ANNUAL REPORT
2015

CENTRAL DEPOSITORY
& SETTLEMENT Co. Ltd.

Central Depository & Settlement Co. Ltd

Annual Report 2015

The board of directors of the Central Depository & Settlement Co. Ltd (CDS) is pleased to present the Annual Report of the Company for the year ended 30th June 2015. The report was approved by the board of directors of CDS on 24th August 2015

The board of directors is grateful to all the stakeholders of the Company (Ministry of Financial Services, Good Governance and Institutional Reforms; Financial Services Commission; Bank of Mauritius; Stock Exchange of Mauritius; investment dealers; custodian banks; listed companies; and company registries) for their continued support and collaboration.

The board of directors expresses its appreciation to the management and staff for their contribution to the excellent performance of the Company.

Vikash Tulsidas	Vipin Y. S. Mahabirsingh
Chairperson	Managing Director

CONTENTS

CORPORATE INFORMATION

Company Profile

The core business of the CDS is to provide centralised depository, clearing and settlement services to securities markets. The objective of the Company is to provide its services in line with the Principles for Financial Market Infrastructures that were issued by the Bank for International Settlements (BIS) and International Organization of Securities Commissions (IOSCO) in April 2012, with particular emphasis on safety, efficiency and financial stability. The Securities (Central Depository, Clearing and Settlement) Act 1996, the Securities Act 2005 and the Financial Services Act 2007 provide the legal framework for the operations of the CDS. The CDS is licensed by the Financial Services Commission and is guided in its day-to-day activities by its Rules and Procedures. The CDS also provides consultancy services to African exchanges and depositories as well as IT outsourcing services and registry software on an application service provider basis.

Board of Directors

Mr Vikash Tulsidas	Chairperson
Ms Aruna Radhakeesoon Collendavelloo	Vice-Chairperson
Mr André Chung Shui	
Mr Gaëtan Lan Hun Kuen	
Mr Steve Leung Sock Ping	
Mr Vipin Y.S. Mahabirsingh	Managing Director
Mr P. Gopallen Mooroogen	
Mr Kevin Rangasami	
Mr Sameer Sharma	
Mr Ramanaidoo Sokappadu	

Company Secretary

Mr Chaitanand Jheengun (FCIS)

Management Team

Mr Vipin Y.S. Mahabirsingh	Managing Director
Mr Manoven Sadayen	Systems Manager
Mr Joseph How Tien Fat	Finance & Administration Manager

Registered Office

4th Floor, One Cathedral Square Building
16 Jules Koenig Street
Port Louis
Mauritius

Website: www.stockexchangeofmauritius.com/cds

Legal Adviser

Sir Hamid Moollan Q.C
PCL Building
Sir William Newton Street
Port Louis

Bankers

The Mauritius Commercial Bank Limited
Sir William Newton Street
Port Louis

SBM Bank (Mauritius) Limited
SBM Tower
1, Place D'Armes
Port Louis

ABC Banking Corporation Ltd
7, Duke of Edinburgh Avenue
Place D'Armes
Port Louis

Banque des Mascareignes Limitée
9th Floor, Maeva Tower
Cnr Bank Street / Silicon Avenue
Ebene

Afrasia Bank Limited
Bowen Square
10, Dr Ferrière Street
Port Louis

Bank One Limited
16, Sir William Newton Street
Port Louis

Independent Auditors

Lamusse Sek Sum & Co
5 Duke of Edinburgh Avenue
Port Louis

CHAIRPERSON'S AND MANAGING DIRECTOR'S REPORT

The financial year 2014-2015 saw significant investment outflows on the part of foreign investors from the Mauritian stock market. The net outflow by foreigners for 2014-2015 was Rs 4.76 billion compared to Rs 120 million in 2013-2014. This was somewhat in line with the net outflows from global emerging market funds that were observed in the beginning of 2015. The main reasons that seem to have driven the outflows from emerging market funds were: concerns over lower commodities prices; the likelihood of US interest rate hikes; and worries over the impact that yen and euro weakness would have on emerging markets exports. Some of the other factors that may also have contributed to the net outflow from the local market are: the downgrading of deposit ratings of the Mauritius Commercial Bank Ltd and the State Bank of Mauritius Ltd in October 2014 following the group restructuring exercises of the two banks; the relative poor performance of the hotel groups which was mainly due to the difficult economic situation in Europe; and the depreciation of the Mauritian Rupee against the US Dollar. On a more positive note, the increase in the capital raising activity that was observed on the Stock Exchange of Mauritius Ltd (SEM) last year was even more pronounced in 2014/2015. There were 14 new listings on the SEM during 2014/2015 and listed companies raised around Rs 32 billion through rights issues, bond issues and private placements compared to Rs 21.6 billion in 2013/2014. The all shares index of the SEM (SEMDEX) posted a loss of 4.5% in the first semester of 2015.

As stated in the Financial Stability Report issued by the Bank of Mauritius (BoM) in February 2015, the domestic economy showed macroeconomic resilience in 2014 and should further benefit from the slump in international oil prices, although the declining trend in private investment warrants monitoring. The Mauritian economy grew by 3.5% in 2014 compared to 3.2% in 2013. The BoM Report further states that for 2015, falling international prices, which are being passed-through to domestic consumers, should support growth in private consumption and consumption-related activities, such as trade and light manufacturing. Yet, the observed declining trend in the ratio of investment to GDP is reducing the economy's actual and potential growth. The following key measures that were announced by the Minister of Finance and Economic Development in his budget speech on 23rd March 2015 are expected to give a new boost to the Mauritian economy with a target GDP growth rate of 5.7% in 2016/2017: massive investments in infrastructure projects; making the SME sector the backbone of the economy; transforming the Port Louis harbor into a regional hub; providing targeted manpower training; enhancing business facilitation; promoting transparency and good governance; improving connectivity; strengthening the financial sector; and consolidation of the key traditional sectors (agro-industry, manufacturing and tourism). The forecasted GDP growth rate for 2015 is around 3.8% .

The CDS has achieved a record Profit after Tax for a second consecutive year. The Profit after Tax for 2014-2015 is Rs 52.37 M which represents an increase of 30.4% compared to last year, and is the highest Profit after Tax achieved by the Company since its inception. The main factors that have contributed to the exceptional performance of the Company are the substantial increase in market turnover compared to last year and income from international projects. Moreover, costs have been kept well under control with a reduction in the cost to income ratio compared to last year (from 33% to 30%). Market turnover increased by 26% compared to last year. This was mainly due to the significant outflows on the part

of foreign investors which is explained above. Around 15.4 % of the total turnover came from large transactions (having value higher than Rs 100 M) which were the result of some major restructuring deals that took place during the year.

It should be highlighted that the Company earned an amount of Rs 17.3 M which represents around 19.4% of total revenue, from sources other than the depository, clearing and settlement services which is its core business. These other sources of income include investment income, fees from international projects, IT outsourcing services and fees on issue of International Securities Identification Numbers. The revenue from other sources has increased by 19.4% compared to last year.

Our main achievements during 2014-2015 were both on the operational and international fronts. In September 2014, the Legal Entity Identifier Regulatory Oversight Committee (LEI-ROC) of the Financial Stability Board allocated a pre-Local Operating Unit (pre-LOU) prefix to CDS (1325) to allow it to issue a legal entity identifier (LEI) to any entity that makes an application for registration with CDS. The application of CDS to become a pre-LOU was sponsored by the Financial Services Commission. CDS then went through a comprehensive due diligence process to demonstrate that it meets the principles issued by ROC regarding pre-LOUs that wish to integrate into the Global Legal Entity Identifier System (GLEIS). In March 2015, the ROC decided to endorse CDS after having satisfied itself that CDS does meet the necessary principles. The endorsement of CDS by the LEI-ROC means that codes issued by CDS may be used for reporting and other regulatory purposes in the various jurisdictions represented in the LEI-ROC. This is a major milestone for the Mauritian jurisdiction as the use of LEIs is becoming a major standard in global financial markets. The use of LEI has already been mandated by the European Securities and Markets Authority (ESMA) for the reporting of derivative transactions to Trade Repositories under European Market Infrastructure Regulation (EMIR). This means that entities that are registered in the global business sector in Mauritius and that have investment activities in Europe must have an LEI. CDS and the Nigerian central depository are the only two pre-LOUs in Africa and Middle East that have been endorsed by the LEI-ROC. On the date of its endorsement (5th March 2015), CDS was the 21st pre-LOU to become operational in the world.

Following the endorsement by the G-20 in 2012 of the recommendations of the Financial Stability Board (FSB) regarding the framework for the development of a global legal entity identifier (LEI) for parties to financial transactions, a Regulatory Oversight Committee (LEI-ROC) was set up in January 2013 to oversee the implementation of the Global LEI System. The LEI is a reference code to uniquely identify a legally distinct entity that engages in a financial transaction. Previously, there were many ways to identify entities, but there was no unified global identification system for legal entities across markets and jurisdictions. The LEI is designed to be a linchpin for financial data—the first global and unique entity identifier enabling risk managers and regulators to identify parties to financial transactions instantly and precisely.

The issue of LEIs will allow CDS to further diversify its income streams. Another major achievement on this front was the signing of a contract with a second client (registry serving 3 listed companies with a total of around 13,000 shareholders) for the provision of our share registry software on an application service provider basis. The project went live in September 2014. The client is using the registry software that we have developed, to perform registry functions from its offices. We have installed our user front-end software on PCs located at the client's offices while the back-end programmes are running on our existing servers located in our data centre. It should be noted that the registry functions are performed by the client and not CDS.

A major achievement on the international front was the signature of a contract with the Lusaka Stock Exchange (LuSE) in April 2015 for the provision of consultancy services to spearhead the implementation of new trading and central depository systems at the exchange. LuSE has decided to replace its Central Securities Depository (CSD) system and its Automated Trading System (ATS) which were implemented in 2008, in order to meet market requirements, keep pace with functional and technological developments in the securities industry and comply with international standards. The services of CDS in this project include the following:

- Prepare, finalise and issue Request For Proposal (RFP)
- Evaluate proposals to RFP, demo from vendors of ATS and CSD System and select vendor
- Project management - prepare project plan and monitor implementation
- Assist LuSE to organise workshops and awareness campaign for market players
- Assist in User Acceptance Testing of complete system
- Assist in training to LuSE, brokers, custodian banks, regulator, registrar and LuSE IT Administrators
- Assist in Going live
- Post-live assistance

The RFP for LuSE's new ATS and CSD system was released in June 2015 and the systems are expected to be live in April 2016.

In December 2014, we provided consultancy service to LuSE for the audit of LuSE's current ATS and CSD system. The scope of this assignment was as follows:

a) Verify whether the ATS and CSD system meet the requirements of the users;

b) Verify whether the ATS and CSD system are in line with international standards;

c) Verify whether LuSE has adequate surveillance tools;

d) Verify change management procedure of LuSE;

e) Review the IT Security Policy of LuSE;

f) Review the Disaster Recovery Plan of LuSE;

g) Perform integrity checks on the database of the ATS and CSD system;

h) Review the system of internal controls of LuSE including the following: data entry; segregation of roles; processing of transactions; walk through audit of a sample of securities accounts; reconciliation of balance of securities held in the CSD with the records of the registrars; and

i) Make recommendations regarding the guarantee fund structure, procedures and the implementation of settlement limits at LuSE.

In January 2015, we presented our report to the Audit Committee of LuSE which accepted our recommendations. We also provided training to the personnel and members of LuSE on trading and CSD procedures.

The implementation of the automated trading system at the Zimbabwe Stock Exchange, which was also led by CDS, was successfully completed on 6th July 2015 after a rather long delay which was beyond the control of CDS. In fact, we played a key role in addressing the issues which was hampering the implementation of the project.

Our activity on the international front also included participation in different conferences. At the NeMa Africa conference which was held in London in November 2014, the Managing Director participated in a panel discussion on developments in market infrastructure in Africa. The NeMa conferences generally focus on post-trade issues and are mainly attended by global custodians, institutional investors and central depositories. In June 2015, the Finance and Administration Manager attended the annual meeting of the Association of National Numbering Agencies (ANNA) which was held in Dublin.

During the year under review, 77,879 trades with a total value of Rs 22.2 Billion were cleared and settled by CDS without any single failure. Our risk management framework operated effectively and there were no defaults, operational issues nor systems downtime. We have provided our services smoothly in accordance with the Securities (Central Depository, Clearing and Settlement) Act 1996, the Securities Act 2005 and the Financial Services Act 2007, under the regulatory oversight of the Financial Services Commission. We have continued to comply with international standards, with a particular focus on the Principles for Financial Market Infrastructures issued by the Bank for International Settlements (BIS) and International Organisation of Securities Commissions (IOSCO) in April 2012, and the recommendations of the Group of 30 (G30). Furthermore, no complaints were registered from our stakeholders at large and the Company has continued to comply with the Code of Corporate Governance.

CHAIRPERSON'S AND MANAGING DIRECTOR'S REPORT (CONT'D)

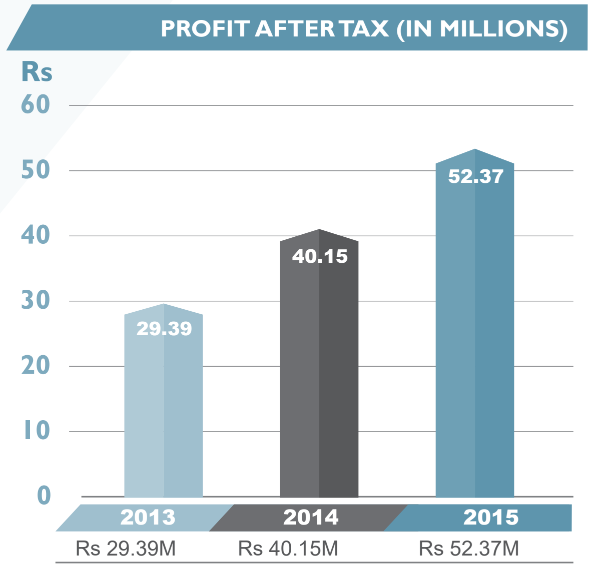
In April - May 2015, PricewaterhouseCoopers conducted a security audit of the IT systems of the CDS and SEM. In their report, the auditors concluded that IT environment of CDS and SEM is well secured from both internal and external threats. They observed that several security controls ranging from information security policies regulating end user actions to technological solution such as firewalls have been put in place to safeguard the SEM and CDS IT ecosystem servers and databases are appropriately configured in line with leading industrial practices and proven methods. Their vulnerability assessment and penetration testing did not reveal weaknesses which may lead to the compromise of the SEM/CDS IT infrastructure. The auditors have also made some recommendations to further enhance the current IT environment.

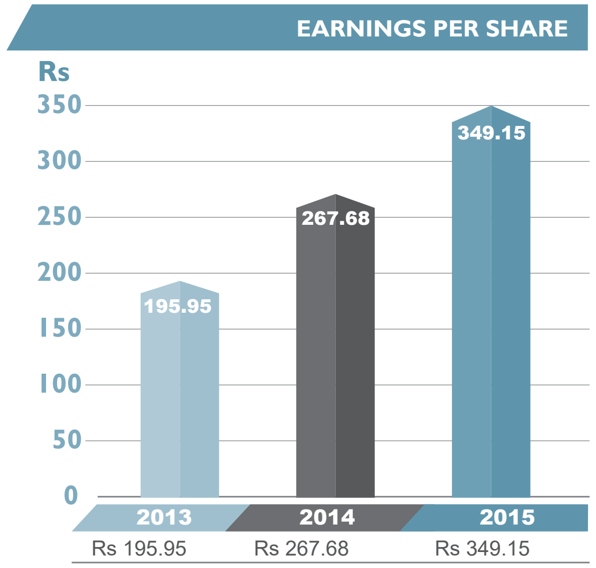
The Board of CDS has offered sound advice and strategic direction and has shouldered its responsibilities in an efficient manner. The above achievements of the Company would not have been possible without the guidance and support of the Board. We wish to thank all directors for their active participation, value addition and contribution to the success of the Company. We also wish to thank our employees for their dedication, involvement and commitment to the Company.

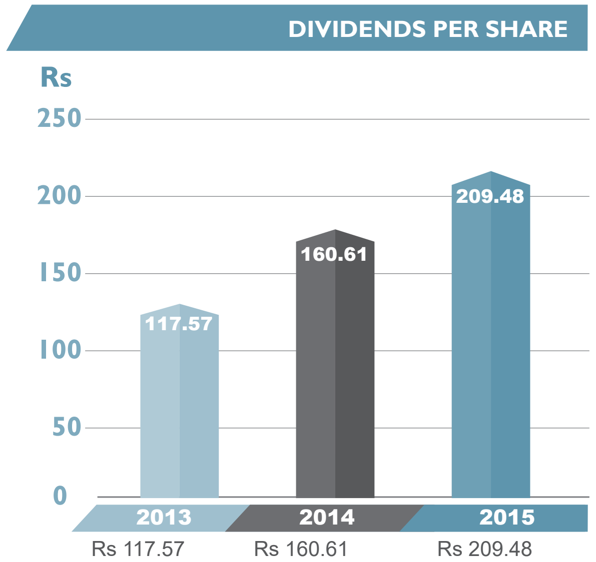
Vikash Tulsidas
Chairperson

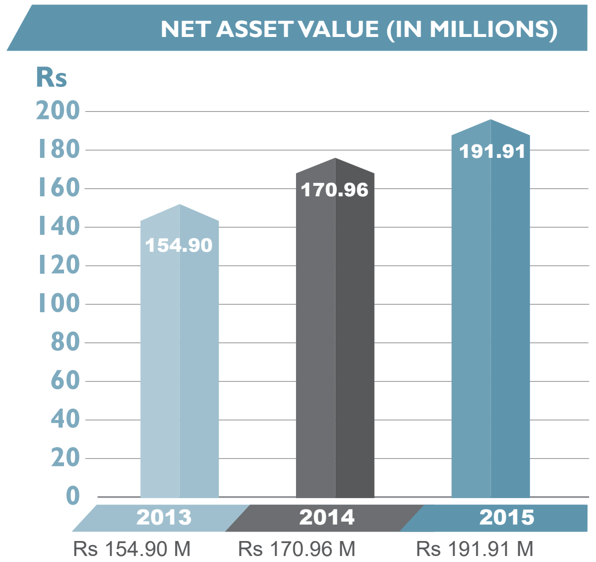
Vipin Y. S. Mahabirsingh
Managing Director

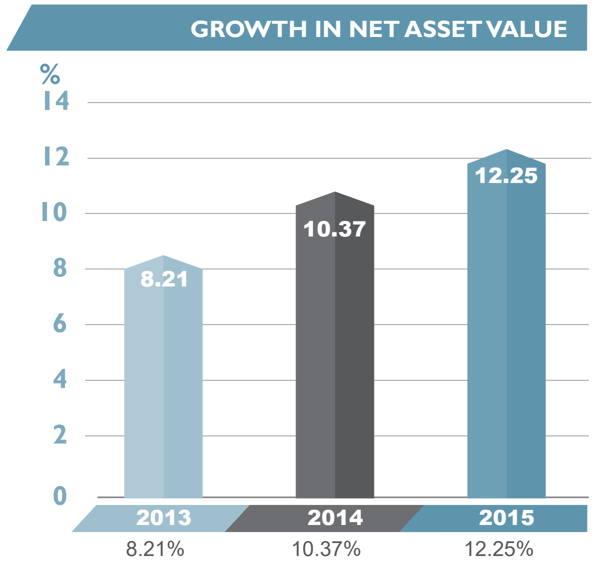
FINANCIAL HIGHLIGHTS

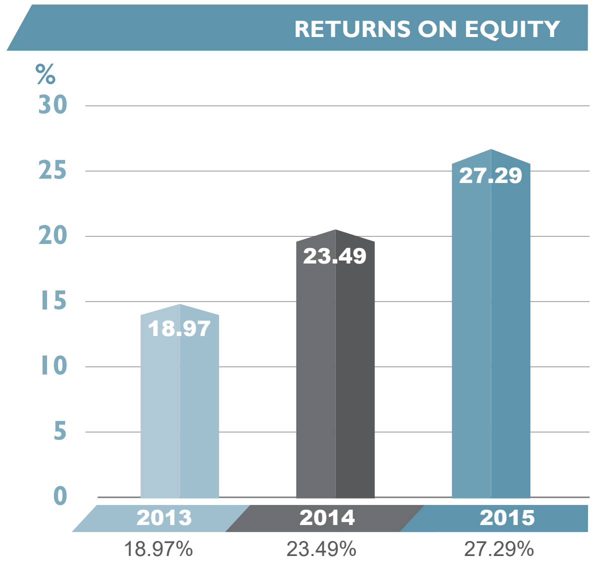








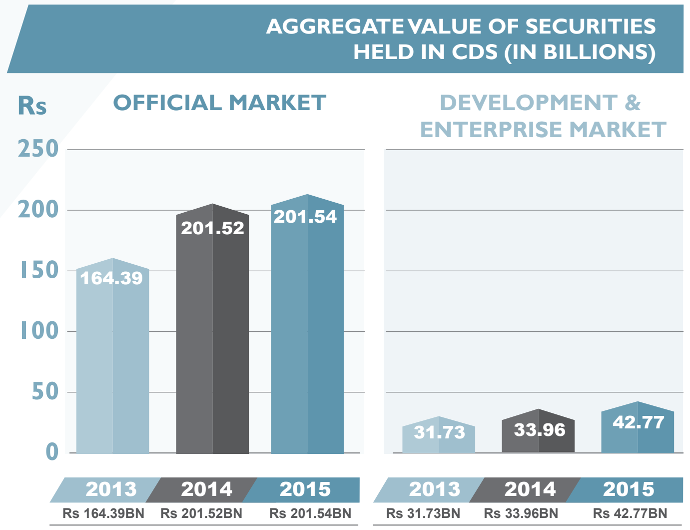


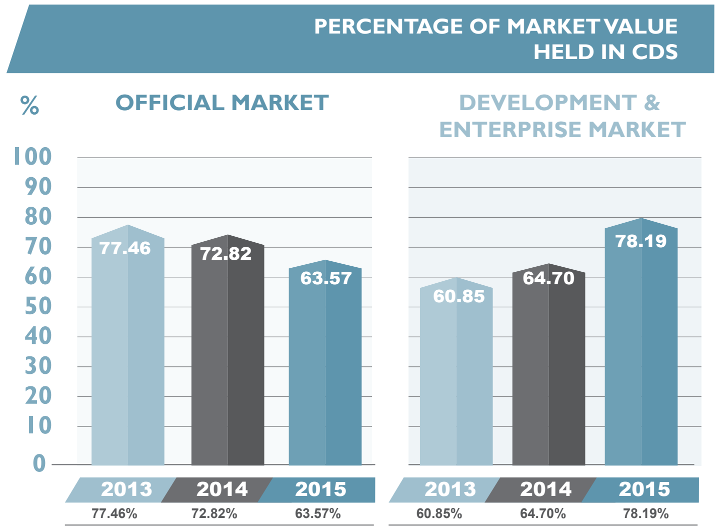


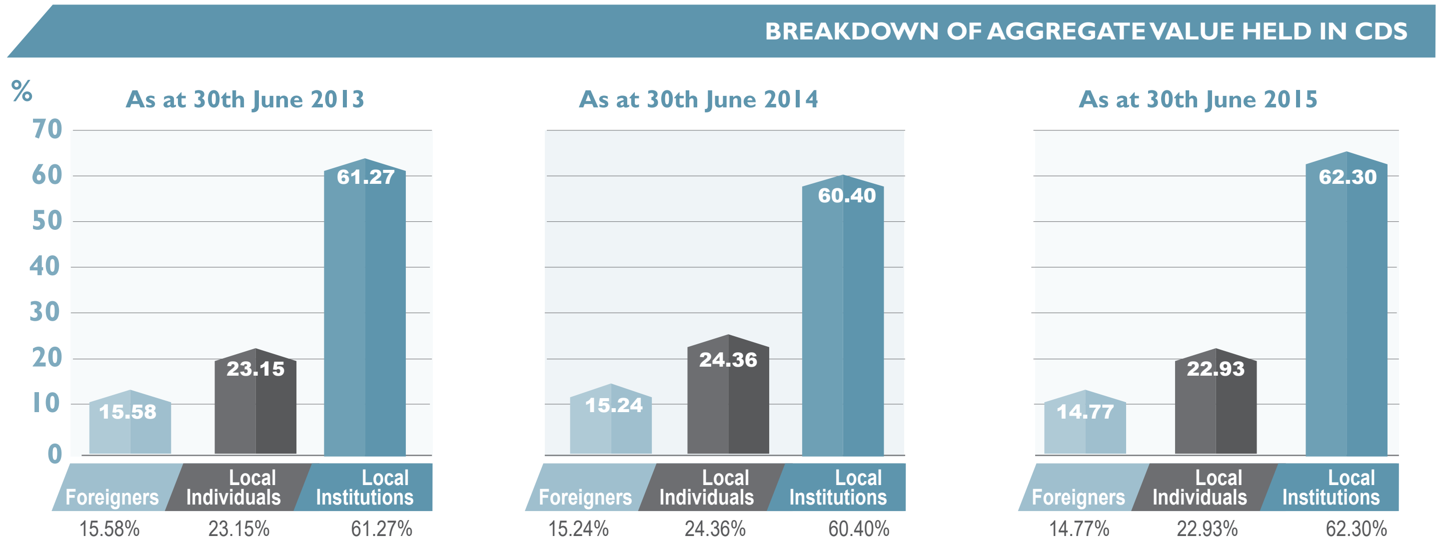
VALUE ADDED STATEMENT

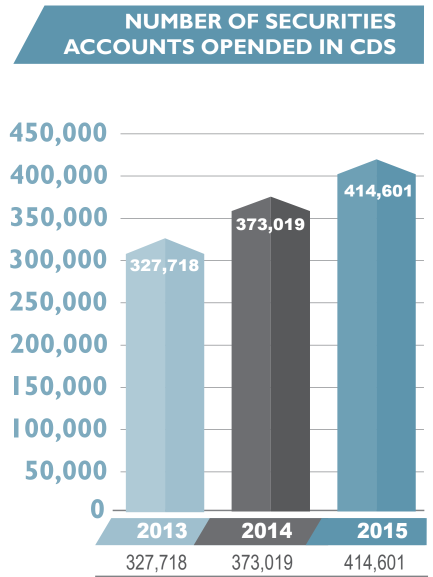
	As at 30th June 2015 Rs ' 000	%	As at 30th June 2014 Rs ' 000	%
Turnover	71,668		58,995	
Other Income	17,293		14,484	
Administrative Expenses	(7,743)		(7,074)	
Total Wealth Created	**81,218**	**100**	**66,405**	**100**
Distributed as follows				
Members of Staff	16,088	20	16,068	25
Salaries and other Benefits				
CDS Guarantee Fund	820	1	659	1
Contributions made by the Company				
Providers of Capital				
Dividends to Ordinary Shareholders	31,422	39	24,091	36
	48,330	60	40,818	62
Government - Taxation	9,351	12	7,419	11
Corporate Social Responsibility	986	1	775	1
Wealth reinvested in the Company				
Profit Retained	20,950	25	16,061	24
Depreciation	1,601	2	1,332	2
	22,551	27	17,393	26
Total Wealth Distributed and Retained	**81,218**	**100**	**66,405**	**100**

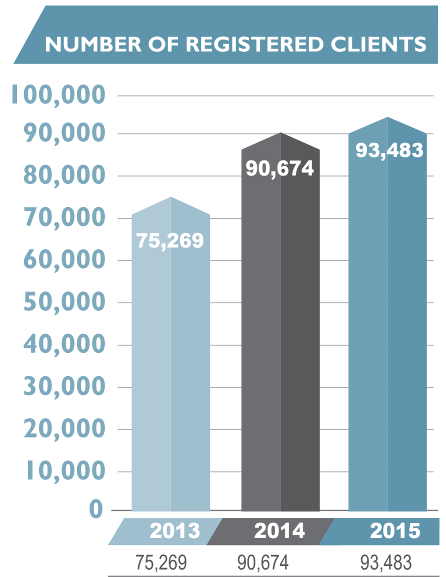
STATISTICS ON OPERATIONS

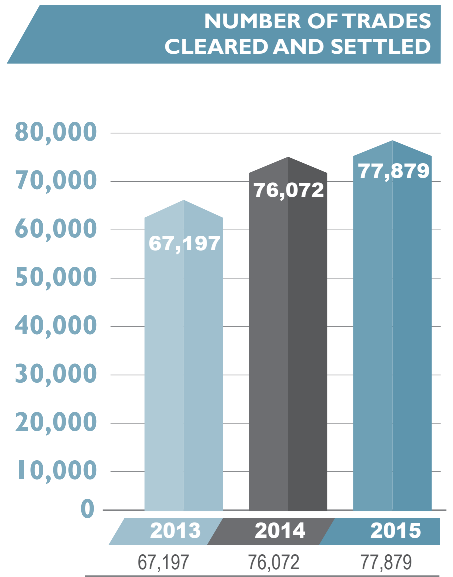


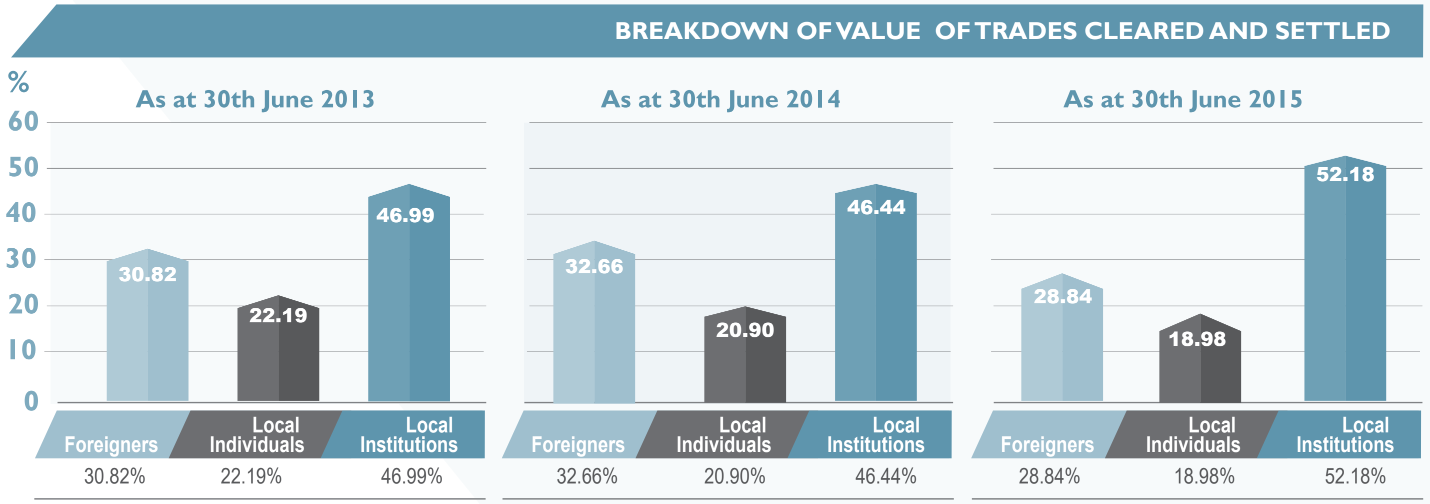


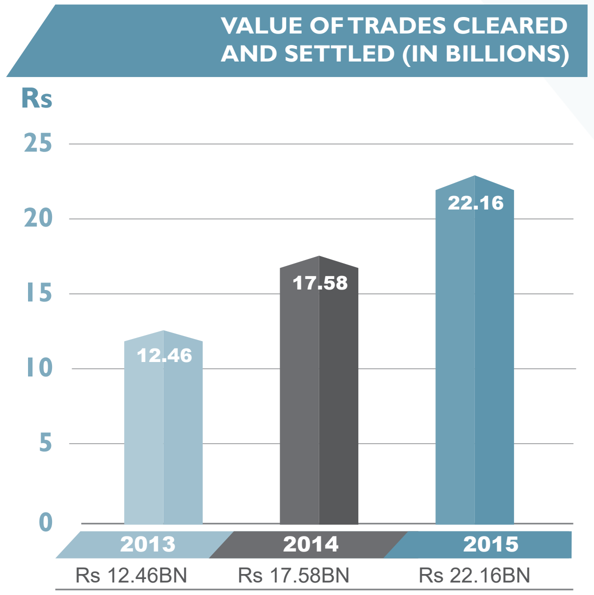


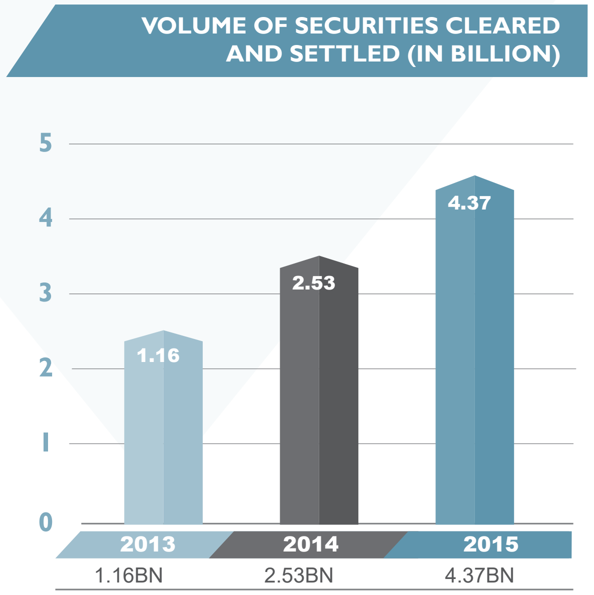


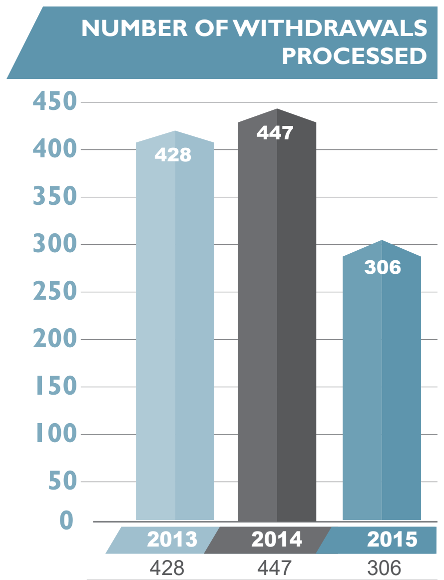


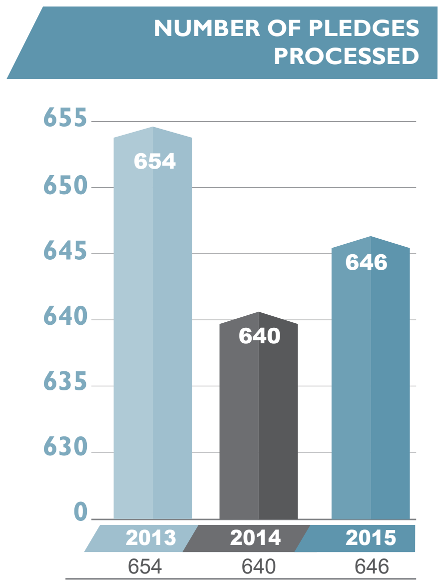


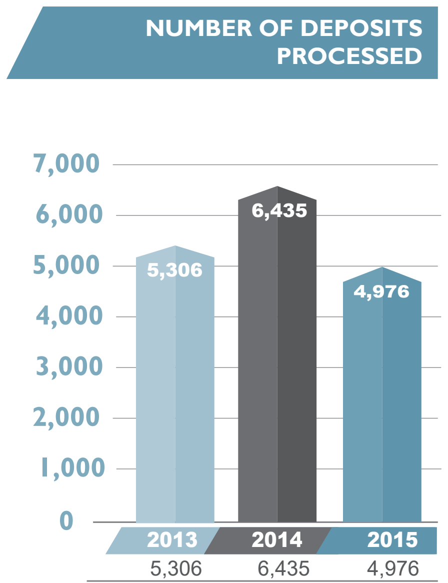












CORPORATE GOVERNANCE REPORT

1.0 COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE FOR MAURITIUS

This report describes the governance measures that have been implemented by the Central Depository & Settlement Co. Ltd (CDS) during the financial year 2014-2015 and complies with the requirements of Section 20(1)(a) of the Securities Act 2005. The report also sets out the relevant disclosures as per the requirements of Section 8.4 of the Code of Corporate Governance for Mauritius. Matters relating to risk management, internal control and audit are covered in the Risk Management Report.

The CDS complies with the Code of Corporate Governance for Mauritius except for the following:

Executive Directors

The Company has only one executive director. The Board is of the view that due to the relative small size of the Company, there is no need to appoint a second executive director. Moreover, directors may have access to departmental managers.

Internal Audit

The Company has an internal operations audit function but it does not have an internal financial audit function because of its relative small size. The Board is satisfied that the financial control measures that have been implemented by the Company and described in the Risk Management Report are adequate.

2.0 NATURE OF ACTIVITIES

The CDS operates a critical component of the capital market infrastructure of Mauritius. It plays a key role in boosting confidence in the safety and reliability of settlement and safekeeping processes. As such, the Company is committed to operate in accordance with principles of good governance.

3.0 BOARD OF DIRECTORS

3.1 Composition of the Board

The Company has a unitary Board composed of 10 directors as follows:

- 5 directors appointed by the SEM;
- 1 director appointed by the Minister to whom the responsibility of Financial Services is attributed;
- 1 director appointed by the Bank of Mauritius;
- 2 directors appointed by ordinary resolution at the annual meeting of shareholders (and where the SEM is not entitled to vote on any resolution appointing such 2 directors);
- 1 Managing Director.

With the exception of the Managing Director, all directors have a term of office of one year.

The persons who held office as directors of the Company for the year under review are listed in Table 1 below.

Directors nominated by shareholders who hold more than 5% of the shares of the Company are not classified as Independent Directors.

A directors' and officers' liability insurance policy has been subscribed to by the Company. This policy provides cover for the risks arsing out of acts or omissions of the directors and officers of the Company but excludes claims for any deliberately fraudulent act or omission or any wilful violation of any statute or regulation.

An induction pack is given to new directors to familiarise them with the Company's affairs and operations.

The secretary of the Company is Mr Chaitanand Jheengun (F.C.I.S).

3.2 Board Meetings and Remuneration of Directors

Board meetings are convened by formal notice. A detailed agenda together with a comprehensive board pack are circulated to directors at least a week before board meetings.

Table 1 below shows the attendance of directors at board meetings of the Company and the total remuneration and benefits received by each director during the year under review.

Name	Capacity	No. of meetings attended	Total remuneration and benefits received (Rs)
Mr Vikash Tulsidas	Chairperson, Non-Executive *(appointed by SEM)*	7/7	288,000
Ms Aruna Radhakeesoon Collendavelloo	Vice-Chairperson, Non-Executive *(appointed at annual meeting)*	6/7	153,000
Mrs Tilotma Gobin Jhurry	Independent *(appointed by Bank of Mauritius)*	1/1 (up to 26/09/2014)	23,500
Professor Donald Ah-Chuen	Non-Executive *(appointed by SEM)*	1/1 (up to 5/12/2014)	45,000
Mr André Chung Shui	Non-Executive *(appointed by SEM)*	4/5 (as from 30/12/2014)	72,200
Mr Dev Gopy	Non-Executive *(appointed by SEM)*	1/1 (up to 5/12/2014)	36,500
Mr Gaëtan Lan Hun Kuen	Non-Executive *(appointed by SEM)*	4/7	86,000

Name	Capacity	No. of meetings attended	Total remuneration and benefits received (Rs)
Mr Steve Leung Sock ping	Non-Executive *(appointed at annual meeting)*	7/7	112,000
Mr Vipin Y.S Mahabirsingh	Executive	7/7	4,228,061
Mr P. Gopallen Mooroogen	Non-Executive *(appointed by SEM)*	4/5 (as from 30/12/2014)	47,000
Mr Kevin Rangasami	Non-Executive *(appointed by SEM)*	5/7	100,000
Mr Sameer Sharma	Independent *(appointed by Bank of Mauritius)*	3/7	64,500
Mr Ramanaidoo Sokappadu	Independent *(appointed by Ministry of Finance and Economic Development)*	5/7	112,000

3.3 Directors' Remuneration Philosophy

A fixed monthly fee as well as an attendance fee is paid to directors of the Company. An additional fee is paid to directors who are members of Board Committees for each meeting of the respective Board committee that they attend. The Managing Director is not remunerated for attending Board and Committee meetings.

3.4 Board Committees

The Board has constituted the following committees to facilitate efficient decision making and to assist it in the execution of its duties and responsibilities: Audit Committee; Corporate Governance Committee; Remuneration Committee and Investment Committee. The terms of reference of these Committees have been determined and approved by the Board and are posted on the website of the Company. The Corporate Governance Committee also has the responsibilities of a Nomination Committee. A separate Risk Committee has not been set up since the Business Conduct Committee, which was set-up at the inception of CDS, already covers the functions of the Risk Committee. The work done by the Business Conduct Committee is covered in the Risk Management Report.

Audit Committee

The composition of the Audit Committee as at 30th June 2015 was as follows:

Chairperson: Mr André Chung Shui
Members: Mr Steve Leung Sock Ping
Mr Kevin Rangasami
Mr Ramanaidoo Sokappadu
Secretary: Mr Chaitanand Jheengun

The main responsibility of the Audit Committee is to assist the Board in discharging its duties relating to the safeguarding of assets, the operation of adequate systems, control processes and the preparation of accurate financial reporting and statements in compliance with all applicable legal requirements and accounting standards.

The attendance of members at the meetings of the Audit Committee for the year under review was as follows:

Name	No. of meetings attended
Mr André Chung Shui	2/2 (as from 30/12/2014)
Prof. Donald Ah-Chuen	1/1 (up to 5/12/2014)
Mrs Tilotma Gobin Jhurry	1/1 (up to 26/09/2014)
Mr Dev Gopy	1/1(up to 5/12/2014)
Mr Steve Leung Sock Ping	3/3
Mr Kevin Rangasami	2/2 (as from 5/12/2014)
Mr Ramanaidoo Sokappadu	2/2 (as from 5/12/2014)

Corporate Governance Committee

The composition of the Corporate Governance Committee as at 30th June 2015 was as follows:

Chairperson: Ms Aruna Radhakeesoon Collendavelloo
Members: Mr P. Gopallen Mooroogen
Mr Ramanaidoo Sokappadu
Mr Vikash Tulsidas
Secretary: Mr Chaitanand Jheengun

The Corporate Governance Committee makes recommendations to the Board on all corporate governance measures to be adopted so that the Board remains effective and complies with prevailing corporate governance principles. It also oversees the CSR activities of the Company. The Committee ensures that the reporting requirements with regard to corporate governance, whether in the annual report or on an ongoing basis, are in accordance with the principles of the Code of Corporate Governance.

The attendance of members at the meeting of the Corporate Governance Committee for the year under review was as follows:

Name	No. of meetings attended
Ms Aruna Radhakeesoon	1/1
Professor Donald Ah-Chuen	1/1 (up to 5/12/2014)
Mr P. Gopallen Mooroogen	0/0 (as from 5/12/2014)
Mr Ramanaidoo Sokappadu	1/1
Mr Vikash Tulsidas	1/1

Remuneration Committee

The composition of the Remuneration Committee as at 30th June 2015 was as follows:

Chairperson: Mr Vikash Tulsidas
Members: Ms Aruna Radhakeesoon Collendavelloo
Mr Steve Leung Sock Ping
Mr Ramanaidoo Sokappadu

The Remuneration Committee determines the annual salary increases and the performance bonus of employees of the Company. The Committee makes recommendations to the Board regarding the remuneration of the Managing Director and Non-Executive Directors.

The attendance of members at the meeting of the Remuneration Committee for the year under review was as follows:

Name	No. of meetings attended
Mr Vikash Tulsidas	1/1
Ms Aruna Radhakeesoon	1/1
Mr Steve Leung Sock Ping	1/1
Mr Ramanaidoo Sokappadu	1/1

Investment Committee

The composition of the Investment Committee as at 30th June 2015 was as follows:

Chairperson: Mr Vikash Tulsidas
Members: Mr André Chung Shui
Mr Vipin Y. S. Mahabirsingh
Mr Ramanaidoo Sokappadu

The Investment Committee sets investment guidelines within which funds generated by the Company are invested. Investment decisions are then made by management based on the guidelines. The decisions of management do not need to be approved by the Investment Committee as long as they are within the parameters of the investment guidelines. The Investment Committee is kept informed of the investment decisions taken via electronic mail. Any proposed deviation from the Investment Guidelines must be approved by the Committee.

The attendance of members at the meeting of the Investment Committee for the year under review was as follows:

Name	No. of meetings attended
Mr Vikash Tulsidas	1/1
Mr André Chung Shui	1/1
Mr Vipin Y. S. Mahabirsingh	1/1
Mr Ramanaidoo Sokappadu	1/1

3.5 Role of Managing Director

The Managing Director performs the following main duties:

a) Make recommendations to the Board regarding strategic issues;
b) Oversee management activities and human resources;
c) Responsible for overall operations, cost control, risk management and development of the company;
d) Manage legal and regulatory issues;
e) Responsible for the implementation of Board decisions and policies;
f) Interact with government and relevant institutions in the financial sector;
g) Promote the Company on the international scene.

3.6 Dealing in Shares by the Directors

There was no dealing in the shares of the Company by the directors for the year under review.

3.7 Common Directors and their percentage shareholding

The table below gives the names of the common Directors of CDS and its holding Company (SEM), together with the shareholding percentages of the shareholders they represent:

Name of Directors	Shareholders' Names	% Holding in CDS	% Holding in SEM
Mr Vikash Tulsidas	Medine Ltd / EUDCOS Ltd	-	1.52%
Mr André Chung Shui	Newton Securities Ltd	-	5.76%
Mr P. Gopallen Mooroogen	Mauritius Telecom Ltd	-	7.5%
Mr Gaetan Lan Hun Kuen	Ireland Blyth Ltd	-	1.44%
Mr Kevin Rangasami	MCB Stockbrokers Ltd	-	5.44%

4.0 DIVIDEND

In 2011, the CDS adopted a new dividend policy whereby the percentage of Profit after Tax to be distributed as dividend was increased from 40% to 60%. The main reason for the increase of the payout ratio was that the reserves of the Company have grown to a comfortable level. However, the Board was of the view that it was important for CDS to strike the right balance between rewarding shareholders and ensuring that the Company fulfils its obligations under the law in a sustainable manner. The objective of the Company is to provide an acceptable return to its shareholders whilst at the same time continuing to build up its reserves to ensure business continuity and provide a shock absorber to cover the ultimate risk of default in the event that the resources of the Guarantee Fund are exhausted.

The Board maintained the dividend policy that was adopted in 2011 and declared a dividend equal to 60% of the Profit after Tax for the year ended 30th June 2015. The Profit after Tax for the year ended 30th June 2015 is Rs 52.372 M and the amount distributed as dividend is Rs 31.422 M (Rs 209.48 per share) which represents an increase of 30.4% compared to the dividend declared the previous year (Rs 160.61 per share).

5.0 SHAREHOLDERS OF CDS

Shareholder	Number of shares	Percentage holding
The Stock Exchange of Mauritius Ltd	76,500	51.00%
The Mauritius Commercial Bank Ltd	25,000	16.67%
Rogers and Company Ltd	20,000	13.33%
Promotion & Development Limited	10,000	6.67%
SBM Securities Ltd	5,000	3.33%
Swan General Ltd	5,000	3.33%
United Docks Ltd	2,500	1.67%
Harel Mallac & Co. Ltd	2,500	1.67%
State Investment Corporation Ltd	2,000	1.33%
Automatic Systems Ltd	1,000	0.67%
Mauritius Computing Services Ltd	500	0.33%
	150,000	100%

Any change in the ownership of shares of the Company is subject to restrictions and limitations set out in the Constitution of the Company.

6.0 RELATED PARTY TRANSACTIONS

CDS has a contract with its holding company (SEM) for the technical management of the Automated Trading System and for other IT services. The fees for the IT outsourcing services provided to the SEM for the year ended 30th June 2015 amount to Rs 1,341,000 plus VAT.

7.0 POLITICAL DONATIONS

No political donation was made by the Company for the year under review.

8.0 HR ISSUES

Labour cost represented about 60% of the Company's total operating expenses for 2014-2015. The Company recognizes the importance of its human capital in sustaining its smooth operations and growth. The Company's remuneration philosophy is to pitch its pay policy at the market average. The Company has a stable workforce with very low turnover.

The Company has also implemented a number of measures to promote the welfare of its staff. These include car grant scheme, car loan scheme and soft loans to cater for specific needs. Training courses are provided to employees on a regular basis to enhance their skills. Financial assistance is also given to staff taking professional or tertiary courses. Managers and executives are given the opportunity to attend international conferences and training programmes.

The Company complies with the provisions of the Occupational Safety and Health Act 2005 regarding the safety and health of its employees. There was no complaint on this matter for the year under review.

9.0 CORPORATE SOCIAL RESPONSIBILITY

In line with the policy that the Company has adopted during the past few years, it continued to support the Association of Disability Service Providers (ADSP) under its CSR programme for 2014-2015. ADSP operates a specialized school for mentally and physically disabled children in the village of Long Mountain. CDS is currently the main sponsor of ADSP and thanks to the support of the Company, ADSP has continued to improve its services and admit new students (there are currently 70 students). ADSP has set-up medical facilities by employing a Medical Practitioner who visits the school once per week and monitors the health conditions of the students, prescribe medications, do referrals as per requirements. Moreover, the school has also set-up a Para-medical team consisting of a full-time Occupational Therapist, a part-time Speech & Language Therapist and a Psychologist. Students with major physical impairments are referred to the Special Educational Needs-Resource & Development Centre (SEN-RDC) of the Ministry of Education & Human Resources, Zone 1 for physical therapy sessions. ADSP is planning to implement the following new projects in 2015:

(a) Courses at the MIE (Foundation in Special Education & Certificate in Special Education) for the teachers of ADSP;

(b) Pilot study – Standard II established by the MIE;

(c) Lunch program to all students – providing each student a balanced diet meal & yoghurt daily;

(d) Purchase of stationeries and school materials for needy students;

(e) Recruitment of more staff (assistant teacher, cook & carer, PE teacher) to better serve the children;

(f) Admission of new students;

(g) Purchase of new furniture and equipment (small wheelchairs, talking calculator, walking frame, movable ramp etc.);

(h) Play area for the students;

(i) Construction of additional classroom.

This year in its request for assistance to CDS, ADSP has submitted budgeted operating expenses for 2015 amounting to Rs 2,307,700. Its expected revenue for 2015 from sources other than CDS (Ministry of Education, Ministry of Social Security, NGO trust Fund and Parents' contribution), will amount to Rs 1,189,550. The CSR Fund of CDS for the financial year 2014-2015 amounts to Rs 986,484. The Corporate Governance Committee of CDS therefore decided to donate the total amount in the CSR Fund of CDS (Rs 986,484) to ADSP to partially cover the salaries of 6 teachers, 1 full-time occupational therapist, 1 part-time speech therapist and 1 part-time psychologist. ADSP has been requested to find other sources of income so that it does not become over-dependent on CDS.

The management team of CDS participates in the activities of ADSP (e.g Independence Day Celebrations, Parents' Day etc.) on a regular basis.

10.0 PROTECTION OF THE ENVIRONMENT

The Company has implemented the following actions to contribute to the protection of the environment by minimizing the use of paper:

i. Sending statements of accounts by electronic mail rather than by post to account holders who choose this option (around 11,000 statements were sent by e-mail for the month of June 2015);
ii. Sending Board and Committee papers by electronic mail to directors who choose this option;
iii. Making efficient use of paper by printing on both sides; and
iv. Sensitising employees to use consumables efficientlyand print mails and documents only when necessary.

11.0 CODE OF CORPORATE BEHAVIOUR

The Company has adopted a Code of Corporate Behaviour that sets out the standards of behaviour that all directors and employees of CDS are expected to uphold in conducting the Company's business. No breach of the Code of Corporate Behaviour was reported for the year under review.

12.0 EQUAL OPPORTUNITY POLICY

In line with section 9 of the Equal Opportunity Act 2008 and the Guidelines issued by the Equal Opportunities Commission pursuant to Section 27(3)(f) of the Act, CDS has adopted an Equal Opportunity Policy with a view to minimizing the risks of discrimination and to promoting recruitment, training, selection and employment on the basis of merit. There was no complaint on these matters for the year under review.

Chaitanand Jheengun (FCIS)
Company Secretary

RISK MANAGEMENT REPORT

RISK MANAGEMENT FRAMEWORK

The ability to identify, monitor, measure and manage risks on an ongoing basis is crucial for a central depository, clearing and settlement organisation. Over the years, the Central Depository & Settlement Co. Ltd (CDS) has developed a comprehensive risk management framework to manage the different types of risks that arise in or are borne by a central depository, clearing and settlement organisation, namely: legal risk; credit (counterparty) risk; liquidity risk; systemic risk; general business risk; investment risk; and operational risk. This report describes the risk management policies, procedures and systems that are in place at the CDS and their application during 2014-2015 and complies with the requirements of Section 20(4) of the Securities Act 2005.

The main pillars of the risk management framework implemented by the CDS are as follows:

- Clear, transparent and enforceable rules and procedures that are consistent with the Securities (Central Depository, Clearing and Settlement) Act 1996, the Securities Act 2005 and the Financial Services Act 2007
- The Business Conduct Committee
- Capital Adequacy Requirements for Participants
- Settlement on a strict delivery versus payment basis
- Prevention of Settlement Failures and Guarantee Fund Mechanism
- Securities Lending and Borrowing
- System of Internal Controls
- External Audit of the System of Internal Controls
- Internal Audit of Operations and Systems Departments
- Disaster Recovery Plan
- IT Security Audit
- Financial Control
- Investment Committee
- Strong and liquid balance sheet

ELIGIBLE SECURITIES DEPOSITORY UNDER US INVESTMENT COMPANY ACT

The CDS qualifies as an Eligible Securities Depository under the US Investment Company Act Rule 17f-7. This rule requires US registered investment companies to hold their securities only in Eligible Securities Depositories to reduce risks associated with offshore investments. Rule 17f-7 of the US Investment Company Act sets forth the following six criteria for the determination that a depository is "eligible" to hold assets of a U.S. or Canadian domiciled investment company:

1. Acts as or operates a system for the central handling of securities or equivalent book-entries in the country where it is incorporated, or a transnational system for the central handling of securities or equivalent book-entries;

2. Is regulated by a foreign financial regulatory authority;

3. Holds assets for the custodian that participates in the system on behalf of the fund under safekeeping conditions no less favourable than the conditions that apply to other participants;

4. Maintains records that identify the assets of each participant, and segregate the system's own assets from the assets of participants;

5. Provides periodic reports to its participants with respect to its safekeeping of assets, including notices of transfers to or from any participant's account; and

6. An eligible securities depository must undergo periodic examination by regulatory authorities or independent accountants.

The CDS meets the above six criteria.

THE BUSINESS CONDUCT COMMITTEE

Since its inception in 1997 and in accordance with section 1.4 of the CDS Rules, the CDS has set up a Business Conduct Committee (BCC) with the following mandate:

1. Recommend the adoption of a risk management policy to the Board of Directors
2. Monitor the operations relating to risk management issues
   - 2.1 Ensure enforcement of the risk management policy being adopted, at all levels of the organisation
   - 2.2 Ensure compliance with the requirements of Rule 3.8.7 with regard to the review of internal control
3. Monitor the operations relating to the Guarantee Fund
4. Hear complaints from aggrieved Participants who claim to be adversely affected by any decision of CDS with respect to CDS operations in accordance with Rule 2.4
5. Make recommendations to the Board of Directors of CDS with respect to Participation Applications in accordance with Rule 2.2.4 and to Termination in accordance with Rule 2.3.3.

As per section 1.4.2 of the CDS Rules, the Business Conduct Committee is composed of a majority of members who are not members of the Board of CDS, nor Participants or related to Participants, and not employed by a Participant. The quorum for meetings of the Business Conduct Committee is three with at least two independent members. The composition of the Business Conduct Committee for the financial year 2014 – 2015 was as follows:

Chairperson:	Mr Pierre Dinan
Members:	Ms Feerdaus Bundhun
	Mr Tega Appavou
	Mr Ashish Jagarnath
	Mr Vikash Tulsidas

The Finance & Administration Manager of CDS is the Secretary of the Business Conduct Committee which meets on a monthly basis to review and discuss the following issues:

- Financial Resource Requirements returns submitted by Participants
- Statement of assets and liabilities of the Guarantee Fund
- Settlement Limits of Participants
- Internal audit report
- Audited and unaudited accounts of Participants

The attendance of members at the meetings of the BCC held during the year under review was as follows:

Name	No. of meetings attended
Mr Pierre Dinan	11/11
Ms Feerdaus Bundhun	9/11
Mr Tega Appavou	10/11
Mr Ashish Jagarnath	11/11
Mr Vikash Tulsidas	11/11

VOLUNTARY WITHDRAWAL OF TWO PARTICIPANTS

On 7th May 2015, CityGate Securities Ltd (CityGate) gave notice to CDS to cease to be a Participant in accordance with section 2.3.5 of the CDS Rules. The withdrawal of CityGate as a Participant of CDS was effective as from 7th June 2015. CityGate's contribution to the Guarantee Fund of CDS has been returned to it in accordance with section 6.2.3.1 of the CDS Rules. CityGate also wrote to the Stock Exchange of Mauritius Ltd (SEM) to withdraw its membership as a Trading Member of SEM. CDS notified the Financial Services Commission and SEM of the voluntary withdrawal of CityGate. CityGate became a Participant of CDS in October 2012 but it did not open any securities account with CDS.

On 1st June 2015, Peter Pesic & Co. Securities, Inc (PPCS) gave notice to CDS to cease to be a Participant in accordance with section 2.3.5 of the CDS Rules. The withdrawal of PPCS as a Participant of CDS was effective as from 1st July 2015. PPCS' contribution to the Guarantee Fund of CDS has been returned to it in accordance with section 6.2.3.1 of the CDS Rules. PPCS also wrote to the Stock Exchange of Mauritius Ltd (SEM) to withdraw its membership as a Trading Member of SEM. CDS notified the Financial Services Commission and SEM of the voluntary withdrawal of PPCS. PPCS became a Participant of CDS in May 2013 but it did not start to operate as such.

CAPITAL ADEQUACY REQUIREMENTS FOR PARTICIPANTS

The CDS has set up capital adequacy requirements for its Participants as a first line of defence against risk. An assessment of the stability and financial health of Participants in the clearing and settlement services provides an important indication of potential trouble. The CDS has implemented a set of rules on conditions for participation called Financial Resource Requirements. These rules require each investment dealer to have sufficient adjusted liquid capital to cover its fixed expenditure base requirements and risk

(position, counter party and foreign exchange) requirements. Investment dealers are required to submit monthly returns so that CDS can monitor compliance with the Financial Resource Requirements (FRR). These returns are analysed by the BCC at its monthly meetings. Copies of the FRR returns are also filed with the Financial Services Commission.

All the FRR returns submitted by investment dealers during the year 2014 – 2015 showed Capital Surpluses.

DELIVERY VERSUS PAYMENT

The CDS has eliminated principal risk with respect to transactions effected on the Stock Exchange, by performing the settlement of transactions on a strict delivery versus payment basis. There is no risk that a CDS Participant delivers securities but does not receive payment or vice-versa. Trades executed on the Automated Trading System (SEMATS) are automatically fed into the CDS system and the relevant securities accounts are updated on a real-time basis. On trade day, the seller's securities account shows a Sale-in-Suspense and the traded securities are blocked in this account. The buyer's securities account shows a Purchase-in-Suspense but the securities are not transferred to this account. On settlement date, funds transfer between the seller's and buyer's Participants takes place at a cut-off time on a net basis through the Participants' settlement banks and the Bank of Mauritius. When funds settlement is completed by final and irrevocable transfer in the books of the Bank of Mauritius, the latter sends a confirmation message to CDS which then immediately transfers the securities by debiting the seller's securities account and crediting the buyer's securities account. The securities are delivered to the buyer if and only if the CDS receives confirmation of settlement of the cash leg from the central bank. Conversely, if the buyer makes payment, the delivery of the securities is guaranteed since the securities have already been blocked in the securities account of the seller.

GUARANTEE FUND

In accordance with Section 3(8)(a) of the Securities (Central Depository, Clearing and Settlement) Act 1996, the CDS has set up a Guarantee Fund for the purpose of providing an indemnity against any default in respect of payments for or delivery of securities and of obligations of Participants towards CDS. The CDS Guarantee Fund is used to guarantee the settlement of transactions in the event of a default by a Participant. In such a situation, the Guarantee Fund steps into the net settlement mechanism and makes good the obligation of the defaulting Participant. The Guarantee Fund will seize the unpaid securities and sell these back on the market in order to replenish itself. The Guarantee Fund acts as a shock absorber in the event of a settlement failure and thus prevents the market from collapsing through systemic effect. The Guarantee Fund contributes to maintain confidence in the stock market.

It is important to note that to date there has never been any failed trade in the CDS.

The Fund is constituted of cash contributions by investment dealers and CDS, as well as Letters of Credit/Deposits provided by investment dealers. The CDS contributed an amount of Rs 820,068 to the Fund in 2014–2015 (Rs 658,881 in 2013-2014). The assets of the Fund are segregated from those of the CDS (separate bank accounts) and are available only for the purpose of the Fund as required by law. The

Fund is independently managed by the Business Conduct Committee. The assets of the Fund are invested in low-risk liquid instruments. The size of the Fund as at 30th June 2015 was as follows:
Cash contributions: Rs 32,236,260 (Rs 30,444,563 as at 30th June 2014)
Letters of Credit/Deposits submitted by investment dealers: Rs 33,668,500 (Rs 28,065,503 as at 30th June 2014)

The Fund can also have recourse to a standby line of credit of Rs 50 M from its bank.

RISK CONTROLS TO ADDRESS FUNDS SETTLEMENT FAILURES

Each investment dealer has a settlement limit that is based on the amount of collateral (cash and letters of credit) submitted to CDS. The minimum amount of the collateral required for an investment dealer is based on the moving average of its cumulative liability over the past 12 months. CDS monitors the settlement obligation of each investment dealer on a daily basis. If at the close of trading, the net cumulative liability (total amount of unsettled obligations over a period of three days) of an investment dealer exceeds its settlement limit, the investment dealer is required to submit additional collateral before being allowed to buy more securities during the next trading session.

During the year 2014–2015, there were 39 cases where the settlement limits of investment dealers were exceeded (21 cases in 2013-2014). In each case, the relevant investment dealer submitted the required collateral on the next business day after the limit was exceeded.

If an investment dealer fails to meet its settlement obligations, the CDS will have recourse to its Letter of Credit and to the Guarantee Fund to meet the investment dealer's obligations and complete the settlement of transactions. The Stock Exchange of Mauritius (SEM) and the Financial Services Commission will be immediately notified of the funds settlement failure.

There was no funds settlement failure during the year under review.

RISK CONTROLS TO ADDRESS SECURITIES DELIVERY FAILURES

When an investment dealer places a sell order for a client on the automated trading system (ATS), the system verifies that the client has previously deposited or purchased the securities that it wishes to sell, before accepting the sell order in the order book. However, the ATS allows an investment dealer to place a bulk order without indicating the clients' accounts. After the execution of the bulk order, the investment dealer will then allocate the trades to its clients. The CDS system automatically checks the securities balance each time a trade is allocated to a client's account. In case of insufficient balance in the client's account, the system will not allow the investment dealer to allocate the sale to that client. In such a situation, the trade is automatically posted to the account of the investment dealer that must now deliver the securities. If the investment dealer does not hold the securities, its proprietary account will show a negative balance.

RISK MANAGEMENT REPORT (CONT'D)

When an investment dealer buys or sells securities for the client of a custodian bank, the transaction is subject to the confirmation of the latter. A situation that may lead to a negative balance in an investment dealer's account is when a custodian bank does not accept a sale that has been allocated to its client's account by the investment dealer. In such a case, the sale is allocated to the proprietary account of the investment dealer and this account will show a negative balance if the investment dealer does not hold the securities that must be delivered.

CDS monitors whether there are any negative balances in the proprietary accounts of investment dealers on a daily basis. Any negative balance in the securities account of an investment dealer must be rectified before 9:00 a.m on T+3 by re-allocating the trade to another client or by borrowing the securities through the securities loan service of CDS.

If the investment dealer still does not have securities in the account at 9:00 a.m on T+3, the trade is temporarily suspended and a buy-in procedure is initiated. The SEM and FSC are immediately notified. The investment dealer is required to make a cash deposit of 50% to CDS and pay a daily fine of 0.20% of the value of the securities (marked to market daily) until the buy-in is completed or the situation is corrected. CDS may abort the buy-in procedure in the following circumstances:

1. The Custodian Bank confirms the trade after T+3, 9:00 a.m and such confirmation is submitted to CDS before T+5, 9:00 a.m.
2. The defaulting investment dealer reports to CDS a loan transaction to settle the trade and the duly completed CDS Loan Forms reach CDS by T+5, 9:00 a.m.

When buy-in is aborted, the original failed trade together with all turnaround trades (see next section) linked to it will be reinstated and will be settled on the next Business Day. In such a situation, CDS will return the cash deposit to the defaulting investment dealer.

When buy-in is completed, notwithstanding whether it is successful or not, the CDS will use the cash deposit to compensate all the buyers involved in each turnaround trade linked to the failed trade, except the buyers involved in the last transaction in each chain of turnaround trades, by paying them an amount equal to 50% of the difference between the price at which they bought the securities and the price at which they subsequently sold the securities.

If after 5 trading sessions the buy-in is unsuccessful, CDS will use the cash deposit to also compensate the buyers in the last transaction in each chain of turnaround trades linked to the failed trade, by paying them an amount equal to 15% of the value of the securities that remain undelivered after the buy-in and CDS will request the SEM to cancel the failed trade together will all turnaround trades linked to it.

There was no securities delivery failure during the year under review.

TURNAROUND TRADING

Following the coming into force of the Securities (Brokerage Fees for Turnaround Trades) Rules 2013, a schedule of reduced transaction fees for turnaround trades was implemented on 12th December 2013. Turnaround trading involves the selling of securities that have been purchased earlier during a trading session or during previous trading sessions before the settlement date of the initial purchase (i.e. between T and T+2 inclusive, where T is the date of the first trade), to take advantage of an upward movement in prices. Similarly an investor may purchase securities that have been sold earlier during a trading session or during previous trading sessions before the settlement date of the initial sale, to take advantage of a downward movement in price, provided that the investor had the securities in its account prior to the initial sale. 1,635 turnaround trades for a total amount of Rs 240.5 M were cleared and settled in 2014-2015 compared to 2,215 trades for a total amount of Rs 210 M in 2013-2014.

SECURITIES LENDING

The securities loan service implemented by CDS allows an investment dealer that faces a potential securities delivery failure consequential to the refusal of a sale by a custodian bank, to borrow the securities from a lender (which can be another Participant or its client) and deliver the securities to the buyer/s. The failure of the trade together with any turnaround trades linked to it would thus be avoided with the execution of the loan transaction.

Even with the implementation of the securities loan service, a securities delivery failure may occur if the investment dealer that faces the failure cannot find a willing lender for the securities. In such situations, the CDS Procedures regarding buy-in and compensation described above are applied.

It should again be noted that there was no securities delivery failure during the year under review.

INTERNAL CONTROL AND INTERNAL AUDIT

The CDS has implemented a system of internal controls pertaining to:

1. The recording of transactions in securities accounts;
2. The processing of transactions, including clearing and settlement, in accordance with CDS Rules and Procedures; and
3. The integrity and reliability of its data processing facilities.

The system of internal controls is implemented in the Rules and Procedures that govern the day-to-day activities of the CDS and is also integrated in the design of the computer system of CDS. Additional measures have been implemented to ensure the integrity of data and the effectiveness of the internal control system. These measures include the following:

a) Before any entry is made in the system, strict verifications are carried out against source documents and instructions.

b) The list of the authorised personnel of registries and CDS participants together with their specimen signatures and the respective powers conferred to them by their company, are kept up-to-date and are referred to when processing transactions relating to the registries and participants.

RISK MANAGEMENT REPORT (CONT'D)

c) After posting into the system, verifications are carried out to ensure that balances are correctly updated by new validations or transactions posted. The balances of securities recorded in the system of CDS are reconciled with the figures (balances of securities held in the name of CDS) provided by registries, after the processing of each deposit and withdrawal.

d) All operations like deposits, withdrawals, transfers, pledges and trade amendments involve at least two CDS staff for control purposes. One person executes the function while the other verifies whether the function has been correctly executed.

e) A full concurrent audit is carried out to ensure that all transactions are backed up by relevant instructions and source documents.

f) A series of automated tests are performed by the Systems Department to verify the integrity of the database on a daily basis.

EXTERNAL AUDIT OF THE SYSTEM OF INTERNAL CONTROLS

The suitability and effectiveness of the system of internal controls are verified by external independent auditors on an annual basis. The external auditors also conduct a full operational audit at the same time. For the year ended 30th June 2015, the auditors, on the basis of the audit tests carried out, concluded that the system of internal controls of the CDS operated effectively and responded properly to the current environment. No exceptions were found by the auditors. The certificate of the auditors is included in the Annual Report.

INTERNAL AUDIT OF OPERATIONS AND SYSTEMS DEPARTMENTS

The Secretary of the Business Conduct Committee performs monthly internal audits of the functions performed by the Operations and Systems Departments of the CDS. The objective of these internal audits is to verify whether adequate control procedures are in place and also whether the CDS Rules and Procedures are complied with when performing the different functions. The results of these internal audits are reviewed by the Business Conduct Committee. No material exceptions were found by the internal auditor during the year under review.

IT SECURITY POLICY

The CDS ensures that its IT systems are secure (that is, has access controls; is equipped with adequate safeguards to prevent external intrusion; and provides audit trails), reliable and have sufficient capacity to handle expected volume growth. The CDS has implemented an IT Security Policy that defines the responsibilities relating to the management of the IT systems of the CDS and the procedures to be followed by employees of the company as well as by remote users (investment dealers, custodian banks, Financial Services Commission, Bank of Mauritius and registries) when using the IT systems of the company. The IT Security Policy is regularly updated to keep pace with latest developments regarding information security.

The CDS system has industry-standard security features like:

- User and Role Based Access Control (users have accessed to the different functions available in the system based on their respective roles)
- Password controls
- Auditing features at application, operating system and database levels

At the application level, the system maintains the history of all transactions carried out. Every event that changes a balance in a securities account is recorded as a ledger entry. These ledger entries are visible in the client balance inquiry screen giving a complete transaction history. In addition any changes made to investor, security and participant details are logged and are viewable in the form of an audit trail.

The system maintains log files that contain an audit trail of all activities and functions performed on the system as well as transactions processed. These log files are verified on a daily basis.

The Stock Exchange of Mauritius Ltd (SEM) has outsourced its IT function to CDS since January 2001. This includes the technical management of the Automated Trading System (ATS). SEM and CDS have signed an IT Outsourcing Agreement where the service provided by CDS is clearly defined. The objective of the outsourcing is to achieve costs savings and synergies for both companies.

Investment Dealers, the Financial Services Commission and the Bank of Mauritius use the same network and telecommunications lines to access the ATS and CDS systems. Both systems use the same database servers. However, the engine of the Automated Trading System (ATS) runs on three separate servers on the same network.

Software enhancements, modifications and additions are thoroughly tested before implementation in the live environment. A formal Change Management Procedure is in place at CDS.

No breach of the IT Security Policy was observed during the year under review and the Change Management Procedure was followed for all changes that were made to the systems during 2014-2015.

IT SECURITY AUDIT

Independent external auditors with specific expertise in IT security perform a security audit of the IT systems of the CDS and SEM, once every two years. The scope of the security audit is as follows:

- Performing a review of the security policy of SEM and CDS;
- Reviewing the existing network architecture to confirm that it is capable of supporting required security controls;
- Performing a security audit of the network components like routers, firewall, switches etc;
- Performing security audit of the Solaris servers and databases;
- Conducting internal vulnerability assessment;

RISK MANAGEMENT REPORT (CONT'D)

- Verifying the VPN and wireless connections;
- Performing non-intrusive external penetration testing;
- Reviewing of Disaster Recovery Planning and
- Verifying workstations on the network of SEM and CDS.

The last IT security audit was conducted in April-May 2015 by PricewaterhouseCoopers Ltd (PwC). In their report, the auditors concluded that IT environment of CDS and SEM is well secured from both internal and external threats. They observed that several security controls ranging from information security policies regulating end user actions to technological solution such as firewalls have been put in place to safeguard the SEM and CDS IT ecosystem servers and databases are appropriately configured in line with leading industrial practices and proven methods. Their vulnerability assessment and penetration testing did not reveal weaknesses which may lead to the compromise of the SEM/CDS IT infrastructure. The auditors also observed that all the recommendations that they made in their previous audit report have been implemented by CDS.

The auditors have also made some new recommendations to further enhance the current IT environment. These recommendations will be implemented by CDS during the financial year 2015-2016.

DISASTER RECOVERY PLAN

The CDS has in place a Disaster Recovery Plan (DRP) to cater for various scenarios. The DRP covers both preventive and corrective measures that will enable CDS to deal with various types of disasters that can disrupt normal systems operation. The physical environment includes UPS, backup generator, automatic fire extinguishing system and access control to the computer room. A back up server maintains a mirror image of the database on the main server. In the event of a problem with the main server, the back up server takes over within 10 minutes, without physical intervention at Participants' sites. In the event of a major disaster that causes the CDS site to be unavailable, systems and business operations will be restored at a back up site within 6 to 24 hours. Prevention of loss of data is achieved through the implementation of redundant and cyclical backup tapes that are stored both on-site and off-site. Backup to tapes is performed four times a day.

During 2014–2015, three simulations of the DRP were successfully performed on the following respective dates: 11th September 2014; 24th December 2014; and 28th May 2015. The simulation performed on 11th September 2014 involved the participation of investment dealers, custodian banks as well as SEM and CDS personnel.

There was no systems downtime during 2014 – 2015.

FINANCIAL CONTROLS

The system of internal controls of the Finance and Administration department is made up of a series of regular reports to the Board as well as authorization controls. They are as follows:

- The management presents a detailed capital and expenditure budget as well as revenue estimates for review and approval by the Audit Committee and the Board of Directors prior to the start of the financial year;
- The management presents monthly management accounts with detailed explanations on variances to budgeted figures at the Board meetings;
- Authorised signatories for payments and bank transactions consist of two mandatory signatures (one from each of the following two groups: Managing Director/Finance Manager; and Directors).

Investments decisions are made within guidelines determined by the Investment Committee. The Company's funds are invested in low-risk fixed income instruments (fixed deposits at banks and other deposit taking institutions; and government securities). The main risks to which such investments are exposed are credit risk (the possibility that the deposit taking institution will default by failing to pay principal and interest in a timely manner) and interest rate risk. The investment guidelines seek to minimize credit risk by limiting the percentage of total funds that can be invested at a specific institution. To minimize interest rate risk, deposits having maturities longer than 2 years are made at floating rates only. The investment guidelines provide for investment in other instruments subject to the approval of the Investment Committee.

The Board controls financial matters by receiving and reviewing detailed management accounts at regular and short intervals (monthly). Payments, banking and other financial transactions cannot be made without the authorization of one non-executive director.

AUDIT OF FINANCIAL CONTROLS

Given the financial control measures that have been implemented and considering the small size of the Company, the Board decided in the past that it is not necessary to implement an internal financial audit function at the CDS. At the request of the Audit Committee, as from 2013 the external auditors carry out an audit of the financial controls of the company and submit a report on their findings. In their report this year, the auditors have stated that the financial control processes of the Company that were reviewed, are adequate and that they have not observed any issues of concern.

DIRECTORS' REPORT

FINANCIAL STATEMENTS, INTERNAL CONTROL AND RISK MANAGEMENT

Company law requires directors to prepare financial statements for each financial year which present fairly the financial position, financial performance, changes in equity and cash flows of the Company. In preparing those financial statements, the directors are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and estimates that are reasonable and prudent;
- State whether International Financial Reporting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors confirm that they have complied with the above requirements in preparing the financial statements.

The directors are also responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 2001. They are also responsible for safeguarding the assets of the Company and hence for the implementation and operations of accounting and internal control systems that are designed to prevent and detect fraud and errors, as well as an effective risk management system.

AUDITORS' REMUNERATION

The fees (exclusive of VAT) paid to Lamusse Sek Sum & Co for the year ended 30th June 2015 are as follows:

Financial audit		112,000
Operations audit		42,000
Audit of Risk Management Report		26,000
Taxation services		16,000
Financial control review		32,000
Total	**Rs**	**228,000**

The auditors Messrs Lamusse Sek Sum & Co have expressed their willingness to continue in office. In accordance with Section 195 of the Companies Act 2001, a resolution for their re-appointment as auditors of the Company will be proposed at the annual meeting.

APPROVAL OF AUDITED FINANCIAL STATEMENTS

The audited financial statements of CDS which are set out from pages 37 to 61 of the Annual Report were approved by the board of directors on 24th August 2015

Vikash Tulsidas
Chairperson

Vipin Y. S. Mahabirsingh
Managing Director

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS

This report is made solely to the company's members, as a body, in accordance with Section 205 of the Companies Act 2001. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Report on the financial statements

We have audited the company's financial statements set out on pages 37 to 61 which comprise the statement of financial position as at 30th June 2015 and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended and a summary of significant accounting policies and other explanatory notes.

Directors' responsibility for the financial statements

The directors are responsible for the preparation and fair presentation of these financial statements in compliance with the requirements of the Companies Act 2001 and in accordance with International Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' responsibility

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

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

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

Opinion

In our opinion, the financial statements on pages 37 to 61 give a true and fair view of the financial position of the company as at 30th June 2015, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and comply with the Companies Act 2001.

Report on other legal and regulatory requirements

Companies Act 2001

We have no relationship with, or interests in the Company, other than in our capacity as auditors, tax and business advisers.

We have obtained all information and explanations we have required.

In our opinion, proper accounting records have been kept by the Company as far as it appears from our examination of those records.

Securities Act 2005

In accordance with Section 20(4) of the Securities Act 2005, we have reviewed the Risk Management Report of the Company and in our opinion, it gives a true and fair view of the risk management procedures and their application for the year ended 30th June 2015.

LAMUSSE SEK SUM & CO
Public Accountants
Port Louis

Michael V K Lo Tiap Kwong, FCCA
(Licensed by FRC)

Date: 24th August 2015

STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2015

	Notes	2015 Rs'000	2014 Rs'000
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	(5)	20,927	17,162
Investments	(6)	146,106	122,400
Intangible assets	(7)	171	149
Trade & other receivables	(8)	11,988	9,079
		179,192	148,790
CURRENT ASSETS			
Inventories		278	222
Trade and other receivables	(8)	10,904	11,774
Deposits and cash balances		46,971	49,652
		58,153	61,648
TOTAL ASSETS		**237,345**	**210,438**
EQUITY AND LIABILITIES			
CAPITAL AND RESERVES			
Stated capital	(9)	15,000	15,000
Retained earnings		176,911	155,961
Total equity		191,911	170,961
NON-CURRENT LIABILITIES			
Retirement benefit obligations	(10)	4,134	4,957
Deferred taxation	(11)	702	453
		4,836	5,410
CURRENT LIABILITIES			
Trade and other payables	(12)	6,941	8,101
Taxation	(11)	2,235	1,875
Dividend payable	(15)	31,422	24,091
		40,598	34,067
TOTAL LIABILITIES		45,434	39,477
TOTAL EQUITY AND LIABILITIES		237,345	210,438

These financial statements were approved by the Board of Directors & authorised for issue on 24th August 2015 and signed on its behalf by:

Vikash Tulsidas
Chairperson

Vipin Y. S. Mahabirsingh
Managing Director

The notes on pages 41 to 61 form an integral part of these financial statements. Auditors' Report on pages 35 & 36.

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2015

	Notes	2015 Rs'000	2014 Rs'000
Revenue		71,668	58,995
Other income	(13(a))	17,293	14,484
		88,961	73,479
Administrative expenses		(26,019)	(23,606)
Operating profit		62,942	49,873
Contribution to guarantee fund		(820)	(659)
Finance costs	(14)	(41)	(31)
PROFIT BEFORE TAXATION		62,081	49,183
Taxation	(11)	(9,351)	(7,419)
Corporate social responsibility		(986)	(775)
PROFIT FOR THE YEAR		51,744	40,989
OTHER COMPREHENSIVE INCOME			
Items that will not be reclassified to profit or loss:			
Actuarial gain/(loss) on defined benefit pension plan		628	(837)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		52,372	40,152
Dividend	(15)	(31,422)	(24,091)
RETAINED COMPREHENSIVE INCOME FOR THE YEAR		20,950	16,061
EARNINGS PER SHARE	(16)	349.15	267.68

The notes on pages 41 to 61 form an integral part of these financial statements. Auditors' Report on pages 35 & 36.

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2015

	STATED CAPITAL Rs'000	RETAINED EARNINGS Rs'000	TOTAL Rs'000
BALANCE AT 1st JULY 2013	15,000	139,900	154,900
Total comprehensive income for the year	-	40,152	40,152
Dividends	-	(24,091)	(24,091)
BALANCE AT 30th JUNE 2014	15,000	155,961	170,961
BALANCE AT 1st JULY 2014	15,000	155,961	170,961
Total comprehensive income for the year	-	52,372	52,372
Dividends	-	(31,422)	(31,422)
BALANCE AT 30th JUNE 2015	15,000	176,911	191,911

The notes on pages 41 to 61 form an integral part of these financial statements. Auditors' Report on pages 35 & 36.

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2015

	Notes	2015 Rs'000	2014 Rs'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		62,081	49,183
Adjustments for:			
Profit on disposal of property, plant & equipment		(81)	-
Corporate social responsibility		(986)	(775)
Actuarial gain/(loss) on defined benefit pension plan		628	(837)
Depreciation	(5)	1,527	1,276
Amortisation		74	55
Interest income		(10,360)	(9,166)
Exchange loss on deposits		193	35
Retirement benefit obligations		(823)	610
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES		52,253	40,381
(Increase)/decrease in inventories		(56)	80
Decrease/(increase) in trade and other receivables		2,339	(2,733)
(Decrease)/increase in trade and other payables		(1,160)	2,267
CASH GENERATED FROM OPERATING ACTIVITIES		53,376	39,995
Tax Paid		(8,742)	(6,523)
NET CASH GENERATED FROM OPERATING ACTIVITIES		44,634	33,472
CASH FLOWS FROM INVESTING ACTIVITIES			
Investment in non-current deposit		(44,900)	(58,300)
Purchase of property, plant and equipment	(5)	(5,753)	(383)
Purchase of intangible asset		(96)	(30)
Proceeds from fixed deposit		21,000	23,000
Proceeds from disposal of property, plant and equipment		543	-
Interest received		5,982	9,577
NET CASH USED IN INVESTING ACTIVITIES		(23,224)	(26,136)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividend paid		(24,091)	(17,635)
NET DECREASE IN CASH AND CASH EQUIVALENTS		(2,681)	(10,299)
Cash and Cash Equivalents @ beginning of year		49,652	59,951
Cash and Cash Equivalents @ end of year		46,971	49,652
ANALYSIS OF CASH AND CASH EQUIVALENTS:			
Deposits and cash balances		46,971	49,652

The notes on pages 41 to 61 form an integral part of these financial statements. Auditors' Report on pages 35 & 36.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

1. GENERAL INFORMATION

Central Depository & Settlement Co. Ltd is a private company incorporated in Mauritius. Its registered office is situated at 4th floor, One Cathedral Square building, 16 Jules Koenig Street, Port Louis.

The main activities of the company are to provide depository, clearing and settlement services in order to facilitate dealings in securities.

2. ADOPTION OF NEW AND REVISED STANDARDS

(i) Standards and Interpretations adopted with no effect on the financial statements

The following new and revised Standards and Interpretations have been adopted in these financial statements. Their adoption has not had any significant impact on the amounts reported in these financial statements but may affect the accounting for future transactions or arrangements.

Standard	Details of amendment	Annual periods beginning on or after
IFRS 1: First-time Adoption of International Financial Reporting Standards	Annual Improvements 2011-2013 Cycle: Amendments to the Basis of Conclusion clarify the meaning of "effective IFRSs".	1 July 2014
IFRS 9: Financial Instruments	Annual Improvements 2010-2012 Cycle: Amendments to the measurement requirements for all contingent consideration assets and liabilities included under IFRS 9.	1 July 2014
IFRS 12: Disclosure of Interests in Other Entities	New disclosures required for Investment Entities (as defined in IFRS 10)	1 January 2014
IFRS 13: Fair Value Measurement	Annual Improvements 2011-2013 Cycle: Amendments to clarify the measurement requirements for those short-term receivables and payables Annual Improvements 2011-2013 Cycle: Amendments to clarify that the portfolio exception applies to all contracts within the scope of, and accounted for in accordance with, IAS 39 or IFRS 9.	1 July 2014
IAS 16: Property, Plant and Equipment	Annual Improvements 2010-2012 Cycle: Amendments to the evaluation method - proportionate restatement of accumulated depreciation.	1 July 2014

2. ADOPTION OF NEW AND REVISED STANDARDS (CONT'D)

(i) Standards and Interpretations adopted with no effect on the financial statements (Cont'd)

Standard	Details of amendment	Annual periods beginning on or after
IAS 19: Employee Benefits	Amendments to Defined Benefit Plans: Employee Contributions whereby the requirements in IAS 19 for contributions from employees or third parties that are linked to service have been amended.	1 July 2014
IAS 24: Related Party Disclosures	Annual Improvements 2010-2012 Cycle: Amendments to definitions and disclosure requirements for key management personnel.	1 July 2014
IAS 36: Impairment of Assets	Amendments to address the disclosure of information about the recoverable amount of impaired assets if that amount is based on fair value less costs of disposal.	1 January 2014
IAS 39: Financial Instruments: Recognition and Measurement	Amendments for novation of derivatives the continuation of hedge accounting.	1 January 2014
IFRIC 21: Levies	Provides guidance on when to recognise a liability for a levy imposed by a government, both for levies that are accounted for in accordance with IAS 37: Provisions, Contingent Liabilities and Contingent Assets and those where the timing and amount of the levy is certain. It provides the following guidance on recognition of a liability to pay levies: - The liability is recognised progressively if the obligating event occurs over a period of time. - If an obligation is triggered on reaching a minimum threshold, the liability is recognised when that minimum threshold is reached.	1 January 2014

(ii) Standards in issue, not yet effective

At the date of authorisation of these financial statements, the following Standards and Interpretations were in issue but not yet effective, they have been reviewed and could have an effect in accounting for any future transactions.

2. ADOPTION OF NEW AND REVISED STANDARDS (CONT'D)

Standard	Details of amendment	Annual periods beginning on or after
IFRS 9: Financial Instruments	A finalised version of IFRS 9 has been issued which replaces IAS 39 financial Instruments: Recognition and Measurement. The completed standard comprises guidance on Classification and Measurement, Impairment Hedge Accounting and Derecognition: IFRS 9 introduces a new approach to the classification of financial assets, which is driven by the business model in which the asset is held and their cash flow characteristics. A new business model was introduced which does allow certain financial assets to be categorised as "fair value through other comprehensive income" in certain circumstances. The requirements for financial liabilities are mostly carried forward unchanged from IAS 39. However, some changes were made to the fair value option for financial liabilities to address the issue of own credit risk. The new model introduces a single impairment model being applied to all financial instruments, as well as an "expected credit loss" model for the measurement of financial assets. IFRS 9 contains a new model for hedge accounting that aligns the accounting treatment with the risk management activities of an entity, in addition enhanced disclosures will provide better information about risk management and the effect of hedge accounting on the financial statements. IFRS 9 carries forward the derecognition requirements of financial assets and liabilities from IAS 39.	1 January 2018 * IFRS 9 (2014 super- sedes any previous versions of IFRS 9, but earlier versions of IFRS 9 remain available for application if the relevant date of application is before 1 February 2015*

2. ADOPTION OF NEW AND REVISED STANDARDS (CONT'D)

(ii) Standards in issue, not yet effective (Cont'd)

Standard	Details of amendment	Annual periods beginning on or after
IFRS 15: Revenue from Contracts from Customers	New standard that requires entities to recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. This core principle is achieved through a five step methodology that is required to be applied to all contracts with customers. The new standard will also result in enhanced disclosures about revenue, provide guidance for transactions that were not previously addressed comprehensively and improve guidance for multiple-element arrangements. The new standard supersedes: (a) IAS 11 Construction Contracts; (b) IAS 18 Revenue: (c) IFRIC 13 Customer Loyalty Programmes; (d) IFRIC 15 Agreements for the Construction of Real Estate; (e) IFRIC 18 Transfers of Assets from Customers; and (f) SIC-31 Revenue Barter Transactions involving Advertising Services.	1 January 2017
IAS 1: Presentation of Financial Statements	Disclosure Initiative: Amendments designed to encourage entities to apply professional judgement in determining what information to disclose in their financial statements. For example, the amendments make clear that materiality applies to the whole of financial statements and that the inclusion of immaterial information can inhibit the usefulness of financial disclosures. Furthermore, the amendments clarify that entities should use professional judgement in determining where and in what order information is presented in the financial disclosures.	1 January 2016

2. ADOPTION OF NEW AND REVISED STANDARDS (CONT'D)

(ii) Standards in issue, not yet effective (Cont'd)

Standard	Details of amendment	Annual periods beginning on or after
IAS 16: Property, Plant and Equipment"	Amendments to IAS 16 and IAS 38 to clarify the basis for the calculation of depreciation and amortisation, as being the expected pattern of consumption of the future economic benefits of an asset.	1 January 2016
	Amendment to both IAS 16 and IAS 38 establishing the principle for the basis of depreciation and amortisation as being the expected pattern of consumption of the future economic benefits of an asset. Clarifying that revenue is generally presumed to be an inappropriate basis for measuring the consumption of economic benefits in such assets.	1 January 2016
	Amendments to IAS 16 and IAS 41 which defines bearer plants and includes bearer plants in the scope of IAS 16 Property, Plant and Equipment, rather than IAS 41 allowing such assets to be accounted for after initial recognition in accordance with IAS 16."	1 January 2016

The directors anticipate that the adoption of these Standards and Interpretations in future years will have no material impact on the financial statements of the company.

3. ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these financial statements have been consistently applied to all years presented, unless otherwise stated and are set out below:

(a) Basis of preparation

The financial statements comply with the Companies Act 2001 and have been prepared in accordance with International Financial Reporting Standards (IFRS). Where necessary, comparative figures have been amended to conform with change in presentation and disclosure in the current year. The financial statements are prepared under the historical cost convention except that held-to-maturity investments and trade and other receivables are carried at amortised cost, less any impairment loss.

3. ACCOUNTING POLICIES (CONT'D)

(b) Revenue Recognition

Revenues are recognised upon performance of services, net of Value Added Tax.

Other income earned by the company is recognised on the following basis:
(i) Interest Income - using the effective interest method.
(ii) Project and Consultancy fees - as it accrues.
(iii) Fees on issue of ISIN Numbers - as it accrues.
(iv) IT Facilities Management fees - as it accrues.

(c) Property, Plant and Equipment

Property, Plant and Equipment is stated at historical cost less accumulated depreciation.

Depreciation is calculated so as to write off the cost of assets by equal instalments to their residual values over their estimated useful lives as follows:

Office furniture & Equipment	5 years
Motor Vehicles	5 years
Computer Equipment	5 to 11 1/2 years
Office Premises	50 years

The assets' estimated residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

When the carrying amount of an asset is greater than that its estimated recoverable amount, it is written down immediately to its recoverable amount.

Gains and losses on disposal of Property, Plant and Equipment are determined by reference to their carrying amount and are taken into account in determining operating profit.

(d) Intangible Assets

Computer software
Intangible assets (Application Software) are capitalised on the basis of costs incurred to acquire and bring to use the specific software and are amortised at the rate of 7.41% per annum for a period of 13 1/2 years.

Development Costs
Costs associated with developing or maintaining computer software are recognised as an expense as incurred. Costs that are directly associated with the production of identifiable and unique software controlled by the Company and that will generate economic benefits exceeding costs beyond one year, are recognised as intangible assets. Direct costs include the software development employee costs.

The Computer software development costs recognised as assets are amortised over their estimated useful lives (5 years).

3. ACCOUNTING POLICIES (CONT'D)

(e) Investments

Held-to-maturity investments are financial assets with fixed or determinable payments and fixed maturity that the Company has the positive intent and ability to hold to maturity. They are measured at amortised cost, less any impairment loss. The interest accrued is recorded as interest income in the statement of profit or loss and other comprehensive income.

(f) Inventories

Inventories are valued at the lower of cost and net realisable value. Net realisable value represents the estimated selling price less all estimated costs of completion and costs necessary to make the sale.

Inventories represent stationery and CDS Forms, and are stated at cost. Cost is determined on the first-in first-out (FIFO) method.

(g) Deferred Tax

Deferred tax is provided using the liability method for all temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes.

(h) Employee Benefits

(a) Defined benefit pension plan

The company contributes to a pension scheme which is a 'Defined Benefit' plan.

The present value of funded obligations is recognised in the statement of financial position as a non-current liability after adjusting for the fair value of plan assets, any recognised actuarial gains and losses and any unrecognised past service cost. The valuation of these obligations is carried out annually by a firm of consulting actuaries.

A portion of the actuarial gains and losses will be recognised as income or expense if the net cumulative unrecognised actuarial gains and losses at the end of the previous accounting period exceeded the greater of:

- 10% of the present value of the defined benefit obligation at that date; and
- 10% of the fair value of plan assets at that date.

The current service cost and any recognised past service cost are included as an expense together with the associated interest cost, net of expected return on plan assets.

(b) State pension plan

Contributions to the National Pension Scheme are expensed to the statement of profit or loss and other comprehensive income in the period in which they fall due.

3. ACCOUNTING POLICIES (CONT'D)

(i) Provisions

Provisions are recognised when the company has a present or constructive obligation as a result of past events and it is probable that it will result in an outflow of economic benefits that can be reasonably estimated to settle the obligation.

(j) Financial Instruments

Financial assets and financial liabilities are recognised on the company's statement of financial position when the company has become a party to the contractual provisions of the instrument.

The company's accounting policies in respect of the main financial instruments are set out below:

(i) Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method, less provision for impairment. The amount of loss is recognised in the statement of profit or loss and other comprehensive income.

(ii) Cash and cash equivalents

Cash includes balances with banks. Cash equivalents are short-term, highly liquid assets which are readily convertible into known amounts of cash and which are subject to an insignificant risk of change in value.

(iii) Trade payables

Trade payables are stated at fair value and subsequently measured at amortised cost using the effective interest rate method.

(k) Foreign Currencies

(i) Functional and presentation currency

Items included in the financial statements are measured using Mauritian rupees, the currency of the primary economic environment in which the entity operates ("functional currency").

The financial statements are presented in Mauritian rupees, which is the company's functional and presentation currency.

(ii) Transactions and balances

Transactions denominated in foreign currencies are translated in Mauritian rupees at the rates ruling at the transactions dates. Monetary assets and liabilities which are expressed in foreign currencies are translated into Mauritian rupees at the rates ruling at reporting date. Resulting gains or losses are transferred to the statement of profit or loss and other comprehensive income.

3. ACCOUNTING POLICIES (CONT'D)

(l) Alternative Minimum Tax (AMT)

Alternative Minimum Tax (AMT) is provided for, where the company which has a tax liability of less than 7.5% of its book profit pays a dividend. AMT is calculated as the lower of 10% of the dividend paid and 7.5% of book profit.

(m) Impairment

At each reporting date, the company reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any, and the carrying amount of the asset is reduced to its recoverable amount.

(n) Related Parties

For the purpose of these financial statements, parties are considered to be related to the company if they have the ability, directly or indirectly, to control the company or exercise significant influence over the company in making financial and operating decisions, or vice versa, or where the company is subject to common control or common significant influence. Related parties may be individuals or other entities.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The preparation of financial statements in accordance with IFRSs requires the directors and management to exercise judgement in the process of applying the accounting policies. It also requires the use of accounting estimates and assumptions that may affect the reported amounts and disclosures in the financial statements. Judgements and estimates are continuously evaluated and are based on historical experience and other factors, including expectations and assumptions concerning future events that are believed to be reasonable under the circumstances. The actual results could, by definition therefore, often differ from the related accounting estimates.

Where applicable, the notes to the financial statements set out areas where management has applied a higher degree of judgement that have a significant effect on the amounts recognised in the financial statements, or estimations and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Property, plant and equipment

The cost of the property, plant and equipment is depreciated over the estimated useful life of the asset. The estimated useful life is based on expected usage of the asset and expected physical wear and tear, which depends on operational factors. Management has not considered any residual value as it is deemed immaterial.

5. PROPERTY, PLANT AND EQUIPMENT

	OFFICE PREMISES	OFFICE FURNITURE& EQUIPMENT	COMPUTER EQUIPMENT	MOTOR VEHICLES	TOTAL
COST	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
At 1st July 2013	16,409	4,110	11,407	2,456	34,382
Additions	-	45	339	-	384
Disposal	-	(20)	-	-	(20)
At 30th June 2014	16,409	4,135	11,746	2,456	34,746
Additions	-	956	1,181	3,616	5,753
Disposal	-	-	-	(2,456)	(2,456)
AT 30th June 2015	16,409	5,091	12,927	3,616	38,043
DEPRECIATION					
At 1st July 2013	971	3,800	10,016	1,541	16,328
Charge for the year	328	240	297	411	1,276
Disposal	-	(20)	-	-	(20)
At 30th June 2014	1,299	4,020	10,313	1,952	17,584
Charge for the year	328	153	542	504	1,527
Disposal	-	-	-	(1,995)	(1,995)
AT 30th June 2015	1,627	4,173	10,855	461	17,116
NET BOOK VALUES					
AT 30th June 2015	14,782	918	2,072	3,155	20,927
AT 30th June 2014	15,110	115	1,433	504	17,162

6. INVESTMENTS

	2015	2014
Held-to-maturity	Rs'000	Rs'000
Maturity falling:		
- Between two to five years	146,106	122,400
	146,106	122,400

The investments bear interest at rates ranging from 5.35% to 9.60% p.a. (2014: 4.37% to 9.60% p.a.) These investments will mature in the financial years 2017 to 2020.

7. INTANGIBLE ASSETS

	APPLICATION SOFTWARE	DEVELOPMENT COSTS	TOTAL
	Rs'000	Rs'000	Rs'000
COST			
At 1st July 2013	6,643	250	6,893
Additions	30	-	30
At 30th June 2014	6,673	250	6,923
Additions	96	-	96
At 30th June 2015	6,769	250	7,019
AMORTISATION			
At 1st July 2013	6,615	104	6,719
Charge for the year	5	50	55
At 30th June 2014	6,620	154	6,774
Charge for the year	24	50	74
At 30th June 2015	6,644	204	6,848
NET BOOK VALUES			
AT 30th June 2015	125	46	171
AT 30th June 2014	53	96	149

8. TRADE AND OTHER RECEIVABLES

	Current		Non-current	
	2015	2014	2015	2014
	Rs'000	Rs'000	Rs'000	Rs'000
Trade receivables	3,951	5,342	-	-
Prepayments	1,135	1,000	-	-
Amount due from holding company	96	277	-	-
Interest receivable	4,964	3,455	10,311	7,442
Other receivables	758	1,700	1,677	1,637
	10,904	11,774	11,988	9,079

The average credit period on sales of services is 1 month. No interest is charged on the trade receivables. The company does not hold any collateral as security.

Before accepting any new customer, the Company assesses the potential customer's credit quality. The directors believe that no provision for impairment is required as at 30th June 2015.

Ageing of past due but not impaired

	2015	2014
	Rs'000	Rs'000
Less than 1 month	3,948	5,227
More than 1 month	3	115
	3,951	**5,342**

9. STATED CAPITAL

	ISSUED & FULLY PAID	
	2015	2014
	Rs'000	Rs'000
150,000 Ordinary Shares of Rs 100 each	15,000	15,000

The holder of an ordinary share in the company shall confer on the holder:

(a) the right to vote at meetings of shareholders and on a poll to cast one vote for each share held;

(b) the right to an equal share in dividends and other distributions made by the company; and

(c) the right to an equal share in the distribution of the surplus assets of the company on its liquidation.

10. RETIREMENT BENEFIT OBLIGATIONS

The amounts recognised in the statement of financial position are determined as follows:

	2015	2014
	Rs'000	Rs'000
Present value of funded obligations	19,776	17,724
Fair value of plan assets	(15,642)	(12,767)
Liability in the statement of financial position	4,134	4,957

The amounts recognised in the Statement of profit or loss and other comprehensive income are as follows:

	2015	2014
	Rs'000	Rs'000
Current service cost	1,163	1,133
Interest cost	1,507	1,232
Expected return on plan assets	(1,165)	(938)
Fund expenses and life insurance	211	173
Net actuarial (gain)/loss recognised in the year	(628)	837
Total included in staff costs (Note 13(b))	1,088	2,437

Movements in the liability recognised in the Statement of financial position:-

	2015	2014
	Rs'000	Rs'000
At 1st July	4,957	4,347
Total expenses as shown above	1,088	2,437
Contributions	(1,911)	(1,827)
At 30th June	4,134	4,957

The principal actuarial assumptions used were as follows:

	2015	2014
Discount rate	7.00%	8.50%
Expected return on plan assets	7.00%	8.50%
Future salary increases	4.50%	6.00%
Future pension increases	1.50%	3.00%

10. RETIREMENT BENEFIT OBLIGATIONS (CONT'D)

Sensitivity

Significant actuarial assumptions for the determination of the defined obligation are discount rate, expected salary increase and mortality. The sensitivity analyses below have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the period, while holding all other assumptions constant.

	2015	2014
	Rs'000	Rs'000
Effect on present value of funded obligations		
1% increase in discount rate	16,503	14,665
1% decrease in discount rate	23,971	21,666
1% increase in salaries	22,447	19,749
1% decrease in salaries	17,469	14,974
Effect of changing longevity - rate up	19,465	17,448
Effect of changing longevity - rate down	20,079	17,994

Reconciliation of the present value of defined benefit obligation

	2015	2014
	Rs'000	Rs'000
Present value of obligation at start of year	17,724	14,493
Current service cost	1,374	1,307
Interest cost	1,507	1,232
Fund expenses and life insurance	(211)	(174)
Liability (gain)/loss	(618)	866
Present value of obligation at end of year	19,776	17,724

Reconciliation of fair value of plan assets

	2015	2014
	Rs'000	Rs'000
Fair value of plan assets at start of year	12,767	10,146
Expected return on plan assets	1,165	938
Employer contributions	1,911	1,827
Fund expenses and life insurance	(211)	(174)
Asset gain	10	30
Fair value of plan assets at end of year	15,642	12,767

Distribution of plan assets at end of year

The assets of the scheme are invested in a Deposit Administration Policy with Metropolitan Life (Mauritius) Ltd.

10. RETIREMENT BENEFIT OBLIGATIONS (CONT'D)

History of obligations, assets and experience adjustments

	2015	2014
	Rs'000	Rs'000
Fair value of plan assets	15,642	12,767
Present value of defined benefit obligation	(19,776)	(17,724)
Deficit	(4,134)	(4,957)
Asset experience gain during the year	10	30
Liability experience gain/(loss) during the year	823	(610)

The expected contributions to post-employment benefit plans for the year ending 30th June 2016 are Rs 1,971,135 (2015: Rs 1,936,512). The actual return on plan assets is Rs 1,204,697 (2014: Rs 968,244).

Pension amounts and disclosures have been based on the report submitted by Feber Associates Limited, Actuaries and Consultants.

11. TAXATION

(a) Tax liability

	2015	2014
	Rs'000	Rs'000
At 1st July	1,875	999
Taxation paid	(8,742)	(6,523)
Provision for the year	9,102	7,399
At 30th June	2,235	1,875

(b) Income tax

	2015	2014
	Rs'000	Rs'000
Current tax on the adjusted profit for the year at 15%	9,102	7,399
Deferred taxation	249	20
Tax charge	9,351	7,419

The tax on the company's profit before tax differs from the theoretical amount that would arise using the basic tax rate of the company as follows:

	2015	2014
Profit before tax	61,723	47,572
Tax calculated at a tax rate of 15%	9,258	7,136
Non-deductible expenses for tax purposes	543	522
Capital allowances effects	(450)	(239)
Tax charge	9,351	7,419

11. TAXATION (CONT'D)

(c) Deferred taxation

	2015	2014
	Rs'000	Rs'000
At 1st July	453	433
Movement for the year	249	20
At 30th June	702	453

12. TRADE AND OTHER PAYABLES

	2015	2014
	Rs'000	Rs'000
Service Fees received in advance	4,389	4,026
Other payables	2,552	4,075
	6,941	8,101

13. OPERATING PROFIT

		2015	2014
		Rs'000	Rs'000
(a) Operating profit is arrived at after :			
Crediting :			
Other income			
Interest receivable		10,360	9,166
Fees on issue of ISIN Numbers		2,050	981
Sundry Income		355	303
IT Facilities Management Fees		1,341	1,341
Connection fees		100	230
Project fees		3,069	2,463
Fees on issue of LEI Numbers		18	-
		17,293	14,484
and Charging :			
Fees paid to auditors -	audit services	166	155
	operational audit services	48	44
	taxation services	18	17
	audit of risk management report	30	30
Non-Executive Directors' Emoluments		1,140	1,033
Depreciation		1,527	1,276
Amortisation		74	55
Staff costs (Note 13(b))		16,088	16,068

13. OPERATING PROFIT (CONT'D)

(b) Staff costs

	2015	2014
	Rs'000	Rs'000
Salaries	15,000	13,631
Pension costs (Note 10)	1,088	2,437
	16,088	16,068

(c) Number of employees

Administration	13	12

14. FINANCE COSTS

	2015	2014
	Rs'000	Rs'000
Bank Charges	41	31

15. DIVIDENDS

	2015	2014
	Rs'000	Rs'000
Declared and not yet paid :		
Dividend of Rs 209.48 per Ordinary Share (2014: Rs 160.61)	31,422	24,091

16. EARNINGS PER SHARE

		2015	2014
Profit attributable to shareholders	Rs'000	52,372	40,152
Number of Ordinary Shares in issue		150,000	150,000
Earnings per share	Rs	349.15	267.68

17. RELATED PARTY TRANSACTIONS

	2015	2014
	Rs'000	Rs'000
(i) *Sales of Services to :*		
The Stock Exchange of Mauritius Ltd	1,341	1,341
(ii) *Outstanding Balance arising from the sales of services :*		
The Stock Exchange of Mauritius Ltd	96	277

The above transactions were carried out on commercial terms and conditions and the repayment is over a month upon receipt of invoice.

	2015	2014
(iii) Compensation of key management personnel		
Short term benefits	4,228	3,635
Post employment benefits	389	757
	4,617	4,392

	2015	2014
(iv) Remuneration of directors	Rs'000	Rs'000
- Non executive directors	1,140	1,033
(v) Dividend payable	31,422	24,091

18. FINANCIAL RISK MANAGEMENT

Overview

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

(a) Liquidity risk
(b) Market risk
(c) Interest rate risk
(d) Currency risk
(e) Credit 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.

The Board of Directors has the overall responsibility for the establishment and oversight of the Company's risk management framework. The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. Investment decisions are made within guidelines determined by the Investment Committee.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to finance its operations and to mitigate the effects of fluctuation in cash flows.

The maturity profile of the financial instruments is summarised as follows:

	2015			
	Less than 1 year Rs'000	1-5 years Rs'000	More than 5 years Rs'000	Total Rs'000
Financial assets				
Held-to-maturity investment	-	146,106	-	146,106
Deposits and cash balances	46,971	-	-	46,971
Trade and other receivables	10,904	11,988	-	22,892
	57,875	158,094	-	215,969
Financial liabilities				
Trade and other payables	6,941	-	-	6,941
Proposed dividends	31,422	-	-	31,422
	38,363	-	-	38,363

18. FINANCIAL RISK MANAGEMENT (CONT'D)

	2014			
	Less than 1 year Rs'000	1-5 years Rs'000	More than 5 years Rs'000	Total Rs'000
Financial assets				
Held-to-maturity investment	-	122,400	-	122,400
Deposits and cash balances	49,652	-	-	49,652
Trade and other receivables	11,774	9,079	-	20,853
	61,426	131,479	-	192,905
Financial liabilities				
Trade and other payables	8,101	-	-	8,101
Proposed dividends	24,091	-	-	24,091
	32,192	-	-	32,192

Market risk

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

Interest rate risk

The company is exposed to risks associated with the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows.

The interest rate profile of the company's financial assets as at 30 June is as follows:

	2015	2014
	%	%
Bank balances	3.00 - 3.15	3.15 - 3.65
Deposits	5.35 - 9.60	4.37 - 9.60

Fixed deposits which have fixed interest rates and will not be affected by fluctuations in the level of interest rates. The following table details the sensitivity of the company's bank balances and fixed deposits if interest rate had been 50 basis points higher. For a lower interest rate by 50 basis points, there would be an equal and opposite impact on the profit and their equity.

	2015	2014
	Rs'000	Rs'000
Increase in profit	777	626
Increase in equity	660	532

18. FINANCIAL RISK MANAGEMENT (CONT'D)

Currency risk

Except for an investment in Gold notes denominated in AUD with a balance of Rs 3,406,542 (AUD 128,694.43), a USD bank account with a balance of Rs 1,867 (USD 53.75) and a Euro bank account with a balance of Rs 2,152 (Euro 55.37), there are no other financial assets and liabilities denominated in foreign currencies.

The Company is exposed to currency risk of MUR relative to AUD, USD, EURO.

The following table details the company's sensitivity to a 5% decrease in the exchange rate of the Australian dollars and United States dollars against the Mauritian Rupee. A positive number below indicates an increase in profit and other equity where United States dollars weaken 5% against Mauritian Rupee. For a 5% strengthening of Australian dollars and United States dollars against the relevant currency, there would be an equal and opposite impact on the profit and their equity.

	2015	2014
	Rs'000	Rs'000
Increase in profit	171	198
Increase in equity	145	168

Credit risk

The company's credit risk is primarily attributable to its trade receivables and deposits with banks and other financial institutions. At year end, the company has no significant concentration of credit risk which has not been adequately provided for. Cash and deposits are held in banks and other financial institutions with high credit ratings.

Capital risk management

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern in order to provide returns and value for its shareholders.

The capital structure of the company consists of cash and cash equivalents and equity attributable to equity holders of the company, comprising issued share capital and retained earnings.

The Company's overall strategy remains unchanged from 2014.

Categories of financial instruments	2015	2014
	Rs'000	Rs'000
Financial assets		
Held-to-maturity investment	146,106	122,400
Deposits and cash balances	46,971	49,652
Trade and other receivables	22,892	20,853
	215,969	192,905

18. FINANCIAL RISK MANAGEMENT (CONT'D)

Financial liabilities

Trade and other payables	6,941	8,101
Proposed dividends	31,422	24,091
	38,363	32,192

19. CONTINGENT LIABILITY

A contingent liablity will arise if, in the event of a default by a participant, the amount due by the participant exceeds the total amount of financial resources available to the Guarantee Fund.

20. HOLDING COMPANY

The directors consider The Stock Exchange of Mauritius Ltd, incorporated in the Republic of Mauritius, as the holding company.

21. FIVE YEAR FINANCIAL SUMMARY
STATEMENT OF PROFIT, CAPITAL & RESERVES

	2015 Rs'000	2014 Rs'000	2013 Rs'000	2012 Rs'000	2011 Rs'000
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME					
TURNOVER	71,668	58,995	47,287	45,386	46,883
PROFIT BEFORE TAXATION	62,081	49,183	38,551	37,797	38,347
TAXATION	(9,351)	(7,419)	(5,854)	(5,732)	(5,726)
CORPORATE SOCIAL RESPONSIBILITY	(986)	(775)	(754)	(638)	(662)
PROFIT AFTER TAXATION	51,744	40,989	31,943	31,427	31,959
OTHER COMPREHENSIVE INCOME/(LOSS)	628	(837)	(2,551)	(420)	(45)
DIVIDENDS	(31,422)	(24,091)	(17,635)	(18,604)	(18,600)
CAPITAL & RESERVES					
ISSUED & PAID UP STATED CAPITAL	15,000	15,000	15,000	15,000	15,000
REVENUE RESERVES	176,911	155,961	139,900	128,143	115,741

22. GUARANTEE FUND

(a) Section 3(8) of the Securities (Central Depository, Clearing and Settlement) Act 1996 requires the Central Depository & Settlement Co Ltd (CDS) to establish and maintain a Guarantee Fund for the purpose of providing an indemnity against any default in respect of payments for or delivery of securities by any participant and of obligations of participants towards CDS.

The Fund is independently managed by the Business Conduct Committee (BCC) and not by the Board of Directors of the CDS. The BCC consists of a majority of independent members who are not directors of the CDS. The accounts of the Fund are separately audited.

The assets of the Guarantee Fund consist of all money accruing lawfully to that fund and of such contributions as may be specified in the CDS rules. The assets of the Guarantee Fund are as follows:-

	2015 Rs'000	2014 Rs'000
Guarantee Fund Assets		
MCB Deposit A/c	28,070	26,500
MCB Savings A/c	6,211	8,361
MCB Current A/c	1	5
Contributions due on value of transactions	60	75
Temporary Cash deposit	(3,101)	(3,053)
Cash deposit from investment dealers	(303)	(2,103)
Interest receivable	1,333	708
Income tax payable	(35)	(48)
	32,236	30,445

Contributions made to the Guarantee Fund

	2015 Rs'000	2014 Rs'000
BALANCE AT 1ST JULY	30,445	28,711
Contributions	782	659
Interest	1,187	1,264
Income tax charge	(178)	(189)
BALANCE AT 30TH JUNE	32,236	30,445

AUDITORS' REPORT ON THE SYSTEM OF INTERNAL CONTROLS TO THE BOARD OF DIRECTORS OF THE CENTRAL DEPOSITORY & SETTLEMENT CO. LTD

We have conducted a review of the system of internal controls of the Central Depository & Settlement Co. Ltd (CDS) in accordance with Section 3.8.7 of CDS Rules and have performed tests of the effectiveness of the system of internal controls during the period 1st July 2014 to 30th June 2015.

The review covered the suitability of the system of internal controls of the Central Depository & Settlement Co. Ltd pertaining to:-

(a) The recording of transactions in Securities Accounts
(b) The processing of transactions, including Clearing and Settlement, in accordance with CDS Rules and Procedures
(c) The integrity and reliability of the data processing facilities of CDS.

Our review also covered the suitability of the system of internal controls of CDS pertaining to the Automated Trading System that is managed by CDS in accordance with the IT Outsourcing Agreement that has been signed between CDS and the Stock Exchange of Mauritius Ltd.

Our examination was made in accordance with generally accepted auditing standards, and accordingly, included such tests and other procedures as we considered necessary in the circumstances.

In our opinion the control procedures were suitably designed to provide reasonable assurance that the system of internal controls of the CDS operated effectively.

LAMUSSE SEK SUM & CO
Public Accountants

Michael V K Lo Tiap Kwong, FCCA
(Licensed by FRC)

Date: : 24th July 2015

COMPANY SECRETARY'S CERTIFICATE

This is to certify that, in accordance with Section 166 (d) of the Companies Act 2001, all such returns as are required of the Company under the Companies Act 2001 have been filed with the Registrar of Companies during the financial year ended 30th June 2015.

Chaitanand Jheengun (FCIS)
Company Secretary

Profile of Directors

DIRECTORS	KEY POSITION AND MAIN DIRECTORSHIP
Vikash Tulsidas BA (Hons) Law & Business Studies, UK	Managing Director, AXYS Stockbroking Ltd Director, The Stock Exchange of Mauritius Ltd
Aruna Radhakeesoon Collendavelloo (Ms) Attorney-at-law, Mauritius Solicitor, England & Wales (NP) BA (Hons) Jurisprudence, Oxon F.MIoD	Executive Director & Chief Legal Executive, Rogers and Company Limited Director: Foresite Fund Management Ltd Mauritius Development Investment Trust Company Limited Member: The Law Society of England & Wales The Mauritius Law Society
André Chung Shui BSc (Economics) Fellow of the Institute of Chartered Accountants in England & Wales F.MIoD	Executive Director, LCF Securities Ltd Director, The Stock Exchange of Mauritius Ltd Director, Metropolitan Life (Mauritius) Ltd Director, Dolberg Asset Finance Ltd
P. Gopallen Mooroogen Fellow of the Association of Chartered Certified Accountants MBA F.MIod	Senior Executive, Mauritius Telecom Chairperson, The Stock Exchange of Mauritius Ltd Director, Swan General Ltd Director, Swan Life Ltd
Gaetan Lan Hun Kuen Fellow of the Institute of Chartered Accountants in England & Wales	Director, The Stock Exchange of Mauritius Ltd Director, Mauritian Eagle Insurance Co. Ltd Director of a number of companies involved in various economic activities such as finance, properties and fishing industry Member of Financial Services Consultative Council
Steve Leung Sock Ping Fellow of the Institute of Chartered Secretaries & Administrators (FCIS) F.MIoD	Head of Quality Assurance, Mauritius Commercial Bank Ltd Member, Company Law Advisory Committee
Vipin Y.S. Mahabirsingh B.Tech (First Class, Hons) Electronic Engineering M.Phil Microelectronic Eng. MBA (with distinction), F.MIoD	Managing Director, CDS Director, River Court Administrators Ltd Director, ABC Banking Corporation Ltd
Kevin S. Rangasami Fellow of the Association of Chartered Certified Accountants	Managing Director, MCB Stockbrokers Ltd Director, The Stock Exchange of Mauritius Ltd
Sameer K. Sharma MSc in Applied Finance Financial Risk Manager – Global Association of Risk Professionals Chartered Alternative Investment Analyst	Chief, Middle Office and Risk Division, Bank of Mauritius
Ramanaidoo Sokappadu B.A Economics, Mathematics and Statistics	Assistant Director, Economy and Finance, Ministry of Finance and Economic Development

Profile of Management Team

MANAGING DIRECTOR — Vipin Y. S. Mahabirsingh

Vipin Y.S Mahabirsingh holds a B.Tech (First Class, Hons.) degree in Electronic Engineering from the University of Mauritius, an M.Phil in Microelectronic Engineering and Semiconductor Physics from the University of Cambridge and an MBA (with distinction) from Edinburgh Business School, Heriot Watt University. He joined the Central Depository & Settlement Co. Ltd at its inception in 1996 as Systems Manager and was appointed General Manager in July 1997. He was then appointed as Managing Director in November 2005. In his capacity as Managing Director of CDS, he also provides consultancy services to African stock exchanges and central depositories. He was involved as Project Director in the implementation of trading and depository systems at the Nairobi Stock Exchange, Bank of Ghana, Dar es Salaam Stock Exchange, Botswana Stock Exchange, Lusaka Stock Exchange and Bolsa de Valores de Mocambique. He supervised the implementation of an automated trading system at the Zimbabwe Stock Exchange and is currently spearheading the replacement of the trading and depository systems at the Lusaka Stock Exchange. He is a member of the Market Development Working Committee of the Committee of SADC Stock Exchanges (CoSSE) which has been set up to drive the interconnectivity and clearing and settlement agenda of CoSSE.

SYSTEMS MANAGER — Manoven Sadayen

Manoven Sadayen holds a B.Tech (Hons) degree in Computer Science and Engineering from the University of Mauritius. He joined the CDS in December 1998 as IT Officer and was promoted to Assistant Systems Manager in October 2000. He was appointed as Systems Manager in July 2001. He is responsible for the management of the CDS system as well as the automated trading system of the SEM. He also assists the Managing Director in overseeing the Operations department and in providing consultancy services to African stock exchanges and depositories. He participated in the implementation of the automated trading system at the Zimbabwe Stock Exchange and is currently involved in the replacement of the trading and depository systems at the Lusaka Stock Exchange.

FINANCE AND ADMINISTRATION MANAGER — Joseph How Tien Fat

Joseph How Tien Fat holds a Diploma in Accountancy from the City of Birmingham Polytechnic (UK) and is a Qualified Stockbroker. He joined the CDS at its inception in 1996 as Accountant and was appointed Finance and Administration Manager in July 2001. He is responsible for the Finance and Administration functions at CDS and plays a key role in managing the funds of the Company.

CENTRAL DEPOSITORY & SETTLEMENT CO. LTD.

4th Floor, One Cathedral Square Building

16, Jules Koenig Street, Port Louis,

Rep. of Mauritius

Tel: (230) 211 3507

Fax: (230) 211 6880

BRN: C07015453

www.stockexchangeofmauritius.com/cds