Central Depository & Settlement Co. Ltd

Annual Report 2013

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 2013. The report was approved by the board of directors of CDS on 26th August 2013

The board of directors wishes to thank all the stakeholders of the Company (Ministry of Finance and Economic Development; 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 good performance of the Company.

Vincent Lamusse
Chairperson

Vipin Y.S. Mahabirsingh
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 new 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 Vincent Lamusse	Chairperson
Mrs Aruna Collendavelloo	Vice-Chairperson
Mrs Tilotma Gobin Jhurry	
Professor Donald Ah-Chuen	
Mr Dev Gopy	
Mr Gaëtan Lan Hun Kuen	
Mr Steve Leung Sock Ping	
Mr Vipin Y.S. Mahabirsingh	Managing Director
Mr Ramanaidoo Sokappadu	
Mr Vikash Tulsidas	

Company Secretary

Mr Chaitanand Jheengun (FCIS)

Management Team

Mr Vipin Y.S. Mahabirsingh	Managing Director
Mr Joseph How Tien Fat	Finance & Administration Manager
Mr Manoven Sadayen	Systems 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
Chambers
PCL Building
Sir William Newton Street
Port Louis

Bankers
The Mauritius Commercial Bank Limited
Sir William Newton Street
Port Louis

State Bank of Mauritius Limited
State Bank 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
7th Floor, One Cathedral Square
16, Jules Koenig Street
Port Louis

Afrasia Bank Limited
Bowen Square
10, Dr Ferriere 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

Despite the difficult economic situation, the Mauritian stock market performed well in the first semester of 2013 with the all shares index (SEMDEX) posting a gain of 10.54 %. The correlation between the SEMDEX and the global indices which was negative in 2011 and 2012, became positive again in the first half of 2013 in line with the trend that was observed just after 2008 financial crisis. The active participation of foreign investors contributed significantly to the good performance of the local market. In fact, the SEMDEX posted its highest gain (13.05%) in the first semester 2013 during the period 1st January to 13th May 2013, and during this period around 50% of the purchases on the Stock Exchange of Mauritius Ltd (SEM) came from foreign investors. The net inflow from foreign investors during that the first half of 2013 amounted to Rs 797 Million. From a global perspective it appears that the influence of the macroeconomic and geopolitical forces that have driven markets since the financial crisis, has dampened slightly. The focus seems to be more on stock fundamentals such as earnings and corporate balance sheets.

The Mauritian economy grew by 3.3% in 2012 which is lower than the growth rate initially forecasted by most Mauritian and international institutions. In June 2013, Statistics Mauritius forecasted that the GDP growth rate in 2013 will be again around 3.3%. The difficult and complex situation in Europe which is our main export market, will continue to adversely impact our economic growth. However, both the government and the private sector are making significant efforts to diversify our export markets. The increase in the number of tourists from China and other Asian countries following new marketing campaigns and the improvement in air access, looks promising. On the manufacturing and services front, the main focus is to increase our exports to Africa and to take advantage of the membership of Mauritius in the different regional economic communities, including the Southern African Development Community (SADC) and the Common Market for Eastern and Southern Africa (COMESA). In the seafood sector, the diversification of products and markets seems to be well on track. The signing of an agreement between a major private sector group in Mauritius and the Gabonese government for the development of the seafood sector in Gabon is also a significant development. In the global business sector, the focus is to take advantage of the Double Taxation Avoidance treaties and Investment Promotion and Protection Agreements that Mauritius has with a number of African countries to entice foreign investors to use Mauritius as a platform to structure their investment vehicles for investment in Africa.

The turnover on the SEM decreased by 18.5% in 2012-2013 compared to last year. However, the total transaction fees that we have received have increased by 2.1% compared to last year. This is because last year 41.9% of the turnover came from large exceptional transactions (having value higher than Rs 100 M) which were the result of some major restructuring deals. This year large exceptional transactions accounted for only 9.1% of total market turnover. This means that the turnover from normal transactions has actually increased by 26.8% in 2012-2103 compared to last year. The total fee from transactions in 2012-2013 was higher than last year because the ad valorem fee levied on normal transactions is higher than the fee levied on large exceptional transactions. Despite the slight increase in the total transaction fees, our profit after tax has decreased by 5.2% compared to last year because of an actuarial loss of around Rs 2.9 M on the Pension Fund of the company (increase of liability from Rs 1.4 M to Rs 4.3 M). The actuarial loss occurred mainly because of the following: change in method; interest on the previous deficit; and more prudent assumptions used to compute liabilities compared to those used in the previous valuation. The contribution rate of members' annual pensionable remuneration into the Pension Fund has been increased as from 1st July 2013 based on the recommendation of the actuaries. It is important to note that the Company earned an amount of Rs 12.9 M which represents 21.4% of total revenue, from sources other than the depository, clearing and settlement services which is our 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 2.1% compared to last year.

Our main achievements during 2012-2013 were on the operational fronts. A major milestone for the Mauritian stock market was achieved by the successful setting up of a test connection between a remote investment dealer and the trading system of the SEM and the depository system of CDS. The company holds a Category 1 Global Business License and an Investment Dealer License issued by the Financial Services Commission (FSC), and it operates from Canada. Its Membership application to SEM and Participant application to CDS have been approved and it has started to make operational arrangements. The remote investment dealer will operate in a similar manner as a local investment dealer except that it will not have an office in Mauritius. It will make arrangements with a local bank for the settlement of transactions that are executed on the SEM. It is expected that this development will allow us to partially overcome the structural and geographical constraints of our market and attract more foreign investors.

Following discussions held with the FSC, the Securities Act 2005 has also been amended to allow the FSC to make rules regarding the recognition of remote custodian banks. A bank operating in South Africa has expressed interest to become a remote custodian bank participant of CDS.

In line with our objective to diversify the range of products that are traded on our market and to allow local investors take exposures on foreign underlying stocks and indices through the local market infrastructure, we have collaborated with the SEM to introduce the trading, clearing and settlement of Exchange Traded Funds (ETFs) which have become increasingly popular investment vehicles worldwide. Trades in ETFs are cleared and settled in a similar manner as for trades in shares. For trading of ETFs on the SEM to be possible, regulations to prescribe an ETF as an instrument that is included in the definition of 'securities' under Section 2 of the Securities Act 2005 and rules regarding brokerage fees applicable to transactions in ETFs on foreign underlyings, were made by the Minister of Finance and Economic Development and the Financial Services Commission, respectively.

To facilitate the transfer of dual-listed securities, we have implemented a mechanism for the transfer of shares of global business/foreign companies or units of ETFs, from the register of CDS to that of a foreign depository and vice-versa. During the year, 173,453,490 shares have been transferred between CDS and Strate Ltd (the South African central depository) via the registry of the issuer. It is expected that this facility will entice more foreign issuers to dual-list their securities on the SEM.

To cater for the eventual listing and trading of securities denominated in South African Rand on the Stock Exchange of Mauritius Ltd (SEM), we have implemented arrangements for the settlement of transactions in South African Rand similar to the existing arrangements for the settlement of transactions in MUR, USD, Euro and GB Pound. Sections 7.1.0 and 7.7.1 of the CDS Procedures as well as section 1.4.2 of the CDS Guarantee Fund Procedures have been amended to implement the settlement of transactions in South African Rand.

Another important milestone that was achieved during the year under of review, is the provision of our depository service to securities of Global Business companies that are not traded on the SEM. It is preferable for international investors to hold their securities in dematerialised form in CDS even when these are not traded on the SEM. The fact that CDS complies with international standards and qualifies as an as an Eligible Securities Depository under the US Investment Company Act Rule 17f-7, provides additional comfort to foreign investors regarding the safekeeping of their securities.

We have amended section 9.8 of the CDS Procedures to allow the transfer of securities between the Securities Accounts of the same client to be made online even when the client has two different CDS Client Ids. Previously such transfers were allowed only between Securities Accounts having the same CDS Client Id. The CDS system now allows online transfers between two Securities Accounts of the same client when the ID number (National Identity Card or company registration number) and the name of the two securities accounts are identical. This has significantly improved the efficiency of the transfer process.

During the year, 67,197 trades with a total value of Rs 12.46 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).

In April - May 2013, PricewaterhouseCoopers conducted a security audit of the IT systems of the CDS. In their report, the auditors concluded that the IT environment of CDS and SEM is well secured from both internal and external threats. They found that servers are appropriately configured in line with good industrial practices and proven methods. They did not find any security vulnerability which can be exploited by unauthorised user and the current network set-up provide reasonable assurance that smooth and secure electronic transactions are performed. They have also stated that the IT security policy and IT contingency plan are well designed and structured to mitigate known security risks and the disaster recovery procedures are tested regularly to ensure a timely resumption of services following a major incident or disaster. The auditors have also made some recommendations to further enhance the current IT environment.

On the corporate governance front, the Company has continued to comply with the Code of Corporate Governance for Mauritius. In line with section 2.10 of the Code, , we conducted a survey to evaluate the effectiveness of the Board in August-September 2012. The survey showed that directors were satisfied with the board governance processes and procedures. The Committee also conducted an assessment on whether the Board is composed of members with the appropriate skills set to allow it to fulfil its role in an effective manner. It should be noted that there was no complaints from any of our stakeholders (investment dealers, custodian banks, investors, issuers and registries).

On the international front, our partner Millennium Information Technologies (MIT) successfully completed the implementation of a trading system at the Botswana Stock Exchange. The Managing Director of CDS was MIT's Project Director in this project. The implementation of a central depository system at the Mozambique Stock Exchange which started last year has been delayed for reasons that are beyond the control of MIT and CDS.

In July 2012, the Managing Director was appointed Chairperson of the Market Development Committee of the Committee of SADC Stock Exchanges (CoSSE) following the adoption of a strategic plan and business plan by CoSSE. One of the main objectives of the strategic plan and business plan is the implementation of a hub to interconnect the trading systems of the different exchanges. This would allow CoSSE to implement its vision to integrate the capital markets in SADC. The interconnectivity hub would allow brokers in any country to place orders on the other exchanges. Thus investors in any country will be able to trade on any SADC exchange through their local broker. The outcome should be increased liquidity across the participating stock exchanges, as investors and brokers on one Exchange would have access to a much wider range of investment and trading options. The role of the Market Development Committee of CoSSE is to drive the interconnectivity project and to assist members to comply with global standards on clearing and settlement.

The Managing Director also forms part of a project team that has been set up by the World Forum of Central Securities Depositories (WFC) to come up with a single WFC global disclosure form that could eventually replace the multiple existing questionnaires (Association of Global Custodians, Committee on Payment and Settlement Systems – International Organization of Securities Commission) by a single WFC global disclosure form with the objective of:

- Improving the efficiency of the disclosure process for Central Securities Depositories (CSDs);
- Allowing better knowledge of CSD industry thanks to data aggregation at global level;
- Enhancing transparency and compliance with disclosure requirements.

In September 2012, the Managing Director participated in a discussions panel on developments in clearing and settlement at the Building African Financial Markets Capacity Building Seminar hosted by the Johannesburg Stock Exchange (JSE). The aim of the Seminar was to promote growth in African capital markets by giving representatives from stock exchanges, central depositories, regulatory bodies, stock broking firms and other interested parties the opportunity to learn about topical subjects in the area of capital markets. This will now become an annual event.

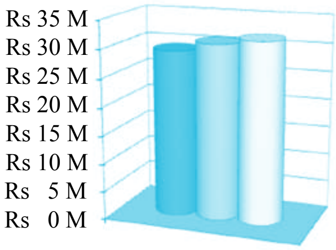
Other activities on the international front include the participation of the Systems Manager at the meeting of the Africa & Middle East Depositories Association organised by the Kuwait Clearing Company in November 2012 and the participation of the Assistant Systems Manager in an international training programme on Securities Market Operations at the Bombay Stock Exchange in February 2013. A delegation from the Ghana Securities Depository visited us to see the registry software that we provide on an application service provider basis, in operation and to learn from our experience in managing depository and trading systems.

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 and contribution to the success of the Company. We also wish to express our gratitude to the staff of the Company for the sense of belonging that they have demonstrated and for the excellent team work.

Vincent Lamusse	Vipin Y.S. Mahabirsingh
Chairperson	Managing Director

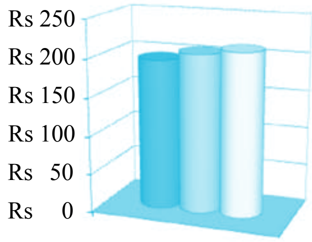
FINANCIAL HIGHLIGHTS

Profit after Tax



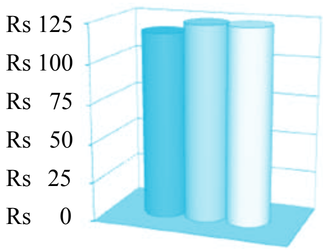
2013	Rs 29,392,000
2012	Rs 31,007,171
2011	Rs 31,914,189

Earnings per Share



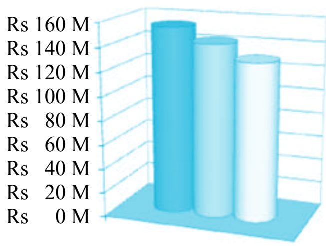
2013	Rs 195.95
2012	Rs 206.71
2011	Rs 212.76

Dividends per Share



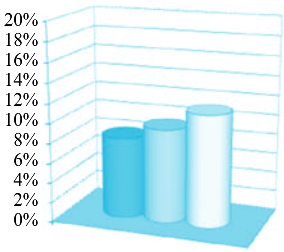
2013	Rs 117.57
2012	Rs 124.03
2011	Rs 124.00

Net Asset Value



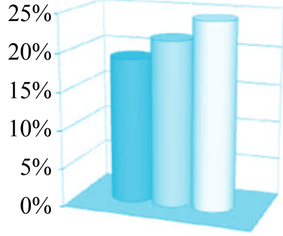
2013	Rs 154,899,977
2012	Rs 143,143,479
2011	Rs 130,740,808

Growth in Net Asset Value



2013	8.21%
2012	9.49%
2011	11.34%

Return on Equity



2013	18.97%
2012	21.66%
2011	24.40%

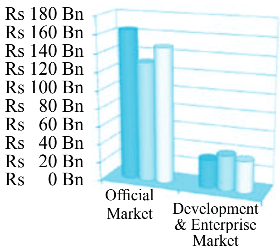
FINANCIAL HIGHLIGHTS

Value Added Statement

	As at 30th June 2013		As at 30th June 2012	
	Rs ' 000	**%**	**Rs ' 000**	**%**
Turnover	47,287		45,387	
Other Income	12,886		12,648	
Administrative Expenses	(6,950)		(6,315)	
Total Wealth Created	**53,223**	**100**	**51,720**	**100**
Distributed as follows				
Members of Staff Salaries and other Benefits	15,289	29	12,016	23
CDS Guarantee Fund Contributions made by the Company	518	1	579	1
Providers of Capital Dividends to Ordinary Shareholders	17,636	33	18,605	36
	33,443	63	31,200	60
Government - Taxation	5,854	11	5,732	11
Corporate Social Responsibility	754	1	638	1
Wealth reinvested in the Company				
Profit Retained	11,757	22	12,403	24
Depreciation	1,415	3	1,747	4
	13,172	25	14,150	28
Total Wealth Distributed and Retained	**53,223**	**100**	**51,720**	**100**

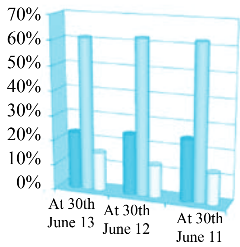
STATISTICS ON OPERATIONS

Agregate value of securities held in CDS



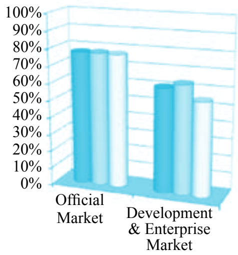
	Official Market	Development & Enterprise Market
As at 30th June 2013	Rs 164,385,601,373	Rs 164,385,601,373
As at 30th June 2012	Rs 130,812,220,208	Rs 130,812,220,208
As at 30th June 2011	Rs 148,029,864,130	Rs 148,029,864,130

Breakdown of aggregate value held in CDS



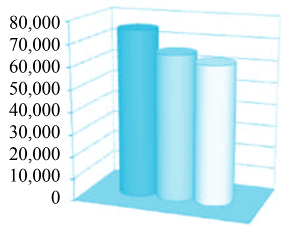
	As at 30th June 2013	As at 30th June 2012	As at 30th June 2011
Local Individual	23.15%	24.50%	24.94%
Local Institutions	61.27%	62.34%	62.32%
Foreigners	15.58%	13.16%	12.74%

Percentage of market value held in CDS



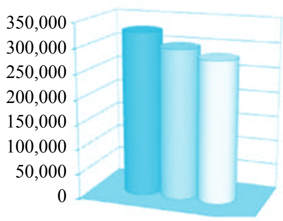
	Official Market	Development & Enterprise Market
As at 30th June 2013	77.46%	60.85%
As at 30th June 2012	77.61%	63.55%
As at 30th June 2011	77.47%	54.85%

Number of Registered Clients



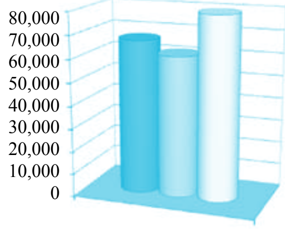
As at 30th June 2013	75,269
As at 30th June 2012	65,629
As at 30th June 2011	62,337

Number of securities account opened in CDS



As at 30th June 2013	327,718
As at 30th June 2012	299,487
As at 30th June 2011	282,588

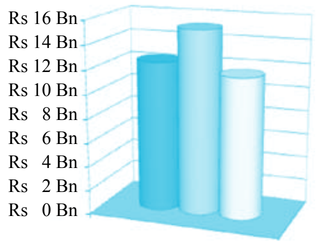
Number of trades cleared and settled



Financial Year 2012-2013	67,197
Financial Year 2011-2012	61,466
Financial Year 2010-2011	79,822

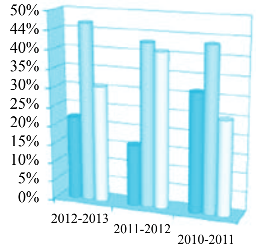
STATISTICS ON OPERATIONS

Value of trades cleared and settled



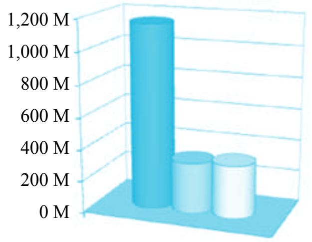
Financial Year 2012-2013	Rs 12,460,717,530
Financial Year 2011-2012	Rs 15,292,279,154
Financial Year 2010-2011	Rs 11,713,572,644

Breakdown of Value of trades cleared and settled



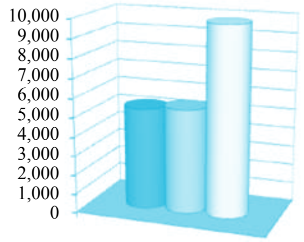
	2012-2013	2011-2012	2010-2011
Local Individual	22.19%	16.11%	31.51%
Local Institutions	46.99%	42.98%	43.50%
Foreigners	30.92%	40.91%	24.99%

Volume of Securities Cleared & Settled



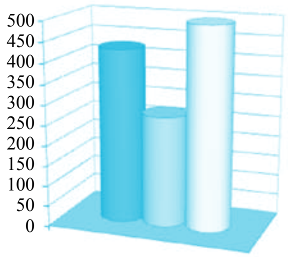
Financial Year 2012-2013	1,159,841,391
Financial Year 2011-2012	318,019,469
Financial Year 2010-2011	330,810,426

Number of deposits processed



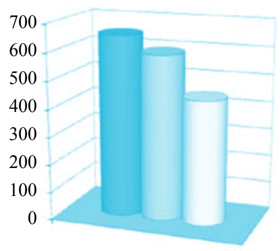
Financial Year 2012-2013	5,306
Financial Year 2011-2012	5,450
Financial Year 2010-2011	9,858

Number of withdrawals processed



Financial Year 2012-2013	428
Financial Year 2011-2012	272
Financial Year 2010-2011	497

Number of pledges processed



Financial Year 2012-2013	654
Financial Year 2011-2012	595
Financial Year 2010-2011	447

Corporate Governance Report

The Company operates a critical component of the capital market infrastructure of Mauritius. It plays a key role in boosting up 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. This report describes the good governance measures that have been implemented by the Company during the financial year 2012-2013 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.

1.0 BOARD OF DIRECTORS

1.1 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

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 on the Board. Moreover, directors can request information about the affairs of the Company, from departmental managers without necessarily going through the Managing Director. With the exception of the Managing Director, all directors have a term of office of one year.

The following persons held office as directors of the Company for the year under review:

Name	Capacity
Mr Vincent Lamusse	Chairperson, Non-Executive
Mrs Aruna Collendavelloo	Vice-Chairperson, Non-Executive
Mrs Tilotma Gobin Jhurry	Independent *(as from 8/11/2012)*
Professor Donald Ah-Chuen	Non-Executive
Mr Jayvind Kumar Choolhun	Independent *(up to 26/09/2012)*
Mr Dev Gopy	Non-Executive *(as from 22/11/2012)*
Mr Gaëtan Lan Hun Kuen	Non-Executive
Mr Steve Leung Sock ping	Non-Executive

Mr Vipin Y.S Mahabirsingh	Executive
Mr Ramanaidoo Sokappadu	Independent
Mr Raj Tapesar	Non-Executive *(up to 16/11/2012)*
Mr Vikash Tulsidas	Non-Executive

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

Directors of the Company are covered by a Directors and Officers Liability insurance policy.

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).

1.2 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.

The table 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	No. of meetings attended	Total remuneration and benefits received (Rs)
Mr Vincent Lamusse	6/6	159,500
Mrs Aruna Collendavelloo	6/6	135,500
Mrs Tilotma Gobin Jhurry	4/4 (as from 8/11/2012)	64,000
Professor Donald Ah-Chuen	4/6	118,500
Mr Jayvind Kumar Choolhun	1/1 (up to 26/09/2012)	19,500
Mr Dev Gopy	3/4 (as from 22/11/2012)	70,000
Mr Gaëtan Lan Hun Kuen	2/6	78,000
Mr Steve Leung Sock ping	4/6	96,000
Mr Vipin Y.S Mahabirsingh	6/6	3,082,667
Mr Ramanaidoo Sokappadu	6/6	120,000
Mr Raj Tapesar	2/2 (up to 16/11/2012)	32,000
Mr Vikash Tulsidas	6/6	156,000

1.3 DIRECTORS' REMUNERATION PHILOSOPHY

A monthly fee is paid to directors of the Company. An additional fee is paid to the 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.

1.4 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 a separate Risk Management Report.

AUDIT COMMITTEE

The composition of the Audit Committee as at 30th June 2013 was as follows:

Chairperson: Prof. Donald Ah Chuen
Members: Mr Dev Gopy
Mr Steve Leung Sock Ping
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.

During the year, in addition to its usual functions, the Audit Committee appointed PricewaterhouseCoopers to perform the security audit of the information systems of the Company after a request for proposal process. The Committee reviewed the report of the IT security auditors in June 2013. The Committee also requested the external financial auditors to perform an audit of the system of internal financial controls of the Company in addition to the annual financial audit.

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

Name	No. of meetings attended
Prof. Donald Ah Chuen	3/3
Mr Dev Gopy	2/2 (as from 11/12/2012)
Mr Steve Leung Sock Ping	2/3
Mr Ramanaidoo Sokappadu	3/3
Mr Raj Tapesar	1/1 (up to 16/11/2012)

CORPORATE GOVERNANCE COMMITTEE

The composition of the Corporate Governance Committee as at 30th June 2013 was as follows:

Chairperson: Mrs Aruna Collendavelloo
Members: Prof. Donald Ah Chuen
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.

During the year, the Corporate Governance Committee conducted a survey among directors to evaluate the effectiveness of the Board governance processes and procedures. The Committee also conducted an assessment whether the Board is composed of members with the appropriate skills set to allow it to fulfil its role in an effective manner. The Committee also determined the allocation of funds from the CSR Fund of CDS.

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
Mrs Aruna Collendavelloo	1/2
Professor Donald Ah- Chuen	2/2
Mr Ramanaidoo Sokappadu	2/2
Mr Vikash Tulsidas	2/2

REMUNERATION COMMITTEE

The composition of the Remuneration Committee as at 30th June 2013 was as follows:

Chairperson: Mr Vincent Lamusse
Members: Mrs Aruna Collendavelloo
Mr Steve Leung Sock Ping
Mr Dev Gopy

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.

This year, the Remuneration Committee took into consideration the financial performance of the Company as well as its achievements on the operational and international fronts to determine the bonus to be paid to employees. Salaries were reviewed in line with prevailing market rates and the annual inflation rate.

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 Vincent Lamusse	1/1
Mrs Aruna Collendavelloo	1/1
Mr Steve Leung Sock Ping	1/1
Mr Dev Gopy	1/1

INVESTMENT COMMITTEE

The composition of the Investment Committee as at 30th June 2013 was as follows:

Members: Mrs Tilotma Gobin Jhurry
Mr Vipin Mahabirsingh
Mr Ramanaidoo Sokappadu
Mr Vikash Tulsidas

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 Investment Guidelines were reviewed and amended in January 2013.

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

Name	No. of meetings attended
Mrs Tilotma Gobin Jhurry	2/2
Mr Vipin Mahabirsingh	2/2
Mr Ramanaidoo Sokappadu	2/2
Mr Vikash Tulsidas	2/2

1.5 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 services of the Company on the international scene.

1.6 BOARD SELF EVALUATION

In line with section 2.10 of the Code of Corporate Governance for Mauritius and Principle 2 of the new 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, a survey was conducted among directors to evaluate the effectiveness of the board governance processes and procedures. A Board Self-Evaluation questionnaire was circulated among directors on 21st August 2012 and they were requested to respond by 18th September 2012. The questionnaire covered the following main areas:

- Board Meetings
- Leadership of the Board
- Board Committees
- Risk Assessment
- Financial and Operational Reporting
- Board Structure and Composition
- Board Functions
- Planning and Objectives
- Human Resources and Succession Planning
- Compliance and Ethical Framework

8 out of 9 directors responded to the questionnaire. The results of the survey were analysed by the Corporate Governance Committee at its meeting held on 31st January 2013. The majority response to all 25 questions was either “meets objectives” or “exceeds objectives”.

1.7 SKILLS SET FOR BOARD MEMBERS

For the year under review, the Corporate Governance Committee reviewed the blend of skills and experience needed by the CDS so that the Board can discharge its responsibilities effectively and assessed the availability of these skills with respect to the current composition of the Board.

The Committee was satisfied that the Board is composed of members with the appropriate set of skills to allow it to fulfil its role in an effective manner.

1.8 DEALING IN SHARES BY THE DIRECTORS

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

1.9 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 Vincent Lamusse	The Anglo-Mauritius Assurance Society Ltd	-	15%
Professor Donald Ah Chuen	ABC Group of Companies	-	7.5%
Mr Dev Gopy	SICOM Ltd	-	7.5%
Mr Gaetan Lan Hun Kuen	IBL Group	-	7.5%
Mr Vikash Tulsidas	Groupe Mon Loisir	-	2.9%

2.0 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 relatively comfortable level. However, the Board took note that it was important for CDS to strike the right balance between rewarding shareholders and ensuring that the Company can fulfil 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 its own 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 2013. The Profit after Tax for the year ended 30th June 2013 is Rs 29,392,002 and the amount distributed as dividend is Rs 17,635,500 M (Rs 117.57 per share). Last year the company declared a dividend of Rs 124.03 per share.

3.0 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 & Co. Ltd	20,000	13.33%
Promotion & Development Limited	10,000	6.67%
SBM Securities Ltd	5,000	3.33%
Swan Insurance Co. 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.

4.0 RELATED PARTY TRANSACTIONS

CDS has entered into 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 2013 amounts to Rs 1,277,397 plus VAT.

5.0 POLITICAL DONATIONS

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

6.0 HR ISSUES

Labour cost represented about 59 % of the Company's total operating expenses for 2012-2013. 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.

7.0 CORPORATE SOCIAL RESPONSIBILITY

The Company is of the view that it has a responsibility to contribute to the social development of the country. It is in this context that the Chairperson of the Corporate Governance Committee of CDS and the Managing Director visited the Association of Disability Service Providers (ADSP) in June 2007. At that time ADSP was operating at the Village Hall of Long Mountain on a temporary basis. Although the space available was not sufficient and the building was not convenient for the activities of ADSP, the Manager of ADSP and her team cared for the mentally and physically disabled children who attended ADSP's specialized school and day-care centre, with dedication, involvement and enthusiasm. At that time there were about thirty disabled children from the neighbouring villages. CDS started to support ADSP financially under its corporate social responsibility programme since June 2007, well before the CSR contributions became mandatory by law.

ADSP had a long cherished dream which was to construct a school that would suit the needs of ADSP and allow it to cater for more children who were on a waiting list. In 2008, ADSP was granted a plot of land by the Ministry of Land and Housing for the construction of its school next to the primary school of Long Mountain. Thanks to the support of the Rotary Club of Grand Bay, CDS and other sponsors, construction works started in March 2009 and the school was ready in August 2009. A Project Steering Committee comprising of representatives of ADSP, CDS and Rotary Club of Grand Bay closely monitored the implementation of the project.

Over the years, ADSP has continued to improve its services and infrastructure with the support of CDS and other sponsors. ADSP is now able to accommodate more students and it has significantly improved the services that it offered (e.g occupational and speech therapy; counselling; transport of the disabled students; procurement of Interactive (IQ) Board, computers and other equipment etc). In fact, thanks to the improvement of its infrastructure and service delivery, ADSP is recognized by the Ministry of Education as a Special Education Needs (SENs) school since November 2012. This is a major achievement for a school that started to operate in the Village Hall of Long Mountain with very little resources.

During the year, the Company donated Rs 753,886 from its CSR Fund to ADSP to cover the salaries of 4 teachers, 1 helper, 1 driver and 2 therapists. The donation was approved by the National CSR Committee.

The Managing Director of CDS participates in the activities of ADSP on a regular basis.

8.0 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 6,150 statements are sent by e-mail every month);

ii. Making effective use of paper by printing on both sides;

iii. Sensitising employees to use consumables effectively and print mails and documents only when necessary.

9.0 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.

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 2012-2013 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 CDS Rule 1.4, 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 Rule 1.4.2, 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 2012 – 2013 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	10/10
Ms Feerdaus Bundhun	10/10
Mr Tega Appavou	9/10
Mr Naresh Gokulsing	1/3 (up to 30.09.2012)
Mr Ashish Jagarnath	10/10
Mr Vikash Tulsidas	7/7 (as from 01.10.2012)

NEW PARTICIPANTS

During the year under review, two investment dealers (CityGate Securities Limited and Peter Pesic & Co. Securities, Inc) submitted their application to become Participants of CDS. The applications were submitted together with copies of the relevant documents. Both companies hold a Global Business Licence (Category 1) and an Investment Dealer License issued by the Financial Services Commission and they have both been admitted as members of the Stock Exchange of Mauritius.

Given that both investment dealers satisfied the eligibility criteria and standards of participation set out in CDS Rule 2.1, the Board approved both participation applications as recommended by the Business Conduct Committee in accordance with CDS Rule 2.2.4.

CAPITAL ADEQUACY REQUIREMENTS FOR PARTICIPANTS

The CDS has set up capital adequacy requirements for its Participants as a first line of defence against risk. The stability and financial health of Participants in the clearing and settlement services is 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.

<u>All the FRR returns submitted by investment dealers during the year 2012 – 2013 showed Capital Surpluses.</u>

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.

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

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 518,307 to the Fund in 2012–2013 (Rs 579,431 in 2011-2012). 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 2013 was as follows:

Cash contributions: Rs 28,711,124 (Rs 26,532,624 as at 30th June 2012)

Letters of Credit/Deposits submitted by investment dealers: Rs 27,927,503 (Rs 25,107,500 as at 30th June 2012). 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 2012–2013, there were 29 cases where the settlement limits of investment dealers were exceeded (9 cases in 2011-2012). 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.

<u>There was no funds settlement failure during the year under review.</u>

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.

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 AND SECURITIES LENDING

In 2008, CDS and SEM implemented turnaround trading and securities lending to improve liquidity on the market and reduce the risk of trade failure respectively. Turnaround trading involves the selling of securities that have been purchased earlier during a trading session or during previous trading sessions and that have not yet been settled, to take advantage of an upward movement in prices. Previously securities purchased could be sold only after settlement on T+3. 576 turnaround trades for a total amount of Rs 51.4 M were cleared and settled in 2012-2013 (211 trades for a total amount of Rs 17.6 M in 2011-2012).

With the implementation of the securities loan service, an investment dealer that faces a potential securities delivery failure consequential to the refusal of a sale by a custodian bank, may 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.

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 2013, 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 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.

<u>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 2012-2013.</u>

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;
- 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 2013 by PricewaterhouseCoopers Ltd (PwC). In their report, the auditors concluded that the IT environment of CDS and SEM is well secured from both internal and external threats. They found that servers are appropriately configured in line with good industrial practices and proven methods. They did not find any security vulnerability which can be exploited by unauthorised user and they stated that the current network set-up provide reasonable assurance that smooth and secure electronic transactions are performed. They have also stated that the IT security policy and IT contingency plan are well designed and structured to mitigate known security risks and the disaster recovery procedures are tested regularly to ensure a timely resumption of services following a major incident or disaster. The auditors have also made some recommendations regarding enhancements which can be incorporated in the current IT environment. The recommendations made by the auditors will be implemented during the financial year 2013-2014.

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 2012–2013, three simulations of the DRP were successfully performed on the following respective dates: 29th August 2012; 20th December 2012; and 9th May 2013. The simulation performed on 29th August 2012 involved the participation of investment dealers, custodian banks as well as SEM and CDS personnel.

<u>There was no systems downtime during 2012 – 2013.</u>

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 Investment Guidelines were reviewed in January 2013. 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 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 INTERNAL 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, this year the external auditors have carried out an audit of the internal financial controls of the company and have submitted a report on their findings. In their report, 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. The auditors have also made recommendations to address some issues that present a low risk to the organisation.

Director's 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 2013 are as follows:

	Rs
Financial audit	100,000
Operations audit	36,000
Audit of Risk Management Report	26,000
Taxation services	15,000
Financial control review	25,000
Total	**Rs 202,000**

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 39 to 58 of the Annual Report were approved by the board of directors on 26th August 2013

Vincent Lamusse 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 39 to 58 which comprise the statement of financial position as at 30th June 2013 and the statement of 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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS (CONT'D)

Opinion

In our opinion, the financial statements on pages 39 to58 give a true and fair view of the financial position of the company as at 30th June 2013, 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 audited 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 2013.

Lamusse Sek Sum & Co

LAMUSSE SEK SUM & CO
PUBLIC ACCOUNTANTS

MICHAEL V K LO TIAP KWONG, FCCA
(Licensed by FRC)

Port Louis.

Date: 26th August 2013

STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2013

	NOTES	2013 Rs	2012 Rs
ASSETS			
NON-CURRENT ASSETS			
Property, Plant and Equipment	(5)	18,054,606	19,039,404
Investments	(6)	87,134,331	73,000,000
Intangible assets	(7)	174,095	230,923
Interest & Other receivables	(8)	7,396,933	6,851,740
		112,759,965	99,122,067
CURRENT ASSETS			
Inventories		302,739	275,547
Trade and Other Receivables	(8)	11,134,013	10,882,545
Deposits and Cash Balances		59,951,546	59,733,748
		71,388,298	70,891,840
TOTAL ASSETS		184,148,263	170,013,907
EQUITY AND LIABILITIES			
CAPITAL AND RESERVES			
Stated Capital	(9)	15,000,000	15,000,000
Retained Earnings		139,899,981	128,143,479
Total Equity		154,899,981	143,143,479
NON-CURRENT LIABILITIES			
Retirement Benefit Obligations	(10)	4,346,715	1,425,089
Deferred Taxation	(11)	432,703	388,897
		4,779,418	1,813,986
CURRENT LIABILITIES			
Trade and Other Payables	(12)	5,833,986	5,099,434
Taxation	(11)	999,378	1,352,508
Dividend Payable	(15)	17,635,500	18,604,500
		24,468,864	25,056,442
TOTAL LIABILITIES		29,248,282	26,870,428
TOTAL EQUITY AND LIABILITIES		184,148,263	170,013,907

These financial statements were approved by the Board of Directors on 26th August 2013

VINCENT LAMUSSE
CHAIRPERSON

VIPIN Y.S. MAHABIRSINGH
MANAGING DIRECTOR

The notes on page 43 to 58 form an internal part of these financial statment.
Auditors' Report on pages 37 & 38

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2013

	NOTES	2013 Rs	2012 Rs
Revenue		47,287,465	45,386,526
Other Income	(13(a))	12,896,836	12,647,642
Administrative Expenses		(20,679,001)	(19,631,422)
Operating Profit		39,505,300	38,402,746
Contribution to Guarantee Fund		(518,307)	(579,431)
Finance Costs	(14)	(65,183)	(25,788)
PROFIT BEFORE TAXATION		38,921,810	37,797,527
Taxation	(11)	(5,854,296)	(5,732,006)
Corporate social responsibility		(753,886)	(638,283)
PROFIT FOR THE YEAR		32,313,628	31,427,238
OTHER COMPREHENSIVE INCOME			
Actuarial loss on defined benefit pension plan		(2,921,626)	(420,067)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		29,392,002	31,007,171
Dividend	(15)	(17,635,500)	(18,604,500)
RETAINED COMPREHENSIVE INCOME FOR THE YEAR		11,756,502	12,402,671
EARNINGS PER SHARE	(16)	195.95	206.71

The notes on page 43 to 58 form an internal part of these financial statment.
Auditors' Report on pages 37 & 38

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2013

		SHARE CAPITAL	RETAINED EARNINGS	TOTAL
		Rs	Rs	Rs
BALANCE AT 1st JULY 2011		15,000,000	115,740,808	130,740,808
Total comprehensive income for the year		-	31,007,171	31,007,171
Dividends		-	(18,604,500)	(18,604,500)
BALANCE AT 30th JUNE 2012	Rs	15,000,000	128,143,479	143,143,479
BALANCE AT 1st JULY 2012		15,000,000	128,143,479	143,143,479
Total comprehensive income for the year		-	29,392,002	29,392,002
Dividends		-	(17,635,500)	(17,635,500)
BALANCE AT 30th JUNE 2013	Rs	15,000,000	139,899,981	154,899,981

The notes on page 43 to 58 form an internal part of these financial statment.
Auditors' Report on pages 37 & 38

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2013

	NOTES	2013 Rs	2012 Rs
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		38,921,810	37,797,527
Profit on disposal of Plant & Equipment		(10,803)	(1,000)
Corporate social responsibility		(753,886)	(638,283)
Actuarial loss on defined benefit pension plans		(2,921,626)	(420,067)
Depreciation	(5)	1,358,205	1,680,619
Amortisation		56,828	66,682
Interest income		(8,573,439)	(8,307,995)
Retirement Benefit Obligations		2,921,626	376,258
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES		30,998,715	30,553,741
(Increase)/Decrease in Inventories		(27,192)	68,853
Increase in Trade and Other Receivables		(710,390)	(349,126)
Increase in Trade and Other Payables		734,552	1,035,494
CASH GENERATED FROM OPERATING ACTIVITIES		30,995,685	31,308,962
Tax Paid		(6,163,620)	(7,491,258)
NET CASH GENERATED FROM OPERATING ACTIVITIES		24,832,065	23,817,704
CASH FLOWS FROM INVESTING ACTIVITIES			
Investment in Non-current Fixed Deposit		(58,134,331)	(33,000,000)
Purchase of Property, Plant and Equipment	(5)	(390,504)	(495,366)
Proceeds from fixed deposit		44,000,000	44,500,000
Proceeds from disposal of Plant and Equipment		27,900	1,000
Interest Received		8,487,168	3,496,935
NET CASH (USED IN)/GENERATED FROM INVESTING ACTIVITIES		(6,009,767)	14,502,569
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividend Paid		(18,604,500)	(18,600,000)
NET INCREASE IN CASH AND CASH EQUIVALENTS		217,798	19,720,273
Cash and Cash Equivalents @ beginning of year		59,733,748	40,013,475
Cash and Cash Equivalents @ end of year	Rs	59,951,546	59,733,748
ANALYSIS OF CASH AND CASH EQUIVALENTS:			
Deposits and cash balances	Rs	59,951,546	59,733,748

The notes on page 43 to 58 form an internal part of these financial statment.
Auditors' Report on pages 37 & 38

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

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) *New and amended standards adopted by the Company*
There are no IFRSs or IFRIC interpretations that are effective for the first time for the financial year beginning on 01 July 2012 that would be expected to have a material impact on the Company.

(ii) *New standards and interpretations that are not yet effective and have not been early adopted*
Numerous new standards, amendments and interpretations to existing standards have been issued but are not yet effective and have not been early adopted by the Company. Below is the list of the standards and amendments to existing standards.

		Applicable for financial years beginning on/after
1.	IAS 19 - Employee Benefits	1 January 2013
2.	IAS 27 - Separate Financial Statement	1 January 2013
3.	IAS 28 - Investment in associates and Joint Ventures	1 January 2013
4.	IAS 32 - Financial Instruments: Presentation	1 January 2013
5.	IAS 34 - Interim Financial Reporting	1 January 2013
6.	IFRS 1 - First-time adoption of International Financial Reporting Standards	1 January 2013
7.	IFRS 7- Financial Instruments: Disclosures	1 January 2013/2015
8.	IFRS 9 - Financial Instruments	1 January 2015
9.	IFRS 10 - Consolidated Financial Statements	1 January 2013
10.	IFRS 11 - Joint Arrangements	1 January 2013
11.	IFRS 12 - Disclosure of interest in other entities	1 January 2013
12.	IFRS 13 - Fair value measurement	1 January 2013

It is anticipated that the adoption of these new Standards and Interpretations in the future periods will have no material impact on the financial position and operating results as disclosed in 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:

The notes on page 43 to 58 form an internal part of these financial statment.
Auditors' Report on pages 37 & 38

3. ACCOUNTING POLICIES (CONT'D)

(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 are carried at amortised cost, less any impairment loss.

(b) Revenue Recognition

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

Other revenues earned by the company are recognised on the following basis:

(i) Interest Income - using the effective interest method.

(iii) Fees on issue of ISIN Numbers - as it accrues.

(iv) IT Facilities Management fees - as it accrues.

(c) Propert, 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:

Furniture, Fittings & Equipment	5 years
Motor Vehicles	5 years
Computer Equipment	5 to 11 1/2 years
Office Premise	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 soft ware 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 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 comprehensive income in the period in which they fall due.

(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.

3. ACCOUNTING POLICIES (CONT'D)

(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 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 comprehensive income.

(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.

3. ACCOUNTING POLICIES (CONT'D)

(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.

5. PROPERTY, PLANT AND EQUIPMENT

		OFFICE PREMISES	OFFICE FURNITURE & EQUIPMENT	COMPUTER EQUIPMENT	MOTOR VEHICLES	TOTAL
		Rs	Rs	Rs	Rs	Rs
COST						
At 1st July 2011		16,409,501	3,897,512	10,785,019	2,455,771	33,547,803
Additions		-	185,861	309,505	-	495,366
Disposal		-	(11,658)	-	-	(11,658)
At 30th June 2012		16,409,501	4,071,715	11,094,524	2,455,771	34,031,511
Additions		-	38,823	351,681	-	390,504
Disposal		-	-	(39,455)	-	(39,455)
AT 30th June 2013		16,409,501	4,110,538	11,406,750	2,455,771	34,382,560
DEPRECIATION						
At 1st July 2011		314,525	3,309,652	8,976,232	722,737	13,323,146
Charge for the year		328,200	252,414	690,851	409,154	1,680,619
Disposal		-	(11,658)	-	-	(11,658)
At 30th June 2012		642,725	3,550,408	9,667,083	1,131,891	14,992,107
Charge for the year		328,200	249,184	371,666	409,155	1,358,205
Disposal		-	-	(22,358)	-	(22,358)
AT 30th June 2013		970,925	3,799,592	10,016,391	1,541,046	16,327,954
NET BOOK VALUES						
AT 30th June 2013	Rs	15,438,576	310,946	1,390,359	914,725	18,054,606
AT 30th June 2012	Rs	15,766,776	521,307	1,427,441	1,323,880	19,039,404

6. INVESTMENTS

	2013	2012
	Rs	Rs
Held-to-maturity		
Maturity falling:	87,134,331	73,000,000

The investments bear interest at rates ranging from 5.40% to 9.60% p.a. (2012: 5.40% to 8.85% p.a.)
These investments will mature in the financial years 2015 to 2018.

7. INTANGIBLE ASSETS

		APPLICATION SOFTWARE	DEVELOPMENT COSTS	TOTAL
		Rs	Rs	Rs
COST				
At 1st July 2011		6,642,839	250,000	6,892,839
Additions		-	-	-
At 30th June 2012		6,642,839	250,000	6,892,839
Additions		-	-	-
At 30th June 2013		6,642,839	250,000	6,892,839
AMORTISATION				
At 1st July 2011		6,591,067	4,167	6,595,234
Charge for the year		16,682	50,000	66,682
At 30th June 2012		6,607,749	54,167	6,661,916
Charge for the year		6,828	50,000	56,828
At 30th June 2012		6,614,577	104,167	6,718,744
NET BOOK VALUES				
AT 30th June 2013	Rs	28,262	145,833	174,095
AT 30th June 2012	Rs	35,090	195,833	230,923

8. TRADE AND OTHER RECEIVABLES

	Current		Non-current	
	2013	2012	2013	2012
	Rs.	Rs.	Rs.	Rs.
Trade Receivables	3,112,106	2,622,552	-	-
Prepayments	886,775	961,369	-	-
Amount due from holding company	-	49,722	-	-
Interest receivable	6,184,056	6,430,738	5,123,294	4,790,342
Other Receivables	951,076	818,164	2,273,639	2,061,398
	11,134,013	10,882,545	7,396,933	6,851,740

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 2013.

		2013	2012
Ageing of past due but not impaired		Rs	Rs
Less than 1 month		3,078,754	2,478,223
More than 1 month		33,352	144,329
	Rs	3,112,106	2,622,552

As at 30th June 2013, no impairment of trade and other receivables were noted.

9. STATED CAPITAL

	ISSUED & FULLY PAID	
	2013	**2012**
	Rs	Rs
150,000 Ordinary Shares of Rs 100 each	15,000,000	15,000,000

10. RETIREMENT BENEFIT OBLIGATIONS

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

	2013	**2012**
	Rs	Rs
Present value of funded obligations	14,492,605	10,021,346
Fair value of plan assets	(10,145,890)	(8,596,257)
Liability in the statement of financial position	4,346,715	1,425,089

The amounts recognised in the Statement of comprehensive income are as follows:

	2013	**2012**
	Rs	Rs
Current service cost	985,405	664,640
Interest cost	994,212	826,188
Expected return on plan assets	(851,809)	(719,134)
Fund expenses	162,321	50,969
Net actuarial loss recognised in the year	2,551,309	420,067
Total included in staff costs (Note 13(b))	3,841,438	1,242,730

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

	2013	**2012**
	Rs	Rs
At 1st July	1,425,089	1,048,831
Total Expenses as shown above	3,841,438	1,242,730
Contributions	(919,812)	(866,472)
At 30th June	4,346,715	1,425,089

The principal actuarial assumptions used were as follows:

	2013	**2012**
Discount rate	8.50%	10.00%
Expected return on plan assets	8.50%	9.50%
Future salary increases	6.00%	7.50%
Future pension increases	3.00%	3.00%

10. RETIREMENT BENEFIT OBLIGATIONS (CONT'D)

Reconciliation of the present value of defined benefit obligation

	2013	2012
	Rs	Rs
Present value of obligation at start of year	10,021,346	8,261,883
Current service cost	1,147,726	664,640
Interest cost	994,212	826,188
Benefits paid	(162,321)	(101,938)
Liability loss	2,491,642	370,573
Present value of obligation at end of year	14,492,605	10,021,346

Reconciliation of fair value of plan assets

	2013	2012
	Rs	Rs
Fair value of plan assets at start of year	8,596,257	7,213,052
Expected return on plan assets	851,809	719,134
Employer contributions	919,812	866,472
Benefits paid	(162,321)	(152,907)
Asset loss	(59,667)	(49,494)
Fair value of plan assets at end of year	10,145,890	8,596,257

Distribution of plan assets at end of year

The assets of the scheme are invested in a Deposit Administration Policy with Mauritian Eagle Insurance Company Limited.

History of obligations, assets and experience adjustments

	2013	2012
	Rs	Rs
Fair value of plan assets	10,145,890	8,596,257
Present value of defined benefit obligation	(14,492,605)	(10,021,346)
Deficit	(4,346,715)	(1,425,089)
Asset experience loss during the year	(59,667)	(49,494)
Liability experience loss during the year	(2,491,642)	(370,573)

The expected contributions to post-employment benefit plans for the year ending 30th June 2014 are Rs 975,001 (2013: Rs 931,457). The actual return on plan assets is Rs 792,142 (2012: Rs 669,640).

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

11. TAXATION

(a) Tax Liability

	2013 Rs	2012 Rs
At 1st July	1,352,508	3,189,623
Taxation paid	(6,163,620)	(7,491,258)
Provision for the year	5,810,490	5,654,143
At 30th June	999,378	1,352,508

(b) Income Tax

	2013 Rs	2012 Rs
Current Tax on the adjusted profit for the year at 15%	5,810,490	5,654,143
Deferred Tax	43,806	77,863
Tax charge	5,854,296	5,732,006

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:

		2013 Rs	2012 Rs
Profit before Tax	Rs	35,246,298	36,739,177
Tax calculated at a tax rate of 15%		5,286,945	5,510,877
Non-deductible expenses for tax purposes		777,987	438,434
Capital allowances effects		(210,636)	(217,305)
Tax charge	Rs	5,854,296	5,732,006

(c) Deferred Tax

		2013 Rs	2012 Rs
At 1st July		388,897	311,034
Movement for the year		43,806	77,863
At 30th June	Rs	432,703	388,897

12. TRADE AND OTHER PAYABLES

		2013 Rs	2012 Rs
Service Fees received in advance		3,063,065	2,862,109
Other payables		2,770,921	2,237,325
	Rs	5,833,986	5,099,434

13. OPERATING PROFIT

Operating Profit is arrived at after :

Crediting :

(a) **Other income**

		2013	2012
		Rs	Rs
Interest Receivable		8,573,439	8,307,995
Fees on issue of ISIN Numbers		1,127,050	1,020,922
Sundry Income		219,802	269,398
IT Facilities Management Fees		1,277,392	1,171,923
Connection fees		50,000	50,000
Profit on disposal		10,803	1,000
Foreign exchange gain		-	28,947
Project fees		1,638,350	1,797,457
	Rs	12,896,836	12,647,642

and Charging :

			2013	2012
			Rs	Rs
Fees paid to auditors -	audit services		143,750	109,250
	operational audit services		41,400	39,100
	taxation services		17,250	16,100
	audit of risk management report		29,900	29,900
Non-Executive Directors' Emoluments			995,000	1,029,000
Depreciation			1,358,205	1,680,619
Amortisation			56,828	66,682
Staff Costs (Note 13(b))			15,289,127	12,015,972

(b) **Staff costs**

		2013	2012
		Rs	Rs
Salaries		11,447,689	10,773,242
Pension costs (Note 10)		3,841,438	1,242,730
	Rs	15,289,127	12,015,972

(c) **Number of employees**

	2013	2012
Administration	12	12

14. FINANCE COSTS

		2013	2012
Bank Charges	Rs	65,183	25,788

15. DIVIDENDS

		2013	2012
Declared and not yet paid :			
Dividend of Rs 117.57 per Ordinary Share (2012: Rs 124.03)	Rs	17,635,500	18,604,500

16. EARNINGS PER SHARE

		2013	2012
Profit attributable to shareholders	Rs	29,392,002	31,007,171
Number of Ordinary Shares in issue		150,000	150,000
Earnings per share	Rs	195.95	206.71

17. RELATED PARTY TRANSACTIONS

			2013	2012
(i)	*Sales of Services to :*			
	The Stock Exchange of Mauritius Ltd	Rs	1,277,392	1,171,923
(ii)	*Outstanding Balance arising from the sales of services :*			
	The Stock Exchange of Mauritius Ltd	Rs	-	49,722

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

			2013	2012
(iii)	*Compensation of key management personnel*			
	Short term benefits		3,082,667	2,891,718
	Post employment benefits		1,182,106	391,460
		Rs	4,264,773	3,283,178
(iv)	*Held to maturity investments*			
	Mauritius Commercial Bank Ltd			
	Maturity falling:			
	- within one year		-	19,500,000
	- Between two to five years		-	-
		Rs	-	19,500,000

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 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 instrument is summarised as follows:

	2013			
	Less than 1 year	**1-5 years**	**> 5 years**	**Total**
Financial assets	Rs	Rs	Rs	Rs
Held-to-maturity investment	-	87,134,331	-	87,134,331
Deposits and cash balances	59,951,546	-	-	59,951,546
Trade and other receivables	11,134,013	7,396,933	-	18,530,946
	71,085,559	94,531,264	-	165,616,823
Financial liabilities				
Trade and other payables	5,833,986	-	-	5,833,986
Proposed dividends	17,635,500	-	-	17,635,500
	23,469,486	-	-	23,469,486

18. FINANCIAL RISK MANAGEMENT (CONT'D)

	2012			
	Less than 1 year	**1-5 years**	**> 5 years**	**Total**
	Rs	Rs	Rs	Rs
Financial assets				
Held-to-maturity investment	-	73,000,000	-	73,000,000
Deposits and cash balances	59,733,748	-	-	59,733,748
Trade and other receivables	10,882,545	6,851,740	-	17,734,285
	70,616,293	79,851,740	-	150,468,033
Financial liabilities				
Trade and other payables	5,099,434	-	-	5,099,434
Proposed dividends	18,604,500	-	-	18,604,500
	23,703,934	-	-	23,703,934

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 30th June is as follows:

	2013	2012
	%	%
Bank balances	3.15-3.65	3.65-4.25
Deposits	5.40-9.60	5.40-8.85

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.

	2013	2012
	Rs	Rs
Increase in profit	287,240	278,166
Increase in equity	244,154	236,441

Currency risk

Except for an investment in Gold notes denominated in AUD with a balance of Rs. 3,634,331 (AUD 128,694.43) and a USD bank account with a balance of Rs 12,848 (USD 422.07), there are no other financial assets and liabilities denominated in foreign currencies.

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

18. FINANCIAL RISK MANAGEMENT (CONT'D)

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 United States dollars against the relevant currency, there would be an equal and opposite impact on the profit and their equity.

	2013	2012
	Rs	Rs
Increase in profit	182,359	56
Increase in equity	155,005	48

Credit risk

The company's credit risk is primarily attributable to its trade receivables. At year end, the company has no significant concentration of credit risk which has not been adequately provided for.

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 2012.

Categories of financial instruments	2013	2012
	Rs	Rs
Financial assets		
Held-to-maturity investment	87,134,331	73,000,000
Deposits and cash balances	59,951,546	59,733,748
Trade and other receivables	18,530,946	17,734,285
	165,616,823	150,468,033
Financial liabilities		
Trade and other payables	5,833,986	5,099,434
Proposed dividends	17,635,500	18,604,500
	23,469,486	23,703,934

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

	2013	2012	2011	2010	2009
	Rs	Rs	Rs	Rs	Rs
STATEMENT OF COMPREHENSIVE INCOME					
TURNOVER	47,287,465	45,386,526	46,882,714	50,462,540	41,393,337
PROFIT BEFORE TAXATION	38,921,810	37,797,527	38,347,133	40,471,208	37,299,443
TAXATION	(5,854,296)	(5,732,006)	(5,725,695)	(6,112,040)	(5,617,000)
CORPORATE SOCIAL RESPONSIBILITY	(753,886)	(638,283)	(661,913)	(612,020)	(250,000)
PROFIT AFTER TAXATION	32,313,628	31,427,238	31,959,525	33,747,148	31,432,443
OTHER COMPREHENSIVE INCOME	(2,921,626)	(420,067)	(45,336)	(651,457)	(831,426)
DIVIDENDS	(17,635,500)	(18,604,500)	(18,600,000)	(13,200,000)	(12,300,000)
CAPITAL & RESERVES					
ISSUED & PAID UP SHARE CAPITAL	15,000,000	15,000,000	15,000,000	15,000,000	15,000,000
REVENUE RESERVES	139,899,981	128,143,479	115,740,808	102,426,619	82,530,928

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:-

		2013	2012
		Rs	Rs
Guarantee Fund Assets			
MCB Deposit A/c		26,900,000	22,700,000
MCB Savings A/c		3,509,810	4,123,672
MCB Current A/c		4,662	4,156
Contributions due on value of transactions		47,471	31,264
Temporary Cash deposit		(3,053,509)	(601,009)
Cash deposit from investment dealers		(303,000)	(303,000)
Interest receivable		1,654,275	623,350
Income tax payable		(48,585)	(45,809)
	Rs	28,711,124	26,532,624

		2013	2012
Contributions made to the Guarantee Fund			
BALANCE AT 1ST JULY		26,532,624	24,438,949
Contributions		1,139,433	1,158,422
Interest		1,222,432	1,100,297
Income tax charge		(183,365)	(165,044)
BALANCE AT 30TH JUNE	Rs	28,711,124	26,532,624

(b) Included in the contributions for the year ended 30th June 2013 is an amount of Rs. 621,126 made by a new Investment Dealer.

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 2012 to 30th June 2013.

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	MICHAEL V K LO TIAP KWONG
PUBLIC ACCOUNTANTS	PARTNER

Date: 23rd July 2013

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 2013.

Chaitanand Jheengun (FCIS)
Company Secretary

PROFILE OF DIRECTORS

DIRECTORS	KEY POSITION AND MAIN DIRECTORSHIP
Vincent Lamusse *Deug Sciences Economiques* *MSG (Maitrise Science de Gestion)*	Senior Manager – Investment: The Anglo Mauritius Financial Services Limited Director: The Stock Exchange of Mauritius Ltd
Aruna Collendavelloo (Mrs) *Attorney-at-law, Mauritius* *Solicitor, England & Wales (NP)* *BA (Hons) Jurisprudence, Oxon* *F.MIoD*	Chief Legal Executive: Rogers and Company Limited Director: Rogers and Company Limited Foresite Fund Management Ltd Mauritius Development Investment Trust Company Limited Member: The Law Society of England & Wales The Mauritius Law Society
Tilotma Gobin Jhurry (Mrs) *Member British Computer Society UK*	Chief- Payment Systems and MCIB Division: Bank of Mauritius
Donald Ah Chuen *MBA (University of Strathclyde)* *FCA (England & Wales) FCA (Australia)* *MCIPD (Chartered Institute of Personnel & Development, UK)*	Chief Executive: ABC Group Chairperson, Tertiary Education Commission of Mauritius Managing Director: ABC Banking Corporation Ltd Council member: Mauritius Chamber of Commerce & Industry Executive Committee Member: Chinese Chamber of Commerce Director: The Stock Exchange of Mauritius Ltd
Dev Gopy *DEA (Finance)* *Maitrise (Financial Management)*	Operations Executive – Investment (Group): The State Insurance Company of Mauritius Ltd Director: The Stock Exchange of Mauritius Ltd Director: Cyber Properties Investments Ltd
Gaetan Lan Hun Kuen *Fellow of the Institute of Chartered Accountants in England & Wales*	Finance Director: Ireland Blyth Ltd Chairperson: 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 Marketing Strategic Business Unit at the Mauritius Commercial Bank Ltd Vice-President: Institute of Chartered Secretaries and Administrators (ICSA), Mauritius
Vipin Y.S. Mahabirsingh *B.Tech (First Class, Hons) Electronic Engineering M.Phil Microelectronic Eng.* *MBA (with distinction)* *F.MIoD*	Managing Director: CDS Member of ICT Advisory Council Director: River Court Administrators Ltd
Ramanaidoo Sokappadu *B.A Economics, Mathematics and Statistics*	Lead Analyst: Financial Services Unit, Ministry of Finance and Economic Development
Vikash Tulsidas *BA (Hons) Law & Business Studies, UK*	Managing Director: AXYS Stockbroking Ltd Director: The Stock Exchange of Mauritius Ltd

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 and Lusaka Stock Exchange. From May 2008 to July 2009, he was the Chairman of a Project Steering Committee that was set up by the Committee of Southern African Development Community (SADC) Stock Exchanges to deliver a comprehensive business case for the implementation of a hub and spoke model for interconnecting the SADC exchanges. In July 2012, he was appointed Chairman of the Market Development Working Committee of the Committee of SADC Stock Exchanges (CoSSE) to drive the integration and clearing and settlement agenda of CoSSE.

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.

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.