

DAR ES SALAAM STOCK EXCHANGE PLC

PROSPECTUS

Prospectus in respect of an Initial Public Offer of 15,000,000 Ordinary Shares of the DSE at TZS 500 per Share representing 30% of the Company's Authorized Shares Capital of 50,000,000 Ordinary Shares of a Nominal Value of TZS 400 each.

10 MAY 2016

CAUTION

This Prospectus has been prepared in compliance with the Companies Act, Cap. 212 of the Laws of United Republic of Tanzania (Act No. 12 of 2002) and the Capital Markets and Securities Act, Cap. 79 of the Laws of United Republic of Tanzania (Act No. 5 of 1994).

A copy of this Prospectus has been delivered to the Capital Markets and Securities Authority (CMSA) for approval and to the Registrar of Companies (BRELA) for registration. Approval of this Prospectus by the CMSA is not taken as an indication of the merits of the Dar es Salaam Stock Exchange PLC or its shares. The securities offered in this Prospectus have not been approved or disapproved by the CMSA.

Prospective investors should carefully consider the matters set forth under the caption "Risk Factors" in Part 7 of this Prospectus.

If you are in doubt about the contents of this Prospectus, you should consult your Investment Advisor, Stockbroker, Lawyer, Banker or any other Financial Consultant.

Notice to Foreign Shareholders

The Offer is made for the securities of a company incorporated in the United Republic of Tanzania. The offering of securities via the Offer is subject to disclosure requirements that are different from those of the foreign countries. Financial statements included in the document have been prepared in accordance with International Financial Reporting Standards (IFRS) and the requirement of the Companies Act, 2002 and may not be comparable to the financial statements of foreign companies.

It may be difficult for you to enforce your rights and any claim you may have arising under your jurisdiction, since Dar es Salaam Stock Exchange PLC is incorporated and located in the United Republic of Tanzania, and all of its officers and directors are residents of the United Republic of Tanzania or other foreign countries. You may not be able to sue a foreign company or its officers or directors in a foreign court for violations of the laws in your jurisdiction.



VISION

To be a sustainable securities Exchange that is an engine of economic growth

MISSION

To provide a responsive securities Exchange that promotes economic empowerment and contributes to the country's economic development through offering a range of attractive and cost effective products and services

VALUES

WE BELIEVE IN

- Excellence
- Innovation
- Ethics

IMPORTANT NOTICE

This document is important and should be read in its entirety. If you are in doubt about the contents of this document or what action to take, you are advised to contact your Stockbroker, Investment Advisor, Financial Advisor, Banker or other relevant professional advisor, who specializes in advising on the acquisition of shares and other securities.

This Prospectus contains information that is provided in compliance with the requirements of the Companies Act, Cap. 212 of the Laws of Tanzania (Act No. 12 of 2002), the Capital Markets and Securities Act, Cap 79 of the Laws of Tanzania (Act No. 5 of 1994), the Capital Markets and Securities (Prospectus Requirements) Regulations of 1997 and the Rules of the Dar es Salaam Stock Exchange (DSE).

This Prospectus is issued by DSE PLC ("the Issuer" or "the Company") and has been prepared in respect of the issue and subscription of the New Shares being issued under DSE PLC demutualization and capital raising exercise (the "Offer") and subsequent listing of the Shares on the Main Investment Market Segment of the DSE. This follows approval of the Offer by the Board and Members through resolutions dated 20th March 2015 and 9th May 2015 respectively.

The Entitlement and Acceptance Form required for the subscription of the Shares accompanies this Prospectus. The Offer will open at 09:00 am on 16th May 2016 and close at 4:00 pm on 03rd June 2016. The application procedure has been set out in Part 2 of this Prospectus and in the accompanying Form.

The Offer shares applied for pursuant to the Offer will rank pari-passu in all respect with the existing issued ordinary shares of DSE PLC. The Offer shares will qualify for any dividend to be declared for the financial year 2016 and onwards.

DIRECTORS RESPONSIBILITIES

The Board of Directors of the Company, whose names appear in Part 6 of this Prospectus, have taken all reasonable care to ensure that the facts stated and the opinions expressed herein are true and accurate in all material respects, and there are no other material facts the omission of which would make any statement herein, whether of fact or opinion, misleading. The Board of Directors accepts responsibility for the information contained in this document.

LEGAL ADVISORS OPINION

Crest Attorneys, the Legal Advisors, have given and not withdrawn their written consent to the inclusion in this Prospectus of their Legal Opinion in Part 10.

REPORTING ACCOUNTANT OPINION

This Prospectus contains the Reporting Accountant's opinion from Nexia SJ Tanzania, Certified Public Accountants which constitute a statement made by an expert in terms of Chapter V of the Companies Act. The Reporting Accountant have given and not withdrawn their consent to the issue of the said statement in the form and context in which it is included in this Prospectus.

FORWARD LOOKING STATEMENT

This Prospectus contains “forward looking statements” relating to the Capital Market Securities. All statements, other than statements of historical fact are, or may be deemed to be forward-looking statements, including, without limitation, those concerning: strategy; the economic outlook for the industry; cash, costs, growth prospects and outlook for operations, individually or in the aggregate; and liquidity, capital resources, expenditure and the outcome and consequences of any pending litigation proceedings. These forward-looking statements are not based on historical facts, but rather reflect current views concerning future results and events and generally may be identified by the use of forward-looking words or phrases such as “believe”, “may”, “aim”, “expect”, “anticipate”, “intend”, “foresee”, “forecast”, “likely”, “should”, “would be”, “planned”, “estimated”, “potential” or similar words and expressions. Examples of forward-looking statements include statements regarding a future financial position or future profits, cash flows, corporate strategy, anticipated levels of growth, estimates of capital expenditures, acquisition strategy, future expansion projects or future capital expenditure levels and Exchange rates, sales forecasts and parameters and other economic factors, such as interest rates and inflation. The Issuer cautions that forward-looking statements are not guarantees of future performance. Actual results, financial and operating conditions, liquidity and the developments within the industry in which the Issuer operates may differ materially from those made in, or suggested by, the forward-looking statements contained in this Prospectus.

The prospective investors should keep in mind that any forward-looking statement made in this Prospectus is applicable only at the date on which such forward-looking statement is made. New factors that could cause the business of DSE PLC not to develop as expected may emerge from time to time and it is not possible to predict all of them. The Issuer has no duty to, and does not intend to update or revise the forward-looking statements contained in this Prospectus after the date of this Prospectus, except as may be required by law.

DIRECTORS DECLARATION

We hereby declare that the DSE Board has taken reasonable care to ensure that the DSE information contained in this Prospectus is in accordance with the Capital Market and Securities (Prospectus Requirements) Regulations (GN No. 769 of 1997) and that the Directors take responsibility for the accuracy of the information contained in the Prospectus as regards DSE.

We certify that to the best of our knowledge and belief, there are no other facts the omission of which would make any statement within this Prospectus relating to DSE false or misleading and that we have made all reasonable inquiries to ascertain such facts and that this Prospectus contains all the information required by law.

The DSE Board confirms that, in its opinion, the working capital available to DSE is sufficient for DSE's requirements for the period commencing on the 1st April, 2016 and expiring 31st Dec 2016.

Signed by:



Chairman



Secretary

DEFINITIONS AND INTERPRETATIONS

Applicant	A person who applies for the shares on Offer
Application form	The application form incorporated in this Prospectus
Application Money	The amount paid in Tanzania Shillings to the Receiving Bank or Authorized Collecting Agent which is the Offer Price multiplied by each Offer Share
Authorized Collecting Agent	Licensed dealing members authorized by the DSE to facilitate distribution of the Prospectus, Application Form and sell the Offer Shares
Board of Directors	The Board of Directors of Dar es Salaam Stock Exchange PLC
BOT	Bank of Tanzania, which is the Central Bank of Tanzania
Closure date	The date of closure of the Offer which is 03rd June 2016
CMSA	Capital Markets and Securities Authority, the Regulator of Capital Markets in Tanzania
CSD	Central Securities Depository
Demutualization	A process by which a member-owned mutual entity is converted to a shareholder-owned entity
DSE or DSE PLC	Dar es Salaam Stock Exchange Public Limited Company, a company incorporated under the Companies Act, 2002 (Cap. 212) of the Laws of Tanzania
DSE Shares	All the 15,000,020 Ordinary Shares of the issued share capital of the Company.
Green Shoe Option	In case of over subscription, the maximum amount of shares to be allocated over and above the amount intended to be raised.
Lead Transaction Advisor	Orbit Securities Company Limited, a licensed Investment Advisor
Legal Advisor	Crest Attorneys
New Shares	The 15,000,000 Ordinary shares of the DSE PLC, that are to be issued pursuant to this Prospectus
Non-Executive Director	A director who is not involved in the administrative or managerial operations of the Company
Offer	The issue of 15,000,000 New Shares as described in this document
Offer Period	The period when the offer opens at 09:00 a.m. on 16th May, 2016 and closes at 4:00 p.m. on 03rd June, 2016
Offer Price	TZS 500 per New Share
Prospectus	This Offer Prospectus and appendices to it
Receiving Bank	CRDB Bank PLC
Reporting Accountant	Nexia SJ Tanzania, located at the 9th Floor, Amani Place, Ohio Street, Dar-es-Salaam Tanzania
Self-Listing Date	Admission of the DSE Shares to the official list of the Exchange
Share" or "Shares	An Ordinary Share of TZS. 400 in the share capital of the DSE and "Ordinary Share" or "Ordinary Shares" shall be construed accordingly
The Exchange	The Dar es Salaam Stock Exchange duly approved by the Capital Market Securities and Authority

CHAIRMAN'S STATEMENT

Dear Investor,

On behalf of the Board it is my pleasure to present this Prospectus to you on the Offer of the DSE's shares and self-listing on the Main Investment Market segment of the Exchange. I am also pleased with what DSE has achieved so far in the process of demutualization which will make it the third Exchange in Africa after Johannesburg Stock Exchange and the Nairobi Securities Exchange.

The Offer is in line with the global best practice for Exchanges and is aimed at achieving good corporate governance practices, efficiency and effectiveness of the DSE and further strengthen its strategic and operational practices.

DSE's demutualization, capital raising and self-listing is in line with the Government's intention to strengthen the private sector to be able to play a key role as the engine of economic growth and social-economic development. This process also aims at widening the financial inclusion among Tanzanians and economically empowers local citizens. A capable stock market is critical to the growth and development of the country. We believe that upon completion of this demutualization process, DSE will be able to play a significant role in attracting local and foreign capital to finance public and private enterprises and also facilitate the saving and investment culture among Tanzanians.

To this end and upon full implementation of a number of its strategic initiatives DSE will be able to accelerate the financial and especially capital market development in the country. This Prospectus provides significant amount of information on the Offer and I therefore urge you to read it carefully before investing.

As market activities gain further momentum, so will be DSE's financial and operational performance as has been observed in recent years. We envisage further growth of our income and profitability in the coming years especially following the outcome of demutualization and self-listing.

On behalf of the Board I look forward to welcoming you as a shareholder of the DSE.

Yours Sincerely,



Pius A. Maneno
Chairman



CHIEF EXECUTIVE'S STATEMENT

Dear Investor,

On behalf of Management and staff of the DSE, I take this opportunity to congratulate all stakeholders on this process of DSE's demutualization, capital raising and subsequently the self-listing. I also urge all investors to take advantage of this opportunity to become part owners of the Exchange. Over the past few years the DSE has achieved significant milestones, notably:

- Compounded Annual Growth Rate of 110% since 2010 for market capitalization to TZS 21 trillion by 30th March 2016;
- Compounded Annual Growth Rate of 56% since 2010 for Liquidity to an aggregate average turnover of over TZS 800 Billion per annum,
- Introduction of the Enterprise Growth Market Segment and the increase of listings of both equity and bonds;
- Introduction of mobile trading on the DSE Trading, Depository and Settlement platform; and
- Increased financial independence sustainability and profitability.



As at 30th March 2016 the Exchange had 23 listed equities and 3 outstanding corporate bonds. There are also Government bonds, worth about TZS 4.6 trillion listed on the Exchange making the DSE the second largest Exchange in the East African region.

As a result of the market performance, DSE financial and operational performance has also increased bringing the DSE into financial sustainability and profitability as indicated in Part 5 of the Prospectus.

As some of our strategic initiatives continue to gain momentum and materialize, we have high expectation for the year 2015/16 and beyond. Going forward, we envisage to facilitate further the growth of economic and social enterprises within our economy. This will be achieved through various stakeholders' engagement to encourage capital raising through capital markets; that way we will continue to enhance economic empowerment, financial inclusion and investment activities through the Exchange.

As public awareness increases and the economy expands, the DSE as the pivotal tool for long term capital raising can only grow. Our financial and operational performance will be driven by the increase in economic activities, the GDP growth and the motivation for the public and private sectors to embrace DSE as the focus for their enterprises growth and expansion as well as investment purposes.

I look forward to welcoming you as the shareholders of the DSE.

Yours Sincerely,



Moremi Marwa
Chief Executive Officer

CORPORATE INFORMATION

Contact Information

DSE PLC
 14th Floor, Golden Jubilee Towers, Ohio Street
 P.O. Box 70081
 Dar es Salaam, Tanzania
 Tel: +255 22 2133849, Fax: +255 22 2113067
 Email: info@dse.co.tz

DSE BOARD MEMBERS

NAME	POSITION	NATIONALITY
Mr. Pius Maneno	Chairman	Tanzanian
Mr. Nyanduga Mukirya	Member	Tanzanian
Mr. Waziri Barnabas	Member	Tanzanian
Mrs. Judith Ndisi	Member	Tanzanian
Mr. Arphaxad Masambu	Member	Tanzanian
Mr. Alfonso Rodriguez	Member	Spanish
Mrs. Miriam Solomon	Member	Tanzanian
Mrs. Juliana Sweke	Member	Tanzanian
Mr. Raphael Masumbuko	Member	Tanzanian
Mr. Moremi Marwa	CEO Ex-Officio	Tanzanian

OTHER CORPORATE INFORMATION

Company Secretary	Mary S. Mniwasa DSE PLC 14th Floor, Golden Jubilee Towers, Ohio Street P.O. Box 70081, Dar es Salaam, Tanzania	
Financial Calendar	Financial Year End - 30th June	Financial Year End 31st December (effective 2016)
Auditors	The Controller and Auditor General National Audit Office , Tanzania Samora Avenue, Ohio Street P.O Box 9080 Dar es Salaam, Tanzania	Ernst & Young Certified Public Accountants Tanhouse Tower (4th Floor) Plot no. 34/1, Ursino South New Bagamoyo Road P.O Box 2475 Dar es Salaam, Tanzania
Main Banker	Akiba Commercial Bank Ltd Amani Place, Ohio Street P.O. Box 669 Dar es Salaam, Tanzania	CRDB Bank PLC PPF Tower P.O Box 268 Dar es Salaam, Tanzania

TRANSACTION ADVISERS

Lead Transaction Advisor

Receiving Bank	Legal Advisor
 <p>CRDB Bank PLC Azikiwe Street P.O Box 268 Dar es Salaam, Tanzania Tel: +255 22 2116714 Fax: +255 22 2117441-7 Email: crdb@crdbbank.com Website: http://www.crdb.com</p>	 <p>Crest Attorneys Coronation Building, 2nd Floor, Samora Avenue/Azikiwe P.O Box 8317 Dar es Salaam, Tanzania Tel: +255 22 2138649 Fax: +255 22 2138615 Email: info@crestattorneys.com Website: www.crestattorneys.com</p>
Registrar	Reporting Accountant
 <p>DSE PLC 14th Floor, Golden Jubilee Towers, Ohio Street P.O. Box 70081, Dar es Salaam, Tanzania Tel: +255 22 2123983 / 2128522 Fax: +255 22 2133849 Email: info@dse.co.tz Website: http://www.dse.co.tz</p>	 <p>NEXIA SJ Tanzania 9th Floor, Amani Place, Ohio Street P.O. Box 12729, Dar es Salaam, Tanzania Tel: +255 22 2120806/2120807 Fax: +255 22 2120895 E-mail: admin@nexasjtz.com Website: www.nexasjtz.com</p>
Sponsoring Broker	
 <p>Orbit Securities Company Limited 4TH Floor, Golden Jubilee Tower, Ohio Street P.O Box 70254, Dar es Salaam, Tanzania Tel: +255 22 2111758, +255 22 2120863 Fax: +255 22 2113067 Email: orbit@orbit.co.tz</p>	

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PART 1: SALIENT FEATURES OF THE OFFER

This section contains a summary of the offer for New Shares. This Prospectus should be read in full along with other documents available for inspection for a full appreciation of the Offer.

1.1 The Offer

DSE PLC is offering a total of 15,000,000 New Shares at TZS. 500 per Share to raise TZS. 7,500,000,000 under this Prospectus.

1.2 Offer Statistics

Offer Price	TZS. 500 per New Share
Total Number of New Shares Offered	15,000,000 Ordinary Shares
Total amount to be raised	TZS. 7,500,000,000

1.3 Purpose of the Offer

The purpose of issuing shares is to finalize the Exchange's demutualization process by putting into place the following:

- (i) Issued and paid up capital
- (ii) Shareholders with actual shareholding in the company
- (iii) Proper corporate governance structure of a public company limited by shares
- (iv) To raise capital for DSE's growth and expansion

1.4 Use of Proceeds

The company intends to use the IPO proceeds for: (i) Enhancement of its core-operating system, (ii) Introduction of new products and services and; (iii) Strategic and operational purposes

1.5 Other Key Offer Data

Total Number of Shares of DSE PLC	50,000,000
Par Value of DSE Share TZS	400
Authorized share capital of DSE PLC	TZS 20,000,000,000
Total number of issued but not fully paid up Shares before the Offer	20
Issued but not paid share capital of DSE PLC before the Offer	TZS 8000
Number of New Shares on offer under the IPO	15,000,000
Offer Price per Share	TZS 500
Gross proceeds of the offer (assuming full subscription)	TZS 7,500,000,000
Offer expenses	TZS 500,000,000
Net Proceeds of the offer	TZS 7,000,000,000
Total number of issued and fully paid up Shares after the Offer	15,000,020
Fully paid up share capital of DSE PLC post IPO	TZS 7,500,008,000
Earnings Per Share (EPS) for the year ended 30th June 2015	TZS 135
Net Asset value at 30th June 2015	TZS 228
Profit for the full year 2014/15	TZS 1,942,848,178

1.6 Timetable of Principal Events

Activity	Time
Offer Opens	16th May 2016
Offer Closes	03rd June 2016
Allotment	10th June 2016
Announcement of Results of the Offer	16th June 2016
Electronic crediting of CSD Accounts	24th June 2016
Processing of refunds cheque	30th June 2016
Self-Listing and commencement of trading fully paid DSE shares on the Exchange	12th July 2016

PART 2: DETAILS OF THE OFFER

2.1 Basis of Offer Price

The Directors have set the Offer price at TZS. 500 per Share. The offer price was set based on the valuation of the DSE whereby six valuation models were employed and an average equity value was derived from the models. The average equity value were divided by the number of estimated shares to be issues and discounted at 12 percent (12%).

2.2 Terms of the Offer

2.2.1 Offer for subscription

DSE PLC hereby offers to the public a total of 15,000,000 New Shares at the Offer price of TZS.500 per new share payable in full on acceptance of the terms and condition set out in this Prospectus. The offer has a Green Shoe Option.

2.2.2 Eligibility

The offer for sale is open to all Tanzanians and non-Tanzanians. The offer to Tanzanians who are not resident in Tanzania and foreign nationals may be affected by the laws of relevant jurisdictions in which they reside. A person or persons acting in concert or related persons shall not whether individually or jointly, own more than 20% of shares of a stock exchange or exercise control of votes attached to shares of a stock exchange.

2.2.3 Allotment Policy

The Directors have resolved to enforce the following allotment policy subject to CMSA approval.

- a) All investors who applied and qualified for the New Shares shall receive the full number of shares applied.
- b) In case of oversubscription the offer will have a Green Shoe Option of a maximum 10%, to be allotted on prorated basis.
- c) 3 percent of the offered shares have been reserved for employees of the DSE. In case the employees of the DSE will not take up the offer, the shares will be available to other subscribers.
- d) 15 percent of the offered shares have been reserved for Capital Market Development Fund.
- e) The remaining offered shares are for prospective investor(s) with capacity to assess the Offer and invest subject to the conditions set out in this Prospectus.

2.2.4 Minimum Subscription

Applications must be for a minimum of 100 shares and in multiples of 10 shares thereafter, the Issuer has the right to reject or consolidate multiple applications.

2.2.5 Central Securities Depository account

All interested applicants to this IPO must have a CSD account in order to subscribe for the shares. Subscribers who do not have a CSD account but wish to purchase the offered shares, are advised to submit duly completed and signed CSD account opening form with any of the Authorized Collecting Agent in page 90. The new shares will be credited electronically to holder's respective CSD account after the date of listing. All transfer of shares must take place through the CSD account. It is the responsibility of the subscriber to ensure that their CSD account details are correct.

2.2.6 DSE Shareholding Structure and Status of the New Shares

DSE was a Company limited by Guarantee without share capital. By 29th June 2015 DSE had issued 20 shares to 20 initial subscribers at a nominal value of TZS 400 per share. The names of DSE shareholders are presented in Part 8.

The Existing Shares and the Offer Shares will be freely transferable and will not be subject to any restrictions on marketability or any pre-emptive rights. The entitlement to dividends and other corporate actions will commence for the financial year ending 31st December, 2016. At every general meeting of the DSE, every shareholder present, has one vote on a show of hands, and on a poll, every shareholder present in person or by proxy has one vote for each share of which he is the holder.

New Shares will be admitted at the DSE on Tuesday 12th July, 2016 with dealings of New Shares commencing on the same date.

2.2.7 Underwriting

The offer is not underwritten

2.2.8 Offer Dates

The Offer opens on 16th May 2016 and closes on 03rd June 2016. The date of Self Listing and commencement of trading in the Exchange Shares of DSE is 12th July 2016. The dates may be changed at the discretion of the Directors subject to the approval of the CMSA (where applicable) and published in the public media. For full details on the timetable, refer to Section 1.6.

2.3 Application Procedures

Copies of this Prospectus, with the accompanying Application Form, may be obtained from the Authorized Collecting Agent referred to in page 90. Persons wishing to apply for the Shares must complete the Application Form in accordance with the instructions contained in it and this Prospectus.

2.3.1 By signing an Application Form, each applicant;

- a) agrees that neither the DSE, the Advisers nor any of the Authorized Agents shall be liable should an Application Form not being received by the Closure Date;
- b) agrees that having had the opportunity to read this Prospectus, he shall be deemed to have had notice of all information and representations concerning the DSE contained herein;
- c) confirms that in making such application he is not relying on any information or representation in relation to the DSE other than that contained in this Prospectus and accordingly agrees that no person responsible solely or jointly for this Prospectus or any Part thereof shall have any liability for any other information or representation;
- d) applies for the Offer Shares on his own account, will be the beneficial owner of the Offer Shares, has not represented himself as a different person in any other application nor applied for the Offer Shares under a different name, and is not applying for the Offer Shares on the instructions of or on behalf of any other person and has not instructed any other person to apply for the Offer Shares as his nominee;
- e) acknowledges that the DSE reserves the right to reject any Application found to be in infringing any of the above paragraphs.

2.3.2 Application Via Mobile Phone Platform

Investors can also apply through Maxmalipo using their mobile money accounts (M-Pesa, Tigo-Pesa, Airtel Money and Easy Pesa). Maxmalipo platform has been designed for retail investors who may not be able to access normal banking system or Stock Brokers. Details for Maxmalipo payment procedure is presented in page 91 Appendix III - Applications using mobile.

2.3.3 Application by/for Minors

Minors are permitted to apply for Offer Shares with the assistance of the parents or a legal guardian who should sign the Application Form on their behalf.

2.4 Acceptance

- a) Applications once given are irrevocable and may not be withdrawn once submitted.
- b) A duly completed Application Form must be returned to any Authorized Agent together with the Application Money for the number of Offer Shares applied for.
- c) The Application Form must be signed so as to be binding.
- d) The Application Form and Application Money should be received by the Authorized Receiving Agent by 4.00 p.m. on the Closure Date.
- e) Applications sent by facsimile or by any means other than the methods stipulated in this Prospectus will not be accepted.
- f) Application Form may be rejected as per the rejection policy stipulated in Section 2.6.

2.5 Application Money

- a) All payments to the Receiving Bank must be made in Tanzania Shilling.
- b) Payment for the Shares shall be made in the form of a banker's cheque for values that are below Ten million shillings or through TISS for values that are above Ten million shillings. Such banker's cheques for each application must be in Tanzanian Shillings and drawn on a licensed bank that is a member of the Bank of Tanzania Clearing House.
- c) Payment may also be made by Authorized Agents on behalf of Shareholders or deposited directly by the Shareholders to a dedicated collection account. Please note that no interest will be payable by DSE PLC on money received.
- d) Authorized cheque and Cash payment should be made payable to;

Account name	Dar es Salaam Stock Exchange IPO AC
Bank	CRDB Bank PLC
Branch	Any CRDB Bank PLC Branch
Account Number	01DI000276100
SWIFT	CORUTZTZXXX
- e) Payment of the Application Money must be made as specified in Section 2.5 no later than 4.00 p.m. on 03rd June, 2016.

2.6 Rejection Policy

In addition to the procedure for acceptance set under Section 2.4, applications will also be rejected for the following reasons:

- a) The application form is incomplete or inaccurate
- b) Missing signature(s) or inappropriately signed Application Form
- c) The number of shares applied for are not in multiples set out in the Prospectus
- d) Insufficient Application Money received by the Authorized Agent
- e) Missing CSD account number
- f) Missing financing bank details in case of financed application
- g) Missing or illegible name of primary applicant/joint applicant/corporate applicant in any application
- h) Missing or illegible identification number, including company registration number
- i) Missing account number or name for nominee applications
- j) Missing or illegible postal address and postal code
- k) Missing bank details and verification documents where mode of refund is indicated as electronic fund transfer (the refund will be defaulted to a cheque payment)
- l) Application bears stamps from two different Agents

If Application Form together with the Application Money paid in accordance with the sections above, are not received by the Authorized Agent in the dates and times stipulated in this Prospectus will be rejected.

2.7 Refund Policy

- a) Refunds will be paid by Electronic Funds Transfer to the bank account details in the CSD account or in the Application Form. However, if the electronic transfer is declared unsuccessful or otherwise, a Banker's Cheque or bank draft may be issued in the name appearing on the Application Form.
- b) Where a Lender has advanced money to an investor to subscribe for Offer Shares, refunds will be made to or for the account of such a Lender as the case may be.

2.8 Trading

Investors who comply with the procedures for acceptance as set out in this Prospectus, will receive their fully paid Offer Shares in electronic form, by way of credit to their respective CSD accounts. It is the responsibility of the investors to ensure that their CSD account details set out in the Application Form are correct.

Fully paid Offer Shares will be admitted on the Main Investment Market Segment of the Exchange on the Self-Listing Date with dealings of fully paid Offer Shares commencing at 10:00 a.m. on the same date.

2.9 Foreign Investors

Foreign Investors wishing to apply for New Shares must satisfy themselves as to the full observance of the laws of the relevant jurisdiction and Governmental and other consents to ensure that all requisite formalities are adhered to, and pay any issue, transfer or other taxes due in such jurisdiction. Before applying for and purchasing Shares, foreign investors are advised to consult their own professional advisors as to whether they require any Governmental or other approvals or need to observe any applicable legal or regulatory requirements.

2.10 Regulatory Restrictions

Shareholders are requested to note that DSE PLC is subject to the provisions of the Capital Markets and Securities Act, Cap. 79 of the Laws of Tanzania and the Regulations made thereunder. Notable, for purposes of the Offer are the provisions summarized below. Shareholders are required to seek their own advice in connection with these matters. The following selected provisions are put forth for investors to observe;

- a) The Issuer shall have at least 1,000 shareholders and the public shall hold at least 25% of the total shareholding.
- b) The shares purchased by a single institutional foreign investor or by two or more institutional foreign investors jointly shall not exceed five percent of the total number of the issued securities of an Issuer.

2.11 Tax Implications

Shareholders interested in Participating in the Offer should consult their tax advisors of any possible tax implications connected with the Offer. Therefore, DSE PLC and the Directors consider it inappropriate to provide detailed advice in respect of taxation consequences in connection with the Offer save for what is expressly set out in this Prospectus.

Neither DSE PLC nor any of the Directors or any DSE PLC officers or advisors accepts any liability for any tax implications of Eligible Shareholders in connection with the Offer. Local investors and Foreign Investors are subject to withholding tax on dividends at the rate of 5 percent (5%).

2.12 Governing Law

The Offer documents and any contract resulting from the acceptance of an application to purchase the New Shares shall be governed by and construed in accordance with the Laws of the United Republic of Tanzania.

2.13 Expenses of the Offer

Role	Name	Amount [TZS]
Lead Transaction Advisors	Orbit Securities Company Limited	55,000,000.00
Sponsoring Brokers	Orbit Securities Company Limited	43,500,000.00
Legal Advisor	Crest Attorneys	46,315,000.00
Lead Receiving Bank	CRDB PLC	59,000,000.00
Reporting Accountants Fee	Nexia SJ Tanzania	43,300,000.00
CMSA Evaluation Fees	CMSA	32,200,000.00
Listing Fee	Dar es Salaam Stock Exchange PLC	15,750,000.00
	CMSA	5,250,000.00
IPO Processing Fee	Dar es Salaam Stock Exchange PLC	5,000,000.00
Opening of CSD Accounts Fee	Dar es Salaam Stock Exchange PLC	*
Printing Expenses and Postage Expenses		19,685,000.00
Collecting Agent Fees	CRDB and Brokers	145,000,000.00
PR and Advertising	Different media houses	30,000,000.00
Total		500,000,000.00

*The figures above are inclusive of VAT (where applicable) and may be subject to change.*To be determined after allotment of shares.*

PART 3: DEVELOPMENT OF CAPITAL MARKETS IN TANZANIA

The Role of Capital Markets

Capital market offers a variety of financial instruments that enable economic agents to raise efficiently priced capital and manage financial risks. Through assets with attractive yields, liquidity and risk characteristics, it encourages saving in financial form.

Capital market as an integral part of the financial markets plays a pivotal role essential for government and other institutions in need of long term funds. Taking into account the role in the market economy, the capital market occupies an important place, through their specific mechanisms, succeeding to give its contribution to the economic development of the society. The importance of the capital markets is more significant in the case of emerging markets being well-known for its contribution in reorienting financial resources to efficient activities, contributing to the economic reform, but also it supports in the privatization process of state-owned entities.

Economic growth in a modern economy hinges on an efficient and effective financial sector that pools domestic savings and mobilizes capital for productive projects. Absence of effective capital market leaves most productive projects which carry developmental agenda unexploited. The fundamental channels through which capital market is connected to the economy, economic growth and development is as follows:

The contact between agents with deficit of money and the ones with monetary surplus can take place in a direct way (direct financing), but also by the means of any financial intermediation form (indirect financing), situation in which specific operators realize the connection between the real economy and the financial market. In this case, the financial intermediaries could be banks, investment funds, pension funds, insurance companies or other non-bank financial institutions.

Capital market increases the proportion of long-term savings (pensions, life insurance, etc.) that is channeled to long-term investment. Capital market enables contractual savings industry (pension and provident funds, insurance companies, health insurance schemes, collective investment schemes, etc.) to mobilize long-term savings from small individual household and channel them into long-term investments. It fulfills the transfer function of current purchasing power, in monetary form, from surplus sectors to deficit sectors, in exchange for reimbursing a greater purchasing power in future. In this way, capital market enables corporations to raise capital/funds to finance their investment in real assets.

The implication of capital markets activities in an economy will be an increase in productivity within the economy leading to more employment, increase in consumption hence growth and development. It also helps in diffusing stresses on the banking system by matching long-term investments with long-term capital. The existence of the capital market in an economy encourages broader ownership of productive assets by small savers. It enables them to benefit from economic growth and wealth distribution, and provide avenues for investment opportunities that encourage a thrift culture critical in increasing domestic savings and investment ratios that are essential for rapid industrialization.

In addition, the capital market mechanism permits to allot funds according the return and the risk - from the investor's point of view - offering a large variety of financial instruments with different profitableness-risk characteristics, suitable for saving or risk covering. The capital market allows risk dispersion between investors (for the diversifiable risk), the risk, that could be realized by the help of different operations, market orders or derivatives, makes the capital markets as a proper mechanism for risk diversification.

Capital markets also provides equity capital and infrastructure development capital that has strong socio-economic benefits through development of roads, water and sewer systems, housing, energy, telecommunications, public transport, etc. These projects are ideal for financing through capital market via long dated bonds and asset backed securities. Infrastructure

development is a necessary condition for long-term sustainable growth and development. In addition, capital market increases the efficiency of capital allocation by ensuring that only projects which are deemed profitable and hence successful attract funds. This, in turn, improves competitiveness of domestic industries and enhances ability of domestic industries to compete globally, given the current momentum towards global integration. The result is an increase in domestic productivity which then spill over into an increase in exports and, therefore, economic growth and development.

Moreover, capital market promotes public-private sector partnerships by encouraging participation of private sector in productive investments. The need to shift economic development from public to private sector to enhance economic productivity has become inevitable. Capital markets, therefore, assists the public sector to close the financial resource scarcity gap, and complement its effort in financing essential socio-economic development, through raising long-term project based capital. It also attracts foreign portfolio investors who are critical in supplementing the domestic savings levels. The capital markets facilitate inflows of foreign financial resources into the domestic economy.

The role of capital markets is vital for inclusive growth in terms of wealth distribution and making capital safer for investors. Capital markets creates greater financial inclusion by introducing new products and services tailored to suit investors' preference for risk and return as well as borrowers' project needs and risk appetite. Therefore, in the overall, existence of the capital market in the country creates a sustainable low-cost distribution mechanism for multiple financial products and services across the country. It enhances efficient financial intermediation. It increases mobilization of savings and therefore improves efficiency and volume of investments, economic growth and development.

Capital Market Structure in Tanzania

Tanzania's capital market was formed in 1990s to assist Tanzanians to mobilize long-term investments. Within such framework, the Capital Markets and Securities Authority (CMSA) was established in 1994 under the Capital Markets and Securities Act to provide the appropriate mechanisms for mobilizing long term savings and ensuring efficient allocation of resources to productive sectors so as to stimulate economic growth. The Capital Market framework in Tanzania involves several participants including: the Stock Exchange, Listed Companies, investors and Fund Managers, Stock Brokers and Dealers, and Investment Advisors. The capital market structure comprise of Primary and Secondary markets with three main instruments in existence namely Treasury and Corporate Bonds, Equity (Shares) and Collective Investment Schemes.

Capital Markets Development Milestones in Tanzania

Since the enactment of the Capital Markets and Securities Act, 1994 (Cap. 79) and the establishment of the Capital Markets and Securities Authority (CMSA) in 1996 there has been several developments in the Capital markets industry in Tanzania, notably:

- Publication of Regulations to govern capital markets activities (from 1996 onwards)
- Incorporation of the Dar es Salaam Stock Exchange and approval of Stock Exchange Rules (1996)
- Publication of Collective Investment Scheme Regulations (1997)
- Start of operations of the DSE with the first privatisation and listing of state owned entity (1998)
- Installation of the Central Depository System at the Exchange (1999)
- Seven (7) of state owned entities privatized and listed at the Stock Exchange (as of 2015)
- Issuance of Guidelines for the Issue of Corporate Bonds (1999)
- Listing and start trading of Government Bonds at the Exchange (2002)
- Installation of an Automated Trading System (ATS) and start of live trading in the ATS (2006)
- Publication of Regulations to govern introduction of Real Estates Investment Trusts (2011)
- Migration to the new efficient Automated Trading System and Central Depository System (2013)
- Reduction of Settlement Cycle from 5 days to 3 days for equities and 3 days to 1 day for bonds in line with International Standards (2013)
- Interlinking the Exchange's Central Depository System to the National Payment System (2014)
- Deployment of ATS on the Wide Area Network and start of remote trading by brokers (2014)

- Uplifting of Foreign Investors Limits Regulations (2014)
- Revised (New) Rules to govern operations of the Exchange (2014)
- 23 listed equities and 14 corporate bonds issued and listed at the Exchange (1998 to date)
- TZS 21 trillion - size of equity market capitalisation as of 31st December, 2015
- 42% - Compounded Annual Growth Rate of Market Capitalisation (2010 to date)
- TZS 4.6 trillion - the amount of outstanding bonds listed in the Exchange by 31st March 2016
- 110% - Compounded Annual Growth Rate of liquidity at the Exchange (2010 to date)
- Introduction of the regulatory framework and subsequent use of mobile phone technology in IPOs (Equity and Debt) and Secondary Trading (2015)
- DSE Demutualization (2015/2016)

Following these developments of the Capital Market in Tanzania and other emerging markets development, the demutualization of DSE was imminent. Demutualization of the Exchange will increase flexibility in accommodating competitive dynamics with other markets in the region and beyond; increases the level of transparency and operational efficiency. As more efforts are being made by capital market stakeholders to make sustainable and effective capital market, DSE will continue to act in the interest of broader capital market development.

PART 4: DEMUTUALIZATION OF STOCK EXCHANGES

Stock markets around the world assist the investors' to analyze the condition of an economy in order to get maximum return on their assets. Its operational efficiency is important for the advancement of the financial system in a country since like any other market it provides a platform for companies to raise money by public share-listing and thus brings financial institutions together to create wealth. It is becoming more apparent that economies of the world rely on the stock Exchanges to facilitate trade in the stocks and work as front line regulator for market Participants. Stock Exchanges start as a mutually governed, self-regulated structure where profit is not a very strong motive.

Stock Exchanges have different ownership structures; some are state owned, some are companies limited by guarantee and operate as mutual entities or non-profit organizations and others are companies limited by shares. Stock Exchanges earn income from listing fee, transaction commission, membership fee and other services like data vending.

Starting in the early 1990s, stock Exchanges around the world have been undergoing major organizational and operational changes. One of the most visible has been the trend towards demutualization, a process of converting Exchanges from non-profit, member owned to for profit, investor owned corporations.

As in business everywhere, structures tend to follow strategy. Therefore, these changes in the organizational for of the Exchanges reflect major changes in the Exchanges business environment notably, the rise of global competition, the need to enhance corporate governance within Exchanges and technological advances and hence the competitive strategies designed to respond to such changes.

4.1 Demutualization Trend Worldwide

The first Exchange which demutualized was Stockholm Stock Exchange in 1993 followed by several other Exchanges around the world. Currently there are over 100 demutualized exchanges and about 60 percent are publicly listed. To give an overview from various regions with demutualization experience a few selected countries have been described below.

NAME OF EXCHANGE	YEAR
Stockholm Stock Exchange	1993
Helsinki Stock Exchange	1995
Copenhagen Stock Exchange	1996
Amsterdam Stock Exchange	1997
Borsa Italiana	1997
Australian Stock Exchange	1998
Athens Stock Exchange	1999
Iceland Stock Exchange	1999
Hong Kong Stock Exchange	2000
Simmex	1999
Toronto Stock Exchange	2000
Singapore Stock Exchange	2000
Deutsche Bourse	2001
Oslo Exchange	2001
Instnet (ECN)	2001
Euronext	2001
Nasdaq Stock Exchange	2000
London Stock Exchange	2001

4.2 African Exchanges

African stock markets are small by international and developing country standards. However, environments favorable to the growth of stock Exchanges are beginning to take root in Africa. With African stock Exchanges becoming important sources of investment capital for large corporations investors are eyeing Africa as the next economic frontier.

In Africa, the number of Exchanges has grown to 25 over the last 20 years, as its economy and the need for regulated stock markets has developed. Currently fully demutualized Exchanges in Africa are Johannesburg Stock Exchange (JSE) which demutualized in 2006 and Nairobi Securities Exchange (NSE) in 2014. DSE will be the third Exchange to demutualize in Africa.

4.3 The DSE

The DSE is a member of African Stock Exchanges which currently has 25 members and East African Stock Exchanges Association which currently have five (5) members. The Exchange was incorporated in 1996 and opened its doors in March 1998 and began its first day of trading in April 1998. Currently DSE has 23 listed companies of which 16 are local companies and 7 are cross listed companies. The Exchanges total market capitalization as of 31st March 2016 was about TZS. 21 trillion.

4.4 DSE and Supervisory Issues

In order to provide sufficient protection for the longer term Tanzania national interest over the interest of the Exchange both as a local and foreign profit entity the following will have to be effected.

- (i) The function of determining and applying DSE Rules will be transferred to CMSA whereby the CMSA will supervise compliance of the DSE with the listing rules.
- (ii) CMSA shall be invited as an observer to all DSE Board Meetings and General Meetings.

Furthermore, in order to comply with International Organization of Securities Commissions (IOSCO) principles of which CMSA is a signatory, DSE plans to separate the Exchange (Trading operations) from the CSD (Clearing and Settlement operations). Under this arrangement CSD will be a subsidiary of the DSE which is fully/largely owned by the DSE.

4.5 Market

Traditionally world Exchanges have similar market niches that have evolved overtime. The principal sources of revenues for Exchanges have been membership subscription fees, listing fees, trading charges, services fees including clearing and settlement, depository fees and charges for other activities such as company news, quote and trade data. Given the Exchanges' move towards for-profit structures there has been a steady rise in revenues. In relative terms, the ratio of income from these sources varies somewhat depending on the legal structure of the Exchange.

4.6 Motives for Demutualization

The demutualization of Exchanges is becoming more pertinent in African Exchanges just as in other emerging markets. The demutualization trend has been attributed to a number of reasons that include:

- Increase in the need for enhancement of Exchanges corporate governance;
- Investor Participation;
- Increase in global competition and the need for Exchanges capability to respond and compete;
- Advances in technology and the need to invest in technology; and
- Unlocking stock Exchange value.

Listed Exchanges have continued to exploit wider access to capital that can be used for both investments and participation in the development of capital market, improved management decision making process and ability to pursue business alliances. The DSE IPO and Self-listing will further promote the quality of governance, increased transparency, financial agility and ability to compete regionally and internationally. The self-listing of the DSE will be a catalyst to attract more private firms to raise capital through the capital market.

4.6.1 DSE Demutualization

As part of operational improvement, the Dar es Salaam Stock Exchange PLC has changed its registration status from being limited by guarantee to being limited by shares. The Offer is therefore, part of the demutualization process and objectives as well as raising capital for DSE expansions that among others include introduction of new products and further investment in technological developments in order to improve the DSE ability to compete regionally.

PART 5: OVERVIEW OF DSE PLC

5.1 Background

The Dar es Salaam Stock Exchange was incorporated in September 1996 as a private company limited by guarantee and not having a share capital under the Companies Act (Cap. 212). The DSE was a non-profit making body until it was demutualized in June 2015, created to facilitate the Government implementation of the economic reforms and subsequently encourage the wider share ownership of privatized and all the companies in Tanzania and facilitate raising of medium and long-term capital.

The formation of the DSE followed the enactment of the Capital Markets and Securities Act (Cap 79) and the establishment of the Capital Markets and Securities Authority (CMSA), the industry regulatory body charged with the mandate of promoting conditions for the development of capital markets in Tanzania and regulating the industry.

In June 2015 the Dar es Salaam Stock Exchange PLC received formal approval from the CMSA to operate as a demutualized entity. The move to demutualize the Exchange marks a great milestone for the Capital Markets in Tanzania.

Currently DSE PLC has 19 employees out of whom 7 are female and 12 male.

Role of the DSE

The principal activity of the DSE PLC is to provide a securities' market to investors who intend to invest in the listed companies. The Exchange provides a platform that assists companies to raise capital through the issuance of equities and debt securities.

The DSE has mainly five core lines of business namely Listing, Trading, Clearing and Settlement of equities and bonds other stock market related products and services.

5.2 Recent Initiatives

The development of Capital markets in Africa is predominantly depending on the shifting in the balance of the economic growth and technology. The focus on new products in the market, transparency and speed of the Exchange is vital to the growth of capital markets in the emerging markets. DSE has a 5 year Strategic Plan to accommodate the changing environment focusing on the following.

5.2.1 Public Awareness

Lack of public awareness on capital markets operations among majority of local population has contributed to a small pace development in the stock markets. To ensure capital markets opportunities and operations are known and understood by the public, CMSA as a frontline regulatory body and DSE have launched holistic educational and awareness approach to ensure that Tanzanians and other foreign investors become aware of the opportunities offered by capital markets and securities industry on both ends as investors and as issuers of securities and market professionals.

5.2.2 System Enhancements

In 2013 DSE migrated to a new trading and settlement systems (i.e. from the Millennium IT Systems to Securities and Trading Technology Systems) as part of improving efficiency. Going forward, DSE will continue to enhance its Automated Trading System and the Central Depository System which will include upgrading of the systems in order to enable the Exchange to offer new services.

5.2.3 Enterprise Growth Market (EGM)

The CMSA put in place the enabling regulatory framework and licensed the relevant intermediaries of the EGM segment of the DSE which was launched in 2013. The introduction of the EGM segment at the Exchange in 2013 has continued to bring on board Small and Medium Sized business to access capital through the primary capital markets and subsequent list at the Exchange. Since the launching of the EGM there has been an increasing interest from both entrepreneurs and potential investors. Currently, there are five (5) companies listed under this segment. This segment is expected to bring on board more listings, trading activities and new investors. In its capacity CMSA has registered Nominated Advisors and authorized representatives who are responsible for assisting new company admittance to the EGM Segment and to provide advice to the new listed company.

5.2.4 Legal and Regulatory Environment

Recent uplifting of foreign investors' limits regulations have positively impact exchange's activities going forward, the Capital Market and Securities Authority and the Bank of Tanzania may issue new guidelines to the capital market. Other Regional and International Capital Markets bodies such as East African Securities Regulatory Authorities (EASRA) and International Organization of Securities Commissions (IOSCO) may also establish new frameworks for mutual cooperation in the area of capital markets development to facilitate the harmonization of securities law. The change in the legal and regulatory frameworks may affect the capital markets practices.

5.2.5 Mobile Trading

In August 2015 DSE launched mobile trading platform on the ATS & CSD to give access to a wider and growing range of investments and saving instruments on the capital markets. The technology enables mobile users to register onto the stock Exchange and purchase shares in the companies listed on the Exchange and therefore increase orders, turnover and liquidity, going forward the initiative will continue to provide more traction and bring more issuers and investors to the market.

5.3 New Envisaged Products

The Capital Markets and Securities Authority in collaboration with DSE and various stakeholders are in the process of introducing new products in the Exchange, both for capital raising and for risk management purposes. Below are some of the envisaged products:

5.3.1 Real Estate Investment Trust

The Exchange has been working proactively with the Capital Markets Securities Authority to broaden the range of products and services in the capital markets industry. DSE has made progress towards future listings of Real Estate Investment Trust (REITs), a regulated investment vehicle that enables individuals to collectively contribute funds as consideration for the acquisition rights in a trust with the intention of earning income from the real estate as the underlying asset of the trust.

5.3.2 Futures and Derivative

DSE plans to introduce derivative products through a centrally financial Exchange where institutions and investors can list and trade standardized futures and options contracts. The trading of derivatives will enable investors to buy or sell specific quantities of the underlying asset at a specified prices and delivery time in future.

5.3.3 Exchange Traded Funds (ETFs)

There are plans by the CMSA and DSE to introduce ETFs whereby unlisted investment fund will be invited to list and trade in the DSE. ETFs allow investors to diversify their funds as they can hold different types of securities.

5.3.4 Closed Ended Collective Investment Schemes

These schemes which are currently championed by the CMSA and DSE will give an opportunity for the majority of Tanzanians to invest through buying shares or units of a fund during the initial public offer or through private placement and obtain a return on investment units that will be issued through IPO are then traded on the Exchange. The schemes will be structured such that they provide an opportunity to both low and high income individuals and organizations.

5.3.5 Municipal Bonds

The CMSA, DSE and other stakeholders have set plans to continue to engage some qualifying local Governments into issuing municipal bonds to support the financing of various municipal projects and other long-term capital financings needs. The bonds issuance will increase local Governments' transparency in funding infrastructure development projects at the same time bringing in more listings and trading activity at the Exchange.

5.4 DSE Key Milestone

1996 - Incorporation of the DSE

1998 - Commencement of operations with a listing and trading of the first equity.

1999 - Deployment of the Central Depository System and Listing of the first corporate debt

2002 - Listing of Treasury bonds

2004 - Cross listing of the first foreign company and the listing of the first airline company

2006 - Deployment of Automated Trading System linked with a new three tier Central Depository System

2008 - Listing of the first commercial bank

2011 - Listing of the first mining company

2013 - Launching of the second tier market: EGM - Enterprise Growth Market (EGM)

2013 - Listing of the first company on EGM

2014 - Deployment of Wide Area Network to enable brokers access the DSE trading system from remote

2014 - Inter-Linkage of the DSE Central Security Depository with National Payment System

2015 - Introducing mobile trading platform on the ATS & CSD

2015 - Demutualization of the DSE

5.5 Financial Highlights

Financial Highlights (In' 000)	2011/12	2012/13	2013/14	2014/15	2015/16*
REVENUE	1,232,838	1,705,355	3,285,737	4,162,516	3,418,309
OTHER INCOME	578,850	382,119	64,101	668,200	556,260
OPERATING EXPENSES	2,248,388	2,037,295	2,990,431	3,071,332	2,230,646
OPERATING INCOME	-436,699	50,179	359,406	1,759,384	1,448,768
NET FINANCE INCOME	97,850	136,175	141,610	183,464	295,155
NET INCOME	-338,849	186,355	501,016	1,942,848	1,743,922
TOTAL ASSETS	2,016,044	2,279,346	2,609,679	4,887,762	6,853,416
RETAINED EARNINGS	246,601	432,956	933,972	2,876,820	4,620,841
CURRENT ASSETS	1,303,240	1,815,157	2,180,809	4,039,901	4,769,918
CURRENT LIABILITIES	292,734	525,451	463,457	489,381	338,381

* DSE 9 Months Management Accounts July 2015 to March 2016

5.6 Market Performance Highlights

During the nine (9) months ended March 2016 DSE recorded growth and improvements in many activities as summarized below:

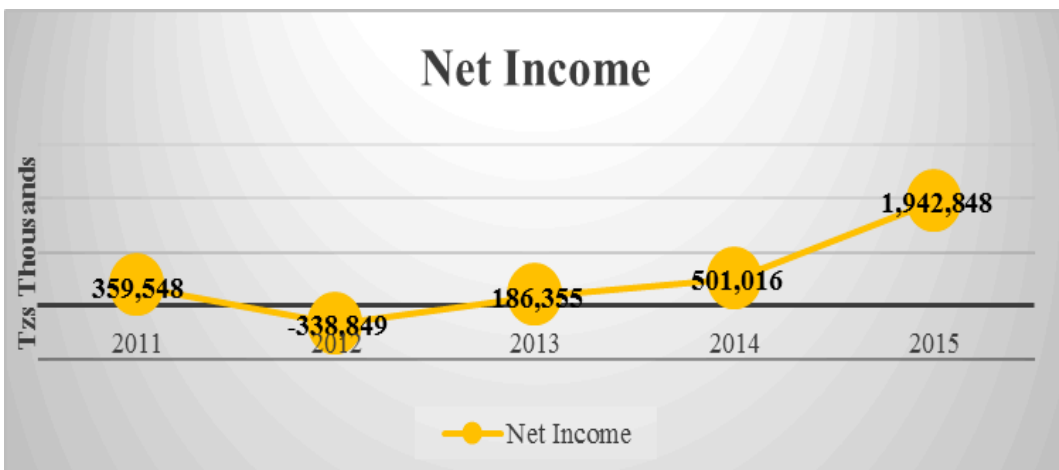
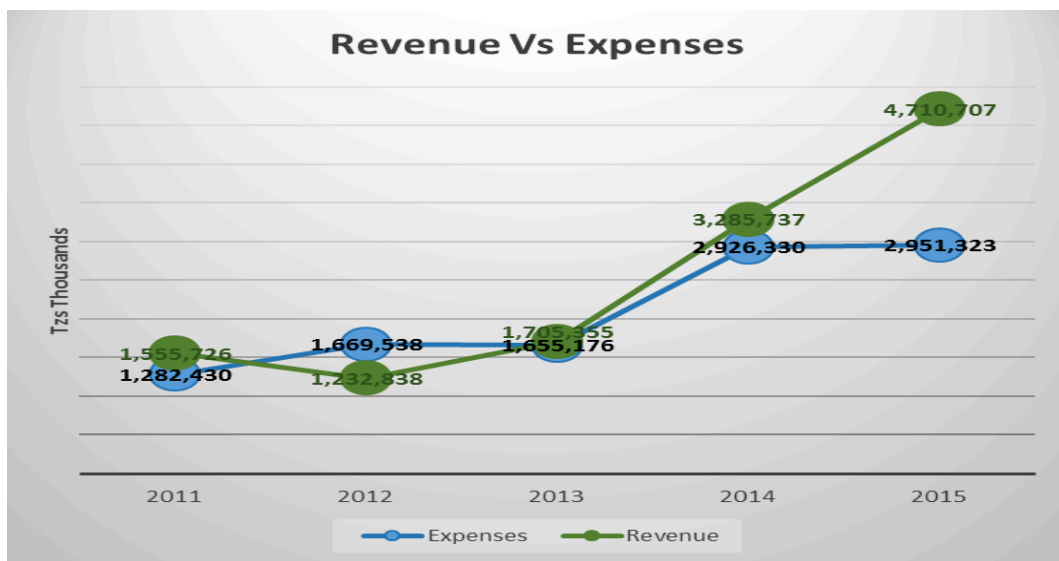
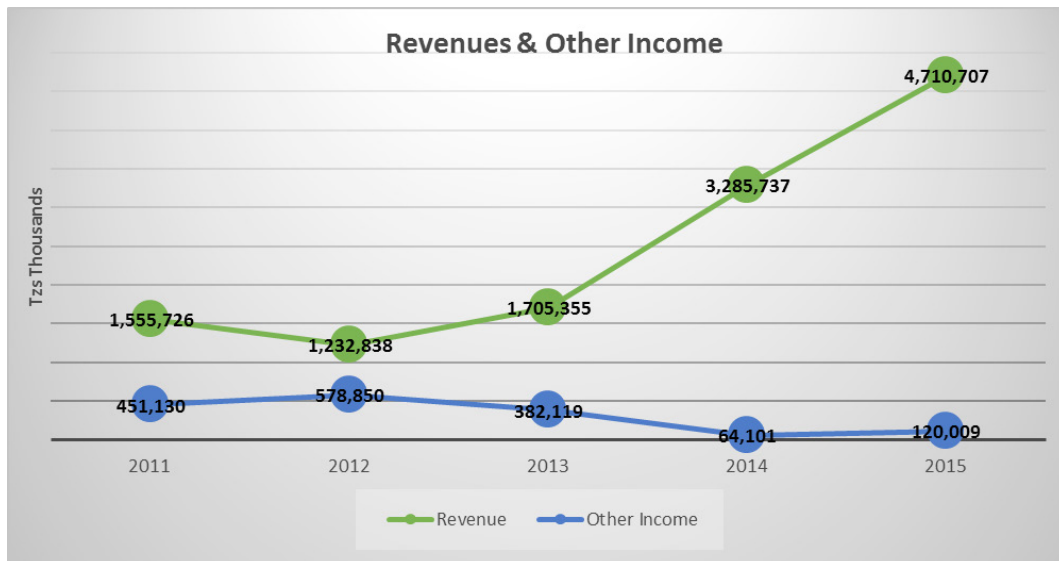
PARTICULAR	2011/12	2012/13	2013/14	2014/15	July 15 - March 16
Market Capitalization (Tzs Billions)	12,772.79	14,057.92	18,902.16	23,721.49	21,315.15
Value of Shares Traded (Tzs Billions)	44.45	73.00	272.45	879.22	735.75
All Shares Index (Points)	1,437.84	1,582.51	2,172.71	2,726.77	2,432.04
Tanzania Share Index (TSI) Points	1,206.99	1,840.11	3,561.62	4,684.09	3,972.06
Value Of Outstanding Listed Bonds (Tzs Billions)	2,287.31	3,073.59	3,696.15	4,263.67	4,707.37

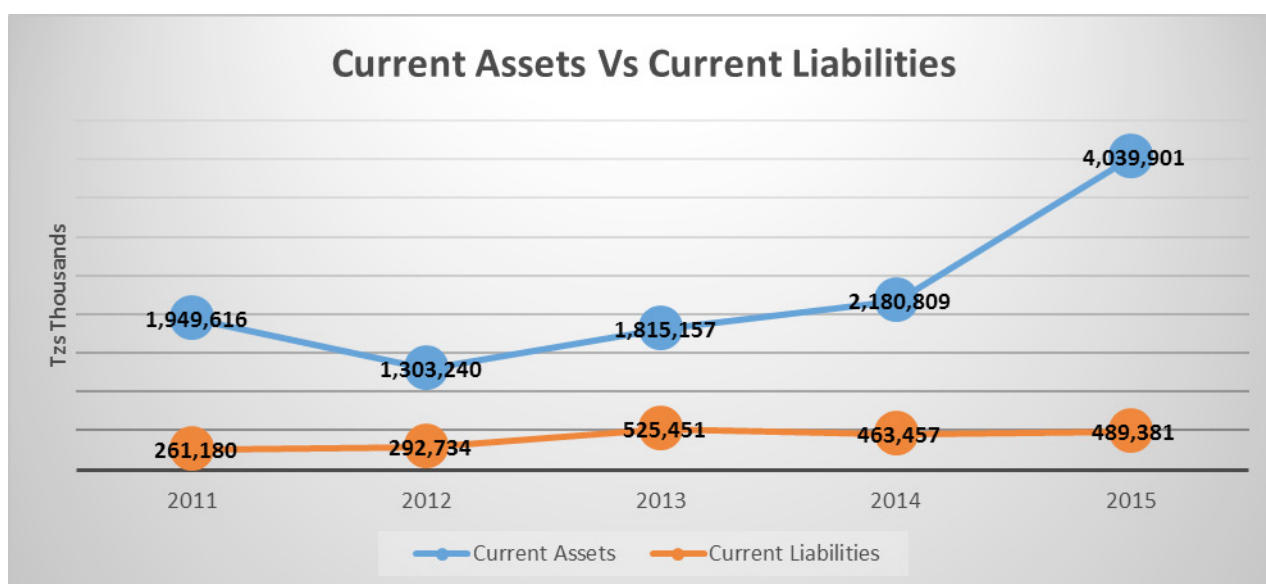
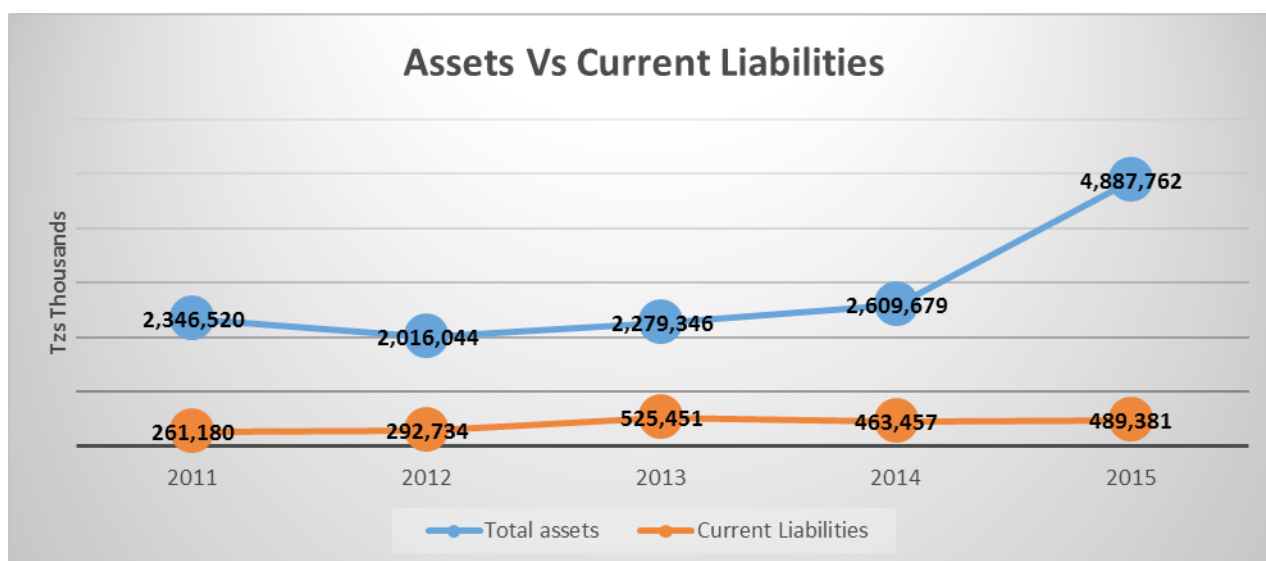
5.7 Market Turnover and Volume

(In'000)	2012	2013	2014	2015	Jan - Mar 2016*
TURNOVER	50,431,687	252,385,405	382,434,849	896,355,136	122,816,293
VOLUME	78,288	243,546	241,245	233,602	224,301

*January to March 2016 figures

Financial Highlights





5.8 DSE Business Segment

The DSE has mainly three business segments namely listing fees, transaction fees and other Stock Exchange related services. The performance of each segment for the year ended 2014/15 and for the period covering July 2015 - March 2016 is presented below:

Financial Year 2014/15	Listing Fees	Transaction Fees	CSD	Other Operating Income	Total TZS' Million
Equities	408,055,454	2,462,900,106			2,870,955,560
Government Bond	1,063,728,218	7,985,954			1,071,714,172
Corporate Bond	8,125,000				8,125,000
Data Vending		19,933,800			19,933,800
CSD Fee			111,787,346		111,787,346
Other income				80,000,000	80,000,000
Total income	1,479,908,672	2,490,819,860	111,787,346	80,000,000	4,162,515,878

July 2015 - March 2016	Listing Fees	Transaction Fees	CSD	Other Operating Income	Total TZS' Million
Equities	356,327,159	1,769,375,615			2,125,702,774
Government Bond	811,907,688	9,635,572			821,543,260
Corporate Bond	31,875,000				31,875,000
Data Vending		60,000			60,000
CSD Fee			397,942,920		397,942,920
Other Income				41,184,700	41,184,700
Total income	1,200,109,847	1,779,071,187	397,942,920	41,184,700	3,418,308,654

5.9 Financial Projections Summary

- Assets are projected to grow by 130% from TZS 6.9 billion recorded as of March 2016 to TZS. 15.9 billion in December 2016.
- Revenues are projected to grow by 29% from TZS 3.4 billion in March 2016 to TZS 4.4 billion by December 2016.
- Profit before tax is projected to decrease by 18% from TZS. 1.7 billion recorded in the period of July 2015 to March 2016 to TZS. 1.4 billion by December 2016.
- Paid up Share Capital is expected to increase by TZS 7.5 billion following the issuing of 15,000,000 new Ordinary Shares by way of IPO.

Information based on the financial forecast and July 2015 to March 2016 Unaudited Management Accounts; data are subject to change.

PART 6: CORPORATE GOVERNANCE, BOARD OF DIRECTORS AND SENIOR MANAGEMENT

The Company has independent Directors and a non-executive Chairman. The Board considers all of the non-executive Directors to be independent and free of any business relationship or other circumstances that would materially contravene the exercise of objective and independent judgment.

6.1 Responsibilities of the Board

The Board's primary role is to govern the Exchange, protect and enhance long term Shareholders value, while considering the interests of other stakeholders and the business as a whole. The Board is responsible for the overall corporate governance of the Exchange including formulating its strategic direction, setting policies for all areas of the Exchange activities, approving budgets, setting remuneration, appointing, removing and creating succession policies for the management team, establishing and monitoring the achievement of management's goals. The Board is also responsible for ensuring the integrity of risk management, internal controls, legal compliance and management information systems.

6.2 Current Composition of the Board

The current DSE Board comprise of nine Directors who are non-executive while the Chief Executive Officer is an Ex-Officio member. A non-Executive Chairman who is elected amongst the Directors of the Board every three years leads the Board. The DSE is managed by the Board of Directors which comprise representative from Licensed Dealing Members, Listed Companies, Institutional Investors, Professional Bodies, General Public and the Chief Executive Officer who is an Ex - Officio member of the Board. The Directors of the Board have diverse skills and expertise in various areas that enable them to make sound decisions.

The Board may meet for the dispatch of business, adjourn, and otherwise regulate their meetings as it deems fit. Ordinary Board meetings shall be held at once every three (3) calendar months to review the DSE's business and progress and to determine such other matters as may fall within the competence of the Board.

After IPO the DSE PLC Board of Directors will be reconstituted to reflect the new shareholding structure and regulatory framework.

6.3 Board Committees

The Board has the mandate to delegate any of its powers to committees consisting of not less than three members of the Board or of such other person the Board may deem fit provided that they conform to the regulations imposed by the Board.

The Board has four committees with specified delegated activities. Each committee is responsible for the review and oversight of the activities within its defined terms of reference and it consist of not less than three members of the Board or of such other persons as the Board may deem fit provided that any committee so formed shall in the powers so delegated conform to any regulations that may be imposed on it by the Board and that the Chief Executive shall be an Ex-officio member of any committee established. The Board has four committees namely Primary Markets and Trading Committee, Audit Committee, Administration, Risk and Compliance Committee, Fidelity Fund Committee.

6.3.1 Primary Markets, Trading and Programs Steering Committee

The committee comprises 3 directors but may vary from time to time as determined by the Board. The committee holds meetings as and when there are applications for listing and or there are trading matters to be determined by the committee. The following are roles of the committee among others:

a) **Trading**

To oversee the implementation of the trading rules and regulations to ensure that fair, transparent and efficient trading practices are in place.

b) **Programs Steering**

To liaise and lobby with Government authorities on the identification of suitable companies for privatization through the Capital Markets by way of Initial Public Offer and subsequent listing on the Exchange.

6.3.2 **Audit Committee**

The Audit committee comprises 3 directors but may vary from time to time as determined by the Board.

The Board Audit committee has the responsibility of reviewing accounting policies, financial reporting functions and internal control systems to ensure they are adequate and complied with at all times. It also assesses DSE's compliance with legal, regulatory and ethical requirements. The committee assists the Board in evaluation and selection of external auditor and it can also recommend termination of existing external auditors whenever it is deemed that their performance is not in line with the assigned duties and responsibilities and the discharge of their duties as professionals is not up to the required standards.

6.3.3 **Administration, Risk and Compliance Committee**

The committee is responsible to oversee all staff, members and DSE internal matters in particular. Reviewing existing administrative and human resources procedures, systems and processes and recommend improvements thereon. The committee is also responsible for prescribing from time to time the Rules with which a member shall comply and governed and to monitor, review and make recommendations to the Board on the adequacy of the company's post-trade risk management systems.

6.3.4 **Fidelity Fund Committee.**

The following are duties of the committee:

- i. To prepare and present to the Council fair financial statements, comprising the balance sheet, the income statement and cash flow statement for each financial year.
- ii. To prepare and present the notes to the financial statements, which include a summary of significant accounting policies and other explanatory notes, in accordance with International Financial Reporting Standards.
- iii. To design, implement and maintain internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error;
- iv. To select and apply appropriate accounting policies; and make accounting estimates that are reasonable in the circumstances.

6.4 **Directors share holding**

None of the Directors directly holds any shares capital of the Issuer.

6.5 **Board of Directors Profile**

The DSE Directors are appointed by the Shareholders as provided in the Articles of Association of the Dar es Salaam Stock Exchange PLC. None of the Directors mentioned in this Prospectus has been the subject of bankruptcy or convicted in a criminal proceeding of a court. As of March 2016, the Issuer has not entered into contract with any of the Directors. A brief profile of each of the DSE Directors at the date of the Prospectus is as follows:

Mr. Pius Aloysius Maneno (1966) (Tanzanian) Chairman, DSE Interim Board and the Executive Director of the National Board of Accountants and Auditors (Tanzania) is a holder of Masters in International Accounting and Financial Management from University of Glasgow, Scotland; a Bachelor of Commerce degree (in Accounting) from the University of Dar Es Salaam; a Postgraduate Diploma in Management from Maastricht School of Management, the Netherlands and a Certificate in Company Direction from the Institute of Directors in New Zealand.

He is registered with NBAA as a Fellow Certified Public Accountant (FCPA) and also he is a registered member with the Institute of Directors in New Zealand.

Mr. Maneno is serving in various Boards, Ministerial Advisory Boards and committees of higher learning institutions and parastatals. He is also the Chairman of the Institute of Directors in Tanzania and has been a member of the DSE Board since 2007 where he served as a Vice Chairman between September 2010 and May, 2011 and as Chairman from June, 2011 to date.

Mr. Nyanduga David Mukirya (1957) (Tanzanian) holds a Master's degree (LL.M) from the University of Dar es Salaam and a Bachelor of Laws Degree (LL.B) Hons) from the University of Dar es Salaam. He is also a registered Advocate, Notary Public & Commissioner for Oath

Mr. Mukirya is currently an Associate Director of Anti-Money Laundering at the Bank of Tanzania (2013 to date). Prior to that he served as Manager Legislation and Senior/Principal Legal Counsel to the Bank.

Mr. Mukirya has extensive knowledge and experience in banking. He has managed special tasks as a Member (and Secretary) of the Working Group on Banking and Financial Institutions Legislation (1998 - 1999); Legal Counsel responsible for the development of the Legal Framework for a modern National Payment System (1996 - 2008); Member, Steering Committee on the Legal and Operational Frameworks of SADC Central Banks, August, 1998- 2011; Member, Exchange Control Sub Committee of the Committee of Central Bank of Governors in SADC (2000 - 2011) and Member, East African Payment Systems Task Force Group (1999 - To-date).

Mr. Raphael R. Masumbuko (1969) (Tanzanian) holds a MSc. Finance & Accounting from Mzumbe; PGD Financial Management from the Institute of Finance Management (IFM) and Advance Diploma in Accountancy from IFM.

Mr. Raphael is currently the Chief Executive Officer of Zan Securities Ltd. He is licensed by the Capital Markets & Securities Authority as an Authorized Dealers Representative, Investment Advisors Representative, Nominated Advisor representative and Dar es Salaam Stock Exchange DATS Trader. He has attended a number of capital markets and securities courses issued locally and internationally.

Mr. Raphael has over ten years' experience in capital market and financial services, worked for various stock brokerage firms and banks; including Vertex International Securities Ltd, Orbit Securities Co Ltd, Akiba Commercial Bank and Sumaria Group. Raphael has extensive knowledge and working experience in equities, fixed income, and foreign Exchange. Prior to joining Zan Securities Ltd, Raphael worked with Vertex International Securities Ltd as Head of Operations responsible for all dealing and operations activities. He is the current Secretary of the Tanzania Stock Exchange Brokers Association (TSEBA).

Mrs. Judith Kokubanza Ndisi (1953) (Tanzanian) holds MA Economics, Ohio University, OHIO USA and a BA in Economics, Waynesburg College, PA, USA.

Mrs. Ndisi is currently a Financial Sector Development Specialist. She is a Consultant - World Bank Group and a Consultant - Industrial and Commercial Bank of China (ICBC Asia). She was previously the Director of Financial Markets

at the Bank of Tanzania from 2009 to 2013 whereby her primary responsibilities included Implementation of monetary policy, through the use of Open Market Instruments (Sale of Treasury Bills, Treasury Bonds Repos), Management of Foreign Reserves and Management of Government Credit Guarantee Schemes to facilitate financial Institutions in providing credit.

Her other previous positions includes Deputy Director in the Department of Domestic Markets, Principal Economist in the Directorate of Research and Economic Policy, Senior Economist in the Directorate of Exchange Control and Third Assistant - Foreign Exchange Department.

Professionally Mrs. Ndisi has the following accomplishment. She facilitated the introduction of various market instruments for the Bank e.g. Treasury Bills auctions (1994/1995); introduction of different systems to enhance market trading (e.g. Transit Trade Monitoring System) (1990); she has designed different Rules and regulations e.g. Tailor made Master Repurchase Agreement for Repo operations.

Mr. Arphaxad G. A. Masambu (1958) (Tanzanian) holds Master of Economics from the Australian National University, Canberra, Australia; a BA degree in Economics (Hons) from the University of Dar es Salaam and a Graduate Diploma in Economics at the Australia National University. He is licensed in Stock Broking, Investment Advisory and Securities Dealership Business by the Capital Markets and Securities Authority (CMSA). He also holds a Certificate in Financial Markets Development and Financial Securities Trading (i.e. Bonds and Treasury Bills Trading); and a Certificate in Directorship and Corporate Governance from Tanzania Institute of Directors.

Mr. Masambu is currently the General Manager and Board Member of TIB Rasilimali Limited; Member of the Primary Markets, Trading and Programmes Steering Committee of the DSE; Board Member of the TCCIA Investment Co. Ltd. as well as the Investment and Risk Committee Member of TCCIA Investment Co. Ltd. He has also served as a Board Member of TOL Gases Ltd from 1999-2005 and from Nov. 2009 - May 2014; and Audit Committee Member of TOL Gases Ltd from 2009 -May 2014.

Mr. Masambu had also worked as an Investment/Development Banker (TIB (1988-1998): Research & Development; Project Appraisal, Monitoring & Supervision; Planning and Control Officer (RDD Shinyanga / World Bank Project-RIDEP (PMO); and Manpower Planner at the Ministry of Labour and Manpower Development (1985-1989).

Mrs. Miriam Jeremiah Solomon (1954) (Tanzanian) holds an MBA Finance - University of Dar es Salaam, a BCom Marketing - University of Dar es Salaam and a Diploma in Business Administration, College of Business Education.

Mrs. Solomon is currently the Chief Marketing Officer of Solomon Stockbrokers Ltd. She has been with Solomon Stockbrokers Ltd since 2007 serving under various capacities. Prior to working with Solomon Stockbrokers Ltd, she worked with TARETO BUREAU (1992-1998) as a Treasurer dealing with trading of foreign Exchange, training and supervising of foreign Exchange traders, planning of company liquidity and liquidity management.

Mrs. Solomon has extensive knowledge and experience in capital markets which she gained upon working with various institutions on different positions including Unit Trust of Tanzania Transactions (Umoja Fund and others); Lead Advisor for CRDB Bank Rights Issue, Public offering and listing at the DSE (2009).

Mrs. Solomon has attended various trainings including capacity building on market research activities by Kestrel Capital (E.A) Ltd in 2015; Going for Inclusive Growth Building Capital Market Capacity in Tanzania by the London Stock Exchange Group in 2014 and DSE Traders Course in 2005.

Mr. Alfonso Rodriguez (1969) (Spanish) - He is the Managing Director of Tanzania Portland Cement Company Ltd (TPCC) Partly owned by Heidelberg Cement Group since November 2013.

Mr. Rodriguez is a holder of MBA Finance & Marketing major; a Master's Degree in Real-Estates Development and has had extensive trainings related to the cement industry as well as various leadership courses.

Prior to joining TPCC he worked in USA, Spain, China, Senegal, Egypt and Gambia. Alfonso joined Heidelberg Cement in 2011 as Managing Director of CimBenin, a Heidelberg Cement subsidiary in Benin-West Africa, a position he held until his appointment to TPCC-Tanzania, also a Heidelberg Cement Company.

Alfonso is a hands-on strategic professional with strong expertise in Finance and Commerce. As the leader of the TPCC Management Team, he is responsible for ensuring that the company attains its Commercial, Operational Risk, and Financial goals. Alfonso draws strength from Heidelberg Cements company's philosophy & culture, and hence continues to steer TPCC to growth with positive margins year after year. Today, TPCC is a market leader and one of the largest corporates in Tanzania.

Mr. Waziri S. E. Barnabas (1965) (Tanzanian) holds a Bachelor of Commerce (Accountancy) - University of Dar es Salaam, Tanzania, a Certified Public Accountant (CPA) and a Chartered Institute of Bankers.

Mr. Waziri is currently the Chief Financial Officer of the National Microfinance Bank PLC (NMB) (2009 to date). He has over ten years' experience in banking industry. He had previously served as Senior Manager Finance & Control at the NMB (2008-2009); Head of Finance at Barclays Bank Tanzania Limited (2005-2008); Head of Business Finance at Standard Chartered Bank Tanzania Limited (2002-2005); Financial Controller Standard Chartered Bank Tanzania Limited (2001-2002); Financial Controller at Barclays Bank Tanzania Limited (2000-2001); Treasury, Finance and Accounts Manager International Bank of Malaysia (1998-2000) and Fx / Money Markets Dealer at Stanbic Bank Tanzania Limited (1994-1997).

Mr. Waziri has attended various courses and workshops including Customer Care, Achieving Market Leadership, Liquidity Management, yearly post budget speech reviews (KPMG, PwC, Deloitte & Touche) Q12 Surveys by Gallup, Presentation Skills, Personal Finance Management, Seminars organized by PwC on IAS, Strategy & Management in Banking Program.

Ms. Juliana Sweke (1967) (Tanzanian) holds a Masters in Business Administration - MBA 1995 - 1997 and Bachelor of Commerce & Management (Accounting) 1988 - 1992 both from the University of Dar Es Salaam, DePartment of Commerce and Management.

Ms. Sweke is a Certified Public Accountant CPA (T) 1997-98 by the National Board of Accountant and Auditors-NBAA with competencies across all Financial and Accounting functions including information systems (data integrity), Financial Management, People Management: with proven managerial, administrative, marketing, analytical and public relations skills.

Ms. Sweke is currently the Head of Country Business (Tanzania) at the East African Development Bank whereby her responsibility include overseeing all the Bank's operational activities in the Tanzania country office. She had previously served as the Finance Manager at the East African Development Bank 2011 - 2013 whereby her responsibility included to take charge of the Investment and Reporting function of the Bank and responsible for the budget preparation and control.

Ms. Sweke has over ten years' experience in banking industry. She was the Head of Finance at the Stanbic Bank Tanzania 2006 - 2010 whereby her overall responsibility was in charge of all operations of the Finance Department at the Bank; Finance Manager at the Eurafrican Bank (T) Ltd - now Bank Of Africa 2004 - 2006 whereby she was responsible for

overseeing the Bank's Finance Department; Manager - Statutory Reporting and Tax at the National Bank of Commerce 1998 - 2004 and Senior Internal Auditor at the Tanzania Electricity Company 1992 - 1998.

Mr. Moremi Marwa (1976) (Tanzanian) holds a Masters of Business Administration (MBA) in Finance (MBA) and a Bachelor of Commerce in Accounting both from University of Dar es Salaam. Mr. Marwa is a Certified Public Accountant (CPA) and he also holds the ACI (Financial Markets Association) Treasury Operations Certificate. He is licenced by the Capital Markets & Securities Authority (CMSA) as Authorized Dealers Representative and Authorized Investment Adviser, he is also a Licensed DSE Floor Trader. He also attended various Executive Leadership courses at the Harvard Business School and the Aspen Institute both in USA and also while with Ernst and Young and Deloitte.

Mr. Marwa is currently the Chief Executive Officer (CEO) of the Dar es Salaam Stock Exchange. He has over ten years of broad experience in financial markets and senior management in multiple institutions. Prior to joining the DSE he was the CEO of Tanzania Securities Limited (TSL), a securities brokerage, fund management and advisory firm.

Before joining TSL, Mr. Marwa served in the executive capacity at Ernst & Young and Deloitte where he was responsible in leading assignments related to corporate finance and transaction advisory assignments that have included strategy developments and reviews, corporate finance structuring, capital raising, transactions support, syndicated loans structuring and reviews, valuations and financial modelling, investment advisory, feasibility studies and business plans.

Mr. Marwa also worked in the banking sector with Barclays Bank and Bank of Africa before he joined Deloitte & Touché in 2006.

Mr. Marwa is the Board Member of the DSE, a Member of the Tanzania Private Sector Foundation (TPSF)'s Governing Board Committee, a Committee Member of the SELF Microfinance Fund and Member of the Tanzania CEOs Round Table Forum. He is currently the Vice Chairperson of the SADC Stock Exchange's Association (CoSSE) and Chairperson of the Market Development Committee for CoSSE.

6.6 Senior Management Team

MOREMI MARWA

Holds a Masters of Business Administration (MBA) in Finance and a Bachelor of Commerce in Accounting both from University of Dar es Salaam. Mr. Marwa is a Certified Public Accountant (CPA) and he also holds the ACI (Financial Markets Association) Treasury Operations Certificate. He is licenced by the Capital Markets & Securities Authority (CMSA) as Authorized Dealers Representative and Authorized Investment Adviser, he is also a Licensed DSE Floor Trader. Mr. Marwa has also attended various Executive Leadership courses at the Harvard Business School and the Aspen Institute both in USA and also while with Ernst and Young and Deloitte.

Mr. Marwa is currently the Chief Executive Officer (CEO) of the Dar es Salaam Stock Exchange. He has over ten years of broad experience in financial markets and senior management in multiple institutions. Prior to joining the DSE he was the CEO of Tanzania Securities Limited (TSL), a securities brokerage, fund management and advisory firm.

Before joining, Mr. Marwa served in the executive capacity at Ernst & Young and Deloitte where he was responsible in leading assignments related to corporate finance and transaction advisory assignments that have included strategy developments and reviews, corporate finance structuring, capital raising, transactions support, syndicated loans structuring and reviews, valuations and financial modelling, investment advisory, feasibility studies and business plans.

Mr. Marwa also worked in the banking sector with Barclays Bank and Bank of Africa before he joined Deloitte & Touché in 2006.

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For two consecutive years (2014 and 2015), The Institut Choiseul of France chose Mr. Marwa as one of the Top 100 Young Economic and Business Leaders for Africa.

MARY STEPHEN MNIWASA

Mary is a holder of Master of Laws (LLM) degree majoring in Corporate Law and Banking Law from the University of Dar Es Salaam and a Bachelor of Laws (LLB) (Hons) degree from the same university. Mary is also a registered and practicing Advocate, Notary Public and Commissioner for Oaths.

Mary is the Legal Counsel cum Corporate Affairs Manager for the Dar Es Salaam Stock Exchange (DSE). She joined the DSE in 2007. She has more than fifteen years' experience as a Company Secretary/corporate lawyer.

As the DSE's Legal Counsel, she has been serving as the Country's Coordinator of the Securities Industry Training Institute under the East African Securities Exchanges Association. She is also a member of the Capital Markets Technical Working Group for preparation of East Africa Community (EAC) Council Directives that harmonizes the EAC Capital Markets, Legal and Regulatory Framework.

Before joining DSE, Mary worked with the Institute of Finance Management as a Legal Counsel for nine years and prior to that, she worked with CMC Land Rover (Tanzania) Limited as a Company Secretary for one year.

Mary attended a number of training programs on capital markets operations; securities markets supervision; commodity Exchange market intermediaries' certification; securities markets surveillance and investigation etc. conducted by national, regional and international institutions. While at the Institute of Finance Management, she attended various poverty alleviation programs conducted by the Tanzania Global Development Learning Centre.

IBRAHIM M. MSHINDO

Mshindo holds a Master's of Science in Finance (MSc. Finance) from Strathclyde University Business School, Glasgow Scotland - UK and Advanced Diploma in Accountancy (IFM). He is also a Certified Public Accountant - CPA (T) and a holder of Civil Engineering Certificate in water works (FTC). Mshindo has attended several short courses on corporate finance, capital markets, and stock market operations local and internationally.

Mshindo is the Manager for Finance and Research Department for the Dar es Salaam Stock Exchange (DSE). Before being relocated to this position in June 2014 he was the DSE Research and Market Development Manager for 2 years.

Mshindo has more than 25 years' experience in both private and public sectors; prior to joining the Stock Exchange in November 2008 he was working with logistics companies as Head of Finance from year 2000. Before that in 1980's, he worked with the then Ministry of Water and Energy as Civil Engineering Technician -Water Works for more than 4 years.

His area of expertise includes: corporate finance, financial modelling, company's valuation, financial management, financial accounting, projects management and civil engineering.

EMMANUEL FRANCIS NYALALI

Nyalali is a holder of MSc. Software Systems Technology, University of Sheffield, UK and Advanced Diploma in Computer Studies from Association of Computer Professionals (ACP), UK. Nyalali also attended various courses in securities and capital markets within and outside the country.

Nyalali is the DSE's Manager, Trading and Market Data, from July, 2015. Before that he was the Operations Manager from 2002 to June, 2015 and Systems & Operations Officer, from February, 1997 - 2002.

Nyalali is currently a member of the East Africa Regional Technical Working Group - Market Infrastructure and the Technical Committee of the East African Stock Exchanges Association (EASEA). He also had been a member of the Technical Team, Financial Sector Support Project, Financial Markets component, from 2008-2013.

Nyalali has played a major role in automation of the Exchange's operations including Automated Trading System and Central Depository System. He actively participated in preparation and review of the DSE's Rules and the operationalization of the DSE's key ICT infrastructure including Wide Area Network and a fully functional disaster recovery site.

Nyalali is skilled in Securities Market Regulations, Securities market operations, Settlement risks management, Business Continuity Planning, Information Security Management, Team Building, Change Management and Process Improvement.

BENITHO KYANDO

Kyando is a holder of Master of Business Administration (MBA) from Open University of Tanzania and Bachelor of Science in Computing and Information Systems from London Guildhall University. He has attended several seminars and workshops in Information Technology (IT), Corporate Governance, Management, Business Continuity, Capital Markets and Payment Systems for regional integration.

Kyando is the DSE's Manager, Central Securities Depository (CSD) and Registry Services.

Kyando has been working with the Exchange for the past twelve (12) years in the capacities of Systems and Operations Officer and Senior Operations Officer. Furthermore, he was the pioneer for the establishment and operationalization of the Registry Services at the Exchange. He is also, the Business Continuity Management (BCM) Coordinator.

Kyando has extensive knowledge and experience in operating the central securities depository systems, having worked from the time when DSE conducted its trading sessions through continuous open outcry to automated trading systems. He has been a key figure and pivotal for the successfulness of system implementation, system upgrades and system migrations at DSE.

PATRICK MUSUSA

Patrick holds a Bachelor's degree in Accounting & Law from Manchester University, UK and a Masters in Business Administration from Warwick Business School, UK.

Patrick joined Dar es Salaam Stock Exchange PLC in June 2015 as Manager of Projects and Business Development. In his capacity as manager of projects he provides oversight and reports on all DSE projects. As a manager of business development he is responsible for leading and coordinating the Exchange's efforts to list new companies on the equities markets as well as other financial instruments. He also manages the public relations activities of DSE, ensuring that news on the performance of the capital markets is broadcasted consistently and accurately in local media.

Before joining DSE Patrick Mususa managed projects for 5 years and off-balance sheet recoveries for 2 years in the banking sector of Tanzania. Since joining the Exchange Patrick has successfully launched the DSE Mobile Trading service; coordinated listing events for commercial bonds and rights issues; and helped to build significant efficiencies in our settlement processes.

PART 7: RISK FACTORS

The Board has overall responsibility for the establishment and oversight of the Company's risk management framework. As part of its governance structure, the Board has embedded comprehensive risk management framework for setting up appropriate risk limits, identifying, measuring, controlling and monitoring of the Company's risks.

Investing in equity of any company entails some investment risk. The occurrence of risk in investment can adversely affect Company's share price, earnings, market value, financial position and future prospects. Taking into account the risk involved the Company made profound developments in the identifying and managing risk. Prospective investors should carefully consider the risks put forth below including any other relevant information contained in the Prospectus before making an investment decision.

7.1 Policy Reviews

Risk management policies and systems are reviewed regularly to reflect changes in the market conditions and the Company's activities. The Company through its training and management standard and procedures aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Board oversees how management monitors compliance with the company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks avenues.

7.2 Risk Relating to Issuer

7.2.1 Financial Risks

Financial risks include credit, liquidity and market risks. The Company's overall risk management policies are set out by the Board and implemented by the Management. These policies involve identification, evaluation, mitigation and monitoring of such risks. The most important type of risks in this group are:

Credit Risk

Credit risk is the risk of financial loss to the Company. The Company take on exposure to credit risk, which is the risk that a counterparty will default on its contractual obligation causing a financial loss to the DSE by failing to discharge an obligation. DSE evaluates the creditworthiness of its customers taking into account their present and past financial positions to establish credit quality of each customer.

Liquidity Risk

Liquidity risk is the risk that the DSE will not be able to meet its financial obligations when they fall due. The DSE's approach in managing liquidity is to always ensures that it has sufficient cash balances to meet its liabilities when due under both normal and distressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. Continuously monitoring of present and future Cash flows as well as financial liabilities maturity is paramount as it gives DSE management assurance in servicing its financial obligations when falling due. However, this excludes the potential impact of extreme circumstances that cannot reasonably be predicted.

7.2.2 Operational Risks

The Exchange is exposed to operational risks that may arise from inadequate or failed internal processes, personnel, systems, technology and other unforeseen external events. It is in the core interest of DSE management to ensure that operational risk are managed effectively to minimize the possible financial losses and company reputation.

The Exchange has adequate operational risk policies and framework that cater for mitigation of these risks. Risk management policies and systems are reviewed regularly to ensure all controls remain adequate in minimizing inherent operational risk. The Company initiatives aim to develop a disciplined and constructive control environment, in which all employees understand their roles and obligations.

7.2.3 Compliance Risk

This risk exposes the Exchange to fines, civil money penalties, payment of damages, and the voiding of contracts. The risk evolves from non-compliance with the regulatory guidelines which is the current and prospective risk to earnings or capital arising from violations of, or noncompliance with, laws, regulations, prescribed internal policies and procedures, or ethical standards.

The DSE is exposed to tax risk which is risk associated with the changes in tax rates and laws, misinterpretation of tax laws and regulations which could have an adverse impact on the DSE and its customers. In this regard, DSE has set a compliance function that oversees the policies governing the detection, prevention, monitoring and reporting of compliance risk for both regulatory and internal controls.

7.2.4 Strategic Risk

Strategic risks are those risks that arise from formulation of strategic plans, business plans and implementation of plans that are inappropriate and inconsistent with internal factors and the external environment which may in turn affect earnings, capital fund or viability of the business. To avert strategic risks, the Board of Directors and Senior management carefully formulates strategic and business plans, supportive to corporate governance and putting in place internal infrastructure appropriate for implementation of the strategic plan. Strategy performance implementation is reviewed from time to time based on new market dynamics.

7.3 Risk Relating to Market

The Company takes on exposure to market risks, which is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risks arise from open positions in interest rate, currency and equity products, all of which are exposed to general and specific market movements and changes in the level of volatility of market rates or prices. The Company separates exposures to market risk into either trading or non-trading portfolios.

7.3.1 Interest rate Risk

Interest rate risk arises mainly due to the fluctuations in the interest rates in the market. The DSE exposure on interest rates fluctuations is mainly on its investment in fixed interest securities. Interest related investments have an impact in the DSE's cash flow whereby the future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The DSE management has taken due care on mitigating interest rate related risk by monitoring and regular review on interest rate movement in the money market and adjusting its interest related investment portfolios accordingly. Currently the Company is not exposed to significant interest rate risk as it does not have external funding or debt instruments.

7.3.2 Foreign Exchange Risk

Foreign Exchange risk arises on financial instruments that are denominated in a foreign currency. DSE undertakes certain transactions denominated in foreign currencies. However, the exposure to the exchange rate fluctuation is low.

7.3.3 Price Risk

The Company is not exposed to equity securities price risk as it currently has no investment in listed shares.

7.3.4 Regulatory Framework

The DSE operations are affected by local, regional and other international regulations such as CMSA and the International Organization of Securities Commissions (IOSCO). The Regulator has powers to license/approve another Stock Exchange. In such an event this will create competition to DSE.

7.3.5 Country and Political Risks

These are risks that arise as a result of investing in a country whereby possible changes in the business environment may adversely affect the revenues of the company. Country risk varies from one country to another depending on political atmosphere within that country.

Tanzania, like the majority of developing countries, is subject to certain political, economic and social events that may individually or collectively, create risks for investors. These risks are more difficult to predict and measure than in developed countries. However, Tanzania's political arena is safe for business practice.

7.4 Risk Relating to the Issued Shares

Investing in shares involves some risks that are related to:

7.4.1 Loss of Capital

An investment in the share market has no guarantee as share prices can fluctuate depending on the market forces and risk related to particular sector of the listed companies. The fluctuations may affect investor's share value. Investors should consult their Stockbrokers, Investment Advisor, Financial Advisor, Bankers or other relevant professional advisor, who specializes in advising on the acquisition of shares.

7.4.2 Company Delisting

Noncompliance with the regulations and rules set by the relevant Authorities (CMSA and DSE) may lead to suspension of share trading and/ or delisting of the shares.

7.4.3 Timing risk

Due to market movement circles, shares can have a higher degree of risk when the overall share market price rise or fall sharply. Understanding business cycles and how different companies perform during the different stages of the business cycle can help to manage the effects of timing risk.

PART 8: STATUTORY AND GENERAL INFORMATION

8.1 Incorporation Details

The Dar es Salaam Stock Exchange PLC (formerly known as Dar es Salam Stock Exchange Limited) was incorporated in 1996 under the Tanzania Companies Act, 2002 (herein after, the Companies Act) as a limited liability company by guarantee and was issued with Registration number 30664. Operations of the DSE started in April, 1998. In 29th June 2015, the Company changed its legal name from Dar es Salam Stock Exchange Limited to Dar es Salaam Stock Exchange PLC.

8.2 Registered Office of the Company

The registered office of the Exchange is situated on 14th Floor, Golden Jubilee Towers, Ohio Street Dar es Salaam and its postal address is P.O Box 70081, Dar es Salaam, Tanzania.

8.3 Authorized and Issued Share Capital

The authorized share capital of the DSE as at 30th June 2015 was TZS.20,000,000,000.00 divided into 50,000,000 Ordinary Shares of TZS.400.00 each. The Board of Directors allocated 1 share of 400 each during the process of incorporation from mutual entity to demutualized entity.

The holders of Ordinary Shares are entitled to receive dividends declared from time to time.

8.4 Shareholders

	NAME OF SUBSCRIBER	Number of shares
1	National Insurance Corporation (T) Ltd	1
2	CRDB Bank PLC	1
3	Solomon Stock Brokers Limited	1
4	Tanzania Securities Limited	1
5	Vertex International Securities Limited	1
6	Orbit Securities Company Limited	1
7	E.A Capital Limited	1
8	Tanga Cement Company Limited	1
9	Tanzania Tea Packers Limited	1
10	DCB Commercial Bank PLC	1
11	Tanzania Posts Corporation	1
12	Tanzania Mortgage Refinance Company Limited	1
13	CORE Securities Limited	1
14	TIB Rasilimali Limited	1
15	Tanzania Breweries Limited	1
16	Twiga Bancorp Limited	1
17	UTT Asset Management and Investor Services PLC	1
18	Exim Bank (Tanzania) Limited	1
19	Zan Securities Limited	1
20	National Board of Accountants and Auditors	1
	Total	20

8.4 Extracts from the Memorandum and Articles of Association

The key features of the Company's Memorandum and Articles of Association are as follows:

8.4.1 Memorandum

The objects for which the company is established are among others:

- (a) To carry out and regulate the affairs of a Stock Exchange and of dealers and in Particular and in accordance with the provisions of the Act to formulate rules for the admission or non-admission of licensed dealing members and CSD account operators, including the required standards of competence and professionalism;
- (b) To fulfill a responsibility to the general public for the maintenance of probity in investment matters and in Particular to formulate rules for disclosure of all material information necessary for investors to make informed investment decisions;
- (c) To provide, regulate, maintain facilitates and suitable premises for conducting the business of a stock Exchange;

8.4.2 Articles

8.4.2.1 Transfer of shares

The major provisions read as follows:

"16. Transfer of shares shall be free subject to requirement as to instrument of transfer and provided that rules of the Stock Exchange in respect thereof are complied with.

17. The registration of every probate, letters of administration, certificate of death or marriage, power of attorney, or other instrument relating to or affecting the title to any share shall be done in accordance with the rules of the Stock Exchange for the time being applicable."

8.4.3 Alteration of Capital

The Share capital of the Company can be increased by an Ordinary Resolution, as spelt out in Article 11 of the Articles which reads as follows:

"11. The Company from time to time may by:

1. ordinary resolution:

- (a) consolidate and divide all or any of its share capital into shares of larger amount than of its existing shares;
- (b) sub-divide its shares or any of them into shares of smaller amount than is fixed by the Memorandum (subject, nevertheless, to a provisions of Section 65(1)(d) of the Act), and so that the resolution whereby any share is sub-divided may determine that as between the holders of the shares resulting from such sub-division one or more of the shares may have any such preferred or other special rights over, or may have such qualified or deferred rights or be subject to any such restrictions as compared with the other or others as the Company has power to attach to un-issued or new shares;
- (c) cancel any shares which at the date of the passing of the resolution have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount of the shares so cancelled;

- (d) vary, modify or amend any rights attached to any shares not yet issued; and may also by special resolution; and
- 2. special resolution, reduce its share capital or any capital redemption reserve fund or any share premium account in any manner and with and subject to any circumstance authorized by the Act”.

8.4.4 General Meeting

The relevant provisions in the Articles of Association pursuant to the General Meeting are as follows:

- “24. The Company shall in each year hold its annual general meeting in addition to any other meetings in that year, and shall specify the meeting as such in the notices calling it. The annual general meeting shall be held at such time and place as the Board shall appoint.
- 25. All general meetings other than annual general meetings shall be called extra-ordinary general meetings.
- 26. The Board may, whenever it deems fit, convene an extra-ordinary general meeting, and extra-ordinary general meetings or, in default, may be convened by such requisitions, as provided by section 134 of the Companies Act. If at any time there are not within Tanzania sufficient Directors capable of acting to form a quorum, any Director or two members of the company may convene an extra-ordinary general meeting in the same manner as nearly as possible as that in which meetings may be convened by the Board”.

Notice to the General Meetings

- “27. Every general meeting shall be called by fourteen days’ notice in writing at the least. The notice shall be exclusive of the day on which it is served or deemed to be served and of the day for which it is given, and shall specify the place, the day and the hour of meeting and, in case of special business, the general nature of that business and shall be given, in manner hereinafter mentioned or in such other manner, if any, as may be prescribed by the Company in general meeting, to such persons as are, under the Articles of the Company, entitled to receive such notices from the Company”.

8.4.5 Proceedings of General Meetings

The proceedings of the Company are governed by Article 30 to Article 40 of the Articles, which, inter alia, provide for quorum of half of the members of the paid up issued capital including the proxies. Some of the Articles read as follows:

- “30. All business shall be deemed special that it transacted at an extra-ordinary general meeting, and also all that is transacted at any annual general meeting, with the exception of the consideration of the accounts, balance sheets, and the reports of the Board and auditors, the election of Directors and the appointment of, and the fixing of the remuneration of the auditors.
- 31. No business shall be transacted at any general meeting unless a quorum of members is present at the time when the meeting proceeds to business; save as herein otherwise provided, a simple majority of members present in person by proxy or by representative shall be a quorum. A corporation being a Member shall be deemed for the purpose of this Article to be personally present if represented by proxy or in accordance with the provisions of Section 141 of the Act.
- 32. If within half an hour from the time appointed for the meeting a quorum is not present, the meeting, if convened upon the requisition of members, shall be dissolved; in any other case it shall stand adjourned to the same day in the next week, at the same time and place as the Board may determine, and if at the adjourned meeting a quorum is not present within half an hour from the time appointed for the meeting the members present shall be a quorum.

33. The Chairman of the Board shall preside as Chairman at every general meeting of the Company, or if there is no such Chairman.
34. If there is no such Chairman or if at any meeting the Chairman is not present within fifteen minutes after the time appointed for holding the meeting, the members present shall choose any of the Directors present at the meeting to act, or if only one Director is present and if willing to act, he may preside as Chairman. If no Director is present, or if all Directors present decline to take the chair, the members present shall choose one of their number to be Chairman of the meeting."

8.4.6 Votes of Members

- "41. Every Member who (being an individual) is present in person or (being a government or corporation) is present by a representative duly authorized under Section 141 of the Act shall have one vote for each share of which he is a holder. On a poll every Member who is present in person or by proxy shall have one vote for each share of which he is a holder, provided that the Capital Markets Development Fund shall have only one vote regardless of the number of shares it holds.
42. In the case of joint holders of shares the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders, and for this purpose seniority shall be determined by the order in which the names stand in the Register.
43. A Member of unsound mind or in respect of whom an order has been made by any court having jurisdiction for the protection of persons incapable of managing their own affairs may vote, whether on a show of hands or on a poll, by his attorney, curator bonis or other person in the nature of the attorney or curator bonis appointed by such court, and such attorney, curator bonis or other person may vote on a poll by proxy.
44. No member shall be entitled to vote at any General Meeting unless all calls or other sums presently payable by him in respect of shares in the Company have been paid.
45. On a poll, votes may be given either personally or by proxy."

8.4.7 Board of Directors

The provisions relating to appointment of Directors are covered by Articles 55 to 61. The Directors are appointed as stipulated hereunder:

- "55. Unless and until otherwise from time to time determined by a special resolution of the Company, the number of Directors (excluding alternate directors) shall not be less than five (5) and not more than nine (9). If at any time the number of Directors falls below the minimum number fixed by or in accordance with these Articles or as permitted by law, the remaining Directors may act for the purpose of convening a general meeting or for the purpose of bringing the number of Directors to such minimum, and for no other purpose.
56. Every block of ten per cent (10%) of the issued and fully paid up share capital of the Company shall be entitled to nominate one (1) Director, provided that the Capital Markets Development Fund shall appoint only one Director regardless of the size of its ownership in the Company.
57. Every member with ten per cent (10%) or more of the fully paid up share capital of the Company shall be entitled to appoint a Director. Members owning between one per cent (1%) and ten per cent (10%) of the fully paid up share capital of the Company shall jointly be entitled to elect a Director for every ten per cent (10%) of the paid up shares held, provided that any part of ten per cent (10%) which does not by itself add up to a

whole of ten per cent (10%) shall not be entitled to elect a Director. Members owning less than one per cent (1%) of the fully paid up share capital of the Company shall jointly elect one (1) Director and additionally one (1) Director for every ten per cent (10%) of the paid up shares held.

58. Subject to Article 55, the Board may consist of five (5) or seven (7) non - executive and one (1) or two (2) Executive Director(s). In the event of an executive Director being appointed to be a member of the Board, such a member shall be a Chief Executive. In the event no executive Director is appointed to be a member of the Board, the Chief Executive shall have a right to notice of all meetings of the Board and to attend and speak at all or any such meeting but shall not have any voting rights in the Board.
59. The Member shall have power at any time, and from time to time, to appoint any person to be a Director, either to fill a casual vacancy or as an additional to the existing Directors, but so that the total number of Directors shall not at any time exceed the number fixed in accordance with the Articles. Any such appointment for filling in a vacancy shall be made by the member who had initially nominated the Director who has ceased to be a Director in accordance with the provisions of Articles 56 and 57.
60. A Director shall not be allowed to borrow from the Company and shall not be financially interested in the Company other than as a shareholder and / or Director.
61. A Director shall not require any share qualification.

8.4.8 Proceedings of the Board

88. A Committee may meet and adjourn as it thinks proper. Questions arising at any meeting shall be determined by majority of votes of the members present, and in the case of an equality of votes the Chairman shall have a second or casting vote. A member of the Board may vote in respect of any contract in which he is interested or any matter arising therefrom, provided that he shall first have disclosed his interest and the nature thereof prior to exercising such vote.

8.4.9 Dividend Policy

Pursuant to Article 91 to Article 98 of the Articles of Association, dividends are payable as follows

91. The Members shall, unless they agree otherwise in relation to any financial year, take all steps to ensure that the Company shall, on recommendation of the Board and subject to its present and reasonably anticipated future requirements for working and expansion capital, and provided that the Company does not borrow funds in excess of its funding policy and gearing ratio from time to time to enable it to pay the dividend, declare and pay dividends in accordance with Article 92 hereof, in each of its financial years, which declaration and payment shall be made within ninety (90) days after the declaration of the dividend by Members at General Meeting. No dividend shall be declared in excess of the amount recommended by the Board.
92. No dividend shall be declared by the Company:
 - (a) Which is prohibited by any legal commitment binding upon the Company from time to time or inconsistent with the provisions of the Companies Act;
 - (b) Which would render the Company unable to pay its debts as and when they fall due.
 - (c) The amount of which should reasonably be retained as a provision for corporation tax or other tax liabilities or for other actual liabilities of the Company;
 - (d) Except out of the profits of the Company.

93. All dividends shall be declared and paid according to the amounts paid up on the shares in respect whereof the dividend is paid, but no amount paid up on a share in advance of calls shall be treated for the purposes of this Article as paid up on the share. All dividends shall be apportioned and paid pro rata according to the amounts paid up on the shares during any portion or portions of the period in respect of which the dividend is paid; but if any share be issued on terms providing that it shall rank for dividend as from a particular date such share shall rank for dividend accordingly.
94. The Board may from time to time pay to the Members such interim dividends as appears to the Board to be justified by the position of the Company; the Board may also pay the fixed dividend payable on any preference shares of the Company half-yearly or otherwise on fixed dates, whenever such position, in the opinion of the Board, justifies that course.
95. No dividend shall bear interest against the Company.
96. Any dividend, interest or other sum payable in cash to the holder of shares may be paid by effecting deposits to Members' bank accounts or by cheque addressed to the holder at his registered address or, in the case of joint holders, addressed at his registered address to the holder whose name stands first on the Register in respect of the shares or by telegraphic transfer. Every such cheque or telegraphic transfer shall, unless the holder otherwise directs, be made payable to the order of the registered holder or, in the case of joint holders, to the order of the older whose name stands first on the Register in respect of such shares, and shall be sent at his or their risk. Any one two or more joint holders may give effectual receipts for any dividends or other moneys payable in respect of the shares held by such joint holders.
97. Any General Meeting declaring a dividend may, upon the recommendation of the Board, direct payment of satisfaction of such dividend wholly or in part by the distribution of specific assets, and in particular of paid-up shares or debentures of any other company, and the Board shall give effect to such direction, and where any difficulty arises in regards to such distribution the Board may settle it as it thinks expedient, and in particular may fix the value for distribution of any such specific assets and may determine that cash payments shall be made to any Members upon the footing of the value so fixed in order to secure equality of distribution.
98. The Company shall maintain a stable dividend with a steady growth of yearly dividend payments based on sustainable profit levels and the Directors shall continue to review the dividend policy from time to time in light of the prevailing circumstances at such time and the need to plough back part of the profits in an effort to fund the Company investment program.

8.5 Documents for Inspection

- 1) The MEMARTS of 26th June 2015 as amended.
- 2) Board Resolution and AGM Members Resolution dated 30th April 2015 and 5th May 2015 respectively approving conversion of the DSE to a public company limited by shares.
- 3) Certified copies of the DSE Audited Accounts for the year ended June, 2013, 2014 and 2015.
- 4) The DSE Strategic Business Plan (2011/12 - 2016/17).
- 5) The DSE Business Valuation Report (November 2015)
- 6) The Reporting Accountants Report on the DSE Business.

PART 9: REPORTING ACCOUNTANT'S OPINION



10th May 2016

The Directors

Dar es Salaam Stock Exchange PLC

P. O. Box 70081

Dar es Salaam

Tanzania.

Dear Sirs,

REPORTING ACCOUNTANT'S REPORT ON THE DAR ES SALAAM STOCK EXCHANGE PLC's ("DSE") PROFIT FORECAST

We have examined the profit forecast of Dar es Salaam Stock Exchange PLC set out on page 45 for the 9 months period from April 2016 to 31 December 2016 in accordance with the International Standard on Assurance Engagements applicable to the examination of prospective financial information. Management is responsible for the forecast including the assumptions set out on page 47 on which it is based. The Management accounts for the 9 months period from July 2015 to March 2016 are unaudited management accounts.

Based on our examination of the evidence supporting the assumptions, except for the matters referred to in the below paragraphs, nothing has come to our attention, which causes us to believe that these assumptions do not provide a reasonable basis for the forecast. Further, in our opinion the forecast is prepared on the basis of the assumptions and is presented in accordance with the accounting policies normally adopted by Dar e Salaam Stock Exchange PLC.

The projections do not include an accrual of 10% contribution from the net income of the DSE to the Fidelity Fund as required as per Section 89(2) of the Capital Markets and Securities Act.

Moreover, an accrual for Corporate and Deferred Tax has also not been made as the DSE income is exempted from taxation as per Section 32 (a) of the Finance Act 2012.

Actual results are likely to be different from the forecast results since anticipated events frequently do not occur as expected and the variation may be material. Accordingly, we express no opinion on whether or not the forecast will be achieved.

Yours faithfully,



Nexia SJ Tanzania

Certified Public Accountants

Dar es Salaam

Signed by: Sujata Jaffer

REF: NSJ/DSE/2016

	Unaudited Management Accounts July 2015 - March 2016 TZS	Projections April - Dec 2016 TZS
Revenue		
Listing Fees	1,226,830,909	1,523,002,445
Transaction Fees	1,779,011,187	2,033,793,750
CSD Fee	396,552,119	203,640,000
Interest Income	295,154,779	637,500,000
Other Income	277,019,561	39,454,166
Total Revenue	3,974,568,555	4,437,390,361
Recurrent Expenditure		
Staff Related Costs	1,031,984,789	1,142,382,232
Administrative	681,925,635	570,228,177
Depreciation	130,626,743	222,104,763
Provision for Swissport shares claims	-	211,700,000
Provision for Fidelity Fund Remittances	-	-
Operating Cost	358,752,444	390,824,500
Market Development Costs 2015/16	27,356,434	490,385,313
Total Recurrent Expenditure	2,230,646,045	3,027,624,984
Operating profit before tax	1,743,922,510	1,409,765,377
Income tax expense	-	-
Net profit	1,743,922,510	1,409,765,377

PROJECTED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2016

TZS

ASSETS

Non-Current Assets	
Property and Equipment	2,702,266,674
Intangible Assets	200,584,629
Leasehold land	341,927,501
	3,244,778,804

Current Assets

Trade Receivables	665,608,554
Prepayments	57,023,795
Other Receivables	71,878,794
Short term Deposits	4,696,582,632
Cash and Cash Equivalents	7,153,365,278
	12,644,459,054

TOTAL ASSETS	15,889,237,858
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SHARE CAPITAL, RESERVES & LIABILITIES

Accumulated Fund	6,030,606,811
Share Capital	6,000,008,000
Revenue Grant	72,000,000
Share Premium	1,500,000,000
Capital Grants	1,467,332,538
Revaluation Reserve	348,119,433
Car Loan Fund	35,000,000
	15,406,353,411

Current Liabilities

Listing Received in Advance	202,332,425
Trade creditors and Other payables	280,552,022
	482,884,447

SHARE CAPITAL, RESERVES & LIABILITIES	15,889,237,858
--	-----------------------

Significant assumptions used in the preparation of the forecast include:

1. DSE will focus on consolidating and leveraging on the current, recent past and ongoing initiatives to encourage more listings, the increase in valuations of listed companies and in the creation of more liquidity. This activity will facilitate the generation of revenue exceeding the current levels.
2. The DSE will appropriately focus on initiatives and strategies that will enhance its profitability: these initiatives include deployment of strategies that will increase DSE's efficiency through better use of technologies and its human resources capabilities.
3. DSE will continue to emphasis on the introduction of new products and services that will enable it to diversify its sources of revenue - these will include: (i) Public engagements with both the government and private sector based potential new issuers of cash equity and debt instruments in the exchange; (ii) provide a platform that will encourage the introduction of second generation capital markets products such as Exchange Traded Funds, Real Estates Investment Trusts (REITS), Closed Ended Collective Investment Schemes and Financial Derives into the Exchange.
4. DSE will focus on creating strategic alliances with key stakeholders in each of its strategic initiatives in order to facilitate in the advocacy activities that will spur further growth of the Exchange.
5. There will be efficient capital investment in areas of great value creation for the Exchange's future.
6. There will be a favorable legal/regulatory and fiscal environment that will encourage the use of the Exchange by the public and private sector for their capital raising and investment needs.
7. There will be macroeconomic stability in the country [i.e. inflation, exchange rate and interest rate volatility will be contained in the short to medium term].
 - (a) The overall inflation rate is projected to remain at a single digit (assumed at 6.5%); and
 - (b) The exchange rate of TZS/USD will not be above 2,200.

As a result of the above; DSE projects:

- (a) The number of listed companies will increase to twenty seven (27 from the current twenty three (23) - two more companies are envisaged to list on the Main Market Segment and two more companies on the EGM Segment by December 2016.
- (b) The value of trade for fixed income market will decrease by 34 percent - TZS 380Bn to TZS 250Bn.
- (c) The value of trade for equities is expected to be TZS 870Bn (April to December 2016).
- (d) The Government (through the BOT) will continue to finance its budgetary plans through issuance of Treasury bonds -Estimated the Government will issue and list bonds worth TZS 1,300Bn and forecasted outstanding bonds as of December 2016 will be TZS 4,800Bn;



10th May, 2016

The Directors
Dar es Salaam Stock Exchange PLC
P. O. Box 70081
Dar es Salaam
Tanzania.

Dear Sirs,

REPORTING ACCOUNTANT'S REPORT ON THE DAR ES SALAAM STOCK EXCHANGE PLC ("DSE")

We are pleased to submit our Accountant's Report in accordance with the requirements of the Capital Markets and Securities (Prospectus Requirements) Regulations, 1997 (hereafter referred to as "the Regulations").

RESPONSIBILITIES

As directors of the Dar Es Salaam Stock Exchange PLC, you are responsible for the Prospectus, and for all information contained therein, and for the financial statements and information to which this Accountant's Report relates and from which it has been prepared.

It is our responsibility to form an opinion on the financial information set out on pages 51 to 83 in the Prospectus and to report our opinion to you.

A) FINANCIAL INFORMATION

The information required by these regulations to be disclosed in the Prospectus is set out on pages 51 to 83, which includes the audited financial statements for the years ended 30 June 2013, 30 June 2014 and 30 June 2015 of Dar es salaam Stock Exchange PLC (formerly "Dar es Salaam Stock Exchange Limited"), and these form an integral part of this report. We have made enquiries of management about the operations of the company and its accounting principles and practices, and have applied that knowledge in carrying out review procedures on the financial statements, the results of which are reported below.

The information has been compiled in accordance with International Standard on Related Services 4410 and Engagements to Compile Financial Statements ("ISRS 4410") from the audited financial statements of the Dar Es Salaam Stock Exchange PLC (formerly "Dar es Salaam Stock Exchange Limited") for the years ended 30 June 2013, 30 June 2014 and 30 June 2015.

The audited financial statements for the years ended 30 June 2013, 30 June 2014 and 30 June 2015 on pages 51 to 83 received an unqualified audit opinion.

KPMG were the auditors of Dar es Salaam Stock Exchange PLC (formerly "Dar es Salaam Stock Exchange Limited") for the year ended 30 June 2013, whilst Ernst & Young were the auditors for the years ended 30 June 2014 and 30 June 2015. We have not audited the financial statements from which the financial information on pages 51 to 54 was compiled, and accordingly express no assurance thereon.

B) REVIEW PROCEDURES

We have conducted a review of the audited financial statements of the Dar es Salaam Stock Exchange PLC (formerly "Dar es

Salaam Stock Exchange Limited") for the three years ended 30 June 2013, 30 June 2014 and 30 June 2015. We conducted our review in accordance with the International Standard on Review Engagements 2400, Engagements to Review Financial Statements ("ISRE 2400"). The objective of the review engagement is to enable us to state whether, on the basis of procedures which do not provide all the evidence that would be required in an audit, anything has come to our attention that causes us to believe that the financial statements are not prepared, in all material respects, in accordance with International Financial Reporting Standards. This Standard requires that we plan and perform the review with an attitude of professional scepticism, and obtain sufficient evidence primarily through enquiry and analytical procedures to be able to draw conclusions.

Our review procedures were limited primarily to inquiries directed to the Dar es Salaam Stock Exchange PLC's (formerly "Dar es Salaam Stock Exchange Limited") management and their auditors that we considered necessary.

A review carried out in accordance with ISRE 2400 is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion. However based on our review, except for the effects of the matters mentioned in the below paragraphs, nothing has come to our attention that causes us to believe that the audited financial statements of the Dar es Salaam Stock Exchange PLC (formerly "Dar es Salaam Stock Exchange Limited") for the years ended 30 June 2013, 30 June 2014 and 30 June 2015 do not give a true and fair view in accordance with International Financial Reporting Standards.

We have recommended some adjustments in the Dar es Salaam Stock Exchange PLC's (formerly "Dar es Salaam Stock Exchange Limited") financial statements in relation to an accrual of 10% to the Fidelity Fund of the net income of the DSE as per the requirements of Section 89 (2) of the Capital Markets and Securities Act. The amount to be accrued is TZS 18,635,454 for the year ended 30 June 2013, TZS 50,101,622 for the year ended 30 June 2014 and TZS 194,284,817 for the year ended 30 June 2015, and hence the total for the three years amounts to TZS 263,021,893.

On 26th June 2015, the Dar es Salaam Stock Exchange Limited changed its Registration status and name to Dar es Salaam Stock Exchange PLC. However, the audited financial statements for the year ended 30th June 2015 do not reflect the respective changes in its shareholding structure on grounds of materiality of the matter because the transaction involves only 20 ordinary shares issued and subscribed (by the initial subscribers) but was not paid for as at the year end.

Also, there could be an increase in potential liability arising from the reconciliation exercise being carried out by Innovex Auditors for the Shareholder's register of Swissport Tanzania Limited. The reconciliation may result into a claim payable to the shareholders and the amount will be determined once the reconciliation has been completed and the final report released. During the year ended 30 June 2015, the DSE had provided for TZS 20 million in relation to contingent liability arising from Swissport shares liability.

C) CONSENT

We consent to the inclusion of this report in the Dar Es Salaam Stock Exchange PLC Prospectus dated 10th May 2016 in the form and context in which it appears.

Yours faithfully,



Nexia SJ Tanzania
Certified Public Accountants
Dar es Salaam
Signed by: Sujata Jaffer
REF: NSJ/DSE/2016

DAR ES SALAAM STOCK EXCHANGE PLC

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEARS ENDED

	Notes	30 JUNE 2015 TZS	30 JUNE 2014 TZS	30 JUNE 2013 TZS
Revenue	8	4,162,515,878	2,144,151,093	1,393,722,921
Other income	9	668,199,816	1,205,686,686	692,220,957
Operating expenses	10	(557,618,038)	(268,978,633)	(238,162,067)
Staff costs	11	(1,134,665,805)	(1,044,006,089)	(956,669,830)
Administrative expenses	12	(749,322,474)	(548,580,787)	(564,629,686)
Project cost (Public Education Campaigns-EGM)	13	(401,375,975)	(961,891,343)	(37,786,169)
Depreciation and amortisation	7,17&18	(228,349,711)	(166,974,382)	(238,516,701)
Operating profit before financing		1,759,383,691	359,406,545	50,179,422
Finance income	14	183,464,487	143,309,463	144,412,543
Finance costs	15	-	(1,699,788)	(8,237,421)
Operating profit before tax		1,942,848,178	501,016,220	186,354,544
Income tax expense	16	-	-	-
Net profit for the year		1,942,848,178	501,016,220	186,354,544
Other comprehensive income				
Net other comprehensive income to be reclassified to profit or loss in subsequent periods, net of tax				
		-	-	-
Other comprehensive income not to be reclassified to profit or loss in subsequent periods (net of tax):				
Revaluation of land and buildings	7 & 18	370,264,433	-	-
Other comprehensive income , net of tax		370,264,433	-	-
Total comprehensive income, net of tax		2,313,112,611	501,016,220	186,354,544

DAR ES SALAAM STOCK EXCHANGE PLC

STATEMENT OF FINANCIAL POSITION

FOR THE YEARS ENDED

	Notes	30 JUNE 2015 TZS	30 JUNE 2014 TZS	30 JUNE 2013 TZS
ASSETS				
Non-current assets				
Property and equipment	7	235,873,414	308,351,252	421,418,885
Intangible asset	17	261,988,088	82,959,912	2,769,225
Leasehold land	18	350,000,000	37,559,192	40,000,000
		847,861,502	428,870,356	464,188,110
Current assets				
Trade receivables	19	582,399,522	290,969,120	277,837,446
Other receivables	20	121,102,608	80,741,429	122,834,210
Short term deposits	21	861,538,575	178,389,713	674,146,839
Cash and cash equivalents	22	2,474,860,243	1,630,708,740	740,338,915
		4,039,900,948	2,180,809,002	1,815,157,410
TOTAL ASSETS		4,887,762,450	2,609,679,358	2,279,345,520
EQUITY AND LIABILITIES				
Equity				
Accumulated fund		2,876,820,031	933,971,853	432,955,633
Revaluation reserve		370,264,433	-	-
Car loan fund	23	35,000,000	35,000,000	35,000,000
		3,282,084,464	968,971,853	467,955,633
Non-current liabilities				
Grant	24	1,116,296,745	1,177,250,109	1,285,938,428
		1,116,296,745	1,177,250,109	1,285,938,428
Current liabilities				
Grant	24	-	254,985,631	254,985,631
Provisions	26	91,242,744	17,762,544	47,762,544
Trade and other payables	25a	398,138,497	190,709,221	114,465,863
Short term borrowings	25b	-	-	108,237,421
		489,381,241	463,457,396	525,451,459
TOTAL EQUITY AND LIABILITIES		4,887,762,450	2,609,679,358	2,279,345,520

DAR ES SALAAM STOCK EXCHANGE PLC STATEMENT OF CHANGES IN EQUITY FOR THE YEARS ENDED

	Car Loan Fund (Note 23) TZS	Accumulated Fund TZS	Revaluation Reserve TZS	Total TZS
At 01 July 2014	35,000,000	933,971,853	-	968,971,853
Profit for the year	-	1,942,848,178	-	1,942,848,178
Other comprehensive income, net of taxes	-	-	370,264,433	370,264,433
Total comprehensive income, net of taxes	-	1,942,848,178	370,264,433	2,313,112,611
At 30 June 2015	35,000,000	2,876,820,031	370,264,433	3,282,084,464
At 01 July 2013	35,000,000	432,955,633	-	467,955,633
Profit for the year	-	501,016,220	-	501,016,220
Other comprehensive income, net of taxes	-	-	-	-
Total comprehensive income, net of taxes	-	501,016,220	-	501,016,220
At 30 June 2014	35,000,000	933,971,853	-	968,971,853
At 01 July 2012	35,000,000	246,601,089	-	281,601,089
Profit for the year	-	186,354,544	-	186,354,544
Other comprehensive income, net of taxes	-	-	-	-
Total comprehensive income, net of taxes	-	186,354,544	-	186,354,544
At 30 June 2013	35,000,000	432,955,633	-	467,955,633

DAR ES SALAAM STOCK EXCHANGE PLC

STATEMENT OF CASH FLOWS

FOR THE YEARS ENDED

	Notes	30 JUNE 2015 TZS	30 JUNE 2014 TZS	30 JUNE 2013 TZS
OPERATING ACTIVITIES				
Profit before taxation		1,942,848,178	501,016,220	186,354,544
<i>Adjustment to reconcile profit before tax to net cash flows:</i>				
Depreciation and amortisation	7,17&18	228,349,711	166,974,382	238,516,701
Interest expenses	15	-	1,699,788	8,237,421
Revenue grant - FSDT	24	-	(939,038,191)	(15,943,369)
Amortisation of capital grant	24	(324,096,614)	(69,110,983)	(155,770,857)
Foreign exchange difference	9	(25,978,263)	(13,526,346)	(2,500,000)
Increase in provision for impairment of trade receivables	19	-	10,835,996	-
Interest income	14	(183,464,487)	(143,309,463)	(144,412,543)
Gain on disposal of property and equipment	9	-	(8,150,000)	(2,191,738)
Cash flows before changes in working capital items		1,637,658,525	(492,608,597)	160,052,703
<i>Changes in working capital items:</i>				
(Increase) in trade receivables		(291,430,402)	(23,967,670)	(161,924,272)
Decrease/(Increase) in other short-term operating receivables		(40,361,179)	42,092,781	(13,329,269)
Increase/(Decrease) in legal cases liabilities		73,480,200	(30,000,000)	-
Increase in trade and other payables		207,429,276	76,243,358	(166,030,307)
Cash flows after changes in working capital items		1,586,776,420	(428,240,128)	(181,231,145)
Corporation tax paid	16	-	-	-
Interest paid		-	(1,699,788)	(8,237,421)
Net cash inflows from operating activities		1,586,776,420	(429,939,916)	(189,468,566)
INVESTING ACTIVITIES				
Capital works-in-progress	7	(12,183,500)	(27,861,399)	(3,286,512)
(Purchase) /sale of Short term deposits	21	(683,148,862)	495,757,126	350,571,000
Interest received - short term deposits	14	183,464,487	143,309,464	144,412,543
Purchase of intangibles	17	(245,543,924)	(81,941,184)	-
Proceed from disposal of property and equipment		-	8,150,000	14,500,000
Leasehold land		-	(1,603,395)	-
Purchase of property and equipment	7	(19,349,000)	(20,250,650)	-
Net cash flows used in investing activities		(776,760,799)	515,559,962	506,197,031
FINANCING ACTIVITIES				
Receipt of capital grant	24	8,157,619	899,460,855	270,929,000
Net cash flows used in financing activities		8,157,619	899,460,855	270,929,000
Net increase in cash and cash equivalents		818,173,240	985,080,901	587,657,465
Net foreign exchange difference		25,978,263	13,526,346	2,500,000
Cash and cash equivalents at start of the year		1,630,708,740	632,101,493	41,944,029
Cash and cash equivalent at 30 June	22	2,474,860,243	1,630,708,740	632,101,494

1. CORPORATE INFORMATION

The Dar es Salaam Stock Exchange Limited was a body corporate (limited by guarantee) incorporated in 1996 under the Tanzanian Companies Act, 2002. On 26 June 2015, the Company changed its registration from being limited by guarantee to being limited by shares, therefore, it is now known as the Dar es Salaam Stock Exchange PLC.

The principal objective of the Exchange is to provide a securities market to investors who intend to invest in the listed companies.

Under the provisions of the Capital Markets and Securities (CMS) Act, 1994 (as amended), the Capital Markets and Securities Authority regulates the Exchange.

2. BASIS OF PREPARATION

Statement of compliance

The financial statements and the comparative figures have been prepared in accordance with International Financial Reporting Standards ("IFRS") and the interpretations adopted by the International Accounting Standards Board ("IASB").

The financial statements were approved for issue by the Board Members.

Basis of measurement

The financial statements are prepared on the historical cost basis except for the financial instruments at fair value through profit or loss which are measured at fair value. The methods used to measure fair value are discussed further in note 4.

Functional and presentation currency

The financial statements are presented in Tanzanian Shillings (TZS), which is the Company's functional currency.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

Foreign currency transactions

Transactions in foreign currencies are translated to the functional currency (TZS) at Exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the Exchange rate at that date.

Foreign Exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end Exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in profit or loss.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the Exchange rate at the date that the fair value was determined.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the Exchange rate at the date of the transaction.

Financial instruments

(a) Financial assets

The Company initially recognizes loans and receivables on the date that they are originated. All other financial assets (including assets designated at fair value through profit or loss) are recognized initially on the trade date at which the Company becomes a Party to the contractual provisions of the instrument.

The Company derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Company is recognized as a separate asset or liability.

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

The Company has the following non-derivative financial assets.

(i) *Loans and receivables*

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognized initially at fair value plus any directly attributable transaction costs.

Subsequent to initial recognition loans and receivables are measured at amortized cost using the effective interest method, less any impairment losses.

Loans and receivables comprise staff loans and advances and trade and other receivables.

(ii) *Cash and cash equivalents*

Cash and cash equivalents comprise cash balances and bank deposits with maturities of three months or less from the acquisition date that are subject to insignificant risk of changes in their fair value and are used by the Company in the management of its short term commitments. Bank overdrafts (if any) that are repayable on demand and form an integral Part of the Company's cash management are included as component of cash and cash equivalents for the purpose of the statement of cash flows.

(b) **Financial liabilities**

Initial recognition

Financial liabilities are recognised initially at fair value.

Subsequent measurement

The financial liabilities consist of trade and other payables. Subsequent measurement of the financial liabilities is as follows:-

Trade and other payables

Trade and other payables are of short-duration with no stated interest rate and are measured at original invoice amount.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the balance sheet if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Leasehold land

Operating lease

Leases under which substantial risks and benefits of ownership of the assets are effectively retained by the lessor are classified as operating leases. Obligation incurred under operating leases are charged to the statement of profit or loss and other comprehensive income in equal instalments over the period of the lease, except when an alternative method is more representative of the time pattern from which benefits are derived.

Property and equipment

Recognition and measurement

Items of property and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset. Purchased software that is integral to the functionality of the related equipment is capitalized as Part of that equipment.

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

Subsequent costs

The cost of replacing Part of an item of property or equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the Part will flow to the Company and its cost can be measured reliably. The costs of the day-to-day servicing of property and equipment are recognized in profit or loss as incurred.

Depreciation

Items of property and equipment are fully depreciated in the year they are purchased and available for use. Depreciation is calculated to write off the cost of items of property and equipment less their estimated residual value using straight line method over their estimated useful life. Depreciation is generally recognized in profit or loss, unless the amount is included in the carrying amount of another asset. Land is not depreciated.

The estimated useful lives for the current and comparative years of significant items of property and equipment are as follows:

- | | |
|--------------------|-----------|
| • Office furniture | 4 years |
| • Office equipment | 4-5 years |
| • Power generator | 4 years |
| • Motor vehicles | 4 years |
| • Office Partition | 4 years |
| • Building | 40 years |
| • Work in progress | Nil |

The residual values, useful lives and methods of depreciation of property and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

Gain or loss in disposal of property and equipment are determined by comparing the proceeds with the carrying amount and are charged to the income statement on the year it occurs.

Intangible assets

Computer software is measured at cost less accumulated amortization and any accumulated impairment losses. Subsequent expenditure is capitalized only when it increases the future economic benefit embodied in the specific assets to which it relates. Amortization method, useful lives and residual value are reviewed at each reporting date. The estimated useful life for the current and comparative years of computer software is five year.

Impairment

i) Financial assets

A financial asset classified at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Company on terms that the Company would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, the disappearance of an active market for a security.

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

In assessing collective impairment the Company uses historical trends of the probability of default, timing of recoveries and the amount of loss incurred, adjusted for management's judgment as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

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

ii) Non-financial assets

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

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

ii) Non-financial assets

For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit, or CGU"). Subject to an operating segment ceiling test, for the purposes of goodwill impairment testing, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment is tested reflects the lowest level at which goodwill is monitored for internal reporting purposes.

The Company's corporate assets do not generate separate cash inflows. If there is an indication that a corporate asset may be impaired, then the recoverable amount is determined for the CGU to which the corporate asset belongs.

An impairment loss is recognized if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognized in profit or loss. Impairment losses recognized in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortizations, if no impairment loss had been recognized.

Employee's benefits

(i) Defined contribution plan

DSE has statutory obligations to contribute to various pension schemes in favor of all the employees employed under permanent and pensionable terms. The pension schemes in force, which the Exchange contributes to, are the PPF Fund (PPF) and Public Service Pension Fund (PSPF). Contributions to the funds are recognized as an expense in the statement of profit or loss and other comprehensive income when they are due.

(ii) Short term employee benefits

Short term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

(iii) Leave pay

Employee entitlements to annual leave are recognized when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the reporting date.

(iv) Terminal benefits

Terminal benefits are payable whenever an employee's employment is terminated before the normal retirement date or whenever an employee accepts voluntary redundancy in Exchange of these benefits.

Provisions

Provisions are liabilities of uncertain timing or amount. Provisions are recognized when there is a present legal or constructive obligation as a result of past events, for which it is probable that an outflow of economic benefits will occur, and where reliable estimate can be made of the amount of the obligation.

Revenue

DSE revenue comprises listing fees, transaction fees and membership fee. Revenue is recognized in yearly basis for continued listed companies and members and for new members when they join the Exchange or listed in the Exchange for the first time. Transaction fee is recognized when actual trading of shares is done.

(i) Listing fees

Initial listing fee is recognized in the year in which the company makes the floatation. Annual listing fee is computed on the capitalization value of the listed securities.

Additional listing income is recognized during the year in which the issuing company makes announcement of the bonus/rights issues.

(ii) Transaction fees

Transaction fee is based on the percentage of the value of shares traded and is recognized on the dates of the transactions.

(iii) Other income

Other income comprises of subvention from Government, grant income, membership fee, CSD account fees, ISIN fees, registry services and sundry income.

Subvention from the Government is granted to compensate the company for expenses incurred and is recognized on profit or loss on a systematic basis in the same period in which the expenses are recognized

Membership fees are recognized at fair value in the year to which they relate.

Grants

Grants are recognized at their fair value where there is reasonable assurance that grant will be received and all attaching conditions will be complied with.

Grants received for capital expenditure are classified as capital grants in the Statement of Financial Position while grants received for operating expenses are treated as recurrent income (revenue grant).

Capital grants are amortized at the rate which fixed assets acquired through the grants are depreciated.

Finance Income

Finance income comprises interest income over fund invested. Interest income is recognized as it accrues, using the effective interest rate methods.

Income tax

DSE income is a tax exempt as per Section 32(a) of the financial Act of 2012.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

Use of Estimates, Assumptions and Judgments

The preparation of the Company's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of income, expenses, assets and liabilities, and the disclosures of contingent liabilities, at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that require material adjustments to the carrying amount of the asset or liability affected in future periods.

In the process of applying the Company's accounting policies, management has used its judgments and made estimates in determining the amounts recognized in the financial statements. Although these estimates are based on the management's knowledge of current events and actions, actual results ultimately may differ from those estimates. The most significant use of judgments and estimates are as follows:

a. Going concern

The Company's management has made an assessment of the Company's ability to continue as a going concern and is satisfied that the Company has the resources to continue in business for the foreseeable future. Furthermore, management is not aware of any material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on the going concern basis.

a. Impairment losses on trade and other receivable

The Company reviews its trade receivables to assess impairment at least on annual basis. In determining whether an impairment loss should be recorded in the profit or loss, the Company makes judgments as to whether there is any observable data indicating that there is a measurable decrease in the estimated future cash flows in trade receivables. This evidence may include observable data indicating that there has been an adverse change in the payment status of clients, or national or local economic conditions that correlate with defaults on assets. Management uses estimates based on historical loss experience for assets with credit risk characteristics and objective evidence of impairment similar to those in Company's trade receivable when scheduling its future cash flows.

The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss experience.

b. Useful lives of property and equipment's

The useful lives of items of property and equipment have been estimated annually and are in line with the rate at which they are depreciated.

c. Determination of fair values

Trade and other receivables

The fair value of trade and other receivables is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date.

Non-derivative financial liabilities

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

New and amended standards and interpretations

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 January 2014, these include; *IFRS 2 Share-based Payment*, *IFRS 3 Business Combinations*, *IFRS 8 Operating Segments and Amendments to IAS 19 Defined Benefit Plans: Employee Contributions* have not been applied in preparing these financial statements. None of these are expected to have a significant effect on the financial statements of the Company, except the following set out below:

The accounting policies adopted are consistent with those of the previous financial year, except for the following amendments to IFRS effective as of 1 January 2014:

Annual Improvements 2010-2012 Cycle

With the exception of the improvements relating to *IFRS 2 Share-based Payment*, *IFRS 3 Business Combinations* and *IFRS 8 Operating Segments* all other improvements as listed below were considered by the Company due to material impact.

IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets

The amendment is applied retrospectively and clarifies in IAS 16 and IAS 38 that the asset may be revalued by reference to observable data by either adjusting the gross carrying amount of the asset to market value or by determining the market value of the carrying value and adjusting the gross carrying amount proportionately so that the resulting carrying amount equals the market value. In addition, the accumulated depreciation or amortisation is the difference between the gross and carrying amounts of the asset. The Company has recorded revaluation adjustments of TZS 370.2 million on other comprehensive income during the current year.

IAS 24 Related Party Disclosures

The amendment is applied retrospectively and clarifies that a management entity (an entity that provides key management personnel services) is a related Party subject to the related Party disclosures. In addition, an entity that uses a management entity is required to disclose the expenses incurred for management services. This amendment is not relevant for the Company as it does not receive any management services from other entities.

Annual Improvements 2011-2013 Cycle

These improvements are effective from 1 July 2014 and the Company has applied these amendments for the first time in these financial statements except for *IFRS 3 Business Combinations* which have no material impact to the Company. They include:

IFRS 13 Fair Value Measurement

The amendment is applied prospectively and clarifies that the portfolio exception in IFRS 13 can be applied not only to financial assets and financial liabilities, but also to other contracts within the scope of IAS 39. The Company does not apply the portfolio exception in IFRS 13.

IAS 40 Investment Property

The description of ancillary services in IAS 40 differentiates between investment property and owner-occupied property (i.e., property, plant and equipment). The amendment is applied prospectively and clarifies that IFRS 3, and not the description of ancillary services in IAS 40, is used to determine if the transaction is the purchase of an asset or a business combination. In previous periods, the Company has relied on IFRS 3, not IAS 40, in determining whether an acquisition is of an asset or is a business acquisition. Thus, this amendment did not impact the accounting policy of the Company.

6. STANDARDS ISSUED BUT NOT YET EFFECTIVE

The following accounting standards, amendments to standards and new interpretations, which are not yet mandatory for the company, have not been adopted in the current year:

Standards issued but not yet effective up to the date of issuance of the Company's financial statements are listed below. This listing is of standards and interpretations issued, which the Company reasonably expects to be applicable at a future date. The Company intends to adopt those standards when applicable as they become effective.

S/N	Standard issued but not effective	Effective date on or before
1.	IFRS 9 Financial Instruments	1 January 2018
2.	IFRS 14 Regulatory Deferral Accounts	January 2016
3.	IFRS 15 Revenue from Contracts with Customers	1 January 2018 retrospectively
4.	Amendments to IFRS 11 Joint Arrangements: Accounting for Acquisitions of Interests	1 January 2016, prospectively
5.	Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	1 January 2016 prospectively

Annual Improvements 2012-2014 Cycle

These improvements are effective for annual periods beginning on or after 1 January 2016. They include:

- IFRS 5 Non-current Assets Held for Sale and Discontinued Operations
- IFRS 7 Financial Instruments: Disclosures
 - o Servicing contracts
 - o Applicability of the amendments to IFRS 7 to condensed interim financial statements
- IAS 19 Employee Benefits
- IAS 34 Interim Financial Reporting
- Amendments to IAS 1 Disclosure Initiative
- Amendments to IFRS 10, IFRS 12 and IAS 28 Investment Entities: Applying the Consolidation Exception.

These amendments must be applied retrospectively and are effective for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments are not expected to have any impact on the Company.

7 PROPERTY AND EQUIPMENT

	Building TZS	Office Equipment		Office Furniture TZS	Power Generator TZS	Motor Vehicles TZS	Work In Progress		Office Partition TZS	Total
		TZS	TZS				TZS	TZS		
Cost										
At 01 July 2012	-	823,836,721		33,641,303	81,949,276	165,709,183	60,000,000		163,100,955	1,328,237,438
Additions	-	-	-	-	-	-	3,286,512		-	3,286,512
Disposals	-	-	-	-	(42,834,117)	-	-		-	(42,834,117)
At 30 June 2013	-	823,836,721		33,641,303	39,115,159	165,709,183	63,286,512		163,100,955	1,288,689,833
At 01 July 2013	-	823,836,721		33,641,303	39,115,159	165,709,183	63,286,512		163,100,955	1,288,689,833
Additions	-	13,658,650		6,592,000	-	-	27,861,399		-	48,112,049
Disposals	-	-	-	-	-	(38,199,703)	-		-	(38,199,703)
At 30 June 2014	-	837,495,371		40,233,303	39,115,159	127,509,480	91,147,911		163,100,955	1,298,602,179
At 01 July 2014	-	837,495,371		40,233,303	39,115,159	127,509,480	91,147,911		163,100,955	1,298,602,179
Additions	-	4,075,000		9,739,000	-	-	12,183,500		5,535,000	31,532,500
Revaluation	56,668,589	-	-	-	-	-	-		-	56,668,589
Transfer	103,331,411	-	-	-	-	-	(103,331,411)		-	-
At 30 June 2015	160,000,000	841,570,371		49,972,303	39,115,159	127,509,480	-		168,635,955	1,386,803,268

7 PROPERTY AND EQUIPMENT

Cost										
Accumulated depreciation										
At 01 July 2012	-	574,416,277	15,966,049	31,195,848	70,077,073	-	40,775,238	-	732,430,485	
Charge during the year	-	67,614,801	6,211,320	17,810,189	31,877,370	-	40,775,238	-	164,288,918	
Disposals	-	-	-	(29,448,455)	-	-	-	-	(29,448,455)	
At 30 June 2013	-	642,031,078	22,177,369	19,557,582	101,954,443	-	81,550,476	-	867,270,948	
At 01 July 2013	-	642,031,078	22,177,369	19,557,582	101,954,443	-	81,550,476	-	867,270,948	
Charge during the year	-	70,888,964	7,859,320	9,778,790	31,877,370	-	40,775,238	-	161,179,682	
Disposals	-	-	-	-	(38,199,703)	-	-	-	(38,199,703)	
At 30 June 2014	-	712,920,042	30,036,689	29,336,372	95,632,110	-	122,325,714	-	990,250,927	
At 01 July 2014	-	712,920,042	30,036,689	29,336,372	95,632,110	-	122,325,714	-	990,250,927	
Charge during the year	2,578,661	64,949,753	9,335,364	9,778,790	31,877,370	-	42,158,989	-	160,678,927	
At 30 June 2015	2,578,661	777,869,795	39,372,053	39,115,162	127,509,480	-	164,484,703	-	1,150,929,854	
Carrying amount										
At 30 June 2015	157,421,339	63,700,576	10,600,250	(3)	-	-	4,151,252	-	235,873,414	
At 30 June 2014	-	124,575,329	10,196,614	9,778,787	31,877,370	91,147,911	40,775,241	-	308,351,252	
At 30 June 2013	-	181,805,643	11,463,934	19,557,577	63,754,740	63,286,512	81,550,479	-	421,418,885	

As at 30 June 2015, items of property and equipment are free from encumbrances and have not been held as collateral.

No restriction has been placed to items of property and equipment.

As at June 2015, DSE management engaged Majengo Estates Developers Ltd, professional valuer to value land and building located at Morogoro. Resulting gain on revaluation has been credited on Revaluation reserve on the Equity.

NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEARS ENDED

	30 JUNE 2015 TZS	30 JUNE 2014 TZS	30 JUNE 2013 TZS
8 REVENUE			
Listing fees			
Equity	408,055,454	359,867,470	217,825,318
Government bonds	1,063,728,218	833,128,141	904,983,921
Corporate bonds	8,125,000	12,637,500	12,637,500
	1,479,908,672	1,205,633,111	1,135,446,739
Transaction fees			
Equity	2,462,900,106	762,621,901	204,454,668
Bonds	7,985,954	5,285,000	-
Data Vending Real Time	19,933,800	19,800,014	-
	2,490,819,860	787,706,915	204,454,668
CSD Fees			
Bonds	7,985,954	5,285,000	-
Annual Membership Fees	17,000,000	15,500,000	-
Transaction Fees	35,033,779	21,506,000	25,143,274
Membership Application Fees	4,000,000	2,800,000	-
IPO Processing Fees	21,900,000	18,000,000	-
Registry Services	15,000,000	5,000,000	-
Data Vending End of Day	3,667,613	3,120,067	6,828,240
ISIN	7,200,000	38,100,000	3,150,000
	111,787,346	109,311,067	35,121,514
Total Core Revenue	4,082,515,878	2,102,651,093	1,375,022,921
Other Operating Income			
DSE Annual Membership Fees	42,000,000	37,500,000	17,200,000
DSE Membership Application Fees	8,000,000	-	1,500,000
Listing Income Realized	30,000,000	4,000,000	-
	80,000,000	41,500,000	18,700,000
	4,162,515,878	2,144,151,093	1,393,722,921

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE YEARS ENDED

	30 JUNE 2015 TZS	30 JUNE 2014 TZS	30 JUNE 2013 TZS
9 GOVERNMENT AND OTHER SUPPORT			
Government subvention	196,486,894	165,086,233	340,310,499
Grant from donors	107,607,259	9,850,000	-
Amortization on Capital Grant	324,096,611	1,008,149,174	-
Sale of property and equipment	-	8,150,000	2,191,738
Bad Debts Recovered	10,000,000	925,000	-
Gain on exchange of foreign currency	25,978,263	13,526,279	-
ATS Fees Support - Treasury	-	-	170,100,000
Penalty & fine	-	-	7,654,593
Miscellaneous Income	4,030,789	-	250,000
	668,199,816	1,205,686,686	692,220,957
10 OPERATING EXPENSES			
Regional integration costs	53,119,897	55,160,744	59,036,969
DRS running costs	61,564,448	35,742,768	7,936,391
ATS license fee	436,235,693	171,494,621	167,353,708
CSD certificates and business license	6,698,000	6,580,500	3,835,000
	557,618,038	268,978,633	238,162,067
11 STAFF COSTS			
Salary and wages	807,602,494	750,515,303	657,552,933
Skills and development levy	35,297,337	27,710,337	36,057,845
Gratuity and other terminal benefits	-	-	65,763,348
Employer contribution to pension funds	92,126,286	83,620,598	83,915,215
Leave cost	52,992,119	47,317,549	34,803,422
Medical expenses	74,140,647	63,369,394	43,918,554
Training and workshops	40,636,922	44,368,919	9,846,018
Other staff cost; special, acting and furniture allowances	31,870,000	27,103,989	24,812,495
	1,134,665,805	1,044,006,089	956,669,830

NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEARS ENDED

	30 JUNE 2015 TZS	30 JUNE 2014 TZS	30 JUNE 2013 TZS
12 ADMINISTRATIVE EXPENSES			
Office rent (Note 31)	245,400,748	228,088,783	220,451,006
Council members fee	24,700,000	18,000,000	18,000,000
Council expenses	71,298,000	56,506,000	76,213,780
Telephone, internet and courier cost	40,392,367	53,887,628	40,333,261
Stationery and office computer consumables	14,431,635	11,125,421	11,562,964
Repair and maintenance	11,026,761	24,073,295	14,590,648
Donations and hospitality cost	2,650,000	1,487,400	752,400
WAN and swift charges	27,553,447	-	-
Fuel expenses	8,844,765	11,535,445	16,322,585
Contingent liability and legal charges	78,301,144	5,640,000	47,762,544
Internal audit fees	16,095,200	2,755,300	-
Audit fee	26,300,000	21,844,617	21,757,353
Bad and doubtful debts	-	13,035,996	-
Subscriptions, tenders and newspapers	22,557,828	19,139,774	21,300,396
Electricity and security cost	18,048,771	14,768,851	19,415,813
Business development	89,329,786	14,170,000	9,838,000
Bank charges and insurance cost	8,456,572	11,427,271	7,429,048
Withholding tax	18,346,449	14,330,946	14,275,624
Office cleaning, parking and recreations	24,696,401	24,165,560	24,333,266
Other administrative cost	892,600	2,598,500	291,000
	749,322,474	548,580,787	564,629,686

13 PROJECT COST (PUBLIC EDUCATION CAMPAIGNS-EGM)

Public education and business development costs	401,375,975	961,891,343	37,786,169
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The amount comprises of expenses relating to projects funded by the PSCP and FSDT.

14 FINANCE INCOME

Interest income - short term deposits	183,464,487	143,309,463	144,412,543
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15 FINANCE COSTS

Interest charged on bank overdraft	-	1,699,788	8,237,421
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16 TAXATION

Dar es Salaam Stock Exchange PLC is tax exempt with effect from 1 July 2012.

NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEARS ENDED

17 INTANGIBLE ASSET

Intangible cost relates to software used by DSE on day to day operations. This consists of Automated Trading System (ATS), Central Securities Depository (CSD), MICS and Pastel Accounting software, whose movement was as follows:

Cost

At start of the year	946,288,108	864,346,924	864,346,924
Additions	245,543,924	81,941,184	-
At end of the year	1,191,832,032	946,288,108	864,346,924

Accumulated amortisation

At start of the year	863,328,196	861,577,699	787,349,916
Charge during the year	66,515,748	1,750,497	74,227,783
At end of the year	929,843,944	863,328,196	861,577,699

Net carrying amount

At 30 June	261,988,088	82,959,912	2,769,225
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The remaining useful lives of existing software are 5 years on added software as at 30 June 2015.

	30 JUNE 2015 TZS	30 JUNE 2014 TZS	30 JUNE 2013 TZS
18 LEASEHOLD LAND			
At start of the year	37,559,192	40,000,000	40,000,000
Additions	-	1,603,395	-
	37,559,192	41,603,395	40,000,000
Less: Amortisation for the year	(1,155,036)	(4,044,203)	-
Add: Revaluation	313,595,844	-	-
At 30 June	350,000,000	37,559,192	40,000,000
Within one year	11,468,714	5,199,238	4,044,203
After one year but less than five years	45,874,856	20,796,951	4,620,140
After five years	292,656,430	11,563,004	31,335,657
	350,000,000	37,559,192	40,000,000

Leasehold land was acquired from National Insurance Company Ltd with the remaining period of 35 years.

Leasehold land has been used to erect the building in conformity to the Morogoro Municipal Council plans. DSE has the right to repurchase the leasehold land from the Government of United Republic of Tanzania after the end of lease term, 99 years from 1 January 1975. Occupier of the land is to pay annual rent of TZS 1,280 in advance on first day of July in every year.

NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEARS ENDED

30 JUNE 2015
TZS

30 JUNE 2014
TZS

30 JUNE 2013
TZS

As at June 2015, DSE management engaged professional valuer to value land and building located at Morogoro. Resulting gain on revaluation has been credited on Revaluation reserve on the Equity.

19 TRADE RECEIVABLES

Listing fee receivables	458,273,934	201,422,261	200,310,090
Transaction fee receivables	62,255,900	77,436,807	63,624,333
Others trade receivables: WAN and Internet bridge	61,869,688	22,946,048	13,903,023

582,399,522

301,805,116

277,837,446

Provision for impairment on receivables

At start of the year	(10,835,996)	-	-
Additional provision	-	(13,035,996)	-
Utilised/reversed during the year	10,835,996	2,200,000	-
At end of the year	-	(10,835,996)	-

582,399,522

290,969,120

277,837,446

As at 30 June, the ageing analysis of trade receivables is as follows:

==>Neither past due nor impaired	564,898,081	211,209,696	81,272,839
==>Past due but not impaired			
Not impaired & overdue 31 - 60 days	11,194,733	30,221,318	35,070,599
Not impaired & overdue 61 - 90 days	600	33,077,007	156,194,000
Not impaired & overdue 91 - 120 days	50,000	4,021,977	5,300,008
Not impaired & overdue > 120 days	6,256,108	23,275,118	-

582,399,522

301,805,116

277,837,446

Terms and conditions of the above trade receivables:

Trade receivables are non-interest bearing and are generally on 30 day terms.

As at 30 June 2015, trade receivables on listing, membership and transactions fees at initial value of TZS NIL (2014: TZS 13,035,996) were fully provided for out of which TZS NIL membership receivables were impaired (2014: TZS 2,200,000). The movements in the provision for impairment of receivables is as shown above.

NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEARS ENDED

	30 JUNE 2015 TZS	30 JUNE 2014 TZS	30 JUNE 2013 TZS
20 OTHER RECEIVABLES			
Staff car loans receivables (Note 22 and 23)	5,250,000	15,500,000	22,750,000
Staff advances	13,232,660	9,119,565	-
Prepaid expenses	102,619,948	56,121,864	100,084,210
	121,102,608	80,741,429	122,834,210
As at 30 June, the ageing analysis of other receivables is as follows:			
==>Neither past due nor impaired	121,102,608	80,467,842	122,834,210
==>Past due but not impaired			
Not impaired & overdue 31 - 60 days	-	273,587	-
	121,102,608	80,741,429	122,834,210

Terms and conditions of the above other receivables:

Other receivables are non-interest bearing and are generally on 30 day terms.

As at 30 June 2015, 2014 and 2013, no provision for impairment has been made with respect to these periods.

21 SHORT TERM DEPOSITS

Short term deposits are held to maturity and subsequently measured at amortized cost.

Short term deposits with maturity of more than 3 months	2,532,991,174	1,054,870,713	1,024,717,839
Short term deposits with maturity of less than 3 months (Note 22)	(1,671,452,599)	(876,481,000)	(350,571,000)
	861,538,575	178,389,713	674,146,839

The short-term deposits are held at the following institutions:

Commercial Bank of Africa	1,211,175,551	-	-
Bank M	351,570,685	-	-
Azania Bank Limited	108,706,364	-	-
Kenya Commercial Bank Limited(KCB)	-	350,571,000	350,571,000
Exim Bank (T) Ltd	-	525,910,000	-
	1,671,452,599	876,481,000	350,571,000

NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEARS ENDED

The effective interest rate and maturity date on short term deposits as at 30 June 2015, 30 June 2014 and 30 June 2013 are shown below:

FDR Summary	Effective interest rate per annum	2015	2014 and 2013		
		Maturity date	Effective interest rate per annum	Maturity date 2014	Maturity date 2013
Bank M	14.00%	17-Sep-15	-	-	-
Commercial Bank of Africa	13.50%	30-Sep-15	-	-	-
Azania Bank Limited	10.00%	17-Jul-15	13.50%	17-Oct-14	12-Apr-14
Kenya Commercial Bank Limited(KCB)	-	14.50%	1-Aug-14	2-Aug-13	
Exim Bank (T) Ltd	-	-	15.60%	6-Jul-14	27-Dec-13

Call Accounts Summary	TZS	Effective interest rate per annum
Azania Bank Limited	387,072,130	10%
Commercial Bank of Africa	474,466,445	10%
	<u>861,538,575</u>	

22 CASH AND CASH EQUIVALENTS

Cash at bank	803,061,144	754,216,434	389,068,909
Short term deposits (maturity within 3 months) (Note21)	1,671,452,599	876,481,000	350,571,000
Cash at hand	346,500	11,306	699,006
	<u>2,474,860,243</u>	<u>1,630,708,740</u>	<u>740,338,915</u>

The carrying amounts disclosed above are reasonably approximate fair value at the reporting date. The cash and cash equivalent position for cash flow purposes is as follows:

Cash and cash equivalents as above	2,474,860,243	1,630,708,740	740,338,915
Bank overdraft	-	-	(108,237,421)
Net cash and cash equivalent	2,474,860,243	1,630,708,740	632,101,494
Cash at bank above consist of Car loan fund of TZS (Note 23)	26,803,100	19,616,600	12,426,600

Figures for cash and cash equivalent in 2013 differ in statement of financial position (note 21) and statement of cash flow. This is in accordance to IAS 7 which provides guidance on presentation bank overdrafts in the cash flow.

NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEARS ENDED

	30 JUNE 2015 TZS	30 JUNE 2014 TZS	30 JUNE 2013 TZS
23 CAR LOAN FUND			
Car Loan Fund at June	35,000,000	35,000,000	35,000,000

This is a revolving fund established on 3rd August, 2001 from the accumulated fund account with a seed capital of TZS 35 million for the purpose of extending loans to staff for purchase of motor vehicles.

24 GRANT

At start of the year	1,432,235,740	1,540,924,059	1,441,709,285
Received during the year	8,157,619	899,460,855	270,929,000
Release to the statement of profit or loss and other comprehensive income	(324,096,614)	(1,008,149,174)	(171,714,226)

At end of the year	1,116,296,745	1,432,235,740	1,540,924,059
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At 30 June	1,116,296,745	1,432,235,740	1,540,924,059
Less current portion - deferred capital grant	-	(254,985,631)	(254,985,631)

	1,116,296,745	1,177,250,109	1,285,938,428
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Released to the statement of profit or loss and other comprehensive income

as amortisation of capital grant	69,110,983	69,110,983	155,770,857
as revenue grant- FSDT	254,985,631	939,038,191	15,943,369
	324,096,614	1,008,149,174	171,714,226

The capital grants comprise of the following items: Automated Trading System, Central Depository System equipment's, cash advanced to the DSE by the Government and Financial Sector Deepening Trust (FSDT) for the DSE's development activities and Public Awareness Campaigns. The ATS equipment was granted to the DSE in December, 2006.

Addition to capital grant was a cash grant received during 2014 from the Financial Sector Deepening Trust (FSDT) to facilitate Public Awareness Campaigns for the Enterprises Growth Market (EGM) segment.

25A TRADE AND OTHER PAYABLES

Deferred revenue	133,582,414	90,247,445	34,525,000
Trade payables	6,325,662	3,616,448	7,810,557
Accruals	258,230,421	96,845,328	72,130,306
	398,138,497	190,709,221	114,465,863

Terms and conditions of the above financial liabilities:

- Trade payables are non-interest bearing and are normally settled between 15 to 45 days after date of invoice.
- Accruals are non-interest bearing and have an average term of 30 days.
- Deferred revenue consists of non-interest bearing listing fee received in advance.

NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEARS ENDED

	30 JUNE 2015 TZS	30 JUNE 2014 TZS	30 JUNE 2013 TZS
25B SHORT TERM BORROWINGS			
Bank overdraft	-	-	108,237,421

The Company had an overdraft facility with Kenya Commercial Bank up to a limited of TZS 100,000,000. DSE required this facility to finance short term maturing obligations. The facility carried an interest charge of 13% per annum. The facility was secured by DSE fixed deposit of TZS 350,000,000 (Note 19). The overdraft facility expired on 20 August, 2013 and was fully settled by 31 August 2013.

26 PROVISIONS

At start of the year	17,762,544	47,762,544	-
Arising during the year	78,301,144	-	47,762,544
Utilised	(4,820,944)	(30,000,000)	-
At end of the year	91,242,744	17,762,544	47,762,544

Provision has been recognised at TZS 91,242,744 as at 30 July 2015, (2014: TZS 17,762,544). Provision recognised above relates to probable claims on labour disputes cases to the tune of TZS 76,063,688 and TZS 15,179,056 relating to claims on the Swissport Shares.

27 EMPLOYMENT BENEFIT LIABILITIES

The Company contributes to a pension scheme administered by the Parastatal Pension Fund (PPF) and Public Sector Pension Fund (PSPF). These two schemes are defined contribution plans.

The Company total contributions during the year to the Funds are as follows:

Parastatal Pension Fund (PPF)	80,872,372	67,095,518	82,628,215
Public Sector Pension Fund (PSPF)	18,863,539	16,525,080	1,287,000
	99,735,911	83,620,598	83,915,215

28 OTHER STATUTORY PAYROLL REMITTANCES

Other statutory payroll remittances include Pay As You Earn (PAYE), Skills and Development Levy (SDL). PAYE and SDL are payable by the Company to the Tanzania Revenue Authority (TRA) in accordance with the Income Tax Act 2004.

The amounts charged to the statement profit or loss and other comprehensive income in the year in respect of the Skills and Development Levy remittances are:

Skills and Development Levy (SDL)	35,297,337	27,710,337	36,057,845
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The amount deducted from the employees' salaries and wages in the year in respect of PAYE is:

Pay As You Earn (PAYE)	152,773,350	136,315,353	114,858,105
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NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEARS ENDED

30 JUNE 2015
TZS

30 JUNE 2014
TZS

30 JUNE 2013
TZS

At 30 June 2015 and 2014 no outstanding liabilities to relevant authorities with respect to PAYE and SDL. PAYE and SDL were remitted before the year to relevant authorities.

29 RELATED PARTY TRANSACTIONS

a) Share Capital

The Dar es Salaam Stock Exchange started as a company limited by guarantee without share capital. The original founding guarantees were eleven (11). However the number increased to thirty nine as of 29th June 2015. On 29th June 2015, the Dar es Salaam Stock Exchange changed its registration to a public company limited by shares.

Every guarantor of the Company undertakes to contribute to the assets of the Company, in the event of its wound up while still a member, or within one year from ceasing to be a member, for payment of the debts and liabilities of the company contracted before such member ceases to be a member, and the costs charges and expenses of such winding and for the adjustment of the rights of the contributories among themselves, such sum as may be required not exceeding the sum of TZS 100,000.

For the purpose of registration as a public limited company, the Exchange has allotted one ordinary share of TZS 400 each to 20 members of the exchange. These shares have not been paid for as at 30 June 2015.

b) Key Management Personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any Council member (whether executive or otherwise) of the Company.

i. Executive Key Personnel

Short-term employee benefits (salaries and allowances)	477,803,470	477,803,470	418,820,260
Post-employment benefits (gratuity and other terminal benefits)	-	-	65,763,348
Post-employment benefits (defined contribution plans)	92,126,286	54,621,322	48,164,330
	569,929,756	532,424,792	532,747,938

NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEARS ENDED

	30 JUNE 2015 TZS	30 JUNE 2014 TZS	30 JUNE 2013 TZS
Staff loans and advances	15,675,060	7,250,000	11,500,000

The Company has abolished the policy of giving gratuity and other terminal benefit to Ex-Officio and therefore the same has not been recognised on the current period.

ii. *Non-Executive Key Personnel*

Council expenses	71,298,000	50,200,000	63,800,000
Council members fee	25,000,000	18,000,000	18,000,000
	96,298,000	68,200,000	81,800,000

30 CAPITAL MANAGEMENT

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market and to sustain future development of the business. Capital consists of total equity.

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for the shareholder and to maintain an optimal capital structure to reduce the cost of capital. There were no changes in the Company's approach to capital management during the year.

31 COMMITMENTS

Capital commitment

The Exchange has invested on short term deposits with three bankers; Commercial Bank of Africa, Bank M and Azania Bank Limited (Note 21) for three tranches; TZS 1,211.18 mill, TZS 351.57 mill and TZS 108.7 mill, of interest rate of 13.50%, 14% and 10% respectively. The deposits will mature on 30 September 2015, 17 September 2015 and 17 July 2015 respectively.

Acquisition of an Office

The Exchange has entered into an agreement with the National Housing Corporation to purchase an office space at the Morocco Square project currently under construction. The space to be acquired is 900 SQM which is expected to cost USD 2,124,000/=. The Exchange has subsequently settled the first installment to the acquisition amounting to TZS 1,359,634,580/= which is at 30%.

Operating lease commitment - Company as lessee

The Company has entered into commercial lease with PSPF to occupy office premises at 14th floor of the Golden Jubilee Towers Ohio Street in Dar es Salaam. The lease has an average life of 5 years from 1 February 2011. The Company does not pay rent in advance. In 2014, the lease was renewed for another 5 years term with similar terms. As at 30 June the Company has paid the following amount as annual rentals.

NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEARS ENDED

	30 JUNE 2015 TZS	30 JUNE 2014 TZS	30 JUNE 2013 TZS
Rental expenses recognised during year (Note 12)	245,400,748	228,088,783	220,451,006
Future minimum rentals payable under non-cancellable operating leases as at 30 June are as follows:			
Within one year	245,400,748	245,400,748	228,088,783
After one year but not more than five years	736,202,244	588,961,795	547,413,079
	981,602,992	834,362,543	775,501,862

32 CONTINGENCIES

Contingent assets- Other investment

The Company has 20% stake in CAD Securities Ltd as per the Memorandum and Articles of Association of CAD Securities Ltd. An agreement between the DSE and the other Shareholders of CAD Securities Ltd was entered in 2003 where the DSE had to provide office accommodation to CAD Securities as its consideration. The issued and paid up share capital of CAD Securities Ltd is TZS. 81,000,000. DSE has not recognized its investment in CAD Securities Ltd because it does not meet measurability criteria. Subsequently, DSE has received USD 5,000 from CAD Securities in November 2015 as final settlement of 20% of its stake in the Company.

Contingent liabilities

The Exchange recognized 20 Million as at 30th June 2015 (30 June 2014: Nil) as contingent liability with respect to Swissport shares liability.

33 COMPARATIVE BALANCES

Whenever necessary, comparative figures have been reclassified to facilitate comparison.

34 POST BALANCE SHEET EVENTS

Short term deposits of TZS 1,795 Million in total (Note 20) were subsequently re-invested to Bank M and are expected to mature on 24 October 2015 and 25 December 2015; these are in two tranches; TZS 1,095.5 mill and TZS 700 mill, with interest rate of 17% and 14%.

DSE Exit from CAD Securities

DSE has received Usd Dollars 5,000 from CAD Securities in November 2015 as a final settlement of 20% of its stake in the Company.

Change of DSE Registration

DSE has changed its registration from being a Company limited by guarantee to a Company limited by shares. Therefore it is now incorporated as the Dar es Salaam Stock Exchange PLC.

35 FAIR VALUE OF FINANCIAL INSTRUMENTS

All financial assets and liabilities are classified as level two with carrying value approximates the fair value. Therefore, there are no fair value adjustments.

NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEARS ENDED

36 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

- Credit risk
- Liquidity risk
- Market risk
- Operational risk

Risk management framework

The Board has 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.

The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations which will also provide a room for succession plan.

The Board oversees how management monitors compliance with the Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company.

a. Currency risk

Currency risk arises on financial instruments that are denominated in a foreign currency, i.e. a currency other than the functional currency in which they are measured. Currency risk does not arise from non-monetary items or items denominated in the functional currency

The Company takes on exposure to effects of fluctuations in the prevailing foreign currency exchange rates on its financial position and cash flows. At the reporting date, the Company did not have significant assets and/or liabilities denominated in foreign currency.

The Company agree predetermined exchange rates with suppliers denominated in foreign currency and use the same to record and settle the outstanding amounts. Consequently expected impacts on exchange rate movements are eliminated.

b. Credit risk management

Credit risk is the risk of financial loss to the DSE arising from failure of customers to meet their contractual obligations when fall due and arises principally from the company's investment securities such as fixed deposits and receivables from customers

The DSE customers are basically brokerage firms whom the DSE rules require them to furnish their financial position each quarter. DSE Management uses this information to evaluate the creditworthiness of each broker as a way of mitigating credit and investing in issuers with known credibility.

NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEARS ENDED

36 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Exposure to credit risk

The carrying amounts of financial assets represent the maximum credit exposure. The maximum exposure to credit risk at the reporting date was as follows:

	2015 TZS	2014 TZS	2013 TZS
Trade receivables (Note 19)	582,399,522	301,805,116	277,837,446
Other short-term operating receivables (Note 20)	102,619,948	56,121,864	100,084,210
Staff Receivables (Note 20)	18,482,660	24,619,565	22,750,000
Cash and bank balances (Note 22)	2,474,860,243	1,630,708,740	740,338,915
	3,178,362,373	2,013,255,285	1,141,010,571

Ageing analysis of trade receivables is shown under **Note 17**

Cash and cash equivalents

As at 30 June (Note 22)	2,474,860,243	1,630,708,740	632,101,494
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The Company held cash and cash equivalents at 30 June as indicated above, which represents its maximum credit exposure on these assets. The cash and cash equivalents are held with bank and financial institution counterparties, of good reputation.

c. Liquidity risk

Liquidity risk is the risk that the DSE will not be able to meet its financial obligations as they fall due. The DSE's approach in managing liquidity ensures as far as possible, it always have sufficient liquidity to meet its liabilities when due under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The DSE ensures that it has sufficient cash on demand to meet expected operational expenses, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted.

NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEARS ENDED

36 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

The table below summarises the maturity profile of the Company's financial liabilities based on contractual undiscounted payments.

	On demand TZS	Less than 3 months TZS	3 to 12 months TZS	1 to 5 years TZS	Total TZS
As at 30 June 2015					
Capital grant - non current portion	-	-	-	1,116,296,745	1,116,296,745
Trade and other payables	-	6,325,662	391,812,835	-	398,138,497
	-	6,325,662	391,812,835	1,116,296,745	1,514,435,242
As at 30 June 2014					
Capital grant - non current portion	-	-	-	1,177,250,109	1,177,250,109
Capital grant-current portion	-	-	254,985,631	-	254,985,631
Trade and other payables	-	3,616,448	187,092,773	-	190,709,221
	-	3,616,448	442,078,404	1,177,250,109	1,622,944,961
As at 30 June 2013					
Capital grant - non current portion	-	-	-	1,285,938,428	1,285,938,428
Capital grant-current portion	-	-	254,985,631	-	254,985,631
Trade and other payables	-	7,810,557	106,655,306	-	114,465,863
	-	7,810,557	361,640,937	1,285,938,428	1,655,389,922

NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEARS ENDED

36 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

d. Interest rate risk

Interest Rate Risk is the risk that the DSE being exposed to gains or losses on fluctuations of interest in the market. The DSE exposure on interest rates fluctuations is mainly on its investment in short term securities. This is mitigated by DSE management through regular review on interest rates movement in money market and hence shifting funds from Treasury bills to Fixed deposits and vice versa.

The Company is not exposed to significant interest rate risk as it does not have external funding or debt instruments.

The following table analyses the interest risk profile for assets and liabilities at year end.

Profile

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

	Carrying amount		
	2015	2014	2013
	TZS	TZS	TZS
Fixed rate instruments			
Short term deposits (Note 20)	1,671,452,599	876,481,000	350,571,000

Fair value sensitivity analysis for fixed rate instruments

The company does not account for any fixed rate financial assets and liabilities at fair value through profit and loss. Therefore a change in interest rate as indicated below at end of the reporting period has not been recognised to profit and loss.

A change of 100 basis points interest rates at the reporting date have the impact of increased (decreased) equity and profit or loss by TZS 1,671,453(2014: - TZS 976,481).

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points interest rates at the reporting date would have increased (decreased) equity and profit or loss by the amounts below. This analysis assumes that all other variables in particular foreign currency rates, remain constant.

	Profit or loss and equity	
	100 bp increase	100 bp decrease
	TZS	TZS
30-Jun-15		
Variable rate instruments	(100,000)	100,000

The Company has not elected to hedge interest risk and therefore there would be no impact on equity

NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEARS ENDED

36 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Market risk

Market risk is the risk that changes in market prices, such as interest rate, equity prices, foreign exchange rates and credit spreads (not relating to changes in the obligor's / issuer's credit standing) will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return on risk.

PART 10: LEGAL OPINION



Ref. No. CA/GEN.63/2016

10th May, 2015

The Directors
The Dar es Salaam Stock Exchange PLC
P.O Box 70081
DAR ES SALAAM
TANZANIA.

Ladies and Gentlemen,

Re: LEGAL OPINION IN RESPECT OF DAR ES SALAAM STOCK EXCHANGE PUBLIC LIMITED'S COMPANY INTENDED INITIAL PUBLIC OFFERING OF ITS ORDINARY SHARES AND SELF LISTING OF ITS SHARES AT THE DAR ES SALAAM STOCK EXCHANGE (DSE) ON THE MAIN INVESTMENT MARKET (MIM) SEGMENT

We, CREST ATTORNEYS, Advocates of the High Court of Tanzania, practicing and qualified as such to practice in Tanzania and to advise upon the laws of Tanzania have been instructed to act as Legal Advisors to the Dar Es Salaam Stock Exchange Public Limited Company (hereinafter referred to as the "DSE") in relation to its intended Offer for Sale and Initial Public Offer (IPO) of its shares to the general public and subsequent Self-Listing of the subscribed shares on the Main Investment Market (MIM) segment of the Dar es Salaam Stock Exchange on the terms and conditions set out in the Prospectus dated 2nd May 2016 issued by the DSE. Unless otherwise stated or the context otherwise requires, words and terms defined in the Prospectus bear the same meaning in this Opinion.

1. DOCUMENTS, STATUTES AND RECORDS EXAMINED

In providing this Opinion, we have examined originals or certified copies of the following documents to our satisfaction (hereinafter referred to as the "Documents"):

- a) A Prospectus issued by the DSE dated 10th May 2016;
- b) A certified copy of the certificate of incorporation of the Dar es Salaam Stock Exchange No. 30664 dated 15th September 1996;
- c) A certified copy of the certificate of change of name No. 30664 dated 29th June, 2015, certifying the change of name from Dar es Salaam Stock Exchange Limited to Dar es Salaam Stock Exchange Public Limited Company;
- d) Certified copies of the DSE's Memorandum and Articles of Association in their original form and as amended, reprinted and filed with the Registrar of Companies on the 15th September 1996 and 26th June, 2015 respectively;
- e) Certified copies of the DSE Governing Council as well as its Members' Resolutions dated 30th April 2015 and 5th May 2015 respectively, inter alia, approving; conversion of the DSE from a private company limited by guarantee to a public company limited by shares, the DSE's proposed authorized share capital of TZS 20,000,000,000/= made up of 50,000,000 ordinary shares with a nominal value of TZS 400/= each, the subscribers to the DSE's Memorandum and Articles of Association during its incorporation and other guarantors on register by 5th May 2015 to be the initial subscribers of the converted DSE and be allotted with one share each, the change of name from the Dar Es Salaam Stock Exchange Ltd to Dar es Salaam Stock Exchange Public Limited company, sale of DSE shares

through an Initial Public Offer (IPO) and subsequent self-listing of the sold shares on the DSE's MIM segment and amendments to the DSE Memorandum and Articles of Association;

- f) A certified copy of the letter from the Capital Markets and Securities Authority (CMSA) approving the amended Memorandum and Articles of Association of the DSE dated 21st May 2015;
- g) Certified copies of the DSE's audited Annual Accounts for the years ended 2012, 2013, 2014 and 2015;
- h) List of DSE's properties, both movable and immovable which include;
 - i. Property located on Plot No. 109 King'alu Road Morogoro Municipality valued at TZS 510,000,000/=. The property is held under Certificate of Occupancy No. 40236, granted for a long term right of occupancy of Ninety Nine Years (99) with effect from January 1st, 1975.
 - ii. The Automated Trading System and the Central Depository System.
- i) All material contracts to which the DSE is a party to, including but not limited to, agreements between the DSE and other market players relating to the DSE offered services:
 - (a) Software License Agreement by and between Securities and Trading Technology (Proprietary) Limited and Dar es Salaam Stock Exchange PLC for grant of License to use the Licensed Programs in Tanzania and the East African Region and Southern African Development Community; maintain the Licensed Programs and to provide maintenance and support services following the installation of the Licensed Programs. The software license is in respect of the Automated Trading System and the Central Depository System.
 - (b) Tenancy Agreement - Lease between Public Service Pensions Fund (PSPF) and Dar es Salaam Stock Exchange PLC for the DSE offices at the 14th Floor of Golden Jubilee Towers, situated on Plot Nos. 8, 9 12 & 15 Ohio Street, Dar es Salaam for a term of five years commencing from 1st February 2012.
 - (c) Sale Agreement between National Housing Corporation (NHC) and Dar es Salaam Stock Exchange PLC in respect of the office space on part of a building under construction on Plots Nos. 1 - 3 Mwai Kibaki Road and Plot No. 44 Ursino Street, Real Estate - Kinondoni Municipality, Dar es Salaam. The Purchase price for the Property is USD. 1,800,000) which amount is exclusive of VAT.
 - (d) Tripartite Agreements between the Dar es Salaam Stock Exchange PLC, Licensed Dealing Members and Clearing Banks relating to clearing and settlement of DSE's transactions:
 - (i) DSE & Tanzania Securities Limited & Akiba Commercial Bank;
 - (ii) DSE & Zan Securities Limited & CRDB Bank PLC;
 - (iii) DSE & Orbit Securities Company Limited & CRDB Bank PLC;
 - (iv) DSE & Vertex International Securities Limited & CRDB Bank PLC;
 - (v) DSE & Optima Corporate Finance Limited & CRDB Bank PLC;
 - (vi) DSE & E.A Capital Limited & Akiba Commercial Bank PLC;
 - (vii) DSE & Solomon Stockbrokers Limited & CRDB Bank PLC;
 - (viii) DSE & TIB Rasilimali Limited & CRDB Bank PLC;
 - (ix) DSE & Core Securities Limited & CRDB Bank PLC;
 - (x) Certified insurance policies taken by the DSE, showing that the DSE has valid and adequate insurance policies against its properties or assets;

- (xi) Certified copies of Certificates of Titles of landed properties owned by the DSE; and
- (xii) List of litigations, arbitrations, prosecutions or civil or criminal legal actions in which the DSE is involved that are taking place or pending. There are two material pending litigations involving DSE:

- i. Resident Magistrate Court Civil Case No 51 of 2013 Basila Benedict Chuwa Versus Dar es Salaam Stock Exchange Plc & Tanzania Securities Limited.

This is a civil suit against the defendants in which the Plaintiff is claiming reconsolidation of its shares to include its missing shares, valued at TZS 44,179,680/- excluding damages and interests.

Prospects of Success: The DSE has fair prospects of successfully defending the suit. However, in the event of unfavorable outcome, it cannot be ascertained the extent to be paid by the Court, as general damages are awarded at the discretion of the Court.

- ii. High Court Commercial Division, Dar es Salaam, Commercial Case No. 2 of 2015 Interchem Pharma Limited (in Receivership) versus Karen Benjamin Mengi (Administratrix of the Estate of the Late Millie Benjamin Mengi), CRDB Bank Plc and Dar es Salaam Stock Exchange Plc.

The Plaintiff is claiming against the 1st and 2nd Defendants jointly and severally for a declaration that the Plaintiff is the legal and lawful owner of the 2,640,000 ordinary shares in the 2nd Defendant, an order against the 1st Defendant to surrender to the Plaintiff the Original Depository Receipt in the name of the Plaintiff for the 2,640,000 ordinary shares in the 2nd Defendant and an order against the 2nd Defendant to account for and pay the Plaintiff all the dividends payable to the Plaintiff in respect of its shareholding in the 2nd Defendant since January 2009 to the date of judgment.

This matter was accompanied by Miscellaneous Commercial Application no. 6 of 2015 for interlocutory orders of temporary injunction where the Applicant (Interchem Pharma Limited) prays for among others; an order restraining the 3rd Respondent (DSE) from allowing the CDS Account No. 190040 in the name of the Applicant in respect of the CRDB Bank PLC shares to be used to settle any transaction at the Dar es Salaam Stock Exchange pending the final determination of the main suit.

Prospects of Success: The DSE has fair prospects of successfully defending the suit as it is not directly involved in the matter.

- (xiii) The Companies Act, CAP 212;
- (xiv) The Capital Markets and Securities Act, CAP 79;
- (xv) The Dar es Salaam Stock Exchange Rules; the Listing Rules and Specifically, the MIM segment Listing Requirements;
- (xvi) A certified copy of the application that has been made by the DSE to CMSA in respect of the Offer and Self-Listing; and
- (xvii) Such other records and documents provided by the DSE as we have considered necessary and appropriate for the purpose of this Legal Opinion.

2. ASSUMPTIONS

With respect to matters of fact, we have relied on the statements made to us by the DSE officials. In addition, for the purposes of this Legal Opinion we have assumed the following:

- i) All written information supplied to us by the DSE officials is true, accurate and up to date;
- ii) The authenticity of documents submitted as originals, the conformity with the original documents of all documents submitted as copies and the authenticity of the originals of such latter documents;
- iii) The genuineness of all signatures on all documents provided;
- iv) All approvals, licenses, agreements and other relevant documents have been duly authorized, executed and delivered by the parties to those documents other than the DSE;
- v) With respect to the matters of fact, we have relied on the representations of the DSE and its officers and advisors; and
- vi) The holding of shares by non-corporate bodies is through legally permitted or allowed entities.

3. OPINION

Based on the information made available to us by the DSE officials, as well as the DSE's records listed above and taking into account the matters contained in the Documents above, and subject to reservations set out below and any matters not disclosed to us, we here by opine as follows;

- a) That the DSE is duly registered as a Public Limited Company in Tanzania pursuant to the provisions of the Companies Act, with powers to execute, deliver and exercise its rights and perform its obligations pursuant to the Offer for Sale and the Self-Listing, and that such execution and performance have been duly authorized by appropriate corporate actions.
- b) That the DSE has secured all material licenses, the requisite authorizations, approvals and consent required for it to float its shares to the general public and have the subscribed shares self-listed at the DSE on the Main Investment Market (MIM) segment, and that no other corporate action is required to authorize the Offer and the Self-Listing.
- c) That the execution and consummation of the Offer and the Self-Listing do not conflict with, and shall not result in the breach of any law, regulation, rule, circular or any agreement or obligation to which the DSE is a party to or bound by, which would individually or in the aggregate, impair the validity of the Offer and the Self-Listing or have material adverse effect on the ability of the DSE to perform its obligations after the Offer and the self-Listing.
- d) That the existing share capital of the DSE has been authorized and issued in conformity with all applicable laws and has received all necessary authorizations.
- e) That the transactions contemplated by the Offer and the performance by the DSE of its obligations there under will not violate any laws of Tanzania.

- f) That after successful conclusion of the IPO and upon meeting the listing requirements under the MIMS, the issuer shall be successfully listed on its MIMS Board. the DSE has met the basic listing requirements of the MIMS segment including:
- g) Save for the contracts specifically disclosed in the Prospectus, the DSE has not entered into any material contracts (being contracts entered into outside of the ordinary course of the DSE's business) in the two years immediately preceding the date of the Prospectus;
- h) Save for the litigations disclosed in the Prospectus, there are no material litigations or arbitration, prosecution or other civil or criminal legal actions in which the DSE or its directors in their capacity as directors of the DSE are involved, which could have a material effect on the DSE's business; and or its intended offer for sale of its shares to the general public and self-listing of its shares at the DSE on the MIM's;
- i) Subject to the assumption that this report remains true and correct as of the date of this Legal Opinion, the DSE holds all material approvals/licenses and consents required to perform its business; and
- j) Subject to the above, there are no other material items not mentioned in the Prospectus of which we are aware of with regard to the legal status of the DSE and the Offer.

4. RESERVATIONS

This letter and the Opinion given are governed by Tanzania laws and relate only to Tanzania laws as applied by Tanzanian courts at the date of this opinion. We express no opinion in this letter on the laws of any other jurisdiction.

5. CONCLUSION

This Opinion is given to the Directors of Dar es Salaam Stock Exchange Public Limited Company for the purposes of the DSE's raising funds from the public and subsequent self-listing at the DSE on the MIM segment and not for any other purpose. It may be relied upon only by DSE and CMSA but not by any other person unless our written consent has been sought and obtained.

Yours sincerely,
 CREST ATTORNEYS



Jonathan A. Njau
 MANAGING PARTNER

RECEIVING AGENTS

Orbit Securities Company Limited P.O. Box 70254, Dar es Salaam 4th Floor, Golden Jubilee Towers, Ohio Street, Tel: +255 22 2111758, Fax: +255 22 2113067 E-mail: orbit@orbit.co.tz Website: www.orbit.co.tz	Core Securities Ltd P.O. Box 76800, Dar es Salaam. Fourth Floor - Elite City Building, Samora Avenue, Tel: +255 22 2123103, Fax: +255 22 2122562 E-mail: info@coresecurities.co.tz Website: www.coresecurities.co.tz
Solomon Stockbrokers Limited P.O. Box 77049, Dar es Salaam Ground Floor - PPF House, Samora Avenue, Morogoro Road Tel: +255 22 2124495, +255 2112874 Fax: +255 22 2131969 Mob: +255 714 269090 +255 764 269090 E-mail: solomon@simbanet.net, info@solomon.co.tz Website: www.solomon.co.tz	Tanzania Securities Limited P.O. Box 9821, Dar es Salaam 7th Floor, IPS Building Samora Avenue/Azikiwe Street Tel: +255 (22) 2112807, Fax: +255 (22) 2112809 Mob: +255 718 799997 +255 713 244758 E-mail: info@tanzaniasecurities.co.tz Website: www.tanzaniasecurities.co.tz
TIB Rasilimali Limited P.O. Box 9373, Dar es Salaam 3rd Floor, CHC Building, Samora Avenue, Tel: +255 22 2111711 Fax: +255 22 2122883 Mob: +255 713 777818 / 784 777818 E-mail: rasilimali@africaonline.co.tz	Zan Securities Limited P.O. Box 5366, Dar es Salaam 2nd Floor, Viva Tower, Bibi Titi Road Tel: +255 22 2126415, Fax: +255 22 2126414 E-mail: info@zansec.com
Vertex International Securities Ltd P.O. Box 13412, Dar es Salaam Annex Building - Zambia High Commission, Sokoine Drive/Ohio Street, Tel: 255 22 2116382 Fax: 255 22 2110387 E-mail: vertex@vertex.co.tz, operations@vertex.co.tz Website: www.vertex.co.tz	EA Capital Limited P.O Box 20650, Dar es Salaam 6th Floor, IT Plaza, Ohio Street Tel: +255 779 740 818, +255 784 461759 Email: EC@EACAPITAL-TZ.COM
Optima Corporate Finance Limited P.O Box 4441, Dar es Salaam Plot No 565 "B", Senga Street , Mikocheni Tel: +255 684 856648 Email: gichohi@optimacorporate.co.tz	ARCH Financial & Investment Advisory Limited P.O. Box 38028 Dar es Salaam 2nd Floor, Wing C, NIC Life House Sokoine Drive/Ohio Street Tel. +255 22 732922396 Fax +255 22 732928489
SMART Stock Brokers (T) Ltd P. O. Box 105678, Dar es Salaam 1st Floor, Masdo House Samora Avenue Tel: +255 22 2133607 Email: info@smartstockbrokers.co.tz	Maxcom Africa Limited [Mobile Trading] P.O Box 31211, Dar es Salaam First Floor, Sit 3-4, Millennium Tower Makumbusho Area Tel. +255 757 244 424 +255 764 700 200 Email: infor@maxcomafrika.com

APPENDIX I: SAMPLE APPLICATION FORM

DAR ES SALAAM STOCK EXCHANGE LIMITED

Offer Opens: 9:00 am, 16 May, 2016

Offer Close: 04:00pm 03 June, 2016

This Application Form shall be used in conjunction with the prospectus dated 10th May 2016 in respect of the Admission to Listing of the 15,000,000 issued and fully paid up ordinary shares of the DSE to the Main Market Segment of the Exchange. You are required to read the instructions on the reverse of this Application Form and the terms and conditions of the Offer in the Prospectus.

COMPLETE USING CAPITAL LETTERS

A. CSD ACCOUNT NUMBER

--

B. BANK ACCOUNT

Bank name																	
Account No																	

C. APPLICANTS

(i) Primary Applicant

Name [First Middle Last]			
--------------------------	--	--	--

(ii) Joint applicants

Names	
-------	--

(iii) Company name/Institutions

Registration No		Country of registration	

(iv) Contacts

P.O Box	
Telephone	
Email Address	

D. APPLICATION

Number of Shares applied [In multiples]	
Amount Payable in TZS [No of Shares Applied X TZS 500]	

E. PAYMENT

Please tick appropriate box

- (i) Electronic Fund Transfer
 (ii) Bankers Cheque

- (iii) Cash
 (iv) Via Authorized Agent

F. SIGNATURE/S

Signature	Signature 1	Signature 2	Company Seal/Stamp
Date			

CUSTOMERS RECEIPT

Name of Applicant [First Middle Sir Name]			
Number of Shares applied		Amount Paid [TZS]	
CSD Number			
Date	Day	Month	Year

APPENDIX II: APPLICATION GUIDELINES

General information

1. An applicant must be a holder of a CSD Account. In order to open a CSD Account please contact an Authorized Agent.
2. Applicants are required to observe terms and conditions contained in the Prospectus.
3. The Issuer reserves the right to accept or reject any application in whole or in part particularly if the instructions set out in the Prospectus and in this Application Form are not complied.

Specific instructions

1. Section A is mandatory for all applicants and must be completed correctly.
2. Section B is mandatory for all local applicants who have bank accounts in Tanzania. Data in this Section will be used for refunds (if applicable).
3. Section C should be filled in correctly, the names in the CSD Account must be the same as those presented in Section A and if they are not, the applicant is advised to update the CSD Account data immediately through an Authorized Agent.
4. Section D - applicants should make their request to purchase shares for a minimum of 100 shares and in multiples of 100. Amount payable shall be the number of shares applied for multiply by TZS 500. For example 100 Offer shares x TZS 500= TZS 50,000.
5. Section E provides 4 options for making payment. Please tick the appropriate box.
6. Section F is for signatures and date [not later than closure date]. For institutions and companies, the signatures should be as per mandate.
7. Customer receipt part should be fully completed, the applicant should keep the slip in safe custody.

APPENDIX III SUMMARISED MAXMALIPO PROCESS FLOWS

PART A: REGISTRATION

A. First time registration

1. Access the USSD: *150*36#
2. Choose new registration
3. In the backend we capture the MSISDN

Query validity from mobile operator as follows:-

- Send MSISDN
- Operator check validity
- Operator check mobile wallet registration
- Operator retrieves registration details
 - First Name| Middle Name| Last Name| Address
 - Operator responds with
 - MSISDN Validity |Mobile Wallet Validity|&above details
 - Record the details
- 4. Prompt with Unit Price of shares and ask to enter number of shares
- 5. In the backend record and calculate total amount
- 6. Prompt with Unit Price, Number of shares entered above and total amount computed, and request confirmation
- 7. Generate and assign control number (reference number for payment)
- 8. Send SMS Text to the MSISDN with the control number, and Registration number, and due date

B. Next time, want to acquire shares

1. Access the USSD: *150*36#
2. Choose use registration number
3. Enter registration number
4. Prompt with Unit Price of shares and ask to enter number of shares
5. In the backend record and calculate total amount
6. Prompt with Unit Price, Number of shares entered above and total amount computed, and request confirmation.
7. Generate and assign control number (reference number for payment)
8. Send SMS Text to the MSISDN with the control number, and Registration number, and due date

PART B: PAYMENT

Payment will be made through MAXMALIPO's usual payment channels (MaxMalipo agents and any Mobile Money service providers - M-Pesa; Tigo Pesa; Airtel Money, Eazy Money and MaxMalipo itself).

Payment should be made against the control number obtained. Once payment is complete operator will send transaction details to MAXCOM PG.

a. Stage 1: Validation

1. Validate the control number
2. Check amount
3. Check due date

b. Stage 2: Allocation of CDS number

1. Check if an unallocated number is available
2. Allocate to this prospect shareholder
3. Send payment confirmation to the MSISDN

PART C: BROADCAST SMS

This will be sent on demand, to notify a batch of prospective shareholder of some events.

PART D: REPORT/PORTAL

This will show:-

1. Registration requests and their status
2. Payments
3. CSD numbers allocations
4. Refunds, if any

