RWANDA STOCK EXCHANGE

RWANDA STOCK EXCHANGE | ANNUAL REPORT 2016

"Wealth a way of life"

Our Vision

To be a big contributor to the economic development and key player in leading Rwanda to become a Regional Financial Center .

Mission

To provide the main platform for promotion of savings and raising funds for long term investments in Rwanda and beyond.

Core Values

Efficiency
Innovation
Transparency
Accountability
Integrity

RSE
RWANDA STOCK EXCHANGE

LIST OF ACRONYMS AND ABREVIATIONS

ALSI: All Share Index
ASEA: African Securities Exchanges Association
BNR: Banque Nationale du Rwanda
Bralirwa: Brasseries et Limonaderies du Rwanda
BK : Bank of Kigali
CBE : College of Business and Economics
CDSC: Central Depository and Settlement Corporation
CEO: Chief Executive Officer
CSD: Central Securities Depository
CTL: Crystal Telecom Limited
DSE: Dar es Saalam Stock Exchange
EASEA: East Africa Stock Exchange Association
EASRA: East African Securities and Regulatory Authorities
EGH: Equity Group Holdings
IFAC: International Federation of Accountants
IFC: International Finance Corporation.
INES: Institut d'Enseignment Superieur
IPB: Institut Polytechnique de Byumba
IPSAS: International Public Sector Accounting Standards
IOSCO: International Organization of Securities Commissions
FSDRP: Financial Sector Development Regionalization Project
KCB: Kenya Commercial Bank
MINECOFIN: Ministry of Finance and Economic Planning
MINEACOM: The Ministry of Trade, Industry and East African Community Affairs
MoU: Memorandum of Understanding
NSE: Nairobi Securities Exchange
OTC: Over The Counter
PSF: Private Sector Federation
RSE: Rwanda Stock Exchange
RSI: Rwanda Share Index
RSSB: Rwanda Social Security Board
SITI: Securities Industry Training Institute
SORAS: Société Rwandaise d'Assurance
UR: University of Rwanda
USE: Uganda Securities Exchange
US SEC: United States Securities and Exchanges Commission
UTAB: University of Technology and Arts of Byumba
WBG: World Bank Group
WFE: World Federation of Exchanges

*Group Photo with Right Hon. Prime Minister **Anasthase MUREKEZI** at the official opening ceremony of The 20th ASEA Annual Conference at the Kigali SERENA Hotel.*

*Right Hon. Prime Minister **Anasthase MUREKEZI** Speaking at the official opening ceremony of The 20th ASEA Annual Conference at the Kigali SERENA Hotel.*

PROFILE OF BOARD OF DIRECTORS

Dr James NDAHIRO
Chairman

Dr. James NDAHIRO is the Rwanda Stock Exchange (RSE) Chairman. He is also the chairman for Zigama Credit and Saving Society (ZCSS) has been the current chairman for Societe Nouvelle d'Assurances du Rwanda (SONARWA).
He is a Member of East African Legislative Assembly where he is the chairperson of the Committee on Communications, Trade and Investment which is one of the standing committees of the parliament.

He plays another role including Coordinator of the Rwanda Investment Climate project (RICP) and Director for the Central African Affairs in the African Union of the blind.

He is also a member of the Association of Certified Chartered Accountants of England and Wales. He is a PhD holder in Accounting and Finance from the University of Manchester (UK) and an MBA in Accounting and Finance from Maastricht School of Management (Netherlands).

Mr. Bob KARINA
Vice Chairman

Mr. Karina is the Founder and Chairman of Faida Investment Bank and the Vice Chairman of the Nairobi Securities Exchange (NSE) Ltd. He is also the Vice Chairman of the Rwanda Stock Exchange, where he has played a key role in the setup of the Rwanda Stock Exchange (RSE) and serves as the Chairman of the Trading Committee. He is also a Board Member of the Central Depository and Settlement Corporation (CDSC), where he serves as the Chairman of the Finance Committee.

He is an accomplished stockbroker, an information technology professional and a successful businessman. He plays other roles including; Chairman of Asterisks Holdings, Chairman of Norwich Union Properties Ltd., Chairman of Association of Kenya Stockbrokers (AKS) Nominees Ltd and Founder Member of the Institute of Certified Securities and Investment Analysts (ICSIA). He is also a member of the Institute of Directors. He also served as the Director and Chairman of the Finance Committee of the National Chamber of Commerce and Industry.Mr. Karina was instrumental in the establishment of the CDSC, the implementation of the NSEís Automated Trading System (ATS), the Wide Area Network (WAN), and the Broker Back Office (BBO) system, as the Chair of the implementation committees that spearheaded these developments in the Kenyan Capital Markets. He has broad experience in advising institutional and corporate investors, corporate finance consulting and research analysis. He holds a Master of Science (MSc) in Corporate Finance from the University of Liverpool, in the UK.

Iza Irame
Board Director

Iza Irame is the Chief Executive Officer of Crystal Telecom Ltd and Chief Corporate Services Officer at Crystal Ventures Ltd .Prior to joining CVL, Iza was the Chief Executive Officer of African Alliance for four years. She led diverse corporate finance transactions in the Rwanda Market and has been instrumental in growing the local capital market industry. She was the first chairperson of the Rwanda Stockbrokers Association.

Prior to joining African Alliance, Iza was Group Finance Officer at the Horizon Group Ltd and worked as the Chief Accountant at the Office of the Prosecutor General. She currently serves as a non-Executive Director on various boards including the Rwanda Stock Exchange, African Alliance Rwanda, Zigama CSS and Rwanda Teaching University Hospital.

Iza holds a Bachelor's degree in Finance from the Kigali Institute of Science, Technology and Management (KIST) and is an affiliate of the UK Association of Chartered Certified Accountants (ACCA).

Mr. Jonathan Hall
Board Director

Mr. Jonathan Hall is an RSE Executive Director and Former Vice Chairman of the Board and Managing Director of Bralirwa Ltd.

Jonathan Hall, joined Heineken in Asia in 1997, where he was Marketing Director at Asia Pacific Breweries. From 2000 - 2007, he was marketing Director in Ireland and Indonesia. Prior to joining Heineken, Jonathan worked in East Africa from 1979 -1987 and Asia from 1987 - 2004.He joined Bralirwa Ltd in January 2012, after four years as Managing Director of the Heineken brewery in St. Lucia.

Mrs. Amina Umulisa RWAKUNDA
Board Director

Mrs. Amina Umulisa RWAKUNDA has been a Board Director of the Rwanda Stock Exchange (RSE) since 2012. She is the current Senior Economist/ Director of Macroeconomic Policy at the Ministry of Finance and Economic Planning; and board Director of the NISR (National Institute of Statistics Rwanda).

Mrs. Rwakunda is an Economist with over 12 years' experience and a seasoned negotiator on regional integration matters where she has been serving as the Deputy Chief Negotiator for Rwanda's High Level Task Force on the EAC Monetary Union and she is also involved in negotiations on fiscal related policies. Mrs. Rwakunda holds a Masters in Globalisation and Development Economics from the University of Antwerp.

Andrew Otengo OWINY
Board Director

Andrew Otengo OWINY currently serves as a Board Member on the Board of Directors of the RSE, and is the Chairman of the Board Finance & Administration Committee. Andrew is a Group Executive Director and Group Head of Corporate Finance & Research with MBEA Brokerage Services (Rwanda) Limited ('MBEA Rwanda' or 'MBSRW'), a Licensed Stock Broker Member of the RSE.

At MBEA Rwanda, Andrew handled in the lead role, the 1st securities issue and listing on the Rwanda Over-the-Counter ('OTC') Market, a fixed income issue by Banque Commerciale du Rwanda S.A. ('BCR'); and the 1st equity initial public offer ('IPO') and listing on the Rwanda Stock Exchange (RSE), the Brasseries et Limonaderies du Rwanda Ltd (BRALIRWA) IPO.

For over 14 years from 1997 to 2010, Andrew served as Managing Director (initially as Director and Executive Director) at MBEA Brokerage Services (Uganda) Limited ('MBEA Uganda'), where he handled in a lead or co-lead role, seven (7) out of the eight (8) equity IPOs in Uganda, seven (7) out of the twelve (12) fixed income issues in Uganda, and four (4) out of the eight (8) cross listings on the Uganda Securities Exchange ('USE').Prior to joining The MBEA Group, from 1991 to 2002, Andrew served as Senior Vice President and Head of International Finance at Pryor, Counts & Co., Inc., a full service boutique investment banking firm headquartered in Philadelphia, Pennsylvania in the USA. Prior to joining Pryor Counts, Andrew worked as a Banking Officer in the Development Finance Department and the Agricultural Secretariat of the Central Bank of Uganda ('BOU') from 1988 to 1990. Over the same period, Andrew served as a Teaching/Tutorial Assistant in the Finance Department of

the Faculty of Commerce at Makerere University, Kampala ('MUK'), Uganda. Andrew has, over the years, served on numerous other Boards of organizations across Africa. He currently serves as a Director on the Board of aBi Finance Limited, a Ugandan company that provides financing for agribusiness development; and, on the Board of G4S Secure Solutions (Uganda) Limited, a leading global international security solutions group, specializing in secure outsourcing of business processes, including manned guarding, courier logistics, cash solutions and security systems.

Andrew also served as Alternate Director on the Board of CAL Merchant Bank Limited (now Cal Bank Limited) in Accra, Ghana; Alternate Director on the Board of the National Merchant Bank of Zimbabwe Limited ('NMBZ') in Harare, Zimbabwe; and, Alternate Director on the Board of Securities Discount Company Limited ('SDC') in Accra, Ghana. He has also served as: Ag. Chairman of the Uganda Securities Exchange (USE); Governing Council Member/Director of the USE, where he served as Chairman of the Council Finance & Projects Committee; Director on the Board of the National Social Security Fund ('NSSF') of Uganda, where he served as Chairman of the Board Finance & Investments Committee; He has also served as Founding Chairman of the Uganda Stock Brokers Association ('USBA'); and, Chairman of Uganda Rugby Union, the governing body of the Game of Rugby in Uganda.

In June 1997, Andrew, at the invitation of the United States Congress/House of Representatives Subcommittee on Africa of the House Committee on International Relations, provided written and oral testimony regarding "Africa's Emerging Capital Markets". Andrew was the first recipient of the "Kikonyogo Capital Markets Award" ('KCMA') 2003, presented by Capital Markets Authority of Uganda ('CMA Uganda') in recognition of his exemplary contribution towards the development of the Ugandan capital market. The Award was named after the Late Governor of the Central Bank of Uganda ('BOU'), Mr. Charles N. Kikonyogo, in recognition of his exemplary support and dedication to the development of the capital markets industry in Uganda. In 2007, Andrew received the Runner-up KCMA.

Andrew was nominated one of the "2009 Distinguished Wharton Alumni (contributing to Africa)" by the Wharton African Students Association ('WASA'), of which Mr. Owiny was the Founding President; and the Wharton Club of Africa ('WCA'), a congregation of Wharton Alumni from across the African Continent, both organizations associated with The Wharton School of the University of Pennsylvania in Philadelphia, Pennsylvania, USA.

Andrew served as a Judge on the Panel of Judges for the annual Rwanda Development Board ('RDB') Business Excellence Awards (Investor of the Year & Export of the Year Awards) in 2010, 2011 and 2012, and served as Chairman of the Judges Panel & Joint Master of Ceremony ('MC') in 2011. Andrew received his Master of Business Administration degree in Finance & Accounting from the Wharton School of the University of Pennsylvania, and holds a Bachelor of Commerce honours degree in Finance from Makerere University, Kampala ('MUK'), Uganda.

Innocent Idi KABANDA
Board Director

Innocent Idi KABANDA has served as a member of the Rwanda Stock Exchange Board of Directors since May 2015. He is also Board member of SOYCO Rwanda (soy bean factory) located at Kayonza District) since January 2016 and EPIC (Eastern Province Investment Company) since January 2016. Mr. Innocent Idi KABANDA currently serves as Director of Portfolio Management Division of Rwanda Social Security Board (RSSB).

He joined the RSSB in January 2007 as Investments Monitoring and Evaluation Officer and by September 2011 he had become the Director of Fixed Income Investments and in 2013 was appointed as Director of Non Fixed Income Investments. In 2015, Innocent was promoted to Director of Portfolio Management Division. As Division Manager of portfolio Management, he was responsible for Analysis of the Fixed Income (bank term deposits, Government securities, mortgage and loans) and non-fixed income investments (Real estates and Equity) to determine prudent investment reallocation opportunities to generate additional yield or minimize investment risk; follow up the macro economic situation and prepare the report on a regular basis, especially to evaluate the trend of the inflation rate. Innocent holds a master's Degree in Economics Policy Management from Kinshasa University sponsored by World Bank and a Bachelor's Degree in Management from the National University of Rwanda. He has attended a number of trainings, workshops, seminars and conferences both locally and internationally covering various areas of interest.

Mr. Pierre Celestin RWABUKUMBA
Chief Executive Officer

Pierre Celestin RWABUKUMBA, a Rwandan national born in 1974, is the current Chairman of the East African Securities Exchanges Association (EASEA) and Chief Executive Officer of the Rwanda Stock Exchange Ltd. He is the Co- founder and Chairman of Kigali Cement Company, a private company that produces, Markets and sells cement in Rwanda and neighboring countries, he is also a non-Executive Director in Athi River Mining – Rwanda Ltd, and non-Executive Director in Atlantis Microfinance (AMF) Ltd. He is also involved in different investment projects ranging from Real Estate, Poultry and Agro – processing to Energy production.

Mr. Rwabukumba started his career in financial services in New York City more than a decade ago after graduating from the University of Buffalo (UB), New York in the United States with

A bachelor's Degree in Economics. He worked in different professional positions as a stock broker, in Compliance and Operations and Institutional Investors' Sales before he joined the Central Bank of Rwanda in 2004 to help start the Capital Market Development Project in Rwanda. Mr. Rwabukumba is also a seasoned negotiator as he has been instrumental in different negotiations on regional integration of the East African Community. He has served on different Capital Market Committees both at the national and the regional level the latest being the High Level Task Force negotiating the EAC Monetary Union. He is currently pursuing an Executive MBA at the East Southern African Management Institute (ESAMI) - Kampala, Uganda.

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1. BRIEF DESCRIPTION OF RWANDA STOCK EXCHANGE (RSE)

A Stock Exchange is an oganized and regulated financial market where securities are bought and sold at prices governed by the forces of demand and supply. Stock exchanges impose stringent rules, listing requirements, and statutory requirements that are binding on all listed and trading parties.

Rwanda Stock Exchange Limited was incorporated on 7th October 2005 with the objective of carrying out stock market operations. The Stock Exchange was demutualized from the start as it was registered as a company limited by shares. The company was officially launched on 31st January, 2011.

RSE OWNERSHIP STRUCTURE

The ownership structure of Rwanda Stock Exchange is as follows:

No	Shareholders	Ownership (%)
1	Government of Rwanda Ltd.	20
2	Faida Securities Rwanda Ltd	10
3	African Alliance Rwanda Ltd.	10
4	CDH Capital Ltd	10
5	Baraka Capital Ltd.	10
6	MBEA Brokerage Services Rwanda Ltd	10
7	Dyer & Blair Rwanda Ltd.	10
8	RSSB	10
9	BRD	8
10	SONARWA General Insurances Company Ltd	1
11	SORAS General Insurance Ltd.	1

1.1 RSE BOARD COMPOSITION & REPRESENTATION

The Rwanda Stock Exchange Board is comprised of 7 members distributed as follows:

- Government of Rwanda has one representative
- Members have three representatives
- Institutional investors have one representative
- Members of the public and/ or professional bodies have one representative
- Listed companies have one representative

1.1.1 CORPORATE INFORMATION

Directors

	Names	Role
1	Dr. James Ndahiro	Chairman
2	Mr. Bob Karina	Vice Chairman
3	Mrs. Iza Irame	Member
4	Mr. Andrew Otengo Owiny	Member
5	Mr. Jonathan Hall	Member
6	Mr. Pierre Celestin RWABUKUMBA	Secretary
7	Mrs. Amina Umulisa Rwakunda	Member
8	Mr Idi Innocent	Member

Board Secretary
Mr. Pierre Celestin RWABUKUMBA

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P O Box 5337, Kigali- RWANDA
Registered Office
KCT Building 1st Floor,
Avenue du Commerce,
P O Box 5337 Kigali- Rwanda

Bankers
Bank of Kigali
Plot No.6112,
Avenue de la Paix
P.O. Box 175, Kigali, Rwanda

Auditors
MN& Associates
Rue de Akagera, Plot No 1432, Kiyovu
P.O Box 1863
Kigali
Legal Advisor
K-Solutions

Dr James NDAHIRO
Chairman

STATEMENT OF THE CHAIRMAN

It is my pleasure to report that 2016 was a good year for the Rwanda Stock Exchange (RSE). The economy remained resilient despite challenges across the globe especially in sub Saharan Africa due to commodity prices and world oil markets volatility. This clearly marks our role as a stock exchange in becoming even more relevant. Given the fact that the RSE was established to facilitate implementation of the country's economic reforms and encourage wider ownership of public resources, collaboration and support from the Government and other key stakeholders continues to be key towards supporting the country's economic development. The RSE's strategies and plans therefore, aim at positioning the RSE as the focus for raising capital for private enterprises and to the Government's development projects by providing the platform for mobilizing savings for productive investments activities and creating investment opportunities for investors.

During 2016, RSE continued, for the second year running, the implementation of its 5 year strategic plan where efforts and resources have been directed towards the sensitization of the large and Small and Medium Enterprises Market Segments (SMEMS), increasing on efficiency levels and raising the profile of the exchange.

In the course of the year we increased our visibility on the world stage by actively participating in different regional and international conferences and activities. The RSE successfully hosted the 20th the Annual flagship Conference and General Meeting of the African Securities Exchanges(ASEA) for the first time. The conference was graced by Right Honorable Anastase Murekezi, The Prime Minister of the Republic of Rwanda.

I am also happy to note that we joined the World Federation of Exchanges (WEF) during the year as an associate member and continued the activities of the UN's Sustainable Stock Exchanges initiative(SSE) that we joined in 2015. This initiative aims to provide an effective platform for peer-to-peer dialogue among global exchanges. RSE was the fifth exchange on the continent to join WEF after Nigeria, Mauritius, Ivory Coast and the Nairobi Securities Exchanges.

The Outlook is exciting, as all these efforts start to bear fruits i.e. increase activity, broaden the range of products, streamline the operations and commercialize the RSE as an entity. During this period we continued our efforts towards the automation of the exchange. During the year, the Market

Capitalization stood at US$ 3.5 billion slightly down from the previous year due to price volatility. With regard to the fixed income securities, the government's quarterly bond issuance program continued with an average of 170.1% subscription rate. This increased secondary trading activity in the fixed income securities to the tune of 130% in number of transactions.
The recorded performance positively impacted the financial performance during the year. The RSE internal income generated decreased by 11.3% from Rwf 339.1 million in 2015 to Rwf 301.5 million in 2016. We managed to stay within the projected performance despite the fact that we operated in a turbulent year mainly due to exogeneous factors.

On behalf of the Board of Directors, Management and the rest of the members of staff at Rwanda Stock Exchange, I wish to acknowledge and extend our appreciation to the continued support of the Government of Rwanda through the Ministry of Finance to the CMA. It is our sincere belief that the Government will continue supporting the RSE for the foreseeable future.

I am also grateful to all our development partners such as the Financial Sector Development Plan (FSDP), National Bank of Rwanda (BNR) and the Private Sector Federation (PSF) for their support in developing the market. During the year under review we intensified the Public awareness campaigns for Small and Medium Enterprises and increased our presence up country road shows for the general public. We believe through these will result into increased appetite for Small & Medium Enterprises raising capital and listing on the Exchange and see more participation from the general public on the demand side.

Again in a special way I acknowledge with appreciation the outstanding role played by all my colleagues (the Members of Board of Directors) for their continued contribution and commitment to the development of the Exchange.The concerted efforts by the Management and the Board should push further the development agenda of the RSE in years to come. On behalf of the Board, I would like to also thank the RSE Management and entire team of staff for their dedication and commitment in ensuring that the Exchange meets its strategic objectives even during challenging moments.
In the longer term, we remain very positive about the opportunities to grow our Exchange as we are well positioned to capitalize on the ongoing economic reforms and development in the country through providing efficient capital raising channels to support growth.

Dr. James Ndahiro
Chairman

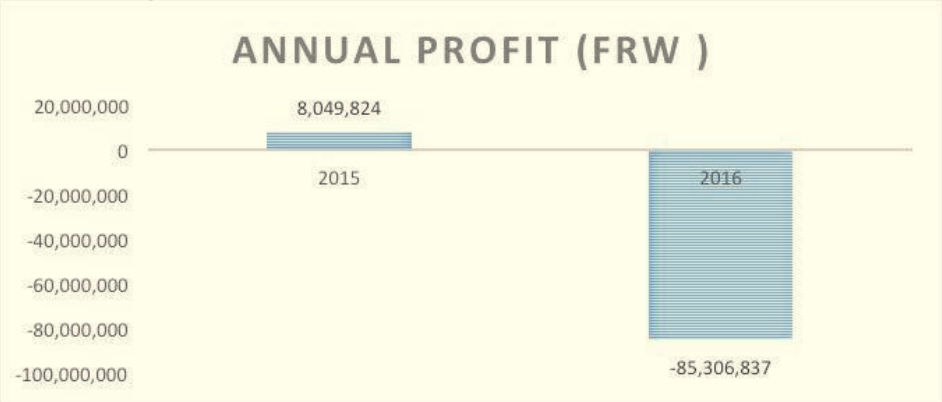
MANAGEMENT

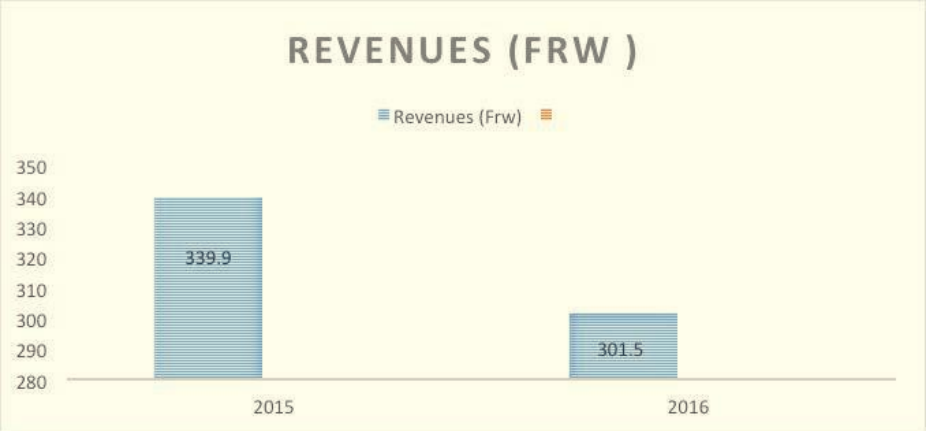
The management of RSE during the year and to the date of this report was:

	Names	Positions
1	Mr. Pierre Celestin RWABUKUMBA	Chief Executive Officer
2	Ms. IRIBAGIZA Alice	In Charge of Administration and Finance
3	Mr. TWAGIRA Robert	In charge of Information and Technology
4	Mr. MITALI David	In charge of Operations

Financial Highlights

1. Financial performance

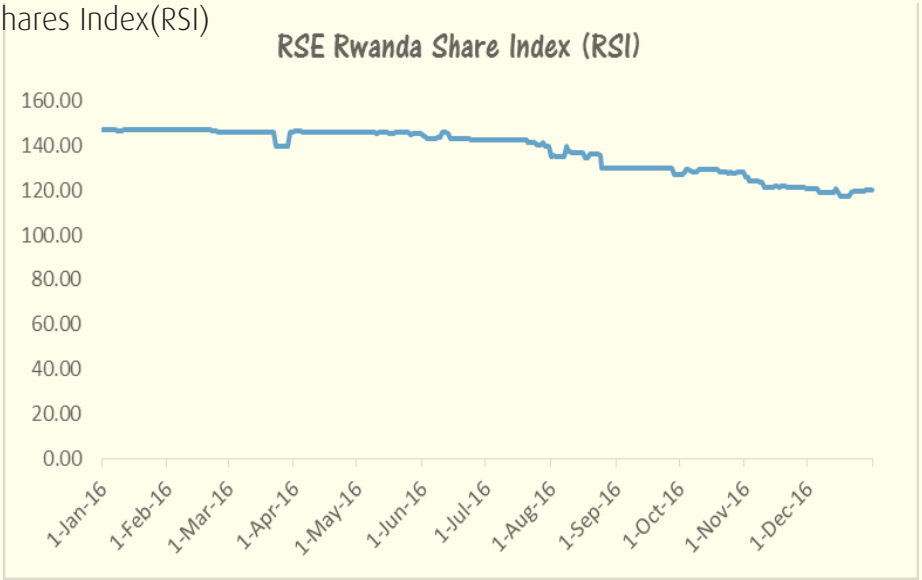




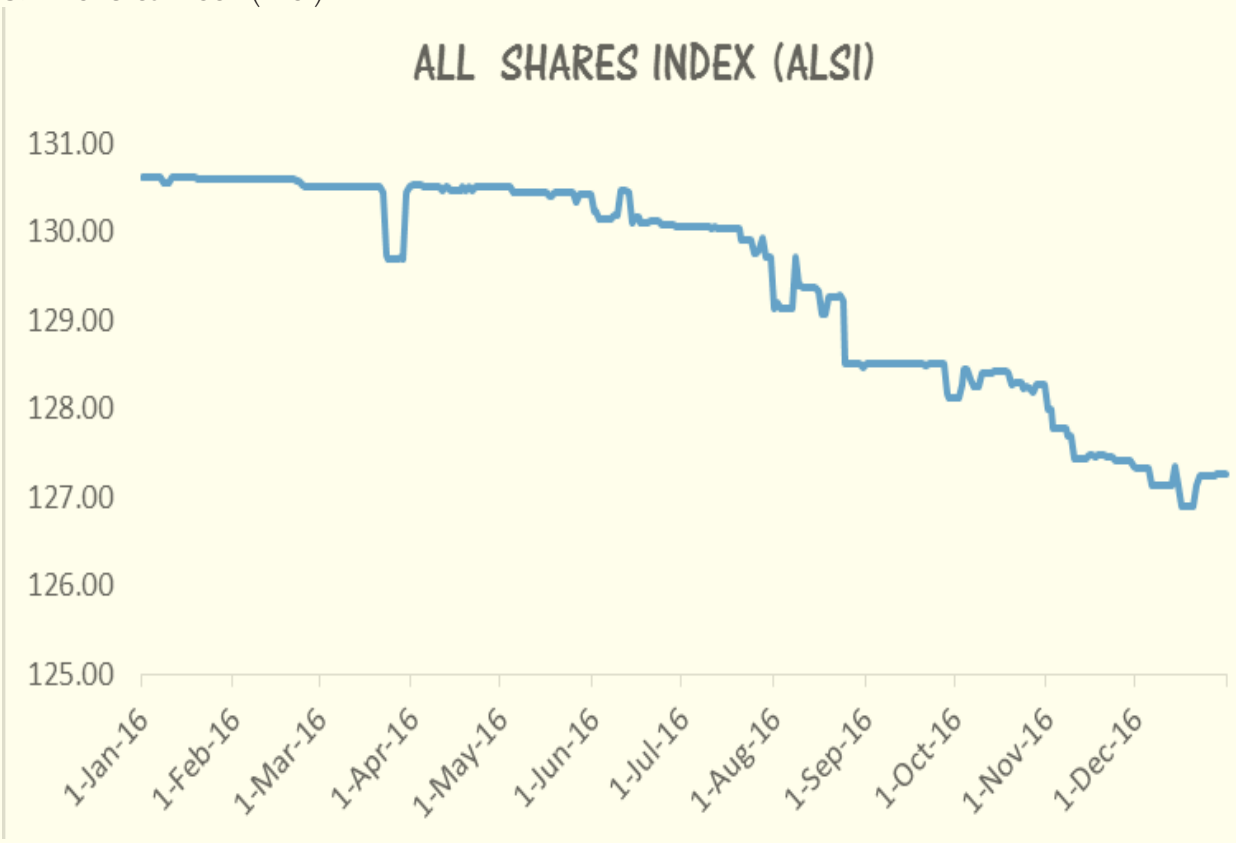
2. Market Performance

RSE Indices

a. Rwanda Shares Index(RSI)



B. All Shares Index (ALSI)



Market participation by end of 2016

Comparison turnover between 2015-2016

1. ECONOMIC PERFORMANCE

1.1 Global Economic outlook

Over the period from 2000 up to 2007, the world economy enjoyed high and sustainable growth rate, averaging at 4.5%, with advanced as well as emerging and developing economies growing by 2.7% and 6.6% respectively. Growth patterns were however erratic across regions and countries. AmFast-growing economies included the United States of America at 2.7%, the United Kingdom 2.9% and Canada 2.8%. In emerging and developing economies, Asian economies remained the engine of growth, recording growth of 8.3 % over 2000-2007 alongside with the sub-Sahara Africa with 6.0% over the same period. In advanced economies, factors that shaped the growth patterns comprised development in investment opportunities, appropriate macroeconomic policies, well-functioning labour and financial markets and, sustainable domestic and external demand.

Growth rates kept decelerating across countries and regional blocks legacies from the financial crisis such as high indebtedness, high unemployment rate, financial constraints as well as weak global demand continue to drag down growth prospects. More recently, new headwinds hitting the global economy resulted from the effect of the 2011 European debt, the fragilized European banking sector, the gradual slowdown and the economic rebalancing in China with its spillover the hard winter in the USA, the strength of the US dollar and the uncertainty over policies under newly elected administration.

1.2 Expected impact on Rwanda Economy

The global economy keeps growing at a rather average pace and aggregate demand remains low but expected to slightly recover in 2017.

In 2016, most commodity prices were recovering and expected to continue increasing in 2017.Oil prices are foreseen to rise to around USD 55 a barrel reflecting continued market rebalancing and following OPEC' s effort to squeeze oil supply (BNR, Monetary policy and financial stability, 2017). These developments tend to affect the Rwandan economy particularly the fact that rising oil prices in 2017 may lead to an increase in the oil prices is not expected to be very high and may thus be outweighed by the positive effect of the expected increase in international prices of metals, minerals on Rwanda export.

1.3. Inflation

Headline inflation increased from 4.5% in January 2016 to 7.3% in December, 2016. It went up from an average of 2.5% in 2015 to 5.7% in 2016, mainly driven by the rising food prices and transport costs. The increase in food prices mostly influenced by the surge in vegetables inflation from the average of 6.7% in 2015 to 20.2% in 2016. The rising food prices stemmed from reduced food supply, following the poor performance in Agricultural production. (BNR, Monetary policy and financial stability, 2017).

2. MARKET PERFORMANCE

On the Rwanda Stock Exchange (RSE), equities trading activities declined for this period due to investor's behavior, commodities prices fluctuations, US dollar appreciation against the other currencies over the world especially emerging economies from Sub-Sahara Africa. The three counters of BRALIRWA Ltd, Bank of Kigali Ltd and Crystal Telecom Ltd still dominate in volumes, transactions and price changes.

2.1. Primary market

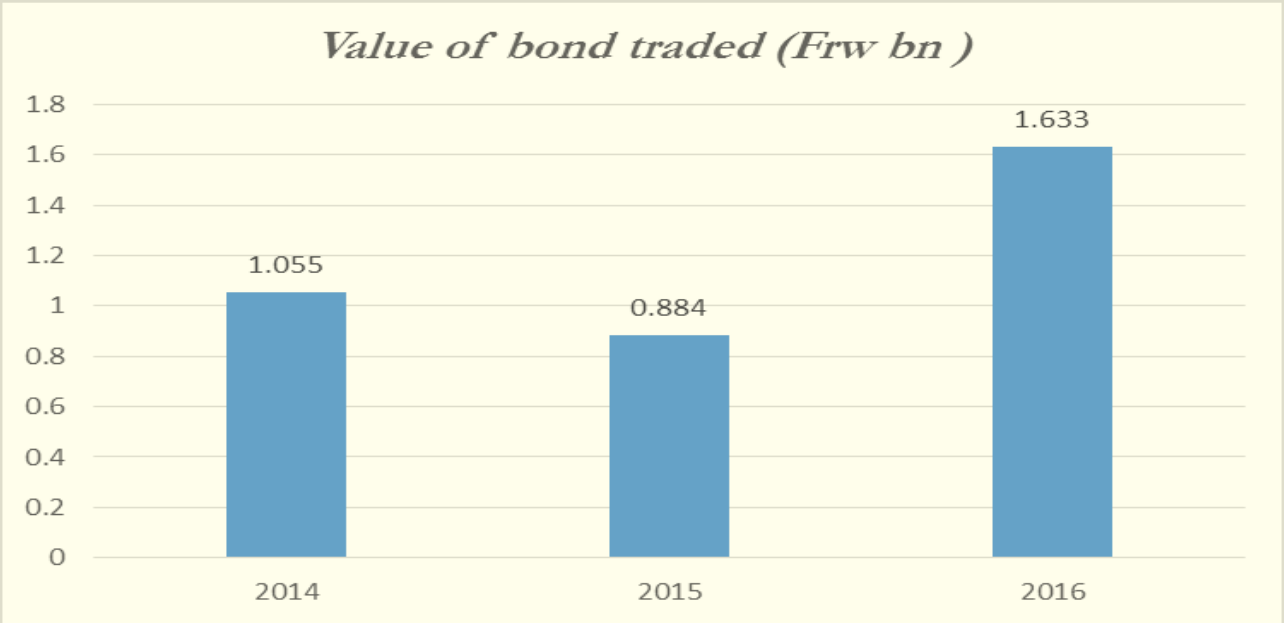
The Government quarterly issuance program dominated the fixed income market as 4 Government bonds with a face value of Frw 55 billion were issued in February, May, August and November during the year under report. The benchmark issues went to 15 year tenor for the first time in Rwanda.

On the Equities side there was no an IPO for this period but there are matured prospects in pipeline for the next year of 2017.

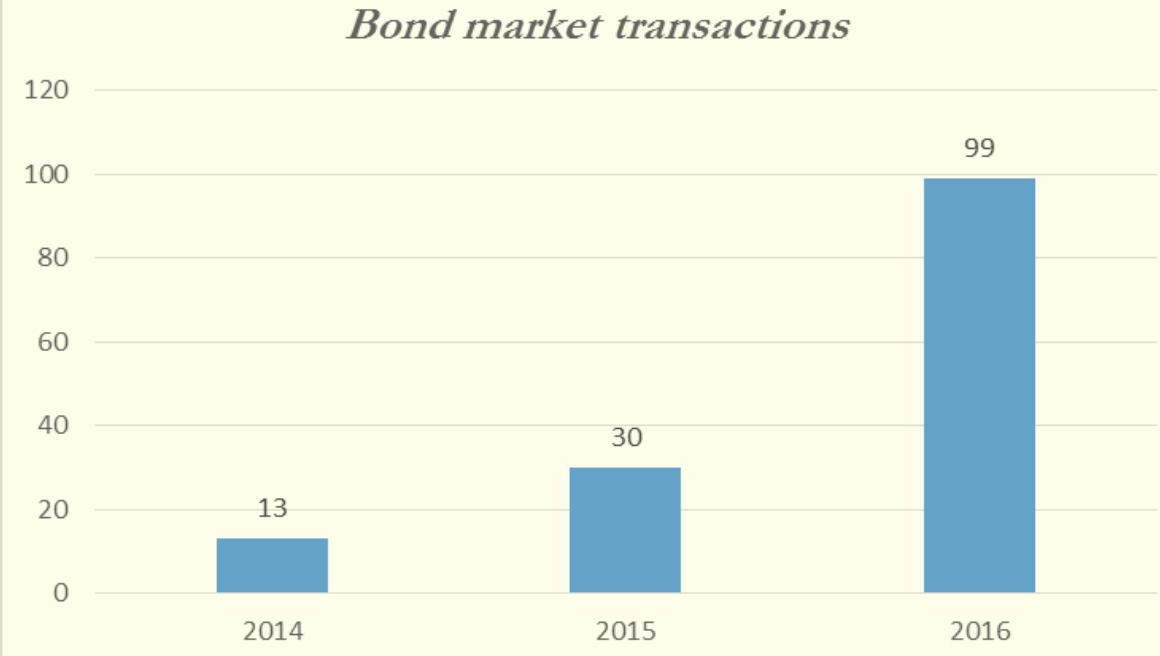
2.2 Secondary market

2.2.1 Bond market

During the period under review, 4 government Treasury bonds worth 55 billion listed on the bourse with different tenures and face values. In addition, from January to December, 2016 the bond market registered a turnover of Rwf 1.7 billion from 1.63 billion worth of bonds in 99 deals. This translated into an increase of 86.2% and 230% in terms of turnover and transactions compared to the same period of 2015.



Source: RSE,2016



2.2.2 Equities market

The market recorded a total turnover of Frw 17.1 billion from 136.1 million of shares and Frw 1.633 worth of bonds. This translates into a decrease of 55.6% in terms of turnover compared to the same period of 2015.

Comparison between turnovers for 2015-2016

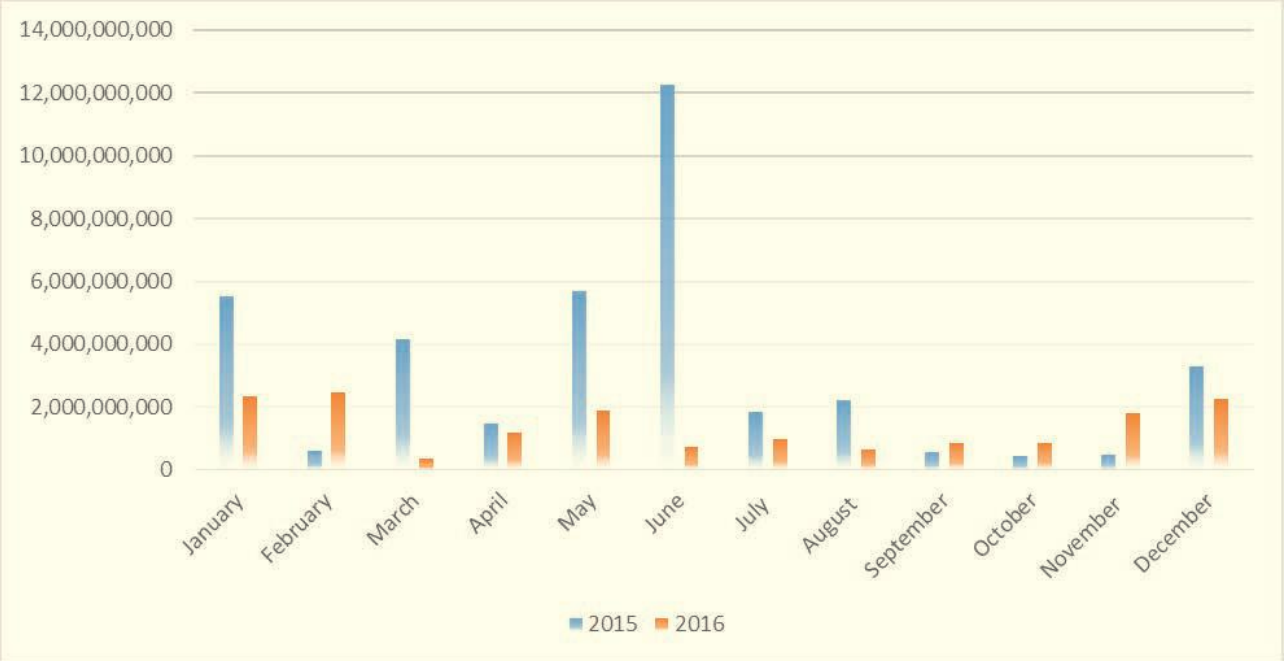


Figure 1. Market Turnover, RSE, 2016

2.2.3 Indices

The stock market index is defined as a statistical indicator used in measurement and reporting of changes in the market value of a group of stocks/shares. It is also defined as a method of measuring a section of the stock market. Many indices are cited by news or financial services firms and are used as benchmarks to measure the performance of portfolios such as mutual funds (Hull, 2012). Under measuring market performance Rwanda Stock Exchange (RSE) has two types of indices used to measure the performance which are Rwanda Shares Index (RSI) for domestic listed companies and the all share Index (ALSI) which includes all listed companies. During the period under review both indices dropped as shown in the following graphs

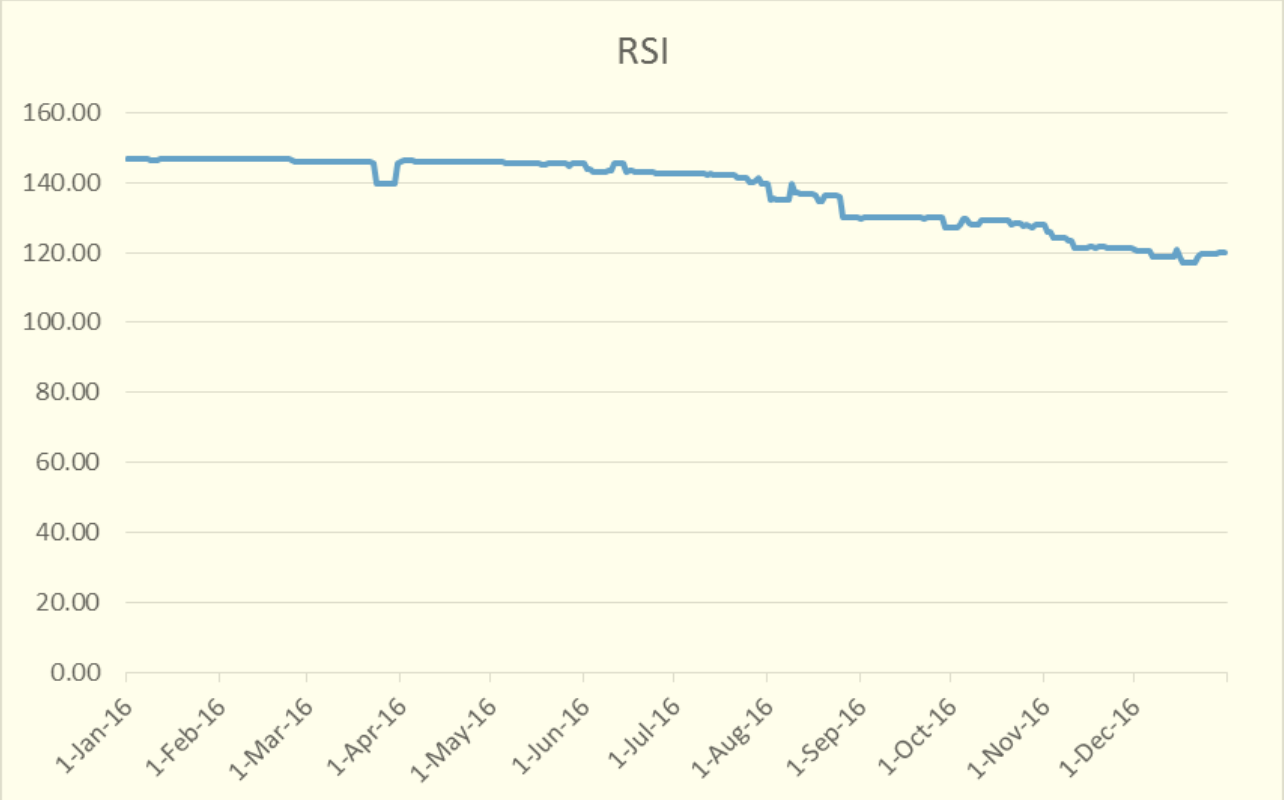


Figure 2: Rwanda Share Index, RSE, 2016

The RSI declined 18.36% then ALSI recorded a dropped 2.56% for the period of January-December, 2016.

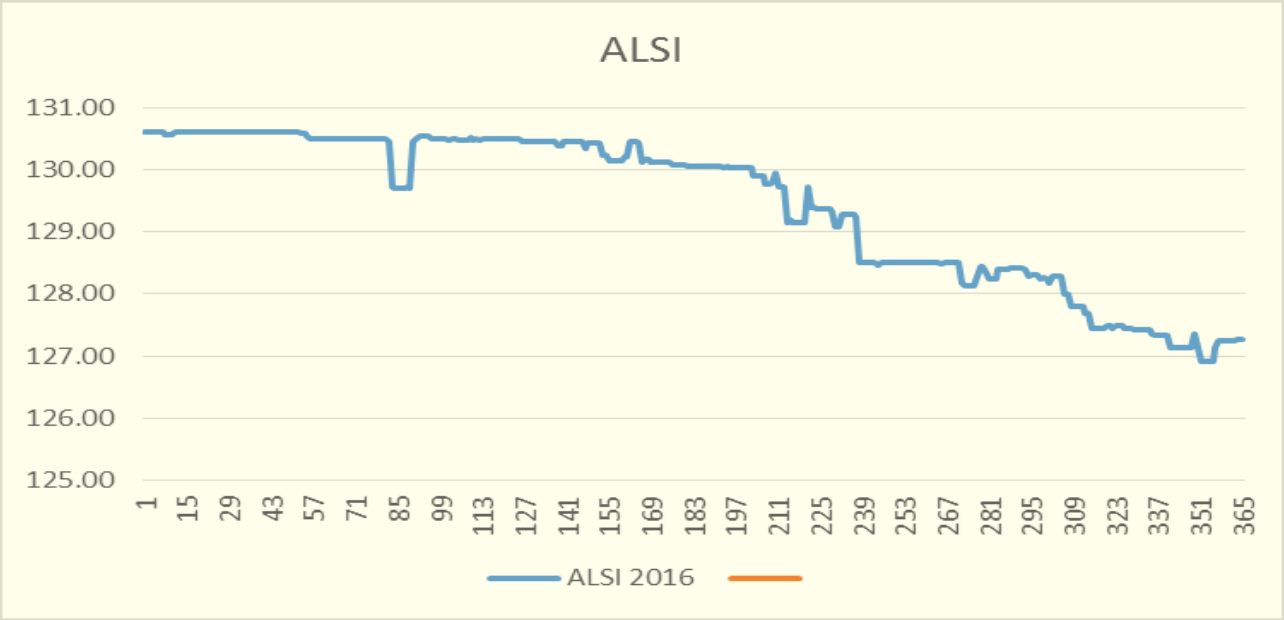


Figure 3: All share Index, RSE, 2016

The market capitalization stood at USD 3.4 billion at the end of December, 2016 which resulted in a decrease of 5.6% in consideration with the same period of 2015 whereby the market capitalization was USD 3.6 billion.

2.2.4 Market participation

By the end of 2016 the total CSDs accounts were 15,777 of which 12,862 were domestic investors, 2,500 were from the East African Community and 415 were foreigners. This means that local investors covered 81.5%, the EAC 15.8% and the remaining of 2.7% were foreign investors. The total increase in number of new accounts was 16.5% for the whole year.

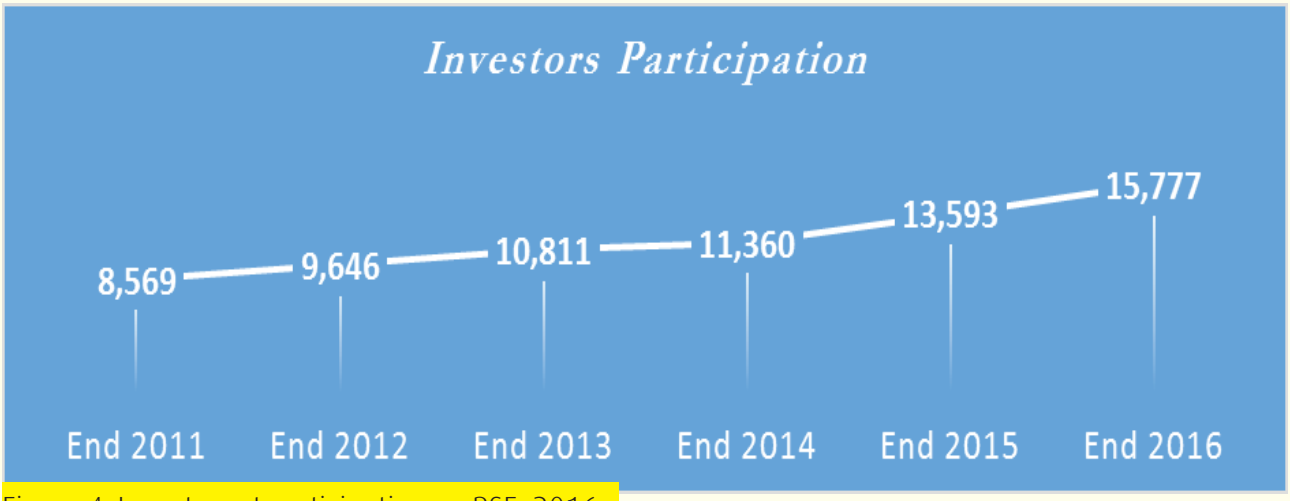


Figure 4: Investment participation on RSE, 2016

3. Activities report

3.1 Public Education and Marketing

During the period under review the RSE conducted Radio and TV talk shows and through other media outlets (print and electronic and social) to promote investments through the stock market.
Rwanda Stock Exchange (RSE) conducted public education sessions in different public and private organizations through roadshows, meetings, media and mobile investment clinics as follows:

A. Roadshows and mobile investment clinics campaigns

- RSE participated in 3 Government roadshows of its bond issuance program in February; May and August and participated in one on one meetings then on Radios and TV talk shows.
- RSE launched the Investment Clinics Program which started in Burera and Musanze District on 22nd-23rd March and participants opened CSD accounts.
- RSE organized investment clinics in Ngoma District, Kibungo Sector in collaboration with PSF Ngoma District.
- RSE participated in 2016 National trade fair from 23rd July-10th August, 2016 at Gikondo Expo ground.

B. Public education and awareness

- RSE organized public lecturers at the University of Technology and Arts of Byumba (UTAB) and launched SITI-East Africa professional courses in the same University.
- RSE organized public awareness with Umusini Investment club members (Fans and members of Rayons Sport Football Club) at Kicukiro and one with Rwanda National Resources Authority (RNRA) staff investment fund on the role of investing in financial securities and investment groups.

College of Command students (UR) AT RSE

- RSE hosted 49 Police students from the University of Rwanda (UR) in the faculty of Law.
- RSE hosted 9 MBA students and the Vice-Chancellor of University of Kigali (UoK) and guided them on the operations, practices of stock market and performance of RSE.
- RSE hosted 103 students from 3 high schools namely Rugando, Kiziguro and Byimana secondary schools.

Students from Notre Dame de Lourdes -Byimana high school at RSE

- During this period under review 25 internees were trained at RSE; they came from different Higher Learning Institutions and Universities in Rwanda and abroad.

Catholic University of Rwanda's Students at RSE

- RSE in partnership continued its public awareness trough radios (IZUBA FM, Isango Star FM, and RC Musanze) and TV stations including TVR, TV 10.

C. Conferences; meetings and workshops

- RSE hosted the EASEA consultative meeting on 21st -22nd January, 2016 held at SERENA Hotel, Kigali.
- RSE Participated in Securities Industry Training Institute (SITI)–East Africa Ad hoc committee in Tanzania-Dar es Salama.
- RSE participated in EASEA consultative and Technical working group meetings in Dar es Salam.
- RSE participated in Rwanda Day which held at San Francisco (USA) on 23rd September, 2016.
- RSE technical team participated in EAC financial sector on capacity building validation report and CMI projects Technical Working Group (TWG).
- RSE hosted the US Securities and Exchanges Commissioner Dr. Michael S. Piwowar and his delegation from USA Embassy in Rwanda.

RSE CEO with the US Securities and Exchanges Commission Commissioner

RSE CEO interacting with the US Securities and Exchanges Commission Commissioner

- Rwanda Stock Exchange hosted the 20th African Securities Exchanges Association (ASEA) annual conference which was held in Kigali from 27th-29th November, 2016 at Serena Hotel –Kigali.

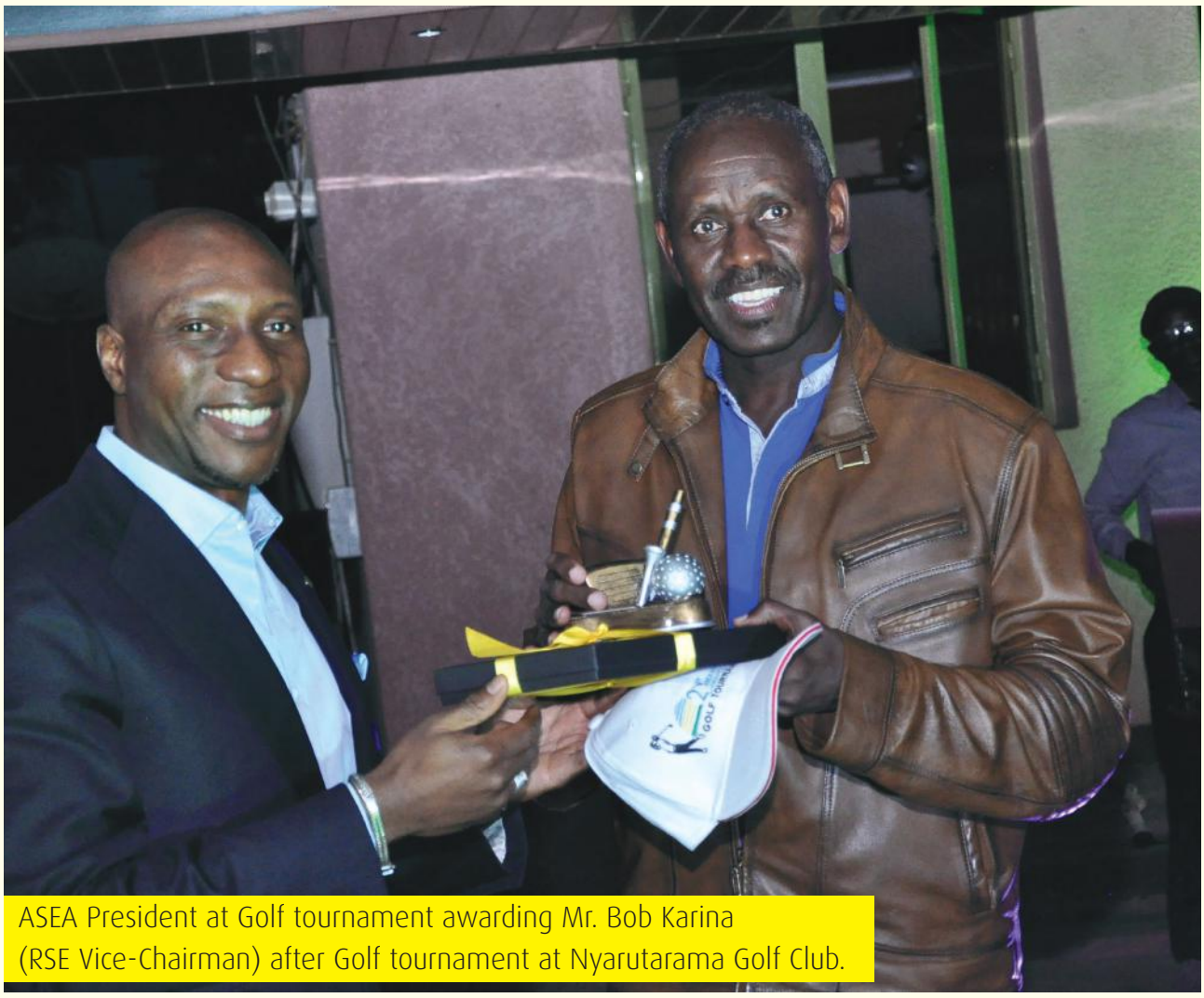
20th ASEA Annual conference Opening ceremony at Serena –Kigali

Mr. Tonye Cole ,CO Founder of Sahara Group and Mr. Alexandra Bertrand Head of Africa &Middle East for Principles for Responsible Investment (PRI) at the conference

Government authorities at the 20th ASEA Annual Conference

- African Securities Exchanges Association's Executive committee members paid tribute to Kigali Memorial Centre (Gisozi).

ASEA delegates paid tribute to the victims of Genocide against the Tutsi in 1994 at Kigali Memorial Site



ASEA President at Golf tournament awarding Mr. Bob Karina (RSE Vice-Chairman) after Golf tournament at Nyarutarama Golf Club.

2.2 Capacity building

RSE staff members participated in different workshops, seminars and conferences at home and out of the country in the following areas:

- Trading, clearance, market supervision and inspection.
- Money Laundering
- Market makers , ETFs and Dual currency practices and rules
- Accounting standards practices and softwares

2.3 Information and Technology (IT)

Rwanda Stock Exchange has continued to invest in Information and Technology for software and hardware infrastructure. The automation agenda continued to be a priority and its implementation process is in the final stages.

2.4 Corporate Social responsibility (CSR) activities

Corporate Social Responsibility is the continued commitment by businesses to behave ethically and contribute to the economic development while improving the quality of lives of workforce and their families as well as of the local community and society in general. Under CSR, the Rwanda Stock exchange staff together with CMA, ICPAR, RNIT and all brokerage houses contributed to the maintenance of the Bisesero Genocide Memorial Site.

REPORT OF THE DIRECTORS

The directors submit their report and the audited financial statements for the year ended 31st December 2016, which disclose the state of affairs of the company.

PRINCIPAL ACTIVITIES

The Rwanda Stock Exchange is responsible for carrying out financial securities market operations.

RESULTS

	2016 Rwf	2015 Rwf
Profit/(loss) before tax	(85,306,537)	23,481,608
Tax	-	(15,431,784)
Profit for the year	**(85,306,537)**	**(8,049,824)**

DIVIDEND

The directors do not recommend the declaration of dividend for the period (2015: Nil).

DIRECTORS

The directors who held office during the year and to the date of this report are shown on page 1.

AUDITORS

The company's auditors, MN & Associates were appointed during the year and continue in office in accordance with Law No. 07/2009 0f 27/04/2009 relating to companies.

BY ORDER OF THE BOARD

DIRECTOR

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Law No. 07/2009 of 27/04/2009 relating to companies requires the directors to prepare financial statements which give a true and fair view of the state of affairs of the company as at the end of the financial year and of the results for that year. It also requires the directors to ensure that the company maintains proper accounting records which disclose with reasonable accuracy the financial position of the company. The directors are also responsible for safeguarding the assets of the company.

The directors accept the responsibility for the financial statements which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, consistent with previous year, and in conformity with International Financial Reporting Standards (I.F.R.S. for S.M.Es) and the requirements of law No. 07/2009 of 27/04/2009 relating to companies. The directors are of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the company as at 31st December 2016 and of its operating results for the year then ended. The directors further confirm the accuracy and completeness of the accounting records maintained by the company which have been relied upon in the preparation of the financial statements, as well as on the adequacy of the systems of internal financial controls.

Nothing has come to the attention of the directors to indicate that the company will not remain a going concern for at least the next twelve months from the date of this statement.

Approved by the board of directors on _____ 2017 and signed on its behalf by:

DIRECTOR DIRECTOR

REPORT OF THE INDEPENDENT AUDITORS

TO THE BOARD MEMBERS OF RWANDA STOCK EXCHANGE

Report on the financial statements

We have audited the accompanying financial statements of Rwanda Stock Exchange set out on pages 6 to 19 which comprise the statement of financial position as at 31st December 2016, the comprehensive income statement, statement of changes in equity and cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory notes.

Directors' responsibility for the financial statements

The directors' are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards for small and medium-sized entities (I.F.R.S. for S.M.Es)and the requirements of Law No. 07/2009 of 27/04/2009 relating to companies . This responsibility includes designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risk of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness

of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion proper books of account have been kept and the financial statements, which are in agreement therewith give a true and fair view of the financial position of Rwanda Stock Exchange Ltd as of 31 December 2016, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards for small and medium-sized entities (I.F.R.S. for S.M.Es) in the manner required by law No. 07/2009 of 27/04/2009 relating to companies.

REPORT OF THE INDEPENDENT AUDITORS (CONTINUED)

TO THE BOARD MEMBERS OF RWANDA STOCK EXCHANGE

Report on other legal requirements

As required by the company law In Rwanda we report to you, based on our audit: that

(i) We have no relationship, interests or debts in the company.

(ii) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

(iii) In our opinion, proper books of account have been kept by the company, so far as appears from our examination of those books; and

(iv) We have communicated to you through the management letter, internal control weaknesses identified in the course of our audit including our recommendations with regard to those matters.

Michael Maina
Partner MN & Associates

Rue de Akagera, Plot No 1432, Kiyovu | P.O Box 1863 Kigali

Certified Public Accountants

The Certified Public Accountant responsible for the audit resulting in this independent auditors report is C.P.A. Michael Maina Ndung'u who holds practising certificate number PC/CPA 0061/0011

COMPREHENSIVE INCOME STATEMENT

	Notes	2016 Rwf	2015 Rwf
Revenue	1	301,521,208	339,937,876
Other Income	2	156,046,593	94,208,611
Operating expenses		(528,471,616)	(404,758,547)
Depreciation		(14,402,722)	(5,906,332)
Operating profit/(loss)	3	(85,306,537)	23,481,608
Tax	6	-	(15,431,784)
Profit/(loss) for the year		(85,306,537)	8,049,824

The significant accounting policies on pages 10 to 12 and the notes on pages 13 to 19 form an integral part of these financial statements.

Report of the independent auditors - pages 4 and 5.

Rwanda Stock Exchange | Audited financial statements | For the year ended 31st December 2016

STATEMENT OF FINANCIAL POSITION

	Notes	2016 Rwf	2015 Rwf
CAPITAL EMPLOYED			
Share capital	7	100,000,000	100,000,000
Retained earnings		125,595,549	210,902,087
Shareholders' funds		225,595,549	310,902,087
Grant	10	244,302,868	244,809,985
		469,898,417	555,712,072
REPRESENTED BY			
Non-current assets			
Property,Plant & Equipment	8	23,352,151	24,682,742
Grant equipment	10	-	507,117
Long-term Investment Bonds	9	21,969,400	67,000,000
		45,321,551	92,189,859
Current assets			
Cash and cash equivalents	11	181,336,080	142,608,611
Short Term Investments	9	45,030,600	-
Trade and other receivables	12	364,381,294	454,402,589
Recoverable income tax	6	14,197,491	6,214,002
		604,945,465	603,225,202
Current liabilities			
Trade and other payables	13	180,368,599	139,702,989
Tax payable	5	-	-
		180,368,599	139,702,989
Net current assets		424,576,866	463,522,213
		469,898,417	**555,712,072**

The financial statements on pages 6 to 19 were approved for issue by the Board of Directors on

_____ 2016 and were signed on its behalf by:

_____ DIRECTOR _____ DIRECTOR

The significant accounting policies on pages 10 to 12 and the notes on pages 13 to 19 form an integral part of these financial statements. Report of the independent auditors - pages 4 and 5.
Rwanda Stock Exchange | Audited financial statements | For the year ended 31st December 2016

STATEMENT OF CHANGES IN EQUITY

	Share capital Rwf	Retained earnings Rwf	Grant Rwf	Total Rwf
Period ended 31st December 2015				
At start of year	100,000,000	202,852,263	111,036,730	413,888,993
		-	-	
Grant transfers	-	-	145,138,304	145,138,304
Amortisation of grant	-	-	(11,365,049)	(11,365,049)
Profit for the year	-	8,049,824	-	8,049,824
At end of year	**100,000,000**	**210,902,087**	**244,809,985**	**555,712,072**
Period ended 31st December 2016				
At start of year	100,000,000	210,902,087	244,809,985	555,712,072
Grant transfers	-	-	-	-
Amortisation of grant	-	-	(507,117)	(507,117)
Profit for the year	-	(85,306,537)	-	(85,306,537)
At end of year	100,000,000	125,595,549	244,302,868	469,898,417

The significant accounting policies on pages 10 to 12 and the notes on pages 13 to 19 form an integral part of these financial statements.

Report of the independent auditors - pages 4 and 5.

Rwanda Stock Exchange | Audited financial statements | For the year ended 31st December 2016

CASH FLOW STATEMENT

	Notes	2016 Rwf	2015 Rwf
Operating activities			
Cash generated from operations	14	60,290,207	(178,770,096)
Tax paid		(7,983,489)	(15,431,784)
Net cash generated from operating activities		52,306,718	(194,201,880)
Investing activities			
Purchase of equipment	8	(13,072,131)	(18,225,310)
Long-term Bonds	9	-	(19,000,000)
Net cash (used in) investing activities		(13,072,131)	(37,225,310)
Financing activities			
Grants	10	(507,118)	133,773,254
Net cash (used in) finacing activities		(507,118)	133,773,254
Increase/(decrease) in cash and cash equivalents		38,727,469	(97,653,936)
Movement in cash and cash equivalents			
At start of year		142,608,612	240,262,548
Increase/(decrease) in cash and cash equivalents		38,727,469	(97,653,936)
At end of year	11	181,336,081	142,608,612

The significant accounting policies on pages 10 to 12 and the notes on pages 13 to 19 form an integral part of these financial statements.

Report of the independent auditors - pages 4 and 5.

Rwanda Stock Exchange | Audited financial statements | For the year ended 31st December 2016

SIGNIFICANT ACCOUNTING POLICIES

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

Basis of preparation

The financial statements are prepared on a historical cost basis in accordance with International Financial Reporting Standards (IFRS for SME's).

Revenue recognition

Initial listing income is recognised in the year in which the listing company makes the floatation. Additional listing income is recognised during the year in which the issuing company makes announcement of the bonus/right issue.

Transaction levy income is based on a percentage of the value of shares traded and is recognised on the date of the transaction.

The company recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and when the specific criteria have been met for the company's activity as described below. The amount of revenue is not considered to be reliably measured until all contingencies relating to the sale have been resolved. The company bases its estimates on historical results, taking into consideration the type of customer, type of transaction and specifics of each arrangement.

Equipment

All equipment is initially recorded at cost and thereafter stated at historical cost less depreciation. Historical cost comprises expenditure initially incurred to bring the asset to its location and condition ready for its intended use.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost can be reliably measured. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the income statement during the

financial year in which they are incurred.

Depreciation on other assets is calculated on straight line basis to write down the cost of each asset to its residual value over its estimated useful life using the following annual rates:

	Rate %
Furniture & fittings	25
Equipments	25
Computers	50

The assets residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposal of property and equipment are determined by comparing the proceeds with the carrying amount and are taken into account in determining operating profit.

Rwanda Stock Exchange | Audited financial statements | For the year ended 31st December 2016

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Translation of foreign currencies

Transactions in foreign currencies during the period are converted into Rwandese Francs (the functional currency) at rates ruling at the transaction dates. Assets and liabilities at the balance sheet date which are expressed in foreign currencies are translated into Rwandese Francs at rates ruling at that date. The resulting differences from conversion and translation are dealt with in the income statement in the period in which they arise.

Financial assets

The company's financial assets which includes cash and cash equivalents and trade and other receivables fall into the following category:

Loans and receivables: financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are classified as current assets where maturities are within 12 months of the balance sheet date. All assets with maturities greater than

12 months after the balance sheet date are classified as non-current assets. Such assets are carried at amortised cost using the effective interest rate method. Changes in the carrying amount are recognised in the income statement.

Purchases and sales of financial assets are recognised on the trade date i.e. the date on which the company commits to purchase or sell the assets. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or the company has substantially transferred all risks and rewards of ownership.

A financial asset is impaired if its carrying amount is greater than its estimated recoverable amount. The amount of the impairment loss for assets carried at amortised cost is calculated as the difference between the assets carrying amount and the present values of expected future cash flows, discounted at the financial instrument's effective interest rate. Impairment losses are taken into account for determining operating profit.

Financial liabilities

Financial liabilities are recognised initially at fair value and subsequently measured at amortised cost, using the effective interest rate method.

Trade and other payables are classified as financial liabilities.

Retirement benefit obligations

The company and its employees contribute to the "Rwanda Social Security Board", a statutory defined contribution scheme. The contributions are determined by the local statute and are currently limited to 5% of the employees gross salary excluding transport allowance per month. The company's RSSB contribution are charged to the income statement in the year to which they relate.

Government Grants

Government grants are recognized when there is a reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognized as income over the period necessary to match the grant on a systematic basis to the costs that it is intended to compensate. Where the grant relates to an asset, the fair value

is credited to a deferred income account and is amortised over the expected useful life of the asset.

Rwanda Stock Exchange | Audited financial statements | For the year ended 31st December 2016

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method, less provision for impairment.

Impairment of trade receivables is recognised in the income statement under administrative expenses when there is objective evidence that the company will not be able to collect all amounts due per the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and default in payments are considered indicators that the trade receivable is impaired. The impairment provision is based on the difference between the carrying amount and the present fair value of the expected cash flows, discounted at the effective interest rate.

Receivables not collectible are written off against the impairment provision. Subsequent recoveries of amounts previously written off are credited to the income statement under administrative expenses in the year of their recovery.

Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents comprise cash in hand, deposits held at call with banks, and financial assets with maturities of less than 3 months, net of bank overdrafts and money market lines.

Trade payables

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

Taxation

Current tax

Current tax is provided on the results for the year, adjusted in accordance with tax legislation.

Deferred tax

Deferred tax is provided using the liability method for all temporary timing differences arising

between the tax bases of assets and liabilities and their carrying values for financial reporting purposes. Currently enacted tax rates are used to determine deferred tax. Deferred tax assets are recognised only to the extent that it is probable that future taxable profits will be available against which temporary timing differences can be utilised.

Share capital

Ordinary shares are classified as equity.

Comparatives

Where necessary,comparative figures have been adjusted to conform with changes in presentation in the current year.

Rwanda Stock Exchange | Audited financial statements | For the year ended 31st December 2016

NOTES TO THE FINANCIAL STATEMENTS

	2016 Rwf	2015 Rwf
1. Revenue		
Transaction levies	44,821,208	106,114,948
Membership fees	3,200,000	3,520,000
Listing fees	253,500,000	230,302,928
Total revenue	**301,521,208**	**339,937,876**
2. Other income		
Interest on short-term investments	11,028,586	10,849,363
Grants	20,816,137	82,500,000
Income from tenders	80,000	-
ASEA Income	120,856,262	-
Exchange Gains	1,998,999	859,248
Suspense Account Write Off	1,250,000	-
Other Income	16,609	-
	156,046,593	**94,208,611**
3. Operating profit		
The following items have been charged/(credited) in arriving at operating profit/(loss):		
Depreciation on equipment (Note 8)	14,402,722	23,481,608
Staff costs (Note 4)	188,994,765	165,786,138
Auditors' remuneration	2,773,000	2,773,000
4. Staff costs		
Salaries and wages	188,994,765	165,786,138
5. Tax		
Current tax (recoverable)	(14,197,491)	(2,719,695)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

	2016 Rwf	2015 Rwf
Tax (Continued)		
The tax on the company's profit before tax differs from		
the theoretical amount that would arise using the basic rate as follows:		
Profit before tax	(85,306,537)	23,481,608
Tax calculated at a tax rate of 30% (2015: 30%)	(25,591,961)	7,044,482
Tax effect of:		
- expenses not deductible for tax purposes	33,238,847	27,957,673
	(52,067,690)	51,439,281
Adjusted Profit	(52,067,690)	51,439,281
Tax there on "30%	-	15,431,784
Less:Prepaid income tax	(14,197,491)	(21,645,786)
Tax payable/(recoverable)	(14,197,491)	(6,214,002)

7. **Share capital**

Authorised, issued and fully paid:		
1,000,000 ordinary shares of Rwf 100 each	100,000,000	100,000,000

NOTES TO THE FINANCIAL STATEMENTS

Property, Plant & Equipment Year ended 31 December 2016

	Communication equipment Rwf	Computers & I.T. Rwf	Office furniture Rwf	Total Rwf
Cost				
At start of year	1,166,000	14,136,400	22,425,741	37,728,141
Additions	-	11,897,300	1,174,831	13,072,131
At end of year	**1,166,000**	**26,033,700**	**23,600,572**	**50,800,272**
Depreciation				
At start of year	591,375	4,236,083	8,217,940	13,045,399
Charge for the year	291,500	8,392,408	5,718,814	14,402,722
At end of year	**882,875**	**12,628,491**	**13,936,755**	**27,448,121**
Net book value	**283,125**	**13,405,209**	**9,663,817**	**23,352,151**

Year ended 31 December 2015

	Communication Rwf	Computers Rwf	Office furniture Rwf	Total Rwf
Cost				
At start of year	1,166,000	4,409,000	13,927,831	19,502,831
Additions		9,727,400	8,497,910	18,225,310
At end of year	**1,166,000**	**14,136,400**	**22,425,741**	**37,728,141**
Depreciation				
At start of year	299,875	2,289,333	4,549,858	7,139,067
Charge for the year	291,500	1,946,750	3,668,082	5,906,332
At end of year	**591,375**	**4,236,083**	**8,217,940**	**13,045,399**
Net book value	**574,625**	**9,900,317**	**14,207,801**	**24,682,742**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Investments

	2016	2015
(a) With Maturity of over 12 Months		
IFC Long-term Bond	21,969,400	21,969,400
3-year Treasury Bond	-	45,030,600
	21,969,400	**67,000,000**
(b) With Maturity less than 12 Months		
IFC Long-term Bond	45,030,600	-
	45,030,600	**-**
Total Investments	**67,000,000**	**67,000,000**

10. Grant from CMA for equipment & software

Balance as at 1st January	244,809,985	111,036,730
Transfer from Treasury during the year	-	145,138,304
Amortisation	(507,117)	(11,365,049)
Balance as at 31st December	**244,302,868**	**244,809,985**

Amortisation of grant equipment

Cost	**Communication equipment**	**Computers & I.T. equipment**	**Office furniture**	**Total**
At start of year	2,750,000	12,153,936	45,931,500	60,835,437
At end of year	**2,750,000**	**12,153,936**	**45,931,500**	**60,835,437**
Amortisation				
At start of year	2,614,583	12,153,936	45,559,800	60,328,320
Charge for the year	135,417	-	371,700	507,117
At end of year	**2,750,000**	**12,153,936**	**45,931,500**	**60,835,437**
Net book values	**-**	**-**	**-**	**-**

11. Cash and cash equivalents

BK Rwf 0465317-41	75,130,651	87,136,394
BK Rwf 0319985-15	29,082,000	55,418,817
BK 00040-0699804-18 USD	836,988	-
BK 00040-06929148-08 USD(ASEA)	66,117,695	-
BPR Account/Rwf-400416419810291	10,050,146	-
Petty cash Rwf	118,600	53,400
	181,336,080	**142,608,611**

For the purpose of the cash flow statement, the year-end cash and cash equivalents comprise of the above. The company is not exposed to credit risk on cash and bank balances as these are held with sound financial institutions.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

12. **Trade and other receivables**	**2016**	**2015**
	Rwf	**Rwf**
Faida	869,684	232,533
African Alliance	1,039,225	3,629,224
CDH	1,752,234	1,117,891
Baraka Capital	636,389	350,915
Mbea	46,259	5,513,230
Dyer & Blair	111,403	111,403
SBG	3,591,819	1,823,009
Renaissance Capital-Kenya	320,000	-
BK Securities	1,287,709	1,110,204
BNR	54,250,000	44,250,000
NMG	-	20,000,000
IFC	7,500,000	7,500,000
Equity Bank Group	3,000,000	-
Capital Markets Authority	2,475,000	-
AGACIRO	2,080,000	-
RNIT	1,000,000	-
Uchumi Supermarket	20,000,000	-
Core Securities	573,297	
Prepayments	248,155,050	249,210,050
Prepaid Income Taxes	14,197,491	-
Receivable interest income	-	5,669,925
Short Term Fixed Deposit at Bank of Kigali	-	100,000,000
Salary Advance	-	1,776,663
ASEA Registration Fees Receivable	1,269,360	-
Prepaid Sage License Fees	237,220	-
Prepaid Mail and Web Hosting	295,000	-
Prepaid ASEA Registration	611,048	
Rent deposit	13,280,598	12,107,542
	378,578,785	**454,402,589**

In the opinion of the directors, the carrying amounts of trade and other receivables approximate to their fair value.

The carrying amounts of the company's trade and other receivables are denominated in Rwandese Francs.

Trade receivables that are over one month due are considered past due.

13. **Trade and other payables**

BNR/CDSC	83,528,025	67,112,347
Compensation fund	42,583,148	35,748,009
K-Smart	-	1,767,500
Mille Colline	-	61,500
Strathmore Business School	-	226,195
Cost Plan Consultancy	-	5,933,040
RTV	-	5,575,000
Centrio	-	412,528
ICPAR	-	145,000
Family TV	-	1,000,000
The Manor	-	1,067,820
Rwanda Today	-	1,152,000
Event Factory Company	14,474,000	-
Marriot Hotel	1,771,200	-
Serena Hotel	28,464,800	-
Payable controle	580,196	10,494,150
Suspense account	-	1,250,000
TPR payable	4,103,492	4,043,079
RSSB payable	1,027,182	941,821
Accrued Staff Health Insurance	1,063,556	-
Accrued audit fees	2,773,000	2,773,000
	180,368,599	**139,702,989**

In the opinion of the directors, the carrying amounts of trade and other payables approximate

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

14. **Cash generated from operations**	**2016 Rwf**	**2015 Rwf**
Reconciliation of profit before tax to cash generated from operations		
Profit before tax	(85,306,537)	23,481,608
Adjustments for:		
Depreciation on equipment (Note 8)	14,402,722	5,906,332
Amortisation of grant equipment(Note 10)	507,117	11,365,049
Interest expense		
Net foreign exchange (losses)		
Changes in working capital:		
Prior year adjustments	-	-
- trade and other receivables	90,021,295	(253,105,946)
- trade and other payables	40,665,610	33,582,860
Cash generated from operations	**60,290,207**	**(178,770,097)**

i) There were no contingent liabilities as at 31 December 2016.

Operating lease commitments

There were no operating lease commitments as at 31 December 2016.

Risk management objectives and policies

Financial risk management

The company's activities expose it to a variety of financial risks: market risk (including foreign exchange risk and interest rate risk), credit risk and liquidity risk.

The company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the company's financial performance.

Risk management is carried out by the board of directors. The board identifies, evaluates and hedges financial risks in close co-operation with various staff in the organisation.

(a) **Market Risk**

Foreign exchange risk

The company is exposed to foreign exchange risk arising from various currency exposures primarily with respect to the US$. The risk arises from assets and liabilities in the balance sheet.

Credit risk

Credit risk arises from cash and cash equivalents, as well as credit exposures to customers, including outstanding receivables.

Management assesses the credit quality of the customer, taking into account their financial position, past experience and other factors.

None of the financial assets that are fully performing has been renegotiated in the last year.

Exposure to this risk has been quantified in each financial asset note in the financial statements along with any concentration of risk.

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and cash equivalents to meet obligations as they fall due. The company ensures its inflows and outflows are matched sufficiently to minimise its exposure on liquidity risk.

Capital management

The company's objectives when managing capital are:

to provide an adequate return to shareholders by pricing products and services commensurately with the level of risk; to safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders; and to maintain a strong asset base to support the development of business.

The company sets the amount of capital in proportion to risk. The company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt. Consistently with others in the industry, the company monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by capital. Net debt is calculated as total debt (as shown in the balance sheet) less cash and cash equivalents. Capital comprises all components of equity (i.e. share capital and retained earnings).

Country of incorporation

The company is incorporated in Rwanda under the company law of Rwanda and is domiciled in Rwanda.

Presentation currency

These financial statements are presented in Rwandan Francs (Rwf).

OTHER OPERATING EXPENDITURE

	2016 Rwf	2015 Rwf
1. **OPERATING EXPENSES**		
Travelling expenses	37,682,945	43,536,721
Board members allowances	30,806,002	27,833,698
Audit fees -Current year	2,773,000	2,773,000
Rent	48,378,028	44,821,314
Entertainment	2,337,380	3,899,820
Corporate Social Responsibility costs	2,351,000	2,196,300
Advertisement	38,316,145	47,584,758
Office utilities	18,112,600	19,245,070
Contigent expenses	-	10,992,632
Capacity building	12,103,474	14,679,200
Consultancy	5,310,000	6,571,944
Staff costs	188,994,765	165,786,138
Staff Health&Sports activities	4,000,000	5,080,000
General expenses	5,764,277	6,852,111
Health insurance	2,234,806	2,335,000
Bank Charges	1,870,706	566,937
Write Off	-	3,904
Computer and I.T Expenses	663,610	-
ASEA Costs	126,772,878	-
Total operating expenses	**528,471,616**	**404,758,547**

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Tax computation

					Rwf
Profit before tax as per the financial statements					(85,306,537)
Add back:	Total expense	%	Disallowed	Reason	
Entertainment	2,337,380	100%	2,337,380	not allowable	
Telephone	11,217,800	20%	2,243,560	apportioned	
Board allowances	28,657,907	100%	28,657,907	not allowable	
					33,238,847
Adjusted profit					(52,067,690)
Tax thereon @30%					-
Less:Prepaid income tax b/fwd					-6,214,002
2016 Prepaid Income Tax					-7,983,489
Net income tax recoverable					**-14,197,491**

Notes

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