ANNUAL REPORT 2015

RSE

RWANDA STOCK EXCHANGE

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LIST OF ACRONYMS AND ABBREVIATIONS:

ALSI: All Share Index

BCR: Banque Commerciale du Rwanda

BNR: Banque Nationale du Rwanda

Bralirwa: Brasserie et Limonaderie du Rwanda

BK : Bank of Kigali

CBE : College of Business and Economics

CEO: Chief Executive Officer

CSD: Central Securities Depository

CTL: Crystal Telecom Limited

EASEA: East Africa Stock Exchange Association

EASRA: East African Securities and Regulatory Authorities

EGH: Equity Group Holdings

ESMID: Efficient Securities Market Institutional Development

EMC: Emerging Markets Committee

IFAC: International Federation of Accountants

IFC: International Finance Corporation.

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

MoU: Memorandum of Understanding

OTC: Over The Counter

PSF: Private Sector Federation

RIEPA: Rwanda Investment and Exports Promotion Agency

RSE: Rwanda Stock Exchange

RSI: Rwanda Share Index

RSSB: Rwanda Social Security Board

SORAS: Sociète Rwandaise d'Assurance

WBG: World Bank Group

OUR VISION

To be a big contributor to the economic development and key player in leading Rwanda to a regional Financial Center Status

OUR MISSION

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

OUR VALUES

.Efficiency
.Innovation
.Transparency
.Accountability
.Integrity

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 and the chairman for societe Nouvelle d'Assurances du Rwanda (SONARWA).

He is Member of EAST African Legislative Assembly since where 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 Rwanda Investment Climate project (RICP) and Director for the Central African Affairs in the African Union of the blind.

He is 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 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 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 NSE's 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.

Mr. Kenneth Kitariko

Director of the Rwanda Stock Exchange (RSE);
Chief Executive Officer/Executive Director of African Alliance Uganda; Director of the Uganda Securities Exchange (USE); Chairman of the Uganda Securities Exchange (USE) Listings and Membership Committee. Vice - Chairman Stock Broker Association in Uganda; Vice chairman of the Issuers Sub-committee (Bank of Uganda's Financial Markets Development Committee)A commercial and finance lawyer with over 10 years' experience and for the past five years has been intricately involved in the capital markets sector in Uganda and in diverse corporate finance transactions ranging from sourcing finance through bond and equity issuances, listings, hedging currency portfolios and investment and advisory services.

Mr Jonathan Hall

Executive Director/Vice Chairman of the Board and Managing Director, as of 16 January, 2012 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

Mrs. Amina Umulisa RWAKUNDA is 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

Andrew Otengo OWINY currently serves as a Board Member on the Board of Directors of the Rwanda Stock Exchange ('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

Innocent Idi KABANDA 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

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.

BRIEF DESCRIPTION OF RWANDA STOCK EXCHANGE (RSE)

A Stock Exchange is an Organized 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.

The 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:

- Government of Rwanda Ltd. :20%
- Faida Securities Rwanda Ltd. :10%
- African Alliance Rwanda Ltd. :10%
- CDH Capital Ltd. :10%
- Baraka Capital Ltd. :10%
- MBEA Brokerage Services Rwanda Ltd. :10%
- Dyer & Blair Rwanda Ltd. :10%
- RSSB :10%
- BRD :8%
- SONARWA General Insurances Company Ltd. :1%
- SORAS General Insurance Ltd. :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

CORPORATE INFORMATION

Directors

1. Dr James Ndahiro; Chairman
2. Mr. Bob Karina; Vice - Chairman
3. Mr. Kenneth Kitariko; Member
   (Replaced by Iza Irame, Dec 2015)
4. Mr. Andrew Otengo Owiny; Member
5. Mrs. Amina Umulisa Rwakunda; Member
6. Mr. Idi Innocent Kabanda; Member
   (Replacing Mr. Bahati Mpunikira in 2015)
7. Mr. Jonathan Hall; Member
8. Mr. Pierre Celestin RWABUKUMBA; Member

Bankers	Legal Advisor	Auditors
Bank of Kigali	K-Solutions	MN& Associates
Plot No.6112,		Rue de Akagera, Plot No 1432, Kiyovu
Avenue de la Paix		P.O Box 1863
P.O. Box 175, Kigali, Rwanda		Kigali, Rwanda

STATEMENT OF THE CHAIRMAN

It is my pleasure to report that 2015 was a good year for Rwanda Stock Exchange (RSE). As fundamentally our economy remained resilient despite challenges across the globe especially in sub Saharan Africa due to commodity prices and world oil markets volatility. This clearly makes our role as a stock exchange 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, collaborative and support from the Government and other key stakeholders continues to be key towards supporting the country's economic development. The RSE's strategy and Plans therefore, aims at positioning the RSE as the focus for raising capital for private enterprises and to the Government development projects through providing the platform for mobilizing savings for productive investments activities and creating investment opportunities for investors.

During 2015, RSE embarked on the implementation of its new 5 year strategic plan where efforts and resources were directed towards preparation for the sensitization of large corporate and with a continued emphasis the Small and Medium Enterprises Market Segment (SMEMS), increasing on efficiency levels and raising the profile of the exchange.

In the course of the year we increased our visibility on world stage by actively participating in the first East Africa Capital Market International Conference, CMEA 2015 Hosted by the Government of Rwanda and the International Finance Corporation, IFC and graced by His Excellency Paul Kagame, The President of the Republic of Rwanda.

I am also happy to note that this year we have joined towards the automation of the exchange. During the year the Market Capitalization hit up to USD 4.1 billion mark from around 2 Billion USD the previous year. This achievement is attributed by efforts that we utilized to increase the market efficiency such as increased public awareness initiatives and regional integration.

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 largely in the retail pool.

The recorded performance positively impacted the financial performance during the year. The RSE internal generated income increased by 15.5% from Rwf 294.1 million in 2014 to Rwf 339.1 million in 2015. We have delivered another year of good cash flow, which is enabling us to invest in the business and serve the market efficiently.

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 m also grateful to all our development partners such as Financial Sector Development Plan (FSDP), Banque National Du 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 Market Segment at the RSE and increased our presence up country through road shows for the general public. We believe through these we will envisage to result into an appetite for Small & Medium Enterprises raising capital and list 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 even 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 platform to support growth.

Dr James Ndahiro
Chairman

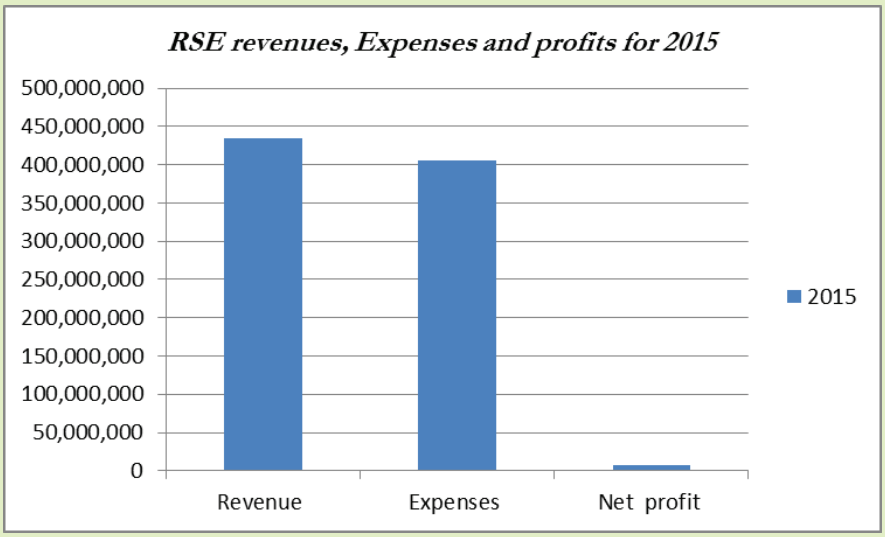
MANAGEMENT

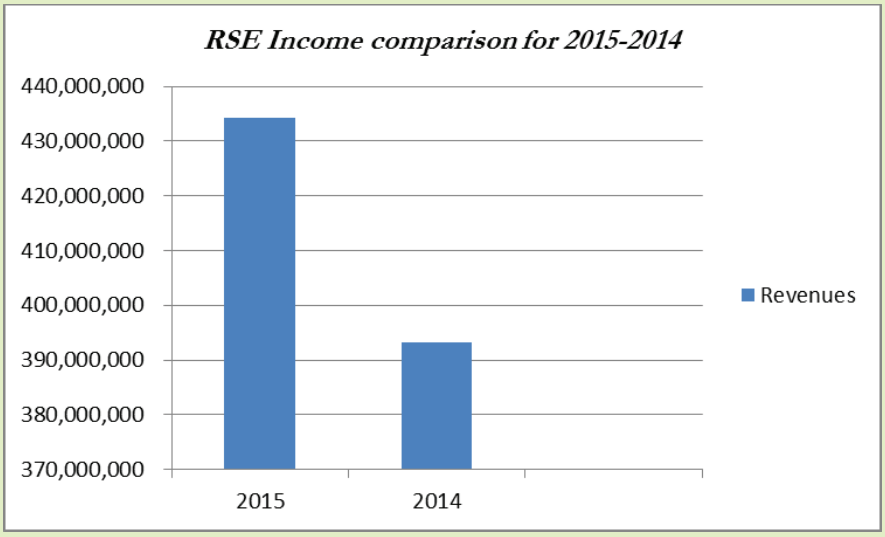
The management of RSE during the year and to the date of this report was:

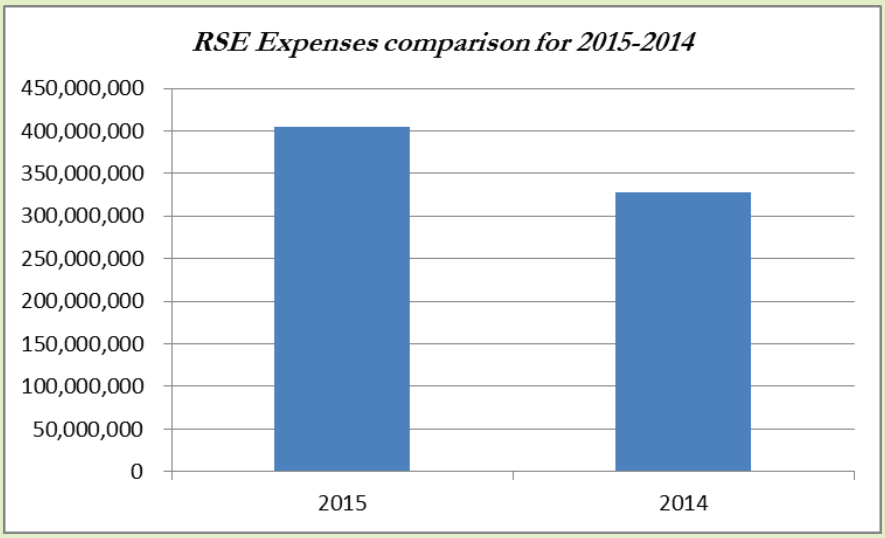
Mr. Pierre Celestin RWABUKUMBA	Chief Executive Officer
Mr. TWAGIRA Robert	In charge of Information and Technology
Ms. IRIBAGIZA Alice	In Charge of Administration and Finance
Mr. MITALI David	In charge of Operations

Financial Highlights

RSE financial performance (Revenue, Expenses and profit)



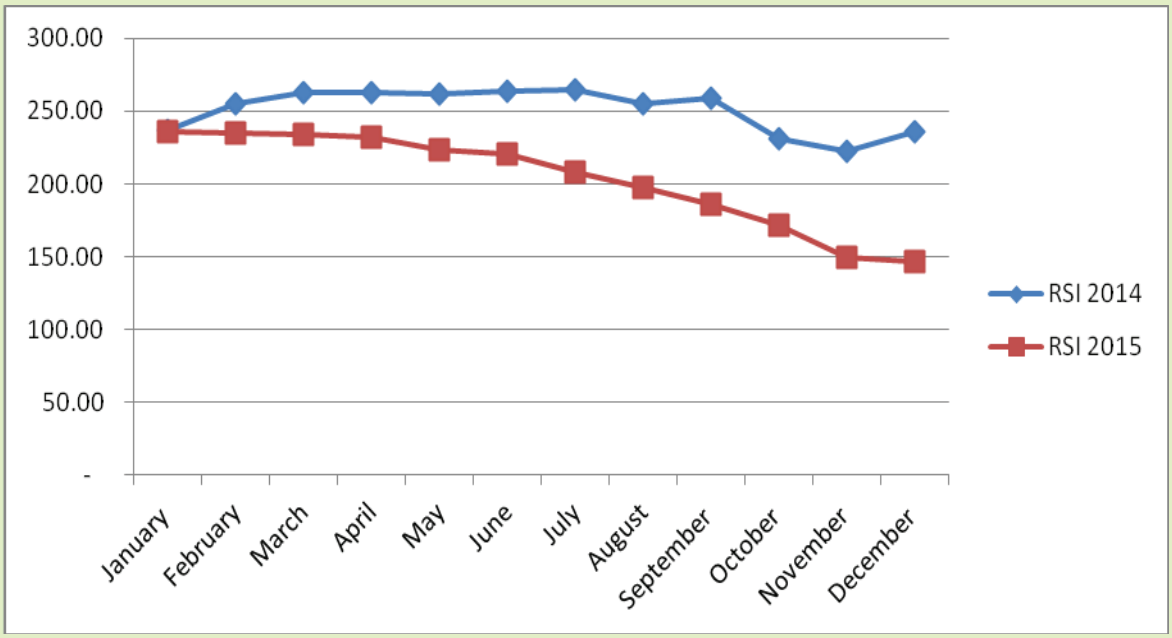




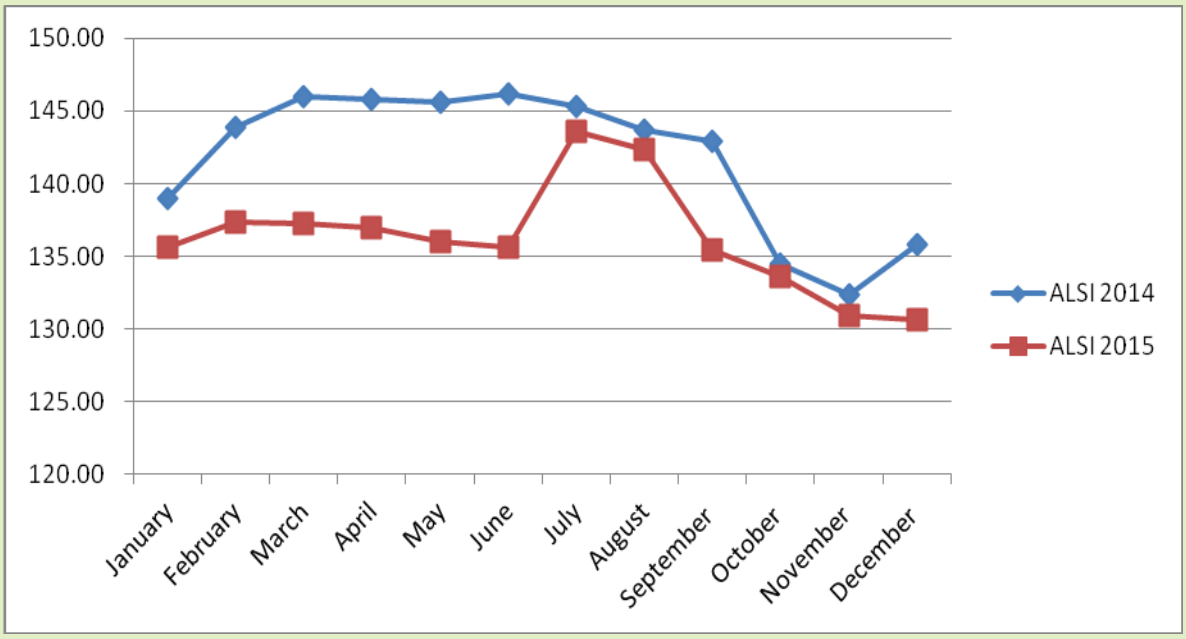
1. *Market performance*

RSE Indices

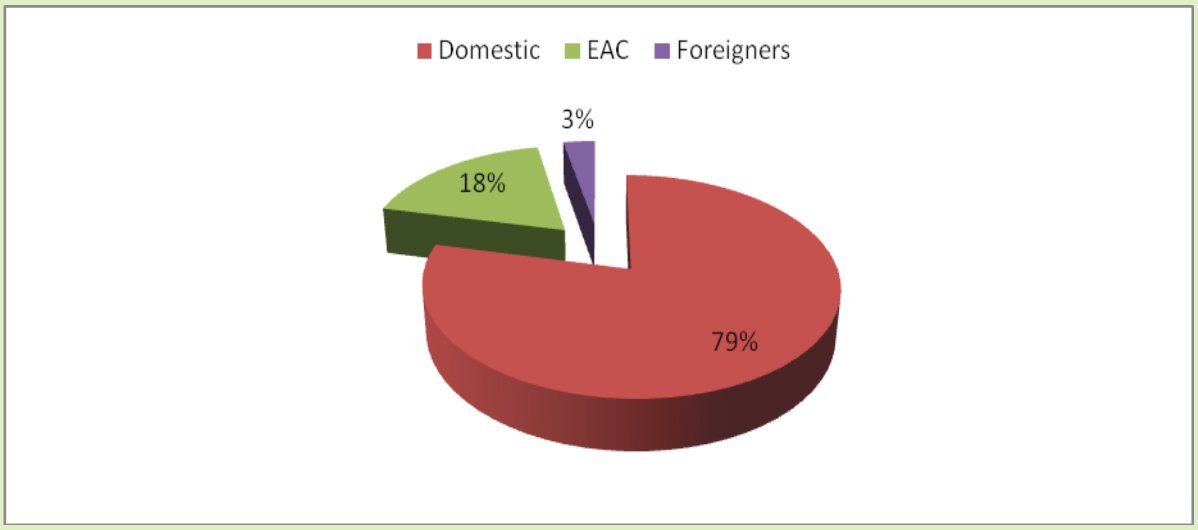
a. Rwanda Share Index(RSI)



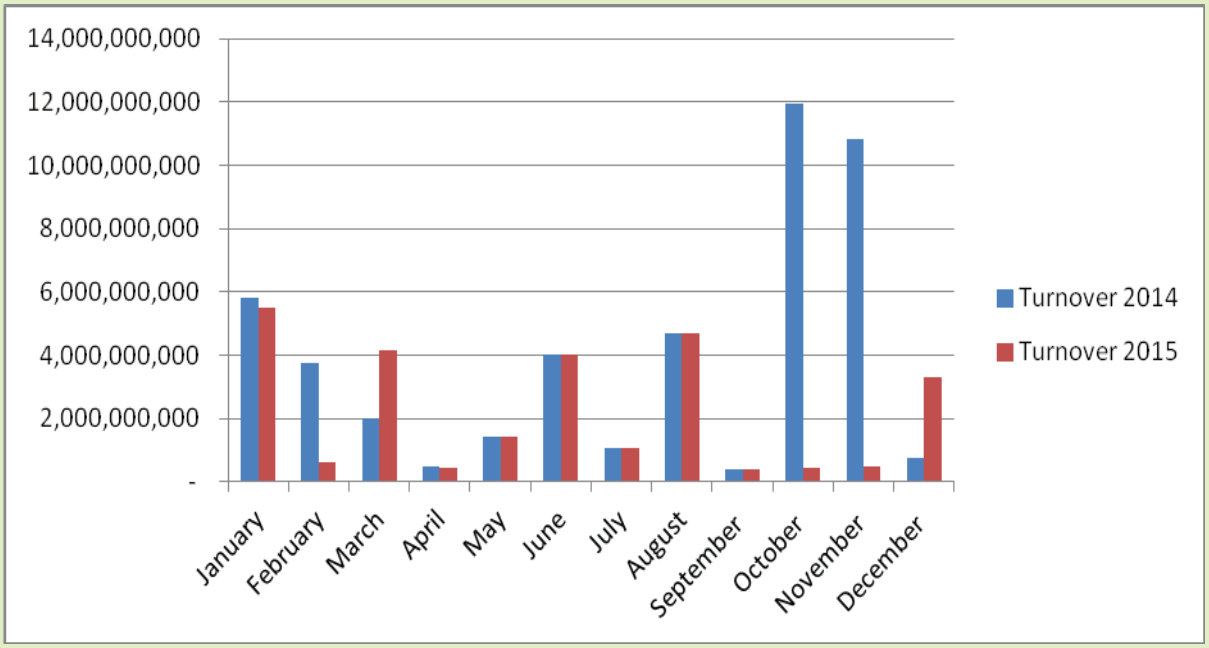
b. All Share Index (ALSI)



Market participation by end of 2015



Comparison turnover between 2014-2015



1. ECONOMIC PERFORMANCE

1.1. Economic outlook

Over the past two decades our country has experienced high rate of growth due to economic reforms, sound macroeconomic policies and the expansion of both the public and private sector. The rate of growth of Rwanda Gross Domestic Product (GDP) for the year 2015 was 7.00% which was a sign of resilience despite the commodity and oil price fluctuations that marked the global markets and shook economies around the globe and Sub Saharan Africa in particular.

1.2. Price Movement (Inflation)

The annual headline inflation slightly increased from 2.1% in December 2014 to 3.5 % in December 2015. The increase in inflation was due to steady and gradual price increase, especially in housing, water, electricity, gas and other fuels.

2. MARKET PERFORMANCE

On the Rwanda Stock Exchange (RSE), equities trading continued kept the momentum. 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 of 2015 and with an average of 170.1% subscription. The benchmark issues went to 10 years tenor for the first time in Rwanda.

On the Equities side there was an IPO of Crystal Telecom Ltd, a Special Purpose Vehicle (SPV) that owns 20% stake of MTN -Rwanda which issued 270, 177,320 shares on 21 May, 2015 at Frw 105.00 per share. The issue was subscribed at the rate of 123%.

The launch of the listing of crystal telecom

2.2 Secondary market

2.2.1 Bond market

During the period under review, 4 government Treasury bonds worth 55 billion listed on Rwanda secondary with different tenors and face value. In addition, from January to December, 2015 the bond market registered a turnover of Rwf 913.46 million from 884.9 million worth of bonds in 30 deals. This translated into a decrease of 15.5% in terms of turnover compared to the same period in the year of 2014 and an increase of 130.7% in terms of transaction The Rwanda Stock Exchange in collaboration with MINECOFIN, CMA and BNR participated in different road shows where 17 districts countrywide were reached in February, August and in November where different groups including women, youth, District Investment Groups, SACCOs, Private Sector members and Access to Finance Rwanda Forum members were the targeted audience. These activities preceded each issuance of government bonds.

2.2.2 Equities market

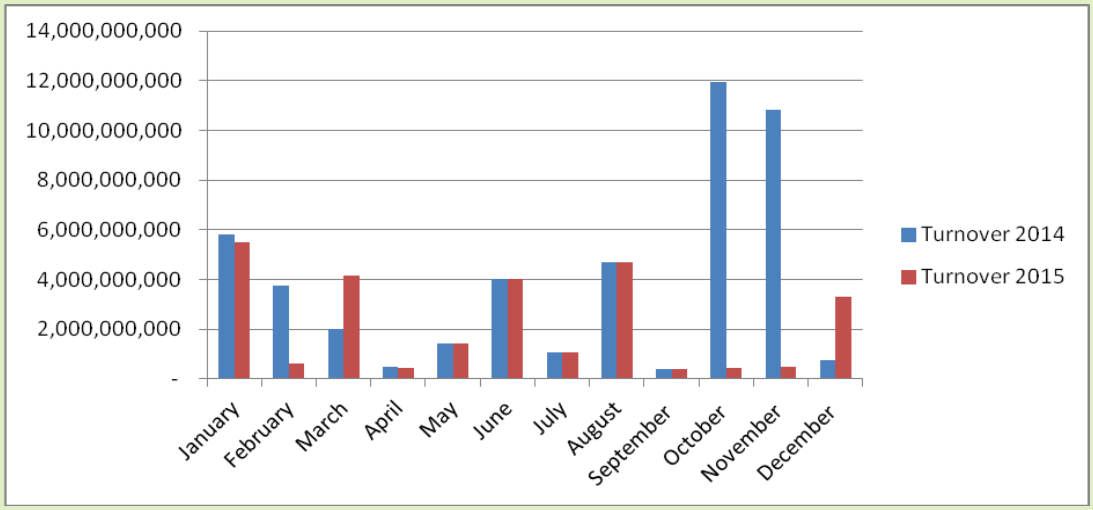
On the Equities market, during the period under review the Equity Group Holdings Ltd commenced trading on Rwanda Stock Exchange on 12th February, 2015 with a free floating of 3,702,777,020 billion of shares with the first trading price of Frw 430.

Ringing of the bell at the Equity Group Holdings listing at Kigali SERENA Hotel

Crystal Telecom's Chairman Mr. Jack Kayonga,
ED of CMA on the right and the CEO of RSE on the left at the listing ceremony

The market recorded a total turnover of Rwf 38.54 billion from 136.1 million shares and in 970 deals compared to the same period for the previous year of 2014 where the market recorded a total turnover of Rwf 46.3 from 135 million shares in 1,542 deals. This translates into a decrease of 16.7 in turnover, an increase 0.08% in volume and a decrease of 37% in number of transactions, respectively over the same period.

Comparison turnover between 2014-2015



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.

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 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

Comparison between ALSI for the year 2015 and 2014

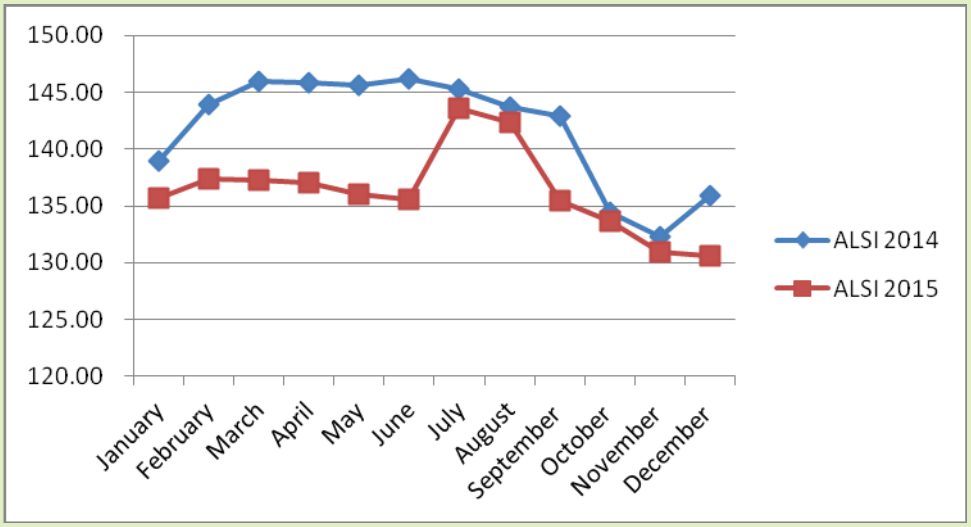


Figure 2: All share Index, RSE, 2015

From January –December, 2015 for the year under review the ALSI recorded a decrease of 3.8%.

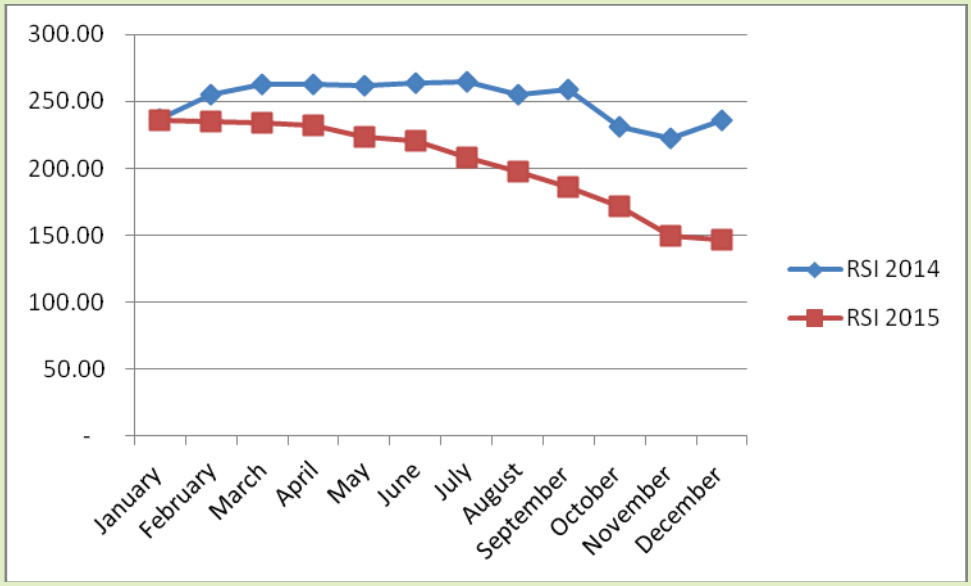


Figure 3: Rwanda Share Index, RSE, 2015

From January –December, 2015 for the year under review the RSI recorded a decrease of 37.5%.

The market capitalization stood at USD 3.7 billion at the end of December, 2015 which resulted in an increase of 94.7 % in consideration with the same period in 2014 whereby the market capitalization was USD 1.9 billion by end of USD 1.9 billion.

Market participation

By end of 2015 investors accounts stood at 13,543 of which 10,662 were domestic investors, 2,474 were from the East African Community and 407 were foreigners. This means that local investors covered 78.9%, the EAC 18.1% and the remaining 3% were foreign investors. The total increase in number of new accounts was at 19.2% during the year.

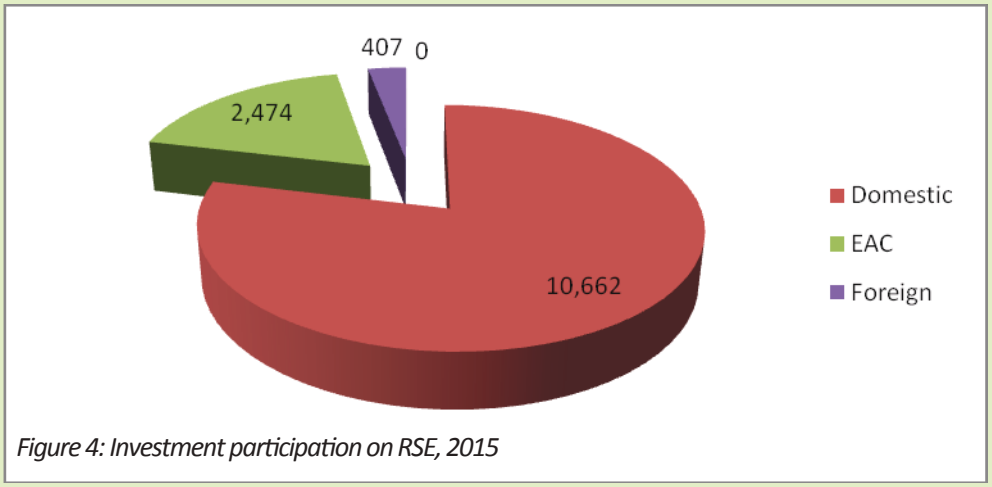


Figure 4: Investment participation on RSE, 2015

3. Activities report

3.1 Public education and Marketing

During the period under review the RSE conducted Radio and TV shows and through other media outlets (print and electronic and social) to promote investments through the stock market.

The RSE coached 14 interns (Academics and professionals) from different higher institutions of learning and universities in Rwanda. In collaboration with the Institut Polytechnique de Byumba (IPB) the RSE organized public education sessions on the importance of saving and investing through the capital market whereby students and staff members were the targeted audience and signed a partnership MoU with the school to continue cooperation in professional training.

RSE CEO signing MoU with the Institut Polytechnique de Byumba (IPB) Rector

RSE staff offering a lecture at ULK

In collaboration with the Kigali Independent University (ULK) RSE staff offered lectures at the University on the Capital market operations and performance evaluation.

CMA Executive Director explaining to students the Stock market Business and Operations

During this year under review different students (Youths) from different schools and Universities gathered at the stock exchange to launch the global money week in Rwanda.

H.E Paul KAGAME opening speech at the East Africa Capital market International Conference

*RSE actively participated in the Capital Markets for East Africa International Conference organized in partnership with **CMA** and **MINECOFIN**, **IFC** and **H.E** Paul **KAGAME** was the guest of honor.*

The RSE Chairman at the East Africa Capital Market International Conference at Serena Hotel Kigali , February 2015

Group Photo with H.E. Paul Kagame, the President of the Republic of Rwanda during the East Africa Capital Markets International Conference, Serena Kigali February 2015

RSE's CEO Celestin Rwabukumba together with Mukhisa Kituyi Secretary General and other delegates as RSE joins as a member of UN SSI in New York

RSE participated in Diaspora homecoming event at Gorrilla Hotel Nyarutarama

Rwanda Diaspora Network Group (RDGN) members at RSE

In collaboration with Rwanda Diaspora Global Network, the RSE organized a public awareness campaign to Rwandan communities abroad on savings and investment through capital market.

Burundian delegation and EAC staff at RSE

Rwanda Stock Exchange hosted two teams from Lesotho and Burundi in October 2015. The teams were conducting a study tour at the RSE to familiarize themselves with the operations of the exchange as they prepare to establish their own stock markets.

The Rwanda Stock Exchange also sponsored a Tennis tournament between Nigerian Team from Ikoyi Club and Rwandan Tennis men and women at Cercle Sportif de Kigali.

RSE branding at Cercle Sportif de Kigali at Nigeria Ikoyi Club – Rwanda Tennis open, 2015.

The RSE also facilitated the official formation of the Rwanda Stock Brokers Association. The association was officially launched at the premises of the Rwanda Stock Exchange with the presence of some RSE'S Board Members.

RSE sponsored graduation ceremonies for INES-Ruhengeri and IPB-Byumba in February and August, 2015 respectively.

3.2 Capacity building

RSE has developed an in-house training program under SITI-East Africa for new Market players and a continuing education program for the existing players.

For this period, RSE under SITI-East Africa organized two trainings in February and August 2015 on licensed persons courses and 11 participants sat for SITI –East Africa certification exam and 10 of them passed.

The RSE staff attended various workshops and conferences among which we have the Capital market infrastructure technical working group and Capital markets, Insurance and pension Committee meetings, The EAC capacity building for Financial sector development, the Capital markets infrastructure(CMI) projects inception meeting with InfoTech , Rwanda and International Financial Reporting Standards (IFRS) for SMEs, etc.

3.3 Regional integration

In the course of the year, the Authority continued to strengthen regional integration initiatives by actively participating in regional meetings and fora under EASEA and CMIPC.
In the year under review, RSE members participated in the workshop on EA capital market infrastructure at technical and steering level. The RSE participated in the meeting of Board of Director of SITI-East Africa held in Kampala. Apart from statutory regional meetings the RSE participated in international fora namely in Ivory Coast, Ghana, Belgium and the USA, the Uganda-Rwanda Business Forum, and this year's Rwanda Day in held in the Netherlands.

3.4 Information technology infrastructure development

The Information Technology department at the Rwanda Stock Exchange (RSE) is one that nurtures creativity, change and holds the core principles of the Exchange's strategy at every stage of growth and innovation. The ICT policy and procedures manual for the department were updated to keep assisting the Exchange's Business units to enhance productivity through the innovative use of Technology. The Exchange has continued to review its ICT infrastructure in order to cope with growing information needs of the stock market in Rwanda.

3.5 Corporate Social Responsibility (CSR) activities

Corporate Social Responsibility is the continuing commitment by business to behave ethically and contribute to economic development while improving the quality of life of the workforce and their families as well as of the local community and society at large.

Under CSR, the Rwanda Stock Exchange in partnership with the CMA and ICPAR renovated 5 houses which belong to Genocide survivors in Bugesera District, Kamabuye sector. We also sponsored the Agahozo Shaloom Community School, a school of Genocide survivors' school of excellence based in the Eastern province.

REPORT OF THE DIRECTORS

The directors submit their report and the audited financial statements for the year ended 31st December 2015, 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

	2015 Rwf	2014 Rwf
Profit before tax	23,481,608	60,282,742
Tax	(15,431,784)	(25,234,788)
Profit for the year	8,049,824	35,047,954

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

CHAIRMAN

KIGALI 25/04/2016

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.) 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 2015 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 on going concern for at least the next twelve months from the date of this statement.

Approved by the board of directors on 25/04/2016 and signed on its behalf by:

CHIEF EXECUTIVE OFFICER

CHAIRMAN

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 to 19 which comprise the statement of financial position as at 31st December 2015, 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 (I.F.R.S.) 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.

REPORT OF THE INDEPENDENT AUDITORS (CONTINUED) TO THE BOARD MEMBERS OF RWANDA STOCK EXCHANGE

Opinion

In our opinion the financial statements present fairly, in all material respects, the financial position of the company as at 31st December 2015, and the results of its operations and its cash flows for the year then ended in accordance with International Financial Reporting Standards and the Law relating to Companies No.07/2009 of 27/4/2009.

Report on other legal requirements

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

(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

Kigali 25/04/2016

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

Rwanda Stock Exchange
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COMPREHENSIVE INCOME STATEMENT

	Notes	2015 Rwf	2014 Rwf
Revenue	1	339,937,876	294,126,436
Other Income	2	94,208,611	99,056,598
Operating expenses		(404,758,547)	(328,262,128)
Depreciation		(5,906,332)	(4,638,164)
Operating profit/(loss)	3	23,481,608	60,282,742
Tax	6	(15,431,784)	(25,234,788)
Profit for the year		8,049,824	35,047,954

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

Report of the independent auditors - pages 4 and 5.

Rwanda Stock Exchange
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STATEMENT OF FINANCIAL POSITION

	Notes	2015 Rwf	2014 Rwf
CAPITAL EMPLOYED			
Share capital	7	100,000,000	100,000,000
Retained earnings		210,902,087	202,852,263
Shareholders' funds		310,902,087	302,852,263
Grant	10	244,809,985	111,036,730
		555,712,072	413,888,993
REPRESENTED BY			
Non-current assets			
Property,Plant & Equipment	8	24,682,743	12,363,764
Grant equipment	10	507,117	11,872,166
Long-term Investment Bonds	9	67,000,000	48,000,000
		92,189,860	72,235,930
Current assets			
Cash and cash equivalents	11	142,608,611	240,262,546
Trade and other receivables	12	454,402,589	204,790,950
Recoverable income tax	6	6,214,002	2,719,695
		603,225,202	447,773,191
Current liabilities			
Trade and other payables	13	139,702,989	106,120,128
Tax payable		-	-
		139,702,989	106,120,128
Net current assets		463,522,213	341,653,063
		555,712,072	413,888,993

The financial statements on pages 6 to 19 were approved for issue by the Board of Directors on 25/04/ 2016 and were signed on its behalf by:

CHIEF EXECUTIVE OFFICER **CHAIRMAN**

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
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STATEMENT OF CHANGES IN EQUITY

	Share capital Rwf	Retained earnings Rwf	Grant Rwf	Total Rwf
Period ended 31st December 2014				
At start of year	100,000,000	168,020,410	24,453,266	292,473,676
Prior year adjustment	-	(216,101)	-	(216,101)
Restated Opening balance	**100,000,000**	**167,804,309**	**24,453,266**	**292,257,575**
Grant transfers	-	-	100,000,000	100,000,000
Amortisation of grant	-	-	(13,416,536)	(13,416,536)
Profit for the year	-	35,047,954	-	35,047,954
At end of year	100,000,000	202,852,263	111,036,730	413,888,993
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

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
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CASH FLOW STATEMENT

	Notes	2015 Rwf	2014 Rwf
Operating activities			
Cash generated from operations	14	(178,770,096)	(99,801,591)
Tax paid		(15,431,784)	(65,227,125)
Net cash generated from operating activities		(194,201,881)	(165,028,716)
Investing activities			
Purchase of equipment	8	(18,225,310)	(6,373,971)
Long-term Bonds	9	(19,000,000)	(48,000,000)
Net cash (used in) investing activities		(37,225,310)	(54,373,971)
Financing activities			
Grants	10	133,773,254	86,583,464
Net cash (used in) finacing activities		133,773,254	86,583,464
Increase/(decrease) in cash and cash equivalents		(97,653,937)	(132,819,223)
Movement in cash and cash equivalents			
At start of year		240,262,548	373,081,771
Increase/(decrease) in cash and cash equivalents		(97,653,937)	(132,819,223)
At end of year	11	142,608,611	240,262,548

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.

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.

a)Basis of preparation

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

b) 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.

c) 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:

Assets	**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
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SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

d) **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.

e) **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.

f) **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.

g) **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.

h) **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.

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

i)Trade receivables

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

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.

j)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.

k) Trade payables

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

l) 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.

m) Share capital

Ordinary shares are classified as equity.

n) 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 2015

NOTES TO THE FINANCIAL STATEMENTS

	2015 Rwf	2014 Rwf
1. Revenue		
Transaction levies	106,114,948	129,746,436
Membership fees	3,520,000	2,880,000
Listing fees	230,302,928	161,500,000
Total revenue	**339,937,876**	**294,126,436**
2. Other income		
Interest on short-term investments	10,849,363	5,589,237
Grants	82,500,000	92,240,000
Income from tenders	-	50,000
Exchange gains	859,248	1,177,361
	94,208,611	**99,056,598**
3. Operating profit		
The following items have been charged/(credited) in arriving at operating profit/(loss):		
Depreciation on equipment (Note 8)	5,906,332	4,638,164
Staff costs (Note 4)	165,786,138	157,187,016
Auditors' remuneration	2,773,000	2,773,000
4. Staff costs		
Salaries and wages	165,786,138	157,187,016
5. Tax		
Current tax payable/(recoverable)	(6,214,002)	(2,719,695)

Rwanda Stock Exchange
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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

	2015 Rwf	2014 Rwf
6. 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	23,481,608	60,282,742
Tax calculated at a tax rate of 30% (2015: 30%)	7,044,483	18,084,823
Tax effect of:		
- expenses not deductible for tax purposes	27,957,673	23,833,218
	51,439,282	84,115,960
Adjusted Profit	51,439,282	84,115,960
Tax there on "30%	15,431,784	25,234,788
Less:Prepaid income tax	(21,645,786)	(27,954,483)
Tax payable/(recoverable)	(6,214,002)	(2,719,695)
7. Share capital		
Authorised, issued and fully paid:		
1,000,000 ordinary shares of Rwf 100 each	100,000,000	100,000,000

Rwanda Stock Exchange
Audited financial statements
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NOTES TO THE FINANCIAL STATEMENTS

8. **Property, Plant & Equipment**

Year ended 31 December 2015

	Communication equipment Rwf	Computers & I.T. equipment 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**	**13,045,398**
Net book value	**574,625**	**9,900,317**	**14,207,801**	**24,682,743**

Year ended 31 December 2014

	Communication equipment Rwf	Computers & I.T. equipment Rwf	Office furniture Rwf	Total Rwf
Cost				
At start of year	281,000	2,845,000	10,002,860	13,128,860
Additions	885,000	1,564,000	3,924,971	6,373,971
At end of year	**1,166,000**	**4,409,000**	**13,927,831**	**19,502,831**
Depreciation				
At start of year	70,250	763,583	1,667,070	2,500,903
Charge for the year	229,625	1,525,750	2,882,789	4,638,164
At end of year	**299,875**	**2,289,333**	**4,549,858**	**7,139,067**
Net book value	**866,125**	**2,119,667**	**9,377,973**	**12,363,764**

Rwanda Stock Exchange
Audited financial statements
For the year ended 31st December 2015

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

		2015 Rwf	2014 Rwf
9.	**Long-term Investments**		
	IFC Long-term Bond	21,969,400	**20,000,000**
	3-year Treasury Bond	45,030,600	**28,000,000**
		67,000,000	**48,000,000**
10.	**Grant from CMA for equipment & software**		
	Balance as at 1st January	111,036,730	24,453,266
	Transfer from Treasury during the year	145,138,304	100,000,000
	Amortisation	(11,365,049)	(13,416,536)
	Balance as at 31st December	**244,809,985**	**111,036,730**

Amortisation of grant equipment

	Communication equipment	Computers & I.T. equipment	Office furniture	Total
Cost				
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	1,927,083	12,153,936	34,882,251	48,963,270
Charge for the year	687,500	-	10,677,549	11,365,049
At end of year	**2,614,583**	**12,153,936**	**45,559,800**	**60,328,320**
Net book values	**135,417**	**-**	**371,700**	**507,117**

11. **Cash and cash equivalents**		
BK Rwf 0465317-4	87,136,394	180,294,210
BK Rwf 0319985-1	55,418,817	59,894,136
Petty cash Rwf	53,400	74,200
	142,608,611	**240,262,546**

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.

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

12. Trade and other receivables	2015 Rwf	2014 Rwf
Faida	232,533	233,374
African Alliance	3,629,224	42,350
CDH	1,117,891	1,929,176
Baraka Capital	350,915	365,038
Core Securities	-	25,110
Mbea	5,513,230	98,253
Dyer & Blair	111,403	111,403
SBG	1,823,009	3,911
Renaissance Capital-Kenya	-	480,000
Mutara Entreprises	-	4,248
BK Securities	1,110,204	507,861
BNR	44,250,000	14,250,000
NMG	20,000,000	-
IFC	7,500,000	-
Prepayments	249,210,050	-
Prepaid corporate Tax	-	-
Receivable interest income	5,669,925	2,899,315
Salary Advance	1,776,663	-
Short-term fixed deposit at Bank of Kigali	100,000,000	100,000,000
Rent deposit	12,107,542	11,248,794
	454,402,589	**132,198,833**

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	67,112,347	50,467,985
Compensation fund	35,748,009	20,119,799
Doyelcy Ltd	-	170,000
International Travel Agency Ltd	-	2,685,220
KFM Radio	-	1,784,160
Radio 1	-	1,982,400
K-Smart	1,767,500	650,000
Mille Colline	61,500	1,920,000
Galaxy Hotel	-	1,474,400
Isango Star	-	1,890,000
Gasigwa General supplies	-	1,020,000
Strathmore Business School	226,195	5,000,000
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	-
Payable control	10,494,150	-
Salaries payable	-	4,312,000
Suspense account	1,250,000	1,250,000
Securities Market Consultants(SITI)	-	900,000
TPR payable	4,043,079	3,843,809
RSSB payable	941,821	2,679,067
Withholding tax payable	-	1,198,288
Accrued audit fees	2,773,000	2,773,000
		-
	139,702,989	**106,120,128**

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

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

14. **Cash generated from operations**	**2015 Rwf**	**2014 Rwf**
Reconciliation of profit before tax to cash generated from operations		
Profit before tax	23,481,608	60,282,742
Adjustments for:		
Depreciation on equipment (Note 8)	5,906,332	4,638,164
Amortisation of grant equipment(Note 10)	11,365,049	13,416,536
Net foreign exchange (losses)		
Changes in working capital:		
Prior year adjustments	-	(216,101)
- trade and other receivables	(253,105,946)	(176,999,126)
- trade and other payables	33,582,860	(923,808)
Cash generated from operations	**(178,770,096)**	**(99,801,592)**

15. i) There were no contingent liabilities as at 31 December 2015.

ii) **Operating lease commitments**

There were no operating lease commitments as at 31 December 2015.

16. **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.

(b) **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)

(c) **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.

17. **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).

18. **Country of incorporation**

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

19. **Presentation currency**

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

20. **Retained Earnings**

Retained earnings for the prevoius year have been adjusted to correct omitted adjustments in the signed financials.

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OTHER OPERATING EXPENDITURE

	2015 Rwf	2014 Rwf
1. **OPERATING EXPENSES**		
Travelling expenses	43,536,721	41,512,561
Board members allowances	27,833,698	18,690,713
Audit fees -Current year	2,773,000	2,773,000
Rent	44,821,314	38,790,898
Entertainment	3,899,820	5,000,000
Corporate Social Responsibility costs	2,196,300	2,999,025
Advertisement	47,584,758	22,924,980
Office utilities	19,245,070	11,324,200
Contigent expenses	10,992,632	6,974,424
Capacity building	14,679,200	11,648,195
Consultancy	6,571,944	-
Staff costs	165,786,138	157,187,016
Staff Health&Sports activities	5,080,000	-
General expenses	6,852,111	5,660,866
Health insurance	2,335,000	2,776,250
Bank charges	566,937	
Write off	3,904	-
Total operating expenses	404,758,547	328,262,128

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Tax computation

					Rwf
Profit before tax as per the financial statements					23,481,608
Add back:	Total expense	%	Disallowed	Reason	
Entertainment	3,899,820	100%	3,899,820	not allowable	
Telephone	6,600,096	20%	1,320,019	apportioned	
Board allowances	22,657,449	100%	22,657,449	not allowable	
Fines& penalties	80,385	100%	80,385	not allowable	
					27,957,673
Adjusted profit					51,439,282
Tax thereon @30%					**15,431,784**
Less:Prepaid income tax					(21,645,786)
Net income tax recoverable					(6,214,002)