RWANDA STOCK EXCHANGE

ANNUAL REPORT 2018

Rwanda Stock Exchange

Wealth a way of life

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Rwanda Stock Exchange

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 .

Our Mission

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

Our Core Values

- Efficiency
- Innovation
- Transparency
- Accountability
- Integrity

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 PLC

EASEA: East Africa Stock Exchanges Association

EASRA: East African Securities and Regulatory Authorities

EGH: Equity Group Holdings

IFAC: International Federation of Accountants

IFC: International Finance Corporation.

INES: Institut d'Enseignement 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

MINICOM: The Ministry of Trade andIndustry

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

CONTENTS

Our Core Values 4
Our Vision 4
Our Mission 4

LIST OF ACRONYMS AND ABREVIATIONS 5
PROFILES OF BOARD OF DIRECTORS 9
1. BRIEF DESCRIPTION OF RWANDA STOCK EXCHANGE 18
RSE OWNERSHIP STRUCTURE 18
1.1 RSE BOARD COMPOSITION & REPRESENTATION 19
1.1.1 CORPORATE INFORMATION 19
Directors 19
Board Secretary 20
Registered Office 20
Bankers 20
Auditors 20
Legal Advisor 20

STATEMENT OF THE CHAIRMAN 21
MANAGEMENT 25
1. Market performance 26

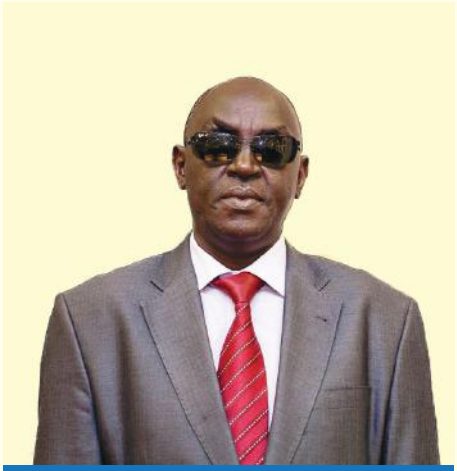
2. ECONOMICS OUTLOOK 29
2.1. Global Economic outlook 29
2.2. Emerging Markets 29
2.3. Sub Saharan Africa and EAC 29
2.4. The Rwandan Economy outlook 29

3. MARKET PERFORMANCE **31**
3.1. Primary Market 31
3.2. Secondary market 31
3.2.1 Bond market 31
3.3 RSE indices 33
3.4 Market Capitalization 34
3.5 Investors participation 34

4. ACTIVITIES REPORT **35**
4.1 Public education and awareness 35
4.2. Conferences, Meetings and Workshops 37
4.3. Capacity Building 39
4.4. Corporate Social Responsibility (CSR) 41

ANNEX1. **42**
AUDITED FINANCIAL REPORT 2018 **42**

PROFILES 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) and has been the chairman for Societe Nouvelle d'Assurances du Rwanda (SONARWA) up to 2013.

He has been a Member of East African Legislative Assembly from 2008 to 2017 where he was the chairperson of the Committee on Communications, Trade and Investments 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, which is licensed by the Capital Markets Authority Kenya and a Member of the Nairobi Securities Exchange (NSE) Ltd. He is also the Managing Director, Faida Securities (Rwanda).

He is the Vice Chairman of the NSE and also the Vice Chairman of the Rwanda Stock Exchange (RSE), where he has played a key role in the set-up of the RSE, where he serves as the Chairman of the Operations and Market Development 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 also a Board Member of the Kenya Industrial Estate (KIE), where he serves as the Chairman of the Finance Committee. KIE's principal activity is to promote and facilitate industrialization through the provision of credit facilities, business development services and industrial workspaces in Kenya.

He is an accomplished stockbroker, an information technology professional and a successful businessman. He plays other roles including; 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 a Governor and Director of the Kenya Private Sector Alliance (KEPSA) and as a Director of the Kenya National Chamber of Commerce and Industry (KNCCI) as the Chairman of the Finance Committee.

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 is a former Lecturer at the KCA University, Nairobi, Kenya.

He holds a Master of Science (MSc) in Corporate Finance from the University of Liverpool, in the UK.

Ms. IZA Irame
Board Member

Ms.Iza Irame is the Chief Executive Officer of Crystal Telecom Ltd and Chief Corporate 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 Manager 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, Sonarwa General Insurance 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. Shehzad Noordally
Board Member

Mr.Shehzad Noordally is the CEO of CDH Capital Ltd, an Investment Banking and Management service provider in Rwanda. He started his career in the Accountancy and Financial Sector. Shehzad has 20+ experience in the financial sector. He is currently the Chairman of the Rwanda Association of Stockbrokers and a Board Member of the Rwanda Stock Exchange Ltd and BK General Insurance.

Ms. Amina Umulisa RWAKUNDA
Board Member

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

Ms. 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.

Ms. Rwakunda holds a Masters Degree in Globalisation and Development Economics from the University of Antwerp.

Mr. Andrew Otengo OWINY
Board Member

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.

Mr. Innocent Idi KABANDA
Board Member

Innocent Idi KABANDA has served as a member of the Rwanda Stock Exchange Board of Directors since May 2015.

Mr. Innocent joined RSSB in 2007 as investment analyst. Since 2015 he was promoted as Portfolio Management Division Manager of Rwanda Social Security Board (RSSB) after being successively Director of Non Fixed Income Investments since April 2013 and Director of Fixed Income Investments since September 2011.

The responsibilities of his position are to carry out the analysis of the Fixed Income Investments (bank term deposits, Government securities, mortgage, commercial papers 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 global& macro-economic situation and prepare various analysis reports on regular basis.

He serves on other Boards such as Eastern Province Investment Company (EPIC) as Vice chairman since January 2016, SONARWA Life since October 2018; GOSHEN FINANCE ltd (banking services) since May 2017; SILOWAMU Medical Clinic since September 2018 and former Board member of SOYCO MOUNT MERU RWANDA Ltd (soy bean factory located at Kayonza District) from January 2016 to December 2017.

An expert in Economics Policy Management graduate from a known University of Kinshasa sponsored by World Bank, Bachelor's degree in Management from University of Rwanda at Huye Campus and currently pursuing Chartered Public Accountant course (CPA®) under sponsorship of ICPAR.

Mr. Pierre Celestin RWABUKUMBA
Board Member

Mr. Pierre Celestin RWABUKUMBA, a Rwandan national, is the current Chairman of the East African Securities Exchanges Association (EASEA) and Chief Executive Officer of the Rwanda Stock Exchange Ltd. He was 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 a number of institutions in finance and business development, hospitality and industry in Rwanda and beyond. The list include the Securities Industry Training Institute (SITI East Africa) where is serves as Chairman, The Executive Committee of the African Securities Exchanges Umbrella Organization (ASEA), The New Faces New Voices – Rwanda and others. He is also involved in different investment projects ranging from Real Estate, Poultry and Agro – processing to Energy.

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 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 completed an international post Graduate Advanced Management Program (AMP) for Executives at Strathmore Business School.

1. BRIEF DESCRIPTION OF RWANDA STOCK EXCHANGE

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	Agaciro Development Fund.	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	Ms. Iza Irame	Member
4	Mr. Andrew Otengo Owiny	Member
5	Ms. Amina Umulisa Rwakunda	Member
6	Mr. Shehzad Noordally	Member
7	Mr. Innocent Kabanda	Member
8	Mr. Pierre Celestin Rwabukumba	Secretary

Board Secretary

Mr. Pierre Celestin RWABUKUMBA
Avenue du Commerce
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

Independent Auditors

ABC CONSULTANTS LTD,
2ND Floor, La Bonne Adresse Building,
Republic Avenue,
P O Box 1901,
Kigali – Rwanda.

Legal Advisor

K-Solutions and Partners
12, KG 645 ST Urugwiro, Kacyiru
P.O Box 4062 Kigali, Rwanda

STATEMENT OF THE CHAIRMAN

> "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."

It is my pleasure to report that 2018 was a good year for Rwanda Stock Exchange (RSE). As fundamentally our economy maintained a healthy growth of 7.2% despite challenges across the globe especially in sub Saharan Africa due to exogenous factors affecting economies across the globe. We have also seen some recovery this year in the EAC economies registering 5.9% growth from 5.2% in 2017.

The positive domestic growth was also translated into the increase in activity especially in fixed income securities at the primary and the secondary market and price stability in the equities market. These developments 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, collaboration and support from the Government and other key stakeholders continues to be key

towards supporting the country's economic development. The RSE strategy and Plans therefore, aim 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 2018, RSE continued for the fourth year the implementation of its current 5 year strategic plan where efforts and resources were directed towards a large scale campaign aimed at large corporates and SMEs and launching of the Small and Medium Enterprises Market Segment (SMEMS). This and combined efforts to sensitize retail investor market niche, increasing on efficiency levels and public outreach contributed to raising further the profile of the exchange.

In the course of the year we increased our visibility on world stage by actively participating in different regional and international conferences and activities. The RSE actively participated in the 22nd ASEA Conference and Annual General meeting in Lagos, Nigeria from 25th – 27th November, 2018 which was graced by His Excellence, The Vice President of the Republic of Nigeria, Professor Yemi Osinbanjo The RSE has also joined the Executive Committee of the Umbrella organization for the African exchanges (ASEA).

I am also happy to note that this year we have continued our work with the World Federation of Exchanges (WEF) as an associate member and actively pursued our interactions and consultations with the UN's Sustainable Stock Exchanges initiative (SSE) through their working groups after joining in 2015. This initiative aims to provide an effective platform for peer-to-peer dialogue among global exchanges. RSE has joined number 5 on the continent after Nigeria, Mauritius, Ivory Coast and the Nairobi Securities Exchanges and a few more Exchanges that have joined this year.
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. The Market Capitalization at the close of 2018 was at USD 3.35 billion slightly down from USD 3.47 billion at the end of 2017 mainly due to price fluctuation.

With regard to the fixed income securities, the government's quarterly bond issuance program continued with an average of 236.4 subscription rate.

This increased secondary trading activity in the fixed income securities to the tune of 91.11% and 4.47% in bonds turnover and number of transactions, respectively compared to the same period in 2017.

The recorded performance positively impacted the financial performance during the year. The RSE internal income generated increased by 12.4% from Rwf 392.1 million in 2017 to Rwf 441.04 million in 2018. We managed to stay within the projected performance despite the fact that we operated in a volatile year mainly due to exogenous 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 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 have officially launched a campaign for Small and Medium Enterprises Market Segment at the RSE which targeted 300 SMEs among whch 100 were selected for the listins forum and 12 of them signed up for further assement to explore the capital market route to raise funding. We have also increased our presence up country and participated in road shows for the general

public alongside the Central Bank, the Capital Market Authority and MINECOFIN to spur further retail investor participation. 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 as we can already see positive impact now on the ground from the supply side's primary market activity and 11% average participation of the retail investors at least for the first time on the supply side buying into fixed income securities.

Again in a special way I acknowledge with appreciation the outstanding role played by all my colleagues (The Members of the 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:

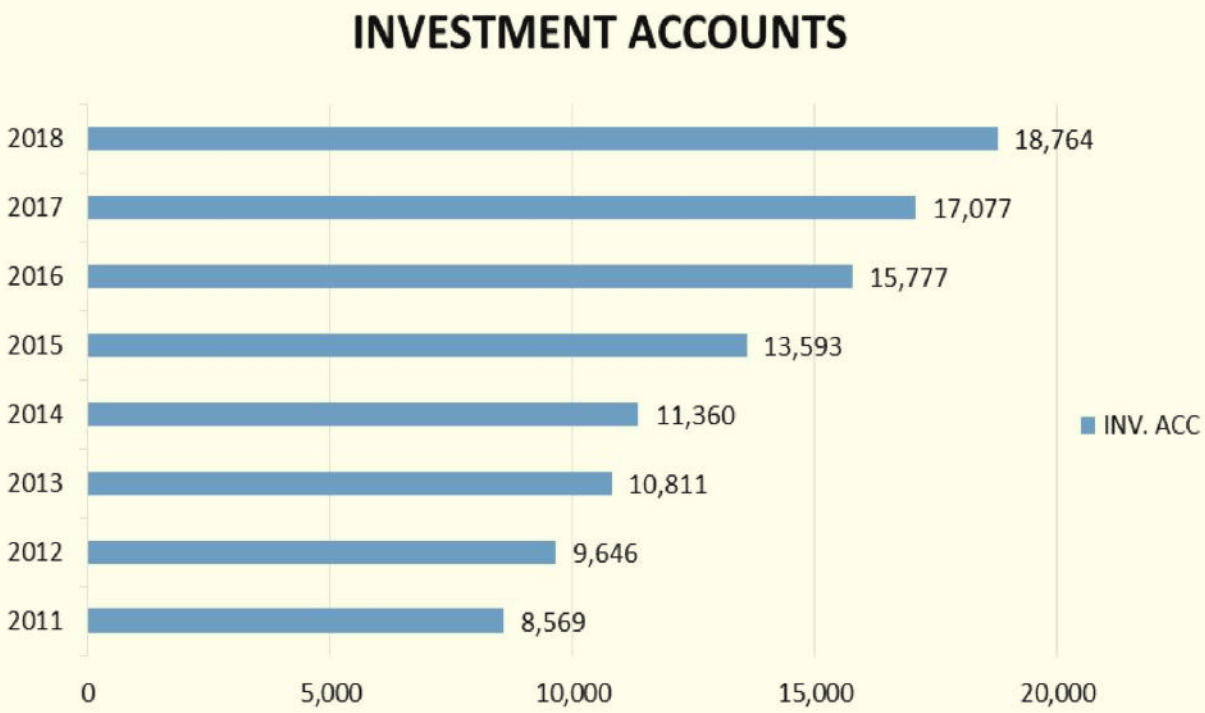
	Names	Positions
1	Mr. Pierre Celestin RWABUKUMBA	Chief Executive Officer
2	Ms. IRIBAGIZA Alice	Head of Administration and Finance
3	Mr. TWAGIRA Robert	Head of IT and Operations
4	Mr. MITALI David	Operations Officer

1. MARKET PERFORMANCE

a. Rwanda Shares Index (RSI)

b. All Shares Index (ALSI)

C. Market participation by end of 2018



D. Comparison turnover between 2017-2018

RSE Listings forum 2018

2. ECONOMICS OUTLOOK

2.1. Global Economic outlook

According to IMF forecasts,the global economic performance was steady with a n estimated 3.7% GDP growth from 3.8 % recorded in 2017. Global growth is projected to decline to 3.5% in 2019 before slightly picking up to 3.6% in 2020.

2.2. Emerging Markets

In emerging markets and developing economies, growth is expected to slow down to 4.5% in 2019.The Chinese economy grew by 6.6% in 2018, the lowest growth for the last 28 years and is projected to grow by 6.2% in 2019 amid intense trade dispute with the US , weakening domestic demand and alarming off balance-sheet borrowings by local governemnts.

2.3. Sub Saharan Africa and EAC

In Sub-Saharan Africa economies, growth is expected to pick up from 2.9% in 2018 to 3.5% in 2019 and 3.6% in 2020.However these projections are lower than initial projections as aresult of softening oil prices tha have caused downward revisions for Angola and Nigeria.

In the East African Community (EAC), GDP growth is expected to remain strong from 5.3% in 2017, to 5.9% in 2018 and 6.3% in 2019

2.4. The Rwandan Economy outlook

The Rwandan economy performed well in 2018, recording an average growth of 8.3% in the first three quarters of 2018 against 4.6% in the same period of 2017.This growth resulted from good performance in agriculture sector (6.3%), service sector (8%) and industry sector (9.3%).

The good performance of the Rwandan economy observed in the first three quarters of 2018 continued in 2018Q4 as evidenced by threading indicators of economic activities, evolving towards surpassing the projected annual growth of 7.2% by end 2018. The composite index of economics activities (CIEA) increased in real terms by 13.1% in 2018 Q4 from 16.5% recorded in the same period of 2017 and by 14.4% in 2018 after 11.2% recorded in 2017.

The good performance recorded in 2018 is reflected in the favorable business developments as indicated by the total turnovers of industry and services sectors that increased by 16.7%, after 15.8% in 2017. The service sector was leading, with a share of 75.3% and a growth of 18.5% while the industry sector grew by 11.5% from 12%.

The service sector's good performance resulted from an improvement in wholesale and retail trade (+17.2%) as well as transport and storage services (+22.9%). As aforementioned, transport and storage services have been mainly supported by air transportation on account of business expansion of Rwandair as well land transportation. Moreover, services sector was backed by good performance of hotels (+27.1%), information and communication (+6.7%), Banks (+16.2%), and the recovery of real estates (+27.9%)

Headline inflation reached to 1.4% in 2018, from 4.9% in 2017 on average. This decline was mostly reflected in the decrease in food inflation of to -1.4% in 2018 from 9.8% in 2017 as a result of good agricultural production.

3. MARKET PERFORMANCE

On the Rwanda Stock Exchange (RSE), market activities went up in 2018 compared to 2017 performance due to the increased trading in fixed income.

3.1. Primary Market

During the period under review, the government of Rwanda issued 4 treasury bonds with maturity period ranging between 3-15 years with a face value of FRW 55 billion and were subscribed at 263%,293.4%,168.9% and 186% at coupon rates of 11.8% 12.5%,12.9% and 11.5% respectively. In addition, 2 Government bonds were reopened in june and September with a face value of FRW 25 billion with a subscription lavel of 311.29% and 196.13%, respectively.

The equitiesmarket registered one rights issue of Bank of Kigali PLCto raise Rwf 60 billion..

3.2. Secondary market

3.2.1 Bond market

During the period under review, 4 issuedand 2 reopened Treasury bonds with a face value of Frw 80 billion werelisted on RSE fixed income trading board. The secondary market recorded Frw 10.03 billion worth of bonds traded in 187 transactions. This translated into an increase of 93.15% and 14.72% in terms of bonds value and number of transactions respectively compared to the same period in2017.

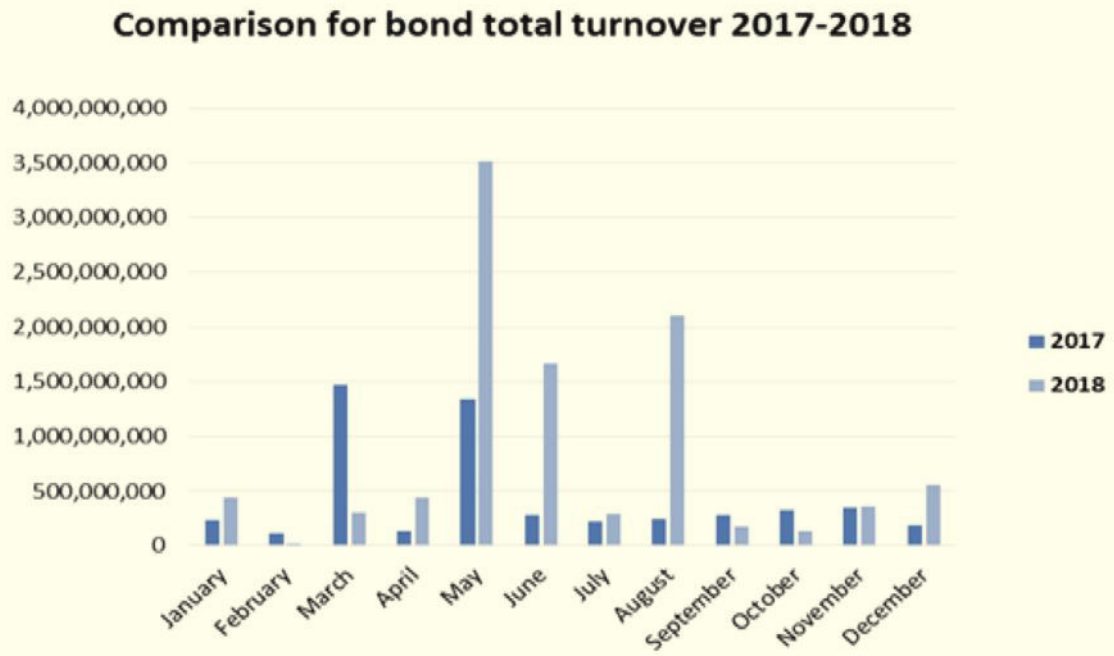


Figure 1: RSE, 2018

The equities market recorded a total turnover of Frw 11.78 billion from 83.85 million of shares traded in 699 deals translating into a decline of 25.49% in turnover compared to Frw 15.81 billion recorded during the same period in 2017.

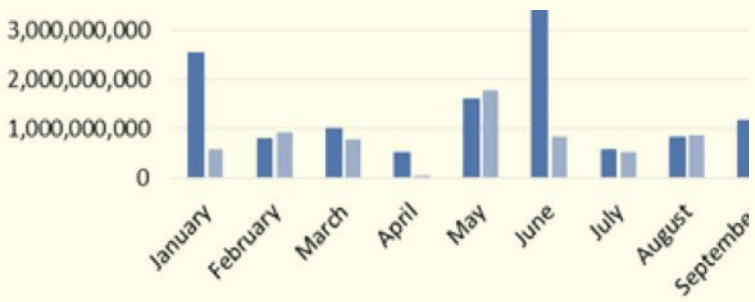


Figure 2: RSE, 2018

3.3 RSE indices

From January to December, 2018 the All Share Index (ALSI) went down 4.8% to close at 128.78 points and Rwanda Share Index (RSI) went down 1.70 % to close at 131.2 points.

RSE Rwanda Share Index (RSI

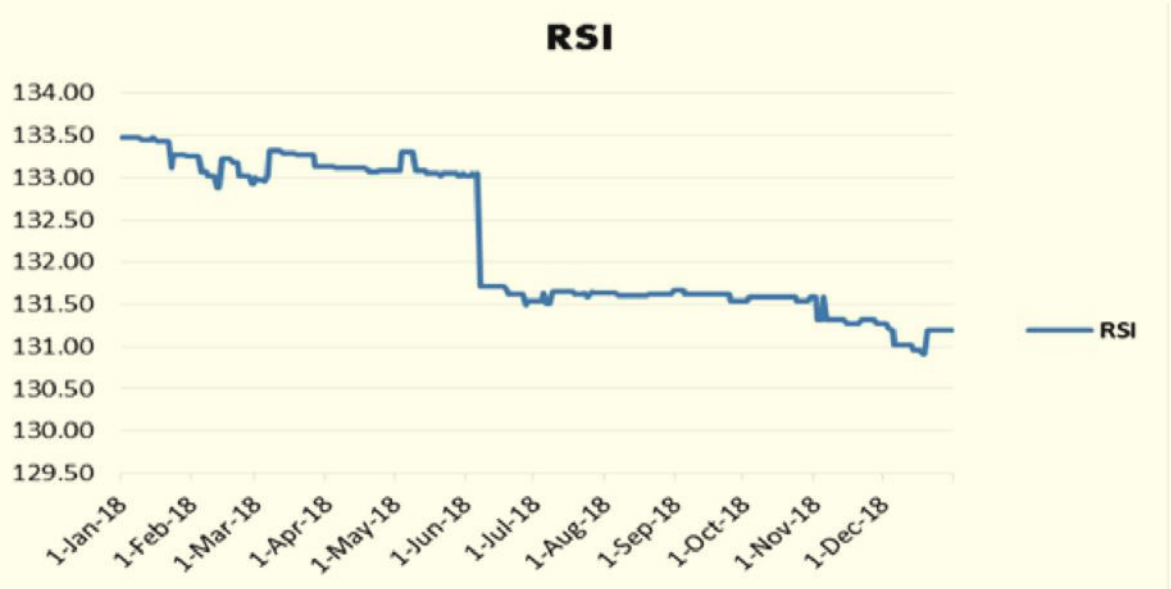


Figure 3: RSE, 2018

RSE All Share Index (ALSI)

Figure 4: ALSI, 2018

3.4 Market Capitalization

By end of December, the market capitalization stood at US$ 3.35 billion down from $3.47 billion at the close of 2017.

3.5 Investors participation

As of December, 2018 there were 18,764 active investors recorded and domestic investors were 78.90%; other East Africans 17.90% and 3.20% were international. This translated into an increase of 9.87% in terms of new investment accounts opened from January, 2018.

Figure 5: Market participation, 2018

4. ACTIVITIES REPORT

Rwanda Stock Exchange (RSE) conducted various activities as follows:

a) Public education and investement awareness campaigns
b) Conferences and workshop
c) Capacity building
d) Corporate social responsibility (CSR)

4.1 Public education and awareness

- Participated in Government bonds issuance program through roadshows in different districts of the country.
- Conducted one onone meetings with various investors and stakeholders.
- Aired different Radios and TV talk shows on various topics.
- Participated in the Global Money week initiative in collaboration with AISEC on 15th March, 2018 and more than 40 students from High schools participated at the RSE trading floor.
- Conducted a three month campaign to support the growth of Rwandan SMEs and other corporates through participation and contribution towards the "access and grow"initiative.
- In partnership with CMA organized the capital market university challenge 2018 edition 5.

Secondary Students from Lycee de Kigali at the launch of the Global Money Week

Capital Market University Challenge competition final,2018

Capital Market University Challenge competition final,2018

4.2. Conferences, Meetings and Workshops

- RSE hosted the Ring of the bell on Gender Equality 2018 ceremony on 12th March, 2018 under the UN-Sustainable Stock Exchanges Initiative (SSE) in partnership with UN Women, IFC, WFE and UN-Global Compact.
- RSE Participated in the UN-SSE online quarterly consultative meetings in 2018.
- RSE participated in Financial Empowerment Event organized by Rwanda community Abroad-UAE (Dubai).
- RSE participated in different Technical Working Groups (TWGs) and Steering Committees (SC) meetings organized by the East Africa Community (EAC) in partnership with the World Bank and other development partners.
- RSE participated in international congress organized by Rwandan diaspora held in May, 2018 in Paris- France.
- RSE participated in the in the Rwanda –India business summit held in Kigali in July,2018
- RSE hosted the East African Securities Exchange Association (EASEA) meeting from 15th -16th November, 2018 at Lake Kivu Serena Hotel.
- RSE Participated in the 22nd African Securities Exchange Association (ASEA) Annual Conference held in November 26th - 27th , 2018 at Oriental Hotel, Lagos, Nigeria and the CEO was elected tojoin the African Securities Exchange Association Executive Committee.
- RSE approved and listed Bank of Kigali PLC rights issue in November 29th ,2018
- RSE participated in the cross listing of bank of Kigali at Nairobi Securities Exchange, November 2018.
- RSE participated in the workshop organized by CMA and Access to Finance Rwanda (AFR) on the functionality of Asset Backed Securities (ABS) instruments.

At the Ringing the Bell on Gender Equality ceremony, 2018

ASEA Annual conference, Lagos Nigeria

Bank of Kigali right issue opening at Marriot Hotel,Kigali

4.3. Capacity Building

- RSE mentored CFA university challenge students from University of Rwanda /College of Business and Economic (CBE).
- During this period under review 18 professional interns and other 26 academic interns from different schools and universities .
- RSE hosted 77 students from the college of staff command from the University of Rwanda in the faculty of Law.
- RSE organized experts lecturing at the University of Kigali (UoK) in collaboration with Connect Dots Company with an audience of 300 participants.
- RSE organized 2 workshops on fundamentals of securities market, corporate governance and compliance for listed companies' executives.
- RSE participated in trainings on Women Leadership Program (WLP) organized by Strathmore University.
- RSE participated in a one year Swedish management program for Africa on lasting success through responsible leadership and sustainable business.
- RSE hosted and trained a delegation of professional lawyers from the Rwandan Bar Association.
- RSE hosted and trained a delegation from Lagos Business School, Nigeria

A deligation from Rwanda Bar Lawyers Association

A delegation from Lagos Business School, Nigeria

Participation in the Swedish Management Program for Africa

4.4. Corporate Social Responsibility (CSR)

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 the workforce and their families as well as of the local community and society in general.

- Rwanda Stock exchange staff together with CMA, ICPAR, contributed to the families of the Genocide Survivors from Nduba Sector, Gasabo district.
- Rwanda Stock Exchange staff together with Dukundane Family participated in the remembering of the 1994 Genocide victims who were killed and thrown in different rivers and lakes across Rwanda.

RSE, CMA, ICPAR visited the Families of the 1994 Genocide Survivors fromNduba Sector in Gasabo District

ANNEX1.
AUDITED FINANCIAL REPORT 2018

Rwanda Stock Exchange Ltd
Annual Report and Audited Financial Statements
For the Year Ended December 31st, 2018

1. COMPANY INFORMATION

1.1 The Board of Directors

The present members of the board of Rwanda Stock Exchange Ltd who served from the start of the year are:

1. Dr. James Ndahiro, Chairman;
2. Mr. Bob Karina Vice Chairman;
3. Mr. Andrew Otengo Owiny , Member;
4. Mr.Idi Innocent Kabanda Member;
5. Mrs Amina Umulisa Rwakunda, Member.
6. Mrs Iza Irame , Member
7. Shehzad Noordally Member,

1.2 Registered Office

Rwanda Stock Exchange,
Kigali City Tower
Avenue du Commerce,
P.O Box 3882
Kigali
Rwanda

1.3 Principal Bankers

Bank of Kigali
P.O Box 1863
Kigali
Rwanda

1.4 Independent Auditor

ABC CONSULTANTS LTD,
2ND Floor, La Bonne Adresse Building,
Republic Avenue,
P O Box 1901,
Kigali – Rwanda.

Rwanda Stock Exchange Ltd
Annual Report and Audited Financial Statements
For the Year Ended December 31st, 2018

2. Report of the Directors of Rwanda Stock Exchange

For the Year ended 31st December 2018

The Directors of Rwanda Stock Exchange submit their report and the audited financial statements for the year ended 31st December 2018,which disclose the state of affairs of the company.

2.1 Principle Activities

The principle activities of the company are responsible for carrying out financial securities.

Results

	2018 RWF	2017 RWF
Profit Before Tax	**32,797,290**	**(57,362,391)**
Income Tax Expenses	(22,822,831)	(5,797,430)
Profit of the Year	**9,974,459**	**(63,159,821)**

2.2 Dividends

The directors do not recommend the declaration of dividend for the year.

2.3 Directors

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

2.4 Auditors

The auditor, ABC CONSULTANTS LTD, was appointed in accordance with the law 17/2018 of the 13/04/2018 governing companies.

BY ORDER OF THE BOARD

DIRECTOR

Date: ……../2019.

Rwanda Stock Exchange Ltd
Annual Report and Audited Financial Statements
For the Year Ended December 31st, 2018

3. Statement of Director's Responsibilities

For the Year Ended December 31st, 2018

The law 17/2018 of the 13/04/2018 governing Companies requires directors to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the company as at the end of the financial year and of its profit or loss for that year. It also requires directors to ensure that the company keeps proper accounting records that disclose, with reasonable accuracy, the financial position of the company. They are also responsible for safeguarding the assets of the company.

The director accepts responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable estimates, in conformity with the International Financial Reporting Standards and the requirements of the law No. 17/2018 of the 13 April 2018 governing 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 31st December 2018 and its operating results for the year then ended. The director further accepts responsibility for the maintenance of accounting records that may be relied upon in the preparation of financial statements, as well as designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement.

The company realized a net profit of RWF 9,974,459 during the year ended 31st December 2018 [2017: RWF 63,159,821 (loss)]; and the company's total assets exceed total Liabilities by RWF 417,293,550 (2017: RWF 407,319,093). We expect the company to remain a going concern for at least twelve months from the date of this statement. It is on this basis that we have prepared the financial statements on a going concern basis.

Approval of Financial Statements

The accompanying financial statements were approved for issue by the board of directors and signed on its behalf by:

DIRECTOR

Date: ..... /2019

Rwanda Stock Exchange Ltd
Annual Report and Audited Financial Statements
For the Year Ended December 31st, 2018

4. Report of the Independent Auditor to the Members RSE Ltd

For the Year Ended December 31st, 2018

Our Opinion
In our Opinion, Rwanda Stock Exchange Ltd (the "Company") financial statements give a true and fair view of the financial position of the company as at 31st December 2018, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and with the requirements of the Law No. 17/2018 of 13th April 2018 Governing Companies.

Audited Financial Statements
The Financial Statements of Rwanda Stock Exchange Limited set out in pages 8 to 22 comprise:

- The Statement of financial Position as at 31st December 2018
- The statement of Comprehensive Income for the year ended 31st December 2018
- The statement of changes in Equity for the year ended 31st December 2018
- The statement of Cash flows for the year ended 31st December 2018
- The Notes to the financial statements, which include a summary of significant accounting policies

Basis of Opinion
We conducted our audit in accordance with the International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in auditor's responsibilities for the audit of the financial statements section of our report.
We believe that the audit evidence we obtained is sufficient and appropriate to provide a basis for our opinion.

Independence.
We are independent of the company in accordance with the International Ethics Standards Board for Accountants' code of Professional Accountants (IESBA Code). We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

Other Information
The director is responsible for the other information. The other information comprises; director's report and statement of director's responsibilities, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover other information and we do not express any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in so doing, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the director and those charged with governance for the financial statements
The director is responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards and the requirements of Law No. 17/2018 of the 13th April 2018 governing Companies and for such internal control as the director determines is necessary to

enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the director is responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the director either intends to liquidate the company or to cease operations, or have no realistic alternative but to do so. Those charged with governance are responsible for overseeing the company's financial reporting process.

Auditor's Responsibilities for the audit of the financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatement can arise from fraud or error and are considered material if individually, or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit, in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risk of material misstatement of the financial statements, whether due to fraud or error; design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement can arise from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omission, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the director
- Conclude on the appropriateness of the director's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or if such disclosures are inadequate, to modify our opinion. Our conclusion are based on the audit evidence obtained up to the date our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on the Other Legal and Regulatory Requirements

Law No. 17/2018 of the 13 April 2018 governing companies requires that in carrying out our audit, we consider and report to you on the following matters. We confirm that:

Rwanda Stock Exchange Ltd
Annual Report and Audited Financial Statements
For the Year Ended December 31st, 2018

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 the company's board of Directors, through a separate report, internal control matters identified in the course of our audit including our recommendations in relation to those matters.

Yours faithfully,

ABC CONSULTANTS
Audit & Advisory
P.O. Box 1901
Kigali, Rwanda

Rwanda Stock Exchange Ltd
Annual Report and Audited Financial Statements
For the Year Ended December 31st, 2018

5. Comprehensive Income Statement

For the year ended 31st December 2018

	Notes	2018 RWF	2017 RWF
Revenue	2	441,046,348	392,174,219
Other Income	3	31,868,393	12,549,108
Administrative Expenses	4	(436,034,540)	(446,890,638)
Depreciation		(4,082,911)	(15,195,079)
Operating Profit/Loss		**32,797,290**	**(57,362,390)**
Corporate Income Tax	5	(22,822,831)	(5,797,430)
Profit /Loss for the year		**9,974,459**	**(63,159,821)**

The notes set out on pages 12 to 20 form an integral part of these financial statements

Rwanda Stock Exchange Ltd
Annual Report and Audited Financial Statements
For the Year Ended December 31st, 2018

6. Statement of Financial Position

As at 31st December 2018

		31-Dec-18 RWF	31-Dec-17 RWF
CAPITAL EMPLOYED			
Share Capital	6	100,000,000	100,000,000
Retained Earnings		72,990,684	63,016,225
Shareholders' funds		**172,990,684**	**163,016,225**
Grant	7	244,302,868	244,302,868
		417,293,552	**407,319,093**
REPRESENTED BY			
Non Current Assets			
Property and Equipment	8	8,987,405	9,842,716
Long term Investments Bonds	10	-	30,500,000
		8,987,405	**40,342,716**
Current Assets			
Cash and Cash Equivalents	9	75,860,249	39,829,429
Short Term Investments	10	230,500,000	100,000,000
Trade and other receivables	11	301,690,210	377,295,233
Recoverable Income tax	5	-	12,258,007
		608,050,460	**529,382,669**
Current Liabilities			
Trade and other payables	12	199,744,314	162,406,292
		199,744,314	**162,406,292**
Net current Assets		**408,306,145**	**366,976,377**
TOTAL EQUITY AND LIABILITIES		**417,293,550**	**407,319,093**

MANAGING DIRECTOR

The notes set out on pages 12 to 20 form an integral part of these financial statements

Rwanda Stock Exchange Ltd
Annual Report and Audited Financial Statements
For the Year Ended December 31st, 2018

7. Statement of Changes in Equity

As at December 31st, 2018

	Share Capital RWF	Retained Earnings RWF	Grant RWF	Total RWF
Year ended 31st December 2018				
At Start of Year	100,000,000	63,016,225	244,302,868	407,319,093
Adjustment to Opening	-	-	-	-
Amortisation of Grant	-	-	-	-
Profit of the year	-	9,974,459	-	9,974,459
Balance as at 31 December 2018	**100,000,000**	**72,990,684**	**244,302,868**	**417,293,552**
Year ended 31st December 2017				
At Start of Year	100,000,000	125,595,851	244,302,868	469,898,719
Adjustment to Opening	-	580,195	-	580,195
Amortisation of Grant	-	-	-	-
Profit/ Loss of the year	-	(63,159,821)	-	(63,159,821)
Balance as at 31 December 2017	**100,000,000**	**63,016,225**	**244,302,868**	**407,319,093**

Rwanda Stock Exchange Ltd
Annual Report and Audited Financial Statements
For the Year Ended December 31st, 2018

8.Cash Flow Statement

For the year ended December 31st, 2018

	Notes	2018 FRW	2017 RWF
Surplus for the Year		**32,797,290**	**(56,782,195)**
Adjustments for noncash expenses			
Depreciation	8	4,082,911	15,195,079
Tax	5	(10,564,824)	(3,857,946)
		26,315,377	**(45,445,062)**
Changes in working capital			
Increase in trade and other receivables	11	75,605,023	(12,913,939)
Increase in trade and other payables	12	37,338,022	(17,962,307)
Cash flow from operating activities		**139,258,422**	**(76,321,309)**
Investing Activities			
Acquisition of non-current assets	8	(3,227,600)	(1,685,000)
Changes in Investments	10	(100,000,000)	(63,500,000)
Cash flow from Investing activities		**(103,227,600)**	**(65,185,000)**
Financing Activities			
Changes in financing		-	-
Cashflow from Investing Activities		**-**	**-**
Net Cash flows		36,030,822	(141,506,309)
Cash at the begginning of the year	9	39,829,429	181,335,738
Cash at End of the Year		**75,860,251**	**39,829,429**

9. Notes to Financial Statements

For the year ended December 31st, 2018

1. Significant Accounting Policies

(i) Basis of preparation

The financial statements have been prepared on a historical cost basis and presented in the functional currency of Rwandan Franc (RWF).

(ii) Statement of compliance

The financial statements of the Company have been prepared on accrual basis in compliance with the International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB).

(iii) Comparability

The principle of consistency with accounting standards and policies applied, the current financial statements are comparable to the previous period.

(iv) Revenues Recognition

Rwanda Stock Exchange revenues when the amount of the revenue can be reliably measured, it is probably that future economic benefits will flow to the entity and when the specific criteria have been met for the company's activities below. The amount of revenue is not considered to be reliable 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.

(v) Property, Plant, Equipment and depreciation

Property, Plant and Equipment are stated at cost or valuation, excluding the costs of day to day servicing, less accumulated depreciation or accumulated impairment in value. The initial cost of an asset comprises its purchase price, and any costs directly attributable to bringing the asset into operation. Depreciation estimated according to articles 4 &5 of the law n° 24/2010 of 28/05/2010 modifying and complementing law n° 16/2005 of 18/08/2005 on direct taxes on income. In line with these provisions, assets have been grouped into Land, building, computer equipment's, and other company assets. The annual depreciation rates applied are given in the table below:

Non-Current Assets	Depreciation Basis	Rate
Computer Equipment	Net Book Value	50%
Other Company Assets	Net Book Value	25%

(vi) Trade and Other Receivables

Trade and other receivables are recognized at cost. In accordance with IAS 39, an objective assessment of financial assets is made at the end of the year to determine possible impairment. Impairment loss is recognized as an expense in the statement of comprehensive income.

9. Notes to the Financial Statements for Year Ended December 31st, 2018 (Continued)

(vii) Trade and other Payables

Trade and other payables are non-interest-bearing liabilities and are carried at amortized cost, which is measured at the fair or contractual value of the consideration to be paid in future in respect of goods and services supplied by the suppliers, whether billed to the Organization or not, less any payments made to the suppliers.

(viii) Cash and Cash equivalents

Cash and cash equivalents comprise bank, cash at hand and short-term investments

(ix) Foreign Currencies

Foreign currency transactions during the year are accounted for at the average exchange rates prevailing at the dates of the transactions. Assets and liabilities denominated in foreign currencies are translated into Rwandan Francs at the rates of exchange ruling at the end of the financial year. Gains and losses resulting from the settlement of foreign currency transactions or from the translation of monetary assets and liabilities denominated in foreign currencies, whether realized or not, are recognized in the profit and loss account.

According to IFRS, at the end of reporting period, foreign currency monetary items are translated using the closing rate and non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

(x) Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including experience of future events that are believed to be reasonable under the circumstances.

(i) Critical accounting estimates and assumptions

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. There are no estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Impairment provision on receivables and advances to suppliers

A provision for impairment of receivables is established when there is objective evidence that the Company will not be able to collect all the amounts due according to the original terms of receivables. The amount of the provision is the difference between the carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the provision is recognized in the profit and loss account. Impairment is determined based on an individual basis hence not feasible to perform a sensitivity analysis.

9. Notes to the Financial Statements for Year Ended December 31st, 2018 (Continued)

(ii) Critical judgements in applying the entity's accounting policies

Choice of functional currency

Judgement is required in determining the functional currency that most faithfully represents the economic effects of the underlying transactions, events and conditions. The sales price for the goods offered are determined by the London metals exchange and also the company accumulates cash, incurs majority of the expenses and generates income in Rwf. The Company has therefore concluded that the currency that most reflects the economic effects of the underlying operating activities is the Rwf.

(xi) Going concern

The financial statements have been prepared on a going concern basis, which assumes that the company will be able to realize its assets and discharge its liabilities in the normal course of business as they come due into the foreseeable future.

(xii) Government Grants

Government grants are recognized when there is a reasonable assurance that the grants will be received and all attaching conditions will be complied with. When the grants relate to an expense item, it is recognised as an income over the period necessary to match the grant on a systematic basis to the cost that 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.

(xiii) Taxation

(a) Current tax
Current tax is provided on the result for the year, adjusted in accordance with tax registration

(b) 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 differences can be utilised.

(xiv) Financial assets

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

- **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 rate method change in the carrying amount are recognised in the income statement.

9. Notes to the Financial Statements for Year Ended December 31st, 2018 (Continued)

Purchase and sales of financial assets are recognised on trade date i.e. date on which the company commit to purchase or sell assets. Financial assets are derecognised when the rights to receive cash flows from 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 impairment loss for assets carried at amortised cost is calculated as the difference between the assets carrying amount and the present value of expected future cash flows, discounted at the financial instrument's effective interest rate. Impairment loss are taken into account for determining operating.

(xv) 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.

(xvi) share capital

Ordinary shares are classified as equity.

Rwanda Stock Exchange Ltd
Annual Report and Audited Financial Statements
For the Year Ended December 31st, 2018

9. Notes to the Financial Statements for Year Ended December 31st, 2018 (Continued)

2. Revenue

	Notes	2018 RWF	2017 RWF
Transaction levies		36,846,348	49,474,219
Membership fees		3,200,000	3,200,000
Listing fees		401,000,000	339,500,000
Total		**441,046,348**	**392,174,219**

3. Other Income

	Notes	2018 RWF	2017 RWF
Interest received		19,863,764	9,782,866
ASAE registration fees			325,435
Gain on exchange		40,629	642,805
Other income		11,964,000	1,798,002
Total		**31,868,393**	**12,549,108**

4. Administrative Expenses

	Notes	2018 RWF	2017 RWF
Bank Charges		1,014,686	1,071,702
Board members allowances		41,676,231	44,826,832
Capacity Building		6,869,306	6,186,655
Consultancy Services		9,130,000	12,263,000
General Expenses		6,598,961	5,479,884
Health Insurance		6,418,747	3,325,516
IT Equipment Expenses		1,857,700	1,137,220
Loss on Exchange		15,705	0
Miscelleneous/Contigency		3,988,160	0
Office Rent		49,745,639	49,580,640
Marketing		22,792,190	15,762,384
Reception&Entertainment		4,000,000	3,254,090
Staff Emoluments		231,707,319	205,817,639
Travel, Research&Development		26,711,597	35,738,209
CSR Activities		2,101,499	950,000
Staff Health&Sports Activities		4,000,000	4,000,000
Utilities		17,406,800	17,496,867
Bad debts provision			40,000,000
Total		**436,034,540**	**446,890,638**

9. Notes to the Financial Statements for Year Ended December 31st, 2018 (Continued)

5. Corporate Income Tax

	Notes	2018 RWF	2017 RWF
Profit(Loss) before income tax		**32,797,290**	**(57,362,391)**
Non deductable Expenses		43,278,814	76,687,158
Basis of Tax		**76,076,104**	**19,324,767**
CIT		**22,822,831**	**5,797,430**
Prepayments			
CIT prepayment b/f		(12,258,007)	-
CIT prepayments		(10,145,504)	(18,055,437)
Net CIT payable		**419,320**	**(12,258,007)**

6. Share Capital

	Number of Shares	Ordinary Shares RWF
Balance as at 1st January 2017 and 1st January 2018 and 31st December 2017 and 31st December 2018	1,000,000	**100,000,000**

7. Grant for Equipment and software

	Notes	2018 FRW	2017 RWF
Balance at the Start of the year		244,302,868	244,302,868
Additions during the Year		-	-
Amortisation		-	-
Balance as at 31st Dec		**244,302,868**	**244,302,868**

9. Notes to The Financial Statements for Year Ended December 31st, 2018 (Continued)

8. Property Plant and Equipment

	Communication	Computers	Office furniture	Purchase in Progress	Total
	RWF	RWF	RWF	RWF	RWF
Year Ended 31 Dec 2018					
Cost as at 01.01.2018	1,226,000	27,658,700	23,601,216	-	52,485,916
Additions	-	850,000	377,600	2,000,000	3,227,600
Cost as at 31 Dec 2018	**1,226,000**	**28,508,700**	**23,978,816**	**2,000,000**	**55,713,516**
Depreciation					
As at 1 Jan 2018	1,112,875	23,360,496	18,169,829	-	42,643,200
Depreciation of Year	56,563	2,574,102	1,452,247	-	4,082,911
Dep as at 31 Dec 2018	**1,169,438**	**25,934,598**	**19,622,076**	-	46,726,111
Net Present Value	**56,563**	**2,574,102**	**4,356,740**	**2,000,000**	**8,987,405**
Year Ended 31 Dec 2017					
Cost as at 01.01.2017	1,166,000	26,033,700	23,601,216	-	50,800,916
Additions	60,000	1,625,000		-	1,685,000
Cost as at 31 Dec 2017	**1,226,000**	**27,658,700**	**23,601,216**	**-**	**52,485,916**
Depreciation					
As at 1 Jan 2017	882,875	12,628,491	13,936,755	-	27,448,121
Depreciation of Year	230,000	10,732,005	4,233,074	-	15,195,079
Dep as at 31 Dec 2017	**1,112,875**	**23,360,496**	**18,169,829**	**-**	**42,643,200**
Net Present Value	**113,125**	**4,298,204**	**5,431,387**	**-**	**9,842,716**

Rwanda Stock Exchange Ltd
Annual Report and Audited Financial Statements
For the Year Ended December 31st, 2018

9. Notes to The Financial Statements for Year Ended December 31st, 2018 (Continued)

9. Cash and Bank

	Notes	2018 FRW	2017 RWF
BK Rwf 0465317-41		62,406,328	20,858,626
BK USD 00040-0699804-18		2,276,911	18,512,932
BPR Rwf 400416419810291		11,046,210	456,631
Petty cash		130,800	1,240
		75,860,249	**39,829,429**

10. Investments

	Notes	2018 RWF	2017 RWF
(a) Maturity over 12 months			
IFC Long term Bond			21,969,400
Treasury Bond			8,530,600
		-	**30,500,000**
(b) Maturity Less than 12 Months			
IFC Long term Bond		21,969,400	
Treasury Bond		8,530,600	
Term deposit		100,000,000	100,000,000
Term deposit		100,000,000	
		230,500,000	**100,000,000**
Total Investments		**230,500,000**	**130,500,000**

9. Notes to the Financial Statements for Year Ended December 31st, 2018 (Continued)

11. Trade and Other Receivables

	Notes	2018 FRW	2017 RWF
Faida		262,060	683,161
African Alliance		128,259	741,235
CDH		1,000,490	853,969
Baraka Capital		2,712,772	396,647
Mbea		42,405	129,200
Dyer & Blair		111,403	111,403
SBG		5,443	1,360,151
BK Securities		391,201	108,348
BNR		14,250,000	14,250,000
NMG		309,178	-
I&M Bank		-	81,000,000
Fixed deposit accrued Interest		10,450,829	4,251,000
Equity Bank Group		3,000,000	3,000,000
AGACIRO		-	2,080,000
BDF		640,000	320,000
RNIT		1,000,000	1,000,000
Core Securities		574,586	573,203
Prepayments		253,530,986	253,156,318
Rent deposit		13,280,598	13,280,598
Total		**301,690,210**	**377,295,233**

12. Trade and other Payables

	Notes	2018 RWF	2017 RWF
BNR/CDSC		120,261,683	102,459,039
Compensation fund		59,713,384	50,986,751
Other Payables		12,218,306	2,773,000
RSE Staff Fund		350,000	
RSSB		1,350,649	1,234,245
Corporate Income Tax		419,320	
Paye Tax		5,430,972	4,953,257
		199,744,314	**162,406,292**

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