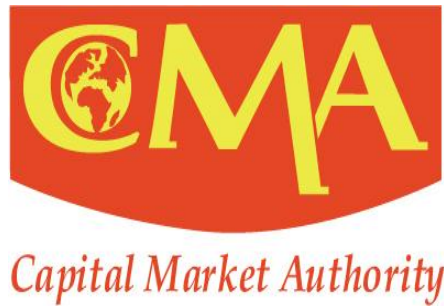




*Capital Market Authority*

**ANNUAL REPORT &  
FINANCIAL STATEMENTS FOR THE YEAR  
ENDED JUNE 30<sup>TH</sup> 2011**



## **Our Vision**

To be a key contributor to Rwanda becoming a competitive financial centre through mobilization of long-term capital

## **Mission**

To nurture wealth by facilitating the development of an orderly, fair, transparent and efficient capital market

## **Core Values**

Good Governance, Knowledge, Creativity and Innovation

# LETTER OF TRANSMISSION

2/05/2012

**Hon. Rwangombwa John**  
**Minister of Finance and Economic Planning**  
**KIGALI**

Dear Honourable Minister,

## **Re: Submission of 2010/2011 Annual Activity and Financial Report**

I have the honour to submit the annual report of Capital Market Authority for the financial year ended 30<sup>th</sup> June 2011. The report has been prepared in accordance with the provisions and requirements of Article 17 of the Law No. 11/2011 of 18/05/2011 establishing Capital Market Authority.

Please be assured of our continued appreciation of your cooperation.

Yours Sincerely,  
**CAPITAL MARKET AUTHORITY**

Robert Mathu  
**EXECUTIVE DIRECTOR**

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## ABBREVIATIONS

- **AUTHORITY:** Capital Market Authority
- **BCR:** Banque Commerciale du Rwanda
- **BK:** Bank of Kigali
- **BNR:** Banque Nationale du Rwanda (Central Bank)
- **BRALIRWA:** Brasserie et Limonaderie du Rwanda
- **CDSC:** Central Depository and Settlement Corporation.
- **CEO:** Chief Executive Officer
- **CMA:** Capital Market authority
- **CMAC:** Capital Market Advisory Council
- **CMPC:** Capital Market Privatization Committee
- **CSDS:** Central Securities Depository and Settlement.
- **CSR :** Caisse Sociale du Rwanda
- **EAC:** East African Community
- **EASEA:** East Africa Security Exchanges Association
- **EASRA:** East African Securities Regulatory Authorities
- **ESMID:** Efficient Securities Market Institutional Development
- **GoR:** Government of Rwanda
- **IFC:** International Finance Corporation
- **IMF:** International Monetary Fund
- **IOSCO:** International Organization of Securities Commissions
- **IPO:** Initial Public Offer
- **IPSAS:** International Public Sector Accounting Standards
- **KCB:** Kenya Commercial Bank

- **MINECOFIN:** Ministry of Finance and Economic Planning
- **MoU:** Memorandum of Understanding
- **NMG:** Nation Media Group
- **OTC:** Over The Counter
- **RDB:** Rwanda Development Board
- **RSE:** Rwanda Stock Exchange
- **SORAS:** Société Rwandaise d'Assurance

## Corporate information

### BOARD MEMBERS

Mr. Mark Rugenera	- Chairman
Mr. Gregoire Muramira	- Member
Mr. Vincent Munyeshyaka	- Member
Mrs. Henriette Zimulinda	- Member
Mrs. Yvonne Mukankuranga	- Member
Mrs. Adelaide Kagwesage	- Member
Mr. Emmanuel Hategeka	- Member
Mr. Robert Mathu	-Executive Director

### REGISTERED OFFICE

5<sup>th</sup> Floor Ecobank Building

Avenue de la paix

P.O. Box 6136

Kigali.

Telephone: +250 252500332/5

E-mail: [info@cma.rw](mailto:info@cma.rw)

Website: [www.cma.rw](http://www.cma.rw)

### Auditors

RUMA CPA

3rd Floor, Printer Set House, Avenue de la Paix

P.O. Box 2611

Kigali, Rwanda

## CHAIRMAN'S STATEMENT



**Mr. Marc Rugenera**

Once again I am pleased to present the Authority's annual report for the year ended 30th June 2011. This annual report marks a milestone in the operations of the Capital Market Authority as it's the year in which a full regulatory authority for capital market industry in Rwanda, the CMA and an independent market operator, were established.

In 2008, the Government of Rwanda established the Capital Market Advisory Council (CMAC) as a transitional body tasked to guide in the development of the capital market and this served as both a regulator and a market operator. During the past three years, CMAC through a proactive and focused management undertook to implement a 5 year strategic plan (2008-2012) through which important milestones were achieved especially in the establishment of conducive legal and regulatory framework together with a functional trading facility now under the Rwanda Stock Exchange (RSE).

### **Legal and Regulatory Framework**

During the year under review the first ever capital markets legal and regulatory framework that conforms to the best international practice and trends was put in place by the Authority.

The following sets of laws, regulations and guidelines were developed, some were gazetted and others were in the advanced stage by the end of the year:

- The Law regulating Capital Market in Rwanda (Law N°01/2011 of 10/02/2011) was gazetted in March 2011
- The Law establishing the Capital Market Authority (Law N°11/2011 of 18/05/2011) was gazetted in June 2011
- The Trust law, was drafted



- The Law regulating Collective Investment Schemes in Rwanda was also in draft form.

I wish to reiterate that the Authority is not just putting in place laws and regulations but it is committed to start enforcing them in order to ensure full compliance with all aspects of the regulatory framework. This will enhance our efforts to build and sustain investor confidence in our market.

### **Initial Public Offer (IPO)**

Rwanda capital market achieved a historical milestone in the year under review through two initial public offers. The first ever IPO in Rwanda capital market was effected through privatization of Bralirwa and floating of Government shares to the public. The government of Rwanda had 30% shares in Bralirwa and decided to sell 25% to the public through an IPO and also sold 5% to Heineken International. The IPO was oversubscribed at the level of 274% in all investor pools. The second IPO was Bank of Kigali (BOK) which was launched on 30<sup>th</sup> June 2011 where 45% of BoK shareholding was offered to the public and whereby the Government of Rwanda sold 20% of its shareholding while the bank simultaneously raised new capital which was equivalent to 25% of company' s capital. All the IPOs were conducted in the most professional and transparent manner.

### **Public Education**

I wish to state that this is one of the key mandates of the Authority. One of the ways of protecting the investors is to empower them through information and awareness programs. Consequently the Authority has identified investor education as a crucial area when dealing with investor protection and sensitization. Indeed the importance of educated and well informed investors in forging a stable capital market is now a globally acceptable international standard under IOSCO.

The Authority is committed to ensuring that the investing public is an informed community as a first step of investor protection while expanding the level of participation by the general public in Capital Market Investments.

### **Regional Initiatives**

I wish to note that the Authority continues to be at the forefront of the integration effort for the East African capital markets. In the year under review the Authority played its role in facilitating the integration of the EAC capital markets through

East African Securities and Regulatory Authorities (EASRA). CMA Rwanda hosted the chairmanship of EASRA represented by the Executive Director.

### **Way forward**

Rwanda economy like ours needs capital markets to foster growth by facilitating private enterprises and Government to issue securities and raise funds for investment. The CMA should continue to promote a capital market with liquidity sufficient for capital mobilization and price discovery mechanisms to ensure that capital is priced realistically and efficiently.

We must therefore be positioned to take advantage of opportunities that the market presents. I believe that the years ahead call for much work and coordinated efforts. At the authority we will strive to strengthen the regulatory and market supervision functions to ensure investors funds' are mobilized and protected under a fair and transparent environment.

I wish on behalf of the Board of Directors to acknowledge our appreciation for the continued support by the Government in the development of capital market in Rwanda. In addition all the work we have done in the last year depends on both clear direction by the board and wholehearted effort by the management team. I am grateful to both. I am confident that with everyone's continued support and teamwork the capital markets in Rwanda stand at the threshold of more exciting and prosperous time in the years ahead.

Signature: \_\_\_\_\_

**Mark Rugenera**

**[Chairman of CMA Board]**

Date: \_\_\_\_\_

## **BACKGROUND AND CMA PROFILE**

### **Brief description of the Capital Market Authority (CMA)**

The Capital Market Authority (CMA) was established by law No. 11/2011 of 18 May 2011 establishing the Capital Market Authority (CMA). The law determines its mission, powers, organization and functioning. Previously it had been operating as Capital Markets Advisory Council (CMAC) which had been established by the Prime Minister's order No. 01/03 of 28 March 2007. CMA has legal personality and administrative independence and is governed in accordance with the laws governing public institutions. The main mission of CMA includes the following:

- to implement the Government policy on Capital Market;
- to prepare draft policies on capital market;
- to advise Government on policy relating to the capital market;
- to promote public awareness on the capital market and develop the market;
- to elaborate action plans and conduct studies in order for CMA to achieve its mission;
- to formulate principles and regulations for the capital market;
- to make regulations governing capital market business in accordance with the Law regulating capital market in Rwanda;
- to control and supervise all capital market activities with a view to maintain proper code of conduct and acceptable practices on the capital market ;
- to register capital market business and related instruments provided for by the Law regulating capital market in Rwanda;
- to issue, suspend, and withdraw licenses and approvals related to capital market business;
- to seek to achieve fairness, efficiency and transparency in the functioning of the capital market;
- to protect citizens and investors in capital market from unfair and unsound practices or practices involving fraud, deceit, cheating or manipulation;
- to monitor, supervise, and take actions with regard to the compliance with this Law and regulations thereto related as well as with the Law regulating capital market in Rwanda and regulations thereto related;
- to co-operate and collaborate with other regulatory bodies in accordance with the provision of the Law regulating capital market in Rwanda;

- to consult concerned organs prior to making any decision to modify principles and regulations of the profession that may have impact on the functioning of the capital market;
- to keep adequately, and timely records of decisions made in the accomplishment of CMA mission;
- to accomplish any other mission assigned by the Law regulating capital market in Rwanda;

## CORPORATE GOVERNANCE

During the period under review, the board of directors for the former CMAC continued to guide the Capital Market Authority as the Authority waited for the appointment of the new board. It consisted of 8 non-executive directors representing different interest groups appointed by the Prime Minister. The board of CMA has the power and responsibility to enforce the implementation of the corporate strategy. The board works through periodic board and committee meetings and is answerable to the Minister of Finance.

. CMA continues to develop the programs that shall sustain the plan for the performance of the management. This shall be achieved through training of the board members

### The Composition of the Board:

	NAMES	OCCUPATION	INSITITUTION	SECTOR
1.	Mr. Mark Rugenera	Managing Director	SORAS	Insurance Companies
2.	Mr. Gregoire Muramira	Managing Director	Optimum Insurance Brokers	Insurance Brokers
3.	Mr. Vincent Munyeshyaka	Director of Corporate Planning	MINECOFIN	Ministry of Finance
4.	Mrs. Henriette Zimulinda	Managing Director (Chairperson Women Entrepreneurs Chamber)	Vision Services Ltd	Private sector
5.	Mrs. Yvonne Mukankuranga	Lawyer	IMPRIMERIE NOUVELLE	Bar Association

				of Lawyers
6.	Mrs. Adelaide Kagwesage	Head of Financial Market Division	BNR Central Bank	Banking
7	Dr. James Ndahiro	Member of EAC Parliament(EALA)	EAC	EAC
7.	Mr. Emmanuel Hategeka	Permanent Secretary	Ministry of Trade	Government
8.	Mr. Robert Mathu	Executive Director	CMA	Capital Markets

### Profile of the Board of Directors



**Mr. Marc Rugenera**  
**Chairman**

Mr. Rugenera is the Managing Director of SORAS, an insurance firm. He is a former Minister of Finance and Minister of Commerce, Industry and Tourism. He is also a former Managing Director of Import and Export Company, and a Project Analyst with the Rwanda Development Bank. He holds a Masters Degree in Business Engineering, from the Brussels Management School.



**Mr. Vincent Munyeshyaka**

<p><b>Mr. Emmanuel Hategeka</b></p> <p><b>Member</b></p> <p>Mr. Hategeka is the Permanent Secretary in the Ministry of Trade and Industry and former Secretary General of the Private Sector Federation. He holds an MBA from Maastricht School of Management and a Bachelor of Commerce Degree (Finance option) from Makerere University, Uganda.</p>	<p><b>Member</b></p> <p>Munyeshyaka is presently the Executive Secretary of the Financial Sector Development Program(FSDP) former Director of the Corporate Planning Unit, Ministry of Finance and Economic Planning and former Head of the Financial Market Development Section at the Central Bank of Rwanda respectively. He holds a DES-<i>Diplome d'Etudes Superieures</i> in banking from the <i>Institut Technique de Banque, Paris, France</i> and a Bachelors degree in International Economics from the National University of Rwanda.</p>
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**Dr. James Ndahiro**

**Member**

He is currently a Member of Parliament at the East African Legislative Council and the Chairman of the Rwanda Stock Exchange

He holds a PhD in Accounting and Finance from the University of Manchester, United Kingdom and a MBA degree in Accounting and Finance from the Maastricht School of Management (MSM), the Netherlands. He holds a Diploma in Managing the Global Economy from the Maastricht School of Management from the Netherlands and the University of Ottawa, Canada. He is also a member of the Association of Certified Chartered Accountants of England and Wales.



**Mr. Gregoire Muramira**

**Member**

Mr. Muramira is the General Director of Ascoma Rwanda - Optimum Insurance Brokers.

He is a former Deputy Director General of Cogebank and former Senior Executive of National Bank of Rwanda. He sits in the boards of several private companies. He holds a Diploma in Commercial Sciences and Finance from the Official University of the Democratic Republic of Congo.



**Mrs. Adélaïde Kagwesage**

**Member**

Mrs. Kagwesage is the Head of Financial Market Division, National Bank of Rwanda (NBR).

She has worked at the NBR for 12 years where she served as a Monetary Analyst in Research



**Mrs. Yvonne Mukankuranga**

**Member**

Mrs. Mukankuranga is a lawyer and member of the Kigali Bar Association.

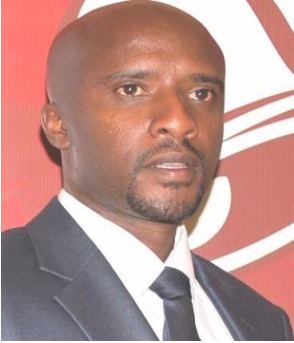
<p>and Statistics Department. She is also a member of the working group that set up the money market. She holds a Bachelor's degree in Economics, Financial Management option from Kinshasa University (DRC).</p>	<p>She holds a degree in Law from the National University of Rwanda in Butare, Rwanda</p>
<div data-bbox="220 465 584 887" data-label="Image"> </div> <p><b>Mrs. Henriette Zimulinda</b> <b>Member</b></p> <p>She is the Managing Director of Vision Services Ltd. She has formerly served as Chairperson of the Chamber of Women Entrepreneurs in Rwanda, Private Sector Federation and Chairperson of Women Promotion, Popular Bank of Rwanda and Administration and Finance Director in the Ministry of Youth, Sports and Culture. She holds a Bachelor of Arts degree in Finance and Management from the Kigali Independent University (ULK), Rwanda and a Bachelors of Arts degree in Business Administration from ISC Kinshasa, the Democratic Republic of Congo.</p>	<div data-bbox="858 454 1232 824" data-label="Image"> </div> <p><b>Robert C. Mathu</b> <b>Executive Director CMA</b></p> <p>Robert Mathu is the Executive Director of CMA. He started his career at the Nairobi Stock Exchange (NSE) in 1990 where he worked through the initial transformation of the NSE. He was also involved in setting up of the Dar-es-Salaam Stock Exchange operations as the Technical Advisor. He also assisted in the establishment of the Uganda Securities Exchange in 1996. He worked as a stockbroker in Nairobi for three years before taking up his current assignment in Rwanda. Robert Mathu has an MBA in International Banking and Finance from the University of Birmingham UK, Bachelors degree in Commerce from the University of Nairobi.</p>

**The Management Team**





*Mr. Robert C. Mathu  
Executive Director*



*Mr. Celestin Rwabukumba  
Operations Manager*



*Ms. Vanice Busingye  
Finance and Administration  
Manager*



*Mr. Olivier Kamanzi  
Deputy Executive Director*



*Mr. Emmanuel Mugiraneza  
Public Relations Officer*



*Mrs. Nina Mulisa  
IT Officer*

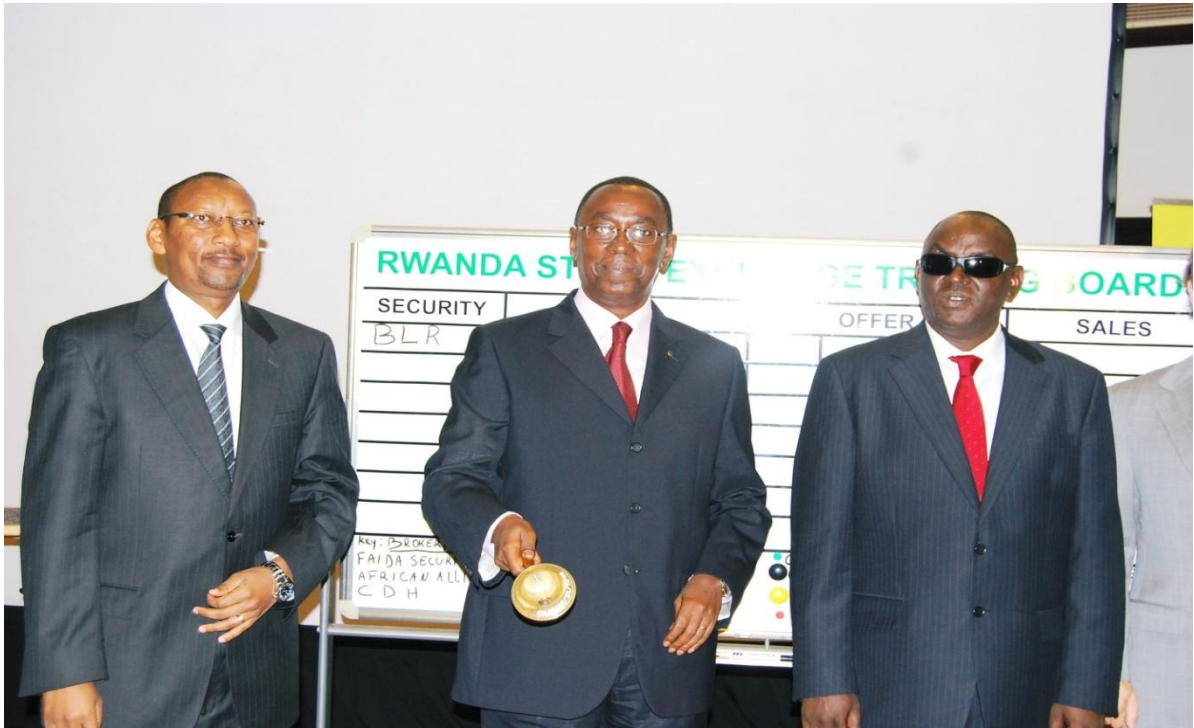


*Mr. Charles Furaha  
Legal and Corporate  
Affairs Manager*



*Mrs. Carine Twiringiyimana  
Financial Analyst*

## PHOTO GALLERY



*Right Hon. Prime Minister, Hon. Minister of Finance and The RSE Chairman during the official Launch of RSE.*



*Stock Brokers buying and selling shares on the day of Bralirwa listing to the RSE (31<sup>st</sup> Jan 2011)*



*Right Hon. Prime Minister, Hon. Minister of Finance and MD of Bralirwa on the official listing of Bralirwa on the RSE*

# EXECUTIVE DIRECTOR'S REPORT



**Mr. Robert Mathu, Executive Director**

As the year 2010/2011 comes to an end, it is with great pleasure that I review the operations and performance of Rwanda's capital market and to highlight our continuing capital market development strategies this being my 4<sup>th</sup> year report as the Executive Director.

First I wish to thank the Chairman Mr. Mark Rugenera and all members of the board for continued guidance and resolute support during the last 4 years. During the period, we have collectively as a Board and staff of Authority made tremendous efforts and contributions towards shaping Rwanda's capital market.

## **An overview of Capital Market Authority's achievements**

During the year ended June 2011, Rwanda capital markets registered a significant performance in achieving its objectives.

### **Establishment of Capital Market Authority**

On 9<sup>th</sup> June 2011, the law N°11/2011 of 18/05/2011 establishing capital market authority was gazetted leading to the birth of a full regulatory authority for Rwanda capital markets, CMA. Prior to this, CMAC had been established by the prime ministers Order of 28<sup>th</sup> March 2007 to initially guide the development of a Capital Market in Rwanda. CMAC operated as both the regulator and market operator. The enactment of the law establishing CMA has led to the splitting of CMAC into two separate organizations. The CMA whose focus became the regulation of the market and RSE becoming the market operator.

## **Launch of Rwanda Stock Exchange (RSE)**

The Rwanda Stock Exchange Limited which was incorporated on 7<sup>th</sup> October 2005 with the objective of carrying out stock market operations. It was launched on 31<sup>st</sup> January 2011. For all the years before 31<sup>st</sup> January 2011, the RSE was dormant as its operations were conducted under the OTC market by CMAC. Since the launch, trading operations are undertaken on the RSE. The RSE was demutualised from the start as it was registered as a company limited by shares. The RSE is 60% owned by brokers, 20% by the Government of Rwanda and 20% by other institutional shareholders. It conducts trading through a dual process; an open outcry trading session is conducted at the trading floor during formal trading hours (9:00 a.m – 12:00 p.m) and an Over the Counter market (OTC) where a member is allowed to buy or sell directly to clients in their offices. Equally members are allowed to transact with other members either face to face or through the telephone after the formal trading hours of the normal working days. All OTC transactions have to be reported to RSE not later than 1 hour after the transaction(s), and shall be reported in the next formal trading session for purposes of settlement.

## **Enhancing Legal and Regulatory Framework**

During the year a number of achievements were recorded in the attainment of a conducive legal and regulatory framework for capital market in Rwanda. The Authority recognizes the fact that the investor confidence is absolutely essential for the functioning of the capital markets and economic growth.

A well regulated market engenders confidence through a system of effective regulation that seeks to ensure market fairness, orderliness and investor protection. Thus the Authority places a lot of emphasis on developing a legal and regulatory framework that grows in tandem with the market and is of international standards. It is in that regard that the Authority developed a number of laws and regulations. The key regulations under consideration include:

1. Capital market Regulations on complaints
2. Capital market Regulations on Conduct of business
3. Capital market Regulations on cross border introductions
4. Capital market Regulations on enforcement guidance
5. Capital market Regulations on fees

6. Capital market principles
7. Capital market Regulation on public offer and issue of securities
8. Capital Market Corporate Governance Code Regulations for listed companies
9. Capital market guidelines on issuance of commercial papers
10. Capital Market takeover code Regulations
11. Capital Market Licensing regulations
12. Capital Market regulations on Real Estate Investment Trusts
13. Capital Market regulations on issuance of Regional Fixed Income Securities
14. Capital market Corporate Governance Code for Intermediaries
15. Capital market Regulations for Custodians
16. Capital market Regulations for asset backed securities
17. Capital market regulations establishing the compensation fund

## **Stock Market Performance**

### **Primary market,**

During the period ended June 2011, the primary market for equities achieved a major milestone in the history of Rwanda's capital market. The authority processed two IPOs, the first IPO in the Rwandan capital market BRALIRWA IPO was subscribed at a level of 274%, and it took place from 23rd November -17th December 2010. BRALIRWA shares were offered at Rwf 136 per share. By 30<sup>th</sup> June the price was Rwf 215. The first IPO saw the introduction of **128,570,000 shares** into the secondary market raising about **Rwf 17.5 billion** in the process. The second IPO which was Bank of Kigali(BK) launched its IPO on June 30<sup>th</sup>, 2011 and 45% of BK shareholding was offered to the public whereby the Government of Rwanda sold 20% of its shareholding while BK raised new capital equal to 25% of company' s capital. The offer price for BK shares was Rwf 125 per share, and the company used the book building process to establish the offer price.. I am once again pleased to report that the Government was the catalyst for this feat as it successfully implemented its privatization program through Bralirwa and BK offer for sale to the public. Privatization will continue to be a significant growth driver for the Capital Market in the foreseeable future.

### **Treasury Bond**

During the year 3 Treasury bonds worth Rwf 8.5 billion (Facevalue) were processed and approved by the Authority for listing at the RSE as compared with Rwf 5 billion during the year 2009/2010.

### **Secondary market**

The secondary market for equities recorded heavy activity as a total of shares worth more than Rwf 7.7 billion were traded. The market capitalization at the end of the period was **Rwf 815.4 billion**.

### **Public Education Program**

As with other emerging markets, stock market investment is not a deeply entrenched culture in Rwanda. Investment and trading in shares is still seen more as a speculative venture or preserve of sophisticated investors, rather than as a long term investment and savings in financial assets.

The challenge of the Authority is to raise the level of the awareness among the general public, as well as among the potential issuers of securities in order to promote the use of the capital markets.

The Authority has, therefore, developed a public education and awareness program to sensitize the public on the opportunities and risks involved in capital markets investments.

It is expected that a higher level of public education on capital markets should lead to an increased level of participation by a larger section of the community.

### **Manpower Development**

The Authority continues to invest in its most valuable asset, the human resource in terms of training and skills development. During the course of the year a number of staff members underwent short term training courses locally and even international as part of the strategy to expose and equip management with hands on skills on capital market. The Authority will continue to review terms and conditions of service of its staff as part of continuing effort to attract and retain the best qualified personnel and enhance their performance.

### **The Authority's Financial Position**

The Authority's financial position is provided in the Audited statements for the year ended 30<sup>th</sup> June 2011 contained in this report.

### **Conclusion**

The year under review was a continuation of satisfying performance and specifically setting standards for the future development of the Capital Market in Rwanda. The most notable milestone was the activation of the equities market with successful IPOs, separation of the function between CMA and RSE and all these with the support of the enactment of the Capital Market laws.

The raising of about Rwf 17.5 billion in equities during the year is an indication of the potential that exists in the capital market in terms of supporting economic growth of Rwanda.

We thank all our stakeholders especially the Government of Rwanda through the Ministry of Finance and Economic Planning for the support we have continued to receive and look further to strengthen this cooperation in the years ahead. I commend the entire team at the Authority for the hard work and commitment throughout the year.

**Robert Mathu**

**Executive Director**

Date: \_\_\_\_\_



# Operating Environment

## Global Economic Situation

According to the IMF estimates of June 2011 the global economy continued its recovery process led by emerging and developing countries, while in developed countries economic activities remained sluggish. In 2011 the global economy is expected to grow by 4.3% down from 5.1% in 2010. In developed countries, economic growth is projected at 2.2% while in the emerging and developing economies it is expected to reach 6.6% as compared to 3.0% and 7.4% respectively in 2010.

## Inflation

Due mainly to expected higher commodity prices, inflation was forecast to reach 2.6% in 2011 after 1.6% in 2010 in the developed countries and 6.9% from 6.1% in emerging and developing economies. World inflation slightly decelerated to 3.1% on an annual basis in June 2011 from 3.5 in the last quarter of 2010. In USA annual inflation reached 3.6% in June 2011 due to the upward pressure from energy prices compared to 1.1% for June 2010. Similarly in Euro area annual inflation reached 2.7% in June 2011 after 1.4% in June 2010. While in Japan inflation rose to 0.2% in June 2011 from 0.7% in June 2010

In the EAC region, in June 2011 on an annual basis, inflation hit 15.8% in Uganda, 14.5% in Kenya, 10.9% in Tanzania, 5.8% in Rwanda and 8.6% in Burundi<sup>1</sup>

## Domestic Economic Growth

For the year 2011, the economic growth was initially expected to decline marginally to 7% from 7.5% achieved in 2010. Reflecting expected effect of rising fuel and food prices. However, according to current developments in key economic indicators of economic activities, economic performance for the year 2011 may be far beyond the initial projections.

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<sup>1</sup> BNR second quarter 2010 and 2011 bulletin

## **Enhancing Legal and Regulatory framework for capital market Industry**

During the course of the year, the Authority continued to implement measures aimed at building an efficient capital market by putting a lot of emphasis on developing a legal and regulatory framework that grows in tandem with the market and is of international standards.

The following laws and regulations were developed, some laws were completed in the year under review and others will be completed in the 2011/2012.

The published laws in the year under review include:

1. Capital Market Law: the law No 01/2011 of 10/02/2011 Regulating Capital Market.
2. Law Establishing Capital Market Authority: Law No 11/2011 of 18/05/2011 establishing Capital Market Authority (CMA)

### **Laws in the advanced stage and to be published in the next financial year :**

3. CIS Law: The law regulating Collective Investment Schemes was adopted by the Parliament waiting for Publication.
4. Trust Law: The law regulating trusts and trustee business was drafted and adopted by the Cabinet.

Regulations and guidelines that were drafted but waiting publication in the year 2011/2012

1. Capital Market Complaints regulations
2. Cross Border Introductions regulations
3. Capital Market Fees Regulations
4. Public Issue of Securities Regulations
5. Conduct of Business Regulations
6. Capital Market Principles
7. Capital Market Enforcement Regulations
8. Capital Market Licensing Regulations
9. Capital Markets Takeover code

10. Corporate Governance Code for listed companies
11. Guidelines for issuance of commercial papers
12. Capital Market regulations on Real Estate Investment Trusts
13. Capital Market regulations on issuance of Regional Fixed Income Securities
14. Capital market Corporate Governance Code for Intermediaries
15. Capital market Regulations for Custodians
16. Capital market Regulations for asset backed securities
17. Capital market regulations establishing the compensation fund

### **New members of RSE**

During the year, the Authority licensed the following members of the RSE :

1. CFC Stanbic Rwanda Ltd as a brokerage Firm
2. Renaissance Capital as a sponsoring firm
3. BRD Advisory Services as a sponsoring firm
4. ECOBANK as a custodian
5. KCB as a custodian
6. BK as a custodian

## **Overview of stock market operations**

The year under review marked a vibrant stock market; this was due to a number of factors:

### **Primary Market Performance**

#### **Initial Public Offerings (IPOs)**

In the course of the year 2010/2011, two IPOs were processed by the Authority. Bralirwa Ltd was the first company to be privatized through the capital market in November 2010 followed by Bank of Kigali which started an offer process in June 2011 and completed in the subsequent financial year. The Government sold to the public 25% and 20% of its shareholdings in BRALIRWA and BK respectively. The first IPO were successful as the level of subscription was more than 200%.

#### **BRALIRWA IPO**

BRALIRWA is a leading brewery company in Rwanda and is a part of the Heineken Group. It has its roots in the country that date back in 1959 when the Company's flagship Rwandan beer brand, Primus, was first produced in Gisenyi, north western border town on Lake Kivu. Since then it has grown into one of the largest companies in Rwanda. Before the privatization, the GoR owned 30% of the shareholding while Heineken International B.V owned 70%. The GoR decided to privatize its shareholding in BRALIRWA Ltd.

The GoR decided to sell all shares it owned and 5% were sold to the Heineken International B.V, the remaining 25% were then offered to the general public through an IPO.

### **Determination of the offer price**

The lead transaction advisors undertook the valuation of the company and submitted the report to MINECOFIN through CMPC. To encourage the Rwandan public participation in the IPO, BRALIRWA shares which were valued at an average price of Rwf 170 were offered at Rwf 136 translating into a discount of 20% and the final decision on the offer price was made by the Government of Rwanda through MINECOFIN.

### **IPO Marketing**

Public education was one of the key driving forces behind the success of BRALIRWA IPO as this was the first domestic IPO and Rwandans had limited knowledge about investments in the capital market. The communication teamed up with various stakeholders like BRALIRWA, MINECOFIN, CMA and Brokers in public education program and these were conducted on national, regional and international levels. The program included Road shows, visits to various institutions in Kigali, publication of articles in various newspapers, website postings, and programs on TV and Radios. For the national road shows, the team covered all the provinces in Rwanda to reach every citizen whether in the city or upcountry. English and Kinyarwanda languages were used to make sure the message reached everybody.

### **Distribution channels**

To minimize investors' cost in the subscription process, distribution points were established in various parts of the country and in the region. All stock brokers were

allowed to participate in the IPO as selling agents and this facilitated the subscription process for East Africans as some of the stock brokerage houses have offices in those countries. On top of Brokers was also KCB, one of the receiving banks that have presence in all East African countries where it opened IPO accounts for investors in Rwandan Francs in those respective countries. Finally, in order to minimize errors, all the stakeholders that were involved in receiving investors' subscriptions were trained.

### **Investor registration**

The registration of investors was done electronically as the IPO was dematerialized and so an experienced registrar was hired to provide that service. All the application forms were centralized at the registrars' office for data entry and this resulted in easy processing of the allotment and minimization of errors.

### **Exchange rate risk management**

The exchange rate risk was managed by ensuring the investors wherever they were paid in Rwandan Francs. In EAC countries, KCB Bank which was the Lead receiving bank had a regional presence in the EAC region and had to open bank accounts in Rwandan Francs

### **Allotment policy**

The IPO was oversubscribed by all the pools at a level of 274% and mostly by international investors and qualified institutional investors. As a result, the allotment policy was revised to make sure all retail investors got what they had subscribed for. This was one of the driving forces behind Bralirwa's IPO success as the qualified institutional investors who are normally more conversant with investments in capital market could get the balance by participating in the secondary market. This affected the performance of the price on the secondary market as this has sustained demand for the shares.

### **Refund process**

In Bralirwa IPO the majority of subscribers (92%) were retail investors. Given that the retail sub-pool was allocated the totality of the shares applied for, this facilitated the refund process. Refund was done using checks dispatched to the IPO's Authorized Selling Agents (ASA). For foreign applicants, the refund was done by

using Electronic Funds Transfer (EFT) through the ASA at which they deposited their applications.

### Bank of Kigali IPO

Bank of Kigali (BK) was the second company to go public in Rwanda as the Government of Rwanda which was the main shareholder with 60% shareholding decided to sell 20% of its shareholding to the public and the Bank raised new capital equal to 25% of the Bank's capital. BK shares were offered at Rwf 125 per share and the offer process begun on 30<sup>th</sup> June 2011.

### Bond Market

During the year 3 Treasury bonds worth Rwf 8.5 billion were processed and approved by the Authority for listing at the RSE as compared with Rfw 5 billion during the year 2009/2010.

Treasury bonds listed in 2010-2011

ISIN-CODE	SECURITY	MATURITTY	FACE VALUE(Rwf)	COUPON RATE (%)
RW000A1GQRR9	FXD3/2010/2yr	17/08/2012	2.5 billion	9.5 fixed
RW000A1GQRS7	FXD4/2010/5yr	19/11/2015	3.5 billion	11 fixed
RW000A1GQRP3	FXD1/2011/3yr	21/02/2014	2.5 billion	10.5 fixed

### Secondary market performance

#### Equity Market

Bralirwa shares were listed on RSE on 31<sup>st</sup> January 2011 and on that day, BRALIRWA shares closed at Rwf 235 registering an increase of 73% from the IPO price of Rwf 136. In the days that followed the price went down continuously and reached the lowest price of Rwf 170 on 22<sup>nd</sup> February 2011. On Friday 30<sup>th</sup> June 2011 BRALIRWA shares were trading at Rwf 215 translating into an increase of 58% from the IPO price in 6 months. The secondary market recorded a total turnover of **Rwf 7.7 billion** from 41 million shares traded in **651** deals and BRALIRWA accounts for more than 99% of the total transactions in turnover, volume and number of deals compared to a total turnover of Rwf 16 million registered in the previous period (2009-2010).

#### Cross listing

In the year under review the Authority had a second cross listed company after KCB which cross listed in June 2009. In November 2010, the Nation Media Group

(NMG) cross listed its shares worth **157,118,572** on the ROTC. NMG is the largest media group in East Africa and is listed on the NSE, cross listed on Uganda Securities Exchange (USE) and Dar Es Salaam Stock Exchange (DSE). Very limited transactions were recorded on this counter due to absence of an electronic connectivity between the two depositories making the settlement process take too many days and discouraged investors.

### **Bond Market**

The bond market registered a turnover of Rwf 500 million during the period under review and it continues to be illiquid.

## **Public Education and Awareness**

Public education is one of the key roles of the Capital Market Authority. In this regard, CMA undertook activities aimed at making Rwandans understand the role and purpose of the capital market. The following activities were done from July 2010 up to June 2011:

### **1. Conference and seminars**

- In October 2010 CMA organized a seminar on the **“Bond Market Forum”**, the **main presenters was** Daniel Yates at Laico Daniel Yates, an Associate Director at WestLB, an Investment Bank in London. The purpose of the seminar was to increase knowledge of different stakeholders in the Financial Sector in Rwanda.
- In October 2010, CMAC organized an **“Economic Forum with view of the Global Capital Markets Trends”** to discuss Equity Market; its Growth, Opportunities, and Challenges. The presenter was Mr. Dominic Taylor, Investment Director at CHEVIOT, an Asset Management Company in England. The purpose of the seminar was to increase knowledge of different stakeholders from the Financial Sector in Rwanda in the Equity Market business.
- In the same month the seminar on **Financial Analysis of Companies to support Investment** was arranged to help reinforce the capacity of local companies.

## **2. Roadshows**

In the period under review a number of road shows were conducted in the whole country to raise the public awareness on investment through capital market. These road shows were conducted during the BK BRALIRWA listings and IPO processes to ensure the public effectively invest in the companies that were coming to the market.

## **3. Tradefairs**

The Private Sector Federation (PSF) in partnership with the Ministry of Trade and Industry organized for the 14th time the Rwanda International Trade Fair (RITF 2011) from 28th July to 10th August 2011 at Gikondo Expo Ground, Kigali-Rwanda.

The Private Sector Federation invited CMAC to participate in the RITF 2011. CMAC booked space in the Financial Services where it exhibited products and services offered at CMAC. Information and resource materials were provided to the public. Borkers were also invited to use the CMA booth help investors to buy and sell shares.

The fair will attract over 500 exhibitors from various countries, providing a unique sales opportunity and networking forum for the business community and other participants who will be attending this International Event.

CMAC also participated in the Bye Bye Nyakatsi to contribute to the initiative of the Rwanda Diaspora to raise funds for building a model village for the disadvantaged and poor families in different parts of the country.

CMAC also participated in the Rwanda Day event held on June 10-11 in Chicago that presented an opportunity to showcase Rwanda's growth over the last 17 years and call for the Diaspora in North America to invest in the country and contribute to continued growth.

CMAC used that forum to disseminate information and distribute resource materials that showcase its activities, as a way of public education and attracting investments and potential partnerships.

## **4. Public Education held from CMA premises**

In the course of the year, various groups were sensitized on capital market business and opportunities and risks associated with investing through capital market. Public education was conducted to the following groups:

- The NUR Law Masters Program students
- NUR students from the Faculty of Economics, Finance and Management
- The youth cooperative leaders in Kigali
- PR and Marketing professionals from the Financial Sector entities in Rwanda.
- Media practitioners



- Human Resource Managers from the Financial Sector entities in Rwanda.

### **5. Press conferences**

During the period under review, CMAC organized ten (10) press conferences as follows:

- **Saturday August 20, 2011** CMAC organized a press conference on the 34<sup>th</sup> Consultative meeting of EASRA held Lake Kivu Serena, Rubavu, Gisenyi
  - **January 19, 2011** CMAC organized a press conference credit rating aimed at providing investors with information on the credit quality and volatility of different securities
  - **CMAC** organized a press conference on the listing of the Listing 4<sup>th</sup>, 5<sup>th</sup>, 6<sup>th</sup>, 7<sup>th</sup>, 8<sup>th</sup> Treasury Bond that took place on different occasions in 2010 - 2011
- Draft Trust Law Seminar**

### **6. Radio and TV Programs**

CMA organized 27 Radio programs and 4 TV programs on different topics surrounding not only the capital market industry in Rwanda but also on regional issues like regional integration.

### **7. Serialization articles in the News papers**

As a part of public education CMA posted 54 articles and supplements in different local and international newspaper on the development of the Capital Market in Rwanda.

## **Information Technology Infrastructure Development**

In the course of the year, The Authority continued to review its IT infrastructure in order to cope with growing information needs in this information era.

The following main action ware implemented:

1. *CMA net work infrastructure upgrade:*

This was fully implemented in the course of the year through procurement of new ICT equipment

### *2. Establishment of CMA and RSE website*

The two websites were constructed and are fully operational.

### *3. Installation of Central Security Depository(CSD)*

The Installation of Central Securities Depository (CSD), the trading station to enable capture of transaction and fasten processing between trading at CMA and clearing and settlement at BNR Virtual Private Network (VPN).

## **Regional Integration Efforts**

In the course of the year, the authority continued to strengthen the regional integration initiatives by actively participating in regional meetings and forums, under EASRA. The Authority has chaired the secretariat for 2 years on a rotational basis from March 2010 to March 2012. The Authority also participated in various meetings organized by EAC and played a significant role in the monetary union negotiations.

## **Staff Training and Development**

The Authority continued to invest in the staff trainings and skills development through locally arranged training sessions and regional or international depending on the type of skills required.

## **The Authority's financial position**

The Authority's financial position is provided in the audited statement for the period ended June 30<sup>th</sup>, 2011. The Authority receives funding from the Government of Rwanda.

## **Audited Financial Statements For the year ended 30 June 2011**

### **Auditors**

RUMA Certified Public Accountants  
Printer Set House – 3rd Floor, Avenue de la Paix  
P.O. Box 2611  
Kigali, Rwanda  
Email: info@rumacpa.com  
Website: www.rumacpa.com

### **Board members**

The council members during the year were:

Marc Rugenera	Chairman
Gregorie Muramira	Board Member
Henriette Zimulinda	Board Member
Vincent Munyeshyaka	Board Member
Adelaide Kagwesage	Board Member
Yvonne Mukankuranga	Board Member
Emmanuel Hategeka	Board Member

### **Management team**

The management who held office during the year were:

Mathu Robert	Executive Director
Kamanzi Olivier	Deputy Executive Director
Rwabukumba Célestin	Operations Manager
Furaha Charles	Legal and Compliance manager
Busingye Vanice	Finance and Administration Manager
Mugiraneza Emmanuel	Public Relations Manager
Murisa Nina	Information and Technology Manager
Twiringiyimana Carine	Financial Analyst

## Statement of the management's responsibilities

Article 70 of the Organic Law N° 37/2006 of 12/09/2006 on State Finances and Property requires budget agencies to submit annual reports which include all revenues collected or received and all expenditures made during the fiscal year, as well as a statement of all outstanding receipts and payments before the end of the fiscal year.

Article 21 of the Organic Law N° 37/2006 and Article 9 and Article 11 of Ministerial Order N°002/07 of 9 February 2007 further stipulates that the Chief Budget Manager is responsible for maintaining accounts and records of the budget agency, preparing reports on budget execution, managing revenues and expenditures, preparing, maintaining and coordinating the use of financial plans, managing the financial resources for the budget agency effectively, efficiently and transparently, ensuring sound internal control systems in the budget agency and safeguarding the public property held by the budget agency.

The Chief Budget Manager accepts responsibility for the annual financial statements, which have been prepared using the "modified cash basis" of accounting as defined by Article 2 (20) of the Ministerial Order N°002/07 of 9 February 2007 relating to Financial Regulations and using appropriate accounting policies supported by reasonable and prudent judgements and estimates.

These financial statements have been extracted from the accounting records of CMA and the information provided is accurate and complete in all material respects. The financial statements also form part of the consolidated financial statements of the Government of Rwanda.

In the opinion of the Chief Budget Manager, the financial statements give a true and fair view of the state of the financial affairs of CMA. The Chief Budget Manager further accepts responsibility for the maintenance of accounting records that may be relied upon in the preparation of financial statements, ensuring adequate systems of internal financial control and safeguarding the assets of the budget agency.

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**Robert C. Mathu**  
**Chief Executive Officer**

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**Mark Rugenera**  
**Chairman, Board of Directors**

## **Independent Auditor's Report**

### **To the management of the Capital Market Authority (CMA)**

We have audited the financial statements of the Capital Market Authority (CMA), set out on pages 39 to 45, which have been prepared on the basis of the accounting policies set out on page 41. We obtained all the information and explanations which we considered necessary for our audit.

### **Respective responsibilities of management and the independent auditors**

The Management of the Capital Market Authority (CMA) is responsible for the preparation of financial statements, which give a true and fair view of the state of affairs of the project and of the operations for the period. Our responsibility is to express an independent opinion on the financial statements based on our audit and to report our opinion to them.

### **Basis of opinion**

We conducted our audit in accordance with International Standards on Auditing. The Auditing Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free from material misstatement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of 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 project's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the 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 opinion.

## **Opinion**

In our opinion, proper books of accounts have been kept and the financial statements, which are in agreement therewith, give a true and fair view of the state of financial affairs of the Capital Market Authority (CMA) as at 30 June 2011 and its surplus for the year then ended.

**Peter Rutaremara**

**Managing Partner**

**RUMA Certified Public Accountants**

**Date** \_\_\_\_\_

## Financial report

### *Statement of income and expenditure for the year ended 30 June 2011*

	Notes	Year ended 30 Jun 11 Rwf	Year ended 30 Jun 10 Rwf
<b>Receipts</b>			
Transfer from Treasury	4.3.1 (a)	560,844,229	521,755,958
Other receipts	4.3.1 (b)	6,378,681	29,820,241
<b>Total receipts</b>		<b>567,222,910</b>	<b>551,576,199</b>
<b>Payments</b>			
Staff costs	4.3.2(a)	345,537,203	321,936,625
Purchase of goods and services	4.3.2(b)	232,702,753	136,344,486
Capital expenditure	4.3.2(c)	12,855,026	10,608
<b>Total payments</b>		<b>591,094,982</b>	<b>458,291,719</b>
<b>Surplus / (Deficit)</b>		<b>(23,872,072)</b>	<b>93,284,480</b>

The financial statements were authorized for issue on \_\_\_\_\_ 2012 by:

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**Robert C. Mathu**  
Chief Executive Officer

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**Mark Rugenera**  
Chairman, Board of Directors



## Statement of financial position as at 30 June 2011

	Notes	Year ended 30 Jun 11 Rwf	Year ended 30 Jun 10 Rwf
<b>Assets</b>			
Cash at Bank	4.3.4	75,145,290	99,612,566
Cash in Hand	4.3.4	50,397	53,397
Account receivable		-	-
<b>Total assets (a)</b>		<b>75,195,687</b>	<b>99,665,963</b>
<b>Liabilities</b>			
Account payables	4.3.3	(37,164)	(635,368)
<b>Total Liabilities (b)</b>		<b>(37,164)</b>	<b>(635,368)</b>
<b>Net assets (a-b)</b>		<b>75,158,523</b>	<b>99,030,595</b>
<b>Represented by:</b>			
Accumulated surplus / (deficit) b/d		99,030,595	5,918,795
Prior year adjustment		-	(172,680)
Current year surplus / (deficit)		(23,872,072)	93,284,480
<b>Total</b>		<b>75,158,523</b>	<b>99,030,595</b>

## **Significant accounting policies**

### **Basis of Accounting**

The Financial Statements have been prepared in accordance with the following policies, which have been applied consistently in all material aspects, unless otherwise indicated. However, where appropriate and meaningful, additional information has been disclosed to enhance the usefulness of the Financial Statements and to comply with the requirements of Article 70 of the Organic Law on State Finances and Property: Law No. 37/2006 of 12 September 2006 and Ministerial Order N°002/07 of 9 February 2007 relating to Financial Regulations.

The Financial Statements have been prepared on a modified cash basis of accounting, except where stated otherwise. In the context of Ministerial Order N°002/07 of 9 February 2007 relating to Financial Regulations the modified cash basis of accounting means financial transactions which are recognized in the books of account as follows:

- 1 Generally, transactions are recognized only at the time the associated cash flows take place;
- 2 The expenditure on acquisition of fixed assets is not capitalized. Thus fixed assets are written-off on acquisition and the wear and tear (depreciation) of those assets is not recorded in the books of account; and
- 3 Prepaid expenditure/advances is written-off during the period of disbursement.

The recognized “modification” is as follows:

- 1 Invoices for goods and services which are outstanding on the date of the closure of the fiscal year are recognized as liabilities for that specific fiscal year;
- 2 Loans and advances are recognized as assets/liabilities at the time of disbursement and related interest is recognized only when disbursed. Interest payable on public debt is accrued; and
- 3 Book balances denominated in foreign currencies are converted into the Rwanda Francs at rates of exchange ruling on that date issued by the National bank of Rwanda. The associated exchange losses are recorded as recurrent expenditure while the exchange gains are recorded as recurrent revenue.

## **Presentation Currency**

The financial statements are reported in Rwanda Francs, being the currency of legal tender in Rwanda.

## **Revenue**

### **Cash transfers from Treasury**

These are budgetary allocations from Central Government and are disbursed directly to the bank account of the institution periodically. The budgetary allocation is mainly used to fund recurrent expenditure of the institutions. The receipts are recognized when the cash is received.

### **Direct payments by Treasury**

These are payments directly made to suppliers by the Government on behalf of the institutions. Direct payments are recorded when the transfer is made to the supplier.

### **Other income**

Other income includes Application and admission fees from brokers, listing fees from trading companies and sale of tender documents.

## **Expenditure**

Expenditure is classified according to major categories in line with Article 19 of Ministerial Order N°002/07 of 09/02/2007 relating to Financial Regulations. The main categories of expenditure include salaries, goods and services, exceptional expenditure and capital expenditures. Expenditure is recognized when payment is made.

## **Cash**

Cash comprises cash on hand, demand deposits and cash equivalents. Demand deposits and cash equivalents comprise balances with banks and investments in short-term money market instruments.

## **Receivables and Advances**

Receivables include amounts due to CMA as at the end of the reporting period.

## **Accounts payable**

These mainly relate to invoices for goods and services which were outstanding on the date of the closure of the fiscal year. These are recognized as liabilities for that specific fiscal year.

### Foreign currencies

Transactions denominated in foreign currencies are translated to the Rwandan Franc at the rate of exchange issued by the National bank of Rwanda (BNR) applicable for the dates of the transaction.

## Notes to the financial statements

### Receipts

<b>(a) Cash transfer from treasury</b>		<b>Year ended 30-Jun-11</b>	<b>Year ended 30-Jun-10</b>
<b>Detail</b>	<b>Date</b>	<b>RwF</b>	<b>RwF</b>
Inter entity Transfer	22-09-2010	81,063,322	42,065,775
Inter entity Transfer	15-11-2010	182,439,963	100,000,000
Inter entity Transfer	19-01-2011	100,000,000	99,690,183
Inter entity Transfer	10-01-2011	197,340,944	100,000,000
Inter entity Transfer	03-05-2010	-	180,000,000
		<b>560,844,229</b>	<b>521,755,958</b>

<b>(b) Other Income</b>		<b>RwF</b>	<b>RwF</b>
<b>Detail</b>			
Annual membership fees		1,132,138	468,471
Participation fees		1,636,543	150,000
Admission fees		-	4,663,100
Listing fees		3,000,000	22,000,000
Training fees		480,000	2,458,670
Sales of tender documents		130,000	80,000
		<b>6,378,681</b>	<b>29,820,241</b>

### Payments

<b>(a) Salaries</b>	<b>RwF</b>	<b>RwF</b>
Medical insurance	3,052,603	-
Salaries	269,923,944	246,818,918

CSR	14,992,048	9,171,253
TPR	57,175,104	65,838,122
SFAR	393,504	-
FARG	-	108,332
	<b>345,537,203</b>	<b>321,936,625</b>

**(b) Purchase of goods and services**

	<b>Year ended 30 June 2011</b>	<b>Year ended 30 June 2010</b>
	<b>RwF</b>	<b>RwF</b>
Office Supplies & Consumables	13,936,337	10,078,960
Water and Energy	1,199,926	1,583,042
Health and Hygiene	4,820,422	2,541,800
Tools & Spare Parts	224,000	46,550
Maintenance & Repairs	3,866,972	861,130
Transport & Travel	23,937,782	32,109,894
Rental Costs/hire of rooms	28,310,334	12,786,217
Publications and Printing	4,864,128	673,847
Public Relations and Awareness	47,746,774	22,078,012
Communication Costs	18,768,467	9,325,660
Professional Services	27,024,727	31,153,227
Training Costs	11,107,355	11,176,965
Board Allowances	5,260,700	-
Mission Allowances	25,991,685	-
Trade shows	4,875,300	-
Miscellaneous Expenses	820,994	1,758,113
Membership Fees	9,711,557	171,069
	<b>232,467,460</b>	<b>136,344,486</b>

**(c) Capital expenditure**

	<b>RwF</b>	<b>RwF</b>
Information Systems & Equipment	6,966,046	10,608
Furniture & Fittings	5,888,980	-
	<b>12,855,026</b>	<b>10,608</b>

**(d) Other expenses**

	<b>RwF</b>	<b>RwF</b>
Bank charges	235,293	-
	<b>235,293</b>	<b>-</b>

**Account payable**

	<b>RwF</b>	<b>RwF</b>
3% Withholding Tax	<b>37,164</b>	<b>635,368</b>

**Cash and Bank**

	<b>Year ended</b>	<b>Year ended</b>
	<b>30 Jun 11</b>	<b>30 Jun 10</b>
Cash at bank	75,145,290	99,612,566
Cash in hand	50,397	53,397
	<b>75,158,523</b>	<b>99,665,963</b>

***Budget execution report for the year ended 30 June 2011***

	<b>Budgeted</b>	<b>Actual</b>	<b>Variance</b>
<b>Income</b>	<b>Rwf</b>	<b>Rwf</b>	<b>Rwf</b>
Transfers from MINECOFIN	560,844,229	560,844,229	-
Other income	9,292,138	6,378,681	2,913,457
<b>Total</b>	<b>570,136,367</b>	<b>567,222,910</b>	<b>2,913,457</b>
<b>Expenditure</b>			
Employee costs	342,729,100	342,729,100	-
Goods and Services	235,510,856	235,510,856	-
Capital expenditure	12,855,026	12,855,026	-
<b>Total</b>	<b>591,094,982</b>	<b>591,094,982</b>	<b>-</b>
<b>Surplus / (Deficit)</b>	<b>(20,958,615)</b>	<b>(23,872,072)</b>	<b>2,913,457</b>

## The members of the RSE by 30<sup>th</sup> June 2011

Member	Contact Address	Member	Contact Address
FAIDA Securities Rwanda Ltd Centenary House 4 <sup>th</sup> Floor Avenue de la Paix KIGALI - Rwanda	Bob Karina P.O BOX 45236-00100, Nairobi Email: bob@faidastocks.com Local: Cecilia Kaunga Mob: + 250 782859330 Email: Cecilia@fib.co.ke	DALLAS Securities Brokerage DALLAS HOUSE P.O Box 1028 KIGALI	Mrs. Immy Kamarade Managing Director Email: immy1965@yahoo.com Mob: +250 788302113
African Alliance Rwanda Centenary House Building, 6 <sup>th</sup> Floor P.O Box 6368 KIGALI	Kenneth Kitariko Managing Director Mob: +250 785694490 Email: Securitiesrw@africanalliance.com rwandaops@gmail.com mudandil@gmail.com	MBEA Brokerage Services Rwanda S.A & MBEA Financial Services Sarl Avenue de la paix P.O Box 92 KIGALI	Andrew Otengo Owini Executive Director Local contact: Eric Ngabo Mob:+250 785640768 Email: Kanaroug@yahoo.com
Continental Discount House 5 <sup>th</sup> Floor Ecobank building P.O Box 6237 KIGALI	Shehzad Noordally General Manager Email: shehzadn@cdhrwanda.org.rw Tel: +250 252570736	Dyer and Blair Chadel Building Avenue des Milles Collines P.O Box 5292 KIGALI	Simon Kalenzi CEO Email: spkalenzi@yahoo.com Tel: +250 570390
CFC Stanbic Rwanda Ltd as brokerage Firm	Consolata Mburu <a href="mailto:mburu@stambic.com">mburu@stambic.com</a> <a href="http://www.csfs.co.ke">www.csfs.co.ke</a> 252 559052/12 Tel :0784108841	Renaissance Capital as a sponsoring firm	Mr. Clifford Sacks, CEO Africa C/o Ms. Florence Wanja Chief Administration Off +254 20368 2000
BRD Advisory Services as a sponsoring firm	Innocent Bulindi CEO P.O. box 966 Kigali <b>Tel:</b> +250 252 579870 / 579871 info@bdf.rw	ECOBANK as a custodian	Gilles Guerard MD <a href="mailto:gguerard@ecobank.com">gguerard@ecobank.com</a> 252 503 580/1-8 0788 309565

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