PROSPECTUS

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CIMERWA

A PARTNER OF

PPC

STRENGTHENING RWANDA

SIMA NYARWANDA

SINCE 1984


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MURAKAZA
NEZA

CIMERWA PLC
(Incorporated in Rwanda under the Companies Act 2018, Registration Number 101460027)

Prospectus
27th July 2020

In respect of
The Listing by Introduction on the Official List of the Rwanda Stock Exchange of up to **703,219,520** Issued Ordinary Shares of Frw (50) each at a Listing Price of Frw 120 Per Share.

and
Availing 344,575,560 Issued Ordinary Shares of Frw (50) each at a Listing Price of Frw 120 Per Share comprising 49% of the entire Issued Share Capital of the Issuer as Free Float for Trading

This Prospectus is issued in compliance with all applicable laws including the Companies Act 2018, the Capital Markets Law and the Rwanda Stock Exchange Listing Rule Book 2013.

CORPORATE INFORMATION

Board of Directors	Position
Mr. Regis Rugemanshuro	Chairperson
Ms. Chrissie Moloseni	Vice - Chairperson
Ms. Kristell Holtzhausen	Director
Mr. Nyirimihigo J. M. Vianney	Director
Mr. Mokate Ramafoko	Director
Mr. Christian Rugeri	Director
Ms. Phindokuhle Mohlala	Director

Company Executive	
Mr. Albert K. Sigei	Chief Executive Ofiicer

Company Secretary	Auditor
Victoire Joyeuse Umukunzi CIMERWA PLC P.O. Box 644 Kigali Rwanda Tel: (250) 788 310 415 Email: victoire.umukunzi@CIMERWA.rw	Pricewaterhouse Coopers Rwanda Ltd 5th Floor, Blue Star House Blvd de l'Umuganda, Kacyiru, P.O. Box 1495, Kigali Rwanda T: +250 (252) 588 203/4/5/6 F: +250 (252) 588 201/2

Registered Office & Principal Place of Business	Financial Calendar	Shareholders
Registered Office Address: Kimihurura, Gasabo, Umujyi wa Kigali, Rwanda Tel: (250) 788 381 134 Email: CIMERWA@CIMERWA.rw Principal Place of Business: Western Province/ Rusizi District P.O. Box 21 Rusizi-Rwanda P.O. Box 644 Kigali-Rwanda	Year end: 30 September Half year: 31 March	PPC International Holdings (PTY) Ltd. AGDF Corporate Trust Limited Rwanda Social Security Board Rwanda Investment Group Ltd. Sonarwa Holdings Ltd

Principal Bankers		
Bank of Kigali P.O. Box 175 Kigali – Rwanda KN 4 Ave Kigali/ Rwanda, No12 Plot No 790 info@bk.rw (250) 788 143000	BPR Atlas Mara P.O.Box 1348 Kigali – Rwanda, KN 67, Street 2 info@bpr.rw (250) 788 187200	Cogebanque P.O. Box 5230 Kigali- Rwanda, KN 63 Street info@cogebanque.rw (250) 788 155500

TRANSACTION ADVISORS

Co-Lead Transaction Advisor	
	BK Capital Ltd Headquarter KN 4 Ave, Street Kigali Rwanda, No.12 Plot No. 790 P.O. Box 175, Kigali/Rwanda Tel: (250) 788 143 241 Email: bkcapital@bk.rw
	Standard Investment Bank Ltd JKUAT Towers, 16th Floor, Kenyatta Avenue, P.O. Box 13714-00800, Nairobi, Kenya. Tel: +254-20-2228963. Email: advisory@sib.co.ke
Sponsoring Stockbroker	
	BK Capital Ltd Headquarter KN 4 Ave, Street Kigali Rwanda, No.12 Plot No. 790 P.O. Box 175, Kigali/Rwanda Tel: (250) 788 143 241 Email: bkcapital@bk.rw
Legal Advisor	
	Trust Law Chambers TLC House, KG 569 Street Kacyiru, Kigali P.O. Box 6679 Kigali Rwanda Tel: (250) 252 503 075

Reporting Accountant	
	PricewaterhouseCoopers Rwanda Ltd 5th Floor, Blue Star House, 35 KG 7 Ave, Kacyiru P.O. Box 1495, Kigali, Rwanda T: +250 (252) 588 203/4/5/6 F: +250 (252) 588 201/2 www.pwc.com/rw
Registrar	
	BK Capital Ltd Headquarter KN 4 Ave, Street Kigali Rwanda, No.12 Plot No. 790 P.O. Box 175, Kigali/Rwanda Tel: (250) 788 143 241 Email: bkcapital@bk.rw
Public Relations & Marketing Agency	
	Quake Nobiscum House 2nd Floor Remera, Gasabo, KG11 Av. 6 Kigali Rwanda Tel: (250) 733 382 228, (250) 788 382 228 Email: balu@quakeadvertising.com

1 IMPORTANT NOTICE

CAUTION: This document is important and requires your careful attention.

This document is a prospectus of Listing by Introduction under the terms set out herein.

A copy of this Prospectus has been delivered to the Authority for approval and to the Registrar of Companies for registration. As a matter of policy, the Capital Markets Authority assumes no responsibility for the correctness of any statements or opinions made or reports contained in this Prospectus. The Authority expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon any part of the contents of this Prospectus.

The securities offered to be listed have not been approved or disapproved by the Authority. Approval of the issue is not to be taken as an indication of the merits of the issuer or of the securities.

Prospective investors should carefully consider the matters set forth under the caption 'Risk Factors'" commencing on page 52 hereof.

This Prospectus is issued in compliance with the requirements of the Registrar General's Instructions No. 01/2010/ORG of 12/04/2010 relating to the form and content of the Prospectus as amended by the Registrar General's Instructions Nº 01/2010/ORG of 12/04/ 2010 ("Prospectus Instructions") issued pursuant to the Law N°17/2018 of 13/04/2018 governing companies (the "Companies Law"), and the requirements of the Capital Markets Authority (CMA) and the requirements of the Rwanda Stock Exchange (RSE).

A copy of the Prospectus issued in connection with this Listing by Introduction is available for inspection at the registered office of CIMERWA PLC.

An application has been made to the Rwanda Stock Exchange for the Listing of the Shares of the Company, under the abbreviation [CIMERWA]. Listing is expected to become effective on 03rd august 2020 The fact that the RSE may list the securities of CIMERWA PLC should not be taken in any way as an indication of the merits of the issuer or the listed securities.

RSE takes no responsibility for the contents of this document, makes no representations as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon any part of the contents of this document.

Important notice

Future potential investors are expressly advised that an investment in any future trade of Shares, post the Listing by Introduction, will entail certain risks and that they should therefore carefully review the entire contents of related Information Memorandum. Furthermore, before making an investment decision, future potential investors should consult their stockbroker, banker, lawyer, auditor or other financial, legal and tax advisers for guidance and carefully review the risks associated with an investment in the Company.

Responsibility Statements.

This Prospectus has been seen and approved by the Board of the Directors of the Company. The Directors collectively and individually accept full responsibility for the accuracy of the information given and confirm that, after having made all reasonable enquires, and to the best of their knowledge and belief, there are no false or misleading statements and other facts the omission of which make any statement herein false or misleading.

The Lead Transaction Advisors acknowledge that based on all the available information and to the best of their knowledge and belief, the Prospectus constitutes a full and true disclosure of all material facts concerning the Listing by Introduction and they have satisfied themselves that any profit or cash flow projections for which the Directors are fully responsible, has been prepared for inclusion in the Prospectus and has been stated by the Directors after due and careful enquiry and have been duly reviewed by the Reporting Accountants.

Potential investors should not assume that the information in this Prospectus is accurate as at any date other than the date of this Prospectus. No person is or has been authorized to give any information or make any representation in connection with the Listing by Introduction, other than as contained in this Prospectus. Delivery of this Prospectus at any time after the date hereof will not under any circumstances, create any implication that there has been no change or that the information set out in this Prospectus is correct as any time since its date.

Selling Restrictions.

The Listing by Introduction does not constitute an offer to issue or sell, or the solicitation of an offer to subscribe for or buy, securities in any jurisdiction in which such an offer or solicitation would be unlawful.

The Shares have not been, and will not be, registered under the Securities Act or qualified for sale under the laws of any state of the United States or under the applicable laws of the United Kingdom, Canada, Australia or Japan and, subject to certain exceptions, may not be offered, sold, pledged or otherwise transferred in the United States or to, or for the account or benefit of, U.S. persons as defined in Regulation S or to any national, resident or citizen of the United Kingdom, Canada, Australia or Japan.

Neither this document nor any copy of it may be sent to or taken into the United States, the United Kingdom, Canada, Australia or Japan nor may it be distributed to any U.S. person.

2 FORWARD LOOKING STATEMENTS

When considering what action to take you are recommended to seek independent financial advice from your stockbroker or other financial adviser.

This Listing by Introduction Statement contains "forward-looking statements" relating to the Company's business. These forward-looking statements can be identified by the use of forward-looking terminology such as "believes", "expects", "may", "is expected to", "will", "will continue", "should", "would be", "seeks" or "anticipates" or similar expressions, or the negative thereof, or other variations thereof, or comparable terminology or by discussions of strategy, plans or intentions.

These statements reflect the current views of the Company with respect to future events and are subject to certain risks, uncertainties and assumptions. Many factors could cause the actual results, performance or achievements of the Company to be materially different from the future results, performance or achievements that may be expressed or implied by such forward-looking statements. Some of these factors are discussed in more detail under 'Risk Factors'.

Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those described in this Prospectus anticipated, believed, estimated or expected.

Neither our Company, our Directors, our Officers, Transaction Advisers nor any of their respective affiliates have any obligation to update any industry information or forward-looking statements set out in this Prospectus.

Supplementary Prospectus

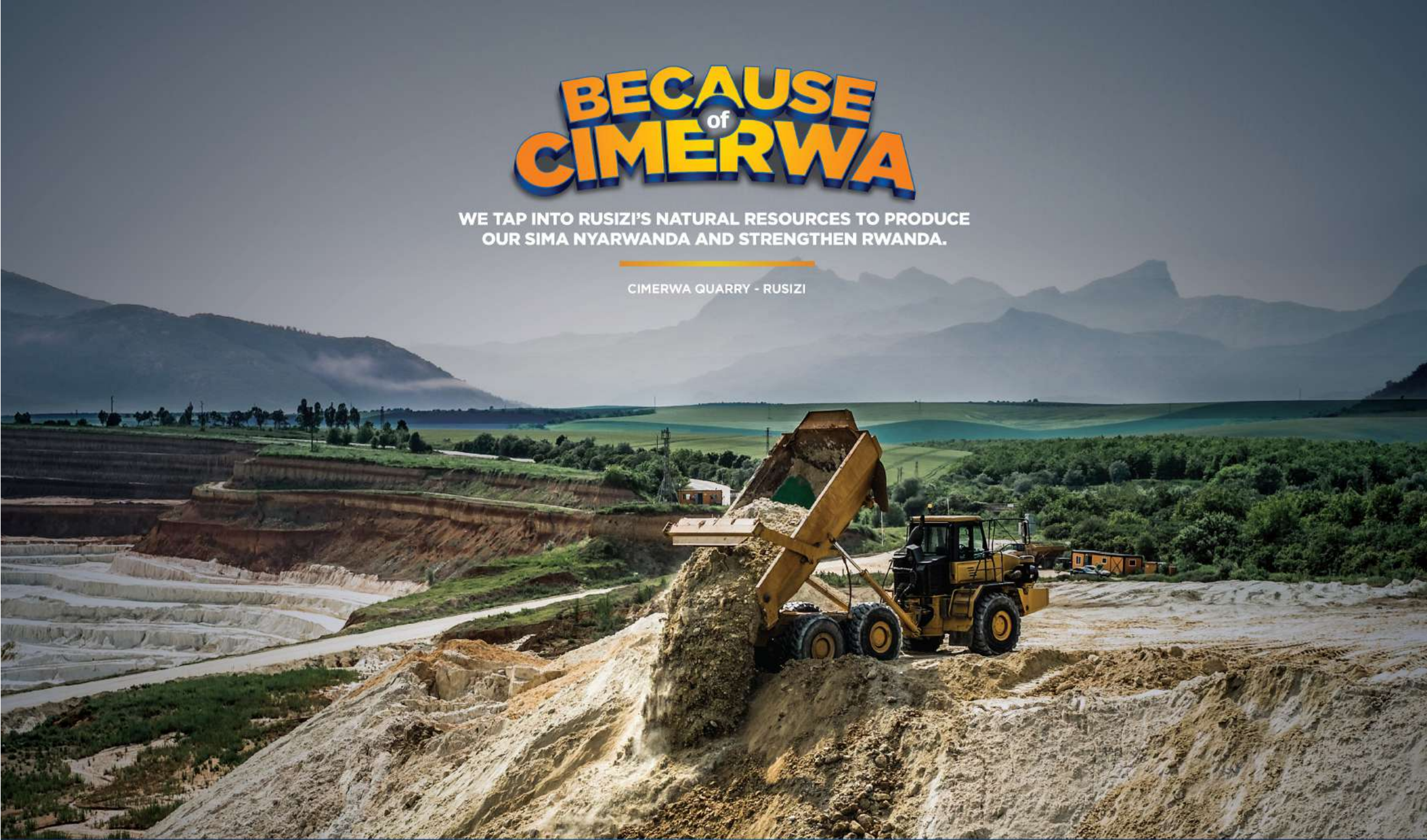
If, prior to the Listing by Introduction a significant new development occurs in relation to the information contained in this Prospectus or a material mistake or inaccuracy is found in this Prospectus that may affect the assessment of the Company, a supplement to this Prospectus may be published with the approval of the Regulatory Authorities.

Statements contained in any such supplement (or contained in any document incorporated by reference therein) may to the extent applicable (whether expressly, by implication or otherwise), be deemed to modify or supersede statements contained in this Prospectus or in a document that is incorporated by reference in this Prospectus. Any statements so modified or superseded shall not, except as so modified or superseded constitute a part of this Prospectus.

Consents

BK Capital Limited, Standard Investment Bank Limited, Kenya as the Joint Lead Transaction Advisors, BK Capital Limited as the Sponsoring Broker, Trust Law Chambers as the Legal Advisors, PricewaterhouseCoopers (Rwanda) Limited as the Reporting Accountants, BK Capital as Registrar, Quake as PR & Marketing Advisor have given, and not withdrawn, their respective written consents to the issue of this Prospectus with the inclusion herein of their reports, the references to those reports, their names and the references to their names, as applicable, in the form and context in which these, respectively, appear.

This Prospectus dated 27th July 2020, has been approved by the Board of CIMERWA PLC and is valid for 6 months from this date


BECAUSE of CIMERWA
WE TAP INTO RUSIZI'S NATURAL RESOURCES TO PRODUCE OUR SIMA NYARWANDA AND STRENGTHEN RWANDA.
CIMERWA QUARRY - RUSIZI

3 EXECUTIVE SUMMARY
BACKGROUND

This summary must be read as an introduction to this prospectus and any decision to invest in CIMERWA's shares should be based on the consideration of the prospectus as a whole.

Background

CIMERWA PLC is pleased to be joining the Rwanda Stock Exchange, by way of Listing by Introduction, providing a broader base of shareholders with an opportunity to participate in the significant upside growth that the Company presents as the market leader and only integrated cement producer in Rwanda, with a well-established brand.

The Company was initially established on 16th July 1984 as a Government parastatal known as Ciments du Rwanda (CIMERWA SA) under a cooperation agreement between the Peoples' Republic of China and the Government of Rwanda (GoR). It was privatized in 2007 with Rwanda Social Security Board (RSSB) holding 37%, Government of Rwanda (GoR) 30%, Rwanda Investment Group (RIG) 21% and the residual held by other Investors.

It later was converted into a public Company limited by shares known as CIMERWA PLC in April 2020 with registration number 101460027 with PPC International Holdings (PTY) Ltd 51% shareholding, AGDF Corporate Trust Ltd 16.55%, Rwanda Social Security Board 20.24%, Rwanda Investment Group 11.45% and Sonarwa Holdings Ltd 0.76%

The Company, which as at September 2019 had revenues of Frw 62 billion and net income of Frw 3.4 billion, produces the clinker, packs and sells cement for general and civil construction. Some of the Company's products are exported to neighbouring countries such as DRC. The production plant is located in Bugarama, Rusizi District near the South Western border of Rwanda at 300Km from Kigali with 600Ktpa capacity.

At its core, CIMERWA is fully focused on the journey of strengthening Rwanda in a pursuit to lay strong foundations for future generations.

Key Investment Considerations

Strong fundamentals in target markets

- The cement sector in Rwanda has a supply gap, an enviable position in EAC, with a demand of about 0.7Mtpa against domestic supply of 0.42Mtpa. Demand is projected to keep rising with population and urbanisation growth, in addition to demand from key projects such as the Bugesera International Airport, Model Villages and transport projects

- CIMERWA is the only cement Company in Rwanda that mines raw materials, produces the clinker, packs and sells cement for general and civil construction and has the strong advantage of being established in the market for about 36 years, with a firm supply chain and efficient route to market.

- CIMERWA's capacity utilization improved from 65% in 2016 to 80% after the upgrade in 2019.

- CIMERWA enjoys an estimated over 50% of the domestic cement market share.

- CIMERWA has strong fundamentals and is well positioned to exploit the robust Rwandan growth story. The Company is also on a good trajectory to great investor value creating

Strong management

- Professional management team with a wealth of experience including Engineering, Strategy, Project Management, Law, and finance

- This team has delivered 40% CAGR in revenue, 64% CAGR gross profit and growth in Net Profit for the year 2019 by 331.4% to Frw 3.5bn, on higher growth in income compared to costs

- The Board will put in place an ESOP incentive programme with this transaction to align the employees closely with the expectations of shareholders

Financial performance

- CIMERWA has grown revenues by CAGR of 40%, Gross profit growth by 64% CAGR with positive operating profits for the four year period from 2016 to 2019.
- The Company has exhibited positive EBITDA margins with the exception of the year 2015 with an EBITDA margin 31% in 2019. The Company has put in place measures to achieve their earning projections into the future.

Transaction overview

The primary purpose of the Listing is to offer CIMERWA and its shareholders the benefits of the stock market, liquidity and price discovery. The Listing by Introduction provides opportunity for Rwandans and other investors generally, to share in CIMERWA's continuing success story. As a sign of commitment to the growth of the Company and confidence in the long-term fundamentals, Key/Controlling Shareholders have agreed not to offload 51% of their shareholding for a period of 24 months after the Listing. In addition, the Issuer shall use its best endeavours to ensure the continued retention of suitably qualified management during and after the Listing.

In accordance with the GoR's policy of privatization of the economy the Government of Rwanda intends to sell its stake held by AGDF Corporate Trust Limited of approximately 16.55% in the Company, to the public on the secondary market after the Listing by Introduction on the RSE.

The total number of Introduced Shares is 703,219,520 constituting 100% of the issued share capital of CIMERWA but the free float available for trading is the 49% stake held by Agaciro Corporate Trust, RSSB, RIG and Sonarwa Holdings.

Rwanda macro economic outlook

Rwanda's growth is projected to slow down to 2.0 percent in 2020 due to the impact of the Covid-19 pandemic. For the medium term, the Rwandan economy is expected to recover with growth reaching 6.3% in 2021, and back to its 8.0% trend by 2022 supported by continuing large-scale investments such as the Bugesera International Airport, Hakan Peat plant, and electricity infrastructure. Average Inflation for 2020 is projected at 6.9%. Inflation is expected to be contained at 1% in 2021 and at 5% in the medium term.

Rwanda's rapid growth, coupled with a focus on the business environment, can stimulate growth in private investment, currently low at 13 percent of GDP compared with the East African average of 16 percent. Foreign direct investment averages 3 percent of GDP, compared with the low income country average of 3.3 percent. The 2020 World Bank Doing Business report ranks Rwanda second in Africa.

The cement sector growth is pegged on GDP growth for Rwanda standing at x1.3 factor. Relevant market for all Rwanda players includes export opportunities in neighboring states. Over the next seven years, the average cement growth rate is thus 8.4 percent year on year.

Rwanda's Consumer Price Index (CPI), main gauge of inflation increased by 7.3 percent year on year in January 2020 up from 6.7 percent in December 2019, general Producer Price Index combining both prices for local and export products registered an annual increase of 14.56 percent in January 2020 and monthly general PPI increased by 1.97 percent compared to December 2019 indicating a low likelihood of sudden large increases in cost of production for manufacturers operating within the Rwandan economy.

From IMF forecasts, downside risks relate to the Covid-19 situation, fuel prices, regional issues, and unpredictable weather. Upside risks are a continuation of strong private investment, more regional trade, and growth payoffs from large public investment projects

CIMERWA positioning in Rwanda economy

CIMERWA operates under the construction sector in Rwanda, which is experiencing a huge boost due to the population growth rate of 2.7 percent annually. Rwanda's construction sector has been pegged as one of the four vibrant sectors that would propel the country towards the National Strategy for Transformation (NST1).

This strategy is expected to lay the foundation for future sustained growth and transformation with the private sector facilitated to make maximum contribution to Rwanda's development.

The NST1 is built on three pillars; economic transformation, social transformation and transformational governance.

The cement industry in Rwanda has a supply gap, an enviable position in the EAC, with a demand of about 0.7Mtpa against domestic supply of 0.42Mtpa. Rwanda is the one country in EAC to boast of strong demand growth and a supply gap while neighboring countries like Kenya, Uganda and Tanzania struggle with overcapacity amid slowed demand. Cement demand in Rwanda is growing by about 8.4 % year on year driven by both public and private sector.

The Company's revenues have grown by CAGR of 40% over the past four-year period. The Company has also exhibited growing EBITDA margins. The Company has reduced on its capital expenditure over the five-year period from the year 2015. The CAPEX consists of ordinary Capex and critical spares that includes compliance CAPEX, Maintenance CAPEX deployed to enhance plant reliability, Improvement CAPEX deployed to de-bottleneck the plant and expansion capital deployed to finalize explorations and expropriations for additional limestone.

The Company has a robust corporate governance policy which is set out in the Board charter. The Board of Directors is made up of 7 members all whom are non-executive. The Company is professionally managed and staffed with operational managers and other professionals with a considerable track record of running high quality businesses.

CIMERWA's Goals

SHORT TERM (1 year)

- Plant production ramp-up: 500Kt
- Enhance Route to Market
- Strengthen human capital & organization
- Cost Competitiveness

MEDIUM TERM (2 years)

- Plant Production ramp-up: 550Kt
- Cost competitiveness
- Strengthen human capital & organization

LONG TERM (>2 years)

- Plant Production ramp-up: >600Kt
- Maximize use of alternative fuels
- Kigali Grinding Station
- Strengthen human capital & organization

Dividend Policy

The dividend distribution policy is defined by the Company's Board of Directors. The policy takes into account the Company's financial position. Historically the Company has not issued dividend payments to its shareholders.

In the prior years, CIMERWA has focused on an aggressive growth plan to not only increase production capacity but enhance its distribution and marketing thus increasing sales. As such, CIMERWA has ploughed back profits generated into the business believing that all the investments would generate a higher return for the investors than if paid out as a dividend.

The following are the detailed investment plans in the last three to five years that have resulted in nonpayment of dividends:

- CIMERWA invested approximately USD 160m in the period between 2013 and 2015 on the construction of the new 600,000-ton capacity cement plant. The plant has increased CIMERWA's ability to serve the growing market and positioned it ready to compete.
- In the last 3 years, CIMERWA has invested approximately USD 6.5m in CAPEX to enhance its plant capacity and improve efficiency through revamping its crushers, raw mill and cement mills. This has enhanced utilization of the plant removing any debottlenecks across the plant.
- CIMERWA has also significantly increased its working capital to efficiently and effectively serve its customers with increased investments in raw materials and other inventory.
- CIMERWA focused on reducing debt and utilized approximately USD 15m per annum in the last three years on loan and interest repayment aimed at reducing debt and thus creating a stronger balance sheet to withstand future business shocks. The Debt Coverage ratios have steadily improved with the loan pay downs.
- Withholding tax on dividends paid by CIMERWA to its shareholders applies as per appplicable Tax Law in Rwanda. Dividends paid by CIMERWA as a listed Company will incur a 5% witholding tax applicable to EAC resident tax payers and a 15% witholding tax to any shareholders who are not resident tax payers in the EAC as per Law No 016/2018 of 13/04/2018 establishing taxes on income.

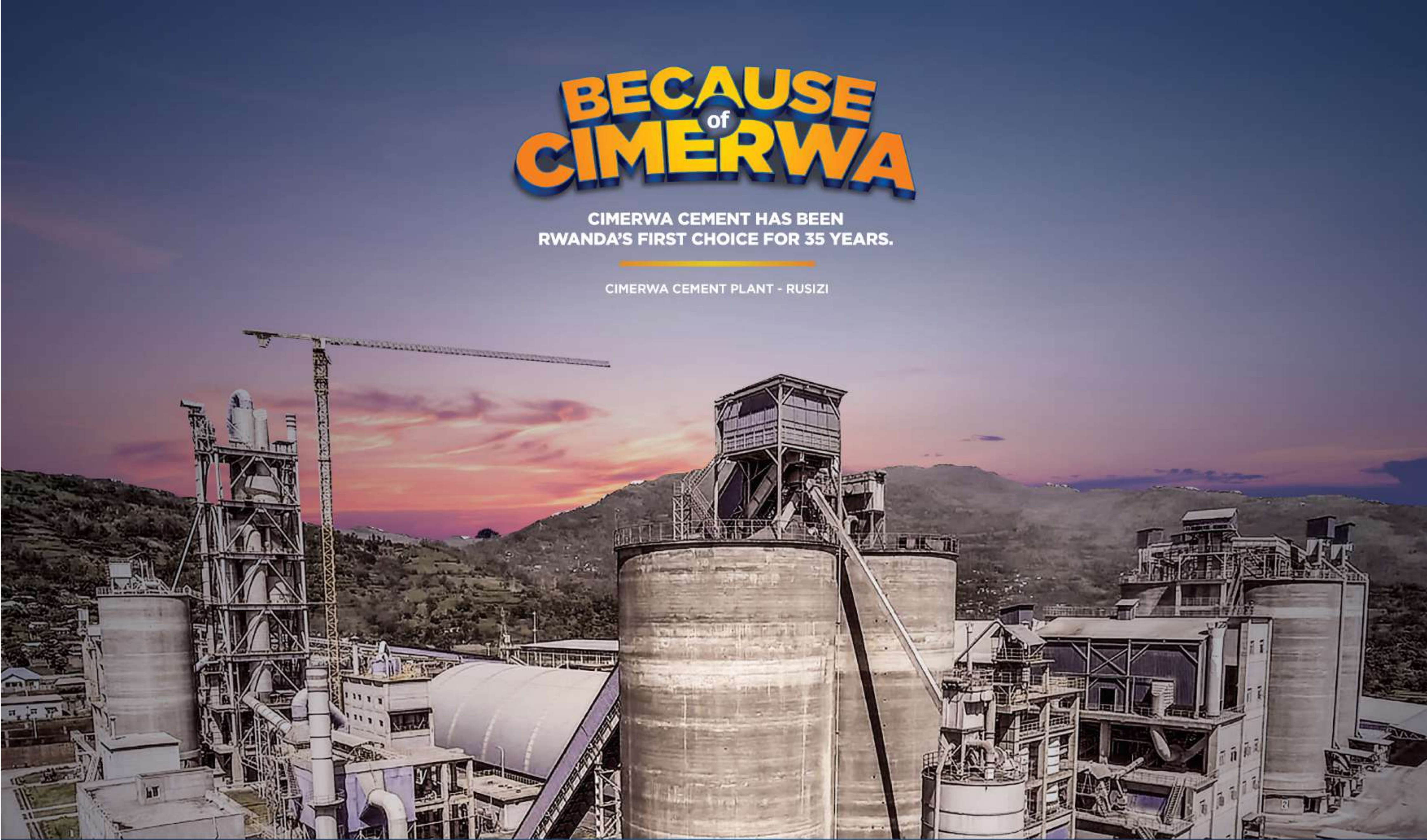
Financial Information

Pricewaterhouse Coopers (Rwanda) Ltd have prepared and disclosed in this Information Memorandum an accountants report in accordance with Regulation Nº07 on Capital Markets (Public Offer and Issue of Securities), 2012.

Legal Matters

Trust Law Chambers have issued a legal opinion to CIMERWA in accordance with Regulation Nº07 on Capital Markets (Public Offer and Issue of Securities), 2012 for purposes of the Introduction.

CONTENT


BECAUSE of CIMERWA
CIMERWA CEMENT HAS BEEN
RWANDA'S FIRST CHOICE FOR 35 YEARS.
CIMERWA CEMENT PLANT - RUSIZI

4 CHAIRMAN'S STATEMENT

Dear Prospective Investor,

CIMERWA PLC is pleased to announce the listing by way of introduction of 100 percent shares of the entire Issued Share Capital of the Company to the investing public at the Rwanda Stock Exchange (RSE) while availing 49% of the shareholding as free float for trading on the secondary market.

The shares to be listed and that will be available for sale will include shares held by the Government of Rwanda (GoR) through AGDF Corporate Trust Limited, those held by the Rwanda Social Security Board (RSSB), those held by Sonarwa Holdings Ltd, and those held by the Rwanda Investment Group (RIG).

This equity transaction, is the result of a successful relationship of working closely with the GoR and other stakeholders in the capital markets. One of the major objectives of this transaction is to facilitate GoR policy of privatization in the economy.

The policy of privatization provides a mechanism for the GoR to divest from sectors it has previously invested in to allow for a more level playing field in the economy.

One such sector is cement manufacturing where GoR through CIMERWA PLC has been a shareholder for the last 36 years.

The timing is therefore right in the year 2020 for GoR to divest from CIMERWA PLC in order to create more investment opportunities for the private investors, and for GoR to be seen as a neutral player in a sector full of potential. There could not be a better avenue of achieving this objective than listing the shares at the RSE. As the 10th firm to be listed on the RSE's main counter; the main investment market segment, the trading of CIMERWA PLC shares will increase the investment opportunities available to the investing public at the Rwandan bourse.

CIMERWA PLC shareholders passed a resolution at the extra-ordinary general meeting held on the 26th March, 2020 approving the setting up of an employee share ownership plan (ESOP).

Under the ESOP scheme, eligible employees and Directors of the Company will be able to purchase the shares on offer through an ESOP trust to be created and operated by the Company.

The implication of this new scheme is that employees and Directors of the Company will have a stake in the Company they work for.

In spite of the short-term challenges posed by the COVID-19 pandemic on the global markets and at the RSE, the CIMERWA PLC listing is executed with long-term strategic goals in mind, considering that cement manufacturing is a long-term business.

We believe that fundamentals of the Rwandan economy remain solid, and we therefore maintain a positive outlook on the economic growth of various major projects lined up which should ensure that the strong growth in the construction sector continues.

The "Made in Rwanda" initiative is on high gear providing impetus for CIMERWA PLC as a market leader to diversify its production range and growth volumes.

Our confidence is further boosted by CIMERWA's strong Board, a highly experienced Chief Executive Officer and a competent management team, plus a professional and passionate staff. I have no doubt that this team will ably deliver in the Company's vision and Business plans.

The recent performance, with consistent improvement in the topline and profitability, is encouraging and provides further proof that CIMERWA PLC is ready to scale new heights.

On behalf of the Board of Directors of the Company,
I hereby applaud all those who have been part of CIMERWA PLC successes in the market including this listing process.

To our dear and valued partners, I say; thank you very much for your continued support and patronage of CIMERWA products and services. You are the very reason for our existence as a Company.

The future of CIMERWA PLC as a listed firm on the RSE is indeed bright.

....

Mr. Regis Rugemanshuro

5 CHIEF EXECUTIVE OFFICER'S STATEMENT

Dear Prospective Investor,

CIMERWA PLC is pleased to announce the Listing by Introduction of a 100 percent of its entire issued share capital of which 49 percent held by the Government of Rwanda (GoR) and other local investors will be availed as free float to the investing public at the Rwanda Stock Exchange (RSE). This listing transaction will allow the placement on free-float of 344,575,560 shares at a price of Rwf. 120 per share on the RSE. These shares will thereafter become available for transacting at the RSE upon the decision of the shareholders.

This equity transaction is the result of a successful working relationship between the Government, CIMERWA shareholders and other stakeholders. It is through this partnership that we are able to meet the following objectives:

- First, it allows a wider pool of investors, especially institutional and retail public investors, to participate in the ownership of CIMERWA. This includes employees and directors of the Company who will participate through an Employee Share Ownership Program (ESOP) scheme.
- Secondly, with the government listing its shares, this transaction supports the drive towards an increased private sector participation on the back of solid fundamentals with a steadily growing economy.
- And Thirdly, the listing allows CIMERWA to take advantage of the benefits of being listed at the RSE. These include tax benefits, an enhanced profile and the opportunity to easily raise growth capital to take advantage of the increasing market demand for cement.

Our journey started 35 years ago in 1984 with our incorporation as one of Rwanda's legacy brands. We are Rwanda's only integrated cement player and market leader servicing an estimated more than 50 % of the Country's cement requirements.

We have been part and parcel of Rwanda's growth story with contribution to the society on many fronts. This includes enabling building of iconic structures such as the Kigali Arena, Prime Minister's officer, Gasabo district headquarters and various stadiums.

We have also had major impact in our communities with various social impact initiatives such as support to small businesses (tailors, local produce traders with a market), a school that facilitates to 500 students plus, support of the community with a water treatment plant serving about 3,800 families and many more. Our Company is pursuing a strong green agenda that has seen us focus on programs to reduce our carbon footprint such as increasing the use of Alternative Fuels, installation of solar power to compliment power grid and various innovative solutions. We intend to continue on this journey as we pursue our 'Strengthening Rwanda' agenda.

Rwanda presents a great opportunity, considering that her cement per capita consumption stands at about 60kg per capita compared to the global average of >450kg per capita. The listing comes at a time when CIMERWA has just concluded a refresh of its business plan aimed at making it ready to shift gear in order to take advantage of this opportunity and scale up to the next level. Our refreshed plan will see CIMERWA unlock its full potential with accelerated financial performance and better returns to our shareholders. Our business plan projects strong improvement of profitability supported by focusing on a number of critical strategic initiatives, including:

- Plant capacity debottlenecking – various actions have been put in place to accelerate our growth of volumes to reach 600 Ktpa.
- Cost savings programs – the Company has embarked on a systematic program to save costs via increased efficiencies, innovation in the production process, logistics optimization and an intensified focus on fixed costs and overheads
- Strengthening of our "Route to Market" strategy in the face of a changing competitive landscape and market structure
- Focus on new building solutions, including enhanced cement product range and cement-related products
- Cash flow optimization with increased focus on CAPEX management and working capital levers
- Faster building of local skills and driving a performance-oriented culture
- An unwavering focus on Health, Safety and Environmental sustainability priorities

Our business plan projects a much stronger balance sheet with current loan obligations being extinguished by FY24. We will therefore be in a good state to offer good returns to our shareholders while investing further to tap into existing opportunities.

We continue to tap into the strategic partnership with our majority shareholder PPC Ltd. PPC brings on board more than 125 years of cement manufacturing experience, technical expertise and a regional network of business and plants which share best practices with each other.

As incoming CEO, I am pleased to be part of this new journey at CIMERWA Ltd. I have no doubt that my experience in the cement category will bring value to help CIMERWA fast track its potential. We have a strong and committed Board and Management team on top of a highly supportive set of stakeholders led by the Government of Rwanda, customers, suppliers and bankers. My appreciation goes to all of them for the great support received thus far and look forward to the same going forward.

Finally, I encourage all potential investors to read our prospectus and look out for the opportunity to strengthen your future by purchasing CIMERWA shares through the RSE.

....

Mr. Albert K. Sigei

BECAUSE of CIMERWA

THE CEMENT ENGRAINED IN THE ARENA STRENGTHENS SPORTS EXPERIENCES.

KIGALI ARENA - KISEMENTI

Follow our **CSR** conversation at **#BECAUSECIMERWA**

3222 www.cimerwa.rw cimerwappc

CIMERWA

A PARTNER OF

PPC

STRENGTHENING RWANDA

6 GLOSSARY OF DEFINITIONS AND ABBREVIATIONS

The following terms and abbreviations shall have the following meaning in this document.

"Accountants Report"	the report of the Issuer's Auditors, PWC Rwanda, contained in this Prospectus
"Articles"	the Articles of Association of CIMERWA from time to time
"Assets"	the aggregate at such time of any assets of the issuer which would, in accordance with accounting principles generally accepted in the Republic of Rwanda and applied on a consistent basis, be classified as assets
"Authority"	Capital Markets Authority
"BNR"	National Bank of Rwanda
"CAGR"	Compounded annual growth rate
"CIMERWA"	Ciment du Rwanda PLC
"CMA"	The Capital Markets Authority
"CSD"	Central Securities Depository
"Directors" or "the Board"	the Directors of the Issuer whose names are set out on page 2 above
"EBIT"	Earnings Before Interest and Tax
"EBITDA"	Earnings Before Interest, Taxes, Depreciation and Amortisation
"GDP"	Gross Domestic Product
"Prospectus"	this Prospectus
"Ktpa"	Kilo Tonnes Per Annum
"Legal Advisers"	Trust Law Chambers
"Listing"	the listing of the Shares by Introduction at the RSE
"MIMS"	Main Investment Market Segment of the RSE
"Mtpa"	Million tonnes per annum
"Register"	the Share register which the Issuer will procure to be maintained by the Registrar at the Issuer's registered office
"Reporting Accountants"	Pricewaterhouse Coopers Rwanda Ltd
"RIG"	Rwanda Investment Group Ltd
"RMB"	Rwanda Mines, Petroleum and Gas Board
"RSE"	Rwanda Stock Exchange
"RSSB"	Rwanda Social Security Board
"RWF"	denotes the lawful currency of the Republic of Rwanda
"The Companies Act"	Law N°17/2018 of 13/04/2018 governing companies including any Act replacing it
"The Capital Markets Regulations"	Any of the Regulations Issued by the Capital Markets Authority, Rwanda
"Transaction Advisors"	BK Capital Ltd and Standard Investment Bank Ltd

7 FEATURES OF THE LISTING BY INTRODUCTION

This section contains important information relating to the Listing by Introduction and the transaction in general. This section should be read in its entirety for a full appreciation of the subject matter.

Transaction Overview:

Transaction	Listing by Introduction on the RSE
Issuer	CIMERWA PLC
Shares	703,219,520 ordinary shares of Frw 50 par value each comprising 100% of the entire issued share capital of the Issuer;
Shares to be listed	703,219,520 ordinary shares of Frw 50 par value each comprising 100% of the entire issued share capital of the Issuer;
Free float shares	344,575,560 ordinary shares of Frw 50 par value each comprising 49% of the entire issued share capital of the Issuer;
Status	Upon listing, free transferable ordinary shares ranking pari passu with each other
Trades	Shares will be immobilized at the Central Securities Depository prior to trading;
Compliance	The Listing is subject to the requirements of the Articles of Association of CIMERWA PLC, The Companies Law, The Capital Markets Law, the Rwanda Stock Exchange Listing Rules and the Central Securities Depository
Introductory Price for Share	Frw 120 per share
Sponsoring Stockbroker	BK Capital Limited
Co-Transaction Advisors	BK Capital Limited and Standard Investment Bank Limited;
Market Segment:	Main Investment Market Segment
Expected Listing Date	03rd August 2020.
Governing Law	Rwandan law

Approval for the listing

The Board of Directors of CIMERWA recommended and the shareholders of CIMERWA subsequently approved the Listing by Introduction.

Regulatory Approvals

The CMA has approved the issue of this Prospectus for purposes of the Listing by Introduction and, pursuant to that approval, the RSE has agreed to admit the Shares for listing on the RSE.

It is expected that trading in the Company's shares will commence on 03rd August, 2020.

Lock-ups

As a sign of commitment to the growth of the Company and confidence in the long-term fundamentals, Key Shareholder (PPC) has agreed not to offload 51% of their shareholding for a period of 24 months after the Listing. An undertaking to this effect has been disclosed at the end of this Prospectus as an appendix from page 166.

The transaction

The listing

The primary purpose of the Listing by Introduction is to offer CIMERWA and its shareholders the benefits of the stock market, liquidity and price discovery. The Listing by Introduction will also provide opportunities for Rwandans and other future investors generally, to share in CIMERWA's continuing Rwandan success story.

The Company

The Company was initially established on 16th July 1984 as a Government parastatal known as Ciments du Rwanda (CIMERWA SA) under a cooperation agreement between the People Republic of China and the Government of Rwanda (GoR). It was privatized in 2007 as CIMERWA Ltd and later was converted into a public Company limited by shares known as CIMERWA PLC in April 2020 with registration number 101460027.. CIMERWA PLC (51% owned by PPC Ltd) is the market leader and the only integrated cement producer in Rwanda, with a well-established brand. Its production plant is in Bugarama, Rusizi District, in the southern region bordering the DRC and Burundi.

In 2016, CIMERWA commissioned a technologically advanced 600,000 Ktpa cement production plant in Bugarama. Post commissioning and ramp-up, processes have been optimized in line with growing volumes, and production capacity utilization has risen from 65 percent to 80 percent by 2019. In the March 2018 review period, CIMERWA received ISO 9001:2015 QMS certification from the Rwanda Standards Board.

Legal basis of the Listing by Introduction

In accordance with the GoR's policy of privatization of commercial enterprises, the Government of Rwanda intends to sell its stake held by AGDF Corporate Trust Limited of approximately 16.55% in the Company, to the public on the secondary market after the Listing by Introduction on the RSE.

Through a resolution passed during the Extraordinary General Meeting held on 26th March, 2020, the Shareholders accorded their approval for a Listing by Introduction of all the Shares of CIMERWA with 49% of the shares available for trading on the RSE secondary market.

The Company has an authorized share capital of 35,160,976,000 Frw divided into 703,219,520 Ordinary shares with a par value of Frw 50 per share as at April, 2020. All the authorized share capital, 35,160,976,000 Frw has been issued and fully paid for.

	Nominal/Par Value Share	Total Number of Shares	Share Capital in Frw
Authorized Capital	50	703,219,520	35,160,976,000
Issued & fully paid Capital	50	703,219,520	35,160,976,000

Number of shares on offer

The total number of Shares for Listing by Introduction is 703,219,520 constituting 100% of the issued share capital of the Company.

Employee Share Ownership Plan

Pursuant to the shareholders' resolution passed at the Extra-ordinary General Meeting held on the 26th March, 2020 the shareholders approved the setting up of an Employee Share Ownership Plan (ESOP).

Under the ESOP scheme, eligible employees and Directors will be able to purchase the shares on offer through an ESOP Trust to be created and operated by CIMERWA PLC. A detailed ESOP, once established and approved by the Board of Directors in the future, will be submitted to the CMA for approval.

Stock Exchange Listing

Approval of the Listing by Introduction has been received from CMA and permission for the Listing by Introduction has been received from RSE. It is expected that trading in the Shares will commence on or about 03 August 2020. Shares will be electronically credited to respective CSD Accounts.

Listing expenses

All the expenses of the Listing by Introduction will be paid by CIMERWA PLC.

Dividend policy

The dividend distribution policy is defined by the Company's Board of Directors. The policy takes into account the Company's financial position. When making decisions on payment of dividends, the Board shall consider the outlook of earnings growth, operating cash flow generation, capital expenditure requirements, acquisitions and divestments, together with the amount of debt. Historically the Company has not issued dividend payments to its shareholders.

In the prior years, CIMERWA has focused on an aggressive growth plan to not only increase production capacity but enhance its distribution and marketing thus increasing sales. As such, CIMERWA has ploughed back profits generated into the business believing that all the investments would generate a higher return for the investors than if paid out as a dividend.

The following are the detailed investment plans in the last three to five years that have resulted in nonpayment of dividends:

- CIMERWA invested approximately USD 160m in the period between 2013 and 2015 on the construction of the new 600,000-ton capacity cement plant. The plant has increased CIMERWA's ability to serve the growing market and positioned it ready to compete.

- In the last 3 years, CIMERWA has invested approximately USD 6.5m in CAPEX to enhance its plant capacity and improve efficiency through revamping its crushers, raw mill and cement mills. This has enhanced utilization of the plant removing any bottlenecks across the plant.

- CIMERWA has also significantly increased its working capital to efficiently and effectively serve its customers with increased investments in raw materials and other inventory.

- CIMERWA focused on reducing debt and utilized approximately USD 15m per annum in the last three years on loan and interest repayment aimed at reducing debt and thus creating a stronger balance sheet to withstand future business shocks. The Debt Coverage ratios have steadily improved with the loan pay downs.

Management projections indicate that the company will be able to comply with all the debt facility financial covenants in 2022. This is due to ongoing capital expenditure in order to realize plant design capacity.

The first priority of the Company will be to maintain sufficient distributable reserves and liquidity to ensure that operational needs and/or business growth are not limited by the unavailability of funds and also that facilities are available to cover all known contingencies. Additionally, any dividends will only be declared and paid where allowable under any covenants included in any funding facilities. As highlighted under the section on Material Indebtedness, currently the Company is party to a syndicated loan which restricts issue of dividends under certain conditions enumerated in the section. Management projects that the current long-term debt will be extinguished by 2024.

Dividend payments are not guaranteed and are subject to the discretion of the Board of Directors and approval by the Shareholders. See also “Risk Factors – Risks relating to this Transaction – The Company may not be able to fulfil its dividend policy in the future.”

Withholding tax on dividends paid by CIMERWA to its shareholders applies as per applicable Tax Law in Rwanda. Dividends paid by CIMERWA as a listed Company will incur a 5% withholding tax applicable to EAC resident tax payers and a 15% withholding tax to any shareholders who are not resident taxpayers in the EAC as per Law No 016/2018 of 13/04/2018 establishing taxes on income.

Financial information

PWC Rwanda have prepared and disclosed in this Prospectus an accountant’s report in accordance with CMA’s Regulations on Capital Markets (Public Offer and issue of Securities) and Rwanda Stock Exchange Listing Rule Book 2013.

Legal matters

Trust Law Chambers have issued a legal opinion to CIMERWA in accordance with the CMA’s Regulations on Capital Markets (Public Offer and issue of Securities) and Rwanda Stock Exchange Listing Rule Book 2013.

Basis of offer price

The Listing Price has been set on the following basis:

Management Forecasts

The Compound Annual Growth rate (CAGR) of the Company from the year 2020 to 2027 was forecasted to be as follows:

The CAGR of the projected revenues is 10.9%.
The CAGR of cost of sales is 10.6%.
The CAGR of total administrative expenses is 5.5%.
The CAGR of total sales and marketing expenses is 11.2%.
The CAGR of total assets is 7.7%.
The CAGR of equity is 10.5%.

CIMERWA is expected to continue growing at a faster pace than the country’s economy in the next seven years driven by expected demand for real estate and infrastructure projects development and the growing economy. CIMERWA has historically demonstrated an ability to manage its costs and thus maintain its margins which reflects conservatively in its forecast profit margins.

Revenues

Projected revenues is obtained from the sale of the following products:
SURECEM 32.5 N, SUREBUILD 42.5N and SUREWALL 22.5 X. The average revenue growth over the forecast period is 11%. This is advised by the growing demand for CIMERWA’s products, the increased economic growth and the fact that the market is not saturated and has significant room for growth driven by infrastructure and real estate growth.

Operating Expenses

The operating expenses include the administrative expenses, staffing costs, sales and marketing expenses. The estimated average year on year growth rates over the forecast period per annum are as below:

Admin expenses: 6%
Marketing and Advertising expenses: 13%
The average estimated interest rate is 17.33% per annum

Key Valuation Methods

The Key valuation methodologies utilized were:

- Discounted Cash Flows
- Comparable Companies Multiples/Peer Companies
- Recent Transactions Multiples

Comparable Companies Multiples

EBITDA multiples for different comparable companies on different stock exchanges were utilized ranging from the 25th Percentile to the 75th Percentile. A valuation range was established without application of any discounts at this point.

Recent Transactions Methodology:

The EBITDA multiples of recent transactions in different countries were utilized ranging from the 25th to the 75th percentile. A valuation range was established without application of any discounts at this point.

Discounted Cash Flow Valuation Range

The Management assumptions were the main basis for the forecast free cash flows to the firm and using various assumptions, another valuation range was established. The DCF valuation methodology resulted in the smallest range in comparison to the peer Company listed transactions and the recent transaction multiple. This range was within the ranges exhibited by the different multiple's approach.

The valuation range of CIMERWA is therefore determined using the discounted cash flow methodology.

Listing Price

A number of factors were considered in establishing the indicative Listing Price range. These included demand and supply factors, listing timing, industry comparables, the Company's future growth projections and the firm's management and governance.

While a price range was determined, the price to be utilized at listing considered the following:

- That the valuation had not applied any illiquidity discount to consider that CIMERWA is not listed. A 5% discount was applied to share the liquidity premium with early investors
- There has been significant drop in market trading multiples across the globe including in the last three months due to various factors including the spread of the COVID-19 virus, significant drop in oil prices among other reasons. A 5% discount was further applied to factor in the multiple changes.

A cumulative 10% discount was thus applied to the valuation to determine the final value.

Selling restrictions

Each of the following selling restrictions apply equally to the listing both domestically and internationally.

General

- Each of the Authorized Selling Agents has acknowledged to the Company and the Offeror that no action has been or (except to the extent indicated below) will be, taken in any jurisdiction by any of the Authorized Selling Agents, the Company or the Offeror that would permit a public offering of the Shares to be listed, or possession or distribution (in electronic form or hard copy form) of the Prospectus (in preliminary or final form) or any other offering or publicity material relating to the Shares to be listed, in any country or jurisdiction where action for that purpose is required. Each Authorized Selling Agent has undertaken that it will comply with all applicable laws and regulations in each jurisdiction in which it offers, sells or delivers Shares to be listed or has in its possession or distributes (in electronic form or hard copy form) the Prospectus (in preliminary or final form) or any such other material, in all cases at its own expense

- Each of the Authorized Selling Agent has also undertaken to the Company and the Offeror to ensure that no obligations are imposed on the Offeror, the Company and any Authorized Selling Agent in any such jurisdiction as a result of any of the foregoing actions. The Offeror, the Company and the Joint Lead Transaction Advisors will have no responsibility for, and each Authorized Selling Agent will obtain, any consent, approval or permission required by it for, the acquisition, offer, sale or delivery by it of the Shares to be listed under the laws and regulations in force in any jurisdiction to which it is subject or in or from which it makes any acquisition, offer, sale or delivery. No Authorized Selling Agent is authorized to make any representation or use any information in connection with the Offer and sale of the Shares to be listed other than as contained in this Prospectus (in final form) or any amendment or supplement to it;

- The distribution (in electronic or hard copy form) of this Prospectus is restricted by law in certain jurisdictions. Persons into whose possession this Prospectus may come are required by the Company and Offeror to inform themselves about and to observe such restrictions. This Prospectus may not be used for or in connection with any offer to, or solicitation by, anyone in any jurisdiction or in any circumstances where such offer or solicitation is not authorized or is unlawful.

United States

The Shares to be listed have not been and will not be registered under the Securities Act or with the regulatory authority of any state or jurisdiction in the United States, and may not be offered, sold, exercised, pledged, taken up, delivered, renounced or otherwise transferred in or into the United States. There will be no public offering of the Shares to be listed in the United States.

The Shares to be listed have not been approved or disapproved by the SEC, any state securities commission in the United States or any other regulatory authority in the United States, nor have any of the foregoing authorities passed upon or endorsed the merits of the offering of the Shares to be listed or the accuracy or adequacy of this document. Any representation to the contrary is a criminal offence in the United States.

Shares to be listed

Other jurisdictions

Other jurisdictions outside US or are requested to read the following guidelines and information pertaining to some of the jurisdictions however advised to seek further professional advice as necessary and appropriate

United Kingdom

- No Shares to be listed have been marketed to, or are available for subscription or purchase in whole or part by, the public in the United Kingdom. This Prospectus does not constitute an offer or solicitation of an offer in the United Kingdom to subscribe for or buy any securities in CIMERWA PLC or any other entity; and

- This Prospectus is being distributed only to, and directed only at, persons: (i) having professional experience in matters relating to investments and who fall within the definition of "investment professionals" in Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 ("FPO"); or (ii) high net worth bodies corporate, unincorporated associations and partnerships and trustees of high value trusts as described in Article 49(2) of the FPO; or (iii) to whom the Prospectus may lawfully be communicated (each, a "relevant person") and must not be acted on or relied on by any person who is not a relevant person. In the United Kingdom any investment or investment activity to which this prospectus relates is only available to and will only be engaged in with relevant persons. Any person who is not a relevant person should not act or rely on this document or any of its content. In addition to the foregoing restrictions, in relation to persons who are in the United Kingdom, this Prospectus is made and directed only at persons falling within the meaning of "qualified investors" as defined in Section 86 of the Financial Services and Markets Act 2000.

South Africa

This Prospectus does not constitute an offer for the sale of or subscription for, or the solicitation of an offer to buy and subscribe for, shares to the public as defined in the South African Companies Act, No. 61 of 1973 (as amended or otherwise). This Prospectus does not, nor is it intended to, constitute a prospectus prepared and registered under such Companies Act. It may only be distributed in South Africa to:

- Banks, mutual banks or insurers acting as principal or those who are wholly owned subsidiaries of any such banks, mutual banks or insurers acting as agents in the capacity of authorized portfolio manager for a registered pension fund or as manager for a registered collective investment scheme as registered under the applicable South African legislation; and

- Addressees acting as principals, who are willing to subscribe for Shares to be listed to a value of at least ZAR 100,000, provided in either case that they are persons whose ordinary business or part of whose ordinary business is to deal in shares, whether as principals or agents. Qualifying South African residents wishing to participate in the Offer should be aware that they may be required to comply with South African exchange control requirements and should seek advice from a person properly qualified to advise them if they are in any doubt as to what this may involve. Please note that neither the Company nor the Offerer is responsible for obtaining any exchange control consents that any investor may need in order to participate in the Offer.

Canada, Australia and Japan

The Shares to be listed have not been and will not be registered under the applicable securities laws of Canada, Australia or Japan. Each Authorized Selling Agent and the Transaction Advisors have represented and agreed that the Prospectus may not be distributed in, and the Shares to be listed may not be offered or sold in Canada, Australia or Japan or to, or for the account or benefit of, any resident of Canada, Australia or Japan.

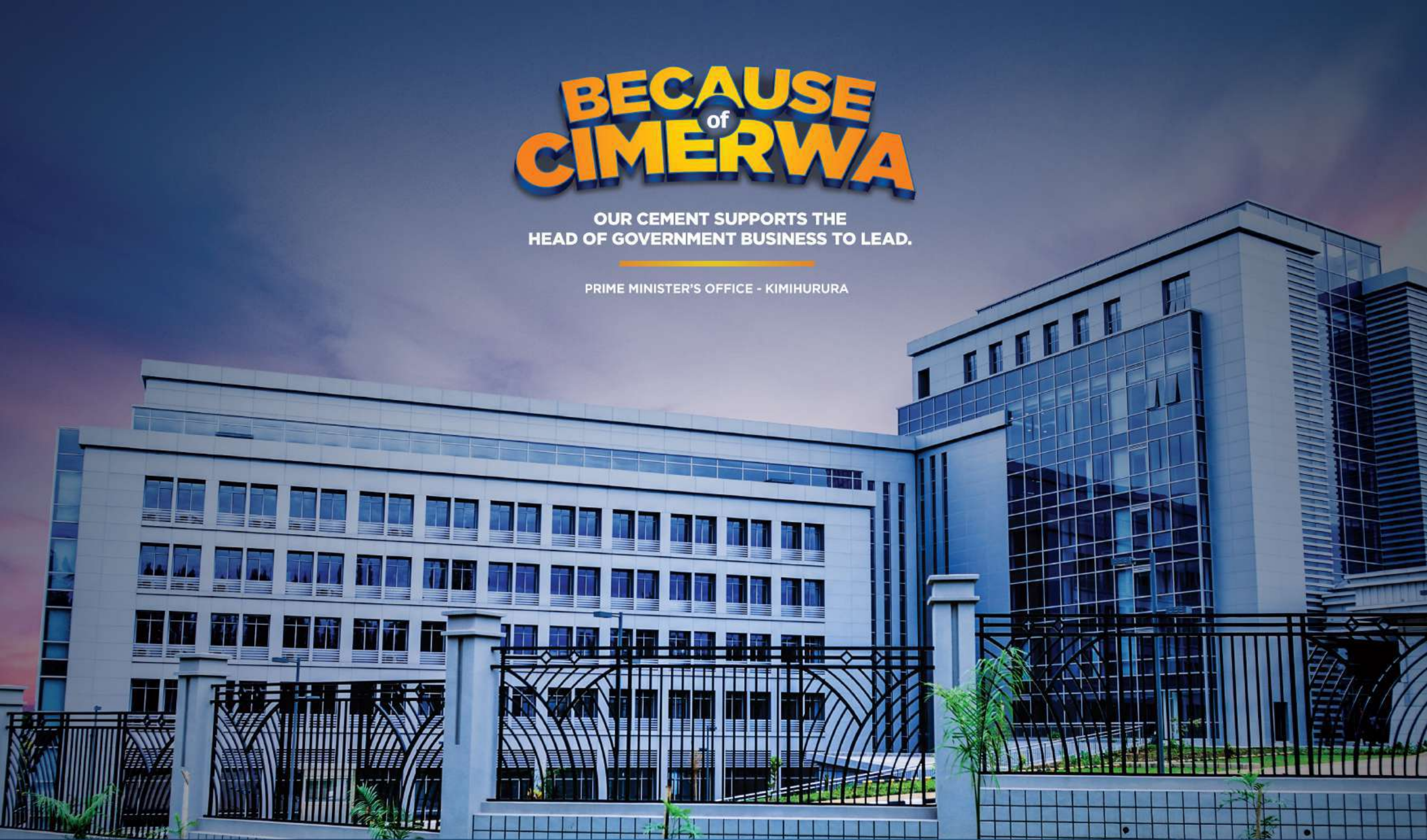
The Transaction Advisers have relied on information available to them on the latest selling restrictions. These may not include jurisdictions that may issue selling restrictions after 27th July, 2020, the date of this Prospectus.

Listing Timetable

KEY EVENTS	DATES
Extra-Ordinary General Meeting of CIMERWA	26th March, 2020
Approval of the Listing by Introduction by the CMA	08th July, 2020
Launch of the immobilisation campaign [Public Marketing Campaign]	27th July, 2020
Announcement of Listing by Introduction	27th July, 2020
Dispatch of the Prospectus to the public	27th July, 2020
Listing by Introduction of shares at the RSE and commencement of trading	03rd August, 2020

Key statistics on Listing by Introduction

Listing price per Share	Frw 120
Par value of each Share	Frw 50
Authorised share capital of CIMERWA	Frw 35,160,976,000
Total number of authorised ordinary shares of CIMERWA	703,219,520
Total number of free float shares	344,575,560
Net profits for the twelve (12) month period ended 30 September, 2019	Frw 3,454,386,000
Dividend in respect of twelve (12) month period ended 30 September, 2019	0
Dividend per share (“DPS”) for the twelve (12) month period ended 30 September, 2019	0
Earnings per share (“EPS”) for the twelve (12) month period ended 30 September, 2019	Frw/share 4.91
Implied price-earnings (“PE”) (historical) (at Listing price of Frw 120 based on the EPS for the twelve (12) month period ended 30 September, 2019	24.44
Average historical PE Multiple for RSE Indexed Companies over the past six months	11.10 times


BECAUSE of CIMERWA
OUR CEMENT SUPPORTS THE
HEAD OF GOVERNMENT BUSINESS TO LEAD.
PRIME MINISTER'S OFFICE - KIMIHURURA

8 ECONOMIC OVERVIEW

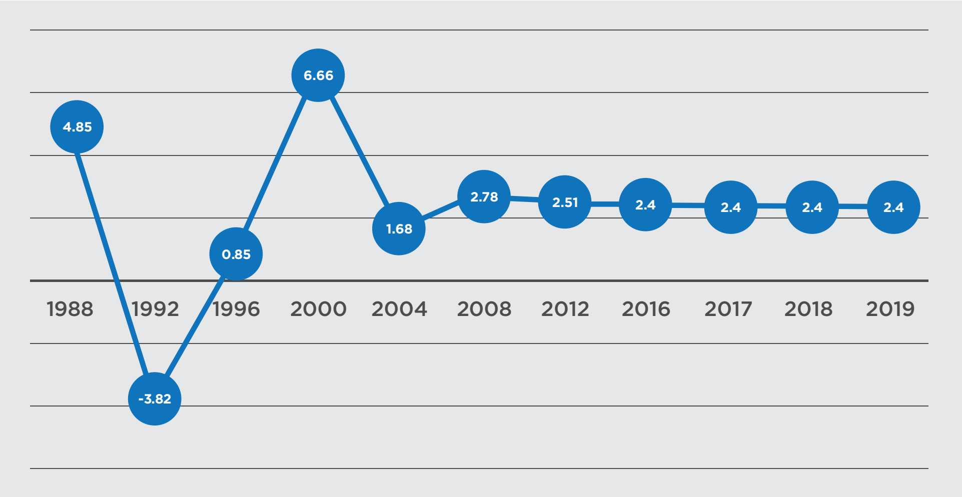
Population demographics

As of 1st January 2020, the population of Rwanda was estimated to be 12,922,276 people. This is an increase of 2.40 percent (303,236 people) compared to population of 12,619,040 the year before. In 2019 the natural increase was positive, as the number of births exceeded the number of deaths by 320,524. Due to external migration, the population declined by 17,288. The sex ratio of the total population was 0.960 (960 males per 1,000 females) which is lower than global sex ratio. The global sex ratio in the world was approximately 1,016 males to 1,000 females as of 2019.

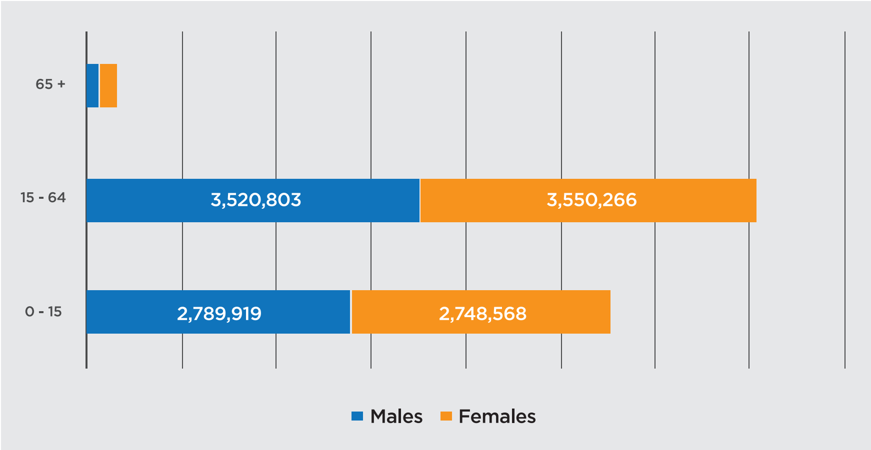
Below are the key figures for Rwanda population in 2019:

- 415,545 live births
- 95,021 deaths
- Natural increase: 320,524 people
- Net migration: -17,288 people
- 6,329,278 males as of 31 December 2019
- 6,592,998 females as of 31 December 2019

Population Growth Rate 1988 - 2019



Age structure



Source: Country Meters

Vision 2050 program

Vision 2050 adopts four broad priorities

1. Higher quality of life and standard of living;

To move beyond meeting basic needs to ensuring a higher standard of living for all people, Rwanda will focus on:

- Access to affordable high-quality education and health care;
- Modern housing and settlements with environmentally friendly and climate-resilient surroundings;
- Comprehensive adequate social security and safety nets; (d) universal access to daily amenities; and
- Comprehensive personal security and safety.

2. Transformation for prosperity (development of high-value and competitive jobs and sectors);

To improve productivity and competitiveness, Rwanda will target diversified tourism, manufacturing driven by competitive local industries, business and financial services, information technology, logistics and aviation, agro-processing, science and technology innovation, construction, and extractive industries. All of these efforts will be underpinned by high-quality services in public and private sectors.

3. Development of modern infrastructure and productive livelihoods;

This effort would involve modernization with smart green cities, towns, and rural settlements, well designed transport facilities and services, and efficient public and private services.

4. Positive contributions to international peace and prosperity;

Rwanda will forge its own place in the world in the context of regional integration, multilateral and bilateral cooperation, freedom from aid dependency, Pan-Africanism, and south-south cooperation.

The aspirational income targets of Vision 2050 require substantial increases in savings and Investment. The scenario assumes that gross domestic product (GDP) growth rises to 12.5 percent a year (10.2 percent in per capita terms) by 2022 and stabilizes at that level for the foreseeable future (slower growth is expected from now until 2022). As a result, GDP per capita rises to just over US$4,000 in 2035 and to more than US$12,000 in 2050, which is the threshold currently used to determine high Income status. The Investment rate would have to rise to around 40 percent, in a context of declining foreign assistance. The slack would have to be picked up by increased private Investment, because public investment is already at the limits set by financing options. Further, the savings rate would need to increase four to five-fold (from 8 percent in 2016) in the next two decades to finance these much higher levels of investment.

The reform agenda is complex and highly demanding: nothing short of an extraordinary effort will suffice, given the level of Rwanda's ambition. The hard work begins in classrooms. The country needs a massive effort to build human capital, its own education-focused Marshall Plan, if it is to realize its ambitious growth targets. With all of its achievements, Rwanda still lags other low-income countries in crucial aspects of human capital for example, in stunting and primary and lower-secondary school completion. Moreover, the concern is as much about quality as it is about quantity. An important related issue is the persistence of high stunting rates in early years, with implications for children's future learning abilities and participation in the knowledge and services-led economy that Rwanda envisages.

The next requirement is higher investment and savings rates. Rwanda already has a relatively high investment rate of around 26 percent, well in excess of the domestic savings rate of less than 10 percent. But double-digit growth rates would require the investment rate to be significantly higher still in an environment of declining external assistance.

Achieving this level of investment would require:

- A sharp increase in investment by the private sector, since public investment is already at the limit set by the available financing options;
- A multifold rise in the domestic savings rate; and
- Higher Foreign Direct Investment (FDI).

A higher order challenge is to boost productivity growth, which also has a bearing on Rwanda's ability to maintain high investment rates. The principal requirements for sustained high productivity growth are scale economies and economic specialization in areas of Rwanda's comparative advantage, with competition and technology diffusion as essential complements.

These elements have proven essential for sustaining high growth across the world, but they are even more important for a small, landlocked country like Rwanda. Scale and specialization require Rwanda to make the most of external opportunities and to enhance the benefits of urban agglomeration. But to succeed in these areas, Rwanda has to have a capable and motivated domestic enterprise sector, both public and private, with a strong potential to do well in competitive environments.

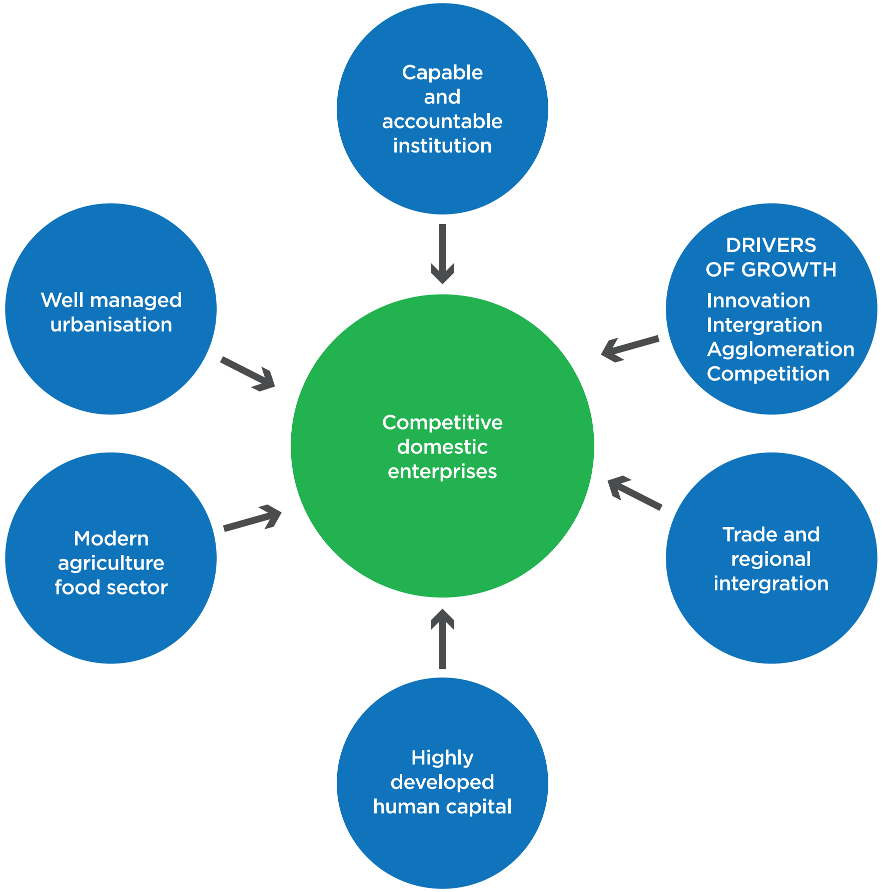
Such enterprises themselves have three critical requirements: a strong ecosystem for technological innovation, world class human capital, and robust institutions of governance. This chain of priorities forms the high growth strategy for Rwanda.

Rwanda's strategy for high growth thus has four essential and interdependent drivers:

- Innovation;
- Integration;
- Agglomeration; and
- Competition.

These future drivers of growth, in turn, would receive the necessary boost from reforms in six high priority areas:

- Human capital development;
- Export dynamism and regional integration;
- Well managed urbanization;
- Competitive domestic enterprises;
- Agricultural modernization; and
- Capable and accountable public institutions.



National Strategy for Transformation (NST1) 2017–2024

The Government of Rwanda acknowledge that their development landscape in Rwanda has changed considerably since the adoption of the Vision 2020. The progress made since 2000 has given Rwandans belief and courage to aspire for greater achievements. The National Strategy for Transformation (NST1) which is also the Seven Year Government Programme (7YGP) comes at a special moment in the country's development journey which will see the crossover from Vision 2020 towards Vision 2050. This strategy is expected to lay the foundation for future sustained growth and transformation with the private sector facilitated to make maximum contribution to Rwanda's development.

The NST1 is built on three pillars; economic transformation, social transformation and transformational governance.

Economic transformation

The Economic Transformation Pillar presents a strategy to accelerate private sector-led economic growth and increased productivity to achieve the following goals:

- Create decent and productive jobs for economic development and poverty reduction
- Accelerate Urbanization to facilitate economic growth
- Promote industrial development, export promotion and expansion of trade related infrastructure
- Develop and promote a service-led and knowledge-based economy
- Increase agriculture and livestock quality, productivity and production
- Sustainably exploit natural resources and protect the environment

NST1 priority projects likely to impact the manufacturing and construction sectors

In line with the Economic Transformation pillar, the Government of Rwanda is:

- Continuing to promote the 'Made in Rwanda' brand working with the private sector
- Establishing and expanding industries to locally produce materials, goods and offer services
- Completion and operationalization of Bugesera Airport Phase 1
- Rehabilitation of Kamembe and Rubavu Airports
- Upscaling mining by completion of exploration of potential mining areas
- Expansion of the national road and railway network
- Construction, maintenance and rehabilitation of feeder roads
- Construction of new cross border markets
- Construction of ports in Lake Kivu in Rusizi, Nyamasheke, Karongi and Rubavu districts.
- Construction and development of industrial parks
- Expansion of the Kigali Special Economic Zone
- Scaling up of electricity generation and improvement of quality, affordability and reliability of supply.
- Servicing of new residential zones and paving of urban roads.

Social transformation

This pillar entails strategic interventions for social transformation and goes beyond measures such as GDP per capita to bring positive qualitative change in all aspects of people's lives. Priorities for this pillar includes the following:

- Promote resilience to shocks and enhance graduation from poverty and extreme Poverty through improving and scaling up core and complementary social protection programs.
- Eradicate malnutrition through enhanced prevention and management of all forms of malnutrition.
- Enhance the Demographic Dividend through ensuring access to quality health for all. Focus will be on improving health care services at all levels, strengthening financial sustainability of the health sector, and enhancing capacity of health workforce.
- Enhance the Demographic Dividend through Improved access to quality education. Focus will be on strategic investments in all levels of education (pre-primary, basic and tertiary), and improved teachers' welfare.
- Move Towards a Modern Rwandan Household through ensuring universal access to affordable and adequate infrastructure and services.

Transformational governance

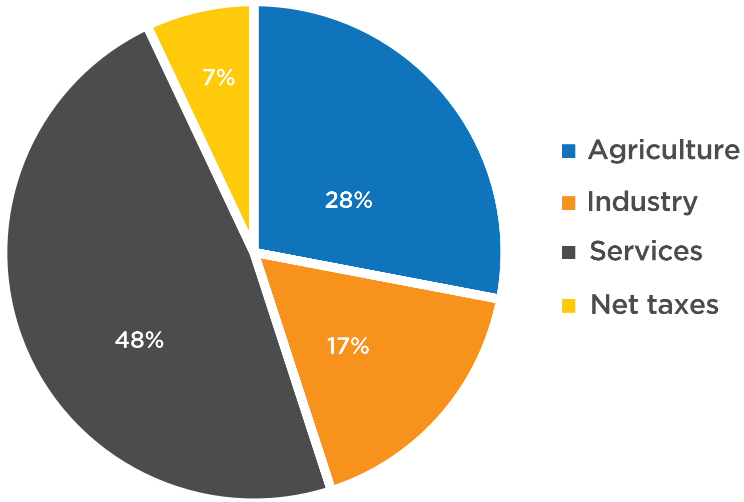
The Transformational Governance pillar will build on the strong governance architecture established over the aftermath of The Genocide committed against Tutsi in 1994 to consolidate and provide building blocks for equitable transformational and sustainable National development. The following will be prioritized under this pillar:

- Reinforce Rwandan culture and values as a foundation for peace and unity.
- Ensure safety and security of citizens and property.
- Strengthen diplomatic and International Cooperation to accelerate Rwanda and Africa's Development.
- Strengthen justice, law and order.
- Strengthen capacity, service delivery and accountability of public institutions.
- Increase citizens' participation and engagement in Development.

The structure of Rwanda's economy

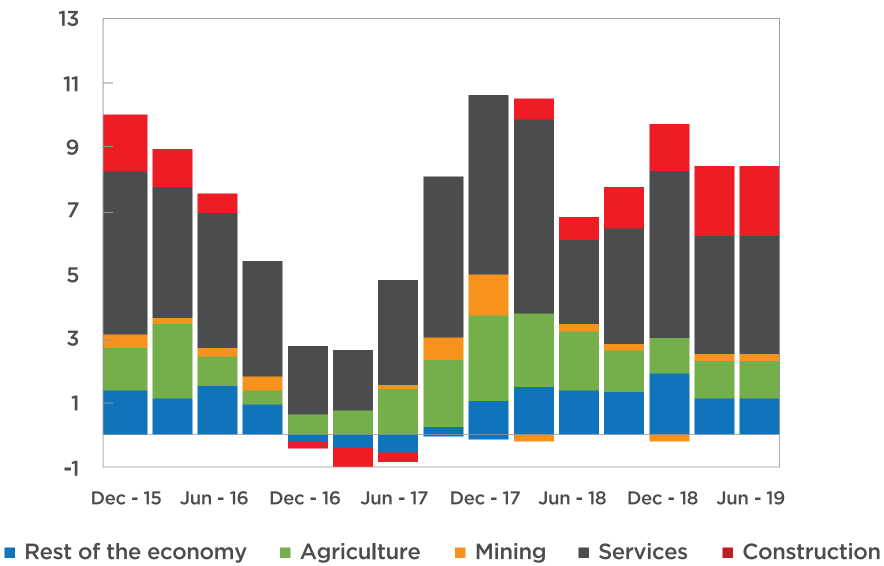
A breakdown of economic sectors by their contribution to Rwanda's GDP in 2019 shows the Services sector is dominant with Industry contributing 17 percent to GDP.

Chart: Economic Structure of Rwanda



Source: National Institute of Statistics Rwanda

Table: Contribution to GDP growth



Source: IMF

Recent economic performance

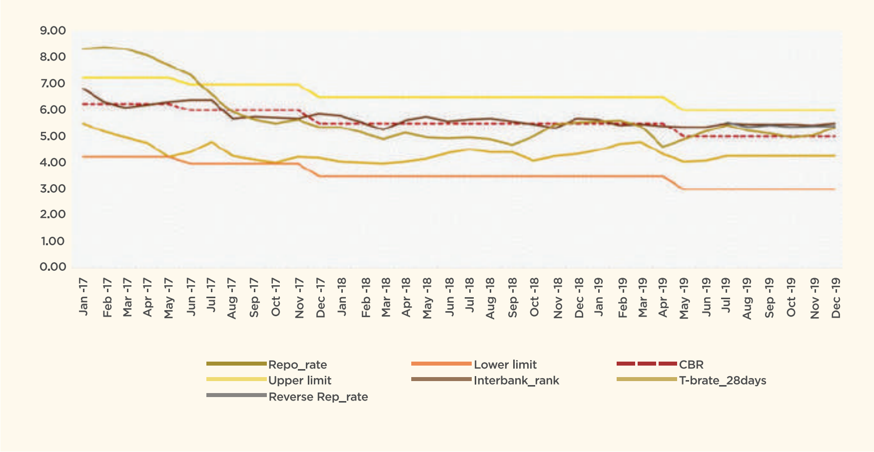
Gross Domestic Product

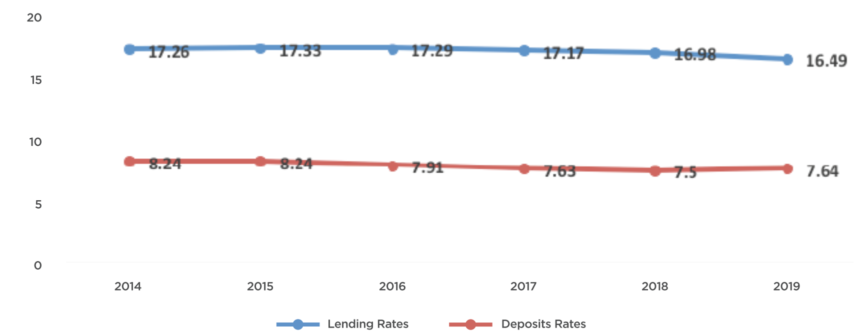
Rwanda's growth is projected to slow down to 2.0 percent in 2020 due to the impact of the Covid-19 pandemic. For the medium term, the Rwandan economy is expected to recover with growth reaching 6.3% in 2021, and back to its 8.0% trend by 2022, supported by continuing large-scale investments such as the Bugesera International Airport, the Hakan Peat plant, and electricity infrastructure. Average Inflation for 2020 is projected at 6.9%. Inflation is expected to be contained at 1% in 2021 and at 5% in the medium term. As fiscal policy trades off between supporting demand and ensuring public debt sustainability, the fiscal deficit is projected to increase to 6.8 percent of GDP in 2020 and 6.6 percent in 2021. The current account balance is projected to narrow to 9.1 percent of GDP in 2020 and 8.0 percent in 2021 due to a pickup in traditional exports.

Rwanda's rapid growth, coupled with a focus on the business environment, can stimulate growth in private investment, currently low at 13 percent of GDP compared with the East African average of 16 percent. Foreign direct investment averages 3 percent of GDP, compared with the low income country average of 3.3 percent. The 2020 World Bank Doing Business report ranks Rwanda second in Africa.

In January 2019, the National Bank of Rwanda adopted an interest-based monetary policy framework. The BNR continues to make progress in implementing its new interest-based monetary policy framework. Domestic liquidity pressures over the summer were met through increased activity on the interbank market and use of the BNR's reverse repo facility. There are signs that interest rate channels are strengthening, with shorter term interest rates converging and longer-term interest rates declining slightly. This can foster private lending for investment, creating new jobs and spurring growth.

In May 2019, the National Bank of Rwanda cut the policy rate to 5% from 5.5% as money market rates continued to stabilize around the Central Bank Rate with a decrease in the spread between lending and deposit rates

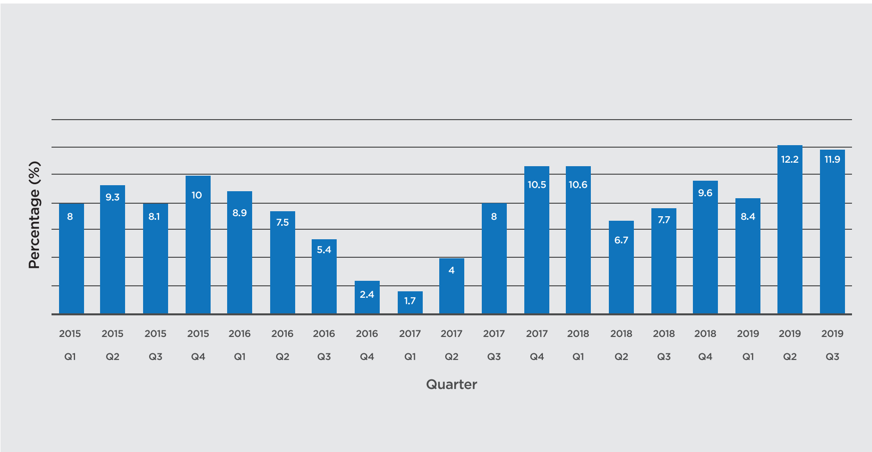




Rwanda's fiscal space to finance development narrowed recently with a steep decline in aid from 10 percent of GDP in 2010 to 4.9 percent in 2018. Despite the country's vision and bold strategy for economic transformation, the huge amounts needed for future growth will require blended financing to de-risk and crowd in private capital.

From IMF forecasts, downside risks relate to the Covid-19 situation, fuel prices, regional issues, and unpredictable weather. Upside risks are a continuation of strong private investment, more regional trade, and growth payoffs from large public investment projects

Quarterly GDP growth

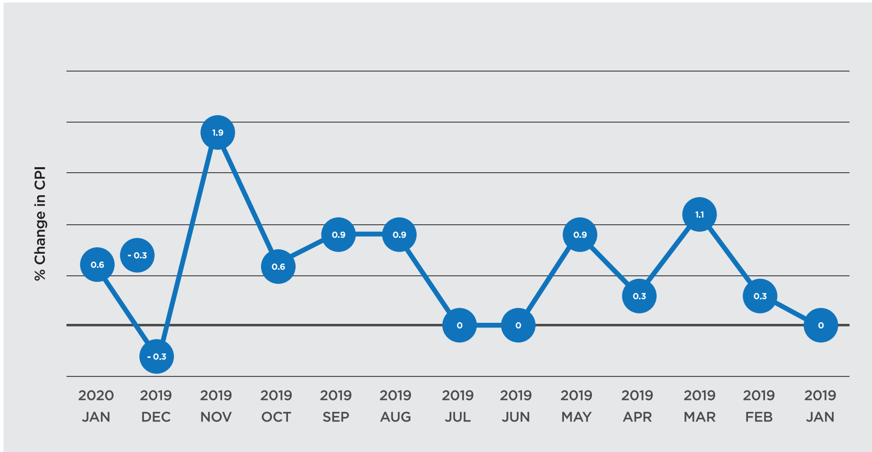


Source: National Institute of Statistics of Rwanda

Inflation

Rwanda's Consumer Price Index (CPI), main gauge of inflation increased by 7.3 percent year on year in January 2020 up from 6.7 percent in December 2019.
Rwanda's general Producer Price Index combining both prices for local and export products registered an annual increase of 14.56 percent in January 2020. Monthly general PPI increased by 1.97 percent compared to December 2019.
The inflation statistics indicate a low likelihood of sudden large increases in cost of production for manufacturers operating within the Rwandan economy.

Monthly Inflation



Source: National Institute of Statistics of Rwanda

Forex trends

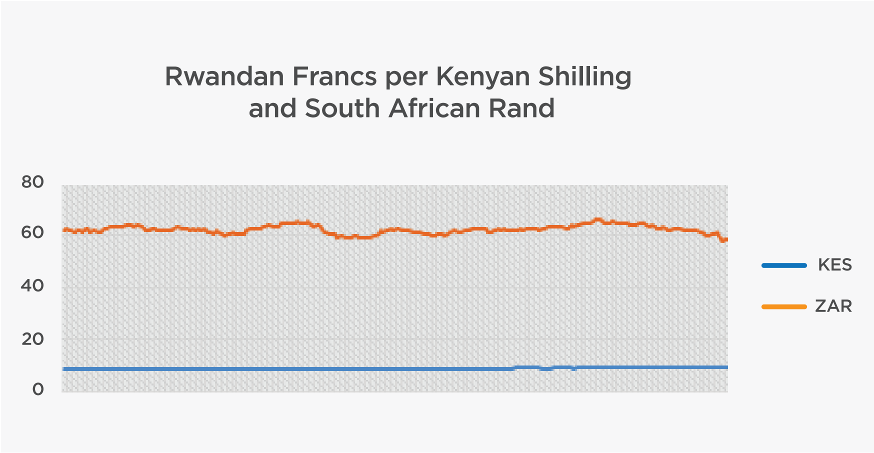
Foreign exchange in Rwanda is liberalized and foreign currency is traded following an administered floating exchange rate.

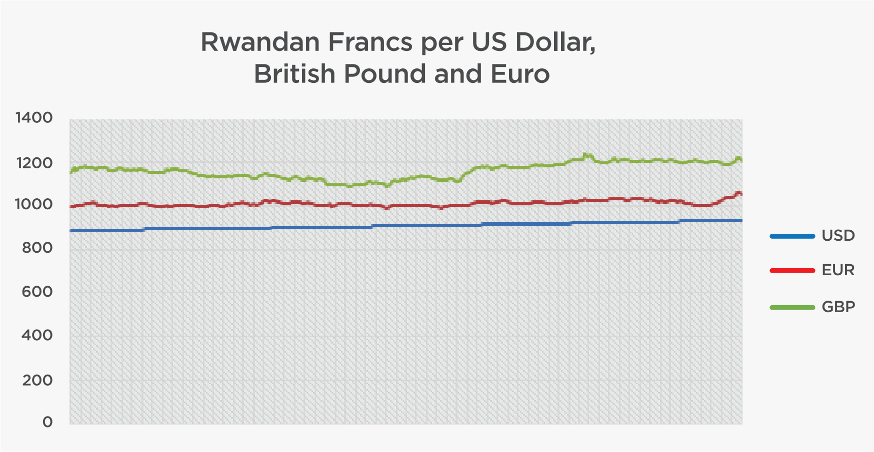
There are no legal restrictions on capital transfers in and out of Rwanda. Investors can obtain foreign exchange and make transfers at any authorized bank to repatriate profits and dividends and make payments for imports and services.

Depreciation of the Franc in recent years has served to act as a salient external buffer against exogenous shocks.

Investors could potentially benefit from foreign exchange exposure as evident from the gains some currencies have made against the Rwandan Franc in the past year.

Charts: Rwandan Franc Year to Date performance as at 11/03/2020





Source: National Bank of Rwanda

Foreign Private Capital (FPC) in Rwanda

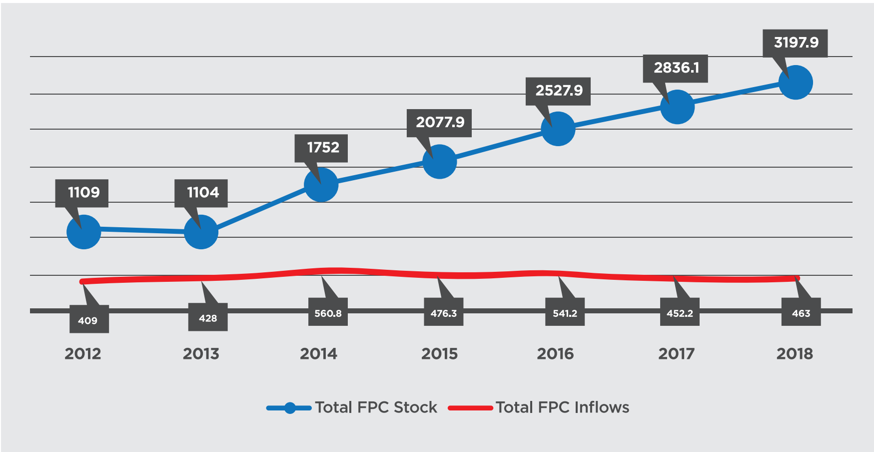
By definition, FDI is composed of equity investments from non-resident investors with a shareholding of at least 10 percent of the Company's total capital; reinvested earnings, and debts from affiliated investors.

The 2019 FPC report indicated an increase of 2.4 percent in capital inflows in Rwanda, amounting to $463.0 Million in 2018 from $452.2 Million in 2017, while the capital stock stood at $3,197.9 Million in 2018 from $2,836.1 Million in 2017, equivalent to an increase of 12.7 percent.

The increase in FPC inflows in 2018 was mainly driven by investment in electricity, gas, and steam sector ($165.2 Million), followed by ICT sector ($82.6 Million) and the financial sector ($81.2 Million).

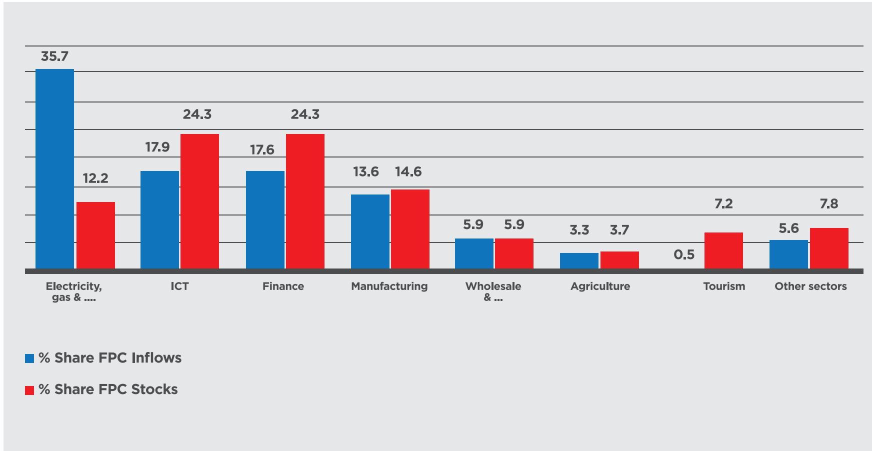
The manufacturing sector ranked fourth among all sectors attracting $62.7 million from foreign investors in 2018.

Graph: FPC Inflows and Stocks ($ Millions)



Source: FPC 2019 Census

Chart: FPC Inflows and Stocks by Sector of Activities (Percent Shares)



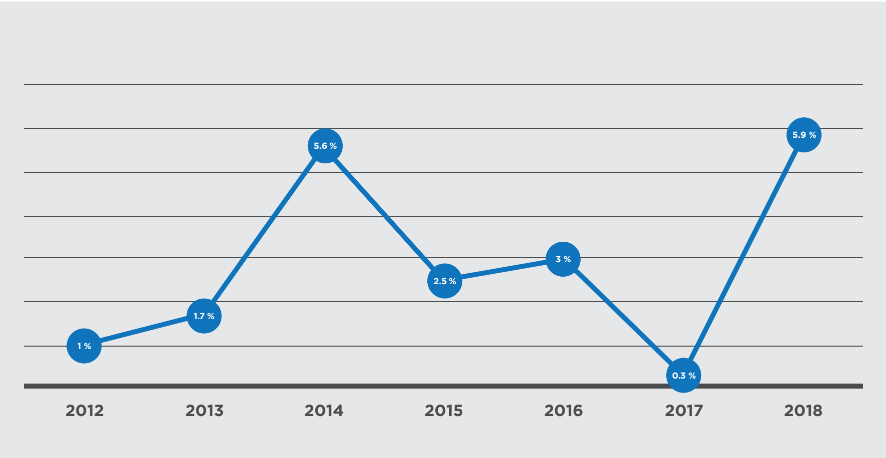
Source: FPC 2019 Census

Portfolio investments in Rwanda

In the case of Rwanda, Portfolio Investment is composed of tradable equity investments with a shareholding of less than 10 percent of the Company's equity.

The PI recorded inflows of $ 5.9 Million in 2018 that led to an increase in total stock by 5.2 percent to $ 109.3 Million in 2018. The investment in this category was still the lowest component of FPC in Rwanda; however, it was increasing in 2018, reflecting an improvement in the capital market development.

Portfolio investments Inflows ($ Millions)



Source: FPC 2019 Census

Return on Equity by sector

The Return on Equity (ROE) refers to the amount of net income returned as a percentage of a shareholder's equity. It measures the Company's profitability by revealing how much profit a Company generates from shareholders' investment.

The analysis of ROE is linked to the incentive to invest in an economy. Rwanda's ROE average is 13.2 percent, higher than the world's profitability of 6.0 percent.

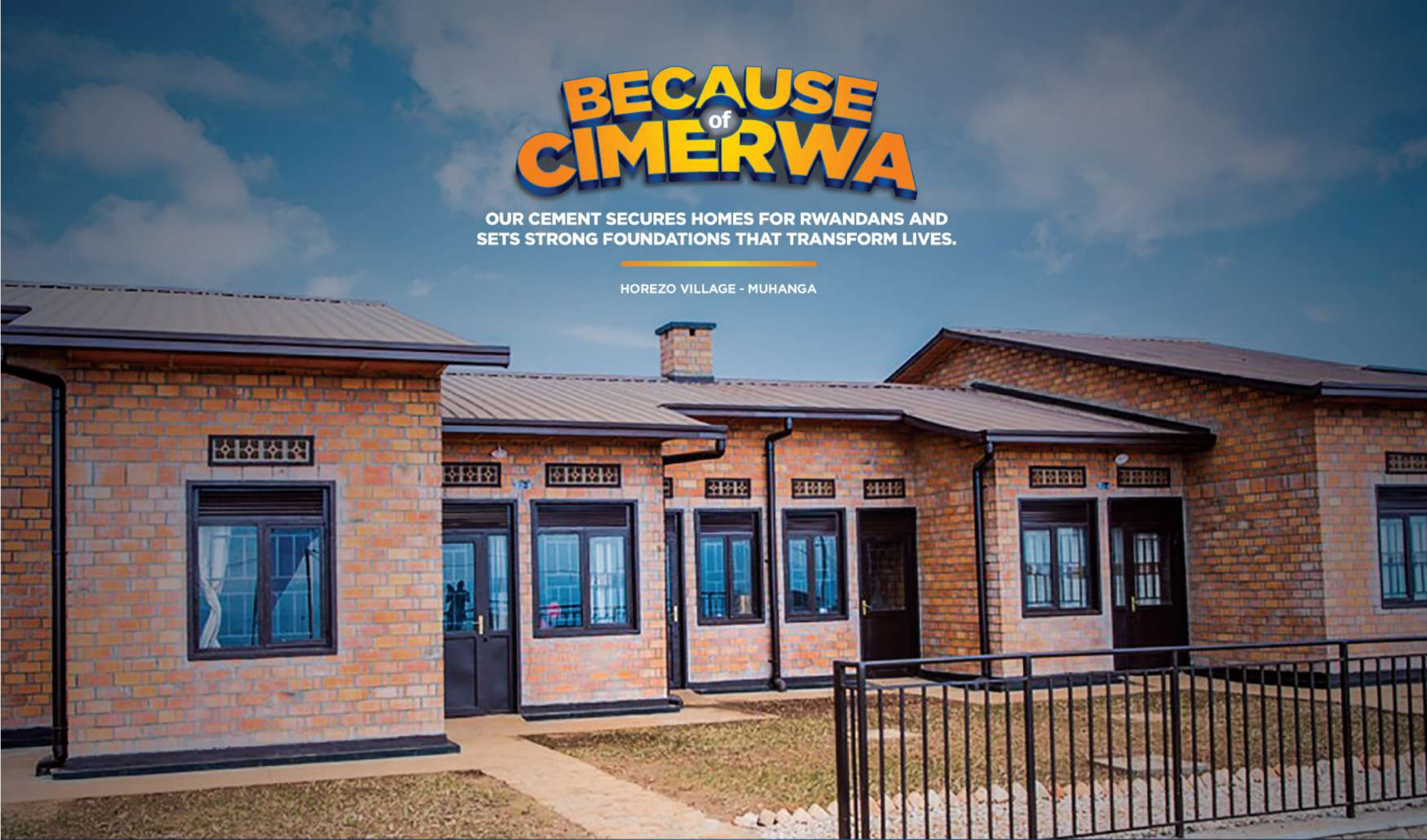
The manufacturing sector earned an impressive 8.95 percent in 2018 and averaged 21.1 percent between 2013 and 2018.

This outstanding investment performance has encouraged inflow of more funds into the Rwandan manufacturing sector and the Rwandan economy in general.

Table: ROE on by sector

SECTOR	2014	2015	2016	2017	2018	AVERAGE
Agriculture	12	44.6	55.4	14.9	20.7	29.5
Education	-0.5	-0.5	-61.8	-0.3	2.8	-12.6
Electricity	19.4	59.4	12.4	12.2	5.1	21.7
Financial	27.1	20.9	32.1	11.3	15	21.3
ICT	0	3.2	25.4	20.3	7.3	11.2
Manufacturing	28.6	10.9	4.5	52.5	8.9	21.1
Tourism	-0.1	2.3	-17.9	-6.4	1.2	-4.2
Transport	0	11	5	0.5	47.5	12.8
Wholesale	4	22.8	73.6	10.8	10.4	24.3
Average	**10.1**	**19.4**	**14.3**	**12.9**	**13.2**	

Source: FPC 2019 Census



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STRENGTHENING RWANDA

9 SECTOR OVERVIEW: CONSTRUCTION SECTOR & INDUSTRY ANALYSIS

Overview of the construction sector

The construction sector in Rwanda is experiencing a huge boost due to the population growth rate of 2.7 percent annually. The growing demand in the construction and real estate sectors is being experienced by Rwanda on a massive scale. Rwanda Development Board (RDB), the City of Kigali and the Rwanda Housing Authority announced new reforms that eased the process of securing construction permits and spur investments in April 2019. The reforms, reduced the cost and time it took to process construction permits. Among them included:

- Removal of requirement to obtain a Geotechnical Study;
- Removal of requirement to obtain an Environmental Impact Assessment;
- Removal of requirement to obtain a Topographic Survey;
- Introduction of Mandatory Decennial Insurance.

Rwanda's construction sector has been pegged as one of the four vibrant sectors that would propel the country to rebuild itself 22 years after the Genocide Against the Tutsi and spur economic development targets by 2020. While the construction industry is one of the fastest growing sub-sectors of the economy, accounting for almost 30 percent of total turnover of the industrial sector, a big part of the population cannot afford to buy, build or even rent a decent house. Real Gross Domestic Product (GDP) growth averages 8.2 percent annually, which translates into a GDP per capita growth of 5.1 percent per year. At the heart of this growth was the industrial sector, which grew at an average of 9.8 percent per year during the First Economic Development and Poverty Reduction Strategy (EDPRS 1), driven by the rapid expansion of construction whose growth rate averaged 15 percent annually. In the same period, the industrial sector produced 15.4 percent of national output. With this big pay cheque at stake and the high demand for modern structures, the game has not only been left to local players but also regional and foreign multinational construction companies.

Construction boom

The boom in the sector started about 20 years ago when the population increased drastically in 2000 and as a result of Government pushing for more modern structures (housing and commercial) to replace the old ones. By 2003, there were only regional and international construction companies in the game, but within the last six years, the competition and growth of Rwanda's private sector drive have seen local companies coming up to have a market share. Some of these include Horizon Group, Real Contractors, Rock international Ltd, Star Construction Company, NPD COTRACO, among others.

Market demand

The demand for construction companies in the country remains big as a result of the need to build more housing and formal structures in line with the country's vision. The demand for housing units stands at 20,000 units annually, for Kigali alone the demand for premium housing is at 1,601 units and yet only between 800-1,000 housing units hit the market annually, with supply skewed towards high-income earners, leaving the majority of city dwellers without decent homes. A study made in 2012 by the City of Kigali, the Ministry of Infrastructure, and the European Union indicated that Kigali could face a housing deficit of 344,000 homes in 2020. According to the Kigali City Master Plan, at least 43,436 social houses and 186,163 affordable houses will be required annually, reflecting 54 percent housing demand. The Doing Business reforms have now started to spin an intrinsic momentum that has seen the growth of construction in the country.

The World Bank Group's Rwanda Country Private Sector Diagnostic (CPSD), published earlier in 2019 identified affordable housing as a sector with significant potential for economic growth, job creation, and development impact in the next three to five years. Attracting private sector participation will require a multi-faceted approach that is a top priority for the reform-minded Government. Analysts believe that private sector firms such as construction companies, developers, building materials producers, and firms offering professional services (for example, architects) could take advantage of new opportunities in the affordable housing sector.

According to the Johannesburg-based Centre for Affordable Housing Finance in Africa, the costs of building materials, regulatory compliance, taxes, and import duties account for 55 percent of the total construction costs in Kigali. Construction costs can be reduced by developing new technologies, for example, in brickmaking or modular construction, as well as producing building materials locally, the CPSD said. There are opportunities for international and local firms to enter the building materials sector, especially for low-cost, technology-driven production of local building materials. Global expertise could help with technology transfer.

Consumption

Substantial demand for new construction continues in the capital, where rapid population growth is far outstripping available services. International donor countries have predominantly funded this demand by tying aid to the reconstruction and new infrastructure projects – the country's lack of roads hampers inward investment and export growth. However, at 57-kilogram, per capita cement consumption remains very low.

Cement industry

The cement sector in Rwanda has a supply gap, an enviable position in EAC, with a demand of about 0.7Mtpa against domestic supply of 0.42Mtpa. Rwanda is the one country in EAC to boast of strong demand growth and a supply gap while neighbouring countries like Kenya, Uganda and Tanzania struggle with overcapacity amid slowed demand. Cement demand in Rwanda is estimated at 0.7Mtpa, driven by both public and private sector. Demand is projected to keep rising with population and urbanisation growth, in addition to demand from key projects such as the Bugesera International Airport, Model Villages and transport projects.

The Rwandan market is highly contested for as an export market by players in Tanzania and Uganda, with Uganda taking the majority share. However, the border issue between Uganda and Rwanda has reduced cement imports from Uganda but these have been replaced by imports from Tanzania. In effect, the existence and/or resolution of the border issue does not have a significant impact on local producers' sales volumes as imports are supplementary to local production.

Notably, ownership changes are the order of the day in the cement sector in Rwanda as the Government seeks to expand the sector and encourage private investment. CIMERWA Cement is the dominant player with a capacity of 0.6Mtpa; the other player is Kigali Cement and a new player, Prime Cement, is setting up. Kigali Cement, owned by ARM Cement PLC (under administration), is barely operational and part of the assets being sold to settle debt owed to creditors.

Local cement demand analysis

There are several high value ongoing and planned infrastructure projects in Rwanda which are set to drive local demand for cement. These include:

- The construction of the USD 818m Bugesera International Airport in Eastern Province, USD 350m Gisagara peat energy plant in Southern Province, and the USD 66.6m construction of Base-Butaro-Kidaho tarmac road in Rwanda's Northern Province.

- Bugesera International Airport, set to become Rwanda's largest International Airport is on course to conclude its first phase in 2020. The new airport, once complete, will have a passenger terminal with 30,000 square meters and six passenger Boarding bridges.

- Construction is also underway for several stadiums across the country. One such stadium is the 10,000-capacity multisport arena built specifically to cater for hand games in Rwanda. This stadium was constructed by Summa Rwanda Ltd. The arena is located on Ferwafa artificial turf near the Amahoro National Stadium in Remera, a stadium which also currently underwent a significant infrastructural upgrade.

- The planned USD 2bn Kigali Innovation City is another highly anticipated infrastructure project. The 70-acre development is expected to host world-class universities, technology companies, biotech firms, and commercial and retail real estate.

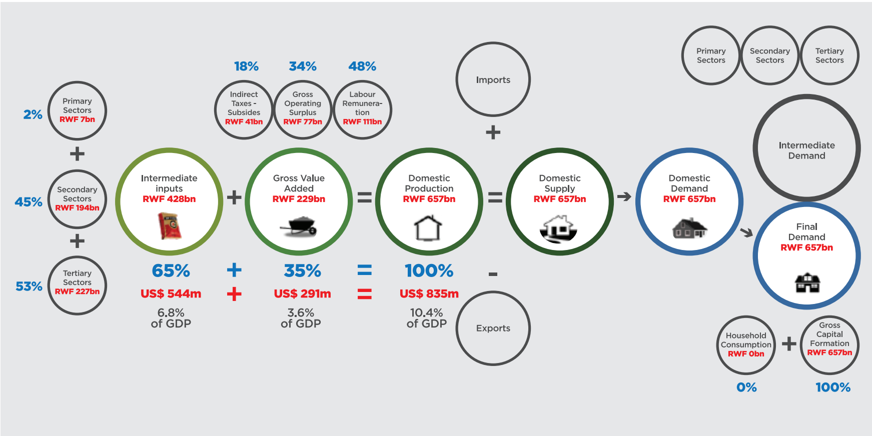
Demand for the 32.5N cement product in particular is forecast to be driven by real-estate construction such as the low-cost housing projects. 10,000 affordable houses are set to be constructed in Rwanda. This is after the Rwanda Development Board (RDB) signed a Memorandum of Understanding (MOU) with Mitrelli Group, an Israeli conglomerate that specializes in large-scale long-term projects.

According to a 2012 study conducted by Planet Consortium (An international consulting Company) and the Ministry of Infrastructure (MININFRA), the annual demand for new dwellings in Rwanda was 31,279 housing units per year against the supply of about 1,000 units. This demand is expected to reach 340,000 units by 2022, mainly for affordable and mid-range housing.

According to the International Finance Corporation, demand for secure, affordable housing is surging because of fast urban population growth—estimated at 5.75 percent annually, exceeding twice the rate of overall population growth in Rwanda. By comparison, World Bank data showed that urban population growth globally in 2018 was 1.93 percent, about twice the rate of overall global population growth of 1.1 percent. In Kigali alone, demand for new houses over the next three years is projected at nearly 350,000, with the current pace of only 1,000 housing units built per year illustrating a growing shortage. Urban centres such as Huye, Muhanga, Musanze, Nyagatare, Rubavu, and Rusizi also face significant housing deficits.

The "Assessing Rwanda's Affordable Housing Sector" report was released in March 2019 by the Centre for Affordable Housing Finance in Africa. The research confirmed the close ties that the housing construction and rental sectors have to Rwanda's future economic and social development. This informs the Government's focus on facilitating affordable housing projects.

Figure: Estimated Economic Value Chain for Housing Construction in Rwanda (2017)



Real estate activities output was worth FRW 693 billion during 2018-2019 indicating a CAGR of 9.8 percent over the past 5 years. The positive trajectory of both the real estate and construction sectors points to a further increase in demand for cement in Rwanda.

Chart: Manufacturing, Real estate and Construction sectors

Competition

East Africa's installed cement capacity is estimated at 42.2 million tons, with 0.7million tones of that total being produced in Rwanda representing 1.7 percent. Industry players are already expanding with total cement production capacity in East Africa set to increase by 1.35 million tons in 2020 and may total over 50 million tons in 3 years.

This expansion points to confidence in the growing demand for cement in the region. Within Rwanda, a new entrant, Prime Cement is building a 0.6 million ton milling plant in Musanze. Rwanda's national cement demand stands at around 780,000 tons per year, the country produces 420,000 tons hence relying on imports to cover the production shortfall.

Hima Cement Rwanda, a subsidiary of Hima Cement Ltd has been one of CIMERWA's biggest competitors for the past years, particularly in the 32.5N brand.

Large manufacturers, among them cement, steel and roofing material producers are no longer exporting to Rwanda pending outcome of talks between the Government of Rwanda and Uganda.

Table: East Africa cement production capacity per year (Est.)

COUNTRY	Current installed Miling Capacity (million tons)	Current installed Clinker Capacity (million tons)	Current Cement Demand	New Milling Capacity in 2020 (million tons)	New Capacity in 3 years (million tons)	Total Capacity in 3 years (million m tons)
Rwanda	0.7	0.46	0.78	0.6	0.65	1.95
Uganda	5.5	0.9	2.4	0	1.6	7.1
Burundi	0.1	0.1	0.3	0	0	0.1
Eastern - DRC	0.26	0.04	0.2	0	0	0.26
Kenya	11.6	4.1	5.9	0.75	2.25	14.6
Tanzania	8.73	5.7	4.2	0	0	8.73
Ethopia	15.3	10.5	8	0	2.5	17.8
TOTALS	**42.2**	**21.8**	**27.7**	**1.35**	**7**	**50.54**

Sources: Various manufacturer's and industry websites, reports and news.

Outlook

Average inflation for 2020 is projected at 6.9%. inflation is expected to be contained at 1% in 2021 at 5% in the medium term.

The GDP grew by 9.4 % in 2019 and is projected to slow down to 2.0 % in 2020 due to the impact of the Covid-19 pandemic. For the medium term, the Rwandan economy is expected to recover with growth reaching 6.3% in 2021, and back to its 8.0 % trend by 2022. The high performance in 2019 was across all sectors though majorly due to industry sector (in which construction sub-sector contributes 33 %) that grew by 17 % followed by services sector 8 % and agriculture sector 5 %.

The booming construction activities in 2019 included the Kigali Sports Arena, Gisagara Peat Power Plant, road network upgrade across the country and secondary cities among others, let the construction sub-sector to increase by 30.5 percent in 2019 from 11.9 percent in 2018.

Foreign Direct Investments stood at 4.4 percent of the GDP and projected to remain constant over 3 years.

Rwanda is the second easiest country to do business in Sub-Saharan Africa and the second most competitive in Africa.

Rwanda has 12.9 million population with 2.5 percent annual growth rate. Urbanization is at 18 percent with annual growth of 4.5 percent and targets to get the urbanization rate of 35 percent by 2024.

10 CIMERWA'S HISTORY

Company History

CIMERWA started in 1984, with a heritage of over 30 years of changing the Rwandan landscape, is Rwanda's only integrated cement producer. CIMERWA's production plant is located in Bugarama, Rusizi district in South Western border of Rwanda at 300Km from Kigali with 600Ktpa capacity. With current export market sizing 65Ktpa Bukavu Market located at 55km and 35Ktpa for Goma Market located at 275km.

This is the only cement Company in Rwanda that mines raw materials, produces the clinker, packs and sells cement for general and civil construction. Some of our products are exported to neighbouring countries such as DRC and Burundi. CIMERWA has nominal capacity of 600 Ktpa with current utilisation of 420 Ktpa.

CIMERWA'S vision is to be the leading producer and supplier of quality cement and related products as well as solutions in the Great Lakes region while maximizing stakeholder value.

Our major Shareholder PPC Ltd, is the largest cement and related products supplier in Southern Africa with 128 years of cement and concrete expertise. PPC acquired the stake in 2013 when CIMERWA was privatised. Not only did they invest in the CIMERWA business but they have been instrumental in providing technical support and expertise as well as providing further on-the-job training to our local employees.

The cement manufacturer has the strong advantage of being established in the market for about 36 years, with a firm supply chain and efficient route to market. Being a local producer, CIMERWA supplies Government projects as part of the national campaign (Made in Rwanda promotion) to use locally made products. CIMERWA was the cement supplier for the Kigali Arena, Gisagara Peat plant, the new Prime Minister's offices and new Gasabo District offices, among others.

CIMERWA has a reliable and multi-channel route to market through wholesalers, contractors and direct selling to retailers, ensuring a high market share and diversity of revenue sources. CIMERWA is also expanding its product portfolio to cater to the different consumer needs, which is expected to boost sales volumes and potentially margins.

CIMERWA directly and indirectly employs over 350 people, contributing to economic growth and development of skilled labour - CIMERWA has trained over 350 staff, bridging a skills gap that potential local competitors would take years to fill.

Looking at potential supply risks, CIMERWA sources its raw materials locally and in the East African region, reducing risks of global dependence particularly in view of the current global crisis (COVID-19).

The estimated extraction period of its limestone deposits is at least 16 years and Management is exploring additional sites in Rwanda and DRC. In addition, CIMERWA is looking at efficient use of clinker to extend the life of its mines, for instance through production of low clinker products such as SUREWALL 22.5X.

CIMERWA reported a 331.4% surge in net income in FY19 to Frw 3.5bn, on higher growth in income compared to costs. Revenue rose 23.9%y/y, translating to a 90.3%y/y jump in operating profit. Management has shown initiatives in cost management, well balanced with proactive management of inventory to mitigate supply hitches to customers.

CIMERWA reported a cash position of Frw 8.1bn, almost unchanged y/y, and with prudent repayment of debt – quite impressive for a capital-intensive business. Its focus on cash generation continues to pay off.

At its core, CIMERWA is fully focused on the journey of Strengthening Rwanda in a pursuit to lay strong foundations for future generations.

CIMERWA PLC Evolution

- In the early 70s, discovery of deposit of limestone at a hot spring in Bugarama, Rusizi District in South Western Rwanda.
- 1976 Agreement to set up the 50,000 tons per year cement plant.
- 1984 Plant is commissioned and managed by CBMC (a Chinese Company) under a build, own, operate and transfer agreement until the end of the loan term in July 2006.
- 1994 Operation suspended during the Genocide Against the Tutsis which saw 58 CIMERWA team members lose their lives.
- 2001 Plant capacity is upgraded to 100,000 tons per annum.
- 2006 CIMERWA is privatised under the Rwanda Investment Group (RIG).
- 2011 Shareholding changes to several Rwandan based institutions.
- 2013 PPC (Pretoria Portland Company) acquires 51% share of CIMERWA for $69.4M
- 2015 New corporate identity launched. Plant officially opened.

OUR PRODUCTS ARE INHERENTLY STRONG. OUR PRODUCTS ARE INHERENTLY DURABLE.
THIS IS EXPECTED.

THE STRENGTH WITHIN OUR PRODUCTS & PEOPLE SETS THE FOUNDATION FOR TOMORROW.
A TOMORROW OF JOY. A TOMORROW OF PROGRESS. A TOMORROW OF PROSPERITY.
A TOMORROW OF LASTING LEGACIES.

THIS IS WHERE OUR REAL STRENGTH LIES. OUR STRENGTH IS IN OUR GUARANTEE.
OUR STRENGTH IS IN OUR NAME, STAKEHOLDERS, STAFF, COMMUNITIES AND OUR CUSTOMERS.

OUR STRENGTH IS IN EVERYTHING WE'VE BEEN DOING SINCE 1984.
FOR TODAY & TOMORROW.

TOGETHER, WE ARE SETTING THE FOUNDATION FOR A STRONGER AND BOLDER RWANDA, WITH OUR OWN SIMA NYARWANDA. TOGETHER, WE ARE STRENGTHENING RWANDA.

THIS IS OUR PLEDGE TO YOU.

Learn more about Rwanda's leading producer and supplier of quality cement at **www.cimerwa.rw**

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STRENGTHENING RWANDA

11 BUSINESS OVERVIEW

Business overview: cement manufacture

The cement sector growth is pegged on GDP growth for Rwanda standing at x1.3 factor. Relevant market for all Rwanda players includes export opportunities in neighboring states. Over the next seven years, the average cement growth rate is thus 8.4 percent year on year. Solid macro-economic fundamentals underlie the prospect of a buoyant Rwanda economy over the short to mid-term. Commissioning of local players (e.g. CIMERWA) suppressed the dominance of imports.

This trend is expected to continue with the entrance of PRIME Cement in 2021.
A ramp up of PRIME Cement is envisioned with 80 percent utilization over the next 3-4 years. Other local players (e.g. Great Lakes) are doubtful projects but have nonetheless been factored-albeit marginally from 2021. Over 1 Million Ktpa domestic demand is expected by 2023.

CIMERWA has strong fundamentals and is well positioned to exploit the robust Rwandan growth story. The Company is also on a good trajectory to great investor value creating.

Products

SURECEM

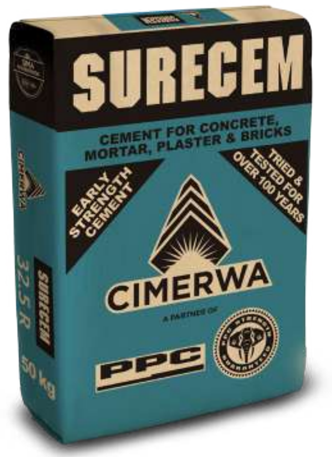
SURECEM 32.5N is an advanced formulation cement with broad applications ranging from domestic concrete to medium sized building projects. SURECEM 32.5N is your proudly Rwandan general-purpose cement for quality cost-effective mortar, plaster and concrete uses.

Product Benefits

- Product of choice for all types of home and DIY building applications
- Consistent, convenient & cost-effective
- Improved workability and finishing

Applications

- Masonry work (Mortar and Plaster)
- Floor screed
- Concrete masonry (Brick, Block and Paver)
- Low strength concrete (10 MPa— 15 MPa)
- Medium strength concrete (20 MPa— 25 MPa)
- High strength concrete (30 MPa— 35 MPa)
- All types of contractors and DIY home builders\
- Precast operations
- Soil stabilization



SUREBUILD

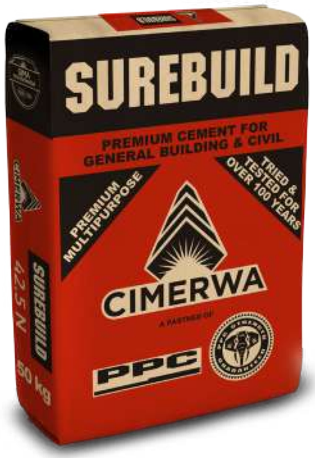
SUREBUILD 42.5N is a premium cement made from high quality raw materials and is intended for use in masonry, structural concrete and precast concrete products.

Product Benefits

- Product of choice for structural concrete, precast as well as large residential building applications
- Consistent, convenient & cost-effective
- Improved workability and finishing

Applications

- Concrete products
- Precast operations
- Readymix concrete
- Grouts
- Shortcrete
- Reservoirs and swimming pools
- Specialised concrete



SUREWALL

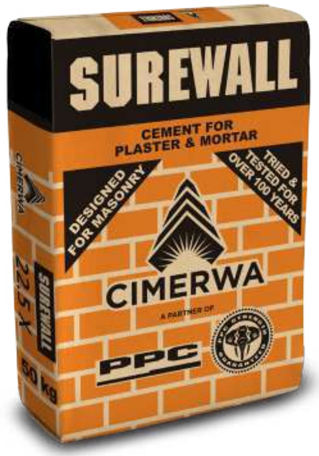
SUREWALL 22,5 X is a masonry cement made from high quality raw materials ideal for mortar plaster and DIY applications.

Product Benefits

- Workability
- Cohesiveness
- Water retention
- In hardened plaster it reduces cracking and crazing and improves the surface finish.

Application

- Masonry work (Mortar and Plaster)
- Floor screed



CIMERWA bulk cement solution

A first of its kind in Rwanda. The CIMERWA bulk cement solution has been developed to cater to key customers in the construction industry because we understand that the cost of cement and delivery constitute significant input costs to our customers' businesses.

Solution benefits

FINANCIAL	QUALITY	ENVIRONMENT
No packaging costs	Premium product to suit your needs	Management of litter (Zero empty bag)
Less associated costs of offloading	Limited contamination of cement	Less dust emissions on site
Reduced costs of storage		
Improved efficiencies in operations		
No cement bag breakages		

Sources and availabilty of raw materials

The major raw material for cement production is limestone which CIMERWA sources locally with mines mainly concentrated in the Northern and Western provinces of Rwanda. Ongoing minerals exploration and mapping in Rwanda and Eastern Democratic Republic of Congo is expected to increase limestone reserves available.

Gypsum and clay are the main additives in cement production. Clay is readily available in Rwanda with some gypsum also accessible within the country. Gypsum is sourced mainly from Garissa in Kenya where it is abundant in high quality. Alternatives gypsum supply is readily available from Tanzania in areas such as Mkanganga. CIMERWA obtains its packaging from A to Z textile mills in Tanzania with alternatives readily available in the entire East African region.

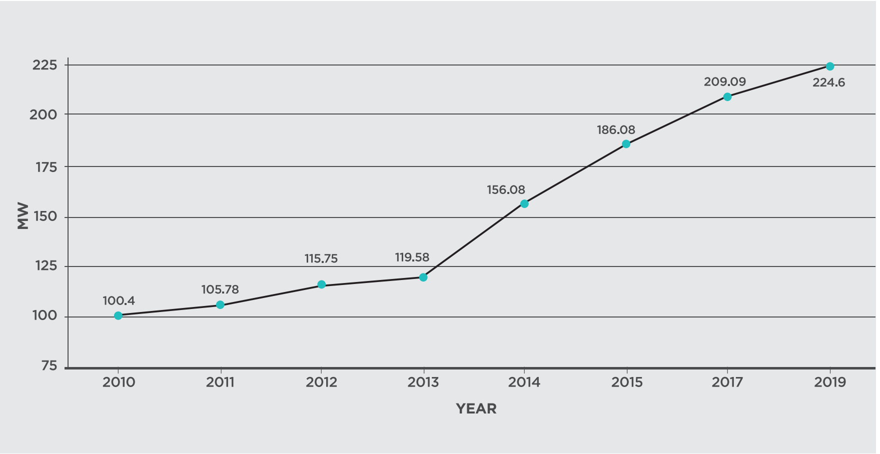
CIMERWA is shifting more towards the use of extenders as it widens its portfolio of products to include brands with lower clinker requirements to respond to the high demand in the lower-end market segment. Pozzolana, an extender, is readily accessible within Rwanda in areas such as Kabarole.

Availibilty of power

Access to power is arguably the third most critical factor of production for any manufacturer after labour and raw materials. Currently, the total installed capacity to generate electricity in Rwanda is 218 MW from more than 40 power plants, mainly hydro. Only 1.62 percent of the available capacity is imported while the rest is domestically generated.

By generation technology mix, 45.17 percent is from hydrological resources, followed by diesel with 26.76 percent, Methane gas makes up to 13.89 percent, Peat (6.94), Solar (5.59MW) and 1.62 percent imported from the Democratic Republic of Congo and Uganda. This diversification in technology mix and numerous power plants is great as it reduces the risk of disruptions in power supply.

Chart: Power Generation Capacity in Rwanda.

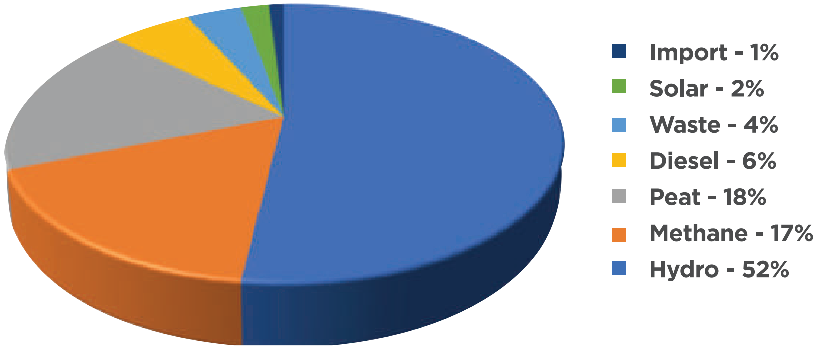


Source: Rwanda Energy Group

A number of projects to build new power plants are underway and will add around 400 MW on the existing national grid by the year 2024. These include among others Kivuwatt extension to add over 60MW in the next decade. Some mid-term developments include Hakan peat to power plant which will add 80MW in 2020, Rusumo Falls Hydropower plant (26MW in 2021), Rusizi III (48.3MW in 2023), Symbion (50 MW in 2022) and Nyabarongo II (43.5 MW in 2024).

Most of these pipeline projects are Independent Power Producers, with the Government of Rwanda playing a facilitation role. These projects are expected to considerably reduce the usage of expensive power sources (fuel) and change the generation technology mix as indicated in the graph below:

Chart: Rwanda's target power generation mix



Source: Rwanda Energy Group

Since 2018, the Government of Rwanda has been offering the following incentives to investors in the power sector;

- Provision of transmission access to all power projects on Government's cost
- Authorized road access, water service and all infrastructure needed during energy projects
- Free tax on power equipment during energy projects development
- Provision of land on power projects by the Government or compensation to private developers on the cost of land

More investments are therefore expected in the power sector.

Summary of CSR projects

CIMERWA Schools

Twelve years ago, the CIMERWA School "Educateur Nursery/Primary School" had 64 students. Today, there are over 453 students, across three classes, with fourteen teachers, one headmaster, and over the last three years the school has been ranked second in performance in the Rusizi District for the national exam. In 2008, CIMERWA developed the school even more by investing FRW 123.8 million. Now, in response to a growing demand, the school is being expanded to include three years of high school so that scholars qualify for colleges and universities. Parents are part of the success as well, being largely involved in management and in a local committee that oversees the mission and vision of the school.

CIMERWA Clinic

The CIMERWA Clinic was established at commissioning of the plant in 1984. It includes a pharmacy, a 13-bed hospital and a laboratory manned by trained staff. It has grown over time with the addition of new services like family planning, HIV care, and immunization with vaccines provided by the Government. It now has a staff of 11, including a physician, two lab technicians, seven nurses and a cashier. In addition to the staff of the plant and their dependents, the Health Centre is open to the local population who pays a subsidized consultation fee and the medicines are made available to them at cost price. The clinic is constantly growing and has now acquired a brand-new ambulance that will also be used in community outreach programs organized by the clinic.

CIMERWA Tailory project

CIMERWA recognized that as the need for tailored outfits for use around the factory emerged, the tailors in the community next to the plant would be a key source of technical skills. Local tailors organized themselves to work in conjunction with CIMERWA to provide the required tailoring service. The tailors were given an opportunity during the Company's 30th anniversary celebrations in 2014 – they were tasked to produce 128 graduation gowns within four days for the kindergarten and primary students of the CIMERWA School.

A total of 56 women worked independently under the guidance of CIMERWA and eventually delivered within the set timelines. CIMERWA remains committed to engaging these women in current and future projects aided with skilled guidance from the Company.

CIMERWA Knitting Project

During one of CIMERWA's meetings with the community, a young girl sat quietly, knitting a scarf with so much ease oblivious of the meeting's proceedings to the admiration of others. This drew the attention of the Company's staff that saw not only a hobby at display but also a business opportunity. Two months later, a knitting project has been initiated and membership has risen to more than 20 of school going and recent graduate girls. The group meets during their free time under the coordination and mentorship of CIMERWA school teachers. They recently got their first big order of 20 scarves from South Africa. CIMERWA will continue hosting the project, provide technical skills and market the finished products. This is the beginning of a journey to economic empowerment for the girls and their families.

CIMERWA Turf Block Projects

The Turf Blocks Project is an initiative by CIMERWA to engage women in the community of Bugarama to make blocks that are used for paving of parking lots for commercial structures, access roads, private residence compounds and high way escapements to prevent landslides and control heavy rainwater flow. This project currently equips 48 women in Bugarama with the technical capacity/ability to make these blocks which in turn facilitates their personal growth. This project is part of an ongoing effort by CIMERWA to add value to the Bugarama community across different sectors.

Plant: Focus on unlocking capacity potential and operation/ cost efficiencies

Key plant priorities:

- Volumes: 600Ktpa (FY23)
- Alternative fuels
- Heat consumption: 4.0 Mj/t (FY20) » 3.6 Mj/t (FY23)

Key initiatives:

- Strengthened team capacity
- Innovative projects
- Capacity debottlenecking: new plant & old plant

PROCESS	
Capacity Debottlenecking performance (OEE/tons)	✓
Cost savings program: • Alternative fuels % • Clinker factor % • Inputs prices: coal, gypsum bags • Fixed costs & overheads • Optimize inbound / out bound (truck tumaround cost / t / km)	✓
Simplify, standardise, automate	
Critical Projects • Productivity improvement • Limestone Reserves	

COMPLIANCE, CSR & GOVERNANCE	
Healthy & Safety Improvement Program (Zero harm)	✓
Environmental Sustainability Programs (AFs, Extension, Solar etc)	
Risk Management	
Community support and Gender balance program	
Stakeholders engagement program	
Cement Industry actions: Level Playing field VS Imports	

FINANCIAL PERFORMANCE	
Achieve EBITDA	✓
Forex cash generation export volumes	
Debt covenants: Proactive Management & Compliance	
Cash flow optimization CAPEX & working capital + Tax holiday Extension	✓

CUSTOMER EXCELLENCE	
Defence market share	
Strengthen Route to Market	✓
Technical solutions & support	
Strategic Partnerships	
New building solutions, product portfolio optimisation.	
Commercial team organisation & capacity	

PEOPLE	
Implement Leadership Development Programme	
Drive succession management	
Local skills capacity building	✓
Drive performance oriented culture: Employee engagement program	✓
HR policies review & alignment with Group	
Organization Effectiveness: 'Fit for purpose'	

Game plan – vision 2025

Short term (1 year)

- Plant production ramp-up: 500Ktpa
- Enhance Route to Market
- Strengthen human capital & organization
- Cost Competitiveness

Medium term (2 years)

- Plant Production ramp-up: 550Ktpa
- Cost competitiveness
- Strengthen human capital & organization

Long term (>2 years)

- Plant Production ramp-up: >600Ktpa
- Kigali Grinding Station
- Strengthen human capital & organization

Domestic market share evolution

- Competitor imports expected to taper off with the entrance of PRIME Cement.
- However, improved political relations with Uganda could offer a twist for the future imports' landscape as Hima-Lafarge has very competitive variable costs that can challenge any of the in-country plants.
- Utilization of grinding capacities and other expansion projects remain key in securing market share for any player–hence assumptions on CIMERWA projects.
- A Grinding Station with a capacity of 500Kta is being considered. This will increase our capacity and thereby consolidate our market position as we defend our market position going forward.
- Low utilization by PRIME Cement could lead to resurgence in the share of imports.
- Once again, a modest consideration of Great Lakes (or other local players) has been factored.

Export market share evolution

Relevant export markets considered are:

- Goma
- Bukavu
- Uvira(and possibly, Burundi over the long-term)

12 RISK FACTORS

Risk management framework

Sustainable performance can only be achieved through disciplined risk management. It is part of our corporate culture that every employee at every level of the organization is accountable for risk management. This approach has enabled CIMERWA to overcome the challenges of a changing global, regional and domestic macroeconomic environment.

The section below provides details of CIMERWA's risk exposures.

General risks

Macro-economic risk

The operational results, income and growth of assets by CIMERWA may depend to an extent on the stability of the Country's macro-economy. The Company like all entities operating within Rwanda is exposed to macro-economic risks associated with the country. The Company's management team has put in place a robust business strategy, systems and procedures to minimize its exposure to adverse economic condition however, this cannot provide an assurance that adverse economic conditions will not hamper the Company's performance.

Geo-political risk

Looking at potential supply risks, CIMERWA sources its raw materials locally and in the East African region, reducing risks of global dependence particularly in view of the current global crisis (COVID-19). Imported raw materials such as gypsum and packaging can be sourced either from Kenya or Tanzania. The current border impasse between Rwanda and Uganda has not interfered with CIMERWA'S production.

Geo-political risk is thus low considering East Africa is among the most integrated regions in Africa.

Risks relating to business

Production disruption

Disruption of production at CIMERWA mainly arises from equipment breakdowns and power interruptions. This risk is driven by unavailability of specialized service providers with experience in Chinese technology within the country. Poor maintenance and operating costs coupled with inefficient spares holding further raises this risk.

The low industrial safety culture in Rwanda is also a concern. Adverse weather patterns and unreliable logistics channels occasionally deny CIMERWA the necessary raw materials for production.

The Management is fully committed to reducing this risk having already successfully completed equipment criticality analysis, improved critical stock holding and maintenance planning. Plant regularization from Chinese technology towards European technology was undertaken in 2019. Going forward, the clean-up of the MRP system and implementation of robust supply agreements will mitigate logistics challenges. Management plans to appoint expert coaches/mentors to upskill staff especially on maintenance and operating practices. The planned installation of a transformer in November 2020 will mitigate power outages arising on instability in the national power grid.

Increasing competitor rivalry

CIMERWA enjoys an estimated over 50 percent of the domestic cement market share. The rest of the demand is satisfied by Imports mainly from Tanzania. The potential entry of other domestic cement manufacturers changes the cement market structure with competition likely to increase. However, it is important to note that domestic demand currently exceeds domestic supply with CIMERWA'S turnover more likely to be affected by production disruptions than competition.

In response to this, Management is implementing an aggressive Route-To-Market strategy. Cost saving programs such as use of alternative fuels, introduction of peat and new extenders are on course to be implemented. CIMERWA plans the roll out of SURE Range to enhance its competitive positioning.

Compliance to covenants

The possibility of inability to achieve planned EBITDA targets could lead to failure to comply with debt covenants. Management continuously engages lenders in areas where they foresee possible breaches in debt covenants.

Production disruptions are the main drivers of this risk with the financial leverage ratios being monitored by lenders. Poor execution of sales and marketing strategy and inadequate capacity of outbound logistics could also hurt ability to meet debt obligations.

CIMERWA is already implementing a robust product strategy and implementation of transport management systems. Management also looks to invest in building market intelligence and competitive pricing to defend the domestic market. Strategic partnerships to strengthen distribution channels are also being pursued. Cost reduction strategies in progress will also be key in achieving EBITDA targets. Future focus on the export market which offers significantly higher margins assures the sustainability of future leverage compliance as local production capacity expands within Rwanda. Further, projections by the management indicate that the covenants will be met post 2022 when the exemption to liquidity coverage ratio covenant expires thus minimizing the risks. The Company is keen and continues to work on different strategies that will ensure meeting the debt covenants in the near future is achieved.

Safety, Health, Environment and Quality (SHEQ) compliance

Immature industrial culture and low exposure to best practices are the drivers behind lack of full compliance. Safety management program is already in place. Safety standards are already being implemented and entrenched in the Organisation's culture.

Plant impairment

The existing limestone life of mine is 16 years which is lower than the plant useful life. This is due to the limited limestone and peat reserve.

Additional exploration for limestone in Rwanda and Eastern DRC is ongoing. Management is confident about accessing additional limestone reserves. In 2019, management was able to contract Mashyuza and Ruhundo quarries which hold over 4 Million tons of limestone. CIMERWA is also engaged in long term planning for security of raw materials especially the use of extenders such as Pozolana, and others. The planned roll out of products such as the SURE Range brand that have lower clinker requirements is also aimed at extending the life of limestone reserves available.

Inadequacy or scarcity of key skills

Rwanda's skill pool does not adequately match industry requirements due to its immaturity. The remote location of the factory also affects CIMERWA'S ability to attract skilled labour. The small pool of PPC resources available to support expansion strategy and visa restrictions for travelling between Rwanda and South Africa compound the problem further.

CIMERWA is also regionalizing the talent management process. Structured skills transfer programs are being implemented with aggressive training programs happening on site. Management is focusing on diaspora as potential skills pool. Deployment of PPC resources to fast-track implementation of PPC best practices is also a priority. A remuneration strategy review and implementation of an adequate employee retention strategy is also in progress.

Insufficient liquidity

This refers to the possible inability to meet current liabilities. Since last year, management has placed particular focus on debottlenecking the plant to get rid of inefficiencies that increase cost of sales leading to erosion of margins.

Depreciation of the local currency versus the dollar also raises the cost of dollar-denominated financing. Management is working on converting the USD denominated debt to Rwandan Francs to minimize exposure to foreign exchange risk. CIMERWA has put in place an optimal CAPEX spending strategy and working capital management strategy. The ongoing rigorous review of costs will identify areas for potential savings.

CIMERWA reported a cash position of Frw 8.1 billion, almost unchanged year on year, and with prudent repayment of debt – quite impressive for a capital-intensive business.

Reputational risk

Reputational risk is the potential that negative stakeholder impressions or perception whether true or not, regarding the Company's business practices actions or inactions will or may cause a decline in its value, brand, liquidity or customer base. It is a resultant effect of all other risks highlighted in this document and therefore cannot be managed in isolation. Therefore, when all the other risks are managed well, this risk is substantially minimized. CIMERWA's reputation is an invaluable business asset essential for optimizing shareholder value. The Company's services and activities, ensure its good reputation is always maintained or enhanced. Nonetheless, every employee and representative of the Company has a responsibility to contribute positively to our reputation. This is achieved through ensuring ethical practices are always adhered to, interaction with all stakeholders are positive, and compliance with applicable policies, legislations and regulations. Reputational risk is most effectively managed when every individual works continuously to protect and enhance CIMERWA's reputation.

Risks relating to the Listing by Introduction

Liquidity risk

CIMERWA cannot predict whether investor interest in CIMERWA after Listing by Introduction will lead to the development of an active trading market on the RSE or otherwise or how liquid and vibrant any market that does develop might be. The listing price for the Company's shares that has been determined by the Issuer and the Lead Transaction Advisors (in consultation) may not be indicative of prices that will prevail in the open market following this Listing by Introduction.

Risks relating to licenses

Significant parts of the CIMERWA's operations require licenses and permits from various Governmental authorities. If the present permits and licenses are terminated, withdrawn or not renewed, such events could have material negative effect on the CIMERWA's business, financial condition, prospects and the market price of its shares.

CIMERWA embarks on the process of renewing its permits and licenses well before they expire. This way, it avoids situations where it could find itself without a valid and current license or permit to undertake its business.

Other risk

The Company may not be able to fulfill its dividend policy in the future until the debt covenants are met. The exemption to liquidity coverage ratio covenant expires in March 2022 and continues to work on different strategies that will ensure meeting the debt covenants in the near future is achieved. the management projections indicate that the Company will be able to achieve the expected ratios post 2022 as exposure to huge Capex spending on plant maintenance and disruptions of production has been reduced coupled with improved capacity.

Foreign exchange risk

Some of the debts and payables by the Company are US Dollar denominated from the Company's reporting currency (Frw). Further the Parent companies are incorporated in South Africa and some dealings include Management and Technical support fees. CIMERWA cannot assure that fluctuations in the exchange rates of the various countries will not have a material adverse effect on its business, financial condition and results of operations.

To the extent possible, the Company may take mitigating steps to cover for these risks including holding foreign currency accounts which act as a natural hedge for foreign denominated purchases. But such arrangements are not used for speculative purposes and neither can they give an assurance to eliminating the foreign exchange risk posed fully.


STRENGTHENING
RWANDA
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SIMA IKORESHWA HOSE
CIMERWA
PPC
SUREWALL
ISIMA YUBAKA IBIKUTA N'IBIPANDE
CIMERWA
PPC
SUREBUILD
SIMA IFITE UBWIZA BWO KU RWEGO RWO HEJURU
CIMERWA
PPC
SUREROAD
ISIMA YUBAKA IMIHANDA
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13 OPERATING AND FINANCIAL REVIEW

The Operating and Financial Review below is to be read together with this Prospectus as a whole, including, in particular, the risk factors discussed in the section “Risk Factors” (above), the information contained in the section “Selected Financial Data” and the audited financial statements of CIMERWA for the fiscal years ended 30 September, 2015, 2016, 2017, 2018 and 2019.

More detailed financial statements are included at section 17 of this Prospectus. Below is a summary income statement and balance sheet of CIMERWA for the past 5 years:

Summary income statement

The Company’s revenues have grown by CAGR of 40%. The Company’s Gross profit has grown by 64% CAGR with positive operating profits for the four year period from 2016 to 2019

STATEMENT OF COMPREHENSIVE INCOME	2015 Rwf’ 000	2016 Rwf* 000	2017 Rwf* 000	2018 Rwf* 000	2019 Rwf* 000	CAGR
Revenue	15,997,462	35,721,968	48,763,544	50,214,228	62,237,529	40%
Cost of sales	(14,062,026)	(26,720,412)	(33,373,235)	(39,420,681)	(45,552,598)	35%
Gross profit	**1,935,436**	**9,001,556**	**15,390,309**	**10,793,547**	**16,684,931**	**64%**
Other income	130,417	135,368	59,618	155,171	310,378	24%
Interest income	27,725	42,462	89,400	139,616	148,204	52%
Administrative expenses	(4,126,771)	(4,893,584)	(4,490,773)	(4,725,500)	(5,076,794)	5%
Impairment losses on financial assets	-	-	-	(62,390)	(75,070)	
Operating Profit / (loss)	**(1,687,658)**	**4,285,802**	**11,048,554**	**6,300,444**	**11,991,649**	
Foriegn exchange (losses) / gains	(155,822)	(3,012,974)	(610,911)	(817,984)	(866,869)	54%
Finance cost	(470,631)	(7,134,068)	(7,438,185)	(7,072,360)	(6,650,716)	94%
Loss before income tax	**(2,314,111)**	**(5,861,240)**	**2,999,458**	**(1,589,900)**	**4,474,064**	
Income tax credit / (expenses)	430,478	1,609,748	(1,130,727)	97,006	(1,019,678)	
Profit / (loss) for the year	**(1,883,633)**	**(4,251,492)**	**1,868,731**	**(1,492,894)**	**3,454,386**	
Other comprehensive income items that will not be reclassified to profit or loss						
Revaluation gain and impairment charge on land and buildings	(417,528)					
Deferred tax credit/(charge) on revaluation reserve	137,911	-	-	-	-	-
Total Comprehensive (loss)/income for the year	**(2,163,250)**	**(4,251,492)**	**1,868,731**	**(1,492,894)**	**3,454,386**	
EBITDA						
Operating Profit/ (Loss)	(1,687,658)	4,285,802	11,048,554	6,300,444	11,991,649	
Add: Depreciation	1,172,775	6,919,734	7,201,774	7,317,253	7,234,815	
Other Income	130,417	135,368	59,618	155,171	310,378	
EBITDA	**(384,466)**	**11,340,904**	**18,309,946**	**13,772,868**	**19,536,842**	

The Company's revenues have grown by CAGR of 40%. The Company's Gross profit has grown by 64% CAGR with positive operating profits for the four year period from 2016 to 2019.

Revenues:

CIMERWA's largest portion of revenue is derived from sale of cementitious products and a small portion from transportation services. The Company's revenues for 2015 were affected by plant maintenance that interrupted production. Similarly, the 2018 EBITDA and revenue margins were affected by the maintenance that sought to correct design flaws. Going forward the management confirms that due to the upgrades, capacity utilization will be better and the upgrade interruptions will be normalized. The capacity utilization improved from 65% in 2016 to 80% after the upgrade in 2019.

Cost of sales:

The cost of sales margin average to revenue is about 76% with the biggest component being cost of coals, direct materials, Depreciation, other direct costs and electricity. Management continue to take into consideration alternative energy sources (peat, methane gas as alternative fuels) to achieve cost savings. As well as achieving product optimization through consistency of input raw materials. Energy costs represent a significant portion of direct costs. Cost of sales reductions expected from the use of cheaper sources of coal and packaging material. The key initiatives on coal have been to negotiate better terms with current coal suppliers. Management have also successfully engaged some transporters to be able to use their companies set up in Rwanda so that they can settle in Rwanda Francs other than United States Dollars.

Gross Profits:

CIMERWA posted Gross Profit margins of average 24% over the five year period with the lowest margin registered in 2015 at 14% and the highest at 31% registered in 2017 where cost of sales were relatively lower.

Other Income:

Other income include Rental income from staff houses, school fees, medical clinic income, sale of scrap and other items. Sale of scrap and other items contributed the highest of other income in 2019 at Frw. 220 million. As part of its community support projects, CIMERWA operates a school and a medical clinic at subsidized charges and fees respectively.

Administrative Expenses:

The highest composition of administrative costs is employee expenses.

Impairment Losses:

This consist of loss allowance trade and other receivables.

Operating Profit/(Losses)

With the exception of 2015 which registered a negative operating profit at -11%, for the period between 2016 and 2019 the registered operating profit margins averaged 17%.

Foreign Exchange (Losses)/Gains

The highest proportion of exchange net losses for the years 2016 to 2019 was due to the exposure from the dollar denominated syndicated loan that commenced in March 2016 and is payable by February 2024.

Finance Costs:

Finance costs consist of interest expense on long term borrowings. This cost went up with the commencement of the syndicated loan in 2016 registering CAGR of 94% from the 2015 costs.

Profit/Loss before income Tax:

Profit before tax margins have been irregular for the period under review.

Profit/(Loss) for the Year:

The Company has accumulated tax asset over the last five years with a significant amount arising in 2015 from claiming a 50% investment deduction on the new plant. The Deferred income tax asset on tax losses as at 30 September 2019 was Rwf 10.3bn. This has resulted in tax credits for three years of the five years under review. Profits after tax has been mixed for the period under review with 2017 and 2019 registering profits while the other three years registered losses after tax.

Summary balance sheet

STATEMENT OF FINANCIAL POSITION	2015 Rwf* 000	2016 Rwf* 000	2017 Rwf* 000	2018 Rwf* 000	2019 Rwf* 000	CAGR
Assets						
Non-current Assets						
Property, Plant and Equipment	110,469,632	106,025,167	95,886,467	91,914,718	86,494,535	-6%
Capital works in progress	-	-	-	-	-	-
Exploration & evaluation asset	117,905	103,141	88,404	73,661	58,911	-16%
Intangible asset	106,846	89,526	72,254	54,972	37,677	-23%
Total Non-Current Assets Current Assets	**110,694,383**	**106,217,834**	**96,047,125**	**92,043,351**	**86,591,123**	**-6%**
Inventories	2,888,303	4,936,233	4,426,232	4,959,261	8,467,605	31%
Current income tax recoverables	316,233	35,443	35,443	35,443	35,443	-42%
Trade & other receivables	1,584,954	1,814,776	4,060,503	5,603,071	6,621,727	43%
Cash & cash equivalents	10,127,323	12,331,661	13,646,914	8,120,420	8,137,106	-5%
Total Current Assets	**14,916,813**	**19,118,113**	**22,169,092**	**18,718,195**	**23,261,881**	**12%**
Total Assets	**125,611,196**	**125,335,947**	**118,216,217**	**110,761,546**	**109,853,004**	**-3%**

STATEMENT OF FINANCIAL POSITION	2015 Rwf* 000	2016 Rwf* 000	2017 Rwf* 000	2018 Rwf* 000	2019 Rwf* 000	CAGR
Equity and Liabilities						
Equity attributable to Owners						
Share Capital	35,160,976	35,160,976	35,160,976	35,160,976	35,160,976	
Share Premium	22,251,408	22,251,408	22,251,408	22,251,408	22,251,408	-7%
Revaluation reserve	5,426,513	5,426,513				
Accumulated losses	(3,164,722)	(7,416,214)	(3,572,551)	(5,065,443)	(1,784,791)	-13%
Total Equity Liabilities	**59,674,175**	**55,422,683**	**53,839,833**	**52,346,941**	**55,627,593**	**-2%**
Non-current Liabilities						
Deferred income tax liability	1,833,799	224,051	722,49	625,493	1,570,714	-4%
Borrowings	48,758,681	50,125,989	49,951,147	43,609,351	35,674,994	-8%
Total Non-current liabilities	**50,592,480**	**50,349,040**	**50,673,646**	**44,234,844**	**37,245,708**	**-7%**
Current Liabilities						
Total Current Liabilities	15,344,541	19,564,224	13,702,738	14,179,761	16,979,703	3%
Total Liabilities	**65,937,021**	**69,913,264**	**64,376,384**	**58,414,605**	**54,225,411**	**-5%**
Total Equity & Liabilities	**125,611,196**	**125,335,947**	**118,216,217**	**110,761,546**	**109,853,004**	**-3%**

Summary of the cashflow

CASHFLOW STATEMENTS	2015 Rwf* 000	2016 Rwf* 000	2017 Rwf* 000	2018 Rwf* 000	2019 Rwf* 000
Cashflow from operating activities					
Cash (utilised in) / generated from operation	(589,658)	9,977,928	16,644,040	11,986,088	16,662,542
Interest received	27,725	42,462	89,400	139,616	148,204
Income tax refund / (paid)	13,217	280,015	-	-	-
Current income tax written off		785	-	-	-
Net cash (utilised in)/ generated from operating activities	**(548,716)**	**10,301,185**	**16,733,440**	**12,125,704**	**16,810,746**
Cashflow from Investing activities					
Purchase of property, plant and equipment	(2,006,486)	(3,029,564)	(1,175,287)	(3,346,893)	(1,814,632)
Proceed from disposal	30,271	-	-	2,054	-
Purchase of intangible assets	(50,175)	-	-	-	-
Investment in new plant project	(10,258,253)	(7,363,182)	-	-	-
Net Cash used in investing activities	**(12,284,643)**	**(10,392,746)**	**(1,175,287)**	**(3,344,839)**	**(1,814,632)**
Cashflow from Financing activities					
Proceed from issue of shares	-	-	-	-	-
Interest payment	(4,880,973)	(7,065,431)	97,307,804)	(7,072,360)	(6,491,928)
Proceed from borrowings	13,439,176	12,792,817	-	-	-
Repayment of borrowings	-	(3,986,688)	(7,087,920)	(7,437,897)	(8,571,045)
Net cash from financing activities	**8,558,203**	**1,740,697**	**(14,395,724)**	**(14,510,257)**	**(15,062,973)**
Net (decrease) / increase in cash & cash equivalent	**(4,275,156)**	**1,649,138**	**1,162,429**	**(5,729,392)**	**(66,859)**
Cash & cash equivalents at begining of year	14,775,461	10,127,323	12,331,661	13,646,914	8,120,420
Effects of exchange rate change	(372,982)	555,200	152,824	202,898	83,545
Cash & cash equivalent of year	**10,127,323**	**12,331,661**	**13,646,914**	**8,120,420**	**8,137,106**

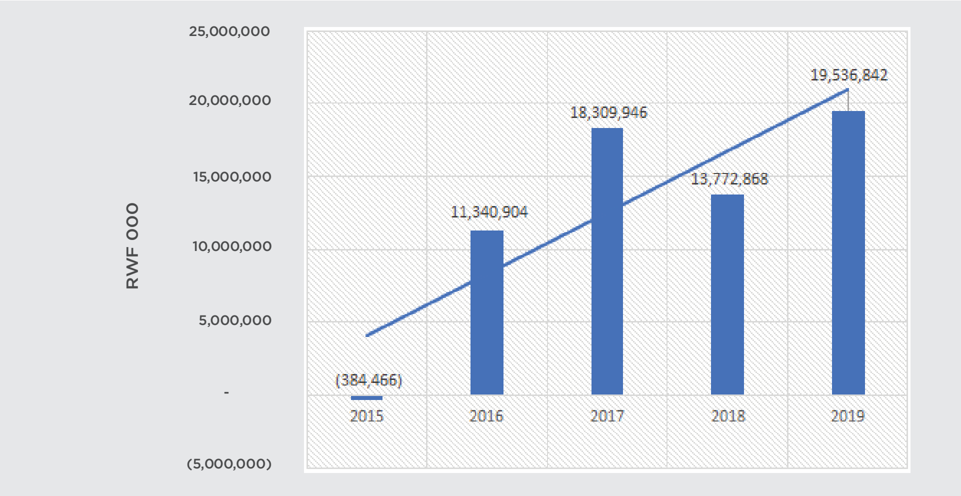
CIMERWA has exhibited impressive cash position for the past five years. The Company reported a cash position of Frw 8.1bn in 2019, almost unchanged y/y, and with prudent repayment of debt – quite impressive for a capital-intensive business. Its focus on cash generation continues to pay off.

General performance

The Company has exhibited positive EBITDA margins with the exception of the year 2015

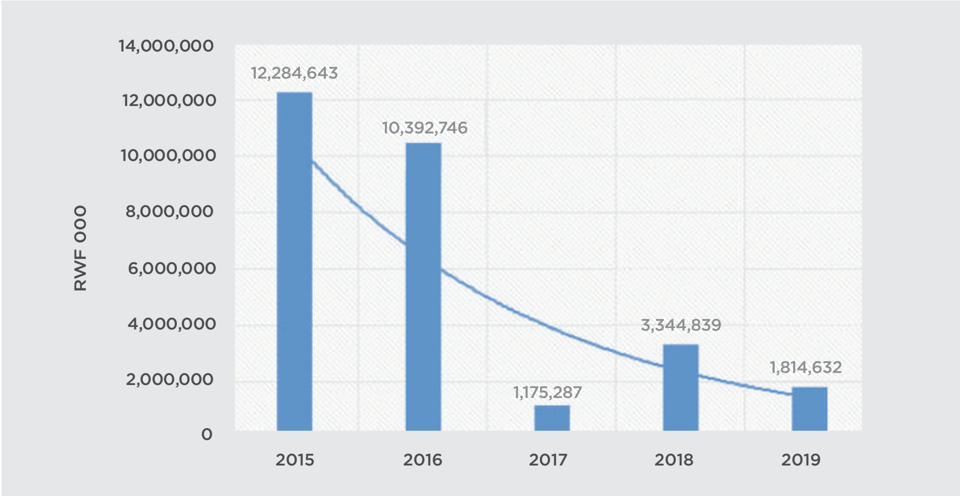
PROFITABILITY RATIOS	2015	2016	2017	2018	2019
Gross profit margin	14.26%	25.20%	31.56%	21.49%	26.81%
EBITDA Margin	-2%	32%	38%	27%	31%
EBIT Margin	-14.47%	-16.41%	6.15%	-3.17%	7.19%
Net profit margin	-11.77%	-11.90%	3.83%	-2.97%	5.55%
Return on assest (ROA)	-1.50%	-3.39%	1.58%	-1.35%	3.14%
Return on equity (ROE)	-3.16%	-7.67%	3.47%	-2.85%	6.21%

Historical EBITDA



Notably, the EBITDA margins for 2015 were affected by plant maintenance that interrupted production. Similarly, the 2018 EBITDA and revenue margins were affected by the maintenance that sought to correct design flaws. Going forward the management confirms that due to the upgrades, capacity utilization will be better and the upgrade interruptions will be normalized. The capacity utilization improved from 65% in 2016 to 80% after the upgrade in 2019.

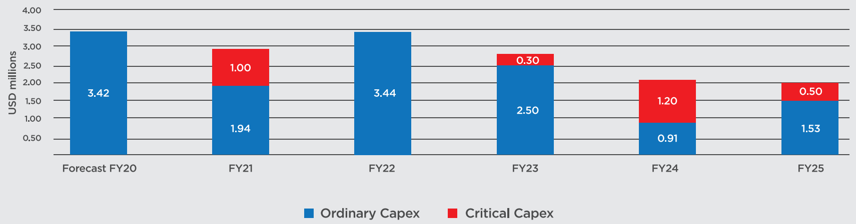
Historical CAPEX



The Company has reduced on its capital expenditure over the five year period beginning from the year 2015. The CAPEX consists of ordinary CAPEX and critical spares that includes compliance CAPEX, Maintenance CAPEX deployed to enhance plant reliability, Improvement CAPEX deployed to de-bottleneck the plant and expansion capital deployed to finalize explorations and expropriations for additional limestone.

Forecast CAPEX Plan

ORDINARY CAPEX (USD)	FORECAST MARCH 20	FY21	FY22	FY23	FY24	FY25
Compliance	-	571,690	1,422,935	1,478,588	155,966	114,183
Maintenance	2,103,031	1,895,274	753,338	1,054,643	1,868,558	1,896,087
Improvement / Optimisation	1,319,452	397,896	1,063,551	152,234	81,050	16,893
Expansion	-	74,231	203,698	117,073	-	-
Total	**3,422,483**	**2,939,091**	**3,443,523**	**2,802,538**	**2,105,574**	**1,027,163**



Compliance CAPEX will be deployed to ensure compliance to the environmental, safety & quality requirements. Online monitoring, bag house improvement, fire suppression and fire detection systems, quarry fencing etc. are planned from FY21 to FY23.

Maintenance CAPEX will be deployed to enhance plant reliability. Maintenance capital will be varying Y-o-Y mainly due to critical spare, mobile equipment replacement as well as replacement of other plant parts as they become due. Significant investment in spares done in FY20 & FY21 to de-bottleneck the plant.

Improvement capital will be deployed to de-bottleneck the plant e.g. installation of Kiln inlet & outlet seals (US$ 276k). Increase in FY22 is due to SAP ECC ($438k) and Silos ($500k) respectively.

Expansion capital will be deployed to finalize explorations & expropriations for additional limestone deposits (Ruhondo).

LIQUIDITY RATIO	2015	2016	2017	2018	2019
Current ratio	0.97	1.48	1.62	1.32	1.37
Cash ratio	0.66	0.96	1.00	0.57	0.48
Acid test ratio	0.78	1.10	1.29	0.97	0.87

LEVERAGE RATIO	2015	2016	2017	2018	2019
Debt ratio	0.41	0.51	0.49	0.47	0.40
Debt to Equity ratio	0.86	1.15	1.08	0.99	0.80

(9 Months) June 2020 management accounts

INCOME STATEMENTS (RWF 'MILLIONS)	Jun-19	Jun-20
Revenue	45,271	41,349
Cost of sales	34,207	35,172
Gross profit	11,064	6,177
Corporate Overheads & Selling Expenses	3,210	3,480
Operating (loss) profit	**7,854**	**2,697**
Finance Cost	5,668	5,016
Other Income	171	214
Interest Income	105	90
Profit before taxation	**2,462**	**(2,015)**
Taxation	455	(1,840)
Net (loss) profit	**2,917**	**(175)**
EBITDA	**13,638**	**8,838**

The year-to-date market share was 59% (est.) with domestic sales 15% (43kt) down and 29%(9Kt) up for exports compared to prior year respectively due to lower sales during the planned annual plant maintenance shut down in November 2019 (30 days of no production) and the COVID-19 lock down that began on 22nd March 2020 lasting approximately 40 days with no production.

Cost of sales of Rwf 35.1 bn is 3% (Rwf 0.90 bn) above last year due to timing difference of November 2019 plant maintenance shut down in current period compared to last year where there was no similar plant maintenance. The previous plant maintenance was done in financial year 2018 (April 2018)

EBITDA generated was Rwf 8.8bn, 35% (Rwf 4.8 bn) below last year 2019. The EBITDA margin of 21% vs 30% last year. Lower EBITDA compared to last year due to higher maintenance costs in November 2019 coupled with lower production due to slow start up post plant maintenance shut down in November 2019 and the impact of the national lockdown due to COVID 19 Outbreak. Net loss after tax was Rwf 0.175bn.

The business generated cash amounting to Rwf 10.8 bn, 14% down compared to last year of Rwf 12.6 bn due to movement in working capital (increase trade payables and stock holding) and lost revenue in the period due to November planned maintenance and the impact of the national lockdown due to COVID 19 Outbreak. Hence, cash and cash equivalents went down by Rwf 1.0 bn in the period.

Finance costs in the year amounted to Rwf 5.0 bn. These comprise interest expense of Rwf 4.7 bn and unrealized forex exchange loss of Rwf 0.311 bn. Exchange rate used to convert USD denominated balances was Rwf 954/$1 as at 30th June 2020. The Finance costs are 12% below last year mainly because the interest payments are decreasing as the loan principal declines. The company obtained a moratorium period from lenders effective from April 2020 until 31st October 2020.The loan balance as of the 30th June 2020 amounts to Rwf 40.3 billion.

BALANCE SHEET AS AT JUNE 2020 (RWF 'MILLIONS)		
Assests	**June-19**	**June-20**
Non - current Assets	**88,033**	**83,824**
Property, Plant and Equivalent	86,199	82,104
Capital works in progress	1,718	1,030
Exploration & evaluation asset	115	484
Rehabilitation assets	-	171
Right of Use Asset	-	35
Current Assets	**21,088**	**23,231**
Inventories	8,320	9,901
Current income tax recoverable	35	35
Trade and other receivables	4,112	6,188
Cash and cash equivalents	8,621	7,106
Total Assets	**109,121**	**107,055**

BALANCE SHEET AS AT JUNE 2020 (RWF 'MILLIONS)		
Equity and Liabilities	**June-19**	**June-20**
Capital and Reserves	**54,382**	**55,452**
Share capital	35,161	35,161
Share premium	22,251	22,251
Accumulated losses	3,030	(1,960)
Non-current liabilities	**38,362**	**36,937**
Deferred Income tax liability	803	(271)
Borrowings	37,560	37,206
Current liabilities	**16,376**	**14,666**
Trade and other payables	7,955	11,549
Borrowings - Short Term portion	8,421	3,117
Total Equity and Liabilitiess	**109,121**	**107,055**

14 CORPORATE GOVERNANCE, BOARD OF DIRECTORS AND SENIOR MANAGEMENT

The Company has a robust corporate governance policy which is set out in its Board Charter. The Board is made up of 7 members all of whom are non-executive Directors.

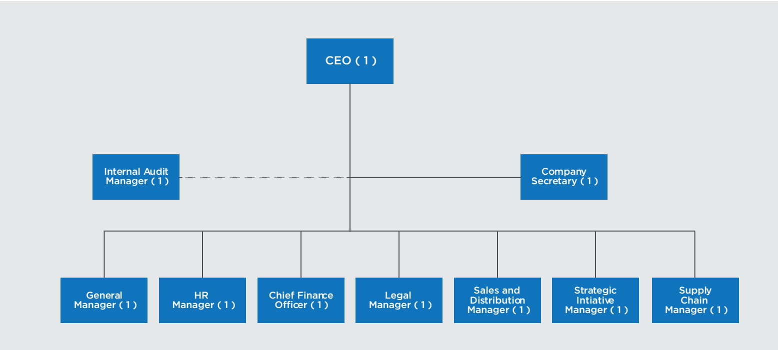
It has 2 Board Committees:

- Human Resources, Social, Ethics and Transformation subcommittee
- Audit, Risk and compliance Board subcommittee

NAME OF DIRECTOR	NATIONALITY	DATE OF APPOINTMENT
Regis Rugemanshuro	Rwandan	26th March 2020
Chrissie Moloseni	Malawian	11th February 2020
Phindokuhle Mohlala	South African	11th February 2020
Christian Nkusi Rugeri	Rwandan	05th August 2013
Jean Marie Vianney Nyirimihigo	Rwandan	22nd February 2018
Kristell Holtzhausen	South African	11th February 2020
George Ramafoko Mokate	South African	22nd February 2018

CIMERWA is professionally managed and staffed with operational managers and other professionals with a considerable track record of running high quality businesses. The diagram below summarizes the organisational structure of the Company.

Organisation structure



Role of board of directors

The Board is governed by a charter that sets out its roles and responsibilities. The roles of the Board include:

- Defining the policy and strategy
- Appointment of the Chief Executive Officer (CEO)
- Acting in the interest of shareholders and the Company
- Ensuring statutory compliance
- Investment approvals

The Board does not involve itself in the day to day running of the business and delegates this authority to management. Members of CIMERWA's management have clear job descriptions and properly defined descriptions of authority and responsibility. There are periodic evaluations of management and particularly of the CEO. The Board schedules four formal meetings during the year although additional meetings are called when necessary. The Board is made up of seven non-executive Directors.

The Board as a whole provides strategic input and leadership through oversight, review and counsel. It is the primary decision-making body for all matters significant to CIMERWA. The Board is responsible for the overall management of CIMERWA including establishment of the Company's short and long-term strategy, monitoring of performance of key indicators and ensuring that the Company has adequate systems of internal controls and strategies to manage risks. It oversees the Company's compliance with statutory and regulatory obligations.

All the Directors have access to the Company Secretary, who is responsible for ensuring that Board procedures are followed and that applicable laws and regulations are complied with. The Board is also entitled to seek independent professional advice.

DIRECTORS

MR. REGIS RUGEMANSHURO,

DIRECTOR (CHAIRPERSON)

Mr. Regis Rugemanshuro, PMP, SPC 4, current Director General of Rwanda Social Security Board (RSSB).

He has been the Chief Digital Officer at the Bank of Kigali PLC from 2018 – March 2020, was the first Chief Executive Officer of BK TecHouse Ltd, the Tech subsidiary of BK Group PLC where his work from 2016 - 2018 which earned him the 2018 All Africa Business Leaders Award (AABLA) as Finalist for East Africa Innovator of the Year.

Prior to joining BK TecHouse Ltd, Mr. Rugemanshuro spent his career in the United States consulting for the global Tech giants such as Hewlett Packard (HP) as a Program Manager and later with Accenture PLC in Seattle, Washington. During his time there, his main clients included Microsoft and T-Mobile.

His area of focus is at the intersection of Business and Technology; his expertise is in helping clients realize the promise of the digital revolution via adoption of modern engineering platforms and practices. He is known for his high energy and contagious passion to solving complex problems.

He is also a Certified Project Management Professional (PMP) by the Global Project Management Institute (PMI) as well as a Certified SAFE Program Consultant (SPC4) by the Global Scaled Agile Academy. He has a bachelor's degree in science information technologies and an MBA in Management both from Misericordia University in Pennsylvania.

MRS. CHRISSIE MOLOSENI

DIRECTOR (VICE CHAIRPERSON)

Mrs. Chrissie Moloseni is a result oriented professional with high business acumen and hands on experience with over 20 years of progressive experience in Finance and Operations Management with a track record of delivering performance expertise in General Management, Strategic Planning, Accounting and Finance Management Budgeting and Forecasting, Cost and Performance Management, Corporate Finance and Investment Analysis.

She served as CFO for Lafarge Zambia PLC from September 2011 to March 2018 and Lafarge South Africa until December 2019 when she joined PPC as Head of Finance International from February 2020

Mrs. Chrissie obtained her MBA from the University of Bradford – School of Management (London, UK) in 2009 and has been a Chartered Global Management Accountant (CGMA) since 1998. She received her undergraduate degree in Accountancy from the University of Malawi in 1994.

MR. NYIRIMIHIGO J.M VIANNEY

DIRECTOR

MR. MOKATE RAMAFOKO

DIRECTOR

Mr. Nyirimihigo is a career banker with over 30 years' experience in project financing. He previously worked with the Central Bank of Burundi and later was Director General of Rwanda Development Bank and Director General of the African Guarantee Fund in Niger.

He is now in private business as a real estate developer and is a Board member of Rwanda Investment Group. Mr. Nyirimihigo is a graduate of Nairobi University and has a post graduate diploma in Banking from CNAM University of France.

Mr. Mokate Ramafoko is the Managing Director of the International Division at PPC Ltd. He assumed this role in August 2017 after his tenure as Executive Director of the International Division since March 2016. Mr. Mokate, an engineer by profession comes with over 23 years of experience and expertise in cement manufacturing, quality assurance and cement process optimization.

He has held various positions within the PPC group as well as Holcim (now Afrisam) and across various divisions. He has amassed extensive knowledge in overseeing and managing large, complex, multi-million dollar operations where he has been instrumental in driving business growth. Most recently, Mokate was actively involved in driving and guiding the CIMERWA and Zimbabwe businesses to realie an improvement in their processes and ultimately driving an overall cost reduction of 6%; subsequently improving their operational and business efficiencies. Over and above his professional expertise; Mokate is passionate about business development and strategy. He holds a Master's Degree in Business Administration and a BSc (Hons) in Metallurgy.

MR. CHRISTIAN RUGERI

DIRECTOR

MS. PHINDOKUHLE MOHLALA

DIRECTOR

Mr. Christian Rugeri a Board member holds a Master Degree in Business Law. He serves as Treasury Counsel in the Ministry of Finance and Economic Planning. Before he joined the Ministry of Finance and Economic Planning in 2011, he served as Legal Specialist in the Pubic Investments and External Finance Bureau. He also served as the Chairman of the Board of Directors of Ultimate Concept Limited.

He is currently a member of the Governing Council of the African Legal Support Facility and the Discipline Committee of the Institute of Certified Public Accountants of Rwanda.

Ms. Phindokuhle Mohlala is the Human Resource Executive at PPC Ltd. She is vastly experienced in Human Resource Management spanning over two decades. She previously worked at ABB and Schneider Electric as Zone Vice President from May 2014 – June 2017 before joining PPC Ltd in 2017. She also worked with ABB as Senior Vice President HR: Southern Africa from August 2007 – April 2014.

She has delivered a number of initiatives in her role such as; embedding high performance culture, building talent and a healthy succession for key roles, streamline and centralize payroll for various organizations, establish employee data credibility just to mention a few. She received her Masters in Business Leadership, Human resources from the University of Southern Africa in 2001 as well as a Bachelor of Social Sciences in 1995

MS. KRISTELL HOLTZHAUSEN,

DIRECTOR

Ms. Kristell Holzthausen is currently the Group Company Secretary at PPC Ltd. She is a seasoned Company Secretary with a wealth of experience spanning almost two decades in the listed environment. She assisted Directors and Trustees in various industries, amongst others, Financial and Insurance, Construction, Commodity Trading, Government as well as Manufacturing, where she primarily focused on overseeing portfolios related to corporate governance, legal compliance, risk monitoring and sustainability. In addition to Directorship on the Board of CIMERWA PLC, Ms. Kristell is a Director of PPC Barnet DRC Manufacturing – DRC, PPC Barnet DRC Quarrying SA – DRC and PPC Barnet Holdings – DRC.

Ms. Kristell is a member of the Institue of Chartered Secretaries and Administrators and the Institue of Directors of South Africa.

She received her degree from the Wits Business School 2010, and CSSA Post Graduate Qualification (CIS-NQF8) as Company Secretarial and Governance Practice

Board subcommittees

NAMES	SUBCOMMITTEE
Ms. Kristell Holtzhausen	Audit, Risk and Compliance Subcommittee
Mr. Nyirimihigo JMV	
Mrs. Chrissie Moloseni	
NAMES	**SUBCOMMITTEE**
Mr. Christian Rugeri	HR, Social, Ethics and Transformation Subcommittee
Ms. Phindokuhle Mohlala	
Mr. Mokate Ramafoko	

Conflicts of Interest

All Directors are under a duty to avoid conflicts of interest. This entails not engaging, directly or indirectly in any business that competes or conflicts with the Company's business. The Board has a Directors' Code of Conduct that sets out rules that govern the conduct of individual Directors in order to enable the Board to operate effectively in the single-minded pursuit of the best interests of the Company.

These include among others, the requirement for Directors to act honestly, in good faith and in the best interests of the Company; exercise of duty of care and diligence; disclosure (and avoidance) of conflict of interest; maintenance of confidentiality of information about the Company, commitment to and attendance to Company business and respect to fellow Directors.

Senior Management

The members of the senior management team/ Executive Committee of CIMERWA are as follows:

NAMES	POSITION
Albert Sigei	Chief Executive Officer
John Bugunya	Chief Financial Officer
Karl Willem Heese	General Manager Operations
Paul Nkusi	Human Resources Manager
Victoire Joyeuse Umukunzi	Company Secretary
Juvenal Rutaganda	Strategic Initiatives Manager
Jean Claude Habimana	Internal Audit Manager
Edgar Odipo	Acting Sales & Distribution Manager
Rwizah Rose Mugabo	Supply Chain Manager

ALBERT SIGEI,
Chief Executive Officer

Albert K. Sigei joined CIMERWA PPC as Chief Executive Officer on 06th January 2020. He comes as an experienced executive with more than 18 years' experience in the cement industry. He has lived and worked in varied cross-cultural geographies including Kenya, Egypt, Nigeria, UK and Malawi. With a sterling work pedigree in Business Development, Business Management and Change Management, he has a keen eye for business and a sharp mind for decisions. Just the right attributes for a captain of the ship. Before joining CIMERWA Ltd, Albert served as the Country Chief Executive Officer of LafargeHolcim Malawi for a period of Three years (2016 - 2019). Prior to that he worked as the Chief Operations Officer for East African Portland Cement Company in Kenya for one year (August 2015-August 2016) and before then as Managing Director Lafarge Ready Mix Nigeria and Vice President Strategy and Business Development for Lafarge Africa PLC in Nigeria between 2008 and 2015.

Albert's multi-disciplinary background including Engineering, Finance, IT, Risk Management and leadership set the stage for his 18 year old career in the durables sector. He has a first class honors Bachelor's Degree in Mechanical Engineering from the University of Nairobi, is a fellow of the Association of Chartered Certified Accountants (ACCA) and graduated from various executive courses offered by Ivy league Business Schools - INSEAD, London Business School, HEC Paris and The Ivey Business School at Western University.

He is passionate about Africa hence his unwavering focus on the importance of alignment between business purpose and societal needs.

JOHN BUGUNYA,
Chief Finance Officer

John Bugunya joined CIMERWA Ltd as Chief Finance Officer (CFO) in May 2017. He has wide experience in strategic management processes, corporate governance, Risk management, Compliance and Accounting Advisory gained from over 14 years post qualification experience.

Before joining CIMERWA, John was the Chief Executive Officer of Prime Insurance Limited for three years (January 2015 – April 2017) and previously worked with Bank of Kigali as Chief Finance Officer for five years (December 2009 – December 2014). He also work in external assurance advisory with Deloitte in the United Kingdom and EY (previously "Ernst & Young") in Uganda.

John is a qualified Accountant. He is a Fellow of the Association of Certified Chartered Accountants (ACCA) and is also a member of the Institute of Certified Public Accountants of Rwanda (ICPAR). He also holds a Bachelor's Degree in Business Administration (Accounting) from Makerere University, Uganda and has attended various trainings in leadership and management.

KARL WILLEM HEESE,
General Manager Operations

Willem Heese joined CIMERWA in 2016 as the General Manager;
From PPC Cement Plant in Port Elizabeth, South Africa where he had served at the same position since November 2013.

With such an international experience and expertise in the field of Engineering, cement manufacturing and exemplary leadership, he has been at the center of success of CIMERWA where he is charged with operations execution strategies that has transformed the entire plant tremendously in terms of production and operation efficiency.

Prior to joining PPC, he occupied various managerial positions in manufacturing plants.
Karl has both a Master's and Bachelor's Degrees in Mechanical Engineering from the University of Johannesburg and University of Stellenbosch, South Africa respectively. Over the course of his professional career, he has been able to acquire other internationally recognized certifications in the field of Engineering such as Certified Energy Manager (CEM), Certified Measurement and Verification Professional (CMVP) and Professional Engineer (Pr Eng) all of which earns him a professional reputation and highly qualified executive manager in the field. He is fluent in English, Afrikaans and German languages.

PAUL NKUSI,
Human Resource Manager

Having worked in the public sector with the National Capacity Building secretariat as Institutional capacity development specialist (2014-2016), Supreme Court of Rwanda as HR Officer and later on as acting executive secretary of the high council of judiciary (2009-2014), National Bank of Rwanda as Manager Institutional Development (2016) and now the private sector with CIMERWA, (2017 –date) Paul comes with multifaceted perspectives on people management.

Paul has helped CIMERWA develop a people first culture that enables better output for the organization as a whole. Paul is a graduate of Makerere University (Bass), Post graduate diploma in strategic human resource management, and MPA from Sungnkwan University, South Korea.

VICTOIRE JOYEUSE UMUKUNZI,
Company Secretary

Victoire joined CIMERWA in 2015. She started in the legal department and soon after became the Administrative Assistant to the CEO. In August 2016, she became the Acting Company Secretary. Victoire has been fully assuming the role of Company Secretary since July 2017 to date.

She completed her training for Company Secretary at PPC Zimbabwe and participated in various training programs on Corporate Governance and Leadership.
She holds a Bachelor's Degree in Law from the University of Rwanda (UR) and is currently undertaking a Master's in Business Law at the same institution. Victoire has received several leadership awards, including the Certificate of Merit for her role as the Minister in Charge of Gender at UR. Victoire is fluent in English, French, and Kinyarwanda.

JUVENAL RUTAGANDA,
Strategic Initiatives Manager

Juvenal is a holder of bachelor degree in Cement processing technology, obtained from Shanghai Tongji University of the People's Republic of China, in the Department of Materials Sciences and Engineering.

He joined CIMERWA in October 1989 and since then he didn't leave the Company. He has worked all over the years in several positions at the cement plant, starting from an assistant engineer to senior manager, via middle management. Through hard working and time to time training, he gained strong experience in both operational and business aspects of cement industry.

JEAN CLAUDE HABIMANA,
Internal Audit Manager

Jean Claude is the Manager of the Internal Audit department CIMERWA PPC with more than seven years of internal and external audit experience in both private and public institutions. He joined the Company in June 2020. Prior to joining CIMERWA, he worked at SONARWA as Manager of Internal Audit department for over two years where he was in charge of overseeing, examining and evaluating the adequacy, effectiveness, and efficiency of management and board's internal control systems, recommend corrective actions to improve and add value to Company operations and procedures

At SONARWA also, he was a member of both disciplinary and Technical committees. He also previously worked with Rwanda Energy Group (REG) as an internal audit Specialist for almost 2 years and then Deloitte East Africa Offices as an external auditor for three years.

He also serves as the Chairperson of the Board Audit Committee in the Ministry of Youth and Culture Since November 2018 to date.

Jean Claude holds a Master's Degree in Business Administration (MBA) from Amity University, a Bachelor of Business Administration degree specialized in Accounting from the School of Finance and Banking (SFB). He is a Certified Chartered Accountant and a member of the Institute of Certified Public Accountants of Rwanda (ICPAR). He is also a certified decision-maker from Ivey Business School of Canada.

EDGAR ODIPO,
Acting Sales and Distribution Manager

A high-performing and team-oriented business leader with experience in developing and driving route-to-market strategy in Kenya, Rwanda, Burundi, Northern Tanzania, DRC & Ethiopia. Held progressive leadership responsibilities spanning +15 years in the cement industry.

His multi-functional roles in sales, marketing, customer service and supply chain management have enabled him acquire high-level commercial awareness and build rich & diverse networks. Holds an MBA with focus on strategic management from the United States International University – Africa.

Current role as Business Performance Manager assists the CEO in development and driving progress on the strategic plan within the enterprise risk framework.

RWIZAH ROSE MUGABE,
Supply Chain Manager

Rwizah is the new Head, Supply chain at CIMERWA. Prior to joining CIMERWA, She was part of Management team serving as Supply Chain Manager, Bralirwa Plc, part of Heineken Company for 8 years. She brings 15 years' experience in Supply chain in both local and multinationals as well as banking sector in areas of Operations, Procurement, Inbound/outbound logistics, fleet management, warehousing, planning and production. Prior to joining Heineken, she worked with KCB Bank Rwanda as Facilities and Procurement manager.

She has a first class honors Bachelor's Degree in Business Administration from the National University of Rwanda, and an MBA in Operations and Production (Summa cum laude) from Nims University, Jaipur.

Rwizah is very passionate about serving others by taking charge and motivating group members toward common goals. She has ability to establish short and long-term goals, specify the strategies and actions to achieve them, and have the perseverance to overcome obstacles and failures to attain objectives. She has a strong drive for TPM and drives the end-to-end continuous improvement agenda with passion, energy and pride. She puts Safety first and builds a strong safety culture for the people and environment in which she operations.

Note:
Rwizah Rose Mugabe will join the Company effective 17 August 2020

The Company is required by the CMA's Regulation on Capital Markets Public Offer and Issue of Securities to ensure continued retention of key suitably qualified management staff during listing for a period of twelve months following the listing other than for reason of a serious offence that may be considered to affect the integrity or be inappropriate for management of a listed Company.

All members of senior management have open ended agreements save for the Chief Executive Officer and General Manager for Operations, whose contracts are three years effective from January 2020 and September 2019 respectively.

The Company is thus able to maintain key management staff as required by the CMA Regulations, as none of the senior manager contracts shall expire within 12 months post the Listing by Introduction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Employees

The average numbers of permanent employees of CIMERWA PLC and changes therein over the last five financial years (including a breakdown of persons employed by main categories of activity) are set out in the table below.

TOTAL FOR CIMERWA PLC	2015	2016	2017	2018	2019
Beginning number of employees	225	240	280	280	290
Add: New employees	25	45	35	20	15
Less: Departures	10	15	25	10	20
Closing number of employees	240	270	280	290	285
BREAKDOWN OF NUMBERS					
Management	6	7	10	7	7
Non-Management	234	263	270	280	278
Unionisable	78	74	71	127	126
Closing number of employees	240	270	280	290	285

15 STATUTORY AND GENERAL INFORMATION

CIMERWA and its capital

The issued share capital of the Company is Frw 35,160,976,000 which is divided into 703,219,520 Shares. The share capital structure of the Company as at the date of this Prospectus was as follows:

	NOMINAL VALUE FRW	TOTAL NUMBER OF SHARES
Authorized Capital	35,160,976,000	703,219,520
Issued & fully paid Capital	35,160,976,000	703,219,520

The Company has 703,219,520 issued shares with a par value of Frw 50.

Alterations to Share Capital

Following the Resolution passed by the shareholders on 26 March 2020, the Company's authorized share capital was altered through a share split. Each share was divided into Twenty (20:1) units from a par value of Frw 1,000 to a par value Frw 50 per share.

Issue of New Shares

There have been no changes in the percentage ownership held by any major shareholders during the past three years.

Shareholders

As at the date of this Prospectus, the names of the shareholders of the Company and their respective holdings of issued and allotted share capital of the Company before the

Listing by Introduction are as set out in the table below:

NAME OF SHAREHOLDER	NUMBER OF ORDINARY SHARES HELD	% SHAREHOLDING STRUCTURE
AGDF Corporate Trust Ltd.	116,350,860	16.55
Rwanda Investment Group Ltd	80,550,600	11.45
Rwanda Social Security Board	142,306,060	20.24
Sonarwa Holdings Ltd.	5,370,040	0.76
PPC International Holdings (PTY) Ltd	358,641,960	51.00
Total	**703,219,520**	**100.00**

Voting Rights

Each Shareholder is entitled to attend general meetings of the Company. The holders of the Shares are entitled to one vote per Share at general meetings. The shares to be listed will rank pari passu with each other and with all other Shares with respect to voting rights and distributions.

Material Litigation

There are no material litigations, arbitration, prosecution and other civil or criminal legal action in which CIMERWA or its Directors are involved and which may have a material effect on the business of the Company.

Licenses

The Company has 3 valid mining licenses for the extraction of limestone. The Company is not required to have any other licenses for the conduct of its business.
The salient features are summarized below;

The salient features are summarized below;

LICENSE NAME/TYPE	LICENSED AREA	PERIOD	SALIENT PROVISIONS
Quarry License - Clay No. 101460027/ IQ.02/FEB 19/29/003	Shara- Rusizi	10 Years 02-02-2019 to 01-02-2029	• The license is renewable subject to satisfactory performance of the license conditions • The Company is required to submit annual reports to the Rwanda Mining Board at the end of each financial year. • Article 15 of the license conditions provides a prohibition to the transfer or mortgage of 51% of the shares in the Company, or in any of its shareholders, without the consent of RMB. • The License also prohibits the entering into of any joint venture by the Company, without the consent of RMB.
Quarry License - Limestone and Quartzite No. 101460027/ IQ.02/FEB 19/29/004	Mashyuza - Rubavu	10 Years 02-02-2019 to 01-02-2029	• The license is renewable subject to satisfactory performance of the license conditions • The Company is required to submit annual reports to the RMB at the end of each financial year. • Article 15 of the license conditions provides a prohibition to the transfer or mortgage of the shares in the Company, or in any of its Controlling (50%) shareholders, without the consent of RMB. • The License also prohibits the entering into of any joint venture by the Company, without the consent of RMB.

LICENSE NAME/TYPE	LICENSED AREA	PERIOD	COMMENTS
Quarry License - Pozzolana No. 101460027/ IQ.02/FEB 19/29/005	Nengo- Rubavu	10 Years 02-02-2019 to 01-02-2029	• The license is renewable subject to satisfactory performance of the license conditions • The Company is required to submit annual reports to the Rwanda Mining Board at the end of each financial year. • Article 15 of the license conditions provides a prohibition to the transfer or mortgage of the shares in the Company, or in any of its Controlling (50%) shareholders, without the consent of RMB. • The License also prohibits the entering into of any joint venture by the Company, without the consent of RMB..
Quarry License - Pozzolana No. 101460027/ LSCQ.01/ JUL17/37/001	Kibangira Perimeter - Bugarama Rusizi	20 Years 31-07-2017 to 30-07-2037	• We reviewed a copy of the License Certificate and the cover grant letter dated 09th August 2017. • The cover letter provides for an attachment of license conditions, however were not provided with a copy of these for our review. • We believe however that the license conditions are similar to the other three licenses specified above.

Tax

The Company has a Tax Clearance Certificate valid from 5th June 2020 to 4th September 2020. This Certificate is prima facie evidence that the Company owes no debt to Rwanda Revenue Authority. Rwanda Revenue Authority still maintains the right to audit companies even after grant of a Tax Clearance Certificate, and can be withdrawn in the event of an audit.

Deferred Income Tax Assets

Deferred income tax assets relating to unused tax loss carry-forwards and to deductible temporary differences are recognised if it is probable that they can be offset against future taxable profits or existing temporary differences. As at 30 September 2019, the Company had recognised deferred tax assets on tax loss carry-forwards and other temporary differences totaling Frw 10,2 Billion (2018: Frw 13,1 Billion) since it was foreseeable that tax loss carry-forwards could be offset against future taxable profits.

The Directors expect to recover the tax losses by September 2020 and look to take advantage of the new provisions of the Income Tax Act enacted in April 2018 and the accompanying ministerial order No 006/19/TC of 29/04/2019 gazette No 18 of 6/05/2019 that allows companies to seek for an extension to carry forward tax losses beyond the five-year statutory period.

In the course of the year minority shareholders expressed their intent to sell their 49% equity stake in the Company. A disposal of more than 25% of the equity stake would trigger forfeiture of tax losses in line with article 32 of the Income Tax Act that provides that if during a tax period, the direct and indirect ownership of the share capital or the voting rights of a Company, whose shares are not traded on a recognized stock exchange changes more than twenty five per cent (25%) by value or by number, the tax losses incurred by that Company in the tax period and previous tax periods cease to be carried forward. However, a special resolution at the Extraordinary General Meeting held on 11 November 2019 unanimously resolved that the sale of the minority stake would be facilitated through Listing by Introduction on the Rwanda Stock Exchange, this effectively made the transaction exempt from provisions of article 32. Had the sale process proceeded outside the stock exchange the tax losses of Frw 32,214 million would have had to be forfeited and thus impairing the deferred income tax asset of Frw 10,264 million with a similar impact to profit or loss.

17. 10 Expenses of the Listing

ITEM	AMOUNT FRW	TAXES
Lead Transaction Advisors	78,000,000	Exclusive
Reporting Accountant	27,000,000	Exclusive
Legal Advisor	40,000,000	Inclusive
Registrar	10,000,000	Inclusive
Marketing, advertising and Public Relations	8,000,000	Inclusive
Printing	6,900,000	Inclusive
Rwanda Stock Exchange	50,000,000	Exempted
Capital Markets Authority	21,096,586	Exempted

Directors' Declaration

As at the date of the application and for a period of at least two years prior to the date of the application, no director of the Company:

- Is or has been the subject of a filing of any petition under bankruptcy or insolvency laws in any jurisdiction pending or threatened against the director (for director and for individuals), or any winding-up petition pending or threatened against criminal proceedings in which the director was convicted of fraud or any criminal offence, nor be named the subject of pending criminal proceeding, or any other offence or action either within or outside Rwanda.

- Has been convicted in a criminal proceeding or is a named subject of any ruling of a court of competent jurisdiction or any governmental body in any jurisdiction, that permanently or temporarily prohibited such director from acting as an investment adviser or as a director or employee of a stockbroker, dealer, director or employee of any financial service institution or engaging in any type of business practice or activity in that jurisdiction.

None of the Directors of the Company or any partnership to which he or she was a partner or any Company for which they served as Executives has been the subject of a filling of a petition under any Bankruptcy Law

None of the Directors has any shares in the Company.

Material Contracts

Management Agreements

The Company has a Management and Technical Services Agreement between itself and PPC effective which has been in place since 19th March 2013.

Below are some salient provisions from the Agreement;

- Under Clause 5 of this Agreement, the Parties agreed to PPC providing management services. These clause limits the services to be rendered only by a management team specified in Annexure B to the Agreement, for a minimum number of hours each month.

- Clause 6 provides for the rendering of technical services by PPC, on terms and conditions set out in Annexure A to the Agreement.

    - Initially, the Agreement in Clause 6.1 provided for a remuneration of USD 103,700 (One Hundred and Three Thousand Seven Hundred Dollars) to be payable per annum as the management fee. for the previous 12 months.

    - Clause 6.2 provided for remuneration for any technical service provided, to be based on each agreed proposal at the time of need of such services.

- Under Clause 6.5 of the Agreement the Company makes an undertaking to pay any Tax accruing, as a result of the Agreement. This clause therefore puts the obligation of payment of all taxes on payments made to PPC, to be borne by the Company, even though it is PPC income.

- Clause 9.1 provides for termination of the Agreement with 3 months' written notice. PPC is also entitled to terminate the Agreement if it ceases to beneficially hold at least 35% of the issued share capital.

- The Management and Technical services agreement is governed by Rwandan law and provides for Arbitration at the Kigali International Center for Arbitration as the dispute resolution mechanism.

CIMERWA intends to terminate the current agreement and replace it with a new Technical Services Agreement with PPC by the end of July, 2020. Probably the most salient change envisaged in the new Agreement is that the management fees paid to PPC annually will be capped at a maximum of 1% of the annual turnover of the Company unlike the current agreement which has no cap. The new agreement will have a duration of 3 years from the signature date.

Other material contracts

Below is a table of other material contracts that the Company is a party to:

	COAL SUPPLY AGREEMENT
Subject Matter	Contract for supply of an average of 30,000 Tons of coal per year.
Parties	• The Company represented by then CEO Bhekizitha Wiseman Mthembu • 2. Trans Africa Container Transport Ltd, a Rwandan Company represented by Abdul Ndarubogoye
Effective Date	6th November 2019
Value of Contract	USD 215 per metric ton excluding VAT The Supplier is required by the Agreement to pay a guarantee worth USD 53,750
Term/renewal	2 years
Termination rights	Termination is through written notice of 30 days for; • Breach by the other party • Failure by the parties to agree on the annual price change. • Failure of the supplier to meet agreed upon standards in the supplies delivered. • Insolvency or liquidation of either party
Governing Law and Jurisdiction	Laws of Rwanda Dispute resolution through arbitration at the Kigali International Center for Arbitration

	PEAT SUPPLY AGREEMENT
Subject Matter	Supply of 1000 moisture free tons of peat per month.
Parties	• The Company represented by then CEO Bhekizitha Wiseman Mthembu • Societe Cooperative D'exploitation Miniere Agropastorale et Forestiere (Scoemaf) Ltd, a Company registered in accordance with the laws of the Democratic Republic of Congo represented by Rufito Mibaraka Eric the Managing Director
Effective Date	1st November 2019
Value of Contract	USD 90 per ton MF (Moisture Free) This Price is to be reviewed annually. The supplier is required to subscribe for a performance bond of 5% per of the total value of one month. CIMERWA pays the clearing fees on the Rwanda side of the border,
Term/renewal	Initial period of 2 years
Termination rights	Termination is through written notice of 30 days for; • Breach by the other party • Failure of the supplier to meet agreed upon standards in the supplies delivered. • Insolvency or liquidation of either party
Governing Law and Jurisdiction	Governing law is Rwandan law Dispute resolution is through arbitration


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	SUPPLY CONTRACT WPP BAGS
Subject Matter	Contract for supply of 10,000,000 woven polypropylene (WPP) bags
Parties	• The Company represented by then CEO Bhekizitha Wiseman Mthembu • A to Z Textile Mills Ltd a Company registered under the laws of Tanzania represented by Kalpea Shal the Managing Director
Effective Date	1st April 2019
Value of Contract	USD 0.197 per bag
Term/renewal	Initial period of 2 years
Termination rights	Termination is through written notice of 30 days for; • Breach by the other party • Failure of the supplier to meet agreed upon standards in the supplies delivered. • Insolvency or liquidation of either party
Governing Law and Jurisdiction	Governing law is Rwandan law Dispute resolution is through arbitration following KIAC rules.

	TRANSPORTATION MANAGEMENT SERVICES AGREEMENT
Subject Matter	Supply of A Transportation Management Services software to the Company
Parties	• The Company represented by then CEO Bhekizitha Wiseman Mthembu • Transnova Rwanda Limited, a Rwandan Company represented by Carsten Schubert the CEO
Effective Date	1st September 2019
Value of Contract	USD 18,950 monthly
Term/renewal	Initial period of 1 year
Termination rights	Termination is through written notice of 30 days for; • Breach by the other party • Failure of the supplier to meet agreed upon standards in the supplies delivered. • Insolvency or liquidation of either party
Governing Law and Jurisdiction	Governing law is Rwandan law Dispute resolution is through arbitration following KIAC rules.

Material Indebtedness

The Company entered into a syndicated loan whose details are set out below.

Parties	CIMERWA PLC - as Borrower; And • KCB Bank Rwanda Ltd • Eastern and Southern African Trade and Development Bank • KCB Bank Kenya Ltd • East African Development Bank • Ecobank Rwanda Ltd • I&M Bank (Rwanda) Ltd • Bank of Kigali PLC
Date of execution	20th November 2013
Term and duration	10 years from the first utilization date (29th February 2024)
Object	The Facility was granted for financing the costs of construction of the new Factory.
Loan amount	Total commitments of USD 87,748,073. Total outstanding is USD 42,526,316 (Rwf 40.4 Billion).
Conditions of payment	An equivalent of USD 44,311,774 is being repaid in Rwandan Francs while USD 43,436,299 is being repaid in USD. Repayment is done through monthly payments.
Termination conditions	• Change of Control • Default by the Company (Non-Payment) • Breach of Financial covenants • Breach of other obligations in the agreement • Insolvency
Security	• First ranking all asset debenture on all movable and immovable assets of the Company • First ranking mortgage over all immovable assets of the Company • Assignment agreement assigning rights under key Project agreements to the lenders.
Penalties for Breach	Default interest Of 2% above interest payments
Other key terms (applicable law, jurisdiction)	• General disputes and claims are governed by English Law. • Tax matters and security enforcement matters are governed by Rwandan law
Dispute Resolution	Dispute resolution is provided as adhoc arbitration following English Law
Other Sallient aspects	• The Loan Agreement provides that any disposal of any interest by any Original Shareholder, without the consent of the lenders. amounts to an Event of Default, thus giving rise to terminate. The Vendors sought and received written consent of the Lenders before the shares can be listed and traded, as provided in clause 22.17 of the Agreement. • Article 21.9 of the Loan Agreement provides a restriction on the payment of dividends to any Shareholder, where there is a continuing event of default or default or where such payment, declaration or distribution would cause an event of default or default or other than within 10 business days after a repayment date. • The agreement also restricts payments of any management, advisory or other fee to Shareholders without approval of the lenders, except for PPC for which technical and advisory fees are capped at USD 1,500,000 (One Million Five Hundred Thousand USD) • According to the minutes of the Company Board and shareholder resolutions, we the Company has been in breach of its financial covenants provided under this Agreement. However, the Lenders issued a waiver on the covenants which ends in March, 2022

Dividend Policy

The dividend distribution policy is defined by the Company's Board of Directors. The policy takes into account the Company's financial position. The Company will seek to maximise the flow of dividends to its shareholders. When making decisions on payment of dividends, the Board shall consider the outlook of earnings growth, operating cash flow generation, capital expenditure requirements, acquisitions and divestments, together with the amount of debt. Historically the Company has not issued dividend payments to its shareholders.

The first priority of the Company will be to maintain sufficient distributable reserves and liquidity to ensure that operational needs and/or business growth are not limited by the unavailability of funds and also that facilities are available to cover all known contingencies. Additionally, any dividends will only be declared and paid where allowable under any covenants included in any funding facilities. As highlighted under the section on Material indebtedness above, currently the Company is party to a syndicated loan which restricts issue of dividends under certain conditions enumerated in the section.

See also "Risk Factors – Risks relating to this Offering – The Company may not be able to fulfil its dividend policy in the future."

Withholding tax on dividends paid by CIMERWA to its shareholders applies as per applicable Tax Law in Rwanda. Dividends paid by CIMERWA as a listed Company will incur a 5% withholding tax applicable to EAC resident tax payers and a 15% withholding tax to shareholders who are not resident tax payers in the EAC as per Law No 016/2018 of 13/04/2018 establishing taxes on income.

Land and Fixed Assets

The Company owns land as set out below:

PLOT NUMBER	LAND USE	YEARS	AREA (SQM)
3/06/15/05/2908	Industrial	99	4922 sqm
3/06/15/02/4779	Private Research land	99	145,154 sqm
3/06/10/03/1556	Residential	20	131,260 sqm
3/06/08/03/1801	Industrial	99	2,043 sqm
3/06/08/03/409	Industrial	99	9,920 sqm
3/06/08/04/57	Agriculture	99	12,223 sqm
1/02/08/02/233	Government Land	30	1,836 sqm
3/06/15/05/1836	Industrial	30	730,491 sqm
3/06/15/05/1837	Industrial	30	99,817 sqm
3/06/10/03/2455	Industrial	99	11,231 sqm
3/06/10/03/2455	Agriculture	99	14,210 sqm
3/06/10/03/2483	Residential	20	732 sqm
3/06/10/03/2095	Agriculture	99	10,521 sqm
3/06/10/03/2865	Agriculture	99	97 sqm
3/06/10/03/2529	Industrial	99	270 sqm
3/06/10/03/2861	Agriculture	99	222 sqm
3/06/10/03/2530	Industrial	99	577 sqm
3/06/10/03/2867	Agricultural	99	405 sqm
3/06/10/03/3061	Agricultural	99	3,037 sqm
3/06/10/03/2994	Industrial	99	4,329 sqm
3/06/10/03/32870	Industrial	99	26,546 sqm

Documents Available for Inspection

The following documents will be available for inspection at the Company's headquarters.;
The Memorandum and Articles of Association of the Company;

- The Memorandum and Articles of Association of the Company;
- The Shareholders Agreement;
- The audited financial statements of the Company in respect of the financial years ended 2019, 2018, 2017 and 2016;
- The Reporting Accountants report as reproduced in this Prospectus and their written consent to the issue of this prospectus with their reports included herein in the form and context in which it is so included;
- The legal opinion of the legal advisers to the Company as reproduced in this prospectus and their written consent to the issue of this prospectus with their legal opinions included herein in the form and context in which they are so included;
- Management and technical agreements;
- Certified true copies of the latest annual returns filed with the registrar of companies;
- Certified true copies of the relevant AGM/EGM members' resolutions filed with the registrar of companies; and
- Consent of all advisors to the Transaction.


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16 LEGAL OPINION

The Directors,
CIMERWA PLC
KG 625 ST
P.O Box 644 Kigali- Rwanda

TRUST LAW CHAMBERS

The Transaction Advisors
BK Capital Limited
KN 4 Avenue Street,
No.12 Plot No. 790,
Kigali, Rwanda

Standard Investment Bank
JKUAT Towers, 16th Floor Kenyatta Avenue,
Nairobi, Kenya

Kigali, Rwanda

Dear Sirs

Listing by Introduction OF 703,219,520 SHARES OF CIMERWA PLC OF RwandaN FRANCS 50 EACH IN THE SHARE CAPITAL OF CIMERWA PLC

We, the undersigned, have been instructed to act as legal advisors to CIMERWA PLC in relation to the Listing by Introduction of 100% percent of the issued capital (being equivalent 703,219,520 ordinary shares with a par value of Rwandan Francs 50 the Listing) in CIMERWA PLC PLC of which 49% percent of the issued capital (being equivalent 344,575,560 ordinary shares will be available for free float.
The legal advisory team consisting of the attorneys of the law firm Trust Law Chambers being a member of the Rwanda Bar Association and the East African Law Society, practicing and qualified as such to practice in Rwanda and to advise upon the Laws of Rwanda.

Documents and Records Examined

- In providing this Opinion for the purposes of the Prospectus relating to the Listing by Introduction (the Prospectus), we have examined originals or copies of the certificate of incorporation of CIMERWA PLC, its Articles of Association in force as at the date of the Prospectus, Shareholder Agreement, Board resolutions, shareholder resolutions, mining licenses documents evidencing title to material assets of the Company, material contracts, the Management and Technical Services Agreements dated 19th March 2013 and the draft Management and Technical Services Agreements to be entered into by the Company in July, 2020, the lender's waiver letter dated second July 2020 and such other records and documents provided by the Company as we have considered necessary and appropriate for the purposes of this Opinion (collectively, the "Documents"). Where applicable, we have also carried out verification searches at public registries.

- With respect to matters of fact, we have relied on the representations of CIMERWA PLC and its officers. For the purposes of this opinion, we have assumed the following:

    - All written information supplied to us by CIMERWA PLC and by its officers and advisors is true, accurate and up to date;
    - The authenticity of documents submitted as originals, the conformity with the original documents of all documents submitted as copies and the authenticity of the originals of such latter documents;
    - The authenticity of all signatures on all documents provided; and
    - All licenses, agreements and other relevant documents have been duly authorised, executed and delivered by the parties to those documents other than CIMERWA PLC

Opinion

In our opinion, based on the information made available to us by CIMERWA PLC and subject to

1. the foregoing;
2. paragraph 4 of this Opinion;
3. any matters set out in the Prospectus;
4. the reservations set out below; and
5. any matters not disclosed to us:

- CIMERWA PLC is duly incorporated and validly existing under the laws of Rwanda
- CIMERWA PLC has the corporate power and capacity to enter into each of the Documents and has taken the corporate and other action necessary under the laws of Rwanda to authorise the acceptance and due execution of each of the Documents and the acceptance and performance of its obligations under each of the Documents.
- CIMERWA PLC is a public Company limited by shares, duly incorporated in Rwanda anhas complied with the incorporation requirements of the Law (the "Companies Act"), with power to execute, deliver and exercise its rights and perform its obligations pursuant to the Listing by Introduction, and such execution, delivery and performance have been duly authorised by appropriate corporate action;
- The existing share capital of CIMERWA been authorized and issued in conformity with all applicable laws and has received all necessary authorizations;
- CIMERWA PLC has obtained the requisite licenses to operate the cement business within the Republic of Rwanda including but not limited to mining and selling cement.
- The rights and obligations of RSSB, AGDF Corporate Trust Ltd, RIG and Sonarwa Holdings (PYT) Ltd. as vendors as contemplated in the Listing by Introduction constitute valid and binding rights and obligations enforceable according to their terms;
- The transactions contemplated by the Listing and the performance by the Vendors of their respective obligations there under will not violate any laws of Rwanda;
- All authorisations, approvals, consents, licenses, exemptions, filings, registrations and notifications with Governmental or public bodies or authorities of or in Rwanda required in connection with the Listing have been obtained and given in proper form and are in full force and effect;
- CIMERWA PLC continues to maintain its statutory books at its registered office;
- there is no litigation or arbitration, prosecution or other civil or criminal legal action in which CIMERWA its Directors are involved which shall have a material effect on the business;
- there are no other material items not mentioned in the Prospectus of which we are aware with regard to the legal status of CIMERWA PLC and the Listing by Introduction.

Further Opinions

Based upon and subject as aforesaid, and without prejudice to the generality of the foregoing, we are also of the opinion that:

- The Prospectus has been dated in accordance with Article 3 of the Instructions of the Registrar General No02/2010/ORG OF 16/11/2010 Modifying and Completing The Instructions On The Form and Content Of a Prospectus (henceforth referred to Prospectus Instructions);
- A copy of the Prospectus, together with the documents required under Article 29 of the Prospectus Instructions have been delivered to the Registrar of Companies for registration, duly signed by every person named in the Prospectus as a director of CIMERWA PLC or by his agent duly authorized in writing, and a statement to such effect appears on the face of the Prospectus in accordance with Article 9 of the Prospectus Instructions;
- Each of the Documents constitutes the legal, valid and binding and enforceable obligations of CIMERWA PLC.
- There are no stamp, registration or other similar duties or fees required to be paid in Rwanda with respect to or by virtue of the execution and performance by CIMERWA PLC of the Documents.

- This Prospectus contains statements made by PricewaterhouseCoopers (Rwanda) Limited who are Certified Public Accountants and by ourselves, all of whom are experts for the purposes of Article 25 and 26 of the Prospectus Instructions. In accordance with Article 25 of the Prospectus Instructions, PricewaterhouseCoopers (Rwanda) and we ,the legal advisors , have given and have not before the delivery of this Prospectus for registration withdrawn our consent to the issue of the Prospectus with the statements by us included in the form and context in which they are included;

- The Shares to be listed shall rank pari passu in all respects with the existing Ordinary Shares in the issued share capital of CIMERWA PLC, including the right to participate in full in all dividends and/or other distributions declared in respect of such share capital;

- Application has been duly made to, and permission duly granted by, the Capital Market Authority in respect of the Listing by Introduction in accordance with the law;

In addition to the information required to be included by the Companies Act, the Prospectus includes such information as investors would reasonably require and reasonably expect to find therein for the purpose of making an informed assessment of:

  - The assets and liabilities, financial position, profits and losses, and prospects of the issuer of the securities; and,

  - The rights attaching to those securities.

A search with the Registrar of Companies Public Records today revealed no evidence of any current resolutions for winding up or dissolution of CIMERWA PLC and no evidence of the appointment of any liquidator in respect of CIMERWA PLC or any of its assets.

- Based on the foregoing, we are of the opinion that the Listing by Introduction is in conformity with all applicable laws and has received all necessary authorizations.

Reservations

- This letter and the opinions given in it are governed by Rwandan law and relate only to Rwandan law as applied by the Rwandan courts as at today s date. We express no opinion in this letter on the laws of any other jurisdiction.

We as the Legal Advisors confirm that we have given and have not, prior to the date of the Prospectus, withdrawn our written consent to the inclusion of the legal opinion in the form and context in which it appears.

Yours faithfully

Richard Balenzi

Important extracts from the articles of association.

We reviewed the Amended and Restated Articles of Association (Memarts) of the Company have highlighted any salient points below;

A. The Shares

Article 8: Liability of Shareholders

The liability for the prospective purchasers, will only be limited to the shares they purchase.

Article 9: Nature of Shares

Shares are nominal. They can only be transferred only on decision by the Board of Directors, in its absolute discretion and without assigning any reason therefore.

Article 10: Nominal Shares

1. The ownership of nominative shares takes effect when the share is entered into the share register as provided by article 11.

2. Without prejudice to the imperative provisions of the laws in force in Rwanda, the register of the shares the shares shall contain the following indications:

- The precise description of each shareholder;
- The number of shares held by each;
- The date and amount of held by each shareholder;
- Date of transfer

3. An electronic non-transferable share certificate shall be delivered to nominative shareholders noting the registration of shares belonging to them. The Certificate shall indicate the number of shares held by them. For listed shares, the Certificate shall be provided by the Central Securities Depositary of the Capital Markets Authority, while for unlisted shares, share certificates shall be provided by the Company secretary.

4. The certificate shall be cancelled whenever there occurs a partial or complete transfer of shares to which it relates.

5. It shall be permissible for the Board of directors to hold one or two of the registers of the registered nominal shares, which shall constitute proof of the rights of their owners if the original register is unavailable for examination.

Article 13: Transfer and transmission of shares

Transfers of shares

1. Shares may be transferred by means of an instrument of transfer in any usual form or any other form approved by the directors, which is executed by or on behalf of:

- the transferor; and
- (if any of the shares is partly paid) the transferee.

2. No fee may be charged for registering any instrument of transfer or other document relating to or affecting the title to any share.

3. The Company may retain any instrument of transfer which is registered.

4. The transferor remains the holder of a share until the transferee's name is entered in the register of members as holder of it.

5. The directors may refuse to register the transfer of a share if:

- The share is not fully paid;
- The transfer is not lodged at the Company's registered office or such other place as the directors have appointed;
- the transfer is not accompanied by the certificate for the shares to which it relates, or such other evidence as the directors may reasonably require to show the transferor's right to make the transfer, or evidence of the right of someone other than the transferor to make the transfer on the transferor's behalf;
- The transfer is in respect of more than one class of share; or
- The transfer is in favour of more than four transferees.

6. If the directors refuse to register the transfer of a share, the instrument of transfer must be returned to the transferee with the notice of refusal unless they suspect that the proposed transfer may be fraudulent.

Transmission of shares

7. If title to a share passes to a transmittee, the Company may only recognise the transmittee as having any title to that share.

8. Nothing in these articles releases the estate of a deceased member from any liability in respect of a share solely or jointly held by that member.

Transmittees' rights

9. A transmittee who produces such evidence of entitlement to shares as the directors may properly require:

- may, subject to the articles, choose either to become the holder of those shares or to have them transferred to another person; and
- subject to the articles, and pending any transfer of the shares to another person, has the same rights as the holder had.

10. But transmittees do not have the right to attend or vote at a general meeting in respect of shares to which they are entitled, by reason of the holder's death or bankruptcy or otherwise, unless they become the holders of those shares.

Exercise of transmittees' rights

11. Transmittees who wish to become the holders of shares to which they have become entitled must notify the Company in writing of that wish.

12. If a transmittee wishes to have his shares transferred to another person, the transmittee must execute an instrument of transfer in respect of it.

13. Any transfer made or executed under this article is to be treated as if it were made or executed by the person from whom the transmittee has derived rights in respect of the share, and as if the event which gave rise to the transmission had not occurred.

Transmittees bound by prior notices

14. If a notice is given to a member in respect of shares and a transmittee is entitled to those shares, the transmittee is bound by the notice if it was given to the member before the transmittee's name has been entered in the register of members.

Directors

Article 14: Board of Directors

1. The Board shall comprise no more than nine (9) directors inclusive of non-executive and independent directors. PPC shall have the right to appoint, remove and replace up to five (5) directors. The Original Shareholders, and the Shareholders of the listed shares shall have the right to appoint, remove or replace 2 directors each. The Directors appointed by PPC shall be known as A Directors, the Directors appointed by the Original Shareholders shall be known as B Directors, and the Directors appointed by the Shareholders of the listed shares shall be known as Directors. For as long as PPC holds the majority of the issued shares, PPC shall be entitled to appoint one more director to the Board than the aggregate number of directors appointed by the Shareholders other than PPC. For example, if the Shareholders other than PPC appoint five directors, PPC shall be entitled to appoint six directors.

2. It is hereby agreed that any C Director shall first be nominated by the Board for approval by the Shareholders of the listed shares. The directors shall consider the expertise and skills of an individual to be nominated as a director. The Board shall send notice to the Shareholders of the listed shares specifying the directors nominated for approval, which notice shall in the minimum include a biography of a nominated individual as well as a statement of their business experience and any directorship held in other companies. Nominated directors shall be confirmed by ordinary resolution of the Shareholders of the listed shares.

3. The Company may from time to time by ordinary resolution increase or reduce the number of directors and may also determine in what rotation the increased or reduced number is to retire from office.

Powers and duties of directors

Article 22: Competence of the Board of Directors

1. The Board shall have the full powers to manage and administer assets and activities of the Company within limits of the Company's objects. It shall be within its powers to carry out those duties which are not expressly reserved for the General Meeting either by law or the Articles of Association.

2. It shall determine the general policy of the Company, adopt the business plan and the annual budget of the Company and make all the strategic decisions for investment.

3. The Board of Directors may delegate to a person, who should not necessarily be a Shareholder or Board member, whole or part of his capacities for special and determined missions.

4. The Board may and without the present enumeration being restrictive, acquire, exchange, take and lease all pieces of furniture and buildings, borrow at short and long-term with or without securities, even by way of debentures, agree and accept all mortgage guarantees or other charges, and waiver all real rights and preferences, dispose of all ranks registration, and compromise on all social interests.

5. The Board of Directors may or the agents whom it designates, bring, form and support all judicial proceedings as a plaintiff or defendant, before any tribunal in any jurisdiction, to exert any remedy, to continue the execution of the decisions occurred, to sign all unspecified acts, proxy forms, documents, to sub delegate whole or part of its capacities within the limits and for the duration determined.

Proceedings Of Directors

Article 21: Deliberations

Questions arising at any meeting shall be by a majority of votes. The Board can only deliberate and make decisions when the majority of directors are represented. The quorum for a Board meeting shall be Four (4) A Directors, Two (2) B Directors and One (1) C Director present in person or by his alternate. If within 30 minutes of the time appointed for a Board meeting, the Director(s) present do not constitute a quorum, then the Director(s) present shall adjourn the meeting to a place and time not less than 10 Business days later provided that at such adjourned meeting the Director(s) present may conduct the business of the meeting.

Day to day management

Article 25: Day to Day Management

1. The day to day business of the Company shall be managed by a Chief Executive Officer appointed by the Board of Directors.

2. The Chief Executive Officer shall supervise and control the day to day activities of the Company in accordance with the statutory provisions and Board of Directors directives.

General meetings

Article 28: Powers and Capabilities

1. A General Meeting of Shareholders regularly constituted, shall represent the universality of the shareholders. Its decisions taken in accordance with these Articles of Association are binding for all the shareholders, including the absentees as well as those dissenting.

2. It shall have the most extended powers to do and ratify the acts which interest the Company, except those for which competence is reserved to the board of directors. It has the power of amending the Company's Articles of Association.

Article 29: Quorum

The quorum for a Shareholders meeting shall be Shareholders holding at least 80% (eighty percent) of the entire issued share capital of the Company (present by corporate representative or by proxy). If within thirty minutes of the time appointed for a Shareholders meeting no quorum is present, the chairman of the meeting shall adjourn the meeting to a place and time not less than ten Business Days later. At such adjourned meeting the Shareholders present in person, by corporate representative or by proxy, shall be a quorum and may conduct the business of the meeting.

Article 30: Exercise of Powers Reserved to Shareholders

Article 30 of the Articles provide for the powers conferred upon Shareholders of a Company to be exercised;

1. At a meeting of Shareholders
2. By Resolutions of Shareholders in lieu of a meeting
3. By Unanimous Resolution
4. By Unanimous Shareholders' Agreement

Article 31: Ordinary Resolutions

1. The Powers conferred upon the Shareholders may be exercised by an Ordinary Resolution.
2. An Ordinary Resolution shall be a resolution that is approved by a simple majority of the votes of those shareholders entitled to vote and voting on the matter which is subject of the resolution.

Article 32: Special Resolutions

The powers conferred upon the Shareholders may also be exercised by a Special Resolution. A Special Resolution shall be required for the:

1. Adoption/alteration or revocation of Articles of Association;
2. Approval of a major transaction;
3. Approval of an amalgamation of the Company;
4. Putting of the Company into voluntary liquidation;
5. At any General Meeting at which a Special Resolution is passed, the Chairperson shall make a declaration as to whether such resolution is so passed. To be fully effective, a Special Resolution shall require a majority of three quarters (3/4) of the shareholders voting any resolution.

Article 33: Invitation

1. The General Meeting shall be convened by the Board, auditor, receiver or liquidator or by a person holding a court order upon application by shareholders representing holding of at least ten per cent of the share capital. The invitations shall contain the agenda, time and venue of the meeting.

2. Invitations shall be issued by recorded-delivery letters, Notices and/or by electronic email addressed to the shareholders at least fifteen calendar days before the relevant General Meeting.

3. However, in case of urgency and whenever it is deemed appropriate, invitations may be issued through other relevant means of communication provided that the delivery to the addresses can be ascertained. The timelines provided for the above may be shortened to five business days.

Article 36: Annual General Meeting of Shareholders

A. The Board of Directors shall call an Annual General Meeting of Shareholders to be held;

1. Not more than once a year;
2. Not later than Six (6) months after the balance sheet of the Company;
3. Not later than Fifteen (15) months after the previous annual meeting.

B. The Company shall hold the meeting on the date on which it is called to be held.
C. The business to be transacted at an Annual General Meeting shall be:

1. The consideration and approval of the financial statements;
2. The receiving of any Auditor's Report;
3. The consideration of the Annual Report;
4. The appointment of any Directors;
5. The appointment of any Auditor;
6. Other issues as may be deemed necessary by the Annual General Meeting.

Dividends

Article 43: Dividends

1. The dividends of the financial year are obtained at the end of the financial year after subtraction of business overheads, depreciation and other costs and provisions.

2. From this profit, the tax provision is deducted and the remainder distributed among the shareholders on a prorate basis of their shares. The profit will nevertheless be distributed only if it is established that after the distribution, the Company will be able to pay the maturing debts of which it is indebted.

3. The Board of Directors can propose at an Annual General Meeting to assign whole or part of the above mentioned surplus to extraordinary reserves, provisions or to retained earnings.

4. The dividends are paid on dates and places fixed by the Annual General Meeting.

Winding up and liquidation

Article 44: Winding up

1. The Company may be wound up at any time by a decision of the Extraordinary General Meeting convened and deliberating under the conditions and the forms required for the amendment of Articles of Association.

2. In case the Company's share capital reduces to a quarter, the Board of Directors must convene an Extraordinary General Assembly and shall submit to it a recovery plan.

3. If the Company's share capital reduces by half, then the Board of Directors shall cause the matter to be tabled before a General meeting, which may decide, by a special resolution, on the winding up of the Company. In any case, the Assembly must decide by a vote.

Article 45: Liquidation

1. If, due to any reason, the decision to wind up the Company is taken by the General Assembly, this one shall regulate mode of liquidation, and names one or several liquidators. It determines their powers and emoluments.

2. The appointment of the liquidators shall put an end to the functions of the board and the Company shall be deemed to exist only for liquidation purposes.

3. At the end of the liquidation, after discharging of all debts and costs of the Company, as well as the fees for liquidator, the net shall be distributed to the Shareholders on a prorate basis of their shares.

4. All other matters relating to winding up shall be governed by the relevant provisions of the law relating to commercial recovery and settling of issues arising from insolvency, as modified and complemented.

J. Miscellaneous

Article 47: Settlement of Disputes

Any disputes relating to the interpretation or the execution of these Articles of Association shall first be brought to the attention of the general meeting. When the General meeting fails to resolve the dispute, it shall be referred to the competent Court in Rwanda.

17 REPORTING ACCOUNTANT'S REPORT

The Directors
CIMERWA PLC
Kigali, Rwanda

3 August 2020

Reporting Accountant's Report – CIMERWA PLC

Dear Sirs

We are pleased to submit our Reporting Accountant's Report in accordance with Law No. 17/2018 of 13/04/2018 Governing Companies and Rwanda Stock Exchange Ltd Rule Book Section 5 B (hereafter referred to as "the Regulations") in support of the Listing by Introduction of CIMERWA PLC (the "Company").

The Accountant's report comprises;
our auditor's report on the review of the financial information presented in the Accountant's report the financial statements of the Company for each of the five years ended 31 September 2015, 2016, 2017, 2018 and 2019 contained in Appendix A. These financial statements have been prepared in accordance with International Financial Reporting Standards applicable to financial periods commencing on or after 1 October 2018. The financial statements have been restated to incorporate the requirements of International Financial Reporting Standards issued after the date the original financial statements of the Company were approved for issue;

the prospective financial information for the year ending 31 December 2019 – contained in Appendix B a summary of the International Financial Reporting Standards (IFRS) applicable for the period covered by the report – contained in Appendix C.

Responsibility of the Directors

As Directors of CIMERWA PLC, you are responsible for the Prospectus to be issued on or about 3 August 2020 and for all information contained therein, and for the financial statements and information to which this Accountant's Report relates and from which it has been prepared.

The f

inancial information included in this report was based on the consolidated audited financial statements of the Company for the accounting periods ended 30 September 2019, 2018, 2017, 2016 and 2015.

Our responsibility

You required us to prepare and produce an Accountant's Report to be included in the Prospectus to be issued for CIMERWA PLC.

Our responsibility is detailed in our letter of engagement dated 9 April 2020. The objective of the engagement was to enable us to state whether, on the basis of our review procedures which do not provide all the evidence that would be required in an audit, anything has come to our attention that causes us to believe that the financial statements were not prepared, in all material respects, in accordance with International Financial Reporting Standards.

Our Accountant's report is intended solely for inclusion in the Prospectus in support of the Listing by Introduction of CIMERWA PLC to its shareholders, and shall be distributed only as part of the Prospectus..

We also confirm that other than as disclosed in our Accountant's Report, we are not aware of any material circumstances not mentioned in the Prospectus regarding the Listing by Introduction, represented to us by the Directors or otherwise known to us as auditors, which would influence the evaluation by investors of the assets, liabilities, financial position and prospects of the Company.

Consent

We consent to the inclusion of this report in the Prospectus in support of the Listing by Introduction of CIMERWA PLC to be issued on or about 3 August 2020 in the form and context in which it appears.

For PricewaterhouseCoopers Rwanda Limited, Kigali,

Moses Nyabanda
Director

3 August 2020

PricewaterhouseCoopers Rwanda Limited , 5th Floor, Blue Star House, 35 KG 7 Ave, Kacyiru
PO Box 1495 Kigali, Rwanda
Tel: +250 (252) 588201/2/3/4/5/6 , www.pwc.com/rw

Directors: M Nyabanda B Kimacia P Ngahu

pwc

The Directors
CIMERWA PLC
Kigali, Rwanda

3 August 2020

Report on review of the audited financial statements

Introduction

We have reviewed the acCompanying statement of financial position of CIMERWA PLC (the "Company") as at 31 September 2015, 2016, 2017, 2018 and 2019, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the periods then ended, and notes, comprising a summary of significant accounting policies and other explanatory notes contained in Appendix A.

The Directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards. Our responsibility is to express a conclusion on these consolidated financial statements based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410, 'Review of interim financial information performed by the independent auditor of the entity'. A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

We reviewed the audited financial statements of the Company for each of the five years ended 31 September 2015, 2016, 2017, 2018 and 2019 for compliance with International Financial Reporting Standards (IFRS) applicable to financial periods commencing on or after 1 October 2018. Management have restated the audited financial statements for 2015, 2016, 2017 and 2018 to reflect the impact of IFRS issued after the financial statements were issued. The impact of these restatements is explained in Note 32 of the financial statements contained in Appendix A.

PricewaterhouseCoopers was the auditor of CIMERWA for each of the years ended 31 September 2015, 2016, 2017, 2018 and 2019 and issued unqualified audit opinions.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the acCompanying financial statements do not give a true and fair view of the financial position of the Company as at 31 September 2015, 2016, 2017, 2018 and 2019, and of its financial performance and its cash flows for the periods then ended in accordance with International Financial Reporting Standards.

For PricewaterhouseCoopers Rwanda Limited, Kigali.

Moses Nyabanda
Director

3 August 2020

PricewaterhouseCoopers Rwanda Limited , 5th Floor, Blue Star House, 35 KG 7 Ave, Kacyiru
PO Box 1495 Kigali, Rwanda
Tel: +250 (252) 588201/2/3/4/5/6 , www.pwc.com/rw

Directors: M Nyabanda B Kimacia P Ngahu

Statement of comprehensive income

For the year ended September

	NOTE	2019 Frw'000	2018 Frw'000	2017 Frw'000	2016 Frw'000	2015 Frw'000
Revenue	1	62,237,529	50,214,228	48,763,544	35,721,968	15,997,462
Cost of sales	2	(45,552,598)	(39,420,681)	(33,373,235)	(26,720,412)	(14,062,026)
Gross profit		**16,684,931**	**10,793,547**	**15,390,309**	**9,001,556**	**1,935,436**
Other income	3	310,378	155,171	59,618	135,368	130,417
Interest income		148,204	139,616	89,400	42,462	27,725
Administrative expenses	4 (a)	(5,076,794)	(4,725,500)	(4,490,773)	(4,893,584)	(3,781,236)
Impairment losses on financial assets	4 (b)	(75,070)	(62,390)	-	-	-
Operating profit		**11,991,649**	**6,300,444**	**11,048,554**	**4,285,802**	**(1,687,658)**
Foreign exchange losses	6	(866,869)	(817,984)	(610,911)	(3,012,974)	(155,822)
Finance costs	7	(6,650,716)	(7,072,360)	(7,438,185)	(7,134,068)	(470,631)
Profit/(Loss) before income tax	**8**	**4,474,064**	**(1,589,900)**	**2,999,458**	**(5,861,240)**	**(2,314,111)**
Income tax credit/(expense)		(1,019,678)	97,006	(1,130,727)	1,609,748	430,478
Profit/(loss) for the year		**3,454,386**	**(1,492,894)**	**1,868,731**	**(4,251,492)**	**(1,883,633)**
Other comprehensive income						
Impairment charge on land and buildings		-	-	-	-	(417,528)
Deferred tax charge on revaluation reserves						137,911
Total comprehensive income/(loss) for the year		**3,454,386**	**(1,492,894)**	**1,868,731**	**(4,251,492)**	**(2,163,250)**
Basic earning per share in FRW	24 (r)	4.91	(2.12)	2.66	(6.05)	(3.08)
Diluted earning per share in FRW	24 (r)	4.91	(2.12)	2.66	(6.05)	(3.08)

Statement of financial position

As at 30 September

ASSETS	NOTE	2019 Frw'000	2018 Frw'000	2017 Frw'000	2016 Frw'000	2015 Frw'000
Non-current assets						
Property, plant and equipment	7	86,494,535	91,914,718	95,886,467	106,025,167	110,469,632
Exploration and evaluation asset	10(a)	58,911	73,661	88,404	103,141	117,905
Intangible assets	10(b)	37,677	54,972	72,254	89,526	106,846
		86,591,123	92,043,351	96,047,125	106,217,834	110,694,383
Current assets						
Inventories	11	8,467,605	4,959,261	4,426,232	4,936,234	2,888,303
Current income tax	8	35,443	35,443	35,443	35,443	316,233
Trade and other receivables	12	6,621,727	5,603,071	4,060,503	1,814,775	1,584,954
Cash and cash balances	13	8,137,106	8,120,420	13,646,914	12,331,661	10,127,323
		23, 261,881	18,718,195	22,169,092	19,118,113	14,916,813
TOTAL ASSETS		109,853,004	110,761,546	118,216,217	125,335,947	125,611,196
Equity and liabilities						
Share capital	14	35,160,976	35,160,976	35,160,976	35,160,976	35,160,976
Share premium		22,251,408	22,251,408	22,251,408	22,251,408	22,251,408
Revaluation reserve		-	-	-	5,426,513	5,426,513
Accumulated losses		(1,784,791)	(5,065,443)	(3,572,550)	(7,416,214)	(3,164,722)

ASSETS	NOTE	2019 Frw'000	2018 Frw'000	2017 Frw'000	2016 Frw'000	2015 Frw'000
		55,627,593	**52,346,941**	**53,839,834**	**55,422,683**	**59,674,175**
Liabilities						
Non-current liabilities						
Deferred income tax	15	1,570,714	625,493	722,499	224,051	1,833,799
Borrowings	16	35,674,994	43,609,351	49,951,147	50,124,989	48,758,681
		37,245,708	**44,234,844**	**50,673,646**	**50,349,040**	**50,592,480**
Current liabilities						
Trade and other payables	17	8,145,766	5,829,898	5,255,728	5,672,430	12,524,233
Bank borrowings	16	8,594,315	8,121,801	8,197,021	13,717,273	2,640,636
InterCompany payables	18	239,622	228,062	249,988	174,521	179,672
		16,979,703	14,179,761	13,702,737	19,564,224	15,344,541
Total equity and liabilities		**109,853,004**	**110,761,546**	**118,216,217**	**125,335,947**	**125,611,196**

Statement of changes in equity

ASSETS	SHARE CAPITAL Frw'000	SHARE PREMIUM Frw'000	REVALUATION RESERVE Frw'000	ACCUMULATED LOSSES Frw'000	TOTAL EQUITY Frw'000
Year ended 30 September 2019 **At 1 October 2018 as previously reported**	35,160,976	22,251,408	5,426,513	(7,149,602)	55,689,295
- revaluation reserve reversal	-	-	(5,426,513)	2,084,158	(3,342,355)
- IFRS 9 Transition adjustments	-	-	-	(248,191)	(248,190)
- Deferred income tax on day one IFRS 9 transition adjustment	-	-	-	74,457	74,457
At 1 October 2018 (as restated)	35,160,976	22,251,408	-	(5,239,178)	52,173,207
Profit for the year				3,454,386	3,454,386
Other comprehensive income	-	-	-	-	-
Total comprehensive income for the year	-	-	-	3,454,386	3,454,386
At 30 September 2019	**35,160,976**	**22,251,408**	**-**	**(1,784,791)**	**55,627,592**
Year ended 30 September 2018					
At 1 October 2017 as previously reported	35,160,976	22,251,408	5,426,513	(5,547,483)	57,291,414
- revaluation reserve reversal	-	-	(5,426,513)	1,974,933	(3,451,580)
At 1 October 2017 (as restated)	35,160,976	22,251,408	-	(3,572,550)	53,839,834
Comprehensive income:					
Accumulated losses	(17,84,791)	(5,065,443)	(3,572,550)	(7,416,214)	(3,164,722)

ASSETS	SHARE CAPITAL Frw'000	SHARE PREMIUM Frw'000	REVALUATION RESERVE Frw'000	ACCUMULATED LOSSES Frw'000	TOTAL EQUITY Frw'000
Loss for the year (as restated)	-	-	-	(1,492,894)	(1,492,894)
Other comprehensive income	-	-	-	-	-
Total comprehensive income for the year	-	-	-	(1,492,894)	(1,492,894)
At 30 September 2018	**35,160,976**	**22,251,408**	**-**	**(5,065,444)**	**52,346,940**
Year ended 30 September 2017					
At 1 October 2016	35,160,976	22,251,408	5,426,513	(7,416,214)	55,422,683
Comprehensive income:					
Profit for the year	-	-	-	1,845,840	1,845,840
Other comprehensive income	-	-	-	-	-
Total comprehensive income for the year	-	-	-	1,845,840	1,845,840
At 30 September 2017	**35,160,976**	**22,251,408**	**5,426,513**	**(5,570,374)**	**57,268,523**

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	SHARE CAPITAL Frw'000	SHARE PREMIUM Frw'000	REVALUATION RESERVE Frw'000	ACCUMULATED LOSSES Frw'000	TOTAL EQUITY Frw'000
Year ended 30 September 2016	35,160,976	22,251,408	5,426,513	5,426,513	55,689,295
At 1 October 2015	35,160,976	22,251,408	5,426,513	(3,164,722)	59,674,175
Comprehensive income:					
Loss for the year	-	-	-	(4,251,492)	(4,251,492)
Other comprehensive income	-	-	-	-	-
Total comprehensive income for the year	-	-	-	(4,251,492)	(4,251,492)
At 30 September 2016	**35,160,976**	**22,251,408**	**5,426,513**	**(7,416,214)**	**55,422,683**
Year ended 30 September 2015					
At 1 October 2014	35,160,976	22,251,408	5,706,130	(1,281,089)	61,837,425
Comprehensive income:					
Loss for the year	-	-		(1,883,633)	(1,883,633)
Revaluation of land and buildings	-	-	-	-	-
Deferred tax on revaluation reserves	-	-	137,911	-	137,911
Impairment charge on buildings	-	-	(417,528)	-	(417,528)
Total comprehensive income for the year	-	-	(279,617)	(1,883,633)	(2,163,250)
At 30 September 2015	**35,160,976**	**22,251,408**	**5,426,513**	**(3,164,722)**	**59,674,175**

Statement of cash flows

Year ended 31 September

NOTES	2019 Frw'000	2018 Frw'000	2017 Frw'000	2016 Frw'000	2015 Frw'000
Loss)/profit before income tax	4,474,064	(1,589,900)	2,999,458	(5,861,240)	(2,314,111)
Adjustments for:	-	-			
Interest income	(148,204)	(139,616)	(89,400)	(42,462)	(27,725)
Foreign exchange losses	866,869	817,984	610,911	3,012,974	155,822
Loss allowance on cash and cash equivalents	(13,803)	-	-	-	-
Interest expense	6,650,716	7,072,360	7,438,185	7,134,068	470,631
(Gain)/ loss on disposal of equipment	-	(665)	28,352		(10,479)
Impairment charge on buildings	-	-	-	-	79,786
Impairment charge on the bagging machine / peat plant	-	-	-	554,294	417,626
Depreciation charge on property, plant and equipment	7,234,815	7,317,253	7,201,774	6,919,733	1,172,775
Amortization charge on exploration and evaluation asset	14,750	14,743	14,737	14,764	14,738
Amortization charge on intangible asset	17,295	17,282	17,272	17,320	14,054
Transfer out of plant and equipment	-	-	-	-	7,650
Changes in working capital					
- trade and other receivables	(1,018,656)	(1,552,512)	(2,245,727)	(229,821)	(691,459)
- Loss allowance adjustment on trade receivables	(234,387)	-	-	-	-
- inventories	(3,508,344)	(533,028)	510,001	(2,047,930)	(1,439,661)

NOTES	2019 Frw'000	2018 Frw'000	2017 Frw'000	2016 Frw'000	2015 Frw'000
trade and other payables	2,327,427	562,187	158,477	506,228	1,560,695
Cash generated from operations	**16,662,542**	**11,986,088**	**16,644,040**	**9,977,928**	**(589,658)**
Income tax refund / (paid)	-	-	-	280,795	13,217
Interest received	148,204	139,616	89,400	42,462	27,725
Net cash generated from operating activities	**16,810,746**	**12,125,704**	**16,733,440**	**10,301,185**	**(548,716)**
Cash flows from investing activities					
Purchase of property, plant and equipment	(1,814,632)	(3,346,893)	(1,175,287)	(3,029,562)	(2,006,486)
Proceeds from disposal of equipment	-	2,054	-	-	30,271
Purchase of intangible assets	-	-	-	-	(50,175)
Change in amounts due to new plant project contractors	-	-	-	(7,363,182)	(10,258,253)
Cash flows from financing activities					
Interest payments	(6,491,928)	(7,072,360)	(7,307,804)	(7,065,431)	(4,880,973)
Proceeds from borrowings	-	-	-	12,792,817	13,439,176
Repayment of borrowings	(8,571,045)	(7,437,897)	(7,087,920)	(3,986,689)	-
Net increase in cash and cash equivalents	**(66,859)**	**(5,729,392)**	**1,162,429**	**1,649,138**	**(4,275,156)**
Cash and cash equivalents at beginning of year	8,120,420	13,646,914	12,331,661	10,127,323	14,775,461
Effects of exchange rate changes on cash and cash equivalents	83,546	202,898	152,824	555,200	(372,982)
Cash and cash equivalents at end of year	**8,137,107**	**8,120,420**	**13,646,914**	**12,331,661**	**(10,127,323)**

The Company has one operating segment whose revenue is presented below.

NOTES	2019 Frw'000	2018 Frw'000		2017 Frw'000	2016 Frw'000	2015 Frw'000
Revenue						
Disaggregation of revenue;						
Revenue from the sale of cementitious	59,114,163	47,625,906	Local sales	39,970,386	32,556,412	13,132,001
Revenue from transportation services	3,123,366	2,588,322	Export sales	8,793,158	3,165,556	2,865,461
	62,237,529	**50,214,228**		**48,763,544**	**35,721,968**	**15,997,462**

Revenue is derived from the sale of cementitious products and transportation. Revenue is recognised upon the completion of the performance obligation, being the delivery of the product to the customers. Revenue is recognised net of rebates and discounts provided to the customers. All revenue streams are recognised at a point in time.

COST OF SALES	2019 Frw'000	2018 Frw'000	2017 Frw'000	2016 Frw'000	2015 Frw'000
Fuel costs	662,862	908,110	536,777	324,946	5,356,643
Direct materials	6,952,426	6,616,823	5,867,586	5,674,234	3,243,635
Coal	10,793,880	8,655,371	6,453,074	6,409,812	667,179
Electricity	4,788,177	4,386,260	4,684,637	4,587,713	1,513,741
Employee benefits expenses	3,678,733	2,654,041	2,061,767	2,802,065	1,632,472
Depreciation	6,973,802	6,976,680	6,865,967	6,437,292	800,794
Change in inventories	(568,502.0)	61,895	1,309,781	(1,353,078.0)	(327,143.0)

COST OF SALES	2019 Frw'000	2018 Frw'000	2017 Frw'000	2016 Frw'000	2015 Frw'000
Other direct costs	11,465,615	8,524,813	5,520,408	767,695	607,609
Local taxes	423,725	316,572	(321,238.0)	735,494	345,535
Insurance	367,130	305,373	379,739	319,475	206,823
Amortization charge on exploration and evaluation asset	14,750	14,743	14,737	14,764	14,738
	45,552,598	**39,420,681**	**33,373,235**	**26,720,412**	**14,062,026**

Notes (Continued)

OTHER INCOME	2019 Frw'000	2018 Frw'000	2017 Frw'000	2016 Frw'000	2015 Frw'000
Rental income from staff houses	50,567	48,621	41,856	44,622	37,725
School fees	33,692	26,739	23,826	18,752	19,446
Medical clinic income	5,186	4,372	4,047	4,162	18,003
Gain/(Loss) on disposal of assets	-	665	(28,352.0)	-	10,479
Sale of scrap and other items	220,933	74,774	18,241	67,832	44,764
	310,378	**155,171**	**59,618**	**135,368**	**130,417**

As part of its community support projects, the Company operates a school and a medical clinic and charges subsidised school and medical services fees, respectively

BECAUSE of CIMERWA

THE CLINIC IS VERY ACCESSIBLE FOR ALL OF US IN THE COMMUNITY. THEY GIVE US GREAT HEALTH CARE, 24 HOURS A DAY.

NYIRAHATEGEKIMANA MARTINE
MUGANZA - RUSIZI, BUGARAMA

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ADMINISTRATIVE EXPENSES	2019 Frw'000	2018 Frw'000	2017 Frw'000	2016 Frw'000	2015 Frw'000
Employee benefits expense	1,916,196	1,561,752	1,474,638	1,230,119	995,432
Impairment charge on buildings	-	-	-	-	79,786
Professional consultancy costs	212,398	143,004	410,055	922,353	444,273
Impairment charge on bag making machine/peat plant	-	-		554,294	417,626
Depreciation	261,013	340,573	335,807	482,442	371,981
Accrual for other taxes and rates	-	-	-	-	265,319
Travelling and accommodation	291,979	249,188	75,088	60,173	249,880
Sales and marketing	287,240	395,761	553,912	476,916	137,737
Company functions and meals	181,485	193,760	221,943	15,553	105,645
Management support fees	202,337	104,435	98,259	87,477	84,770
Security	103,777	103,777	105,318	99,580	81,608
Insurance	261,866	267,475	70,024	86,123	63,103
Technical support fees	146,977	110,938	38,739	189,273	60,417
Other	195,488	184,380	187,084	143,791	59,732
Bank charges	141,720	150,374	53,167	64,427	47,458
Salaries and wages school	94,687	65,685	56,300	41,113	44,220
Health and safety	117,843	213,225	214,636	168,136	41,576
Communication and documentation	57,969	54,634	36,013	49,009	36,888

ADMINISTRATIVE EXPENSES	2019 Frw'000	2018 Frw'000	2017 Frw'000	2016 Frw'000	2015 Frw'000
Donations	80,061	85,269	65,773	40,886	32,111
Auditor's remuneration	41,621	45,165	34,730	33,076	29,534
Repairs and maintenance	155,285	92,373	59,168	30,838	28,972
Rent	31,440	13,179	25,538	29,101	27,336
Provision for bad debts	-	-	17,575	-	20,400
Membership and subscription	24,202	19,955	6,063	13,451	20,150
Accountancy fees	65,777	39,918	24,095	19,695	15,880
Amortization charge on intangible assets	17,295	17,282	17,272	17,320	14,054
Printing and stationery	14,398	24,543	18,938	9,623	3,657
Water	629	1,027	896	1,329	1,174
Fuel for administration cars	78,926	-			
Penalties	94,185	247,828	289,742	27,486	517
	5,076,794	**4,725,500**	**4,490,773**	**4,893,584**	**3,781,236**

Notes (Continued)

Impairment losses on financial assets	75,070	62,390	-	-	-
Loss allowance trade and other receivables (Note 12)	**75,070**	**62,390**	-	-	-

ADMINISTRATIVE EXPENSES	2019 Frw'000	2018 Frw'000	2017 Frw'000	2016 Frw'000	2015 Frw'000
Employee benefits expenses	5,342,900	4,031,336	3,332,643	3,824,773	2,498,239
Retirement benefits costs:					
Contributions to the Rwanda Social Security Board	255,004	139,295	187,730	164,358	102,004
Staff costs	91,712	110,847	72,332	43,053	27,661
	5,689,616	**4,281,478**	**3,592,705**	**4,032,184**	**2,627,904**
Included within:					
Cost of sales	3,678,733	2,654,041	2,061,767	2,802,065	1,632,472
-Salaries and wages school	94,687	65,685	56,300	-	-
-Employee benefits expense	1,916,196	1,561,752	1,474,638	1,230,119	995,432

	2019 Frw'000	2018 Frw'000	2017 Frw'000	2016 Frw'000	2015 Frw'000
Foreign exchange losses					
Foreign exchange Gain	276,137	306,690	371,515	-	-
Foreign exchange loss	(1,143,006)	(1,124,674)	982,426	(3,012,974)	(155,822)
	(866,869)	**(817,984)**	**(1,353,941)**	**(3,012,974)**	**(155,822)**
Finance costs					
Interest expense on long term borrowings	6,650,716	7,072,360	7,438,185	7,134,068	470,631
	6,650,716	**7,072,360**	**7,438,185**	**7,134,068**	**470,631**

PROPERTY, PLANT AND EQUIPMENT	LAND Frw'000	BUILDINGS Frw'000	MOTOR VEHICLES Frw'000	COMPUTER EQUIPMENT Frw'000	PLANT AND MACHINERY Frw'000	OFFICE FURNITURE AND EQUIPMENT Frw'000
At 1 October 2018						
Cost or valuation	1,051,074	2,226,962	2,139,169	701,914	110,509,805	435,032
Accumulated depreciation	-	(477,620)	(1,639,267)	(399,862)	(23,195,314)	(251,081)
Impairment charge on bag making machine/peat plant	**1,051,074**	**1,749,342**	**499,902**	**302,052**	**87,314,491**	**183,951**
Year ended 30 September 2019						
Opening net book amount	1,051,074	1,749,342	499,902	302,052	87,314,491	183,951
Additions	-	236,601	183,993	66,165	553,522	284,664
Depreciation charge	-	(124,373)	(227,313)	(155,851)	(6,606,171)	(121,107)
Closing net book amount	**1,051,074**	**1,861,570**	**456,582**	**212,366**	**81,261,842**	**347,508**
At 30 September 2019						
Cost or valuation	1,051,074	2,463,563	2,323,162	768,079	111,063,327	719,696
Accumulated depreciation	-	(601,993)	(1,866,580)	(555,713)	(29,801,485)	(372,188)
Closing net book amount	**1,051,074**	**1,861,570**	**456,582**	**212,366**	**81,261,842**	**347,508**

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THE ROAD IN MY COMMUNITY IS TARMACKED, MY CUSTOMERS ARE COMFORTABLE WITH NO POTHOLES AND MY MOTORBIKE HAS LESS MECHANICAL ISSUES.

SINUMVAYABO JEAN - MOTOR-RIDER
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Notes (Continued)

PROPERTY, PLANT AND EQUIPMENT (CONTINUED)	LAND Frw'000	BUILDINGS Frw'000	MOTOR VEHICLES Frw'000	COMPUTER EQUIPMENT Frw'000	PLANT AND MACHINERY Frw'000	OFFICE FURNITURE AND EQUIPMENT Frw'000
Year ended 30 September 2018						
Opening net book amount restated	1,051,074	1,784,386	668,523	403,740	91,531,140	160,839
Additions	-	74,628	162,159	38,090	2,444,017	100,858
Disposal at Cost	-	-	-	(2,805)	-	-
Depreciation charge	-	(218,898)	(330,780)	(138,388)	(6,660,666)	(77,746)
Reversal of excess depreciation charge	-	109,225	-	-	-	-
Closing net book amount	**1,051,074**	**1,749,342**	**499,902**	**302,052**	**87,314,491**	**183,951**
At 30 September 2018						
Cost or valuation	1,051,074	2,226,962	2,139,169	701,914	110,509,805	435,032
Accumulated depreciation	-	(477,620)	(1,639,267)	(399,862)	(23,195,314)	(251,081)
Closing net book amount	**1,051,074**	**1,749,342**	**499,902**	**302,052**	**87,314,491**	**183,951**
Cost or valuation	1,051,074	2,463,563	2,323,162	768,079	111,063,327	719,696
Accumulated depreciation	-	(601,993)	(1,866,580)	(555,713)	(29,801,485)	(372,188)
Closing net book amount	**1,051,074**	**1,861,570**	**456,582**	**212,366**	**81,261,842**	**347,508**

Notes (Continued)

PROPERTY, PLANT AND EQUIPMENT (CONTINUED)	LAND Frw'000	BUILDINGS Frw'000	MOTOR VEHICLES Frw'000	COMPUTER EQUIPMENT Frw'000	PLANT AND MACHINERY Frw'000	OFFICE FURNITURE AND EQUIPMENT Frw'000
At 1 October 2016						
Cost or valuation	2,672,021	6,482,209	1,828,273	457,300	107,475,500	307,260
Accumulated depreciation	-	(2,120,545)	(996,473)	(225,351)	(10,080,061)	(103,862)
Net book amount as previously reported	2,672,021	4,361,664	831,800	231,949	97,395,439	203,398
Revaluation surplus reversal	(1,620,947)	(4,437,846)	-	-	-	-
Reversal of excess depreciation due to revaluation surplus	-	1,853,282	-	-	-	-
Net book amount as restated	**1,051,074**	**1,777,100**	**831,800**	**231,949**	**97,395,439**	**203,398**
Year ended 30 September 2017						
Opening net book amount	1,051,074	1,777,100	831,800	231,949	97,395,439	203,398
Additions	-	11,123	173,787	206,443	490,461	9,955
Disposal at Cost	-	(4,561)	(25,050)	(57,186)	(44,234)	(3,148)
Depreciation charge	-	(222,515)	(337,064)	(94,724)	(6,474,851)	(72,620)
Reversal of excess depreciation charge	-	121,651	-	-	-	-
Depreciation on disposal	-	179	25,050	57,186	20,264	3,147
Elimination of transfers	-	101,409	-	60,072	144,061	20,107
Closing net book amount	**1,051,074**	**1,784,386**	**668,523**	**403,740**	**91,531,140**	**160,839**

Notes (Continued)

PROPERTY, PLANT AND EQUIPMENT (CONTINUED)	LAND Frw'000	BUILDINGS Frw'000	MOTOR VEHICLES Frw'000	COMPUTER EQUIPMENT Frw'000	PLANT AND MACHINERY Frw'000	OFFICE FURNITURE AND EQUIPMENT Frw'000
At 30 September 2017						
At 1 October 2017						
Cost or valuation	1,051,074	2,152,334	1,977,010	666,629	108,065,788	334,174
Accumulated depreciation	-	(367,948)	(1,308,487)	(262,889)	(16,534,648)	(173,335)
Closing net book amount	**1,051,074**	**1,784,386**	**668,523**	**403,740**	**91,531,140**	**160,839**
Cost or valuation	2,672,021	6,590,180	1,977,010	666,629	108,065,788	334,174
Accumulated depreciation	-	(2,342,881)	(1,308,487)	(262,889)	(16,534,648)	(173,335)
Net book amount as previously reported	2,672,021	4,247,299	668,523	403,740	91,531,140	160,839
Revaluation surplus reversal	(1,620,947)	(4,437,846)	-	-	-	-
Reversal of excess depreciation due to revaluation surplus	-	1,974,933	-	-	-	-
Net book amount as restated	**1,051,074**	**1,784,386**	**668,523**	**403,740**	**91,531,140**	**160,839**

Notes (Continued)

PROPERTY, PLANT AND EQUIPMENT (CONTINUED)	LAND Frw'000	BUILDINGS Frw'000	MOTOR VEHICLES Frw'000	COMPUTER EQUIPMENT Frw'000	PLANT AND MACHINERY Frw'000	OFFICE FURNITURE AND EQUIPMENT Frw'000
At 1 October 2015						
Cost or valuation	2,672,021	7,112,553	1,470,993	427,673	105,552,428	120,582
Accumulated depreciation	-	(2,885,045)	(715,505)	(164,932)	(3,169,101)	(72,317)
Net book amount	2,672,021	4,227,508	755,488	262,741	102,383,327	48,265
Year ended 30 September 2016						
Opening net book amount	2,672,021	4,227,508	755,488	262,741	102,383,327	48,265
Additions	-	324,291	357,280	29,626	1,923,071	186,680
Depreciation charge	-	(190,136)	(280,969)	(60,419)	(6,356,664)	(31,545)
Impairment charge	-	-	-	-	(554,294)	-
Closing net book amount	2,672,021	4,361,663	831,799	231,948	97,395,440	203,400
At 30 September 2016						
Cost or valuation	2,672,021	7,436,844	1,828,273	457,299	107,475,499	307,262
Accumulated depreciation	-	(3,075,181)	(996,474)	(225,351)	(10,080,059)	(103,862)
Closing net book amount	2,672,021	4,361,663	831,799	231,948	97,395,440	203,400

Property, plant and equipment pledged as security is as disclosed on Note 17.

Notes (Continued)

	LAND Frw'000	BUILDINGS Frw'000	MOTOR VEHICLES Frw'000	COMPUTER EQUIPMENT Frw'000	PLANT AND MACHINERY Frw'000	OFFICE FURNITURE AND EQUIPMENT Frw'000
At 1 October 2014						
Cost or valuation	2,672,021	7,056,789	1,192,894	164,046	5,271,989	87,992
Accumulated depreciation	-	(2,210,364)	(508,394)	(107,006)	(2,056,933)	(59,214)
Net book amount	2,672,021	4,846,425	684,500	57,040	3,215,056	28,778
Year ended 30 September 2015						
Opening net book amount	2,672,021	4,846,425	684,500	57,040	3,215,056	28,778
Disposals at cost	-	-	(26,843)	-	(15,675)	-
Additions	-	55,764	304,942	263,627	1,229,281	32,590
Transfers from capital works in progress	-	-	-	-	99,066,833	-
Items donated to the community	-	-	-	-	-	-
Depreciation on disposal	-	-	7,051	-	15,675	-
Depreciation charge	-	(177,367)	(214,162)	(57,926)	(710,217)	(13,103)
Impairment charge	-	(497,314)	-	-	(417,626)	-
Closing net book amount	2,672,021	4,227,508	755,488	262,741	102,383,327	48,265

	LAND Frw'000	BUILDINGS Frw'000	MOTOR VEHICLES Frw'000	COMPUTER EQUIPMENT Frw'000	PLANT AND MACHINERY Frw'000	OFFICE FURNITURE AND EQUIPMENT Frw'000
At 30 September 2015						
Cost or valuation	2,672,021	7,112,553	1,470,993	427,673	105,552,428	120,582
Accumulated depreciation	-	(2,885,045)	(715,505)	(164,932)	(3,169,101)	(72,317)
Closing net book amount	**2,672,021**	**4,227,508**	**755,488**	**262,741**	**102,383,327**	**48,265**

Property, plant and equipment pledged as security is as disclosed on Note 17.

INCOME TAX EXPENSE	2019 Frw'000	2018 Frw'000	2017 Frw'000	2016 Frw'000	2015 Frw'000
Current income tax	-	-	-	-	-
Deferred income tax expense/(credit) (Note 21)	1,019,678	(97,006)	1,130,727	(1,609,748)	(430,478)
	1,019,678	**(97,006)**	**1,130,727**	**(1,609,748)**	**(430,478)**

Income tax expense/(credit)

The tax on the Company's profit/(loss) before income tax differs from the theoretical amount that would arise using the statutory income tax rate as follows:

Profit/(loss) before income tax	4,474,065	(1,589,900)	2,999,458	(5,861,240)	(2,314,115)
Tax calculated at the statutory income tax rate of 30% (2018: 30%)	1,342,220	(476,970)	899,837	(1,758,372	(694,233)
Tax effects of:					
• Expenses not deductible for tax purposes	163,112	232,151	285,335	148,624	179,835
• Movement in deferred income tax liabilities	(485,654)	147,813	(31,554)	-	83,920
Income tax expense/(credit)	1,019,678	(97,006)	1,153,618	(1,609,748)	(430,478)

The current income tax assets on the statement of financial position are analyzed as follows:

At start of year	35,443	35,443	35,443	35,443	35,443
Withholding tax paid during the year	-	-	-	-	-
Current income tax receivable at 31 December:	**35,443**	**35,443**	**35,443**	**35,443**	**35,443**

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I HAVE BEEN ABLE TO BUILD MY HOME AND TAKE MY CHILDREN THROUGH SCHOOL. THANKS TO THE TAILORING SKILLS, TRAINING AND EQUIPMENT PROVIDED.

NYINAWINGELI JACQUELINE - TAILOR
MUGANZA - RUSIZI, BUGARAMA

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Notes (Continued)

Exploration and evaluation asset relate to capitalized limestone deposits exploration costs to be

	2019 Frw'000	2018 Frw'000	2017 Frw'000	2016 Frw'000	2015 Frw'000
Exploration and evaluation asset					
Cost					
At start and end of year	147,381	147,381	147,381	147,381	147,381
Amortization					
At start of year	(73,720)	(58,977)	(44,240)	(29,476)	(14,738)
Charge for the year	(14,750)	(14,743)	(14,737)	(14,764)	(14,738)
At end of year	88,470)	(73,720)	(58,977)	(44,240)	(29,476)
Net book value	**58,911**	**73,661**	**88,404**	**103,141**	**117,905**

amortized over the estimated life of the limestone reserves

	2019 Frw'000	2018 Frw'000	2017 Frw'000	2016 Frw'000	2015 Frw'000
Intangible assets					
Cost					
At start and end of year	120,900	120,900	120,900	120,900	120,900
Additions	-	-	-	-	50,175
Amortization					
At start of year	(65,928)	(48,646)	(31,374)	(14,054)	-
Charge for the year	(17,295)	(17,282)	(17,272)	(17,320)	(14,054)
At end of year	(83,223)	(65,928)	(48,646)	(31,374)	(14,054)
Net book value	**37,677**	**54,972**	**72,254**	**89,526**	**106,846**

Intangible assets relate to software licenses.

	2019 Frw'000	2018 Frw'000	2017 Frw'000	2016 Frw'000	2015 Frw'000
Inventories					
Spare parts	4,307,340	2,934,183	2,837,823	2,026,485	1,010,242
Works in progress	469,588	222,408	222,216	954,908	75,246
Fuel oil	395,451	282,410	234,085	152,007	392,638
Coal	2,371,960	1,049,755	722,523	295,232	807,748
Raw materials	650,954	489,000	199,783	943,923	330,619
Finished goods	390,081	162,136	164,441	641,536	234,704
Paper bags	236,110	212,037	359,672	239,504	67,833
Other consumables	458,933	292,638	370,995	233,576	477,039
Provision for inventories	(812,812)	(685,306)	(685,306)	(550,937)	(507,766)
	8,467,605	**4,959,261**	**4,426,232**	**4,936,234**	**2,888,303**

Notes (Continued)

	2019 Frw'000	2018 Frw'000	2017 Frw'000	2016 Frw'000	2015 Frw'000
Trade and other receivables					
Trade receivables	2,560,510	3,704,807	1,925,769	505,441	39,000
Less: loss allowance	(371,847)	(118,965)	(56,575)	(39,000)	(39,000)
	2,188,663	3,585,842	2,188,663	2,188,663	-
Net trade receivables					
Prepayments	4,392,234	1,976,210	2,136,109	1,335,064	1,225,573
Other receivables Other taxes receivable	-	-	-	-	335,936
Other receivables	40,830	41,019	55,200	13,270	23,445
	6,621,727	**5,603,071**	**4,060,503**	**1,814,775**	**1,584,954**

In the opinion of the Directors, the carrying amounts of trade and other receivables approximate their fair values.
The closing loss allowances for trade receivables as at.

30 September – calculated under IAS 39	118,965	56,575	-	-	-
IFRS 9 Transition adjustment	234,387	-	-	-	-
Opening loss allowance as at 1 October – calculated under IFRS 9	353,352	(118,965)	-	-	-
Increase in loss allowance recognized in income statement during the year	75,070	62,390	-	-	-
Receivables written off during the year as uncollectible	(56,575)	-	-	-	-

Cash and cash equivalents include the following for the purposes of the statement of cash flows:

	2019 Frw'000	2018 Frw'000	2017 Frw'000	2016 Frw'000	2015 Frw'000
Cash and Cash Equivalents					
Cash at bank	8,148,927	8,119,578	13,644,877	12,330,478	10,125,721
Cash in hand	1,840	842	2,037	1,183	1,602
Less: Loss allowance	(13,661)	-	-	-	-
	8,137,106	**8,120,420**	**13,646,914**	**12,331,661**	**10,127,323**

The cash and cash equivalents disclosed above and in the statement of cash flows include USD 5,000,000 (equivalent to Rwf 4,633,750,000) which are restricted. These deposits are additional security pledged to the syndicate of lenders and are therefore not available for general use by the Company

Notes (Continued)

Cash and cash equivalents (continued)

The closing loss allowances for cash balances as at 30 September reconcile to the opening loss allowances as set out below.

	2019 Frw'000	2018 Frw'000	2017 Frw'000	2016 Frw'000	2015 Frw'000
30 September – calculated under IAS 39	-	-	-	-	-
IFRS 9 Transition adjustment	13,803	-	-	-	-
Opening loss allowance as at 1 October	13,803	-	-	-	-
Decrease in loss allowance during the year	(142)	-	-	-	-
	13,661	**-**	**-**	**-**	**-**

Share Capital					
Number of shares	703,219,520	703,219,520	703,219,520	703,219,520	703,219,520

	2019 Frw'000	2018 Frw'000	2017 Frw'000	2016 Frw'000	2015 Frw'000
Ordinary shares each with a par value of Frw 50 each	35,160,976	35,160,976	35,160,976	35,160,976	35,160,976
Share premium	22,251,408	22,251,408	22,251,408	22,251,408	22,251,408

The total authorised and issued number of ordinary shares is 703,219,520 (2019: 703,219,520) with a par value of Rwf 50 per share. All issued shares are paid up.

Deferred income tax

Deferred income tax is calculated using the enacted income tax rate of 30%.
The movement on the deferred income tax account is as follows:

	2019 Frw'000	2018 Frw'000	2017 Frw'000	2016 Frw'000	2015 Frw'000
At start of year	625,493	722,499	224,052	1,833,799	2,402,188
Reversal of revaluation surplus adjustment	-	-	(632,279)	-	-
Day one transition adjustment for IFRS 9 taken through retained earnings	(74,456)	-	-	-	-
Charge/(credit) to profit and loss account	1,019,678	(97,006)	1,130,726	(1,609,748)	(430,478)
Credit to other comprehensive income					(137,911)
At end of year	**1,570,715**	**625,493**	**722,499**	**224,051**	**1,833,799**

Notes (Continued)

	2019 Frw'000	2018 Frw'000	2017 Frw'000	2016 Frw'000	2015 Frw'000
Borrowings					
Non-current bank loans	35,674,994	43,609,351	49,951,147	50,124,989	48,758,681
Current bank loans	8,594,315	8,121,801	8,197,021	13,717,273	2,640,636
Total borrowings	**44,269,309**	**51,731,152**	**58,148,168**	**63,842,262**	**51,399,317**

The bank loans are a syndicated loan facility denominated in both US Dollars and Rwanda Francs, as shown below.

Kenya Commercial Bank Limited	-	7,084,273	7,990,152	10,016,689	12,778,763
PTA Bank	12,625,845	14,794,702	16,898,663	19,063,200	15,357,018
East Africa Development Bank	2,525,169	2,958,941	3,379,733	3,812,640	629,015
Ecobank Rwanda Limited	2,859,543	3,512,284	4,063,308	4,575,168	4,248,595
Bank of Kigali PLC	14,322,121	16,752,195	18,491,253	19,576,891	14,641,528
KCB Bank Rwanda Ltd	9,961,790	4,378,499	4,842,343	4,167,355	1,162,451
I & M Bank Rwanda Ltd	1,974,841	2,250,258	2,482,716	2,630,319	2,581,947
	44,269,309	**51,731,152**	**58,148,168**	**63,842,262**	**51,399,317**

The syndicated loan is secured by the Company's property, plant and equipment. The carrying amounts of assets pledged as security for current and non-current borrowings are:

	2019 Frw'000	2018 Frw'000	2017 Frw'000	2016 Frw'000	2015 Frw'000
Land	1,051,074	1,051,074	2,672,021	2,672,021	2,672,021
Buildings	1,861,570	1,749,342	4,247,298	4,361,663	4,227,508
Plant and equipment	81,261,842	87,314,491	93,051,008	97,395,440	102,383,327
	84,174,486	**90,114,907**	**99,970,327**	**104,429,124**	**109,282,856**

Trade and other payables					
Amounts due to plant contractors	211,000	203,453	203,453	203,950	7,567,132
Trade payables	4,670,836	3,658,168	3,104,146	2,124,884	1,737,226
Customer deposits	1,848,867	1,087,837	406,330	518,286	1,239,093
Other taxes payable	78,976	64,174	449,582	1,389,594	1,246,829
Other payables	1,336,087	816,266	1,092,218	1,435,716	733,953
	8,145,766	**5,829,898**	**5,255,729**	**5,672,430**	**12,524,233**

Related party transactions

The Company is controlled by PPC Limited as the ultimate parent and PPC International Holdings (PTY) Ltd is the immediate parent, with both companies incorporated in South Africa. There are other companies that are relate to CIMERWA PLC through common shareholdings or common Directorships. The following transactions were carried out with related parties:

- Government of Rwanda

On 30 September 2019, the Government of Rwanda, through Rwanda Social Security Board and AGDF Corporate Trust Limited, held a minority shareholding in the Company of 37.55% which is unchanged from prior year. As a result, Government of Rwanda controlled bodies are related parties of the Company. The Company enters into transactions with many of these bodies on an arm's length basis. Transactions include the payment of: taxes principally corporate tax, value added tax, withholding tax, employer pension contributions, and district mining levies.

- Key Management Compensation

Key management includes members of senior management. The compensation paid or payable to key management for employee services is shown below:

	2019 Rwf'000	**2018 Rwf'000**	**2017 Rwf'000**	**2016 Rwf'000**	**2015 Rwf'000**
Salaries and wages	995,012	925,568	685,561	629,823	538,190
Contributions to Rwanda Social Security Board	46,105	45,881	36,053	31,491	26,909
	1,041,117	**971,449**	**721,61**	**661,314**	**565,099**

Directors remuneration					
Salaries and wages included with key management compensation above	492,285	410,281	326,940	228,036	165,734
Contributions to Rwanda Social Security Board	22,781	20,232	17,202	11,402	9,575
Sitting and other allowances	7,941	8,055	4,376	6,944	11,449
	523,007	**438,568**	**348,518**	**246,382**	**186,758**

Purchase of services from Parent Company					
Management support fees	202,337	104,435	98,259	87,477	84,770
Technical support fees	146,977	110,938	38,739	189,273	60,417
	349,314	**215,373**	**136,998**	**276,750**	**145,187**

	2019 Rwf'000	2018 Rwf'000	2017 Rwf'000	2016 Frw'000	2015 Rwf'000
Purchase of goods					
Purchases of peat from Rwanda Energy Company Limited	9,562	-	254,016	97,098	163,071

Rwanda Energy Company Limited is a subsidiary of Rwanda Investment Group Limited (RIG), which is a shareholder of the Company.

	2019 Rwf'000	2018 Rwf'000	2017 Rwf'000	2016 Rwf'000	2015 Rwf'000
Outstanding balances arising from purchase of goods/services					
Amounts due from Rwanda Energy Company Limited	-	-	2,143	-	-
Amounts due to Parent Company	239,622	228,062	247,845	174,521	179,672
	239,622	**228,062**	**249,988**	**174,521**	**179,672**

BECAUSE of CIMERWA

MY GROCERY SALES TRIPLED COMPARED TO THE PAST.
I WAS ABLE TO BUILD MY HOUSE. TODAY, IT NEVER RAINS ON US
AND I HAVE BETTER STORAGE. I CAN TAKE CARE OF MY HOUSEHOLD.

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MUGANZA - RUSIZI, BUGARAMA

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STRENGTHENING RWANDA

Financial risk management objectives and policies

RISK	EXPOSURE ARISING FROM	MEASUREMENT	MANAGEMENT
Market risk – foreign exchange	• Future commercial transactions • Recognized financial assets and liabilities not denominated in Rwanda Francs	• Cash flow forecasting • Sensitivity analysis	Holding foreign currency bank accounts which act as a natural hedge for foreign denominated purchases
Market risk – interest rate	Long term borrowings at variable and fixed rates	Sensitivity analysis	Entering into a combination of fixed and variable interest rate borrowings
Market risk – security prices	The Company does not hold any financial instrument subject to price risk	Not applicable	Not applicable
Credit risk	• Cash at bank • Trade and other receivables	Aging analysis	• Diversification of bank deposits • Restriction of credit trading terms
Liquidity risk	Borrowings and other liabilities	Rolling cash flow forecasts	Availability of committed credit lines and borrowing facilities

Financial risks are managed by the finance department in accordance with policies set out by the Board of Directors.

Market Risk

i. Foreign Exchange Risk

Exposure

The Company's exposure to foreign currency risk at the end of the reporting period, expressed in Rwanda francs, was as follows:

ASSETS	2019 USD Frw's000	2018 USD Frw's000	2017 USD Frw's000	2016 USD Frw's000	2015 USD Frw's000
Cash at bank and at hand	5,236,613	5,190,452	8,176,664	7,819,718	8,099,234
Trade and other receivables	-	9,492	-	-	-
	5,236,613	5,199,944	8,176,664	7,819,718	8,099,234
Liabilities					
Bank borrowings	(15,348,097)	(25,133,151)	(32,740,244)	45,553,314	43,826,769
Trade and other payables	(692,554)	(473,401)	(335,357)	1,039,014	7,804,730
	(16,040,651)	(25,606,552	(33,075,601)	46,592,328	51,631,499
Net position	**(10,804,038)**	**(20,406,608)**	**(24,898,937)**	**(38,772,610)**	**(43,532,265)**

Sensitivity

At 30 September 2019, if the Rwandan Franc had weakened/strengthened by 10% against the US dollar with all other variables remaining constant, post-tax profit or loss for the year would have been Frw 1,081,723,581 (2018: Frw 1,108,598,736) higher/ lower, mainly as a result of US dollar denominated borrowings, trade payables and bank balances.

ii. Cashflow and Fair value Interest Rate risk

TThe Company's main interest rate risk arises from long-term borrowings with variable rates, which exposes the Company to cash flow interest rate risk. The borrowings were specifically taken to finance the new cement plant construction and included a mix of variable and fixed interest rates to manage cash flow and fair value interest rate risk.

During 2018, the Company's borrowings at variable rate were denominated in US Dollars.

The Company's fixed rate borrowings and receivables are carried at amortized cost. They are therefore not subject to interest rate risk as defined in IFRS 7, since neither the carrying amount nor the future cash flows will fluctuate because of a change in market interest rates.
The Company's fixed rate borrowings and receivables are carried at amortized cost. They are therefore not subject to interest rate risk as defined in IFRS 7, since neither the carrying amount nor the future cash flows will fluctuate because of a change in market interest rates.

Variable rate borrowings are the US Dollar denominated bank loans as set out under Note 16.

At 30 September, an increase / decrease of 100 basis points would have resulted in a decrease / increase in post-tax profit or loss by Frw 118,849,958 (2018: Frw 49,502,165).

Credit Risk

Credit risk is managed on a Company basis. Credit risk arises from cash and cash equivalents, and deposits with banks, as well as trade and other receivables. The Company does not have any significant concentrations of credit risk. The Company credit controller assesses the credit quality of each customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board. The utilisation of credit limits is regularly monitored.

Risk Management

The Company has policies in place to ensure that contracts are entered into with customers with appropriate credit history and that its financial interests are contractually safeguarded at the time of engagement.
Balances are reviewed monthly and appropriate follow up is carried out by the credit control unit, Finance Director, Commercial and eventually escalated to the Executive management for possible dunning or legal action.

Security

For some trade receivables the Company may obtain security in the form of bank guarantees, letters of credit which can be called upon if the counterparty is in default under the terms of the agreement.

(a) Financial risk management objectives and policies (continued)

(i)Credit risk (continued)

(iii) Impairment of financial assets

The closing loss allowances for trade receivables as at 30 September 2019 reconcile to the opening loss allowances as follows:

	2019 Frw'sOOO	2018 Frw'sOOO	2017 Frw'sOOO	2016 Frw'sOOO	2015 Frw'sOOO
Cash at bank	8,135,266	8,119,578	13,644,877	12,331,631	10,154,323
Trade receivables	2,188,663	3,585,842	1,925,769	466,441	-
Other receivables	40,830	41,019			
	10,364,759	**11,746,439**	**15,570,646**	**12,798,072**	**10,154,323**

Cash and cash equivalents.

The Company has applied a probability of default of 0.17% to the bank balances as at 30 September to determine the impairment loss disclosed under note (11).

Trade receivables

The Company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, trade receivables have been analyzed based on shared credit risk characteristics and the days past due.

The expected loss rates are based on the payment profiles of sales over a period of 24 months from October 2017 to September 2019 and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect forward looking information to the extent that there is a strong correlation between the forward-looking information and the expected credit losses. The Company has identified the GDP of the country in which it sells its goods and services to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

On that basis, the loss allowance as at 2019,2018,2017,2016 and 2015 was determined as follows for trade receivables:

30 SEPTEMBER 2019	CURRENT	MORE THAN 30 DAYS PAST DUE	MORE THAN 60 DAYS PAST DUE	MORE THAN 90 DAYS PAST DUE	MORE THAN 120 DAYS PAST DUE	TOTAL
Expected loss rate	2.28%	8.78%	17.83%	86.92%	100%	
Gross carrying amount – trade receivables (Rwf'000)	1,880,170	137,484	87,405	401,442	70,829	2,577,330
Loss allowance (Rwf'000)	**28,248**	**9,163**	**2,896**	**260,711**	**70,829**	**371,847**
Bank borrowings	(15,348,097)	(25,133,151)	(32,740,244)	45,553,314	43,826,769	
Trade and other payables	(692,554)	(473,401)	(335,357)	1,039,014	7,804,730	
	(16,040,651)	(25,606,552	(33,075,601)	46,592,328	51,631,499	
Net position	**(10,804,038)**	**(20,406,608)**	**(24,898,937)**	**(38,772,610)**	**(43,532,265)**	

Notes (continued)

(a) Financial risk management objectives and policies (continued)
Credit risk (continued)

(iii) Impairment of financial assets(continued)

30 SEPTEMBER 2018	CURRENT	MORE THAN 30 DAYS PAST DUE	MORE THAN 60 DAYS PAST DUE	MORE THAN 90 DAYS PAST DUE	MORE THAN 120 DAYS PAST DUE	TOTAL
Expected loss rate	2.28%	8.78%	17.83%	86.92%	100%	
Gross carrying amount – trade receivables (Rwf'000)	2,651,026	611,578	142,941	79,266	219,997	3,704,808
Loss allowance (Rwf'000)	44,469	25,617	24,375	68,896	189,996	353,353

(a) Financial risk management objectives and policies (continued)

Credit risk (continued)

(iii) Impairment of financial assets (continued)

The closing loss allowances for trade receivables as at 30 September 2019 reconcile to the opening loss allowances as follows:

	2019 Rwf'000	2018 Rwf'000	2017 Rwf'000	2016 Rwf'000	2015 Rwf'000
30 September – calculated under IAS 39	118,965	56,575			
IFRS 9 Transition adjustment	234,387	-			
Opening loss allowance as at 1 October 2018 – calculated under IFRS 9	353,352	56,575			
Increase in loss allowance recognised in income statement during the year	75,070	62,390			
Receivables written off during the year as uncollectible	(56,575)	-			
	371,847	**118,965**			

Trade and other receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Company, and a failure to make contractual payments for a period of greater than 120 days past due.

Impairment losses on trade and other receivables are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

Previous accounting policy for impairment of trade receivables

In the prior year, the impairment of trade receivables was assessed based on the incurred loss model. Individual receivables which were known to be uncollectible were written off by reducing the carrying amount directly. The other receivables were assessed collectively to determine whether there was objective evidence that an impairment had been incurred but not yet been identified. For these receivables the estimated impairment losses were recognised in a separate provision for impairment. The Company considered that there was evidence of impairment if any of the following indicators were present:

significant financial difficulties of the debtor
probability that the debtor will enter bankruptcy or financial reorganisation, and
default or late payments (more than 30 days overdue).

Receivables for which an impairment provision was recognised were written off against the provision when there was no expectation of recovering additional cash.

- significant financial difficulties of the debtor
- probability that the debtor will enter bankruptcy or financial reorganisation, and
- default or late payments (more than 30 days overdue).

Receivables for which an impairment provision was recognised were written off against the provision when there was no expectation of recovering additional cash.
Notes (continued)

(a) Financial risk management objectives and policies (continued)

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. Prudent liquidity risk management includes maintaining sufficient cash balances, and the availability of funding from an adequate amount of committed credit facilities. The finance department maintains flexibility in funding by maintaining availability under committed credit lines.

Management perform cash flow forecasting and monitor rolling forecasts of the Company's liquidity requirements to ensure it has sufficient cash to meet its operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the Company does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities and proactively managing positions where there is a breach. The Company's approach when managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, without incurring unacceptable losses or risking damage to the Company's reputation.

Maturities of financial liabilities

The table below analyses the Company's financial liabilities that will be settled on a net basis into relevant maturity groupings based on the remaining period at the date to the contractual maturity date. The amounts disclosed in the table below are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

AT 30 SEPTEMBER 2019	LESS THAN 1 YEAR Rwf'000	2-3 YEARS Rwf'000	4- 5 YEARS Rwf'000	MORE THAN 5 YEARS Rwf'000	TOTAL Rwf'000
Trade and other payables	8,145,766	-	-	-	**8,145,766**
InterCompany payables	239,622	-	-	-	**239,622**
Interest bearing borrowings	12,414,691	26,842,546	18,192,907	-	**57,450,144**
	20,800,079	**26,842,546**	**18,192,907**	**-**	**65,835,532**

AT 30 SEPTEMBER 2018	LESS THAN 1 YEAR Rwf'000	2-3 YEARS Rwf'000	4- 5 YEARS Rwf'000	MORE THAN 5 YEARS Rwf'000	TOTAL Rwf'000
Trade and other payables	5,829,898	-	-	-	**5,829,898**
InterCompany payables	228,062	-	-	-	**228,062**
Interest bearing borrowings	13,839,236	26,466,307	24,852,942	4,784,832	**69,943,317**
	19,897,196	**26,466,307**	**24,852,942**	**4,784,832**	**76,001,277**

AT 30 SEPTEMBER 2017	LESS THAN 1 YEAR	OVER 1 YEAR
- trade and other payables	5,255,723	-
- interCompany payable	249,988	-
- interest bearing loan	15,647,062	70,884,662
	21,152,773	**70,884,662**

(a) Financial risk management objectives and policies (continued)

Notes (continued)

Liquidity risk (continued)

AT 30 SEPTEMBER 2016	Rwf'000	Rwf'000
- trade and other payables	5,846,951	-
- interest bearing loans	13,717,273	50,124,989
	19,564,224	**50,124,989**

AT 30 SEPTEMBER 2015	Rwf'000	Rwf'000
- trade and other payables	12,703,905	-
- interest bearing loans	2,640,636	48,758,681
	15,344,541	**48,758,681**

Notes (continued)

(a) Financial risk management objectives and policies (continued)

Capital risk management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may limit the amount of dividends paid to shareholders, issue new shares, or sell assets to reduce debt.

The capital structure of the Company consists of debt, which includes the borrowings disclosed in note 16, cash and cash equivalents as disclosed in note 11, and equity attributable to shareholders, comprising stated capital, reserves and retained profit.

Capital risk management is carried out in accordance with the Company's policy. A committee that include the Parent Company's senior financial executives reviews the capital structure of the Company on a quarterly basis. As part of this review, the cost of capital and the risks associated with each class of capital are considered. Based on recommendations of the committee, the Company balances its overall capital structure through issues of equity instruments, dividend cover reviews, and the issue of new debt or redemption of existing debt.

(b) Financial instruments by category

FINANCIAL ASSETS AT AMORTISED COST	2019 Rwf's000	2018 Rwf's000	2017 Rwf's000	2016 Rwf's000	2015 Rwf's000
Financial assets					
Trade receivables	2,188,663	3,585,842	4,060,503	1,814,775	23,445
Other receivables	40,830	41,019			
Cash and cash equivalents	8,137,106	8,120,421	13,646,914	12,331,661	10,127,323
	10,366,599	**11,747,282**	**17,707,417**	**14,146,436**	**10,150,768**

Financial liabilities at amortised cost

Financial liabilities					
Trade and other payables	8,145,766	5,829,898	5,255,723	5,846,951	11,457,076
InterCompany payable	239,622	228,062	58,148,168	-	-
Borrowings	44,269,309	51,731,153	5,255,723	63,842,262	51,399,317
	52,654,697	**57,789,113**		**69,689,213**	**62,856,393**

Notes (continued)

(c) Fair value of financial instruments

For the majority of the borrowings and payables, the fair values are not materially different to their carrying amounts, since the interest payable on those borrowings is either close to current market rates or the borrowings are of a short-term nature. The borrowing cost of the USD portion of the syndicated loan is carries an interest rate of LIBOR plus 7.25%, while the FRW portion is based on interest rate of 16% which within range of industry average rate of 16.5% for corporate loans. For trade receivables these are short term in nature and fair values approximate carrying values.

	2019		2018		2017	
	CARRYING AMOUNT Rwf'000	FAIR VALUE Rwf'000	CARRYING AMOUNT Rwf'000	FAIR VALUE Rwf'000	CARRYING AMOUNT Rwf'000	FAIR VALUE Rwf'000
Borrowings (USD portion)	15,151,014	14,216,968	24,470,771	24,284,401	31,955,359	31,190,746
Borrowings (RWF portion)	29,118,295	28,710,601	27,260,381	27,045,373	26,192,809	25,732,142
	44,269,309	**42,927,569**	**51,731,152**	**51,329,774**	**58,148,168**	**56,922,888**

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.

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The 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 are addressed below.

a) Critical accounting estimates

Useful lives of property, plant and equipment

The Directors determine the estimated useful lives and related depreciation charges for its property, plant and equipment. Directors will increase the depreciation charge where useful lives are less than previously estimated lives, or it will write-off or write-down technically obsolete or non-strategic assets that have been abandoned or sold.

Below is a sensitivity analysis on the effect on depreciation charge in the event of an increase or decrease on the depreciation charge applied to the property, plant and equipment.

ASSET CATEGORY	Current (100%)	(+20%)	(-20%)	(+40%)	(-40%)	(+60%)	(-60%)
Plant	6,606,171	7,927,405	5,284,936	9,248,639	3,963,702	10,569,873	2,642,468
Buildings	235,791	282,949	188,633	330,108	141,475	377,266	94,316
Motor vehicles	227,313	272,776	181,851	318,239	136,388	363,701	90,925
Computer equipment	153,514	184,216	122,811	214,919	92,108	245,622	61,405
Office furniture	121,107	145,329	96,886	169,550	72,664	193,772	48,443
Total	**7,343,896**	**8,812,675**	**5,875,117**	**10,281,455**	**4,406,338**	**11,750,234**	**2,937,558**

Notes (continued)

Critical accounting estimates and judgements

b) Significant judgements

Deferred income tax assets

Deferred income tax assets relating to unused tax loss carry-forwards and to deductible temporary differences are recognised if it is probable that they can be offset against future taxable profits or existing temporary differences. At as 30 September 2019, the Company had recognised deferred tax assets on tax loss carry-forwards and other temporary differences totaling Frw 10,264 million (2018: Frw 13,103 million) since it was foreseeable that tax loss carry-forwards could be offset against future taxable profits. The Directors expect to recover the tax losses by September 2020 and look to take advantage of the new provisions of the Income tax act enacted in April 2018 and the acCompanying ministerial order No 006/19/TC of 29/04/2019 gazette No 18 of 6/05/2019 that allows companies to seek for an extension to carry forward tax losses beyond the five-year statutory period.

In the course of the year minority shareholders expressed their intent to sell their 49% equity stake in the Company. A disposal of more than 25% of the equity stake would trigger forfeiture of tax losses in line with article 32 of the Income Tax Act that provides that if during a tax period, the direct and indirect ownership of the share capital or the voting rights of a Company, whose shares are not traded on a recognized stock exchange changes more than twenty five per cent (25%) by value or by number, the tax losses incurred by that Company in the tax period and previous tax periods cease to be carried forward. However, a special resolution at the Extraordinary General Meeting held on 11 November 2019 unanimously resolved that the sale of the minority stake would be facilitated through Listing by Introduction on the Rwanda Stock Exchange, this effectively made the transaction exempt from provisions of article 32. Had the sale process proceeded outside the stock exchange the tax losses of Frw 32,214 million would have had to be forfeited and thus impairing the deferred income tax asset of Frw 10,264 million with a similar impact to profit or loss.

Contingent liabilities

The Company did not have any contingent liabilities as at 30 September 2019 (2018: Nil)

Capital commitments

Capital expenditure contracted for at the statement of financial position date but not recognised in the financial statements is as follows:

	2019 Rwf's000	2017 Rwf's000	2016 Rwf's000	2015 Rwfs's000
Capital commitments	2,096,839	-	-	-
	2,096,839	-	-	-

Notes (continued)

Summary of significant accounting policies

(a) Basis of preparation

IFRS 9 Financial instruments

The Company adopted the new standard on 1 October 2018 and has elected to apply the limited exemption in IFRS 9 relating to transition for classification and measurement and impairment, and accordingly has not restated comparative periods in the year of initial application.

Consequently, any adjustments to carrying amounts of financial assets or liabilities are recognized at the beginning of the reporting period, with the difference recognized in opening equity. Accordingly, the information presented for 2018 does not generally reflect the requirements of IFRS 9, but rather those of IAS 39.

The Company has performed an assessment of the requirements of IFRS 9 and how these differ from IAS 39 and has concluded that any adjustments to the carrying amounts of financial assets and liabilities at the date of transition should be recognized in the opening retained earnings and other reserves of the current period.

There were differences between previous carrying amounts and consequently the impairment allowances amounting to Frw 234 million for receivables and 13 million for other assets including deposits held with other financial institutions as at 30 September 2018 has been made to opening retained earnings.

As a result of the adoption of IFRS 9, the Company has adopted consequential amendments to IAS 1 Presentation of Financial Statements, which requires the impairment of financial assets to be presented in a separate line item in the statement of income and other comprehensive income.

Additionally, the Company has adopted consequential amendments to IFRS 7 Financial Instruments: Disclosures that are applied to disclosures for 2019 but have not been generally applied to comparative information.

Classification and measurement of financial assets and financial liabilities

IFRS 9 contains three principal classification categories for financial assets: measured at amortized cost, fair value through other comprehensive income (“FVOCI”) and fair value through profit or loss (“FVTPL”). The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. IFRS 9 eliminates the previous IAS 39 categories of held to maturity, loans and receivables and available-for-sale. IFRS 9 largely retains the existing requirements in IAS 39 for the classification and measurement of financial liabilities


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Notes (continued)

Summary of significant accounting policies

(a) Basis of preparation

(i) New and amended standards and interpretations adopted by the Company (continued)

IFRS 9 Financial instruments (continued)

The following table explains the original measurement categories under IAS 39 and the new measurement categories under IFRS 9 for each class of the Company's financial assets and financial liabilities as at 1 October 2018.

FINANCIAL ASSETS	ORIGINAL CLASSIFICATION IAS 39	NEW CLASSIFICATION IFRS 9	30 SEPT 2018 ORIGINAL CARRYING AMOUNT UNDER IAS 39 Rwf'000	IMPAIRMENT Rwf'000	01 OCT 2018 NEW CARRYING AMOUNT UNDER IFRS 9 Rwf'000
Cash and cash equivalents	Loans and receivables	Amortized cost	8,120,420	(13,803)	8,106,617
Trade and other receivables	Loans and receivables	Amortized cost	3,586,087	(234,387)	3,351,700

Impairment of financial assets

IFRS 9 replaces the ‘incurred loss’ model in IAS 39 with an ‘expected credit loss’ (ECL) model. Under IFRS 9, credit losses are recognized earlier than under IAS 39. IFRS 9 requires the Company to recognize an allowance for ECLs for all debt instruments not held at FVTPL. Company’s impairment losses for financial assets have been adjusted through retained earnings.

Directors assessed the impact to the Company with support from group. A review of the debtor’s book for the last two years has been done to come up with weighted average of the expected credit loss rates/ probability of default rate (PD). The calculated default rates were used to come up with expected credit losses. The resultant losses were passed through P&L and retained earnings for transitional adjustments.

Recognition of Deferred Tax Assets for Unrealised Losses – Amendments to IAS 12.

The amendment was issued to clarify the requirements for recognising deferred tax assets on unrealised losses. The amendment clarifies the accounting for deferred tax where an asset is measured at fair value and that fair value is below the asset’s tax base. It also clarifies certain other aspects of accounting for deferred tax assets.

Disclosure initiative – amendments to IAS 7 Cash flow statements.

In January 2016, the International Accounting Standards Board (IASB) issued an amendment to IAS 7 introducing an additional disclosure that will enable users of financial statements to evaluate changes in liabilities arising from financing activities. The amendment responds to requests from investors for information that helps them better understand changes in an entity’s debt.

Notes (continued)

Summary of significant accounting policies

(a) Basis of preparation

(i) New and amended standards and interpretations adopted by the Company (continued)

IFRS 15, ‘Revenue from contracts with customers’

Deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity’s contracts with customers. Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The standard replaces IAS 18 ‘Revenue’ and IAS 11 ‘Construction contracts’ and related interpretations. The standard was effective for annual periods beginning on or after 1 October 2018 and earlier application was permitted. Directors assessed the impact to the Company with support from group. However, based on the nature of the selling cycle and fulfilment of obligations, Directors are of the view that impact was immaterial.

(ii) New standards and interpretations that are not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for 30 September 2019 reporting periods and have not been early adopted by the Company. The Company’s assessment of the impact of these new standards and interpretations is set out below

IFRS 16 affected primarily the accounting by lessees and resulted in the recognition of almost all leases on balance sheet. The standard removes the current distinction between operating and financing leases and requires recognition of an asset (the right to use the leased item) and a financial liability to pay rentals for virtually all lease contracts. An optional exemption exists for short-term and low-value leases.

The income statement was also be affected because the total expense is typically higher in the earlier years of a lease and lower in later years. Additionally, operating expense are expected to be replaced with interest and depreciation, so key metrics like EBITDA would change.
Operating cash flows would be higher as cash payments for the principal portion of the lease liability are classified within financing activities. Only the part of the payments that reflects interest can continue to be presented as operating cash flows. The accounting by lessors will not significantly change. Some differences may arise as a result of the new guidance on the definition of a lease. Under IFRS 16, a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Mandatory for financial years commencing on or after 1 October 2019. Directors did not adopt the standard before its effective date. Directors assessed the impact to the Company with support from group. However, based on the nature of existing lease contracts (cement transport contracts) which do not identify a lease asset for a period and others disqualified on short basis, Directors are of the view that impact is not material.

There are no other standards that are not yet effective and that would be expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

Notes (continued)

Summary of significant accounting policies

(a) Basis of preparation

(ii) New standards and interpretations that are not yet adopted

Amendment to IAS 1, 'Presentation of financial statements' and IAS 8, 'Accounting policies, changes in accounting estimates and errors' on the definition of material. (Effective date is annual periods beginning on or after 1 January 2020)

These amendments to IAS 1 and IAS 8 and consequential amendments to other IFRSs:

- use a consistent definition of materiality through IFRSs and the Conceptual Framework for Financial Reporting;
- clarify the explanation of the definition of material; and
- incorporate some of the guidance in IAS 1 about immaterial information.

The amended definition is:

"Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity."

IFRIC 23 provides a framework to consider, recognise and measure the accounting impact of tax uncertainties. The Interpretation provides specific guidance in several areas where previously IAS 12 was silent. The Interpretation also explains when to reconsider the accounting for a tax uncertainty. Most entities will have developed a model to account for tax uncertainties in the absence of specific guidance in IAS 12. These models might, in some circumstances, be inconsistent with IFRIC 23 and the impact on tax accounting could be material. Directors should assess the existing models against the specific guidance in the Interpretation and consider the impact on income tax accounting.

Annual improvements cycle 2015-2017 - These amendments include minor changes to:

- IFRS 3, 'Business combination' - a Company remeasures its previously held interest in a joint operation when it obtains control of the business.
- IFRS 11,'Joint arrangements', - a Company does not remeasure its previously held interest in a joint operation when it obtains joint control of the business.
- IAS 12,' Income taxes' - The amendment clarified that the income tax consequences of dividends on financial instruments classified as equity should be recognized according to where the past transactions or events that generated distributable profits were recognized.
- IAS 23,' Borrowing costs' - a Company treats as part of general borrowings any borrowing originally made to develop an asset when the asset is ready for its intended use or sale.

These amendments are effective for annual periods beginning on or after 1 January 2019

Notes (continued)

Summary of significant accounting policies (continued)

(b) Revenue recognition

The Company revenue is derived from the sale of cementitious products and transportation. Revenue is recognised upon the completion of the performance obligation, being the delivery of the product to the customers. Revenue is recognised net of rebates and discounts provided to the customers.

Adoption of IFRS 15 Revenue from Contracts with Customers

IFRS 15 replaces IAS 11 Construction Contracts and IAS 18 Revenue. The standard requires entities to identify the separate performance obligations and allocate the transaction price to the performance obligations in the contract by reference to their relative standalone selling prices. The Company's primary revenue is derived from the sale of cementitious goods and as a result the Company also earns incidental
transport revenue from delivering these goods to customers. The incidental transport revenue has always been included as part of revenue earned. However, due to

the adoption of IFRS 15, the aforementioned streams of revenue are two separate performance obligations, which are always met at the same time and are all recognised at a point in time.

Timing of revenue recognition

Revenue from the sale of cementitious goods and transport is recognised at the same time, upon delivery, as Directors considers it as the point the control of the goods is transferred to the customers and the delivery obligation is fulfilled. Payment of the transaction price is also payable immediately at this point.

(c) Foreign currency translation

- Functional and presentation currency

Items included in the financial are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in Rwanda Francs ("Frw") which is the Company's functional currency.

- Transactions and balances

Foreign currency transactions are translated into the functional currency of the Company using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the income statement within 'finance income or cost'. All other foreign exchange gains and losses are presented in profit or loss within 'other income' or 'other expenses'.

Notes (continued)

Summary of significant accounting policies (continued)

(d) Property, plant and equipment

Items of property, plant and equipment (PPE) are initially recognised at cost and subsequently measured at cost less accumulated depreciation and impairments.
The cost of self-constructed assets includes expenditures on materials, direct labour and an allocated portion of project overheads. Cost also includes the estimated cost of dismantling and removing the assets and site rehabilitation costs to the extent that they relate to the construction of the asset and are required by local legislation.

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

Land is not depreciated. Depreciation on other assets is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Property, plant and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are included in profit or loss.

Notes (continued)

Summary of significant accounting policies (continued)

(e) Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease.

(f) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined by the weighted-average method less provision for impairment. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity). It excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

(g) Financial instruments

Accounting for financial instruments

IFRS 9 replaced the provisions of IAS 39 that relate to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting. The adoption of IFRS 9 Financial Instruments from 1 October 2018 resulted in changes in the Company's accounting policies.

Financial assets and liabilities are recognised on the Company's statement of financial position when the Company becomes a party to the contractual provisions of the instrument.

All financial assets and liabilities are initially measured at fair value, including transaction costs except for those classified as at fair value through profit or loss which are initially measured at fair value, excluding transaction costs. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets and liabilities are classified as current if expected to be realised or settled within 12 months; if not, they are classified as non-current.

Offsetting financial instruments

Offsetting of financial assets and liabilities arises when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously. The net amount is reported in the statement of financial position.

Financial instrument classification

The Company classifies its financial instruments into the following categories:

- Financial assets at amortised cost; and
- Financial liabilities at amortised cost.

The Company classifies its financial assets as at amortised cost only if both of the following criteria are met:

- the asset is held within a business model whose objective is to collect the contractual cash flows; and
- the contractual terms give rise to cash flows that are solely payments of principal and interest.

Notes (continued)

Summary of significant accounting policies (continued)

(g) Financial instruments (continued)

The classification is dependent on the purpose for which the financial instruments were acquired. Directors determine the classification of financial instruments at initial recognition. Financial instruments comprise trade and other receivables, cash and cash equivalents, borrowings and trade and other payables.

Subsequent measurement

Subsequent to initial recognition, financial instruments are measured as described below.

Financial assets

Financial assets are subsequently measured at amortised cost using the effective interest method, less any impairment losses.

Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

Financial liabilities

Financial liabilities comprise trade and other payables, bank overdrafts, borrowings, and other non-current liabilities (excluding provisions).

All financial liabilities are subsequently measured at amortised cost using the effective interest method.

De-recognition

Financial assets are derecognised when the rights to receive cash flows from the asset have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership. Financial liabilities are derecognised when the obligation specified in the contract is discharged, cancelled or expires.

Impairment of financial assets

From 1 October 2018, the Company assesses on a forward-looking basis the expected credit losses associated with its debt instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

The Company's trade and other receivables are subject to the expected credit loss model. While cash and cash equivalents are also subject to the impairment requirements of IFRS 9, the identified impairment loss is immaterial. See note 18 for further details.

Notes (continued)

Summary of significant accounting policies (continued)

(g) Financial instruments (continued)

Previous accounting policy for impairment of trade and other receivables applied until 30 September 2018

The Company has applied IFRS 9 retrospectively but has elected not to restate comparative information. As a result, the comparative information provided continues to be accounted for in accordance with the Company's previous accounting policy.

Classification

Until 30 September 2018, the Company classified its trade and receivables under loans and receivables.

Subsequent measurement

The measurement at initial recognition did not change on adoption of IFRS 9, see description above. Subsequent to the initial recognition, loans and receivables were carried at amortised cost using the effective interest method.

Impairment

In the prior year, the impairment of trade and other receivables was assessed based on the incurred loss model. Individual receivables which were known to be uncollectible were written off by reducing the carrying amount directly. The Company considered that there was evidence of impairment if any of the following indicators were present:

- significant financial difficulties of the debtor;
- probability that the debtor will enter bankruptcy or financial reorganisation; and
- default or late payments.

Receivables for which an impairment provision was recognised were written off against the provision when there was no expectation of recovering additional cash.

(h) Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any differences between proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings, using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

Notes (continued)

Summary of significant accounting policies (continued)

(i) Advance payments denominated in foreign currency for significant items of property, plant and equipment

Project advance payments denominated in foreign currency are initially recorded at the ruling exchange rate on the date of the payment. The advance payment is treated as a non-monetary asset as there is no expected repayment in units of currency and is thus not translated at each reporting date. On the portion of any invoice for property, plant and equipment that is offset by the advance payment, the amounts capitalized to property, plant and equipment are recorded at the historical carrying amount of the advance payment.

(j) Share capital

Ordinary shares are classified as 'share capital' in equity. Any premium received over and above the par value of the shares is classified as 'share premium' in equity.

Incremental costs directly attributable to the issue of new ordinary shares are shown in equity as deduction from the proceeds.

(k) Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the statement of financial position.

Notes (continued)

Summary of significant accounting policies (continued)

(l) Employee benefits

(i) Retirement benefit obligations

The Company and all its employees contribute to the Rwanda Social Security Board, which is a defined contribution scheme.

A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. The Company has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

The Company's contributions to the defined contribution scheme are recognised as an employee benefit expense when they fall due.

(ii) Other entitlements

Employee entitlements to long service awards are recognised when they accrue to
Employee entitlements to long service awards are recognised when they accrue to employees. A provision is made for the estimated liability for such entitlements as a result of services rendered by employees up to the statement of financial position date.

The estimated monetary liability for employees' accrued annual leave entitlement at the statement of financial position date is recognised as an expense accrual.

The Company recognises a liability and an expense for bonuses, based on a formula that takes into consideration the profit attributable to the Company's shareholders after certain adjustments. The Company recognises a provision where contractually obliged or where there is past practice that has created a constructive obligation.

(iii) Termination benefits

Termination benefits are payable when employment is terminated by the Company before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Company recognises termination benefits when it is demonstrably committed to a termination when the entity has a detailed formal plan to terminate the employment of current employees without possibility of withdrawal.

In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer.

Notes (continued)

24 Summary of significant accounting policies (continued)

(m) Income tax expense

a) Current income tax

The tax expense for the period comprises current and deferred income tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity respectively.

Current income tax is the amount of income tax payable on the taxable profit for the year determined in accordance with Rwanda tax legislation. The current income tax charge is calculated on the basis of the tax enacted or substantively enacted at the statement of financial position date. Directors periodically evaluate positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

b) Deferred income tax

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss.

Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted at the statement of financial position date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

(n) Dividends

Dividends on ordinary shares are charged to equity in the period in which they are declared. Proposed dividends are shown as a separate component of equity until declared.

(o) Borrowing costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation. All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Notes (continued)

Summary of significant accounting policies (continued)

(p) Exploration and evaluation assets

Exploration and evaluation assets are initially recognised at cost if acquired separately or internally generated or at fair value if acquired as part of a business combination. If assessed as having an indefinite useful life, it is not amortised but tested for impairment annually and impaired if necessary. If assessed as having a finite useful life, it is amortised over its useful life using a straight-line basis and tested for impairment if there is an indication that it may be impaired.

The useful life of the asset with a finite life is reviewed annually to determine whether the finite life assessment continues to be supportable. If not, the change in the useful life assessment is made prospectively. The estimated useful life are currently 10 years.

(q) Provisions

Provisions are recognised when: the Company has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Restructuring provisions comprise lease termination penalties and employee termination payments. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

(r) Earnings per share

Basic and diluted earnings per share (EPS) data for ordinary shares are presented in the financial statements. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, if any. Basic earnings per share is calculated on the profit or loss attributable to ordinary shareholders for each of the presented years. The weighted average number of ordinary shares outstanding is shown in the table below.

The Company did not have dilutive shares equal in any of the presented years.

	2019	2018	2017	2016	2015
Profit for the year attributable to equity shareholders— FRW'000	**3,454,386**	**(1,492,894)**	**1,868,731**	**(4,251,492)**	**(2,163,250)**
Weighted average number of shares	35,160,976	35,160,976	35,160,976	35,160,976	35,160,976
Earnings per share					
Basic earnings per share — FRW	4.91	(2.12)	2.66	(6.05)	(3.08)
Diluted earnings per share — FRW	4.91	(2.12)	2.66	(6.05)	(3.08)

Summary of the applicable accounting standards

A number of International Financial Reporting Standards have been amended or introduced in the period under review as summarised in the table below:

STANDARD	YEARS AFFECTED	IMPACT
IFRS 16 Leases (effective 1 January 2019)	2016-2018	IFRS 16 will affect primarily the accounting by lessees and will result in the recognition of almost all leases on balance sheet. The standard removes the current distinction between operating and financing leases and requires recognition of an asset (the right to use the leased item) and a financial liability to pay rentals for virtually all lease contracts. An optional exemption exists for short-term and low-value leases. The statement of profit or loss will also be affected because the total expense is typically higher in the earlier years of a lease and lower in later years. Additionally, operating expense will be replaced with interest and depreciation. Operating cash flows will be higher as cash payments for the principal portion of the lease liability are classified within financing activities. Only the part of the payments that reflects interest can continue to be presented as operating cash flows. The financial statements for 2016, 2017 and 2018 have been restated to comply with the new standard.

Interpretation 23 Uncertainty over Income Tax Treatments (effective 1 January 2019)	2016-2018	The interpretation explains how to recognise, and measure deferred and current income tax assets and liabilities where there is uncertainty over a tax treatment. In particular, it discusses: • how to determine the appropriate unit of account, and that each • uncertain tax treatment should be considered separately or together as a group, depending on which approach better predicts the resolution of the uncertainty • that the entity should assume a tax authority will examine theuncertain tax treatments and have full knowledge of all related information, ie that detection risk should be ignored • that the entity should reflect the effect of the uncertainty in its income tax accounting when it is not probable that the tax authorities will accept the treatment • that the impact of the uncertainty should be measured using either the most likely amount or the expected value method, depending on which method better predicts the resolution of the uncertainty, and • that the judgements and estimates made must be reassessed whenever circumstances have changed or there is new information that affects the judgements. While there are no new disclosure requirements, entities are reminded of the general requirement to provide information about judgements and estimates made in preparing the financial statements. The amendment did not have a significant effect on the Bank and no adjustments are necessary to the financial statements for the years ended 31 December 2016 to 31 December 2018
Prepayment Features with Negative Compensation – Amendments to IFRS 9 (effective 1 January 2019)	2016-2018	The narrow-scope amendments made to IFRS 9 Financial Instruments in October 2017 enable entities to measure certain prepayable financial assets with negative compensation at amortised cost. These assets, which include some loan and debt securities, would otherwise have to be measured at fair value through profit or loss. To qualify for amortised cost measurement, the negative compensation must be 'reasonable compensation for early termination of the contract' and the asset must be held within a 'held to collect' business model. The amendment did not have a significant effect on the Bank and no adjustments are necessary to the financial statements for the years ended 31 December 2016 to 31 December 2018.

Annual Improvements to IFRS Standards 2015-2017 Cycle (effective 1 January 2019)	2016-2018	The following improvements were finalised in December 2017: • IFRS 3 Business Combinations – clarified that obtaining control of a business that is a joint operation is a business combination achieved in stages. • IFRS 11 Joint Arrangements – clarified that the party obtaining joint control of a business that is a joint operation should not remeasure • IAS 12 Disclosure of Interests in Other Entities – clarified that the income tax consequences of dividends on financial instruments classified as equity should be recognised according to where the past transactions or events that generated distributable profits were recognised. • IAS 23 Borrowing Costs – clarified that, if a specific borrowing remains outstanding after the related qualifying asset is ready for its intended use or sale, it becomes part of general borrowings The amendment did not have a significant effect on the Bank and no adjustments are necessary to the financial statements for the years ended 31 December 2016 to 31 December 2018
Plan Amendment, Curtailment or Settlement – Amendments to IAS 19 (effective 1 January 2019)	2016-2018	The amendments to IAS 19 Employee Benefits clarify the accounting for defined benefit plan amendments, curtailments and settlements. They confirm that entities must: • calculate the current service cost and net interest for the remainder of the reporting period after a plan amendment, curtailment or settlement by using the updated assumptions from the date of the change • recognise any reduction in a surplus immediately in profit or loss, either as part of past service cost or as a gain or loss on Settlement. In other words, a reduction in a surplus must be recognised in profit or loss even if that surplus was not previously recognised because of the impact of the asset ceiling • separately recognise any changes in the asset ceiling through other comprehensive income. The amendment did not have a significant effect on the Bank and no adjustments are necessary to the financial statements for the years ended 31 December 2016 to 31 December 2018
IFRS 9 - Financial Instruments (effective 1 January 2018)	2016-2017	IFRS 9 replaced the guidance in IAS 39 that relates to the classification and measurement of financial instruments. It established three primary measurement categories for financial assets: amortised cost, fair value through OCI and fair value through P&L. It introduced a new expected credit losses model that replaced the incurred loss impairment model used in IAS 39. The adoption of IFRS 9 has resulted in changes in our accounting policies for recognition, classification and measurement of financial assets and financial liabilities and impairment of financial assets. IFRS 9 also significantly amends other standards dealing with financial instruments as IFRS 7 'Financial Instruments: Disclosures' IFRS 9 was issued by the IASB in July 2014 with a date of transition of 1 January 2018 Adjustments have been made to the 2016 financial statements to comply with the classification and measurement changes introduced by IFRS 9. The presentation of the financial statements for 2017 has been restated to comply with the standard.

IFRS 15 Revenue from contracts with customers (effective 1 January 2018)	2016-2017	This standard became effective on 1 January 2018 and replaced the existing revenue standards and their related interpretations. The standard set out the requirements for recognising revenue that applies to all contracts with customers (except for contracts that are within the scope of the standards on leases, insurance contracts or financial instruments). The core principle of the standard is that revenue recognised reflects the consideration to which the Company expects to be entitled in exchange for the transfer of promised goods or services to the customer. The standard incorporates a five-step analysis to determine the amount and timing of revenue recognition. The standard however does not apply to revenue associated with financial instruments, and therefore does not impact the majority of the bank revenue streams. The presentation of the financial statements for 2016 and 2017 have been amended to comply with the amendment. The amendment did not have a significant effect on the Bank and no adjustments are necessary to the financial statements for the years ended 31 December 2016 to 31 December 2018
Amendment to IAS 12 (effective 1 January 2017)	2016	Amendment to IAS 12 – Income taxes, the amendments were issued to clarify the requirements for recognising deferred tax assets on unrealised losses. The amendments clarify the accounting for deferred tax where an asset is measured at fair value and that fair value is below the asset's tax base. They also clarify certain other aspects of accounting for deferred tax assets. The amendments clarify the existing guidance under IAS 12. They do not change the underlying principles for the recognition of deferred tax assets. The amendment did not have a significant effect on the Bank and no adjustments are necessary to the financial statements for the years ended 31 December 2016 to 31 December 2018
Amendment to IAS 7 (effective 1 January 2017)	2016	Amendment to IAS 7 – Cash flow statements, the amendments introduce an additional disclosure that will enable users of financial statements to evaluate changes in liabilities arising from financing activities. The amendment responds to requests from investors for information that helps them better understand changes in an entity's debt. The amendment will affect every entity preparing IFRS financial statements. However, the information required should be readily available. Preparers should consider how best to present the additional information to explain the changes in liabilities arising from financing activities The financial statements for 2016 have been restated to comply with the new standard.
Annual improvements 2014–2016 – IFRS 12, 'Disclosure of interests in other entities (effective 1 January 2017)	2016	Annual improvements 2014–2016 – IFRS 12, 'Disclosure of interests in other entities' regarding clarification of the scope of the standard. The amendment clarifies that the disclosures requirement of IFRS 12 are applicable to interest in entities classified as held for sale except for summarised financial information. Previously, it was unclear whether all other IFRS 12 requirements were applicable for these interests. The amendment did not have a significant effect on the Bank and no adjustments are necessary to the financial statements for the years ended 31 December 2016 to 31 December 2018

18. PROFORMA FINANCIAL STATEMENT

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The Directors
CIMERWA PLC
Kigali, Rwanda

3 August 2020

Independent limited assurance report on CIMERWA PLC's prospective financial information

We have undertaken a limited assurance engagement in respect of the acCompanying prospective financial information (the "Forecast") of CIMERWA PLC (the "Company") set out in Appendix B comprising the statement of financial position as at 30 September 2020 and the statements of profit or loss and other comprehensive income and changes in equity for the year then ended in accordance with the International Standard on Assurance Engagements.

The forecast has been prepared on the basis of assumptions set out in Note 1 to the Forecast and in line with the historical financial statements and accounting policies set out in Appendix A of the Accountant's report.

Director's responsibility for the projected financial statements

We have undertaken a limited assurance engagement in respect of the acCompanying prospective financial information (the "Forecast") of CIMERWA PLC (the "Company") set out in Appendix B comprising the statement of financial position as at 30 September 2020 and the statements of profit or loss and other comprehensive income and changes in equity for the year then ended in accordance with the International Standard on Assurance Engagements.

The forecast has been prepared on the basis of assumptions set out in Note 1 to the Forecast and in line with the historical financial statements and accounting policies set out in Appendix A of the Accountant's report.

Director's responsibility for the projected financial statements

The Directors are responsible for the preparation of the Forecast in accordance with the assumptions set out in Note 1 to the Forecast. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation of the Forecast that is free from material misstatement, whether due to fraud or error.

Inherent limitations

Actual results are likely to be different from the Forecast since anticipated events frequently do not occur as expected and the variation may be material.

Our Independence and Quality Control

We have complied with the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, which includes independence and other requirements founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

The firm applies International Standard on Quality Control 1 and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Our Responsibility

Our responsibility is to express a limited assurance conclusion on the Forecast based on the procedures we have performed and the evidence we have obtained. We conducted our limited assurance engagement in accordance with International Standard on Assurance Engagements 3000, Reporting on Assurance engagements other than audits or reviews of historical information issued by the International Auditing and Assurance Standards Board.

That standard requires that we plan and perform this engagement to obtain limited assurance about whether the Forecast is free from material misstatement.

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Directors: M Nyabanda B Kimacia P Ngahu

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A limited assurance engagement undertaken in accordance with ISAE 3000 involves assessing the suitability in the circumstances of CIMERWA PLC's use of assumptions as the basis for the preparation of the Forecast, assessing the risks of material misstatement of the Forecast whether due to fraud or error, responding to the assessed risks as necessary in the circumstances, and evaluating the overall presentation of the Forecast. A limited assurance engagement is substantially less in scope than a reasonable assurance engagement in relation to both the risk assessment procedures, including an understanding of internal control, and the procedures performed in response to the assessed risks.

The procedures we performed were based on our professional judgment and included inquiries, analytical procedures, evaluating the appropriateness of quantification methods and reporting policies.
iven the circumstances of the engagement, in performing the procedures listed above we:

- Through inquiries, obtained an understanding of CIMERWA PLC's control environment but did not evaluate the design of particular control activities, obtain evidence about their implementation or test their operating effectiveness.
- We performed an analytical review of the forecast and sought management explanations on the movements in the period.
- We assessed the reasonability of the estimates based on actual performance for the year ended 30 September 2019.
- Evaluated whether CIMERWA PLC's assumptions are appropriate and had been consistently applied.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had we performed a reasonable assurance engagement. Accordingly, we do not express a reasonable assurance opinion about whether CIMERWA PLC's Forecast has been prepared, in all material respects, in accordance with the assumptions applied as explained in Note 1 to the Forecast.

Limited Assurance Conclusion

This report, including its inclusion, has been prepared solely for the Directors of CIMERWA PLC, for inclusion in the Prospectus in support of the Company's Listing by Introduction and may not be used for any other purpose.

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that CIMERWA PLC's Forecast for the year ending 30 September 2020 is not prepared, in all material respects, in accordance with the assumptions applied as explained in Note 1 to the Forecast.

For PricewaterhouseCoopers Rwanda Limited, Kigali,

Moses Nyabanda
Director

3 August 2020

Statement of Comprehensive Income

	2020 Forecast Frw'000	2019 Actual Frw'000
Revenue	61,502,174	62,237,529
Cost of sales	(48,944,457)	(45,552,598)
Gross profit	**12,557,717**	**16,684,931**
Other operating income	311,946	310,378
Interest income	138,531	148,204
Administrative expenses	(4,831,107)	(5,076,794)
Impairment losses on financial assets	-	(75,070)
Operating profit	**8,177,087**	**11,991,649**
Foreign exchange losses	-	(866,869)
Finance costs	(6,581,756)	(6,650,716)
Profit before income tax	**1,595,322**	**4,474,064**
Income tax credit/(expense)	(478,597)	(1,019,678)
Profit for the year	**1,116,726**	**3,454,386**
Other comprehensive income	-	-
Total comprehensive income for the year	**1,116,726**	**3,454,386**

Statement of financial position

	2020 Forecast Frw'000	2019 Actual Frw'000
Equity and Liabilities		
Equity attributable to owners		
Share capital	35,160,976	35,160,976
Share Premium	22,251,408	22,251,408
Accumulated losses	(668,059)	(1,784,791)
Liabilities		
Non-Current Liabilities		
Deferred income tax	2,049,310	1,570,714
Borrowings	35,291,768	35,674,994
	37,341,078	**37,245,708**
Current liabilities		
Trade and other payables	4,443,741	8,145,766
Bank borrowings	8,630,987	8,594,315
Intercompany payables	608,150	239,622
	13,682,878	**16,979,703**
Total equity and liabilities	**107,768,282**	**109,853,004**

Note 1

Key Assumptions in arriving at the financial projections for the year ending 30 September 2020

The prospective financial information has been prepared by the Directors on the basis of the assumptions set out below and in accordance with accounting policies of the historical financial statements and set out in Appendix A to this Accountant's report.

The forecast for the year ending 30 September 2020 are premised on the actual performance of the Company for the 9 months to 30 June 2020 and forecast performance for the 3 months to 30 September 2020. Sales volumes are projected to be hold steady in the 44,000 tonnes to 45,000 tonnes range for the 3 months period to 30 September 2020.

Cost of sales are expected to increase as sourcing raw materials becomes more challenging.
Operating expenses are projected to increase by 8% driven by an increase in expected marketing activities.

Overall, the Company expects to end in a profit position of Frw 1,117 million.

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