IPO PROSPECTUS

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Shareholders in

MTN

Rwanda

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

This document is a prospectus inviting the public to acquire the Offer Shares under the terms of application set out herein. If you wish to apply for the Offer Shares then you must complete the procedures for application and payment set out in Appendix 1 of this document.

A copy of this Prospectus has been delivered to the Registrar General of Companies for registration. The Registrar General has not checked and will not check the accuracy of any statements made and accepts no responsibility for it or for the financial soundness of the Company or the value of the Offer Shares.

For information concerning certain risk factors which should be considered by prospective investors, see "Section 14, Risk Factors". Your attention is also drawn to the selling restrictions and other information in the "Important Information" section of this Prospectus.

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. 02/2010/ORG of 16/11/2010 ("Prospectus Instructions") issued pursuant to the Law No. 07/2009 relating to Companies (the "Companies Act"), and the requirements of the Capital Markets Authority Rwanda (CMA) and the requirements of the Rwanda Stock Exchange.

A copy of this Prospectus has been delivered to CMA for approval. Permission has been granted by CMA for Crystal Telecom Ltd to offer to the public the Offer Shares. Application has been made and approval has been obtained from the CMA and RSE for listing of the Company's securities offered by this disclosure document to the Rwanda Stock Exchange (RSE) under the abbreviation CTL. Offer Shares to RSE (Rwanda Stock Exchange). The fact that CMA may approve the prospectus, the listing of the Offer Shares is not to be taken in any way as an indication of the merits of the Company or of the Offer Shares. CMA takes no responsibility for the contents of this Prospectus, 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 Prospectus.

PROSPECTUS

Crystal Telecom Limited

(Incorporated in the Republic of Rwanda, Company Code 103092048

("Crystal Telecom Ltd", or "the Company")

Offer for Sale

by Crystal Telecom Limited

of

270,177,320 ORDINARY SHARES WITH A PAR VALUE OF FRW 50 EACH

AT AN OFFER PRICE OF FRW 105 PER SHARE and

Listing of the entire issued share capital of the Company on the Rwanda Stock Exchange

APPLICATION LIST OPENS: 21 May 2015, 09:00am

APPLICATION LIST CLOSES: 5 June 2015, 05:00pm

Application has been made and approval has been obtained from the CMA and RSE for listing of the Company's securities offered by this disclosure document to the Rwanda Stock Exchange (RSE) under the abbreviation CTL.

The fact that the RSE may list the securities of the Company is not to be taken in any way as an indication of the merits of the Company or the listed securities.

The 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.

Lead Transaction Advisor, Sole Bookrunner

Renaissance Capital (Rwanda) Limited

Lead Receiving Bank

Bank of Kigali Limited

Legal Advisors

Trust Law Chambers

Reporting Accountants

Pricewaterhousecoopers Rwanda Limited

Share Registrars

BK Registrars Ltd

PR and Advertising Consultants

Cube Communications

This Prospectus is dated 21 May 2015 and is valid for 6 months from this date.

IMPORTANT INFORMATION

Potential investors are expressly advised that an investment in the Offer Shares entails certain risks and that they should therefore carefully review the entire contents of this Prospectus. Furthermore, before making an investment decision, potential investors should consult their stock broker, banker, lawyer, auditor or other financial, legal and tax advisors for guidance and carefully review the risks associated with an investment in the Company. This Prospectus was approved by the Board of Directors of the Company in the English language.

Responsibility Statements

The Directors of the Company having made all reasonable inquiries confirm that this Prospectus contains all information with respect to the Company and the Offer Shares and which is material in the context of the Offer Shares.

The Directors of the Company further confirm that the information contained in this Prospectus is true and accurate in all material respects regarding the Company and is not misleading and that the opinions and intentions expressed in this Prospectus are honestly held by them and that there are no other facts, the omission of which, would make any of such information or the expression of any such opinions or intentions misleading. The Directors of the Company accept responsibility accordingly.

Renaissance Capital (Rwanda) Limited is acting as lead transaction adviser, financial adviser and sole book-runner in connection with the arrangements set out in this Prospectus. It is not acting for anyone other than the Company (and Crystal Ventures Limited) and will not be responsible to anyone other than the Company (and Crystal Ventures Limited) for providing the protections afforded to customers of Renaissance Capital (Rwanda) Limited or for providing advice in relation to the contents of this Prospectus Renaissance Capital (Rwanda) Limited is not making any representation or warranty, express or implied, as to the contents of this Prospectus and accepts no liability for the accuracy of any information or opinions contained in or for the omission of any material information from this Prospectus, for which the Company and the Directors are solely responsible.

Selling Restrictions

A description of these and certain other restrictions to which the Offer and sale of the Offer Shares are subject are set out in full in the section of this Prospectus entitled "Part Eight: Summary of the Offer - Selling Restrictions"
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 authorised to give any information or make any representation in connection with the Offer and Listing, 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. This Prospectus does not constitute an offer to issue or sell, or the solicitation of an offer to subscribe for or purchase, any shares in the capital of the Company to any person in any jurisdiction to whom it is unlawful to make such offer or solicitation in such jurisdiction.

No Offer Shares have been marketed to, nor are they available for purchase in whole or in part by, the public in the United Kingdom or elsewhere (other than Rwanda) in conjunction with the Offer. In particular, Offer Shares do not qualify for distribution under any of the relevant securities laws of Canada, Australia, Japan or the Republic of Ireland, nor has any prospectus in relation to the Offer Shares been lodged with or registered by the Australian Securities and Investments Commission or the Japanese Ministry of Finance. Accordingly, subject to certain exceptions, the Offer Shares may not be, directly or indirectly, offered, sold, taken up, delivered or transferred in or into or within Canada, Australia, Japan or the Republic of Ireland.

The Offer consists of an offering outside the United States of America (the United States) of shares pursuant to Regulation S (Regulation S) under the US Securities Act 1933, as amended (the Securities Act). The Offer Shares have not been and will not be registered under the Securities Act or under the securities laws of any state of the United States and do not qualify for distribution under any of the relevant securities laws of the United States. Accordingly, subject to certain exceptions, the Offer Shares may not be, directly or indirectly, offered, sold, taken up, delivered or transferred in or into or within the United States.

The Offer does not constitute an ''offer to the public'' (as such expression is defined in the South African Companies Act, No. 71 of 2008 (as amended)) (''South African Companies Act'') in South Africa and this Prospectus does not, nor is it intended to, constitute a ''registered prospectus'' (as that term is defined in the South African Companies Act) prepared and registered under the South African Companies Act. Accordingly, the Offer Shares do not qualify for distribution under any of the relevant securities laws of South Africa and, subject to certain exceptions, the Offer Shares may not be, directly or indirectly, offered, sold, taken up, delivered or transferred in or into or within South Africa.

Supplementary Prospectus

If, prior to the Listing of the Shares, 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 will be published.

Statements contained in any such supplement (or contained in any document incorporated by reference therein) shall, 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.

Forward looking Statements

This Prospectus contains forward-looking statements relating to business of the Company. 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 (see Section 14 on 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 as anticipated, believed, estimated or expected.

The Company does not intend, and does not assume any obligation, to update any industry information or forward looking statements set out in this Prospectus.

Market Share and Other Information

The Company obtained the market and competitive position data, including market forecasts, used throughout this Prospectus from internal surveys, market research, publicly available information and industry publications. We have made these statements on the basis of information from third-party sources that we believe are reliable, such as MTN Rwanda annual reports, CMA, and RURA among others. Industry and government publications, including those referenced here, generally state that the information presented therein has been obtained from sources believed to be reliable, but that the accuracy and completeness of such information is not guaranteed.
Although we have no reason to believe that any of this information or these reports is inaccurate in any material respect, we have not independently verified the competitive position, market share, market size, market growth or other data provided by third parties or by industry or other publications. The Company and the Lead Transaction Advisor do not make any representation as to the accuracy of such information.

Presentation of Financial Information

The financial information of MTN Rwanda set forth herein has, unless otherwise indicated, been derived from the its audited statements of financial position and statements of comprehensive income, cash flows and changes in shareholders' equity as of and for the years ended 31 December 2012, 2013 and 2014 (the "Financial Statements"). MTN Rwanda's Financial Statements were prepared on the basis of IFRS and in a manner required by the Companies Act of Rwanda.

Presentation of Numerical Amounts and Figures

Certain amounts that appear in this Prospectus have been subject to rounding adjustments. Accordingly, figures shown as totals in certain tables may not be the precise arithmetic sum of the figures that precede them.

Currency and Exchange Rates

In this Prospectus, all references to "Rwandan Franc", "FRW", or "RWF" are to the lawful currency of the Republic of Rwanda; all references to "dollars," "U.S. dollars" and "US$" are to the lawful currency of the United States of America; all references to "euros" or "€" are to the lawful currency of the European Union; and all references to "pounds sterling" or "GBP" are to the lawful currency of the United Kingdom.

The following table sets forth, for the periods indicated, the average and period-end foreign exchange rates, all expressed in per U.S. dollar. See "Risk Factors—Risks Relating to the Company's Business and Industry-Market Risks".

per U.S. Dollar

	High	Low	Average	Period End
Last practicable date – Friday 15 May 2015				690
2014	701	673	686	690
2013	681	628	650	676
2012	631	604	614	631
2011	604	594	600	604
2010	594	571	583	594
2009	571	557	568	571
2008	557	541	547	557

Note: Exchange rates are rounded off to the nearest whole number
Source: Bloomberg

Solely for the convenience of the reader, this Prospectus contains translations of certain amounts into U.S. dollars at exchange rates effective as of the date of the relevant financial information. The foregoing exchange rates may differ from the actual rates used in the preparation of the financial information appearing in this Prospectus. The inclusion of these exchange rates is not meant to suggest that the amounts actually represent such U.S. dollar amounts or that such amounts could have been converted into U.S. dollars at any particular rate or at all.

Consents

Renaissance Capital as the Lead Transaction Advisor; BK Securities as Sponsoring Stockbroker; Trust Law Chambers as Legal Advisors; PricewaterhouseCoopers Rwanda Limited as Reporting Accountants; Cube Communication as Public Relations and Advertising Consultants; Bank of Kigali as the Lead Receiving Bank; and BK Registrars as Registrar of the Company have consented in writing to act in the stated capacities and to their names being included in this Prospectus and have not withdrawn their consents prior to the publication of this Prospectus.
None of the above advisors have been employed on a contingent basis by the Company and none of them owns an amount of shares in the Company which is material to that person or has a material, direct or indirect economic interest in the Company.

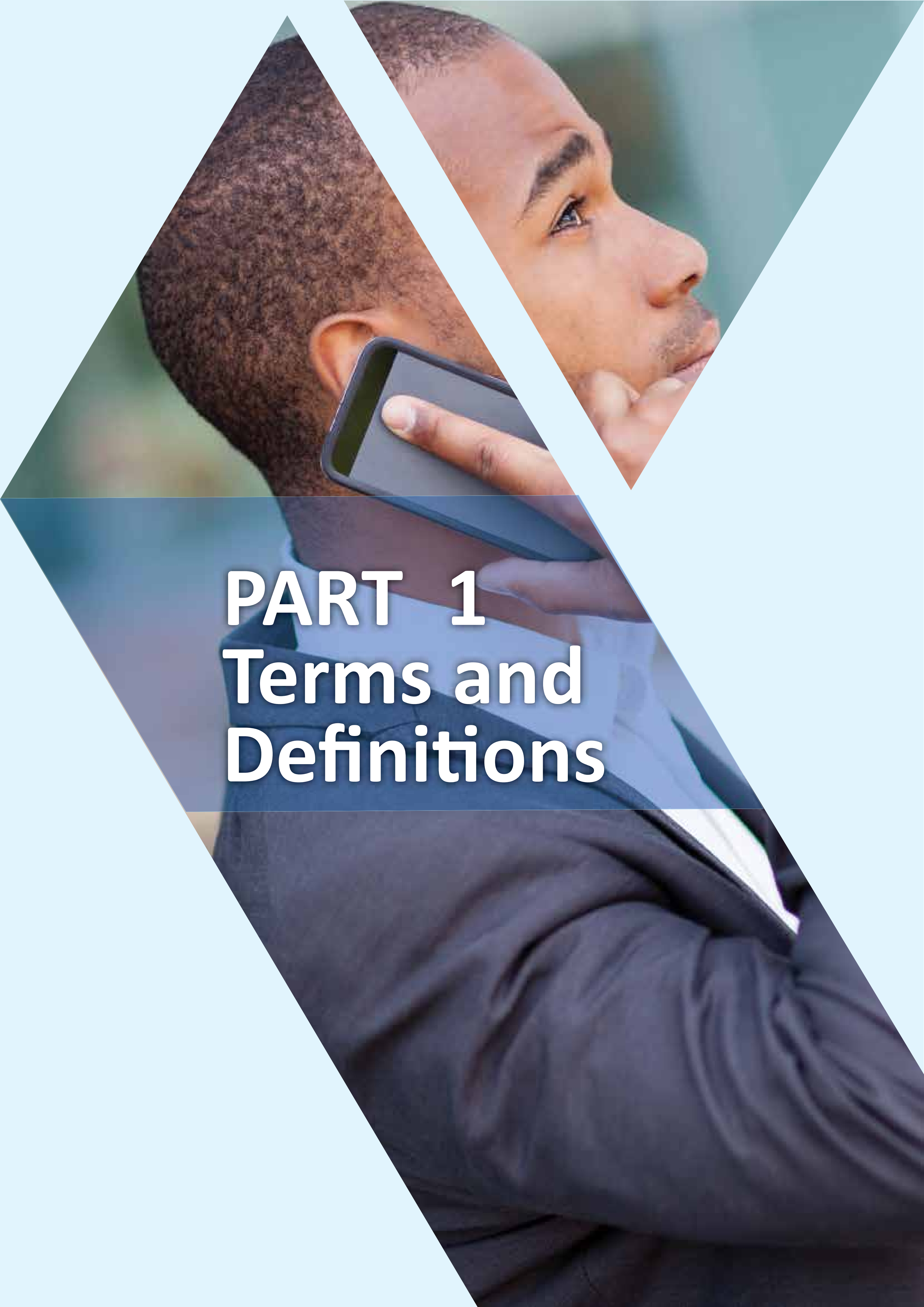
Legal Opinion

Trust Law Chambers have given and have not withdrawn their consent to the inclusion in this Prospectus of their Legal Opinion, and the references to their names, in the form and context in which they appear, and they have authorized the contents of the said Legal Opinion.

Reporting Accountant's Statement

This Prospectus contains statements from PricewaterhouseCoopers Rwanda Limited, the Reporting Accountants, which constitutes a statement made by an expert in terms of Article 28 of the Instructions of the Registrar General No. 01/2010/Org of 12/04/2010. The Reporting Accountants have given and not withdrawn their consent to the issue of the said statements in the form and context in which they are included in this Prospectus.

Table of Content



PART 1
Terms and Definitions

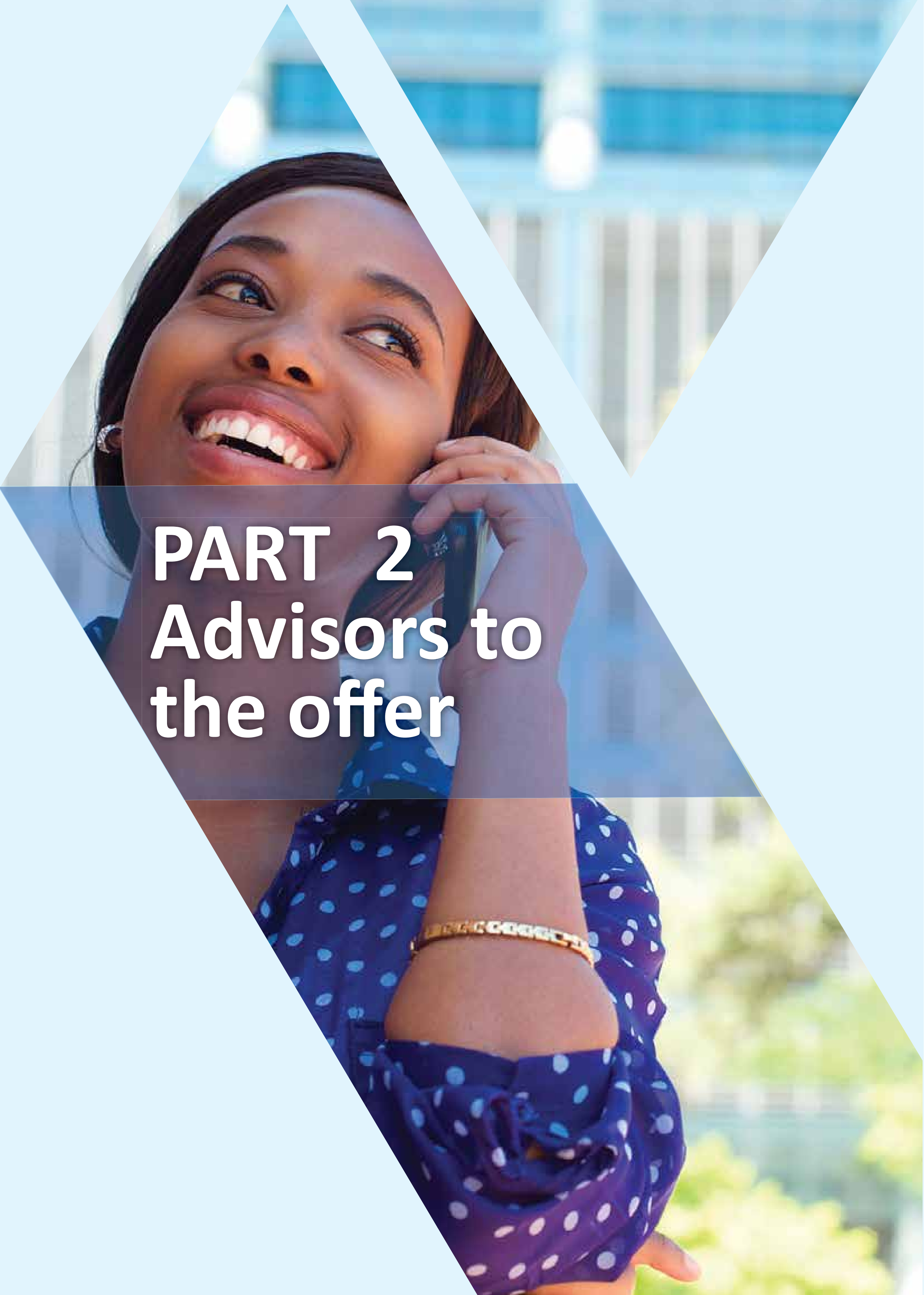
1. Terms and Definitions

Term	Definition
"ARPU"	Average revenue per user
"Articles of Association"	The articles of association
"ASA"	Authorised Selling Agent
"Auditor"	PricewaterhouseCoopers Rwanda Limited
"BNR"	Banque Nationale du Rwanda / National Bank of Rwanda
"Budget deficit/surplus"	The difference between national government revenues and expenditures, expressed as a percent of GDP. A positive (+) number indicates that revenues exceeded expenditures (a budget surplus), while a negative (-) number indicates the reverse (a budget deficit). Normalizing the data, by dividing the budget balance by GDP, enables easy comparisons across countries and indicates whether a national government saves or borrows money. Countries with high budget deficits (relative to their GDPs) generally have more difficulty raising funds to finance expenditures, than those with lower deficits
"CAGR"	Compound Annual Growth Rate
"CDMA"	Code Division Multiple Access
"CEO"	Chief Executive Officer
"CFO"	Chief Financial Officer
"CIA"	Central Intelligence Agency; an independent agency responsible for providing national security intelligence to senior US policymakers
"CMA"	Capital Market Authority of Rwanda
"Companies Registry", " Registrar General of Companies"	The Rwanda Office of the Registrar General, a division of the Rwanda Development Board, established in 2008 to continue the functions of the Rwanda Commercial Registration Agency
"Crystal Ventures" , "CVL"	Crystal Ventures Limited
"Crystal Telecom" or "the Company"	Crystal Telecom Limited
"CSD"	Central Securities Depository
"East African Community" or "EAC"	The regional intergovernmental organisation whose current partner states include the Republic of Rwanda, the Republic of Kenya, the United Republic of Tanzania, the Republic of Uganda, and Republic of Burundi, set up by treaty, with its headquarters in Arusha, Tanzania
"EAC nationals"	Individuals belonging to a state within the East Africa Community, namely, Rwanda, Republic of Uganda, Kenya, Burundi and United Republic of Tanzania
"EACO"	East African Communication Organisation
"EABS"	East African Backhaul System
"EASSY"	East African Submarine Cable System
"EBITDA" or "EBITDA Margin"	Earnings before Interest, Taxation, Depreciation and Amortisation or a percentage of revenues
"EFT"	Electronic Fund Transfer

"Euro"	The lawful currency of the European Union
"Ezetop"	International Mobile Top-up Company headquartered in Dublin, Ireland, One of MTN Rwanda's two Global Top Up partners
"Fibre optic"	Method of information transmission through the use of light pulses through an optical fibre
"Foreign Investors"	International Institutional Investors and any other investor not registered or domiciled in Rwanda
"GDP"	Gross Domestic Product
"GDP per capita"	Gross Domestic Product divided by the Population of a country
"GPRS"	General Packet Radio Service; a packet oriented mobile data service
"GSM"	Global System for Mobile Communications; A standard set developed by the European Telecommunications Standards Institute (ETSI) to describe protocols for second generation (2G) digital cellular networks used by mobile phones
"GSMA"	Groupe Speciale Mobile Association
"ICT"	Information and Communications Technology
"ICT4D"	ICT for Development
"IFRS"	International Financial Reporting Standards
''IMF''	International Monetary Fund
"Inflation"	Annual percent change in consumer prices compared with the previous year's consumer prices
"Institutional Pool"	Qualified Institutional Investors, defined as fund managers, asset managers, insurance companies, banks or licensed financial institutions (whether Rwandan or Non-Rwandan)
"International Institutional Investors"	Qualified Institutional Investors, defined as fund managers, asset managers, insurance companies, banks or licensed financial institutions, that are not registered or domiciled in Rwanda or in any other East African Community state
"ISP"	Internet Service Provider
"IT"	Information Technology
"kbps" or "Mbps"	Kilobit per second or Megabit per second
"KT"	Korea Telecom
"Legal Advisors"	Trust Law Chambers
"M-PESA"	A mobile-phone based money transfer and microfinancing service for Safaricom and Vodacom, the largest mobile network operators in Kenya and Tanzania
"MENA"	Middle East and North Africa
"MFS Africa"	A Pan African company that develops and distributes simple and relevant financial services through mobile phones in Africa
"Ministerial Order no. 03/S&T"	Ministerial Order N°03/S&T. of 18/11/2008 renewing MTN
RWANDACELL SARL's Mobile Telecommunications License	

"MoU"	Minutes of Usage
"MNO"	Mobile Network Operators
"MNP"	Mobile Number Portability
"MTN Group", "MTN Group Limited"	MTN Group Limited, a company incorporates in the Republic of South Africa, and listed on the Johannesburg Stock Exchange, and ultimate beneficial entity owning 80% of MTN Rwanda
"MTN Rwanda" or "MTN Rwandacell"	MTN Rwandacell Limited
"MTR"	Mobile Termination Rates
"NICI"	National Information Communication Infrastructure Plan
''NISR''	National Institute of Statistics of Rwanda
"Offering", "Offer"	The sale by Crystal Ventures of the Offer Shares, as described in Section 8, Summary of the Offer
"Offer Shares"	270,177,320 ordinary shares of the Company to be offered for sale by the Crystal Ventures under this Prospectus
"Offer price"	105 per Offer Share
"On-net"	Calls or messages originates from the home operator's network and terminates to another mobile number that resides with the same operator
"Off-net"	Calls or messages placed on a different network or when it terminators to another mobile number placed with a different network provider
"PAYE"	Pay As You Earn taxation
"POS"	Point of Sale
"Public debt"	The cumulative total of all government borrowings less repayments that are denominated in a country's home currency. It should be noted that Public debt should not be confused with external debt, which reflects the foreign currency liabilities of both the private and public sector and must be financed out of foreign exchange earnings
"QII"	Qualified Institutional Investor, defined as fund managers, asset managers, insurance companies, banks or licensed financial institutions
"Real GDP Growth"	The annual percentage change of the nominal value of Gross Domestic Product adjusted to take into account of price changes
"Retail Investors"	Individuals, Partnerships, Companies – which are NOT Fund managers, Asset Managers, Insurance Companies, Banks or licensed financial institutions
"Retail Pool"	Rwandan and East African Community individuals, partnerships, companies and other persons which do not qualify as QIIs
"RRA"	Rwanda Revenue Authority
"RSE"	Rwanda Stock Exchange
"RURA"	Rwanda Utilities Regulatory Authority
"Rwandans"	Natural citizens of Rwanda

"RWF" or "FRW""	Rwandan Francs, the official currency of the Republic of Rwanda
"Selling shareholder"	Crystal Ventures
"SNO"	Second National Operator
"SSA"	Sub-Sahara Africa
"Shares"	Common shares in the capital of the Company
"Shareholders"	Persons who are on the register of members of a company at the relevant time
"Shareholders Agreement"	Shareholders agreement between Crystal Telecom, and MTN Group Limited subsidiaries, MTN International (Mauritius) and MTN REL (Mauritius), dated 11 May 2015 in respect of MTN Rwanda
"SIM"	Subscriber Identity/Identification Module
"SMS"	Short Message Service
"Transaction" or "Offer"	The offer for sale, either directly or through an SPV, by Crystal Telecom of 270,177,320 shares representing 20% of the issued share capital of MTN Rwanda
"Unemployment rate"	Percentage of the total labour force that is without jobs
"USD" , "US Dollars"	The official currency of the United States of America
"VAT"	Value Added Tax
"Vendor"	The selling shareholder, Crystal Ventures
"Vision 2020"	A development plan set out by the Government of Rwanda in 2000 that sets out goals to be achieved by 2020
"VoIP"	Voice over Internet Protocol
"VPN"	Virtual Private Network
"WEO"	IMF World Economic Outlook
"WiMAX"	Worldwide Interoperability for Microwave Access; a wireless communications standard design
"2G"	Second-Generation Wireless Digital Technology that commercially began on the Global System for Mobil Communications (GSM) Standard
"3G"	Third-Generation technology supercedes the Second-Generation technology with faster data transmission speeds, greater network capacity and more advanced network services
"3.5G"	An interim step between the , third and fourth-Generation, also known as "beyond 3G" or "pre-4G"
"4G/LTE"	Fourth-Generation Long Term Evolution



PART 2
Advisors to the offer

2. Advisors to the Offer

LEAD TRANSACTION ADVISOR, SOLE BOOKRUNNER & FINANCIAL ADVISOR
Renaissance Capital (Rwanda) Limited Centenary House 3rd Floor Kigali Plot No 16. Tel: +254 (0)20 368 2000 Email: info@rencap.com Website: www.rencap.com
LEAD SPONSORING BROKER
BK Securities Limited 6112, Avenue de la Paix P.O. Box 175 Kigali, Rwanda. Tel: +250 252 593 100 Email: bksecurities@bk.rw Website: www.bk.rw
REPORTING ACCOUNTANT
PricewaterhouseCoopers Rwanda Limited PwC Rwanda Ltd, 5th Floor Blue Star House, Blvd de l'Umuganda, Kacyiru P.O Box 1495, Kigali, Rwanda Tel: +250 252 588 203/4/5/6 Email: pwc.rwanda@rw.pwc.com Website: www.pwc.com/rw
TRANSACTION LAWYERS
Trust Law Chambers KG 569st 4 TLC House, Kacyiru - Kigali P.O BOX 6679 Kigali – Rwanda Tel: +250 252 503075 Email:info@trustchambers.com Website: www.trustchambers.com
LEAD RECEIVING BANK
Bank of Kigali 6112, Avenue de la Paix P.O. Box 175 Kigali, Rwanda Tel: +250 252 593 100 Email: bk@bk.rw Website: www.bk.rw

REGISTRARS
BK Registrars Ltd 6112, Avenue de la Paix P.O. Box 175 Kigali, Rwanda. Tel: +250 252 593 100 Email: bkregistrars@bk.rw Website: www.bk.rw
PUBLIC RELATIONS CONSULTANT
Cube Communications Ltd Bodifa House (Opposite Parliament) KN5, Blvd de L'Umuganda Kimihurura, Kigali Rwanda Tel: +250 789 047 918 Email: info@cube.rw Website: www.cube.rw

PART 3
Offer Timetable

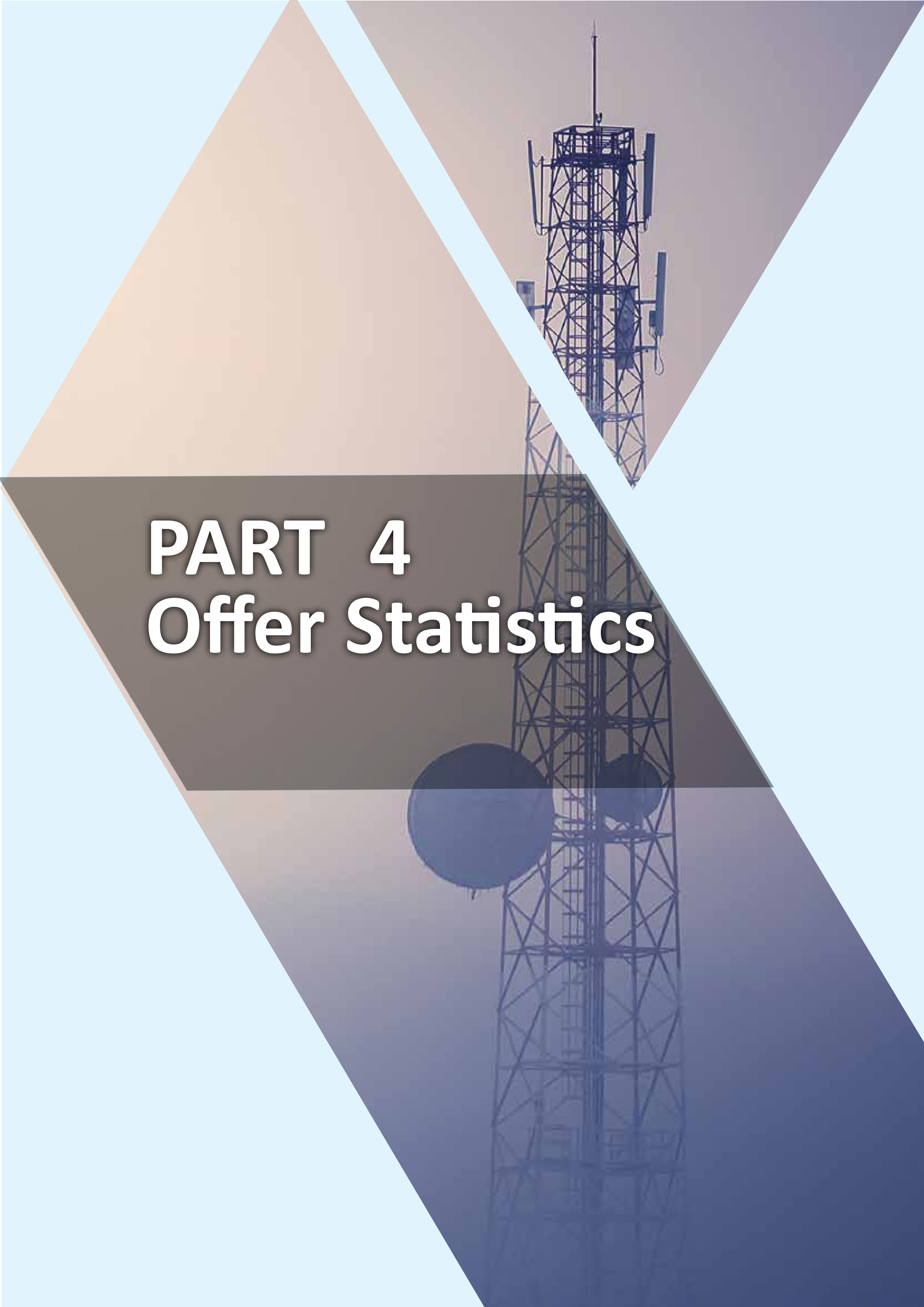
3. Offer Timetable[1]

Opening of the Offer Period (Institutional and Retail)	Thursday, 21 May 2015, 09:00am
Closing of the Offer Period (Institutional and Retail)	Friday, 05 June 2015, 5:00pm
Placement letters issued to QIIs	Tuesday, 9 June 2015
Rwanda and EAC QII and international institutional investor placing letters signed and returned	Wednesday, 10 June 2015
Last date for payment of shares for all institutional investors who were allotted shares (Rwanda and EAC QII, and international institutional investors)	Friday, 12 June 2015, 5:00pm
Announcement of final allotment results to investors and CMA	Wednesday, 17 June 2015
Allocations sent to CSD for upload	Wednesday, 17 June 2015
Dispatch of refunds to retail investors via EFT for any over subscriptions commences	Thursday, 18 June 2015
CSD confirmation of registration of Shares[2]	Wednesday, 08 July 2015
Registrar confirmation of investor details to brokers and custodians	Monday, 13 July 2015
Admission to Listing, and commencement of trading of the Shares, on the Rwanda Stock Exchange	Friday, 17 July 2015

The Offer Timetable and, in particular, the Offer Period is subject to amendment and extension if agreed by Crystal Telecom Ltd, CMA and the RSE. Any such amendment or extension will be announced publicly through a press advertisement.

1. Note: All times throughout this prospectus make reference to local Rwanda time
2. The CSD Information is provided with a period of 30 days to complete the upload process. To the extent that process is executed in a shorter period, the listing will be brought forward commensurately and subject to approval from CMA.

PART 4
Offer Statistics



4. Offer Statistics

Offer Price per Offer Share	FRW	105
Par value of each Offer Share	FRW	50
Authorised share capital of the Company	FRW	13,750,000,000
Total number of issued shares	Number of shares	270,177,320
Gross proceeds of the Offer	FRW	28,368,618,600
MTN Rwanda Statistics		
Net profit for the twelve (12) month period ended 31.12.2014 of MTN Rwanda	FRW Thousands	6,089,634
EPS for the twelve (12) month period ended 31.12.2014 (based on 1,500 shares for MTN Rwanda)	FRW / Share	4,059,756
EBITDA for the twelve (12) month period ended 31.12.2014 of MTN Rwanda	FRW Thousands	23,453,025
Dividend for the twelve (12) month period ended 31.12.2014	FRW Thousands	14,250,000

PART 5
Directors and Corporate Information

5. Directors and Corporate Information

Directors of Crystal Telecom

Jack N. Kayonga (Rwandan) Chairman KN 3 Av.2, Grand Pension Plaza 14th Floor P.O. Box 1287 Kigali Rwanda	Vincent Gatete (Rwandan) Director, Chief Executive Officer (CEO) KN 3 Av.2, Grand Pension Plaza 14th Floor P.O. Box 1287 Kigali Rwanda
Cherno Gaye (Gambian) Independent non-Executive Director KN 3 Av.2, Grand Pension Plaza 14th Floor P.O. Box 1287 Kigali Rwanda	

Corporate Information

Registered Office	KN 3 Av.2, Grand Pension Plaza 14th Floor P.O. Box 1287 Kigali Rwanda
Company Secretary	David Karima KN 3 Av.2, Grand Pension Plaza 14th Floor P.O. Box 1287 Kigali Rwanda
Auditors	PricewaterhouseCoopers Rwanda Limited Blvd de l'Umuganda, Kacyiru 5th Floor, Blue Star House, Kacyiru, P.O. Box 1495 Kigali, Rwanda Tel: (+250) 252 588 203/4/5/6 E-mail: bernice.w.kimacia@rw.pwc.com Web: www.pwc.com.rw/
Lawyers	Trust Law Chambers KG 569 ST 4, TLC House, Kacyiru- Kigali P.O BOX 6679 Kigali – Rwanda Tel: +250 252 503075 Email: info@trustchambers.com Website: www.trustchambers.com
Principal Banker	Bank of Kigali 6112, Avenue de la Paix P.O. Box 175 Kigali, Rwanda. Tel: +250 252 593 100 Email: bk@bk.rw Website: www.bk.rw
Registrars	BK Registrars Ltd 6112, Avenue de la Paix P.O. Box 175 Kigali, Rwanda. Tel: +250 252 593 100 Email: bkregistrars@bk.rw Website: www.bk.rw

PART 6
Letter from the Chairman

6. Letter from the Chairman

Dear Investor, **21 May, 2015**

It is with enormous pleasure that I present to you this Prospectus for the offer for sale of 270,177,320 ordinary shares of Crystal Telecom. Crystal Ventures is giving all Rwandans and the investing community at large the opportunity to be owners in Crystal Telecom, and through it, owners of 20% of MTN Rwanda.

Crystal Ventures has been a long standing shareholder in MTN Rwanda, initially owning 46% of the business when MTN Rwanda was established in 1998. At the time, MTN Rwanda was the first company willing to invest in a mobile license in Rwanda, and our investment was driven by the importance we placed on the country having its own self standing telecommunications platform. Since that time, MTN Rwanda has continued to be the pioneering name of our telecommunications industry and with it has been an enormous contributor to our countries economic growth and social development.

Our continued support of MTN Rwanda over the years has also yielded strong returns to Crystal Ventures, and it is now our desire to open this opportunity for indirect ownership in MTN Rwanda to Rwandans and the investing community at large. Crystal Ventures' own objective is to redeploy capital in support of early-stage enterprises that can make a significant contribution to the Rwandan economy and, as such, it is in keeping with our strategy and timely that we now leave our ownership of this high quality asset to other investors.

MTN Rwanda is the market leading mobile telecommunications network operator in the country, is one of our best loved and known brands, and with a subscriber base of 3.9 million plays a critical role daily in keeping us Rwandans connected both with each-other and the rest of the world. As such, I believe it represents a rare and exciting opportunity for investors and I am also delighted that many of MTN Rwanda's subscribers may also be able to invest indirectly in MTN Rwanda through Crystal Telecom.

Critical also to our objectives, is a determination to add depth to the local capital markets and accordingly, we are very pleased to be able to offer our interest in MTN Rwanda through an IPO of Crystal Telecom, the third in Rwanda since the inception of the Rwandan Stock Exchange and the first in the telecommunications sector. The capital markets have undoubtedly been a major catalyst to the growth of our country and it is for this reason that we encourage every Rwandan and indeed the whole regional investing community to participate in the benefits of investing through the Rwandan stock market.

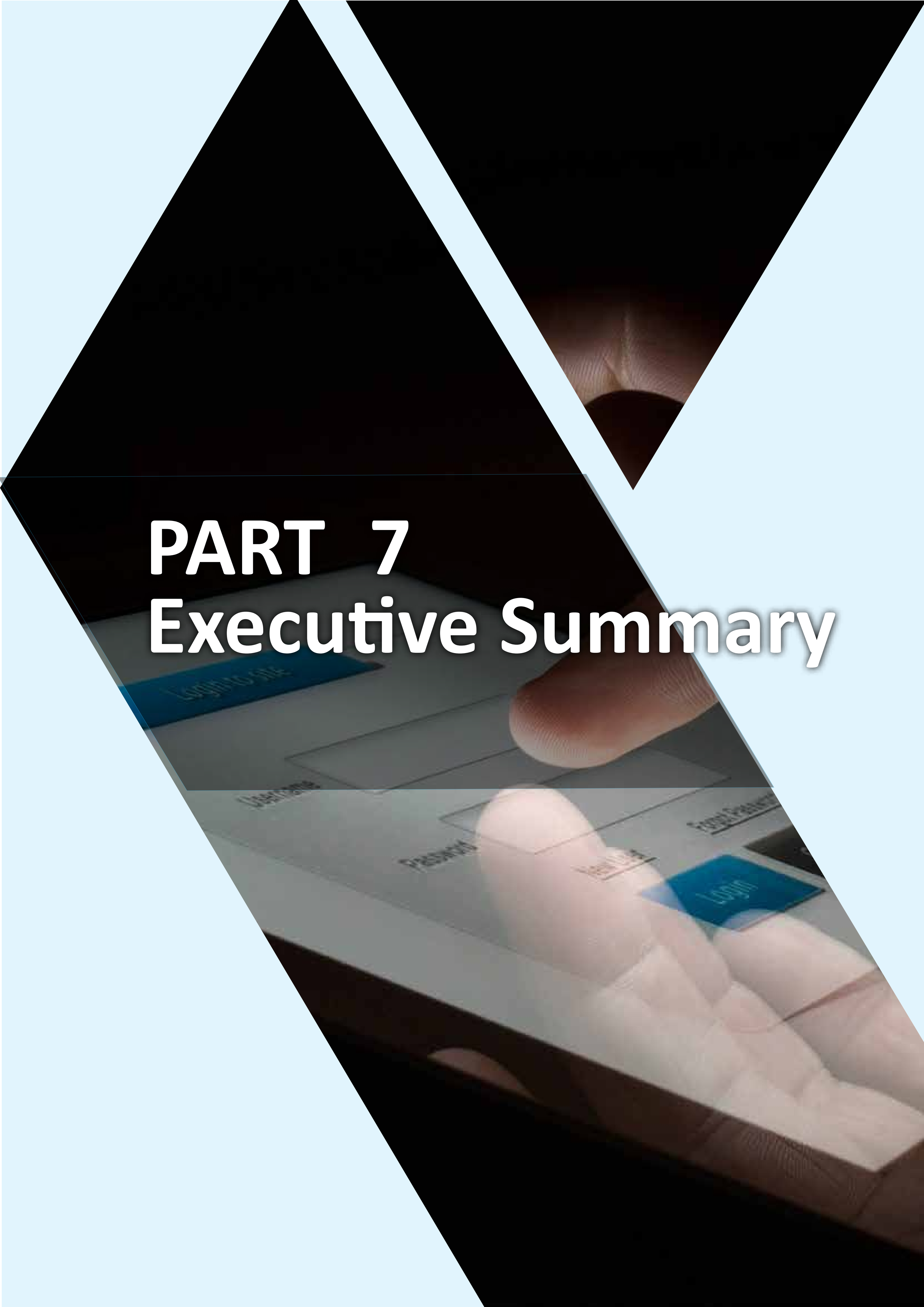
This Prospectus sets out the details of the Offer and the listing of the ordinary shares of Crystal Telecom on the RSE. Please read the full Prospectus to obtain a better understanding of the potential rewards and risks relating to investing in Crystal Telecom.

I look forward to welcoming you as a shareholder of Crystal Telecom.

Jack Kayonga,

Jack Kayonga,
Chairman, Crystal Telecom

PART 7
Executive Summary



7. Executive Summary

THIS SUMMARY MUST BE READ AS AN INTRODUCTION TO THIS PROSPECTUS AND ANY DECISION TO INVEST IN CRYSTAL TELECOM'S SHARES SHOULD BE BASED ON THE CONSIDERATION OF THE PROSPECTUS AS A WHOLE.

7.1. Crystal Telecom Business Overview

Crystal Telecom was established and incorporated in 2013, and following a share transfer of 20% of shares held in MTN Rwanda from Crystal Ventures to Crystal Telecom on 29 April 2015, Crystal Telecom currently owns a 20% equity stake in MTN Rwanda. The Company's sole business is holding and managing this 20% stake in MTN Rwanda for the benefit of its shareholders. The remaining 80% of MTN Rwanda is held by MTN Group Limited – the largest African mobile telecommunications company with operations in 22 countries including Africa and the Middle East.[3]

Upon the closing of the Offering and the listing of Crystal Telecom on the RSE, and to the extent that Crystal Ventures fully exits its 100% equity interest, as is its intention, in Crystal Telecom, there will be no ongoing relationship between Crystal Ventures and Crystal Telecom, save for the fact that one employee of Crystal Ventures (Jack Kayonga) and one employee of a Crystal Ventures portfolio company (Vincent Gatete) will remain on the board of Crystal Telecom, until either or both of these Directors resign or are replaced by Crystal Telecom shareholders. See Appendix - Articles of Association of Crystal Telecom

In managing the 20% stake in MTN Rwanda, Crystal Telecom will seek to transfer value in the form of dividends, passed on directly to its shareholders, arising from dividends or any other distributions received from MTN Rwanda, less cash required to maintain Crystal Telecom's normal operations.

7.2. MTN Rwanda Business Overview

Subscribers and Market Share/Position

MTN Rwanda has operated in Rwanda for more than 15 years and built one of the leading brands in the country, with a core business centred on telecommunications, broadband, networking and mobile money payment services. MTN Rwanda is the biggest mobile network in the country, with an active mobile subscriber base of 3.9 million and market share of 49%, as of March 2015[4].

Business Overview

MTN Rwanda generates revenue from a variety of business streams, of which Voice and Data are the key components. MTN Rwanda's 2014 revenue comprises a contribution of 58% from Airtime and Subscription (63% in 2013), with a growing and meaningful contribution from Data, with a 20% revenue contribution in 2014 (13% in 2013). Interconnection Fees represented a 9% contribution to revenue in 2014 (11% in 2013), with smaller contributions to revenue from other sources including the sale of mobile telephones and accessories, mobile money, and roaming fees.

Distribution

Rwanda comprises a captive market of over 10 million people with a rapidly growing middle class. Rwanda is also one of the least penetrated markets within the EAC with only 70%[5] mobile penetration, as of December 2015.

3 MTN Group Annual Report
4 Sourced from Rwanda Utilities Regulatory Authority (RURA). Percentage of total active mobile subscribers 6 Sourced from
5 Rwanda Utilities Regulatory Authority (RURA)

Rwanda Macro Economic Outlook

The Rwanda macro-economic fundamentals remain attractive with a real GDP growth rate expected to average approximately 7.3% from 2015 to 2018, having averaged approximately 7.8% between 2000 and 2013.[6]

The country has a track record of prudent and coherent macroeconomic management, including maintaining moderate inflation (4.2% in 2010-14), a stable exchange rate and a sound financial system.

Rwanda has one of the best business environments in Africa, underpinned by a stable political and macro environment and successful efforts to reduce red tape. The country ranks well above its peers in the World Bank's Ease of Doing Business ranking, with an overall score of 43, coming third in the Sub- Saharan Africa region, with Mauritius in first place, ranked 28, and South Africa in second place, ranked 43.[7]

Future sources of growth will be an improvement in export performance, reflecting in part greater regional integration within the Northern Corridor and Central Corridor of the East African Community (Uganda, Burundi, Tanzania, Democratic Republic of Congo, Kenya and Rwanda), its emergence as a services and financial centre, continued public investment and improvements in agricultural productivity.

7.3. MTN Rwanda Competitive Strengths

Crystal Telecom believes that the following key strengths relating to MTN Rwanda contributes to MTN Rwanda's success, and distinguishes it from its competitors:

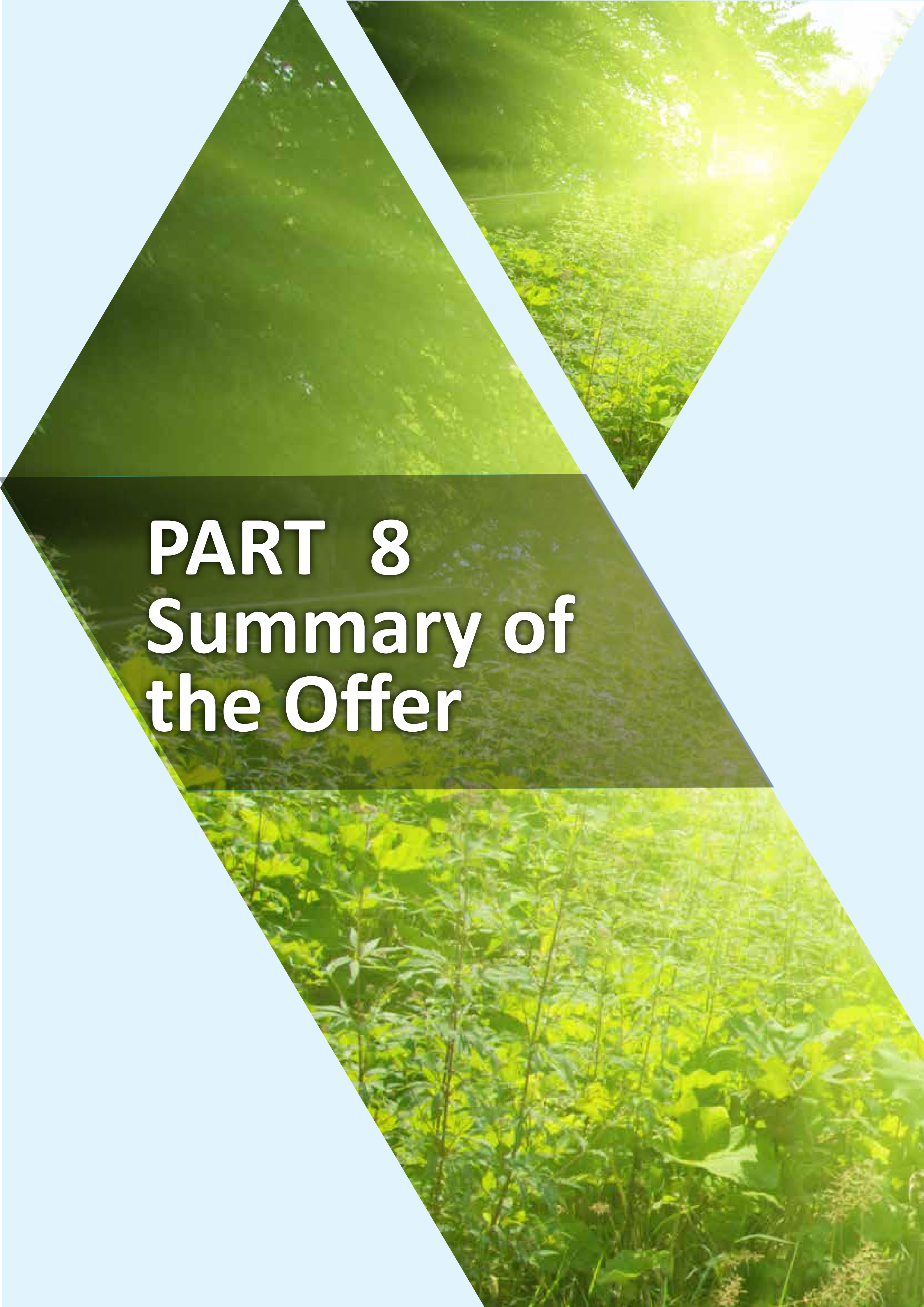
- Market leadership entrenched by a growing subscriber base and enhanced product and service offerings
- Recognisable and trusted brand across Rwanda and Africa at large
- Value provider across price management and service quality
- Network leadership across coverage and quality
- Superior technological platform to expand distribution of existing and new services
- MTN Group Limited management and stewardship

7.4. MTN Rwanda Strategy

MTN Rwanda's strategy, developed in cooperation with MTN Group Limited, is to maintain its leadership position in telecommunications in Rwanda and sustain a business model that maximises value for all MTN Rwanda stakeholders. Specifically, MTN Rwanda's strategy comprises the following elements:

- Maintain market leading position
- Drive cost efficiency and optimize the supply chain
- Capture and drive revenue potential of mobile data services and other products, including Mobile Money
- Drive sustainable growth[8]

6. IMF, October 2014
7. World Bank Doing Business; http://www.doingbusiness.org/rankings
8. Sourced form MTN Rwanda



PART 8 Summary of the Offer

8. Summary of the Offer

8.1. The Offer

Legal Status of the Company

The Company was incorporated in the Republic of Rwanda on 19th September, 2013 under the name Crystal Telecom Ltd. The Company is incorporated as a public company limited by shares. Its primary objective is to manage the 20% stake in MTN Rwanda.

8.2. Reasons for Divestiture by Crystal Ventures

The Offering allows Crystal Ventures, as an investment company, to achieve its objective to exit their long term holding in MTN Rwanda. It also allows Crystal Ventures to support the efforts of the Government of Rwanda to promote broader share ownership in Rwanda and expand, and further develop the Rwandan capital market as well as attract foreign investment.

The Company will not receive any proceeds of the Offering. All fees associated with this Offer, including commissions, fees and expenses are payable by the Selling Shareholder, and not by Crystal Telecom.

8.3. Number of Shares on Offer

Crystal Ventures is the sole shareholder in Crystal Telecom and intends to fully exit its 100% interest in Crystal Telecom.
The total number of Offer Shares is 270,177,320. Assuming the total number of Offer Shares is fully divested, the total number of Offer Shares will constitute 100% of the issued share capital of the Company.

	Pre Offer		Post - Offer	
Shareholder	**# of Shares**	**% of Issued Shares**	**# of Shares**	**% of Issued Shares**
Crystal Ventures	270,177,320	100%	-	0%
Offer Shares	-	0%	270,177,320	100%
TOTAL	270,177,320	100%	270,177,320	100%

8.4. Status of the Offer Shares

The Offer Shares rank pari passu in all respects with the Issued Shares, including the right to participate in full in all dividends and/or other distributions declared in respect of such Share upon the allotment of the Offer Shares. The Offer Shares will be freely transferable and will not be subject to any restrictions on marketability or any rights of first refusal on transfer.

8.5. Structure and Allocation of the Offer

In order to strike a balance between retail and institutional investors the Offer is structured into two main pools, the Retail Pool and the Institutional Pool.

The Company, in conjunction with advisers, has determined that a proportion of 25% of the Offer shares has been earmarked for the Retail Pool and the balance of 75% of the Offer Shares for the Institutional Pool.

The Company	Crystal Telecom
The Selling Shareholder	Crystal Ventures
The Institutional Pool	Crystal Ventures is offering 202,632,990 Shares in the Institutional Pool. The Institutional Pool comprises an offering of shares to Rwandan and East African QIIs and International Investors. The Institutional Pool is being led by Renaissance Capital.
	The minimum number of Shares per application is 1,000 Offer Shares. Applicants applying for more than the minimum number of Offer Shares may apply for such higher number in multiples of 1,000 Offer Shares.
The Retail Pool	Crystal Ventures is offering 67,544,330 Shares in the Retail Pool. The Retail Pool comprises an Offering of shares to Rwandan and EAC individuals. The Retail Pool is being led by Bank of Kigali.
	The minimum number of Shares per application is 1,000 Offer Shares. Applicants applying for more than the minimum number of Offer Shares may apply for such higher number in multiples of 1,000 Offer Shares.
The Shares	The authorised share capital of the Company is FRW13,750,000,000 divided into 275,000,000 common shares, each with par value of FRW 50. As at date of this Prospectus, the number of issued and outstanding common shares was 270,177,320. The number of Offer Shares is 270,177,320
Offer Price	FRW 105 per share
Opening Date	21 May 2015
Closing Date	5 June 2015
Lock-up	180 days (see Section 8.6)
RSE Listing	It is expected that the admission of the common shares of the Company to trading on the RSE will be on 17 July 2015
Security Codes/Ticker	CTL

8.6. Share retention and Lock-up by Crystal Ventures Limited

Crystal Ventures, through its 100% ownership of Crystal Telecom intends on fully exiting its 20% investment in MTN Rwanda. In the event that Crystal Ventures retains a stake in Crystal Telecom post the Offer, the relevant lock-up period will become enforceable.

The Company and the Selling Shareholder has agreed with the Transaction Advisor, subject to certain exceptions, not to offer, sell, or dispose of any shares of its share capital or securities exercisable for any Shares of the Company's share capital during the 180-day period following the date of allotment.

8.7. Threshold for successful transaction

This offer of 100% of the shares of Crystal Telecom is contingent on sufficient demand for the Offer. The Directors shall not proceed with the allotment of the Offer Shares if the applications to subscribe for at least 50% of the Offer Shares are not received and fully paid for.

8.8. Eligibility to the Pools

The following describes who is eligible to participate in each of the pools.

Retail Pool

The Retail Pool is comprised of Rwandan and EAC nationals (as defined in this Prospectus).

Institutional Pool

Persons who are not Retail Rwandans or Retail EAC[9] investors, and meet the definition of an institutional investor are entitled to apply for Shares reserved under the Institutional Pool .[10]

International institutional investors (non-Rwandan and non-EAC nationals) are only eligible to apply for Shares under the Institutional Pool, if it is permissible under the laws of their residency or location for them to receive the Prospectus and participate in the Offer and provided that the Offer to such entity complies with the selling restrictions set out in the section headed Selling Restrictions

POOL	NUMBER OF SHARES	ALLOCATION %
Institutional Pool (Rwanda, EAC and International)	202,632,990	75%
Retail Pool (Rwanda and EAC)	67,544,330	25%
TOTAL OFFER	**270,177,320**	**100%**

Minimum number of Shareholders

A minimum number of shareholders is not a requirement of the Prospectus Instructions. However, CMA requirements for listing equities state that in order to achieve a listing on the RSE, a company must have a minimum number of 1,000 shareholders.

Minimum number of Offer Shares per Application

The minimum number of Shares per application is 1,000 Offer Shares. Applicants applying for more than the minimum number of Offer Shares may apply for such higher number in multiples of 1,000 Offer Shares.

[9]Retail investors defined as: Individuals, Partnerships, Companies – which are NOT Fund managers, Asset Managers, Insurance Companies, Banks or licensed financial institutions.
[10]Qualified Institutional Investors defined as: Fund managers, Asset Managers, Insurance Companies, Banks or licensed financial institution

Stock Exchange Listing

Approval of the Offer and the Listing has been received from CMA and permission for the Listing has been received from RSE, subject to procuring a minimum number of 1,000 shareholders holding in aggregate at least 25% of the total issued shares of Crystal Telecom. It is expected that trading in the Shares will commence on or about 17 July 2015. Shares will be electronically credited to successful Applicants' respective CSD Accounts .[11]

Extension of the Offer

Any extension of the Offer Period will be subject to approval of the Board of Directors of the Company, CMA and the RSE.

Underwriting

The Offer Shares will not be underwritten.

8.9. Allotment Policy

The responsibility for allotting the Offer Shares within the Institutional Pool lies with the Vendor under the recommendation of the Lead Transaction Advisor.

In the event of over subscription in the Retail Pool, Retail applicants will be allocated the minimum number of shares applied for i.e. 1,000 Offer Shares in the first instance and thereafter in multiples of 1,000 Offer Shares on a pro rata basis, rounded down to the nearest 1,000 Offer Shares, until all Offer Shares available to the Retail Pool are fully exhausted.

All valid applications will be allocated in full as per the number of Offer Shares applied for by such applicants in the event of exact or under-subscription.

In the event that the total number of Offer Shares applied for by Applicants in a particular pool is below the total number of Offer Shares reserved for that pool, the following will apply:

a. All valid Applications received will be allocated in full as per the number of Offer Shares applied for taking into account the minimum number of Offer Shares that may be applied for in each pool; and
b. The balance of Offer Shares reserved for that pool will be available for allocation in the other pool which is oversubscribed, and these excess Offer Shares will be allocated in accordance with the allotment policy of that pool.

The Vendor reserves the right to accept or refuse any application in their sole discretion, either in whole or in part, or to accept some applications in full and others in part, or to abate any or all applications in such manner as they may determine.

The Lead Transaction Advisor will notify CMA of the allotment results as approved by the Issuer and the Vendor.

8.10. Status of Applicant

Every Applicant is required to complete the declaration on the Application Form declaring the pool to which the Applicant is eligible to apply for shares and submit together with the application, documentation supporting such eligibility.

8.11. Application and Payment Procedures

The summarized procedures below should be read in conjunction with the detailed instructions for applying for shares as contained in Appendix 1 of this Prospectus, "Procedures and Terms and Conditions of Application and Allotment" and the instructions on the Application Form.

Copies of this Prospectus, together with the Application Forms and CSD account opening forms for Individuals and Institutions, may be collected during the hours from 8:00am to 5:00pm on any day (except Saturdays, Sundays and public holidays) from 21 May 2015 to 5 June 2015 from any of the ASAs listed in Appendix 12 of this Prospectus.

[11]The CSD confirmation is provided with a period of 30 days to complete the upload process. To the extent that process is executed in a shorter period the listing will be bought forward commensurately.

Applications may be made only on the relevant Application Form, a sample copy of which is attached to this Prospectus (whether or not printed as a separate document). For individual (retail pool) investors, each Application Form must be supported by payment for an amount equivalent to the value of shares applied for by the Applicant. Payment may be in the form of cash or EFT. In the case of EFT payments, payments should be made in favour of the bank listed below:

Bank	Account Number
Bank of Kigali	CTL IPO SHARE APPLICATION ACCOUNT No. 00040-0672372-01

The completed Application Form, together with the necessary proof of payment (cash or EFT payments only applicable to investors comprising the retail pool) should be submitted to any of the ASAs by no later than 5:00pm on Friday 5 June 2015. Payment for the Offer Shares applied for by international institutional investors and Rwandan and EAC QIIs will be made upon allotment and within seven days of the close of the offer. By submitting an Application Form, each international institutional and QII binds itself to the Vendor to pay in full the value of Offer Shares allotted to them.

Communication of allotment results

Allotment results will be communicated to all share applicants who have been allotted shares via short message service (SMS) and/or electronic mail as per the dates indicated in the offer timetable.

Refunds Policy for Retail Applicants

In the case of individual investors comprising the Retail Pool, should the Offer be oversubscribed, Applicants that have not been allotted in full the number of Offer Shares applied for by them will be refunded an amount equivalent to the value of the Offer Shares not allotted. Retail applicants will have the funds credited to the bank account specified in the Application Form. Refunds will be made available to Applicants no later than thirty working days after the announcement of allotment results at the cost of the respective Applicant.

Rejections Policy

Please refer to Appendix 1 of this Prospectus for the detailed application procedures. Applications received after 5:00pm on the Closing Date will not be considered.

Applications will only be considered if received through any of the ASAs. Accordingly, the Lead Transaction Advisor, the Selling Shareholder, Bank of Kigali and the Company will accept no responsibility for any applications that are, or may be, misdirected.

Applications can be rejected if full value of the Offer Shares applied for is not received.
Applications may be rejected for the following reasons:

a. Missing or illegible name of primary or joint Applicant in any Application Form;
b. Missing or incorrect CSD account number;
c. Missing or illegible identification number, including corporation registration number, or in the case of Rwandan residents, missing or illegible alien registration number;
d. Missing or illegible address (either postal or street address);
e. Missing residence and citizenship indicators (for primary Applicant in the case of an individual) or missing residency for tax purposes for corporate investors;
f. Insufficient documentation is forwarded including missing tax exemption certificate copies for companies that claim to be tax exempt;
g. In the case of nominee applications, incomplete information or lack of declaration from the agent submit ting the application;
h. Missing or inappropriately signed Application Form including (for manual application only)
    -Primary signature missing from Signature Box 1;
    -Joint signature missing from Signature Box 2 (if applicable); Two directors or a director and company secretary have not signed in the case of a corporate application;

i. Number of Offer shares does not comply with the rules as set out in Prospectus;
j. Amount as payment for number of Offer Shares Applied for is less than the correct calculated amount;
k. If it is suspected that an applicant has subscribed to the offer through more than one application

8.12. Selling Restrictions

Selling and transfer restrictions

The distribution of this Prospectus and the Offer in certain jurisdictions may be restricted by law and therefore persons into whose possession this Prospectus comes should inform themselves about and observe any such restrictions, including those that follow. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction.

No action has been taken or will be taken by the Company or the Lead Transaction Advisor in any jurisdiction that would permit a public offering or sale of the Offer Shares, or possession or distribution of this Prospectus (or any other offering or publicity material relating to the Offer Shares), in any country or jurisdiction (other than Rwanda) where action for that purpose is required or doing so may be restricted by law.

None of the Offer Shares may be offered for subscription, sale or purchase or be delivered, and this Prospectus and any other offering material in relation to the Offer Shares may not be circulated, in any jurisdiction where to do so would breach any securities laws or regulations of any such jurisdiction or give rise to an obligation to obtain any consent, approval or permission or to make any application, filing or registration.

Persons into whose possession this Prospectus comes should inform themselves about and observe any restrictions on the distribution of this Prospectus and the Offer contained in this Prospectus. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction.

8.12.1. European Economic Area

In relation to each Member State of the European Economic Area ("EEA") which has implemented the Prospectus Directive (2003/71/EC) (each, a "Relevant Member State") an offer to the public of any Offer Shares may not be made in that Relevant Member State, except that the Offer Shares may be offered to the public in that Relevant Member State at any time under the following exemptions under the Prospectus Directive, if they have been implemented in that Relevant Member State:
a. to any legal entity which is a qualified investor as defined under the Prospectus Directive;
b. by the Lead Transaction Advisor to fewer than 100 or, if the Relevant Member State has implemented the relevant provision of the 2010 PD Amending Directive, 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive) subject to obtaining the prior consent of the Managers for any such offer; or
c. in any other circumstances falling within Article 3(2) of the Prospectus Directive,
provided that no such offer of Offer Shares shall result in a requirement for the publication by the Company or Lead Transaction Advisor of a Prospectus pursuant to Article 3 of the Prospectus Directive and each person who initially acquires Offer Shares or to whom any offer is made will be deemed to have represented, warranted and agreed to and with the Lead Transaction Advisor and the Company that it is a "qualified investor" within the meaning of the law in that Relevant Member State implementing Article 2(1)of the Prospectus Directive.
For the purposes of this provision, the expression "an offer to the public of any Offer Shares" in relation to any Offer Shares in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the Offer and the Offer Shares to be offered so as to enable an investor to decide to purchase or subscribe for the Offer Shares, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State. The expression **"Prospectus Directive"** means Directive 2003/71/EC (and any amendments thereto, including the **2010 PD Amending Directive**, to the extent implemented in the Relevant Member State) and includes any relevant implementing measure in each Relevant Member State and the expression "2010 PD Amending Directive" means Directive 2010/73/EU.

In the case of any Offer Shares being offered to a financial intermediary as that term is used in Article 3(2) of the Prospectus Directive each financial intermediary will be deemed to have represented, warranted and agreed that the Offer Shares acquired by it in the Offer have not been acquired on a non-discretionary basis on behalf of, nor have they been acquired with a view to their offer or resale to, persons in circumstances which may give rise to an offer of any Offer Shares to the public other than their offer or resale in a Relevant Member State to qualified investors as so defined or in circumstances in which the prior consent of the Managers has been obtained to each such proposed offer or resale.

The Company, the Lead Transaction Advisor and their affiliates, and others will rely upon the truth and accuracy of the foregoing representation, acknowledgement and agreement. Notwithstanding the above, a person who is not a qualified investor and who has notified the Lead Transaction Advisor of such fact in writing may, with the consent of the Lead Transaction Advisor, be permitted to subscribe for or purchase Offer Shares in the Offer.

8.12.2. United States

Eligible investors

The Offer Shares have not been and will not be registered under the US Securities Act or under any applicable state securities laws of the United States, and, subject to certain exceptions, may not be offered or sold within the United States. The Offer Shares will be offered or sold only in an offshore transaction outside the United States within the meaning of and in compliance with Regulation S under the US Securities Act.

In addition, until 40 days after the commencement of the Offer, an offer of Offer Shares within the United States by a dealer (whether or not participating in the Offer) may violate the registration requirements of the US Securities Act if such offer or sale is made otherwise than in accordance with Rule 144A.

Each person who initially acquires Offer Shares or to whom any offer is made will be deemed to have represented, warranted and agreed to and with the Lead Transaction Advisor and the Company that (i) it and any person for whose account it is subscribing for Offer Shares are outside the United States and is acquiring such Offer Shares in an offshore transaction within the meaning of and in compliance with Regulation S under the Securities Act; (ii) it did not become aware of nor is it making any investment decision with respect to the Offer Shares as a result of any "directed selling efforts" within the meaning of Rule 902(c) of Regulation S under the Securities Act; and (iii) it will not re-offer, re-sell, pledge or otherwise transfer or deliver any Offer Shares, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and all applicable securities laws of the states and other jurisdictions of the United States.

The Company, the Registrar, the Lead Transaction Advisor and their affiliates, and others will rely upon the truth and accuracy of the foregoing acknowledgments, representations and agreements.

8.12.3. South Africa

The Offer does not constitute an ''offer to the public or any section of the public'' (as such expression is defined in the South African Companies Act, No. 71 of 2008 (as amended)) (''South African Companies Act'') in South Africa and this Prospectus does not, nor is it intended to, constitute a ''registered prospectus'' (as that term is defined in the South African Companies Act) prepared and registered under the South African Companies Act.
To the extent that the Offer Shares are offered for subscription or sale in South Africa, such Offer is made: (i) only to persons ("Appropriate Persons") described in section 96(1)(a) of the South African Companies Act; and/or (ii) in terms of section 96(1)(b) of the South African Companies Act such that the total acquisition cost of the shares for any single addressee acting as principal is equal to or greater than South African Rand 1,000,000. To the extent that the Offer Shares are made available to any persons in South Africa, such persons shall be subject to, to the extent applicable, any applicable South African Exchange Control Regulations and requisite approvals from the

South African Reserve Bank.

Each person who initially acquires Offer Shares or to whom any offer is made in South Africa will be deemed to have represented, warranted and agreed to and with the Lead Transaction Advisor and the Company that it is an Appropriate Person.
Accordingly, the Offer made in terms of this Prospectus does not constitute an ''offer to the public or any section of the public'' within the meaning of the South African Companies Act.

8.12.4. United Kingdom

No Offer Shares have been marketed to, nor are they available for purchase in whole or in part by, the public in the United Kingdom in conjunction with the Offer. This Prospectus does not constitute a public offer or the solicitation of a public offer in the United Kingdom to subscribe for or buy any securities in the Company or any other entity.

This Prospectus does not constitute an admission document drawn up in accordance with the AIM Rules for Companies. This Prospectus is also not an approved prospectus for the purposes of section 84(2) of the Financial Services and Markets Act 2000 ("FSMA") and has not been approved by the Financial Conduct Authority as a prospectus for the purposes of sections 85 and 87 of FSMA. This Prospectus has not been approved as a financial promotion in the United Kingdom for the purposes of section 21 of FSMA.

To the extent that any Offer Shares are made available for purchase to persons in the United Kingdom, they shall only be made available to (i) investment professionals (within article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (as amended) (the "FPO")); (ii) certified sophisticated investors (within article 50(1) of the FPO); (iii) self-certified sophisticated investors (within article 50A(1) of the FPO); (iv) persons of a kind described in article 49(2) of the FPO; (v) certified high net worth individuals (within article 48(2) of the FPO); (vi) associations of high net worth or sophisticated investors (within article 51 of the FPO); and (vii) any other persons to whom any offer for the purposes of Section 21 of FSMA can otherwise lawfully be made (in each case a "Relevant Person).

Each person who initially acquires Offer Shares or to whom any offer is made in the United Kingdom will be deemed to have represented, warranted and agreed to and with the Lead Transaction Advisor and the Company that it is a Relevant Person.

8.13. Expenses associated with the Offer

The total expenses of the Offer and Listing are estimated to be in the sum of RWF735,000,000. All expenses of the offer will be borne by Crystal Ventures.

	FRW thousand
RSE Listing Fee	42,000
Independent Reporting Accountant Fee	17,000
Legal Advisors Fee	26,000
Lead Transaction Advisors Fee	395,000
Lead Sponsoring Broker, Registrar and Receiving Bank Fee	126,000
PR Costs including advertising, printing, PR Agency fee	99,000
Miscellaneous costs including travel, administration and contingency	30,000
Total	735,000
Note: Estimated to the nearest FRW 1,000,000	

PART 9
Overview of Crystal Telecom

9.1. History and Business Overview

The Company was incorporated in the Republic of Rwanda on 19th September, 2013 and is 100% owned by Crystal Ventures.

Crystal Ventures is an investment company established in 1998, initially under the name Tri-star Investments Limited, changing its name to Crystal Ventures Limited in 2009. Crystal Ventures invests both on a profitability (unexplored high risk sectors) and quasi social basis by pursuing opportunities that have attractive returns but also with a significant social-economic profile. Typical preferred projects are those that can deliver a minimum return on investment of 15-20% with an investment horizon from 5 to 15 years or until the sector matures with a clear and profitable exit option.

Crystal Telecom was registered with the Companies Registry as a public company limited by shares. The Company is incorporated under Law no. 07/2009 of 27/04/2009 relating to Companies with registered number 103092048.

Crystal Telecom's primary operations are focused on managing a 20% stake in MTN Rwanda. MTN Rwanda is a leading provider of mobile telecommunication services in Rwanda by market share in terms of subscribers. As at December 2014, MTN Rwanda had approximately 3.9 million subscribers[12] and its market share was 49%[13]. MTN Rwanda provides mobile voice telecommunication services, value-added services such as short message services, as well as data transmission services, including internet access. MTN Rwanda offers its services through its extensive network which covers 99%[14] of the territory of Rwanda.

9.2. 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 and MTN Rwanda's distribution policy. The Company will seek to maximise the flow of dividends to its shareholders, subject to prudent financial management and after providing for the Company's operating expenses. An overview of the estimated annual expenses for Crystal Telecom is set out in Section 9.4 – Working Capital Funding. The Company will notify all its Shareholders of the details of any dividends declared by MTN Rwanda, which will be received by Crystal Telecom.

The Company expects to pay dividends to its shareholders that coincide (as much as reasonably feasible) with the receipt of any dividend payments from MTN Rwanda. Dividends paid by MTN Rwanda to Crystal Telecom will be based on MTN Rwanda's financial results, and will be as approved by MTN Rwanda's board and/or shareholders, as the case may be.

When making decisions on payment of dividends, the general meeting of shareholders will take into consideration the proposal of the Crystal Telecom board of directors regarding the amount of such dividends, which shall be based on Crystal Telecom's best interests, cash on hand, as well as the expected dividend payout from MTN Rwanda.

Withholding tax on dividends paid by Crystal Telecom to Crystal Telecom shareholders applies. Dividends paid by Crystal Telecom 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 tax payers in the EAC.

9.3. Expenses and remuneration

Crystal Telecom is by its nature, a "non-operating" Company insofar as it passively holds a 20% stake in MTN Rwanda. Accordingly, the Company's Directors have agreed to keep all costs of Crystal Telecom to an absolute minimum. Annual costs of operations will include, but are not limited to expenses relating to ongoing listing fees, auditors expenses, Directors remuneration and administrative expenses. See Section 9.4 – Working Capital Funding.

[12] Rwanda Utilities Regulatory Authority (RURA)

[13] Rwanda Utilities Regulatory Authority (RURA)

[14] Rwanda Utilities Regulatory Authority (RURA). Reflects coverage 2G geographic coverage

9.4. Working Capital funding

On 21 April 2015, Crystal Ventures funded the expected working capital requirements of Crystal Telecom for approximately three years, via a FRW 178,750,000 (equivalent to US$250,000 at date of transfer) cash injection into Crystal Telecom. Beyond this three year period, Crystal Telecom will finance any working capital requirements from dividend proceeds received from MTN Rwanda, and distribute all remaining dividends to Crystal Telecom shareholders, in accordance with the Company's dividend policy.

Crystal Telecom anticipates annual working capital funding requirements of approximatel FRW 55,067,000, consisting primarily of annual financial reporting and auditor fees, Rwanda Stock Exchange listing fees, Director's remuneration and Registrar fees. A breakdown of approximate annual expense for Crystal Telecom can be noted below:

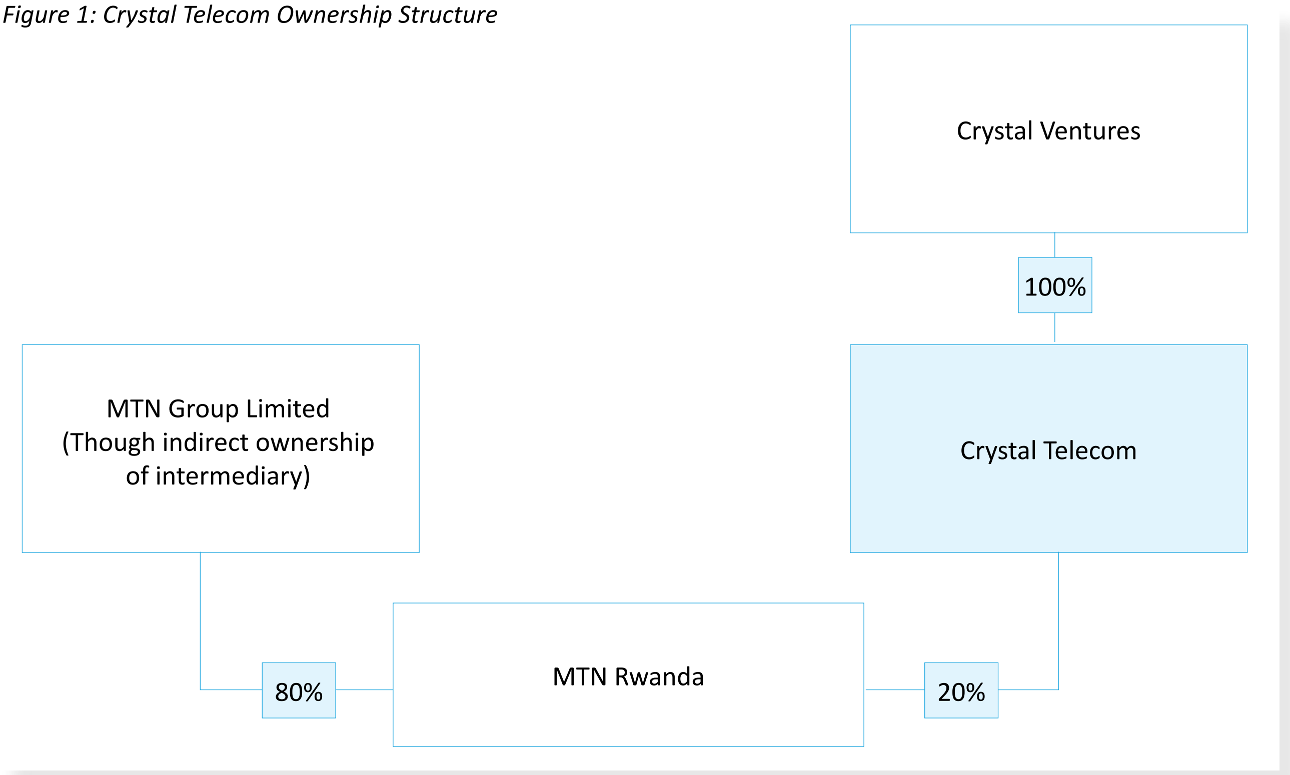
Crystal Telecom Director	US Dollars	FRW '000s
Remuneration and Sitting Allowances	3,000	2,070
Chairman, Jack Kayonga	5,000	3,450
Director and CEO, Vincent Gatete	3,000	2,070
Director, Cherno Gaye		
Total Remuneration	11,000	7,590
Other Expenses	24,000	16,560
Annual listing fee	7,300	5,037
Annual sponsor fee	20,000	13,800
Auditor expenses	17,000	11,730
Registrar fee	1,000	690
General & Administrative Expenses		
Total Annual Estimated Expenses	**80,300**	**55,407**

Note: RWF/USD foreign exchange conversion calculated at the exchange rate prevailing at the last practicable date

9.5. Company Structure Overview

Crystal Ventures is the sole shareholder in Crystal Telecom and intends to fully exit its 100% interest in Crystal Telecom.

Figure 1: Crystal Telecom Ownership Structure



Financial Overview of Crystal Telecom

Figure 2: Crystal Telecom Financial Summary

FRW'000	31 March 2015
Revenue	--
Profit Before Tax	--
Profit for the Period	--
Total Comprehensive Income for the Period	--
Current Assets - Share capital contributions receivable	100,000
Equity - Share Capital	100,000

Source: Crystal Telecom audited financial statements, as at 31 March 2015

9.6. Financial Overview of Crystal Telecom, Pro-forma a 20% interest in MTN Rwanda[20]

Figure 3: Pro-forma Crystal Telecom Financial Summary

FRW'000	2014	2013	2012
Share of profit of investments accounted for using the equity method	1,217,927	718,053	2,429,508
Administrative expenses	(66,219)	(62,7630	(61,239)
Profit before income tax	1,151,708	655,290	2,368,269
Total comprehensive income for the year	1,151,708	655,290	2,368,269
Share of profit of investments accounted for using the equity method	1,217,927	718,053	2,429,508
Administrative expenses	(66,219)	(62,7630	(61,239)
Profit before income tax	1,151,708	655,290	2,368,269
Total comprehensive income for the year	1,151,708	655,290	2,368,269
Non-current assets			
Investment accounted for using the equity method[21]	13,616,242	15,248,315	14,530,262
Current assets			
Cash and cash equivalents	114,110	126,873	188,112
Equity and Liabilities			
Share capital	278,750	278,750	278,750
Share premium	13,230,116	13,230,116	13,230,116
Retained earnings[22]	155,267	1,803,559	1,148,269
Other payables	66,219	62,763	61,239
Cash generated from operating activities [23]	2,278,236	61,239	1,229,362
Dividends paid	(2,800,000)	--	(1,220,000)
Net change in cash and cash equivalents	(12,764)	(61,239)	9,362
Cash and cash equivalents at beginning of period	126,873	188,112	178,750
Cash and cash equivalents at end of period	114,110	126,873	188,112

Source: Independent auditor's report on the compilation of pro forma financial information for Crystal Telecom Limited
Note: Figures shown on a Pro-forma basis for Crystal Telecom's 20% ownership in MTN Rwanda

20 The pro forma financial information has been compiled by the Directors to illustrate the theoretical financial results and financial position of Crystal Telecom Limited as if the company was (i) was in existence during the three years ended 31 December 2012, 2013 and 2014; and (ii) held a 20% investment in MTN Rwandacell Limited during that period

21 Reflects the illustrative carrying value of the investment in MTN Rwandacell Limited, had the investment been transferred from the Parent company at 1 January 2012 at its accounting book value in the Parent company's financial statements

22 Reflects the illustrative retained earnings after accounting for the company's proportionate share of MTN Rwandacell Limited's net profits, the company's illustrative operating expenses and the illustrative dividend payout, had the investment been transferred from the Parent company at 1 January 2012.

23 Reflects the net of dividends that would have been received in cash from MTN Rwandacell Limited, had the investment been transferred from the Parent company at 1 January 2012, net of operating expenses funded

9.7. Subsequent Events

Working Capital Funding

On 21 April 2015, Crystal Ventures funded the working capital requirements of Crystal Telecom for approximately three years, via a FRW 178,750,000 (equivalent to US$250,000 at date of transfer) cash injection into Crystal Telecom.

Share transfer

On 29 April 2015, Crystal Ventures' 20% interest in MTN Rwanda was transferred to Crystal Telecom.

Termination of Management Fees paid to Crystal Ventures

As per the legacy shareholders agreement between Crystal Ventures and MTN Rwanda, Crystal Ventures was entitled to a management fee, alongside side MTN Group Limited subsidiaries, MTN International (Mauritius) and MTN REL (Mauritius). Following the transfer of shares in MTN Rwanda from Crystal Ventures to Crystal Telecom, and the proposed offering, the Board of Directors of MTN Rwanda have elected to discontinue the payment of management fees to Crystal Ventures, post the IPO and listing of Crystal Telecom, and MTN Rwanda will no longer incur this cost.

Management Fees paid to Crystal Ventures, and the MTN Group Limited subsidiaries are disclosed in the annual reports of MTN Rwanda, with an excerpt shown below:

Figure 4: Management Fees Historically Paid to Crystal Ventures

FRW 000's	2014	2013	2012
Crystal Ventures Limited	1,663,817	1,619,627	1,911,876

9.8. Senior Management and Directors of Crystal Telecom

The Company's board currently comprises three (3) members as set out below.

The Company intends, subject to the approval of the Company's shareholders in accordance with its Articles, to procure the appointment of two (2) additional directors, to bring the total number of directors to five (5).

In addition, two members of the Crystal Telecom Board will be elected to sit on the MTN Rwanda Board of Directors.

Jack Kayonga, Chairman of the Board of Directors

Mr. Jack Kayonga has held different positions both in the public and private sector, including having worked as an advisor to the Minister of Finance, as Deputy Director General of Rwanda Development Bank in charge of investments (2006-2009), and later taking over as the CEO of Rwanda Development Bank (2009-2013). He is currently the Executive Chairman of Crystal Ventures a role he assumed in 2013.

Jack has served on numerous boards including Chairman of the Board of Prime Economic Zones Ltd, Chairman of the Board of the Rwanda Investment Group, and as Chairman of the Board of MTN Rwanda, a positon he has held since 2013.

He holds a Bachelor's Degree in Economics from the National University of Rwanda, a Master's Degree in Finance and Banking from Cardiff University (UK) and is pursuing a Doctorate in Business Leadership with the Swiss Management Centre.

Jack has won a number of accolades including World Economic Forum, Global Young leader 2015, CNBC Africa "Africa's Young Business Leader of the year 2012" and the East African's "All Africa Business Leaders Award" in 2012.

Vincent Gatete, Chief Executive Office, Board of Directors

Vincent Gatete is currently the General Manager of Intersec Security Ltd, the largest security company in Rwanda with over 60% market share. Prior to that, Vincent served as the Group Company Secretary at Crystal Ventures for 5 years and he previously worked as a tax state attorney and International affairs manager in Rwanda Revenue Authority. Vincent is a registered member of the Kigali Bar Association and the East African Law Society.

Vincent has served on a number of boards including currently on the Board of Prime Life Insurance Ltd, Akagera Aviation Ltd, Ultimate Concepts Ltd and the Board of MTN Rwanda, a position he has held since 2013.

He holds a Bachelors of Law (LLB) from the National University of Rwanda and is in the process of completing an MBA from Strathmore Business School- Nairobi, Kenya. He is a Certified International Procurement Professional (CIPP).

Cherno Gaye – Independent Non-Executive Director

Cherno Gaye is a Partner of Century Private Advisors, an Advisory firm focused on Financial Management that he co-founded in late 2013. Prior to that he served as CEO of Ultimate Developers Ltd, a subsidiary of the Rwanda Social Security Board (RSSB) focussed on Real Estate from 2012 to 2014 and also briefly as Deputy CEO and Chief Investment Officer of Doyelcy Group, an investment holding company registered in Mauritius and based in Rwanda focussed on Real Estate investments from July 2011 to December 2011.

Prior to that, Cherno worked for the African Management Services Company (AMSCO), a UN project aimed at providing expatriate managers to African companies. Between 2005 and 2010 he was seconded to Banque Commerciale du Rwanda (BCR), a local bank owned by Actis and now part of the I&M Group, as Chief Financial Officer, where amongst other achievements he played a major role in helping BCR to issue Rwanda's first corporate bond.

Before the AMSCO assignment, He was Finance Manager (Head of Finance) of Maersk Gambia Ltd, a subsidiary of AP Moller Maersk A/S Group. He also helped set-up a subsidiary company of Maersk Gambia Ltd in Guinea Bissau. Cherno also worked as an external auditor with both KPMG and Deloitte and Touche.

Cherno is a qualified chartered certified accountant and a fellow of the Association of Chartered Certified Accountants (ACCA). He is also a founding member of the Institute of Certified Public Accountants of Rwanda ICPA(R) as well as a member of the CFA institute and the CFA Society of South Africa. He is a Gambian National.

9.9. Roles of Management of Crystal Telecom

Duration

The CEOs employment shall be for one year period commencing from 21 May 2015. Upon the expiry of the one year period the Parties may renew the contract by written consent.

Services

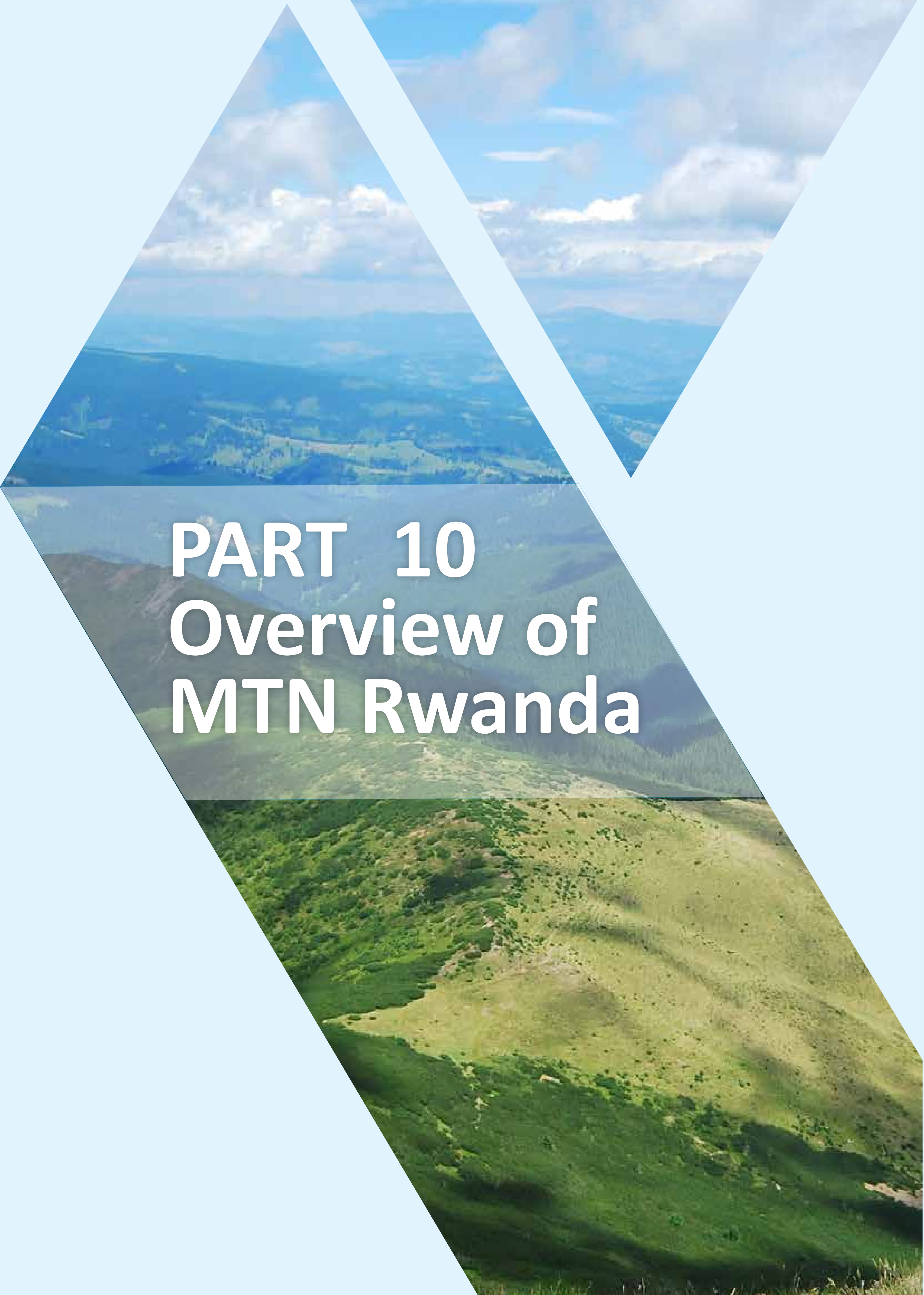
As per a Management Services Agreement, the CEO shall provide the following services:

- Preparation of annual financial statements;
- Preparation of the interim financial results;
- Coordination of auditors for annual audit;
- Investor relations including preparation of press announcements and shareholder communication, published financial statements, liaising with the sponsoring broker and the RSE and the Company's shareholders;
- Preparation and filing of tax returns in conjunction with the Company's tax advisors;
- Coordinating annual general meetings, including preparation of notices and circulars in conjunction with the company secretary;
- Coordinating board meetings and board packs;
- Coordinating payment of dividends and shareholder distributions;
- Providing treasury related services; and
- Any ancillary services.

9.10. Relationship between Crystal Telecom and MTN Group Limited

The relationship between Crystal Telecom and MTN Group Limited subsidiaries as shareholders in MTN Rwanda is governed by a Shareholders Agreement which was entered into on 11 May 2015. See Section – Material Contracts - Shareholders Agreement

PART 10
Overview of MTN Rwanda



10. Overview of MTN Rwanda

10.1. Overview of MTN Group Limited

MTN Rwanda is a subsidiary of MTN Group Limited, a leading emerging market provider of communication services, cellular network access and business solutions. MTN Group Limited was incorporated in 1994 as M-Cell Limited, which held an investment in Mobile Telephone Networks Holding (Proprietary) Limited, which held a 100% investment into Mobile Telephone Networks (Pty) Limited, the second mobile network operator in South Africa.

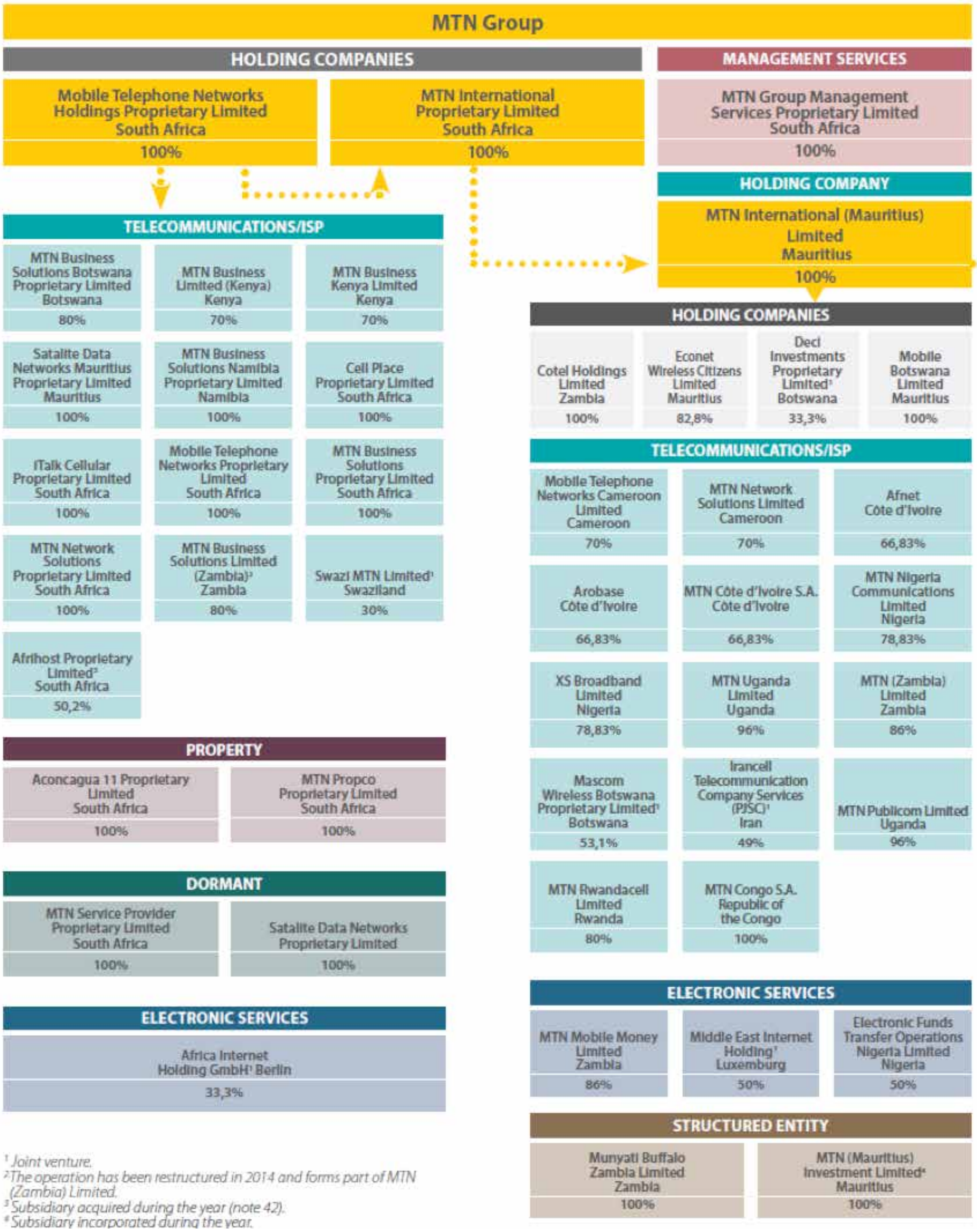
M-Cell Limited was subsequently renamed MTN Group Limited in 2002 to reinforce the African presence and awareness of the brand. MTN Group Limited has grown into a multi-national telecommunications company with a proven track record of financial success, returns to shareholders, technological innovation, and excellent corporate and social responsibility. Through steady organic growth, prudent acquisitions and robust governance, MTN Group Limited is rapidly achieving its vision of becoming the telecommunications leader in emerging markets.

MTN Group Limited is one of the top 10 companies listed on the Johannesburg Stock Exchange (JSE), with a market capitalisation in excess of USD30 billion as of end March 2015[24]. As at 31st December 2014, MTN Group Limited had over 223 million subscribers across its operations, covering 22 countries in Africa and the Middle East.[25]

MTN Group Limited operates in the following regions:

- Southern and East Africa, comprising South Africa, Swaziland, Zambia, Uganda, Rwanda, South Sudan and Botswana
- West and Central Africa, comprising Nigeria, Cameroon, Congo Brazzaville, Cote d'Ivoire, Benin, Ghana, Guinea Bissau, Guinea Republic and Liberia
- Middle East and North Africa, comprising Iran, Syria, Cyprus, Sudan, Yemen and Afghanistan

24 Bloomberg, as of 31 March 2015
25 Source: MTN Group Limited



[1] Joint venture.
[2] The operation has been restructured in 2014 and forms part of MTN (Zambia) Limited.
[3] Subsidiary acquired during the year (note 42).
[4] Subsidiary incorporated during the year.

MTN Brand

The MTN brand has received a number of brand accolades over the years. In 2014, MTN was recognised as the Most Admired and Most Valuable African Brand by Brand Africa 100. The criteria for inclusion in the award were based on financial performance and consumer admiration scores, emphasising MTN's success as both an African and Global brand.

In 2014, Millward Brown, one of the world's leading research agencies and an expert in effective advertising, announced that the MTN brand was to remain the sole African representative on the 'BrandZ Top 100 Global Brand' listing for the third consecutive year.

Overview of MTN Rwanda

MTN Rwanda is a limited liability company licensed to provide mobile and fixed line telecommunication services as well as internet services. MTN Rwanda is the leading mobile operator in Rwanda, with a subscriber base of approximately 3.9 million and an associated market share of c.49% as of December 2014[26]. Its core business is centred on telecommunications and networking. MTN Rwanda has consistently managed to expand its network, offer new and innovative packages and services and keep up with the latest trends in communications while focusing on affordability.

MTN Rwanda offers its services through its extensive, high-quality network, with a 2G and 3G geographic coverage of 99% and 64% respectively[27]. For the year ended 31 December 2014, MTN Rwanda generated revenue of FRW 81,518,124,000(approximately USD 118,871,000), EBITDA of FRW 23,453,025,000 (approximately USD34,200,000) and net profit for the year of FRW 6,041,849,000 (approximately USD8,810,000).[28]

Recent Overview of MTN Rwanda's Performance in 2015[29]

MTN Rwanda reported positive revenue trends in the first quarter of 2015 with continued margin improvement. This improving revenue trend was largely driven by solid subscriber growth with total subscribers up 10% year-on-year to 3.9 million. Importantly the business has seen a marked improvement in traffic volumes and total billable minutes increased 38% year-on-year.

Mobile Money remains a key focus across the MTN Group and MTN Rwanda performed particularly well in this regard with Mobile Money revenues up 65% year-on-year and now accounting for almost 5% of total revenue. The business continues to focus on airtime distribution through Mobile Money and today this represents almost 16% of total airtime sales. Total data users increased strongly year-on-year by over 90% with total billable megabytes up 85% over the same period.

History of MTN Rwanda

MTN Rwanda was formed in 1998 by MTN Group Limited and Tri-star Investments Limited (Tri-star Investments was incorporated in 1998 and changed its name to Crystal Ventures in 2009) together with Rwandatel.

26 Source: Rwanda Utilities Regulatory Authority (RURA)
27 Source: Rwanda Utilities Regulatory Authority (RURA
28 The exchange rates used reflect the average RWF / USD exchange rates for income statement and cash flow figures, and end of period exchange rates (31 December of each financial year) for Balance sheet figures
29 Commentary from MTN Group

MTN Group Limited initially owned 26% of MTN Rwanda, while Tri-star Investments (renamed Crystal Ventures in 2009) held 46%. Over time, MTN Group Limited gradually increased its stake in MTN Rwanda to its current 80% with the remaining 20% held by Crystal Ventures. The Government exited its 10% interest in 2011.

Figure 6: Changes to Ownership of MTN Rwanda

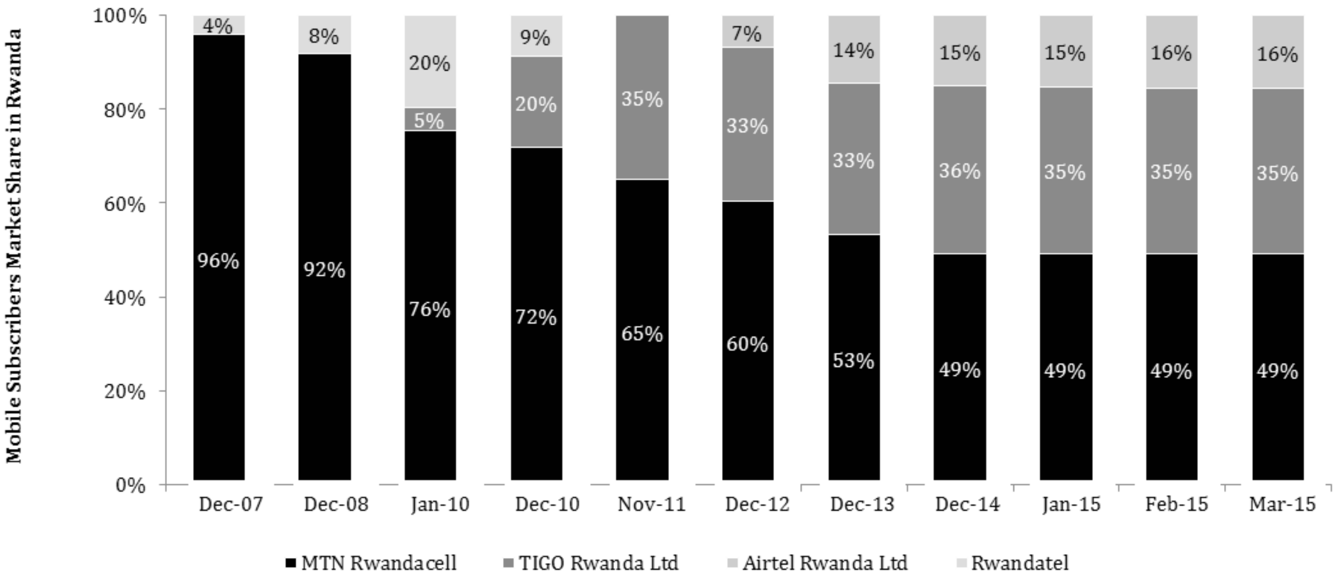
Year	1998	2007	2011	2015
MTN Group Limited	26%	55%	80%	80%
Rwandatel[30]	28%	-	-	-
Government	-	10%	-	-
Tri-star / Crystal Ventures	46%	35%	20%	-
Crystal Telecom	-	-	-	20%

10.2. Overview and outlook for MTN Rwanda

Onset of competition in 2009 and 2012

Onset of competition in 2009 and 2012
With the entrance of Tigo Rwanda in 2009 and Airtel Rwanda in 2012, MTN Rwanda has faced an increasingly challenging competitive environment. This increased competition can be noted in falling ARPUs since 2012 and falling market share across active mobile subscribers for MTN Rwanda over time. Notably, the overall mobile subscriber base in MTN Rwanda has increased by approximately 15% since 2012 from 3.4 million subscribers (2012) to 3.9 million subscribers (March 2015). Despite increasing[31] competition in 2009 and 2012, MTN Rwanda remains the leading mobile telecommunications operator in Rwanda with a market share across all active mobile subscribers 49%. Notably, MTN Rwanda's superior network, across 3G and 3.5G relative to its peers and current market leadership would suggest a well-established platform off which to enable strategic growth initiatives.

Figure 7: Market Share of Mobile Subscribers



Source: Rwanda Utilities Regulatory Authority (RURA)

30 Rwandatel is a Rwandan telecommunications company founded in 1993 as a state-owned enterprise.
31 Source: Rwanda Utilities Regulatory Authority (RURA)

Macroeconomic Operating Environment for MTN Rwanda

MTN Rwanda business prospects are underpinned by a strong expected average real GDP growth rate for Rwanda of approximately 7% over the medium term (the IMF expects an average of approximately 7.3% across 2015-2018, well above the 5.9% projected for sub-Sahara Africa).

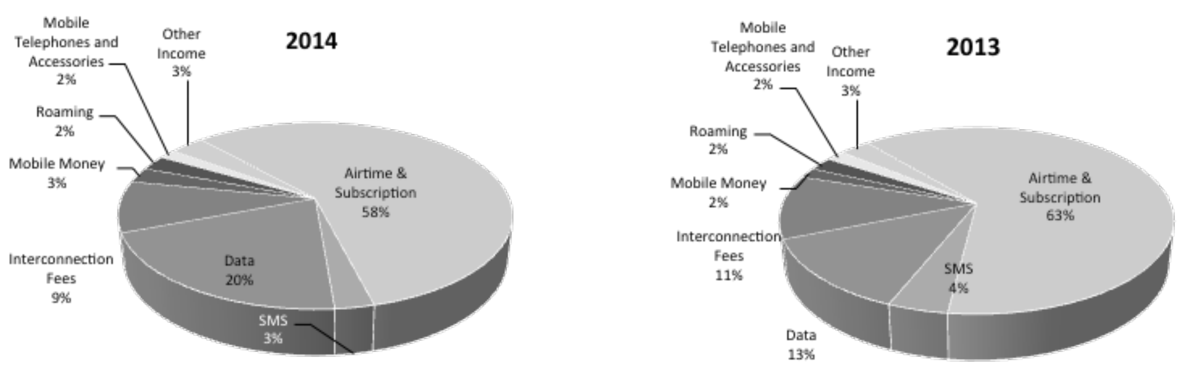
Balance sheet deleveraged

MTN Rwanda has deleveraged its balance sheet by reducing total borrowings and financial lease obligations over the recent period, from approximately FRW 11,481 million in 2012 to FRW 809 million in 2014[32]. Additionally, in April 2014, MTN Rwanda sold towers to IHS for approximately US$47,000,000.

Increasing contribution from additional revenue streams

MTN Rwanda's overall revenue base continues to become increasingly diversified across various revenue streams as non-voice revenue streams, such as data, have contributed increasingly to overall revenue, for example data contributed 13% to revenue in 2013, and 20% in 2014 and Mobile Money crossed 5% as a share of revenue in Q1 2015.

Figure 8: MTN Rwanda Revenue Contribution (2013 vs 2014)



MTN Rwanda's ARPU has decreased as subscriber numbers have increased accompanied by a decrease in voice tariffs due to an increase in market competition.

MTN Rwanda's ARPU has decreased as subscriber numbers have increased accompanied by a decrease in voice tariffs due to an increase in market competition.

32 MTN Rwanda annual reports. Included current and non-current borrowings and financial lease obligations

Figure 9: MTN Rwanda Salient Performance Statistics

	2012	1Q13	2Q13	3Q13	4Q13	1Q14	2Q14	3Q14	4Q14	1Q15
Mobile Subscribers (million)	3.4	3.5	3.6	3.6	3.6	3.5	3.6	3.7	3.8	3.9
ARPU (FRW)	2,288	1,888	1,790	1,728	1,853	1,656	1,684	1,764	1,545	1,718
ARPU (USD)	3.67	3.01	2.83	2.66	2.78	2.46	2.49	2.58	2.23	2.39

Source: Rwanda Utilities Regulatory Authority (RURA), MTN Rwanda

Source: Rwanda Utilities Regulatory Authority (RURA)

10.3. MTN Rwanda Products and Services

Voice Services

MTN Rwanda's Voice packages for business and personal customers include packages for prepaid and postpaid mobile access as well as fixed lines. Approximately 99%[33] of MTN Rwanda subscribers are prepaid, with subscribers purchasing prepaid airtime through vouchers or virtual top up to 'recharge' their Airtime balance. Prepaid vouchers and virtual top up are easily obtainable and can be used to add airtime to any prepaid MTN Voice or Internet package.

For the year ended 31 December 2014 and 31 December 2013, the contribution of airtime, subscription and SMS products to total revenue was 60.4% and 67.2%, respectively.

The diversification into other product areas, while maintaining strong voice revenue growth, is congruent with the increasing sophistication of the Rwandan mobile telecommunications market, and a simultaneously improving mobile penetration rate.

Fixed Line

MTN Rwanda Fixed Line utilises VoIP (Voice over Internet Protocol). Fixed Line is offered as both a prepaid and postpaid service.

Broadband, Data and Internet Solutions

MTN Rwanda is licenced as a national operator to compete not only in the mobile sector, but also in the fixed-line and internet services sectors.

MTN Rwanda covers the country with 2G and 3.75G network, Fiber, Wimax and Wi-fi catering for both individual and corporate customers.

The range of products /services includes:
- MTN Rwanda Mobile Internet (2G/3.75G and 4G);
- MTN Rwanda Hotspot;
- MTN Rwanda Blackberry; and
- MTN Rwanda Broadband and VPN (Fiber and Wimax), which are currently largely sold to MTN Rwanda's corporate client base.

MTN also provides various corporate solutions through its MTN Business Unit. These include;
- Hosting Services – Web and Email
- Co-location
- Cloud Services
- Closed User Group
- Fiber to the Home and
- Conference Bridge

Value Added Services

MTN has a wide range of Value Added Services (VAS) including but not limited to the following;

- MTN Caller Tunez
- Magic Voice
- Twitter SM
- Facebook USSD
- MTN Radio
- Global Top-Up
- MTN Play
- MTN Xtra Time (Emergency Airtime on Credit)

[33] Rwanda Utilities Regulatory Authority (RURA), MTN Rwanda

MTN Mobile Money

The Rwandan mobile money market has historically been dominated by MTN Rwanda and Tigo.

MTN Rwanda launched the first mobile money service in the country in February 2010, and by the end of December 2014, it had 3.08million[34] registered users, equivalent to approximately 80% of MTN Rwanda's total mobile subscriber base. This impressive growth can be attributed to an enabling regulatory environment, a customer-centric focus and a large dedicated team.

MTN has capitalised on the high population density and size of the country to build a strong network of agents. MTN increased its agent network from 1,900 agents to over 9,000 during the course of 2014. As of December 2014, 3.08 million subscribers were registered for MTN Mobile Money.

MTN Rwanda is eager to leverage its dominant subscriber base and experience to gain competitive advantage in Rwanda's mobile money market. In addition to person to person transfer, several other services have been added to the Mobile Money platform including;

- Prepaid Electricity purchase
- Airtime purchase
- Water bill payment
- TV subscription payment
- Bank Account Push/Pull
- ATM Withdrawal

10.4. Towers and Spectrum

MTN Rwanda sold approximately 550 of its towers in 2014, to independent mobile infrastructure provider IHS Rwanda Limited. The MTN Rwanda towers were sold for a total of approximately US$47,000,000. IHS Rwanda Limited will own and manage the towers sold.

MTN Rwanda has secured long term, anchor tenancy from IHS Rwanda Ltd for an initial period of 10 years, while co-location services have been offered to other operators. After the initial term, MTN Rwanda has the right to renew the lease for a maximum of 4 renewal periods of 5 years each. The lease contract has an escalation clause from 1 January 2015. Under the agreement, IHS will operate the towers and related passive infrastructure.

10.5. Distribution Channels

MTN Rwanda has a leading footprint in terms of the breadth of its distribution network. MTN Rwanda distributes its products and services through a broad network of over 60,000 points of sale, compared with Tigo's and Airtel's 9,800 and 1,400 points of sale, respectively. In addition, MTN Rwanda has a network of over 9,000 mobile money agents, 21 Service Centers, 50 Franchisee shops and over 100 distribution shops.

[34] Source: MTN Rwanda

Figure 8: MTN Rwanda's Distribution Network

10.6. Strategy

MTN Rwanda's strategy, is to maintain its leadership position in communications in Rwanda and sustain a business model that maximises value for all MTN Rwanda stakeholders. Specifically, MTN Rwanda's strategy comprises the following elements.

Maintain Market Leading Position

MTN Rwanda intends to secure its market leading position by maintaining its network leadership in terms of both coverage and quality. MTN Rwanda's growth strategy is also focused on creating a unique retail experience for its customers, by providing a wide offering of products and services with an improved call-centre experience. MTN Rwanda's intention to maintain its network leadership, both across coverage and quality of service offering, which will enable continued management of customer churn and will drive subscriber growth in an increasingly competitive environment.

Drive Cost Efficiency and optimize Supply Chain

MTN Rwanda intends to continue to prioritise cost efficiency strategies, such as optimizing processes and systems to eliminate unnecessary costs. This will enable improved operating performance, with the intention of positively affecting the subscriber's experience.

Capture and drive revenue potential of mobile data services and other products, including Mobile Money

MTN Rwanda plans to leverage the relatively low usage of mobile data in Rwanda (compared with regional markets) as a key driver of future growth. The recent robust growth in revenue generated by this segment supports MTN Rwanda's belief in the significant growth potential of the data segment. To enable increased use of data, MTN Rwanda intends on expanding access to high-quality/high-speed data services, as well as improving on existing technology to enhance the quality and hence usage of data-related services. This strategy includes continuing with an aggressive roll-out of 3G and 3.75G technology to maintain competitive advantage and improve geographical coverage for 3G and 3.75G.

Mobile money is an increasing area of focus for regional operators, and MTN Rwanda is focused on being the leading player in Rwanda, leveraging off its brand, IT systems, subscriber base and distribution platform. MTN Rwanda is focused on ensuring platform stability to aid the increase in subscriptions and enhance the customer experience, as well as enabling regional transfer of money through the Mobile Money platform.

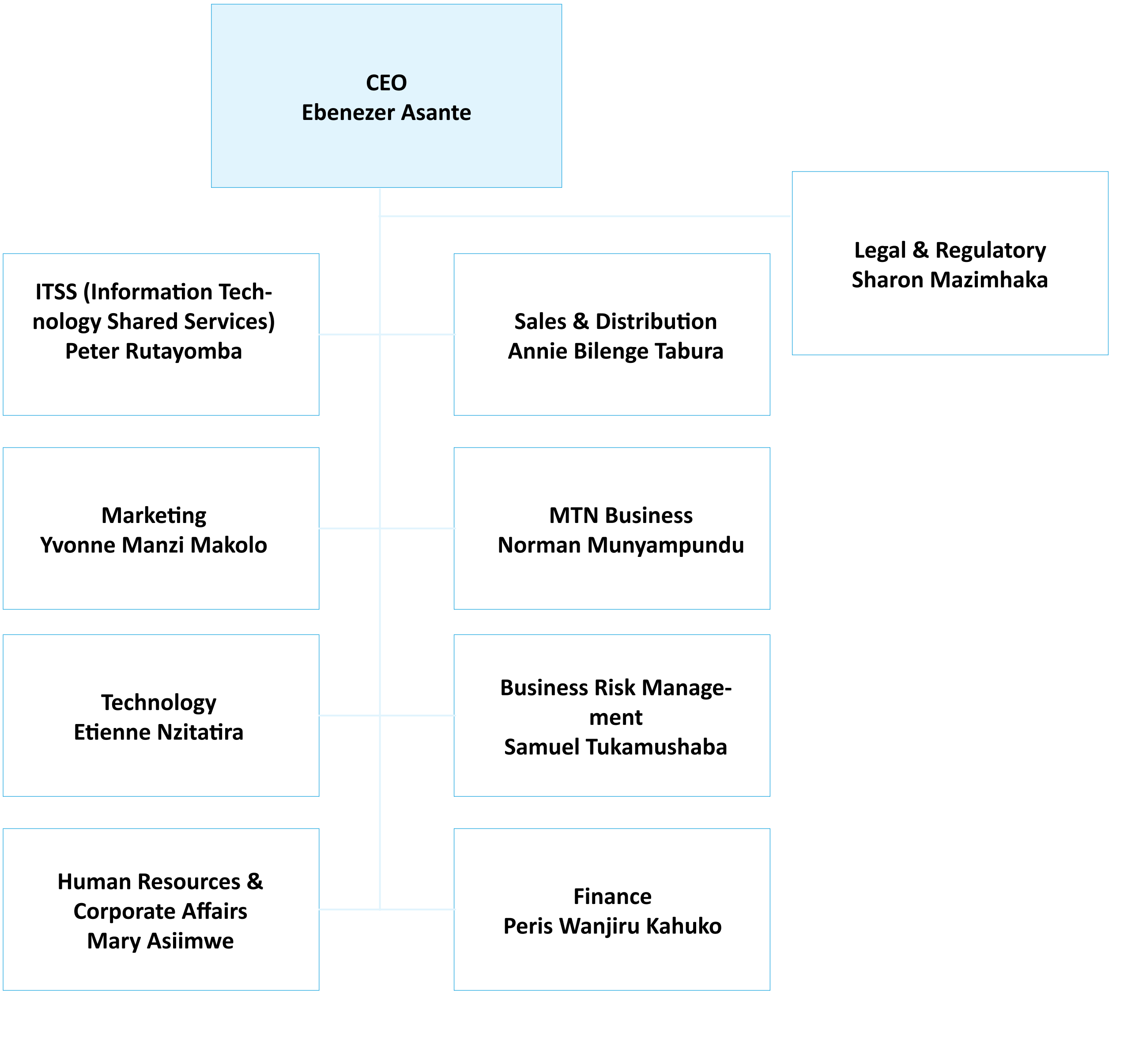
Drive Sustainable Growth

MTN Rwanda intends to continue focusing on the retention of high-value customers and stimulating mobile services usage through lifecycle management, affordable tariffs and usage promotions. MTN Rwanda aims at improving ARPUs, profitability and revenue growth. MTN Rwanda also plans to continue leveraging economies of scale and improving cost efficiencies.

10.7. Organisational Structure

The graph below depicts MTN Rwanda's current organisational structure.

Figure 9: MTN Rwanda Organisational Structure



Source: MTN Rwanda

10.8 Board Structure

Pursuant to its Charter, MTN Rwanda must have a board of directors, which serves as the management body of MTN Rwanda, and a chief executive officer, who serves as the executive manager of MTN Rwanda. Members of the board of directors are elected at a general meeting of shareholders of MTN Rwanda. The board of directors of MTN Rwanda appoints the chief executive officer. The board of directors of MTN Rwanda represents the interests of shareholders and is responsible for the general management of MTN Rwanda and the approval of its strategic and development plans. Overall responsibility for the administration of MTN Rwanda's activities, however, is vested in the chief executive officer.

MTN Rwanda's Board currently consists of five board members, including two representatives from Crystal Telecom.

10.9. MTN Rwanda Board of Directors

Crystal Telecom representative: Jack Kayonga, Chairperson of MTN Rwanda Board of Directors

Jack Kayonga has held different positions both in the public and private sector, including having worked as an advisor to the Minister of Finance, as Deputy Director General of Rwanda Development Bank in charge of investments (2006-2009)., and later taking over as the CEO of Rwanda Development Bank (2009-2013). He is currently the Executive Chairman of Crystal Ventures Ltd a role he assumed in 2013.

He holds a Bachelor's Degree in Economics from the National University of Rwanda, a Master's Degree in Finance and Banking from Cardiff University (UK) and is pursuing a Doctorate in Business Leadership with the Swiss Management Centre.

Jack has won a number of accolades including World Economic Forum, Global Young leader 2015, CNBC Africa "Africa's Young Business Leader of the year 2012" and the East African's "All Africa Business Leaders Award" in 2012.

Crystal Telecom representative: Vincent Gatete, CEO, Director of Crystal Telecom

Vincent Gatete is currently the General Manager of Intersec Security Ltd, the largest security company in Rwanda with over 60% of market share. Prior to that Vincent served as the Group Company Secretary at Crystal Ventures Ltd for 5 years and he previously worked as a tax state attorney and International affairs manager in Rwanda Revenue Authority. Vincent is a registered member of the Kigali Bar Association and the East African Law Society. Vincent has served on a number of boards including currently on the Board of Prime Life Insurance Ltd, Akagera Aviation Ltd, Ultimate Concepts Ltd and the Board of MTN Rwanda, a position he has held since 2013.

He holds a Bachelors of Law (LLB) from the National University of Rwanda and is in the process of completing an MBA from Strathmore Business School- Nairobi, Kenya. He is a Certified International Procurement Professional (CIPP).

MTN Group representative to be appointed: Nosipho Carol Winifred Molope

Nosipho Molope is a qualified chartered accountant, with the designation CA (SA), having passed Board Final Qualifying Examination in June 1999. Nosipho's current directorships & audit committee memberships include: BHP Billiton Energy Coal South Africa (Proprietary) Limited (BECSA), Engen Limited, Illovo Sugar Limited, Nampak Limited, Mobile Telephone Networks (Proprietary) Limited (MTN SA), Old Mutual Life Assurance Company South Africa Limited, Toyota Financial Services South Africa Limited. Nosipho sits on the following MTN Group subsidiary boards MTN Cameroon Limited and MTN Uganda.

MTN Group representative to be appointed: Michael Fleisher

Michael Fleisher is MTN Group's Chief Legal Counsel, and holds a Bachelor Procuration IS, Advanced Tax Certificate. Michael sits on MTN Group's executive committee, and has directors on various companies with the MTN Group. Michael joined MTN Group in 2014, from Gold Fields Limited, where he was Executive Vice President: General Counsel from 2006. Prior to that, he was a Partner at the law firm Webber Wentzel Bowens. Michael has significant experience in the fields of mergers and acquisitions, regulation and compliance and commercial transactions.

MTN Group representative: third representative in the process of being selected for appointment to the MTN Rwanda board

10.10. Senior Management

Ebenezer Asante – Chief Executive Officer

Ebenezer Asante, who was appointed CEO in October 2013, was most recently the Sales and Distribution Executive of MTN Ghana, which he joined in 2008. In his former role, he was responsible for sales, distribution, trade marketing and channel management and design, and also managed over 80 branches across the country. Prior to joining the MTN Group, Ebenezer worked at Unilever Ghana for 13 years. He holds a BA degree (Hons) in Economics and Statistics from the University of Ghana, a Post-Graduate Diploma in Management from Henley Management College, and was part of MTN's Global Advancement Programme (GAP) in 2010.

Peris Wanjiru Kahuko – Chief Financial Officer

Peris Kahuko joined MTN Rwanda in 2012 as CFO and is responsible for the planning and execution of MTN Rwanda's overall financial operations. Her other responsibilities include ensuring MTN Rwanda's budget and reforecast objectives are met through cost optimisation initiatives and maintaining the protection of stakeholder interests at all times. She leads and manages a group of c. 45 staff. Peris previously held the role of Acting CFO in Airtel Networks Kenya and Finance Director in Zain Tanzania, both companies in which she had also held management roles in business planning and reporting. She holds a MBA from Warwick Business School and is a Certified Public Accountant in Kenya.

Yvonne Manzi Makolo – Chief Marketing Officer

Yvonne Manzi Makolo is responsible for the marketing aspect of MTN Rwanda in which she has over 8 years of experience. She has led MTN Rwanda's growth from 300,000 subscribers in 2006 to the current 3.9 million customer base. Prior to joining MTN Rwanda in June 2006, Yvonne worked with World Links in Rwanda and worked in Canada during the first two years of her career. Yvonne holds a Bachelors (Honors) degree in Geography and Environmental studies from McGill University, Quebec, Canada, a Post Graduate Diploma in Applied Information Technology (specializing in e-Business) and a mini MBA from the Informa Telecoms Academy.

Annie Tabura Bilenge – Chief Sales and Distribution Officer

Annie Tabura has 13 years of experience at MTN Rwanda. She is responsible for developing and executing strategies for Sales and Distribution, Customer Service and Call Center. She is charged with the role of ensuring that the company remains competitive in terms of customer experience, sales and distribution. In addition she has vast skills in franchise management, distribution channel management, performance management, strategic selling and customer management. Annie holds a Bachelors Degree in Business Administration and Management.

Etienne Nzitatira – Chief Technical Officer

Etienne Nzitatira has 15 years of experience at MTN Rwanda. Prior to his most recent engagement, he held various positions in Network Operations & Maintenance, which included a managerial role where he oversaw switching and prepaid systems, radio transmission, and facilities including power systems and air conditioning. Prior to joining MTN Rwanda, he previously worked at Tele10 for two years. He graduated from the National University of Rwanda in 1997 with an engineering diploma in Electronic Engineering.

10.11. MTN Group's relationship with MTN Rwanda and Subsequent Events Relating to MTN Rwanda

Management

MTN Rwanda - Relationship with MTN Group and management services

MTN Rwanda is majority controlled by MTN Group Limited. Being part of MTN Group enables MTN Rwanda to benefit from economies of scale, access to products and services, talent, brand and know-how which MTN Group provides. The provision of such services is regulated and formalised through a support services contract entered between MTN Rwanda and MTN Group.

In addition, as part of the general management practice at MTN Group, an operating model has been established whereby a head office operational and management support structure is in place led by the Group Chief Operations Executive. He is supported by a team including an MTN Executive for Operations, who is specifically responsible for the small Opco cluster, including MTN Rwanda. Both Executives come with extensive operational experience having held various senior executive roles at MTN. As part of their day to day management, there are scheduled monthly management interactions with respect to detailed operational and financial performance review. In addition, quarterly operational reviews are held with MTN Group CEO and his executive team. All MTN Group Opcos are part of annual budget and business planning cycles whereby strategic and operating targets are set for each operation.

MTN Group also has a detailed Delegation of Authority framework in place to which all operations, scaled according to size of operation have to adhere to and which regulates decision making across operational aspects with consultation/approvals being required from the various MTN Group governance structure depending on size or impact of decision to be made.

CEO rotations

As part of MTN Group's management development and succession plan, CEOs of operating companies are regularly rotated but also new high calibre executives with proven track record promoted to CEO positions. Ebenezer Asante, who has been CEO of MTN Rwanda since 2013, has been nominated to CEO of MTN Ghana with effect of 1 July 2015. MTN Group is in the process of nominating and appointing a replacement for him. It is expected that a new CEO for MTN Rwanda will be appointed by 1 July 2015 for a seamless transition of leadership at MTN Rwanda. As in the ordinary course, the existing MTN Group head office governance structure provides continued strong managerial and operational support to the experienced senior management team in country.

10.12. Licenses

MTN Rwanda holds a GSM licence that was renewed on 1 July 2008 by Ministerial Order no. 03/S&T. The duration of the licence is 13 years. MTN Rwanda also holds a Payment Service License which allows it to engage in the mobile money business. A summary of MTN Rwanda's material operating licences are listed below:

Licence Agreements	Type	Date granted/renewed	Term
MTN Rwandacell Limited S.A.R.L	GSM SNO	17/03/2008 30/06/2006	13 years 15 years
MTN Rwandacell Limited S.A.R.L	Payment service license	21/1/2015	1 year

10.13. Corporate Social Responsibility

MTN Rwanda, as one of the leading and most well recognized business in the Rwanda, forms an integral part of the country's cultural and financial fabric, and invests in a range of social projects including:

MTN Foundation

The MTN Foundation is the vehicle through which MTN Rwanda implements its Corporate Social Responsibility programme. The foundation was created with a focus on giving back to society and impacting the quality of lives in their local communities in a meaningful way

Over the past two years, the Foundation has been involved in numerous corporate social responsibility initiatives, such as:

- Operation Smile, which has provided cleft-lip operations for more than 10,000 Rwandans over the past three years.
- It has distributed more than 540 computers in 15 schools across the country and connected more than 12,500 students and 842 teachers to the internet to leverage information and communication technologies (ICT) in education, in collaboration with the Ministry of Education.
- It has contributed to environmental protection through the planting of over 1 million tree seedlings and over 120,000 trees in different locations across the country, in collaboration with the Rwanda Environmental Management Authority.
- It has provided health insurance to more than 780 families over the past three years.
- It funded a scholarship programme worth 90mn in high schools across the country, supporting 100 under-privileged students, in collaboration with the Imbuto Foundation.

21 Days of Y'ello Care

The "21 Days of Y'ello Care" campaign, launched in 2007, is an annual employee initiative that aims to make visible and sustainable social contributions and provide MTN Rwanda staff with opportunities to make effective contributions in their local communities.

10.14. Dividend Policy

MTN Rwanda's dividend policy, as governed by the Shareholders' Agreement, is that MTN Rwanda shall at all times seek to maximise the flow of dividends to its Shareholders, giving due regard to the need for financial resources to develop the business.

10.15. 2015 Dividend Payment

On 17 April 2015, the Board of Directors of MTN Rwanda paid a cash dividend amounting to approximately FRW 10,500,000,000 (approximately US$15,000,000) to all of the shareholders of MTN Rwanda, proportionate their equity interest in MTN Rwanda, at the date of declaration. Accordingly, 20% of the FRW 10,500,000,000 dividend was paid to Crystal Ventures on 17 April 2015. This dividend paid by MTN Rwanda to all shareholders includes cash flow proceeds from the disposal of MTN Rwanda's towers in 2014. This FRW10,500,000,000 equates to a dividend per share of FRW7,000,000.

10.16. Selected Historical Financing and Operating Data

The selected statement of comprehensive income data, the selected statement of financial position data and the selected statement of cash flows data have been extracted without material adjustment from the Audited Financial Statements. The additional financial data includes non-IFRS measures and was derived from data extracted from the Financial Statements. This information should be read in conjunction with the 2012, 2013 and 2014 Audited Annual Reports included in this Prospectus.

Figure 10: Recent ARPU and Subscribers Statistics

	ARPU (FRW)	ARPU (USD)	Subscribers ('000)
1Q15	1,718	2.39	3.889
4Q14	1,545	2.23	3.820
3Q14	1,764	2.58	3,743
2Q14	1,684	2.49	3,621
1Q14	1,656	2.46	3,525
4Q13	1,853	2.78	3,556
3Q13	1,728	2.66	3,637
2Q13	1,790	2.83	3,600

1Q13	1,888	3.01	3,451
4Q12	2,288	3.67	3,432
3Q12	2,374	3.89	3,229
2Q12	2,132	3.52	3,033
1Q12	2,301	3.81	2,899
4Q11	2,252	3.76	2,889
3Q11	2,513	4.21	2,864
2Q11	2,114	3.54	2,794
1Q11	2,148	3.63	2,638
2010	3,067	5.00	2,547
2009	2,319	6.00	1,854

Source: MTN Group Limited Website, MTN Rwanda Filings, Rwanda Utilities Regulatory Authority (RURA)

Figure 11: Selected Financial and Operating Metrics

FRW'000	2014	2013	2012	2011	2010
MTN Market Position	1	1	1	1	1
Outgoing MoU	82	65	61	65	66
Revenues	81,518,124	82,671,359	90,019,039	80,034,693	77,795,943
EBIT	9,301,422	5,304,016	20,037,486	15,293,494	12,901,319
EBIT Margin, %	11.4%	6.4%	22.3%	19.1%	16.6%
D&A	(14,151,603)	(18,399,567)	(16,505,570)	(18,356,969)	(19,084,339)
EBITDA	23,453,025	23,703,583	36,543,056	33,650,463	31,985,658
EBITDA Margin, %	28.77%	28.67%	40.59%	42.04%	41.11%
Net Profit	6,089,634	3,590,265	12,147,542	9,354,122	7,867,310
Net Profit Margin, %	7.5%	4.34%	13.49%	11.69%	10.11%
Capex (PPE plus intangibles)	(10,575,013)	(17,368,504)	(14,229,339)	(13,332,807)	(24,951,725)
EBITDA less Capex	12,878,012	6,335,079	22,313,717	20,317,656	7,033,933
Capex, as of % of Revenue	12.97%	21.01%	15.81%	16.66%	32.07%
Cash Conversion	54.91%	26.73%	61.06%	60.38%	21.99%
Dividends paid (cash flow statement)	14,250,000	2,647,857(1)	3,498,954	--	2,455,451

Note: Cash conversion ratio is defined as EBITDA less capital expenditure and divided by EBITDA
Note: Capex reflected as the total additions for PPE and intangible assets
Note: Dividends paid for 2013 reflects dividends payable for the year ended 31 December 2013
Note: Dividend paid for 2012 reflect interim and final dividends

Financial Statements (Excerpt)

Figure 12: Selected Statement of Comprehensive Income for the year ended 31 December

FRW'000	2014	2013	2012
Revenue	**81,518,124**	**82,671,359**	**90,019,039**
Airtime, SMS and Subscription	49,200,217	55,576,251	62,645,298
Data Services	16,709,023	10,610,845	8,322,451
Interconnection Fees	7,252,365	9,129,362	9,648,238
Sale of Cellular Telephone Handsets and Accessories	1,319,107	1,534,217	1,992,194
Other Income	7,037,412	5,820,684	7,410,858
Operating Costs/Other Income	**(58,065,099)**	**(58,967,776)**	**(53,475,983)**
Other Income	222,109	41,012	--
Direct Network Operating Costs	(15,650,523)	(13,696,980)	(13,768,160)
Costs of Handsets and Other Accessories	(4,049,769)	(3,085,399)	(3,642,139)
Interconnection and Roaming Fees	(8,569,878)	(10,420,958)	(7,639,711)
Employee Benefit Expense	(7,667,656)	(8,662,606)	(7,386,482)
Sales, Distribution and Marketing Costs	(8,990,914)	(9,129,010)	(10,021,687)
Other Operating Expenses	(13,358,468)	(14,013,835)	(11,017,804)

EBITDA	**23,453,025**	**23,703,583**	**36,543,056**
Depreciation	(13,962,026)	(17,987,202)	(16,234,531)
Amortisation	(189,577)	(412,365)	(271,039)
Operating Profit	**9,301,422**	**5,304,016**	**20,037,486**
Finance Income	1,286,770	846,253	515,791
Finance Costs	(828,345)	(2,437,643)	(2,381,776)
Net Finance Costs	**458,425**	**(1,591,390)**	**(1,865,985)**
Profit Before Tax	**9,759,847**	**3,712,626**	**18,171,501**
Income Tax Expense	(3,670,213)	(122,361)	(6,023,959)
Profit for the Year	**6,089,634**	**3,590,265**	**12,147,542**
Other Comprehensive Income, Net of Tax	--	--	--
Foreign Currency Translation Differences	--	--	--
Total Comprehensive Income for the Year	**6,089,634**	**3,590,265**	**12,147,542**

Source: MTN Rwanda Filings

Figure 13: Selected Statement of Financial Position as at year ended 31 December

FRW'000	2014	2013	2012
ASSETS			
Non-Current Assets	**60,656,909**	**63,122,244**	**95,636,256**
Property, Plant, Equipment	56,595,295	58,804,305	91,745,316
Intangible Assets	467,257	656,834	900,074
Investment in Subsidiary	--	--	--
Non-current Prepayments	3,594,357	3,661,105	2,990,866
Current Assets	**48,368,261**	**29,366,064**	**35,176,194**
Deferred Income Tax Asset	--	--	--
Inventories	1,360,829	1,116,423	1,246,413
Current Portion of Prepayments	458,650	434,933	284,669
Current Income Tax	--	5,721,517	--
Trade and Other Receivables	10,437,275	7,998,380	14,743,577
Deposits with Financial Institutions	10,341,762	--	--
Cash and Cash Equivalents	25,769,745	14,094,811	18,901,535
Assets of a disposables classified as held for sale	--	32,079,306	--
Total Assets	**109,025,170**	**124,567,614**	**130,812,450**
EQUITY AND LIABILITIES			
Equity	**68,081,211**	**76,241,577**	**72,651,312**
Ordinary Share Capital	15,000	15,000	15,000
Retained Earnings	64,404,711	72,565,077	68,974,812
Shareholders Loans	3,660,000	3,660,000	3,660,000
Other Reserves	1,500	1,500	1,500
Liabilities			
Non-current Liabilities	**14,278,089**	**21,569,329**	**27,279,461**
Borrowings	--	--	5,100,550
Deferred Income Tax Liability	13,863,694	20,970,234	21,503,629
Provisions for Liabilities and Other Charges	--	--	40,931
Finance Lease Obligation	414,395	599,095	634,351

Current Liabilities	**26,665,870**	**26,756,708**	**30,881,677**
Trade and Other Payables	21,386,041	17,721,857	18,775,087
Dividends Payable	--	--	2,647,857
Current Income Tax	1,320,318	--	1,020,240
Provisions for Liabilities and Other Charges	1,444,371	549,431	464,104
Borrowings	--	5,357,069	5,414,107
Finance Lease Obligation	394,889	450,996	332,172
Deferred Revenue	2,120,251	2,677,355	2,228,110
Total Liabilities	**40,943,959**	**48,326,037**	**58,161,138**
Total Equity and Liabilities	**109,025,170**	**124,567,614**	**130,812,450**

Source: MTN Rwanda Filings

Figure 14: Selected Statement of Cash Flows for the year ended 31 December

Cash Flow From Operating Activities			
Cash Generated from Operations	20,071,199	28,601,110	35,008,161
Finance Income	569,441	529,290	515,792
Finance Costs	(282,068)	(693,485)	(1,477,679)
Tax Paid	(3,734,919)	(7,397,513)	(117,153)
Dividends Paid	(14,250,000)	(2,647,857)	(3,498,954)
Net Cash Generated from Operating Activities	**2,373,653**	**18,391,545**	**30,430,167**
Cash Flow From Investing Activities			
Purchase of Property, Plant and Equipment and Intangibles	(6,258,906)	(17,002,444)	(13,583,424)
Purchase of intangible assets	--	(169,125)	(552,710)
Deposit Placements with Financial Institutions	(10,341,762)	--	--
Proceeds of Assets Classified as Held for Sale	30,977,372	--	--
Proceeds on Disposal of Property, Plant and Equipment and Intangibles	146,041	114,894	110,620
Net Cash Used in Investing Activities	**14,522,745**	**(17,056,675)**	**(14,025,514)**
Cash Flow From Financing Activates			
Repayments of Borrowings	(5,549,468)	(6,219,573)	(5,852,464)
Proceeds from Borrowings	--	--	--
Net Cash Used in Financing Activities	**(5,549,468)**	**(6,219,573)**	**(5,852,464)**
Net Increase in Cash and Cash Equivalents	**11,346,930**	**(4,884,703)**	**10,552,189**
Cash and Cash Equivalents at Beginning of the Year	14,094,811	18,901,535	8,283,909
Exchange Rate Gains on Cash and Cash Equivalents	328,004	77,979	65,437
Cash and Cash Equivalents at End of the Year	**25,769,745**	**14,094,811**	**18,901,535**

Source: MTN Rwanda Filings

PART 11
Industry Overview

11. Industry Overview

11.1. Macroeconomic Overview

Rwanda has made substantial progress in stabilising and rehabilitating its economy since the 1994 genocide. GDP has rebounded and inflation has been curbed. Rwanda's commitment to the private sector and effective fiscal policies have also facilitated the growth of both domestic and foreign direct investment inflows.

Rwanda ranks highly in terms of government effectiveness and is widely considered one of SSA's least-corrupt countries. According to the World Bank's 2014 Doing Business Report, Rwanda is ranked number 46th globally in the ease of doing business, with South Africa ranked second in sub-Saharan Africa with a global rank of 43, and Mauritius first across sub-Saharan Africa with a global rank of 28.[36]

In 2000, the Government established a Vision 2020 plan. The objective of Vision 2020 is to transform the economy from its dependence on subsistence agriculture into a broad-based economic engine. Vision 2020 aims to transform Rwanda from an agrarian into a knowledge-based economy in the medium term and create a middle-income country by 2020. The major objectives of Vision 2020[37] are:

- Increasing GDP per capita to USD1,240, from USD220 in 2000;
- Reducing the poverty rate to 20%, from 60.4% in 2000;
- Increase average life expectancy to 66 years, from 49 years in 2000; and
- Improve literacy to 90%, from 48% in 2000.

Population and Key Demographic Information

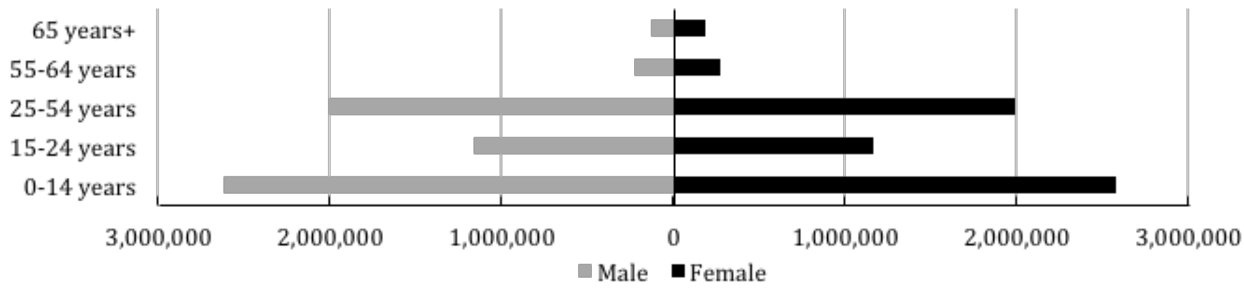
Rwanda has a population of 12.0 million[38] with a population growth rate of 2.8% YoY in 2013. According to the UN's Department of Economic and Social Affairs, the Rwandan population will reach 14.4 million by 2020 implying a CAGR of 2.6%. As a result, population density is expected to increase from the current 411 inhabitants per km2 to 548 inhabitants per km2 in 2020. Rwanda is already one of the most populated countries in SSA.

Average life expectancy at birth in Rwanda is 63 years[39], representing a significant increase from 48 years in 2000 and on track for the Vision 2020 target of 66 years. The median age is 18.7 years, with the population aged 0-14 years representing 42.3% of the total, while the working-age population represents 51.3%[40]. A youthful, and rising, population has the potential to yield a demographic dividend, which, if leveraged, will encourage strong GDP growth in Rwanda. This subsequently supports the emergence of a larger consumer base.

The urban population represents only 19.1% of the total population[41], one of the lowest levels of urbanisation in SSA. This can be explained by the agrarian nature of Rwandan's economy. Vision 2020 targets an increase in the urbanisation rate to 35% by 2020.

36 World Bank Doing Business Report 2015
37 Revised target of Vision 2020
38 CIA World Factbook, July 2013 est.
39 World Bank Development Indicators, 2012.
40 CIA World Factbook, 2013 est.
41 CIA World Factbook, 2012 est.

Figure 15: Rwanda Population Pyramid, 2014 est.



There has been a significant improvement in the poverty ratio. The government undertook several successful initiatives to reduce poverty from 60.4% in 2000 to 44.9% in 2011[42]. These initiatives included the Poverty Reduction Strategy (2002-2005) and the Economic Development and Poverty Reduction Strategy (2008-2012). In September 2013, the Government implemented the second phase of the Economic Development and Poverty Reduction Strategy for 2013/2014-2017/2018. Government initiatives to decrease the poverty rate to 20% by 2020 should be a catalyst to increase mobile penetration.

Key Macro Indicators (GDP, Inflation, Public Debt, External Debt)

In 2000-2012, Rwanda was one of the fastest-growing economies in SSA, with average GDP growth of c.8% YoY, compared with c.6% YoY for sub-Sahara Africa. According to the IMF, in 2014-2018 Rwandan GDP growth will average 7.0%, well above the 5.7% projected for sub-Sahara Africa. In April 2013, Rwanda issued its first international bond, raising USD400 million at a sub-7.00% yield, in an offering that was 7.5 times oversubscribed[43]. This 10-year bond currently trades with a yield to maturity of approximately 6.4% as of 30 March 2015.

The following table sets forth certain macroeconomic and demographic data for Rwanda.

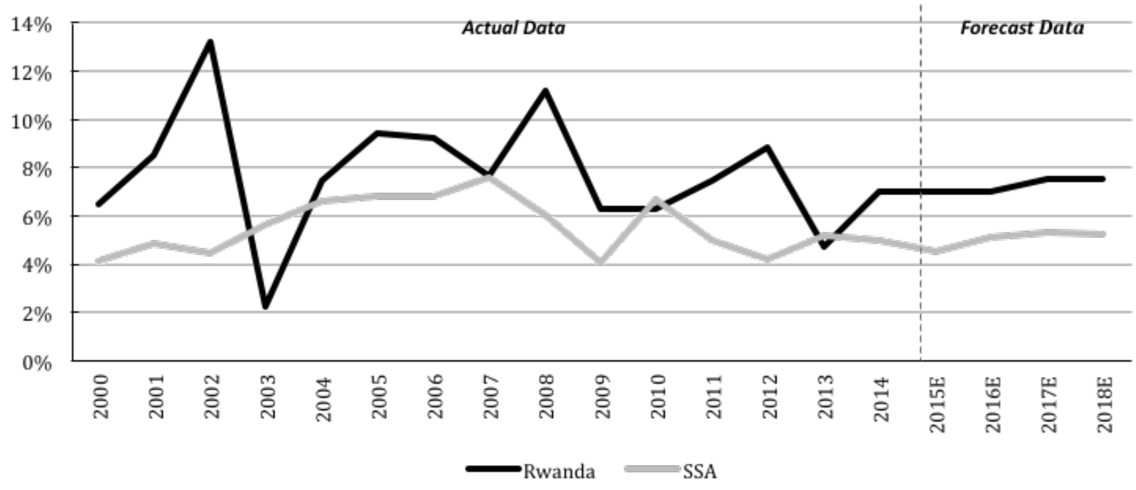
Figure 16: Select Rwanda Macro Indicators

GDP (2014, USDm)	8.012bn [44]
GDP per capita (2014, USD)	$722 [45]
Real GDP growth (2014)	7.01% [46]
Public debt as % of GDP (2014)	28% [47]
Population (2014)	11.096 million [48]
Inflation (2014 – end of period)	2.11 [49]
Unemployment rate (2010/11)	0.8% [50]

Source: CIA World Fact Book, IMF, World Bank, Bloomberg, NSIR

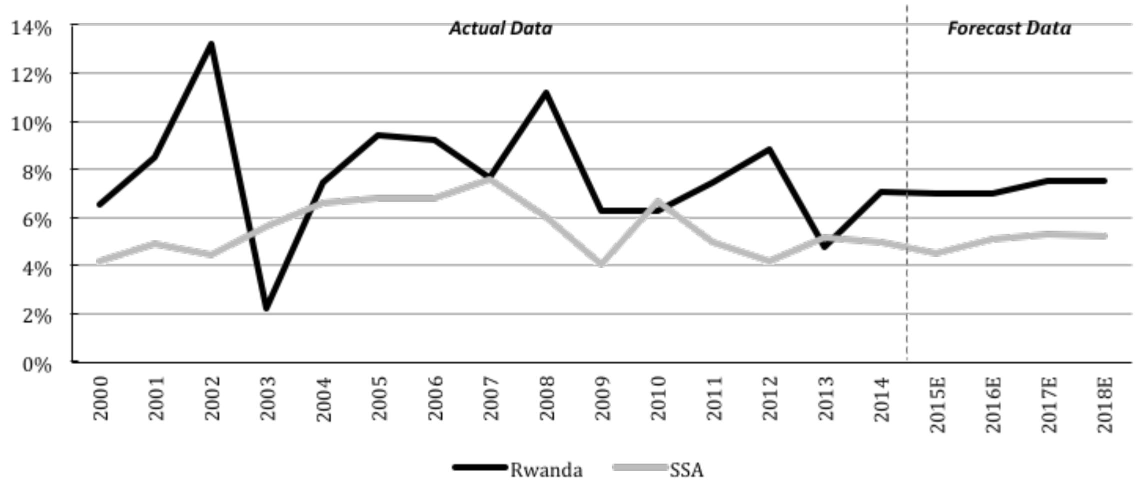
42 World Bank Development Indicators
43 Making Financing Work for Africa, press release: http://www.mfw4a.org/news/news-details/browse/3/article/487/rwandas-first-bond-oversubscribed-75-times.html
44 IMF World Economic Outlook, April 2015
45 IMF World Economic Outlook, April 2015
46 IMF World Economic Outlook, April 2015
47 IMF World Economic Outlook, April 2015
48 IMF World Economic Outlook, April 2015
49 IMF World Economic Outlook, April 2015
50 National Institute of Statistics of Rwanda's Third Integrated Household Living Conditions Survey (2010/11)

Figure 17: Real GDP Growth 2000-2018 est.



Source: IMF, April 2014

Figure 18: GDP per Capita and Population Growth



Source: IMF, April 2014

Figure 19: Rwanda Average Annual Inflation Rate 2000-2019 est.

Source: IMF, April 2014

The Government's fiscal and monetary policy management and coordination has been successful in limiting inflationary pressures. Inflation fell steadily from a high of 15.4% in 2008 to 4.2% in 2013 (average consumer prices).

NICI I (2000-2005)

This created an appropriate institutional, legal and regulatory environment that enabled the use of ICT as a tool for development in Rwanda.

NICI II (2006-2010)

This focused on establishing the infrastructure. Reforms implemented as part of NICI I and II have led to a significant rise in mobile and internet uptake, with mobile penetration increasing to 70% in December 2014, from 1.6% in 2005, and internet penetration improving to 28% in December 2014, from 7% in 2011[51]. The following was also achieved[52]:

- The establishment of a high-speed fibre-optic backbone network, which interconnects all government institutions and other private enterprises located in Kigali.
- The acquisition of international capacity of 2.5 GB, connecting to two international routes through submarine fibre-optic cables.
- Mobile phone/data coverage reached 96% in 2011.
- A state-of-the-art Tier 3 Data Centre, the first of its kind in the region, offers 99.98% reliability and cloud services.
- The Karisimbi ICT infrastructure project is equipped with a communications, navigation surveillance and automated traffic management system to ease the flow of air traffic and reduce the risk of flight delays and cancellations in the busy airspace of the Common Market for Eastern and Southern Africa/East African Community.
- The establishment of a digital terrestrial television (DTT) transmission system and digital television transmitters. This increased nationwide television coverage to 95% of Rwanda's territory.
- The deployment of multipurpose community telecentres, public information kiosks and ICT buses.

NICI III (2011-2015)

This focuses on improving service delivery to citizens in Rwanda by leveraging ICT. NICI III has five focus areas:
- Skills Development aims to develop a high-quality skill and knowledge base leveraging ICT.
- Private Sector Development aims to develop a vibrant, competitive and innovative ICT sector/ICT-enabled private sector.
- Community Development aims to empower and transform communities through improved access to information and services.
- E-Government (e-GOV) aims to improve government operational efficiency and service delivery.
- Cyber Security (CS) aims to secure Rwanda's cyberspace and information assets.

51 Rwanda Utilities Regulatory Authority (RURA)
52 World Economic Forum, 2013

NICI IV (2016-2020)

NICI IV aims to consolidate the country's ICT transformation process, with the goal of achieving the status of a middle-income country and an information-rich, knowledge-based society and economy.

11.2. Overview and Competitive Landscape

History

Rwanda's telecommunication sector remains one of the fastest growing sectors in the East African Community (EAC) mainly due to the backdrop of good governance, strong fundamentals and competition between three major regional operators – MTN Rwanda, Tigo Rwanda and Airtel Rwanda.

The Rwandan mobile market grew impressively in the two years from December 2012 to December 2014, bringing the total mobile subscriber base to 7.747 million by December 2014.

Until 2006 MTN Rwanda was the only player in the mobile telecommunication market. Rwanda undertook steps to liberalise the sector when the fixed line operator, Rwandatel became the second mobile operator. The sector became increasingly competitive with the launch of a third network, Millicom's Tigo Rwanda, in 2009.

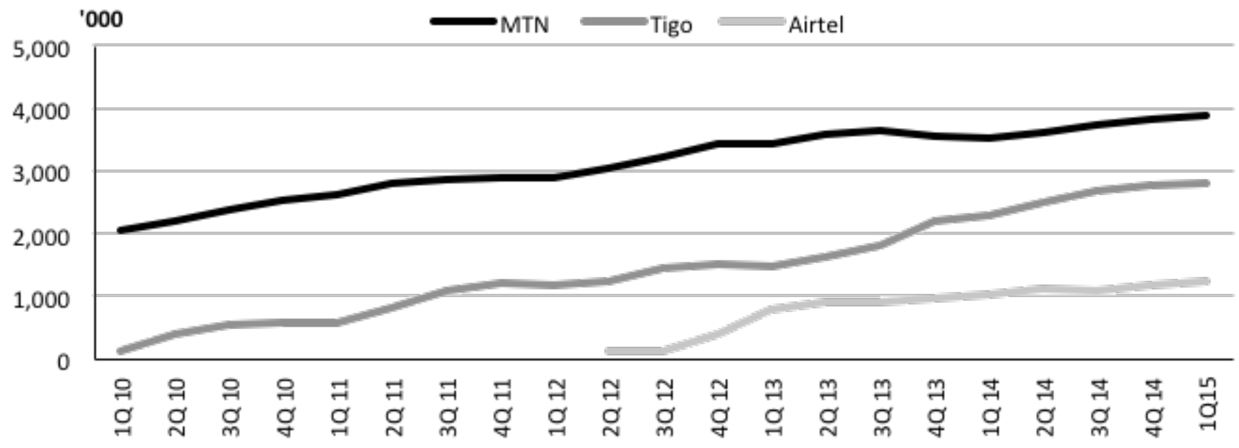
Despite the revocation of Rwandatel's mobile licence in April 2011, the licensing of an additional telecom operator, Airtel Rwanda, in September 2011 (launched in March 2012) has brought about increased competition in the sector as well as more affordable telecommunications services in Rwanda.

Market Players in the Rwandan Mobile Market

MTN Rwanda is the largest operator in Rwanda, with a 49% share of the subscriber market as of December 2014. MTN Rwanda's market share has declined in the face of competition but appears to have stabilized at current levels.

MTN Rwanda has retained its market leading position across active mobile subscribers, despite the entry of Tigo and Airtel, whilst maintaining premium tariff structures, reflective of its high quality products and service offering.

Figure 20: Rwanda's Mobile Subscriber Evolution



Source: Rwanda Utilities Regulatory Authority (RURA), MTN Rwanda

Figure 21: Market Share of Mobile Subscribers

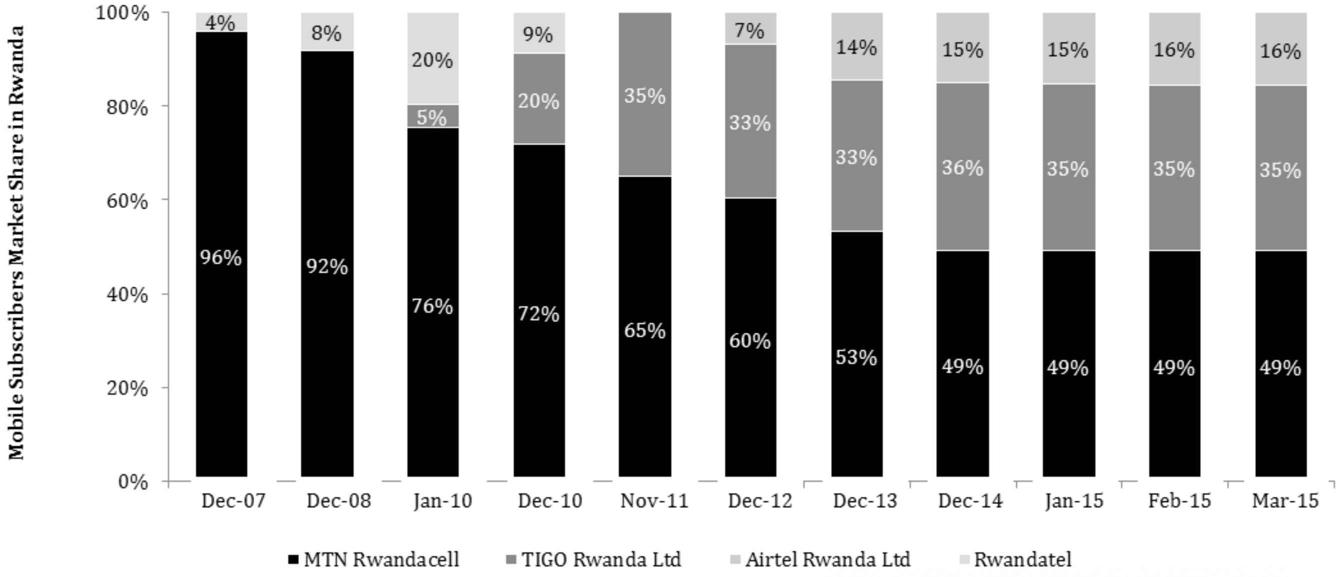
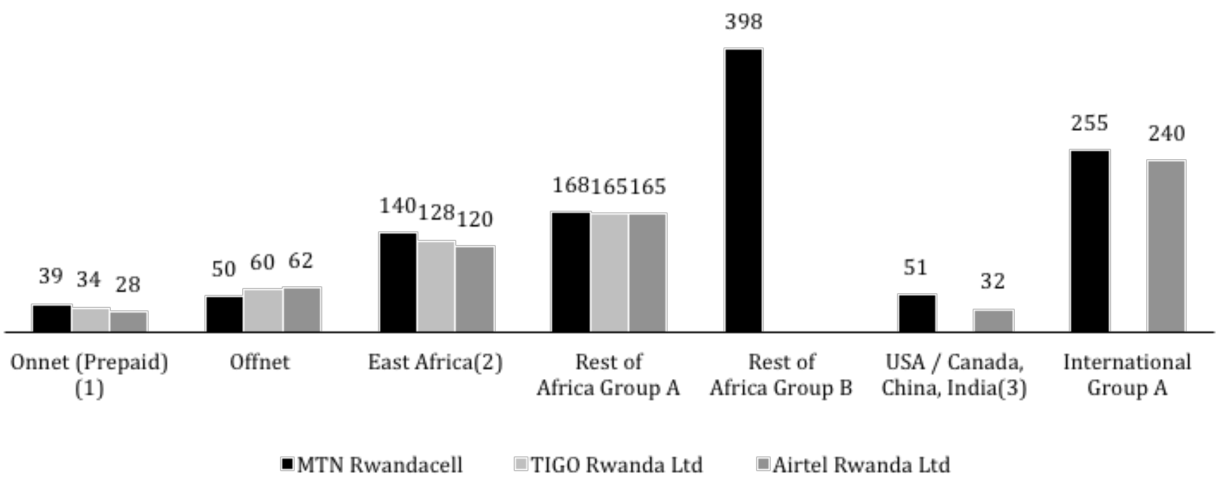


Figure 22: Rwanda Prepaid Mobile Tariff Structures (/min) – December 2014

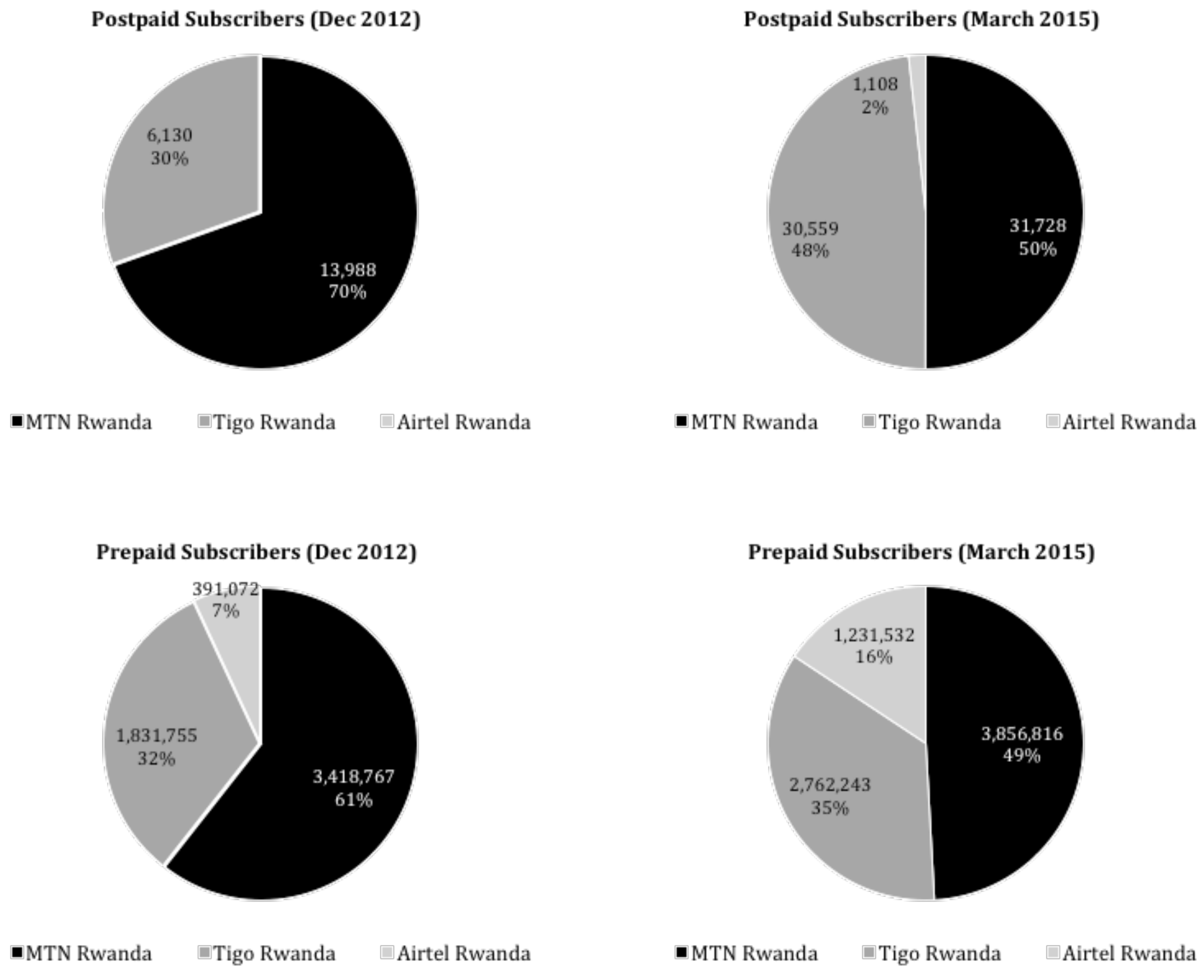


GDP (2013, USDm)	MTN Rwanda	Tigo Rwanda	Airtel Rwanda
On-net (Prepaid)	38.5	34	28
Off-net	50	60	62
East Africa	60 Kenya / 219 Uganda	128	120
Rest of Africa - Group A	168	165	165
Rest of Africa - Group B	398		
US/Canada/ China/India	51		32
International - Group A	255		240

Source: Rwanda Utilities Regulatory Authority (RURA)

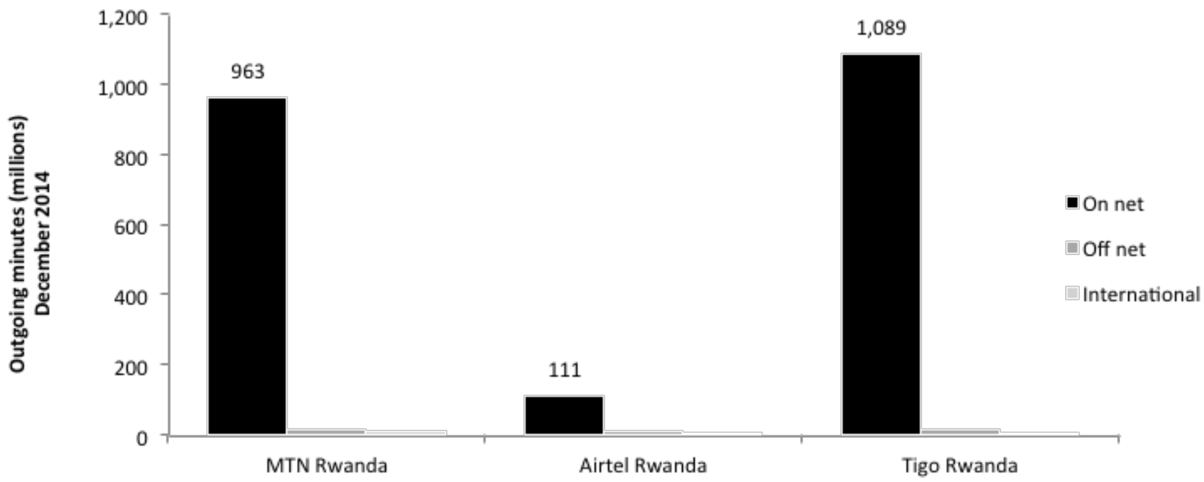
1. Airtel Rwanda Onnet Tariff reflect average of Out-of Kigali (25) and Kigali net tariffs (31)
1. MTN Rwanda onnet tariff reflects average of prepaid (46) and post-paid (31)
2. MTN Rwanda reflects average of Kenya (60) and Uganda (168)
3. Airtel Rwanda reflects average of China and India only (28) and Canada and UAS (35)

Figure 23: Subscriber Breakdown between Postpaid and Prepaid Contracts



Source: Rwanda Utilities Regulatory Authority (RURA

Figure 24: Outgoing Minutes (December 2014)

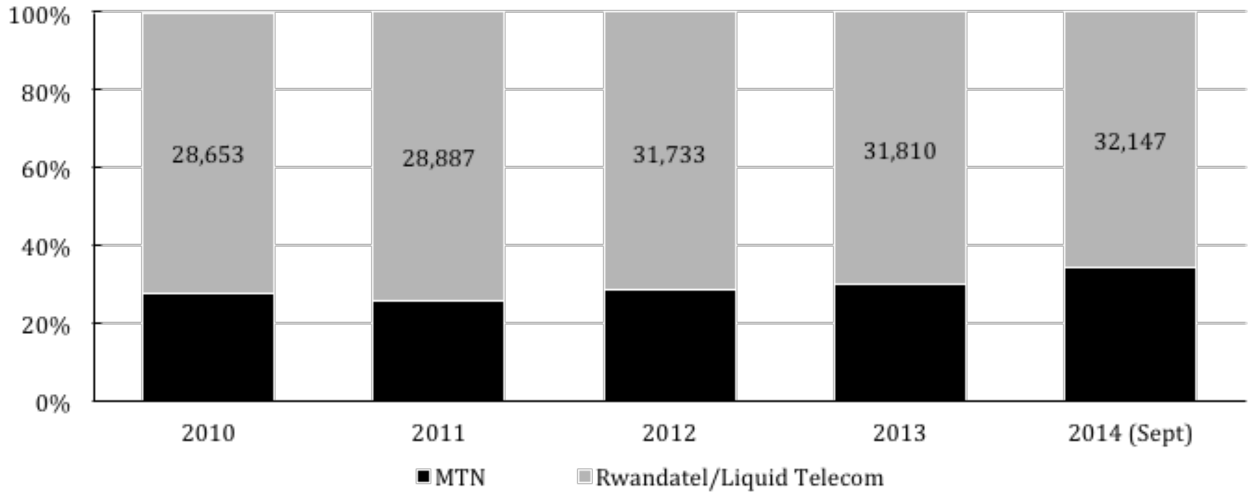


Source: Rwanda Utilities Regulatory Authority (RURA)

11.3. Competitive Landscape for Fixed Line Operations

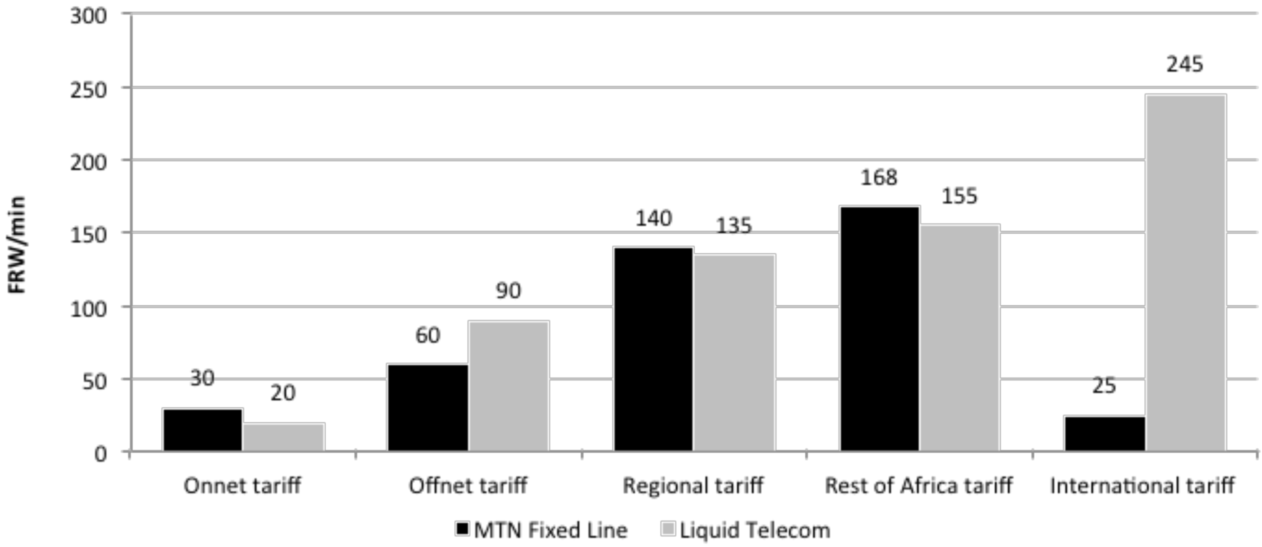
In November 2013, Liquid Telecom announced the acquisition of the assets of Rwandatel, Rwanda's fixed-line network operator. The deal included Rwandatel's copper and fibre network and its customer base. However, the majority of the land remains the property of Rwandatel. Liquid Telecom is the leading wholesale carrier in Africa. MTN Rwanda[54] is the second player in the fixed line market with an increasing market share of approximately 34%.

Figure 26: Number of Fixed Line Subscriptions by Operator



Source: Rwanda Utilities Regulatory Authority (RURA)

Figure 27: Rwanda's Fixed-Line Tariff Structures (December 2014)



Source: Rwanda Utilities Regulatory Authority (RURA)

54 Liquid Telecom Press Release, 12 November 2013, accessible via: http://www.liquidtelecom.com/blog/liquid-telecom-accelerates-pan-african-growth-plans-with-acquisition-of-rwandatel

11.4. Competitive Landscape for Internet Services Providers

Rwanda's internet market is fairly competitive, with a number of fixed-line and wireless internet service providers (ISP). Rwanda's internet market remains significantly underpenetrated, with internet penetration at 28% as of December 2014 (compared with 7% in 2011).[55]

There are 10 licensed ISPs in the country, including national telecommunications service operators – both fixed-line and mobile. The table below lists all the ISPs operating in Rwanda:

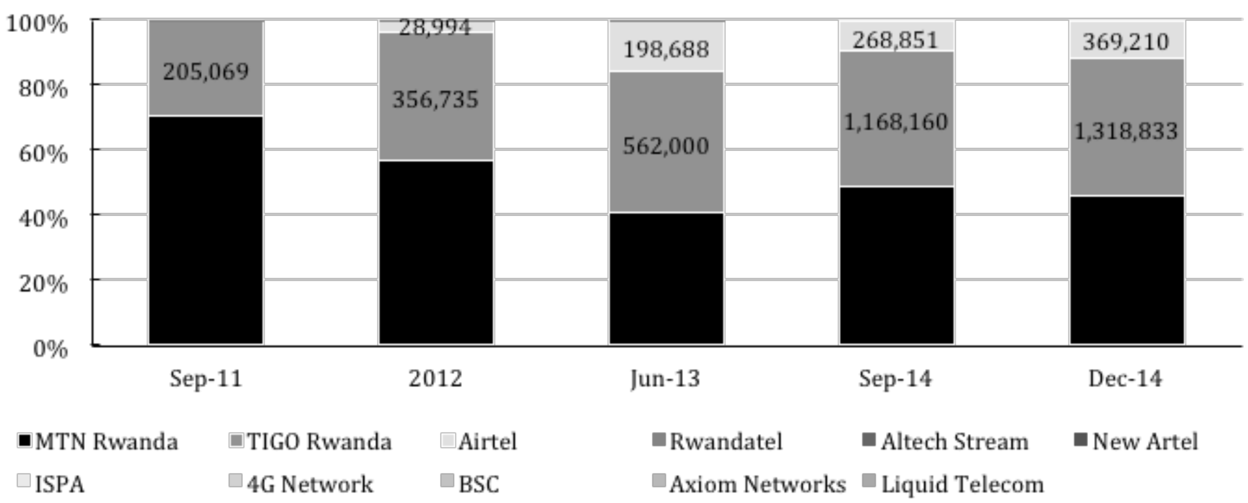
Figure 28: Current Internet Service Providers in Rwanda (December 2014)

International Bandwidth (Mbps)		
	Uplink	Downlink
MTN Rwanda	1,397	1,397
Liquid Telecom	1,000	1,000
New Artel	60	60
Tigo Rwanda	625	625
ISPA	90	90
4G NETWORKS	35	35
Axiom Network	90	90
BSC	2,440	2,440
Total	**5,737**	**5,737**

Licensed Internet Service Providers (ISPs)		
ISPs	**Licensed From**	**Status**
Internet Retailers		
MTN Rwanda	2006	Operational
Liquid Telecom	2014	Operational
TIGO Rwanda	2008	Operational
New Artel	2004	Operational
ISPA	2006	Operational
4G NETWORKS	2009	Operational
BSC	2010	Operational
Airtel Rwanda	2011	Operational
Axiom Network	2014	Operational
4G LTE Wholesaler		
Olleh Rwanda	2013	Operational

Source: Rwanda Utilities Regulatory Authority (RURA)

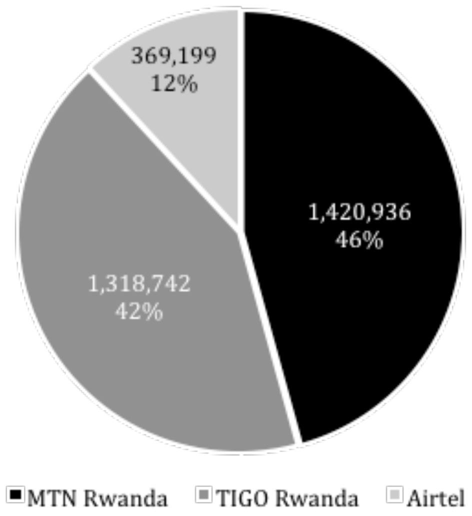
Figure 29: Number of Internet Subscribers by ISP



Source: Rwanda Utilities Regulatory Authority (RURA)

[55] Rwanda Utilities Regulatory Authority (RURA)

Figure 33: Number of Mobile Internet Subscribers, December 2014

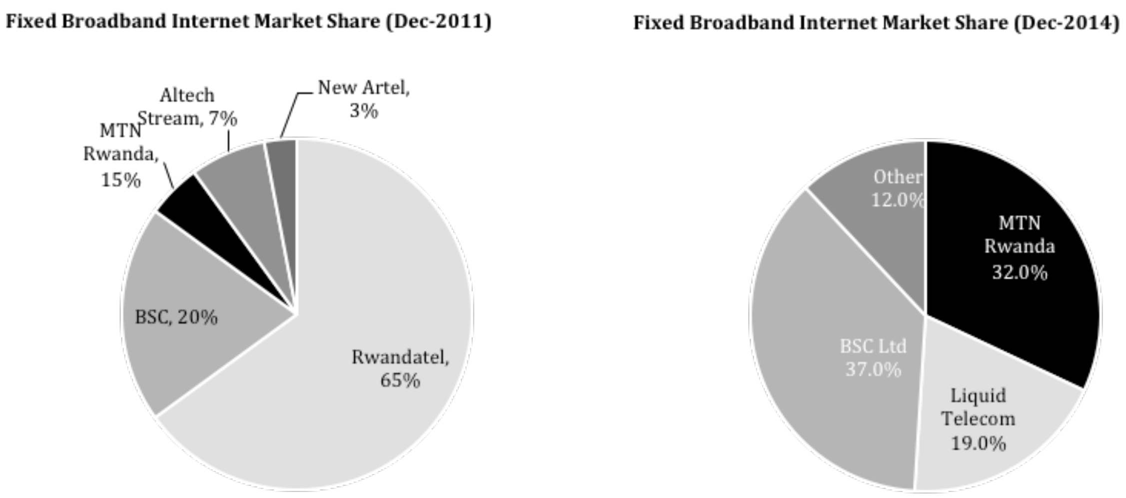


Source: Rwanda Utilities Regulatory Authority (RURA)

11.5. Broadband Services

In June 2013, the Government initiated a Public-Private Partnership with Korea Telecom to build a national 4G/LTE network (making it the first country in the region to begin to develop a 4G/LTE network)[56] . This joint-venture is known as Olleh Rwanda Networks, and is the only 4G LTE company in Rwanda, and provides wholesale access to a universal mobile broadband network in Rwanda using 4G LTE technology. The first commercial phase of the 4G high-speed systems was launched on 11 November 2014.

Figure 30: Market Share - Broadband Subscribers (December 2011 vs December 2014)



Source: Rwanda Utilities Regulatory Authority (RURA)

Rwanda's internet sector will benefit from the Government's investment in terrestrial fibre-optic networks. This, in addition to state-backed and private investments in broadband infrastructure, will boost access to internet services in Rwanda.

[56] Olleh Rwanda Networks website

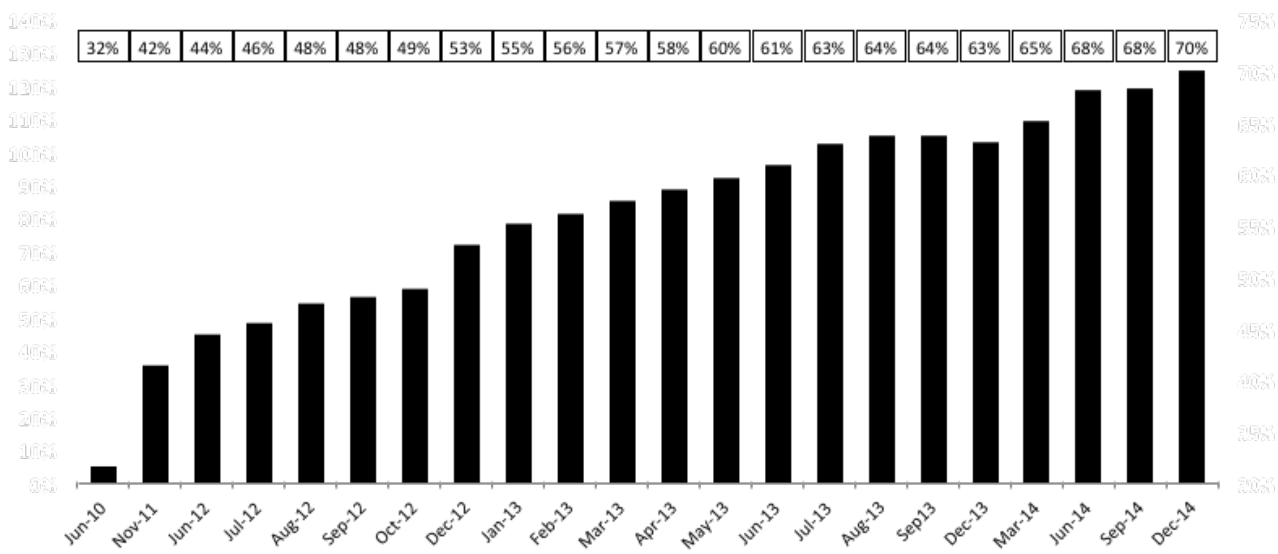
11.6. Regional Penetration

Market Penetration

Rwanda is one of the least penetrated markets within the East Africa region, with only 70% mobile penetration. However, MTN Rwanda expects growing GDP per capita and a reduction in the poverty rate to drive up mobile usage in the country.

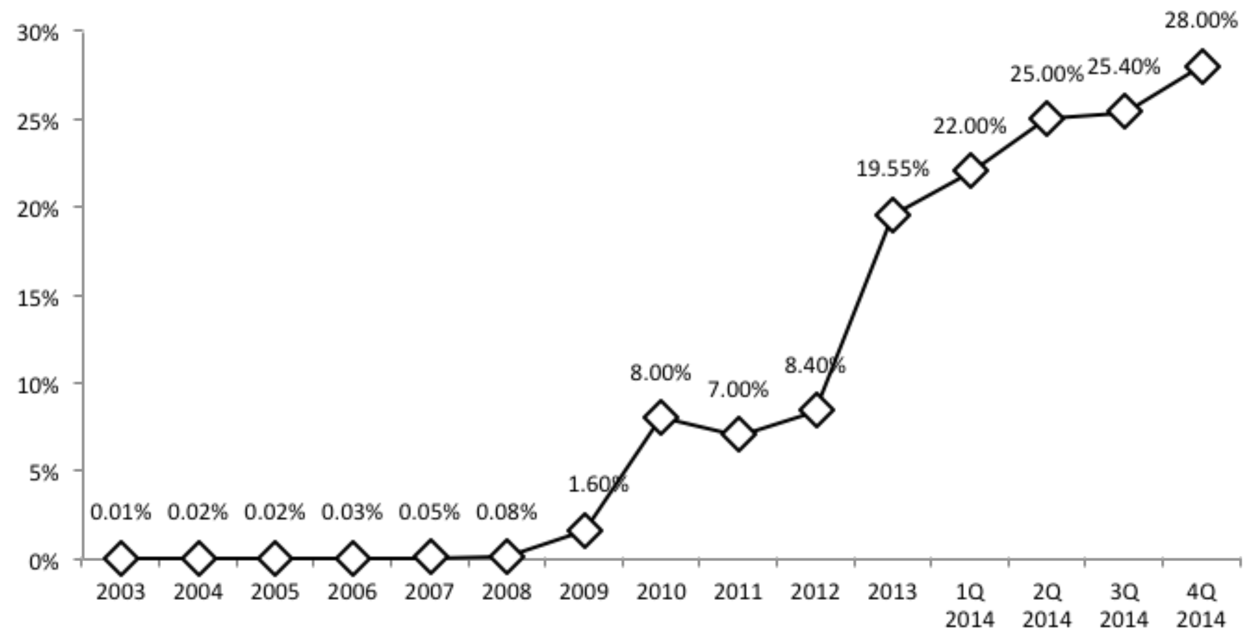
While intra-country competition is increasing, inter-country competition (within the EAC) remains muted, as poor infrastructure means that operators from one country cannot compete directly against those in another country. Once Rwanda's telecommunications infrastructure improves, Rwanda's telecoms service providers will be more easily accessible to markets outside Rwanda.

Figure 31: Rwanda's Mobile Penetration



Source: Rwanda Utilities Regulatory Authority (RURA)

Figure 36: Rwanda's Internet Penetration

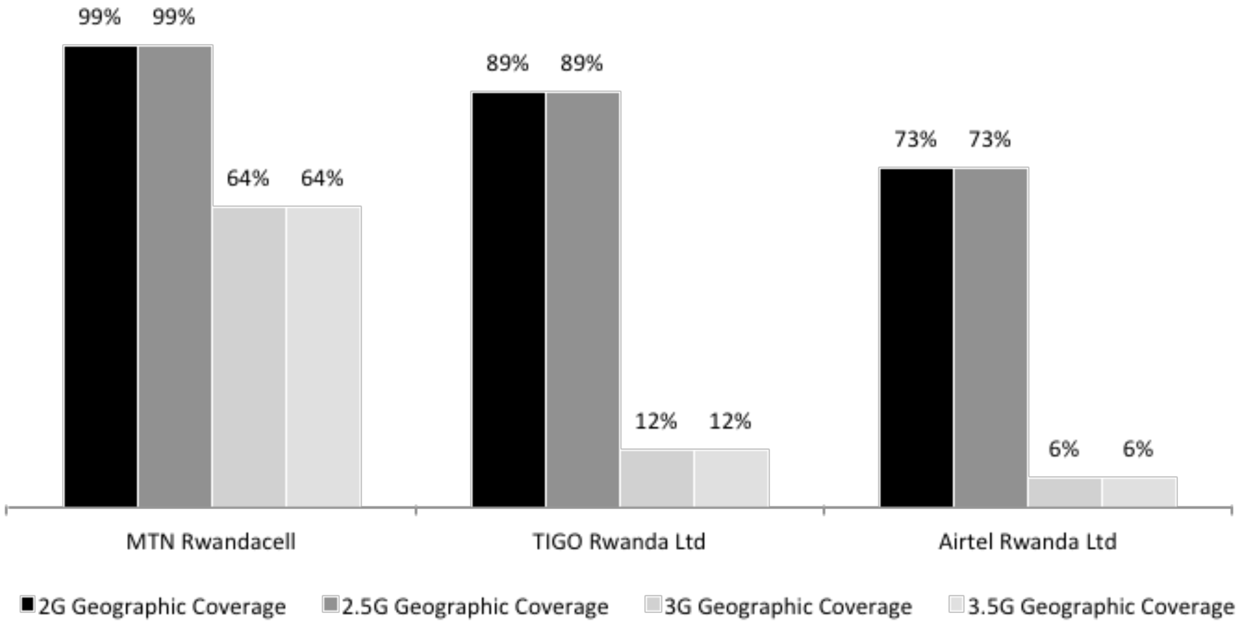


Source: Rwanda Utilities Regulatory Authority (RURA)

Network Coverage

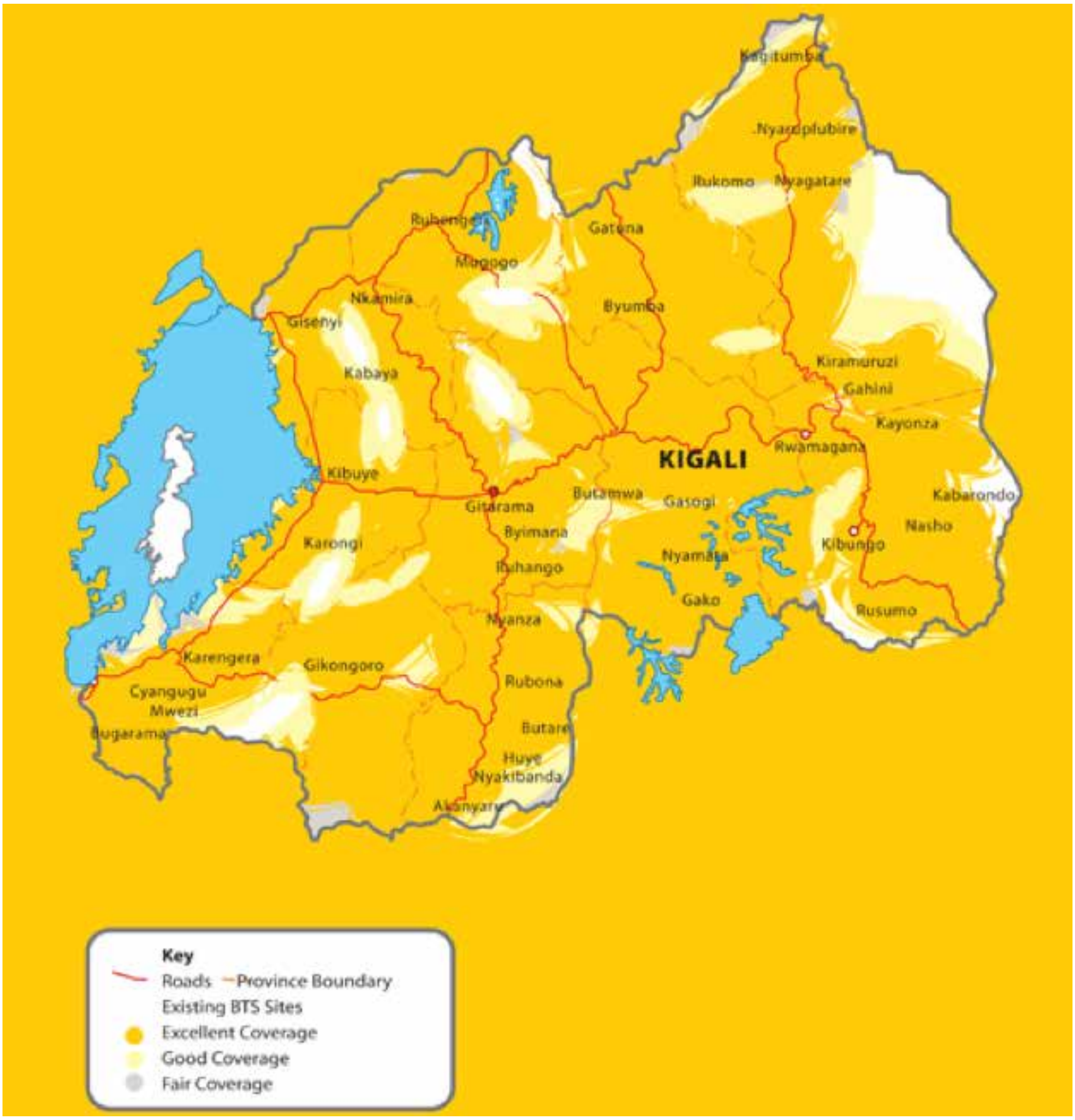
Subsequent to its recent investment programme, MTN Rwanda has the leading network in the country in terms of geographic coverage, especially across 3G technology. According to the Rwanda Utilities Regulatory Authority, MTN Rwanda covers 99% of Rwanda geographically, which strengthens its ability to generate future subscriber growth in less urban areas of the country.

Figure 32: Rwanda's Network Coverage by Operator (December 2014)



Source: Rwanda Utilities Regulatory Authority (RURA)

Figure 33: MTN Rwanda Network Coverage Map



Mobile Money

East African countries, particularly Kenya (led by M-PESA), have been the most successful users of mobile money.[57] According to GSMA (2012), in December 2011 there were 129 mobile money operators in the world, with more than 100 million subscribers. In a survey of 52 mobile money operators, GSMA found that there were 141.8 million transactions in June 2011, 80% of which occurred in East Africa, with Kenya alone accounting for 34% of transactions and 20% of users. In 2011, 16% of adults reported having used a mobile phone to transfer money or pay a bill in SSA, compared with a global average of 5%.

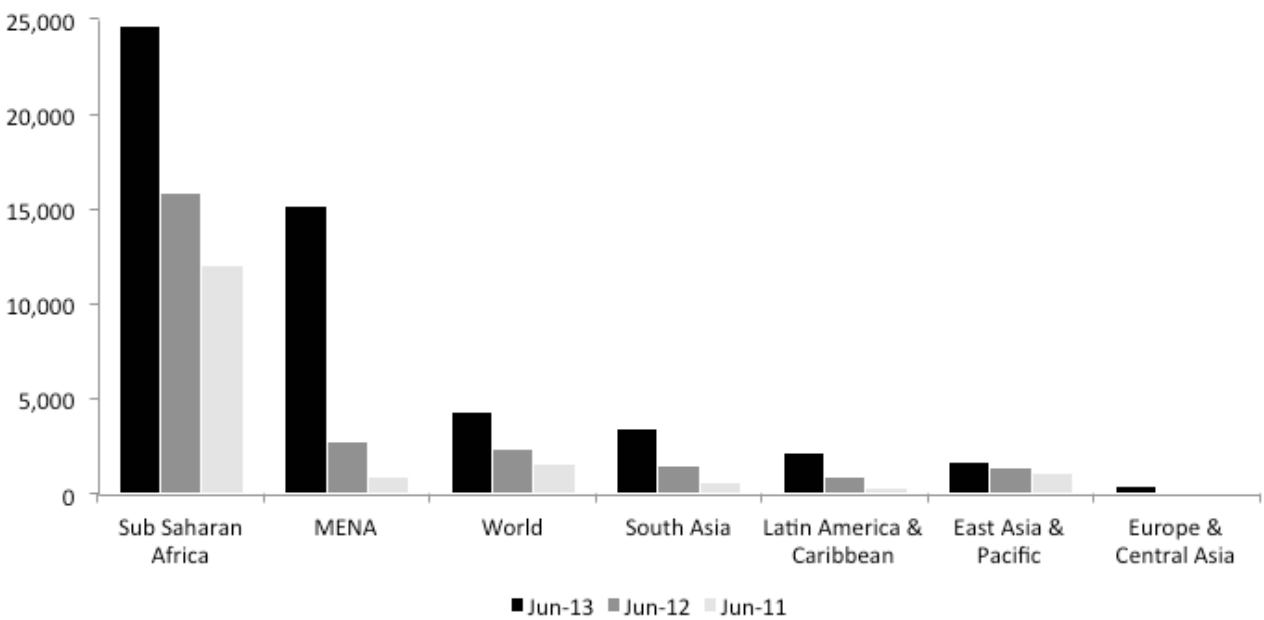
Rwanda was ranked among the top eight fastest-growing mobile money economies globally in a recent report by GSMA.[58]

Figure 34: Mobile Payment Industry

Key Indicators / Sector	2014
Number of subscribers	5,585,075
% of total subscribers	72%
Value of transactions (RWF billion)	691.5

Source: Ministry of Youth and ICT – 2014

Figure 40: Mobile Money Utilisation Across Regions in 2013 (Mobile Money Accounts / 100,000 adults)

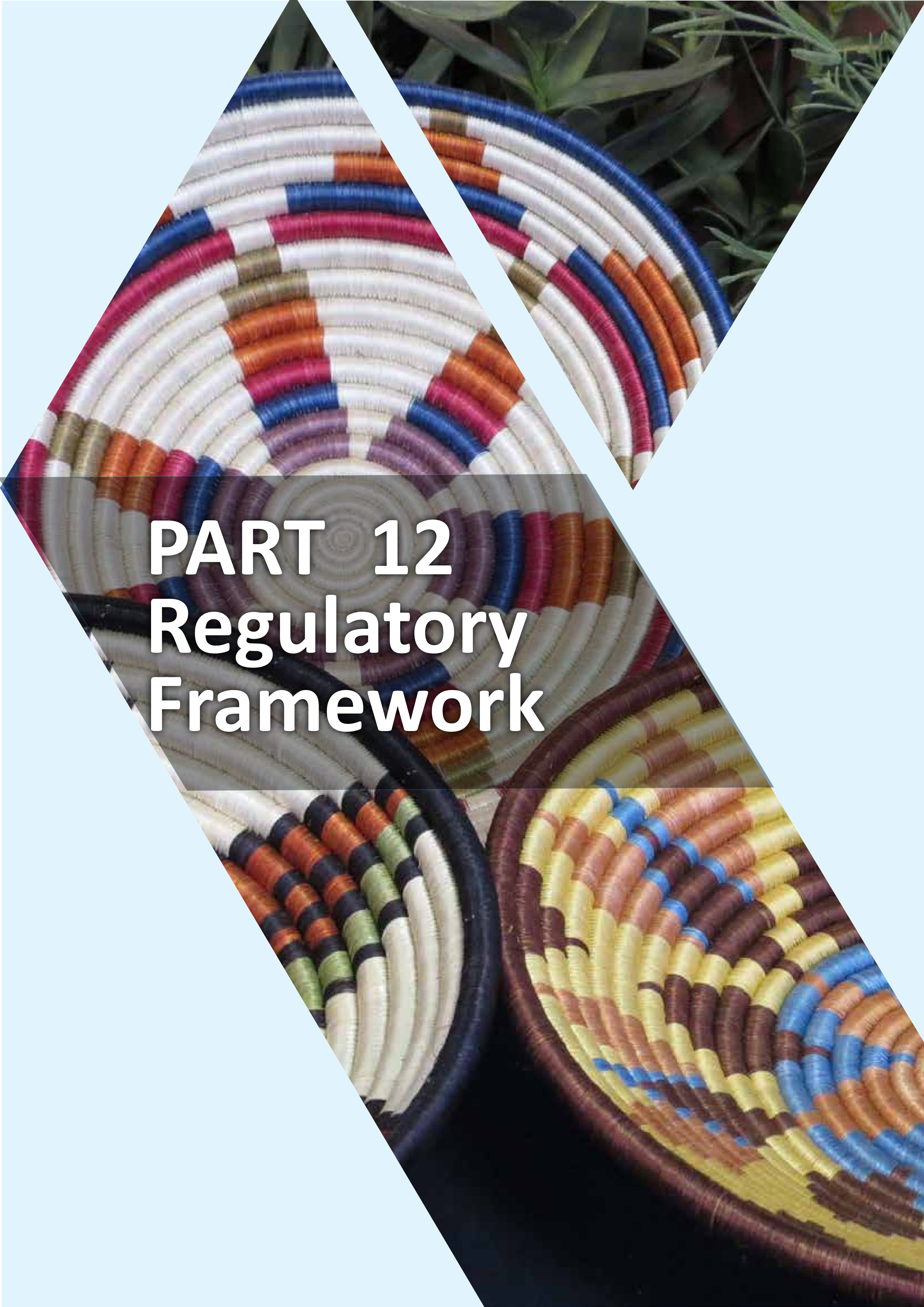


Source: GSMA Mobile Money for the Unbanked, State of the Industry 2013

57 Argent, J., Hanson, J. A., Gomez, M. P. (Aug 2013) The Regulation of Mobile Money in Rwanda, International Growth Centre (IGC) [Online], Available: http://www.theigc.org/sites/default/files/Argent%20et%20al%202013.pdf
Note: mobile money is distinct from mobile banking. Mobile banking refers to the situation where a bank account holder is able to transact via commands from a mobile platform. Mobile money account holders do not require a bank account.

58 Group Speciale Mobile Association

PART 12
Regulatory Framework



12. Regulatory Framework

12.1. Overview / Regulatory Authority

Rwanda has initiated economic reforms that are aimed at improving the competitiveness of the telecommunications industry and attracting foreign investment. These reforms include the establishment of an independent regulatory body known as the Rwanda Utilities Regulatory Authority (RURA), by Law No. 39/2001 of 13 September 2001.

The current law mandates RURA to regulate: telecommunications, information technology, broadcasting and converging electronic technologies, including the internet and any other audio-visual information and communication technology.

RURA is mandated to ensure fair competition and promote and protect consumers' interests and rights in regulated sectors. Specifically, RURA should, among other mandates:

- Maintain and promote effective competition in the provision of telecommunications services throughout Rwanda in the interests of those wishing to use such services.
- Facilitate and encourage private sector participation in telecommunications investment.

12.2. Legal Framework

Communications Law

In addition to the law creating RURA, the primary legislation regulating the telecoms sector, is the Law N° 44/2001 of 30 November 2001 governing telecommunications (the Telecom Law).

12.3. Telecoms Market Liberalisation

When the five-year duopoly rights of Rwandatel and MTN expired in mid-2008, the government announced plans to license a third national operator. The licence was service-neutral, allowing the new entrant to offer fixed, mobile, voice, data and video services. Millicom International Cellular won the 15-year licence in late 2008.

The internet market has been open to competition since 2001. In early 2010, RURA announced that it would issue a tender for a fourth mobile network licence once the third operator, Tigo, reached a subscriber base of 300,000. This number was reached in the second quarter of 2010, but the regulator announced in March 2011 that plans for the fourth licence would be put on hold until there was "stability in the performance of the market". The licence was awarded to Bharti Airtel of India in September 2011, which, following the cancellation of Rwandatel's licence, became the new third player in the market.

12.4. Licensing

Transfers

Telecommunication: Licences are not assignable to a third party without RURA's consent and the payment of any required fee.

Revoking of Licences

RURA may revoke any individual licence in the event that either the licensee: 1) does not substantially commence implementation of telecommunications networks and/or services that are the subject of the licence up to one year after the date of its being granted; or 2) commences implementation without meeting the deadlines stipulated in its licence for the implementation of networks and/or services.

Alterations to Licences

RURA has the power to make alterations and additions to telecommunications licences. In this event, RURA would publish its intention to make modifications to licences, including specifying the affected classes of licences, in the Official Gazette. In the event of modifications to individual licences, a notice would be sent to the business address of the licence holder. Notices would seek written views as well as stipulate time limits for their submission. Re-

ceived views would be taken into account before modifications were introduced and, unless otherwise provided for by law, modifications would usually take effect three months from the date of the written notice.
Aggrieved licensees may refer the matter to the courts. If the courts annul RURA's decision, this court ruling would apply to all affected licences.

Renewal of Licences and Licence Fees

Licence holders may apply for licence renewal no later than three months before the expiry of the existing licence. Holders who fail to renew their licences or whose application for renewal is rejected by RURA would cease to be able to install and/or further use telecommunications networks and/or offer telecommunications services.
Fees may be charged for renewal, payable to the RURA office. Failure to pay the periodic fee within one month would result in licence suspension, in which event RURA must issue a notice of temporary suspension.
RURA is also empowered to amend the licence fees applicable to different licences.

Enforcement of Licences

RURA has the power to issue an enforcement[63] notice to a telecommunications service provider in the event of failure to comply with the terms of its licence . If the service provider fails to comply with the enforcement notice, it may be liable to pay a penalty levied by RURA.

Changes in Licensees' Structure

Any licensee that undergoes any direct or indirect change of ownership should notify RURA no later than one month after the change. RURA has the power to revoke the licence if the change of ownership would adversely affect the development of telecommunications in Rwanda, including the development of competition, or the performance of the licensee's licence obligations, or the security of Rwanda.

12.5. Voice Telephone and Universal Access

Public Telecommunication Services

RURA stipulates that, as part of an operator's individual licence requirements, a directory enquiry service capable of being accessed by all Rwandans must be provided by at least one public telecommunications operator. Operators that provide such a service are permitted to charge a fee for it, based on the costs of providing the directory enquiry service and a reasonable rate of return as determined by RURA.

Public telecommunications operators must comply with the criteria set out in their licences regarding the quality of the networks and services they provide. RURA is allowed to modify licences so as to alter quality standards. Failure to meet the criteria would result in an enforcement notice, following which continued failure could result in: 1) a reduction in the scope of the licence; 2) a reduction in the period of validity of the licence; or 3) suspension of the licence.

The quality of service performance of each public telecommunications operator is usually published both generally and in RURA's annual report.

Universal Access Fund

A Universal Access Fund has been established to facilitate the provision, on affordable terms and with minimum subsidy, of the widest possible access to a public telephone service by the general public in all parts of Rwanda.
The functioning of the fund relies on contributions from telecommunication operators.

12.6. Tariffs

Tariffs regulations include rules stating that:

- Tariffs must by law be cost-based.
- RURA has the power to intervene in tariffs.
- Mobile termination rates (MTR) apply. MTRs reflect the prices that a mobile network must pay to another operator to connect a call that 'terminates' on the latter's network.

[63] Article 14 of Law No. 44/2001 of 30/11/2001 Governing Telecommunications

Tariff Disclosure Requirements

Tariffs must show the networks and services that are offered, how tariffs are calculated, and the actual tariffs for each unit of time.

Tariff Determining Factors

Tariffs for dominant organisations are based on objective criteria and on the costs of providing the public telecommunications network and service, together with a reasonable rate of return.

Tariff Controls

RURA is authorised to impose tariff control measures against a dominant telecommunications service provider. Furthermore, RURA is granted the authority to impose tariff control measures against a dominant player with respect to its leased lines.

Tariff Price Discrimination and Special Tariffs

Public telecommunications operators may set different tariffs for different times of the day (price regulation depending on hours). Tariffs for access to and use of public networks are independent of the use to which the user puts the network, except in cases where different services or facilities are required. Public operators have the right to introduce:

- Discount schemes for users that are directly related to the user's volume of traffic either overall or to specific numbers.
- Special tariffs for users making little use of the public telecommunications services during hours in which those networks are not frequently used.
- Special tariffs for defined disadvantaged groups of users.

12.7. Facilities

Leased Lines

Public telecommunications operators should make leased lines available to any natural person or organisation in response to all reasonable requests if such lines or capacity on such lines are available. Failure to comply with the law/regulation on leased lines would result in an initial fine of FRW 250,000 coupled with a daily fine of RWF 50,000. For any contravention of this provision by dominant organisations, fines stand higher, at RWF 1 million and RWF 200,000, respectively.[64]

Land Rights as applicable to IHS Rwanda Limited

Operators that wish to install infrastructure using public land are required to make a request to this effect, while for infrastructure involving private land they must first seek the landowner's approval. Applications should be made to RURA, which is responsible for obtaining approvals from other central and local government departments.

Infrastructure

If a request is practical, it is the duty of the telecommunications network or services provider to share the use of its infrastructure with another provider upon payment of reasonable compensation. The telecommunications service providers concerned are required to set out the terms for sharing the infrastructure in a written agreement. In the event the parties fail to agree, RURA is mandated to set the terms of such an agreement.
However, the supplier has the right to object to the use of its infrastructure if it provides reasonable justification that such use would mitigate against economic viability, would require major additional construction work or would be likely to cause damage to the infrastructure.

12.8. Interconnection

Application for Interconnectivity

All public telecommunications service providers should interconnect their networks with those of other operators if requests are reasonable in terms of the applicant's requirements and the operator's capacity to satisfy them. The terms of such interconnections are required to be concluded by written agreement between the parties concerned.

[64] Article 63 of Law No. 44/2001 of 30/11/2001 Governing Telecommunications

Additionally, it is required by law for the provider to provide all necessary information and technical specifications to operators that request interconnection, including all proposed changes.

Dominant Organisations

Each dominant organisation must provide RURA with the details of standard reference interconnection offers that are made to public telecommunications operators. Each offer is to be approved and published by RURA.
Charges for interconnection cover the effective cost of network usage and are sufficiently unbundled that applicants are not required to take or pay for any strictly related facility.

Public telecommunications operators requiring interconnection with dominant organisations are entitled to rely solely on the reference interconnection offer and related requirements. Other facilities and services may be negotiated with the dominant organisation on an individual basis.

Dominant organisations must modify their standard interconnection offers to take into account commercial and technological changes and the introduction of new facilities and services.

12.9. Numbering

Currently, number portability does not exist in Rwanda. RURA is required by law to annually examine the viability of implementing mobile number portability (MNP) as a measure to reduce barriers to entry for new operators, and to file a report with the Ministry of Youth and ICT. In 2011, MNP came close to being implemented before RURA placed it on hold, stating that time needed to be allowed for existing mobile operators to consolidate their market position.
It is forbidden for any telecommunications operator to allocate any numbers or range of numbers that have not been allocated to that operator.

12.10. Ownership Restrictions/Investments in Other Businesses

The Telecom Law strictly forbids any company supplying telecommunications networks and/or services to directly or indirectly hold shares in any other company carrying out the same business.

12.11. Mobile Money

Mobile money business is regulated by Regulation No 06/2012 of 21/06/2012 of the National Bank of Rwanda governing payment services providers.

License fees

Telecommunication service providers intending to engage in the mobile money business are required to obtain a license from BNR. The license is renewable each year on payment of the annual license fees.

Revocation of licenses

The mobile money license may be revoked for the following reasons:

a. The service provider has not commenced operations within 12 months of the date on which the license was granted to it;
b. The service provider has obtained the license of the Central Bank through incorrect statements or any other irregular means;
c. The conditions or requirements described in the Regulations are not met;
d. In case the operations of the service provider endanger the stability of the financial system of Rwanda;
e. The service provider or a subsidiary of Service Provider is insolvent without possibility of recovery;

An important regulatory issue relating to competition in mobile money is interoperability. Interoperability between payment providers refers to the ability of participants to make payments across systems. The main theoretical benefits of interoperability are convenience for customers and more competition.

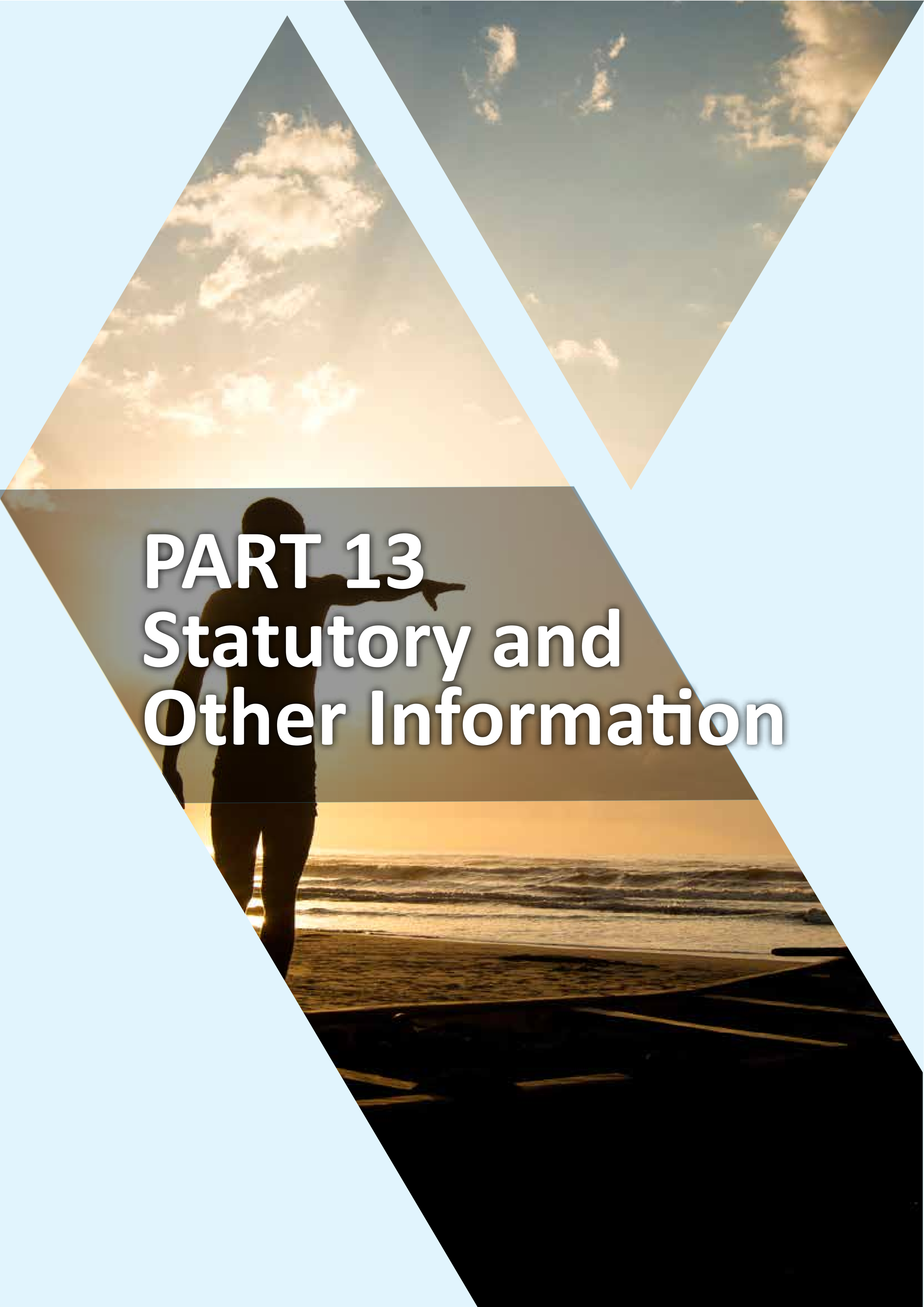
Lack of interoperability (or high fees for interoperability) could give rise to 'network effects', where customers pick the network used by the majority of their peers, to minimise their costs. Thus a network would become increasingly attractive the larger it becomes. In Rwanda, MTN Rwanda, by virtue of its larger customer base, has an advantage in the current system. Interoperability would reduce this advantage, although the extent of the reduction would depend on the fees for cross-network transfers on the interoperable system.

There are two types of interoperability relevant in the Rwandan context:

- Interoperability between Mobile Network Operators' (MNO) payment systems (e.g. payments from an MTN Mobile Money user to a Tigo Cash user)
- Interoperability between MNO payment systems and banks (e.g. transfers from a Bank of Kigali account to an MTN Mobile Money account)

Effectively, interoperability between mobile money platforms is already possible, although it requires a visit to an agent. For example, an MTN user can send money to a Tigo user, but the receiver has to visit an MTN agent to withdraw the cash and the charges are slightly higher. It is not clear that mobile money users have a strong demand for interoperability. Users can already operate across networks through the use of agents. Interoperability between the Rwandan banking system and mobile money services is similarly available in a weak form – it requires a physical visit to a bank branch. The next step in interoperability would allow the remote payment from an account with one provider directly into an account with another provider via a command from a mobile phone or at a bank branch.
Moreover, if the new system involves substantial fixed costs, MNOs will be forced to pass on these costs to consumers in the form of higher charges. These costs may curb the growth of the sector, since the low cost of the service is a major driver of its appeal. If it is possible to achieve interoperability in such a way that operators only face incremental costs on cross-network transfers (e.g. an external provider offers a cross-network transfer solution for a fee based on usage), this would run the least risk of increasing costs and slowing growth, but a potential lack of demand may deter the external provider.

PART 13
Statutory and Other Information



13. Statutory and Other Information

13.1. Incorporation

Crystal Telecom Limited is a public company limited by shares, duly incorporated in Rwanda and has complied with the incorporation requirements of the Law No 07/2009 of 27/04/2009 relating to Companies (the "Companies Law"). Crystal Telecom was incorporated on 19 September 2013 and is domiciled in Rwanda.

MTN Rwanda was incorporated on the 26th of November 1997 under the name MTN Rwandacell S.A.R.L and was changed to "MTN Rwandacell Limited" through special resolution of the Shareholders of April 11 2011. It was initially owned by Mobile Telephone Networks (Proprietary) Ltd, Tri-Star Investments SARL (now Crystal Ventures) and Government of Rwanda MTN Group initially owned 26% of MTN Rwanda, while Crystal Ventures held 46%. Over time MTN Group Limited gradually increased its stake in MTN Rwanda to its current 80% with the remaining 20% held by Crystal Ventures. The Government exited its 10% interest in 2011.

13.2. Indebtedness

Crystal Telecom has no indebtedness.

As of 31 December 2014, MTN Rwanda had shareholder loans in the aggregate amount of FRW 3,660 million. This comprises of loans from Crystal Ventures of FRW 732 million, MTN International (Mauritius, MTN Group Limited subsidiary) of FRW 2,013 million and MTN REL Limited (MTN Group Limited subsidiary) of FRW 915 million. The capital portions of the shareholder loans are not repayable and no interest is charged on the loan amount.

13.3. Claims and Litigation

Crystal Telecom has no claims of litigation pending.

Currently MTN Rwanda has two tax cases against the RRA pending in the courts.
In December 2012, the RRA completed a routine tax audit of MTN Rwanda that resulted in a tax assessment of FRW 8.9 billion (principal tax and penalties, excluding interest) covering VAT, PAYE and withholding tax categories. Following the unsuccessful appeal with the Commissioner General, MTN Rwanda initiated a litigation process in Rwanda's Commercial Court, which claim was in three parts, namely:

- MTN Rwanda should not be required to pay VAT and Excise Duty on promotional bonus airtime (FRW 2,966,890,644).
- That RRA should be required to refund reverse VAT on management services fees previously paid by MTN Rwanda (FRW 1,518,277,181).
- That MTN Rwanda should not be required to pay withholding tax on international traffic costs payments as this is not provided for by the law (FRW 4,196,817,996).

MTN Rwanda won the case at the primary level however, RRA appealed in the High Commercial Court. It was heard on 5th May, 2015. Upon request by MTN Rwanda and RRA, the Court adjourned the matter to July 28th, 2015 so that the parties could attempt to reach an out of court settlement. The second case involves a dispute over excise duties amounting to FRW 551,936,618 charged by RRA on roaming services, mobile money service and free air-time bonus, where MTN Rwanda is the claimant. The matter was heard on 11 May 2015. Upon request by MTN Rwanda and RRA, the Court adjourned the matter to July 28th, 2015 so that the parties could attempt to reach an out of court settlement

13.4. Material Transactions and Events of Crystal Telecom

Share transfer

On 29 April 2015, Crystal Ventures' 20% interest in MTN Rwanda was transferred to Crystal Telecom. This share transfer occurred after a cash dividend payment on 17 April 2015, by MTN Rwanda to all MTN Rwanda shareholders, as date of declaration.

Capitalisation of Crystal Telecom

On 21 April 2015, Crystal Telecom capitalized Crystal Telecom with FRW 178,750,000 (equivalent to US$250,000 at date of transfer) cash for working capital purposes, in exchange for 3,575,000 newly issued ordinary shares in Crystal Telecom.

13.5. Material Transactions and Events of MTN Rwanda

Disposal of MTN Rwanda Towers

MTN Rwanda sold approximately 550 of its towers in 2014, to independent mobile infrastructure provider IHS Rwanda Limited. The MTN Rwanda towers were sold for a total of approximately US$47,000,000. IHS Rwanda Limited owns and manages the 550 towers in Rwanda.
MTN Rwanda has secured long term, anchor tenancy from IHS for an initial period of 10 years, while co-location services have been offered to other operators. After the initial term, MTN Rwanda has the right to renew the lease for a maximum of 4 renewal periods of 5 years each. The lease contract has an escalation clause from 1 January 2015. Under the agreement, IHS will operate the towers and related passive infrastructure.

Dividend payment by MTN Rwanda

On 17 April 2015, the Board of Directors of MTN Rwanda paid a cash dividend amounting to FRW10,500,000,000 (approximately US$15,000,000) to all of the shareholders of MTN Rwanda, proportionate their equity interest in MTN Rwanda, at the date of declaration. Accordingly, 20% of the FRW10,500,000,000 dividend was paid to Crystal Ventures on 17 April 2015. This dividend paid by MTN Rwanda to all shareholders includes cash flow proceeds from the disposal of MTN Rwanda's towers in 2014.

13.6. Related party transactions

Management Fees

As per the legacy shareholders agreement between Crystal Ventures and MTN Rwanda, Crystal Ventures was entitled to a management fee, alongside side MTN Group Limited subsidiaries, MTN International (Mauritius) and MTN REL (Mauritius). Following the transfer of shares in MTN Rwanda from Crystal Ventures to Crystal Telecom, and the proposed offering, the Board of Directors of MTN Rwanda have elected to discontinue the payment of management fees to Crystal Ventures, post the IPO and listing of Crystal Telecom. Further, no management feeds will be payable to Crystal Ventures. However MTN Group Limited will continue to receive management fees from MTN Rwanda for the foreseeable future.

Management Fees paid to Crystal Ventures, and the MTN Group Limited subsidiaries are disclosed in the annual reports of MTN Rwanda, with an excerpt shown below:

Figure 35: Management Fees Historically Paid to Crystal Ventures (to be discontinued going forward)

FRW 000's	2014	2013	2012
Crystal Ventures Limited	1,663,817	1,619,627	1,911,876

Services Procurement

Currently, MTN Rwanda procures services from a number of related parties which include the following:

Figure 42: Material Related Party Transactions[65]

Related Party	Services Procured by MTN	Charges for 2014 in FRW '000
Sale of services		
MTN Uganda Limited	Interconnect Services	961,271
Belgacom International Carrier Services	Interconnect Services	3,169,418
Purchase of goods and services		
Crystal Ventures Limited	Security services	231,061
Crystal Ventures Limited	Lease payments	343,382
Belgacom International Carrier Services	Interconnect services	2,678,071
MTN Uganda Limited	Interconnect, Seamless Roaming Services and IT Shared Services	3,890,873
MTN Dubai Limited	Costs reimbursed	799,641
MTN Dubai Limited	Leased lines	1,515,488
Other related party transactions		
MTN International (Mauritius) Limited	Management fees paid	1,663,817
MTNREL (Mauritius) Limited	Management fees paid	1,663,817
Crystal Ventures Limited	Management fees paid	1,663,817
MTN International (Mauritius) Limited	Dividends paid	7,837,500
MTNREL (Mauritius) Limited	Dividends paid	3,562,500
Crystal Ventures Limited	Dividends paid	2,850,000

13.7. Access to Information

Crystal Telecom, in compliance with RSE listing requirements, will prepare and publish interim and annual financial statements, which are expected to include, by reference, financial information on MTN Rwanda. Furthermore, MTN Group publishes quarterly financial statements which provide information on ARPU and subscribers for its operating subsidiaries, including MTN Rwanda. MTN Group also publishes interim financial statements, which provide additional information on its operating subsidiaries, including statistics for revenue and EBITDA. Finally, all market share and industry related information can be sourced from RURA on a monthly basis (for subscriber and market share information), and on a quarterly basis (for more detailed industry information).

13.8. Material Contracts

The following are the only contracts (not being contracts entered into in the ordinary course of business) which have been entered into by the Company within two years immediately preceding the date of this Prospectus or which are expected to be entered into on the date of this Prospectus and which are, or may be, material or which have been entered into by the Company and which contain any provision under which the Company has any obligation or entitlement which is, or may be, material to the Company as at the date of this Prospectus:

[65] Material related party transactions represent transaction with a value of over FWR 700,000,000, or approximately US$1,000,000. A complete list can be found in the MTN Rwanda annual reports. Related party transaction under this threshold value are displayed in a special instance for investor's interest

Shareholders Agreement

On 11 May 2015, MTN International (Mauritius) Limited, MTN Rel (Mauritius) Limited (together, the "MTN Shareholders"), the Company (the MTN Shareholders and the Company, together the Shareholders), and MTN Rwandacell Limited, entered into the Shareholders' Agreement to regulate the relationship between the parties thereto in relation to their equity interests in MTN Rwanda and to set out their respective rights, obligations and duties in connection therewith.

A non-exhaustive summary of the Shareholders' Agreement is detailed below;

a. The Shareholders' Agreement is conditional upon the successful completion of the Offering or other private placement of the Company's equity interests in MTN Rwanda.

b. If the future financial requirements of MTN Rwanda are not, or are unlikely to become, available from internal resources or third party borrowings, then the Shareholders shall provide such funding by subscribing for additional ordinary shares linked to Shareholders' loans unless it is unanimously agreed between the Shareholders that a different type of funding is required.

c. Except as otherwise provided in the Shareholders' Agreement, resolutions of the board shall be validly passed if a quorum is present and by simple majority vote in favour of such resolution.

d. The Shareholders of MTN Rwanda shall each be entitled to appoint one director for each complete 10% of the ordinary shares held by such Shareholder.

e. The quorum for a meeting of directors of MTN Rwanda shall be 3 directors (personally present or represented by an alternate director) at the commencement and for the duration of the meeting, provided that a meeting of directors shall be deemed not to have been properly constituted unless a director representing the MTN Shareholders and the Company (for as long as they are respectively entitled to appoint and have appointed a director) is present thereat.

f. Any sale to a third party (if pre-emptive rights are waived), shall not be effective until approved by a simple majority of the board (which approval may not be unreasonably withheld or delayed) and the purchaser has signed a deed of adherence agreeing to be bound by the Shareholders' Agreement.

g. The MTN Shareholders (or any of their respective affiliates to which it transfers its shares) shall be entitled, at any time after the closing date, to freely dispose of all of its shares (whether in whole or in part).

h. There shall be no direct or indirect change of control of the Company or any new Shareholder (but excluding, for the avoidance of doubt, the MTN Shareholders) ("the Changed Shareholder") without the written consent of the other parties, which consent shall not be unreasonably withheld. However, this restriction shall not apply to the Company while it remains listed on the RSE.

i. In the event that any of the Shareholders are, within the jurisdiction of such Shareholder's principal place of business, placed under judicial management or similar disability or under a final winding-up order, whether voluntarily or compulsorily which is not discharged within 30 days of it being granted, other than for the purposes of a reorganisation or restructuring, then that Shareholder ("the proposing seller") shall be deemed on the day immediately preceding its having been placed under judicial management or under a winding-up order, as the case may be, to have made an offer to dispose of its shares to the other Shareholders pro rata to their respective shareholdings on the relevant date.

j. In the event that any of the Shareholders materially breaches any of the material provisions of this agreement, and if the defaulting Shareholder fails to remedy such breach within 30 days of receipt by the defaulting Shareholder of written notice from the other Shareholders holding between them 20% or more of the issued shares in the Company other than the shares of the defaulting Shareholder, ("the aggrieved Shareholders") (or within such longer period as the aggrieved Shareholders may permit) requiring the defaulting Shareholder to remedy such breach, then without prejudice to any other rights which they may have (which may include the right to terminate this agreement), any one or more of the aggrieved Shareholders shall be entitled but not obliged to give written notice ("the deemed offer notice") to the defaulting Shareholder and the remaining Shareholders (if any) stating that on the seventh day after the date of the deemed offer notice the defaulting Shareholder shall be deemed to have offered to dispose of its shares in the Company to the other Shareholders pro rata to their respective shareholdings on the relevant date.

k. none of the Shareholders (other than the MTN Shareholders) shall allow or procure all or part of their respective shares in MTN Rwanda to become subject to any encumbrance whatsoever, other than those which have been declared in writing to exist as at the signature date, and other than those in favour of financial institutions which have advanced or will advance monies to Shareholders in order to fulfil their obligations in terms of this agreement, save with the prior written approval of the other Shareholders of the Company. In all instances, if the Shareholder (other than the MTN Shareholders) encumbers its shares, it shall procure the written agreement of any party in whose favour such shares are encumbered, to the effect that such party will observe the pre-emptive rights of the Shareholders at all times as set out in the Shareholders' Agreement.

l. The board shall procure that such management and financial information is provided to the Shareholders as is reasonable to allow for the efficient monitoring of the conduct of the Company's business and further that the Company maintains accurate and complete books and records; and provides such financial information as may be reasonably required by each Shareholder to prepare and publish such quarterly and half-yearly results as may be required to comply with any local listing or other disclosure regulations

m. The MTN Shareholders shall have the right to nominate and appoint the Managing Director ("MD/CEO") who will, subject to the provisions of the Shareholders' Agreement, be responsible for the day to day running of MTN Rwanda. The MTN Shareholders shall also have the right to nominate the incumbents to any other executive position reporting to the MD/CEO.

n. MTN Rwanda has entered into a support services agreement with the MTN Shareholders for the provisions of certain support services to MTN Rwanda ("the support services agreement"). For so long as the MTN Shareholders or any of their affiliates remain Shareholders, the support services agreements may not be terminated save by a seventy-five percent majority vote of the board. The MTN Shareholders will each be paid an annual fee calculated and based on turnover and profit of MTN Rwanda and as detailed more fully in the relevant support services agreement.

o. MTN Rwanda shall not, without a resolution passed by a seventy five percent majority vote of the board or Shareholders (as applicable), carry out any of a number of actions including, but not limited to – sale of substantial assets, encumber assets for an amount in excess of US$5million, furnish a guarantee to a third party, enter into a new line of business, make material changes to the nature of its business, issue any debt securities, change auditors or bankers, enter into insider related contracts in excess of US$1million, amend its articles.

p. all matters arising from or in connection with the Shareholders' Agreement and/or its annexures including, but without any limitation whatsoever, its interpretation, validity, existence or termination for any reason shall be determined in accordance with the laws of England and Wales.

The foregoing is not an exhaustive summary of the Shareholders Agreement and readers should not treat this summary as a substitute for legal advice concerning, inter alia, the implications, either for them or for other persons, of the Shareholders Agreement.

No representations whatsoever are made in this summary as to its completeness or accuracy and none of the Company, the MTN Shareholders or MTN Rwanda any of their groups' professional advisers accepts responsibility for any damage of whatever kind sustained in consequence of reliance on this summary.

Placing Agreement

The Company, the Selling Shareholder, Renaissance Capital, and the Company's directors entered into a Placing Agreement on 9 April 2014. Pursuant to the Placing Agreement

a. the Company has agreed, subject to certain conditions, to sell, at the Offer Price, the Offer Shares;

b. Renaissance Capital has agreed, subject to certain conditions, to procure purchases for the Offer Shares at the Offer Price;

c. the Offer Price was determined by negotiation between the Company and Renaissance Capital;

d. the obligations of Renaissance Capital to procure purchasers for, the Offer Shares on the terms of the Placing Agreement are subject to certain conditions that are customary for an agreement of this nature. These conditions include, amongst other things, MTN Group Limited (or such other of its affiliates as may be relevant) having waived any existing rights of pre-emption in respect of the transfer of the Offer Shares, passing of any requisite board and shareholder resolutions of the Company and Selling Shareholder to approve the Offering and all matters ancillary thereto; delivery of customary comfort packages, the absence of a material adverse change in relation to the Company, the Selling Shareholder and MTN Rwanda, and approval of various offering documents having been received;

e. Renaissance Capital may terminate the Placing Agreement on the basis of their assessment of the state of the financial markets and upon the occurrence of certain stated events, such as any breach of representation or warranty under the Placing Agreement or the application for Admission being refused;

f. The Selling Shareholder has agreed to pay or cause to be paid (together with any applicable VAT) all costs, charges, fees and expenses of or arising in connection with, or incidental to, the Offering;

g. The Company and the Selling Shareholder have given customary representations, warranties, undertakings and indemnities to Renaissance Capital;

h. The Directors have given certain representations, warranties, undertakings and indemnities to Renaissance Capital; and

i. the parties to the Placing Agreement have given certain covenants to each other regarding compliance with laws and regulations affecting the making of the Offering in relevant jurisdictions.

PART 14
Risk Factors

14. Risk Factors

Any investment in the Offering is speculative and subject to a high degree of risk. Prior to investing in the Transaction, prospective investors should consider carefully the factors and risks associated with any investment in the Shares, MTN Rwanda's business and the industry in which it operates, together with all other information contained in this Prospectus including, in particular, the risk factors described below. Following the occurrence of any such event, the value of the Offer Shares could decline and investors could lose all or part of their investment.

The following is not an exhaustive list or explanation of all risks that investors may face when investing in the Offering and should be used as guidance only. The factors listed under a single heading may not provide a comprehensive view of all risks relevant to the subject to which the heading relates. Additional risks and uncertainties relating to the Company that are not currently known to the Company, or that it currently deems immaterial, may also have an adverse effect on the Company's business, prospects, financial condition and the results of its operations. In particular, the Company's performance might be affected by changes in market and/or economic conditions and in legal, regulatory and tax requirements. If such changes were to occur, the value of the Offer Shares may decline and investors could lose all or part of their investment. Investors should consider carefully whether an investment in the Offering is suitable for them in the light of the information in this Prospectus and their personal circumstances and, if they are in any doubt, should consult with an independent financial adviser authorised in their jurisdiction who specialises in advising on the acquisition of shares.

The information contained in this Prospectus based on current legislation and tax practice, and any changes in legislation or in the levels and bases of, and reliefs from, taxation may affect the value of an investment in the Transaction

14.1. Risks relating to Crystal Telecom

Major risks relating to investing in a minority stake in MTN Rwanda

The Company holds a 20% equity interest in MTN Rwanda, with the other MTN Group Limited intermediary subsidiary companies (the "MTN Shareholders") holding the remaining 80% equity interest. The relationship between Crystal Telecom and the MTN Shareholders as regards MTN Rwanda is governed by the Shareholders' Agreement. The operation of a number of provisions of the Shareholders' Agreement may affect the Company's business, prospects, financial condition and the results of its operations. *See Section– Material Contracts - Shareholders Agreement*

The board of MTN Rwanda is always likely to be dominated by nominees of the MTN Group shareholders, given their corresponding ownership.

Furthermore, the Shareholders' Agreement provides that certain decisions affecting MTN Rwanda shall be decided by a 75% majority vote of the board of MTN Rwanda. These decisions include but are not limited to the following – to sell the whole or substantially the whole of its undertaking or the whole or the greater part of MTN Rwanda's assets; to sell, assign, transfer or in any way dispose of any of its material intangible assets such as but not limited to its name, trade-marks, patents or licences other than in the ordinary course of business; to make any material change to the nature of its business. See section – Material Contracts for a summary of the Shareholders Agreement

Accordingly, the MTN Shareholders have de facto control of MTN Rwanda and can take decisions affecting MTN Rwanda to the exclusion of Crystal Telecom as a minority shareholder, and there is no guarantee that the affairs of MTN Rwanda will be administered for the general benefit of the shareholders of MTN Rwanda and not for the sole benefit of the MTN Group subsidiaries.

Decisions made (or not made) by the board of MTN Rwanda, which Crystal Telecom does not and cannot directly control, are likely to have a material impact on the value of Crystal Telecom's stake in MTN Rwanda.

MTN Group Limited's 80% stake in MTN Rwanda and, as a controlling shareholder, means that MTN Group Limited has control over all decisions reserved for the general meeting of shareholders of the MTN Rwanda, such as those relating to electing members of the board of directors of MTN Rwanda, declaring dividends (if any) and amending the current charter of MTN Rwanda. The interests of MTN Group Limited may conflict with the interests of Crystal Telecom and its shareholders.

Crystal Telecom does not have the numbers to call a general meeting on its own as only a shareholder with 50% of the shareholding can call a meeting under the SHA. Therefore, Crystal Telecom's ability to influence the running of MTN Rwanda is limited.

Risks relating to a dependency on MTN Rwanda

The shares in MTN Rwanda are the principal assets of Crystal Telecom. Accordingly, the performance and value of the Company is significantly affected by and directly related to the performance and value of MTN Rwanda, which is in turn subject to the risks indicated below (See 15.3 – Risks Relating to MTN Rwanda's Business and Industry) The Company's business, prospects, financial condition and the results of its operations will be adversely affected if its investment in MTN Rwanda is impacted and/or the Rwandan telecommunications market has limited or stagnating growth or becomes depressed.

14.2. Country Specific Risks

Risks Relating to Investments in Frontier Markets

Investors in the securities of issuers in frontier markets such as Rwanda should be aware that these investments are generally subject to greater risk than investments in the securities of issuers from more developed countries and carry risks that are not typically associated with investing in more mature markets. These risks include, but are not limited to, higher volatility and more limited liquidity in respect of the Transaction, greater political risk, a narrow export base, budget deficits, lack of adequate infrastructure necessary to sustain economic growth and changes in the political and economic environment.

In addition, international investors' reactions to events occurring in one emerging market country or region sometimes appear to demonstrate a 'contagion' effect, in which an entire region or class of investment is disfavoured by such investors. If such a contagion effect occurs, Rwanda could be adversely affected by negative economic or financial developments in other emerging market countries.

Prospective investors should also note that frontier economies such as Rwanda's are subject to rapid change and that the information set out in this Prospectus may become outdated relatively quickly. Accordingly, prospective investors should exercise particular care in evaluating the risks involved and must decide for themselves whether, in light of those risks, their investment is appropriate. Generally, investment in emerging markets is suitable only for sophisticated investors who fully appreciate the significance of the risks involved. Prospective investors are urged to consult their own legal and financial advisors before making an investment decision.

Currency Risks

The Rwandan Franc has remained relatively stable against the US Dollar over the past 4 years, with the exchange rate depreciating by 3.6% in 2014 versus the US Dollar[66]. Although the BNR is committed to keeping the Rwandan Franc's exchange rate fundamentally market driven, there can be no certainty that the FRW will not depreciate against the US Dollar again, and such depreciation may adversely affect MTN Rwanda's business, the results of its operations or its financial condition.

Statistical Information

The Prospectus contains statistical and financial data from industry publications and other third-party sources. Although Crystal Telecom believes the information to be correct, they have not independently verified such data and therefore cannot guarantee that the data are complete or reliable. In addition, such data may also be produced on a different basis from that used in other countries.

Therefore, discussions of matters relating to Rwanda, different markets within the EAC, their respective economies and the telecommunications industry in the Prospectus are subject to the caveat that the statistical and other data on which such discussions are based may be incomplete or unreliable.

Developing Legal System

Rwanda is currently undergoing rapid development of its legal system, including a change of the legal system to one based more on common law, rapid enactment of various new laws and amendments of existing laws. This will also have an impact on the judicial system and the interpretation of the law, including the impact of case decisions. Recent changes in various relevant areas include, but are not restricted to:

- Contracts
- Trusts and trustees
- Jurisdiction of courts

[66] BNR monitoring policy and financial stability statement - February 2014

- Arbitration
- Capital Markets
- Companies
- Banking
- Licensing
- Mortgages
- Taxation

The investor should also be aware that investment in the Company's shares will take place in a legally dynamic environment. Some enactments of the law may not always be well synchronised or consistently implemented.

Economic and Political Environment

The Company's business is affected by general financial, economic and external events beyond the Company's control. Unfavourable economic and external conditions may negatively affect MTN Rwanda's, and hence, the Company's operations. In particular, demand for its products and services could decrease significantly as a result of such unfavourable conditions. The performance of Rwanda's economy is dependent to some extent on economic reforms, and if these reforms slow down or stop then this may adversely affect economic growth.

Rwanda will undergo a presidential election in 2017. The Rwanda constitution prevents current president, Paul Kagame, from seeking a third mandate. However, the constitution could be amended to allow President Kagame to contest the election, potentially triggering adverse reactions in the international community. The current president has no known successor yet.

Evolving Nature of the Rwandan Tax System

The taxation system in Rwanda evolved between 1997 and 2012, with six diverse phases of reform. First, institutional reforms and capacity building, which correspond to the period beginning with the establishment of the RRA in 1997 and the subsequent eight years. In 2005, the Law on Tax Procedures was enacted. It was amended in 2012, with a few modifications and complementary sections inserted. Second, the tax base was widened, with VAT introduced during this phase, in 2001. A new VAT law was enacted in 2012 to replace the law of 2001. Third, the tax regime and tax administration were streamlined, by broadening the RRA's mandate to cover non-tax revenue and rationalising income-tax rates, in 2003 and 2005, respectively. Fourth, the tax system was aligned to develop policy priorities by the introduction of a new income-tax code, in 2005. This income-tax code was modified and complemented by an amendment of 2012. Fifth, the compliance enforcement regime was strengthened, with the enactment of Law No. 25/2005, which caters for tax audits, appeals and penalties for evasion, and introduced penalties for taxpayers that fail to comply with the provisions for consumption tax as of 2006. Sixth, as of 2009 and 2010 attempts were made to harmonise the tax regime and administration with those of the EAC.

Complementary to these laws, the tax law regime also consists of Ministerial Orders as well as Commissioner General rules, which are basically procedural statutory instruments for the implementation of the laws. During the course of the reform process, the RRA has gained a reputation as one of the most pragmatic and efficient tax authorities in the region. It has spearheaded Rwanda's tax reform, which has been characterised by constant changes in tax law, including but not limited to changes in tax rates, tax incidences, tax types, procedures and tax incentives. There are tentative plans to amend the current law on Direct Tax on Income. However, it is not yet clear how the amendments will affect the current tax regime.

There remains a commercial risk that current tax rates, tax categories and tax incentives may change in a manner that may affect the Company and its income or obligations, thereby affecting investments in the Company (including dividend), as the Rwandan tax system continue to evolve. Differing opinions regarding the legal interpretation of tax laws often exist both among and within governmental ministries and authorities, including the tax administration, creating uncertainty and areas of conflict for taxpayers and investors. This degree of uncertainty may make tax planning increasingly complicated for the Company and MTN Rwanda. Differing interpretations of tax regulations by the tax authorities combined with high penalties for non-compliance and a risk of intervention by government or administrative authorities may result in tax risks for the Company, its shareholders and/or MTN Rwanda being significantly higher than they would be in countries with more stable tax systems, and could potentially have adverse effects on the financial performance of the Company and/or MTN Rwanda.
Investors are advised to take tax advice in this regard.

14.3. Risks relating to MTN Rwanda's Business and Industry

If MTN Rwanda fails to attract and retain qualified and experienced employees, its business may be impacted

If MTN Rwanda is unable to attract experienced, capable and reliable personnel, especially senior and middle management with appropriate professional qualifications, or if it fails to recruit skilled professional and technical staff at a pace consistent with its growth, its business, financial condition, results of operations and prospects may be materially adversely affected. Experienced and capable personnel in the telecommunications industry remain in high demand and there is continuous competition for their talents. MTN Rwanda may not be able to successfully recruit, train or retain the necessary qualified personnel in future. The loss of some members of its senior management team or any significant number of its mid-level managers and skilled professionals may, particularly with regards to digital content and advertising, result in a loss of organisational focus, poor execution of operations and corporate strategy or an inability to identify and execute potential strategic initiatives such as expansion of capacity or acquisitions and investments. These adverse consequences could, individually or in aggregate, have a material adverse effect on MTN Rwanda's business, financial condition, results of operations and prospects.

MTN Rwanda faces significant competition, which may result in further reductions in tariffs and a loss of market share.

Although MTN Rwanda is currently the leading wireless network operator in terms of active mobile subscriber market share, it faces competition from two other mobile operators, namely Tigo Rwanda Ltd (owned and operated by Millicom), and Airtel Rwanda Ltd. MTN Rwanda is likely to continue to face growing competition from other data carrier network operators and ISPs in terms of broadband transactions. In the fixed-line segment, MTN Rwanda is likely to continue facing competition from Liquid Telecom.

As of December 2014, MTN Rwanda had an active subscriber market share of approximately 49%, with Tigo (Millicom) and Airtel's shares at 36% and 15%, respectively. Since its entry into the Rwandan mobile telecommunications market, Airtel has actively engaged in price competition with MTN Rwanda and other telecommunications service providers. Airtel has launched an aggressive pricing campaign and captured a portion of MTN Rwanda's and other mobile operators' subscribers. In order to retain subscribers, MTN Rwanda has reduced its prices, which has affected its profitability. There can be no guarantee that MTN Rwanda will be successful in maintaining a sizeable market share and its profitability may continue to be affected. MTN Rwanda may experience pressure on its tariffs if other operators continue to reduce their tariffs to gain market share. In addition, MTN Rwanda may experience pressure on its tariffs as a result of actions taken by the regulatory authorities with a view to promoting competition.

Increasing competition in the Rwandan mobile telecommunications market, whether as a result of the actions of other operators or changes in the regulatory regime, may result in pressure on MTN Rwanda's tariffs, increased churn and loss of market share, any of which could have a material adverse effect on MTN Rwanda's business, financial condition and the results of its operations.

Rwanda has a relatively under-penetrated mobile telecommunications sector, with penetration standing at 70% as of December 2014. This current low penetration level could translate into subscriber growth for all operators, including MTN Rwanda. As MTN Rwanda continues to attract new subscribers who previously did not subscribe to mobile telecommunications services, it must take into account that their spending power may be lower than that of existing customers, thus reducing ARPU.
Mobile telecommunications operators compete for customers principally on the basis of services offered, price, marketing skills, quality, reliability and coverage area. As market saturation approaches, the focus of competition will likely shift from customer acquisition to customer retention. Accordingly, if MTN Rwanda is unable to offer higher quality of service and better value to its customers, its market share and revenue may not increase to the extent it targets in its growth plans.

If MTN Group Limited is unable to maintain its favourable brand image, MTN Rwanda may lose its ability to attract new subscribers and retain existing subscribers, leading to loss of market share and revenue.

MTN Rwanda's ability to attract new subscribers and retain existing subscribers depends, in part, on its ability to maintain its favourable brand image. Negative information or rumours regarding MTN Rwanda or any of its services, even if unsubstantiated, could harm the brand image, which could lead to a loss of market share. This loss of market share could negatively affect MTN Rwanda's revenue. Finally, MTN Rwanda's marketing efforts might prove

unsuccessful or its competitors could improve their branding to the point where their brand images are more favourable or well-known than MTN Rwanda's, also potentially reducing MTN Rwanda's market share.
Any failure to comply with laws on the protection of subscribers' personal data, as well as security breaches of MTN Rwanda's subscriber database, could result in adverse publicity, as well as civil and criminal proceedings, which could negatively affect MTN Rwanda's business.

If MTN Rwanda fails to develop and introduce new products and services on a timely basis, it could lose subscribers, fail to attract new subscribers, fail to increase or maintain ARPU or incur substantial costs in order to maintain or expand its subscriber base.

The mobile telecommunications market is characterised by the frequent development of product transactions and advances in network and handset technologies. MTN Rwanda believes that a significant portion of its future growth in revenue may come from data services. MTN Rwanda may not be able to offer new products or services, and, even if it does offer them, they might not be successful. In addition, competitors may introduce such products or services before MTN Rwanda does, or competitors' products or services may be perceived by subscribers to be superior. In these circumstances, MTN Rwanda could experience higher-than-expected churn, fail to attract new subscribers, fail to increase or maintain ARPU, or incur substantial subscriber acquisition and retention costs in order to maintain or expand its subscriber base, any of which could have a material adverse effect on its business, financial condition and the results of its operations.

MTN Rwanda's historical operating results and growth should not be relied on as an indication of future performance.

MTN Rwanda's operating results may fluctuate in the future due to a number of factors, many of which may be out of its control. MTN Rwanda has seen an increase in competition in the telecommunications market following the entry of Tigo Rwanda and Airtel Rwanda.

Accordingly, MTN Rwanda's past performance (revenue, profit margins, costs, subscribers, tariff levels, usage characteristics or otherwise) should not be relied on as an indication of future performance or growth, especially as competition intensifies and market saturation becomes a reality.

MTN Rwanda depends on its licences and radio frequency permits for the operation of its business, and if any of these licences or permits were suspended or revoked, its business, financial condition and the results of its operations could be materially adversely affected.

Under the Telecoms Law, RURA is authorised to revoke MTN Rwanda's licences if it concludes that MTN Rwanda is in breach of the licence terms. RURA may also alter the terms of the licence as it deems fit. For instance, in April 2008, RURA reduced MTN Rwanda's GSM spectrum allocation by 50%. This adversely affected MTN Rwanda's operations.

Should MTN Rwanda be declared a "dominant" player under current laws, it could be subject to tariff regulation, which may limit its flexibility in pricing and could result in a reduction in its revenue and net profit.

RURA is empowered under the Telecoms Law to impose tariff control schemes for dominant players in the telecommunications sector. Given the fact that MTN Rwanda is a leading player in the market, there is a risk that RURA may regulate MTN Rwanda's tariffs, should MTN Rwanda be declared "dominant". This could limit its flexibility in pricing and could result in a reduction in its revenue and net profit.
There is a risk that the macroeconomic environment may reduce MTN Rwanda's customers' purchasing power. Situations of tight credit and high inflation could negatively affect business sales and volumes.
There is also a red-tape risk of an uneven playing-ground, through arbitrary interpretation and enforcement of rules and regulations governing MTN Rwanda's business, which may affect its cost of doing business.

MTN Rwanda depends on the reliability of MTN Rwanda's networks, and damage to these networks or a system failure could result in a loss of subscribers, reduced revenue or unexpected capital expenditure and operating expenses.

MTN Rwanda is able to provide services only to the extent that it can protect its networks and systems against damage from events such as telecommunications failures, power failures, natural disasters, security breaches or terrorist attacks. Any disruption to operations as a result of any of the abovementioned factors could have a material adverse effect on MTN Rwanda's business, financial condition and the results of its operations.

MTN Rwanda may be adversely affected by significant technological and other changes in the mobile communications industry.

The mobile telecommunications market is known for rapid and significant technological change. MTN Rwanda's technologies, including its 3G and 3.5G mobile systems, may be overtaken rapidly, requiring it to invest in alternative technologies to remain competitive. As the global and regional mobile telecommunications market develops new technologies, equipment may need to be replaced or upgraded or a mobile telecommunications network may need to be rebuilt in whole or in part – at a potentially substantial cost – for MTN Rwanda to remain competitive.
MTN Rwanda cannot guarantee that unforeseen technological developments will not render its services unpopular with customers or obsolete. This is largely dependent on MTN Rwanda's ability to identify and deploy the most promising new technologies quickly, as well as its ability to retire obsolete technologies. Some of the most important challenges in this aspect are the needs to:

- effectively integrate new and leading technologies;
- constantly develop technical expertise;
- exert influence on emerging industry standards; and
- respond to other technological changes.

In the scenario that MTN Rwanda's equipment or systems become obsolete, MTN Rwanda may be required to recognise an impairment charge on such assets, which may have a material adverse effect on the results of its operations. To the extent that MTN Rwanda fails to continue to expand or improve its network in a timely manner, it could experience difficulty in expanding or meeting the needs of its subscriber base.

MTN Rwanda's business may be adversely affected by the introduction of Mobile Number Portability (MNP) in Rwanda

Currently, number portability does not exist in Rwanda. RURA is required by law to annually examine the viability of implementing MNP as a measure to reduce barriers to entry for new operators, and to file a report with the Ministry of Youth and ICT. In 2011, MNP came close to being implemented before RURA placed it on hold, stating that time needed to be allowed for existing mobile operators to consolidate their market position.

Possible impacts to MTN Rwanda's business include, but are not limited to a decrease in tariffs as a result of enhanced competition and the choice of keeping a single-SIM phone rather than a dual-SIM phone which is more expensive.

MTN Rwanda may incur significant costs from fraud, which could negatively affect its operating results.

MTN Rwanda may incur costs and revenue losses associated with the unauthorised use of its networks, including administrative and capital costs associated with unpaid use as well as with detecting, monitoring and reducing incidences of fraud. Fraud also affects interconnect costs, capacity costs, administrative costs and payments to other carriers for unbillable fraudulent roaming charges.
MTN Rwanda faces threats from alternative messaging services and platforms, including those offered by WhatsApp, and Viber.

The increased use of text messaging applications such as WhatsApp and Viber represent a threat to mobile telecommunication operators, in relation to potential declines in revenue derived from SMS's. This threat is present across global telecommunication operators. Notably however, the use of these messaging applications requires data connectivity and the use of advanced handsets, both of which remain at early stage progression in Rwanda, relative the global standards.

The majority of MTN Rwanda's customers receive services from it on a prepaid basis and therefore MTN Rwanda is exposed to a higher risk of customer churn.

Prepaid customers, who pay for services in advance through the purchase of wireless airtime, represented approximately 99% of MTN Rwanda's subscribers as of September 2014. Prepaid subscribers who are retail customers do not sign service contracts, which make the customer base susceptible to the risk that customers might switch to other wireless service providers. Termination of usage of MTN Rwanda's services by subscribers is referred to as churn, although it can be difficult to determine actual churn rates, as they can be artificially inflated when there is a lag between existing customers using one SIM card and replacing it with another SIM card. Depending on the extent to which MTN Rwanda's competitors offer incentives to existing MTN Rwanda subscribers to switch wireless service providers, the risk of churn could increase. MTN Rwanda's inability to retain existing prepaid customers and manage churn levels could have a material adverse effect on its business and the results of its operations.

MTN Rwanda is dependent on interconnection agreements, transmission, leased lines and properties, roaming arrangements and international connectivity.

MTN Rwanda has interconnection agreements with other telecommunications providers, such as Tigo Rwanda Ltd and Airtel Rwanda Ltd. These agreements permit the customers of MTN Rwanda to make calls to and receive calls from the other providers. MTN Rwanda's failure to enter into or maintain acceptable interconnection agreements with other wireless service providers could prevent its subscribers from calling the subscribers of other wireless service providers in a particular market, which may restrict the growth of the wireless services in any such market, with a material adverse effect on MTN Rwanda's business and the results of its operations.

A reduction in interconnection fees could materially affect MTN Rwanda's business.

In addition, any failure or delay in securing renewed interconnection agreements on favourable terms could adversely affect MTN Rwanda's business, operating results and financial condition.

MTN Rwanda's cash flows may be adversely affected to the extent it does not receive timely payments under interconnection agreements.

MTN Rwanda's financial results are affected by the cost of transmission and leased lines to effect interconnection. There can be no guarantee that MTN Rwanda will be able to maintain interconnect or leased line agreements on appropriate terms to maintain or grow its business.

Roaming is an important feature to many of MTN Rwanda's subscribers. Subscribers can only access another telecommunication provider's wireless network if that other provider allows them to roam on its network. MTN Rwanda relies on agreements with other wireless providers to provide roaming capabilities for its customers. Some of MTN Rwanda's competitors may be able to obtain lower roaming rates or more favourable roaming arrangements because of their affiliation with, or ownership by, other wireless service providers. Any perceived or actual differences in the quality of service, extent of roaming capability or cost of roaming compared with MTN Rwanda's competitors may result in a loss of subscribers, which could have a material adverse effect on MTN Rwanda's business and the results of its operations.

MTN Rwanda is also dependent on roaming agreements with other telecommunications service providers as a source of revenue when the other providers' subscribers roam on MTN Rwanda's network. If these telecommunications service providers were to terminate or fail to renew agreements, MTN Rwanda's roaming revenue would decrease, which could affect its profitability.

Alleged health and environmental rules of mobile telecommunications may impact MTN Rwanda's business

Alleged health and environmental risks associated with mobile telecommunications could lead to decreased use of services and products and increased difficulty in obtaining sites for base stations, as well as potential liability.

Media reports have suggested that radio frequency emissions from wireless mobile devices and base stations may raise various health concerns, including cancer, and may interfere with various electronic medical devices (e.g. hearing aids and pacemakers) and the operation of certain electronic equipment (e.g. automobile braking and steering systems). In the UK and other jurisdictions, research on perceived adverse health effects is in progress and, although no report has conclusively shown the use of mobile telephony to be harmful, MTN Rwanda cannot guarantee that further medical research will not establish credible links between radio frequency emissions from mobile handsets and/or base stations and health concerns. Whether or not such research concludes there is such a link, popular concerns about radio frequency emissions may discourage the use of wireless mobile devices and may result in significant restrictions on both the location and operation of cell sites, either or both of which could have a material adverse effect on MTN Rwanda's growth rates, customer base and ARPU. In addition, MTN Rwanda may be exposed to property depreciation claims, increased regulatory costs and/or health-related claims. An adverse outcome to, or settlement of, any litigation against MTN Rwanda or any other provider of wireless services could have a material adverse effect on the MTN Rwanda's financial condition, prospects or the results of its operations.

The sale of MTN Rwanda's towers represents a material transaction for the business going forward.

Low market penetration and decreasing profit margins for telecommunications operators in emerging markets have made tower sharing an attractive proposition to improve margins and reduce capital expenditure. Tower sharing does however lower barriers to entry for new entrants and allows a number of competitor operators to expand their network without the associated high rollout costs.

MTN Rwanda is exposed to, and currently is (or may become) engaged in, a variety of legal and/or regulatory proceedings.

Currently MTN Rwanda has two tax cases against the Rwanda Revenue Authority pending in the courts.
In December 2012, the Rwanda Revenue Authority ("RRA") completed a routine tax audit of MTN Rwanda that resulted in a tax assessment of FRW 8.9 billion (principal tax and penalties, excluding interest) covering VAT, PAYE and withholding tax categories. Following the unsuccessful appeal with the Commissioner General, MTN Rwanda initiated a litigation process in Rwanda's Commercial Court, which claim was in three parts, namely:

- MTN Rwanda should not be required to pay VAT and Excise Duty on promotional bonus airtime (FRW 2,966,890,644).
- That RRA should be required to refund reverse VAT on management services fees previously paid by MTN Rwanda (FRW 1,518,277,181).
- That MTN Rwanda should not be required to pay withholding tax on international traffic costs payments as this is not provided for by the law (FRW 4,196,817,996).

MTN Rwanda won the case at the primary level however, RRA appealed in the High Commercial Court. It was heard on 5th May, 2015. Upon request by MTN Rwanda and RRA, the Court adjourned the matter to July 28th, 2015 so that the parties could attempt to reach an out of court settlement. The second case involves a dispute over excise duties amounting to FRW 551,936,618 charged by RRA on roaming services, mobile money service and free air-time bonus, where MTN Rwanda is the claimant. The matter was heard on 11 May 2015. Upon request by MTN Rwanda and RRA, the Court adjourned the matter to July 28th, 2015 so that the parties could attempt to reach an out of court settlement

MTN Rwanda may consider mergers, acquisitions or strategic investments, which may subject it to integration and other risks.

Historically, MTN Rwanda has grown its business organically. However, subject to its existing and future contractual obligations, it may consider mergers, acquisitions or strategic investments to obtain increased market share or access to new technology. Risks MTN Rwanda may encounter include:

- Negotiation of potential acquisitions could cause it to incur significant costs.
- Potential acquisitions may not contribute to MTN Rwanda's business strategy.
- Such acquired assets or operations may not result in sales or profits that justify the investments made in their acquisition.
- MTN Rwanda may have difficulty assimilating the acquired technologies or products into its existing products and services.
- MTN Rwanda's relationship with current and new employees, customers and distributors could be impaired.
- MTN Rwanda's due diligence process may fail to identify technical problems, such as issues with the acquired company's product quality or product structure.
- MTN Rwanda may face contingencies related to product liability, intellectual property, financial disclosures and accounting practices or internal controls.
- Potential acquisitions may result in litigation from terminated employees or third parties.

- Potential acquisitions may divert its management's attention from MTN Rwanda's existing operations.
- MTN Rwanda may be unable to obtain timely authorisation from governmental authorities in order for it to complete such potential acquisitions.

These factors could have a material adverse effect on MTN Rwanda's business, financial condition, the results of its operations or its cash flows, particularly in the event of the acquisition of a larger company or a high number of acquisitions. To the extent that MTN Rwanda issues shares in connection with future acquisitions, existing shareholders may be diluted and earnings per share may decrease.

MTN Rwanda may not pay dividends in future.

Dividend payments are not guaranteed and are dependent on MTN Rwanda's dividend policy. MTN Rwanda's board of directors may decide, in its absolute discretion at any time and for any reason, not to pay dividends or to pay dividends in a lower amount than expected. The dividends paid by MTN Rwanda should not be taken as an indication of future payments.

14.4. Risks Relating to Regulatory Matters

MTN Rwanda depends on its licences for the operation of its business, and if any of these licences were suspended or revoked, its business, financial condition and the results of its operations could be materially adversely affected.

MTN Rwanda holds a GSM licence and an SNO licence for the operation of its business. These licences were granted in 1 July 2008 and 30 June 2006, and last for periods of 13 and 15 years, respectively.
MTN also holds a payment service provider license for its mobile money business. This license was issued on 21st January, 2015 and it shall expire on January 31st 2016. It is required to be renewed each year.
In addition, the capacity of MTN Rwanda's network is limited by the amount of frequency spectrum allocated to it. MTN Rwanda may require additional frequencies to accommodate future subscriber growth. Notably, In June 2013,[67] the Government initiated a Public-Private Partnership with Korea Telecom to build a national 4G/LTE network . This joint-venture is known as Olleh Rwanda Networks, and is the only 4G LTE company in Rwanda, and provides wholesale access to a universal mobile broadband network in Rwanda using 4G LTE technology. The first commercial phase of the 4G high-speed systems was launched on 11 November 2014. MTN Rwanda is able to access this 4G/LTEwholesale market. Olleh Rwanda Networks has an exclusive 25 year licence for 4G technology and beyond, and thus MTN Rwanda may not be in a position to invest in new technology beyond the current 3G technology, unless changes are made to the Olleh Rwanda Networks current licence. MTN Rwanda is able to access the 4G technology only through the Olleh Rwanda Networks network.

There can however, be no assurance that MTN Rwanda will be able to obtain the additional frequency spectrum it requires, or that its competitors will not obtain more favourable allocations of frequency spectrum, which could enable them to offer services that MTN Rwanda is not able to offer. If MTN Rwanda is unable to obtain or maintain the frequency spectrum necessary for the services it wishes to offer, including frequency spectrum necessary for 4G/LTE technology, to the extent it plans to offer these services, its business, financial condition and the results of its operations could be materially adversely affected.

Future changes in the regulation of the mobile telecommunications market in Rwanda could have a material adverse effect on MTN Rwanda's business, financial condition and the results of its operations.

RURA may seek in the future to implement regulatory initiatives to foster competition. RURA may also introduce other regulatory initiatives that could have a material adverse effect on MTN Rwanda's operations, including, but not limited to, regulations that:

- Allow for MNP.
- Impose additional restrictions on or otherwise limit frequency allocation.
- Impose new health and safety requirements.
- Impose additional restrictions on the construction and operation of cell towers.
- Impose restrictions on the provision of content services.
- Limit or otherwise interfere with the services or products that MTN Rwanda may sell.
- Set higher service standards.

Under the current Telecommunications Law, RURA is required to annually examine the viability of implementing

[67] Olleh Rwanda Networks Website

MNP as a measure to reduce barriers to entry for new operators, and to file a report with the Ministry of Youth and ICT. Based on RURA's recommendation, a new law permitting MNP could be passed. If MNP is introduced, MTN Rwanda's subscribers would be able to change to another network operator without having to change their telephone numbers, and this could adversely affect MTN Rwanda's subscriber base.
The introduction of these or other regulatory initiatives could cause MTN Rwanda to lose market share or could increase the cost of conducting its business, which could have a material adverse effect on its business, financial condition and the results of its operations.

Some of MTN Rwanda's services may become subject to new statutory financial regulations.

Some of MTN Rwanda's innovative products could be subject to new financial regulations. For example, the potential exists for review and reform of the regulatory framework in the area of mobile money transfers. "Mobile Money" is a potentially fast-growing electronic money transfer service that could come under such a framework – which may involve restrictions and reporting and other compliance requirements that may impede or otherwise affect the growth or scope of the service. The implementation of such reforms may affect service delivery or growth, or necessitate financial and/or operational overheads that could ultimately affect profitability.

14.5. Risks relating to the Shares

Rwanda has a less developed securities market than developed countries and there may be limited or no liquidity with respect to the Company's shares.

Rwanda's securities market continues to be relatively undeveloped. There may be limited liquidity with respect to the Company's shares. The trading market for shares in Rwanda, the RSE is currently relatively small in terms of the number of issuers listed, the market capitalisation of these issuers and the number of participants in the market, which could lead to illiquidity of securities listed on the RSE (including the Company's shares). Furthermore, if there is a trading interruption on the RSE, this could have a negative effect on the price of the Company's shares

There has been no prior public market for the Shares of the Company.

To date, there has been no public market for the Shares. Investors should not view the initial Offer Price as any indication of the price that will prevail in the trading market. Due to the absence of a prior market, the Offer Price may not accurately reflect the price of the Shares following the Offering. There can be no assurance that a liquid market in the Shares will develop or be maintained. If a market for the Shares does not develop, the price of the Shares and the ability to sell the Shares could be adversely affected.

The price of the Shares may be volatile, which could have an adverse impact on holders of the Shares.

The price of Shares may be volatile and may be affected by factors such as: fluctuations in the operating results of the Company or its competitors from one period to another; announcements by the Company or its competitors regarding the launch of new products, offers or technologies; announcements regarding changes in the Company's management team or key personnel or in its shareholding structure; changes in financial estimates by securities analysts; changes in the regulatory environment; and announcements regarding acquisitions or divestitures. Furthermore, the financial markets have experienced significant price fluctuations in recent years, often unrelated to the underlying performance of listed companies. Such market fluctuations as well as general economic conditions may affect the price of the Shares.

The price of the Shares may be adversely affected by negative publicity regarding MTN Rwanda or the MTN Group Limited.

There can be no assurance that negative publicity relating to MTN Rwanda or MTN Group Limited may not adversely affect the price of the Shares, regardless of the inaccuracy of, or lack of grounds for, any such negative publicity and the absence of any relationship between such negative publicity and the Company itself.

As the Company's shares are quoted in Rwanda on the RSE, investors may be subject to potential losses arising out of exchange rate risk on the Rwandan Franc and risks associated with the conversion of Rwandan Franc proceeds into foreign currency.

Investors are subject to currency fluctuation risk and convertibility risk since the Company's shares are quoted in Rwanda on the RSE. Dividends on the Company's shares will also be paid in Rwandan Franc. Any devaluation or depreciation in the Rwandan Franc resulting in a decreased value of the Company's shares or a decreased value of dividend payments could have an adverse effect on investors wishing to convert proceeds from dividends or sale of shares into an alternative currency. There can be no assurance that such devaluation or depreciation will not occur in the future.

Settlement of the Offer Shares may take longer than expected.

Applications for Offer Shares will be processed on a manual and semi-automated basis and this process may take longer than expected due to high subscription rates, limited order processing capacity, mechanical breakdown, delays in opening brokerage accounts, delays in opening CSD accounts and/or clerical error in relation to the foregoing. Accordingly, while the Commencement of trading is expected to be on the 17 July 2015, there is a risk of unforeseen delays during the Offer period and up to the Commencement of trading.

APPENDICES

15. Appendix 1: Procedures and Terms and Conditions of Application and Allotment

15.1. Timetable

1. The Offer will open at 9am on Monday 21 May 2015 and will close at 05:00pm on Friday 5 June 2015.
2. Applications and proof of payment must be received by any one of the ASA's listed in Appendix 12 not later than 5:00pm on Friday 5 June 2015. The Crystal Telecom Board of Directors reserves the right to extend the closing date of the Offer, subject to the approval of the CMA and the RSE.
3. Persons wishing to apply for shares in Crystal Telecom must complete the appropriate Application Form accompanying this Prospectus together with the applicable CSD Securities Account Opening Form where necessary and return it to one of the ASAs.
4. Under the Offer, Crystal Telecom is offering for sale 270,177,320 Offer Shares, representing 100% of the current issued capital of the Company.
5. Application has been made to list all the Shares on the RSE and no application is being made to list the shares on any other stock exchange.
6. Copies of this Prospectus, with the accompanying Application Forms and CSD account opening forms may be collected during normal working hours (except Sundays and public holidays) until 5:00pm between 21 May 2015 and 5 June 2015 from the Authorized Selling Agents listed in Appendix 12 of this Prospectus.

15.2. Application procedures

1. A CSD Account is mandatory. To open a CSD Account please contact an authorised selling agent (ASA). CSD accounts do not need to be opened for those investors (both Retail and Institutional) who have already opened a CSD account, prior to this Offer.
2. Persons wishing to apply for Offer Shares in Crystal Telecom must complete the appropriate Application Form and CSD Form where necessary. Such forms must be completed in accordance with the provisions contained in this Prospectus and the instructions set out on the Application Form and physically returned to one of the ASA's listed in Appendix 12 of this Prospectus.
3. Applications may be made only on the relevant Application Form, a sample copy of which is attached to the Prospectus (whether or not printed as a separate document). Investors applying from outside Rwanda are permitted to submit scanned share application forms once complete to any of the ASAs listed in Appendix 12 of the Prospectus. For the Retail Pool only, each Application Form must be accompanied

BANK	Account No.
Bank of Kigali	CTL IPO SHARE APPLICATION ACCOUNT No. 00040-0672372-01

4. Applications may be made only on the relevant Application Form, a specimen of which is attached to this Prospectus (printed as a separate document). For the Retail Pool only, each Application Form must be accompanied by proof of payment. Payment in the prescribed form should be made in favour of:
5. The completed Application Form, together with the necessary proof of payment (cash or EFT payment only applicable to retail investors) should be submitted to any of the ASAs by 5:00pm on Friday 5 June 2015.
6. The ASAs will present all payments in the prescribed forms together with the duly completed application forms to the Receiving Banker, Bank of Kigali, for deposit on behalf of Crystal Telecom not later than 5:00pm on Monday 8 June 2015
7. The minimum number of Shares that may be applied for is 1,000. Thereafter application for Shares must be made in whole numbers multiples of 1,000 Shares.
8. Save in the case of negligence or willful default on the part of the Issuer, their Advisors or any of the ASAs, neither the Issuer, nor any of the Advisors nor any of the ASAs shall be under any liability whatsoever should an Application Form, "CSD Form-Individual", and "CSD Form- Institutional" pledge form not be received by the Closing Date.
9. Joint applications may only be made by individuals (not corporations).
10. Receipt of funds transferred shall not amount to the acceptance of any application
11. All alterations on the Application Form, other than the deletion of alternatives, must be authenticated by the full signature of the Applicant or an ASA.

12. Crystal Telecom will not be directly receiving any applications or payments. No receipts will be issued by Crystal Telecom for applications and/or remittances.
13. Applications sent by facsimile or by any means other than the methods stipulated in this Prospectus will not be accepted.
14. Applications once given are irrevocable and may not be withdrawn once submitted.
15. By signing an Application Form, each Applicant:

    a. agrees that having had the opportunity to read this Prospectus, it shall be deemed to have had notice of all information and representations concerning the Company contained herein;
    b. confirms that in making such application it is not relying on any information or representation in relation to the Company other than those contained in this Prospectus and it accordingly agrees that no person responsible solely or jointly for this Prospectus or any part thereof shall have any liability for such other information or representation; and
    c. in the case of applications from legal entities, authorises a director of such company to sign on behalf of the Applicant for any shares applied for.

16. A prospective retail investor wishing to apply for the Offer Shares must duly complete and sign the accompanying Application Form and return the same in its entirety accompanied by payment by way of Electronic Funds Transfer (EFT) or cash so that it is received by Authorised Selling Agent or Receiving Bank by the Closing Date.
17. Domestic, regional and international Qualified Institutional Investors collectively referred to as QIIs Qualified will receive provisional allotment letters 4 days after close of the offer period. The QIIs will be required to confirm intention to make payments and subsequently make payments through EFT, not more than 7 days after the Closing Date.
18. Domestic, regional and international Qualified Institutional Investors collectively referred to as QIIs Qualified will receive provisional allotment letters 2 working days after close of the offer period. The QIIs will be required to confirm intention to make payments and subsequently make payments through EFT, not more than 7 working days after the Closing Date
19. The ASAs and the Receiving Banks are entitled to ask for sufficient identification to verify that the person(s) making the application has authority or capacity to duly complete and sign the Application Form. The ASAs are therefore expected to undertake all Know Your Client procedures and activities on nominee accounts as required by law. The Lead Transaction Advisors and Crystal Telecom have the right to demand and be provided with the details of the nominee accounts held by the ASAs to ascertain the eligibility of the Applicant. In default, Crystal Telecom may at its sole discretion treat such an application as invalid.
20. Applicants are strongly advised to seek professional advice from either their stock broker or banker before securing any form of loan to participate in this Offer for Sale.
21. All bank charges incurred in submitting an Application Form, together with requisite funds, are for the account of the Applicant.
22. Companies and/or corporate investors, must state the citizenship of the beneficial shareholders and the total percentage of shareholding attributable to citizens of each country.
23. Every Applicant is required to tick the appropriate box on the Application Form as regards his/her residency and or citizenship status, where applicable.
24. In accordance with the Law, all Applicants will receive allocated Offer Shares in immobilized form by way of crediting their CSD Accounts with the allocated number of Offer Shares. All Applicants will have to open up CSD accounts when applying for the Offer shares where necessary.
25. By signing an Application Form, an Applicant agrees to the transfer of such number of Offer Shares (not exceeding the number applied for) as shall be transferred to the Applicant upon the Terms and Conditions of this Prospectus and subject to the Company's Articles of Association, and agrees that the Company may enter the Applicant s name in the register of members of the Company as holder of such Offer Shares.
26. So long as the Offer Shares are listed on the RSE, no stamp, registration or similar duties or taxes will be payable in Rwanda in connection with the transfer of the shares in accordance with current legislation. If an Applicant is tax exempt, they will be required to provide a certified copy of the Tax Exemption Certificate.
27. No interest will be paid on monies received in respect of applications for Offer Shares, nor will interest be paid on any amounts refunded or indeed deposited at the time of application.
28. Commission at the specified rate of 1.5% and 1.0% of the Offer price will be paid to ASAs that are members of the RSE and commercial banks licensed by BNR, respectively, on all allocations made to Application Forms received in respect of the Offer which bears the stamp of the ASA or Receiving Bank (as applicable). No commission will be paid on Application Forms which bear more than one stamp.

29. In the event of a discrepancy between the number of shares applied for and the value thereof, the Lead Transaction Advisor and Crystal Ventures may, in their discretion, adjust the number of shares to correspond with the value received for their application.

15.3. CSD account

30. All Applicants will receive allocated Offer Shares in electronic (i.e. immobilized) form by way of crediting their CSD Accounts with the allocated number of Offer Shares.

CSD Account Opening Procedures during the Offer Period

a. The Applicants will submit duly completed and signed CSD Account Opening Form together with a copy of his/its identification document to the ASA. In addition, the Applicant, if an individual, will be required to submit to the ASA one recent colour passport size photograph of himself/herself. Where the Applicant is a corporate body, association or other entity the passport size photographs required will be of all the signatories or directors or officers authorized to give any instructions on the account. The photograph should at no time be more than 5 years old.
b. For corporate bodies, additional documentation is required by CSD for account opening. Where in doubt, please consult one of the ASAs. These additional documents are:
    i. Company registration certificate
    ii. Memorandum of Association
    iii. Board resolution approving the opening of the CSD account and naming at least 2 signatories to the CSD account
    iv. Identification documents of the authorised signatories and their passport size photographs
    v. Specimen signatures of the authorised signatories
a. The ASA shall ensure full disclosure of Applicant's relevant information; verify the accuracy thereof and client's signature.
b. The ASA , if a Participant as defined by regulation n° 08/2010 of 27/12/2010 of the National Bank of Rwanda, will enter its CSD identification code (where the ASA is a member of RSE), on the form (in the space provided) and will return to the client a copy of CSD Account Opening Form, duly signed
c. The ASA shall ensure full disclosure of Applicant's relevant information; verify the accuracy thereof and client's signature.
d. The ASA , if a Participant as defined by regulation n° 08/2010 of 27/12/2010 of the National Bank of Rwanda, will enter its CSD identification code (where the ASA is a member of RSE), on the form (in the space provided) and will return to the client a copy of CSD Account Opening Form, duly signed
e. The ASA will be responsible for submitting all CSD account opening documentation relating to new CSD applicants to the Central Securities Depository for creation for CSD accounts.
f. The ASA will ensure duly completed and signed application forms accompanied by copies of CSD forms (for new CSD applicants) are submitted to the Receiving Bank.
g. The Receiving bank(s) will ensure conformity of the above before accepting any application for processing.
h. The Receiving bank will capture all the Applicant's data and submit an electronic file to CSD accompanied by the Application Forms, copy of the CSD account opening forms for new CSD applicants and any other attachments as neccessary
i. The CSD shall enter the data obtained from the CSD Account Opening Form submitted by the ASAs into the CSD system.
j. The CSD system will generate a CSD number for all new CSD applicants.
k. Where the ASA is a Participant and a member of RSE, it must ensure it retains copies of identification documents to assist it identify its clients. ASAs must also ensure the safe custody of specimen signatures and the passport size photographs of their Applicants.

31. Applicants will receive allocated Offer Shares in electronic form by way of crediting their CSD Accounts with the allocated number of Offer Shares, the Company will authorise the CSD to credit the CSD Accounts of such Applicants with the applicable number of allotted Offer Shares in accordance with the instructions set out in the Application Form.
32. In the case of joint applications, the joint Applicants should have a CSD account in the name of the two

Applicants.

33. On acceptance of any application, the Directors will, as soon as possible after the fulfilment of the conditions relating to applications and completion of Application Forms, register the allocated shares in the name of the Applicant concerned.

15.4. Rejections policy (see Section 8)

34. The ASAs will present through the Receiving Banks all payments received on behalf of Crystal Telecom.
35. Crystal Telecom shall not be under any liability whatsoever should any Application Form fail to be received by the Receiving Bank or by any Authorized Selling Agent by 05:00pm on 5 June 2015. In this regard, such Application Forms and accompanying payments shall be returned to the ASA or Receiving Bank where the Application Form was submitted, for collection by the applicable Applicants.
36. Applications can be rejected if full value has not been received. Applications will also be rejected for the following reasons:

    a. Missing or illegible name of primary or joint Applicant in any Application Form;
    b. Missing or illegible identification number, including corporation registration number, or in the case of Rwandan residents, missing or illegible alien registration number;
    c. Missing or illegible address (postal, email or street address);
    d. Missing or illegible telephone number
    e. Missing or illegible bank account details
    f. Missing or illegible CSD account details
    g. Missing residence and citizenship indicators (for primary Applicant in the case of an individual) or missing residency for tax purposes for corporate investors;
    h. Insufficient documentation is forwarded including missing tax exemption certificate copies for companies that claim to be tax exempt;
    i. In the case of nominee applications, incomplete information or lack of declaration from the agent submitting the application;
    j. Missing or inappropriately signed Application Form including (for manual application only):
    k. Amount as payment for number of Offer Shares Applied for is less than the correct calculated amount;
    l. If it is suspected that an applicant has subscribed to the offer through more than one application

        - Primary signature missing from Signature Box 1;
        - Joint signature missing from Signature Box 2 (if applicable);
        - Two directors or a director and company secretary have not signed in the case of a corporate application;

15.5. Allotment policy (see Section 8)

37. The allotment policy will be designed according to the pools allocated between the different categories of retail and institutional investors as follows:
    - 75% – Institutional (QII Rwanda, QII East Africa and International Investors)
    - 25% – Retail (Rwandan nationals and other EAC nationals)
38. In the event of over subscription in the Retail Pool, Retail applicants will be allocated the minimum number of shares applied for i.e. 1,000 Offer Shares in the first instance and thereafter in multiples of 1,000 Offer Shares on a pro rata basis, rounded down to the nearest 1,000 Offer Shares, until all Offer Shares available to the Retail Pool are fully exhausted.
39. In the event of over subscription in the Retail Pool, Retail applicants will be allocated the minimum number of shares applied for i.e. 1,000 Offer Shares in the first instance and thereafter in multiples of 1,000 Offer Shares on a pro rata basis, rounded down to the nearest 1,000 Offer Shares, until all Offer Shares available to the Retail Pool are fully exhausted.
40. All valid applications will be allocated in full as per the number of Offer Shares applied for by such applicants in the event of exact or under-subscription.
41. In the event that the total number of Offer Shares applied for by Applicants in a particular pool is below the total number of Offer Shares reserved for that pool, the following will apply:
    - All valid Applications received will be allocated in full as per the number of Offer Shares applied for taking into account the minimum number of Offer Shares that may be applied for in each pool; and
    - The balance of Offer Shares reserved for that pool will be available for allocation in the other

pool which is oversubscribed, and such excess Offer Shares will be aggregated and the pool of excess Offer Shares available will be allocated pro-rata to the excess Offer Shares applied for in the other pool.

42. The Lead Transaction Advisor, Crystal Telecom and the Directors of the Company reserve the right to accept or refuse any application in their sole or discretion, either in whole or in part, or to accept some applications in full and others in part, or to abate any or all applications in such manner as they may determine. All irregular or suspected multiple applications will be rejected.
43. The Lead Transaction Advisor will notify CMA of the allotment results as approved by the Issuer and the Vendor.

15.6. Refunds policy

44. In the event of an oversubscription, all Applicants that have not been allocated in full the number of Offer Shares applied for and the Offer Shares not allotted will be refunded by use of EFT no later than 30 working days after allotment.
45. Any refunds paid back to EAC nationals outside of Rwanda and Foreign Applicants, will be by telegraphic transfer, at the cost of the respective Applicant.

15.7. Foreign investors (non-Rwandan investors)

46. Crystal Telecom foreign investment policy does not limit or restrict any foreign investor from applying for the shares on Offer. In addition, there are currently no foreign exchange restrictions in Rwanda. There are no restrictions on the number or percentage of shares that may be held by foreign investors in a Company listed on the RSE. Any foreign investor who wishes to apply for shares should obtain guidance from any of the ASAs listed in Appendix 12 of this Prospectus, before lodging an Application Form.
47. Foreign investors wishing to buy the Offer Shares may be exposed to foreign exchange risk that may arise from the conversion of a foreign currency into local currency at the prevailing market rate.
48. The distribution of this Prospectus and the making of the Offer in certain jurisdictions is restricted by law. Persons into whose possession this Prospectus may come are required by Crystal Telecom, and the Directors, the Company and the Lead Transaction Advisor to use the information herein purely for the purposes of this Offer. 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.

15.8. Governing law

This Prospectus and any contract resulting from acceptance of an application to purchase shares of Crystal Telecom shall be governed by and constructed in accordance with Rwandan law and it shall be a term of each such contract that the parties submit to the exclusive jurisdiction of the courts of Rwanda.

16. Appendix 2: Directors Report

We, the Directors of Crystal Telecom, accept responsibility for the information contained in the documents and confirm after due enquiry by us:

a. That the business of the Company has in our opinion been satisfactorily maintained;

b. That in our opinion, no circumstances have arisen since the last audited accounts of the Company which have adversely affected the trading or the value of the assets of the Company;

c. That the current assets of the Company appear in the books at values which are believed to be reliable in the ordinary course of business;

d. That there are no contingent liabilities by reason of any guaranteed or indemnities given by the Company; and

e. That there have been no changes since the last audited accounts of the Company in the published results or any unusual factors affecting the profits of the Company

f. That we, the Directors of Crystal Telecom Ltd do hereby certify that the Company has sufficient working capital for the day to day running of its affairs.

g. That none of the Directors has been, nor is currently, the subject if a filing of a petition for bankruptcy. None of the Directors has been convicted for a criminal offence, not is any director the subject of current criminal proceedings. None of the Directors has been ruled temporarily unfit to engage in any business practices

Yours faithfully,

Jack Kayonga
Chairman

Vincent Gatete
Director, CEO

Cherno Gaye
Director

Date: 21 May 2015

1. Appendix 3: Legal Opinion on MTN Rwanda

LEGAL OPINION	21 May 2015
Managing Director	Lead Transaction Advisors
MTN Rwandacell Limited	Renaissance Capital (Rwanda) Limited
Kigali	Kigali
RWANDA	RWANDA

Dear Sirs/Madams,

PUBLIC OFFERING OF 270,177,320 SHARES OF CRYSTAL TELECOM LTD OF Rwandan Francs 50 (FRW) EACH IN THE SHARE CAPITAL OF CRYSTAL TELECOM LTD

We, the undersigned, have been instructed to act as legal advisors to Crystal Telecom Ltd in relation to the offer for sale of 100% Percent of the issued capital being 270,177,320 ordinary shares with a par value of 50 Rwandan Francs (the Offer) in Crystal Telecom Ltd.

Crystal Telecom Ltd owns a 20% equity stake in MTN Rwandacell Ltd. Crystal Telecom Ltd's sole focus is on managing this 20% stake in MTN Rwandacell Ltd. In view of this, we have been instructed to provide a legal opinion on MTN Rwandacell in the Prospectus.

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. Unless otherwise stated or the context otherwise requires, words and terms defined in the Prospectus (the Prospectus) dated 21 May 2015 and issued in relation to the Offer bear the same meaning in this Opinion.

Documents and Records Examined

1. In providing this Opinion for the purposes of the Prospectus relating to the Offer (the Prospectus), we have only examined originals or copies of the certificate of incorporation of MTN Rwandacell Ltd, its memorandum and articles of association, its material contracts, the Companies Registry records, its telecommunication licenses and its payment service provider license for its mobile money business.

2. For the purposes of this opinion, we have assumed the following:
   a. All written information supplied to us by MTN Rwandacell Ltd and by its officers and advisors is true, accurate and up to date;
   b. 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;
   c. The authenticity of all signatures on all documents provided; and

Opinion

1. In our opinion, based on the information made available to us by MTN Rwandacell Ltd and subject to
   i. the foregoing;
   ii. any matters set out in the Prospectus;
   iii. the reservations set out below; and
   iv. any matters not disclosed to us:

a. MTN Rwandacell Ltd is duly incorporated and validly existing under the laws of Rwanda and has received all necessary authorizations;
b. MTN Rwandacell Ltd's memorandum and articles of association are consistent with the provisions of the Companies Act.
c. MTN Rwandacell Ltd continues to maintain its statutory books at its registered office;
d. we have not been advised of any material contracts save for those specifically disclosed in the Prospectus;
e. we have not been advised of any litigation cases save for those disclosed in the Prospectus.

f. there are no other material items not mentioned in the Prospectus of which we are aware with regard to the legal status of MTN Rwandacell Ltd.
g. A search of the Companies Registry today revealed no evidence of any current resolutions for winding up or dissolution of MTN Rwandacell Ltd and no evidence of the appointment of any liquidator in respect of MTN Rwandacell Ltd or any of its assets.
h. MTN Rwandacell Ltd has valid licenses for the operation of its telecommunication business and its mobile money business.

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 todays 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

Apollo M. Nkunda
Registered Advocate
Partner, Trust Law Chambers
Kigali, Rwanda

2. Appendix 4: Legal Opinion on Crystal Telecom

LEGAL OPINION
Managing Director
Crystal Ventures Limited
Kigali
RWANDA

21 May 2015
Lead Transaction Advisors
Renaissance Capital (Rwanda) Limited
Kigali
RWANDA

Dear Sirs/Madams,

PUBLIC OFFERING OF 270,177,320SHARES OF CRYSTAL TELECOM LTD OF Rwandan Francs 50EACH IN THE SHARE CAPITAL OF CRYSTAL TELECOM LTD

We, the undersigned, have been instructed to act as legal advisors to CRYSTAL VENTURES Ltd in relation to the offer for sale of 100 percent of the issued capital being 270,177,320 of ordinary shares with a par value of Rwandan Francs 50 (the Offer) in CRYSTAL TELECOM LTD.

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 Rwanda and to advice upon the Laws of Rwanda. Unless otherwise stated or the context otherwise requires, words and terms defined in the Prospectus (the Prospectus) dated 21 May 2015 and issued in relation to the Offer bear the same meaning in this Opinion.

Documents and Records Examined

1. In providing this Opinion for the purposes of the Prospectus relating to the Offer (the Prospectus), we have examined originals or copies of the certificate of incorporation of CRYSTAL TELECOM LTD, its Articles of Association in force as at the date of the Prospectus, documents evidencing title to material assets of the Company, material contracts 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.

2. With respect to matters of fact, we have relied on the representations of CRYSTAL TELECOM LTD and its officers and advisors. For the purposes of this opinion, we have assumed the following:

a. All written information supplied to us by CRYSTAL TELECOM LTD and by its officers and advisors is true, accurate and up to date;
b. 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;
c. The authenticity of all signatures on all documents provided; and
d. All licenses, agreements and other relevant documents have been duly authorised, executed and delivered by the parties to those documents other than CRYSTAL TELECOM LTD.

Opinion

3. In our opinion, based on the information made available to us by CRYSTAL TELECOM LTD and subject to
   i. the foregoing;
   ii. paragraph 4 of this Opinion;
   iii. any matters set out in the Prospectus;
   iv. the reservations set out below; and
   v. any matters not disclosed to us:

a. CRYSTAL TELECOM LTD is duly incorporated and validly existing under the laws of Rwanda
b. CRYSTAL TELECOM LTD 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.
c. CRYSTAL TELECOM LTD is a public company limited by shares, duly incorporated in Rwanda and has complied with the incorporation requirements of the Law No 07/2009 of 27/04/2009 relating to Companies (the "Companies Law"), with power to execute, deliver and exercise its rights and perform its obligations pursuant to the Offer, and such execution, delivery and performance have been duly authorised by appropriate corporate action;
d. The existing share capital of CRYSTAL TELECOM LTD has been authorized and issued in conformity with all applicable laws and has received all necessary authorizations;
e. The rights and obligations of CRSYTAL VENTURES LTD as vendor as contemplated in the offer constitute valid and binding rights and obligations enforceable according to their terms;
f. The transactions contemplated by the Offer and the performance by CRYSTAL TELECOM LTD of their respective obligations thereunder will not violate any laws of Rwanda;
g. 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 Offer have been obtained and given in proper form and are in full force and effect;
h. CRYSTAL TELECOM LTD continues to maintain its statutory books at its registered office;
i. isave for the contracts specifically disclosed in the Prospectus, CRYSTAL TELECOM has not entered into any material contracts and there is no other agreement or arrangement concerning the Offer;
j. there is no litigation or arbitration, prosecution or other civil or criminal legal action in which CRYSTAL TELECOM LTD or its Directors are involved which shall have a material effect on the business;
k. there are no other material items not mentioned in the Prospectus of which we are aware with regard to the legal status of CRYSTAL TELECOM LTD and the Offer.

Further Opinions

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

a. 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);
b. 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 CRYSTAL TELECOM LTD 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;
c. Each of the Documents constitutes the legal, valid and binding and enforceable obligations of CRYSTAL TELECOM LTD.
d. 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 CRYSTAL TELECOM LTD of the Documents.
e. this Prospectus contains statements made by PricewaterhouseCoopers Rwanda Limited ("PwC") 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, PwC 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;
f. the Offer Shares shall rank pari passu in all respects with the existing Ordinary Shares in the issued share capital of CRYSTAL TELECOM LTD, including the right to participate in full in all dividends and/or other distributions declared in respect of such share capital. ;
g. application has been duly made to, and permission duly granted by, the Capital Markets Authority in respect of the Offer in accordance with the law;
h. 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:-

i. the assets and liabilities, financial position, profits and losses, and prospects of the issuer of the securities; and,
ii. ii.the rights attaching to those securities.

i. The choice of English law to govern any of the Documents is a valid choice of law and accordingly English law will be applied by the Courts of Rwanda if any of the Documents or any claim thereunder comes under their jurisdiction upon proof of the relevant provisions of English law. Subject to the Courts of Rwanda determining that there is another more appropriate forum in another jurisdiction, the submission by CRYSTAL TELECOM LTD to the jurisdiction of the English Courts in the Documents is valid and binding on CRYSTAL TELECOM LTD.
j. If a final and conclusive judgment under which a sum of money is payable (not being a sum payable in respect of taxes or other charges of a like nature or in respect of a fine or penalty) were obtained in England in the High Court of Justice, Court of Appeal or Supreme Court of the United Kingdom against CRYSTAL TELECOM LTD in respect of the Documents, such judgment would be recognised and could be sued upon in Rwanda without re-litigation on the merits, and would be enforceable, subject to compliance with the terms of Rwanda law.
k. A search of the Public Records today revealed no evidence of any current resolutions for winding up or dissolution of CRYSTAL TELECOM LTD and no evidence of the appointment of any liquidator in respect of CRYSTAL TELECOM LTD or any of its assets.
l. Based on the foregoing, we are of the opinion that the Offer is in conformity with all applicable laws and has received all necessary authorizations.

Apollo M. Nkunda

Registered Advocate

Partner, Trust Law Chambers

Kigali, Rwanda

19. Appendix 5: Crystal Telecom Financial Statements

- **CRYSTAL TELECOM LIMITED**
- **ANNUAL REPORT AND FINANCIAL STATEMENTS**
- **FOR THE PERIOD FROM INCORPORATION TO 31 MARCH 2015**

Please note that the page numbers referred to in this appendix relate to the page sequence within the appendix itself.

Table of contents **<u>Page No</u>**

The directors submit their report together with the audited financial statements for the period from incorporation to 31 March 2015, which disclose the state of affairs of the Company.

INCORPORATION

The Company was incorporated on 19 September 2013 and is domiciled in Rwanda. Its registered office is:

KN 3 Av.2, Grand Pension Plaza
P O Box 1287
Kigali, Rwanda

PRINCIPAL ACTIVITIES

The Company is an investment holding company.

RESULTS AND DIVIDEND

The company was not operational from the date of incorporation to 31 March 2015.

DIRECTORS

The directors who held office during the period and to the date of this report were:

Jack Kayonga	Chairman	Appointed 19 September 2013
Vincent Gatete	Managing	Appointed 19 September 2013
Cherno Gaye		Appointed 21 April 2015

AUDITOR

The Company's auditor, PricewaterhouseCoopers Rwanda Limited, was appointed during the period and continues in office in accordance with Law No.7/2009 relating to companies.

By order of the Board,

DAVID KARIMA
SECRETARY

15 May 2015

Law No.7/2009 relating to companies requires the directors to prepare financial statements for each financial period that give a true and fair view of the state of affairs of the Company as at the end of the period and of its profit or loss. It also requires the directors to ensure that the Company keeps proper accounting records that disclose, with reasonable accuracy, the financial position of the Company. They are also responsible for safeguarding the assets of the Company.

The directors accept responsibility for the financial statements, which have been prepared using appropriate accounting policies supported by reasonable estimates, in conformity with International Financial Reporting Standards and the requirements of the Law No.7/2009 relating to companies. The directors are of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the Company and of its results in accordance with International Financial Reporting Standards. The directors further accept responsibility for the maintenance of accounting records that may be relied upon in the preparation of financial statements, as well as designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement.

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

VINCENT GATETE
Director

CHERNO GAYE
Director

15 May 2015

REPORT OF THE INDEPENDENT AUDITOR TO THE MEMBERS OF CRYSTAL TELECOM LIMITED

Report on the financial statements

We have audited the accompanying financial statements of Crystal Telecom Limited set out on pages 5 to 15. These financial statements comprise the statement of financial position at 31 March 2015 and the statements of comprehensive income, changes in equity and cash flows for the period from incorporation to 31 March 2015 and notes, comprising a summary of significant accounting policies and other explanatory information.

Directors' responsibility for the financial statements

The directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and with the requirements of Law No. 7/2009 relating to companies, and for such internal control as the directors determine necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

Auditor's responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion the accompanying financial statements give a true and fair view of the financial position of Crystal Telecom Limited at 31 March 2015 and of its financial performance and cash flows from incorporation to the period then ended in accordance with International Financial Reporting Standards and Law No. 7/2009 relating to companies.

REPORT OF THE INDEPENDENT AUDITOR TO THE MEMBERS OF CRYSTAL TELECOM LIMITED (continued)

Report on other legal requirements

Law No. 7/2009 relating to companies requires that in carrying out our audit we consider and report to you on the following matters. We confirm that:

i. There are no circumstances that may create threat to our independence as auditor of the Company;

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

iii. In our opinion proper books of account have been kept by the Company, so far as appears from our examination of those books.

For PricewaterhouseCoopers Rwanda Limited, Kigali

Bernice Kimacia
Director

May 2015

Statement of comprehensive income

	Period ended 31 March 2015
	Rwf
Revenue	-
Administrative expenses	-
Profit before income tax	**-**
Income tax credit	-
Profit for the period	**-**
Other comprehensive income	-
Total comprehensive income for the period	**-**

The notes on pages 9 to 15 are an integral part of these financial statements.

Statement of financial position

	Notes	31 March 2015
		Rwf
ASSETS		
Current assets		
Share capital contributions receivable	1	100,000,000
EQUITY		
Equity attributable to owners		
Share capital	1	100,000,000

The notes on pages 9 to 15 are an integral part of these financial statements.

The financial statements on pages 5 to 15 were approved for issue by the board of directors on 15 May 2015 and signed on its behalf by:

VINCENT GATETE
Director

CHERNO GAYE
Director

Statement of changes in equity

	Notes	Share capital Rwf	Retained earnings Rwf	Total equity Rwf
At 1 September 2013		**-**	**-**	**-**
Transactions with owners:				
Issue of shares	1	100,000,000	-	100,000,000
Comprehensive income:				
Total comprehensive income for the period		-	-	-
At 31 March 2015		**100,000,000**	**-**	**100,000,000**

The notes on pages 9 to 15 are an integral part of these financial statements.

Statement of cash flows

	Period ended 31 March 2015 Rwf
Cash flows from operating activities	-
Cash flows from investing activities	-
Cash flows from financing activities	-
Cash and cash equivalents at beginning and end of period	-

The notes on pages 9 to 15 are an integral part of these financial statements.

Notes

1 Share capital

	Number of shares	Ordinary shares Rwf
Balance at 1 September 2013	-	-
Issue of shares	2,000	100,000,000
Balance at 31 March 2015	2,000	100,000,000

The total number of authorised and issued ordinary shares at 31 March 2015 was 2,000 with a par value of Rwf 50,000 per share. All the issued shares were unpaid at that date. The issued shares have been called and the unpaid amount was recorded as share capital contributions receivable.

2 Events subsequent to the balance sheet date

On 10 April 2015, the authorised and issued share capital was increased from Rwf 100 million to Rwf 278,750,000 through a shareholder resolution. The total number of authorised ordinary shares was therefore increased from 2,000 to 5,575 with a par value of Rwf 50,000 per share. On the same date the company issued an additional 3,575 new shares to Crystal Ventures Limited in return for a cash consideration.

On 21 April 2015, the shareholders approved a subdivision of the existing shares of the company. The par value of the shares was reduced from Rwf 50,000 to Rwf 50 per share, and the number of shares increased from 5,575 to 5,575,000 shares.

On 29 April 2015, Crystal Ventures Limited transferred its 20% equity interest in MTN Rwandacell Limited to Crystal Telecom (the company), in consideration for shares in the company. MTN Rwandacell's principal activity is provision of mobile and fixed telecommunication services.

On 8 May 2015, the shareholders signed a resolution to increase the authorised share capital of the company from Rwf 278,750,000 to Rwf 13,750,000,000, by the creation of additional 269,425,000 new ordinary shares of Rwf 50 each to rank pari passu in all respects with the existing ordinary shares of the company.

On 8 May 2015, the shareholders signed an ordinary resolution, that the directors issue 264,602,320 bonus shares from share premium with a par value of Rwf 50 to the existing shareholders. The bonus shares will rank pari passu in all respects with the existing ordinary shares of the company. As a result of this resolution, and the simultaneous capitalization of Crystal Telecom's 20% interest in MTN Rwanda the paid in capital of Crystal Telecom now stands at Rwf 13,508,866,000.

The company has commenced the process of issuing its shares to the public and subsequently listing on the Rwanda Stock Exchange, a process that is expected to be concluded in May 2015.

The fair value of the 20% interest in MTN Rwanda that was transferred to the company on 29 April 2015 will be determined prior to the conclusion of the listing process and reflected in the statutory financial statements of Crystal Telecom Limited for the year ending 31 December 2015.

Notes (continued)

3 Related party transactions

The Company is controlled by Crystal Ventures Limited, which is also the ultimate parent and ultimate controlling party of the company. There are other companies that are related to Crystal Telecom Limited through common shareholdings or common directorships.

As shown on Note 1, issued shares had not been paid up as at 31 March 2015 and the amounts as shown are due from the Parent company.

No other transactions were carried out with related parties during the period.

4 Financial risk management objectives and policies

The Company's financial risk management objectives and policies are aligned to those of its Parent and the wider group.

During the period to 31 March 2015, the Company was not operational and therefore did not carry out any activities that exposed it to market risk (foreign exchange, price and interest rate risks) and liquidity risk.

Credit risk

Credit risk is the risk that counterparty will default on its contractual obligations resulting in financial loss to the Company. Credit risk is managed at the Parent company level under policies approved by the Board of Directors.

Credit risk exposure at 31 March 2015 arose from amounts due from the Parent company in relation to unpaid share contributions.

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.

5 Critical accounting estimates, judgments and assumptions

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

Income taxes

Judgement is required in determining the Company's provision for income taxes. There may be transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company is not yet operational and therefore has not recorded any liabilities for income taxes.

6 Contingent liabilities

The Company did not have any contingent liabilities as at 31 March 2015.

7 Summary of significant accounting policies

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

(a) Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"). The measurement basis applied is the historical cost basis.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies.

(i) New and amended standards adopted by the Company

The following new and amended standards are in effect for the period covered by these financial statements:

- Amendment to IAS 1, 'Financial statement presentation' regarding other comprehensive income. The main change resulting from these amendments is a requirement for entities to group items presented in 'other comprehensive income' (OCI) on the basis of whether they are potentially reclassifiable to profit or loss subsequently (reclassification adjustments). The amendment did not have a significant effect on the Company's financial statements.

- IFRS 13, 'Fair value measurement', aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The requirements, which are largely aligned between IFRSs and US GAAP, do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRSs. The standard has no significant impact on the company.

- Amendment to IAS 32, 'Financial instruments: Presentation' on offsetting financial assets and financial liabilities. This amendment clarifies that the right of set-off must not be contingent on a future event. It must also be legally enforceable for all counterparties in the normal course of business, as well as in the event of default, insolvency or bankruptcy. The amendment also considers settlement mechanisms. The amendment did not have a significant effect on the Company's financial statements.

- Amendments to IAS 36, 'Impairment of assets', on the recoverable amount disclosures for non-financial assets. This amendment removed certain disclosures of the recoverable amount of CGUs which had been included in IAS 36 by the issue of IFRS 13. The amendment did not have a significant effect on the Company's financial statements.

- IFRIC 21, 'Levies', sets out the accounting for an obligation to pay a levy if that liability is within the scope of IAS 37 'Provisions'. The interpretation addresses what the obligating event is that gives rise to pay a levy and when a liability should be recognised. Adoption of IFRIC 21 has not had a significant impact on the Company.

Notes (continued)

7 Summary of significant accounting policies

(a) Basis of preparation (continued)

(ii) New standards and interpretations that are not yet effective and have not been early adopted

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after the period covered by these financial statements, and have not been applied in preparing these financial statements. None of these is expected to have a significant effect on the financial statements of the Company. The standards include:

- IFRS 9, 'Financial instruments', addresses the classification, measurement and recognition of financial assets and financial liabilities. The complete version of IFRS 9 was issued in July 2014. It replaces the guidance in IAS 39 that relates to the classification and measurement of financial instruments. IFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through OCI and fair value through P&L. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in OCI not recycling. There is now a new expected credit losses model that replaces the incurred loss impairment model used in IAS 39. For financial liabilities there were no changes to classification and measurement except for the recognition of changes in own credit risk in other comprehensive income, for liabilities designated at fair value through profit or loss. IFRS 9 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests. It requires an economic relationship between the hedged item and hedging instrument and for the 'hedged ratio' to be the same as the one management actually use for risk management purposes. Contemporaneous documentation is still required but is different to that currently prepared under IAS 39. The standard is effective for accounting periods beginning on or after 1 January 2018. Early adoption is permitted. The Company is yet to assess IFRS 9's full impact.

- 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 is effective for annual periods beginning on or after 1 January 2017 and earlier application is permitted. The Company is assessing the impact of IFRS 15.

Notes (continued)

7 Summary of significant accounting policies (continued)

(b) Associates

Associates are all entities over which the Company has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition. The Company's investment in associates includes goodwill identified on acquisition.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to profit or loss where appropriate.

The Company's share of post-acquisition profit or loss is recognised in the income statement, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. When the Company's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Company does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

The Company determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Company calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount adjacent to 'share of profit/(loss) of associates in the income statement

Profits and losses resulting from upstream and downstream transactions between the Company and its associate are recognised in the Company's financial statements only to the extent of unrelated investor's interests in the associates. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of the Company correspond with those of the associates where necessary. Dilution gains and losses arising in investments in associates are recognised in the income statement.

(c) Foreign currency translation

(a) 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 ("Rwf") which is the Company's functional currency.

(b) 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)

7 Summary of significant accounting policies (continued)

(d) Trade receivables

Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

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

(e) Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

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

(f) 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.

(g) 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.

(h) 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)

7 Summary of significant accounting policies (continued)

(i) 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.

a) Current income tax

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. Management periodically evaluates 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.

a) 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.

(j) 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.

20. Appendix 6: Crystal Telecom Pro Forma Financial Statements

- **CRYSTAL TELECOM LIMITED**
- **PRO FORMA FINANCIAL STATEMENTS**
- **FOR THE THREE YEARS ENDED DECEMBER 2014**

Please note that the page numbers referred to in this appendix relate to the page sequence within the appendix itself.

Crystal Telecom Limited was incorporated on 19 September 2013 and remained dormant until 31 December 2014. On 29 April 2015, Crystal Ventures Limited transferred its 20% equity interest in MTN Rwandacell Limited to Crystal Telecom. The pro forma financial statements illustrate the theoretical financial results and financial position of Crystal Telecom Limited as if the company (i) was in existence during the three years ended 31 December 2012, 2013 and 2014; and (ii) held a 20% investment in MTN Rwandacell Limited during that period. The basis and assumptions applied in the compilation of the pro forma financial information is set out under this appendix on page 18.

The Directors
Crystal Telecom Limited
Grand Pension Plaza
Kigali, Rwanda

Independent auditor's assurance report on the compilation of proforma financial information of Crystal Telecom Limited

We have completed our assurance engagement to report on the compilation of proforma financial information of Crystal Telecom Limited by the Directors.

The proforma financial information has been prepared for the purposes of inclusion in the Company's Prospectus to be issued in relation to the public offer for sale of shares of Crystal Telecom Limited.

The proforma financial information consists of the pro forma statement of financial position as at 31 December 2014, 2013 and 2012, the pro forma statements of comprehensive income, changes in equity and cash flows for the three years then ended and related notes.

Crystal Telecom Limited was incorporated on 19 September 2013 and remained dormant until 31 December 2014. On 29 April 2015, Crystal Ventures Limited transferred its 20% equity interest in MTN Rwandacell Limited to Crystal Telecom. The proforma financial information has been compiled by the Directors to illustrate the theoretical financial results and financial position of Crystal Telecom Limited as if the company (i) was in existence during the three years ended 31 December 2012, 2013 and 2014; and (ii) held a 20% investment in MTN Rwandacell Limited during that period.

The basis on which the Directors have compiled the proforma financial information, including the accounting policies applied, are described in Note 11 and in the appendix to the proforma financial information.

Directors' responsibility for the proforma financial information

The Directors are responsible for compiling the proforma financial information in accordance with the accounting policies set out under Note 11 and the basis and assumptions set out under the appendix to the proforma financial information on page 18.

Auditor's responsibilities

Our responsibility is to express an opinion on whether the proforma financial information has been compiled by the Directors, in all material respects, in accordance with the accounting policies set out under Note 11 and the basis and assumptions set out under the appendix to the proforma financial information on page 18.

We conducted our engagement in accordance with International Standard on Assurance Engagements (ISAE) 3420, *Assurance engagements to report on the compilation of proforma financial information included in a prospectus*, issued by the International Auditing and Assurance Standards Board. This standard requires that the practitioner complies with ethical requirements and plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled, in all material respects, the proforma financial information on the basis set out under Note 11 to the proforma financial information.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the proforma financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the proforma financial information.

The purpose of proforma financial information included in a prospectus is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the entity as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the financial results and financial position of the Company would have been as presented.

A reasonable assurance engagement to report on whether the proforma financial information has been compiled, in all material respects, on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the proforma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- The related proforma adjustments give appropriate effect to those criteria; and
- The proforma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the practitioner's judgment, having regard to the practitioner's understanding of the nature of the company, the event or transaction in respect of which the proforma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the proforma financial information.

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

Opinion

In our opinion, the proforma financial information has been compiled, in all material respects, in accordance with the accounting policies set out under Note 11 and the basis and assumptions set out under the appendix to the proforma financial information on page 18 and the proforma financial information has been properly compiled on the basis stated.

For PricewaterhouseCoopers Rwanda Limited, Kigali.

Bernice Kimacia 15 May 2015

Director

Proforma statement of comprehensive income[1]

	Notes	2014 Rwf'000	2013 Rwf'000	2012 Rwf'000
		Year ended 31 December:		
Revenue		-	-	-
Share of profit of associate	1	1,217,927	718,053	2,429,508
Administrative expenses	2	(66,219)	(62,763)	(61,239)
Profit before income tax		**1,151,708**	**655,290**	**2,368,269**
Income tax expense	3	-	-	-
Profit for the year		**1,151,708**	**655,290**	**2,368,269**
Other comprehensive income		-	-	-
Total comprehensive income for the year		**1,151,708**	**655,290**	**2,368,269**

The notes on pages 7 to 18 are an integral part of this proforma financial information.

[1] *The proforma statement of comprehensive income is a hypothetical illustration of what the financial performance of the company could have been had it been in existence from 1 January 2012 and had it held the 20% equity investment in MTN Rwandacell Limited that was held by Crystal Ventures Limited, its parent company, during that period. The basis and assumptions applied by the Directors in the compilation of the proforma financial information is set out under the appendix on page 18.*

Proforma statement of financial position[2]

	Notes	31 December: 2014 Rwf'000	2013 Rwf'000	2012 Rwf'000
ASSETS				
Non-current assets				
Investment in associate	1	13,616,242	15,248,315	14,530,262
Current assets				
Cash and bank balances	4	114,110	126,873	188,112
TOTAL ASSETS		**13,730,352**	**15,375,188**	**14,718,374**
EQUITY AND LIABILITIES				
Equity attributable to owners				
Share capital	5	278,750	278,750	278,750
Share premium		13,230,116	13,230,116	13,230,116
Retained earnings		155,267	1,803,559	1,148,269
Total equity		**13,664,133**	**15,312,425**	**14,657,135**
Liabilities				
Current liabilities				
Other payables	6	66,219	62,763	61,239
TOTAL EQUITY AND LIABILITIES		**13,730,352**	**15,375,188**	**14,718,374**

The notes on pages 7 to 18 are an integral part of this proforma financial information. The proforma financial information has been prepared in accordance with the accounting policies set out under Note 11, and the basis and assumptions set out under the appendix on page 18.

[2] *The proforma statement of financial position is a hypothetical illustration of what the financial position of the company could have been had it been in existence at 31 December 2012, 2013 and 2014 and had it held the 20% equity investment in MTN Rwandacell Limited that was held by Crystal Ventures Limited, its parent company, during those dates. The basis and assumptions applied by the Directors in the compilation of the proforma financial information is set out under the appendix on page 18.*

Proforma statement of changes in equity[3]

	Share capital Rwf'000	Share premium Rwf'000	Retained earnings Rwf'000	Total equity Rwf'000
Year ended 31 December 2012				
At 1 January 2012	**278,750**	**13,230,116**	**-**	**13,508,866**
Comprehensive income:				
Total comprehensive income for the year	-	-	2,368,269	2,368,269
Transactions with owners:				
- Dividend paid	-	-	(1,220,000)	(1,220,000)
At 31 December 2012	**278,750**	**13,230,116**	**1,148,269**	**14,657,135**
Year ended 31 December 2013				
At 1 January 2013	**278,750**	**13,230,116**	**1,148,269**	**14,657,135**
Comprehensive income:				
Total comprehensive income for the year	-	-	655,290	655,290
At 31 December 2013	**278,750**	**13,230,116**	**1,803,559**	**15,312,425**
Year ended 31 December 2014				
At 1 January 2014	**278,750**	**13,230,116**	**1,803,559**	**15,312,425**
Comprehensive income:				
Total comprehensive income for the year	-	-	1,151,708	1,151,708
Transactions with owners				
- Dividend paid	-	-	(2,800,000)	(2,800,000)
At 31 December 2014	**278,750**	**13,230,116**	**155,267**	**13,664,133**

The notes on pages 7 to 18 are an integral part of this proforma financial information.

[3] *The proforma statement of changes in equity is a hypothetical illustration of what the statement of changes in equity could have been had it been in existence from 1 January 2012 and had it held the 20% equity investment in MTN Rwandacell Limited that was held by Crystal Ventures Limited, its parent company, during that period. The basis and assumptions applied by the Directors in the compilation of the proforma financial information is set out under the appendix on page 18.*

Proforma statement of cash flows[4]

	Note	Year ended 31 December: 2014 Rwf'000	2013 Rwf'000	2012 Rwf'000
Cash flows from operating activities				
Profit before income tax		1,151,708	655,290	2,368,269
Adjustments for:				
Share of profit of associate		(1,217,927)	(718,053)	(2,429,508)
Changes in:				
Other payables		3,455	1,524	61,239
Dividends received		2,850,000	-	1,229,362
Cash generated from operating activities		2,787,236	(61,239)	1,229,362
Cash flows from financing activities				
Dividends paid		(2,800,000)	-	(1,220,000)
Net change in cash and cash equivalents		(12,764)	(61,239)	9,362
Cash and bank balances at start of year		126,873	188,112	178,750
Cash and balances at end of year	4	**114,110**	**126,873**	**188,112**

The notes on pages 7 to 18 are an integral part of this proforma financial information. The proforma financial information has been prepared in accordance with the accounting policies set out under Note 11, and the basis and assumptions set out under the appendix on page 18.

[4] *The proforma statement of cash flows is a hypothetical illustration of what the cash flows of the company could have been had it been in existence from 1 January 2012 and had it held the 20% equity investment in MTN Rwandacell Limited that was held by Crystal Ventures Limited, its parent company, during that period. The basis and assumptions applied by the Directors in the compilation of the proforma financial information is set out under the appendix on page 18.*

Notes

1 Investment in associate

The company holds a 20% investment in the equity of MTN Rwandacell Limited ("MTN"), which is incorporated and domiciled in Rwanda. MTN's principal activity is provision of mobile and fixed telecommunication services.

MTN is a private company and there is no quoted market price available for its shares. There are no contingent liabilities relating to the Company's interest in MTN.

Summarised financial information for associate

Below is the summarised financial information for MTN, which is accounted for as an associate using the equity method. The financial information reflects the amounts presented in the financial statements of MTN (and not the Company's share of those amounts). There were no required adjustments for differences in accounting policies between the Company and MTN. MTN's accounting policies are based on International Financial Reporting Standards.

Summarised statement of financial position

	2014 Rwf'000	2013 Rwf'000	2012 Rwf'000
Current			
Cash and cash equivalents	25,769,745	14,094,811	18,901,535
Non-current assets held for sale	-	32,079,306	-
Other current assets (excluding cash)	22,598,516	15,271,253	16,274,659
Total current assets	48,368,261	61,445,370	35,176,194
Financial liabilities (excluding trade payables)	394,889	5,808,065	5,746,279
Other current liabilities (including trade payables)	26,270,981	20,948,643	25,135,398
Total current liabilities	26,665,870	26,756,708	30,881,677
Non-current			
Assets	60,656,909	63,122,244	95,636,256
Financial liabilities	414,395	599,095	5,734,901
Other liabilities	13,863,694	20,970,234	21,544,560
Total non-current liabilities	14,278,089	21,569,329	27,279,461
Net assets	68,081,211	76,241,577	72,651,312

Notes (continued)

1 Investment in associate (continued)

Summarised financial information for associate (continued)

Summarised statement of comprehensive income	2014 Rwf'000	2013 Rwf'000	2012 Rwf'000
Revenue	81,518,124	82,671,359	90,019,039
Earnings before interest, taxes, depreciation and amortisation	**23,453,025**	**23,703,583**	**36,543,055**
Depreciation and amortisation	(14,151,603)	(18,399,567)	(16,505,570)
Finance income	1,286,770	846,253	515,792
Finance costs	(828,345)	(2,437,643)	2,381,776
Profit before tax	**9,759,847**	**3,712,626**	**18,171,501**
Income tax expense	(3,670,213)	(122,361)	(6,023,959)
Profit for the year	**6,089,634**	**3,590,265**	**12,147,542**
Other comprehensive income	-	-	-
Total comprehensive income for the year	**6,089,634**	**3,590,265**	**12,147,542**

The information above reflects the amounts presented in the financial statements of MTN (and not the Company's share of those amounts). There were no required adjustments for differences in accounting policies between the Company and MTN.

Reconciliation of summarised financial information

Reconciliation of the summarised financial information presented to the carrying amount of the Company's interest in the associate is as follows:

	2014 Rwf'000	2013 Rwf'000	2012 Rwf'000
Summarised financial information			
Opening net assets 1 January:	76,241,577	72,651,312	66,650,581
Profit for the year	6,089,634	3,590,265	12,147,542
Dividends paid	(14,250,000)	-	(6,146,810)
Closing net assets	68,081,211	76,241,577	72,651,312
CTL interest in associates (20%)	13,616,242	15,248,315	14,530,262
Share of profit for the year (20%)	1,217,927	718,053	2,429,508

Subsequent events

In April 2015, the company received 20% of a total dividend of Rwf 10,500,000,000 paid to all of the shareholders of MTN Rwanda.

Notes (continued)

2 Administrative expenses	**2014 Rwf'000**	**2013 Rwf'000**	**2012 Rwf'000**
Auditor remuneration	16,102	15,262	14,891
Registrar fees	13,768	13,050	12,733
Share securities management fees	5,834	5,529	5,395
Listing fees	19,323	18,315	17,870
Directors' remuneration	11,192	10,607	10,350
	66,219	62,763	61,239

3 (i) Income tax credit

Current and deferred income tax	-	-	-

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

	2014 Rwf'000	**2013 Rwf'000**	**2012 Rwf'000**
Profit income tax	1,151,708	655,290	2,368,269
Tax calculated at the statutory income tax rate of 30%	345,512	196,587	710,481
Tax effects of:			
- Income not subject to tax	(365,378)	(215,416)	(728,852)
- Unrecognized deferred income tax assets	19,866	18,829	18,371
	-	-	-

3(ii) Deferred income tax

The company has not recognized deferred income tax assets arising from tax losses on account of the nature of its operations, where it does not generate income subject to corporation taxes. The unrecognized deferred income tax assets, calculated using the enacted income tax rate of 30%, are shown below:

	2014 Rwf'000	**2013 Rwf'000**	**2012 Rwf'000**
At start of year	37,200	18,371	-
Unrecognised credit to profit and loss	19,866	18,829	18,371
At end of year	57,066	37,200	18,371

Notes (continued)

3(ii) Deferred income tax (continued)

Unrecognised deferred income tax assets and deferred income tax credit in the statement of comprehensive income are attributable to the following items:

Year ended 31 December 2014	1 January Rwf'000	Credited to P/L Rwf'000	31 December Rwf'000
Deferred income tax assets			
Tax losses carried forward	37,200	19,866	57,066

Year ended 31 December 2013	1 January Rwf'000	Credited to P/L Rwf'000	31 December Rwf'000
Deferred income tax assets			
Tax losses carried forward	18,371	18,829	37,200

Year ended 31 December 2012	1 January Rwf'000	Credited to P/L Rwf'000	31 December Rwf'000
Deferred income tax assets			
Tax losses carried forward	-	18,371	18,371

4. Cash and cash equivalents

Cash and cash equivalent relates to cash held in current accounts with local banks.

5 Share capital

	Number of shares	Ordinary shares Rwf'000
Balance at 1 January 2012, 1 January 2013, 1 January 2014 and 31 December 2014	5,575	278,750

The total authorised and issued ordinary shares is 5,575 with a par value of Rwf 50,000 per share.

All the issued shares are fully paid.

Notes (continued)

6 Other payables

	2014 Rwf'000	2013 Rwf'000	2012 Rwf'000
Accrued expenses	66,219	62,763	61,239

7 Related party transactions

The Company is controlled by Crystal Ventures Limited, which is also the ultimate parent and ultimate controlling party of the Group. There are other companies that are related to Crystal Telecom Limited through common shareholdings or common directorships.

Transactions carried out with related parties and outstanding balances are shown below:

Directors remuneration

	2014 Rwf'000	2013 Rwf'000	2012 Rwf'000
Fees for services as a director	11,192	10,607	10,350

8 Financial risk management objectives and policies

The Company's activities expose it to a variety of financial risks: market risk (including foreign exchange risk and interest rate risk), credit risk and liquidity risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on its financial performance. The Company does not hedge any of its risk exposures.

Financial risk management is carried out by the finance department under policies approved by the Board of Directors.

Market risk

At 31 December 2014, 2013 and 2012, the Company did not hold any financial assets or liabilities subject to foreign exchange, price or interest rate risk.

Credit risk

Credit risk arises from cash at bank as well as credit exposures to related parties, including outstanding receivables and committed transactions. Credit risk is the risk that counterparty will default on its contractual obligations resulting in financial loss to the Company.

Credit risk is managed by the finance department under policies approved by the Board of Directors. For banks and financial institutions, only reputable well established financial institutions are accepted. Other receivables relate to amounts due from related parties and credit risk is therefore managed at the Parent company level.

The amount that best represents the Company's maximum exposure to credit risk is the carrying value of its cash at bank balances in the statement of financial position.

The financial institutions in which the cash at bank balances are not credit rated. They are however regulated and required to comply with the prudential guidelines issued by the National Bank of Rwanda.

Notes (continued)

8 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. 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.

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 statement of financial position date to the contractual maturity date. The amounts disclosed in the table below are the contractual undiscounted cash flows.

	Less than 3 months		
	2014	**2013**	**2012**
	Rwf'000	**Rwf'000**	**Rwf'000**
Accrued expenses	66,219	62,763	61,239

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.

9 Critical accounting estimates and assumptions

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

Income taxes

Judgement is required in determining the Company's provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

Notes (continued)

10 Contingent liabilities

The Company did not have any contingent liabilities as at 31 December 2014, 2013 and 2012.

11 Summary of significant accounting policies

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

(a) Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"). The measurement basis applied is the historical cost basis.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note 9.

(i) New and amended standards adopted by the Company
The following standards have been adopted by the Company for the first time for the financial year beginning on or after 1 January 2013 and on or after 1 January 2014:

- Amendment to IAS 1, 'Financial statement presentation' regarding other comprehensive income. The main change resulting from these amendments is a requirement for entities to group items presented in 'other comprehensive income' (OCI) on the basis of whether they are potentially reclassifiable to profit or loss subsequently (reclassification adjustments). The amendment did not have a significant effect on the Company's financial statements.

- IFRS 13, 'Fair value measurement', aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The requirements, which are largely aligned between IFRSs and US GAAP, do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRSs. The amendment did not have a significant effect on the Company's financial statements.

- Amendment to IAS 32, 'Financial instruments: Presentation' on offsetting financial assets and financial liabilities. This amendment clarifies that the right of set-off must not be contingent on a future event. It must also be legally enforceable for all counterparties in the normal course of business, as well as in the event of default, insolvency or bankruptcy. The amendment also considers settlement mechanisms. The amendment did not have a significant effect on the Company's financial statements.

- Amendments to IAS 36, 'Impairment of assets', on the recoverable amount disclosures for non-financial assets. This amendment removed certain disclosures of the recoverable amount of CGUs which had been included in IAS 36 by the issue of IFRS 13. The amendment did not have a significant effect on the Company's financial statements.

- IFRIC 21, 'Levies', sets out the accounting for an obligation to pay a levy if that liability is within the scope of IAS 37 'Provisions'. The interpretation addresses what the obligating event is that gives rise to pay a levy and when a liability should be recognised. Adoption of IFRIC 21 has not had a significant impact on the company.

Other standards, amendments and interpretations which are effective for the financial year beginning on 1 January 2014 are not material to the Company.

Notes (continued)

11 Summary of significant accounting policies

(a) Basis of preparation (continued)

(ii) New standards and interpretations that are not yet effective and have not been early adopted

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 January 2014, and have not been applied in preparing these financial statements. None of these is expected to have a significant effect on the financial statements of the Company, except the following set out below:

- IFRS 9, 'Financial instruments', addresses the classification, measurement and recognition of financial assets and financial liabilities. The complete version of IFRS 9 was issued in July 2014. It replaces the guidance in IAS 39 that relates to the classification and measurement of financial instruments. IFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through OCI and fair value through P&L. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in OCI not recycling. There is now a new expected credit losses model that replaces the incurred loss impairment model used in IAS 39. For financial liabilities there were no changes to classification and measurement except for the recognition of changes in own credit risk in other comprehensive income, for liabilities designated at fair value through profit or loss. IFRS 9 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests. It requires an economic relationship between the hedged item and hedging instrument and for the 'hedged ratio' to be the same as the one management actually use for risk management purposes. Contemporaneous documentation is still required but is different to that currently prepared under IAS 39. The standard is effective for accounting periods beginning on or after 1 January 2018. Early adoption is permitted. The Company is yet to assess IFRS 9's full impact.

- 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 is effective for annual periods beginning on or after 1 January 2017 and earlier application is permitted. The Company is assessing the impact of IFRS 15.

There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Company.

Notes (continued)

11 Summary of significant accounting policies (continued)

(b) Associates

Associates are all entities over which the Company has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition. The Company's investment in associates includes goodwill identified on acquisition.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to profit or loss where appropriate.

The Company's share of post-acquisition profit or loss is recognised in the income statement, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. When the Company's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Company does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

The Company determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Company calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount adjacent to 'share of profit/(loss) of associates in the income statement

Profits and losses resulting from upstream and downstream transactions between the Company and its associate are recognised in the Company's financial statements only to the extent of unrelated investor's interests in the associates. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of the Company correspond with those of the associates where necessary. Dilution gains and losses arising in investments in associates are recognised in the income statement.

(c) Foreign currency translation

(a) 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 ("Rwf") which is the Company's functional currency.

(b) 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)

11 Summary of significant accounting policies (continued)

(d) Trade receivables

Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method less provision for impairment (note g).

(e) Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

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

(f) 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.

(g) 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.

(h) 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)

11 Summary of significant accounting policies (continued)

(i) 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.

a) Current income tax

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. Management periodically evaluates 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.

a) 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.

(j) 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.

APPENDIX

Basis and assumptions applied in the preparation of the pro forma financial information

The directors have applied the following theoretical bases and assumptions in preparing the proforma financial information for the years ended 31 December 2012, 2013 and 2014:

a. The company was incorporated on 1 January 2012.

b. CVL transferred its 20% investment in the equity of MTN Rwandacell Limited ("MTN") to the company on 1 January 2012. The value of the investment was agreed at 20% of MTN Rwanda's net asset value as disclosed in MTN Rwanda's 2011 audited financial statements.

c. The acquisition of the MTN Rwanda investment was settled through the company issuing an equivalent value in its equity to the CVL. CVL further paid cash amounting to Rwf 178,250,000 to the company in consideration for additional shares.

d. The company's 5,575,000 issued shares with a par value of Rwf 50 per share were fully paid up as at 1 January 2012. The recorded share premium reflects the excess of the consideration received over the par value of the issued shares.

e. Subsequent to 1 January 2012, the investment in MTN has been accounted for using the equity method, in accordance with IAS 28, *Investments in Associates*. The actual profits of and dividends paid by MTN have been used in determining the carrying value of the investment and the share of profit of associates recorded on the statement of comprehensive income.

f. The company has existed as an investment holding company and therefore has no other trading activities. Accordingly, no other revenues are recorded and the company has no employees.

g. Recurring expenses have been determined using the market rates or the best estimate of likely payments for those services and relate to audit fees, directors fees and statutory and other costs arising on account of the company being listed.

h. As the company has not made taxable supplies as defined by the VAT regulations, the input VAT arising on operating expenses has been grossed up in the recorded expenses.

i. The share of associate's profits recorded in the income statement, as well as dividend income received from the investment in MTN have been treated as non-taxable income for purposes of computing corporate income tax.

j. Accordingly and in the absence of any other trading activities, the deferred tax assets arising on annual tax losses will expire within the five year window allowed by tax laws and regulations. The deferred tax asset has therefore not been recognized.

k. All transactions are denominated in Rwanda Francs and the company does not hold any financial assets or liabilities that are denominated in foreign currency.

l. The company's policy is to pay out to its shareholders all the dividends received from MTN. Accordingly, dividends paid represent all dividends received from MTN net of an amount retained to fund recurring administrative expenses. The dividends are assumed to be paid in the same period in which they are received.

END

21. Appendix 7: Accountants Report and MTN Rwanda Financial Statements

- **MTN RWANDACELL LIMITED**
- **REPORTING ACCOUNTANTS REPORT**

Please note that the page numbers referred to in this appendix relate to the page sequence within the appendix itself.

MTN RWANDACELL LIMITED

REPORTING ACCOUNTANT'S REPORT

The Directors
Crystal Telecom Limited
Grand Pension Plaza
Kigali, Rwanda

Reporting Accountant's report – MTN Rwandacell Limited

Dear Sirs,

We are pleased to submit our Accountant's Report on the financial information of MTN Rwandacell Limited ('MTN Rwanda') in relation to the public offer for sale of shares of Crystal Telecom Limited ("CTL"), a shareholder of the Company.

Responsibilities of the directors

The Directors of MTN Rwanda are responsible for the statutory financial statements of the company for the years ended 31 December 2012, 2013 and 2014, from which the Reporting Accountant's Report has been compiled.

Our responsibilities

Our responsibilities are detailed in our contract of engagement dated 6 March 2015. These included compiling an Accountant's Report on the financial statements of MTN Rwanda to be included in the Prospectus to be issued to support the listing of Crystal Telecom Limited's shares.

Our review was carried out in accordance with International Standard on Review Engagements (ISRE) 2400,"Engagements to Review Financial Statements" and ISRS 4410,"Engagements to compile financial information". An objective of the engagement was to enable us to state whether, on the basis of carrying out certain review procedures, anything has come to our attention that causes us to believe that the financial information of MTN Rwanda for the years ended 31 December 2012, 2013 and 2014 presented on pages 7 - 56 has not been prepared, in all material respects, in accordance with International Financial Reporting Standards.

Scope of the work performed

The financial information of MTN Rwandacell Limited included on pages 7-56 was compiled from the audited statutory financial statements of MTN Rwandacell Limited for the years ended 31 December 2012, 2013 and 2014 (together, "the financial statements"). To enable us prepare an Accountant's Report, we :

- reviewed the audited financial statements of the company for each of the three years ended 31 December 2012, 2013 and 2014;
- carried out carried out procedures to satisfy ourselves that the information presented in Appendix 1 was reconciled to MTN Rwandacell Limited's financial records;
- considered the requirements of International Financial Reporting Standards in evaluating the information to be included in the financial report in Appendix 1;
- made enquiries from the company's management with respect to certain matters; and
- reviewed the Prospectus for consistency of financial information presented with our Accountant's Report.

Conclusion

The nature of our work as set out above 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.

However based on our review, nothing has come to our attention that causes us to believe that the financial information presented in Appendix 1 does not give a true and fair view in accordance with International Financial Reporting Standards.

Consent

We, PricewaterhouseCoopers Rwanda Limited, as the Reporting Accountants, confirm that we have given and have not, prior to the date of the Prospectus, withdrawn our written consent to the inclusion of our name or any opinion we have given in the Prospectus issued in May 2015 for the sale of 270,177,320 ordinary shares in Crystal Telecom Limited.

For PricewaterhouseCoopers Rwanda Limited, Kigali.

Bernice Kimacia , Director
May 2015

	Notes	2014 Rwf'000	2013 Rwf'000	2012 Rwf'000
Revenue	7	81,518,124	82,671,359	90,019,039
Other income	8	222,109	41,012	-
Direct network operating costs		(15,650,523)	(13,696,980)	(13,768,160)
Cost of handsets and other accessories		(4,049,769)	(3,085,399)	(3,642,139)
Interconnection and roaming fees		(8,569,878)	(10,420,958)	(7,639,711)
Employee benefits expense	10	(7,667,656)	(8,662,606)	(7,386,482)
Sales, distribution and marketing costs		(8,990,914)	(9,129,010)	(10,021,687)
Other operating expenses		(13,358,468)	(14,013,835)	(11,017,804)
Earnings before interest, taxes, depreciation and amortisation		**23,453,025**	**23,703,583**	**36,543,056**
Depreciation	13	(13,962,026)	(17,987,202)	(16,234,531)
Amortisation	14	(189,577)	(412,365)	(271,039)
Operating profit	9	**9,301,422**	**5,304,016**	**20,037,486**
Finance income	11	1,286,770	846,253	515,791
Finance costs	11	(828,345)	(2,437,643)	(2,381,776)
Profit before tax		**9,759,847**	**3,712,626**	**18,171,501**
Income tax expense	12	(3,670,213)	(122,361)	(6,023,959)
Profit for the year		6,089,634	3,590,265	12,147,542
Other comprehensive income, net of tax		-	-	-
Total comprehensive income for the year		**6,089,634**	**3,590,265**	**12,147,542**

The notes on pages 7 to 56 are an integral part of these financial statements.

	Notes	2014 Rwf'000	2013 Rwf'000	2012 Rwf'000
ASSETS				
Non-current assets				
Property, plant and equipment	13	56,595,295	58,804,305	91,745,316
Intangible assets	14	467,257	656,834	900,074
Non-current prepayments	15	3,594,357	3,661,105	2,990,866
		60,656,909	**63,122,244**	**95,636,256**
Current assets				
Inventories	17	1,360,829	1,116,423	1,246,413
Current income tax		-	5,721,517	-
Current portion of prepayments	15	458,650	434,933	284,669
Trade and other receivables	18	10,437,275	7,998,380	14,743,577
Deposits with financial institutions	19	10,341,762	-	-
Cash and bank balances	20	25,769,745	14,094,811	18,901,535
Total current assets		**48,368,261**	**29,366,064**	**35,176,194**
Non-current assets held for sale	16	-	32,079,306	-
Total assets		**109,025,170**	**124,567,614**	**130,812,450**
EQUITY AND LIABILITIES				
Equity				
Ordinary share capital	21	15,000	15,000	15,000
Retained earnings		64,404,711	72,565,077	68,974,812
Shareholders loans	24	3,660,000	3,660,000	3,660,000
Other reserves	25	1,500	1,500	1,500
Total equity		**68,081,211**	**76,241,577**	**72,651,312**
Liabilities				
Non-current liabilities				
Deferred income tax	27	13,863,694	20,970,234	21,503,629
Finance lease obligation	29	414,395	599,095	634,351
Borrowings	26	-	-	5,100,550
Provisions for liabilities and other charges	28	-	-	40,931
Total non-current liabilities		14,278,089	21,569,329	27,279,461
Current liabilities				
Trade and other payables	30	21,386,041	17,721,857	18,775,087
Current income tax		1,320,318	-	1,020,240
Provisions for liabilities and other charges	28	1,444,371	549,431	464,104
Borrowings	26	-	5,357,069	5,414,107
Finance lease obligation	29	394,889	450,996	332,172
Dividends Payable		-	-	2,647,857
Deferred revenue	31	2,120,251	2,677,355	2,228,110
Total current liabilities		26,665,870	26,756,708	30,881,677
Total liabilities		40,943,959	48,326,037	58,161,138
Total equity and liabilities		**109,025,170**	**124,567,614**	**130,812,450**

The notes on pages 7 to 56 are an integral part of these financial statements.

MTN Rwandacell Limited
Statement of Changes in Equity
For the years ended 31 December 2012, 2013 and 2014

	Ordinary share capital Rwf'000	Shareholders loans Rwf'000	Retained earnings Rwf'000	Other reserves Rwf'000	Total equity Rwf'000
At 1 January 2012	**15,000**	**3,660,000**	**62,974,081**	**1,500**	**66,650,581**
Total comprehensive income for the year	-	-	12,147,542	-	12,147,542
Transactions with owners:					
- Final dividends for 2011	-	-	(3,688,087)	-	(3,688,087)
- Interim dividends for 2012	-	-	(2,458,724)	-	(2,458,724)
At 31 December 2012	**15,000**	**3,660,000**	**68,974,812**	**1,500**	**72,651,312**
At 1 January 2013	**15,000**	**3,660,000**	**68,974,812**	**1,500**	**72,651,312**
Total profit and comprehensive income for the year	-	-	3,590,265	-	3,590,265
At 31 December 2013	**15,000**	**3,660,000**	**72,565,077**	**1,500**	**76,241,577**
At 1 January 2014	15,000	3,660,000	72,565,077	1,500	76,241,577
Total profit and comprehensive income for the year	-	-	6,089,634	-	6,089,634
Transactions with owners:					
Dividends paid	-	-	(14,250,000)	-	(14,250,000)
At 31 December 2014	**15,000**	**3,660,000**	**64,404,711**	**1,500**	**68,081,211**

The notes on pages 7 to 56 are an integral part of these financial statements.

	Notes	2014 Rwf'000	2013 Rwf'000	2012 Rwf'000
Cash flows from operating activities				
Cash generated from operations	32	20,071,199	28,601,110	35,008,161
Interest received		569,441	529,290	515,792
Interest paid		(282,068)	(693,485)	(1,477,679)
Tax paid	33	(3,734,919)	(7,397,513)	(117,153)
Dividends paid		(14,250,000)	(2,647,857)	(3,498,954)
Net cash generated from operating activities		**2,373,653**	**18,391,545**	**30,430,167**
Cash flows from investing activities				
Purchase of property, plant and equipment	13	(6,258,906)	(17,002,444)	(13,583,424)
Purchase of intangible assets	14	-	(169,125)	(552,710)
Deposit placements with financial institutions		(10,341,762)	-	-
Proceeds of assets of a disposal group classified as held for sale		30,977,372	-	-
Proceeds on disposal of property, plant and equipment and intangibles		146,041	114,894	110,620
Net cash generated from / (used) in investing activities		**14,522,745**	**(17,056,675)**	**(14,025,514)**
Cash flows from financing activities				
Repayments of borrowings		(5,549,468)	(6,219,573)	(5,852,464)
Net cash used in financing activities				
Net increase /(decrease) in cash and cash equivalents		**11,346,930**	**(4,884,703)**	**10,552,189**
Cash and cash equivalents at start of the year	20	14,094,811	18,901,535	8,283,909
Exchange gains on cash and cash equivalents		328,004	77,979	65,437
Cash and cash equivalents at end of year	**20**	**25,769,745**	**14,094,811**	**18,901,535**

The notes on pages 7 to 56 are an integral part of these financial statements.

1. General information

The company is incorporated in Rwanda as a limited liability company. The address of its registered office is:

Grand Pension Plaza
Kigali, Rwanda

2. Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and comply with the requirements of Law No. 7/2009 relating to companies. The Company has adopted all new accounting pronouncements that became effective in the current reporting period and that are relevant to the Company, none of which had a material impact.

The annual financial statements for the years ended 31 December 2012, 2013 and 2014 were approved by the directors of the company on 4 March 2013, 25 March 2014 and 25 February 2015 respectively.

The financial statements have been prepared on the historical cost basis. They are presented in Rwandan Francs rounded to the nearest thousand, which is the functional and presentation currency of the Company. Amounts are rounded to the nearest thousand with the exception of ordinary share capital (Note 21).

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected. Information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the annual financial statements are included in Note 6.

3. Going Concern

The Company's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the Company should be able to operate within its current funding levels.

The directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. The Company therefore continues to adopt the going concern basis in preparing the annual financial statements.

4. Principal accounting policies

The principal accounting policies applied in the preparation of these annual financial statements are set out in the related notes to the Company annual financial statements and are consistent with those adopted in the prior year, unless otherwise stated.

4. Principal accounting policies (continued)

4.1. New accounting pronouncements

(a) New standards, amendments and interpretations adopted by the Company

The following standards were adopted by the Company for the first time for the financial year beginning on 1 January 2014.

- Amendment to IAS 32, 'Financial instruments: Presentation' on offsetting financial assets and financial liabilities. This amendment clarifies that the right of set-off must not be contingent on a future event. It must also be legally enforceable for all counterparties in the normal course of business, as well as in the event of default, insolvency or bankruptcy. The amendment also considers settlement mechanisms. The amendment did not have a significant effect on the Company's financial statements

- Amendments to IAS 36, 'Impairment of assets', on the recoverable amount disclosures for non-financial assets. This amendment removed certain disclosures of the recoverable amount of CGUs which had been included in IAS 36 by the issue of IFRS 13.

- IFRIC 21, 'Levies', sets out the accounting for an obligation to pay a levy if that liability is within the scope of IAS 37 'Provisions'. The interpretation addresses what the obligating event is that gives rise to pay a levy and when a liability should be recognised. Adoption of IFRIC 21 has not led to a significant change in the way the Company accounted for levies.

Other standards, amendments and interpretations which are effective for the financial year beginning on 1 January 2014 are not material to the Company.

(b) New standards, amendments and interpretations not yet adopted

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 January 2014, and have not been applied in preparing these financial statements. None of these is expected to have a significant effect on the financial statements of the Company, except the following set out below:

IFRS 15 Revenue from contracts with customers

Effective 1 January 2015, IFRS 15 replaces the two main revenue recognition standards, IAS 18 Revenue and IAS 11 Construction Contracts and their related interpretations.

IFRS 15 provides a single revenue recognition model and clarifies the principles for recognising revenue from contracts with customers. The core principle is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Revenue is recognised when a customer obtains control of a good or service. A customer obtains control when it has the ability to direct the use of and obtain the benefits from the good or service.

IFRS 15 also includes a cohesive set of disclosure requirements that will result in an entity providing users of financial statements with comprehensive information about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers.

IFRS 15 will be applied retrospectively subject to the application of the transitional provisions.

The impact on the annual financial statements has not yet been fully determined but it is expected to result in a change in:
- the timing of the recognition of revenue; and
- the measurement of revenue to adjust for the effects of the time value of money;

4. Principal accounting policies (continued)

4.1. New accounting pronouncements (continued)

(b) New standards, amendments and interpretations not yet adopted (continued)

IFRS 9 Financial instruments

Effective 1 January 2018, IFRS 9 replaces IAS 39 *Financial Instruments: Recognition and Measurement*. It retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through other comprehensive income and fair value through profit or loss. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in other comprehensive income.

IFRS 9 also replaces the rule-based hedge accounting requirements in IAS 39. It requires an economic relationship between the hedged item and hedging instrument and for the 'hedged ratio' to be the same as the one management actually uses for risk management purposes.

IFRS 9 includes an expected credit losses model for calculating impairment on financial assets. This replaces the incurred loss model used under IAS 39.

The adoption of IFRS 9 is not expected to change the measurement of the Company's financial assets and liabilities significantly, but will require a review of the current classification of financial assets and liabilities. Any changes in classification will be applied retrospectively.

The hedge accounting requirements will be applied prospectively and is not expected to have a significant impact on the financial results of the Company.

The impact of an expected credit losses model on the annual financial statements has not yet been fully determined.

4.2. Annual improvements

Improvements to IFRSs was issued by the IASB as part the 'annual improvements process' resulting in the following amendments to standards issued, and effective for the first time for 31 December 2014 year-ends:

Annual improvements issued in 2012

These annual improvements which are effective from 1 July 2014 includes changes to:

- *IFRS 2, 'Share based payments',* and clarifies the definition of a 'vesting condition' and separately defines 'performance condition' and 'service condition'.
- *IFRS 3, 'Business combinations',* and clarifies that an obligation to pay contingent consideration which meets the definition of a financial instrument is classified as a financial liability or equity, on the basis of the definitions in IAS 32,'Financial instruments: Presentation'. It also clarifies that all non-equity contingent consideration is measured at fair value at each reporting date, with changes in value recognised in profit and loss.
- *IFRS 8, 'Operating segments'* which is amended to require disclosure of the judgements made by management in aggregating operating segments. It is also amended to require a reconciliation of segment assets to the entity's assets when segment assets are reported.
- *IFRS 13, 'Fair value'* which amended the basis of conclusions to clarify that it did not intend to remove the ability to measure short term receivables and payables at invoice amounts where the effect of discounting is immaterial.
- *IAS 16,'Property, plant and equipment'* and *IAS 38,'Intangible assets'* are amended to clarify how the gross carrying amount and the accumulated depreciation are treated where an entity uses the revaluation model.
- *IAS 24,'Related party disclosures'* is amended to include, as a related party, an entity that provides key management personnel services to the reporting entity or to the parent of the reporting entity (the 'management entity'). Disclosure of the amounts charged to the reporting entity is required.

4. Principal accounting policies (continued)

4.2. Annual improvements (continued)

Annual improvements issued in 2013

These annual improvements amend standards from the 2011 – 2013 reporting cycle. It includes changes to:

- *IFRS 1,'First time adoptions of IFRSs', basis of conclusions* is amended to clarify that where a new standard is not mandatory but is available for early adoption a first-time adopter can use either the old or the new version, provided the same standard is applied in all periods presented.
- *IFRS 3,'Business combinations'* is amended to clarify that IFRS 3 does not apply to the accounting for the formation of any joint venture under IFRS 11.
- *IFRS 13,'Fair value measurement'* is amended to clarify that the portfolio exception in IFRS 13 applies to all contracts (including non-financial contracts) within the scope of IAS 39 or IFRS 9.
- *IAS 40,'Investment property'* is amended to clarify that IAS 40 and IFRS 3 are not mutually exclusive. IAS 40 assists users to distinguish between investment property and owner-occupied property. Preparers also need to consider the guidance in IFRS 3 to determine whether the acquisition of an investment property is a business combination

Annual improvements issued in 2014

These annual improvements amend standards from the 2012 – 2014 reporting cycle. It includes changes to:

IFRS 5, 'Non-current assets held for sale and discontinued operations'

The amendment clarifies that, when an asset (or disposal group) is reclassified from 'held for sale' to 'held for distribution', or vice versa, this does not constitute a change to a plan of sale or distribution, and does not have to be accounted for as such. This means that the asset (or disposal group) does not need to be reinstated in the financial statements as if it had never been classified as 'held for sale' or 'held for distribution' simply because the manner of disposal has changed. The amendment also explains that the guidance on changes in a plan of sale should be applied to an asset (or disposal group) which ceases to be held for distribution but is not reclassified as 'held for sale'.

Amendments to IFRS 7,'Financial instruments: Disclosures'

There are two amendments:
– Servicing contracts – If an entity transfers a financial asset to a third party under conditions which allow the transferor to derecognise the asset, IFRS 7 requires disclosure of all types of continuing involvement that the entity might still have in the transferred assets. The standard provides guidance about what is meant by continuing involvement. The amendment is prospective with an option to apply retrospectively. There is a consequential amendment to IFRS 1 to give the same relief to first time adopters.
– Interim financial statements – the amendment clarifies that the additional disclosure required by the amendments to IFRS 7, 'Disclosure – Offsetting financial assets and financial liabilities' is not specifically required for all interim periods unless required by IAS 34. This amendment is retrospective.

Amendment to IAS 19,'Employee benefits'

The amendment clarifies that, when determining the discount rate for post-employment benefit obligations, it is the currency that the liabilities are denominated in that is important, not the country where they arise. The assessment of whether there is a deep market in high-quality corporate bonds is based on corporate bonds in that currency, not corporate bonds in a particular country. Similarly, where there is no deep market in high-quality corporate bonds in that currency, government bonds in the relevant currency should be used. The amendment is retrospective but limited to the beginning of the earliest period presented.

4. Principal accounting policies (continued)

4.2. Annual improvements (continued)

Amendment to IAS 34,'Interim financial reporting'

The amendment clarifies what is meant by the reference in the standard to 'information disclosed elsewhere in the interim financial report'. The amendment also amends IAS 34 to require a cross-reference from the interim financial statements to the location of that information. The amendment is retrospective.

5. Measurement Principles

Key assets and liabilities shown in the statement of financial position are measured as follows:

Items included in the statement of financial position	Measurement principle	Items included in the statement of financial position	Measurement principle
Assets		**Liabilities**	
Non-current assets		**Non-current liabilities**	
Property, plant and equipment	Historical cost, less accumulated depreciation and impairment losses	Borrowings	Amortised cost
Intangible assets	Historical cost, less accumulated amortisation and impairment losses	Deferred tax liabilities	Undiscounted amount measured at the tax rates that are expected to apply to the period when the liability is settled
Prepayments	Cost		
Current assets		**Current liabilities**	
Non-current assets held for sale	Lower of carrying amount and fair value less costs to sell	Liabilities directly associated with non-current assets held for sale	Amortised cost for financial liabilities and cost for non-financial liabilities
Inventories	Lower of cost and net realisable value	Trade and other payables	Amortised cost
Trade receivables	Amortised cost	Deferred revenue	Cost
Prepayments	Cost	Provisions	Present value of settlement amount
Sundry debtors and advances	Amortised Cost	Current income tax	Amount expected to be paid to the tax authorities, using tax rates that have been enacted or substantively enacted at the reporting date
Current portion of loans, non-current receivables and prepayments	Amortised cost	Borrowings	Amortised cost
Current income tax	Amount expected to be recovered from the tax authorities, using tax rates that have been enacted or substantively enacted at the reporting date		
Cash and cash equivalents	Amortised cost		

6. Critical accounting estimates and assumptions

The Company makes estimates and assumptions concerning the future when preparing its annual financial statements. Actual results may differ from these estimates. 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 discussed below.

The "Critical accounting estimates and assumptions" note should be read in conjunction with the "Principal accounting policies" disclosed in Note 4.

6.1. Impairment of trade receivables

The Company determines impairment of trade receivables when objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of the trade receivables. Management exercises significant judgement in assessing the impact of adverse indicators and events on the recoverability of trade receivables using the indicators disclosed in the accounting policy in note 40.

The impairment loss is determined as the difference between the carrying amount of the trade receivables and the present value of their estimated future cash flows (excluding future credit losses that have been incurred) discounted at the asset's original effective interest rate.

Impairment charges incurred during the period are included in Note 9.

6.2. Connection incentives and subscriber acquisition costs

Connection incentives paid to service providers are expensed by the Company in the period incurred. Service providers utilise the incentives received from the Company to fund a variety of administrative costs and/or to provide incentives to maintain/sign up customers on behalf of the Company, at their own discretion. The portion of the incentive used by the respective service providers as an incentive to retain/acquire existing/new subscribers on behalf of the Company is capitalised only to the extent that it is reliably measurable (prepaid discount).

In accordance with the Conceptual Framework under IFRS, the Company has resolved not to capitalise these fees due to the portion of incentives utilised to retain/acquire subscribers on behalf of the Company by the respective independent service providers not being reliably measurable.

In accordance with the recognition criteria in IAS 38 Intangible Assets, the Company has also resolved not to capitalise commissions paid to dealers, utilised to acquire new subscribers, as intangible assets (subscriber acquisition cost), due to the portion utilised to acquire subscribers on behalf of the Company not being reliably measurable.

6.3. Interconnect revenue recognition

Due to the receipt of interconnect revenue in certain instances not being certain at transaction date, the Company has resolved only to recognise interconnect revenue relating to these instances as the cash is received.

6.4. Income taxes

The Company exercises significant judgement in determining its provision for income taxes when dealing with calculations and transactions for which the ultimate tax position is uncertain during the ordinary course of business. The Company recognises tax liabilities for anticipated tax issues based on estimates of whether additional taxes will be payable. Where the final outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred tax in the period in which such determination is made.

Deferred tax assets (Note 27)
Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which the deferred tax assets can be utilised. When recognising deferred tax assets, the Company exercises judgement in determining whether sufficient taxable profits will be available; this is done by assessing its future financial performance.
The Company's deferred tax assets for the current year amounted to Rwf 876 million (2013: Rwf 1,148 million).

6.5. Property, plant and equipment

Property, plant and equipment represent a significant proportion of the Company's asset base. Therefore, the judgements made in determining their estimated useful lives and residual values are critical to the Company's financial position and performance. Useful lives and residual values are reviewed on an annual basis with the effects of any changes in estimate accounted for on a prospective basis.

In determining residual values, the Company uses historical sales and management's best estimate based on market prices of similar items.

Useful lives of property, plant and equipment are based on management estimates and take into account historical experience with similar assets, the expected usage of the asset, physical wear and tear, technical or commercial obsolescence and legal restrictions on the use of the assets.

The estimated useful lives of property, plant and equipment are as follows:

	2014	2013	2012
Buildings owned	20 to 50 years	20 to 50 years	20 to 50 years
Building leased	Duration of the lease	Duration of the lease	Duration of the lease
Leasehold improvements	3 to 5 years	3 to 5 years	3 to 5 years
Network Infrastructure	2 to 20 years	2 to 20 years	2 to 20 years
Information Systems	4 to 8 years	4 to 8 years	4 to 8 years
Furniture and Fittings	5 to 10 years	5 to 10 years	5 to 10 years
Motor vehicles	5 years	5 years	5 years
Office Equipment	4 to 6 years	4 to 6 years	4 to 6 years

There were no significant changes in the useful lives and residual values of items of property, plant and equipment during the current year.

6.6. Provisions

The Company exercises judgment in determining the expected cash outflows related to its provisions. Judgment is necessary in determining the timing of outflow as well as quantifying the possible range of the financial settlements that may occur.

The present value of the Company's provisions is based on management's best estimate of the future cash outflows expected to be required to settle the obligations, discounted using appropriate pre-tax discount rates that reflect current market assessment of the time value of money and the risks specific to each provision. Additional information on provisions is disclosed in note 28.

7. Revenue

Revenue comprises the fair value of the consideration received or receivable from the sale of goods and services in the ordinary course of the Company's activities. Revenue is shown net of indirect taxes, estimated returns and trade discounts.

Revenue from the sale of goods and the rendering of services is recognised when it is probable that the economic benefits associated with the transaction will flow to the Company and the amount of revenue, and associated costs incurred or to be incurred, can be measured reliably. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved.

Postpaid and prepaid products with multiple deliverables are defined as multiple element arrangements. Postpaid products typically include the sale of a handset, activation fee and a service contract; and prepaid products include a subscriber identification module (SIM) card and airtime. These arrangements are divided into separate units of accounting, and revenue is recognised through application of the residual value method.

7. Revenue (continued)

In applying the residual value method, fair value is allocated to each of the undelivered elements in the transaction, and any consideration remaining (the residual value) is allocated to the delivered elements.

The main categories of revenue and the bases of recognition are as follows:

Airtime, subscription, data and SMS

- Airtime, data and SMS: revenue is recognised on the usage basis commencing on the date of activation;
- Connection fees: revenue is recognised on the date of activation of a new SIM card; and
- SMS kits: revenue is recognised on the date of sale.

The terms and conditions of postpaid bundled airtime products may allow for the carryover of unused value or minutes. The revenue related to the unused value or minutes is deferred and recognised when utilised by the customer or on termination of the contract.

Revenue received on prepaid contracts is deferred and recognised when services are utilised by the customer or on termination of the customer relationship.

Interconnect/roaming

Interconnect/roaming revenue is recognised on a usage basis, unless it is not probable on the transaction date that the interconnect revenue will be received; in which case interconnect revenue is recognised only when the cash is received.

Mobile telephones and accessories

Revenue on the sale of mobile telephones and accessories to third parties are recognised only when risks and rewards of ownership are transferred to the buyer.

Mobile money
Revenue earned on mobile money transaction fees is recognised on a usage basis.

Other income
Other income is recognised when the risks and rewards of ownership of the assets are transferred to the buyer. Lease income is recognised in profit or loss on a straight-line basis over the term of the lease.

	2014 Rwf'000	**2013 Rwf'000**	**2012 Rwf'000**
Airtime and subscription	46,993,195	52,129,459	59,046,667
Data	16,709,023	10,610,845	8,322,451
SMS	2,207,022	3,446,792	3,598,631
Interconnection fees	7,252,365	9,129,362	9,648,238
Mobile money	2,165,862	1,464,586	1,151,061
Connection fees	45,113	60,304	58,827
Digital	264,369	-	-
Roaming	2,090,056	1,900,774	1,967,836
Mobile telephones and accessories	1,319,107	1,534,217	1,992,194
Sundry income	2,472,012	2,395,020	4,233,134
Total revenue	**81,518,124**	**82,671,359**	**90,019,039**

8. Other income

	2014 Rwf'000	2013 Rwf'000	2012 Rwf'000
Profit on disposal of tower assets	127,069	-	-
Profit on disposal of property, plant and equipment	95,040	41,012	-
	222,109	41,012	-
Profit on tower sale (Note 16)			
Sales proceeds	32,178,900	-	
Carrying amount	(30,850,303)	-	
Costs of disposal	(1,201,528)	-	
Profit on tower sale	127,069	-	-

The tax impact of the tower sale is as below:

	2014	2013	2012
Decrease in deferred income tax liabilities	8,508,625	-	-
Current income tax arising on sale of the tower assets	(8,457,288)	-	
Total tax impact	51,337	-	-

9. Operating Profit

The following items have been included in arriving at the operating profit:

	2014 Rwf'000	2013 Rwf'000	2012 Rwf'000
Auditors' remuneration			
- Audit fees	232,018	212, 414	231,810
- Fees for other services	46,723	52,521	32,809
- Expenses	45,565	51,030	61,816
Directors' emoluments			
- Services as directors	10,102	13,601	17,064
- Directors' fees	14,737	6,017	16,026
Employee benefits expense	7,667,656	8,662,606	7,386,482
Profit on disposal of tower assets	(127,069)	-	-
(Profit) / loss on disposal of property, plant and equipment	(95,040)	(41,012)	14,135
Impairment charge on trade receivables	95,693	1,080,788	162,343
Inventories expensed	2,255,585	3,085,303	2 361,428
Write down of inventories	84,776	36,879	248
Management fees paid to related parties (Note 37)	4,991,451	4,858,882	5,768 ,307
Licence fees	2,459,630	2,477,063	2,733,496
Utilities	2,316,049	4,741,118	4,467,980
Operating leases			
- Property	5,601,981	518,143	921 910
- Equipment and vehicles	34,561	31,935	21 780
Fees paid for professional and consulting services	1,945,142	1,914,366	1,282,983
Depreciation (Note 13)	13,962,026	17,987,202	16,234,531
Amortisation (Note 14)	189,577	412,365	271,039

10. Employee benefits

Short-term employee benefits

Remuneration to employees in respect of services rendered during a reporting period is expensed in that reporting period. A liability is recognised for accumulated leave when there is a present legal or constructive obligation as a result of past service rendered by employees.

A liability for unvested short-term benefits is recognised when there is no realistic alternative other than to settle the liability, and at least one of the following conditions is met:

- there is a formal plan and the amounts to be paid are determined before the time of issuing the annual financial statements; or
- achievement of previously agreed bonus criteria has created a valid expectation by employees that they will receive a bonus and the amount can be determined before the time of issuing the annual financial statements.

Share-based payment transactions

The Company operates a share incentive scheme. For further details refer to note 39.

10. Employee benefits (continued)

Post-employment benefits

The Company operates a defined contribution plan. The Company and all its employees also contribute to the Rwanda Social Security Board, which is a defined contribution scheme. A defined contribution plan is a post-employment benefit plan (such as a pension plan) under which the Company pays a fixed percentage of employees' remuneration as contributions into a separate entity (a fund), and will have no further legal or constructive obligations to pay additional contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. Contributions to defined contribution plans in respect of services rendered during a period are recognised as an employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

Termination benefits

Termination benefits may be payable when an employee's employment is terminated before the normal retirement date due to death or retrenchment or whenever an employee accepts voluntary redundancy in exchange for these benefits.

The Company recognises termination benefits at the earlier of the following dates:
- when the Company can no longer withdraw the offer of these benefits; and
- when the company recognises the costs for a restructuring that is within the scope of IAS 37 that includes the payment of termination benefits.

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. Benefits falling due more than 12 months after the reporting date are discounted to their present value.

	2014	**2013**	**2012**
	Rwf'000	**Rwf'000**	**Rwf'000**
Salaries and wages	5,498,375	6,603,902	5,611,879
Share option granted to directors and employees	371,269	236,130	121,116
Retirement benefits costs	434,482	428,147	439,175
Other	1,363,530	1,394,427	1,214,312
Total	**7 667,656**	**8,662,606**	**7,386,482**

11. Finance income and finance costs

Finance income

Finance income comprises interest income on funds invested in current deposit accounts, dividend income and changes in the fair value of financial assets at fair value through profit or loss that are recognised in profit or loss. Interest income is recognised as it accrues in profit or loss, using the effective interest method.

Finance costs

Finance costs comprise interest expense on borrowings, unwinding of the discount on provisions and changes in the fair value of financial assets at fair value through profit or loss.

All borrowing costs are recognised in profit or loss using the effective interest method, unless the borrowing costs are directly attributable to the acquisition, construction or production of qualifying assets, in which case the directly attributable borrowing costs are capitalised.

Foreign transactions and balances
Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains or losses resulting from the settlement of such transactions and from the translation at reporting date exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit of loss except when deferred in other comprehensive income qualifying cash flow hedges.

	2014 Rwf'000	2013 Rwf'000	2012 Rwf'000
Interest income on loans and receivables	2,635	5,591	
Interest income from banks	556,083	529,290	515,791
Interest income from deposits held with financial institutions	11,901	-	-
Realised foreign exchange gains	656,758	224,144	-
Unrealised foreign exchange gains	59,393	87,228	-
Finance income	1,286,770	846,253	515,791
Interest expense on financial liabilities	(199,641)	(798,994)	(1,259,170)
Unwinding of discount on provisions	40,931	(9,266)	(5,210)
Realised foreign exchange losses	(75,387)	(1,619,424)	(939,731)
Unrealised foreign exchange losses	(594,248)	(9,959)	(177,665)
Finance costs	**(828,345)**	**(2,437,643)**	**(2,381,776)**
Net finance income/(costs)	**458,425**	**(1,591,390)**	**(1,865,985)**

12. Income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or items recognised directly in equity. For these items the tax is also recognised in other comprehensive income or directly in equity, respectively.

Current tax
Current tax is the expected tax payable on taxable income for the year, using tax rates enacted or substantively enacted at the reporting date in Rwanda, and any adjustment to tax payable in respect of previous years. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

12. Income tax (continued)

Deferred tax

Deferred tax is recognised using the liability method, providing for temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the annual financial statements for financial reporting purposes. Deferred tax is not recognised if the temporary difference arises from goodwill or from the 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 tax is measured at tax rates (and laws) that have been enacted or substantively enacted at the reporting date and are expected to apply to temporary differences when they reverse.

A deferred tax asset is recognised for unused tax losses or deductible temporary differences only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

	2014 Rwf'000	**2013 Rwf'000**	**2012 Rwf'000**
Current income tax			
- Current period	10,476,706	1,818,299	5,418,285
- Under/ (over) provision of income tax in prior years	300,047	(1,162,543)	-
Total current income tax	10,776,753	655,756	5,418,285
Deferred income tax (note 27):			
- Current period	(6,919,547)	(573,148)	515,282
- (Over)/Under provision of deferred tax in prior years	(186,993)	39,753	90,392
Total deferred income tax charge	**(7,106,540)**	**(533,395)**	**605,674**
Total income tax expense	**3,670,213**	**122,361**	**6,023,959**

Tax rate reconciliation

The statutory income tax charge for the year is reconciled to the effective rate of taxation in Rwanda as follows:

	2014 Rwf'000	**%**	**2013 Rwf'000**	**%**	**2012 Rwf'000**	**%**
Profit before income tax	9,759,848		3,712,626		18,171,501	
Statutory tax rate	30%		30%		30%	
Tax at standard rate	2,927,954	**30**	1,113,788	30	5,451,450	30
Tax effects of:						
Income not subject to tax	-	**-**	(158,787)	(4.3)	-	-
- Expenses not deductible for tax purposes	255,219	**2.6**	290,150	7.8	269,425	2.7
- (Over)/under provision in prior years current tax	300,047	**3.1**	(1,162,543)	(31.3)	303,084	0.5
- Under provision in prior years deferred tax	186,993	**1.9**	39,753	1.1	-	-
Total income tax expense	3,670,213		122,361		6,023,959	
Effective tax rate		**37.6**		3.3		33.2

13. Property, plant and equipment

Property, plant and equipment are measured at historical cost less accumulated depreciation and accumulated impairment losses. Property, plant and equipment acquired through business combinations are initially shown at fair value and are subsequently carried at the initially determined fair value less accumulated depreciation and accumulated impairment losses.

The cost of property, plant and equipment includes expenditure that is directly attributable to the acquisition or construction of the assets, any other costs directly attributable to bringing the assets to the location and condition for their intended use and the present value of estimated decommissioning costs. Purchased software that is integral to the functionality of the related equipment is capitalised as part of the equipment.

Property, plant and equipment under construction are measured at initial cost and depreciated from the date the assets are available for use in the manner intended by management over their estimated useful lives. Assets are transferred from capital work-in-progress to an appropriate category of property, plant and equipment when commissioned and ready for their intended use.

The Company capitalises general and specific borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset. A qualifying asset is deemed to be an asset which takes more than 12 months to acquire, construct or produce. Borrowing costs include general and specific borrowings directly attributable to the acquisition, construction or production of qualifying assets. Other borrowing costs are expensed in profit or loss.

Asset exchange transactions are transactions where one or more items of property, plant and equipment are acquired in exchange for non-monetary assets, or a combination of monetary and non-monetary assets. In circumstances whereby the Company enters into an asset exchange transaction, the Company determines whether such an exchange has commercial substance. Commercial substance depends on the extent to which the Company's future cash flows are expected to change as a result of the transaction.

A transaction has commercial substance if the difference in either of the points below is significant relative to the fair value of the assets exchanged:

- The configuration of the cash flows of the asset received differs from the configuration of the cash flows of the asset given up; or
- The entity-specific value of the part of the operations affected by the transaction changes as a result of the exchange.

Property, plant and equipment acquired in an exchange transaction is measured at fair value unless the exchange transaction lacks commercial substance or the fair value of neither the asset received nor the asset given up is reliably measurable. If the acquired item is not measured at fair value, its cost is measured at the carrying amount of the asset given up. Any consideration paid or payable is included in the cost of the asset received.

In instances whereby the Company receives assets for no consideration, the Company accounts for these at cost in accordance with IAS 16 Property, Plant and Equipment, being zero value.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment. Depreciation is calculated on a straight-line basis to write off the cost of the assets to their residual values over their estimated useful lives. For a summary of useful lives, refer to note 6.5.

Useful lives and residual values are reviewed on an annual basis and the effect of any changes in estimate is accounted for on a prospective basis.

Land is not depreciated. Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, the expected term of the relevant lease.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, 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.

Property, plant and equipment (continued)

Repairs and maintenance are charged to the Statement of Comprehensive Income during the financial period in which they are incurred.

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the proceeds from the disposal and the carrying amount of the asset, and is included in the Statement of Comprehensive Income.

Impairment of assets

An impairment loss is recognised in the Statement of Comprehensive Income if the carrying amount of an asset or its cash-generating unit exceeds its estimated recoverable amount. The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generate cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the “cash-generating unit”).

When an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but limited to the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in the Statement of Comprehensive Income. An impairment loss in respect of goodwill is not reversed.

Property, plant and equipment with finite useful lives
The Company annually reviews the carrying amounts of its property, plant and equipment with finite useful lives in order to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amounts of the assets are estimated in order to determine the extent, if any, of the impairment loss.

13. Property, plant and equipment (continued)

	Cellular Network Equipment Rwf'000	Capital Work In Progress Rwf'000	Information System Equipment Rwf'000	Motor vehicles Rwf'000	Furniture and Other Equipment Rwf'000	Freehold Land and Buildings Rwf'000	Total Rwf'000
COST							
At 1 January 2014	94,340,717	2,938,946	9,641,465	2,467,899	1,171,464	5 ,315,018	115,875,509
Additions	-	10,422,105	-	152,908	-	-	10,575,013
Reallocation from capital works in progress	4,811,975	(8,568,597)	3,582,932	-	161,537	12,153	-
Transfer from assets held for sale(Note 16)	3,668,495	-	-	-	-	-	3,668,495
Disposals	(1,422,397)	-	(981,831)	(702,499)	(291,991)	-	(3,398,718)
Balance at 31 December 2014	**101,398,790**	**4,792,454**	**12,242,566**	**1,918,308**	**1,041,010**	**5,327,171**	**126,720,299**
ACCUMULATED DEPRECIATION							
At 1 January 2014	(46,839,679)	-	(5,528,398)	(1,429,527)	(807,833)	(2,465,767)	(57,071,204)
Transfer from assets held for sale (Note 16)	(2,439,492)	-	-	-	-	-	(2,439,492)
Disposals	1,411,066	-	973,497	674,255	288,900	-	3,347,718
Depreciation charge for the year	(11,630,157)	-	(1,389,859)	(418,378)	(132,797)	(390,835)	(13,962,026)
Balance at 31 December 2014	**(59,498,262)**	**-**	**(5,944,760)**	**(1,173,650)**	**(651,730)**	**(2,856,602)**	**(70,125,004)**
Net book value at 31 December 2014	**41,900,528**	**4,792,454**	**6,297,806**	**744,658**	**389,280**	**2,470,569**	**56,595,295**

13. Property, plant and equipment (continued)

	Cellular Network Equipment Rwf'000	Capital Work In Progress Rwf'000	Information System Equipment Rwf'000	Motor vehicles Rwf'000	Furniture and Other Equipment Rwf'000	Freehold Land and Buildings Rwf'000	Total Rwf'000
COST							
At 1 January 2013	136,330,468	2,010,189	10,025,045	2,109,118	1,012,447	5,219,118	156,706,385
Additions	-	16,798,268	-	401,111	-	-	17,199,379
Reallocation from capital works in progress	13,663,675	(15,869,511)	1,948,160	-	161,776	95,900	-
Transfer to assets held for sale	(55,373,105)	-	-	-	-	-	(55,373,105)
Disposals	(280,321)	-	(2,331,740)	(223,331)	(2,759)	-	(2,838,151)
Other movements	-	-	-	181,001	-	-	181,001
Balance at 31 December 2013	**94,340,717**	**2,938,946**	**9,641,465**	**2,467,899**	**1,171,464**	**5,315,018**	**115,875,509**
ACCUMULATED DEPRECIATION							
At 1 January 2013	(54,870,562)	-	(6,422,106)	(1,000,760)	(696,741)	(1,970,900)	(64,961,069)
Transfer to assets held for sale	23,293,799	-	-	-	-	-	23,293,799
Disposals	242,215	-	2,331,684	187,666	2,704	-	2,764,269
Depreciation charge for the year	(15,505,131)	-	(1,437,976)	(435,432)	(113,796)	(494,867)	(17,987,202)
Other movements	-	-	-	(181,001)	-	-	(181,001)
Balance at 31 December 2013	**(46,839,679)**	**-**	**(5,528,398)**	**(1,429,527)**	**(807,833)**	**(2,465,767)**	**(57 071 204)**
Net book value at 31 December 2013	**47,501,038**	**2,938,946**	**4,113,067**	**1,038,372**	**363,631**	**2,849,251**	**58,804,305**

Property, plant and equipment (continued)

	Cellular Network Equipment Rwf'000	Capital Work In Progress Rwf'000	Information System Equipment Rwf'000	Motor vehicles Owned Rwf'000	Motor Vehicles Leased Rwf'000	Furniture and Other Equipment Rwf'000	Freehold Land and Buildings Rwf'000	Total Rwf'000 Total Rwf'000
At 1 January 2012								
Cost	123,914 ,923	4,069,003	8,485,266	1,684,417	628,060	803,687	4,871,169	144,456,525
Accumulated depreciation	(40,619,138)	-	(5,351,147)	(1,152,891)	(168,501)	(639,855)	(1,498,927)	(49,430,459)
Net book amount	**83,295 ,785**	**4,069,003**	**3,134,119**	**531,526**	**459,559**	**163,832**	**3,372,242**	**95,026,066**
Year ended 31 December 2012								
Opening net book amount	83,295,785	4,069,003	3,134,119	531,526	459,559	163,832	3,372,242	95,026,066
Opening balance adjustment	(392,140)	-	(33,464)	-	-	-	1,940	(423,664)
Reallocations from capital works in progress	12,849,486	(14,742,347)	1,625,184	-	-	209,477	58,200	-
Additions	-	12,683,533	-	-	704,909	-	288,187	13,676,629
Disposals	(115,791)	-	(6,776)	(176,428)	-	(189)	-	(299, 184)
Depreciation charge	(14,177,434)	-	(1,116,124)	(157,235)	(253,973)	(57,414)	(472,351)	(16,234,531)
Closing net book amount	**81,459,906**	**2,010,189**	**3,602,939**	**197,863**	**910,495**	**315,706**	**3,248,218**	**91,745,316**
At 31 December 2012								
Cost	136,330,468	2,010,189	10,025,045	944,651	1,164,467	1,012,447	5,219,118	156,706,385
Accumulated depreciation	(54,870,562)	-	(6,422,106)	(746,788)	(253,972)	(696,741)	(1,970,900)	(64,961,069)
Net book amount	**81,459,906**	**2,010,189**	**3,602,939**	**197,863**	**910,495**	**315,706**	**3,248,218**	**91,745,316**

Bank borrowings are secured by a negative pledge over all existing and future assets of the Company.

3. Property, plant and equipment (continued)

Breakdown of leased property, plant and equipment (included in the note above)

	2014 **Rwf'000**	**2013** **Rwf'000**	**2012** **Rwf'000**
Vehicles:			
Cost	1,548,562	1,746,579	1,164,467
Accumulated depreciation	(840,879)	(793,402)	(253,972
Carrying amounts			
Vehicles	707,683	953,177	910,495

The Company leases various premises and sites which have varying terms, escalation clauses and renewal rights.

Finance lease commitments are disclosed in note 29.

For cash flow purposes, additions to property and equipment are arrived at as follows:

	2014 **Rwf '000**	**2013** **Rwf '000**	**2012** **Rwf '000**
Additions as above	10,575,013	17,199,379	13,676,629-
Finance lease	(156,169)	(402,041)	(704,909)
Decommissioning provision utilised in the year (Note 28)	(42,532)	-	-
Accruals for PPE items received but not invoiced at start of year	3,318,299	3,523,405	4,135,109
Accruals for PPE items received but not invoiced at end of year	(7,435,705)	(3,318,299)	(3,523,405)
Cash flows used in purchase of property, plant and equipment	6,258,906	17,002,444	13,583,424

14. Intangible assets

Intangible assets with finite useful lives

Intangible assets with finite useful lives are measured at historical cost less accumulated amortisation and accumulated impairment losses. Intangible assets acquired through business combinations are initially shown at fair value and are subsequently carried at the initially determined fair value less accumulated amortisation and accumulated impairment losses. The initial cost incurred in respect of licences is capitalised.

The basis for determining the useful lives for the various categories of intangible assets is as follows:

Licences
The useful lives of licences are determined primarily with reference to the unexpired licence period.

Software
Useful lives of software are based on management's estimates and take into account historical experience as well as future events which may impact the useful lives.

Amortisation is calculated on a straight-line basis to write off the cost of intangible assets over their estimated useful lives. The estimated useful lives of intangible assets with finite useful lives are as follows:

14. Intangible assets (continued)

	2014	2013
Network licenses	**8 years**	8 years
Software	**4 years**	4 years

There was no significant change in the useful lives of intangible assets during the current year.

The gain or loss arising on the disposal or retirement of an intangible asset is determined as the difference between the proceeds from the disposal and the carrying amount of the asset, and is included in profit or loss.

The Company's intangible assets with finite useful lives are as follows:
• network licences; and
• computer software;

Costs associated with maintaining intangible assets are recognised as an expense as incurred.

Costs that are directly associated with the production of identifiable intangible assets controlled by the Company, and that will probably generate economic benefits, are capitalised when all the criteria for capitalisation are met. Expenditure that enhances or extends the performance of intangible assets beyond their original specifications is recognised as a capital improvement and added to the original cost of the assets. Expenditure on research activities is recognised as an expense in the year in which it is incurred.

The Company annually reviews the carrying amounts of its intangible assets with finite useful lives in order to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amounts of the assets are estimated in order to determine the extent, if any, of the impairment loss.

	Network licenses Rwf'000	**Software Rwf'000**	**2014 Total Rwf'000**	**Network licenses Rwf'000**	**Software Rwf'000**	**2013 Total Rwf'000**	**201 Tota Rwf'00**
Cost							
At beginning of year	445,157	1,267, 128	1,712,285	445,157	1,098,003	1,543,160	963,69
Additions	-	-	-	-	169,125	169,125	552,71
Disposals	-	(606,782)	(606,782)	-	-	-	(4,347
At end of period	445,157	660,346	1,105,503	445,157	1,267,128	1,712,285	1,512,05
Accumulated amortisation							
At beginning of year	(200,831)	(854,620)	(1,055,451)	(162,758)	(480,328)	(643,086)	(340,943
Disposals		606 782	606 782			-	
Amortisation charge	(36,645)	(152,932)	(189,577)	(38,073)	(374,292)	(412,365)	(271,039
At end of period	(237,476)	(400,770)	(638,246)	(200,831)	(854,620)	(1,055,451)	(643,086
Carrying amount							
At end of period	207,681	259,576	467,257	244,326	412,508	656,834	900,07

14. Intangible assets (continued)

Network licenses

Type of license	Date granted/ renewed	Licence term
GSM	01/07/2008	13 years
SNO	30/06/2006	15 years

5. Non-current prepayments

	2014 Rwf'000	2013 Rwf'000	2012 Rwf'000
Total IRU Assets (Note 29)	4,053,007	4,096,038	3,275,535
Less current portion	(458,650)	(434,933)	(284,669)
Non-current portion	3,594,357	3,661,105	2,990,886

Non-current prepayments relate to IRU costs for leased lines, recoverable over a 15 year period.

16. Non-current assets held for sale

Non-current assets (or disposal groups) are classified as non-current assets held for sale and are stated at the lower of their carrying amounts and fair value less costs to sell when their carrying amounts are to be recovered principally through sale rather than continued use and the sale is considered to be highly probable.

	2014 Rwf'000	2013 Rwf'000	2012 Rwf'000
Non-current assets held for sale	-	32,079,306	-

On 20 December 2013, the Company announced that it had concluded a transaction with IHS Holdings Limited which involved the sale of its towers and related passive infrastructure for an agreed purchase price of approximately Rwf 32.2 billion. The transaction closed on 30 April 2014, subject to customary closing conditions.

The carrying amount of the assets disposed at the closing date was Rwf 30 850 303. The reconciliation of the carrying amount is as below.

	30 April 2014 Rwf'000	31 December 2013 Rwf'000	Transferred to PPE Rwf '000
Cost	51,704,610	55,373,105	3,668,495
Accumulated depreciation	(20,854,307)	(23,293,799)	(2,439,492)
Net book value	30,850,303	32,079,306	1,229,003

17. Inventories

Inventory mainly comprises handsets, SIM cards, accessories held for sale and consumable items. Inventories are measured at the lower of cost and net realisable value. The cost of inventory is determined using the weighted average method. Cost comprises direct materials and, where applicable, overheads that have been incurred in bringing the inventories to their present location and condition, excluding borrowing costs. Net realisable value represents the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

	2014 Rwf'000	2013 Rwf'000	2012 Rwf'000
Airtime cards, sim cards, phones and accessories	1,595,769	1,292,135	1,385,246
Provisions for obsolete stock	(234,940)	(175,712)	(138,833)
Net inventory	1,360,829	1,116,423	1,246,413

Reconciliation of write-down of inventory

	Balance at beginning of year Rwf'000	Additions/ Reduction Rwf'000	Other adjustments Rwf'000	Balance at the end of the year Rwf'000
2014				
Movement in write-down	(175,712)	(59,228)	-	(234,940)
2013				
Movement in write-down	(138,833)	(36,879)	-	(175,712)
2012				
Movement in write-down	(142,204	3,371	-	(138,833)

18. Trade and other receivables

Trade receivables are amounts due from customers for merchandise sold or services rendered in the ordinary course of business. Trade receivables are accounted for as loans and receivables in accordance with the accounting policy disclosed in note 40.
Prepayments and other receivables are stated at their nominal values.

	2014 Rwf'000	2013 Rwf'000	2012 Rwf'000
Trade receivables	7,796,414	8,736,808	10,463,032
Less: Provision for impairment of trade receivables	(754,717)	(2,939,727)	(1,878,407)
Trade receivables – net	7,041,697	5,797,081	8 ,584,625
Prepayments and other receivables	3,127,587	1,462,139	2,612,622
Intercompany receivables (Note 37)	267,991	739,160	3,546,330
	10,437,275	7,998,380	14,743,577

Impairment losses incurred during the period are disclosed in other operating expenses in profit or loss (note 9).

18. Trade and other receivables (continued)

The Company held collateral in the form of bank guarantees for trade and other receivables to the amount of Rwf 2,460,000 000 in 2014 and 2,640,000,000 in 2013. No collateral was held in 2012.

The Company's exposure to credit and currency risk relating to trade and other receivables is disclosed in note 40.

19. Deposits held in financial institutions

This relates to foreign denominated balances held in a fixed deposit account, with a contractual maturity period of more than three months.

	2014 Rwf'000	2013 Rwf'000	2012 Rwf'000
Deposits held in financial institutions	**10,341,762**	-	-

20. Cash and cash equivalents

Cash and cash equivalents are accounted for as loans and receivables in accordance with the accounting policy in note 40.

Cash and cash equivalents comprise cash on hand and deposits held on call all of which are available for use by the Company.

For purposes of the cash flow statement, cash and cash equivalents comprise the following:

	2014 Rwf'000	**2013 Rwf'000**	**2012 Rwf'000**
Cash at bank and on hand	25,769,745	14,094,811	18,901,535

21. Share capital

Ordinary shares are classified as equity. Incremental external costs directly attributable to the issue of new ordinary shares or share options are recognised in equity as a deduction net of tax from the proceeds.

	Number of shares	**Ordinary share capital Rwf'000**	**Total Rwf'000**
Issued share capital			
Authorised and issued share capital	1,500	15,000	15,000

The share capital comprises of 1,500 ordinary shares of Rwf 10,000 each; issued and fully paid.

22. Basic and diluted earnings per ordinary share

(a) Basic

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year ended 31 December 2014.

	2014 Rwf'000	2013 Rwf'000	2012 Rwf'000
Profit attributable to the equity holders of the Company	6,089,634	3,590,265	12,147,542
Weighted average number of ordinary shares in issue	1,500	1,500	1,500
Earnings per share	4,060	2,394	8,098

(b) Diluted

The Company has no potential ordinary shares. Diluted earnings per share will be equivalent to the basic earnings per share.

23. Dividends per share

Dividends per share is calculated by diving dividends declared attributable to the equity holders of the Company by the weighted average number of ordinary shares in issue during the year ended 31 December 2014.

	2014 Rwf'000	2013 Rwf'000	2012 Rwf'000
Dividends declared	14,250,000	-	6,146,811
Weighted average number of ordinary shares in issue	1,500	1,500	1,500
Dividend per share	9,500	-	4,098

24. Shareholder loans

	2014 Rwf'000	2013 Rwf'000	2012 Rwf'000
Crystal Ventures Limited	732,000	732,000	732,000
MTN International (Mauritius) Limited	2 013,000	2 013,000	2 013,000
MTN REL Limited	915,000	915,000	915,000
	3,660,000	3,660,000	3,660,000

The capital portions of the shareholder loans are not repayable and no interest is charged on the loan amount.

25. Other reserves

	2014 Rwf'000	2013 Rwf'000	2012 Rwf'000
At start of year	1,500	1,500	
At end of year	1,500	1,500	1,500

In 2009, Law No. 7/2009 relating to companies replaced the Law Governing Commercial Enterprises in Rwanda. The Law Governing Commercial Enterprises in Rwanda required companies to transfer 5% of their profit after tax to a statutory reserve. Under the law, the obligation ceased when the enterprise's reserves were equivalent to 10% of its share capital. This reserve is not distributable.

26. Borrowings

Borrowings are accounted for as financial liabilities in accordance with the accounting policy disclosed in note 40. Fees paid on the establishment of loan facilities are recognised as transaction costs and capitalised to the extent that it is probable that some or all of the facility will be drawn down. When the draw down is made, the transaction costs are amortised to profit or loss using the effective interest method. 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 prepayment for liquidity services and amortised over the period of the facility to which it relates.

The borrowings were fully repaid in 2014.

The borrowings comprise:

	2014 Rwf'000	2013 Rwf'000	2012 Rwf'000
Foreign Loan A	-	1,100, 496	2,091,401
Foreign Loan B	-	2,959, 006	5,629,040
Syndicated Loan facility	-	1,297,567	2,794, 216
Total borrowings	-	5,357,069	10,514,657

The carrying amounts of the Company's borrowings were denominated in the following currencies.

	2014 Rwf'000	2013 Rwf'000	2012 Rwf'000
US Dollars	-	4,059,502	7,720,441
Rwanda Francs	-	1,297,567	2,794,216
	-	5,357,069	10,514,657

7. Deferred income tax

Deferred tax is accounted for in accordance with the accounting policy disclosed in note 12.

Deferred income tax is calculated using the enacted Rwanda Income tax rate of 30%. The analysis of deferred tax assets and deferred tax liabilities is as follows:

	2014 Rwf'000	**2013 Rwf'000**	**2012 Rwf'000**
Deferred income tax			
Deferred tax assets	(876,455)	(1 ,147,974)	(793,548)
Deferred tax liabilities	14,740,149	22,118,208	22,297,177
Deferred tax liabilities (net)	13,863,694	20,970,234	21,503,629

The movement in the deferred income tax assets and deferred income tax liability for the Company without taking into consideration the offsetting of balances within the same jurisdiction, is as follows:

7. Deferred income tax liability (continued)

Year ended 31 December 2014

	Accelerated tax depreciation Rwf'000
Deferred tax liabilities	
At 1 January 2014	22,118,208
Charged to the Statement of Comprehensive Income	(7,378,059)
At 31 December 2014	14,740,149

	Provisions Rwf'000
Deferred tax assets	
At 1 January 2014	(1,147,974)
Charged to the Statement of Comprehensive Income	271,519
At December 2014	(876,455)

Year ended 31 December 2013

	Accelerated tax depreciation Rwf'000
Deferred tax liabilities	
At 1 January 2013	22,297,177
Charged to the Statement of Comprehensive Income	(178,969)
At 31 December 2013	22, 118,208

	Provisions Rwf'000
Deferred tax assets	
At 1 January 2013	(793,548)
Charged to the Statement of Comprehensive Income	(354,426)
At December 2013	(1, 147,974)

7. Deferred income tax liability (continued)

Year ended 31 December 2012

	Accelerated tax depreciation Rwf'000
Deferred tax liabilities	
At 1 January 2012	21,759,525
Charged to the Statement of Comprehensive Income	537,652
At 31 December 2012	22,297,177

	Fair value gains Rwf'000	Provisions Rwf'000	Total Rwf'000
Deferred tax assets			
At 1 January 2012	(140,761)	(720,809)	(861,570)
Charged to the Statement of Comprehensive Income	140,761	(47,173)	68,022
At December 2012	-	(793,548)	(793,548)

The analysis of deferred tax assets and liabilities is as follows:

	2014 Rwf'000	2013 Rwf'000	2012 Rwf'000
Deferred tax assets			
- Deferred tax assets to be recovered after more than 12 months	-	-	-
- Deferred tax assets to be recovered within 12 months	876,455	1,147,974	793,548
	876,455	1,147,974	793,548
Deferred tax liabilities			
- Deferred tax liabilities to be recovered after more than 12 months	10,453,975	14,740,149	22,297,177
- Deferred tax liabilities to be recovered within 12 months	4,286,174	7,378,059	-
	14,740,149	22,118,208	22,297,177

28. Provisions for liabilities and other charges

A provision is recognised when there is a present legal or constructive obligation as a result of a past event for which it is more likely than not that an outflow of resources will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expected outflow of resources 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 the passage of time is recognised as a finance cost.

Provision for unwind sites on tower sale
This provision relates to the estimated cost of tower sites sold to IHS Limited unwinding before the second longstop date based on the provisions of the sale agreement.

Bonus provision
The bonus provision consists of a performance-based bonus, which is determined by reference to the overall company performance with regard to a set of predetermined key performance measures. Bonuses are payable annually after the Group annual results have been approved.

Decommissioning provision
This provision relates to the estimated cost of dismantling and removing an item of property, plant and equipment and restoring the site on which the item was located to its original condition. The Company provides for the anticipated costs associated with the restoration of leasehold property to its original condition at inception of the lease, including removal of items included in plant and equipment that are erected on leased land.

The Company only recognises these decommissioning costs for the proportion of its overall number of sites for which it expects decommissioning to take place. The expected percentage has been based on actual experience in the respective operations.

	2014 Rwf'000	**2013 Rwf'000**	**2012 Rwf'000**
Provisions			
Unwinding provision for sites	744,993	-	-
Bonus provision	692,479	500,000	464,104
Decommissioning provision	6,899	49,431	40,931
	1,444,371	549,431	505,035

8. Provisions for liabilities and other charges (continued)

	Balance at beginning of year Rwf'000	Additional provisions Rwf'000	Utilised Rwf'000	Reversals Rwf'000	Balance at the end of the year Rwf'000
2014					
Provision for unwind sites	-	822,367	(77,374)	-	744,993
Bonus provision	500,000	692,479	(113,377)	(386,623)	692,479
Decommissioning provision	49,431	-	(42,532)	-	6,899
	549,431	1,514,846	(233,283)	(386,623)	1,444,371
2013					
Bonus provision	464,104	650,475	(614,579)	-	500,000
Decommissioning provision	40,931	8,500	-	-	49,431
	505,035	658,975	(614,579)	-	549,431
2012					
Bonus provision	474,838	603,413	(614,147)		464,104
Decommissioning provision	100,966	5,210	-	(65 ,245)	40,931
	575,804	608,623	(614,147)	(65,245)	505,035

29. Finance lease obligations

	2014 Rwf'000	2013 Rwf'000	2012 Rwf'000
Obligations under finance leases	809,284	1,050,091	966,523
Less current portion of obligations under finance leases	(394,889)	(450,996)	(332,172)
Non-current portion of obligations under finance leases	414,395	599,095	634,351

Leases over property, plant and equipment are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. Assets held under finance leases are capitalised at the lower of the fair value of the leased asset and the estimated present value of the minimum lease payments at the inception of the lease. The corresponding liability to the lessor, net of finance charges, is included in the statement of financial position under other non-current/current liabilities. Each lease payment is allocated between the liability and finance charges.

Finance charges, which represent the difference between the total lease commitments and fair value of the assets acquired, are charged to profit or loss over the term of the relevant lease so as to produce a constant periodic rate of interest on the remaining balance of the obligation for each accounting period. In all significant finance lease arrangements in place during the period, the Company acted as the lessee.

29. Finance lease obligations (continued)

Indefeasible right of use (IRU) arrangements

The Company applies the principles of IFRIC 4 Determining whether an Arrangement contains a Lease in order to assess whether its IRU arrangements constitute or contain leases. The requirements to be met in order to conclude that an IRU arrangement constitutes or contains a lease are as follows:
• the provision of a service in terms of the IRU arrangement should be dependent on the use of one or more specific assets; and
• the IRU arrangement must convey a right to use these assets.
The Company applies its principal accounting policies for leases to account for IRU arrangements with regards to high capacity fibre optic submarine cable systems, which constitute or contain leases. All other IRU arrangements that do not constitute or contain leases are treated as service level agreements; the costs are expensed as incurred. Refer to note 15.

At the reporting date, the company had outstanding commitments under non-cancellable finance leases which fall due as follows:

Gross finance lease liabilities- minimum lease payments

	2014 Rwf'000	2013 Rwf'000	2012 Rwf'000
No later than 1 year	409,971	454,099	428,413
Later than 1 year and no later than 5 years	423,298	602,816	578,996
Later than 5 years	-	57,542	145,767
	833,269	1,114,457	1,153,176
Future finance charges on finance lease liabilities	(23,985)	(64,366)	(186,653)
Present value of finance lease liabilities	809,284	1,050,091	966,523

The present value of the finance lease liabilities is as follows:

	2014 Rwf'000	2013 Rwf'000	2012 Rwf'000
No later than 1 year	394,889	450,996	332,172
Later than 1 year and no later than 5 years	414,395	542,467	634,351
Later than 5 years	-	56,628	-
	809,284	1,050,091	966,523

Lease liabilities are secured by motor vehicles with a book value of Rwf 707 683 000 (2013: Rwf 953 177 000). Average monthly repayments are made at Rwf 37 986 000 (2013: Rwf 50 782 000). Interest is levied at a rate of 8.25% per annum.

30. Trade and other payables

Trade payables are accounted for as financial liabilities in accordance with the accounting policy disclosed in note 40. Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Other payables are stated at their nominal values.

30. Trade and other payables (continued)

	2014 Rwf'000	2013 Rwf'000	2012 Rwf'000
Trade payables	13,065,850	8,317,239	8,193,487
Intercompany payables (note 37)	678,016	2,237,772	3,112,811
Social security and other taxes	1,324,702	1,092,246	1,521,063
Other liabilities	1,863,529	1,883,153	3,601,119
Accrued expenses	4,453,944	4,191,447	2,346, 607
Total	21,386,041	17,721,857	18,775,087

31. Deferred revenue

Deferred revenue represents unused activated airtime subscriber balances for prepaid products. Revenue is recognised in the Statement of Comprehensive Income as customers use airtime.

	2014 Rwf'000	2013 Rwf'000	2012 Rwf'000
At start of year	2,677,355	2,228,110	2,222,583
Net movement	(557,104)	449,245	5,527
At end of year	2,120,251	2,677,355	2,228,110

32. Cash generated from operations

Reconciliation of profit before income tax to cash generated from operations

	2014	2013	2012
	Rwf'000	Rwf'000	Rwf'000
Profit before income tax	9,759,847	3,712,626	18,171,501
Adjustment for non-cash items	**13,430,143**	**19,475,240**	**17,411,968**
Depreciation (note 13)	13,962,026	17,987,202	16,234,531
Amortisation (note 14)	189,577	412,365	271,039
Movement in provisions	(499,351)	1,116,685	887,915
Profit on sale of property, plant and equipment	(95,040)	(41,012)	18,483
Profit on disposal of assets held for sale	(127,069)	-	-
Adjustments for finance charges	**(458,425)**	**1,591,390**	**1,865,984**
Finance income (note 11)	(1,286,770)	(846,253)	(515,792)
Finance costs (note 11)	828,345	2,437,643	1,442,045
Realised foreign exchange loss/(gain)	-	-	939,731
Cash generated before working capital changes	22,731,565	24,779,256	37,449,453
Net changes in working capital	**(2,660,366)**	**3,821,854**	**(2,441,292)**
(Increase)/ decrease in inventory	(244,407)	129,991	1,010,878
Decrease in trade and other receivables	1,566,712	5,046,142	(3,535,659)
Increase in IRU assets	(1,104,539)	(2,728,018)	-
Movement in provisions		(614,578)	(904,995)
Decrease in intercompany debtors	1,137,449	2,812,762	(1,619,602)
Decrease in trade and other payables	(1,176,265)	(1,823,113)	4,340 ,141
Decrease in intercompany payables	(2,282,212)	(65, 155)	(1,737,582)
(Decrease)/increase in deferred income	(557,104)	449,245	5,527
Net cash generated from operations	20,071,199	28,601,110	35,008,161

33. Income tax paid

	2014	2013	2012
At beginning of the year	5,721,517	(1,020,240)	4,215,759
Current income tax charge for the year (Note 12)	(10,776,753)	(655,756)	(5,418,285)
Other movements	-	-	65,133
At the end of the year	1,320,318	(5 721,517)	1,020,240
Total tax paid	(3,734,919)	(7,397,513)	(117,153)

34. Capital commitments

Commitments for the acquisition of property, plant and equipment:

Capital expenditure contracted for the end of the reporting period but not yet incurred in as follows:

	2014 Rwf'000	2013 Rwf'000	2012 Rwf'000
Property, plant and equipment			
Contracted	1,692,705	1,300,812	6,833,412
Authorised but not contracted	10,784,465	15,328,566	8,309,793
Total commitments for property, plant and equipment	12,477,170	16,629,378	15,143,205

Capital expenditure will be funded from operating cash flows, existing borrowing facilities and where necessary by raising additional facilities

35. Operating lease commitments

Leases, where a significant portion of the risks and rewards of ownership are retained by the lessor, are classified as operating leases. Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease. Sub-lease income is recognised in profit or loss on a straight-line basis over the term of the lease. In all significant operating lease arrangements in place during the year, the Company acted as the lessee.

Non-Cancellable leases contracted into at year end

The Company has entered into a Master Lease Agreement with IHS Rwanda Holdings Limited to lease tower space for the next 10 years. After the initial term, the Company has the right to renew the lease for a maximum of 4 renewal periods of 5 years each. The lease contract has an escalation clause which states that from 1 January 2015 and on each anniversary thereafter the applicable use fee and service credits shall be increased or decreased (compounded annually) in line with percentage increase or decrease in the Consumer Price Index for the previous 12 months period prior to the relevant escalator date.

The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	2014 Rwf'000	2013 Rwf'000	2012 Rwf'000
No later than 1 year	8,407,224	624,649	895,440
Later than 1 year and no later than 5 years	42,036,122	963,042	733,279
More than 5 years	29,425,285	104,113	10,291
	79,868,631	1,691,804	1,639,010

The Company also leases motor vehicles and rental buildings under cancellable operating lease agreements. The lease expenditure charged to the income statement during the year is disclosed in note 9.

6. Contingent (liabilities) / assets

Contingent liabilities represent possible obligations that arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future events not wholly within the control of the Company. Contingent liabilities also represent present obligations that arise from past events but are not recognised because an outflow of resources is not probable or a reliable estimate cannot be made. The Company does not recognise contingent liabilities in the statement of financial position until future events indicate that it is probable that an outflow of resources will take place and a reliable estimate can be made, at which time a provision is raised.

Contingent assets represent possible assets that arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future events not wholly within the control of the Company. Contingent assets are disclosed where an inflow of economic benefits is probable. The Company does not recognise contingent assets in the statement of financial position until future events indicate that an inflow of resources is virtually certain.

	2014 Rwf'000	2013 Rwf'000	2012 Rwf'000
Contingent liability	(5,715,095)	(9,507,942)	-

In December 2012, the Rwanda Revenue Authority ("RRA") completed a routine tax audit of the Company that resulted in a tax assessment of Rwf 8.9 billion. An unrelated second audit in 2013 resulted in a further assessment of Rwf 551 million

Following a litigation process, the Commercial Court ruled in favor of the company on all claims in relation to the first assessment. The assessment resulting from the second assessment is under litigation. However, RRA and MTN Rwanda are now trying to reach an out of court settlement.

On the basis of the director's interpretation of the tax laws and the successful litigation process in the court, a provision has not been recorded in relation to the tax assessment of Rwf 5.7 billion, which represents the open items from the two audits.

37. Related party transactions

Related party transactions constitute the transfer of resources, services or obligations between the Company and a party related to the Company, regardless of whether a price is charged. For the purposes of defining related party transactions with key management, key management has been defined as directors and the Company's executive committee and includes close members of their families and entities controlled or jointly controlled by these individuals.
The Company is controlled by MTN International (Mauritius) Limited and MTN Group Limited is the Company's ultimate Parent. The Company's parent is domiciled in Mauritius. There are other companies which are related to MTN Rwandacell Limited through common shareholdings or common directorships. The following transactions were carried out with related parties:

(a) Sales of services

	2014 Rwf'000	2013 Rwf'000	2012 Rwf'000
Sale of services to fellow subsidiaries	4,170,344	5,619,081	7,114,749

37. Related party transactions (continued)

No sales of goods occurred to related parties for the year ended 31 December 2014.

(b) Purchases of goods and services

	2014 Rwf'000	**2013 Rwf'000**	**2012 Rwf'000**
Purchase of goods and services from fellow subsidiaries	8,972,735	6,017,198	6,030,827
Purchase of services from other related parties	574,443	707,995	829,148
	9,547,178	6,725,193	6,859, 975

(c) Interest received

Interest received from fellow subsidiaries	2,635	5,591	-

(d) Interest paid

Parent company	-	1,622	30,542
Other related parties	-	2,042	54,962
	-	3,664	85,504

(e) Management fees paid

Parent company	1,663,817	1,619,627	1,911,876
Other related parties	3,327,634	3,239,255	3,856,431
	4,991,451	4,858,882	5,768,307

(f) Intercompany receivables

Fellow subsidiaries	267 991	739,160	3,546,330

(g) Intercompany payables

Parent company	197,422	210,195	167,241
Fellow subsidiaries and other related parties	480,594	2,027,577	2,945,570
	678 ,016	2,237,772	3,112,811

37. Related party transactions (continued)

(h) Key management compensation

	2014 Rwf'000	2013 Rwf'000
Short term employee benefits	596,955	515,919
Termination benefits	-	744,720
Post-employment benefits	36,143	49,388
Share based provisions	153,167	-
	786,265	1,310,027

(i) Directors emoluments

	2014 Rwf'000 2014 Rwf'000	2013 Rwf'000 2013 Rwf'000	2012 Rwf'000
Directors fees	14 737	6 017	16,026
Services as directors	10,102	13,601	17,064
Directors fees	10,102	13,601	33,090

38. Retirement benefit plans

The Company established a defined contribution plan to which employees contribute 40% of the premiums and the employer contributes the remaining 60%.

39. Notional Share Scheme

The Company operates a Notional Share Scheme, where qualifying staff receive a net increase in the phantom Company share price at the period of exercising their options. The options under the phantom scheme are "cash settled" rather than "equity settled." Effective 1 January 2014 the shares' vesting periods are; 100% on the third anniversary after grant date with the maximum period for the exercising of options being five years. The first lot of qualifying staff were granted options by the Board on 1 April 2005 and the number is reviewed at each grant date to determine any additional staff that may have qualified for the scheme since the last issue. At 31 December 2014, the total liability arising from the Notional Share scheme amounted to Rwf 272 398 million for the qualifying staff.

The weighted average price of the shares exercised during the year was Rwf 8 120 per share (2013: Rwf 5 140 per share).

Movements in number of share options outstanding are as follows:

	2014 '000	2013 '000	2012 '000
At 1 January	293	159	207
Granted	24	204	(20)
Forfeited	(40)	(31)	(28)
Exercised	(17)	(39)	-
At 31 December	260	293	159

39. Notional Share Scheme (continued)

Share options outstanding at the end of the year have the following expiry date and exercise options:

	2014 '000	2013 '000	2012 000
2013	-	-	41
2014	-	16	53
2015	70	77	45
2016	75	88	20
2017	68	51	-
2018	47	61	-
	260	293	159

40. Financial risk management and financial instruments

Accounting for financial instruments

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

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 are recognised / (derecognised) on the date the Company commits to purchase (sell) the instruments (trade date accounting).

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 is applied 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.

The Company classifies its financial instruments into the following categories:
• loans and receivables;
• financial liabilities at amortised cost.

The classification is dependent on the purpose for which the financial instruments were acquired. Management determines the classification of financial instruments at initial recognition. Financial instruments comprise trade and other receivables, cash and cash equivalents, borrowings, other non-current liabilities, and trade and other payables.

Subsequent measurement

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

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. The Company's loans and receivables comprise trade and other receivables (excluding prepayments), and cash and cash equivalents. Loans and receivables 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.

40. Financial risk management and financial instruments (continued)

Financial liabilities
Financial liabilities comprise trade and other payables, borrowings, and other non-current liabilities (excluding provisions).
All financial liabilities are subsequently measured at amortised cost using the effective interest method.

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

Impairment
The Company assesses at the end of each reporting date whether there is any objective evidence that a financial asset is impaired. A financial asset or group of financial assets is impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate.

When a loan or receivable is impaired, the Company reduces the carrying amount to its recoverable amount, being the estimated future cash flows discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loans and receivables is recognised using the effective interest rate.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics. All impairment losses are recognised in profit or loss.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised.

Impairment of trade receivables
An impairment of trade receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and default or delinquency in payments are considered indicators that the trade receivable is impaired.

The carrying amount of the trade receivable is reduced through the use of an allowance account and the amount of the loss is recognised in profit or loss. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited to profit or loss.

Risk management
Introduction
The Company has exposure to the following risks from its use of financial instruments: credit risk, liquidity risk and market risk (foreign exchange and interest rate risk). This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital. Further quantitative disclosures are included throughout these annual financial statements.

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

Risk management is carried out under policies approved by the board of directors of the MTN Group and the Company. MTN Group and the Company identify, evaluate and manage financial risks and provide written principles for overall risk management, as well as for specific areas such as foreign exchange risk, interest rate risk, credit risk, and investing excess liquidity.

40. Financial risk management and financial instruments (continued)

40.1. Accounting classes

	Assets	Liabilities	
	Loans and receivables Rwf '000	Amortised cost Rwf '000'	Total carrying amount Rwf '000'
2014			
Current financial assets			
Trade and other receivables	9,189,182	-	9,189,182
Deposits with financial institutions	10,341,762	-	10,341,762
Cash and cash equivalents	25,769,745	-	25,769,745
	45,300,689	**-**	**45,300,689**
Non-current financial liabilities			
Other non-current liabilities	-	414,395	414,395
Current financial liabilities			
Trade and other payables	-	19,549,455	19,549,455
Obligations under finance leases	-	394,889	394,889
	-	**19,944,344**	**19,944,344**
2013			
Current financial assets			
Trade and other receivables	7,164,963	-	7,164,963
Cash and cash equivalents	14,094,811	-	14,094,811
	21,259,774	-	21,259,774
Non-current financial liabilities			
Other non-current liabilities	-	599,095	599,095
Current financial liabilities			
Trade and other payables	-	17,315,189	17,315,189
Borrowings	-	5,357,069	5,357,069
	-	22,672,258	22,672,258

40. Financial risk management and financial instruments (continued)

40.1. Accounting classes (continued)

	Assets	Liabilities	
	Loans and receivables Rwf '000	**Amortised cost Rwf '000'**	**Total carrying amount Rwf '000'**
2012			
Current financial assets			
Trade and other receivables	12,130,955	-	12,130,955
Cash and cash equivalents	18,901,535	-	18,901,535
	31,032,490	-	31,032,490
Non-current financial liabilities			
Other non-current liabilities	-	634,351	634,351
Borrowings	-	5,100,550	5,100,550
	-	5,734,901	5,734,901
Current financial liabilities			
Trade and other payables	-	17,628,532	17,628,532
Borrowings	-	5,414,107	5,414,107
	-	23,042,639	23,042,639

40. Financial risk management and financial instruments (continued)

40.2. Financial assets and liabilities subject to offsetting

The following table presents the Company's financial assets and liabilities subject to offsetting.

	Gross amount Rwf'000	Amount offset Rwf'000	Net Rwf'000
2014			
Current financial assets			
Trade and other receivables	11,136,792	2,963,652	8,173,140
Current financial liabilities			
Trade and other payables	2,963,652	2,963,652	-
2013			
Current financial assets			
Trade and other receivables	7,175,749	3,473,897	3,701,852
Current financial liabilities			
Trade and other payables	3,473,897	3,473,897	-
2012			
Current financial assets			
Trade and other receivables	3,537,711	1,581,109	1,956,602
Current financial liabilities			
Trade and other payables	1,581,109	1,581,109	-

40.3. Credit risk

Credit risk, or the risk of financial loss to the Company due to customers or counterparties not meeting their contractual obligations, is managed through the application of credit approvals, limits and monitoring procedures.
The Company's maximum exposure to credit risk is represented by the carrying amounts of the financial assets that are exposed to credit risk. The Company considers its maximum exposure per class, without taking into account any collateral and financial guarantees, to be as follows:

	2014 Rwf'000	2013 Rwf'000	2012 Rwf'000
Deposits with financial institutions	10,341,762	-	-
Cash and cash equivalents	25,769,722	14,094,811	18,901,535
Trade and other receivables	8,921,191	5,797,081	8,584,625
Receivables from related parties	267,991	739,160	3,546,330
	45,300,666	20,631,052	31,032,490

40. Financial risk management and financial instruments (continued)

40.3. Credit risk (continued)

Deposits with financial institutions

	2014 Rwf'000	2013 Rwf'000	2012 Rwf'000
Credit rating based on Global Credit Rating local currency long term issuer default ratings			-
AA-	10,341,762	-	-

Cash and cash equivalents

None of the Company's credit counterparties have been rated by external credit agencies. The banks are however regulated by National Bank of Rwanda.

Trade and other receivables

The Company has no significant concentrations of credit risk, due to its wide spread of customers. The Company has policies in place to ensure that retail sales of products and services are made to customers with an appropriate credit history.

The recoverability of certain interconnect receivables is uncertain; however, this is actively managed within acceptable limits and has been incorporated in the assessment of an appropriate revenue recognition policy and the impairment of trade receivables where applicable.

40. Financial risk management and financial instruments (continued)

40.3. Credit risk (continued)

	2014 Gross Rwf '000	2014 Allowance for impairment Rwf '000'	2014 Net Rwf '000'	2013 Gross Rwf '000	2013 Allowance for impairment Rwf '000'	2013 Net Rwf '000'	2012 Gross Rwf '000	2012 Allowance for impairment Rwf '000'	20[illegible] N[illegible] Rwf '0[illegible]
Fully performing trade receivables	3,348,612	-	3,348,612	3,362,693	-	3,362,693	4,478,999	-	4,478,8
Interconnect receivables	436,965	-	436,965	956,987	-	956,987	855,109	-	855,1
Contract receivables	2,042,630	-	2,042,630	2,138,852	-	2,138,852	2,932,295	-	2,932,2
Other receivables	869,017	-	869,017	266,854	-	266,854	691,595	-	691,5
Past due trade receivables	4,447,802	(754,717)	3,693,085	5,374,115	(2,939,727)	2,434,388	5,984,033	(1,878,407)	4,105,6
Interconnect receivables	81,098	(12,956)	68,142	1,798,573	(1,798,573)	-	4,008,282	(880,071)	3,128,
0 to 3 months	68,142	-	68,142	-	-	-	926,253	-	926,2
3 to 6 months	-	-	-	-	-	-	91,400	-	91,4
6 to 9 months	-	-	-	-	-	-	343,063	-	343,0
9 to 12 months	12,956	(12,956)	-	1,798,573	(1,798,573)	-	2,647,566	(880,071)	1,767,4
Contract receivables	3,915,342	(660,682)	3,254,660	3,097,646	(1,105,107)	1,992,539	1,436,162	(962,436)	473,7
0 to 3 months	1,167,138	-	1,167,138	1,065,992	-	1,065,992	25,830	-	25,8
3 to 6 months	905,739	(81,698)	824,041	457,505	(27,936)	429,569	402,510	(64,228)	338,2
6 to 9 months	894,494	(72,249)	822,245	217,260	(46,161)	171,099	483,688	(374,058)	109,6
9 to 12 months	947,971	(506,735)	441,236	1,356,889	(1,031,010)	325,879	524,149	(524,149)	
Other receivables	451,362	(81,079)	370,283	477,896	(36,047)	441,849	539,589	(35,900)	503,6
0 to 3 months	149,808	-	149,808	210,442	-	210,442	109,886	-	109,8
3 to 6 months	92,695	-	92,695	127,383	-	127,383	429,703	(35,900)	393,8
6 to 9 months	74,253	-	74,253	104,024	-	104,024	-	-	
9 to 12 months	134,606	(81,079)	53,527	36,047	(36,047)	-	-	-	
Total	**7,796,414**	**(754,717)**	**7,041,697**	**8,736,808**	**(2,939,727)**	**5,797,081**	**10,463,032**	**(1,878,407)**	**8,584,6**

40. Financial risk management and financial instruments (continued)

40.3. Credit risk (continued)

Provision for impairment of trade receivables

	Opening balance Rwf'000	Additions Rwf'000	Utilised Rwf'000	Closing balance Rwf'000
2014				
Trade receivables impairment provision	(2,939,727)	(95,693)	2,280,703	(754,717)
2013				
Trade receivables impairment provision	(1,878,407)	(1,080,788)	19,468	(2,939,727)
2012				
Trade receivables impairment provision	(3,020,754)	(162,343)	1,304,690	(1,878,407)

40.4. Liquidity risk

Liquidity risk is the risk that an entity will be unable to meets its obligations as they become due. The Company's approach to managing liquidity risk is to ensure that sufficient liquidity is available to meet its liabilities when due under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The Company ensures it has sufficient cash on demand or access to facilities to meet expected operational expenses, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters. The following liquid resources are available:

	2014 Rwf'000	2013 Rwf'000	2012 Rwf'000
Deposits with financial institutions	10,341,762	-	-
Cash and cash equivalents	25,769,745	14,094,811	18,901,535
Trade receivables	8,921,191	5,797,081	8,584, 625
Receivables from related parties	267,991	739,160	3,546,330
	45,300,689	20,631,052	31,032,490

40.4. Liquidity risk (continued)

The following are the contractual cash flows of financial liabilities:

	Carrying amount Rwf'000'	More than one year but not exceeding two years Rwf'000'	More than two years but not exceeding five years Rwf'000'	More than 5 years Rwf '000'	Total Rwf '000'
2014					
Non-current financial liabilities					
Finance lease obligations	414,395	296,158	127,140	-	423,298
2013					
Non-current financial liabilities					
Finance lease obligations	599,095	602,816	57,543	-	660,359
2012					
Non-current financial liabilities					
Finance lease obligations	634,351	578,996	145,766	-	724,762
Borrowings	5,100,550	5,100,550	-	-	5,100,550
	5,734,901	5,679,546	145,766	-	5,825,312

	Carrying amount Rwf'000'	Payable within 1 month or on demand Rwf'000'	More than 1 month but not exceeding 3 months Rwf'000'	More than 3 months but not exceeding 1 year Rwf '000'
2014				
Current financial liabilities				
Trade and other payables	19,549,455	8,868,305	9,045,426	1,635,724
2013				
Current financial liabilities				
Trade and other payables	17,315,189	8,172,301	5,830,847	3,312,041
Borrowings	5,357,069	3,333,951	1,489,032	534,086
	22,672,258	11,506,252	7,319,879	3,846,127
2012				
Current financial liabilities				
Trade and other payables	17,628,532	10,806,621	5,291,377	1 530 534
Borrowings	5,414,107	1,328,630	846,601	3 238 876
	23,042,639	12,135,251	6,137,978	4 769 410

40.6. Market risk

Market risk is the risk that changes in market prices will affect the Company's income or the value of its holding of financial instruments.
The Company's activities expose it primarily to the financial risks of changes in interest rates (see note 40.7) and foreign currency exchange rates (see note 40.8). The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

40.7. Interest rate risk

The Company manages its interest rate risk by having a balanced portfolio of fixed and variable rate loans and borrowings. In the current year there has been no change to the Company's exposure to market risks or the manner in which these risks are managed and measured as compared to previous years.

Interest rate risk is the risk borne by an interest-bearing asset or liability, due to variability of interest rates.

Financial assets and liabilities that are sensitive to interest rate risk are cash and cash equivalents, trade and other receivables/payables, and loans payable. The interest rates applicable to these financial instruments are a combination of floating and fixed rates in line with those currently available in the market.

The Company's interest rate risk arises from the repricing of the Company's forward cover and floating rate debt, incremental funding or new borrowings, the refinancing of existing borrowings and the magnitude of the significant cash balances which exist.

Debt is managed on an optimal fixed versus floating interest rate basis. Significant cash balances are also considered in the fixed versus floating interest rate exposure mix.

40. Financial risk management and financial instruments (continued)

40.7. Interest rate risk (continued)

Profile

At the reporting date the interest rate profile of the Company's interest bearing financial instruments was:

	2014				2013				2012		
	Fixed rate instruments Rwf '000'	**Variable rate instruments Rwf '000'**	**No interest instruments Rwf '000'**	**Total Rwf '000'**	**Fixed rate instruments Rwf '000**	**Variable instruments Rwf '000'**	**No interest instruments Rwf '000**	**Total Rwf '000'**	**Variable instruments Rwf '000'**	**No interest instruments Rwf '000**	**Total Rwf '000'**
Current financial assets											
Trade and other receivables	-	267,991	8,921,191	9,189,182	-	739,160	5,797,081	6,536,241	3,546,330	8 584 625	12 130 955
Deposits with financial institutions	10,341,762	-	-	10,341,762	-	-	-	-	-	2 090 757	18 901 535
Cash and cash equivalents	20,938,493	-	4,831,252	25,769,745	8,934,094	-	5,160,717	14,094,811	3,546,330	10 675 382	31 032 490
Total	31,280,255	267,991	13,752,443	45,300,689	8,934,094	739,160	10,957 ,798	20,631, 052			
Non-current financial liabilities									2,787,535		5 100 550
Other non-current liabilities	414,395	-	-	414 395	599,095	-	-	599,095	-	-	634 351
Total	**414,395**	**-**	**-**	**414,395**	**599,095**	**-**	**-**	**599,095**	**2,787,535**	**-**	**5 734 901**
Current financial liabilities											
Trade and other payables	-	678,016	18,871, 439	19,549,455	-	2,237,772	15 ,077,417	17,315,189	3,112,811	14,183,554	17,628,537
Finance lease obligations	394,889	-	-	394,889	450,996	-	-	-	-	-	--
Borrowings	-	-	-	-	1,297,567	4,059,502	-	450,996	2,841,506	-	5,414,107
Total	394,889	678,016	18,871,439	19,944,344	1,748,563	6,297,274	15,077,417	23, 123,254		14,183,554	23,042,644

40. Financial risk management and financial instruments (continued)

40.7. Interest rate risk (continued)

Sensitivity analysis

The Company has used a sensitivity analysis technique that measures the estimated change to profit or loss of an instantaneous increase or decrease of 10% (1000 basis points) in market interest rates, from the rate applicable at 31 December, for each class of financial instrument with all other variables remaining constant. This analysis is for illustrative purposes only, as in practice market rates rarely change in isolation.

The Company is mainly exposed to fluctuations in the LIBOR. Changes in market interest rates affect the interest income or expense of floating rate financial instruments. Changes in market interest rates only affect profit or loss in relation to financial instruments with fixed interest rates if these financial instruments are recognised at their fair value.

A change in the above market interest rates at the reporting date would have increased / (decreased) profit before tax by the amounts shown below.
The analysis has been performed on the basis of the change occurring at the start of the reporting period and assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis as was used for 2013.

	2014 (Decrease)/Increase in profit before tax			2013 (Decrease)/Increase in profit before tax			2012 (Decrease)/Increase in profit before tax		
	Change in interest rate %	**Upward change in interest rate Rwf '000'**	**Downward change in interest rate Rwf '000'**	Change in interest rate %	Upward change in interest rate Rwf '000'	Downward change in interest rate Rwf '000'	Change in interest rate %	Upward change in interest rate Rwf '000'	Downward change in interest rate Rwf '000'
LIBOR	10	(41,003)	41,003	10	(555,811)	555,811	10	(519,552)	519,552

40.8. Currency risk

Currency risk is the exposure to exchange rate fluctuations that have an impact on cash flows and financing activities.
The Company is exposed to currency risk arising from various currency exposures. Refer to the table which follows for the Company's exposure to foreign currency risk based on notional amounts. Currency risk arises when future commercial transactions or recognised assets and liabilities are denominated in a currency that is not the entity's functional currency.
Where possible the Company uses forward contracts to hedge its actual exposure to foreign currency. The Company manages foreign currency risk on major foreign purchases by placing foreign currency on deposit as security against letters of credit when each order is placed.
Items included in the annual financial statements of the Company are measured using the currency that best reflects the primary economic environment in which the Company operates (the functional currency).

The Company annual financial statements are presented in Rwandan Francs, which is the functional and presentation currency of the Company.

Included in the Company statement of financial position are the following amounts denominated in currencies other than the functional currency of the reporting entity.

40. Financial risk management and financial instruments (continued)

40.8. Currency risk (continued)

Sensitivity analysis

	2014 Rwf'000	2013 Rwf'000	2012 Rwf'000
Assets			
Current assets			
US Dollar	18,879,056	3,314,824	8 005 707
Liabilities			
US Dollar	414,395	599,095	3 066 683
Current liabilities			
Euro	670,502	398,983	709 374
British pound sterling	46,884	15,452	30 314
US Dollar	8,501,988	10,552,248	14 668 314
South African rand	323,315	115,282	136 760
	9,542,689	11,081,965	15 544 762

The Company has used a sensitivity analysis technique that measures the estimated change to profit or loss and equity of an instantaneous 10% strengthening or weakening in the Rwandan Francs against all other currencies, from the rate applicable at 31 December, for each class of financial instrument with all other variables, in particular interest rates, remaining constant. This analysis is for illustrative purposes only, as in practice, market rates rarely change in isolation.

The Company is mainly exposed to fluctuations in foreign exchange rates in respect of the US Dollar. This analysis considers the impact of changes in foreign exchange rates on profit.

A change in the foreign exchange rates to which the Company is exposed at the reporting date would have increased/(decreased) profit before tax by the amounts shown below.

The analysis has been performed on the basis of the change occurring at the start of the reporting period.

	2014 (Decrease)/Increase in profit before tax			**2013 (Decrease)/Increase in profit before tax**			**2012 (Decrease)/Increase in profit before tax**		
	Change in exchange rate %	Weakening in functional currency Rwf '000'	Strengthening in functional currency Rwf '000'	Change in exchange rate %	Weakening in functional currency Rwf '000'	Strengthening in functional currency Rwf '000'	Change in exchange rate %	Weakening in functional currency Rwf '000'	Strengthening in functional currency Rwf '000'
Euro	10	(67,050)	67,050	10	(39, 898)	39,898	10	(70,937)	70,937
British pound sterling	10	(4,688)	4,688	10	(1,545)	1,545	10	(3,031)	3,031
US dollar	10	(996, 267)	996,267	10	(783, 652)	783,652	10	(972,929)	972,929
South African Rand	10	(32,332)	32,332	10	(11,528)	11,528	10	(13,676)	13,676

40. Financial risk management and financial instruments (continued)

40.9. Price Risk

The Company is not directly exposed to commodity price risk or material equity securities price risk.

The Company did not hold financial instruments subject to price risk at 31 December 2014., 2013 or 2012

40.10 Capital risk management

Capital includes borrowings, share capital and equity attributable to the equity holders of the Company.

The primary objective of the Company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios to support its business and maximise shareholder value. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

Where funding is not available to the operation locally or in specific circumstances where it is more efficient to do so, funding is sourced centrally and on-lent by the MTN Group. The Company's policy is to borrow using a mixture of long term and short term capital market issues and borrowing facilities from the local and international capital markets as well as multi-lateral organisations together with cash generated to meet anticipated funding requirements.

Consistent with others in the industry, the Company monitors capital on the basis of the target gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings less cash and cash equivalents. Total capital is calculated as equity plus net debt.

The gearing ratios at 31 December were as follows:

	2014 **Rwf'000**	**2013** **Rwf'000**	**2012** **Rwf'000**
Total borrowings	-	5,357,069	10,514,657
Less: Cash and cash equivalents	(25,769,745)	(14,094,811)	(18,901,535)
Net cash	(25,769,745)	(8,737,742)	(8,386,878)
Total equity	68,081,211	76,241,578	72,651,312
Gearing ratio	-	-	-

END

22. Appendix 8: Articles of Association of Crystal Telecom

THE REPUBLIC OF RWANDA

PUBLIC COMPANY LIMITED BY SHARES

ARTICLES OF ASSOCIATION

Of

CRYSTAL TELECOM LTD

Drawn By:

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KIGALI-RWANDA

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ARTICLES OF ASSOCIATION
OF
CRYSTAL TELECOM LIMITED

(as adopted by special resolution dated 21st of April 2015)

Part 1

Interpretation, objects, share capital and limitation of liability

Defined terms

1 In the articles, unless the context requires otherwise:

"alternate" or "alternate Director" has the meaning given in article 28;

"appointor" has the meaning given in article 28;

"articles" means the company's articles of association;

"bankruptcy" includes individual insolvency proceedings in a jurisdiction other than Rwanda
"call" has the meaning given in article 56;

"call notice" has the meaning given in article 56;

"certificate" means a paper certificate (other than a share warrant) evidencing a person's title to specified shares or other securities;

"Companies Acts" means the Law N°07/2009 relating to companies;

"document" includes, unless otherwise specified, any document sent or supplied in electronic form;

"fully paid" in relation to a share, means that the nominal value and any premium to be paid to the company in respect of that share have been paid to the company;

"holder" in relation to shares means the person whose name is entered in the register of members as the holder of the shares, or, in the case of a share in respect of which a share warrant has been issued (and not cancelled), the person in possession of that warrant;

"instrument" means a document in hard copy form;

"paid" means paid or credited as paid;

"partly paid" in relation to a share means that part of that share's nominal value or any premium at which it was issued has not been paid to the company;

"shares" means shares in the company;

"transmittee" means a person entitled to a share by reason of the death or bankruptcy of a member or otherwise by operation of law;

"writing" means the representation or reproduction of words, symbols or other information in a visible form by any method or combination of methods, whether sent or supplied in electronic form or otherwise.

Unless the context otherwise requires, other words or expressions contained in these articles bear the same meaning as in the Companies Act as in force on the date when these articles become binding on the company.
Name

1. The name of the Company is "CRYSTAL TELECOM LTD" ;

Category

2. The category of the Company is "Public";

Location

3. The registered office of the Company is situated at Kigali, in the Republic of Rwanda;

Objects

4. The objects for which the Company is established are to carry on the business of an investment company in Telecommunication activities and for that purpose to acquire, dispose of, invest or participate in and hold either in the name of the Company or in that of any nominee, by way of investment or otherwise through shares and/or stocks in any companies dealing in the business of telecommunications, as well as any other activities incidental or relating directly or indirectly to these objects or of a nature to favour the attainment of its objects

Share capital

5. The Company's authorized capital is Rwandan Francs Thirteen Billion, Seven Hundred and Fifty Million (13,750,000,000) divided into Two Hundred and Seventy Five Million (275,000, 000) Shares with a nominal value of Fifty Francs (50) per share.

The Company shall have an issued Share Capital of Thirteen Billion Five Hundred and Eight Million Eight Hundred and Sixty Six Thousand (13,508,866,000) Rwanda Francs divided into Two Hundred and Seventy Million, One Hundred and Seventy Seven Thousand Three Hundred and Twenty (270,177,320) Shares of Fifty (50) Francs each.

Liability of members

6. The liability of the members is limited to the amount, if any, unpaid on the shares held by them.

Part 2

Directors

Directors' powers and responsibilities

7. Directors' composition and general authority

Unless and until otherwise determined by the Company by ordinary resolution the number of Directors shall not be fewer than 3 and not more than 7.

Subject to the articles, the Directors are responsible for the management of the company's business, for which purpose they may exercise all the powers of the company.

Directors may delegate

8. (1) Subject to the articles, the Directors may delegate any of the powers which are conferred on them under the articles:

a. to such person or committee;

b. by such means (including by power of attorney);

c. to such an extent;

d. in relation to such matters or territories; and

e. on such terms and conditions;

as they think fit.

(2) If the Directors so specify, any such delegation may authorise further delegation of the Directors' powers by any person to whom they are delegated.

(3) The Directors may revoke any delegation in whole or part, or alter its terms and conditions.

Committees

9. (1) Committees to which the Directors delegate any of their powers must follow procedures which are based as far as they are applicable on those provisions of the articles which govern the taking of decisions by Directors.

(2) The Directors may make rules of procedure for all or any committees, which prevail over rules derived from the articles if they are not consistent with them.

Decision-making by Directors

Directors to take decisions collectively

10. Decisions of the Directors may be taken:
a. at a Directors' meeting; or
b. in the form of a Directors' written resolution.
Powers to Borrow and Mortgage
11. The Directors may exercise all the powers of the Company to borrow money for such purposes and on such terms as it thinks fit. The Directors may exercise all the powers of the Company to mortgage or charge all or part of the Company's undertaking, property and assets, both present and future, including uncalled capital and may issue or sell any bonds, loan notes, debentures and other securities for such purposes and on such terms as it thinks fit and whether outright or as collateral security for a debt, liability or obligation of the Company or a third party.

Calling a Directors' meeting

12. (1) The Chairman shall call Directors' meeting.

(2) The company secretary must call a Directors' meeting if a Chairman so requests.

(3) A Directors' meeting is called by giving notice of the meeting to the Directors.

(4) Notice of any Directors' meeting must indicate:

a. its proposed date and time;

b. where it is to take place; and

c. if it is anticipated that Directors participating in the meeting will not be in the same place, how it is proposed that they should communicate with each other during the meeting.

(5) Notice of a Directors' meeting must be given to each Director, but need not be in writing.

(6) Notice of a Directors' meeting need not be given to Directors who waive their entitlement to notice of that meeting, by giving notice to that effect to the company not more than 7 days after the date on which the meeting is held. Where such notice is given after the meeting has been held, that does not affect the validity of the meeting, or of any business conducted at it.

Participation in Directors' meetings

13. (1) Subject to the articles, Directors participate in a Directors' meeting, or part of a Directors' meeting, when:

a. the meeting has been called and takes place in accordance with the articles; and

b. they can each communicate to the others any information or opinions they have on any particular item of the business of the meeting.

(2) In determining whether Directors are participating in a Directors' meeting, it is irrelevant where any Director is or how they communicate with each other.

(3) If all the Directors participating in a meeting are not in the same place, they may decide that the meeting is to be treated as taking place wherever any of them is.

Quorum for Directors' meetings

14. (1) At a Directors' meeting, unless a quorum is participating, no proposal is to be voted on, except a proposal to call another meeting.

(2) The quorum for Directors' meetings may be fixed from time to time by a decision of the Directors
Chairing Directors' meetings

15. (1) The Directors may appoint a Director to chair their meetings.

(2) The person so appointed for the time being is known as the chairman.

(3) The Directors may appoint another Director as vice chairman to chair Directors' meetings in the chairman's absence.

(4) The Directors may terminate the appointment of the chairman, or vice chairman at any time.

(5) If neither the chairman nor any Director appointed generally to chair Directors' meetings in the chairman's absence is participating in a meeting within ten minutes of the time at which it was to start, the participating Directors must appoint one of themselves to chair it.

Voting at Directors' meetings: general rules

15. (1) Subject to the articles, a decision is taken at a Directors' meeting by a majority of the votes of the participating Directors.

(2) Subject to the articles, each Director participating in a Directors' meeting has one vote.

(3) Subject to the articles, if a Director has an interest in an actual or proposed transaction or arrangement with the company:

a. that Director and that Director's alternate may not vote on any proposal relating to it; but

b. this does not preclude the alternate from voting in relation to that transaction or arrangement on behalf of another appointor who does not have such an interest.

Chairman's casting vote at Directors' meetings

16. (1) If the numbers of votes for and against a proposal are equal, the chairman or other Director chairing the meeting has a casting vote.

(2) But this does not apply if, in accordance with the articles, the chairman or other Director is not to be counted as participating in the decision-making process for quorum or voting purposes.

Alternates voting at Directors' meetings

17. A Director who is also an alternate Director has an additional vote on behalf of each appointor who is:

a. not participating in a Directors' meeting; and

b. would have been entitled to vote if they were participating in it.

Conflicts of interest

18. (1) If a Directors' meeting, or part of a Directors' meeting, is concerned with an actual or proposed transaction or arrangement with the company in which a Director is interested, that Director is not to be counted as participating in that meeting, or part of a meeting, for quorum or voting purposes.

(2) But if paragraph (3) applies, a Director who is interested in an actual or proposed transaction or arrangement with the company is to be counted as participating in a decision at a Directors' meeting, or part of a Directors' meeting, relating to it for quorum and voting purposes.

(3) This paragraph applies when:

a. the company by ordinary resolution disapplies the provision of the articles which would otherwise prevent a Director from being counted as participating in, or voting at, a Directors' meeting;

b. the Director's interest cannot reasonably be regarded as likely to give rise to a conflict of interest; or
c. the Director's conflict of interest arises from a permitted cause.

(4) For the purposes of this article, the following are permitted causes:

(a) a guarantee given, or to be given, by or to a Director in respect of an obligation incurred by or on behalf of the company or any of its subsidiaries;

(b) subscription, or an agreement to subscribe, for shares or other securities of the company or any of its subsidiaries, or to underwrite, sub-underwrite, or guarantee subscription for any such shares or securities; and

(c) arrangements pursuant to which benefits are made available to employees and Directors or former employees and Directors of the company or any of its subsidiaries which do not provide special benefits for Directors or former Directors.

(5) Subject to paragraph (6), if a question arises at a meeting of Directors or of a committee of Directors as to the right of a Director to participate in the meeting (or part of the meeting) for voting or quorum purposes, the question may, before the conclusion of the meeting, be referred to the chairman whose ruling in relation to any Director other than the chairman is to be final and conclusive.

(6) If any question as to the right to participate in the meeting (or part of the meeting) should arise in respect of the chairman, the question is to be decided by a decision of the Directors at that meeting, for which purpose the chairman is not to be counted as participating in the meeting (or that part of the meeting) for voting or quorum purposes.

Proposing Directors' written resolutions

19. (1) Any Director may propose a Directors' written resolution.

(2) The company secretary must propose a Directors' written resolution if a Director so requests.

(3) A Directors' written resolution is proposed by giving notice of the proposed resolution to the Directors.
(4) Notice of a proposed Directors' written resolution must indicate:

a. the proposed resolution; and

b. the time by which it is proposed that the Directors should adopt it.

(5) Notice of a proposed Directors' written resolution must be given in writing to each Director.

(6) Any decision which a person giving notice of a proposed Directors' written resolution takes regarding the process of adopting that resolution must be taken reasonably in good faith.

Adoption of Directors' written resolutions

20. (1) A proposed Directors' written resolution is adopted when all the Directors who would have been entitled to vote on the resolution at a Directors' meeting have signed one or more copies of it, provided that those Directors would have formed a quorum at such a meeting.

(2) It is immaterial whether any Director signs the resolution before or after the time by which the notice proposed that it should be adopted.

(3) Once a Directors' written resolution has been adopted, it must be treated as if it had been a decision taken at a Directors' meeting in accordance with the articles.

(4) The company secretary must ensure that the company keeps a record, in writing, of all Directors' written resolutions for at least ten years from the date of their adoption.

Directors' discretion to make further rules

21. Subject to the articles, the Directors may make any rule which they think fit about how they take decisions, and about how such rules are to be recorded or communicated to Directors.

Appointment of Directors

Methods of appointing Directors

22. Any person who is willing to act as a Director, and is permitted by law to do so, may be appointed to be a Director by ordinary resolution.

(1) Any person may be appointed to be a Director:

a. by ordinary resolution either to fill a vacancy or as an addition to the Directors; and

b. by a decision of the Directors in order to fill a casual vacancy arising as a result of the vacation of office of a Director which appointment shall be subject to the passing by the members of an ordinary resolution at the next convened annual or special meeting, in each case subject to the person proposed to be appointed indicating that he is willing to act as a Director and accepting the appointment by a letter addressed to the Secretary at the Company's Registered Office but so that the total number of Directors may not exceed the maximum number fixed in accordance with the Articles. A Director so appointed shall hold office only until the dissolution of the annual meeting following next after his appointment, unless he is appointed or reappointed during the meeting. A Director so retiring shall not be taken into account in determining the number of Directors who are to retire by rotation at such meeting.

23. (1) For so long as any member of the Company and holds up to 20% of the shareholding in the Company, the said member shall be entitled to nominate, appoint, remove and replace a Director for to the Board of the Company from time to time at the rate of one (1) Director for each complete 20% of the shares held in the Company. In the event that the said member at any time ceases to hold Shares in the Company or ceases to hold 20% or more of the total issued share capital in the Company, the member shall lose its entitlement to appoint the Director to the Board of the Company and the Directors appointed by the said member shall be deemed to have resigned with effect from the date upon which the said shareholding falls below 20% of the total issued share capital of the Company;

(2) In the event of that a member decides to remove a Director appointed by him, he shall give notice to the

Company of the removal of the particular Director ("the Resigning Director") and appointing a replacement ("the Replacement Director"). On receipt of this notice by the Company, the Resigning Director shall be deemed to have resigned with immediate effect and the Replacement Director appointed for the remaining term of the Resigning Director.

24. Term of Office of a Director

Notwithstanding the provisions of Article 22;

i. At the first annual general meeting of the Company as a listed company, all the Directors shall retire from office, and may offer themselves for reappointment. At every subsequent annual general meeting one-third of the Directors who are subject to retirement by rotation or, if their number is not three or a multiple of three, the number nearest to one-third shall retire from office; but, if there is only one Director who is subject to retirement by rotation, he shall retire.

ii. Subject to the provisions of the Companies Act, the Directors to retire by rotation shall be those who have been longest in office since their last appointment or reappointment, but as between persons who became or were last reappointed Directors on the same day those to retire shall (unless they otherwise agree among themselves) be determined by lot.

iii. If the company, at the meeting at which a Director retires by rotation, does not fill the vacancy the retiring Director shall, if willing to act, be deemed to have been reappointed unless at the meeting it is resolved not to fill the vacancy or unless a resolution for the reappointment of the Director is put to the meeting and lost.

iv. No person other than a Director retiring by rotation shall be appointed or reappointed a Director at any general meeting unless:

(a) he is recommended by the Directors; or

(b) not less Fourteen nor more than thirty clear days before the date appointed for the meeting, notice executed by a member qualified to vote at the meeting has been given to the company of the intention to propose that person for appointment or reappointment stating the particulars which would, if he were so appointed or reappointed, be required to be included in the company's register of Directors together with notice executed by that person of his willingness to be appointed or reappointed.

v. Not less than Fourteen nor more than thirty clear days before the date appointed for holding a general meeting notice shall be given to all who are entitled to receive notice of the meeting of any person (other than a Director retiring by rotation at the meeting) who is recommended by the Directors for appointment or reappointment as a Director at the meeting or in respect of whom notice has been duly given to the company of the intention to propose him at the meeting for appointment or reappointment as a Director. The notice shall give the particulars of that person which would, if he were so appointed or reappointed, be required to be included in the company's register of Directors.

vi. The Directors to retire by rotation at the annual meeting in every year shall be in addition to any Director who wishes to retire and not to offer himself for reappointment.

vii. A Director who retires at an annual meeting, whether by rotation or otherwise, may, if willing to act, be reappointed. If he is not reappointed or deemed reappointed, he may retain office until the meeting appoints someone in his place or, if it does not do so, until the end of the meeting.

Termination of Director's appointment

25. (1) A person ceases to be a Director as soon as:

a. that person ceases to be a Director by virtue of any provision of the Companies Act or is prohibited from being a Director by law;

b. a bankruptcy order is made against that person;

c. a composition is made with that person's creditors generally in satisfaction of that person's debts;

d. a registered medical practitioner who is treating that person gives a written opinion to the company stating that that person has become physically or mentally incapable of acting as a Director and may remain so for more than three months;

e. by reason of that person's mental health, a court makes an order which wholly or partly prevents that person from personally exercising any powers or rights which that person would otherwise have;

f. notification is received by the company from the Director that the Director is resigning from office as Director, and such resignation has taken effect in accordance with its terms.

(2) Removal of Directors by Members;

i. Members may remove a Director through an Ordinary Resolution in a meeting called for that purpose. Not less than Fourteen nor more than thirty clear days before the date appointed for holding such meeting, notice shall be given to all who are entitled to receive notice of the meeting specifying the Director(s) who is proposed by the member(s) for removal from the Board of Directors of the Company or in respect of whom notice has been duly given to the company of the intention to remove him at the said meeting.

Directors' remuneration

26. (1) Directors may undertake any services for the company that the Directors decide.

(2) Directors are entitled to such remuneration as the Directors determine:

a. for their services to the company as Directors; and

b. for any other service which they undertake for the company.

(3) Subject to the articles, a Director's remuneration may:

(a) take any form; and

(b) include any arrangements in connection with the payment of a pension, allowance or gratuity, or any death, sickness or disability benefits, to or in respect of that Director.

(4) Unless the Directors decide otherwise, Directors' remuneration accrues from day to day.

(5) Unless the Directors decide otherwise, Directors are not accountable to the company for any remuneration which they receive as Directors or other officers or employees of the company's subsidiaries or of any other body corporate in which the company is interested.

Directors' expenses

27. The company may pay any reasonable expenses which the Directors properly incur in connection with their attendance at

a. meetings of Directors or committees of Directors,

b. general meetings, or

c. separate meetings of the holders of any class of shares or of debentures of the company,
or otherwise in connection with the exercise of their powers and the discharge of their responsibilities in relation to the company.

Alternate Directors

Appointment and removal of alternates

28. (1) Any Director (the "appointor") may appoint as an alternate any other Director, or any other person approved by resolution of the Directors, to:

a. exercise that Director's powers; and

b. carry out that Director's responsibilities,

in relation to the taking of decisions by the Directors in the absence of the alternate's appointor.

(2) Any appointment or removal of an alternate must be effected by notice in writing to the company signed by the appointor, or in any other manner approved by the Directors.

(3) The notice must:

(a) identify the proposed alternate; and

(b) in the case of a notice of appointment, contain a statement signed by the proposed alternate that the proposed alternate is willing to act as the alternate of the Director giving the notice.

Rights and responsibilities of alternate Directors

29. (1) An alternate Director has the same rights, in relation to any Directors' meeting or Directors' written resolution, as the alternate's appointor.

(2) Except as the articles specify otherwise, alternate Directors:

a. are deemed for all purposes to be Directors;

b. are liable for their own acts and omissions;

c. are subject to the same restrictions as their appointors; and

d. are not deemed to be agents of or for their appointors.

(3) A person who is an alternate Director but not a Director:

(a) may be counted as participating for the purposes of determining whether a quorum is participating (but only if that person's appointor is not participating); and

(b) may sign a written resolution (but only if it is not signed or to be signed by that person's appointor).
No alternate may be counted as more than one Director for such purposes.

(4) An alternate Director is not entitled to receive any remuneration from the company for serving as an alternate Director except such part of the alternate's appointor's remuneration as the appointor may direct by notice in writing made to the company.

Termination of alternate directorship

30. An alternate Director's appointment as an alternate terminates:

a. when the alternate's appointor revokes the appointment by notice to the company in writing specifying when it is to terminate;

b. on the occurrence in relation to the alternate of any event which, if it occurred in relation to the alternate's appointor, would result in the termination of the appointor's appointment as a Director;

c. on the death of the alternate's appointor; or

d. when the alternate's appointor's appointment as a Director terminates, except that an alternate's appointment as an alternate does not terminate when the appointor retires by rotation at a general meeting and is then re-appointed as a Director at the same general meeting.

Part 3

Organisation of general meetings

Holding a general meeting

31. The annual general meeting of the Company must be held within six months of the financial year end of the Company. Annual and Special meetings shall be held at such times and places as the Board of Directors shall from time to time appoint.

Attendance and speaking at general meetings

32. (1) A person is able to exercise the right to speak at a general meeting when that person is in a position to communicate to all those attending the meeting, during the meeting, any information or opinions which that person has on the business of the meeting.

(2) A person is able to exercise the right to vote at a general meeting when:

a. that person is able to vote, during the meeting, on resolutions put to the vote at the meeting; and

b. that person's vote can be taken into account in determining whether or not such resolutions are passed at the same time as the votes of all the other persons attending the meeting.

(3) The Directors may make whatever arrangements they consider appropriate to enable those attending a general meeting to exercise their rights to speak or vote at it.

(4) In determining attendance at a general meeting, it is immaterial whether any two or more members attending it are in the same place as each other.

(5) Two or more persons who are not in the same place as each other attend a general meeting if their circumstances are such that if they have (or were to have) rights to speak and vote at that meeting, they are (or would be) able to exercise them.

Quorum for general meetings

33. No business other than the appointment of the chairman of the meeting is to be transacted at a general meeting if the persons attending it do not constitute a quorum; save as herein otherwise provided Members holding Fifty percent of the issued share capital present shall be a quorum.

Chairing general meetings

34. (1) If the Directors have appointed a chairman, the chairman shall chair general meetings if present and willing to do so.

(2) If the Directors have not appointed a chairman, or if the chairman is unwilling to chair the meeting or is not present within ten minutes of the time at which a meeting was due to start:

a. the Directors present; or

b. (if no Directors are present), the meeting,
must appoint a Director or member to chair the meeting, and the appointment of the chairman of the meeting must be the first business of the meeting.

(3) The person chairing a meeting in accordance with this article is referred to as "the chairman of the meeting".

Attendance and speaking by Directors and non-members

35. (1) Directors may attend and speak at general meetings, whether or not they are members.

(2) The chairman of the meeting may permit other persons who are not:

a. members of the company; or

b. otherwise entitled to exercise the rights of members in relation to general meetings, to attend and speak at a general meeting.

Adjournment

36. (I) If the persons attending a general meeting within half an hour of the time at which the meeting was due to start do not constitute a quorum, or if during a meeting a quorum ceases to be present, the chairman of the meeting must adjourn it.

(2) The chairman of the meeting may adjourn a general meeting at which a quorum is present if:
a. the meeting consents to an adjournment; or

b. it appears to the chairman of the meeting that an adjournment is necessary to protect the safety of any person attending the meeting or ensure that the business of the meeting is conducted in an orderly manner.

(3) The chairman of the meeting must adjourn a general meeting if directed to do so by the meeting.

(4) When adjourning a general meeting, the chairman of the meeting must:

(a) either specify the time and place to which it is adjourned or state that it is to continue at a time and place to be fixed by the Directors; and

(b) have regard to any directions as to the time and place of any adjournment which have been given by the meeting.

(5) If the continuation of an adjourned meeting is to take place more than 14 days after it was adjourned, the company must give at least 7 clear days' notice of it (that is, excluding the day of the adjourned meeting and the day on which the notice is given):

(a) to the same persons to whom notice of the company's general meetings is required to be given; and
(b) containing the same information which such notice is required to contain.

(6) No business may be transacted at an adjourned general meeting which could not properly have been transacted at the meeting if the adjournment had not taken place.

Voting at general meetings

Voting: general

37. A resolution put to the vote of a general meeting must be decided on a show of hands unless a poll is duly demanded in accordance with the articles. Subject to any special terms as to voting upon which any share may be issued, or may be held, on a poll every member present in person or by proxy and entitled to vote has one vote for every share of which he is the holder

Errors and disputes

38. (1) No objection may be raised to the qualification of any person voting at a general meeting except at the meeting or adjourned meeting at which the vote objected to is tendered, and every vote not disallowed at the meeting is valid.

(2) Any such objection must be referred to the chairman of the meeting whose decision is final.

Demanding a poll

39. (1) A poll on a resolution may be demanded:

a. in advance of the general meeting where it is to be put to the vote; or

b. at a general meeting, either before a show of hands on that resolution or immediately after the result of a show of hands on that resolution is declared.

(2) A poll may be demanded by:

(a) the chairman of the meeting;

(b) the Directors;

(c) two or more persons having the right to vote on the resolution; or

(d) a person or persons representing not less than one tenth of the total voting rights of all the members having the right to vote on the resolution.

(3) A demand for a poll may be withdrawn if:

(a) the poll has not yet been taken; and

(b) the chairman of the meeting consents to the withdrawal.
Procedure on a poll

40. (1) Subject to the articles, polls at general meetings must be taken when, where and in such manner as the chairman of the meeting directs.

(2) The chairman of the meeting may appoint scrutineers (who need not be members) and decide how and when the result of the poll is to be declared.

(3) The result of a poll shall be the decision of the meeting in respect of the resolution on which the poll was demanded.

(4) A poll on:

a. the election of the chairman of the meeting; or

b. a question of adjournment,

must be taken immediately.

(5) Other polls must be taken within 30 days of their being demanded.

(6) A demand for a poll does not prevent a general meeting from continuing, except as regards the question on which the poll was demanded.

(7) No notice need be given of a poll not taken immediately if the time and place at which it is to be taken are

announced at the meeting at which it is demanded.

(8) In any other case, at least 7 days' notice must be given specifying the time and place at which the poll is to be taken.

Convening of Special Meetings

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41. (1) The Directors may direct the Chairman of the Directors or, in his absence, the Deputy Chairman of the Directors to convene special meetings of members entitled to vote on an issue put before the meeting.

(2) The Directors shall direct the Chairman of the Directors or, in his absence, the Deputy Chairman of the Directors to convene a special meeting on receipt of a written request of members holding shares carrying at least 50 per cent of the voting rights.

(3) If at any time there are not sufficient Directors capable of acting to form a quorum of the Directors, any Director may convene a special meeting

Length and Form of Notice

42. (1) An annual meeting and all other special meetings of the Company shall be called by at least 30 clear days' notice (in the case of an annual meeting) and 14 clear days' notice (in the case of a special meeting).

(2) Notice shall be given to such members as are, under the Articles, or the terms of issue of shares, entitled to receive such notices from the Company and to the Directors.

(3) Every notice of meeting shall specify the place, date and time of the meeting and the general nature of the business to be transacted and, if a meeting is convened to pass a special resolution, the intention to propose the resolution as a special resolution.

(4) The omission to send notice of any meeting or, in cases where it is sent out with the notice, an invitation to appoint a proxy, to, or the failure to send either due to circumstances beyond the Company's control to, or the non-receipt of either by, any person entitled to receive notice does not invalidate any resolution passed or proceedings held at that meeting.

Content of proxy notices

43. (1) Proxies may only validly be appointed by a notice in writing (a "proxy notice") which:

a. states the name and address of the member appointing the proxy;

b. identifies the person appointed to be that member's proxy and the general meeting in relation to which that person is appointed;

c. is signed by or on behalf of the member appointing the proxy, or is authenticated in such manner as the Directors may determine; and

d. is delivered to the company in accordance with the articles and any instructions contained in the notice of the general meeting to which they relate.

(2) The company may require proxy notices to be delivered in a particular form, and may specify different forms for different purposes.

(3) Proxy notices may specify how the proxy appointed under them is to vote (or that the proxy is to abstain from voting) on one or more resolutions.

(4) Unless a proxy notice indicates otherwise, it must be treated as:

(a) allowing the person appointed under it as a proxy discretion as to how to vote on any ancillary or procedural resolutions put to the meeting; and

(b) appointing that person as a proxy in relation to any adjournment of the general meeting to which it relates as well as the meeting itself.

Delivery of proxy notices

44. (1) Any notice of a general meeting must specify the address or addresses ("proxy notification address") at which the company or its agents will receive proxy notices relating to that meeting, or any adjournment of it, delivered in hard copy or electronic form.

(2) A person who is entitled to attend, speak or vote (either on a show of hands or on a poll) at a general meeting remains so entitled in respect of that meeting or any adjournment of it, even though a valid proxy notice has been delivered to the company by or on behalf of that person.

(3) Subject to paragraphs (4) and (5), a proxy notice must be delivered to a proxy notification address not less than 48 hours before the general meeting or adjourned meeting to which it relates.

(4) In the case of a poll taken more than 48 hours after it is demanded, the notice must be delivered to a proxy notification address not less than 24 hours before the time appointed for the taking of the poll.

(5) In the case of a poll not taken during the meeting but taken not more than 48 hours after it was demanded, the proxy notice must be delivered:

a. in accordance with paragraph (3); or

b. at the meeting at which the poll was demanded to the chairman, secretary or any Director.

(6) An appointment under a proxy notice may be revoked by delivering a notice in writing given by or on behalf of the person by whom or on whose behalf the proxy notice was given to a proxy notification address.

(7) A notice revoking a proxy appointment only takes effect if it is delivered before:

(a) the start of the meeting or adjourned meeting to which it relates; or

(b) (in the case of a poll not taken on the same day as the meeting or adjourned meeting) the time appointed for taking the poll to which it relates.

(8) If a proxy notice is not signed by the person appointing the proxy, it must be accompanied by written evidence of the authority of the person who executed it to execute it on the appointor's behalf.
Amendments to resolutions

45. (1) An ordinary resolution to be proposed at a general meeting may be amended by ordinary resolution if:

a. notice of the proposed amendment is given to the company secretary in writing by a person entitled to vote at the general meeting at which it is to be proposed not less than 48 hours before the meeting is to take place (or such later time as the chairman of the meeting may determine); and

b. the proposed amendment does not, in the reasonable opinion of the chairman of the meeting, materially alter the scope of the resolution.

(2) A special resolution to be proposed at a general meeting may be amended by ordinary resolution, if:

(a) the chairman of the meeting proposes the amendment at the general meeting at which the resolution is to be proposed; and

(b) the amendment does not go beyond what is necessary to correct a grammatical or other non-substantive error in the resolution.

(3) If the chairman of the meeting, acting in good faith, wrongly decides that an amendment to a resolution is out of order, the chairman's error does not invalidate the vote on that resolution.
Restrictions on members' rights

No voting of shares on which money owed to company

46. No voting rights attached to a share may be exercised at any general meeting, at any adjournment of it, or on any poll called at or in relation to it, unless all amounts payable to the company in respect of that share have been paid.

Application of rules to class meetings

Class meetings

47. The provisions of the articles relating to general meetings apply, with any necessary modifications, to meetings of the holders of any class of shares.

Part 4

Shares and distributions

Issue of shares

Powers to issue different classes of share

48. (1) Subject to the articles, but without prejudice to the rights attached to any existing share, the company may issue shares with such rights or restrictions as may be determined by ordinary resolution.

(2) The company may issue shares which are to be redeemed, or are liable to be redeemed at the option of the company or the holder, and the Directors may determine the terms, conditions and manner of redemption of any such shares.

Interests in shares

Company not bound by less than absolute interests

49. Except as required by law, no person is to be recognised by the company as holding any share upon any trust, and except as otherwise required by law or the articles, the company is not in any way to be bound by or recognise any interest in a share other than the holder's absolute ownership of it and all the rights attaching to it.

Share certificates

Certificates to be issued except in certain cases

50. (1) The company must issue each member with one or more certificates in respect of the shares which that member holds.

(2) This article does not apply to shares in respect of which the Companies Acts permit the company not to issue a certificate.

(3) Except as otherwise specified in the articles, all certificates must be issued free of charge.

(4) No certificate may be issued in respect of shares of more than one class.

(5) If more than one person holds a share, only one certificate may be issued in respect of it.
Contents and execution of share certificates

51. (1) Every certificate must specify:

a. in respect of how many shares, of what class, it is issued;

b. the nominal value of those shares;

c. the amount paid up on them; and

d. any distinguishing numbers assigned to them.

(2) Certificates must:

(a) have affixed to them the company's common seal or an official seal which is a facsimile of the company's common seal with the addition on its face of the word "Securities" (a "securities seal"); or

(a) be otherwise executed in accordance with the Companies Acts.
Consolidated share certificates

52. (1) When a member's holding of shares of a particular class increases, the company may issue that member with:

a. a single, consolidated certificate in respect of all the shares of a particular class which that member holds; or

b. a separate certificate in respect of only those shares by which that member's holding has increased.

(2) When a member's holding of shares of a particular class is reduced, the company must ensure that the member is issued with one or more certificates in respect of the number of shares held by the member after that reduction. But the company need not (in the absence of a request from the member) issue any new certificate if:

(a) all the shares which the member no longer holds as a result of the reduction; and

(b) none of the shares which the member retains following the reduction,
were, immediately before the reduction, represented by the same certificate.

(3) A member may request the company, in writing, to replace:

(a) the member's separate certificates with a consolidated certificate; or

(b) the member's consolidated certificate with two or more separate certificates representing such proportion of the shares as the member may specify.

(4) When the company complies with such a request it may charge such reasonable fee as the Directors may decide for doing so.

(5) A consolidated certificate must not be issued unless any certificates which it is to replace have first been returned to the company for cancellation.

Replacement share certificates

53. (1) If a certificate issued in respect of a member's shares is:

a. damaged or defaced; or

b. said to be lost, stolen or destroyed,

that member is entitled to be issued with a replacement certificate in respect of the same shares.

(2) A member exercising the right to be issued with such a replacement certificate:

(a) may at the same time exercise the right to be issued with a single certificate or separate certificates;

(b) must return the certificate which is to be replaced to the company if it is damaged or defaced; and

(c) must comply with such conditions as to evidence, indemnity and the payment of a reasonable fee as the Directors decide.

Partly paid shares

Company's lien over partly paid shares

54. (1) The company has a lien ("the company's lien") over every share which is partly paid for any part of:

a. that share's nominal value; and

b. any premium at which it was issued,

which has not been paid to the company, and which is payable immediately or at some time in the future, whether or not a call notice has been sent in respect of it.

(2) The company's lien over a share:

(a) takes priority over any third party's interest in that share; and

(b) extends to any dividend or other money payable by the company in respect of that share and (if the lien is enforced and the share is sold by the company) the proceeds of sale of that share.

(3) The Directors may at any time decide that a share which is or would otherwise be subject to the company's lien shall not be subject to it, either wholly or in part.

Enforcement of the company's lien

55. (1) Subject to the provisions of this article, if:

a. a lien enforcement notice has been given in respect of a share; and

b. the person to whom the notice was given has failed to comply with it,

the company may sell that share in such manner as the Directors decide.

(2) A lien enforcement notice:

(a) may only be given in respect of a share which is subject to the company's lien, in respect of which a sum is payable and the due date for payment of that sum has passed;

(b) must specify the share concerned;

(c) must require payment of the sum payable within 14 days of the notice;

(d) must be addressed either to the holder of the share or to a person entitled to it by reason of the holder's death, bankruptcy or otherwise; and

(e) must state the company's intention to sell the share if the notice is not complied with.

(3) Where shares are sold under this article:

(a) the Directors may authorise any person to execute an instrument of transfer of the shares to the purchaser or a person nominated by the purchaser; and

(b) the transferee is not bound to see to the application of the consideration, and the transferee's title is not affected by any irregularity in or invalidity of the process leading to the sale.

(4) The net proceeds of any such sale (after payment of the costs of sale and any other costs of enforcing the lien) must be applied:

(a) first, in payment of so much of the sum for which the lien exists as was payable at the date of the lien enforcement notice;

(b) second, to the person entitled to the shares at the date of the sale, but only after the certificate for the shares sold has been surrendered to the company for cancellation or a suitable indemnity has been given for any lost certificates, and subject to a lien equivalent to the company's lien over the shares before the sale for any money payable in respect of the shares after the date of the lien enforcement notice.

(5) A statutory declaration by a Director or the company secretary that the declarant is a Director or the company secretary and that a share has been sold to satisfy the company's lien on a specified date:

(a) is conclusive evidence of the facts stated in it as against all persons claiming to be entitled to the share; and

(b) subject to compliance with any other formalities of transfer required by the articles or by law, constitutes a good title to the share.

Call notices

56. (1) Subject to the articles and the terms on which shares are allotted, the Directors may send a notice (a "call notice") to a member requiring the member to pay the company a specified sum of money (a "call") which is payable in respect of shares which that member holds at the date when the Directors decide to send the call notice.

(2) A call notice:

a. may not require a member to pay a call which exceeds the total sum unpaid on that member's shares (whether as to the share's nominal value or any amount payable to the company by way of premium);

b. must state when and how any call to which it relates is to be paid; and

c. may permit or require the call to be paid by instalments.

(3) A member must comply with the requirements of a call notice, but no member is obliged to pay any call before 14 days have passed since the notice was sent.

(4) Before the company has received any call due under a call notice the Directors may:

(a) revoke it wholly or in part; or

(b) specify a later time for payment than is specified in the notice,

by a further notice in writing to the member in respect of whose shares the call is made.
Liability to pay calls

57. (1) Liability to pay a call is not extinguished or transferred by transferring the shares in respect of which it is required to be paid.

(2) Joint holders of a share are jointly and severally liable to pay all calls in respect of that share.

(3) Subject to the terms on which shares are allotted, the Directors may, when issuing shares, provide that call notices sent to the holders of those shares may require them:

a. to pay calls which are not the same; or

b. to pay calls at different times.

When call notice need not be issued

58. (1) A call notice need not be issued in respect of sums which are specified, in the terms on which a share is issued, as being payable to the company in respect of that share (whether in respect of nominal value or premium):

a. on allotment;

b. on the occurrence of a particular event; or

c. on a date fixed by or in accordance with the terms of issue.

(2) But if the due date for payment of such a sum has passed and it has not been paid, the holder of the share concerned is treated in all respects as having failed to comply with a call notice in respect of that sum, and is liable to the same consequences as regards the payment of interest and forfeiture.

Failure to comply with call notice: automatic consequences

59. (1) If a person is liable to pay a call and fails to do so by the call payment date

a. the Directors may issue a notice of intended forfeiture to that person; and

b. until the call is paid, that person must pay the company interest on the call from the call payment date at the .

(2) For the purposes of this article:

(a) the "call payment date" is the time when the call notice states that a call is payable, unless the Directors give a notice specifying a later date, in which case the "call payment date" is that later date;

(b) the "relevant rate" is:

(i) the rate fixed by the terms on which the share in respect of which the call is due was allotted;

(ii) such other rate as was fixed in the call notice which required payment of the call, or has otherwise been determined by the Directors; or

(iii) if no rate is fixed in either of these ways, 5 per cent per annum.

(4) The Directors may waive any obligation to pay interest on a call wholly or in part.

Notice of intended forfeiture

60. A notice of intended forfeiture:

a. may be sent in respect of any share in respect of which a call has not been paid as required by a call notice;

b. must be sent to the holder of that share or to a person entitled to it by reason of the holder's death, bankruptcy or otherwise;

c. must require payment of the call and any accrued interest by a date which is not less than 14 days after the date of the notice;

d. must state how the payment is to be made; and

e. must state that if the notice is not complied with, the shares in respect of which the call is payable will be liable to be forfeited.

Directors' power to forfeit shares

61. If a notice of intended forfeiture is not complied with before the date by which payment of the call is required in the notice of intended forfeiture, the Directors may decide that any share in respect of which it was given is forfeited, and the forfeiture is to include all dividends or other moneys payable in respect of the forfeited shares and not paid before the forfeiture.

Effect of forfeiture

62. (1) Subject to the articles, the forfeiture of a share extinguishes:

a. all interests in that share, and all claims and demands against the company in respect of it; and

b. all other rights and liabilities incidental to the share as between the person whose share it was prior to the forfeiture and the company.

(2) Any share which is forfeited in accordance with the articles:

(a) is deemed to have been forfeited when the Directors decide that it is forfeited;

(b) is deemed to be the property of the company; and

(c) may be sold, re-allotted or otherwise disposed of as the Directors think fit.

(3) If a person's shares have been forfeited:

(a) the company must send that person notice that forfeiture has occurred and record it in the register of members;

(b) that person ceases to be a member in respect of those shares;

(c) that person must surrender the certificate for the shares forfeited to the company for cancellation;

(d) that person remains liable to the company for all sums payable by that person under the articles at the date of forfeiture in respect of those shares, including any interest (whether accrued before or after the date of forfeiture); and

(e) the Directors may waive payment of such sums wholly or in part or enforce payment without any allowance for the value of the shares at the time of forfeiture or for any consideration received on their disposal.
(4) At any time before the company disposes of a forfeited share, the Directors may decide to cancel the forfeiture on payment of all calls and interest due in respect of it and on such other terms as they think fit.

Procedure following forfeiture

63. (1) If a forfeited share is to be disposed of by being transferred, the company may receive the consideration for the transfer and the Directors may authorise any person to execute the instrument of transfer.

(2) A declaration by a Director or the company secretary that the declarant is a Director or the company secretary and that a share has been forfeited on a specified date:

a. is conclusive evidence of the facts stated in it as against all persons claiming to be entitled to the share; and

b. subject to compliance with any other formalities of transfer required by the articles or by law, constitutes a good title to the share.

(3) A person to whom a forfeited share is transferred is not bound to see to the application of the consideration (if any) nor is that person's title to the share affected by any irregularity in or invalidity of the process leading to the forfeiture or transfer of the share.

(4) If the company sells a forfeited share, the person who held it prior to its forfeiture is entitled to receive from the company the proceeds of such sale, net of any commission, and excluding any amount which:

(a) was, or would have become, payable; and

(b) had not, when that share was forfeited, been paid by that person in respect of that share,

but no interest is payable to such a person in respect of such proceeds and the company is not required to account for any money earned on them.

Surrender of shares

64. (1) A member may surrender any share:

a. in respect of which the Directors may issue a notice of intended forfeiture;

b. which the Directors may forfeit; or

c. which has been forfeited.

(2) The Directors may accept the surrender of any such share.

(3) The effect of surrender on a share is the same as the effect of forfeiture on that share.

(4) A share which has been surrendered may be dealt with in the same way as a share which has been forfeited.

Transfer and transmission of shares

Transfers of shares

65. (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:

a. the transferor; and

b. (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:

(a) the share is not fully paid;

(b) the transfer is not lodged at the company's registered office or such other place as the Directors have appointed;

(c) 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;

(d) the transfer is in respect of more than one class of share; or

(e) 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
66.
(1) If a member dies, the survivor and the executors or administrators of the deceased shall be the only persons recognized by the Company as having any title to his interest in the shares.

(2) Any person becoming entitled by transmission to a share may, upon such evidence as to title being provided as the Directors may require, elect either to be registered himself as holder of the share or have a person nominated by him registered as holder. All the Articles relating to the transfer of shares apply to any such election as if the death or bankruptcy or other event giving rise to transmission had not occurred and the election was a transfer by the member

(3) If title to a share passes to a transmittee, the company may only recognise the transmittee as having any title to that share

(4) 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

67. (1) A transmittee who produces such evidence of entitlement to shares as the Directors may properly require:

a. may, subject to the articles, choose either to become the holder of those shares or to have them transferred to another person; and

b. subject to the articles, and pending any transfer of the shares to another person, has the same rights as the holder had.

(2) 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

68. (1) Transmittees who wish to become the holders of shares to which they have become entitled must notify the company in writing of that wish.

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

(4) 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

69. 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.

Distributions

Procedure for declaring dividends

70. (1) The company may by ordinary resolution declare dividends, and the Directors may decide to pay interim dividends. Notwithstanding any other Article, the Directors may fix any date as the record date for the dividend, distribution, allotment or issue. The record date may be on or at any time within six months before or after a date on which the dividend, distribution, allotment or issue is declared, made or paid.

(2) A dividend must not be declared unless the Directors have made a recommendation as to its amount. Such a dividend must not exceed the amount recommended by the Directors.

(3) No dividend may be declared or paid unless it is in accordance with members' respective rights.

(4) Unless the members' resolution to declare or Directors' decision to pay a dividend, or the terms on which shares are issued, specify otherwise, it must be paid by reference to each member's holding of shares on the date of the resolution or decision to declare or pay it.

(5) If the company's share capital is divided into different classes, no interim dividend may be paid on shares carrying deferred or non-preferred rights if, at the time of payment, any preferential dividend is in arrears.

(6) The Directors may pay at intervals any dividend payable at a fixed rate if it appears to them that the profits available for distribution justify the payment.

(7) If the Directors act in good faith, they do not incur any liability to the holders of shares conferring preferred rights for any loss they may suffer by the lawful payment of an interim dividend on shares with deferred or non-preferred rights.

Calculation of dividends

71. (1) Except as otherwise provided by the articles or the rights attached to shares, all dividends must be:

a. declared and paid according to the amounts paid up on the shares on which the dividend is paid; and

b. apportioned and paid proportionately to the amounts paid up on the shares during any portion or portions of the period in respect of which the dividend is paid.

(2) If any share is issued on terms providing that it ranks for dividend as from a particular date, that share ranks for dividend accordingly.

(3) For the purposes of calculating dividends, no account is to be taken of any amount which has been paid up on a share in advance of the due date for payment of that amount.

Payment of dividends and other distributions

72. (1) Where a dividend or other sum which is a distribution is payable in respect of a share, it must be paid by one or more of the following means:

a. transfer to a bank account specified by the distribution recipient either in writing or as the Directors may otherwise decide;

b. sending a cheque made payable to the distribution recipient by post to the distribution recipient at the distribution recipient's registered address (if the distribution recipient is a holder of the share), or (in any other case) to an address specified by the distribution recipient either in writing or as the Directors may otherwise decide;

c. sending a cheque made payable to such person by post to such person at such address as the distribution recipient has specified either in writing or as the Directors may otherwise decide; or

d. any other means of payment as the Directors agree with the distribution recipient either in writing or by such other means as the Directors decide.

(2) In the articles, “the distribution recipient” means, in respect of a share in respect of which a dividend or other sum is payable:

(a) the holder of the share; or

(b) if the share has two or more joint holders, whichever of them is named first in the register of members; or
(c) if the holder is no longer entitled to the share by reason of death or bankruptcy, or otherwise by operation of law, the transmittee.

Deductions from distributions in respect of sums owed to the company

73. (1) If:

a. a share is subject to the company’s lien; and

b. the Directors are entitled to issue a lien enforcement notice in respect of it,

they may, instead of issuing a lien enforcement notice, deduct from any dividend or other sum payable in respect of the share any sum of money which is payable to the company in respect of that share to the extent that they are entitled to require payment under a lien enforcement notice.

(2) Money so deducted must be used to pay any of the sums payable in respect of that share.

(3) The company must notify the distribution recipient in writing of:

(a) the fact and amount of any such deduction;

(b) any non-payment of a dividend or other sum payable in respect of a share resulting from any such deduction; and

(c) how the money deducted has been applied.

No interest on distributions

74. The company may not pay interest on any dividend or other sum payable in respect of a share unless otherwise provided by:

a. the terms on which the share was issued; or

b. the provisions of another agreement between the holder of that share and the company.
Unclaimed distributions

75. (1) All dividends or other sums which are:

a. payable in respect of shares; and

b. unclaimed after having been declared or become payable,

may be invested or otherwise made use of by the Directors for the benefit of the company until claimed.

(2) The payment of any such dividend or other sum into a separate account does not make the company a

trustee in respect of it.

(3) If:

(a) twelve years have passed from the date on which a dividend or other sum became due for payment; and
(b) the distribution recipient has not claimed it,

the distribution recipient is no longer entitled to that dividend or other sum and it ceases to remain owing by the company.

Non-cash distributions

76. (1) Subject to the terms of issue of the share in question, the company may, by ordinary resolution on the recommendation of the Directors, decide to pay all or part of a dividend or other distribution payable in respect of a share by transferring non-cash assets of equivalent value (including, without limitation, shares or other securities in any company).

(3) For the purposes of paying a non-cash distribution, the Directors may make whatever arrangements they think fit, including, where any difficulty arises regarding the distribution:

a. fixing the value of any assets;

b. paying cash to any distribution recipient on the basis of that value in order to adjust the rights of recipients; and
c. vesting any assets in trustees.

Waiver of distributions

77. Distribution recipients may waive their entitlement to a dividend or other distribution payable in respect of a share by giving the company notice in writing to that effect, but if:

a. the share has more than one holder; or

b. more than one person is entitled to the share, whether by reason of the death or bankruptcy of one or more joint holders, or otherwise,

the notice is not effective unless it is expressed to be given, and signed, by all the holders or persons otherwise entitled to the share.

Capitalisation of profits

Authority to capitalise and appropriation of capitalised sums

78. (1) Subject to the articles, the Directors may, if they are so authorised by an ordinary resolution:

a. decide to capitalise any profits of the company (whether or not they are available for distribution) which are not required for paying a preferential dividend, or any sum standing to the credit of the company's share premium account or capital redemption reserve; and

b. appropriate any sum which they so decide to capitalise (a "capitalised sum") to the persons who would have been entitled to it if it were distributed by way of dividend (the "persons entitled") and in the same proportions.

(2) Capitalised sums must be applied:

(a) on behalf of the persons entitled; and

(b) in the same proportions as a dividend would have been distributed to them.

(3) Any capitalised sum may be applied in paying up new shares of a nominal amount equal to the capitalised sum which are then allotted credited as fully paid to the persons entitled or as they may direct.

(4) A capitalised sum which was appropriated from profits available for distribution may be applied:

(a) in or towards paying up any amounts unpaid on existing shares held by the persons entitled; or

(b) in paying up new debentures of the company which are then allotted credited as fully paid to the persons entitled or as they may direct.

(5) Subject to the articles the Directors may:

(a) apply capitalised sums in accordance with paragraphs (3) and (4) partly in one way and partly in another;

(b) make such arrangements as they think fit to deal with shares or debentures becoming distributable in fractions under this article (including the issuing of fractional certificates or the making of cash payments); and

(c) authorise any person to enter into an agreement with the company on behalf of all the persons entitled which is binding on them in respect of the allotment of shares and debentures to them under this article.

Part 5

Miscellaneous provisions

Communications

Means of communication to be used

79. (1) Subject to the articles, anything sent or supplied by or to the company under the articles may be sent or supplied in any way in which the Companies Act provides for documents or information which are authorised or required by any provision of that Act to be sent or supplied by or to the company.

(2) Subject to the articles, any notice or document to be sent or supplied to a Director in connection with the taking of decisions by Directors may also be sent or supplied by the means by which that Director has asked to be sent or supplied with such notices or documents for the time being.

(3) A Director may agree with the company that notices or documents sent to that Director in a particular way are to be deemed to have been received within a specified time of their being sent, and for the specified time to be less than 48 hours.

Failure to notify contact details

80. (1) If:

a. the company sends two consecutive documents to a member over a period of at least 12 months; and
b. each of those documents is returned undelivered, or the company receives notification that it has not been delivered,

that member ceases to be entitled to receive notices from the company.

(2) A member who has ceased to be entitled to receive notices from the company becomes entitled to receive such notices again by sending the company:

(a) a new address to be recorded in the register of members; or

(b) if the member has agreed that the company should use a means of communication other than sending things to such an address, the information that the company needs to use that means of communication effectively.

(3) Any document or information sent addressed to a member or another person at his registered address is deemed to be received:
• if delivered by courier, at the time of delivery; or
• if sent by post, 24 hours after the letter is posted; or
• if left at such an address, on the day it is left.

Any member present, either personally or by proxy, at any meeting of the Company shall for all purposes be deemed to have received due notice of such meeting and, where requisite, of the purposes for which such meeting was called.

Administrative arrangements

Company seals

81. (1) Any common seal may only be used by the authority of the Directors.

(2) The Directors may decide by what means and in what form any common seal or securities seal is to be used.

(3) Unless otherwise decided by the Directors, if the company has a common seal and it is affixed to a document, the document must also be signed by at least one authorised person in the presence of a witness who attests the signature.

(4) For the purposes of this article, an authorised person is:

a. any Director of the company;

b. the company secretary; or

c. any person authorised by the Directors for the purpose of signing documents to which the common seal is applied.

(5) If the company has an official seal for use abroad, it may only be affixed to a document if its use on that document, or documents of a class to which it belongs, has been authorised by a decision of the Directors.

(6) If the company has a securities seal, it may only be affixed to securities by the company secretary or a person authorised to apply it to securities by the company secretary.

(7) For the purposes of the articles, references to the securities seal being affixed to any document include the reproduction of the image of that seal on or in a document by any mechanical or electronic means which has been approved by the Directors in relation to that document or documents of a class to which it belongs.

No right to inspect accounts and other records

82. Except as provided by law or authorised by the Directors or an ordinary resolution of the company, no person is entitled to inspect any of the company's accounting or other records or documents merely by virtue of being a member.

Provision for employees on cessation of business

83. The Directors may decide to make provision for the benefit of persons employed or formerly employed by the company or any of its subsidiaries (other than a Director or former Director or shadow Director) in connection with the cessation or transfer to any person of the whole or part of the undertaking of the company or that subsidiary.

Directors' indemnity and insurance

Indemnity

84. (1) Subject to paragraph (2), a relevant Director of the company or an associated company may be indemnified out of the company's assets against:

a. any liability incurred by that Director in connection with any negligence, default, breach of duty or breach of trust in relation to the company or an associated company;

b. any other liability incurred by that Director as an officer of the company or an associated company.

(2) This article does not authorise any indemnity which would be prohibited or rendered void by any provision of the Companies Acts or by any other provision of law.

(3) In this article:

(a) companies are associated if one is a subsidiary of the other or both are subsidiaries of the same body corporate; and

(b) a "relevant Director" means any Director or former Director of the company or an associated company.
Insurance

85. (1) The Directors may decide to purchase and maintain insurance, at the expense of the company, for the benefit of any relevant Director in respect of any relevant loss.

(2) In this article:

a. a "relevant Director" means any Director or former Director of the company or an associated company,

b. a "relevant loss" means any loss or liability which has been or may be incurred by a relevant Director in connection with that Director's duties or powers in relation to the company, any associated company or any pension fund or employees' share scheme of the company or associated company; and

c. Companies are associated if one is a subsidiary of the other or both are subsidiaries of the same body corporate.

WE, whose names appear below, desire to be formed into a company, under these articles of association, and we respectively agree to take the number of shares in the capital of the company set opposite our respective names.

No.	Name, Address and Description of Subscribers	Number of Shares Taken	Par Value
1	CRYSTAL VENTURES LTD	270,177,320	50

25. Appendix 9: Form of Central Securities Depository (CSD) Form for Individuals

BNR

Central Securities Depository - Rwanda

Securities Account Opening/Update Form - Individuals: Nº 12953

PHOTO

To be completed in BLOCK LETTERS

Primary Applicant

Title: Surname*: Other names *:

Date of Birth* : Gender: National ID/Passport No* : Nationality*:

Postal Address Line 1* : Postal Address Line 2 :

Physical Address Line 3 : Postal Code : Tax Code*:

Village /Town/City*: Country*: Resident in*:

Telephone*: Fax: E-mail*:

Joint Applicant

Title: Surname*: Other names *:

Date of Birth* : Gender: National ID/Passport No*: Nationality*:

Postal Address Line 1* : Postal Address Line 2 :

Physical Address Line 3 : Postal Code : Tax Code*:

Village /Town/City*: Country*: Resident in*:

Telephone*: Fax: e-mail*:

Bank Name*: .... Branch .... Account number*: ....

N.B. * denotes required/mandatory fields. *Completed forms must be accompanied by ID document.*

DECLARATION

i. I hereby request you upon and maintain a Securities Account in the CSD in our name (s).
ii. I hereby represent and warrant that we have good title to such securities that may be held in our Securities Account from time to time.
iii. I affirm that the funds to be used for the purchase Securities through my / our Securities Account will not be funds derived from any money laundering activity or funds generated from terrorist or any other illegal activity.
iv. I hereby confirm that the undersigned participant has full authority to intermidate and or conduct business with the Depository on our behalf in keeping with CSD rules and procedures that may be in force from time to time.
v. I agree to be bound by the CSD rules.
vi. I undertake to notify the under mentioned participant of any change of particulars or information provided by us in this form.

Primary Applicant Signature.................................... Date....................................

Joint Applicant Signature.................................... Date....................................

For Participant Use only

Declaration :
We, the undersigned undertake that we have checked the accuracy of the documents submitted with this application.

Checked and verified by :

Name:
Designation:
Date and Signature
Participant Name and Stamp

Accompanying certified copy (please cross - X)

☐ National ID ☐ Passport Detais page or ☐ Birth Certificate (for minors)

For CSD Use only

☐ Approved ☐ Declined

CSD Account Number :

Date :
Signature :
Stamp :

PROGRAPH LTD

White (Original) - Client *Blue (Copy) - Broker* *Pink (Copy) - CSD*

26. Appendix 10: Form of Central Securities Depository (CSD) Form for Institutions

BNR

Central Securities Depository - Rwanda

Securities Account Opening/Update Form - Institutions N° 4004

To be completed in BLOCK LETTERS

Applicant Particulars

Name of Company / Organisation / Institution* :

Addresses (Physical and Postal)* :

Village /Town/City: Country*: Nationality*:

Telephone*: Fax: e-mail*:

Date of Incorporation /Registration [illegible] Place of Incorporation / Registration [illegible] Tax Code*:

Registration / Certificate No*: Broker's Code :

Bank Name* : .... Account number* : ....

N.B. * denotes required/mandatory fields. *Completed forms must be accompanied by Registration Certificate.*

SPECIMEN

NOT FOR USE

Forms from Authorised Selling Agents

DECLARATION

i. We hereby request you to open and maintain a Securities Account in the CSD in our name(s) [illegible]
ii. We hereby represent and warrant that we have good title to such seurities that may be held in our Securities Account from time to time.
iii. We affirm that the funds to be used for the purchase of Securities through our Securities Account will not be funds derived from any money laundering activity or funds generated from terrorist or any other illegal activity.
iv. We hereby confirm that the undersigned participant has full authority to [illegible] and or conduct business with the Depository on our behalf in keeping with CSD rules and Procedures that may be in force from time to time.
v. We agrre to be bound by the CSD rules.
vi. We undertake to notify the under mentioned participant of any change of particulars or information provided by us in this form.

Date .... Stamp

for and on behalf of the APPLICANT

....

AUTHORISED SIGNATORY / SIGNATORIES

For Participant Use only	For CSD Use only
Declaration : We, the undersigned undertake that we have checked the accuracy of the documents submitted with this application.	☐ Approved ☐ Declined
Checked and verified by :	CSD Account Number :
Name:	Date :
Designation:	Signature :
Date and Signature	Stamp :
Participant Name and Stamp	
Accompanying certified document (Registration certificate)	

PROGRAPH LTD

White (Original) - Client *Blue (Copy) - Broker* *Pink (Copy) - CSD*

CRYSTAL TELECOM.
FUTURE | POSSIBLE

27. Appendix 11: Application Form

CRYSTAL TELECOM LIMITED IPO Application Form

Authorised Selling Agent Code & Stamp

Print Only Within Boxes

GOOD C T L

BAD C T L

Serial No :

A. APPLICATION & PAYMENT DETAILS

PLEASE COMPLETE IN CAPITAL / BLOCK LETTERS USING BLACK / BLUE INK

Number of shares applied

Multiply by price per share (RWF (IPO Price - XXX)

Amount Payable (RWF)

Please Tick Where Applicable

Cash

EFT

Amount Paid (RWF)

Payment details(Event Number)

Bank Name (Abbreviated)

Branch Name

B. WHERE PURCHASE IS FINANCED (OPTIONAL)

Tick if financed

Bank Code 1 2 4 0

CSD Form - Serial No.

Loan Account Number

Financing Bank (abbreviated)

Name of Branch

C. APPLICANT DETAILS

(i) Application Status: **(Tick your status as applicable below)**

Applicant Type : Retail Investors QII Rwanda QII E.A QII International

Residence : Resident Non Resident Citizenship Rwandan Other E.A Africa International

RDB Residency Number (To be filled by foreign passport holders who have attained Rwandan residency)

Consular Card Number (To be filled by Rwandans living in the Diaspora with foreign Passports)

(ii) CSD Account Number

(iii) Primary Applicant Details : **(Name as per National ID/Passport)**

Surname (Last Name)

ID Number

First Name and Other Names **(Separate Names by one box)**

Passport Number

Country of issue

(iv) Joint Applicant's Details **(Name as per National ID/Passport)**

Surname (Last Name)

ID Number

First Name and Other Names **(Separate Names by one box)**

Passport Number

Country of issue

RDB Residency Number (To be filled by foreign passport holders who have attained Rwandan residency)

Consular Card Number (To be filled by Rwandans living in the Diaspora with foreign identification)

v) Institution/Company Name

Registration / Incorporation Number

Country of Registration / Incorporation

Date (DD/MM/YYYY) e.g. 27/06/2013

Tick here if applicant or beneficial applicant is exempt from withholding tax and attach a copy of the tax exemption certificate

For Nominee Applicants Only (Tick the status as applicable below)

Citizen of Beneficiary Shareholding ☐ Rwandan ☐ Other East Africans ☐ International

Nominee Account Name

Nominee Account Number

P.O. Box

Postal Code (Where Applicable)

Street Address / Sector / Umurenge

City / Town

Country

Telephone Number (Landline) International Format

Mobile Number (International Format)

Email Address (Personal or Agent or Custodian) **Mandatory**

Fax Number (International Format)

D. RECEIPT OF REFUND- Mandatory for all investors

All applicants will receive refunds by EFT Transfer

Please provide Bank details for EFT/SWIFT Transfers

Name of Bank (abbreviated)

Bank Code

Currency eg USD, EUR

Name of Branch

Account Number

Swift Code

Country

E. SIGNATURES (COMPULSORY FOR ALL APPLICANTS)

Signature 1

Signature 2

Company Seal / Stamp

Date (DD/MM/YYYY) e.g. 27/05/2015

F. SELLING AGENTS ONLY

For Official Use only

CDA ID

e.g.CR1

Agent Code (Hand Print Only)

e.g BKSLRWRW

Sub Agent Code

CDA NAME

Authorised Selling Agents Stamp

Sub Agents Stamp

G. INVESTOR'S RECEIPT

Serial No :

Names (Separate names by one box)

Number of Shares

Amount Paid (RWF)

Selling Agent's Name

Agent Stamp

Date

27. Appendix 12: Directory of Authorised Selling Agents

27.1 Stock Brokers and Custodians

BK Securities Ltd **LEAD SPONSORING BROKER** **Mr. Andrew Kipruto** **Dealer/Broker** Plot No.6112, Avenue de la Paix P.O. Box 175 Tel: +250-252 593100 Cell: +250784685086 Email: bksecurities@bk.rw Call Center: 4455 Fax: +250-252 575 504, 250-252 573 461 Website: www.bk.rw Kigali, Rwanda	**BARAKA Capital Limited** **Mr. Davis Gathaara** **Managing Director** 4th Floor - Building 2000, (Opp. Kigali City Towers) KN 82 Street, P.O Box 7180, KIGALI, TEL; +250 280 381 100 +250 255 120 337 Email:info@barakacapital.com
African Alliance Rwanda Securities **Iza Irame** **General Manager** Kigali City Tower (KCT), 1st Floor Avenue du commerce P.O.Box 7179, kigali Rwanda Mob: +250 788308511 Email: Securitiesrw@africanalliance.com Website: www.africanalliance.com	**MBEA Brokerage Services Ltd** **Isaac Mutebi** **Ag.Country Manager** 39 Avenue de la paix P.O .Box 92 KIGALI Tel : +250 788803373 Email : info@@mbea.net Website: www.mbea.net
CDH Capital Limited **Shehzad Noordally** **General Manager** 9th Floor Ecobank building P.O Box 6237 KIGALI Email:info@cdhcapitalltd.org Tel: +250 (0) 788304272 Mob: +250 788301007 Website: http://cdhcapitalltd.org	**Core Securities Ltd** **George Fumbuka MBA,FCCA** **Chief Executive Officer** P.O Box 4062 Kigali Mob:+2540754303759 Email: fumbuka@coresecurites.co.tz
SBG Securities Rwanda Ltd. **Mr. Aime Habimana** sbgsecurities_rwanda@sgbsecurities.com Website : www.sbg.co.ke Tel : +250 - 0788696640 1st Floor,Kigali City Tower,Avenue du commerce P.O.Box 968 kigali	**FAIDA Securities Rwanda** **Bob Karina** University Way / Muindi Mbingu Street Windsor House, 1st Floor P.O BOX 45236-00100, Nairobi Mob: +254722522724 Email: bob@faidastocks.com Local: Stephen Njoroge Operations Manager Centenary House 4th floor P.O.Box: 124 Kigali, Rwanda Phone: (+250)784333734 Mob: + 250 782859330 Email: Stephen.Njoroge@fib.co.ke Website: www.fib.co.ke

27.2 Other Authorised Selling Agents

I&M Bank (Rwanda) Limited KN 03 AVE / 9 P.O. BOX 354 Kigali, Rwanda Tel: +250 252 595 200 Email: info@imbank.co.rw Website: www.imbank.com/rwanda/

27.3 Custodians

Bank of Kigali 6112, Avenue de la Paix P.O. Box 175 Kigali, Rwanda Tel:+250 788 143 3123, +250 788 670 955 Email: bkcustody@bk.rw Website: www.bk.rw	**KCB (Rwanda) Limited** Plot No. 1229 & 6404, Avenue de la Paix P.O. Box 5620, Kigali, Rwanda Tel: +250 788140162, +250 788140161 Email:custodyservices@rw.kcbbankgroup.com Website: www.kcbbankgroup.com

27.4 Receiving Bank

Bank of Kigali (Branches – ALL) 6112, Avenue de la paix P.O. Box 175 Kigali, Rwanda Tel: +250 252 593100 / +250 0788143000 Fax: +250 252 573461 / +250 252 575504 Email: bk@bk.rw Website: www.bk.rw

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Shareholders in

MTN

Rwanda