Bralirwa

Brasseries et Limonaderies du Rwanda

# Annual Report and Accounts 2012


• Passion for Quality • Enjoyment of Life • Respect for the People, Society and Environment in which we live

DRINK RESPONSIBLY


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# Mission Statement

A world class sustainable beverage company in Rwanda with high quality brands that satisfy needs and give enjoyment to our consumers, while respecting our people, society and the environment in which we live.


• Passion for Quality • Enjoyment of Life • Respect for the People, Society and Environment in which we live

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# Our Values

Bralirwa Ltd's three core values are derived from its parent company Heineken N.V.'s values, being Respect, Enjoyment and Passion for Quality. The values are based on the Company's passion for quality beverages and its constant respect for its employees, business partners, customers, shareholders and all who are connected to the Company. The values help define the corporate culture and working methods within the organization.

## The Core values are:

### Passion for Quality

As a subsidiary of Heineken N.V. and license holder of The Coca-Cola Company, Bralirwa Ltd. ensures that everything it does or produces is of a high quality. Bralirwa Ltd. continually aims to obtain and maintain its internal and external quality standard. This is not only reflected in its products and brands, but also in other activities such as social and employment policies. In Bralirwa Ltd. there is a belief that being a 'quality' employer and investing in employees creates benefit and value for the Company and its reputation but also for all of the Company's stakeholders.

### Enjoyment for life

Bralirwa Ltd. participates in making life more enjoyable by producing high quality beers and sparkling beverages and marketing them responsibly through innovative sponsorships, advertising and countrywide promotions. Bralirwa Ltd's. sponsorship portfolio, which spans sports, music and arts includes many positive events that contribute to the enjoyment of many. Enjoyment for life is also reflected in the working life and atmosphere within the Company.

### Respect for People, Society and the Environment in which we live.

As an integral part of the local and global communities in which it operates, Bralirwa Ltd. respects the laws and regulations of the countries in which it is active, Bralirwa Ltd. pays attention to different cultures and to environmental preservation. Bralirwa Ltd. aims to be a good corporate citizen and takes most seriously its responsibility to be fully integrated, in a sustainable way, in the society in which it operates.


# PART ONE

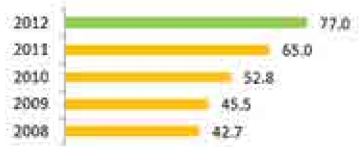
## QUICK READ

## Quick Read

### Financial record

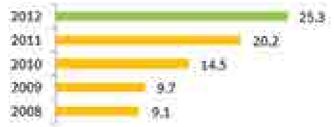
Revenue + 18.5%

**Rwf 76.979 Billion**




EBIT + 25.2%

**Rwf 25.266 Billion**

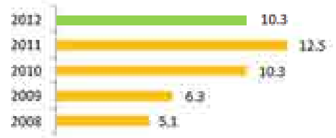



Net Profit +29.8%

**Rwf 19.027 Billion**


Dividend Paid - 17.4%

**Rwf 10.286 Billion**




Volume +4.6%

**HLS 1.66 Million**


### History

- Founded in 1957, Bralirwa Ltd is a Rwandan company producing and selling a portfolio of beer brands and soft drinks.
- Bralirwa Ltd has been part of the Heineken Group since 1971.
- Bralirwa Ltd shares have been listed on the Rwandan Stock Exchange since 31 January 2011.

Gisenyi Brewery site in Rubavu District showing four new fermentation tanks


# PART TWO

## CHAIRMAN'S STATEMENT

# Chairman's Statement

Dear Shareholders,

It is with pleasure that I introduce to you Bralirwa Ltd's Annual Report and Accounts for the year ended 31 December 2012.

The Agenda for the Annual Meeting which will be held at the Serena Hotel, Kigali, Rwanda on 13 June 2013 is contained in the Annual Report.

I am pleased to report that 2012 has been another successful year for your Company. Measured in numbers the results show continued robust financial growth built upon increased sales volumes of both beer and soft drinks. In addition, there have been a number of important developments that cannot be expressed in numbers alone. I will make reference to these later in this statement.

2012 has been a year of diverse challenge and change. Without the support, hard work, adaptability and dedication of our employees the strong numbers that you read in this set of accounts and the many other achievements would not have been possible.

My thanks and acknowledgment to our Bralirwa Ltd employees for their contribution to the performance of our company.

## Business Context

Notwithstanding the continued difficulties in the global economy, the Rwandan economy continued its positive upward trend in 2012 with GDP growing by a reported 8.0%. This was reflected by further volume growth in the beer market of 4.9% and in soft drink volumes of 4.0%.

I referred last year to the new competitive market dynamics that are a result of the openness of our market. Open markets create the pre-conditions for competition and in 2012 the beverage market saw an intensification of such competition in both beer and soft drinks.

With greater consumer choice offered by competing businesses comes the opportunity for increased market activity. This competitive dynamism then stimulates consumer interest and demand. Bralirwa Ltd remains well placed to benefit from this increased activity and to continue to build our position as the market leader in both beer and soft drinks.

## Review of performance

Bralirwa Ltd's volume grew in 2012 achieved 1.66 million hls. This is an increase of 4.6% versus 2011.

The financial performance reflected this growth in the market. Revenue increased by 18.5% to Rwf 77.0 billion. EBIT increased by 25.2% to reach Rwf 25.3 billion. Net profit rose 29.8% to Rwf 19.0 billion following an increase in income tax to Rwf 5.8 billion.

Underpinning this performance has been Bralirwa Ltd's portfolio of brands. Turbo King has established itself in a short time as Rwanda's number three beer brand behind our Primus and Mutzig. In the International Premium segment Heineken volumes doubled. In soft drinks the appeal of the Coca Cola brands continues to drive sales growth.

In 2012 export sales witnessed a 45% increase. These amount to 5.7% of Bralirwa Ltd's total sales. Recognition of Bralirwa's growing contribution was given by the winning of RDB's best exporter award in January 2012. Profitable export growth will continue to be an area of attention for Bralirwa Ltd in the years ahead.

Bralirwa continues to invest in building strong brands with strong consumer connections. This is one of the fundamentals upon which we compete successfully. Brand investment was maintained in 2012. Perhaps our best known marketing activity is the nationwide musical talent event Primus Guma Guma Super Stars. This event in 2012 in only its second season was an outstanding success attracting literally hundreds of thousands of fans in total, pulling in as many as twenty five thousand to attend the local venues and being watched by many thousand households on television.

In addition, Primus' sponsorship of the National Football League took the League to a new level. Such large scale brand sponsorship and activation is crucial for the development of Soccer in Rwanda. Bralirwa Ltd is proud to make this contribution to the National Football League's development which is key to elevating the status and standard of soccer in Rwanda.

We announced last year that we would invest in extensions at both the brewery and the soft drinks plant. This investment programme proceeds as planned with capacity increases at both sites. A second phase of investment is envisaged in the current year which will include both expansion as well as environmental investments in waste water treatment systems at the brewery in Gisenyi.

This investment programme equips our Company to address the evolving needs of our competitive future by the addition of capacity that will be required to satisfy the increased demand in both home and export markets. This capital expenditure is essential to ensure that we keep our Company on the growth path equipped to defend our markets from increasing competition, who themselves continue to invest both in Rwanda and the Region. Our investments also provide production flexibility to allow us to innovate to drive our markets and to meet changes in consumer demand.

Our investments are financed from a combination of sources including internally generated cash. This source represents the lowest cost of funding available to our business. Application of internally generated cash to fund our investments has the consequence that free cash available for dividend distribution will be temporarily reduced. For this period of investment the dividend recommended by your Board will be carefully assessed and will aim to achieve an optimal balance between shareholder return and the funding needs of your Company as we invest for the long term.

In all our operations the safety of our employees and partners is paramount. I am delighted to report that 2012 saw a continuation in the downward trend of recent years in near misses and reported accidents. Safety will remain a priority in all our operations from production through to the market place.

With regards to our employees, the training and advancement of our people is of key importance both for now and our future. Bralirwa Ltd invested significantly in training in 2012 to prepare our people to develop in their current roles and for their future advancement. We will continue to place great emphasis upon this in the years ahead.

For the third year Bralirwa Ltd Kigali plant won the 2012 Central, East, West Africa (CEWA) bottler of the year from the Coca-Cola company. This award is an important recognition of our company's total performance as it is based on combined measures of quality, volume growth, safety and evironment and in-market execution.

Concerning our local sourcing policy, Bralirwa Ltd aims wherever financially viable and feasible to source the purchase of raw materials and services from within Rwanda and the EAC.

Within Rwanda the economic impact of Bralirwa is very considerable in many sectors of the economy. And I am pleased to be able to report that our joint venture, Bramin Ltd, in the production of large scale irrigated maize in Ndego, will start maize production in 2013. The aim of this pioneering project is the production in Rwanda of quality maize for local processing into maize grits for use in our brewery. The project will also now have a seed production element to produce within Rwanda the appropriate seed types for Rwanda in Rwanda.

I am pleased to again report that Bralirwa Ltd runs an active programme of social activities for the benefit of society at large. Our health programmes for our employees and their families are recognized as best practice. We continue to provide support to designated schools. Together with Unity Club, Bralirwa Ltd provides funding for the construction of housing for young adult orphans. In association with Coca Cola Bralirwa Ltd initiated a rain water harvesting project in Kicukiro. This has brought significant benefit to over 17,000 households in 8 communities. In addition Bralirwa Ltd operates tree planting in Nyagatare and Bugesera districts and has over the years planted over 160,000 trees.

## Dividend

The payment of a cash dividend in respect of 2012 of Rwf 20.00 (twenty Rwanda francs) will be proposed to the Annual Meeting of shareholders. This proposed dividend, if approved, will be paid on 2 July 2013.

Please take note that the payment will be subject to a withholding tax. The book close date for Bralirwa Ltd shares will be 20 May 2013, meaning that the final dividend will be paid to all shareholders whose names appear in the Register of Shareholders at the close of business on 23 May 2013.

## Board of Directors

I wish to inform you that on 16 January, 2012 Mr. Sven Piederiet resigned from the Board as a Vice-Chairman and Executive Director, and was succeeded in this position by Mr. Jonathan Hall.

## Future Prospects

The continuing investment in our people, our assets and our brands provides a firm base upon which to build for our future and that of Rwanda. Uncertainties persist in the global economy and sub Saharan Africa despite recent robust GDP growth cannot forever remain immune from its reach and impact. We anticipate that the Rwandan economy will continue to show growth in 2013 so again providing the context for our own development.

## Conclusion

Let me conclude by thanking my colleagues on the Board for their engagement and support in 2012. To the management, my thanks for your commitment and hard work. To all our employees let me again repeat my gratitude for a job well done in 2012. To our commercial partners, our thanks and together let us build our businesses. To our consumers, my thanks for your loyalty to our brands and your engagement and enjoyment of our marketing programmes.

And to our shareholders, thank you for your continued trust and confidence in our Company.

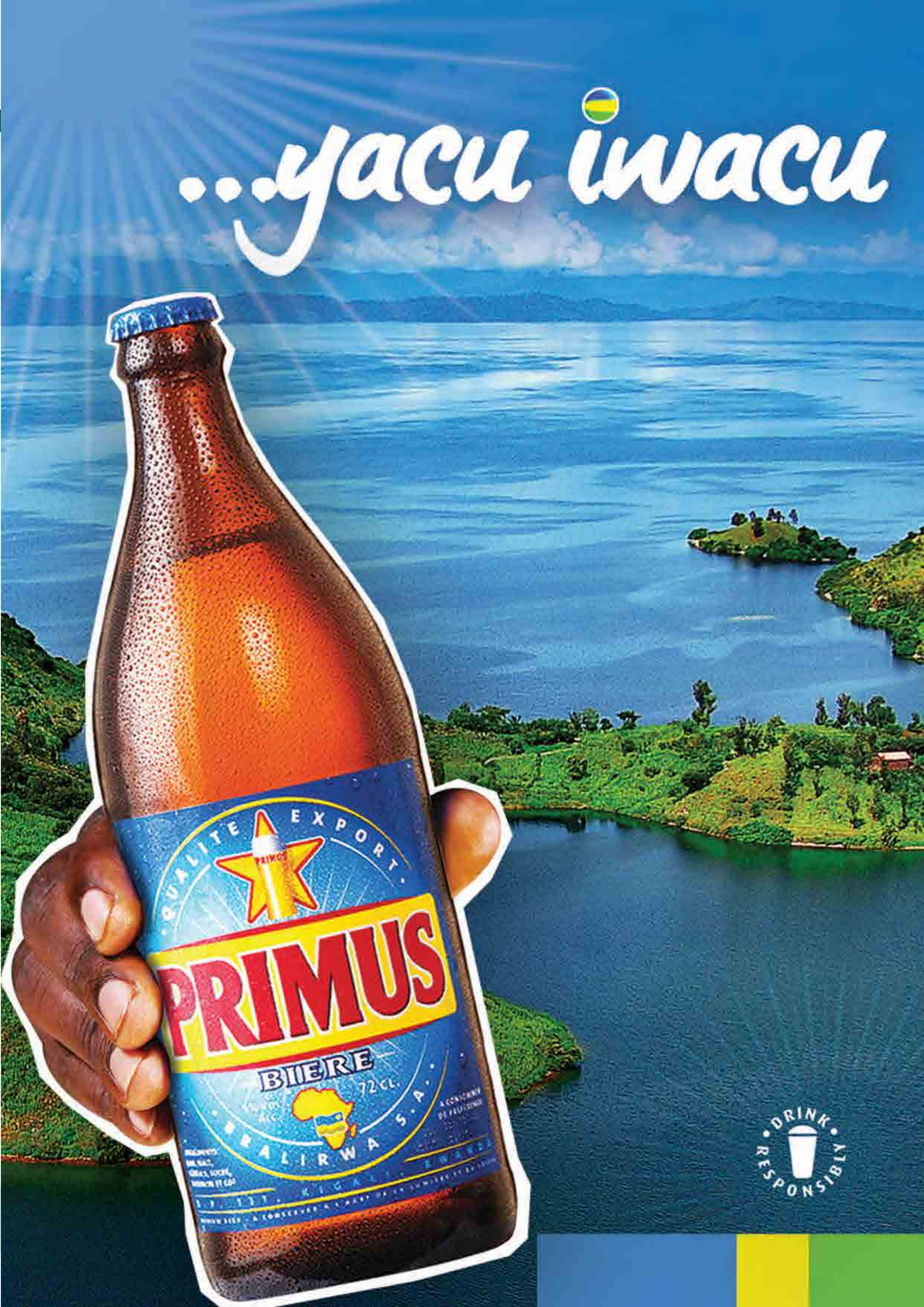
Jean-Paul van HOLLEBEKE
Chairman of the Board of Directors
Kigali, 10 April 2013.

# Key Figures

| Result in Rwf millions | 2012 | 2011 | Change in % |
|---|---|---|---|
| Gross Revenue | 114,934 | 98,348 | 16.9% |
| Revenue | 76,979 | 64,958 | 18.5% |
| EBIT | 25,266 | 20,178 | 25.2% |
| Net Profit | 19,027 | 14,658 | 29.8% |
| EBITDA | 29,733 | 23,855 | 24.6% |
| Dividend (proposed) | 10,285 | 12,459 | -17.4% |
| Free Operating Cash Flow | 9,350 | 11,111 | -24.5% |
| **Balance sheet in Rwf millions** | | | |
| Total Assets | 74,527 | 49,890 | 49.4% |
| Net assets | 24,101 | 14,550 | 65.6% |
| Shareholders's equity | 30,013 | 19,678 | 52.5% |
| Net Debt | 3,000 | 0 | n/a |
| **Results and balance sheet per share (1 Rwf)** | | | |
| Weighted average number of shares | 514,285,000 | 514,285,000 | 0.0% |
| Net Profit | 37.00 | 28.5 | 29.8% |
| Dividend proposed | 20.00 | 24.2 | -17.4% |
| Free operating cash flow | 18.18 | 21.6 | -24.5% |
| **Employees in number** | | | |
| Average number of employees | 714 | 706 | 1.1% |
| **Key Ratios (in %)** | | | |
| EBIT as % of Gross Revenue | 22% | 21% | 4.7% |
| EBIT as % of Revenue | 33% | 31% | 5.7% |
| Net Profit as % of average Shareholder's equity | 63% | 82% | -22.7% |
| Net debt/EBITDA | 10% | 0.0% | n/a |
| EBITDA/interest expenses (times covered) | 40 | 52 | -23.3% |
| RONA | 79% | 101% | -21.8% |
| Cash Conversion rate | 49% | 76% | -41.9% |
| Dividend % payout ( % of net profit) | 54% | 85% | 36.4% |


# PART THREE

## BRALIRWA BOARD OF DIRECTORS AND SENIOR MANAGEMENT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BRALIRWA S.A.
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# Directors, Officers and Administration

## DIRECTORS

| | |
|---|---|
| Jean-Paul Van HOLLEBEKE | (Chairman - Re-appointed 12 June 2012) |
| Jonathan HALL | (Vice Chairman - Appointed 12 June 2012) |
| George GAKUBA | (Re-appointed 12 June 2012) |
| Chantal MUBARURE | (Re-appointed 12 June 2012) |
| Maarten SCHUURMAN | (Re-appointed 12 June 2012) |

## COMPANY SECRETARY

Eugène TWAHIRWA
P.O Box 131
Kigali-Rwanda

## AUDITORS

KPMG Rwanda Limited
Grand Pension Plaza
5th floor
P.O Box 6755
Kigali-Rwanda

## REGISTERED OFFICE

Brasseries et Limonaderies du Rwanda
Kicukiro P.O Box 131
Kigali-RWANDA
Tel: (+250) 252 587 200 / 582 993

## ADVOCATES

Mhayimana Isaie & Associes
P.O Box 713
Kigali-RWANDA

## BANKERS

Banque de Kigali Limited (BK)
53, Avenue du Commerce
P.O Box 175
Kigali-Rwanda

Fina Bank Limited
20 Boulevard de la Révolution
P.O Box 331
Kigali-Rwanda

Compagnie Générale de Banque (COGEBANQUE) Limited
P.O Box 5230
Kigali-Rwanda

Eco Bank Rwanda Limited
Plot 314, Avenue de la Paix
P.O Box 3268
Kigali-Rwanda

Banque Commerciale du Rwanda Limited (BCR)
11 Boulevard de la Révolution
P.O Box 354
Kigali-Rwanda

Banque Populaire du Rwanda Limited (BPR)
32 Avenue de l Armee
P.O Box 1348
Kigali-Rwanda

KCB Bank Rwanda Limited (KCB)
Avenue de la Paix
P.O Box 5620
Kigali-Rwanda

Access Bank Rwanda Limited
UTC Building, 3rd floor Avenue de la Paix 1232
P.O Box 2059
Kigali-Rwanda

Equity Bank Rwanda Limited
Grand Pension Plaza Building
P.O Box 494
Kigali - Rwanda

Developemnt Bank of Rwanda (BRD)
Boulevard de la Révolution
P.O Box 1341
Kigali - Rwanda

# Board of Directors


## 1. Jean-Paul VAN HOLLEBEKE

**Chairman of the Board**
Jean-Paul, joined the Board in 2008.He joined the Heineken Group in 1988 as the Managing Director of Companie Industrielle de Boissons in DR Congo. In 1990, he became the Managing Director of BRARUDI and BRAGITA in Burundi. He has held various positions in the Group including Deputy Director Asia Pacific (1994-1998), Managing Director Heineken Slovensko (1999–2005), and Managing Director North Africa & Middle East (2005 – 2008). He is currently the Managing Director Middle East, North and Central Africa.

## 2. Jonathan HALL

**Executive Director/Vice Chairman of the Board and Managing Director, as of 16 January 2012**
Jonathan, joined Heineken in Asia in 1997, where he was Marketing Director at Asia Pacific Breweries. From 2000 - 2007, he was Marketing Director in Ireland and Indonesia. Prior to joining Heineken, Jonathan worked in East Africa from 1979 -1987 and Asia from 1987 - 2004. He joined Bralirwa in January 2012, after four years as Managing Director of the Heineken brewery in St. Lucia. Jonathan HALL replaced Sven - Erik PIEDERIET who resigned from the Board in January, 2012.

## 3. Chantal MUBARURE

**Non-Executive Director**
Chantal, joined the Board of Bralirwa in 2005. She is a Public Sector Capacity Building expert and Certified Perfomance Technologist (CPT). She has more than 15 years of experience working with the Government and Development Partners. She is currently Deputy Chief of Party DAI and Senior Technical Advisor on HICDR-DAI USAID funded project. She is member of various Boards in Rwanda.

## 4. George GAKUBA

**Non-Executive Director**
George, joined the Board in 2005 representing the Government of Rwanda. He has held various leadership positions in the wider Rwanda, African and the Global Arena. He was among others Executive Secretary for the Rwanda Economic and Social Development Council (RESC) in the Prime Minister's Office and high level task force negotiator for East African Common Market Protocal. Currently he is Public Private Dialogue expert in Rwanda Development Board (RDB).

## 5. Maarten SCHUURMAN

**Non-Executive Director**
Maarten, joined the Board on 9 November 2011. He joined the Heineken Company in 1996 as a Management Trainee. He is based in Burundi where he is Managing Director of BRARUDI. During the past years, Mr. Schuurman has occupied several positions in the Company as Financial Controller, Import & Export at Vrumona (Netherlands) and most recently Mr. Schuurman was the General Manager of the Heineken operations in Surinam.

# Bralirwa Senior Management


## 1. Jonathan HALL

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

Jonathan, joined Heineken in Asia in 1997, where he was Marketing Director at Asia Pacific Breweries. From 2000 - 2007, he was Marketing Director in Ireland and Indonesia. Prior to joining Heineken, Jonathan worked in East Africa from 1979 -1987 and Asia from 1987 - 2004. He joined Bralirwa in January 2012, after four years as Managing Director of the Heineken brewery in St. Lucia. Jonathan HALL replaced Sven - Erik PIEDERIET who resigned from the Board in January, 2012.

## 2.Sonia KUBWIMANA

**Human Resource Director**

Sonia, joined BRALIRWA in January, 1995 as a Treasury Manager. She served in this position for eight years after which, she moved to the Training and Development position within the HR department.

She holds a Bachelor's Degree in Economics and Administrative Sciences from ESAMI Maastricht School of Management.

## 3. Pascal KARANGWA

**Technical Director**

Pascal Karangwa, joined Bralirwa Ltd in 1995 as Mechanical Maintenance Engineer. He pursued his career as Fleet and Garage Manager then as Soft Drink plant Manager. He started his international career in Chad where he worked as Supply Chain Manager / Site Manager from 2002 to 2004 and at Sierra Leone Brewery Limited as Supply Chain Manager from 2009 to 2011. He rejoined Bralirwa as Technical Director in 2011.

## 4. Philip EJIOFOR

**Finance Director**

Philip joined Bralirwa Ltd in September 2012 as Finance Director. He started his career with Heineken NV in Nigerian Breweries Plc in November 1990 as a Management Accountant. He has held the following positions in Nigerian Breweries Plc, Treasury Operations Manager 1992 - 1994. Brewery Accountant Ibadan, 1994 - 1996. Materials Procurement Manager 1996 - 2000, Planning and Control Manager 2000 - 2003, Accounting Manager 2003 to 2012. He has over twenty-five (25) years working experience in Logistics, Finance and Accounting.

He replaced Willy NGANA who was appointed Managing Director in Sierra Leone Brewery Ltd in September, 2012.

## 5. Daaf Jacobus van TILBURG,

**Sales Director**

Mr. Daaf Jacobus Sales Director as of 15 April 2013, joined Bralirwa Ltd in 2011 as Logistics Director. He started his career as project implementation manager within Lekkerland Nederland BV in 2004. In 2005, he joined Heineken Group Supply Chain in Zoeterwoude in the role of Consultant Corporate Distribution and Logistics. In 2010, Daaf was Manager Inbound and Domestic Logistics within Heineken Netherlands Supply. He holds a master degree in Science from Twente University in the Netherlands and a Professional Doctorate in Logistics from Eindhoven University in the Netherlands.

## 6. Jan Van VELZEN

**Marketing Director**

Mr. Jan van Velzen Marketing Director as of 15 April 2013, he holds a Master degree in Business Administration. He joined Bralirwa Ltd in August 2011 as Sales and Marketing Director, prior to this position he worked as Heineken Marketing Director at Athenian Breweries in Greece.


# PART FOUR
## NOTICE OF ANNUAL MEETING

# Notice of Annual Meeting

Notice is hereby given that the 3rd Annual Meeting of BRALIRWA Ltd., as a listed Company will be held at Kigali Serena Hotel, on 13 June 2013 at 2:30pm for the following purposes:

## ORDINARY BUSINESS

1. Consideration of the annual report;
2. Receiving the auditor's report;
3. Consideration and approval of the financial statements;
4. Appropriation of profit and total comprehensive income for the year;
5. Discharge of the Directors and Auditors for financial year 2012;
6. Appointment of Directors;
7. Appointment of Auditors.

## NOTES:

**(a) PROXIES**

A member of the Company entitled to attend and vote is entitled to appoint a proxy to attend instead of him/her. A Proxy for a Corporation may vote on a show of hands and on a poll. A proxy need not be a member. A Proxy Form is attached to the Annual Report and Accounts. If the proxy form is to be valid for the purposes of the meeting, it must be completed and deposited at the Head Office of CDSC Rwanda Ltd. the Registrars located in Kigali, Centenary House, 4th floor by 31 May 2013.

**(b) DIVIDEND**

The payment of a total cash dividend for 2012 of Rwf 20.00 (twenty Rwanda francs) per share of Rwf 1.00 (one Rwanda franc nominal value) will be proposed to the annual meeting of shareholders.

The total dividend per share in 2012 amounts to Rwf 20.00 (twenty Rwanda francs).

Please take note that the payment will be subject to a withholding tax. The book close date for BRALIRWA Ltd shares will be 20 May 2013, meaning that the final dividend will be paid to all shareholders whose names appear in the Register of Shareholders at the close of business on 23 May 2013.

Dated 10 May 2013
By order of the Board

Eugène TWAHIRWA
Company Secretary

# Proposed Resolutions

To the Annual Meeting of shareholders of Bralirwa Ltd. to be held on 13 June 2013

**RESOLUTION 1**

**ON CONSIDERATION OF THE ANNUAL REPORT**

The annual meeting of Shareholders considered and approved by ordinary resolution the annual report presented by the Chairman of the Board of Directors and thanks the Directors for the performance made during the accounting period ending 31 December 2012.

**RESOLUTION 2**

**ON AUDITOR'S REPORT**

The annual meeting of shareholders received and approved the auditor's report by ordinary resolution and noted the opinion of the auditors on the Bralirwa Ltd 2012 audited financial statements.

**RESOLUTION 3**

**ON CONSIDERATION AND APPROVAL OF FINANCIAL STATMENTS**

The annual meeting considered and approved by ordinary resolution the Bralirwa Ltd 2012 audited financial statements.

**RESOLUTION 4**

**ON APPROPRIATION OF PROFIT AND TOTAL COMPREHENSIVE INCOME FOR THE YEAR**

The annual meeting of shareholders approved the Profit and the total comprehensive income for the year 2012 of Rwf 19,027,272,000 and received the recommendation of the Board of Directors to declare the total dividend of Rwf 20.00 per share.

The annual meeting approves and declares a dividend of Rwf 20.00 per share.

The annual meeting decides that the book close date is 20 May 2013 and the final dividend will be paid on 2 July 2013.

The annual meeting decides also to allocate the balance of the non-distributed net profit amounting to Rwf 17.00 per share to retained earnings.

**RESOLUTION 5**

**ON DISCHARGE OF DIRECTORS AND AUDITORS**

The annual meeting of shareholders discharges the members of the Board and the Auditors for the year 2012.

**RESOLUTION 6**

**ON APPOINTMENT OF DIRECTORS**

The annual meeting appoints by ordinary resolution the following persons as Directors of Bralirwa Ltd. for a period of one year.

1. Mr. Jean-Paul van HOLLEBEKE
2. Mr. Jonathan HALL
3. Mrs. Chantal MUBARURE
4. Mr. George GAKUBA
5. Mr Maarten Adriaan SCHUURMAN

The annual meeting requests the Directors to elect the Chairman and the Vice-Chairman among themselves. To this end, the annual meeting asks Mr Jean-Paul van HOLLEBEKE to convene and chair the first meeting of new Board of Directors.

**RESOLUTION 7**

**ON APPOINTMENT OF AUDITORS**

The annual meeting appoints by ordinary resolution KPMG RWANDA Ltd as Auditor for a period of one year.

The annual meeting asks the Board of Directors to determine the salary and other expenses of the auditors.


# PART **FIVE**

## DIRECTORS' REPORT

# 1. Legal status of the company

Bralirwa Ltd. is a public company limited by shares since 9 June 2010, incorporated in the Republic of Rwanda under the law n°7/2009 of 27 April 2009 relating to companies and registered by the Registrar General Office under n° 100004348. Bralirwa Ltd. was the first domestic company listed on the Rwanda Stock Exchange (RSE) as from 31 January 2011.

The company is a subsidiary of Heineken N.V of Netherlands which owns 75% of the total shareholding while the remaining 25% is owned by the public. The company has a capital of Rwf 514,285,000 divided into 514,285,000 ordinary shares with a value of 1 Rwf . The number of the shareholders is 2,912 as per 12 April 2013.

The Board of Directors is composed of 5 members. The Directors profiles are on page 20.

# 2. Review of operations

The operating environment was challenging in 2012. Nevertheless, BRALIRWA Ltd maintained its leadership position in the market and delivered strong performance during the year. Revenue growth of 16.9% was due to increased pricing, volume growth of 4.6% and improved brand mix in the market. Results from operating activities (EBIT) grew by 25.2% and was driven by higher revenue and effective cost management and controls in 2012.

Profit and total comprehensive income for the year (Net Profit) grew by 29.8% driven by robust operating profit growth. In 2012, interest expenses increased by 63%, from a low base, due to bank facilities utilized to finance our planned investments.

The free operating Cash flow decreased by 24.5% in 2012 due to the planned increase in capital expenditure referred to above.

The following is a summary of the operating results as at 31 December 2012:

| Rwf'000 | 2012 | 2011 | Change in % |
|---|---|---|---|
| Gross Revenue | 114,933,923 | 98,348,246 | 16.9% |
| Revenue | 76,978,563 | 64,958,343 | 18.5% |
| **Result from Operating activities** | **25,265,650** | **20,177,575** | **25.2%** |
| Taxation | (5,834,010) | (5,346,846) | 9.1% |
| **Profit and total comprehensive income of the year** | **19,027,272** | **14,657,709** | **29.8%** |

# 3. Dividend

The Directors are recommending to the 3rd annual meeting of shareholders the declaration of a total dividend of Rwf 20.00 per ordinary share of Rwf 1 each. The dividend per share proposed in 2012 amounts to Rwf 20.00.

As per the law the proposed final dividend approved will be subject to deduction of withholding tax, the taxation is applicable to all shareholders whose names appear in the Company's Register of shareholders at the close of business on the 23 May 2013.

# 4. Analysis of shareholding

| Shareholder | Number and Class of Shares | Percentage of Issued Capital |
|---|---|---|
| Heineken International B.V. | 205,740,000 ordinary shares | 40% |
| Beleggingsmaatschappij Limba B.V. | 179,975,000 ordinary shares | 35% |
| Other Shareholders | 128,570,000 ordinary shares | 25% |
| **Total** | **514,285,000 Ordinary Shares** | **100%** |

# 5. Our Production

In 2012 Production concentrated on three areas. Safety is our paramount concern and our record continues to improve. As always we have total focus on quality and production performance development. And in addition, in 2012, we commenced our programme of capacity extension at both the brewery in Gisenyi and soft drinks plant in Kigali.

## Quality

Quality is critical to building strong brands with enduring links to loyal consumers. Bralirwa Ltd gives total attention to ensuring the highest quality of its products. Recognition of this came for the second year in a row with Bralirwa success in winning RDB's Best General Manufacturer award 2012. In 2012 Bralirwa Ltd invested in a computerized laboratory and new taste test facilities at Gisenyi. This increases our capacity to monitor, measure and manage production quality batch by batch.

## Production performance

Both production units succeeded to meet the growth in market demand in 2012. Production volumes increased by +4.6% to achieve a new record of 1,679,779 hls. As in previous years full attention was placed on total cost management, reduction in total energy used and safety. All indicators recorded improvements.

In 2012 the certification marks of both Turbo King and Mutzig were renewed by the Rwanda Bureau of Standards. And as in previous years, the Kigali plant was awarded the 2012 CEWA bottler of the year award by the Coca-Cola Company. This important award assesses quality, volume, growth, safety and environment and in-market execution.

## Capacity extension

At GISENYI fermentation tanks were added to increase capacity and flexibility together with further improvement to the overall site. The civil work was performed by local contractors.

In KIGALI civil works were commenced to prepare for the installation of the new utility systems and automated production lines for installation in 2013.

# 6. Local Sourcing

Braliwa Ltd continues to look for opportunities to access local sourcing to benefit Bralirwa Ltd's total business.

Since 2000, Bralirwa Ltd has sourced its total crate requirements from within Rwanda.

The Bramin joint venture, in which Bralirwa has a 50% interest, was established in 2009 to ensure the availability of locally produced quality maize as an input to some of our beer production. This local maize will substitute imports that originate from neighbouring countries and from outside Africa.

Progress in the development of the Bramin farm sharply accelerated as a result of the appointment of Seed Co as Farm Manager's in quarter 3, 2012. Approximately 250 hectares of bush have been cleared and the land prepared to receive the five 52 hectare pivot irrigation systems which will be installed on the farm. In addition a water pumping, holding and distribution infrastructure has been constructed. Approximately 120 new jobs have been created in Ndego. Training in mechanics, husbandry and irrigation will be provided to Bramin employees. Production of irrigated maize will commence in 2013.

*Pivot irrigation system installed at Bramin farm in Ndego, Kayonza District.*

# 7. Our Brands

Strong brands are at the core of Bralirwa Ltd's business. Bralirwa Ltd continues to invest behind these assets to build and strengthen close ties to consumers, to create loyalty that generates regular and growing sales to build our business.

Our brand activities bring enjoyment and entertainment to tens of thousands of Rwandans every day to satisfy their thirst for life.

## Primus

Primus remains our biggest brand. Primus is synonymous with beer across Rwanda. The flagship brand activity is the famous Primus Guma Guma Super Stars which in only its second season in 2012 achieved astonishing success. Over a quarter of a million attended the ten events across Rwanda. At many of these venues upwards of 25,000 fans attended. On TV the shows quickly became closely followed with several thousand households tuning in to watch.

Primus Guma Guma Super Stars has in only two seasons transformed the Rwandan music scene. Through this Primus sponsored activity, Rwanda's music talent now has a platform to realize their potential to become accomplished artists capable to perform at international levels.

## Mutzig

Rwanda's "Outstanding Beer for Outstanding People". The strong bond of loyalty of Mutzig drinkers to their brand is testament to the Brand's quality, taste and appeal. In 2012 a number of Mutzig activities were run to further deepen this already close consumer connection and to bring new drinkers into the brand.

# Our Brands (continued)

### Turbo King

In eighteen months Turbo King has established itself as Rwanda's third largest beer brand. Its distinctive great taste has established Turbo King's immediate appeal with beer drinkers across Rwanda as the "Inzoga y'abagabo". 2012 saw a series of poster campaigns launched across Rwanda to support and build the brand's awareness. The response has been immediate with the brand growing volume and appeal.

### Heineken

Heineken leads the International Premium Segment in Rwanda and across Africa and all continents of the world. In 2012, in Rwanda Heineken availability and volumes grew strongly with the brand volume more than doubling.

The brand's appeal was boosted by the launch in August of the Heineken 65 cl bottle. This has proved a success with consumers. Heineken brand activities included the UEFA Champion's League promotions between March and May and the blockbuster James Bond film, Skyfall, in November and December in which the Heineken brand played a starring role.

# Our Brands (continued)


### Coca Cola

The world's number one soft drinks brand continues to grow volume and build its appeal to younger consumers. Coca Cola's strong brand advertising is seen across the country with the highly popular One Billion Reasons to Believe campaign. The Copa Coca Cola is a celebration of youth football that has been fully embraced in Rwanda.

This year's two local winners were fortunate to be selected to attend the two week football camp in South Africa in July.

### Fanta Family

This is the largest selling family of soft drink brands in Rwanda. The newly launched Fiesta flavour continued its very strong growth. Activities around the Fanta brand included Fanta Orange outdoor communication and Fanta Fiesta Volleyball championship sponsorship.

# 8. Our Sales

How brands appear and are experienced in the market is critical to consumer choice. Great emphasis is placed by our sales teams to ensure strong, appealing and consistent visibility in the market at the point of sale and consumption.

To build this capability, Bralirwa Ltd continues to invest in and upgrade the Perfect Execution tablets that were introduced in 2012 to our sales force. So equipped our sales teams are able to monitor and manage a broad range of critical sales and brand measures in the market. Bralirwa Ltd was the first to apply these tablets in Rwanda and further upgrading is planned in 2013.

Other organizational developments in 2012 will increase the focus on brand, in-trade execution and sales service in the market.

Distributor development is key to Bralirwa. Our distributor partners are fundamental to our success and performance. Bralirwa will continue to invest in them to build our mutual business. In 2012 Bralirwa provided financing to 15 distributors to assist in the purchase of chameons to serve their business and to add reach and speed of sales service.

# 9. Our People

The strategy and role of Bralirwa Ltd's Human Resource programme focuses upon three areas; wellness and safety at work, recruitment, training and development..

## Wellness and Safety

Both production sites at Gisenyi and Kigali are equipped with medical clinics and trained staff. Medical care is freely available to all employees and contractors on site. Programmes of health education and training are provided through the year. In 2012 topics covered included Viral Hepatitis prevention, hypertension, Stop Tabac, HIV AIDS testing, stress in the work place and obesity.

Safety is paramount at both production sites and in depots. Full attention is given to this. Personal Protective Equipment (PPE) is provided and clear graphic and written instructions are prominently displayed around the sites. Senior management is targeted on safety awareness and improvement. Bralirwa Ltd's record demonstrates that where focus is given to safety improvements can be quickly achieved.

## Recruitment

Carreer planning, training and succession planning continue to develop in Bralirwa Ltd. This becomes of ever greater importance as the economy grows, supply becomes more constrained and competition for the best intensifies. In addition, the growth in Bralirwa Ltd's business along with growing complexity demands a sustained supply of well qualified recruits who will become our managers of the future.

Bralirwa Ltd applies several integrated approaches to ensure that the employment opportunity and career offer made by Bralirwa Ltd attracts the best.

## Develop our People

Developing our people continues to be of fundamental importance to Bralirwa Ltd. As our business becomes more technologically based, competitive and complex so the demands on our people increase. We need to-day to equip our people for the challenges that they will face tomorrow.

The training provided is rooted on careful assessment of individual needs, skills and competencies required for each specific job together with the individual's career trajectory. The training response is then based on a combination of three elements: training on the job, training through coaching and formal training on courses and on line. Through Heineken NV Bralirwa Ltd has access to global best practice and outstanding course material and trainers that covers all aspects of our business.


# 10. Our Corporate Social Responsibility programmes

In line with our mission and core values, Bralirwa Ltd places importance on corporate social responsibility.

As a good and active corporate citizen, Bralirwa Ltd places emphasis on working for the enhancement of public good. Three key priorities guide our efforts in developing CSR. These are Education/social, Health and the Environment.

## *Education and Social*

### Rambo Secondary School, Rubavu

Rambo school lies close to the Brewery in Rubavu. The relationship with Rambo school dates back to 1959. Since that time Bralirwa Ltd has been providing a range of support to the Primary School.

The project of construction of the Rambo Secondary School was announced during our company's 50th anniversary celebration in August 2009. Further construction extension agreed in 2012 will commence in early 2013.

### Rubavu Genocide Memorial construction

Our commitment, particularly the active engagement to a number of genocide commemoration activities is rooted in the history of our company and the profound links that Bralirwa Ltd has as a result of our long relationship with Rwanda.

### Support to Orphans' home construction through Unity Club

Bralirwa Ltd has donated Rwf 15 million to Unity Club as part of the organization's fundraising efforts to build 20 homes for 70 children with no families.

The benefits in providing a home for the young men and women of the Nyundo Orphanage are considerable. Our support to these orphans is provided in line with the Government's policy and ambition to ensure that these young adults are able to become self-supporting. The aim is to ensure these young adults grow up and are in a position to support themselves and their own families. By providing a roof over their heads, Bralirwa Ltd and Unity Club aim to provide a solid start to their early adult life which will set them on the journey of self-reliance.

## *Health*

### Masaka Water Project

Bralirwa Ltd committed to support a project championed by the NGO "Water For People" aimed at addressing the challenge of access to clean water in rural Rwanda. Two districts in Rwanda, Kicukiro and Rulindo were chosen. The program has now been implemented in four schools and provides extended access to safe drinking water and sanitation to more than 18,000 residents of two sectors of Kicukiro district.

*The Prime Minister and the Minister of Trade and Industry visiting Bralirwa Ltd.*

The successful completion of this project demonstrates the commitment by partners: Bralirwa Ltd, Coca Cola, EWSA and the Ministry of Infrastructure (MININFRA) to build communities' public good in a sustainable manner.

Bralirwa Ltd has provided Rwf 11 million to support clean water projects to ensure that disadvantaged communities are able to access clean water.

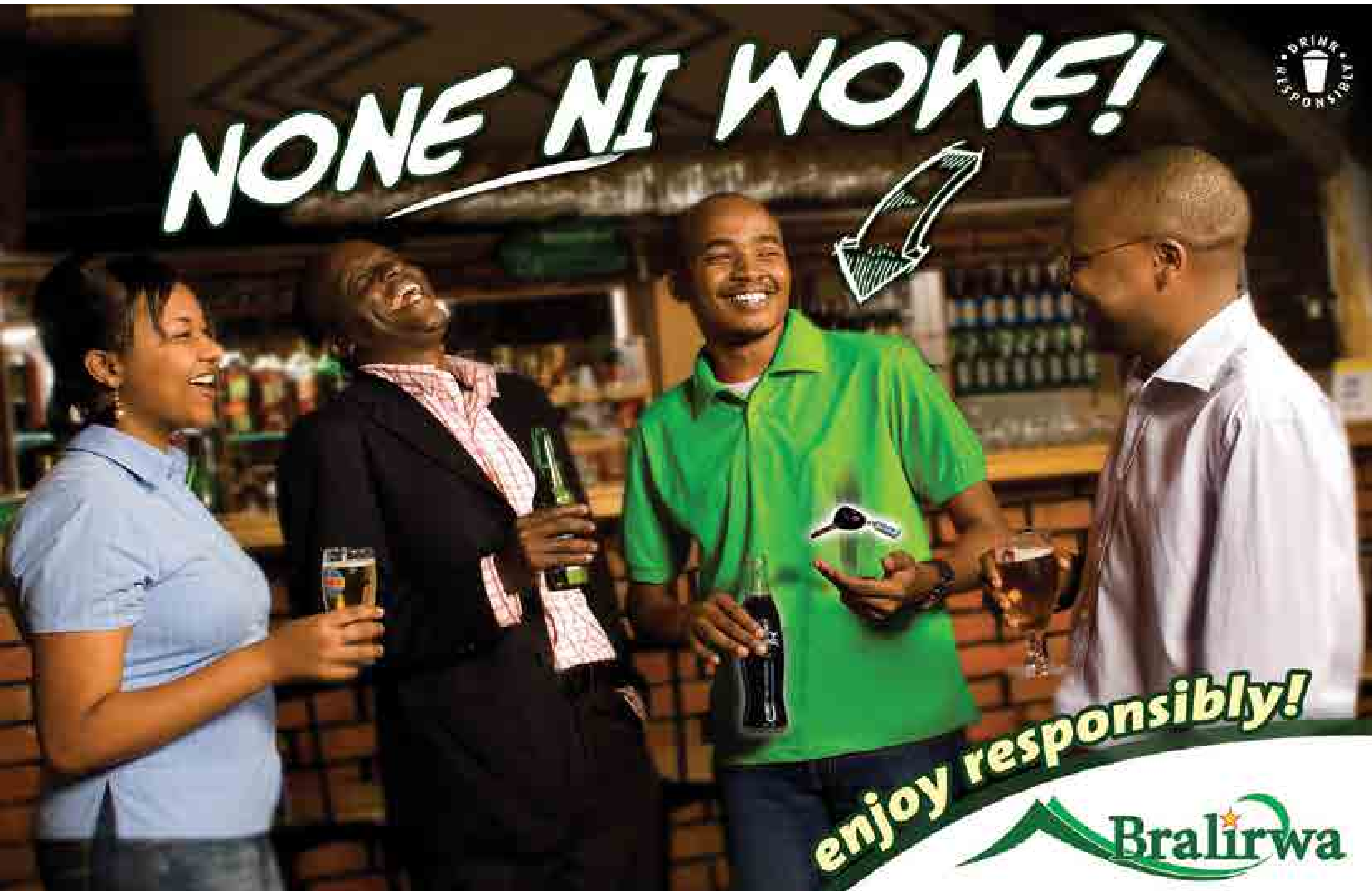
### Responsible consumption

As a responsible company, Bralirwa Ltd engages in a preventive campaign against alcohol abuse dubbed **"None ni Wowe campaign".** It was launched in December, 2011 and ran through 2012.

Through the massive awareness campaign, Bralirwa is sensitizing the consumers of its products around a better alcohol approach.

### Industries Communication Code

The Code of Communications for Alcoholic Beverage was signed in July 2012 by Bralirwa Ltd and EABL with the assistance and coordination of the International Center for Alcohol Policies (ICAP). The code commits the signatories to communications standards set by the International Chamber of Commerce (ICC). This lays down clear advertising standards to be followed. The signing of the Code is an important first step by two of the industry's participants in Rwanda towards self-regulation of alcohol advertising in Rwanda.



### Trade Fair "Expo award"

Over 200,000 visitors attended the Expo 2012. The attendance was billed as the highest ever and attracted over 490 exhibitors from 20 countries. Bralirwa Ltd is proud to have received the award of best exhibitor from the organisers, the PSF .

### RDB Business Excellence Awards

Bralirwa is committed to operate by the highest standards of sustained and sustainable quality production of beers and sparkling beverages in Rwanda. This is of course fundamental to the establishment of trusted quality brands.

During the 4th RDB Business Excellence Awards that took place on January 27 2012 at Serena Kigali Hotel Bralirwa Ltd was awarded the Best Exporter and Best General Manufacturer Awards. This is the second successive year that Bralirwa Ltd has won the General Manufacture Award out of a total of 10 best exporters.

## *Environment*

### Tree Planting Project

Since 2007, as part of our CSR activities, Bralirwa Ltd has engaged in a tree planting initiative involving more than 15,000 schoolchildren from 22 primary and secondary schools mainly in Nyagatare and Bugesera. The project is conducted in partnership with Compagnie Agricole/Environnement an organization focused on environmental issues and improvement..

To increase school-children's capacities for the benefit of nurturing this project's objectives, training sessions are regularly organized for the benefit of more than 100 schoolchildren who are members of "The Environment Clubs" These children's Clubs receive theoretical and practical knowledge on environment preservation from NAFA technicians.

Since the beginning of this partnership a total of 160, 000 trees have been planted across the country.

# Independent Auditors

The Auditors KPMG Rwanda Ltd were appointed from 12 June 2012 have indicated their willingness to continue in office as independent Auditors to the company.

Dated the 10 April 2013

For the Board of Directors

Chairman of the Board

Vice - Chairman of the Board


open happiness
shake UP your senses
Coca-Cola


# PART SIX

## BRALIRWA STATEMENT OF FINANCIAL ACCOUNTS

## Statement of Directors Responsibility

The Directors are responsible for the preparation and presentation of the financial statements of Brasseries et Limonaderies du Rwanda set out on pages 47 to 80 which comprise the statement of financial position as at 31 December 2012, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

The Directors' responsibility includes: determining that the basis of accounting described in Note 2 is an acceptable basis for preparing and presenting the financial statements in the circumstances; designing, implementing and maintaining internal control relevant to the preparation and presentation of these financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Under the Rwanda Companies Act, the Directors are required to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company as at the end of the financial year and of the operating results of the company for that year. It also requires the Directors to ensure the company keeps proper accounting records which disclose with reasonable accuracy the financial position of the company.

The Directors accept responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Financial Reporting Standards and in the manner required by the Rwanda Companies Act. 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 operating results.

The Directors further accept responsibility for the maintenance of accounting records which may be relied upon in the preparation of financial statements, as well as adequate systems of internal financial control.

The Directors have made an assessment of the company's ability to continue as a going concern and have no reason to believe the company will not be a going concern for at least the next twelve months from the date of this statement.

Approval of the financial statements

The financial statements, as indicated above, were approved by the Board of Directors on 10 April, 2013 and were signed on its behalf by:

| | |
|---|---|
| ________________________ | ________________________ |
| Chairman of the Board | Vice - Chairman of the Board |

KPMG

**KPMG Rwanda Limited**
**Certified Public Accountants**
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Boulevard de la Révolution
PO Box 6755
Kigali
Rwanda

Telephone +250 252 579790/2
Email info.rw@kpmg.com
Internet www.eastafrica.kpmg.com

# REPORT OF THE INDEPENDENT AUDITOR TO THE SHAREHOLDERS OF BRASSERIES ET LIMONADERIES DU RWANDA

We have audited the financial statements of Brasseries et Limonaderies du Rwanda set out on pages 47 to 80 which comprise the statement of financial position as at 31 December 2012, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

## Directors' responsibility for the financial statements

As stated on page 44, the directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and the requirements of the Rwanda Companies Act, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

## Auditor's responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our 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, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

## Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the company at 31 December 2012, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and the Company's Act of Rwanda.

# Report on Other Legal Requirements

As required by the provisions of Article 247 of Law No. 07/2009 of 27 April 2009 relating to companies in Rwanda, we report to you, based on our audit, that:

(i) We have obtained all the information and explanations, which to the best of our knowledge and belief, were necessary for the purpose of our audit;

(ii) In our opinion, proper books of account have been kept by the company, so far as appears from our examination;

(iii) The statement of comprehensive income and statement of financial position are in agreement with the books of account;

(iv) We have no relationship, interest or debt with the Brasseries et Limonaderies du Rwanda. As indicated in our report on the financial statements, we comply with ethical requirements. These are the International Federation of Accountants' Code of Ethics for Professional Accountants, which includes comprehensive independence and other requirements.

(v) As described under the heading "Auditor's Responsibility" in our report on the Financial Statements, the auditor considers internal controls 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 controls. In the course of our audit while performing such procedures, we became aware of certain internal control matters. We have reported these matters, together with our recommendations, to management in a separate management letter. These matters do not affect our audit opinion on the financial statements.

**John Ndunyu**
**KPMG Rwanda Limited**
Certified Public Accountants
P. O. Box 6755
Kigali
Rwanda

Date: 15 April 2013

# STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2012

| | Notes | 2012<br>Rwf'000 | 2011<br>Rwf'000 |
|---|---|---|---|
| **Revenue** | **7** | **76,978,563** | **64,958,343** |
| Cost of sales | | (36,721,337) | (30,707,194) |
| | | | |
| **Gross profit** | | **40,257,226** | **34,251,149** |
| | | | |
| Other income | 8 | 1,980,930 | 1,682,127 |
| | | | |
| Selling and distribution costs | | (3,666,703) | (3,211,288) |
| Administrative expenses | | (12,858,874) | (11,519,258) |
| Other operating expenses | | (446,929) | (1,025,155) |
| | | | |
| **Total expenses** | | **(16,972,506)** | **(15,755,701)** |
| | | | |
| **Results from operating activities** | 9 | **25,265,650** | **20,177,575** |
| | | | |
| Finance income | | 395,046 | 376,136 |
| Finance costs | | (748,313) | (460,257) |
| | | | |
| **Net finance cost** | 11 | **(353,267)** | **(84,121)** |
| | | | |
| Share of loss of the joint venture | 16 | (51,101) | (88,899) |
| | | | |
| **Profit before income tax** | | **24,861,282** | **20,004,555** |
| | | | |
| Income tax expense | 12 | (5,834,010) | (5,346,846) |
| | | | |
| **Profit and total comprehensive income for the year** | | **19,027,272** | **14,657,709** |
| | | | |
| **Basic and diluted earnings per share - Rwf** | **21** | **37.00** | **28.50** |

The notes on pages 52 to 80 are an integral part of these financial statements.

## STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2012

| Assets | Notes | 2012 Rwf'000 | 2011 Rwf'000 |
|---|---|---|---|
| **Non-current assets** | | | |
| Property, plant and equipment | 13 | 40,452,303 | 21,979,754 |
| Intangible assets | 14 | - | 86,922 |
| Other investments | 15 | 9,224 | 9,224 |
| Investment in joint venture | 16 | - | 51,101 |
| **Total non-current assets** | | **40,461,527** | **22,127,001** |
| **Current assets** | | | |
| Inventories | 17 | 16,333,890 | 16,369,732 |
| Receivable from related parties | 30(e) | 269,683 | 71,276 |
| Trade and other receivables | 18 | 7,739,655 | 5,257,711 |
| Cash and cash equivalents | 19 | 9,722,075 | 6,064,073 |
| **Total current assets** | | **34,065,303** | **27,762,792** |
| **Total assets** | | **74,526,830** | **49,889,793** |
| **Equity** | | | |
| Share capital | | 514,285 | 514,285 |
| Share premium | | 84,857 | 84,857 |
| Other reserves | | 2,071,990 | 2,071,990 |
| Retained earnings | | 27,342,019 | 17,006,748 |
| **Total equity** | | **30,013,151** | **19,677,880** |
| **Non-current liabilities** | | | |
| Loans and borrowings | 22 | 2,548,411 | - |
| Deferred income | 23 | 1,421 | 19,853 |
| Deferred tax liability | 25 | 799,601 | 897,860 |
| **Total non-current liabilities** | | **3,349,433** | **917,713** |
| **Current liabilities** | | | |
| Loans and borrowings | 22 | 451,589 | - |
| Payable to related parties | 30(e) | 2,660,600 | 2,388,494 |
| Trade and other payables | 26 | 36,066,490 | 24,701,364 |
| Deferred income | 23 | 18,432 | 18,432 |
| Current income tax payable | | 1,967,135 | 2,185,910 |
| **Total current liabilities** | | **41,164,246** | **29,294,200** |
| Total liabilities | | 44,513,679 | 30,211,913 |
| Total equity and liabilities | | 74,526,830 | 49,889,793 |

The Board of Directors approved the financial statements on pages 47 to 80 on 10 April 2013 and were signed on its behalf by:

Chairman of the Board:________________ Vice - Chairman of the Board:________________

The notes on pages 52 to 80 are an integral part of these financial statements.

## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2012

| Year ended 31 December 2011 | Notes | Share capital Rwf'000 | Share premium Rwf'000 | Other reserves Rwf'000 | Retained earnings Rwf'000 | Total equity Rwf'000 |
|---|---|---|---|---|---|---|
| 1 January 2011 | | 385,714 | 84,857 | 2,200,560 | 13,423,230 | 16,094,361 |
| Total comprehensive income for the year | | - | - | - | 14,657,709 | 14,657,709 |
| **Transactions with owners, recognised directly in equity** | | | | | | |
| Distributions to owners | | | | | | |
| Dividends | | | | | | |
| - Paid in the year for 2010 | 20 | - | - | - | (7,330,543) | (7,330,543) |
| - Interim dividend paid in the year | | - | - | - | (3,754,281) | (3,754,281) |
| Share based payment | 24 | - | - | - | 10,634 | 10,634 |
| Re-charge on share based payment | | 128,571 | - | (128,571) | - | - |
| **Total contribution by and distribution to owners of the company** | | **128,571** | **-** | **(128,571)** | **(11,074,190)** | **(11,074,190)** |
| **Balance at 31 December 2011** | | **514,285** | **84,857** | **2,071,990** | **17,006,748** | **19,677,880** |
| **Year ended 31 December 2012** | | | | | | |
| 1 January 2012 | | 514,285 | 84,857 | 2,071,990 | 17,006,748 | 19,677,880 |
| Total comprehensive income for the year | | - | - | - | 19,027,272 | 19,027,272 |
| **Transactions with owners, recognised directly in equity** | | | | | | |
| Distributions to owners | | | | | | |
| Dividends | | | | | | |
| - Paid in the year for 2011 | 20 | - | - | - | (8,692,001) | (8,692,001) |
| -Interim dividend paid in the year | | - | - | - | - | - |
| Share based payment | | - | - | - | - | - |
| **Total contribution by and distribution to owners of the company** | | **-** | **-** | **-** | **(8,692,001)** | **(8,692,001)** |
| **Balance at 31 December 2012** | | **514,285** | **84,857** | **2,071,990** | **27,342,019** | **30,013,151** |

The notes on pages 52 to 80 are an integral part of these financial statements.

# STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2012

| | Notes | 2012 Rwf'000 | 2011 Rwf'000 |
|---|---|---|---|
| **Operating activities** | | | |
| Profit before tax | | 24,861,282 | 20,004,555 |
| *Adjustments for:* | | | |
| Finance costs (interest) | 11 | 138,948 | 46,813 |
| Depreciation | 13 | 4,380,877 | 3,588,347 |
| Amortisation of intangible assets | 14 | 86,922 | 173,120 |
| Gain on sale of property, plant, and equipment. | 8 | (43,155) | (317,985) |
| Share of loss of the joint venture | 16 | 51,101 | 88,899 |
| Equity-settled share-based payment transactions | 24 | - | 10,634 |
| | | **29,475,975** | **23,594,383** |
| **Changes in working capital** | | | |
| Changes in receivables and prepayments | 18 | (2,481,944) | (1,345,587) |
| Changes in related party balances | 30 (e) | 73,699 | 885,862 |
| Changes in inventories | 17 | 35,842 | (5,003,200) |
| Changes in payables and accrued expenses | 26 | 11,365,126 | 6,343,506 |
| Changes in deferred income | 23 | (18,432) | (17,012) |
| | | | |
| **Cash generated from operating activities** | | **38,450,266** | **24,457,952** |
| | | | |
| Interest received | 11 | 149,289 | 57,906 |
| Interest paid | 11 | (288,237) | (104,719) |
| Income tax paid | | (6,151,044) | (4,920,467) |
| | | | |
| **Net cash flow (used in)/from operating activities** | | **32,160,274** | **19,490,672** |

# STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2012
**(continued)**

| | Notes | 2012<br>Rwf'000 | 2011<br>Rwf'000 |
|---|---|---|---|
| **Investing activities** | | | |
| Proceeds from sale of property, plant, and equipment. | | 43,155 | 317,985 |
| Purchase of property, plant and equipment | 13 | (22,853,426) | (7,407,288) |
| Purchase of intangible assets | 14 | - | (680) |
| Investment in Joint venture | 16 | - | (12,000) |
| | | | |
| **Net cash used in investing activities** | | **(22,810,271)** | **(7,101,983)** |
| **Financing activities** | | | |
| Proceeds from loans and borrowings | | 3,000,000 | - |
| Repayment of loans and borrowings | 22 | - | (23,031) |
| Dividends paid | | (8,692,001) | (11,084,824) |
| **Net cash flow used in financing activities** | | **(5,692,001)** | **(11,107,855)** |
| | | | |
| **Increase in cash and cash equivalents** | | **3,658,002** | **1,280,834** |

| | | |
|---|---|---|
| **Movement in cash and cash equivalents** | | |
| | | |
| Cash and cash equivalents at 1 January | 6,064,073 | 4,783,239 |
| Net (decrease)/ increase in cash and cash equivalents | 3,658,002 | 1,280,834 |
| | | |
| **Cash and cash equivalents as at 31 December** | **9,722,075** | **6,064,073** |

The notes on pages 52 to 80 are an integral part of these financial statements.

# NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

## 1. Reporting entity

Brasseries et Limonaderies du Rwanda is incorporated in Rwanda under the Rwanda Companies Act and is domiciled in Rwanda. The address of its registered office is:

Kicukiro

P.O. Box 131

Kigali, Rwanda.

The company is engaged in the production and distribution of gaseous and non gaseous products.

## 2. Basis of preparation

**a Statement of compliance**

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS's).

**b Basis of measurement**

The measurement basis applied is the historical cost basis, except where otherwise stated in the accounting policies below.

**c Functional and presentation currency**

These financial statements are presented in Rwanda Francs (Rwf), which is the Company's functional currency. All financial information presented in Rwanda Francs has been rounded to the nearest thousand.

**d Use of estimates and judgment**

The preparation of the financial statements in conformity with IFRSs 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 ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Information about critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is included in the following notes:

- Note 5 Financial risk management

## 3. Significant accounting policies

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

a. **Foreign currency transactions**

Transactions in foreign currencies are translated to the functional currency of the company at the exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date.

The foreign currency gain or loss arising on monetary items is the difference between amortised cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortised cost in foreign currency translated at the exchange rate at the end of the reporting period.

Foreign currency differences arising on retranslation are recognised in profit and loss. Non-monetary assets and liabilities denominated in foreign currencies that are measured at cost remain translated into the functional currency at historical exchange rates.

**b. Property, plant and equipment**

***Recognition and measurement***

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Cost comprises expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour and any other costs directly attributable to bringing the asset to a working condition for its intended use and the costs of dismantling and removing the items and restoring the site on which they are located.

Borrowing costs related to the acquisition or construction of qualifying assets are capitalised as part of the cost of that asset.

Spare parts that are acquired as part of an equipment purchase and only to be used in connection with this specific equipment are initially capitalised as part of the equipment.

Where an item of property, plant and equipment comprises major components having different useful lives, they are accounted for as separate items of property, plant and equipment.

***Depreciation***

Depreciation is calculated over the depreciable amount, which is the cost of an asset, less its residual value.

Land is not depreciated. Depreciation on other property, plant, and equipment is charged to profit or loss on a straight-line basis over the estimated useful lives of items of property, plant and equipment, and major components that are accounted for separately, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. Assets under construction are not depreciated.

## 3. Significant accounting policies / Depreciation (*Continued*)

The estimated useful lives are as follows:

| | |
|---|---|
| • Buildings | 40 years |
| • Plant and equipment | 20-25 years |
| • Motor vehicles and office equipment | 3-5 years |
| • Returnable packaging | 5–7 years |

The depreciation methods, residual values, as well as the useful lives are reassessed, and adjusted if appropriate, at each financial year-end.

***Subsequent costs***

The cost of replacing a component of an item of property, plant, and equipment is recognised in the carrying amount of the item or recognised as a separate asset, as appropriate, if it is probable that the future economic benefits embodied within the component will flow to the company and its cost can be measured reliably. The carrying amount of the replaced component is derecognized. The costs of the day-to-day servicing of property, plant, and equipment are recognised in profit or loss when incurred.

***Gains and losses on disposal***

Net gains on sale of items of property, plant, and equipment are presented in profit or loss as other income. Net losses on sale are included in depreciation. Net gains and losses are recognised in profit or loss when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs can be estimated reliably, and there is no continuing management involvement with the property, plant, and equipment.

### c. Intangible assets Computer software

The costs incurred to acquire and bring to use specific computer software licences are capitalised. Capitalised computer software licences are measured at cost less accumulated amortisation and accumulated impairment losses.

Amortisation is based on the cost of the asset less its residual value. Amortisation is recognised in profit or loss on a straight line basis over the expected useful lives, from the date it is available for use. The estimated useful life for the current and comparative years is 3 years.

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

Costs associated with maintaining software are recognised as an expense as incurred.

### d. Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on the weighted average cost formula, and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. Costs include an appropriate share of direct production overheads based on normal operating capacity.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

Spare parts are valued at the lower of cost and net realisable value. Value reductions and usage of parts are charged to profit or loss.

## 3. Significant accounting policies (*Continued*)

### e. Investments in joint ventures

Joint ventures are those entities over whose activities Bralirwa Limited has joint control, established by contractual agreement and requiring unanimous consent for strategic financial and operating decisions.

Investments in joint ventures are accounted for using the equity method (equity-accounted investees) and are recognised initially at cost. The cost of the investment includes transaction costs.

The financial statements include Bralirwa share of the profit or loss and other comprehensive income, after adjustments to align the accounting policies with those of Bralirwa, from the date the joint control commences until the date the joint control ceases.

When Bralirwa share of losses exceeds the carrying amount of the Joint venture, including any long-term investments, the carrying amount is reduced to nil and recognition of further losses is discontinued except to the extent that Bralirwa has an obligation or has made a payment on behalf of the joint venture.

### f. Impairment

#### *(i) Financial assets*

A financial asset not carried at fair value is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Company on terms that the Company would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, adverse changes in the payment status of borrowers or issuers in the Company, economic conditions that correlate with defaults or the disappearance of an active market for a security. In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment.

An impairment loss in respect of a financial asset measured at amortized 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. An impairment loss in respect of an available-for-sale financial asset is calculated by reference to its current fair value.

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 recognized in the profit or loss. An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognized. For financial assets measured at amortized cost, the reversal is recognized in the profit or loss.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012 (*Continued*)

### 3. Significant accounting policies (*Continued*)

***(ii) Non-Financial assets***

The carrying amounts of the Company's non-financial assets and inventories are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated.

An impairment loss is recognized if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups.

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.

Impairment losses are recognized in profit or loss. Impairment losses recognized in respect of cash-generating units reduce the carrying amount of the other assets in the unit (group of units) on a pro rata basis.

Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

**g. Employee benefits**

***(i) Defined contribution plans***

A defined contribution plan is a pension plan under which the company pays fixed contributions into a separate entity. The company has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

The company and all its employees contribute to the national Social Security Fund, which is a defined contribution scheme. The company also operates a separate defined contribution retirement benefit scheme for its eligible employees. Obligations for contributions to defined contribution pension plans are recognized as an employee benefit expense in profit or loss in the periods during which services are rendered by employees.

Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in future payments is available.

***(ii) Other long-term employee benefits***

The company's net obligation in respect of long-term employee benefits, other than pension plans, is the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value, and the fair value of any related assets is deducted.

***(iii) Short-term employment benefits***

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognized for the amount expected to be paid under short-term benefits if the company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

## 3. Significant accounting policies (*Continued*)

***(iv) Termination benefits***

Termination benefits are payable when employment is terminated by the Company before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. Termination benefits are recognized as an expense when the company is demonstrably committed to either terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal, or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancies are recognized if the company has made an offer encouraging voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably.

Benefits falling due more than 12 months after the reporting date are discounted to their present value.

***(v) Share-based payment transactions***

The grant date fair value of the share rights granted is recognized as personnel expenses with a corresponding increase in equity. The costs of the share plan for senior management members are spread evenly over the performance period for market conditions and are adjusted to reflect the actual number of share rights that will vest (for internal conditions). The fair value (for market conditions) is measured at grant date using the Monte Carlo model taking into account the terms and conditions of the plan.

On each reporting date, Bralirwa revises its estimates of the number of share plan rights that are expected to vest, only for the 75% internal performance conditions of the share plan of the senior management members. It recognizes the impact of the revision of original estimates, if any in profit or loss with a corresponding adjustment to equity. The fair value is measured on grant date.

***(vi) Leave***

Accrual for annual leave is made as employees earn it and reduced when taken.

**h. Revenue**

Revenue from the sale of products in the ordinary course of business is measured at the fair value of the consideration received or receivable, net of Value Added Tax (VAT), excise duties, returns, customer discounts, and other sales-related discounts. Revenue from the sale of products is recognized in profit or loss when the amount of revenue can be measured reliably, the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of products can be estimated reliably, and there is no continuing management involvement with the products.

**i. Provisions**

A provision is recognized if, as a result of a past event, the company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance cost.

**j. Lease payments**

***Operating lease payments***

Payments made under operating leases are recognized in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognized in profit or loss as an integral part of the total lease expense, over the term of the lease.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012 (*Continued*)

### 3. Significant accounting policies (*Continued*)

#### K. Finance income and finance cost

Finance income comprises interest income on funds invested. Interest income is recognized as it accrues in profit or loss, using the effective interest method.

Finance costs comprise interest expense on borrowings.

Foreign currency gains and losses are reported on a net basis as either finance income or finance expense depending on whether foreign currency movements are in a net gain or net loss position.

#### l. Income tax

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to items recognised directly in equity or in other comprehensive income. Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they 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.

#### m. Earnings per share

The Company presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year. The weighted average number of ordinary shares outstanding during the period and for all periods presented is adjusted for events that have changed the number of ordinary shares outstanding without a corresponding change in resources.

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding adjusted for the effects of all dilutive potential ordinary shares, which comprise share rights granted to employees.

#### n. Dividends

Dividends declared after the reporting period but before the financial statements are authorised for issue, are not recognised as a liability at the end of the reporting period because no obligation exists at that time.

Dividends recognised as distributions to owners and related amounts per share are presented in the notes to financial statements.

## 3. Significant accounting policies (*Continued*)

### o. Comparatives

Where necessary, comparative figures have been restated to conform to changes in presentation in the current year.

### p. Financial instruments

*(i) Classification*

A financial instrument is a contract that gives rise to both a financial asset of one entity and a financial liability or equity instrument of another entity. The company classifies its financial instruments into the following categories: financial assets or financial liabilities at fair value through profit or loss, loans and receivables, held-to-maturity financial assets and available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition.

*Financial assets or financial liabilities at fair value through profit or loss* are financial assets or financial liabilities held for trading and those designated at fair value through profit or loss at initial recognition. A financial asset or financial liability is classified into this category at inception if acquired or incurred principally for the purpose of selling or repurchasing in the near term, if it forms part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking, or if so designated by management.

*Loans and receivables* are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market other than those that the company intends to sell in the short term or that it has designated as at fair value through profit or loss or available-for-sale.

*Held-to-maturity financial assets* are non-derivative financial assets with fixed or determinable payments and fixed maturities – other than those that meet the definition of loans and receivables – that the company's management has the positive intention and ability to hold to maturity. These assets include deposits with financial institutions.

*Available-for-sale financial assets* are non-derivative financial assets that are either designated in this category or not classified in any of the other categories.

*(ii) Recognition*

The company recognises financial assets through profit or loss and available-for-sale financial assets on the date it commits to purchase the assets. From this date, available-for-sale financial assets and financial assets at fair value through profit or loss are carried at fair value.

Realised and unrealised gains and losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are included in profit or loss in the period in which they arise.

Unrealised gains and losses arising from changes in the fair value of non-monetary securities classified as available-for-sale are recognised in other comprehensive income.

Loans and receivables and held-to-maturity receivables are recognised on the day they are transferred to the company and carried at amortised cost using the effective interest method.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012 (*Continued*)

### 3. Significant accounting policies (*Continued*)

### p. Financial Instruments (*Continued*)

***(iii) Measurement***

Financial instruments are measured initially at fair value, including transaction costs.

Subsequent to initial recognition all available-for-sale assets are measured at fair value, except that any instrument that does not have a quoted market price in an active market and whose fair value cannot be reliably measured is stated at cost, including transaction costs, less impairment losses.

All non-trading financial liabilities, loans and receivables and held-to-maturity assets are measured at amortised cost less impairment losses. Amortised cost is calculated on the effective interest rate method. Premiums and discounts, including initial transaction costs, are included in the carrying amount of the related instrument and amortised based on the effective interest rate of the instrument.

***(iv) Fair value measurement principles***

The fair value of financial instruments is based on their quoted market price at the reporting date without any deduction for transaction costs. If the market for a financial asset is not active, the company establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same and discounted cash flow analysis.

***(v) Derecognition***

A financial asset is derecognised when the company loses control over the contractual rights to the cash flows of the asset. This occurs when the rights are realised, expire or are surrendered. A financial liability is derecognised when its contractual obligations are discharged, cancelled or expire.

*Loans and borrowings*

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

Loans and borrowings, for which the company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date, are classified as non-current liabilities.

*Ordinary shares*

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognized as a deduction from equity, net of any tax effects.

*Cash and cash equivalents*

For the purposes of the statement of cash flows, cash and cash equivalents comprise cash in hand, deposits held at call with banks, and short term investments net of bank overdrafts.

*Offsetting of financial assets and financial liabilities*

Financial assets and liabilities are offset and the net amount reported on the statement of financial position when there is a legally enforceable right to set-off the recognised amount and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously.

## 3. Significant accounting policies (*Continued*)

### q. New standards and interpretations not yet adopted

There are new or revised Accounting Standards and Interpretations in issue that are not yet effective. These include the following Standards and Interpretations that are applicable to the business of the Company and will have an impact on future financial statements; these will be adopted in the period that they become mandatory unless otherwise indicated:

- *IAS 19 Employee Benefits* was amended. The standard is effective for annual periods beginning on or after 1 January 2013. The amendments require the recognition of actuarial gains and losses immediately in other comprehensive income. Past service costs will be immediately recognized fully in profit or loss.

- *IAS 27 Separate financial statements* contains accounting and disclosure requirements for investments in subsidiaries, joint ventures and associates when an entity prepares separate financial statements. The standard requires an entity preparing separate financial statements to account for those investments at cost or in accordance with IFRS 9 Financial Instruments. IAS 27 (2012) supersedes IAS 27 (2008) and carries forward the existing accounting and disclosure requirements for separate financial statements, with some minor clarifications. The standard is effective for annual periods beginning on or after 1 January 2013.

- *IAS 28 Investments in Associates and Joint Ventures* prescribes the accounting for investments in associates and sets out the requirements for the application of the equity method when accounting for investments in associates and joint ventures. The standard is effective for annual periods beginning on or after 1 January 2013. This amendment is in line with the new IFRS 11, which no longer gives entities the choice in accounting treatment for joint ventures, only the equity method is allowed. IAS 28 (2012) supersedes IAS 28 (2008) and carries forward the existing accounting and disclosure requirements with limited amendments:

  - IFRS 5 is applicable to an investment, or a portion of an investment, in an associate or a joint venture that meets the criteria to be classified as held-for-sale; and

  - On cessation of significant influence or joint control, even if an investment in an associate becomes an investment in a joint venture or vice versa, the company does not re-measure the retained interest.

- Amendments to IAS 32 Financial Instruments: Presentation: Offsetting Financial Assets and Financial Liabilities. The amendments clarify that an entity currently has a legally enforceable right to set-off if that right is:

  - not contingent on a future event; and

  - enforceable both in the normal course of business and in the event of default, insolvency or bankruptcy of the entity and all counterparties

- *Amendments to IFRS 7 Financial Instruments: Disclosures: Offsetting Financial Assets and Financial Liabilities*

  The amendments contain new disclosure requirements for financial assets and financial liabilities that are offset in the statement of financial position; or are subject to enforceable master netting arrangements or similar agreements.

- IFRS 9 Financial Instruments addresses the initial measurement and classification of financial assets and will replace the relevant sections of IAS 39 'Financial Instruments: Recognition and Measurement'. Under IFRS 9 there are two options in respect of classification of financial assets, namely, financial assets measured at amortised cost or at fair value. Financial assets are measured at amortised cost when the business model is to hold assets in order to collect contractual cash flows and when they give rise to cash flows that are solely payments of principal and interest on the principal outstanding. All other financial assets are measured at fair value.

  The classification and measurement requirements of financial liabilities are the same as per IAS 39, except for the following two aspects:

  - fair value changes for financial liabilities (other than financial guarantees and loan commitments) designated at fair value through profit or loss, that are attributable to the changes in the credit risk of the liability will be presented in other comprehensive income (OCI). The remaining amount of the fair value change is recognised in profit or loss.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012 (*Continued*)

### 3. Significant accounting policies (*Continued*)

### q. New standards and interpretations not yet adopted (*Continued*)

- Derivative liabilities that are linked to and must be settled by delivery of an unquoted equity instrument whose fair value cannot be reliably measured, are measured at fair value.

The standard will be applied retrospectively, subject to transitional provisions and is effective for annual periods beginning on or after 1 January 2015.

- IFRS 10 *Consolidated Financial Statements* establishes principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entities.

  The standard introduces a single control model to assess whether an investee should be consolidated. This control model requires entities to perform the following in determining whether control exists:

  - Identify how decisions about the relevant activities are made,
  - Assess whether the entity has power over the relevant activities by considering only the entity's substantive rights,
  - Assess whether the entity is exposed to variability in returns, and
  - Assess whether the entity is able to use its power over the investee to affect returns for its own benefit.

  Control will be assessed on a continuous basis and should be reassessed as facts and circumstances change.

- IFRS 11 *Joint arrangements* establish principles for financial reporting by parties to a joint arrangement. This IFRS is effective for annual periods beginning on or after 1 January 2013. IFRS 11 establishes that classification of the joint arrangement depends on whether parties have rights to and obligations for the underlying assets and liabilities.

  According to IFRS 11, joint arrangements are divided into two types, each having its own accounting model.

  - Joint operations whereby the jointly controlling parties, known as joint operators, have rights to assets and obligations for the liabilities, relating to the arrangement.
  - Joint ventures whereby the joint controlling parties, known as joint venturers, have rights to the net assets of the arrangement.

  Under IFRS 11 all joint ventures will have to be equity accounted. Bralirwa Limited has already adopted the equity method in accounting for the joint venture.

- IFRS 12 *Disclosure of interests in other entities* combines, in a single standard, the disclosure requirements for subsidiaries, associates and joint arrangements, as well as unconsolidated structured entities.

  The required disclosures aim to provide information to enable user to evaluate:

  - The nature of, and risks associated with, an entity's interests in other entities, and
  - The effects of those interests on the entity's financial position, financial performance and cash flows.

  The adoption of the new standard will increase the level of disclosure provided for the entity's interests in subsidiaries, joint arrangements, associates and structured entities.

- IFRS 13 *Fair value measurement* introduces a single source of guidance on fair value measurement for both financial and non-financial assets and liabilities by defining fair value, establishing a framework for measuring fair value and setting out disclosures requirements for fair value measurements. The key principles in IFRS 13 are as follows:

  - Fair value is an exit price
  - Measurement considers characteristics of the asset or liability and not entity-specific characteristics

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012 (*Continued*)

### 3. Significant accounting policies (*Continued*)

### q. New standards and interpretations not yet adopted (*Continued*)

- Measurement assumes a transaction in the entity's principle (or most advantageous) market between market participants
- Price is not adjusted for transaction costs
- Measurement maximises the use of relevant observable inputs and minimises the use of unobservable inputs
- The three-level fair value hierarchy is extended to all fair value measurements

### 4. Determination of fair values

A number of the Company's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values or for the purpose of impairment testing is disclosed in the notes specific to that asset or liability.

***(i) Investments in equity***

The fair value of financial assets at fair value through profit or loss, held-to-maturity investments and available for-sale financial assets is determined by reference to their quoted closing bid price at the reporting date. The fair value of held-to-maturity investments is determined for disclosure purposes only. In case the quoted price does not exist at the date of exchange or in case the quoted price exists at the date of exchange but was not used as the cost, the investments are valued indirectly based on discounted cash flow models.

***(ii) Trade and other receivables***

The fair value of trade and other receivables is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date. This fair value is determined for disclosure purposes.

### 5. Financial risk management objectives and policies

**Overview**

The company's activities expose it to a variety of financial risks, including credit risk and the effects of changes in debt and equity market prices, foreign currency exchange rates and interest rates. 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.

This note presents information about the company's exposure to financial risks, the company's objectives, policies and processes for measuring and managing risk. Further quantitative disclosures are included throughout these financial statements.

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities.

(a) **Credit risk**

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers and other receivables.

*Trade and other receivables*

The Company has established a credit policy under which each new customer is analyzed individually for creditworthiness before the Company's standard payment and delivery terms and conditions are offered.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012 (*Continued*)

### 5. Financial risk management objectives and policies (*Continued*)

### (a) Credit risk (*Continued*)

Sales are made subject to the customer making a prepayment to secure the products. To mitigate the credit exposure, customers are also required to pay a deposit for the returnable containers and crates.

The Company establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables and investments. The main components of this allowance are a specific loss component that relates to individually significant exposures. The collective allowance is determined based on historical data of payment statistics for similar financial assets.

*Investments*

The Company limits its exposure to credit risk by only investing in liquid securities. The Company's main investment is in term deposits with local financial institutions. The carrying amount of financial assets represents the maximum credit exposure.

*Guarantees*

The Company's policy is to avoid issuing guarantees where possible unless this leads to substantial savings for the Company. In cases where the Company does provide guarantees, such as to banks, the Company aims to receive security from the third party.

**Exposure to credit risk**

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

| | 2012<br>Rwf'000 | 2011<br>Rwf'000 |
|---|---|---|
| Cash and cash equivalents | 9,722,075 | 6,064,073 |
| Trade receivables | 6,928,608 | 4,985,494 |
| Receivables from related companies | 269,683 | 71,276 |
| | **16,920,366** | **11,120,843** |

The ageing of trade receivables at the reporting date was:

| | Gross | Gross |
|---|---|---|
| Neither past due nor impaired | 6,928,608 | 4,985,494 |
| Impaired | 151,128 | 151,128 |
| | **7,079,736** | **5,136,622** |
| Less: allowance for impairment | 151,128 | 151,128 |
| **Net** | **6,928,608** | **4,985,494** |

**(b) Liquidity risk**

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it always has sufficient liquidity to meet its liabilities when due.

## 5. Financial risk management objectives and policies (*Continued*)

### (b) Liquidity risk (*Continued*)

Cash flow forecasting is performed on a monthly basis to monitor rolling forecasts of the company liquidity requirements to ensure it has sufficient cash to meet its contractual obligations. Such forecasting takes into consideration the company working capital requirements, covenant compliance and compliance with internal ratio targets at reporting date

The company ensures that it has sufficient cash on demand 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.

In addition, the company has in place unsecured banking facility with various commercial banks with a limit of Rwf 4.45 billion (2011 – Rwf 3.95 billion) and are repayable on demand. The banking facilities comprises of bank overdraft and letters of credit. The facilities had not been utilised as at the balance sheet date.

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 reporting date to the contractual maturity date. The amounts disclosed in the table below are the contractual undiscounted cash flows.

| | Carrying amount Rwf'000 | 6 months or less Rwf'000 | 6-12 months Rwf'000 | More than 12 months Rwf'000 |
|---|---|---|---|---|
| **2012** | | | | |
| Loans and borrowings | 3,000,000 | 219,332 | 232,257 | 2,548,411 |
| Trade payables | 29,906,994 | 17,202,288 | 379,620 | 12,325,086 |
| Payable to related companies | 2,660,600 | 2,660,600 | - | - |
| **Total financial liabilities** | **35,567,594** | **20,082,220** | **611,877** | **14,873,497** |
| **2011** | | | | |
| Trade payables | 18,287,124 | 7,260,691 | 450,923 | 10,575,510 |
| Payable to related companies | 2,388,494 | 2,388,494 | - | - |
| **Total financial liabilities** | **20,675,618** | **9,649,185** | **450,923** | **10,575,510** |

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012 (*Continued*)

## 5. Financial risk management objectives and policies *Continued*)

### (c) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return on risk.

#### *(i) Foreign currency risk*

Foreign currency exposure arises mainly from purchase transactions that are denominated in a currency other than the functional currency (Rwanda Franc). The currencies in which these transactions are primarily denominated are U.S. Dollars (USD) and Euro.

The currency fluctuation for the USD and Euro within the Rwanda market is closely monitored by the government through the National Bank of Rwanda and is therefore considered fairly stable within plus minus 5%.

The table below summarises the company's exposure to foreign currency risks:

| | 31 December 2012 | | 31 December 2011 | |
|---|---|---|---|---|
| | Euro | USD | Euro | USD |
| | Rwf'000 | Rwf'000 | Rwf'000 | Rwf'000 |
| Cash and cash equivalents | 164,937 | 1,629,662 | 220,966 | 531,517 |
| Related party balances | (2,369,116) | (21,801) | (2,269,716) | (47,502) |
| Trade and other payables | (3,984,900) | (2,724,278) | (463,309) | (2,245,124) |
| **Net exposure** | **(6,189,079)** | **(1,116,417)** | **(2,512,059)** | **(1,761,109)** |

The following exchange rates were applied during the year:

| | Average rate | | Reporting date Spot rate | |
|---|---|---|---|---|
| Currency | 2012 | 2011 | 2012 | 2011 |
| Euro | 790.56 | 835.64 | 837.24 | 777.29 |
| USD | 612.69 | 600.27 | 631.41 | 604.14 |

*Sensitivity analysis on foreign currency rates*

A 5 percent strengthening of the Rwanda Francs against the following currencies at 31 December would have increased/ (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remains constant and ignores any impact of forecasted sales and purchases. The analysis is performed on the same basis for 2011.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012 (*Continued*)

### 5. Financial risk management objectives and policies (*Continued*)

### (c) Market risk (*Continued*)

| Effect in thousands Rwanda Francs | Income statement | |
|---|---|---|
| As at 31 December | 2012 | 2011 |
| | Rwf'000 | Rwf'000 |
| Euro | 309,454 | 125,603 |
| USD | 55,821 | 88,055 |

#### *(ii) Interest rate risk*

The company has term deposits and loan and borrowings that have fixed interest rates.

The table below summarises the interest rate profile of the company's interest bearing financial assets and liabilities.

| | 2012 | 2011 |
|---|---|---|
| | Rwf'000 | Rwf'000 |
| **Fixed rate instruments** | | |
| Financial assets | 364,937 | 327,618 |
| Financial liabilities | - | - |
| | | |
| **Variable rate instruments** | | |
| Financial assets | - | - |
| Financial liabilities | 3,000,000 | - |

*Fair value sensitivity analysis for fixed rate instruments*

The company does not account for any fixed rate financial asset and liabilities at fair value through profit and loss. Therefore a change in interest rate at the reporting date would not affect profit and loss.

#### (d) Capital management

Capital is herein defined as equity attributable to shareholders of the company. The policy of the Board of Directors is to maintain a strong capital base so as to maintain investor, creditor, and market confidence and to sustain future development of the business. The Board of Directors monitors the return on capital, which the Company defines as total shareholders' equity.

There were no changes in the Company's approach to capital management during the year. The Company is not subject to externally imposed capital requirements other than the legal reserves.

#### (e) Fair value estimation

IFRS 7 requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

## 6. Segment reporting

The Company has two reportable segments, as described below, which are the Company's strategic business units. The strategic business units offer different products and are managed separately because they require different technology. For each of the strategic business units, the Company's General Manager reviews internal management reports on at least a quarterly basis. The following summary describes the operations in each of the Company's reportable segments:

**Business segments**

The two main business segments are:

- Beer; Includes purchasing, manufacturing, sale, and distribution of beer products.
- Soft drinks; Includes purchasing, manufacturing, sale and distribution of soft drinks.

| | Beer | | Soft drink | |
|---|---|---|---|---|
| | 2012 | 2011 | 2012 | 2011 |
| | Rwf'000 | Rwf'000 | Rwf'000 | Rwf'000 |
| External revenue | 55,540,402 | 47,632,280 | 21,438,161 | 17,326,063 |
| Interest income | 105,995 | 41,113 | 43,294 | 16,793 |
| Interest expense | (204,174) | (74,178) | (84,063) | (30,541) |
| Depreciation and amortisation | 3,230,615 | 2,745,906 | 1,237,184 | 1,051,561 |
| Staff cost | 4,702,235 | 4,088,251 | 1,738,881 | 1,511,830 |

## 7. Revenue

| | 2012 | 2011 |
|---|---|---|
| | Rwf'000 | Rwf'000 |
| Net turnover | | |
| - Beer | 55,540,402 | 47,632,280 |
| - Soft drinks | 21,438,161 | 17,326,063 |
| | | |
| | **76,978,563** | **64,958,343** |

## 8. Other income

| | | |
|---|---|---|
| Transport income | 6,860,763 | 6,167,520 |
| Reclassification of transport expense from selling and distribution costs | (5,711,659) | (5,655,894) |
| Miscellaneous income | 788,671 | 852,516 |
| Net gain on sale of property, plant and equipment | 43,155 | 317,985 |
| | | |
| | **1,980,930** | **1,682,127** |

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012 (*Continued*)

### 9. Result from operating activities

The following items have been charged in arriving at the profit before income tax:

| | Note | 2012 Rwf'000 | 2011 Rwf'000 |
|---|---|---|---|
| Depreciation on property, plant and equipment | 13 | 4,380,877 | 3,588,347 |
| Repairs and maintenance | | 545,636 | 387,143 |
| Staff costs | 10 | 6,441,116 | 5,600,081 |
| Auditors' remuneration | | 136,391 | 154,911 |

### 10. Staff cost

| | | |
|---|---|---|
| The following items are included within staff costs: | | |
| Salaries and wages | 4,149,654 | 3,345,858 |
| Contributions to defined contribution scheme | 121,980 | 203,604 |
| Contributions to National Social Security Fund | 499,263 | 418,560 |
| Equity settled share based payments | - | 10,634 |
| Other staff costs | 1,670,219 | 1,621,425 |
| | | |
| | **6,441,116** | **5,600,081** |

### 11. Net finance costs and income

| | | |
|---|---|---|
| **Finance costs:** | | |
| Foreign exchange losses | 747,734 | 355,538 |
| Interest expense | 288,237 | 104,719 |
| | | |
| | **1,035,971** | **460,257** |
| **Finance income:** | | |
| | | |
| Foreign exchange gains | 533,415 | 318,230 |
| Interest income | 149,289 | 57,906 |
| | | |
| | **682,704** | **376,136** |
| | | |
| **Net finance cost** | **353,267** | **84,121** |
| | | |
| **Net interest expense** | **138,948** | **46,813** |

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012 (*Continued*)

### 12. Income Tax Expense

| **Income tax expense** | **2012** | **2011** |
|---|---|---|
| | **Rwf'000** | **Rwf'000** |
| | | |
| Current income tax | 5,932,269 | 5,253,149 |
| | | |
| **Deferred income tax** | | |
| | | |
| Originating and reversal of temporary differences | 82,367 | 93,697 |
| Prior year over provision | (180,626) | - |
| | | |
| **Deferred income tax charged to profit and loss** | **(98,259)** | **93,697** |
| | | |
| **Income tax expense** | **5,834,010** | **5,346,846** |

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:

| | | |
|---|---|---|
| **Profit before income tax** | **24,861,282** | **20,004,555** |
| | | |
| Tax calculated at the statutory income tax rate of 28% | 6,961,159 | 5,601,275 |
| Tax credit | (733,202) | (649,266) |
| Prior year over provision | (180,626) | - |
| (Income)/ Expenses deductible for tax purposes | (213,321) | 394,837 |
| | | |
| **Income tax expense** | **5,834,010** | **5,346,846** |

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012 (*Continued*)

### 13. Property, plant and equipment

| For the year ended 31 December 2011 | Land and Buildings Rwf '000 | Plant and Equipment Rwf '000 | Furniture and Fittings Rwf '000 | Motor vehicles Rwf '000 | Work in progress Rwf '000 | Returnable packaging Rwf '000 | Total Rwf '000 |
|---|---|---|---|---|---|---|---|
| **Cost** | | | | | | | |
| Balance at 1 January 2011 | 3,390,553 | 13,873,483 | 5,007,250 | 4,251,205 | 405,677 | 10,680,190 | **37,608,358** |
| Additions | 220,132 | 490,781 | 2,107,600 | 486,041 | 296,646 | 3,806,088 | **7,407,288** |
| Transfers | - | 18,753 | - | - | (405,677) | 386,924 | **-** |
| Disposals | (22,939) | - | (196,435) | - | - | - | **(219,374)** |
| **Balance at 31 December 2011** | **3,587,746** | **14,383,017** | **6,918,415** | **4,737,246** | **296,646** | **14,873,202** | **44,796,272** |
| | | | | | | | |
| **Depreciation** | | | | | | | |
| Balance at 1 January 2011 | 1,446,185 | 6,549,291 | 3,471,151 | 3,262,412 | - | 4,718,506 | **19,447,545** |
| Charge for the year | 83,652 | 802,155 | 748,649 | (437,371) | - | 2,391,262 | **3,588,347** |
| Disposals | (22,939) | - | (196,435) | - | - | - | **(219,374)** |
| **Balance at 31 December 2011** | **1,506,898** | **7,351,446** | **4,023,365** | **2,825,041** | **-** | **7,109,768** | **22,816,518** |
| **Net Book Value** | | | | | | | |
| **Carrying amount at 31 December 2011** | **2,080,848** | **7,031,571** | **2,895,050** | **1,912,205** | **296,646** | **7,763,434** | **21,979,754** |

| For the year ended 31 December 2011 | Land and Buildings Rwf '000 | Plant and Equipment Rwf '000 | Furniture and Fittings Rwf '000 | Motor vehicles Rwf '000 | Work in progress Rwf '000 | Returnable packaging Rwf '000 | Total Rwf '000 |
|---|---|---|---|---|---|---|---|
| **Cost** | | | | | | | |
| Balance at 1 January 2012 | 3,587,746 | 14,383,017 | 6,918,415 | 4,737,246 | 296,646 | 14,873,202 | **44,796,272** |
| Additions | 49,552 | 1,055,309 | 1,166,110 | 414,035 | 16,357,362 | 3,811,057 | **22,853,426** |
| Disposals | - | (86,013) | - | (123,203) | - | - | **(209,216)** |
| **Balance at 31 December 2012** | **3,637,298** | **15,352,313** | **8,084,525** | **5,028,078** | **16,654,008** | **18,684,260** | **67,440,482** |
| | | | | | | | |
| **Depreciation** | | | | | | | |
| Balance at 1 January 2012 | 1,506,898 | 7,351,446 | 4,023,365 | 2,825,041 | - | 7,109,768 | **22,816,518** |
| Charge for the year | 118,296 | 811,118 | 952,276 | 201,589 | - | 2,297,598 | **4,380,877** |
| Disposals | - | (86,013) | - | (123,203) | - | - | **(209,216)** |
| **Balance at 31 December 2012** | **1,625,194** | **8,076,551** | **4,975,641** | **2,903,427** | **-** | **9,407,366** | **26,988,179** |
| **Net Book Value** | | | | | | | |
| **Carrying amount at 31 December 2012** | **2,012,104** | **7,275,762** | **3,108,884** | **2,124,651** | **16,654,008** | **9,276,894** | **40,452,303** |

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012 (*Continued*)

### 14. Intangible assets

| Cost | 2012<br>Rwf'000 | 2011<br>Rwf'000 |
|---|---|---|
| Balance at 1 January | 709,732 | 709,052 |
| Additions | - | 680 |
| | | |
| **Balance at 31 December** | **709,732** | **709,732** |
| | | |
| **Amortisation and impairment loss** | | |
| Balance at 1 January | 622,810 | 449,690 |
| Amortisation for the year | 86,922 | 173,120 |
| | | |
| **Balance at 31 December** | **709,732** | **622,810** |
| | | |
| **Net book value at end of year** | **-** | **86,922** |

### 15. Other investment

| | | |
|---|---|---|
| Banque Rwandaise de Development | 9,224 | 9,224 |
| Cogelgaz* | 179,861 | 179,861 |
| | **189,085** | **189,085** |
| Less: Impairment allowance (Cogelgaz) | (179,861) | (179,861) |
| | **9,224** | **9,224** |

The above equity investment are carried at cost less impairment as the directors cannot reliably determine the fair value due to the absence of a ready market for the shares.

*Cogelgaz is incorporated in Rwanda as a private limited liability company, and is domiciled in Rwanda. The company was founded for the exploitation of methane gas from Lake Kivu. An initial investment of Rwf 109,200,000 was made in 2001 and successively increased in 2003 and 2004. The investment has been fully impaired as the company has ceased operations.

### 16. Investment in joint venture

| | % Interest held | 2012<br>Rwf'000 | 2011<br>Rwf'000 |
|---|---|---|---|
| Balance at 1 January | 50% | 51,101 | 128,000 |
| Additional investment | | - | 12,000 |
| Share of the joint venture loss | | (51,101) | (88,899) |
| **Balance at 31 December** | | **-** | **51,101** |

The joint venture (Bramin Limited) is between Bralirwa and Minimex. The company is engaged in maize processing in Rwanda and was established to produce and commercialize high yield maize.

The reporting date of the financial statements of the joint venture is the same as for the Company.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012 (*Continued*)

### 16. Investment in joint venture (*Continued*)

### Summary financial information for equity accounted joint venture

| | 2012<br>Rwf'000 | 2011<br>Rwf'000 |
|---|---|---|
| Non-current asset | 406,758 | 364,267 |
| Current asset | 293,009 | 255,359 |
| Non-current liabilities | (429,641) | (755,880) |
| Current Liabilities | (703,177) | (149,656) |
| | | |
| Revenue | 458,143 | 290,665 |
| Expenses | (25,093) | (4,756) |

### 17. Inventories

| | | |
|---|---|---|
| Raw materials | 8,497,291 | 7,387,773 |
| Consumables and returnable packaging | 652,074 | 971,639 |
| Work in progress | 657,309 | 1,610,234 |
| Finished goods | 978,370 | 344,147 |
| Goods for resale | 1,005,254 | 972,470 |
| Non-returnable packaging | 983,220 | 1,104,863 |
| Spare parts | 2,518,092 | 2,532,934 |
| Other inventories | 1,042,280 | 1,445,672 |
| | | |
| | **16,333,890** | **16,369,732** |

### 18. Receivables and prepayments

| | | |
|---|---|---|
| Trade receivables | 7,079,735 | 5,136,622 |
| Less: Impairment losses | (151,128) | (151,128) |
| **Trade receivables – net** | **6,928,608** | **4,985,494** |
| | | |
| Other receivables and prepayments- net | 811,047 | 272,217 |
| | **7,739,655** | **5,257,711** |
| | | |
| The allowance at the end of the year is made up of: | | |
| | | |
| Provision for trade receivables | 151,128 | 151,128 |
| Provision for other receivables | 474,739 | 462,035 |
| **At end of year** | **625,867** | **613,163** |

## 19. Cash and cash equivalents

| | 2012<br>Rwf'000 | 2011<br>Rwf'000 |
|---|---|---|
| Cash at bank and in hand | 9,357,138 | 5,736,455 |
| Short term bank deposits | 364,937 | 327,618 |
| | **9,722,075** | **6,064,073** |

## 20. Capital and reserves

| Ordinary shares | Number of shares | Ordinary share capital<br>Rwf'000 | Share premium<br>Rwf'000 | Total<br>Rwf'000 |
|---|---|---|---|---|
| On issue at 31 December | 514,285,000 | 514,285 | 84,857 | 599,142 |

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

| Other reserves | 2012<br>Rwf'000 | 2011<br>Rwf'000 |
|---|---|---|
| Fiscal reserve | 148,252 | 148,252 |
| Statutory reserve | 1,885,167 | 1,885,167 |
| Legal reserve | 38,571 | 38,571 |
| | | |
| | **2,071,990** | **2,071,990** |

### Fiscal reserve

The fiscal reserve is based on Article 138 paragraph 3 of the Ministerial order of 1964 which required the company to maintain a special reserve of 20% of the profits for 1964. The reserve is not distributable to shareholders.

### Statutory reserve

The statutory reserve is a voluntary reserve created by the shareholders of the company and is not distributable to shareholders.

The reserve includes revaluation of inventory done in 1994 after a strong depreciation of the Rwandese franc (Rwf 1,297,370 thousand) and Rwf 212,466 thousand being the outstanding balance of revaluation reserve for property, plant and equipment. The Company elected to apply the optional exemption to use this previous revaluation as deemed cost at 1 January 2009, the date of transition to IFRS.

### Legal reserve

The legal reserve is based on a Government decree of 12 February 1998 which required an appropriation of 5% of net income for the prior year until a maximum level of 10% of the issued share capital. The legal reserve is not distributable to shareholders.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012 (*Continued*)

### 20. Capital and reserves *(Continued)*

### Dividends

During the year, the company did not pay interim dividend (2011: Rwf 3,754,281).

After the respective reporting dates the following dividends were proposed by the directors. The dividends have not been provided for and there are no income tax consequences.

| For the year ended 31 December | 2012<br>Rwf'000 | 2011<br>Rwf'000 |
|---|---|---|
| Final dividend Rwf 20.00 per qualifying ordinary share (2011: Rwf 24.20) | **10,285,700** | **8,691,416** |

### 21. Earnings per share

### Basic earnings per share

The calculation of basic earnings per share at 31 December 2012 was based on the profit attributable to ordinary shareholders of Rwf 19,027,272 (2011: Rwf 14,657,709), and the weighted average number of ordinary shares outstanding of 514,285,000 (2011: 514,285,000).

| | | |
|---|---|---|
| Profit for the year - Rwf '000 | 19,027,272 | 14,657,709 |
| Weighted average ordinary shares | 514,285,000 | 514,285,000 |
| | **Rwf 37.00** | **Rwf 28.50** |

There were no potentially dilutive shares and therefore Diluted Earnings per Share is the same as Basic Earnings per Share for the periods presented.

### 22. Loan and Borrowings

| | | |
|---|---|---|
| **Non-Current** | | |
| Bank borrowings | 2,548,411 | - |
| **Current** | | |
| **Bank borrowings** | **451,589** | **-** |
| **Total borrowings** | **3,000,000** | **-** |

In 2012, the Company secured a five year term loan amounting to Rwf 3 billion from Ecobank Rwanda Limited, to finance its capital expenditure. The interest rate is based on the bank's base rate minus 3.5% calculated on daily basis. As at 31 December 2012, the carrying amount was Rwf 3 billion.

### 23. Deferred income

| | | |
|---|---|---|
| Non-current | 1,421 | 19,853 |
| Current | 18,432 | 18,432 |
| | | |
| **Total** | **19,853** | **38,285** |

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012 *(Continued)*

### 23. Deferred income *(Continued)*

Deferred income relates to refund subsidies received from Diageo for equipment purchased amounting to Rwf 136,117 thousand. The total amount is being amortized over the expected useful life of the asset (8 years) on a straight line basis - Rwf 18,432 thousand per annum.

### 24. Share based payments

### Long term incentive plan

As from 1 January 2006 Heineken N.V. established a performance-based share plan (Long-Term Incentive Plan; LTIP) for Senior Management. The vesting of these rights is subject to the performance of Heineken N.V. on specific performance conditions over a three year period.

The LTIP share rights conditionally awarded each year in the 2008-2011 plan and the 2009-2012 plan are for 25 per cent subject to Heineken's RTSR performance and for 75 per cent subject to internal performance conditions.

The LTIP share rights conditionally awarded to senior management for the 2011-2012 plan are fully subject to internal performance conditions. These performance conditions are Organic Gross Profit beia growth, Organic EBIT beia growth, Earnings Per Share (EPS) beia growth, and Free Operating Cash Flow. At target performance, 100 per cent of the shares will vest. At maximum performance 150 per cent of the shares will vest.

The performance period for share rights granted in 2010 was from 1 January 2010 to 31 December 2012. The performance period for share rights granted in 2011 is from 1 January 2011 to 31 December 2013. The performance period for the share rights granted in 2012 is from 1 January 2012 to 31 December 2014. The vesting date is for senior management the latest of 1 April and twenty business days, after the publication of the annual results 2012, 2013, and 2014 respectively.

The terms and conditions of the Heineken N.V. share rights granted to senior management is as follows:

| Grant date | Number | Share price | Contractual life of rights |
|---|---|---|---|
| 2010 | 972 | 24.468 | 3 Years |
| 2011 | 1,673 | 28.616 | 3 Years |
| 2012 | 1,283 | 31.258 | 3 Years |

The number and weighted average share price per share is as follows:

| 2011 | Weighted average Share price | Number of shares |
|---|---|---|
| Outstanding at I January | 26.117 | 2,713 |
| Granted during the year | 30.265 | 1,673 |
| Vested during the year ( for 2008) | 26.117 | (518) |
| Forfeited during the year | - | - |
| Exercised | 26.117 | (522) |
| | - | - |
| **Outstanding at end of year** | **28.616** | **3,346** |

## 24. Share based payments *(Continued)*

| 2012 | Weighted average Share price | Number of shares |
|---|---|---|
| Outstanding at I January | 28.616 | 3,346 |
| Granted during the year | 35.198 | 1,283 |
| Vested during the year (for 2009) | 28.616 | (613) |
| Forfeited during the year | 28.616 | (820) |
| Exercised | - | - |
| | | |
| **Outstanding at end of year** | **31.258** | **3,196** |

## 25. Deferred income tax liability

Deferred income tax liability is calculated using the enacted income tax rate of 28% (2011-28%).

Deferred income tax liabilities, deferred income tax charge/ (credit) in the income statement, and deferred income tax charge/ (credit) in equity are attributable to the following items:

| Year ended 31 December | 2012 Rwf'000 | 2011 Rwf'000 |
|---|---|---|
| Property, plant and equipment: | 1,141,326 | 913,717 |
| Provisions | (341,725) | (15,857) |
| **Net deferred income tax liability** | **799,601** | **897,860** |

Movement in deferred tax on temporary differences during the year:

| | 1 January Rwf'000 | Recognised in income Rwf'000 | At 31 December Rwf'000 |
|---|---|---|---|
| **2012** | | | |
| Property, plant and equipment: | 913,717 | 227,609 | 1,141,326 |
| Provisions | (15,857) | (325,868) | (341,725) |
| **Net deferred income tax liability** | **897,860** | **(98,259)** | **799,601** |
| | | | |
| **2011** | | | |
| Property, plant and equipment: | 847,210 | 66,507 | 913,717 |
| Provisions | (43,047) | 27,190 | (15,857) |
| **Net deferred income tax liability** | **804,163** | **93,697** | **897,860** |

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012 (*Continued*)

### 26. Trade and other payables

| | 2012<br>Rwf' 000 | 2011<br>Rwf' 000 |
|---|---|---|
| Trade payables | 17,581,908 | 7,711,614 |
| Deposit on returnable containers | 12,325,086 | 10,575,510 |
| Other payables and accrued expenses | 6,159,496 | 6,414,240 |
| | | |
| | **36,066,490** | **24,701,364** |

### 27. Capital commitments

| | | |
|---|---|---|
| Contracted but not provided for | - | 2,683,563 |
| Authorised but not contracted for | 2,966,163 | - |
| Total | **2,966,163** | **2,683,563** |

In respect of the Company interest in a joint venture, the joint venture is committed to incur capital expenditure of Rwf 494, 996, 555, (2011: Rwf 1.067 billion), of which the Company's share of this commitment is Rwf 247,498,277 (2011: Rwf 534 million). These commitments are expected to be settled in 2013.

### 28. Off balance sheet commitments

| | | |
|---|---|---|
| Letters of credit | 1,504,247 | 3,374,616 |
| Undrawn committed bank facilities | 4,450,000 | 3,950,000 |
| Undrawn loan commitment | 3,000,000 | - |

The letters of credit cover purchase contracts with suppliers. These contracts mainly relate to malt, sugar and bottles.

Committed bank facilities are credit facilities on which the bank is legally obliged to provide the facility under the terms and conditions of the agreement.

The loan commitment is a 5 year loan with Development Bank of Rwanda (BRD) to finance its capital expenditure. The loan bears an annual interest rate of 12.5%.

### 29. Leases

The Company leases a number of vehicles under operating leases in the ordinary course of business. The leases run for a period of four years, with no option of renewal after that date.

| | | |
|---|---|---|
| Less than one year | 262,542 | 245,932 |
| Between one and five years | 556,886 | 472,222 |
| | **819,428** | **718,154** |

During the year an amount of Rwf 269,078,744 was recognized as an expense in profit or loss in respect of operating leases and rent (2011: Rwf 191,771,597).

## 30. Related party transactions

The Company is controlled by Heineken incorporated in Netherlands. The ultimate parent of the Company is Heineken Holdings N.V, a group also incorporated in Netherlands. There are other companies which are related to the Company through common shareholdings or common directorships.

The following transactions were carried out with related parties:

### a) Management & manufacturing fees and royalties paid to group companies

| | 2012<br>Rwf'000 | 2011<br>Rwf'000 |
|---|---|---|
| **i) Management fees** | | |
| Heineken Supply Chain BV | 862,310 | 346,152 |
| Heineken International BV | 381,386 | 371,420 |
| | | |
| **Total** | **1,243,696** | **717,572** |
| | | |
| **ii) Royalties paid/payable** | | |
| Heineken International BV | 664,636 | 566,845 |
| Amstel Brouwerij BV | 131,765 | 155,768 |
| **Total** | **796,401** | **722,613** |

### b) Purchase and sale of goods and services

| | | |
|---|---|---|
| Ibecor NV | 2,373,835 | 762,308 |
| Heineken Brouwerijen BV | 946,787 | 1,020,293 |
| Mouterij Albert NV | 2,303,778 | 2,764,011 |
| Bralima sarl | (24,077) | (14,431) |
| Brarudi SA | 528,795 | (10,844) |
| Al Ahram Beverages Company | 1,473,834 | 2,514,873 |
| Amstel Brouwerij BV | 72,028 | 90,822 |
| Heineken International BV | 1,050,602 | 1,678,107 |
| Premium Beverages International | 647,417 | - |
| Heineken Supply Chain BV | 952,391 | 700,871 |
| Consolidated Breweries Nigeria | (9,902) | - |
| Heineken Angola | (1,082) | - |
| | **10,314,406** | **9,506,010** |

### c) Directors remuneration

| | | |
|---|---|---|
| **Emoluments and benefit** | **18,852** | **75,456** |

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012 (*Continued*)

### 30. Related party transactions *(Continued)*

| | 2012<br>Rwf'000 | 2011<br>Rwf'000 |
|---|---|---|
| **d) Key management compensation** | | |
| Short-term employment benefits | 1,082,297 | 1,184,058 |
| Post-employment benefits | 125,417 | 102,698 |
| Other long term benefits | 156,283 | 165,450 |
| Share based payments | 51,912 | 56,632 |
| Termination benefits | - | 58,494 |
| | **1,415,909** | **1,567,332** |

#### e) Outstanding balances arising from sale and purchase of goods/services

| | | |
|---|---|---|
| *Payables to related parties* | | |
| Heineken Brouwerijen BV | 58,568 | 499,289 |
| Heineken Supply Chain BV | 215,909 | 496,688 |
| Heineken International BV | 260,671 | 642,130 |
| Mouterij Albert NV | 2,353 | 2,057 |
| Ibecor NV | 1,397,538 | 147,837 |
| Brasserie de Bourbon SA | 1,509 | 1,509 |
| Bralima sarl | 101,146 | 77,069 |
| Nigerian Breweries PLC | 9,783 | 25,952 |
| Al Ahram Beverages Company | 434,481 | 468,559 |
| Amstel Brouwerij BV | - | 27,404 |
| Premium Beverages International BV | 178,642 | - |
| | | |
| | **2,660,600** | **2,388,494** |

| | | |
|---|---|---|
| *Receivables from related parties* | | |
| Sierra Leone Brewery Ltd | 29,174 | 23,963 |
| Bralima sarl | 42,002 | 42,002 |
| Brarudi SA | 154,272 | 5,311 |
| Heineken Brouwerijen BV | 37,845 | - |
| Nigerian Breweries PLC | 5,308 | - |
| Heineken Angola | 1,082 | - |
| | **269,683** | **71,276** |

### 31. Contingent Liabilities

As part of their normal audit activities, Rwanda Revenue Authority (RRA) conducted an audit of excise duty taxes for the years 2007 - 2009. Bralirwa objected to the assessment by RRA and filed a court case. The court issued a ruling in favor of the company. However , in 2013 RRA has filed an appeal against the court decision. The disclosure required by IAS 37 Provisions, Contingent Liabilities and Contingent Assets are not provided as the court case is still ongoing.


# PART SEVEN

FIVE YEAR FINANCIAL SUMMARY
GLOSSARY

# Five Year Financial Summary

| | 2012<br>Frw'000 | 2011<br>Frw'000 | 2010<br>Frw'000 | 2009<br>Frw'000 | 2008<br>Frw'000 |
|---|---|---|---|---|---|
| **Revenue** | **76,978,563** | **64,958,343** | **52,798,554** | **45,478,111** | **42,699,886** |
| Cost of sales | (36,721,337) | (30,707,194) | (27,115,035) | (26,729,543) | (23,948,738) |
| **Gross profit** | **40,257,226** | **34,251,149** | **25,683,519** | **18,748,568** | **18,751,148** |
| Other income | 1,980,930 | 1,682,127 | 1,477,387 | 2,221,825 | 1,859,426 |
| Selling and distribution costs | (3,666,703) | (3,211,288) | (2,076,175) | (1,591,679) | (1,198,947) |
| Administrative expenses | (12,858,874) | (11,519,258) | (10,239,784) | (8,947,521) | (10,200,101) |
| Other operating expenses | (446,929) | (1,025,155) | (315,020) | (693,336) | (63,033) |
| **Total expenses** | **(16,972,506)** | **(15,755,701)** | **(12,630,979)** | **(11,232,536)** | **(11,462,081)** |
| **Results from operating activities** | **25,265,650** | **20,177,575** | **14,529,927** | **9,737,857** | **9,148,493** |
| Finance income | 395,046 | 376,136 | 120,614 | 44,552 | 157,484 |
| Finance costs | (748,313) | (460,257) | (248,691) | (449,338) | (306,296) |
| **Net Finance cost** | **(353,267)** | **(84,121)** | **(128,077)** | **(404,786)** | **(148,812)** |
| Share of joint venture losses | (51,101) | (88,899) | - | - | - |
| **Profit before income tax** | **24,861,282** | **20,004,555** | **14,401,850** | **9,333,071** | **8,999,681** |
| Income tax expense | (5,834,010) | (5,346,846) | (4,071,307) | (2,985,627) | (3,266,491) |
| **Total comprehensive income for the year** | **19,027,272** | **14,657,709** | **10,330,543** | **6,347,444** | **5,733,190** |
| **Basic and diluted earnings per share - Rwf*** | **37.00** | **28.50** | **20.09** | **12.34** | **11.15** |

# Glossary

## Other information

### Revenue
Net realized sales proceeds after deduction of excise duties.

### EBIT
Earnings before interest and taxes and net finance expenses.

### EBITDA
Earnings before interest and taxes and net finance expenses before depreciation and amortization.

### Total and total comprehensive income for the year
Net profit

### Net profit
Profit and total comprehensive income for the year (profit attributable to equity holders of the Company).

### Free operating cash flow
This represents the total of cash flow from operating activities, and cash flow from operational investing activities.

### Earnings per share
Net profit divided by the weighted average number of shares – basic – during the year.

### Net debt
Non-current and current interest-bearing loans and borrowings and bank overdrafts less investments held for trading and cash.

### Net debt/EBITDA ratio
The ratio is based on a twelve month rolling calculation for EBITDA.

### Gearing
Net debt/total equity.

### Dividend payout
Proposed dividend as percentage of net profit.

### Cash conversion ratio
Free operating cash flow/Net profit before deduction of non-controlling interests.

# Proxy form

The undersigned ......................................................................................................................................................................
acting in my capacity of Shareholder of Brasseries et Limonaderies du Rwanda ("BRALIRWA Ltd") with registered Office at KIGALI, RWANDA (further "the Company"), or at……………………………………………………………………..

do hereby nominate and appoint .....................................................................,

as my lawful attorney, to attend on my behalf the **Annual Meeting** of "the Company" to be held on 13 **June, 2013** at **Kigali, SERENA Hotel,** according to the following agenda :

1. Consideration of the annual report;
2. Receiving the auditor's report;
3. Consideration and approval of the financial statements;
4. Appropriation of profit and total comprehensive income for the year;
5. Discharge of the Directors and Auditors for financial year 2012;
6. Appointment of Directors;
7. Appointment of Auditors;

and to execute the right of vote on my behalf in all matters included into the agenda of the meeting at the above-mentioned date or any other date on the same agenda, hereby ratifying and confirming all that attorney may do in my name.

Given at .............................., the ................... 2013


DRINK RESPONSIBLY
INZOGA
Y'ABAGABO
TURBO KING
DARK ALE
TURBO KING

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