Bralirwa
PART OF THE HEINEKEN COMPANY

Annual Report and Accounts 2019


Heineken
HEINEKEN LAGER BEER
Heineken
PREMIUM QUALITY

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Mission Statement and Values

Our 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.

Our Values

Bralirwa Plc's three core values are derived from its parent company Heineken N.V.'s values, being passion for quality, enjoyment of life, respect for people and for the planet. 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 organisation.

Respect

As an integral part of the local and global communities in which it operates, Bralirwa Plc respects the laws and regulations of the country in which it operates. Bralirwa Plc pays attention to different cultures and to the environment preservation, 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.

Enjoyment

Bralirwa Plc 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 Plc'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.

Passion for Quality

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

Aerial view of Gisenyi brewery site

PART ONE

QUICK READ

Quick Read

Results At A Glance

Results in Rwf millions	2019	2018	Change (%)
Revenue	100,691	98,954	1.8%
EBIT	10,667	18,441	-42.2%
EBITDA	24,476	30,944	-20.9%
Net Profit	1,192	7,242	-83.5%
Dividend (proposed)	1,029	5,657	-81.8%
Free Operating Cash flow	1,929	(7,870)	-124.5%
Statement of financial position in Rwf millions			
Total Assets	121,741	134,801	-9.7%
Net Working Capital	(30,923)	(23,129)	33.7%
Shareholder's equity	34,611	39,076	-11.4%
Net debt	41,298	47,686	-13.4%
Results and Statement of financial position per share (1 Rwf)			
Weighted Average Number of Shares	1,028,570,000	1,028,570,000	0.0%
Earnings per share 'Rwf	1.16	7.04	-83.5%
Dividend Proposed 'Rwf	1.00	5.50	-81.8%
Free Operating Cash (deficit) flow 'Rwf	1.88	(7.65)	-124.6%
Employees in Numbers			
Average Number of Employees	509	538	-5.4%
Key Ratios (in %)			
EBIT as % of Revenue	10.6%	18.6%	-43.0%
Net Profit as % of Average Shareholder's Equity	3.4%	18.5%	-81.6%
Net Debt/EBITDA	168.7%	154.1%	9.5%
EBITDA/Interest expenses (times covered)	314.3%	382.3%	-17.8%
RONA	2.1%	10.4%	-79.8%
Cash Conversion Rate	161.8%	-108.7%	-248.9%
Dividend % Payout (% of Net Profit)	86.3%	78.1%	-10.5%

Packaging line inside the brewery

History

- Founded in 1957, Bralirwa Plc is a Rwandan company producing and selling a portfolio of beer brands and soft drinks
- Bralirwa Plc has been part of the HEINEKEN Group since 1971
- Bralirwa Plc's shares were listed on the Rwandan Stock Exchange since 31 January 2011


Coca-Cola
refreshingly
good
Coca-Cola

PART TWO

CHAIRMAN'S STATEMENT

Chairman's Statement

Introduction

Let me start by thanking our Vice Chairman and Managing Director Mr. Merid Demissie for his contribution to our Company over the last 1 year.

It is with great pleasure that I address to you my second Chairman's statement for the year ended 31 December 2019.

Business Context 2019

The economic growth in Sub-Saharan Africa was estimated at 3.3% in 2019. This growth was largely driven by improved external environment including stronger global growth, higher commodity prices and consequently higher capital inflows.

The East Africa Community (EAC) sustained economic growth, with Rwanda outperforming in terms of real GDP growth at 9.5% in 2019. The Rwandan economy performed well, driven by the agriculture, service and industry sectors. However, Rwanda's formal trade deficit deteriorated to 10.6% in 2018/19 (2017/18: 7.7%), mainly due to increased imports supporting the ongoing infrastructure improvement projects while exports grew on a lower level.

In 2019, the Rwandan Franc (Rwf) depreciated 4.9% against the US Dollar (USD) and appreciated 0.9% against the Euro (EUR). Headline inflation declined to 0.8% in 2019, mainly due to reduced food prices resulting from good agricultural performance.

In 2019, overall top line results improved compared to 2018. Revenue management combined with a focus on cost savings as well as operational efficiencies positively impacted the top line and gross profit. Despite the favourable top line performance, our bottom line result shows a temporary setback, due to prior years tax adjustments and several provisions. In order to drive sustainable performance, we kept investing in our people, brands, capacity, sustainability and digital solutions.

Top line

Top line results improved driven by revenue management, Bralirwa Plc's brand investments and new product introductions. Revenue was 1.8% higher than last year at Rwf 101 billion (2018: Rwf 99 billion), due to strong volume growth of 5.4%, partly offset by higher variable selling expenses, negative mix driven by Primus 50cl and Heineken locally produced and prior year tax adjustment on excise duty. The Beer market recovered from prior years' price increases, but remained very competitive combined with constrained consumer spending.

Investments

Capital expenditure in 2019 decreased to Rwf 12.6 billion (2018: Rwf 15.4 billion) in line with guidance of being at a more normalised level than last year, with 2018 elevated given the investment associated with Heineken® local production, the Gisenyi brewery waste water treatment plant and the Enterprise Resource Planning (ERP).

The Bramin JV farm, now in its sixth year of commercial farming, requires further improvement of operational results, efficiencies, cost savings and crop rotation in order to become profitable. In addition to last year's impairment, a charge of Rwf 3.2 billion (2018: Rwf 0.3 billion) was recorded in Bralirwa Plc financials on the loan to Bramin, and this was included in other operating expenses. This impairment has no impact on cash flows, and reflects Bralirwa Plc management's view of future expected performance of Bramin. Despite the impairment, we expect the farm to become profitable in the near future and continue to believe in the importance of the farm and the various positive contributions that this brings to the company and society.

Debt reduction remains a priority at Bralirwa Plc. Due to repayment, the USD denominated long-term IFC loan is now Rwf 14.6 billion, this follows the repayment of the BPR loan in 2018. As a result, our net debt position decreased to Rwf 41.3 billion (2018: Rwf 47.7 billion), despite the reclassification of the Bramin long-term loan to investments. Net finance cost decreased to Rwf 7.8 billion (2018: Rwf 8.1 billion).

Debt

Debt reduction remains one of Bralirwa Plc's key priorities. The repayment of the USD denominated long term IFC loan commenced with a payment of USD 3.1 million and the BPR loan was repaid in full in 2018. However, our net debt position temporarily decreased to Rwf 41.3 billion (2018: Rwf 47.7 billion) mainly as result of lower capital expenditure (2018: Rwf 8.1 billion).

Financial statements

A continued focus on cost savings combined with operational efficiencies and local production of high quality Heineken®, resulted in improved performance of Gross Profit (GP) which increased by 6.4%. Despite the strong performance of GP, results from operating activities decreased by 42.2% to Rwf 10.7 billion (2018: Rwf 18.4 billion) due to a number of one offs including prior years tax adjustments and provisions relating to the Returnable Packaging Materials (RPM) loan, bad debts and spare parts, as well as the impairment of Bramin Joint Venture loan. Excluding these one off expenses from our operating activities would have otherwise led to an increase in our financial results versus last year.

The above impacted the 2019 Statement of Financial Position and of Comprehensive Income as follows:

1. Net debt decreased by -13.4% to Rwf 41.3 billion in 2019 (2018: Rwf 47.7 billion), despite the reclassification of the Bramin long-term loan to investments.

2. Total payables increased by 16.7% to Rwf 35.8 billion in 2019 (2018: Rwf 30.7 billion) mainly from amounts due to related parties.

3. Revenue improved by 1.8% to Rwf 101 billion in 2019 (2018: Rwf 99.0 billion), due to strong volume growth of 5.4%, partly offset by higher variable selling expenses, negative mix driven by Primus and locally produced high quality Heineken® and the prior year tax adjustment on excise duty recorded in first half of the year.

4. Decreased cost of sales by -0.5% to Rwf 65.8 billion in 2019 (2018: Rwf 66.2 billion), despite higher volume and Foreign Exchange (FX) effect, mainly due to locally produced Heineken® (saving on shipment and import duties).

5. Net finance cost decreased by 3.8% to Rwf 7.8 billion in 2019 (2018: Rwf 8.1 billion), due to scheduled repayment of IFC USD loan.

Consequently Profit and total comprehensive income decreased by 83.5% to Rwf 1.2 billion (2018: Rwf 7.2 billion), one off expenses. This resulted in a decline in earnings per share of Rwf 1.16 (2018: Rwf 7.04).

Brands

The year 2019 was another great year for the Mützig brand, with strong top line growth for even the prior year.

Mützig strengthened its position as the brand for celebration moments as a 'gateway to world class experiences' with its sponsorship platforms of live music, high-end fashion and highprofile cultural events. In May 2019 we launched a brand extension Mützig Class. This refreshing and stylish beer targets new consumers looking for an easy drinking beer with a lower alcohol content.

Primus strengthened its market position with double-digit growth and continues to play an important part in the Bralirwa Plc portfolio. The new 'homecoming campaign' reinforced the brands positioning around friendship and national pride. We were also proud to sponsor the Iwacu Muzika festival, a countrywide tour with live performance reaching many of our consumers.

Following the launch in February 2018 of Amstel 100% Pure Malt, the brand continues to perform well, and delivered double digit growth in 2019. The new campaign 'Respect Every Sip' underlined the credentials of the superior quality Amstel malt beer.

At the end of last year in December, Bralirwa Plc crossed a key milestone in starting local production of Heineken®. With Heineken® local production, Bralirwa Plc now offers consumers the same great taste at a more affordable and accessible price. Consistent high quality production scores together with increased brand equity and awareness have favorably changed the taste perception of our consumer during 2019. Heineken® also benefited from activation around the UEFA Champions League (the UCL), with a series of pool parties organised across the country around this event, and sponsorship of well known international artists, offering world-class experiences, and firmly supporting the premium positioning of the brand.

Safety

Safety first, safety always' remains our number one priority. Nothing is more important to Bralirwa Plc than the safety of our employees and the people that we work with. Bralirwa Plc has embedded the Heineken safety culture across its operations, has systematically implemented the Life Saving Rules and again invested substantially in safety in 2019.

By the end of 2018 we ensured that all company- and contractor vehicles were equipped with GPS devices to track safe driving behavior and since then we have seen a significant drop in incidents. Our Kigali Soft Drinks Plant celebrated 5 years without accidents in 2019; Gisenyi brewery has now been accident free for over a year.

Our Organization, Our People

The focus of the year 2019 was on awareness and development of HEINEKEN leadership expectations and capabilities amongst senior and middle management levels, supported by various trainings to equip middle managers with the essential leadership skills.

Continued effort was directed to developing the capabilities of our employees in various functions, which will contribute to our employees' performance in their current and future roles, as we prepare for our journey towards becoming a World Class organization.

Social

As in past years, Bralirwa Plc continues to provide a number of Corporate Social Responsibility (CSR) activities to benefit communities and the environment. A selection of CSR activities are described in greater detail in the section on the Director's Report.

Dividend

Payment of a cash dividend for 2019 of Rwf 1.0 per share (2018: Rwf 5.50) will be proposed to the annual general meeting of shareholders scheduled for 17th September 2020. The proposed dividend, if approved, will be paid on 16th October 2020. The dividend represents 86.3% of the net profit of the year 2019.

Please note that the payment will be subject to a withholding tax. The book close date for Bralirwa Plc shares will be 10th September 2020, such that the final dividend will be paid to all shareholders, whose names appear in the Register of Shareholders at the close of business on that day.

Board of Directors

There was no change in the membership of the Board of Directors in 2019.

Auditors

The proposal for your approval at the annual general meeting of shareholders, is to appoint Ernst & Young Rwanda as our Auditing firm. This follows the decision by Deloitte, our previous auditor, to cease operating in the Rwandan market.

Outlook 2020

Ongoing uncertainties and resulting volatility in the global economy are expected to continue to impact African economies in the coming year. Our initial plan for 2020 was for further top line, profit and margin growth in the context of continued improved performance of the Rwandan economy relative to the broader African region, and driven by new product introductions, cost management and further debt reduction.

However, the outbreak of COVID-19 represents an unprecedented health crisis and macro-economic risk, which is likely to have a significant impact on the economy and our business in the near term. As always, our priority is the safety and health of our employees, customers and local partners, and in playing a constructive role supporting the government as they work to contain this. At this stage, it is not possible to assess the extent and duration of this crisis and its impact on the economy and our business.

Conclusion

Let me conclude by thanking my colleagues of the Board for their support in 2019.

To management and all employees, thanks for your dedication and great effort in 2019. To our commercial partners, our thanks for their co-operation and partnership. To our consumers, our thanks for their loyalty and trust in the quality of our brands.

And to you our shareholders, thank you for your support in 2019 and continued confidence in our Company.

Lieven van der Borght
Chairman of the Board,
Kigali, 25th March 2020


Holiday spirit. Without the spirit.
Heineken
HEINEKEN ORIGINAL
Heineken
PURE MALT LAGER
EST. 1873
Heineken®

Ijambo rya Perezida w'Inama y'Ubutegetsi

Intangiriro

Reka ntangire nshimira Bwana Merid Demissie, Perezida w'Inama y'Ubutegetsi wungirije akaba n'Umuyobozi Mukuru w'Uruganda. ku musaruro twagezeho mu mwaka ushize.

Nshimishijwe no kubagezaho ijambo ryanjye rya babiri nka Perezida w'Inama y'Ubutegetsi, ijambo ribagezaho raporo y'umwaka twasoje taliki ya 31 Ukuboza 2019.

Ishusho rusange y'ubucuruzi muri 2019

Mu mwaka wa 2019, umusaruro w'ibihugu biri munsi y'ubutayu bwa Sahara wari witezweho kuzamuka ku gipimo cya 3,3%.
Ibi byaraturutse ahanini ku ivugururwa ry'amategeko mu bihugu bimwe, uburyo buboneye mu gufasha ubucuruzi no kuzamuka cyane k'ubukungu ku isi, ku micungire myiza y'igiciro cy'ibicuruzwa, n'inzira z'ishoramari zoroheje.

Akarere k'ibihugu byo mu Burasirazuba duherereyemo kagize umusaruro utubutse, naho umusaruro mbumbe w'u Rwanda uzamuka ku gipimo cya 9,5% mu mwaka wa 2019.
Ubukungu bw'u Rwanda bwari bwifashe neza, bishingiye ahanini ku buhinzi, serivise ndetse n'inganda. Icyakora ikinyuranyo cy'ibitumizwa n'ibyoherezwa mu mahanga cyagabanutseho 10,6% muri 2018-19, (2017-18:7,7%) kuko ibitumizwa mu mahanga byiyongereye bitewe n'imishinga iri mu gihugu yo kubaka ibikorwaremezo, naho ibyoherezwa mu mahanga byiyongereye ku gipimo gito. Muri 2019, agaciro k'ifaranga ry'u Rwanda kagabanutse ku kigero cya 4,9% ugereranije n'idorali rya Amerika, kiyongeraho 0,9% ugereranije n'amayero. Umusaruro mbumbe wagabanutse ku gipimo cya 0,8% muri 2019. Ibi bikaba ahanini bishingiye ku kuba ikiguzi cy'ibikomoka ku buhinzi cyaragabanutse, kuko muri rusange ubuhinzi bwatanze umusaruruoro ushimishije.
Muri rusange umusaruro wariyongereye muri 2019 ugereranije n'umwaka wa 2018. Uburyo bwo gucunga no kwitwararika imikoreshereze y'amafaranga, bwatanze umusaruro ushimishije. Icyakora naho umusaruro wabaye mwiza, ibipimo by'ibyagezweho bigaragaza imbogamizi zikomoka ku misoro ndetse no ku bikoresho by'ibanze byinshi byari bikenewe mu myaka ishize. Kugira ngo tubashe kwitwara neza no mu minsi izaza, twakomeje gushyira imbaraga mu bakozi, mu byo ducuruza, mu bushobozi bw'abakozi , mu ireme ry'ibyo dukora ndetse no bisubizo bishingiye ku ikoranabuhanga.

Ishusho rusange y'ibyacurujwe

Uko twacuruje, ibyo twacuruje, ibyo twinjije n'ingano y'ibyo twagurishije byarazamutse bitewe n'imicungire myiza y'umusaruro, nuko Bralirwa Plc washyize imbaraga mu bicuruzwa ndetse no kuzana ibinyobwa bishya. Ibyo twinjije byazamutseho 1.8% ugereranije n'umwaka ushize. Ni ukuvuga Miliyari 101 (2018: miliyari 99), bitewe nuko ingano y'ibyagurishijwe yazamutseho 5,4%. Ariko na none ibyacurujwe byagabanyutse bitewe ni zamuka rya mafaranga menshi yasohotse ku bucuruzi butandukanye hamwe n'igabanuka ry'urwunguko ruturuka kuri Primus 50 cl na Heineken ikorerwa mu Rwanda ni mpinduka ku misoro yibyacurujwe. Ugereranyije ni zamuka ry'ibiciro mu myaka yashize, isoko ry'inzoga ryarazamutse ariko ibicuruzwa byi binyobwa kwi soko byabaye byinshi, hamwe nukugubanuka kwu bushobozi buke bw'abaguzi.

Ishoramari

Muri 2019, amafaranga yakoreshejwe yaragabanutse agera kuri miriyari 12.6 (2018: miriyari 15.4), mu rwego rwo gukomeza kuba ku murongo uboneye kurusha uko byari bimeze umwaka ushize; muri 2018 igipimo cyari mu rwego rwo hejuru kubera igishoro cyashyizwe mu gushyira ku isoko Heineken yengewe mu Rwanda, uruganda rusukura amazi aba yakoreshejwe ku ruganda rwo ku Gisenyi, ndetse n'uburyo bwo guteganya abakozi n'ibikoresho.

Umurima uhuriweho BRAMIN umaze imyaka itandatu ukora hagamijwe inyungu, ukeneye kwitabwaho kurushaho kugira ngo ushobore gutanga umusaruro ugaragara, ukore neza kandi hakoreshejwe ingengo y'imari nto ndetse habe no gusimburanya ibiwuterwamo, ibyo byose kugira ngo ushobore gutanga inyungu nyayo.

Byongeye kandi, hejuru y'ingorane twahuye nayo umwaka ushize yo kuba imyaka yaratewe n'udukoko bigatuma umusaruro uba muke, ,BRAMIN yahawe inguzanyo y'amafaranga miriyari 3.2 (2018: miriyari 0.3Frw), ashyirwa mu giteranyo cy'andi mafaranga yasohotse, yandikwa mu bitabo by'imari bya Bralirwa Plc. Ibi nta ngaruka bizagira ku mafaranga akenewe mu buryo bwa buri munsi, kuko ubuyobozi bwa Bralirwa Plc bwabonye ko mu minsi iri mbere nta kintu kinini BRAMIN izatakaza. Nubwo hakigaragara umusaruro muke, ntidushidikanya ko uyu murima ugifite umumaro kandi tuzi ibyiza umaze kugeza kuri Bralirwa Plc no ku Banyarwanda muri rusange.

Ideni

Kugabanya umwenda wa Bralirwa Plc nicyo kituraje ishinga. Kuri ubu twatangiye kwishyura inguzanyo y'igihe kirekire twahawe na IFC, ubu tumaze kwishyura miliyoni 3.1 z'amadorari. Inguzanyo ya BPR yo muri 2018 twayishyuye yose uko yakabaye. Ubu umwenda wacu waragabanutse ugera kuri miriyari 41.3 Frw (2018: miriyari 47.7 Frw). Ingengo y'imari yaragabanutse, bitewe n'igabanuka ry'amafaranga yaguzwe ibikoresho (2018: miriyari 8.1Frw).

Raporo z'Ibitabo by'Ibaruramari

Gukomeza umurongo wo kudasesagura, kunoza imikorere no gukora Heineken yo mu Rwanda yujuje ubuziranenge nibyo byatumye umusaruro uzamukaho 6.4%. Naho umusaruro rusange wazamutse ku buryo bugaragara, hari uwavuye mu bikorwa binyuranye wagabanutse ugera ku kigero cya 42.2% ni ukuvuga ku mafaranga miriyari 10.7 Frw (2018:miriyari 18.4) bitewe n'ibintu byihariye nko kwishyura imisoro y'imyaka yashize, kwishyura ideni rya RPM n'andi madeni anyuranye, kugura ibikoresho byo gusana amamashini ndetse n'imigendekere itarabaye myiza y'inguzanyo twahaye BRAMIN mumushinga duhuriyeho (Joint venture). Ibi rero, iyo bitaba, umusaruro uba warazamutse ku buryo bushimishije.
Ibyo byose tumaze kuvuga bijyanye n'umutungo, bifite aho bihuriye na Raporo y'Ingengo y'imari ya 2019 n'ingano y'ibyo twinjiza muri rusange ku buryo bukurikira:

1. Umwaka wa 2019, ideni nyaryo ryagabanutse ku kigero cya 13.4% ni ukuvuga miriyari 41.3 Frw (2018: miriyari 47.7 Rfw) , naho ideni ry'igihe kirekire rya BRAMIN ryashyizwe mw'ishoramari.
2. Amafaranga dusohora yose hamwe yiyongereyeho 16.7% ni ukuvuga miriyari 35.8Frw muri 2019 (2018:miriyari 30.7 Frw) cyane cyane biturutse ku mafaranga tugomba abafatanyabikorwa.
3. Amafaranga yinjiye yiyongereye ku kigero cya 1.8% ni ukuvuga amafaranga miliyari 101 mu mwaka wa 2019 (2018 yari amafaranga miliyari 99 Frw), kubera ko ibyo ducuruza byiyongereye ku kigero cya 5.4%, ahanini kubera izamuka ry'ingano y'ibyacurujwe, hamwe n'igabanuka ry'urwunguko ruturuka kuri Primus 50 cl, n'ubuziranenge n'ireme bya Heineken ikorewe mu Rwanda no kwishyura imisoro itandukanye yagaragaye mu gihembwe cya mbere cy'umwaka ushize.
4. Ikiguzi ku bicuruzwa cyagabanutse ku kigero cya -0.5% ni ukuvuga miriyari 65.8 Frw muri 2019 (2018: miriyari 66.2Frw), nubwo ingano yabyo yiyongereye, ukongeraho ndetse n'ingaruka zi biciro byivunjisha, ahanini bikaba byaratewe no gukorera Heineken hano (kuzigama ikiguzi cy'ubwikorezi n'imisoro ijyajye no gutumiza ibicuruzwa hanze).
5. Ikiguzi nyacyo cyagabanutseho 3.8% ni ukuvuga miriyari 7.8 Frw muri 2019 (2018: miriyari 8.1Frw) bitewe no kwishyura igice cy'inguzanyo ya IFCiri mu madorari uko byari byateganyijwe.
   Bityo rero, umusaruro w'ibikorwa by'ikigo waragabanutse ugera kuri 83.5 % ni ukuvuga miliyari 1.2 Frw (2018:miriyari 7.2 Frw) bitewe nuko bitazongera kubaho ukundi. Ibi byatumye habaho igabanuka ry'inyungu ku mugabane rigera ku mafaranga y'u Rwanda miriyari 1.16 Frw, (2018: miriyari 7.04 Frw)

Ibicuruzwa

Umwaka wa 2019 nawo wabaye umwaka mwiza ku gicuruzwa cya Mützig mu bijyanye n'ibyacurujwe cyane ugereranyije n'umwaka wabanje. Mützig yashimangiye ko ari ikinyobwa kijyane n'ibihe by'ibirori ikoreshwa mu guha abantu ibihe byiza ku rwego rwo hejuru biciye mu gutera inkunga ibitaramo by'umuziki ucurangwa imbonankubone ("live"), iby'imideli, iby'urwenya n'iby'umuco. Muri Gicurasi 2019 twatangije ikindi gicuruzwa "Mutzig class." Iki kinyobwa kimara inyota kandi cyujuje ubuziranenge kigenewe abaguzi bifuza inzoga yoroshye kunywa kandi idakaze cyane.

Primus yongeye kugaragaza imbaraga zayo mu kugumana umwanya mwiza ku isoko, izamuka bidasanzwe kandi ikomeje kugira uruhare runini mu mutungo wa Bralirwa Plc. Iyamamaza ry'igitekerezo "Murakaza neza" ryashize ku mwanya Mwiza Primus ku bijyanye nu bushuti hamwe n'ishema ry'Igihugu. Twishimiye kandi kuba twarateye inkunga " Iwacu Muzika Festival" yazengurutse Igihugu cyose icuranga imbonankubone ikaba yarageze ku baguzi bacu benshi.

Gashyantare 2018, Bralirwa Plc yashyize ku isoko inzoga Amstel igizwe 100% na Malt, kugeza n'ubu iyi nzoga irakomeza gukundwa ikaba yarazamutse ku buryo bushimishije cyane muri 2019. Iyamamaza ry'igitekerezo "Ha agaciro buri ntama" ryatumye ireme n'uburyohe by'inzoga ya Amstel igizwe na malt bimenyekana neza.

Mu mpera z'umwaka ushize, mu Ukuboza, Bralirwa Plc yageze ku ndoto zayo maze ishyira ku isoko Heineken® yengewe mu Rwanda. Kwengera Heineken mu Rwanda byatumye duha Abanyarwanda inzoga y'umwimerere kandi ku giciro gito, bituma kandi Heineken ishobora kugera henshi ku isoko ryo mu Rwanda. Uburyohe, ubuhanga n'ubuziranenge ikoranye byatumye, muri 2019, umuguzi wacu azamura urugero yumvagaho icyanga cy'inzoga.
Heineken nanone yagize inyungu mu bikorwa bitandukanye bijyanye ni gikombe cy'impuzamashirahamwe ry'umupira w'amaguru ku mugabane wi burayi (EFA Champions League) aho byakorerwaga mu bice byinshi by'Igihugu, mu nkunga y'abahanzi b'ibyamamare ku rwego mpuzamahanga, mu kugaragaza ubunararibonye ku rwego rw'isi no gushyigikira bihamye ireme ry'igicuruzwa.

Kubungabunga Abantu n'Ubuzima Bwabo

"Umutekano mbere ya byose, umutekano igihe cyose ", iyo ni yo ntego yacu.
Muri Bralirwa Plc nta kiruta umutekano n'ubuzima bw'abakozi bacu n'abandi bantu dukorana. Mu bikorwa byayo, Bralirwa Plc yibanze cyane ku murongo ngenderwaho wa Heineken wo guhora yita ku mutekano w'abantu n'ibintu ndetse ishyira mu bikorwa by'umwihariko Amategeko Arengera Ubuzima, byongeye kandi mu mwaka wa 2019 yashyize imbaraga nyinshi mu kubungabunga umutekano w'abantu n'ubuzima bwabo.

Mu mpera z'umwaka wa 2018 imodoka zose z'uruganda ndetse n'izabafatanyabikorwa zashyizwemo utwuma tugenzura imikoreshereze y'ikinyabiziga (GPS) mu rwego rwo kugenzura uko ikinyabiziga gikoreshwa, kandi kuva icyo gihe, habaye impinduka nyinshi mu kurushaho kwirinda impanuka . Uruganda rwacu rwa Kigali y'Ibinyobwa Bidasindisha rwizihije imyaka 5 nta mpanuka muri 2019. Uruganda rwa Gisenyi rumaze umwaka wose nta mpanuka ibaye.

Ikigo Cyacu, Abantu Bacu

Umwaka wa 2019 twibanze ahanini mu kumenyesha no kuzamura ubumenyi mu buryo bw'Imiyoborere HEINEKEN yahisemo, ari nabwo yifuriza buri wese. Hatanzwe amahugurwa mu ngeri zinyuranye z'ubuyobozi mu ruganda. Ayo mahugurwa yari agamije gutanga ubumenyi bwibanze mu miyoborere.

Twakomeje gushyira imbaraga nyinshi mu kongerera abakozi bacu ubushobozi mu myanya y'imirimo itandukanye, ibyo bikaba bizagira uruhare mu kongera umusaruro w'abakozi bacu mu mirimo bashinzwe n'iyo bashobora gushingwa mu gihe kizaza, mu rugendo twitegura rwo kuba ikigo cy'agaciro ku rwego rw'isi.

Imbonezamubano

Gutunganya isi igenda iba nziza kurushaho bikomeje kuba ku isonga ry'ibyo Ikigo cyacu giha agaciro kandi ni nawo murongo tugenderaho mu bikorwa byacu byose by'ubucuruzi. Intego yacu igaragarira mu bintu 6 dushaka gushyiramo imbaraga by'umwihariko: kunywa mu rugero, ubuzima n'umutekano, gukoresha neza amazi, kugabanya imyuka ihumanya ikirere, kuzamukira hamwe n'abaturage no gukoresha ibikenerwa byi mbere mu gihugu aha Ibikorwa mbonezamubano by'ingenzi byakozwe bifitiye akamaro abaturage bisobanuye neza mu gice cya "Raporo y'Umuyobozi w'Ikigo" muri iyi Raporo y'Umwaka.

Urwunguko ku Migabane

Kwishyura inyungu y'abanyamigabane yo muri 2019 ya Rwf 1.0 kuri buri mugabane (2018: Rwf 5.50) bizasabwa mu nama rusange ngarukamwaka y'abanyamigabane iteganijwe ku ya 17 Nzeri 2020. Inyungu ziteganijwe, niba zemejwe, zizishyurwa ku ya 16 Ukwakira 2020. Inyungu zingana na 86.3% yinyungu yumwaka wa 2019.

Nyamuneka menya ko ubwishyu buzatangirwa umusoro uteganyijwe. Ibitabo byibaruramari kumigabane ya Bralirwa bizarangirira ku ya 10 Nzeri 2020, ku buryo inyungu ya nyuma izishyurwa ku banyamigabane bose, amazina yabo agaragara mu gitabo cy'abanyamigabane, kumpera z'uwo munsi.

Inama y'Ubuyobozi

Mu mwaka wa 2019, nta mpinduka zabayeho mubagize inama y'ubutegetsi.

Abagenzuzi

Umushinga wo kwemeza Ernst & Young Rwanda nk'abagenzuzi bacu uzagezwa ku nama rusange ngarukamwaka y'abanyamigabane. Ibi bikomoka ku cyemezo cya Bwana Deloitte, umugenzuzi wacu ucyuye igihe, cyo guhagarika ibikorwa ku isoko ry'u Rwanda.

Uko tubona umwaka wa 2020

Ibibazo bikomeje kuba mu bukungu bw'isi byitezwe ko bizakomeza kugira ingaruka ku bukungu bwa Afurika, umwaka utaha. Umugambi wacu wa mbere wo muri 2020 wari uwo kuzamura ubukungu ku buryo bufatika, kwagura inyungu bijyanye n'ibihe ubukungu bw'u Rwanda bukomeje kwiyongera ugereranyije n'ubw'Akarere ka Afurika, ibi kandi bikomotse ku bicuruzwa bishya twazanye ku isoko, ku micungire y'ikiguzi ndetse n'ingamba zo kugabanya uburemere bw'ideni.

Ariko icyorezo cya COVID 19 kigaragara k'ikibazo kiremereye mu rwego rw'ubuzima kikaba n'imbogamizi ikomeye mu rwego rw'ubukungu kandi izagira ingaruka ku bucuruzi no ku bukungu bwacu mu bihe biri imbere. Nk'uko bisanzwe, twitwararika cyane umutekano n'ubuzima by'abakozi bacu, abakiriya n'abandi dukorana, tunagira uruhare rufatika mu gushyigikira Leta mu ngamba zo gukumira icyo cyorezo. Uko ibintu bihagaze ubu, ntibyoroshye kumenya neza aho iki cyorezo kizagarukira n'igihe kizamara, ndetse n'ingaruka kizagira ku bukungu no kubucuruzi bwacu.

Umusozo

Ndifuza gusoza nshimira bagenzi banjye mu nama y'ubutegetsi ku bufatanye bagaragaje mu mwaka wa 2019. Ku bayobozi n'abakozi mwese, mbashimiye akazi k'indashyikirwa mwakoze mu mwaka wa 2019, turashimira abafatanyabikorwa bacu mu bucuruzi, ku bw'ubufatanye mwatugaragarije. Turashimira kandi abakiriya bacu, ku bw'ubudahemuka n'icyizere mugirira ibicuruzwa byacu byiza.

Na mwe rero banyamigabane, ndabashimira inkunga yanyu mu mwaka wa 2019 no kuba mukomeje kwizera Ikigo cyacu.

Lieven van der Borght
Umuyobozi w'Inama y'Ubutegetsi,
Kigali, 25 Werurwe 2020

PART THREE

BRALIRWA PLC'S BOARD OF DIRECTORS AND SENIOR MANAGEMENT


Mützig
CLASS
Mützig
CLASS
EXPRESS
Your Class
Mützig
CLASS

DIRECTORS

Lieven van der Borght (Belgian)	Chairman	Re-appointed May 2019
Merid Demissie (Ethiopian)	Vice Chairman and Managing Director	Appointed in May 2019
Chantal Mubarure (Rwandan)	Independent Non - Executive Director	Re-appointed in May 2019
John Bosco Sebabi (Rwandan)	Independent Non - Executive Director	Re-appointed in May 2019
Hubert Eze (Nigerian)	Non - Executive Director	Re-appointed in May 2019

COMPANY SECRETARY

Godfrey Kamukunde
P.O. Box 131
Kigali-Rwanda

REGISTERED OFFICE

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

AUDITORS

Ernst & Young Rwanda Limited
M-Peace Plaza, Executive wing,
6th floor
KN 4 ST. 72 AV
P.O. Box 3638
Kigali-Rwanda

ADVOCATES

Mhayimana Isaie & Associés
P.O. Box 713
Kigali-Rwanda

BANKERS

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

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

I&M Bank (Rwanda) Plc
11 Boulevard de la Révolution
P.O. Box 354
Kigali-Rwanda

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

Equity Bank Rwanda Plc
Grand Pension Plaza Building
1st Floor, KN 4 Ave, Kigali
P.O. Box 494
Kigali - Rwanda

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

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

Banque Populaire du Rwanda Limited
32 Avenue de l'Armée
P.O. Box 1348
Kigali-Rwanda

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

Board of Directors

1. Lieven van der Borght

Chairman of the Board

Lieven van der Borght joined Heineken through Bralima Zaïre in 1993. In a successful career within Heineken, he has held various Commerce, Marketing and General Management roles in Curaçao, Cambodia, Czech Republic and was Chairman of Almaza-Lebanon, Tunisia, Ivory- Cost, Congo Brazzaville, Morocco, Cameroun, Jordania, and in Sirocco in Emirates. He was appointed the Managing Director for East and West Africa in the Africa, Middle East and Eastern Europe Region in 2018. He joined the Board and the Chair of the Board of Bralirwa Plc in October 2018. He was reappointed the Chairman in May 2019.

2. Merid Demissie

Executive Director/Vice Chairman of the Board and Managing Director

Merid Demissie joined Bralirwa Plc from Heineken Ethiopia, where he started in 2014 as Sales Director. During the past 5 years in Ethiopia, he has successfully built a new Sales and Trade Marketing team, grew volume and nearly doubled market share in one of Africa's most competitive markets. Prior to joining HEINEKEN, Merid started his career in the beverage industry with Coca-Cola SABCO in Ethiopia in 1999 where he spent 7 years working in different positions in Sales & Marketing with growing responsibilities. From 2007 untill 2014, Merid held several commercial regional roles in the Coca-Cola Central East & West Africa Business Unit. He was appointed the Vice Chairman of the Board in December 2018 and joined Bralirwa Plc as the Managing Director in January 2019. He was appointed the Vice Chairman of the Board in May 2019.

3. Chantal Mubarure

Independent Non-Executive Director

Chantal Mubarure joined the Board of Bralirwa Plc in 2005. She is a Certified Performance Technologist (CPT) and Kirk Patrick certified. She has more than 15 years of experience working with the Government and Development Partners. She is currently the Public Sector capacity building consultant and member of various Boards in Rwanda.

Board of Directors (Continued)

4. John Bosco Sebabi

Independent Non-Executive Director

John Bosco Sebabi joined the Board of Bralirwa Plc in August 2017. He was the founder and CEO of Fortis Consult and previously he was the DDG of the Rwanda Social Security Board (RSSB) in charge of funds management from July 2014 to October 2018. Before joining RSSB, he has held various senior management positions in the Rwandan financial sector including Chief Operating Officer for the East Africa Exchange and Director General of the Operations Directorate at the National Bank of Rwanda. He holds a Msc in International Economics, Banking and Finance from Cardiff University, Wales (The United Kingdom) and a Bsc in Economics and an Associate degree in Economics from the National University of Rwanda.

5. Hubert I. EZE

Non-Executive Director

Hubert Eze joined Heineken through Nigerian Breweries Plc in 1992 in the Sales Department and subsequently rose through the ranks to become a Senior Manager. In 2007, he joined Heineken Caribbean and Central America as Commercial Excellence Manager and later Marketing and Commercial Director before becoming the General Manager of Heineken Latin America Export. In 2010 he was appointed to the Nigerian Breweries Plc Board of Directors. Since January 2018 he is the General Manager at Brasseries at Limonaderies du Burundi (Brarudi) SA. He joined the Board of Bralirwa Plc in April 2018. He was reappointed as a Director in May 2019.


Heineken
BREWED WITH PASSION FOR QUALITY
HEINEKEN LAGER BEER
Heineken
PREMIUM QUALITY

YOUR SUCCESS
DESERVES MÜTZIG
Mützig
The world's best in a beer

Senior Management

1. Merid Demissie

Executive Director/Vice Chairman of the Board and Managing Director

Merid Demissie joined Bralirwa Plc from Heineken Ethiopia, where he started in 2014 as a Sales Director. Over the 5 years in Ethiopia, he successfully built a new Sales and Trade Marketing team, grew volume and nearly doubled market share in one of Africa's most competitive markets. Prior to joining Heineken, Merid started his career in the beverage industry with Coca-Cola SABCO in Ethiopia in 1999 where he spent 7 years working in different positions in Sales & Marketing with growing responsibilities. From 2007 until 2014, Merid held several commercial regional roles in the Coca-Cola Central East & West Africa Business Unit. He was appointed the Vice Chairman of the Board in December 2018 and joined Bralirwa Plc as the Managing Director in January 2019.

2. Merlijne van der Zwan

Finance Director

Merlijne was appointed as the Finance Director of Bralirwa Plc in June 2019, bringing with her a wealth of knowledge and experience from many years of serving in HEINEKEN since 2005 in various finance roles including most recently as the Finance Manager of Vrumona, Heineken's soft drinks company in the Netherlands. Merlijne has a strong focus on people, business, cost control and process improvement. As an all-round finance professional, she will be instrumental to the business performance, the professionalization of the finance function and will further build on Bralirwa Plc's capabilities in business control, revenue management and procurement. She holds a Masters in Tax Law from Groningen University and an Executive Master of Finance & Control from Amsterdam University.

3. Opeyemi Oluwalusi

Sales Director

Opeyemi Oluwalusi was appointed the sales Director of Bralirwa Plc in May 2019. Until this appointment, Opeyemi was the Zonal Business Manager West/ Mid-West between 2015 & 2019 and North Zones 2019 untill May 2019, in Nigerian Breweries Plc. Opeyemi joined Nigerian Breweries in July 1996 as a Sales Representative. He has held increasingly senior roles within the Sales Function of both Nigerian Breweries Plc and Heineken Ethiopia. He was the Sales Director Heineken Ethiopia between June 2012 and January 2015.

He holds a Master Degree in Business Administration from Ladoke Akintola University in Nigeria.

Senior Management (Continued)

4. Hessel Hoekstra

Marketing Director

Hessel Hoekstra Joined Bralirwa Plc in September 2019, Hessel will focus on building a winning portfolio aimed at driving profitable topline growth. Hessel and his team will be working closely with the Sales department to ensure the execution of a shared commercial strategy that will help the company drive market share growth while maximizing profit.

Hessel received his Masters in International Business and Marketing from the Rijksuniversiteit in Groningen, The Netherlands, in 2005. Hessel has since gained extensive experience in marketing and sales within HEINEKEN NV. He started his career as a Sales & Distribution Analyst within HEINEKEN Commercial Excellence followed by a Commercial Management Traineeship within The Netherlands. He then fulfilled increasingly senior brand management roles in HEINEKEN The Netherlands and its soft drink business Vrumona. During the last four years, Hessel served as the Marketing Manager in Brasseries de Bourbon in La Reunion. During his tenure, he contributed to delivering strong topline growth and successfully took the HEINEKEN operations in La Reunion to the next level by growing portfolio penetration through a focus on a Winning Portfolio, value adding Innovation and People development.

5. Anteneh MITIKU

Supply Chain Director

Anteneh Mitiku was appointed Supply Chain Director of Bralirwa Plc in September, 2019.

Anteneh joined Bralirwa Plc from Heineken Ethiopia where he was holding the position of Brewery Manager, Kilinto Brewery since June 2013.

During his tenure at Heineken Ethiopia, Anteneh led the organizational setup and start of the Kilinto Greenfield brewery with 1.5Mhl capacity by July 2014. Heineken Ethiopia has since grown significantly and Anteneh led the Kilinto Brewery expansion in two additional phases to 4.5Mhl. He managed the brewery operations in a continuously expanding construction site with a strong focus on people development and drive for results. Anteneh was also instrumental in building strong local community connections with relevant authorities.
Prior to joining HEINEKEN, Anteneh held various positions at the Ethiopian Commodity Exchange, latest as Chief Operating Officer.

Senior Management (Continued)

6. Laetitia Uwera

Human Resource Director

Laetitia Uwera joined Bralirwa Plc in October 2018 as the Human Resource Director. She started her human resources career as HR Coordinator at Tigo Rwanda in 2009 and rose through the ranks over the years by fulfilling increasingly senior HR positions in Rwanda, Luxembourg and the United Kingdom. Before joining Bralirwa Plc, she worked as Chief Human Resources Officer at Tigo Rwanda. She holds an honours degree in Hospitality and Human Resources Management from the Napier University, Edinburgh, UK and is a Chartered Member of the Chartered Institute of Personnel and Development, London, UK.

7. Aline-Pascale Batamuliza

Corporate Affairs & Communication Manager

Aline-Pascale Batamuliza joined Bralirwa Plc in November 2018 as Corporate Affairs & Communication Manager. Before joining Bralirwa Plc, she worked as Program & Project Manager at Africa Improved Foods. She started her career in banking at I&M Bank Rwanda and rose through the ranks over the years by fulfilling increasingly senior positions with her last position being Product Development Manager. She holds a Bachelor's degree programmed in Marketing Management, from Kigali Institute of Science, Technology and Management, Rwanda, a MA in International Business from Anglia-Ruskin University, Cambridge city, UK and a MBA in International Business from Hanze University, Groningen, the Netherlands.

8. Godfrey Kamukunde

Company Secretary

Godfrey joined Bralirwa Plc in 2012 as the Legal Advisor, and rose through the ranks to become the Company Secretary and Legal advisor 2015.

Prior to joining Bralirwa Plc, Godfrey had worked with the Government of Rwanda occupying various senior positions at Rwanda Social Security Board (RSSB) for a period of 5 years. He also holds a wide range of experience both as a law lecturer and as a Consultant for various governmental and non-governmental organizations in different fields of law.

Godfrey holds a Bachelor of Laws (LLB) from the University of Rwanda and a Master's Degree in Commercial Law (LLM) from the University of Cape Town-South Africa. He also holds a Diplome d'étude en langue française from the University of Rwanda and a number of certificates in various areas of law, good governance and performance evaluation and management.

PART FOUR

NOTICE OF THE ANNUAL GENERAL MEETING

Notice of Annual Meeting

Notice is hereby given that the 10th annual general meeting of shareholders of Bralirwa Plc as a listed company will be held by teleconference on Thursday 17th September 2020 at 2:30 pm 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 the financial year 2020;
6. Appointment of Directors;
7. Appointment of Independent 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 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 17th September 2020.

(b) DIVIDEND

The payment of a total cash dividend for 2019 of Rwf 1.0 (one Rwandan Franc) per share of Rwf 5.00 (five Rwandan Francs nominal value) will be proposed to the annual general meeting of shareholders on 17th September 2020.

Please note that the payment will be subject to a withholding tax. The books close date for Bralirwa Plc shares will be 10th September 2020, meaning that the final dividend will be paid to all whose names appear in the Register of Shareholders at the close of business on that day.

By order of the Board
Godfrey KAMUKUNDE
Company Secretary

Kigali, 25th March 2020

Proposed Resolutions

To the annual general meeting of shareholders of Bralirwa Plc to be held on 17 September 2020

RESOLUTION 1

CONSIDERATION OF THE ANNUAL REPORT

The annual general meeting of shareholders considered and approved by ordinary resolution the annual report presented by the Chairman of the Board and thanked the Directors for the performance made during the accounting year ended 31st December 2019.

RESOLUTION 2

RECEIVING THE AUDITOR'S REPORT

The annual general meeting of shareholders received and approved the auditor's report by ordinary resolution and noted the opinion of the auditors on the Bralirwa Plc 2019 audited financial statements

RESOLUTION 3

CONSIDERATION AND APPROVAL OF FINANCIAL STATEMENTS

The annual general meeting of shareholders considered and approved by ordinary resolution the Bralirwa Plc 2019 audited financial statements.

RESOLUTION 4

APPROPRIATION OF PROFIT AND TOTAL COMPREHENSIVE INCOME FOR THE YEAR

The annual general meeting of shareholders approved the profit and the total comprehensive income for the year 2019 of Rwf 1,191,821,000 and received the recommendation of the Board of Directors to declare the total dividend of Rwf 1.00 per share.

The annual general meeting of shareholders approves and declares a dividend of Rwf 1.00 per share.

The annual general meeting of shareholders decides that the book close date is 10th September 2020 and the final dividend will be paid on 16th October 2020.

The annual general meeting of shareholders decides to also allocate the balance of the non-distributed net profit amounting to Rwf 0.14 per share to retained earnings.

RESOLUTION 5

DISCHARGE OF DIRECTORS AND AUDITORS FOR FINANCIAL YEAR 2019

The annual general meeting of shareholders discharges by ordinary resolution the members of the Board and the Auditors for the year 2019.

RESOLUTION 6

APPOINTMENT OF DIRECTORS

The annual general meeting of shareholders appoints by ordinary resolution the following persons as Directors of Bralirwa Plc for a period of one year:

1. Mr. Pascal Sabrie
2. Mr. Merid Demissie
3. Mrs. Chantal Mubarure
4. Mr. John Bosco Sebabi
5. Mrs. Chidum Ayeni

The annual general meeting of shareholders requests the Directors to elect the Chairman and the Vice Chairman among themselves. To this end, the annual general meeting of shareholders asks Mr. Pascal Sabrie to convene and chair the first meeting of the new Board of Directors.

RESOLUTION 7

APPOINTMENT OF AUDITORS

The annual general meeting of shareholders appoints by ordinary resolution Ernest and Young Rwanda Limited as the Auditor for a period of one year.

The annual general meeting of shareholders asks the Board of Directors to determine the fees and other expenses of the auditors.


Coca-Cola
TASTE THE FEELING™
COOL DOWN
AT A COOL
PRICE
*Recommended retail price

PART FIVE

DIRECTORS' REPORT

Directors' Report (Continued)

1. Legal status of the company

Bralirwa Plc is a public company limited by shares since 9 June 2010 incorporated in the Republic of Rwanda under the law No. 07/2009 of 27th April 2009 relating to companies and registered by the Registrar General Office under no. 100004348, Bralirwa Plc was the first company to be listed on the Rwanda Stock Exchange (RSE) as from 31th January 2011.

The Company is a subsidiary of Heineken N.V. based in the Netherlands, which owns 75% of the total shareholding while the remaining 25% is owned by the public. The Company has a capital of Rwf 5,142,850,000 divided into 1,028,570,000 ordinary shares with a nominal value of Rwf 5.00.

The Board of Directors is composed of 5 members. The Directors who held office during the year and to the date of this report are set out on page 22 and 23.

The Directors submit their report together with the audited financial statements for the year ended 31 December 2019, which discloses the state of affairs of the Company.

2. Operational Review

Top line, volume and revenue, improved substantially driven by Bralirwa Plc's brand investments and new product introductions. Revenue was 1.8% higher than last year at Rwf 101 billion (2018: Rwf 99 billion), due to a favourable mix and strong volume growth which increased by 5.4%. The market recovered from prior years' price increases, but remained very competitive combined with constrained consumer spending.

A continued focus on cost savings combined with operational efficiencies resulted in improved performance at the bottom line. Bralirwa Plc's results from operating activities decreased by -42.2% to Rwf 10.7 billion (2018: Rwf 18.4 billion), and profit and total comprehensive income for the year 2019 decreased by -83.5% to Rwf 1.2 billion (2018: Rwf 7.2 billion). This lowered earnings per share of Rwf 1.16 (2018: Rwf 7.04).

The following is a summary of our results for the year ended 31th December 2019:

Rwf millions	2019	2018	Change (%)
Revenue	**100,691**	**98,954**	**1.8%**
Results from operating activities	**10,667**	**18,441**	**-42.2%**
Net finance cost	(7,788)	(8,095)	-3.8%
Profit before income tax	**2,879**	**10,346**	**-72.2%**
Income tax expense	(1,687)	(3,104)	-45.7%
Profit and total comprehensive income for the year	**1,192**	**7,242**	**-83.5%**

Directors' Report (Continued)

3. Dividend

The Directors are recommending to the 10th annual general meeting of shareholders the declaration of a total dividend of Rwf 1.00 (2018: Rwf 5.5) per share. As per the law, the proposed final dividend approved will be subject to a 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 10th September 2020.

4. Corporate Governance

Bralirwa Plc Board of Directors is responsible for the overall governance of the Company and is accountable to the shareholders for ensuring that the Company complies with the law and the highest standards of best practices in corporate governance and business ethics.

The Directors are committed to fostering a culture that values ethical behavior, integrity and respect and the need to conduct the business and operations of the company in accordance with generally accepted corporate practices. The Directors believe that adopting and operating in accordance with high standards of corporate governance is essential for sustainable long-term performance and value creation.

a) Board of Directors

The Articles of Association of the Company provide that the business and affairs of the Company are to be managed under the direction of the Board. The Board clearly understands its role, powers, duties and functions.

The Chairman of the Board is responsible for leadership and effective performance of the Board and for the maintenance of relations between Directors and Management that are open, cordial and conducive to productive cooperation.

The Board has in place an annual Work Plan that enables it to have detailed reviews of the Company's operations, approval of strategy, business plans, budgets and financial statements.

The Board receives regular reports on the Company's financial and operational results. The full Board meets at least four times a year.

The Directors receive all information relevant to the discharge of their obligations in accurate, timely and clear form so that they can guide and maintain full and effective control over strategic, financial, operational and compliance issues. In line with good governance practice, the Board has delegated authority for conduct of day-to-day business to the Vice Chairman and Managing Director. The Board nonetheless retains responsibility for establishing and maintaining the Company's overall internal control of financial, operational and compliance issues as well as implementing strategies for the long-term success of the Company.

Four out of the five members of the Board are non-executive including the Chairman of the Board, and all others except the Vice Chairman and Managing Director are subject to periodic reappointment in accordance with the Company's Articles of Association

b) Audit and Risk Committee

The Audit and Risk Committee exists pursuant to clause 47 of the Company's Articles of Association and the Board resolution of 25 May 2016.

The objective of the Committee is to support and advise the Board in its duties of adequately reviewing and approving the Company's financial statements, monitoring the effectiveness of internal controls and regularly assessing the main risks facing the Company.

The Committee is mandated to assist the Board in its oversight role of monitoring the effective implementation by Management and in assessing the proper functioning of the internal and external auditors. The Committee reports to the Board on how it has discharged its responsibilities.

It is composed of three (3) non-executive Directors with at least one member having the relevant financial experience and competence in accounting and/or auditing. Its meetings are also attended by the Managing Director, Financial Director and Process & Control Improvement Manager.

Other non-committee members are invited to attend all or part of any meeting as and when appropriate and necessary and assist the

Directors' Report (Continued)

Committee from time to time, according to the particular items being considered and discussed.

4. Corporate Governance (Continued)

b) Audit and Risk Committee (Continued)

The Committee meets at least twice a year and the meetings are aligned with the Board meetings to allow for work arising from the Committee to be carried out and reported to the Board.

The Committee monitors the integrity of the financial statements of the Company, including its annual and half-yearly reports, interim management statements, preliminary announcements and any other formal statements relating to its financial performance, and review and reports to the Board on significant financial reporting issues and judgements which those statements contain having regard to matters communicated to it by the auditor.

The Committee also reviews any other statements requiring Board approval which contain financial information and advises on where to carry out a review prior to the Board approval would be practicable and consistent with any prompt reporting requirements under Rwandan laws and regulations including all regulatory instruments for listed companies on the Rwanda Stock Exchange (RSE).

Where the Committee is not satisfied with any aspect of the proposed financial reporting by the Company, it reports its views to the Board.

The Committee's chairperson formally reports to the Board on its proceedings after each meeting on all matters within its duties and responsibilities and on how it discharged its responsibilities. The Committee makes recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.

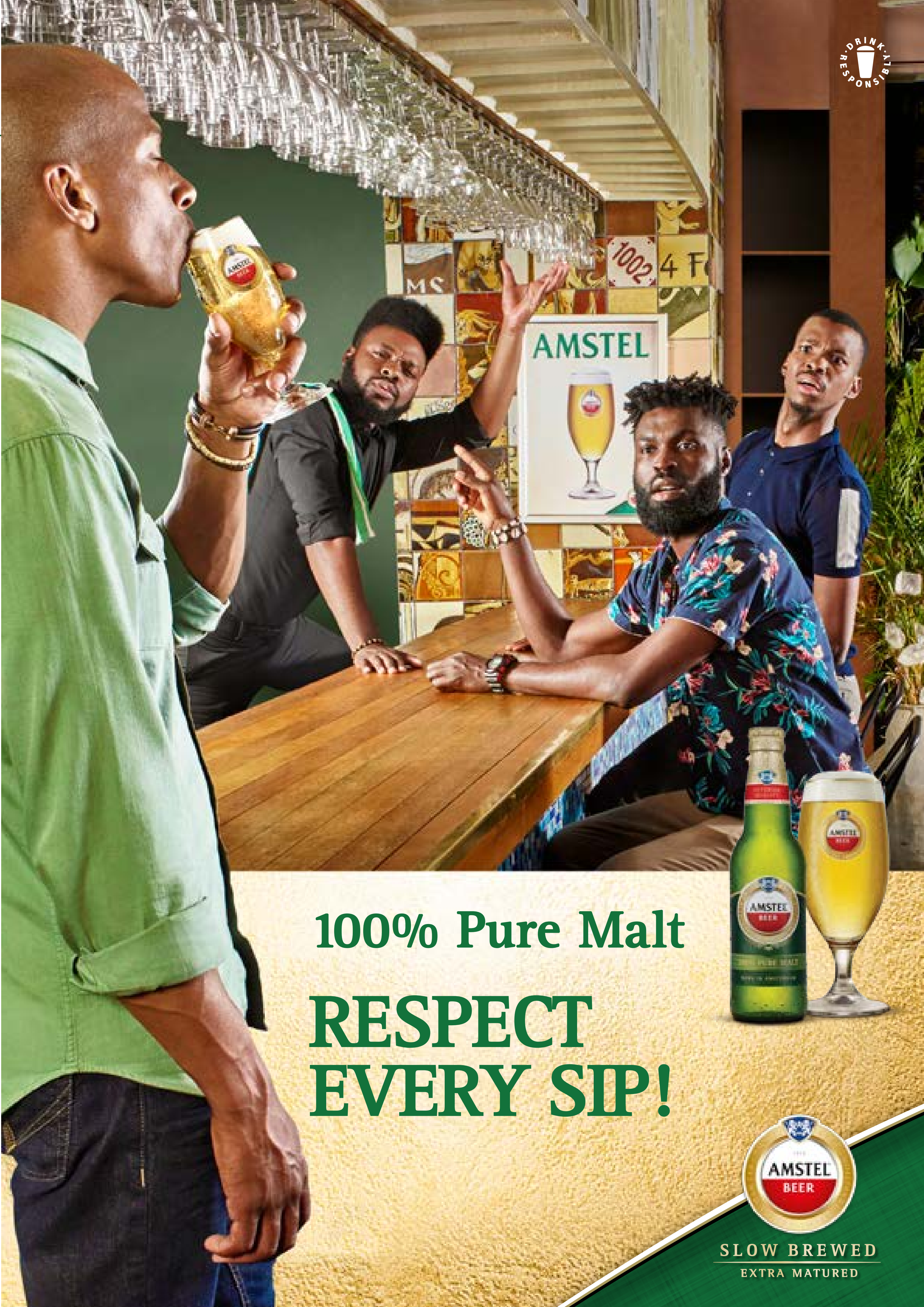
c) Management Committee

The Management Committee comprises of the Vice Chairman and Managing Director and other Senior Managers occupying a strategic role in the business with the Company Secretary serving as the secretary.

The Committee is responsible for agreeing priorities, allocating resources, setting overall corporate target, agreeing and monitoring functional strategies and plans and has responsibilities for superintending the affairs of the business on a day-to-day basis. It is chaired by the Vice Chairman and Managing Director of the Company.

5. Analysis of shareholding

Shareholder	Number of shares	Class of shares	Percentage of issued capital
Heineken International B.V.	411,480,000	Ordinary	40.01%
Beleggingsmaatschappij Limba B.V.	359,950,000	Ordinary	35.00%
Arisaig Africa Consumer Fund Limited	68,096,600	Ordinary	6.62%
Standard chartered bank (Mauritius) ltd	50,533,100	Ordinary	4.91%
Frontaura Global Frontier Fund LLC	37,312,800	Ordinary	3.63%
Rwanda Social Security Board	28,823,000	Ordinary	2.80%
CFC Stanbic Nominees Ltd A/C NR 4262756	21,663,600	Ordinary	2.11%
RWC Frontier Markets Equity Master Fund Limited	17,606,200	Ordinary	1.71%
Other Shareholders	33,104,700	Ordinary	3.21%
Total	**1,028,570,000**	**Ordinary**	**100.00%**



DRINK RESPONSIBLY
AMSTEL
100% Pure Malt
RESPECT EVERY SIP!
AMSTEL BEER
SLOW BREWED
EXTRA MATURED

Directors' Report (Continued)

6. Our Brands

Mützig

The Mützig brand continued its recent year strong growth trend. The growth is mainly attributed to the strong equity of the brand. We introduced a nationwide brand campaign **'Batik'** to further strengthen the bond between Mützig and its consumers. The campaign included TVC, Radio, Print, Digital, Outdoor and below the line activities.
Mützig is positioned as the gateway to world class experiences. It sponsored six exciting Jazz Junction shows, an international food festival and the collective fashion show.
To increase brand usage, a new line extension Mützig Class, was launched in May 2019. This is a refreshing and stylish beer that targets new consumers looking for an easy drinking beer of lower alcohol content.

Primus

Primus delivered double-digit growth and plays an important part in the Bralirwa Plc portfolio. Through a number of activities, Primus stimulated purchase and brand closeness. Amongst these activities was the rollout of the new **'Homecoming Campaign'**, which was launched across all media channels to reinforce the brands positioning around friendship and National pride.
We proudly sponsored the Iwacu Muzika Festival, a Rwandan music festival that celebrates Rwandan music, both old and new. The festival consisted of a countrywide tour with live performances by Rwandan artist of all genre and caliber. These tours took place in 5 major districts in Rwanda and culminated with a final show in Kigali attracting up to 10,000 music and Primus lovers.

Directors' Report (Continued)

Amstel

The Amstel Malt brand delivered notable volume growth versus last year. The double-digit growth can be attributed to primarily the combined efforts of Sales, Marketing and Supply Chain in ensuring availability of the Amstel brand at the right points of sale and an increase in brand awareness.
A new credentials campaign **'Respect Every Sip'** saw light, making a good transition following the launch of Amstel 100% Pure Malt in the Rwandan market. The campaign spoke to the credentials of the Amstel brand and positioned the brand as the superior quality malt beer. From the first sip to the last drop, Amstel is nothing but quality and every sip should be respected.

Heineken®

Following the production of Heineken® locally, the Heineken® brand enjoyed an increase in brand support. Global communication assets like the UEFA Champions League were locally activated through amongst others 2 well-attended Final viewing events. Heineken® organized a series of Pool Parties across the country and sponsored some of the biggest international artists that ever took the stage in Rwanda. Consistent high quality production scores and strong Sales arguments on the freshness of Heineken® 'locally produced' contributed to a switch from and the drying out of increased Heineken® imports. All is ready to further grow Heineken® in Rwanda.

Directors' Report (Continued)

7. Our Sales

In 2019, Bralirwa Plc delivered strong volume and revenue growth. Our continued commitment to our key sales focus areas, the fighting spirit of our sales force, consistent drive in flawless Excellent Outlets Executions and revenue management were the main drivers behind this growth.

Our distributors and transporters remained steadfast and proved their worth as dependable business partners. With sheer determination, doggedness and resilience, some of them surpassed their previous performances.

In addition, we ensured seamless availability of our brands throughout the year 2019 to meet the demands of our Customers; we introduced innovation brands and stock keeping units (Mutzig Class and Fanta Pineapple). To meet the expectation of our consumers, we invested heavily in expanding the reach of our field personnel just to serve the market better.

Technology is significantly shaping the ways of working and particularly ways of ordering by customers, we decided to embrace this challenge to stay ahead of the curve through the introduction of Bra2B (Bralirwa Plc to Business) to unlocked the massive value opportunities in the market and now we are scaling up to reach out to more retail outlets.

Furthermore, we significantly improved our market visibility, outlet execution driven through our picture of success and outlet activation to engage consumers at the point of consumption. We drove the deep and wide availability of our brands, ensuring the right price at the point of purchase and consumption. Through this approach, we were able to remain top of mind and first choice for the majority of consumers.

In conclusion, to continue building the winning spirit of our sales force we enhanced our capability development programs focusing on key competencies. The implementation of our capability development framework continues to improve our level of customer engagement and market execution. The competence and development of our people remains a key pillar in our growth strategy.

Directors' Report (Continued)

8. Our Supply Chain

Safety

Safety is at the center of everything we do. From employees working in production to the sales team in the field, third party employees working on our sites to drivers transporting our products, our business partners providing services on our sites to people visiting, our ultimate goal is for everyone to arrive back home safely to their families. Bralirwa Plc has embedded the Heineken safety culture in its operations and systematically implementing the Life Saving Rules on a continuous basis. Safety, as always, remains our number one priority. Our Kigali Soft Drinks Plant has celebrated 5 years without accident in 2019; Gisenyi Brewery has had no accident in production areas for over a year.

All our company and contractor vehicles have been equipped with a telematics/GPS system since the end of 2018. We have observed significant drop in incidents and reduction in our repair and maintenance costs as safe driving of vehicles is not only saving lives and reducing damages but also saving unnecessary costs.

Operations and Investment

The supply chain department has been working very hard to meet the volatile market demand in the year 2019. We have achieved record production volumes in our peak period since the establishment of our brewery in 1959. Strong team work and innovative ways of working have resulted in the much needed production output when required. Despite some challenges from the closure of borders between Rwanda and Uganda, we have been able to continuously supply the market without going out of stock

As part of our commitment to develop the capability of our people and modernize our production facilities, significant investments were started by the end of 2019. These investments will bring the most up-to-date production automation systems and upgrading of production equipment.

The year 2019 has also seen the successful introduction of Fanta Pineapple in the Rwandan market. Our locally produced Heineken® continues to grow together with the portfolio of other brands such as Amstel.

Organisation & People

2019 has seen a significant change in the Management Team of Bralirwa Plc. The change has impacted positions such as managing director, sales, marketing, finance and supply chain. A new supply chain director has been onboard since September 2019. The merger of Technical and Logistics departments into one supply chain department has been maintained since mid 2018.

In a multi-year Strategic Workforce Plan, the Supply Chain Department has been working on big steps into becoming a World Class organisation. Maintenance and Quality control tasks have been further integrated into the daily work of Packaging and Brewing Operators allowing for more autonomous management on the shopfloor. These changes are being developed by training and coaching of people but also by introducing modern digital technologies reducing paperwork and administration. In 2019 digitalization has been further rolled out with amongst others implementing an advanced end-2-end sales and operational planning tool and implementing "smart apps" on the shopfloor which can be used with any smart phone or tablet.

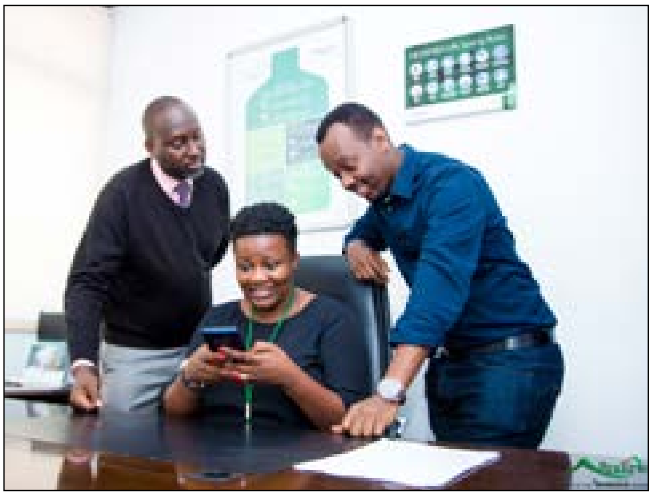
Directors' Report (Continued)

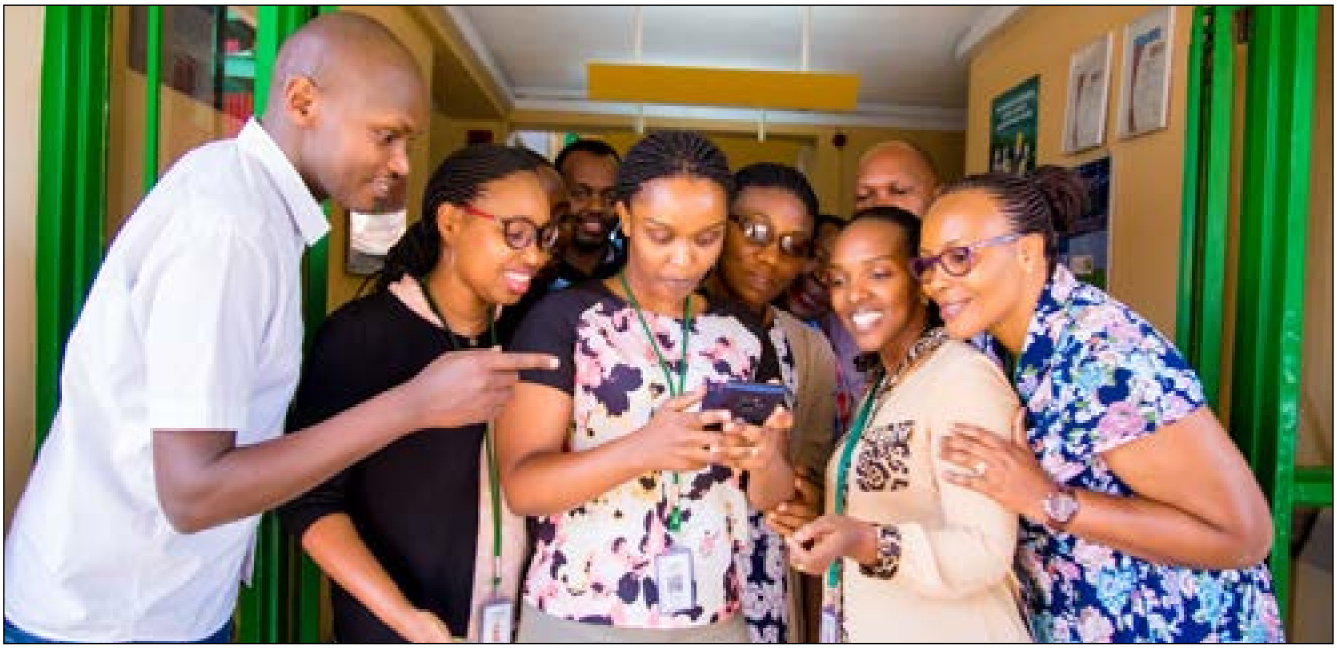
9. Our Organisation, Our People

In 2019, Bralirwa Plc continued its focus on Leadership Capabilities Development. Awareness of the HEINEKEN Leadership expectations was created at senior and middle management levels. This initiative was supported by trainings to equip middle managers with the essential skills to lead the team. The training was successfully delivered and the tools offered to the middle managers are considered instrumental in having constructive discussions/feedbacks.

Continued effort was put on developing the functional capabilities in Supply Chain where a People and Organisation Development pillar was launched to support in the journey towards a World Class Supply Chain organization. Consequently, Supply Chain employees are getting more and more autonomous in executing their daily activities. Functional skills gap assessments were executed and planned trainings followed up.

Furthermore, organisation development and effectiveness continued to be the focus, and all jobs were systematically evaluated in relation to other jobs in the organization. while the digitalizing of HR processes remained by launching a recruitment system which enables the organization to fully manage the recruitment process online.





Directors' Report (Continued)

10. Our Corporate Social Responsibility

Brewing a Better World, our commitment to sustainable operations and improving lives

Brewing a Better World (BaBW) is Heineken Group's strategy to ensuring that our operations' imprint on the environment and society is sustainable.
We focus on six areas where we feel are in position to make a greater impact. Throughout 2019, our operations and Corporate Social Responsibility (CSR) initiatives reflected these commitments and contributed to each of the pillars of our BaBW strategy.

Directors' Report (Continued)

Promoting health and safety

Placing health and safety first in all our operations has continued to take hold as an institutional culture and 2019 was yet another celebrated accident-free year in both our Kigali soft drinks plant and Gisenyi brewery.
Similarly, accidents by our fleet reduced significantly due to the use of telematics.

Every Drop Counts: protecting water resources

The Heineken sustainability strategy to make "Every Drop Count" continued to guide initiatives for efficient use of water resources. Following the construction and commissioning of Waste Water Treatment Plants at both the Gisenyi brewery and Kigali soft drinks plant, Bralirwa Plc continued to use treated effluent water from these facilities.

With crosscutting impact on reducing carbon emissions and conserving water resources, we also stepped up our tree planting efforts, with the vision to make Rubavu, home to our brewery, greener and consequently contributed to greening Rwanda

Drop the C: reducing CO2 emissions

In dropping the "C" as envisaged in the Heineken sustainability commitment, Bralirwa Plc in 2019 undertook several initiatives towards reducing carbon emissions in all its operations by opting for environmentally friendly equipment.

In addition, Bralirwa Plc in 2019 embarked on the construction of its solar plant, which will reduce heavy fuels, previously burnt to generate electricity that powers our operations.

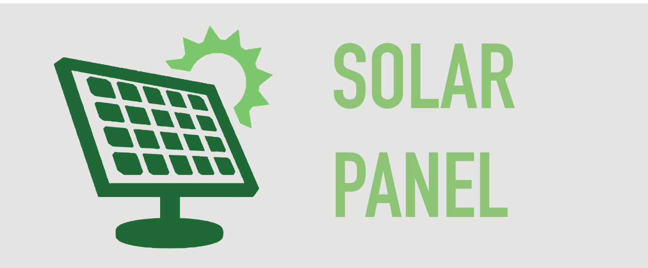
Growing with Communities

Embedded in our business model is the passion to see the communities where we work grow and live better quality lives. This desire, also strongly considered by our BaBW (Brewing a Better World) strategy, guides all our Corporate Social Responsibility (CSR) initiatives. We recap some of the CSR initiatives of 2019 here below.

- **Improving maternal and child health care**
We contributed to the expansion and equipment of maternity and neonatology departments at two different public hospitals. With the expanded capacity and quality of equipment, more mothers stand to receive better services, and lives of newborns in need of specialized care saved.

- **Reliable water supply for quality lives**
Bralirwa Plc in partnership with local institutions supported 50,000 people to gain access to reliable water supply. Ensuring that water resources are protected and equitably shared is an ideal we continue to aspire to in our operations.

- **Rural electrification**
Rural households in Ndego Sector of Kayonza district near our joint-venture Bramin farm can now light and power their gadgets due to solar panels extended to each household



Sourcing Sustainably

To augment our contribution to the growth of the Rwandan economy, Bralirwa Plc continued to invest in building local value chains for the commodities used in production of our beverages, with the intention of progressively increasing the percentage of raw materials sourced locally.

Over the past five years, we have continued to strengthen the maize value chain by supporting smallholder farmers to practice better farming and increase their productivity. In addition, our investment in maize farming, the Bramin Maize Farm in Ndego Sector in Kayonza district, has continued to grow in quality and quantity of maize.

In 2019, we started on the journey to contribute to growing the barley value chain in Rwanda, which will further boost our local sourcing of raw materials.

Advocating responsible Consumption

Our advocacy for responsible consumption continued, contributing to Rwanda Police's "Don't drink and drive" campaign to sensitize the public against driving under the influence of alcohol, putting safety first as always.

Directors' Report (Continued)

11. Independent Auditors

The auditors, Ernest and Young Rwanda Limited, have expressed their willingness to continue in office in accordance with Law No. 17/2018 of 13 April 2018 governing companies.

Kigali, 25th March 2020

For the Board of Directors

Pascal Sabrie
Chairman of the Board

Merid Demissie
Vice Chairman of the Board

100% Pure Malt
Superior Quality, Born in Amsterdam

PART SIX

BRALIRWA PLC STATEMENT OF
FINANCIAL ACCOUNTS

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Law No. 17/2018 of 13 April 2018 governing companies requires the Directors 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 that the Company keeps proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company. They are also responsible for safeguarding the assets of the Company.

The Directors are responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards and the requirements of the Law No. 17/2018 of 13 April 2018 governing companies, and for such internal controls as Directors determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The Directors accept responsibility for the 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 Law No. 17/2018 of 13 April 2018 governing companies.

The Directors are of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the company, its operating results as at 31 December 2019 and of its profit and cash flows for the year then ended in accordance with the International Financial Reporting Standard and the requirements of the Law No. 17/2018 of 13 April 2018 governing companies.

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.

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

Approval of the financial statements

The financial statements, as indicated above, were approved by the Board of Directors on 25th March 2020 and were signed on its behalf by:

Pascal Sabrie
Chairman of the Board

Merid Demissie
Vice Chairman of the Board

Ernst & Young Rwanda Limited
Certified Public Accountants
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INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF BRASSERIES ET LIMONADERIES DU RWANDA (BRALIRWA) Plc

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Brasseries et Limonaderies du Rwanda (Bralirwa) Plc (the Company), set out on pages 55 to 98 which comprise the statement of financial position as at 31 December 2019, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give fair view of the financial position of the Company as at 31 December 2019, and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of Law No. 17/2018 of 13 April 2018 governing companies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. The Institute of Certified Public Accountants of Rwanda Code of ethics (ICPAR Code of Ethics), which is consistent with the International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), together with other ethical requirements that are relevant to our audit of the financial statements in Rwanda, and we have fulfilled our other responsibilities under those requirements and accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matter

Key audit matters are those matters that, in our professional judgment, were of most significance in the audit of the financial statements of the current period. These matters were addressed in the context of the audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For the matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

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INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF BRASSERIES ET LIMONADERIES DU RWANDA (BRALIRWA) Plc

Report on the Audit of the Financial Statements

Key audit matter

Deposit liability for returnable packaging material

Included in trade and other payables in note 26 to the financial statements is an amount of Rwf 14,064,932,196 relating to deposit on returnable packaging material (RPM deposit). The Directors have made significant estimates and judgement in determining the value of the deposit on returnable packaging material.

Judgement and estimates are made in relation to the number of containers; bottles and crates in circulation, the average useful lives of the bottles and crates and the average circulation time for the containers in the market. Once the number of containers in the market has been estimated, this is multiplied by the price of the containers and the liability at period end is determined. The price of the containers is the amount that the Company would refund customers if they returned the containers for cash.

The key assumptions related to deposit liability for returnable packaging material have been included in note 4 "Use of estimates and judgement" in the financial statements.

We focused on the deposit liability for returnable packaging material because the liability is material to the financial statements and its determination requires significant judgement and estimates.

How the matter was addressed in the audit

Our audit procedures included the following:

- We reviewed the reconciliation for the estimate of the deposit liability for RPM.
- We evaluated and tested the reasonableness of the methods and assumptions the Directors used to determine the estimates and amount.
- We evaluated whether the methods for calculating the estimates and amount are applied consistently. The key assumptions applied are related to circulation time and market loss for RPM.
- We recomputed the RPM deposit and assessed the inputs of the calculation for reasonableness.

Other Information

The other information consists of the information included in the company's 2019 Annual Report other than the financial statements and our auditor's report thereon. We obtained *'Results at a glance'* Statement, the *'Chairman's Statement'*, the *'Directors' Report'*, and the *'Five year financial summary'* prior to the date of our auditor's report. The Directors are responsible for the other information.

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

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

When we read the Annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

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Building a better working world

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF BRASSERIES ET LIMONADERIES DU RWANDA (BRALIRWA) Plc

Report on the Audit of the Financial Statements (Continued)

Responsibilities of the Directors for the Financial Statements

The Directors are responsible for the preparation of financial statements that give a true and fair view in accordance with the International Financial Reporting Standards and the requirements of Law No. 17/2018 of 13 April 2018 governing companies, and for such internal controls 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.

In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

The Directors are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF BRASSERIES ET LIMONADERIES DU RWANDA (BRALIRWA) Plc

Report on the Audit of the Financial Statements (Continued)

Auditor's Responsibilities for the Audit of the Financial Statements (Continued)

We are required to communicate with the Audit & Risk Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We are also required to provide the Audit & Risk Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

For the matters communicated with the Audit & Risk Committee, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other Legal and Regulatory Requirements

As required by Article 132 of the Law No. 17/2018 of 13 April 2018 governing companies, we report to you based on our audit that:

i. We have obtained all information and explanations which, to the best of our knowledge, was required for our audit;
ii. Based on our audit, we have not identified any reason to believe that proper accounting records have not been kept;
iii. We have no relationship, interests and debt in the company;
iv. We have reported to the directors and management in the form of a separate management letter, internal control and other weaknesses identified during the audit and our recommendations for improvement;
v. In our opinion, according to the best of the information and the explanations given to us as shown by the accounting and other documents of the company, the annual accounts comply with Article 123 of this Law regarding the requirement for individual annual accounts.

For: Ernest and Young Rwanda Limited

Allan Gichuhi
Partner

Signed at Kigali, 31th March 2020

BRASSERIES ET LIMONADERIES DU RWANDA (BRALIRWA) Plc
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2019

	Notes	2019 Rwf '000	2018 Rwf '000
Revenue	**8**	**100,691,220**	98,953,763
Cost of sales		(65,814,158)	(66,160,847)
Gross profit		**34,877,062**	**32,792,916**
Other income	9	468,926	315,112
Selling and distribution costs		(7,856,330)	(4,502,950)
Administrative expenses		(12,428,145)	(9,863,026)
Other operating expenses		(4,394,763)	(301,000)
Total expenses		**(24,679,238)**	**(14,666,976)**
Results from operating activities	**10**	**10,666,750**	**18,441,052**
Finance costs		(7,787,763)	(8,094,886)
Net finance cost	**12**	**(7,787,763)**	**(8,094,886)**
Profit before income tax		**2,878,987**	**10,346,166**
Income tax expense	13	(1,687,166)	(3,103,735)
Profit after tax		**1,191,821**	**7,242,431**
Other Comprehensive Income		-	**-**
Total comprehensive income for the year		**1,191,821**	**7,242,431**
Basic earnings per share – Rwf	**22**	**1.16**	**7.04**

The notes on pages 55 to 98 are an integral part of these financial statements

BRASSERIES ET LIMONADERIES DU RWANDA (BRALIRWA) Plc
STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2019

Assets	Notes	2019 Rwf '000	2018 Rwf '000
Assets			
Non-current assets			
Property, plant and equipment	14	85,913,732	87,694,633
Intangible assets	15	1,672,476	903,388
Investments	16 & 17	1,165,720	9,224
Receivable from related parties - principal	30 (d)	-	4,341,181
Total non-current assets		**88,751,928**	**92,948,426**
Current assets			
Inventories	18	18,476,947	19,956,523
Receivable from related parties	30 (d)	3,266,241	781,222
Trade and other receivables	19	6,530,138	9,488,725
Tax recoverable	13 (b)	451,909	2,841,088
Bank and cash balances	20	4,264,032	8,785,307
Total current assets		**32,989,267**	**41,852,865**
Total assets		**121,741,195**	**134,801,291**
Equity & Liabilities			
Equity			
Share capital	21	5,142,850	5,142,850
Share premium	21	84,857	84,857
Other reserves	21	2,071,990	2,071,990
Retained earnings		27,311,205	31,776,519
Total equity		**34,610,902**	**39,076,216**
Liabilities			
Non-current liabilities			
Loans and borrowings LT	23	17,412,763	22,145,879
Deferred tax liability	25	5,804,878	8,597,266
Total non-current liabilities		**23,217,641**	**30,743,145**
Current liabilities			
Loans and borrowings ST	23	28,149,479	34,325,729
Payable to related parties	30 (d)	6,429,647	1,892,070
Trade and other payables	26	29,333,526	28,764,131
Total current liabilities		**63,912,652**	**64,981,930**
Total liabilities		**87,130,293**	**95,725,075**
Total equity and liabilities		**121,741,195**	**134,801,291**

The Board of Directors approved the financial statements set out on pages 55 to 98 on 25th March 2020 and were signed on its behalf by:

Chairman of the Board
Pascal Sabrie

Vice Chairman of the Board
Merid Demissie

The notes set out on pages 55 to 98 are an integral part of these financial statements.

BRASSERIES ET LIMONADERIES DU RWANDA (BRALIRWA) Plc
STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2019

	Notes	Share capital Rwf '000	Share premium Rwf '000	Other reserves Rwf '000	Retained earnings Rwf '000	Total equity Rwf '000
1st January 2019		**5,142,850**	**84,857**	**2,071,990**	**31,776,519**	**39,076,216**
Profit after tax		-	-	-	1,191,821	1,191,821
Dividends paid in the year	21	-	-	-	(5,657,135)	(5,657,135)
Balance at 31 December 2019		**5,142,850**	**84,857**	**2,071,990**	**27,311,205**	**34,610,902**
1st January 2018		**5,142,850**	**84,857**	**2,071,990**	**28,391,226**	**35,690,923**
Profit after tax		-	-	-	7,242,431	7,242,431
Dividends paid in the year		-	-	-	(3,857,138)	(3,857,138)
Balance at 31 December 2018		**5,142,850**	**84,857**	**2,071,990**	**31,776,519**	**39,076,216**

The notes on pages 55 to 98 are an integral part of these financial statements.

BRASSERIES ET LIMONADERIES DU RWANDA (BRALIRWA) Plc
STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2019

	Notes	2019 Rwf'000	2018 Rwf'000
Operating activities			
Profit before tax		2,878,987	10,346,166
Adjustments for:			
Impairment of related party loan	10	3,179,583	301,000
Interest expense	12	6,326,037	6,274,363
Foreign exchange difference on loans	23	789,698	697,589
Depreciation	14	13,387,286	12,382,584
Amortization of intangible assets	15	421,779	120,038
Loss / (Gain) on sale of property, plant, and equipment	14	197,426	175,157
Cash from operations before changes in working capital		**27,180,796**	**30,296,897**
Changes in working capital			
Changes in trade and other receivables	19	2,958,587	(901,041)
Changes in related party balances	30 (d)	2,052,558	(6,344,038)
Changes in inventories	18	1,479,576	488,375
Changes in trade and other payables	26	569,395	1,045,196
Cash generated from operating activities		**34,240,912**	**24,585,389**
Income tax paid	13 (b)	(2,090,374)	(3,822,962)
Net cash flow from operating activities		**32,150,538**	**20,762,427**
Cash flow from investing activities			
Proceeds from sale of property, plant, and equipment		149,552	-
Purchase of property, plant and equipment	14	(11,420,286)	(14,487,785)
Purchase of intangible assets	15	(1,190,867)	(892,313)
Net cash used in investing activities		**(12,461,601)**	**(15,380,098)**
Cash flow from financing activities			
Proceeds of loans and borrowings	23	-	-
Repayment of loans and borrowings	23	(5,653,372)	(3,120,616)
Dividends paid to equity holders of the company	21	(4,242,851)	(2,892,853)
Dividends paid to other shareholders	21	(1,414,284)	(964,285)
Payment of lease commitments	23	(123,378)	-
Interest expense	12	(6,326,037)	(6,274,363)
Net cash flows used in financing activities		**(17,759,922)**	**(13,252,117)**
Net increase in cash and cash equivalents		**1,929,015**	**(7,869,788)**
Cash and cash equivalents at 1 January		(19,991,647)	(12,121,859)
Cash and cash equivalents as at 31 December	**20**	**(18,062,632)**	**(19,991,647)**

The notes on pages 55 to 98 are an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

1. Reporting entity

Brasseries et Limonaderies du Rwanda (Bralirwa) Plc as a Public Listed Company is incorporated in Rwanda under the Law No. 27/2017 of 31/05/2017 governing companies as modified to date and is domiciled in Rwanda. The address of its registered office is:
Kicukiro
P.O. Box 131
Kigali, Rwanda

The principal activities of the Company are the marketing, brewing and selling of beer and non-alcoholic beverages, and transport services for goods.

Its parent and ultimate holding company is Heineken N.V. based in the Netherlands.

2. Application of new and revised International Financial Reporting Standards (IFRSs) and interpretations (IFRICs)

2.1 Amendments to IFRS that are mandatorily effective for the current year

The following accounting policy changes have been adopted in 2019 and are reflected in the consolidated financial statements:

IFRS 16 Leases

Bralirwa Plc has implemented IFRS 16 'Leases' as at 1 January 2019, replacing existing guidance on leases (including IAS 17). The adoption of IFRS 16 has changed the accounting for leases as under the new standard all operating lease contracts are recognised on Bralirwa Plc's statement of financial position ('balance sheet') by recognising a right of use (ROU) asset and a lease liability, except for short-term and low value leases. Lease expenses previously recorded in the income statement are replaced by depreciation and interest expenses for all lease contracts in scope of the standard.

Bralirwa Plc has implemented IFRS 16 as at 1 January 2019 by applying the modified retrospective method, meaning that the 2018 comparative numbers are not restated. Bralirwa Plc has 2 operating leases mainly relating to offices and residential house.

In the transition to IFRS 16, Bralirwa Plc applied the following transition expedients:
- Use the option to grandfather the lease classification for existing contracts.
- Use the transition option for leases with a remaining contract period of less than one year, meaning that these leases will not be recorded on balance and the payments will be expensed in the income statement on a straight-line basis.
- Measure the ROU asset based on the lease liability recognised.

As a result of applying IFRS 16, Bralirwa Plc recognised RWF 266 million of ROU assets and RWF 195 million of lease liabilities as at 1 January 2019. The ROU assets are included in non-current assets. The lease liabilities are included under current and non-current liabilities.

When measuring the lease liability, Bralirwa Plc discounted the lease payments using the incremental borrowing rate as at 1 January 2019. The weighted average incremental borrowing rate applied is 10.36%.

During 2019, Bralirwa Plc reported RWF173 million depreciation and impairment of ROU assets and RWF42 million interest costs on lease liabilities. In 2018, operating lease expenses were reported under administrative expenses.

As at 31 December 2018, Bralirwa Plc reported total off-balance sheet commitments for leases of RWF 260 million. The difference between the opening balance sheet impact as at 1 January 2019 and the off-balance sheet commitments is primarily due to discounting of future lease payments and low value and short-term lease commitments, which are not included in the lease liability. Refer to the table below for the reconciliation:

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019 (CONTINUED)

2. Application of new and revised International Financial Reporting Standards (IFRSs) and interpretations (IFRICs) (Continued)

2.2. New and revised IFRSs and interpretations in issue but not yet effective

IFRS 17 Insurance Contracts

In May 2017, the IASB issued IFRS 17 Insurance Contracts (IFRS 17), a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, IFRS 17 will replace IFRS 4 Insurance Contracts (IFRS 4) that was issued in 2005. IFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features.

A few scope exceptions will apply. The overall objective of IFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in IFRS 4, which are largely based on grandfathering previous local accounting policies, IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of IFRS 17 is the general model, supplemented by:

- A specific adaptation for contracts with direct participation features (the variable fee approach)
- A simplified approach (the premium allocation approach) mainly for short-duration contracts

IFRS 17 is effective for reporting periods beginning on or after 1 January 2021, with comparative figures required. Early application is permitted, provided the entity also applies IFRS 9 and IFRS 15 on or before the date it first applies IFRS 17. This standard is not applicable to the entity.

Amendments to IFRS 3: Definition of a Business

Effective for annual periods beginning on or after 1 January 2020

In October 2018, the IASB issued amendments to the definition of a business in IFRS 3 Business Combinations to help entities determine whether an acquired set of activities and assets is a business or not. They clarify the minimum requirements for a business, remove the assessment of whether market participants are capable of replacing any missing elements, add guidance to help entities assess whether an acquired process is substantive, narrow the definitions of a business and of outputs, and introduce an optional fair value concentration test. New illustrative examples were provided along with the amendments.

Since the amendments apply prospectively to transactions or other events that occur on or after the date of first application, the entity will not be affected by these amendments on the date of transition.

Amendments to IAS 1 and IAS 8: Definition of Material

Effective for annual periods beginning on or after 1 January 2020

In October 2018, the IASB issued amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors to align the definition of 'material' across the standards and to clarify certain aspects of the definition. The new definition states that, 'Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.' The amendments clarify that materiality will depend on the nature or magnitude of information, or both. An entity will need to assess whether the information, either individually or in combination with other information, is material in the context of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019 (CONTINUED)

2. Application of new and revised International Financial Reporting Standards (IFRSs) and interpretations (IFRICs) (Continued)

2.2 New and revised IFRSs and interpretations in issue but not yet effective (Continued)

Obscuring information

The amendments explain that information is obscured if it is communicated in a way that would have a similar effect as omitting or misstating the information. Material information may, for instance, be obscured if information regarding a material item, transaction or other event is scattered throughout the financial statements, or disclosed using a language that is vague or unclear. Material information can also be obscured if dissimilar items, transactions or other events are inappropriately aggregated, or conversely, if similar items are inappropriately disaggregated.

New threshold

The amendments replaced the threshold 'could influence', which suggests that any potential influence of users must be considered, with 'could reasonably be expected to influence' in the definition of 'material'. In the amended definition, therefore, it is clarified that the materiality assessment will need to take into account only reasonably expected influence on economic decisions of primary users.

Primary users of the financial statements

The current definition refers to 'users' but does not specify their characteristics, which can be interpreted to imply that an entity is required to consider all possible users of the financial statements when deciding what information to disclose. Consequently, the IASB decided to refer to primary users in the new definition to help respond to concerns that the term 'users' may be interpreted too widely.

Other amendments

The definition of material in the Conceptual Framework and IFRS Practice Statement 2: Making Materiality Judgements were amended to align with the revised definition of material in IAS 1 and IAS 8. The amendments must be applied prospectively. Early application is permitted and must be disclosed.

Impact
Although the amendments to the definition of material is not expected to have a significant impact on an entity's financial statements, the introduction of the term 'obscuring information' in the definition could potentially impact how materiality judgements are made in practice, by elevating the importance of how information is communicated and organised in the financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019 (CONTINUED)

2. Application of new and revised International Financial Reporting Standards (IFRSs) and interpretations (IFRICs) (Continued)

2.2 New and revised IFRSs and interpretations in issue but not yet effective (Continued)

Sale or Contribution of Assets between an Investor and its Associate or Joint Venture –Amendments to IFRS 10 and IAS 28

In December 2015, the IASB decided to defer the effective date of the amendments until such time as it has finalised any amendments that result from its research project on the equity method. Early application of the amendments is still permitted.

Key requirements
The amendments address the conflict between IFRS 10 Consolidated Financial Statements and IAS 28 in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture.

The amendments clarify that a full gain or loss is recognized when a transfer to an associate or joint venture involves a business as defined in IFRS 3. Any gain or loss resulting from the sale or contribution of assets that does not constitute a business, however, is recognised only to the extent of unrelated investors' interests in the associate or joint venture.

Transition
The amendments must be applied prospectively. Early application is permitted and must be disclosed.

Impact
The amendments are intended to eliminate diversity in practice and give preparers a consistent set of principles to apply for such transactions. However, the application of the definition of a business is judgmental and entities need to consider the definition carefully in such transactions.

The Conceptual Framework for Financial Reporting

Effective immediately for the IASB and the IFRS IC. For preparers who develop accounting policies based on the Conceptual Framework, it is effective for annual periods beginning on or after 1 January 2020.

Purpose
The revised Conceptual Framework for Financial Reporting (the Conceptual Framework) is not a standard, and none of the concepts override those in any standard or any requirements in a standard. The purpose of the Conceptual Framework is to assist the Board in developing standards, to help preparers develop consistent accounting policies if there is no applicable standard in place and to assist all parties to understand and interpret the standards.

Key provisions
The IASB issued the Conceptual Framework in March 2018. It sets out a comprehensive set of concepts for financial reporting, standard setting, guidance for preparers in developing consistent accounting policies and assistance to others in their efforts to understand and interpret the standards.

The Conceptual Framework includes some new concepts, provides updated definitions and recognition criteria for assets and liabilities and clarifies some important concepts. It is arranged in eight chapters, as follows:

- Chapter 1 – The objective of financial reporting
- Chapter 2 – Qualitative characteristics of useful financial information
- Chapter 3 – Financial statements and the reporting entity
- Chapter 4 – The elements of financial statements
- Chapter 5 – Recognition and derecognition
- Chapter 6 – Measurement
- Chapter 7 – Presentation and disclosure
- Chapter 8 – Concepts of capital and capital maintenance

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019 (CONTINUED)

2. Application of new and revised International Financial Reporting Standards (IFRSs) and interpretations (IFRICs) (Continued)

2.2 New and revised IFRSs and interpretations in issue but not yet effective (Continued)

The Conceptual Framework for Financial Reporting (Continued)

The Conceptual Framework is accompanied by a Basis for Conclusions. The Board has also issued a separate accompanying document, Amendments to References to the Conceptual Framework in IFRS Standards, which sets out the amendments to affected standards in order to update references to the Conceptual Framework. In most cases, the standard references are updated to refer to the Conceptual Framework. There are exemptions in developing accounting policies for regulatory account balances for two standards, namely, IFRS 3 and for those applying IAS 8.

Impact
The changes to the Conceptual Framework may affect the application of IFRS in situations where no standard applies to a particular transaction or event.

Upcoming changes in accounting policies for 2020
None of the standards and amendments to standards effective in 2020 will have a significant impact on Bralirwa Plc's financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019 (CONTINUED)

3. Summary Of 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) Statement of compliance as issued by the International Accounting Standards Board (IASB)
The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS's) and in the manner required by the Law No. 17/2018 of 13/04/2018 governing companies.

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) 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 amortized cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortized cost in foreign currency translated at the exchange rate at the end of the reporting period.

Foreign currency differences arising on retranslation are recognized in profit or 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.

Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

e) Property, plant and equipment

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

Cost comprises expenditure that is 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 capitalized 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 capitalized 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019 (CONTINUED)

3. Summary of significant accounting policies (Continued)

e) Property, plant and equipment (Continued)

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.

The estimated useful lives are as follows:

- Buildings 15-40 years
- Plant and equipment 15-25 years
- Motor vehicles 5-8 years
- Furniture and fittings 5-15 years
- Commercial assets 5-10 years
- Returnable packaging* 5-7 years

*Returnable packaging includes glass bottles and crates.

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 recognized in the carrying amount of the item or recognized 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 recognized 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 gains and losses are recognized 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.

Work in progress
Property, plant and equipment under work in progress is measure at cost. Work in progress is not depreciated. When an asset is ready for use, it is transferred out of work in progress into the respective category.

Derecognition
Net gains on sale of items of property, plant, and equipment are presented in profit or loss as other income. Net gains and losses are recognized in profit or loss when an item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss when the asset is derecognized.

f) Intangible assets-Computer software
The costs incurred to acquire and bring to use specific computer software licenses are capitalized. Capitalized computer software licenses are measured at cost less accumulated amortization and accumulated impairment losses.

Amortization is based on the cost of the asset less its residual value. Amortization is recognized 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.

Amortization 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019 (CONTINUED)

3. Summary of significant accounting policies (Continued)

f) Intangible assets-Computer software (Continued)
Intangible assets are derecognised when no future economic benefits are expected from use.

g) Inventories
Inventories are measured at the lower of cost and net realizable 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 realizable 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.

h) Investments in joint ventures
Joint ventures are those entities over whose activities Bralirwa Plc 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 recognized initially at cost. The cost of the investment includes transaction costs.

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

When Bralirwa Plc 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 Plc has an obligation or has made a payment on behalf of the Joint Venture.

After application of the equity method, Bralirwa Plc determines whether it is necessary to recognise an impairment loss on its investment in its joint venture. At each reporting date, the Company determines whether there is objective evidence that the investment in the joint venture is impaired. If there is such evidence, Bralirwa Plc calculates the amount of impairment as the difference between the recoverable amount of the joint venture and its carrying value, and then recognises the loss within 'Other operating expenses' in the statement of comprehensive income.

Upon loss of significant influence over the joint venture, Bralirwa Plc measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in the statement of comprehensive income.

i) Investments in associates
The Company's investment in associates are accounted for using equity method of accounting. Investments in associates are those entities in which Bralirwa Plc has significant influences, but no control or joint control, over the financial and operating policies. Investment in associates are recognised initially at cost.

After application of the equity method, Bralirwa Plc determines whether it is necessary to recognise an impairment loss on its investment in its associate. At each reporting date, the company determines whether there is objective evidence that the investment in the associate is impaired. If there is such evidence, the Company calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value, and then recognises the loss within 'Share of profit of an associate in the statement of profit or loss.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019 (CONTINUED)

3. Summary of significant accounting policies (Continued)

j) Impairment

(i) Financial assets

The Company's financial assets at amortised cost includes trade receivables and loan to it's joint venture.

The Company recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables, the company applies a simplified approach in calculating ECLs.
Therefore, the company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

(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

k) 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 Rwanda Social Security Board, which is a statutory 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019 (CONTINUED)

3. Summary of significant accounting policies (Continued)

k) Employee benefits (Continued)

(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.

(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 Plc 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.

l) Revenue

The majority of Bralirwa Plc's revenue is generated by the sale and delivery of products to customers. The product portfolio of Bralirwa Plc mainly consists of beer and soft drinks. Products are mostly own-produced finished goods from Bralirwa Plc's brewing activities, but also contain purchased goods for resale from Bralirwa Plc's wholesale activities. Bralirwa Plc's customer group can be split between on-trade customers like cafés, bars and restaurants and off-trade customers like retailers and wholesalers.

Revenue is recognised when control over products has transferred and Bralirwa Plc fulfilled its performance obligation to the customer. For the majority of the sales, control is transferred either at delivery of the products or upon pickup by the customer from Bralirwa Plc's premises. Revenue recognised is based on the price specified in the contract, discounts, and excise taxes collected on behalf of third parties. Other revenues include transport income (being the amount we charge at cost to customers for delivery of product), release of deposit liability (if any) and gains on disposal of property plant and equipment (if any).

Discounts

Bralirwa Plc uses different types of discounts depending on the nature of the customer. Some discounts are unconditional discounts and are recognised at the same moment of the related sales transaction. Bralirwa Plc also provides conditional discounts to customers. These contractually agreed conditions are volume based. Conditional discounts are recognised based on estimated target realisation. The estimation is based on accumulated experience supported by historical and current sales information. A discount accrual is recognised at each reporting date for discounts payable to customers based on their expected or actual volume up to that date. Discounts are accounted for as a reduction of revenue.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019 (CONTINUED)

3. Summary of significant accounting policies (Continued)

m) 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.

n) Leases (Policy applicable as of 1 January 2019) and lease payments

The company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Bralirwa Plc as a lessee

The company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

(i) Right-of-use assets

The company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. Right-of-use assets are subject to impairment in line with the company's policy.

(ii) Lease liabilities

At the commencement date of the lease, the company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees.

o) Finance income and finance cost

Finance income comprises of 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.

p) Income tax

Income tax expense comprises of current and deferred tax. Current tax and deferred tax are recognized in profit or loss except to the extent that it relates to items recognized 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 recognized 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 realized simultaneously.

A deferred tax asset is recognized 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 utilized. 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 realized.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019 (CONTINUED)

3. Summary of significant accounting policies (Continued)

p) Income tax (Continued)

Sales Tax

Expenses and assets are recognised net of the amount of sales tax, except:

▪ When the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable

▪ When receivables and payables are stated with the amount of sales tax included

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

q) Earnings per share

The Company presents basic 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.

r) Dividends

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

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

s) Financial instruments

(i) Classification

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss. The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the company's business model for managing them.

With the exception of trade receivables that do not contain a significant financing component, the company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

(ii) Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the company's statement of financial position) when:

The rights to receive cash flows from the asset have expired

Or

The company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the company has transferred substantially all the risks and rewards of the asset, or (b) the company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019 (CONTINUED)

3. Summary of significant accounting policies (Continued)

s) Financial instruments (Continued)

Loans and borrowings
Loans and borrowings are recognized initially at fair value, net of transaction costs incurred and are subsequently stated at amortized cost using effective interest method; any difference between the proceeds (net of transaction costs) and the redemption value is recognized using effective interest method 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.

Borrowing costs
Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

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 short term 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 recognized amount and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Fair value measurement of financial instruments
When the fair values of financial assets and financial liabilities recorded in the statement of financial position cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the discounted cash flow (DCF) model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions relating to these factors could affect the reported fair value of financial instruments.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019 (CONTINUED)

4. Use of estimates and judgement

In the process of applying the accounting policies, the Company has made judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods. The key areas of judgement, key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period in applying the entity's accounting policies are dealt with below:

Intangible assets and tangible assets
Critical estimates are made by the management in determining the useful life for intangible and tangible assets.

Contingent liabilities
Management evaluates the status of any exposures to contingent liabilities on a regular basis to assess the probability of the Company incurring related liabilities. Provisions are only made in the financial statements where, based on the management's evaluation, a present obligation has been established.

Impairment of loans and receivables
Customer credit risk is managed using the established company policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed based on an extensive credit rating scorecard and individual credit limits are defined in accordance with this assessment. Outstanding customer receivables and contract assets are regularly monitored and any shipments to major customers are generally covered by letters of credit or other forms of credit insurance obtained from reputable banks.

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e., product type, customer type and rating, and coverage by letters of credit or other forms of credit insurance). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade receivables are written-off if past due for more than one year and are not subject to enforcement activity.

Inventory
Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on weighted average cost, 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. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

Deposit liability for returnable packaging
The deposit liability for returnable packaging is an estimate of the value of returnable packaging in the market and the value owed to customers for deposits made for the returnable packaging. To estimate the value of the liability, judgement and estimates are made in relation to, the number of containers; bottles and crates in circulation, the average useful lives of the bottles and crates and the average circulation time for the containers in the market. Once the number of containers in the market has been estimated, this is multiplied by the price of the containers and the liability at period end is determined. The price of the containers is the amount that the Company would refund customers if they returned the containers for cash.

The circulation time is the total time it takes for a bottle to leave the entities premises and return back. This is measured by including the date of dispatch on the bottle and checking this date upon return of the empty bottle from the market.

A deposit liability is recognised for the obligation to refund some or all of the consideration received (or receivable) from a customer. The company's deposit liabilities arise from customers' right of return of the packaging materials. The liability is measured at the amount the company ultimately expects it will have to return to the customer. The company updates its estimates of deposit liabilities (and the corresponding change in the transaction price) at the end of each reporting period.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019 (CONTINUED)

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 analysed individually for creditworthiness before the Company's standard payment and delivery terms and conditions are offered.

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.

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

Cash and Bank balances

Credit risk from balances with banks and financial institutions is managed by the company's treasury department in accordance with the company's policy. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty. Counterparty credit limits are reviewed by the company's Board of Directors on an annual basis. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through a counterparty's potential failure to make payments.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019 (CONTINUED)

5. Financial risk management objectives and policies (Continued)

(a) Credit risk (Continued)

The Company recognises a loss allowance for expected credit losses on trade receivables. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The tables below detail the credit quality of the Company's financial assets, as well as the Company's maximum exposure to credit risk by credit risk rating grades:

	Note	External credit rating	Internal credit rating	12-month or lifetime ECL	Gross carrying amount	Loss allowance	Net carrying amount
31 December 2019							
Receivable from related parties (Non-current)	30 (d)	N/A	Doubtful	Lifetime ECL (not credit impaired)	4,394,763	4,394,763	-
Receivable from related parties (Current)	30 (d)	N/A	Performing	Lifetime ECL (not credit impaired)	3,266,241	-	3,266,241
Trade and other receivables	19	N/A	(i)	Lifetime ECL (simplified approach)	3,756,407	-	3,756,407
Bank and cash balances	20	N/A	Performing	Lifetime ECL (simplified approach)	4,264,032	-	4,264,032
31 December 2018							
Receivable from related parties (Non-current)	30 (d)	N/A	Doubtful	Lifetime ECL (not credit impaired)	4,642,181	301,000	4,341,181
Receivable from related parties (Current)	30 (d)	N/A	Performing	Lifetime ECL (not credit impaired)	781,222	-	781,222
Trade and other receivables	19	N/A	(i)	Lifetime ECL (simplified approach)	1,849,851	273,489	1,576,362
Bank and cash balances	20	N/A	Performing	Lifetime ECL (simplified approach)	8,785,307	-	8,785,307

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:

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019 (CONTINUED)

5. Financial risk management objectives and policies (Continued)

	2019 Rwf '000	2018 Rwf '000
Bank and cash balances (Note 20)	4,264,032	8,785,307
Trade receivables (Note 19)	3,756,407	1,576,362
Other receivables (Note 19)	4,027,817	8,185,852
Equity investment (Note 16)	1,165,720	9,224
Receivables from related companies (Note 30 (d))	3,266,241	781,222
	16,480,217	**19,337,967**

The ageing of trade receivables at the reporting date was:

2019	Gross Rwf '000	Impaired Rwf '000	Net Rwf '000
Current			
0 – 30 days	3,756,407	-	3,756,407
31 – 120 days	-	-	-
120 days and above	-	-	-
Trade receivables (Note 19)	**3,756,407**	**-**	**3,756,407**

2018	Gross Rwf '000	Impaired Rwf '000	Net Rwf '000
Current			
0 – 30 days	1,576,362	-	1,576,362
31 – 120 days	-	-	-
120 days and above	273,489	(273,489)	-
Trade receivables (Note 19)	**1,849,851**	**(273,489)**	**1,576,362**

The ageing of receivables from related companies at the reporting date was:

2019	Gross Rwf '000	Impaired Rwf '000	Net Rwf '000
Current			
0 – 30 days	-	-	-
31 – 120 days	1,474,309	-	1,474,309
120 days and above	1,791,932	-	1,791,932
Receivables from related companies (Note 30 (d))	**3,266,241**	**-**	**3,266,241**

2018	Gross Rwf '000	Impaired Rwf '000	Net Rwf '000
Current			
0 – 30 days	-	-	-
31 – 120 days	548,060	-	548,060
120 days and above	233,162	-	233,162
Receivables from related companies (Note 30 (d))	**781,222**	**-**	**781,222**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019 (CONTINUED)

5. Financial risk management objectives and policies (Continued)

(a) Credit risk (Continued)

The ageing of other receivables at the reporting date was::

2019	Gross Rwf '000	Impaired Rwf '000	Net Rwf '000
Current			
0 – 30 days	4,027,817	-	4,027,817
31 – 120 days	-	-	-
120 days and above	31,999	(31,999)	-
Other receivables (Note 19)	**4,059,816**	**(31,999)**	**4,027,817**

2018	Gross Rwf '000	Impaired Rwf '000	Net Rwf '000
Current			
0 – 30 days	8,185,852	-	8,185,852
31 – 120 days	-	-	-
120 days and above	31,999	(31,999)	-
Other receivables (Note 19)	**8,217,851**	**(31,999)**	**8,185,852**

For all categories of receivables, the amounts over 120 days are past their contractual due dates. Those that are past due and not impaired relate to customers who are actively trading with the Company and settling their balance a bit late.

The movement in the allowance for impairment in respect of receivables and prepayments during the year was as follows:

	2019 Rwf '000	2018 Rwf '000
Balance at 1 January	305,488	428,928
Movement in provision during the year	980,598	(123,440)
Balance at 31st December	**1,286,086**	**305,488**

(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.

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's 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 facilities with various commercial banks with a limit of Rwf 42 billion (2018: Rwf 44.5 billion) and are repayable on demand. The banking facilities limits comprise of bank overdraft Rwf 22 billion. See note 28 for utilisation of these facilities.

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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019 (CONTINUED)

5. Financial risk management objectives and policies (Continued)

(b) Liquidity risk (Continued)

	Carrying amount Rwf '000	6 months or less Rwf '000	6-12 months Rwf '000	More than 12 months Rwf '000
2019				
Assets				
Receivables from related parties	**3,266,241**	1,474,309	1,791,932	-
Trade and other receivables	**7,784,224**	7,784,224	-	-
Bank and cash balances	**4,264,032**	4,264,032	-	-
Total financial assets	**15,314,497**	**13,522,565**	1,791,932	-
Liabilities				
Loans and borrowings	**22,830,980**	-	5,822,815	17,008,165
Lease liability	**404,598**			404,598
Bank overdraft	**22,326,664**	22,326,664	-	-
Trade payables	**29,333,526**	29,333,526	-	-
Payable to related companies	**6,429,647**	6,429,647	-	-
Total financial liabilities	**81,325,415**	**58,089,837**	**5,822,815**	**17,412,763**
Net Liquidity Gap	**(66,010,918)**	**(44,567,272)**	**(4,030,883)**	**(17,412,763)**
2018				
Assets				
Receivables from related parties	**781,222**	548,060	233,162	-
Trade and other receivables	**9,762,214**	9,762,214	-	
Bank and cash balances	**8,785,307**	8,785,307	-	-
Total financial assets	**19,328,743**	**19,095,581**	**233,162**	**-**
Liabilities				
Loans and borrowings	**27,694,654**	-	5,548,775	22,145,879
Bank overdraft	**28,776,954**	28,776,954	-	-
Trade payables	**28,764,131**	28,764,131	-	-
Payable to related companies	**1,892,070**	1,892,070	-	-
Total financial liabilities	**87,127,809**	**59,433,155**	**5,548,775**	**22,145,879**
Net Liquidity Gap	**(67,799,066)**	**(40,337,574)**	**(5,315,613)**	**(22,145,879)**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019 (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 (EUR).

The currency fluctuation for the USD and EUR 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 10% range. In managing foreign currency risk, Bralirwa Plc aims to ensure the availability of foreign currencies and to reduce the impact of short-term fluctuations on earnings. Over the longer term, however, permanent changes in foreign exchange rates and the availability of foreign currencies, will have an impact on profit.

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

	31 December 2019		31 December 2018	
	Euro Rwf '000	US$ Rwf '000	Euro Rwf '000	US$ Rwf '000
Bank and cash balances	5,236,759	4,005,106	5,093,608	3,816,597
Related party balances	5,170	(493,133)	5,028	(469,922)
Trade and other payables	(767,227)	(1,587,877)	(746,254)	(1,513,140)
Net exposure	**4,474,702**	**1,924,096**	**4,352,382**	**1,833,535**

The following exchange rates were applied during the year:

Currency	Average rate		Reporting date spot rate	
	2019	2018	2019	2018
EUR	1,006.81	1016.98	1,043.32	1,014.80
USD	899.49	861.32	931.65	887.80

Sensitivity analysis on foreign currency rates
A 10 percent movement of the Rwandan Franc against the following currencies at 31 December 2019 would have increased/(decreased) the 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.

	Income statement	
Effect	2019 Rwf '000	2018 Rwf '000
EUR		
+10% Rwf Movement	(447,470)	(435,238)
-10% Rwf Movement	447,470	435,238
USD		
+10% Rwf Movement	(192,410)	(183,354)
-10% Rwf Movement	192,410	183,354

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019 (CONTINUED)

5. Financial risk management objectives and policies (Continued)

(c) Market risk (Continued)

(ii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company has loan and overdraft borrowings that have fixed interest rates. The company regularly monitors financing options available to ensure optimum interest rates are obtained.

The table below summarises the interest rate profile of the Company's interest bearing financial assets and liabilities which are carried at amortised cost:

	2019 Rwf '000	2018 Rwf '000
Fixed rate instruments		
Loans and borrowings	22,830,980	27,694,654
Variable rate instruments		
Bank overdrafts	22,326,664	28,776,954

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.

Interest rate sensitivity for variable rate instruments

The following sensitivity analysis shows how the interest rate would change due to a 5% change in the interest rate.

A 5% increase/decrease in interest rates in the bank overdraft would have reduced or increased the pre-tax profit by Rwf 1,116,333,200 (2018: Rwf 1,438,847,700)

(d) Categories of financial instruments

Except for equity investments of Rwf 9,224,000, all the company's financial instrument are carried at amortised cost.

(e) Fair value

The carrying value of the assets and liabilities approximate their fair values.

6. 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 net operating income divided by total shareholders' equity. The Board of Directors also monitors the level of dividends to ordinary shareholders.

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.

Gearing ratio

The gearing ratio at the end of the reporting period was as follows:

	Rwf' 000	Rwf' 000
Loans and borrowings	45,562,242	56,471,608
Bank and cash balances	(4,264,032)	(8,785,307)
Net debt	**41,298,210**	**47,686,301**
Equity	**34,610,902**	**39,076,216**
Gearing (Net debt/Equity)	**119%**	**122%**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019 (CONTINUED)

6. Capital management (Continued)

In order to achieve this overall objective, the company's capital management, among other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. Breaches in meeting the financial covenants would permit lenders to immediately call loans and borrowings. There have been no breaches of the financial covenants of any interest-bearing loans and borrowing in the current period.
Management is aware of the gearing ratio level which is caused by heavy investments made during the five year investment program concluded in 2016. Measures have been put in place in order to mitigate the risk which include:

- Cost saving initiatives;
- New projects to be financed by internally generated funds;
- Increase of prices on certain brands to increase revenue;
- Strict cash management; and
- Repayment of IFC and Intercompany loans.

7. Segment reporting

The Company distinguishes the reportable segments by product for beer and soft drink 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 and located at different sites. For each of the strategic business units, the Company's Managing Director reviews internal management reports on at least a quarterly basis. The Company has multiple distributor models to deliver goods to end customers. The Company does not rely on any major customers, neither does it generate revenue in excess of 10 percent of the Company's revenue from a single customer.

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; and
- *Soft drinks:* Includes purchasing, manufacturing, sale and distribution of soft drinks.

Year ended 31 December 2019	Beer Rwf '000'	Soft Drink Rwf '000'	Total Rwf '000'
Revenue	**74,511,503**	**26,179,717**	**100,691,220**
Operating Profit	8,534,421	2,132,329	**10,666,750**
Net Finance Cost	(5,793,941)	(1,993,822)	**(7,787,763)**
Depreciation and amortisation	(9,679,677)	(4,129,388)	**(13,809,065)**
Profit before income tax	2,740,480	138,507	**2,878,987**
Income tax expense	(1,248,503)	(438,663)	**(1,687,166)**
Profit for the year	**1,491,977**	**(300,156)**	**1,191,821**

Year ended 31 December 2018	Beer Rwf '000'	Soft Drink Rwf '000'	Total Rwf '000'
Revenue	**73,629,311**	**25,324,452**	**98,953,763**
Operating Profit	15,067,363	3,373,689	**18,441,052**
Net Finance Cost	(5,486,804)	(2,608,082)	**(8,094,886)**
Depreciation and amortisation	(9,302,926)	(3,199,697)	**(12,502,623)**
Profit before income tax	8,007,693	2,338,473	**10,346,166**
Income tax expense	(2,309,421)	(794,314)	**(3,103,735)**
Profit for the year	**5,698,272**	**1,544,159**	**7,242,431**

Segment revenue reported above represents revenue generated from external customers. There were no intersegment sales in the current year (2018: nil).

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019 (CONTINUED)

7. Segment reporting (Continued)

The segment assets and liabilities at 31 December 2019 and capital expenditure for the period then ended are as follows:

Year ended 31 December 2019	Beer Rwf '000'	Soft Drink Rwf '000'	Total Rwf '000'
Assets	89,754,072	31,535,214	**121,289,286**
Liabilities	60,180,807	21,144,608	**81,325,415**
Capital Expenditure:			
(i) Additions to property, plant and equipment	8,451,012	2,969,274	**11,420,286**
(iI) Additions to intangible assets	881,242	309,625	**1,190,867**

Year ended 31 December 2018	Beer Rwf '000'	Soft Drink Rwf '000'	Total Rwf '000'
Assets	98,188,675	33,771,528	**131,960,203**
Liabilities	62,732,022	24,395,787	**87,127,809**
Capital Expenditure:			
(i) Additions to property, plant and equipment	10,780,041	3,707,744	**14,487,785**
(iI) Additions to intangible assets	663,950	228,363	**892,313**

Segment assets comprise primarily property, plant and equipment, intangible assets, inventories, receivables and operating cash. They exclude deferred tax.

Segment liabilities comprise operating liabilities. They exclude tax and corporate borrowings. Capital expenditure comprises additions to property, plant and equipment.

8. Revenue

	2019 Rwf '000'	2018 Rwf '000'
Net turnover		
- Beer	74,511,503	73,629,311
- Soft drinks	26,179,717	25,324,452
	100,691,220	**98,953,763**

9. Other income

	2019 Rwf '000	2018 Rwf '000
Transport income less distribution expenses	-	148,416
Miscellaneous income	468,926	166,696
	468,926	**315,112**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019 (CONTINUED)

10. Results from operating activities

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

	2019 Rwf '000	2018 Rwf '000
Depreciation on property. plant and equipment (Note 14)	13,214,251	12,382,584
Amortization and intangible assets (Note 15)	421,779	120,038
Repairs and maintenance of property, plant & equipment	1,874,502	898,318
Raw materials and consumables	32,516,035	29,545,294
Personnel expenses (see Note 11)	15,411,390	13,965,504
Auditors and consultancy remuneration	101,728	106,090
Impairment of related party loan	3,179,583	301,000
Net loss on sale and property, plant and equipment	197,426	175,157

b) Directors remuneration:

	2019 Rwf '000	2018 Rwf '000
Non-Executive Directors	-	-
Executive Director	-	-

11. Personnel costs

The following items are included within staff costs

	2019 Rwf '000	2018 Rwf '000
Salaries and wages	9,880,215	9,926,876
Contributions to defined contribution scheme	321,712	212,400
Contributions to National Social Security Board (RSSB)	948,649	1,182,044
Share based payments	(216,186)	29,338
Other staff costs	4,477,000	2,614,846
	15,411,390	**13,965,504**

12. Net finance costs

	2019 Rwf '000	2018 Rwf '000
Finance costs:		
Foreign exchange (loss)	1,420,001	1,820,523
Interest expense	6,326,037	6,274,363
Interest on lease liability	41,725	-
	7,787,763	**8,094,886**

Foreign exchange (loss) include Foreign exchange (loss) on lease liability of Rwf 26,187,326 (2018: N/A).
Interest expense include unwinding of discount for lease liability of Rwf 41,724,836 (2018: N/A).

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019 (CONTINUED)

13. Income tax expense

a. Income tax

	2019 Rwf '000	2018 Rwf '000
Current tax expense	4,479,554	2,251,800
Tax penalties from uncertain tax position	-	-
	4,479,554	**2,251,800**
Deferred income tax		
Deferred tax charged - (note 25)	(2,585,727)	1,208,375
Prior year (over)/under provision - (note 25)	(206,661)	(356,440)
Deferred income tax charged to profit and loss	**(2,792,388)**	**851,935**
Income tax expense	**1,687,166**	**3,103,735**

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:

	2019 Rwf '000	2018 Rwf '000
Profit before income tax	2,878,987	10,346,166
Tax calculated at the statutory income tax rate of 30%	863,696	3,103,850
Expense not deductible for tax purposes	1,030,131	356,325
Prior year (over)/under provision	(206,661)	(356,440)
Income tax expense	**1,687,166**	**3,103,735**

b. Tax recoverable

	2019 Rwf '000	2018 Rwf '000
At January 1	**2,841,088**	**1,269,926**
Income tax charge for the year	(4,479,553)	(2,251,800)
Tax paid during the year	2,090,374	3,822,962
As at December 31	**451,909**	**2,841,088**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019 (CONTINUED)

14. Property, plant and equipment

Property, plant and equipment are fixed assets that are owned by Bralirwa Plc, as well as right of use (ROU) assets under a lease agreement. Owned and ROU assets are held for use in Bralirwa Plc's operating activities. Refer to the table below for the split between owned assets and ROU assets as per balance sheet date:

In Rwf '000'	Note	2019	2018
Property, plant and equipment - owned assets		85,554,358	87,694,633
Right of use assets	2	359,374	-
Property, plant and equipment		**85,913,732**	**87,694,633**

Owned assets

The table below details the historical cost per asset class and the movements during the year for owned assets.

	Land and Buildings Rwf '000'	Plant and Equipment Rwf '000'	Furniture & Fittings Rwf '000'	Commercial Assets Rwf '000'	Motor Vehicles Rwf '000'	Work in progress Rwf '000'	Returnable packaging Rwf '000'	Total Rwf '000'
Cost								
As at 1 January 2018	**8,250,865**	**70,643,238**	**5,914,703**	**10,086,740**	**7,250,318**	**6,400,907**	**43,814,745**	**152,361,516**
Additions	24,773	225,242	267,286	11,292	591,107	11,050,220	2,317,865	**14,487,785**
Transfers	609,180	9,906,771	82,679	-	-	(15,150,088)	4,551,458	**-**
Disposals		(119,101)		(116,948)	(225,109)	-	-	**(461,158)**
As at 31 December 2018	**8,884,818**	**80,656,150**	**6,264,668**	**9,981,084**	**7,616,316**	**2,301,039**	**50,684,068**	**166,388,143**
Balance at 1 January 2019	**8,884,818**	**80,656,150**	**6,264,668**	**9,981,084**	**7,616,316**	**2,301,039**	**50,684,068**	**166,388,143**
Reclassification	(1,510,530)	(3,562,226)	(615,235)	(4,633,761)		(148,882)		**(10,470,634)**
Additions	176,935	181,561	375,798	295,590	1,172	8,143,930	2,245,300	**11,420,286**
Transfers	102,259	2,432,700	(9,775)	-	-	(4,331,835)	1,806,651	**-**
Disposals			(10,408)		(301,269)		(864,110)	**(1,175,787)**
As at 31 December 2019	**7,653,482**	**79,708,185**	**6,005,048**	**5,642,913**	**7,316,219**	**5,964,252**	**53,871,909**	**166,162,008**
Depreciation								
As at 1 January 2018	**2,429,444**	**21,455,724**	**4,509,404**	**7,061,669**	**5,172,064**	**-**	**25,968,622**	**66,596,927**
Charge for the year	284,682	4,582,829	703,812	1,119,082	963,673	-	4,728,506	**12,382,584**
Disposals		(24,829)		(44,782)	(216,390)	-	-	**(286,001)**
As at 31 December 2018	**2,714,126**	**26,013,724**	**5,213,216**	**8,135,969**	**5,919,347**	**-**	**30,697,128**	**78,693,510**
Balance at 1 January 2019	**2,714,126**	**26,013,724**	**5,213,216**	**8,135,969**	**5,919,347**	**-**	**30,697,128**	**78,693,510**
Reclassification	(1,398,458)	(3,674,296)	(615,235)	(4,633,762)	1	-		**(10,321,750)**
Charge for the year	310,319	5,119,429	553,853	1,018,328	774,818	-	5,437,504	**13,214,251**
Disposals			(10,408)		(249,303)		(718,650)	**(978,361)**
As at 31 December 2019	**1,625,987**	**27,458,857**	**5,141,426**	**4,520,535**	**6,444,863**	**-**	**35,415,982**	**80,607,650**
Net book value as at 31 December 2019	**6,027,495**	**52,249,328**	**863,623**	**1,122,378**	**871,356**	**5,964,252**	**18,455,927**	**85,554,358**
Net book value as at 31 December 2018	**6,170,692**	**54,642,426**	**1,051,452**	**1,845,115**	**1,696,969**	**2,301,039**	**19,986,940**	**87,694,633**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019 (CONTINUED)

14. Property, plant and equipment (Continued)

Commercial assets are items (usually branded) with significant individual value that are expected to be used for more than 1 year such as draught beer installations, outlet visibility materials, merchandise refrigerators and other vending equipment.

The credit in additions for Plant and Equipment in current year relates to a credit note received for prior year additions, thus reducing the cost of plant and equipment.

Fully depreciated assets at an original cost of Rwf 32,319,136,075 (2018: Rwf 22,246,329,563) are still in use.

There are no assets pledged as collateral for liabilities (2018: Rwf 0).
Reclassifications related to 2018 offsets that were corrected in 2019.

	2019 Rwf '000	2018 Rwf '000
Cost		
Balance at 1 January	-	-
Additions	532,408	-
Disposals	-	-
Adjustments	-	-
Transfers from work in progress	-	-
Balance at 31 December	**532,408**	-

	2019 Rwf '000	2018 Rwf '000
Depreciation		
Balance at 1 January	-	-
Charge for the year	173,034	-
Disposals	-	-
Adjustments	-	-
Balance at 31 December	**173,034**	**-**
Net book value at end of year	**359,374**	**-**

The company leases a number of offices under operating leases in the ordinary course of business. There are no significant leasing arrangements. The leases run for a period of three years, with an option of renewal after that date. When measuring the leasing liability, Bralirwa Plc discounted the lease payments using the incremental borrowing rate at 1 January 2019. The weighted average incremental borrowing rate applied is 10.36%.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019 (CONTINUED)

15. Intangible assets - Computer Software

	2019 Rwf '000	2018 Rwf '000
Cost		
Balance at 1 January	1,043,118	393,892
Additions	1,190,867	892,313
Disposals	-	(243,087)
Balance at 31 December	**2,233,985**	**1,043,118**
Amortization and impairment loss		
Balance at 1 January	139,730	262,779
Amortization for the year	421,779	120,038
Disposals	-	(243,087)
Balance at 31 December	**561,509**	**139,730**
Net book value at end of year	**1,672,476**	**903,388**

16. Equity Investments

(i) Equity investments

	2019 Rwf '000	2018 Rwf '000
Development Bank of Rwanda	9,224	9,224
Cogelgaz	179,861	179,861
Less: Impairment allowance (Cogelgaz & BraMin)	**(179,861)**	**(179,861)**
	9,224	**9,224**

The above investment in associate is 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:

- Development Bank of Rwanda is incorporated in Rwanda as a private limited liability company and is domiciled in Rwanda.
- 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.

(ii) Investments in joint venture

Bramin Ltd; a Joint Venture is between Bralirwa Plc (with 50%) and Minimex Ltd. The company is incorporated and engaged in commercial farming in Rwanda and was established to produce seed and commodity maize. Bramin's year end is 31 December. During the year, a loan of Rwf 1,156,495,503 was converted to be equity investments.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019 (CONTINUED)

16. Equity Investments (Continued)

(ii) Investments in joint venture (Continued)

	2019 Rwf '000	2018 Rwf '000
As at 1 January	-	-
Reclassification of loan to joint venture investment during the year	7,000,000	-
Less: Impairment allowance	(5,843,504)	-
As at December 31	**1,156,496**	-

17. Investment in joint venture

The Joint Venture (Bramin Ltd) is between Bralirwa Plc (with 50%) and Minimex Ltd. The company is incorporated and engaged in commercial farming in Rwanda and was established to produce seed and commodity maize. Bramin's year end is 31 December.

During the year ended 31 December 2019, the joint venture made a net loss of Rwf 1,312,954 (2018: Rwf 1,074,080). Bralirwa Plc's share of the loss was Rwf 656,477,000 (2018: Rwf 537,040,000).

The share of loss exceeds the carrying amount of the investment in the Joint Venture which was determined using the equity method. Recognition of the prior years' losses resulted in the carrying amount being reduced to nil. Further recognition of the losses was discontinued.

The joint venture had no contingent liabilities or commitments as at 31 December 2019 and 2018.

Summary financial information for equity accounted joint venture

	2019 Rwf '000	2018 Rwf '000
Percentage ownership interest	**50%**	**50%**
Non-current asset	2,318,343	2,411,914
Current asset	1,100,710	752,701
Non-current liabilities	(7,000,000)	(4,000,000)
Current Liabilities	(1,981,863)	(3,414,472)
Net Liabilities (100%)	**(5,562,810)**	**(4,249,857)**
Bralirwa Plc share of net liabilities 50%	**(2,781,405)**	**(2,124,929)**
Carrying amount of interest in joint venture	**(2,781,405)**	**(2,124,929)**
Revenue	507,780	320,856
Expenses	(1,820,734)	(1,394,936)
Loss for the year (100%)	**(1,312,954)**	**(1,074,080)**
Total Comprehensive loss 50%	**(656,477)**	**(537,040)**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019 (CONTINUED)

18. Inventories

	2019 Rwf '000	2018 Rwf '000
Raw materials	7,726,931	7,723,403
Work in progress	1,456,760	1,386,669
Finished goods	715,737	1,201,568
Goods for resale	86,681	208,976
Non-returnable packaging	2,595,047	1,978,204
Spare parts	5,898,110	6,203,924
Other inventories	1,056,790	1,253,779
	19,536,056	**19,956,523**
Provision for spare parts	(1,059,109)	-
	18,476,947	**19,956,523**

The cost in inventories recognized as an expense during the year in respect to continuing operations was included in the cost of sales, being Rwf 65,814 million (2018: Rwf 66,161 million).

19. Trade and other receivables

	2019 Rwf '000	2018 Rwf '000
Trade receivables	3,756,407	1,576,362
Less: Impairment losses	(1,254,086)	(273,489)
Trade receivables – net	**2,502,321**	**1,302,873**
Other receivables and prepayments- net	4,027,817	8,185,852
	6,530,138	**9,488,725**
The allowance at the end of the year is made up of:		
Provision for trade receivables (note 5a)	1,254,086	273,489
Provision for other receivables (note 5a)	31,999	31,999
At end of year	**1,286,085**	**305,488**
Movement in provision		
Opening balance	305,488	428,928
Movements in income statement	980,597	(123,440)
Closing balance	**1,286,085**	**305,488**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019 (CONTINUED)

20. Cash and cash equivalents

	2019 Rwf '000	2018 Rwf '000
Bank and cash balances	4,264,032	8,785,307
Bank overdraft (Note 23)	(22,326,664)	(28,776,954)
Total Cash and Cash equivalents per cash flow statement	**(18,062,632)**	**(19,991,647)**

21. Capital and reserves

	2019	2018
As at 1 January and 31 December	1,028,570,000	1,028,570,000
Authorized par value (Rwf)	5	5
Ordinary share capital (Rwf)	**5,142,850,000**	**5,142,850,000**

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.

Share premium

Included in the Company's equity balance is an amount of Rwf 84,856,750 (2018: Rwf 84,856,750) relating to share premium. This represents amounts paid by shareholders over and above the nominal per value of the shares for the years 1977, 1978 and 1979.

Other reserves

	2019 Rwf '000	2018 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 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.

Dividends

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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019 (CONTINUED)

21. Capital and reserves (Continued)

For the year ended 31 December	2019 Rwf '000	2018 Rwf '000
Final dividend Rwf 0 per qualifying ordinary share (2018: Rwf 5.5)	1,028,570	5,657,135
Dividends paid to equity holders of the company	771,428	4,242,851
Dividends paid to other shareholdewrs	257,143	1,414,284
	1,028,571	**5,657,135**

Long term incentive plan

	2019 Rwf '000	2018 Rwf '000
Long term incentive plan	2,502	2,502

22. Basic earnings per share

The calculation of basic earnings per share at 31 December 2019 was based on the profit attributable to ordinary shareholders of Rwf 1,028,570,000 (2018: Rwf 5,657,135,000) and on 1,028,570,000 ordinary shares of Rwf 5 each being the weighted average number of ordinary shares in issue.

	2019 Rwf '000	2018 Rwf '000
a) Profit attributable to ordinary shareholders		
Profit of the year	1,191,821	7,242,431
b) Weighted average ordinary shares		
Issued ordinary shares as at 1 January	1,028,570,000	1,028,570,000
Weighted average ordinary shares as at 31 December	1,028,570,000	1,028,570,000
Earnings per share	**1.16**	**7.04**
Profit attributable to ordinary equity holders of the parent:	893,866	5,431,823
Profit attributable to other ordinary equity holders:	297,955	1,810,608
	1,191,821	**7,242,431**

23. Loans and borrowings

	Original Amount Rwf' 000ww	Date Borrowed	Interest rate	2019 Rwf' 000	2018 Rwf' 000
Heineken International N.V.	8,273,944	3-May-17	12.2%	8,273,944	8,273,944
International Finance Corporation	20,697,572	8-Feb-16	3.8%	14,557,036	19,420,710
Lease liability (Non-Current)				404,598	-
Total				**23,235,578**	**27,694,654**
Bank overdraft				22,326,664	28,776,954
Total borrowings				**45,562,242**	**56,471,608**
Less current borrowings				(28,149,479)	(34,325,729)
Non-current borrowings				**17,412,763**	**22,145,879**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019 (CONTINUED)

23. Loans and borrowings (Continued)

The loan from related party Heineken International N.V. is Rwf denominated and has a fixed interest rate. The loan is unsecured.

The loan from International Finance Corporation was for USD 25,000,000 and is fully utilised. The loan is unsecured and was used for expanding and upgrading Bralirwa Plc's production capacity in prior years. It will mature on 15 March 2022.

All other interest rates are fixed.

Movement in non-current loans and borrowings	2019 Rwf '000	2018 Rwf '000
Balance as at January 1	**27,694,654**	**30,117,681**
Loans obtained	-	-
Loans repaid	(5,653,372)	(3,120,616)
Addition of leases	404,598	-
Exchange differences	789,698	697,589
Balance as at December 31	**23,235,578**	**27,694,654**

Lease liability
Below are the carrying amounts of lease liabilities (relating to right of use assets disclosed in Note 16) and the movements during the period:

Movement in non-current loans and borrowings	2019 Rwf '000	2018 Rwf '000
Balance as at January 1	-	-
Adoption of IFRS 16	532,408	-
Interests on lease liabilities	41,725	-
Payment of lease liabilities	(123,378)	-
Exchange differences	48,556	
Balance as at December 31	**499,311**	-

Contractual maturities
The following table presents an overview of the expected timing of cash-out and inflows of non-derivative financial liabilities and derivative financial assets and liabilities, including interest payments.

	2019 (Rwf '000')			
	Carrying amount	Contractual cash flows	Less than 1 year	1-5 years
Lease liabilities	(499,311)	(123,378)	(94,713)	(404,598)

Variable leases were RWF 154 million in 2019 (2018: N/A).

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019 (CONTINUED)

23. Loans and borrowings (Continued)

Maturity analysis

Movement in non-current loans and borrowings	2019 Rwf '000	2018 Rwf '000
Less than 12 months	94,713	-
1 to 3 years	404,598	-
	499,311	-

24. Share based payments

Long Term Incentive Plan

Heineken N.V. (holding company) has a performance-based share plan (Long-Term Incentive Plan (LTIP)) for senior management. Under the LTIP, share rights are conditionally awarded to incumbents on an annual basis. The vesting of these rights is subject to the performance of Heineken N.V. on specific internal performance conditions and continuous service over a three year period.

The performance conditions for LTIP 2017-2019; 2018-2020 and LTIP 2019-2021 for senior management comprise solely of internal performance measures being Organic Gross Profit BEIA growth, Organic Operating Profit BEIA growth, Earnings per Share (EPS) BEIA growth, and Free Operating Cash Flow. At target performance, 100 per cent of the awarded share rights vest. At maximum performance 175 per cent of the shares will vest.

The performance period for the aforementioned plans are:

LTIP	Performance period start	Performance period end
2017-2019	01 Jan 2017	31 Dec 2019
2018-2020	01 Jan 2018	31 Dec 2020
2019-2021	01 Jan 2019	31 Dec 2021

The vesting date for senior management is 1 April 2019, 2020 and 2021 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
2017	241	86.93	3 Years
2018	-	77.20	3 Years
2019	139	94.92	3 Years

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019 (CONTINUED)

24. Share based payments (Continued)

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

2019	Weighted average Share price	Number of shares
Outstanding at I January	77.20	117
Granted during the year	89.85	143
Outstanding at end of year	**94.92**	**260**

2018	Weighted average Share price	Number of shares
Outstanding at 1 January	69.54	4,219
Granted during the year	79.66	-
Outstanding at end of year	**77.20**	**4,219**

The expense recognized in profit and loss of the year was Rwf-216,186,000 (2018: Rwf 29,338,000)

25. Deferred income tax liability

Deferred income tax liability is calculated using the enacted income tax rate of 30% (2017: 30%).

Deferred income tax liabilities, deferred income tax charge/(credit) in the statement of profit or loss and other comprehensive income, and deferred income tax charge/(credit) in equity are attributable to the following items:

Year ended 31 December	2019 Rwf '000	2018 Rwf '000
Property. plant and equipment	8,981,312	9,840,924
Provisions	(3,176,434)	(1,243,658)
Net deferred income tax liability	**5,804,878**	**8,597,266**

Movement in deferred tax on temporary differences during the year:

2019	At 1 January Rwf '000	(Over)/Under Provision Rwf '000	Recognised in profit or loss Rwf '000	At 31 December Rwf '000
Property. plant and equipment	9,840,924	-	(859,612)	8,981,312
Provisions	(1,243,658)	(206,661)	(1,726,115)	**(3,176,434)**
Net deferred income tax liability	**8,597,266**	**(206,661)**	**(2,585,727)**	**5,804,878**
2018				
Property. plant and equipment	8,988,989	(356,440)	1,208,375	**9,840,924**
Provisions	(1,243,658)	-	-	**(1,243,658)**
Net deferred income tax liability	**7,745,331**	**(356,440)**	**1,208,375**	**8,597,266**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019 (CONTINUED)

26. Trade and other payables

	2019 Rwf '000	2018 Rwf '000
Trade payables	3,691,544	4,211,916
Deposit on returnable containers	14,064,932	15,436,634
Other payables and accrued expenses	11,482,337	9,115,581
Lease liability (Current)	94,713	-
	29,333,526	**28,764,131**

27. Capital commitments

	2019 Rwf '000	2018 Rwf '000
Contracted but not provided for	293,760	527,650
Authorized but not contracted for	102,000	184,000
Total	**395,760**	**711,650**

28. Off balance sheet commitments

	2019 Rwf '000	2018 Rwf '000
Undrawn committed bank facilities	19,673,336	15,723,046

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

29. Leases

The Company leases a number of offices under operating leases in the ordinary course of business. There are no significant leasing arrangements. The leases run for a period of three years, with an option of renewal after that date.

	2019 Rwf '000	2018 Rwf '000
Less than one year	94,713	260,279
Between one and five years	404,598	-
	499,311	**260,279**

During the year an amount of Rwf 153,671,687 was recognized as an expense in profit and loss in respect of operating lease and rent (2018: Rwf 429,108,071)

30. Related party transactions

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

The Company has transactions with its parent (Heineken International B.V.) and other related parties who are related to the Company only by virtue of being members of the Heineken Group. As such all other companies other than Heineken International B.V., are sister companies.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019 (CONTINUED)

30. Related party transactions (Continued)

Terms and conditions of transactions with related parties

The sales to and purchases from related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables.

The total amounts due to related parties by the nature of the transaction are shown below:

a) Management fees and royalties paid to group companies

	2019 Rwf '000	2018 Rwf '000
i) Management fees		
Heineken International B.V.	434,162	429,574
Heineken Supply Chain B.V.	509,491	606,871
Total	**943,653**	**1,036,445**
ii) Royalties paid/payable		
Amstel Brouwerijen B.V.	175,427	151,583
Premium Beverages International B.V.	963,758	1,323,966
Heineken Brouwerijen B.V.	153,116	42,500
Total	**1,292,301**	**1,518,049**

b) Purchase and sale of goods and services

	2019 Rwf '000	2018 Rwf '000
Sales		
Bralima sarl	-	(1,004,114)
Brarudi SA	(71,576)	(211,598)
Brasserie Nationale d`Haiti S.A.	-	(1,893)
Heineken N.V.	-	(15,300)
Heineken Uganda Ltd	-	(11,087)
Heineken Tanzania Ltd.	(8,601)	-
Sierra Leone Brewery Ltd	-	(18,756)
	(80,177)	**(1,262,748)**
Purchases		
Amstel Brouwerij B.V.	171,974	-
Bralima sarl	7,912	162,541
Burundi Plastic Industries	356,312	168,838
Heineken Brouwerijen B.V.	403,196	21,798
Heineken Ethiopia	35,177	-
Heineken International B.V.	4,374,307	1,183,774
Heineken Supply Chain B.V.	444,929	69,191
Heineken Uganda Ltd	4,988	
Ibecor N.V.	23,483,901	12,415,191
Nigerian Breweries PLC	7,720	211
Premium Beverages International B.V.	777,410	-
	30,067,826	**14,021,544**
Total	**29,987,649**	**12,758,796**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019 (CONTINUED)

30. Related party transactions (Continued)

c) Key management compensation

	2019 Rwf '000	2018 Rwf '000
Short-term employment benefits	2,402,679	2,366,162
Post-employment benefits	108,107	123,401
Other long term benefits	213,723	172,585
Share based payments	(216,186)	29,338
Termination benefits	-	153,786
	2,508,323	**2,845,272**

Short-term employment benefits include the benefits for the Director(s) of the Company.

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

	2019 Rwf '000	2018 Rwf '000
Payables to related parties		
Al Ahram Beverages Company	48,666	-
Amee Export - Heineken Brouwerijen B.V.	10,589	105,421
AMEE Office	99,593	-
Amstel Brouwerijen B.V.	-	45,213
Bralima sarl	19,625	103,293
Brarudi SA	801,862	-
Brasserie Nationale d'Haiti S.A.	-	3,291
Brasseries de Bourbon S.A	367	-
Brassivoire	1,261	-
Burundi Plastic Industries	361,680	-
Heineken Brouwerijen B.V.	140,950	90,739
Heineken Enterprise & Others	-	-
Heineken Ethiopia	35,188	-
Heineken International B.V.	1,350,083	1,167,460
Heineken Supply Chain B.V.	160,965	4,230
Heineken Tanzania Ltd	10,119	-
Heineken Uganda Ltd	6,600	-
Ibecor N.V.	2,478,973	40,477
Nigerian Breweries PLC	7,887	214
Premium Beverages International B.V.	-	320,007
Sierra Leone Brewery Ltd	19,812	11,725
Sub-Saharan Fees	875,427	-
	6,429,647	**1,892,070**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019 (CONTINUED)

30. Related party transactions (Continued)

d) Outstanding balances arising from sale and purchase of goods/services (Continued)

	2019 Rwf '000	2018 Rwf '000
Current receivables from related parties		
Current receivables from related parties	1,465	105,005
Amee Export - Heineken Brouwerijen B.V.	1,465	105,005
Bralima sarl	80,582	33,023
BraMin Ltd	1,791,932	233,162
Brarudi SA	1,321,180	387,162
Brasserie Nationale d'Haiti S.A.	1,098	-
Brassivoire	5,858	520
Heineken Brouwerijen B.V.	-	-
Heineken Ethiopia	1,614	-
Heineken International B.V.	18,482	-
Heineken Uganda Ltd	-	22,343
Jamaica D&G	1,078	-
Premium Beverages International B.V.	-	7
Sierra Leone Brewery Ltd	42,952	-
Tango SARL	-	-
	3,266,241	**781,222**
Non-current receivables from related parties		
BraMin Ltd	-	1,336,079
BraMin Ltd	-	3,005,102
	-	**4,341,181**

The loan granted to BraMin Ltd (Joint Venture between Bralirwa Plc and Minimex Ltd) is carried at amortized cost. The loan which is interest free is discounted using the Company's weighted average cost of capital of 15.19%. Repayment of this loan is expected to commence in 2021. In 2019, the loan was impaired for Rwf 3,179,000,000. The loan was converted to Joint venture investment in 2019.

31. Contingencies – pending litigation and claims

There are certain lawsuits and claims pending against the company in various courts of law which are being handled by the external legal counsel. The contingent liabilities in respect of pending litigation and claims amounted to Rwf 114 million as at December 31 2019 (2018: Rwf 110 million) . In the opinion of the directors and based on independent legal advice, the Company's liabilities are not likely to be material, thus no provision has made in these financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019 (CONTINUED)

32. Events after the reporting period

Apart from uncertainties arising from COVID-19 as discussed below, there are no events after the reporting date that would require adjustments to, or disclosure in, the financial statements.

The outbreak of the Coronavirus Disease 2019 (COVID-19) has stricken communities across the globe. The virus' rapid geographical spread has caught the world off-guard, with major implications for personal health, business continuity and the world economic order. Globally, integrated supply chain models have been disrupted, threatening a financial slow-down. Unfortunately, most organizations around the world are ill-prepared to navigate through these uncertain times and Bralirwa Plc is not an exception. The management assessed that COVID-19 will affect production, supply chain of products, reduction of sales, earnings or productivity. It's also expected that there will be closure of some of the company's distributor's businesses and consequently the expected credit losses on Trade receivables and RPM advances in 2020 due to increase in probabilities of default.

Management has put in place ample measures such as remote working for some employees, with an exception of those offering essential services to ensure continuity in business operations. Further, management has stepped up Trade receivables recovery measures to minimize cases of default. Once the government restrictions ease, the Company plans to increase its marketing and promotional activities to ensure that the Company gets new customers and distributors. Management believes that these measures will mitigate any going concern uncertainties that may arise due to COVID-19.

Management assesses that it is not practicable to accurately estimate the financial impact on COVID-19 now as the effects are yet to fully materialise.

33. Approval of financial statements

The financial statements were approved by the Board of Directors and authorized for issue on 25th March 2020.

PART SEVEN

FIVE YEAR FINANCIAL SUMMARY
AND GLOSSARY

FIVE YEAR FINANCIAL SUMMARY

	2019 Rwf millions	2018 Rwf millions	2017 Rwf millions	2016 Rwf millions	2015 Rwf millions
Revenue	**100,691**	**98,954**	**86,354**	**88,799**	**84,088**
Cost of sales	(65,814)	(66,161)	(60,079)	(63,123)	(57,912)
Gross profit	**34,877**	**32,793**	**26,275**	**25,676**	**26,176**
Other income	469	315	5,288	1,534	3,305
Other expenses	(24,679)	(14,667)	(16,857)	(15,081)	(16,446)
Results from operating activities	**10,667**	**18,441**	**14,706**	**12,129**	**13,035**
Net Finance cost	**(7,788)**	**(8,095)**	**(6,997)**	**(9,463)**	**(4,783)**
Profit before income tax	**2,879**	**10,346**	**7,709**	**2,666**	**8,252**
Income tax expense	(1,687)	(3,104)	(2,630)	(1,268)	(1,145)
Total comprehensive income for the year	**1,192**	**7,242**	**5,079**	**1,398**	**7,105**
Employment of funds					
Fixed assets	85,914	87,695	85,765	88,001	84,753
Intangible Assets	1,672	903	131	254	217
Equity investment	9	9	9	9	9
Joint venture investment	1,157	-	-	-	-
Long term debtors and prepayments	-	4,341	3,398	4,000	4,000
Net current (liabilities)/assets	(2,774)	11,197	3,682	(6,415)	(8,124)
Loan Capital/Finance Lease	(45,562)	(56,472)	(49,548)	(46,629)	(39,065)
Deferred Income & Taxation	(5,805)	(8,597)	(7,745)	(7,582)	(6,407)
Total net assets	**34,611**	**39,076**	**35,691**	**31,638**	**35,383**
Funds employed					
Share capital	5,143	5,143	5,143	5,143	5,143
Share Premium	85	85	85	85	85
Other reserves	2,072	2,072	2,072	2,072	2,072
Retained earnings	27,311	31,777	28,391	24,339	28,083
Shareholders' Funds	**34,611**	**39,076**	**35,691**	**31,638**	**35,383**
Statistics					
Share price at year end (Rwf)	139	150	150	140	174
Market capitalization in (Rwf millions)	142,971	154,286	154,286	144,000	178,971
Basic and diluted earnings per share (Rwf)*	1.16	7.04	4.94	1.36	6.91
Dividend per share (Rwf)	1.00	5.50	3.75	1.00	5.00
Dividend Cover (times)	1.16	1.28	1.32	1.36	1.38
Net worth per share (Rwf)	33.65	37.99	34.70	30.76	34.40
Debt/Equity ratio	1.32	1.45	1.39	1.47	1.11

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, cash flow from operational investing activities and cash flow from financing activities.

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

Net Assets
Non-current assets plus net working capital.

Net Working Capital
Current assets minus current liabilities.

Cash and Cash Equivalents
Bank and cash balances plus bank overdrafts.

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) Plc 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 general meeting of shareholders of "the Company" to be held on 17 September 2020 by teleconference (Online), 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 the financial year 2019;
6. Appointment of Directors;
7. Appointment of Independent 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 2020


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Tel: +250 784 110636/+250 786 419333/+254 722 807371
e-mail HYPERLINK: registrarsrw@cdsckenya.com

Only clearing banks are acceptable

I/We hereby request that form now on, all dividend warrant(s) due to me/us from my/our holding(s) in **Bralirwa Plc,** be paid directly to my/our Bank named below.

Shareholder's Full Name:

Surname first

Shareholder's Address:

Shareholder's E-mail:

Shareholder's GSM Number:

Single Shareholder's Signature: ____________________

Joint Shareholders' / Company Signatures:

(1) ____________________

(2) ____________________

Company Seal: ____________________

Name of Bank:

Branch Address of Bank:

Bank Account No.

Bank Sort Code:

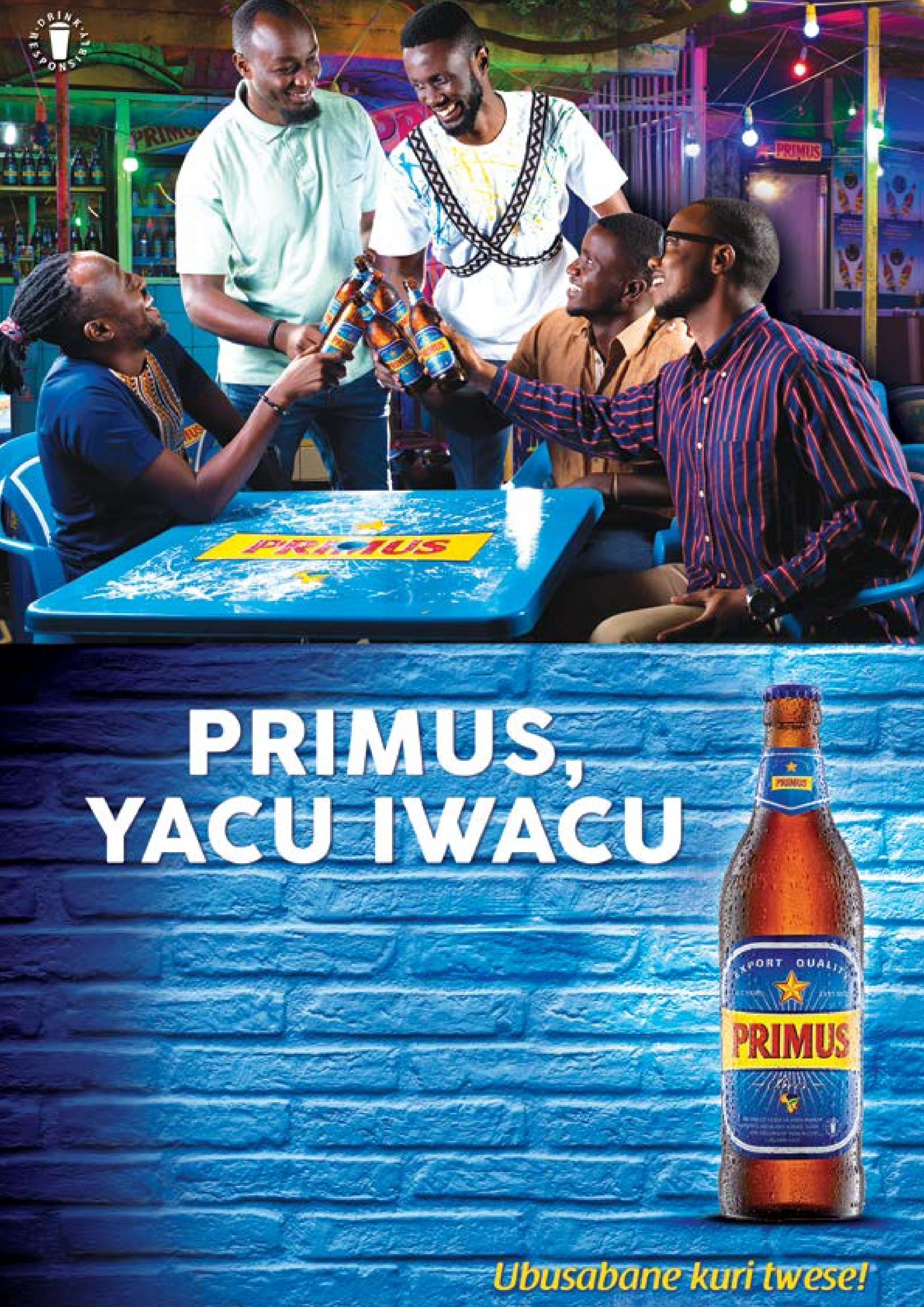
Bank Authorised Signatures & Stamp:

(1) ____________________

Please include page No.

(2) ____________________

Please include page No.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