Bralirwa

Part of the HEINEKEN Company

# Annual Report and Accounts 2015


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

DRINK RESPONSIBLY


THE LIONS ARE BACK
DRINK RESPONSIBLY
TURBO KING
TURBO KING IS PROUD TO BE PART OF THE TEAM THAT ARE BRINGING THE LIONS BACK TO AKAGERA NATIONAL PARK.

Bralirwa

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# Contents

DRINK RESPONSIBLY

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Passion for Quality • Enjoyment for Life • Respect for People, Society and Environment

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

## Passion for Quality

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

## Enjoyment for life

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

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

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

Aerial view of Gisenyi brewery site

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# PART ONE

QUICK READ

# The Quick Read

## RESULTS AT A GLANCE

| Result in Rwf millions | 2015 | 2014 | Change in % |
|---|---|---|---|
| Gross Revenue | 131,765 | 120,300 | 9.5% |
| Revenue | 84,088 | 79,238 | 6.1% |
| EBIT | 13,035 | 16,921 | (23.0%) |
| EBITDA | 21,637 | 23,612 | (8.4%) |
| Net profit | 7,106 | 11,394 | (37.6%) |
| Dividend proposed | 5,143 | 7,714 | (33.3%) |
| Free Operating Cash (deficit)/flow | (4,596) | 1,257 | (465.5%) |
| **Statement of financial position in Rwf millions** | | | |
| Total Assets | 122,883 | 102,462 | 20.0% |
| Net Assets | 62,203 | 44,974 | 38.3% |
| Shareholders’ equity | 35,383 | 35,992 | (1.7%) |
| Net Debt | 39,065 | 20,887 | 87.0% |
| **Results and statement of financial position per share (1 Rwf)** | | | |
| Weighted Average number of shares | 1,028,570,000 | 1,028,570,000 | 0.00% |
| Earnings per share | 6.91 | 11.08 | (37.6%) |
| Dividend proposed | 5.00 | 7.5 | (33.3%) |
| Free Operating Cash (deficit) / flow | (4.47) | 1.22 | (465.5%) |
| **Employees in number** | | | |
| Average number of employees | 612 | 546 | 12.1% |

| Key Ratios (in %) | | | |
|---|---|---|---|
| EBIT as % of Gross Revenue | 10% | 14% | (28.6%) |
| EBIT as % of Revenue | 16% | 21% | (23.8%) |
| Net Profit as % of average shareholders’ equity | 20% | 32% | (36.6%) |
| Net Debt/EBITDA | 181% | 88% | 104.1% |
| EBITDA/Interest expenses (times covered) | 2.6 | 9.1 | (71.5%) |
| RONA | 11% | 25% | (56.0%) |
| Cash conversion Rate | (65%) | 11% | (691%) |
| Dividend Payout (% of net profit) | 72.4% | 68% | 6.9% |

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Inside of the new state of the art soft drinks plant Kigali

**History**

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

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# PART TWO

## CHAIRMAN'S STATEMENT

# Chairman's Statement

## Introduction

Let me start by thanking Dr. Oladele Ajayi for his Chairmanship of our Company, and I would also like to thank the Board for appointing me to this position as from August, 2015 in succession to Dr. Ajayi.

It is with pleasure that I address to you my first Chairman's statement.

## Business Context 2015

African economies, consistent with other emerging market economies, confronted challenges resulting from the sharp decline in world commodity prices. This resulted in increasing balance of payments challenges given the associated shortage of foreign exchange.

Notwithstanding the global and continental slow-down, the Rwandan economy with its relatively limited commodity exposure proved resilient through much of 2015.

Within this context our top line growth, sales volume and revenue, was strong. Net revenue increased by 6.1%, reflecting sustained volume growth in soft drinks of 13.2% and growth in beer of 5.3%.

As explained previously in our 2012 Chairman's statement at the start of this investment programme, we financed these investments through a combination of internally generated cash and debt.

The financial impact of this is reflected in a higher depreciation charge and increased debt, resulting in a higher debt to equity ratio. This explains the difference in our 2015 Statement of Financial Position and Statement of Profit or Loss and Other Comprehensive Income compared to previous years.

Compensating this level of increased fixed cost from operations at a time when currency depreciation is impacting raw material and other costs, sets a challenge for management. Particularly as passing on costs to cash constrained consumers in a competitive market is difficult. As such, despite strong sales and revenue growth margins remained under pressure resulting in lower levels of profitability.

## Investments

Our total capital expenditures in 2015 amounted to Rwf 27.2 billion, in our fourth year of capacity expansion, rehabilitation and modernisation.

The capital investments in 2015 included the installation of four additional fermentation tanks to increase brewing capacity, replacement of the utilities, and a new bottling line in the Gisenyi brewery. A PET line is being installed in the Soft Drinks Plant in Kigali which will be commissioned in second quarter of 2016.

Our Bramin Farm joint venture entered its second year of commercial farming, with improved crop yields as we concentrated on brining this pioneering farm investment to sustainable profitability in the near future.

## Financial statements

The impact of our investments on the statements of financial position and statement of profit or loss and other comprehensive income was threefold; debt profile increased 87% to Rwf 39.1 billion in 2015 from Rwf 20.9 billion in 2014, depreciation was up 28% to Rwf 8.6 billion in 2015 from Rwf 6.7 billion in 2014, and net finance cost increased.

In 2015 we also secured a $25 million long term loan from International Finance Corporation (division of World Bank Group) and $10 million Intercompany medium term loan from Heineken N.V These US dollar borrowings assisted in financing our investment programme.

I am delighted to report that we amicably settled the excise tax issue with Rwanda Revenue Authority previously reported in our accounts as a contingent liability during the year. The impact of the settlement has been taken into the 2015 Statement of Profit or Loss and other comprehensive income, with additional costs charged against our 2015 results.

This negatively impacted revenue by Rwf 2.5 billion and increased interest expenses by Rwf 1.6 billion.

Our sales volume increased by 7.6% with increased revenue of 6.1% to Rwf 84.1 billion from Rwf 79.2 billion. Results from operating activities declined by 23% from Rwf 16.9 billion to Rwf 13.0 billion. Also, our results from operating activities (EBIT) were negatively impacted by higher depreciation and the write-off of obsolete machines and spare parts as a result of our technical expansion and upgrading programme.
As previously announced in May 2015, the upgrading of our ERP accounting system brought to our attention that the previous system installed in 2010 had contained weaknesses in its configuration that led to an understating of production costs between 2010 and 2014.

When we reported our 2015 half year results in July, we re-stated our full year 2014 results to reflect this. The impact of the system weakness in previous years has been reflected in this Annual Report and Accounts by restating our 2014 comparative figures as well as the 2013 opening balances. As we highlighted at the time, this restatement had no impact on cash. The impact has been taken in the balance sheet through a restatement of retained earnings.

## Brand activities

Brand investment is fundamental to building a strong and sustained connection with our consumers. In 2015 we saw an increased level of marketing investment as a percentage of revenue.

Primus GumaGuma Superstar (PGGSS) Season Five played to large audiences across the country with an estimated one million fans enjoying the PGGSS spectacle.

Turbo King sponsored the return of the lions to Akagera National Park in June 2015 amidst global and national acclaim and we were proud to be involved in this landmark occasion. We saw strong sales and brand performance from Turbo King in 2015.

The Mützig Beer Festival returned to the Capital's social calendar and proved highly successful. In addition, Mützig was proud to support the return of Stromae to Rwanda for his first ever concert in Kigali. The evening proved powerful as this 'Fils du Pays' wowed his fans with his enormous talent, world-class performance and staging.

In February 2015 our beer innovation, Legend Extra Stout was launched addressing Rwanda's loyal community of stout beer drinkers. The brand volumes have progressed steadily since its launch. Investment in the Coca Cola portfolio included the launch of two innovations, Coca Cola 50 cl and Coke Zero. A full programme of marketing investments including Copa Coca Cola and the now iconic Kigali Christmas tree celebrations was maintained in 2015.

## Safety

Safety remains the top priority for all within Bralirwa. It was a privilege to host the Honourable Minister of Health together with the Honourable Minister of Labour at the brewery at Gisenyi to celebrate World Labour Day. We took the opportunity to demonstrate the measures which we undertake each and every day to insist on and practice Safety First. We were encouraged by their appreciative observations regarding our safety practice.

We continue to place an ever greater emphasis on road safety. In 2015 we hosted several training sessions across the company to create a greater awareness of the dangers on the road and to upgrade driving skills. This was organised together with the Rwandan Police as well as external trainers specialised in this area.

## Training

Developing capabilities of our people remains a key area of focus. This includes both the technical aspects as well as managerial and leadership skills.

In 2015, we placed a strong emphasis on training related to new production investments, given that these are combined with new technologies. This will ensure that our operators and managers within the technical function are up to date, and therefore able to gain optimal performance from this new equipment.

The First Line Managers program which was rolled out previously within the technical function was extended to the Sales department to update skills and drive personal development.

## Social

As in past years Bralirwa Ltd. continues to provide a number of Corporate Social Responsibility (CSR) activities to benefit communities and the environment. A selection of these are described in greater detail in this Annual Report.

## Dividend

The payment of a cash dividend in respect of 2015 of Rwf 5.00, (five Rwanda francs), is proposed to the Annual General Meeting of shareholders. This proposed dividend, if approved, will be paid on 27th June, 2016.

Please note that the payment will be subject to withholding tax. The book close date for Bralirwa Ltd. shares will be 18th May, 2016, and as such the final dividend will be paid to all shareholders whose names appear in the Register of Shareholders as at the close of business on 18th May, 2016.

## Board of Directors

As mentioned, Dr. Oladele Ajayi stepped down from the Chair in August 2015, and I was appointed in August, 2015 to the Board and to the Chair by the Board.

Maarten Schuurman stepped down from the Board in December 2015 and was succeeded by Jordi Borrut Bel.

## Auditors

The proposal for your approval at the Annual Meeting is to re-appoint Deloitte Rwanda Ltd. as our auditors.

## Future Prospects

Continued global uncertainties in the world economy will continue to impact African economies. In 2015 Rwanda showed robust growth and we expect that this can continue through 2016, so long as external shocks are limited and manageable. This is in line with IMF's assessment.

We therefore anticipate further top line growth in the current year, although cost pressures and constrained consumer spending power will continue to be challenging at the bottom line.

## Conclusion

Let me conclude my first Chairman's statement by thanking my colleagues on the Board for their support in 2015.

To management and all employees, thanks for a job well done in 2015. To our Commercial partners our thanks for their cooperation 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 2015 and your continued confidence in our Company.

Boudewijn HAARSMA
Chairman of the Board of Directors,
Kigali, 31st March, 2016.


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# Ijambo rya Perezida w'Inama y'Ubutegetsi

## Iriburiro

Ndatangira ijambo ryanjye nshimira Dr. Oladele Ajayi nasimbuye kuri iyi ntebe ya Perezida w'Inama y'Ubutegetsi. Ndashimira kandi abagize Inama y'Ubutegetsi kubera icyizere bangiriye ubwo bampaga izi nshingano, mu mwaka wa 2015.

Biranejeje rero kuba ngiye kubagezaho ijambo ryanjye rya mbere nka Perezida w'Inama y'Ubutegetsi.

## Ubucuruzi Muri 2015

Muri Afurika kimwe n'ahandi mu bihugu bikiri mu nzira y'iterambere, ubucuruzi bwaho bwagize ihungabana rifite inkomoko ku ihanantuka ry'ibiciro. Ibi byatumye iringaniza mu bwishyurane rigorana, kubera ko ibiciro byo kuvushija ifaranga nabyo byari byahugabanye.

Icyakora kubera imiterere y'ubucuruzi buhari, u Rwanda rwo rwashoboye kubyitwaramo neza. Ni muri urwo rwego ibyo twacuruje n'ibyo twinjije usanga biri ku kigero gishimishije. Ibyo twinjije byazamutseho 6.1%, ni ukuvuga ko ibinyobwa bidasembuye byazamutse ku kigero cya 13.2% naho inzoga zizamuka ku kigero cya 5.3%.

Nkuko bigaragara mu ijambo rya Perezida w'Inama y'Ubutegetsi ryo mu mwaka wa 2012, amafaranga yakoreshejwe muri gahunda z'ishoramari uruganda rurimo, yavuyeku musaruro w'ibyo twinjije ndetse n'inguzanyo. Ari nayo mpamvu ikiguzi cy'ubwisazure n'inguzanyo dukwiye kwishyura byariyongereye, bigaragarira kandi no ku mutungo bwite.

Ibi mbisobanuye mu rwego rwo kubereka imiterere y'imari muri 2015, haba ku mibare rusange ndetse n'umusaruro, nandetse n'impamvu hari itandukanirizo ku musaruro w'uyu mwaka ugereranije n'imyaka yashize.

Ntibyari byoroshye rero kubera ko mu gihe twashoraga amafaranga menshi mu kwagura ubushobozi no kuvugurura uruganda, no guhaha ibyo dukenera byari ingorabahizi kubera ko ku isoko ry'ivunjija agaciro k'ifaranga kari kamanutse bidasanzwe. Nyamara kandi ugasanga bitarashobokaga kuzamura igiciro cy'ibinyobwa byacu ku isoko, kubera ko ibi bitari kuba igisubizo ku isoko dufiteho abakeba.

Byumvikane ko nubwo twacuruje ku buryo bushimishije, ibyo byose nahoze mvuga harugurunabyo nta kuntu bitari kugira ingaruka ku igabanuka ry'inyungu twari twiteze ku musaruro.

## Ishoramari

Mu mwaka wa 2015 twashoye amafaranga angana na Miliyari 27.2, bijyanye na ya gahunda y'imyaka ine twihaye yo kwagura ubushobozi no kuvugurura uruganda.

Umwaka wa 2015 twakoze ibikorwa byo gushora imari mu kubaka ibigega bine binini kabuhariwe mu gutara inzoga. Twasimbuje amamashini ashaje, nandetse twatangiye imirimo yo kubaka uruganda rushya rushyira inzoga mu macupa ku Gisenyi. Hari kubakwa kandi uruganda rw'amacupa ya plastike i Kigali mu ruganda rw'ibinyobwa bidasembuye, bikaba biteganijwe ko iyi mirimo izasozwa mu gihembwe cya kabiri cy'uyu mwaka wa 2016.

BRAMIN nayo, wamurima wacu dufatanije na MINIMEX nawo watangiye ikiciro cyawo cya kabiri cy'ishoramari mu buhinzi bugamije inyungu. Imbuto yaho ikomeje kuba nziza kurushaho ari nako dukomeza kwibanda ku bikorwa bigamije inyungu ku buryo burambye twufuza kuri uyu murima.

## Imiterere y'imari

Ishoramari turimo rifite ishusho y'umusaruro wigaragaza ku buryo butatu: Twazamutseho 87% ni ukuvuga ko twageze kuri miliyari 39.1 Frw muri 2015 tuvuye kuri Miliyari 20.9 frw mu mwaka wa 2014. Ubwisazure bw'amamashini yacu bwazamutseho 28% ni ukuvuga ko bwageze kuri Miliyari 6.7 Frw 2015 mu gihe yari miliyari 8.6 Rwf mu mwaka wa 2014.

Muri 2015, mu kigo "IFC"(Ishami rya banki y'isi) twahakuye inguzanyo y'igihe kirambye ya Miliyoni 25 z'amadolari. Twabonye indi nguzanyo kandi ya Miliyoni 10 z'amadolari twahawe n'ikigo cy'inguzanyo icirirítse itangwa na Heineken N.V mu nganda ziyishamikiyeho. Aya madolari yaradufashije cyane mu ishoramari turimo.

Ikibazo cy'umusoro twabagejejeho muri raporo y'ubushize, twakiboneye umuti ku buryo bw'ubwumvikane hamwe n'Ikigo cy'igihugu cy'imisoro n'amahoro. Ubwishyu bw'uyu musoro bwavuye ku musaruro wa 2015. Ibi byatumye inyungu igabanukaho miliyari 2.5 ndetse n'ikiguzi cyishyurwa ku nyungu kizamuka kugeza kuri miliyari 1.6.

## Raporo y'umwaka n'ibaruramari muri 2015

Ibyo ducuruza byazamutse ku rugero rwa 7.6% naho umusaruro uzamuka ku kigero cya 6.1% ni ukuvuga Miliyari 84.1 tuvuye kuri miliyari 79.2 Frw.

Ikiguzi kigenda ku mirimo cyagabanutse ku kigero cya 23% ni ukuvuga ko cyavuye kuri Miliyari 16.9 kigera kuri miliyari 13.

Agaciro k'ibigenda ku mirimo kagabanutseho 23% ni ukuvuga ko kavuye kuri Miliyari 16.9 kagera kuri Miliyari 13.0Frw. Umusaruro nyuma y'ikiguzi waragabanutse kubera ko agaciro k'ubwisazure kazamutse, maze amamashini ashaje agasimbuzwa n'amashya muri ya gahunda yo kwagura ubushobozi no kuvugurura uruganda hagurwa amamashini mashya.

Nkuko mubizi, mu kwezi kwa Gicurasi twabamenyesheje ko igihe twongeraga ubushobozi bw'uburyo bw'imikorere mu ibaburamari "ERP", twaje kubona amakosa afite inkomoko mu buryo bwari busimbujwe. Ayo makosa agaragara uhereye mu mwaka wa 2010 kugeza muri 2014.

Rwagati mu mwaka, byabaye ngombwa ko dusubira inyuma tugakosora imibare yo mu mwaka wa 2014 tugamije gukosora amakosa yari amaze kugaragara. Ayo makosa y'uburyo bwakoreshejwe mu myaka ishize yagize ingaruka zayo kuri raporo y'uyu mwaka, no ku ishusho rusange y'imari kuko twagombaga kubihuza n'imibare mishya y'umwaka wa 2014, tukabikora kandi dushingiye ku mibareshingiro yo mu mwaka wa 2013. Nkuko twigeze kubikomozaho mu minsi yashize, ibi nta ngaruka byigeze bigira ku mubare w'amafaranga. Twashakiye igisubizo mu bwizigame bw'inyungu isanzwe iba itarasaranganije.

## Ibinyobwa byacu

Ibikorwa bihamya ubwiza bw'ibinyobwa byacu ni ingenzi cyane mu gushimangira umusingi uhamye hamwe n'abaguzi bacu. 2015 ni umwaka waranzwe n'ibikorwa byo kwamamaza kubera ko n'ubundi umusaruro twagize wari mwiza.

Primus Guma Guma Superstar ku nshuro yayo ya gatanu yashimishije cyane abayitabiriye basaga Miliyoni bose hamwe.

Kamena 2015, Turbo King yateye inkunga igikorwa cyo kugarura intare muri Parike y'Akagera. Iki gikorwa cyashimishije amahanga n'abanyarwanda. Iki gikorwa cyatubereye ishema rikomeye. Byongeye kandi, muri uyu mwaka wa 2015, Turbo King yaracuruje cyane kandi yagaragaye neza ku isoko.

Ubusabane bwa Mützig "Mützig Beer Festival" bwongeye guhuza benshi muri gahunda zacu, kandi ibyo twagezeho birashimishije. Ikindi nuko Mützig yateye inkunga igikorwa cyokuzanira abanyarwanda umuhanzi Stromae mu gitaramo cye cya mbere yagiriye mu Rwanda. Wari umugoroba w'ibyishimo; ni umwana w'igihugu wari wataramiye iwabo, ashigikiwe n'abakunzi be benshi, mu mpano ye benshi barangamiye ku rwego mpuzamahanga.

Habayeho kwagura ibikorwa maze coca cola isohoka mu icupa rya Cl 50, na ndetse twashyize ku isoko Coca zero. Habayeho kandi amarushanwa ya Copa Coca-Cola. Mu mpera z'umwaka wa 2015, Coca-Cola yateye igiti cya Noheli ku buryo cyabaye ishusho igaragarira buri wese mu mugi wa Kigali.

## Kwirinda Impanuka

Muri BRALIRWA, twita ku mutekano mbere ya byose. Uyu mwaka twashoboye kwakira Nyakubahwa Minisitiri w'Ubuzima ubwo yari kumwe na Minisitiri w'Umurimo ku ruganda rwo ku Gisenyi, ahizihirijwe umunsi mpuzamahanga wo kwirinda impanuka. Twaboneyeho n'umwanya wo kugaragaza ingamba z'ibyo dukora kubera ko dushyize umutekano mu kazi imbere ya byose. Ibyo dukora byanyuze imitima ya benshi, kandi natwe byatwongereye umuhate.

Dukomeje gushyira imbere ibikorwa byo kwirinda impanuka mu muhanda. Muri 2015 twateguye amahugurwa anyuranye hagamijwe kwirindira umutekano wacu mu muhanda, ari nako twongera ubumenyi bw'abakozi bacu batwara ibinyabiziga. Ibi twabigezeho ku bufatanye na Police y'igihugu, n'izindi nzobere muri ibi bikorwa.

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## Amahugurwa

Guhozaho mu kongera ubumenyi bw'abakozi bacu biri mubyo dushyize imbere. Twibanze ku bumenyi n'uburyo bw'imiyoborere igamije gutanga umusaruro.

Muri 2015, twibanze cyane ku mahugurwa y'abagombaga gukoresha uruganda rushya kubera ko ari uruganda rufite ikoranabuhanga rigenzweho. Ibi twabikoze kugira ngo twizere ko koko abakozi bacu babaye inzobere mu gukoresha iri koranabuhanga, no kugira ngo abakozi batange umusaruro wo ku rwego rwo hejuru kuko ari byo twifuza kuri uru ruganda rushya.

Amahugurwa agenewe abayobozi b'amatsinda mu ishami rya Tekinike yaje no gukomereza mu ishami ry'ubucuruzi. Ibi byadufashije mu guha ubumenyi abayobozi b'amatsinda y'ubucuruzi. Ibi byafashije mu kubahiriza inshingano zabo za buri munsi, bikazabafasha kandi mu yindi mirimo bashobora kuzakora.

## Ibikorwa bigamije guteza imbere imibereho myiza

Nkuko twabikoze no mu myaka ishize, BRALIRWA ikomeje ibikorwa n'imishinga igamije inyungu rusange z'abaturage, ari nako tubungabunga ibidukikije. Byinshi muri ibi bikorwa muraza kubibona muri iyi raporo ku buryo bunonosoye.

## Inyungu Ku Mugabane

Muri iyinama rusange y'abanyamigabane, hatanzwe igitekerezo cy'inyungu ku mugabane w'umwaka wa 2015 ko yaba ingana n'amafaranga 5.00 Iki gitekerezo kiramutse cyemejwe, iyi nyungu ku mugabane izishyurwa taliki 24 Kamena, 2015.

Byumvikane neza ko muri iyi nyungu ku mugabane habariwemo n'umusoro. Gufunga igitabo cy'abanyamigabane ni taliki 20 Gicurasi, 2015. Bishatse kuvuga ko inyungu ku mugabane izishyurwa gusa abanyamigabane bazaba banditse mu gitabo cy'imigabane bitareze amasaha y'akazi yo ku wa 20 Gicurasi, 2015.

## Abagenzuzi b'Imari.

Dutanze icyifuzo ku nama rusange y'Abanyamigabane ko twakongera kwemeza Deloitte Rwanda Ltd nk'abagenzuzi b'imari bacu bigenga.

## Imigabo n'Imigambi

Uko ubucuruzi buzaba bumeze ku rwego mpuzamahanga ntibirasonanuka ibi bikaba bishobora kuzagira ingaruka kuri Africa. Icyakora mu mwaka wa 2015 u Rwanda rwashoboye kwirwanaho mu rwego rw'ubukungu kandi twizeye ko ariko bizakomeza muri 2016, igihe cyose ingorane zatungurana ziturutse ahandi zizabonerwa umuti kandi ku gihe gikwiye. Ibi ni ibyo dutekereza dushingiye kubyo IMF ivuga.

Ntacyatubuza rero kubizeza ko ubucuruzi buzagenda neza muri uyu mwaka twatangiye, nubwo tutakwirengagiza ko hakiri imbogamizi tugomba guhangana nazo nko kuba ibiciro duhahiraho bikomeje kuzamuka, n'ubushobozi bw'abaguzi bukaba bukiri hasi.

## Umusozo

Reka nsoze iri jambo ryanjye nshimira bagenzi banjye turi kumwe mu nama y'ubutegetsi kubera ubufatanye bagaragaje mu mwaka wa 2015.

Ubuyobozi n'abakozi b'uruganda, turabashimira kubera ko bakoze akazi kabo neza muri uyu mwaka wa 2015. Turashimira kandi abafatanyabikorwa bacu mu bucuruzi kubera imikoranire mwiza batugaragarije. Abaguzi bacu nabo, turabashimira urukundo badahwema kugirira ibinyobwa byacu.

Namwe banyamigabane, ndabashimiye kubera ubufasha mwatugaragarije muri 2015, no kuba mukomeje kugirira icyizere uruganda rwanyu.

Boudewijn HAARSMA
Perezida w'Inama y'Ubutegetsi
Kigali, 31 Werurwe, 2015.

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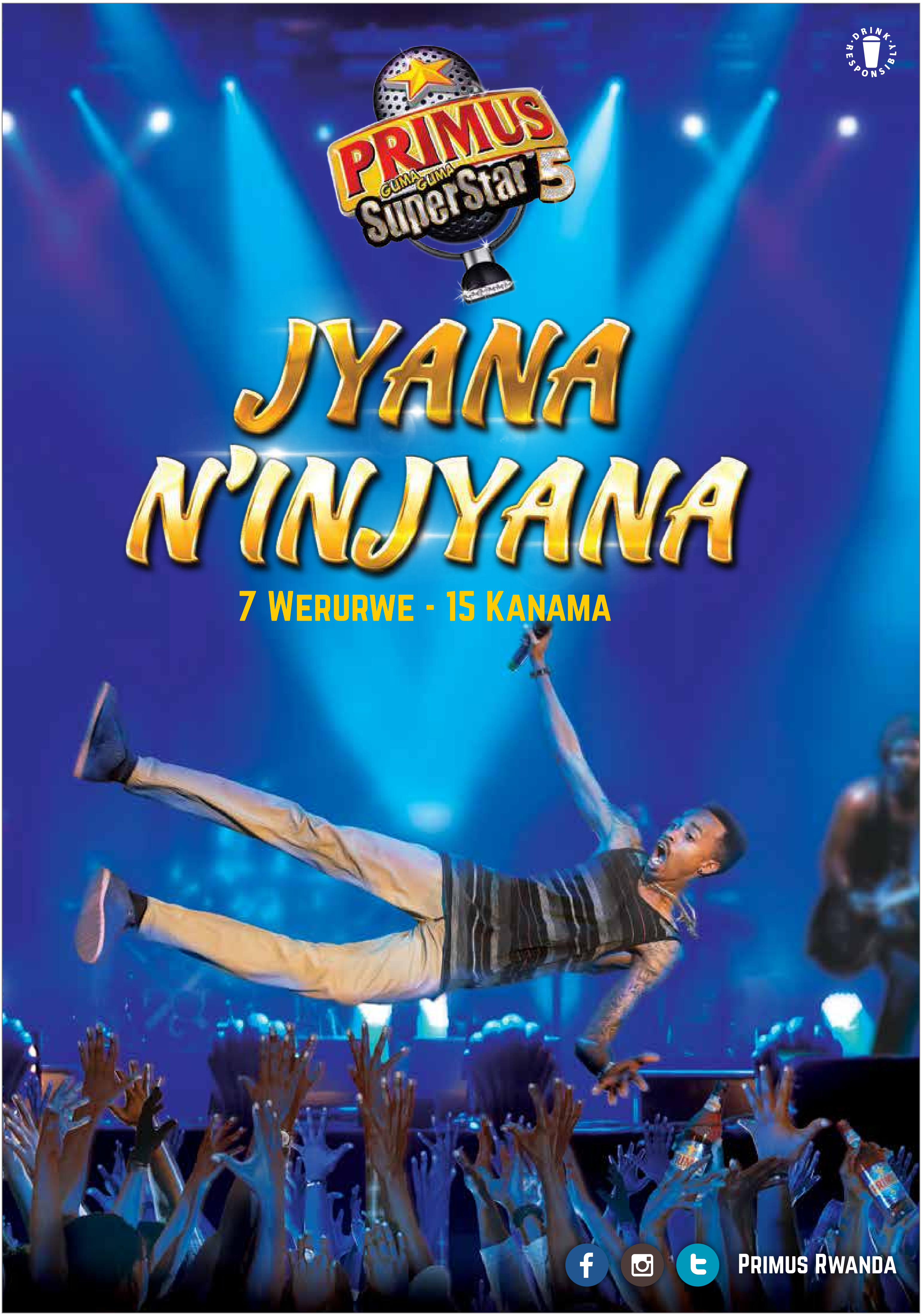
# PART THREE

## BRALIRWA BOARD OF DIRECTORS AND SENIOR MANAGEMENT


DRINK RESPONSIBLY
PRIMUS
GUMA GUMA
SuperStar 5
JYANA
N'INJYANA
7 Werurwe - 15 Kanama
Primus Rwanda

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# Directors, Officers and Administration

## DIRECTORS

| | |
|---|---|
| Boudewijn HAARSMA (Dutch) | (Chairman-Appointed August 2015) |
| Oladele AJAYI (Dr) (Nigerian) | (Retired August 2015) |
| Jonathan HALL (British) | (Vice Chairman and Managing Director) |
| George GAKUBA | Non- executive director |
| Chantal MUBARURE | Non- executive director |
| Maarten SCHUURMAN (Dutch) | Non- executive director |

## COMPANY SECRETARY

Godfrey KAMUKUNDE
P.O Box 131
Kigali-Rwanda

## AUDITORS

Deloitte Rwanda Limited
1st Floor, Umoja Building,
P.O Box 3903, Kigali
Kigali- Rwanda

## REGISTERED OFFICE

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

## ADVOCATES

Mpayimana Isaie & Associes
P.O Box 713
Kigali-Rwanda

## BANKERS

Banque de Kigali Limited (BK)
Avenue de la Paix
P.O Box 175
Kigali-Rwanda

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

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

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

I&M BANK (RWANDA) LIMITED
11 Boulevard de la Révolution
P.O Box 354
Kigali-Rwanda

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

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

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

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

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

# Board of Directors

## 1. Boudewijn HAARSMA

**Chairman of the Board**
Boudewijn has over twenty one years spent in Heineken N.V much of it in Commercial and General management. He served as Managing Director of three Heineken operating companies, in Surinam (2000-3) and at two different brewery groups in Nigeria (2010-2015). Between 2003 and 2010 Boudewijn was General Manager of Heineken's Innovation and Beer Systems operations serving the group and based in Amsterdam. He was appointed Managing Director for East and West Africa in the Africa, Middle East and Eastern Europe Region in 2015.

## 2. Jonathan HALL

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

## 3. Chantal MUBARURE

**Non-Executive Director**
Chantal MUBARURE, joined the Board of Bralirwa Ltd. in 2005. She is 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 Public Sector capacity building consultant and member of various Boards in Rwanda.

## 4. George GAKUBA

**Non-Executive Director**
George GAKUBA, joined the Board in 2005 representing the Government of Rwanda. He has held various leadership positions in the wider Rwanda, African and the Global Arena. He was among others Executive Secretary for the Rwanda Economic and Social Development Council (RESC) in the Prime Minister's Office and high level task force negotiator for East African Common Market Protocol. He is currently a Corporate Advisor and Consultant in Rwanda.

## 5. Maarten SCHUURMAN

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

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# Senior Management

## 1. Jonathan HALL

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

## 2. Sonia KUBWIMANA

**Human Resource Director**
Sonia KUBWIMANA, joined Bralirwa Ltd. in January, 1995 as Treasury Manager. She served in this position for eight years after which she moved to the position of Training and Development Manager within the HR department. Sonia is currently the Human Resources Director of the Company since January, 2009. She holds a Bachelor's Degree in Economics and Administrative from National University of Burundi and is pursuing an MBA program from Maastricht School of Management (ESAMI).

## 3. Sander BOKELMAN

**Technical Director**
Sander BOKELMAN joined the Bralirwa Ltd. team in March 2015 as Technical Director. He started his career in Heineken in 2007 in the Global Procurement Organization where he held several positions. In 2011 he moved to Ethiopia as Logistics & Purchasing Manager to support building the new Heineken business which included setting up a new Greenfield Brewery. Before joining Heineken Sander worked as a Business Consultant at Atos KPMG Consulting in the Netherlands. He holds a Master of Science Degree in Industrial Engineering and Management Science from the Eindhoven University of Technology and is rounding off a Diploma in Brewing in 2016.

## 4. Philip EJIOFOR

**Finance Director**
Philip EJIOFOR, joined Bralirwa Ltd. in September, 2012 as Finance Director. He started his career with Heineken NV in Nigerian Breweries Plc in November, 1990 as a Management Accountant. He has held the various positions in Nigerian Breweries Plc in the Treasury, Logistics, Planning and Control and Accounting departments. He has over twenty-five (25) years working experience in logistics, Tax, Finance and Accounting. He is a Fellow of the Institute of Chartered Accountants of Nigeria.

# Senior Management (Continued)

## 5. Daaf van TILBURG

**Sales Director**

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

## 6. Julius KAYOBOKE

**Marketing Director**

Julius KAYOBOKE, holds a degree in Chemical Engineering from Birmingham University and an MBA from a joint program between Birmingham University in the UK and Pepperdine University in Malibu. His early career included a period in Bralirwa Ltd. within the Commercial Department followed by several commercial roles in Heineken's Head office in Amsterdam between 2008 to 2014. Julius returned to Rwanda and Bralirwa in his current Marketing Director role in November, 2014.

## 7. Josué PEÑALOZA QUISPE

**Logistic Director**

Josué PEÑALOZA QUISPE, joined Bralirwa Ltd. in September, 2013 as Logistics Director. He started his career with Heineken N.V in Global Supply Chain offices in January, 2010, leading the expansion of the TPM program to the Logistics areas in 34 Operating Companies. Prior top joining heineken, he worked more than 11 years in Procter & Gamble and Hewlett Packard in several Supply Chain, IT and Account Management roles in Peru, Brazil, Venezuela, Spain, Belgium, Germany, Romania and Egypt. He is an Industrial Engineer (Peru), holds a Master degree in Business Administration (Spain) and two post-graduate specializations in Organizational Development (USA) and International Business (China).

Bralirwa

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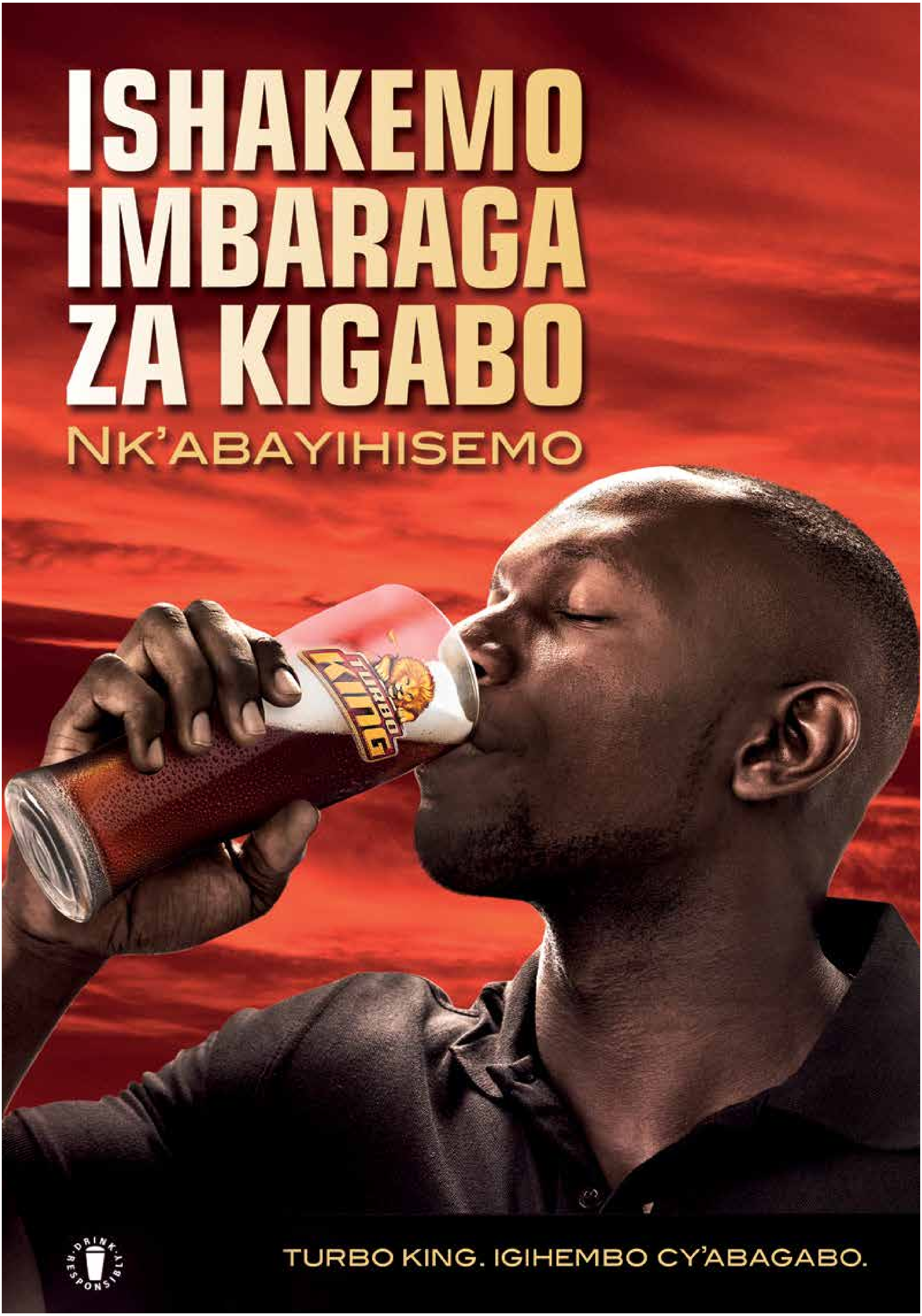
# PART FOUR

## NOTICE OF ANNUAL MEETING


ISHAKEMO
IMBARAGA
ZA KIGABO
NK'ABAYIHISEMO
TURBO KING
DRINK RESPONSIBLY
TURBO KING. IGIHEMBO CY'ABAGABO.

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# Notice of Annual Meeting

Notice is hereby given that the 6th Annual Meeting of Bralirwa Ltd. as a listed Company will be held at Kigali Serena Hotel on Wednesday 25th May 2016 at 2.30pm for the following purposes:

## ORDINARY BUSINESS

1. Consideration of the annual report;
2. Receiving the auditor's report;
3. Consideration and approval of the financial statements;
4. Appropriation of profit and total comprehensive income for the year;
5. Discharge of the Directors and Auditors for the financial year 2015;
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 23rd May 2016.

**(b) DIVIDEND**

The payment of a total cash dividend for 2015 of Rwf 5.00 (Five Rwanda francs) per share of Rwf 5.00 (Five Rwanda franc nominal value) will be proposed to the annual meeting of shareholders.

Please take note that the payment will be subject to a withholding tax.The books close date for Bralirwa Ltd. shares will be 18th May 2016, meaning that the final dividend will be paid to all shareholders whose names appear in the Register of Shareholders at the close of business on 18th May 2016.

Dated 31st March, 2016.

By order of the Board
Godfrey KAMUKUNDE
Company Secretary

# Proposed Resolutions

To the Annual Meeting of shareholders of Bralirwa Ltd. to be held on 25th May 2016.

### RESOLUTION 1

**CONSIDERATION OF THE ANNUAL REPORT**

The annual meeting of Shareholders considered and approved by ordinary resolution the annual report presented by the Chairman of the Board of Directors and thanked the Directors for the performance made during the accounting period ending 31st December 2015.

### RESOLUTION 2

**RECEIVING THE AUDITOR'S REPORT**

The annual meeting of shareholders received and approved the auditor's report by ordinary resolution and noted the opinion of the auditors on the Bralirwa Ltd. 2015 audited financial statements.

### RESOLUTION 3

**CONSIDERATION AND APPROVAL OF FINANCIAL STATMENTS**

The annual meeting considered and approved by ordinary resolution the Bralirwa Ltd. 2015 audited financial statements.

### RESOLUTION 4

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

The annual meeting of shareholders approved the Profit and the total comprehensive income for the year 2015 of Rwf 7,105,699 and received the recommendation of the Board of Directors to declare the total dividend of Rwf 5.00 per share.
The annual meeting approves and declares a dividend of Rwf 5.00 per share.
The annual meeting decides that the book close date is 18th May 2016 and the final dividend will be paid on 27th June 2016.
The annual meeting decides also to allocate the balance of the non-distributed net profit amounting to Rwf 1.91 per share to retained earnings.

### RESOLUTION 5

**DISCHARGE OF DIRECTORS AND AUDITORS FOR FINANCIAL YEAR 2015**

The annual meeting of shareholders discharges the members of the Board and the Auditors for the year 2015.

### RESOLUTION 6

**APPOINTMENT OF DIRECTORS**

The annual meeting appoints by ordinary resolution the following persons as Directors of Bralirwa Ltd. for a period of one year.
1. Mr. Boudewijn HAARSMA
2. Mr. Jonathan HALL
3. Mrs. Chantal MUBARURE
4. Mr. George GAKUBA
5. Mr. Jordi BORRUT BEL

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

### RESOLUTION 7

**ON APPOINTMENT OF AUDITORS**

The annual meeting appoints by ordinary resolution Deloitte Rwanda Ltd. as Auditor for a period of one year.
The annual meeting asks the Board of Directors to determine the fees and other expenses of the auditors.

**By order of the Board**
COMPANY SECRETARY
Godfrey KAMUKUNDE


enjoy RESPONSIBLY
open your world
Heineken
HEINEKEN LAGER BEER
TRADE MARK
Heineken
PREMIUM QUALITY
TRADE MARK
Heineken®

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# PART FIVE

## DIRECTORS' REPORT

# Directors' Report

## 1. Legal status of the company

Bralirwa Ltd. is a public company limited by shares since 9th June 2010 incorporated in the Republic of Rwanda under the law no7/2009 of 27th April 2009 relating to companies and registered by the Registrar General Office under no 100004348. Bralirwa Ltd. was the first company listed on the Rwanda Stock Exchange (RSE) as from 31st January, 2011.

The Company is a subsidiary of Heineken N.V Netherlands which owns 75% of the total shareholding while the remaining 25% is owned by the public. The Company has a share capital of Rwf 5,142, 850,000 divided into 1,028,570,000 ordinary shares with a value of Rwf 5.00 each. The number of the share holders is 2,622 as at 31st March 2016.

The Board of Directors is composed of 5 members. The directors' profiles are on page 24.

The Directors submit their report together with the audited financial statements for the year ended 31st December 2015, which disclose the state of affairs of the Company.

## 2. Review of operations

Increased marketing activities and enhanced trade activity induced further market penetration. As a result, sales volume, turnover and market share grew in 2015 compared to 2014. Our sales volume increased by 7.6%. Volume of beer increased by 5.3% driven mainly by Mützig and Turbo King while the volume of soft drinks increased by 13.2% due to increase in sales in Returnable Glass Bottles and PET. Our revenue increased by 6.1% from Rwf 79.2billion in 2014 to Rwf 84.1billion in 2015. This would have been better but for the settlement of excise duty back taxes with the Rwanda Revenue Authority during the year.

The dedicated pursuit of our affordability strategy to respond to weaker consumer spending power coupled with foreign exchange volatility and increased depreciation charges on our new investments impacted our ability to take pricing in the market during the year

Results from operating activities declined by 23% from Rwf 16.9 billion to Rwf 13 billion in 2015. Our results from operating activities (EBIT) was negatively impacted by increase in cost of goods sold due to depreciating foreign exchange rates on imported goods and services, higher depreciation, write-off of obsolete equipment and their associated spare parts from our expansion and rehabilitation capital expenditure programme.

In addition to the increase in cost of goods sold, 2015 profit after tax declined by 37.6% from Rwf 11.4 billion to Rwf 7.1 billion due to increased borrowing cost and foreign exchange translation charges (net finance cost).

During the year while upgrading our ERP accounting system we discovered that the original accounting system installed in 2010 contained glitches that led to an understating of production costs between 2010 and 2014. These errors have been corrected by restating the 2013 and 2014 Statement of Financial Position and the Statement of profit or loss and other comprehensive income for the years ended December 2013 and 2014.

The following is the summary of our results for the year ended 31 December 2015.

| Rwf millions | 2015 | 2014 | % Change |
|---|---|---|---|
| **Revenue** | **84,088** | **79,238** | **6.1%** |
| **Results from operating activities** | **13,035** | **16,921** | **(23.0%)** |
| Net finance cost | (4,783) | (682) | 600.9% |
| **Profit before income tax** | **8,252** | **16,239** | **(49.2%)** |
| Income tax expense | (1,146) | (4,844) | (76.3%) |
| **Profit and total comprehensive income for the year** | **7,106** | **11,395** | **(37.6%)** |

## Directors' Report (Continued)

# 3. Dividend

The directors are recommending to the Sixth annual meeting of shareholders the declaration of a total dividend of 5.00 (2014 Rwf 7.50) per share . As per the law, the proposed final dividend approved will be subject to deduction of withholding tax, the taxation is applicable to all shareholders whose names appear in the Company's Register of shareholders at the close of business on the 18th May 2016.

# 4. Corporate Governance

Bralirwa Ltd. 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 behaviour, 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 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 Managing Director/Vice-chairman. 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 are subject to periodic re-appointment in accordance with the Company's Articles of Association.

**b) Management Team**

The Management Team comprises the Managing Director/Vice –Chairman and other Senior Managers occupying a strategic role in the Company. It 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 Managing Director/Vice-chairman of the Company.

## Directors' Report

# 5. Analysis of shareholding

| Shareholder | Number and Class of Shares | Percentage of Issued Capital |
|---|---|---|
| Heineken International B.V | 411,480,000 ordinary shares | 40.01% |
| Beleggingsmaatschappij limba B.V. | 359,950,000 ordinary shares | 35.00% |
| Arisaig Africa Consumer Fund Limited | 99,655,600 ordinary shares | 9.69% |
| Rwanda Social Security Board | 28,823,000 ordinary shares | 2.80% |
| CFC Stanbic Nominees Ltd. | 26,492,500 ordinary shares | 2.58% |
| Invest Asset Management (Pty)Ltd - Investec Africa Fund | 24,939,600 ordinary shares | 2.42% |
| Standard Chartered Bank (Mauritius) Ltd.113 YL | 13,587,400 ordinary shares | 1.32% |
| Invest Asset Management (Pty)Ltd – Pan Africa Fund | 7,938,200 ordinary shares | 0.77% |
| Other Shareholders | 55,703,700 ordinary shares | 5.41% |
| **Total** | **1,028,570,000 ordinary shares** | **100%** |


Introducing Legend Extra Stout
Discover the Legend in You
SINCE 1961
MONDE SELECTION
2012
GRAND GOLD
BREWED IN RWANDA
500 RWF 30CL
LEGEND
EXTRA STOUT
LEGEND
EXTRA STOUT
STRONG BEER
DRINK RESPONSIBLY
LEGEND
EXTRA STOUT
Dare To Be Different

## Directors' Report

# 6. Our Brands

Primus GumaGuma Super Star Season 5 was held at sixteen venues across Rwanda playing to over a million fans and concluding in a powerful final in the capital, Kigali.

Turbo King sponsored the Lions' return to Akagera National Park. This landmark event captured the imagination of the country and the world receiving global acclaim. We celebrated the moment with the launch of some new look ads that captured the imagined moment when the Park's animal residents realized that their lives had suddenly changed. Since the Lions' return local visitor numbers to the Park have increased by 47%. We are proud to have been associated with this event and salute the RDB (Rwanda Development Board) and Park Management for their foresight in making this happen.

Two high profile events and the launch of the 50cl bottle marked Mützig's year. The brand supported the homecoming of Rwanda's "Fils du Pays", Stromae, performing for the first time in his fatherland with a sensational show. The Maestro partied with thousands of appreciative Mützig consumers in what his crew described as "their best show of their world tour".

The Mützig Festival celebrated Rwandan talent on the same stage as International superstars and celebrated the superior quality beer that is Mützig. Truly the best of the World brought home.

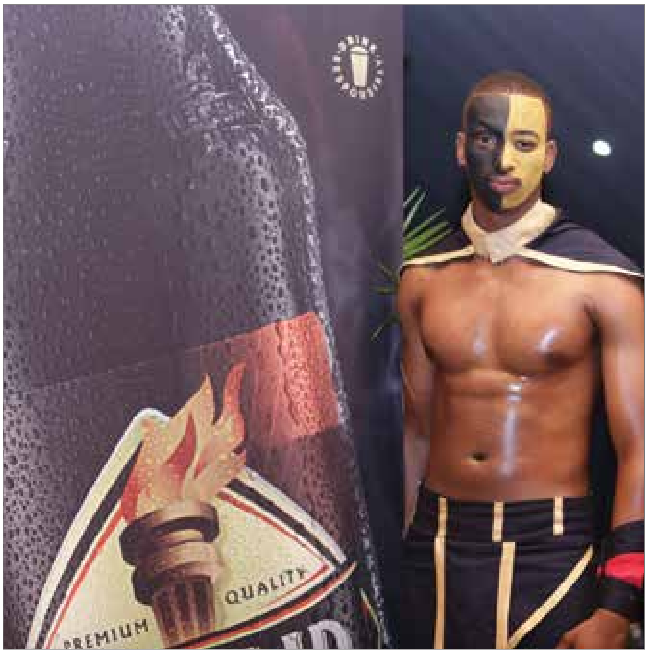
Heineken saw the highest volume growth in 2015. The brand is supported by the iconic marketing properties including the UEFA Champions League, the Cities campaign and the James Bond film franchise. Heineken once again 'Opened up our Consumers' Worlds.



## Directors' Report (Continued)

In February Legend stout was launched into the market and has been well accepted by Rwanda's discerning stout drinkers. A welcome new addition to our beer portfolio.

Copa Coca Cola was again held and was hailed as bigger and better than ever. The annual Lighting of the Coca –Cola Christmas tree has become a ritual to mark the start of the Christmas Season.





# Directors' Report

## 7. Our Sales

Focus remained on winning our consumers in the market through impactful execution at the point of sale. Our consumers can purchased our high quality beer and soft drink brands country wide.

This year, we added capacity to our sales force to deepen our service levels. In addition, emphasis has been made to further develop the capabilities of our sales force through a world-class training and coaching program.

To ensure effectiveness and to win in a more competitive environment, our sales teams are equipped with a modern and automated CRM system. We continue to invest in benchmarking and upgrading CRM approach to ensure that we apply world-class standards.

Our distribution partners remain fundamental to drive our business and key in ourrelationship with our trade partners. In 2016, we have continued to develop distribution partners to make sure that together we grow our business via ever improving service to all customers and consumers in Rwanda.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## Directors' Report (Continued)

# 8. Our Production

2015 investment focused on adding capacity and replacing and upgrading utilities in the key areas of water, air, electricity, heating and cooling. These will positively impact efficiency and cost reduction in the years ahead.

A Rwf 9.3 billion investment was made in the replacement of a packaging line in Gisenyi with a new state of the art line located in a purpose built building within the brewery. Impact will be to add capacity and flexibility while increasing efficiency and productivity over time.

As production has increased investment has been made in new storage, loading and truck parking facilities to increase efficiency and productivity through the speeding up of truck turn-around time.

The construction of a fully environmentally compliant Waste Water Treatment Plant to further protect and sustain the Rwanda environment in which the brewery operates was commenced and will be completed in 2016.

In Kigali, the Glass bottling line constructed in 2013 and commissioned in 2014 has now been joined by an investment in a PET bottling line. This line will be commissioned in quarter 2 2016. In addition the site has been equipped with an integrated Fire Fighting and new Security system.

## Directors' Report

# 9. Our Organisation, Our People

In 2015, further reorganization was involved as we continued to expand and modernize our Company. This included additional recruitment but also addressing inefficiencies through outsourcing of activities non core to our business.

Continuous effort was put into developing the capabilities of our employees in the various functions within the Company with greater emphasis put in production to upgrade knowledge and skills, new equipment and technologies require.

In the Commerce function, the First Line Managers program was rolled out to better equip our sales managers to perform in their current roles and to prepare them for their future careers.

As a member of the Heineken N.V, considerable benefit is gained from a wide range of training opportunities run in Africa and Europe. These are complimented by Coca Cola training and other local and regional providers offerings. Full advantage has been taken of these as we continue to develop our people for the future.

## Directors' Report (Continued)

# 10. Our Logistics

Bralirwa Ltd. has a strong commitment to safety as the main priority. In that way, annual trainings are delivered to continue training our transporters and further reduce accidents on the road.

2015 has been a key year for our local sourcing strategy. Our consumption of Rwandan raw materials has increased by about 20%. This increase is partly attributed to the strengthening of our current supply chain via developing the agribusiness in Rwanda with the CREATE project, focused on small farms holders, and in our joint-venture irrigated farm (BRAMIN).

In packaging materials, EAC suppliers have grown from symbolic numbers to become 80% of our volume; it has given us flexibility and important cost savings. In 2016, the percentage growth will continue as we intend to sustain the development of additional reliable suppliers in the region.

As a consequence of this joint effort to develop new supply chains in the Region; in 2015, we had the first full-year exportation of broken bottles to our glass supplier in Tanzania. A win-win approach developed by three companies to create a long recycling supply chain that protects the environment at the same time makes financial sense. Bralirwa Ltd. is able to export the broken glass to Tanzania using current empty trucks flow to Dar Es Salaam managed by SDV Bolloré and supported by KIOO Ltd. (glass manufacturer) to get a sustainable source of raw material for glass manufacturing.

Our supplier collaboration approach has developed strategic alliances with our local suppliers to optimize our key supply chains via long-term contracts (fuel management, transport, gas, vehicles and handling as the main ones). This has been translated to a more flexible and cost-efficient process. This approach also has developed new successful partnerships with MAGERWA for forklift operations outsourcing and ABG for fleet management. It will help us to focus in the core business and continue with the investment program to secure our supply.

Productivity has been also one of the priorities of Logistics and Purchasing. This priority is focused in developing our people to strengthen our processes to let us do more with less. In 2015, we increased productivity by about 40%, thus setting the basis for an additional 20% increase in 2016.

## Directors' Report

# 11. Our corporate social responsibility programme: From and for Rwanda

### *Social Investments*

In 2015, we continued to integrate corporate social responsibility (CSR) throughout our business functions.

Bralirwa remains committed to making a positive impact through our business on the communities in which we operate. We aim to grow responsibly while enhancing the quality of life of our consumers, employees and other stakeholders.

**Respect of the environment**

RE-INTRODUCTION OF LIONS TO RWANDA.

Our commitment to responsible citizenship includes conservation and protection of natural resources. In this regard through the TURBO KING brand we significantly contributed to the 15th Rwanda Gorilla Naming day as well as the return of Lions to Akagera National Park after a fifteen year absence .

Both events encourage the natural balance of the ecosystem in national parks and enable Rwandans and international tourists to enjoy Rwanda's unique tourist offering.


## Directors' Report (Continued)

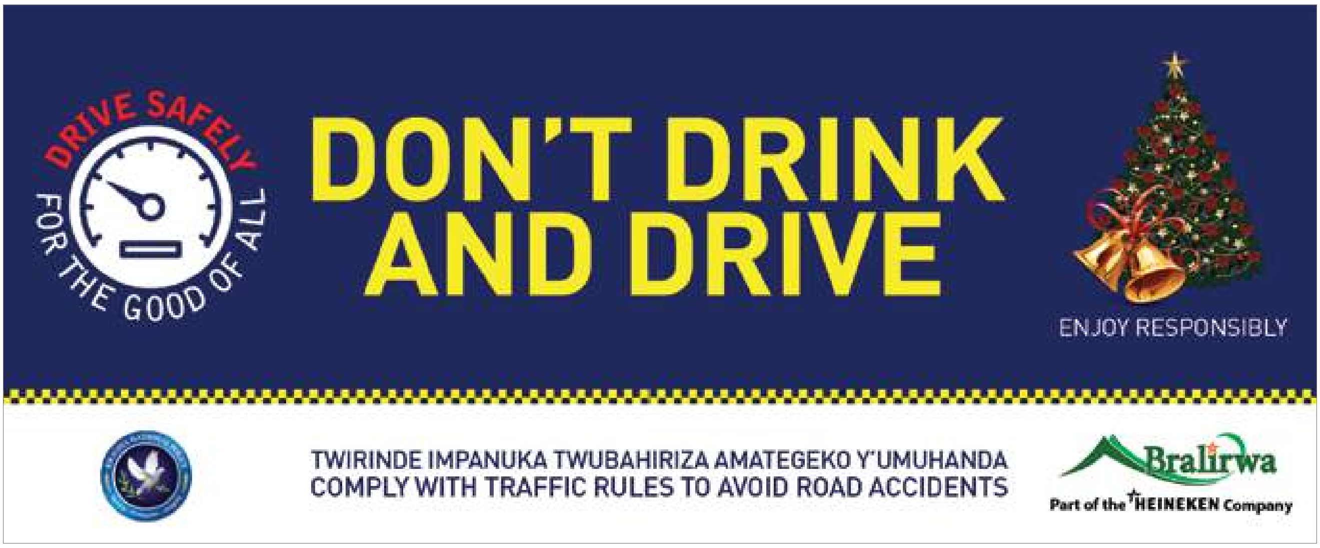
# 11. Our corporate social responsibility programme: From and for Rwanda (Continued)

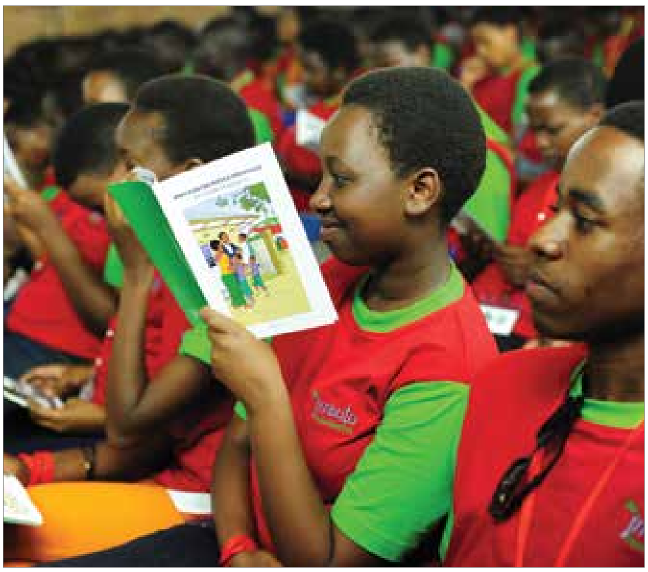
**Provide quality shelter to Genocide widows in Kayonza**

Bralirwa Ltd. strives to improve the quality of life within communities. Bralirwa Ltd. partnered with Unity Club to build a modern house for eight elderly widows of the 1994 genocide. Such social initiatives have been established to further the company's contribution to socio-economic transformation and thus towards national development.

**Responsible Alcohol Consumption**

In 2015, Bralirwa Ltd. continued its integrated campaign aiming to engage, educate and involve young people and stakeholders in different secondary schools in Kigali-city addressing the impact of alcohol abuse in the community, especially under legal age of drinking alcohol category, and also renewed its partnership with Rwanda National Police to strengthen its program on responsible consumption.



## Directors' Report (Continued)

# 12. Independent Auditors

The Auditors Deloitte Rwanda Ltd were appointed from 27th May, 2015 and the board is proposing to the annual general meeting of shareholders to re-appoint Deloitte Rwanda Ltd as Bralirwa Ltd. Auditors for one year.

Dated the 31st March, 2016

For the Board of Directors

Chairman of the Board

Vice - Chairman of the Board

Bralirwa

Part of the HEINEKEN Company


# PART SIX

## BRALIRWA STATEMENT OF FINANCIAL ACCOUNTS

# STATEMENT OF DIRECTORS' RESPONSIBILITY

The law No. 07/2009 of 27 April 2009 relating to 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. 07/2009 of 27 April 2009 relating to 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 annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with International Financial Reporting Standards and in the manner required by the law No. 07/2009 of 27 April 2009 relating to companies. The directors are of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the Company and of the Company's operating results. The directors further accept responsibility for the maintenance of accounting records which may be relied upon in the preparation of financial statements, as well as adequate systems of internal financial control.

The directors are of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the company as at 31 December 2015 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 Rwandan Law No. 07/2009 of 27/04/2009 relating to companies.

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 31st March, 2016 and were signed on its behalf by:

______________________________

Chairman of the Board

______________________

Vice - Chairman of the Board

Deloitte Rwanda Limited.
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KN3 Road
P.O. Box 3903
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+250783000673
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# REPORT OF THE INDEPENDENT AUDITORS TO THE SHAREHOLDERS OF BRASSERIES ET LIMONADERIES DU RWANDA

## Report on the financial Statements

We have audited the accompanying financial statements of Brasseries et Limonaderies du Rwanda (Bralirwa Ltd.), set out on pages 51 to 92 which comprise the statement of financial position as at 31st December 2015, 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 a summary of significant accounting policies and other explanatory notes.

### *Directors' responsibility 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. 07/2009 of 24/04/2009 relating to 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.

### *Auditor's responsibility*

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

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

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

## Opinion

In our opinion, the accompanying financial statements give a true and fair view of the state of financial affairs of the company as at 31st December 2015 and of its profit and cash flows for the year then ended in accordance with International Financial Reporting Standards and the Law No. 07/2009 of 24/04/2009 relating to companies.

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# REPORT OF THE INDEPENDENT AUDITORS TO THE SHAREHOLDERS OF BRASSERIES ET LIMONADERIES DU RWANDA (continued)

## Report on other legal and regulatory requirements

The law No. 07/2009 of 27th April 2009 which requires that in carrying out our audit, we consider and report to you on the following matters. We confirm that:

(i) We have no relationship, interests and debts in the company;

(ii) We have obtained all the information and explanations which to the best of our knowledge and belief, were necessary for purposes of the Audit

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

(iv) We have communicated to the directors through a management letter, internal control weaknesses identified in the course of our audit including our recommendations with regard to those matters.

**For Deloitte Rwanda Limited**

NKagoro

Norbert KAGORO
Director

Signed at Kigali on 31st March, 2016

Bralirwa
Part of the HEINEKEN Company

## STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 December, 2015

| | Notes | 2015<br>Rwf'000 | 2014* Restated<br>Rwf'000 |
|---|---|---|---|
| **Revenue** | 7 | **84,087,746** | **79,238,392** |
| Cost of sales | | (57,912,179) | (52,286,886) |
| **Gross profit** | | **26,175,567** | **26,951,506** |
| Other income | 8 | 3,305,268 | 1,964,714 |
| Selling and distribution expenses | | (4,682,360) | (4,122,113) |
| Administrative expenses | | (11,451,543) | (7,412,654) |
| Other operating expenses | | (311,887) | (460,459) |
| **Results from operating activities** | 9 | **13,035,045** | **16,920,994** |
| Finance income | | 3,532,323 | 1,907,461 |
| Finance costs | | (8,315,727) | (2,589,898) |
| **Net finance cost** | 11 | **(4,783,404)** | **(682,437)** |
| **Profit before income tax** | | **8,251,641** | **16,238,557** |
| Income tax expense | 12 | (1,145,942) | (4,844,223) |
| **Profit after tax** | | **7,105,699** | **11,394,334** |
| **Other Comprehensive income** | | | |
| **Total comprehensive income for the year** | | **7,105,699** | **11,394,334** |
| **Basic earnings per share – Rwf** | 21 | **6.91** | **11.08** |

The notes on pages 56 to 92 are an integral part of these financial statements

*Cost of sales and income tax expenses was restated to correct the impact of prior year inventory over valuation

## STATEMENT OF FINANCIAL POSITION AS AT 31 December, 2015

| Assets | Notes | 2015<br>Rwf 000 | 2014* Restated<br>Rwf'000 | 2013* Restated<br>Rwf'000 |
|---|---|---|---|---|
| **Non-current assets** | | | | |
| Property, plant and equipment | 13 | 84,752,894 | 66,417,611 | 54,688,452 |
| Intangible assets | 14 | 217,242 | - | - |
| Equity investment | 15 | 9,224 | 9,224 | 9,224 |
| Receivables from related parties - principal | 29 (d) | 1,988,060 | 3,765,668 | 2,449,839 |
| Receivables from related parties – Unearned Interest | 29 (d) | 2,011,940 | - | - |
| **Total non-current assets** | | **88,979,360** | **70,192,503** | **57,147,515** |
| **Current assets** | | | | |
| Inventories | 17 | 19,007,653 | 17,908,035 | 17,862,116 |
| Receivable from related parties | 29(d) | 1,415,888 | 1,484,426 | 285,039 |
| Trade and other receivables | 18 | 7,131,345 | 8,337,362 | 9,441,681 |
| Tax recoverable | 12(b) | 4,280,420 | 3,156,580 | 1,367,947 |
| Cash and cash equivalents | 19 | 2,067,897 | 1,382,843 | 2,557,860 |
| **Total current assets** | | **33,903,203** | **32,269,246** | **31,514,643** |
| **Total assets** | | **122,882,563** | **102,461,749** | **88,662,158** |
| **Equity** | | | | |
| Share capital | 20 | 5,142,850 | 5,142,850 | 514,285 |
| Share premium | 20 | 84,857 | 84,857 | 84,857 |
| Other reserves | 20 | 2,071,990 | 2,071,990 | 2,071,990 |
| Retained earnings | | 28,083,516 | 28,692,092 | 29,640,598 |
| **Total equity** | | **35,383,213** | **35,991,789** | **32,311,730** |
| **Non-current liabilities** | | | | |
| Loans and borrowings | 22 | 20,412,918 | 3,225,400 | 4,363,760 |
| Deferred income | | - | - | 169,682 |
| Deferred tax liability | 24 | 6,406,552 | 5,757,136 | 2,504,773 |
| **Total non-current liabilities** | | **26,819,470** | **8,982,536** | **7,038,215** |
| **Current liabilities** | | | | |
| Loans and borrowings | 22 | 18,652,399 | 17,661,863 | 10,052,021 |
| Payable to related parties | 29(d) | 4,863,873 | 3,991,391 | 3,872,494 |
| Trade and other payables | 25 | 37,163,608 | 35,834,170 | 35,377,168 |
| Deferred income | | - | - | 10,530 |
| **Total current liabilities** | | **60,679,880** | **57,487,424** | **49,312,213** |
| **Total liabilities** | | **87,499,350** | **66,469,960** | **56,350,428** |
| **Total equity and liabilities** | | **122,882,563** | **102,461,749** | **88,662,158** |

The Board of Directors approved the financial statements set out on pages 56 to 92 on 31st March 2016 and were signed on its behalf by:

Director:____________________ Vice - Chairman of the Board:____________________

The notes set out on pages 56 to 92 are an integral part of these financial statements.
*Restated to correct the impact of prior year inventory over valuation

Bralirwa

Part of the HEINEKEN Company

## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 December, 2015

| Year ended 31 December 2014* | Notes | Share capital Rwf 000 | Share premium Rwf 000 | Other reserves Rwf 000 | *Retained earnings Rwf 000 | Total equity Rwf 000 |
|---|---|---|---|---|---|---|
| **1 January 2014 - previously reported** | | **514,285** | **84,857** | **2,071,990** | **32,515,256** | **35,186,388** |
| Prior period adjustment, net of tax | 31 | - | - | - | (2,874,658) | (2,874,658) |
| 1 January 2014 as restated | | 514,285 | 84,857 | 2,071,990 | 29,640,598 | 32,311,730 |
| Total comprehensive income for the year | | - | - | - | 11,394,334 | 11,394,333 |
| **Transactions with owners, recognized directly in equity** | | | | | | |
| Capitalization of retained earnings | **20** | 4,628,565 | | | (4,628,565) | - |
| Dividends Paid in the year for 2014 | **20** | - | - | - | (7,714,275) | (7,714,275) |
| **Total transactions with owners** | | **4,628,565** | **-** | **-** | **(12,342,840)** | **(7,714,275)** |
| **Balance at 31 December 2014** | | **5,142,850** | **84,857** | **2,071,990** | **28,692,092** | **35,991,789** |
| **At 31 December 2014 as previously reported** | | **5,142,850** | **84,857** | **2,071,990** | **33,414,574** | **40,714,271** |
| Prior period adjustments | 31 | | | | (4,722,482) | (4,722,482) |
| **1 January 2015 as restated** | | **5,142,850** | **84,857** | **2,071,990** | **28,692,092** | **35,991,789** |
| Total comprehensive income for the year | | - | - | - | **7,105,699** | **7,105,699** |
| **Transactions with owners, recognized directly in equity** | | | | | | |
| Dividends Paid in the year for 2015 | 20 | - | - | - | (7,714,275) | (7,714,275) |
| **Total transactions with owners** | | - | - | - | **(7,714,275)** | **(7,714,275)** |
| **Balance at 31 December 2015** | | **5,142,850** | **84,857** | **2,071,990** | **28,083,516** | **35,383,213** |

The notes on pages 56 to 92 are an integral part of these financial statements.

*Restated to correct the impact of prior year inventory over valuation

# STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 December, 2015

| | Notes | 2015<br>Rwf'000 | Restated 2014<br>Rwf'000 |
|---|---|---|---|
| **Operating activities** | | | |
| Profit before tax | | 8,251,641 | 16,238,557 |
| *Adjustments for:* | | | |
| Interest income | 11 | (5,936) | (1,651) |
| Interest expense | 11 | 4,825,546 | 1,189,704 |
| Foreign exchange difference on loans | 22 | 356,958 | - |
| Depreciation | 13 | 8,575,954 | 6,690,901 |
| Amortization of intangible assets | 14 | 25,845 | - |
| Gain on sale of property, plant, and equipment. | 8 | (288,148) | (115,926) |
| | | **21,741,860** | **24,001,585** |
| **Changes in working capital** | | | |
| Changes in trade and other receivables | 18 | 1,206,017 | 1,104,321 |
| Changes in related party balances | 29 (d) | 706,688 | (2,396,319) |
| Changes in inventories | 17 | (1,099,618) | (45,919) |
| Changes in trade and other payables | 25 | 1,329,441 | 457,001 |
| Changes in deferred income | 23 | - | (180,212) |
| **Cash generated from operating activities** | | **23,884,388** | **22,940,457** |
| Income tax paid | 12(b) | (1,620,367) | (3,380,493) |
| **Net cash flow from operating activities** | | **22,264,021** | **19,559,964** |

The notes on pages 56 to 92 are an integral part of these financial statements.

*Restated to correct the impact of prior year inventory over valuation

Bralirwa

Part of the HEINEKEN Company

## STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 December, 2015
**(continued)**

| | Notes | 2015<br>Rwf'000 | Restated 2014<br>Rwf'000 |
|---|---|---|---|
| **Investing activities** | | | |
| Interest income | 11 | 5,936 | 1,651 |
| Proceeds from sale of property, plant, and equipment | | 589,632 | 673,990 |
| Purchase of property, plant and equipment | 13 | (27,212,723) | (18,978,125) |
| Purchase of intangible assets | 14 | (243,087) | - |
| | | | |
| **Net cash used in investing activities** | | **(26,860,242)** | **(18,302,484)** |
| **Financing activities** | | | |
| Repayment of loans and borrowings | 22 | (1,139,047) | (999,913) |
| Proceeds from loans and borrowings | 22 | 12,514,117 | 5,611,493 |
| Dividends paid | | (7,714,275) | (7,714,275) |
| Interest expenses | 11 | (4,825,546) | (1,189,704) |
| **Net cash used in financing activities** | | **(1,164,751)** | **(4,292,399)** |
| | | | |
| **Net decrease in cash and cash equivalents** | | **(5,760,972)** | **(3,034,919)** |
| | | | |
| Cash and cash equivalents at 1 January | | (9,528,483) | (6,493,564) |
| | | | |
| **Cash and cash equivalents as at 31 December** | | **(15,289,455)** | **(9,528,483)** |

The notes on pages 56 to 92 are an integral part of these financial statements.

*Restated to correct the impact of prior year inventory over valuation

# NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 December, 2015

## 1. Reporting entity

Brasseries et Limonaderies du Rwandais incorporated in Rwanda under the Law No. 07/2009 of 27/4/2009 relating to 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 other alcoholic and non-alcoholic beverages.

## 2. Basis of preparation

### a. Statement of compliance

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

### 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 (Rwf'000).

### d. Use of estimates and judgment

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.

# NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 December, 2015 *(Continued)*

## 3. Significant accounting policies

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

### a. Foreign currency transactions

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

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

### b. Property, plant and equipment

***Recognition and measurement***

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

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

Borrowing costs related to the acquisition or construction of qualifying assets are 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.

***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.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 December, 2015 (*Continued*)

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

The estimated useful lives are as follows:

- Buildings 40 years
- Plant and equipment 20-25 years
- Motor vehicles 3-5 years
- Furniture and fittings 3-5 years
- Commercial assets 3-5 years
- Returnable packaging* 5–7 years

*Returnable packaging includes glass bottles and crates. Bottles and crates are stated at cost less accumulated depreciation and accumulated impairment losses. Bottles and crates are depreciated over 5 years and 7 years respectively

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 losses on sale are included in depreciation. 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.

#### c. 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 recognized as an expense as incurred.

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

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

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 December, 2015 (*Continued*)

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

**e. Investments in a joint ventures**

Joint ventures are those entities over whose activities Bralirwa Ltd. 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 Ltd. share of the profit or loss and other comprehensive income, after adjustments to align the accounting policies with those of Bralirwa, from the date the joint control commences until the date the joint control ceases.

When Bralirwa Ltd. 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 Ltd. has an obligation or has made a payment on behalf of the joint venture.

**f. Impairment**

***(i) Financial assets***

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

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

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate. An impairment loss in respect of an available-for-sale financial asset is calculated by reference to its current fair value.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

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

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 December, 2015 (*Continued*)

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

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

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

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

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

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

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

**g. Employee benefits**

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

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

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

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

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

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

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

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

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

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 December, 2015 (*Continued*))

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

**Employee benefits** *(Continued)*

***(iv) Termination benefits***

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

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

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

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

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

***(vi) Leave***

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

**h. Revenue**

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

**i. Provisions**

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

**j. Lease payments**

***Operating lease payments***

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

**k. Finance income and finance cost**

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

Finance costs comprise interest expense on borrowings.

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

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 December, 2015 (*Continued*)

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

**l. Income tax**

Income tax expense comprises 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.

**m. Earnings per share**

The Company presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year.

The weighted average number of ordinary shares outstanding during the period and for all periods presented is adjusted for events that have changed the number of ordinary shares outstanding without a corresponding change in resources.

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

**n. Dividends**

Dividends declared after the reporting period but before the financial statements are 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.

**o. Comparatives**

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

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 December, 2015 (*Continued*)

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

**p. Financial instruments**

***(i) Classification***

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

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

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

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

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

***(ii) Recognition***

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

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

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

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

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 December, 2015 (*Continued*)

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

**p. Financial Instruments (Continued)**

***(iii) Measurement***

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

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

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

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

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

***(v) Derecognition***

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

*Loans and borrowings*

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

*Cash and cash equivalents*

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

*Offsetting of financial assets and financial liabilities*

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

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 December, 2015 (*Continued*)

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

**q. New standards and amendments to published standards effective for the year ended 31 December 2015**

The following new and revised IFRSs were effective in the current year and had no material impact on the amounts reported in these financial statements.

- *Amendments to IFRS 10, IFRS 12 and IAS 27 Investment Entities*

  The amendments to IFRS 10 define an investment entity and require a reporting entity that meets the definition of an investment entity not to consolidate its subsidiaries but instead to measure its subsidiaries at fair value through profit or loss in its consolidated and separate financial statements.

  To qualify as an investment entity, a reporting entity is required to:

  - Obtain funds from one or more investors for the purpose of providing them with professional investment management services.
  - Commit to its investor(s) that its business purpose is to invest funds solely for returns from capital appreciation, investment income, or both.
  - Measure and evaluate performance of substantially all of its investments on a fair value basis.

  Consequential amendments have been made to IFRS 12 and IAS 27 to introduce new disclosure requirements for investment entities.

  Application of these standards has not had any impact on the disclosures or the amounts recognised in these financial statements as the Company is not an investment entity (assessed based on the criteria set out in IFRS 10 as at 1 January 2015)

- *Amendments to IAS 32 Offsetting Financial Assets and Financial Liabilities*

  The amendments to IAS 32 clarify the requirements relating to the offset of financial assets and financial liabilities. Specifically, the amendments clarify the meaning of 'currently has a legally enforceable right of set-off' and 'simultaneous realisation and settlement'.The amendments have been applied retrospectively.

  As the Company does not have any financial assets and financial liabilities that qualify for offset, the application of the amendments has had no impact on the disclosures or on the amounts recognised in the Company's financial statements.

- *Recoverable Amount Disclosures for Non-Financial Assets (Amendments to IAS 36)*

  The amendments to IAS 36 remove the requirement to disclose the recoverable amount of a cash-generating unit (CGU) to which goodwill or other intangible assets with indefinite useful lives had been allocated when there has been no impairment or reversal of impairment of the related CGU. Furthermore, the amendments introduce additional disclosure requirements applicable to when the recoverable amount of an asset or a CGU is measured at fair value less costs of disposal. These new disclosures include the fair value hierarchy, key assumptions and valuation techniques used which are in line with the disclosure required by IFRS 13 Fair Value Measurements.

- *Amendments to IAS 39 Novation of Derivatives and Continuation of Hedge Accounting*

  As the Company does not have any cash-generating units (CGU) to which goodwill or other intangible assets with indefinite useful lives had been allocated, the amendments have had no impact on the disclosures or on the amounts recognised in the Company's financial statements.As the Company does not have any cash-generating units (CGU) to which goodwill or other intangible assets with indefinite useful lives had been allocated, the amendments have had no impact on the disclosures or on the amounts recognised in the Company's financial statements.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 December, 2015 (*Continued*)

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

**q. New standards and amendments to published standards effective for the year ended 31 December 2015 (continued)**

- *Amendments to IAS 39 Novation of Derivatives and Continuation of Hedge Accounting (continued)*

  The amendments to IAS 39 provide relief from the requirement to discontinue hedge accounting when a derivative designated as a hedging instrument is novated under certain circumstances. The amendments also clarify that any change to the fair value of the derivative designated as a hedging instrument arising from the novation should be included in the assessment and measurement of hedge effectiveness.

  As the Company does not have any derivatives that are subject to novation, the application of these amendments has had no impact on the disclosures or on the amounts recognised in the Company's financial statements.

- *IFRIC 21 Levies*

  IFRIC 21 addresses the issue as to when to recognise a liability to pay a levy imposed by a government. The Interpretation defines a levy, and specifies that the obligating event that gives rise to the liability is the activity that triggers the payment of the levy, as identified by legislation. The Interpretation provides guidance on how different levy arrangements should be accounted for, in particular, it clarifies that neither economic compulsion nor the going concern basis of financial statements preparation implies that an entity has a present obligation to pay a levy that will be triggered by operating in a future period.

  The application of this Interpretation has had no material impact on the disclosures or on the amounts recognised in the Company's financial statements.

*i. Relevant new and amended standards and interpretations in issue but not yet effective in the year ended 31 December 2015*

| *New and Amendments to standards* | Effective for annual periods beginning on or after |
|---|---|
| IFRS 9 | 1 January 2020 |
| IFRS 15 | 1 January 2017 |
| Amendments to IFRS 11 | 1 January 2016 |
| Amendments to IAS 16 and IAS 38 | 1 January 2016 |

*ii. Impact of new and amended standards and interpretations on the financial statements for the year ended 31 December 2015 and future annual periods*

- *IFRS 9 Financial Instruments*

  IFRS 9, issued in November 2009, introduced new requirements for the classification and measurement of financial assets. IFRS 9 was amended in October 2010 to include requirements for the classification and measurement of financial liabilities and for de-recognition

- *Key requirements of IFRS 9:*

  All recognised financial assets that are within the scope of IAS 39 Financial Instruments: Recognition and Measurement are required to be subsequently measured at amortised cost or fair value.

  Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair value at the end of subsequent accounting periods. In addition, under IFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 December, 2015 (*Continued*)

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

- *Adoption of new and revised International Financial Reporting Standards (IFRS) (Continued)*

  *iii. Impact of new and amended standards and interpretations on the financial statements for the year ended 31 December 2015 and future annual periods (Continued)*

  With regard to the measurement of financial liabilities designated as at fair value through profit or loss, IFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Under IAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss is presented in profit or loss.

  The directors of the Company anticipate that the application of IFRS 9 in the future may have a significant impact on amounts reported in respect of the Company's financial assets and financial liabilities (e.g. the Company will classify financial assets as subsequently measured at either amortised cost or fair value). However, it is not practicable to provide a reasonable estimate of the effect of IFRS 9 until a detailed review has been completed.

- *IFRS 15 Revenue from Contracts with Customers*

  In May 2015, IFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. IFRS 15 will supersede the current revenue recognition guidance including IAS 18 Revenue, IAS 11 Construction Contracts and the related Interpretations when it becomes effective.

  The core principle of IFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Standard introduces a 5-step approach to revenue recognition:

  Step 1: Identify the contract(s) with a customer

  Step 2: Identify the performance obligations in the contract

  Step 3: Determine the transaction price

  Step 4: Allocate the transaction price to the performance obligations in the contract

  Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

  Under IFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in IFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by IFRS 15. The directors do not expect the adoption of IFRS 15 to have an impact of the Company's financial statements.

- *Amendments to IAS 16 and IAS 38 Clarification of Acceptable Methods of Depreciation and Amortisation*

  The amendments to IAS 16 prohibit entities from using a revenue-based depreciation method for items of property, plant and equipment. The amendments to IAS 38 introduce a rebuttable presumption that revenue is not an appropriate basis for amortisation of an intangible asset. This presumption can only be rebutted in the following two limited circumstances:

  a) when the intangible asset is expressed as a measure of revenue; or

  b) when it can be demonstrated that revenue and consumption of the economic benefits of the intangible asset are highly correlated.

  The amendments apply prospectively for annual periods beginning on or after 1 January 2016. Currently, the Company uses the straight-line method for depreciation and amortisation for its property, plant and equipment, and intangible assets respectively. However, it is not practicable to provide a reasonable estimate of the effect of IFRS 15 until a detailed review has been completed.

**Early adoption of standards**

The Company did not early adopt new or amended standards in 2015.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 December, 2015 (*Continued*)

### 4. Determination of fair values

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

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

The fair value of financial assets at fair value through profit or loss, held-to-maturity investments and available for-sale financial assets is determined by reference to their quoted closing bid price at the reporting date. The fair value of held-to-maturity investments is determined for disclosure purposes only. In case the quoted price does not exist at the date of exchange, the investments are valued indirectly based on discounted cash flow models. If the fair value cannot be determined reliably by observable market data, then the investments are carried at cost.

The Company measures fair values using the following fair value hierarchy, which reflects the significance of the inputs used in making the measurements.

Level 1: inputs that are quoted market prices (unadjusted) in active markets for identical instruments.

Level 2: inputs other than quoted prices included within Level 1 that are observable either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using: quoted market prices in active markets for similarinstruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques in which all significant inputs are directly or indirectly observable from market data.

Level 3: inputs that are unobservable. This category includes all instruments for which the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation.

This category includes instruments that are valued based on quoted prices for similar instruments for which significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

Valuation techniques include net present value and discounted cash flow models, and comparison with similar instruments for which market observable prices exist.

Assumptions and inputs used in valuation techniques include risk-free and benchmark interest rates, credit spreads and other premia used in estimating discount rates, bond and equity prices, foreign currency exchange rates, equity and equity index prices and expected price volatilities and correlations.

***(ii) Fair value versus carrying amounts***

As at 31st December 2015, the company had no financial assets or liabilities carried at fair value (2014 Nil).

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 December, 2015 (*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 analyzed 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.

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

*Investments*

The company limits its exposure to credit risk by only investing in liquid securities. The carrying amount of financial assets represents the maximum credit exposure.

*Guarantees*

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

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 December, 2015 (*Continued*)

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

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

**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:

| | 2015<br>Rwf'000 | 2014<br>Rwf'000 |
|---|---|---|
| Cash and cash equivalents (Note 19) | 2,067,897 | 1,382,843 |
| Trade receivables (Note 18) | 6,242,705 | 6,458,712 |
| Other receivables (Note 18) | 888,640 | 1,878,650 |
| Equity investments (Note 15) | 9,224 | 9,224 |
| Receivables from related companies (Note 29d) | 5,415,888 | 5,250,094 |
| | **14,624,354** | **14,979,523** |

The ageing of trade receivables at the reporting date was:

| 2015 | Gross<br>Rwf'000 | Impaired<br>Rwf'000 | Net<br>Rwf'000 |
|---|---|---|---|
| Current | | | |
| 0 – 30 days | 2,591,457 | - | 2,591,457 |
| 31 – 120 days | 1,440,295 | - | 1,440,295 |
| 120 days and above | 2,401,905 | (190,952) | 2,210,953 |
| **Trade receivables (Note 18)** | **6,433,657** | **(190,952)** | **6,242,705** |

| 2014 | Gross<br>Rwf'000 | Impaired<br>Rwf'000 | Net<br>Rwf'000 |
|---|---|---|---|
| Current | | | |
| 0 – 30 days | 4,237,978 | - | 4,237,978 |
| 31 – 120 days | 865,313 | - | 865,313 |
| 120 days and above | 1,506,549 | (151,128) | 1,355,421 |
| **Trade receivables (Note 18)** | **6,609,840** | **(151,128)** | **6,458,712** |

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 December, 2015 (*Continued*)

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

**Exposure to credit risk(Continued)**

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

| 2015 | Gross Rwf'000 | Impaired Rwf'000 | Net Rwf'000 |
|---|---|---|---|
| Current | | | |
| 0 – 30 days | 1,415,888 | - | 1,415,888 |
| 31 – 120 days | - | - | - |
| 120 days and above | 4,000,000 | - | 4,000,000 |
| | | | |
| **Related party receivables (Note 29)** | **5,415,888** | **-** | **5,415,888** |

| 2014 | Gross Rwf'000 | Impaired Rwf'000 | Net Rwf'000 |
|---|---|---|---|
| Current | | | |
| 0 – 30 days | 1,484,426 | - | 1,484,426 |
| 31 – 120 days | - | | - |
| 120 days and above | 3,765,668 | - | 3,765,668 |
| | | | |
| **Related party receivables (Note 29)** | **5,250,094** | **-** | **5,250,094** |

The ageing of other receivables at the reporting date was:

| 2015 | Gross Rwf'000 | Impaired Rwf'000 | Net Rwf'000 |
|---|---|---|---|
| Current | | | |
| 0 – 30 days | 888,640 | - | 888,640 |
| 31 – 120 days | | | |
| 120 days and above | 520,021 | (520,021) | - |
| | | | |
| **Other receivables (Note 18)** | **1,408,661** | **(520,021)** | **888,640** |

| 2014 | Gross Rwf'000 | Impaired Rwf'000 | Net Rwf'000 |
|---|---|---|---|
| Current | | | |
| 0 – 30 days | 1,878,650 | - | 1,878,650 |
| 31 – 120 days | - | | - |
| 120 days and above | 506,738 | (506,738) | - |
| | | | |
| **Other receivables (Note 18)** | **2,385,388** | **(506,738)** | **1,878,650** |

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 December, 2015 (*Continued*)

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

**Exposure to credit risk(Continued)**

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 during the year was as follows:

| | 2015<br>Rwf'000 | 2014<br>Rwf'000 |
|---|---|---|
| Balance at 1 January | 657,866 | 625,867 |
| Provisions in the year | 53,108 | 31,999 |
| **Balance at 31st December** | **710,974** | **657,866** |

The impairment loss recognised relates to the bad debts provision on receivables.

**(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 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 25.2billion (2014 – Rwf 18.8 billion) and are repayable on demand. The banking facilities limits comprise of bank overdraft Rwf 20.7 billion and letters of credit Rwf 4.5 billion.

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, 2015 (*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 |
|---|---|---|---|---|
| **2015** | | | | |
| | | | | |
| **Assets** | | | | |
| Receivables from related parties | 5,415,888 | 1,415,888 | - | 4,000,000 |
| Trade and other receivables | 7,131,345 | 4,268,055 | 2,863,289 | - |
| Cash and cash equivalents | 2,067,897 | 2,067,897 | - | - |
| **Total financial assets** | **14,615,129** | **7,751,840** | **2,863,289** | **4,000,000** |
| | | | | |
| **Liabilities** | | | | |
| Loans and borrowings | 21,707,965 | 647,523 | 647,524 | 20,412,918 |
| Bank Overdraft | 17,357,752 | 17,357,752 | - | - |
| Trade payables | 23,873,332 | 8,903,174 | 14,970,158 | - |
| Payable to related companies | 4,863,873 | 4,863,873 | - | - |
| **Total financial liabilities** | **67,802,922** | **31,772,322** | **15, 617,682** | **20,412,918** |
| **Net liquidity gap** | **(53,187,793)** | **(24,020,482)** | **(12,754,393)** | **(16,412,918)** |
| | | | | |
| **2014** | | | | |
| **Assets** | | | | |
| Receivables from related parties | 5,250,094 | 1,484,426 | - | 3,765,668 |
| Trade and other receivables | 8,337,360 | 4,268,055 | 4,069,305 | - |
| Cash and cash equivalents | 1,382,843 | 1,382,843 | - | - |
| **Total financial assets** | **14,970,297** | **7,135,324** | **4,069,305** | **3,765,668** |
| | | | | |
| **Liabilities** | | | | |
| Loans and borrowings | 9,975,937 | 569,522 | 569,522 | 8,836,893 |
| Bank Overdraft | 10,911,326 | 10,911,326 | - | - |
| Trade payables | 30,758,254 | 17,307,926 | 13,450,328 | - |
| Payable to related companies | 3,991,391 | 3,991,391 | - | - |
| **Total financial liabilities** | **55,636,908** | **32,780,165** | **14,091,850** | **8,836,893** |
| **Net liquidity gap** | **(40,666,611)** | **(25,644,841)** | **(9,950,545)** | **(5,071,225)** |

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 December, 2015 (*Continued*)

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

#### (c) Market risk

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

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

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

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

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

| | 31 December 2015 | | 31 December 2014 | |
|---|---|---|---|---|
| | Euro Rwf'000 | US$ Rwf'000 | Euro Rwf'000 | US$ Rwf'000 |
| Cash and cash equivalents | 86,763 | 168,447 | 87,338 | 394,143 |
| Related party balances | (4,604,033) | 1,184,634 | (3,877,374) | 1,374,036 |
| Trade and other payables | (2,238,794) | (2,829,180) | (1,139,479) | 4,058,624 |
| | | | | |
| **Net exposure** | **(6,756,064)** | **(1,476,099)** | **(4,929,514)** | **(2,290,445)** |

The following exchange rates were applied during the year:

| | Average rate | | Reporting date Spot rate | |
|---|---|---|---|---|
| | 2015 | 2014 | 2015 | 2014 |
| Euro | 798.99 | 907.45 | 817.10 | 906.88 |
| USD | 719.96 | 682.305 | 747.41 | 709.04 |

*Sensitivity analysis on foreign currency rates*

A 5 percent strengthening of the Rwanda Francs against the following currencies at 31 December2015 would have increased/(decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remains constant and ignores any impact of forecasted sales and purchases. The analysis is performed on the same basis for 2014

| Effect in thousands Rwanda Francs | Income statement | |
|---|---|---|
| | 2015 Rwf' 000 | 2014 Rwf' 000 |
| Euro | (337,803) | (246,476) |
| USD | 73,805 | 114,522 |

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 December, 2015 (*Continued*)

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

**(c) Market risk (continued)**

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

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

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

| | 2015<br>Rwf' 000 | 2014<br>Rwf' 000 |
|---|---|---|
| **Fixed rate instruments** | | |
| Loans and borrowings | 21,707,965 | 9,975,937 |
| **Variable rate instruments** | | |
| Bank overdrafts | 17,357,352 | 10,911,326 |

*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*

A 5% increase/decrease in interest rates in the bank overdraft would have reduced or increased the pre-tax profit by Rwf 867,867,600 (2014- Rwf 545,566,300)

**(d) Capital management**

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

| Year ended 31 December | 2015<br>Rwf' 000 | 2014<br>Rwf' 000 |
|---|---|---|
| Loans and borrowings | 39,065,307 | 20,887,623 |
| Bank and cash balances | (2,067,897) | (1,382,843) |
| **Net debt** | **36,997,420** | **19,504,780** |
| **Equity** | **35,383,211** | **35,991,789** |
| Gearing (Net debt/Equity) | 105% | 54% |

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 December, 2015 (*Continued*)

### 6. Segment reporting

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

**Business segments**

The two main business segments are:

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

| Year ended 31 December 2015 | Beer Rwf '000 | Soft Drink Rwf '000 | Total Rwf '000 |
|---|---|---|---|
| Sales | **61,429,035** | **22,658,711** | **84,087,746** |
| Operating profit | 9,021,491 | 4,013,555 | **13,035,046** |
| Net finance cost | (3,310,571) | (1,472,833) | **(4,783,404)** |
| Depreciation | (5,935,375) | (2,640,579) | **(8,575,954)** |
| Profit before income tax | 5,710,920 | 2,540,721 | **8,251,641** |
| Income tax expense | (793,101) | (352,841) | **(1,145,942)** |
| **Profit for the year** | **4,917,819** | **2,187,880** | **7,105,699** |
| **Year ended 31 December 2014*** | | | |
| **Sales** | **58,358,001** | **20,880,391** | **79,238,392** |
| Operating profit | 11,675,480 | 5,245,508 | **16,920,994** |
| Net finance cost | (470,882) | (211,555) | **(682,437)** |
| Depreciation | (4,014,541) | (2,676,360) | **(6,690,901)** |
| Profit before income tax | 11,204,604 | 5,033,953 | **16,238,557** |
| Income tax expense | (3,342,514) | (1,501,709) | **(4,844,223)** |
| **Profit for the year** | **7,862,090** | **3,532,244** | **11,394,334** |

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 December, 2015 (*Continued*)

### 6. Segment reporting (Continued)

The segment assets and liabilities at 31 December 2015 and capital expenditure for the period then ended are as follows:

| Year ended 31 December 2015 | Beer | Soft Drink | Total |
|---|---|---|---|
| Assets | 83,021,500 | 35,580,643 | **118,602,143** |
| Liabilities | 29,419,239 | 12,608245 | **42,027,484** |
| **Capital expenditure:** | | | |
| (i) Additions to property, plant and equipment | 19,048,906 | 8,163,817 | **27,212,723** |
| (ii) Additions to intangible assets | 170,161 | 72,926 | **243,087** |

| Year ended 31 December 2014* | Beer | Soft Drink | Total |
|---|---|---|---|
| Assets | 69,513,618 | 29,791,551 | **99,305,169** |
| Liabilities | 27,877,893 | 11,947,668 | **39,825,561** |
| **Capital expenditure:** | | | |
| (i) Additions to property, plant and equipment | 13,094,906 | 5,883,219 | **18,978,125** |
| (ii) Additions to intangible assets | - | - | - |

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.

### 7. Revenue

| | 2015<br>Rwf'000 | 2014<br>Rwf'000 |
|---|---|---|
| Net turnover | | |
| - Beer | 61,429,035 | 58,358,001 |
| - Soft drinks | 22,658,711 | 20,880,391 |
| | **84,087,746** | **79,238,392** |

### 8. Other income

| | | |
|---|---|---|
| Miscellaneous income | 3,017,120 | 1,848,788 |
| Net gain on sale of property, plant and equipment | 288,148 | 115,926 |
| | **3,305,268** | **1,964,714** |

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 December, 2015 (*Continued*)

### 9. Result from operating activities

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

| | 2015<br>Rwf'000 | 2014<br>Rwf'000 |
|---|---|---|
| Depreciation on property, plant and equipment (Note 13) | 8,575,954 | 6,690,901 |
| Amortization of Intangible assets (Note 14) | 25,845 | - |
| Repairs and maintenance of property, plant and equipment | 3,100,258 | 1,721,658 |
| Raw materials and other consumables | 32,609,047 | 27,722,706 |
| Personnel expenses(see Note 10) | 12,333,506 | 11,577,575 |
| Auditors' remuneration | 27,512 | 52,632 |

b) Directors remuneration:

| | 2015<br>Rwf'000 | 2014<br>Rwf'000 |
|---|---|---|
| Non-executive directors | 41,417 | 47,459 |
| Executive director | 354,081 | 419,776 |
| | **395,498** | **467,235** |

### 10. Personnel costs

| | | |
|---|---|---|
| The following items are included within staff costs: | | |
| Salaries and wages | 8,221,983 | 8,221,040 |
| Contributions to defined contribution scheme | 179,284 | 167,582 |
| Contributions to Rwanda Social Security Board (RSSB) | 783,534 | 856,790 |
| Share based payments | 13,457 | 153,394 |
| Other staff costs | 3,135,247 | 2,178,769 |
| | | |
| | **12,333,506** | **11,577,575** |

### 11. Net finance costs

| | | |
|---|---|---|
| **Finance costs:** | | |
| Foreign exchange losses | 3,490,181 | 1,400,194 |
| Interest expense | 4,825,546 | 1,189,704 |
| | | |
| | **8,315,727** | **2,589,898** |
| **Finance income:** | | |
| | | |
| Foreign exchange gains | 3,526,387 | 1,905,810 |
| Interest income | 5,936 | 1,651 |
| | | |
| | **3,532,323** | **1,907,461** |
| | | |
| **Net finance cost** | **4,783,404** | **682,437** |

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 December, 2015 (*Continued*)

### 12. Income Tax Expense

| | 2015<br>Rwf'000 | 2014<br>Rwf'000 |
|---|---|---|
| Current income tax | 917,428 | 1,591,860 |
| Prior year over provision | (420,902) | - |
| | **496,526** | **1,591,860** |
| **Deferred income tax** | | |
| Deferred tax charged - (note 24) | 2,722,807 | 3,321,791 |
| Prior year over provision - (note 24) | (2,073,391) | (69,428) |
| | **649,416** | **3,252,363** |
| **Income tax expense** | **1,145,942** | **4,844,223** |

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:

| | Effective tax rate | | Effective tax rate | |
|---|---|---|---|---|
| **Profit before income tax** | | **8,251,641** | | **16,238,557** |
| Tax calculated at the statutory income tax rate of | 30% | 2,475,492 | 30% | 4,947,504 |
| Tax credit | (1%) | (65,531) | (2%) | (318,127) |
| Expenses not deductible for tax purposes | 15% | 1,230,268 | 2% | 273,684 |
| Income not subject to tax | 0% | - | 0% | (4,675) |
| Prior year over provision | (30%) | (2,494,287) | 0% | (69,428) |
| **Income tax expense** | **14%** | **1,145,942** | **29%** | **4,844,223** |

| **Tax recoverable** | 2015<br>Rwf'000 | 2014<br>Restated<br>Rwf'000 | 2013<br>Restated<br>Rwf'000 |
|---|---|---|---|
| At 1 January | 3,156,580 | 1,367,947 | (1,967,135) |
| Income tax charge for the year | (496,526) | (1,591,860) | (3,093,130) |
| Tax paid during the year | 1,620,367 | 3,380,493 | 6,428,212 |
| | | - | |
| **As at December** | **4,280,420** | **3,156,580** | **1,367,947** |

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 December, 2015 (*Continued*)

### 13. Property, plant and equipment

| 2014 | Land and Buildings Rwf '000' | Plant and Equipment Rwf '000' | Furniture and Fittings Rwf '000' | *Commercial Assets Rwf '000' | Motor vehicles Rwf '000' | Capital Work in progress Rwf '000' | Returnable packaging Rwf '000' | Total Rwf '000' |
|---|---|---|---|---|---|---|---|---|
| **Cost** | | | | | | | | |
| **At 1 January 2014** | **3,841,928** | **18,829,353** | **8,940,382** | - | **6,601,593** | **24,096,487** | **24,445,109** | **86,754,852** |
| Additions | 209,423 | (452,099) | 276,562 | - | 609,051 | 16,273,641 | 2,061,547 | 18,978,125 |
| Transfers | 1,062,120 | 21,177,663 | 1,718,497 | - | 159,449 | (25,747,284) | 1,629,555 | - |
| Disposals | - | (884,748) | - | - | (93,097)s | | (871,983) | (1,849,828) |
| **As at 31 December 2014** | **5,113,471** | **38,670,169** | **10,935,441** | **-** | **7,276,996** | **14,622,844** | **27,264,228** | **103,883,149** |
| **Depreciation** | | | | | | | | |
| At 1 January 2014 | 1,747,353 | 9,303,856 | 5,857,936 | - | 3,202,591 | - | 11,954,665 | 32,066,401 |
| Charge for the year | 186,968 | 1,642,088 | 1,103,353 | - | 626,517 | - | 3,131,975 | 6,690,901 |
| Disposals | - | (552,023) | - | - | (93,097) | - | (646,644) | (1,291,764) |
| **As at 31 December 2014** | **1,934,321** | **10,393,921** | **6,961,289** | **-** | **3,736,011** | **-** | **14,439,996** | **37,465,538** |
| **Net Book Value at 31 December 2014** | **3,179,150** | **28,276,248** | **3,974,152** | **-** | **3,540,985** | **14,622,844** | **12,824,232** | **66,417,611** |
| At 1 January 2015 | 5,113,471 | 38,670,169 | 10,935,441 | - | 7,276,996 | 14,622,844 | 27,264,228 | 103,883,149 |
| Additions | 90,495 | 236,375 | 464,119 | 31,467 | 1,900,320 | 23,053,105 | 1,436,842 | 27,212,723 |
| Transfers | (152,451) | 11,448,212 | (5,555,225) | 8,779,956 | 4,381 | (18,777,583) | 4,252,710 | - |
| Disposals | - | (40,548) | (38,262) | - | (1,801,881) | - | (204,802) | (2,085,493) |
| Reclassifications | (406,127) | 446,336 | (3,099) | (71,790) | 62,282 | (18) | 171,602 | 199,186 |
| **As at 31 December 2015** | **4,645,388** | **50,760,544** | **5,802,974** | **8,739,633** | **7,442,098** | **18,898,384** | **32,920,580** | **129,209,565** |
| **Depreciation** | | | | | | | | |
| At 1 January 2015 | 1,934,321 | 10,393,921 | 6,961,289 | - | 3,736,011 | - | 14,439,996 | 37,465,538 |
| Charge for the year | 592,535 | 2,759,890 | 1,203,814 | 600,788 | 2,138,559 | 17 | 1,280,351 | 8,575,954 |
| Transfers | | - | (4,144,705) | 4,144,705 | - | | - | - |
| Disposals | - | (3,727) | (16,515) | | (1,573,224) | | (190,543) | (1,784,009) |
| **Adjustments** | (590,200) | 604,775 | 95,906 | (69,055) | (13,856) | (17) | 171,635 | 199,188 |
| **As at 31 December 2015** | **1,936,656** | **13,754,859** | **4,099,789** | **4,676,438** | **4,287,490** | **-** | **15,701,439** | **44,456,671** |
| **Net Book Valueat 31 December 2015** | **2,708,733** | **37,005,684** | **1,703,187** | **4,063,197** | **3,154,609** | **18,898,348** | **17,219,141** | **84,752,894** |

*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.

Fully depreciated assets at an original cost of Rwf 15,485,067,006 (2014: Rwf 11,534,653,638) are still in use.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 December, 2015 (*Continued*)

### 14. Intangible assets

| Cost | 2015<br>Rwf'000 | 2014<br>Rwf'000 |
|---|---|---|
| Balance at 1 January | 709,732 | 709,732 |
| Additions | 243,087 | |
| Adjustment | 5,076 | - |
| **Balance at 31 December** | **957,895** | **709,732** |
| **Amortisation and impairment loss** | | |
| Balance at 1 January | 709,732 | 709,732 |
| Amortization for the year | 25,485 | |
| Adjustment | 5,076 | - |
| **Balance at 31 December** | **740,653** | **709,732** |
| **Net book value at end of year** | **217,242** | **-** |

### 15. Equity Investment

| Cost | 2015<br>Rwf'000 | 2014<br>Rwf'000 |
|---|---|---|
| BanqueRwandaise de Development | 9,224 | 9,224 |
| Cogelgaz* | 179,861 | 179,861 |
| | **189,085** | **189,085** |
| Less: Impairment allowance (Cogelgaz) | (179,861) | (179,861) |
| | **9,224** | **9,224** |

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

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

### 16. Investment in joint venture

The joint venture (Bramin Ltd.) is between Bralirwa Ltd. and Minimex. The company isengaged in maize processing in Rwandaand was established to produce high yield seed and commodity maize.

During the year ended 31 December 2015, the joint venture made a net loss of Rwf 898,142,000(2014 Rwf 524,118,000).Bralirwa's share of the loss was Rwf 449,071,000 (2014 Rwf 262,059,000.)

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 year's losses resulted in the carrying amount being reduced to nil. Further recognition of the losses was discontinued.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 December, 2015 (*Continued*)

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

### Summary financial information for equity accounted joint venture

| | 2015<br>Rwf'000 | 2014<br>Rwf'000 |
|---|---|---|
| **Percentage ownership interest** | **50%** | **50%** |
| Non-current asset | 2,288,276 | 2,391,944 |
| Current asset | 563,639 | 938,586 |
| Non-current liabilities | (4,000,000) | - |
| Current Liabilities | (483,039) | (4,063,512) |
| **Net Liabilities (100%)** | **(1,631,124)** | **(732,982)** |
| Bralirwa share of net liabilities 50% | (815,562) | (366,491) |
| Carrying amount of interest in joint venture | **(815,562)** | **(366,491)** |
| Revenue | 336,754 | 184,844 |
| Expenses | (1,234,896) | (708,962) |
| **Loss for the year (100%)** | **(898,142)** | **(524,118)** |
| **Total comprehensive loss 50%** | **(449,071)** | **(262,059)** |

### 17. Inventories

| | 2015<br><br>Rwf'000 | 2014<br>Restated<br>Rwf'000 | 2013<br>Restated<br>Rwf'000 |
|---|---|---|---|
| Raw materials | 7,722,659 | 6,867,732 | 8,291,122 |
| Consumables and returnable packaging | - | 492,379 | 425,157 |
| Work in progress | 1,811,496 | 2,161,213 | 1,712,548 |
| Finished goods | 1,059,759 | 991,303 | 338,727 |
| Goods for resale | 724,744 | 626,882 | 397,628 |
| Non-returnable packaging | 1,268,804 | 1,103,318 | 1,700,697 |
| Spare parts | 4,833,740 | 3,923,605 | 3,390,403 |
| Other inventories | 1,586,451 | 1,741,603 | 1,605,834 |
| | **19,007,653** | **17,908,035** | **17,862,116** |

### 18. Trade and other receivables

| | | |
|---|---|---|
| Trade receivables | 6,433,657 | 6,609,840 |
| Less: Impairment losses | (190,952) | (151,128) |
| **Trade receivables – net** | **6,242,705** | **6,458,712** |
| | | |
| Other receivables and prepayments- net | 888,640 | 1,878,650 |
| | **7,131,345** | **8,337,362** |
| The allowance at the end of the year is made up of: | | |
| Provision for trade receivables | 190,952 | 151,128 |
| Provision for other receivables | 520,022 | 506,738 |
| **At end of year** | **710,974** | **657,866** |

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 December, 2015 (*Continued*)

### 19. Cash and cash equivalents

| | | |
|---|---|---|
| Cash at bank and in hand | 2,067,897 | 1,382,843 |
| Bank Overdraft (Note 22) | (17,357,352) | (10,911,326 |
| **Total Cash and Cash equivalents per cash flow statement** | **(15,289,455)** | **(9,528,483)** |

### 20. Capital and reserves

| Issued and fully paid – Number of shares | 2015 | 2014 |
|---|---|---|
| At January | 1,028,570,000 | 514,285,000 |
| Issued during the year* | - | 514,285,000 |
| **As at December** | **1,028,570,000** | **1,028,570,000** |

| | | |
|---|---|---|
| **Authorized par value** | **Rwf 5.00** | **Rwf 5.00** |
| **Ordinary share capital (Rwf)** | **5,142,850,000** | **5,142,850,000** |

* In May 2014 the company increased its share capital through increase the par value of its share from Rwf 1 to Rwf 5 per share and issuing an additional 514,285,000 shares to its shareholders by capitalizing Rwf 4,628,565,000 of its retained earnings. All shares are fully paid up.

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 (2014Rwf 84,856,750) relating to share premium. This represents amounts paid by shareholders over and above the nominal per value of the sharesfor the years 1977, 1978 and 1979.

| Other reserves | 2015 | 2014 |
|---|---|---|
| | Rwf'000 | 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.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 December, 2015 (*Continued*)

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

#### 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.

| For the year ended 31 December | 2015<br>Rwf'000 | 2014<br>Rwf'000 |
|---|---|---|
| Final dividend Rwf 5.00 per qualifying ordinary share (2014: Rwf 7.5) | **5,142,850** | **7,714,275** |

### 21. Earnings per share

#### Basic earnings per share

The calculation of basic earnings per share at 31 December 2015 was based on the profit attributable to ordinary shareholders of Rwf 7,105,699(2014: Rwf 11,394,333), and on 1,028,570,000 ordinary shares of RwF 5.00 each being the weighted average number of ordinary shares in issue (2014: 1,028,570,000).

**a) Profit attributable to ordinary shareholders**

| | | |
|---|---|---|
| Profit for the year-Rwf '000' | 7,105,699 | 11,394,334 |

**b) Weighted average number of ordinary shares**

| | | |
|---|---|---|
| Issued ordinary shares at 1st January | 1,028.570,000 | 514,285,000 |
| Effect of shares issued on 22nd May 2014 | - | 514,285,000 |
| Weighted average number of ordinary shares at 31 December | 1,028.570,000 | 1,028,570,000 |
| **Earnings per share** | **Rwf 6.91** | **Rwf 11.08** |

### 22. Loan and Borrowings

| | Original Amount | Date Borrowed | Interest rate | 2015<br>Rwf' 000 | 2014<br>Rwf' 000 |
|---|---|---|---|---|---|
| Rwanda Development Bank (BRD) | 3,000,000,000 | 22/08/2012 | 12.5% | 1,780,954 | 2,330,564 |
| Ecobank Rwanda Limited | 3,000,000,000 | 12/08/2012 | 13.5% | 1,444,443 | 2,033,880 |
| Mouterij Albert N.V | 7,474,069,000 | 12/08/2014 | | 7,474,069 | 5,611,493 |
| International Finance Corporation(IFC) | 11,008,499,000 | 12/11/2015 | 3.95% | 11,008,499 | - |
| **Total** | | | | **21,707,965** | **9,975,937** |
| Bank Over draft | | | | 17,357,352 | 10,911,326 |
| **Total Borrowings** | | | | **39,065,317** | **20,887,263** |
| Less current borrowings | | | | 18,652,399 | 17,661,863 |
| **Non-current borrowings** | | | | **20,412,918** | **3,225,400** |

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 December, 2015 (*Continued*)

### 22. Loan and Borrowings *(continued)*

Loan from related parties; this refers to a facility given by Mouterij Albert N.V on 8 August 2014 with an interest rate of USD LIBOR or its successor as determined by the lender plus a margin of 100 basis points payable at the end of the relevant drawing period. The loan is unsecured.During the year the tenor of the loan was increased by 3 years to terminate in December 2018

The loan from BRD is secured by guarantees of; Negative pledge on the company's assets, fire insurance for the plant and machinery and promissory notes.

The loan from Ecobank is secured by Negative pledge on the Company's assets.

The loan from International Finance Corporation was obtained during the year. The loan is unsecured and will be used for expanding and upgrading Bralirwa's production capacity.

| Movement in non-current loans and borrowings | 2015<br>Rwf'000 | 2014<br>Rwf'000 |
|---|---|---|
| Balance as at January 1 | 9,975,937 | 5,364,357 |
| Loans obtained | 12,514,117 | 5,611,493 |
| Loan repaid | (1,139,047) | (999,913) |
| Exchange difference | 356,958 | - |
| **Balance as at December 31** | **21,707,965** | **9,975,937** |

During the year the tenor of the loan due to related party was increased by 3 years to terminate in December 2018

### 23. Share based payments

#### Long term Variable (LTV) Award Plan

Heineken has a performance-based share plan (Long-Term Variable Award Plan (LTV) for Senior Management.Under the LTV plan, 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 LTV 2013-2015, LTV 2014-2016 and LTV 2015-2017 for senior management comprise solely of internal performance measures being Organic Gross Profit beia growth, Organic EBIT beia growth, Earnings Per Share (EPS) beia growth, and Free Operating Cash Flow.

At target performance, 100 per cent of the awarded share rights vest. At maximum performance 175 per cent of the shares will vest at threshold performance, 50% will vest.

The performance period for the aforementioned plans are:

| LTV | Performance period start | Performance period end |
|---|---|---|
| 2013-2015 | I January 2013 | 31 December 2015 |
| 2014-2016 | I January 2014 | 31 December 2016 |
| 2015-2017 | I January 2015 | 31 December 2017 |

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 December, 2015 (*Continued*)

### 23. Share based payments (continued)

The vesting date for senior management is 1 April 2016, 2017 and 2018 respectively

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

| Grant date | Number | Share price (Eur) | Contractual life of rights |
|---|---|---|---|
| 2013 | 1,045 | 50.47 | 3 Years |
| 2014 | 308 | 49.08 | 3 Years |
| 2015 | 419 | 58.95 | 3 Years |

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

| 2014 | Weighted average Share price | Number of shares |
|---|---|---|
| Outstanding at I January | 42.41 | 1,280 |
| Granted during the year | 49.08 | 308- |
| | | |
| **Outstanding at end of year** | **44.42** | **1,588** |

| 2015 | | |
|---|---|---|
| Outstanding at I January | 44.42 | 1,588 |
| Granted during the year | 58.95 | 419 |
| | | |
| **Outstanding at end of year** | **52.26** | **2,007** |

### 24. Deferred income tax liability

Deferred income tax liability is calculated using the enacted income tax rate of 30% (2014-30%).

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

| Year ended 31 December | 2015 Rwf'000 | 2014 Rwf'000 |
|---|---|---|
| Property, plant and equipment: | 7,149,499 | 6,201,509 |
| Provisions | (742,947) | (444,373) |
| **Net deferred income tax liability** | **6,406,552** | **5,757,136** |

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 December, 2015 *(Continued)*

### 24. Deferred income tax liability (continued)

Movement in deferred tax on temporary differences during the year:

| | 1 January Rwf'000 | Under provision Rwf'000 | Recognised in income Rwf'000 | At 31 December Rwf'000 |
|---|---|---|---|---|
| **2015** | | | | |
| Property, plant and equipment: | 6,201,509 | (1,519,167) | 2,467,154 | 7,149,499 |
| Provisions | (444,373) | (554,224) | 255,650 | (742,947) |
| **Net deferred income tax liability** | **5,757,136** | **(2,073,391)** | **2,722,807** | **6,406,552** |
| | | | | |
| **2014** | | | | |
| Property, plant and equipment: | 2,987,545 | (61,513) | 3,275,477 | 6,201,509 |
| Provisions | (482,772) | ( 7,915) | 46,314 | (444,373) |
| **Net deferred income tax liability** | **2,504,773** | **(69,428)** | **3,321,791** | **5,757,136** |

### 25. Trade and other payables

| | 2015 Rwf' 000 | 2014 Rwf' 000 |
|---|---|---|
| Trade payables | 8,903,174 | 17,307,926 |
| Deposit on returnable containers | 14,970,158 | 13,450,328 |
| Other payables and accrued expenses | 13,290,276 | 5,075,916 |
| | **37,163,608** | **35,834,170** |

### 26. Capital commitments

Capital expenditure commitments at the year end authorized by the Board of Directors comprise

| | 2015 Rwf' 000 | 2014 Rwf' 000 |
|---|---|---|
| Contracted but not provided for | 500,659 | 7,603,831 |
| Authorized but not contracted for | 461,034 | - |
| | | |
| **Total** | **961,693** | **7,603,831** |

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 December, 2015 *(Continued)*

### 27. Off balance sheet commitments

| | 2015<br>Rwf' 000 | 2014<br>Rwf' 000 |
|---|---|---|
| Letters of credit | 4,500 | 709,508 |
| Undrawn committed bank facilities | 8,733,940 | 6,234,044 |
| Undrawn loan commitment | 7,474,100 | 1,393,813 |

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

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.

Undrawn loan commitment is the balance available for draw down on the $25m loan from IFC

### 28. Leases

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

| | 2015<br>Rwf' 000 | 2014<br>Rwf' 000 |
|---|---|---|
| Less than one year | 57;868 | 218,815 |
| Between one and five years | - | 300,912 |
| | **57,868** | **519,727** |

During the year an amount of Rwf 216,039,132 was recognized as an expense in profit or loss in respect of operating leases and rent (2014: Rwf 218,814,758)

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 December, 2015 (*Continued*)

### 29. Related party transactions

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

The following transactions were carried out with related parties:

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

| | 2015<br>Rwf'000 | 2014<br>Rwf'000 |
|---|---|---|
| **i) Management fees** | | |
| Heineken Supply Chain B.V | 1,211,446 | 628,239 |
| Heineken International B.V | 142,133 | 939,650 |
| | | |
| **Total** | **1,353,577** | **1,567,889** |
| | | |
| **ii) Royalties paid/payable** | | |
| Heineken International B.V | 652,032 | 488,755 |
| Amstel Brouwerij B.V | 54,538 | 148,889 |
| **Total** | **706,570** | **637,644** |

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

| | | |
|---|---|---|
| Ibecor N.V | 2,791,580 | 1,853,853 |
| Heineken Brouwerijen B.V | 20,779 | 268,932 |
| Mouterij Albert N.V | 998,826 | 1,451,842 |
| Bralima sarl | - | (583,244) |
| Brarudi SA | 47,914 | (834,045) |
| Al Ahram Beverages Company | 612,743 | 1,318,304 |
| Amstel Brouwerij B.V | 95,914 | 134,394 |
| Heineken International B.V | 1,881,043 | 2,543,429 |
| Premium Beverages International | - | 382 |
| Heineken Supply Chain BV | 810,000 | 1,590,772 |
| | **7,258,900** | **7,744,619** |

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 December, 2015 (*Continued*)

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

| | 2015 Rwf'000 | 2014 Rwf'000 |
|---|---|---|
| **c) Key management compensation** | | |
| Short-term employment benefits | 1,956,737 | 1,850,699 |
| Post-employment benefits | 218,693 | 259,229 |
| Other long term benefits | 119,345 | 97,079 |
| Share based payments | 13,457 | 153,394 |
| Termination benefits | 366,671 | - |
| | **2,674.904** | **2,389,097** |

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

| | 2015 | 2014 |
|---|---|---|
| *Payables to related parties* | | |
| Heineken Brouwerijen B.V | 39,947 | 331,181 |
| Heineken Supply Chain B.V | 465,387 | 253,266 |
| Heineken International B.V | 796,335 | 463,914 |
| Mouterij Albert N.V | 403,142 | 801,550 |
| Ibecor N.V | 1,683,040 | 1,301,981 |
| Brasserie de Bourbon SA | 1,446 | 1,509 |
| Bralima sarl | 83,858 | 2,057 |
| Nigerian Breweries PLC | - | 1,910 |
| Al Ahram Beverages Company | 208,935 | 392,169 |
| Amstel Brouwerij B.V | 53,922 | 21,538 |
| Tempo Beverages limited | - | 33 |
| Premium Beverages International BV | 642,217 | 416,656 |
| Mouterij Albert Interest | 91,916 | |
| Brarudi | 393,728 | 3,627 |
| | **4,863,873** | **3,991,391** |
| *Current receivables from related parties* | | |
| Sierra Leone Brewery Ltd | 55,524 | 31,808 |
| Bralima sarl | 206,326 | 635,785 |
| Brarudi SA | 1,111,968 | 801,383 |
| Tango SARL | 1,358 | 925 |
| Heineken Espana SA | - | 11,211 |
| Heineken Ethiopia | 3,633 | 3,314 |
| Nigerian breweries PLC | 7,433 | - |
| Heineken Brouwrijen | 22,567 | - |
| Heineken International Bv | 5,029 | - |
| Brassieres de Congo | 2,050 | - |
| | **1,415,888** | **1,484,426** |

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 December, 2015 (*Continued*)

| | | |
|---|---|---|
| *Noncurrent receivables from related parties* | | |
| Related party receivable – Principal | 1,988,060 | 3,765,668 |
| Related party receivable – Unearned interest | 2,011,940 | - |
| | **4,000,000** | **3,765,668** |
| **Total receivables from related parties** | **5,415,888** | **5,250,094** |

The loan granted to Bramin limited: (a Joint venture entity between Bralirwa Ltd. and Minimex) is carried at amortized cost. The loan which is interest free is discounted using the company's weighted average cost of capital of 15.4%. Repayment of this loan is expected to commence in 2018.

Included in the Bramin Ltd. debt is an amount of Rwf 410 million receivable from Felicien Mutalikanwa a shareholder in Bramin.

## 30. 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 105,437,476 (2014: Rwf 13,798,004,391) as at December 31, 2015. Such contingencies were classified by the directors and legal counsel as less than probable of being settled against Bralirwa, but more than remote.

However, Bralirwa believes that the resolution of such legal proceedings will not have a material effect on its financial statements

## 31. Prior Year Adjustments

During the upgrade of our ERP/Accounting IT system it was discovered that the previous system had been incorrectly configured and this had led to an understatement of Cost of Goods Sold and consequently to an overstatement of certain inventory items in the Company's statement of financial position.

The impact on the statement of financial position as at 31 December 2014 on inventory is Rwf 6.4 billion, income tax receivable is Rwf 1.7 billion and the net impact on equity is Rwf 4.7 billion. These one-off non-recurring adjustments are all non-cash items and do not impact current trading trends.

The adjustments relating to full year 2014 had been restated in the 2014 statement of profit or loss and other comprehensive income to the extent possible. Adjustments relating to before 2014 have been adjusted in the opening retained earnings as at 1 January 2014. The impact of the adjustments on 2013 and 2014 retained earnings are as shown below:

**Retained earnings restatement**

| | 2014 | 2013 |
|---|---|---|
| | Rwf' 000 | Rwf' 000 |
| As at January 1 | 33,414,574 | 32,515,256 |
| Prior period adjustment net of taxes | (4,722,482) | (2,874,658) |
| **As at December 31 restated** | **28,692,092** | **29,640,598** |

**Inventory restatement**

| | | |
|---|---|---|
| As at January 1 | 24,377,189 | 21,800,004 |
| Prior period adjustment net of taxes | (6,469,154) | (3,937,888) |
| **As at December 31 restated** | **17,908,035** | **17,862,116** |

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 December, 2015 (*Continued*)

### 31. Prior Year Adjustments *(Continued)*

**Income taxes restatement**

| | 2014<br>Rwf' 000 | 2013<br>Rwf' 000 |
|---|---|---|
| As at January 1 | 1,409,908 | 304,717 |
| Prior period adjustment net of taxes | 1,746,672 | 1,063,230 |
| **As at December 31 restated** | **3,156,580** | **1,367,947** |

**Cost of Sales restatement**

| | 2014<br>Rwf' 000 | 2013<br>Rwf' 000 |
|---|---|---|
| As Reported | 50,012,827 | 46,665,254 |
| Prior period adjustment | 2,531,266 | 3,937,888 |
| Reclassification | (257,207) | - |
| **As at December 31 restated** | **(52,286,886)** | **(50,603,142)** |

### 32. Events after the reporting period

No material events or circumstances have arisen between the accounting date and the date of this report that would require disclosure or adjustment to the financial statements


# PART SEVEN

FIVE YEAR FINANCIAL SUMMARY
GLOSSARY

# Five Year Financial Summary

| | 2015 Rwf'millions | 2014 Rwf'millions | 2013 Rwf'millions | 2012 Rwf'millions | 2011 Rwf'millions |
|---|---|---|---|---|---|
| **Revenue** | **84,088** | **79,238** | **78,503** | **76,987** | **64,958** |
| Cost of sales | (57,912) | (52,287) | (50,603) | (42,446) | (30,707) |
| **Gross profit** | **26,176** | **26,951** | **27,900** | **34,541** | **34,251** |
| Other income | 3,305 | 1,965 | 2,357 | 1,981 | 1,682 |
| Other expenses | (16,446) | (11,995) | (12,201) | (11,256) | (15,756) |
| **Results from operating activities** | **13,035** | **16,921** | **18,056** | **25,266** | **20,178** |
| **Net Finance cost** | **(4,783)** | **(682)** | **(374)** | **(353)** | **(84)** |
| Share of joint venture losses | - | - | (300) | (51) | (89) |
| **Profit before income tax** | **8,252** | **16,239** | **17,383** | **24,861** | **20,005** |
| Income tax expense | (1,145) | (4,844) | (4,798) | (5,834) | (5,347) |
| **Total comprehensive income for the year** | **7,106** | **11,395** | **12,585** | **19,027** | **14,658** |
| **EMPLOYMENT OF FUNDS** | | | | | |
| Property, Plant & Equipment | 84,753 | 66,418 | 54,688 | 40,452 | 22,067 |
| Intangible Assets | 217 | - | - | - | - |
| Investments | 9 | 9 | 9 | 9 | 60 |
| Long term debtors and prepayments | 4,000 | 3,766 | 2,450 | - | - |
| Net current (liabilities)/assets | (8,124) | (7,556) | (7,746) | (7,099) | (1,531) |
| Loan Capital/Finance Lease | (39,065) | (20,887) | (14,416) | (2,548) | |
| Deferred Income & Taxation | (6,407) | (5,757) | (2,674) | (801) | (918) |
| **Total net assets** | **35,383** | **35,992** | **32,312** | **30,013** | **19,678** |
| **FUNDS EMPLOYED** | | | | | |
| Share capital | 5,143 | 5,143 | 514 | 514 | 514 |
| Share Premium | 85 | 85 | 85 | 85 | 85 |
| Other reserves | 2,072 | 2,072 | 2,072 | 2,072 | 2,072 |
| Retained earnings | 28,084 | 28,692 | 29,641 | 27,342 | 17,007 |
| **Shareholders' Funds** | **35,383** | **35,992** | **32,312** | **30,013** | **19,678** |

Part of the HEINEKEN Company

# Five Year Financial Summary *(Continued)*

| STATISTICS | 2015 Rwf'000 | 2014 Rwf'000 | 2013 Rwf'000 | 2012 Rwf'000 | 2011 Rwf'000 |
|---|---|---|---|---|---|
| Share price at year end (Rwf) | 174 | 380 | 420 | 315 | 167 |
| Market capitalization in (Rwf Billion) | 178,971 | 390,857 | 431,485 | 324,000 | 171,257 |
| Basic and diluted earnings per share - Rwf* | 6.91 | 11.08 | 12.24 | 18.50 | 14.25 |
| Dividend per share (Rwf) | 5.00 | 7.50 | 7.50 | 10.00 | 12.10 |
| Dividend Cover (times) | 1.38 | 1.48 | 1.63 | 1.85 | 1.18 |
| Net worth per share | 34.00 | 34.99 | 31.41 | 29.18 | 19.13 |
| Debt/Equity ratio | 1.10 | 0.58 | 0.45 | 0.08 | - |

* For like comparison 2013 - 2011 calculations are based on weighted ordinary share of 2014

# Glossary

## Other information

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

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

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

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

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

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

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

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

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

### Gearing
Net debt/total equity.

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

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

Bralirwa

Part of the HEINEKEN Company

# Proxy form

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

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

as my lawful attorney, to attend on my behalf the **Annual Meeting** of "the Company" to be held on **25th May, 2016** at **Kigali, SERENA Hotel,** according to the following agenda :

1. Consideration of the annual report;
2. Receiving the auditor's report;
3. Consideration and approval of the financial statements;
4. Appropriation of profit and total comprehensive income for the year;
5. Discharge of the Directors and Auditors for financial year 2015;
6. Appointment of Directors;
7. Appointment of Auditors;

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

Given at .............................., the ................... 2016

Part of the HEINEKEN Company

# E-DIVIDEND FORM

To:

CDSC REGISTRARS RWANDA LTD.
Centenary House, 4th Floor, Avenue de la Paix.
P. O. Box 5904 Kigali, Rwanda,
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 LIMITED,** 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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