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Phoenix Beverages Limited | Integrated Report 2018



Integrated
Report
2018

PhoenixBev in Context



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OUR SUSTAINABLE
GROWTH



BRAND AFFINITY AND
BRAND BUILDING



CITIZENSHIP AND
RESPONSIBILITY

Our Integrated Report

Dear Shareholder,

This Integrated Report provides a detailed overview of the activities of Phoenix Beverages Limited (PhoenixBev) for the year ended 30 June 2018. It aims to provide all of our stakeholders with information regarding the Group's strategy, activities and performance for the year, how we lived our mission over that period and the contribution that we made to the economy, society and environment.

The contents and presentation of this Report are guided by the International Reporting Council's (IIRC) Integrated Reporting <IR> Framework, which aims to promote transparent communication on both financial and non-financial performance. The Report discusses factors that could have the most material impact on the Group's ability to create value in the short, medium and long term. Performance outcomes are grouped according to the six capitals defined in the <IR> Framework, namely, manufactured, intellectual, human, social and relationship, natural and financial.

The Report discloses information about our operations in Mauritius and Reunion Island. The Corporate Governance Report has been prepared in accordance with the National Code of Corporate Governance for Mauritius (2016). The financial information presented in the financial statements comply with the Mauritius Companies Act 2001 and have been prepared in accordance with the International Financial Reporting Standards (IFRS). The financial statements have been externally audited and the unqualified opinion of the auditors is presented in their report on pages 106 to 111.

There are no changes to presentation or restatements of previously disclosed information that affect comparability with previous periods.

The Board of Directors acknowledges its responsibility to ensure the integrity of the Integrated Report. In the Board's opinion, the 2018 Integrated Report addresses all material matters and presents fairly the Group's integrated performance.

This Report was approved by the Board on 5 September 2018.

On behalf of the Board of Directors of Phoenix Beverages Limited, we invite you to join us at the Annual Meeting of the Company which will be held on:

Date: Friday 14 December 2018

Time: 10.00 hours

Place: l'Ibeloise, 6th Floor, IBL House
Caudan Waterfront
Port Louis

We look forward to seeing you.

Sincerely,

Arnaud Lagesse **Bernard Theys**
Chairman CEO

5 September 2018



Chairman's Message



Dear Shareholder,

I am pleased to report that your Company, PhoenixBev has once more delivered a solid financial performance, with Group profit for the year up by 19.5% from last year, which confirms the relevance of the judicious strategic decisions taken over the past few years.

Our strategic approach

Our belief in our ability to position PhoenixBev as an innovative total beverage solution in Mauritius, the Western Indian Ocean and beyond is thus, much heartened. However, we cannot rest on our laurels: the beverages market in both Mauritius and the region is complex and mature with low entry barriers. The competition from other established beverage providers is already intense and the possibility of new entrants with alternative offerings cannot be ignored. We need to pursue our efforts to put in place strong systems and processes that will enable us to

deliver continuous and profitable growth in the long term. Sustainability in the widest sense is an on-going challenge that requires constant monitoring and careful steering at all levels of the Group's activities.

The Board of PhoenixBev under the strategic and operational advice of Phoenix Management Company Ltd is busy working on different options to further consolidate our business with our key bottling partners, both locally and regionally.

Our sustainable growth strategy is based on the careful diversification of our portfolio of strong brands coupled with a measured regional expansion. These two aspects are supported by the on-going improvement of our production facilities

and the continuous skill development of our team members.

At the same time we continue to consolidate our collaboration with our partners to stimulate growth, increase profitability and deliver greater long-term, sustainable value to our shareholders. To this end, the Board of PhoenixBev under the strategic and operational advice of Phoenix Management Company Ltd is busy working on different options to further consolidate our business with our key bottling partners, both locally and regionally.

Achievements in 2017-2018

During the period under review our achievements were centred, not only on introducing new products, but also on the upgrade of our production facilities to enhance our current offerings.

First and foremost, I am pleased to report that our new brand, **Gister**, was awarded a Gold medal at "Monde Selection 2018".

This demonstrates our ability to innovate and penetrate new market segments.

In September 2017, we successfully entered the juice category with the launch of **5Alive Pulp**. The sales volume in Mauritius has been above expectations while our penetration in Reunion Island is more challenging. As mentioned in last year's report, in September 2017 we commissioned our new canning line that offers increased capacity and widens our range of packaging sizes. In March 2018 we launched our new **Phoenix 50cl** can which has been an immediate success, highly contributing to our growth.

The Board has also approved the investment in a new jar line, which will provide both additional capacity and flexibility in terms of packaging sizes.

Results

As mentioned earlier, the Group's strong financial performance over the recent years results from the successful implementation of our strategy both in Mauritius and in the region.

Sales volume in the markets of Mauritius and Reunion Island for the year grew by 9.5% and 20.6% respectively. Total sales volume for the Group increased by 11.9% for the same period.

Group profit for the year is up by 19.5% from last year, which confirms the relevance of the judicious strategic decisions taken over the past few years.

The Group's profit increased by 19.5% to Rs 472.6 million (2017: Rs 395.5 million) and earnings per share increased from Rs 24.10 to Rs 28.81 for the same period. Dividends paid to shareholders

increased from Rs 10.25 per share in 2017 to Rs 10.90 per share this year.

Cash generated from operations increased by 29% to Rs 726.4 million and was used to fund principally capital expenditure of Rs 296.3 million, loan repayments of Rs 185.4 million and dividend payments of Rs 179.3 million.

We are fully conscious that our responsibility in creating shareholder value is directly linked to our duty towards the protection of our environment.

Environmental responsibility

We are fully conscious that our responsibility in creating shareholder value is directly linked to our duty towards the protection of our environment. We are presently considering various projects to reduce our environmental impact. Our approach starts with a clear understanding of the needs and interests of the communities we serve and an honest assessment of our mission and vision in changing the World we live in. However, PhoenixBev on its own cannot win this battle. Neither can the Government nor any other stakeholder alone. That is why we need to combine our efforts and develop the required synergies to promote the recycling of our waste in Mauritius and Réunion Island, thus helping to solve the sustainability challenges we collectively face.

Good governance

We are pleased to confirm that PhoenixBev has fully applied the principles contained in the National Code of Corporate Governance for Mauritius (2016).

The Board views governance as more than a compliance discipline, and rather as a means of improving corporate performance and ultimately enhancing value for our stakeholders. The directors are committed to diversity at board level in the belief that this will lead to balanced decision-making and a deeper understanding of the needs of both our market and our stakeholders at large.

We are pleased to confirm that PhoenixBev has fully applied the principles contained in the National Code of Corporate Governance for Mauritius (2016)

Acknowledgements

Once again I express my sincere appreciation to my fellow directors for their time, energy and dedication during the past year and for the insights and expertise they each bring to overseeing the activities of PhoenixBev. I thank each of our employees, under the strong leadership of Bernard Theys - our CEO, for their commitment and contribution to the Group's success. My thanks also go to our external stakeholders namely our shareholders, customers, suppliers, regulators and advisers for their ongoing support and contribution to our sustained success. Finally, I wish to reaffirm the Board's commitment to furthering the interests of all concerned by ensuring that PhoenixBev continues to do what it knows best – First for You. Thirst for the Best.


Arnaud Lagesse
Chairman

5 September 2018

CEO's Message



Dear Shareholder,

I welcome this opportunity to report on yet another year of progress in the operational performance of PhoenixBev.

Product performance

Consumers all over the world are showing greater concern for preserving their health and wellness and are thus much more aware of how their choice of beverages can affect their health. This new awareness has triggered a clear shift towards drinks made of mainly natural ingredients, with less sugar and no preservatives. Our recent entry into this growing sector has proved most encouraging, with the two new additions from the Coca-Cola range, Fuze Tea and 5Alive Pulpy, registering a constant increase in sales well beyond expectations. Similarly, the sales of our Crystal table water range have also greatly increased, for which we are installing a new water jar line at the

Limonaderie in Phoenix to cater for this considerable growth in demand.

The two new additions from the Coca-Cola range, Fuze Tea and 5Alive Pulpy, registering a constant increase in sales well beyond expectations.

Our focus on these low calorie product categories has not diminished our efforts to preserve and enhance our established brands that form the base of PhoenixBev's longstanding reputation as a reliable supplier of quality alcohol and carbonated beverages. Phoenix beer remains one of our staple brands that

is well supported by the accompanying varieties of Special Brew, Blue Marlin, Stella Pils and the more recent offering aimed at the young trendsetter market, Gister, which has been well-received. Our range of carbonated drinks continues to benefit from the expertise and reputation of our long-standing partners, The Coca-Cola Company, Diageo and Schweppes International, which enable us to offer the improved low-calorie and reduced-sugar versions of these favourite soft drinks. On the home front, our efforts to revitalise Eski as a fun-loving drink that is part of the Mauritian heritage have also borne fruit with an encouraging upturn in sales.

Our portfolio of high-value-added products in wines and spirits, is also progressing well, for which we are planning further developments soon.

Regional expansion

The implementation of our strategy for regional expansion remains focussed on Edena SA in Reunion Island which we acquired in 2016. The process for fully integrating the operations of Edena into the Group continues. The harmonisation of various administrative processes, including employment contracts, has progressed well and should soon be completed. The financial results of our activities in Reunion Island are most encouraging.

Our efforts to revitalise Eski as a fun-loving drink that is part of the Mauritian heritage have also borne fruit with an encouraging upturn in sales.

The Board of PhoenixBev and that of Phoenix Management Company Ltd, together with the management are continuously exploring new avenues to further expand our operations both locally and regionally, with due regard to any hurdles or obstacles that may jeopardise our undertakings. Thus, our long-term strategy for expansion into Africa is currently the subject of careful consideration as to the most appropriate choice of country in which to establish a foothold in the beverages market. We need to remember that Africa is not a single block, but a huge geographical region comprising 54 countries with many different climates and cultures, each of which require a proper individual appraisal before attempting any entry.

An employer of choice

The success of PhoenixBev, be it past or future, is entirely dependent on the ability of its work teams to respond to the challenges of consistently producing a diverse range of beverages using

increasingly sophisticated technology and following complex procedures to meet the various proprietary standards. PhoenixBev recognises the need to attract and nurture new young talents while developing the skills and knowledge of our existing workforce, many of whom are long-serving, loyal contributors to the Group's success. Following on from the Great Place to Work® survey in 2017, we are reinforcing our human resource management systems to ensure gender equity, non-discriminatory practices, career management, continuous skill development and succession planning. Our ultimate aim is to be recognised as a most preferred employer in Mauritius, the Western Indian Ocean region and beyond.

We are reinforcing our human resource management systems to ensure gender equity, non-discriminatory practices, career management, continuous skill development and succession planning.

Environmental responsibility

Our expansion strategy is also mindful of the impact of our activities on the green economy. All upgrading initiatives of our production facilities in Mauritius and Reunion Island include the necessary measures to control our environmental impact to the best of our ability particularly with respect to effluent management and gas emissions, as well as the use of solar energy to reduce our dependence on fossil fuels. We are also looking into various avenues concerning the recycling of glass and plastic waste materials. The Mauritius Glass Gallery continues to offer an attractive range of decorative and useful objects for the home and office. In addition, given the volume of waste glass produced, we are currently exploring the conversion of crushed glass into a building material.

Our expansion strategy is also mindful of the impact of our activities on the green economy.

To conclude, 2017-2018 has been a year of consolidation and learning for all concerned at PhoenixBev as we pursue the implementation of the strategic orientations decided a few years ago. We are comforted in our choice of prudent regional expansion and encouraged by the continuing success of our products on our targeted markets. We recognise the support of our stakeholders in our endeavours without which none of these achievements would have been possible. We look forward to realising an equally successful year 2018-2019.

Bernard Theys
Executive Director - CEO

5 September 2018

"We have developed partnerships and expanded our operations both locally and regionally to produce, bottle and distribute a strong portfolio of beverages."

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Who We Are

OUR JOURNEY REALLY BEGAN SIX DECADES AGO with the bottling agreement with The Coca-Cola Company. Since then, we have developed partnerships and expanded our operations both locally and regionally to produce, bottle and distribute a strong portfolio of alcoholic and non-alcoholic beverages. PhoenixBev is listed on the Stock Exchange of Mauritius and is recognised as the leading beverage company in Mauritius.



To be the innovative leader and
a total beverage solution provider in
Mauritius and the
Western Indian Ocean

OUR MISSION

OUR VISION

To promote happiness and social
well-being through the responsible
consumption of beverages



OUR VALUES

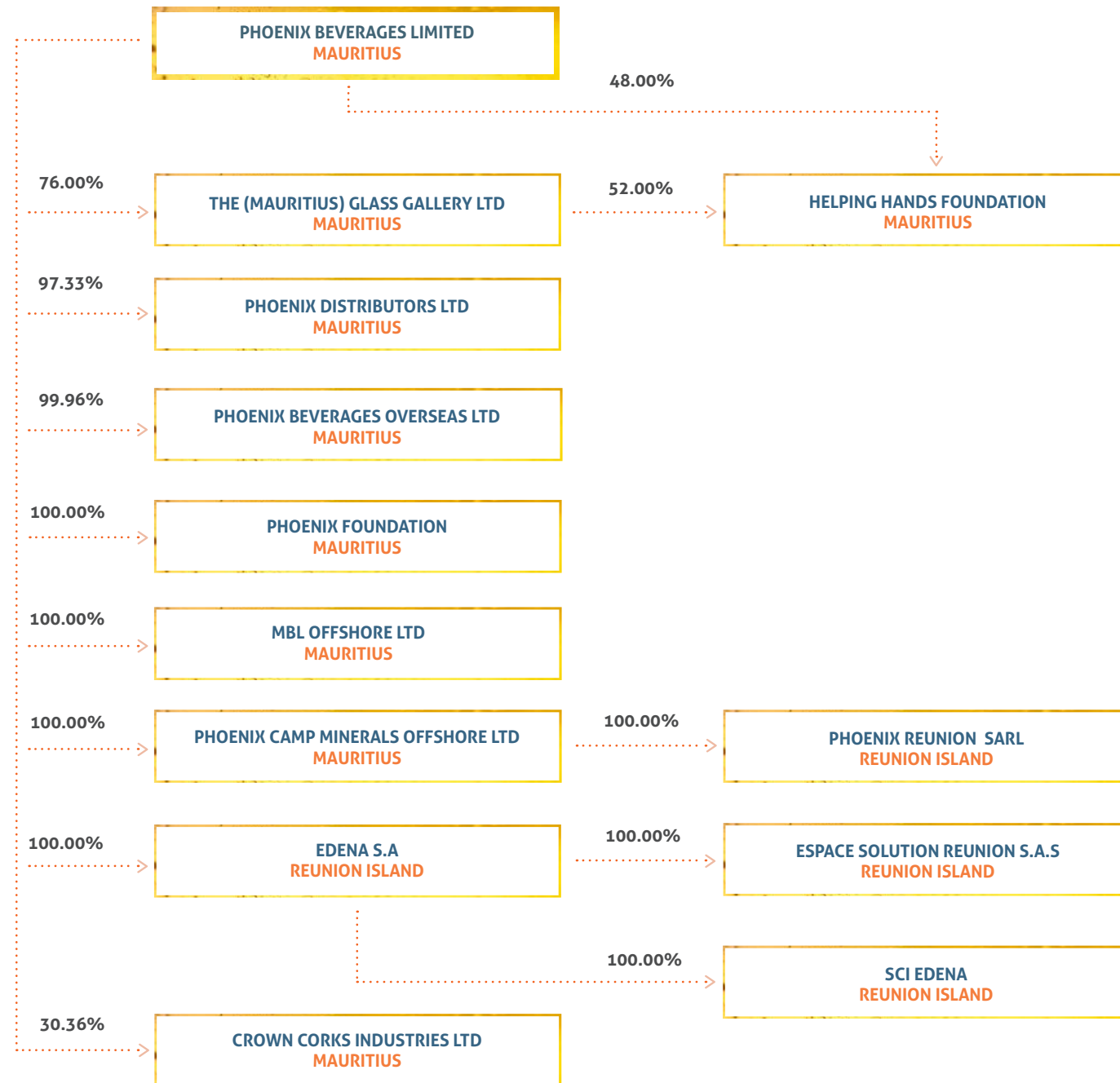
Customer orientation, innovation,
adaptability, honesty and
trustworthiness

Our Products

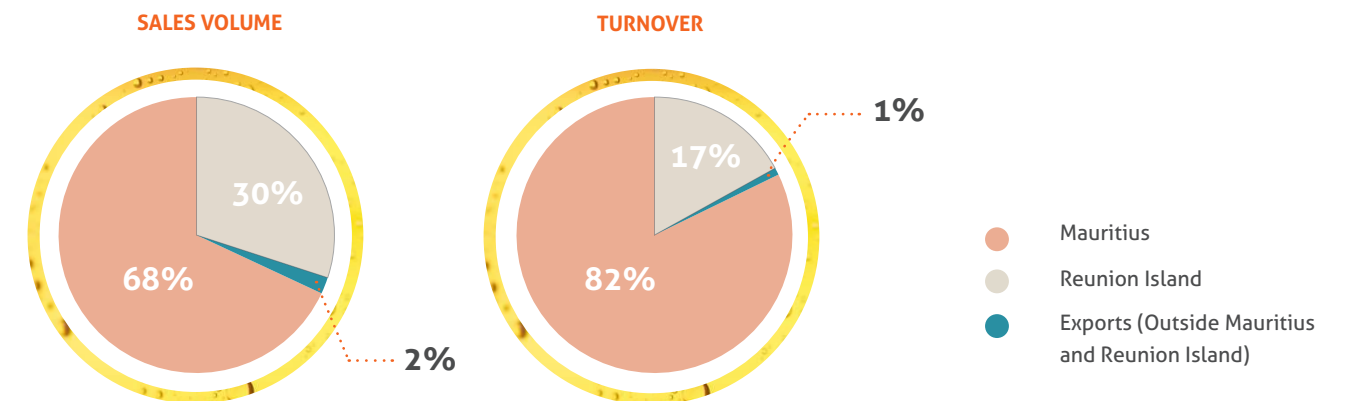
At PhoenixBev, our thirst for the best drives us to seek premium quality in everything we do. We want consumers to enjoy quality moments with our great quality products.



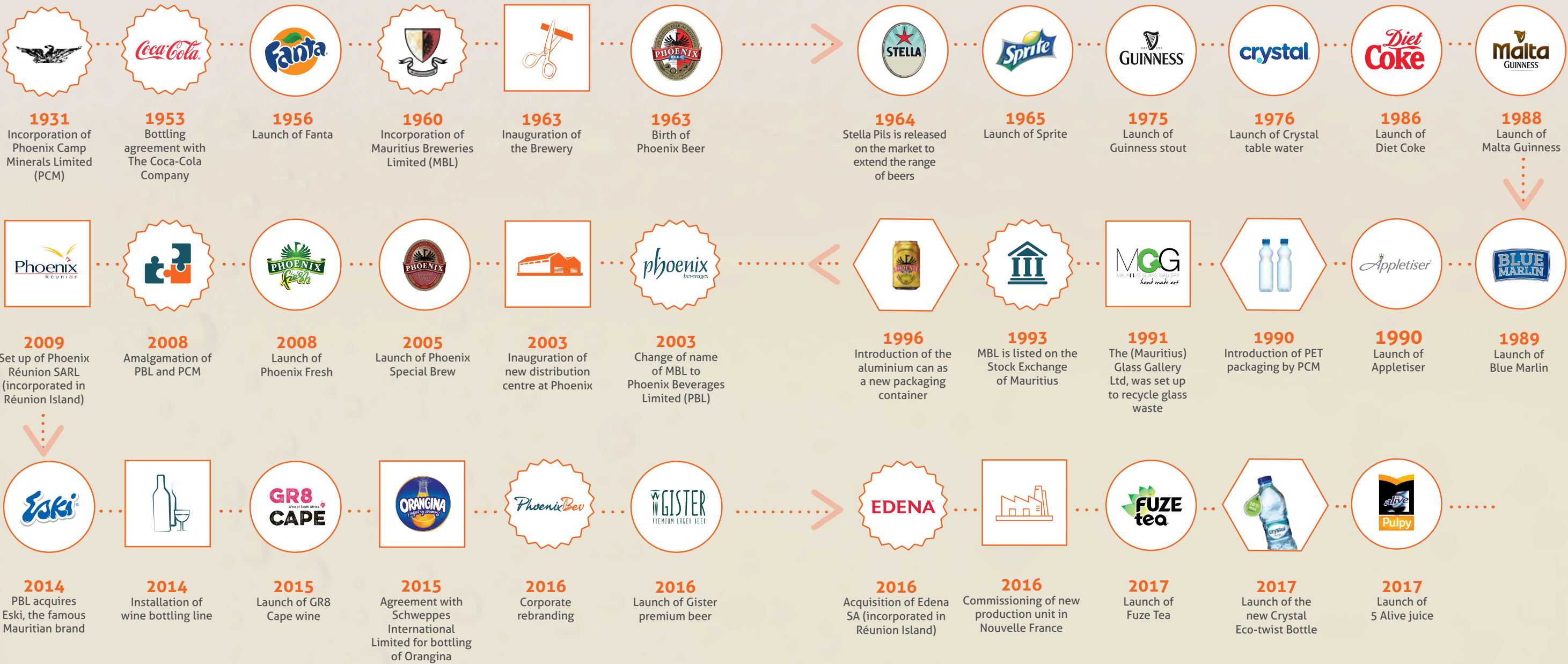
Group Structure



Our Global Presence



Our Group Through the Years



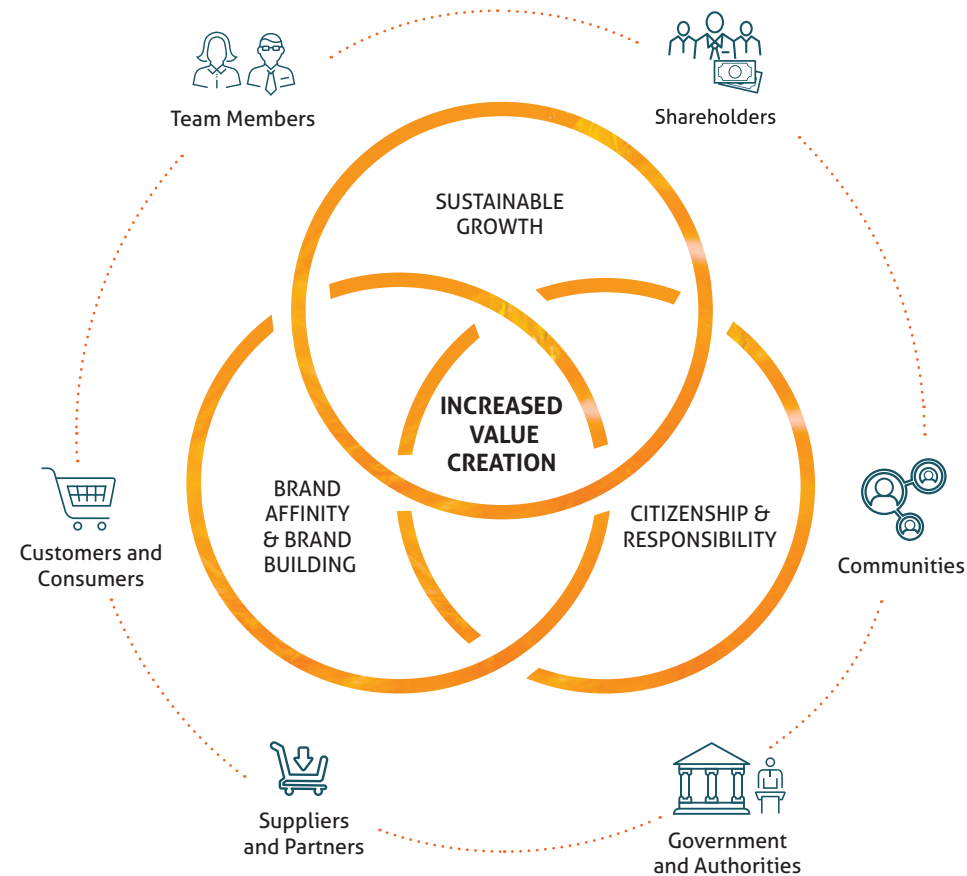
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"A dynamic and continuous pursuit of increased value creation for the benefit of all our stakeholders..."



Our Strategic Vision



A dynamic and continuous pursuit of increased value creation for the benefit of all our stakeholders through the combined and focussed efforts of all concerned channelled through the three interdependent pillars of our strategic vision, namely brand affinity and brand building, citizenship and responsibility, and sustainable growth.

Our Objectives

OUR SUSTAINABLE GROWTH

- Consolidate and grow our local and regional market offerings by providing beverages for all occasions.
- Become the industry leader in the Western Indian Ocean region by continually improving our operational efficiency in full respect of the environment.



BRAND AFFINITY AND BRAND BUILDING

- Develop modern, fact-based transparent and efficient processes that help us deliver on our promises and so strengthen the position of our brands both locally and regionally.
- Respond to and shape both industry and consumer trends and developments in a meaningful way.



CITIZENSHIP AND RESPONSIBILITY

- Nurture a happy, healthy and skilled workforce that is involved and believes in our mission.
- Position PhoenixBev as a value-driven leader in corporate governance and business ethics both inside the Group and outside in all our business relationships locally and internationally.



OUR ESSENTIAL VALUE PROMISE TO OUR STAKEHOLDERS

We recognise that we cannot exist without the input and support of our stakeholders. Therefore, we aim at creating continued optimum value in everything we do to ensure that when we grow, our stakeholders grow too.

For our individual consumers

Provide the best beverage products at affordable prices for all occasions.

For our team members

Provide a safe and supportive working environment that is fair and conducive to personal growth and development.

For our retail customers

Produce and deliver high quality beverages and associated services to enhance their business offering as well as their bottom line.

For our communities

Preserve and enhance the current and future well-being of our community members together with that of the natural environment.

For our shareholders

Create lasting value.

For our partners and suppliers

Conduct ethical business that translates into long-lasting mutually beneficial partnerships.

For government and authorities

Ensure full compliance with all existing legislation and cooperation in developing and implementing changes in the relevant legal framework.

Our Investment Case

STRONG PORTFOLIO

- Strong local and international brands.
- Constant development of new products and product categories to satisfy evolving customer tastes.

STRONG MARKET BASE

- Strong market share in Mauritius and Reunion Island.
- No dependency on a single large customer or on any specific distribution channel.

REGIONAL EXPANSION

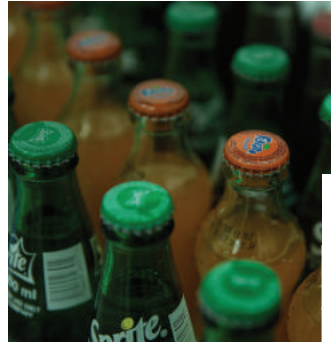
- Brand representation in Mauritius, Reunion Island, the Seychelles, Mayotte, mainland Africa and Australia.
- Strategic regional expansion across the Western Indian Ocean and beyond driven by excellent brands, thus strengthening regional diversification, improving production flexibility and increasing economies of scale.
- Multi-site production with three production units in Mauritius and one unit in Reunion Island.

TEAM MEMBERS

- An employer of choice providing a safe and inspiring work environment.
- Excellent mix of new talent and experienced team members to drive the business to new heights.
- A strong performance culture supported by ongoing talent development.
- Proven ability to capitalise on market opportunities and optimise operating efficiency.
- Committed to acting always with integrity, guided by our values, social conscience and customer-centric mindset.

FINANCIALS

- An attractive growth strategy supported by a strong balance sheet.
- Strong cash generation.
- Low gearing.
- Total shareholder return of 34.3% for the year.
- Significant investment in production capacity, flexibility and efficiency over the last few years.
- Excellent access to capital markets to fund growth.
- Strong focus on cost and operational efficiencies.
- Strong organic growth complemented by a proven ability to integrate strategic businesses.



SHAREHOLDERS' BENEFITS

A solid strategic platform in place to support our growth plans

Business expansion

Share price appreciation

Average pay-out ratio of 37% over the past five years

Compound annual total shareholders' return of 26% over the past five years

Ongoing contribution to social and economic development in the regions where we operate

Transparent communication and open engagement between management and investors

"It is key to building a sustainable brand, with loyal customers and consumers, and consequently to driving our growth throughout the Western Indian Ocean region."



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Engaging with Our Stakeholders

WHY WE ENGAGE

In line with the recommendations of the National Code of Corporate Governance for Mauritius (2016) and the IIRC <IR> Framework, PhoenixBev engages with its stakeholders to understand their legitimate needs and interests and thus provide acceptable and sustainable solutions to them and the society at large. This strong focus on engaging with and being responsive to our stakeholders is critical to our continued success as a business since it aims to align our human and social capital with both our evolving strategy and the fast-changing business environment. It is key to building a sustainable brand, with loyal customers and consumers, and consequently to driving our growth throughout the Western Indian Ocean region.

HOW WE ENGAGE



CUSTOMERS AND CONSUMERS

- Creative media in English, French and Creole.
- Events and sponsorships.
- Focus groups.
- Market surveys.



SUPPLIERS AND PARTNERS

- Consultations and meetings.
- Requests for proposals.
- Site visits, operation and quality audits.
- Workshops and brand summit.



TEAM MEMBERS

- Communication during the normal course of business activities.
- Inclusion in the decision-making process through the "Comité d'entreprise".
- Meetings with team member representatives.
- Workshops and meetings.



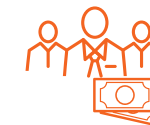
COMMUNITIES

- Creative media in English, French and Creole.
- Events, CSR, sponsorships and other PR activities.
- Involvement in the decision-making process through consultations and meetings.
- Site visits.



GOVERNMENT AND AUTHORITIES

- Interactions with authorities in Mauritius and Reunion Island.
- Participation in national workshops on relevant topics.
- PR activities.



SHAREHOLDERS

- Annual and board meetings.
- Business reviews.
- Corporate communication, including webcasts.
- Quarterly financial reports, investor presentations.



Engaging with Our Stakeholders

OUR UNDERSTANDING OF STAKEHOLDERS EXPECTATIONS

MAIN EXPECTATIONS	CUSTOMERS AND CONSUMERS	SUPPLIERS AND PARTNERS	TEAM MEMBERS	COMMUNITIES	GOVERNMENT AND AUTHORITIES	SHAREHOLDERS
AFFORDABLE PRICES	High	Low	Moderate	Moderate	High	Moderate
BUSINESS ETHICS AND COMPLIANCE	High	High	High	High	High	High
COMMUNITY INVESTMENT	Low	Low	High	High	High	High
ECONOMIC IMPACT	Moderate	High	High	Moderate	High	High
ENVIRONMENTAL IMPACT / WASTE MANAGEMENT	High	High	High	High	High	High
EXCELLENT SERVICE	High	High	High	Moderate	Low	Moderate
FAIR LABOUR PRACTICES	Moderate	High	High	High	High	High
HUMAN RIGHTS	Low	High	High	High	High	High
PRODUCT QUALITY AND SAFETY	High	High	High	High	High	High
PROFITABILITY	Low	Moderate	High	Moderate	Moderate	High

High

Moderate

Low

HOW WE ADDRESS OUR STAKEHOLDERS' EXPECTATIONS

AFFORDABLE PRICES	<ul style="list-style-type: none">Cost containment throughout our value chain without compromising on quality.Diversification of product offerings .Diversification of supplier base.Innovative package sizes to offer more for less money.Participation in international fairs.Optimisation and efficiency at production.Waste reduction.
BUSINESS ETHICS AND COMPLIANCE	<ul style="list-style-type: none">All-encompassing commitment to ethical and responsible business practices.Compliance with all applicable laws and regulations.Effective corporate governance structures to ensure compliance with all relevant codes, policies, regulations and standards concerning the prevention and detection of bribery and corruption.Regular audits of our facilities, processes and practices by key partners.Training of team members on ethical business conduct and our Code of Ethics.
COMMUNITY INVESTMENT	<ul style="list-style-type: none">Contribution to national events.Ongoing dialogue with NGOs.Value creation in the communities in which we operate through our role as a local employer and our CSR activities.

ECONOMIC IMPACT



- Contribution to wealth creation in Mauritius, the region and beyond through direct and indirect job creation and tax payments.
- Contribution to national events and investment in CSR activities.
- Encouraging and helping our customers and business partners to grow their business.

ENVIRONMENTAL IMPACT / WASTE MANAGEMENT



- All-encompassing commitment to ethical and responsible business practices.
- Compliance with all applicable laws and regulations.
- External certification of our environmental management system for waste management (ISO 14001) Operational Excellence project aimed at continuously finding ways to reduce waste.
- Overall approach to doing business aimed at prioritising the reduction of our environmental footprint and the increase of our positive social impact.
- Recycling and reuse of waste wherever possible while ensuring that we meet or exceed regulatory requirements.
- Recycling of PET bottles and glass.

EXCELLENT SERVICE



- Direct contact through our team members.
- Efficient distribution channel.
- On-going customer and consumer feedback through customer visits and Customer Response Unit.
- Joint projects and business planning.
- Regular survey to monitor our service level .

FAIR LABOUR PRACTICES



- All-embracing concern for our team members' safety and well-being.
- Employee representation on the "Comité d'entreprise".
- Regular audits of our facilities, processes and practices by key partners.
- Regular communication through the normal course of business activities.
- The "Great Place to Work®" survey.
- Training sessions, workshops and meetings, including health and safety meetings.
- Wellness programmes.

HUMAN RIGHTS



- Adherence to our Code of Ethics.
- Adherence to laws and conventions as applicable in the country of operation.
- Adherence to supplier Guiding Principles.
- Collaboration with civil society.

PRODUCT QUALITY AND SAFETY



- Continuous customer and consumer feedback through customer visits, the Customer Response Unit, focus groups, social media and surveys.
- Continuous refinement of processes and methods.
- Customer and consumer information on the safe and low calorie consumption of our products provided through our packaging and media communication.
- External certification of our quality management (ISO 9001), food safety (FSSC 22000) and laboratory accreditation (ISO 17025).
- Regular audits of our facilities, processes and practices by key partners.
- Strict quality assurance process in place right from the start of the product life cycle.
- Wide range of products offering consumers a range of options to suit their needs.

PROFITABILITY



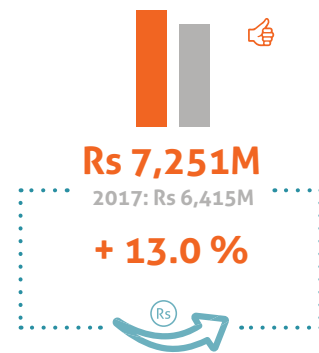
- Business model aimed at delivering shareholder value over the long-term.
- Development of a clear strategy and defined course of action to ensure long-term growth and profitability.
- Increase in our market base.
- Reinvestment in value-generating assets.

What We Do and How We Do It

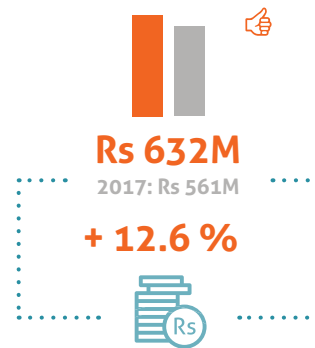


2017/2018 Highlights

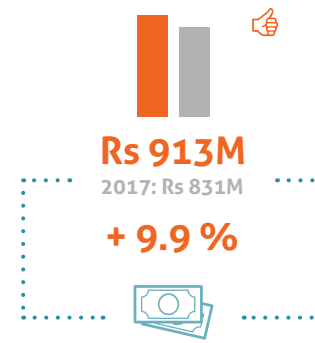
Turnover



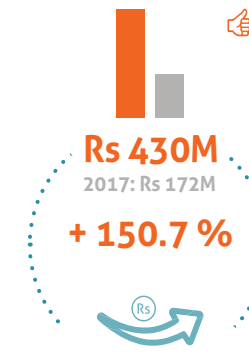
Operating Profit



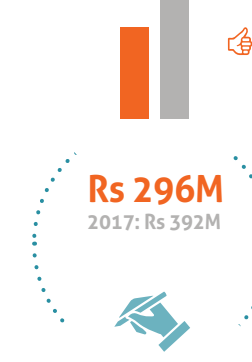
EBITDA



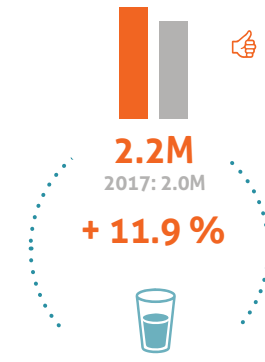
Free Cash Flow



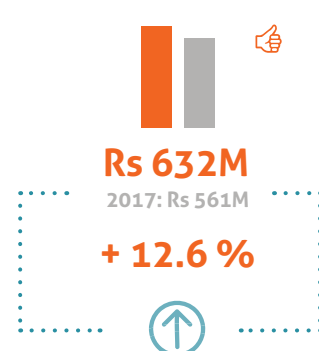
Capital Investment



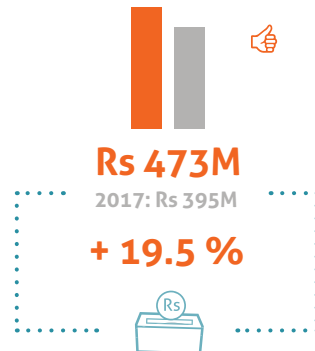
Hectolitres



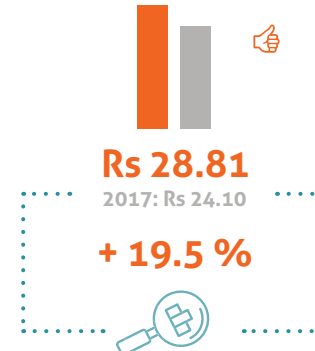
EBIT



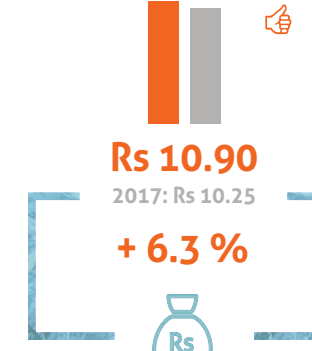
Net Profit After Tax



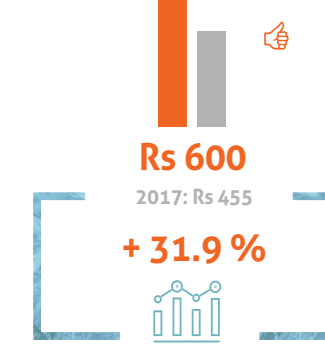
Earnings Per Share



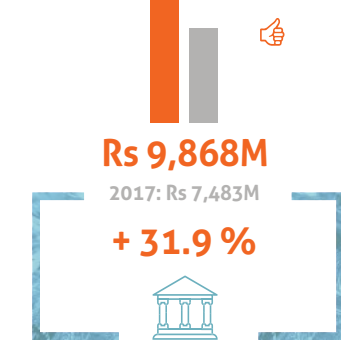
Dividends Per Share



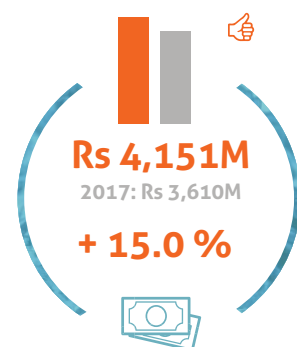
Share Price



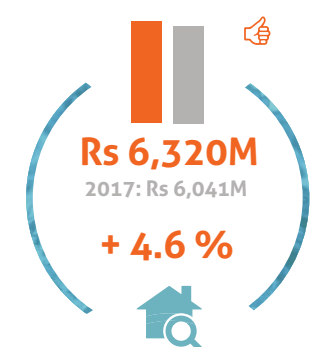
Market Capitalisation



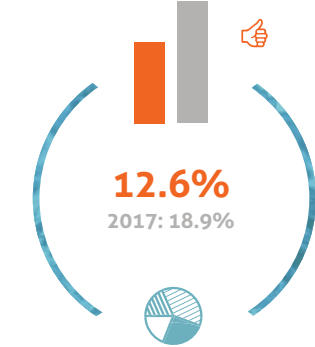
Shareholder's Fund



Total Assets



Gearing



● 2018 ● 2017

Our Risk Report

In an environment that is shaped by uncertainty, complexity and volatility the effective and timely management of the various risks involved is a prerequisite for PhoenixBev to attain its strategic objectives and ensure business continuity. Risk management at PhoenixBev is thus a continuous process of analysing and managing all the opportunities and threats that can impact not only immediate operational performance but also long-term business results. Those risks that could substantially affect PhoenixBev's ability to create value over the short, medium and long term are categorised as material matters, to which the Board and management team pay the most attention throughout the year.

Our material risk analysis classifies the risks into two main categories, external and internal. External risks relate principally to the macroeconomic environment in general and the specific markets in which we operate and over which we have little or no control. Internal risks concern the handling of the operations within the Group and over which we have more control, such as breakdown in our internal procedures, mechanical issues with production equipment and non-compliance with applicable laws and regulations.

However, our analysis does not include all the risks that may ultimately affect our company. Some risks that are not yet known to us, or currently believed to be immaterial, could at the end of the day have a major impact on our business financial performance. We remain thus constantly vigilant to changes to our economic and regulatory environments to ensure we proactively identify and evaluate new risks.

Our Board of Directors bears the ultimate responsibility for managing risks faced by the Company, in line with the risk appetite that it has set, and for reviewing the adequacy of PhoenixBev risk management and internal control activities as described in our Corporate Governance Report on page 88.

OUR FIVE-STEP RISK MANAGEMENT PROCESS

IDENTIFY BY REVIEWING

1

- Board submissions.
- Input from key management personnel.
- Stakeholder issues.
- Industry developments.
- Economic research.
- Relevant media coverage.
- Our reporting environment.



2

PRIORITISE BY ASSESSING

- Materiality.
- Impact on achieving our strategy.
- Risk metrics with respect to our strategy.

RESPOND THROUGH

3

- Assessing impact on risk appetite and tolerance.
- Taking action required to manage material issues.
- Evaluating scenario modelling outcomes.
- Evaluating trade-offs between capitals.



4

REPORT TO AND THROUGH

- Regular board and subcommittee meetings.
- Stakeholders.
- Employees and trade unions through structured channels.
- Industry boards.



REVIEW AND MONITOR

5

- Against internal and published performance targets.
- Against competitor activities.
- In consultation with our stakeholders.

OUR MATERIAL RISKS

In 2018 we considered the following to be PhoenixBev's most serious material risks, based on the probability of the risk occurring, the impact should it materialise and the mitigation strategies in place.

External Risks

- Geographical Constraints.
- Regulatory And Policy Environment.
- Consumer Preferences.
- Stakeholder Relationships.
- Environmental Constraints.

Internal Risks

- Team Capabilities.
- Product Safety.
- Digital World.
- Sustainable Financial Performance.
- Non-compliance.

Our Risk Report (continued)

STRATEGIC RISKS

The table below shows the major risks that could potentially impact negatively our operational environment and thus our ability to achieve our strategic objectives and create value in the short, medium and long term.

GEOGRAPHICAL CONSTRAINTS

MATERIAL ISSUE	POTENTIAL IMPACT	OPPORTUNITY	MITIGATION
Socio-economic challenges due to the country's geographical constraints of size, small population (1.3 million), remoteness and ensuing insularity, with resulting heavy dependence on imports of raw materials and manufactured goods.	<ul style="list-style-type: none">• Difficulty in expanding and enjoying our business and enjoy the benefit of economies of scale.• Challenging to sustain international competitive edge.• Difficulty in increasing our market base.	Win new regional and international market through our flexibility, agility and unique story telling.	<ul style="list-style-type: none">• Producing a wide range of beverages for all occasions and lifestyles, which increases local value creation.• Enlarging our market potential and international competitiveness through our strategy to become the leading beverages company in the Western Indian Ocean region.• Intensifying our efforts to improve overall performance through our Operational Excellence approach.• Helping to position Mauritius as a destination of international standard by developing a portfolio of strong local brands and international reference brands.

Strategic relevance:



Trend 2018:



REGULATORY AND POLICY ENVIRONMENT

Constraining regulatory and policy environment: numerous existing and planned legislative requirements, directly affecting our business or our customers.	<ul style="list-style-type: none">• Numerous direct taxes affecting our operations.• Unpredictable policy changes making planning difficult.• Risk of our products being targeted for discriminatory taxes and regulations on consumer health, packaging and waste recovery.	<ul style="list-style-type: none">• Strengthening the position of PhoenixBev as a responsible player in the local and regional beverages market by contributing to the development of a legal framework that creates a level playing field, without prejudicing consumers and citizens.• Increased product reputation through proven conformity with consumer health regulations.	<ul style="list-style-type: none">• Ongoing proactive dialogue with policy makers on proposed regulatory changes to ensure fair and equal treatment of all players.• Focus on unlocking further value from base businesses to build resilience to withstand requirements of greater regulatory burden.• Maintaining our significant contributions to recycling.
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Strategic relevance:



Trend 2018:



CONSUMER PREFERENCES

MATERIAL ISSUE	POTENTIAL IMPACT	OPPORTUNITY	MITIGATION
Changing societies and consumer preferences: <ul style="list-style-type: none">• Changing demand for products.	<ul style="list-style-type: none">• Products not aligned with consumer expectations and behaviours.• Change in consumption patterns in Mauritius towards healthier options driven by health issues related to diabetes and cardiovascular diseases.• Prevalence of alcohol-related health problems in Mauritius and other markets.	<ul style="list-style-type: none">• Development of new product categories that respond to health-related requirements.• Fostering consumer loyalty by providing more detailed product information.• Promotion of responsible alcohol consumption.	<ul style="list-style-type: none">• Continuing analysis of customer data from market surveys to identify emerging consumer preferences and requirements.• Consistent and seamless contact with customers through a connected multiple-channel retail experience.• Reducing the calorie content of products in the portfolio.• Seeking to offer the right product, at the right price, in the right package through the right channel.• Promoting healthy active lifestyles.• Improved consumer information through more transparent product labelling.• Ongoing discussions with government, NGOs and specialists to promote responsible alcohol consumption.

Strategic relevance:



Trend 2018:



STAKEHOLDER RELATIONSHIPS

Strategic stakeholder relationships, particularly with our international partners, notably The Coca-Cola Company, Diageo, and Schweppes International Limited.	<ul style="list-style-type: none">• Profitability adversely affected in the event of termination of agreements or less favourable renewal terms.• Ineffective partnerships.	<ul style="list-style-type: none">• Sustained collaboration with our international partners to enable rapid achievement of goals and continued expansion of markets.	<ul style="list-style-type: none">• Management focus on effective day to day interaction with our strategic partners.• Engagement in joint projects and business planning with focus on strategic issues affecting growth.• Participation in senior management forums.
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Strategic relevance:



Trend 2018:



⬆ Increasing ⬇ Decreasing ➡ Same

Our Risk Report (continued)

ENVIRONMENTAL CONSTRAINTS

MATERIAL ISSUE	POTENTIAL IMPACT	OPPORTUNITY	MITIGATION
Environmental issues	<ul style="list-style-type: none"> Increased pressure to promote eco-friendlier products and packaging. Waste reduction from production operations Re-use and recycling of waste. Stopped or reduced production due to lack of raw materials. Increased exposure to energy price fluctuations. 	<ul style="list-style-type: none"> Positioning PhoenixBev as an industry leader in waste management and other eco-friendly practices. Using innovation to achieve greater resource efficiency. 	<ul style="list-style-type: none"> Recycling of glass through Mauritius Glass Gallery and as crushed pebbles for construction purposes. Promoting returnable glass bottles. Recycling of wastes. Recycling of PET bottles. ISO certified Business Continuity Plan (BCP). Careful planning and monitoring of water availability and usage. Revamping of production lines to improve energy efficiency.

Strategic relevance:



Trend 2018:



TEAM CAPABILITIES

Team capabilities	<ul style="list-style-type: none"> Product and market sustainability and development impeded through loss of vital know-how. Development and implementation of state-of-the-art technology impeded through inability to recruit and retain suitably qualified talents. Inability to attract and retain skilled workers to enable us to operate safely, reliably and sustainably. 	<ul style="list-style-type: none"> Development of long-term succession planning to create an in-house pipeline of qualified and experienced personnel ready to lead and implement new projects and technologies as and when needed. 	<ul style="list-style-type: none"> Performance system in place to ensure the proper development of our team members at all levels and to nurture talent, particularly in young highly qualified recruits. Succession planning strategies in place to mitigate the departure, planned or otherwise, of key team members. External managerial training aligned with PhoenixBev skills imperatives. Continued analysis of findings from "A Great Place to Work" survey to identify other current or emerging issues that could affect employee retention and development.
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Strategic relevance:



Trend 2018:



PRODUCT SAFETY

MATERIAL ISSUE	POTENTIAL IMPACT	OPPORTUNITY	MITIGATION
Product safety and integrity:	<ul style="list-style-type: none"> Drop in sales volume and sales revenue. Loss of consumer trust resulting in damage to brand and corporate reputation. Loss of market share. 	<ul style="list-style-type: none"> Fostering a strong reputation for quality assurance as an important differentiator in our competitive market. 	<ul style="list-style-type: none"> Stringent quality assurance and certification programme in place to minimise the occurrence of quality issues. Robust recall and other appropriate crisis procedures in place to mitigate the impact, should a hazard arise.

Strategic relevance:



Trend 2018:



DIGITAL WORLD

Challenges of the digital world:	<ul style="list-style-type: none"> Our inability to deliver IT requirements to support the growth of the business. Our current inability to provide our customers with a compelling digital offering. Cyber-attacks, IT infrastructure disruptions and loss of data. Rapid spread of defamatory information through social media, including fake social media accounts. 	<ul style="list-style-type: none"> Opportunities for improving efficiency, bringing new digital offerings quicker to market and lowering the cost of servicing the market. Increased connectivity producing opportunities to improve brand awareness and collect customer feedback. Common IT platform as a key enabler in unlocking group synergies. 	<ul style="list-style-type: none"> Developing a roadmap of Group wide IT requirements to ensure consistency of services and processes across all entities and protect our business from security threats and business interruptions. Strong communication plans in place on social media platforms. Management of our social media sub-contracted to a specialised agency for better control.
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Strategic relevance:



Trend 2018:



▲ Increasing ▼ Decreasing ➤ Same

Our Risk Report (continued)

SUSTAINABLE FINANCIAL PERFORMANCE

MATERIAL ISSUE	POTENTIAL IMPACT	OPPORTUNITY	MITIGATION
<p>Promoting sustainable financial performance in a tough trading environment.</p> <p>International economic and political environment causing economic recession, inflation, social upheaval, trade restrictions and volatile exchange rates.</p>	<ul style="list-style-type: none">• Margin contraction from increased promotional activity and discounts, resulting in cost growth exceeding sales growth.• Negative operating leverage due to uncontained cost growth.• Liquidity issues.• Decline in demand for some of our products.• Erosion of competitive advantage.• Lower return on invested capital.	<ul style="list-style-type: none">• Based on past track records and sustainable development in place, the Group building enough resilience to survive the impact of financial and economic risks.	<ul style="list-style-type: none">• Leveraging group systems, processes and structures to enhance margins.• Product and market diversification.• Strengthening our agility and responsiveness to changes in demand.• Prudent financial risk management in place.• Maintaining appropriate mix between fix and floating interest rates on borrowings.• Maintaining tight control over credit exposure.

Strategic relevance:



Trend 2018:



NON-COMPLIANCE

<p>Compliance with local and international laws and regulations</p> <p>Need to understand, interpret and apply differing regulatory requirements in multiple jurisdictions.</p>	<ul style="list-style-type: none">• Increased risk of non-compliance due to unexpected changes in local and/or international legal and regulatory environment.• Fines, claims and reputational damage due to consequent failure to comply.• Management time diverted to resolving legal issues.	<ul style="list-style-type: none">• Strengthening of reputation as a reputable operator in all markets.	<ul style="list-style-type: none">• Legal compliance fully entrenched in our risk and controls system.• Processes and governance to drive implementation and compliance with the Companies Act 2001 Mauritius and the National Code of Corporate Governance for Mauritius (2016) in place.
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Strategic relevance:



Trend 2018:

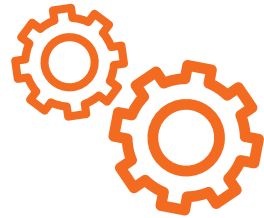


Performance Outcomes: The 6 Capitals

The long-term **increase in value creation** based on the **three pillars** of sustainable growth, brand affinity and brand building, citizenship and responsibility is only possible through **effective risk management** and the **optimum use of the six interdependent performance capitals**. While the ultimate litmus test of a company's health remains the state of its finances as attested by the accounts, sheer figures do not tell the full story of a company's success or failure. Understanding how the money was used and with what effect to achieve the financial results is crucial to ensuring that the company remains on course.

▲ Increasing ▼ Decreasing ➤ Same

Manufactured Capital

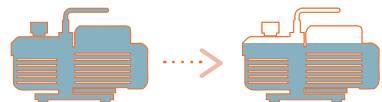


For the past three years PhoenixBev has been on a journey to **upgrade its production capacity and capability** to meet both the immediate needs of a **rapidly changing local market and the longer-term requirements** of its planned entry into the highly challenging international market. The three production sites in Mauritius are being developed to make **optimum use** of the physical space available while **respecting the environment** to the best of PhoenixBev's ability. In the case of the two older sites, namely the brewery and the limonaderie, the challenge is to **replace ageing machinery with state-of-the-art installations** without any undue interruption of production.

Brewery

The canning line that was installed in 2017 is now fully operational. In addition to its capacity, which is twice that of the old line, and its flexibility in handling different formats, the classic 330ml and the three new sizes, 250ml, 500ml and 750ml, its new technology **uses less carbon dioxide** for carbonation and **less water for pasteurisation**, two important factors in **cost reduction and environmental protection**. The electric motors driving the line are equipped with Variable Speed Drives (VSD) that can slow down, cut in or out depending on the speed of production, thus making the whole process much more automated and so **more efficient than before**.

The installation of a new variable speed compressor in the refrigeration operation has not only **reduced the risk of power surges** but also resulted in considerable **savings in electricity**. Thus in 2018-2019 the other old compressors will be replaced by this new model. In the same vein, a newly installed vacuum pump at filling operation **uses 25 to 30% less water** after upgrading and modernisation of the process than the older models.



Furthermore, the current steam boiler that is starting to age and show signs of weakness will be replaced very shortly by a more **energy-efficient 15-ton model**. These installations will enable PhoenixBev to respond **more efficiently** to the considerable fluctuations in seasonal demand on the local market, as well as to the more varied demand from its **overseas customers**.

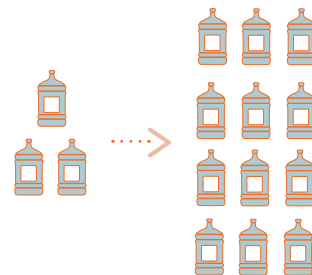


Another important investment has targeted **improving working conditions in the bottling section**. The heat and damp generated by the bottling process can be very oppressive, especially in the summer months, for the employees. The extractor systems have been reviewed and upgraded, thus resulting in a noticeable drop in the ambient temperature, which in turn has contributed to not only a better working environment and improved working relations but also **better work performance**.



Limonaderie

The **upgrading of machinery** has continued with two major investments, a **new syrup room and a new line for bottled water**. The water line will enable a major **increase in production** of the 18.9 litre water jars from **150 to 600 jars** an hour to satisfy the fast-growing demand for water fountains both in the workplace and at home. It can also handle two formats, full-size and half-size jars, which will **respond to the individual customer's need** for a lighter and thus **easier container to lift and carry**.



Nouvelle France

Production activities at PhoenixBev's non-carbonate site commissioned last year are now running steadily.

Another important feature of this hot-fill plant is the central computerised system that controls the whole production process. This **high degree of automation** requires employees who have high skilled knowledge of electronics and computer-controlled systems to be able to work the equipment.



Quality management and certification

All four production sites, that is, the three in Mauritius (Brewery, Limonaderie and Nouvelle France) and the one in Reunion Island, are subjected to rigorous quality controls and testing to ensure full traceability of inputs and outputs, including waste, as well as the proper respect of processes, including hygiene and safety regulations, and the conformity of our products to international standards. The necessary international certifications are renewed and updated as required. The certifications that are currently valid are:

Brewery, Limonaderie
and Nouvelle France

FSSC 22000
Food Safety System
Certification,

Limonaderie

ISO 17025
Laboratory
operations

Brewery, Limonaderie,
Nouvelle France and Edena

ISO 9001
Quality
Management
System

Edena

ISO 14001
Environmental
management
systems

In 2018-2019, the brewery and the limonaderie will prepare for certification under **ISO 14025, Environmental labels and declarations**.

Furthermore, our international key partners, **The Coca-Cola Company and Diageo**, support the continuous improvement of our quality procedures by regular audits that assess our alignment with their comprehensive and detailed specifications.

The Coca-Cola company also **supports our Operational Excellence (OE) team** in its efforts to foster sustainable growth throughout PhoenixBev by identifying and implementing efficiency improvements and innovation. **The team currently counts two fully certified black belt members.**

Intellectual Capital



The intellectual capital that PhoenixBev has at its disposal, to achieve its goals is composed of **three main components, namely:**

1. Brands
2. Systems and Processes
3. Team members' competences and skills

Component 1: Brands

PhoenixBev has built up a **strong portfolio of long-standing recognised brands** to which some newer, more trendy additions are **adding dynamism and widening its market scope**. The beverages market worldwide, is showing several new trends that fit with the lifestyle of the 21st century consumer, to which Mauritius is no exception, such as a **more refined taste and healthier ingredients**. Thus, in the 'beer' category, the ever-popular and **award-winning Phoenix beer** has been joined by a snazzier iteration of a new premium lager, Gister, aimed at trendsetters looking for something different in a very mature product segment.

PhoenixBev's foray into the wine market is also showing an encouraging growth pattern and an increase in the range of wines bottled locally is envisaged.



PhoenixBev's range of carbonated soft drinks **retain their dominant position on the local market**, driven mainly by the reputation of The Coca-Cola Company's stable of offerings. In a recent 'top-of-the-mind' survey published in June 2018 by Retail Scan Services, **six out of the top ten beverages listed** are brands bottled and marketed by PhoenixBev, namely: Phoenix beer, Coca-Cola, Sprite, Fanta, Fuze Tea.

The sixth one is Eski, the truly Mauritian brand, which, with its vibrant colours, candy taste, and links to local festive occasions, particularly the National Day celebrations, reminds adults of their childhood, while being seen as a fun drink by the teenagers. As such, it is holding its own amidst the other internationally known soft drinks marketed by PhoenixBev and its competitors.



Component 2: Systems and Processes

The sustainable development of such a varied portfolio requires a **solid network of production and control systems** to ensure that the products sold are without defect and safe for consumption and thus strengthen **brand reputation and customer loyalty**. Together the various systems and processes described in the previous section on Manufactured Capital make up this united network. The capacity to design, implement and monitor such systems to ensure optimum use of all resources is part of PhoenixBev's intellectual capital, as is the ability to conform to the norms of the international certification systems monitoring the production of beverages.

Another major component of PhoenixBev's intellectual capital is the **Group's ability to identify and set up appropriate after-sales service** to ensure the proper use and support of the various types of equipment **needed by the customer to stock and sell PhoenixBev's products correctly**. All the storage and serving equipment, such as draught beer dispensers, refrigerators and water coolers, are tagged and bar-coded so that they can be monitored through a dedicated software programme. **A call centre handles all requests for technical assistance** and a 15-strong fleet of vehicles enables the technicians to provide **24/7 on-site service to key customers**, that is, hotels and restaurants, and quick service within normal working hours to all other customers. All major repairs and servicing are carried out at the workshop in Phoenix. The overall approach underpinning the after-sales service can be summed up as **You win business if you give service**.

Component 3: Team Members' Competences and Skills

The component that brings everything together and makes things work is the **human element, the employees at all levels of the Group**. The **competences and skills** that they bring to the job, whether acquired in **formal technical education programmes** or **on-the-job training and experience**, are the **essential form of intellectual capital**, without which nothing would be possible. These are discussed more fully in the next section on Human Capital.

Human Capital



The ongoing development of our teams is crucial to our success both financially and holistically, be it in terms of recruitment, skill development, talent management, relationship building or compliance with legal requirements concerning employment contracts and team members health, safety and welfare. We are committed towards creating a work environment where all team members are treated with dignity and respect to develop their full potential.

Recruitment

At the level of daily operations, **91 new full-time posts have been created** to cater for the increase in manning requirements due to the additional shift at Nouvelle France and Brewery and the acquisition of additional delivery lorries.

The management team has been reinforced with the creation of one key post, Environment and Sustainability for the Group and replacement at Edena Reunion for Marketing, Finance and Human Resources. The recruitment for all four posts has been successful.

Skill development

A Personal Development Plan has been introduced for all team members to ensure that **all Learning and Development initiatives are relevant** to the performance requirements of the teams and the company.

The job evaluation methodology currently used for operative posts is outdated and steps are being taken to introduce the HAY methodology that is already used for managerial and staff posts. In this way, the **job evaluation process throughout the Group will be aligned on one methodology**, thus enabling a homogeneous and long-term view of human resources needs. Training of team members on how to carry out the evaluation exercise with the HAY methodology has been completed.

Targeted in-house programmes and on-the-job training initiatives have been organised regularly throughout the year to respond to the changing needs in technical knowledge and competency levels with the introduction of more sophisticated IT-based machinery and systems at all four production sites.

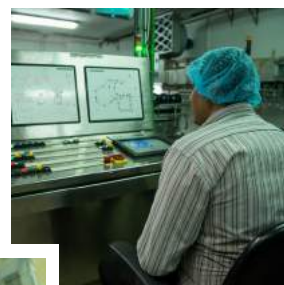
The frontline sales staff have received special training to enhance their customer relations and communication skills to improve customer satisfaction levels in response to the information gathered during the rebranding exercise.

A training programme on "The 7 Habits of Highly Effective People®" was run by a certified coach for all managers. Training on the recent changes to the Data Protection Act was also organised for all key personnel. Training on the Equal Opportunities Act was also given.

A new induction programme for all new recruits has been designed to facilitate their integration. It includes messages from the CEO and the Senior Manager Human Resources, videos, slide shows and presentations of the various departments as well as the PhoenixBev Code of Ethics. This tool will also be extended to all existing team members as a refresher as well as a means of informing them of the new developments within the Group.

Talent management

To secure its sustainable growth in the long-term, PhoenixBev needs to go beyond immediate operational job-related skill development and consider its requirements for analytical and technical competences at a more strategic level through the recruitment and development of young graduates. PhoenixBev has already embarked on this process of high-level talent management with the recruitment at graduate level of technicians and engineers. Two more recent examples in production are also indicative of the importance that PhoenixBev accords to nurturing highly specialised talents.



Talents Development

BREWING

Hubert de Brugada holds a Master's Degree in Food Engineering from the Ecole Supérieure d'Ingénieurs Réunion Océan Indien (ESIROI) and a Master in Business Administration from the Institute of Business Administration of the University of Reunion Island (IAE Réunion). He was recruited in 2016 as Assistant Process Manager. He was then selected to attend an intensive training programme in Germany to become a Certified Brewmaster, which he successfully completed in six months from January to June 2018.

"Having successfully completed this hard-earned professional diploma is a real motivation. I have no doubt that all the knowledge gained during the 6 months at the research and teaching institute for brewing in Berlin, is a perfect basis to continue developing my potential and skills through this exciting career at the brewery together with all my colleagues. Once again many thanks to the top management team for their investment and their trust levelled on me."



STILL OPERATIONS

Anusha Pottayya holds a BSc in Mechatronics Engineering from the University of Mauritius. She joined Phoenix Beverages in 2013 after her graduation. She worked in the Maintenance Department at the Limo Operations Plant before being transferred to the Still Operations Plant at Nouvelle France after its inauguration. Earlier this year, she got her registration as a Mechatronics Engineer with The Council of Registered Professional Engineers of Mauritius.

Her recipe for professional success is simple. *"Working in a male-dominated field comes with its own set of challenges. You continually have to prove yourself. But if you manage to overcome this hurdle, you are clear on your purpose and on what you are trying to achieve, then you will be successful in getting what you want."*



Relationship management

PhoenixBev continues to strengthen team member relationships through the Comité d'Entreprise, in which all departments are represented. The Committee meets every two months under the chairmanship of the Senior Manager Human Resources. Sub-committees have been set up to facilitate actions and decisions taken during the main committee meetings. The CEO and COO closely monitor the findings and actions from these meetings. At the departmental level, all managers and supervisors are geared to foster two-way communication with their departments and are thus required to hold a coordination meeting at least once a month, with their respective teams.

At the regional level, the synergy between PhoenixBev and Edena continues to grow through the work of the multi-site Management Committee (CODIR multi établissement). The Committee meetings provide **an ideal forum for the team members from both entities to share their competencies and experiences** and air their views on the integration process in a **positive and dynamic atmosphere**. As a result, each manager is able to think in terms of "Group" and, by their own example, encourage their work teams to adopt the same unified approach.

Human Capital (continued)

Team Member rights

PhoenixBev reaffirms its **commitment to ensuring full compliance with all legal requirements concerning employment contracts, conditions of work and team member benefits** throughout the Group in accordance with the Employment Rights Act, Employment Relations Act, the Occupational Safety, Health and Welfare Act in Mauritius, and the equivalent legislation in force in Reunion Island. In the interests of equitable treatment of all team members, considerable progress has been made with respect to the harmonisation of the employment contracts within the different entities of the Group in Reunion Island. **The salary payment system for the Group will be based on the Edena system as from January 2019.** All the HR processes concerning recruitment, performance appraisal, career management, personal development and training are also being aligned. The recent appointment of a Human Resource Manager for Edena will greatly facilitate this process.

Ethics and human rights

PhoenixBev's Code of Ethics is based on the fundamental principle of respect for all stakeholders. Our values and the principles underlying our actions align with the fundamental principles of human rights together with the specific ordinances issued by the International Labour Organisation (ILO), particularly, the ban on child labour and forced or compulsory labour. As an equal opportunity employer and champion of diversity, **PhoenixBev is committed to providing a workplace that is free of all forms of discrimination.**

Thus, **we do not tolerate discrimination in any way, shape or form, be it racial, sexual or otherwise, in hiring, promotion and the general supervision of work.** We expect all our team members to establish and enforce procedures that enable them to report any case of non-compliance with our Code of Ethics that may come to their attention. We have put in place appropriate

grievance mechanisms through which **team members who feel harassed or discriminated against can report the incident to their immediate manager, the human resources department or the CEO.** All reports of harassment, discrimination and other questionable or unethical behaviour are investigated appropriately with due diligence. In every instance where improper behaviour is found to have occurred, **PhoenixBev will take appropriate action.**



Furthermore, as a partner, PhoenixBev is bound by the **Coca Cola Supplier Guiding Principles (SGPs)**. These emphasise the importance of responsible workplace policies and practices that comply at a minimum with applicable environmental laws, local labour laws and regulations. The SGPs cover a wide range of human rights issues including freedom of association, collective bargaining, child labour, forced labour and abuse of labour, discrimination, work hours and wages, providing **a safe and healthy workplace**, protecting the environment, business integrity, legal compliance and grievance mechanisms. **We expect our suppliers to abide by ethical standards that match our own.** Suppliers involved in the supply chain for Coca-Cola products are required to commit to the SGPs and are accordingly certified by The Coca-Cola Company.

Health, safety and wellbeing

The health and safety of our team members is a key concern throughout PhoenixBev.

We continuously implement information sensitisation campaigns, training programmes and the necessary controls to ensure a safe workplace and the wellbeing of our workforce. However, risks associated with our activities are inevitable, such as handling of chemicals, minor cuts due to handling of broken glass, handling of heavy objects and the operation of industrial machinery and equipment. Furthermore, the team members in our distribution team are exposed to other risks as they are outside our premises and thus vulnerable to factors beyond our control. Our logistics planning includes alternating long and short delivery routes to reduce the risks associated with driver fatigue while increasing delivery flexibility. We have moreover embarked on a "Health and Safety Culture" campaign to sensitise all team members and persuade them to consider safety as a priority in their day-to-day activities.

The health of our team members is another important component of our health and safety policy, especially with respect to such country risks as diabetes, cardiovascular disease and various forms of cancer. Our preventive approach for 2017 and 2018 to team member health and well-being includes screening campaigns, vaccinations and medical visits for all interested team members, these included 99 Hepatitis A and B vaccinations, 15 tetanus vaccinations and 120 swine flu vaccinations.

In Mauritius, **PhoenixBev employs a Company Doctor on a part-time basis who visits the three sites at least once a week to provide free medical advice to any team member that needs it.** Each team member is issued with a confidential health card after undergoing a full medical examination. In exceptional cases the cost of additional medical tests requested by the doctor are borne by PhoenixBev. PhoenixBev also covers team members' health expenses up to a ceiling of 80% of the total medical costs, including doctors' fees, prescribed medications, eyeglasses and dental care.

In Reunion Island, all team members are covered by the French healthcare system.

Welfare

Through our **team member welfare programme**, PhoenixBev aims to foster personal development and work/life balance throughout the Group. **We encourage all team members to take part in the various sporting, recreational and welfare activities that are organised throughout the year**, such as watching the live 2018 World Cup matches at the Club. Activities include badminton, football, fun walks, petanque, volleyball, as well as yoga and zumba sessions. **The rate of participation has improved over the years.** Our team members also benefit from the sports activities organised by the Mauritius Export Association (MEXA). Furthermore, PhoenixBev's affiliation with the Fédération Mauricienne des Sports Corporatifs (FMSC) enables team members to participate in various sports competitions at national level.

HUMAN RESOURCES AT A GLANCE

	MAURITIUS AND RODRIGUES		REUNION ISLAND	
	2017/18	2016/17	2017/18	2016/17
Full-time employees				
Team composition				
Total team members at the start of the year	1297	1159	92	92
Total team members at year end (30 June)	1389	1297	101	92
Total women in the workforce at year end	119	120	23	18
Total men in the workforce at year end	1270	1086	78	74
Total women in the management team	17	12	3	4
Total men in the management team	38	35	6	6
Total team members with disabilities	6	7	5	0
Average age of team members	40	41	41	42
Training				
Total team member training and development costs	Rs 8.4M	Rs 8.2M	Rs 0.5M	Rs 0.2M
Total team members trained during the year	1184	965	14	7
Health and Safety				
Total work accidents reported	155	114	6	39
Total days of injury leave	815	654	0	96
Total health and safety expense	Rs4.7M	Rs 4.0M	Rs 0.1M	Rs 0.2M
Total fines paid for breaches of labour law	Rs 0	Rs 0	Rs 0	Rs 0
Expatriates	2	2		

Natural Capital



Humankind is devouring earth's natural resources at an unsustainable pace and we have consumed a year's worth of natural resources in a record 212 days in 2018. As a result, the Earth Overshoot Day – which marks the point at which humankind has consumed more natural resources and created more wastes than Earth can replace or safely absorb in one year - in this year, 1 August whereas in 2006 it was 9 October. The situation is reversible; 50% reduction of the carbon component of whose footprint would give an extra three months of breathing space.

The use of natural capital in the production of beverages by the Group has been assessed through five environmental key performance indicators, namely:

- Materials used by weight or volume.
- Direct energy consumed by primary energy source.
- Total water withdrawal by source.
- Total water discharge by quality and destination.
- Total weight of wastes by type and disposal method.

Ultimately the main objective of monitoring key environmental performance indicators is to demonstrate that the manufacturing processes **optimise the use of natural resources** while **reducing wastes and emissions to sustainable levels**. This will entail the use of best practices and an innovative approach for sustainable supply chain management, cleaning operations, improvement of energy efficiency, use of renewable energies, optimisation of transport and distribution, refrigeration and freezing operations and minimising wastes.

Materials used

Water is by far the greatest component of renewable materials used during the manufacture of beverages. **Other renewable materials include carbon dioxide and natural ingredients such as malt and hops for beer, and sugar and fruit pulps for soft drinks.** Non-renewable materials include chemicals, PET, glass bottles, cans, plastics, as well as the materials used to generate thermal energy such as coal, LPG and HFO.

The total materials used by the Group for the manufacture of its beverages amount to 1,027,846 tonnes of which 1,017,959 tonnes, that is, 99%, are renewable materials.

Carbon dioxide balance for the brewery

Carbon dioxide is an important material input in the beverage sector particularly for carbonated beverages. **Improvements in the method of collection, transfer and storage of the carbon dioxide together with optimised planning and improved control in the fermentation process have resulted in the brewery being self-sufficient in carbon dioxide.**



Electrical and thermal energies

The **three main sources of energy** purchased by the Group are **electricity from the public grid, coal and HFO** for production of thermal energy and lastly diesel and LPG for transport and logistics, of which nearly all are non-renewable. **Ad hoc measures have been implemented to improve the efficiency of the manufacturing processes.** However, further energy savings will require a thorough energy audit to understand and quantify energy usage throughout the manufacturing processes.

Thermal (heat) energy can be produced from two principal sources of renewable energy, namely solar and biogas produced by the wastewater treatment plants at the brewery and Limo. It is estimated that 1m³ of biogas has the potential to replace 600 litres of HFO. Thus, the energy audit will include a feasibility study of using biogas and solar as renewable sources of energy to replace fossil fuel for thermal energy production.

Water footprint

Water is an essential strategic resource for the Group which relies heavily on water abstraction from the local aquifers. The amount of water abstracted from the local aquifers is **887,526m³** and the amount used from the public water reticulation system amounts to **118,169m³**.

Parameters such as abstraction rate, water quality and ground water recharge are monitored constantly as part of water management within the Group.



Natural Capital

Quantity of effluents discharged

Effluents in the form of waste water are generated principally in the **cleaning of process equipment and plant**, and the cleaning and sanitizing of returnable bottles. Over the years as part of best practice in water management, the implementation of **CIP (Cleaning in Place) systems have reduced markedly the amount of water used for cleaning purposes**. The total amount of effluents discharged into the public sewerage network in 2018 was 550,908m³.



Quality of discharged effluents

The brewery and Limo have access to the public sewerage network of Plaines Wilhems. Both production units are **equipped with wastewater treatment systems consisting of pre-treatment systems and anaerobic digestion to reduce the levels of organics to conform to the standards required by the Wastewater Management Authority (WMA) discharge permits**. The biodegradable matter is converted to methane and carbon dioxide, and the methane is burnt by a flaring system.

On the other hand, as there is no public sewer network in the region, the Nouvelle France site is **equipped with a fully conventional treatment plant using aerobic processes that is designed to produce treated effluent** that can be discharged into the natural environment.



Emissions to air

Gaseous emissions that are mainly from the thermal energy plants are collected and discharged via gas stacks. The gaseous pollutants for the thermal energy plant at the brewery are within the permissible standards laid down by the Environment Protection (Standards for Air) Regulations 1998, whereas the quantity of particulate matter is exceeded at the Limonaderie and corrective actions have been implemented to remedy the situation. A stack gas monitoring for the thermal energy plant at Nouvelle France will be carried out before the end of 2018.



Non-hazardous solid wastes

The management of solid wastes remains a challenge for the Group although **measures are being implemented to minimise solid waste generation and promote waste recycling**. For instance, innovation through the introduction of the light weight Eco-twist PET bottles for the Crystal brand has contributed to reducing the weight of solid waste generation.

Furthermore, a waste survey carried out at the Limo provided much insight in the characteristics of the non-hazardous solid waste streams with plastic (40%), glass (26%) and organics (25%) being the main components. The survey resulted in the implementation of a waste segregation programme which improved the management of solid waste. Similar surveys are under way at the brewery and at Nouvelle France to gain a better understanding of the amounts and distribution of these waste components at both sites.

The total amount of non-hazardous solid wastes generated by the Group was **7,407 tonnes** out of which **6,272 tonnes (85%)** were recycled.

The recyclable waste from the brewery, namely, spent grain and spent yeast (approximately 6,000 tonnes) is collected by deer farming companies to be used as deer feed and by a local manufacturer of animal feed to be used as an additive in the feed mix.

Non-recyclable wastes for the Group consist mainly of coal ashes produced by the thermal energy plants at the brewery and Limo, glass and plastics such as PET closures and labels. An estimated 1,135 tonnes of these non-hazardous solid wastes are sent to the Mare Chicose Landfill, the only engineered landfill in Mauritius.

The recycling of broken glass remains a challenge as the existing glass foundry has limited processing capacity. Alternative methods of recycling of broken glass are being investigated such as their conversion into sand-like particles for sand blasting and backfilled materials.



Disposal of hazardous wastes

Disposal of hazardous wastes produced by the Group, such as used oil, batteries and fluorescent lamps, has been addressed. Currently, **used oils are collected in drums and sent to a local used oil recycling company** while batteries are also collected by a local company. Other hazardous wastes such as fluorescent lamps are collected in crates and stored within the premises and are regularly transferred to an accredited recycling company.

PhoenixBev has also initiated a study and survey of the recycling companies that are **mainly small and medium enterprises (SMEs) to understand the recycling processes used and the fate of the recycled wastes.**

Social Capital



As PhoenixBev continues to **expand into new markets and broaden its offerings**, it is important that we continue to **develop our social capital to support the value of our brands and ensure the sustainability of the Group**. Social capital is addressed in this section as it relates to **business partners and suppliers, customers and communities**. The relationship between PhoenixBev and its team members is discussed in the section on Human Capital starting on page 46 of this report, and its engagement with stakeholders in general is presented on pages 26 to 29.

Customer satisfaction

PhoenixBev's **Customer Response Unit (CRU)** has a dedicated team for handling and **monitoring complaints**, with corrective action plans and an audited process that includes monthly reports. Our CRU tracks and monitors a range of indicators at all four production sites across several different themes. **Each complaint is investigated to identify the root cause for appropriate corrective action.**

Business partners and suppliers

We choose our business partners based on several key factors, including:

- A strong, established brand reputation
- Their ability to meet our quality standards
- The sustainability of their value chain
- Appropriate fit of the product or brand with our current portfolio
- The potential to create demand for the product or brand
- The potential to help PhoenixBev provide a total beverage solution



PhoenixBev is a proud partner of some of the world's leading beverage brands, including The Coca-Cola Company, Diageo, Schweppes International, Les Grands Chais de France and La Maison du Whisky. These relationships support our operations by providing input and benchmarking for our quality control and benchmarking initiatives. They bring the responsibility to adhere to global best practices as part of the international beverages supply chain.

Sustainable supply chain

Careful management of our supply chain **through appropriate controls** is essential to confirm that our suppliers operate **sustainable and ethical businesses**, thus **ensuring consistent quality and reliability** of supply while mitigating against reputational damage.

PhoenixBev's risk management processes include a **focus on procurement to ensure that risks are identified timeously**, and corrective actions taken. **Suppliers are selected and evaluated against a range of criteria** including quality, conformance to specifications, price and total cost of ownership, brand, country of origin, delivery time and environmental responsibility.

Regular audits of strategic suppliers are conducted by a multi-disciplinary team of key personnel from the relevant departments. The main aspects covered by the audits are the supplier's technical and commercial abilities, financial health, attitude and compliance. For certain key items, compliance includes the accreditation of the supplier by our key partners, such as The Coca-Cola Company.

Annual formal supplier assessments are conducted by a committee comprised of the relevant personnel from the business units that deal with the suppliers.

When selecting suppliers, **we aim to buy locally wherever possible**. This is only practical when the products we need are available in Mauritius and meet our quality standards.

Our contribution to society



The Value-added Statement on page 59 shows how the value created by the Group has been distributed to our various stakeholders.

In 2018, PhoenixBev created **Rs 4,615 million** in value, of which **Rs 2,947 million** was paid to the State as taxes and levies, **Rs 795 million** was distributed to team members and shareholders received

Rs 179 million as dividends. **Rs 376 million** was retained for reinvestment by the Company.

PhoenixBev continuously monitors its positive contribution to the Mauritian economy, and, as part of this focus, aims to offer opportunities to local suppliers whenever possible.

Corporate social responsibility

PhoenixBev's corporate social responsibility (CSR) initiatives support **our goal of developing our business in harmony with society to ensure that we continue to add value to the community and our stakeholders**. Our initiatives also **focus on making a positive social and environmental impact by embracing new technologies and inspiring people to make environmentally friendly choices**.

Through the Phoenix Foundation, we disbursed a total of **Rs 4,158 million** to various NGOs, in the following fields:

Social
Rs 2,108,850
Health
Rs 1,069,000
Environment
Rs 400,000
Education
Rs 395,252
Sports
Rs 185,000

We involve our team members in selecting the NGOs and by participating in the Annual Cheque remittance exercise. We also encourage them to assist NGOs in their endeavours.



Other initiatives include:

Terre de Paix: **donation of all the IT equipment** needed to set up a computer room at their premises, amounting to **Rs 175,000**



Small Steps Matter: **Rs 200,000** to fund their **environmental campaign to promote the production of bio-vegetables**



PhoenixBev management and team members **sponsored the Christmas Event at Terre de Paix** held on 8 and 15 December 2017. **The children received toys and educational items as gifts.**

We assisted our employees by sponsoring the following:

Education of their children
Rs 323,470
Medical Expenses for their family
Rs 120,500

Financial Review



For the financial year 2017-2018, PhoenixBev has produced yet another solid performance in both Mauritius and Reunion Island, with a noteworthy increase in Group net profit from Rs 395 million for 2016-2017 to Rs 473 million for 2017-2018.

Marketing, warehousing, selling, distribution and administrative expenses

These expenses increased by 13.2% at Company level. The administrative expenses include the impairment of investment and receivables from The (Mauritius) Glass Gallery Ltd (MGG), for a total amount of Rs 32,8M.

By excluding this impairment, the total costs of marketing, warehousing, selling, and distribution and administrative have increased by 9.7% year on year.

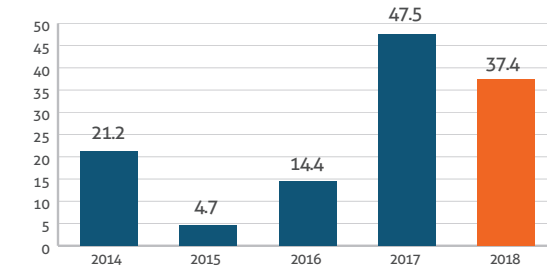
At Group level, these costs grew by 13.6% from last year. This increase is mainly attributable to growth in sales volume and that linked with inflation.

Finance costs and gearing

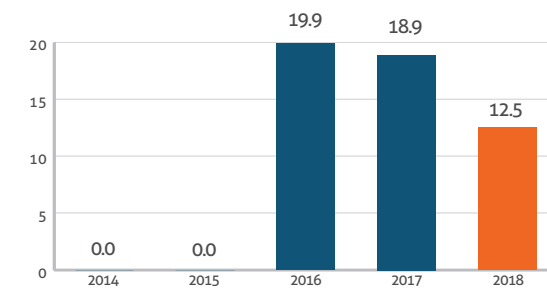
The finance costs for the period 2016-2017 hit their highest point over the last 7 years due to the debt raised to acquire Edena SA in Reunion Island and the investment in our new state of the art production facility in Nouvelle France. **No loan was taken in the financial year 2017-2018. All capital expenditure for the year was financed from operating cash flows.**

39.6% of the gross-interest-bearing debt at financial year end was denominated in Mauritian Rupees and 60.4% in Euros.

Finance Costs (Rs'M)



Gearing (%)



Earnings and EBITDA

Group net profit for the year increased by

19.5% to Rs 472.6 million.

Edena Group contributed Rs 67.7 million to the Group net profit. EBITDA increased by 9.9% from Rs 831 million to Rs 913 million.

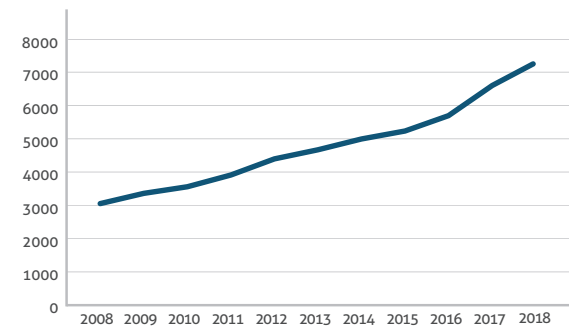
Excise and other specific taxes

Increased by 16.6% year on year, higher than the growth in sales volume due to a 5% increase in excise tax on beer in Mauritius in June 2017 following the government budget for financial year 2017-18.

Revenue

The **13.0% increase** in revenue at Group level from Rs 6,415 million to Rs 7,251 million is directly attributable to the 11.9% increase in group sales volume. The sales volume in Mauritius and Reunion Island grew by 9.5% and 20.6% respectively. The substantial increase in volume in Reunion Island is primarily attributable to the improvement in our Route to Market since the acquisition of Edena SA in 2016.

Revenue (Rs'M) for the period 2008 - 2018

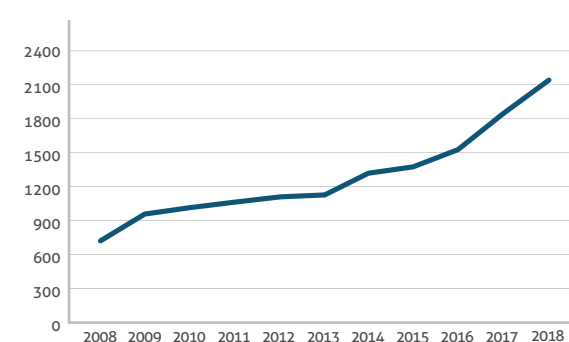


Cost of sales and gross profit

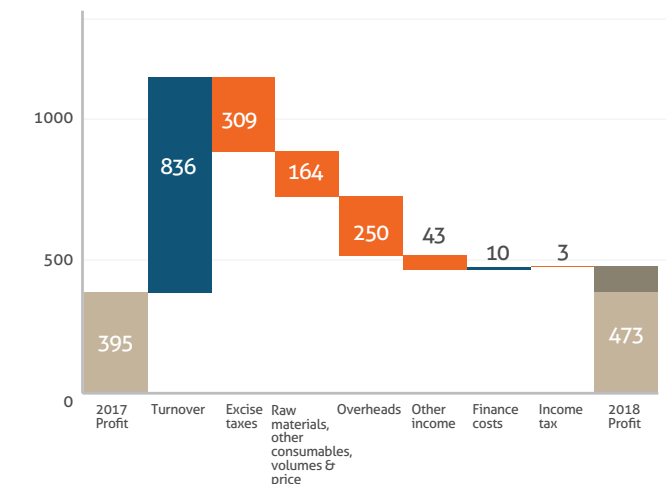
The manufacturing costs at Group and Company level **increased by 8.4% and 13.3% respectively**, mainly driven by the growth in sales volume and increases in some input costs.

Gross profit at Group level increased by 16.3%, from Rs 1,816 million to Rs 2,111 million, and at Company level by 14.3%, from Rs 1,336 million to Rs 1,527 million.

Gross profit (Rs'M) for the period, 2008 - 2018



Net Profit Reconciliation (Rs'M)



Financial Review

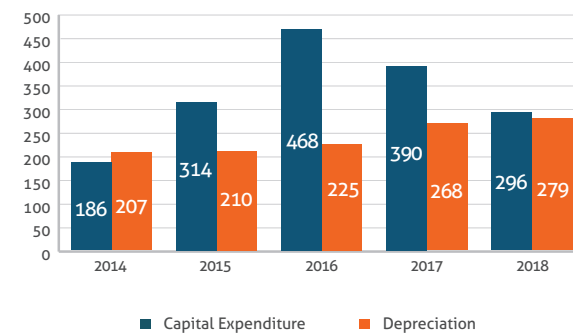
Capital expenditure and depreciation

The Group invested Rs 296 million in capital expenditure during 2018. The capital expenditure mainly relates to:

- The commissioning of a new canning line with added production capacity and flexibility enabling the Group to innovate and capture new markets. This new line replaces the previous one installed in 1996.
- The installation of a new jar line to expand our production capacity to meet the increasing demand of water products and the upgrading of a syrup room.
- Upgrading of our warehousing facilities to increase storage capacity and to streamline the process of loading our distribution vehicles.
- As in previous years, the Group also invested in vehicles, coolers, bottles and crates.

The substantial capital expenditure in the past four years demonstrates the Group's commitment to further developing its production capabilities in line with our product and regional expansion strategy.

Capital Expenditure and Depreciation (Rs'M)



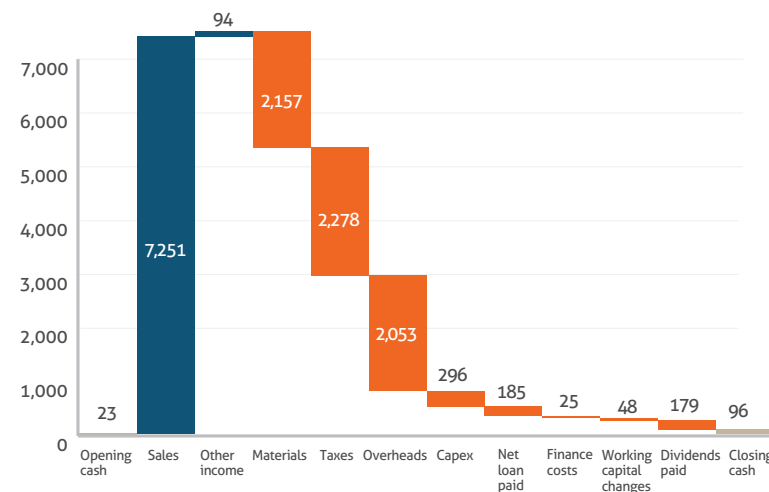
Equity and shareholders return

Total equity increased by 15.0% from Rs 3.61 billion to Rs 4.15 billion. The Company paid a dividend of Rs 10.90 per share for the year (2017: Rs 10.25).

Cash Flow and Cash Equivalents

Cash flow from operations at Company level increased to Rs 793.6 million compared to Rs 557.8 million in 2017. Last year there was a significant increase in inventories necessitated during the replacement of the canning line and the refurbishment of the soft drinks glass bottling line explaining the relatively low cash flow from operations in 2017.

Cash Flow Highlights (Rs'M)



Total shareholder return for the year, being the combination of share price appreciation and dividends paid, was

34.3 %
2017: 27.1%

and return on equity increased to

12.2%
2017: 11.4%

Value Added Statement

Turnover including Value Added Tax

Less: Paid to Suppliers for Materials and Services

Value Added

Other operating income

Total wealth created

Distributed as follows:

Members of Staff

Remuneration and benefits

Providers of Capital

Dividends

Interest

Government Taxes

Excise, Customs & Other Specific Duties

Net Value Added Tax

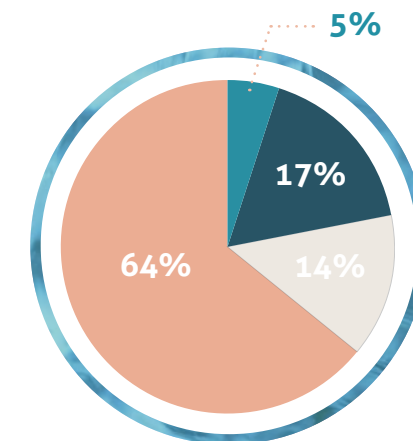
Taxation

Reinvested in the Group

Depreciation and amortisation

Retained Profit

Total Distributed and Retained

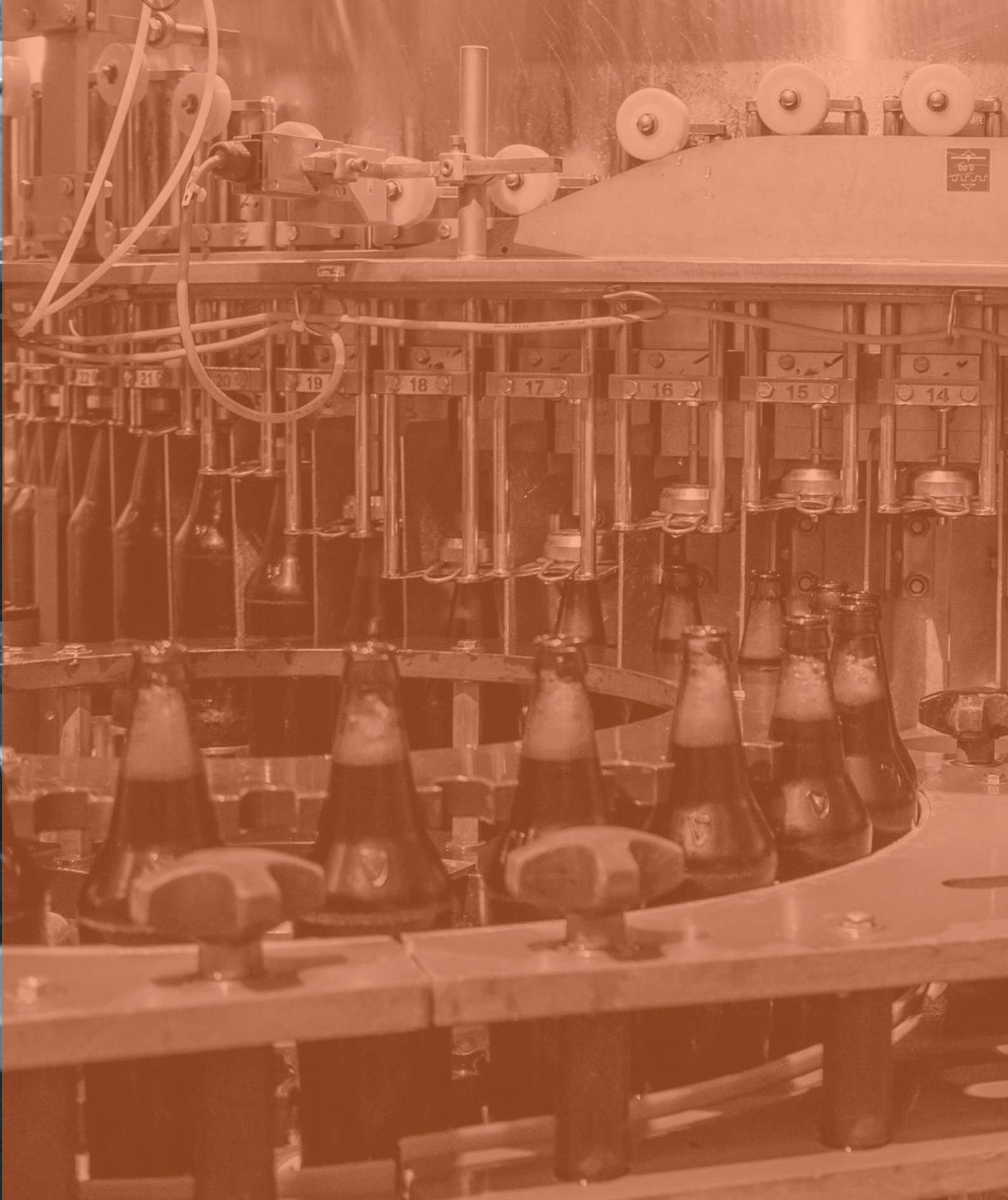


- Members of Staff
- Providers of Capital
- Government Taxes
- Reinvested in the Group

2018	2017
Rs'000	Rs'000
7,843,394	6,916,802
(3,271,206)	(2,960,673)
4,572,188	3,956,129
42,655	85,493
4,614,843	4,041,622
794,909	753,049
17%	19%
179,272	168,582
37,385	47,535
216,657	216,117
5%	5%
2,239,511	1,925,758
592,421	501,893
114,836	110,293
2,946,768	2,537,944
64%	63%
280,886	269,352
375,623	265,160
656,509	534,512
14%	13%
4,614,843	4,041,622
100%	100%

Group Financial Summary

	2018	2017	2016	2015	2014
				(Restated)	
Statement of profit or loss and other comprehensive income (Rs.m)					
Turnover	7,251	6,415	5,515	5,061	4,820
Excise and other specific duties	2,166	1,857	1,732	1,643	1,523
Profit before taxation	594	514	431	392	720
Profit attributable to shareholders	473	395	350	318	578
Depreciation and amortisation	281	269	226	211	208
Net interest paid	37	48	14	5	21
EBITDA	913	831	671	608	949
Statement of financial position (Rs.m)					
Total assets	6,320	6,041	5,633	4,087	3,987
Net indebtedness	596	840	832	0	0
Working capital	579	372	414	600	696
Shareholders' fund	4,151	3,610	3,345	3,180	3,014
Net asset value per share (Rs.)	252.09	219.28	203.25	193.27	183.23
Cash flow (Rs.m)					
Net cash generated from operating activities	726	564	606	527	533
Performance ratio					
Earnings per share (Rs.)	28.81	24.10	21.36	19.43	39.83
Net return on equity (%)	12.19	11.38	10.74	10.28	20.64
Net profit margin (%)	6.52	6.16	6.35	6.28	11.99
Liquidity & gearing ratio					
Current ratio (%)	149.96	129.20	144.37	217.88	216.65
Gearing ratio (%)	12.57	18.89	19.93	0.00	0.00
Interest cover (times)	17.05	11.71	31.79	79.40	34.57
Dividends					
Dividends declared (Rs.m)	179.27	168.58	157.89	148.02	138.16
Dividends per share (Rs.)	10.90	10.25	9.60	9.00	8.40
Dividend yield (%)	1.82	2.25	2.62	2.77	4.31
Dividend cover (times)	2.64	2.35	2.22	2.16	4.19
Market data					
Market price per share (Rs.)					
High	650.00	460.00	400.00	325.00	205.00
Low	455.00	366.00	336.00	190.00	185.00
Closing (30 June)	600.00	455.00	366.00	325.00	195.00
Market Capitalisation (Rs.Bn)	9.87	7.48	6.02	5.35	3.21
P/E ratio (times)	20.83	18.88	17.13	16.73	4.90



"The Board confirms that, for the year under review, it has met its key objectives and carried out its responsibilities effectively."

LEADERSHIP AND COMPLIANCE

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Our Board of Directors

The names of all Directors and Alternate Directors, their categories and biographies and the list of their directorships in public interest entities are provided hereunder.

ARNAUD LAGESSE

*Non-Executive Chairman
Appointed on the Board in 1998
and as Chairman in 2017.
Citizen and resident of Mauritius*

Skills & Experience

Arnaud Lagesse is the Group CEO of IBL Ltd, the largest business group in the island of Mauritius. He is one of the prominent leaders of the Mauritian private sector and has been known to drive the IBL Group he leads with innovative and challenging undertakings. Two years ago, he initiated the merger of GML Investissement Ltée and Ireland Blyth Limited, creating a successful Group and substantial shareholders value for all stakeholders since its introduction on the local stock market.

Qualifications & Professional Development

- Breakthrough Executive Program, Egon Zehnder-Mobius, Portugal.
- Advanced Management Program (AMP180), Harvard Business School, United States.
- Executive Education Program at INSEAD, France.
- Master's in Management, Université d'Aix-Marseille, France and graduated from the Institut Supérieur de Gestion de Paris.

Core Competences and Contribution

Business and Finance, Deal Structuring, Strategic Business Development.

External appointments on Public Interest Entities

- Alteo Energy Ltd
- Alteo Limited
- Alteo Milling Ltd
- Beau Rivage Co. Ltd
- BlueLife Limited
- Bloomage Ltd
- Camp Investment Company Limited
- Holiday & Leisure Resorts Ltd
- IBL Ltd
- Les Pavillons Resorts Ltd
- Lux Island Resorts Ltd
- Merville Limited
- Nereide Limited
- Oceanide Limited
- Phoenix Investment Company Limited
- The United Basalt Products Ltd

JEAN-CLAUDE BÉGA

*Non-Executive Director
Appointed in 2011
Citizen and resident of Mauritius*

Skills & Experience

Born in 1963, Jean-Claude Béga started his career in 1980 by spending 7 years as external auditor and then moved to a sugar group to perform various functions within accounting and finance before joining GML in 1997 as Finance Manager.

He is currently the Group Head of Financial Services and Business Development of IBL Ltd and has also been appointed as Executive Director of that company in August 2018. Jean-Claude is a member of the Audit and Risk Committee of the Company.

Qualifications & Professional Development

- Fellow of the Association of Chartered Certified Accountants.

Core Competences and Contribution

Finance, Mergers and Acquisitions, Strategic Development.

External appointments on Public Interest Entities

- AfrAsia Bank Limited
- AfrAsia Capital Management Ltd
- Alteo Limited
- Anahita Estates Limited
- Anahita Residences & Villas Limited
- Anglo African Investments Ltd
- Camp Investment Company Limited
- DTOS Ltd
- IBL Ltd
- Knights & Johns Management Ltd
- Lux Island Resorts Ltd
- Mauritian Eagle Insurance Co Ltd
- Phoenix Investment Company Limited
- The Bee Equity Partners Ltd

JAN BOULLÉ

*Non-Executive Director
Appointed in 2000
Citizen and resident of Mauritius*

Skills & Experience

Jan Boullé has worked for the Constance Group from 1984 to 2016 and has occupied various executive positions and directorships, his latest position being Group Head of Projects and Development.

He has been appointed as Chairman of IBL Ltd, the ultimate holding company of Phoenix Beverages Limited, on 1 July 2016.

Jan Boullé is also a member of the Audit and Risk Committee as well as of the Corporate Governance Committee of the Company.

Qualifications & Professional Development

- Qualified as an « Ingénieur Statisticien Economiste », France.
- Holds a « Diplôme de 3ème cycle en sciences économiques », Université de Laval, Canada.

Core Competences and Contribution

Strategic Development, Hospitality and Real Estate Development.

External appointments on Public Interest Entities

- Alteo Agri Ltd
- Alteo Limited
- Bloomage Ltd
- BlueLife Ltd
- Camp Investment Company Limited
- GML Ineo Ltée
- IBL Ltd
- Lux Island Resorts Ltd
- Mon Loisir Ltée
- Phoenix Investment Company Limited
- Pick and Buy Ltd
- The Bee Equity Partners Ltd

FRANÇOIS DALAIS

*Non-Executive Director
Appointed in 1992
Citizen and resident of Mauritius*

Skills & Experience

François Dalais is the co-founder and director of the Mauritius Freeport Development Ltd, Sugarex Ltd, Tropical Cubes Co. Ltd, Atlas Communications International Ltd and Caulea Ltd. He also sits on the Board of a number of companies in Mauritius.

Skills & Experience

François Dalais is the co-founder and director of the Mauritius Freeport Development Ltd, Sugarex Ltd, Tropical Cubes Co. Ltd, Atlas Communications International Ltd and Caulea Ltd. He also sits on the Board of a number of companies in Mauritius.

Qualifications & Professional Development

- Diploma in Business Administration, London

Core Competences and Contribution

Trading, Strategic Development, Management.

External appointments on Public Interest Entities

- Camp Investment Company Limited
- Phoenix Investment Company Limited



ARNAUD LAGESSE



JEAN-CLAUDE BÉGA



JAN BOULLÉ



FRANÇOIS DALAIS

Our Board of Directors (continued)

GUILLAUME HUGNIN

*Non-Executive Director
Appointed in 2009
Citizen and resident of Mauritius*

Skills & Experience

Guillaume Hugnin worked in South Africa and Australia for several years before joining the Eclasia Group of Companies in 1993. He is currently the Group Export Manager of the Eclasia Group. He has directorships in the hotel industry and is the past Chairman of the Mauritius Exporters Association (MEXA). He has also acted as Council member of the Joint Economic Council (JEC). Guillaume Hugnin is a Council member of the Mauritius Chamber of Commerce and Industry (MCCI), a Director of MCCI Business School and of the Mauritius Institute of Directors (MloD).

Guillaume Hugnin was the Chairman of the Corporate Governance Committee of the Company until 1 July 2018. He remains a member of the said Committee.

Qualifications & Professional Development

- Honours in Economics, University of Cape Town, South Africa.
- MBA, University of Surrey, United Kingdom.

Core Competences and Contribution

Corporate Governance, Strategic Business Development, Local and Regional Market Knowledge, International Trade.

External appointments on Public Interest Entities

- Camp Investment Company Limited

HUGUES LAGESSE

*Non-Executive Director
Appointed in 2016
Citizen and resident of Mauritius*

Skills & Experience

Hugues Lagesse is the Head of Project and Strategic Property Development of BlueLife Limited, a real estate company developing property in Mauritius. He has acquired considerable experience and competence in high market residential and mixed-use real estate.

Qualifications & Professional Development

- Diploma in administration and finance from « Ecole Supérieure de Gestion », Paris, France.
- Management Program from INSEAD, France.
- Real Estate Program from Harvard Business School, United States.
- General Management Program for Mauritius and South East Africa from ESSEC.

Core Competences and Contribution

Real Estate, Property Development and Management.

External appointments on Public Interest Entities

- Camp Investment Company Limited
- Phoenix Investment Company Limited

THIERRY LAGESSE

*Non-Executive Director
Appointed in 1998
Citizen and resident of Mauritius*

Skills & Experience

Thierry Lagesse is the Founder and Executive Chairman of the Palmar Group of Companies, one of the pioneer companies in the development of the textile industry in Mauritius. A visionary entrepreneur, he launched Direct To Home (DTC) satellite television company in the Indian Ocean Islands.

Qualifications & Professional Development

- « Maitrise des Sciences de gestion » from Université de Paris Dauphine, France

Core Competences and Contribution

Entrepreneurship, Business Development and Finance, Strategic Development, Textile Media.

External appointments on Public Interest Entities

- Alteo Energy Ltd
- Alteo Limited
- Alteo Milling Ltd
- Alteo Refinery Ltd
- Camp Investment Company Limited
- Compagnie d'Investissement Immobilier de Flacq Ltée
- Compagnie de Gros Cailloux Ltée
- Espace Maison Ltée
- Ferney Limited
- GML Ineo Ltée
- IBL Ltd
- Lux Island Resorts Ltd
- Palmar Limitée
- Phoenix Investment Company Limited
- The United Basalt Products Ltd

SYLVIA MAIGROT

*Independent Non-Executive Director
Appointed in 2017
Citizen and resident of Mauritius*

Skills & Experience

Sylvia Maigrot, born in 1970, is the Founder and Partner in charge of corporate and business facilitation services at Box Office Ltd and counts more than 26 years' experience in company administration and secretarial practice, corporate governance, managing stakeholders' relationships and dealing with regulatory authorities.

She has over the past years been providing transaction advisory services in company restructuring, due diligence and business acquisitions and has specialised in the hospitality industry. Sylvia also works as a Consultant in BDO's Corporate Finance team.

She is the Chairperson of the Corporate Governance Committee of Phoenix Beverages Limited since July 2018.

Qualifications & Professional Development

- Associate of the ICSA, the Governance Institute, United Kingdom.

Core Competences and Contribution

Corporate Law, Governance, Administration, Management, Compliance.

External appointments on Public Interest Entities

- None



GUILLAUME HUGNIN



HUGUES LAGESSE



THIERRY LAGESSE



SYLVIA MAIGROT

Diversity within the Board

DIRECTORSHIP

10 Non-Executives
2 Executives

INDEPENDENCE

3 Independent
9 Non-Independent

GENDER

 **1** Woman
 **11** Men

Our Board of Directors (continued)

YVAN MAINIX

Independent Non-Executive Director Appointed in 2018
Non-citizen and Non-resident of Mauritius

Skills & Experience

Yvan Mainix, born in 1966, is an engineer and the Founder of Fibres Industries Bois since 1997 and Managing Director of Fibres SA since 1992, both companies operating mainly from Reunion Island. He is also a Director of « l'Association pour le Développement Industriel de la Réunion » (ADIR) since 1996 and sits on the Boards of several organisations promoting integration and development in Reunion Island.

Qualifications & Professional Development

- « Diplôme Universitaire de Technologie Génie civil » from the Cergy-Pontoise University, France.
- « Diplôme d'ingénieur » from Ecole Supérieure du Bois, France.

Core Competences and Contribution

Regional Market Knowledge, International Trade, Business Development, Management

External appointments on Public Interest Entities

- None

RESHAN RAMBOCUS

Independent Non-Executive Director Appointed in 2016
Citizen and resident of Mauritius

Skills & Experience

Reshan Rambocus, born in 1970, is the Managing Director of Safyr Utilis Group, a trust and global business management company. He has presided over the investment committees of funds whose strategies included FMCG, fast food and large scale distribution in emerging markets. He has been involved in all aspects of cross border investments from fund raising, bond issuance, due diligence and valuations. He was previously a partner with Ernst & Young Mauritius, prior to that Head of Finance for HSBC Mauritius.

He is also the Chairman of the Audit and Risk Committee of the Company since March 2016.

Qualifications & Professional Development

- Member of the Institute of Chartered Accountants of England and Wales.
- Member of the Chartered Institute of Taxation.

Core Competences and Contribution

Statutory Audit Process and Controls, Finance and Tax

External appointments on Public Interest Entities.

- Lux Island Resorts Ltd

PATRICK RIVALLAND

Executive Director (Chief Operations Officer - Chief Financial Officer) Appointed in 2013
Citizen and resident of Mauritius

Skills & Experience

Patrick Rivalland, born in 1972, worked successively for BDO & Co and The Sugar Industry Pension Fund Board before joining Phoenix Camp Minerals Limited in 1999 as Finance and Administrative Manager. He was appointed as Group Senior Manager Finance and Administration in 2001 and Chief Operations Officer in 2014. He is a past President of the Association of Mauritian Manufacturers.

Qualifications & Professional Development

- Fellow member of the Chartered Association of Certified Accountants.

Core Competences and Contribution

Accounting and Finance, Strategy, Operations, Fast-Moving Consumer Goods (FMCG) Industry and Market Knowledge.

External appointments on Public Interest Entities.

- Bychemex Limited
- Chemco Limited

BERNARD THEYS

Executive Director (Chief Executive Officer) Appointed in 2013
Non-citizen and resident of Mauritius

Skills & Experience

Bernard Theys was born in 1965 in Brussels and has held various general management roles in the brewing industry where he has acquired substantial experience in the Fast-Moving Consumer Goods (FMCG) industry.

Qualifications & Professional Development

- Diploma in Economic Science from Louvain University, Belgium.
- BBA in Business Tourism Management from ICP.
- Several programmes in Executive and Business Education at « l'Association Internationale Américaine de Management » (MCE) in 1995 and at INSEAD Fontainebleau in France in 2008.

Core Competences and Contribution

Management, Strategic Business Development, specialised in Operations and FMCG Industry

External appointments on Public Interest Entities.

- None



YVAN MAINIX



RESHAN RAMBOCUS



PATRICK RIVALLAND



BERNARD THEYS

JEAN-PIERRE DALAIS

Alternate Director to François Dalais Appointed in 1999
Citizen and resident of Mauritius

Skills & Experience

Jean-Pierre Dalais began his career with Arthur Andersen in Mauritius and France before joining CIEL in 1990. Since January 2017, Jean-Pierre Dalais has been nominated as Group Chief Executive of the CIEL Group, an important industrial and investment group with interests in a number of companies operating in Mauritius, Africa and Asia.

Qualifications & Professional Development

- MBA from the International University of America, San Francisco.
- Leadership development courses at Insead and the London Business School.

Core Competences and Contribution

Strategic Business Development with expertise in Agro-Industry, Textile, Hospitality, Healthcare and Financial sectors.

External appointments on Public Interest Entities.

- Aquarelle Clothing Limited
- Alteo Limited
- Alteo Energy Ltd
- Alteo Milling Ltd
- Anahita Estates Limited
- Anahita Golf Ltd
- Anahita Hotel Limited
- Anahita Residences & Villas Limited
- CDL Knits Limited
- Ciel Finance Limited
- Ciel Healthcare Limited
- CIEL Limited
- Ciel Textile Limited
- City and Beach Hotels (Mauritius) Limited
- Consolidated Fabrics Limited
- Ferney Limited
- Ferney Spinning Mills Limited
- Floreal Knitwear Ltd
- Laguna Clothing (Mauritius) Ltd
- Loisirs des Iles Ltée
- Noveprim Limited
- Sun Limited
- SRL Touessrok Hotel Ltd
- Tropic Knits Limited
- Wolmar Sun Hotels Limited

Senior Management Team



FREDERIC DUBOIS

Senior Manager – Sales, Distribution and Warehousing

Frederic Dubois, born in 1979, holds a Master's degree from ISEG business school in France. He worked for more than ten years in the FMCG sector for international companies such as Bacardi Martini Group, Pernod Ricard, JTI, locally and internationally, before joining the Group as Senior Manager – Sales, Distribution and Warehousing in October 2015.



GERVAIS RAMBERT

Head Brewer

Gervais Rambert, born in 1956, joined the Brewery in 1977. He holds Certificates from the Brewing School of Diageo in Park Royal, London and from St James Gate, Dublin. He also holds a Diploma from "L'Ecole Nationale Supérieure d'Agronomie et des Industries Alimentaires" in France and from VLB Institute and Research of Berlin. He has worked in several breweries in Europe, namely Guinness Park Royal in London, Le Pêcheur, Meteor and Kronenbourg Breweries in France. He has been the Group's Head Brewer since 1992.



BERNARD THEYS

Executive Director (Chief Executive Officer)

Bernard Theys was born in 1965 in Brussels and has held various general management roles in the brewing industry where he has acquired substantial experience in the Fast-Moving Consumer Goods (FMCG) industry.

NICOLAS CABOCHE

Senior Manager – Still Beverages and Product Development

Nicolas Caboché, born in 1976, has more than 17 years' working experience, with 13 years spent at Happy World Ltd in the FMCG and QSR clusters. He spent 3 years at Emtel working on various projects related to Mobile and Online payment. Nicolas holds a Master's in Business Administration from the University of Poitiers and joined PhoenixBev in January 2016 as Senior Manager – Still Beverages and Product Development.



RAMA NARAYYA

Senior Manager – Human Resources

Rama Narayya, born in 1967, has wide experience in the HR function in diverse industries ranging from hotels, bottling and supermarkets to textiles and airlines. He has studied Occupational Health and Safety, Human Resources Management at the University of Mauritius and Business Administration at the University of Surrey. Rama joined the Group as Senior Manager – Human Resources in September 2014.



PATRICE SHEIK BAJEET

Senior Manager – Marketing

Patrice Sheik Bajeet, born in 1974, holds a BSc Management Degree from the University of Mauritius. After 12 years in the cellular operations industry and leading Marketing at Emtel, he spent 4 years at The Coca-Cola Company regional office. He is also the founder of the first digital and trade marketing agency on the island. He joined Phoenix Beverages Group in January 2015 as Senior Manager – Marketing.



ANTIS TREEBHOOBUN

Senior Manager – Business Systems

Antis Treebhobun, born in 1959, holds a BA in Computer Science from the University of Iowa. During the period 1987 to 1991, he worked in the USA as a Software Engineer on contract for Boeing Avionics Corp. and from 1991 to 2001, he was the Senior IT Manager for Rogers Aviation and Tourism. He joined the Group in 2001 as Senior Manager – Business Systems.



GERARD MERLE

Senior Manager – Civil Engineering and Non-Alcoholic Beverages

Gerard Merle, born in 1968, has worked in the manufacturing sector for more than 21 years. Before joining PhoenixBev in January 2009 as Senior Manager – Limo Operations, he worked for Boxmore Plastics International. He was appointed Senior Manager – Civil Engineering and Non-Alcoholic Beverages in 2014.



PATRICK RIVALLAND

Executive Director (Chief Operations Officer - Chief Financial Officer)

Patrick Rivalland, born in 1972, worked successively for BDO & Co and The Sugar Industry Pension Fund Board before joining Phoenix Camp Minerals Limited in 1999 as Finance and Administrative Manager. He was appointed as Group Senior Manager Finance and Administration in 2001 and Chief Operations Officer in 2014. He is a past President of the Association of Mauritian Manufacturers.





Corporate Governance Report

INTRODUCTION

Phoenix Beverages Limited ("PhoenixBev" or the "Company"), incorporated on 9 September 1960, is a public interest entity as defined under the Financial Reporting Act 2004. PhoenixBev is also listed on the Official Market of the Stock Exchange of Mauritius Ltd. This Corporate Governance Report sets out how PhoenixBev has applied the principles contained in the National Code of Corporate Governance for Mauritius (2016) (the "Code").

The Board of Directors affirms its commitment to ensuring that good governance principles are entrenched throughout the PhoenixBev Group (the "Group") and reflected in all of its business activities.

Thus, throughout the year ended 30 June 2018, to the best of the knowledge of its Board of Directors, PhoenixBev has complied with the Code. The Company has applied all of the principles set out in the Code and explained how these principles have been applied.

This report is available on the PhoenixBev website: www.phoenixbev.mu

PRINCIPLE 1: GOVERNANCE STRUCTURE

Board Charter

The governance structure of PhoenixBev is set out in its Board Charter. The Charter defines the role, function and objectives of the Board of Directors, the various Board Committees, the Chairperson and the Group Chief Executive Officer ("CEO"). It also sets out how they interact in order to promote efficient, transparent and ethical functioning and decision-making processes within PhoenixBev. In the same spirit, a Directors' Charter has been approved by the Board of Directors of PhoenixBev on 5 September 2018.

The Board Charter is available on the website of PhoenixBev at: www.phoenixbev.mu

Management Contract

Phoenix Management Company Ltd ("PMC"), under the aegis of a management contract, provides the companies of the Group with a range of management and executive services including administrative, financial, commercial, technical, marketing and communication.

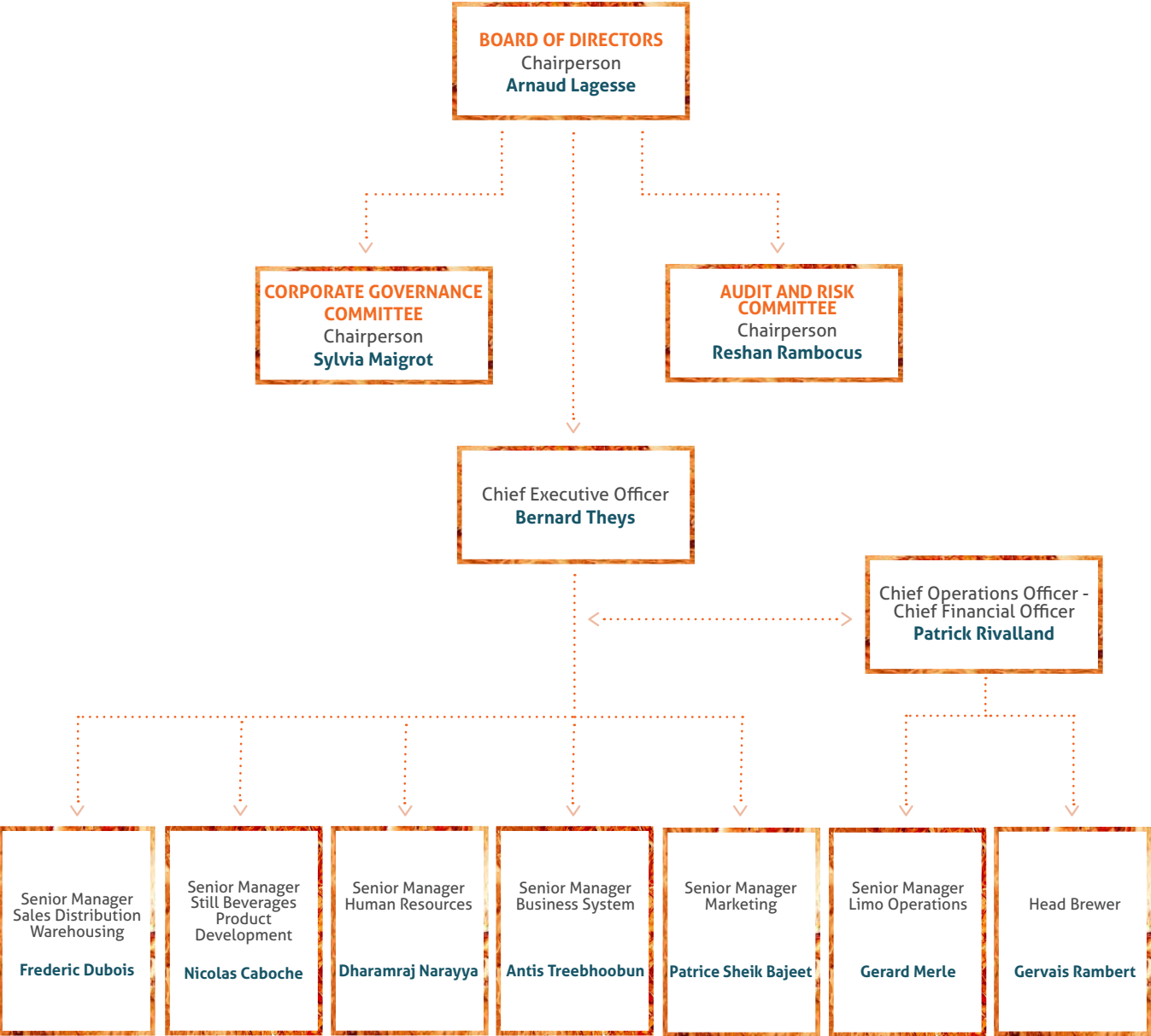
Phoenix Management Company Ltd employs and remunerates the senior executives of the Group.

The management fee paid by Phoenix Beverages Limited during the year under review amounted to Rs 141.9 million (2017: Rs 122.9 million).

Corporate Governance Report (continued)

Organisation chart and statement of accountabilities

The governance structure and the organisation chart of PhoenixBev setting out the key senior positions as well as the reporting lines are found below:



The profiles of the Senior Management team can be found on pages 70-71 of this report.

PRINCIPLE 2: THE STRUCTURE OF THE BOARD AND ITS COMMITTEES

The Board of Directors

PhoenixBev is led by an effective and highly committed unitary Board comprising twelve Directors who possess the appropriate skills, knowledge, independence and experience in core and other business sectors, for both local and regional markets, to enable them to discharge their duties and responsibilities effectively. The Board plays a key role in determining the Company's direction, monitoring its performance and overseeing risks and is collectively responsible for the long-term success of the Company. The Board of PhoenixBev believes that, based on its size and spread of operations, it possesses the right balance.

The composition of the Board of Directors as at the date of this report is as follows:

NAME	STATUS
Arnaud Lagesse	Non-executive Chairperson
Jean-Claude Béga	Non-executive director
Jan Boullé	Non-executive director
François Dalais	Non-executive director
Guillaume Hugnin	Non-executive director
Hugues Lagesse	Non-executive director
Thierry Lagesse	Non-executive director
Sylvia Maigrot	Independent non-executive director
Yvan Mainix*	Independent non-executive director
Reshan Rambocus	Independent non-executive director
Patrick Rivalland	Executive director (Chief Operations Officer - Chief Financial Officer)
Bernard Theys	Executive director (Chief Executive Officer)
Jean-Pierre Dalais	Alternate director to François Dalais

* Yvan Mainix was appointed as independent non-executive director on 1 July 2018 in replacement of Didier Koenig.

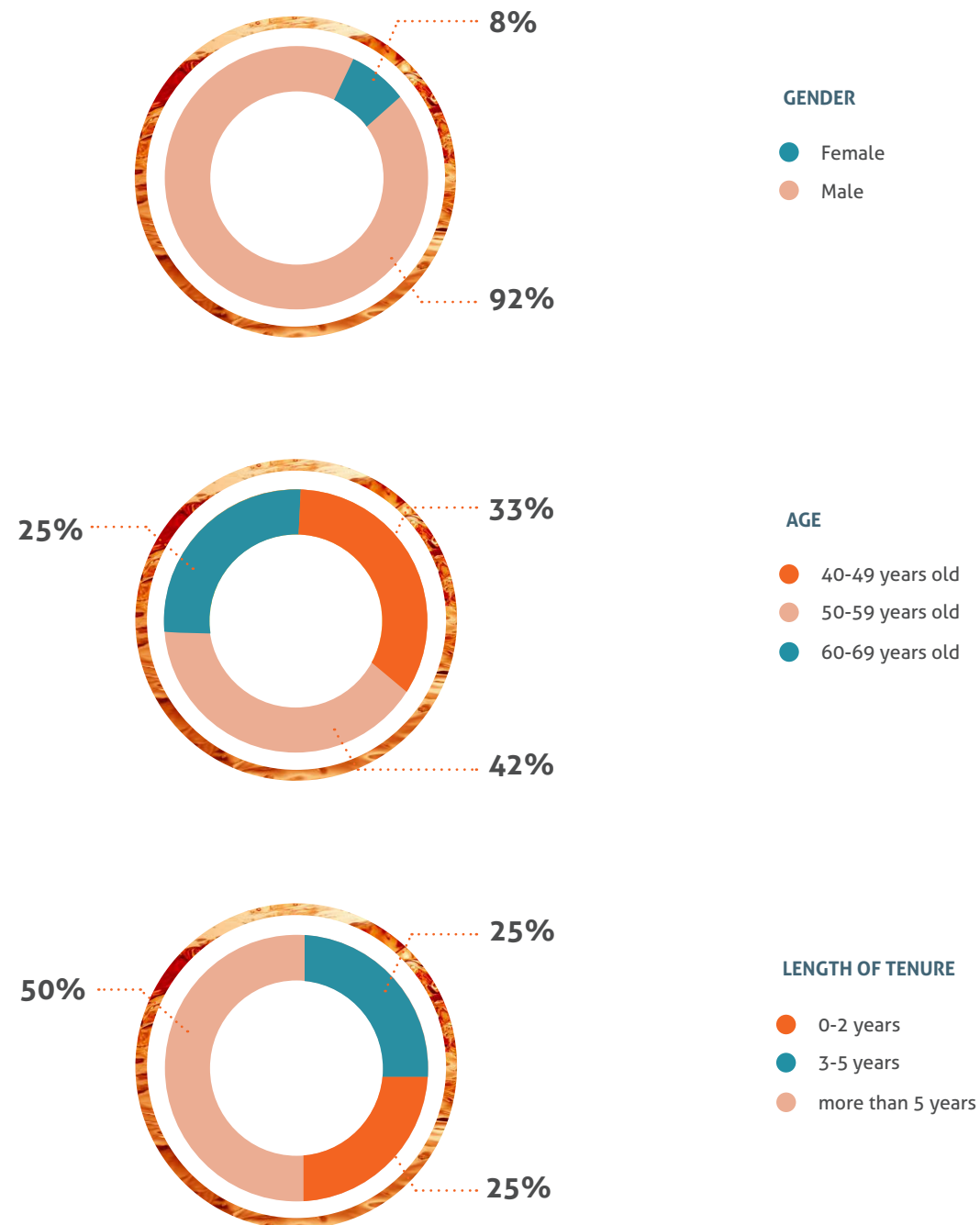
Profiles of directors and details of other directorships

The profiles of the directors including their external directorships in public interest entities are disclosed at pages 64-69 of this report.

Details of other directorships are available at the Registrar of Companies and upon request made to the Company Secretary, IBL Management Ltd, 4th Floor, IBL House, Caudan Waterfront, Port Louis.

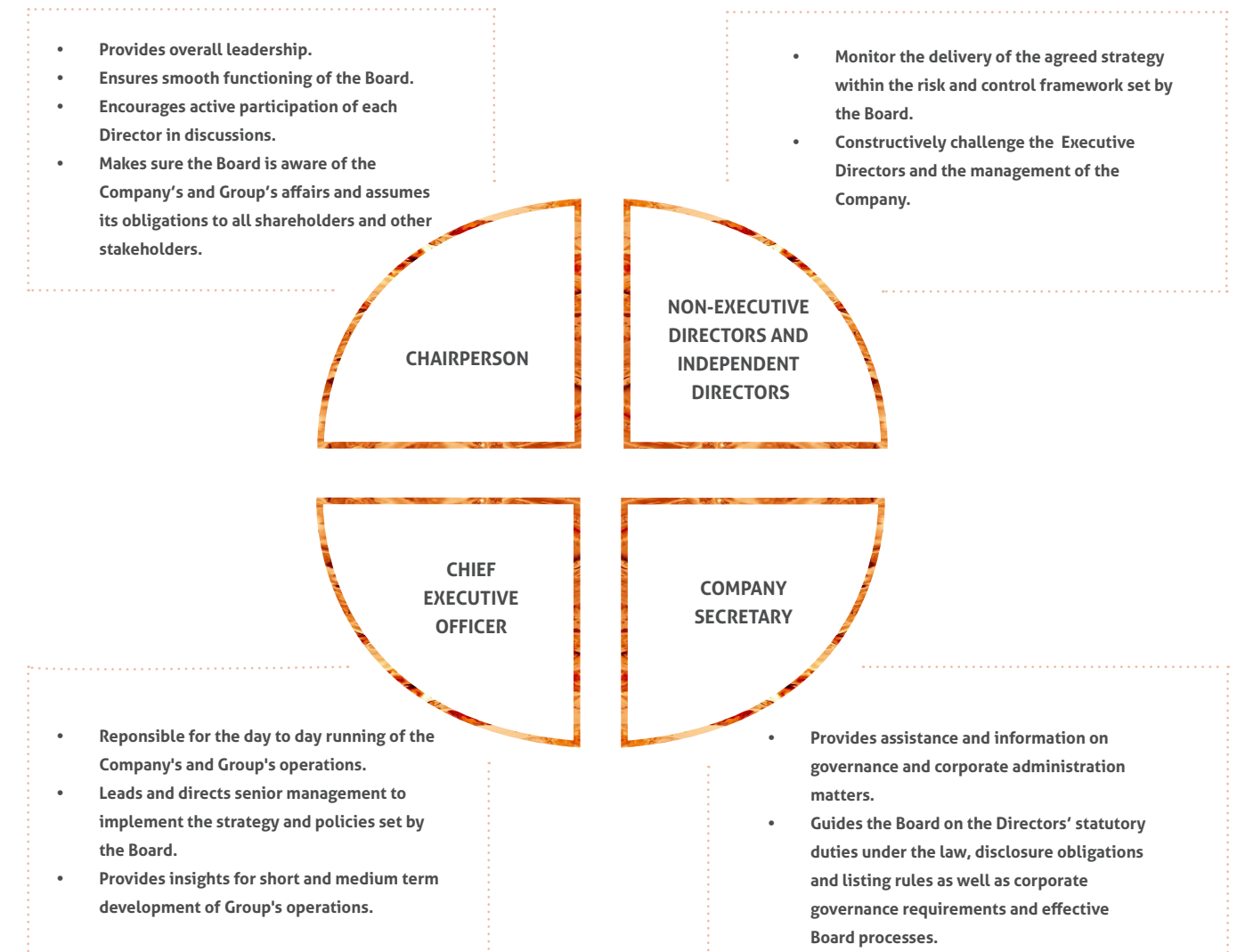
Corporate Governance Report (continued)

Balance and diversity



Key roles and responsibilities within the Board

Phoenix Management Company Ltd has been delegated with the responsibility of organising the strategic development of Phoenix Beverages Limited. However, it is the Board's responsibility to ensure that there is an effective organisational and reporting structure in place so that there are clear reporting lines within the Group and well-defined roles and responsibilities. The above measures have been implemented to ensure that the right decisions are being made with the involvement from the right people. The Board's ultimate responsibility is for the supervision and sustainability of the Group.



Note: The three independent non-executive directors are deemed to be independent based on the criteria of independence as set out in the Board Charter.

Corporate Governance Report (continued)

Common directorships

The Directors of the Company who also sit on the Boards of the holding companies of PhoenixBev, namely Phoenix Investment Company Limited ("PICL"), Camp Investment Company Limited ("CICL") and IBL Ltd, (see page 92 for cascade holding structure) are:

DIRECTORS	PhoenixBev	PICL	CICL	IBL Ltd
Arnaud Lagesse	+ **	+ **	+ **	+
Jean-Claude Béga	+	+	+	+
Jan Boullé	+	+	+	+ **
François Dalais	+	+	+	
Guillaume Hugnin	+	+ *	+	
Hugues Lagesse	+	+	+	+
Thierry Lagesse	+	+	+	+

* Alternate Director ** Chairperson

Board processes, meetings and activities in 2017-2018

Board meeting process

BEGINNING OF THE YEAR	>	<ul style="list-style-type: none"> Planning for Board meetings for the ensuing year is set by the Company Secretary and communicated to Directors.
SETTING OF AGENDA	>	<ul style="list-style-type: none"> Draft agendas for the Board are finalised by the CEO and the Chairperson prior to each meeting. Agendas are finalised five calendar days before the scheduled date of the meeting except under special circumstances.
BEFORE THE MEETING	>	<ul style="list-style-type: none"> Agenda and all relevant Board papers are sent to the Directors five calendar days before the scheduled meeting.
BOARD MEETING	>	<ul style="list-style-type: none"> Agenda items are discussed supported by presentations from the management or any other relevant attendee.
AFTER BOARD MEETING	>	<ul style="list-style-type: none"> Minutes are produced and sent to the CEO and Chairperson for review and comments prior to circulating these to the Board members. Follow-up on Board decisions is then ensured by management as well as the Company Secretary.

Board meetings and activities

During the year under review, the Board met four times. Below is a list of the main issues discussed at these meetings. Decisions were also taken by way of written resolutions signed by all the Directors.

REGULAR AGENDA ITEMS

- Review of the activities of the Company and its subsidiaries
- Review of investments
- Reports from the Committees' Chairpersons

GOVERNANCE ITEMS

- Appointment of new independent director
- Change of chairmanship of the Corporate Governance Committee
- Alignment to the new Code of Corporate Governance for Mauritius
- Approval of the Corporate Governance Report

FINANCIAL ITEMS

- Abridged audited annual financial statements and Annual Report including full audited financial statements
- Abridged financial statements for the first, second and third quarters
- Dividends declarations
- Approval of Budget 2018-2019
- Approval of CAPEX 2018-2019
- Recommendation of the appointment of EY as external auditors

STRATEGY ITEMS

- Acquisition of strategic properties
- Launching of new beverages
- Acquisition of new wine portfolio
- Extension of the employment contract of the CEO, Bernard Theys, until 31 July 2021

Corporate Governance Report (continued)

Attendance at Board meetings in 2017-2018

	20 September 2017	6 February 2018	14 May 2018	29 June 2018	Total number of meetings attended
Arnaud Lagesse	+	+	+	+	4
Jean-Claude Béga	+	+	+	+	4
Jan Boullé		+	+		2
François Dalais	+	+	+		3
Guillaume Hugnin		+	+	+	3
Didier Koenig*	+	+	+	+	4
Hugues Lagesse	+	+	+		3
Thierry Lagesse	+	+		+	3
Sylvia Maigrot	+	+	+	+	4
Reshan Rambocus	+	+	+		3
Patrick Rivalland	+	+	+	+	4
Bernard Theys	+	+	+	+	4

*Resigned as director on 1 July 2018

Annual effectiveness review

The Board confirms that, for the year under review, it has met its key objectives and carried out its responsibilities effectively in accordance with its Charter.

Board Committees

The Board is assisted in its functions by two main Committees, namely the Audit and Risk Committee and the Corporate Governance Committee which also acts as the Nomination Committee and Remuneration Committee with respect to non-executive directors. These Committees operate within defined terms of reference and may not exceed the authority delegated by the Board. The Committees are chaired by experienced Chairpersons who report to the Board on the main issues discussed at each of their meetings.

The Company Secretary also acts as Secretary to the Board Committees. Each member of the Board has access to the minutes of Board Committee meetings, regardless of whether the Director is a member of the Board Committee in question or not.

Audit and Risk Committee

The Audit and Risk Committee assists the Board in fulfilling its oversight responsibilities. It is the Committee's responsibility to review the integrity of the financial statements and the effectiveness of the internal and external auditors. The Committee also oversees that management has established effective systems of internal control. It assists in creating an environment and structures for risk management to operate effectively.

The Audit and Risk Committee of PhoenixBev also reviews the financial statements and reporting of its holding companies PICL and CICL.

A copy of the Audit and Risk Committee Charter is available on the website of the Company on www.phoenixbev.mu



Composition

The Committee is chaired by Reshan Rambocus who is an independent non-executive director. The Board considers that the latter has substantial accounting and financial experience to chair the Audit and Risk Committee. Following the resignation of Didier Koenig as Director as well as member of the Audit and Risk Committee effective from 1 July 2018, the remaining members of the Committee are Jean-Claude Béga and Jan Boullé, who are both non-executive directors. The meetings are also attended by the CEO, the Chief Operations Officer-Chief Financial Officer and the internal and external auditors as and when required.

Attendance at Audit and Risk Committee meetings in 2017-2018

	11 September 2017	6 November 2017	26 January 2018	7 May 2018	Total number of meetings attended
Reshan Rambocus	+	+	+	+	4
Jean-Claude Béga	+	+	+	+	4
Jan Boullé		+	+	+	3
Didier Koenig*		+	+	+	3
In attendance (not members)					
Patrick Rivalland	+	+	+	+	4
Bernard Theys	+	+	+	+	4

*Resigned as director on 1 July 2018

Matters considered in 2017-2018

During the year under review, the Audit and Risk Committee met four times. Matters discussed included:

REGULAR FINANCIAL MATTERS



- Abridged audited annual financial statements and annual report including full audited financial statements
- Abridged unaudited financial statements for the first, second and third quarters
- Review of management accounts for each quarter
- Reports from the external auditors

INTERNAL AUDIT REPORTS



- Sales review
- Customer Relation Management review
- Edena S.A. post acquisition review

OTHER MATTERS



- Process for appointing external auditors
- Follow-up on internal audit reports & implementation of recommendations
- Revaluation of land and building
- Ratification and recommendation to the Board for approval of audit fees payable to the external auditors

Annual effectiveness review

The Audit and Risk Committee confirms that, for the year under review, it has met its key objectives and carried out its responsibilities effectively in accordance with its Charter.

Corporate Governance Report (continued)

Corporate Governance Committee

The Corporate Governance Committee has been set up in order to advise the Board on matters pertaining to corporate governance and to ensure that the principles of the Code of Corporate Governance are applied. This Committee also acts as the Nomination Committee as well as the Remuneration Committee with respect to non-executive directors. The Corporate Governance Committee of PhoenixBev also acts as Nomination Committee for its holding companies PICL and CICL.

A copy of the Corporate Governance Committee Charter is available on the website of PhoenixBev on: www.phoenixbev.mu

Composition

The Committee is chaired by Sylvia Maigrot, an independent non-executive director, since 1 July 2018 following the decision of Guillaume Hugnin to step down as Chairperson of the Committee. The other members of the Committee are Jan Boullé and Guillaume Hugnin who are both non-executive directors as well as Bernard Theys, executive director.

Attendance at Corporate Governance Committee meetings in 2017-2018

	24 August 2017	30 March 2018	25 June 2018	Total number of meetings attended
Sylvia Maigrot	+	+	+	3
Guillaume Hugnin	+	+	+	3
Jan Boullé	+	+		2
Bernard Theys	+	+	+	3

Matters considered in 2017-2018

During the year under review, the Corporate Governance Committee met three times. Matters discussed included:

CORPORATE GOVERNANCE



- Review of the Corporate Governance Report
- Recommendation of political donations for approval by the Board
- Review of a Board Charter
- Review of a Directors' Charter
- Review of a new Audit and Risk Committee Charter
- Review of a new Corporate Governance Committee Charter

NOMINATION



- Recommendation of the appointment of an independent non-executive director
- Election of directors pursuant to the rotation plan
- Recommendation of change in chairmanship of the Corporate Governance Committee

REMUNERATION



- Review of fees payable to the non-executive directors

Annual effectiveness review

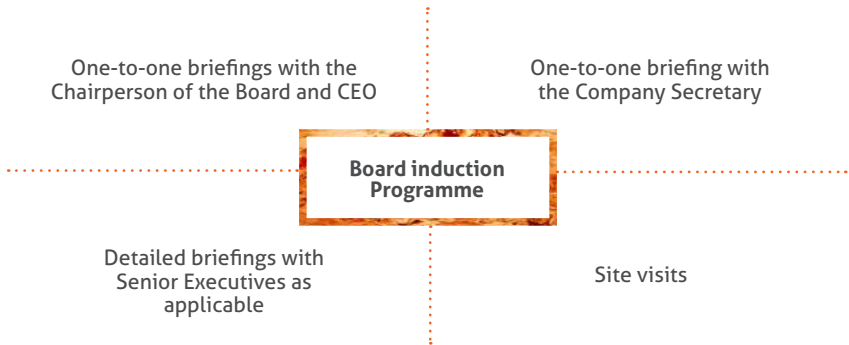
The Corporate Governance Committee confirms that, for the year under review, it has met its key objectives and carried out its responsibilities effectively in accordance with its Charter.

PRINCIPLE 3: DIRECTOR APPOINTMENT PROCEDURES



Board induction

The Company Secretary assists the Chairperson in ensuring that an induction programme is in place for all new directors to enable them to develop a good understanding of the Company and of the Group as a whole. As per the Board Charter, all newly appointed directors receive an induction pack containing documents pertaining to their role, duties and responsibilities.



Corporate Governance Report (continued)

Furthermore, since Phoenix Beverages Limited is listed on the Stock Exchange of Mauritius, every newly appointed Director must submit to this authority, through the Company Secretary, a complete "Declaration of Understanding" questionnaire and a declaration of interests in the Company.

The Company Secretary also submits a copy of the declaration of the director’s interests to the Financial Services Commission.

Professional development and training

Directors are encouraged to keep themselves up to date with the latest workplace trends and professional practices. Professional development programmes are organised by the Company as and when necessary.

Time commitments

Board members are expected to dedicate such time as is necessary for them

to effectively discharge their duties. Directors have a duty to act in the best interests of the Company and are expected to ensure that their other responsibilities do not impinge on their responsibilities as Directors of PhoenixBev.

Succession plan

The Board, upon the recommendation of the Corporate Governance Committee acting as Nomination Committee, is responsible for preparing the succession plan for directors and assessing the

independence of the independent non-executive directors. The Board believes that good succession planning is a key contributor in the delivery of the Company’s strategy. The Board is committed to recognising and nurturing talent within executive and management levels across the Group to ensure that the Group creates opportunities to develop current and future leaders.

PRINCIPLE 4: DIRECTORS’ DUTIES, REMUNERATION AND PERFORMANCE

Directors’ duties

Directors are aware of their legal duties. Once appointed on the Board, directors receive the following documents pertaining to their duties and responsibilities:

- Charters
- Constitution
- Salient features of the Listing Rules and the Securities Act

Interests register, conflicts of interest and related party transactions policy

The Directors’ Charter contains provisions to prevent insider dealing as well as any potential conflict of interest.

In accordance with the Mauritius Companies Act 2001, written records of the interests in shares of Phoenix Beverages Limited held by the officers, directors and their related parties are kept in a register of interests. All newly appointed directors are required to notify the Company Secretary in writing of their direct and indirect holdings in shares of Phoenix Beverages Limited. According to the Constitution of PhoenixBev, a director is not required to hold shares in the Company. As soon as the directors become aware that they are interested in a transaction or that their holdings or their associates’ holdings have changed, the interest must be reported to the Company in writing. The register of interests is updated on a continuous basis with any subsequent transactions entered into by the directors and persons closely associated with them.

Phoenix Beverages Limited being registered as a reporting issuer under the Securities Act 2005 administered by the Financial Services Commission, the Company ensures that it abides by all relevant disclosure requirements.

The register of interests is maintained by the Company Secretary and available to shareholders upon written request being made to the Company Secretary.

The directors and officers of Phoenix Beverages Limited having direct and/or indirect interests in the ordinary shares of the Company at 30 June 2018 were as follows:

Directors	Direct interest		Indirect interest
	Number of shares	Percentage holding (%)	Percentage holding (%)
Arnaud Lagesse	-	-	0.07
Guillaume Hugnin	4,590	0.03	-
Hugues Lagesse	-	-	0.07
Patrick Rivalland	3,057	0.02	-

None of the directors and officers had any interest in the equity of subsidiaries of Phoenix Beverages Limited.

Directors’ and officers’ dealings in shares of Phoenix Beverages Limited

The directors of Phoenix Beverages Limited endeavour to abide by the absolute prohibition principles and notification requirements of the Model Code on Securities Transactions by Directors as stipulated in Appendix 6 of the Listing Rules of the Stock Exchange of Mauritius Ltd.

Phoenix Beverages Limited has set up the appropriate procedures whereby any director wishing to deal in the shares of the Company should first notify the Chairperson of the Company and receive a dated written acknowledgement. Should the Chairperson of the Company decide to deal in the shares of the Company, they must notify the Board and receive a dated written acknowledgement prior to undertaking such dealing.

The directors and officers of the Company are prohibited from dealing in the shares of Phoenix Beverages Limited at any time when they are in possession of unpublished price-sensitive information or for the period of one month prior to the publication of the Company’s quarterly and yearly results and the announcement of dividends and distributions to be paid or passed, as the case may be. This prohibition ends on the date of such publications or announcements.

The directors and officers of Phoenix Beverages Limited are also required to comply with insider trading laws at all times, even when dealing in securities within permitted trading periods. During the year under review, none of the directors dealt in the shares of the Company.

Information, information technology and information security governance

The Board is responsible for the governance of information. It is the role of senior executives to manage information technology and ensure information security.

Since 2011, information governance policies are applicable at PhoenixBev and all employees are continuously encouraged to consult same on a regular basis. The main programs and guidelines covered by the said policies are listed below:

- Antivirus management procedures
- Back up procedures
- Change management procedures
- Data destruction procedures
- Incident management procedures
- Information handling procedures
- Log review procedures
- Patch management procedures
- User account management procedures
- Guidelines cabling security
- Guidelines intellectual property rights
- Guidelines IT team
- Guidelines server rooms
- Guidelines for users

Besides and further to the new regulations on data protection applicable since January 2018 in Mauritius, PhoenixBev has undertaken an exhaustive exercise during the year under review with the assistance of an external expert in order to ensure continuous compliance over time.

Corporate Governance Report (continued)

Code of Ethics

Phoenix Beverages Limited believes that it is essential that all its employees act in a professional manner and extend the highest courtesy to co-workers, visitors, clients and all other stakeholders.

As such, the Phoenix Beverages Group adopted a Code of Ethics. The Code is based on the important principle of respect. This fundamental principle applies to the consumers, customers, employees, shareholders and the communities in which the Group operates.

Moreover, the Code provides guidance to employees on how to behave both in the immediate internal environment as well as for external interactions. It also defines what is regarded as acceptable and not acceptable for the Group as a whole.

All employees are aware of and have taken cognisance the Phoenix Beverages Group's Code of Ethics and it is ensured that same is complied with. Compliance with the Code is continuously monitored by the HR Manager. The Code is available on the website of PhoenixBev on www.phoenixbev.mu

Remuneration policy

Shareholders approve the fees to be paid to the Board members elected by the shareholders at the Annual Meeting. The Annual Meeting held on 15 December 2017 approved fee payments to the Board for the financial year ended 30 June 2018. The shareholders voted in favour of a fixed annual fee to be paid to the directors and no attendance fee. Executive directors do not receive directors' fees.

Directors who are also Board Committee members receive a fixed fee and Chairpersons of these Board Committees receive a higher remuneration fee. The Board Committees' fees are approved by the Board of Directors.

The Board and Board Committees' fees at 30 June 2018 were as follows:

Board	Fees (Rs)
Annual Director's fee	300,000
Corporate Governance Committee	Fees (Rs)
Chairperson's fee	75,000
Member's fee	50,000
Audit and Risk Committee	Fees (Rs)
Chairperson's fee	100,000
Member's fee	75,000

The executive directors and key management personnel of the Company are remunerated by Phoenix Management Company Ltd further to a management contract between the latter and Phoenix Beverages Limited. The remuneration package takes into consideration the financial performance of Phoenix Beverages Limited, individual performance, market norms and best practice.

The remuneration and benefits of the Directors for the year ended 30 June 2018 are set out in the table below:

Directors	Remuneration and Benefits received from the Company (Rs)
Arnaud Lagesse*	300,000
Jean-Claude Béga*	375,000
Jan Boullé*	425,000
François Dalais	300,000
Guillaume Hugnin	375,000
Didier Koenig**	375,000
Hugues Lagesse	300,000
Thierry Lagesse	300,000
Sylvia Maigrot	350,000
Reshan Rambocus	400,000
Patrick Rivalland***	N/A
Bernard Theys***	N/A

Notes:

* The emoluments of Arnaud Lagesse, Jean-Claude Béga and Jan Boullé have been paid to IBL Ltd

** Didier Koenig resigned as director effective from 1 July 2018

*** Bernard Theys and Patrick Rivalland are employed and remunerated by Phoenix Management Company Ltd, the management company of Phoenix Beverages Limited

The Directors of Phoenix Beverages Limited did not receive any remuneration and benefits either from the Company's subsidiaries or from companies on which the Directors serve as representatives of Phoenix Beverages Limited.

Please refer to Statutory Disclosures of the Annual Report.

Incentive schemes

A performance management policy has been established to accompany managers and employees of PhoenixBev in their performance and personal development, through the setting up of annual objectives, competencies and development plans. In this respect, discretionary bonuses are paid in accordance with such targets. The outcome of performance management process is also used for succession planning.

Short-term incentive schemes of executive directors are being overseen by Phoenix Management Company Ltd.

Board evaluation

The Corporate Governance Committee has recommended that an evaluation of the Board and its Directors, which was last done in 2014, be repeated during the next financial year, 2018-2019. The Committee has also recommended that the exercise be conducted by an external facilitator.



Corporate Governance Report (continued)

PRINCIPLE 5: RISK GOVERNANCE AND INTERNAL CONTROL

Risk management

The Directors are responsible for maintaining an effective system of risk management. Whilst the Audit and Risk Committee provides an oversight on risk governance, the nature and risk appetite of PhoenixBev remain the ultimate responsibility of the Board.

The responsibility of the Board in this respect includes, amongst others:

- Ensuring that structures and processes are in place for management of risks
- Identifying the principal risks and uncertainties
- Ensuring that management has developed and implemented the relevant framework
- Ensuring that systems and processes are in place for implementing, maintaining and monitoring internal controls
- Identifying any deficiency in the system of internal control.

Risk management has become an integral part of doing business at Phoenix Beverages Limited. It is the responsibility of the Chief Executive Officer and his dedicated team to establish and maintain a risk management system.

The Chief Executive Officer, in collaboration with his risk management team, identifies potential risks to the Company's business and conducts a rating of the identified risks with respect to both probability of occurrence and severity of impact. Strategies and action plans are established and implemented to manage and mitigate the identified risks.

An annual review process reassesses the evolving probability and severity of the identified risks as well as of new risks emerging. The effectiveness of implemented mitigating actions is also assessed.

The risk report, which can be found on pages 34 to 40 of this report, details the main risk areas identified, mitigating effects and control procedures put in place accordingly.

Financial risk management

For the financial risk management, please refer to pages 127 to 133 – Notes to the Financial Statements.

Internal control

Phoenix Beverages Limited has processes in place for identifying, classifying and managing significant risks. The

effectiveness of the internal control systems is reviewed by the Audit and Risk Committee and provides the Board with reasonable assurance that assets are safeguarded, operations are run effectively and efficiently, financial controls are reliable and that applicable laws and regulations are complied with.

The Board is responsible for the Group's system of internal controls and for

reviewing its effectiveness.

To date, no material financial issues, which would have an impact on the results as reported in these financial statements, have been identified. The Board confirms that if significant weaknesses had been identified during this review, the Board would have taken the necessary steps to remedy them.

PRINCIPLE 6: REPORTING WITH INTEGRITY

The Directors are responsible for preparing the annual report and financial statements in accordance with applicable law and regulations. Company law further requires the Directors to prepare financial statements in accordance with International Financial Reporting Standards for each financial year.

The Directors are also responsible for keeping adequate accounting records, explaining the Company's transactions and disclosing, with reasonable accuracy at any time, the financial position of the Company and the Group. The Directors have the duty to safeguard the assets of the Company and the Group and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

PRINCIPLE 7: AUDIT

Internal audit

The Audit and Risk Committee oversees the internal audit function. The Committee is responsible for the mission and scope, accountability, independence, responsibilities and authority of internal audit.

The mission of internal audit is to:

- Ensure the adequacy and effectiveness of the internal control framework
- Help in the improvement of the processes by which risks are identified and managed
- Assist in the strengthening of the organisation's internal control framework.

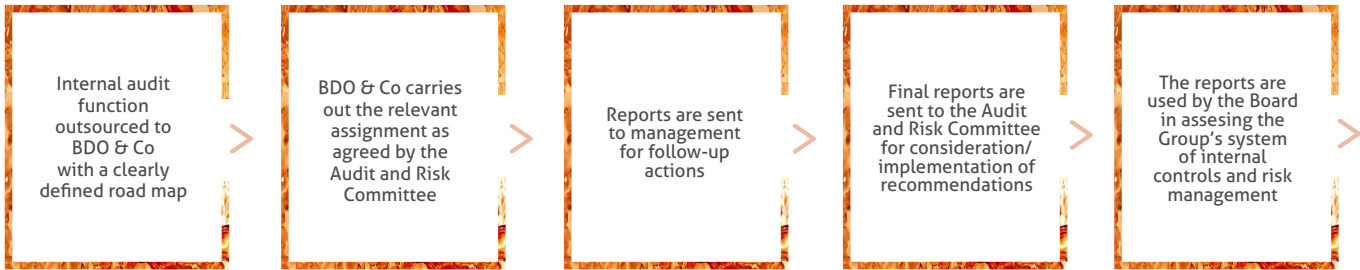
The Group's internal audit function is currently outsourced to BDO & Co for the provision of independent and objective assurance and consultancy services. BDO & Co employs a systematic and disciplined approach with view to evaluate and improve governance and risk management processes including reliability of information, compliance with laws, regulations and procedures, as well as efficient and effective use of resources. The methodology applied is in accordance with the standards of the Institute of Internal Auditors and other relevant governing bodies.

Internal auditors work according to an audit plan agreed with the Audit and Risk Committee. In addition, special reviews and assignments are also performed at the request of management or of the Audit and Risk Committee, as required.

The internal auditors provide regular reports on the areas audited and the completion status of corrective action plans. These reports are also shared with external auditors.

The internal auditors have full, free and unrestricted access to the Audit and Risk Committee and to all functions, records, property and personnel of the Group.

Internal audit process



The various internal audit exercises carried out by BDO & Co during the year have been detailed in the section "Audit and Risk Committee – Matters considered in 2017-2018" of this report.

Corporate Governance Report (continued)

External Audit

The Audit and Risk Committee is responsible for reviewing, with the external auditors, before the audit commences, the auditors’ letter of engagement, the terms, nature and audit scope and approach and ensure no unjustified restrictions or limitations have been placed on the scope. The external auditors, currently Deloitte, have direct access to the Committee should they wish to discuss any matters privately.

Following the amendment of the Finance Act 2016 and the subsequent regulation as regards auditors’ rotation, the Board of PhoenixBev decided to rotate its auditors as from the financial year ending 30 June 2019, from Deloitte to EY, subject to ratification by the Annual Meeting of Shareholders scheduled for December 2018.



Auditors’ independence

The Audit and Risk Committee is responsible for monitoring the auditors’ independence, objectivity and compliance with ethical, professional and regulatory requirements and for maintaining control over the provision of non-audit services.

The external auditors are prohibited from providing non-audit services where their independence might be compromised by later auditing their own work. Any other non-audit services provided by the external auditors are required to be specifically approved by the Audit and Risk Committee. Audit fees are set in a manner that enables an effective external audit on behalf of shareholders. Auditors should ensure that they observe the highest standards of business and professional ethics and, in particular, that their independence is not impaired in any manner.

The remuneration paid to the external auditors, Deloitte, for the year ended 30 June 2018 amounted to Rs 1,965,000 for audit and Rs 157,000 for other services.

PRINCIPLE 8: RELATIONS WITH SHAREHOLDERS AND OTHER KEY STAKEHOLDERS

PhoenixBev’s key stakeholders

The diagram illustrates the key stakeholders of PhoenixBev



Shareholders’ communication

The Board of Directors of Phoenix Beverages Limited places great importance on clear, open and transparent communication with all its shareholders. It endeavours to keep them regularly informed on matters pertaining to and affecting the Company through official press announcements, disclosures in the Annual Report and at the Annual Meeting of Shareholders, which all Board members and shareholders are encouraged to attend.

The Company’s Annual Meeting provides an opportunity for shareholders to raise and discuss matters with the Board relating to the Company and its performance. The Chairpersons of the Audit and Risk Committee and of the Corporate Governance Committee are normally available at the meeting to answer any questions relating to the work of these Board committees. The external auditors are also present. Shareholders attending the Annual Meeting are kept up to date with the Group’s strategy and goals.

The attendance of Directors at the last Annual Meeting of the Company held on 15 December 2017 was as follows:

Directors	Attended Yes/No
Arnaud Lagesse	Yes
Jean-Claude Béga	Yes
Jan Boullé	Yes
François Dalais	No
Guillaume Hugnin	Yes
Didier Koenig	No
Hugues Lagesse	No
Thierry Lagesse	No
Sylvia Maigrot	Yes
Reshan Rambocus	No
Patrick Rivalland	Yes
Bernard Theys	Yes

Corporate Governance Report (continued)

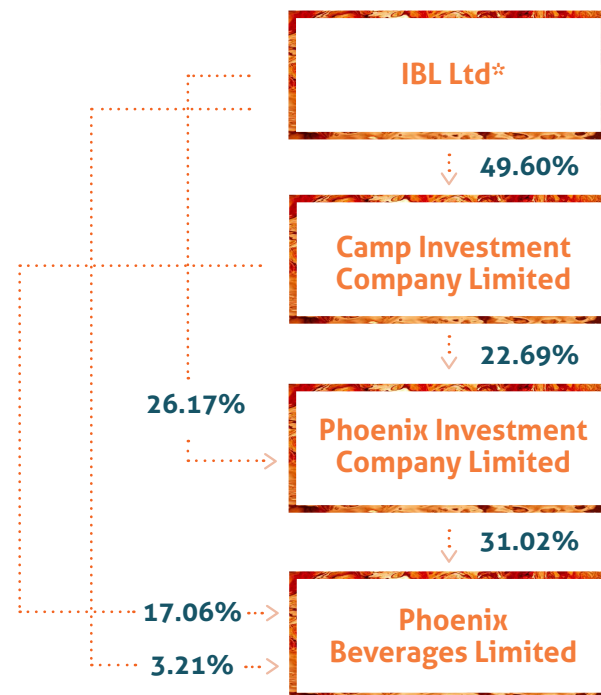
In line with good corporate governance practices, the Chief Executive Officer and the Chief Operations Officer - Chief Financial Officer regularly meet institutional investors and fund managers to discuss the state of affairs of the Company, its subsidiaries and associates.

Shareholding profile

The stated capital of the Company is made up of 16,447,000 ordinary shares of Rs 10.00 each.

Cascade holding structure

The cascade holding structure is as follows:



* IBL Ltd is the ultimate holding company of Phoenix Beverages Limited

Main shareholders

As at 30 June 2018, there were 1,863 shareholders recorded in the share register of the Company.

The ten largest shareholders and those shareholders holding more than five percent of the ordinary shares of the Company as at 30 June 2018 are set out below

Name of shareholder	Number of shares held	Percentage holding (%)
Phoenix Investment Company Limited	5,101,137	31.02
Camp Investment Company Limited	2,805,428	17.06
National Pensions Fund	746,773	4.54
IBL Ltd	527,659	3.21
Swan Life Ltd	413,525	2.51
SSB Kimberlite Frontier Africa Master Fund L.P.R CK	410,921	2.50
Hugnin Frères Ltée	359,812	2.19
Guinness Overseas Limited	316,370	1.92
SSL C/o SSB Boston A/c Russell invest.com PLC	194,555	1.18
Christian Marie Francois LEDOUX	138,900	0.84

Shares in public hands

The percentage shareholding of Phoenix Beverages Limited in public hands as at 30 June 2018 amounted to 48.52%. Therefore, and in accordance with the Listing Rules of the Stock Exchange of Mauritius Ltd, Phoenix Beverages Limited respects the minimum 25% threshold of shareholding to be held by the hands of the public.

Breakdown of share ownership as at 30 June 2018

Size of shareholding	Number of shareholders	Number of shares	Percentage holding (%)
1 – 500 shares	1,058	163,473	0.99
501 – 1,000 shares	200	155,862	0.95
1,001 – 5,000 shares	365	842,366	5.12
5,001 – 10,000 shares	93	657,688	4.00
10,001 – 50,000 shares	124	2,502,444	15.22
50,001 – 100,000 shares	9	628,920	3.82
Above 100,000 shares	14	11,496,247	69.90
	1,863	16,447,000	100.00

Category			
Individuals	1,679	3,726,379	22.66
Insurance & assurance companies	8	485,276	2.95
Pensions & provident funds	41	1,246,717	7.58
Investment & trust companies	16	7,974,121	48.48
Other corporate bodies	119	3,014,507	18.33
	1,863	16,447,000	100.00

Note: The above number of shareholders is indicative, due to consolidation of multi-portfolios for reporting purposes.

Corporate Governance Report (continued)

Share Registry and Transfer Office

The Company's Share Registry and Transfer Office is administered by Ocorian Corporate Administrators Limited (formerly known as Abax Corporate Administrators Ltd).

Share price information

The share price of Phoenix Beverages Limited increased over the past year from Rs 455.00 at 30 June 2017 to Rs 600.00 at 30 June 2018

Date	Share Price (Rs)	Yearly Change (%)
30 June 2014	195.00	(3.7)
30 June 2015	325.00	66.7
30 June 2016	366.00	12.6
30 June 2017	455.00	24.3
30 June 2018	600.00	31.9

Dividend policy

No formal dividend policy has been determined by the Board. Dividend payments are determined by the profitability of the Company, its cash flow, its future investment and growth opportunities. The Board of Directors of Phoenix Beverages Limited decided that, based on management forecasts and the Group's profitability, an interim dividend would be paid in December 2017 and a final dividend in June 2018. Each dividend paid was subject to the satisfaction of the corresponding solvency test.

An interim dividend of Rs 3.90 per ordinary share was declared in November 2017 and a final dividend of Rs 7.00 per ordinary share was declared in May 2018, bringing the total dividend declared for the financial year under review to Rs 10.90 per ordinary share.

Key dividend information over the past five years is shown in the table below:

Date	2018	2017	2016	2015	2014
Dividend per share (Rs)	10.90	10.25	9.60	9.00	8.40
Dividend cover (Number of times)	2.64	2.35	2.22	2.16	4.19
Dividend yield (%)	1.82	2.25	2.62	2.77	4.31

To date, a small number of dividend cheques remain outstanding. Shareholders who have not yet received their dividend cheques are requested to contact Ocorian Corporate Administrators Limited (formerly known as Abax Corporate Administrators Ltd), the Company's Share Registry and Transfer Office.

Total shareholder's return

The total return for shareholders over the last five years is shown below:

	2018	2017	2016	2015	2014
Share price at 30 June, current year (Rs)	600.00	455.00	366.00	325.00	195.00
Share price at 30 June, previous year (Rs)	455.00	366.00	325.00	195.00	202.50
(Decrease) / Increase in share price (Rs)	145.00	89.00	41.00	130.00	(7.50)
Dividend, current year (Rs)	10.90	10.25	9.60	9.00	8.40
Total return per share (Rs)	155.90	99.25	50.60	139.00	0.90
Total return based on previous year share price (%)	34.3	27.1	15.6	71.3	0.4

Calendar of forthcoming shareholders' events



Arnaud Lagesse

Chairperson

Sylvia Maigrot

Chairperson of the Corporate Governance Committee

5 September 2018

Statement of Compliance

(Section 75(3) of the Financial Reporting Act)

Name of PIE: Phoenix Beverages Limited (the "Company")

Reporting Period: 30 June 2018

We, the Directors of Phoenix Beverages Limited, confirm that, to the best of our knowledge, the Company has not fully applied the principles of the Code of Corporate Governance, for the reasons stated below:

Areas of non-application of the Code		Explanation for non-application
Principle 4	The Board has not conducted an evaluation of the effectiveness of the Board, its committees and its individual directors this year.	An evaluation exercise will be carried out during the financial year 2018-2019. The Board has also decided that evaluations will be carried out as and when deemed necessary, or at least every three years.
	Details of the remuneration paid to the executive directors on an individual basis are not disclosed.	The executive directors are not employed by the Company. The explanation can be found on page 87 of the Corporate Governance Report.
Principles 3 & 8	Every Directors should be elected or re-elected every year by separate resolution at the Annual Meeting of shareholders.	The rotation plan of the Directors, as per the Constitution of the Company and which is reviewed by the Corporate Governance Committee, provides for election/re-election of three Directors every year at the Annual Meeting of shareholders.



Arnaud Lagesse

Chairperson



Sylvia Maigrot

Chairperson of the Corporate
Governance Committee

5 September 2018

Statement of Directors' Responsibilities

The Directors are responsible for the preparation of financial statements which give a true and fair view of the financial position, financial performance and cash flows of the Group and the Company and comply with the Companies Act 2001 and with International Financial Reporting Standards.

They are also responsible for safeguarding the assets of the Group and the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Other main responsibilities of the Board of Directors include assessment of the Management team's performance relative to corporate objectives, overseeing the implementation and upholding of good corporate governance practices, acting as the central coordination body for the monitoring and reporting of sustainability performance of the Group and ensuring timely and comprehensive communication to all stakeholders on events significant to the Group.

Accounting records to be kept

The Board of Directors shall cause accounting records to be kept that:

- correctly record and explain the transactions of the Company
- at any time enable the financial position of the Company to be determined with reasonable accuracy
- enable the Directors to prepare financial statements that comply with the Companies Act 2001 and International Financial Reporting Standards.

In preparing those financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently
- make judgements and estimates that are reasonable and prudent
- state whether or not the Companies Act 2001 and International Financial Reporting Standards have been adhered to and explain material departures thereto
- prepare these financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors confirm that they have complied with the above requirements in preparing the financial statements.

The Board acknowledges its responsibility for ensuring the preparation of the annual financial statements in accordance with International Financial Reporting Standards and the responsibility of external auditors to report on these financial statements.

The Board also acknowledges its responsibility for ensuring the maintenance of adequate accounting records and an effective system of internal controls and risk management. A firm of accountants has been appointed as Internal Auditors to ensure the adequacy and effectiveness of the internal control framework.

The Board of Directors confirms that it endeavours to implement corporate governance best practice.

Nothing has come to the Board's attention, to indicate any material breakdown in the functioning of the internal controls and systems during the period under review, which could have a material impact on the business. The financial statements are prepared from the accounting records on the basis of consistent use of appropriate accounting policies supported by reasonable and prudent judgements. The Board estimates that fairly present the state of affairs of the Group and the Company.

The Board of Directors confirms that it is satisfied that Camp Investment Company Limited has adequate resources to continue in business for the foreseeable future. For this reason, it continues to adopt the going concern basis when preparing the financial statements.



Reshan Rambocus

Director



Bernard Theys

Executive Director
CEO

5 September 2018

"Group profit for the year is up by 19.5% from last year, which confirms the relevance of the judicious strategic decisions taken over the past few years."

OUR FINANCIAL STATEMENTS

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STATUTORY DISCLOSURES - 30 JUNE 2018

(Pursuant to Section 221 of the Mauritius Companies Act 2001 and Section 88 of the Securities Act 2005)

Principal activities

The principal activities of the Group consist of:

- brewing of beer, bottling and sale of beer, soft drinks, table water and alternative beverages; and
- manufacture and sale of glass-made products.

Directors

The name of the Directors of Phoenix Beverages Limited and its subsidiaries holding office as at 30 June 2018 were as follows:

	Phoenix Beverages Limited	Edena S.A.	Espace Solution Reunion S.A.S	Helping Hands Foundation	MBL Offshore Ltd	Phoenix Beverages Overseas Ltd	Phoenix Camp Min-erals Offshore Ltd	Phoenix Distribu-tors Ltd	Phoenix Foundation	Phoenix Réunion SARL	SCI Edena	The (Mauritius) Glass Gallery Ltd
Directors												
Arnaud Lagesse	*				*							
Jean-Claude Béga	*	*										*
Jan Boullé	*											
François Dalais	*				*	*		*				
Guillaume Hugnin	*											
Didier Koenig	*											
Hugues Lagesse	*											
Thierry Lagesse	*				*	*	*		*			
Sylvia Maigrot	*											
Charles Prettejohn												*
Reshan Rambocus	*	*		*					*			*
Patrick Rivalland				*								
Paul Rose				*								
Bernard Theys	*	*	*	*	*	*	*	*	*	*	*	*
Alternate Directors												
Jean-Pierre Dalais (Alternate to François Dalais)	*											

No changes occurred in the directorships of Phoenix Beverages Limited during the year under review.

Yvan Mainix was appointed as independent non-executive direction on 1 July 2018 in replacement of Didier Koenig.

Directors’ service contracts

One Director of Phoenix Beverages Limited has a service contract with expiry terms with Phoenix Management Company Ltd, a subsidiary of Camp Invesment Company Limited.

One Director of Phoenix Beverages Limited has a service contract with no expiry terms with Phoenix Management Company Ltd, a subsidiary of Camp Investment Company Limited.

Statutory Disclosures (continued)

30 June 2018 (Pursuant to Section 221 of the Mauritius Companies Act 2001 and Section 88 of the Securities Act 2005)

Directors' and Senior Officers' interests in shares

The direct and indirect interest of the Directors and Senior Officers in the securities of the Company as at 30 June 2018 were:

	Direct interest		Indirect interest
	Number of shares	%	%
Directors			
Arnaud Lagesse	–	–	0.07
Jean-Claude Béga	–	–	–
Jan Boullé	–	–	–
François Dalais	–	–	–
Guillaume Hugnin	4,590	0.03	–
Didier Koenig	–	–	–
Hugues Lagesse	–	–	0.07
Thierry Lagesse	–	–	–
Sylvia Maigrot	–	–	–
Reshan Rambocus	–	–	–
Patrick Rivalland	3,057	0.02	–
Bernard Theys	–	–	–
Alternate Directors			
Jean-Pierre Dalais	–	–	–
Senior Managers			
Nicolas Caboche	–	–	–
Frédéric Dubois	–	–	–
Gerard Merle	–	–	–
Rama Narayya	–	–	–
Gervais Rambert	–	–	–
Patrice Sheik Bajeet	–	–	–
Antis Treebhoobun	–	–	–
Company Secretary			
IBL Management Ltd	–	–	–

The Directors, the Alternate Directors, the Senior Managers and the Company Secretary did not hold any shares in the subsidiaries of the Company whether directly or indirectly.

Contracts of significance

During the year under review, there was no contract of significance to which Phoenix Beverages Limited, or one of its subsidiaries, was a party and in which a Director of Phoenix Beverages Limited was materially interested, either directly or indirectly.

Directors' remuneration and benefits

Total of the remuneration and benefits received, or due and receivable, by the Directors from the Company and its subsidiaries are disclosed below:

	2018		2017	
	Executive Directors Rs'000	Non-Executive Directors Rs'000	Executive Directors Rs'000	Non-Executive Directors Rs'000
The Company				
Phoenix Beverages Limited	–	3,500	–	3,158
The Subsidiaries				
Helping Hands Foundation	–	–	–	–
MBL Offshore Ltd	–	–	–	–
Phoenix Beverages Overseas Ltd	–	–	–	–
Phoenix Camp Minerals Offshore Ltd	–	–	–	–
Phoenix Distributors Ltd	–	–	–	–
Phoenix Foundation	–	–	–	–
Phoenix Reunion SARL	–	–	–	–
The (Mauritius) Glass Gallery Ltd	–	–	–	–
Edena S.A.	–	–	–	–
Espace Solution Réunion S.A.S.	–	–	–	–
SCI Edena	–	–	–	–

All the Executive Directors are engaged in full-time employment.

Indemnity insurance

During the year, the indemnity insurance cover was renewed in respect of the liability of the Directors and key officers of the Company and its subsidiaries.

Substantial shareholders

The following shareholders are directly interested in 5% or more of the ordinary share capital of the Company:

	Interest %	Number of shares
Camp Investment Company Limited	17.06	2,805,428
Phoenix Investment Company Limited	31.02	5,101,137

Except for the above, no shareholder has any material interest of 5% or more of the equity share capital of the Company.

Contract of significance with controlling shareholders

The Company has a management contract with Phoenix Management Company Ltd, a subsidiary of Camp Investment Company Limited. The key management personnel of the Company is remunerated by Phoenix Management Company Ltd.

Statutory Disclosures (continued)

30 June 2018 (Pursuant to Section 221 of the Mauritius Companies Act 2001 and Section 88 of the Securities Act 2005)

Donations

	2018 Rs'000	2017 Rs'000
The Company		
Phoenix Beverages Limited – Corporate Social Responsibility	7,044	8,388
– Others	544	411

The subsidiaries have not made any donation during the years 2018 and 2017.

Auditors' remuneration

The fees payable to the auditors for audit and other services were:

	2018		2017	
	Audit Rs'000	Other services Rs'000	Audit Rs'000	Other services Rs'000
DELOITTE				
The Company				
Phoenix Beverages Limited	1,641	110	1,563	97
The Subsidiaries				
Helping Hands Foundation	–	–	–	–
Mauritius Breweries International Ltd	–	–	6	–
MBL Offshore Ltd	22	10	21	9
Phoenix Beverages Overseas Ltd	99	10	95	9
Phoenix Camp Minerals Offshore Ltd	22	10	21	9
Phoenix Distributors Ltd	7	–	6	–
Phoenix Foundation	–	–	–	–
The (Mauritius) Glass Gallery Ltd	174	17	166	16
	1,965	157	1,878	140
EXCO Reunion audit	Eur'000	Eur'000	Eur'000	Eur'000
Phoenix Reunion SARL	20	–	19	–
EXA	Eur'000	Eur'000	Eur'000	Eur'000
Edena S.A.	37	1	37	1
Espace Solution Réunion S.A.S.	6	–	6	–
	43	1	43	1

Other services relate to tax services.

Company Secretary's Certificate

In terms of Section 166(d) of the Mauritius Companies Act 2001, we certify that, to the best of our knowledge and belief, the Company has filed with the Registrar of Companies, for the financial year ended 30 June 2018, all such returns as are required of the Company under the Mauritius Companies Act 2001.



Doris Dardanne
Per IBL Management Ltd
Company Secretary

5 September 2018

Independent Auditor’s Report to the Shareholders

of Phoenix Beverages Limited

Report on the audit of the consolidated and separate financial statements

Opinion

We have audited the consolidated and separate financial statements of Phoenix Beverages Limited (the “Company”) and its subsidiaries (collectively referred to as the “Group”) set out on pages 112 to 167, which comprise the consolidated and separate statements of financial position as at 30 June 2018, and the consolidated and separate statements of profit or loss and other comprehensive income, consolidated and separate statements of changes in equity and consolidated and separate statements of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated and separate financial statements give a true and fair view of the financial position of the Group and Company as at 30 June 2018, and of their consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) and comply with the requirements of the Mauritius Companies Act 2001 and the Financial Reporting Act 2004.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those Standards are further described in the *Auditor’s Responsibilities for Audit of the Consolidated and Separate Financial Statements* section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants’ code of Ethics for Professional Accountants (IESBA Code) and we have fulfilled our ethical responsibilities in accordance with IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated and separate financial statements of the current year. These matters were addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How the matter was addressed in the audit
<p>Valuation of properties</p> <p>The carrying value of properties amounted to Rs1.8 billion and the fair value adjustments in respect of properties recorded in other comprehensive income for the year was Rs 160.8 million.</p> <p>The properties of the Group and the Company comprise of owner-occupied land and buildings. Management appointed an independent valuer to determine the fair values of the land and buildings.</p> <p>Significant judgement is required by management in determining the fair value of properties. Accordingly the valuation of properties is considered to be a key audit matter due to the significance of the balance to the financial statements as a whole, combined with the judgement associated in determining the fair value.</p>	<p>We assessed the credentials of the independent valuer. In addition, we discussed the scope of their work with management and reviewed the terms of the engagement to determine that there were no matters that imposed scope limitations. We assessed that the approaches used were consistent with IFRS and valuation norms:</p> <p>We evaluated management’s judgement, in particular:</p> <ul style="list-style-type: none">• The methods used by management• The significant assumptions including comparable market data, depreciation rates and replacement costs. <p>We compared these inputs to market data to assess the appropriateness of these judgements.</p> <p>Furthermore, we tested a selection of data inputs underpinning the valuation against appropriate supporting documentation to assess the accuracy, reliability and completeness thereof.</p> <p>The carrying values and disclosures pertaining to the revaluation of properties were found to be reasonable.</p>

Key audit matters (continued)

Key audit matter	How the matter was addressed in the audit
<p>Goodwill and trademarks</p> <p>Goodwill of Rs 595 million arising from the acquisition of businesses in previous years is recognised in the financial statements at cost less impairment.</p> <p>The Group and the Company has also acquired in previous years trademarks for an amount of Rs.193m.</p> <p>In accordance with IAS 36, impairment assessment is required to be carried out annually to assess the carrying amount of goodwill and trademarks. This is performed by using discounted cash flow models. Assessments of carrying value of goodwill and trademarks entails key sensitive judgements including revenue growth, operating margins and discount rates and is accordingly considered to be a key audit matter.</p>	<p>Our procedures which included the involvement of our internal valuation experts consisted of the following:</p> <ul style="list-style-type: none">• Validating assumptions used to calculate the weighted average cost of capital by making reference to market data• Analysing the future projected cash flows used in the model to determine whether they are reasonable and supportable given the current market conditions and expected future performance of the cash generating units• Subjecting the key assumptions to sensitivity analysis• Comparing the projected cash flows, including the assumptions relating to revenue growth rates and operating margins, against historical performance to test the accuracy of these projections. <p>We observed that the assumptions used by management were comparable with historical performance, expected future outlook and the discount rates used were appropriate in the circumstances. We consider the carrying value of goodwill and trademarks to be reasonable.</p>
<p>Valuation of unlisted investments (separate financial statements)</p> <p>Investments in subsidiaries are carried at fair value at an amount of Rs1.03bn. In determining the fair value of the subsidiary companies, which are not traded in an active market, valuation techniques which require significant judgement and estimates are applied by management.</p> <p>The valuation of these investments are based on discounted cash flow valuation technique. The use of discounted cash flow valuation requires the estimation of a number of significant inputs, including the future expected cash flows and the weighted average cost of capital used to perform the discounting. Many of these inputs may have a material impact on the valuation.</p> <p>Accordingly, the valuation of investments in subsidiaries is considered to be a key audit matter, due to the significance of the assumptions, estimates and the level of judgement involved.</p>	<p>Our procedures involved the following:</p> <p>The procedures performed included the following:</p> <ul style="list-style-type: none">• Testing the mathematical accuracy of the valuation models• Assessing the reasonableness of the forecasts used in the fair value exercise• Comparing actual performance to that of previous years forecast• We have assessed the key inputs in the valuation models by comparing the inputs to the weighted average cost of capital discount rate to independently obtained data such as the cost of debt, risk free rates in the market, specific risk premium, debt/equity ratios as well as the beta of comparable companies• Utilising our internal valuation experts who have assessed the reasonableness and appropriateness of the key inputs. <p>We inspected the disclosures in the financial statements in relation to the valuation of unlisted investments for compliance with the relevant accounting requirements.</p> <p>We consider the fair value of investments in subsidiaries to be reasonable.</p>

Independent Auditor’s Report to the Shareholders

of Phoenix Beverages Limited (continued)

Key audit matters (continued)

Key audit matter	How the matter was addressed in the audit
<p>Long-term receivables (separate financial statements)</p> <p>The Company has long-term receivables from its subsidiaries amounting to Rs 127 million.</p> <p>In accordance with IAS 36, impairment assessment is required to be carried out annually to assess the carrying amount of the long-term receivables. This is performed by using discounted cash flow models. Assessment of carrying value of the long-term receivables entails key sensitive judgements including future projected repayment terms and discount rate and is accordingly considered to be a key audit matter.</p>	<p>Our procedures included:</p> <ul style="list-style-type: none">Independently validate the assumptions used by management to determine the discount rateAnalysing the future projected cash flows used in the model to determine whether they are reasonable and supportable given the current market conditions and expected future performance of the subsidiariesDiscussing with management on the basis of determining the repayment period of the long term-receivables. <p>We observed that the assumptions used by management, future projected repayment terms and the discount rate used were appropriate in the circumstances. We consider the carrying value of the long term receivables to be reasonable.</p>
<p>Retirement benefit obligation</p> <p>The Group and the Company have recognised retirement benefit obligation of Rs 61.2 million and Rs 60.7 million respectively.</p> <p>Management has applied judgement in choosing appropriate actuarial assumptions to determine the retirement benefits and has involved an actuary to calculate the obligation. The significant assumptions used have been disclosed in Note 17.</p> <p>The valuation of retirement benefits is considered to be a key audit matter due to the judgement associated with determining the appropriate actuarial assumption.</p>	<p>We assessed the competence, capabilities and objectivity of the independent actuary and verified their qualifications.</p> <p>The procedures performed included the following:</p> <ul style="list-style-type: none">Assessed and discussed the assumptions usedCompared the assumptions used such as discount rate and annual salary increment with industry and historical data.Verified the data used by the actuary with the payroll report for completeness and accuracy.Utilised our internal experts who have assessed the reasonableness and appropriateness of the actuarial assumptions. <p>We found the assumptions used by management to be reasonable. The accounting treatment and related disclosures were in accordance with the underlying accounting standards.</p>

Report on other legal and regulatory requirements

Mauritius Companies Act 2001

In accordance with the requirements of the Mauritius Companies Act 2001, we report as follows:

- we have no relationship with, or interest in, the Company and its subsidiaries other than in our capacity as auditor and tax advisor;
- we have obtained all information and explanations that we have required; and
- in our opinion, proper accounting records have been kept by the Company as far as appears from our examination of those records.

The Financial Reporting Act 2004

The directors are responsible for preparing the Corporate Governance Report. Our responsibility is to report on the extent of compliance with the Code of Corporate Governance as disclosed in the Integrated Report and on whether the disclosure is consistent with the requirements of the Code.

In our opinion, the disclosure in the Corporate Governance Report is consistent with the requirements of the Code.

Other information

The directors are responsible for the other information. The other information comprises the Statutory Disclosures and the Company Secretary’s Certificate, which we obtained prior to the date of this auditor’s report and other reports that will be included in the Integrated Report which are expected to be made available to us after that date. The other information does not include the Corporate Governance Report, the consolidated and separate financial statements and our auditor’s report thereon.

Our opinion on the Corporate Governance Report and the consolidated and separate financial statements does not cover the other information and we do not express any form of assurance or conclusion thereon.

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

When we read the other reports which shall be made available to us after the date of this auditor’s report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of directors for the consolidated and separate financial statements

The directors are responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with International Financial Reporting Standards, and in compliance with the requirements of the Mauritius Companies Act 2001 and the Financial Reporting Act 2004 and they are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

The directors are responsible for overseeing the Group’s and the Company’s financial reporting process.

Independent Auditor’s Report to the Shareholders

of Phoenix Beverages Limited (continued)

Auditor’s responsibilities for the audit of the consolidated and separate financial statements

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

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

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

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

This report is made solely to the Company’s shareholders, as a body, in accordance with Section 205 of the Mauritius Companies Act 2001. Our audit work has been undertaken so that we might state to the Company’s shareholders those matters we are required to state to them in an auditor’s report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company’s shareholders as a body, for our audit work, for this report, or for the opinions we have formed.



Deloitte
Chartered Accountants



L. Yeung Sik Yuen, ACA
Licensed by FRC

5 September 2018

Statements of Financial Position

for the year ended 30 June 2018

Notes	THE GROUP		THE COMPANY	
	2018 Rs'000	2017 Rs'000	2018 Rs'000	2017 Rs'000
ASSETS				
Non-current assets				
Property, plant and equipment	5	3,772,624	3,594,311	3,358,461
Intangible assets	6	796,171	788,708	199,732
Investments in subsidiaries	7	-	-	1,033,853
Investments in associate	8	9,697	8,302	7,257
Investments in financial assets	9	3,109	3,090	2,091
Long-term receivables	10	-	-	127,302
		4,581,601	4,394,411	4,728,696
Current assets				
Inventories	11	885,923	855,645	706,942
Trade and other receivables	12	725,193	605,951	383,656
Current tax assets	19(b)	16,645	-	3,513
Bank and cash balances	28(b)	110,413	184,603	50,272
		1,738,174	1,646,199	1,144,383
Total assets		6,319,775	6,040,610	5,873,079
EQUITY AND LIABILITIES				
Capital and reserves				
Stated capital	13	366,962	366,962	366,962
Other reserves	14	1,081,871	916,591	1,268,229
Retained earnings		2,701,766	2,326,143	2,630,638
Equity attributable to owners of the Company		4,150,599	3,609,696	4,265,829
Non-controlling interests		(4,449)	(3,261)	-
Total equity		4,146,150	3,606,435	4,265,829
Non-current liabilities				
Borrowings	15	589,775	685,352	489,366
Deferred tax liabilities	16	318,161	239,473	312,262
Retirement benefit obligation	17	61,160	182,586	60,661
Deferred revenue	20	45,358	53,085	-
		1,014,454	1,160,496	862,289
Current liabilities				
Trade and other payables	18	1,033,986	903,526	675,033
Borrowings	15	116,454	339,826	69,928
Current tax liabilities	19(b)	-	21,758	-
Deferred revenue	20	8,731	8,569	-
		1,159,171	1,273,679	744,961
Total equity and liabilities		6,319,775	6,040,610	5,873,079

These financial statements have been approved by the Board of Directors and authorised for issue on 5 September 2018:



Reshan Rambocus
Director



Bernard Theys
Executive Director - CEO

The notes on pages 117 to 167 form an integral part of these financial statements.
Auditor's report is on page 106 to 111.

Statements of Profit or Loss and Other Comprehensive Income

for the year ended 30 June 2018

Notes	THE GROUP		THE COMPANY	
	2018 Rs'000	2017 Rs'000	2018 Rs'000	2017 Rs'000
Revenue	2(q)	7,250,973	6,414,909	6,016,982
Manufacturing costs	22	(2,974,450)	(2,742,486)	(2,324,438)
Excise and other specific duties	22	(2,165,791)	(1,856,849)	(2,165,791)
Cost of sales		(5,140,241)	(4,599,335)	(4,490,229)
Gross profit		2,110,732	1,815,574	1,526,753
Other income	24	42,655	85,493	79,409
Marketing, warehousing, selling and distribution expenses	22	(963,293)	(905,446)	(696,278)
Administrative expenses	22	(558,328)	(434,332)	(375,188)
Profit before finance costs	25	631,766	561,289	534,696
Finance costs	26	(37,385)	(47,535)	(33,817)
Share of results of associate	8(a)	91	390	-
Profit before tax		594,472	514,144	500,879
Tax expense	19(c)	(121,880)	(118,681)	(92,235)
Profit for the year		472,592	395,463	408,644
Other comprehensive income:				
<i>Items that will not be reclassified subsequently to profit or loss:</i>				
Gain on revaluation of property	5	160,772	-	160,772
Deferred tax on revaluation of property	16	(13,241)	-	(13,241)
		147,531	-	147,531
Remeasurements of post employment benefit obligations	17	101,458	45,023	101,275
Deferred tax on post employment benefit obligations	16	(17,217)	(7,654)	(17,217)
		231,772	37,369	231,589
<i>Items that may be reclassified subsequently to profit or loss:</i>				
Increase in fair value		-	-	122,719
Exchange differences on translating foreign operations		13,319	(1,219)	-
Other movements in associate	8(a)	1,304	536	-
		14,623	(683)	122,719
Total other comprehensive income		246,395	36,686	354,308
Total comprehensive income for the year		718,987	432,149	762,952
Profit/(loss) attributable to:				
Owners of the Company		473,824	396,373	408,644
Non-controlling interests		(1,232)	(910)	-
		472,592	395,463	408,644

Total comprehensive income/(loss) attributable to:

Owners of the Company	720,175	433,059	762,952	412,118
Non-controlling interests	(1,188)	(910)	-	-
	718,987	432,149	762,952	412,118
Earnings per share (Rs.cs) - Basic	27	28.81	24.10	

The notes on pages 117 to 167 form an integral part of these financial statements.
Auditor's report is on page 106 to 111.

Statements of Changes in Equity

for the year ended 30 June 2018

THE GROUP								
	Notes	(Attributable to owners of the Company)						Total Rs'000
		Share capital Rs'000	Share premium Rs'000	Revaluation and other reserves Rs'000	Fair value reserve Rs'000	Retained earnings Rs'000	Total Rs'000	Non- controlling interests Rs'000
At 1 July 2017		164,470	202,492	914,340	2,251	2,326,143	3,609,696	(3,261)
Profit/(loss) for the year		–	–	–	–	473,824	473,824	(1,232)
Other comprehensive income for the year		–	–	160,850	1,304	84,197	246,351	44
Total comprehensive (loss)/income for the year		–	–	160,850	1,304	558,021	720,175	(1,188)
Transfer		–	–	3,126	–	(3,126)	–	–
Dividends	21	–	–	–	–	(179,272)	(179,272)	–
At 30 June 2018		164,470	202,492	1,078,316	3,555	2,701,766	4,150,599	(4,449)
At 1 July 2016		164,470	202,492	915,559	1,715	2,060,983	3,345,219	(2,351)
Profit/(loss) for the year		–	–	–	–	396,373	396,373	(910)
Other comprehensive loss for the year		–	–	(1,219)	536	37,369	36,686	–
Total comprehensive (loss)/income for the year		–	–	(1,219)	536	433,742	433,059	(910)
Dividends	21	–	–	–	–	(168,582)	(168,582)	–
At 30 June 2017		164,470	202,492	914,340	2,251	2,326,143	3,609,696	(3,261)

The notes on pages 117 to 167 form an integral part of these financial statements.
Auditor's report is on page 106 to 111.

THE COMPANY

	Notes	Share capital Rs'000	Share premium Rs'000	Revaluation and other reserves Rs'000	Fair value reserve Rs'000	Retained earnings Rs'000	Total Rs'000
At 1 July 2017		164,470	202,492	917,858	80,121	2,317,208	3,682,149
Profit for the year		–	–	–	–	408,644	408,644
Other comprehensive income for the year		–	–	147,531	122,719	84,058	354,308
Total comprehensive income for the year		–	–	147,531	122,719	492,702	762,952
Dividends	21	–	–	–	–	(179,272)	(179,272)
At 30 June 2018		164,470	202,492	1,065,389	202,840	2,630,638	4,265,829
At 1 July 2016		164,470	202,492	917,858	73,117	2,080,676	3,438,613
Profit for the year		–	–	–	–	367,745	367,745
Other comprehensive income for the year		–	–	–	7,004	37,369	44,373
Total comprehensive income for the year		–	–	–	7,004	405,114	412,118
Dividends	21	–	–	–	–	(168,582)	(168,582)
At 30 June 2017		164,470	202,492	917,858	80,121	2,317,208	3,682,149

The notes on pages 117 to 167 form an integral part of these financial statements.
Auditor's report is on page 106 to 111.

Statements of Cash Flows

for the year ended 30 June 2018

		THE GROUP		THE COMPANY	
	Notes	2018 Rs'000	2017 Rs'000	2018 Rs'000	2017 Rs'000
Cash flows from operating activities					
Cash generated from operations	28(a)	905,886	718,110	793,626	557,828
Interest received		957	1,687	953	1,683
Interest paid		(37,385)	(43,166)	(33,817)	(37,373)
Contributions paid on pension		(30,934)	(12,576)	(30,934)	(12,576)
Tax paid	19(b)	(105,997)	(92,074)	(41,746)	(70,419)
CSR contribution		(6,163)	(8,388)	(6,163)	(8,388)
Net cash generated from operating activities		726,364	563,593	681,919	430,755
Cash flows from investing activities					
Purchase of property, plant and equipment		(291,255)	(390,098)	(264,436)	(361,489)
Proceeds from disposal of plant and equipment		2,166	8,806	2,005	7,593
Purchase of intangible assets	6	(5,016)	(1,969)	(4,552)	(1,000)
Dividends received		84	79	40,014	39,909
Net cash used in investing activities		(294,021)	(383,182)	(226,969)	(314,987)
Cash flows from financing activities					
Repayment of borrowings		(185,405)	(165,967)	(152,528)	(131,526)
Finance leases principal payments		-	(2,759)	-	(2,759)
Dividends paid to Company's owners		(179,272)	(168,582)	(179,272)	(168,582)
Net cash used in financing activities		(364,677)	(337,308)	(331,800)	(302,867)
Increase/(decrease) in cash and cash equivalents		67,666	(156,897)	123,150	(187,099)
Movement in cash and cash equivalents					
At 1 July,		23,083	179,994	(76,564)	109,810
Effect of foreign exchange rate changes		5,228	(14)	3,667	725
Increase/(decrease)		67,666	(156,897)	123,150	(187,099)
At 30 June,	28(b)	95,977	23,083	50,253	(76,564)

The notes on pages 117 to 167 form an integral part of these financial statements.
Auditor's report is on page 106 to 111.

Notes to the Financial Statements

for the year ended 30 June 2018

1. GENERAL INFORMATION

Phoenix Beverages Limited is a public limited company incorporated and domiciled in Mauritius. The Directors regard Phoenix Investment Company Limited and IBL Ltd as the holding company and ultimate holding Company of Phoenix Beverages Limited respectively. All three Companies are incorporated in Mauritius and their registered office are at 4th Floor, IBL House, Caudan Waterfront, Port Louis.

These financial statements will be submitted for consideration and approval at the forthcoming Annual Meeting of shareholders of the Company.

The Company and its ultimate holding company are quoted on the official list of the Stock Exchange of Mauritius.

2. 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 the years presented, unless otherwise stated.

(a) Basis of preparation

The financial statements comply with the Mauritius Companies Act 2001 and have been prepared in accordance with International Financial Reporting Standards (IFRS). The financial statements are prepared under the historical cost convention, except that:

- (i) freehold land and buildings are carried at revalued amounts
- (ii) available-for-sale financial assets are stated at their fair value as disclosed in the accounting policies hereafter.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2, leasing transactions that are within the scope of IAS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 or value in use in IAS 36.

The financial statements include the consolidated financial statements of the Company and its subsidiaries ("the Group") and the separate financial statements of the Company ("the Company").

Comparative figures have been regrouped where necessary to conform to the current year's presentation.

APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSs)

In the current year, the Group has applied all of the new and revised Standards and Interpretations issued by the International Accounting Standards Board ("IASB") and the International Financial Reporting Interpretations Committee ("IFRIC") of the IASB that are relevant to its operations and effective for accounting periods beginning on 1 July, 2017.

2.1 Revised Standards applied with no material effect on the financial statements

- IAS 7 Statement of Cash Flows - Amendments as a result of disclosure initiative
- IAS 12 Income Taxes - Amendments regarding the recognition of deferred tax assets for unrealised losses
- IFRS 12 Disclosure of Interests in Other Entities - Amendments resulting from Annual Improvements 2014 -2016 Cycle (clarifying scope)

2.2 Relevant new and revised Standards in issue not yet effective

At the date of authorisation of these financial statements, the following relevant new and revised Standards were in issue but effective on annual periods beginning on or after the respective dates as indicated:

- IAS 12 Income Taxes - Amendments resulting from Annual Improvements 2015–2017 Cycle (income tax consequences of dividends) (effective 1 January, 2019)
- IAS 19 Employee Benefits - Amendments regarding plan amendments, curtailments or settlements (effective 1 January, 2019)
- IAS 28 Investments in Associates and Joint Ventures - Amendments resulting from Annual Improvements 2014 -2016 Cycle (clarifying certain fair value measurements) (effective 1 January, 2018)
- IAS 28 Amendments regarding long-term interests in associates and joint ventures (effective 1 January, 2019)

Notes to the Financial Statements

for the year ended 30 June 2018

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Relevant new and revised Standards in issue not yet effective (continued)

IAS 39	Financial Instruments: Amendments to permit an entity to elect to continue to apply the hedge accounting requirements in IAS 39 for a fair value hedge of the interest rate exposure of a portion of a portfolio of financial assets or financial liabilities when IFRS 9 is applied, and to extend the fair value option to certain contracts that meet the 'own use' scope exception (effective 1 January 2018)
IFRS 7	Financial Instruments: Disclosures - Deferral of mandatory effective date of IFRS 9 and amendments to transition disclosures (effective 1 January 2018)
IFRS 7	Financial Instruments: Disclosures - Additional hedge accounting disclosures (and consequential amendments) resulting from the introduction of the hedge accounting chapter in IFRS 9 (effective 1 January 2018)
IFRS 9	Financial Instruments - Finalised version, incorporating requirements for classification and measurement, impairment, general hedge accounting and derecognition (effective 1 January 2018)
IFRS 9	Financial Instruments - Amendments regarding the Interaction of IFRS 4 and IFRS 9 (effective 1 January 2018)
IFRS 9	Financial Instruments - Amendments regarding prepayment features with negative compensation and modifications of financial liabilities (effective 1 January 2019)
IFRS 10	Consolidated Financial Statements - Amendments regarding the sale or contribution of assets between an investor and its associate or joint venture (effective date deferred indefinitely)
IFRS 15	Revenue from Contracts with Customers - Original issue (effective 1 January 2018)
IFRS 15	Revenue from Contracts with Customers - Clarification to IFRS 15 (effective 1 January 2018)
IFRS 16	Leases - Original Issue (effective 1 January 2019)
IFRIC 22	Foreign Currency Transactions and Advance Consideration issued (effective 1 January 2018)
IFRIC 22	Foreign Currency Transaction and Advance Consideration (Effective for annual periods beginning on or after 1 January , 2018, with earlier application permitted)
IFRIC 23	Uncertainty over Income Tax Treatments issued (effective 1 January 2019)

The Directors anticipate that these Standards and Interpretations will be applied on their effective dates in future periods. Except for the potential impact of adoption of IFRS 15 as disclosed in note 34, the Directors have not yet assessed the potential impact of the application of these above amendments.

(b) Basis of consolidation

The Group financial statements consolidate the financial statements of Phoenix Beverages Limited, its subsidiaries and its associates using the acquisition method and the equity method respectively. The results of subsidiaries and associates acquired or disposed of during the year are included in the consolidated statements of profit or loss and other comprehensive income from the date of their acquisitions or up to the date of their disposals respectively.

The consolidated financial statements incorporate the financial statements of the Company and entities (including structured entities) controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee
- is exposed, or has rights, to variable returns from its involvement with the investee
- has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders
- potential voting rights held by the company, other vote holders or other parties
- any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company losses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed during the year are included in the consolidated statements of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Non-controlling interests that are present ownership interests and entitle their holders to proportionate share of the entity's net assets in the event of liquidation may initially be measured either at fair value or at the non-controlling interests' proportionate share of the recognised amount of the acquiree's identifiable net assets.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements to the subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. Amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for (i.e. reclassified to profit or loss or transferred directly to retained earnings) in the same manner as would be required if the relevant assets or liabilities were disposed of. The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IAS 39 Financial Instruments: Recognition and Measurement or, when applicable, the cost on initial recognition of an investment in an associate or jointly controlled entity.

(c) Business combinations

Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The consideration for each acquisition is measured at the aggregate of the fair values (at the date of exchange) of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

Where applicable, the consideration for the acquisition includes any asset or liability resulting from a contingent consideration arrangement, measured at its acquisition-date fair value. Subsequent changes in such fair values are adjusted against the cost of acquisition where they qualify as measurement period adjustments (see below). All other subsequent changes in the fair value of contingent consideration classified as an asset or liability are accounted for in accordance with relevant IFRSs. Changes in the fair value of contingent consideration classified as equity are not recognised.

Notes to the Financial Statements

for the year ended 30 June 2018

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Business combinations (continued)

Where a business combination is achieved in stages, the Group's previously held interests in the acquired entity are remeasured to fair value at the acquisition date (i.e. the date the Group attains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if that interest were disposed of.

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3 (2008) are recognised at their fair value at the acquisition date, except that:

- deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with IAS 12 *Income Taxes* and IAS 19 *Employee Benefits* respectively
- liabilities or equity instruments related to the replacement by the group of an acquiree's share-based payment awards are measured in accordance with IFRS 2 *Share-based Payment*.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see below), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

The measurement period is the period from the date of acquisition to the date the Group obtains complete information about facts and circumstances that existed as of the acquisition date and is subject to a maximum of one year.

(d) Investments in subsidiaries

Subsidiaries are those companies over which the Company exercises control. These are categorised as Available-for-sale (AFS) and accounted at fair value in the Company's separate financial statements. Profit or loss on fair value of investments are recognised in the statement of other comprehensive income.

(e) Investments in associate

Associates are those companies which are not subsidiaries and over which the Group exercises significant influence by holding between 20% and 50% of the voting equity, unless it can be clearly demonstrated that the Group does not have significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The Company categorised its investments in associates as Available-for-sale and same are stated at fair value in the Company's separate financial statements. Profit or loss on fair value of investment in associate is recognised in the statement of other comprehensive income. The Group uses the equity method of accounting to account for its associates.

Results of the associates in which the Group exercises significant influence are equity accounted for by using their most recent audited financial statements or unaudited interim statements. Under the equity method of accounting, the Group's share of the associates' profit or loss for the year is recognised in the statement of profit or loss and other comprehensive income and the Group's interest in the associates is carried in the statement of financial position at an amount that reflects the post acquisition change in the share of net assets of the associates and unimpaired goodwill.

After the Group's interest in an associate is reduced to zero, additional losses are provided for, and a liability is recognised, only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate. Losses recognised under the equity method in excess of the Company's investment are recognised in profit or loss.

(f) Intangible assets

Intangible assets are initially recorded at cost and amortised using the straight-line method over their estimated useful lives.

The carrying amount of intangible assets is reviewed annually and adjusted for impairment where it is considered necessary. Intangible assets with indefinite useful lives are tested for impairment at least annually and whenever there is indication that the asset may be impaired.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

(i) Computer software

Intangible assets include computer software whose estimated useful life is considered to be 5 years.

(ii) Trademarks

Trademarks with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

(iii) Goodwill

Goodwill arising in a business combination is recognised as an asset at the date that control is acquired (the acquisition date). Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

If, after reassessment, the Group's interest in the fair value of the acquiree's identifiable net assets exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Goodwill is not amortised but is reviewed for impairment at least annually. For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units (CGUs) expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

On disposal of a CGU, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

(iv) Intangible assets acquired in a business combination

Intangible assets acquired in a business combination and recognised separately from goodwill are initially recognised at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

(g) Foreign currencies

(i) Functional and presentation currency

Items included in the financial statements are measured using Mauritian Rupee, the currency of the primary economic environment in which the entity operates ("functional currency"). The financial statements of the Group and the Company are presented in Mauritian Rupee, which is the Group's and the Company's functional and presentation currency.

(ii) Transactions and balances

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

Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

Notes to the Financial Statements

for the year ended 30 June 2018

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(g) Foreign currencies (continued)

(iii) Group companies

On consolidation, the assets and liabilities of the Group’s overseas entities are translated at exchange rates prevailing at the end of the reporting date. Income and expense items are translated at the average exchange rates for the year. Exchange differences, if any arising, are taken to equity.

Such translation differences are recognised as income or as expense in the year in which the investment is disposed of.

(h) Property, plant and equipment

Property, plant and equipment are initially recorded at cost. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the assets carrying amount or recognised as a separate asset as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the Company and the cost of the item can be measured reliably. Land and buildings are stated at their revalued amount, based on periodic valuations by external independent valuers, less subsequent depreciation for buildings. All other property, plant and equipment are stated at historical cost less depreciation and impairment losses.

Increases in the carrying amount arising on revaluation are credited to revaluation reserve in shareholders’ equity. Decreases that offset previous increases of the same asset are charged against the revaluation reserve; all other decreases are charged to the profit or loss.

Properties in the course of construction for production, rental or administrative purposes or for purposes not yet determined are carried at cost less any recognised impairment loss. Depreciation on other assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

No depreciation is charged on capital expenditure in progress.

Depreciation is calculated on a straight line method to depreciate the cost of assets or the revalued amounts, to their residual values over their estimated useful lives as follows :

	Years
Yard	10 to 15
Freehold buildings	10 to 50
Plant and machinery	5 to 25
Motor vehicles	5 to 15
Furniture, computer, office and other equipment	2 to 10
Containers	5 to 10

Land is not depreciated.

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

Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount.

Gains and losses on disposal of property, plant and equipment are determined by comparing the proceeds with carrying amount and are included in profit or loss.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

(i) Impairment of assets

Assets that have indefinite useful lives are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount. The recoverable amount is the higher of an asset’s fair value less costs to sell and value in use.

(j) Leases

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

Leases are classified as finance lease where the terms of the lease transfer substantially all risks and rewards of ownership to the lessee.

Finance leases are capitalised at the lease’s inception at the lower of the fair value of the leased property and the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit or loss.

Operating lease payments are recognised as an expense on a straight-line basis over the lease terms, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

(k) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on a weighted average basis and comprises all costs incurred in bringing the inventories to its present condition and location. The cost of finished goods and work in progress comprises purchase cost or raw materials, direct labour, other direct costs and related production overheads, but excludes interest expenses. Net realisable value is the estimate of the selling price in the ordinary course of business, less the costs of completion and applicable variable selling expenses.

(l) Financial instruments

Financial assets and liabilities are recognised on the statements of financial position when the group has become party to the contractual provisions of the financial instruments.

Except where stated separately, the carrying amounts of the group’s financial instruments approximate their fair values. These instruments are measured as set out below:

(i) Financial assets

Financial assets are classified into the following specified categories: ‘available-for-sale’ (AFS) financial assets and ‘loans and receivables’. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

(a) Available-for-sale (AFS) financial assets

Gains and losses arising from changes in fair value are recognised directly in equity in the investments revaluation reserve with the exception of impairment losses, interest calculated using the effective interest rate method and foreign exchange gains and losses on monetary assets, which are recognised directly in profit or loss. Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously recognised in the investments revaluation reserve is included in profit or loss for the year.

Available-for-sale investments are carried at fair value. Fair value are determined as described in note 3.2. Available-for-sale equity investment that do not have quoted market price in an active market and whose fair value cannot be reliably measured, are measured at cost less any identified impairment losses at the end of each reporting period.

(b) Loans and receivables

Trade receivables, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as ‘loans and receivables’. Loans and receivables are measured at amortised cost using the effective interest method less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

(c) Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

(d) Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire; or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

Notes to the Financial Statements

for the year ended 30 June 2018

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Derecognition of financial assets (continued)

If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

(ii) Financial liabilities

(a) Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

(b) Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

(c) Other financial liabilities

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs.

Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premium or discounts) through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

(d) Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or has expired. The difference between the carrying amount of the financial liability recognised and consideration paid and payable is recognised in profit or loss.

(iii) Impairment of financial assets

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

For unlisted shares classified as AFS, a significant or prolonged decline in the fair value of the security below its cost is considered to be objective evidence of impairment.

For all other financial assets, including redeemable notes classified as AFS, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract such as, default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

For certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 30 days, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets that are carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

With the exception of AFS equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through other comprehensive income to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

In respect of AFS equity securities, impairment losses previously recognised through profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognised directly in equity.

(m) Taxation

The income tax expense represents the current tax provision and the movement in deferred tax.

(i) Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities.

(ii) Deferred tax

Deferred tax is provided in full, using the liability method, for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. If the deferred tax arises from initial recognition of an asset or liability in a transaction, other than a business combination, that at the time of the transaction affects neither accounting nor taxable profit or loss, it is not accounted for.

Deferred tax is determined using tax rates that have been enacted by the end of the reporting date and are expected to apply in the period when the related deferred tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised to the extent that is probable that future taxable profit will be available against which deductible temporary differences can be utilised.

(n) Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events and it is probable that an outflow of resources that can be reliably estimated will be required to settle the obligation.

(o) Retirement benefit obligation

The employees of the Group are members of IBL Pension Fund (IBLPF). The IBLPF is a multi-employer defined contribution pension scheme. Employees who were transferred from the ex Defined Benefit schemes are entitled to a No-Worse Off Guarantee (NWOG).

Defined contribution plan

For employees who are not entitled to the NWOG, the Group pays fixed contributions into the IBLPF, and has no other legal or constructive obligations in respect of pension benefits. The contributions paid are charged as an expense as they fall due.

Defined contribution plan with No-Worse-Off Guarantee

Employees who were transferred from the ex-Defined Benefit schemes are entitled to a NWOG whereby their respective employers are committed to top-up the Defined Contribution pension in order to meet the pension promise under their respective ex-Defined Benefit schemes. The provisions made include liabilities in respect of this NWOG and is funded by additional contributions over and above those payable under the Defined Contribution scheme.

Gratuity on Retirement

Employees covered under the IBLPF are entitled to the Retirement Gratuity as provided by Section 49 of the Employment Rights Act 2008. However, half of any lump sum and 5 years pension (relating to the employer's share of contributions only) payable from the IBLPF, is deducted from this Gratuity. Any remaining amount has to be met by the employer and is not funded, the provisions made include an amount for any such liabilities.

Notes to the Financial Statements

for the year ended 30 June 2018

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(o) **Retirement benefit obligations (continued)**

Other Post-Retirement Benefit Obligations

The provisions also cover pensions payable directly by the employer from its cash-flow. These pensions would stop on death of the pensioner.

The pensions in respect of employees retiring from IBLPF are payable from an annuity fund within IBLPF. This annuity fund is a multi-employer fund and is currently fully funded. Therefore, no provisions have been made in respect of these pensioners.

The cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. Re-measurement, comprising actuarial gains and losses, the effect of changes to the asset ceiling (if applicable) and the return on plan assets (excluding interest), is reflected immediately in the statement of financial position with a charge or credit recognised in other comprehensive income in the period in which they occur. Re-measurement recognised in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss. Past service cost is recognised in profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. Defined benefit costs are categorised as follows:

- Service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements).
- Net interest expense or income.
- Remeasurement.

The Company presents the first two components of defined benefit costs in profit or loss in the line item administrative expenses as part of staff costs. Curtailment gains and losses are accounted for as past service costs.

The retirement benefit liability recognised in the statement of financial position represents the actual deficit or surplus in the defined benefit plan. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

Termination benefits

Termination benefits are payable when employment is terminated before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when it 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.

(p) **Government grants**

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognised as deferred revenue in the consolidated statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

(q) **Revenue recognition**

Revenue comprises the fair value for the sale of goods, net of Value Added Tax and discounts, and after eliminating sales within the Group.

Sales of goods are recognised when goods are delivered and title has passed.

Other income earned by the Group are recognised on the following bases:

- Interest income – on a time proportion basis using the effective interest method.
- Dividend income – when the shareholder’s right to receive payment is established.

(r) **Cash and cash equivalents**

Cash and cash equivalents include cash in hand and at bank and bank overdrafts. Cash equivalents are short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value. Bank overdrafts are shown within borrowings in current liabilities in the statement of financial position.

(s) **Segment reporting**

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. A geographical segment is engaged in providing products or services within a particular economic environment that are subject to risks and returns that are different from those of segments operating in other economic environments.

(t) **Related parties**

Related parties are individuals and companies where the individual or Company has the ability, directly or indirectly, to control the other party or to exercise significant influence over the other party in making financial and operating decisions.

3. FINANCIAL RISK MANAGEMENT

A Management Risk Committee, composed of the senior managers of the Company and chaired by the Chief Executive Officer is in place, operating under the terms of reference approved by the Audit and Risk Committee. Risk in the widest sense includes market risk, credit risk, liquidity risk, operation risk and commercial risk. The most significant risks faced by the Group include those pertaining to the economic environment, the supply chain, regulations, skills and people, technology as well as foreign currency and interest rates. These risks are included in the risk management program. Sub-committees have been set up, chaired by the respective senior managers sitting on the Management Risk Committee, to make detailed identification, assessment, measurement and finally to develop and implement risk response strategies.

3.1 Financial risk factors and risk management policies

A description of the significant risk factors is given below together with the risk management policies applicable.

The Group’s activities expose it to a variety of financial risks, including:

- Market risk (including currency risk, price risk and cash flow and fair value interest rate risk).
- Credit risk.
- Liquidity risk.

The Group’s overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group’s financial performance.

Significant accounting policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instruments are disclosed in note 2 to the financial statements.

(a) *Market risk*

(i) **Currency risk management**

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures primarily with respect to Euro and US Dollar. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations.

The Group has a number of investments in foreign subsidiaries, whose net assets are exposed to currency translation risk. Currency exposure arising from the net assets of the group’s foreign operations is managed primarily through borrowings denominated in the relevant foreign currencies.

Foreign currency sensitivity analysis

The Group

The following table details the Group’s sensitivity to a 5% change in the Mauritian Rupee against the relevant foreign currencies. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the end of the reporting period for a 5% change in foreign currency rates. A positive number below indicates an increase in profit and other equity where the Mauritian Rupee strengthens 5% against the relevant currencies. There would be an equal and opposite impact on the profit and other equity where the Mauritian Rupee weakens 5% against the relevant currencies, and the balances below would be negative.

Notes to the Financial Statements

for the year ended 30 June 2018

3. FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors and risk management policies (continued)

(a) Market risk (continued)

(i) Currency risk management (continued)

The Group

	2018 Rs'000	2017 Rs'000
Increase in profit and other equity		
United States Dollar (USD)	1,592	1,518
Euro (EUR)	23,145	25,493

The Company

The following table details the Company's sensitivity to a 5% change in the Mauritian Rupee against the relevant foreign currencies. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the end of the reporting period for a 5% change in foreign currency rates. A positive number below indicates an increase in profit and other equity where the Mauritian Rupee strengthens 5% against the relevant currencies. There would be an equal and opposite impact on the profit and other equity where the Mauritian Rupee weakens 5% against the relevant currencies, and the balances below would be negative.

	2018 Rs'000	2017 Rs'000
Increase in profit and other equity		
United States Dollar (USD)	1,775	1,726
Euro (EUR)	14,588	18,829

(ii) Price risk

The Group and the Company are exposed to equity securities price risk because of investments held by the Group and the Company classified on the statement of financial position as investments in financial assets.

Equity investments are held for strategic rather than for trading purposes. The Group and the Company do not actively trade these investments.

(iii) Cash flow and fair value interest rate risk management

The Group is exposed to interest rate risk as entities in the Group borrows at both fixed and variable rates. In respect of the latter, it is exposed to risk associated with the effect of fluctuations in the prevailing level of market interest rates on its financial position and cash flows.

The risk is managed by maintaining an appropriate mix between fixed and floating interest rates on borrowings.

Interest rate sensitivity analysis

Rupee-denominated borrowings

At 30 June 2018, if interest rates on borrowings had been 50 basis points higher/lower, with all other variables held constant, profit for the year would have been lower/higher as shown in the table below, mainly as a result of higher/lower interest expense on floating rate borrowings:

	THE GROUP		THE COMPANY	
	2018 Rs'000	2017 Rs'000	2018 Rs'000	2017 Rs'000
Effect on profit	(1,488)	(1,663)	(1,488)	(1,663)

Other currencies-denominated borrowings

The Group have borrowings amounting to Rs 426.2 million (2017: Rs 564.2 million) and the Company Rs 279.3 million (2017: Rs 386.0 million) denominated in EURO.

Interest rates are disclosed in note 15(c).

b) Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group.

The Group's credit risk is primarily attributable to its trade receivables. The amounts presented in the statements of financial position are net of allowances for doubtful receivables, estimated by the Group's management based on prior experience and the current economic environment. The Group has no significant concentration of credit risk, with exposure spread over a large number of counterparties, except for the Group's largest customer which represents 8% of the trade receivables of the Group. These counterparties are unrelated and have different characteristics.

The Group has policies in place to ensure that sales of products and services are made to customers with an appropriate credit history. Credit exposure is controlled by counterparty limits that are continuously reviewed.

(c) Liquidity risk management

Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities. The Group aims at maintaining flexibility in funding by keeping committed credit lines available. Management monitors rolling forecasts of the Group's liquidity reserve on the basis of expected cash flow.

The Group's financial liabilities analysed into relevant maturity groupings based on the remaining period at the end of the reporting date to the contractual maturity date has been disclosed in note 15(b). All trade and other payables are due within one year.

Notes to the Financial Statements

for the year ended 30 June 2018

3. FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors and risk management policies (continued)

(c) Liquidity risk management (continued)

The following tables detail the Group's remaining contractual maturity for its non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The tables include both interest and principal cash flows.

THE GROUP							
	Weighted average effective interest rate %	Less than 1 month Rs'000	1-3 months Rs'000	3 months to 1 year Rs'000	1-5 years Rs'000	Over 5 years Rs'000	Total Rs'000
2018							
Non-interest bearing	–	189,443	334,639	367,693	–	–	891,775
Variable interest rate	5.82	1,390	20,183	42,957	180,250	114,056	358,836
Fixed interest rate	3.14	3,655	48,845	50,618	291,945	136,926	531,989
		194,488	403,667	461,268	472,195	250,982	1,782,600
2017							
Non-interest bearing	–	190,380	283,026	220,257	–	–	693,663
Variable interest rate	6.38	163,161	20,781	31,172	189,766	157,500	562,380
Fixed interest rate	3.12	3,768	46,495	129,988	306,871	147,679	634,801
		357,309	350,302	381,417	496,637	305,179	1,890,844

THE COMPANY							
	Weighted average effective interest rate %	Less than 1 month Rs'000	1-3 months Rs'000	3 months to 1 year Rs'000	1-5 years Rs'000	Over 5 years Rs'000	Total Rs'000
2018							
Non-interest bearing	–	128,332	197,428	195,905	–	–	521,665
Variable interest rate	5.81	1,360	20,183	28,569	180,250	114,056	344,418
Fixed interest rate	3.65	849	19,154	24,463	165,122	110,462	320,050
		130,541	236,765	248,937	345,372	224,518	1,186,133
2017							
Non-interest bearing	–	105,124	174,480	169,101	–	–	448,705
Variable interest rate	6.48	147,577	20,781	31,172	189,766	157,500	546,796
Fixed interest rate	3.50	942	19,088	103,904	167,773	147,679	439,386
		253,643	214,349	304,177	357,539	305,179	1,434,887

3.2 Fair value estimation of financial instruments

The fair value of financial instruments traded in active markets is based on quoted market prices at the end of the reporting date. The fair value of financial instruments that are not traded in an active market is stated on a weighted average of earnings and asset value.

The nominal value less estimated credit adjustments of trade receivables and payables are assumed to approximate their fair values.

The fair value of those financial assets and liabilities not presented on the Group's statements of financial position at the fair values are not materially different from their carrying amounts.

Fair value measurements recognised in the statement of financial position

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets and liabilities
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

THE COMPANY				
	Level 1 Rs'000	Level 2 Rs'000	Level 3 Rs'000	Total Rs'000
2018				
Investments in subsidiaries	–	–	1,033,853	1,033,853
Investments in associate	–	–	7,257	7,257
Total	–	–	1,041,110	1,041,110
2017				
Investments in subsidiaries	–	–	922,623	922,623
Investments in associate	–	–	6,225	6,225
Total	–	–	928,848	928,848

Reconciliation of Level 3 fair value measurements of financial assets

THE COMPANY		
	2018 Rs'000	2017 Rs'000
At 1 July	928,848	921,844
Impairment loss recognised during the year	(10,457)	–
Increase in fair value recognised in other comprehensive income	122,719	7,004
At 30 June	1,041,110	928,848

Notes to the Financial Statements

for the year ended 30 June 2018

3. FINANCIAL RISK MANAGEMENT (CONTINUED)

3.2 Fair value estimation of financial instruments (continued)

The following unobservable inputs were used to measure the financial assets measured at fair value in the Company's separate financial statements:

3.2 Fair value estimation of financial instruments (continued)

The following unobservable inputs were used to measure the financial assets:

Description	Fair value as at 30 June		Valuation techniques	Unobservable input	Range of unobservable inputs (probability weighted average)	Relationship of unobservable inputs to fair value
	2018 Rs'000	2017 Rs'000				
Unquoted investments in subsidiaries	1,033,853	922,623	Discounted cash flows	Discount rate	2018: (5.75%-6.25%) and 2017: (12.77% - 14.11%)	The higher the discount rate, the lower the fair value
			Net assets value	N/A	N/A	N/A
Investment in associates	7,257	6,225	Shareholder's fund subject to an illiquidity discount of 25%	N/A	N/A	The higher the discount on a discretionary basis, the lower the fair value

3.3 Capital risk management

The Group's and the Company's objectives when managing capital are:

- to safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders
- to provide an adequate return to shareholders by pricing products and services commensurately with the level of risk.

The Group's and the Company's overall strategy remains unchanged from 2017.

The Group and the Company manage the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group and the Company may adjust the amount of dividends paid to shareholders, or sell assets to reduce debt.

The Group and the Company monitor capital on the basis of the debt-to-adjusted capital ratio. This ratio is calculated as net debt adjusted capital. Net debt is calculated as total debt (as shown in the statements of financial position) less cash and bank balances. Capital structure comprises all components of equity (i.e. share capital, share premium, retained earnings and reserves).

The gearing ratios at 30 June 2018 and 30 June 2017 were as follows:

	THE GROUP		THE COMPANY	
	2018 Rs'000	2017 Rs'000	2018 Rs'000	2017 Rs'000
Total debt (note 15)	706,229	1,025,178	559,294	846,970
Less: bank and cash balances (note 28(b))	(110,413)	(184,603)	(50,272)	(69,372)
Net debt	595,816	840,575	509,022	777,598
Total equity	4,146,150	3,606,435	4,265,829	3,682,149
Debt-to-equity ratio	0.14:1	0.23:1	0.12:1	0.21:1

3.4 Categories of financial instruments

	THE GROUP		THE COMPANY	
	2018 Rs'000	2017 Rs'000	2018 Rs'000	2017 Rs'000
Financial assets				
Investments in subsidiaries	–	–	1,033,853	922,623
Investment in associate	–	–	7,257	6,225
Investments in financial assets	3,109	3,090	2,091	2,091
Loans and receivables *	792,624	750,654	519,191	395,987
	795,733	753,744	1,562,392	1,326,926
Financial liabilities				
Amortised costs	1,588,678	1,818,776	1,085,877	1,295,675

* Including cash and cash equivalents but excluding prepayments.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 2, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources.

The estimates and judgements are continuously evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

4.1 Critical accounting estimates and assumptions

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) Estimated impairment of goodwill and trademarks

The Group tests annually whether goodwill and trademarks have suffered any impairment, in accordance with the accounting policy stated in Note 2(f) and 2(i) respectively.

(b) Impairment of available-for-sale financial assets

The Group follows the guidance of IAS 39 on determining when an investment is other-than-temporarily impaired. This determination requires significant judgement. In making this judgement, the Group evaluates, among other factors, the duration and extent to which the fair value of an investment is less than its cost, and the financial health of and near-term business outlook for the investee, including factors such as industry and sector performance, changes in technology and operational and financing cash flow.

(c) Fair value of unquoted investments

Where there is no active market, the fair value of unquoted investments have been determined using valuation techniques such as discounted cash flow and other valuation models. Such valuation exercises require that the Group makes estimates of future cash flows and discount rates as applicable to the relevant markets.

Notes to the Financial Statements

for the year ended 30 June 2018

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

(d) Retirement benefit obligations

The present value of the pension obligations depend on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate, future salary increases, mortality rates and future pension increases. Any changes in these assumptions will impact the carrying amount of pension obligations.

The Group determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension obligations. In determining the appropriate discount rate, the Group considers the interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related pension liability.

(e) Revaluation of land and buildings

Land and buildings are measured at revalued amounts with changes in fair value being recognised in 'other comprehensive income'. The Group engages independent valuation specialists to determine the fair value on a regular basis.

(f) Provision for slow-moving stock

A provision for slowing moving stock is determined using a combination of factors (quality and ageing of stock) to ensure that inventory is not overstated at year end.

(g) Depreciation and amortisation rates

The Group depreciates or amortises its assets to their residual values over their estimated useful lives. The estimation of useful lives is based on historical performance and expectation about future use and requires significant degree of judgement. The residual value of an asset is the estimated net amount that the Group would currently obtain from disposal of the asset, if the asset were already of the age and in condition expected at the end of its useful life.

The directors therefore make estimates based on historical experience and use best judgement to assess the useful lives of assets and to forecast the expected residual values of the assets at the end of their expected useful lives.

(h) Allowances for doubtful debts

An allowance for doubtful debts is determined using a combination of factors to ensure that the trade receivables are not overstated due to non-recoverability. The allowance for doubtful debts for all customers is based on a variety of factors, including the overall quality and ageing of the receivables, continuing credit evaluation of the customer's financial conditions. Also, specific provisions for individuals accounts are recorded when the Group become aware of the customer's inability to meet its financial obligations such as in the case of deterioration in the customer's operating results or financial position.

(i) Useful life of trademarks

As there is no foreseeable limit to the period over which the trademarks are expected to generate net cash inflows for the Group, trademarks have been assessed as having an indefinite useful life.

5. PROPERTY, PLANT AND EQUIPMENT

THE GROUP

	Freehold land and yard Rs'000	Freehold buildings Rs'000	Plant and machinery Rs'000	Motor vehicles Rs'000	Furniture, computer, office and other equipment Rs'000	Containers Rs'000	Total Rs'000
2018 - THE GROUP							
(a) COST OR VALUATION							
At 1 July 2017	1,085,039	1,022,006	2,416,797	256,458	674,275	1,072,568	6,527,143
Additions	2,179	6,801	204,190	29,200	96,400	39,202	377,972
Disposals	-	-	-	(5,212)	(2,984)	-	(8,196)
Write offs	-	-	-	-	-	(820,862)	(820,862)
Adjustments *	372	(1,923)	3,468	(3,816)	(7,628)	1,091	(8,436)
Exchange differences	872	6,498	6,959	28	1,083	-	15,440
Revaluation adjustment	60,660	(28,057)	-	-	-	-	32,603
At 30 June 2018	1,149,122	1,005,325	2,631,414	276,658	761,146	291,999	6,115,664
DEPRECIATION							
At 1 July 2017	18,900	274,767	1,282,901	135,345	422,050	939,437	3,073,400
Charge for the year	3,329	42,279	101,199	18,257	50,927	62,606	278,597
Disposals	-	-	-	(3,969)	(2,800)	-	(6,769)
Write offs	-	-	-	-	-	(820,862)	(820,862)
Adjustments *	-	(1,567)	2,248	(4,566)	(4,817)	266	(8,436)
Exchange differences	-	3,584	4,761	7	778	-	9,130
Revaluation adjustment	(22,229)	(105,940)	-	-	-	-	(128,169)
At 30 June 2018	-	213,123	1,391,109	145,074	466,138	181,447	2,396,891
NET BOOK VALUE							
At 30 June 2018	1,149,122	792,202	1,240,305	131,584	295,008	110,552	3,718,773
Capital expenditure in progress	4,577	4,470	24,819	-	8,564	11,421	53,851
TOTAL PROPERTY, PLANT AND EQUIPMENT	1,153,699	796,672	1,265,124	131,584	303,572	121,973	3,772,624

* Adjustments were made during the year due to reclassification and other adjustments between asset categories.

Notes to the Financial Statements

for the year ended 30 June 2018

5. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

THE GROUP

	Freehold land and yard Rs'000	Freehold buildings Rs'000	Plant and machinery Rs'000	Motor vehicles Rs'000	Furniture, computer, office and other equipment Rs'000	Containers Rs'000	Total Rs'000
2017 - THE GROUP							
(b) COST OR VALUATION							
At 1 July 2016	1,074,522	991,821	2,064,246	226,065	577,844	1,060,748	5,995,246
Additions	10,767	31,911	402,745	31,560	96,708	12,090	585,781
Disposals	-	-	(48,157)	(1,158)	(18)	(270)	(49,603)
Exchange differences	(250)	(1,726)	(2,037)	(9)	(259)	-	(4,281)
At 30 June 2017	1,085,039	1,022,006	2,416,797	256,458	674,275	1,072,568	6,527,143
DEPRECIATION							
At 1 July 2016	16,258	232,727	1,227,733	119,766	382,864	868,596	2,847,944
Charge for the year	2,642	42,859	95,811	16,301	39,414	70,981	268,008
Disposals	-	-	(39,354)	(714)	(18)	(140)	(40,226)
Exchange differences	-	(819)	(1,289)	(8)	(210)	-	(2,326)
At 30 June 2017	18,900	274,767	1,282,901	135,345	422,050	939,437	3,073,400
NET BOOK VALUE							
At 30 June 2017	1,066,139	747,239	1,133,896	121,113	252,225	133,131	3,453,743
Capital expenditure in progress	-	525	124,748	-	15,295	-	140,568
TOTAL PROPERTY, PLANT AND EQUIPMENT	1,066,139	747,764	1,258,644	121,113	267,520	133,131	3,594,311

THE COMPANY

	Freehold land and yard Rs'000	Freehold buildings Rs'000	Plant and machinery Rs'000	Motor vehicles Rs'000	Furniture, computer, office and other equipment Rs'000	Containers Rs'000	Total Rs'000
2018-THE COMPANY							
(c) COST OR VALUATION							
At 1 July 2017	968,519	652,479	2,057,407	249,930	613,104	1,072,568	5,614,007
Additions	2,179	2,532	195,234	29,200	82,806	39,202	351,153
Disposals	-	-	-	(5,212)	(2,683)	-	(7,895)
Write offs	-	-	-	-	-	(820,862)	(820,862)
Adjustments *	373	(432)	(1,090)	874	(881)	1,091	(65)
Revaluation adjustment	60,660	(28,057)	-	-	-	-	32,603
At 30 June 2018	1,031,731	626,522	2,251,551	274,792	692,346	291,999	5,168,941
DEPRECIATION							
At 1 July 2017	18,943	87,270	1,048,755	128,775	373,958	939,437	2,597,138
Charge for the year	3,329	18,787	71,400	18,269	48,527	62,606	222,918
Disposals	-	-	-	(3,969)	(2,660)	-	(6,629)
Write offs	-	-	-	-	-	(820,862)	(820,862)
Adjustments *	(43)	(117)	(28)	132	(277)	268	(65)
Revaluation adjustment	(22,229)	(105,940)	-	-	-	-	(128,169)
At 30 June 2018	-	-	1,120,127	143,207	419,548	181,449	1,864,331
NET BOOK VALUE							
At 30 June 2018	1,031,731	626,522	1,131,424	131,585	272,798	110,550	3,304,610
Capital expenditure in progress	4,577	4,470	24,819	-	8,564	11,421	53,851
TOTAL PROPERTY, PLANT AND EQUIPMENT	1,036,308	630,992	1,156,243	131,585	281,362	121,971	3,358,461

* Adjustments were made during the year due to reclassification and other adjustments between asset categories.

Notes to the Financial Statements

for the year ended 30 June 2018

5. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	THE COMPANY						
	Freehold land and yard Rs'000	Freehold buildings Rs'000	Plant and machinery Rs'000	Motor vehicles Rs'000	Furniture, computer, office and other equipment Rs'000	Containers Rs'000	Total Rs'000
2017 - THE COMPANY							
(d) COST OR VALUATION							
At 1 July 2016	957,752	635,050	1,709,293	219,528	522,586	1,060,748	5,104,957
Additions	10,767	17,429	394,790	31,560	90,536	12,090	557,172
Disposals	–	–	(46,676)	(1,158)	(18)	(270)	(48,122)
At 30 June 2017	968,519	652,479	2,057,407	249,930	613,104	1,072,568	5,614,007
DEPRECIATION							
At 1 July, 2016	16,301	69,675	1,022,814	113,237	336,947	868,596	2,427,570
Charge for the year	2,642	17,595	64,517	16,252	37,029	70,981	209,016
Disposals	–	–	(38,576)	(714)	(18)	(140)	(39,448)
At 30 June 2017	18,943	87,270	1,048,755	128,775	373,958	939,437	2,597,138
NET BOOK VALUE							
At 30 June 2017	949,576	565,209	1,008,652	121,155	239,146	133,131	3,016,869
Capital expenditure in progress	–	525	124,748	–	15,295	–	140,568
TOTAL PROPERTY, PLANT AND EQUIPMENT	949,576	565,734	1,133,400	121,155	254,441	133,131	3,157,437

(e) In respect of property of the Company:

– Freehold land and buildings were revalued in June 2018 by CDDS land surveyors & property valuer. The basis of valuation of land was arrived at by comparing the value of other land in the neighbourhood giving due consideration to their respective location, shape, extent, development and potential. The values of buildings were arrived at by taking into consideration their depreciated replacement cost after making allowance for their age, standard and state of repair.

In respect of property, plant and equipment of Edena S.A. and SCI Edena:

– Freehold land and buildings were revalued in March 2016 by Galtier Valuation. The basis of valuation of land and buildings was arrived at using an average of the following: comparing the value of other land and buildings in the neighbourhood giving due consideration to their respective location, shape, extent, development and potential; taking into consideration the depreciated replacement cost of buildings after making allowance for their age, standard and state of repair; and capitalised earnings. The Directors have assessed the fair value of the freehold land and buildings at 30 June 2018 and have estimated the fair value to approximate the carrying value as at that date.

(f) Fair value hierarchy measurement of freehold land and yard are classified as level 2 amounting to Rs 1,149.1 million (2017: Rs 1,066.1 million) for the Group and Rs 1,031.7 million (2017: Rs 949.6 million) for the Company and building as level 3 amounting to Rs 792.2 million (2017: Rs 747.2 million) for the Group and Rs.626.5m (2017: Rs 565.2 million) for the Company.

(g) There were no transfers under level 1, 2 and 3 during the year.

(h) Bank borrowings are secured by fixed and floating charges over the assets of the Group, which include property, plant and equipment.

(i) There were no assets held under finance leases during the years 2018 and 2017.

(i) Information about fair value measurements using significant unobservable inputs (Level 3)

Description	Fair value at 30 June 2018 Rs'000	Fair value at 30 June 2017 Rs'000	Valuation technique	Unobservable inputs	Range of unobservable inputs (probability - weighted average)	Relationship of unobservable inputs to fair value
Building	626,522	565,209	Replacement cost less depreciation approach	Price per square metre	Rs.3,000 - Rs.39,100 per square metre	The higher the price per square metre, the higher the fair value

Notes to the Financial Statements

for the year ended 30 June 2018

5. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

(j) Depreciation

	THE GROUP		THE COMPANY	
	2018 Rs'000	2017 Rs'000	2018 Rs'000	2017 Rs'000
Cost of sales	193,410	188,830	157,215	153,836
Selling and distribution expenses	54,657	46,161	50,788	42,282
Administrative expenses	30,530	33,017	14,915	12,898
	278,597	268,008	222,918	209,016

(k) If freehold land, yard and freehold buildings were stated on the historical cost basis, the carrying amounts would be as follows

	THE GROUP		
	Freehold land and yard Rs'000	Freehold buildings Rs'000	Total Rs'000
At 30 June 2018			
Cost	270,615	901,256	1,171,871
Accumulated depreciation	(22,934)	(367,269)	(390,203)
Net book value	247,681	533,987	781,668
At 30 June 2017			
Cost	267,565	887,957	1,155,522
Accumulated depreciation	(19,529)	(330,784)	(350,313)
Net book value	248,036	557,173	805,209
	THE COMPANY		
	Freehold land and yard Rs'000	Freehold buildings Rs'000	Total Rs'000
At 30 June 2018			
Cost	223,650	542,438	766,088
Accumulated depreciation	(22,934)	(156,254)	(179,188)
Net book value	200,716	386,184	586,900
At 30 June 2017			
Cost	221,471	539,906	761,377
Accumulated depreciation	(19,529)	(145,906)	(165,435)
Net book value	201,942	394,000	595,942

6. INTANGIBLE ASSETS

	THE GROUP				THE COMPANY		
	Trademarks Rs'000	Computer software Rs'000	Goodwill Rs'000	Total Rs'000	Trademarks Rs'000	Computer software Rs'000	Total Rs'000
(a) COST							
At 1 July 2017	193,000	36,828	591,054	820,882	193,000	17,145	210,145
Additions	–	5,016	–	5,016	–	4,552	4,552
Impairment loss	–	–	(6,175)	(6,175)	–	–	–
Exchange differences	–	363	10,891	11,254	–	–	–
At 30 June 2018	193,000	42,207	595,770	830,977	193,000	21,697	214,697
AMORTISATION							
At 1 July 2017	–	32,174	–	32,174	–	13,809	13,809
Charge for the year	–	2,289	–	2,289	–	1,156	1,156
Exchange differences	–	343	–	343	–	–	–
At 30 June 2018	–	34,806	–	34,806	–	14,965	14,965
NET BOOK VALUE							
At 30 June 2018	193,000	7,401	595,770	796,171	193,000	6,732	199,732
(b) COST							
At 1 July 2016	193,000	34,957	594,181	822,138	193,000	16,145	209,145
Additions	–	1,969	–	1,969	–	1,000	1,000
Exchange differences	–	(98)	(3,127)	(3,225)	–	–	–
At 30 June 2017	193,000	36,828	591,054	820,882	193,000	17,145	210,145
AMORTISATION							
At 1 July 2016	–	30,927	–	30,927	–	12,787	12,787
Charge for the year	–	1,344	–	1,344	–	1,022	1,022
Exchange differences	–	(97)	–	(97)	–	–	–
At 30 June 2017	–	32,174	–	32,174	–	13,809	13,809
NET BOOK VALUE							
At 30 June 2017	193,000	4,654	591,054	788,708	193,000	3,336	196,336

The directors have considered the relevant factors in respect of determining the useful life of trademarks. As there is no foreseeable limit to the period over which the trademarks are expected to generate net cash inflows for the Group, trademarks have been assessed as having an indefinite useful life.

(c) AMORTISATION

	THE GROUP		THE COMPANY	
	2018 Rs'000	2017 Rs'000	2018 Rs'000	2017 Rs'000
Cost of sales	773	157	–	–
Administrative expenses	1,516	1,187	1,156	1,022
	2,289	1,344	1,156	1,022

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for the year ended 30 June 2018

6. INTANGIBLE ASSETS (CONTINUED)

(d) IMPAIRMENT TEST ON TRADEMARKS AND GOODWILL

	THE GROUP AND THE COMPANY	
	2018 Rs'000	2017 Rs'000
Trademarks		
Trademarks (note (i))	193,000	193,000

	THE GROUP	
	2018 Rs'000	2017 Rs'000
Goodwill		
Edena S.A. and its subsidiaries (note (i))	595,770	584,879
The (Mauritius) Glass Gallery Ltd (note (iii))	–	6,175
	595,770	591,054

The group tests trademarks and goodwill annually for impairment, or more frequently if there are indicators that goodwill and trademarks might be impaired. There were no indicators of impairment of goodwill of Edena S.A and trademarks during the two years ended 30 June 2018. The directors are satisfied that no impairment loss should be recognised, except for goodwill previously recognised in The (Mauritius) Glass Gallery Ltd where an impairment loss of Rs 6.2 million has been recognised during the year due to continuing negative financial results of the subsidiary.

- (i) The recoverable amounts of trademarks and goodwill of Edena S.A. and its subsidiaries (Edena Group), have been determined based on their value-in-use calculations. These calculations use cash flow projections based on financial budgets approved by management. Value-in-use was determined by discounting the future cash flows generated from the continuing use of trademarks and the cash generating unit of Edena Group respectively using a pre-tax discount rate.

The key assumptions used for preparing the cash flow forecasts are based on management's past experience of the industry and the ability of trademarks and Edena Group to at least maintain their respective market share. The assumptions used for the value-in-use calculations are as follows:

- cash flows were projected based on actual operating results extrapolated using an annual growth rate of 4% (2017: 4%) for a period of five years
- cash flows after the five years period were extrapolated using a perpetual growth rate of 2% (2017: 2%) in order to calculate the terminal recoverable amount.

The discount rate calculation is based on the specific circumstances of the Group and is derived from its weighted average cost of capital (WACC) of 6.00% - 9.40% (2017: 9.12% - 13.44%). The WACC takes into account both debt and equity. The cost of equity is derived from the expected return on investment by the Group's investors. The cost of debt is based on the interest bearing borrowings the Group is obliged to service.

The Directors believe that any reasonably possible change in key assumptions on which recoverable amount is based would not cause the aggregate carrying amount of trademarks and goodwill of Edena Group to exceed their aggregate recoverable amount.

7. INVESTMENTS IN SUBSIDIARIES

(a) Unquoted

	THE COMPANY	
	2018 Rs'000	2017 Rs'000
At 1 July,	922,623	918,611
Impairment loss recognised during the year	(10,457)	–
Increase in fair value	121,687	4,012
At 30 June,	1,033,853	922,623

Investments in subsidiaries comprise unquoted equity securities, which are categorised as Available-for-sale (AFS) and accounted at fair value in the Company's separate financial statements.

Due to continuing negative financial results of the subsidiary, The (Mauritius) Glass Gallery Ltd, the directors have decided to recognise an impairment loss of Rs 10.5 million during the year.

(b) Details of the Company's subsidiaries are as follows:

Name of company	Country of operation and incorporation	Year ended	Main business	Class of shares held	Share capital (Rs)	Percentage holding and voting power			
						THE COMPANY		OTHER GROUP COMPANIES	
						2018	2017	2018	2017
Edena S.A.	Reunion	30 June	Bottling and sale of soft drinks, table water and alternative beverages	Ordinary	138,594,435	100.00%	100.00%	–	–
Espace Solution Réunion S.A.S.	Reunion	30 June	Distributor of beverages and other commodities	Ordinary	54,313,672	–	–	100.00%	100.00%
Helping Hands Foundation	Mauritius	30 June	Charitable institution	Ordinary	10,000	48.00%	48.00%	52.00%	52.00%
MBL Offshore Ltd	Mauritius	30 June	Investment	Ordinary	27,215,400	100.00%	100.00%	–	–
Phoenix Beverages Overseas Ltd	Mauritius	30 June	Export of beverages	Ordinary	25,000	99.96%	99.96%	–	–
Phoenix Camp Minerals Offshore Ltd	Mauritius	30 June	Investment	Ordinary	86	100.00%	100.00%	–	–
Phoenix Distributors Ltd	Mauritius	30 June	Distributor of beverages	Ordinary	206,000	97.33%	97.33%	–	–
Phoenix Foundation	Mauritius	30 June	Charitable institution	Ordinary	1,000	100.00%	100.00%	–	–
Phoenix Réunion SARL	Reunion	30 June	Distributor of beverages and other commodities	Ordinary	342,640	–	–	100.00%	100.00%
SCI Edena	Reunion	30 June	Property holding	Ordinary	40,250	–	–	100.00%	100.00%
The (Mauritius) Glass Gallery Ltd	Mauritius	30 June	Manufacture and sale of glass related products	Ordinary	5,110,000	76.00%	76.00%	–	–

The directors are of the opinion that non-controlling interests are not material to the Group.

Notes to the Financial Statements

for the year ended 30 June 2018

8. INVESTMENT IN ASSOCIATE

(a)

	THE GROUP	
	2018 Rs'000	2017 Rs'000
At 1 July	8,302	7,376
Share of results	91	390
Other movement in reserves	1,304	536
At 30 June	9,697	8,302

(b)

	THE COMPANY	
	2018 Rs'000	2017 Rs'000
At 1 July	6,225	3,233
Increase in fair value	1,032	2,992
At 30 June	7,257	6,225

(c) The associate, which is unlisted, is as follows:

Name of company	Principal place of business and country of incorporation	Year ended	Main business	Class of shares held	Percentage holding and voting rights held	
					THE COMPANY	OTHER GROUP COMPANIES
2018 and 2017						
Crown Corks Industries Ltd	Mauritius	30 June	Trading of closures	Ordinary	30.36%	–

(i) The above associate has been accounted for using the equity method.

(d) Summarised financial information

Summarised financial information in respect of the associate is set out below.

Name	Current assets Rs'000	Non-current assets Rs'000	Current liabilities Rs'000	Revenue Rs'000	Profit for the year Rs'000	Other comprehensive income for the year Rs'000	Total comprehensive income for the year Rs'000	Dividends received during the year Rs'000
2018								
Crown Corks Industries Ltd	31,431	563	55	1,066	300	4,296	4,596	–
2017								
Crown Corks Industries Ltd	26,762	642	61	1,910	1,286	1,766	3,052	–

(e) Reconciliation of summarised financial information

Reconciliation of the above summarised financial information to the carrying amount recognised in the financial statements:

Name	Opening net assets Rs'000	Profit for the year Rs'000	Other comprehensive income/(loss) for the year Rs'000	Closing net assets Rs'000	Ownership interest %	Interest in associates Rs'000	Goodwill Rs'000	Carrying value Rs'000
2018								
Crown Corks Industries Ltd	27,343	300	4,296	31,939	30.36	9,697	–	9,697
2017								
Crown Corks Industries Ltd	24,291	1,286	1,766	27,343	30.36	8,302	–	8,302

Notes to the Financial Statements

for the year ended 30 June 2018

9. INVESTMENTS IN FINANCIAL ASSETS

	THE GROUP		THE COMPANY	
	2018 Rs'000	2017 Rs'000	2018 Rs'000	2017 Rs'000
Available-for-sale financial assets				
At 1 July	3,090	3,409	2,091	2,091
Reclassification	–	(319)	–	–
Exchange differences	19	–	–	–
At 30 June	3,109	3,090	2,091	2,091

Available-for-sale financial assets represent unquoted securities which are measured at cost less impairment.

Available-for-sale financial assets are denominated in the following currencies:

	THE GROUP		THE COMPANY	
	2018 Rs'000	2017 Rs'000	2018 Rs'000	2017 Rs'000
Mauritian Rupee	2,091	2,091	2,091	2,091
Euro	1,018	999	–	–
	3,109	3,090	2,091	2,091

10. LONG-TERM RECEIVABLES

	THE GROUP		THE COMPANY	
	2018 Rs'000	2017 Rs'000	2018 Rs'000	2017 Rs'000
Receivables from subsidiaries	–	–	264,400	235,084
Less provision for impairment	–	–	(137,098)	(134,183)
	–	–	127,302	100,901

The long-term receivables from subsidiaries are stated at cost less impairment. The directors have assessed that no further provision is required at the reporting date.

Provision for impairment loss is determined by the Company based on management estimates of uncollectible long-term receivables.

- (a) The receivables are interest free, unsecured and will not be recalled within the next twelve months.

- (b) The carrying amounts of long term receivables are denominated in the following currencies:

	THE GROUP		THE COMPANY	
	2018 Rs'000	2017 Rs'000	2018 Rs'000	2017 Rs'000
Mauritian Rupee	–	–	–	2,915
Euro	–	–	127,302	97,986
	–	–	127,302	100,901

11. INVENTORIES

	THE GROUP		THE COMPANY	
	2018 Rs'000	2017 Rs'000	2018 Rs'000	2017 Rs'000
Raw and packaging materials	352,408	312,387	304,099	260,656
Spare parts and consumables	90,189	73,110	82,573	73,110
Finished goods	387,201	387,639	276,664	268,619
Work in progress	30,415	43,396	30,415	43,396
Goods in transit	25,710	39,113	13,191	39,113
	885,923	855,645	706,942	684,894

The cost of inventory recognised as an expense includes Rs 8.2 million net of reversal impairment of Rs 4.8 million (2017: Rs 6.4 million) for the Group and Rs 6.6 million (2017: Rs 7.9 million) for the Company in respect of write-downs of inventory to net realisable value.

The inventories have been pledged as security for borrowings and are valued on a weighted average cost basis.

12. TRADE AND OTHER RECEIVABLES

	THE GROUP		THE COMPANY	
	2018 Rs'000	2017 Rs'000	2018 Rs'000	2017 Rs'000
Trade receivables (net of provisions)	579,700	476,251	263,829	236,654
Prepayments and other receivables	90,445	86,817	47,779	50,565
Receivables from group companies:				
– Enterprises in which ultimate holding Company has significant interest	54,373	39,746	54,317	39,746
– Fellow subsidiary	675	3,137	675	3,137
– Subsidiary companies	–	–	17,056	28,808
	725,197	605,951	383,656	358,910

Before accepting any new credit customer, the Group assesses the potential customer's credit worthiness and defines credit limits for the customer. Limits and scoring attributed to customers are reviewed twice a year. Out of the trade receivables balance at end of the year, Rs 48.5 million (2017: Rs 35.2 million) is due from the Group's largest customer. There are no other customers who represent more than 8% of the total balance of trade receivables of the Group.

The credit period is 30 days end of month for the Company and the Group.

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for the year ended 30 June 2018

12. TRADE AND OTHER RECEIVABLES (CONTINUED)

- (a) At 30 June 2018, the amount of the provision was Rs 92.0 million (2017: Rs 92.8 million) for the Group and Rs 46.4 million (2017: Rs 26.7 million) for the Company. The individually impaired receivables are mainly related to receivables with overdue balances where recovery is expected to be remote. The ageing of these receivables is as follows:

	THE GROUP		THE COMPANY	
	2018 Rs'000	2017 Rs'000	2018 Rs'000	2017 Rs'000
Less than 2 months	–	–	1,144	–
2 to 6 months	238	–	967	–
Over 6 months	91,835	92,808	44,349	26,759
	92,073	92,808	46,460	26,759

- (b) At 30 June 2018, trade receivables of Rs 86.6 million (2017: Rs 23.6 million) for the Group and for the Company Rs 16.5 million (2017: Rs 7.3 million) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default. The ageing analysis of these receivables is as follows:

	THE GROUP		THE COMPANY	
	2018 Rs'000	2017 Rs'000	2018 Rs'000	2017 Rs'000
2 to 3 months	34,254	9,988	3,458	7,367
3 to 6 months	41,019	1,778	13,117	–
Over 6 months	11,281	11,836	–	–
	86,554	23,602	16,575	7,367

- (c) The carrying amounts of trade receivables are denominated in the following currencies:

	THE GROUP		THE COMPANY	
	2018 Rs'000	2017 Rs'000	2018 Rs'000	2017 Rs'000
Mauritian Rupee	264,531	237,521	263,829	236,654
US Dollar	5,278	5,156	–	–
Euro	309,891	233,574	–	–
	579,700	476,251	263,829	236,654

- (d) Movement in the provision for trade and other receivables are as follows:

	THE GROUP		THE COMPANY	
	2018 Rs'000	2017 Rs'000	2018 Rs'000	2017 Rs'000
At 1 July	92,808	89,428	26,759	24,608
Impairment loss recognised on receivables	18,596	6,770	24,276	4,800
Receivables written off during the year as uncollectible	(19,331)	(3,390)	(4,575)	(2,649)
At 30 June	92,073	92,808	46,460	26,759

- (d) Movement in the provision for trade receivables (continued)

In determining the recoverability of trade receivables, the Group considers any change in the credit quality of the trade receivables from the date credit was initially granted up to the reporting date. The concentration of credit risk is limited due to the customer base being large and unrelated. Accordingly, the directors believe that there is no further credit provision required in excess of the allowance for doubtful debts.

- (e) The other classes within trade and other receivables do not contain impaired assets.

The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable mentioned above. The Group does not hold any collateral as security.

The carrying amounts of trade and other receivables approximate their fair values.

- (f) Bank borrowings are secured by fixed and floating charges over the receivables of the Group and Company.

13. STATED CAPITAL

	THE GROUP AND THE COMPANY			
	Number of shares	Ordinary shares Rs'000	Share premium Rs'000	Total Rs'000
Issued and fully paid				
At 1 July and at 30 June	16,447,000	164,470	202,492	366,962

The holders of the fully paid ordinary shares are entitled to one voting right per share, carry a right to dividends but no right to fixed income.

The total number of ordinary shares issued is 16,447,000 (2017: 16,447,000) with a par value of Rs 10 per share (2017: Rs 10 per share). All issued shares are fully paid.

14. OTHER RESERVES

- (a) THE GROUP

	REVALUATION AND OTHER RESERVES				
	THE GROUP				
	Revaluation reserve Rs'000	Other reserves Rs'000	Translation reserve Rs'000	Fair value reserve Rs'000	Total Rs'000
2018					
At 1 July 2017	916,186	1,694	(3,540)	2,251	916,591
Gain on revaluation of property	160,772	–	–	–	160,772
Deferred tax on revaluation of property	(13,241)	–	–	–	(13,241)
Transfer from retained earnings	–	3,126	–	–	3,126
Other movements in associate	–	–	–	1,304	1,304
Exchange differences	–	–	13,319	–	13,319
At 30 June 2018	1,063,717	4,820	9,779	3,555	1,081,871
2017					
At 1 July 2016	916,186	1,694	(2,321)	1,715	917,274
Other movements in associate	–	–	–	536	536
Exchange differences	–	–	(1,219)	–	(1,219)
At 30 June 2017	916,186	1,694	(3,540)	2,251	916,591

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for the year ended 30 June 2018

14. OTHER RESERVES (CONTINUED)

(b) THE COMPANY

REVALUATION AND OTHER RESERVES

THE COMPANY

	Revaluation reserve Rs'000	Capital reserve Rs'000	Fair value reserve Rs'000	Total Rs'000
2018				
At 1 July 2017	916,026	1,832	80,121	997,979
Increase in fair value	–	–	122,719	122,719
Gain on revaluation of property	160,772	–	–	160,772
Deferred tax on revaluation of property	(13,241)	–	–	(13,241)
At 30 June 2018	1,063,557	1,832	202,840	1,268,229
2017				
At 1 July 2016	916,026	1,832	73,117	990,975
Increase in fair value	–	–	7,004	7,004
At 30 June 2017	916,026	1,832	80,121	997,979

Revaluation reserve

Revaluation reserve relates to the revaluation of freehold land, yard and freehold buildings.

Translation reserve

Translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations.

Fair value reserve

Fair value reserve comprises the cumulative net change in the fair value of subsidiaries and associates that has been recognised in other comprehensive income until the investments are derecognised or impaired.

Other reserves

Other reserves comprise of legal reserve and capital reserve. During the year, there has been a transfer from retained earnings to legal reserve during the year in one of the subsidiary.

15. BORROWINGS

	THE GROUP		THE COMPANY	
	2018 Rs'000	2017 Rs'000	2018 Rs'000	2017 Rs'000
Current				
Bank overdrafts (note 28(b))	14,436	161,520	19	145,936
Bank loans	102,018	101,944	69,909	69,408
Other loans	–	76,362	–	76,362
	116,454	339,826	69,928	291,706
Non-current				
Bank loans	589,775	685,352	489,366	555,264
	589,775	685,352	489,366	555,264
Total borrowings	706,229	1,025,178	559,294	846,970

- (a) The borrowings include secured liabilities (bank overdrafts, bank loans and other loans) amounting to Rs 706.2 million (2017: Rs 1,025.2 million) for the Group and Rs 559.3 million (2017: Rs 847.0 million) for the Company. The borrowings are secured by fixed and floating charges over the Group and Company's assets and bearing interest at 1.18% - 6.75% per annum (2017: 2.22% - 7.00% per annum) for the Group and 3.65% - 6.75% per annum (2017: 3.50% - 6.99% per annum) for the Company.

- (b) The maturity of non-current bank loans is as follows:

	THE GROUP		THE COMPANY	
	2018 Rs'000	2017 Rs'000	2018 Rs'000	2017 Rs'000
After one year and before two years	101,416	100,916	69,910	69,408
After two years and before three years	93,539	134,077	69,910	69,408
After three years and before five years	158,683	172,727	139,819	138,816
After five years	236,137	277,632	209,727	277,632
	589,775	685,352	489,366	555,264

- (c) The effective interest rates at the end of the reporting period were as follows:

	THE GROUP		THE COMPANY	
	2018 %	2017 %	2018 %	2017 %
Bank overdrafts	1.18 - 6.75	3.60 – 6.99	6.75	6.99
Bank and other loans	2.10 - 5.75	2.22 – 6.25	3.65 - 5.75	3.50 – 6.25

- (d) The carrying amounts of the borrowings are denominated in the following currencies:

	THE GROUP		THE COMPANY	
	2018 Rs'000	2017 Rs'000	2018 Rs'000	2017 Rs'000
Mauritian Rupee	280,019	460,936	280,019	460,936
Euro	426,210	564,242	279,275	386,034
	706,229	1,025,178	559,294	846,970

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16. DEFERRED TAX LIABILITIES

Deferred tax liabilities and assets are offset when they relate to the same fiscal authority. The following amounts are shown in the statements of financial position:

	THE GROUP		THE COMPANY	
	2018 Rs'000	2017 Rs'000	2018 Rs'000	2017 Rs'000
Deferred tax liabilities	318,161	239,473	312,262	233,263

Deferred tax liabilities are calculated on all temporary differences under the liability method at tax rate of 17% (2017: 17%). The movements on the deferred tax account are as follows:

	THE GROUP		THE COMPANY	
	2018 Rs'000	2017 Rs'000	2018 Rs'000	2017 Rs'000
At 1 July	239,473	205,705	233,263	199,187
Charge to profit or loss (note 19(c))	48,230	26,114	48,541	26,422
Charge to other comprehensive income	30,458	7,654	30,458	7,654
At 30 June	318,161	239,473	312,262	233,263

(a) THE GROUP

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

	THE GROUP			
	At 1 July, 2017 Rs'000	Charge to profit or loss Rs'000	Charge to other comprehensive income Rs'000	At 30 June, 2018 Rs'000
2018				
Deferred tax liabilities				
Accelerated tax depreciation	270,519	44,828	13,241	328,588
Deferred tax assets				
Retirement benefit obligations	(31,046)	3,402	17,217	(10,427)
Net deferred tax liabilities	239,473	48,230	30,458	318,161

	THE GROUP			
	At 1 July, 2016 Rs'000	Charge/ (credit) to profit or loss Rs'000	Charge to other comprehensive income Rs'000	At 30 June, 2017 Rs'000
2017				
Deferred tax liabilities				
Accelerated tax depreciation	243,043	27,476	–	270,519
Deferred tax assets				
Retirement benefit obligations	(37,338)	(1,362)	7,654	(31,046)
Net deferred tax liabilities	205,705	26,114	7,654	239,473

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for the year ended 30 June 2018

16. DEFERRED TAX LIABILITIES (CONTINUED)

(b) THE COMPANY

	THE COMPANY			
	At 1 July, 2017 Rs'000	Charge to profit or loss Rs'000	Charge to other comprehensive income Rs'000	At 30 June, 2018 Rs'000
2018				
Deferred tax liabilities				
Accelerated depreciation	264,196	45,139	13,241	322,576
Deferred tax assets				
Retirement benefit obligations	(30,933)	3,402	17,217	(10,314)
Net deferred tax liabilities	233,263	48,541	30,458	312,262

	THE COMPANY			
	At 1 July, 2016 Rs'000	Charge/ (credit) to profit or loss Rs'000	Credit to other comprehensive income Rs'000	At 30 June, 2017 Rs'000
2017				
Deferred tax liabilities				
Accelerated depreciation	236,412	27,784	–	264,196
Deferred tax assets				
Retirement benefit obligations	(37,225)	(1,362)	7,654	(30,933)
Net deferred tax liabilities	199,187	26,422	7,654	233,263

17. RETIREMENT BENEFIT OBLIGATION

	THE GROUP		THE COMPANY	
	2018 Rs'000	2017 Rs'000	2018 Rs'000	2017 Rs'000
Amounts recognised in the statements of financial position				
Pension scheme (note (i))	61,160	182,586	60,661	181,947
Charge to profit or loss				
– Pension benefits (note (iv))	10,966	20,638	10,923	20,587
Credit to other comprehensive income				
– Pension benefits (note (v))	(101,458)	(45,023)	(101,275)	(45,023)

Pension scheme

The assets of the funded plan are held independently in a registered superannuation fund (IBL Pension Fund). Retirement benefit obligations have been provided for based on the report from The Swan Life Ltd dated 20 August 2018.

(i) The amounts recognised in the statements of financial position are as follows:

	THE GROUP		THE COMPANY	
	2018 Rs'000	2017 Rs'000	2018 Rs'000	2017 Rs'000
Present value of funded obligations	179,443	278,779	178,944	278,140
Fair value of plan assets	(154,059)	(138,777)	(154,059)	(138,777)
	25,384	140,002	24,885	139,363
Present value of unfunded obligations	35,776	42,584	35,776	42,584
Liability in the statements of financial position	61,160	182,586	60,661	181,947

The reconciliation of the opening balances to the closing balances for the net benefit defined liability is as follows:

	THE GROUP		THE COMPANY	
	2018 Rs'000	2017 Rs'000	2018 Rs'000	2017 Rs'000
At 1 July	182,586	219,547	181,947	218,959
Amount recognised in other comprehensive income	(101,458)	(45,023)	(101,275)	(45,023)
Amount recognised in profit or loss (note 23)	10,966	20,638	10,923	20,587
Contributions paid *	(30,934)	(12,576)	(30,934)	(12,576)
At 30 June	61,160	182,586	60,661	181,947

* The figures are in respect of residual defined benefit liabilities on top of the defined contributions part of the IBL Pension Fund and exclude cash payments which are treated as defined contributions and amounted to Rs 12.4 million (2017: Rs 27.2 million) for the Group and Rs 11.6 million (2017: Rs 26.6 million) for the Company.

Notes to the Financial Statements

for the year ended 30 June 2018

17. RETIREMENT BENEFIT OBLIGATION (CONTINUED)

(a) Pension scheme (continued)

(ii) The movement in the defined benefit obligation over the year is as follows:

	THE GROUP		THE COMPANY	
	2018 Rs'000	2017 Rs'000	2018 Rs'000	2017 Rs'000
Present value of funded obligation at start of year	278,779	312,670	278,140	312,670
Present value of unfunded obligation at start of year	42,584	44,072	42,584	43,484
Current service cost	3,239	5,990	3,235	5,978
Interest cost	16,156	23,380	16,117	23,341
Liability gain due to change in financial assumptions	(98,052)	(46,370)	(97,869)	(46,370)
Benefit paid	(27,487)	(18,379)	(27,487)	(18,379)
Balance at 30 June	215,219	321,363	214,720	320,724

(iii) The movement in the fair value of plan assets of the year is as follows:

	THE GROUP		THE COMPANY	
	2018 Rs'000	2017 Rs'000	2018 Rs'000	2017 Rs'000
At 1 July	138,777	137,195	138,777	137,195
Interest income	8,429	8,732	8,429	8,732
Employer contributions	30,934	12,576	30,934	12,576
Benefits paid	(27,487)	(18,379)	(27,487)	(18,379)
Actuarial gain/(loss)	3,406	(1,347)	3,406	(1,347)
Balance at 30 June	154,059	138,777	154,059	138,777

(iv) The amounts recognised in profit or loss are as follows:

	THE GROUP		THE COMPANY	
	2018 Rs'000	2017 Rs'000	2018 Rs'000	2017 Rs'000
Service cost	3,239	5,990	3,235	5,978
Net interest cost	7,727	14,648	7,688	14,609
	10,966	20,638	10,923	20,587

(v) The amounts recognised in other comprehensive income are as follows:

	THE GROUP		THE COMPANY	
	2018 Rs'000	2017 Rs'000	2018 Rs'000	2017 Rs'000
Remeasurement on the net defined benefit liability:				
Liability experience gain due to change in financial assumptions	(98,052)	(46,370)	(97,869)	(46,370)
Actuarial (gain)/loss	(3,406)	1,347	(3,406)	1,347
Actuarials gains recognised in other comprehensive income	(101,458)	(45,023)	(101,275)	(45,023)

(a) Pension scheme (continued)

(vi) The fair value of the plan assets at the end of the reporting period for each category, are as follows:

	THE GROUP		THE COMPANY	
	2018 Rs'000	2017 Rs'000	2018 Rs'000	2017 Rs'000
Cash and cash equivalents	12,556	17,625	12,556	17,625
Equity investments categorised by industry type:				
– Banks & Insurance	25,574	17,208	25,574	17,208
– Industry	2,434	1,804	2,434	1,804
– Investment	14,251	11,241	14,251	11,241
– Leisure & Hotels	8,211	6,939	8,211	6,939
– Commerce	4,067	3,053	4,067	3,053
– Others	431	1,110	431	1,110
Fixed interest instruments	44,230	38,025	44,230	38,025
Properties (categorised by nature and location):				
– Commercial properties in Mauritius	5,654	2,082	5,654	2,082
Investment funds	36,266	35,527	36,266	35,527
Private equity	–	3,747	–	3,747
Commodities	385	416	385	416
Total market value of assets	154,059	138,777	154,059	138,777
Actual return on plan assets	11,835	6,778	11,835	6,778

The fair values of the above equity and debt instruments are determined based on quoted market prices in active markets whereas the fair values of properties and derivatives are not based on quoted market prices in active markets.

(vii) The principal actuarial assumptions used for accounting purposes were:

	THE GROUP AND THE COMPANY	
	2018 %	2017 %
Discount rate	6.2/6.5	5.0/6.0
Future long-term salary increase	4.0	3.5/4.5
Future expected pension increase	1.0	1.0

Retirement is assumed to occur at age 60. No allowance has been made for early retirement on the grounds of ill-health or otherwise.

(viii) Sensitivity analysis on defined benefit obligations at end of the reporting date:

	THE GROUP	THE COMPANY
	Rs'000	Rs'000
Decrease in defined benefit obligation due to 1% increase in discount rate	85,815	85,660
Increase in defined benefit obligation due to 1% increase in future long-term salary assumption	44,319	44,119

Notes to the Financial Statements

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17. RETIREMENT BENEFIT OBLIGATION (CONTINUED)

(a) Pension scheme (continued)

(viii) Sensitivity analysis on defined benefit obligations at end of the reporting date: (continued)

The sensitivities above have been determined based on a method that extrapolates the impact on net defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period. The present value of the defined benefit obligation has been calculated using the projected unit credit method.

The sensitivity analysis may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

(ix) The defined benefit pension plan exposes the Group to actuarial risks, such as longevity risk, interest rate risk and market (investment) risk and salary risk.

Longevity Risk- The liabilities disclosed are based on the mortality tables A 67/70 and PA (92). Should the experience of the pension plans be less favourable than the standard mortality tables, the liabilities will increase.

Interest Rate Risk- If the Bond interest rate decreases, the liabilities would be calculated using a lower discount rate, and would therefore increase.

Investment Risk- The present value of the liabilities of the plan are calculated using a discount rate. Should the returns on the assets of the plan be lower than the discount rate, a deficit will arise.

Salary Risk- If salary increases are higher than assumed in our basis, the liabilities would increase giving rise to actuarial losses.

(x) The funding requirements are based on the pension fund's actuarial measurement framework set out in the funding policies of the plan.

(xi) The Group expects to pay Rs 11.8 million in contributions to its post-employment benefit plans for the year ending 30 June 2019.

(xii) The weighted average duration of the defined benefit obligation is 12-15 years for the Group and 12-15 years for the Company at the end of the reporting period (2017: 7-15 years for the Group and 7-10 years for the Company).

18. TRADE AND OTHER PAYABLES

	THE GROUP		THE COMPANY	
	2018 Rs'000	2017 Rs'000	2018 Rs'000	2017 Rs'000
Trade payables	521,244	428,834	225,610	191,123
Deposits from customers (see note (b))	95,910	85,282	95,910	85,282
Amounts due to Group companies:				
– Fellow subsidiary	16,933	–	16,933	–
– Subsidiaries	–	–	8,188	421
– Enterprises in which ultimate holding Company has significant interest	3,815	2,193	3,815	2,193
Accrued expenses and other payables	396,084	387,217	324,577	274,739
	1,033,986	903,526	675,033	553,758

The carrying amounts of trade and other payables approximate their fair values.

(a) The credit period on purchase of goods is 30 days. No interest is charged by trade payables. The Group has policies to ensure that all payables are paid within the credit timeframe.

(b) Deposits from customers on containers

	THE GROUP AND THE COMPANY	
	2018 Rs'000	2017 Rs'000
At 1 July	85,282	55,081
Net increase in deposits	10,628	30,201
At 30 June	95,910	85,282

(c) The carrying amounts of trade payables are denominated in the following currencies:

	THE GROUP		THE COMPANY	
	2018 Rs'000	2017 Rs'000	2018 Rs'000	2017 Rs'000
Mauritian Rupee	159,081	113,288	156,189	111,691
US Dollar	36,130	36,895	36,130	36,895
Euro	321,480	271,457	28,738	35,343
Other	4,553	7,194	4,553	7,194
	521,244	428,834	225,610	191,123

19. TAXATION

(a) Income tax

Income tax is calculated at 15% (2017: 15%) on the profit for the year as adjusted for income tax purposes.

Corporate Social Responsibility

The Company is required to set up a CSR fund equivalent to 2% of its chargeable income of the preceding year to implement a CSR programme in accordance with its own CSR framework. Where the amount paid out of the CSR fund is less than the amount provided under the fund, the difference shall be remitted to the Director-General at the time of submission of the income tax return of the year under review.

(b) Current tax liabilities and assets are offset when they relate to the same fiscal authority. The following amounts are shown in the statements of financial position:

	THE GROUP		THE COMPANY	
	2018 Rs'000	2017 Rs'000	2018 Rs'000	2017 Rs'000
Current tax assets	16,645	–	3,513	–
Current tax liabilities	–	21,758	–	702
	16,645	21,758	3,513	702
Tax liability				
At 1 July	21,758	29,735	702	18,177
Current tax on the adjusted profit for the year 15% (2017: 15%)	70,559	81,167	40,603	49,932
Corporate social responsibility (Over)/underprovision in previous year	881	–	881	–
	(3,953)	3,012	(3,953)	3,012
Tax deducted at source	(2,052)	(2,046)	(2,052)	(2,046)
Tax paid	(103,945)	(90,028)	(39,694)	(68,373)
Exchange difference	107	(82)	–	–
At 30 June	(16,645)	21,758	(3,513)	702

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19. TAXATION (CONTINUED)

	THE GROUP		THE COMPANY	
	2018 Rs'000	2017 Rs'000	2018 Rs'000	2017 Rs'000
(c) Tax expense				
Current tax on the adjusted profit for the year				
15% (2017: 15%)	70,559	81,167	40,603	49,932
CSR contribution	7,044	8,388	7,044	8,388
(Over)/Underprovision in previous year	(3,953)	3,012	(3,953)	3,012
	73,650	92,567	43,694	61,332
Deferred tax charge to profit or loss (note 16)	48,230	26,114	48,541	26,422
Tax expense	121,880	118,681	92,235	87,754

- (d) The tax on the Group's and Company's profit before tax differs from the theoretical amount that would arise using the basic tax rate of the Group and the Company as follows:

	THE GROUP		THE COMPANY	
	2018 Rs'000	2017 Rs'000	2018 Rs'000	2017 Rs'000
Profit before taxation	594,472	514,144	500,879	455,499
Tax calculated at the rate of 17% (2017: 17%)	101,060	87,404	85,149	77,435
Tax effect of:				
Income not subject to tax	(11,540)	(6,126)	(1,777)	(2,103)
Expenses not deductible for tax purposes	13,037	13,868	11,405	7,302
CSR adjustment	1,197	1,426	1,197	1,426
Differential in tax rate	20,644	15,678	(468)	–
(Over)/underprovision in previous year	(3,953)	3,012	(3,953)	3,012
Depreciation of non-qualifying assets	682	682	682	682
Effect of tax on associated companies	15	66	–	–
Deferred tax asset on tax losses not recognised	734	2,559	–	–
Tax losses lapsed	4	112	–	–
Tax charge	121,880	118,681	92,235	87,754

20. DEFERRED REVENUE

	THE GROUP	
	2018 Rs'000	2017 Rs'000
Arising from government grant	54,089	61,654
Current	8,731	8,569
Non-current	45,358	53,085
	54,089	61,654

The deferred revenue arises as a result of the capital grant received by one of the subsidiary of the group following their capital expenditure incurred on building improvements and some plant and machinery. This deferred revenue will be released and offset against the depreciation charge over the useful life of the underlying asset.

21. DIVIDENDS

	THE COMPANY	
	2018 Rs'000	2017 Rs'000
Dividends paid		
2018: Rs 10.90 per share (2017: Rs 10.25 per share)	179,272	168,582

22. EXPENSES BY NATURE

	THE GROUP		THE COMPANY	
	2018 Rs'000	2017 Rs'000	2018 Rs'000	2017 Rs'000
Depreciation (note 5)	278,597	268,008	222,918	209,016
Amortisation of intangible assets (note 6)	2,289	1,344	1,156	1,022
Employee benefit expense (note 23)	794,909	753,049	561,845	530,960
Changes in inventories of finished goods and work in progress	(13,419)	(113,387)	(4,936)	(93,052)
Purchases of finished goods				
Raw materials and consumables used	2,157,097	2,155,378	1,506,739	1,412,438
Excise and other specific duties	2,165,791	1,856,849	2,165,791	1,856,849
Other marketing and selling expenses	480,952	390,974	369,869	324,603
Other expenses	795,646	626,898	738,313	612,409
Total cost of sales, warehousing, selling and marketing and administrative expenses	6,661,862	5,939,113	5,561,695	4,854,245

23. EMPLOYEE BENEFIT EXPENSE

Wages , salaries and other employee benefits	695,275	634,811	517,259	463,315
Social security costs	76,204	70,336	21,986	20,438
Pension costs – defined benefit plans				
(note 17(a)(iv))	10,966	20,638	10,923	20,587
Pension costs – defined contribution plans	12,464	27,264	11,677	26,620
	794,909	753,049	561,845	530,960

24. OTHER INCOME

Interest income	957	1,712	953	1,708
Dividend income	84	79	40,014	39,909
Profit on disposal of plant and equipment	739	–	739	–
Sundry income	12,053	42,305	16,022	26,040
Net foreign exchange gains	28,822	41,397	21,681	40,064
	42,655	85,493	79,409	107,721

25. PROFIT BEFORE FINANCE COSTS

Profit before finance costs is arrived at after crediting:				
Profit on disposal of plant and equipment	739	–	739	–
Government grants release	7,565	8,949	–	–
and charging:				
Cost of inventories expensed	5,021,445	4,244,290	4,108,257	3,552,404
Depreciation on property, plant and equipment – owned assets	278,597	268,008	222,918	209,016
Amortisation of intangible assets (note 6)	2,289	1,344	1,156	1,022
Loss on disposal of plant and equipment	–	570	–	1,081
Employee benefit expense (note 23)	794,909	753,049	561,845	530,960
Impairment loss recognised on goodwill	6,175	–	–	–
Impairment loss recognised on investment in subsidiaries (note 7 (a))	–	–	10,457	–
Impairment loss recognised on long term receivables (note 10 (a))	–	–	2,915	–
Impairment loss recognised on trade receivables (note 12 (d))	18,596	6,770	24,276	4,800

Notes to the Financial Statements

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26. FINANCE COSTS

	THE GROUP		THE COMPANY	
	2018 Rs'000	2017 Rs'000	2018 Rs'000	2017 Rs'000
Bank overdrafts	2,329	2,631	1,763	603
Bank and other loans	35,056	44,788	32,054	41,022
Finance leases	-	116	-	116
	37,385	47,535	33,817	41,741

27. EARNINGS PER SHARE

	THE GROUP	
	2018	2017
Profit attributable to owners of the Company (Rs'000)	473,824	396,373
Number of ordinary shares in issue	16,447,000	16,447,000
Earnings per share (Rs cs) - Basic	28.81	24.10

28. NOTES TO THE STATEMENTS OF CASH FLOWS

	THE GROUP		THE COMPANY	
	2018 Rs'000	2017 Rs'000	2018 Rs'000	2017 Rs'000
(a) Cash generated from operations				
Profit before taxation	594,472	514,144	500,879	455,499
Adjustments for:				
Depreciation (note 5)	278,597	268,008	222,918	209,016
Amortisation of intangible assets (note 6)	2,289	1,344	1,156	1,022
(Profit)/Loss on sale of plant and equipment (note 25)	(739)	570	(739)	1,081
Exchange differences	6,838	15,238	7,342	15,763
Impairment loss - goodwill	6,175	-	-	-
Impairment loss - investment in subsidiaries	-	-	10,457	-
Impairment loss - trade receivables	18,596	6,770	24,276	4,800
Impairment loss - long term receivables	-	-	2,915	-
Impairment loss - inventory (note 11)	8,207	6,400	6,656	7,993
Investment income (note 24)	(84)	(79)	(40,014)	(39,909)
Interest income (note 24)	(957)	(1,712)	(953)	(1,708)
Amortisation of government grant	(7,565)	(8,949)	-	-
Increase in pension provision	10,966	20,638	10,923	20,587
Interest expense	37,385	47,535	33,817	41,741
Share of results of associate	(91)	(390)	-	-
	954,089	869,517	779,633	715,885
Changes in working capital				
– Trade and other receivables	(132,234)	(102,731)	(78,338)	(77,909)
– Inventories	(35,172)	(210,183)	(28,704)	(190,022)
– Trade and other payables	119,203	161,507	121,035	109,874
Cash generated from operations	905,886	718,110	793,626	557,828

(b) Cash and cash equivalents

	THE GROUP		THE COMPANY	
	2018 Rs'000	2017 Rs'000	2018 Rs'000	2017 Rs'000
Bank and cash balances	110,413	184,603	50,272	69,372
Bank overdrafts (note 15)	(14,436)	(161,520)	(19)	(145,936)
Cash and cash equivalents	95,977	23,083	50,253	(76,564)

(c) The carrying amounts of cash and cash equivalents are denominated in the following currencies.

	THE GROUP		THE COMPANY	
	2018 Rs'000	2017 Rs'000	2018 Rs'000	2017 Rs'000
Mauritian Rupee	36,059	(122,000)	33,787	(123,739)
US Dollar	425	2,562	190	2,364
Euro	59,418	142,500	16,201	44,790
Other currencies	75	21	75	21
	95,977	23,083	50,253	(76,564)

(d) Reconciliation of liabilities arising from financing activities

	THE GROUP				
	Non-cash changes				
	2017 Rs'000	Cash flows Rs'000	Amortised cost adjustment Rs'000	Foreign exchange movement Rs'000	2018 Rs'000
Borrowings	863,658	(185,405)	3,006	10,534	691,793

	THE COMPANY				
	Non-cash changes				
	2017 Rs'000	Cash flows Rs'000	Amortised cost adjustment Rs'000	Foreign exchange movement Rs'000	2018 Rs'000
Borrowings	701,034	(152,528)	3,006	7,763	559,275

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29. SEGMENTAL INFORMATION THE GROUP

Segment information

IFRS 8 requires operating segments to be identified on the basis of reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segments and to assess their performance.

Products and services from which reportable segments derive their revenues

The information reported to the Group's chief operating decision maker for the purposes of resource allocation and assessment of segment performance is more specifically focussed on the geographical location of operations. The principal products from which segments derive revenue are beverages and glass recycled product.

Information regarding the Group's reportable segments is presented below.

The following is an analysis of the Group's revenue and results from continuing operations by reportable segment:

Segment revenues and segment results

	Segment Revenue		Segment Result	
	2018 Rs'000	2017 Rs'000	2018 Rs'000	2017 Rs'000
Local	6,028,523	5,254,867	518,640	455,712
Overseas	1,714,549	1,349,648	113,126	105,577
Total	7,743,072	6,604,515	631,766	561,289
Intersegment revenue	(492,099)	(189,606)	-	-
	7,250,973	6,414,909	631,766	561,289
Share of results of associate			91	390
Finance costs			(37,385)	(47,535)
Profit before taxation			594,472	514,144
Tax expense			(121,880)	(118,681)
Profit for the year			472,592	395,463

Overseas revenue represents sales made through subsidiaries to the Indian Ocean Islands, Australia, Africa, Europe, USA and China.

Revenue reported above represents revenue generated from external customers and amounted to Rs 7.3 billion (2017: Rs 6.4 billion).

The accounting policies of the reportable segments are the same as the Group's accounting policies described in note 2(s). Segment profit represents the profit earned by each segment without allocation of share of results of associates, finance costs and income tax expense. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance.

Segment assets and liabilities

	Assets		Liabilities	
	2018 Rs'000	2017 Rs'000	2018 Rs'000	2017 Rs'000
Local	5,273,858	5,010,356	1,607,490	1,818,629
Overseas	1,045,917	1,030,254	566,135	615,546
Consolidated assets/liabilities	6,319,775	6,040,610	2,173,625	2,434,175

For the purposes of monitoring segment performance and allocating resources between segments:

- all assets are allocated to reportable segments
- trade and other payables are allocated to reportable segments.

Depreciation and amortisation

Additions to non-current assets

	2018 Rs'000	2017 Rs'000	2018 Rs'000	2017 Rs'000
Other segment information				
Local	224,469	210,545	355,778	558,185
Overseas	56,417	58,807	27,210	29,565
	280,886	269,352	382,988	587,750

Revenue from major products and services

The Group's revenue from continuing operations from its major products and services were as follows:

	2018 Rs'000	2017 Rs'000
Beverages	7,239,432	6,403,806
Recycled glass and related products	11,541	11,103
	7,250,973	6,414,909

Information about major customers

The Group has a diverse portfolio of domestic and foreign customers and no individual customer exceeds 10% of total revenue.

Segment assets consist primarily of property, plant and equipment, motor vehicles, intangible assets, inventories, receivables and exclude investments in associates. Segment liabilities comprise operating liabilities. Capital expenditure comprises additions to property, plant and equipment, motor vehicles, office equipment and intangible assets.

30. RELATED PARTY TRANSACTIONS

The immediate parent and ultimate controlling party respectively of the Group are Phoenix Investment Company Limited and IBL Ltd, both incorporated in Mauritius.

Transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note. Details of transactions between the Group and other related parties and outstanding balances due from/to related parties are disclosed below:

	THE GROUP		THE COMPANY	
	2018 Rs'000	2017 Rs'000	2018 Rs'000	2017 Rs'000
(i) Dividend income				
Fellow subsidiaries	38	34	38	34
Subsidiaries	-	-	39,930	39,830
(ii) Sales of goods or services				
Subsidiaries	-	-	76,439	69,522
Enterprise in which ultimate holding Company has significant interest	320,945	271,773	320,945	271,773
Fellow subsidiaries	587	897	587	897

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for the year ended 30 June 2018

30. RELATED PARTY TRANSACTIONS (CONTINUED)

	THE GROUP		THE COMPANY	
	2018 Rs'000	2017 Rs'000	2018 Rs'000	2017 Rs'000
(iii) Purchase of goods or services				
Subsidiaries	–	–	14,145	14,407
Enterprise in which ultimate holding Company has significant interest	48,654	51,382	48,654	51,351
(iv) Management fees/interest paid/donations paid				
Enterprises in which ultimate holding Company has significant interest	2	116	2	116
Fellow subsidiaries	141,933	123,173	145,215	127,127
Ultimate holding company	653	487	653	487
(v) Management fees/interest received				
Subsidiaries	-	–	5,338	5,612
Enterprises in which ultimate holding Company has significant interest	241	262	241	262
(vi) Rechargeable cost				
Immediate holding Company	608	443	608	443
Intermediate holding Company	271	341	271	341
Subsidiaries	-	–	17,784	13,896
(vii) Outstanding balances				
<i>Receivables from related parties</i>				
Subsidiaries	-	–	281,456	260,403
Enterprises in which ultimate holding Company has significant interest	54,373	39,746	54,317	39,746
Fellow subsidiary	675	3,137	675	3,137
<i>Payables to related parties</i>				
Subsidiaries	–	–	8,188	421
Enterprises in which ultimate holding Company has significant interest	3,815	2,193	3,815	2,193
Fellow subsidiary	16,933	–	16,933	–

Sales of goods or services to related parties were made at the Group's usual list prices. Purchases were made at market prices.

The amounts outstanding are unsecured, interest free and will be settled in cash. No guarantee has been given or received. Except for an amount of Rs 156.5 million (2017: Rs 134.1 million) recognised as impairment loss in respect of amounts due from subsidiaries and associates, no other expense has been recognised for bad or doubtful debts in respect of the amounts owed by related parties.

Compensation to Key Management Personnel is borne by a subsidiary of the intermediate holding company.

31. CAPITAL COMMITMENTS

	THE GROUP		THE COMPANY	
	2018 Rs'000	2017 Rs'000	2018 Rs'000	2017 Rs'000
Capital commitments contracted for and not provided in the financial statements:				
Property, plant and equipment	58,948	187,915	58,948	187,915

32. OPERATING LEASE ARRANGEMENTS

Operating lease commitments – where the Group is the lessee.

Operating lease relates to land and motor vehicles with renewal options for the land only. The Group does not have an option to purchase the leased assets. The lease periods end between May 2018 and May 2021 for motor vehicles, for the Group and the Company.

The payment recognised as an expense under operating leases are as follows:

	THE GROUP		THE COMPANY	
	2018 Rs'000	2017 Rs'000	2018 Rs'000	2017 Rs'000
Payment recognised as an expense	43,716	26,155	20,566	20,711

The future aggregate minimum lease payments under operating leases are as follows:

	THE GROUP		THE COMPANY	
	2018 Rs'000	2017 Rs'000	2018 Rs'000	2017 Rs'000
Not later than one year	24,175	25,817	3,737	20,446
Later than one year and not later than five years	36,165	13,236	8,200	10,697
	60,340	39,053	11,937	31,143

33. CONTINGENT LIABILITIES

At 30 June, 2018 the Group and the Company had contingent liabilities in respect of bank guarantees of Rs 158.4 million (2017: Rs 226.4 million) arising in the ordinary course of business. The Group and the Company has not made any provision for this liability as directors consider the probability of the liability to be remote.

34. POTENTIAL IMPACT OF IFRS 15

In 2014, the International Accounting Standards Board ("IASB") issued IFRS 15 "Revenue from Contracts with Customers" ("IFRS 15"), replacing IAS 18, "Revenue", IAS 11, "Construction Contracts", and related interpretations. IFRS 15 provides a comprehensive framework for the recognition, measurement and disclosure of revenue from contracts with customers, excluding contracts within the scope of the accounting standards on leases, insurance contracts and financial instruments. IFRS 15 becomes effective for annual periods beginning on or after 1 January 2018. The Company's fiscal year ended on 30 June 2018, therefore the corresponding effective date for IFRS 15 is 1 July 2018. The Company intends to adopt the standard on 1 July 2018 by applying the requirements of the standard by modified retrospective method with the cumulative effects of initial application recorded in opening retained earnings on 1 July 2018. Although the new standard will result in changes to the Company's revenue recognition accounting policy commencing on 1 July 2018, the Company does not expect it will have a material impact on its financial statements.

"We are fully conscious that our responsibility in creating shareholder value is directly linked to our duty towards the protection of our environment."

SHAREHOLDERS' CORNER

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Notice of Annual Meeting to Shareholders

Notice is hereby given that the Annual Meeting of Shareholders of **Phoenix Beverages Limited** will be held at l'Ibelloise, 6th Floor, IBL House, Caudan Waterfront, Port Louis on **Friday 14 December 2018** at **10.00 hours** to transact the following business in the manner required for the passing of ORDINARY RESOLUTIONS:

AGENDA:

1. To consider the Integrated Report 2018 of the Company.
2. To receive the report of Deloitte, the auditors of the Company for the year ended 30 June 2018.
3. To consider and adopt the Group's and Company's audited financial statements for the year ended 30 June 2018.
4. To ratify the nomination of Mr. Yvan Mainix* as Director of the Company.
5. To re-elect by rotation, on the recommendation of the Corporate Governance Committee, Mr. Jan Boullé * who offers himself for re-election as Director of the Company
6. To re-elect by rotation, on the recommendation of the Corporate Governance Committee, Mr. François Dalais * who offers himself for re-election as Director of the Company.
7. To re-elect by rotation, on the recommendation of the Corporate Governance Committee, Mr. Arnaud Lagesse* who offers himself for re-election as Director of the Company.
8. To fix the remuneration of the Directors for the year to 30 June 2019 and to ratify the emoluments paid to the Directors for the year ended 30 June 2018.
9. To ratify the remuneration paid to the auditors, Deloitte, for the financial year ended 30 June 2018.
10. To appoint EY as auditors for the ensuing year and to authorise the Board of Directors to fix their remuneration.

BY ORDER OF THE BOARD



Doris Dardanne
IBL MANAGEMENT LTD
Company Secretary

5 September 2018

NOTES:

1. A shareholder of the Company entitled to attend and vote at this meeting may appoint a proxy of his/her own choice to attend and vote on his/her behalf. A proxy need not be a member of the Company.
2. The instrument appointing a proxy or any general power of attorney shall be deposited at the Share Registry and Transfer Office of the Company, Ocorian Corporate Administrators Limited (formerly known as Abax Corporate Administrators Ltd), 6th Floor, Tower A, 1 CyberCity, Ebène, by Thursday 13 December 2018 at 10.00 hours and in default, the instrument of proxy shall not be treated as valid.
3. A proxy form is included in this Annual Report and is also available at the registered office of the Company, 4th floor IBL House, Caudan Waterfront, Port Louis.
4. For the purpose of this Annual Meeting, the Directors have resolved, in compliance with Section 120(3) of the Companies Act 2001, that the shareholders who are entitled to receive notice of the meeting shall be those shareholders whose names are registered in the share register of the Company as at 19 November 2018.
5. The minutes of the Annual Meeting held on 15 December 2017 are available for consultation by the shareholders during office hours at the registered office of the Company, 4th floor IBL House, Caudan Waterfront, Port Louis.
6. The minutes of the Annual Meeting to be held on 14 December 2018 will be available for consultation and comments during office hours at the registered office of the Company, 4th floor IBL House, Caudan Waterfront, Port Louis from 1 February to 15 February 2019.

* The profiles and categories of the Directors proposed for election and re-election are set out on pages 64 to 69 of the Integrated Report 2018.

Shareholders' Information

Dear Shareholder,

In line with its policy of being more environmental friendly, the Board of PhoenixBev has decided that an exercise would be undertaken during the financial year 2018-2019 to offer you the opportunity to opt for a soft copy of the Annual Reports or such other notifications to be received by email.

In conformity with applicable regulations, we will be requested to ask for your consent prior to sending you such documents electronically. The Board therefore encourages the shareholders to support this initiative which will be launched in 2019 and thanks you in advance for your cooperation in our quest for a greener world.

Meeting procedures

Q: Who can attend the Annual Meeting?

A: In compliance with Section 120(3) of the Companies Act 2001, the Board has resolved that anyone who is registered in the share register of Phoenix Beverages Limited as at 19 November 2018 is entitled to attend the meeting.

Q: Who can vote at the Annual Meeting?

A: If you are registered in the share register of Phoenix Beverages Limited as at 19 November 2018 you have the right to vote at the meeting.

Q: How many votes does a shareholder have?

A: Every shareholder, present in person or by proxy, shall have one vote on a show of hands. Where a poll is taken, each shareholder shall have the number of votes that corresponds to the number of shares held by him/her in the Company.

Q: How many shareholders do you need to reach a quorum?

A: A quorum is reached where five (5) shareholders holding at least fifty percent (50%) of the share capital of the Company are present or represented. At the date of this report, Phoenix Beverages Limited has 16,447,000 ordinary shares in issue.

Q: How are the votes counted?

A: On a show of hands, the Chairman shall count the votes. However, if a poll is demanded, the counting will be done by the auditors of the Company who will be acting as scrutineers.

Q: How can I obtain a copy of the minutes of proceedings of the last Annual Meeting of the Company?

A: You can make such a request to the Company Secretary prior to the Annual Meeting.

Voting procedures

Q: What is the voting procedure?

A: Voting at the Annual Meeting is generally by show of hands. However, if a poll is demanded for a particular resolution, then ballot papers shall be distributed and shareholders will be requested to cast their votes thereon.

Q: How do I appoint someone else to go to the Annual Meeting and vote my share(s) for me?

A: The Chairman of the meeting has been named in the proxy to represent shareholders at the meeting. You can appoint someone else to represent you at the meeting. Just complete a proxy form by inserting the person's name in the appropriate space on the proxy form. The person you appoint does not need to be a shareholder but must attend the meeting to vote your share(s).

Q: Is there a deadline for my proxy to be received?

A: Yes. Your proxy must be received by the Company's Share Registry and Transfer Office, Ocorian Corporate Administrators Limited (formerly known as Abax Corporate Administrators Ltd) 6th Floor, Tower A, 1 CyberCity, Ebène, no later than 10.00 hours on Thursday 13 December 2018.

Q: How will my share(s) be voted if I return a proxy?

A: By completing and returning a proxy, you are authorising the person named in the proxy to attend the Annual Meeting and vote your share(s) on each item of business according to your instructions. If you have appointed the Chairman of the meeting as your proxy and you do not provide him with instructions, he will exercise his discretion as to how he votes.

Q: What if I change my mind?

A: If you are a registered shareholder and have voted by proxy, you may revoke your proxy by delivering to the Company's Share Registry and Transfer Office, a duly executed proxy with a later date or by delivering a form of revocation of proxy. This new proxy must be received by the Company's Share Registry and Transfer Office, Ocorian Corporate Administrators Limited (formerly known as Abax Corporate Administrators Ltd), 6th Floor, Tower A, 1 CyberCity, Ebène, no later than 10.00 hours on Thursday 13 December 2018.

Or, you may revoke your proxy and vote in person at the meeting, or any adjournment thereof, by delivering a form of revocation of proxy to the Company Secretary at the meeting before the vote in respect of which the proxy is to be used is taken.

In any case, you are advised to attach an explanatory note to such amended proxy form to explain the purpose of the amended document and expressly revoke the proxy form previously signed by you.

Corporate Information

Head Office

Pont Fer, Phoenix, Mauritius
BRN: C07001183
Tel: (230) 601 2000
Fax: (230) 686 6920
Email: contact@phoenixbev.mu
Website: www.phoenixbev.mu

Commercial Unit

Tel: (230) 601 2200
Fax: (230) 697 2967

Finance and Administration

Tel: (230) 601 2000
Fax: (230) 686 6920 (Administration)
(230) 697 6480 (Finance)
(230) 697 5028 (Procurement)
(230) 686 9204 (Information Technology)

Technical and Production

Tel: (230) 601 2000 (Brewery)
Fax: (230) 686 7197
Tel: (230) 601 1800 (Limonaderie)
Fax: (230) 6971394
Tel: (230) 697 7700 (Nouvelle France)

Our Operational Subsidiaries

The (Mauritius) Glass Gallery Ltd

Pont Fer, Phoenix, Mauritius
Tel: (230) 696 3360
Fax: (230) 696 8116

Phoenix Beverages Overseas Ltd

Pont Fer, Phoenix, Mauritius
Tel: (230) 601 2000
Fax: (230) 686 6920
Email: contact@phoenixbev.mu
Website: www.phoenixbev.mu

Rodrigues Operations

Pointe L'Herbe
Rodrigues
Tel: (230) 831 1648
Fax: (230) 831 2181

Registered Office

4th Floor, IBL House, Caudan Waterfront
Port Louis, Mauritius

Auditors

Deloitte
Chartered Accountants

Bankers

AfrAsia Bank Limited
Barclays Bank Mauritius Limited
State Bank of Mauritius Ltd
The Hong Kong and Shanghai Banking Corporation Ltd
The Mauritius Commercial Bank Ltd

Phoenix Reunion SARL

Boulevard des Mascareignes
ZAC Belvédère - BP 90027
97821 Le Port Cedex
Ile de La Réunion
Tel: (262) 262 241730
Fax: (262) 692 452972

Company Secretary

IBL Management Ltd
4th Floor, IBL House
Caudan Waterfront
Port Louis
Mauritius

Share Registry & Transfer Office

If you are a Shareholder and have enquiries regarding your account, or wish to change your name or address, or have questions about lost share certificates, share transfers or dividends, please contact our Share Registry and Transfer Office:

Ocorian Corporate Administrators Limited (formerly known as Abax Corporate Administrators Ltd)
6th Floor, Tower A
1 CyberCity, Ebène
Mauritius

Edena SA

10 Rue Eugène de Louise
97419 La Possession
Ile de La Réunion
Tel: (262) 262 421530
Fax: (262) 262 420502

Proxy Form

I/We, _____
of _____
being a member/members of **Phoenix Beverages Limited**, do hereby appoint: _____

or failing him/her, _____
or failing him/her the Chairman of the Meeting, as my/our proxy to vote for me/us and on my/our behalf at the **Annual Meeting** of the Company to be held at l'Ibeloise, 6th Floor, IBL House, Caudan Waterfront, Port Louis on **Friday 14 December 2018** at **10.00 hours** and at any adjournment thereof.

I/We desire my/our vote(s) to be cast on the Ordinary Resolutions as follows:

	For	Against	Abstain
1. To consider the Integrated Report 2018 of the Company.	<input type="text"/>	<input type="text"/>	<input type="text"/>
2. To receive the report of Deloitte, the auditors of the Company for the year ended 30 June 2018.	<input type="text"/>	<input type="text"/>	<input type="text"/>
3. To consider and adopt the Group's and Company's audited financial statements for the year ended 30 June 2018.	<input type="text"/>	<input type="text"/>	<input type="text"/>
4. To ratify the nomination of Mr. Yvan Mainix as Director of the Company.	<input type="text"/>	<input type="text"/>	<input type="text"/>
5. To re-elect by rotation on the recommendation of the Corporate Governance Committee, Mr. Jan Boullé who offers himself for re-election as Director of the Company.	<input type="text"/>	<input type="text"/>	<input type="text"/>
6. To re-elect by rotation on the recommendation of the Corporate Governance Committee, Mr. François Dalais who offers himself for re-election as Director of the Company.	<input type="text"/>	<input type="text"/>	<input type="text"/>
7. To re-elect by rotation on the recommendation of the Corporate Governance Committee, Mr. Arnaud Lagesse who offers himself for re-election as Director of the Company.	<input type="text"/>	<input type="text"/>	<input type="text"/>
8. To fix the remuneration of the Directors for the year to 30 June 2019 and to ratify the emoluments paid to the Directors for the year ended 30 June 2018.	<input type="text"/>	<input type="text"/>	<input type="text"/>
9. To ratify the remuneration paid to the auditors, Deloitte, for the financial year ended 30 June 2018.	<input type="text"/>	<input type="text"/>	<input type="text"/>
10. To appoint EY as auditors for the ensuing year and to authorise the Board of Directors to fix their remuneration.	<input type="text"/>	<input type="text"/>	<input type="text"/>

Signed this _____ day of _____ 2018.

Signature(s)

Notes:

1. A member of the Company entitled to attend and vote at this meeting may appoint a proxy of his/her own choice to attend and vote on his/her behalf. A proxy need not be a member of the Company.
2. Please mark in the appropriate box how you wish to vote. If no specific direction as to voting is given, the proxy will be entitled to vote or abstain from voting as he/she thinks fit.
3. The instrument appointing a proxy or any general power of attorney, duly signed, shall be deposited at the Share Registry and Transfer Office of the Company, Ocorian Corporate Administrators Limited (formerly known as Abax Corporate Administrators Ltd), 6th Floor, Tower A, 1 CyberCity, Ebène, by Thursday 13 December 2018 at 10.00 hours and in default, the instrument of proxy shall not be treated as valid.

Notes

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As part of its ongoing programme to help protect the environment, IBL Ltd subsidiaries have chosen to use Lenza Green paper for their Integrated and Annual Reports.

Lenza Green paper is made from 100% recycled pulp, certified FSC (Forest Stewardship Council).

FSC is an international, non-governmental, non-profit making organisation created in 1993.

It encourages socially, ecologically and economically responsible forestry management initiatives.

Detailed Environmental Profile

Fibre source:	40 / 40
Fossil CO ₂ emissions from manufacturing:	18 / 20
Waste to landfill:	10 / 10
Water pollution from bleaching:	10 / 10
Organic water pollution:	9 / 10
Environmental management systems:	10 / 10