PhoenixBev

THIRST FOR THE BEST. FIRST FOR YOU.

INTEGRATED REPORT 2019

Phoenix Beverages Limited | Integrated Report 2019

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PhoenixBev in Context

2 COUNTRIES OF OPERATION

+1600 TEAM MEMBERS

4 PRODUCTION UNITS

16 BOTTLING LINES

7 CATEGORIES OF BEVERAGES

+50 BRANDS IN OUR PORTFOLIO

+44 000 m^2 WAREHOUSING CAPACITY

+120 DISTRIBUTION FLEET **TRUCKS**

+10 000 CUSTOMERS

8 EXPORT COUNTRIES

1 GLASS RECYCLING OPERATION

MGG

+1900 **SHAREHOLDERS** LISTED ON THE STOCK EXCHANGE OF MAURITIUS

Contents

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 2019.

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 Integrated 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 117 - 120.

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 2019 Integrated Report addresses all material matters and presents fairly the Group's integrated performance. This Report was approved by the Board on 24 September 2019.

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 13 December 2019

Time: 14.30 hours

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

We look forward to seeing you.

Sincerely,

Arnaud Lagesse
Chairman

Bernard Theys
Chief Executive Officer

Chairman's Message

Dear Shareholder,

I am pleased to report that PhoenixBev has delivered yet another year of strong financial performance thanks to the ongoing successful implementation of our strategic plans. Our Company continues to evolve by diversifying our portfolio of beverages and modifying our offerings to be even more relevant to our customers and consumers. I am proud of our achievements that the passion and hard work shown by our employees every day have made possible. As a result, we have delivered against our objectives, creating consistent revenue growth and shared value for all our stakeholders.

Results

Our solid results for the year are not only very pleasing, but also clearly demonstrate our long-term efforts to establish our strong presence in the region. Group turnover has increased by 7.3%, from MUR 7.2Bn to MUR 7.8Bn, while profit after tax has risen by 33.7% from MUR 473M to MUR 632M when compared to last year.

However, our operations in Reunion Island registered a net profit of MUR 32.7M for the financial year 2019 as compared to a profit of MUR 79.3M in 2018. The counter performance in Reunion Island is principally attributable to an unexpected temporary regulatory order for nearly three months reducing our supply of water used for production and social unrest in the months of November and December 2018. With these issues now behind us, we are confident of achieving better results for the coming year.

GROUP TURNOVER 2019

7.3%

from MUR 7.2Bn to **MUR 7.8Bn**

Based on our good overall performance for 2018-2019, the Board has this year declared a total dividend of MUR 13.30 per share as compared to MUR 10.90 per share in 2018. I am proud to say that the annualised total shareholders return (TSR) over the last 5 years amounts to 27%.

Our strategic approach

The strategic priorities of PhoenixBev during the year remained those of growth and sustainability to meet changes in consumer demand while respecting our commitment to responsible production that is mindful of its environmental impact.

We are adding manufacturing and selling capacity to meet the growing and changing consumer demand. We aim to strengthen our brands by making our products more desirable to our consumers. Thus, while we continue to support our core sparkling brands, we are pursuing our efforts to diversify our portfolio to include more non-sparkling drinks. During the year we introduced a new low calorie Fuze Tea and have also reformulated some of our recipes to reduce sugar across some of our brands. At the same time, we are increasing our supply-chain speed and flexibility to better serve our customers' evolving business models.

"We are adding manufacturing and selling capacity to meet the growing and changing consumer demand"

We are also working on options to grow our business in the region and beyond. First and foremost, we remain fully committed to the Indian Ocean region. We continue to build on the successful base that we have established, as we firmly believe in its vast potential. Nevertheless, as the Group continues to gain in expertise and strength in its operations across the region, the time has come for us to look further at other emerging markets. We will proceed with the utmost caution.

With respect to sustainability, we are focussing on achieving greater impact by promoting responsible waste management. Mauritius has a serious waste issue in general, with plastic being one of the major concerns. As an important player we are determined to play a leading role in finding solutions. On the one hand, far too much plastic packaging ends up as litter in our rivers and oceans. On the other hand, plastic can be a highly sustainable packaging material that is easy to recycle, with a lower carbon footprint than other packaging materials. I am pleased to report that PhoenixBev is actively working for the creation of a circular economy for plastics that will fundamentally change the way we interact with our products. We further believe that we need to build the circular economy to achieve a situation where all of our primary packaging can be collected, recycled and reused.

"We further believe that we need to build the circular economy to achieve a situation where all of our primary packaging can be collected, recycled and reused"

Human resources

We continue to play a significant role as one of the country's largest private sector employers, with an average workforce of 1,500 jobs. By providing the necessary targeted skill development programmes we enable our employees at all levels to contribute effectively to the Group's overall success while making better lives for themselves. As part of our long-term development strategy we actively identify and nurture young talented individuals who can carry forward the increasing role of technology in our production and distribution processes.

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.

Outlook

Trading conditions on the domestic market and in the Indian Ocean region are expected to remain under pressure. Notwithstanding this challenging environment, given our strong cash flow position, we are well positioned for sustainable organic growth and growth by value accretive acquisition. PhoenixBev has a long history of doing business with passion, integrity and commitment, with the ultimate goal of creating a distinctive and tailormade customer service offering. Looking ahead, we will work to embed this energy to continue to investigate new opportunities to enhance value across our business in the region and beyond.

Acknowledgements

Adapting to our changing consumer and customer landscape will require a new mindset and different ways of working. We are in a very exciting situation. From the great people who work at PhoenixBev under the leadership of our CEO, Bernard Theys, to the management experience and strategy we have in place, and our strong commitment to sustainability, I am confident we can succeed. I want to take this opportunity to thank all the employees of PhoenixBev for their commitment and passion. My thanks also go to all my fellow board members for their strategic counsel, direction, support and oversight of PhoenixBev. To our stakeholders, thank you for your ongoing support. We look forward to taking you along on this journey towards achieving our vision. We believe we are well positioned to flourish and look forward to overcoming the challenges and celebrating our wins along the way.

Arnaud Lagesse
Chairman

24 September 2019

2018/2019 Highlights

Turnover
MUR 7 777 M
2018: MUR 7,251M
+7.3%

Operating Profit
MUR 771M
2018: MUR 632M
+22.0%

EBITDA
MUR 1 064M
2018: MUR 913M
+16.6%

EBIT
MUR 771M
2018: MUR 632M
+22.0%

Net Profit After Tax
MUR 632M
2018: MUR 473M
+33.7%

Earning Per Share
MUR 38.47
2018: MUR 28.81
+33.5%

Shareholder's Fund
MUR 4 408M
2018: MUR 4 151M
+6.2%

Total Assets
MUR 6 669M
2018: MUR 6 320M
+5.5%

Gearing
10.68%
2018: 12.6%

Free Cash Flow
MUR 275M
2018: MUR 430M
-36.4%

Capital Investment
MUR 466M
2018: MUR 296M

Volume
2.3M HL
2018: 2.2M HL
+2.7%

Dividends Per Share
MUR 13.30
2018: MUR 10.90
+22.0%

Share Price
(at 30 June)
MUR 580
2018: MUR 600
-3.3%

Market Capitalisation
(at 30 June)
MUR 9,539M
2018: MUR 9 868M
-3.3%

2019 2018

About Us

About Us

Who We Are

When we signed the bottling agreement with The Coca Cola Company in 1953, we started on a journey full of challenges that have made us learn **how to listen to our customers**, **adapt to changes** in our operating environment and **overcome setbacks positively**. 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**. We currently operate production sites in Mauritius and Reunion Island, and distribute our products throughout the Southern Indian Ocean region, and further afield to Australia, China, France and the UK.

OUR PURPOSE

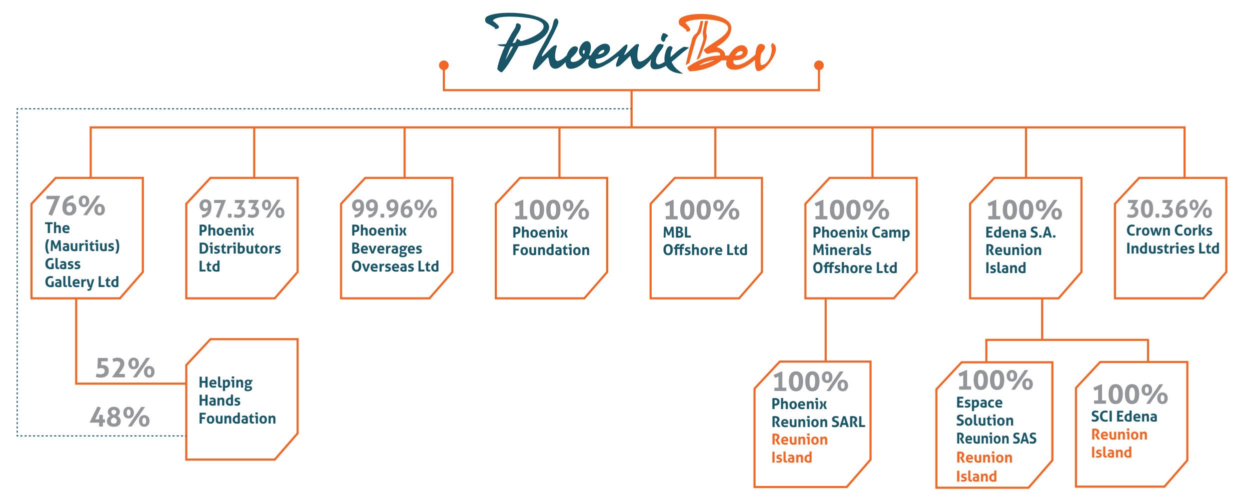
CREATING HAPPINESS THROUGH THE RESPONSIBLE DRINKING OF BEVERAGES

Our Products

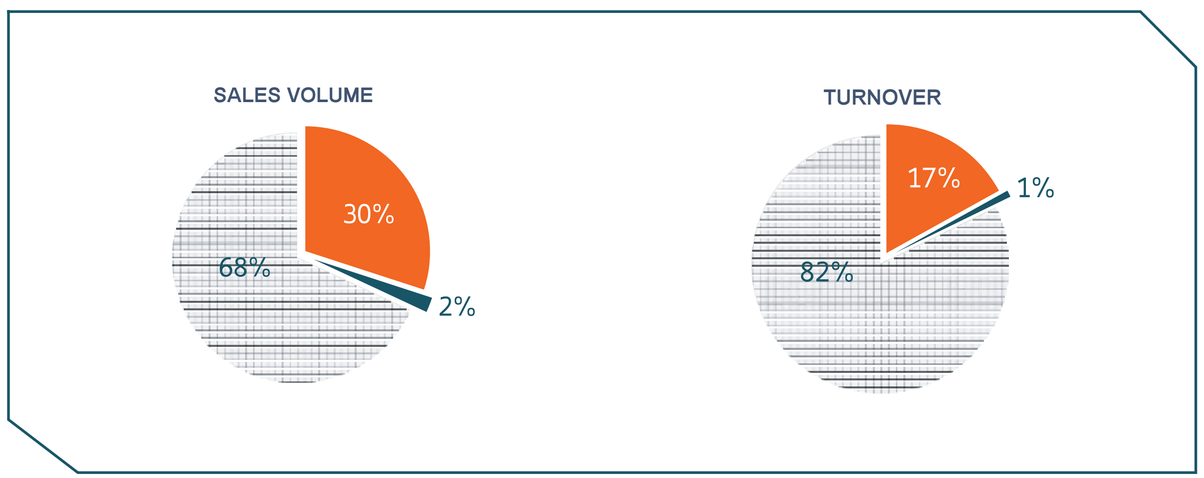
PhoenixBev distributes more than 50 brands in Mauritius and Reunion Island. The main ones, which are listed below, are all leading their categories or perceived as high value brands.

BEER | CARBONATED SOFT DRINKS | BOTTLED WATER | STILL BEVERAGES | ENERGY DRINKS | WINE | SPIRITS AND READY TO DRINK (RTD)

Our Group Structure



Our Performance at a Glance



Mauritius · Reunion island · Export

Our Group through the Years

1931 Incorporation of Phoenix Camp Minerals Limited (PCM)

1953 Bottling agreement with The Coca-Cola Company

1956 Launch of Fanta

1960 Incorporation of Mauritius Breweries Limited (MBL)

1963 Inauguration of the Brewery

1963 Birth of Phoenix Beer

1964 Stella Pils released on the market to extend the range of beers

1965 Launch of Sprite

1975 Launch of Guinness stout

1976 Launch of Crystal table water

1979 Launch of Pearona

1986 Launch of Diet Coke

1988 Launch of Malta Guinness

1989 Launch of Blue Marlin

1990 Introduction of PET packaging by PCM

Launch of Appletiser

1991 The (Mauritius) Glass Gallery Ltd, set up to recycle glass waste

1993 MBL listed on the Stock Exchange of Mauritius

1996 Introduction of the aluminium can as a new packaging container

2003 Change of name of MBL to Phoenix Beverages Limited (PBL)

2003 Inauguration of new distribution centre at Phoenix

2005 Launch of Phoenix Special Brew

2008 Launch of Phoenix Fresh

2008 Amalgamation of PBL and PCM

2009 Phoenix Réunion SARL (incorporated in Réunion Island) set up

2014 Acquisition of Eski, the famous Mauritian brand

2014 Installation of wine bottling line

2015 Launch of GR8 Cape wine

2015 Agreement with Schweppes International Limited for bottling of Orangina

2016 Corporate rebranding

2016 Launch of Gister premium beer

2016 Acquisition of Edena SA (incorporated in Réunion Island)

2016 Commissioning of new production unit in Nouvelle France

2017 Launch of Fuze Tea

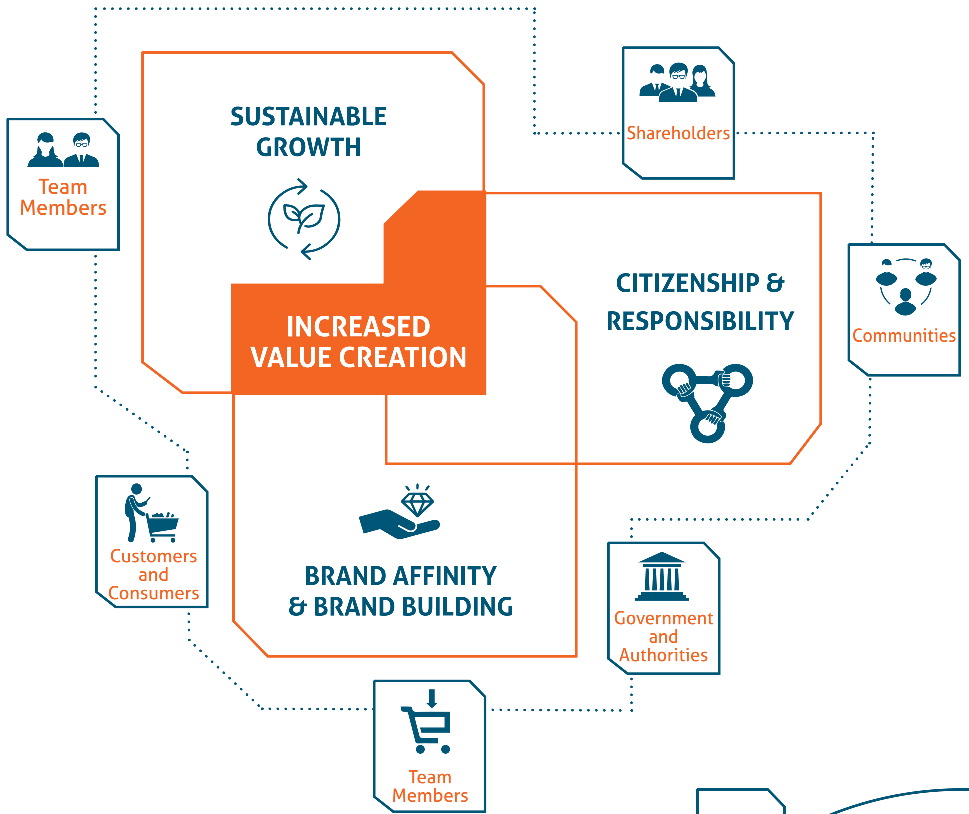
Launch of 5 Alive juice

2017 Launch of the new Crystal Eco-Twist Bottle

2018 Launch of Phoenix can 500ml

Corporate | Facility | Packaging | Product

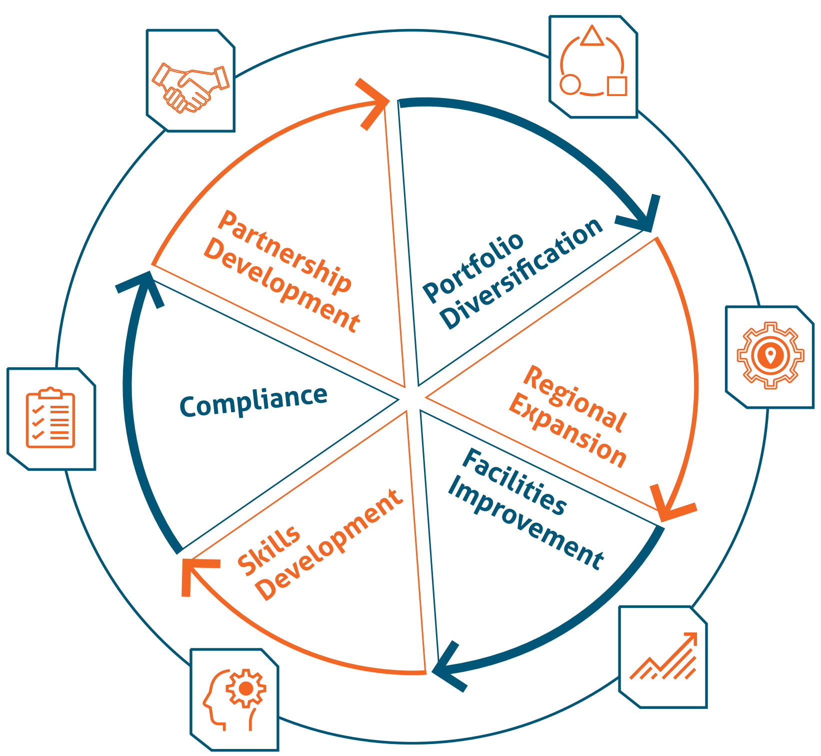
Our Strategic Vision



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:

1. Brand affinity and brand building,
2. Citizenship and responsibility,
3. Sustainable growth.

Our Strategic Focus Areas



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 that we do to ensure that when we grow, our stakeholders grow too.

Strategic Pillars	Overall Strategic Aim	Strategic Objectives	Strategic Focus Areas	Stakeholders Concerned
1. Brand affinity and brand building	• Respond to and shape both industry and consumer trends and developments	• Create innovative products and flavours for our existing brands • Fulfil consumer needs through appropriately sized packaging • Protect Mauritian heritage with respect to our iconic brands	• Portfolio diversification • Partnership development	• Partners and suppliers • Retail customers • Individual consumers
	• Strengthen the position of our brands both locally and regionally	• Produce and deliver high quality beverages and associated services to enhance the business offering as well as the bottom line of our retail customers	• Regional expansion • Facilities improvement • Skills development	• Partners and suppliers • Retail customers • Team members
2. Citizenship and responsibility	• Nurture a happy, healthy and skilled workforce that is involved and believes in our mission	• Provide a safe and supportive working environment that is fair and conducive to personal growth and development • Improve the level of health and safety compliance	• Facilities improvement • Skills development • Compliance	• Team members • Government and authorities
	• Position PhoenixBev as a value-driven leader in corporate governance and business ethics both inside and outside the Group in all our business relationships locally and internationally	• Conduct ethical business that translates into long-lasting mutually beneficial partnerships • Preserve and enhance the current and future well-being of our community members together with that of the natural environment • Ensure full compliance with all existing legislation and cooperation in developing and implementing changes in the relevant legal framework	• Partnership development • Facilities improvement • Skills development • Compliance	• Partners and suppliers • Retail customers • Team members • Communities • Government and authorities
3. Sustainable growth	• Create lasting value for all of our stakeholders	• Consolidate and grow our local and regional market offerings by providing the best beverages at affordable prices for all occasions	• Portfolio diversification • Partnership development	• Shareholders • Retail customers • Individual consumers
	• Become the industry leader in the Western Indian Ocean region by continually improving our operational efficiency in full respect of the environment	• Develop modern, fact-based, transparent and efficient processes that help us deliver on our promises • Constantly upgrade our production facilities to improve efficiency, increase productivity, enhance employee wellbeing and reduce our environmental footprint	• Partnership development • Regional expansion • Facilities improvement	• Partners and suppliers • Retail customers • Team members

Our Approach to the United Nations Sustainable Development Goals (SDGs)

The 17 Sustainable Development Goals (SDGs) are the world's best plan to build a better world for people and our planet by 2030. Adopted by all United Nations (UN) Member States in 2015, the SDGs are a call for action by all countries - poor, rich and middle-income - to promote prosperity while protecting the environment. They recognize that ending poverty must go hand-in-hand with strategies that build economic growth and address a range of social needs including education, health, equality and job opportunities, while tackling climate change and working to preserve our ocean and forests. (https://sustainabledevelopment.un.org/)

PhoenixBev has embarked on an in-depth reflexion on how far its activities, through its strategic choices and ways of operating, are impacting on the areas of concern identified within the framework of the 17 SDGs and how it can mitigate any negative impacts caused by its operations. In so doing PhoenixBev aims to strengthen its role as a responsible partner in the ongoing development of its home base, Mauritius, as well as that of the other countries in which its products are made and sold.

Through a series of interactive workshops involving both the management and team members from all departments held since January 2019, the following SDGs have been chosen as being particularly relevant to PhoenixBev's strategic objectives as shown below.

Strategic Objectives	Relevant SDGs	
• Create innovative products and flavours for our existing brands	9	
• Fulfil consumer needs through appropriately sized packaging	12	
• Protect Mauritian heritage with respect to our iconic brands	12	
• Produce and deliver high quality beverages and associated services to enhance the business offering as well as the bottom line of our retail customers	8	9
• Provide a safe and supportive working environment that is fair and conducive to personal growth and development	8	
• Improve level of health and safety compliance	3	
• Conduct ethical business that translates into long-lasting mutually beneficial partnerships	8	12

Strategic Objectives	Relevant SDGs	
• Preserve and enhance the current and future well-being of our community members together with that of the natural environment	3	13
• Ensure full compliance with all existing legislation and cooperation in developing and implementing changes in the relevant legal framework	8	
• Consolidate and grow our local and regional market offerings by providing the best beverages at affordable prices for all occasions	12	
• Develop modern, fact-based, transparent and efficient processes that help us deliver on our promises	8	
• Constantly upgrade our production facilities to improve efficiency, increase productivity, enhance employee wellbeing and reduce our environmental footprint	9	13

Under the all-embracing SDG 13 Climate Action comes a subset of the 4 action-specific SDGs that concern two major inputs, water and energy, and two major outputs, plastic and waste, in all of PBL's products.

Our Investment Case

STRONG PORTFOLIO

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

STRONG MARKET BASE

- Strong market share both in Mauritius and in 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 coherent brands portfolio, 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.
- Commitment 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
- Well balanced gearing
- Significant investment in production capacity, flexibility and efficiency over the last three 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 acquisitions

BRAND REPRESENTATION IN MAURITIUS, REUNION ISLAND, THE SEYCHELLES, MAYOTTE AND AUSTRALIA

SHAREHOLDERS' BENEFITS

A solid strategic platform in place to support our growth plans

- Business expansion
- Share price appreciation
- Average pay-out ratio of **40%** over the past five years
- Compound annual total shareholders' return of **27%** 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

Our Operating Context

What We Do and How We Do It

CAPITAL INPUTS

Manufactured Capital

Facilities and equipment
- 4 production units
- + 44 000 m² of warehousing
- + 120 trucks for distribution
- + 24 000 units of equipment (fridges, water dispensers, draught beer and others)

Packaging
- +125 million PET bottles
- +45 million cans

Products imported for resale
- +25 000 hl

Intellectual Capital

- The skills and experience of management and team members
- The expertise of our brewing team members
- Our proprietary recipes
- Our brands

Human Capital

- +1 600 full time team members in Mauritius and Réunion Island
- MUR 12.7 million invested in team members training and development

Natural Capital

- + 7 000 tons of GMO-free malt
- + 21 tons of GMO-free hops
- + 1 100 tons of coal
- + 20 000 MWH of electricity
- < 1 100,000 m³ of water
- + 9 000 tons of sugar
- < 2 300 tons CO_2

Social Capital

- Strong relationships with authorities, suppliers, partners, customers and consumers
- + 10 000 outlets supplied in Mauritius and Réunion Island
- International partnerships with Coca-Cola, Suntory, Diageo and Grand Chais de France

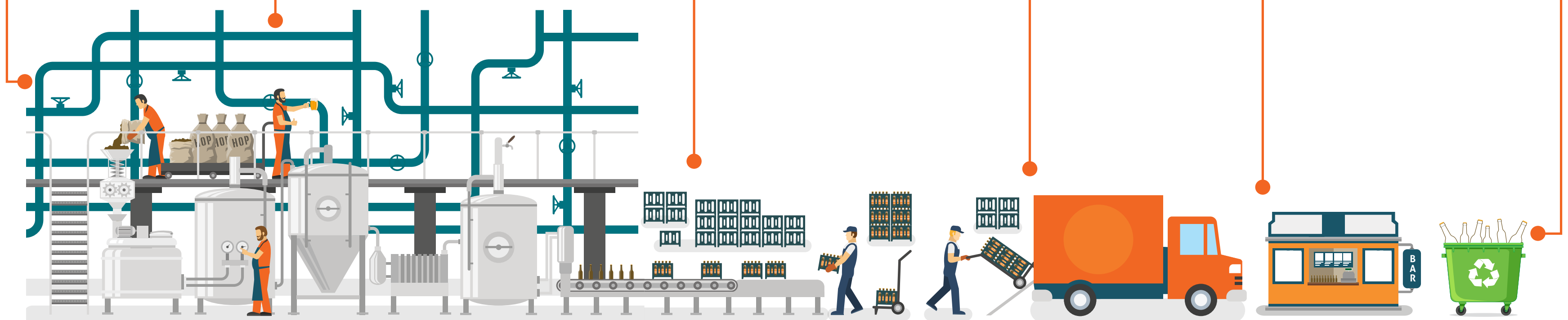
Financial Capital

- Total assets of MUR 6 669 million
- MUR 466 million as capital investment for the year

OUR OPERATIONS

OUR ACTIVITIES

Procurement & Resource Optimisation | Production | Packaging | Sales & Distribution | Consumption | Recycling



VALUE IN ◇◇◇◇◇◇◇◇◇◇ VALUE OUT

We believe that sound policies and practices in procurement and resource optimisation are **FUNDAMENTAL TO A SUSTAINABLE SUPPLY CHAIN.**

We produce a wide range of alcoholic and non-alcoholic beverages from **THREE PRODUCTION PLANTS IN MAURITIUS AND ONE IN REUNION ISLAND.**

WE BOTTLE MORE THAN 300 DIFFERENT TYPES OF PRODUCTS (SKUs) under our own and international brands.

WE DISTRIBUTE OUR BEVERAGES TO WHOLESALE AND RETAIL CUSTOMERS throughout Mauritius and Réunion Island.

2.3M hectolitres of beverages produced during the year in Mauritius and Réunion Island.

WE USE RECYCLABLE MATERIAL FOR MOST OF OUR PRODUCT PACKAGING and collect some 50% of our used packaging to be recycled and reused.

CAPITAL OUTCOMES

Manufactured Capital

- Creation of new value, improved operational efficiency and increased demand through innovation and leveraging of our equipements
- Increase production to more than 2.3M HL during the year

Intellectual Capital

- Increased skills and experience in the group
- System improvement and innovation
- New product development and launch during the year
- Enhanced quality control and certification to strengthen our brand power

Human Capital

- Increase of 141 team members during the year
- Man-days lost to injury leave decreased by 38 to 777 for the year

Natural Capital

- MUR 19 million invested in recycling projects
- > 40% of PET waste recovered and recycled
- Contribution to sustainable society through measures to reduce waste and CO2 emission

Social Capital

- MUR 4 638 million in value creation to society
- MUR 6.3 million contributed under CSR initiatives

Financial Capital

- MUR 815 million in remuneration paid to team members
- MUR 219M paid as dividend
- MUR 632M as profit

Engaging with Our Stakeholders

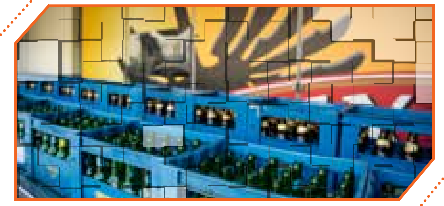
Why We Engage

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

CONSUMERS & CUSTOMERS	• Creative media in English, French and Creole • Events and sponsorships • Focus groups • Market surveys • Social Media • Customer Response Unit • PR activities
PARTNERS AND SUPPLIERS	• Consultations and meetings • Requests for proposals • Site visits, operation and quality audits • Workshops and brand summits
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 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	CONSUMERS AND CUSTOMERS	SUPPLIERS AND PARTNERS	TEAM MEMBERS	COMMUNITIES	GOVERNMENT AND AUTHORITIES	SHAREHOLDERS
AFFORDABLE PRICES	High	Low	Medium	Medium	High	Medium
BUSINESS ETHICS AND COMPLIANCE	High	High	High	High	High	High
COMMUNITY INVESTMENT	Low	Low	High	High	High	High
ECONOMIC IMPACT	Medium	High	High	Medium	High	High
ENVIRONMENTAL / WASTE MANAGEMENT	High	High	High	High	High	High
EXCELLENT SERVICE	High	High	High	Medium	Low	Medium
FAIR LABOUR PRACTICES	Medium	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	Medium	High	Medium	Medium	High

High | Medium | Low

How We Address Our Stakeholders' Expectations

AFFORDABLE PRICES

- 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
- Waste reduction

BUSINESS ETHICS AND COMPLIANCE

- 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

- 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 AND 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
- Joint projects and business planning
- Regular monitoring of customer satisfaction by the Customer Response Unit, together with information gathered during customer visits and targeted customer surveys

FAIR LABOUR PRACTICES

- All-embracing concern for our team members' safety and well-being
- Team member 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 healthy 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
- Reinvestment in value-generating assets

Our Performance

Our CEO's Report

Dear Shareholder,

I am glad to report on another successful year during which the operational performance of PhoenixBev has continued to progress most encouragingly thanks to the measured implementation of our strategic choices. Our overriding concern being *creating happiness through the responsible drinking of beverages*, we are constantly mindful that our offerings should respect not only our consumers' individual preferences and wellbeing but also the surrounding social and natural environment. Our reflexion on how to respond to this dual responsibility has been enriched by considering how PhoenixBev as a major economic player in Mauritius and the Indian Ocean islands can best respond to the demands of the UN Sustainable Development Goals (UN SDGs) framework in both its daily operations and forward planning.

"I am also proud to say that all the initiatives and innovation carried out during the year in the beer category have contributed to achieving a growth of 6.4% in this segment"

Brand and product performance

For the period under review, our brands and products, be it our flagship Phoenix beer brand or our newest flavour for Eski, have maintained their strong commercial imprint. We are particularly pleased with the growth of our latest beer Gister, a refined hopped beer, which offers more choice to our consumers. This has culminated in a Gold award for Gister at Monde Selection, confirming the quality of our products in the global league.

I am also proud to say that all the initiatives and innovation carried out during the year in the beer category have contributed to achieving a growth of 6.4% in this segment.

The carbonated soft drinks growth has been fuelled by numerous initiatives in the Coca-Cola brand but more so in Eski. The launch of a new Eski pineapple flavour has immediately picked up making this brand one of the most consumed in Mauritius.

In line with our vision to grow our non-carbonated footprint, the water business has been boosted by the introduction of a new, practical 11.3L jar for Crystal. Our juices and iced teas have been fully extended to Reunion Island, with a low-calorie version for Fuze Tea.

We are revisiting our business model for our wine category. During the year under review we have added new brands to our portfolio. Our wine and spirit sales volume for the year increased by 11.5%.

Our total sales volume in Mauritius grew by 6.5% while that in Reunion Island fell by 6.1%. The fall in volume in Reunion Island was circumstantial. Our Group sales volume increased by 2.7%.

Production capacity

Meeting the rapid and ongoing changes in consumer demand has required several major investments in both Mauritius and Reunion Island. Our warehousing and distribution sites will require additional infrastructure and other enhancements to be able to respond to the increase in demand for our products, which will be attended to in the coming two years.

We are also in the process of fully reviewing our information system to make us more agile to meet future business challenges. This new integrated business platform is planned to be deployed in 2021.

Human resources

One of our levers to successfully deliver on our strategy is stimulating a high-performance culture, and to that effect 2019 was a year for us to consolidate, create capacity, redefine our people management strategy and roll out new practices and functions.

Thus, we are currently in the process of restructuring and enhancing our sales force, distribution and warehousing functions to improve responsiveness and agility to better respond to growth. In this respect, we have created a new function, Head of Supply Chain, which will overview the procurement and warehousing operations of PhoenixBev.

Consequently, with our strong management team and highly professional workforce, we believe that we are now well positioned to take advantage of exciting opportunities and further improve our Route to Market. Our Group values of integrity, excellence, teamwork, commitment and sustainability will continue to guide our endeavours and underpin our choice of action.

Social commitment

Our vision is anchored in a genuine commitment to responsible citizenship and the preservation of our legacy of relationships built on trust. We are committed to sound practices in environmental, social and governance issues.

Thus, our brands have been actively involved in initiatives aimed at implementing our vision of building a better future for our consumers in Mauritius and beyond. Our flagship Phoenix beer brand is now positioned through its sponsorship of two highly successful social initiatives, the *Kafe Kiltir* musical events that are now a regionally recognized platform for showcasing both well-known and emerging local artists, and the *GoldenTav* initiative, which aims to give back a financially and socially viable life to the local taverns.

Our Crystal brand has been contributing to the fight against cancer through its sponsorship of the Odyssea trail event, where more than MUR 325 000 was collected.

Finally, since the rebranding in 2015, our corporate brand itself, PhoenixBev, has been a major vehicle with which to display our values and beliefs to our stakeholders and so strengthen our reputation for social equity in the conduct of our business. With the hosting of the 10th Indian Ocean Island Games in Mauritius in July 2019, our ongoing collaboration with 10 sportsmen has taken on a new dimension, which was expressed through our campaign "Meday Divan Zot, Moris Deryer Zot" (*Medals in front of you, Mauritius supporting you*). PhoenixBev has been contributing financially to help these athletes reach their best over the years, and prides itself on making them examples for the Mauritian youth.

To conclude, 2018-2019 has seen the continuing implementation and development of the strategic orientations decided a few years ago. We remain comforted in our choice of prudent regional expansion and encouraged by the continuing success of our products on our targeted markets. We acknowledge and value the support of all our stakeholders in our endeavours without whom none of these achievements would have been possible. We look forward to successfully continuing the sustainable development and growth of PhoenixBev in both its established and new markets.

Bernard Theys
Chief Executive Officer

24 September 2019

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 99.

Our Five-Step Risk Management Process

1

Identify by reviewing

- 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

3

Respond through

- 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

5

Review and monitor

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

Our Risk Focus

The table below shows the major risks that are currently impacting 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, resulting in heavy dependence on imports of raw materials and manufactured goods	• Difficulty in expanding and enjoying our business and the benefit of economies of scale • Challenging to sustain international competitive edge in a tough trading environment • Difficulty in increasing our market base	• Win new regional and international markets through our flexibility, and unique story telling	• 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 group in the Western Indian Ocean region • Intensifying our efforts to improve overall performance through our Operational Excellence approach • Helping to position Mauritius as destination of international standard by developing a portfolio of strong local brands and international reference brands
Strategic Pillar Strategic Focus Area		UN SDG	TREND

REGULATORY AND POLICY ENVIRONMENT

Material issue	Potential impact	Opportunity	Mitigation
Constraining regulatory and policy environment: numerous existing and planned legislative requirements, directly affecting our business or our customers	• 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	• 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	• 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
Strategic Pillar Strategic Focus Area		UN SDG	TREND

CONSUMER PREFERENCES

Material issue	Potential impact	Opportunity	Mitigation
Changing societies and consumer preferences: • Changes in demand for products • Decreasing and ageing population • Healthier lifestyles	• 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, following similar trends already seen in western developed countries. • Prevalence of alcohol-related health problems in Mauritius and other markets	• 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	• 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 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 • Improved consumer information through more transparent product labelling • Ongoing discussions with government, NGOs and specialists to promote responsible alcohol consumption

Strategic Pillar

Strategic Focus Area

UN SDG

TREND

STAKEHOLDER RELATIONSHIPS

Material issue	Potential impact	Opportunity	Mitigation
Strategic stakeholder relationships, particularly with our international partners, notably The Coca-Cola Company, Diageo, and Schweppes International Limited	• Profitability adversely affected in the event of termination of agreements or less favourable renewal terms • Ineffective partnerships	• Sustained collaboration with our international partners to enable rapid achievement of goals and continued expansion of markets	• 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

Strategic Pillar

Strategic Focus Area

UN SDG

TREND

ENVIRONMENT CONSTRAINTS

Material issue	Potential impact	Opportunity	Mitigation
• **Environmental protection** (water, biodiversity) • **Resource scarcity** through natural disasters and climate change	• 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	• Positioning PhoenixBev as an industry leader in waste management and other eco-friendly practices • Using innovation to achieve greater resource efficiency	• Recycling of glass through Mauritius Glass Gallery and as crushed pebbles for construction purposes • Promoting returnable glass bottles • Recycling of PET bottles • Business Continuity Plan (BCP) implemented • Careful planning and monitoring of water availability and usage • Revamping of production lines to improve energy efficiency

Strategic Pillar

Strategic Focus Area

UN SDG

TREND

TEAM CAPABILITIES AND NEEDS

Material issue	Potential impact	Opportunity	Mitigation
• Loss of key management and technical personnel through retirement or departure • Intensified competition for talented employees • Personnel not having required skills to meet our future objectives • Risk of industrial accident within our operations • Industrial unrest	• 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 • Loss of production capacity due to physical and psychological impact on employees affected • Loss of employee trust as a reputable employer • Reputational damage with external stakeholders • Loss of revenue due to lawsuits	• 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 • Strengthening reputation as an employer of choice through constant respect of legislation protecting workers rights and protection, promoting fair treatment and equal opportunities, and ensuring good health and safety practices in the workplace	• 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 • Programme of regular training in health and safety issues for all team members to enhance safety behaviour • GPS system installed to monitor our fleet of distribution vehicles

Strategic Pillar

Strategic Focus Area

UN SDG

TREND

PRODUCT SAFETY

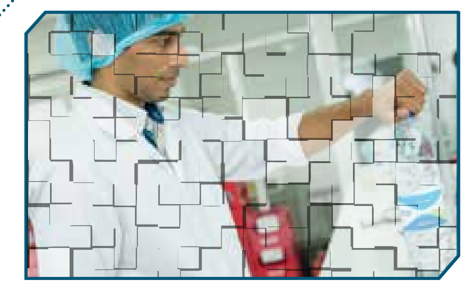
Material issue	Potential impact	Opportunity	Mitigation
Product safety and integrity: • Prevention of poor product quality or contamination whether accidental or malicious, causing public health hazards	• Drop in sales volume and net sales revenue • Loss of consumer trust resulting in damage to brand and corporate reputation • Loss of market share	• Fostering a strong reputation for quality assurance as an important differentiator in our competitive market	• 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 Pillar

Strategic Focus Area

UN SDG

TREND



DIGITAL WORLD

Material issue	Potential impact	Opportunity	Mitigation
Challenges of the digital world: • Rapid technological development impacting all aspects of our business • Effective systems and processes critical in reducing costs, increasing flexibility, and driving efficiency and productivity • Increased threat of cyber-attacks and compromised infrastructure and data security due to the ubiquitous nature of technology • Social media becoming more and more powerful in shaping brand perceptions	• 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	• 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	• 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

Strategic Pillar

Strategic Focus Area

UN SDG

TREND

SUSTAINABLE FINANCIAL PERFORMANCE

Material issue	Potential impact	Opportunity	Mitigation
Promoting sustainable financial performance in a tough trading environment International economic and political environment causing economic recession, inflation, social upheaval, trade restrictions and unstable exchange rates	• 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	• Building enough resilience to survive the financial and economic risks, based on past track records and sustainable development initiatives in place	• Leveraging group systems, processes and structures to enhance margins • Product and market diversification • Strengthening our agility and responsiveness to changes in local demand • Prudent financial risk managements in place • Maintaining appropriate mix between fixed and floating interest rates on borrowings • Maintaining tight control over credit exposure

Strategic Pillar

Strategic Focus Area

UN SDG

TREND

NON-COMPLIANCE

Material issue	Potential impact	Opportunity	Mitigation
Compliance with local and international laws and regulations • Need to understand, interpret and apply differing regulatory requirements in multiple jurisdictions	• 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	• Strengthening of reputation as a reputable operator in all markets	• 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

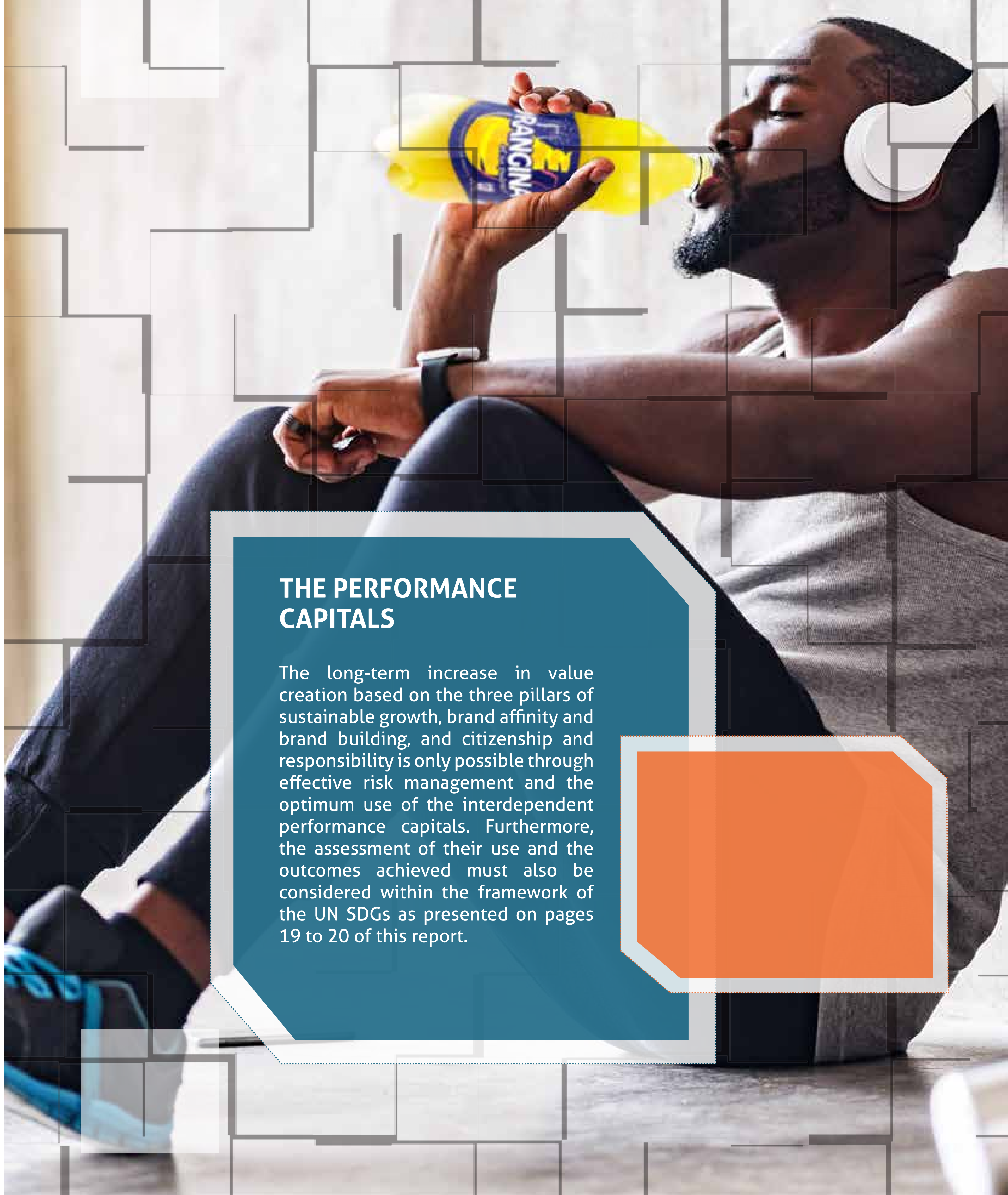
Strategic Pillar

Strategic Focus Area

UN SDG

TREND

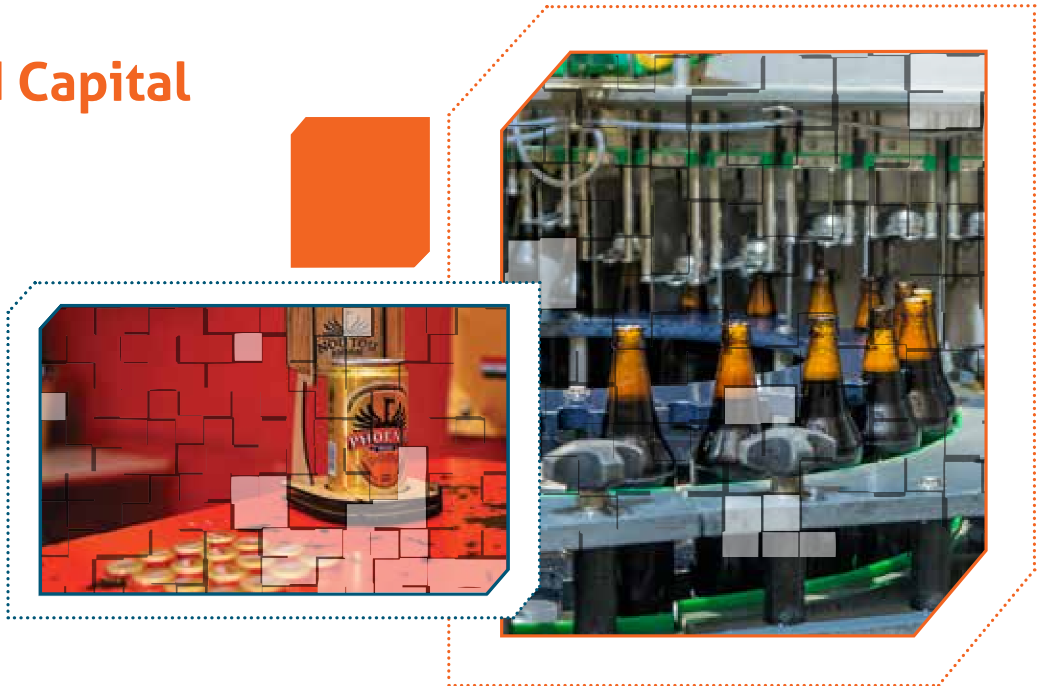
Increasing Decreasing Equal



THE PERFORMANCE CAPITALS

The long-term increase in value creation based on the three pillars of sustainable growth, brand affinity and brand building, and citizenship and responsibility is only possible through effective risk management and the optimum use of the interdependent performance capitals. Furthermore, the assessment of their use and the outcomes achieved must also be considered within the framework of the UN SDGs as presented on pages 19 to 20 of this report.

Manufactured Capital



The manufactured capital that PhoenixBev has created and developed over the years is composed of the four very distinct production sites, three in Mauritius, that is the two sites at Phoenix, the Brewery and the Limonaderie, and the new non-carbonated site at Nouvelle France, and one site in the neighbouring French overseas territory, Reunion Island, Edena. Each site has its specific characteristics which condition any company-wide initiative concerning the upgrading or the extension of PhoenixBev's portfolio of products. As shown in the tables in pages 44 and 45, most initiatives are specific to a particular site in their approach, implementation and outcome, while adhering to the overall objective of maintaining and strengthening Phoenix Bev's strong position in beverage production in the region.

Throughout the period under review Phoenixbev has continued its efforts to upgrade its production capacity and capability to meet both the immediate needs of the rapidly changing local and international markets. In the case of the Brewery and the Limonaderie sites, the replacement of the ageing machinery with state-of-the-art installations, together with the required adjustment of production procedures and processes to meet international standards of safe and healthy beverage consumption, is ongoing. However, the one impeding factor in achieving this overhaul of PhoenixBev's production facilities is the ultimate requirement of ensuring continuity in the supply of products. Thus, as seen in the tables below, the implementation of the various changes and projects is staggered to avoid any undue interruption in the supply of products to the retailers, and finally to the individual consumers of PhoenixBev's range of beverages.

Production activities at PhoenixBev's newer non-carbonate site at Nouvelle France have responded well to the increasing consumer demand for healthier, non-carbonated drinks such as Fuze Tea and 5Alive Pulpy. The forward planning adopted for the setting up of this site has already provided for additional production capacity to meet the expected expansion of activities over the next 10 years. An important factor in the success of the Nouvelle France site is the central computerised system controlling the whole production process.

In Reunion Island, the Edena plant produces beverages using water captured from two springs, about 4 km and 8 km respectively uphill in the Cirque de Mafate. However, the Edena site now has an additional water source. The laboratory facilities have also been upgraded with new equipment and resources. The plant has five production lines, the newest having been commissioned in 2019.

Strategic Pillar:	Sustainable Growth
Strategic Objective	Constantly upgrade our production facilities to improve efficiency, increase productivity, enhance employee wellbeing and reduce our environmental footprint
Material Matters	Environmental protection Resource scarcity

Strategic Focus Area: Facilities Improvement: Utilities, buildings and equipment

Site	Project title	Project description and objective	Completion date
Brewery	**Equipment survey**	Carry out critical equipment survey to be followed by installation of new equipment to meet legal requirements. Example: new camera in all brewery operations according to MRA regulations	Q1 2020
Brewery	**Borehole**	Drill new bore hole to mitigate risk of interruptions of water supply as part of overall risk management	Q1 2020
Brewery	**Cooling of packing lines**	Improve cooling of packaging lines to (1) improve working conditions of workers, (2) enhance health and safety and (3) improve performance	Line 1 completed; Line 2: Q2 2019
Brewery	**Packer line 2**	Replace old equipment to improve efficiency	Q1 2020
Brewery	**Steam Boiler**	Install a new steam boiler to (1) enable growth, (2) mitigate risk, and (3) enable move from coal to furnace oil	Completed
Brewery	**Utilities metering**	Install high tension metering to (1) mitigate risk while sustaining all equipment at full capacity, (2) avoid over utilisation of power from existing CEB network and (3) increase power supply for future growth	Q4 2020
Limonaderie	**Returnable glass bottles (RGB)**	Install new washer, packer and labeller for RGB to replace the old existing one to (1) to improve production efficiency, (2) to sustain growth	Q2 2020
Nouvelle France	**Cold Room**	Add new cold room to increase storage capacity and improve operational performance	Q2 2020
Nouvelle France	**Water Storage**	Increase water storage capacity to mitigate risk of interrupted water supply	Q4 2019
Commercial unit at Phoenix	**Warehouse extension**	Extend current main warehouse to increase storage capacity of finished products, together with installation of new storage equipment and review of processes to (1) improve efficiency in logistics and control of inventory, (2) obtain improved operational performance to sustain growth	Q4 2020

Manufactured Capital (continued)

Strategic Pillar:	Citizenship and responsibility
Strategic Objective	Preserve and enhance the current and future well-being of our community members together with that of the natural environment
Material Matters	Environmental protection Resource scarcity Product safety and integrity

Strategic Focus Area: Facilities Improvement: Ingredient and waste control			
Site	**Project title**	**Project description and objective**	**Completion date**
Brewery	**Carbon dioxide**	Installation of a new recovery carbon dioxide tank to sustain excess recovery and utilisation	Q4 2020
Brewery	**Methane**	Recover biogas from our Effluent Treatment Process (ETP) to use as energy in our operations to respond to the environmental issue of recovering waste as an alternative energy source	Q3 2021
Limonaderie	**Beverage base**	Improve concentrate yield to reduce raw material loss	Q2 2020
Nouvelle France	**Beverage base**	Improve concentrate yield to reduce raw material loss	Q2 2020
Nouvelle France	**Nitrogen**	Improve yield of nitrogen usage	Q4 2019

Intellectual Capital

As part of its efforts to maintain and enhance its strong position in beverage production and distribution in the Western Indian Ocean region, PhoenixBev continues to strengthen its intellectual capital composed of its brands, the processes and systems used to produce its offerings, and its team members' competences and skills.

Brand development

PhoenixBev has a strong and diversified portfolio in both alcohol and non-alcohol beverages consisting of long-standing recognised brands and newer, more trendy offerings. 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, in particular, a **more refined taste, lower alcohol content and healthier ingredients**. Thus, while the ever-popular and **award-winning Phoenix range of brews** continues to drive the 'beer' category, its newer companions, the snazzy, **Phoenix Fresh**, and the **premium lager, Gister**, are aimed at attracting a younger, trend-setting consumer looking for something different in a very mature product segment.

PhoenixBev's performance in another very competitive sector, wine, continues to be most encouraging, with an increase in the range of both imported and locally bottled wines marketed.

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. At the same time, **Eski** maintains its unique position as **the truly Mauritian brand**, which, with its gay 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 youngsters.

Similarly, the range of still and carbonated water is anchored by **Crystal in its multiple formats**, while **Edena** is gaining ground in Reunion Island.

However, the most interesting market growth in the past two years has been registered in the **non-carbonated drink range of iced teas and fruit juices** that are produced at the Nouvelle France site. The 'hot fill' technology that removes the need for any chemical-based preservatives, with the added attraction of actual fruit pieces in the on-the-go bottle, has opened a new space in the already well-supplied market of fruit juices. Thus, the three flavours of **5Alive Pulpy** have been very well-received. Yet, the most successful new product is **Fuze Tea**, with sales beyond all expectations totalling some **75% of the market in iced teas**, in Mauritius. Its unique blend of tea with other natural ingredients fits perfectly with the consumer's desire for **a healthy and fashionable beverage**.

Intellectual Capital (continued)

The tables below show the main projects concerning brand development that have been completed recently and those which are in progress.

Strategic Pillar:	Brand affinity and brand building
Strategic Objective	Create innovative products and flavours for our existing brands Protect Mauritian heritage with respect to our iconic brands
Material Matters	Changing societies and consumer preferences Focus on healthier lifestyles

Strategic Focus Area: Portfolio diversification | Partnership development

Site	Project title	Project description and objective	Completion date
Brewery	**Brand identity**	Launch of the new generic Phoenix 50cl can for distribution on the regional market at the Indian Ocean Island Games 2019, that depicts Phoenix Beer's ambition of being regionally recognised as **The Indian Ocean Beer**	July 2019
Brewery	**Craft beer**	Set up a craft brewery to satisfy new consumer trend	Q2 2020
Brewery	**Market penetration**	Find new ways to increase market penetration and sales of Gister and other beers, in particular through the hotel and entertainment channels	Q3 2019
Brewery	**New products**	Introduce non-alcoholic beer and flavoured beer to sustain growth and satisfy changing consumer tastes	Q4 2020
Limonaderie	**Eski**	Launch new flavour, Eski Zanana, a distinctive taste filled with nostalgia	Completed
Limonaderie	**Pearona**	Revamp a much-loved product with a fresh-looking, modern visual identity, while preserving its distinctive sparkling taste that has been part of Mauritian life and festive moments for over 40 years	July 2019
Nouvelle France	**Fuze Tea low calorie**	Increase portfolio with new flavours and less added sugars to satisfy consumer demand for healthier still beverages. Tasting in Reunion Island completed, and in progress in Mauritius	Ongoing
Reunion/ Edena	**Citro!**	Achieve brand extension through new flavours to increase sales volume and consequently market share in sparkling, health drinks	Ongoing

Strategic Pillar:	Brand affinity and brand building
Strategic Objective	Fulfil consumer needs through appropriately sized packaging
Material Matters	Changing societies and consumer preferences Environmental protection

Strategic Focus Area: Partnership development

Site	Project title	Project description and objective	Completion date
Brewery	**Packaging: beer**	Introduce new packaging and format, SKU 5L keg (cylinder) to satisfy consumer needs and so sustain growth	Q3 2020
Brewery	**Packaging: wine**	Introduce 375ml wine bottle to respond to customer trend to enjoying wine in smaller formats	Q1 2020
Limonaderie	**Packaging: Crystal still**	Introduce a smaller size jar for water fountains, 11.3L to respond to customer need and expectation for a lighter and easier to handle container, that uses less plastic and so exemplifies the 3 R principle of reduce, reuse and recycle	Completed

Food safety, quality, occupational safety and environment management systems certifications

The sustainable development of such a varied portfolio requires robust control systems to strengthen brand reputation and customer loyalty. 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 comply with its partners' requirements and international standards applicable in beverages industry.

All four production sites, that is, the Brewery, Limonaderie and Nouvelle France in Mauritius and Edena in Reunion Island, are subject to rigorous controls and testing to ensure full conformity and traceability of inputs, outputs and wastes, to ensure that the products sold are without defect and that the operations are safe, efficient with minimal environmental impact. Certification bodies and our key international partners, The Coca-Cola Company, Diageo and Schweppes International Limited, monitor the compliance and continual improvement of our food safety, quality, occupational health and safety and environment management systems through regular comprehensive audits.

Strategic Pillar:	Citizenship and responsibility | Sustainable growth
Strategic Objective	Improve the level of health and safety compliance Develop modern, fact-based, transparent and efficient processes that help us deliver on our promises
Material Matters	Product safety and integrity Compliance with local and international laws and regulations

Intellectual Capital (continued)

Strategic Focus Area: Compliance | Partnership development

Management Systems	References	Sites	Status
Food Safety System Certification	**FSSC 22000 Version 4.1**	Brewery	Certified
		Limonaderie	Certified
		Nouvelle France	Certified
	FSSC 22000 Version 5 Upgrade	Brewery	Q4 2020
		Limonaderie	Q3 2020
		Nouvelle France	Q3 2020
Quality Management System	**ISO 9001:2015**	Brewery	Certified
		Limonaderie	Certified
		Nouvelle France	Certified
		Edena	Certified
Environment Management System	**ISO 14001:2015**	Brewery	Certified
		Limonaderie	Certified
		Nouvelle France	Certified
		Edena	Q2 2020
General requirements for the competence of testing and calibration laboratories	**ISO/IEC 17025:2005** Physico-Chemical and Sensory	Limonaderie	Accredited
	ISO/IEC 17025:2017 Upgrade + Extended scope Microbiology	Limonaderie	Q4 2019
The Coca-Cola Company Operating Requirements	**KORE – QSE requirements**	Brewery	Compliance
		Limonaderie	Compliance
		Nouvelle France	Compliance
Schweppes International Limited Standards	**Suntory Beverages & Food Europe Manufacturing Standards**	Limonaderie	Compliance
Environmental labels and declarations	**ISO 14025:2006**	Brewery	Compliance
Occupational Health and Safety Management System	**ISO 45001:2018**	Brewery	Q2 2021
		Limonaderie	Q3 2020
		Nouvelle France	Q3 2020

More recently, the company's Quality teams joined IBL's Technical Quality Committee to share and leverage best practices across the IBL group. Also, Operational Excellence (OE) projects are ongoing on all sites to continually improve efficiency.

In May 2019, PhoenixBev participated in the National Productivity and Quality Convention 2019. By portraying its systematic DMAIC approach to problem-solving, it won Gold Award and Grand Winner Award, thus qualifying for the International Convention on Quality Control Circles (ICQCC) 2019 in Tokyo, Japan. Hosted by the Union of Japanese Scientists and Engineers (JUSE) and themed «Creating a Brighter Future Through Total Quality Management and Quality Circle Activities », ICQCC 2019 recognised PhoenixBev's capability with a Gold Award on 24 September 2019.

Systems improvement and innovation

Strategic Pillar:	**Sustainable growth**
Strategic Objective	Develop modern, fact-based, transparent and efficient processes that help us deliver on our promises
Material Matters	Challenges of the digital world Effective systems and processes critical in reducing costs, increasing flexibility, and driving efficiency and productivity

Strategic Focus Area: Partnership development

Site	Certification reference	Certification description	Validity
All sites	**Enterprise Resource Planning (ERP)**	In order to meet our current and future business challenges, we are migrating all our business systems from a best of breed solution to an integrated business platform namely Microsoft Dynamics AX . In this fast moving technological world , this platform will enable us to: 1. Streamline our processes, optimize workforce productivity, effectiveness and collaboration thus allowing us to be more agile 2. Transact in real time and have real time analytics that will allow us to be more proactive to better serve our customers 3. Eliminate duplication of work and reconciliations between legacy systems 4. Integrate with new technologies and enhance our customer experience through self-service portals and mobile apps 5. Provide mobile systems to our field force allowing us to gather and analyse data in real time	Q2 2021
All sites	**Implement an innovation process**	Put in place an innovation process that will carry out due diligence of each and every idea generated in our ecosystem.	Q3 2019

After-sales service of storage and service equipment

Another major component of PhoenixBev's intellectual capital is the Group's ability to identify and set up appropriate after-sales service systems to ensure the proper use and support of the various types of equipment needed by the retail customers to stock and sell PhoenixBev's products correctly, as well as the servicing and repairs of the water fountains distributed to businesses and individual consumers. All the storage and serving equipment, such as draught beer dispensers, refrigerators, water coolers and water fountains are tagged and bar-coded so that they can be monitored through a dedicated preventive maintenance 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 Forest Side. The overall approach underpinning the after-sales service can be summed up as *You win business if you give service.*

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. How PhoenixBev manages and develops its work teams to meet performance requirements is discussed in the next section on Human Capital.

Human Capital

PhoenixBev reaffirms its commitment as an equal opportunities employer to creating a work environment where all team members are treated with dignity and respect to bring out their full potential. The ongoing development of our teams is a fundamental element of our corporate success and reputation as a leading player in the Mauritian business sector.

Team composition

	Mauritius and Rodrigues			Reunion Island		
Full-time employees	**2016/17**	**2017/18**	**2018/19**	**2016/17**	**2017/18**	**2018/19**
Total team members at the start of the year	1159	1297	1389	92	92	101
Total team members at year end (30 June)	1297	1389	1527	92	101	104
Total men in the workforce at year end	1086	1270	1399	74	78	82
Total women in the workforce at year end	120	119	128	18	23	22
Total men in the management team	35	38	41	6	6	6
Total women in the management team	12	17	16	4	3	3
Total team members with disabilities	7	6	9	0	5	2
Average age of team members	41	40	39	42	41	39

The number of fulltime employees has continued to rise in correlation with the increase in commercial and production activities undertaken by PhoenixBev. At the same time, the average age of employees has fallen, which reflects the increase in the number of younger employees recruited to cater for new manpower requirements. However, in terms of diversity, the ratio of male to female employees remains very unbalanced, 91% and 9% respectively, and the number of employees with some form of disability is also on the low side. This situation is explained by the fact that the beverages industry is still considered to be heavy and, therefore, men's work, to which may be added the general reluctance of women to work on nightshifts because of family commitments. With the increase in automated production systems and equipment requiring more technical knowledge and less physical strength, more opportunities to employ women and people with disabilities should emerge, thus reducing the current diversity imbalance, in accordance with the UN SDG 5 on Gender Equality and UN SDG 10 on Reduced Inequalities.

Employee rights

PhoenixBev reaffirms its commitment to ensuring full compliance with all legal requirements concerning employment contracts, conditions of work and employee benefits throughout the Group in accordance with the Employment Rights Act, Employment Relations Act, and the Occupational Safety, Health and Welfare Act in Mauritius and the equivalent legislation in force in Reunion Island.

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 expected to foster two-way communication with their team members and are thus required to hold a coordination meeting at least once a month.

At the regional level, the synergy between PhoenixBev and Edena continues to grow through the work of the Management Committee. The Committee meetings provide an ideal forum for the management from both entities to share their experiences and air their views on business matters.

At Edena level the CODIR (Comité de Direction) meets at regular intervals. The main decisions are shared with all employees through the comité d'entreprise. This communication flow is giving excellent results.

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 team members 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 and 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 and with local labour laws and regulations. The SGPs cover a range of human rights issues including freedom of association and 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. PhoenixBev has satisfied the requirements of the last social audit and has been certified accordingly.

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 certified by The Coca-Cola Company.

Health, safety and wellbeing

The health, safety and wellbeing of our team members is a key concern throughout PhoenixBev. We continuously implement information 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 exposure to 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. Since 2018, we have introduced a continuous "Health and Safety Culture" campaign to sensitise all employees and persuade them to consider safety as a priority in their day-to-day activities.

Human Capital (continued)

Industrial safety in figures

	Mauritius and Rodrigues			Reunion Island		
Full-time employees	**2016/17**	**2017/18**	**2018/19**	**2016/17**	**2017/18**	**2018/19**
Total work accidents reported	**114**	**155**	**148**	**39**	**6**	**2**
Total days of injury leave	**654**	**815**	**762**	**96**	**0**	**15**
Total health and safety expense (MUR)	**4.0M**	**4.7M**	**4.5M**	**0.2M**	**0.1M**	**0.7M**
Total fines paid for breaches of labour law	**Nil**	**Nil**	**Nil**	**Nil**	**Nil**	**Nil**

The health of our team members is another important component of our human resources policy, especially with respect to such non-communicable risks as diabetes, cardiovascular disease and various forms of cancer. Our preventive approach to team member health and well-being includes screening campaigns, vaccinations and medical visits for all interested team members. During the period 2018-2019 we organised the following sensitisation and information campaigns for the team members of PBL facilitated by external consultants:

- Ten sessions on healthy eating
- Two sessions on breast cancer on the theme *Together against breast cancer*

In Mauritius, PhoenixBev employs a company doctor on a part-time basis who visits the three production sites and the commercial unit at least once a week to provide free medical advice to any team member that needs it. Each team member receives a confidential health card after undergoing a full medical examination. The cost of the 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. Activities include badminton, football, fun walks, petanque, volleyball, as well as weekly yoga and zumba sessions. The rate of participation has improved over the year. 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.

Skill development and talent management

To secure its sustainable growth, PhoenixBev has adopted a dual approach in capacity-building to meet overall needs in skill and talent development. Thus, while it must respond to the immediate operational job-related skill development of its existing workforce, it is also mindful of the long-term requirements for analytical and technical competences at a more strategic level. PhoenixBev has already embarked on this process of high-level talent management with the recruitment at graduate level of laboratory technicians, environmental manager and mechanical engineers. Since 2016, the number of employees benefitting from in-company training programmes has increased by 68% and the necessary expenditure has risen from MUR 8.9M to MUR 12.7M, an increase of 43%, as shown in the following table:

Investment in Skills Development

	Mauritius and Rodrigues			Reunion Island		
Full-time employees	**2016/17**	**2017/18**	**2018/19**	**2016/17**	**2017/18**	**2018/19**
Total team member training and development costs (MUR)	8.2M	8.4M	**9.2M**	0.2M	0.5M	**3.5M**
Total team members trained during the year	965	1184	**1573**	7	14	**67**

The main areas for action 2019-2020

Strategic Pillar:	**Citizenship and responsibility | Sustainable growth**
Strategic Objective	Provide a safe and supportive working environment that is fair and conducive to personal growth and development Improve the level of health and safety compliance Ensure full compliance with all existing legislation and cooperation in developing and implementing changes in the relevant legal framework
Material Matters	Team capabilities and needs Compliance with local and international laws and regulations

Human Capital (continued)

Strategic Focus Area: Skills development | Compliance | Partnership development			
Site	**Project title**	**Project description and objective**	**Completion date**
All sites, however, In the case of Edena, with some adjustments to accommodate the requirements of the French legal system concerning employment conditions, employee rights and skills development	**Employee perception: Great Place to Work survey**	Complete implementation of the action plan drawn up from the Great place to Work engagement survey carried out in 2017, which has proved an excellent tool for listening to the work teams and gaining information to ensure better communication and improve team member retention.	Q4 2019
	Health and Safety compliance	Improve the level of health and safety compliance throughout PhoenixBev by (1) strengthening the culture of health and safety compliance at all levels, (2) standardising practices and processes, (3) improving employees' knowledge with respect to health and safety issues through regular training, and (4) improving the health management of team members, through regular medical checks.	Q3 2020
	Job evaluation Employee rights and development	Extend the HAY methodology for job evaluation to all operative posts to enable the homogeneous alignment of positions, in terms of grading and conditions, throughout PhoenixBev.	Ongoing throughout 2019 and 2020
	Performance Management System **Employee rights and development**	Continue to develop the performance management system, together with the Personal Development Plan introduced in 2018, to (1) ensure capacity-building in the required technical competencies at both team and individual levels, and (2) include other staff levels.	Ongoing
	Talent management process: quarterly meetings with senior managers	Link up with the performance management system to (1) identify current performance issues requiring coaching, mentoring and training, (2) identify high potential team members, (3) ensure that the resources required for future project implementation are available, and (4) set up timely succession planning to ensure operational continuity.	Ongoing through 2019 and 2020

Natural Capital

Within the overall objective of achieving sustainable development for all, the United Nations recognises that one group of countries, the Small Island Developing States (SIDS), including Mauritius, is particularly vulnerable, due to their small size, remoteness, narrow resource and export base, and exposure to global environmental challenges and external economic shocks. Concerted efforts are needed at all levels of society, ranging from the State machinery to the initiatives taken by individual people and firms. PhoenixBev recognises that by the very nature of its business as a beverage manufacturer, it has an overriding responsibility to use cautiously and wisely the natural resources needed to make its products while protecting the environment in which its production sites operate.

Monitoring performance

Strategic Pillar:	**Sustainable growth | Citizenship and responsibility**
Strategic Objective	• Constantly upgrade our production facilities to improve efficiency, increase productivity, enhance employee well-being and reduce our environmental footprint • Preserve and enhance the current and future well-being of our community members
Material Matters	Environmental constraints

Strategic Focus Area: Facilities improvement | Partnership development			
Overall aim	**Key performance indicators**	**Possible areas for corrective and preventive actions**	**Time frame**
Demonstrate that the manufacturing processes optimise the use of natural resources while reducing wastes and emissions to sustainable levels	• **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**	• Introduce and maintain continuous use of appropriate best practices • Adopt an innovative approach for: - sustainable supply chain management - cleaner operations - improvement of energy efficiency - use of renewable energies - optimisation of transport and distribution, refrigeration and freezing operations - minimising wastes	Ongoing

Natural Capital (continued)

Strategic Pillar:	Sustainable growth | Citizenship and responsibility
Strategic Objective	• Constantly upgrade our production facilities to improve efficiency, increase productivity, enhance employee well-being and reduce our environmental footprint • Preserve and enhance the current and future well-being of our community members
Material Matters	• Environmental constraints and protection • Resource scarcity

Strategic Focus Area: Facilities improvement | Partnership development			
Overall aim	**Use**	**Possible areas for corrective and preventive actions**	**Time frame**
Source water	• **As the essential ingredient and largest component of beverages** • **As cleaning agent for bottles and production machines**	• Ensure constant monitoring of abstraction rate from local aquifers, water quality and ground water recharge • Carry out periodic in-depth quantitative and qualitative assessments on source water vulnerability, Source Vulnerability Assessment (SVA) • Set up and maintain a Source Water Protection Plan (SWPP) in compliance with The Coca-Cola Operating Requirements (KORE) • Adopt the Top 10 Water Initiatives Tools	Implemented and ongoing
Other ingredients: • malt and hops for beer • sugar and fruit pulps for soft drinks	**As the ingredients which give the beverage its distinctive character and so define the nature of the beverage**	• Continuous quality control in compliance with certification requirements (See section on Intellectual Capital for list of valid certifications)	Ongoing
Carbon dioxide	**For carbonation of beverages**	Achieve self-sufficiency in carbon dioxide in the Brewery through: • Improvements in the method of collection, transfer and storage • optimised planning and improved control in the fermentation process	Achieved and ongoing

Water Resource Management: The Top Ten Water Tools Initiative

Water is an essential strategic resource for the Group which relies heavily on water abstraction from the local aquifers. In 2018-2019, the amount of water abstracted from the local aquifers was 1.1M m^3 the same as the previous year.

The Top 10 Water Tools Initiative started in 2018, provides an easy and clear checklist of critical issues with respect to the sustainable management of this vital resource, in particular the issues identified under the SVA, from which a Corrective Action Plan is drawn up. The table below lists the tools and shows the current level of achievement for the three sites in Mauritius where the initiative is being implemented. We target to complete the Top 10 initiative by 2020.

Tool	Brewery	Limonaderie	Nouvelle France	Company total
1. Understand and measure water use	57%	43%	86%	62%
2. Detect and repair waste leaks	63%	38%	63%	55%
3. Backwash recovery	0%	83%	0%	28%
4. Optimise bottle washer	80%	40%	100%	73%
5. Optimise line lubrication	100%	100%	100%	100%
6. Clean-in-Place (CIP) optimisation	100%	100%	100%	100%
7. Optimise cooling towers	100%	50%	100%	83%
8. Water reuse options	67%	67%	50%	61%
9. Dry Floor Policy	17%	50%	67%	45%
10. Implement employee awareness programme	0%	25%	25%	17%
Overall Score	**58%**	**60%**	**69%**	**62%**

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 1m^3 of biogas has the potential to replace 600 litres of HFO. Thus, the energy audit which will shortly be carried out includes a feasibility study of using biogas and solar as renewable sources of energy to replace fossil fuel for thermal energy production.

Quantity of effluents discharged

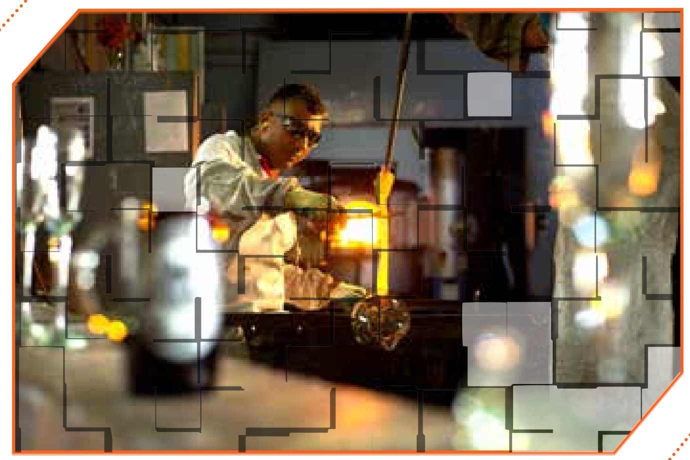
Effluents in the form of waste water are generated principally in the cleaning of process equipment and plant, the cleaning and sanitizing of returned bottles. Over the years as part of best practice in water management, the implementation of CIP (Cleaning in Place) systems have reduced markedly the amount of water used for cleaning purposes. The total amount of effluents discharged into the public sewerage network is 544 186 m^3.

Quality of discharged effluents

The Brewery and Limonaderiew 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. All effluents are carted away to the St Martin Treatment Plant.

Natural Capital (continued)



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 plants are within the permissible standards laid down by the Environment Protection (Standards for Air) Regulations 1998.

Furthermore, the performance of the thermal energy plants for all three production sites will have to be reviewed in the light of the proposed National Environmental Standards for Stack Emissions as published by the Ministry of Environment, Sustainable Development and Disaster and Beach Management.

Management of non-hazardous solid wastes

The management of solid wastes remains a challenge for the Group despite the measures implemented to minimise solid waste generation and promote waste recycling. For instance, the introduction of the lightweight 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 Limonaderie in 2018 provided much insight into 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. Similarly, at Nouvelle France site there has been a characterisation of the solid wastes in the following proportions: plastic 8%, PET 56% and paper 36%. Following this, environment protection measures have been implemented at these two sites and they have passed their first attempt at ISO 14001:2015 certification audit in September 2019. Furthermore, there has been a leap towards a more sustainable approach-based thinking at the operational level. For instance, specific colour coded bins have been implemented to permit better waste segregation to ultimately promote the final treatment of solid waste through recycling or re-use.

The recyclable waste from the Brewery, namely, spent grain and spent yeast (approximately 6000 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 Limonaderie, glass and plastics such as PET closures and labels. These non-hazardous solid wastes are sent to the Mare Chicose Landfill, the only engineered landfill in Mauritius. To reduce this waste stream towards landfill, the Group has approached a coal ash reprocessing plant to look into the feasibility of reusing coal ash as cement raw materials.

Disposal of hazardous wastes

Disposal of hazardous wastes produced by the Group, such as used oil, batteries and fluorescent lamps, has been addressed on an ad hoc basis. Currently, used oils are collected in drums and sent to a local used oil recycling company while batteries are collected by a local company. Other hazardous wastes such as fluorescent lamps are collected in crates and stored within the premises. A hazardous wastes survey has been carried out at the Limonaderie and Nouvelle France sites and an inventory of these wastes is being maintained up to date. PolyEco's service of hazardous waste management (through the Ministry of Environment) is regularly sought for the proper handling and disposal of such wastes

Natural Capital (continued)

Strategic Pillar:	Sustainable growth | Citizenship and responsibility
Strategic Objective	Constantly upgrade our production facilities to improve efficiency, increase productivity, enhance employee well-being and reduce our environmental footprint Preserve and enhance the current and future well-being of our community members
Material Matters	Environmental constraints and protection

Strategic Focus Area: Facilities improvement | Partnership development		
Project topic	**Project description and objective**	**Completion date**
Glass recycling	• Recapture and process glass to be reused locally • Export glass for reuse	Implemented and ongoing
Broken glass recycling as building materials	Investigate alternative methods of recycling of broken glass, such as their conversion into pebbles for garden landscaping, sand-like particles for sand blasting, and backfilled materials	Ongoing
PET collection, recycling and reuse	Increase PET collection in Mauritius from 40% to 80% • Phase 1: Support the increase of PET Bottle recapturing for recycling on a national scale • Phase 2: Support the increase of PET Bottle recapturing for recycling at regional level through Edena	2024 2020 2021
PET replacement	Investigate possibility of replacing PET with a bottle-to-bottle system	2022
Water treatment plant	Recover and reuse the water drained by the backwash of the charcoal filter	2020

The (Mauritius) Glass Gallery "MGG": a journey from shards to unique designs

In 1991 PhoenixBev, set up the (Mauritius) Glass Gallery "MGG" comprising a glass foundry and a showroom to recycle waste glass from their operations. Over the years MGG has built up not only a range of unique glass objects with a contemporary design for both ornamental and practical use, but also the skills needed to practise the age-old art of glassblowing, as well as hand moulding and casting.

MGG is a pioneer in Mauritius with regards to sustainable development. The foundry crushes about 250kg of glass per day, that is, approximately 6 tonnes of glass per month, mainly bottles which have been rejected from the production line at PhoenixBev. Despite its limited processing capacity, MGG continues to experiment with new techniques to increase the use of recycled glass. The furnace, which runs twenty-four hours a day, seven days a week, is fuelled by 100% used vegetable oil. Each month, the glass blowers use around a thousand old newspapers to shape the glass during the blowing process. All of the packaging material, around 250 kg a month, is made out of either recycled paper or used packaging material obtained from PhoenixBev.

Social Capital

PhoenixBev's stated purpose "Creating happiness through the responsible drinking of beverages" encapsulates its social responsibility towards the markets in which it operates; first and foremost, its home base, Mauritius, then the other Indian Ocean islands where its products have been present for many years, notably Reunion Island and Seychelles, and finally its newer markets elsewhere in the world as it pursues its strategy to expand its presence and broaden its offerings. It is, thus, essential that PhoenixBev continues to reaffirm its social commitment towards all of its external stakeholders, its business partners and suppliers, customers and communities, as well as the governments and authorities regulating its diverse markets, as an integral element of its overall engagement with stakeholders, as presented on pages 27 - 30.

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 and Les Grands Chais de France. 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 ability, commercial ability, 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 in the required quality and meet the demands of our brands, which include strict protocols. Other inputs are imported from all over the world.

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 sites across several different themes. Each complaint is investigated to identify the root cause for appropriate corrective action.

Our contribution to society

The Value-added Statement on page 69 identifies how the value created by the Group has been distributed to our various stakeholders.

In the financial year 2018-2019 PhoenixBev created MUR 4 638M in value, of which MUR 3 022M was paid to the State as taxes and levies, MUR 815M was distributed to team members, MUR 250M was paid to providers of capital and MUR 551M reinvested in the group.

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. Our GoldenTav programme has revived the social life around local taverns, while at the same time promoting small business.

The main areas for action 2019-2020

The following table shows the main areas for action that have been undertaken since 2018 and will be continued through the next financial year.

Strategic Pillar:	**Brand affinity and brand building | Citizenship and responsibility** **Sustainable growth**
Strategic Objective	• Protect Mauritian heritage with respect to our iconic brands • Conduct ethical business that translates into long-lasting mutually beneficial partnerships • Consolidate and grow our local and regional market offerings by providing the best beverages at affordable prices for all occasions
Material Matters	Consumer preferences Stakeholder relationships

Strategic Focus Area: Partnership development

Site	Current areas for action	Actions undertaken and objectives	Completion date
All sites	**Corporate Social Responsibility (CSR): fulfil requirements**	Areas for action: social, sport, education and environment (1) Have a positive social impact as well as improved visibility in the public (2) Increase employees' involvement	Ongoing

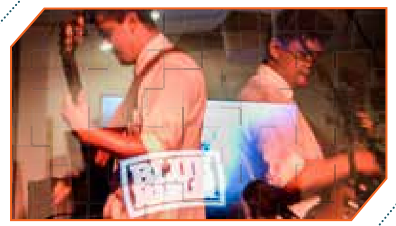
Corporate social responsibility

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.

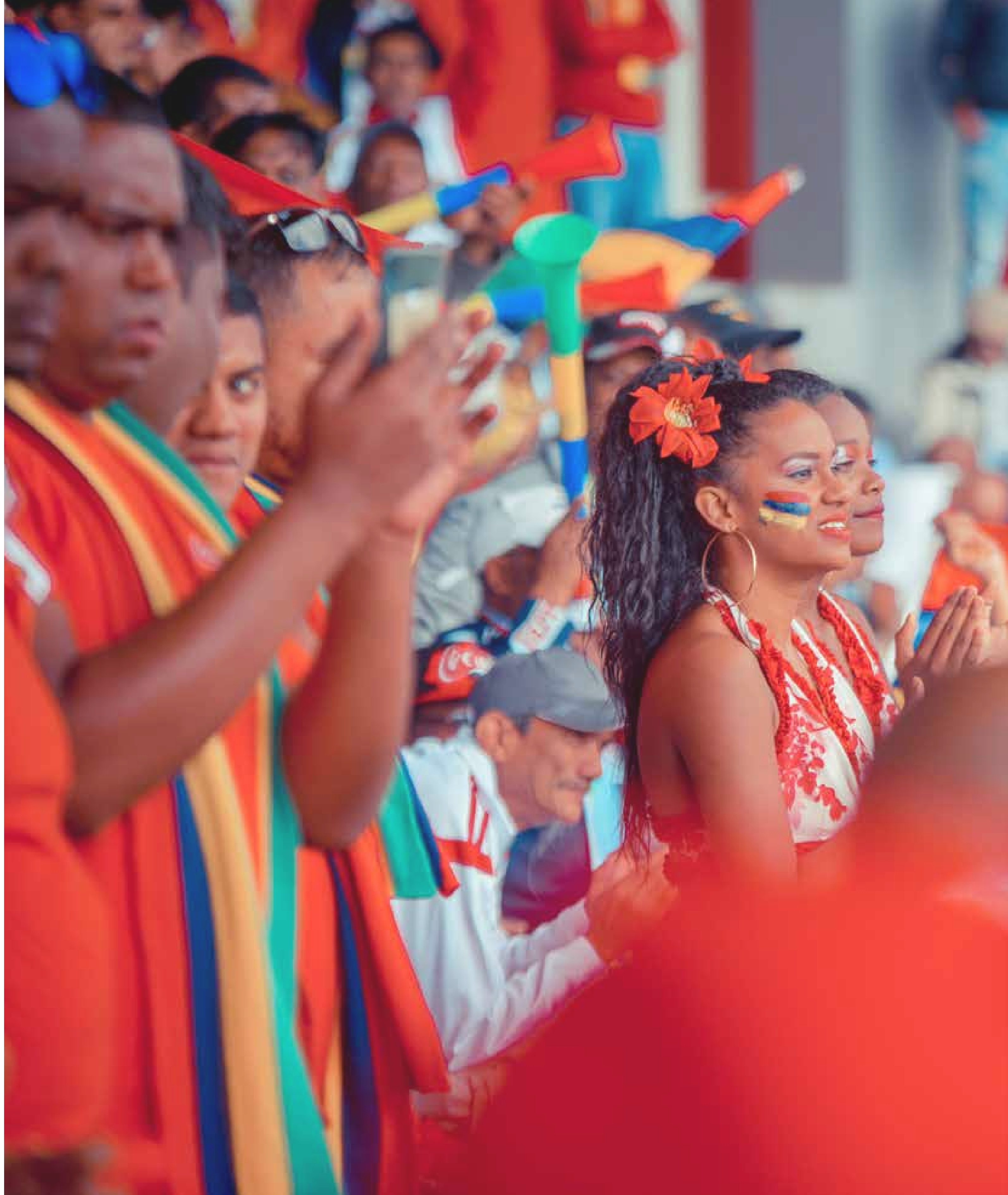
Through the Phoenix Foundation, MUR 4.7M was disbursed to various NGOs.

Social & Health:	MUR 2.2M
Environment:	MUR 0.6M
Education & Defense of childhood vulnerability:	MUR 0.5M
Sports & Culture:	MUR 1.4M

Social Capital (continued)



Sponsorship			
Event	**Sponsor**	**Date**	**Actions undertaken**
Rugby Seven Series	**Blue Marlin**	All year	Accompany the Mauritius Rugby Union in its preparation to take part in the 2024 Olympic Games.
My year with Eski with a creative drawing competition for children on the theme *My most wonderful birthday*	**Eski**	December 2018	Every month, Eski chooses one of the children who has submitted a drawing and organises their dream birthday, with invitation cards, birthday cake, games and entertainment, everything to create a truly magical party.
Odysséa Maurice, 1st edition of a charity trail event in aid of the fight against breast cancer, at Gros Cailloux	**PhoenixBev**	5 May 2019	Charity sale of packs of Crystal water, 1.5 litre format, labelled with a special rose emblem for the event. The proceeds were donated to two Mauritian charities supporting cancer patients.
10th Indian Ocean Island Games, (10th JIOI 2019) hosted by Mauritius	**Coca-Cola**	July 2019	'Ale Moris': series of fun activities with prizes to be won, organised in Mauritius and Rodrigues, and a concert in Rodrigues, with free drinks supplied by Coca-Cola.
	PhoenixBev	July 2019	Corporate campaign: '*Meday divan zot, Moris deryer zot*' (*Medals in front of you, Mauritians supporting you*) to show support for athletes sponsored by PhoenixBev.
Kafe Kiltir Moris 3rd season and Kafe Kiltir La Renyon 1st season	**PhoenixBev**	All year	A musical concept revolving round the notion of fusion, whether of local and regional styles, or of confirmed with emerging artists with events in Mauritius and Reunion Island.



Financial Review

Financial Capital 2019

For the **financial year 2018-2019**, our operations in **Mauritius** posted **solid results**. Despite our relatively low performance in **Reunion Island** during the period under review, our Group profit rose by **33.7%**, from MUR **472.6M** to MUR **631.7M**.

GROUP PROFIT

33.7%
FOR THE YEAR 2019

Sales volume and revenue

Sales volume in the Mauritian market for the year grew by **6.5%** while that in Reunion Island fell by **6.1%**. Overall, our sales volume increased by **2.7%**.

Our performance in Reunion Island was negatively impacted by:

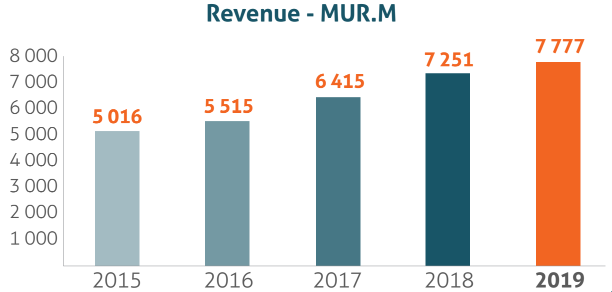
(i) Production constraints during the period September to November 2018 by virtue of an unexpected regulatory order temporarily reducing our supply of water used for production.

(ii) Disruption to our production and commercial activities during the months of November and December 2018 resulting from the social unrest prevailing on the island.

Revenue at Group level increased by **7.3%**, from MUR **7 251M** to MUR **7 777M**, more than proportional to our overall sales volume growth of **2.7%**, mainly due to a different sales mix and a 3% increase in the price of beer products in November 2018.

The Group has shown **strong revenue growth** over the last 5 years, with a compounded annual growth rate of **11.3%** between 2015 and 2019, boosted by the acquisition of Edena S.A in April 2016.

Revenue - MUR.M



Cost of sales and Gross profit

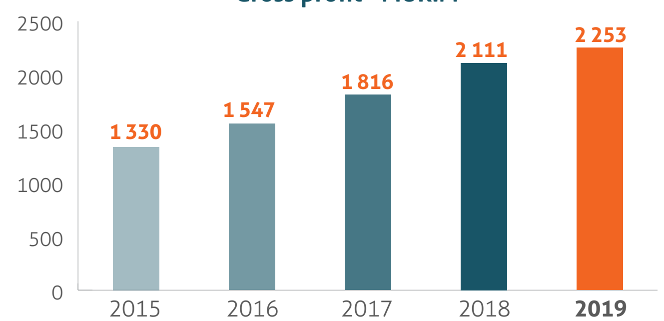
The manufacturing costs at Group and Company level increased by **8.4%** and **11.2%** respectively, mainly driven by the growth in sales volume and increases in some input costs.

Excise and other specific taxes in Mauritius increased by **6.1%** year on year, in line with the growth in sales volume.

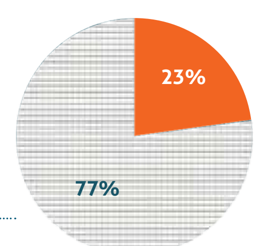
The Group gross profit increased by **6.7%** from MUR **2 111M** to MUR **2 253M**, and that at Company level increased by **11.8%** from MUR **1,527M** to MUR **1,707M**.

The Group gross profit increased at a compounded annual growth rate of **14.1%** between **2015** and **2019**.

Gross profit - MUR.M



For the year under review, **77%** of the Group gross profit was generated in Mauritius, with Reunion Island generating **23%**.



Marketing, warehousing, selling, distribution and administrative expenses (MWSDA)

With the application of IFRS 15, trade deals amounting to MUR **48M** for the financial year **2018-2019** have been netted off against revenue. Up to the previous financial year, **2017-2018**, the costs of these deals were accounted for as selling expenses, with MUR **22M** of trade deals accounted for as selling expenses for that year.

By comparing like with like, MWSDA expenses have increased by **6.0%** and **6.6%** at Group and Company level respectively, mainly driven by sales volume growth.

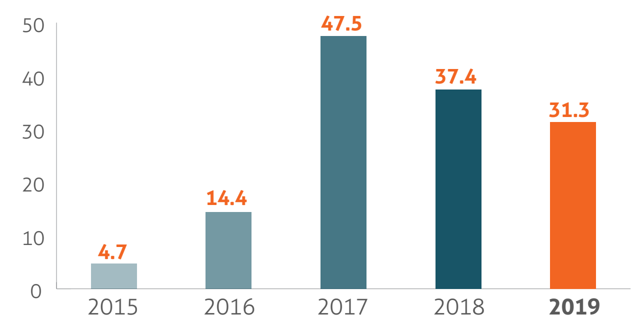
Finance costs and gearing

No loan was taken during the period under review. All **capital expenditure** for the year was financed from **operating cash flows**. This had the effect of reducing the finance costs.

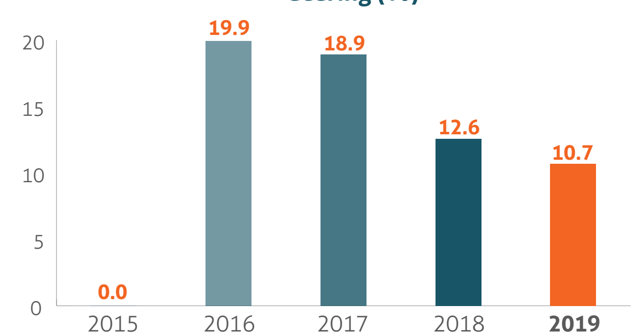
The low gearing gives space for the Group for new investment opportunities in both Mauritius and the region.

41.4% of the gross-interest bearing debt at financial year end was denominated in Mauritian Rupees and **58.6%** in Euros.

Finance costs - MUR.M



Gearing (%)



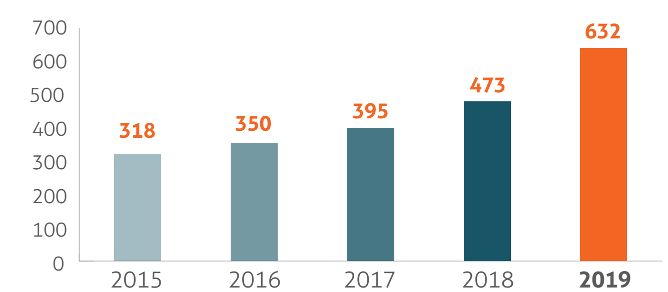
Earnings and EBITDA

Group net profit for the year increased by **33.7%** to MUR **631.7M** with our activities in Reunion Island contributing MUR **32.7M** (**2018:** MUR **79.3M**).

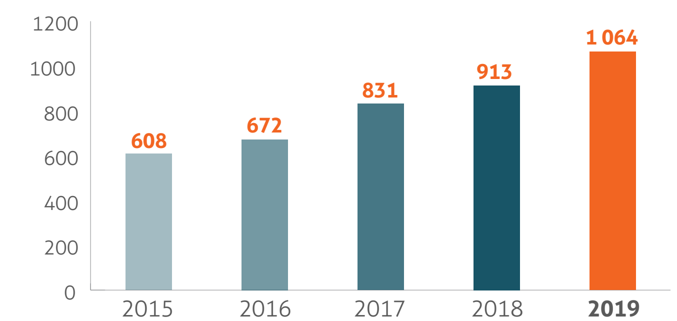
Group EBITDA increased by **16.6%** from MUR **913M** to MUR **1 064M** and EBITDA at Company level increased by **25.0%** from MUR **759M** to MUR **948M**.

Group EBITDA increased at a compounded annual growth rate of **15.0%** between 2015 and 2019.

Group profit - MUR.M



Group EBITDA - MUR.M



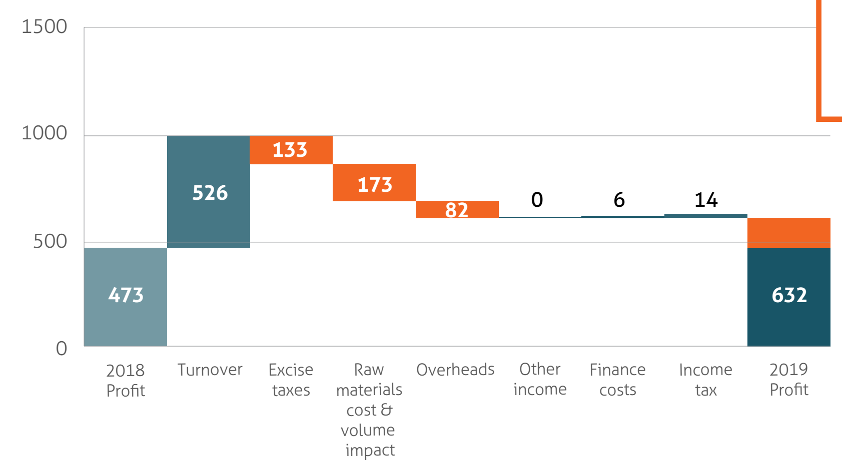
Financial Review

GROUP PROFIT

MUR 632M

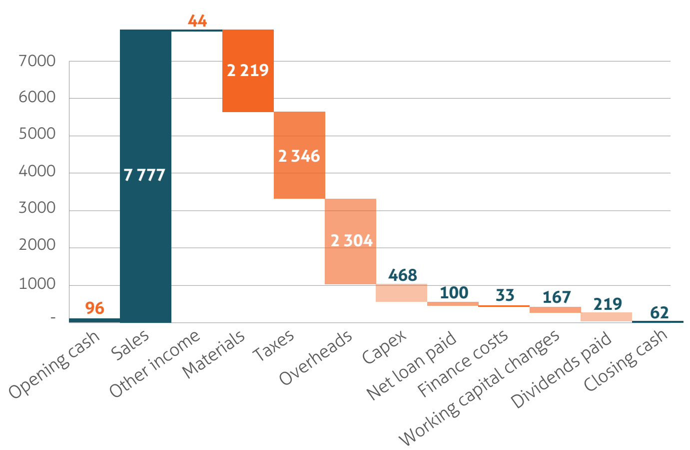
FOR THE YEAR 2019

Net profit reconciliation - MUR.M



The good financial performance in 2018 - 2019 has been driven mainly by volume increase, better sales mix, price increase on beer products and costs containment.

Cash flow highlights - MUR.M



Cash Flow

Cash generated from operations at Company and at Group level for 2019 was MUR **772.7M** (2018: MUR 793.6M) and MUR **873.4M** (2018: MUR 905.9M) respectively.

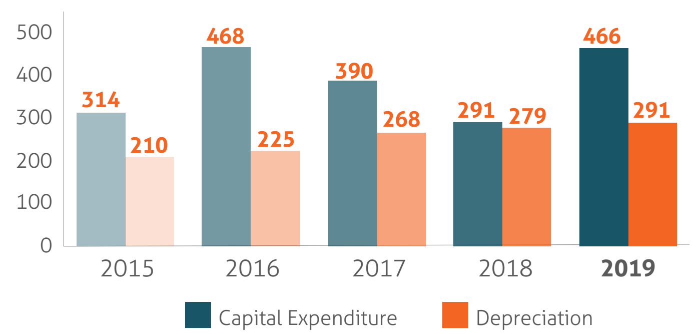
Free cash flow at Group level fell from MUR **430.1M** to MUR **274.6M** as a result of the comparatively higher capital expenditure during the year.

Capital expenditure and depreciation

The Group invested MUR 466M in capital expenditure during 2019. The capital expenditure mainly relates to:

- A new blower to increase the bottling capacity of one of our CSD lines in Mauritius
- A new HFO boiler at the Brewery
- Extension of our warehouse in Rodrigues Island
- Investment in vehicles, coolers, dispensing machines, bottles and crates to cater for growth in our home market
- Two new bottling lines in Reunion Island for the 5L and 18.9L formats, in replacement of the existing ones
- Upgrading of our bottling sterile room in Reunion Island

Capital expenditure and depreciation - MUR.M

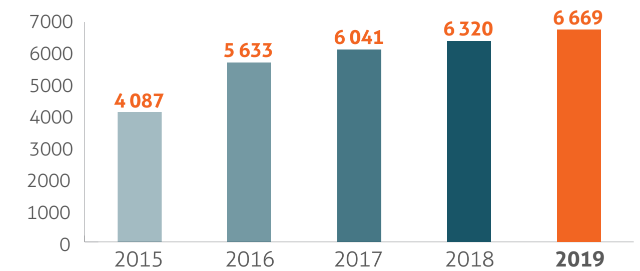


Equity and shareholders return

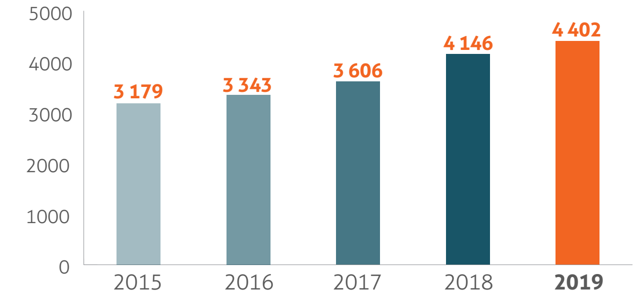
Total equity increased by **6.2%** from MUR **4.15** billion to MUR **4.41** billion. The company paid a dividend of MUR **13.30** per share for the year under review (2018: MUR 10.90).

Total assets increased substantially in 2016 following the acquisition of EDENA SA. Compound annual growth rate (CAGR) over the last 5 years was **13.0%**.

Total assets - MUR.M



Shareholder's equity - MUR.M



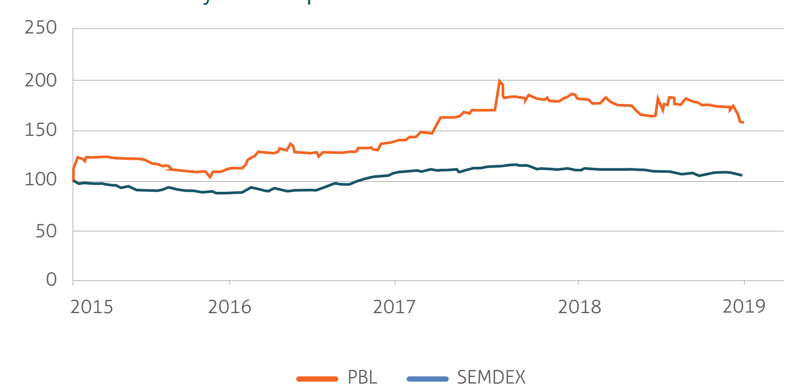
	YEAR 2019 MUR	YEAR 2019 %	YEAR 2018 MUR	YEAR 2018 %
Capital appreciation (Changes in share price)	(20.00)	(3.33)	145.00	31.87
Dividend received	13.30	2.22	10.90	2.39
Annual return	(6.70)	(1.12)	155.90	34.26

Total shares traded	Average daily volume traded
2019: 417 703 (2.5% of total) 2018: 329 929 (2.0% of total)	2019: 1 740 2018: 1 352
Share price as at 30 June	**Market capitalisation as at 30 June**
2019: MUR 580 2018: MUR 600	2019: MUR 9.5 Bn 2018: MUR 9.9 Bn
Highest share price	**Lowest share price**
2019: MUR 610 2018: MUR 650	2019: MUR 538 2018: MUR 455

PhoenixBev's share price has nearly tripled over the last 5 years with an annualised return of **24.4%**. The annualised total Shareholders Return (including dividends) over the last 5 years is **26.6%**.

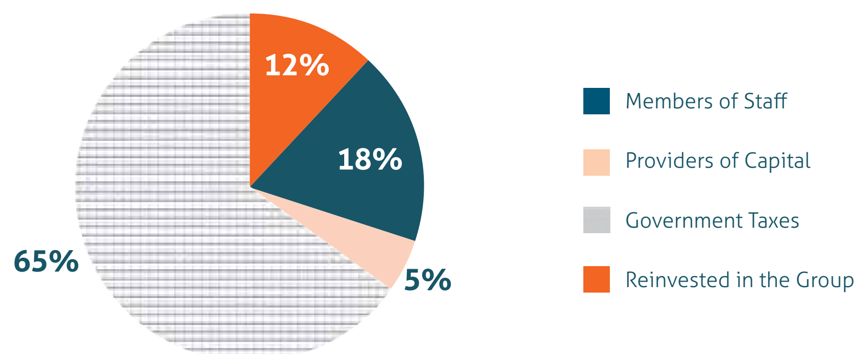
Share price performance (5 years trend vs SEMDEX)

5 year share price-indexed at 100 as at 30 June 2015



Value Added Statement

	2019 MUR '000	%	2018 MUR '000	%
Turnover including Value Added Tax	**8 378 846**		7 843 394	
Less: Paid to Suppliers for Materials and Services	**(3 783 694)**		(3 271 206)	
Value Added	**4 595 152**		4 572 188	
Other operating income	**43 154**		42 655	
Total wealth created	**4 638 306**		4 614 843	
Distributed as follows :				
Members of Staff				
Renumeration and Benefits	**815 043**	**18**	794 909	17
Providers of Capital				
Dividends	**218 745**		179 272	
Interest	**31 291**		37 385	
	250 036	**5**	216 657	5
Government Taxes				
Excise, Customs & Other Specific Duties	**2 372 212**		2 239 511	
Net Value Added Tax	**602 129**		592 421	
Taxation	**47 566**		114 836	
	3 021 907	**65**	2 946 768	64
Reinvested in the Group				
Depreciation and amortisation	**293 279**		280 886	
Retained Profit	**258 041**		375 623	
	551 320	**12**	656 509	14
Total Distributed and Retained	**4 638 306**	**100**	4 614 843	100



Group Financial Summary

	2019	2018	2017
Statements of profit or loss and other comprehensive income (MUR M)			
Turnover	**7 777**	7 251	6 415
Excise and other specific duties	**2 298**	2 166	1 857
Profit before taxation	**739**	594	514
Profit attributable to shareholders	**633**	474	395
Depreciation and amortisation	**293**	281	269
Net interest paid	**31**	37	48
EBITDA	**1 064**	913	831
Statement of financial position (MUR M)			
Total assets	**6 669**	6 320	6 041
Net indebtedness	**526**	596	840
Working capital	**655**	579	372
Shareholders' fund	**4 408**	4 151	3 610
Net asset value per share (MUR)	**267.64**	252.09	219.28
Cash flow (MUR M)			
Net cash generated from operating activities	**741**	726	564
Performance ratio			
Earnings per share (MUR)	**38.47**	28.81	24.10
Net return on equity (%)	**14.79**	12.19	11.38
Net profit margin (%)	**8.12**	6.52	6.16
Liquidity and gearing ratio			
Current ratio (%)	**151.88**	149.96	129.20
Gearing ratio (%)	**10.68**	12.57	18.89
Interest cover (times)	**24.63**	17.05	11.71
Dividends			
Dividends declared (MUR M)	**218.75**	179.27	168.58
Dividends per share (MUR)	**13.30**	10.90	10.25
Dividend yield (%)	**2.29**	1.82	2.25
Dividend cover (times)	**2.89**	2.64	2.35
Market data			
Market price per share (MUR)			
High	**610.00**	650.00	460.00
Low	**538.00**	455.00	366.00
Closing (30 June)	**580.00**	600.00	455.00
Market Capitalisation (MUR Bn)	**9.54**	9.87	7.48
P/E ratio (times)	**15.08**	20.83	18.88

Our Leadership

Our Board of Directors

The names of all Directors and Alternate Directors, their categories and biographies and the list of their directorships in external listed companies are provided hereunder.

1. 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 on the island of Mauritius. He is one of the most prominent leaders of the Mauritian private sector and is known to drive the IBL Group which he leads with innovative and challenging undertakings. Three years ago, he initiated the merger of GML Investissement Ltée and Ireland Blyth Limited, creating a successful Group and substantial shareholder value for all stakeholders since its introduction onto 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 & Contribution

Business and Finance, Deal Structuring, Strategic Business Development

External appointments on listed companies

- Alteo Limited
- BlueLife Limited
- IBL Ltd
- Phoenix Investment Company Limited
- The United Basalt Products Ltd

2. 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 was 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 & Contribution

Finance, Mergers and Acquisitions, Strategic Development

External appointments on listed companies

- IBL Ltd
- Lux Island Resorts Ltd
- Eagle Insurance Limited
- Phoenix Investment Company Limited
- The Bee Equity Partners Ltd

3. JAN BOULLÉ

Non-Executive Director
Appointed in 2000

Citizen and resident of Mauritius

Skills & Experience

Jan Boullé 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 was 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
- Pursued post graduate studies in Economics at Université de Laval, Canada

Core Competences & Contribution

Strategic Development, Hospitality, Real Estate Development.

External appointments on listed companies

- Alteo Limited
- BlueLife Ltd
- IBL Ltd
- Lux Island Resorts Ltd
- Phoenix Investment Company Limited
- The Bee Equity Partners Ltd
- The United Basalt Products Ltd

4. 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.

Qualifications & Professional Development

- Diploma in Business Administration, London

Core Competences & Contribution

Trading, Strategic Development, Management

External appointments on listed companies

- Phoenix Investment Company Limited

1. ARNAUD LAGESSE

2. JEAN-CLAUDE BÉGA

3. JAN BOULLÉ

4. FRANÇOIS DALAIS

Our Board of Directors (continued)

5. 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 Eclosia Group of Companies in 1993. He is currently Head Group Exports of the Eclosia 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 and Vice President of the Mauritius Chamber of Commerce and Industry (MCCI), a Council member of Business Mauritius (BM) and of the Mauritius Institute of Directors (MIoD). He is Chairman of MCCI Business School

Guillaume Hugnin is also a member of the Corporate Governance Committee of the Company.

Qualifications & Professional Development

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

Core Competences & Contribution

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

External appointments on listed companies

- Phoenix Investment Company Limited

6. 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-end residential market 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 & Contribution

Real Estate, Property Development, Management.

External appointments on listed companies

- IBL Ltd
- Phoenix Investment Company Limited

7. THIERRY LAGESSE

Non-Executive Director
Appointed in 1998

Citizen and resident of Mauritius

Skills & Experience

Thierry Lagesse is the Founder of the Palmar Group, a textile and garment-oriented manufacturing company. A visionary entrepreneur, he also launched a Direct To Home satellite television company in the Indian Ocean Islands. He serves as a director on the Boards of several listed companies on the Stock Exchange of Mauritius.

Qualifications & Professional Development

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

Core Competences & Contribution

Entrepreneurship, Business Development and Finance, Strategic Development, Manufacturing, Textile, Media, Hospitality, Sugar

External appointments on listed companies

- Alteo Limited
- IBL Ltd
- Lux Island Resorts Ltd
- Phoenix Investment Company Limited
- The United Basalt Products Ltd

8. 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 27 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 the Company since July 2018.

Qualifications & Professional Development

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

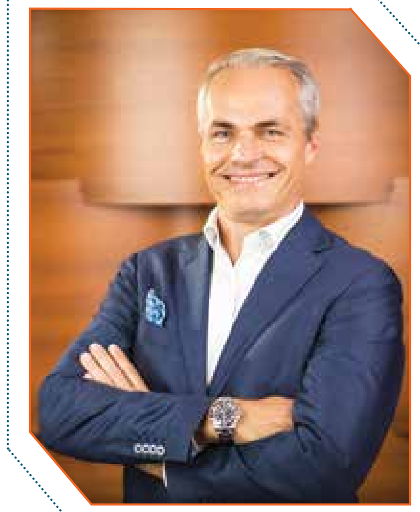
Core Competences & Contribution

Corporate Law, Governance, Administration, Management, Compliance

External appointments on listed companies

- None

5. GUILLAUME HUGNIN



6. HUGUES LAGESSE

7. THIERRY LAGESSE

8. SYLVIA MAIGROT

Our Board of Directors (continued)

9. 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 & Contribution

Regional Market Knowledge, International Trade, Business Development, Management

External appointments on listed companies

• None

10. 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 & Contribution

Statutory Audit Process and Controls, Finance and Tax

External appointments on listed companies

- Lux Island Resorts Ltd

11. 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 & Contribution

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

External appointments on listed companies

- The Mauritius Chemical and Fertilizer Industry Limited

12. 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 & Contribution

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

External appointments on listed companies

- None

9. YVAN MAINIX

10. RESHAN RAMBOCUS

11. PATRICK RIVALLAND

12. 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 & Contribution

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

External appointments on listed companies

- Alteo Limited
- CIEL Limited
- Sun Limited

ROGER ESPITALIER NOËL

Alternate Director to Guillaume Hugnin
Appointed on 10 June 2019

Citizen and resident of Mauritius

Skills & Experience

Roger Espitalier-Noël is the former Corporate Sustainability Advisor of CIEL and former General Manager of Floreal Knitwear Limited. He holds more than 35 years' experience in the textile industry and has been involved in the development and restructuring of this industry regionally, namely in Madagascar.

Qualifications & Professional Development

- Certificate in Textile and Knitwear Technology

Core Competences & Contribution

Manufacturing, Corporate Sustainability

External appointments on listed companies

- Ciel Limited
- ENL Limited
- Phoenix Investment Company Limited (Alternate Director)

Our Senior Management Team

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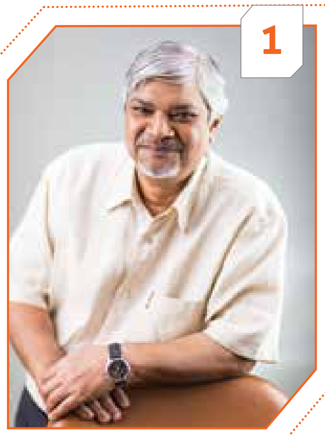

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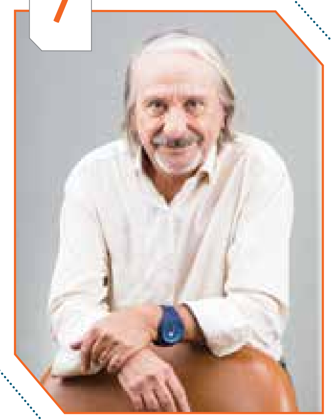

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1. ANTIS TREEBHOOBUN

Senior Manager – Business Systems

Antis Treebhoobun, 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.

2. NICOLAS CABOCHE

Senior Manager – Still Beverages and Product Development

Nicolas Caboche, 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.

3. 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.

4. DANIEL NARAYANEN

Senior Manager – Supply Chain

Daniel Narayanen, born in 1974, is a Fellow member of the Chartered Association of Certified Accountants. Before joining Phoenix Beverages Limited in 2004, he worked for De Chazal Du Mée BDO Ltd in the Audit & Assurance division for seven years where he handled a wide portfolio of clients in different industries, together with special consultancy assignments. He started with the Group as Internal Audit Manager with a reporting line to the Audit Committee and after four years took over the management of the procurement department in 2008. He was appointed Senior Manager – Supply Chain in 2019.

5. FREDERIC DUBOIS

Senior Manager – Sales and Distribution

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.

6. PATRICE SHEIK BAJEET

Senior Manager – Marketing

Patrice Sheik Bajeet, born in 1974, holds a BSc in Management 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.

7. 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 Pécheur, Meteor and Kronenbourg Breweries in France. He has been the Group's Head Brewer since 1992.

8. DHARAMRAJ NARAYYA

Senior Manager – Human Resources

Dharamraj Narayya, born in 1967, has wide experience in the HR function from diverse industries ranging from hotels, bottling, hypermarkets to airlines. He studied Occupational Health and Safety, Human Resources Management at the University of Mauritius and Business Administration at the University of Surrey and has recently completed an Executive MBA with IAE Paris Sorbonne Business School. Dharamraj joined the Group as Senior Manager – Human Resources in September 2014.

9. BERNARD THEYS

Refer to Directors profiles on page 77

10. PATRICK RIVALLAND

Refer to Directors profiles on page 77

Compliance

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 its business activities.

Thus, throughout the year ended 30 June 2019, to the best of the knowledge of its Board of Directors, PhoenixBev has complied with the Code. The Company has applied all eight 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 the 5 September 2018. The aforementioned charters, which remain dynamic documents, are reassessed by the Board as and when deemed necessary.

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

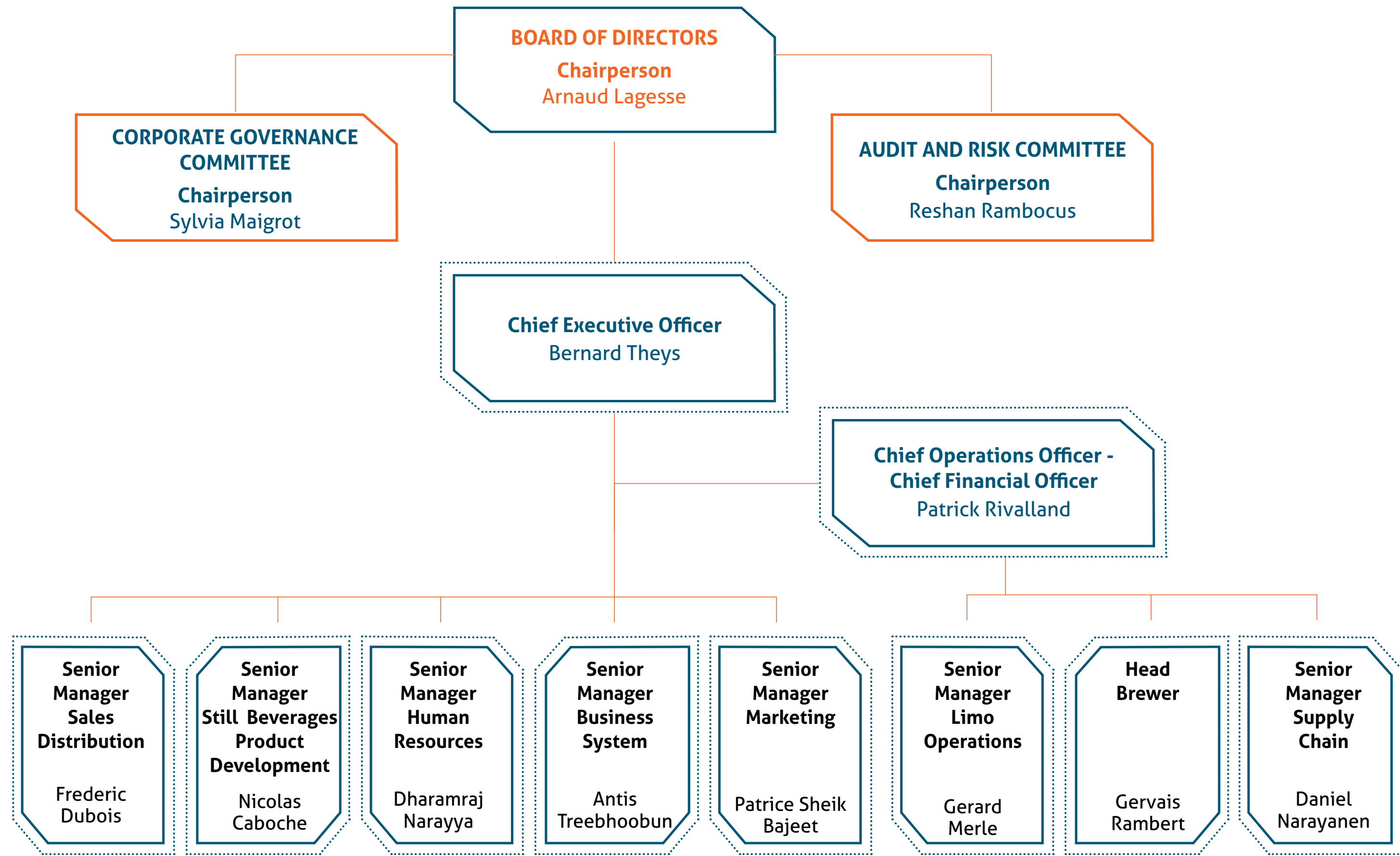
Management Contract

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 MUR 158.8 million (2018: MUR 141.9 million).

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, as approved by its Board of Directors, are found below:



The executive directors and senior managers within the dotted lines are employed and remunerated by Phoenix Management Company Ltd, in line with the management contract between PhoenixBev and PMC, referred to above.

The profiles of the Senior Management team can be found on pages 79-80 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 the 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.

Corporate Governance Report (continued)

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
Roger Espitalier Noël*	Alternate Director to Guillaume Hugnin

** Roger Espitalier Noël has been appointed alternate director to Guillaume Hugnin effective from 10 June 2019.*

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

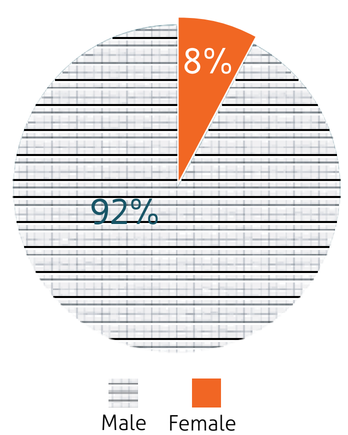
Profiles of directors and details of other directorships

The profiles of the directors including their external directorships in listed companies are disclosed on pages 73 to 78 of this report.

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

Balance and diversity

GENDER DIVERSITY



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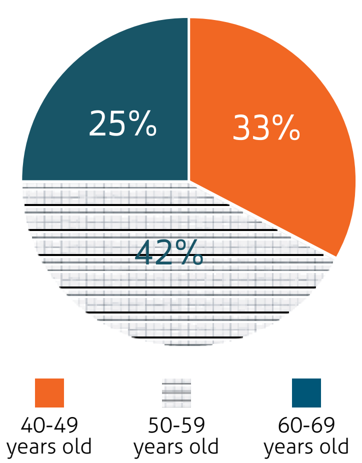
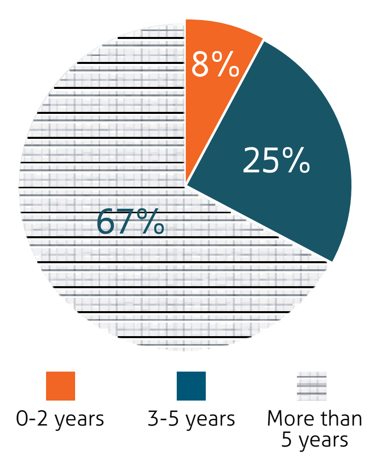


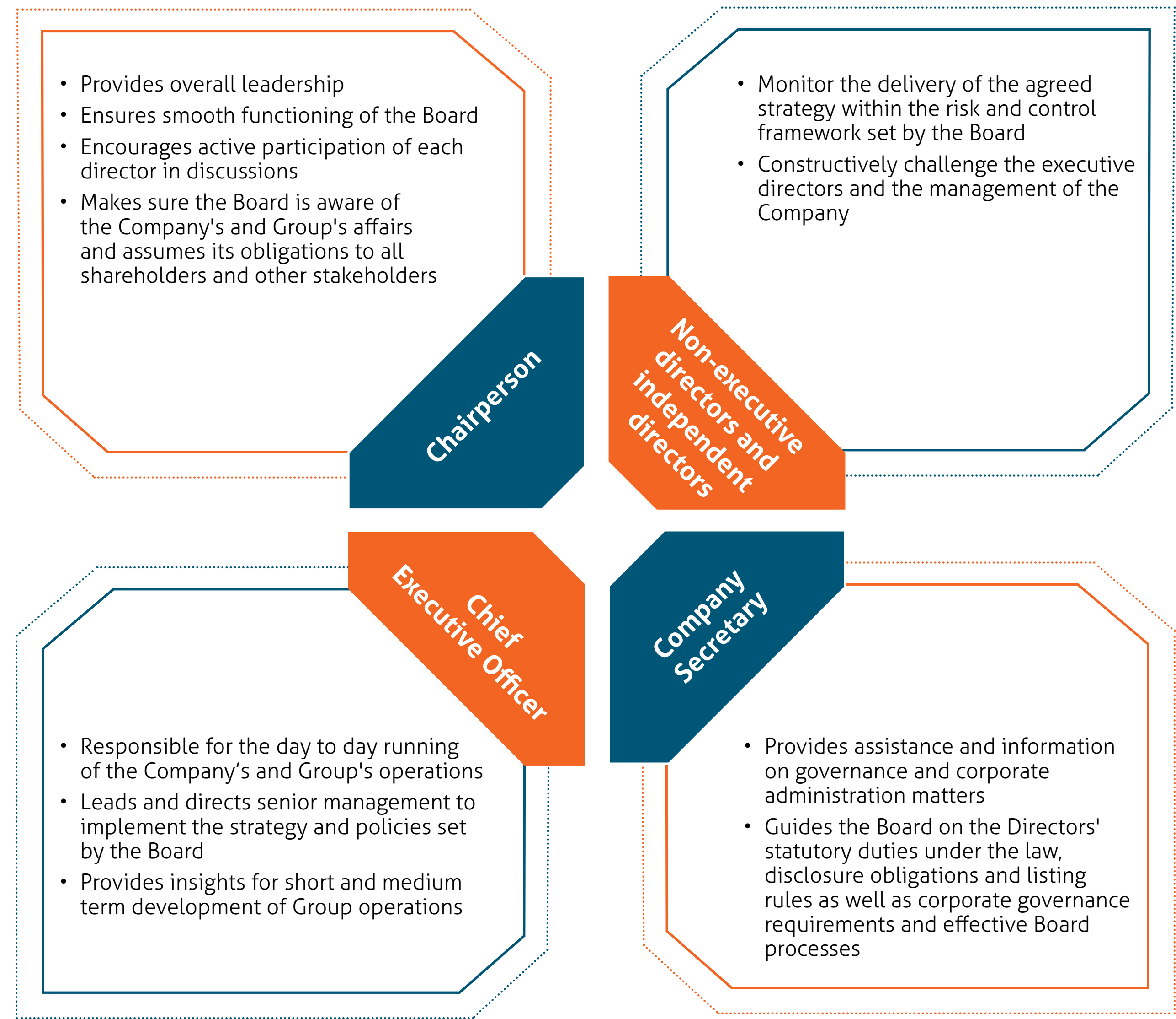
LENGTH OF TENURE



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.

The key senior governance positions and responsibilities, as approved by the Board, are as follows:



Corporate Governance Report (continued)

Common directorships

The directors and alternate 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 103 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 Directors				
Jean-Pierre Dalais	√**			
Roger Espitalier Noël	√**	√**	√	

** Chairperson   ** Alternate Director*

Board processes, meetings and activities in 2018-2019

Board meeting process

Beginning of the year
- Planning for Board meetings for the ensuing year is set by the Company Secretary and communicated to Directors

Setting of agenda
- 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
- Agenda and all relevant Board papers are sent to the Directors five calendar days before the scheduled meeting

Board meeting
- Agenda items are discussed, supported by presentation from the management or any other relevant attendee

After Board meeting
- Minutes are produced and sent to the management and Chairperson for review and comments prior to circulating these to the Board members
- Follow-up on Board decisions are 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 topics discussed at these meetings. Decisions were also taken by way of written resolutions signed by all the Directors.

Regular agenda items >
- Review and approval of minutes
- Review of the activities of the Company and of its subsidiaries both locally and regionally
- Reports from the Chairpersons of the two Board committees

Governance items >
- Appointment of new independent director
- Approval of the Board and Committees Charters
- Alignment to the new Code of Corporate Governance for Mauritius
- Approval of the Corporate Governance Report
- Board evaluation exercise with an external service provider
- Launch of electronic communication exercise for Shareholders
- Data Protection implications review

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 and capital expenditure for 2019-2020
- Recommendation to Shareholders for the appointment of EY as external auditors
- Intercompany loans procedures

Strategy items >
- Acquisition of strategic property
- Development and launching of new products

Corporate Governance Report (continued)

Attendance at Board meetings in 2018-2019

Directors	5 September 2018	11 February 2019	14 May 2019	25 June 2019	Total number of meetings attended
Arnaud Lagesse	√	√	√	√	4
Jean-Claude Béga	√	√	√	√	4
Jan Boullé	√	√	√		3
François Dalais		√	√	√	3
Guillaume Hugnin	√	√	√		3
Hugues Lagesse	√	√		√	3
Thierry Lagesse	√	√	√	√	4
Sylvia Maigrot	√	√	√	√	4
Yvan Mainix	√	√		√	3
Reshan Rambocus	√	√	√	√	4
Patrick Rivalland	√	√	√	√	4
Bernard Theys	√	√	√	√	4

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.

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. The other 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 2018-2019

Members	30 August 2018	6 November 2018	30 January 2019	3 May 2019	Total number of meetings attended
Reshan Rambocus	√	√	√	√	4
Jean-Claude Béga	√	√	√	√	4
Jan Boullé	√	√	√	√	4
In attendance (not members)					
Patrick Rivalland	√	√	√	√	4
Bernard Theys	√	√	√	√	4

Matters considered in 2018-2019

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
- Management accounts for each quarter
- Reports from the external auditors

Internal Audit >

- Follow up review of recent internal audits
- Logistics operations review
- Review of marketing activities
- Cash management review
- Follow-up on internal audit reports and implementation of recommendations
- Forthcoming internal audits planning

Other matters >

- Audit and Risk Committee Charter review
- Appointment and liaison with new external auditors, EY
- Recommendation to the Board for approval of audit fees payable to the external auditors
- ERP system implementation and contingency plan

Corporate Governance Report (continued)

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 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.

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 2018-2019

Members	27 August 2018	31 January 2019	9 May 2019	Total number of meetings attended
Sylvia Maigrot	√	√	√	3
Guillaume Hugnin	√	√	√	3
Jan Boullé	√	√	√	3
Bernard Theys	√	√	√	3

Matters considered in 2018-2019

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

Corporate Governance >

- Review of the Corporate Governance Report
- Review and recommendation to the Board of the approval of a Board Charter, a Directors' Charter, a new Audit and Risk Committee Charter and a new Corporate Governance Committee Charter
- Review of the Data Protection framework, Code of Ethics, whistleblowing policy
- Alignment of website with the recommendations of the Code
- Recommendation of the appointment of an external service provider for the Board evaluation exercise and oversight of evaluation process
- Review and recommendation to the Board of documents to be sent to Shareholders in relation to the electronic communication project

Nomination >

- Election of directors pursuant to the rotation plan

Remuneration >

- Recommendation to the Board of the reviewed remuneration for the non-executive directors for the year ending 30 June 2020

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

Potential candidates identified and selected by Corporate Governance Committee

↓

Recommendation by the Corporate Governance Committee to the Board of Directors

↓

Appointment of new director by the Board of Directors

↓

Newly appointed director is subject to election in first year of appointment by the Shareholders at the Annual Meeting

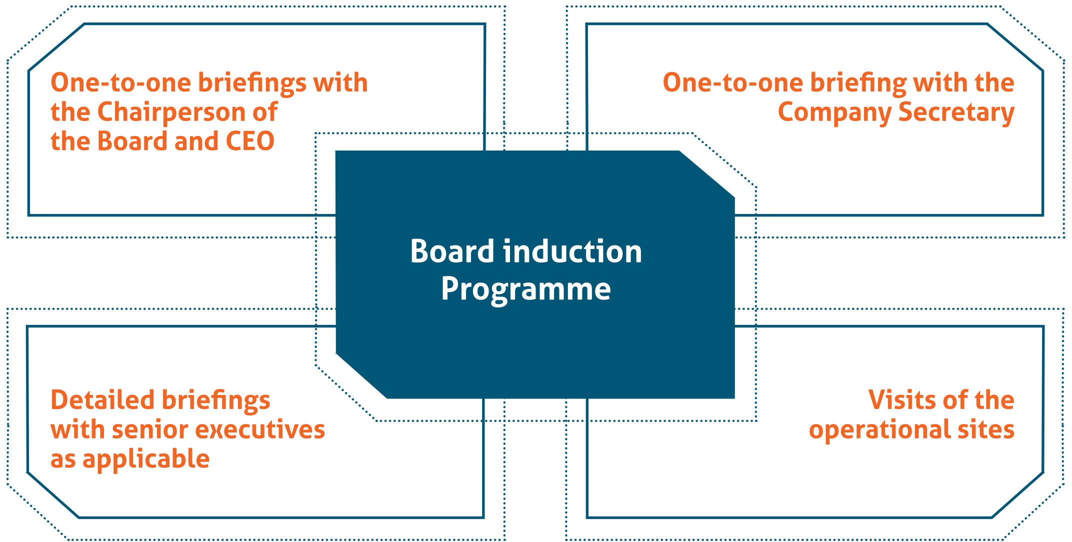
↓

Once appointed and in accordance with the Constitution of Phoenix Beverages Limited, every year, three Directors must stand for re-election at the Company's Annual Meeting

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. Most of the directors confirmed having engaged in learning activities to develop and enhance their abilities during the year under review. 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 2005.

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 a director becomes 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 2019 were as follows:

Directors	Direct interest		Indirect interest
	Number of shares	Percentage holding (%)	Percentage holding (%)
Arnaud Lagesse	–	–	0.07
Guillaume Hugnin	4 290	0.03	–
Hugues Lagesse	–	–	0.07
Patrick Rivalland	3 057	0.02	–
Roger Espitalier Noël*	3 590	0.02	0.16

**Alternate Director*

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.

Corporate Governance Report (continued)

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.

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 user

In some specific cases, expenditures and investment in IT shall be discussed and put to the Board for approval.

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.

Code of Ethics and whistleblowing

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 said 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 defines what is regarded as acceptable and not acceptable for the Group as a whole and also deals with whistleblowing and queries.

All employees are aware of and have taken cognisance of the Code of Ethics and and their compliance is mandatory. Compliance with the Code of Ethics, which is available on the website of PhoenixBev (www.phoenixbev.mu), is continuously monitored by the Human Resources Manager.

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 14 December 2018 approved fee payments to the Board for the financial year ended 30 June 2019. 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 2019 were as follows:

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

During the year under review, the Corporate Governance Committee has reviewed the remuneration of non-executive directors for the financial year ending 30 June 2020 and recommendations will be communicated to shareholders at the next Annual Meeting to be held in December 2019.

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 2019 are set out in the table below:

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

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

** Bernard Theys and Patrick Rivalland are employed and remunerated by Phoenix Management Company Ltd, a sister company of Phoenix Beverages Limited. Management fees paid by PhoenixBev to PMC include the salaries of the two executive directors.

Corporate Governance Report (continued)

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 this 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 the performance management process is also used for succession planning.

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

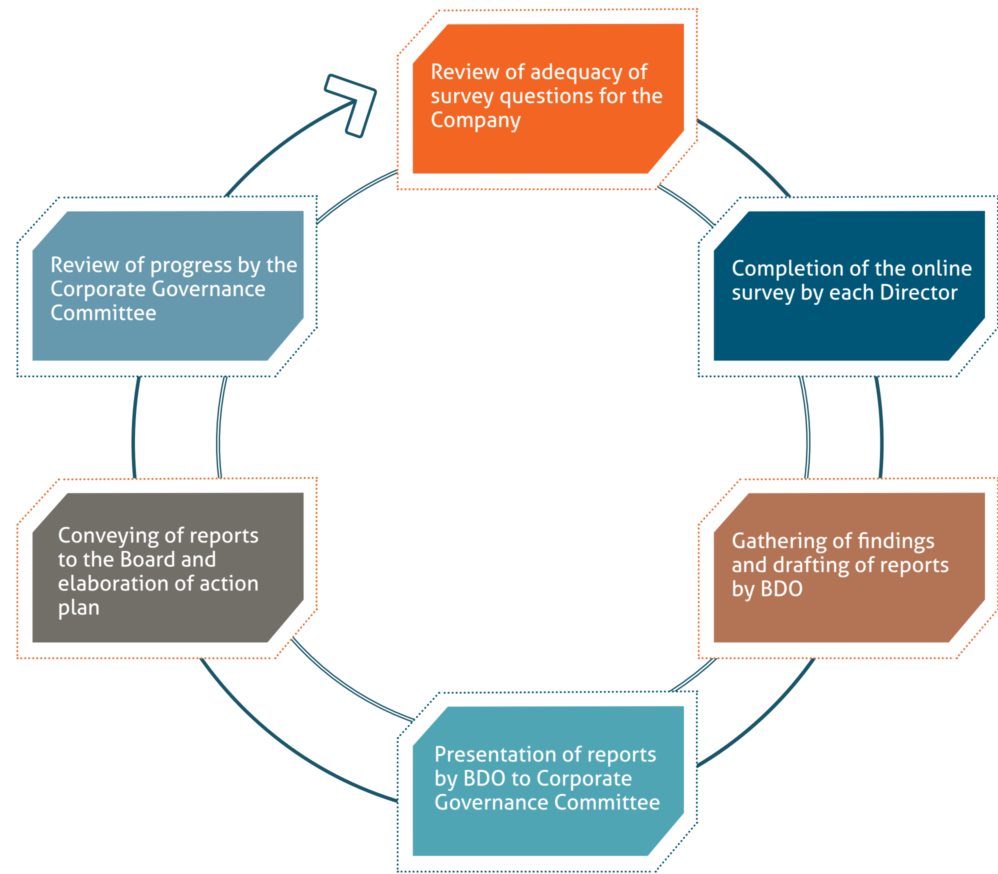
Board evaluation

The Corporate Governance Committee had recommended that an evaluation of the Board and its directors be conducted during the financial year 2018-2019. The Committee had also recommended that the exercise be conducted by an independent external consultant.

As such, the Committee has worked on the Board evaluation exercise throughout the first semester of the financial year and the survey and reporting have taken place during the months of March to May 2019.

Below is the process summarising the steps taken to appoint the Risk Advisory department of BDO & CO ("BDO"), in association with Insync Surveys, as independent external facilitator:

The Board evaluation methodology is summarised in the diagram below and further explained hereunder:



The method proposed by BDO & CO consisted of seeking the views of all directors via a set of survey questions including some open statements and covering several main themes including strategy and planning, communication flow, performance, processes, risk and control framework as well as composition of the Board and its Committees. The anonymity of all respondents was ensured throughout the process to encourage frank exchange of views and the results were benchmarked with international best practices which helped in the identification of areas of improvement.

The results were then issued in the form of full length and executive summary reports which were presented by BDO during a Corporate Governance Committee meeting and conveyed to all directors thereafter.

Management, under the supervision of the Corporate Governance Committee, ensures that adequate actions are being taken and that issues identified are given due consideration. A reassessment, by the Corporate Governance Committee, of the progress made is scheduled during the next financial year.

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, under the supervision of the Audit and Risk Committee, 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 can be found on pages 35 to 41 and 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 147 to 155 – 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.

The Group's internal audit function is currently outsourced to BDO for the provision of independent and objective assurance and consultancy services. BDO employs a systematic and disciplined approach with a 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 during the year have been detailed in the section "Audit and Risk Committee – Matters considered in 2018-2019" of this report.

External Audit

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 Ernst & Young ("EY") and the appointment of EY as external auditors has been duly ratified by the Annual Meeting of Shareholders held on 14 December 2018.

Corporate Governance Report (continued)

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.

EY, the current external auditors, have full, free and unrestricted access to the Audit and Risk Committee should they wish to discuss any matters privately and to all functions, records, property and personnel of the Group.

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.

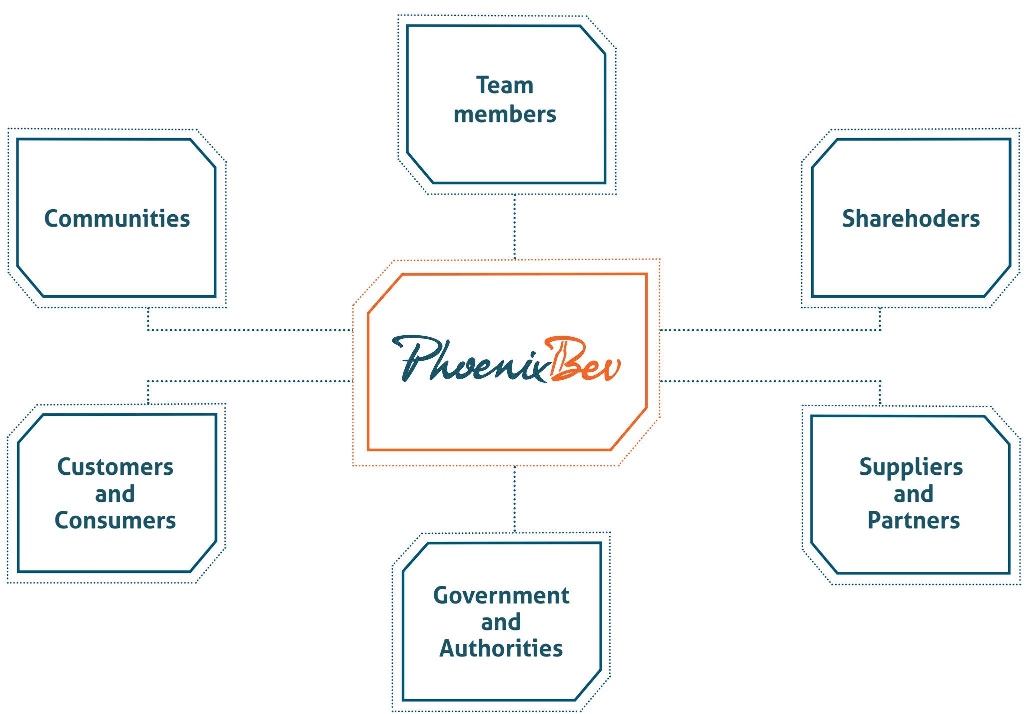
The external auditors are prohibited from providing non-audit services where their independence might be compromised by later auditing their own work. Any other non-audit services provided by the external auditors are required to be specifically approved by the Audit and Risk Committee. Audit fees are 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, EY, for the year ended 30 June 2019 amounted to MUR 2 096 000 for audit and MUR 165 000 for other services.

PRINCIPLE 8: RELATIONS WITH SHAREHOLDERS AND 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.

As communicated in the previous Annual Report, PhoenixBev has, in its quest for a greener world, launched an exercise during the financial year 2018-2019 to offer its shareholders the opportunity of receiving the soft copy of the annual reports and/or other corporate communications by email, instead of the printed paper versions. The Board is pleased to announce that, as at the date of this report, 421 positive responses and consents had been received, representing 22% of the shareholders to whom the offer letter had been sent. The Directors hope that this response rate will increase over time.

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 14 December 2018 was as follows:

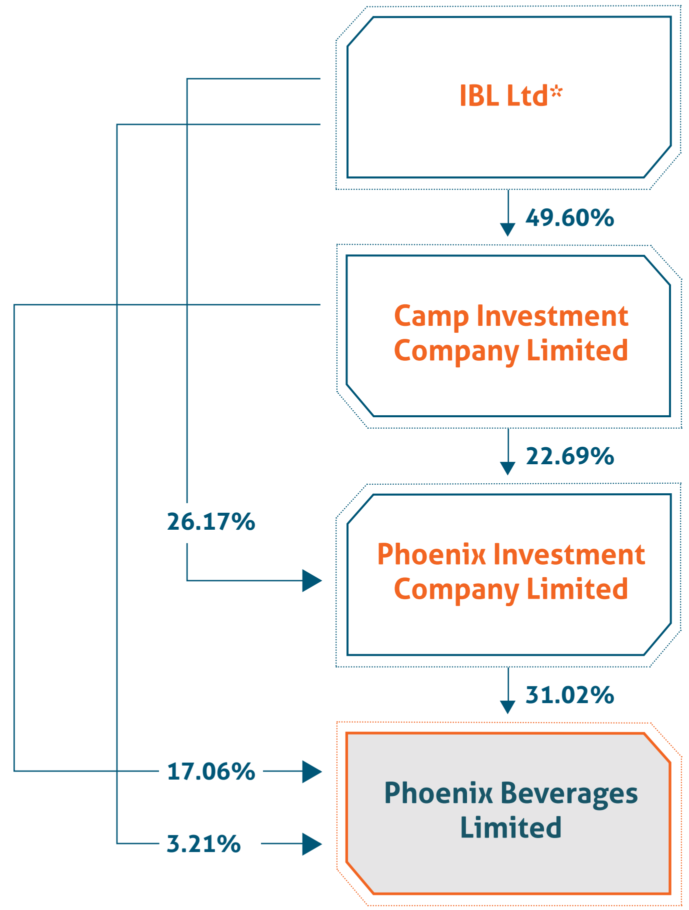
Directors	Attendance
Arnaud Lagesse	Attended
Jean-Claude Béga	Attended
Jan Boullé	Attended
François Dalais	Attended
Guillaume Hugnin	Attended
Hugues Lagesse	Not attended
Thierry Lagesse	Not attended
Sylvia Maigrot	Attended
Yvan Mainix	Attended
Reshan Rambocus	Not attended
Patrick Rivalland	Attended
Bernard Theys	Attended

Attended *Not attended*

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.

Corporate Governance Report (continued)

Cascade holding structure



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

Shareholding profile

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

Main shareholders

As at 30 June 2019, there were 1 903 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 2019 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
Hugnin Frères Ltée	361 512	2.20
Guinness Overseas Limited	316 370	1.92
SSB Kimberlite Frontier Africa Master Fund	249 183	1.52
SSL C/o SSB Boston A/c Russell invest.com PLC	194 555	1.18
Mr. Christian Marie Francois LEDOUX	138 900	0.84
Policy Ltd	137 961	0.84

Breakdown of share ownership as at 30 June 2019

Size of shareholding	Number of shareholders	Number of shares	Percentage holding (%)
1 – 500 shares	1 072	163 475	0.99
501 – 1,000 shares	209	162 584	0.98
1,001 – 5,000 shares	378	861 533	5.24
5,001 – 10,000 shares	94	657 759	4.00
10,001 – 50,000 shares	124	2 558 611	15.56
50,001 – 100,000 shares	10	762 508	4.64
Above 100,000 shares	16	11 280 530	68.59
	1 903	**16 447 000**	**100.00**

Category	Number of shareholders	Number of shares	Percentage holding (%)
Individuals	1 704	3 639 613	22.13
Insurance & assurance companies	8	72 604	0.44
Pensions & provident funds	51	1 734 652	10.55
Investment & trust companies	16	8 036 552	48.86
Other corporate bodies	124	2 963 579	18.02
	1 903	**16 447 000**	**100.00**

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

Share Registry and Transfer Office

The Company's Share Registry and Transfer Office is administered by Ocorian Corporate Administrators Limited, 6th Floor, Tower A, 1 CyberCity, Ebène.

Share price information

The share price of Phoenix Beverages Limited decreased over the past year from MUR 600 at 30 June 2018 to MUR 580 at 30 June 2019.

Corporate Governance Report (continued)

Date	Price (MUR)	Yearly change (%)
30 June 2015	325	66.67
30 June 2016	366	12.62
30 June 2017	455	24.32
30 June 2018	600	31.87
30 June 2019	**580**	**(3.33)**

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 2018 and a final dividend in June 2019. Each dividend paid was subject to the satisfaction of the corresponding solvency test.

An interim dividend of MUR 4.00 per ordinary share was declared in November 2018 and a final dividend of MUR 9.30 per ordinary share was declared in May 2019, bringing the total dividend declared for the financial year under review to MUR 13.30 per ordinary share.

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

	2019	2018	2017	2016	2015
Dividend per share (MUR)	**13.30**	10.90	10.25	9.60	9.00
Dividend cover (Number of times)	**2.89**	2.64	2.23	2.23	2.17
Dividend yield (%)	**2.29**	1.82	2.62	2.62	2.77

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, 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:

	2019	2018	2017	2016	2015
Share price at 30 June, current year (MUR)	**580.00**	600.00	455.00	366.00	325.00
Share price at 30 June, previous year (MUR)	**600.00**	455.00	366.00	325.00	195.00
(Decrease) / Increase in share price (MUR)	**(20.00)**	145.00	89.00	41.00	130.00
Dividend, current year (MUR)	**13.30**	10.90	10.25	9.60	9.00
Total return per share (MUR)	**(6.70)**	155.90	99.25	50.60	139.00
Total return based on previous year share price (%)	**(1.12)**	34.26	27.12	15.57	71.28

Calendar of forthcoming shareholders' events

NOVEMBER 2019
- Publication of first quarter results
- Declaration of interim dividend subject to Board approval

DECEMBER 2019
- Payment of interim dividend
- Annual Meeting 2019

FEBRUARY 2020
- Publication of second quarter results

MAY 2020
- Publication of third quarter results
- Declaration of final dividend subject to Board approval

JUNE 2020
- Payment of final dividend

Arnaud Lagesse
Chairperson

Sylvia Maigrot
Chairperson of the Corporate Governance Committee

24 September 2019

Statement of Compliance

(SECTION 75 (3) OF THE FINANCIAL REPORTING ACT)

Name of Public Interest Entity:Phoenix Beverages Limited (the "Company")

Reporting Period: 1 July 2018 to 30 June 2019

We, the Directors of Phoenix Beverages Limited, confirm that, to the best of our knowledge, the Company has complied with all its obligations and requirements under the National Code of Corporate Governance for Mauritius (2016).

Arnaud Lagesse
Chairperson

Sylvia Maigrot
Chairperson of the Corporate Governance Committee

24 September 2019

Statement of Directors' Responsibilities

The Directors are responsible for preparing the annual report, corporate governance report and financial statements of the Group and the Company in accordance with applicable laws and regulations. Company law requires the Directors to prepare the financial statements in accordance with International Financial Standards (IFRS) and the Companies Act 2001 for each financial year.

The Board assumes responsibility for leading and controlling the Company and for meeting all legal and regulatory requirements.

The Directors 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 Company.

In preparing the financial statements, the Directors report that:

- adequate accounting records and an effective system of internal controls and risk management have been maintained;
- appropriate accounting policies supported by reasonable and prudent judgments and estimates have been used consistently;
- The International Financial Reporting Standards (IFRS) have been adhered to and any departure of interest in fair presentation has been disclosed, explained and quantified;
- the Code of Corporate Governance has been adhered to in all material aspects;
- these financial statements fairly present the state of affairs of the Company and the Group as at the end of the financial year and the results of the operations and cash flows for that period; and
- these financial statements have been prepared on the going concern basis.

A firm of accountants has been appointed as internal auditors to ensure the adequacy and effectiveness of the internal control framework.

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 Board of Directors confirms that it is satisfied that Phoenix Beverages 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
Chairperson of the Audit and Risk Committee

Bernard Theys
Chief Executive Officer

24 September 2019

Our Financial Statements

Statutory Disclosures - 30 June 2019

(Pursuant to section 221 of the 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 2019 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 Minerals Offshore Ltd	Phoenix Distributors 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	*											
Hugues Lagesse	*											
Thierry Lagesse	*				*	*	*		*			
Sylvia Maigrot	*											
Yvan Mainix	*											
Charles Prettejohn												*
Reshan Rambocus	*											
Patrick Rivalland	*	*		*					*			*
Paul Rose				*								
Bernard Theys	*	*	*	*	*	*	*	*	*	*	*	*
Alternate Directors												
Jean-Pierre Dalais *(Alternate to François Dalais)*	*											
Roger Espitalier Noël *(Alternate to Guillaume Hugnin)*	*											

Yvan Mainix was appointed as Independent Non-Executive Director on 1 July 2018 in replacement of Didier Koenig.
Roger Espitalier Noël was appointed as Alternate Director to Guillaume Hugnin on 10 June 2019.

Directors' service contracts

On 30 June 2019, there was no service contract between any Director and Phoenix Beverages Limited.

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

Statutory Disclosures - 30 June 2019

(Pursuant to section 221 of the 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 2019 were:

	Direct Interest		Indirect Interest
Directors	**Number of Shares**	**%**	**%**
Arnaud Lagesse	-	-	0.07
Jean-Claude Béga	-	-	-
Jan Boullé	-	-	-
François Dalais	-	-	-
Guillaume Hugnin	4 290	0.03	-
Hugues Lagesse	-	-	0.07
Thierry Lagesse	-	-	-
Sylvia Maigrot	-	-	-
Yvan Mainix	-	-	-
Reshan Rambocus	-	-	-
Patrick Rivalland	3 057	0.02	-
Bernard Theys	-	-	-
Alternate Directors			
Jean-Pierre Dalais	-	-	-
Roger Espitalier Noël	3 590	0.02	0.16
Senior Managers			
Nicolas Caboche	-	-	-
Frédéric Dubois	-	-	-
Gerard Merle	-	-	-
Dharamraj 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, except as disclosed above, between the Company and its Directors.

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:

	2019		2018	
	Executive Directors MUR '000	**Non-Executive Directors MUR '000**	Executive Directors MUR '000	Non-Executive Directors MUR '000
The Company				
Phoenix Beverages Limited	–	**3 425**	–	3 500
The Subsidiaries				
Edena S.A.	–	–	–	–
Espace Solution Reunion S.A.S.	–	–	–	–
Helping Hands Foundation	–	–	–	–
MBL Offshore Ltd	–	–	–	–
Phoenix Beverages Overseas Ltd	–	–	–	–
Phoenix Camp Minerals Offshore Ltd	–	–	–	–
Phoenix Distributors Ltd	–	–	–	–
Phoenix Foundation	–	–	–	–
Phoenix Réunion SARL	–	–	–	–
SCI Edena	–	–	–	–
The (Mauritius) Glass Gallery Ltd	–	–	–	–

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.

SHAREHOLDERS

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.

Statutory Disclosures - 30 June 2019

(Pursuant to section 221 of the companies act 2001 and section 88 of the securities act 2005)

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.

DONATIONS

	2019 MUR '000	2018 MUR '000
The Company		
Phoenix Beverages Limited - Corporate Social Responsibility	6 290	7 044
- Others	1 091	544

The subsidiaries have not made any donation during the years 2018 and 2019.

AUDITORS' REMUNERATION

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

	2019		2018	
EY (2019) AND DELOITTE (2018)	**Audit MUR '000**	**Other services MUR '000**	Audit MUR '000	Other services MUR '000
The Company				
Phoenix Beverages Limited	1 725	113	1 641	110
The Subsidiaries				
Helping Hands Foundation	15	1	–	–
MBL Offshore Ltd	23	11	22	10
Phoenix Beverages Overseas Ltd	105	10	99	10
Phoenix Camp Minerals Offshore Ltd	23	10	22	10
Phoenix Distributors Ltd	7	1	7	–
Phoenix Foundation	15	1	–	–
The (Mauritius) Glass Gallery Ltd	183	18	174	17
	2 096	165	1 965	157
EXCO REUNION AUDIT	**EUR '000**	**EUR '000**	EUR '000	EUR '000
Phoenix Réunion SARL	21	–	20	–
	21	–	20	–
EXA	**EUR '000**	**EUR '000**	EUR '000	EUR '000
Edena S.A.	33	–	37	1
Espace Solutions Reunion S.A.S.	3	–	6	–
Phoenix Réunion SARL	–	10	–	–
	36	10	43	1

Other services relate to tax services.

Company Secretary's Certificate 30 June 2019

In terms of Section 166(d) of the 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 2019, all such returns as are required of the Company under the Companies Act 2001.

IBL Management Ltd

Company Secretary

24 September 2019

Independent Auditor's Report
to the Members of Phoenix Beverages Limited

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Phoenix Beverages Limited (the "Company") and its subsidiaries (the "Group") set out on pages 121 to 196 which comprise the statements of financial position as at 30 June 2019, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows for the year then ended, and notes to the financial statements, including significant accounting policies.

In our opinion, the financial statements give a true and fair view of the financial position of Group and Company as at 30 June 2019, and of their financial performance and their cash flows for the year then ended in accordance with International Financial Reporting Standards and comply with the 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 the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group and the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

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

Key Audit Matter	How the matter was addressed in the audit
(i) Impairment of goodwill and trademarks At 30 June 2019, goodwill and trademarks amounted to MUR 593M and MUR 193M respectively. As detailed in Note 6 of the consolidated financial statements, the Group's goodwill is allocated to cash generating units (CGUs). The impairment of goodwill and trademarks involves complex judgments and estimates, including projections of future income, terminal growth rate assumptions, and discount rates. The assumptions used, and judgement applied to arrive at those estimates can have a material impact on impairment decisions reflected in the consolidated financial statements of the Group.	We obtained an understanding, evaluated the design and tested the operating effectiveness of selected key controls over projections of future income, terminal growth rate assumptions, and discount rates related to the impairment of goodwill and trademarks. In relation to the above, our substantive testing procedures included the following: • We corroborated the justification of the CGUs defined by management for goodwill allocation. In relation to the above, our substantive testing procedures included the following: • We tested the Group's discounted cash flow model that supports the value-in-use calculations in order to assess the appropriateness of the methodology applied in the Group's annual impairment assessment; • We evaluated management's methodology and assumptions used including projections on future income, terminal growth rate assumptions, discount rates and sensitivity analysis to determine the impact of those assumptions; • We evaluated management's ability to forecast by comparing last year's forecast to this year's actual results; and • We included a specialist on our team to assist in the testing of the discount factor.
(ii) Valuation of unlisted investments (separate financial statements) Investments in subsidiaries are carried at fair value at an amount of MUR 1.07bn. 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. The valuation of these investments includes complex judgments and estimates, including projections of future income, terminal growth rate, and discount rates assumptions and may have a material impact on the valuation. 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	We obtained an understanding, evaluated the design and tested the operating effectiveness of selected key controls over projections of future income, terminal growth rate assumptions, and discount rates related to the fair valuation of investment. Our substantive procedures are as follows: • We have tested the mathematical accuracy of the valuation models; • We have assessed the reasonableness of the forecast used in the valuation exercise; • We evaluated management's ability to forecast by comparing last year's forecast to this year's actual results; • We evaluated management's methodology and assumptions used including projections on future income terminal growth rate and discount rates assumptions, and sensitivity analysis to determine the impact of those assumptions • We have used the expertise of EY valuation teams to assess the valuation methodology and the appropriateness of the key inputs.

Independent Auditor's Report
to the Members of Phoenix Beverages Limited

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Other Information

Management is responsible for the other information. The other information comprises the statutory disclosures and the Company Secretary's Certificate as required by the Companies Act 2001 but does not include the financial statements and our auditor's report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

Corporate governance report

The Directors are responsible for preparing the Corporate Governance Report. Our responsibility under the Financial Reporting Act 2004 is to report on the compliance with the Code of Corporate Governance (the "Code") disclosed in the annual report and assess the explanations given for non-compliance with any requirement of the Code. From our assessment of the disclosures made on corporate governance in the annual report, the Group has, pursuant to section 75 of the Financial Reporting Act, complied with the requirements of the Code.

Responsibilities of the Directors for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism 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 and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the director's 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 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 or 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 and the Company to express an opinion on the Group and Company 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 the directors 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 the directors 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 the directors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure 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.

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Section 205 of the Companies Act 2001. Our audit work has been undertaken so that we might state to the Company's members 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 members, as a body, for our audit work, for this report, or for the opinions we have formed.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Companies Act 2001

We have no relationship with or interests in the Company other than in our capacity as auditors, tax advisors and dealings in the ordinary course of business.

We have obtained all the information and explanations we have required.

In our opinion, proper accounting records have been kept by the Company as far as it appears from our examination of those records.

ERNST & YOUNG
Ebène, Mauritius

ANDRE LAI WAN LOONG, F.C.A.
Licensed by FRC

Date: 24 September 2019

Statements of Financial Position

30 June 2019

	Notes	THE GROUP 2019 MUR '000	THE GROUP 2018 MUR '000	THE COMPANY 2019 MUR '000	THE COMPANY 2018 MUR '000
ASSETS					
Non-current assets					
Property, plant and equipment	5	**3 945 533**	3 772 624	**3 510 122**	3 358 461
Intangible assets	6	**792 587**	796 171	**197 578**	199 732
Investments in subsidiaries	7	**–**	–	**1 070 125**	1 033 853
Investment in associate	8	**9 621**	9 697	**7 215**	7 257
Financial assets at fair value through other comprehensive income	9	**3 119**	–	**2 091**	–
Investments in financial assets	9A	**–**	3 109	**–**	2 091
Long-term receivables at amortised cost	10	**–**	–	**95 011**	127 302
		4 750 860	4 581 601	**4 882 142**	4 728 696
Current assets					
Inventories	11	**1 072 545**	885 923	**882 468**	706 942
Trade and other receivables	12	**751 340**	725 193	**430 378**	383 656
Current tax assets	19(b)	**13 850**	16 645	**–**	3 513
Bank and cash balances	29(b)	**80 860**	110 413	**40 929**	50 272
		1 918 595	1 738 174	**1 353 775**	1 144 383
Total assets		**6 669 455**	6 319 775	**6 235 917**	5 873 079
EQUITY AND LIABILITIES					
Capital and reserves					
Stated capital	13	**366 962**	366 962	**366 962**	366 962
Other reserves	14	**1 080 764**	1 081 871	**1 304 459**	1 268 229
Retained earnings		**2 959 807**	2 701 766	**2 841 662**	2 630 638
Equity attributable to owners of the Company		**4 407 533**	4 150 599	**4 513 083**	4 265 829
Non-controlling interests		**(5 597)**	(4 449)	**–**	–
Total equity		**4 401 936**	4 146 150	**4 513 083**	4 265 829
Non-current liabilities					
Borrowings	15	**487 279**	589 775	**418 641**	489 366
Deferred tax liabilities	16	**295 593**	318 161	**290 006**	312 262
Employee benefit obligations	17	**184 921**	61 160	**183 632**	60 661
Deferred revenue	20	**36 487**	45 358	**–**	–
		1 004 280	1 014 454	**892 279**	862 289
Current liabilities					
Trade and other payables	18	**1 086 384**	1 033 986	**706 186**	675 033
Borrowings	15	**119 976**	116 454	**76 187**	69 928
Current tax liabilities	19(b)	**48 182**	–	**48 182**	–
Deferred revenue	20	**8 697**	8 731	**–**	–
		1 263 239	1 159 171	**830 555**	744 961
Total equity and liabilities		**6 669 455**	6 319 775	**6 235 917**	5 873 079

These financial statements have been approved by the Board of Directors and authorised for issue on 24 September 2019

Arnaud Lagesse
Chairperson

Bernard Theys
Executive Director - Chief Executive Officer

The notes on pages 126 to 196 form an integral part of these financial statements.
Auditor's report is on pages 117 to 120.

Statements of Profit and Loss and Other Comprehensive Income

for the Year Ended 30 June 2019

	Notes	THE GROUP 2019 MUR '000	THE GROUP 2018 MUR '000	THE COMPANY 2019 MUR '000	THE COMPANY 2018 MUR '000
Revenue from contracts with customers	2(q), 22	**7 776 717**	7 250 973	**6 590 658**	6 016 982
Manufacturing costs	23	**(3 225 206)**	(2 974 450)	**(2 584 819)**	(2 324 438)
Excise and other specific duties	23	**(2 298 492)**	(2 165 791)	**(2 298 492)**	(2 165 791)
Cost of sales		**(5 523 698)**	(5 140 241)	**(4 883 311)**	(4 490 229)
Gross profit		**2 253 019**	2 110 732	**1 707 347**	1 526 753
Other income	25	**43 154**	42 655	**49 364**	79 409
Marketing, warehousing, selling and distribution expenses	23	**(972 542)**	(963 293)	**(693 634)**	(696 278)
Administrative expenses	23	**(548 137)**	(539 732)	**(350 831)**	(350 912)
Profit before finance costs	26	**775 494**	650 362	**712 246**	558 972
Finance costs	27	**(31 291)**	(37 385)	**(28 237)**	(33 817)
Share of results of associate	8(a)	**28**	91	**–**	–
Profit before credit loss expenses		**744 231**	613 068	**684 009**	525 155
Credit loss expenses on financial assets	26	**(4 840)**	(18 596)	**(2 849)**	(24 276)
Profit before tax		**739 391**	594 472	**681 160**	500 879
Tax expense	19(c)	**(107 660)**	(121 880)	**(96 438)**	(92 235)
Profit for the year		**631 731**	472 592	**584 722**	408 644
Other comprehensive income:					
Items that will not be reclassified subsequently to profit or loss:					
Gain on revaluation of property	5	**–**	160 772	**–**	160 772
Deferred tax on revaluation of property	16	**–**	(13 241)	**–**	(13 241)
Changes in fair value of equity instrument at fair value through other comprehensive income		**–**	–	**36 230**	–
Remeasurements of post employment benefit obligations	17	**(187 394)**	101 458	**(186 690)**	101 275
Deferred tax on post employment benefit obligations	16	**31 737**	(17 217)	**31 737**	(17 217)
		(155 657)	231 772	**(118 723)**	231 589
Items that may be reclassified subsequently to profit or loss:					
Increase in fair value		**–**	–	**–**	122 719
Exchange differences on translating foreign operations		**(1 439)**	13 319	**–**	–
Other movements in associates	8(a)	**(104)**	1 304	**–**	–
		(1 543)	14 623	**–**	122 719
Total other comprehensive income		**(157 200)**	246 395	**(118 723)**	354 308
Total comprehensive income for the year		**474 531**	718 987	**465 999**	762 952
Profit/(loss) attributable to:					
Owners of the Company		**632 710**	473 824	**584 722**	408 644
Non-controlling interests		**(979)**	(1 232)	**–**	–
		631 731	472 592	**584 722**	408 644
Total comprehensive income/(loss) attributable to:					
Owners of the Company		**475 679**	720 175	**465 999**	762 952
Non-controlling interests		**(1 148)**	(1 188)	**–**	–
		474 531	718 987	**465 999**	762 952
Basic and diluted earnings per share (MUR.cs)	28	**38.47**	28.81		

The notes on pages 126 to 196 form an integral part of these financial statements.
Auditor's report is on pages 117 to 120.

Statements of Changes in Equity

for the Year Ended 30 June 2019

THE GROUP *(Attributable to owners of the Company)*

	Notes	Share capital MUR '000	Share premium MUR '000	Revaluation and other reserves MUR '000	Fair value reserve MUR '000	Retained earnings MUR '000	Total MUR '000	Non controlling interests MUR '000	Total MUR '000
At 1 July 2018		**164 470**	**202 492**	**1 078 316**	**3 555**	**2 701 766**	**4 150 599**	**(4 449)**	**4 146 150**
Profit/(loss) for the year		**–**	**–**	**–**	**–**	**632 710**	**632 710**	**(979)**	**631 731**
Other comprehensive loss for the year		**–**	**–**	**(1 439)**	**(104)**	**(155 488)**	**(157 031)**	**(169)**	**(157 200)**
Total comprehensive (loss)/ income for the year		**–**	**–**	**(1 439)**	**(104)**	**477 222**	**475 679**	**(1 148)**	**474 531**
Transfer		**–**	**–**	**436**	**–**	**(436)**	**–**	**–**	**–**
Dividends	**21**	**–**	**–**	**–**	**–**	**(218 745)**	**(218 745)**	**–**	**(218 745)**
At 30 JUNE 2019		**164 470**	**202 492**	**1 077 313**	**3 451**	**2 959 807**	**4 407 533**	**(5 597)**	**4 401 936**
At 1 July 2017		164 470	202 492	914 340	2 251	2 326 143	3 609 696	(3 261)	3 606 435
Profit/(loss) for the year		–	–	–	–	473 824	473 824	(1 232)	472 592
Other comprehensive income for the year		–	–	160 850	1 304	84 197	246 351	44	246 395
Total comprehensive income/ (loss) for the year		–	–	160 850	1 304	558 021	720 175	(1 188)	718 987
Transfer		–	–	3 126	–	(3 126)	–	–	–
Dividends	21	–	–	–	–	(179 272)	(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)**	**4 146 150**

The notes on pages 126 to 196 form an integral part of these financial statements.
Auditor's report is on pages 117 to 120.

THE COMPANY

	Note	Share capital MUR '000	Share premium MUR '000	Revaluation and other reserves MUR '000	Fair value reserve MUR '000	Retained earnings MUR '000	Total MUR '000
At 1 July 2018		**164 470**	**202 492**	**1 065 389**	**202 840**	**2 630 638**	**4 265 829**
Profit for the year		**–**	**–**	**–**	**–**	**584 722**	**584 722**
Other comprehensive income/(loss) for the year		**–**	**–**	**–**	**36 230**	**(154 953)**	**(118 723)**
Total comprehensive income for the year		**–**	**–**	**–**	**36 230**	**429 769**	**465 999**
Dividends	**21**	**–**	**–**	**–**	**–**	**(218 745)**	**(218 745)**
At 30 JUNE 2019		**164 470**	**202 492**	**1 065 389**	**239 070**	**2 841 662**	**4 513 083**
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**

The notes on pages 126 to 196 form an integral part of these financial statements.
Auditor's report is on pages 117 to 120.

Statements of Cash Flows

for the Year Ended 30 June 2019

	Notes	THE GROUP 2019 MUR '000	THE GROUP 2018 MUR '000	THE COMPANY 2019 MUR '000	THE COMPANY 2018 MUR '000
Cash flows from operating activities					
Cash generated from/operations	29(a)	**873 400**	905 886	**772 736**	793 626
Interest received		**1 224**	957	**1 116**	953
Interest paid		**(31 291)**	(37 385)	**(28 237)**	(33 817)
Contributions paid on pension		**(54 880)**	(30 934)	**(54 880)**	(30 934)
Tax paid	19(b)	**(45 112)**	(105 997)	**(32 808)**	(41 746)
CSR contribution		**(2 454)**	(6 163)	**(2 454)**	(6 163)
Net cash generated from/operating activities		**740 887**	726 364	**655 473**	681 919
Cash flows from investing activities					
Purchase of property plant and equipment		**(466 260)**	(291 255)	**(389 568)**	(264 436)
Proceeds from disposal of plant and equipment		**4 927**	2 166	**4 927**	2 005
Purchase of intangible assets	6	**(1 256)**	(5 016)	**–**	(4 552)
Dividends received		**90**	84	**90**	40 014
Net cash used in investing activities		**(462 499)**	(294 021)	**(384 551)**	(226 969)
Cash flows from financing activities					
Repayment of borrowings		**(100 120)**	(185 405)	**(69 089)**	(152 528)
Dividends paid to Company's owners		**(218 745)**	(179 272)	**(218 745)**	(179 272)
Net cash used in financing activities		**(318 865)**	(364 677)	**(287 834)**	(331 800)
(Decrease)/increase in cash and cash equivalents		**(40 477)**	67 666	**(16 912)**	123 150
Movement in cash and cash equivalents					
At July 1		**95 977**	23 083	**50 253**	(76 564)
Effect of foreign exchange rate changes		**6 557**	5 228	**1 174**	3 667
(Decrease)/increase		**(40 477)**	67 666	**(16 912)**	123 150
At 30 June	29(b)	**62 057**	95 977	**34 515**	50 253

The notes on pages 126 to 196 form an integral part of these financial statements.
Auditor's report is on pages 117 to 120.

Notes to the Financial Statements

for the Year Ended 30 June 2019

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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(a) Basis of preparation

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

(i) Freehold land and buildings are carried at revalued amounts; and

(ii) relevant financial assets and financial liabilities are stated at their fair value; and

(iii) relevant financial assets and financial liabilities are carried at amortised cost.

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). The consolidated financial statements are presented in Mauritian rupees (MUR '000).

(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; and
- 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;

Notes to the Financial Statements

for the Year Ended 30 June 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Basis of consolidation (continued)

- 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 IFRS 9 Finance Instruments or, when applicable, the cost on initial recognition of an investment in an associate or jointly controlled entity.

(c) Investments in subsidiaries

Subsidiaries are those companies over which the Company exercises control. These are categorised as fair value through OCI 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.

(d) Investment 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 fair value through OCI 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 financial statements. Under the equity method of accounting, the Group's share of the associates' profit or loss for the year is recognised in profit or loss and statement of 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.

(e) 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.

Notes to the Financial Statements

for the Year Ended 30 June 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Intangible assets (Continued)

(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.

(f) 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.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date the fair value was determined.

(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.

(g) 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 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 - 15
Freehold buildings	10 - 50
Plant and machinery	5 - 25
Motor vehicles	5 - 15
Furniture, computer, office and other equipment	2 - 10
Containers	5 - 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.

(h) 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.

(i) 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.

(j) 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.

Notes to the Financial Statements

for the Year Ended 30 June 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(k) Financial instruments

Initial recognition and subsequent measurement

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Policy effective before 1 July 2018 - IAS 39

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 4 . 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. 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.

The Group derecognises financial liabilities when, and only when, the Company’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;
- 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.

Notes to the Financial Statements

for the Year Ended 30 June 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(k) Financial instruments (Continued)

Policy effective after 1 July 2018 -IFRS 9 (Continued)

(iii) Impairment of financial assets (Continued)

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.

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI) on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Subsequent measurement

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

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

Financial assets at amortised cost (debt instruments)

This category is the most relevant to the Group. The Group measures financial assets at amortised cost if both of the following conditions are met:

(i) The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and

(ii) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Group's financial assets at amortised cost includes trade and other receivables, intercompany receivables and long term receivables.

Financial assets designated at fair value through OCI (equity instruments)

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under IAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

The Group elected to classify irrevocably its non-listed equity investments under this category.

Derecognition

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

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

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Notes to the Financial Statements

for the Year Ended 30 June 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(k) Financial instruments (Continued)

Policy effective after 1 July 2018 -IFRS 9 (continued)

Impairment of financial assets

For trade receivables, the Group applies a simplified approach in calculating expected credit losses (ECLs).

The Group recognises an allowance for ECLs for trade receivables with third parties that are not covered or partly covered by an insurance policy. ECLs are based on the difference between the contractual cash flows due and all the cash flows that the Group expects to receive.

For trade receivables, the Group applies a simplified approach in calculating ECLs. The Group makes use of the roll rate methodology. It predicts the probabilty of default based on deliquency and calculates the percentage of debtors' balance in each bucket that deteriorate to the next bucket in the following month.

Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. The Group considers a financial asset in default when contractual payments are 120 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows. The information about the ECLs on the Group's trade receivables is disclosed in Note 12.

The Company recognises an allowance for expected credit losses (ECLs) for the long term receivables under the general approach . ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate.

(ii) Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss.

This category generally applies to trade and other payables, interest-bearing loans and borrowings.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in profit or loss.

(iii) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

(l) Taxation

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. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date, in the countries where the Group operates and generates taxable income. The income tax is recognised as a charge in profit or loss.

Deferred income tax

Deferred income tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax credits and unused tax losses, to the extent that it is probable and there are convincing evidence that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax credits and unused tax losses can be utilized except:

- where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred income tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

Notes to the Financial Statements

for the Year Ended 30 June 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(l) Taxation (Continued)

Deferred income tax (continued)

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized. Unrecognized deferred income tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to set off current income tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

Deferred income tax assets and deferred income tax liabilities are offset only where both criteria below are met:

(a) has a legally enforceable right to set off the recognised amounts; and

(b) intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

The Group and the Company have disclosed deferred income tax assets and deferred income tax liabilities separately as it does not meet the above criteria.

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.

Corporate Social Responsibility

In line with the definition within the Income Tax Act 1995, Corporate Social Responsibility (CSR) is regarded as a tax and is therefore subsumed with the income tax shown within the Statement of Comprehensive Income and the income tax liability on the Statement of Financial Position.

The CSR charge for the current period is measured at the amount expected to be paid to the Mauritian tax authorities. The CSR rate and laws used to compute the amount are those charged or substantively enacted by the reporting date.

(m) 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.

(n) Retirement benefit obligations

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.

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.

(o) 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.

Notes to the Financial Statements

for the Year Ended 30 June 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(o) Government grants (Continued)

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.

(p) Revenue recognition

Policy effective before 1 July 2018 -IAS 18

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.

Dividend income from investments at Company level is recognised when the shareholder's right to receive payment has been established.

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.

Revenue from contract with customers

The main revenue stream of the Group are the sale of beverages which consists of alcoholic and non-alcoholic drinks sold locally and overseas.

Performance obligations and timing of revenue recognition

The majority of the revenue of the Group is derived from selling of goods with revenue recognised at a point in time when control of the goods has transferred to the customer. This is generally when the goods are delivered to the customers. However, for export sales, control might also also be transferred when delivered either to the port of departure or port of arrival, depending on the specific terms of the contract with a customer. There is limited judgement needed in identifying the point control passes: once physical delivery of the products to the agreed location has occurred, the Group no longer has physical possession, usually will have a present right to payment (as a single payment on delivery) and retains none of the significant risks and rewards of the goods in question.

Determining the transaction price

Most of the revenue is derived from fixed price contracts and therefore the amount of revenue to be earned from each contract is determined by reference to those fixed prices with the following exception:

Some contracts provide customers with a limited right of return. Historical experience enables the Group to estimate reliably the value of goods that will be returned and restrict the amount of revenue that is recognised such that it is highly probable that there will not be a reversal of previously recognised revenue when goods are returned.

Allocating amounts to performance obligations

For most contracts, there is a fixed unit price for each product sold, with reductions given for bulk orders placed at a specific time. Therefore, there is no judgement involved in allocating the contract price to each unit ordered in such contracts (it is the total contract price divided by the number of units ordered). Where a customer orders more than one product line, the Group is able to determine the split of the total contract price between each product line by reference to each product's standalone selling prices (all products are capable of being, and are, sold separately).

(ii) Other revenues earned by the Group and the Company are recognised as follows:

- Interest income - on a time proportion basis using the effective interest method.
- Dividend income - when the shareholder's right to receive payment is established.
- Deposit on containers is estimated based on the redemption rate over five years period and the portion that is expected to be recovered is accounted as revenue on sale of products.

(q) 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.

(r) 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.

(s) 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.

(t) Fair value measurement

The Group measures financial instruments, such as financial assets at fair value through other comprehensive income and land and building, at fair value at each reporting date. Also, fair values of financial instruments are disclosed in Note 3.2 and its respective notes.

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. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible to by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

Notes to the Financial Statements

for the Year Ended 30 June 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(t) Fair value measurement (Continued)

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. For this purpose, the significance of an input is assessed against the fair value measurement in its entirety. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a level 3 measurement. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgement, considering factors specific to the asset or liability.

The determination of what constitutes 'observable' requires significant judgement by the Group. Management considers observable data to be that market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market.

The determination of what constitutes 'observable' requires significant judgement by the Group. Management considers observable data to be that market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Management determines the policies and procedures for recurring fair value measurement, such as Financial Assets at Fair value through other comprehensive income.

External valuers are involved for valuation of significant assets such as land and building. Involvement of external valuers is decided and approved by the Board of Directors.Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained.

2.1 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

New and amended standards and interpretations

The Group applied IFRS 15 and IFRS 9 for the first time. The nature and effect of the changes as a result of adoption of these new accounting standards are described below.

Several other amendments and interpretations apply for the first time in 2018, but do not have an impact on the consolidated financial statements of the Group. The Group has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective.

	Effective for accounting period beginning on or after
New or revised standards	
IFRS 9 - Financial instruments	1 January, 2018
FRS 15 Revenue from Contracts with customers	1 January, 2018

IFRS 15 Revenue from Contracts with Customers

IFRS 15 supersedes IAS 11 Construction Contracts, IAS 18 Revenue and related Interpretations and it applies, with limited exceptions, to all revenue arising from contracts with its customers. IFRS 15 establishes a five-step model to account for revenue arising from contracts with customers and requires that revenue be recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

IFRS 15 requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract. In addition, the standard requires extensive disclosures.

The Group adopted IFRS 15 using the modified retrospective method of adoption with the date of initial application of 1 July 2018. Under this method, the standard can be applied either to all contracts at the date of initial application or only to contracts that are not completed at this date. The Group elected to apply the standards to all contracts at 1 July 2018. The cummulative effect of initially applying IFRS 15 is recognised at the date of initial application as an adjustment to the opening balance of retained earnings. Therefore, the comparative information was not restated and continues to be reported under IAS 18 and related interpretation.

(a) Sale of goods

For contract with customers in which the sale of goods is generally expected to be the only performance obligation, adoption of IFRS 15 did not have any impact on the Group's revenue and profit or loss.

The revenue recognition occurs at a point in time when control of the asset is transferred to the customer, generally on delivery of goods.

(b) Deposits on empties-crates and bottles.

The Group takes deposits on empties from its customers. They are presented as part of trade and other payables. The liability is reversed when the empties are returned. Under IFRS 15, the Group shall recognise the expected breakage amount as revenue in proportion to the pattern of rights exercised by the customer. The effect of adoption of IFRS 15 was not material to the Group as at 1 July 2018. no adjustment was made to the retained earnings.

Notes to the Financial Statements

for the Year Ended 30 June 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (CONTINUED)

IFRS 15 Revenue from Contracts with Customers (Continued)

(c) *Rebates and fixed discount*

The Group gives either net target turnover or fixed discount to its customers. The Group allocates the discount or rebates given proportionately to all performance obligation in the contract and accounted as a reduction of revenue. IFRS 15 did not have any impact on the Group's revenue or profit or loss as it was correctly accounted under IAS 18.

(d) *Trade incentives payable to customers*

There are trade incentives such as marketing contribution, contribution in exchange of publicity, rental of locations which are payable to customers. Under IFRS 15, the consideration payable to customers should be allocated to each sale during the year as a reduction of revenue. There is no impact on retained earnings as at 1 July 2018. The change did not have any impact on earnings per share, statement of financial position, OCI and statement of cash flows for the period.

Presentation and disclosures requirements

The effect of adoption of IFRS 15 as at 1 July 2018, was as follows:

	As per IAS 18 MUR '000	Effect of IFRS 15 MUR '000	As per IFRS 15 MUR '000
The Group			
As at 30 June 2019			
Revenue from contract with customers	7 825 152	(48 435)	7 776 717
Marketing, warehousing, selling and distribution expenses	(1 020 977)	48 435	(972 542)

	As per IAS 18 MUR '000	Effect of IFRS 15 MUR '000	As per IFRS 15 MUR '000
The Company			
As at 30 June 2019			
Revenue from contract with customers	6 639 093	(48 435)	6 590 658
Marketing, warehousing, selling and distribution expenses	(742 069)	48 435	(693 634)

	As per IAS 18 MUR '000	Effect of IFRS 15 MUR '000	As per IFRS 15 MUR '000
The Group			
As at 1 July 2018			
Revenue from contract with customers	7 250 973	(21 698)	7 229 275
Marketing, warehousing, selling and distribution expenses	(963 293)	21 698	(941 595)

IFRS 9 Financial Instruments

IFRS 9 Financial Instruments replaces IAS 39 Financial Instruments: Recognition and Measurement for annual periods beginning on or after 1 January 2018, The Group has applied IFRS 9 prospectively, with the initial application date of 1 July 2018. The Group has not restated the comparative information which continues to be reported under IAS 39.

(a) Classification and measurement

Under IFRS 9, debt instruments are subsequently measured at fair value through profit or loss, amortised cost, or fair value through OCI. The classification is based on two criteria: the Group's business model for managing the assets; and whether the instruments' contractual cash flows represent 'solely payments of principal and interest' on the principal amount outstanding.

The assessment of the Group's business model was made as of the date of initial application, 1 July 2018. The assessment of whether contractual cash flows on debt instruments are solely comprised of principal and interest was made based on the facts and circumstances as at the initial recognition of the assets.

The classification and measurement requirements of IFRS 9 did not have a significant impact on the Group. The following are changes in the classification of Group's financial assets.

- Trade receivables classified as trade and other receivables, are held to collect contractual cash flows and give rise to cash flows representing solely payments of principal and interest. These are classified and measured as Debt instruments at - Long term receivables classified as long term receivables as at 30 June 2018, as are held to collect contractual cash flows and give rise to cash flows representating solely payments of principals and interest. These are classified and measured as debts instruments at amortised cost begining 1 July 2018.
- Equity investments in non-listed companies previously classified as AFS financial assets are now classified and measured as equity instruments designated at fair value through OCI. The Group elected to classify irrevocably its non-listed equity investments under this category as it intends to hold these investments for the foreseeable future.

The Group has not designated any financial liabilities as at FVTPL. There are no changes in classification and measurement for the Group's financial liabilities.

In summary, upon as at 1 July 2018, the adoption of IFRS 9, the Group and the Company had the following required or elected reclassifications:

		The Group MUR '000	The Company MUR '000	Measurement category IAS 39	IFRS 9
(a)	**Non-current assets**				
	Investment in associate	9 697	7 257	AFS	FVOCI
	Investment in subsidiaries	–	1 033 853	AFS	FVOCI
	Investment in financial assets	3 109	2 091	AFS	FVOCI
	Long term receivables	–	127 302	Amortised cost	Amortised cost
(b)	**Current assets**				
	Trade and other receivables	674 682	343 722	Amortised cost	Amortised cost
	Bank and cash balances	110 413	50 272	Amortised cost	Amortised cost
(c)	**Non current liabilities**				
	Borrowings	589 775	489 366	Amortised cost	Amortised cost
(d)	**Current liabilities**				
	Trade and other payables	891 775	560 475	Amortised cost	Amortised cost
	Borrowings	116 454	69 928	Amortised cost	Amortised cost

(b) **Impairment**

The adoption of IFRS 9 has changed the Group's accounting for impairment losses for financial assets by replacing IAS 39's incurred loss approach with a forward-looking expected credit losses (ECLs) approach. IFRS 9 requires the Group to recognise an allowance for ECLs for all debt instruments not held at fair value through profit or loss.

The effect of adoption of IFRS was not material to the Group as at 1 July 2018. No additional provision was therefore required.

Notes to the Financial Statements

for the Year Ended 30 June 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 NEW AND REVISED STANDARDS AND INTERPRETATION ISSUED BUT NOT YET EFFECTIVE

The new and amended standards and interpretations that are issued, but not yet effective up to the date of issuance of the Group's financial statements are listed below. The Group intends to adopt these new and amended standards and interpretations when they become effective, if applicable.

Where the adoption of the standard or interpretation or improvement is deemed to have an impact on the financial statements or performance of the Group when applicable, its impact is described below:

	Effective for accounting period beginning on or after
New or revised standards	
IFRS 16 Leases	1 January, 2019
IFRS 17 Insurance Contracts	1 January, 2021
Amendments	
Prepayment Features with Negative Compensation - Amendments to IFRS 9	1 January, 2019
Long-term Interests in Associates and Joint Ventures - Amendments to IAS 28	1 January, 2019
IAS 12 – Income Taxes – Income tax consequences of payments on financial instruments classified as equity	1 January, 2019
IAS 23 – Borrowing Costs – Borrowing costs eligible for capitalisation	1 January, 2019
Plan Amendment, Curtailment or Settlement - Amendments to IAS 19	1 January, 2019
IFRS 11 – Joint Arrangements – Previously held interests in joint	1 January, 2019
IFRS 3 Business Combinations - Previously held interests in a joint operation	1 January, 2019
The Conceptual Framework for Financial Reporting	1 January, 2020
Definition of a Business - Amendments to IFRS 3	1 January, 2020
Definition of Material- Amendments to IAS 1 and IAS 8	1 January, 2020
Sales or Contribution of Assets between an Investor and its Associate or Joint Venture -Amendments to IFRS 10 and IAS 28	1 January, 2019
IFRIC Interpretations 23 Uncertainty over Income Tax Treatments	1 January, 2019

The above standards issued and amendments to existing standards issued but not effective that are expected to have an impact on the Group are listed as listed below:

IFRS 16 Leases – effective for annual periods beginning on or after 1 January 2019

IFRS 16 was issued in January 2016 and it replaces IAS 17 Leases, IFRS 4 Determining whether an arrangement contains a lease, SIC-15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease.

IFRS 16 sets out the principles for the recognition measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to accounting for finance leases under IAS 17. The standard includes two recognition exemptions for lessees: leases of 'low-value' assets and short term leases (i.e. leases with lease term of 12 months or less). At the commencement date of a lease, a lessee will recognize a liability to make lease payments (i.e. the right-of-use of the asset). Lessees will be required to separately recognize the interest expense on the lease liability and the depreciation expense on the right-of-use of the asset.

Lessees will also be required to remeasure the lease liability upon the occurrence of certain events (i.e. a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognize the amount of the remeasurement of the lease liability as an adjustment to the right-of-use of the asset.

Lessor accounting under IFRS 16 is substantially unchanged from today's accounting under IAS 17. Lessors will continue to classify all leases under the same classification principle as in IAS 17 and distinguish between two types of leases: operating and finance leases.

IFRS 16 also requires lessees and lessors to make more extensive disclosure than under IAS 17.

Transition to IFRS 16

IFRS 16 is effective for annual periods beginning on or after 1 January 2019. Early application is permitted, but not before an entity applies IFRS 15. A lessee can choose to apply the standard either a full retrospective or a modified retrospective approach. The standard's transition provision permits certain reliefs.

The Group plans to adopt IFRS 16 using the modified retrospective approach, which means it will apply the standard from 1 January 2019, the cumulative impact of adoption will be recognised as at 1 July 2019 and comparatives will not be restated.

In 2019, the Group continued to progress in its detailed impact assessment and implementation of IFRS 16. Much of the early part of 2018 was spent focusing on reviewing contracts, aggregating data to support the evaluation of the accounting impacts and identifying where key policy decisions were required.

Impact on the statement of financial position as at 1 July 2019:

	MUR '000
Assets	
Property, plant and equipment (right-of-use)	176 343
Liabilities	
Lease liabilities	186 165
Retained earnings	(9 822)
	176 343

Notes to the Financial Statements

for the Year Ended 30 June 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 NEW AND REVISED STANDARDS AND INTERPRETATION ISSUED BUT NOT YET EFFECTIVE (CONTINUED)

Transition to IFRS 16 (Continued)

Net impact on equity

Work completed by the Group to date indicates the new leases standard is expected to have a material effect on the Group's financial statements as it will significantly increase the Group's assets and liabilities (as described above). In addition, compared with the existing accounting for operating leases, the classification and timing of expenses will be impacted which will lead to some improvement in the Group's operating profit, while its interest expense will increase. This is due to the change in accounting for expenses of leases that were classified as operating leases under IAS 17. In addition, the classification between cash flow from operating activities and cash flow from financing activities will also change. Many commonly used financial ratios and performance metrics for the Group, using existing definitions, will also be impacted including net debt, EBITDA, operating cash flows. The impact on deferred tax is still being assessed by the Group.

The Group's existing operating leases will be the main source of leases under the new standard. Information on the Group's operating lease commitments under IAS 17 Leases (undiscounted) is disclosed in Note 33-Operating lease arrangements.

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; and
- Liquidity risk

The Group's overall risk management program 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.

Increase in profit and other equity	2019 MUR '000	2018 MUR '000
United States Dollar (USD)	3 231	1 592
Euro (EUR)	22 302	23 145

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.

Increase in profit and other equity	2019 MUR '000	2018 MUR '000
United States Dollar (USD)	3 670	1 775
Euro (EUR)	14 701	14 588

(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 financial assets at fair value through other comprehensive income. No sensitivity analysis is performed for FVTOCI as the impact is immarterial. For investment in subsidiaries classified as FVTOCI, the sensitivity analysis is performed in Note 3.2.

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

Notes to the Financial Statements

for the Year Ended 30 June 2019

3. FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors and risk management policies (continued)

(a) **Market risk (continued)**

(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.

Rupee–denominated borrowings

At 30 June 2019, 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	
	2019 MUR '000	2018 MUR '000	**2019 MUR '000**	2018 MUR '000
Effect on profit				
+ 50 basis points – Decrease in profit	**(1 329)**	(1 488)	**(1 329)**	(1 488)
– 50 basis points – Increase in profit	**1 329**	1 488	**1 329**	1 488

Other currencies–denominated borrowings

The Group have borrowings amounting to MUR.356m (2018: MUR.426.2m) and the Company MUR.243.4m (2018: MUR.279.3m) denominated in EURO.

For 2019, since the interest rate is fixed, the Group and Company are not exposed to interest rate risk. For variable interest rate, the balance due has already been settled as at 30 June 2019. For 2018, no sentivity analysis is performed as the portion of foreign borrowings which carries variable interest is not material.

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 had adopted a policy of only dealing with credit worthy counter parties as a means of mitigating the risk of financial loss from defaults. Credit exposure is controlled by counterparty limits that are approved and reviewed by key management on a regular basis.

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's credit risk is primarily attributable to its trade receivables and cash deposited in financial institutions. The amount presented in the staments of financial position on net of allowances for expected credit losses, estimated by management based on prior experience and represents the Company's maximum exposure to credit risk on going credit evaluation is performed on the financial conditions of account receivable, insurance cover is taken for some customers in order to minimise credit risk.

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed in Note 12. The Group does not hold collateral as security. The letters of credit and other forms of credit insurance are considered integral part of trade receivables and considered in the calculation of impairment.

When the trade receivables are referred to attorneys and there is no reasonable expectation of recovery the debtors are written off.

Credit risk from balances with banks and financial institutions is managed by the Group’s treasury department in accordance with the Group’s policy. Counterparty credit limits are reviewed by the Group’s Board of Directors on an annual basis, and may be updated throughout the year subject to approval of the Group’s Finance Committee. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through a counterparty’s potential failure to make payments.

For long term receivables, the Company manages the long term receivables from related parties through considering the purpose of advances and their financial position and forcasted cash flows.

(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.

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.

Notes to the Financial Statements

for the Year Ended 30 June 2019

3. FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors and risk management policies (continued)

(c) Liquidity risk management (Continued)

THE GROUP

	Weighted average effective interest rate	Less than 1 month MUR '000	1–3 months MUR '000	3 months to 1 year MUR '000	1–5 years MUR '000	Over 5 years MUR '000	Total MUR '000
2019							
Trade and other payables	–	493 626	253 795	189 492	–	–	936 913
Non–interest bearing:							
Variable interest rate	5.79%	7 614	19 848	39 423	184 447	74 109	325 441
Fixed interest rate	3.21%	1 718	129 221	50 616	207 341	92 785	481 681
		502 958	402 864	279 531	391 788	166 894	1 744 035
2018							
Trade and other payables	–	189 443	334 639	367 693	–	–	891 775
Non–interest bearing:							
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**

THE COMPANY

	Weighted average effective interest rate	Less than 1 month MUR '000	1–3 months MUR '000	3 months to 1 year MUR '000	1–5 years MUR '000	Over 5 years MUR '000	Total MUR '000
2019							
Trade and other payables		206 144	167 519	186 812	–	–	560 475
Non–interest bearing:							
Variable interest rate	5.78%	7 588	19 848	27 059	172 200	74 109	300 804
Fixed interest rate	3.65%	740	18 868	23 416	159 402	72 086	274 512
		214 472	206 235	237 287	331 602	146 195	1 135 791
2018							
Trade and other payables	–	128 332	197 428	195 905	–	–	521 665
Non-interest bearing							
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**

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 statements 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); and

Notes to the Financial Statements

for the Year Ended 30 June 2019

3. FINANCIAL RISK MANAGEMENT (CONTINUED)

3.2 Fair value estimation of financial instruments (continued)

- 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 MUR '000	Level 2 MUR '000	Level 3 MUR '000	Total MUR '000
2019				
Investments in subsidiaries	–	–	1 070 125	1 070 125
Investments in associate	–	–	7 215	7 215
Total	–	–	1 077 340	1 077 340

THE COMPANY

	Level 1 MUR '000	Level 2 MUR '000	Level 3 MUR '000	Total MUR '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

Reconciliation of level 3 fair value measurements of financial assets

THE COMPANY

	2019 MUR '000	2018 MUR '000
At July 1,	1 041 110	928 848
Impairment loss recognised during the year	–	(10 457)
Total gains recognised in other comprehensive income	36 230	122 719
At 30 June,	1 077 340	1 041 110

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

Description	Fair value as at 30 June 2019 MUR '000	Fair value as at 30 June 2018 MUR '000	Valuation techniques	Unobservable input	Range of unobservable inputs (probability weighted average)	Relationship of unobservable inputs to fair value
Unquoted investments in subsidiaries	972 947	948,538	Discounted cash flows	Discount rate	2019: (6.25 %-6.75%) and 2018: (5.75% - 6.25%)	A 5% increase will lead to a decrease of MUR 67M. A 5% decrease will lead to an increase of MUR 78M
				Growth rate	4%	A 5% increase will lead to an increase of MUR 18M. A 5% decrease will lead to a decrease of MUR 18M.
Investment in associates	7 215	7,257	Net assets	Illiquidity discount	Illiquidity discount	A 5% increase in rate will lead to decrease of MUR 162K. A 5% decrease in rate will lead to an increase of MUR 78K.

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; and
- 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 2018.

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 other reserves).

Notes to the Financial Statements

for the Year Ended 30 June 2019

3. FINANCIAL RISK MANAGEMENT (CONTINUED)

3.3 Capital risk management (continued)

The gearing ratios at 30 June 2019 and at 30 June 2018 were as follows:

	THE GROUP			
	2019 MUR '000	2018 MUR '000	**2019 MUR '000**	2018 MUR '000
Total debt (note 14)	**607 255**	706 229	**494 828**	559 294
Less: bank and cash balances (note 29(b))	**(80 860)**	(110 413)	**(40 929)**	(50 272)
Net debt	**526 395**	595 816	**453 899**	509 022
Total equity	**4 401 936**	4 146 150	**4 513 083**	4 265 829
Debt-to-equity ratio	**0.12:1**	0.14:1	**0.10:1**	0.12:1

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 trademark

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

(b) Impairment of non financial assets

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions conducted at arm's length for similar assets or observable market prices less incremental costs of disposing of the asset. The value in use calculation is based on a DCF model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the performance of the assets of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes. These estimates are most relevant to goodwill and other intangibles with indefinite useful lives recognised by the Group.

(c) Expected credit losses of trade receivables

The Group uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e. by geography product type customer type and rating and coverage by letters of credit and other forms of credit insurance).

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance if forecast economic conditions (i.e. gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults in the manufacturing sector the historical default rates are adjusted. At every reporting date the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

(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. The estimates have been based on recent transactions for similar properties the actual amount of the land and buildings could therefore defer significantly from the estimates in the future.

(f) Provision for slow-moving stocks

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) Fair value measurement of financial instruments

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

(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.

(j) Estimating variable consideration for returns and volume rebates

The Group estimates variable considerations to be included in the transaction price for the sale of goods with rights of return and volume rebates.

Notes to the Financial Statements

for the Year Ended 30 June 2019

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

4.1 Critical accounting estimates and assumptions (continued)

The Group has contracts with certain supermarkets and point of sales whereby if certain target turnover is achieved an

end of year rebate is earned by them. Some of those contracts are coterminous with our financial year and some are based on calendar year. For the coterminous contracts the annual rebate is straight-away and based on actual sales. However for those contracts based on the calendar year the estimated rebate is based on actual six-months sales till June plus estimated sales till December based in historical data and current trend.

The Group applied a statistical model for estimating expected rebates for contracts with more than one volume threshold. The model uses the historical purchasing patterns and rebates entitlement of customers to determine the expected rebate. Any significant changes in experience as compared to historical purchasing patterns and rebate entitlements of customers will impact the expected rebate estimated by the Group.

The Group updates its assessment of expected sales rebates half-yearly and the refund liabilities are adjusted accordingly. Estimates of expected rebates are sensitive to changes in circumstances and the Group's past experience regarding sales and rebates entitlements may not be representative of customers' actual returns and rebate entitlements in the future. As at 30 June 2019 the amount recognised as refund liabilities for the expected sales and turnover rebates was MUR 54m (2018: MUR 41m).

(k) Expected credit losses of long term receivables

The measurement of impaired losses of financial assets requires judgements, in particular, the estimation of the amount and timing of future cash flows when determining impaired losses and the assessment of a significant increase in credit risk. The estimations are driven by a number of factors, changes in which can result in different levels of allowances.

5. PROPERTY, PLANT AND EQUIPMENT

(a) COST OR VALUATION

2019 - THE GROUP	Freehold land and yard MUR '000	Freehold buildings MUR '000	Plant and machinery MUR '000	Motor vehicles MUR '000	Furniture computer office and other equipment MUR '000	Containers MUR '000	Total MUR '000
At 1 July 2018	1 149 122	1 005 325	2 631 414	276 658	761 146	291 999	6 115 664
Additions	12 319	43 606	110 309	26 643	77 674	101 375	371 926
Disposals	–	(5 336)	(23 886)	(18 519)	(14 079)	(64 957)	(126 777)
Exchange differences	(180)	(1 389)	(1 453)	(6)	(278)	–	(3 306)
At 30 JUNE 2019	1 161 261	1 042 206	2 716 384	284 776	824 463	328 417	6 357 507
DEPRECIATION							
At 1 July 2018	–	213 123	1 391 109	145 074	466 138	181 447	2 396 891
Charge for the year	3 849	44 142	103 803	19 184	56 179	63 538	290 695
Disposals	–	(5 336)	(23 872)	(17 337)	(13 909)	(64 957)	(125 411)
Exchange differences	–	(843)	(1 021)	(6)	(146)	–	(2 016)
At 30 JUNE 2019	3 849	251 086	1 470 019	146 915	508 262	180 028	2 560 159
NET BOOK VALUE							
At 30 JUNE 2019	1 157 412	791 120	1 246 365	137 861	316 201	148 389	3 797 348
Capital expenditure in progress	23 922	4 383	71 463	–	43 302	5 115	148 185
TOTAL PROPERTY, PLANT AND EQUIPMENT	1 181 334	795 503	1 317 828	137 861	359 503	153 504	3 945 533

(a) COST OR VALUATION

2018 - THE GROUP	Freehold land and yard MUR '000	Freehold buildings MUR '000	Plant and machinery MUR '000	Motor vehicles MUR '000	Furniture computer office and other equipment MUR '000	Containers MUR '000	Total MUR '000
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 2019

5. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

(b) COST OR VALUATION

2019 - THE COMPANY	Freehold land and yard MUR '000	Freehold buildings MUR '000	Plant and machinery MUR '000	Motor vehicles MUR '000	Furniture computer office and other equipment MUR '000	Containers MUR '000	Total MUR '000
At 1 July 2018	1 031 731	626 522	2 251 551	274 792	692 346	291 999	5 168 941
Additions	12 319	31 315	74 894	26 643	49 141	101 375	295 687
Disposals	–	–	–	(18 499)	(497)	(64 957)	(83 953)
At 30 JUNE 2019	1 044 050	657 837	2 326 445	282 936	740 990	328 417	5 380 675
DEPRECIATION							
At 1 July 2018	–	–	1 120 127	143 207	419 548	181 449	1 864 331
Charge for the year	3 849	20 000	77 383	19 184	52 771	63 538	236 725
Disposals	–	–	–	(17 317)	(497)	(64 957)	(82 771)
At 30 JUNE 2019	3 849	20 000	1 197 510	145 074	471 822	180 030	2 018 285
NET BOOK VALUE							
At 30 JUNE 2019	1 040 201	637 837	1 128 935	137 862	269 168	148 387	3 362 390
Capital expenditure in progress	23 922	4 383	71 010	–	43 302	5 115	147 732
TOTAL PROPERTY, PLANT AND EQUIPMENT	1 064 123	642 220	1 199 945	137 862	312 470	153 502	3 510 122

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

2018 - THE COMPANY	Freehold land and yard MUR '000	Freehold buildings MUR '000	Plant and machinery MUR '000	Motor vehicles MUR '000	Furniture computer office and other equipment MUR '000	Containers MUR '000	Total MUR '000
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.

(e) In respect of property of the Company:

- Freehold land and buildings were revalued in June 2018 by CDDS land surveyors and property, an independent 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. The carrying amount was adjusted to the revalued amount at 30 June 2018 and the revaluation surplus was recorded under revaluation reserve.

Notes to the Financial Statements

for the Year Ended 30 June 2019

5. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

(b) COST OR VALUATION (CONTINUED)

The Directors have assessed the fair value of the freehold land and buildings at 30 June 2019 and have estimated the fair value to approximate the carrying value as at that date.

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 2019 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 MUR 1 157.4M (2018: MUR 1 149.1M) for the Group and MUR 1 040.2.1M (2018: MUR 1 031.7M) for the Company and building as level 3 amounting to MUR 791.1M (2018: MUR 792.2M) for the Group and MUR 637.8M (2018: MUR 626.5M) 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 2019 and 2018.

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

Description	Fair value at 30 June,		Valuation technique	Unobservable inputs	Range of unobservable inputs (probability - weighted average)	Relationship of unobservable inputs to fair value
THE GROUP	**2019**	2018				
	MUR '000	MUR '000				
Buildings	**791 120**	792 202	Replacement cost less depreciation approach	Price per square metre	MUR 3 000 - MUR 39 100 per square metre	The higher the price per square metre, the higher the fair value

Description	Fair value at 30 Jun,		Valuation technique	Unobserv-able inputs	Range of unobservable inputs (probability - weighted average)	Relationship of unobservable inputs to fair value
THE COMPANY	**2019**	2018				
	MUR '000	MUR '000				
Buildings	**637 837**	626 522	Replacement cost less depreciation approach	Price per square metre	MUR 3 000 - MUR 39 100 per square metre	The higher the price per square metre, the higher the fair value

(j) Depreciation

	THE GROUP		THE COMPANY	
	2019 MUR '000	2018 MUR '000	**2019 MUR '000**	2018 MUR '000
Cost of sales	**206 307**	200 567	**165 219**	157 215
Selling and distribution expenses	**63 024**	54 657	**58 750**	50 788
Administrative expenses	**21 364**	23 373	**12 756**	14 915
	290 695	278 597	**236 725**	222 918

(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 MUR '000	Freehold buildings MUR '000	Total MUR '000
At 30 JUNE 2019			
Cost	**282 935**	**938 620**	**1 221 555**
Accumulated depreciation	**(26 548)**	**(388 366)**	**(414 914)**
Net book value	**256 387**	**550 254**	**806 641**
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

THE COMPANY	Freehold land and yard MUR '000	Freehold buildings MUR '000	Total MUR '000
At 30 JUNE 2019			
Cost	**235 969**	**573 753**	**809 722**
Accumulated depreciation	**(26 548)**	**(166 152)**	**(192 700)**
Net book value	**209 421**	**407 601**	**617 022**
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

Notes to the Financial Statements

for the Year Ended 30 June 2019

6. INTANGIBLE ASSETS

(a) COST

	THE GROUP				THE COMPANY		
	Trademarks MUR '000	Computer software MUR '000	Goodwill MUR '000	Total MUR '000	Trademarks MUR '000	Computer software MUR '000	Total MUR '000
At 1 July 2018	193 000	42 207	595 770	830 977	193 000	21 697	214 697
Additions	–	1 256	–	1 256	–	–	–
Disposals	–	(10 054)	–	(10 054)	–	–	–
Exchange differences	–	(60)	(2 250)	(2 310)	–	–	–
At 30 JUNE 2019	193 000	33 349	593 520	819 869	193 000	21 697	214 697
AMORTISATION							
At 1 July 2018	–	34 806	–	34 806	–	14 965	14 965
Charge for the year	–	2 584	–	2 584	–	2 154	2 154
Disposal adjustment	–	(10 054)	–	(10 054)	–	–	–
Exchange differences	–	(54)	–	(54)	–	–	–
At 30 JUNE 2019	–	27 282	–	27 282	–	17 119	17 119
NET BOOK VALUE							
At 30 JUNE 2019	193 000	6 067	593 520	792 587	193 000	4 578	197 578

(b) 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

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	
	2019 MUR '000	2018 MUR '000	2019 MUR '000	2018 MUR '000
Cost of sales	85	773	–	–
Administrative expenses	2 499	1 516	2 154	1 156
	2 584	2 289	2 154	1 156

(d) IMPAIRMENT TEST ON TRADEMARKS AND GOODWILL

	THE GROUP AND THE COMPANY	
	2019 MUR '000	2018 MUR '000
Trademarks		
Trademarks (note (i))	193 000	193 000

	THE GROUP	
	2019 MUR '000	2018 MUR '000
Goodwill		
Edena S.A. and its subsidiaries (note (i))	593 520	595 770

The group tests trademarks and goodwill annually for impairment, or more frequently if there are indicators that goodwill and trademarks might be impaired. The directors are satisfied that there is no indication of impairment of goodwill of Edena SA and trademarks for the year ended 30 June 2019. In 2018, goodwill arising on acquisition of The Mauritius Glass Gallery Ltd was fully impaired due to the poor performance of the company.

(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 covering a five year period. 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. Discount rates used represent the current market assessment of the risk specific to a cash generating unit taking into consideration the time value of money and the weighted average cost of capital (WACC).

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% (2018: 4%) for a period of five years;
- cash flows after the five years period were extrapolated using a perpetual growth rate of 2% (2018: 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 6.59% - 11.95% (2018: 6.00% - 9.40%). The WACC takes into account both debt and equity.

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.

Notes to the Financial Statements

for the Year Ended 30 June 2019

7. INVESTMENTS IN SUBSIDIARIES

(a) Unquoted

	THE COMPANY	
	2019 MUR '000	2018 MUR '000
At July 1,	**1 033 853**	922 623
Impairment loss recognised during the year	**–**	(10 457)
Increase in fair value	**36 272**	121 687
At 30 June,	**1 070 125**	1 033 853

Investments in subsidiaries are classified as financial assets measured at fair value through other comprehensive income. The Company has made an irrevocable election to classify the equity investments at fair value through other comprehensive income rather than through profit or loss because it is considered to be more appropriate for these strategic investments.

Investments in subsidiaries comprise unquoted equity securities and are 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 MUR 10.5m during the year 2018. In 2019, Management has reassessed the fair value of the investment in The (Mauritius) Glass Gallery Ltd and the investment still remained fully impaired.

(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 (MUR)	Percentage holding and voting power: The Company 2019	The Company 2018	Other Group companies 2019	Other Group companies 2018
Edena S.A.	Réunion	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.	Réunion	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	Réunion	30 June	Distributor of beverages and other commodities	Ordinary	342 640	**–**	–	**100.00%**	100.00%
SCI Edena	Réunion	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.

8. INVESTMENT IN ASSOCIATE

(a)

	THE GROUP	
	2019 MUR '000	2018 MUR '000
At July 1,	**9 697**	8 302
Share of results	**28**	91
Other movement in reserves	**(104)**	1 304
At 30 June,	**9 621**	9 697

The Group's interest in the associate is accounted using equity method in the consolidated financial statements.

(b)

	THE COMPANY	
	2019 MUR '000	2018 MUR '000
At July 1,	**7 257**	6 225
(Decrease)/increase in fair value	**(42)**	1 032
At 30 June,	**7 215**	7 257

Investment in associate is classified as financial asset at fair value through other comprehensive income.

Notes to the Financial Statements

for the Year Ended 30 June 2019

8. INVESTMENT IN ASSOCIATE (CONTINUED)

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

2019 and 2018

Name of company	Principal place of business and country of incorporation	Year ended	Main business	Class of shares held	% Holding and voting rights held: The Company	% Holding and voting rights held: Other Group Companies
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 MUR '000	Non-current assets MUR '000	Current liabilities MUR '000	Revenue MUR '000	Profit for the year MUR '000	Other comprehensive income for the year MUR '000	Total comprehensive income for the year MUR '000	Dividends received during the year MUR '000
2019								
Crown Corks Industries Ltd	**31 276**	**482**	**71**	**487**	**93**	**(341)**	**(248)**	**–**
2018								
Crown Corks Industries Ltd	31 431	563	55	1 066	300	4 296	4 596	–

(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 MUR '000	Profit for the year MUR '000	Other comprehensive (loss)/income for the year MUR '000	Closing net assets MUR '000	Ownership interest %	Interest in associates MUR '000	Goodwill MUR '000	Carrying value MUR '000
2019								
Crown Corks Industries Ltd	**31 939**	**93**	**(341)**	**31 691**	**30.36%**	**9 621**	**–**	**9 621**
2018								
Crown Corks Industries Ltd	27 343	300	4 296	31 939	30.36%	9 697	–	9 697

9. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

(i) **Equity investments at fair value through other comprehensive income**

	THE GROUP 2019 MUR '000	THE COMPANY 2019 MUR '000
At July 1	**–**	**–**
As restated due to adoption of IFRS 9	**3 109**	**2 091**
Exchange differences	**10**	**–**
At 30 June	**3 119**	**2 091**

(ii) **Fair value through other comprehensive income financial assets include the following:**

	THE GROUP 2019 MUR '000	THE COMPANY 2019 MUR '000
Unquoted:		
Equity securities - Mauritius	**2 091**	**2 091**
Equity securities - Reunion	**1 028**	**–**
At 30 June	**3 119**	**2 091**

Notes to the Financial Statements

for the Year Ended 30 June 2019

9. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (CONTINUED)

(iii) **The fair value of the unquoted securities are based on directors' estimate.**

(iv) **Fair value through other comprehensive income financial assets include the following:**

	THE GROUP	THE COMPANY
	2019 MUR '000	**2019 MUR '000**
Unquoted:		
Eccocentre Limitee	**2 091**	**2 091**
Société Civile de Placement Immobilier	**1 028**	**–**
	3 119	**2 091**

(iv) **Fair value through other comprehensive income financial assets include the following:**

	THE GROUP	THE COMPANY
	2019 MUR '000	**2019 MUR '000**
Unquoted:		
Eccocentre Limitee	**2 091**	**2 091**
Société Civile de Placement Immobilier	**1 028**	**–**
	3 119	**2 091**

(v) **Equity investments at fair value through other comprehensive income are denominated in the following currencies:**

	THE GROUP	THE COMPANY
	2019 MUR '000	**2019 MUR '000**
Mauritian Rupee	**2 091**	**2 091**
Euro	**1 028**	**–**
	3 119	**2 091**

9A. INVESTMENTS IN FINANCIAL ASSETS

	THE GROUP	THE COMPANY
	2018 MUR '000	2018 MUR '000
Available-for-sale financial assets		
At July 1,	3 090	2 091
Exchange differences	19	–
At 30 June,	3 109	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 MUR '000	2018 MUR '000
	MUR '000	MUR '000
Mauritian Rupee	2 091	2 091
Euro	1 018	–
	3 109	2 091

10. LONG TERM RECEIVABLES AT AMORTISED COST

	THE COMPANY	
	2019 MUR '000	2018 MUR '000
Receivables from subsidiaries	**233 109**	264 400
Less allowance for ECL/impairment losses	**(138 098)**	(137 098)
	95 011	127 302

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

The Company recognises an allowance for expected credit losses (ECLs) for the long term receivables under the general appraoch . ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash received from the operations of the borrowers.

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

Notes to the Financial Statements

for the Year Ended 30 June 2019

10. LONG TERM RECEIVABLES AT AMORTISED COST (CONTINUED)

Factors the Group considers when concluding that a long term receivable is credit impaired, thus resulting in Stage 3, include the event when the balance due is more than 120 days past due and is fully impaired.

Provision for impairment loss is determined by the company based on management estimates of uncollectible long term receivables. The assessment is based on cash flow projections based on financial budget approved by Management.

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

(b) The carrying amounts of non-current financial assets at amortised cost are denominated in the following currencies:

	THE COMPANY
	2019 MUR '000
Mauritian Rupee	76 959
Euro	18 052
	95 011

The table below shows the credit quality and the maximum exposure to credit risk as per the Group's policy and year-end classification. The amounts are gross of impairment allowances.

An analysis of changes in the gross amount and the corresponding ECL allowances in relation to long term receivable is as follows:

	THE COMPANY
	MUR '000
Gross carrying amount as at 1 July 2018	264 400
Additions	1 000
Repayments	(32 291)
At 30 June 2019	233 109

Stage 3

	Fully impaired
	MUR '000
ECL allowance as at 1 July 2018	137 098
Increase in exposure	1 000
At 30 June 2019	138 098

11. INVENTORIES

	THE GROUP		THE COMPANY	
	2019 MUR '000	2018 MUR '000	2019 MUR'000	2018 MUR '000
Raw and packaging materials	466 870	352 408	393 545	304 099
Spare parts and consumables	109 263	90 189	90 791	82 573
Finished goods	393 633	387 201	330 918	276 664
Work in progress	37 770	30 415	37 770	30 415
Goods in transit	65 009	25 710	29 444	13 191
	1 072 545	885 923	882 468	706 942

The cost of inventory recognised as an expense includes write off of MUR 2.4m (2018: MUR 8.2m) for the Group and MUR 1.9m (2018: MUR 6.6m) 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	
	2019 MUR '000	2018 MUR '000	2019 MUR '000	2018 MUR '000
Trade receivables (net of provisions)	562 085	579 700	255 254	263 829
Other receivables	92 592	50 511	58 397	7 845
Prepayments	36 126	39 934	36 126	39 934
Receivables from group companies:				
- Ultimate holding company	163	–	–	–
- Entreprises in which ultimate holding Company has significant interest	60 066	54 373	60 066	54 317
- Fellow subsidiary	308	675	308	675
- Subsidiary companies	–	–	20 227	17 056
	751 340	725 193	430 378	383 656

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, MUR 53.4m (2018: MUR 48.5m) 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.

Notes to the Financial Statements

for the Year Ended 30 June 2019

12. TRADE AND OTHER RECEIVABLES (CONTINUED)

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

	THE GROUP		THE COMPANY	
	2019 MUR '000	2018 MUR '000	2019 MUR '000	2018 MUR '000
Mauritian Rupee	325 831	319 579	328 401	334 540
US Dollar	3 768	5 278	–	–
Euro	293 023	309 891	7 454	1 337
	622 622	634 748	335 855	335 877

(b) Expected credit loss for trade receivables and amount due to related parties

The Group applies the IFRS 9 simplified approach to measure expected credit losses. It is determined by the Group and the Company using provision matrix which makes use of the roll rate model. It refers to the percentage of customers who become increasingly bad on their accounts.

In order to assess the expected credit losses, the trade receivables have been grouped based on their credit risk characteristics and the days past due. The letters of credit and other forms of credit insurance are considered integral part of trade receivables and considered in the calculation of impairment. Management considers balance more than 120 days to be fully impaired.

Set out below is the information about the credit risk exposure on the Group's trade receivables and amount due from related parties.

Set out below is the information about the credit risk exposure on the Group's trade receivables and amount due from related parties.

THE GROUP	Current	More than 30 days past due	More than 60 days past due	More than 90 days past due	More than 120 days past due	Total
At 30 June 2019						
Expected loss rate	2.33% – 11.48%	2.95% – 12.37%	12.56% – 41.55%	81.91%	100.00%	
Gross carrying amount:						
-Trade receivables (MUR '000)	91 533	60 597	99	134	15 604	167 967
-Insured debtors (MUR'000)	178 338	112 560	48 742	51 077	–	390 717
-Other debtors (MUR'000)	31 351	15 417	28 017	76 540	5 395	156 720
Loss allowance (MUR'000)	2 131	1 790	7 520	60 342	20 999	92 782

THE COMPANY	Current	More than 30 days past due	More than 60 days past due	More than 90 days past due	More than 120 days past due	Total
At 30 June 2019						
Expected loss rate	2.33%	2.95%	41.55%	81.91%	100.00%	
Gross carrying amount:						
-Trade receivables (MUR '000)	91 057	60 597	99	133	15 604	167 490
-Insured debtors (MUR '000)	48 326	85 410	14 725	6 557	–	155 018
-Other debtors (MUR '000)	4 685	5 891	1 296	342	5 078	17 292
- Amount due from related parties (MUR '000)	17 470	3 094	17	27	23 871	44 479
Loss allowance	2 131	1 790	42	108	44 353	48 424

THE GROUP AND THE COMPANY

Insured debtors - No expected credit loss allowance has been provided on insured debtors.

Trade receivables and other debtors - ECL is calculated based on the expected loss rate which varies for the Company and the foreign subsidiaries depending on their risk characteristics.

For amount due from related parties, general approach is used. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate.

At 30 June 2018

(a) At 30 June, 2018, the amount of the provision was MUR 92.1m for the Group and MUR 46.4m 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 MUR '000	2018 MUR '000
Less than 2 months	–	1,144
2 to 6 months	238	967
Over 6 months	91 835	44 349
	92 073	46 460

(b) At 30 June, 2018, trade receivables of MUR 86.6m for the Group and for the Company MUR 16.5m 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 MUR '000	2018 MUR '000
2 to 3 months	34 254	3 458
3 to 6 months	41 019	13 117
Over 6 months	11 281	–
	86 554	16 575

Notes to the Financial Statements

for the Year Ended 30 June 2019

12. TRADE AND OTHER RECEIVABLES (CONTINUED)

(c) The closing loss allowances for trade receivables as at 30 June 2019 reconcile to the opening loss allowances as follows:

	THE GROUP		THE COMPANY	
	2019 MUR '000	2018 MUR '000	**2019 MUR '000**	2018 MUR '000
At 1 July (IAS 39)	**92 073**	92 808	**46 460**	26 759
Amount restated through opening retained earnings*	**–**	–	**–**	–
Loss allowance as at 1 July(IFRS 9)	**92 073**	92 808	**46 460**	26 759
Loss allowance recognised in profit or loss during the year	**4 840**	18 596	**2 849**	24 276
Receivables written off during the year as uncollectible	**(4 131)**	(19 331)	**(885)**	(4 575)
At 30 June	**92 782**	92 073	**48 424**	46 460

** Expected credit losses per IFRS 9 is not materially different from IAS 39, thus there was no material impact on retained earnings on 1 July 2018.*

In 2018, in determining the recoverability of trade receivables, the Group considered any change in the credit quality of the trade receivables from the date credit was initially granted up to the end of 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 was no further credit provision required in excess of the allowance for doubtful debts.

(d) 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.

(e) 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 MUR '000	Share premium MUR '000	Total MUR '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 (2018: 16,447,000) with a par value of MUR 10 per share (2018: MUR 10 per share). All issued shares are fully paid.

14. OTHER RESERVES

(a) THE GROUP

	REVALUATION AND OTHER RESERVES				
	Revaluation reserve MUR '000	Other reserves MUR '000	Translation reserve MUR '000	Fair value reserve MUR '000	Total MUR '000
2019					
At 1 July 2018	**1 063 717**	**4 820**	**9 779**	**3 555**	**1 081 871**
Transfer from retained earnings	**–**	**436**	**–**	**–**	**436**
Other movements in associate	**–**	**–**	**–**	**(104)**	**(104)**
Exchange differences	**–**	**–**	**(1 439)**	**–**	**(1 439)**
At 30 JUNE 2019	**1 063 717**	**5 256**	**8 340**	**3 451**	**1 080 764**

(a) THE GROUP

	REVALUATION AND OTHER RESERVES				
	Revaluation reserve MUR '000	Other reserves MUR '000	Translation reserve MUR '000	Fair value reserve MUR '000	Total MUR '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**

(b) THE COMPANY

	REVALUATION AND OTHER RESERVES			
	Revaluation reserve MUR '000	Capital reserves MUR '000	Fair value reserve MUR '000	Total MUR '000
2019				
At 1 July 2018	**1 063 557**	**1 832**	**202 840**	**1 268 229**
Increase in fair value	**–**	**–**	**36 230**	**36 230**
At 30 JUNE 2019	**1 063 557**	**1 832**	**239 070**	**1 304 459**

Notes to the Financial Statements

for the Year Ended 30 June 2019

14. OTHER RESERVES (CONTINUED)

	Revaluation reserve MUR '000	Capital reserves MUR '000	Fair value reserve MUR '000	Total MUR '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**

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	
	2019 MUR '000	2018 MUR '000	**2019 MUR '000**	2018 MUR '000
Current				
Bank overdrafts (note 29(b))	**18 803**	14 436	**6 414**	19
Bank loans	**101 173**	102 018	**69 773**	69 909
	119 976	116 454	**76 187**	69 928
Non-current				
Bank loans	**487 279**	589 775	**418 641**	489 366
	487 279	589 775	**418 641**	489 366
Total borrowings	**607 255**	706 229	**494 828**	559 294

(a) The borrowings include secured liabilities (bank overdrafts, bank loans and other loans) amounting to MUR 607.3m (2018: MUR 706.2m) for the Group and MUR 494.8m (2018: MUR 559.3m) for the Company. The borrowings are secured by fixed and floating charges over the Group and Company's assets and bearing interest at 1.15% - 6.50% per annum (2018: 1.18% - 6.75% per annum) for the Group and 3.65% - 6.50% per annum (2018: 3.65% - 6.75% per annum) for the Company.

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

	THE GROUP		THE COMPANY	
	2019 MUR '000	2018 MUR '000	**2019 MUR '000**	2018 MUR '000
After one year and before two years	**93 145**	101 416	**69 773**	69 910
After two years and before three years	**81 948**	93 539	**69 773**	69 910
After three years and before five years	**151 940**	158 683	**139 547**	139 819
After five years	**160 246**	236 137	**139 548**	209 727
	487 279	589 775	**418 641**	489 366

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

	THE GROUP		THE COMPANY	
	2019 %	2018 %	**2019 %**	2018 %
Bank overdrafts	**1.15 - 6.75**	1.18 - 6.75	**6.75**	6.75
Bank and other loans	**2.11 - 5.75**	2.10 - 5.75	**3.65 - 5.75**	3.65 - 5.75

(d) The carrying amounts of the borrowings are denominated in the following currencies:

	THE GROUP		THE COMPANY	
	2019 MUR '000	2018 MUR '000	**2019 MUR '000**	2018 MUR '000
Mauritian Rupee	**251 414**	280 019	**251 414**	280 019
Euro	**355 841**	426 210	**243 414**	279 275
	607 255	706 229	**494 828**	559 294

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	
	2019 MUR '000	2018 MUR '000	**2019 MUR '000**	2018 MUR '000
Deferred tax liabilities	**295 593**	318 161	**290 006**	312 262

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16. DEFERRED TAX LIABILITIES (CONTINUED)

Deferred tax liabilities are calculated on all temporary differences under the liability method at tax rate of 17% (2018: 17%). The movements on the deferred tax account are as follows:

	THE GROUP		THE COMPANY	
	2019 MUR '000	2018 MUR '000	2019 MUR '000	2018 MUR '000
At July 1,	318 161	239 473	312 262	233 263
Charge to profit or loss (note 19(c))	9 169	48 230	9 481	48 541
(Credit)/charge to other comprehensive income	(31 737)	30 458	(31 737)	30 458
At 30 June,	295 593	318 161	290 006	312 262

(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:

2019	At July 1, 2018 MUR '000	Charge/ (credit) to profit or loss MUR '000	Credit to other comprehensive income MUR '000	At 30 June, 2019 MUR '000
Deferred tax liabilities				
Accelerated tax depreciation	328 588	13 884	–	342 472
Deferred tax assets				
Retirement benefit obligations	(10 427)	10 832	(31 737)	(31 332)
Provision on stock	–	(15 547)	–	(15 547)
Net deferred tax liabilities	318 161	9 169	(31 737)	295 593

2018	At July 1, 2017 MUR '000	Charge/ (credit) to profit or loss MUR '000	Credit to other comprehensive income MUR '000	At 30 June, 2018 MUR '000
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

(b) THE COMPANY

2019	At July 1, 2018 MUR '000	Charge/ (credit) to profit or loss MUR '000	Credit to other comprehensive income MUR '000	At 30 June, 2019 MUR '000
Deferred tax liabilities				
Accelerated depreciation	322 576	14 196	–	336 772
Deferred tax assets				
Retirement benefit obligations	(10 314)	10 832	(31 737)	(31 219)
Provision on stock	–	(15 547)	–	(15 547)
Net deferred tax liabilities	312 262	9 481	(31 737)	290 006

2018	At July 1, 2017 MUR '000	Charge/ (credit) to profit or loss MUR '000	Credit to other comprehensive income MUR '000	At 30 June, 2018 MUR '000
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

17. EMPLOYEE BENEFIT OBLIGATIONS

	THE GROUP		THE COMPANY	
	2019 MUR '000	2018 MUR '000	2019 MUR '000	2018 MUR '000
Amounts recognised in the statements of financial position				
Pension scheme (note (i))	184 921	61 160	183 632	60 661
Charge to profit or loss				
- Pension benefits (note (iv))	4 588	10 966	4 502	10 923
Charge/(credit) to other comprehensive income				
- Pension benefits (note (v))	187 394	(101 458)	186 690	(101 275)

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 Swan Life Ltd dated 22 August 2019.

Notes to the Financial Statements

for the Year Ended 30 June 2019

17. EMPLOYEE BENEFIT OBLIGATIONS (CONTINUED)

(a) Pension scheme (Continued)

(i) The amounts recognised in the statements of financial position are as follows:

	THE GROUP		THE COMPANY	
	2019 MUR '000	2018 MUR '000	**2019 MUR '000**	2018 MUR '000
Present value of funded obligations	**573 807**	179 443	**573 807**	178 944
Fair value of plan assets	**(446 699)**	(154 059)	**(446 699)**	(154 059)
	127 108	25 384	**127 108**	24 885
Present value of unfunded obligations	**57 813**	35 776	**56 524**	35 776
Liability in the statements of financial position	**184 921**	61 160	**183 632**	60 661

The reconciliation of the opening balances to the closing balances for the net benefit defined liability is as follows:

	THE GROUP		THE COMPANY	
	2019 MUR '000	2018 MUR '000	**2019 MUR '000**	2018 MUR '000
At 1 July,	**61 160**	182 586	**60 661**	181 947
Transfer of liabilities from Annuity Fund **	**278 471**	–	**278 471**	–
Transfer of assets from Annuity Fund**	**(284 441)**	–	**(284 441)**	–
Transfer From DC Reserve Account	**(7 371)**	–	**(7 371)**	–
Amount recognised in other comprehensive income	**187 394**	(101 458)	**186 690**	(101 275)
Amount recognised in profit or loss (note 23)	**4 588**	10 966	**4 502**	10 923
Contributions paid *	**(54 880)**	(30 934)	**(54 880)**	(30 934)
At 30 June,	**184 921**	61 160	**183 632**	60 661

* 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 MUR 33.8m (2018: MUR 12.4m) for the Group and MUR 33.8m (2018: MUR 11.6m) for the Company.

** One of the plans, IBL Pension Fund ("IBLPF"), contained an Annuity Fund since its inception from which all pensioners were paid. All sponsoring employers accepted, at that time, the pooling of risk and inherent cross subsidies associated with this common Annuity Fund. The governing body of IBLPF, in agreement with the sponsoring employees, decided to allocate the assets and liabilities of the Annuity Fund to each respective employer effective July 1, 2018. Until that date, the Group had accounted for the Annuity Fund as if it were a defined contribution plan. The allocation of assets and liabilities from the Annuity Fund have been recognised during the current year with the excess of liabilities over assets recognised in profit or loss for the year.

(ii) The movement in the defined benefit obligations over the year is as follows:

	THE GROUP		THE COMPANY	
	2019 MUR '000	2018 MUR '000	**2019 MUR '000**	2018 MUR '000
Present value of funded obligation at start of year	**179 443**	278 779	**178 944**	278 140
Present value of unfunded obligation at start of year	**35 776**	42 584	**35 776**	42 584
Transfer of liabilities from Annuity Fund	**278 471**	–	**278 471**	–
Current service cost	**7 218**	3 239	**7 165**	3 235
Interest cost	**24 870**	16 156	**24 837**	16 117
Liability loss/(gain) due to change in financial assumptions	**158 396**	(98 052)	**157 692**	(97 869)
Benefit paid	**(52 554)**	(27 487)	**(52 554)**	(27 487)
Balance at 30 June,	**631 620**	215 219	**630 331**	214 720

(iii) The movement in the fair value of plan assets of the year is as follows:

	THE GROUP		THE COMPANY	
	2019 MUR '000	2018 MUR '000	**2019 MUR '000**	2018 MUR '000
At 1 July,	**154 059**	138 777	**154 059**	138 777
Transfer of assets from Annuity Fund *	**284 441**	–	**284 441**	–
Interest income	**27 500**	8 429	**27 500**	8 429
Employer contributions	**54 880**	30 934	**54 880**	30 934
Transfer From DC Reserve Account	**7 371**	–	**7 371**	–
Benefits paid	**(52 554)**	(27 487)	**(52 554)**	(27 487)
Actuarial (loss)/gain	**(28 998)**	3 406	**(28 998)**	3 406
Balance at 30 June,	**446 699**	154 059	**446 699**	154 059

(iv) The amounts recognised in profit or loss are as follows:

	THE GROUP		THE COMPANY	
	2019 MUR '000	2018 MUR '000	**2019 MUR '000**	2018 MUR '000
Service cost	**7 218**	3 239	**7 165**	3 235
Net interest cost	**(2 630)**	7 727	**(2 663)**	7 688
	4 588	10 966	**4 502**	10 923

Notes to the Financial Statements

for the Year Ended 30 June 2019

17. EMPLOYEE BENEFIT OBLIGATIONS (CONTINUED)

(a) Pension scheme (Continued)

(v) The amounts recognised in other comprehensive income are as follows:

	THE GROUP		THE COMPANY	
	2019 MUR '000	2018 MUR '000	**2019 MUR '000**	2018 MUR '000
Remeasurement on the net defined benefit liability:				
Liability experience loss/(gain) due to change in financial assumptions	**158 396**	(98 052)	**157 692**	(97 869)
Actuarial loss/(gain)	**28 998**	(3 406)	**28 998**	(3 406)
Actuarial gains recognised in other comprehensive income	**187 394**	(101 458)	**186 690**	(101 275)

(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	
	2019 MUR '000	2018 MUR '000	**2019 MUR '000**	2018 MUR '000
Cash and cash equivalents	**36 406**	12 556	**36 406**	12 556
Equity investments* categorised by industry type:				
- Banks & Insurance	**74 152**	25 574	**74 152**	25 574
- Industry	**7 058**	2 434	**7 058**	2 434
- Investment	**41 319**	14 251	**41 319**	14 251
- Leisure & Hotels	**23 809**	8 211	**23 809**	8 211
- Commerce	**11 793**	4 067	**11 793**	4 067
- Others	**1 251**	431	**1 251**	431
Fixed interest instruments	**128 247**	44 230	**128 247**	44 230
Properties *(categorised by nature and location)*:				
- Commercial properties in Mauritius	**16 394**	5 654	**16 394**	5 654
Investment funds	**105 153**	36 266	**105 153**	36 266
Commodities	**1 117**	385	**1 117**	385
Total Market value of assets	**446 699**	154 059	**446 699**	154 059
Actual return on plan assets	**(1 004)**	11 835	**(1 004)**	11 835

* Out of the fair value of the planned assets, 34.26% represent the local equity instruments and 24.57% the foreign equity instruments.

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	
	2019 %	2018 %
Discount rate	**5.6/5.9**	6.2/6.5
Future long-term salary increase	**4.0**	4.0
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 AND THE COMPANY	
	MUR '000	**MUR '000**
Increase in defined benefit obligations due to 1% decrease in discount rate	**153 417**	**153 095**
Decrease in defined benefit obligations due to 1% increase in discount rate	**123 967**	**123 967**
Increase in defined benefit obligations due to 1% increase in future long-term salary assumption	**53 441**	**53 116**
Decrease in defined benefit obligations due to 1% decrease in future long-term salary assumption	**47 206**	**46 926**

The sensitivities above have been determined based on a method that extrapolates the impact on net defined benefit obligations as a result of reasonable changes in key assumptions occurring at the end of the reporting period. The present value of the defined benefit obligations has been calculated using the projected unit credit method.

The sensitivity analysis may not be representative of the actual change in the defined benefit obligations 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 does not expect to make any contributions to its post-employment benefit plans for the year ending 30 June 2019.

(xii) The weighted average duration of the defined benefit obligations is 11-16 years for the Group and 12-16 years for the Company at the end of the reporting period (2018: 12-15years for the Group and 12-15 years for the Company).

Notes to the Financial Statements

for the Year Ended 30 June 2019

18. TRADE AND OTHER PAYABLES

	THE GROUP		THE COMPANY	
	2019 MUR '000	2018 MUR '000	**2019 MUR '000**	2018 MUR '000
Trade payables	**502 551**	521 244	**295 818**	225 610
Deposits from customers (see note (b))	**84 971**	95 910	**84 971**	95 910
Amounts due to Group companies:				
- Fellow subsidiary	**12 779**	16 933	**12 779**	16 933
- Subsidiaries	**–**	–	**514**	8 188
- Entreprises in which ultimate holding Company has significant interest	**4 847**	3 815	**4 847**	3 815
End of year discount (note (c))	**54 124**	40 915	**54 124**	40 915
Accrued expenses and other payables	**427 112**	355 169	**253 133**	283 662
	1 086 384	1 033 986	**706 186**	675 033

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	
	2019 MUR '000	2018 MUR '000
At July 1,	**95 910**	85 282
Net (decrease)/increase in deposits	**(10 939)**	10 628
At 30 June,	**84 971**	95 910

A deposit is taken from customers for crates, bottles and jars. Based on management best estimate, an amount of MUR. 8m representing the redemption rate has been recognised as the portion not expected to be recovered as revenue on sale of products.

(c) It relates to discount given to customers based on targeted turnover. The contracts can be either the calendar year or the acocunting period. Payment is effected at the end of the contract agreement. Amount charged to profit and loss is MUR 55m and payment of MUR 41m was made during the year.

(d) The carrying amounts of trade payables are denominated in the following currencies:

	THE GROUP		THE COMPANY	
	2019 MUR '000	2018 MUR '000	**2019 MUR '000**	2018 MUR '000
Mauritian Rupee	**131 898**	159 081	**128 641**	156 189
US Dollar	**74 701**	36 130	**74 701**	36 130
Euro	**279 543**	321 480	**76 067**	28 738
Other	**16 409**	4 553	**16 409**	4 553
	502 551	521 244	**295 818**	225 610

19. TAXATION

(a) Income tax

Income tax is calculated at 15% (2018: 15%) on the profit for the year as adjusted for income tax purposes. Tax rate in Reunion Island is at 37%.

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	
	2019 MUR '000	2018 MUR '000	**2019 MUR '000**	2018 MUR '000
Current tax assets	**13 850**	16 645	**–**	3 513
Current tax liabilities	**(48 182)**	–	**(48 182)**	–
	(34 332)	16 645	**(48 182)**	3 513

	THE GROUP		THE COMPANY	
	2019 MUR '000	2018 MUR '000	**2019 MUR '000**	2018 MUR '000
Tax liability / (asset)				
At July 1,	**(16 645)**	21 758	**(3 513)**	702
Income tax expense	**92 463**	70 559	**80 929**	40 603
Corporate social responsibility	**6 290**	7 044	**6 290**	7 044
Overprovision in previous year	**(262)**	(3 953)	**(262)**	(3 953)
Tax deducted at source	**(59)**	(2 052)	**(59)**	(2 052)
Tax and CSR paid	**(47 507)**	(110 108)	**(35 203)**	(45 857)
Exchange difference	**52**	107	**–**	–
At 30 June,	**34 332**	(16 645)	**48 182**	(3 513)

	THE GROUP		THE COMPANY	
	2019 MUR '000	2018 MUR '000	**2019 MUR '000**	2018 MUR '000
(c) Tax expense				
Income tax provision at applicable rate	**92 463**	70 559	**80 929**	40 603
CSR contribution	**6 290**	7 044	**6 290**	7 044
Overprovision in previous year	**(262)**	(3 953)	**(262)**	(3 953)
	98 491	73 650	**86 957**	43 694
Deferred tax charge to profit or loss (note 16)	**9 169**	48 230	**9 481**	48 541
Tax expense	**107 660**	121 880	**96 438**	92 235

Notes to the Financial Statements

for the Year Ended 30 June 2019

19. TAXATION (CONTINUED)

(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	
	2019 MUR '000	2018 MUR '000	2019 MUR '000	2018 MUR '000
Profit before taxation	739 391	594 472	681 160	500 879
Tax calculated at the rate of 17% (2018: 17%)	125 696	101 060	115 797	85 149
Tax effect of:				
Income not subject to tax	(17 053)	(11 540)	(2 264)	(1 777)
Expenses not deductible for tax purposes	11 896	13 037	2 532	11 405
CSR adjustment	(4 500)	1 197	(4 500)	1 197
Differential in tax rate	6 082	20 644	-	(468)
Overprovision in previous year	(262)	(3 953)	(262)	(3 953)
Depreciation of non-qualifying assets	682	682	682	682
Effect of tax on associated companies	(5)	15	–	–
Deferred tax on provision for stock	(15 547)	–	(15 547)	–
Deferred tax asset on tax losses not recognised	671	734		–
Tax losses lapsed	–	4		–
Tax charge	107 660	121 880	96 438	92 235

20. DEFERRED REVENUE

	THE GROUP	
	2019 MUR '000	2018 MUR '000
Arising from government grant	45 184	54 089
Current	8 697	8 731
Non current	36 487	45 358
	45 184	54 089

The deferred revenue arises as a result of the capital grants 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. Deferred revenue released and offset against depreciation charge during the year amounts to MUR.8.9m (2018: MUR.7.6m).

21. DIVIDENDS

	THE COMPANY	
	2019 MUR '000	2018 MUR '000
Dividends paid		
2019: MUR.13.30 per share (2018: MUR.10.90 per share)	218 745	179 272

22. REVENUE

22.1 Disaggregated revenue information

Set out below is the desaggregation of the Group's revenue from contracts with customers:

	THE GROUP	THE COMPANY
	2019	2019
Segments	Total	Total
Type of goods	MUR '000	MUR '000
Non-alcoholic beverage	3 837 641	2 912 536
Alcoholic beverage	4 220 315	3 848 599
Discount/trade deals	(292 808)	(170 477)
	7 765 148	6 590 658
Recycled glass and related products	11 569	–
Total revenue from contracts with customers	7 776 717	6 590 658
Geographical markets		
Local	6 451 728	6 590 658
Overseas	1 324 989	–
Total revenue from contracts with customers	7 776 717	6 590 658
Timing of revenue recognition		
Goods transferred at a point in time	7 776 717	6 590 658

22.2 Trade receivables

	30 June 2019	
	THE GROUP	THE COMPANY
	MUR '000	MUR '000
Trade receivables (Note 12)	562 085	255 254

Trade receivables are non-interest bearing and are generally on terms of 30 days. In 2019, MUR.92.8m (2018: MUR.92.1m) for the group and MUR.48.4m (2018: MUR.46.5m) for the company was recognised as provision for expected credit losses on trade receivables.

Notes to the Financial Statements

for the Year Ended 30 June 2019

23. EXPENSES BY NATURE

	THE GROUP		THE COMPANY	
	2019 MUR '000	2018 MUR '000	**2019 MUR '000**	2018 MUR '000
Depreciation (note 5)	**290 695**	278 597	**236 725**	222 918
Deferred revenue released (note 20)	**(8 905)**	(7 565)	**–**	–
Amortisation of intangible assets (note 6)	**2 584**	2 289	**2 154**	1 156
Employee benefit expense (note 24)	**815 043**	794 909	**525 944**	561 845
Changes in inventories of finished goods and work in progress	**(37 432)**	(13 419)	**(61 618)**	(4 936)
Purchases of finished goods, Raw materials and consumables used	**2 218 810**	2 095 667	**1 777 831**	1 506 739
Excise and other specific duties	**2 298 492**	2 165 791	**2 298 492**	2 165 791
Other marketing and selling expenses	**536 381**	480 952	**350 910**	369 869
Other expenses	**933 549**	864 641	**743 846**	738 313
Total cost of sales, warehousing, selling and marketing and administrative expenses	**7 049 217**	6 661 862	**5 874 284**	5 561 695

24. EMPLOYEE BENEFIT EXPENSE

	THE GROUP		THE COMPANY	
	2019 MUR '000	2018 MUR '000	**2019 MUR '000**	2018 MUR '000
Wages , salaries and other employee benefits	**755 711**	675 225	**575 937**	496 903
Social security costs	**77 230**	76 204	**24 332**	21 986
Pension costs - defined benefit plans (note 17(a)(iv))	**4 588**	10 966	**4 502**	10 923
Transfer from DC reserve and annuity *	**(56 341)**	–	**(56 341)**	–
Pension costs - defined contribution plans	**33 855**	32 514	**33 855**	32 033
	815 043	794 909	**582 285**	561 845

* refer to Note 17 (a) for explanation

25. OTHER INCOME

	THE GROUP		THE COMPANY	
	2019 MUR '000	2018 MUR '000	**2019 MUR '000**	2018 MUR '000
Interest income	**1 224**	957	**1 116**	953
Dividend income	**90**	84	**90**	40 014
Profit on disposal of plant and equipment	**3 561**	739	**3 745**	739
Sundry income	**9 990**	12 053	**17 273**	16 022
Net foreign exchange gains	**28 289**	28 822	**27 140**	21 681
	43 154	42 655	**49 364**	79 409

26. PROFIT BEFORE FINANCE COSTS

	THE GROUP		THE COMPANY	
	2019 MUR '000	2018 MUR '000	**2019 MUR '000**	2018 MUR '000
Profit before finance costs is arrived at after				
crediting:				
Profit on disposal of plant and equipment	**3 561**	739	**3 745**	739
Government grants release (note 20)	**8 905**	7 565	**–**	–
and charging:				
Cost of inventories expensed	**5 117 751**	5 021 445	**4 486 765**	4 108 257
Depreciation on property, plant and equipment - owned assets (note 5)	**290 695**	278 597	**236 725**	222 918
Amortisation of intangible assets (note 6)	**2 584**	2 289	**2 154**	1 156
Employee benefit expense (note 24)	**815 043**	794 909	**525 944**	561 845
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)	**–**	–	**1 000**	2 915
Impairment loss recognised on trade receivables (note 12 (c))	**4 840**	18 596	**2 849**	24 276

27. FINANCE COSTS

	THE GROUP		THE COMPANY	
	2019 MUR '000	2018 MUR '000	**2019 MUR '000**	2018 MUR '000
Bank overdrafts	**3 265**	2 329	**2 670**	1 763
Bank and other loans	**28 026**	35 056	**25 567**	32 054
	31 291	37 385	**28 237**	33 817

28. EARNINGS PER SHARE

	THE GROUP	
	2019	2018
Profit attributable to owners of the Company (MUR '000)	**632 710**	473 824
Number of ordinary shares in issue	**16 447 000**	16 447 000
Basic and diluted earnings per share (MUR.cs)	**38.47**	28.81

Notes to the Financial Statements

for the Year Ended 30 June 2019

29. NOTES TO THE STATEMENTS OF CASH FLOWS

	THE GROUP		THE COMPANY	
	2019 MUR '000	2018 MUR '000	**2019 MUR '000**	2018 MUR '000
Cash generated from operations				
Profit before taxation	**739 391**	594 472	**681 160**	500 879
Adjustments for:				
Depreciation (note 5)	**290 695**	278 597	**236 725**	222 918
Amortisation of intangible assets (note 6)	**2 584**	2 289	**2 154**	1 156
Profit on sale of plant and equipment (note 25)	**(3 561)**	(739)	**(3 745)**	(739)
Exchange differences	**(8 117)**	6 838	**(3 733)**	7 342
Impairment loss - goodwill	**–**	6 175	**–**	–
Impairment loss - investment in subsidiaries	**–**	–	**–**	10 457
Expected credit loss allowance recognised on				
- trade receivables (note 12(b))	**4 840**	18 596	**2 849**	24 276
Impairment loss - long term receivables	**–**	–	**1 000**	2 915
Impairment loss - inventory (note 11)	**2 461**	8 207	**1 908**	6 656
Investment income (note 25)	**(90)**	(84)	**(90)**	(40 014)
Interest income (note 25)	**(1 224)**	(957)	**(1 116)**	(953)
Amortisation of government grant	**(8 905)**	(7 565)	**–**	–
Increase in pension provision	**(8 753)**	10 966	**(8 839)**	10 923
Interest expense (note 27)	**31 291**	37 385	**28 237**	33 817
Share of results of associates (note 8(a))	**(28)**	(91)	**–**	–
	1 040 584	954 089	**936 510**	779 633
Changes in working capital				
- Trade and other receivables	**(29 141)**	(132 234)	**(18 279)**	(78 338)
- Inventories	**(189 812)**	(35 172)	**(177 434)**	(28 704)
- Trade and other payables	**51 769**	119 203	**31 939**	121 035
Cash generated from operations	**873 400**	905 886	**772 736**	793 626

(b) Cash and cash equivalents

	THE GROUP		THE COMPANY	
	2019 MUR '000	2018 MUR '000	**2019 MUR '000**	2018 MUR '000
Bank and cash balances	**80 860**	110 413	**40 929**	50 272
Bank overdrafts (note 15)	**(18 803)**	(14 436)	**(6 414)**	(19)
Cash and cash equivalents	**62 057**	95 977	**34 515**	50 253

(c) The carrying amounts of cash and cash equivalents are denominated in the following currencies.

	THE GROUP		THE COMPANY	
	2019 MUR '000	2018 MUR '000	**2019 MUR '000**	2018 MUR '000
Mauritian Rupee	**9 658**	36 059	**6 781**	33 787
US Dollar	**1 373**	425	**1 298**	190
Euro	**50 540**	59 418	**25 952**	16 201
Other currencies	**486**	75	**484**	75
	62 057	95 977	**34 515**	50 253

(d) Reconciliation of liabilities arising from financing activities

THE GROUP

			Non-cash changes		
	2018 MUR '000	Cash flows MUR '000	Amortised cost adjustment MUR '000	Foreign exchange movement MUR '000	**2019 MUR '000**
Borrowings	691 793	(100 120)	–	(3 221)	**588 452**

THE COMPANY

			Non-cash changes		
	2018 MUR '000	Cash flows MUR '000	Amortised cost adjustment MUR '000	Foreign exchange movement MUR '000	**2019 MUR '000**
Borrowings	559 275	(69 089)	–	(1 772)	**488 414**

30. 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 and type of products. The principal products from which segments derive revenue are beverages and glass recycled product.

Information regarding the Group's reportable segments is presented below.

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for the Year Ended 30 June 2019

30. SEGMENTAL INFORMATION (CONTINUED)

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	
	2019 MUR '000	2018 MUR '000	**2019 MUR '000**	2018 MUR '000
Local	**6 602 227**	6 028 523	**713 741**	518 640
Overseas	**1 812 014**	1 714 549	**61 753**	113 126
Total	**8 414 241**	7 743 072	**775 494**	631 766
Intersegment revenue	**(637 524)**	(492 099)	**–**	–
	7 776 717	7 250 973	**775 494**	631 766
Share of results of associate			**28**	91
Finance costs			**(31 291)**	(37 385)
Profit before taxation			**744 231**	594 472
Tax expense			**(107 660)**	(121 880)
Profit for the year			**636 571**	472 592

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 MUR 7.8 billion (2018: MUR 7.3Bn)

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	
	2019 MUR '000	2018 MUR '000	**2019 MUR '000**	2018 MUR '000
Local	**5 639 819**	5 273 858	**1 731 316**	1 607 490
Overseas	**1 029 636**	1 045 917	**536 203**	566 135
Consolidated assets/liabilities	**6 669 455**	6 319 775	**2 267 519**	2 173 625

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.

Other segment information	Depreciation and amortisation		Additions to non-current assets	
	2019 MUR '000	2018 MUR '000	**2019 MUR '000**	2018 MUR '000
Local	**240 636**	224 469	**390 146**	355 778
Overseas	**52 643**	56 417	**76 114**	27 210
	293 279	280 886	**466 260**	382 988

Revenue from major products and services

The Group's revenue from continuing operations from its major products and services were as follows:

Segment assets and liabilities

	2019 MUR '000	2018 MUR '000
Beverages	**7 765 148**	7 239 432
Recycled glass and related products	**11 569**	11 541
	7 776 717	7 250 973

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.

31. 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	
	2019 MUR '000	2018 MUR '000	**2019 MUR '000**	2018 MUR '000
(i) Dividend income				
Fellow subsidiaries	**45**	38	**45**	38
Subsidiaries	**–**	–	**–**	39 930
(ii) Sales of goods or services				
Subsidiaries	**–**	–	**86 657**	76 439
Enterprise in which ultimate holding Company has significant interest	**437 504**	320 945	**437 504**	320 945

Notes to the Financial Statements

for the Year Ended 30 June 2019

	THE GROUP		THE COMPANY	
	2019 MUR '000	2018 MUR '000	**2019 MUR '000**	2018 MUR '000
Fellow subsidiaries	**268**	587	**268**	587
(iii) Purchase of goods or services				
Subsidiaries	**–**	–	**1 001**	14 145
Enterprise in which ultimate holding Company has significant interest	**77 239**	48 654	**77 239**	48 654
(iv) Management fees/interest paid/donations paid				
Entreprises in which ultimate holding Company has significant interest	**–**	2	**–**	2
Fellow subsidiaries	**158 799**	141 933	**158 799**	145 215
Ultimate holding company	**1 378**	653	**695**	653
(v) Management fees/interest received				
Subsidiaries	**–**	–	**4 041**	5 338
Entreprises in which ultimate holding Company has significant interest	**743**	241	**743**	241
(vi) Rechargeable cost				
Immediate holding company	**–**	608	**–**	608
Intermediate holding Company	**–**	271	**–**	271
Subsidiaries	**–**	–	**11 144**	17 784
(vii) Outstanding balances				
Receivables from related parties				
Subsidiaries	**–**	–	**115 238**	144 358
Entreprises in which ultimate holding Company has significant interest	**60 066**	54 373	**60 066**	54 317
Fellow subsidiary	**308**	675	**308**	675
Payables to related parties				
Subsidiaries	**–**	–	**514**	8 188
Entreprises in which ultimate holding Company has significant interest	**4 847**	3 815	**4 847**	3 815
Fellow subsidiary	**12 779**	16 933	**12 779**	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 MUR 161.9m (2018: MUR 156.5m) 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.

32. CAPITAL COMMITMENTS

	THE GROUP		THE COMPANY	
	2019 MUR '000	2018 MUR '000	**2019 MUR '000**	2018 MUR '000
Capital commitments contracted for and not provided in the financial statements:	**198 956**	58 948	**198 956**	58 948

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	
	2019 MUR '000	2018 MUR '000	**2019 MUR '000**	2018 MUR '000
Payment recognised as an expense	**50 547**	43 716	**36 042**	20 566

33. OPERATING LEASE ARRANGEMENTS

The future aggregate minimum lease payments under operating leases are as follows:

	THE GROUP		THE COMPANY	
	2019 MUR '000	2018 MUR '000	**2019 MUR '000**	2018 MUR '000
Not later than one year	**59 412**	**24 175**	**45 114**	3 737
Later than one year and not later than five years	**166 342**	**36 165**	**148 635**	8 200
	225 754	**60 340**	**193 749**	11 937

34. CONTINGENT LIABILITIES

At 30 June 2019 the Group and the Company had contingent liabilities in respect of bank guarantees of MUR 74.5m (2018: MUR 158.4m) 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.

Shareholders' Corner

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'Ibeloise, 6th Floor, IBL House, Caudan Waterfront, Port Louis** on **Friday 13 December 2019** at **14.30 hours** to transact the following business in the manner required for the passing of ORDINARY RESOLUTIONS:

AGENDA:

1. To consider the Integrated Report 2019 of the Company.
2. To receive the report of Ernst & Young, the Auditors of the Company for the year ended 30 June 2019.
3. To consider and adopt the Group's and Company's audited financial statements for the year ended 30 June 2019.
4. To re-elect by rotation, on the recommendation of the Corporate Governance Committee, Hugues Lagesse* who offers himself for re-election as Director of the Company.
5. To re-elect by rotation, on the recommendation of the Corporate Governance Committee, Thierry Lagesse* 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, Reshan Rambocus* who offers himself for re-election as Director of the Company.
7. To fix the remuneration of the Directors for the year to 30 June 2020 and to ratify the emoluments paid to the Directors for the year ended 30 June 2019.
8. To reappoint Ernst & Young as Auditors for the ensuing year and to authorise the Board of Directors to fix their remuneration.
9. To ratify the emoluments paid to Ernst & Young for the financial year ended 30 June 2019.

BY ORDER OF THE BOARD

Doris Dardanne
IBL MANAGEMENT LTD
Company Secretary

24 September 2019

NOTES:

a. 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.
b. 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, 6th Floor, Tower A, 1 CyberCity, Ebene, by **Thursday 12 December 2019** at **14.30 hours** and in default, the instrument of proxy shall not be treated as valid.
c. A proxy form is included in this Annual Report and is also available at the registered office of the Company, IBL House, Caudan Waterfront, Port Louis.
d. 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 14 November 2019.
e. The minutes of the Annual Meeting held on 14 December 2018 are available for consultation by the shareholders during office hours at the registered office of the Company, IBL House, Caudan Waterfront, Port Louis.
f. The minutes of the Annual Meeting to be held on 13 December 2019 will be available for consultation and comments during office hours at the registered office of the Company, IBL House, Caudan Waterfront, Port Louis from 3 February to 17 February 2020.

* *Footnote: The profiles and categories of the Directors proposed for re-election are set out at pages 75 and 77 of the Integrated Report 2019.*

Shareholders' Information

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 14 November 2019 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 14 November 2019 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, IBL Management Ltd, 4th Floor, IBL House, Caudan Waterfront, Port Louis.

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. Please 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) Ltd, 6th Floor, Tower A, 1 CyberCity, Ebene, no later than 14.30 hours on Thursday 12 December 2019.

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, 6th Floor, Tower A, 1 CyberCity, Ebene, no later than 14.30 hours on Thursday 12 December 2019.

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)

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
Ernst & Young
Level 9, Tower 1, Nexteracom
Cybercity
Ebene
Mauritius
Tel: (230) 403 4777

Bankers
AfrAsia Bank Limited
Barclays Bank Mauritius Limited
SBM Bank (Mauritius) Ltd
The Hong Kong and Shanghai Banking Corporation Limited
The Mauritius Commercial Bank Ltd

Company Secretary
IBL Management Ltd
4th Floor, IBL House
Caudan Waterfront
Port Louis
Mauritius
Tel: (230) 211 1713

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
6th Floor, Tower A
1 CyberCity, Ebène
Mauritius
Tel: (230) 403 6000

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

Phoenix Réunion SARL
7 rue de l'Armagnac, Z1 No1
97821 Le Port Cedex
Ile de La Réunion
Tel: (262) 262 241730
Fax: (262) 692 452972

Edena SA
10 Rue Eugène de Louise
97419 La Possession
Ile de La Réunion
Tel: (262) 262 421530
Fax: (262) 262 420502

PhoenixBev
THIRST FOR THE BEST. FIRST FOR YOU.

Proxy Form

I/We, ______________________

of ______________________

being a member/members of Phoenix Beverages Limited, do hereby appoint:

____

of ______________________

or failing him/her, ______________________

of ______________________

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 13 December 2019 at 14.30 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 2019 of the Company.			
2. To receive the report of Ernst & Young, the Auditors of the Company for the year ended 30 June 2019.			
3. To consider and adopt the Group's and Company's audited financial statements for the year ended 30 June 2019.			
4. To re-elect by rotation on the recommendation of the Corporate Governance Committee, Hugues Lagesse who offers himself for re-election as Director of the Company.			
5. To re-elect by rotation on the recommendation of the Corporate Governance Committee, Thierry Lagesse 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, Reshan Rambocus who offers himself for re-election as Director of the Company.			
7. To fix the remuneration of the Directors for the year to 30 June 2020 and to ratify the emoluments paid to the Directors for the year ended 30 June 2019.			
8. To reappoint Ernst & Young as Auditors for the ensuing year and to authorise the Board of Directors to fix their remuneration.			
9. To ratify the emoluments paid to Ernst & Young for the financial year ended 30 June 2019.			

Signed this .... day of .... 2019.

....

Signature(s)

Notes:

a. 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.

b. 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.

c. 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, 6th Floor, Tower A, 1 CyberCity, Ebene, by **Thursday 12 December 2019** at **14.30 hours** and in default, the instrument of proxy shall not be treated as valid.

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 CO2 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