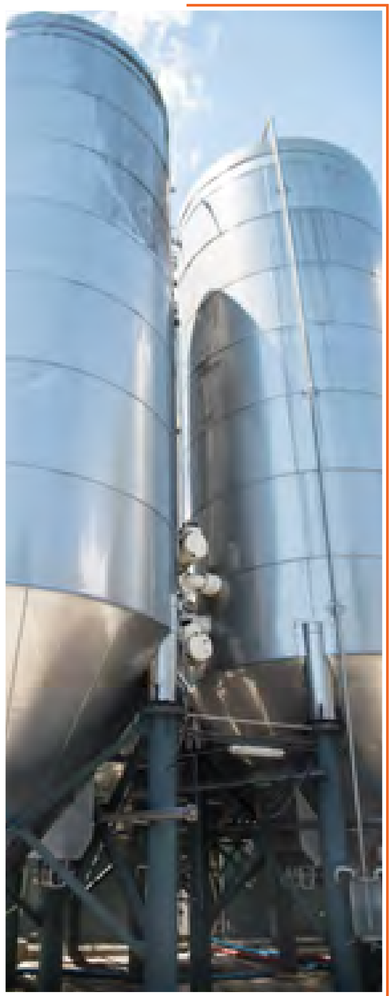
PhoenixBev

THIRST FOR THE BEST. FIRST FOR YOU.



Start

Integrated Report 2020

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About this Report

Dear Shareholder,

This Integrated Report provides stakeholders of Phoenix Beverages Limited (PhoenixBev) with an overview of the Group's strategy, activities and performance for the year to 30 June 2020. The Report includes our operations in Mauritius and Reunion Island, and the information covered is guided by the matters that could have the most material impact on the Group's ability to create value in the short-, medium- and long-term.

The contents and presentation of this Report are guided by the International Integrated Reporting Council's (IIRC) Integrated Reporting <IR> Framework, which promotes transparent communication on both financial and non-financial performance. The sections discussing our performance during the year align with the six capitals defined in the <IR> Framework: manufactured, intellectual, human, social and relationship, natural and financial capital.

The Corporate Governance Report is guided by the National Code of Corporate Governance for Mauritius (2016) and the financial statements comply with the Mauritius Companies Act 2001 and are 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 113 to 116.

There were no 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 2020 Integrated Report addresses all material matters and presents fairly the Group's integrated performance. This Report was approved by the Board on 14 October 2020.

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

Date: 15 December 2020
Time: 10:00am
Place: 1st 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,

The fact that the Covid-19 pandemic has had relatively little impact on Mauritius from a public health perspective is in no small part due to the swift and decisive action taken by government. However, the unprecedented and necessary steps taken, including the lockdown and confinement, had a significant social and economic impact that affected every business and every person. PhoenixBev was closed for a short period of time and the management worked hard to restart production and packaging, while keeping the safety and health of the PhoenixBev team as our first priority.

Leadership's role is to identify and make the most of the opportunities hidden within every crisis while navigating the turmoil. Covid-19 provided PhoenixBev with a number of opportunities to support various stakeholders. When shops and supermarkets were closed at the start of the lockdown, we provided food hampers to our team members and NGOs. I would like to take this opportunity to thank all of our team members for their commitment, hard work and support during this challenging period.

Our customers were particularly affected by the lockdown and are still very much affected, given the downfall of the tourism industry and the temporary closure of on-premises outlets such as hotels, restaurants, bars and taverns. We are helping them to recover, by providing training and other support through various initiatives that aim to support the return of safe and responsible places to socialise. We continued to support local musicians who were unable to perform live by moving our popular *Kafe Kiltir* sessions online.

The final keystone of our refined strategy model is building a sustainable and profitable business through our five chosen SDGs, which ensure that our activities remain aligned with global social and environmental aspirations.

Leadership's role is to identify and make the most of the opportunities hidden within every crisis while navigating the turmoil.

We aim to increase our relevance by diversifying our portfolio of beverages and modifying our offerings to meet the developing needs of our customers and consumers.

A resilient financial performance in challenging times

The Company's financial performance was good for the eight-months period to February 2020 and we were on track to deliver results ahead of budget and the prior year. Even with the disruption in the last quarter and the difficult conditions prevailing, our organisation produced a respectable overall financial performance, with revenue in Mauritius decreasing only by 2.6% and by 2.4% in Reunion Island. At a Group level, revenue decreased by 3.0% to MUR 7.5 billion (2019: MUR 7.8 billion) and profit after tax for the year declined to MUR 444.6 million from MUR 631.7 million in 2019.

Despite the current uncertainties in the market and based on the Company's strong financial position, the Board declared a total dividend of MUR 12.80 per share (2019: MUR 13.30). It is the first time after more than a decade that revenue has declined, and the annualised total shareholder return (TSR) over the last five years is 16%, demonstrating the value the Company has created for stakeholders over that period.

Our strategic approach

We refined our strategy during the year (see page 12) to align our activities with our vision of 'Providing happiness through beverages' and our goal of being the commercial beverage leader in the Indian Ocean. We continued to invest in our manufacturing, warehousing and distribution facilities and equipment to further strengthen our foundation of world-class execution and create capacity for future growth. Our strong brands underpin our strategy and our ability to create value.

We aim to increase our relevance by diversifying our portfolio of beverages and modifying our offerings to meet the developing needs of our customers and consumers. That included the launch of a number of new product packages and container sizes, rebranding Pearona and Gister and launching a naturality campaign for Orangina. We continue to progress our craft beer project and were delighted when Phoenix Special Brew was recognised with a Gold Award at the Le Monde Selection 2020 in Brussels.

The final keystone of our refined strategy model is building a sustainable and profitable business through our five chosen SDGs, which ensure that our activities remain aligned with global social and environmental aspirations. We support those global goals through initiatives such as our focus on water, waste and energy reduction initiatives, promoting responsible consumption of alcohol and reducing sugar content, using responsible production methods and by working with the authorities to find solutions to reduce plastic waste and build the circular economy.

The socio-economic impact of Covid-19 has again clearly demonstrated the relevance of environmental, social and governance (ESG) issues, which were further highlighted by the ecological crisis caused by the oil spill from the *MV Wakashio* at the end of July. Solving the sustainability challenges our society faces will require a collaborative effort from all stakeholders. PhoenixBev is committed to a sustainable future and to being part of these solutions as we grow our business in the Indian Ocean region.

Ethics and good governance

The Board is committed to ensuring that the principles of good governance are embedded and evident in the Group's policies, procedures and practices. We recognise that good governance and ethical business practices improve corporate performance and enhance the value created for our stakeholders. PhoenixBev has fully applied the principles contained in the National Code of Corporate Governance for Mauritius (2016). The Directors are committed to diversity and recognise the value that it brings to the Board by adding different perspectives, balancing decision-making and deepening our understanding of the needs of both our market and our stakeholders.

Outlook

While Mauritius and Reunion Island have largely been spared from the worst of the Covid-19 pandemic to date, the timing, nature and speed of the recovery is uncertain and the unfolding global and regional impacts are likely to be felt for some time to come. We will continue to closely monitor the key drivers of the business to ensure that our strategy and objectives remain in focus, with special attention to develop our brands in our domestic markets.

PhoenixBev's strong balance sheet and robust cash flows provide a solid platform for organic and acquisitive growth in the years ahead to extend and deepen our presence in the region.

Acknowledgements

I would like to express my gratitude to my colleagues on the Board for their significant collective contribution to the oversight of the Company during the year. Our thanks go to the executives and management team under the leadership of our CEO, Bernard Theys, for their diligence in guiding the Company through the challenges of the last year. I would also like to thank the regulators, shareholders, business partners, customers and other stakeholders for their positive engagements and support.

Arnaud Lagesse
Chairman

14 October 2020

Highlights 2019/2020

Turnover	MUR 7 546M	2019: MUR 7 777M	-3.0%
Operating Profit	MUR 563M	2019: MUR 771M	-26.9%
EBITDA	MUR 961M	2019: MUR 1064M	-9.7%
EBIT	MUR 563M	2019: MUR 771M	-26.9%
Dividends Per Share	MUR 12.80	2019: MUR 13.30	-3.8%
Share Price (at 30 June)	MUR 614	2019: MUR 580	5.9%
Market Capitalisation (at 30 June)	MUR 10 098M	2019: MUR 9 539M	5.9%
Net Profit After Tax	MUR 446M	2019: MUR 633M	-29.5%
Earning Per Share	MUR 27.13	2019: MUR 38.47	-29.5%
Shareholders' Fund	MUR 4 420M	2019: MUR 4 408M	0.3%
Total Assets	MUR 7 140M	2019: MUR 6 669M	7.1%
Gearing	15.51%	2019: 16.50%	-6.0%
Free Cash Flow	MUR 235M	2019: MUR 273M	-14.0%
Capital Investment	MUR 517M	2019: MUR 468M	11.0%
Sales Volume	2.21 HL	2019: 2.29 HL	-3.7%

2020 2019

PhoenixBev in Context

- **2** COUNTRIES OF OPERATION
- **+1 650** TEAM MEMBERS
- **4** PRODUCTION UNITS
- **9** EXPORT COUNTRIES
- **16** BOTTLING LINES
- **7** CATEGORIES OF BEVERAGES
- **+50** BRANDS IN OUR PORTFOLIO
- **1** GLASS RECYCLING OPERATION
- **+44 000 m²** WAREHOUSING CAPACITY
- **+120** DISTRIBUTION FLEET TRUCKS
- **+10 000** CUSTOMERS
- **+2 000** SHAREHOLDERS LISTED ON THE STOCK EXCHANGE OF MAURITIUS

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 taught us **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 brew, 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 United Kingdom.

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.

Our Values

Our activities and behaviour are guided by our five values, which inspire us to be:

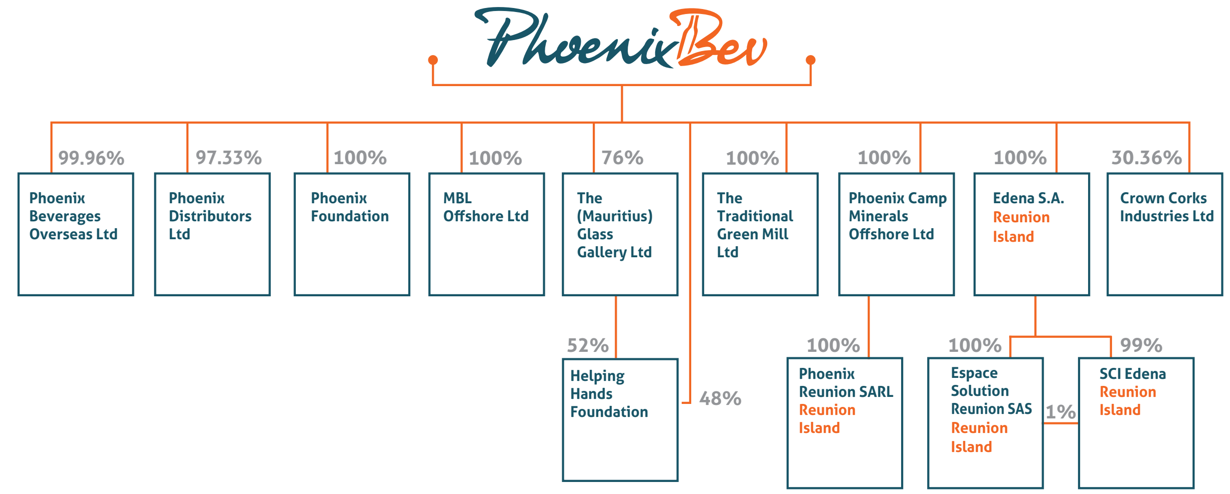
- **Innovative**
- **Customer-oriented**
- **Adaptable**
- **Trustworthy**
- **Honest**

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

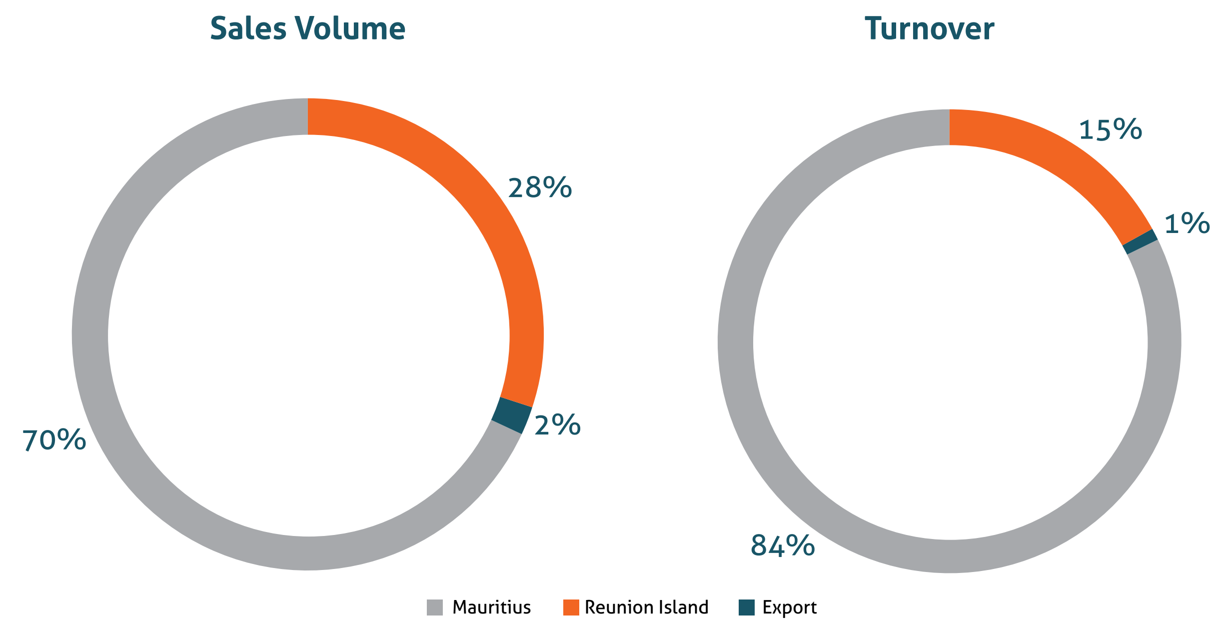
Our Purpose

CREATING HAPPINESS THROUGH THE RESPONSIBLE DRINKING OF BEVERAGES

Our Group Structure



Our Geographical Performance at a Glance



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 Reunion 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

2019 Launch of Crystal jar 11.3 lt

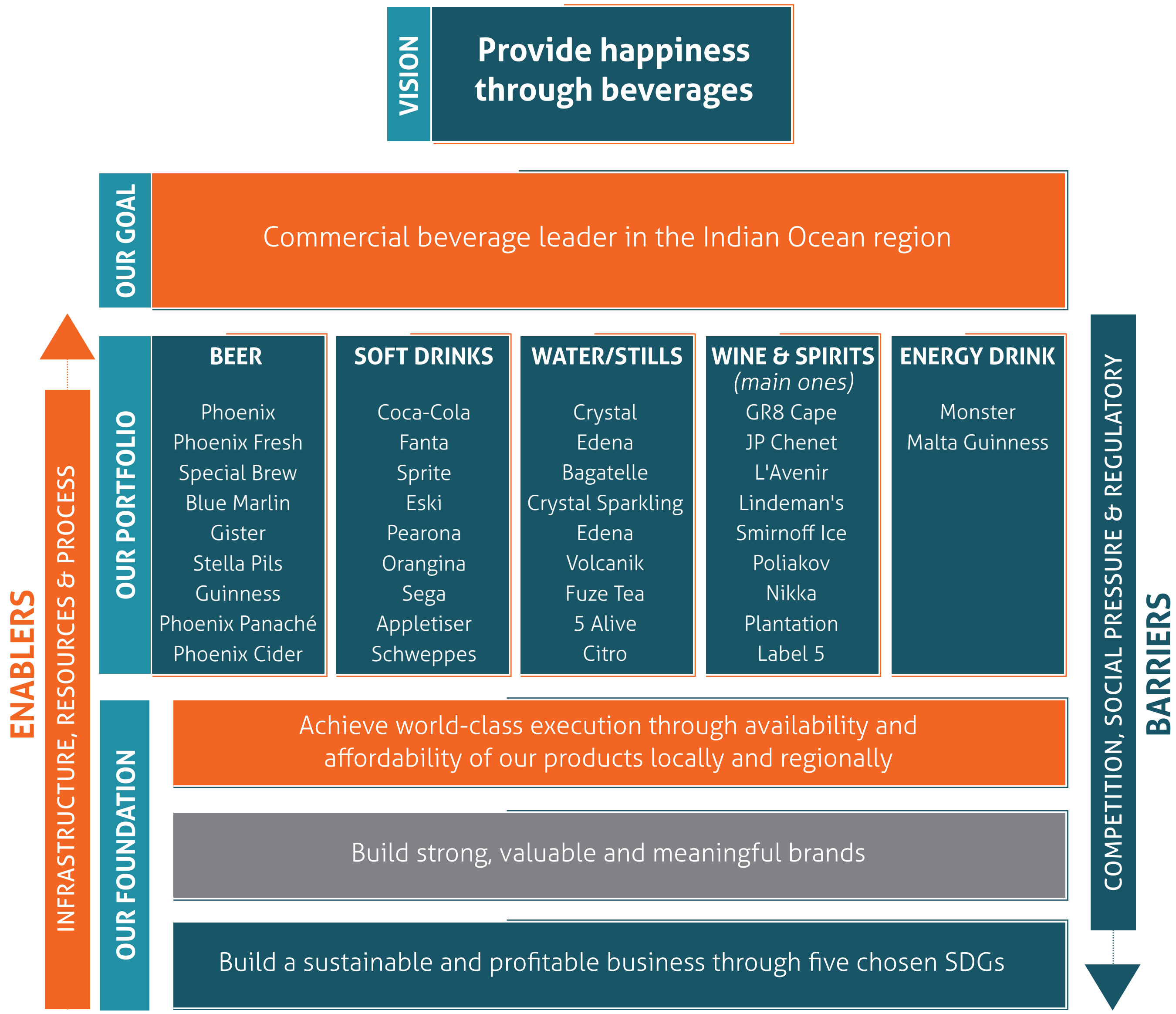
Corporate | Facility | Packaging | Product

Our *Strategic Vision*

During the year we refined our strategy. Our portfolio of leading alcohol and non-alcohol brands support our goal of being the leading commercial beverage company in the Indian Ocean region, with the vision to 'Provide happiness through beverages'.

These aspirations are built on a solid foundation created by world-class execution that ensures availability and affordability of our products in our chosen markets. World-class execution means not only excellent production and distribution, but also excellence in health and safety, resource use efficiency and waste management. Our ability to create new and innovative products that meet the changing needs of consumers and customers, and develop these brands, strengthens our business model.

We recognise that profitability over time is only possible through sustainable business practices and we have identified five of the United Nations Sustainable Development Goals (SDGs) that most closely align with our activities and aspirations as the areas where we can have the most impact.



The Sustainable Development Goals

The 17 SDGs are a call to action that drives a global collaboration to achieve the goal of peace and prosperity for people and the planet, mapped out in the 2030 Agenda for Sustainable Development in 2015. The targets underlying the SDGs aim to ensure that growth and development does not lose sight of the many urgent social and environmental challenges that need to be addressed at the same time.

Management and team members from all departments participated in interactive workshops in 2019 to identify the SDGs most relevant to PhoenixBev and its stakeholders. The five SDGs where we can have the biggest impact and our initiatives in support of them are shown below.

PhoenixBev's health and safety programme aims to provide safe working conditions and health support for team members. This was particularly important from the start of the Covid-19 pandemic where strict protocols were implemented to ensure the health and safety of our team members and customers. Our corporate social investment programme supports a number of projects that support community health and wellbeing. We promote responsible alcohol consumption and lower calorie soft drinks to reduce sugar consumption. Our logistics planning aims to manage driver fatigue to reduce road accidents.	3 GOOD HEALTH AND WELL-BEING
Our activities create jobs and support the businesses of our customers. We are a significant employer and taxpayer, and make a positive contribution to economic growth. Our ethical approach to business and sustainable supply chain practices include measures to support human and labour rights. We provided support to customers to help them recover after lockdown and confinement.	8 DECENT WORK AND ECONOMIC GROWTH
PhoenixBev takes a responsible approach in its activities that aligns with the goals of sustainable and inclusive industrialisation. Our ongoing investment in upgrading our production facilities improves efficiency, increases productivity, enhances employee wellbeing and reduces our environmental footprint.	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE
Our environmental management systems and drive for world-class execution ensure sustainable management and efficient use of natural resources. The waste management programme focuses on responsible management of our waste streams, including reduction, recycling, reuse and valorisation where possible. We participate in a number of collaborative initiatives to promote waste management and raise awareness in communities and society.	12 RESPONSIBLE CONSUMPTION AND PRODUCTION
We are committed to playing our part in reducing our carbon emissions and have conducted an energy audit to better understand energy use and opportunities at our operations. We plan to conduct a pilot carbon footprint exercise with a view to extending it to all operations in the future. Regular awareness sessions sensitise team members regarding environmental impacts and climate change, and we support external initiatives to raise awareness in society. Investments in upgrading our production facilities have improved our operational efficiency, resource use efficiency and reduced our environmental footprint.	13 CLIMATE ACTION

While we have chosen only one environmental SDG, SDG 13 (Climate Action), action towards this SDG requires a focus on four other SDGs that include two significant inputs to our production – water (SDG 6) and energy (SDG 7) – and two major outputs in the form of plastic packaging and waste management, which impacts SDG 14 (Life below water), and SDG 15 (Life on land).

Our *Investment Case*

STRONG AND GROWING PORTFOLIO

- Strong local and international brands, and we continually develop new products and product categories to satisfy evolving customer needs and tastes.

SOLID MARKET BASE

- Strong market share in Mauritius and Reunion Island with a diversified customer base and distribution channels.

REGIONAL EXPANSION OPPORTUNITIES

- Multi-site production, with three production units in Mauritius and one in Reunion Island.
- Brand representation beyond our local markets includes the Seychelles, Mayotte, mainland Africa and Australia.
- Strategic regional expansion across the Western Indian Ocean region and beyond, driven by a coherent brand portfolio and supported by increasing regional diversification, production flexibility and economies of scale.

SKILLED AND MOTIVATED TEAM MEMBERS

- An employer of choice providing a safe and inspiring work environment. Our team comprises an excellent mix of new talent and experience to drive the business to new heights.
- We have a strong performance culture supported by ongoing talent development and a proven ability to capitalise on market opportunities and optimise operating efficiency.
- We are committed to acting always with integrity, guided by our values, social conscience and customer-centric mindset.

FINANCIAL STRENGTH

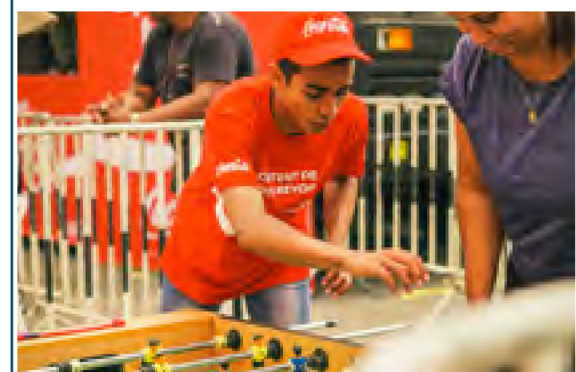
- An attractive growth strategy supported by strong cash generation.
- A sound balance sheet and well-balanced gearing.
- Significant capital investment over the past years has increased production capacity, flexibility and efficiency.
- Ongoing focus on cost and operational efficiencies.
- Strong organic growth complemented by a proven ability to integrate strategic acquisitions as well as excellent access to capital markets to fund expansion.

STRONG BRAND REPRESENTATION IN THE REGION

OPPORTUNITY FOR SHAREHOLDERS

A solid strategic platform in place to support our growth plans

- Business expansion
- Share price appreciation
- Average pay-out ratio of **41%** over the past five years
- Compound annual total shareholders' return of **16%** 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

Our Business Model

What we do and how we do it

Capital Inputs

Natural Capital

Key natural inputs for our beverages, including fresh water, GMO-free hops and malt, fruit pulp, sugar and CO_2. Electricity throughout the business and heavy fuel oil and coal for heating in the production process.

Human Capital

Our 1 650+ valued team members in Mauritius and Reunion Island.

Social and Relationship Capital

More than 10 000 customer outlets supplied in Mauritius and Reunion Island. Strong relationships with authorities, suppliers, partners and consumers. International partnerships with Coca-Cola, Suntory, Diageo and Grand Chais de France. Collaborative engagements with government, NGOs, communities and industry players.

Manufactured Capital

Our four production facilities in Mauritius and Reunion Island, equipment, warehouses, trucks, containers and offices.

Intellectual Capital

The skills and experience of management and team members, and the expertise of our brewing team members. Our strong brands and proprietary recipes.

Financial Capital

Financial resources available to fund our activities including equity and debt funding.

Our operating context

- Operating and trading conditions were supportive for the first part of the year, but Covid-19 affected our activities and sales in the last quarter.
- Increased focus on environmental, social and governance factors from investors, government and society.
- Early response to the emerging Covid-19 situation in China allowed us to build up sufficient buffer stock of key inputs to continue production through lockdown and confinement.
- Water is a significant ingredient and ensuring water supply and quality is an ongoing focus.

Our strategy guides everything that we do – from the allocation of resources to the way that we conduct our operations and activities and deliver on our outcomes.

PROCUREMENT AND RESOURCE OPTIMISATION

We have in place a procurement process geared towards resource optimisation and business value creation. This is achieved through training and development, good supplier management and negotiation, analytical skills and enhanced communication.

Production

We produce a wide range of alcoholic and non-alcoholic beverages from three production plants in Mauritius and one in Reunion Island.

Bottling and packaging

We bottle more than 300 different types of products stock keeping units (SKUs) under our own and international brands.

Sales and distribution

We distribute our beverages to wholesale and retail customers throughout Mauritius and Reunion Island. During lockdown we started selling directly to consumers through an online retail platform.

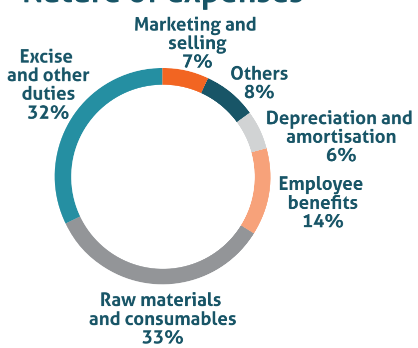
Recycling

We use recyclable material for most of our product packaging and collect around 50% of our used PET packaging to be recycled and reused for internal operations and external initiatives. Our recycling operations are outsourced.

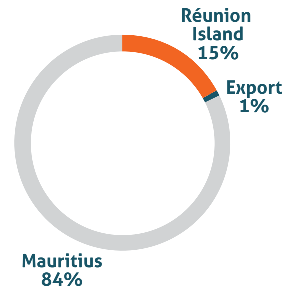
Outputs

We produced 2.2 million hectolitres of alcoholic and non-alcoholic beverages during the year in Mauritius and Reunion Island, and imported 30 000 hectolitres of products for resale. We supply more than 300 different beverages to over 10 000 wholesale and retail outlets across Mauritius and Reunion Island with our fleet of more than 120 trucks.

Nature of expenses



Revenue split



Capital Outcomes

- Natural Capital
- Human Capital
- Social and Relationship Capital
- Manufactured Capital
- Intellectual Capital
- Financial Capital

Refer to pages 40 to 69 for the detailed analysis of capital outcomes

Value Propositions

Our model serves to create value for all stakeholders

Customers

Reliable supply of quality beverages. Diversified portfolio for everyone and every occasion.

Team Members

Competitive remuneration and benefits. Support for health and wellness. Opportunity to develop skills and experience.

Shareholders

Consistent growth in shareholder returns. Responsible and experienced leadership and management.

Society

Promotion of responsible consumption and disposal. Investment in communities supporting health, education, sports and social upliftment. Direct and indirect job creation and contribution to the fiscus through tax and excise payments.

Capital Trade Offs

Our activities affect, and are affected by the capitals available to us. Part of our responsibility is to be mindful of the trade-offs between the capitals required by our activities to ensure that these align with our values and principles. The most significant tradeoffs during the year are shown below:

Product quality

The quality of our products is critical to our brands and our reputation. Ongoing investments in production equipment, training, quality assurance and best practice ensure quality standards.

Capital expenditure

Capital invested in upgrading and improving production facilities increases efficiencies, improves water and energy efficiencies and reduces waste. During 2020, capital expenditure totalled MUR 517 million (2019: MUR 466 million).

Securing additional water resources

During the year we drilled a new borehole to secure water supply for the brewery. This reduces water risk for our operations but increases pressure on local water resources.

Research and development

The time and money spent on researching new products and developing new brands increases intellectual capital in the Company.

Corporate social investment (CSI)

CSI spending on community programmes helps in improving health and social outcomes in local communities.

Responsible employment

PhoenixBev is committed to being a responsible employer and offers our team members fair remuneration and benefits. We retained full employment through and after lockdown, provided food hampers and paid an additional risk allowance to team members who returned to work during the lockdown. Ensuring the safety and health of our team members during and after lockdown was a key focus.

Waste management

As a responsible business, PhoenixBev invests in a range of initiatives to reduce the impact of waste on society and country. These include collection of plastic packaging for recycling and reuse, community awareness initiatives, social media campaigns, sponsoring of bins to reduce litter and participation in the harbour clean up. We continue to explore ways to valorise waste, such as finding alternative uses for coal ash and waste glass, including through the Mauritius Glass Gallery.

Our Material Matters

Our material matters are those that could substantially affect PhoenixBev's ability to create value over the short-, medium- and long-term. In identifying and prioritising these matters, we consider the financial and non-financial factors that have the potential to have an impact on our strategy, performance and prospects.

The material matters shown in the section that follows were determined by assessing input from a number of sources including:

- The material matters identified by management and team members at the SDG workshops
- The top risks and opportunities identified through our risk management process
- The expectations of our key stakeholders
- Guidelines and frameworks
- Legislation
- Industry initiatives

The Group's material matters and their underlying themes are discussed below, with references to where further information is available.

Financial Capital

Profitability and returns to providers of capital

- Cost control
- Capital expenditure and depreciation
- Cash flow
- Profitability
- Shareholder returns

To stay in business, PhoenixBev has to balance the needs and expectations of all stakeholders to ensure that sufficient financial capital is created to meet the return expectations of its shareholders and providers of capital. Covid-19 and the lockdown affected operations, production and sales volumes significantly in the final quarter of the year. Information on our financial performance during the year is available in the Financial Review on pages 64 - 69.

Affects: 8 DECENT WORK AND ECONOMIC GROWTH; 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

Manufactured Capital

World-class execution

- Product quality and safety
- Maintenance and improvement of facilities and process efficiencies
- Portfolio diversification

Operational excellence in production, distribution and management helps us to meet our financial targets, reduces our environmental impact and supports our relationship with our customers and consumers. Manufactured capital is discussed on page 40.

Affects: 8 DECENT WORK AND ECONOMIC GROWTH; 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

Our Material Matters (continued)

Intellectual Capital

Meeting market needs to provide happiness through beverages

- Quality of our brands
- Product trademarks and copyrights
- Business ethics and compliance
- IT infrastructure

By continuing to develop new products and product categories, we remain relevant to consumers as tastes and trends change. Building and sustaining our strong brands supports expansion in the region. More information on Intellectual Capital is available on page 42.

Affects:

Human Capital

Team member safety, health and wellbeing

- Response to Covid-19
- Driving a high-performance culture
- Skills development and talent management
- Team diversity and inclusion
- Ethics and human rights
- Health, safety and wellbeing

To achieve our goals, we need to ensure that we can attract, develop and retain team members with the necessary skills and experience. As a responsible employer we need to ensure that we have systems in place to support safe working conditions, good health and wellbeing, and fair treatment for all team members. Ensuring the safety and health of our team members and customers during and after lockdown was a key focus. More information is available in the Human Capital section on page 46.

Affects:

Social Capital

Contribution to community and country

- Customer satisfaction
- Our contribution to society

Business relationships

- International partnerships
- Supply chain management

We are mindful of the broader context in which we operate, our impact on society and the opportunities we have to support socioeconomic development. We supported underprivileged communities by providing food hampers during and after lockdown. More information is available in the Social Capital section on page 52.

Several of the products we sell are manufactured in partnership with some of the world's leading brands. Our relationships with these business partners are essential assets that support the achievement of our strategy. We recognise our duty to manage our supply chain responsibly to ensure suppliers align with our ethical and responsible approach to doing business. Refer to the Intellectual Capital section on page 42 for more information.

Affects:

Natural Capital

Sustainable business practices

- Water use and management
- Recyclability of packaging
- Waste management
- Carbon emissions

World-class execution includes responsible environmental practices. We are committed to ensuring that our operations use the natural capital available to us in a way that is responsible, complies with all relevant legal requirements and minimises our environmental impact as far as possible. More information on our environmental practices and impacts is available in the Natural Capital section on page 56.

Affects:

Governance

Good governance and ethical business practices

- Good governance
- Compliance
- Human rights

PhoenixBev is committed to ethical and responsible business practices, and to ensuring that the principles of good governance are entrenched throughout the Group and reflected in our business activities. Our governance framework and focus areas for the year are available in the Corporate Governance section starting on page 80.

Affects:

Engaging with our *Stakeholders*

Why We Engage

We engage with our stakeholders on an ongoing basis to understand their legitimate needs and interests. The input we receive from these engagements helps to identify emerging trends and provides input for our risk process, material matters, leadership discussions and strategy.

We define our stakeholders as those groups and people that are affected by the affairs of the Company. We are committed to engaging with our key stakeholders and respecting their interests, in line with the recommendations of the National Code of Corporate Governance for Mauritius (2016).

Stakeholder engagement occurs at many levels and in many forums depending on the stakeholder. For example, the sales and distribution teams engage with customers on an ongoing basis, while shareholders are engaged at an executive or Board level. The Board is responsible for ensuring timely and comprehensive communication to all stakeholders regarding events significant to the Company, and is kept apprised of significant engagements and developments regarding stakeholder interests.

How We Engage

How we engage	Stakeholder expectations
Consumers and customers	
• Creative media in English, French and Creole • Events and sponsorships • Focus groups • Market surveys • Social media • Customer Response Unit • PR activities • Website, including Lespri Zil website	• Affordable prices • Business ethics and compliance • Sustainable business practices • Excellent service • Product quality and safety • Health and safety during Covid-19 and access to product during lockdown
Partners and suppliers	
• Consultations and meetings • Requests for proposals • Site visits, operation and quality audits • Workshops and brand summits	• Business ethics and compliance • Contribution to society • Economic impact • Sustainable business practices • Excellent service • Fair labour practices • Human rights • Product quality and safety
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	• Business ethics and compliance • Contribution to society economic impact • Sustainable business practices • Excellent service • Fair labour practices • Human rights • Product quality and safety • Profitability • Health and safety during Covid-19 and continued employment

How we engage	Stakeholder expectations
Communities	
• Creative media in English, French and Creole • Events, CSR and other PR activities • Involvement in decision-making process through consultations and meetings • Site visits	• Business ethics and compliance • Contribution to society sustainable business practices • Fair labour practices • Human rights • Product quality and safety • Support during Covid-19
Government and authorities	
• Interactions with authorities in Mauritius and Reunion Island • Participation in national workshops on relevant topics • PR activities	• Affordable prices • Business ethics and compliance • Contribution to society economic impact • Sustainable business practices • Fair labour practices • Human rights • Product quality and safety • Responsible operation during Covid-19 • Reduction of environmental footprint
Shareholders and funders	
• Annual and Board meetings • Business reviews • Corporate communication, including webcasts • Quarterly financial reports, investor presentations	• Business ethics and compliance • Contribution to society economic impact • Sustainable business practices • Fair labour practices • Human rights • Product quality and safety • Profitability

Engaging with our Stakeholders (continued)

How We Address Our Stakeholders' Expectations

AFFORDABLE PRICES	We focus on cost containment throughout our value chain and across our diverse supplier base, without compromising on quality. We offer a range of products which include cost-effective package sizes.
BUSINESS ETHICS AND COMPLIANCE	We are committed to ethical and responsible business practices, which include compliance with all applicable laws and regulations. Team members are trained on ethical business conduct and our Code of Ethics. Our corporate governance framework aims to ensure compliance with all relevant codes, policies, regulations and standards, including those concerning the prevention and detection of bribery and corruption. Our facilities, processes and practices are regularly audited by our key partners and certain of the management systems in place at our facilities are certified in terms of international management standards.
CONTRIBUTION TO SOCIETY	PhoenixBev creates value in the communities in which we operate through our role as a local employer and our CSR activities. We engage with NGOs to promote social upliftment and environmental protection, and are active in contributing to national events.
ECONOMIC IMPACT	We contribute to wealth creation in Mauritius, the region and beyond through direct and indirect job creation and through our contribution to the fiscus through tax and excise payments. We support entrepreneurism and business development by supporting and helping our customers and business partners to grow their businesses. Our CSR activities and contribution to national events have a positive economic impact on communities and society.
SUSTAINABLE BUSINESS PRACTICES	Our commitment to ethical and responsible business practices, and to compliance with all applicable laws and regulations, includes prioritising the reduction of our environmental footprint and the increase of our positive social impact. Our strategic focus on world-class execution includes continuously finding ways to reduce, recycle or reuse waste wherever possible, while ensuring that we meet or exceed regulatory requirements. The environmental management system for waste management has been externally certified in terms of ISO 14001, the international environmental management standard. We have dedicated programmes focused on recycling PET bottles and glass.
EXCELLENT SERVICE	Our team members interact directly with customers to ensure excellent service. We participate in joint projects and business planning with customers to align our interests and activities. Customer satisfaction is regularly monitored by the Customer Response Unit as well as through information gathered during customer visits and targeted customer surveys. We strive for world-class execution in our distribution channels.
FAIR LABOUR PRACTICES	We are committed to ensuring the safety and well-being of our team members and hold regular training sessions, workshops and meetings, including health and safety meetings. Team members are represented on the *Comité d'entreprise* to ensure their views are communicated. Our key partners conduct regular audits of our facilities, processes and practices to externally verify standards and practices, including labour practices. Team members receive fair remuneration and benefits, including wellness programmes.
HUMAN RIGHTS	Our Code of Ethics commits us to act according to the fundamental principles of human rights, including those drawn up by the International Labour Organisation, and the relevant laws and conventions in our countries of operation. Key partner audits include human rights practices, providing external verification of our processes and performance.
PRODUCT QUALITY AND SAFETY	We have strict quality assurance processes in place from the start of the product life cycle. We continuously refine our processes and methods, and our team members participate in IBL's Technical Quality Committee to share and leverage best practices across the IBL group. External certification of our quality management (ISO 9001), food safety (FSSC 22000) and laboratory accreditation (ISO 17025), as well as regular audits of our facilities, processes and practices by key partners, provide external assessments of our management systems against best practice. We produce a wide range of products that offer consumers options to suit their needs, and we continuously monitor customer and consumer feedback through customer visits, the Customer Response Unit, focus groups, social media and surveys. We communicate information to customers and consumers on the safe and healthy consumption of our products on the packaging and through media communication.
PROFITABILITY	Our business model aims to deliver long-term value for our shareholders, aligned to a clear strategy and defined course of action. We continue to reinvest in value-generating assets to support future growth and expansion
HEALTH, SAFETY AND SUPPORT DURING COVID-19	We implemented a strict Covid-19 hygiene protocol to safeguard the health and safety of team members when they were permitted to return to work. With shops and supermarkets closed at the start of lockdown, we supplied food hampers to team members and provided a 'risk allowance' to team members at work. We worked with NGOs to provide food hampers and non-alcoholic drinks to families in need and our team members distributed hampers to less privileged families around Mauritius. We set up a direct-to-consumer sales channel on the Lespri Zil website when shops and outlets were closed and engaged independent laboratory LIBA to certify our Mauritian production facilities in terms of their **Feel Safe** standards to assure consumers, customers, team members and the general public.

Our Performance

CEO's Report

Dear Shareholder,

Early in the 2020 calendar year, when the first cases of Covid-19 were being reported in China, PhoenixBev started working with our key suppliers around the world to ensure that we built up sufficient buffer stock of raw and packaging materials in order not to disrupt our operations.

At the beginning of the lockdown in March, our operations were closed for a few days before we resumed delivery of essential products held on site to retail outlets. Production restarted with skeleton staff and was fully operational by the end of April. Our priorities during this period were to ensure that our team members remained safe, while restarting the business as quickly as possible. Developing our online platform for home delivery and effective treasury management were also our top priorities.

We implemented our Business Continuity Plan (BCP), which provided clarity on human resources management, supplier, customer and contractor management, communications and health advice. Back-to-work guidelines were developed to manage the restart and team members with health issues that might increase their risk of Covid-19 outcomes were instructed to stay at home. A hygiene protocol was set up for all our operations and the need for constant communication between management and team members during lockdown and the resumption was emphasised. From June to September 2020 we proactively carried out 1 250 Covid-19 testing on our team members with reassuringly no positive cases detected.

We are developing a craft beer product line which will become operational in calendar year 2021.

We continue to invest in production, warehousing and distribution facilities in both Mauritius and Reunion Island to further upgrade and modernise our operations, and to build additional capacity for future demand.

Finding solutions to the problem of plastic pollution remains our priority.

In June 2020 we engaged an independent testing and research laboratory to assess the management systems in place at our operations. All three of our production units in Mauritius successfully achieved LIBA **Feel Safe** certification, providing assurance to customers, consumers, the general public and our team members regarding food and beverage safety, workplace health and safety, and water safety.

Our initiative to send our team members on cross-exposure programmes to broaden skills and support succession planning enabled us to assign team members in different areas of the business. This proved extremely beneficial when the facilities were operating with a reduced team member complement.

Brand and product performance

PhoenixBev's strong brands performed well during the first eight months of the financial year, with good results in Mauritius and some improvement in Reunion Island after a poor performance in 2019. Full-year results were, however, negatively impacted by the effect of Covid-19. Please refer to the financial capital section on page 64 for more insight on the Group financial performance.

We launched a number of new products and packaging variants, both in Mauritius and Reunion Island, as well as iced tea and juices in new territories including the Seychelles and Djibouti.

We are developing a craft beer product line which will become operational in calendar year 2021. We are also busy developing a non-alcoholic beer to meet consumer demand for non-alcoholic alternatives and will relaunch a legacy brand with strong local heritage.

Building capacity

We continue to invest in production, warehousing and distribution facilities in both Mauritius and Reunion Island to further upgrade and modernise our operations, and to build additional capacity for future demand. These upgrades help to increase efficiencies, support product quality and reduce our environmental impact.

Installation of the new returnable glass bottle line in the Limonaderie will be commissioned in December 2020. It is to be noted that this line was initially scheduled to be operational as from May 2020, but has been delayed due to the lockdown and closure of our borders.

We are currently working on a master plan in order to centralise our warehousing activities to improve space utilisation and control, and to prepare for future expansion.

Environmental and social commitment

PhoenixBev is committed to sound environmental, social and governance practices. We sponsor various sporting and cultural events to promote a healthy lifestyle and celebrate the culture of Mauritius and Reunion Island. Our corporate social responsibility (CSR) initiatives this year prioritised poverty alleviation and environmental projects.

Finding solutions to the problem of plastic pollution remains our priority and we continue to engage with the authorities to improve collection and recycling rates of PET.

Focus for 2021

We will continue to closely monitor the impact of the pandemic on our operations and review our processes to improve efficiencies and reduce costs while maintaining our focus on the safety and health of our team members.

In order to enhance our growth prospects and in line with our regional expansion ambition, PhoenixBev will continue its organic and inorganic growth strategy. We are of the opinion that the current economic situation could represent interesting opportunities for the Group to acquire new businesses in the region and even beyond. While staying on alert for new potential acquisitions, we will continue to diligently invest in broadening our representation and distribution of new and existing brands in the region.

Acknowledgement

I would like to put on record the significant contribution of our team members during this unprecedented and unpredictable pandemic period. The year 2020 will be a year that will remain in our memory for a long time.. I thank you all for your sense of responsibility, for being dedicated, courageous and focused on the goal that mattered the most during the difficult times. I have no doubt that together we will keep serving the Company to take it to new heights.

Bernard Theys
Chief Executive Officer

14 October 2020

Risk Report

Risk is an unavoidable aspect of value creation. However, effective and timely risk management can mitigate risks to acceptable levels and maximise the opportunities identified. The PhoenixBev Board of Directors is ultimately responsible for ensuring that risks are managed within the risk appetite it has set, and for reviewing the adequacy of risk management practices and internal controls, as described in our Corporate Governance Report on page 96.

Our approach to risk management is a continuous process of analysing and managing the opportunities and threats that can impact on both immediate operational performance and long-term value creation. We classify risks into external and internal risks. External risks relate to those over which we have little or no control, such as the broader macroeconomic environment and the markets in which we operate. We have more control over our internal risks, which relate more to the Group's operations, such as a breakdown in our internal procedures, mechanical issues with production equipment and non-compliance with applicable laws and regulations.

We constantly monitor the economic and regulatory environments to ensure we proactively identify and evaluate new risks as these arise. Risks are identified, prioritised and managed through the five-step process shown below:

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 Regular reporting to and through

- 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

RESIDUAL RISK SIGNIFICANCE MATRIX

Likelihood	Severity: Insignificant 1	Minor 2	Moderate 3	Major 4	Catastrophic 5
A - Almost Certain		2			
B - Likely		4			
C - Possible		7 9 10	3 5	1	
D - Unlikely		11	6		
E - Rare			8		

Low Moderate High Extreme

Qualitative Measures of Severity/Consequences/Impact

Level	Description	Description Detail
1	Insignificant	No injuries, low financial loss
2	Minor	First aid treatment, on-site release immediately contained, medium financial loss
3	Moderate	Medical treatment required, on-site release contained with outside assistance, high financial loss
4	Major	Extensive injuries, loss of production capability, off-site release with no detrimental effects, major financial loss
5	Catastrophic	Death, toxic, release off-site with detrimental effect, huge financial loss

Qualitative Measures of Likelihood

Level	Description	Description Detail
A	Almost certain	Is expected to occur in most circumstances
B	Likely	Will probably occur in most circumstances
C	Possible	Might occur some time
D	Unlikely	Could occur at some time
E	Rare	May occur only in exceptional circumstances

Risk Report (continued)

Our top risks

The table below shows our top risks, their potential impact on the Group, the related opportunities and 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.

Risk	Impacts and opportunities	Mitigation
1 Pandemic A pandemic presents a significant public health risk. The steps taken to prevent the spread of a pandemic may have a significant impact on local, regional and global economies whereby the timing, speed and nature of the recovery could be uncertain. TREND New Risk	**Potential impacts** • Team members affected and operations unable to function. • Social/Physical distancing and concerns around gatherings cause our customers to go out of business. • Delayed recovery affects consumers and reduces demand for our products. • Mismatch between costs and revenues. • Shortages of resources including raw and packaging materials, energy, spare parts, services etc. • Increased inflation and taxes, and depreciation of the Mauritian Rupee. • Lockdown and closure of borders. **Associated opportunities** • Support for team members, customers and communities strengthens our relationships with these key stakeholders. • Working with customers to create safe places for consumers to interact and have fun can support recovery at industry and society levels.	• Strict hygiene protocols to be implemented at our operations and our Business Continuity Plan to be executed. • Providing support to customers to help them trade through and developing our online consumer platform. • Our product range provides cost-effective options and packaging that suit customers and consumers. • Strict focus on cost controls, reducing discretionary operating and capital expenditure. • Close monitoring of cash flows, receivables and regular forecasting. • Regular engagements with authorities, review and renegotiation of contracts, costs and pricing.
2 Geographical constraints Socio-economic challenges due to the small size and population of our countries of operation (1.3 million), their remoteness and ensuing insularity, resulting in heavy dependence on imports of raw materials and manufactured goods. TREND >	**Potential impacts** • Difficulty in expanding regionally and growing to achieve economies of scale. • Challenging to sustain our international competitive edge in a tough trading environment. • Difficulty in increasing our market base. **Associated opportunity** • Win new regional and international markets through our flexibility and unique value proposition.	• We produce 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 commercial beverages leader in the Indian Ocean region. • Intensifying our efforts to improve overall performance through our Operational Excellence approach. • Helping to position Mauritius as a destination of international standard by developing a portfolio of strong local brands and international reference brands.
3 Constraining regulatory and policy environment There are numerous current and planned regulations that apply to and affect our business, our customers or our consumers. TREND ^	**Potential impacts** • Numerous direct taxes apply to our operations and reduce profitability. • Unpredictable policy changes make planning difficult. • Risk of our products being targeted for discriminatory taxes and regulations on consumer health, packaging and waste recovery. **Associated opportunities** • Strengthen PhoenixBev's stance 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. • Increase product reputation by demonstrating conformity with consumer health regulations and offering reduced calorie and non-alcoholic products.	• Ongoing proactive dialogue with policy makers on proposed regulatory changes to ensure fair and equal treatment for all players. • Focus on unlocking further value from our base businesses to build resilience to withstand the requirements of a greater regulatory burden. • Maintain our significant contributions to recycling and ongoing engagements with government, communities and other industry players to ensure responsible waste management.
4 Changing societies and consumer preferences - Changes in demand for products. - Decreasing and ageing population. - Healthier lifestyles. - Changes in consumer behaviour linked with Covid-19. TREND ^	**Potential impacts** • Products not aligned with consumer expectations and behaviours, reducing sales. • 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. **Associated opportunities** • Develop new product categories that respond to health-related requirements. • Foster consumer loyalty by providing more detailed product information. • Promote responsible alcohol consumption. • Work with customers and partners to promote safe and responsible gatherings in the 'new normal'.	• Continuing analysis of customer data from market surveys to identify emerging consumer preferences and requirements. • Consistent and seamless contact with customers through a connected omni-channel retail experience. • Increase % of reduced calorie products in our 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.

TREND ^ Increase ∨ Decrease > Stable

Risk Report (continued)

Risk	Impacts and opportunities	Mitigation
5 Environmental considerations • Environmental protection (water, biodiversity). • Resource scarcity through natural disasters and climate change. TREND: Increase	**Potential impacts** • 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. **Associated opportunities** • Positioning PhoenixBev as an industry leader in waste management and other eco-friendly practices. • Using innovation to achieve greater resource efficiency.	• Recycling glass through Mauritius Glass Gallery and as crushed pebbles for construction purposes. • Focus on identifying valorisation options for glass and other waste streams. • Recycling PET bottles. • Business Continuity Plan (BCP) implemented. • Careful planning and monitoring of water availability and use. • Revamping production lines to improve water and energy efficiency.
6 Strategic stakeholder relationships Particularly with our international partners, notably The Coca-Cola Company, Diageo, and Schweppes International Limited. TREND: Stable	**Potential impacts** • Profitability adversely affected in the event of termination of agreements or less favourable renewal terms. • Ineffective partnerships. **Associated opportunity** • 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.

Risk	Impacts and opportunities	Mitigation
7 Team capabilities and needs • 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 accidents within our operations. • Industrial unrest. • Pandemic infection. TREND: Stable	**Potential impacts** • 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. • Production capacity reduced due to physical and psychological impact on employees affected. • Loss of team member trust as a reputable employer. • Reputational damage with external stakeholders. • Loss of revenue due to lawsuits. • Team member health affected by pandemic and temporary closure of operations. **Associated opportunities** • Develop long-term succession plans to create an in-house pipeline of qualified and experienced personnel ready to lead and implement new projects and technologies as and when needed. • Strengthen our reputation as an employer of choice through constant respect of legislated workers' rights and protection, promote fair treatment and equal opportunities, and ensure good health and safety practices in the workplace.	• The performance management system ensures the proper development of our team members at all levels and nurtures talent, particularly in young highly qualified recruits. • Succession planning strategies are in place to mitigate the departure, planned or otherwise, of key team members. • External managerial training is in place, aligned with PhoenixBev skills imperatives. • Regular team member surveys to identify current or emerging issues that could affect team member retention and development. • Regular training in health and safety issues for all team members to enhance safety behaviour. • GPS systems installed to monitor our fleet of distribution vehicles to optimise route planning and reduce driver fatigue. • Strict Covid-19 hygiene protocols are in place at our operations.
8 Product safety and integrity Prevention of poor product quality or contamination, whether accidental or malicious, causing public health hazards. TREND: Stable	**Potential impacts** • Reduced sales volume and net sales revenue. • Loss of consumer trust resulting in damage to brand and corporate reputation. • Loss of market share. **Associated opportunity** • 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.

TREND: ^ Increase v Decrease > Stable

Risk Report (continued)

Risk	Impacts and opportunities	Mitigation
9 **Digital challenges** • 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. **TREND** ^	**Potential impacts** • Inability to deliver IT requirements to support the growth of the business. • Cyber-attacks, IT infrastructure disruptions and loss of data. • Rapid spread of defamatory information through social media, including fake social media accounts. **Associated opportunities** • Opportunities to improve efficiency, bring new digital offerings quicker to market and lower the cost of servicing the market. • Increased connectivity creates opportunities to improve brand awareness and collect customer feedback. • Common IT platform as a key enabler to unlock Group synergies.	• We are 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 are in place on social media platforms. • Management of our social media sub-contracted to a specialised agency for better control. • We are implementing an enterprise resource management (ERP) system across our operations in Mauritius.

Risk	Impacts and opportunities	Mitigation
10 **Sustainable financial performance** • Promoting sustainable financial performance in a tough trading environment. • International economic and political environment causing economic recession, inflation, social upheaval, trade restrictions and fluctuating exchange rates. • Size and duration of the impact of the Covid-19 pandemic on the global economy remains unclear. **TREND** ^	**Potential impacts** • 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. **Associated opportunity** • Build resilience to survive the financial and economic risks, based on past track record and sustainable development initiatives in place.	• Ability to leverage group systems, processes and structures to enhance margins. • Diverse products and markets, with the opportunity for further diversification. • Strengthen agility and responsiveness to changes in local demand. • Prudent financial risk management processes are in place. • Maintaining appropriate mix between fixed and floating interest rates on borrowings. • Maintaining tight control over credit exposure.
11 **Compliance** • Ensuring ongoing compliance with current and proposed local and international laws and regulations. • Need to understand, interpret and apply differing regulatory requirements in multiple jurisdictions. **TREND** >	**Potential impacts** • Increased risk of non-compliance due to unexpected changes in local and/or international legal and regulatory environment. • Fines, claims and reputational damage in the event of non-compliance. • Management time diverted to resolving legal issues. **Associated opportunity** • Strengthening our reputation as a reputable operator in all markets.	• Legal compliance is fully entrenched in our risk and controls system. • Processes and governance are in place to support ongoing compliance with the Companies Act 2001 Mauritius and the National Code of Corporate Governance for Mauritius (2016) in place.

TREND ^ Increase ∨ Decrease > Stable

Manufactured capital

How we intend to maximise value for this capital:

Our ongoing investment in our manufactured capital enables us to produce beverages that **satisfy consumer requirements**, **meet international quality standards**, **create financial value** and **strengthen our competitive position**.

Country of operation	Mauritius			Reunion Island
Location	Vacoas/Phoenix		Nouvelle France	La Possession
Facility	Brewery and carbonated products	Limonaderie: Carbonated and non-carbonated products	Non-carbonated products	Carbonated and non-carbonated products

What we are doing to maximise value for this capital:

Short-term	Medium-term	Long-term
Accelerate the development of our own portfolio of products through research to meet the current and future needs of our consumer base. Continue to enhance the quality of packaging. Innovation as a driver for value creation and business growth.	Implement new technologies, equipment and systems to improve the performance and efficiency of the brewing and packaging processes.	Manage our production assets to sustain the business and work with regulators and business partners to increase the positive impact of our activities on society and the environment.

What matters most:	Contribution to the strategic objectives:	Contribution to the SDGs:
1. Product quality and safety 2. Maintenance and improvement of facilities and process efficiencies 3. Portfolio diversification	• Ensuring portfolio diversification and customer satisfaction through the creation of innovative products and flavours for our existing brands. • Keeping up with the highest international standards for product quality for each of our brands. • Facilities improvement for our operations. This will allow us to be more efficient, increase productivity, increase employee wellbeing, and reduce our environmental footprint.	9 Industry, innovation and infrastructure 12 Responsible consumption and production 13 Climate action

Addressing what matters most

Product quality and safety

Our goal is to manufacture quality beverages to satisfy consumer needs and meet international quality standards. Innovative packaging is an important aspect of building strong, valuable and meaningful brands.

Our immediate priorities during the Covid-19 confinement was on the safety and wellbeing of our team, maintaining the quality of beer in the tanks, keeping the yeast alive, and resuming production as quickly as possible. Limited work access permits were initially obtained from government and there were a number of challenges in getting the workforce back on site, including the lack of public transport.

We also upgraded the empty bottle inspector (EBI) on the Brewery RGB line to an electronic solution that further improves the quality of the glass going to the filler.

In the last quarter of the year, PhoenixBev engaged LIBA and SGS to assess food and beverage safety, workplace health and safety, and water safety management systems at our operations to provide assurance to customers, consumers, the general public and our team members. All three of our production units in Mauritius achieved **Feel Safe** certification.

Maintenance of facilities and process efficiencies

We implement lean and efficient manufacturing processes, logistics and warehousing to ensure operational efficiency and achieve world-class execution. In doing so, we support the profitability and sustainability of the business.

Improving process efficiencies is an ongoing focus and a primary motivator for investment in our facilities. During the year we commissioned a new packer on the Brewery RGB line, which increased efficiency and also improved the safety and precision of packing. A new bright beer tank was installed with CO_2 recovery capabilities and a new CO_2 recovery tank is being sourced to improve CO_2 recovery and utilisation, and minimise environmental impact.

We drilled a new borehole to mitigate the risk of water supply interruptions. A critical equipment survey was conducted and new equipment installed to meet legal requirements, such as a new marking printer and tax strip applicator to align with new legislation from the Mauritius Revenue Authority, and closed-circuit TV cameras to provide additional control and monitoring of our internal and contracted operations.

Water storage capacity was increased at Nouvelle France and the project to install a new cold room was postponed to 2022. Installation of the new washer, packer and labeller for RGBs in the Limonaderie has been somewhat delayed due to the effect of Covid-19 and will now be commissioned in December 2020. There are ongoing projects at the Limonaderie and Nouvelle France to improve the concentrate yield as well as a project to improve the nitrogen usage yield at Nouvelle France.

Portfolio diversification

By continuing to develop innovative new products we ensure that we can keep meeting the needs of consumers. We aim to develop a wide and compelling offering across each market segment.

Our new products are discussed in the Intellectual Capital section on page 42. New product lines may require new production facilities and/or processes, for example in our craft beer project.

Focus for 2021

In the year ahead, we will continue to focus on improving operational efficiencies and upgrading manufactured capital to achieve our strategic goals. We will install the new CO_2 recovery tank and commission a new multi-modular labeller for Glass Line in the Brewery, to increase flexibility towards future bottle dressing such as pre-cut labels, wrap-around or self-adhesive labels. We aim to complete the capital projects currently underway at the Limonaderie and Nouvelle France, measure the carbon footprint at the Limonaderie site and investigate a waste to energy project.

Intellectual capital

How we intend to maximise value for this capital:

By making the most of our strong and diversified portfolio of brands, and enhancing our ability to innovate to create new products to meet emerging consumer trends, we strengthen our position in the Indian Ocean region. We protect our intellectual property through trademarks and copyrights, and by ensuring high standards of business ethics and compliance, we strengthen the PhoenixBev corporate reputation. IT is a key enabler of our strategy, and as we implement updated solutions, we improve our capacity to reduce costs, increase flexibility, and drive efficiency and productivity.

What we are doing to maximise value for this capital:

Short-term	Medium-term	Long-term
Implement an internal innovation process. Ensure we keep building brand preference with our markets by favouring equity to tactical activities.	Set up an innovative team dedicated to consumer insights and product and services development.	Fully-fledged innovation hub with research and development capabilities.

What matters most:	Contribution to the Strategic Objectives:	Contribution to the SDGs:
1. Quality of our brands 2. Product trademarks and copyrights 3. Business ethics and compliance 4. IT infrastructure	• Ensuring portfolio diversification and customer satisfaction through the creation of innovative products and flavours for our existing brands. • A new enterprise resource planning (ERP) system for all our operations.	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

Addressing what matters most

Quality of our brands

Our ability to create value rests on our strong portfolio of partners and own brands. These include a well-established range of beers, carbonated and non-carbonated products, wines and other beverages.

PhoenixBev's strong and diversified portfolio of brands combines a range of established and well-recognised brands with newer options that meet the needs of emerging consumer trends, including new flavours and lower alcohol and sugar content. Our beers include our foundational brands, Phoenix and Blue Marlin, as well as newer brands like the local premium Gister. We also market a range of imported and locally bottled wines.

Our carbonated soft drinks are leaders in our markets, driven mainly by the reputation of The Coca-Cola Company's offerings. Eski has a unique position as a truly Mauritian brand with its bright colours, candy taste and links to local festive occasions, particularly the National Day celebrations, reminding adults of their childhood and being seen as a fun drink by the youth. The year was also marked by the relaunch of Pearona, a 40 year old brand with strong local heritage.

Crystal is a range of still and carbonated water that is popular in Mauritius, while Edena is a pure source water, well established and leading the category in Reunion Island.

Our non-carbonated iced teas and fruit juices are produced using 'hot fill' technology at our Nouvelle France site, which eliminates the need for chemical-based preservatives. The range includes three flavours of 5Alive Pulpy, which contains fruit pieces, as well as the extremely popular Fuze Tea, which consolidated its market leadership for iced tea in Mauritius. Fuze Tea is a unique blend of tea with other natural ingredients that perfectly fits consumers' desire for a healthy and fashionable beverage.

We have linked our brands to the SDGs to ensure that we execute in the most sustainable way possible and think of our brands in terms of their associations with the themes that are important to our consumers. Building the brands' social media presence has been a key focus over the last few years.

In November 2019, we created and launched Lespri Zil, a fashion line of Phoenix-branded gear marketed through our Lespri Zil Boutik website that has proven very popular. This represents an important step in the process of further developing Phoenix as a regional brand and the island beer in the Indian Ocean Region.

In November 2019, PhoenixBev commissioned a survey to assess brand health among retailers. The survey showed that the Company's brands retained good top-of-mind and spontaneous awareness, and that PhoenixBev's overall image, brand loyalty, disposition and net promoter score had all increased since the last survey in 2017. Areas for improvement identified in the survey include the need to maintain regular communication with retailers, provide products that support customer health and improve communication around the Company's social and environmental initiatives.

Kafe Kiltir Moris and Kafe Kiltir La Renyon

Kafe Kiltir is a musical concept developed by PhoenixBev for melomans. It revolves around the idea of fusion at many levels – musical styles, artists, mixing emerging and established artists as well as local and regional styles.

The fourth edition this year explored fusion of Mauritian artists with artists from Reunion Island to create a musical sharing between two different cultures with our favourite Phoenix Beer. The concert was held at key outlets in Mauritius and Reunion Island.

At the start of the lockdown we extended the functionality of the Lespri Zil website to include beverage products for home delivery to meet consumer demand when outlets and shops were closed. We are developing a more robust e-commerce platform to support online sales at higher volumes going forward.

Market communications shifted in the last quarter from commercial advertising to partner with NGOs to distribute Covid-19 – related health and safety information. We are working with shops and outlets to support them through the current extremely challenging trading environment.

We continued the Kafe Kiltir music initiatives online through lockdown, supporting musicians to stream from their homes while spreading important health and safety information. Since lockdown ended, we have focused on promoting feel-good campaigns with our customers, offering them free training and investing in a venue that will be safe and fun for consumers to help things return to normal.

Intellectual capital (continued)

The most significant brand, marketing and product initiatives during the year include:

Beers	Carbonated soft drinks	Still beverages
• We are establishing a craft brewery and developing non-alcoholic and flavoured beers to satisfy developing consumer trends. • We launched a new visual identity for Gister that increased the brand's visibility and clearly positions Gister as a local premium beer. • We revamped the Speciale Phoenix packaging and redefined the brand universe and communication platforms. • Our initiatives to drive increasing market penetration through hotel events made good progress. • Blue Marlin was repositioned as a bold brand with purpose and we launched its digital platform to better connect with audience and build community, establish flagship outlets and build loyalty.	We rebranded Pearona with a fresh and trendy look, and are extending the Citro! brand in Reunion Island by introducing new flavours. A new Eski variant (Zanana) was introduced and paired with a national promotion with coloured cups, which reminded consumers of their heritage through the uniquely Mauritian Sirandann riddles. Eski also sponsored social activities, such as taking 40 children from the Petit Camp region to watch *The Dodo Who Wanted to Fly* in December. A new packaging variant of Monster Energy was launched to coincide with *The Tuning Fury* and *Slalom show* and we rolled out a naturality campaign for Orangina that highlighted its unique, all-natural recipe. New variants of the smaller 20cl Schweppes products were introduced.	We increased the Fuze Tea portfolio with new flavours and lower calorie options to satisfy consumer demand for healthier still beverages. Fuze Tea was launched in the Seychelles and Djibouti.

Our environmental initiatives are an important part of the Company's reputation and brands and we are engaging with other parties to improve recycling of plastic waste. We are developing the **PhoenixEarth** initiative as the centre of our environmental activities.

The innovation process and function we are establishing, moves innovation from the marketing department to an independent unit reporting directly to the CEO, and enabling ongoing due diligence of ideas generated in our internal process. The innovation process will formalise and structure product innovation to promote and assist the launch of innovative products, increase the likelihood of product success and introduce discipline and rigour around the creative process. It will favour efficient and effective allocation of scarce resources, reduce re-work and accelerate speed-to-market by using a Stage-Gate process to break projects into stages that can be reviewed in sequence.

External review of management systems

Product quality is an essential aspect of brand reputation and customer loyalty. All four production sites have rigorous controls in place, supported by quality assurance processes to ensure inputs, outputs and waste conform to specifications and traceability. Ongoing Operational Excellence (OE) projects at all sites aim to continually improve efficiency. PhoenixBev's quality teams participate in IBL's Technical Quality Committee to share and disseminate best practices across the IBL group.

The compliance and improvement of the management systems in place over key areas is regularly reviewed and audited by certification bodies and our key international partners, The Coca-Cola Company, Diageo and Schweppes International Limited, as shown in the chart on the facing page.

In June 2020, as part of our due diligence post-Covid-19 lockdown, PhoenixBev voluntarily underwent an assessment by LIBA, an accredited third-party laboratory/consulting company to establish the robustness of its sanitary measures. The on-site Covid-19 controls, as well as food, water safety and environmental monitoring were evaluated. Consequently, PhoenixBev obtained the **Feel Safe** label to demonstrate its compliance to required sanitary protocols.

In October 2020, PhoenixBev, Limonaderie and Nouvelle France operations sites, supported by key processes, passed their initial audit by SGS on **ISO 45001:2018 Occupational Health and Safety (OH&S) management system**. This new system has been successfully integrated with existing ISO 9015:2015 and ISO 14001:2015 management systems. The international ISO 45001:2018 standard helps organisations improve their OH&S performance by reducing hazards and preventing injury and ill-health. It provides external assurance to stakeholders that the management systems in place support a safe and healthy workplace, compliance with regulations and enable us to meet safety expectations. Implementing this standard demonstrates that PhoenixBev sites have systematic OH&S controls in place that can reassure our associates at all levels in our consultations and participation in various OH&S platforms.

Certification	Brewery	Limonaderie	Nouvelle France	Edena
FSSC 22000 V5 (food safety management system)	*	✓	✓	–
ISO 9001:2015 (quality management system)	*	✓	✓	✓
ISO 14001:2015 (environmental management system)	*	✓	✓	✓
ISO/IEC 17025:2017 (laboratory testing and calibration)	–	✓	–	–
The Coca-Cola Company KORE-QSE (food safety & quality, occupational safety & environment management system)	✓	✓	✓	N/A
The Coca-Cola Company SGP Human Rights	✓	✓	✓	N/A
Schweppes/Suntory (food safety & quality, occupational safety & environment management system)	N/A	✓	N/A	N/A
ISO 45001:2018 (occupational health and safety management system)	*	✓	✓	–
LIBA Feel Safe (food and beverage safety, workplace health and safety, and water safety management systems)	✓	✓	✓	–

** Planned for 2021*   *N/A – Not Applicable*

Product trademarks and copyrights

PhoenixBev's intellectual property in the form of our own-brand product recipes and packaging are protected by trademarks and copyrights.

Business ethics and compliance

Our commitment to ethical business practices and compliance enhances our reputation and ability to create long-term value.

PhoenixBev is committed to ethical business practices and full compliance with legal requirements. Our corporate governance framework aims to ensure compliance with all relevant codes, policies, regulations and standards. Legal compliance is fully entrenched in our risk and controls system. The Group's outsourced internal audit function provides a systematic and disciplined approach to evaluate and improve governance and risk management processes including reliability of information, compliance with laws, regulations and procedures.

Our code of ethics sets out the principles that guide the way we act and establishes the standards of behaviour required in the company, in both internal relations and external interactions. We aim to ensure that our communications with our stakeholders are transparent and responsible.

IT infrastructure

Our ongoing investment in IT solutions improves operational efficiency and flexibility, and protects our business from cyberattacks.

Implementation of information technology (IT) solutions is a key enabler of PhoenixBev's strategy by helping to reduce costs, increase flexibility, and drive efficiency and productivity. For example, the central computerised system controlling the production process at the Nouvelle France site has been an important contributor to the success of the facility and its products.

The ubiquitous nature of technology also means that the threat of cyberattacks and compromised infrastructure and data security has increased. PhoenixBev contracted an external expert to ensure continuous compliance with data protection regulations. Cybersecurity was a particular area of focus during lockdown due to the increase in remote working.

We are in the process of migrating our business systems to an integrated business enterprise resource planning (ERP) platform, Microsoft Dynamics AX. The new system will increase productivity, efficiency and collaboration, eliminate duplication while enabling real time transacting and enhanced analytics to help us to proactively serve customers. It will also add functionality and integrate with new technologies to enhance the customer experience and provide mobile access to our field force. The implementation of the system has been delayed by the confinement and will resume once the procedures to limit the spread of Covid-19 are lifted.

Focus for 2021

In the year ahead we plan to introduce our craft beer offering, release a Phoenix Beer home draught offering and a new carbonated natural apple drink. We plan to launch the new e-commerce platform and, once international travel resumes, we will accelerate implementation of the ERP system.

Human capital

How we intend to maximise value for this capital:

PhoenixBev's team members make our business possible and we recognise that helping them to reach their full potential directly contributes to our business success. We are committed to creating a safe work environment where all team members are treated with dignity and respect.

Attracting and retaining a skilled workforce, and investing in the ongoing development of our teams, are fundamental elements of our corporate success and reputation as a leading player in the Mauritian business sector.

What we are doing to maximise value for this capital:

Short-term	Medium-term	Long-term
Engagement tools to boost team members' morale. Training, learning and development tools to ensure adherence to the required standards. Engagement tools to improve our understanding of stakeholder expectations.	Conduct surveys, develop action plans and test for improvement. Create a dedicated team to monitor progress on Human Capital and CSR initiatives.	Career development. A safe and accident-free work place. Continued commitment from team members. Organisational development through an efficient work force. Work in collaboration with CSR drivers for sustainable projects.

What matters most:	Contribution to the strategic objectives:	Contribution to the SDGs:
1. Response to Covid-19 2. Driving a high-performance culture 3. Skills development and talent management 4. Team diversity and inclusion 5. Ethics and human rights 6. Health, safety and wellbeing	• Uplift health and safety standards through culture, standardisation of practices, improved training processes and medical follow-up.	3 GOOD HEALTH AND WELL-BEING 8 DECENT WORK AND ECONOMIC GROWTH

Managing our Human Capital

Our Human Capital is overseen by the Senior Manager Human Resources and progress in implementing the human resources (HR) strategy is reported to the CEO on a regular basis, both for Mauritius and Reunion Island. HR managers in the units supervise and implement HR initiatives at an operational level. Regular meetings are held with the HR teams to ensure that everyone is kept abreast of the latest developments in legislation and HR practices. A focus during the current year was on standardising HR documentation across the organisation.

Team members can raise grievances with their supervisors, direct managers, the HR department or the CEO as per the established procedure.

PhoenixBev aims to ensure that our business conduct is well above the minimum standards required by law, and we are committed to ensuring full compliance with all legal requirements concerning employment contracts, conditions of work and employee benefits throughout PBL in accordance with relevant regulations. These include the Workers' Rights Act (WRA), Employment Relations Act, and the Occupational Safety Health and Welfare Act in Mauritius, and the equivalent regulations in force in Reunion Island.

The HR department held working sessions to communicate the requirements of the WRA that came into effect in October 2019 to managers and team member representatives. Information regarding the WRA was also shared in the *Comité d'Entreprise*.

The *Comité d'Entreprise* meets every two months under the chairmanship of the Senior Manager Human Resources and includes managers, team members and union representatives. These meetings provide an opportunity for two-way communication between management and team members, and the findings and actions from these meetings are closely monitored by the CEO and COO. Sub-committees facilitate actions and decisions taken during the main committee meetings. Managers and supervisors at departmental level hold coordination meetings with their teams at least once a month and engage with team members on an ongoing basis to foster regular communication. Team member surveys are conducted to assess engagement levels, benchmark HR practices and identify areas for improvement. The last such survey was conducted in 2017 and the action plan that was developed from the findings was completed during the year and shared in the *Comité d'Entreprise*. The Senior Manager Human Resources ensures that the action plan is maintained at all sites.

Attending to What Matters Most for our Human Capital

Response to Covid-19

While the main focus of the HR department for the first nine months of the year under review was on talent development and developing team synergy, the last quarter was mainly geared towards the response to Covid-19. The HR department implemented a range of initiatives to ensure the health and safety of our team members, retain jobs, and maintain morale while keeping the operations going. HR management was one of the key business operational risks addressed by the BCP and the Senior Manager Human Resources was appointed as the Business Continuity Manager to ensure that team members were familiar with the BCP and complied with it.

The BCP included a plan for continuity of leadership and flexible work arrangements as well as a review of relevant team member management policies and adherence to relevant regulations, orders and advisories issued by the Ministry of Health and other government agencies.

The Senior Manager Human Resources met with team members shortly before the lockdown, and all managers were required to meet with their teams to engage with and advise the workforce regarding Covid-19 and PhoenixBev's response. Managers and supervisors set up WhatsApp groups, digital teleconferencing tools and telephone calls with their teams to ensure ongoing communication, which was supplemented by email communications and memos posted on our notice boards.

The Company applied for work access permits to enable key personnel to come to work and the workforce returned in phases as the permits were granted. By the end of the confinement period, the majority of the workforce was back at work. Team members over 60 years of age and those with health problems were asked to remain at home for their own safety.

A Covid-19 hygiene protocol was established and communicated to all team members. Shifts and production levels were adjusted to align with the curfew imposed during confinement and those team members who were at work received an additional 'risk allowance' to reward attendance and commitment.

With limited public transport available for team members, PhoenixBev rented additional vans to ensure that operations could continue. Securing a supply of effective personal protective equipment (PPE) was another challenge, particularly as the availability and cost of PPE were significantly affected when the full impact of the pandemic was felt in the country. Effective social distancing was particularly important in the distribution division, which makes up around half of the workforce, and distribution at first was limited to supermarkets and main outlets to reduce exposure. We are extremely pleased to report that to date none of the PhoenixBev team has contracted Covid-19. 1 250 Covid-19 'rapid tests' were conducted on-site for all 'volunteered' team members, facilitated by the Ministry of Health.

When small shops and supermarkets were closed at the start of the confinement, PhoenixBev sourced food products from suppliers of the IBL Group, our holding company, and other main importers. A food hamper was given to every team member who came to work during the earlier confinement period and further hampers were available for purchase at a subsidised price. Team members also participated in a corporate social responsibility (CSR) initiative to support 420 families around Mauritius by preparing and delivering food hampers. In addition, we assisted a few NGOs with hampers for around 250 families.

Human Capital (continued)

Driving a high-performance culture

Job performance evaluation has been standardised to the HAY system to allow for consistent alignment and evaluation across PhoenixBev. Required upgrades were implemented, new positions evaluated and pitched, and the results communicated to team members and unions.

The performance management system, which was implemented for senior team members in prior years, was rolled out to the next levels during the year. Training was provided to team members on the system by the Senior Manager Human Resources. Appraisers will conduct a mid-term review and a final assessment at the end of the financial year to measure progress against objectives and competencies. The talent management process is linked to the performance management system and includes detailed personal development plans to support skills development and succession planning. An accelerated personal development programme has been developed for identified high potential team members and is being closely monitored by the Senior Manager Human Resources and the respective Senior Managers.

Skills development and talent management

PhoenixBev's approach to capacity-building aims to balance the immediate operational job-related skill development of the current workforce with the long-term strategic requirements to build analytical and technical competencies.

A cross-exposure programme was implemented from the start of the year as part of the performance management system to expose manager teams from all departments to other functions and units within the Company. This programme aims to broaden skills and support succession planning. It also proved beneficial during the Covid-19 confinement when the facilities were operating with a reduced staff complement.

As part of our ongoing focus on developing leadership in management and supervisors, training continued in management skills and competencies during the year, with a focus on accountability, building cooperation across departments and reinvigorating the leadership style.

Unfortunately, due to Covid-19, we had to postpone some training sessions to maintain social distancing. Thus, investment in training and development consequently decreased to MUR 7.1 million in 2019/20 (2018/19: MUR 12.7 million).

	Mauritius and Rodrigues				Reunion Island				Total			
	2017	2018	2019	2020	2017	2018	2019	2020	2017	2018	2019	2020
Team members trained	965	1 184	1 573	**1 577**	7	14	67	**43**	972	1 198	1 640	**1 620**
Spend on training and development (million MUR)	8.2	8.4	9.2	**6.0**	0.2	0.5	3.5	**1.1**	8.4	8.9	12.7	**7.1**
Average training spend per team member (MUR)	8 497	7 095	5 849	**3 805**	28 571	35 714	52 239	**25 581**	8 642	7 429	7 744	**4 382**

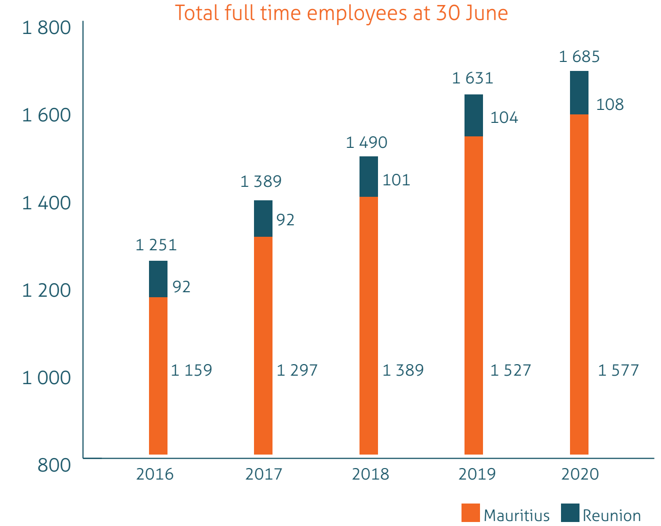
Note that costs are higher in Reunion Island and denominated in Euros. Training was mainly focused on management and technical training, and training is delivered by external service providers. In Mauritius, training is mainly done in-house and training costs per team member are therefore lower.

In the year ahead, we will continue our focus on talent management and developing team member skills across functions and activities by increasing their exposure to other roles within the Group. We also plan to conduct another Great Place to Work survey to measure engagement and benchmark progress since the last survey.

Team diversity and inclusion

At year-end, total full-time employees increased to 1 685, continuing the trend of the past five years as production and commercial activities increased over the same period. The average age of the workforce remained at 39 in 2020, having decreased from 41 in 2016/17, as the number of younger team members recruited increased. Foreign nationals make up less than 1% of the workforce.

Total full time employees at 30 June

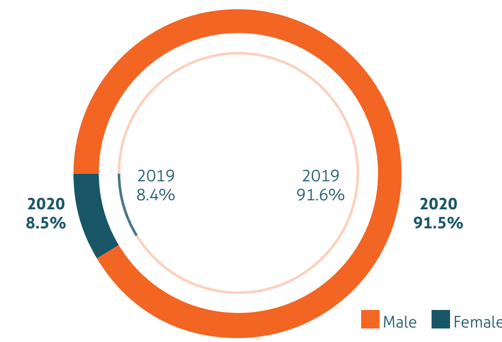


PhoenixBev is an equal opportunity employer and recognises and values the benefits of diversity. We are committed to providing a workplace that is free of all forms of unfair discrimination and we do not tolerate discrimination in any way, shape or form, be it racial, sexual or otherwise, in hiring, promotion and the general supervision of work. Team members who feel harassed or discriminated against can report through the established grievance channels or to the CEO. Reports of harassment, discrimination and other questionable or unethical behaviour are investigated, and where improper behaviour has occurred, PhoenixBev takes appropriate action.

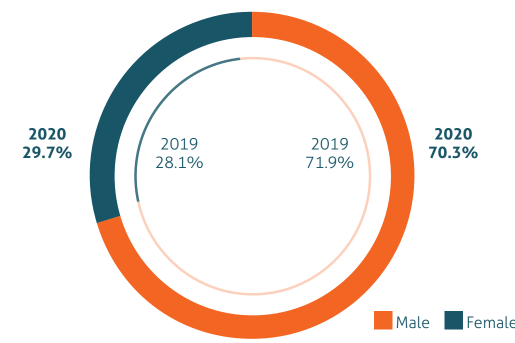
The majority (92%) of the workforce is male, which is attributable to the physical demands in the beverages industry and the requirement to work nightshifts, both of which seem to make the working environment less attractive to female workers. The proportion of people with disabilities in the workforce is less than 1%.

Women in management increased to 30% in 2020 (2019: 28%). As automated production systems become more widespread and equipment becomes more reliant on technical knowledge and less on physical strength, it is likely that more opportunities will emerge for women and people with disabilities.

Gender representation in the Workforce



Gender representation in the Management



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 and those drawn up by the International Labour Organisation (ILO), particularly the ban on child labour and forced or compulsory labour, the Employment Relations Act as well as the Workers' Rights Act, Occupational Safety Health and Welfare Act.

Training on the Code of Ethics is provided to new team members during induction and team members are required to repeat the induction training every second year to regularly refresh their understanding of the Company's position on safety, ethics and other new procedures, protocols, policies and new laws that have been recently implemented.

In addition, as a partner of The Coca-Cola Company, PhoenixBev is also bound by the Coca Cola Supplier Guiding Principles (SGPs), which 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,

Human Capital (continued)

legal compliance and grievance mechanisms. PhoenixBev met the requirements of the last social audit in terms of these principles and has been certified accordingly.

We expect our suppliers to abide by ethical standards that match our own, as set out in the Code of Ethics. 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

PhoenixBev holds safety and health as one of our highest core values and we are committed to safety and health excellence by working towards an injury free workplace through continuous risk assessments. Safety is a shared responsibility of every team member and we continually strive to improve our safety and health processes. The Group's ongoing 'Health and Safety Culture' campaign aims to raise awareness with all team members and emphasise the importance of prioritising safety in their day-to-day activities.

Potential hazards associated with our activities include exposure to chemicals, minor cuts due to handling of broken glass, handling of heavy objects and the operation of industrial machinery and equipment. The distribution team is exposed to risks outside our premises and logistics planning includes alternating long and short delivery routes to reduce the risks associated with crew fatigue while increasing delivery flexibility.

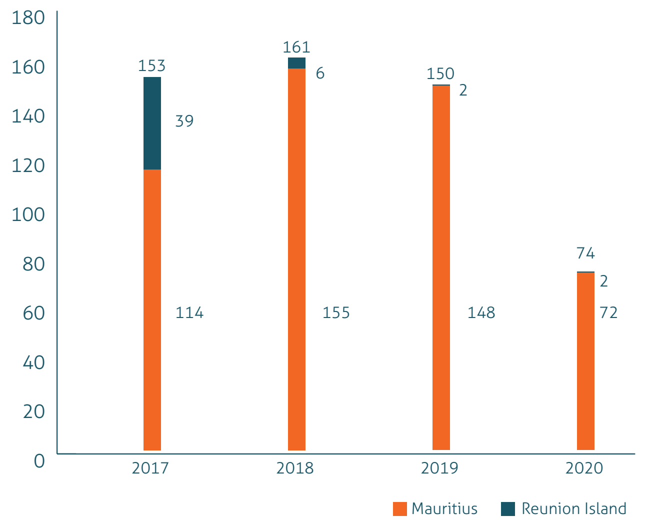
Safety training is provided to team members at induction and on an ongoing basis through safety training programmes and ongoing safety awareness campaigns.

The health and safety manager oversees safety in the Group and reports to the Senior Manager Human Resources. The health and safety manager is the technical secretary of the health and safety committee and provides ongoing training, sensitisation programmes and information updates on specific safety topics.

Quality, safety and environment (QSE) representatives in the business units conduct safety checks which are reported to the health and safety manager, who holds monthly meetings with the QSE representatives and unit managers. All accidents are investigated and reported in a corrective action plan to provide structured follow-up. Learnings from accidents and near misses are shared across the units to provide ongoing improvement in safety processes.

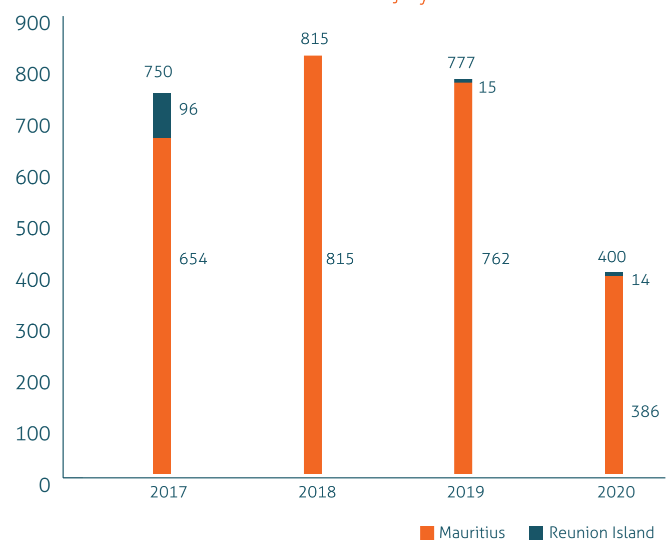
During the year, the Health and Safety policy was reviewed and updated and a management working group was established to build on the safety culture and increase the priority on safety. Safety approach and practices across all units are being reviewed and rationalised to standardise and share PhoenixBev best practices. Safety ambassadors have been appointed at each unit and provided with safety training to ensure that the safety culture is further embedded in the organisation.

Work accidents reported



72 work accidents were reported during the year at our operations in Mauritius, Rodrigues and Reunion Island (2019: 150) resulting in 400 shifts lost to injury (2019: 777). As most of our teams were off work due to Covid-19, the number of accidents fell considerably. The reported accident frequency rate decreased to 4.3 per 200 000 man hours (2019: 9.2).

Shifts lost to injury



PhoenixBev's total investment in health and safety was MUR 6.8 million in 2020 (2019: MUR4.6 million). There were no fines levied against the Company for breaches of labour law in 2020 (2019: none).

	2020	2019
Total work-related accidents reported (Fatalities, First Aid Cases (FACs) and Lost Time Injuries (LTIs)	**72**	148
• Number of Fatalities	**–**	–
• Number of FACs	**30**	55
• Number of LTIs	**55**	172
• Number of days lost to LTIs	**400**	762
Fatal Injury Frequency Rate (FIFR) (%)	**–**	–
Lost Time Injury Frequency Rate (LTIFR) (%)	**–**	–
Average number of days for sick leave (days per team member)	**10**	8
Absenteeism rate (%)	**4.2**	4.7
Total spend on health and safety of team members (MUR million)	**17.4**	17.2

In the last quarter of the year, PhoenixBev engaged LIBA, an ISO 17025 accredited multi-disciplinary testing and research laboratory, to assess safety at our operations to provide assurance to customers, consumers, the general public and our team members. The engagement audited the Company's food and beverage safety, workplace health and safety, and water safety management systems against the requirements of local authorities and international guidelines. We are proud to report that all three of our production units in Mauritius achieved **Feel Safe** certification.

PhoenixBev's preventive approach to team member health and wellbeing includes screening campaigns, vaccinations and medical visits for all interested team members. The programme focuses on the non-communicable risks relevant to the workforce, which include diabetes, cardiovascular disease and cancer.

The Company's team member welfare programme fosters personal development and work/life balance by encouraging team members to participate in sporting, recreational and welfare activities that are organised throughout the year. Activities include badminton, football, fun walks, petanque, bowling, volleyball, as well as weekly yoga and Zumba sessions. Team members also benefit from the sports activities organised by the Mauritius Export Association (MEXA) and PhoenixBev's affiliation with the Fédération Mauricienne des Sports Corporatifs (FMSC) enables team members to participate in various sports competitions at national level.

PhoenixBev has contracted a doctor who visits the three production sites and the commercial unit in Mauritius at least once a week to provide free medical advice to team members. Medical tests recommended by the doctor are mostly conducted at the Company's expense and PhoenixBev 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.

During 2020, 262 medical surveillance tests and 201 eye tests were conducted..

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

Focus areas for 2021

The main human capital focus areas in the year ahead will be talent management and continuing the cross-exposure initiative.

Social capital

How we intend to maximise value for this capital:	
	PhoenixBev's vision is to '**Provide happiness through beverages**'. This applies not only to our customers and consumers, but also to our partners, suppliers and other stakeholders (page 24-27). We are committed to preserving and enhancing the wellbeing of our community members through our CSR programmes. Progress towards this vision builds the Group's standing as a responsible corporate citizen and strengthens our foundation as a sustainable and profitable business.

What we are doing to maximise value for this capital:

Short-term	Medium-term	Long-term
Closely monitor stakeholders' satisfaction through surveys (customer and corporate). Carefully choose our business partners, based on their reputation and values. Set up our sustainability platform (PhoenixEarth) to promote PET recycling, RGB, responsible drinking, fostering sports and education.	Ensure innovation in line with the SDGs. Implement projects related to RGB and PET recycling. Strong uptake of our responsible drinking platform *Amize pa Abize*. Create a dedicated team to monitor progress on Human Capital and CSR initiatives.	Ensure the sustainability of all parts of the business, especially in terms of supply chain and product development. Work in collaboration with CSR drivers for sustainable projects.

What matters most:	Contribution to the strategic objectives:	Contribution to the SDGs:
1. Customer satisfaction 2. International partnership 3. Efficient supply chain management 4. Our contribution to society	• Ensuring portfolio diversification and customer satisfaction through the creation of innovative products and flavours for our existing brands. • Fulfil consumer needs through appropriately sized packaging. • Regional expansion through reinforced partnerships with our exporters, and establishing new markets in East Africa.	3 GOOD HEALTH AND WELL-BEING 8 DECENT WORK AND ECONOMIC GROWTH 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE 12 RESPONSIBLE CONSUMPTION AND PRODUCTION

Addressing what matters most

Customer satisfaction

We aim to meet the needs of our customers and consumers by producing a diverse portfolio of international and own-brand products that meet international quality and safety management standards. Quality assurance is a key focus at all production facilities.

Customer satisfaction is regularly monitored by the Customer Response Unit (CRU) as well as through information gathered during customer visits and targeted customer surveys. The CRU has a dedicated team for handling and monitoring complaints. Complaints are investigated to identify the root cause, corrective action plans are drafted and implemented through an audited process that includes monthly reports.

International partnership

Our international partnerships enable us to manufacture, distribute and sell products from the world's leading beverage brands.

PhoenixBev is a proud partner of a number of the world's leading beverage brands, including The Coca-Cola Company, Diageo, Schweppes International and Les Grands Chais de France. In choosing brands to partner with, we consider how well they fit with our current portfolio, the potential to create demand for the products in our markets, and whether they help PhoenixBev to provide a total beverage solution. Other considerations include the brand reputation, quality standards and the sustainability of their value chain.

These relationships also provide input and an external reference point for our quality control and benchmarking initiatives against the global best practices applied to the international beverages industry.

Supply chain management

Effective supply chain management is essential to ensure consistent quality and reliability of our inputs. It is also important that we select suppliers that operate sustainably and ethically to ensure that they align with our values and to mitigate against reputational damage.

Supplier selection and evaluation criteria include product quality, conformance to specifications, price and total cost of ownership, brand, country of origin, delivery time and environmental responsibility.

Annual formal supplier assessments are conducted by a committee comprising of representatives from the business units that deal with the suppliers. Strategic suppliers are regularly audited by a multi-disciplinary team of key personnel from the relevant departments. Areas audited include the supplier's technical ability, commercial ability, financial health, attitude and compliance. For certain key inputs, suppliers are accredited by our key international partners.

Where possible, we aim to buy locally, but this is only possible where products are available in Mauritius and meet the quality and other criteria required by our standards and the protocols of our partner brands. Other inputs are imported from all over the world.

Our contribution to society

PhoenixBev creates value for its stakeholders and broader society in a number of ways. We are actively involved in various initiatives to address some of the challenges facing society and make a significant contribution to local communities through our CSR programme.

In the financial year ended 30 June 2020, PhoenixBev created MUR 4 708 million in value, which was distributed to shareholders as shown in the diagram below. The Value-added Statement on page 68 provides more information on value created and distributed during the year.

MUR 4 708 million
value created in 2020

MUR 3 113 million
paid to the State as taxes and levies

MUR 950 million
distributed to team members

MUR 260 million
paid to providers of capital

MUR 386 million
reinvested in the Company

Social capital (continued)

Our ongoing GoldenTav programme promotes and rejuvenates local taverns, helping to support small businesses. We assisted customers during and after the lockdown and confinement to support their recovery and continued to fund local musicians through the Kafe Kiltir programme.

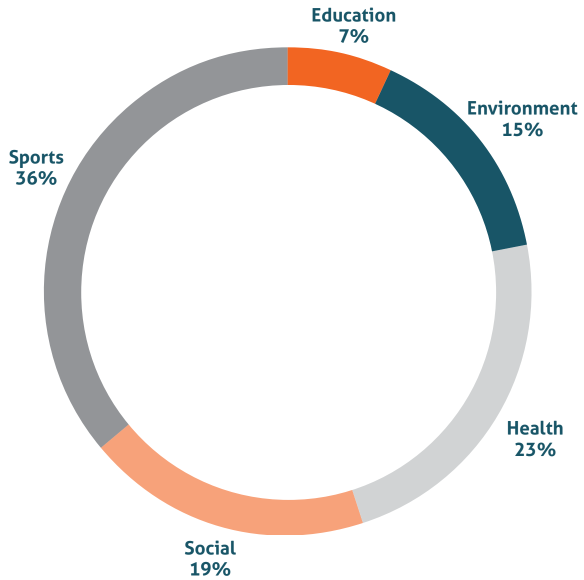
PhoenixBev is committed to promoting responsible drinking and we continue to engage with government NGOs and specialists to promote responsible alcohol consumption. We are in the process of developing a 0% beer to provide more options to consumers. We are looking to reduce sugar in our beverages to play our part in addressing the high rates of diabetes in Mauritius. We have already reduced sugar content in Sprite and are working on low calory options in our still beverages.

We invest in CSR initiatives that add value to local communities and stakeholders. These initiatives also focus on making a positive social and environmental impact by inspiring people to make environmentally friendly choices. This year, we focused on active participation with NGOs to ensure that funds are effectively deployed in the respective projects. The PhoenixBev HR manager and team facilitated working sessions with NGOs to build interview and presentation skills. Team members also visited the Global Rainbow Foundation during the year, providing lunch and welfare activities.

After lockdown, team members distributed food hampers to 420 families around Mauritius identified by the social security office, NGOs or employees as being in need.

In 2020, MUR 3.7 million was distributed to various NGOs through the Phoenix Foundation (2019: MUR 4.7 million). The funds were allocated to the five main programme categories shown in the graph on the right.

CSR investment allocation 2020



Various NGOs and other initiatives were supported during the year in the areas shown below.

Sports

PhoenixBev supports the ASVP elite football training school project.

Education

Support to less privileged children and children with learning disabilities.

Health

Providing assistance to NGOs, focusing on people with disabilities, epilepsy, haemophilia and cancer support as well as a day care centre.

Social support

Assistance for youth at risk, suicide prevention, paedophilia prevention, alcoholism rehabilitation, poverty alleviation, neglected children and people with disabilities.

Environment

Sponsoring bins, supporting the reforestation of the Plaine Champagne forest with endemic plants and working with the Mauritian Wildlife Foundation to conserve endangered flora and fauna on Mauritius and Rodrigues.

PhoenixBev supported a number of other environmental initiatives during the year.

Focus areas for 2021

In addition to continuing our support for NGOs addressing various social challenges, we aim to conduct training sessions for people with disabilities to help them enter the world of work and provide work and internship opportunities to assist with poverty alleviation. Environmental initiatives will include river clean-ups, improvement of riverbanks, communication and education on recycling, and awareness initiatives for the communities around our facilities.

Natural capital

How we intend to maximise value for this capital:

While every country faces specific challenges to achieve sustainable development, Small Island Developing States (SIDS), such as Mauritius, are particularly vulnerable due to their small size, remoteness, narrow resource and export base, and exposure to global environmental challenges and external economic shocks . By responsibly managing our impact on natural resources and participating in collaborative solutions to address the most significant environmental challenges, we support the sustainability of the country and those around us.

Our focus on achieving world-class execution includes increasing the efficiency of manufacturing processes to optimise the use of natural resources while reducing wastes and emissions to required levels.

What we are doing to maximise value for this capital:

Short-Term	Medium-Term
Strengthen tools for data monitoring and evaluation on waste management. Strengthen relationships with recyclers and collectors for better monitoring. Implement the recommendations following the energy efficiency audits done during 2020.	Life cycle assessment as a pilot project on one production site is scheduled taking into account scope 1 and scope 2 emissions. Set up a long-term sustainability plan (inclusive of fossil energy reduction and responsible management of other resources). Conduct a carbon footprint survey for the whole company, covering all activities and units.

What matters most:	Contribution to the Strategic Objectives:	Contribution to the SDGs:
1. Water usage and management 2. Recyclability of packaging 3. Waste management 4. Carbon emissions 5. Availability and quality of natural ingredients	- Fulfil consumer needs through appropriately sized packaging. - PET recycling. - Methane capture project. - Protect Mauritian heritage through partnerships in recycling and upcycling possibilities.	12 Responsible consumption and production 13 Climate action 6 Clean water and sanitation 7 Affordable and clean energy 14 Life below water 15 Life on land

Environmental management

Environmental management systems are in place at all facilities within the Group. The Limonaderie, Nouvelle France and Edena units achieved certification in terms of ISO 14001, the international environmental management system standard, in September 2019. The Brewery facility is in the process of preparing for ISO 14001 certification.

Water, energy and waste management are current areas of focus, with the goal of identifying projects to reduce our use of fossil fuel. This year we increased the emphasis on data capture and analysis in these three areas.

Our chosen environmental SDGs, SDG 13 (Climate Action), is directly linked to and drives action towards SDG 6 (Clean water and sanitation), 7 (Affordable and clean energy), 14 (Life below water) and 15 (Life on land). We are working on raising awareness of sustainability and the environmental concern across the Group and have shown good progress on increasing internal collaboration and awareness in our approach to projects. Further awareness sessions planned for the last quarter were not possible due to Covid-19.

Addressing what matters most

Water usage and management

Water is an essential ingredient and largest component of beverages and water quality directly affects the taste and quality of our products. Water is also used for cleaning bottles and production equipement.

Water is an essential strategic resource for the Group and this year we increased our water storage facilities at Nouvelle France. We also drilled an additional borehole at the Brewery to reduce the risk of water supply interruptions.

Water is drawn mainly from local aquifers and in 2020 785 331 million m^3 was drawn from this source (2019: 1.0 million m^3). We constantly monitor abstraction rate from local aquifers, water quality and ground water recharge and carry out in-depth quantitative and qualitative water source vulnerability assessments (SVAs) every five years as part of the operating requirements of The Coca Cola Company (KORE). The SVAs include updating the source water protection plan and the next SVA will be completed in the 2021 financial year. Areas identified for improvement in the SVA are captured into a corrective action plan against which progress of implementing these actions is monitored.

We started the Top 10 Water Tools initiative in 2018 to provide an internal checklist of critical issues in sustainable water management and improving water efficiency. At the end of 2020 the Company had completed 71% of the initiatives identified in the tool.

Capital investments to improve production efficiencies also improve water and energy usage. The new washer which is being installed in the Limonaderie will improve water efficiencies and the project currently underway to reduce the number of stock keeping units (SKUs) produced will decrease changeovers and reduce water used for cleaning in place (CIP).

We doubled rainwater recovery storage at the garage for washing of vehicles and are planning to implement a rainwater harvesting project at Nouvelle France.

Water consumption	2020	2019
Total water consumption (million m^3)	**0.8**	1.0
Average amount of water consumed per hectolitre of product produced (m^3/HL)	**0.5**	0.6
Total spend on water (million MUR)	**18.7**	20.4

Natural capital (continued)

Recyclability of packaging

Plastic waste and pollution are increasing global concerns and particularly relevant for island nations such as Mauritius and Reunion. Plastic pollution affects water and sea-life and has an aesthetic impact that can affect tourism, which is a key driver of GDP and job creation in the region. Litter and packaging waste have an impact on corporate image when packaging from our products is not disposed of responsibly by consumers, which can negatively affect our reputation.

As a responsible corporate organisation, PhoenixBev is committed to playing a leading role in finding solutions. While far too much plastic packaging ends up as litter in our rivers and oceans, plastic can be a highly sustainable packaging material that is easy to recycle, and has a lower carbon footprint than other packaging materials such as glass bottles. We are actively working for the creation of a circular economy for plastics to achieve a situation where all of our primary packaging can be collected, recycled and reused.

Since 2001 PhoenixBev has collaborated with local producers and collectors to guarantee the collection of as much of the post-consumer PET bottle packaging as possible. Every year since 2001. For this financial year, 1 072 tonnes were collected across the island through this collaboration.

The Environment Protection (Control of Single Use Plastic Products) Regulations 2020 were issued in July 2020 and bans ten plastic products in Mauritius from January 2021. These products include plastic cutlery, disposable plates, straws, drinks stirrers, containers with hinged lids, lids of plastic containers and single use plastic disposable takeaway containers. From April 2021, more plastic products will be added to the ban.

These bans do not apply to PhoenixBev's packaging, but may affect the way that some of our customers dispense our products.

PhoenixBev has established good lines of communication with the authorities regarding plastic waste and we meet regularly to work on finding collaborative solutions to the issue. We currently collect back and recycle around 50% of all plastic packaging we put into the market and are working with government to find ways to further improve recycling rates to much higher levels.

PhoenixBev, together with other IBL group companies, partners with the Mauritius Port Authority to assist in cleaning up the Caudan Harbour. From July 2019 to June 2020, this initiative collected 7.3 tonnes of waste, of which 27% was plastic waste, which include PET, HDPE and other forms of plastic.

Our approach to reducing plastic waste includes awareness raising in communities, sponsoring bins, supporting local partners to increase waste collection, promoting innovative ways of promoting recycling and upcycling, and partnering with eco-conscious social media influencers and NGOs that promote recycling.

Our goals regarding PET collection, recycling and reuse are to increase PET collection in Mauritius from 50% to 80% by taking a phased approach:

- Phase 1: Support the increase of PET bottle recapturing for recycling on a national scale (2020/21)
- Phase 2: Support the increase of PET bottle recapturing for recycling at regional level through Edena in Reunion Island (2021/22)

While we continue to make progress towards these goals, some planned projects, including the PET recycling project, were delayed in the last quarter due to Covid-19. We are working with The Coca-Cola Company on recycled PET (rPET) standards approval and continue to work with various stakeholders to improve the PET collection circuit in public areas.

PhoenixBev – partnering to reduce waste

PhoenixBev continues to sponsor the Harbour Clean-up together with other companies within the IBL Group. This collaboration also enables us to gather valuable data on the composition of waste in the harbour.

We are engaging with other companies in the area to create environmental collaborative actions in the community. A river clean up event was held in December 2019, but unfortunately further activities planned for April 2020 could not go ahead due to Covid-19.

We participated in a project to instal sorting bins in the Petit Camp community as well as awareness sessions on various topics requested by the community, such as good food hygiene practices.

In November 2019, the Crystal brand partnered with two NGOs to collect PET on the island as a different form of product activation while providing education on sorting habits.

In March 2020, we supported the Climate Launchpad, a grass roots competition organised by the European Union, by facilitating the organisation of the event during confinement and providing in-kind support.

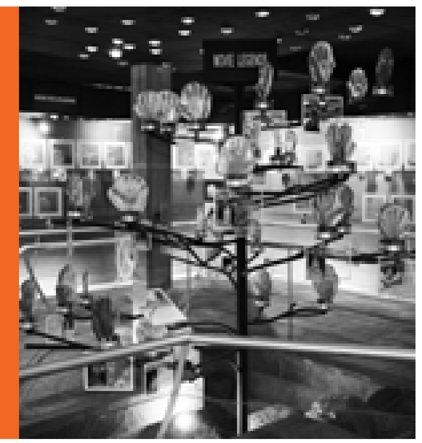
We have also increased our support of small and medium enterprises (SMEs) that work in areas relevant to SDG 13 (climate action).

PhoenixBev sponsored the popular Trash to Music initiative and has committed to supporting six tutorials on making musical instruments with recyclable waste.

PhoenixBev through Crystal brand promoted various initiatives. The objective was to provide information to consumers on re-use techniques and existing recycling facilities in Mauritius.

Activations through partnership with NGOs (We Recycle and Mission Verte) were conducted in supermarkets. Another video supporting innovative ideas, like the Bon et Perpetuel Secours College students, using PET bottles for furniture, was done. This initiative was followed by a partnership with the college through the installation of a post-consumer collection unit.

PhoenixBev also provided support to three NGOs with their project write-ups to participate in The Coca-Cola Foundation call for proposal.



Packaging	2020
Total weight of packaging for end products excluding RGB glass (Tons)	7 457
- Percentage of above that is recyclable, reusable, and/or compostable (%)	96

Natural capital (continued)

Waste management

Waste takes the form of effluent water, emissions to air and solid waste. We continually seek to identify ways to increase recycling, reuse and valorisation of waste streams to reduce waste to landfill.

Effluents discharged

Effluents from our activities are mainly in the form of waste water from cleaning process equipment as well as the cleaning and sanitising of returned glass bottles.

The Brewery and Limonaderie have wastewater treatment systems that include pre-treatment and anaerobic digestion, providing treated water conforms to the standards required by the Wastewater Management Authority (WMA) discharge permits. The cleaned water is discharged into the public sewerage network and the remaining biodegradable matter is converted to methane and carbon dioxide. The methane is burnt by a flaring system. We are exploring the feasibility of capturing the methane to use as an energy source.

Our Nouvelle France site has a full aerobic treatment plant that produces treated effluent of a national standard.

In 2020, 502 838 m^3 of processed effluents were discharged into the public sewerage network (2019: 544 186 m^3).

The Brewery effluent treatment plant is being refurbished for better efficiency.

Emissions to air

The thermal energy plants at the production sites generate gaseous emissions that are collected and discharged via gas stacks. The gaseous pollutants discharged from the gas stacks are within the permissible standards laid down by the Environment Protection (Standards for Air) Regulations 1998.

The emissions standards set by The Coca-Cola Company are more stringent than the proposed National Environmental Standards for Stack Emissions published by the Ministry of Environment, Sustainable Development and Disaster and Beach Management, and emissions from the stacks are already within specification.

Over time, we plan to fully move from coal as an energy source for our boilers to furnace oil to further reduce emissions.

Solid waste

Waste management was a particular area of focus during the year and capturing of data is being extended to include all sites in addition to the production facilities.

Colour coded bins are in place at production facilities to enable waste segregation and increase recycling or re-use of waste streams. We acquired scales to weigh waste and compare this data to that provided by the waste removal and recycling contractors.

PhoenixBev is participating in the United Nations Industrial Development Organization (UNIDO) industrial waste assessment project in collaboration with the Ministry of Industry and Commerce. The project aims to help companies and government to improve their understanding of industrial waste streams and capture information at source to reduce recyclable waste going to landfill. It will align industrial companies of all sizes with the legal framework and broaden the benefits of effective waste management and data capture, and support the Environmental Protection Regulations.

Approximately 6 000 tonnes of spent grain and spent yeast is produced by the Brewery each year, which is collected by deer farming companies for deer feed and by a local manufacturer of animal feed to be used as an additive in the feed mix.

Non-recyclable waste produced by our facilities mainly consists of coal ashes from the thermal energy plants at the Brewery and Limonaderie, glass, plastics such as PET closures and labels.

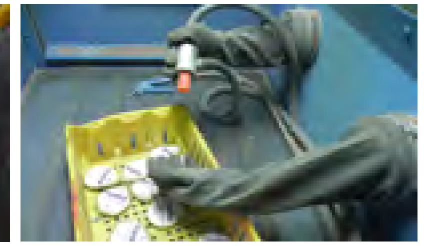
We continue to assess economically viable ways to upcycle waste streams and to valorise coal ash and glass. In that context PhoenixBev enterred into a partnership locally with regard to the discharge of unusable bottles and broken glasses. This partnership will allow us to use the bulk crushed glass in an environmentally friendly and efficient manner. More than a 1 000 tons of glass will be crushed and mixed with other materials to be used into bitumen in the first year of operation.

While we were unsuccessful in finding a use for coal ash in cement, we initiated a partnership with an energy plant to reuse coal ash. This resulted in all the ash from the Limonaderie (45 tonnes) being recycled, compared to 88 tonnes last year that was disposed in landfill.

The Mauritius Glass Gallery

The Mauritius Glass Gallery recycles waste glass, mainly from bottles which have been rejected from the production line at PhoenixBev, into unique glass objects with a contemporary design for both ornamental and practical use. The foundry uses around six tonnes of waste glass a month and promotes glassblowing skills, hand moulding and casting. The furnace is designed to run 24 hours a day, seven days a week, and is fuelled by 100% used vegetable oil. The glass blowers use around a thousand units of old newspapers a month for shaping the glass during the blowing process. The packaging material for finished products (around 250 kg a month) is made out of either recycled paper or used packaging material collected from PhoenixBev.

The furnace has been turned off and the main glassblowing activities stopped at the start of lockdown, with the artists now focusing on transforming glass bottles through upcycling and design.



Hazardous waste disposal

Hazardous waste includes used oil, batteries and fluorescent lamps. Hazardous waste inventories are in place and maintained at the Limonaderie and Nouvelle France sites. Used oil is collected in drums and sent to a local used oil recycling company. Other hazardous waste is disposed of at the PolyEco facility, which is contracted by the Ministry of Environment and BEM Limited for e-waste.

Carbon emissions

Our main source of carbon emissions is electrical and thermal energy. We are currently in the process of conducting an energy audit across production sites in preparation for a full carbon footprint exercise.

Electrical and thermal energy

The main sources of energy used by the Company are electricity from the public grid, coal and heavy fuel oil (HFO) for heating in the production processes, diesel and LPG for transport and logistics. Energy audits are being conducted across our production sites to understand and quantify energy use. This will guide our decisions on energy efficiency and climate change commitments.

The implementation of the Top 10 Energy Tools Initiatives is still ongoing and the latest update shows 60% completion.

Viable alternative sources of renewable energy for heating, such as biogas, are considered. The methane produced by the effluent treatment plants at the Brewery could be harvested and used to supplement consumption of fossil fuel. We are also investigating a pyrolysis project to create energy from plastics which could be merged with the biogas project.

We are currently engaging with service providers to initiate a carbon footprint survey pilot project at our production facilities.

Natural capital (continued)

Operational energy consumption	2020	2019
Total operational energy consumed (GJ)	**144 545**	163 135
- Percentage grid electricity (%)	**37**	42
- Percentage renewable (%)	**–**	–
Average amount of energy consumed per hectoliter of product produced (GJ/HL)	**0.091**	0.098

Grid electricity consumption	2020	2019
Total electricity consumed (MWh)	**15 031**	16 907
Total spend on electricity (million MUR)	**64.3**	67.2

Availability and quality of natural ingredients

Our ability to produce the necessary quantity and quality of product depends on securing an ongoing supply of natural ingredients that meet our stringent quality standards.

Apart from water, our beverages require a consistent supply of quality natural ingredients including malt and hops for beer, sugar and fruit pulp for other drinks. Carbon dioxide (CO_2) is used to carbonate beverages. We engage with and evaluate our suppliers on an ongoing basis. Quality conformance to specification and sustainability are key criteria in these evaluations. Suppliers involved in the supply chain for Coca-Cola products are required to commit to the Coca-Cola Supplier Guiding Principles and are certified by The Coca-Cola Company. Procurement of materials is identified in our risk management process as a risk and appropriate mitigating actions are in place, including ensuring that we have a number of suppliers in place for key ingredients wherever possible.

The Brewery recovers and reuses CO_2 from the brewing process and has installed a new recovery CO_2 tank in October 2020 to improve collection, transfer, storage, and to minimise CO_2 emissions.

Focus for 2021

Our current focus remains on strengthening the internal initiatives on waste, energy, water recovery, general natural resources efficiency and savings. We aim to progress on our glass valorisation initiatives, follow up on PET recovery and recycling projects during the year; secure approval for an eco-charter for events, from all parties and agree a five-year sustainability strategy. Our goal is to ensure that all projects planned across the Company consider the relevant SDGs and the broader ESG performance.

Financial capital

Financial capital 2020

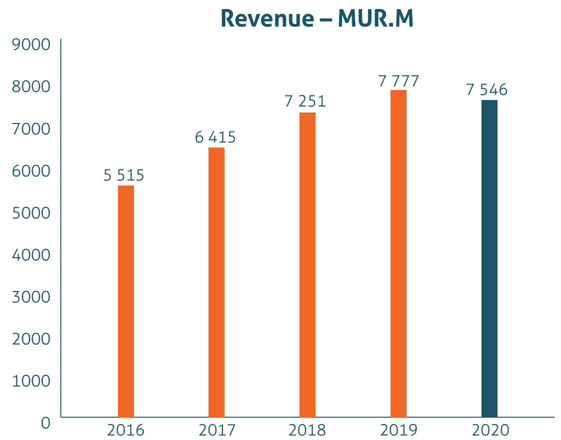
Our operations in Mauritius and Reunion Island had a very positive first six months of the year, with Group profit after tax up by **28.1%** from MUR **269.0** million to MUR **344.7** million. However, the second half of the financial year was affected by the Covid-19 pandemic, with profit after tax decreasing to MUR **99.9** million compared to MUR **362.7** million for the corresponding period last year. Group profit for the financial year to 30 June 2020 decreased by **29.6%** to MUR **444.6** million from MUR **631.7** million in 2019.

Sales volume and revenue

Sales volumes decreased by **5.1%** in the local market and **1.1%** in Reunion Island. Overall sales volume decreased by **3.7%**.

Revenue at Group level decreased by **3.0%** from MUR **7 777** million to MUR **7 546** million, a smaller decline than the decrease in volumes mainly due to a different sales mix.

The Group has shown strong revenue growth over the last five years, with a compound annual growth rate of **8.2%** between 2016 and 2020, boosted by the acquisition of Edena S.A in April 2016.



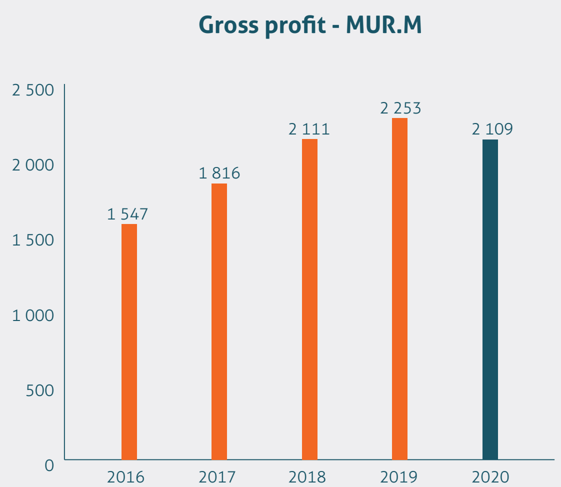
Cost of sales and gross profit

Manufacturing costs at Group and Company level decreased by **1.8%** and **1.7%** respectively, mainly driven by reduced sales volumes during lockdown, which were partially offset by increases in certain input costs following the depreciation of the Mauritian Rupee against the US Dollar and the Euro.

The **1.3%** fall in excise and other specific taxes in Mauritius reflects the decreased sales volumes, which were offset to some degree by the doubling in the sugar tax from **3 cents** to **6 cents** per gram from 5 June 2020 following the government budget.

Gross profit decreased by **6.4%** from MUR **2 253** million to MUR **2 109** million at Group level and by **5.7%** from MUR **1 707** million to MUR **1 611** million at Company level.

Gross profit grew at a compound annual growth rate of **8.1%** between 2016 and 2020, boosted from 2017 by the acquisition of Edena S.A.



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

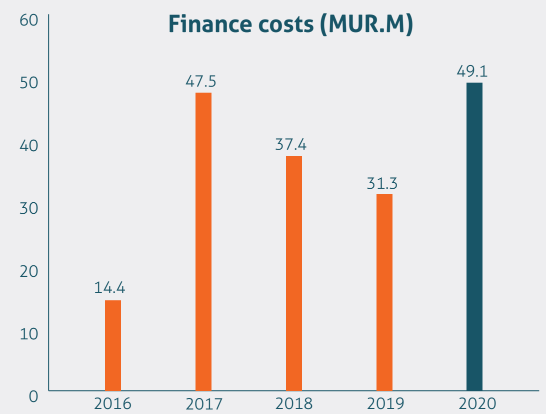
MWSDA expenses increased by **1.6%** and **5.8%** at Group and Company level respectively. Last year, there was an exceptional reduction of our pension costs of MUR 56 million following the transfer of the annuity fund to the defined contribution (DC) reserve. Ignoring the windfall gain of this transfer in last year's MWSDA expense, MSWDA decreased by **2%** at Group level and increased by **0.4%** at Company level. The main factors affecting MWSDA were inflation, depreciation in the Mauritian Rupee, reduced operational activities and additional expenses incurred during the lockdown period.

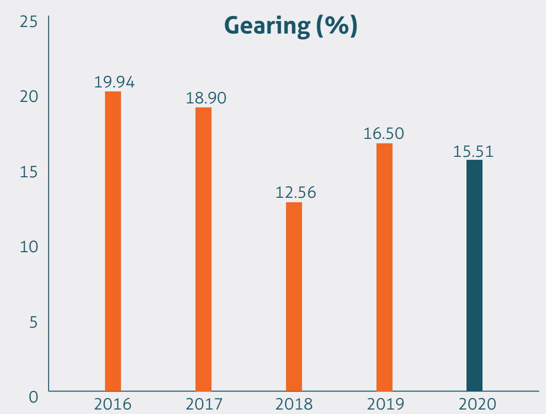
Finance costs and gearing

No additional debt was raised in the current financial year and all capital expenditure was financed from operating cash flows. This had the effect of reducing both finance costs and gearing. However, with the application of IFRS 16 Leases, lease liabilities of MUR **345.4** million and MUR **207.8 million** were accounted for the Group and Company respectively as at 30 June 2020.

The low gearing gives space for the Group for new investment opportunities in line with our strategy.

45.8% of the gross-interest-bearing debt at financial year-end was denominated in Mauritian Rupees and **54.2%** in Euros.



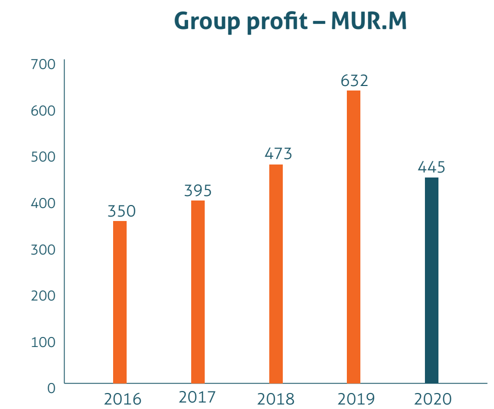


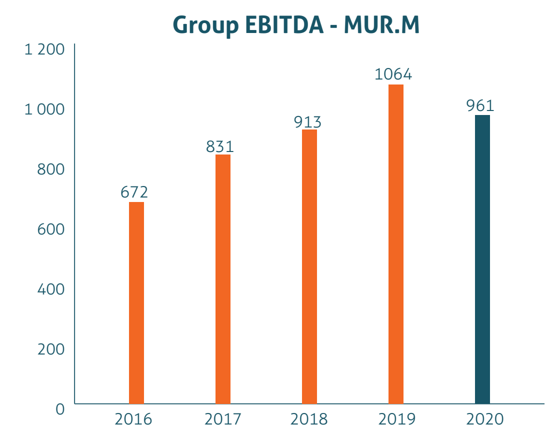
Earnings and EBITDA

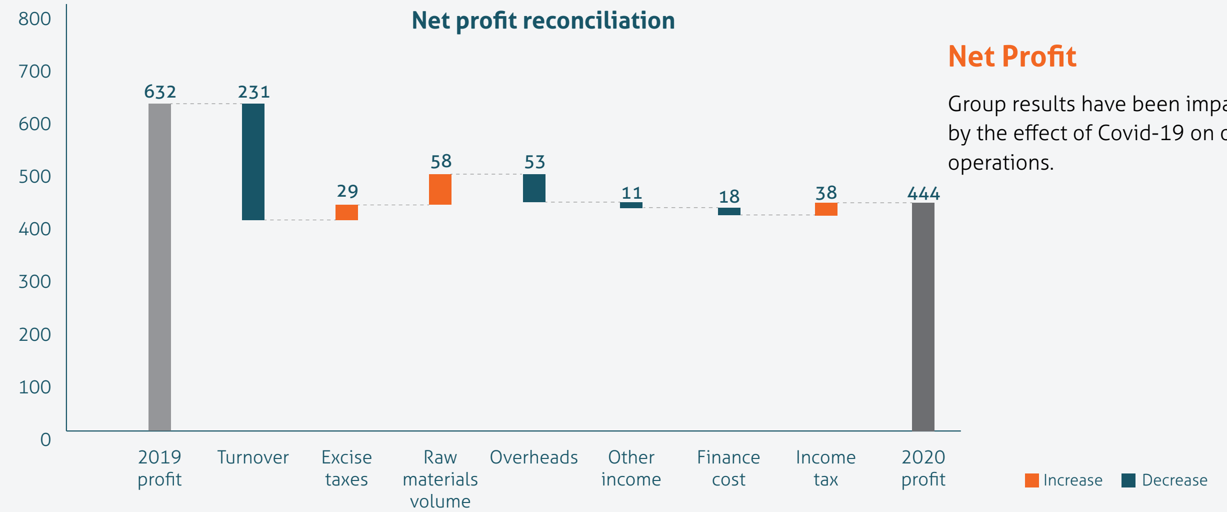
Group net profit for the year decreased by **29.6%** to MUR **444.6 million** with our activities in Reunion Island contributing MUR **6.8 million** (2019: MUR **32.7 million**).

Group EBITDA decreased by **9.7%** from MUR **1 064 million** to MUR **961 million** and EBITDA at Company level decreased from MUR **948 million** to MUR **800 million** (**-15.6%**).

Group EBITDA increased at a compound annual growth rate of **9.4%** between 2016 and 2020.

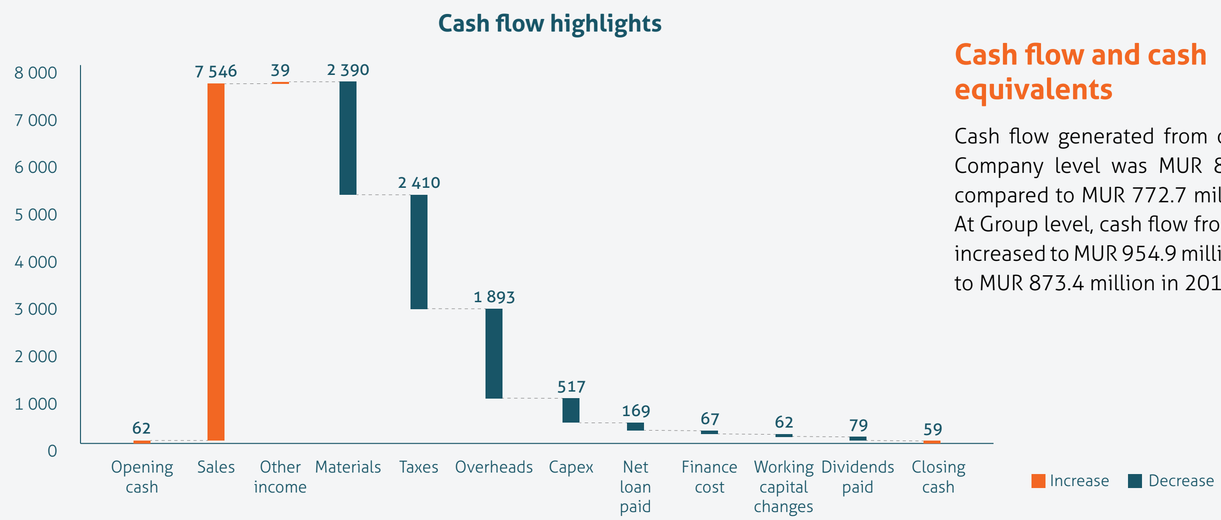






Net Profit

Group results have been impacted by the effect of Covid-19 on our operations.



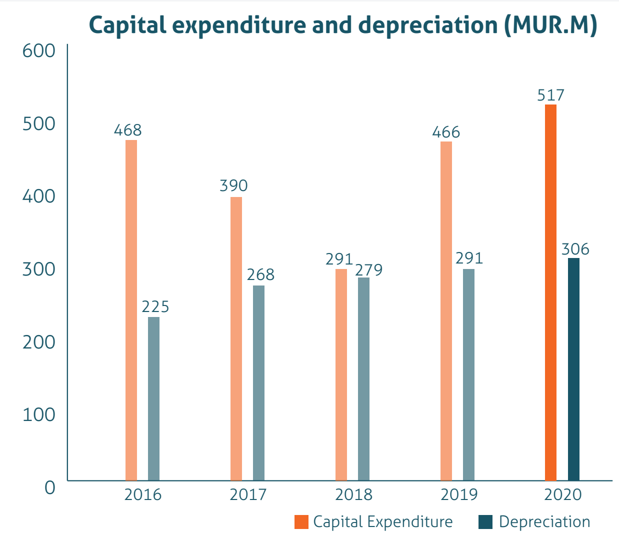
Cash flow and cash equivalents

Cash flow generated from operations at Company level was MUR 814.8 million compared to MUR 772.7 million in 2019. At Group level, cash flow from operations increased to MUR 954.9 million compared to MUR 873.4 million in 2019.

Capital expenditure and depreciation

The Group invested MUR 517 million in capital expenditure during 2020. The capital expenditure mainly related to:

- Upgrading of the glass line (RGB) at the Limonaderie site.
- A new HFO boiler at the Brewery.
- Acquisition of land and building at Forest-side.
- A new packer at the Brewery.
- Investment in vehicles, coolers, dispensing machines, bottles and crates to cater both for replacement and growth in our home market.

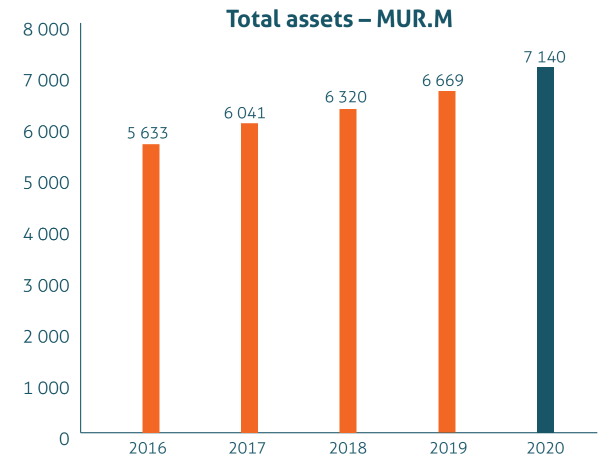


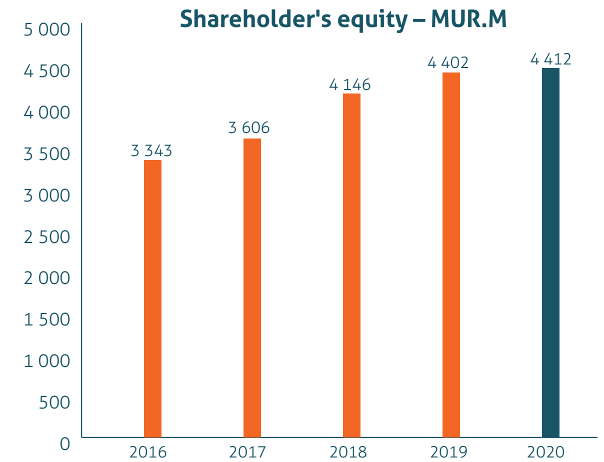
Equity and shareholders return

Total equity increased by **1.2%** from MUR **4.402** billion to MUR **4.456** billion. The company paid a dividend of MUR **12.80** per share for the year (2019: MUR **13.30**).

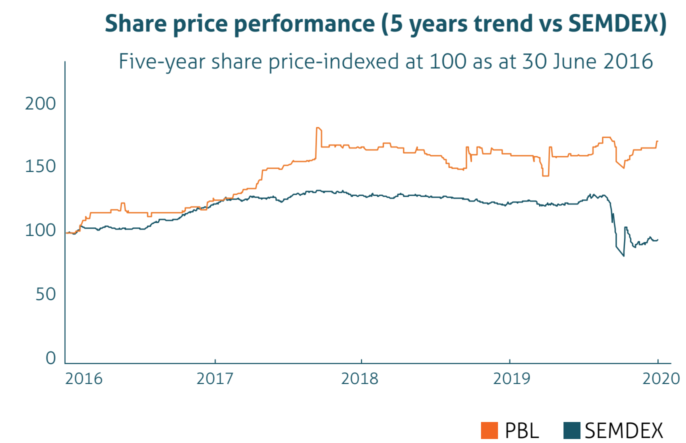
Total shareholder return for the year, being the combination of share price appreciation and dividends paid, was **8.1%** (**2019: -1.1%**) and return on equity decreased to **10.1%** (**2019: 14.8%**).

Total assets grew by 7.1% year-on-year and at a compound annual growth rate of 6.1% since 2016.





	Year 2020		Five-year period (2016-2020)	
	MUR	%	MUR	Annualised %
Capital Appreciation (change in share price)	34.00	5.86%	289.00	13.57%
Dividend received	12.80	2.21%	56.85	2.03%
Total return	46.80	8.07%	345.85	15.60%

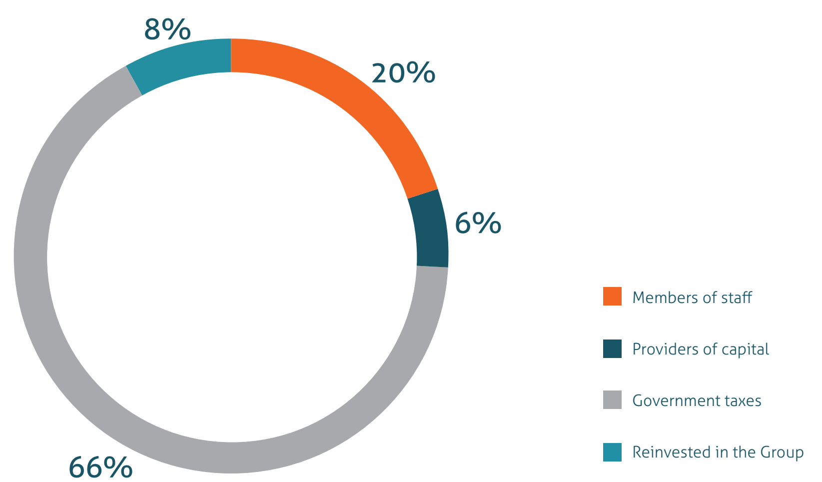


Total shares traded	Average daily volume traded
2020: 645 369 (3.9% of total) 2019: 417 703 (2.5% of total)	2020: 2 689 2019: 1 740
Share price as at 30 June	**Market capitalisation as at 30 June**
2020: MUR 614 2019: MUR 580	2020: MUR 10.1 Bn 2019: MUR 9.5 Bn
Highest share price	**Lowest share price**
2020: MUR 625 2019: MUR 610	2020: MUR 520 2019: MUR 538

PhoenixBev's share price almost doubled over the last five years with an annualised return of **13.6%**. The annualised total Shareholders Return (including dividends) over the last five years is **15.6%**.

Value Added Statement

	2020 MUR '000	%	2019 MUR '000	%
Turnover including Value Added Tax	**8 157 251**		8 378 846	
Less: Paid to Suppliers for Materials and Services	**(3 592 207)**		(3 783 694)	
Value added	**4 565 044**		4 595 152	
Other operating income	**25 018**		43 154	
Total wealth created	**4 590 062**		4 638 306	
Distributed as follows:				
Members of staff				
Renumeration and benefits	**949 509**	**20**	815 043	18
Providers of Capital				
Dividends	**210 522**		218 745	
Interest	**49 116**		31 291	
	259 638	**6**	250 036	5
Government taxes				
Excise, customs & other specific duties	**2 283 706**		2 372 212	
Net Value Added Tax	**614 448**		602 129	
Taxation	**140 640**		47 566	
	3 038 794	**66**	3 021 907	65
Reinvested in the Group				
Depreciation and amortisation	**397 745**		293 279	
Retained profit	**(55 624)**		258 041	
	342 121	**8**	551 320	12
Total distributed and retained	**4 590 062**	**100**	4 638 306	100



Group Financial Summary

	2020	2019	2018
Statements of profit or loss and other comprehensive income (MUR M)			
Turnover	**7 546**	7 777	7 251
Excise and other specific duties	**2 270**	2 298	2 166
Profit before taxation	**514**	739	594
Profit attributable to shareholders	**446**	633	474
Depreciation and amortisation	**398**	293	281
Net interest paid	**49**	31	37
EBITDA	**961**	1 064	912
Statement of financial position (MUR M)			
Total assets	**7 140**	6 669	6 320
Net indebtedness	**810**	526	596
Working capital	**455**	655	579
Shareholders' fund	**4 420**	4 408	4 151
Net asset value per share (MUR)	**268.28**	267.64	252.09
Cash flow (MUR M)			
Net cash generated from operating activities	**752**	741	726
Performance ratio			
Earnings per share (MUR)	**27.13**	38.47	28.81
Net return on equity (%)	**10.11**	14.79	12.19
Net profit margin (%)	**5.89**	8.12	6.52
Liquidity and gearing ratio			
Current ratio (%)	**135.06**	151.88	149.96
Gearing ratio (%)	**15.51**	16.50	12.57
Interest cover (times)	**11.47**	24.63	17.05
Dividends			
Dividends declared (MUR M)	**210.52**	218.75	179.27
Dividends per share (MUR)	**12.80**	13.30	10.90
Dividend yield (%)	**2.08**	2.29	1.82
Dividend cover (times)	**2.12**	2.89	2.64
Market data			
Market price per share (MUR)			
High	**625.00**	610.00	650.00
Low	**520.00**	538.00	455.00
Closing (30 June)	**614.00**	580.00	600.00
Market Capitalisation (MUR Bn)	**10.10**	9.54	9.87
P/E ratio (times)	**22.63**	15.08	20.83

Our Leadership

Board of Directors

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. He is one of the Mauritian private sector's most prominent leaders and is known to drive IBL Group with innovative and challenging undertakings. In 2016, he initiated the merger of GML Investissement Ltée and Ireland Blyth Limited and created the new entity IBL Ltd which thus became the no1 group in Mauritius and second largest group in the region, excluding South Africa.

Qualifications & Professional Development

- Breakthrough Executive Program – Egon Zehnder-Mobius, Portugal
- Advanced Management Program (AMP180) – Harvard Business School, United States
- Executive Education Program – INSEAD, France
- Graduated from the Institut Supérieur de Gestion – Paris, France
- Masters in Management – Université d'Aix-Marseille II, France

Core Competences & Contribution

- Business & Finance, Deal Structuring, Strategic Business Development

External appointments in both listed and non-listed companies

Chairman

- Alteo Limited
- Bloomage Ltd
- Camp Investment Limited
- Fondation Joseph Lagesse
- Phoenix Investment Company Limited
- The Lux Collective Limited

Member of the Board of Directors

- AfrAsia Bank Limited
- IBL Ltd
- Seafood Hub Limited
- Pick and Buy Limited
- Other non-listed Mauritian Companies

2 JEAN-CLAUDE BÉGA

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

Skills & Experience

Jean-Claude Béga started his career in 1980, spending seven years as an external auditor before moving to a sugar group to perform various functions within accounting and finance and then joining GML in 1997 as Finance Manager. He is currently the Group Head of Financial Services and Business Development of IBL Ltd and was also appointed an Executive Director of that company in 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

- BlueLife Limited
- IBL Ltd
- Lux Island Resorts Ltd
- 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 occupied various executive positions and directorships, his last position being Group Head of Projects and Development. He was appointed as Chairman of IBL Ltd, the ultimate holding company of PhoenixBev, 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 postgraduate 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

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 the 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).

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

Board of Directors (continued)

6 HUGUES LAGESSE
Non-Executive Director
Appointed in 2016
Citizen and resident of Mauritius

Skills & Experience

Hugues Lagesse is the Acting Chief Executive Officer 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 Partner in charge of corporate and business facilitation services at Box Office Ltd and counts more than 28 years' experience in company administration and secretarial practice, corporate governance, managing stakeholders' relationships and dealing with regulatory authorities. She provides transaction advisory services in company restructuring, due diligence and business acquisitions and specialises in the hospitality industry.

She is the Chairperson of the Corporate Governance Committee of the Company.

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

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 and Young Mauritius, and prior to that, Head of Finance for HSBC Mauritius.

He is the Chairman of the Audit and Risk Committee of the Company.

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 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

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 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)

Senior Management Team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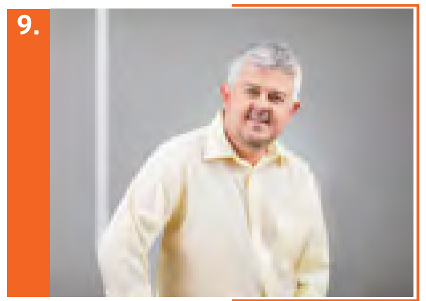
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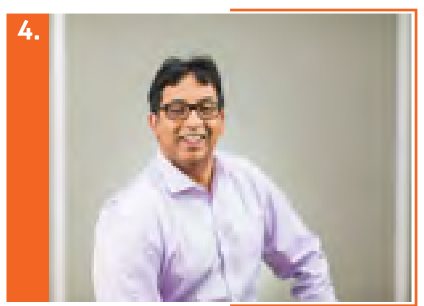
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1 NICOLAS CABOCHE

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 three 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.

2 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.

3 GÉRARD 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 PhoenixBev in 2004, he worked for De Chazal Du Mée BDO Ltd in the Audit and 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 DHARAMRAJ NARAYYA

Senior Manager Human Resources

Dharamraj Narayya, born in 1967, has wide experience in the HR function across diverse industries ranging from hotels, bottling and 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. Rama joined the Group as Senior Manager – Human Resources in September 2014.

6 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.

7 PATRICE SHEIK BAJEET

Senior Manager – Marketing

Patrice Sheik Bajeet, born in 1974, holds a BSc Management Degree from the University of Mauritius. After 12 years in the cellular operations industry and leading marketing at Emtel, he spent four 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.

8 ANTIS TREEBHOOBUN

Senior Manager – Business Systems

Antis Treebhoobun, born in 1959, holds a BA in Computer Science from the University of Iowa. From 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.

9 PATRICK RIVALLAND

Refer to Directors' profiles on page 75

10 BERNARD THEYS

Refer to Directors' profiles on page 75

Compliance

Corporate Governance Report

INTRODUCTION

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

The Board of Directors affirms its commitment to ensuring that good governance principles are entrenched throughout the Phoenix Beverages Ltd group (the 'Group') and reflected in all its business activities.

Thus, throughout the year ended 30 June 2020, to the best of the knowledge of its Board of Directors, Phoenix Beverages Ltd has complied with the Code of Corporate Governance. The Company has applied all eight principles set out in the said Code and explained how these principles have been applied.

This report is available on the Phoenix Beverages Ltd website: www.phoenixbev.mu

PRINCIPLE 1: GOVERNANCE STRUCTURE

Board Charter

The governance structure of Phoenix Beverages Ltd 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 Phoenix Beverages Ltd. In the same spirit, a Directors' Charter has been approved by the Board of Directors of Phoenix Beverages Ltd. During the year under review, the Corporate Governance Committee of Phoenix Beverages Ltd reassessed the adequacy of the aforementioned Charters, which were adopted in 2018, and confirmed to the Board of Directors that the Committee was satisfied that the contents of the Charters are still in conformity with the current requirements of the Company and the Group. The Charters remain dynamic documents and shall be reassessed by the Board as and when deemed necessary.

The Board Charter is available on the website of Phoenix Beverages Ltd at: www.phoenixbev.mu.

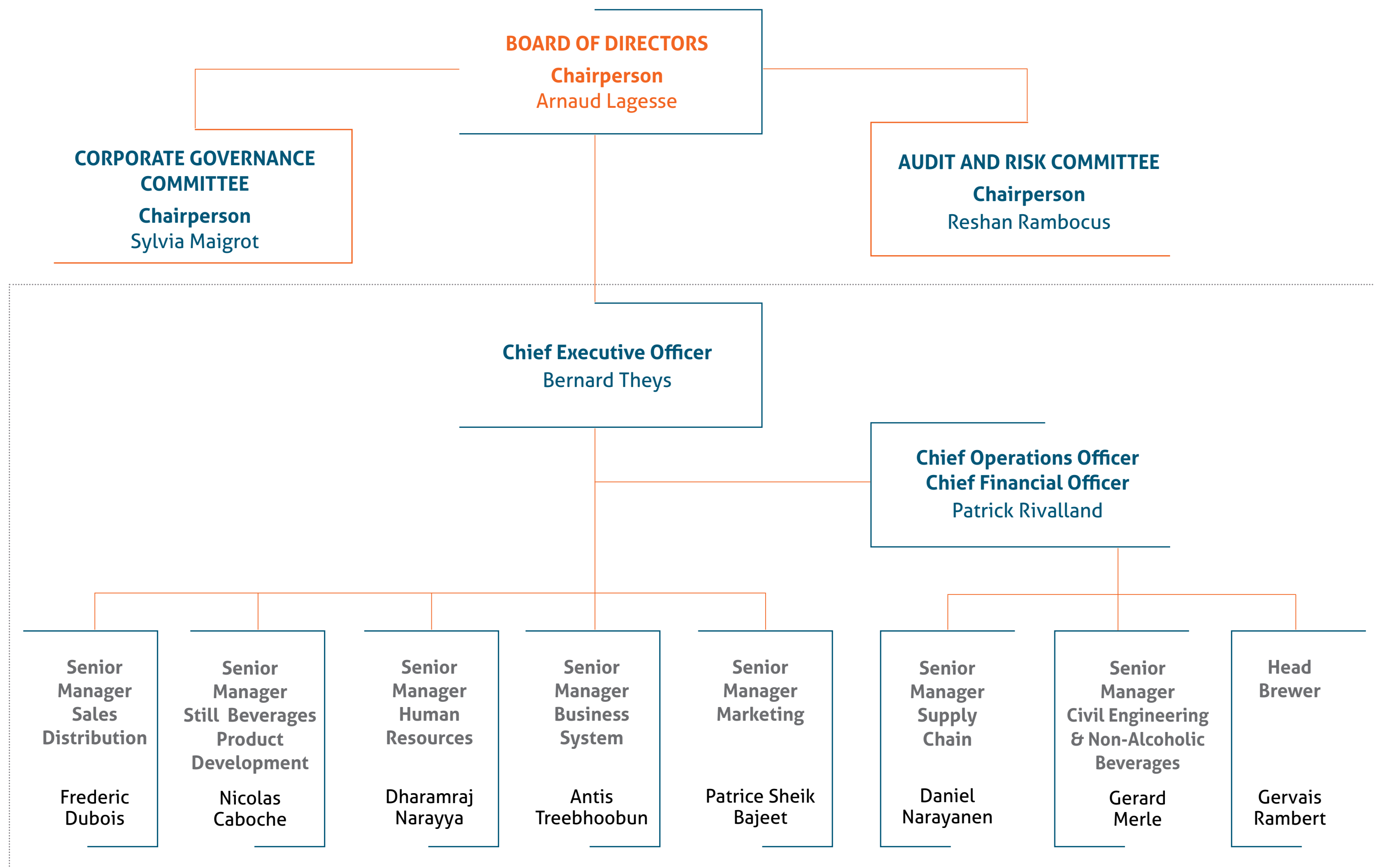
Management contract

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 Ltd during the year under review amounted to MUR143.6 million (2019: MUR 158.8 million).

Organisation chart and statement of accountabilities

The governance structure and the organisation chart of Phoenix Beverages Ltd setting out the key senior positions as well as the reporting lines, as approved by its Board of Directors, are shown 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 Phoenix Beverages Ltd and PMC, referred to above.

The profiles of the Senior Managers can be found on pages 76 and 77 of this report.

PRINCIPLE 2: THE STRUCTURE OF THE BOARD AND ITS COMMITTEES

The Board of Directors

Phoenix Beverages Ltd is led by an effective and highly committed unitary Board comprising 12 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 Phoenix Beverages Ltd 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

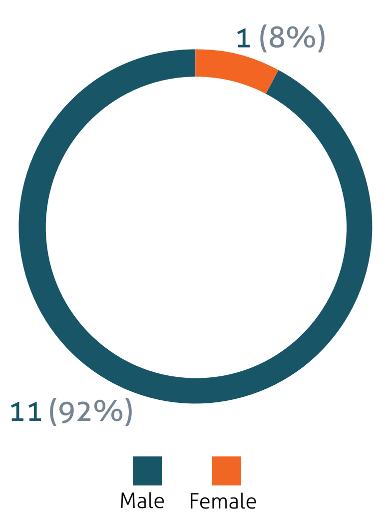
Profiles of Directors and details of other directorships

The profiles of the Directors including their external directorships in listed companies are disclosed on pages 72 to 75 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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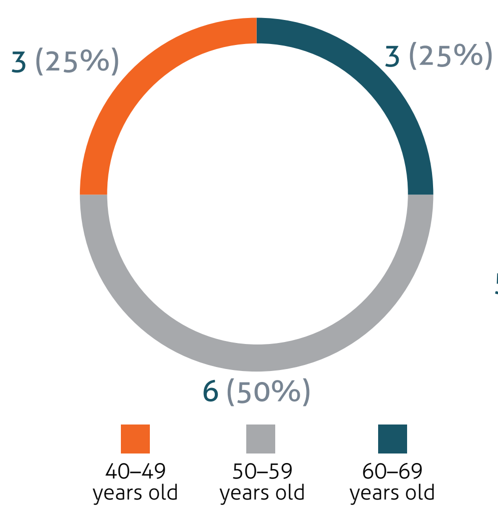
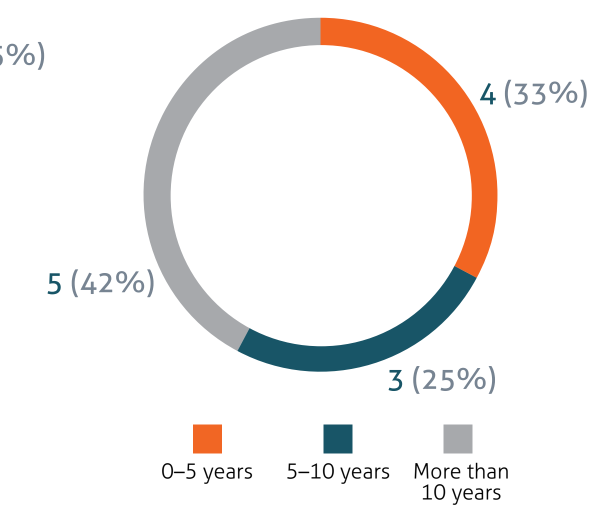


LENGTH OF TENURE



Key roles and responsibilities within the Board

Phoenix Management Company Ltd has been delegated with the responsibility of managing and executing the strategic development of Phoenix Beverages Ltd. 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:

Chairperson

- Provides overall leadership
- Ensures smooth functioning of the Board
- Encourages active participation of each Director in discussions
- Makes sure the Board is aware of the Company's and Group's affairs and assumes its obligations to all shareholders and other stakeholders

Non-Executive Directors and Independent Directors

- Monitor the delivery of the agreed strategy within the risk and control framework set by the Board
- Constructively challenge the Executive Directors and management of the Company

Chief Executive Officer

- Responsible for the day-to-day running of the Company's and Group's operations
- Leads and directs senior management to implement the strategy and policies set by the Board
- Provides insights for short- and medium-term development of Group operations

Company Secretary

- Provides assistance and information on governance and corporate administration matters
- Guides the Board on the Directors' statutory duties under the law, disclosure obligations and listing rules as well as corporate governance requirements and effective Board processes

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 Phoenix Beverages Ltd, namely Phoenix Investment Company Limited ('PICL'), Camp Investment Company Limited ('CICL') and IBL Ltd, (see page 100 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 2020

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 Executive Directors 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 presentations from management or any other relevant attendee.

After Board meeting
- Minutes are produced and sent to management and the 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 issues discussed at these meetings. Decisions were also taken by way of written resolutions signed by all the Directors.

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

Governance items >
- Review of conformity of the Board and Committees' Charters.
- Review of appointments of representatives of Phoenix Beverages Ltd on the Board of Edena SA in Reunion Island.
- Review of Directors' remuneration for recommendation to the shareholders.
- Approval of the Corporate Governance Report 2019.
- Follow up on the Board evaluation exercise performed the previous year with an external service provider.

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.
- Dividend declarations.
- Follow up with respect to the implementation of new IFRS.

Strategy items >
- Holding of a strategic workshop in relation to production and CAPEX requirements in the medium term.
- Strategic review of activities in Reunion Island.
- Evaluation of new project ventures.
- Review of operations in light of the Covid-19 crisis and lockdown.

Corporate Governance Report (continued)

Attendance at Board meetings in 2019–2020

Directors	24 September 2019	12 November 2019	10 February 2020	2 June 2020	Total number of meetings attended
Arnaud Lagesse	√	√	√	√	4
Jean-Claude Béga	√	√	√	√	4
Jan Boullé	√	√	√	√	4
François Dalais	√		√	√	3
Guillaume Hugnin	√	√	√	√	4
Hugues Lagesse	√	√	√	√	4
Thierry Lagesse	√	√	√	√	4
Sylvia Maigrot	√	√		√	3
Yvan Mainix	√	√	√	√	4
Reshan Rambocus	√	√		√	3
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 meetings of Board Committees, 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 Phoenix Beverages Ltd also reviews the financial statements and reporting of its holding companies, PICL and CICL.

The Audit and Risk Committee is governed by its Charter which is available on the website of the Company on www.phoenixbev.mu

Composition

The Committee is chaired by Reshan Rambocus who is an Independent Non-Executive Director. The Board considers that he 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 as well as the internal and external auditors as and when required.

Attendance at Audit and Risk Committee meetings in 2019–2020

Members	19 September 2019	8 November 2019	3 February 2020	27 May 2020	Total number of meetings attended
Reshan Rambocus	√	√	√	√	4
Jean-Claude Béga	√		√	√	3
Jan Boullé	√	√	√	√	4
In attendance (not members)					
Patrick Rivalland	√	√	√	√	4
Bernard Theys	√	√	√	√	4

Matters considered in 2019–2020

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.
- Report from the external auditors.
- Abridged unaudited financial statements for the first, second and third quarters.
- Management accounts for each quarter.

Internal audit >

- Edena SA commercial report.
- Edena SA finance manual.
- Edena SA marketing manual.
- Planning for forthcoming internal audits.

Other matters >

- Follow-up on ERP system implementation and contingency plan.
- Thorough review of Reunion Island activities and leadership.
- Covid-19 emerging risks and corresponding action 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 advises the Board on matters pertaining to corporate governance and ensures that the principles of the Code of Corporate Governance are applied. This Committee also acts as the Nomination Committee and the Remuneration Committee with respect to Non-Executive Directors. The Corporate Governance Committee of Phoenix Beverages Ltd also acts as Nomination Committee for its holding companies, PICL and CICL.

The Corporate Governance Committee is governed by its Charter which is available on the website of the Company on www.phoenixbev.mu.

Composition

The Committee is chaired by Sylvia Maigrot who is an Independent Non-Executive Director. 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 2019–2020

Members	16 September 2019	14 May 2020	Total number of meetings attended
Sylvia Maigrot	√	√	2
Guillaume Hugnin	√	√	2
Jan Boullé	√	√	2
Bernard Theys	√	√	2

Matters considered in 2019–2020

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

Corporate Governance >

- Review of the Corporate Governance Report 2019.
- Review of the conformity of the previously adopted Board Charter, Directors' Charter, Audit and Risk Committee Charter and Corporate Governance Committee Charter.
- Alignment of the website with the recommendations of the Code of Corporate Governance.
- Follow-up on the recommendations from the Board evaluation exercise performed by an external service provider in 2019.

Nomination >

- Recommendation for appointments of representatives of Phoenix Beverages Ltd as Directors of Edena SA in Reunion Island.
- Recommendation to the Board for the reappointments of Directors pursuant to the rotation plan.
- Recommendation to the respective boards of PICL and CICL for the appointment of a Director.

Remuneration >

- Recommendation to the Board of the remuneration for the Non-Executive Directors for the year ending 30 June 2021.

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 are identified and selected by the Corporate Governance Committee.

↓

Recommendation by the Corporate Governance Committee to the Board of Directors.

↓

Appointment of the new Director by the Board of Directors.

↓

The newly appointed Director is subject to election in their first year of appointment by the shareholders at the Annual Meeting.

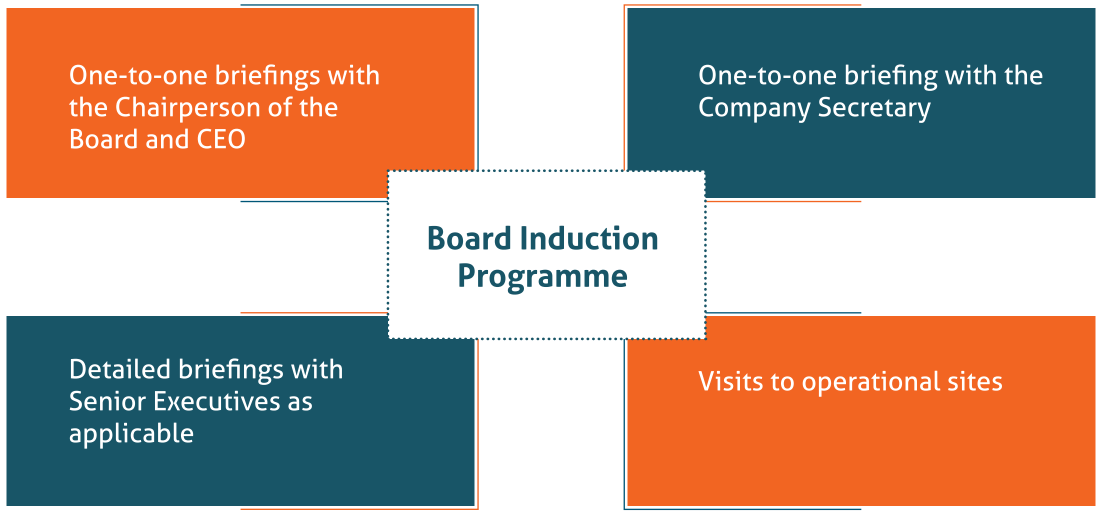
↓

Once appointed and in accordance with the Constitution of Phoenix Beverages Ltd, 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 Ltd 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 declaration of the Director's interests is also submitted 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 Phoenix Beverages Ltd.

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 to the Board, Directors receive the following documents pertaining to their duties and responsibilities:

- Board and Committee Charters
- The Constitution of Phoenix Beverages Ltd
- Salient features of the Listing Rules, the Securities Act 2005 as well as the Companies Act 2001

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 Companies Act 2001, written records of the interests in shares of Phoenix Beverages Ltd 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 Ltd. According to the Constitution of Phoenix Beverages Ltd, a Director is not required to hold shares in the Company. As soon as a Director becomes aware that they have an interest 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 Ltd is registered as a reporting issuer under the Securities Act 2005 administered by the Financial Services Commission and 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 Ltd having direct and/or indirect interests in the ordinary shares of the Company at 30 June 2020 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	4 057	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 Ltd.

Directors' and officers' dealings in shares of Phoenix Beverages Ltd

The Directors of Phoenix Beverages Ltd 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 Ltd has set up the appropriate procedures whereby any Director wishing to deal in the shares of the Company shall 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, the Board shall be notified and a dated written acknowledgement be received prior to undertaking such dealing.

The Directors and Officers of the Company are prohibited from dealing in the shares of Phoenix Beverages Ltd 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 Ltd 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 Phoenix Beverages Ltd and all employees are continuously encouraged to consult these on a regular basis. The main programmes and guidelines covered by said policies are listed below:

- Antivirus management procedures
- Backup 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, expenditure and investment in IT shall be discussed and put to the Board for approval.

In addition, and further to the new regulations on data protection applicable since January 2018 in Mauritius, Phoenix Beverages Ltd has undertaken an exhaustive exercise with the assistance of an external expert in order to ensure continuous compliance over time.

Code of Ethics and whistleblowing

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

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

Moreover, the Code of Ethics 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 it is ensured that same is complied with. Compliance with the Code of Ethics, which is available on the website of Phoenix Beverages Ltd (www.phoenixbev.mu), is continuously monitored by the Human Resources Manager.

Remuneration policy

Shareholders approve the fees to be paid to the Board members at the Annual Meeting. As such, the Annual Meeting held on 13 December 2019 approved fee payments to the Board for the financial year ended 30 June 2020. Upon recommendation of the Corporate Governance Committee, and Board of Directors shareholders voted in favour of a change in the remuneration structure, namely a reduced fixed annual fee of MUR 250 000 (2019: MUR 300 000) to be paid to the Non-Executive Directors and the reinsertion of attendance fees of MUR 20 000 (2019: MUR 0) per Board meeting per non-executive Director.

Executive Directors do not receive Directors' fees. 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 Ltd. The remuneration package takes into consideration the financial performance of Phoenix Beverages Ltd, individual performance, market norms and best practice.

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. These fees have remained unchanged for the year under review.

The Board and Board Committees' fees at 30 June 2020 were therefore as follows:

Board	2020 (MUR)	2019 (MUR)
Annual Director's fee	**250 000**	300 000
Attendance fee per meeting	**20 000**	–
Corporate Governance Committee		
Chairperson's fee	**75 000**	75 000
Member's fee	**50 000**	50 000
Audit and Risk Committee		
Chairperson's fee	**100 000**	100 000
Member's fee	**75 000**	75 000

The remuneration and benefits of the Directors for the year ended 30 June 2020 are set out in the table below:

	Remuneration and benefits received from the Company (MUR)	
Directors	2020 (MUR)	2019 (MUR)
Arnaud Lagesse*	**330 000**	300 000
Jean-Claude Béga*	**405 000**	375 000
Jan Boullé*	**455 000**	425 000
François Dalais	**310 000**	300 000
Guillaume Hugnin	**380 000**	350 000
Hugues Lagesse	**330 000**	300 000
Thierry Lagesse	**330 000**	300 000
Sylvia Maigrot	**385 000**	375 000
Yvan Mainix	**330 000**	300 000
Reshan Rambocus	**410 000**	400 000
Patrick Rivalland**	**N/A**	N/A
Bernard Theys**	**N/A**	N/A

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

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

Corporate Governance Report (continued)

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

Please refer to the Statutory Disclosures of the Annual Report on pages 108 to 111 .

Incentive schemes

A performance management policy is in place to drive the performance and personal development of Phoenix Beverages Ltd managers and employees, and includes annual objectives, competencies and development plans. Discretionary bonuses are paid if these targets are achieved. The outcome of the performance management process is also used for succession planning.

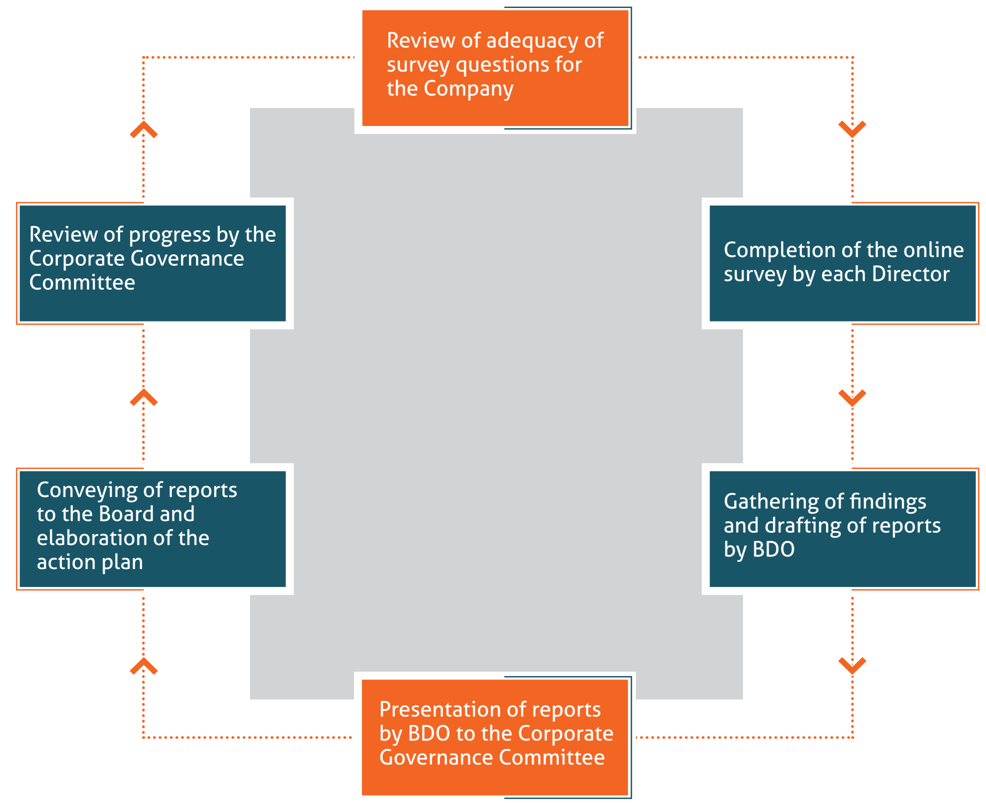
Short-term incentive schemes for Executive Directors are overseen by Phoenix Management Company Ltd.

Board evaluation

Upon recommendation of the Corporate Governance Committee, the Board appointed an external facilitator, namely the risk advisory department of BDO and CO ('BDO'), in association with Insync Surveys, to conduct an evaluation of the Board and its Directors during the previous financial year (2019).

The process taken to appoint the independent external facilitator is summarised below

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



The method followed by BDO sought the views of all Directors through a set of survey questions, including some open statements and covering several main themes. These included 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 practice, 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 appropriate actions are being taken and that issues identified are given due consideration. During the year under review, the Corporate Governance Committee reassessed the progress made in relation to the recommendations and confirms that it is satisfied with the advancement and the practices put in place.

The Board has suggested that an evaluation exercise be conducted internally 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. While the Audit and Risk Committee provides an oversight on risk governance, the nature and risk appetite of Phoenix Beverages Ltd remain the ultimate responsibility of the Board.

The responsibilities of the Board in this respect include, among others:

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

Risk management is an integral part of doing business at Phoenix Beverages Ltd. 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, which is an annexure to this Corporate Governance Report, details the main risk areas identified, mitigating effects and control procedures put in place accordingly.

Financial risk management

For financial risk management, please refer to pages 139 to 147 – Notes to the financial statements.

Internal control

Phoenix Beverages Ltd 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 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 assessing the performance of management 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 the sustainability performance of the Group and ensuring timely and comprehensive communication to all stakeholders regarding events significant to the Company.

A firm of accountants, namely BDO, 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 Company's internal controls and systems during the period under review that could have a material impact on the business.

The Directors are responsible for preparing the Annual Report including the 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.

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
- International Financial Reporting Standards 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.
- The 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.
- The financial statements have been prepared on the going concern basis.

The Board of Directors confirms that it is satisfied that Phoenix Beverages Ltd 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.

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 Group's internal control framework.

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 2019–2020 of this report.

Corporate Governance Report (continued)

External Audit

Following the amendment of the Finance Act 2016 and the subsequent regulation as regards auditors' rotation, the Board of Phoenix Beverages Ltd decided to rotate its auditors as from the financial year ending 30 June 2019 from Deloitte to EY and the appointment of EY as external auditors was duly ratified by the Annual Meeting of shareholders held on 14 December 2018.

The shareholders approved the reappointment of EY as external auditors for the year under review during the Annual Meeting held on 13 December 2019.

The Audit and Risk Committee is responsible for reviewing the terms, nature and audit scope and approach, and ensure no unjustified restrictions or limitations have been placed on the scope.

The 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

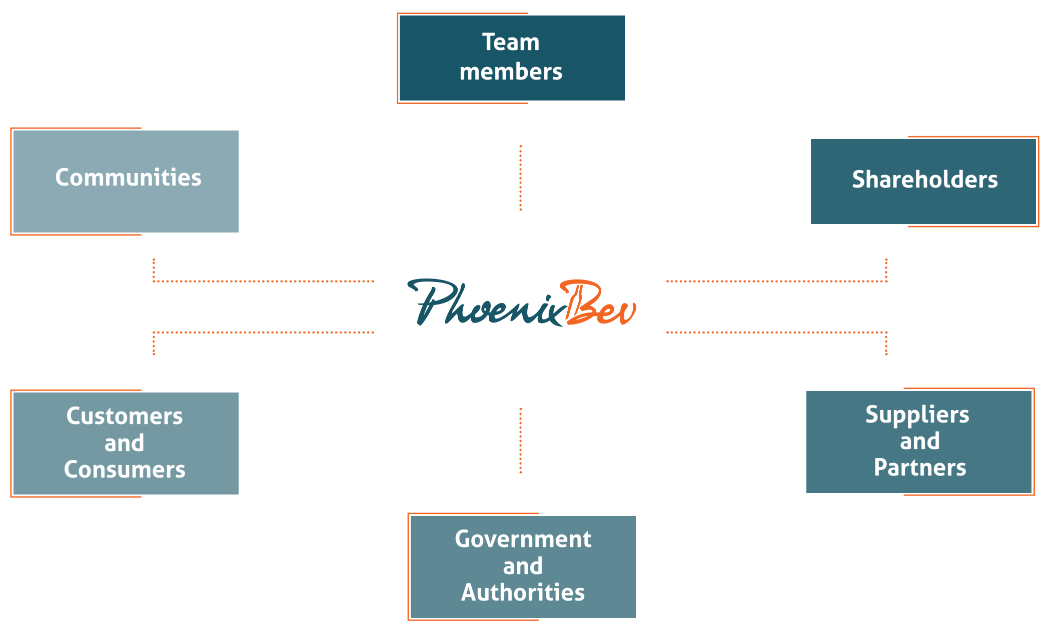
The Audit and Risk Committee is responsible for monitoring the auditors' independence, objectivity and compliance with ethical, professional and regulatory requirements and for maintaining control over the provision of non-audit services.

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 2020 amounted to MUR 2 200 000 (2019: MUR 2 096 000) for audit and MUR 672 000 (2019: MUR 165 000) for other services.

PRINCIPLE 8: RELATIONS WITH SHAREHOLDERS AND KEY STAKEHOLDERS

PhoenixBev's key stakeholders



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.

In its quest for a greener world, the Company has launched an exercise during the past financial year to offer its shareholders the opportunity to receive a soft copy of the annual reports and other corporate communications by email, instead of printed paper versions. The Directors will consider repeating this exercise in the future, in the hope that the 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 13 December 2019 was as follows:

Directors	Attendance
Arnaud Lagesse	Attended
Jean-Claude Béga	Not 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	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.

Shareholding profile

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

Main shareholders

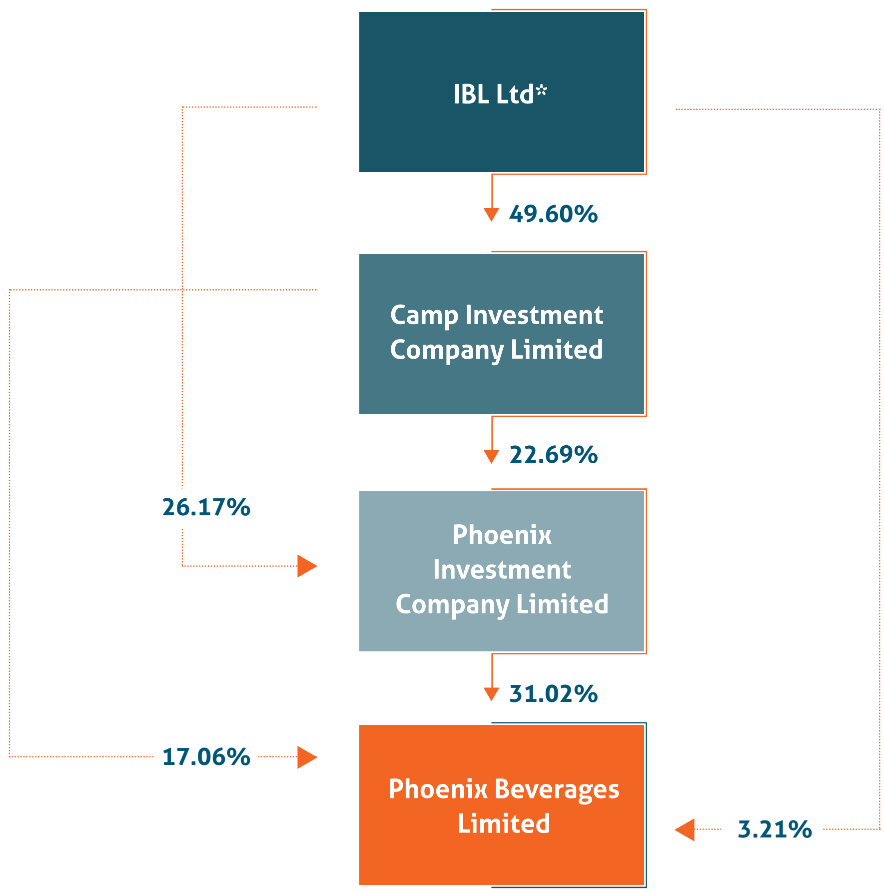
As at 30 June 2020, there were 2 060 shareholders recorded in the share register of the Company.

The ten largest shareholders and those shareholders holding more than five percent of the ordinary shares of the Company as at 30 June 2020 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
BPSS JER/Principal Nominees Limited	350 000	2.13
Guinness Overseas Limited	316 370	1.92
SSL C/o SSB Boston A/c Russell invest.com PLC	214 555	1.30
Mr. Christian Marie Francois Ledoux	138 900	0.84
Policy Ltd	137 961	0.84

Corporate Governance Report (continued)

Cascading holding structure



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

Breakdown of share ownership as at 30 June 2020

Size of shareholding	Number of shareholders	Number of shares	Percentage holding (%)
1 – 500 shares	1 203	187 170	1.14
501 – 1 000 shares	231	180 028	1.09
1 001 – 5 000 shares	384	879 556	5.35
5 001 – 10 000 shares	94	648 033	3.94
10 001 – 50 000 shares	123	2 517 045	15.30
50 001 – 100 000 shares	9	649 548	3.95
Above 100 000 shares	16	11 385 620	69.23
	2 060	**16 447 000**	**100.00**

Category	Number of shareholders	Number of shares	Percentage holding (%)
Individuals	1 837	3 582 146	21.78
Insurance & assurance companies	8	57 897	0.35
Pensions & provident funds	68	1 862 830	11.33
Investment & trust companies	17	8 033 826	48.85
Other corporate bodies	130	2 910 301	17.69
	2 060	**16 447 000**	**100.00**

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

Share Registry and Transfer Office

The share registry and transfer office of the Company are administered by Ocorian Corporate Administrators Limited, 6th Floor, Tower A, 1 CyberCity, Ebène.

Share price information

The share price of Phoenix Beverages Ltd increased over the past year from MUR 580.00 at 30 June 2019 to MUR 614.00 at 30 June 2020.

Date	Price (MUR)	Yearly change (%)
30 June 2016	366	12.62
30 June 2017	455	24.32
30 June 2018	600	31.87
30 June 2019	580	(3.33)
30 June 2020	**614**	**5.86**

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 Ltd decided that, based on management forecasts and the Group's profitability, an interim dividend would be declared in November 2019 and a final dividend declared in June 2020. Each dividend paid was subject to the satisfaction of the corresponding solvency test.

As such, an interim dividend of MUR 4.80 per ordinary share was paid in December 2019 and a final dividend of MUR 8.00 per ordinary share was paid in July 2020, bringing the total dividend declared for the financial year under review to MUR 12.80 per ordinary share.

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

	2020	2019	2018	2017	2016
Dividend per share (MUR)	**12.80**	13.30	10.90	10.25	9.60
Dividend cover (Number of times)	**2.12**	2.89	2.64	2.23	2.23
Dividend yield (%)	**2.08**	2.29	1.82	2.62	2.62

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.

Corporate Governance Report (continued)

Total shareholder's return

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

	2020	2019	2018	2017	2016
Share price at 30 June, current year (MUR)	**614.00**	580.00	600.00	455.00	366.00
Share price at 30 June, previous year (MUR)	**580.00**	600.00	455.00	366.00	325.00
Increase/(decrease) in share price (MUR)	**34.00**	(20.00)	145.00	89.00	41.00
Dividends (MUR)	**12.80**	13.30	10.90	10.25	9.60
Total return per share (MUR)	**46.80**	(6.70)	155.90	99.25	50.60
Total return based on previous year share price (%)	**8.07**	(1.12)	34.26	27.12	15.57

Calendar of forthcoming shareholders' events

NOVEMBER 2020
- Publication of first quarter results
- Declaration of interim dividend subject to Board approval

DECEMBER 2020
- Payment of interim dividend
- Annual Meeting 2020

FEBRUARY 2021
- Publication of second quarter results

MAY 2021
- Publication of third quarter results
- Declaration of final dividend subject to Board approval

JUNE 2021
- Payment of final dividend

Arnaud Lagesse
Chairperson

Sylvia Maigrot
Chairperson of the Corporate Governance Committee

14 October 2020

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 2019 to 30 June 2020**

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

14 October 2020

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

14 October 2020

Our Financial Statements

Statutory Disclosures - 30 June 2020

(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 2020 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	The Traditional Green Mill 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)*	*												

Arnaud Lagesse and Yvan Mainix were appointed as Directors of Edena SA on 29 November 2019, date on which Jean-Claude Béga resigned as Director of the said company

The Traditional Green Mill Ltd was incorporated on 26 February 2020.

Directors' service contracts

On 30 June 2020, 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 Ltd, a subsidiary of Camp Investment Company Limited.

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

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 2020 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	4 057	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	–	–	–
Daniel Narayanen	–	–	–
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, save as disclosed above, between the Company and its Directors.

Statutory Disclosures - 30 June 2020 (continued)

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

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:

	2020		2019	
	Executive Directors MUR '000	Non-Executive Directors MUR '000	Executive Directors MUR '000	Non-Executive Directors MUR '000
The Company				
Phoenix Beverages Limited	–	**3 665**	–	3 425
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	–	–	–	–
The Traditional Green Mill 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.

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

	2020 MUR '000	2019 MUR '000
The Company		
Phoenix Beverages Limited - Corporate Social Responsibility	**11 905**	6 290
- Political	**3 000**	–
- Others	**1 068**	1 091

The subsidiaries have not made any donation during the years 2020 and 2019.

AUDITORS' REMUNERATION

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

	2020		2019	
ERNST & YOUNG	Audit MUR '000	Other services MUR '000	Audit MUR '000	Other services MUR '000
The Company				
Phoenix Beverages Limited	**1 811**	**618**	1 725	113
The Subsidiaries				
Helping Hands Foundation	**16**	**1**	15	1
MBL Offshore Ltd	**24**	**12**	23	11
Phoenix Beverages Overseas Ltd	**110**	**10**	105	10
Phoenix Camp Minerals Offshore Ltd	**24**	**10**	23	10
Phoenix Distributors Ltd	**7**	**1**	7	1
Phoenix Foundation	**16**	**1**	15	1
The (Mauritius) Glass Gallery Ltd	**192**	**19**	183	18
	2 200	**672**	2 096	165
EXCO REUNION AUDIT	**EUR '000**	**EUR '000**	EUR '000	EUR '000
Phoenix Réunion SARL	**32**	**–**	21	–
	32	**–**	21	–
EXA	**EUR '000**	**EUR '000**	EUR '000	EUR '000
Edena S.A.	**20**	**–**	33	–
Espace Solutions Reunion S.A.S.	**6**	**–**	3	–
Phoenix Réunion SARL	**–**	**1**	–	10
	26	**1**	36	10

Other services relate to tax and consultancy services.

Company Secretary's certificate - 30 June 2020

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 2020, all such returns as are required of the Company under the Companies Act 2001.

IBL Management Ltd

Company Secretary

14 October 2020

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 118 to 192 which comprise the statements of financial position as at 30 June 2020, 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 2020, 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 financial statements section of our report. We are independent of the Company in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Mauritius, and we have fulfilled our other ethical responsibilities in accordance with these requirements and 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.

Independent Auditor's Report

to the Members of Phoenix Beverages Limited (continued)

Key Audit Matter	How the matter was addressed in the audit
(i) Impairment of goodwill and trademarks At 30 June 2020, goodwill and trademarks amounted to Rs660M and Rs193M respectively. As detailed in Note 6 of the consolidated financial statements, the Group's goodwill is allocated to cash generating units (CGUs). The Covid-19 global pandemic arrived in Mauritius and brought with it a significant negative impact on the Mauritian economy. The pandemic has created new uncertainties around the projections of future income and growth rate assumptions and discount rates. More specifically, there is uncertainty around the duration of the pandemic and timing of the recovery of the economy. These factors have made the timing and amount of future cash flows more uncertain, when they are already inherently uncertain. 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. • We obtained the Group's discounted cash flow model that supports the value-in-use calculations and assessed the following: o the appropriateness of the methodology applied in the Group's annual impairment assessment; o the assumptions used including projections on future income, terminal growth rate assumptions, discount rates and sensitivity analysis to determine the impact of those assumptions; the management's ability to make forecasts 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 retirement benefit obligations The retirement benefit obligation of the Group and the Company amount to Rs 520m and Rs 519m. Due to the recent Covid-19 pandemic, this had given rise to uncertainty in the economic environment and had impacted the key assumptions such as such as the discount rates, salary increases and pension increases. Management has applied judgement in determining the retirement benefits and has involved an actuary to assist with the IAS 19 provisions and disclosures. The setting of the assumptions identified above is complex and an area of significant judgement whereby changes in any of these assumptions could lead to a material movement in the financial statements of the Group and the Company and has therefore been considered as a key audit matter for the audit. A sensitivity analysis on key assumptions is set out in note 17 to the financial statements.	In relation to the above, our substantive testing procedures included the following: • Evaluated the appropriateness of the assumptions applied in the valuation of the pension liabilities, and the information contained within the actuarial valuation reports in conjunction with our internal pension specialist team; • Verified the data used by the actuary with the payroll report for completeness and accuracy; • Assessed the completeness and accuracy of disclosures within the financial statements in accordance with IFRSs; and • Assessed the competence, capabilities, independence and objectivity of management's independent actuary and verified the qualification of the actuary.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Key Audit Matters (continued)

Key Audit Matter	How the matter was addressed in the audit
(iii) Valuation of unlisted investments (separate financial statements) Investments in subsidiaries are carried at fair value at an amount of Rs 1.2bn. 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.	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 make forecasts 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; and • We have used the expertise of our EY valuation team to assess the valuation methodology and the appropriateness of the key inputs.

Other Information

Management is responsible for the other information. The other information comprises the following sections; About us, Operating Context, Performance and Leadership 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 intends to liquidate the Group and or the Company or to cease operations, or have no realistic alternative but to do so.

Independent Auditor's Report

to the Members of Phoenix Beverages Limited (continued)

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, actions taken to eliminate threats or safeguards applied.

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 THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

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

14 October 2020

Statements of Financial Position

30 June 2020

	Notes	THE GROUP 2020 MUR '000	THE GROUP 2019 MUR '000	THE COMPANY 2020 MUR '000	THE COMPANY 2019 MUR '000
ASSETS					
Non-current assets					
Property, plant and equipment	5	**4 196 083**	3 945 533	**3 686 151**	3 510 122
Intangible assets	6	**858 019**	792 587	**196 152**	197 578
Right-of-use assets	19(a)	**325 394**	–	**192 210**	–
Investments in subsidiaries	7	**–**	–	**1 183 246**	1 070 125
Investment in associate	8	**4 380**	9 621	**3 285**	7 215
Financial assets at fair value through other comprehensive income	9	**3 236**	3 119	**2 091**	2 091
Long-term receivables at amortised cost	10	**–**	–	**111 527**	95 011
		5 387 112	4 750 860	**5 374 662**	4 882 142
Current assets					
Inventories	11	**1 087 037**	1 072 545	**855 877**	882 468
Trade and other receivables	12	**543 961**	751 340	**309 021**	430 378
Current tax assets	20(b)	**18 162**	13 850	**–**	–
Bank and cash balances	30(b)	**104 162**	80 860	**51 441**	40 929
		1 753 322	1 918 595	**1 216 339**	1 353 775
Total assets		**7 140 434**	6 669 455	**6 591 001**	6 235 917
EQUITY AND LIABILITIES					
Capital and reserves					
Stated capital	13	**366 962**	366 962	**366 962**	366 962
Other reserves	14	**1 148 465**	1 080 764	**1 413 650**	1 304 459
Retained earnings		**2 904 183**	2 959 807	**2 739 229**	2 841 662
Equity attributable to owners of the Company		**4 419 610**	4 407 533	**4 519 841**	4 513 083
Non-controlling interests		**(7 196)**	(5 597)	**–**	–
Total equity		**4 412 414**	4 401 936	**4 519 841**	4 513 083
Non-current liabilities					
Borrowings	15	**681 531**	487 279	**532 319**	418 641
Deferred tax liabilities	16	**197 097**	295 593	**193 073**	290 006
Employee benefit obligations	17	**520 300**	184 921	**518 845**	183 632
Deferred revenue	21	**30 950**	36 487	**–**	–
		1 429 878	1 004 280	**1 244 237**	892 279
Current liabilities					
Trade and other payables	18	**1 037 917**	1 086 384	**692 944**	706 186
Borrowings	15	**232 426**	119 976	**118 365**	76 187
Current tax liabilities	20(b)	**18 112**	48 182	**15 614**	48 182
Deferred revenue	21	**9 687**	8 697	**–**	–
		1 298 142	1 263 239	**826 923**	830 555
Total equity and liabilities		**7 140 434**	6 669 455	**6 591 001**	6 235 917

These financial statements have been approved by the Board of Directors and authorised for issue on 14 October 2020

Arnaud Lagesse
Chairperson

Bernard Theys
Executive Director - Chief Executive Officer

The notes on pages 123 to 192 form an integral part of these financial statements.
Auditor's report is on pages 113 to 117.

Statements of Profit or Loss and other Comprehensive Income

for the year ended 30 June 2020

	Notes	THE GROUP 2020 MUR '000	THE GROUP 2019 MUR '000	THE COMPANY 2020 MUR '000	THE COMPANY 2019 MUR '000
Revenue from contracts with customers	2(q), 23	**7 545 901**	7 776 717	**6 421 814**	6 590 658
Manufacturing costs	24	**(3 166 957)**	(3 225 206)	**(2 541 637)**	(2 584 819)
Excise and other specific duties	24	**(2 269 562)**	(2 298 492)	**(2 269 562)**	(2 298 492)
Cost of sales		**(5 436 519)**	(5 523 698)	**(4 811 199)**	(4 883 311)
Gross profit		**2 109 382**	2 253 019	**1 610 615**	1 707 347
Other income	26	**32 505**	43 154	**19 460**	49 364
Marketing, warehousing, selling and distribution expenses	24	**(1 020 107)**	(972 542)	**(750 380)**	(693 634)
Administrative expenses	24	**(524 757)**	(548 137)	**(354 653)**	(350 831)
Profit before finance costs	27	**597 023**	775 494	**525 042**	712 246
Finance costs	28	**(49 116)**	(31 291)	**(44 460)**	(28 237)
Share of results of associate	8(a)	**107**	28	**-**	-
Profit before credit loss expenses		**548 014**	744 231	**480 582**	684 009
Credit loss expenses on financial assets	12	**(33 819)**	(4 840)	**(21 519)**	(2 849)
Profit before tax		**514 195**	739 391	**459 063**	681 160
Tax expense	20(c)	**(69 547)**	(107 660)	**(62 782)**	(96 438)
Profit for the year		**444 648**	631 731	**396 281**	584 722
Other comprehensive income:					
Items that will not be reclassified subsequently to profit or loss:					
Changes in fair value of equity instrument at fair value through other comprehensive income		**–**	–	**109 191**	36 230
Remeasurements of post-employment benefit obligations	17	**(337 468)**	(187 394)	**(337 397)**	(186 690)
Deferred tax on post-employment benefit obligations	16	**57 357**	31 737	**57 357**	31 737
		(280 111)	(155 657)	**(170 849)**	(118 723)
Items that may be reclassified subsequently to profit or loss:					
Exchange differences on translating foreign operations		**68 553**	(1 439)	**-**	-
Other movements in associates	8(a)	**(946)**	(104)	**-**	-
		67 607	(1 543)	**-**	-
Total other comprehensive income		**(212 504)**	(157 200)	**(170 849)**	(118 723)
Total comprehensive income for the year		**232 144**	474 531	**225 432**	465 999
Profit/(loss) attributable to:					
Owners of the Company		**446 278**	632 710	**396 281**	584 722
Non-controlling interests		**(1 630)**	(979)	**-**	-
		444 648	631 731	**396 281**	584 722
Total comprehensive income/(loss) attributable to:					
Owners of the Company		**233 743**	475 679	**225 432**	465 999
Non-controlling interests		**(1 599)**	(1 148)	**-**	-
		232 144	474 531	**225 432**	465 999
Basic and diluted earnings per share (MUR.cs)	29	**27.13**	38.47		

The notes on pages 123 to 192 form an integral part of these financial statements.
Auditor's report is on pages 113 to 117.

Statements of Changes in Equity

for the year ended 30 June 2020

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 2019		**164 470**	**202 492**	**1 077 313**	**3 451**	**2 959 807**	**4 407 533**	**(5 597)**	**4 401 936**
Effect of adoption of IFRS 16 leases	2.1	**–**	**–**	**–**	**–**	**(11 144)**	**(11 144)**	**–**	**(11 144)**
At 1 July 2019 (restated)		**164 470**	**202 492**	**1 077 313**	**3 451**	**2 948 663**	**4 396 389**	**(5 597)**	**4 390 792**
Profit/(loss) for the year		**–**	**–**	**–**		**446 278**	**446 278**	**(1 630)**	**444 648**
Other comprehensive income/(loss) for the year		**–**	**–**	**68 553**	**(946)**	**(280 142)**	**(212 535)**	**31**	**(212 504)**
Total comprehensive income/(loss) for the year		**–**	**–**	**68 553**	**(946)**	**166 136**	**233 743**	**(1 599)**	**232 144**
Transfer		**–**	**–**	**94**	**–**	**(94)**	**–**	**–**	**–**
Dividends	22	**–**	**–**	**–**	**–**	**(210 522)**	**(210 522)**	**–**	**(210 522)**
At 30 JUNE 2020		**164 470**	**202 492**	**1 145 960**	**2 505**	**2 904 183**	**4 419 610**	**(7 196)**	**4 412 414**
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 income 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	22	–	–	–	–	(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

The notes on pages 123 to 192 form an integral part of these financial statements.
Auditor's report is on pages 113 to 117.

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
At 1 July 2019		**164 470**	**202 492**	**1 065 389**	**239 070**	**2 841 662**	**4 513 083**
Effect of adoption of IFRS 16 leases	2.1	**–**	**–**	**–**	**–**	**(8 152)**	**(8 152)**
At 1 July 2019 (restated)		**164 470**	**202 492**	**1 065 389**	**239 070**	**2 833 510**	**4 504 931**
Profit for the year		**–**	**–**	**–**	**–**	**396 281**	**396 281**
Other comprehensive income/(loss) for the year		**–**	**–**	**–**	**109 191**	**(280 040)**	**(170 849)**
Total comprehensive income for the year		**–**	**–**	**–**	**109 191**	**116 241**	**225 432**
Dividends	22	**–**	**–**	**–**	**–**	**(210 522)**	**(210 522)**
At 30 JUNE 2020		**164 470**	**202 492**	**1 065 389**	**348 261**	**2 739 229**	**4 519 841**
At 1 July 2018		164 470	202 492	1 065 389	202 840	2 630 638	4 265 829
Profit/(loss) 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	22	–	–	–	–	(218 745)	(218 745)
At 30 JUNE 2019		164 470	202 492	1 065 389	239 070	2 841 662	4 513 083

The notes on pages 123 to 192 form an integral part of these financial statements.
Auditor's report is on pages 113 to 117.

Statements of Cash Flows

for the year ended 30 June 2020

	Notes	THE GROUP 2020 MUR '000	THE GROUP 2019 MUR '000	THE COMPANY 2020 MUR '000	THE COMPANY 2019 MUR '000
Cash flows from operating activities					
Cash generated from operations	30(a)	**959 232**	873 400	**814 812**	772 736
Interest received		**497**	1 224	**451**	1 116
Interest paid		**(43 966)**	(31 291)	**(39 310)**	(28 237)
Contributions paid on pension		**(18 383)**	(54 880)	**(18 383)**	(54 880)
Tax paid	20(b)	**(133 867)**	(45 112)	**(126 483)**	(32 808)
CSR contribution	20(b)	**(6 697)**	(2 454)	**(6 697)**	(2 454)
Net cash generated from operating activities		**756 815**	740 887	**624 390**	655 473
Cash flows from investing activities					
Purchase of property plant and equipment		**(516 952)**	(466 260)	**(427 358)**	(389 568)
Proceeds from disposal of plant and equipment		**1 909**	4 927	**1 338**	4 927
Purchase of intangible assets	6	**(444)**	(1 256)	**–**	–
Dividends received		**4 459**	90	**4 459**	90
Net cash used in investing activities		**(511 028)**	(462 499)	**(421 561)**	(384 551)
Cash flows from financing activities					
Repayment of borrowings		**(85 510)**	(100 120)	**(70 738)**	(69 089)
Payment of principal portion of the lease	19	**(83 505)**	–	**(39 291)**	–
Dividends paid to Company's owners		**(78 946)**	(218 745)	**(78 946)**	(218 745)
Net cash used in financing activities		**(247 961)**	(318 865)	**(188 975)**	(287 834)
(Decrease)/increase in cash and cash equivalents		**(2 174)**	(40 477)	**13 854**	(16 912)
Movement in cash and cash equivalents					
At July 1		**62 057**	95 977	**34 515**	50 253
Effect of foreign exchange rate changes		**3 077**	6 557	**2 251**	1 174
(Decrease)/increase		**(2174)**	(40 477)	**13 854**	(16 912)
At 30 June	30(b)	**62 960**	62 057	**50 620**	34 515

The notes on pages 123 to 192 form an integral part of these financial statements.
Auditor's report is on pages 113 to 117.

Notes to the Financial Statements

for the Year Ended 30 June 2020

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 is situated 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 Mauritius Companies Act 2001 and have been prepared in accordance with International Financial Reporting Standards (IFRS). The financial statements are prepared under the historical cost 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.

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 and separate 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;
- 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.

Notes to the Financial Statements
for the Year Ended 30 June 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Basis of consolidation (continued)

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 recognises its investments in associates at fair value through OCI and these 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 five years.

(ii) Trademarks

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

(iii) Goodwill

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

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

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

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

(iv) Intangible assets acquired in a business combination

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

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

Notes to the Financial Statements

for the Year Ended 30 June 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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 foreign operations are translated into Mauritian Rupees (MUR) at a rate of exchange prevailing at the reporting date and their statements of profit or loss are translated at exchange rates prevailing at the dates of transactions. The exchange differences arising on translation for consolidation are recognised in other comprehensive income.

On disposal of a foreign operation, the component of other comprehensive income relating to that foreign operation is recognised in profit or loss.

(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 and impairment losses recognised after the date of revaluation. However, management assesses whether the carrying amount has not changed significantly over years. 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

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

Policy effective before 1 July 2019 - IAS 17

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.

Policy effective after 1 July 2019 - IFRS 16

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

<u>Group as a lessee</u>

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

Notes to the Financial Statements
for the Year Ended 30 June 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(i) Leases (continued)

Policy effective after 1 July 2019 - IFRS 16 (continued)

i) Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

	Years
Land	20 to 60 years
Motor vehicle	5 to 7 years

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment.

ii) Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

The Group's and the Company's lease liabilities are included in borrowings (see note 15).

iii) Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e. those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low value assets are recognised as expense on a straight-line basis over the lease term.

(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.

(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.

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.

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 and the Company. The Group and the Company 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 and the Company'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.

Notes to the Financial Statements

for the Year Ended 30 June 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(k) Financial instruments (continued)

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.

Impairment of financial assets

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 probability of default based on delinquency 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. When the trade receivables are referred to attorneys and there is no reasonable expectation of recovery the debtors are written off. 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. Impairment provisions for long term receivables are recognised based on a forward looking expected credit loss model. The Company assesses an increase in significant risk when it determines the repayment capabilities of the subsidiary companies have deteriorated due to the global pandemic.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, interest-bearing loans and borrowings, trade and other 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, interest-bearing loans and borrowings including bank overdrafts.

Subsequent measurement

The Group and the Company's financial liabilities are subsequently classified as financial liabilities at amortised cost.

Financial liabilities at amortised cost

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

Notes to the Financial Statements

for the Year Ended 30 June 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(l) Taxation (continued)

Deferred income tax (continued)

- 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 utilised 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 utilised.

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 utilised. 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.

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 five 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 Group and 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 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.

Notes to the Financial Statements

for the Year Ended 30 June 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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.

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

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. Deposit on containers is estimated based on the redemption rate over a five year period and the portion that is expected to be recovered is accounted as revenue on sale of products.

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 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).

Deposit on containers

Deposit on containers is released to income statement based on average percentage growth of the deposit on a five year period. An assessment is made every year.

Volume rebates

The Group applies either the most likely amount method or the expected value method to estimate the variable consideration in the contract. The selected method that best predicts the amount of variable consideration is primarily driven by the number of volume thresholds contained in the contract. The most likely amount is used for those contracts with a single volume threshold, while the expected value method is used for those with more than one volume threshold. The Group then applies the requirements on constraining estimates of variable consideration in order to determine the amount of variable consideration that can be included in the transaction price and recognised as revenue. A refund liability is recognised for the expected future rebates (i.e. the amount not included in the transaction price).

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.

(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.

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.

Notes to the Financial Statements
for the Year Ended 30 June 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(t) Fair value measurement

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

Standards, amendments to standards and circulars adopted for the first time in the current reporting period.

The below accounting standards became effective for the current financial year:

	Effective for accounting period beginning on or after
New or revised standards	
IFRS 16 - Leases	1 January, 2019
IFRIC 23- Uncertainty over Income Tax Treatments	1 January, 2019
IAS 19 Amendments Plan amendment, Curtailment or Settlement	1 January, 2019
IAS 28 Amendments- Long-term Interests in Associates and Joint Ventures	1 January, 2019
Annual Improvements to IFRS-2015–2017 Cycle (issued in December 2017)	1 January, 2019

Where the standards had an impact on the financial statements of the Group, its impact has been described below:

The Group and the Company applied IFRS 16 Leases 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 2019, but do not have an impact on the financial statements of the Group and the Company. The Group and the Company have not early adopted any standards, interpretations or amendments that have been issued but are not yet effective.

IFRS 16 Leases

IFRS 16 supersedes IAS 17 Leases, IFRIC 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. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise most leases on the balance sheet.

Lessor accounting under IFRS 16 is substantially unchanged from IAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in IAS 17. Therefore, IFRS 16 does not have an impact for leases where the Group is the lessor.

The Group and the Company adopted IFRS 16 using the modified retrospective method of adoption with the date of initial application of 1 January 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initially applying the standard recognised at the date of initial application. The Group and the Company elected to use the transition practical expedient to not reassess whether a contract is, or contains a lease at 1 July 2019. Instead, the Group and the Company applied the standard only to contracts that were previously identified as leases, applying IAS 17 and IFRIC 4 at the date of initial application.

The effect of adoption IFRS 16 as at 1 July 2019 is, as follows:

	THE GROUP	THE COMPANY
Assets	**MUR '000**	**MUR '000**
Right-of-use assets	329 625	176 343
Total assets	**329 625**	**176 343**
Liabilities		
Interest-bearing loans and borrowings	343 603	186 165
Deferred tax liabilities	(2 834)	(1 670)
Total liabilities	**340 769**	**184 495**
Total adjustment on equity:		
Retained earnings	(11 144)	(8 152)
	(11 144)	**(8 152)**

Upon adoption of IFRS 16, the Group applied a single recognition and measurement approach for all leases except for short-term leases and leases of low-value assets. Refer to Note 2 (i) Leases for the accounting policy beginning 1 July 2019. The standard provides specific transition requirements and practical expedients, which have been applied by the Group.

Leases previously accounted for as operating leases

The Group recognised right-of-use assets and lease liabilities for those leases previously classified as operating leases, except for short-term leases and leases of low-value assets. The right-of-use assets for most leases were recognised based on the carrying amount as if the standard had always been applied, apart from the use of incremental borrowing rate at the date of initial application. In some leases, the right-of-use assets were recognised based on the amount equal to the lease liabilities, adjusted for any related prepaid and accrued lease payments previously recognised. Lease liabilities were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application.

Notes to the Financial Statements
for the Year Ended 30 June 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (CONTINUED)

IFRS 16 Leases (continued)

Leases previously accounted for as operating leases (continued)

The lease liabilities as at 1 July 2019 can be reconciled to the operating lease commitments as of 30 June 2019, as follows:

	GROUP	THE COMPANY
	MUR '000	MUR '000
Assets		
Operating lease commitments as at 30 June 2019	225 754	193 749
Weighted average incremental borrowing rate as at 1 July 2019	5.27%	7.87%
Lease liabilities as at 1 July 2019	343 603	186 165

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 and the Company 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 and the Company when applicable, its impact is described below:

	Effective for accounting period beginning on or after
New or revised standards	
IFRS 17 Insurance Contracts	1 January, 2023
Amendments	
Amendments to References to the Conceptual Framework in IFRS Standards	1 January, 2020
Definition of Material - Amendments to IAS 1 and IAS 8	1 January, 2020
Amendments to IFRS 16 Covid-19 Related Rent Concessions	1 June, 2020

Where the adoption of the standards or amendments or improvement is deemed to have an impact on the financial statements or performance of the Group, their impact is described below.

Amendments to References to the Conceptual Framework in IFRS Standards

Together with the revised Conceptual Framework published in March 2018, the IASB also issued Amendments to References to the Conceptual Framework in IFRS Standards. The document contains amendments to IFRS 2, IFRS 3, IFRS 6, IFRS 14, IAS 1, IAS 8, IAS 34, IAS 37, IAS 38, IFRIC 12, IFRIC 19, IFRIC 20, IFRIC 22, and SIC-32. Not all amendments, however, update those pronouncements with regard to references to and quotes from the framework so that they refer to the revised Conceptual Framework. Some pronouncements are only updated to indicate which version of the framework they are referencing to (the IASC framework adopted by the IASB in 2001, the IASB framework of 2010, or the new revised framework of 2018) or to indicate that definitions in the standard have not been updated with the new definitions developed in the revised Conceptual Framework.

Definition of Material (Amendments to IAS 1 and IAS 8)

The amendments in Definition of Material (Amendments to IAS 1 and IAS 8) clarify the definition of 'material' and align the definition used in the Conceptual Framework and the standards.

The Group is still assessing the impact of these new standards and interpretations on its financial statements.

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 programme. 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 programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

Significant accounting policies

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

(a) Market risk

(i) Currency risk management

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

Foreign currency sensitivity analysis

The Group

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

Notes to the Financial Statements
for the Year Ended 30 June 2020

3. FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors and risk management policies (CONTINUED)

(a) Market risk (continued)

(i) Currency risk management (continued)

Foreign currency sensitivity analysis (continued)

The Group (continued)

	2020	2019
	MUR '000	MUR '000
United States Dollar (USD)	1 766	3 231
Euro (EUR)	30 266	22 302

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.

	2020	2019
	MUR '000	MUR '000
United States Dollar (USD)	1 861	3 670
Euro (EUR)	13 405	14 701

Following the Pandemic of Covid-19, the global impact on the restriction of certain international trade led to fluctuations in the world exchange currencies. The Group trades mostly in EUR. As at year end, the Group and the Company's financial statements were impacted positively by the favourable appreciation of the EUR. The Group plan to undertake foreign currency trade to mitigate foreign currency risks.

(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 immaterial. 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.

(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 2020, 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	
	2020	2019	2020	2019
Effect on profit	MUR '000	MUR '000	MUR '000	MUR '000
+ 50 basis points - Decrease in profit	(1 138)	(1 329)	(1 138)	(1 329)
- 50 basis points - Increase in profit	1 138	1 329	1 138	1 329

Other currencies-denominated borrowings

The Group has borrowings amounting to MUR 454.2m (2019: MUR 356m) and the Company MUR 232.1m (2019: MUR 243.4m) denominated in EURO.

For 2020 and 2019, since the interest rate is fixed, the Group and Company are not exposed to interest rate risk.

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 11% 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 statements 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. Management considers these trade receivables of having a low credit risk of default from these financial institutions are low.

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 forecast cash flows.

The Group and the Company considered the impact of Covid-19 on its financial assets. The Group segmented its trade receivables balances into categories pertaining to the different industries in Mauritius and Reunion. Where the Group and Company considered there to be an increase in credit risks, it made adjustments to the receivable balances of these respective trade debtors to reflect the situation. The Group has also considered to extend the credit facilities of its trade receivables as part of its strategy to mitigate its credit risks. The Group and the Company considered Covid-19 to have had minimal impact on its remaining financial assets.

3. FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors and risk management policies (CONTINUED)

(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.

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
2020							
Variable interest rate	**3.79%**	**41 918**	**19 460**	**51 590**	**177 733**	**35 981**	**326 682**
Fixed interest rate	**3.29%**	**2 230**	**25 293**	**47 382**	**219 964**	**53 126**	**347 995**
Lease liabilities	**5.27%**	**13 606**	**17 993**	**77 368**	**249 509**	**97 445**	**455 921**
Non-interest bearing:							
Trade and other payables	**–**	**632 395**	**164 200**	**200 610**	**–**	**–**	**997 205**
		690 149	**226 946**	**376 950**	**647 206**	**186 552**	**2 127 803**
2019							
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
Non-interest bearing:							
Trade and other payables	–	493 626	253 795	189 492	–	–	936 913
		502 958	402 864	279 531	391 788	166 894	1 744 035

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
2020							
Variable interest rate	**4.11%**	**1 538**	**19 460**	**25 340**	**163 603**	**35 981**	**245 922**
Fixed interest rate	**3.65%**	**706**	**20 753**	**24 989**	**171 677**	**39 390**	**257 515**
Lease liabilities	**7.87%**	**4 833**	**9 534**	**44 264**	**154 089**	**93 731**	**306 451**
Non-interest bearing:							
Trade and other payables	**–**	**327 372**	**130 430**	**198 371**	**–**	**–**	**656 173**
		334 449	**180 177**	**292 964**	**489 369**	**169 102**	**1 466 061**
2019							
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
Non-interest bearing:							
Trade and other payables	–	206 144	167 519	186 812	–	–	560 475
		214 472	206 235	237 287	331 602	146 195	1 135 791

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
- 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).

Notes to the Financial Statements
for the Year Ended 30 June 2020

3. FINANCIAL RISK MANAGEMENT (CONTINUED)

3.2 Fair value estimation of financial instruments (CONTINUED)

THE COMPANY

	Level 1 MUR '000	Level 2 MUR '000	Level 3 MUR '000	Total MUR '000
2020				
Investments in subsidiaries	**–**	**–**	**1 183 246**	**1 183 246**
Investments in associate	**–**	**–**	**3 285**	**3 285**
Total	**–**	**–**	**1 186 531**	**1 186 531**

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

Reconciliation of level 3 fair value measurements of financial assets

THE COMPANY

	2020 MUR '000	2019 MUR '000
At 1 July	**1 077 340**	1 041 110
Total gains recognised in other comprehensive income	**109 191**	36 230
At 30 June	**1 186 531**	1 077 340

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 2020 MUR '000	Fair value as at 30 June 2019 MUR '000	Valuation techniques	Unobservable input	Range of unobservable inputs (probability weighted average)	Relationship of unobservable inputs to fair value
Unquoted investments in subsidiaries	**1 043 704**	972 947	Discounted cash flows	Discount rate	2020: (6.34%) and 2019: (6.25% - 6.75%)	A 5% increase will lead to a decrease of MUR 68m. A 5% decrease will lead to an increase of MUR 78m.
				Growth rate	4%	A 5% increase will lead to an increase of MUR 10m. A 5% decrease will lead to a decrease of MUR 10m.
				Marketability discount	10%	A 5% increase in rate will lead to decrease of MUR 6m. A 5% decrease in rate will lead to an increase of MUR 6m.
Investment in associates	**3 285**	7 215	Net assets	Illiquidity	Illiquidity	A 5% increase in rate will lead to decrease of MUR 55k. A 5% decrease in rate will lead to an increase of MUR 55k.
Financial assets at fair value through other comprehensive income	**2 091**	2 091	Net assets	Cost	Not applicable	Not applicable

Notes to the Financial Statements
for the Year Ended 30 June 2020

3. FINANCIAL RISK MANAGEMENT (CONTINUED)

3.3 Capital risk management (CONTINUED)

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.

Following Covid-19, the Group's and the Company's overall strategy is to streamline our operations so as to be cost-efficient at each level of our organisation while consolidating our market share in the region.

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

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

The debt to equity ratio at 30 June 2020 and 30 June 2019 were as follows:

	THE GROUP		The Company	
	2020 MUR '000	2019 MUR '000	**2020 MUR '000**	2019 MUR '000
Total debt (note 15)	**913 957**	607 255	**650 684**	494 828
Less: bank and cash balances (note 30(b))	**(104 162)**	(80 860)	**(51 441)**	(40 929)
Net debt	**809 795**	526 395	**599 243**	453 899
Total equity	**4 412 414**	4 401 936	**4 519 841**	4 513 083
Debt-to-equity ratio	**0.18:1**	0.12:1	**0.13:1**	0.10:1

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 trademarks

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 engage an independent valuation specialists to determine the fair value on a regular basis. These 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 stock

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

(g) Depreciation and amortisation rates

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

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

Notes to the Financial Statements
for the Year Ended 30 June 2020

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

4.1 Critical accounting estimates and assumptions (CONTINUED)

(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.

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 until December based on 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 rebate entitlements may not be representative of customers' actual sales and rebate entitlements in the future.

As at 30 June 2020, the amount recognised as refund liabilities for the expected sales and turnover rebates was MUR 63.2m (2019: MUR.54.1m).

(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. 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.

(l) Leases - Estimating the incremental borrowing rate

The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates. The IBR used to estimate the lease liability ranges from 2% to 8% for the Group and 7% to 8% for the Company.

5. PROPERTY, PLANT AND EQUIPMENT

(a) COST OR VALUATION

THE GROUP

2020	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 2019	1 161 261	1 042 206	2 716 384	284 776	824 463	328 417	6 357 507
Additions	63 465	50 312	114 654	29 475	117 140	102 510	477 556
Transfer between categories	–	589	16 657	–	(17 246)	–	–
Transfer to intangible assets	–	–	–	–	(634)	–	(634)
Disposals	(751)	(4 392)	(5 198)	(7 682)	(1 183)	(109 997)	(129 203)
Exchange differences	5 322	42 254	46 861	83	12 315	–	106 835
At 30 JUNE 2020	**1 229 297**	**1 130 969**	**2 889 358**	**306 652**	**934 855**	**320 930**	**6 812 061**
DEPRECIATION							
At 1 July 2019	3 849	251 086	1 470 019	146 915	508 262	180 028	2 560 159
Charge for the year	4 178	48 353	110 348	18 911	60 910	63 645	306 345
Disposals	–	(4 392)	(5 113)	(7 399)	(576)	(109 997)	(127 477)
Exchange differences	–	27 629	32 140	90	4 039	–	63 898
At 30 JUNE 2020	**8 027**	**322 676**	**1 607 394**	**158 517**	**572 635**	**133 676**	**2 802 925**
NET BOOK VALUE							
At 30 JUNE 2020	**1 221 270**	**808 293**	**1 281 964**	**148 135**	**362 220**	**187 254**	**4 009 136**
Capital expenditure in progress	–	5 129	146 875	–	34 943	–	186 947
TOTAL PROPERTY, PLANT AND EQUIPMENT	**1 221 270**	**813 422**	**1 428 839**	**148 135**	**397 163**	**187 254**	**4 196 083**

Notes to the Financial Statements

for the Year Ended 30 June 2020

5. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

(a) COST OR VALUATION (continued)

THE GROUP

2019	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

(b) COST OR VALUATION

THE COMPANY

2020	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 2019	**1 044 050**	**657 837**	**2 326 445**	**282 936**	**740 990**	**328 417**	**5 380 675**
Additions	**63 465**	**37 139**	**87 049**	**29 475**	**68 566**	**102 510**	**388 204**
Disposals	**(751)**	**–**	**–**	**(6 780)**	**(176)**	**(109 997)**	**(117 704)**
At 30 JUNE 2020	**1 106 764**	**694 976**	**2 413 494**	**305 631**	**809 380**	**320 930**	**5 651 175**
DEPRECIATION							
At 1 July 2019	**3 849**	**20 000**	**1 197 510**	**145 074**	**471 822**	**180 030**	**2 018 285**
Charge for the year	**4 178**	**23 362**	**83 206**	**18 911**	**56 876**	**63 645**	**250 178**
Disposals	**–**	**–**	**–**	**(6 489)**	**(63)**	**(109 997)**	**(116 549)**
At 30 JUNE 2020	**8 027**	**43 362**	**1 280 716**	**157 496**	**528 635**	**133 678**	**2 151 914**
NET BOOK VALUE							
At 30 JUNE 2020	**1 098 737**	**651 614**	**1 132 778**	**148 135**	**280 745**	**187 252**	**3 499 261**
Capital expenditure in progress	**–**	**5 129**	**146 875**	**–**	**34 886**	**–**	**186 890**
TOTAL PROPERTY, PLANT AND EQUIPMENT	**1 098 737**	**656 743**	**1 279 653**	**148 135**	**315 631**	**187 252**	**3 686 151**

Notes to the Financial Statements

for the Year Ended 30 June 2020

5. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

(b) COST OR VALUATION (continued)

THE COMPANY

2019	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

(c) 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.

  The Directors have assessed the fair value of the freehold land and buildings at 30 June 2020 and have estimated the fair value to approximate the carrying value as at that date. As part of their assessment, the directors considered whether the global pandemic had an impact on the fair value of the land and buildings and concluded the impact of the pandemic to be nil on the fair value.

  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 2020 and have estimated the fair value to approximate the carrying value as at that date.

  Freehold land and buildings are revalued every 5 years.

(d) Fair value hierarchy measurement of freehold land and yard are classified as level 2 amounting to MUR 1 221.3m (2019: MUR 1 157.4m) for the Group and MUR 1 098.7m (2019: MUR 1 040.2m) for the Company and building as level 3 amounting to MUR 808.3m (2019: MUR 791.1m) for the Group and MUR 651.8m (2019: MUR 637.8m) for the Company.

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

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

(g) There were no assets held under finance leases in the financial year 2020 (2019: Nil).

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

THE GROUP

Description	Fair value at 30 June, 2020 MUR '000	2019 MUR '000	Valuation technique	Unobservable inputs	Range of unobservable inputs (probability - weighted average)	Relationship of unobservable inputs to fair value
Buildings	**808 293**	791 120	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

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5. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

THE COMPANY

Description	Fair value at 30 June 2020 MUR '000	Fair value at 30 June 2019 MUR '000	Valuation technique	Unobservable inputs	Range of unobservable inputs (probability - weighted average)	Relationship of unobservable inputs to fair value
Buildings	**651 614**	637 837	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

(i) Information about fair value measurements using significant unobservable inputs (Level 2)

THE GROUP

Description	Fair value at 30 June 2020 MUR '000	Fair value at 30 June 2019 MUR '000	Valuation technique	Unobservable inputs	Range of unobservable inputs (probability - weighted average)	Relationship of unobservable inputs to fair value
Freehold land and yard	**1 221 270**	1 157 412	Cost approach/ Direct comparison approach	Price per square metre	MUR 1 066 to MUR 7 108	The higher the price per square metre, the higher the fair value

THE COMPANY

Description	Fair value at 30 June 2020 MUR '000	Fair value at 30 June 2019 MUR '000	Valuation technique	Unobservable inputs	Range of unobservable inputs (probability - weighted average)	Relationship of unobservable inputs to fair value
Freehold land and yard	**1 098,737**	1 040 201	Cost approach/ Direct comparison approach	Price per square metre	MUR 1 066 to MUR 7 108	The higher the price per square metre, the higher the fair value

Following the Global pandemic Covid-19, the directors considered its impact on the recoverable amount of the plant and equipment. As at reporting date, the directors concluded that the remaining useful life and residual values remained unchanged.

(j) Depreciation

	THE GROUP 2020 MUR '000	THE GROUP 2019 MUR '000	THE COMPANY 2020 MUR '000	THE COMPANY 2019 MUR '000
Cost of sales	**215 854**	206 307	**172 005**	165 219
Selling and distribution expenses	**69 311**	63 024	**66 095**	58 750
Administrative expenses	**21 180**	21 364	**12 078**	12 756
	306 345	290 695	**250 178**	236 725

(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 2020			
Cost	**351 326**	**1 026 884**	**1 378 210**
Accumulated depreciation	**(30 451)**	**(458 014)**	**(488 465)**
Net book value	**320 875**	**568 870**	**889 745**
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

THE COMPANY

	Freehold land and yard MUR '000	Freehold buildings MUR '000	Total MUR '000
At 30 JUNE 2020			
Cost	**299 218**	**610 892**	**910 110**
Accumulated depreciation	**(30 451)**	**(182 737)**	**(213 188)**
Net book value	**268 767**	**428 155**	**696 922**
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

Notes to the Financial Statements
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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 2019	**193 000**	**33 349**	**593 520**	**819 869**	**193 000**	**21 697**	**214 697**
Additions	**–**	**444**	**–**	**444**	**–**	**–**	**–**
Transfer from property, plant and equipment	**–**	**634**	**–**	**634**	**–**	**–**	**–**
Exchange differences	**–**	**1 341**	**66 508**	**67 849**	**–**	**–**	**–**
At 30 JUNE 2020	**193 000**	**35 768**	**660 028**	**888 796**	**193 000**	**21 697**	**214 697**
AMORTISATION							
At 1 July 2019	**–**	**27 282**	**–**	**27 282**	**–**	**17 119**	**17 119**
Charge for the year	**–**	**2 337**	**–**	**2 337**	**–**	**1 426**	**1 426**
Exchange differences	**–**	**1 158**	**–**	**1 158**	**–**	**–**	**–**
At 30 JUNE 2020	**–**	**30 777**	**–**	**30 777**	**–**	**18 545**	**18 545**
NET BOOK VALUE							
At 30 JUNE 2020	**193 000**	**4 991**	**660 028**	**858 019**	**193 000**	**3 152**	**196 152**

(b) COST

	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
Disposals	–	(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

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	
	2020 MUR '000	2019 MUR '000	**2020 MUR '000**	2019 MUR '000
Cost of sales	**412**	85	**–**	–
Administrative expenses	**1 925**	2 499	**1 426**	2 154
	2 337	2 584	**1 426**	2 154

(d) IMPAIRMENT TEST ON TRADEMARKS AND GOODWILL

THE GROUP AND THE COMPANY	**2020 MUR '000**	2019 MUR '000
Trademarks		
Trademarks (note (i))	**193 000**	193 000

THE GROUP	**2020 MUR '000**	2019 MUR '000
Goodwill		
Edena S.A. and its subsidiaries (note (i))	**660 028**	593 520

The Group assess 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 2020.

(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% (2019: 4%) for a period of five years;
- cash flows after the five years period were extrapolated using a perpetual growth rate of 2% (2019: 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 6.34% - 9.78% (2019: 6.59% - 11.95%). 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 2020

7. INVESTMENTS IN SUBSIDIARIES

(a) Unquoted

	THE COMPANY	
	2020 MUR '000	2019 MUR '000
At July 1	**1 070 125**	1 033 853
Increase in fair value	**113 121**	36 272
At 30 June	**1 183 246**	1 070 125

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 measured at fair value in the Company's separate financial statements.

Due to the economic turbulence caused by the Covid-19 pandemic, the future cash flows forecast were amended downwards, thereby resulting in a reduction in fair value of Eur 0.442m equivalent to MUR 19.8m. However, with the appreciation of the EUR vs MUR, a gain of MUR 90.6m was accounted upon retranslation of the Euro denominated investment.

The directors are currently monitoring the potential impairment impact of Covid-19 pandemic on the Group's assets. They are of the opinion that the virus would have a negative effect on the short term performance of the business, but the exact impact is not readily determinable as at the date of these financial statements. It is also expected that the consequence of the sanitary crisis will be of short term basis and that business conditions of the beverages Industry will be back to normal in the medium to long term period. In this context, when measuring the fair value of Investments, the following adjusting estimates have been taken into considerations:
(I) Specific risk premium have been increased from 2% to 3% based the uncertain outcomes of Covid-19 on our business.
(II) Perpetuity Growth rate have been reduced from 2% to 1.69% to align with IMF's Long term inflation rate.
(III) 10% marketability discount have been applied based on surveys and observations for east Africa which we assumed could be realistic to Reunion Island in the present situation.

(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		Other Group companies	
						2020	2019	**2020**	2019
Edena S.A.	Reunion	30 June	Bottling and sale of soft drinks table water and alternative beverages	Ordinary	138 594 435	**100.00%**	100.00%	**–**	–
Espace Solution Réunion S.A.S.	Reunion	30 June	Distributor of beverages and other commodities	Ordinary	54 313 672	**–**	–	**100.00%**	100.00%
Helping Hands Foundation	Mauritius	30 June	Charitable institution	Ordinary	10 000	**48.00%**	48.00%	**52.00%**	52.00%
MBL Offshore Ltd	Mauritius	30 June	Investment	Ordinary	27 215 400	**100.00%**	100.00%	**–**	–
Phoenix Beverages Overseas Ltd	Mauritius	30 June	Export of beverages	Ordinary	25 000	**99.96%**	99.96%	**–**	–
Phoenix Camp Minerals Offshore Ltd	Mauritius	30 June	Investment	Ordinary	86	**100.00%**	100.00%	**–**	–
Phoenix Distributors Ltd	Mauritius	30 June	Distributor of beverages	Ordinary	206 000	**97.33%**	97.33%	**–**	–
Phoenix Foundation	Mauritius	30 June	Charitable institution	Ordinary	1 000	**100.00%**	100.00%	**–**	–
Phoenix Réunion SARL	Reunion	30 June	Distributor of beverages and other commodities	Ordinary	342 640	**–**	–	**100.00%**	100.00%
SCI Edena	Reunion	30 June	Property holding	Ordinary	40 250	**–**	–	**100.00%**	100.00%
The (Mauritius) Glass Gallery Ltd	Mauritius	30 June	Manufacture and sale of glass related products	Ordinary	5 110 000	**76.00%**	76.00%	**–**	–
Green Mill Ltd	Mauritius	30 June	Restaurants	Ordinary	–	**100.00%**	–	**–**	–

The directors are of the opinion that non-controlling interests are not material to the Group. The investments are classified as level 3 in the fair value hierarchy. Refer to note 3.2.

Notes to the Financial Statements
for the Year Ended 30 June 2020

7. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

(c) Green Mill Ltd

A new subsidiary was incorporated on 26 February 2020. The activity of the new subsidiary will be the operation of a restaurant with entertainment.

8. INVESTMENT IN ASSOCIATE

(a) THE GROUP

	THE GROUP 2020 MUR '000	THE GROUP 2019 MUR '000
At July 1	**9 621**	9 697
Share of results	**107**	28
Dividends	**(4 402)**	–
Other movement in reserves	**(946)**	(104)
At 30 June	**4 380**	9 621

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

(b) THE COMPANY

	THE COMPANY 2020 MUR '000	THE COMPANY 2019 MUR '000
At July 1	**7 215**	7 257
Decrease	**(3 930)**	(42)
At 30 June	**3 285**	7 215

Investment in associate is classified as financial asset at fair value through other comprehensive income. The investment in associates is classified as level 3 in the fair value hierarchy. Refer to note 3.2.

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

2020 and 2019

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%**	–

(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
2020								
Crown Corks Industries Ltd	**14 212**	**405**	**190**	**727**	**364**	**(3 116)**	**(2 752)**	**4 402**
2019								
Crown Corks Industries Ltd	31 276	482	71	487	93	(341)	(248)	–

(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 for the year MUR '000	Dividends for the year	Closing net assets MUR '000	Ownership interest %	Interest in associates MUR '000	Goodwill MUR '000	Carrying value MUR '000
2020									
Crown Corks Industries Ltd	**31 691**	**352**	**(3 116)**	**(14 500)**	**14 427**	**30.36%**	**4 380**	**–**	**4 380**
2019									
Crown Corks Industries Ltd	31 939	93	(341)	–	31 691	30.36%	9 621	–	9 621

9. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

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

	THE GROUP 2020 MUR '000	THE GROUP 2019 MUR '000	THE COMPANY 2020 MUR '000	THE COMPANY 2019 MUR '000
At July 1	**3 119**	3 109	**2 091**	2 091
Exchange differences	**117**	10	**–**	–
At 30 June	**3 236**	3 119	**2 091**	2 091

Notes to the Financial Statements
for the Year Ended 30 June 2020

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

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

	THE GROUP		THE COMPANY	
	2020 MUR '000	2019 MUR '000	**2020 MUR '000**	2019 MUR '000
Unquoted:				
Equity securities - Mauritius	**2 091**	2 091	**2 091**	2 091
Equity securities - Reunion	**1 145**	1 028	**–**	–
	3 236	3 119	**2 091**	2 091

The fair value of the unquoted securities are based on directors' estimate. As at 30 June 2020, based on their review, they have assessed that the fair value of the unquoted securities is not materially different from the cost.

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

	THE GROUP		THE COMPANY	
	2020 MUR '000	2019 MUR '000	**2020 MUR '000**	2019 MUR '000
Unquoted:				
Eccocentre Limited	**2 091**	2 091	**2 091**	2 091
Société Civile de Placement Immobilier	**1 145**	1 028	**–**	–
	3 236	3 119	**2 091**	2 091

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

	THE GROUP		THE COMPANY	
	2020 MUR '000	2019 MUR '000	**2020 MUR '000**	2019 MUR '000
Mauritian Rupee	**2 091**	2 091	**2 091**	2 091
Euro	**1 145**	1 028	**–**	–
	3 236	3 119	**2 091**	2 091

10. LONG TERM RECEIVABLES AT AMORTISED COST

	THE COMPANY	
	2020 MUR '000	2019 MUR '000
Receivables from subsidiaries	**263 901**	233 109
Less allowance for ECL	**(152 374)**	(138 098)
	111 527	95 011

The long-term receivables from subsidiaries are stated at amortised cost. The directors have assessed that no further provision is required at the reporting date. The DCF model has been used to determine the fair value of the long-term receivables. The fair value of the long-term receivables approximate its carrying amount and this is classified as level 3.

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. 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).

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

(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	
	2020 MUR '000	2019 MUR '000
Mauritian Rupee	**79 924**	76 959
Euro	**31 603**	18 052
	111 527	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:

	MUR '000
Gross carrying amount as at 1 July 2019	**233 109**
Additions	**84 222**
Repayment	**(66 707)**
Exchange difference	**13 277**
At 30 June 2020	**263 901**

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

Notes to the Financial Statements
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10. LONG TERM RECEIVABLES AT AMORTISED COST (CONTINUED)

Stage 3	Credit impaired MUR '000
ECL allowance as at 1 July 2019	138 098
Increase in exposure	14 276
At 30 June 2020	152 374

	Credit 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	
	2020 MUR '000	2019 MUR '000	2020 MUR '000	2019 MUR '000
Raw and packaging materials	454 288	466 870	389 190	393 545
Spare parts and consumables	124 455	109 263	103 345	90 791
Finished goods	446 186	393 633	314 806	330 918
Work in progress	36 200	37 770	36 200	37 770
Goods in transit	25 908	65 009	12 336	29 444
	1 087 037	1 072 545	855 877	882 468

The cost of inventory recognised as an expense includes an amount of MUR 42.1m (2019: MUR 2.5m) for the Group and MUR 39.8m (2019: MUR 1.9m) 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	
	2020 MUR '000	2019 MUR '000	2020 MUR '000	2019 MUR '000
Trade receivables (net of provisions)	423 407	562 085	208 345	255 254
Other receivables	39 854	92 592	5 169	58 397
Prepayments	30 225	36 126	30 221	36 126
Receivables from group companies:				
- Ultimate holding company	–	163	–	–
- Enterprises in which ultimate holding Company has significant interest	49 774	60 066	49 774	60 066
- Fellow subsidiary	701	308	701	308
- Subsidiary companies	–	–	14 811	20 227
	543 961	751 340	309 021	430 378

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 44.8m (2019: MUR 53.4m) is due from the Group's largest customer. There are no other customers who represent more than 11% 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.

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

	THE GROUP		THE COMPANY	
	2020 MUR '000	2019 MUR '000	2020 MUR '000	2019 MUR '000
Mauritian Rupee	253 818	325 831	268 422	328 401
US Dollar	1 784	3 768	–	–
Euro	218 280	293 023	5 209	7 454
	473 882	622 622	273 631	335 855

(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 payers of 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.

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 2020						
Expected loss rate	1.57%	1.82%	10.44%	15.09%	82.67%	
Gross carrying amount:						
Trade receivables (MUR '000)						
-Uninsured debtors (MUR'000)	197 808	71 212	15 532	28 010	139 161	451 723
-Insured debtors (MUR'000)	67 712	57 806	977	9 440	11 521	147 456
Loss allowance (MUR'000)	3 105	1 299	1 621	4 226	115 046	125 297

Notes to the Financial Statements
for the Year Ended 30 June 2020

12. TRADE AND OTHER RECEIVABLES (CONTINUED)

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

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)						
-Uninsured debtors	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 2020						
Expected loss rate	**3.45%**	**3.50%**	**8.99%**	**53.55%**	**100.00%**	
Gross carrying amount:						
Trade receivables (MUR '000)						
-Uninsured debtors (MUR'000)	**91 219**	**31 264**	**2 289**	**416**	**34 052**	**159 240**
-Insured debtors (MUR'000)	**67 712**	**57 806**	**977**	**9 440**	**11 521**	**147 456**
-Amount due from related parties	**–**	**–**	**–**	**12 178**	**22 396**	**34 574**
Loss allowance (MUR'000)	**3 147**	**1 093**	**206**	**6 744**	**56 449**	**67 639**

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)						
-Uninsured debtors (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	4 685	5 891	1 296	342	5 078	17 292
-Amount due from related parties	17 470	3 094	17	27	23 871	44 479
Loss allowance (MUR'000)	2 131	1 790	42	108	44 353	48 424

THE GROUP AND THE COMPANY

Insured debtors - Allowance of ECL on insured debtors is minimal.

Trade receivables and other debtors - ECL is calculated based on the expected loss rate which varies for the Company and its 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

Covid-19 affected many sectors of our economy particularly the hotel and leisure sector. We have been more stringent on our credit risk assessment exercise whereby we have identified all clients falling in those affected sectors with significant risk of default and provided the full amount. The probability of default ("PD") has been derived based on a Model Segmentation approach whereby exposures with homogeneous risk characteristics has been grouped for ECL assessment while those which can be expected to differ in terms of credit risk has been separated. Exposures in the above-mentioned sectors experienced an increase in credit risk and hence management reflected this increased in credit risk through a higher ECL rates.

(c) The closing loss allowances for trade and other receivables as at 30 June 2020 reconcile to the opening loss allowances as follows:

	THE GROUP 2020 MUR '000	THE GROUP 2019 MUR '000	THE COMPANY 2020 MUR '000	THE COMPANY 2019 MUR '000
At 1 July	**92 782**	92 073	**48 424**	46 460
Charge for the year	**33 819**	4 840	**21 519**	2 849
Write off	**(10 725)**	(4 131)	**(2 304)**	(885)
Exchange differences	**9 421**	–	**–**	–
At 30 June	**125 297**	92 782	**67 639**	48 424

(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

2020 and 2019	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 (2019: 16 447 000) with a par value of MUR 10 per share (2019: MUR 10 per share). All issued shares are fully paid.

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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
2020					
At 1 July 2019	**1 063 717**	**5 256**	**8 340**	**3 451**	**1 080 764**
Other comprehensive income:					
Transfer from retained earnings	**–**	**94**	**–**	**–**	**94**
Other movements in associate	**–**	**–**	**–**	**(946)**	**(946)**
Exchange differences	**–**	**–**	**68 553**	**–**	**68 553**
At 30 JUNE 2020	**1 063 717**	**5 350**	**76 893**	**2 505**	**1 148 465**

(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
Other comprehensive income:					
Other movements in associate	–	–	–	(104)	(104)
Exchange differences	–	–	(1 439)	–	(1 439)
Transfer from retained earnings	–	436	–	–	436
At 30 JUNE 2019	1 063 717	5 256	8 340	3 451	1 080 764

(b) THE COMPANY

	REVALUATION AND OTHER RESERVES			
	Revaluation reserve MUR '000	Capital reserves MUR '000	Fair value reserve MUR '000	Total MUR '000
2020				
At 1 July 2019	**1 063 557**	**1 832**	**239 070**	**1 304 459**
Other comprehensive income:				
Increase in fair value	**–**	**–**	**109 191**	**109 191**
At 30 JUNE 2020	**1 063 557**	**1 832**	**348 261**	**1 413 650**

	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
Other comprehensive income:				
Increase in fair value	–	–	36 230	36 230
At 30 JUNE 2019	1 063 557	1 832	239 070	1 304 459

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	
	2020 MUR '000	2019 MUR '000	**2020 MUR '000**	2019 MUR '000
Current				
Bank overdrafts (note 30(b))	**41 202**	18 803	**821**	6 414
Bank loans	**103 776**	101 173	**73 684**	69 773
Lease liabilities	**87 448**	–	**43 860**	-
	232 426	119 976	**118 365**	76 187
Non-current				
Bank loans (b)	**423 592**	487 279	**368 418**	418 641
Lease liabilities	**257 939**	–	**163 901**	–
	681 531	487 279	**532 319**	418 641
Total borrowings	**913 957**	607 255	**650 684**	494 828

Notes to the Financial Statements
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15. BORROWINGS (CONTINUED)

(a) The borrowings include secured liabilities (bank overdrafts, bank loans and lease liabilities) amounting to MUR 913.9m (2019: MUR 607.3m) for the Group and MUR 650.7m (2019: MUR 494.8m) for the Company. The borrowings are secured by fixed and floating charges over the Group and Company's assets and bearing interest at 1.18% - 8.00% per annum (2019: 1.15% - 6.50% per annum) for the Group and 3.65% - 8.00% per annum (2019: 3.65% - 6.50% per annum) for the Company.

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

	THE GROUP		THE COMPANY	
	2020 MUR '000	2019 MUR '000	2020 MUR '000	2019 MUR '000
After one year and before two years	89 049	93 145	73 684	69 773
After two years and before three years	82 654	81 948	73 684	69 773
After three years and before five years	159 934	151 940	147 367	139 547
After five years	91 955	160 246	73 683	139 548
	423 592	487 279	368 418	418 641

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

	THE GROUP		THE COMPANY	
	2020 MUR '000	2019 MUR '000	2020 MUR '000	2019 MUR '000
	%	%	%	%
Bank overdrafts	1.18 - 6.75	1.15 - 6.75	6.75	6.75
Bank loans	2.18 - 4.10	2.11 - 5.75	3.65 - 4.10	3.65 - 5.75
Lease liabilities	1.80 - 8.00	–	7.00 - 8.00	–

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

	THE GROUP		THE COMPANY	
	2020 MUR '000	2019 MUR '000	2020 MUR '000	2019 MUR '000
Mauritian Rupee	418 583	251 414	418 583	251 414
Euro	495 374	355 841	232 101	243 414
	913 957	607 255	650 684	494 828

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	
	2020 MUR '000	2019 MUR '000	2020 MUR '000	2019 MUR '000
Deferred tax liabilities	197 097	295 593	193 073	290 006

Deferred tax liabilities are calculated on all temporary differences under the liability method at tax rate of 17% (2019: 17%). The movements on the deferred tax account are as follows:

	THE GROUP		THE COMPANY	
	2020 MUR '000	2019 MUR '000	2020 MUR '000	2019 MUR '000
At 1 July	295 593	318 161	290 006	312 262
Effect of adoption of IFRS 16 Leases	(2 834)	–	(1 670)	–
At 1 July (adjusted)	292 759	318 161	288 336	312 262
(Credit)/charge to profit or loss (note 20(c))	(38 305)	9 169	(37 906)	9 481
Credit to other comprehensive income	(57 357)	(31 737)	(57 357)	(31 737)
At June 30	197 097	295 593	193 073	290 006

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

(a) THE GROUP

2020	At 1 July 2019 MUR '000	Effect of adoption of IFRS 16 Leases MUR '000	At 1 July 2019 (adjusted) MUR '000	(Credit)/ charge to profit or loss MUR '000	Credit to other comprehensive income MUR '000	At 30 June, 2020 MUR '000
Deferred tax liabilities						
Lease liabilities	–	(58 871)	(58 871)	6 679	–	(52 192)
Accelerated tax depreciation	342 472	–	342 472	(24 016)	–	318 456
Deferred tax assets						
Retirement benefit obligations	(31 332)	–	(31 332)	371	(57 357)	(88 318)
Right of use of assets	–	56 036	56 036	(7 733)	–	48 303
Provision on stock	(15 547)	–	(15 547)	(13 606)	–	(29 153)
Net deferred tax liabilities	295 593	(2 834)	236 722	(30 572)	(57 357)	197 097

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

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16. DEFERRED TAX LIABILITIES (CONTINUED)

(b) THE COMPANY

2020	At 1 July 2019 MUR '000	Effect of adoption of IFRS 16 Leases MUR '000	At 1 July 2019 (adjusted) MUR '000	Charge/ (credit) to profit or loss MUR '000	Credit to other comprehensive income MUR '000	At 30 June, 2020 MUR '000
Deferred tax liabilities						
Lease liabilities	–	(31 648)	(31 648)	6 679	–	(24 969)
Accelerated tax depreciation	336 772	–	336 772	(23 697)	–	313 075
Deferred tax assets						
Retirement benefit obligations	(31 219)	–	(31 219)	371	(57 357)	(88 205)
Right of use of assets	–	29 978		(7 653)	–	22 325
Provision on stock and receivables	(15 547)	–	(15 547)	(13 606)	–	(29 153)
Net deferred tax liabilities	290 006	(1 670)	258 358	(30 253)	(57 357)	193 073

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	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

17. EMPLOYEE BENEFIT OBLIGATION

	THE GROUP		THE COMPANY	
	2020 MUR '000	2019 MUR '000	**2020 MUR '000**	2019 MUR '000
Amounts recognised in the statements of financial position				
Pension scheme (note (i))	**520 300**	184 921	**518 845**	183 632
Charge to profit or loss				
- Pension benefits (note (iv))	**16 295**	4 588	**16 199**	4 502
Charge/(credit) to other comprehensive income				
- Pension benefits (note (v))	**337 468**	187 394	**337 397**	186 690

(a) 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 07 August 2020.

The plan is a hybrid arrangement in respect of employees who were previously members of a Defined Benefit (DB) plan. These employees have a No Worse Off Guarantee whereby, at retirement, their pension benefits will not be less than what would have been payable under the previous DB plan. An employee forgoes this guarantee if he leaves before normal retirement age.

The unfunded liability relates to employees who are entitled to Retirement Gratuities payable under the Worker's Rights Act (WRA). The latter provides for a lump sum at retirement based on final salary and years of service. For employees who are members of the Defined Contribution plan or Defined Benefit plan, half of any lump sum and five years of pension (relating to Employer's share of contributions only) payable from the pension fund have been offset from the Retirement Gratuities.

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

	THE GROUP		THE COMPANY	
	2020 MUR '000	2019 MUR '000	**2020 MUR '000**	2019 MUR '000
Present value of funded obligations	**925 018**	573 807	**925 018**	573 807
Fair value of plan assets	**(479 946)**	(446 699)	**(479 946)**	(446 699)
	445 072	127 108	**445 072**	127 108
Present value of unfunded obligations	**75 228**	57 813	**73 773**	56 524
Liability in the statements of financial position	**520 300**	184 921	**518 845**	183 632

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

	THE GROUP		THE COMPANY	
	2020 MUR '000	2019 MUR '000	**2020 MUR '000**	2019 MUR '000
At 1 July,	**184 921**	61 160	**183 632**	60 661
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	**337 468**	187 394	**337 397**	186 690
Amount recognised in profit or loss (note 25)	**16 295**	4 588	**16 199**	4 502
Contributions paid *	**(18 383)**	(54 880)	**(18 383)**	(54 880)
At 30 June,	**520 300**	184 921	**518 845**	183 632

* 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 31.7m (2019: MUR 34.7m) for the Group and MUR 30.9m (2019: MUR 33.8m) for the Company.

** For the year ended 30 June 2019, 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.

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17. EMPLOYEE BENEFIT OBLIGATION (CONTINUED)

(a) Pension scheme (continued)

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

	THE GROUP		THE COMPANY	
	2020 MUR '000	2019 MUR '000	**2020 MUR '000**	2019 MUR '000
Present value of funded obligation at 1 July	**573 807**	179 443	**573 807**	178 944
Present value of unfunded obligation at 1 July	**57 812**	35 776	**56 524**	35 776
Transfer of liabilities from Annuity Fund	**–**	278 471	**–**	278 471
Current service cost	**7 259**	7 218	**7 236**	7 165
Interest cost	**34 978**	24 870	**34 905**	24 837
Liability loss due to change in financial assumptions	**311 939**	158 396	**311 868**	157 692
Transfer from member account*	**36 843**	–	**36 843**	–
Benefit paid	**(22 392)**	(52 554)	**(22 392)**	(52 554)
Balance at 30 June,	**1 000 246**	631 620	**998 791**	630 331

* These pertain to transfer of total contributions made by employees under the DC Scheme during their length of services to the annuity fund on their retirement during the year.

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

	THE GROUP		THE COMPANY	
	2020 MUR '000	2019 MUR '000	**2020 MUR '000**	2019 MUR '000
At 1 July,	**446 699**	154 059	**446 699**	154 059
Transfer of assets from Annuity Fund	**–**	284 441	**–**	284 441
Interest income	**25 942**	27 500	**25 942**	27 500
Employer contributions	**17 132**	54 880	**17 132**	54 880
Refund from insurer	**582**	–	**582**	–
Disability PHI	**669**	–	**669**	–
Transfer From DC Reserve Account	**36 843**	7 371	**36 843**	7 371
Benefits paid	**(22 392)**	(52 554)	**(22 392)**	(52 554)
Actuarial loss	**(25 529)**	(28 998)	**(25 529)**	(28 998)
Balance at 30 June	**479 946**	446 699	**479 946**	446 699

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

	THE GROUP		THE COMPANY	
	2020 MUR '000	2019 MUR '000	**2020 MUR '000**	2019 MUR '000
Service cost	**7 259**	7 218	**7 236**	7 165
Net interest cost	**9 036**	(2 630)	**8 963**	(2 663)
	16 295	4 588	**16 199**	4 502

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

	THE GROUP		THE COMPANY	
	2020 MUR '000	2019 MUR '000	**2020 MUR '000**	2019 MUR '000
Liability experience loss due to change in financial assumptions	**311 939**	158 396	**311 868**	157 692
Actuarial loss	**25 529**	28 998	**25 529**	28 998
Actuarial gains recognised in other comprehensive income	**337 468**	187 394	**337 397**	186 690

(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	
	2020 MUR '000	2019 MUR '000	**2020 MUR '000**	2019 MUR '000
Cash and cash equivalents	**39 116**	36 406	**39 116**	36 406
Equity investments* categorised by industry type:				
- Banks & Insurance	**79 671**	74 152	**79 671**	74 152
- Industry	**7 583**	7 058	**7 583**	7 058
- Investment	**44 394**	41 319	**44 394**	41 319
- Leisure & Hotels	**25 581**	23 809	**25 581**	23 809
- Commerce	**12 671**	11 793	**12 671**	11 793
- Others	**1 344**	1 251	**1 344**	1 251
Fixed interest instruments	**137 792**	128 247	**137 792**	128 247
Properties *(categorised by nature and location)*:	**–**	–	**–**	–
- Commercial properties in Mauritius	**17 614**	16 394	**17 614**	16 394
Investment funds	**112 979**	105 153	**112 979**	105 153
Commodities	**1 201**	1 117	**1 201**	1 117
Total Market value of assets	**479 946**	446 699	**479 946**	446 699
Actual return on plan assets	**413**	(1 004)	**413**	(1 004)

* Out of the fair value of the planned assets, 25.42% (2019: 34.26%) represent the local equity instruments and 24.90% (2019: 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.

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17. EMPLOYEE BENEFIT OBLIGATION (CONTINUED)

(a) Pension scheme (continued)

(vii) The principal actuarial assumptions used for accounting purposes were:

	THE GROUP AND THE COMPANY	
	2020 %	2019 %
Discount rate	**2.9/3.1**	5.6/5.9
Future long-term salary increase	**2.0**	4.0
Future expected pension increase	**1.0**	1.0
Expected return on plan assets	**2.9/3.1**	5.06/5.9
Future long-term NPS increase	**4.0**	4.0
Post retirement mortality tables	**PA(92)**	PA(92)

Retirement is assumed to occur at age 60. No allowance has been made for early retirement on the grounds of ill-health or otherwise.

(viii) Sensitivity analysis on defined benefit obligations at end of the reporting date:

	THE GROUP	THE COMPANY
	2020 MUR '000	**2020 MUR '000**
2020		
Increase in defined benefit obligation due to 1% decrease in discount rate	**236 501**	**236 191**
Decrease in defined benefit obligation due to 1% increase in discount rate	**188 959**	**188 695**
Increase in defined benefit obligation due to 1% increase in future long-term salary assumption	**70 890**	**70 580**
Decrease in defined benefit obligation due to 1% decrease in future long-term salary assumption	**63 303**	**63 035**
2019		
Increase in defined benefit obligation due to 1% decrease in discount rate	153 417	153 095
Decrease in defined benefit obligation due to 1% increase in discount rate	123 967	123 967
Increase in defined benefit obligation due to 1% increase in future long-term salary assumption	53 441	53 116
Decrease in defined benefit obligation 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 obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period. The present value of the defined benefit obligation has been calculated using the projected unit credit method.

The sensitivity analysis may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

(ix) The defined benefit pension plan exposes the Group to actuarial risks, such as longevity risk, interest rate risk and market (investment) risk and salary risk.

Longevity Risk - The liabilities disclosed are based on the mortality tables A 67/70 and PA (92). Should the experience of the pension plans be less favourable than the standard mortality tables, the liabilities will increase.

Interest Rate Risk - If the Bond interest rate decreases, the liabilities would be calculated using a lower discount rate, and would therefore increase.

Investment Risk - The present value of the liabilities of the plan are calculated using a discount rate. Should the returns on the assets of the plan be lower than the discount rate, a deficit will arise.

Salary Risk - If salary increases are higher than assumed in our basis, the liabilities would increase giving rise to actuarial losses.

(x) The funding requirements are based on the pension fund's actuarial measurement framework set out in the funding policies of the plan.

(xi) The Group does not expect to make any contributions to its post-employment benefit plans for the year ending 30 June 2021.

(xii) The weighted average duration of the defined benefit obligation is 12-21 years for the Group and 14-21 years for the Company at the end of the reporting period (2019: 11-16 years for the Group and 12-16 years for the Company).

18. TRADE AND OTHER PAYABLES

	THE GROUP		THE COMPANY	
	2020 MUR '000	2019 MUR '000	**2020 MUR '000**	2019 MUR '000
Trade payables	**328 362**	502 551	**180 931**	295 818
Deposits from customers (see note (b))	**76 510**	84 971	**76 510**	84 971
Amounts due to Group companies:				
- Fellow subsidiary	**4 642**	12 779	**4 642**	12 779
- Subsidiaries	**–**	–	**1 302**	514
- Enterprises in which ultimate holding Company has significant interest	**1 127**	4 847	**1 127**	4 847
End of year discount (note (c))	**63 161**	54 124	**63 161**	54 124
Dividend payable	**131 576**	–	**131 576**	–
Accrued expenses and other payables	**432 539**	427 112	**233 695**	253 133
	1 037 917	1 086 384	**692 944**	706 186

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	
	2020 %	2019 %
At 1 July	**84 971**	95 910
Net decrease in deposits	**(8 461)**	(10 939)
At 30 June	**76 510**	84 971

A deposit is taken from customers for crates, bottles and jars. Based on management best estimate, an amount of MUR 11m (2019: MUR 8m) representing the redemption rate has been recognised as the portion not expected to be recovered as revenue on sale of products.

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18. TRADE AND OTHER PAYABLES (CONTINUED)

(c) **It relates to discount given to customers based on targeted turnover. The contracts can be either the calendar year or the accounting period. Payment is effected at the end of the contract agreement. Movement on end of year discount is as follows:**

	THE GROUP AND THE COMPANY	
	2020 MUR '000	**2020 MUR '000**
At beginning of the year	**54 124**	40 915
Movement during the year	**9 037**	13 209
At end of the year	**63 161**	54 124

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

	THE GROUP		THE COMPANY	
	2020 MUR '000	2019 MUR '000	**2020 MUR '000**	2019 MUR '000
Mauritian Rupee	**98 817**	131 898	**96 639**	128 641
US Dollar	**48 356**	74 701	**47 003**	74 701
Euro	**180 717**	279 543	**36 817**	76 067
Others	**472**	16 409	**472**	16 409
	328 362	502 551	**180 931**	295 818

19. LEASES

Group as a lessee

The Group has lease contracts for land and motor vehicles used in its operations. Land has a lease term between 20 and 60 years, while motor vehicles generally have lease terms between five and seven years. The Group's obligations under its leases are secured by the lessor's title to the leased assets. There are several lease contracts that include extension and termination options and variable lease payments, which are further discussed below.

Set out below are the carrying amounts of right-of-use assets recognised and the movements during the period:

		THE GROUP		
		Land and building MUR '000	**Motor vehicles MUR '000**	**Total MUR '000**
(a)	Recognition of right of use assets on initial application of IFRS 16	**134 287**	**195 338**	**329 625**
	Additions for the year	**–**	**70 372**	**70 372**
	Depreciation charge for the year	**(26 206)**	**(62 857)**	**(89 063)**
	Exchange differences	**9 482**	**4 978**	**14 460**
	At 30 June 2020	**117 563**	**207 831**	**325 394**

		THE COMPANY		
		Land and building MUR '000	**Motor vehicles MUR '000**	**Total MUR '000**
(a)	**Recognition of right of use assets on initial application of IFRS 16**	**21 095**	**155 248**	**176 343**
	Additions for the year	**–**	**60 887**	**60 887**
	Depreciation charge for the year	**(679)**	**(44 341)**	**(45 020)**
	At 30 June 2020	**20 416**	**171 794**	**192 210**

(b) **Lease liabilities**

	THE GROUP	THE COMPANY
	2020 MUR '000	**2020 MUR '000**
At 1 July 2019	**343 603**	**186 165**
New leases	**70 372**	**60 887**
Interest expense	**19 881**	**17 219**
Lease payment	**(103 386)**	**(56 510)**
Exchange differences	**14 917**	**–**
At 30 June 2020	**345 387**	**207 761**

	THE GROUP	THE COMPANY
	2020 MUR '000	**2020 MUR '000**
Current	**87 448**	**43 860**
Non-current	**257 939**	**163 901**
	345 387	**207 761**

The maturity analysis of lease liabilities are disclosed in note 3.1(c).

The following are the amounts recognised in profit or loss:

	THE GROUP	THE COMPANY
	2020 MUR '000	**2020 MUR '000**
Depreciation expense of right-of-use assets	**89 063**	**45 020**
Interest expense on lease liabilities	**19 881**	**17 219**
Total amount recognised in profit or loss	**108 944**	**62 239**

Notes to the Financial Statements
for the Year Ended 30 June 2020

19. LEASES (CONTINUED)

(b) Lease liabilities (continued)

In 2020, total cash outflows for leases (including short term lease) amounted to MUR 137m for the Group and MUR 90m for the Company. Non-cash additions to right-of-use assets and lease liabilities amounted to MUR 70.4m for the Group and MUR 60.9m for the Company.

The following provides information on the Group's and the Company's lease payments, including the magnitude in relation to fixed payments:

	THE GROUP	THE COMPANY
	Fixed payments MUR '000	Fixed payments MUR '000
Fixed rent	**103 386**	**56 510**
	103 386	**56 510**

The Group has several lease contracts that include extension and termination options. These options are negotiated by management to provide flexibility in managing the leased-asset portfolio and align with the Group's business needs. Management exercises significant judgement in determining whether these extension and termination options are reasonably certain to be exercised.

Set out below are the undiscounted potential future rental payments relating to periods following the exercise date of extension and termination options that are not included in the lease term:

	THE GROUP		
	Within five years MUR '000	More than five years MUR '000	Total MUR '000
Termination options expected to be exercised	**307 412**	**37 975**	**345 387**

	THE GROUP		
	Within five years MUR '000	More than five years MUR '000	Total MUR '000
Termination options expected to be exercised	**171 643**	**36 118**	**207 761**

During the year under review, the Group and the Company have taken exemption for short-term lease amounting to MUR 6.5M. These leases were taken for a period of 6-12 months.

20. TAXATION

(a) Income tax

Income tax is calculated at 15% (2019: 15%) on the profit for the year as adjusted for income tax purposes. Tax rate in Reunion Island is at 28% (2019: 33%).

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	
	2020 MUR '000	2019 MUR '000	**2020 MUR '000**	2019 MUR '000
Current tax assets	**18 162**	13 850	**–**	–
Current tax liabilities	**(18 112)**	(48 182)	**(15 614)**	(48 182)
	50	(34 332)	**(15 614)**	(48 182)

	THE GROUP		THE COMPANY	
	2020 MUR '000	2019 MUR '000	**2020 MUR '000**	2019 MUR '000
Tax liability/(asset)				
At 1 July	**34 332**	(16 645)	**48 182**	(3 513)
Income tax expense	**87 587**	92 463	**80 423**	80 929
Corporate social responsibility	**11 905**	6 290	**11 905**	6 290
Under/(over) provision in previous year	**8 360**	(262)	**8 360**	(262)
Tax deducted at source	**(76)**	(59)	**(76)**	(59)
Tax and CSR paid	**(140 564)**	(47 507)	**(133 180)**	(35 203)
Exchange difference	**(1 594)**	52	**–**	–
At 30 June	**(50)**	34 332	**15 614**	48 182

(c) Tax expense

	THE GROUP		THE COMPANY	
	2020 MUR '000	2019 MUR '000	**2020 MUR '000**	2019 MUR '000
Income tax provision at applicable rate	**87 587**	92 463	**80 423**	80 929
CSR contribution	**11 905**	6 290	**11 905**	6 290
Under/(over) provision in previous year	**8 360**	(262)	**8 360**	(262)
	107 852	98 491	**100 688**	86 957
Deferred tax charge to profit or loss (note 16)	**(38 305)**	9 169	**(37 906)**	9 481
Tax expense	**69 547**	107 660	**62 782**	96 438

Notes to the Financial Statements
for the Year Ended 30 June 2020

20. 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	
	2020 MUR '000	2019 MUR '000	**2020 MUR '000**	2019 MUR '000
Profit before taxation	**514 195**	739 391	**459 063**	681 160
Tax calculated at the rate of 17% (2019: 17%)	**87 413**	125 696	**78 041**	115 797
Tax effect of:				
Income not subject to tax	**(17 952)**	(17 053)	**(7 141)**	(2 264)
Expenses not deductible for tax purposes	**6 434**	11 896	**6 110**	2 532
CSR adjustment	**1 182**	(4 500)	**1 182**	(4 500)
Differential in tax rate	**1 587**	6 082	**–**	–
Under/(over) provision in previous year	**8 360**	(262)	**8 360**	(262)
Depreciation of non-qualifying assets	**682**	682	**682**	682
Effect of tax on associated companies	**(18)**	(5)	**–**	–
Overprovision of deferred tax in previous years	**(20 262)**	–	**(20 262)**	–
Deferred tax on provision for stock	**–**	(15 547)	**–**	(15 547)
Deferred tax on provision for receivables	**(4 190)**	–	**(4 190)**	–
Deferred tax asset on tax losses not recognised	**6 311**	671	**–**	–
Tax charge	**69 547**	107 660	**62 782**	96 438

21. DEFERRED REVENUE

	THE GROUP	
	2020 MUR '000	**2019 MUR '000**
At 01 July,	**45 184**	54 089
Income recognised	**(8 918)**	(8 633)
Exchange difference	**4 371**	(272)
At 30 June,	**36 266**	45 184
Maturity analysis:		
Current	**9 687**	8 697
Non current	**30 950**	36 487
	40 637	45 184

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.

22. DIVIDENDS

	THE COMPANY	
	2020 MUR '000	**2019 MUR '000**
Dividends declared 2020: MUR 12.80 per share (2019: MUR 13.30 per share)	**210 522**	218 745

23. REVENUE

(a) **Disaggregated revenue information**

Set out below is the disaggregation of the Group's revenue from contracts with customers.

	THE GROUP		THE COMPANY	
	2020 Total MUR '000	2019 Total MUR '000	**2020 Total MUR '000**	2019 Total MUR '000
Type of goods				
Non-alcoholic beverage	**3 635 488**	3 837 641	**2 708 057**	2 912 536
Alcoholic beverage	**4 241 789**	4 220 315	**3 906 519**	3 848 599
Discount and trade deals	**(338 408)**	(292 808)	**(192 762)**	(170 477)
	7 538 869	7 765 148	**6 421 814**	6 590 658
Recycled glass and related products	**7 032**	11 569	**–**	–
Total revenue from contracts with customers	**7 545 901**	7 776 717	**6 421 814**	6 590 658
Geographical markets				
Local	**6 423 401**	6 451 728	**6 421 814**	6 590 658
Overseas	**1 122 500**	1 324 989	**–**	–
Total revenue from contracts with customers	**7 545 901**	7 776 717	**6 421 814**	6 590 658
Timing of revenue recognition				
Goods transferred at a point in time	**7 545 901**	7 776 717	**6 421 814**	6 590 658

(b) **Trade receivables**

	THE GROUP		THE COMPANY	
	2020 MUR '000	2019 MUR '000	**2020 MUR '000**	2019 MUR '000
Trade receivables (note 12)	**423 407**	562 085	**208 345**	255 254

Trade receivables are non-interest bearing and are generally on terms of 30 days. As at 30 June 2020, MUR 125.3m (2019: MUR 92.8m) for the Group and MUR 67.6m (2019: MUR 48.4m) 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 2020

24. EXPENSES BY NATURE

	THE GROUP		THE COMPANY	
	2020 MUR '000	2019 MUR '000	**2020 MUR '000**	2019 MUR '000
Depreciation (note 5)	**306 345**	290 695	**250 178**	236 725
Depreciation on right of use assets (note 19 (b))	**89 063**	–	**45 020**	–
Amortisation of intangible assets (note 6)	**2 337**	2 584	**1 426**	2 154
Deferred revenue released (note 21)	**(4 547)**	(8 905)	**–**	–
Employee benefit expense (note 25)	**949 509**	815 905	**695 341**	582 285
Changes in inventories of finished goods and work in progress	**(50 983)**	(37 432)	**17 682**	(61 618)
Purchases of finished goods,				
Raw materials and consumables used	**2 389 700**	2 218 810	**1 693 355**	1 777 831
Excise and other specific duties	**2 269 562**	2 298 492	**2 269 562**	2 298 492
Other marketing and selling expenses	**470 459**	536 381	**266 343**	350 910
Other expenses	**593 757**	932 687	**698 844**	743 846
Total cost of sales, warehousing, selling and marketing and administrative expenses	**7 015 202**	7 049 217	**5 937 751**	5 930 625

25. EMPLOYEE BENEFIT EXPENSE

	THE GROUP		THE COMPANY	
	2020 MUR '000	2019 MUR '000	**2020 MUR '000**	2019 MUR '000
Wages , salaries and other employee benefits	**816 095**	755 711	**621 317**	575 937
Social security costs	**85 365**	77 230	**26 870**	24 332
Pension costs - defined benefit plans (note 17(a)(iv))	**16 295**	4 588	**16 199**	4 502
Transfer from DC reserve and annuity (note 17(a))	**–**	(56 341)	**–**	(56 341)
Pension costs - defined contribution plans	**31 754**	34 717	**30 955**	33 855
	949 509	815 905	**695 341**	582 285

26. OTHER INCOME

	THE GROUP		THE COMPANY	
	2020 MUR '000	2019 MUR '000	**2020 MUR '000**	2019 MUR '000
Interest income	**497**	1 224	**451**	1 116
Dividend income	**57**	90	**4 459**	90
Profit on disposal of plant and equipment	**183**	3 561	**183**	3 745
Sundry income	**10 497**	9 990	**14 367**	17 273
Net foreign exchange gains	**21 271**	28 289	**–**	27 140
	32 505	43 154	**19 460**	49 364

27. PROFIT BEFORE FINANCE COSTS

	THE GROUP		THE COMPANY	
	2020 MUR '000	2019 MUR '000	**2020 MUR '000**	2019 MUR '000
Profit before finance costs is arrived at after				
crediting:				
Profit on disposal of plant and equipment	**183**	3 561	**183**	3 745
Government grants release (note 21)	**4 547**	8 905	**–**	–
and charging:				
Cost of inventories expensed	**4 939 306**	5 117 751	**4 367 338**	4 486 765
Depreciation on property, plant and equipment	**306 345**	290 695	**250 178**	236 725
Depreciation on right of use assets (note 19)	**89 063**	–	**45 020**	–
Amortisation of intangible assets (note 6)	**2 337**	2 584	**1 426**	2 154
Employee benefit expense (note 25)	**949 509**	815 905	**695 341**	582 285
Impairment loss recognised on long term receivables (note 10)	**–**	–	**14 276**	1 000
Impairment loss recognised on trade receivables (note 12 (c))	**33 819**	4 840	**21 519**	2 849

28. FINANCE COSTS

	THE GROUP		THE COMPANY	
	2020 MUR '000	2019 MUR '000	**2020 MUR '000**	2019 MUR '000
Bank overdrafts	**1 196**	3 265	**731**	2 670
Bank loans	**22 889**	28 026	**21 360**	25 567
Leases	**19 881**	–	**17 219**	–
Net foreign exchange losses	**5 150**	–	**5 150**	–
	49 116	31 291	**44 460**	28 237

29. EARNINGS PER SHARE

	THE GROUP	
	2020 MUR '000	2019 MUR '000
Profit attributable to owners of the Company (MUR'000)	**446 278**	632 710
Number of ordinary shares in issue	**16 447 000**	16 447 000
Basic and diluted earnings per share (MUR cs)	**27.13**	38.47

Notes to the Financial Statements
for the Year Ended 30 June 2020

30. NOTES TO THE STATEMENTS OF CASH FLOWS

	THE GROUP 2020 MUR '000	THE GROUP 2019 MUR '000	THE COMPANY 2020 MUR '000	THE COMPANY 2019 MUR '000
Cash generated from operations				
Profit before taxation	**514 195**	739 391	**459 063**	681 160
Adjustments for:				
Depreciation (note 5)	**306 345**	290 695	**250 178**	236 725
Depreciation on right of use assets (note 19)	**89 063**	–	**45 020**	–
Amortisation of intangible assets (note 6)	**2 337**	2 584	**1 426**	2 154
Profit on sale of plant and equipment (note 26)	**(183)**	(3 561)	**(183)**	(3 745)
Exchange differences	**(21 197)**	(8 117)	**8 492**	(3 733)
Expected credit loss allowance recognised on				
- trade receivables (note 12(b))	**33 819**	4 840	**21 519**	2 849
Impairment loss - long term receivables (note 10)	**–**	–	**14 276**	1 000
Impairment loss - inventory (note 11)	**42 166**	2 461	**39 768**	1 908
Investment income (note 26)	**(57)**	(90)	**(4 459)**	(90)
Interest income (note 26)	**(497)**	(1 224)	**(451)**	(1 116)
Amortisation of government grant	**(4 547)**	(8 905)	**–**	–
Increase in pension provision	**16 295**	(8 753)	**16 199**	(8 839)
Interest expense (note 28)	**43 966**	31 291	**39 310**	28 237
Share of results of associates (note 8(a))	**(107)**	(28)	**–**	–
	1 021 598	1 040 584	**890 158**	936 510
Changes in working capital				
- Trade and other receivables	**173 560**	(29 141)	**82 323**	(18 279)
- Inventories	**(55 808)**	(189 812)	**(13 177)**	(177 434)
- Trade and other payables	**(180 119)**	51 769	**(144 492)**	31 939
Cash generated from operations	**959 232**	873 400	**814 812**	772 736

(b) Cash and cash equivalents

	THE GROUP 2020 MUR '000	THE GROUP 2019 MUR '000	THE COMPANY 2020 MUR '000	THE COMPANY 2019 MUR '000
Bank and cash balances	**104 162**	80 860	**51 441**	40 929
Bank overdrafts (note 15)	**(41 202)**	(18 803)	**(821)**	(6 414)
Cash and cash equivalents	**62 960**	62 057	**50 620**	34 515

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

	THE GROUP 2020 MUR '000	THE GROUP 2019 MUR '000	THE COMPANY 2020 MUR '000	THE COMPANY 2019 MUR '000
Mauritian Rupee	**38 830**	9 658	**36 746**	6 781
US Dollar	**10 498**	1 373	**10 357**	1 298
Euro	**13 611**	50 540	**3 496**	25 952
Other currencies	**21**	486	**21**	484
	62 960	62 057	**50 620**	34 515

(d) Reconciliation of liabilities arising from financing activities

THE GROUP

	2019 MUR '000	Cash flows MUR '000	Non-cash changes: Additions MUR '000	Non-cash changes: Foreign exchange movement MUR '000	2020 MUR '000
Bank loans	588 452	(85 510)	–	33 730	**536 672**
Lease liabilities	–	(83 505)	413 975	14 917	**345 387**

THE COMPANY

	2019 MUR '000	Cash flows MUR '000	Non-cash changes: Additions MUR '000	Non-cash changes: Foreign exchange movement MUR '000	2020 MUR '000
Bank loans	488 414	(70 738)	–	24 426	**442 102**
Lease liabilities	–	(39 291)	247 052	–	**207 761**

Notes to the Financial Statements

for the Year Ended 30 June 2020

31. 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.

The following is an analysis of the Group's revenue and results from continuing operations by reportable segment:

	Segment Revenue		Segment Result	
	2020 MUR '000	2019 MUR '000	**2020 MUR '000**	2019 MUR '000
Local	**6 429 359**	6 602 227	**517 473**	713 741
Overseas	**1 769 267**	1 812 014	**79 550**	61 753
Total	**8 198 626**	8 414 241	**597 023**	775 494
Intersegment revenue	**(652 725)**	(637 524)	**–**	–
	7 545 901	7 776 717	**597 023**	775 494
Share of results of associate			**107**	28
Credit loss expenses on financial assets			**(33 819)**	(4 840)
Finance costs			**(49 116)**	(31 291)
Profit before taxation			**514 195**	739 391
Tax expense			**(69 547)**	(107 660)
Profit for the year			**444 648**	631 731

Overseas revenue represents sales made through subsidiaries to the Indian Ocean Islands, Australia, Africa, Europe and China.

Revenue reported above represents revenue generated from external customers and amounted to MUR 7.6 billion (2019: MUR 7.8 billion).

The accounting policies of the reportable segments are the same as the Group's accounting policies described in note 2(s). Segment profit represents the profit earned by each segment without allocation of share of results of associates, finance costs and income tax expense. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance.

Segment assets and liabilities

	Assets		Liabilities	
	2020 MUR '000	2019 MUR '000	**2020 MUR '000**	2019 MUR '000
Local	**5 817 997**	5 639 819	**2 030 569**	1 731 316
Overseas	**1 322 437**	1 029 636	**653 635**	536 203
Consolidated assets/liabilities	**7 140 434**	6 669 455	**2 684 204**	2 267 519

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	
	2020 MUR '000	2019 MUR '000	**2020 MUR '000**	2019 MUR '000
Local	**252 115**	240 636	**389 160**	390 146
Overseas	**56 567**	52 643	**88 840**	76 114
	308 682	293 279	**478 000**	466 260

Revenue from major products and services

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

	2020 MUR '000	2019 MUR '000
Beverages	**7 538 356**	7 765 148
Recycled glass and related products	**7 545**	11 569
	7 545 901	7 776 717

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.

Notes to the Financial Statements
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32. 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	
		2020 MUR '000	2019 MUR '000	**2020 MUR '000**	2019 MUR '000
(i)	Dividend income				
	Fellow subsidiaries	**34**	45	**34**	45
(ii)	Sales of goods or services				
	Subsidiaries	**–**	–	**75 484**	86 657
	Enterprise in which ultimate holding Company has significant interest	**407 081**	437 504	**407 081**	437 504
	Fellow subsidiaries	**–**	268	**–**	268
	Ultimate holding company	**–**	–	**–**	–

		THE GROUP		THE COMPANY	
		2020 MUR '000	2019 MUR '000	**2020 MUR '000**	2019 MUR '000
(iii)	Purchase of goods or services				
	Subsidiaries			**1 050**	1 001
	Enterprise in which ultimate holding Company has significant interest	**101 375**	77 239	**101 304**	77 239
(iv)	Management fees/interest paid/donations paid				
	Subsidiaries	**–**	–	**2 756**	–
	Enterprises in which ultimate holding Company has significant interest	**–**	–	**–**	–
	Fellow subsidiaries	**143 642**	158 799	**143 642**	158 799
	Ultimate holding company	**–**	1 378	**–**	695
(v)	Management fees/interest received	**–**	–	**4 576**	4 041
	Subsidiaries				
	Enterprises in which ultimate holding Company has significant interest	**210**	743	**210**	743
(vi)	Rechargeable cost				
	Immediate holding company	**–**	–	**–**	–
	Intermediate holding Company	**–**	–	**–**	–
	Subsidiaries	**–**	–	**21 260**	11 144

		THE GROUP		THE COMPANY	
		2020 MUR '000	2019 MUR '000	**2020 MUR '000**	2019 MUR '000
(vii)	Outstanding balances				
	Receivables from related parties	**–**	–	**224 600**	115 238
	Subsidiaries				
	Enterprises in which ultimate holding Company has significant interest	**49 774**	60 066	**49 774**	60 066
	Fellow subsidiary	**369**	308	**369**	308
	Payables to related parties				
	Subsidiaries	**–**	–	**1 494**	514
	Enterprises in which ultimate holding Company has significant interest	**1 127**	4 847	**1 127**	4 847
	Fellow subsidiary	**4 642**	12 779	**4 642**	12 779

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 179.4m (2019: MUR 161.9m) 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.

Notes to the Financial Statements
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33. CAPITAL COMMITMENTS

	THE GROUP		THE COMPANY	
	2020 MUR '000	2019 MUR '000	**2020 MUR '000**	2019 MUR '000
Capital commitments contracted for and not provided in the financial statements:				
Property, plant and equipment	**81 736**	198 956	**76 057**	198 956

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 in the financial year June 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	2019 MUR '000
Payment recognised as an expense	50 547	36 042

34. OPERATING LEASE ARRANGEMENTS

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

	GROUP	COMPANY
	2019 MUR '000	2019 MUR '000
Not later than one year	59 412	45 114
Later than one year and not later than five years	166 342	148 635
	225 754	193 749

35. CONTINGENT LIABILITIES

At 30 June 2020 the Group and the Company had contingent liabilities in respect of bank guarantees of MUR 76.4m (2019: MUR 74.5m) 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 1st Floor, IBL House, Caudan Waterfront, Port Louis on Tuesday 15 December 2020 at 10.00 hours to transact the following business in the manner required for the passing of ORDINARY RESOLUTIONS:

AGENDA:

1. To consider the Integrated Report 2020 of the Company.
2. To receive the report of Ernst & Young, the auditors of the Company for the year ended 30 June 2020.
3. To consider and adopt the Group's and Company's audited financial statements for the year ended 30 June 2020.
4. To re-elect by rotation, on the recommendation of the Board of Directors, Mrs. Sylvia Maigrot* who offers herself for re-election as Director of the Company.
5. To re-elect by rotation, on the recommendation of the Board of Directors, Mr. Jean-Claude Béga* who offers himself for re-election as Director of the Company.
6. To re-elect by rotation, on the recommendation of the Board of Directors, Mr. Guillaume Hugnin* 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 2021 and to ratify the emoluments paid to the Directors for the year ended 30 June 2020.
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 2020.

BY ORDER OF THE BOARD

Doris Dardanne
IBL MANAGEMENT LTD
Company Secretary

14 October 2020

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 Ltd, 6th Floor, Tower A, 1 CyberCity, Ebéne, by Monday 14 December 2020 at 10.00 hours and by default, the instrument of proxy shall not be treated as valid.

c. A proxy form is enclosed and is also available in the Annual Report as well as 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 17 November 2020.

e. The minutes of the Annual Meeting held on 13 December 2019 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 15 December 2020 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 2021.

g. **Shareholders will receive the Notice of Annual Meeting and the Proxy Form by post. Shareholders may obtain a copy of the Annual Report by choosing one of the following:**

   i) Downloading the documents from PhoenixBev website on www.PhoenixBev.mu

   ii) Sending a request to the email address: iblcosec@iblgroup.com so that a copy be sent to their email address.

   iii) Making a written request to IBL Management Ltd, IBL House, Caudan Waterfront, Port Louis for a printed copy (which shall be sent to them within two days from the request being received).

* **Footnote: The profiles and categories of the Directors proposed for re-election are set out at pages 72 and 75 of the Integrated Report 2020.**

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 17 November, 2020 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 17 November, 2020 you have the right to vote at the meeting.

Q: How many votes does a shareholder have?

A: Every shareholder, present in person or by proxy, shall have one vote on a show of hands. Where a poll is taken, each shareholder shall have the number of votes that corresponds to the number of shares held by him/her in the Company.

Q: How many shareholders do you need to reach a quorum?

A: A quorum is reached where five (5) shareholders holding at least fifty percent (50%) of the share capital of the Company are present or represented. At the date of this report, Phoenix Beverages Limited has 16 447 000 ordinary shares in issue.

Q: How are the votes counted?

A: On a show of hands, the Chairman shall count the votes. However, if a poll is demanded, the counting will be done by the auditors of the Company who will be acting as scrutineers.

Q: How can I obtain a copy of the minutes of proceedings of the last Annual Meeting of the Company?

A: You can make such a request to the Company Secretary prior to the Annual Meeting.

Voting procedures

Q: What is the voting procedure?

A: Voting at the Annual Meeting is generally by show of hands. However, if a poll is demanded for a particular resolution, then ballot papers shall be distributed and shareholders will be requested to cast their votes thereon.

Q: How do I appoint someone else to go to the Annual Meeting and vote my share(s) for me?

A: The Chairman of the meeting has been named in the proxy to represent shareholders at the meeting. You can appoint someone else to represent you at the meeting. Just complete a proxy form by inserting the person's name in the appropriate space on the proxy form. The person you appoint does not need to be a shareholder but must attend the meeting to vote your share(s).

Q: Is there a deadline for my proxy to be received?

A: Yes. Your proxy must be received by the Company's Share Registry and Transfer Office, Ocorian Corporate Administrators Ltd (6th Floor, Tower A, 1 CyberCity, Ebene), no later than 10.00 hours on Monday, December 14, 2020.

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 Ltd (6th Floor, Tower A, 1 CyberCity, Ebene), no later than 10.00 hours on Monday, 14 December, 2020.

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

Rodrigues Operations
Pointe L'Herbe
Rodrigues
Tel: (230) 831 1648
Fax: (230) 831 2181

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

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)

Registered Office
4th Floor, IBL House, Caudan Waterfront
Port Louis, Mauritius

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

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

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)

Bankers
AfrAsia Bank Limited
Absa Bank (Mauritius) Limited
SBM Bank (Mauritius) Ltd
The Mauritius Commercial Bank Ltd

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

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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 1st Floor, IBL House, Caudan Waterfront, Port Louis on Tuesday, 15 December 2020 at 10.00 hours and at any adjournment thereof.

I/We desire my/our vote(s) to be cast on the Ordinary Resolutions as follows:

	FOR	AGAINST	ABSTAIN
1. To consider the Integrated Report 2020 of the Company.			
2. To receive the report of Ernst & Young, the auditors of the Company for the year ended 30 June 2020.			
3. To consider and adopt the Group's and Company's audited financial statements for the year ended 30 June 2020.			
4. To re-elect by rotation on the recommendation of the Board of Directors, Mrs. Sylvia Maigrot who offers herself for re-election as Director of the Company.			
5. To re-elect by rotation on the recommendation of the Board of Directors, Mr. Jean-Claude Béga who offers himself for re-election as Director of the Company.			
6. To re-elect by rotation on the recommendation of the Board of Directors, Mr. Guillaume Hugnin 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 2021 and to ratify the emoluments paid to the Directors for the year ended 30 June 2020.			
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 2020.			

Signed this .... day of .... 2020.

....

Signature(s)

Notes:

1. *A member of the Company entitled to attend and vote at this meeting may appoint a proxy of his/her own choice to attend and vote on his/her behalf. A proxy need not be a member of the Company.*
2. *Please mark in the appropriate box how you wish to vote. If no specific direction as to voting is given, the proxy will be entitled to vote or abstain from voting as he/she thinks fit.*
3. *The instrument appointing a proxy or any general power of attorney, duly signed, shall be deposited at the Share Registry and Transfer Office of the Company, Ocorian Corporate Administrators Limited, 6th Floor, Tower A, 1 CyberCity, Ebéne, by Monday 14 December 2020 at 10.00 hours and by default, the instrument of proxy shall not be treated as valid.*

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www.phoenixbev.mu