PhoenixBev

THIRST FOR THE BEST. FIRST FOR YOU.

INTEGRATED REPORT

2021

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About this Report

Dear Shareholder,

This Integrated Report provides an overview of Phoenix Beverages Limited's ("PhoenixBev") strategy, activities and performance for the year to 30 June 2021. The Report includes our operations in Mauritius and Réunion Island, and covers the matters most material to 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 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 123 to 127.

No previously disclosed information was restated 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 2021 Integrated Report addresses all material matters and presents fairly the Group's integrated performance. This Report was approved by the Board on 27 September 2021.

As indicated via the cautionary announcement dated 5 October 2021, the Management is currently looking at the potential acquisition of a distribution company based in the United Kingdom, which operates in a similar line of products as PhoenixBev. Given that the transaction could possibly necessitate the approval of the shareholders, this year, the notice of Annual Meeting and the corresponding proxy form are not included within the Integrated Report. You shall access them as annexures to the Report.

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: 31 December 2021

Time: 09:00 hours

Place: Phoenix House
Pont Fer
Phoenix
Mauritius

We look forward to seeing you.

Sincerely,

Arnaud Lagesse
Chairman

Bernard Theys
Chief Executive Officer

Case studies

The PhoenixEarth Initiative

PhoenixEarth combines and coordinates all of PhoenixBev's current and future sustainability programmes and best practices. It also functions as a communication tool to highlight our strategies and initiatives, pulling together internal and external stakeholders to create positive social and environmental impacts.

PhoenixBev is a proudly Mauritian company with a long history of doing business responsibly. PhoenixEarth builds on this ethical and sustainable foundation to ensure that our local and regional influence continues to inspire progress in our five chosen SDGs.

PhoenixEarth is the engine that will drive our ongoing financial, environmental and social contributions to Mauritius and the Indian Ocean Region, and creates a single hub for communicating these initiatives. Giving this approach its own identity in PhoenixBev will allow employees to take ownership and creates a responsive interface for the Company to open dialogue in the broader community.

Chairman's Message

Dear Shareholder,

The decisive action taken by the local authorities in response to Covid-19 ensured that Mauritius has weathered the pandemic well in terms of public health. However, with tourism making up such a large percentage of GDP, the economic impact of the lockdown and confinement has been profound, and PhoenixBev's customers in the Horeca (Hotels/Restaurants/Cafes) segment have been severely affected.

At the time of writing, things are starting to look more positive. Good progress has been made in vaccinating the population as at date. This allowed Mauritius to reopen to fully vaccinated international visitors from the start of October. However, it is likely that the recovery of the travel and tourism sector will take some time.

PhoenixBev is resilient, sustainable and well positioned to rebound when trading conditions improves. Throughout the year, we supported our customers and other stakeholders to help them through this difficult period, including working with partners to promote local tourism while the island remained closed to overseas visitors.

Our strategy incorporates the five Sustainable Development Goals (SDGs) we have identified where we can make the greatest contribution to global social and environmental aspirations.

A resilient financial performance in challenging times

The Company produced a good financial performance despite the difficult trading conditions, with revenue in Mauritius increasing by 1.8% and by 17.6% in Reunion Island as a result of increased sales and the appreciation of the Euro against the Mauritian Rupee. At a Group level, revenue increased by 4.3% to MUR 7.9 billion (2020: MUR 7.5 billion) and profit after tax for the year increased by 19.5% to a solid MUR 531.2 million from MUR 444.6 million in 2020.

As a result of these good results, the Board declared a total dividend of MUR 12.80 per share (2020: MUR 12.80). We are pleased to note that, notwithstanding the ongoing impact of Covid-19, the long-term trend of revenue growth by the Group has been re-established and shareholders have realised an annualised total shareholder return (TSR) of 12.5% over the last five years.

Our strategic approach

Our strategy (see page 14) aims to achieve our vision of "Providing happiness through beverages". The positive contribution to the results from our regional operations and exports validates our decision to invest overseas and our goal of being the commercial beverage leader in the Indian Ocean.

PhoenixBev's success is founded on the strong and diversified portfolio of partner and own-brands exemplified in the broad range of beverages we manufacture and sell. We continue to build on this portfolio to ensure that we can meet consumer demand as it evolves. This includes launching new and innovative products and package sizes, and to relaunch old favourites, such as our sparkling apple drink, Cidona.

Our ongoing investment in our manufacturing, warehousing and distribution facilities and equipment further strengthens our foundation of world-class execution and creates scope for future growth. This year we commissioned a new state-of-the-art returnable glass bottling line in the *"Limonaderie"* that increases capacity and efficiency, while also saving water and energy.

PhoenixBev is committed to a sustainable future and our strategy incorporates the five sustainable development goals (SDGs) we have identified where we can make the greatest contribution to global social and environmental aspirations. During the year, we developed our sustainability strategy and launched **PhoenixEarth** to be the focal point for our sustainable development initiatives. Waste management remains a priority and many of the **PhoenixEarth** initiatives during the year (which are discussed throughout this report) focused on our work with the authorities, NGOs and other stakeholders to address the challenge of plastic waste and to build the circular economy.

Ethics and good governance

Good governance and ethical business practices improve corporate performance, support long-term sustainability and enhance value for stakeholders The Board is committed to ensuring that these principles are embedded and evident in the Group's policies, procedures and practices. The Group has fully applied the principles contained in the *National Code of Corporate Governance for Mauritius* (2016). The Directors recognise the value diversity 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

We are heartened by the resilience Mauritius and Réunion Island have shown during the Covid-19 pandemic and encouraged by the recent re-opening to international travel. However, the ultimate resolution of the pandemic and its ongoing impact on the local and global economies remain still unclear. We are confident that PhoenixBev's strong balance sheet, low debt and robust cash flows provide a solid foundation and we are closely monitoring the key drivers of the business to ensure that our strategy and objectives are realised. We are actively seeking new opportunities locally and abroad to broaden our product range and extend our reach in the region. In that context, the Management is currently looking at the potential acquisition of a distribution company based in the United Kingdom, which operates in a similar line of products as PhoenixBev.

Acknowledgements

In closing, I would like to thank my fellow Directors for their insight and contribution in overseeing the Company during the year. On their behalf, I thank PhoenixBev's executives, the management team and the whole staff under the leadership of our CEO, Bernard Theys, for their commitment and hard work during the year. We would also like to thank the regulators, shareholders, business partners, customers and other stakeholders for their continued support during the year.

Arnaud Lagesse
Chairman
27 September 2021

Highlights 2020/2021

Indicator	2021	2020	Change
Turnover	MUR 7 868M	2020: MUR 7 546M	4.3%
Operating Profit	MUR 642M	2020: MUR 563M	14.0%
EBITDA	MUR 1 079M	2020: MUR 961M	12.6%
EBIT	MUR 642M	2020: MUR 563M	14.0%
Gearing	MUR 8.34%	2020: 15.51%	-46.2%
Free Cash Flow	MUR 631M	2020: MUR 246M	156.8%
Capital Investment	MUR 301M	2020: MUR 517M	-41.8%
Sales Volume	2.18 M HL	2020: 2.21 M HL	-1.3%
Net Profit After Tax	MUR 531M	2020: MUR 445M	19.3%
Earning per share	MUR 32.39	2020: MUR 27.13	19.4%
Shareholders' Fund	MUR 5 086M	2020: MUR 4 420M	15.1%
Total Assets	MUR 7 663M	2020: MUR 7 140M	7.3%
Dividends Per Share	MUR 12.80	2020: 12.80	0.0%
Share Price at 30 June	MUR 600M	2020: MUR 614M	-2.3%
Market Capitalisation at 30 June	MUR 9 868M	2020: MUR 10 098M	-2.3%

2021 2020

PhoenixBev in Context

+125 DISTRIBUTION FLEET TRUCKS

+1 650 TEAM MEMBERS

4 PRODUCTION UNITS

2 COUNTRIES

+44 000 m² WAREHOUSING CAPACITY

9 EXPORT COUNTRIES

16 BOTTLING LINES

7 CATEGORIES OF BEVERAGES

+50 BRANDS IN OUR PORTFOLIO

+2 000 SHAREHOLDERS LISTED ON THE STOCK EXCHANGE OF MAURITIUS

+10 000 CUSTOMERS

1 GLASS RECYCLING OPERATION

ABOUT US

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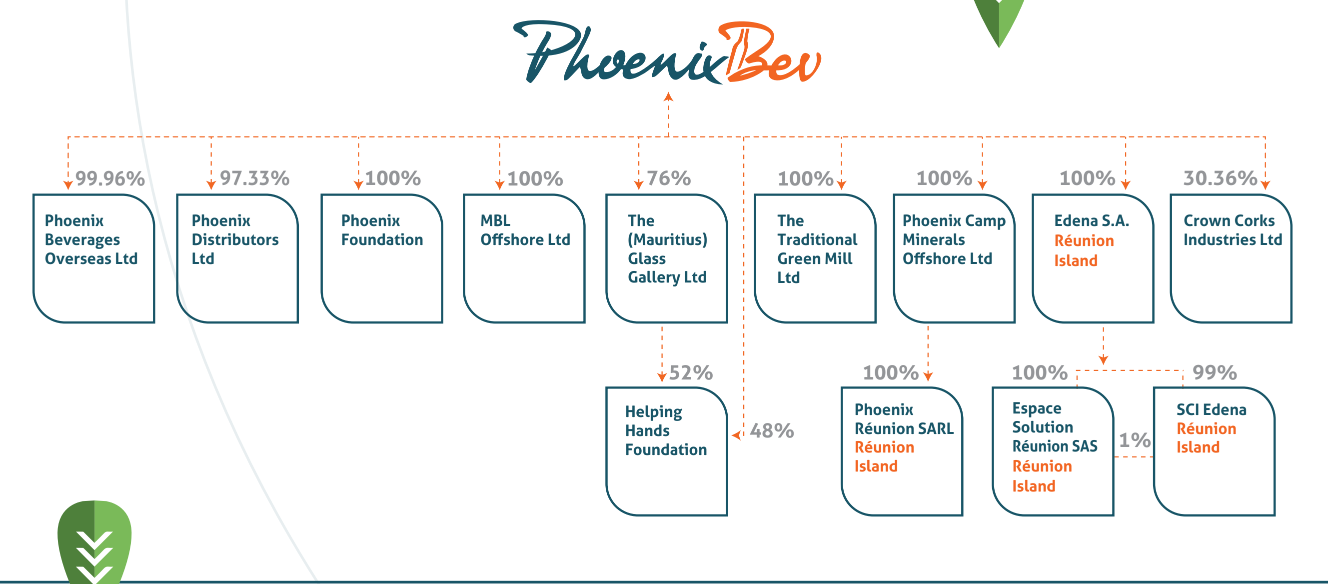
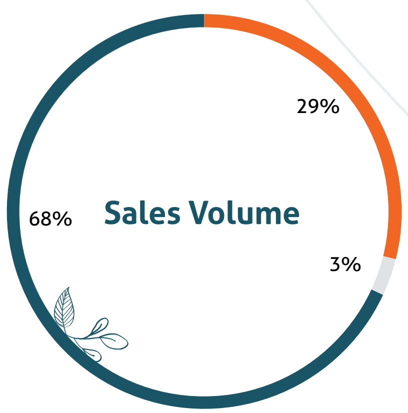
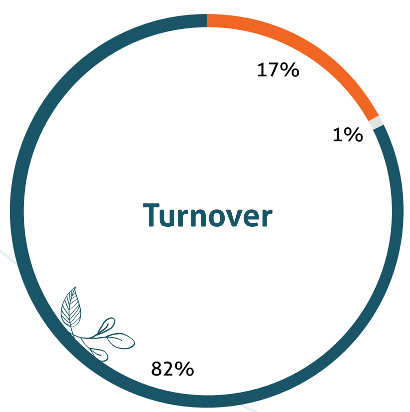
Who We Are

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 Réunion Island, and distribute our products throughout the Southern Indian Ocean region, and further afield to Australia, China, France and the United Kingdom.



Our Geographical Performance at a Glance





- Mauritius
- Réunion Island
- Export

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

represented by La Martiniquaise

represented by GCF

represented by La Maison du Whisky

represented by GCF

represented by La Maison du Whisky

represented by Advini

represented by Advini

represented by Treasury Wines

represented by Treasury Wines

represented by Treasury Wines

Our Products

PhoenixBev distributes more than **50 brands** in **Mauritius** and **Réunion 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

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), a subsidiary of PCM

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

1990
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
Commissioning of new production unit in Nouvelle France

2016
Acquisition of Edena SA (incorporated in Réunion Island)

2016
Launch of Gister premium beer

2016
Corporate rebranding

2017
Launch of Fuze Tea

2017
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

2020
Relaunching of Cidona

2020
Phoenix keg 5lts

Corporate | Facility | Packaging | Product

Our Strategic Vision

PhoenixBev aspires to be the **leading commercial beverage company** in the western Indian Ocean region, building on our unmatched portfolio of leading alcohol and non-alcohol brands to **"Provide happiness through beverages"**.

The foundation of our strategy is our commitment to 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**.

Long-term **profitability** and **sustainability** are only possible with responsible business practices and we have identified five of the United Nations SDGs that most closely align with our activities and **aspirations** as the areas where we can have the most impact.

Natural Capital | Human Capital | Social Capital | Manufactured Capital | Intellectual Capital | Financial Capital

Our Vision

Provide happiness through beverages

Our Goal

Commercial beverage leader in the Indian Ocean Region

Our Portfolio

Beer | Soft Drinks | Stills | Wine and Spirits

Our Foundations

- Achieve world-class execution through availability and affordability of our products locally and regionally
- Build strong, valuable and meaningful brands
- Build a sustainable and profitable business through our five chosen SDGs

Enablers

Our facilities (page 46), natural resources (page 66), team members (page 54) and processes

Barriers

Competition, social pressure and regulatory (page 36)

Our Sustainable Development Goals

The 17 SDGs aim to create a global collaboration to achieve peace and prosperity for people and the planet, represented in the 2030 Agenda for Sustainable Development established in 2015. The targets underlying each SDG ensure that growth and development includes a focus on addressing the many urgent social and environmental challenges facing the planet.

During 2021, PhoenixEarth was launched as the focal point for the Group's sustainable development initiatives and to promote engagement with the SDGs within the organisation.

The five SDGs shown below are those that are most relevant to PhoenixBev and to its stakeholders, and where we can have the biggest impact. They were identified in 2019 at interactive workshops attended by PhoenixBev management and team members from all departments.

3 GOOD HEALTH AND WELL-BEING

PhoenixBev's health and safety programme promotes safe working conditions and health support for team members (see page 55). Strict Covid-19 protocols are in place to ensure the health and safety of our team members and customers. The corporate social investment programme supports a number of projects that promote community health and wellbeing (see page 62). We promote responsible alcohol consumption and lower calorie soft drinks to reduce sugar consumption. Our environmental management systems ensure responsible management of waste streams and emissions (see page 70), and align with all regulations to minimise pollution. Logistics planning aims to manage driver fatigue to reduce road accidents.

8 DECENT WORK AND ECONOMIC GROWTH

Our strategy is built on innovation and world-class execution that prioritises production efficiency, which includes resource-use efficiency. The Group's 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 (see page 78). Our ethical approach to business and sustainable supply chain practices include measures to support human rights and labour rights.

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

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 (see page 66). We promote entrepreneurship and business development by supporting and helping our customers and business partners to grow their businesses.

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

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 (see page 66). We participate in a number of collaborative initiatives to promote waste management and raise awareness in communities and society (see pages 62 and 66).

13 CLIMATE ACTION

We are committed to playing our part to reduce our carbon emissions and are improving our understanding of energy use and opportunities to reduce energy consumption through energy audits at our operations. We plan to conduct a carbon footprint exercise to quantify our greenhouse gas emissions. 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 of our production facilities improve operational efficiency, resource-use efficiency and reduce our environmental footprint.

Although we chose SDG 13 (Climate Action) as our primary environmental SDG, we recognise that action towards this goal requires actions on four other SDGs. These 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 impact SDG 14 (Life Below water), and SDG 15 (Life on Land).

13 CLIMATE ACTION → 6 CLEAN WATER AND SANITATION | 7 AFFORDABLE AND CLEAN ENERGY | 14 LIFE BELOW WATER | 15 LIFE ON LAND

Our Investment Case

STRONG AND GROWING PORTFOLIO

- We manufacture and market a portfolio of strong local and international brands, and continually develop new products and product categories to satisfy evolving customer needs and tastes.

SOLID MARKET BASE

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

REGIONAL EXPANSION OPPORTUNITIES

- Multi-site production, with three production units in Mauritius and one in Réunion 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 **40%** over the past five years
- Compound annual total shareholders' return of **13%** 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

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Our Business Model

What we do and how we do it

Capital Inputs

Manufactured Capital

Our four production facilities in Mauritius and Réunion 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.

Human Capital

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

Social and Relationship Capital

More than 10 000 customer outlets supplied in Mauritius and Réunion 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.

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.

Financial Capital

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

Our operating context

- The closing of Mauritius to foreign visitors to prevent the spread of Covid-19 significantly affected the tourism and hospitality industry, which traditionally accounts for nearly a quarter of the country's GDP and around 22% of employment.
- The impact of Covid-19 on the local and global economy, unemployment and social factors impacted business confidence and created weak trading conditions.
- Challenges in the global supply chain affected the timing and cost of imported inputs, and the depreciation of the MUR against other currencies increased import costs.
- Increased focus on environmental, social and governance factors from investors, government and society.

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

Our procurement process aims to optimise resource use and maximise value creation through training and development, 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 Réunion Island.

Bottling and packaging

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

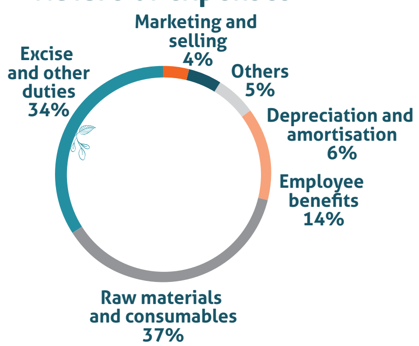
Sales and distribution

We distribute our beverages to wholesale and retail customers throughout Mauritius and Réunion Island. Consumers can also buy directly through our online retail platform.

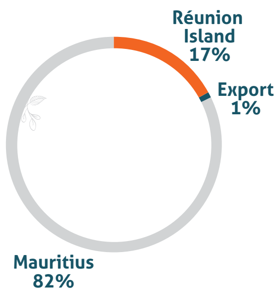
Recycling

We use recyclable material for most of our product packaging and collect around 45% of our used PET packaging to be recycled and reused for internal operations and external initiatives. Our recycling operations are outsourced.

Nature of expenses



Revenue split



Outputs

We produced **2.2 million** hectolitres of alcoholic and non-alcoholic beverages during the year in Mauritius and Réunion 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 Réunion Island with our fleet of more than **125** trucks.

Capital Outcomes

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

Refer to pages 45 to 77 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

In pursuing our strategy, PhoenixBev draws from and contributes to the capitals available to us, remaining mindful that these trade-offs align with our values and principles. The most significant trade-offs during the year are shown below:

Investing in our facilities

In December 2020, PhoenixBev commissioned a new state-of-the-art returnable glass bottling line in the Limonaderie, enabling faster and more flexible packaging, saving time, energy and water (see page 46). The investment of over MUR 200 million represents a trade-off between this financial capital, the increase in the manufactured capital available to us and reduces the use of natural capital in the form of water and energy. During 2021, capital expenditure totalled MUR 275 million (2020: MUR 517 million) to maintain facilities, expand production, increase efficiencies and sustain excellent quality.

Driving the circular economy

Improving internal waste management systems has been a focus for a number of years and we have been involved in various initiatives to reduce the impact of production waste and packaging waste on society and country. Many of these initiatives are done in partnership with other companies and NGOs, and the social and relationship capital we have built up through these relationships is essential to reduce the impact of waste on the natural environment. During the year, we concluded an agreement to valorise waste glass (see page 70), in addition to our initiatives to finding alternative uses for coal ash and spent grain and yeast (see page 73). Through PhoenixEarth, we actively participate in, sponsor and support programmes to collect plastic packaging for recycling and reuse, community awareness initiatives, social media campaigns, sponsor bins to reduce litter and participate in the harbour clean up.

Building our product portfolio

Our portfolio of own and licenced products and brands comprise an extremely valuable intellectual capital asset. We invest both financial and human capital in developing new products that meet the evolving needs of customers and consumers, including non-alcoholic and reduced calorie options. During the year, we continued to build out the facilities (manufactured capital) and capabilities (human capital) to develop our craft beer offering, which will be launched in the year ahead.

Improving lives in local communities

PhoenixBev makes a significant ongoing financial investment in local communities to improve health and social outcomes.
In addition, this year we introduced four hours of annual "social leave" to encourage employees to volunteer their time in local communities, an investment of our human capital in social benefit.

Case studies

PhoenixEarth INITIATIVE

Promoting a plastic circular economy

PhoenixEarth has joined the YES NO SOLUTIONS initiative, a voluntary online platform created by Mission Verte and We-Recycle, that brings together NGOs and companies to promote and strengthen a plastic circular economy.

The partnership promotes a message of Refuse, Reduce, Reuse, Recycle and helps to share ideas and best practices as well as raise awareness about the importance of caring for the environment by developing a robust circular economy in Mauritius and the Indian Ocean region. The platform also provides the geo-location of collection bins so that consumers can easily find the nearest recycling drop-off points.

PhoenixBev supports collecting and industrial recycling of PET in Mauritius through the Extended Producer Responsibility (EPR) model, which requires producers and importers to measure the costs and implications of collecting, treating and recycling waste plastic. We have played our part for many years by installing collection bins for bottles, cans and glass at sites across Mauritius, as well as by collecting PET bottles for recycling.

"YES NO SOLUTIONS is a well-thought out and effective initiative that brings together NGOs and companies from Mauritius and Africa to pursue our common goal of caring for the environment. By coordinating our efforts, key stakeholders in each area can, with the support of government, identify and implement best practices to nurture the circular economy."

Bernard Theys, Chief Executive Officer of PBL

Our Material Matters

PhoenixBev's material matters are those that have the most significant potential impact on our ability to create value over the short-, medium- and long-term. They were identified by considering a range of financial and non-financial factors that could affect our strategy, performance and prospects identified from:

- the SDG workshops attended by management and team members;
- the top risks and opportunities identified through our risk management process;
- key stakeholder expectations;
- guidelines and frameworks;
- legislation; and
- industry initiatives.

The material matters disclosed in last year's report were reviewed during the year and remain relevant for the current year, although the grouping has been refined.

Profitability and returns

Aspects

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

Primary stakeholders affected

Creating long-term value requires that we generate sufficient financial capital in the short term to meet the needs of our stakeholders while balancing their expectations so that the Group continues to meet the return expectations of its shareholders and providers of capital. The ongoing impact of Covid-19 and associated confinements continued to affect production, distribution and demand during the year. Information on our financial performance for 2021 is available in the Financial Capital section on pages 74 - 77.

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

Consumers and customers	Communities	Government and authorities
Partners and suppliers	Team members	Shareholders and funders

World-class execution

Aspects

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

Primary stakeholders affected

Operational excellence in production, distribution and management helps us to meet the needs of our customers and consumers, achieve our financial targets and reduces our environmental impact. More information on our investments in facilities and initiatives to ensure product quality and safety is available on page 46.

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

Meeting market needs to provide happiness through beverages

Aspects

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

Primary stakeholders affected

Our ongoing investment in new products and product categories ensures that we stay relevant to consumers as tastes and trends change. Building and sustaining our strong brands supports expansion in the region. PhoenixBev's commitment to ethical and responsible business practices supports the Company's reputation and its relationship with government and society. More information on our products, brands and governance is available on pages 48.

Related SDG: 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

Team member safety, health and wellbeing

Aspects

- 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

Primary stakeholders affected

PhoenixBev's human capital is a key asset and our human resources practices aim to attract, develop and retain team members with the necessary skills and experience to achieve our strategy. As a responsible employer we have implemented systems to support safe working conditions, good health and wellbeing, and fair treatment for all team members. More information on our human capital is available on page 54.

Related SDG: 3 GOOD HEALTH AND WELL-BEING

Contribution to community and country

Aspects

- Customer satisfaction
- Our contribution to society

Primary stakeholders affected

Our ongoing investment in socioeconomic initiatives in local communities, promoting waste collection and a circular economy, and supporting national priorities aligns with our values and commitment to supporting sustainable development through the SDGs. More information on these initiatives is available on page 62.

Related SDGs: 3 GOOD HEALTH AND WELL-BEING; 8 DECENT WORK AND ECONOMIC GROWTH; 12 RESPONSIBLE CONSUMPTION AND PRODUCTION

Our Material Matters continued

Business relationships

Aspects

- International partnerships
- Supply chain management

Primary stakeholders affected

Included in our portfolio of products are several that are marketed and manufactured in partnership with some of the world's leading brands and maintaining excellent relationships with these business partners is essential to achieve 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 page 62 for more information.

Related SDGs

8 DECENT WORK AND ECONOMIC GROWTH
12 RESPONSIBLE CONSUMPTION AND PRODUCTION

Sustainable business practices

Aspects

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

Primary stakeholders affected

Our commitment to world-class execution includes ensuring that we use the natural resources available to us responsibly, comply with all relevant legal requirements and minimise our environmental impact as far as possible. More information on our environmental practices and impacts is available on page 66.

Related SDGs

12 RESPONSIBLE CONSUMPTION AND PRODUCTION
13 CLIMATE ACTION

Governance

Aspects

- Good governance
- Compliance
- Human rights

Primary stakeholders affected

We are 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 90.

Related SDGs

3 GOOD HEALTH AND WELL-BEING
8 DECENT WORK AND ECONOMIC GROWTH
9 INDUSTRY, INNOVATION AND INFRASTRUCTURE
12 RESPONSIBLE CONSUMPTION AND PRODUCTION
13 CLIMATE ACTION

Engaging with our Stakeholders

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

We engage with our stakeholders to ensure an appropriate dialogue takes place so that we understand their legitimate needs and interests. These engagements provide insight into developing trends, emerging risks and opportunities and material matters, and inform leadership discussions and strategy.

How We Engage

Stakeholder engagement takes place through channels that are appropriate for the nature of each stakeholder. For example, the sales and distribution teams engage with customers as part of their day-to-day business activities, while shareholders are engaged at an executive or Board level.

The section that follows shows PhoenixBev's primary stakeholder groups, how we engage with them, their main concerns and how address these:

Consumers and customers

How we engage

- 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

Stakeholder expectations

- 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

How we address their primary concerns

- We focus on product quality while containing costs across our value chain. Our product range includes cost-effective package sizes.
- Strict quality assurance processes are in place from the start of the product life cycle. Team members participate in IBL's Technical Quality Committee to share and leverage best practices across the IBL group.
- Team members interact directly with customers to ensure excellent service. We conduct targeted customer surveys and the Customer Response Unit regularly monitors customer satisfaction.
- We are committed to ethical and responsible business practices. Team members are trained on ethical business conduct and our Code of Ethics.
- PhoenixBev's 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 key partners regularly audit our facilities, processes and practices against industry best practice, and certain of the management systems at our facilities are externally certified in terms of international management standards. These include quality and food safety management systems.
- We participate in joint projects and business planning with customers to align our interests and activities.
- Strict Covid-19 hygiene protocols are in place to safeguard the health and safety of team members and customers.
- The Lespri Zil website provided a direct-to-consumer sales channel when shops and outlets were closed.
- Our Mauritian production facilities have been independently certified by LIBA in terms of their Feel Safe standards to assure consumers, customers, team members and the general public.
- We promote entrepreneurism and business development by supporting and helping our customers and business partners to grow their businesses.

Engaging with our Stakeholders continued

Partners and suppliers

How we engage

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

Stakeholder expectations

- Business ethics and compliance
- Contribution to society
- Economic impact
- Sustainable business practices
- Excellent service
- Fair labour practices
- Human rights
- Product quality and safety

How we address their primary concerns

- We are committed to ethical and responsible business practices, which include compliance with all applicable laws, regulations and 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 business partners regularly audit our facilities, processes and practices against industry best practice, and certain of the management systems at our facilities are externally certified in terms of international management standards. These include quality and food safety management systems.
- PhoenixBev supports our host communities 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.
- Strict quality assurance processes are 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.
- We promote entrepreneurship and business development by supporting and helping our customers and business partners to grow their businesses.

Communities

How we engage

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

Stakeholder expectations

- Contribution to society
- Business ethics and compliance
- Sustainable business practices
- Fair labour practices
- Human rights
- Support during Covid-19

How we address their primary concerns

- We are committed to ethical and responsible business practices, which include compliance with all applicable laws and regulations, as well as prioritising the reduction of our environmental footprint and the increase of our positive social impact.
- PhoenixBev contributes to the communities in which we operate through our role as a local employer, our contribution to the fiscus through tax and excise payments, and through our CSR activities (see page 78). We engage with NGOs to promote social upliftment and environmental protection, and are active in contributing to national events.

Team members

How we engage

- Communication during day-to-day business activities
- Inclusion in the decision-making process through the Comité d'entreprise
- Meetings with team member representatives
- Performance management process
- Workshops and meetings

Stakeholder expectations

- Fair labour practices
- Health and safety during Covid-19 and continued employment
- Business ethics and compliance
- Contribution to society
- Economic impact
- Sustainable business practices
- Human rights
- Profitability

How we address their primary concerns

- 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.
- A strict Covid-19 hygiene protocol is in place to safeguard the health and safety of team members and we 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.
- Team members receive fair remuneration and benefits, including wellness programmes.
- Team members are represented on the Comité d'entreprise to ensure their views are communicated.
- PheonixBev is committed to ethical and responsible business practices, which include compliance with all applicable laws and regulations, including labour laws.
- The regular audits conducted by our key partners of our facilities, processes and practices externally verify standards and practices, including labour practices.
- 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 law conventions in our countries of operation.
- PhoenixBev contributes to the communities in which we operate through our role as a local employer, our contribution to the fiscus through tax and excise payments, and through our CSR activities. We engage with NGOs to promote social upliftment and environmental protection, and are active in contributing to national events.

Engaging with our Stakeholders continued

Government and authorities

How we engage

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

Stakeholder expectations

- 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
- Affordable prices

How we address their primary concerns

- PhoenixBev contributes to wealth creation in Mauritius, the region and beyond by creating direct and indirect employment and through our contribution to the fiscus through tax and excise payments. We support entrepreneurship and business development by supporting and helping our customers and business partners to grow their businesses.
- We are committed to ethical and responsible business practices, which include compliance with all applicable laws and regulations, including those concerning the prevention and detection of bribery and corruption. We prioritise the reduction of our environmental footprint and the increase of our positive social impact.
- We contribute to the communities in which we operate through our role as a local employer, our contribution to the fiscus through tax and excise payments, and through our CSR activities (see page 62). We engage with NGOs to promote social upliftment and environmental protection, and are active in contributing to national events.
- 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. We have dedicated programmes focused on recycling PET bottles and glass.
- We communicate information to customers and consumers on the safe and healthy consumption of our products on the packaging and through media communication.

Shareholders and funders

How we engage

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

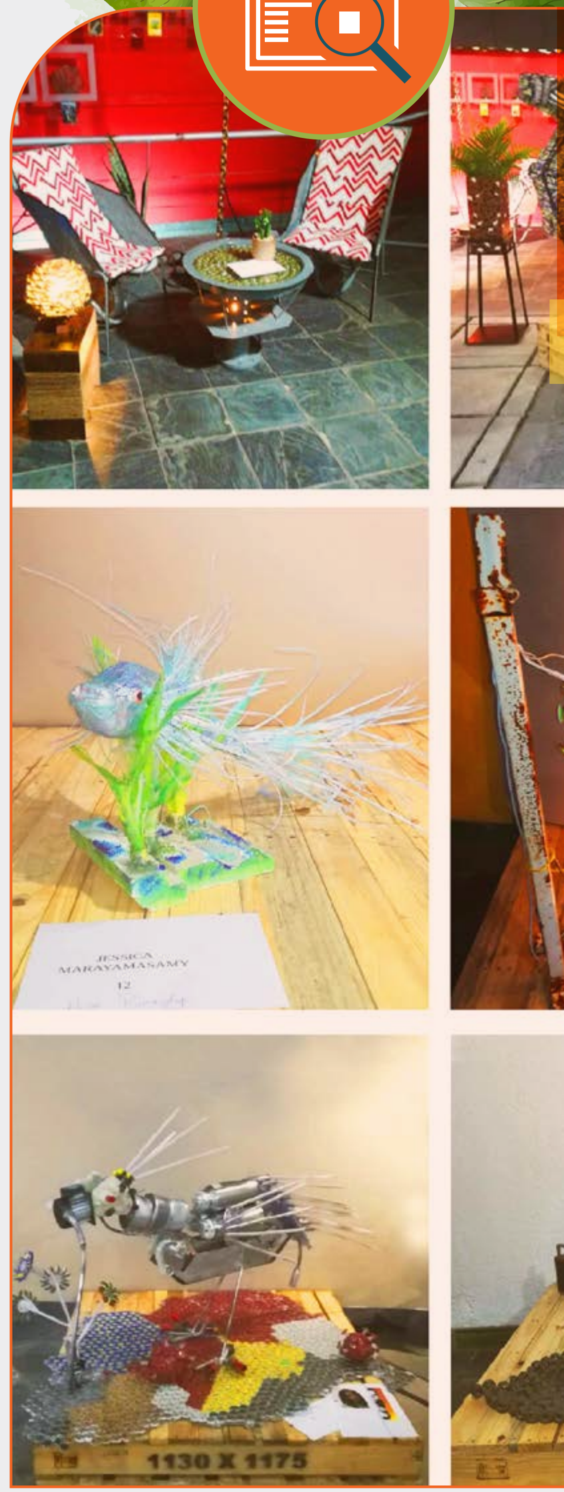
Stakeholder expectations

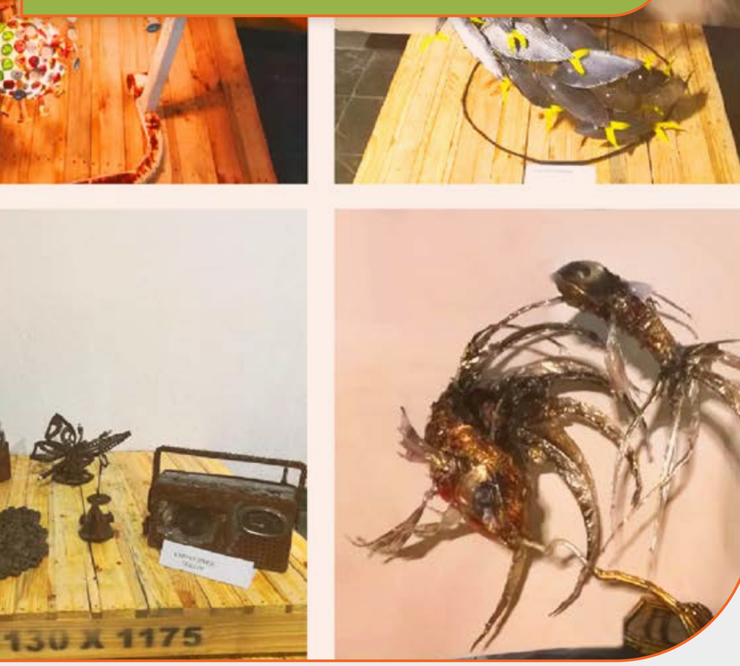
- Profitability
- Business ethics and compliance
- Contribution to society
- Economic impact
- Sustainable business practices
- Fair labour practices
- Human rights
- Product quality and safety

How we address their primary concerns

- 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.
- We are committed to ethical and responsible business practices, which include compliance with all applicable laws and regulations, including those concerning the prevention and detection of bribery and corruption. We prioritise the reduction of our environmental footprint and the increase of our positive social impact.
- We contribute to the communities in which we operate through our role as a local employer, our contribution to the fiscus through tax and excise payments, and through our CSR activities (see page 62). We engage with NGOs to promote social upliftment and environmental protection, and are active in contributing to national events.

Case studies





PhoenixEarth INITIATIVE

The Recup'n'Make Challenge: Turning Waste into Art

The Recup'n'Make Challenge, an initiative of La Déchetèque in collaboration with PhoenixEarth and the Mauritius Glass Gallery, was held in June 2021, connecting manufacturers, artists and the general public. The event showcased the work of ten artists to promote awareness that reject materials can be a resource, promoting reuse as an alternative to discarding them as waste.

La Déchetèque, winner of the 2020 Climate Launchpad, is an online platform that brings together construction companies, manufacturers and the public to reuse and upcycle excess construction materials, surplus industrial stock and recoverable waste.

The event challenged artists to create works of art and usable objects from abandoned materials to raise awareness about the circular economy and its ability to drive environmental, societal and economic change.

Our PERFORMANCE

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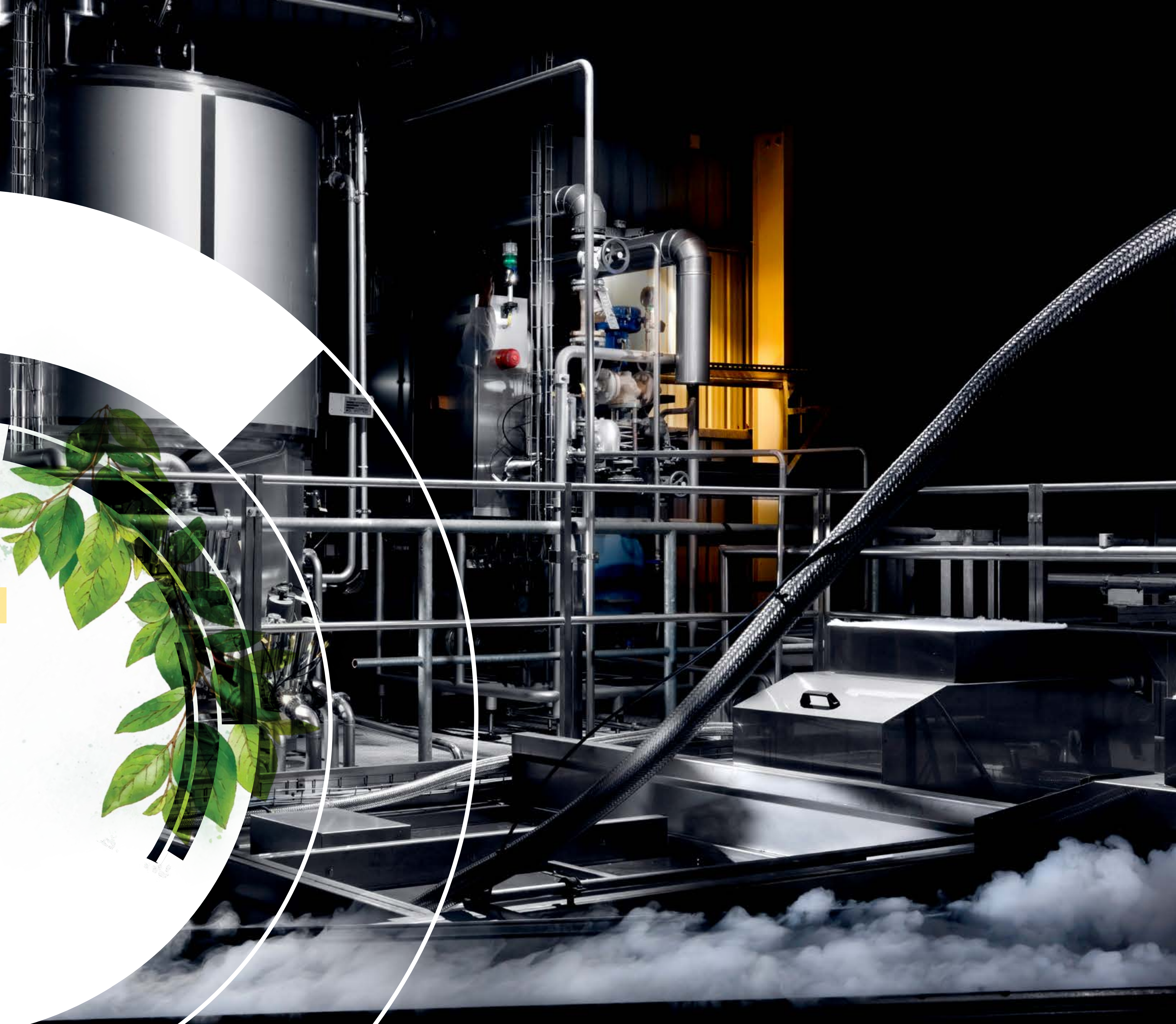


CEO's Review

Dear Shareholder,

2021 was a year of learning to live with the impact of Covid-19 in our personal lives, our business operations and getting used to the new normal. Given the challenging economic conditions, we focused on going back to basics, tightly managing our costs and prioritising certain product and category development projects currently underway while postponing more general research and development.

The direct impact of the pandemic was seen not only in reduced consumer demand, but also in our supply chain for raw materials and packaging inputs, 65% of which is imported. Delivery time for these inputs has doubled and costs have increased as the MUR depreciated against other currencies. We increased our stockholdings of these inputs, leading to increased investment in inventories as well as costs incurred to rent additional storage space.

The health and wellbeing of our team members and customers remains a priority and the Covid-19 hygiene protocol remains in place at all operations. To the end of June 2021 no cases of Covid-19 were reported among team members. The lessons we learned in the lockdown and confinement at the start of the pandemic served us well and we were able to operate at full capacity during the second confinement in March and April.

“We invest in upgrading and modernising our production, warehousing and distribution facilities on an ongoing basis in both Mauritius and Réunion Island to improve efficiencies, ensure exceptional product quality, reduce our environmental impact and increase capacity for future demand.”

The reduced volumes arising from the current market conditions decreased pressure on our logistical infrastructure and we postponed our warehouse centralisation project until volume growth resumes.

Brand and product performance

Sales volumes in Mauritius declined by 5.0% mainly as a result of the impact of Covid-19 restrictions on the tourism and hospitality industries. Sales in Réunion Island performed well, growing 7.2% year-on-year. Overall, Group sales volumes decreased 1.3%. Please refer to the Financial Capital section on page 74 for more information on the Group financial performance.

Marketing initiatives primarily focused on promoting our major brands and rebuilding volumes through our Horeca trade partners by aggressively promoting the launch of new products and packaging sizes. We continue to explore ways to expand our representation in the region, including through diversifying our beer and wine portfolio in Réunion Island.

We worked with various partners to promote local tourism and extended our marketing platform Lespri Zil (Island Spirit) to include Lespri Kwizil (Kitchen Spirit) to celebrate inter-island multicultural diversity. The relaunch of Cidona reminded people of easier times and we introduced the Phoenix Beer five-litre keg to bring the pub experience into the home. We are researching and developing new products and packaging variants to meet customers' changing needs. The launch of our craft beer product line was unfortunately delayed due to Covid-19 but we are hard at work to make it a reality in the year ahead to meet the high levels of interest.

PhoenixEarth: Driving our sustainable development initiatives

PhoenixBev is a proudly Mauritian company with a long history of doing business responsibly. Building on this ethical and sustainable foundation, we launched PhoenixEarth as the engine that will drive our ongoing financial, environmental and social contributions in Mauritius and the Indian Ocean Region. The platform combines and coordinates our sustainability programmes and best practices, promotes internal alignment with the SDGs and represents the Group in our ongoing engagements with stakeholders that promote environmental responsibility and socioeconomic development.

Building capacity

We invest in upgrading and modernising our production, warehousing and distribution facilities on an ongoing basis in both Mauritius and Réunion Island to improve efficiencies, ensure exceptional product quality, reduce our environmental impact and increase capacity for future demand. The commissioning of the new returnable glass bottle line in the Limonaderie in December 2020 (page 46) is an innovative example that demonstrates our ongoing commitment to inclusive and sustainable industrialisation in the region.

Focus for 2021

The safety and health of our team members and customers remain a priority, particularly in the context of Covid-19. We will continue to improve efficiencies, reduce costs and minimise our impact on the environment in line with our commitment to achieving world-class execution. We are committed to our goal to be the commercial beverage leader in the Indian Ocean region and assess opportunities on an ongoing basis to expand locally and abroad.

Bernard Theys
Chief Executive Officer

27 September 2021

Risk Report

Creating value inevitably requires that some risk is taken on. Effective and timely risk management can mitigate such risks to acceptable levels while maximising opportunities identified. The PhoenixBev Board of Directors sets the Group's risk appetite and is ultimately responsible for ensuring that risks are managed within this. It also reviews the adequacy of risk management practices and internal controls, as described in our Corporate Governance Report on page 90.

We continuously analyse and manage the opportunities and threats that could affect both immediate operational performance and long-term value creation. Risks are classified into external risks, over which we have little or no control, and internal risks where we have more control.

Risks and opportunities are proactively identified and evaluated by constantly monitoring the economic, operational and regulatory environments. Our risk management process has five steps:

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

Low | Moderate | High | Extreme

Qualitative Measures of Severity/Consequences/Impact

Level	Description	Description Detail
1	**Insignificant**	Low financial loss, no injuries (for operations)
2	**Minor**	Medium financial loss, first aid treatment, on-site release immediately contained (for operations)
3	**Moderate**	High financial loss, medical treatment required, on-site release contained with outside assistance (for operations)
4	**Major**	Major financial loss, extensive injuries, loss of production capability, off-site release with no detrimental effects (for operations)
5	**Catastrophic**	Huge financial loss, death, toxic release off-site with detrimental effect (for operations)

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 how we mitigate these risks to an acceptable level.

Risk

1. Pandemic (External)

A pandemic presents a significant public health risk. The steps taken to prevent the spread of a pandemic may have a severe impact on local, regional and global economies. The timing, speed and nature of the recovery could be uncertain.

TREND: Stable

Impacts and opportunities

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.

Mitigation

- Implement strict hygiene protocols at operations and execute our Business Continuity Plan.
- Support customers to help them trade through and develop 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.
- Closely monitor cash flows, receivables and regular forecasting.
- Regular engagements with authorities, review and renegotiation of contracts, costs and pricing.

Risk

2. Geographical constraints (External)

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: Stable

Impacts and opportunities

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.
- Increased fees/additional charges when sourcing raw materials.

Associated opportunities

- Win new regional and international markets through our flexibility and unique value proposition

Mitigation

- 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

Risk

3. Constraining regulatory and policy environment (External)

There are numerous current and planned regulations that apply to and affect our business or our customers.

TREND: Increase

Impacts and opportunities

Potential impacts

- Numerous direct taxes apply to our operations and reduce profitability.
- Unpredictable policy changes make planning difficult.
- Targeting of our products 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 compliance with consumer health regulations and offering reduced calorie and non-alcohol products
- Unique value proposition

Mitigation

- Ongoing proactive dialogue with policy makers on proposed regulatory changes to ensure fair and equal treatment for all parties.
- Focus on unlocking further value from our base businesses to build resilience to withstand the increasing regulatory burden.
- Maintain our significant contributions to recycling and ongoing engagements with government, communities and other industry players to ensure responsible waste management.

TREND: Increase | Decrease | Stable

Risk Report continued

Risk	Impacts and opportunities	Mitigation
4. Changing societies and consumer preferences (External) • Changes in demand for products. • Increasing consumer consciousness about the products they buy. • Decreasing and ageing population. • Healthier lifestyles. • Changes in consumer behaviour linked with Covid-19. TREND: Increase	**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 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".	• Ongoing analysis of customer data from market surveys to identify emerging consumer preferences and requirements. • Consistent and seamless contact with customers through a connected multiple-channel retail experience. • Reducing the calorie content of products in the portfolio. • Offer the right product, at the right price, in the right package through the right channel. • Improve consumer information through more transparent product labelling. • Ongoing discussions with government, NGOs and specialists to promote responsible alcohol consumption.

Risk	Impacts and opportunities	Mitigation
5. Strategic stakeholder relationships (External and Internal) Particularly with our international partners. TREND: Stable	**Potential impacts** • Profitability adversely affected in the event of termination of agreements or less favourable renewal terms. • Ineffective partnerships. **Associated opportunities** • 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 a focus on strategic issues affecting growth. • Participation in senior management forums.

Risk	Impacts and opportunities	Mitigation
6. Environmental considerations (External and Internal) 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. • Stopped or reduced production due to a 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. • Re-use and recycling of waste.	• The PhoenixEarth Initiative promotes environmental and social responsibility to support the UN SDGs. • Ongoing engagements with regulators and industry to promote responsible packaging initiatives. • Recycling glass through Mauritius Glass Gallery and our partnership with Beemanique. • Focus on identifying valorisation options for glass and other waste streams. • Recycling PET bottles. • Careful planning and monitoring of water availability and use. • Revamping production lines to improve water and energy efficiency.

TREND: Increase, Decrease, Stable

Risk Report continued

Risk	Impacts and opportunities	Mitigation
7. Team capabilities and needs (Internal) • Loss of key management and technical personnel through retirement or departure. • Increasing competition for talented employees. • Personnel not having the required skills to meet our future objectives. • Risk of industrial accidents at our operations. • Industrial unrest. • Pandemic infection TREND: Stable	**Potential impacts** • Loss of vital know-how affects product and market sustainability and development. • Development and implementation of state-of-the-art technology impeded by an inability to recruit and retain suitably qualified team members. • Inability to attract and retain skilled team members to enable safe, reliable and sustainable operation. • Production capacity reduced due to physical and psychological impact on team members affected. • Loss of team member trust as a reputable employer. • Reputational damage with external stakeholders. • Loss of revenue due to lawsuits or regulatory interventions (fines etc). • 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 team members 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 development of our team members at all levels and nurtures talent, particularly in young highly-qualified recruits. • Succession planning strategies mitigate the departure, planned or otherwise, of key team members. • External managerial training is in place, aligned with PhoenixBev's skills imperatives. • Regular team member surveys identify current or emerging issues that could affect retention and development. • Regular health and safety training 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 at our operations.
8. Product safety and integrity (Internal) 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 opportunities** • Fostering a strong reputation for quality assurance as an important differentiator in our competitive market.	Stringent quality assurance and certification programme to minimise quality issues. Includes external certification in terms of FSSC 22000, ISO 9000, LIBA Feel Safe and international partner programmes. Robust recall and other appropriate crisis procedures in place to mitigate the impact, should a hazard arise.
9. Digital challenges (External and Internal) • 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, compromised infrastructure and data security due to the ubiquitous nature of technology. • Social media becoming increasingly powerful in shaping brand perceptions. TREND: Increase	**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 negative 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

TREND: Increase | Decrease | Stable

Risk Report continued

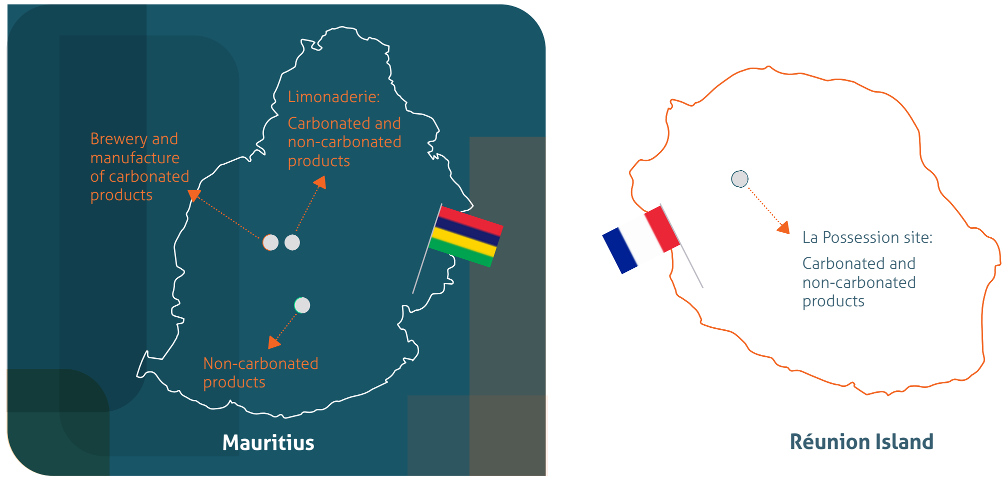
Risk	Impacts and opportunities	Mitigation
10. Sustainable financial performance (External and Internal) • Promoting sustainable financial performance in a tough trading environment. • International economic and political environment causing economic recession, inflation, social upheaval, trade restrictions and unstable exchange rates. • Size and duration of the impact of the Covid-19 pandemic on the global economy remains unclear. TREND: Increase	**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 opportunities** • 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 an appropriate mix between fixed and floating interest rates on borrowings. • Maintaining tight control over credit exposure.
11. Compliance (External and Internal) • 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: Stable	**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 opportunities** • 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

Manufacturing Capital

Manufacturing facilities

We invest in the maintenance and modernisation of our manufacturing facilities to ensure that we can continue to produce beverages that meet the needs of our customers, maintain international quality standards, create financial value and strengthen our competitive position.



Strategic priorities

Short term	Medium term	Long term
• Continue to enhance the quality and sustainability 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.

Contribution to strategy

- Improving the facilities at our operations to enhance efficiencies, increase productivity, improve employee wellbeing, and reduce our environmental footprint.
- Fulfil consumer needs through appropriately sized packaging.
- A new enterprise resource planning (ERP) system to improve productivity, efficiency and collaboration.

Manufacturing Capital continued

Covid-19 protocols and measures remain in place at all operations, aligned with government requirements, to protect our team members and prevent the spread of the virus. Production continued throughout the year, including during the second lockdown, with volumes increasing 4% year-on-year at the Brewery and 3% at the non-alcohol operations. The glass line in the Limonaderie was not operational in the first half of the year and was replaced by the new line in December 2020.

1. Maintenance of facilities and process efficiencies

The efficiency of our facilities and processes ensures the availability, affordability and quality of our products. We continue to invest in modernising our facilities and implement lean and efficient manufacturing processes, logistics and warehousing to improve operational efficiency and achieve world-class execution. By improving process efficiencies, we not only reduce production costs, but also improve the efficiency with which we use resources such as water and energy, supporting the profitability and sustainability of the business.

A new CO_2 recovery tank was installed during the year to optimise the capture of CO_2 from primary fermentation leading to improved CO_2 recovery and utilisation, and reduced environmental impact. The brewery effluent treatment plant was refurbished to improve efficiency and the new multi-modular labeller for the brewery glass line has arrived in the country and will be installed and commissioned in the second half of the 2022 financial year. The equipment for our craft brewery is being installed, while development of non-alcohol and flavoured beer is on hold until the uncertainty created by Covid-19 has reduced.

The Brewery implemented stringent additional quality controls and quality assurance during the year, and reinforced process control measures and mechanical monitoring of the returnable glass washing operation. The heavy fuel oil (HFO) boiler was tuned to improve the efficiency of steam supply and this parameter is monitored continuously. The Brewery is preparing for certification in terms of FSSC 22000 v5.1, ISO 9001, ISO 14001 and ISO 45001 under an integrated management system audit towards the end of 2021.

2021 at a glance

- Commissioned a new bottling line at the Limonaderie
- Ongoing focus on production efficiencies and product quality
- The craft brewery is nearing completion

Sections

1. Maintenance of facilities and process efficiencies
2. IT infrastructure

Energy measurement and efficiency were areas of focus at the Limonaderie during the year, including the insulation of steam pipes and valves, diagnosis of steam traps and elimination of steam leakage, combustion monitoring, reducing air pressure in the compressed air systems, eliminating air knives used for blow off, drying and cooling, and a programme to fix air leaks. Monitoring and heat recovery from boiler blow downs improved and a programme to increase water recovery was implemented. A cost of quality system is being developed and implemented at the Limonaderie to identify potential savings that could be gained through further process improvements. The project to optimise nitrogen yield at Nouvelle France has been successfully concluded.

PhoenixBev's innovative new glass bottle production line

PhoenixBev commissioned one of its innovation projects in December 2020 in the form of a new returnable glass bottling line in the Limonaderie. Despite the current difficult macroeconomic climate as a result of the Covid-19 pandemic, the Company demonstrated its ongoing commitment to modernising its production facilities by investing more than MUR 200 million in a production facility for the future.

The new glass bottle production line uses unique state-of-the-art technology that includes automatic washing, an all-surface empty bottle inspection (ASEBI) process, automated filling and capping, as well as automatic re-crating and palletising of the filled bottles.

The new production line puts PhoenixBev at the forefront of glass bottling, enabling faster and more flexible packaging, and opens up possibilities for new types and categories of product. Long-term advantages include increased efficiencies that are already saving time, energy and water, strengthening our ability to deliver more products more sustainably while reducing our environmental impact. The greater capacity of the new line has also led to better distribution of our products and reduced the risk of stock outages.

While capital projects have been reviewed in the context of the current operating environment, projects planned for the 2022 financial year include:

- The new multi-modular labeller for Brewery glass line 2
- Inline measurement of overall equipment effectiveness on Brewery glass line 2 and canning line
- Upgrading inline measurement of dissolved oxygen in our Brewery process water and finished product
- The new labeller for the Limonaderie line 4

2. IT Infrastructure

PhoenixBev's information technology (IT) infrastructure and solutions are key enablers of our strategy that help to reduce costs, increase flexibility, drive efficiencies and productivity, and mitigate the risk of cyberattacks. The production process at the Nouvelle France site is controlled by a central computerised system that has been an important contributor to the success of the facility and its products.

We have started a project to migrate our business systems to an integrated business platform, Microsoft Dynamics AX. The new system will provide a range of benefits that will increase productivity, efficiency and collaboration, and help us to proactively provide better service to our customers. Benefits include:

- Increased functionality
- The elimination of duplication
- Real-time transacting
- Enhanced analytics
- Integration with new technologies that will enhance the customer experience and provide mobile access to our field force.

The project is being implemented with an international supplier and has been delayed by Covid-19. The design phase was completed through virtual engagements and development is underway. Go-live on the project is planned for early in the 2023 financial year, but will depend on the Covid-19 situation in both Mauritius and the supplier's country.

Focus for 2022

Our main areas of focus in the year ahead will be on continuing to optimise production efficiencies and product quality, improve energy and water use, and successfully implement the planned capital projects. The Brewery will start producing beer from the craft brewery in the second half of the year.

Intellectual Capital

Building strong, valuable and meaningful brands

Our strong and diversified portfolio of brands, and our ability to create innovative new products that meet emerging consumer trends, strengthen our position in the Indian Ocean region. With Mauritius coming out of lockdown at the start of the year, but remaining closed to overseas visitors, our marketing initiatives focused on working with our business partners and customers to inspire and support consumers to celebrate the re-opening.

Strategic priorities

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. • 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.

Contribution to strategy

- Ensuring portfolio diversification and customer satisfaction through the creation of innovative products and flavours for our existing brands.
- Maintaining the highest international standards for product quality for each of our brands.

1. Quality of our brands

PhoenixBev's strong and diversified portfolio of partners and own brands combines established and well-recognised brands with newer options that meet the needs of emerging consumer trends. PhoenixBev's own-brand product recipes and packaging are important assets that are protected by trademarks and copyrights.

Our beers include our foundational brands, Phoenix and Blue Marlin, as well as newer brands like the local premium Gister.

We produce a range of carbonated soft drinks that are leaders in our markets, including The Coca-Cola Company's offerings. Eski has a unique position as a truly Mauritian brand that symbolises fun for the young and reminds adults of their childhood. Pearona and Cidona are refreshing "champagne-like" fruity beverages with a strong local heritage. Our still and carbonated pure-source water brands in Mauritius and Réunion Island include Crystal and Edena.

Our Nouvelle France site makes non-carbonated iced teas and fruit juices using "hot fill" technology that removes the need for chemical-based preservatives. These include three flavours of 5Alive Pulpy, which contains fruit pieces, as well as the extremely popular Fuze Tea range that blends tea with other natural ingredients to meet the demand for healthy and fashionable drinks.

PhoenixBev also markets a range of imported and locally bottled wines.

Our brands' success depends on how well we meet the needs of our customers and consumers, and our marketing initiatives align with the themes that are most important to them. We are guided by our values and have linked our brands to the SDGs to ensure that we operate in the most sustainable way possible. This includes promoting responsible consumption and providing lower alcohol and reduced sugar content options.

Marketing and branding in 2021 focused on promoting safe and sanitary practices in the new normal created by Covid-19, leveraging the influence of the artists we sponsor through Kafe Kiltir, our digital music concept. We aimed to entertain and re-assure consumers through feel good campaigns and supported partners to celebrate the re-opening of outlets after lockdown. Our international partners provided valuable insight into effective strategies to support customers, consumers and communities.

2021 at a glance

- Launch of new products and package sizes, including Phoenix Beer five-litre keg and the relaunch of Cidona
- Focus on feel-good activations and supporting customers
- ISO 45001 certification

Sections

1. Quality of our brands
2. Product trademarks and copyrights

Intellectual Capital continued

Marketing focus 2021

Affinity	Availability	Accessibility
Making sure we remain present as a brand despite the restrictions on activities, and staying in touch with our consumers.	Sustaining production and distribution in constrained times.	Creating a new way for consumers to buy our products when outlets were closed and people had to stay home (our e-commerce platform and home delivery model).

With people going out less, we launched the Phoenix Beer five-litre keg to bring the pub experience into the home and relaunched Cidona, a sparkling apple drink that brings back memories of easier times. We brought together hospitality customers and event organisers to work on innovative ways to promote local tourism while international tourism remains closed.

Significant brand, marketing and product initiatives during the year include:

Oktoberfest promotions included an activation at nine key outlets to give consumers insight into the long history of our four major beer brands (Phoenix, Blue Marlin, Speciale and Gister). The promotion included blind tastings and food pairings.

Gister partnered with the Pure Unwavering three-day music festival at the most beautiful resorts around Mauritius to celebrate reopening of hotels.

The "Blue Burger" web promotion encouraged consumers to find burgers that are "made different" to pair with our beverages.

We continue to develop low calorie variants of our stills and sparkling beverages.

The Amen to Kapsil activation drove our volume sales in returnable glass bottles both on-trade (hotels, restaurants etc) and off-trade (supermarkets, bottle stores).

Our e-commerce platform was essential to provide accessibility for consumers during lockdown. We are exploring ways to expand our online offering including by partnering with other service providers to offer a complete service for customers planning celebrations such as weddings, parties and anniversaries.

Completion of our craft brewery was delayed by Covid-19 and will be developed in the year ahead.

We launched the new Eski 25cl returnable glass bottle as part of PhoenixBev's innovation, diversification and sustainability strategy. The new format gives consumers more choice and promotes the brand's position in snacks and traditional shops.

The Mucho Loco 50cl Monster Energy launch added a hybrid product (juice and energy drink) to the Monster portfolio. Mucho Loco's unique design and tropical flavour makes it the perfect drink to keep a party going.

Following the successful rejuvenation of Pearona, it was time to bring back Cidona, another strong local heritage brand. Cidona is a refreshing "champagne-like" apple drink.

Cidona ... the party goes on!

The Lespri Zil (Island Spirit) campaign positions Phoenix as the leading beer in the Indian Ocean region.

In February 2021, we extended the platform with the launch of Lespri Kwizil (Kitchen Spirit), a series of videos dedicated to the celebration of our inter-island multicultural diversity. Lespri Kwizil connects foodies, adventurous travellers and hedonists as our food ambassadors share their creativity and unique approach to life through fusion-inspired recipes.

Three campaigns were run on Réunion Island under Lespri Zil, highlighting the quality of Phoenix Beer, Phoenix Panache and Phoenix Fresh.

We have established an independent innovation function reporting to the CEO to formalise and structure product innovation. Our innovation process uses a stage-gate process to break projects into stages that can be reviewed in sequence, improving resource allocation, reducing re-work and accelerating speed-to-market. The process introduces discipline and rigour to the creative process, helping to create and launch innovative products while increasing the likelihood of product success.

2. Product quality and safety

Product quality and food safety are key elements of world-class execution that protect brand reputation and enhance customer loyalty. Rigorous controls are in place at all four production sites supported by quality assurance processes and a comprehensive internal audit system 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.

Systems are in place that align with international management standards covering food safety, quality, health and safety, and environmental management. Compliance and improvement of these management systems 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 table on page 56.

As part of our due diligence after the first Covid-19 lockdown last year, we underwent an additional voluntary assessment of on-site Covid-19 controls, food, water safety and environmental monitoring at the three production facilities in Mauritius. The sites received the LIBA Feel Safe label, demonstrating compliance to required sanitary protocols.

In October 2020, the brewery, Limonaderie and Nouvelle France operations sites passed their initial external audit on ISO 45001:2018 Occupational Health and Safety management system, which has been successfully integrated with the existing ISO 9015:2015 (quality) and ISO 14001:2015 (environment) management systems. ISO 45001:2018 certification provides assurance that systematic controls are in place to improve occupational health and safety performance by reducing hazards and preventing injury and ill-health.

Intellectual Capital continued

Certification	Brewery	Limonaderie	Nouvelle France	Edena
FSSC 22000 v5 (food safety management system)	✓	✓	✓	N/A
ISO 9001:2015 (quality management system)	Planned for 2022	✓	✓	✓
ISO 14001:2015 (environmental management system)	Planned for 2022	✓	✓	✓
ISO/IEC 17025: 2017 (laboratory testing and calibration system)	N/A	✓	N/A	N/A
The Coca-Cola Company KORE-QSE (Food Safety & Quality, Occupational Safety & Environment management)	✓	✓	✓	N/A
The Coca-Cola Company SGP Human Rights	✓	✓	✓	N/A
Schweppes International Limited/Suntory Beverage & Food (Food Safety & Quality, Occupational Safety & Environment management)	N/A	✓	N/A	N/A
ISO 45001: 2018 (Occupational health and safety management system)	Planned for 2022	✓	✓	N/A
LIBA Feel Safe (food and beverage safety, workplace health and safety, and water safety management systems)	✓	✓	✓	N/A

Focus for 2022

Our main focus in the year ahead will be on introducing new products including our craft beer and innovative new still beverages that meet the changing needs of health-conscious consumers. We also plan to drive Phoenix as a regional brand in the Indian Ocean area through the Lespri Zil platform.

Case studies

PhoenixEarth INITIATIVE

The Freedom Plastic Fablab

Mission Verte is a Mauritian non-profit organisation that raises awareness about the need to reduce, reuse, recycle and compost waste. PhoenixBev has supported Mission Verte since 2008, enabling the association to raise awareness with thousands of students while collecting and recycling more than 10 million plastic bottles.

In February 2021, Mission Verte opened the Freedom Plastic Fablab, an educational workshop constructed from a converted end-of-life shipping container according to Precious Plastic specifications. The workshop creates an opportunity for students from local schools to learn about the dangers of plastic pollution and the importance of recycling, demonstrates how plastic waste can be a precious raw material and supports the beginnings of a local plastic waste recovery solution.

The Fablab was developed over 14 months in collaboration with companies, industry bodies, government and schools. PhoenixEarth sponsored the project and provided plastic waste to test the machines.

"Freedom Plastic would not have seen the light of day without the support of sponsors such as PhoenixBev through its PhoenixEarth initiative. This support once again demonstrates that the response to environmental pollution must be common and functional."

The Precious Plastic movement was started in 2012 to promote the recycling and reuse of single-use plastics. It includes open source instructions for constructing four machines to process plastic waste into a precious raw material. It brings together a community of more than 10 000 people around the world who have built around 1 000 workshops and given a second life to plastic waste.

Human Capital

Our people

PhoenixBev's team members are critical enablers of our strategy through the key role they play in helping the Company to achieve world-class execution and to build a sustainable and profitable business. Our human resources strategy aims to ensure that we attract, develop and retain the skills we need to achieve our goals, and that our organisational culture promotes our values. We are committed to creating a safe work environment where all team members are treated equally with dignity and respect.

Strategic priorities

Short term

- Engagement tools to boost team members' morale.
- Training, learning and development tools to ensure adherence to required competencies and standards.
- Engagement tools to improve our understanding of stakeholder expectations.

Medium term

- Conduct surveys, develop action plans and commitment for improvement.
- Create a dedicated team to monitor progress on human capital and CSR initiatives.

Long term

- Tailor-made career development.
- A safe and accident-free workplace.
- Continued commitment from team members.
- Organisational development through an efficient work force.
- Work in collaboration with CSR drivers for sustainable projects.

Contribution to strategy

Uplift health and safety standards through culture, standardisation of practices, improved training processes and medical follow-up.

1. Health, safety and wellbeing

The safety and health of our team members are critical concerns for PhoenixBev. Strict Covid-19 hygiene sanitary protocols remain in place for all of our operations to safeguard the health and safety of team members. These include the necessary policies and procedures required to ensure compliance to relevant regulations, orders and advisories issued by the Ministry of Health and other government agencies.

PhoenixBev was able to trade during the second confinement from early March to the end of April 2021 and operations initially switched to one shift a day, with each team working the same shift for a week to avoid contact between teams. When stock levels declined and operations were required to resume multiple shifts a day, a one-hour break was introduced during shift changes to allow for sanitisation of the workspace and reduce contact between shifts. Common areas, forklifts and vehicles are regularly sanitised.

Front-line workers were encouraged to get vaccinated and team members were sent to private clinics to reduce the chances of exposure at public health facilities. Ensuring work access permits were timeously secured was an ongoing challenge and the activities of our distribution team, which makes up around half of our workforce, were affected by the inability to access the various red zones imposed during the confinements. We engaged additional salespeople to help with the distribution of product, including for home delivery.

While we are pleased to report that no positive cases were recorded among our team members in the 2021 financial year, unfortunately we recorded our first case in August 2021.

2021 at a glance

- 1 654 team members (2020: 1 685)
- Zero fatalities
- Reduced training due to Covid-19 protocols

  Reported accident frequency rate increased to 8.2 (2020: 4.3)
- Rollout of the values-based behaviour programme

Sections

1. Health, safety and wellbeing
2. Driving a high-performance culture
3. Talent management and skills development
4. Team diversity and inclusion
5. Ethics and human rights

Human Capital continued

Safety

PhoenixBev is 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 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.

The most common 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.

Health and safety systems align with ISO 45001, the international occupational health and wellness standard, and the Limonaderie and Nouvelle France units have been externally certified against the standard. The brewery is currently preparing for certification, which is planned for the first half of the coming financial year.

The health and safety manager is the technical secretary of the health and safety committees for the units and provides ongoing training, sensitisation programmes and information updates on specific safety topics to the committees. The health and safety committees were active this year in increasing visual communication around safety, including through the use of videos and pictures to demonstrate high risk behaviours and their consequences.

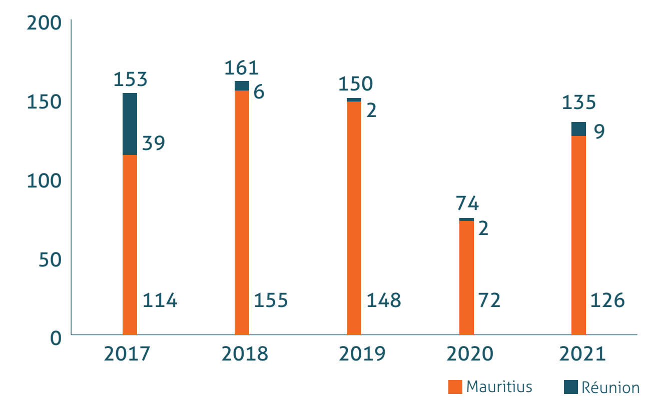
Team members receive safety training at induction and on an ongoing basis through safety training programmes and safety awareness campaigns. Safety checks are conducted by quality, safety and environment (QSE) representatives in the business units and reported to the health and safety manager. Unfortunately, the health and safety week we had planned to hold this year had to be postponed due to social distancing requirements.

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. Team members are now involved in these investigations to provide their input on ways to improve safety practices.

A management working group oversees safety initiatives to ensure an ongoing emphasis on safety and to ensure that the right safety culture is maintained. Health and safety ambassadors have been appointed at each unit and receive training to help further embed the safety culture in the organisation, which has already made a considerable contribution.

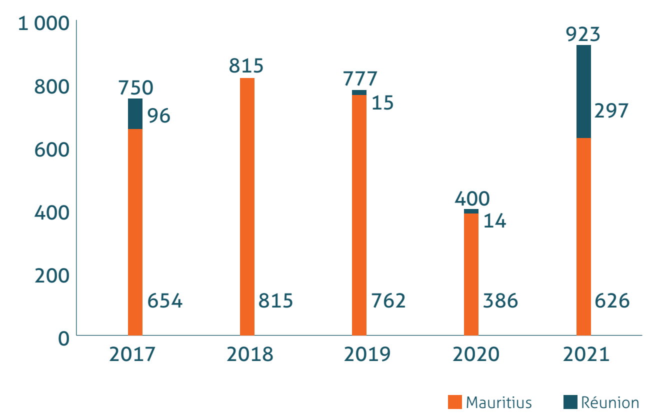
The distribution team is exposed to risks outside our premises and logistics planning includes alternating long and short delivery routes to reduce the risks associated with crew fatigue while increasing delivery flexibility.

Work accidents reported



135 work accidents were reported during the year at our operations in Mauritius, Rodrigues and Réunion Island (2020: 74) resulting in 923 days lost to injury (2020: 400). The reported accident frequency rate increased to 8.2 per 200 000 man-hours (2020: 4.3).

Days lost to injury



PhoenixBev's total investment in health and safety safety in Mauritius and Réunion Island was MUR 26.3 million in 2021. There were no fines levied against the Company for breaches of labour law in 2021 (2020: none).

Mauritius operations	2021	2020	2019
Total work-related accidents reported (Fatalities, First Aid Cases (FACs) and Lost Time Injuries (LTIs))	126	72	148
- Number of Fatalities	–	–	–
- Number of FACs	47	30	55
- Number of LTIs	126	55	172
- Number of days lost to LTIs	626	386	762
Fatal Injury Frequency Rate (FIFR)	–	–	–
Lost Time Injury Frequency Rate (LTIFR) (%)	8.2	4.3	9.2
Average number of days for sick leave (days per team member)	8	10	8
Absenteeism rate	4.7	3.2	4.7
Total spend on health and safety of team members (MUR million)	20.0	17.4	17.2

Team member wellbeing

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

A contracted doctor 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. Team members' health expenses are covered by the Company up to a ceiling of 80% of the total medical costs, including doctors' fees, prescribed medications, eyeglasses and dental care.

During 2021, 601 medical surveillance tests and 245 eye tests were conducted.

The Company encourages team members to participate in sporting, recreational and welfare activities to foster personal development and work/life balance. 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. However, due to Covid-19 and restrictions on gatherings, group activities were discouraged during the year. Team members at our Réunion Island operations are covered by the French healthcare system.

Human Capital continued

2. Driving a high-performance culture

Corporate culture is an ongoing priority for the Company and has been a particular area of focus over the last year due to the ongoing operational, financial and personal impact of the pandemic. We engage with team members regularly through a range of channels.

The Comité d'entreprise is the main formal engagement structure. It meets every second month and includes managers, team members and union representatives. Meetings are chaired by the Senior Manager Human Resources and provide a channel for two-way communication between management and team members. The findings and actions from these meetings are closely monitored by the CEO and COO, and sub-committees are in place to oversee delivery on these issues.

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.

Due to lower production this year, work hours reduced and income dropped for many team members. No salary increases were given for staff and managers and profit sharing was paid at a reduced rate. The team member survey and most of the planned training initiatives had to be put on hold as part of the cost efficiency drive and to reduce the risk of spreading Covid-19. However, there were no salary reductions required and, while there was a freeze on new appointments, no jobs were lost.

Our teams responded positively, despite all of the challenges they faced. A risk allowance was paid to team members required to work during the confinement. Team members were kept appraised through the Comité d'entreprise regarding the economic, social and political situation in the country and the financial status of PhoenixBev. A newsletter for team members and audio-visual presentations using an e-Board were introduced, and the Company made sure that all noteworthy achievements by team members were appropriately recognised, including long-service milestones.

One of our current priorities is on embedding the Company's values in daily activities by translating these into six key behaviours. Trainers are currently being trained in the process by an external service provider and these trainers will then support the rollout of the programme across the Company.

The ongoing standardisation of job evaluation to the HAY system aims to ensure equity and alignment of salaries and benefits across the Company. The process was completed for all management level team members during the year. Key indicators, objectives and competencies relevant to performance management were reviewed and the rollout of the performance management system to all levels in the Company continues.

3. Talent management and skills development

As a result of the reduced activities, leavers were not replaced and total head count reduced to 1 654 at 30 June 2021.

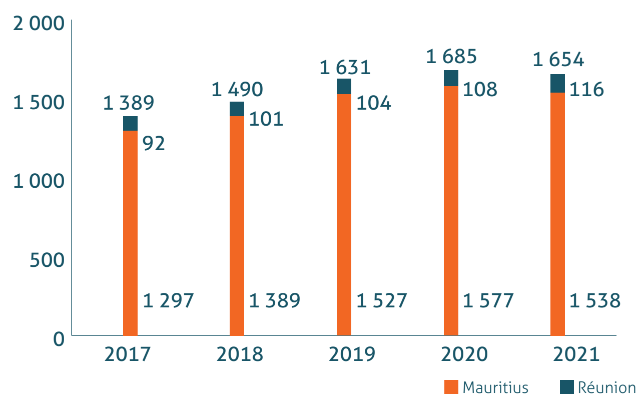
PhoenixBev's capacity-building initiatives aim to balance the immediate operational job-related skill development of the current workforce with the long-term strategic requirements to build analytical and technical competencies.

The performance management system facilitates the talent management process, which includes detailed personal development plans to support skills development and succession planning. An accelerated personal development programme is in place to fast track identified high potential team members.

Training and development was affected by the financial and operational impacts of Covid-19, and decreased to MUR6.5 million in 2021 (2020: MUR7.1 million). Training initiatives mainly focused on developing team member skills across equipment, functions and activities by increasing their exposure to other roles within the Group, as well as specific training for new equipment installed, updated production techniques and the introduction of new certifications. Rolling out training on the values-based behaviour is a current and ongoing priority.

The Company is sponsoring students at the University of Mauritius and at various technical schools to develop the future pipeline of potential leadership and technical skills required by the Group. We also accommodate candidates under the Youth Empowerment Program.

Total full-time employees at 30 June



	Mauritius and Rodrigues			Réunion Island			Total		
	2021	2020	2019	**2021**	2020	2019	**2021**	2020	2019
Team members trained	**1 535**	1 577	1 573	**76**	43	67	**1 611**	1 620	1 640
Spend on training and development (million MUR)	**4.5**	6.0	9.2	**2.0**	1.1	3.5	**6.5**	7.1	12.7
Average training spend per team member (MUR)	**2 932**	3 805	5 849	**26 316**	25 581	52 239	**4 035**	4 382	7 744

Note that costs are higher in Réunion 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.

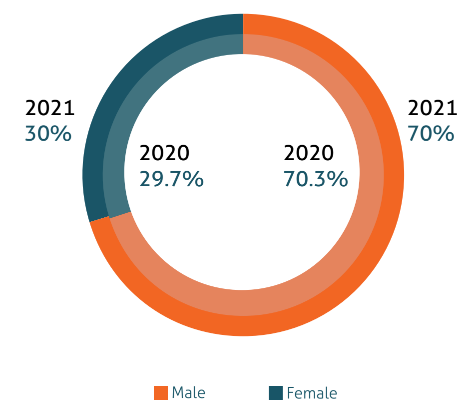
4. Team diversity and inclusion

PhoenixBev recognises and values the benefits of diversity. We are an equal opportunity employer and are committed to providing a workplace that is free of all forms of unfair discrimination. The Company does not tolerate discrimination in any way, shape or form, be it racial, sexual or otherwise, in hiring, promotion and the general supervision of work. Reports of harassment, discrimination and other questionable or unethical behaviour are investigated, and where improper behaviour has occurred, PhoenixBev takes appropriate action.

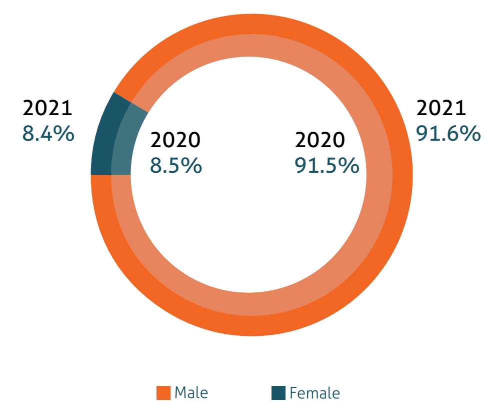
Much of the work in the beverages industry is physically demanding and requires working nightshifts, which seems to reduce the attractiveness of the industry to some women. The majority of team members (91.6%) are men and people with disabilities make up less than 1% of the workforce. The trend of increasing automation is shifting the skills needed from physical capacity to technical knowledge, which is likely to provide more opportunities for women and people with disabilities over time. Women in management increased to 33.3% in 2021 (2020: 30%).

The average age of the workforce remained at 39 in 2021, 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.

Gender representation in management



Gender representation in workforce



5. Ethics and human rights

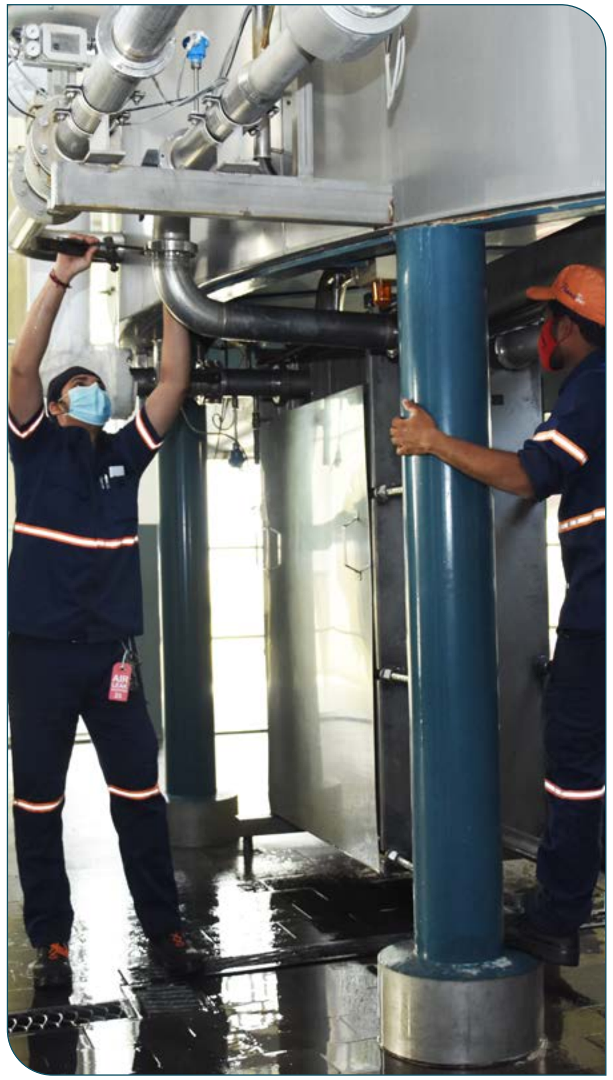
PhoenixBev is committed to ethical business practices and full compliance with all legal requirements. PhoenixBev's Code of Ethics sets out the principles that guide the way we act and establishes the standards of behaviour required in the Company, in both internal relations and external interactions.

The Code is based on the principle of respect for all stakeholders and our values and the principles underlying our actions align with the fundamental principles of human rights. These include those contained in the International Labour Organisation (ILO), particularly the ban on child labour and forced or compulsory labour, the Workers Relations Act as well as the Workers' Rights Act, Occupational Safety Health and Welfare Act. The Code is regularly reviewed and updated when necessary.

New team members receive training on the Code of Ethics during induction. Existing team members repeat 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. Team members can raise concerns and grievances with their supervisors, direct managers, the HR department or the CEO as per the established procedure.

As a partner of The Coca-Cola Company, PhoenixBev subscribes to 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, compliance and grievance mechanisms. PhoenixBev is regularly audited to assess compliance with these requirements and has been certified accordingly.

Suppliers are expected to abide by our ethical standards 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.



Focus for 2022

Our main areas of focus for the 2022 financial year will be on rolling out training for the values-based behaviour, reviewing the salary grid for all team members and continuing to improve our communication tools, including through the introduction of an e-Board to highlight videos, memos, circulars and images of relevant events and initiatives. The next collective agreement with our union will be finalised and we will reinforce the talent development program and extend it further down into the workforce.

Case studies

PhoenixEarth INITIATIVE

Sponsoring recyclable collections with We-Recycle

PhoenixEarth and Super U sponsor a giant recycling bin at Cap Tamarin to collect tins, glass and plastics. The bin is emptied regularly by Super U staff and the recyclables are collected by We-Recycle. Similar bins will be added to the other Super U locations in Mauritius to support their sustainability strategy and promote recovery and recycling.

Social Capital

PhoenixBev's vision to **"Provide happiness through beverages"** applies not only to our customers and consumers, but also to our partners, suppliers and other stakeholders. As a responsible corporate entity, PhoenixBev's CSR programme aims to preserve and enhance the wellbeing of community members.

Strategic priorities

Short term

- Closely monitor stakeholders' satisfaction through surveys (customer and corporate).
- Carefully choose our business partners, based on their reputation and values.
- Use our sustainability platform (PhoenixEarth) to promote PET recycling, returnable glass bottles (RGB), responsible drinking, fostering sports and education.

Medium term

- 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.

Long term

- 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.

Contribution to strategy

- Fulfil consumer needs through appropriately sized packaging.
- Regional expansion through reinforced partnerships with our exporters, and establishing new markets in East Africa and beyond.
- Making a positive contribution to society

Contribution to the SDGs

1. Customer satisfaction

PhoenixBev's diverse portfolio of international and own-brand products aim to meet the needs of our customers and consumers by offering a range of convenient packaging sizes and adhering to international quality and safety management standards. Quality assurance is a particular emphasis at all production facilities (see page 46).

The Customer Response Unit (CRU) monitors customer satisfaction and information is gathered during customer visits and targeted customer surveys. A dedicated team in the CRU handles, monitors and investigates complaints. Root causes are identified and corrective action plans are drafted and implemented through an audited process that includes monthly progress reports.

2021 at a glance

- Ongoing monitoring of customer satisfaction and partnership engagement
- MUR 4 545 million distributed to stakeholders
- MUR 1 million invested in CSR projects

Sections

1. Customer satisfaction
2. International partnerships
3. Supply chain management
4. Our contribution to society

Social Capital continued

2. International partnerships

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. These international partnerships enable us to manufacture, distribute and sell their products in addition to our own.

In choosing brands to partner with, we consider their products' fit with our current portfolio, potential to create demand in our markets and whether they help PhoenixBev to provide a total beverage solution. We also assess potential partners' brand reputation, quality standards and the sustainability of their value chain.

Our partners also provide input and external benchmarking for our operating processes and quality control, as well as sharing of global best practices in the international beverages industry.

3. Supply chain management

Given the critical importance of high-quality inputs for our products, effective supply chain management is essential to ensure consistent quality and reliable supply. We select suppliers that operate sustainably and ethically to ensure that they align with our values and to mitigate against reputational damage.

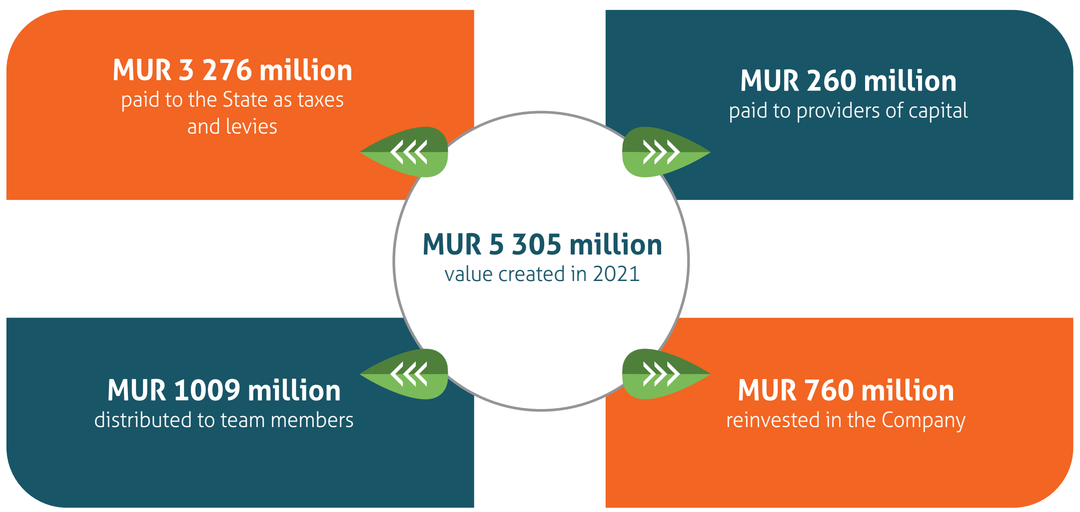
Supplier selection and evaluation criteria include product quality, conformance to specifications, price and total cost of ownership, brand, country of origin, delivery time and environmental responsibility.

A committee comprising of representatives from the respective business units that deal with suppliers conduct annual formal supplier assessments. Strategic suppliers are regularly audited by a multi-disciplinary team of key personnel from the relevant departments. These audits cover areas including the supplier's technical ability, commercial ability, financial health, attitude and compliance. For certain key inputs, suppliers are accredited by our key international partners.

We aim to buy locally where we can, but this is only possible for products available in Mauritius that 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.

4. PhoenixBev's contribution to society

In the financial year ended 30 June 2021, PhoenixBev created MUR 5 305 million in value, MUR 4 545 million of which was distributed to stakeholders as shown in the diagram below and MUR 760 million was reinvested into the Group. The Value-added Statement on page 78 provides more information on value created and distributed during the year.



PhoenixBev's GoldenTav programme promotes and rejuvenates local taverns, helping to support small businesses.

We promote responsible drinking through our "Amize pa Abize" initiative and we continue to engage with government, NGOs and specialists to promote responsible alcohol consumption. We are developing a 0% alcohol to provide more options to consumers and reduced-sugar beer.

Our CSR programmes support projects that aim to make a significant contribution to local communities and broader society, and include a focus on positive social and environmental impacts by inspiring people to make environmentally friendly choices.

MUR3.3 million was budgeted for CSR in 2021, with 29% allocated to health initiatives, 21% to education, 17% to environmental projects, 3% to sports and 30% to other social programmes. Due to Covid-19 restrictions, not all of the budgeted funds were distributed before year end..

In 2021, we increased team member engagement in the CSR programme and included all operational sites in the programme. We encourage team members to get involved in community upliftment and this year we introduced "social leave" that provides team members with four hours of paid leave a year to volunteer in local communities. Team member volunteering during 2021 included painting a building for an NGO, preparing meals for homeless people and a team member donation campaign that raised funds for food hampers for underprivileged people in red zones during confinement.

In general, however, we reduced direct in-person engagements with community beneficiaries as a result of Covid-19 by funding initiatives through NGOs. We regularly donated water and soft drinks to police officers, health workers at vaccination sites and to NGOs supporting communities during the second confinement.

PhoenixEarth (see pages 53 and 68) was launched to coordinate the Group's sustainable development initiatives, including environmental awareness, litter clean ups, education on recycling and promoting a plastic circular economy.

We partnered with Link to Life to run a breast cancer awareness campaign and Elles c Nous, which provides support to at-risk youth and their families. This included sponsoring an art competition, providing lunch and a fun day, and repainting their building.

The Global Rainbow Foundation provides education and training opportunities for persons with disabilities and vulnerable groups to empower them to lead a happy and rewarding life with dignity and respect. PhoenixBev provided financial assistance to cover the Foundation's running costs and provide prosthetics for those in need. The HR director conducted interview technique training sessions and sat as a judge to rate and provide guidance on projects.

Planned work and internship opportunities to assist with poverty alleviation were postponed due to Covid-19.

Focus for 2022

We will continue our support for persons with disabilities and at risk youth, including by working with an NGO to create educational videos to raise awareness about the consequence of drug abuse. PhoenixEarth will drive initiatives to promote waste collection, recycling and awareness and we plan to renew our support for cancer awareness, detection and treatment in Rodrigues through Link to Life.

Natural Capital

Natural resources

We are committed to responsibly managing our impact on natural resources and participating in collaborative solutions to address environmental challenges. Our strategic focus on achieving world-class execution drives us to optimise manufacturing processes, which includes improving water and energy use efficiency while reducing waste and emissions.

Strategic priorities

Short term	Medium term	Long term
• Strengthen data tools for monitoring and evaluating waste management. • Ensure sustainability is embedded in the culture of the organisation. • Continue to build relationships with recyclers and collectors to improve monitoring. • Continued focus on energy efficiency and exploring renewable energy sources.	• Conduct a carbon footprint survey for the whole company, covering all activities and units.	• Continuous improvement on sustainable approach according to critical resources. • Projects that eables the Company to strengthen it's Circular Economy (CE) approach. • Reduced dependency on fosil energy and improved water consumption ratio per hectolitre. • Ongoing responsible environmental management and sustainability.

Contribution to strategy

- Demonstrate world-class execution and build sustainability.
- Fulfil consumer needs through appropriately sized packaging.
- Protect Mauritian heritage through partnerships in recycling, upcycling possibilities and PET recycling.
- Methane capture project.

2021 at a glance

- Launched the PhoenixEarth initiative
- Improved water and energy use with the commissioning of the new bottling plant

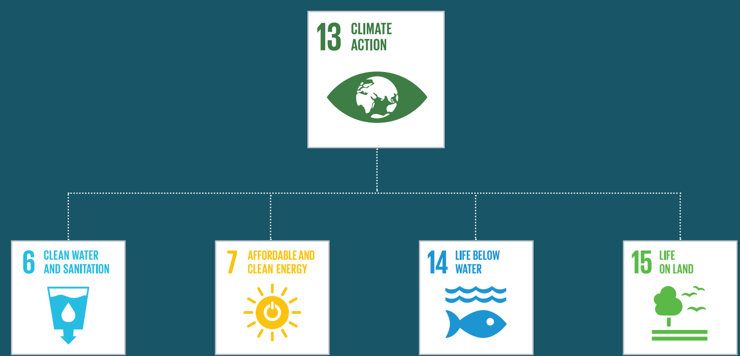
Sections

1. Water usage and management
2. Recyclability of packaging
3. Waste management
4. Carbon emissions
5. Availability and quality of natural ingredients

Natural Capital continued

Environmental management

PhoenixBev's chosen environmental SDG, SDG 13 (Climate Action), is directly linked to and drives action towards SDG 6, 7, 14 and 15. We continue to raise awareness of sustainability and environmental concerns across the Group to ensure that all team members and planned projects across the Company consider our chosen SDGs and the broader ESG impacts of our activities. For example, marketing events are planned to be zero-waste events and we are developing a formal policy in this regard.



Projects under the PhoenixEarth initiative will help to strengthen the sustainability culture across the Company, including through training and coaching programmes.

Water, energy and waste management are our primary areas of focus. We are developing a long-term sustainability strategy along with updated procedures and policies for solid waste, energy and water management. A new dashboard system was introduced to capture and monitor data on solid waste and water more precisely.

Environmental management systems are in place at all facilities aligned with ISO 14001, the international environmental management system standard. The Limonaderie, Nouvelle France and Edena units are certified in terms of ISO 14001 and the Brewery facility is preparing for ISO 14001 certification.

1. Water usage and management

Water is an essential ingredient and the largest component of beverages. Without water, the raw materials we use to make our beverages cannot be grown. We use water in the production process to clean bottles and equipment. Water quality directly affects the taste and quality of our products and interruptions to water supply could stop production.

6 CLEAN WATER AND SANITATION

PhoenixBev is conscious of our obligation to use water responsibly. We are investigating a number of initiatives to improve water efficiency and recapture.

Water is drawn mainly from local aquifers and on-site water storage tanks reduce the risk of supply interruptions. Harvested rainwater is used for washing delivery vehicles at the garage at Phoenix and further rainwater harvesting projects are being investigated at other sites.

We constantly monitor the abstraction rate, water quality and ground water recharge. Every five years, we carry out in-depth quantitative and qualitative water source vulnerability assessments (SVAs) as part of the operating requirements of The Coca Cola Company (KORE). This process includes updating the source water protection plan and the most recent SVA was completed during the year. A corrective action plan is developed for areas identified for improvement in the SVA and progress against the plan is monitored.

The Top 10 Water Tools initiative provides an internal checklist of critical issues in sustainable water management and improving water efficiency. Capital investments to improve production efficiencies also improve water and energy usage. The washer in the new glass bottling line commissioned at the Limonaderie in December 2020 improved water efficiencies and the ongoing project to reduce the number of stock keeping units produced will decrease changeovers and reduce water used for cleaning in place.

Total water withdrawn in 2021 slightly increased by 0.01% to 785 447 million m³ (2020: 785 331 million m³). The replacement of the old glass line will contribute to improve our water consumption as from next year.

	2021	2020	2019
Total spend on water (million MUR)	17.3	18.7	20.4

2. Recyclability of packaging

Plastic pollution is recognised globally as one of the most significant environmental issues, affecting water and sea-life. It is particularly relevant for island nations such as Mauritius and Réunion, where tourism is a key driver of GDP and job creation that could be significantly affected by the aesthetic and broader impacts of plastic pollution. The government of Mauritius is taking steps to reduce plastic waste and pollution, and the Environment Protection (Control of Single Use Plastic Products) Regulations 2020 banned a number of single use plastic products from January 2021.

As a responsible corporate organisation, PhoenixBev is committed to playing a leading role in finding solutions to plastic pollution and waste, and we engage with the authorities on an ongoing basis in this regard. Plastic is easily recyclable, has a lower carbon footprint than other packaging materials such as glass bottles and can be highly sustainable when included in a circular economy. Litter and packaging waste can have an impact on our corporate reputation when packaging from our products is not disposed of responsibly by consumers.

Currently, 96% of the packaging we produce is reusable, compostable or recyclable, and we collect back and recycle around 45% of all plastic packaging we put into the market. We raise awareness about the importance of disposing of plastic responsibly and work with government, local producers and collectors to promote a circular economy for plastics to reduce littering and the amount of plastic waste that ends up in waterways and the ocean. This includes sponsoring collection bins in public areas, supporting local partners to increase waste collection, promoting innovative ways to increase recycling and upcycling, and partnering with eco-conscious social media influencers and NGOs that raise awareness about recycling.

Our goal is to reach the point where all of our primary packaging can be collected, recycled and reused. In the current financial year, 1 349 tonnes of post-consumer PET bottle packaging was collected in collaboration with local producers and collectors (2020: 1 072 tonnes). PBL export subvention was MUR 11 418 195. Waste collectors were not granted work permits in the second Covid-19 lockdown in March and April 2021, which affected the total volume of PET collected.

Local solutions and local partnerships are being investigated to promote plastic collection and recycling on Réunion Island.

We are working with The Coca-Cola Company on recycled PET (rPET) standards and continue to work with various stakeholders to improve the PET collection circuit in public areas. During the year we partnered with The Coca-Cola Company to install a further 15 PET recapture bins across the country.

PhoenixBev, together with other IBL group companies, partners with the Mauritius Port Authority to assist in cleaning up the Caudan Harbour. In the year to 30 June 2021 this initiative collected 9.6 tonnes of waste, of which 20% was plastic waste, which include PET, HDPE and other forms of plastic.

Consumer awareness is key to sustainable waste reduction

While convenient drop off points for recycling are critical to improving waste recovery, it is important that consumers are educated on what waste is recyclable and how to dispose of it in a responsible manner. Where consumers use recycling drop off points to dispose of general waste, this affects the sustainability of these initiatives. The harbour clean-up initiative is also investigating awareness and training programmes for people living along the river to reduce the amount of waste that enters the waterway.

A long-term solution will require that business and consumers are appropriately incentivised and that win-win and shared-cost solutions are found to increase recycling and responsible disposal of waste. Consumer education and awareness are priorities in PhoenixEarth's communication strategy.

Natural Capital continued

PhoenixEarth sponsored the popular Trash to Music initiative led by popular local musician and "artivist" Kan Chan Kin, including a series of DIY YouTube tutorials on making musical instruments from recyclable waste. We also held a pilot workshop at the Mauritius Glass Gallery for employees as part of the initiative.

PhoenixEarth is involved in a number of initiatives to raise awareness about plastic recycling and the importance of developing a circular economy for plastic (see pages 23, 53 and 61).

3. Waste management

Waste produced by our activities comprises 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. A PhoenixBev waste management policy is being developed to apply across all operations.

Effluents discharged

Water is used to clean process equipment and to clean and sanitise returned glass bottles. All operations have plants that treat wastewater, our main form of effluent, to within the standards required by the Wastewater Management Authority (WMA) discharge permits. The cleaned water is discharged into the public sewerage network. In 2021, 342 074 m^3 of processed effluents were discharged (2020: 502 838 m^3).

The Nouvelle France site has an aerobic wastewater treatment plant while the plants at the Brewery and Limonaderie include pre-treatment and anaerobic digestion. The biodegradable matter remaining after wastewater treatment is converted to methane and carbon dioxide. The methane is burnt by a flaring system and we are exploring the feasibility of capturing the methane to use as an energy source.

Emissions to air

Gaseous emissions from the thermal energy plants at the production sites are collected and discharged via gas stacks. These emissions are within the permissible standards set out in the Environment Protection (Standards for Air) Regulations 1998. The proposed National Environmental Standards for Stack Emissions published by the Ministry of Environment, Sustainable Development and Disaster and Beach Management will revise permissible emission standards. However, PhoenixBev's emissions standards align with the requirements of our partnership agreement with The Coca-Cola Company, which are more stringent than the proposed legislation and emissions from the stacks are already within specification.

Solid waste

Improving solid waste management has been an area of focus for a number of years and good progress has been made on implementing a consistent waste management policy and improving process flows.

Waste is segregated at the production facilities to increase recycling or re-use of waste streams. 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 investigate economically viable ways to upcycle waste streams and to valorise coal ash and glass.

We have partnered with an energy plant to reuse coal ash, which resulted in 238 tonnes of ash from the Limonaderie diverted from landfill during the year (2020: 45 tonnes). We plan to expand this project to include coal ash from the Brewery.

The Brewery produces approximately 6 000 tonnes of spent grain and spent yeast each year, which is provided to farms for deer feed and included as an additive in animal feed by a local manufacturer.

A sustainable and innovative use for glass waste

More than 500 000 tonnes of waste are produced in Mauritius each year, requiring an estimated MUR 1.5 billion to treat at the island's only waste disposal site, Mare Chicose.

PhoenixBev has an ongoing focus on minimising waste to landfill through our policy of "Reduce, Reuse & Recycle", which aligns with two of our chosen SDGs – SDGs 9 and 12.

Waste glass from our glass bottling line is non-recyclable and we have been investigating innovative uses for this natural silica-based material to divert it from landfill.

In October 2020, we signed a partnership agreement with Beemanique Stone Crusher Limited that creates an ingenious and environmentally friendly solution by including crushed waste glass in high volume materials. Including glass in the local products produced by Beemanique reduces reliance on basalt stones, which are currently the only raw material for aggregates, and improves the products both visually and structurally. Products include "glassphalt", a combination of crushed glass and conventional asphalt, which is used to make roads in many countries.

The partnership will divert a minimum of 1 000 tonnes of glass a year, creating an efficient and sustainable solution to glass recycling.

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

Hazardous waste disposal

Hazardous waste includes used oil, batteries and fluorescent lamps, which is recorded in hazardous waste inventories at the Limonaderie and Nouvelle France sites. Used oil is recycled by an external company and other hazardous waste is disposed of at the PolyEco facility, which is contracted by the Ministry of Environment and BEM Limited for e-waste.

The Mauritius Glass Gallery

PhoenixBev established the Mauritius Glass Gallery in 1991 to upcycle waste glass into unique objects with a contemporary design for both ornamental and practical use. The foundry can process around six tonnes of waste glass a month, mainly from bottles rejected from the production line and the furnace is fuelled by 100% used vegetable oil when in operation. The Gallery promotes glassblowing skills, hand moulding and casting, and the glass blowers use around a thousand units of old newspapers a month for shaping the glass during the blowing process. The finished products are packed using recycled paper or used packaging material collected from PhoenixBev, which recycles around 250kg of recyclable material a month.

The Gallery provides an excellent venue for showcasing PhoenixEarth's initiatives to promote sustainable development and was used to display the finalists of the Recup 'n Make Challenge during the year (see page 31) and succesfully hosted the 2020 Afrasia Bank Sustainability Summit in September 2020.

The furnace was turned off and the main glassblowing activities stopped at the start of the first lockdown, with the artists focusing on transforming glass bottles through upcycling and design into jewellery, decorations and practical items such as beer and wine glasses. The producers and importers of glass bottles are working towards a mutualisation of glass capture to foster an increase recycling capacity and establish a securelocal circularity on this material to reuse and recycle.

4. Carbon emissions

Our main source of carbon emissions is electrical and thermal energy. An energy audit across production sites was conducted in preparation for a full carbon footprint exercise of all operations that is planned in the near future. A pilot carbon footprint evaluation on our warehouse and distribution chain was conducted by an engineering student during the year and learnings from this exercise will be carried forward into the full evaluation.

We conducted an evaluation of the carbon emission impact of using returnable glass bottles compared to PET bottles for product. Our calculations showed that at present PET bottles result in lower emissions over the production cycle due to the large amounts of water and energy used in washing and sanitising returnable glass bottles.

We are exploring lower-emission energy sources for our boilers, including moving from coal to furnace oil over time. The Brewery recovers and reuses CO_2 from the brewing process and installed a new recovery CO_2 tank to improve collection, transfer, storage, and to minimise CO_2 emissions.

Natural Capital continued

The 2021 ClimateLaunchpad

ClimateLaunchpad is the world's largest green business ideas competition, stimulating innovation, invention and entrepreneurship to lead the way to a clean future. The competition creates a stage for great cleantech ideas and helps them to be developed into startups that make a global impact.

For the second consecutive year, PhoenixBev is sponsoring ClimateLaunchpad Mauritius. All stakeholders are committed to creating a supportive framework for participants to take their seed ideas into viable businesses aligned with the SDGs. Through this programme, PhoenixBev supports projects such as 2020 winner, La Déchetèque (see page 31).

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, as well as diesel and LPG for transport and logistics. Energy efficiency initiatives are included in the requirements for ISO 14001 certification and include the implementation of the Top 10 Energy Tools, which are currently at 82% completion (2020: 60%).

Areas for improvement identified in the energy audits are being implemented in the operations and the information gathered will be a key input for future energy efficiency and climate change commitments.

We are in the early stages of implementing a solar energy project and have applied for the necessary permits to install 1600 kWp at our 4 facilities.

Other alternative sources of renewable energy for heating are being investigated, including using methane produced by the effluent treatment plants at the Brewery to supplement fossil fuel. The project to investigate energy from plastics through pyrolysis of PET waste was put on hold pending clarity on proposed regulations regarding plastic packaging.

Operational energy consumption	2021	2020	2019
Total operational energy consumed (GJ)	159 175	144 545	163 135
- Percentage grid electricity	37%	37%	42%
- Percentage renewable	–	–	–
Energy consumed per hectoliter of product (GJ/HL)	0.105	0.091	0.098

Grid electricity consumption	2021	2020	2019
Total electricity consumed (MWh)	16 339	15 031	16 907

5. Availability and quality of natural ingredients

PhoenixBev's products are made from natural ingredients including water, malt and hops for beer, sugar and fruit pulp for other drinks. Carbon dioxide (CO_2) is used to carbonate beverages.

Our ability to meet market demand for quality beverages depends on our ability to secure a consistent supply of natural ingredients that meet our stringent quality standards. 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 more than one supplier in place for key ingredients wherever possible.

We engage with and evaluate our suppliers on an ongoing basis with quality conformance to specification and sustainability being key criteria. Suppliers in the supply chain for Coca-Cola products commit to the Coca-Cola Supplier Guiding Principles and are certified by The Coca-Cola Company.

Focus for 2022

In the year ahead we will continue to drive projects in our priority SDGs to create alignment and improve our broader ESG performance. Focus areas include improving waste management, water and energy efficiency, promoting PET recovery and helping to reduce plastic waste.

Financial Capital

Financial capital 2021

Our operations in Mauritius were affected by the second wave of the Covid-19 pandemic which resulted in lockdown from 10 March 2021 to 30 April 2021. With the borders yet to be opened, the hospitality and and leisure sectors that comprise a large proportion of demand for our products were still facing uncertainty and the overall economy of the Island remained relatively weak. These challenging conditions are reflected in the fall in profitability of our local operations.

Our operations in Réunion Island experienced positive results mainly as result of partial lockdowns rather than full lockdowns in the comparative period and better sales mix towards more Edena products offering higher margin. In addition, the results of our foreign operations translated into the reporting currency were further improved by the appreciation of the EURO against the MUR. Group profit for the financial year to 30 June 2021 increased by **19.5%** from MUR 444.6 million to MUR **531.2** million.

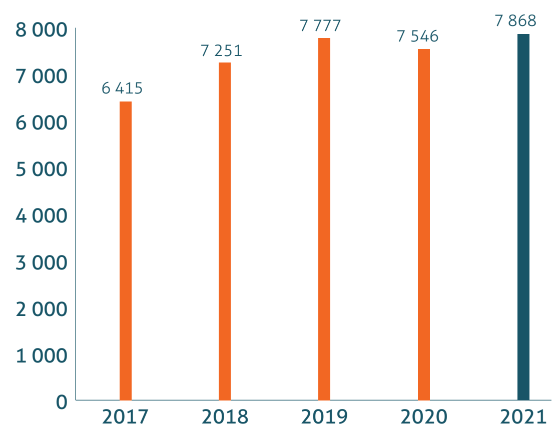
Sales volume and revenue

Sales volume in the local market for the year fell by **5.0%** while that in Réunion Island was up by **7.2%**. Overall, Group sales volume decreased by 1.3%.

Revenue at Group level increased by **4.3%** (from MUR **7 546M** to MUR **7 868M**), despite the decreased volumes by **1.3%**. This is mainly explained by a general increase in the price of carbonated soft drinks and juices following the increase in sugar tax by MUR 0.03/g and appreciation of the EURO v/s MUR.

The Group has shown a compounded annual revenue growth rate of **5.2%** over the last five years.

Revenue – MUR.M



Cost of sales and gross profit

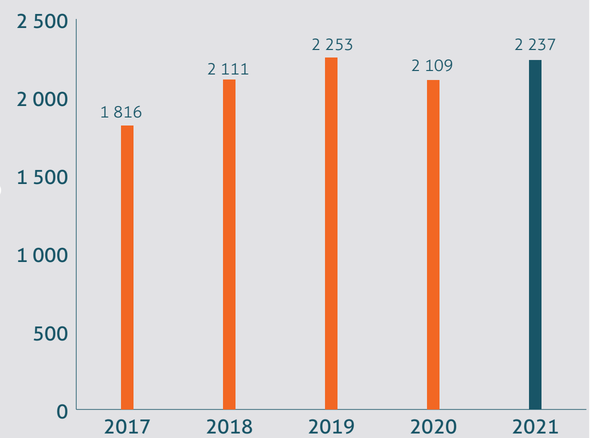
Manufacturing costs at Company level decreased by **1.1%** while remaining practically unchanged at Group level. This was mainly driven by the reduction in sales volume during the lockdown period and increases in some input costs following the depreciation of the MUR.

Excise and other specific taxes in Mauritius rose by **8.4%** year-on-year, mainly due to the increase in sugar tax from 3 cents/g to 6 cents/g as from 5 June 2020 following the government budget.

Group gross profit increased by **6.0%** (from MUR **2 109M** to MUR **2 237M**) and at Company level decreased by 3.0% (from MUR **1 611M** to MUR **1 560M**).

Gross profit increased at a compounded annual growth rate of **5.4%** between 2017 and 2021.

Gross profit – MUR.M



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

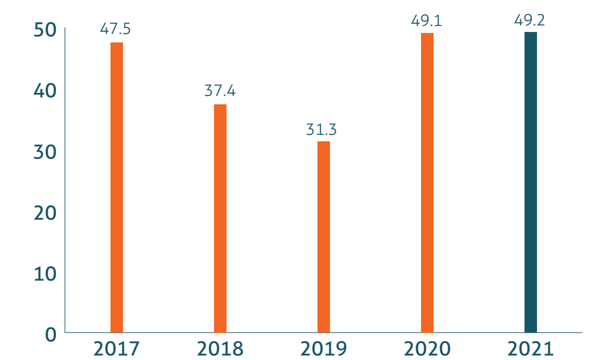
MWSDA expenses increased by 7.3% and 1.8% at Group and Company level respectively. Despite the containment of expenses at company level, expenses from foreign operations increased both from a rise in activity and the effect of the appreciating foreign currency on translation to the reporting currency. The main factors affecting MWSDA were increased inflation, the depreciation in the MUR, increased activity in our foreign operations and additional expenses.

Finance costs and gearing

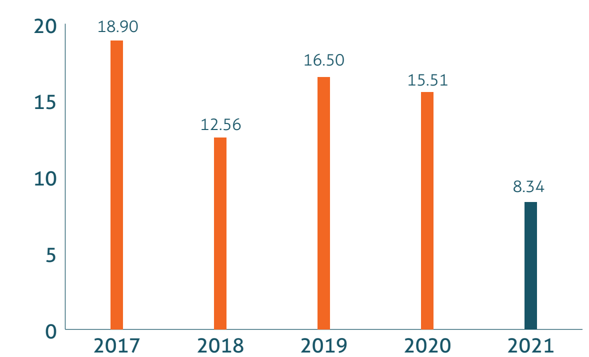
Apart from a new loan of EURO 1.1 million raised by Edena SA, no new loans were taken during the year to sustain our local operations. All capital expenditure for the year was financed from operating cash flows. This had the effect of reducing gearing. The low gearing gives space for the Group for new investment opportunities in line with our strategy.

43.6% of gross-interest bearing debt at financial year end was denominated in Mauritian Rupees and **56.4%** in Euros.

Group finance costs – MUR.M



Group gearing (%)



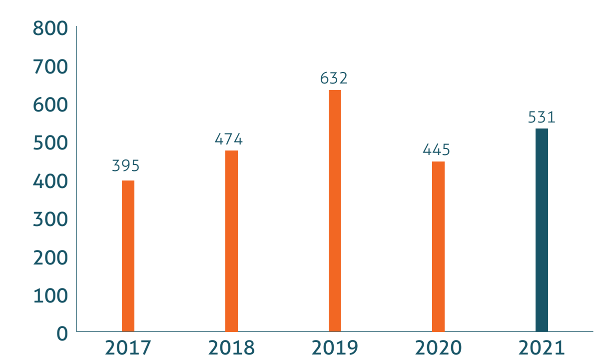
Earnings and EBITDA

Group net profit for the year increased by **19.5%** to MUR **531.2M** with our activities in Réunion contributing MUR **75.5M** (2020: MUR **0.8M**).

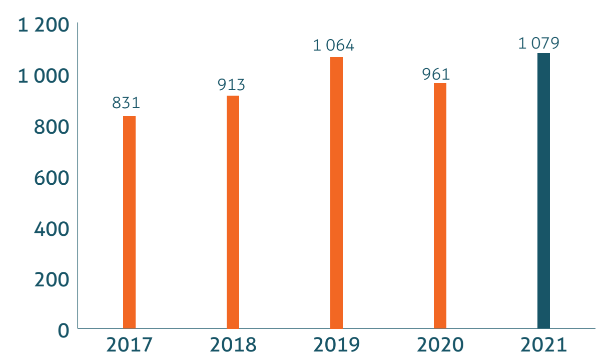
Group EBITDA increased by **12.3%** from MUR **961M** to MUR **1 079M** and EBITDA at Company's level decreased from MUR **800M** to MUR **784M (-2.0 %)**.

Group EBITDA increased at a compounded annual growth rate of **6.8%** between 2017 and 2021.

Group profit – MUR.M

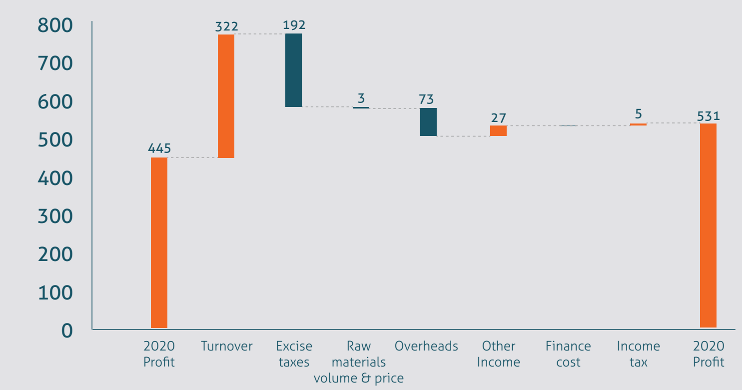


Group EBITDA – MUR.M



Financial Capital continued

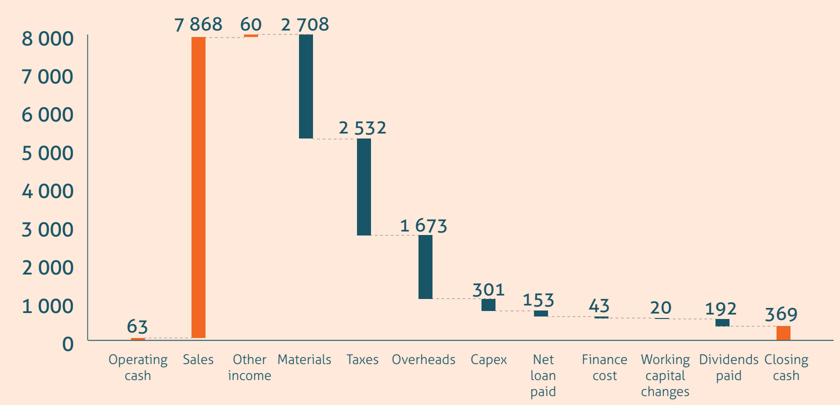
Group net profit reconciliation – MUR.M



Group net profit

Group results improved as activity increased across economic sectors both locally and in Réunion Island following the end of the first lockdown

Cash flow highlights – MUR.M



Cash flow and cash equivalents

Cash flow from operations at Company level was MUR 868.6M compared to MUR 814.8M in 2020.

Cash flow from operations at Group level was MUR 1 054.3M compared to MUR 959.2M in 2020.

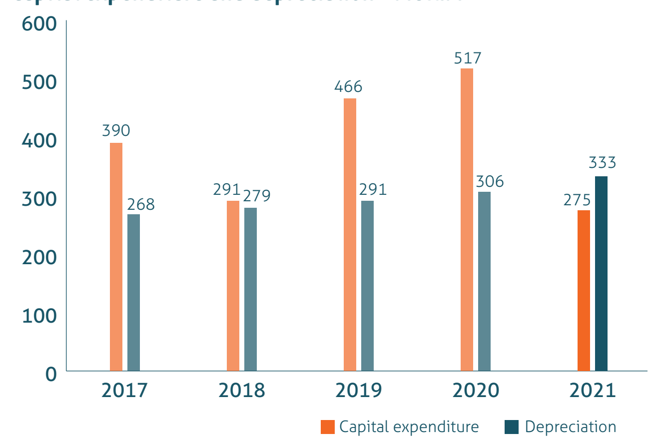
Capital expenditure and depreciation

The Group invested MUR 275M in capital expenditure during 2021. The capital expenditure mainly relates to:

- A new state-of-the-art returnable glass bottling was commissioned during the year. This new line will open new opportunities for Phoenixbev and also improve our production efficiency.
- A new CO_2 recovery tank installed at brewery.
- New equipment for our craft brewery are being installed.

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

Capital expenditure and depreciation – MUR.M

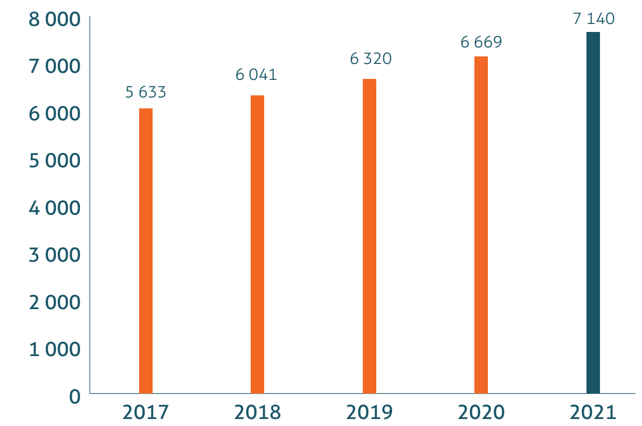


Equity and shareholders' return

Total equity increased by 15.1% from MUR 4.412 billion to MUR 5.078 billion. The Company paid a dividend of MUR 12.80 per share for the year (2020: MUR 12.80).

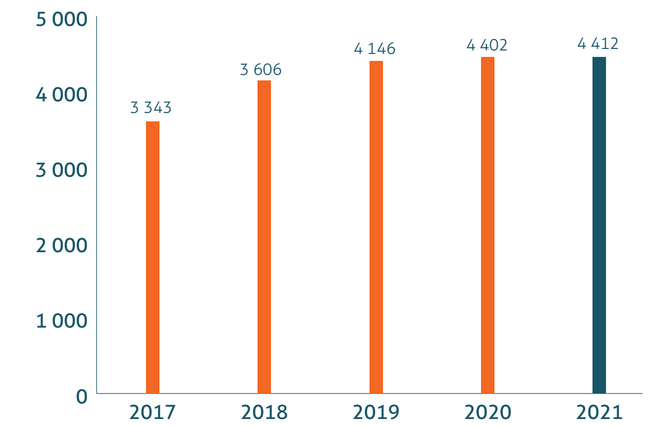
Total shareholder return for the year, being the combination of share price appreciation and dividends paid, was -1.2 % (2020: 8.1%) and return on equity increased to 11.2% (2020: 10.1%).

Total assets – MUR.M



CAGR over the last five years was 6.1%

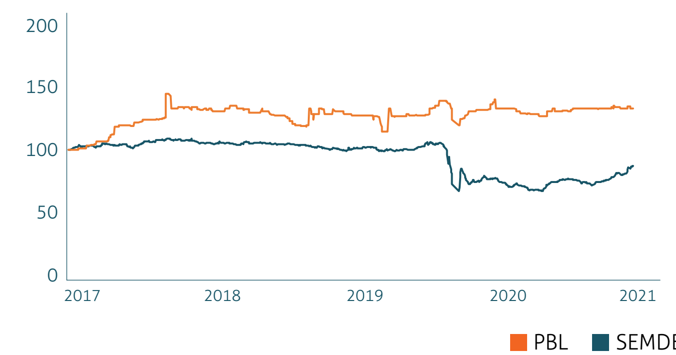
Shareholder's equity – MUR.M



	Year 2021		Five-year period (2017–2021)	
	MUR	%	MUR	Annualised %
Capital appreciation	(14.00)	(2.28%)	234.00	10.39%
Dividend received	12.80	2.08%	60.05	2.13%
Holding period return	(1.20)	(0.20%)	294.05	12.52%

Share price performance (5 years trend vs SEMDEX)

Five year share price–indexed at 100 as at 30 June



Total shares traded	Average daily volume traded
2021: 765 759 (3.9% of total) **2020:** 645 369 (2.5% of total)	**2021:** 3 072 **2020:** 2 689
Share price as at 30 June	**Market capitalisation as at 30 June**
2021: MUR 600 **2020:** MUR 614	**2021:** MUR 9.9 Bn **2020:** MUR 10.1 Bn
Highest share price	**Lowest share price**
2021: MUR 630 **2020:** MUR 625	**2021:** MUR 573 **2020:** MUR 520

PhoenixBev's share price increased by more than 60% over the last five years with an annualised return of **10.4%**. The annualised total Shareholders Return (including dividends) over the last five years is **12.5%**.

Value Added Statement

	2021 MUR '000	%	2020 MUR '000	%
Turnover including Value Added Tax	8 503 617		8 157 251	
Less: Paid to suppliers for materials and services	(3 255 881)		(3 233 724)	
Value added	5 247 736		4 923 527	
Other operating income	56 764		32 505	
Total wealth created	5 304 500		4 956 032	
Distributed as follows:				
Members of staff				
Remuneration and benefits	1 009 015	19	949 509	19
Providers of Capital				
Dividends	210 522		210 522	
Interest	49 192		49 116	
	259 714	5	259 638	5
Government taxes				
Excise, customs & other specific duties	2 565 513		2 358 296	
Net Value Added Tax	639 465		614 448	
Taxation	71 058		140 640	
	3 276 035	62	3 113 384	63
Reinvested in the Group				
Depreciation and amortisation	437 601		397 745	
Retained profit	322 135		235 756	
	759 736	14	633 501	13
Total distributed and retained	5 304 500	100	4 956 032	100

Group Financial Summary

	2021	2020	2019
Statements of profit or loss & other comprehensive income (MUR M)			
Turnover	7 868	7 546	7 777
Excise & other specific duties	2 461	2 270	2 298
Profit before taxation	595	514	739
Profit attributable to shareholders	533	446	633
Depreciation and amortisation	438	398	293
Net interest paid	49	49	31
EBITDA	1 079	961	1 064
Statement of financial position (MUR M)			
Total assets	7 663	7 140	6 669
Net indebtedness	462	810	526
Working capital	771	455	655
Shareholders' fund	5 086	4 420	4 408
Net asset value per share (MUR)	308.72	268.28	267.64
Cash flow (MUR M)			
Net cash generated from operating activities	927	757	741
Performance ratio			
Earnings per share (Rs.)	32.39	27.13	38.47
Net return on equity (%)	11.21	10.11	14.79
Net profit margin (%)	6.75	5.89	8.12
Liquidity and gearing ratio			
Current ratio (%)	153.14	135.06	151.88
Gearing ratio (%)	8.34	15.51	16.50
Interest cover (times)	13.10	11.47	24.63
Dividends			
Dividends declared (MUR M)	210.52	210.52	218.75
Dividends per share (MUR)	12.80	12.80	13.30
Dividend yield (%)	2.13	2.08	2.29
Dividend cover (times)	2.53	2.12	2.89
Market data			
Market price per share (MUR)			
High	630.00	625.00	610.00
Low	573.00	520.00	538.00
Closing (30 June)	600.00	614.00	580.00
Market Capitalisation (MUR Bn)	9.87	10.10	9.54
P/E ratio (times)	18.53	22.63	15.08

OUR Leadership

82 Board of Directors
86 Senior Management Team

Board of Directors

1

Arnaud Lagesse

2

Jean-Claude Béga

3

Jan Boullé

4

François Dalais

5

Guillaume Hugnin

6

Hugues Lagesse

7

Thierry Lagesse

8

Sylvia Maigrot

9

Yvan Mainix

10

Reshan Rambocus

11

Patrick Rivalland

12

Bernard Theys

1. ARNAUD LAGESSE

Non-Executive Chairperson
Appointed to the Board in 1998 and as Chairperson in 2017
Citizen and resident of Mauritius

Skills and 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 largest group in Mauritius and second largest group in the region outside South Africa.

Qualifications and 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 competencies

- Business & Finance
- Deal Structuring
- Strategic Business Development

External appointments on listed companies

- Alteo Limited
- IBL Ltd
- Phoenix Investment Company Limited

2. JEAN-CLAUDE BÉGA

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

Skills and Experience

Born in 1963, 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 and Professional Development

- Fellow of the Association of Chartered Certified Accountants

Core Competences and Contribution

- Finance
- Mergers and Acquisitions
- Strategic Business 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 and 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 and Professional Development

- Qualified as an Ingénieur Statisticien Economiste, France
- Pursued post graduate studies in Economics at Université de Laval, Canada

Core Competences and Contribution

- Strategic Business Development
- Hospitality
- Real Estate Development

External appointments on listed companies

- 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 and 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 and Professional Development

- Diploma in Business Administration, London

Core Competences and 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 and 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 and Professional Development

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

Core Competences and Contribution

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

External appointments on 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 and 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 and Professional Development

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

Core Competences and Contribution

- Real Estate
- Property Development
- Management

External appointments on listed companies

- IBL Ltd
- Phoenix Investment Company Limited
- BlueLife Limited

7. THIERRY LAGESSE

Non-Executive Director
Appointed in 1998

Citizen and resident of Mauritius

Skills and 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 and Professional Development

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

Core Competences and Contribution

- Entrepreneurship
- Business Development and Finance
- Strategic Business Development
- Manufacturing
- Textil
- Media
- Hospitality and 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 and 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 and Professional Development

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

Core Competences and 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 and 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 Réunion 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 Réunion Island.

Qualifications and Professional Development

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

Core Competences and Contribution

- Regional Market Knowledge
- International Trade
- Business Development
- Management

External appointments on listed companies

- None

10. RESHAN RAMBOCUS

Non-Executive Director
Appointed in 2016

Citizen and resident of Mauritius

Skills and 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 Chairperson of the Audit and Risk Committee of the Company.

Qualifications and Professional Development

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

Core Competences and Contribution

- Statutory Audit Process and Controls
- Finance and Tax

External appointments on listed companies

- Compagnie Immobiliere Limitee
- Lux Island Resorts Ltd

11. PATRICK RIVALLAND

Executive Director
Chief Operations Officer
Chief Financial Officer
Appointed in 2013

Citizen and resident of Mauritius

Skills and Experience

Patrick Rivalland, born in 1972, worked for BDO and then 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 and Professional Development

- Fellow member of the Chartered Association of Certified Accountants

Core Competences and Contribution

- Accounting and Finance
- Strategy
- Operations
- Fast-Moving Consumer Goods (FMCG) Industry
- 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 and 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 and Professional Development

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

Core Competences and Contribution

- Management
- Strategic Business Development
- Specialised in Operations
- 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 and 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 and Professional Development

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

Core Competences and Contribution

- Strategic Business Development
- Expertise in Agro-Industry
- Textile
- Hospitality
- Healthcare
- Financial sectors.

External appointments on listed companies

- Alteo Limited
- CIEL Limited
- Sun Limited

ROGER ESPITALIER-NOËL

Alternate Director to Guillaume Hugnin
Appointed in 2019

Citizen and resident of Mauritius

Skills and 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 and Professional Development

- Certificate in Textile and Knitwear Technology

Core Competences and Contribution

- Manufacturing
- Corporate Sustainability

External appointments on listed companies

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

Senior Management Team

1
Frederic Dubois


4
Dharamraj Narayya


7
Antis Treebhoobun


2
Gérard Merle


5
Jean-Bruno Henriot


8
Patrick Rivalland


3
Daniel Narayanen


6
Patrice Sheik Bajeet


9
Bernard Theys


1. 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.

2. 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.

3. 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.

4. DHARAMRAJ NARAYYA

Senior Manager
Human Resources

Rama Narayya, born in 1967, has acquired wide experience in the HR functions whilst working for international companies and local conglomerates. He worked in diverse industries ranging from hotels, bottling, textile and hypermarkets to airlines. He holds three diplomas; Occupational Safety & Health, Human Resources Management and Business Administration. He completed an Executive MBA with IAE Paris Sorbonne Business School. Rama joined the Group as Senior Manager – Human Resources in September 2014.

5. JEAN-BRUNO HENRIOT

Senior Manager
Brewery Operations

Jean-Bruno Henriot, born in 1976, joined the Brewery in 2001 as Trainee Brewer. He holds a Diploma in Applied Science and Technology and a BSc(Hons) in Agriculture, as well as a Certificate in Brewing from the Siebel Institute. He moved to Madagascar in 2009, holding the position of Senior Technical Manager for five years at the "Nouvelle Brasserie de Madagascar", an operation co-owned at that time by Phoenix Beverages Ltd.

6. PATRICE SHEIK BAJEET

Senior Manager
Marketing

Patrice Sheik Bajeet, born in 1974, holds a BSc Management Degree from the University of Mauritius and MBA from IAE Paris Sorbonne. 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.

7. 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.

8. PATRICK RIVALLAND

Refer to Directors' profiles on page 85

9. BERNARD THEYS

Refer to Directors' profiles on page 85

GOVERNANCE

90 Corporate Governance Report
114 Statement of Compliance

Corporate Governance Report

INTRODUCTION

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

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

To the best of the knowledge of the Board, PhoenixBev has complied with the Code of Corporate Governance during the year ended 30 June 2021. The Company has applied all eight principles set out in the Code and explained how these principles have been applied.

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

PRINCIPLE 1: GOVERNANCE STRUCTURE

Board Charter

The governance structure of PhoenixBev is set out in its Board Charter. The Charter defines the role, function and objectives of the Board, the Board Committees, the Chairperson and the Group Chief Executive Officer ("CEO"). It also sets out how they interact to promote efficient, transparent and ethical functioning and decision-making processes within PhoenixBev. During the year under review, the Corporate Governance Committee of PhoenixBev has reassessed the adequacy of the aforementioned Board Charter, which was adopted in 2018, and confirmed to the Board of Directors that the Committee was satisfied with the contents of the said Charter and these were still in conformity with the current requirements of the Company and the Group. The Board Charter remains a dynamic document and shall be regularly reassessed by the Board and amended as and when deemed necessary.

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

With a view to streamline its governance documents, and upon recommendation of the Corporate Governance Committee, the Board has repealed, during the year under review, its Directors' Charter which had been adopted in 2018. The Board has beforehand ascertained that the relevant clauses of the said Directors' Charter could be found within its other reviewed constitutive documents.

Management Contract

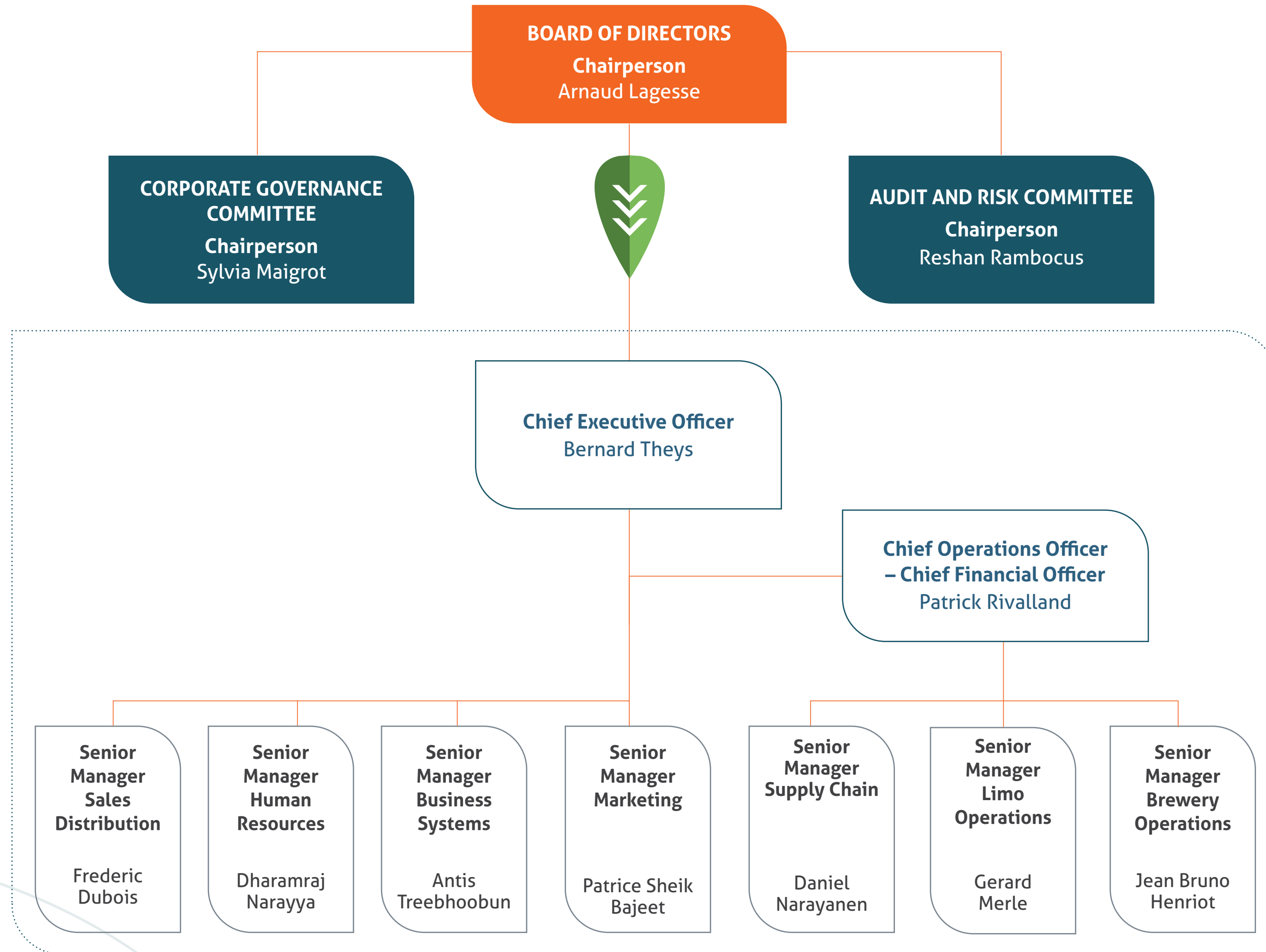
Phoenix Management Company Ltd ("PMC"), under the aegis of a management contract, provides the companies of the Group with a range of management and executive services. These include administrative, financial, commercial, technical, marketing and communication services. PMC employs and remunerates the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

During the year under review, the contract of the CEO has been renewed for another three years.

The management fee paid by Phoenix Beverages Limited during the year under review amounted to MUR 152.8 million (2020: MUR 143.7 million).

Organisation chart and statement of accountabilities

The governance structure and organisation chart of PhoenixBev setting out the key senior positions as well as the reporting lines, as approved by its Board, are shown below:



The Executive Directors and Senior Managers inside the dotted lines are employed and remunerated by PMC, in line with the management contract referred to above.

The profiles of the Senior Managers can be found on pages 86 and 87 of this report.

Corporate Governance Report continued

PRINCIPLE 2: THE STRUCTURE OF THE BOARD AND ITS COMMITTEES

The Board of Directors

PhoenixBev is led by an effective and highly committed unitary Board comprising 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 believes that it possesses an adequate balance to fulfil its duties and responsibilities.

The composition of the Board 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	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

Following the amendment brought to the Companies Act 2001 with respect to the requirements and definition of independence, effective since 1 January 2021, Reshan Rambocus has been reclassified as Non-Executive Director as a situation of cross-directorship with some members of the Board has been noted.

The two Independent Non-Executive Directors are deemed to be independent based on the criteria of independence set out in the Board Charter as well as in the Companies Act 2001.

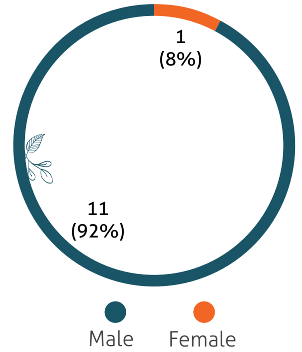
Profiles of Directors and details of other directorships

The profiles of the Directors including their external directorships in listed companies are disclosed on pages 83 to 85 of this report.

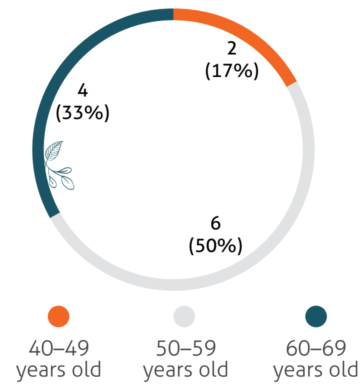
Details of other directorships are available upon request to the Company Secretary, IBL Management Ltd, 4th Floor, IBL House, Caudan Waterfront, Port Louis.

Balance and diversity

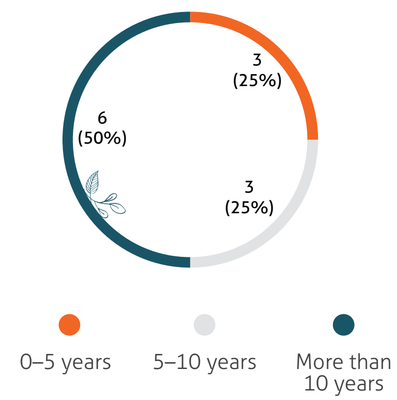
Gender diversity



Age as at 30 June 2021



Length of tenure at 30 June 2021



Key roles and responsibilities within the Board

PMC has been delegated with the responsibility of managing and executing the strategic development of PhoenixBev. 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 delegation of responsibilities has been implemented while ensuring that the decision-making process involves the adequate resources. The ultimate responsibility of supervision of the Group remains with the Board.

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 PhoenixBev, namely Phoenix Investment Company Limited ("PICL"), Camp Investment Company Limited ("CICL") and IBL Ltd, (see page 109 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	**PhoenixBev**	**PICL**	**CICL**	**IBL Ltd**
Roger Espitalier Noël	√**	√**	√	

** Chairperson   ** Alternate Director*

Board processes, meetings and activities in 2020/2021

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

The Board met six times during the year under review. The main items discussed at these meetings are shown below. Decisions were also taken by way of written resolutions signed by all the Directors.

Regular agenda
- 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
- Review of conformity of the Board and Committees' Charters.
- Review of independence following changes in The Companies Act 2001.
- Review of Directors' remuneration for recommendation to the shareholders.
- Approval of the Corporate Governance Report 2020.
- Launch of internal Board evaluation exercise.

Financial
- 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.

Strategy
- Visit and discussions with respect to the new production line in Phoenix.
- Strategic review of activities in Réunion Island.
- Evaluation of new project ventures.
- Review of operations and strategy in light of the Covid-19 crisis and second lockdown.

Corporate Governance Report continued

Attendance at Board meetings in 2020/2021

Directors	10 August 2020	6 October 2020	10 November 2020	11 February 2021	11 May 2021	30 June 2021	Total attendance
Arnaud Lagesse	√		√	√	√	√	5/6
Jean-Claude Béga	√	√	√	√	√	√	6/6
Jan Boullé	√	√	√		√		4/6
François Dalais	√	√	√	√	√	√	6/6
Guillaume Hugnin	√	√	√	√	√	√	6/6
Hugues Lagesse	√	√	√	√	√	√	6/6
Thierry Lagesse	√	√	√	√	√	√	6/6
Sylvia Maigrot	√	√	√	√	√	√	6/6
Yvan Mainix	√	√	√				3/6
Reshan Rambocus	√	√	√	√	√	√	6/6
Patrick Rivalland	√	√	√	√	√	√	6/6
Bernard Theys	√	√	√	√	√	√	6/6

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. It took the necessary steps to optimise its functioning with use of technology to cope with the Covid-19 challenges.

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 responsible for reviewing 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 and assists in creating an environment and structures for effective risk management. The Audit and Risk Committee of PhoenixBev 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 was reviewed during the year ended 30 June 2021 and the latest version of which is available on the Company website www.phoenixbev.mu

Composition

The Committee is chaired by Reshan Rambocus who is a Non-Executive Director. In line with the requirements of the Code, the Board considers that Reshan Rambocus is sufficiently independent in character and judgement and has substantial accounting and financial experience to chair the Audit and Risk Committee. Taken together, this outweighs the risk of his cross-directorship affecting the exercise of his judgement as Chairperson of 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 2020/2021

Members	24 September 2020	4 November 2020	4 February 2021	4 May 2021	Total attendance
Reshan Rambocus	√	√	√	√	4/4
Jean-Claude Béga	√	√	√	√	4/4
Jan Boullé	√	√	√	√	4/4
In attendance *(not members)*					
Patrick Rivalland	√	√	√	√	4/4
Bernard Theys	√	√	√	√	4/4

Matters considered in 2020/2021

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.
- IFRS implementation and RBO implications.

Internal Audit

- Fixed assets.
- Health and Safety.
- Data Protection Compliance Review.
- Auditors' scope in Réunion Island.
- Planning for forthcoming internal audits.

Other matters

- Follow up on ERP system implementation and contingency plan.
- Thorough review of Réunion Island activities and leadership.
- Review of the wine & spirits activity.
- 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 and the CEO. During the year and up to 30 June 2021, the Corporate Governance Committee of PhoenixBev also acted as Nomination Committee for its holding companies PICL and CICL.

The Corporate Governance Committee is governed by its Charter which has been reviewed twice during the year and the latest version of which is available on the Company website 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 2020/2021

Members	23 September 2020	8 February 2021	6 May 2021	15 June 2021	Total attendance
Sylvia Maigrot	√	√	√	√	4/4
Guillaume Hugnin	√	√	√	√	4/4
Jan Boullé	√	√	√		3/4
Bernard Theys	√	√	√	√	4/4

Matters considered in 2020/2021

The Corporate Governance Committee met four times during the year. Matters discussed included:

Corporate Governance

- Review of the Corporate Governance Report 2020.
- Review of the conformity of the previously adopted Board Charter, Directors' Charter, Audit and Risk Committee Charter and Corporate Governance Committee Charter.
- Review and amendment of letter of appointment of non-executive directors.
- Drafting of self-evaluation questionnaire of independence.
- Review and recommendation of the internal Board evaluation exercise questionnaire.

Nomination

- 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 independent non-executive directors pursuant to the Companies Act.

Remuneration

- Recommendation to the Board of the remuneration for the non-executive directors.
- Review of the renewed contract of employment of the CEO.

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

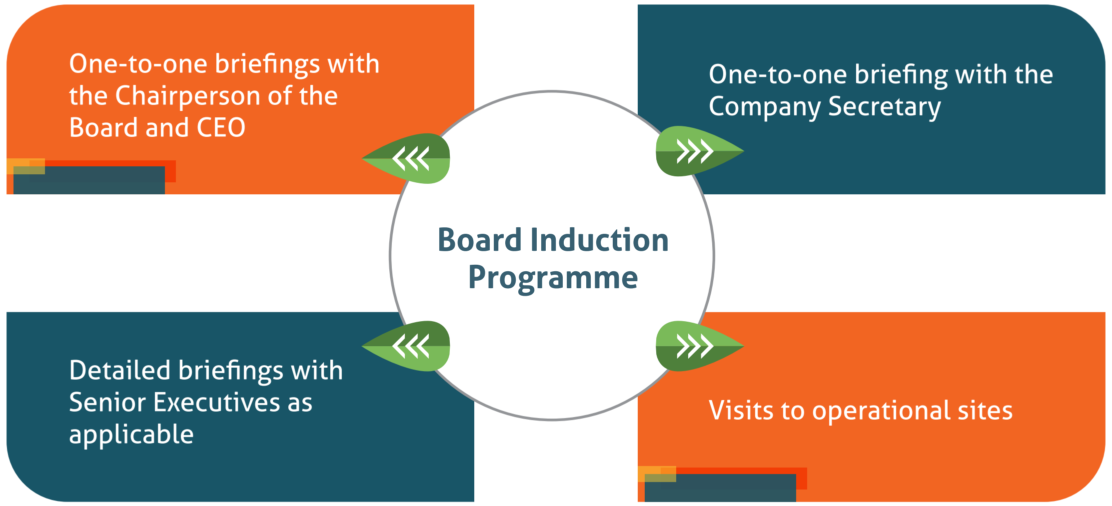
The newly appointed Director is subject to election in their first year of appointment by the shareholders at the Annual Meeting

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

Corporate Governance Report continued

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.



Furthermore, since PhoenixBev is listed on the Stock Exchange of Mauritius, every new 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 PhoenixBev.

Succession plan

The Board, upon the recommendation of the Corporate Governance Committee acting as Nomination Committee, is responsible for preparing the succession plan for Directors and assessing the independence of 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 it 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 PhoenixBev
- 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 constitutive documents of PhoenixBev contain 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 PhoenixBev 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 PhoenixBev. According to the Constitution of PhoenixBev, a Director is not required to hold shares in the Company. As soon as a Director becomes aware that they 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.

PhoenixBev 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 PhoenixBev having direct and/or indirect interests in the ordinary shares of the Company at 30 June 2021 were as follows:

	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*	–	–	0.21

**Alternate Director*

None of the Directors and Officers had any interest in the equity of subsidiaries of PhoenixBev.

Directors' and Officers' dealings in shares of Phoenix Beverages Limited

The Directors of PhoenixBev 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.

PhoenixBev has set up appropriate procedures whereby any Director wishing to deal in the Company shares shall first notify the Chairperson of the Company and receive a dated written acknowledgement. Should the Chairperson 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 PhoenixBev shares 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.

Corporate Governance Report continued

The Directors and Officers of PhoenixBev 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.

Information governance policies are applicable at PhoenixBev and all employees are continuously encouraged to consult these on a regular basis. The main programs and guidelines covered by these 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, PhoenixBev has undertaken an exhaustive exercise with the assistance of an external expert in order to ensure ongoing compliance.

Code of Ethics and whistleblowing

PhoenixBev 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"). 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 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 and it is ensured that it is complied with. Compliance with the Code, which is available on the Company website (www.phoenixbev.mu), is continuously monitored by the Human Resources Manager.

The Company is committed to full compliance with legal requirements and the corporate governance framework aims to ensure compliance with all relevant codes, policies, regulations and standards. Legal compliance is fully entrenched in PhoenixBev risk and controls system.

Remuneration policy

Shareholders approve the fees to be paid to the Board members at the Annual Meeting. As such, the Annual Meeting held on 15 December 2020 approved fee payments to the Board for the financial year ended 30 June 2021. Upon recommendation of the Corporate Governance Committee, shareholders voted in favour of the same remuneration structure, namely a fixed annual fee of MUR 250 000 to be paid to the Non-Executive Directors and an attendance fee of MUR 20 000 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 PMC in terms of a management contract between the latter and PhoenixBev. Remuneration packages take into consideration the Company's financial performance, 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. These fees have remained unchanged for the year under review.

The Board and Board Committees' fees at 30 June 2021 were therefore as follows:

Board	2021 (MUR)	2020 (MUR)
Annual Director's fee	**250 000**	250 000
Attendance fee per meeting	**20 000**	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 2021 are set out in the table below:

	Remuneration and benefits received from the Company	
Directors	**2021 (MUR)**	**2020 (MUR)**
Arnaud Lagesse*	**350 000**	330 000
Jean-Claude Béga*	**445 000**	405 000
Jan Boullé*	**455 000**	455 000
François Dalais	**370 000**	310 000
Guillaume Hugnin	**420 000**	380 000
Hugues Lagesse	**370 000**	330 000
Thierry Lagesse	**370 000**	330 000
Sylvia Maigrot	**445 000**	385 000
Yvan Mainix	**310 000**	330 000
Reshan Rambocus	**470 000**	410 000
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 PMC, a sister company of PhoenixBev. Management fees paid by PhoenixBev to PMC include the salaries of the two Executive Directors.*

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

Please refer to the Statutory Disclosures of the Annual Report.

Corporate Governance Report continued

Incentive schemes

A performance management policy is in place to drive the performance and personal development of PhoenixBev 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 PMC.

Board evaluation

Following a decision of the Board and pursuant to its Charter, it was agreed that an evaluation exercise of the Board and its Directors would be carried out as and when deemed necessary. It was decided in 2020 that, following the previous exercise conducted by BDO & CO, the next evaluation would be led by the Company Secretary. Accordingly, the evaluation was launched in mid-2021 using a self-assessment questionnaire. The questionnaire sought the views of all Directors through a set of survey questions, including some open statements and covering several main themes.

The questionnaire was reviewed by the Corporate Governance Committee to ensure it was updated with best governance practices. The main questions covered the following categories:

- Function of the Board
- The Company
- Size, composition and independence of the Board
- Board meetings and Chairperson's appraisal
- Board Committees
- Directors' individual assessment/evaluation
- Financial and operational reporting
- Compliance and ethical framework
- Risk assessment
- Open statement subsidiary questions

All Directors completed the questionnaire, and the results are currently being collated and analysed to be presented to the Corporate Governance Committee and conveyed to all Directors thereafter for consideration and action.

Since the last survey conducted by an external service provider, management, under the supervision of the Corporate Governance Committee, has ensured that appropriate actions were being taken and that issues identified were given due consideration.

The Board will assess when the next evaluation exercise should be conducted and whether this will be led by an independent service provider.

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 oversees risk governance, the nature of risk and risk appetite of PhoenixBev 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 to implement, maintain and monitor internal controls
- Identifying any deficiencies in the system of internal control

Risk management is an integral part of doing business at PhoenixBev. It is the responsibility of the CEO and his dedicated team, under the supervision of the Audit and Risk Committee, to establish and maintain a risk management system.

The CEO, 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 re-assesses 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, potential impacts and mitigating controls put in place accordingly.

Financial risk management

For financial risk management, please refer to pages 148 to 156 – Notes to the financial statements.

Internal control

PhoenixBev has processes in place to identify, classify and manage 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.

A firm of accountants, namely BDO & CO, provide internal audit services 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.

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.

Corporate Governance Report continued

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 to prevent and detect fraud and other irregularities.

Other main responsibilities of the Board include assessing management's performance against corporate objectives, overseeing the implementation and upholding of good corporate governance practices, acting as the central coordination body that monitors and reports on the sustainability performance of the Group and ensuring timely and comprehensive communication to all stakeholders regarding events significant to the Company.

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 confirms that it is satisfied that PhoenixBev 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 to improve 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 & CO, who provides independent and objective assurance and consultancy services. BDO & CO 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 & CO during the year have been detailed in the section "Audit and Risk Committee – Matters considered in 2020 to 2021" of this report.

External audit

The shareholders approved the reappointment of Ernst and Young as external auditors for the year under review during the Annual Meeting held on 15 December 2020.

Pursuant to the amendment of the Finance Act 2016 and the subsequent regulation as regards auditors' rotation, the Board has decided to rotate its auditors as from the financial year ending 30 June 2022 from Ernst and Young to Deloitte, subject to ratification by the Annual Meeting of Shareholders scheduled for December 2021.

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.

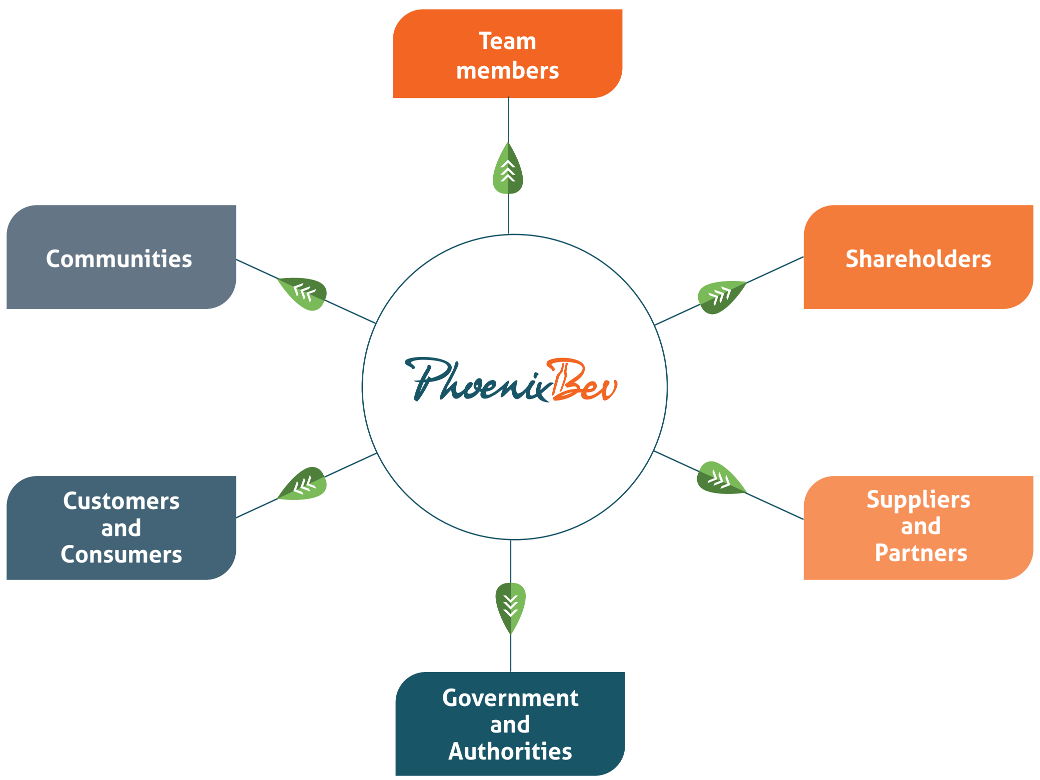
The external auditors are prohibited from providing non-audit services where their independence might be compromised by later auditing their own work. Any other non-audit services provided by the external auditors are required to be specifically approved by the Audit and Risk Committee. Audit fees are 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, Ernst & Young, for the year ended 30 June 2021 amounted to MUR 2 310 500 (2020: MUR 2 200 250) for audit and MUR 179 600 (2020: MUR 171 000) for other services.

Corporate Governance Report continued

PRINCIPLE 8: RELATIONS WITH SHAREHOLDERS AND KEY STAKEHOLDERS

PhoenixBev's key stakeholders



Shareholders' communication

The Board 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, its website, disclosures in the Annual Report and at the Annual Meeting of shareholders, which all Board members and shareholders are encouraged to attend.

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

The attendance of Directors at the last Annual Meeting of the Company held on 15 December 2020 was as follows:

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

* *Alternate Director*

● Attended ● Not Attended

In line with good corporate governance practices, the CEO 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.

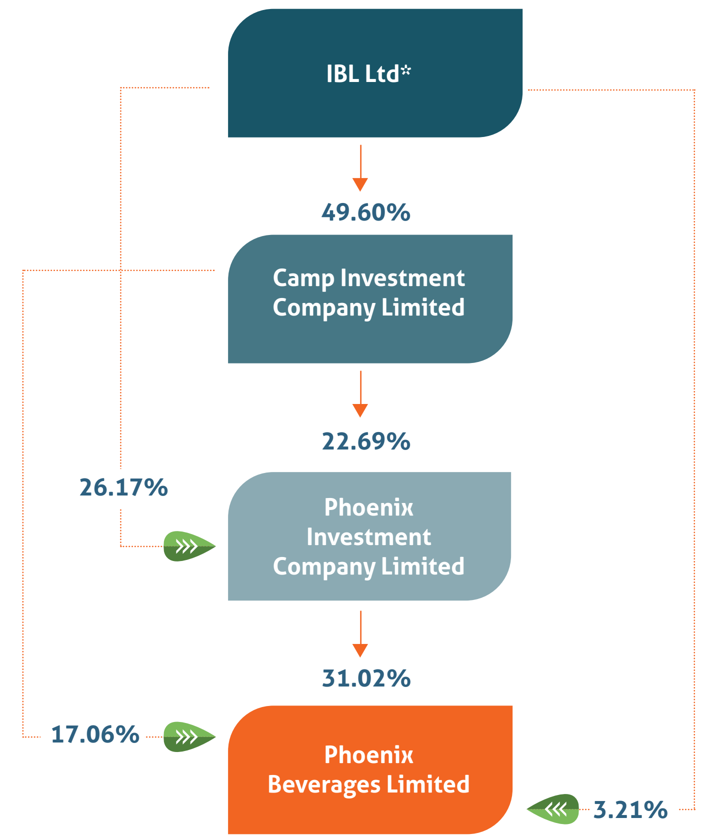
Main shareholders

As at 30 June 2021, there were 2 151 shareholders recorded in the share register of the Company.

The ten largest shareholders and those shareholders holding more than 5% of the ordinary shares of the Company as at 30 June 2021 are set out below:

Name of shareholder	Number of shares held	Percentage holding (%)
Phoenix Investment Company Limited	5 101 137	31.02
Camp Investment Company Limited	2 805 428	17.06
National Pensions Fund	746 773	4.54
IBL Ltd	527 659	3.21
Hugnin Frères Ltée	361 512	2.20
Guinness Overseas Limited	316 370	1.92
The MCB Ltd (A/c The MCB Sup. Fund)	197 229	1.20
SSL C/o SSB Boston A/c Russell invest.com PLC	143 155	0.87
Mr Christian Marie Francois Ledoux	138 900	0.84
Societe Pierre Larcher & Cie	117 767	0.72

Cascade holding structure



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

Corporate Governance Report continued

Breakdown of share ownership as at 30 June 2021

Size of shareholding	Number of shareholders	Number of shares	Percentage holding (%)
1 – 500 shares	1 276	194 902	1.19
501 – 1 000 shares	226	176 814	1.07
1 001 – 5 000 shares	400	929 049	5.65
5 001 – 10 000 shares	90	626 508	3.81
10 001 – 50 000 shares	133	2 764 652	16.81
50 001 – 100 000 shares	12	857 144	5.21
Above 100 000 shares	14	10 897 931	66.26
	2 151	**16 447 000**	**100.00**

Category	Number of shareholders	Number of shares	Percentage holding (%)
Individuals	1 921	3 628 558	22.06
Insurance and assurance companies	9	165 327	1.01
Pensions and provident funds	73	2 218 549	13.49
Investment and trust companies	17	8 020 052	48.76
Other corporate bodies	131	2 414 514	14.68
	2 151	**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 PhoenixBev decreased over the past year from MUR 614.00 at 30 June 2020 to MUR 600 at 30 June 2021.

Date	Price (MUR)	Yearly change (%)
30 June 2017	455	24.32
30 June 2018	600	31.87
30 June 2019	580	(3.33)
30 June 2020	614	5.86
30 June 2021	**600**	**(2.28)**

Dividend policy

No formal dividend policy has been set 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 decided that, based on management forecasts and the Group's profitability, an interim dividend would be declared in November 2020 and a final dividend declared in June 2021. Each dividend paid was subject to the satisfaction of the corresponding solvency test.

As such, an interim dividend of MUR 4.00 per ordinary share was paid in December 2020 and a final dividend of MUR 8.80 per ordinary share was paid in July 2021, bringing the total dividend declared for the financial year under review to MUR 12.80 per ordinary share, the same as the previous year.

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

	2021	2020	2019	2018	2017
Dividend per share (MUR)	**12.80**	12.80	13.30	10.90	10.25
Dividend cover (Number of times)	**2.54**	2.12	2.89	2.64	2.23
Dividend yield (%)	**2.13**	2.08	2.29	1.82	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.

Total shareholder's return

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

	2021	2020	2019	2018	2017
Share price at 30 June, current year (MUR)	**600.00**	614.00	580.00	600.00	455.00
Share price at 30 June, previous year (MUR)	**614.00**	580.00	600.00	455.00	366.00
Increase/(decrease) in share price (MUR)	**(14.00)**	34.00	(20.00)	145.00	89.00
Dividend, current year (MUR)	**12.80**	12.80	13.30	10.90	10.25
Total return per share (MUR)	**(1.20)**	46.80	(6.70)	155.90	99.25
Total return based on previous year share price (%)	**(0.20)**	8.07	(1.12)	34.26	27.12

Corporate Governance Report continued

Calendar of forthcoming shareholders' events

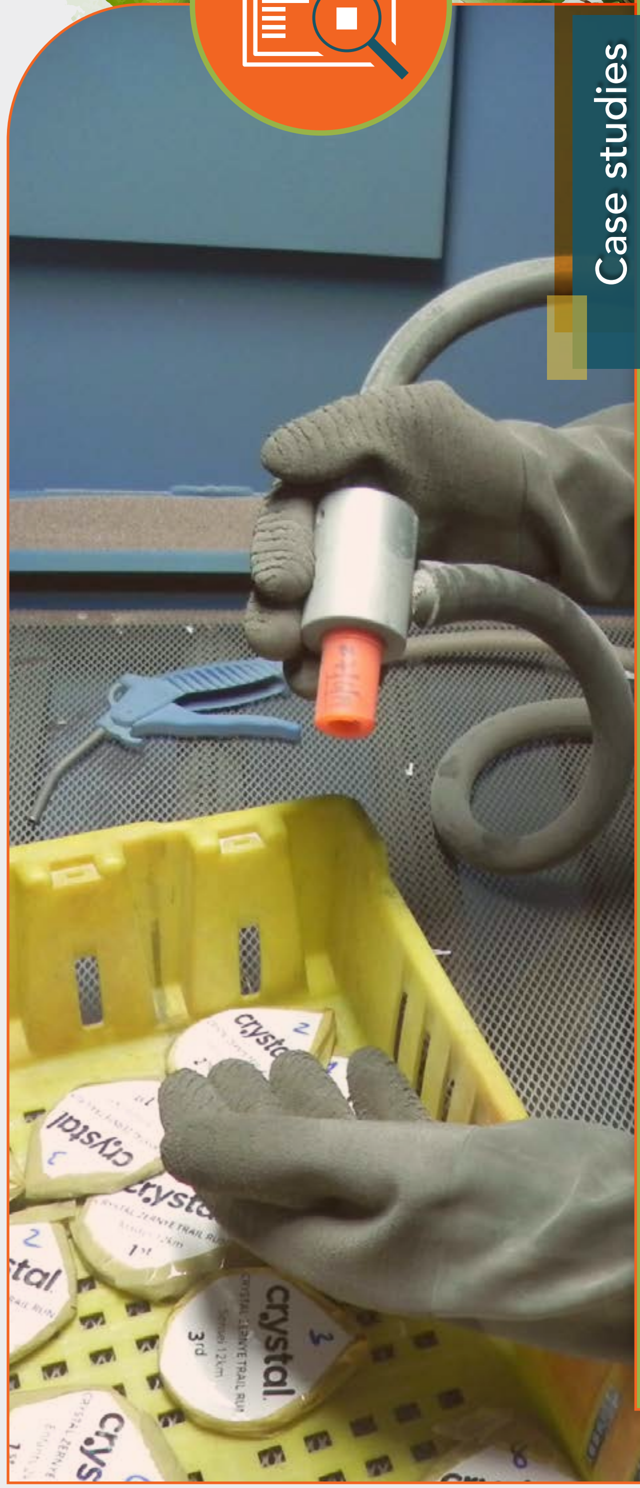
NOVEMBER 2021	DECEMBER 2021	FEBRUARY 2022	MAY 2022	JUNE 2022
Publication of first quarter results Declaration of interim dividend subject to Board approval	Payment of interim dividend Annual Meeting 2021	Publication of second quarter results	Publication of third quarter results Declaration of final dividend subject to Board approval	Payment of final dividend

Arnaud Lagesse
Chairperson

Sylvia Maigrot
Chairperson of the Corporate Governance Committee

27 September 2021

Case studies



PhoenixEarth INITIATIVE

Coca-Cola World Without Waste

The Coca-Cola Company's World Without Waste programme has a goal of, by 2030, recovering and recycling every bottle and can of Coca-Cola product sold. PhoenixEarth is participating in the programme and has partnered with four local NGOs (We Recycle, Mission Verte, Precious Plastic and New Invaders Club) to strengthen the collection circuit in Mauritius to increase the collection rate to 80%. As part of the project, 15 bins to collect glass bottles, plastic and cans have been placed at public malls, sports grounds, schools and high-traffic areas around the island. The project was launched in November 2020, but due to Covid-19 restrictions, delivery was delayed to August 2021.

These bins are in addition to the many collection bins already in place around Mauritius that are being serviced by We-Recycle and Mission Verte, and their locations have been added to the Yes No Solutions platform so that consumers can easily locate them. The sides of the bins are covered in educational and informative messages to promote awareness about the importance of recycling.

Once the bins are formally launched, the partner NGOs will conduct awareness campaigns in the areas around the bins to promote takeup.

Statement of Compliance

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

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

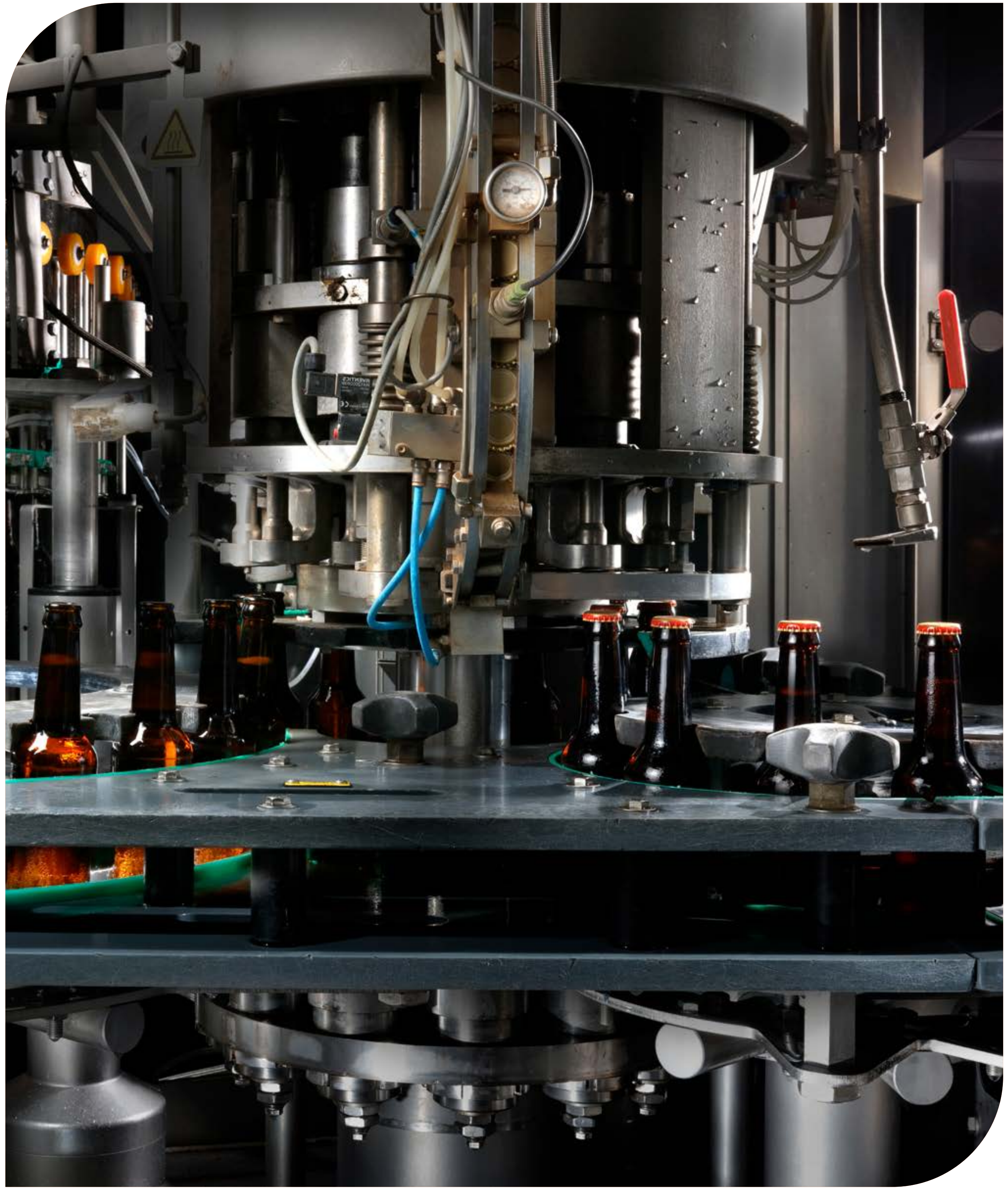
Reporting Period: **1 July 2020 to 30 June 2021**

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

27 September 2021



FINANCIAL Statements

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Statutory Disclosures – 30 June 2021

(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 2021 were as follows:

	Phoenix Beverages Limited	Edena S.A.	Espace Solution Réunion 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)*	*												

There has been no changes in directorships on the Company or its subsidiaries since 1 July 2020.

Directors' service contracts

On 30 June 2021, 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 2021 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	–	–	0.21
Senior Managers			
Nicolas Caboche	–	–	–
Frédéric Dubois	–	–	–
Gerard Merle	–	–	–
Rama Narayya	–	–	–
Gervais Rambert	–	–	–
Patrice Sheik Bajeet	–	–	–
Antis Treebhoobun	–	–	–
Company Secretary			
IBL Management Ltd	–	–	–

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

Contracts of significance

During the year under review, there was no contract of significance, save as disclosed above, between the Company and its Directors.

Statutory Disclosures – 30 June 2021 (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:

	2021		2020	
	Executive Directors	Non-Executive Directors	Executive Directors	Non-Executive Directors
	MUR '000	MUR '000	MUR '000	MUR '000
The Company				
Phoenix Beverages Limited	–	4 005	–	3 665
The Subsidiaries				
Edena S.A.	–	–	–	–
Espace Solution Réunion 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:

	Percentage 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

	2021 MUR '000	2020 MUR '000
The Company		
Phoenix Beverages Limited - Corporate Social Responsibility	9 860	11 905
- Political	–	3 000
- Others	418	1 068

The subsidiaries have not made any donation during the years 2021 and 2020.

AUDITORS' REMUNERATION

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

	2021		2020	
ERNST & YOUNG	Audit MUR '000	Other services MUR '000	Audit MUR '000	Other services MUR '000
The Company				
Phoenix Beverages Limited	1 902	124	1 811	618
The Subsidiaries				
Helping Hands Foundation	17	1	16	1
MBL Offshore Ltd	26	12	24	12
Phoenix Beverages Overseas Ltd	116	11	110	10
Phoenix Camp Minerals Offshore Ltd	25	11	24	10
Phoenix Distributors Ltd	7	1	7	1
Phoenix Foundation	17	1	16	1
The (Mauritius) Glass Gallery Ltd	202	19	192	19
	2 311	180	2 200	672
EXCO Réunion AUDIT	EUR '000	EUR '000	EUR '000	EUR '000
Edena S.A.	21	–	–	–
Phoenix Réunion SARL	31		32	
	52	–	32	–
EXA	EUR '000	EUR '000	EUR '000	EUR '000
Edena S.A.	–	–	20	–
Espace Solutions Réunion S.A.S.	6	–	6	–
Phoenix Réunion SARL	–	–	–	1
	6	–	26	1

Other services relate to tax and consultancy services.

Company Secretary's Certificate - 30 June 2021

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 2021, all such returns as are required of the Company under the Companies Act 2001.

IBL Management Ltd
Company Secretary

27 September 2021

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 128 to 206 which comprise the statements of financial position as at 30 June 2021, 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 as at 30 June 2021, and of its financial performance and 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 Group and the Company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (the "IESBA Code") and other independence requirements applicable to performing audits of financial statements of the Group and Company and in Mauritius. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code and in accordance with other ethical requirements applicable to performing audits of the Group and Company and in Mauritius. 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 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)

The Key Audit Matters applies equally to the audit of the financial statements.

Key Audit Matter	How the matter was addressed in the audit
Group and Company (i) Impairment of goodwill and trademarks At 30 June 2021, goodwill and trademarks amounted to MUR743M (2020: MUR 660M) and MUR193M (2020: MUR 193M) respectively. As detailed in Note 6 of the Group and Company financial statements, the Group's goodwill is allocated to cash generating units (CGUs).	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.

The Covid-19 global pandemic reached Mauritius in March 2020 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. Accordingly, the impairment of goodwill and trademarks is considered to be a key audit matter.
	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:
	  • the appropriateness of the methodology applied in the Group's annual impairment assessment.
	  • the reliability and appropriateness of assumptions used to include 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 verified the mathematical accuracy of the discounted cashflow forecasts.
	• We included a specialist on our team to assist in the testing of the discount factor.
	Furthermore, we assessed the related disclosures made in the financial statement.

Group and Company (ii) Valuation of retirement benefit obligations The retirement benefit obligation of the Group and the Company amount to MUR 218m (2020: MUR 520m) and MUR 215m (2020: MUR 519m). Due to the Covid 19 pandemic, this had given rise to uncertainty in the economic environment and had impacted the key assumptions 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; • Performed sensitivity analysis on the key variables within the valuation model with the assistance of our pension specialist; • 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. Furthermore, we assessed the related disclosures made in the financial statement.

Key Audit Matter	How the matter was addressed in the audit
Company (iii) Valuation of unlisted investments Investments in subsidiaries are carried at fair value at an amount of MUR 1.5 bn (2020: MUR 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. Accordingly, the valuation of investments in subsidiaries is considered to be a key audit matter, due to the significance of the assumptions, estimates and the level of judgement involved.	We obtained an understanding, evaluated the design and tested the operating effectiveness of selected key controls within the valuation process which includes the preparation of projections of future income, determining terminal growth rate assumptions and discount rates related to the fair valuation of investment, controls over data being used, the approval of the methodology being used and the approval of the value determined. 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

The directors are responsible for the other information. The other information comprises the information included in the document titled "PHOENIX BEVERAGES LIMITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021", which includes the Statutory disclosures and the Company Secretary's Certificate as required by the Companies Act 2001. The other information 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 an audit opinion or any form of assurance conclusion thereon.

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

Corporate Governance Report

The Directors are responsible for preparing the Corporate Governance Report. Our responsibility under the Financial Reporting Act 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 2001and the Financial Reporting Act 2004, and for such internal control as the directors determine is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Group and Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group and 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 directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group 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 and/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 to express an opinion on the 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 financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Use of our report

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Companies Act 2001

We have no relationship with or interests in the Company other than in our capacity as auditor, 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

29 September 2021

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

Statements of Financial Position

for the year ended 30 June 2021

	Notes	THE GROUP 2021 MUR '000	THE GROUP 2020 MUR '000	THE COMPANY 2021 MUR '000	THE COMPANY 2020 MUR '000
ASSETS					
Non-current assets					
Property, plant and equipment	5	**4 175 784**	4 196 083	**3 635 434**	3 686 151
Intangible assets	6	**964 641**	858 019	**220 363**	196 152
Right-of-use assets	19(a)	**295 016**	325 394	**176 545**	192 210
Investments in subsidiaries	7	**–**	–	**1 478 976**	1 183 246
Investment in associate	8	**1 480**	4 380	**1 110**	3 285
Financial assets at fair value through other comprehensive income	9	**3 440**	3 236	**2 091**	2 091
Long-term receivables at amortised cost	10	**–**	–	**30 330**	111 527
		5 440 361	5 387 112	**5 544 849**	5 374 662
Current assets					
Inventories	11	**1 208 843**	1 087 037	**977 759**	855 877
Trade and other receivables	12	**609 486**	543 961	**331 597**	309 021
Current tax assets	20(b)	**17 994**	18 162	**13 985**	–
Bank and cash balances	30(b)	**385 956**	104 162	**234 471**	51 441
		2 222 279	1 753 322	**1 557 812**	1 216 339
Total assets		**7 662 640**	7 140 434	**7 102 661**	6 591 001
EQUITY AND LIABILITIES					
Capital and reserves					
Stated capital	13	**366 962**	366 962	**366 962**	366 962
Other reserves	14	**1 227 907**	1 148 465	**1 693 723**	1 413 650
Retained earnings		**3 491 247**	2 904 183	**3 169 780**	2 739 229
Equity attributable to owners of the Company		**5 086 116**	4 419 610	**5 230 465**	4 519 841
Non-controlling interests		**(8 571)**	(7 196)	**–**	–
Total equity		**5 077 545**	4 412 414	**5 230 465**	4 519 841
Non-current liabilities					
Borrowings	15	**641 004**	681 531	**453 327**	532 319
Deferred tax liabilities	16	**247 956**	197 097	**244 189**	193 073
Employee benefit obligation	17	**216 775**	520 300	**215 439**	518 845
Deferred revenue	21	**28 225**	30 950	**–**	–
		1 133 960	1 429 878	**912 955**	1 244 237
Current liabilities					
Trade and other payables	18	**1 219 052**	1 037 917	**824 554**	692 944
Borrowings	15	**207 242**	232 426	**134 687**	118 365
Current tax liabilities	20(b)	**13 922**	18 112	**–**	15 614
Deferred revenue	21	**10 919**	9 687	**–**	–
		1 451 135	1 298 142	**959 241**	826 923
Total equity and liabilities		**7 662 640**	7 140 434	**7 102 661**	6 591 001

These financial statements have been approved by the Board of Directors and authorised for issue on: 27 September 2021

Arnaud Lagesse
Chairperson

Bernard Theys
Executive Director – Chief Executive Officer

The notes on pages 133 to 206 form an integral part of these financial statements | Auditor's report is on pages 123 to 127.

Statements of Profit or Loss and Other Comprehensive Income

for the year ended 30 June 2021

	Notes	THE GROUP 2021 MUR '000	THE GROUP 2020 MUR '000	THE COMPANY 2021 MUR '000	THE COMPANY 2020 MUR '000
Revenue from contracts with customers	23	**7 868 359**	7 545 901	**6 534 635**	6 421 814
Manufacturing costs	24	**(3 170 296)**	(3 166 957)	**(2 512 912)**	(2 541 637)
Excise and other specific duties	24	**(2 461 226)**	(2 269 562)	**(2 461 226)**	(2 269 562)
Cost of sales		**(5 631 522)**	(5 436 519)	**(4 974 138)**	(4 811 199)
Gross profit		**2 236 837**	2 109 382	**1 560 497**	1 610 615
Other income	26	**56 764**	32 505	**24 897**	19 460
Marketing warehousing selling and distribution expenses	24	**(1 062 021)**	(1 020 107)	**(754 147)**	(750 380)
Administrative expenses	24	**(594 908)**	(524 757)	**(371 157)**	(354 653)
Profit before finance costs share of associate and credit loss reversal/(expense)	27	**636 672**	597 023	**460 090**	525 042
Finance costs	28	**(49 192)**	(49 116)	**(43 962)**	(44 460)
Share of results of associate	8(a)	**2 725**	107	**–**	–
Profit before credit loss reversal/(expenses)		**590 205**	548 014	**416 128**	480 582
Reversal of credit loss/(credit loss expense) on trade receivables	12	**5 178**	(33 819)	**343**	(21 519)
Profit before tax		**595 383**	514 195	**416 471**	459 063
Tax expense	20(c)	**(64 168)**	(69 547)	**(40 007)**	(62 782)
Profit for the year		**531 215**	444 648	**376 464**	396 281
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		**–**	–	**293 505**	109 191
Reversal of revaluation on land and building		**(13 064)**		**(13 064)**	
Remeasurements of post-employment benefit obligations	17	**318 729**	(337 468)	**318 362**	(337 397)
Deferred tax on post-employment benefit obligations	16	**(54 101)**	57 357	**(54 121)**	57 357
		251 564	(280 111)	**544 682**	(170 849)
Items that may be reclassified subsequently to profit or loss:					
Exchange differences on translating foreign operations		**95 781**	68 553	**–**	–
Other movements in associates	8(a)	**(2 907)**	(946)	**–**	–
		92 874	67 607	**–**	–
Total other comprehensive income		**344 438**	(212 504)	**544 682**	(170 849)
Total comprehensive income for the year		**875 653**	232 144	**921 146**	225 432
Profit/(loss) attributable to:					
Owners of the Company		**532 657**	446 278	**376 464**	396 281
Non-controlling interests		**(1 442)**	(1 630)	**–**	–
		531 215	444 648	**376 464**	396 281
Total comprehensive income/(loss) attributable to:					
Owners of the Company		**877 028**	233 743	**921 146**	225 432
Non-controlling interests		**(1 375)**	(1 599)	**–**	–
		875 653	232 144	**921 146**	225 432
Basic and diluted earnings per share (MUR.cs)	29	**32.39**	27.13		

The notes on pages 133 to 206 form an integral part of these financial statements | Auditor's report is on pages 123 to 127.

Statements of Changes in Equity

for the year ended 30 June 2021

		(ATTRIBUTABLE TO OWNERS OF THE COMPANY)							
THE GROUP	**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 2020		**164 470**	**202 492**	**1 145 960**	**2 505**	**2 904 183**	**4 419 610**	**(7 196)**	**4 412 414**
Profit/(loss) for the year		**–**	**–**	**–**	**–**	**532 657**	**532 657**	**(1 442)**	**531 215**
Other comprehensive income/(loss) for the year		**–**	**–**	**82 717**	**(2 907)**	**264 561**	**344 371**	**67**	**344 438**
Total comprehensive income/(loss) for the year		**–**	**–**	**82 717**	**(2 907)**	**797 218**	**877 028**	**(1 375)**	**875 653**
Transfer		**–**	**–**	**(368)**	**–**	**368**	**–**	**–**	**–**
Dividends	22	**–**	**–**	**–**	**–**	**(210 522)**	**(210 522)**	**–**	**(210 522)**
At 30 JUNE 2021		**164 470**	**202 492**	**1 228 309**	**(402)**	**3 491 247**	**5 086 116**	**(8 571)**	**5 077 545**
At 1 July 2019		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 for the year		–	–	68 553	(946)	(280 142)	(212 535)	31	(212 504)
Total comprehensive (loss)/income 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

The notes on pages 133 to 206 form an integral part of these financial statements | Auditor's report is on pages 123 to 127.

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 2020		**164 470**	**202 492**	**1 065 389**	**348 261**	**2 739 229**	**4 519 841**
Profit for the year		**–**	**–**	**–**	**–**	**376 464**	**376 464**
Other comprehensive income/(loss) for the year		**–**	**–**	**(13 064)**	**293 505**	**264 241**	**544 682**
Total comprehensive income for the year		**–**	**–**	**(13 064)**	**293 505**	**640 705**	**921 146**
Transfer		**–**	**–**	**(368)**	**–**	**368**	**–**
Dividends	22	**–**	**–**	**–**	**–**	**(210 522)**	**(210 522)**
At 30 JUNE 2021		**164 470**	**202 492**	**1 051 957**	**641 766**	**3 169 780**	**5 230 465**
At 1 July 2019		164 470	202 492	1 065 389	239 070	2 833 510	4 504 931
Profit/(loss) 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

The notes on pages 133 to 206 form an integral part of these financial statements | Auditor's report is on pages 123 to 127.

Statements of Cash Flows

for the year ended 30 June 2021

	Notes	THE GROUP 2021 MUR '000	THE GROUP 2020 MUR '000	THE COMPANY 2021 MUR '000	THE COMPANY 2020 MUR '000
Cash flows from operating activities					
Cash generated from operations	30(a)	**1 054 256**	959 232	**868 569**	814 812
Interest received		**701**	497	**417**	451
Interest paid		**(38 147)**	(43 966)	**(32 917)**	(39 310)
Contributions paid on pension	17	**(19 181)**	(18 383)	**(19 181)**	(18 383)
Tax paid	20(b)	**(63 047)**	(133 867)	**(64 600)**	(126 483)
CSR contribution	20(b)	**(8 011)**	(6 697)	**(8 011)**	(6 697)
Net cash generated from operating activities		**926 571**	756 815	**744 277**	624 390
Cash flows from investing activities					
Purchase of property plant and equipment		**(275 191)**	(516 952)	**(232 236)**	(427 358)
Proceeds from disposal of plant and equipment		**2 887**	1 909	**2 887**	1 338
Purchase of intangible assets	6	**(25 703)**	(444)	**(25 410)**	–
Dividends received		**2 658**	4 459	**2 658**	4 459
Net cash used in investing activities		**(295 349)**	(511 028)	**(252 101)**	(421 561)
Cash flows from financing activities					
Proceeds from borrowings		**34 688**	–	**–**	–
Repayment of borrowings		**(86 748)**	(85 510)	**(75 507)**	(70 738)
Payment of principal portion of the lease	19	**(100 765)**	(83 505)	**(51 500)**	(39 291)
Dividends paid to Company's owners		**(192 364)**	(78 946)	**(192 364)**	(78 946)
Net cash used in financing activities		**(345 189)**	(247 961)	**(319 371)**	(188 975)
Increase/(decrease) in cash and cash equivalents		**286 033**	(2 174)	**172 805**	13 854
Movement in cash and cash equivalents					
At July 1		**62 960**	62 057	**50 620**	34 515
Effect of foreign exchange rate changes		**20 400**	3 077	**11 046**	2 251
Increase/(decrease)		**290 812**	(2 174)	**172 805**	13 854
At 30 June	30(b)	**369 393**	62 960	**234 471**	50 620

The notes on pages 133 to 206 form an integral part of these financial statements | Auditor's report is on pages 123 to 127.

Notes to the Financial Statements

for the year ended 30 June 2021

1. GENERAL INFORMATION

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(a) Basis of preparation

The financial statements comply with the 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:

Notes to the Financial Statements

for the year ended 30 June 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Basis of consolidation (continued)

- 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; and
- any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

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

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

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

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

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

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

When the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. Amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for (i.e. reclassified to profit or loss or transferred directly to retained earnings) in the same manner as would be required if the relevant assets or liabilities were disposed of. The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IFRS 9 Finance Instruments or, when applicable, the cost on initial recognition of an investment in an associate or jointly controlled entity.

(c) Investments in subsidiaries

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

(d) Investment in associate

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

The Company 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.

Notes to the Financial Statements

for the year ended 30 June 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) Intangible assets (continued)

(iii) Goodwill (continued)

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.

(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 (Rs) 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.

Notes to the Financial Statements

for the year ended 30 June 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(i) Leases

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.

Group as a lessee

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.

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 and buildings	9–60
Motor vehicles	5–7

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 in terms of IAS 36.

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

(i) Financial assets

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 and the Company'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 measure financial assets at amortised cost if both of the following conditions are met:
- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- 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 and the Company 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.

Notes to the Financial Statements

for the year ended 30 June 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(k) Financial instruments (continued)

(i) Financial assets (continued)

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 and the Company benefit 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 and the Company elected to classify irrevocably its non-listed equity investments under this category.

Derecognition

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

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

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

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 Group uses the debtors days ratio to determine whether there has been a significant increase in credit risk.

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 Group expects to receive, discounted at an approximation of the original effective interest rate.

(ii) Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(l) Taxation (continued)

Deferred income tax (continued)

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

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

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

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 the Workers 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

Notes to the Financial Statements

for the year ended 30 June 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(n) Retirement benefit obligations (continued)

Other post-retirement benefit obligations (continued)

The Group and the Company present 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.

(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 and the Company 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-years 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 and the Company are 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 and the Company 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 stand-alone 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.

Notes to the Financial Statements

for the year ended 30 June 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(t) Fair value measurement

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

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

- Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 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 and the Company. 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 and the Company determine whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Management determines the policies and procedures for recurring fair value measurement, such as Financial Assets at Fair Value Through Other Comprehensive Income.

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

2.1 Changes in accounting policies and disclosures

New and amended standards and interpretations

The below accounting standards amendments to standards and circulars became effective for the current financial year:

	Effective for accounting period beginning on or after
New or revised standards	
Covid-19-Related Rent Concessions beyond 30 June 2021 – Amendment to IFRS 16	1 April 2021

Several other amendments and interpretations applied for the first time in 2021, but did not have an impact on the financial statements of the Group and the Company.

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 intend to adopt these new and amended standards and interpretations when they become effective, if applicable.

	Effective for accounting period beginning on or after
Reference to the Conceptual Framework – Amendments to IFRS 3	1 January 2022
Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16	1 January 2022
Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37	1 January 2022
IFRS 1 First-time Adoption of International Financial Reporting Standards – Subsidiary as a first-time adopter	1 January 2022
IFRS 9 Financial Instruments – Fees in the "10 per cent" test for derecognition of financial liabilities	1 January 2022
IAS 41 Agriculture – Taxation in fair value measurements	1 January 2022

Notes to the Financial Statements
for the year ended 30 June 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.1 Changes in accounting policies and disclosures (continued)

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

	Effective for accounting period beginning on or after
IFRS 17 Insurance Contracts	1 January 2023
Classification of Liabilities as Current or Non-current – Amendments to IAS 1	1 January 2023
Definition of Accounting Estimates – Amendments to IAS 8	1 January 2023
Disclosure of Accounting Policies – Amendments to IAS 1 and IFRS Practice Statement 2	1 January 2023
Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12	1 January 2023
Interest Rate Benchmark Reform – Phase 2 – Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	1 January 2021

The Directors are still assessing the impact of these new standards and interpretations on the financial statements of the Group and the Company.

3. FINANCIAL RISK MANAGEMENT

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

3.1 Financial risk factors and risk management policies

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

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

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

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

Significant accounting policies

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

(a) Market risk

(i) Currency risk management

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

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

Foreign currency sensitivity analysis

The Group

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

Increase in profit and other equity	2021 MUR '000	2020 MUR '000
United States Dollar (USD)	2 703	1 766
Euro (EUR)	24 872	30 266

The Company

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

Increase in profit and other equity	2021 MUR '000	2020 MUR '000
United States Dollar (USD)	3 053	1 861
Euro (EUR)	9 231	13 405

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.

Notes to the Financial Statements

for the year ended 30 June 2021

3. FINANCIAL RISK MANAGEMENT (continued)

3.1 Financial risk factors and risk management policies (continued)

(a) Market risk (continued)

(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 2021, 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	
	2021 MUR '000	2020 MUR '000	**2021 MUR '000**	2020 MUR '000
Effect on profit				
+50 basis points – Decrease in profit	**(963)**	(1 138)	**(963)**	(1 138)
-50 basis points – Increase in profit	**963**	1 138	**963**	1 138

Other currencies – denominated borrowings

The Group have borrowings amounting to MUR 461.7m (2020: MUR 454.2m) and the Company MUR 218.0m (2020: MUR 232.1m) denominated in EURO.

Interest rates are disclosed in note 15(c).

(b) Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group had adopted a policy of only dealing with creditworthy 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 15% 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 as the 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 forecasted 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 Réunion. 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. Covid-19 had minimal impact on the remaining financial assets of the Group and the Company.

(c) Liquidity risk management

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

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

Notes to the Financial Statements

for the year ended 30 June 2021

3. FINANCIAL RISK MANAGEMENT (continued)

3.1 Financial risk factors and risk management policies (continued)

(c) Liquidity risk management (continued)

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

	THE GROUP						
	Weighted average effective interest rate	Less than 1 month 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
2021							
Variable interest rate	3.21%	23 779	1 079	39 839	151 541	–	216 238
Fixed interest rate	2.34%	1 986	3 972	58 501	277 646	15 483	357 588
Lease liabilities	5.31%	5 957	11 913	92 361	215 207	82 462	407 900
Non-interest bearing:							
Trade and other payables		711 675	115 974	180 674	–	11 119	1 019 442
		743 397	132 938	371 375	644 394	109 064	2 001 168
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	5.31%	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

Variable interest rate and Fixed interest rate pertain to items in Borrowings.

	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
2021							
Variable interest rate	4.10%	540	1 079	39 839	151 541	–	192 999
Fixed interest rate	3.65%	579	1 159	47 545	188 013	–	237 296
Lease liabilities	7.57%	5 800	11 600	52 198	129 152	82 462	281 212
Non-interest bearing:							
Trade and other payables		333 267	93 435	177 337	–	11 119	615 158
		340 186	107 273	316 919	468 706	93 581	1 326 665
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	7.57%	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

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 2021

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
2021				
Investments in subsidiaries	–	–	1 478 976	1 478 976
Investments in associate	–	–	1 110	1 110
Financial assets at fair value through other comprehensive income			2 091	2 091
Total	–	–	1 482 177	1 482 177

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
Financial assets at fair value through other comprehensive income			2 091	2 091
Total	–	–	1 188 622	1 188 622

THE GROUP	Level 1 MUR '000	Level 2 MUR '000	Level 3 MUR '000	Total MUR '000
2021				
Financial assets at fair value through other comprehensive income	–	–	3 440	3 440

THE GROUP	Level 1 MUR '000	Level 2 MUR '000	Level 3 MUR '000	Total MUR '000
2020				
Financial assets at fair value through other comprehensive income	–	–	3 236	3 236

Reconciliation of level 3 fair value measurements of financial assets

	THE GROUP 2021 MUR '000	THE GROUP 2020 MUR '000	THE COMPANY 2021 MUR '000	THE COMPANY 2020 MUR '000
At 1 July	3 236	3 119	1 188 622	1 079 431
Additions	–	–	50	–
Total gains recognised in other comprehensive income	204	117	293 505	109 191
At 30 June	3 440	3 236	1 482 177	1 188 622

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

THE COMPANY

Description	Fair value as at 30 June 2021 MUR '000	Fair value as at 30 June 2020 MUR '000	Valuation techniques	Unobservable input	Range of unobservable inputs (probability weighted average)	Relationship of unobservable inputs to fair value
Unquoted investments in subsidiaries	1 268 143	1 043 704	Discounted cash flows	Discount rate	2021: (6.11%) and 2020: (6.34%)	A 5% increase will lead to a decrease of MUR 93.0m. A 5% decrease will lead to an increase of MUR 108.0m..
				Growth rate	2%	A 5% increase will lead to an increase of MUR 113.0m. A 5% decrease will lead to a decrease of MUR 113.0m.
Investment in associates	1 110	3 285	Net assets	Illiquidity discount"	Illiquidity discount"	A 5% increase in rate will lead to decrease of MUR 18k. A 5% decrease in rate will lead to an increase of MUR 18k.
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 2021

3. FINANCIAL RISK MANAGEMENT (continued)

3.2 Fair value estimation of financial instruments (continued)

THE GROUP

Description	Fair value as at 30 June		Valuation techniques	Unobservable input	Range of unobservable inputs (probability weighted average)	Relationship of unobservable inputs to fair value
Financial assets at fair value through other comprehensive income	**3 440**	3 236	Net assets	Cost	Not applicable	Not applicable

3.3 Capital risk management

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

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

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 2021 and 30 June 2020 were as follows:

	THE GROUP		THE COMPANY	
	2021 MUR '000	2020 MUR '000	**2021 MUR '000**	2020 MUR '000
Total debt (note 15)	**848 246**	913 957	**588 014**	650 684
Less: bank and cash balances (note 30(b))	**(385 956)**	(104 162)	**(234 471)**	(51 441)
Net debt	**462 290**	809 795	**353 543**	599 243
Total equity	**5 077 545**	4 412 414	**5 230 465**	4 519 841
Debt-to-equity ratio	**0.09:1**	0.18:1	**0.07:1**	0.13:1

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

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.

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. Refer to Note 6.

(b) Expected credit losses of trade receivables

The Group and the Company use 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 and the Company's historical observed default rates. The Group and the Company 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 and the Company's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. ECL for the year amounts to MUR 128,518 (2020: MUR 125,297) for the Group and MUR 66,985 (2020: MUR 67,639) for the Company.

Notes to the Financial Statements

for the year ended 30 June 2021

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

4.1 Critical accounting estimates and assumptions (continued)

(c) 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 and the Company determine 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 and the Company consider 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. Refer to note 17 for more details.

(d) 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 and the Company 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. Refer to note 5 for more details.

(e) 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. Refer to note 11 for more details.

(f) Depreciation and amortisation rates

The Group and the Company depreciate or amortise 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 and the Company 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. Refer to note 5 for more details.

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.

(g) 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. Refer to note 3.1 for more details.

(h) 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 and the Company, trademark have been assessed as having an indefinite useful life. Refer to note 5 for more details.

(i) Estimating variable consideration for returns and volume rebates

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

The Group and the Company have 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 until June plus estimated sales until December based on historical data and current trend.

The Group and the Company 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 and the Company.

The Group and the Company update 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 and the Company'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 2021, the amount recognised as refund liabilities for the expected sales and turnover rebates was MUR 173.4m (2020: MUR 140.0m) for the Group and MUR 66.0m (2020: MUR 63.2m) for the Company. Refer to note 18 for more details.

(j) 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 Company's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. Refer to note 12 for more details.

(k) Leases – Estimating the incremental borrowing rate

The Group and the Company cannot readily determine the interest rate implicit in the lease, therefore, they use their incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Group and the Company 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 and the Company "would have to pay", which require 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 and the Company estimate 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 1.8% to 8% for the Group and 4.1% to 8% for the Company. Refer to note 19 for more details.

Notes to the Financial Statements

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5. PROPERTY, PLANT AND EQUIPMENT

(a) Cost or valuation

	THE GROUP						
2021	**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 2020	1 229 297	1 130 969	2 889 358	306 652	934 855	320 930	6 812 061
**Additions	11 768	12 915	220 116	15 597	56 684	74 710	391 790
Transfer between categories	–	41 923	39 217	–	(81 140)	–	–
Disposals	–	–	(121 570)	(32 676)	(4 807)	(61 683)	(220 736)
*Impairment	(12 419)	(2 763)	–	–	–	–	(15 182)
Exchange differences	6 629	55 620	62 111	84	12 774	–	137 218
At 30 JUNE 2021	1 235 275	1 238 664	3 089 232	289 657	918 366	333 957	7 105 151
DEPRECIATION							
At 1 July 2020	8 027	322 676	1 607 394	158 517	572 635	133 676	2 802 925
Charge for the year	6 106	52 194	123 508	19 047	68 976	62 734	332 565
Disposals	–	–	(121 485)	(32 425)	(4 583)	(61 683)	(220 176)
*Impairment	–	(368)	–	–	–	–	(368)
Exchange differences	–	36 693	42 669	84	5 443	–	84 889
At 30 JUNE 2021	14 133	411 195	1 652 086	145 223	642 471	134 727	2 999 835
NET BOOK VALUE							
At 30 JUNE 2021	1 221 142	827 469	1 437 146	144 434	275 895	199 230	4 105 316
Capital expenditure in progress	–	9 950	37 438	–	14 658	8 422	70 468
TOTAL PROPERTY, PLANT AND EQUIPMENT	1 221 142	837 419	1 474 584	144 434	290 553	207 652	4 175 784

* During the year under review, the Directors have assessed the carrying amount of a specific property and consider the property to be of no business use and development that will lead economic benefits to flow to the Company. The Directors have therefore impaired land and building which had a carrying amount of MUR 14.8m at 30 June 2021. An amount of MUR 12.6m has been adjusted in revaluation and other reserves in statement of changes in equity and an amount of MUR 1.75m has been charged to statement of profit or loss. The recoverable amount was determined based on a fair value less cost to sale basis. The fair value was determined based on market price for such property (i.e; taking into consideration the location and cost of restoration). The fair value is classified in Level 3 as the price has been derived in an close market.

** Additions include an amount of MUR159.0m (2020: MUR 123.0m) transferred from capital expenditure in progress to property, plant and equipment for the Group and the Company.

(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 2021

5. PROPERTY, PLANT AND EQUIPMENT (continued)

(b) Cost or valuation (continued)

	THE COMPANY						
2021	**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 2020	1 106 764	694 976	2 413 494	305 631	809 380	320 930	5 651 175
**Additions	11 768	11 615	218 334	15 597	18 715	74 710	350 739
Transfer between categories							–
Disposals	–	–	(121 570)	(32 676)	(4 637)	(61 683)	(220 566)
*Impairment	(12 419)	(2 763)	–	–	–	–	(15 182)
At 30 JUNE 2021	1 106 113	703 828	2 510 258	288 552	823 458	333 957	5 766 166
DEPRECIATION							
At 1 July 2020	8 027	43 362	1 280 716	157 496	528 635	133 678	2 151 914
Charge for the year	6 105	24 302	91 518	19 047	63 874	62 734	267 580
Disposals	–	–	(121 485)	(32 425)	(4 413)	(61 683)	(220 006)
*Impairment	–	(368)	–	–	–	–	(368)
At 30 JUNE 2021	14 132	67 296	1 250 749	144 118	588 096	134 729	2 199 120
NET BOOK VALUE							
At 30 JUNE 2021	1 091 981	636 532	1 259 509	144 434	235 362	199 228	3 567 046
Capital expenditure in progress	–	9 950	37 438	–	12 578	8 422	68 388
TOTAL PROPERTY, PLANT AND EQUIPMENT	1 091 981	646 482	1 296 947	144 434	247 940	207 650	3 635 434

* During the year under review, the Directors have assessed the carrying amount of a specific property and consider the property to be of no business use and development that will lead economic benefits to flow to the Company. The Directors have therefore impaired land and building which had a carrying amount of MUR 14.8m at 30 June 2021. An amount of MUR 12.6m has been adjusted in revaluation and other reserves in statement of changes in equity and an amount of MUR 1.75m has been charged to statement of profit or loss. The recoverable amount was determined based on a fair value less cost to sale basis. The fair value was determined based on market price for such property (i.e; taking into consideration the location and cost of restoration).The fair value is categorised in level 3.

** Additions include an amount of MUR 159.0m (2020: MUR 123.0m) transferred from capital expenditure in progress to property, plant and equipment for the Group and the Company.

(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 2021

5. PROPERTY, PLANT AND EQUIPMENT (continued)

(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 2021 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 2021 and have estimated the fair value to approximate the carrying value as at that date.

  Freehold land and buildings are revalued every five to six years.

(d) Fair value hierarchy measurement of freehold land and yard are classified as level 2 amounting to MUR 1 221.1m (2020: MUR 1 221.3m) for the Group and MUR 1 092.0m (2020: MUR 1 098.7m) for the Company and buildings as level 3 amounting to MUR 827.5m (2020: MUR 808.3m) for the Group and MUR 636.5m (2019: MUR 651.6m) for the Company.

(e) There were no transfers under level 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) Information about fair value measurements using significant unobservable inputs (Level 3):

THE GROUP

Description	Fair value at 30 June		Valuation technique	Unobservable inputs	Range of unobservable inputs (probability-weighted average)	Relationship of unobservable inputs to fair value
	2021 MUR '000	2020 MUR '000				
Buildings	**827 469**	808 293	Replacement cost less depreciation approach	Price per square meter	MUR 3 000 – MUR 39 100 per square metre	The higher the price per square metre, the higher the fair value

THE COMPANY

Description	Fair value at 30 June,		Valuation technique	Unobservable inputs	Range of unobservable inputs (probability-weighted average)	Relationship of unobservable inputs to fair value
	2021 MUR '000	2020 MUR '000				
Buildings	**636 532**	651 614	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

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

THE GROUP

Description	Fair value at 30 June		Valuation technique	Unobservable inputs	Range of unobservable inputs (probability-weighted average)	Relationship of unobservable inputs to fair value
	2021 MUR '000	2020 MUR '000				
Freehold land and yard	**1 221 142**	1 221 270	Cost approach/ Direct comparison approach	Price per square metre	MUR 1 066 to MUR 7 108 per square metre	The higher the price per square metre, the higher the fair value

THE COMPANY

	2021 MUR '000	2020 MUR '000				
Freehold land and yard	**1 091 981**	1 098 737	Cost approach/ Direct comparison approach	Price per square metre	MUR 1 066 to MUR 7 108 per square metre	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.

Notes to the Financial Statements

for the year ended 30 June 2021

5. PROPERTY, PLANT AND EQUIPMENT (continued)

(i) Depreciation

	THE GROUP		THE COMPANY	
	2021 MUR '000	2020 MUR '000	2021 MUR '000	2020 MUR '000
Cost of sales	232 716	215 854	182 784	172 005
Selling and distribution expenses	77 784	69 311	73 143	66 095
Administrative expenses	22 065	21 180	11 653	12 078
	332 565	306 345	267 580	250 178

(j) 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 2021			
Cost	367 973	1 137 357	1 505 330
Accumulated depreciation	(36 461)	(539 155)	(575 616)
Net book value	331 512	598 202	929 714
At 30 JUNE 2020			
Cost	351 326	1 026 884	1 378 210
Accumulated depreciation	(30 451)	(458 976)	(489 427)
Net book value	320 875	567 908	888 783

	THE COMPANY		
	Freehold land and yard MUR '000	Freehold buildings MUR '000	Total MUR '000
At 30 JUNE 2021			
Cost	309 236	622 510	931 746
Accumulated depreciation	(36 461)	(200 395)	(236 856)
Net book value	272 775	422 115	694 890
At 30 JUNE 2020			
Cost	299 218	610 892	910 110
Accumulated depreciation	(30 451)	(183 699)	(214 150)
Net book value	268 767	427 193	695 960

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 2020	193 000	35 768	660 028	888 796	193 000	21 697	214 697
Additions	–	293	–	293	–	–	–
Exchange differences	–	1 722	82 844	84 566	–	–	–
At 30 JUNE 2021	193 000	37 783	742 872	973 655	193 000	21 697	214 697
AMORTISATION							
At 1 July 2020	–	30 777	–	30 777	–	18 545	18 545
Charge for the year	–	2 119	–	2 119	–	1 199	1 199
Exchange differences	–	1 528	–	1 528	–	–	–
At 30 JUNE 2021	–	34 424	–	34 424	–	19 744	19 744
NET BOOK VALUE							
At 30 JUNE 2021	193 000	3 359	742 872	939 231	193 000	1 953	194 953
Capital expenditure in progress	–	25 410	–	25 410	–	25 410	25 410
TOTAL	193 000	28 769	742 872	964 641	193 000	27 363	220 363

(b) COST

	THE GROUP				THE COMPANY		
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

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 and the Company, trademarks have been assessed as having an indefinite useful life.

* Total cash outflow consist of additions and capital expenditure in progress.

Notes to the Financial Statements

for the year ended 30 June 2021

6. INTANGIBLE ASSETS (continued)

(c) Amortisation

	THE GROUP		THE COMPANY	
	2021 MUR '000	2020 MUR '000	2021 MUR '000	2020 MUR '000
Cost of sales	490	412	–	–
Administrative expenses	1 629	1 925	1 199	1 426
	2 119	2 337	1 199	1 426

(d) Impairment test on Trademarks and Goodwill

	THE GROUP AND THE COMPANY	
	2021 MUR '000	2020 MUR '000
Trademarks		
Trademarks (note (i))	193 000	193 000

	THE GROUP	
	2021 MUR '000	2020 MUR '000
Goodwill		
Edena S.A. and its subsidiaries (note (i))	742 872	660 028

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 S.A. and trademarks for the year ended 30 June 2021.

(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 CGU of Edena Group respectively using a pre-tax discount rate. Discount rates used represent the current market assessment of the risk specific to a CGU 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% (2020: 4%) for a period of five years; and
- cash flows after the five-years period were extrapolated using a perpetual growth rate of 2% (2020: 1.69%) in order to calculate the terminal recoverable amount.

Goodwill

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 6.11% (2020: 6.34%). The WACC takes into account both debt and equity.

Trademarks

The discount rate calculation is based on the specific circumstances of the Company and is derived from its weighted average cost of capital (WACC) of 5.12% (2020: 9.78%). 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.

7. INVESTMENTS IN SUBSIDIARIES

(a) Unquoted

	THE COMPANY	
	2021 MUR '000	2020 MUR '000
At 1 July	1 183 246	1 070 125
Addition	50	–
Increase in fair value	295 680	113 121
At 30 June	1 478 976	1 183 246

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.

In financial year ended 30 June 2020, there was an 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 MUR19.8m. However, with the appreciation of the EUR vs MUR, a gain of MUR90.6m was accounted upon retranslation of the Euro denominated investment.

In financial year ended 30 June 2021, with a steady economic recovery, the future cash flows forecast were adjusted positively, thereby resulting in an increase in fair value of Eur 4.5m equivalent to MUR228.3m. However, with the appreciation of the EUR vs MUR, a gain of MUR158.4m was accounted upon retranslation of the Euro denominated investment.

The directors are currently monitoring the potential 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 consideration:

(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 Réunion Island in the present situation.

Notes to the Financial Statements

for the year ended 30 June 2021

7. INVESTMENTS IN SUBSIDIARIES (continued)

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

Name of company	Country of operation and incorpora-tion	Year ended	Main business	Class of shares held	Share capital (MUR)	Percentage holding and voting power			
						The Company		Other Group companies	
						2021	2020	2021	2020
Edena S.A.	Réunion	30 June	Bottling and sale of soft drinks, table water and alternative beverages	Ordinary	138 594 435	100.00%	100.00%	–	–
Espace Solution Réunion S.A.S.	Réunion	30 June	Distributor of beverages and other commodities	Ordinary	54 313 672	–	–	100.00%	100.00%
Helping Hands Foundation	Mauritius	30 June	Charitable institution	Ordinary	10 000	48.00%	48.00%	52.00%	52.00%
MBL Off-shore Ltd	Mauritius	30 June	Investment	Ordinary	27 215 400	100.00%	100.00%	–	–
Phoenix Beverages Overseas Ltd	Mauritius	30 June	Export of beverages	Ordinary	25 000	99.96%	99.96%	–	–
Phoenix Camp Minerals Offshore Ltd	Mauritius	30 June	Investment	Ordinary	86	100.00%	100.00%	–	–
Phoenix Distributors Ltd	Mauritius	30 June	Distributor of beverages	Ordinary	206 000	97.33%	97.33%	–	–
Phoenix Foundation	Mauritius	30 June	Charitable institution	Ordinary	1 000	100.00%	100.00%	–	–
Phoenix Réunion SARL	Réunion	30 June	Distributor of beverages and other commodities	Ordinary	342 640	–	–	100.00%	100.00%
SCI Edena	Réunion	30 June	Property holding	Ordinary	40 250	–	–	100.00%	100.00%
The (Mauritius) Glass Gallery Ltd	Mauritius	30 June	Manufacture and sale of glass related products	Ordinary	5 110 000	76.00%	76.00%	–	–
The Traditional Green Mill Ltd	Mauritius	30 June	Restaurants	Ordinary	50 000	100.00%	100.00%	–	–

(c) The Traditional Green Mill Ltd

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

(d) 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.

8. INVESTMENT IN ASSOCIATE

(a) The Group

	THE GROUP	
	2021 MUR '000	2020 MUR '000
At July 1	4 380	9 621
Share of results	2 725	107
Dividends	(2 718)	(4 402)
Other movement in reserves	(2 907)	(946)
At 30 June	1 480	4 380

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

Notes to the Financial Statements
for the year ended 30 June 2021

8. INVESTMENT IN ASSOCIATE (continued)

(b) The Company

	THE COMPANY 2021 MUR '000	THE COMPANY 2020 MUR '000
At 1 July	3 285	7 215
Movement in fair value	(2 175)	(3 930)
At 30 June	1 110	3 285

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:

2021 and 2020

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 loss for the year MUR '000	Total comprehensive income for the year MUR '000	Dividends received during the year MUR '000
2021								
Crown Corks Industries Ltd	5 312	329	769	9 361	8 976	(9 576)	(600)	2 718
2020								
Crown Corks Industries Ltd	14 212	405	190	727	364	(3 116)	(2 752)	4 402

(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 compre-hensive 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
2021									
Crown Corks Industries Ltd	14 427	8 976	(9 576)	(8 954)	4 873	30.36%	1 480	–	1 480
2020									
Crown Corks Industries Ltd	31 691	352	(3 116)	(14 500)	14 427	30.36%	4 380	–	4 380

9. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

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

	THE GROUP 2021 MUR '000	THE GROUP 2020 MUR '000	THE COMPANY 2021 MUR '000	THE COMPANY 2020 MUR '000
At 1 July	3 236	3 119	2 091	2 091
Exchange differences	204	117	–	–
At 30 June	3 440	3 236	2 091	2 091

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

	THE GROUP 2021 MUR '000	THE GROUP 2020 MUR '000	THE COMPANY 2021 MUR '000	THE COMPANY 2020 MUR '000
Unquoted:				
Equity securities – Mauritius	2 091	2 091	2 091	2 091
Equity securities – Réunion	1 349	1 145	–	–
	3 440	3 236	2 091	2 091

(iii) The fair value of the unquoted securities are based on directors' estimate. As at 30 June 2021, based on their review, they have assessed that the fair value of the unquoted securities is not materially different from the cost.

Notes to the Financial Statements

for the year ended 30 June 2021

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

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

	THE GROUP		THE COMPANY	
	2021 MUR '000	2020 MUR '000	2021 MUR '000	2020 MUR '000
Unquoted:				
Eccocentre Limitee	2 091	2 091	2 091	2 091
Société Civile de Placement Immobilier	1 349	1 145	–	–
	3 440	3 236	2 091	2 091

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

	THE GROUP		THE COMPANY	
	2021 MUR '000	2020 MUR '000	2021 MUR '000	2020 MUR '000
Mauritian Rupee	2 091	2 091	2 091	2 091
Euro	1 349	1 145	–	–
	3 440	3 236	2 091	2 091

10. LONG TERM RECEIVABLES AT AMORTISED COST

	THE COMPANY	
	2021 MUR '000	2020 MUR '000
Receivables from subsidiaries	196 136	263 901
Less allowance for ECL	(165 806)	(152 374)
	30 330	111 527

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 credit 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 12 months.

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

	THE COMPANY	
	2021 MUR '000	2020 MUR '000
Mauritian Rupee	–	79 924
Euro	30 330	31 603
	30 330	111 527

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 2020	263 901
Additions	96 321
Repayments	(173 519)
Exchange difference	9 433
At 30 June 2021	196 136

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

Stage 3	Credit impaired MUR '000
ECL allowance as at 1 July 2020	152 374
Increase in exposure	13 432
At 30 June 2021	165 806

Notes to the Financial Statements

for the year ended 30 June 2021

10. LONG TERM RECEIVABLES AT AMORTISED COST (continued)

(b) The carrying amounts of the long term receivables at amortised cost are denominated in the following currencies: (continued)

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

ECL on long term receivables has been classified in administrative expenses.

11. INVENTORIES

	THE GROUP		THE COMPANY	
	2021 MUR '000	2020 MUR '000	**2021 MUR '000**	2020 MUR '000
Raw and packaging materials	**447 235**	454 288	**404 028**	389 190
Spare parts and consumables	**154 916**	124 455	**125 053**	103 345
Finished goods	**502 370**	446 186	**389 850**	314 806
Work in progress	**38 102**	36 200	**38 102**	36 200
Goods in transit	**66 220**	25 908	**20 726**	12 336
	1 208 843	1 087 037	**977 759**	855 877

The cost of inventory recognised as an expense includes a net reversal of impairment of MUR1.7m (2020: an impairment of MUR42.1m) for the Group and a net reversal of impairment of MUR5.3m (2020: an impairment of MUR39.8m) for the Company in respect of write-downs of inventory to net realisable value. The reversal is due to an increase in net realisable value following change in economic circumstances.

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	
	2021 MUR '000	2020 MUR '000	**2021 MUR '000**	2020 MUR '000
Trade receivables (net of provisions)	**442 418**	423 407	**205 727**	208 345
Other receivables	**66 232**	39 854	**19 393**	5 169
Prepayments	**31 227**	30 225	**29 512**	30 221
Receivables from group companies (net of provisions):				
- Ultimate holding company	**–**	–	**–**	–
- Enterprises in which ultimate holding Company has significant interest	**69 609**	49 774	**69 609**	49 774
- Fellow subsidiary	**–**	701	**–**	701
- Subsidiary companies	**–**	–	**7 356**	14 811
	609 486	543 961	**331 597**	309 021

Before accepting any new credit customer, the Group assesses the potential customer's creditworthiness 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 69.5m (2020: MUR 44.8m) is due from the Group's largest customer. There are no other customers who represent more than 15% 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.

* Other receivables comprise of advances made to suppliers, staff loans and other sundry debtors.

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

	THE GROUP		THE COMPANY	
	2021 MUR '000	2020 MUR '000	**2021 MUR '000**	2020 MUR '000
Mauritian Rupee	**269 123**	253 818	**278 983**	268 422
US Dollar	**4 741**	1 784	**–**	–
Euro	**238 163**	218 280	**3 709**	5 209
	512 027	473 882	**282 692**	273 631

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

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

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

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					
At 30 June 2021	**Current MUR '000**	**More than 30 days past due MUR '000**	**More than 60 days past due MUR '000**	**More than 90 days past due MUR '000**	**More than 120 days past due MUR '000**	**Total MUR '000**
Expected loss rate	**1.90%**	**7.38%**	**21.57%**	**69.49%**	**98.20%**	
Gross carrying amount:						
Trade receivables						
-Uninsured debtors	**272 366**	**78 276**	**26 670**	**25 526**	**95 782**	**498 620**
-Insured debtors	**65 556**	**75 218**	**254**	**733**	**164**	**141 925**
Total	**337 922**	**153 494**	**26 924**	**26 259**	**95 946**	**640 545**
Loss allowance	**5 188**	**5 777**	**5 754**	**17 737**	**94 062**	**128 518**

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12. TRADE AND OTHER RECEIVABLES (continued)

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

THE GROUP

At 30 June 2020	Current MUR '000	More than 30 days past due MUR '000	More than 60 days past due MUR '000	More than 90 days past due MUR '000	More than 120 days past due MUR '000	Total MUR '000
Expected loss rate	1.57%	1.82%	10.44%	15.09%	82.67%	
Gross carrying amount:						
Trade receivables						
-Uninsured debtors	197 808	71 212	15 532	28 010	139 161	451 723
-Insured debtors	67 712	57 806	977	9 440	11 521	147 456
Total	265 520	129 018	16 509	37 450	150 682	599 179
Loss allowance	3 105	1 299	1 621	4 226	115 046	125 297

THE COMPANY

At 30 June 2021	Current MUR '000	More than 30 days past due MUR '000	More than 60 days past due MUR '000	More than 90 days past due MUR '000	More than 120 days past due MUR '000	Total MUR '000
Expected loss rate	3.82%	9.34%	55.38%	95.84%	100.00%	
Gross carrying amount:						
Trade receivables						
-Uninsured debtors	86 386	58 888	9 590	5 192	19 445	179 501
-Insured debtors	65 556	75 218	254	733	164	141 925
- Amount due from related parties	–	–	–	12 078	16 173	28 251
Loss allowance	3 299	5 502	5 311	17 254	35 619	66 985

THE COMPANY

At 30 June 2020	Current MUR '000	More than 30 days past due MUR '000	More than 60 days past due MUR '000	More than 90 days past due MUR '000	More than 120 days past due MUR '000	Total MUR '000
Expected loss rate	3.45%	3.50%	8.99%	53.55%	100.00%	
Gross carrying amount:						
Trade receivables						
-Uninsured debtors	91 219	31 264	2 289	416	34 052	159 240
-Insured debtors	67 712	57 806	977	9 440	11 521	147 456
- Amount due from related parties	–	–	–	12 178	22 396	34 574
Loss allowance	3 147	1 093	206	6 744	56 449	67 639

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 2021 reconcile to the opening loss allowances as follows:

	THE GROUP 2021 MUR '000	THE GROUP 2020 MUR '000	THE COMPANY 2021 MUR '000	THE COMPANY 2020 MUR '000
At 1 July	125 297	92 782	67 639	48 424
(Reversal)/charge for the year	(5 178)	33 819	(343)	21 519
Write off	(311)	(10 725)	(311)	(2 304)
Exchange differences	8 710	9 421	–	–
At 30 June	128 518	125 297	66 985	67 639

(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

Notes to the Financial Statements
for the year ended 30 June 2021

13. STATED CAPITAL

	THE GROUP AND THE COMPANY			
2021 and 2020	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 (2020: 16,447,000) with a par value of MUR 10 per share (2020: MUR 10 per share). All issued shares are fully paid.

14. OTHER RESERVES

(a) The Group

	REVALUATION AND OTHER RESERVES				
	Revaluation reserve MUR '000	Other reserves MUR '000	Translation reserve MUR '000	Fair value reserve MUR '000	Total MUR '000
2021					
At 1 July 2020	**1 063 717**	**5 350**	**76 893**	**2 505**	**1 148 465**
Other comprehensive income:					
Other movements in associate	**–**	**–**	**–**	**(2 907)**	**(2 907)**
Reversal of revaluation on land and building	**(13 064)**	**–**	**–**	**–**	**(13 064)**
Exchange differences	**–**	**–**	**95 781**	**–**	**95 781**
Transfer to retained earnings	**(368)**	**–**	**–**	**–**	**(368)**
At 30 JUNE 2021	**1 050 285**	**5 350**	**172 674**	**(402)**	**1 227 907**

(b) 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:					
Other movements in associate	–	–	–	(946)	(946)
Exchange differences	–	–	68 553	–	68 553
Transfer to retained earnings	–	94	–	–	94
At 30 JUNE 2020	1 063 717	5 350	76 893	2 505	1 148 465

(c) The Company

	REVALUATION AND OTHER RESERVES			
	Revaluation reserve MUR '000	Capital reserve MUR '000	Fair value reserve MUR '000	Total MUR '000
2021				
At 1 July 2020	**1 063 557**	**1 832**	**348 261**	**1 413 650**
Other comprehensive income:				
Reversal of revaluation on land and building	**(13 064)**	**–**	**–**	**(13 064)**
Increase in fair value	**–**	**–**	**293 505**	**293 505**
Transfer to retained earnings	**(368)**	**–**	**–**	**(368)**
At 30 JUNE 2021	**1 050 125**	**1 832**	**641 766**	**1 693 723**
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 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.

Notes to the Financial Statements

for the year ended 30 June 2021

14. OTHER RESERVES (continued)

(c) The Company (continued)

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 in the Company's financial statements. In the Group's financial statements, fair value reserve pertain the share of the associate's reserve.

Other reserves

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

15. BORROWINGS

	THE GROUP		THE COMPANY	
	2021 MUR '000	2020 MUR '000	**2021 MUR '000**	2020 MUR '000
Current				
Bank overdrafts (note 30(b))	**16 563**	41 202	**–**	821
Bank loans	**94 570**	103 776	**77 330**	73 684
Lease liabilities	**96 109**	87 448	**57 357**	43 860
	207 242	232 426	**134 687**	118 365
Non-current				
Bank loans (b)	**419 436**	423 592	**315 652**	368 418
Lease liabilities	**221 568**	257 939	**137 675**	163 901
	641 004	681 531	**453 327**	532 319
Total borrowings	**848 246**	913 957	**588 014**	650 684

(a) The borrowings include secured liabilities (bank overdrafts, bank loans and lease liabilities) amounting to MUR 848.2m (2020: MUR 913.9m) for the Group and MUR 588.0m (2020: MUR 650.7m) for the Company. The borrowings are secured by fixed and floating charges over the Group and Company's assets and bearing interest at 1.80% – 8.00% per annum (2020: 1.18% – 8.00% per annum) for the Group and 3.65% – 8.00% per annum (2020: 3.65% – 8.00% per annum) for the Company.

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

	THE GROUP		THE COMPANY	
	2021 MUR '000	2020 MUR '000	**2021 MUR '000**	2020 MUR '000
After one year and before two years	**144 629**	89 049	**77 330**	73 684
After two years and before three years	**84 288**	82 654	**77 330**	73 684
After three years and before five years	**175 410**	159 934	**160 992**	147 367
After five years	**15 109**	91 955	**–**	73 683
	419 436	423 592	**315 652**	368 418

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

	THE GROUP		THE COMPANY	
	2021 %	2020 %	**2021 %**	2020 %
Bank overdrafts	**4.00**	1.18–6.75	**–**	6.75
Bank loans	**1.87–4.10**	2.18–4.10	**3.65–4.10**	3.65–4.10
Lease liabilities	**1.80–8.00**	1.80–8.00	**4.10–8.00**	7.00–8.00

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

	THE GROUP		THE COMPANY	
	2021 MUR '000	2020 MUR '000	**2021 MUR '000**	2020 MUR '000
Mauritian Rupee	**370 031**	418 583	**370 031**	418 583
Euro	**478 215**	495 374	**217 983**	232 101
	848 246	913 957	**588 014**	650 684

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	
	2021 MUR '000	**2020 MUR '000**	**2021 MUR '000**	**2020 MUR '000**
Deferred tax liabilities	**247 956**	197 097	**244 189**	193 073

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16. DEFERRED TAX LIABILITIES (continued)

Deferred tax liabilities are calculated on all temporary differences under the liability method at tax rate of 17% (2020: 17%). The movements on the deferred tax account are as follows:

	THE GROUP		THE COMPANY	
	2021 MUR '000	2020 MUR '000	2021 MUR '000	2020 MUR '000
At 1 July	197 097	292 759	193 073	288 336
Credit to profit or loss (note 20(c))	(3 242)	(38 305)	(3 005)	(37 906)
Charge/(credit) to other comprehensive income	54 101	(57 357)	54 121	(57 357)
At June 30	247 956	197 097	244 189	193 073

(a) The Group

2021	At July 1 2020 MUR '000	Charge/ (credit) to profit or loss MUR '000	Credit to other comprehensive income MUR '000	At 30 June 2021 MUR '000
Deferred tax liabilities				
Right-of-use of assets	48 303	(1 955)	–	46 348
Accelerated tax depreciation	318 456	(1 368)	–	317 088
Deferred tax assets				
Retirement benefit obligations	(88 318)	(2 543)	49 620	(41 241)
Lease liabilities	(52 191)	1 532	–	(50 659)
Provision on stock and receivables	(29 153)	1 092	–	(28 061)
Net deferred tax liabilities	197 097	(3 242)	49 620	243 475

2020	At July 1 2019 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				
Right-of-use of assets	56 036	(7 733)	–	48 303
Accelerated tax depreciation	342 472	(24 016)	–	318 456
Deferred tax assets				
Retirement benefit obligations	(31 332)	371	(57 357)	(88 318)
Lease liabilities	(58 870)	6 679	–	(52 191)
Provision on stock and receivables	(15 547)	(13 606)	–	(29 153)
Net deferred tax liabilities	292 759	(38 305)	(57 357)	197 097

(b) The Company

2021	At July 1 2020 MUR '000	Charge/ (credit) to profit or loss MUR '000	Credit to other comprehensive income MUR '000	At 30 June 2021 MUR '000
Deferred tax liabilities				
Right-of-use of assets	22 325	2 164	–	24 489
Accelerated tax depreciation	313 075	(1 055)	–	312 020
Deferred tax assets				
Retirement benefit obligations	(88 205)	(2 543)	49 620	(41 128)
Lease liabilities	(24 969)	(2 663)	–	(27 632)
Provision on stock and receivables	(29 153)	1 092	–	(28 061)
Net deferred tax liabilities	193 073	(3 005)	49 620	239 688

2020	At July 1 2019 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				
Right-of-use of assets	29 978	(7 653)	–	22 325
Accelerated tax depreciation	336 772	(23 697)	–	313 075
Deferred tax assets				
Retirement benefit obligations	(31 219)	371	(57 357)	(88 205)
Lease liabilities	(31 648)	6 679	–	(24 969)
Provision on stock and receivables	(15 547)	(13 606)	–	(29 153)
Net deferred tax liabilities	288 336	(37 906)	(57 357)	193 073

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17. EMPLOYEE BENEFIT OBLIGATION

	THE GROUP		THE COMPANY	
	2021 MUR '000	2020 MUR '000	2021 MUR '000	2020 MUR '000
Amounts recognised in the statements of financial position				
Pension scheme (note (i))	216 775	520 300	215 439	518 845
Charge to profit or loss				
- Pension benefits (note (iv))	34 383	16 295	34 135	16 199
(Credit)/charge to other comprehensive income				
- Pension benefits (note (v))	(318 729)	337 468	(318 362)	337 397

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 7 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 NWOG 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	
	2021 MUR '000	2020 MUR '000	2021 MUR '000	2020 MUR '000
Present value of funded obligations	722 661	925 018	722 542	925 018
Fair value of plan assets	(562 433)	(479 946)	(562 433)	(479 946)
	160 228	445 072	160 109	445 072
Present value of unfunded obligations	56 547	75 228	55 330	73 773
Liability in the statements of financial position	216 775	520 300	215 439	518 845

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

	THE GROUP		THE COMPANY	
	2021 MUR '000	2020 MUR '000	2021 MUR '000	2020 MUR '000
At 1 July	520 300	184 921	518 845	183 632
Amount recognised in other comprehensive income	(318 729)	337 468	(291 884)	337 397
Amount recognised in profit or loss (note 25)	34 385	16 295	34 137	16 199
Contributions paid*	(19 181)	(18 384)	(19 181)	(18 383)
At 30 June	216 775	520 300	241 917	518 845

* 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 31.1m (2020: MUR 31.7m) for the Group and MUR 30.5m (2020: MUR 30.9m) for the Company.

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

	THE GROUP		THE COMPANY	
	2021 MUR '000	2020 MUR '000	2021 MUR '000	2020 MUR '000
Present value of funded obligation at 1 July	925 018	573 807	925 018	573 807
Present value of unfunded obligation at 1 July	75 228	57 812	73 773	56 524
Current service cost	19 651	7 259	19 448	7 236
Interest cost	28 655	34 978	28 610	34 905
Liability loss due to change in financial assumptions	(249 952)	311 939	(249 585)	311 868
Transfer from member account*	25 638	36 843	25 638	36 843
Benefit paid	(45 030)	(22 392)	(45 030)	(22 392)
Balance at 30 June	779 208	1 000 246	777 872	998 791

* 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	
	2021 MUR '000	2020 MUR '000	2021 MUR '000	2020 MUR '000
At 1 July	479 946	446 699	479 946	446 699
Interest income	13 923	25 942	13 923	25 942
Employer contributions	16 756	17 132	16 756	17 132
Refund from insurer	–	582	–	582
Disability PHI	2 423	669	2 423	669
Transfer From DC Reserve Account	25 638	36 843	25 638	36 843
Benefits paid	(45 030)	(22 392)	(45 030)	(22 392)
Actuarial gain/(loss)	68 777	(25 529)	68 777	(25 529)
Balance at 30 June	562 433	479 946	562 433	479 946

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

	THE GROUP		THE COMPANY	
	2021 MUR '000	2020 MUR '000	2021 MUR '000	2020 MUR '000
Service cost	19 651	7 259	19 448	7 236
Net interest cost	14 732	9 036	14 687	8 963
	34 383	16 295	34 135	16 199

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17. EMPLOYEE BENEFIT OBLIGATION (continued)

Pension scheme (continued)

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

	THE GROUP		THE COMPANY	
	2021 MUR '000	2020 MUR '000	2021 MUR '000	2020 MUR '000
Liability experience loss due to change in financial assumptions	(249 952)	311 939	(249 585)	311 868
Actuarial loss	(68 777)	25 529	(68 777)	25 529
Actuarial gains recognised in other comprehensive income	(318 729)	337 468	(318 362)	337 397

(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	
	2021 MUR '000	2020 MUR '000	2021 MUR '000	2020 MUR '000
Cash and cash equivalents	45 839	39 116	45 839	39 116
Equity investments* categorised by industry type:				
- Banks & Insurance	93 364	79 671	93 364	79 671
- Industry	8 886	7 583	8 886	7 583
- Investment	52 024	44 394	52 024	44 394
- Leisure & Hotels	29 978	25 581	29 978	25 581
- Commerce	14 849	12 671	14 849	12 671
- Others	1 575	1 344	1 575	1 344
Fixed interest instruments	161 474	137 792	161 474	137 792
Properties *(categorised by nature and location)*:	–	–	–	–
- Commercial properties in Mauritius	20 641	17 614	20 641	17 614
Investment funds	132 396	112 979	132 396	112 979
Commodities	1 407	1 201	1 407	1 201
Total market value of assets	562 433	479 946	562 433	479 946
Actual return on plan assets	53 082	413	53 082	413

* Out of the fair value of the planned assets, 22.6% (2020: 25.42%) represent the local equity instruments and 29.5% (2020: 24.90%) the foreign equity instruments.

The fair values of the above equity and debt instruments are determined based on quoted market prices in active markets whereas the fair values of properties and derivatives are not based on quoted market prices in active markets.

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

	THE GROUP AND THE COMPANY	
	2021 %	2020 %
Discount rate	4.4/5.3	2.9/3.1
Future long-term salary increase	2.0	2.0
Future expected pension increase	1.0	1.0
Expected return on plan assets	4.4/5.3	2.9/3.1
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
2021		
Increase in defined benefit obligation due to 1% decrease in discount rate	169 144	168 962
Decrease in defined benefit obligation due to 1% increase in discount rate	145 022	144 709
Increase in defined benefit obligation due to 1% increase in future long-term salary assumption	47 927	47 741
Decrease in defined benefit obligation due to 1% decrease in future long-term salary assumption	50 205	49 885
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

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.

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17. EMPLOYEE BENEFIT OBLIGATION (continued)

Pension scheme (continued)

(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.

(x) 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.

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

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

(xiii) The weighted average duration of the defined benefit obligation is 10–16 years for the Group and the Company at the end of the reporting period (2020: 12–21 years for the Group and 14–21 years for the Company).

18. TRADE AND OTHER PAYABLES

	THE GROUP		THE COMPANY	
	2021 MUR '000	2020 MUR '000	2021 MUR '000	2020 MUR '000
Trade payables	443 171	328 362	267 256	180 931
Deposits from customers (see note (b))	71 257	76 510	71 257	76 510
Amounts due to Group companies:				
- Fellow subsidiary	1 860	4 642	1 860	4 642
- Subsidiaries			15 754	1 302
- Enterprises in which ultimate holding Company has significant interest	2 095	1 127	2 095	1 127
End of year discount (note (c))	161 424	139 769	53 974	63 161
Dividend payable	149 734	131 576	149 734	131 576
Accrued expenses and other payables	389 511	355 931	262 624	233 695
	1 219 052	1 037 917	824 554	692 944

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 time frame.

(b) Deposits from customers on containers:

	THE GROUP AND THE COMPANY	
	2021 MUR '000	2020 MUR '000
At 1 July	76 510	84 971
Net decrease in deposits	(5 253)	(8 461)
At 30 June	71 257	76 510

A deposit is taken from customers for crates, bottles and jars. Based on management best estimate, an amount of MUR10.6m (2020: MUR11.0m) representing the redemption rate has been recognised as the portion not expected to be recovered as revenue on sale of products.

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

	THE GROUP		THE COMPANY	
	2021 MUR '000	2020 MUR '000	2021 MUR '000	2020 MUR '000
At beginning of the year	139 769	139 102	63 161	54 124
Movement during the year	21 655	667	(9 187)	9 037
At end of the year	161 424	139 769	53 974	63 161

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

	THE GROUP		THE COMPANY	
	2021 MUR '000	2020 MUR '000	2021 MUR '000	2020 MUR '000
Mauritian Rupee	124 189	98 817	124 072	96 639
US Dollar	62 659	48 356	62 186	47 003
Euro	248 663	180 717	73 338	36 817
Others	7 660	472	7 660	472
	443 171	328 362	267 256	180 931

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19. LEASES

(a) Group as a lessee

The Group has lease contracts for land and motor vehicles used in its operations. Land and Building has a lease term between nine 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
At 1 July 2020	117 563	207 831	325 394
Additions for the year	38 771	18 685	57 456
Depreciation charge for the year	(37 467)	(65 450)	(102 917)
Exchange differences	10 579	4 504	15 083
At 30 June 2021	129 446	165 570	295 016

	THE GROUP		
	Land and building MUR '000	Motor vehicles MUR '000	Total MUR '000
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
At 1 July 2020	20 416	171 794	192 210
Additions for the year	38 771	–	38 771
Depreciation charge for the year	(8 963)	(45 473)	(54 436)
At 30 June 2021	50 224	126 321	176 545

	THE COMPANY		
	Land and building MUR '000	Motor vehicles MUR '000	Total MUR '000
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	
	2021 MUR '000	2020 MUR '000	2021 MUR '000	2020 MUR '000
At 1 July	345 387	343 603	207 761	186 165
New leases	57 456	70 372	38 771	60 887
Interest expense	17 444	19 881	15 081	17 219
Lease payment	(118 209)	(103 386)	(66 581)	(56 510)
Exchange differences	15 599	14 917	–	–
At 30 June	317 677	345 387	195 032	207 761

	THE GROUP		THE COMPANY	
	2021 MUR '000	2020 MUR '000	2021 MUR '000	2020 MUR '000
Current	96 110	87 448	57 357	43 860
Non-current	221 567	257 939	137 675	163 901
	317 677	345 387	195 032	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	
	2021 MUR '000	2020 MUR '000	2021 MUR '000	2020 MUR '000
Depreciation expense of right-of-use assets	102 917	89 063	54 436	45 020
Interest expense on lease liabilities	17 444	19 881	15 081	17 219
Total amount recognised in profit or loss	120 361	108 944	69 517	62 239

In 2021, total cash outflows for leases (including short term lease) amounted to MUR155m (2020: MUR137m) for the Group and MUR104m (2020: MUR90m) for the Company. Non-cash additions to right-of-use assets and lease liabilities amounted to MUR57.5m (2020: MUR70.4m) for the Group and MUR38.8m (2020: MUR60.9m) for the Company.

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19. LEASES (continued)

(b) Lease liabilities (continued)

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	
	2021 Fixed payments MUR '000	2020 Fixed payments MUR '000	2021 Fixed payments MUR '000	2020 Fixed payments MUR '000
Fixed rent	118 209	103 386	66 581	56 510
	118 209	103 386	66 581	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:

	2021 THE GROUP		
	Within five years MUR '000	More than five years MUR '000	Total MUR '000
Termination options not expected to be exercised	290 615	27 061	317 676

	2020 THE GROUP		
	Within five years MUR '000	More than five years MUR '000	Total MUR '000
Termination options not expected to be exercised	307 412	37 975	345 387

	2021 THE COMPANY		
	Within five years MUR '000	More than five years MUR '000	Total MUR '000
Termination options not expected to be exercised	167 971	27 061	195 032

	2020 THE COMPANY		
	Within five years MUR '000	More than five years MUR '000	Total MUR '000
Termination options not 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 MUR37.1m (2020: MUR36.5m). These leases were taken for a period of six to12 months (2020: six to 12 months).

20. TAXATION

(a) Income tax

Income tax is calculated at 15% (2020: 15%) on the profit for the year as adjusted for income tax purposes. Tax rate in Réunion Island is at 28% (2020: 28%).

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	
	2021 Fixed payments MUR '000	2020 Fixed payments MUR '000	2021 Fixed payments MUR '000	2020 Fixed payments MUR '000
Current tax assets	17 994	18 162	13 985	–
Current tax liabilities	(13 922)	(18 112)	–	(15 614)
	4 072	50	13 985	(15 614)

Notes to the Financial Statements

for the year ended 30 June 2021

20. TAXATION (continued)

(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: (continued)

	THE GROUP		THE COMPANY	
	2021 MUR '000	2020 MUR '000	2021 MUR '000	2020 MUR '000
Tax liability/(asset)				
At 1 July	(50)	34 332	15 614	48 182
Income tax expense	93 208	87 587	68 810	80 423
Investment tax credit	(29 183)	–	(29 183)	–
Corporate social responsibility	9 860	11 905	9 860	11 905
(Over)/under provision in previous year	(6 475)	8 360	(6 475)	8 360
Tax deducted at source	(44)	(76)	(44)	(76)
Tax and CSR paid	(71 014)	(140 564)	(72 567)	(133 180)
Exchange difference	(374)	(1 594)	–	–
At 30 June	(4 072)	(50)	(13 985)	15 614

	THE GROUP		THE COMPANY	
	2021 MUR '000	2020 MUR '000	2021 MUR '000	2020 MUR '000
Tax expense				
Income tax provision at applicable rate	93 208	87 587	68 810	80 423
CSR contribution	9 860	11 905	9 860	11 905
Investment tax credit	(29 183)	–	(29 183)	–
(Over)/under provision in previous year	(6 475)	8 360	(6 475)	8 360
	67 410	107 852	43 012	100 688
Deferred tax charge to profit or loss (note 16)	(3 242)	(38 305)	(3 005)	(37 906)
Tax expense	64 168	69 547	40 007	62 782

(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	
	2021 MUR '000	2020 MUR '000	2021 MUR '000	2020 MUR '000
Profit before taxation	595 383	514 195	416 471	459 063
Tax calculated at the rate of 17% (2020: 17%)	101 215	87 413	70 800	78 041
Tax effect of:				
Income not subject to tax	(25 705)	(17 952)	(3 225)	(7 141)
Expenses not deductible for tax purposes	8 136	6 434	5 791	6 110
CSR adjustment	1 530	1 182	1 530	1 182
Differential in tax rate	10 970	1 587	–	–
Investment tax credit	(29 183)	–	(29 183)	–
(Over)/under provision in previous year	(6 475)	8 360	(6 475)	8 360
Depreciation of non-qualifying assets	682	682	682	682
Effect of tax on associated companies	(462)	(18)	–	–
Overprovision of deferred tax in previous years	–	(20 262)	–	(20 262)
Deferred tax on provision for receivables	87	(4 190)	87	(4 190)
Deferred tax asset on tax losses not recognised	3 373	6 311	–	–
Tax charge	64 168	69 547	40 007	62 782

21. DEFERRED REVENUE

	THE GROUP	
	2021 MUR '000	2020 MUR '000
At 1 July	40 637	45 184
Income recognised	(6 272)	(8 918)
Exchange difference	4 779	4 371
At 30 June	39 144	40 637
Maturity analysis:		
Current	10 919	9 687
Non current	28 225	30 950
	39 144	40 637

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.

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22. DIVIDENDS

	THE COMPANY	
	2021 MUR '000	2020 MUR '000
Dividends declared		
2021: MUR 12.80 per share (2020: MUR 12.80 per share)	210 522	210 522

Refer to note 18 for dividend payable end of financial year

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	
	2021 MUR '000	2020 MUR '000	2021 MUR '000	2020 MUR '000
Type of goods				
Non-alcoholic beverage	4 049 083	3 635 488	2 880 232	2 708 057
Alcoholic beverage	4 204 901	4 241 789	3 856 023	3 906 519
Discount and trade deals	(389 494)	(338 408)	(201 620)	(192 762)
	7 864 490	7 538 869	6 534 635	6 421 814
Recycled glass and related products	3 869	7 032	–	–
Total revenue from contracts with customers	7 868 359	7 545 901	6 534 635	6 421 814
Geographical markets				
Local	6 450 132	6 423 401	6 534 635	6 421 814
Overseas	1 418 227	1 122 500	–	–
Total revenue from contracts with customers	7 868 359	7 545 901	6 534 635	6 421 814
Timing of revenue recognition				
Goods transferred at a point in time	7 868 359	7 776 717	6 534 635	6 421 814

(b) Trade receivables

	THE GROUP		THE COMPANY	
	2021 MUR '000	2020 MUR '000	2021 MUR '000	2020 MUR '000
Trade receivables (note 12)	442 418	423 407	205 727	208 345

Trade receivables are non-interest bearing and are generally on terms of 30 days. As at 30 June 2021, MUR 128.5m (2020: MUR 125.3m) for the Group and MUR 67.0m (2020: MUR 67.6m) for the Company was recognised as provision for expected credit losses on trade receivables.

24. EXPENSES BY NATURE

	THE GROUP		THE COMPANY	
	2021 MUR '000	2020 MUR '000	2021 MUR '000	2020 MUR '000
Depreciation (note 5)	332 565	306 345	267 580	250 178
Depreciation on right of use assets (note 19 (b))	102 917	89 063	54 436	45 020
Amortisation of intangible assets (note 6)	2 119	2 337	1 199	1 426
Deferred revenue released (note 21)	(6 272)	(8 918)	–	–
Employee benefit expense (note 25)	1 009 015	949 509	695 471	695 341
Changes in inventories of finished goods and work in progress	(58 086)	(50 983)	(76 946)	17 682
Purchases of finished goods, Raw materials and consumables used	2 707 587	2 389 700	1 698 627	1 693 355
Excise and other specific duties	2 461 226	2 269 562	2 461 226	2 269 562
Other marketing and selling expenses	272 255	470 459	241 058	266 343
Other expenses	459 947	598 128	756 448	698 844
Total cost of sales, warehousing, selling and marketing and administrative expenses	7 283 273	7 015 202	6 099 099	5 937 751

25. EMPLOYEE BENEFIT EXPENSE

	THE GROUP		THE COMPANY	
	2021 MUR '000	2020 MUR '000	2021 MUR '000	2020 MUR '000
Wages, salaries and other employee benefits	843 147	816 095	608 520	621 317
Social security costs	100 346	85 365	22 322	26 870
Pension costs – defined benefit plans (note 17(iv))	34 383	16 295	34 135	16 199
Pension costs – defined contribution plans	31 139	31 754	30 494	30 955
	1 009 015	949 509	695 471	695 341

26. OTHER INCOME

	THE GROUP		THE COMPANY	
	2021 MUR '000	2020 MUR '000	2021 MUR '000	2020 MUR '000
Interest income	701	497	417	451
Dividend income	77	57	2 658	4 459
Profit on disposal of plant and equipment	2 327	183	2 327	183
Sundry income	9 781	10 497	19 495	14 367
Net foreign exchange gains	43 878	21 271	–	–
	56 764	32 505	24 897	19 460

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27. PROFIT BEFORE FINANCE COSTS

	THE GROUP		THE COMPANY	
	2021 MUR '000	2020 MUR '000	2021 MUR '000	2020 MUR '000
Profit before finance costs is arrived at after				
crediting:				
Profit on disposal of plant and equipment	2 327	183	2 327	183
Government grants release (note 21)	6 272	4 547	–	–
Reversal of credit loss on trade receivables (note 12(c))	5 178	–	343	–
and charging:				
Cost of inventories expensed	5 668 287	4 939 306	5 060 835	4 367 338
Depreciation on property, plant and equipment	332 565	306 345	267 580	250 178
Depreciation on right of use assets (note 19)	102 917	89 063	54 436	45 020
Amortisation of intangible assets (note 6)	2 119	2 337	1 199	1 426
Employee benefit expense (note 25)	1 009 015	949 509	695 471	695 341
Impairment loss recognised on long term receivables (note 10)	–	–	13 432	14 276
Impairment loss recognised on trade receivables (note 12 (c))	–	33 819	–	21 519

28. FINANCE COSTS

	THE GROUP		THE COMPANY	
	2021 MUR '000	2020 MUR '000	2021 MUR '000	2020 MUR '000
Bank overdrafts	1 450	1 196	1 004	731
Bank loans	19 253	22 889	16 831	21 360
Leases	17 444	19 881	15 082	17 219
Net foreign exchange losses	11 045	5 150	11 045	5 150
	49 192	49 116	43 962	44 460

29. EARNINGS PER SHARE

	THE GROUP	
	2021 MUR '000	2020 MUR '000
Profit attributable to owners of the Company (Rs'000)	532 657	446 278
Number of ordinary shares in issue	16 447 000	16 447 000
Basic and diluted earnings per share (Rs.cs)	32.39	27.13

30. NOTES TO THE STATEMENTS OF CASH FLOWS

(a) Cash generated from operations

	THE GROUP		THE COMPANY	
	2021 MUR '000	2020 MUR '000	2021 MUR '000	2020 MUR '000
Profit before taxation	595 383	514 195	416 471	459 063
Adjustments for:				
Depreciation (note 5)	332 565	306 345	267 580	250 178
Depreciation on right-of-use assets (note 19)	102 917	89 063	54 436	45 020
Amortisation of intangible assets (note 6)	2 119	2 337	1 199	1 426
Profit on sale of plant and equipment (note 26)	(2 327)	(183)	(2 327)	(183)
Exchange differences	(19 483)	(21 197)	3 015	8 492
Expected credit loss allowance recognised on				
Trade receivables (note 12(c))	–	33 819	–	21 519
Reversal of credit loss on trade receivables	(5 178)	–	(343)	–
Impairment loss – long term receivables (note 10)	–	–	13 432	14 276
Trade receivables written off (note 12(c))	311	10 725	311	2 304
(Reversal)/impairment charge of impairment				
loss on inventory (note11)	(1 658)	42 166	(5 258)	39 768
Impairment loss on land and building	1 750	–	1 750	–
Dividend income (note 26)	(77)	(57)	(2 658)	(4 459)
Interest income (note 26)	(701)	(497)	(417)	(451)
Amortisation of government grant	(1 493)	(4 547)	–	–
Increase in pension provision	34 383	16 295	34 137	16 199
Interest expense (note 28)	38 147	43 966	32 917	39 310
Share of results of associates (note 8(a))	(2 725)	(107)	–	–
	1 073 933	1 032 323	814 245	892 462
Changes in working capital				
- Trade and other receivables	17 278	162 835	54 656	80 019
- Inventories	(91 572)	(55 808)	(116 624)	(13 177)
- Trade and other payables	54 617	(180 118)	116 292	(144 492)
Cash generated from operations	1 054 256	959 232	868 569	814 812

(b) Cash and cash equivalents

	THE GROUP		THE COMPANY	
	2021 MUR '000	2020 MUR '000	2021 MUR '000	2020 MUR '000
Bank and cash balances	385 956	104 162	234 471	51 441
Bank overdrafts (note 15)	(16 563)	(41 202)	–	(821)
Cash and cash equivalents	369 393	62 960	234 471	50 620

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30. NOTES TO THE STATEMENTS OF CASH FLOWS (continued)

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

	THE GROUP		THE COMPANY	
	2021 MUR '000	2020 MUR '000	2021 MUR '000	2020 MUR '000
Mauritian Rupee	156 007	38 830	154 501	36 746
US Dollar	5 986	10 498	5 097	10 357
Euro	207 280	13 611	74 753	3 496
Other currencies	120	21	120	21
	369 393	62 960	234 471	50 620

(d) Reconciliation of liabilities arising from financing activities

THE GROUP	2020 MUR '000	Cash flows MUR '000	Non-cash changes: Additions MUR '000	Non-cash changes: Foreign exchange movement MUR '000	2021 MUR '000
Bank loans	536 672	(86 748)	–	64 083	514 007
Lease liabilities	345 387	(100 765)	57 456	15 599	317 677

THE COMPANY	2020 MUR '000	Cash flows MUR '000	Non-cash changes: Additions MUR '000	Non-cash changes: Foreign exchange movement MUR '000	2021 MUR '000
Bank loans	442 102	(75 507)	–	26 388	392 983
Lease liabilities	207 761	(51 500)	38 771	–	195 032

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 revenues and segment results

	Segment Revenue		Segment Result	
	2021 MUR '000	2020 MUR '000	2021 MUR '000	2020 MUR '000
Local	6 538 505	6 429 359	448 293	517 473
Overseas	2 090 651	1 769 267	188 379	79 550
Total	8 629 156	8 198 626	636 672	597 023
Intersegment revenue	(760 797)	(652 725)	–	–
	7 868 359	7 545 901	636 672	597 023
Share of results of associate			2 725	107
Credit loss expenses on financial assets			5 178	(33 819)
Finance costs			(49 192)	(49 116)
Profit before taxation			595 383	514 195
Tax expense			(64 168)	(69 547)
Profit for the year			531 215	444 648

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 7.9 billion (2020: MUR 7.6 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.

Notes to the Financial Statements

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31. SEGMENTAL INFORMATION (continued)

Segment assets and liabilities

	Assets		Liabilities	
	2021 MUR '000	2020 MUR '000	2021 MUR '000	2020 MUR '000
Local	6 211 624	5 817 997	1 883 236	2 030 569
Overseas	1 463 034	1 322 437	735 754	697 451
Consolidated assets/liabilities	7 674 658	7 140 434	2 618 990	2 728 020

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	
	2021 MUR '000	2020 MUR '000	2021 MUR '000	2020 MUR '000
Local	269 250	252 115	350 744	389 160
Overseas	64 319	56 567	41 339	88 840
	333 569	308 682	392 083	478 000

Revenue from major products and services

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

	2021 MUR '000	2020 MUR '000
Beverages	7 864 490	7 538 356
Recycled glass and related products	3 869	7 545
	7 868 359	7 545 901

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.

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	
		2021 MUR '000	2020 MUR '000	2021 MUR '000	2020 MUR '000
(i)	Dividend income				
	Fellow subsidiaries	9	34	9	34
(ii)	Sales of goods or services				
	Subsidiaries	–	–	86 375	75 484
	Enterprise in which ultimate holding Company has significant interest	389 323	407 081	389 323	407 081
(iii)	Purchase of goods or services/land and building				
	Subsidiaries	–	–	391	1 050
	Enterprise in which ultimate holding Company has significant interest	61 585	101 375	61 551	101 304
(iv)	Management fees/interest paid/donations paid				
	Subsidiaries	–	–	2 465	2 756
	Fellow subsidiaries	152 833	143 642	152 833	143 642
(v)	Management fees/interest received				
	Subsidiaries	–	–	2 484	4 576
	Enterprises in which ultimate holding Company has significant interest	–	210	–	210
(vi)	Rechargeable cost				
	Subsidiaries	–	–	11 747	21 260
(vii)	Outstanding				
	Receivables from related parties				
	Subsidiaries	–	–	144 278	224 600
	Enterprises in which ultimate holding Company has significant interest	69 538	49 774	69 538	49 774
	Fellow subsidiary	–	369	–	369
	Payables to related parties				
	Subsidiaries	–	–	4 826	1 494
	Enterprises in which ultimate holding Company has significant interest	2 095	1 127	2 095	1 127
	Fellow subsidiary	196	4 642	196	4 642

Notes to the Financial Statements

for the year ended 30 June 2021

32. RELATED PARTY TRANSACTIONS (continued)

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 194.6m (2020: MUR 179.4m) 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.

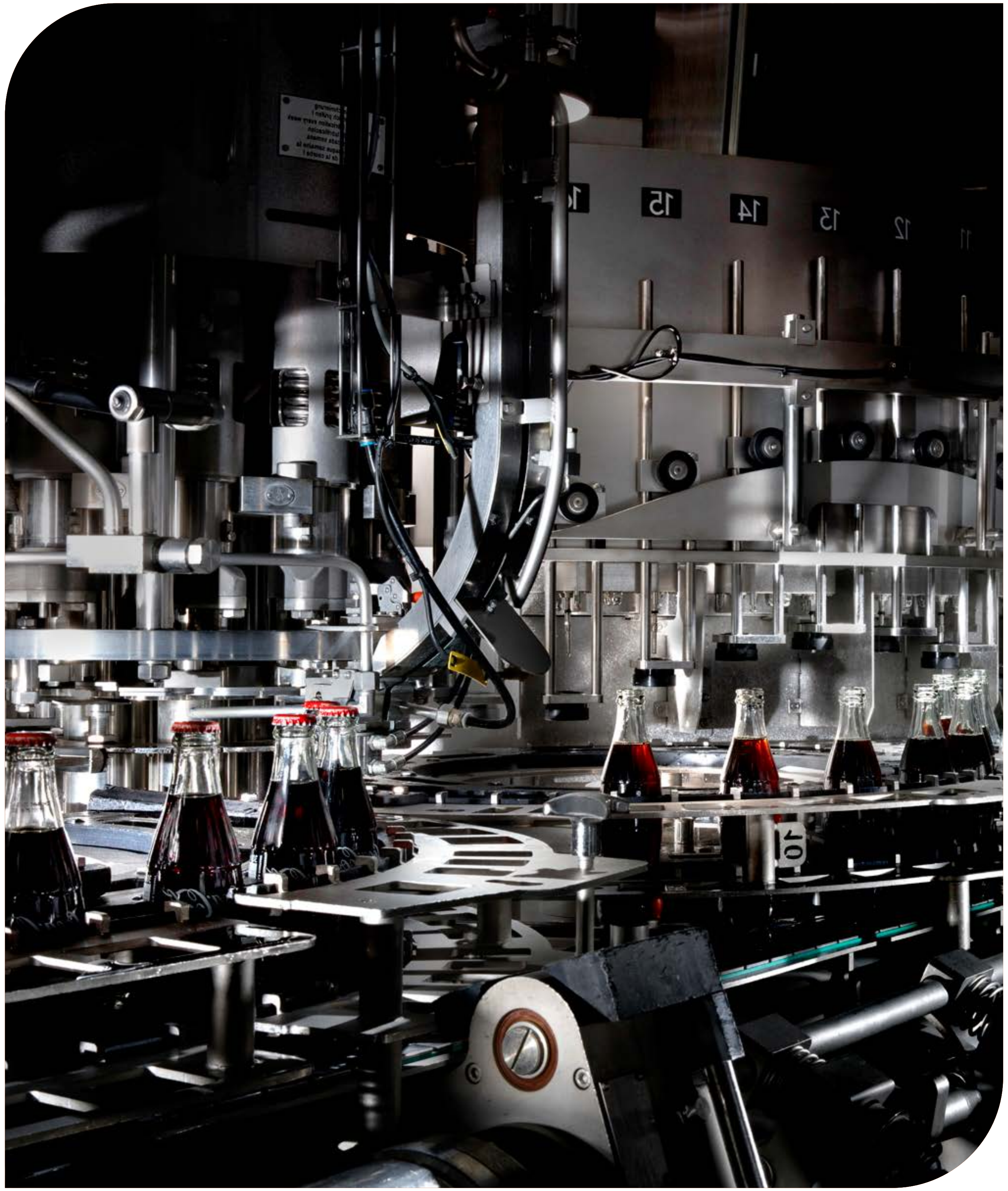
Compensation to Key Management Personnel is borne by a subsidiary of the intermediate holding company.

33. CAPITAL COMMITMENTS

	THE GROUP		THE COMPANY	
	2021 MUR '000	2020 MUR '000	**2021 MUR '000**	2020 MUR '000
Capital commitments contracted for and not provided in the financial statements:				
Property, plant and equipment	**33 598**	81 736	**28 637**	76 057

34. CONTINGENT LIABILITIES

At 30 June 2021 the Group and the Company had contingent liabilities in respect of bank guarantees of MUR 95.9m (2020: MUR 76.4m) arising in the ordinary course of business. The Group and the Company have not made any provision for this liability as directors consider the probability of the liability to be uncertain.



SHAREHOLDER'S corner

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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 2 December 2021 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 2 December 2021 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, Ebène), no later than 09.00 hours on Thursday 30 December 2021.

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, Ebène), no later than 09.00 hours on Thursday 30 December 2021.

Or, you may revoke your proxy and vote in person at the meeting, or any adjournment thereof, by delivering a form of revocation of proxy to the Company Secretary at the meeting before the vote in respect of which the proxy is to be used is taken.

In any case, you are advised to attach an explanatory note to such amended proxy form to explain the purpose of the amended document and expressly revoke the proxy form previously signed by you.

Corporate Information

Head Office

Pont Fer, Phoenix, Mauritius
BRN: C07001183
Tel: (230) 601 2000
Fax: (230) 686 6920
Email: contact@phoenixbev.mu
Website: www.phoenixbev.mu

Commercial Unit

Tel: (230) 601 2200
Fax: (230) 697 2967

Finance and Administration

Tel: (230) 601 2000
Fax: (230) 686 6920 (Administration)
(230) 697 6480 (Finance)
(230) 697 5028 (Procurement)
(230) 686 9204 (Information Technology)

Technical and Production

Tel: (230) 601 2000 (Brewery)
Fax: (230) 686 7197
Tel: (230) 601 1800 (Limonaderie)
Fax: (230) 6971394
Tel: (230) 697 7700 (Nouvelle France)

Rodrigues Operations

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

Registered Office

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

Auditors

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

Bankers

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

Company Secretary

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

Share Registry & Transfer Office

If you are a Shareholder and have enquiries regarding your account, or wish to change your name or address, or have questions about lost share certificates, share transfers or dividends, please contact our Share Registry and Transfer Office:

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

Our Operational Subsidiaries

The (Mauritius) Glass Gallery Ltd
Pont Fer, Phoenix, Mauritius
Tel: (230) 696 3360
Fax: (230) 696 8116

Phoenix Beverages Overseas Ltd
Pont Fer, Phoenix, Mauritius
Tel: (230) 601 2000
Fax: (230) 686 6920
Email: contact@phoenixbev.mu
Website: www.phoenixbev.mu

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