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-  Manufactured Capital
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Our Integrated Report

Dear Stakeholder,

This Integrated Report provides a detailed overview of the activities of Phoenix Beverages Limited ("PhoenixBev") for the year ended June 30, 2017. It aims to provide all of our stakeholders with information regarding the Group's strategy, activities and performance for the year, how we lived our mission over that period, and the contribution we made to the economy, society and environment.

The contents and presentation of this Report are guided by the International Integrated Reporting Council's (IIRC) Integrated Reporting <IR> Framework, which aims to promote transparent communication on both financial and non-financial performance. The report discusses the factors that could have the most material impact on the Group's ability to create value in the short, medium and long term. Performance outcomes are grouped according to the six capitals defined in the <IR> Framework, namely, Manufactured, Intellectual, Human, Natural, Social & Relationship and Financial Capital.

The Report discloses information about our operations in Mauritius and Réunion Island. The financial information presented in 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 have been externally audited and the unqualified opinion of the auditors is presented in their report on page 106. Non-financial information presented in this report has not been externally assured.

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

The Board of Directors acknowledges its responsibility to ensure the integrity of the Integrated Report. In the Board's opinion, the 2017 Integrated Report addresses all material matters and presents fairly the Group's integrated performance. This report was approved by the Board on September 20, 2017.

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

Date: Friday, December 15, 2017
Time: 9.30 hours
Place: l'Ibelloise, 6th Floor, IBL House
Caudan Waterfront
Port Louis

We look forward to seeing you.

Sincerely,



Arnaud Lagesse
Chairman



Bernard Theys
Executive Director
CEO

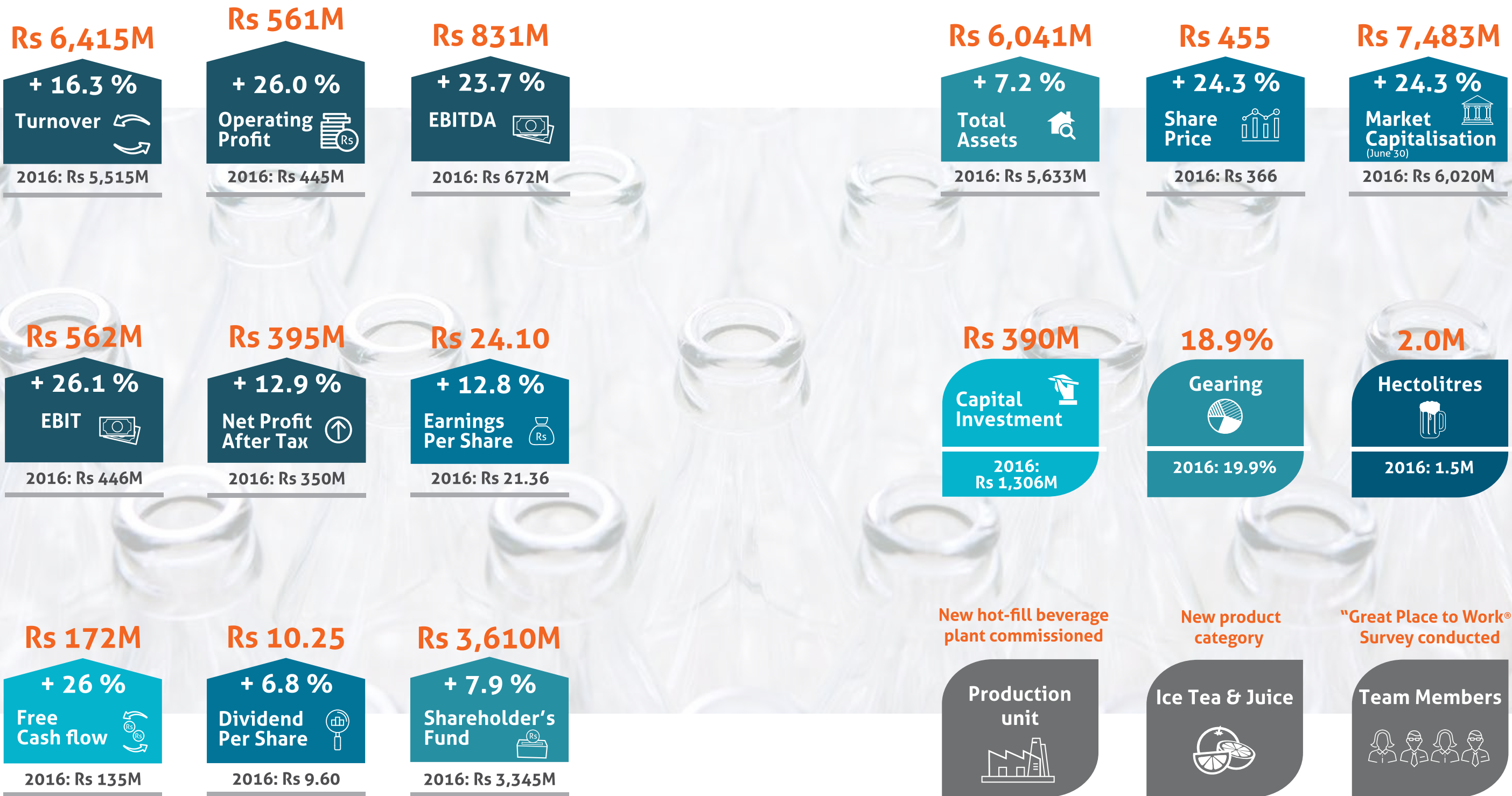
September 20, 2017

Navigation

Strategic pillars:

-  DRIVING VALUE THROUGH SUSTAINABLE GROWTH
-  CITIZENSHIP AND RESPONSIBILITY IN BRAND BUILDING
-  DRIVING VALUE THROUGH BRAND AFFINITY

2017 Highlights



Chairman's Message

"We remain committed to our ambition to position PhoenixBev as an innovative total beverage solution provider in Mauritius, the West Indian Ocean region and beyond."



Dear Shareholder,

I am honoured to have been appointed Chairman of PhoenixBev at a time of significant change and opportunity for the Group. I would like to start by thanking Mr Jean-Claude Béga who was chairman of the Group for the past 3 years.

Strategy

The Boards of PhoenixBev and Phoenix Management Company Ltd, along with the management team worked together throughout 2016/17 to hone the Group's strategy. We maintained our focus on building financial resilience in the face of increasingly complex and challenging markets. The beverage industry in Mauritius, and in the region, is becoming increasingly competitive with existing players diversifying their portfolios and new international players entering the market. The small size of the local market and the absence of tax barriers

to entry compel us to remain alert and continuously identify new ways to set ourselves apart from and ahead of potential competitors.

As a Group, we remain committed to our ambition to position PhoenixBev as an innovative total beverage solution provider in Mauritius, the West Indian Ocean region and beyond, and to deliver robust financial results while building and maintaining trust-based relationships with stakeholders. Our aim is to deliver continuous and profitable growth in the long-term.

A key element of our strategy is to diversify into markets beyond Mauritius and to build up our regional presence by investing in more flexible production capabilities and seeking out synergies with other businesses within IBL Group, which include logistic, hospitality and retail inter alia. As reported last year, we acquired the Edena Group in order to expand into the water and wider beverage market in Réunion Island,

building on our experience in the beverage industry. Phoenix Réunion SARL and Edena SA are now being managed by a single management team and we have made good progress towards integrating both activities. This integration has yielded positive results and the management team is actively working to increase productivity and unlock additional synergies. We believe that Edena SA will play a major strategic role in our regional expansion.

**MARKET
CAPITALISATION
(JUNE 30)**

Rs 7,483M

2016: Rs 6,020M

Achievements in FY 2016/17

In the past financial year, PhoenixBev has seen strong growth and development in all its areas of activity.

In 2016/17, we opened a state-of-the-art factory at Nouvelle France in Mauritius, developed alternative beverage categories with products including Fuze Tea and 5 Alive Juice (healthy and trendy beverages) and rejuvenated our legacy brands. Our new production line has also allowed us to launch our new Crystal Eco-twist bottle, which is manufactured using 18% less plastic. These new initiatives position PhoenixBev for long-term, sustainable growth in our target markets.

We also invested in a new, modern canning line with expanded capacity and capabilities. Commissioned in September 2017, this new line supports a wide range of packaging sizes and solutions and meets the highest standards of quality. The additional flexibility will allow the Group to innovate and broaden the range of value-added products that we offer our customers.

After 16 years and based on in-depth consumer research, we also successfully rejuvenated our flagship Phoenix beer brand.

**TOTAL
SHAREHOLDER
RETURN FOR THE
YEAR**

27.1%

Results

As a result of these efforts, PhoenixBev posted solid results for 2016/17. Group profit after tax increased by 13% to Rs 395.5M. We paid out a total dividend of Rs 10.25, a 6.8% increase over the previous year. Earnings per share rose by 12.8 %, from Rs 21.36 to Rs 24.10, while total shareholder return for the year was 27.1%. Our gearing decreased from 19.9% to 18.9 %.

Human Resources

PhoenixBev's achievements would not be possible without the hard work and dedication of our people. Our commitment to providing learning and development opportunities and creating a culture of internal development has allowed us to build outstanding, expert teams. We continue to invest in the Group's talent to build the capabilities we need to drive our future development and overcome new business challenges.

**"PhoenixBev believes
that good governance
is the foundation of
any successful and
sustainable business."**

To engage our staff and promote open communication, we participated in the "Great Place to Work®" survey this year. The results will help us better understand our team members' needs and identify what improvements could make PhoenixBev an even better place to work. The Human Capital section on pages 80 to 83 provides more information on the Group's Human Resources.

Corporate Social Responsibility

As an ethical business, PhoenixBev sees social responsibility as a core value. We are committed to doing business ethically and with integrity, both because it is the right thing to do and because we believe that we must create social value in order to deliver continued value to our stakeholders in the long-term. We therefore aim to make a positive social impact by creating direct and indirect employment in our current markets and beyond. We are also conscious of the effect that our business can have on the environment and continue to promote waste reduction, recycling and reuse in order to mitigate this impact. Our CSR activities are set out in more detail on pages 88 to 91 of this Integrated Report.

Good governance

PhoenixBev believes that good governance is the foundation of any successful and sustainable business. As Chairman, my responsibility is to ensure that we continue to focus on building a balanced and effective Board that aligns the Group's ambitions, strategy and business model. We regularly undertake site visits and meet with PhoenixBev's management to ensure that our governance structures and processes are responsive to the challenges ahead. Our governance arrangements are described on page 46 of this Integrated Report.

In closing, I would like to thank each of the Group's employees for their commitment and their contributions to the Group's success. A special word to my fellow board members who supported me and the management during this year. And finally I would like to thank each one of our shareholders and our customers for having accompanied us along this exciting journey. Rest assured that your Group will continue to do what we do best – First for You, Thirst for the best.

Arnaud Lagesse
Chairman

September 20, 2017



ABOUT US

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"Across all materials and services PhoenixBev pays Rs 1,3 billion to local suppliers."





Our activities have a significant catalytic impact on outlets across the island who make a living by selling products that include PhoenixBev brands.



+50
brands in our
portfolio

7 categories of beverages

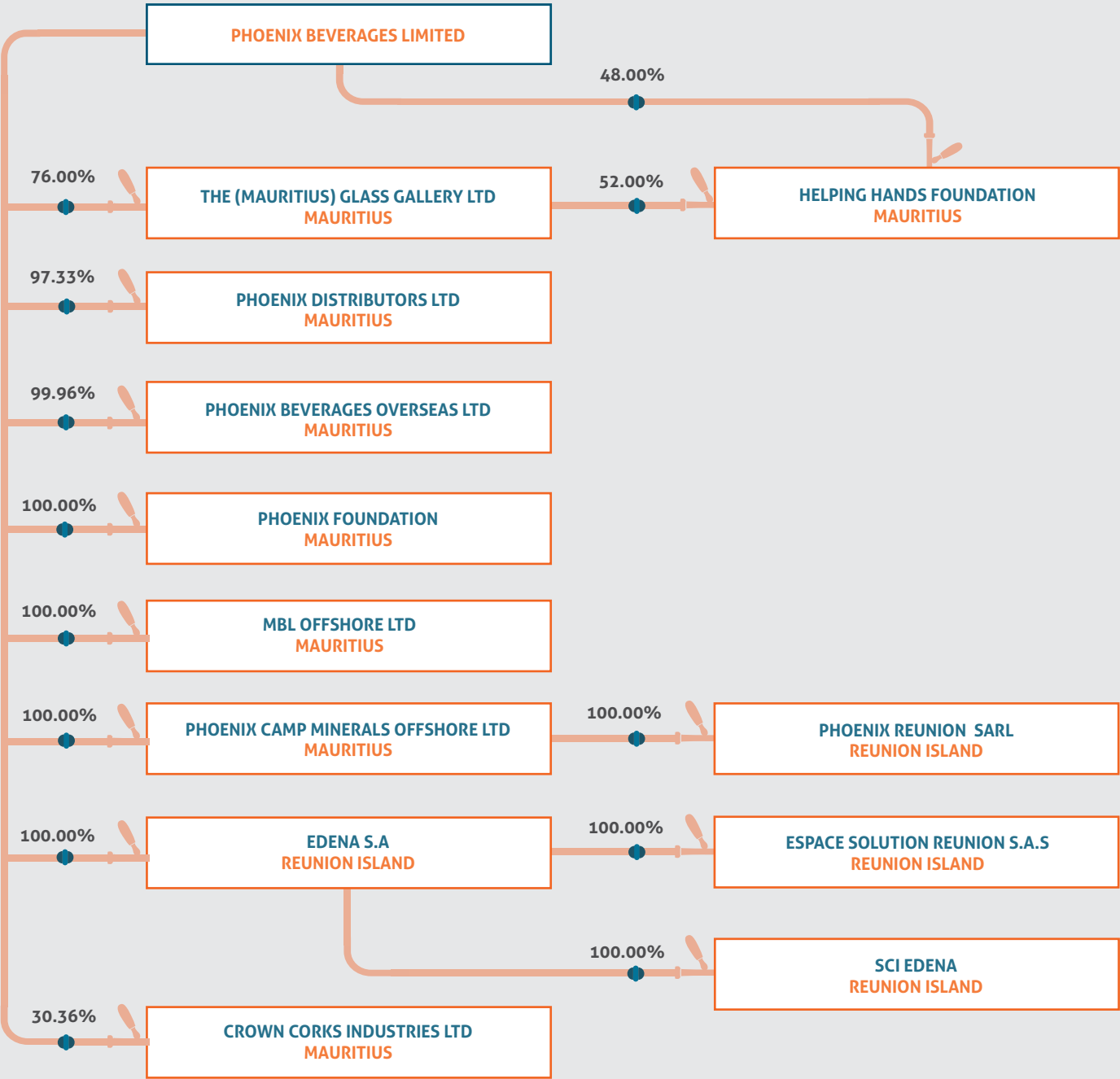
2
countries of
operation



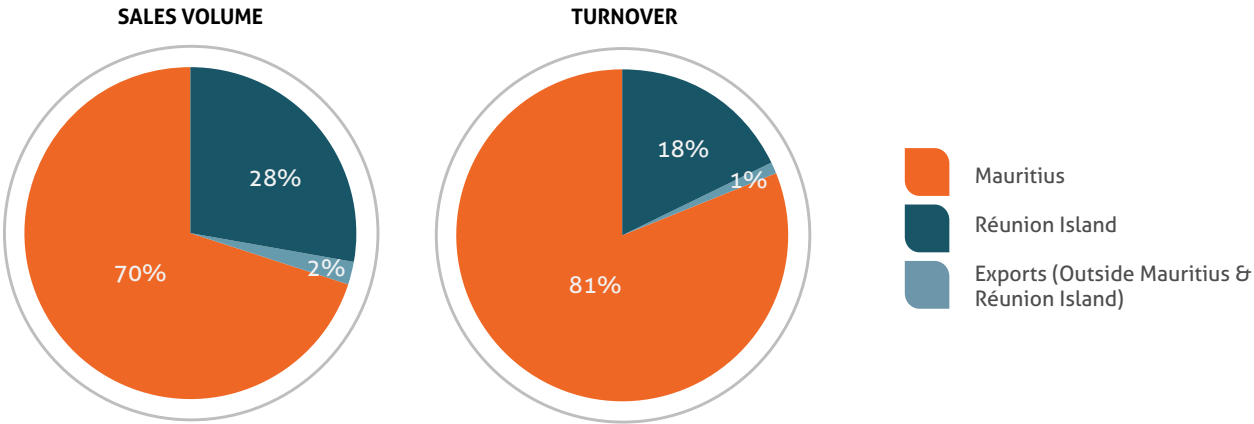
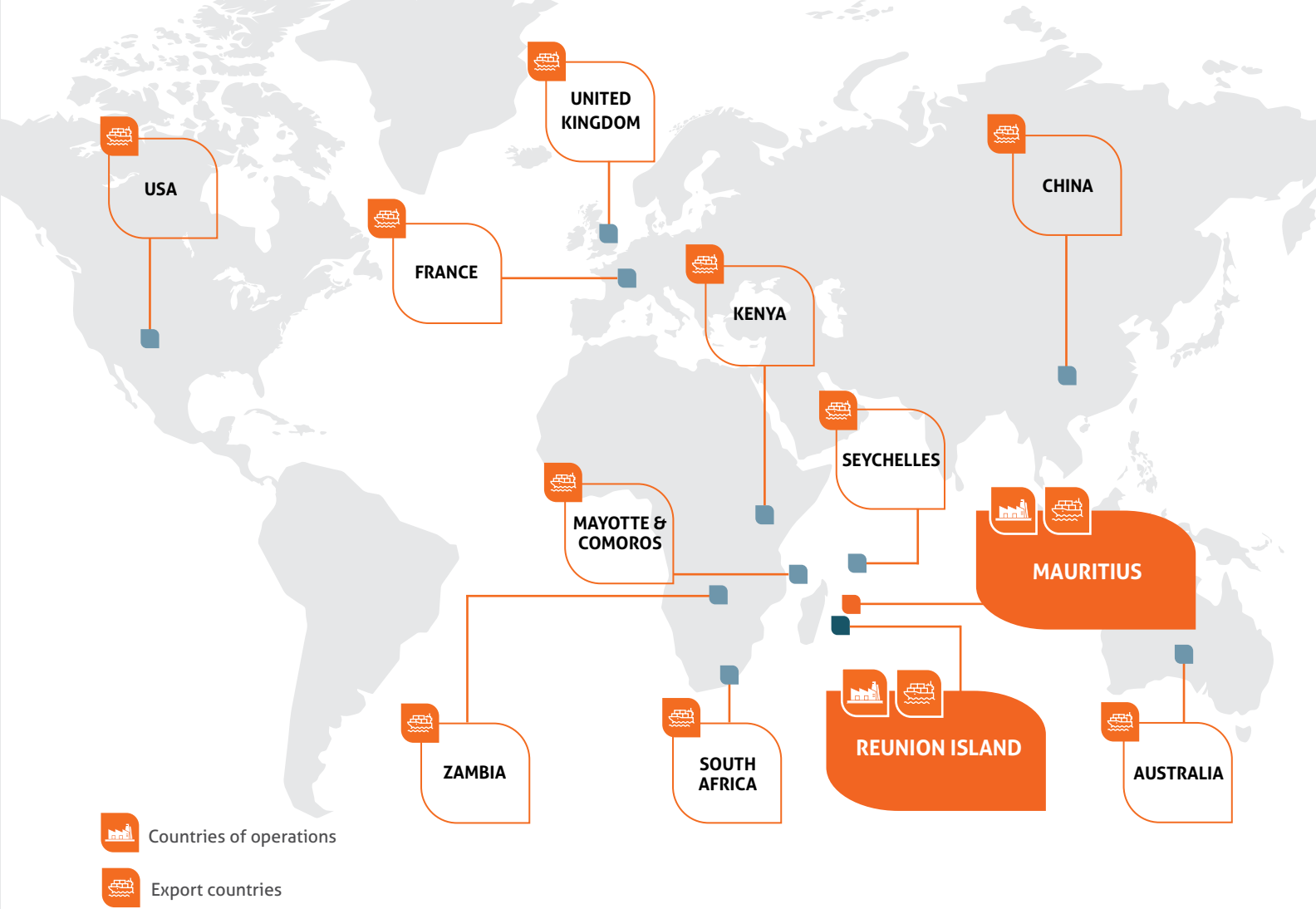
1
glass recycling
operation

MGG
MAURITIUS GLASS GALLERY
hand made art

Group Structure



Our Global Presence



Our Group Through the Years

1931
Incorporation of
Phoenix Camp
Minerals Limited
(PCM)

1953
Bottling agreement with
The Coca-Cola Company

1956
Launch of Fanta

1960
Incorporation of
Mauritius Breweries
Limited (MBL)

1963
Inauguration of
the Brewery

1963
Birth of
Phoenix Beer

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



1990
Introduction of PET
packaging by PCM



1990
Launch of
Appletiser



1989
Launch of
Blue Marlin



1988
Launch of
Malta Guinness



1986
Launch of
Diet Coke



1976
Launch of Crystal
table water



1975
Launch of
Guinness stout



1965
Launch of Sprite



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



1993
MBL is 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



2016
Acquisition of Edena
SA (incorporated in
Réunion Island)



2016
Launch of Gister
premium beer



2016
Corporate rebranding



2015
Agreement with
Schweppes
International
Limited for bottling
of Orangina



2015
Launch of GR8
Cape wine



2014
Installation of
wine bottling line



2014
PBL acquires
Eski, the famous
Mauritian brand



2009
Set up of Phoenix
Réunion SARL
(incorporated in
Réunion Island)



2016
Commissioning of new
production unit in
Nouvelle France



2017
Launch of
Fuze Tea



2017
Launch of the
new Crystal
Eco-twist Bottle



September 2017
Launch of
5 Alive juice

15

2016/17 Key Steps

LAUNCH OF PHOENIXBEV'S NEW STATE-OF-THE-ART HOT FILL BEVERAGE PLANT

Our new production plant in Nouvelle France became operational in November 2016. The high temperature bottling process increases shelf life without added preservatives to retain the natural goodness of the product. The plant has a bottling capacity of **14,000 bottles per hour**. This new production facility offers a wide range of options in terms of products and formats. These will be explored locally and regionally.



PhoenixBev launched Fuze Tea in Mauritius in November 2016 and in Réunion Island in February 2017. With three delicious flavours – lemon, peach and apple/lemongrass – Fuze Tea is free of preservatives and available in 500ml and 1.5 litre wide-mouth PET bottles. The packaging features a distinctive modern sleeve. Backed by a dedicated sales team, **FUZE TEA HAS SOLD EXCEPTIONALLY WELL SINCE THE LAUNCH AND SEVERAL NEW FLAVOURS WILL BE ADDED IN THE NEAR FUTURE.**

PHOENIX BEER CAN DESIGN CONTEST

The Phoenix Beer participative design competition was launched in November 2016 with the support of local icons including Linzy Bacbotte, Miselaine Duval, Bradley Vincent and Stephan Buckland. Phoenix Beer belongs to all Mauritians, so the competition provided local designers with an opportunity to express themselves and conceive a Phoenix Beer can for the 2050s.



ORANGINA: "SAKOUYER SAKOUYER" CAMPAIGN

ORANGINA'S ICONIC BULBY PET BOTTLE WAS RE-LAUNCHED IN MAURITIUS IN DECEMBER 2016. The re-launch of Orangina Zero is planned for October 2017 together with the release of a new visual identity for Orangina. The brand is strengthened through sponsorship of fun events for young adults.



ESKI: OUR NATIONAL PRIDE

THE ESKI 2.25 LITRE BOTTLE WAS LAUNCHED IN FEBRUARY 2017 AS A VALUE FOR MONEY PERMANENT PARTY PACK. The Eski 1.35 litre bottle was launched at the same time to offer a mid-sized pack for weekly purchases. The Eski portfolio was further expanded with the launch of **ESKI PORTELLO** in April 2017. The brand is supported through the sponsorship of local creativity with ABAIM group.



Citro, a non-carbonated lemonade, was launched in July 2016 in Réunion Island, offering a new refreshing healthy option to adult consumers.



LAUNCH OF THE NEW PHOENIX BEER PACKAGING

In March 2017, Phoenix Beer's new packaging design was launched. **THE DESIGN IS CRAFTED TO ALIGN WITH THE ASPIRATIONS OF THE NEW GENERATION** while staying true to Phoenix Beer's values and personality, and keeping its appeal to the generations that have grown up with it.



EXPORT TO THE USA

PhoenixBev introduced its flagship beer Phoenix in Texas in June 2017, making it one of the furthest travelled beers to reach the US market. While Phoenix Beer's tagline of "Follow the Flavour. Drink the Journey." has been well received, we know that growing our footprint in one of the largest and most competitive beer markets in the world will be challenging. Our team on the ground is working hard to support the distribution of Phoenix Beer in the US and build a brand synonymous with adventure and paradise.



PHOENIXBEV: A "GREAT PLACE TO WORK"

The "Great Place to Work" survey was conducted to **improve our understanding of our team members, measure their perceptions and benchmark our working environment.** A human resources action plan is being developed that will use the results of the survey to drive continuous improvement across PhoenixBev's operations.



LAUNCH OF SECRET WINE

Secret is a wine imported from famous South African vineyards that is bottled locally. It is an attractive and colourful wine that **suits the evolving tastes and deepening appreciation of wine among Mauritian consumers.** It is an easy-to-drink wine made from a single varietal that offers more complexity than our Gr8Cape range.



LAUNCH OF TRESOR WINE

Tresor is produced by PhoenixBev. It is made for enjoying at family gatherings, while catching up with friends, at parties, on the beach or at home. Tresor's quality is immediately evident in its superior taste.



MONSTER ENERGY DRINK HITS PHOENIXBEV

November 2016 also saw the addition of Monster, the world famous energy drink, to PhoenixBev's brand portfolio. Monster energy drink offers a real image-driven product. **MONSTER HAS QUICKLY GROWN TO BECOME THE LEADER IN ITS CATEGORY AND REINFORCED ITS BRAND NOTORIETY THROUGH MOTORSPORTS AND EXTREME SPORTS ACTIVITIES.**



Our Investment Case

STRONG PORTFOLIO

- Strong local and international brands.
- Capital investments in new facilities and production units to develop new products and product categories to satisfy evolving consumer tastes.

STRONG MARKET BASE

- Strong market share in Mauritius and Réunion Island.
- Excellent route to market strategy serving +10,000 clients.
- No dependency on a single large customer or on any specific distribution channel.

INTERNATIONAL EXPANSION

- Excellent brands drive expansion across the Western Indian Ocean and beyond.
- Brand representation in Mauritius, Réunion Island, the Seychelles, Mayotte, mainland Africa and Australia.
- Strategic international expansion strengthens regional diversification, improves production flexibility and increases economies of scale.

TEAM MEMBERS

- We have an excellent mix of new talent and experienced team members to drive the business to new heights.
- An employer of choice providing a safe and inspiring work environment.
- Ongoing talent development and a strong performance culture.
- We are committed to acting with integrity at all times.
- Proven ability to capitalise on market opportunities and optimise operating efficiency.
- We are guided by our values, social conscience and customer-centric mindset.

FINANCIAL

- An attractive growth strategy supported by a strong balance sheet.
- Strong cash generation.
- Low gearing.
- Total shareholder return for the year of 27.1%
- Significant investment in production capacity, flexibility and efficiency over the last three years.
- Excellent access to capital markets to fund growth.
- Strong focus on cost and operational efficiencies.
- Strong organic growth complemented by a proven ability to integrate strategic acquisitions.

**WE ARE
EXPANDING AND
GROWING OUR
PORTFOLIO OF
BEVERAGES TO BE
AN INNOVATIVE
LEADER AND A
TOTAL BEVERAGE
SOLUTION IN
MAURITIUS AND
THE WESTERN
INDIAN OCEAN**

**SUSTAINABLE
SHAREHOLDER
VALUE
CREATION**

STAKEHOLDER BENEFITS

We have a solid strategic platform in place to support our growth plans

- Business expansion
- Share price appreciation
- Returning cash to shareholders via dividends
- Compound annual total shareholders' return of 20% over the past five years
- Contributing to social and economic development in the regions where we operate

OUR OPERATING CONTEXT

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"We produce a wide range of beverages for all occasions and lifestyles, sold through some 10 000 outlets across Mauritius, Rodrigues and Réunion Island."



What We Do and How We Do It

Capital Inputs

Our Operations and Activities

Our Operations and Activities

Capital Outcomes



Financial Capital

- Total assets of Rs 6,041 million

Manufactured Capital

Facilities and equipment

- 4 production units
- + 40,000 m² of warehousing
- + 110 trucks for distribution
- + 20,000 units of equipment (fridges, water dispensers, draught beer and others)

Packaging

- 111 million PET bottles
- 37 million cans

Product imported for resale

- 20,000 hl



Intellectual Capital

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



Human Capital

- +1,300 full time team members in Mauritius and Réunion Island
- Rs 8.2 million invested in team members training and development
- 'Comité d'Entreprise' formalises engagements with team members and unions



Social Capital

- Strong relationships with authorities, suppliers, partners, customers and consumers
- + 10,000 outlets supplied in Mauritius and Réunion Island
- Partnerships with global brands including Coca-Cola, Schweppes, Diageo and Grand Chais de France



Natural Capital

- + 5,000 tons of GMO-free malt
- + 14 tons of GMO-free hops
- + 1,000 kg of coal
- + 17,000 MWH of electricity
- < 1,000,000 m³ of water
- + 9,000 tons of sugar
- < 2,000 tons CO₂

Procurement & Resource Optimisation

Production

Packaging

Sales & Distribution

Consumption

Recycling



VALUE IN

VALUE OUT

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

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

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

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

2.0M hectolitres of beverages produced during the year in Mauritius and Réunion Island.

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



Financial Capital

- Rs 4,042 million in value created
- Rs 753 million in remuneration paid to team members
- Rs 10.25 dividend per share paid



Manufactured Capital

- Rs 275 million investment in manufacturing facilities
- Wear and tear on production equipment



Intellectual Capital

- Increased skills and experience in the group
- Developed the new Eco-twist PET bottle



Human Capital

- 47 new full time jobs created
- Man-days lost to injury leave decreased by 267 to 750 for the year



Social Capital

- 72% positive response from the "Great Place to Work®" survey
- PhoenixBev rated as Top of Mind by 59% of retailers in our Customer Satisfaction Survey
- Rs 8.4 million contributed under CSR initiatives



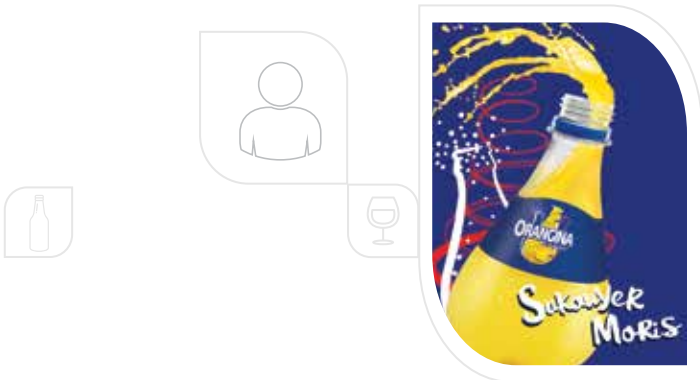
Natural Capital

- Rs 16 million invested in recycling projects
- 40% of PET waste recovered and recycled

The six Capitals are discussed in more detail on pages 76 to 96.

Engaging with Our Stakeholders

In line with the recommendations of the National Code of Corporate Governance for Mauritius (2016) and the IIRC <IR> Framework, PhoenixBev engages with stakeholders to understand their legitimate needs and interests. This strong focus on engaging with and being responsive to our stakeholders aims to align our social and human capital with our evolving strategy. This is key to building a sustainable brand, with loyal customers and consumers, which we believe is an important factor to drive our growth in the Western Indian Ocean region. Engaging with our stakeholders and taking their views into account is critical to our success as a business. This forces us to step out of our comfort zone and provide sustainable solutions to them and society at large. Engagements include direct interviews, surveys and feedback gathered through formal and informal channels of communication. The table below lists our most significant stakeholder groups, their expectations, the channels through which we engage them and the areas we have identified for improvement.



STAKEHOLDER GROUPS AND THEIR EXPECTATIONS

	HOW WE ENGAGE	STAKEHOLDER EXPECTATIONS
CUSTOMERS AND CONSUMERS	<ul style="list-style-type: none">Events & sponsorshipsCreative media in English, French & CreoleMarket surveysFocus groups	<ul style="list-style-type: none">Product safety and qualityAffordable pricesEnvironmental impact and waste managementBusiness ethics and complianceEconomic impact and local footprintExcellent service
SUPPLIERS AND PARTNERS	<ul style="list-style-type: none">Consultations and meetingsWorkshops and brand summitsSite visits, operation and quality auditsRequests for proposals	<ul style="list-style-type: none">Business ethics and complianceEnvironmental impact and waste managementEconomic impact and local footprintProfitabilityFair labour practicesHuman rights
TEAM MEMBERS	<ul style="list-style-type: none">Regular communications during the ordinary course of businessWorkshops and meetingsInclusion in the decision-making process through "Comité d'Entreprise"Meetings with team member representatives	<ul style="list-style-type: none">Business ethics and complianceEconomic impact and local footprintCommunity investmentFair labour practicesHuman rightsProfitability

	HOW WE ENGAGE	STAKEHOLDER EXPECTATIONS
COMMUNITIES	<ul style="list-style-type: none">Events and CSR activitiesConsultations and meetingsPR activitiesCreative media in English, French & CreoleInvolvement in the decision-making processSite visits	<ul style="list-style-type: none">Product safety and qualityEnvironmental impact and waste managementBusiness ethics and complianceCommunity investmentFair labour practicesEconomic impact
GOVERNMENT AND AUTHORITIES	<ul style="list-style-type: none">Participation in national workshops on specific subjects whenever these are organisedEnsure interactions with authorities in Mauritius and Réunion IslandPR Activities	<ul style="list-style-type: none">Product safety and qualityAffordable pricesEnvironmental impact and waste managementBusiness ethics and complianceEconomic impact and local footprintCommunity investmentFair labour practicesHuman rightsProfitability
SHAREHOLDERS	<ul style="list-style-type: none">Board meetings and annual meetingsCorporate communicationBusiness reviewsQuarterly earnings reports, webcasts and investor presentations	<ul style="list-style-type: none">Business ethics and complianceEconomic impact and local footprintCommunity investmentFair labour practicesHuman rightsProfitabilityA clear strategy

Engaging with Our Stakeholders (continued)

HOW WE ADDRESS STAKEHOLDER EXPECTATIONS

PRODUCT SAFETY AND QUALITY

- We have a strict quality assurance process in place from the start of the product life cycle.
- We continuously refine our processes and methods.
- External certification of our quality management (ISO 9001), food safety (FSSC 22000) and laboratory accreditation (ISO 17025).
- Continuous consumer and customer feedback through customer visits, the Customer Relations Unit, focus groups, social media and surveys.
- Our packaging and media communications aim to provide customers and consumers information on safe and healthy consumption of our products.
- Our wide range of products offer consumers a range of options that suit their needs.
- Key partners conduct regular audits of our facilities and processes.

AFFORDABLE PRICES

- We aim to contain costs throughout our value chain without compromising on quality.
- We diversify our product offerings.
- Innovative package sizes offer more for less money.
- Reduce waste.
- We participate in international fairs and diversify our supplier base.

ENVIRONMENTAL IMPACT AND WASTE MANAGEMENT

- PhoenixBev is committed to ethical and responsible business practices, including ensuring compliance with all applicable laws and regulations.
- We recycle or re-use waste wherever possible and ensure that we meet or exceed regulatory requirements.
- Our Operational Excellence project aims to continuously find ways to reduce waste.
- We actively participate in PET bottle and glass recycling.
- Our approach to doing business prioritises reducing our environmental footprint and increasing positive social impact.
- External certification of our environmental management (ISO 14001) system for waste management is underway.

BUSINESS ETHICS AND COMPLIANCE

- PhoenixBev is committed to ethical and responsible business practices, including ensuring compliance with all applicable laws and regulations.
- We have effective corporate governance structures in place, complying with all relevant policies, regulations, standards and codes around bribery and anti-corruption.
- Team members are trained on ethical business conduct and our Code of Ethics.
- Key partners conduct regular audits of our facilities, processes and practices.

ECONOMIC IMPACT AND LOCAL FOOTPRINT

- Our approach to doing business prioritises reducing our environmental footprint and increasing positive social impact.
- Through taxes and direct and indirect job creation, we contribute to wealth creation in Mauritius, the region and beyond.
- We encourage and help our customers and business partners to grow their business.
- We contribute to national events and invest in CSR activities.

HOW WE ADDRESS STAKEHOLDER EXPECTATIONS

COMMUNITY INVESTMENTS

- We actively contribute to national events.
- PhoenixBev gives back to the communities in which it operates through our CSR activities and by creating value through our role as a local employer.
- Ongoing dialogue with NGOs.

EXCELLENT SERVICE

- Efficient distribution channel.
- Customer visits.
- Joint projects, joint business planning.
- Direct contact through our team members.
- Customer satisfaction is an important consideration during customer visits and is measured through the Customer Relationship Unit and regular customer surveys.

FAIR LABOUR PRACTICES

- Our team members' safety and wellbeing have always been at the heart of PhoenixBev.
- The "Great Place to Work®" survey.
- Training sessions, workshops and meetings including health and safety meetings.
- Wellness programs.
- Regular communications during the ordinary course of business.
- Employee representation on the "Comité d'Enterprise".
- Our key partners conduct regular audits of our facilities, processes and practices.

HUMAN RIGHTS

- Supplier Guiding Principles.
- Collaborate with civil society.
- Adhere to our Code of Ethics.

PROFITABILITY

- Develop our strategy for long term growth and profitability.
- Increase our market base.
- A clear and defined course of action.
- Reinvest in value-generating assets.
- Our business model aims to deliver shareholder value over the long-term.

Our Operating Environment

The table below lists the challenges that may most materially affect PhoenixBev's ability to create value for its stakeholders, in line with the recommendations of the National Code of Corporate Governance for Mauritius (2016) and the <IR> Framework. These challenges and opportunities include financial as well as environmental and social matters, which are interlinked and affect the stocks of value described by the six capitals. These matters are derived from a range of sources, including our risk management system, input from management and the interests and expectations of our key stakeholders.

GEOGRAPHICAL LIMITS

Population of Mauritius

1.3 million

MAURITIUS HAS SEVERAL SOCIO-ECONOMIC CHALLENGES ARISING FROM ITS SMALL SIZE, GEOGRAPHICAL REMOTENESS AND ENSUING INSULARITY. AS A RESULT, MAURITIUS IS HEAVILY DEPENDENT ON IMPORTS OF MANUFACTURED GOODS AND MANY NATURAL RESOURCES.

The small local market means that we are already close to the limit of our local market integration in terms of volume and scope. This also affects our ability to reach the size needed to be competitive in the international context. Rapid expansion into new markets is also challenging due to geographical distances.

Making use of expansion opportunities in the REGION

OUR APPROACH

We produce a wide range of beverages for all occasions and lifestyles, which increases local value creation and the use of locally made products. By developing a portfolio of strong local brands and international brands of reference, PhoenixBev is also contributing to make Mauritius a destination of international standard.

Our strategy to become the leading beverages Company in the Western Indian Ocean region enlarges our market potential and international competitiveness.

Strategic approach:

1

2

5

CHANGING SOCIETIES

Consumers want healthier options and improved transparency

ISSUES RELATED TO DIABETES AND CARDIOVASCULAR DISEASES IN MAURITIUS HAVE LED TO CHANGING CONSUMPTION PATTERNS AND A SHIFT TO HEALTHIER OPTIONS THAT FOLLOWS THE TRENDS SEEN IN WESTERN DEVELOPED NATIONS.

Consumers also expect more transparency from companies in regards to product labelling.

Promotion of responsible alcohol consumption is an important consideration given the alcohol-related health problems.

OUR APPROACH

We are expanding our offering to adapt to changing consumer trends and growing our markets in the region. This includes developing new products to serve consumers looking for healthier options. To this end we acquired Edena SA in Réunion Island and invested in a new factory in Nouvelle France in Mauritius to better serve our stakeholders.

PhoenixBev communicates with consumers about the values of sharing, responsible drinking. At our events we promote the use of designated sober drivers and provide an external service that offers free car rides home for attendees.

Strategic approach:

1



Our Operating Environment (continued)

ENVIRONMENT AND NATURAL RESOURCES

Total electricity consumption of our operations in Mauritius & Réunion Island

17,000 MWH ⁽¹⁾

Total water usage of our operations in Mauritius & Réunion Island

990,000 m³ ⁽¹⁾

RESOURCE SCARCITY AND CLIMATE CHANGE HAVE AN IMPACT ON THE WORLD AND THE GROUP.

Mauritius depends on fossil fuel for electricity production and transport and the need to import this fuel increases the risk exposure to energy price fluctuations.

Climate change remains a threat to crop yields such as barley, malt, hops and sugar in producing countries, and affects fresh water resources in Mauritius and in Réunion Island.

Population pressure and soil pollution also pose a threat to natural resources, water quality and biodiversity.

Increasing global plastic pollution has increased the pressure to promote eco-friendlier products and packaging.

OUR APPROACH

We are committed to adopting an environmentally responsible approach in doing business. Measures have been implemented to improve energy efficiency at our production sites. We are currently revamping some of our production lines with more sustainable alternatives.

We continuously monitor water quality through multiple assessments and engage with water authorities and other stakeholders to strengthen collaboration to improve water security in Mauritius and Réunion Island.

We aim to reduce waste from our production operations as part of our commitment to operational excellence. We take a responsible approach to re-use and recycling of waste.

We actively participate in the recycling of our PET bottles and support recycling initiatives and NGOs.

Strategic approach: 2

MARKET ACCESS AND GLOBAL

Competing with major GLOBAL BRANDS

PHOENIXBEV IS A RELATIVELY SMALL GROUP COMPANY IN THE GLOBAL MARKET WHICH HAS TO COMPETE WITH MAJOR PLAYERS IN THE BEVERAGES INDUSTRY.

These larger players have a big advantage given their size and economies of scale, their ability to communicate through global mass media and their strong negotiating positions.

OUR APPROACH

Our brands and products cover a range of categories and have broad appeal, which represents a strength when operating in a remote region like ours. We also have the benefit of greater proximity to the final consumer which allows us to build up trust-based relationships. We are thus able to be more agile and responsive to changes in local demand. We are expanding our business regionally and beyond to benefit from more economies of scale.

Strategic approach: 1 2 6

TAXES AND REGULATIONS

Total direct taxes on our products in Mauritius are up by

7.2% to Rs 1.86 bn

OUR PRODUCTS ARE HEAVILY TAXED AND FURTHER INCREASES IN TAXES MIGHT HAVE A NEGATIVE IMPACT ON THE PROFITABILITY OF THE GROUP.

The ban on alcohol advertising in Mauritius limits the promotion of local alcoholic drinks while global competitors benefit from advertising through international mass media.

OUR APPROACH

The Company continues to engage with the authorities to encourage a legal framework that treats all players fairly, to create an even playing field, without prejudicing consumers and citizens.

Strategic approach: 4 6

Our Operating Environment (continued)

HUMAN CAPITAL

PHOENIXBEV RECOGNISES THE CONTRIBUTION OF EVERY TEAM MEMBER IN ACHIEVING ITS STRATEGIC OBJECTIVES.

Special attention is given to the changes happening in various fields, from new production techniques to changing customer demands. We are constantly on the lookout to anticipate ways to ensure our team members stay abreast of these changes and requirements.

OUR APPROACH

We continually invest in the development of our team members (2017: Rs 8,2M). Regular assessments ensure that development plans align with Group and market requirements. Talent meetings identify high potential team members and appropriate steps are taken to retain and develop their talents.

Strategic approach: **3**



**GREAT
PLACE
TO
WORK®**

CASE STUDY: PhoenixBev: A "Great Place to Work®"

To measure the engagement of our team members at PhoenixBev, we contacted the internationally renowned "Great Place to Work®" organisation to conduct an opinion survey.

The online survey started in May 2017 and 95% of our team members shared their opinions across categories including credibility, respect, equity, pride and conviviality. The results were reported back to all team members during July 2017 and champions were identified from each department. These champions will work on departmental action plans to leverage the Company's strengths and improve the areas of weakness to make PhoenixBev a "Great Place to Work®". Team Members were inspired by the opportunity to voice their opinions and the chance to participate in the drafting of the improvement plans.

Once in place, the action plan will be regularly reviewed and progress will be communicated to all team members at monthly meeting.

Edena was not included in the present survey as the scope was limited to Mauritius. Edena team members will participate when we repeat this survey.



Our Risk Report



Our approach to risk management:

Effective and integrated risk management is at the heart of our business, ensuring its resilience and long-term sustainability. PhoenixBev has a well-established risk management process, which covers our broad strategic risks, our operational and business risks, and our environmental, social, health and safety risks. These are encompassed in our risk register and our business continuity management system.

Risk review process

PhoenixBev’s executive team reviews the effectiveness of risk management through the Risk Committee which is then audited by an external consultant. All departments and functions perform these risk assessments at all levels in the business, with inputs and updates to mitigation plans.

All activities are classified according to their priority – chosen through our Risk Significance Matrix and a thorough PESTEL analysis, which includes a consideration of environmental, social and governance risks. It is the responsibility of each senior manager to ensure that a risk management approach is in place which identifies, assesses and mitigates risks.



Risk focus:


In this year’s report, we present the most important risks across our operations, with their relevance to our strategic objectives. This provides a transversal analysis of our risks and mitigation plans, ensuring connectivity of information.





Strategic relevance according to our main strategic objectives:



Risk	Strategic relevance	How we mitigate	Trend 2017
STRATEGIC RISKS			
Regulatory changes related to alcohol and taxes. Increases in excise duties and/or other specific taxes.		Formal engagements with the authorities emphasising the importance of responsible alcohol consumption. PhoenixBev has ongoing discussions with NGOs, government and specialists to promote responsible consumption.	
Economic and political environment. The risk of economic recession, social upheaval, trade restrictions, inflation and exchange rates could negatively impact our revenues and bottom line.		PhoenixBev has set up appropriate systems to monitor short-term liquidity and analyse possible scenarios, and has established contingency plans.	
Customer relationships. Consolidation of some of our customers might impair our bargaining power and ability to obtain favourable pricing terms.		PhoenixBev has appropriate customer relationship management policies in place while managing client concentration risk.	
Changing consumer preferences. The risk of misalignment with changing consumer preferences and behaviours.		PhoenixBev has a fully-fledged sales and marketing department with skilled staff constantly re-engineering new products and exploring new avenues to reach our customers. We are venturing into new distribution channels and we invest in surveys to stay in touch with customer preferences.	
Management Capabilities. The risk of losing key management personnel and skilled workforce.		PhoenixBev has a performance system in place to ensure the proper development of our team members and to nurture talent. We also have succession planning strategies to mitigate the impact of the departure of key team members.	

Our Risk Report (continued)

Risk	Strategic relevance	How we mitigate	Trend 2017
OPERATIONAL RISKS			
Safety and health. The risk of accidents in production, warehousing and distribution facilities		PhoenixBev invests in health and safety training for all team members. We have a program in place that aims to enhance safety behaviour. We also have a GPS system to monitor our distribution fleet of vehicles.	
Water supply crisis. The risk of insufficient access to water which is an essential production input.		Careful planning and monitoring of water availability and usage. Request for increased borehole pumping capacity from local authorities, drilling of new boreholes based on accurate hydrogeological studies and a rain water harvesting project is being researched. We are also working on ways to improve our water usage ratio.	
Product safety and integrity. Poor product quality or contamination, whether accidental or malicious, could result in health hazards, reputational damage, financial liabilities and loss of revenue.		We have established a Quality Assurance programme covering production standards, suppliers' risk, production material risk and country risk. Should this risk materialise, recall and crisis procedures are in place to mitigate the impact as much as possible.	
Disruptions to supply chain. The impact of global warming such as floods or droughts on primary resources is a growing concern.		Diversifying our suppliers, and ensuring stock capacities on sites.	
Sabotage, including social media. Failure to protect against sabotage of operational sites as well as 'social media' sabotage through rapidly-spreading defamatory information and fake social media accounts.		PhoenixBev has set up a business continuity plan with regular simulations and has security procedures in place around its different sites. We have established strong communication plans on social media platforms as well as sub-contracting the management of our social media to a specialised agency for better control.	

Risk	Strategic relevance	How we mitigate	Trend 2017
REPORTING RISKS			
Reporting. PhoenixBev's acquisitive growth has led to regional processes and systems. Deviations from the common accounting and reporting processes and related controls could impair the accuracy of the data used for group reporting and external communication.		A common Risk and Control Framework has been set up across operating companies which includes standardised financial reporting.	
NON-COMPLIANCE RISKS			
Non-compliance. Changes in the legal and regulatory environment tend to increase the risk of non-compliance to local and international laws. Failure to comply with these could lead to fines, claims and reputation damage.		PhoenixBev has entrenched legal compliance in its risk and controls system, and has established processes and governance to drive implementation and compliance with the Companies Act and its Code of Business Conduct.	

PhoenixBev's business continuity management system (BCMS)

PhoenixBev recognises the importance of ensuring that critical business processes are maintained in the event of a major internal or external incident. In line with the Code of Governance, the Company engaged an external consultant to implement a comprehensive BCMS.

The BCMS identifies potential risks and their impacts, builds resilience and ensures the capability is in place for an effective response including effective crisis management. It aims is to ensure that the Company continues to provide its services to its clients should an adverse situation arise.

PhoenixBev's BCMS is derived from the International Business Continuity Standard ISO 22301 and was successfully tested under the scenario of loss of IT in 2016. The plans will be tested yearly to ensure that they are adapted to changes in PhoenixBev's dynamic business context and to enable the continual improvement of the framework.



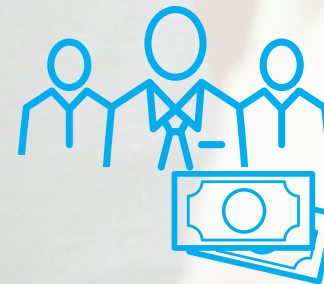




HOW WE LEAD

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"We are committed to maintaining high standards of corporate governance. This is fundamental to effective and responsible management, and to the delivery of long-term shareholder value."



Senior Managers' Profiles

1

NICOLAS CABOCHE

Senior Manager-Still Beverages and Product Development

Nicolas Caboché, born in 1976, has 16 years' working experience, with 13 years spent at Happy World Ltd in the FMCG and QSR clusters. He spent three years at Emtel working on various projects related to Mobile and Online payment. Nicolas holds a Masters in Business Administration from the University of Poitiers and joined PhoenixBev in January 2016 as Senior Manager - Still Beverages and Product Development.

2

FREDERIC DUBOIS

Senior Manager-Sales, Distribution and Warehousing

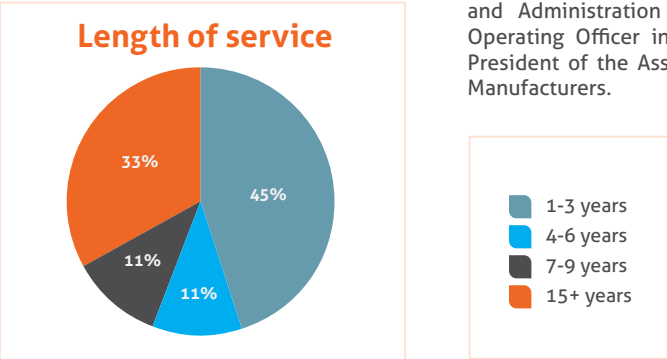
Frederic Dubois, born in 1979, holds a Master's degree from ISEG business school in France. He worked for more than ten years in the FMCG sector for international companies such as Bacardi Martini Group, Pernod Ricard, JTI, locally and internationally, before joining the Group as Senior Manager-Sales,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

3

GERARD MERLE

Senior Manager Civil Engineering and Non-Alcoholic Beverages

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



4

RAMA NARAYYA

Senior Manager-Human Resources

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

5

GERVAIS RAMBERT

Head Brewer

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

6

PATRICK RIVALLAND

Chief Operating Officer and Chief Financial Officer

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

7

PATRICE SHEIK BAJEET

Senior Manager-Marketing

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

8

BERNARD THEYS

Chief Executive Officer

Bernard Theys, born in 1965 in Brussels, holds a diploma in Economic Science from Louvain University in Belgium. He also obtained a BBA in Business Tourism Management from ICP in 1991. He has completed 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. Bernard Theys has had different General Management roles in the Brewery industry where he acquired great experience in the Fast-Moving Consumer Goods industry.

9

ANTIS TREEBHOOBUN

Senior Manager-Business Systems

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

1

NICOLAS CABOCHE

2

FREDERIC DUBOIS

3

GERARD MERLE

4

RAMA NARAYYA

5

GERVAIS RAMBERT

6

PATRICK RIVALLAND

7

PATRICE SHEIK BAJEET

8

BERNARD THEYS

9

ANTIS TREEBHOOBUN



Our Board of Directors

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

1 ARNAUD LAGESSE
Non-Executive Chairman - first appointed to the Board in 1998 and as Chairman as from February 6, 2017

Arnaud Lagesse, appointed as Director of the Company on March 30, 1998 and Chairman as from February 06, 2017, holds a 'Maîtrise de Gestion' from the University of Aix-Marseille III, France and is graduated from the 'Institut Supérieur de Gestion', France. He has also completed a professional Development Program at INSEAD in Fontainebleau (France), and an Advanced Management Program (AMP180) at Harvard Business School, Boston, USA. He joined IBL Ltd – formerly known as GML – in 1993 as Finance and Administrative Directors before becoming in August 2005 its Chief Executive Officer. On 01 July 2016, following the amalgamation of GML Investissement Ltée and Ireland Blyth Limited, he was appointed as Group CEO of the newly formed entity, IBL Ltd.

Arnaud Lagesse is a member of the Board of Directors of several of the country's major companies and is the Chairman of BlueLife Limited, Lux Island Resorts Ltd, City Brokers Ltd inter alia. He was President of the National Committee on Corporate Governance of Mauritius and was previously President of the Chamber of Agriculture, the Mauritius Sugar Producers' Association and the Sugar Industry Pension Fund. He is also the Chairman of GML Fondation Joseph Lagesse since July 2012.

Directorship in other listed companies on the Official Market of the Stock Exchange of Mauritius:

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

2 JEAN-CLAUDE BÉGA
Non-Executive Director - first appointed to the Board in 2011 and Chairman up to February 06, 2017

Jean-Claude Béga is a Fellow of the Association of Chartered Certified Accountants (FCCA), and started his career in 1980 by spending seven years as an external auditor. He then moved to a sugar group to perform various functions within accounting and finance before joining GML in 1997. He has been nominated as Group Head of Financial Services and Business Development of IBL Ltd on July 1, 2016 following the amalgamation between Ireland Blyth Limited and GML Investissement Limitée. He currently heads IBL Group's financial services and business development including M&A, Strategic Initiatives and integration. In this context, he has been nominated as Chairman of The Bee Equity Partners Ltd, Mauritian Eagle Insurance Co. Ltd and DTOS Ltd. He is also Chairman of Anahita Estates Limited and Anglo African Investments Ltd and Director of Alteo Limited, Phoenix Beverages Limited, Lux Island Resorts Ltd, Afrasia Bank Limited and some other companies within the IBL Group.

Jean-Claude Béga is also a member of the Audit and Risk Committee of the Company.

Directorship in other listed companies on the Official Market of the Stock Exchange of Mauritius Ltd:

- Alteo Limited
- Lux Island Resorts Ltd
- Mauritian Eagle Insurance Co Ltd
- Phoenix Investment Company Limited
- The Bee Equity Partners Ltd

3 JAN BOULLÉ
Non-Executive Director - first appointed to the Board in 2000

Jan Boullé is qualified as an "Ingénieur Statisticien Economiste" (France) and holds a "Diplôme de 3ème Cycle en Sciences Economiques" from Université Laval (Canada). He has been employed by the Constance Group from 1984 to 2016 and occupied various executive positions and directorships. His latest position at Constance being Group Head of Projects and Development. He has been appointed as the Non-Executive Chairman of IBL Ltd

on the 1st July 2016, the ultimate holding company of Phoenix Beverages Limited. Jan Boullé is also a member of the Audit and Risk Committee of the Company.

Directorship in other listed companies on the Official Market of the Stock Exchange of Mauritius:

- Alteo Limited
- IBL Ltd
- Phoenix Investment Company Limited
- The Bee Equity Partners Ltd

4 FRANÇOIS DALAIS
Non-Executive Director - first appointed to the Board in 1992

François Dalais holds a Diploma in Business Administration (London). He is the founder and Director of the Mauritius Freeport Development Ltd, Sugarex Ltd, Tropical Cubes Co. Ltd, Atlas Communications International Ltd and Financière Marine International Ltd. François Dalais also sits on the Board of a number of companies in Mauritius.

Directorships in other listed companies on the Official Market of the Stock Exchange of Mauritius Ltd:

- Phoenix Investment Company Limited

5 GUILLAUME HUGNIN
Non-Executive Director - first appointed to the Board in 2009

Guillaume Hugnin studied at the University of Cape Town in South Africa where he graduated with Honours in Economics. He completed his studies in 1997 by obtaining an MBA from the University of Surrey, United Kingdom. He worked in South Africa and Australia for several years before joining the Eclasia Group of Companies in 1993. He is currently the Group Export Manager of the Eclasia Group. He has directorships in the hotel industry and is the past Chairman of the Mauritius Exporters Association (MEXA). He has also acted as Council member of the Joint Economic Council (JEC). Guillaume Hugnin is currently the Chairman of the Corporate Governance Committee of the Company.



ARNAUD LAGESSE



JEAN-CLAUDE BÉGA



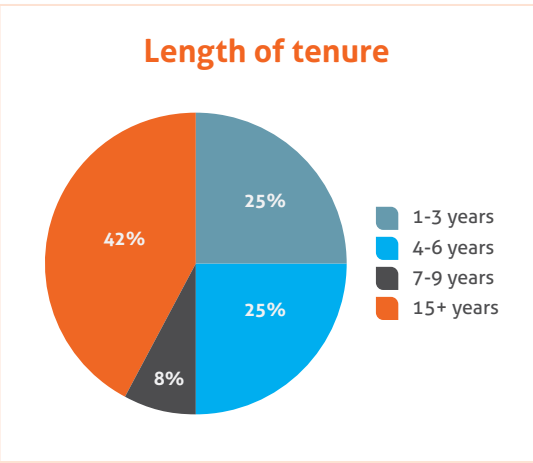
JAN BOULLÉ



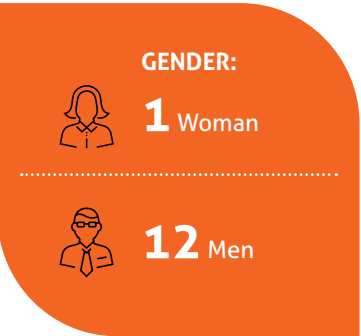
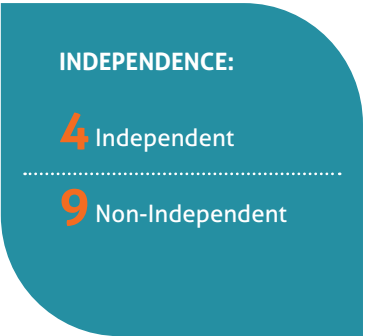
FRANÇOIS DALAIS



GUILLAUME HUGNIN



Diversity within the Board



Our Board of Directors (continued)

6 DIDIER KOENIG

Independent Non-Executive Director - first appointed to the Board in 2001

Didier Koenig, born in 1955, is currently the "Consultant Payroll Coordinator" for Domaine de Labourdonnais Limitée, after retiring as accountant of the same company in February 2016. He is a past auditor of De Chazal Du Mée & Co. Didier Koenig is a member of the Audit and Risk Committee of the Company.

7 HUGUES LAGESSE

Non-Executive Director - first appointed to the Board on July 1, 2016

Hugues Lagesse, born in 1975, holds a diploma in administration and finance from "Ecole Supérieure de Gestion et Finance" in Paris, France. In September 2007, he completed a course in Management at INSEAD in Fontainebleau, France and a course in Real Estate development in Paris and at Harvard Business School in Boston, USA. From 2007 to 2013 Hugues Lagesse holds the "Project Executive" function at BlueLife Limited, formerly known as Indian Ocean Real Estate Company (IOREC) and since January 2014 he is the "Senior Development Executive" of the Company.

Directorship in other listed companies on the Official Market of the Stock Exchange of Mauritius Ltd:

- IBL Ltd

8 THIERRY LAGESSE

Non-Executive Director - first appointed to the Board in 1998 and Chairman up to August 14, 2013

Thierry Lagesse was appointed Director on February 23, 1998. He holds a 'Maîtrise des Sciences de Gestion' from the University of Paris Dauphine. He was the Non-Executive Chairman IBL Ltd (previously known as GML Investissement Ltée), Alteo Limited, Phoenix Beverages Limited and The United Basalt Products Ltd up to August 13, 2013. Thierry Lagesse is a director of

several well-known companies listed on the Stock Exchange of Mauritius namely: Alteo Limited, Lux Island Resorts Ltd, Phoenix Beverages Limited, The United Basalt Products Ltd, Phoenix Investment Company Limited and The Bee Equity Partners Ltd. He is also the Executive Chairman and founder of Palmar Group of Companies and Executive Chairman of Parabole Réunion SA.

Directorship in other listed companies on the Official Market of the Stock Exchange of Mauritius:

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

9 SYLVIA MAIGROT

Independent Non-Executive Director - first appointed to the Board on May 10, 2017

Sylvia Maigrot, born in 1970, is an Associate of the Institute of Chartered Secretaries and Administrators UK. Sylvia is the Founder and Partner in charge of Corporate and Business Facilitation Services at Box Office Ltd and counts more than 25 years' experience in company administration and secretarial practice, corporate governance, managing stakeholders' relationships and dealing with regulatory authorities. She has over the past years been providing transaction advisory services in company restructuring, due diligence and business acquisitions and has specialised in the Hospitality Industry. Sylvia has recently joined BDO's Corporate Finance team as a Consultant.

10 RESHAN RAMBOCUS

Independent Non-Executive Director - first appointed to the Board on January 1, 2016

Reshan Rambocus, born in 1970, is a member of the Institute of Chartered Accountants of England and Wales and a member of the Chartered Institute of

Taxation. Reshan Rambocus is Managing Director of Utilis Corporate Services and sits on a number of Boards and Investment Committees of global private equity funds. 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. These funds have deployed over USD 2.0 Billion in emerging markets and together with related entities raised over USD 1.0 Billion debt. He is also the Chairman of the Audit and Risk Committee of the Company since March 2016.

11 PATRICK RIVALLAND

Executive Director - first appointed to the Board on September 2, 2013

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

12 BERNARD THEYS

Executive Director - first appointed to the Board on July 1, 2013

Bernard Theys was born in 1965 in Brussels and holds a diploma in Economic Science from Louvain University in Belgium. He also obtained a BBA in Business Tourism Management from ICP in 1991. He completed several programmes in Executive and Business Education at "l'Association Internationale Americaine de Management" (MCE), in 1995 and at INSEAD Fontainebleau in France in 2008. Bernard Theys has held various General Management roles in the brewing industry where he has acquired substantial experience in the Fast Moving Consumer Goods industry.

Alternate Directors' Profile

JEAN-PIERRE DALAIS

Alternate Director - first appointed as Alternate Director in 1999

Jean Pierre Dalais, has been the Alternate Director of François Dalais since October 1999. After obtaining his MBA from the International University of America, San Francisco, in 1988, he began his career with Arthur Andersen in Mauritius and France before joining CIEL in 1990. Mr. Dalais is an Executive Director of CIEL Limited, an important industrial and investment company with interests in a number of companies operating in different sectors of the Mauritian economy. He also sits on the Board of a number of well-known Mauritian companies involved in tourism, financial services, textile and healthcare.

Directorships in other listed companies on the Official Market of the Stock Exchange of Mauritius:

- Alteo Limited
- CIEL Limited
- IPRO Growth Fund Ltd
- Sun Resorts Limited



DIDIER KOENIG



HUGUES LAGESSE



THIERRY LAGESSE



SYLVIA MAIGROT



RESHAN RAMBOCUS



PATRICK RIVALLAND



BERNARD THEYS

Corporate Governance Report

Compliance

Phoenix Beverages Limited is a public company that was incorporated on September 9, 1960 and is qualified as a public interest entity as defined under the Financial Reporting Act 2004.

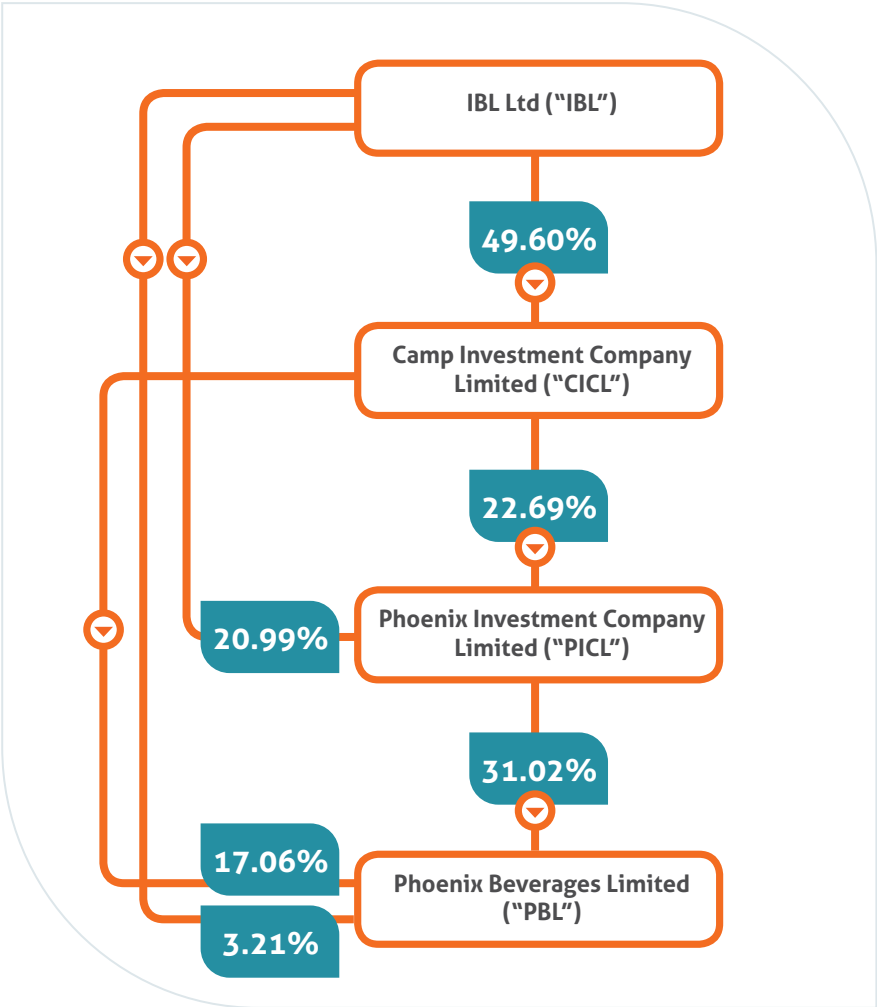
Phoenix Beverages Limited is committed to maintaining the high standards of corporate governance, both at Board level and throughout the Group. The Directors see this as fundamental to the effective and responsible management of the business and for the delivery of shareholder value over the long-term. Time is allocated at Board and Committee meetings to consider governance issues. In line with the principles of Good Governance and with a view to better defining its responsibilities and governance role, a Board Charter will be drafted. The Board also wishes to demonstrate ethical leadership and accordingly the Company has set out its Code of Business Ethics, which is communicated to all its team members and business partners.

Phoenix Beverages Limited has adopted most of the guidelines set out in the Code of Corporate Governance for Mauritius 2003 ('the Code') and has initiated the process of implementing the provisions of the new Code of Corporate Governance for Mauritius (2016) which is based on an "apply and explain basis". Compliance by the Company with each principle and provision of the Code is set out in this report. A gap analysis will be performed during the financial year ahead and procedures amended or implemented to cater for the eight principles set out in the new Code.

Cascade holding structure

Phoenix Beverages Limited is listed on the Official Market of the Stock Exchange of Mauritius Ltd and, at the date of this Integrated Report, the Company has 16,447,000 ordinary shares of Rs 10.- each in issue and 1,873 shareholders on its registry.

The cascade holding structure is as follows:



Common Directors

The Directors of the Company who also sit on the Boards of the abovementioned holding companies are:

Directors	PBL	PICL	CICL	IBL
Arnaud Lagesse ⁽¹⁾	√ ⁽²⁾	√ ⁽²⁾	√ ⁽²⁾	√
Jean-Claude Béga	√	√	√	
Jan Boullé	√	√	√	√ ⁽²⁾
François Dalais	√	√	√	
Guillaume Hugnin	√		√	
Hugues Lagesse	√	√	√	√
Thierry Lagesse	√	√	√	√

⁽¹⁾ Mr Arnaud Lagesse was appointed as Chairman of PBL, PICL and CICL on February 6, 2017, in replacement of Mr. Jean-Claude Béga who resigned as Chairman while remaining Director of these companies.

⁽²⁾ Chairman.

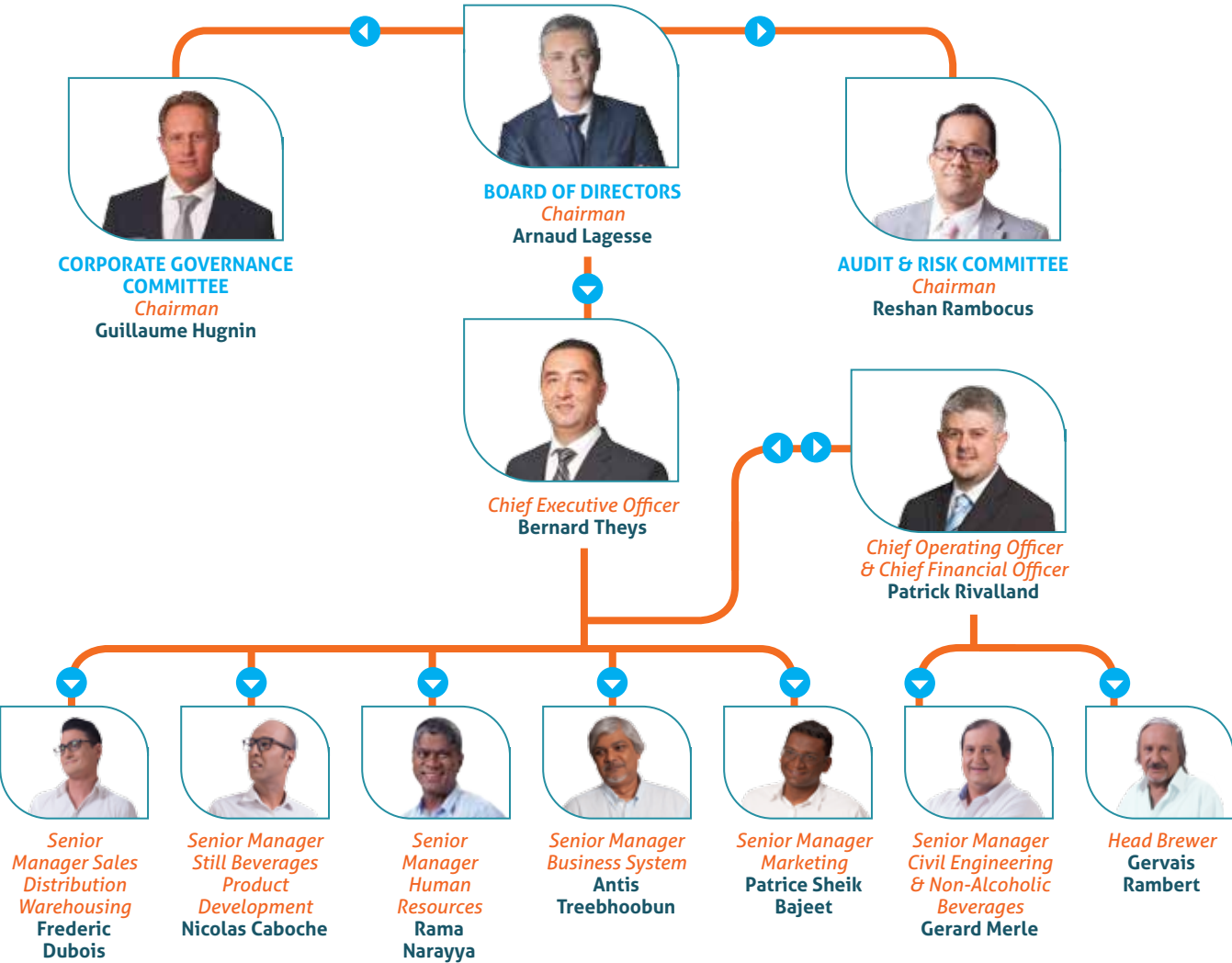


Corporate Governance Report (continued)

Company’s General Organisation Structure

The Board of Phoenix Beverages Limited is guided in its activities by the Terms of Reference of its sub-committees which are updated for the applicable latest developments in Governance.

At the date of this report, the general organisational structure of PBL is as follows:



BOARD COMPOSITION:

Directors:
Arnaud Lagesse
Jean-Claude Béga
Jan Boullé
François Dalais
Guillaume Hugnin
Didier Koenig
Hugues Lagesse

Thierry Lagesse
Sylvia Maigrot
Reshan Rambocus
Patrick Rivalland
Bernard Theys

Alternate Director:
Jean Pierre Dalais

AUDIT & RISK COMMITTEE COMPOSITION:

Members:
Reshan Rambocus
Jean-Claude Béga
Jan Boullé
Didier Koenig

CORPORATE GOVERNANCE COMMITTEE COMPOSITION:

Members:
Guillaume Hugnin
Jan Boullé
Sylvia Maigrot
Bernard Theys

The Role of the Board

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

- Review and approval - although it is the role of PMC to define and develop the strategy of Phoenix Beverages Limited, it remains the Board's responsibility to review and approve the proposed strategy before it is implemented by the Company.
- Strategy - contribute to the development of, and validate, the Group's long-term strategy. This includes through review and discussion of reports and updates at Board meetings as well as through the annual strategy review meeting which is presented to the Board.
- Group financial and operational performance – review and monitor the performance of the Group, through regular reporting and discussions with the Executive Committee and other senior management.
- Senior management – ensure that the management team has the skills and resources to deliver the strategy and that appropriate succession and contingency plans are in place.

- Evaluation and composition – review the performance of the Board and its Committees to ensure that they are effective. Ensure that the Board and its Committees comprise of competent and capable individuals with a range of skills and experience who bring independent views to decision making.
- Internal controls – maintain an appropriate internal control framework.
- Risk – ensure that there are effective risk management policies and processes in place and an appropriate governance structure.
- Business continuity planning – ensure that procedures are implemented to safeguard staff as well as the interests of PBL through business continuity management, which is a process that identifies potential risks, their impacts builds resilience and ensures capability for effective response.

The Board is assisted by various Committees of the Board which report regularly to the Board. In undertaking its duties, the Board delegates certain authorities and decisions to its Committees, notably the Corporate Governance and Audit and Risk Committees. The membership of these Committees is regularly reviewed by the Board. These Board Committees have clearly defined terms of reference.

Day-to-day management of the Group is the responsibility of the Chief Executive Officer. To assist him in this role, the Chief Executive Officer has established a management team. Authority for operational decisions is delegated by the Board to senior management at operating level, who are supervised by the Executive Directors.

Board members have unrestricted access to the records of the Company and also have the right to seek independent professional advice, at the expense of the Company, to enable them to discharge their responsibilities effectively.

Board of Directors

The Chairman leads the Board and ensures its effectiveness. He also organises its business and sets its agenda. In addition to the Chairman, who is a Non-Executive Director, there are currently three independent Non-Executive Directors, six Non-Executive Directors and two Executive Directors who have a range of strong and complementary skills. Their biographies are set out on pages 42 to 45. The Board is of the view that it is adequate to meet business requirements. The size and composition of the Board is supervised by the Corporate Governance Committee. Furthermore, the Board does not believe that its members should be prohibited from serving on boards of other organisations and has not adopted any guidelines limiting such activities. Each Director has a duty to act in the best interests of the Company and is expected to ensure that his or her other responsibilities do not impact on his or her responsibilities as a Director of Phoenix Beverages Limited. The Directors have made the required disclosures regarding their directorships in other listed companies.

Before each Board and Committee meeting, relevant reports and papers are circulated to Directors, including financial performance data and detailed updates on the progress and implementation of the strategic plan when appropriate.

The Board has the opportunity to discuss these reports and updates and to challenge directly the Executive Directors who attend the Board meetings.

Corporate Governance Report (continued)

Board’s governance

With the issue of the New Code of Corporate Governance, the Company will set up a Charter for the Governance of the Company which will define, inter alia, the role, function and objectives of the Board of Directors in line with international best practices. However, there is already a clear division of responsibilities between the running of the Board and the responsibility of the executive to run the business. The Chairman’s and Chief Executive Officer’s roles are separate and there is a division of responsibilities that is clearly established and agreed by the Board to ensure that no one person has unfettered powers of decision. The Chairman is a Non-Executive Director selected by the Board.

The Chairman of the board

The Chairman, Mr Arnaud Lagesse, conducts Board proceedings in a manner that ensures, inter alia, that:

- Executive, Non-Executive and independent Directors participate effectively;
- All Directors are encouraged to make an effective contribution, for the benefit of the Company and of the Group; and
- The Board is completely aware and in control of the Company’s and Group’s affairs, and assumes its obligations to all shareholders and other stakeholders.

The Chief Executive Officer

Mr Bernard Theys, the Chief Executive Officer of Phoenix Beverages Limited, is responsible for the day-to-day running of the Company’s operations and the implementation of the strategy decided by the Board.

He is also responsible for:

- Overseeing, developing and recommending to the Board annual business plans and budgets that support the Group’s long-term strategy and vision;

- Ensuring continuous improvement in the quality and value of the products and capabilities of the production lines;
- Ensuring that the Group has an effective management team, actively participating in the development of management and succession planning;
- Promoting a corporate culture that promotes ethical practices, offers equal opportunities, encourages individual integrity and fulfils social responsibility objectives and imperatives; and
- Serving as the chief spokesman for the Group on all operational and day-to-day matters.

Directors’ Appointment and Re-election

In line with its terms of reference and the Constitution of the Company, the Corporate Governance Committee in its role as Nomination Committee makes recommendations to the Board, either to fill a casual vacancy or as an addition to the existing Directors whilst the total number of Directors at any time remain within the twelve set by the Constitution.

In accordance with the Constitution of the Company, every year, three Directors have to submit themselves for re-election at the Annual Meeting of the Company. The Directors are re-elected by rotation and selected according to their year of nomination. Furthermore, any new Director is subject to election by shareholders at the first Annual Meeting following their appointment to the Board and thereafter the same Director, if elected, shall be subject to re-election by rotation.

The Executive Directors have formal employment contracts with Phoenix Management Company Ltd, in line with the Company’s policies. The service contract of the Chief Executive Officer has an expiry term while the Chief Operating Officer – Chief Financial Officer has a service contract with no expiry term.

Upon appointment to the Board and/ or its Committees, Directors receive a complete induction pack from the Company Secretary, as well as a leaflet on her/his duties and responsibilities as a Director. In addition, newly appointed Directors are invited to meet members of the senior management in order to rapidly acquire a comprehensive view of the Company’s operations, risks and strategy. Directors are also encouraged to keep themselves up to date with the latest professional practices. In June 2017, a half day workshop on the new Code of Corporate Governance was organised by the ultimate holding Company, IBL Ltd, and the Directors were invited to attend this session to familiarise themselves with the contents of the new Code and its implications.

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

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

At the next Annual Meeting to be held on December 15, 2017, the Board of Directors will propose, following the recommendation of the Corporate Governance Committee, the appointment of Mrs Sylvia Maigrot as Director of the Company and the re-election of the three Directors, namely Messrs Jean-Claude Béga, Didier Koenig and Guillaume Hugnin, Directors retiring by rotation. Please refer to pages 42 to 45 of the Integrated Report for the names of all Directors and Alternate Directors, their categories and biographies and the list of their other directorships.

Board evaluation

The Board of Directors should regularly evaluate its work according to a structured process to get a view of its performance, areas for improvement and areas for development. The Corporate Governance Committee has recommended that an evaluation, which was last done in 2014, be repeated once the recommendations of the New Code of Corporate Governance have been implemented. The Committee has also recommended that the exercise be conducted by an external facilitator.

Directors’ attendance

It is the responsibility of the Directors to attend meetings. Directors of Phoenix Beverages Limited are expected to spend the time and effort necessary for them to properly discharge their responsibilities. Non-Executive Directors are responsible for ensuring that the business strategies proposed are fully discussed and critically reviewed to promote the success of the Company for the benefit of all its stakeholders. They are also responsible for overseeing the operational performance of the business.

A Director who is unable to attend a meeting is expected to notify either the Company Secretary, the Chairman of the Board or the Chairman of the appropriate Committee, in advance of such meeting.

The attendance of Directors at meetings is set out on page 57 of the Integrated Report.

Board meetings

The Board meets at least four times a year to consider the performance of the Group’s business segments, strategy development and to receive reports from its sub-committees. Each Board Meeting includes one or more business or strategy presentations. The Board also actively communicates relevant information informally in order

to keep abreast of changes affecting or potentially impacting the interests of the Group and its stakeholders. In addition to regular Board Meetings, there are a number of other meetings to deal with specific matters as required.

At the beginning of each financial year, the Board, in consultation with the Chief Executive Officer, sets reasonable financial and non-financial targets, in line with the short-, medium- and long-term objectives of the Company and the Group.

The Directors receive notice with appropriate and adequate documentation with the information necessary for them to express an informed opinion on the matters submitted for their consideration. In practice, documents subject to examination by the Board are sent out seven days prior to the meeting. In exceptional cases where it is not possible to send documentation this far in advance, complete information on the topic under consideration is given at the meeting, ensuring that informed decisions are made.

The minutes of each Board Meeting are recorded by the Company Secretary, entered in the Minutes Book, submitted for confirmation at the next meeting and signed by the Chairman and the Company Secretary.

It is the responsibility of the Directors to attend meetings. However, Directors unable to attend a meeting are advised on matters to be discussed and given the opportunity to make their own views known to the Chairman or the Chief Executive Officer prior to and/or after the meeting.

According to the Constitution of the Company, a quorum of six Directors is currently required for a Board meeting. The Chairman has a casting vote in case of a tied vote. In addition to Directors, key management personnel and outside consultants are invited to attend Board meetings when necessary.

Board activities in 2016/2017

During the year under review, the Board met six times and meetings lasted two hours on average.

During its meetings, the Board considered, appraised and approved, amongst other items:

- The commercial performance of the Group both in local and overseas markets, which is reviewed throughout the year;
- The operating and capital expenditure budget for 2016/2017;
- The annual financial statements at June 30, 2016 and the relevant abridged audited consolidated results for publication;
- The unaudited quarterly, half-yearly and nine month consolidated results for publication;
- The business plan for the Réunion Island Operations as presented by the General Manager of Edena SA, Mr Claude Lasseigne;
- An increase in the price of Carbonated soft drinks products due to the increases in the price of raw & packaging materials;
- A change in the Chairmanship of the Company;
- The appointment of a new Independent Non-Executive Director;
- The declaration of an interim and a final dividend for the year ended June 30, 2017; and
- The recommendations of the Audit and Risk Committee and of the Corporate Governance Committee.

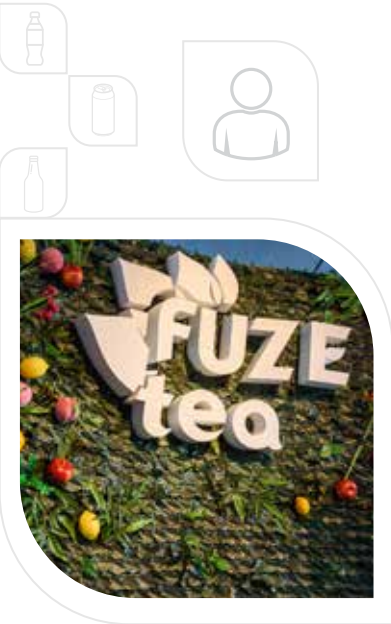
Corporate Governance Report (continued)

Board committees

The Board has established a Corporate Governance Committee and an Audit and Risk Committee to assist it with its functions, each of which has formal terms of reference approved by the Board of Directors. These committees report regularly to the Board and make recommendations for approval.

In order to fulfil the duties and responsibilities vested with each of the sub-committees, the Board Committees are authorised to obtain, at the Company's expense, professional advice both within and outside the Company.

The Company Secretary acts as secretary to the Board Committees. The minutes of each Board Committee meeting are submitted for consideration and approval at the following meeting, and are then signed by the Chairman of the Board Committee and the Company Secretary. Each member of the Board has access to the minutes of Board Committee meetings, regardless of whether the Director is a member of such Board Committee.



Corporate Governance Committee

The composition of the Corporate Governance Committee at the date of this report is as follows.

Members	Category
Guillaume Hugnin - Chairman	Non-Executive Director
Jan Boullé ⁽¹⁾	Non-Executive Director
Sylvia Maigrot ⁽²⁾	Independent Non-Executive Director
Bernard Theys	Executive Director

⁽¹⁾ Appointed as a member of the committee effective May 10, 2017.
⁽²⁾ Appointed as a member of the committee effective May 10, 2017.

At year end, the Corporate Governance Committee comprised of one Independent Non-Executive Director, two Non-Executive Director and one Executive Director, Mr Bernard Theys the CEO of the Company. Even though the Code recommends that the Corporate Governance Committee be chaired by an Independent Non-Executive Director, the Committee members have nominated Mr Guillaume Hugnin, a Non-Executive Director, to chair this Committee in view of his experience in the Company. On May 10, 2017, Mrs Sylvia Maigrot was appointed as an Independent Non-Executive Director and on the same day the Board of Directors nominated Mrs Sylvia Maigrot and Mr Jan Boullé as members of the Corporate Governance Committee.

The Corporate Governance Committee operates under terms of reference set by the Board of Directors and the Board has decided that this Committee also acts as Nomination Committee.

The mandate of the Corporate Governance Committee is to assist the Board in fulfilling its responsibilities to apply the principles of good corporate governance and to ensure that the Group follows prevailing corporate governance practices.

In its role as Nomination Committee, the Corporate Governance Committee is responsible for reviewing the structure, size and composition of the Board of Directors and to ascertain whether the combined knowledge and experience of the Board matches the strategic demands facing the Company and the Group. It establishes the principles for selection of candidates to the Board, selects candidates for election and re-election and prepares a proposal for the Board's decision. It is also responsible for preparing the succession plan for Directors and assessing the independence of the Independent Non-Executive Directors. Following recommendation by the Nomination Committee, appointments to the Board are proposed for approval by the Board and are subject to the ratification by shareholders at the following Annual Meeting.

During the year under review, the Committee met three times with an attendance rate of 70%. A quorum of two members is currently required for a Corporate Governance Committee meeting.

During its meetings, the Corporate Governance Committee:

- Approved the corporate governance section of the Annual Report 2016;

- Recommended to the Board and to the shareholders of the Company at the Annual Meeting of December 1, 2016, the re-election of an Alternate Director in accordance with Section 138(6) of the Companies Act 2001;
- Recommended to the Board and to the shareholders of the Company at the Annual Meeting of December 1, 2016, the re-election, by rotation, of three of the Directors of the Company in accordance with the Constitution of the Company;
- Assessed the various policies and procedures implemented within the Company and the Group relating to the setting up of a Risk Register;
- Ensured and monitored compliance with the recommendations of the Competition Commission Mauritius regarding the policy for fridge displays;
- Examined corporate governance issues relating to the introduction of the New Code of Corporate Governance; and
- Recommended to the Board the appointment of Mrs Sylvia Maigrot as Independent Non-Executive Director.

The Corporate Governance Committee confirms that it has discharged its responsibilities for the year under review, in compliance with its terms of reference.



Audit and Risk Committee

In order to comply with the Code, Mr Reshan Rambocus, an independent non-executive member of the Board, has been nominated as Chairperson of this Committee. Mr Rambocus has relevant financial expertise and the other members are all familiar with the issues of accounting and audit.

The Board of Directors is of the view that the members of the Audit and Risk Committee have sufficient financial management expertise and experience to discharge their responsibilities properly.

The composition of the Audit and Risk Committee is as follows:

Members	Category
Reshan Rambocus - Chairman	Independent Non-Executive Director
Jean-Claude Béga	Non-Executive Director
Jan Boullé	Non-Executive Director
Didier Koenig	Independent Non-Executive Director

The Chief Executive Officer, Mr Bernard Theys and the Chief Operating Officer & Chief Financial Officer, Mr Patrick Rivalland, also attend these meetings. In addition, the external auditors, Deloitte, and the internal auditors, BDO & Co., attend these meetings when deemed appropriate.

The Audit and Risk Committee operates under the terms of reference set by the Board and under a formally approved Audit Committee Charter that aligns with the provisions of the Code. The Committee meets at least once each quarter, reports on its activities to the Board and supports the Board of Directors in its supervision of financial controls.

The Audit and Risk Committee has the following distinct responsibilities:

- To oversee that management has established effective systems of internal control;
- To report to the Board on decisions taken, including approval of the annual financial statements;
- To make recommendations to the Board regarding the nomination of external auditors to be appointed by the shareholders;

- To discuss audit procedures, including the proposed scope, results and findings of procedures performed by external auditors;
- To ensure that the external auditors' findings are adequately addressed; and
- To create the environment and structures for risk management to operate effectively.

The Audit and Risk Committee also has the authority to conduct or authorise investigations into any matters within its scope of responsibilities. It has full access to all management personnel and can call on any member of management and staff or any member of the Board to attend its meetings. The Audit Committee regularly reports to the Board on its findings and proposes appropriate actions.

The Committee met four times during the year under review with an attendance rate of 92 %. Meetings lasted two hours on average. A quorum of two members is currently required for an Audit and Risk Committee meeting.

Corporate Governance Report (continued)

During the financial year ended June 30, 2017, the Audit and Risk Committee has, amongst other matters:

- Reviewed and recommended to the Board for approval, the annual financial statements at June 30, 2016 and the relevant abridged audited consolidated results for publication;
- Reviewed the management letter submitted by the external auditors and followed up on their recommendations;
- Reviewed and recommended to the Board for approval, the unaudited quarterly and three month consolidated results at September 30, 2016 for publication;
- Examined the reports of the internal auditors (please refer to pages 106 to 109 of the report for information on the internal audit function) on internal control systems arising from their fieldwork and ensured that their recommendations are implemented. The fieldwork performed during the year under review were based exclusively on audit exercises at the Company level and comprised of:
 - the complete review of the HR function and the Rodrigues business unit, and
 - a follow up of all previous exercises.
- Reviewed the Risk Register;
- Reviewed and recommended to the Board for approval, the unaudited quarterly and half-yearly consolidated results at December 31, 2016 for publication;
- Set-up a business continuity plan for the Company; and
- Reviewed and recommended to the Board for approval, the unaudited quarterly and nine month consolidated results at March 31, 2017 for publication.

The Audit and Risk Committee confirms that, in accordance with its terms of reference, it has fulfilled its responsibilities for the year under review.

Messrs Deloitte have been appointed as the Group’s external auditors since the year ended June 30, 2009. They were subsequently re-appointed at the Company’s Annual Meeting on November 30, 2016. Upon the recommendation of the Audit and Risk Committee, shareholders will be asked at the forthcoming Annual Meeting to approve the re-appointment of Messrs Deloitte as external auditors and to authorise the Board of Directors to fix the remuneration of the auditors for the ensuing year. The remuneration paid to the external auditors, Deloitte, for the year ended June 30, 2017 amounts to Rs 1,563,000 for audit and Rs 102,000 for other services.

In 2017/2018, the Audit and Risk Committee will maintain its focus on the continued examination and review of the internal control environment and risk management system within the Group.

Internal audit function

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

The mission of internal audit is to:

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

The internal audit function has been outsourced to BDO & Co Ltd.

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

Phoenix Beverages Limited has processes in place for identifying, classifying and managing significant risks. The effectiveness of the internal control systems is reviewed by the Audit and Risk Committee and provides the Board with reasonable assurance that assets are safeguarded, operations are run effectively and efficiently, financial controls are reliable and that applicable laws and regulations are complied with.

The Board is responsible for the Group’s system of internal controls and for reviewing its effectiveness. However, an internal control system, no matter how well conceived and operated, can provide only reasonable - not absolute - assurance to management and the Board regarding achievement of the Group’s objectives. The likelihood of achievement is affected by limitations inherent in all internal control systems.

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.

Risk management

Risk Management has become an integral part of doing business at Phoenix Beverages Limited. It is the responsibility of the Chief Executive Officer and his dedicated team to establish and maintain a risk management system. Risk Management falls under the supervision of the Audit and Risk Committee, which reports to the Board of Directors of Phoenix Beverages Limited.

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

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

Among the risk areas identified and control procedures put in place, are the following:

Commodity Price Variability Risk

Commodity prices, like stock market prices, are volatile and cannot be easily controlled. Commodity prices, formed through competitive trading in exchange markets, can vary rapidly due to constantly evolving market demands.

In order to mitigate commodity price variability, we have implemented several measures such as diversifying suppliers and establishing alternative suppliers for key commodities. We additionally seek to agree pivot prices with key suppliers as well as strengthening our relationships with them.

Water Supply Risk

Water scarcity is a contemporary concern for the whole world. Due to climate change, pollution, exploding demographics and competition for natural resources, water is becoming an increasingly scarce commodity in some regions. This implies that every year the competition for adequate supplies of potable water for the production of our beverages intensifies. We are working on ways to improve our water usage ratio.

Product Contamination Risk

Maintaining the most stringent Food Safety and Quality standards is our prime objective since our beverages are enjoyed every day by thousands of consumers across the island. We are subjected to annual audits by our esteemed partners Diageo, The Coca-Cola Company and Schweppes International who validate our strict adherence to their requirements. Our production sites have established and implemented Food Safety Management Systems based on ISO standards. These food safety management systems are also audited by an external certification body annually.

Social Media Risks

Social networking is fundamentally shifting the way we interact, communicate, organise, form opinions and even shop. The reality today is that people are more likely to participate in a social media forum than any other venue. Customers, partners and team members alike expect to engage with companies via social media. It has become a way for businesses to stay connected, gather feedback, recruit, and collaborate. We need to be prepared for the risks social media can pose. In this regard we have subcontracted the management of our social media platforms to a specialised agency to better control the flow of communication. Additionally we have established strong communication plans on social media platforms that run concurrently with normal media campaigns.

Evolving Consumer Consumption Trends

The Mauritian population is evolving in its consumption trends and some distinct needs and preferences may be observed. Consumers are much more conscious about the importance of balanced diets and leading a healthy lifestyle nowadays. New drinking trends are being adopted by the younger generation who are significantly influenced by the internet as well as by international magazines and television channels. Our aim is to stay abreast of these trends by ensuring a substantial annual budget allocation to sustain innovation and creativity.

Competition from Imported Beverages

The beverages market is expanding day by day with the import of beverages which has been facilitated by free circulation from some African markets. These imported beverages are produced on a large scale and may be obtained at a relatively more competitive price.

Production shortfall

With a high market share in three major drinks segments, any shortfall in production can damage sales, market share and reputation.

The Company has therefore established and implemented the following measures:

- Maintenance of a stormy preventive maintenance program for key machinery on all production sites, utilising external expertise from Original Equipment (OE) suppliers.
- Use of the latest techniques in order to pre-empt customer demand and optimise product supply chains
- Increased stock holding capacity to build buffer stock for peak market periods

Corporate Governance Report (continued)

Financial risk management

For the financial risk management, please refer to page 125 – Notes to the Financial Statements.

Management contract

Phoenix Management Company Ltd, in accordance with a management contract, provides the companies of the Group with a range of services including administrative, financial, commercial, technical, marketing and communication support. Phoenix Management Company Ltd employs and remunerates the executive personnel of the Group.

Please refer to pages 40 to 41 of the Integrated Report for the Senior Managers' biographies.

The management fee paid by Phoenix Beverages Limited during the year under review amounted to Rs 122,9million (2016: Rs 106,2 million) while expenses incurred by Phoenix Management Company Ltd in providing the above mentioned services amounted to Rs 72,1 million (2016: Rs 61,3 million) for the corresponding period.

Statement of remuneration philosophy

Shareholders approve the fees to be paid to the Board Members elected by the shareholders at the Annual Meeting. The Annual Meeting held on December 1, 2016, approved fee payments to the Board for the financial year ended June 30, 2017. The shareholders voted in favour of a fixed annual fee to be paid to the Directors and no attendance fee. This however, does not apply to the Executive Directors who are not granted Directors fees.

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

The Board and Board Committees' fees at June 30, 2017 were as follows:

Board	Fees
Annual Director's fee	Rs 300,000
Attendance fee	Rs 0
Corporate Governance Committee	Fees
Chairman's fee	Rs 75,000
Member's fee	Rs 50,000
Audit and Risk Committee	Fees
Chairman's fee	Rs 100,000
Member's fee	Rs 75,000

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



Attendance report and directors' remuneration and benefits

The attendance report of the Directors and their remuneration and benefits for the year ended June 30, 2017 are set out in the table below:

Directors	Board	Audit and Risk Committee	Corporate Governance Committee	Annual Meeting of Shareholders (held on November 30, 2016)	Remuneration and Benefits received from the Company (MUR)
Arnaud Lagesse	5 of 6			No	300,000 ⁽¹⁾
Jean-Claude Béga	5 of 6	4 of 4		Yes	375,000 ⁽¹⁾
Jan Boullé	5 of 6	2 of 4	1 of 1	No	375,000 ⁽¹⁾
François Dalais	4 of 6			Yes	300,000
Guillaume Hugnin	6 of 6		3 of 3	Yes	375,000
Didier Koenig	5 of 6	3 of 4		Yes	375,000
Hugues Lagesse ⁽²⁾	5 of 6			No	300,000
Thierry Lagesse	5 of 6			Yes	300,000
Sylvia Maigrot ⁽³⁾	1 of 1		1 of 1	No	58,300
Reshan Rambocus	5 of 6	4 of 4		No	400,000
Patrick Rivalland ⁽⁵⁾	6 of 6	4 of 4 ⁽⁴⁾		Yes	N/A
Bernard Theys ⁽⁵⁾	6 of 6	4 of 4 ⁽⁴⁾	3 of 3	Yes	N/A

	Board	Audit and Risk Committee	Corporate Governance Committee	Annual Meeting of Shareholders (held on November 30, 2016)	Remuneration and Benefits received from the Company
In attendance					
BDO & Co.					
Internal Auditors		1 of 4		No	N/A
Deloitte					
External Auditors		1 of 4		Yes	N/A

⁽¹⁾ The emoluments of Messrs Arnaud Lagesse, Jean-Claude Béga and Jan Boullé have been paid to IBL Ltd.

⁽²⁾ Mr Hugues Lagesse was appointed as Director on July 01, 2016

⁽³⁾ Mrs Sylvia Maigrot was appointed as Director on May 10, 2017 and has been remunerated on a pro-rata basis

⁽⁴⁾ In attendance – not a member.

⁽⁵⁾ Messrs Bernard Theys and Patrick Rivalland are employed and remunerated by Phoenix Management Company Ltd, the management company of Phoenix Beverages Limited.

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

Please refer to page 101 – Statutory Disclosures.

Corporate Governance Report (continued)

Directors’ and officers’ insurance and indemnification

The Directors and officers of Phoenix Beverages Limited benefit from an indemnity insurance cover for liabilities incurred while performing their duties to the extent permitted by law.

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

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

Phoenix Beverages Limited has set up the appropriate procedure whereby any Director wishing to deal in the shares of the Company should first notify the Chairman of the Company and receive a dated written acknowledgement. Should the Chairman of the Company decide to deal in the shares of the Company, he must notify the Board at a Board meeting and receive a dated written acknowledgement prior to undertaking such dealing.

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

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

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

In accordance with the Mauritius Companies Act 2001, written records of the interests in shares of Phoenix Beverages Limited held by the Directors and their related parties are kept in a Register of Directors’ Interests. As soon as a Director becomes aware that he or she is interested in a transaction, or that his or her holdings or his or her associates’ holdings have changed, the interest must be reported to the Company in writing. The Register of Interests is updated with any subsequent transactions entered into by the Directors and persons closely associated with them.

All newly appointed Directors are required to notify the Company Secretary in writing of their direct and indirect holdings in shares of Phoenix Beverages Limited. According to the Company’s Constitution, a Director is not required to hold shares in the Company.

Phoenix Beverages Limited is registered as a reporting issuer under the Securities Act 2005 administered by the Financial Services Commission (“FSC”). As such, the Company ensures that it abides by all relevant disclosure requirements. The Company keeps a Register of its Insiders and this register is updated upon receipt of a notification of interest in securities from Director, the officers and the other insiders of Phoenix Beverages Limited.

The Directors and officers of Phoenix Beverages Limited having direct and/or indirect interests in the ordinary shares of the Company at June 30, 2017 were as follows:

Directors	Direct Interest		Indirect Interest
	No. of shares	%	%
Guillaume Hugnin	3,500	0.02	-
Arnaud Lagesse	-	-	0.20
Hugues Lagesse	-	-	0.20
Patrick Rivalland	3,057	0.02	-

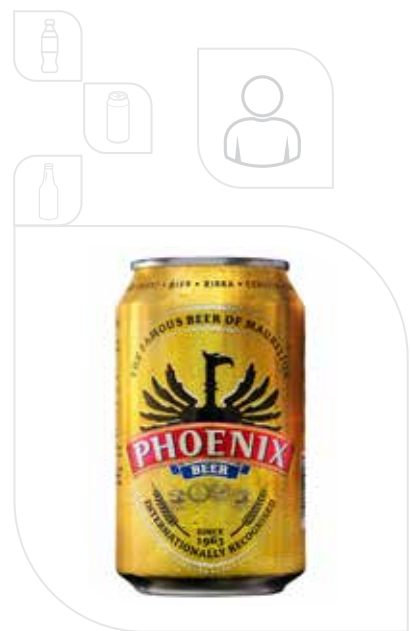
None of the Directors and officers had any interest in the equity of subsidiaries of Phoenix Beverages Limited.



The Company Secretary

The Company Secretary, IBL Management Ltd, is the Secretary of the Board and of the Governance Board Committees’ meetings including the Audit and Risk Committee and the Corporate Governance Committee. The Company Secretary reports to the Chairman and the Chief Executive Officer on governance matters, keeps the efficacy of the Company’s and the Board’s governance processes under review and also promotes improvements. The Company Secretary is responsible to the Board for compliance with Board procedures. All Directors have direct access to the advice and support of the Company Secretary on such matters. The Company Secretary is also responsible for advising and keeping the Board and Board Committees up to date on legislative, regulatory and governance matters. In addition, the Company Secretary facilitates the induction and professional development of Directors.

In addition, the Company Secretary is the primary channel of communication between the Company and the Stock Exchange of Mauritius Ltd.



Shareholders’ communication

The Board of Directors of Phoenix Beverages Limited places great importance on clear, open and transparent communication with all its shareholders. It endeavours to keep them regularly informed on matters pertaining to and affecting the Company through official press announcements, disclosures in the Integrated 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 Chairmen 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.

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

Main shareholders

The largest shareholders of the Company at June 30, 2017 were as follows:

Main Shareholders	Number of Shares Owned	% Holding
Phoenix Investment Company Limited	5,101,137	31.02
Camp Investment Company Limited	2,805,428	17.06
National Pensions Fund	749,773	4.56
IBL Ltd	527,659	3.21
SSB Kimberlite Frontier Africa Master Fund L.P.R. CKM	453,636	2.76
Swan Life Ltd	413,525	2.51
Hugnin Frères Ltée	340,186	2.07
Guinness Overseas Limited	316,370	1.92
Mr Christian Marie François Ledoux	169,600	1.03
Policy Ltd	137,961	0.84

Corporate Governance Report (continued)

Shareholding profile

The share ownership and categories of shareholders at June 30, 2017 are set out below:

Number of Shareholders	Category of Shareholding	Number of shares owned	% of Total number of shares issued
1,048	1 - 500 shares	162,751	0.99
198	501 - 1,000 shares	154,235	0.94
384	1,001 - 5,000 shares	873,780	5.51
95	5,001 - 10,000 shares	674,451	4.10
124	10,001 - 50,000 shares	2,428,995	14.77
11	50,001 - 100,000 shares	794,307	4.63
5	100,001 - 250,000 shares	650,767	3.96
4	250,001 - 500,000 shares	1,523,717	9.26
4	Over 500,000 shares	9,183,997	55.84
1,873		16,447,000	100.00
1,686	Individuals	3,613,729	21.97
10	Insurance and Assurance Companies	501,114	3.04
48	Pension and Provident Funds	1,354,700	8.24
16	Investment and Trust Companies	7,966,303	48.44
113	Other Corporate Bodies	3,011,154	18.31
1,873		16,447,000	100.00

Shares in public hands

In accordance with the Listing Rules of the Stock Exchange of Mauritius Ltd, at least 25% of the shareholding of Phoenix Beverages Limited is in the hands of the public.

Share registry and transfer office

The Company's Share Registry and Transfer Office is administered by Abax Corporate Administrators Ltd.

Share price information

The share price of Phoenix Beverages Limited increased over the past year from Rs 366.00 at June 30, 2016 to Rs 455.00 at June 30, 2017.

On September 20, 2017, the shares of Phoenix Beverages Limited were quoted at Rs 485.25 on the Official Market of the Stock Exchange of Mauritius Ltd.

Date	Price (Rs)	Yearly Change (%)
June 30, 2013	202.50	(1.2)
June 30, 2014	195.00	(3.7)
June 30, 2015	325.00	66.7
June 30, 2016	366.00	12.6
June 30, 2017	455.00	24.3

For additional information on the Company's share data, please refer to page 96 of the Integrated Report.

Dividend policy

No formal dividend policy has been determined by the Board. Dividend payments are determined by the profitability of the Company, its cash flow, its future investment and growth opportunities.

The Board of Directors of Phoenix Beverages Limited decided that, based on management forecasts and the Group's profitability, an interim dividend would be paid in December 2016 and a final dividend in June 2017. Each dividend paid was subject to the satisfaction of the solvency test.

An interim dividend of Rs 3.75 per ordinary share was declared in November 2016 and a final dividend of Rs 6.50 per ordinary share was declared in May 2017, bringing the total dividend declared for the financial year under review to Rs 10.25 per ordinary share.

Key dividend information over the past 5 years is shown in the table below:

	2013	2014	2015	2016	2017
Dividend per share (Rs)	8.00	8.40	9.00	9.60	10.25
Dividend cover (Number of times)	1.48	4.19	2.17	2.23	2.35
Dividend yield (%)	3.95	4.31	2.77	2.62	2.25

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

Total shareholder's return

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

	2013	2014	2015	2016	2017
Share price at June 30 - current year (Rs)	202.50	195.00	325.00	366.00	455.00
Share price at June 30 - previous year (Rs)	205.00	202.50	195.00	325.00	366.00
Increase/(decrease) in PBL share price (Rs)	(2.50)	(7.50)	130.00	41.00	89.00
Dividend - current year (Rs)	8.00	8.40	9.00	9.60	10.25
Total return per share (Rs)	5.50	0.90	139.00	50.60	99.25
Total return based on previous year share price	2.7%	0.4%	71.3%	15.6%	27.1%

Shareholders' agreement

At the date of this Integrated Report and to the Company's knowledge, there exists no shareholders' agreement between the Company and its shareholders.

Calendar of forthcoming events

November 2017	Publication of first quarter results to September 30, 2017
November 2017	Declaration of interim dividend
December 2017	Annual Meeting of Shareholders
December 2017	Payment of interim dividend
February 2018	Publication of half-year results to December 31, 2017
May 2018	Publication of third quarter results to March 31, 2018
May 2018	Declaration of final dividend
June 2018	Payment of final dividend
September 2018	Publication of abridged end-of-year results to June 30, 2018

Corporate Governance Report (continued)

Company’s constitution

The Constitution of Phoenix Beverages Limited conforms with the provisions of the Companies Act 2001 and Appendix 4 of the Listing Rules of the Stock Exchange of Mauritius Ltd.

There are no clauses of the Constitution deemed material enough for special disclosure.

A copy of the Company’s Constitution is available upon request in writing to the Company Secretary at the registered office of the Company, 4th Floor, IBL House, Caudan Waterfront, Port Louis.

Code of ethics

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

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

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

All team members are aware of and have signed the Phoenix Beverages Group’s Code of Ethics and comply with it. Compliance with the Code is continuously monitored by the HR Manager.

Safety, health and work environment practices

The Group firmly believes that supporting the security and health of its team members is an essential duty. As in previous years, a number of training initiatives have been implemented for team members and other people working at the Group’s sites to enhance the level of safety and health in the workplace. The Group’s policy also covers safety precautions and guidelines, which all contractors working on site are required to observe.

Corporate social and environmental responsibility

Please refer to page 88 for information on the Group’s Corporate Social and Environmental Responsibility.

Charitable donations

Please refer to page 104 of the Integrated Report.

Political contributions

The Company believes in the essential contribution of appropriate representatives and delegates to govern the country. It believes in the need for free and fair elections to be held at regular intervals. There were no political contributions made during the year under review.

Please refer to page 104 of the Integrated Report.

Employee share option plan

Phoenix Beverages Limited does not have an employee share option plan.

Provision for pension benefits

The details of the total amount of provisions booked or otherwise recognised by the Company for payment of pensions are provided on page 153 - Notes to the Financial Statements.

Related party transactions

For details on related party transactions, please refer to page 165 - Notes to the Financial Statements.



Arnaud Lagesse

Chairman

Bernard Theys

Executive Director
CEO

September 20, 2017

Statement of Compliance

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

Name of PIE: Phoenix Beverages Limited


Reporting Period: 30 June 2017

We, the Directors of Phoenix Beverages Limited, confirm that to the best of our knowledge, the Company has complied with most of its obligations and requirements under the Code of Corporate Governance except for

Section 2.2.6: Although the Code recommends that all the Directors are re-elected annually, the Constitution of the Company states that every year 3 Directors are re-elected by rotation.

Section 2.8.3: The Chief Executive Officer oversees the whole of the Phoenix Beverages Group and is not employed by the Company. The reason for non-disclosure is provided in the section “Directors’ Appointment and re-election” on page 50.

Section 3.9.2: Chairmanship of the Corporate Governance Committee. Please refer to the first paragraphs of the section “Corporate Governance Committee” on page 52.



Arnaud Lagesse

Chairman

Bernard Theys

Executive Director
CEO

September 20, 2017

Statement of Directors' Responsibilities

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

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

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

Accounting records to be kept

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

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

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

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

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

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

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

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

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

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



Reshan Rambocus
Director



Bernard Theys
Executive Director
CEO

September 20, 2017

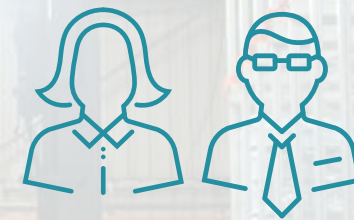


PERFORMING AGAINST OUR STRATEGIC OBJECTIVES

68 Interview with Our CEO

70 Performing Against Our Strategic Objectives

“ We have invested in additional capacity, strengthened product ranges and realigned products by category, enabling us to make good progress and to develop regional synergies.”



Interview with Our CEO



"We are at an exciting point in the PhoenixBev journey. Our regional expansion strategy is in place and we have now moved into the implementation phase."

What does the acquisition of Edena SA represent for PhoenixBev?

The acquisition of Edena in April 2016 represents both a tremendous opportunity for PhoenixBev and a responsibility to ensure we continue its development. It is a great Company that has been widely recognised by the people of Réunion Island for decades, which we need to keep developing for the generations to come.

What we are most proud of is the successful integration of the two companies – Phoenix Réunion SARL and Edena SA. There are already a number of encouraging signs in the financial results showing that we are on the right track. Our activities in Réunion Island are not only aimed at the local market but are also a cornerstone of our international

Does PhoenixBev now see itself as a multinational Company competing with the giants of the fast moving consumer goods sector?

Being exposed to global competition is nothing new to us. Recent developments in Mauritius and Réunion Island do not fundamentally change the way our business is configured. We operate in relatively mature and developed markets, but these markets remain relatively small in terms of total consumptions. We are therefore seriously looking to mainland Africa to strengthen our growth and increase value creation for our shareholders.

Do you think that you are ready to establish PhoenixBev in Africa?

There are real opportunities for PhoenixBev and we are now very confident and ready as a Group to expand our presence to mainland Africa.

We have worked extensively with external consultants to clearly identify where we would like to continue our growth on the continent. This is an essential stage to accelerate value creation for the Group.

Considering your current advantages, is it likely that you will reinforce your local and/or sub-regional brand portfolio to better resist the efforts of the multinationals to position themselves in your markets?

It is important to recognise that local brands are doing better than merely resisting multinational competition – our local brands are thriving. Eski lemonade and Phoenix Beer in Mauritius, Edena spring water and Séga lemonade in Réunion Island remain deeply rooted in the hearts of the people of our islands. This is our goal as a Group. We know how to renew these brands and make them live while keeping their original identity and pride. This is the heart of our business.

Mauritius is a mature beverage market. We currently engage with consumers through a relationship that creates an experience. We are doing an extensive redevelopment on our IT systems so that we can interact in real time with our customers. This will require a significant investment over the next two years but it will have positive consequences for our operating processes and the way we interface with our entire environment.

The strengthening of product ranges and realignment of products by category has enabled us to make good progress over the last year and to develop regional synergies. I am truly confident that production will soon expand beyond the coasts of Mauritius and Réunion Island to cover the Indian Ocean and into East Africa.

Tell us more about PhoenixBev’s new product range

This year we completed the installation of our new production line in Nouvelle France, which allows us to manufacture and bottle fruit juices and iced teas. We are able to do this through the use of a hot-fill process. The high-temperature bottling system makes it possible to produce natural products of very high quality with extended shelf life and with no additives or preservatives. This is a complex process requiring very specific expertise. We have configured production capacity at our Nouvelle France line to support export potential

to the Indian Ocean and mainland Africa, allowing PhoenixBev to regionalise the development of the still drinks category.

The installation of equipment and training of our agents in these new product categories has been a great success, and I would like to thank our partner Coca-Cola International once again for their extraordinary support through the project.

I understand PhoenixBev is also expanding its wine business?

Koté Vins is a dedicated business unit that operates in the wine and spirits sector. This year the unit generated volume growth of 32% mainly through our locally bottled wines. We are optimistic at the potential for further development in this sector in the new financial year. In this context, we are very pleased to announce the signing of a partnership with manufacturers in France and South Africa that have long traditions and internationally proven wine-growing expertise. We also plan to strengthen our wine business in Réunion Island via Mauritius.

Where would you still like to see improvements?

Alcoholism remains a serious public health concern and we would like to see the publication of comprehensive national studies on this issue, which could help to better combat this scourge. PhoenixBev encourages consumers to be responsible by promoting “drink less, to drink better” and we would be happy to participate in any national mobilisation or structured project that supports such an approach.

We also call for the creation of a more constant dialogue with the authorities, both in Mauritius and in Réunion Island, to continue common efforts to better secure the renewal of water resources on

our islands. Strengthening collaboration at the territorial level can only be beneficial for all stakeholders and particularly for generations to come.

Please discuss the corporate rebranding process that started last year

The rebranding of PhoenixBev reflects our strategic aspiration to be a total beverage solution leader in the Indian Ocean and East Africa region. Our regional and international growth will be built on our strong local roots and know-how, as well as our portfolio of well-loved brands across all beverage categories. We are also committed to establishing PhoenixBev as the preferred employer in the region. To achieve this, we are evaluating our working environment and practices through audits, workshops and benchmarking initiatives such as the “Great Place to Work®” programme and through “Great leader management development”.




In conclusion, we are at an exciting point in the PhoenixBev journey. The capital investments of the last few years have increased our production capacity, broadened our product offering and created increased flexibility in the business. Our strategy of regional expansion is in place and we have now moved into the implementation phase to achieve our vision to be a total beverage solution in the Western Indian Ocean.

Bernard Theys
Executive Director - CEO

September 20, 2017

Performing Against Our Strategic Objectives

The table below shows several key initiatives and achievements undertaken this year within the strategic framework.

HOW WE DRIVE VALUE	STRATEGIC OBJECTIVES	WHAT IT MEANS TO US	KEY ACHIEVEMENTS
<div>  </div> <div>DRIVING VALUE THROUGH SUSTAINABLE GROWTH</div>	<div>1</div> <div>To consolidate our local and regional market offerings and to provide products for all occasions.</div>	<ul style="list-style-type: none"> To invest in our operations to increase both capacity and capabilities. To expand regionally through organic and inorganic growth. To propose a wide offering to each market segment. 	<ul style="list-style-type: none"> Acquired Edena SA in April 2016 and presently consolidating the operations of Phoenix Réunion SARL and Edena SA. Invested in a new production unit in Nouvelle France - Commissioned in November 2016. Invested in a new canning line which will become fully operational in October 2017. Launched several new products in both Mauritius and Réunion Island during 2017. Introduction of new packaging and package sizes into the market.
	<div>2</div> <div>To improve our operational efficiency to become industry leader in the Western Indian Ocean region, while being respectful of the environment.</div>	<ul style="list-style-type: none"> To invest in operational excellence with additional standardised practices, minimisation of waste, lean manufacturing practices and obtain appropriate certifications. To ensure that activities within PhoenixBev are in alignment with the needs of our business to create and sustain growth. 	<ul style="list-style-type: none"> Introduction of light-weight Crystal Eco-twist bottle. ISO 14001 certification for waste management in progress. Investment in modern racking system in our main warehouse. Investment in IT system to help our frontliners.
<div>  </div> <div>CITIZENSHIP AND RESPONSIBILITY IN BRAND BUILDING</div>	<div>3</div> <div>To have a happy, healthy and skilled workforce that is involved and believes in our mission.</div>	<ul style="list-style-type: none"> Constant investment in training and developing our team members. To conduct regular customer satisfaction surveys. We strive to have a successful working relationship by creating an environment where we are surrounded by people who want the success of PhoenixBev. 	<ul style="list-style-type: none"> Contracted the international "Great Place to Work®" organisation to conduct an opinion survey, followed by action plans. Training and development of our team members – (please refer to page 80).
	<div>4</div> <div>Position PhoenixBev as a value-driven leader in good governance and ethics both within the Group and in all our business relationships locally and internationally.</div>	<ul style="list-style-type: none"> Extend our growth regionally through strong partnerships. To always act with integrity, honesty, compassion and high ethics in all situations. 	<ul style="list-style-type: none"> This year we worked with a consultant to develop a Business Continuity Management System - (please refer to page 37). We have started to implement the requirements of the new Code of Corporate Governance for Mauritius.
<div>  </div> <div>DRIVING VALUE THROUGH BRANDING AFFINITY</div>	<div>5</div> <div>To have modern, fact-based transparent and efficient processes that help us to deliver on our promises.</div>	<ul style="list-style-type: none"> Initiate and run research to gain a better understanding of our consumers, ensuring growth and innovation strategies are based on real consumer insights. Continue to improve, manage and follow-up on the KPIs we set last year following the "brand-love-survey". Looking for expansion opportunities in the Western Indian Ocean region. 	<ul style="list-style-type: none"> Our customer response unit ensures that customer complaints are pro-actively resolved. We conducted a customer satisfaction survey and are incorporating the feedback into our processes.
	<div>6</div> <div>To shape and participate in industry and consumer trends and developments.</div>	<ul style="list-style-type: none"> Developing new products and packaging. Continuous pragmatic innovation. 	<ul style="list-style-type: none"> One of the main objectives we set ourselves a few years ago was to rejuvenate our flagship brand and reconnect to our consumers. To achieve this, we upgraded the packaging for Phoenix Beer based on feedback from consumer group surveys. We also launched a national competition to involve consumers in the design of packaging (please refer to page 91). This year we launched our first customer survey, discussed on page 88, which showed mostly positive impressions, with a few areas for improvement. In line with last years' objective of developing new products for launch in the short to medium-term, we launched Fuze Tea in Mauritius and Réunion Island, added Monster Energy drink to our brand portfolio and are preparing to launch 5 Alive juice.

"We are committed to ethical and responsible business practices, reducing our environmental footprint and increasing positive social impact."

2017 PERFORMANCE OUTCOMES

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- 76 Manufactured Capital
- 78 Intellectual Capital
- 80 Human Capital
- 84 Natural Capital
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Moris Dime

As part of the Mauritius Tomorrow campaign, PhoenixBev is inspiring young people to create the Mauritius of tomorrow. Fifty youngsters will be chosen to imagine their dream jobs and the PhoenixBev Foundation will work with them to help them turn their working dreams into reality. The project is being run in partnership with Junior Achievement Mascariernes (JAM), who will mentor candidates on their career choices and assist in the selection of the fifty finalists. JAM coaches school leavers for the job market and will show the children how to create wealth and manage it effectively, as well as providing coaching on entrepreneurship, helping to create jobs that make their communities more robust.

BENITA

AT 19, SHE HAS STARTED HER CAREER AS A BAKER.

"My vision for the future is one where young people turn towards a profession. Going for it, working hard, learning. Done with passion, every profession helps to improve the future. If more people loved what they were doing, Mauritius would be a happier place."



CEDRIC

AT 18, HE WANTS TO OPEN HIS OWN SECURITY COMPANY.

"I hope there comes a time when no one is scared to walk alone at any time in Mauritius. I have always wanted to open my own agency that will provide security services for various occasions. As an entrepreneur, my business will help reduce insecurity, bring food to the table and offer employment to other people."

GARY

AT 19, HE WOULD LIKE TO BECOME A SPORTS INSTRUCTOR.

"Mauritians have a lot of potential but they are not encouraged to develop their talents enough, be it in music or sports. As an aspiring sports instructor, my vision for the future of our country is one where the youth is motivated to turn towards sports activities. Through sports and music, we can encourage the youth to discover new horizons."



HARESH

AT 15, HE DREAMS OF BECOMING A CHEMIST OR AN ELECTRICAL ENGINEER.

"I would love to see new developments by diversifying the economic sector, reducing the dependency on tourism and sugarcane, improving the IT sector and attracting new investors in the country. I would also like to see Mauritius use more renewable energy as we are ideally located to use waves, winds and solar power. As a chemist or electrical engineer, I would help the country become a major player in this field."



JASON

AT 16, HE WANTS TO BECOME A PHYSICAL EDUCATION TEACHER.

"I wish that Mauritius becomes a place where everyone has a home and peace of mind, and where everyone lives in security and harmony. Leisure and physical activities should be encouraged among the youth so that they do not get into substance abuse. Sports can definitely help drive off these scourges and as an aspiring Physical Educator, I believe I can contribute to the well-being of my country."

ABOUT US

OUR OPERATING
CONTEXT

HOW WE LEAD

PERFORMING AGAINST OUR
STRATEGIC OBJECTIVES

2017 PERFORMANCE
OUTCOMES

OUR FINANCIAL
STATEMENTS

SHAREHOLDERS'
CORNER

PhoenixBev is sponsoring the Time Capsule as part of the Moris Dime project in celebration of the 50th anniversary of Mauritius's independence. The Time Capsule provides an opportunity for the youth and families of Mauritius to capture and store today's special memories for the next 25 years. The capsule will be reopened in 2042 to reveal these testimonies, celebrating Mauritian pride and diversity, and linking the young generation of today with the Mauritius of the future.

JORDAN

AT 17, HE LOOKS FORWARD TO BECOMING A POLICEMAN.

"We need to have more activities for the youth so that they do not fall into drugs. I want to see the youth become independent and this can only happen if we have a balance between education and entertainment. I would like to become a policeman to join the fight against drugs."



MILISHA

AT 17, SHE WANTS TO WORK IN THE FIELD OF HUMAN CAPITAL.

"With a population that promotes multicultural cohabitation, our geographical location, our political stability and a more enlightened population, our country will experience growth in various fields. Through the values inculcated by our parents, we, the youth of today, the future managers and entrepreneurs, are proud to bear the responsibility of paving a brighter Mauritius. A career in the field of Human Capital will allow me to help the working population to have a better working environment."



RYAN

AT 14, HE IS AN ASPIRING AERONAUTICAL ENGINEER.

"I see Mauritius as a developed country with flying cars and solar-powered airplanes. I want to become an aeronautical engineer and design new machines that use renewable energy for the betterment of the country. The public infrastructure should also be upgraded and properly maintained. This will help in fighting pollution while driving us into the future and making Mauritius become a smart country with smart technology."

ROUNISH

AT 16, HE SEES HIMSELF AS A CHARTERED ACCOUNTANT IN THE FUTURE.

"I love studying accounts and my dream is to become a Chartered Accountant to be able to generate wealth so that I can help the society at large. In this way, I would be working in a field that I like and I would invest in the education of the youth and also donate to orphanages so that the children can get a better life and stay away from the scourges of society."



WARREN

AT 20, HE WANTS TO MAKE A CAREER AS A DJ.

"I see Mauritius as a country that has a bright future. Mauritians are talented and we must tap into their talents. I have been a DJ since the age of 7 and I want to make a career out of musical therapy. Music has the ability to make you forget your problems but also the power to make you face and fight them. I believe that many obstacles can be overcome by the magic of music."

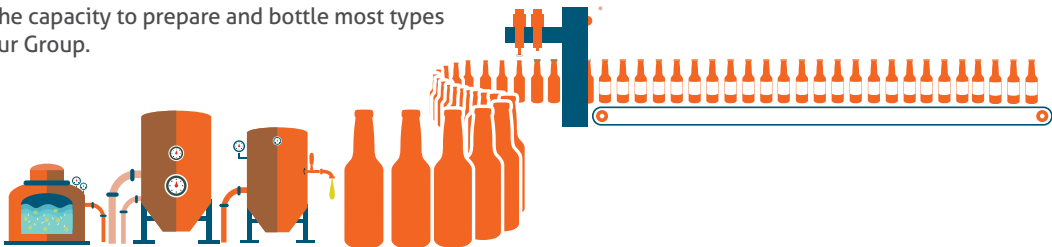
Manufactured Capital



THE COMPANY HAS MADE SEVERAL IMPORTANT INVESTMENTS IN MANUFACTURED CAPITAL DURING THE PAST TWO YEARS THAT SUPPORT LOCAL AND REGIONAL GROWTH BY SIGNIFICANTLY ENHANCING OUR DISTRIBUTION CAPABILITY, INCREASING OUR PRODUCTION AND STORAGE CAPACITY, AND BROADENING OUR PRODUCT RANGE. These investments have modernised our facilities and increased our production efficiency while reducing our environmental impact. They include the acquisition of Edena SA in Réunion Island in 2016, the commissioning of our new production unit in Nouvelle France in November 2016 and the installation of our new canning line.



In total, PhoenixBev invested **Rs 390 million** in new equipment and facilities in 2017 (2016: Rs 468 million) and now has the capacity to prepare and bottle most types of beverages, within our Group.



Brewery

We replaced our old canning line with a new modern one. The new canning line has more automation, increased capacity and allows us to fill cans of different formats, increasing our production flexibility and allowing canning of new products.

CO₂ is emitted during the beer fermentation phase and we also increased the efficiency and performance of our CO₂ recovery system. The recovered gas is treated, purified, liquefied and then re-injected during filtration and bottling. We now operate a closed-circuit system that requires minimal additional CO₂.

Limonaderie

At the Limonaderie site, we concentrated on improving four existing systems:

1. water treatment,
2. air quality and heat extraction,
3. the CIP sanitation process, and
4. the RGB glass bottle filler.

In line with these improvements, we also upgraded a number of our certifications:

- ISO 17025 certification achieved (Laboratory),
- ISO 9001 (Quality Management System) upgraded to Version 2015
- FSSC 22000 (Food Safety System Certification) upgraded to Version 4

Nouvelle France

The acquisition and installation of a new production site in Nouvelle France added a third production plant for PhoenixBev in Mauritius. This new state of the art facility enables the Group to develop its business in the non-carbonated, health and wellness segment both locally and regionally. It also offers contingency for our manufacturing capability.

Winery

We doubled the volume of local bottling of wines from France and South Africa in 2016/17. We also launched Tresor, our first wine made in Mauritius, in returnable glass bottle.

We work closely with our suppliers to ensure excellent wine quality. We select from some of the biggest bulk producers in South Africa as well as smaller but well-known wineries. These wines are supplied with quality analyses and further tested in our own laboratory. We have the highest confidence in the quality and traceability of the wines we sell due to the FSSC 22000 certification of our bottling line.

For 2018, we are investigating further opportunities to expand the line capability to include different beverage formats and new products.



Warehouse

We are implementing a new automated shuttle system, which will increase our storage capacity when completed in October 2017. This increase is in anticipation of the increased production from our modernised production systems with the launch of new products.



Operational of Excellence

Our Operational Excellence (OE) function focuses on improving efficiencies and innovation, and driving continuous sustainable growth in the organisation. OE increases the intellectual capital available in the Company by improving the skills and knowledge of our team members, who can then focus on getting the most out of the manufacturing capital embodied in our operations. The OE function aims to entrench a culture of excellence through training, awareness campaigns and ongoing communication.

Our partnership with The Coca-Cola Company helps us to implement best practices, benchmark our operations and improve the performance and efficiency of our production lines.

Quality Management

More than 50 types of quality tests are carried out every day across our operations, including physical, chemical, microbiological and organoleptic analyses. These tests cover raw materials, work in progress and finished goods to create traceability across the production cycle and quickly identify underlying variations so that the necessary remedial measures can be taken.

PhoenixBev is certified under the FSSC 22000 Food Safety System, which provides a framework for effectively establishing and implementing a robust food safety management system. This enhances traceability and ensures optimum food safety levels, safeguarding consumers from health risks.

Our international key partnerships support the continuous improvement of our quality procedures. Quality processes within the Group align with the comprehensive and detailed specifications of Diageo and The Coca-Cola Company. These partnerships also support benchmarking of our operations and our key partners conduct regular audits to assess and reinforce our quality systems.

PhoenixBev was audited five times by external entities during the year, by McDonalds, Coca-Cola, Orangina, ISO 9000 and FSSC 22 000. All audits were concluded successfully, raising only minor audit observations with no major non-conformities.

Our Limo laboratory has been certified ISO 17025 standard. We are the only Coca-Cola laboratory certified under this standard in the region. This is an additional asset to support our regional strategy with our partner Coca-Cola.

Our plant in Réunion Island is certified ISO 9001 and ISO 14001.

Intellectual Capital



THE BRAND REPUTATION WE ASPIRE TO ALIGN WITH OUR VALUES AND OUR CLIENT PROMISE. WE PUT A LOT OF EFFORT AND RESOURCES INTO BUILDING THIS BRAND, WHICH IS ONE OF OUR MAIN VALUE CREATORS. Our client promise is to be a Company that is innovative, honest and trusted, responsible, resilient and adaptable.

Brand Reputation

We continue to build close and collaborative relationships with our customers and consumers through site visits, social media and events. This collaboration forms the foundation from which we innovate and design our products and services, helping us to shape industry and consumer trends.

Knowledge and Expertise

The pool of expertise and experience we have built over our **86 years** in business is a key aspect of our intellectual capital. Our corporate culture is strongly merit-based and we constantly seek the best skills and capabilities throughout our business

PhoenixBev’s expertise in the brewing industry is unique in Mauritius and a key intellectual asset of the Company, which supports consistently high beer quality and the creation of fine new beers.

The skills of a master brewer are built on talent and passion, and developed over a long period of time through a master-apprentice relationship. The continuous development of this expertise is critical to the future of our Group and we aim to ensure the long-term availability of this asset through succession planning. We have taken particular care to devise a strategy for choosing and training the next generation of brewers to ensure the continued high quality of our locally made beers. We have a rigorous yeast-management programme in place that includes a complete set of conservation measures on site, daily microbiological controls, regular yeast propagation and storage, and backup preservation through agreements with our partners.

Systems and Processes

Over the past few years, we have invested in technology, operating processes and systems that have created smarter, more transparent and timely workflows to deliver better performance.

These investments were a response to global competition, increased pressures from our business environment.

We have leveraged new technologies to improve our customer response thus taking customer care to the next level.

Sales Force Automation

In our quest to improve customer service, we have deployed a new system that provides our sales force with real time customer information on their mobile phones. The sales team can now access customer information, manage their requests and complaints as well as do different types of trade surveys. This new app also enables them to take customer orders that can be relayed in real time to the back office for processing.

Commercial Equipment Management

To further pursue our mission for excellence, we have deployed a system that manages all complaints and requests pertaining to our commercial equipment in the trade. This system allows PhoenixBev to have a full visibility and control over its assets in the trade.

Future Landscape

We will be deploying a new IT system within the next two years that will bring more agility to the organisation.

Our goal is to use this new technology to streamline our operations and give our customers a unique experience when doing business with PhoenixBev.

This will further help us to improve our environmental footprint.

CASE STUDY: Wall of Fame

PhoenixBev’s intellectual capital, along with a good dose of hard work, dedication and the best ingredients, have helped us to win a number of awards. Over the years, PhoenixBev’s flagship brand, Phoenix Beer, has been awarded ten Gold Medals and two Grand Gold Medals by international organisations such as Brewex in the United Kingdom, the Australian International Beer Awards and the Monde Selection in Brussels.



Human Capital



PHOENIXBEV IS COMMITTED TO CREATING A PLEASANT, SAFE AND PROFESSIONAL WORKPLACE. As we move into the implementation phase of our strategy, initiatives that support the quality of our human capital are critical to achieve our regional expansion goals. Our Human Resources department is dedicated to supporting the professional development of our team members, as well as ensuring that they have the necessary tools, resources and motivation to perform their jobs at the highest level.

"Great Place to Work®"

One of PhoenixBev's most important strategic initiatives this year was the "Great Place to Work®" survey. This initiative gives the Company an objective measurement and improved understanding of team member's perceptions and feelings towards PhoenixBev. This includes aspects such as respect, the credibility of the Company, the fairness of treatment, pride and conviviality felt within the Company. These assessments can be compared with those of other participating companies in Mauritius and also along business lines, and provide companies with information regarding the quality of their working environment.

The survey was conducted online, with a 95,3 % participation rate and the preliminary results show that team members are proud to be part of the PhoenixBev Group (72% positive view on this aspect). Once the complete survey analysis has been reviewed, we will use the information to drive continuous improvement by implementing an action plan involving team members. This will be developed through a collaborative process under the supervision of the CEO. The Company is also committed to repeat the "Great Place to Work®" survey every few years to measure improvements.

Human Resources at a glance

	Mauritius and Rodrigues			Réunion Island
	2014/15	2015/16	2016/17	2016/17
Total full time team members at the start of the year	1 064	1 120	1 159	92
Total full time team members at year end (June, 30)	1 120	1 159	1206	92
Total full time women in the workforce at year end	97	107	120	18
Total full time men in the workforce at year end	1 023	1 052	1 086	74
Total full time women in the management team	10	12	12	4
Total full time men in the management team	26	34	35	6
Total team members with disabilities	4	5	7	0
Average age of team members	42	42	41	42
Total team member training and development costs	Rs 5.8M	Rs 8.1M	Rs 8.2M	Rs 0.2M
Total team members trained during the year	625	844	965	7
Health and Safety				
Total work accidents reported	127	148	114	39
Total days of injury leave	683	1 017	654	96
Total health and safety expense	Rs 3.4M	Rs 3.6M	Rs 4.0M	Rs 0.2M
Total fines paid for breaches of labour law	Rs 16,100	Rs 0	Rs 0	Rs 0

Team Member

Health and Safety

The health and safety of our team members is of key concern in the Group and we continuously implement the necessary controls to ensure a safe working environment and the wellbeing of our workforce. Risks associated with our activities are inevitable and include exposure to chemicals, minor cuts related to the handling of broken glass, handling of heavy objects and the operation of industrial equipment. Team members in our distribution team are exposed to further risks as they are outside our premises and are vulnerable to various factors beyond our control.

Our approach to health and safety aligns closely to the Occupational Safety and Health Act (2005). During 2017, our safety initiatives included:

- A defensive driving awareness campaign
- Ongoing training on fire safety, working from heights and lifting techniques
- Safety, food and hygiene training was presented at our Rodrigues operation

Our logistics planning includes alternating long and short delivery routes to reduce risks associated with driver fatigue and also to increase delivery flexibility.

Health and Wellbeing

The health of our team members is an important part of our human resources policy and departmental activities, in the context of country risks such as high levels of diabetes, cardiovascular disease and rising cancer rates.

Our preventive approach to team member health and wellbeing includes screening campaigns, vaccinations and medical visits for all interested team members. During 2017, these included 99 Hepatitis A and B vaccinations, 15 tetanus vaccinations and 120 swine flu vaccinations.

The Company also covers team members' health expenses up to a ceiling of **80% of the total medical costs**, including the cost of doctors, prescribed medications, eyeglasses and dental care. In Réunion Island, all team members are covered by the French healthcare system.

During 2017, PhoenixBev employed a doctor on a part-time basis who visits three of our sites at least once a week to provide free consulting to any staff member that needs it. Each team member has a confidential health book and additional investigations requested by the doctor are borne by PhoenixBev in the event of an emergency.

Welfare

PhoenixBev's team member welfare programme aims to support personal development and work/life balance within the Company by promoting sports, welfare and recreational activities. The Company's sports committee includes a representative from each site and plans various recreational activities such as pétanque, football and fun walks. Various physical activities are available to team members, including weekly yoga, Pilates and Zumba sessions as well as access to badminton and volley ball courts, and a football field. PhoenixBev's affiliation with the Fédération Mauricienne des Sports Corporatifs (FMSC) and Curepipe Starlight Sports Club enables team members to participate in competitions at national level across different activities. Our team members also benefit from sports activities organised by the Mauritius Export Association (MEXA).



Human Capital (continued)

CASE STUDY: Focus on Edena

Strengthening the development of Edena SA, our subsidiary in Réunion Island, has given Human Resources Management a broader international perspective.

After the acquisition of Edena SA, our focus was to:

- Facilitate the integration of the operational activities of Phoenix Reunion SARL and that of Edena SA.
- Create synergies between the two teams,
- Harmonise the working conditions and benefits to ensure congruence for all team members.

All jobs were preserved and a few recruitments were made to support the planned activities, namely the development of still and healthy beverages.



Team Member relationships

To formalise open discussions with team members, the Company has given added emphasis to the "Comité d'Entreprise". Departmental representatives are nominated to represent the work force and management representatives are appointed from each unit. This forum facilitates dialogue and discussion in a free and fair manner and meets every two months. The meeting is chaired by the Senior Manager Human Resources and the CEO and COO closely monitor the findings and actions from these meetings.

The centralisation of our operations in Réunion Island was a complicated process as the island's labour legislation is much more complex. Under French law, we are obliged to have "La négociation annuelle obligatoire (NAO)", which is an annual meeting for negotiations with unions. During these discussions, themes defined by law are formally addressed such as salaries, hours of work and equality between men and women. To ensure the smooth integration of teams, we worked on harmonising practices and reached agreements to establish collective working procedures, which have been implemented incrementally.

Awareness campaigns

PhoenixBev provides annual awareness campaigns on topics related to public health and safety issues.

The theme for this year was **road safety**. More than **900 team members** attended training workshop. In addition, a practical driving session was organised where drivers of goods vehicles were assessed.

Ethics and human rights

PhoenixBev's Code of Ethics is based on the fundamental principle of respect for all stakeholders. We are committed to creating a work environment where team members are treated with dignity and respect to bring out their full potential, which contributes directly to business success.

PhoenixBev is an equal opportunity employer and is committed to providing a workplace that is free of discrimination of all types. We champion diversity and our values and the principles underlying our actions align with fundamental principles of Human Rights, those drawn up by the International Labour Organisation (notably as regards the ban on child labour and forced or compulsory labour), the Employment Relations Act as well as the Industrial Relations Act, Occupational Safety Health and Welfare Act.

We do not tolerate unfair discrimination, racial, sexual, or in any other shape or form, including in hiring and promotion. We expect all our team members to establish and enforce procedures that enable team members to report any cases of non-compliance with the Code that may come to their attention.



Grievance mechanisms

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

In addition, as a partner, PhoenixBev is bound by the Coca Cola Supplier Guiding Principles (SGPs). These emphasise the importance of responsible workplace policies and practices that comply at a minimum with applicable environmental laws and with local labour laws and regulations. The SGPs cover a range of human rights issues including freedom of association and collective bargaining, child labour, forced labour and abuse of labour, discrimination, work hours and wages, providing a safe and healthy workplace, protecting the environment, business integrity, legal compliance, grievance mechanisms and human rights.

We expect our suppliers to abide by ethical standards that match our own. Suppliers involved in the supply chain for Coca-Cola products are required to commit to the SGPs and are certified by The Coca-Cola Company.

Natural Capital



PHOENIXBEV IS COMMITTED TO RESPONSIBLE BUSINESS PRACTICES AND OUR BUSINESS MODEL PRIORITISES REDUCING OUR ENVIRONMENTAL FOOTPRINT AND INCREASING POSITIVE SOCIAL IMPACT. OUR MOST MATERIAL ENVIRONMENTAL ISSUES RELATE TO WATER AND ENERGY CONSUMPTION, CARBON EMISSIONS AND WASTE MANAGEMENT.

PhoenixBev recognises the risks that climate change poses to its business. Climate change risks include changing weather patterns, floods and droughts that affect crop yields for raw materials such as barley, malt, hops and sugar in producing countries.

The availability of water may also be impacted by climate change.

Carbon footprint

Energy use is the main contributor to PhoenixBev's carbon footprint and we continue to implement measures to improve energy efficiency at our production sites. Our Operation Excellence programme includes a focus on reducing our energy consumption per hectolitre of beverage production. Improving our energy efficiency has many benefits including reducing our carbon footprint, conserving natural resources and containing costs.

Bagatelle has committed to the Office National des Forêts (ONF) to replant forest plots threatened by invasive species to preserve the forests of Réunion Island.

This year, more than 1,000 endemic trees were planted on the island through the ONF partnership, bringing the total trees planted since the start of the partnership to 6,000.



Energy consumption

While we have not yet established a dedicated energy performance program, PhoenixBev has been focused on improving energy consumption for several years. In 2015 and 2016 we invested in new and more efficient equipment, namely compressors and chillers. As a result, while production increased in 2017, electricity consumption at our existing Mauritian operations decreased by 1.4% to 13,070 MWH compared to 13,260 MWH in 2016.

Energy consumed in the form of hydrocarbons for transportation (all types of hydrocarbon combined) also decreased marginally. However, diesel consumption increased by 4% in 2017 due to both an increase in the trucks in our fleet and the increased distance travelled due to transfers of goods from Nouvelle France to Phoenix.

Water

Water is an essential strategic resource for the Group and PhoenixBev takes great care to ensure its renewal and support the quality of the water that is taken from the natural environment. Variations in rainfall, in the context of climate change, are a major concern for the Group considering the importance of water to our operations and water resource management remains a critical focus area.

Water resources in Réunion Island are heavily regulated and certain water resources cannot be chemically treated, reducing the water sources we can use. In Mauritius, water supply in dry seasons is limited. We engage with stakeholders, local authorities and the water agencies of Mauritius and Réunion Island on an ongoing basis to strengthen collaboration to further improve water security on both islands.

Water quality

At regular intervals throughout the day, quality control analysis are conducted on the raw water drawn from our boreholes. Monthly and annual analyses are carried out by accredited external laboratories and by our key partners. We also conduct regular water source vulnerability assessments to better anticipate any risk that may impact our water sources. Monitoring of water resources has been integrated into PhoenixBev's risk management process.

Used water from our production processes is treated in our effluent plants to the standards required by the relevant legislation. We have implemented the necessary procedures to obtain an effluent discharge permit at our new production site at Nouvelle France that will allow treated wastewater to be released into the water system. Our procedures comply with the stringent standards of The Coca-Cola Company, which require that this water is passed through a fish basin to ensure that the water released into the water system is safe. PhoenixBev is also implementing an awareness programme to sensitise people in watersheds to the impacts of human activities on the quality of groundwater and springs, and to encourage a greater respect for the environment.



Water consumption

We are committed to improving our water efficiency by reducing our impact on water resources. We monitor total water consumption as well as the water utilisation ratio (water used per hectolitre of beverages produced). Our business faces a trade-off between water use and waste production. We have chosen to retain the use of returnable glass bottles (RGB) to minimise waste and increase reuse, rather than switching to plastic packaging, as many of our competitors have done, or using disposable glass bottles. RGBs comprise around 40% of our total production and several studies that have analysed the full life cycle of bottled products have concluded that using RGBs is more environment friendly than disposable glass bottles or plastic.

This means that we use more water than some of our peers due to the need to clean and sterilise the RGBs before reuse, so our water efficiency ratio is not directly comparable to that of many of our peers. We try to offset the higher water utilisation linked to RGBs by recycling wastewater to return it to nature cleaner than required by law.

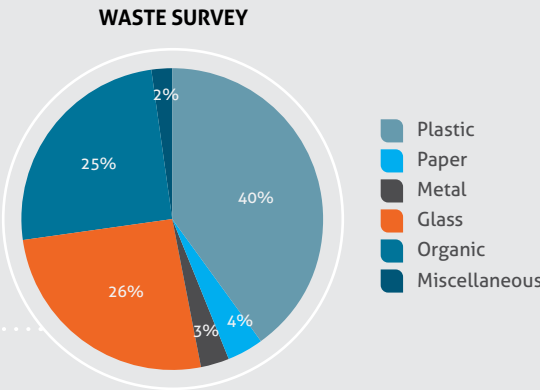
Our water management project aims to minimise water use in our processes without affecting the quality of our products. This includes new technology like a dry lubrication system for conveyor belts as well as initiatives such as reducing the time/water ratio for each bottle during the sanitation and rinsing stage. A rainwater harvesting initiative is being put in place at the Nouvelle France operations to reduce water consumption from other sources.

Natural Capital (continued)

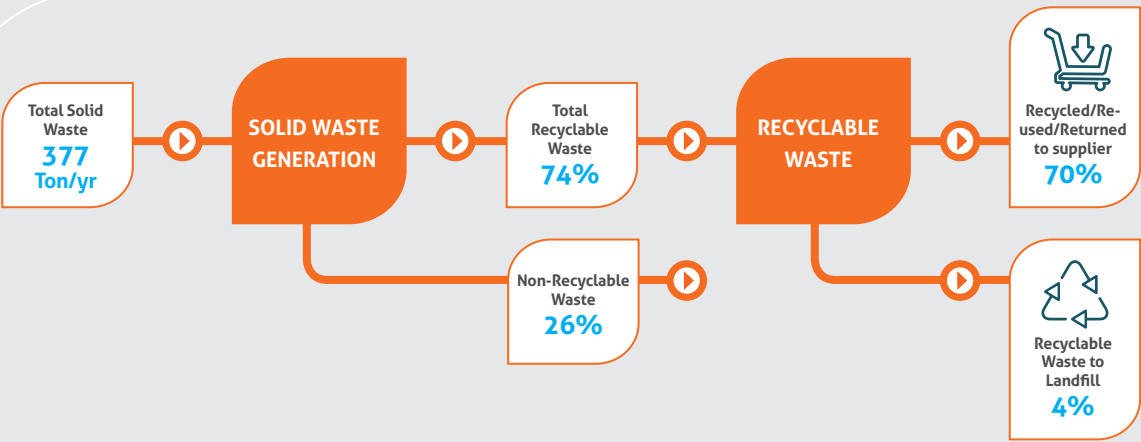
Waste management

PhoenixBev continues to focus on improving waste management. We are in the process of implementing ISO 14001 to manage our environmental impacts throughout the product life cycle, starting with the Limonaderie this year.

As part of this process we introduced a waste segregation programme to improve our waste and by-products strategy. Waste is categorised to separate out recyclable waste and minimise waste to landfill.



THE LIMONADERIE PRODUCES 377 TONS OF SOLID WASTE A YEAR, OF WHICH AROUND 70% IS RECYCLED, RE-USED OR RETURNED TO THE SUPPLIER. This includes drums, plastic pallets and waste glass that is redirected to other activities or companies for reuse and/or upcycling. Some of our glass waste is transferred to The Mauritius Glass Gallery, an artisan glass foundry incorporated in the PhoenixBev Group to reduce environmental impact.



PhoenixBev is committed to improving the downstream recovery of plastic waste and particularly the recovery of PET bottles sold by the Company. In 2017 we contributed Rs 13 million (2016: Rs 11.9 million) to a PET recycling programme which allows us to recover at least 40% of our distributed PET. Although it has proven difficult to increase this percentage over the last three years, it is important to note the strong contribution of the bottling industry to this initiative, which needs broader support across the food sector to drive further gains.

We continue to evaluate other options to improve the recovery and recycling of PET bottles. We are investigating the feasibility of setting up a regional PET recycling unit to make pre-formed bottles from recycled material, which could be put back on the market. In this way, PET could be reused indefinitely in a circular lifecycle.

Packaging

PhoenixBev sources packaging materials both locally and abroad with a focus on resource optimisation to ensure a sustainable supply chain. Our continual improvement programme includes a focus on reducing the weight of our glass and plastic containers. We use lightweight glass bottles for our carbonated soft drinks which reduces the amount of material used thus improving the carbon footprint across the supply chain. PET preforms and bottle designs have been improved for many packages and we are implementing other initiatives to further lightweight our containers.

Raw materials

We are committed to responsible sourcing of the raw materials used in our products and have developed trusted relationships with our key suppliers over the years. The quality of the cereals and grains we source is compliant to or guaranteed GMO-free through certificates of analysis and compliance, and HACCP certification.

The raw and refined sugars we use are sourced locally through the Mauritius Sugar Syndicate in accordance with our stringent internal specifications and those of The Coca-Cola Company.

CASE STUDY: The New Eco-twist Bottle

PhoenixBev is deeply engaged with the protection of the environment through various projects, with our initiatives to increase the recovery and recycling of PET bottles being some of the most important.

As part of our commitment to being a responsible Group, PhoenixBev introduced a new lightweight Eco-twist PET bottle for our Crystal brand. The new bottle was launched in November 2016 with a communication campaign that refreshes the Crystal visual identity and supports a strong sustainability message.

The Eco-twist bottle includes several environmentally-friendly features:

- The bottle is designed to be easy to twist before disposal and therefore takes less space at recovery.
- The bottle is lighter, using an average of 18% less plastic and has a smaller closure. The total environmental impact of these changes will be significant since more than 20.2 million bottles of Crystal water are sold each year.

The launch has included an educational campaign to create awareness among end consumers about the importance of proper disposal of PET bottles.



Social Capital



AS PHOENIXBEV MOVES INTO NEW MARKETS AND BROADENS ITS OFFERINGS, IT IS IMPORTANT THAT WE CONTINUE TO DEVELOP OUR SOCIAL CAPITAL TO SUPPORT THE VALUE OF OUR BRANDS AND ENSURE THE SUSTAINABILITY OF THE COMPANY. Social capital is addressed in this section as it relates to business partners and suppliers, customers and communities. The Company’s relationship with our team members is discussed in the section starting on page 80 of this report and more information on PhoenixBev’s engagements with its stakeholders is included on page 24.

Customer satisfaction

Customer Response Unit (CRU)

PhoenixBev’s CRU includes a dedicated team for handling and monitoring complaints, with corrective action plans and an audited process that includes monthly reports. Our CRU tracks and monitors a range of indicators at all of our sites across a number of different themes. Each complaint is investigated to identify the root cause for corrective action.

Customer Satisfaction Survey

We conducted a Customer Satisfaction Survey (DCDM Research 2017) following our recent rebranding and this will be repeated every second year. This will help us to build better Key Performance Indicators to improve engagement with our stakeholders and enable benchmarking against other industry players.

The survey was conducted across 471 resellers in Mauritius, covering all aspects related to the PhoenixBev brand and its competitors in the food and beverages sector. The results show a good anchoring of the PhoenixBev brand and encouraging prospects for the future.

Key Result Area	Objectives	KPI	Survey Finding
Brand Recognition	Be among the Top 3 Suppliers in the FMCG sector	PhoenixBev Top of Mind Awareness	<ul style="list-style-type: none">Top of Mind Awareness: 59%Customer satisfaction: 82% (Rank 3rd in Mauritius).
	Be recognised as PhoenixBev instead of Phoenix Beer or Coca-Cola	PhoenixBev brand recognition: 40%	30% PhoenixBev recognition
Brand Associations	Be recognised for the values PhoenixBev wants to project as a brand	Warmth Resourcefulness Creativity Helpfulness	Warmth: 70% Resourcefulness: 80% Creativity: 80% Helpfulness: 70%
Brand Preferences	Be the first choice of customers for a beverage company	Brand Disposition (Customers considering working only with us or preferring us) > 40%	Positive disposition: 34%

Business partners and suppliers

We choose our business partners based on a number of key factors, including:



- An established and strong brand reputation
- The ability to meet our quality standards
- Whether we believe we can create demand for that product/brand
- The sustainability of their value chain
- Whether the product/brand completes our current portfolio to help us become a total beverages solution provider

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



Sustainable Supply Chain

It is important that we manage our supply chain carefully to ensure consistent quality and reliability of supply. We also need to put in place controls to confirm that our suppliers operate sustainable and ethical businesses to secure continuity of supply and mitigate against reputational damage.

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

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

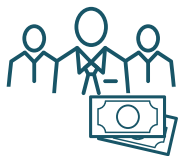
Annual formal supplier assessments are conducted by a committee comprised of the relevant personnel from the business units that deal with suppliers.

When selecting suppliers, we aim to buy locally wherever possible. This is only practical when the products we need are available in Mauritius in the required quality and meet the demands of our brands, which include strict protocols. Other inputs are imported from all over the world.



Contributing to society

The value-added statement on page 95 identifies how the value created by the Group has been distributed to our various stakeholders.



In 2017, PhoenixBev created **Rs 4,042M** in value, of which Rs 2,538M was paid to the State as taxes and levies, Rs 753M was distributed to team members and shareholders received **Rs 169M** as dividends. Rs 265M was retained for reinvestment in the Company.

PhoenixBev continuously monitors its positive contribution to the Mauritian economy and as part of this focus, aims to offer opportunities to local suppliers whenever possible. Total procurement spend in Mauritius has remained around 57% of the total expenditure.



Social Capital (continued)

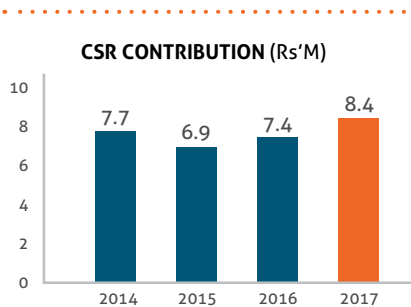
Corporate social responsibility

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

The Phoenix Foundation supported Terre de Paix at Albion by organising a Christmas celebration for 129 underprivileged children with gifts, toys and educational materials. PhoenixBev team members assisted with the setup of the celebration and were present during the festivities. PhoenixBev also contributed to those affected by Cyclone Edowa in Madagascar through the Paroisse de Saint Paul. The Company also provided financial assistance to eight

people for medical intervention.

Team member volunteering activities during the year included a cleanup and planting of trees at the Phoenix River and a beach cleanup at Mahebourg.



During 2017, we allocated **Rs 8.4 million** (2016: Rs 7.4 million) to be donated to NGOs that address a range of environmental and social issues, including health, education, sports, poverty alleviation, alcohol abuse and human rights.

Sponsoring cultural events

As a key player in Mauritius, PhoenixBev sponsors a number of cultural events across the country. These include:

- Sponsorship of the Porlwi by Light Festival for the second consecutive year in 2016.
- PhoenixBev supports Kafé Kiltir in partnership with the KasPoz bar at Ebene, where numerous cultural events are held with local artists.
- We support the Moris Dime project

that invites young Mauritians to share their vision for a future Mauritius. Moris Dime is an initiative of Meta-Morphosis, launched as part of the celebration of the 25th anniversary of the Republic and the 50th anniversary of the independence of Mauritius. During the project, various walls in Mauritius and Rodrigues were transformed into meeting zones for citizens and areas for artists to release their creativity. For the upcoming 50th anniversary of the independence of Mauritius, we have launched the Time Capsule,

a refurbished container that travels around the island so that people can come and record messages that will be revealed in 2042.

It is important to note that at all events we sponsor and/or organise, we encourage responsible drinking and offer our "mychauffeur.mu" service, which offers free car rides home for consumers. This effort has not yet reached its full potential, and more work is needed to improve awareness of this initiative.



CASE STUDY: National design contest

As the islands most famous beer, Phoenix Beer is an integral part of the Mauritian identity. We think of Phoenix Beer as co-owned by Mauritians, so we created an opportunity for them to participate in a national design contest to revamp the beer packaging.

The brief was to re-imagine this iconic and energetic Mauritian product and propose a bold new look.

Jean Paul Henrisson won the first prize with his design, which preserves the brand identity while adding a futuristic touch and a strong sense of Mauritius. It also combines a high-tech feel with a love of the environment.

Jean Paul's inspiration came from his experiences and what Phoenix represents for him – sharing with friends during fishing parties or family outings at the beach.

"I think this is a great initiative from PhoenixBev, which allows local designers to express their creativity. I had some great interactions during the competition and it made me realise that our island is full of talent," stated Jean Paul.

The second and third place winners were Emduth Juleemun and Celia Pang Kin Lan respectively.

1st



Jean Paul Henrisson

2nd



Emduth Juleemun

3rd



Celia Pang Kin Lan

Financial Review

FINANCIAL REVIEW

PhoenixBev produced a solid performance in 2017, both in our home market of Mauritius and in Réunion Island.

Note that the results of Edena SA, which was acquired in April 2016, are consolidated for the full 12 months in this set of results, compared to only three months in 2016.

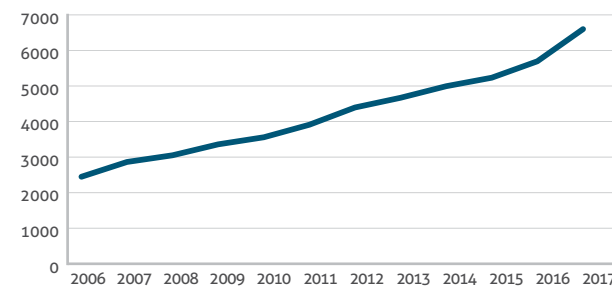
GROUP REVENUE GREW

**16.3% to
RS 6,415M**

The good top-line increase primarily attributable to sales volume growth of 5.2% in Mauritius and the consolidation of the Edena Group of companies for a full twelve-month period.

The Group has shown strong revenue growth since 2006.

REVENUE (Rs'M)



Cost of sales and gross profit

Manufacturing costs at Company level were up by 8.2%, growing faster than sales volumes. This increase was principally driven by:

- Fixed costs associated with the operation of a third production plant in Mauritius, which produces our new product categories - Fuze Tea and fruit juices. Sales of these products are

expected to grow significantly in the short to medium-term as we continue to develop our product portfolio.

- Sharp increases in the sugar price in 2016.

Excise and other specific duties increased by 7.2% year on year, mainly driven by sales volume increases and sales mix. This increase was also due to the 5% increase in excise tax on beer in June 2016.

These factors reduced PhoenixBev's gross profit margin from 26.5% to 25.5%.

Marketing, warehousing, selling, distribution and administrative expenses

increased by 2.0% at Company level, with tight cost control keeping the increase well below revenue growth.

Finance costs and gearing

Finance costs increased due to the debt raised to acquire Edena SA and the investment in our new state of the art production facility in Nouvelle France. All other investments during the year were financed from operating cash flows. While we usually only use short-term financing, the debt raised to finance the Edena SA acquisition was taken over a period of 10 years.

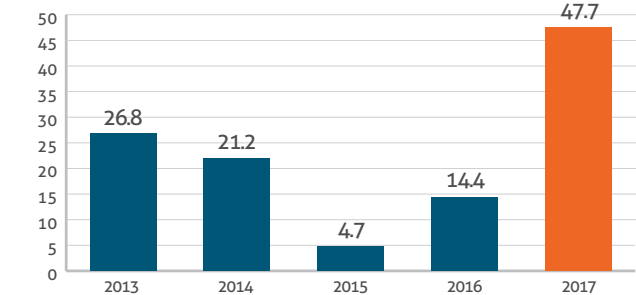
Net interest-bearing debt to operating profit before depreciation and amortisation (EBITDA) declined to 1.01 times (2016: 1.24 times). 45% of the gross interest-bearing debt at financial year end was denominated in Mauritian Rupees and 55% in Euros.

THE GROUP'S GEARING AT JUNE 30, 2017 IMPROVED

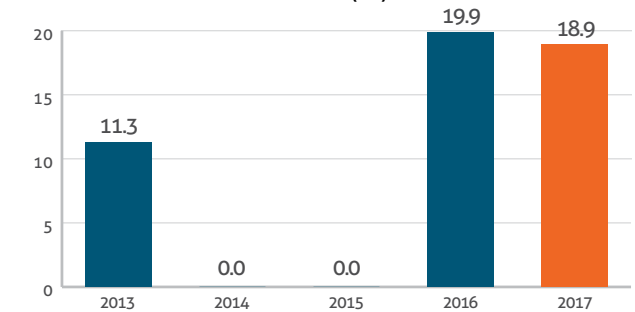
from **19.9%**
to **18.9%**

We anticipate that, in the absence of further major acquisitions, our gearing will be reduced to zero by 2020/21.

FINANCE COSTS (Rs'M)



GEARING (%)



Earnings and EBITDA

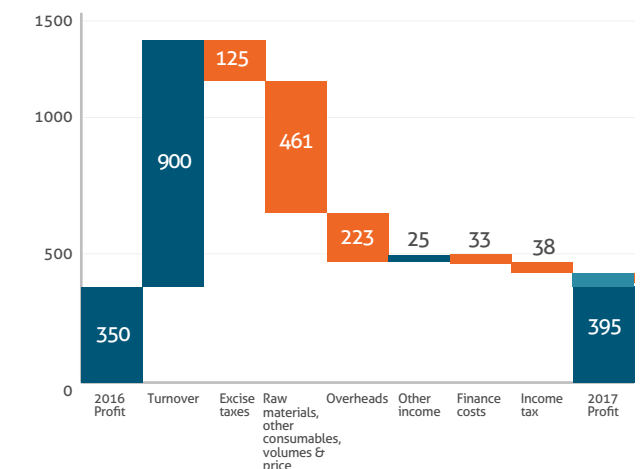
Group net profit for the year increased by

**12.9% to
Rs 395.5 million**

with Edena Group contributing Rs 105.7 million.

EBITDA increased by 23.7% from Rs 672 million to Rs 831 million.

NET PROFIT RECONCILIATION (Rs'M)



Financial Review (continued)

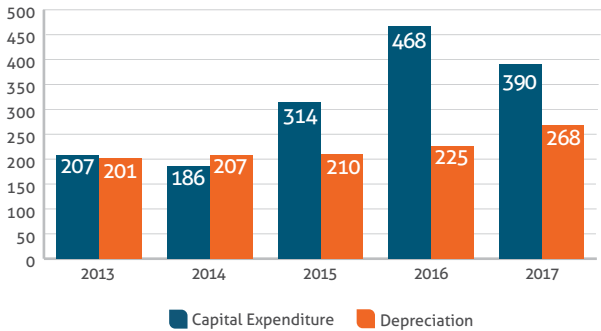
Capital expenditure and depreciation

The Group invested Rs 390 million in capital expenditure during 2017. The capital expenditure mainly relates to:

- The installation of a new state of the art production line in Nouvelle France. Installation started in the 2015/2016 financial year and the plant was commissioned in November 2016.
- A new canning line that will become fully operational in October 2017. The new line will add production capacity and increase flexibility which will enable the Group to innovate and capture new markets. This new line will replace the one installed in 1996.
- The upgrade of our soft drinks glass bottle packaging line to enhance reliability by replacing essential machines that are now fully depreciated. This line will be brought back into operation in October 2017.

As in previous years, the Group also invested in trucks, coolers, bottles and crates.

CAPITAL EXPENDITURE AND DEPRECIATION (Rs'M)



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

Equity and shareholders return

Total equity increased by 7.9% from Rs 3.34 billion to Rs 3.61 billion. The Company paid a dividend of Rs 10.25 per share for the year (2016: Rs 9.60).

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

27.1%

2016: 15.6%
and return on equity
increased to

11.4%

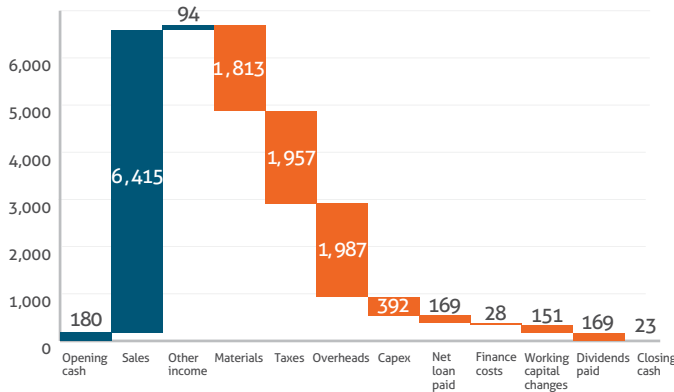
2016: 10.7%

Cash Flow and Cash Equivalents

Cash flow from operating activities at Company level decreased to Rs 545.3 million compared to Rs 650.2 million in 2016. This decrease is mainly attributable to an increase in working capital due to significant increases in our inventories necessitated during the replacement of the canning line and the refurbishment of the soft drinks glass bottle bottling line.

Cash flow from operating activities at Group level increased due to the full consolidation of Edena SA this year.

CASH FLOW HIGHLIGHTS (Rs'M)



Value Added Statement

Turnover including Value Added Tax

Less: Paid to Suppliers for Materials and Services

Value Added

Other operating income

Total wealth created

Distributed as follows:

Members of Staff

Remuneration and benefits

Providers of Capital

Dividends

Interest

Government Taxes

Excise, Customs & Other Specific Duties

Net Value Added Tax

Taxation

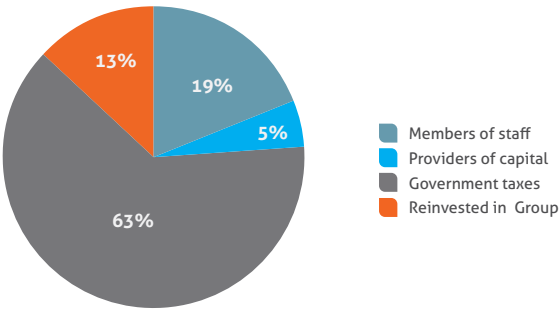
Reinvested in the Group

Depreciation and amortisation

Retained Profit

Total Distributed and Retained

2017	%	2017	%
Rs'000		Rs'000	
6,916,802		5,949,684	
(2,960,673)		(2,547,179)	
3,956,129		3,402,505	
85,493		60,468	
4,041,622		3,462,973	
753,049	19%	601,204	17%
168,582		157,892	
47,535		14,379	
216,117	5%	172,271	5%
1,925,758		1,778,547	
501,893		434,363	
110,293		72,937	
2,537,944	63%	2,285,847	66%
269,352		226,237	
265,160		177,414	
534,512	13%	403,651	12%
4,041,622	100%	3,462,973	100%



Group Financial Summary

	2017	2016	2015	2014	2013
			(Restated)	(Restated)	(Restated)
Statement of profit or loss and other comprehensive income (Rs.m)					
Turnover	6,415	5,515	5,061	4,820	4,501
Excise and other specific duties	1,857	1,732	1,643	1,523	1,382
Profit before taxation	514	431	392	720	267
Profit attributable to shareholders	395	350	318	578	99
Depreciation and amortisation	269	226	211	208	203
Net interest paid	48	14	5	21	27
EBITDA	831	672	608	949	497
Statement of financial position (Rs.m)					
Total assets	6,041	5,633	4,087	3,987	3,817
Net indebtedness	840	832	0	0	331
Working capital	372	414	600	696	110
Shareholders' fund	3,610	3,345	3,180	2,992	2,589
Net asset value per share (Rs.)	219.28	203.25	193.27	183.23	157.41
Cash flow (Rs.m)					
Net cash generated from operating activities	564	606	527	533	377
Performance ratio					
Earnings per share (Rs.)	24.10	21.36	19.43	39.83	13.95
Net return on equity (%)	11.38	10.74	10.28	20.64	4.26
Net profit margin (%)	6.16	6.35	6.28	11.99	2.20
Liquidity & gearing ratio					
Current ratio (%)	129.90	144.37	217.88	216.65	112.96
Gearing ratio (%)	18.89	19.93	0.00	0.00	11.34
Interest cover (times)	11.71	31.79	79.40	34.57	10.78
Dividends					
Dividends declared (Rs.m)	168.58	157.89	148.02	138.06	131.58
Dividends per share (Rs.)	10.25	9.60	9.00	8.40	8.00
Dividend yield (%)	2.25	2.62	2.77	4.31	3.95
Dividend cover (times)	2.35	2.22	2.16	4.19	1.48
Market data					
Market price per share (Rs.)					
High	460.00	400.00	325.00	205.00	216.00
Low	366.00	336.00	190.00	185.00	200.00
Closing (30 June)	455.00	366.00	325.00	195.00	202.50
Market Capitalisation (Rs.Bn)	7.48	6.02	5.35	3.21	3.33
P/E ratio (times)	18.88	17.13	16.73	4.90	14.52



OUR FINANCIAL STATEMENTS

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"PhoenixBev delivered a solid performance in 2017, both in our home market of Mauritius and in Réunion Island."





Statutory Disclosures

June 30, 2017 (Pursuant to Section 221 of the Mauritius Companies Act 2001 and Section 88 of the Securities Act 2005)

Principal activities

- The principal activities of the Group consist of:
- brewing of beer, bottling and sale of beer, soft drinks, table water and alternative beverages; and
 - manufacture and sale of glass–made products.

Directors

The name of the Directors of Phoenix Beverages Limited and its subsidiaries holding office as at June 30, 2017 were as follows:

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

Directors’ service contracts

One Director of Phoenix Beverages Limited has a service contract with an expiry term 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 term with Phoenix Management Company Ltd, a subsidiary of Camp Investment Company Limited.

On June 30, 2017, there was no service contract between any Director and Phoenix Beverages Limited.

The following changes occurred in the directorships during the year under review:

Phoenix Beverages Limited

- On July 1, 2016, Mr Hugues Lagesse was appointed as Director.
- On May 10, 2017, Mrs Sylvia Maigrot was appointed as Director.
- On 1 Dec 2016, Mrs Marguerite Hugnin resigned as Alternate Director

Statutory Disclosures (continued)

June 30, 2017 (Pursuant to Section 221 of the Mauritius Companies Act 2001 and Section 88 of the Securities Act 2005)

Directors’ and Senior Officers’ interests in shares

The direct and indirect interest of the Directors and Senior Officers in the securities of the Company as at June 30, 2017 were:

	Direct interest		Indirect interest
	Number of shares	%	%
Directors			
Arnaud Lagesse	–	–	0.20
Jean–Claude Béga	–	–	–
Jan Boullé	–	–	–
François Dalais	–	–	–
Guillaume Hugnin	3,500	0.02	–
Didier Koenig	–	–	–
Hugues Lagesse	–	–	0.20
Thierry Lagesse	–	–	–
Sylvia Maigrot	–	–	–
Reshan Rambocus	–	–	–
Patrick Rivalland	3,057	0.02	–
Bernard Theys	–	–	–
Alternate Directors			
Jean Pierre Dalais	–	–	–
Senior Managers			
Patrice Sheik Bajeet	–	–	–
Nicolas Caboche	–	–	–
Frédéric Dubois	–	–	–
Rama Narayya	–	–	–
Gerard Merle	–	–	–
Gervais Rambert	–	–	–
Antis Treebhoobun	–	–	–
Company Secretary			
IBL Management Ltd	–	–	–

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

Contracts of significance

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

Directors’ remuneration and benefits

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

	2017		2016	
	Executive Directors Rs’000	Non-Executive Directors Rs’000	Executive Directors Rs’000	Non-Executive Directors Rs’000
The Company				
Phoenix Beverages Limited	–	3,158	–	2,259
The Subsidiaries				
Helping Hands Foundation	–	–	–	–
Mauritius Breweries International Ltd	–	–	–	–
MBL Offshore Ltd	–	–	–	–
Phoenix Beverages Overseas Ltd	–	–	–	–
Phoenix Camp Minerals Offshore Ltd	–	–	–	–
Phoenix Distributors Ltd	–	–	–	–
Phoenix Foundation	–	–	–	–
Phoenix Reunion SARL	–	–	–	–
The (Mauritius) Glass Gallery Ltd	–	–	–	–
Edena S.A.	–	–	–	–
Espace Solution Réunion S.A.S.	–	–	–	–
SCI Edena	–	–	–	–

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

Indemnity insurance

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

SHAREHOLDERS

Substantial shareholders

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

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

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

Statutory Disclosures (continued)

June 30, 2017 (Pursuant to Section 221 of the Mauritius Companies Act 2001 and Section 88 of the Securities Act 2005)

Contract of significance with controlling shareholders

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

Donations

	2017 Rs'000	2016 Rs'000
The Company		
Phoenix Beverages Limited – Corporate social responsibility	8,388	7,407
– Others	411	735

The subsidiaries have not made any donation during the years 2017 and 2016.

Auditors’ remuneration

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

	2017		2016	
	Audit Rs'000	Other services Rs'000	Audit Rs'000	Other services Rs'000
DELOITTE				
The Company				
Phoenix Beverages Limited	1,563	102	1,421	97
The Subsidiaries				
Helping Hands Foundation	–	–	–	–
Mauritius Breweries International Ltd	6	–	6	–
MBL Offshore Ltd	21	10	20	9
Phoenix Beverages Overseas Ltd	95	9	90	9
Phoenix Camp Minerals Offshore Ltd	21	9	20	9
Phoenix Distributors Ltd	6	–	6	–
Phoenix Foundation	–	–	–	–
The (Mauritius) Glass Gallery Ltd	166	16	158	15
	1,878	146	1,721	139
EXCO Reunion audit	Eur'000	Eur'000	Eur'000	Eur'000
Phoenix Reunion SARL	19	–	19	4
	19	–	19	4
EXA	Eur'000	Eur'000	Eur'000	Eur'000
Edena S.A.	37	1	24	–
Espace Solution Réunion S.A.S.	6	–	7	–
	43	1	31	–

Other services relate to tax services.

The auditor, Deloitte, has expressed its willingness to continue in office and a resolution proposing its re-appointment will be submitted to the Annual Meeting of the Shareholders.

Company Secretary’s Certificate

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 June 30, 2017, all such returns as are required of the Company under the Companies Act 2001.



Doris Dardanne
Per IBL Management Ltd
Company Secretary

September 20, 2017

Independent Auditor’s Report to the Shareholders

of Phoenix Beverages Limited

Report on the audit of the consolidated and separate financial statements

Opinion

We have audited the consolidated and separate financial statements of Phoenix Beverages Limited (the “Company”) and its subsidiaries (collectively referred to as the “Group”) set out on pages 110 to 167, which comprise the consolidated and separate statements of financial position as at 30 June 2017, and the consolidated and separate statements of profit or loss and other comprehensive income, consolidated and separate statements of changes in equity and consolidated and separate statements of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated and separate financial statements give a true and fair view of the financial position of the Group and Company as at 30 June 2017, and of their consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) and comply with the requirements of the Mauritius Companies Act 2001 and the Financial Reporting Act 2004.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those Standards are further described in the Auditor’s Responsibilities for Audit of the Consolidated and Separate Financial Statements section of our report. We are independent of the Group in accordance with the ethical requirements of the International Ethics Standard Board for Professional Accountants’ Code of Ethics (IESBA) for Professional Accountants. 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 judgment, were of most significance in our audit of the consolidated and separate financial statements of the current year. These matters were addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How the matter was addressed in the audit
<p>Goodwill and trademarks</p> <p>Goodwill arising from the acquisition of businesses in previous years is recognised in the financial statements at its cost of Rs.591m.</p> <p>The Group and the Company has also acquired in previous year trademarks for an amount of Rs.193m.</p> <p>In accordance with IAS 36, impairment assessment is required to be carried out annually to assess the carrying amount of goodwill and trademarks. This is performed by using discounted cash flow models. Assessments of carrying value of goodwill and trademarks entails key sensitive judgements including revenue growth, operating margins and discount rate and is accordingly considered to be a key audit matter.</p>	<p>Our procedures which included the involvement of fair value specialists consisted of the following:</p> <ul style="list-style-type: none">Validating assumptions used to calculate the weighted average cost of capital by making reference to market data.Analysing the future projected cash flows used in the model to determine whether they are reasonable and supportable given the current market conditions and expected future performance of the cash generating units.Subjecting the key assumptions to sensitivity analysis.Comparing the projected cash flows, including the assumptions relating to revenue growth rates and operating margins, against historical performance to test the accuracy of these projections. <p>We observed that the assumptions used by management were comparable with historical performance; expected future outlook and the discount rate used were appropriate in the circumstances. We consider the carrying value of goodwill and trademarks to be appropriate.</p>

Key audit matters (continued)

Key audit matter	How the matter was addressed in the audit
<p>Long-term receivables</p> <p>The Company has long-term receivables from its subsidiaries amounting to Rs.101m.</p> <p>In accordance with IAS 36, impairment assessment is required to be carried out annually to assess the carrying amount of the long-term receivables. This is performed by using discounted cash flow models. Assessment of carrying value of the long-term receivables entails key sensitive judgements including repayment terms and discount rate and is accordingly considered to be a key audit matter.</p>	<p>Our procedures included:</p> <ul style="list-style-type: none">Independently validate the assumptions used by management to determine the discount rate.Analysing the future projected cash flows used in the model to determine whether they are reasonable and supportable given the current market conditions and expected future performance of the subsidiaries.Discussing with management on the basis of determining the repayment period of the long term-receivables. <p>We observed that the assumptions used by management were comparable with historical performance; expected repayment terms and the discount rate used were appropriate in the circumstances. We consider the carrying value of the long term receivables to be appropriate.</p>
<p>Retirement benefit obligations</p> <p>The Group and the Company have recognised retirement benefit obligations of Rs.183m and Rs.182m respectively.</p> <p>Management has applied judgement in determining the retirement benefits and has involved an actuary to calculate the provision. The valuation of retirement benefits is considered to be a key audit matter due to judgment associated with determining the fair value.</p> <p>The significant assumptions used have been disclosed in Note 17.</p>	<p>We assessed the competence, capabilities and objectivity of management’s independent actuary and verified the qualifications of the actuary.</p> <p>The procedures performed included the following:</p> <ul style="list-style-type: none">Assessing and challenging assumptions used such as discount rate and annual salary increment with historical data.Verifying the data used by the actuary with the payroll statistics for completeness and accuracy. <p>We found the data provided by management and assumptions used by actuary to be reasonable. We consider the valuation of retirement benefits to be appropriate.</p>

Report on other legal and regulatory requirements

Mauritius Companies Act 2001

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

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

The Financial Reporting Act 2004

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

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

Independent Auditor’s Report to the Shareholders

of Phoenix Beverages Limited (continued)

Other information

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

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

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

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

Responsibilities of directors for the consolidated and separate financial statements

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

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

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

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

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

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

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

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

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

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

Deloitte
Chartered Accountants

L. Yeung Sik Yuen, ACA
Licensed by FRC

September 20, 2017

Statements of Financial Position

for the year ended June 30, 2017

		THE GROUP		THE COMPANY	
	Notes	2017 Rs'000	2016 Rs'000	2017 Rs'000	2016 Rs'000
ASSETS					
Non-current assets					
Property, plant and equipment	5	3,594,311	3,483,554	3,157,437	3,013,639
Intangible assets	6	788,708	791,211	196,336	196,358
Investments in subsidiaries	7	–	–	922,623	918,611
Investments in associate	8	8,302	7,376	6,225	3,233
Investments in financial assets	9	3,090	3,409	2,091	2,091
Long-term receivables	10	–	–	100,901	85,601
		4,394,411	4,285,550	4,385,613	4,219,533
Current assets					
Inventories	11	855,645	652,714	684,894	502,865
Trade and other receivables	12	605,951	497,448	358,910	301,077
Bank and cash balances	28(b)	184,603	196,927	69,372	109,810
		1,646,199	1,347,089	1,113,176	913,752
Total assets		6,040,610	5,632,639	5,498,789	5,133,285
EQUITY AND LIABILITIES					
Capital and reserves					
Stated capital	13	366,962	366,962	366,962	366,962
Other reserves	14	916,591	917,274	997,979	990,975
Retained earnings		2,326,143	2,060,983	2,317,208	2,080,676
Equity attributable to owners of the Company		3,609,696	3,345,219	3,682,149	3,438,613
Non-controlling interests		(3,261)	(2,351)	–	–
Total equity		3,606,435	3,342,868	3,682,149	3,438,613
Non-current liabilities					
Borrowings	15	685,352	866,172	555,264	702,709
Deferred tax liabilities	16	239,473	205,705	233,263	199,187
Retirement benefit obligation	17	182,586	219,547	181,947	218,959
Deferred revenue	20	53,085	65,538	–	–
		1,160,496	1,356,962	970,474	1,120,855
Current liabilities					
Trade and other payables	18	903,526	734,793	553,758	443,932
Borrowings	15	339,826	163,216	291,706	111,708
Current tax liabilities	19(b)	21,758	29,735	702	18,177
Deferred revenue	20	8,569	5,065	–	–
		1,273,679	932,809	846,166	573,817
Total equity and liabilities		6,040,610	5,632,639	5,498,789	5,133,285

These financial statements have been approved by the Board of Directors and authorised for issue on September 20, 2017:



Reshan Rambocus
Director



Bernard Theys
Executive Director - CEO

The notes on pages 115 to 167 form an integral part of these financial statements.
Auditor's report is on pages 106 to 109.

Statements of Profit or Loss and Other Comprehensive Income

for the year ended June 30, 2017

	Notes	THE GROUP		THE COMPANY	
		2017 Rs'000	2016 Rs'000	2017 Rs'000	2016 Rs'000
Revenue	2(q)	6,414,909	5,515,321	5,243,764	4,931,979
Manufacturing costs	22	(2,742,486)	(2,236,455)	(2,050,600)	(1,895,406)
Excise and other specific duties	22	(1,856,849)	(1,731,896)	(1,856,849)	(1,731,896)
Cost of sales		(4,599,335)	(3,968,351)	(3,907,449)	(3,627,302)
Gross profit		1,815,574	1,546,970	1,336,315	1,304,677
Other income	24	85,493	60,468	107,721	53,859
Marketing, warehousing, selling and distribution expenses	22	(905,446)	(804,222)	(636,622)	(627,388)
Administrative expenses	22	(434,332)	(357,916)	(310,174)	(300,515)
Profit before finance costs	25	561,289	445,300	497,240	430,633
Finance costs	26	(47,535)	(14,379)	(41,741)	(12,476)
Share of results of associates	8(a)	390	272	–	–
Profit before tax		514,144	431,193	455,499	418,157
Tax expense	19(c)	(118,681)	(80,838)	(87,754)	(75,437)
Profit for the year		395,463	350,355	367,745	342,720
Other comprehensive income/(loss):					
<i>Items that will not be reclassified subsequently to profit or loss:</i>					
Remeasurements of post employment benefit obligations	17	45,023	(19,360)	45,023	(19,288)
Deferred tax on post employment benefit obligations	16	(7,654)	3,279	(7,654)	3,279
		37,369	(16,081)	37,369	(16,009)
<i>Items that may be reclassified subsequently to profit or loss:</i>					
Increase in fair value of securities		–	–	7,004	13,680
Exchange differences on translating foreign operations		(1,219)	(11,869)	–	–
Other movements in associates	8(a)	536	(420)	–	–
		(683)	(12,289)	7,004	13,680
Total other comprehensive income/(loss)		36,686	(28,370)	44,373	(2,329)
Total comprehensive income for the year		432,149	321,985	412,118	340,391
Profit/(loss) attributable to:					
Owners of the Company		396,373	351,262	367,745	342,720
Non-controlling interests		(910)	(907)	–	–
		395,463	350,355	367,745	342,720
Total comprehensive income/(loss) attributable to:					
Owners of the Company		433,059	322,909	412,118	340,391
Non-controlling interests		(910)	(924)	–	–
		432,149	321,985	412,118	340,391
Earnings per share (Rs.cs) – Basic	27	24,10	21,36		

The notes on pages 115 to 167 form an integral part of these financial statements.
Auditor's report is on pages 106 to 109.

Statements of Changes in Equity

for the year ended June 30, 2017

		THE GROUP							
		(Attributable to owners of the Company)							
		Share capital Rs'000	Share premium Rs'000	Revaluation and other reserves Rs'000	Fair value reserve Rs'000	Retained earnings Rs'000	Total Rs'000	Non-controlling interests Rs'000	Total Rs'000
Notes									
At July 1, 2016		164,470	202,492	915,559	1,715	2,060,983	3,345,219	(2,351)	3,342,868
Profit/(loss) for the year		–	–	–	–	396,373	396,373	(910)	395,463
Other comprehensive (loss)/income for the year		–	–	(1,219)	536	37,369	36,686	–	36,686
Total comprehensive (loss)/income for the year		–	–	(1,219)	536	433,742	433,059	(910)	432,149
Dividends	21	–	–	–	–	(168,582)	(168,582)	–	(168,582)
At June 30, 2017		164,470	202,492	914,340	2,251	2,326,143	3,609,696	(3,261)	3,606,435
At July 1, 2015		164,470	202,492	927,428	2,135	1,883,677	3,180,202	(1,427)	3,178,775
Profit/(loss) for the year		–	–	–	–	351,262	351,262	(907)	350,355
Other comprehensive loss for the year		–	–	(11,869)	(420)	(16,064)	(28,353)	(17)	(28,370)
Total comprehensive (loss)/income for the year		–	–	(11,869)	(420)	335,198	322,909	(924)	321,985
Dividends	21	–	–	–	–	(157,892)	(157,892)	–	(157,892)
At June 30, 2016		164,470	202,492	915,559	1,715	2,060,983	3,345,219	(2,351)	3,342,868

The notes on pages 115 to 167 form an integral part of these financial statements.

Auditor’s report is on pages 106 to 109.

		THE COMPANY					
	Notes	Share capital Rs'000	Share premium Rs'000	Revaluation and other reserves Rs'000	Fair value reserve Rs'000	Retained earnings Rs'000	Total Rs'000
At July 1, 2016		164,470	202,492	917,858	73,117	2,080,676	3,438,613
Profit for the year		–	–	–	–	367,745	367,745
Other comprehensive income for the year		–	–	–	7,004	37,369	44,373
Total comprehensive income for the year		–	–	–	7,004	405,114	412,118
Dividends	21	–	–	–	–	(168,582)	(168,582)
At June 30, 2017		164,470	202,492	917,858	80,121	2,317,208	3,682,149
At July 1, 2015		164,470	202,492	917,858	59,437	1,911,857	3,256,114
Profit for the year		–	–	–	–	342,720	342,720
Other comprehensive income/(loss) for the year		–	–	–	13,680	(16,009)	(2,329)
Total comprehensive income/(loss) for the year		–	–	–	13,680	326,711	340,391
Dividends	21	–	–	–	–	(157,892)	(157,892)
At June 30, 2016		164,470	202,492	917,858	73,117	2,080,676	3,438,613

The notes on pages 115 to 167 form an integral part of these financial statements.

Auditor’s report is on pages 106 to 109.

Statements of Cash Flows

for the year ended June 30, 2017

		THE GROUP		THE COMPANY	
	Notes	2017 Rs'000	2016 Rs'000	2017 Rs'000	2016 Rs'000
Cash flows from operating activities					
Cash generated from operations	28(a)	705,534	679,917	545,252	650,213
Interest received		1,687	5,883	1,683	5,819
Interest paid		(43,166)	(12,922)	(37,373)	(11,019)
Tax paid	19(b)	(92,074)	(59,788)	(70,419)	(58,429)
CSR contribution		(8,388)	(7,407)	(8,388)	(7,407)
Net cash generated from operating activities		563,593	605,683	430,755	579,177
Cash flows from investing activities					
Purchase of property, plant and equipment		(390,098)	(470,130)	(361,489)	(466,323)
Proceeds from disposal of plant and equipment		8,806	764	7,593	413
Purchase of intangible assets	6	(1,969)	(264)	(1,000)	(264)
Investment in subsidiaries	29(b)	–	–	–	(724,743)
Acquisition of subsidiary, net of cash acquired	29(e)	–	(665,964)	–	–
Dividends received		79	73	39,909	73
Net cash used in investing activities		(383,182)	(1,135,521)	(314,987)	(1,190,844)
Cash flows from financing activities					
Proceeds from borrowings		–	693,740	–	693,740
Repayment of borrowings		(165,967)	(19,332)	(131,526)	–
Finance leases principal payments		(2,759)	(4,740)	(2,759)	(4,740)
Dividends paid to Company's owners		(168,582)	(157,892)	(168,582)	(157,892)
Net cash (used in)/generated from financing activities		(337,308)	511,776	(302,867)	531,108
Decrease in cash and cash equivalents		(156,897)	(18,062)	(187,099)	(80,559)
Movement in cash and cash equivalents					
At July 1,		179,994	193,603	109,810	186,103
Effect of foreign exchange rate changes		(14)	4,453	725	4,266
Decrease		(156,897)	(18,062)	(187,099)	(80,559)
At June 30,	28(b)	23,083	179,994	(76,564)	109,810

The notes on pages 115 to 167 form an integral part of these financial statements.

Auditor’s report is on pages 106 to 109.

Notes to the Financial Statements

for the year ended June 30, 2017

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 owners of the Company.

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

2. SIGNIFICANT ACCOUNTING POLICIES

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

(a) Basis of preparation

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

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

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”).

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

In the current year, the Group has applied all of the new and revised Standards and Interpretations issued by the International Accounting Standards Board (“IASB”) and the International Financial Reporting Interpretations Committee (“IFRIC”) of the IASB that are relevant to its operations and effective for accounting periods beginning on July 1, 2016.

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

IAS 1	Presentation of financial statements – Amendments resulting from disclosure initiative
IAS 16	Property, plant and equipment – Amendments regarding the clarification of acceptable methods of depreciation and amortisation
IAS 16	Property, plant and equipment – Amendments bringing bearer plants into the scope of IAS 16
IAS 19	Employee Benefits – Amendments resulting from September 2014 Annual Improvements to IFRSs
IAS 27	Consolidated and Separate Financial Statements – Reissued as Separate Financial Statements (as amended in 2011) – Amendments reinstating the equity method as an accounting option for investments in subsidiaries, joint ventures and associates in an entity’s separate financial statements
IAS 38	Intangible Assets – Amendments regarding the clarification of acceptable methods of depreciation and amortisation
IFRS 7	Financial Instruments: Disclosures – Amendments resulting from September 2014 Annual Improvements to IFRSs
IFRS 10	Consolidated Financial Statements – Amendments regarding the sale or contribution of assets between an investor and is associate or joint venture
IFRS 10	Consolidated Financial Statements – Amendments regarding the application of the consolidation exception
IFRS 12	Disclosures of interest in other entities – Amendments regarding the application of the consolidation exception

Notes to the Financial Statements

for the year ended June 30, 2017

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Relevant new and revised Standards in issue not yet effective

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

IAS 7	Statement of Cash Flows – Amendments as a result of disclosure initiative (effective January 1, 2017)
IAS 12	Income Taxes – Amendments regarding the recognition of deferred tax assets for unrealised losses (effective January 1, 2017)
IAS 28	Investments in Associates and Joint Ventures – Amendments resulting from Annual Improvements 2014 – 2016 Cycle (clarifying certain fair value measurements) (effective January 1, 2018)
IAS 39	Financial Instruments: Amendments to permit an entity to elect to continue to apply the hedge accounting requirements in IAS 39 for a fair value hedge of the interest rate exposure of a portion of a portfolio of financial assets or financial liabilities when IFRS 9 is applied, and to extend the fair value option to certain contracts that meet the 'own use' scope exception (effective January 1, 2018)
IFRS 7	Financial Instruments: Disclosures – Deferral of mandatory effective date of IFRS 9 and amendments to transition disclosures (effective January 1, 2018)
IFRS 7	Financial Instruments: Disclosures – Additional hedge accounting disclosures (and consequential amendments) resulting from the introduction of the hedge accounting chapter in IFRS 9 (effective January 1, 2018)
IFRS 9	Financial Instruments – Finalised version, incorporating requirements for classification and measurement, impairment, general hedge accounting and derecognition (effective January 1, 2018)
IFRS 12	Disclosure of Interests in Other Entities – Amendments resulting from Annual Improvements 2014 – 2016 Cycle (clarifying scope) (effective January 1, 2017)
IFRS 15	Revenue from Contracts with Customers – Original issue (effective January 1, 2018)
IFRS 15	Revenue from Contracts with Customers – Clarification to IFRS 15 (effective January 1, 2018)
IFRS 15	Revenue from Contracts with Customers – Amendments to defer the effective date to January 1, 2018 (effective January 1, 2018)
IFRS 16	Leases – Original Issue (effective January 1, 2019)
IFRIC 22	Foreign Currency Transactions and Advanced Consideration issued – (effective for annual periods beginning on or after January 1, 2018)
IFRIC 23	Uncertainty over Income Tax Treatments issued (effective 1 January 2019)

The Directors anticipate that these Standards and Interpretations will be applied on their effective dates in future periods. The Directors have not yet had an opportunity to consider the potential impact of the application of these amendments.

(b) Basis of consolidation

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

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

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

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

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

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties; 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 loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed during the year are included in the consolidated statement 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.

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

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

(c) Business combinations

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

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

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

Notes to the Financial Statements

for the year ended June 30, 2017

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Business combinations (continued)

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

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

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

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

(d) Investments in subsidiaries

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

(e) Investments in associate

Associates are those companies which are not subsidiaries and over which the Group exercises significant influence by holding between 20% and 50% of the voting equity, unless it can be clearly demonstrated that the Group does not have significant influence.

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

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

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

(f) Intangible assets

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

The carrying amount of intangible assets is reviewed annually and adjusted for impairment where it is considered necessary.

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

(i) Computer software

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

(ii) Trademarks

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

(iii) Goodwill

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

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

Goodwill is not amortised but is reviewed for impairment at least annually. For the purpose of impairment testing, goodwill is allocated to each of the Group’s cash-generating units 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 subsidiary, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

(iv) Intangible assets acquired in a business combination

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

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

(g) Foreign currencies

(i) Functional and presentation currency

Items included in the financial statements are measured using Mauritian Rupees, 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 Rupees, which is the Group’s and the Company’s functional and presentation currency.

(ii) Transactions and balances

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

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

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

(iii) Group companies

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

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

Notes to the Financial Statements

for the year ended June 30, 2017

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(h) Property, plant and equipment

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

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

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

No depreciation is charged on capital expenditure in progress.

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

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

Land is not depreciated.

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

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

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

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

(i) Impairment of assets

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

(j) Leases

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

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

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

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

(k) Inventories

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

(l) Financial instruments

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

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

(i) Financial assets

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

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

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

Available-for-sale investments are carried at fair value.

(b) Loans and receivables

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

(c) Effective interest method

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

(d) Derecognition of financial assets

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

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

Notes to the Financial Statements

for the year ended June 30, 2017

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- (I) Financial instruments (continued)

(ii) Financial liabilities

(a) Classification as debt or equity

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

(b) Equity instruments

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

(c) Other financial liabilities

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

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

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

(d) Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group’s obligations are discharged, cancelled or has expired.
- (iii) Impairment of financial assets

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

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

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

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

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

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

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

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

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

- (m) Deferred tax

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

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

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

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

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

Defined contribution plan

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

Defined contribution plan with No-Worse-Off Guarantee

Team members 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

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

Other Post-Retirement Benefit Obligations

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

The pensions in respect of team members 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.

Notes to the Financial Statements

for the year ended June 30, 2017

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(o) **Retirement benefit obligation (continued)**

Other Post-Retirement Benefit Obligations (continued)

Defined benefit costs are categorised as follows:

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

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

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

Termination benefits

Termination benefits are payable when employment is terminated before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when it is demonstrably committed to either: terminating the employment of current team members according to a detailed formal plan without possibility of withdrawal; or providing termination benefits as a result of an offer made to encourage voluntary redundancy.

(p) **Government grants**

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

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

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

(q) **Revenue recognition**

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

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

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

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

(r) **Cash and cash equivalents**

Cash and cash equivalents include cash in hand and at bank and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the statement of financial position.

(s) **Segment reporting**

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

(t) **Related parties**

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

3. FINANCIAL RISK MANAGEMENT

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

3.1 Financial risk factors and risk management policies

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

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

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

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

Significant accounting policies

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

(a) **Market risk**

(i) *Currency risk management*

The Group 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.

	2017 Rs’000	2016 Rs’000
Increase in profit and other equity		
United States Dollar (USD)	1,518	884
Euro (EUR)	25,493	31,909

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.

Notes to the Financial Statements

for the year ended June 30, 2017

3. FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors and risk management policies (continued)

(a) Market risk

(i) Currency risk management

	2017 Rs'000	2016 Rs'000
Increase in profit and other equity		
United States Dollar (USD)	1,726	1,959
Euro (EUR)	18,829	23,182

(ii) Price risk

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

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

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

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

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

Interest rate sensitivity analysis

Rupee-denominated borrowings

At June 30, 2017, 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	
	2017 Rs'000	2016 Rs'000	2017 Rs'000	2016 Rs'000
Effect on profit	(1,663)	(954)	(1,663)	(882)

Other currencies-denominated borrowings

The Group have borrowings amounting to Rs.548.7 million (2016: Rs.659.7 million) and the Company Rs.386.1 million (2016: Rs.461.7 million) denominated in EURO. However, since the interest rate is fixed, the Group and Company are not exposed to interest rate risk.

Interest rates are disclosed in note 15(e).

(b) Credit risk management

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

The Group's credit risk is primarily attributable to its trade receivables. The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by the Group's management based on prior experience and the current economic environment. The Group has no significant concentration of credit risk, with exposure spread over a large number of counterparties, except for the Group's largest customer which represents 7% of the trade receivables of the Group. These counterparties are unrelated and have different characteristics.

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

3. FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors and risk management policies (continued)

(c) Liquidity risk management

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, 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 statement of financial position to the contractual maturity date has been disclosed in note 15(b). All trade and other payables are due within one year.

Liquidity and interest risk tables

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 one month Rs'000	One to three months Rs'000	Three months to one year Rs'000	One to five years Rs'000	Over five years Rs'000	Total Rs'000
2017							
Non-interest bearing	–	190,380	283,026	89,035	131,222	–	693,663
Variable interest rate	6.38	163,161	20,781	31,172	189,766	157,500	562,380
Fixed interest rate	3.12	3,768	46,495	129,988	306,871	147,679	634,801
		357,309	350,302	250,195	627,859	305,179	1,890,844
2016							
Non-interest bearing	–	123,575	159,091	135,311	208,147	–	626,124
Finance lease liability	8.00	250	500	2,125	–	–	2,875
Variable interest rate	6.48	18,468	5,296	55,514	228,260	203,997	511,535
Fixed interest rate	3.21	3,800	24,806	68,441	326,452	189,170	612,669
		146,093	189,693	261,391	762,859	393,167	1,753,203

Notes to the Financial Statements

for the year ended June 30, 2017

3. FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors and risk management policies (continued)

(c) Liquidity risk management (continued)
Liquidity and interest risk tables (continued)

	THE COMPANY						
	Weighted average effective interest rate %	Less than one month Rs'000	One to three months Rs'000	Three months to one year Rs'000	One to five years Rs'000	Over five years Rs'000	Total Rs'000
2017							
Non-interest bearing	–	105,124	174,480	37,879	131,222	–	448,705
Variable interest rate	6.48	147,577	20,781	31,172	189,766	157,500	546,796
Fixed interest rate	3.50	942	19,088	103,904	167,773	147,679	439,386
		253,643	214,349	172,955	488,761	305,179	1,434,887
2016							
Non-interest bearing	–	96,209	137,019	117,940	103,501	–	454,669
Finance lease liability	8.00	250	500	2,125	–	–	2,875
Variable interest rate	6.90	1,939	3,879	51,293	205,170	203,997	466,278
Fixed interest rate	3.65	1,055	2,110	43,541	174,163	189,170	410,039
		99,453	143,508	214,899	482,834	393,167	1,333,861

3. FINANCIAL RISK MANAGEMENT (CONTINUED)

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 statement of financial position at the fair values are not materially different from their carrying amounts.

Fair value measurements recognised in the statement of financial position

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

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets and liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); 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).

	THE COMPANY			
	Level 1 Rs'000	Level 2 Rs'000	Level 3 Rs'000	Total Rs'000
2017				
Investments in subsidiaries	–	–	922,623	922,623
Investments in associate	–	–	6,225	6,225
Total	–	–	928,848	928,848
2016				
Investments in subsidiaries	–	–	918,611	918,611
Investments in associate	–	–	3,233	3,233
Total	–	–	921,844	921,844

Reconciliation of Level 3 fair value measurements of financial assets

	THE COMPANY	
	2017 Rs'000	2016 Rs'000
At July 1,	921,844	70,642
Additions	–	837,522
Total gains recognised in other comprehensive income	7,004	13,680
At June 30,	928,848	921,844

Notes to the Financial Statements

for the year ended June 30, 2017

3. FINANCIAL RISK MANAGEMENT (CONTINUED)

3.2 Fair value estimation of financial instruments (continued)

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

Description	Fair value as at June 30 2017 Rs'000	Fair value as at June 30 2016 Rs'000	Valuation techniques	Unobservable input	Range of unobservable inputs (probability weighted average)	Relationship of unobservable inputs to fair value
Unquoted investments in subsidiaries	922,623	918,611	Net assets value	N/A	N/A	N/A
			Discounted cash flows	Discount rate	2017 and 2016: (12.77% to 14.11%)	The higher the discount rate the lower the fair value
Investment in Associates	6,225	3,233	Shareholder's fund subject to illiquidity discount of 25%	N/A	N/A	The higher the discount on a discretionary basis, the lower the fair value

3. FINANCIAL RISK MANAGEMENT (CONTINUED)

3.3 Capital risk management

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

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

The Group's and the Company's overall strategy remains unchanged from 2016.

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 statement of financial position) less cash and bank balances. Capital structure comprises all components of equity (i.e. share capital, share premium, equity attributable to owners of the Company, retained earnings and reserves).

The gearing ratios at June 30, 2017 and June 30, 2016 were as follows:

	THE GROUP		THE COMPANY	
	2017 Rs'000	2016 Rs'000	2017 Rs'000	2016 Rs'000
Total debt (note 15)	1,025,178	1,029,388	846,970	814,417
Less: bank and cash balances (note 28(b))	(184,603)	(196,927)	(69,372)	(109,810)
Net debt	840,575	832,461	777,598	704,607
Total equity	3,606,435	3,342,868	3,682,149	3,438,613
Debt-to-equity ratio	0.23:1	0.25:1	0.21:1	0.20:1

3.4 Categories of financial instruments

	THE GROUP		THE COMPANY	
	2017 Rs'000	2016 Rs'000	2017 Rs'000	2016 Rs'000
Financial assets				
Investments in subsidiaries	–	–	922,623	918,611
Investments in associates	–	–	6,225	3,233
Investments in financial assets	3,090	3,409	2,091	2,091
Loans and receivables *	750,654	667,093	395,987	387,375
	753,744	670,502	1,326,926	1,311,310
Financial liabilities				
Amortised costs	1,818,776	1,687,521	1,295,675	1,174,730

* Including cash and cash equivalents but excluding prepayments.

Notes to the Financial Statements

for the year ended June 30, 2017

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

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

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

4.1 Critical accounting estimates and assumptions

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

- (a)

Estimated impairment of goodwill and trademarks

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

Impairment of available-for-sale financial assets

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

Unquoted investments in subsidiaries and associates

Determining whether investments in subsidiaries and associates are impaired requires an estimate of the value in use of the investments. In considering the value in use, the directors have taken into consideration the audited financial statements, management accounts and expected future results of the subsidiaries and the associates. The actual results could, however, differ from the estimate.
- (d)

Retirement benefit obligations

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

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

(e)

Revaluation of freehold land and yard and freehold buildings

The Group measures land and buildings at fair value based on periodic valuations by external independent valuers.

(f)

Useful life of intangible assets

As there is no foreseeable limit to the period over which the trademarks and goodwill are expected to generate net cash inflows for the group, trademarks and goodwill have been assessed as having an indefinite useful life.
- ## 5. PROPERTY, PLANT AND EQUIPMENT
- | | | THE GROUP | | | | | | |
|----------------|--|--|---------------------------------|----------------------------------|-----------------------------|---|----------------------|------------------|
| | | Freehold
land and
yard
Rs'000 | Freehold
buildings
Rs'000 | Plant and
machinery
Rs'000 | Motor
vehicles
Rs'000 | Furniture,
computer,
office
and other
equipment
Rs'000 | Containers
Rs'000 | Total
Rs'000 |
| 2017 | | | | | | | | |
| (a) | COST OR VALUATION | | | | | | | |
| | At July 1, 2016 | 1,074,522 | 991,821 | 2,064,246 | 226,065 | 577,844 | 1,060,748 | 5,995,246 |
| | Additions | 10,767 | 31,911 | 402,745 | 31,560 | 96,708 | 12,090 | 585,781 |
| | Disposals | – | – | (48,157) | (1,158) | (18) | (270) | (49,603) |
| | Exchange differences | (250) | (1,726) | (2,037) | (9) | (259) | – | (4,281) |
| | At June 30, 2017 | 1,085,039 | 1,022,006 | 2,416,797 | 256,458 | 674,275 | 1,072,568 | 6,527,143 |
| DEPRECIATION | | | | | | | | |
| | At July 1, 2016 | 16,258 | 232,727 | 1,227,733 | 119,766 | 382,864 | 868,596 | 2,847,944 |
| | Charge for the year | 2,642 | 42,859 | 95,811 | 16,301 | 39,414 | 70,981 | 268,008 |
| | Disposals | – | – | (39,354) | (714) | (18) | (140) | (40,226) |
| | Exchange differences | – | (819) | (1,289) | (8) | (210) | – | (2,326) |
| | At June 30, 2017 | 18,900 | 274,767 | 1,282,901 | 135,345 | 422,050 | 939,437 | 3,073,400 |
| NET BOOK VALUE | | | | | | | | |
| | At June 30, 2017 | 1,066,139 | 747,239 | 1,133,896 | 121,113 | 252,225 | 133,131 | 3,453,743 |
| | Capital expenditure in progress | – | 525 | 124,748 | – | 15,295 | – | 140,568 |
| | TOTAL PROPERTY, PLANT AND EQUIPMENT | 1,066,139 | 747,764 | 1,258,644 | 121,113 | 267,520 | 133,131 | 3,594,311 |
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5. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	THE GROUP						
	Freehold land and yard Rs'000	Freehold buildings Rs'000	Plant and machinery Rs'000	Motor vehicles Rs'000	Furniture, computer, office and other equipment Rs'000	Containers Rs'000	Total Rs'000
2016							
(b) COST OR VALUATION							
At July 1, 2015	941,704	626,706	1,679,826	197,296	502,732	995,385	4,943,649
Additions	16,048	10,164	33,009	29,292	48,854	65,363	202,730
Acquisition through business combination	117,508	360,286	357,171	1,510	31,248	–	867,723
Disposals	–	–	–	(2,009)	(4,525)	–	(6,534)
Exchange differences	(738)	(5,335)	(5,760)	(24)	(465)	–	(12,322)
At June 30, 2016	1,074,522	991,821	2,064,246	226,065	577,844	1,060,748	5,995,246
DEPRECIATION							
At July 1, 2015	14,656	54,130	969,239	104,583	322,899	785,220	2,250,727
Charge for the year	1,602	22,784	64,942	15,465	37,008	83,376	225,177
Acquisition through business combination	–	160,574	196,696	1,483	27,947	–	386,700
Disposals	–	–	–	(1,742)	(4,525)	–	(6,267)
Exchange differences	–	(4,761)	(3,144)	(23)	(465)	–	(8,393)
At June 30, 2016	16,258	232,727	1,227,733	119,766	382,864	868,596	2,847,944
NET BOOK VALUE							
At June 30, 2016	1,058,264	759,094	836,513	106,299	194,980	192,152	3,147,302
Capital expenditure in progress	19,543	31	306,204	–	10,474	–	336,252
TOTAL PROPERTY, PLANT AND EQUIPMENT	1,077,807	759,125	1,142,717	106,299	205,454	192,152	3,483,554

5. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

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

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for the year ended June 30, 2017

5. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	THE COMPANY						
	Freehold land and yard Rs'000	Freehold buildings Rs'000	Plant and machinery Rs'000	Motor vehicles Rs'000	Furniture, computer, office and other equipment Rs'000	Containers Rs'000	Total Rs'000
2016							
(d) COST OR VALUATION							
At July 1, 2015	941,704	625,217	1,678,198	192,245	478,885	995,385	4,911,634
Additions	16,048	9,833	31,095	29,292	48,297	65,363	199,928
Disposals	–	–	–	(2,009)	(4,596)	–	(6,605)
At June 30, 2016	957,752	635,050	1,709,293	219,528	522,586	1,060,748	5,104,957
DEPRECIATION							
At July 1, 2015	14,699	52,678	966,244	99,529	305,812	785,220	2,224,182
Charge for the year	1,602	16,997	56,570	15,450	35,731	83,376	209,726
Disposals	–	–	–	(1,742)	(4,596)	–	(6,338)
At June 30, 2016	16,301	69,675	1,022,814	113,237	336,947	868,596	2,427,570
NET BOOK VALUE							
At June 30, 2016	941,451	565,375	686,479	106,291	185,639	192,152	2,677,387
Capital expenditure in progress	19,543	31	306,204	–	10,474	–	336,252
TOTAL PROPERTY, PLANT AND EQUIPMENT	960,994	565,406	992,683	106,291	196,113	192,152	3,013,639

5. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

- (e) In respect of property, plant and equipment of the Company:
- Freehold land and buildings were revalued in June 2013 by Société D'Hotman De Speville. 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 Directors have assessed the fair value of the freehold land and buildings at June 30, 2017 and have estimated the fair value to approximate the carrying value as at that date.
- In respect of property, plant and equipment of Edena S.A. and SCI Edena:
- Freehold land and buildings were revalued in March 2016 by Galtier Valuation. The basis of valuation of land and buildings was arrived at using an average of the following: comparing the value of other land and buildings in the neighbourhood giving due consideration to their respective location, shape, extent, development and potential; taking into consideration the depreciated replacement cost of buildings after making allowance for their age, standard and state of repair; and capitalised earnings. The Directors have assessed the fair value of the freehold land and buildings at June 30, 2017 and have estimated the fair value to approximate the carrying value as at that date.
- (f) Fair value hierarchy measurement of freehold land and yard are classified as Level 2 amounting to Rs.1,085,039,000 (2016: Rs.1,074,522,000) for the Group and Rs.968,519,000 (2016: Rs.957,752,000) for the Company and building as Level 3 amounting to Rs.1,022,006,000 (2016: Rs.991,821,000) for the Group and Rs.652,479,000 (2016: Rs.635,050,000) for the Company.
- (g) Bank borrowings are secured by fixed and floating charges over the assets of the Group, which include property, plant and equipment.
- (h) There were no additions of assets held under finance leases during the years 2017 and 2016. Motor vehicles held under finance leases last year have been fully repaid during the year.
- (i) Assets held under finance leases comprise of the following:

	THE GROUP AND THE COMPANY	
	2017 Rs'000	2016 Rs'000
Motor vehicles		
Cost – capitalised finance leases	–	12,417
Accumulated depreciation	–	(3,403)
Net book value	–	9,014

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for the year ended June 30, 2017

5. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

(j) Depreciation

	THE GROUP		THE COMPANY	
	2017 Rs'000	2016 Rs'000	2017 Rs'000	2016 Rs'000
Cost of sales	188,830	164,666	153,836	156,058
Selling and distribution expenses	46,161	40,158	42,282	39,254
Administrative expenses	33,017	20,353	12,898	14,414
	268,008	225,177	209,016	209,726

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

	THE GROUP		
	Freehold land and yard Rs'000	Freehold buildings Rs'000	Total Rs'000
At June 30, 2017			
Cost	267,565	887,957	1,155,522
Accumulated depreciation	(19,529)	(330,784)	(350,313)
Net book value	248,036	557,173	805,209
At June 30, 2016			
Cost	257,048	857,774	1,114,822
Accumulated depreciation	(16,752)	(296,908)	(313,660)
Net book value	240,296	560,866	801,162

	THE COMPANY		
	Freehold land and yard Rs'000	Freehold buildings Rs'000	Total Rs'000
At June 30, 2017			
Cost	221,471	539,906	761,377
Accumulated depreciation	(19,529)	(145,906)	(165,435)
Net book value	201,942	394,000	595,942
At June 30, 2016			
Cost	210,704	522,477	733,181
Accumulated depreciation	(16,752)	(135,544)	(152,296)
Net book value	193,952	386,933	580,885

6. INTANGIBLE ASSETS

	THE GROUP				THE COMPANY		
	Trademarks Rs'000	Computer software Rs'000	Goodwill Rs'000	Total Rs'000	Trademarks Rs'000	Computer software Rs'000	Total Rs'000
(a) COST							
At July 1, 2016	193,000	34,957	594,181	822,138	193,000	16,145	209,145
Additions	–	1,969	–	1,969	–	1,000	1,000
Exchange differences	–	(98)	(3,127)	(3,225)	–	–	–
At June 30, 2017	193,000	36,828	591,054	820,882	193,000	17,145	210,145
AMORTISATION							
At July 1, 2016	–	30,927	–	30,927	–	12,787	12,787
Charge for the year	–	1,344	–	1,344	–	1,022	1,022
Exchange differences	–	(97)	–	(97)	–	–	–
At June 30, 2017	–	32,174	–	32,174	–	13,809	13,809
NET BOOK VALUE							
At June 30, 2017	193,000	4,654	591,054	788,708	193,000	3,336	196,336
(b) COST							
At July 1, 2015	193,000	18,320	6,175	217,495	193,000	15,881	208,881
Additions	–	264	–	264	–	264	264
Acquisition through business combination	–	16,612	597,223	613,835	–	–	–
Exchange differences	–	(239)	(9,217)	(9,456)	–	–	–
At June 30, 2016	193,000	34,957	594,181	822,138	193,000	16,145	209,145
AMORTISATION							
At July 1, 2015	–	14,243	–	14,243	–	11,831	11,831
Charge for the year	–	1,060	–	1,060	–	956	956
Acquisition through business combination	–	15,848	–	15,848	–	–	–
Exchange differences	–	(224)	–	(224)	–	–	–
At June 30, 2016	–	30,927	–	30,927	–	12,787	12,787
NET BOOK VALUE							
At June 30, 2016	193,000	4,030	594,181	791,211	193,000	3,358	196,358

In 2016, goodwill acquired through business combination, amounting to Rs.597 million was made up of goodwill arising on acquisition of Edena Group amounting to Rs.555 million (note 29 d) and goodwill included in the financial statements of Edena relating to the acquisition of SCI Edena of Rs.42 million (note 29 (c)).

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

(c) AMORTISATION

	THE GROUP		THE COMPANY	
	2017 Rs'000	2016 Rs'000	2017 Rs'000	2016 Rs'000
Cost of sales	157	33	–	–
Administrative expenses	1,187	1,027	1,022	956
	1,344	1,060	1,022	956

Notes to the Financial Statements

for the year ended June 30, 2017

6. INTANGIBLE ASSETS (CONTINUED)

(d) IMPAIRMENT TEST ON TRADEMARKS AND GOODWILL

	THE GROUP AND THE COMPANY	
	2017 Rs'000	2016 Rs'000
Trademarks		
Trademarks (note (i))	193,000	193,000
	THE GROUP	
	2017 Rs'000	2016 Rs'000
Goodwill		
Edena S.A. and its subsidiaries (note (i))	584,879	588,006
The (Mauritius) Glass Gallery Ltd (note (ii))	6,175	6,175
	591,054	594,181

The group tests trademarks and goodwill annually for impairment, or more frequently if there are indicators that goodwill and trademarks might be impaired. There were no indicators of impairment of goodwill and trademarks during the two years ended June 30, 2017. The directors are satisfied that no impairment loss should be recognised.

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

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

– cash flows were projected based on actual operating results extrapolated using an annual growth rate of 4% (2016:4%) for a period of five years;

– cash flows after the five years period were extrapolated using a perpetual growth rate of 2% (2016:2%) in order to calculate the terminal recoverable amount.

The discount rate calculation is based on the specific circumstances of the Group and is derived from its weighted average cost of capital (WACC) of 9.12% – 13.44% (2016: 9.12% – 13.44%). The WACC takes into account both debt and equity. The cost of equity is derived from the expected return on investment by the Group's investors. The cost of debt is based on the interest bearing borrowings the Group is obliged to service.

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

(ii) The goodwill of The (Mauritius) Glass Gallery Ltd is not significant compared to the total carrying amount of goodwill and, as such, no further disclosure has been made.

7. INVESTMENTS IN SUBSIDIARIES

	THE COMPANY	
	2017 Rs'000	2016 Rs'000
At July 1,	918,611	67,532
Additions	–	837,522
Increase in fair value of securities	4,012	13,557
At June 30,	922,623	918,611

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

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

Name of company	Country of operation and incorporation	Year ended	Main business	Class of shares held	Share capital (Rs)	Percentage holding and voting power			
						THE COMPANY		OTHER GROUP COMPANIES	
						2017	2016	2017	2016
Edena S.A.	Reunion	June 30	Bottling and sale of soft drinks, table water and alternative beverages	Ordinary	138,594,435	100.00%	100.00%	–	–
Espace Solution Réunion S.A.S.	Reunion	June 30	Distributor of beverages and other commodities	Ordinary	54,313,672	–	–	100.00%	100.00%
Helping Hands Foundation	Mauritius	June 30	Charitable institution	Ordinary	10,000	48.00%	48.00%	52.00%	52.00%
MBL Offshore Ltd	Mauritius	June 30	Investment	Ordinary	27,215,400	100.00%	100.00%	–	–
Phoenix Beverages Overseas Ltd	Mauritius	June 30	Export of beverages	Ordinary	25,000	99.96%	99.96%	–	–
Phoenix Camp Minerals Offshore Ltd	Mauritius	June 30	Investment	Ordinary	86	100.00%	100.00%	–	–
Phoenix Distributors Ltd	Mauritius	June 30	Distributor of beverages	Ordinary	206,000	97.33%	97.33%	–	–
Phoenix Foundation	Mauritius	June 30	Charitable institution	Ordinary	1,000	100.00%	100.00%	–	–
Phoenix Réunion SARL	Reunion	June 30	Distributor of beverages and other commodities	Ordinary	342,640	–	–	100.00%	100.00%
SCI Edena	Reunion	June 30	Property holding	Ordinary	40,250	–	–	100.00%	100.00%
The (Mauritius) Glass Gallery Ltd	Mauritius	June 30	Manufacture and sale of glass related products	Ordinary	5,110,000	76.00%	76.00%	–	–

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

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for the year ended June 30, 2017

8. INVESTMENTS IN ASSOCIATE

(a)

	THE GROUP	
	2017 Rs'000	2016 Rs'000
At July 1,	7,376	7,524
Share of results	390	272
Other movement in reserves	536	(420)
At June 30,	8,302	7,376

(b)

	THE COMPANY	
	2017 Rs'000	2016 Rs'000
At July 1,	3,233	3,110
Increase in fair value of securities	2,992	123
At June 30,	6,225	3,233

8. INVESTMENTS IN ASSOCIATE (CONTINUED)

(c) The associates, all of which are unlisted, are as follows:

Name of company	Principal place of business and country of incorporation	Year ended	Main business	Class of shares held	Percentage holding and voting rights held	
					THE COMPANY	OTHER GROUP COMPANIES
2017						
Crown Corks Industries Ltd	Mauritius	June 30	Rental of property	Ordinary	30.36%	–
2016						
Crown Corks Industries Ltd	Mauritius	June 30	Rental of property	Ordinary	30.36%	–

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

(d) Summarised financial information

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

Name	Current assets Rs'000	Non-current assets Rs'000	Current liabilities Rs'000	Revenue Rs'000	Profit for the year Rs'000	Other comprehensive income/(loss) for the year Rs'000	Total comprehensive income/(loss) for the year Rs'000	Dividends received during the year Rs'000
2017								
Crown Corks Industries Ltd	26,762	642	61	1,910	1,286	1,766	3,052	–
2016								
Crown Corks Industries Ltd	14,470	9,981	160	2,115	897	(1,385)	(488)	–

(e) Reconciliation of summarised financial information

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

Name	Opening net assets Rs'000	Profit for the year Rs'000	Other comprehensive income/(loss) for the year Rs'000	Closing net assets Rs'000	Ownership interest %	Interest in associates Rs'000	Goodwill Rs'000	Carrying value Rs'000
2017								
Crown Corks Industries Ltd	24,291	1,286	1,766	27,343	30.36	8,302	–	8,302
2016								
Crown Corks Industries Ltd	24,779	897	(1,385)	24,291	30.36	7,376	–	7,376

Notes to the Financial Statements

for the year ended June 30, 2017

9. INVESTMENTS IN FINANCIAL ASSETS

	THE GROUP		THE COMPANY	
	2017 Rs'000	2016 Rs'000	2017 Rs'000	2016 Rs'000
Available-for-sale financial assets				
At July 1,	3,409	3,392	2,091	2,091
Reclassification	(319)	–	–	–
Exchange differences	–	17	–	–
At June 30,	3,090	3,409	2,091	2,091

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

Available-for-sale financial assets include the following:

	THE GROUP		THE COMPANY	
	2017 Rs'000	2016 Rs'000	2017 Rs'000	2016 Rs'000
Cost				
– Unquoted	3,090	3,409	2,091	2,091

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

	THE GROUP		THE COMPANY	
	2017 Rs'000	2016 Rs'000	2017 Rs'000	2016 Rs'000
Mauritian Rupee	2,091	2,091	2,091	2,091
Euro	999	1,318	–	–
	3,090	3,409	2,091	2,091

10. LONG-TERM RECEIVABLES

	THE GROUP		THE COMPANY	
	2017 Rs'000	2016 Rs'000	2017 Rs'000	2016 Rs'000
Receivables from subsidiaries	–	–	100,901	85,601

The long-term receivables from subsidiaries are stated at amortised cost. The amounts due are net of provision for impairment loss of Rs.134,183,551 (2016: Rs.134,183,551). The directors have assessed that no further provision is required at the reporting date.

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

(a) Movement in the provision for long term receivables are as follows:

	THE GROUP		THE COMPANY	
	2017 Rs'000	2016 Rs'000	2017 Rs'000	2016 Rs'000
At July 1, and June 30,	–	–	134,183	134,183

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

10. LONG-TERM RECEIVABLES (CONTINUED)

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

	THE GROUP		THE COMPANY	
	2017 Rs'000	2016 Rs'000	2017 Rs'000	2016 Rs'000
Mauritian Rupee	–	–	2,915	2,915
Euro	–	–	97,986	82,686
	–	–	100,901	85,601

11. INVENTORIES

	THE GROUP		THE COMPANY	
	2017 Rs'000	2016 Rs'000	2017 Rs'000	2016 Rs'000
Raw and packaging materials	312,387	266,396	260,656	218,201
Spare parts and consumables	73,110	63,903	73,110	60,934
Finished goods	387,639	272,900	268,619	174,215
Work in progress	43,396	44,748	43,396	44,748
Goods in transit	39,113	4,767	39,113	4,767
	855,645	652,714	684,894	502,865

The cost of inventory recognised as an expense includes Rs.6,400,000 net of reversal impairment of Rs.2,276,000 (2016: Rs.9,206,000) for the Group and Rs.7,993,000 (2016: Rs.8,627,000) for the Company in respect of write-downs of inventory to net realisable value. The inventories have been pledged as security for borrowings and are valued on a weighted average cost basis.

12. TRADE AND OTHER RECEIVABLES

	THE GROUP		THE COMPANY	
	2017 Rs'000	2016 Rs'000	2017 Rs'000	2016 Rs'000
Trade receivables (net of provisions)	476,251	410,534	236,654	181,626
Prepayments and other receivables	86,817	59,612	50,565	32,492
Receivables from group companies:				
– Enterprises in which ultimate holding Company has significant interest	39,746	26,493	39,746	26,493
– Fellow subsidiary	3,137	809	3,137	809
– Subsidiary companies	–	–	28,808	59,657
	605,951	497,448	358,910	301,077

Before accepting any new credit customer, the Group assesses the potential customer's credit worthiness and defines credit limits for the customer. Limits and scoring attributed to customers are reviewed twice a year. Out of the trade receivables balance at end of the year, Rs.35.2 million (2016: Rs.22.7 million) is due from the Group's largest customer. There are no other customers who represent more than 7% of the total balance of trade receivables.

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

Notes to the Financial Statements

for the year ended June 30, 2017

12. TRADE AND OTHER RECEIVABLES (CONTINUED)

- (a) At June 30, 2017, the amount of the provision was Rs.92,808,000 (2016: Rs.89,428,000) for the Group and Rs.26,759,000 (2016: Rs.24,608,000) for the Company. The individually impaired receivables are mainly related to receivables with overdue balances where recovery is expected to be remote. The ageing of these receivables is as follows:

	THE GROUP		THE COMPANY	
	2017 Rs'000	2016 Rs'000	2017 Rs'000	2016 Rs'000
2 to 6 months	–	9,054	–	–
Over 6 months	92,808	80,374	26,759	24,608
	92,808	89,428	26,759	24,608

- (b) At June 30, 2017, trade receivables of Rs.23,602,000 (2016: Rs.27,093,000) for the Group and for the Company Rs.7,367,000 (2016: Rs.13,015,000) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default. The ageing analysis of these receivables is as follows:

	THE GROUP		THE COMPANY	
	2017 Rs'000	2016 Rs'000	2017 Rs'000	2016 Rs'000
2 to 3 months	9,988	11,844	7,367	10,957
3 to 6 months	1,778	4,101	–	2,058
Over 6 months	11,836	11,148	–	–
	23,602	27,093	7,367	13,015

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

	THE GROUP		THE COMPANY	
	2017 Rs'000	2016 Rs'000	2017 Rs'000	2016 Rs'000
Mauritian Rupee	237,521	182,994	236,654	181,626
US Dollar	5,156	22,681	–	–
Euro	233,574	204,859	–	–
	476,251	410,534	236,654	181,626

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

	THE GROUP		THE COMPANY	
	2017 Rs'000	2016 Rs'000	2017 Rs'000	2016 Rs'000
At July 1,	89,428	32,019	24,608	21,148
Acquisition through business combination	–	54,779	–	–
Impairment loss recognised on receivables	6,770	5,823	4,800	4,800
Receivables written off during the year as uncollectible	(3,390)	(3,193)	(2,649)	(1,340)
At June 30,	92,808	89,428	26,759	24,608

12. TRADE AND OTHER RECEIVABLES (CONTINUED)

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

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

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

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

The carrying amount of trade and other receivables approximates their fair values.

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

13. STATED CAPITAL

	THE GROUP AND THE COMPANY			
	Number of shares	Ordinary shares Rs'000	Share premium Rs'000	Total Rs'000
Issued and fully paid				
At July 1, and at June 30,	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 (2016: 16,447,000) with a par value of Rs.10 per share (2016: Rs.10 per share). All issued shares are fully paid.

14. OTHER RESERVES

- (a)

	REVALUATION AND OTHER RESERVES				
	THE GROUP				
	Revaluation reserve Rs'000	Capital reserve Rs'000	Translation reserve Rs'000	Fair value reserve Rs'000	Total Rs'000
2017					
At July 1, 2016	916,186	1,694	(2,321)	1,715	917,274
Other movements in associates	–	–	–	536	536
Exchange differences	–	–	(1,219)	–	(1,219)
At June 30, 2017	916,186	1,694	(3,540)	2,251	916,591
2016					
At July 1, 2015	916,186	1,694	9,548	2,135	929,563
Other movements in associates	–	–	–	(420)	(420)
Exchange differences	–	–	(11,869)	–	(11,869)
At June 30, 2016	916,186	1,694	(2,321)	1,715	917,274

Notes to the Financial Statements

for the year ended June 30, 2017

14. OTHER RESERVES (CONTINUED)

(b)

REVALUATION AND OTHER RESERVES

	THE COMPANY			
	Revaluation reserve Rs'000	Capital reserve Rs'000	Fair value reserve Rs'000	Total Rs'000
2017				
At July 1, 2016	916,026	1,832	73,117	990,975
Increase in fair value of securities	–	–	7,004	7,004
At June 30, 2017	916,026	1,832	80,121	997,979
2016				
At July 1, 2015	916,026	1,832	59,437	977,295
Increase in fair value of securities	–	–	13,680	13,680
At June 30, 2016	916,026	1,832	73,117	990,975

Revaluation reserve

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

Translation reserve

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

Fair value reserve

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

15. BORROWINGS

	THE GROUP		THE COMPANY	
	2017 Rs'000	2016 Rs'000	2017 Rs'000	2016 Rs'000
Current				
Bank overdrafts (note 28(b))	161,520	16,933	145,936	–
Bank loans	101,944	104,255	69,408	69,680
Other loans	76,362	39,269	76,362	39,269
Obligations under finance lease (see note (c))	–	2,759	–	2,759
	339,826	163,216	291,706	111,708
Non-current				
Bank loans	685,352	790,583	555,264	627,120
Other loans	–	75,589	–	75,589
	685,352	866,172	555,264	702,709
Total borrowings	1,025,178	1,029,388	846,970	814,417

- (a) The borrowings include secured liabilities (bank overdrafts, bank loans, other loans and finance leases) amounting to Rs.1,025,178,000 (2016: Rs.1,029,388,000) for the Group and Rs.846,970,000 (2016: Rs.814,417,000) for the Company. The borrowings are secured by fixed and floating charges over the groups' assets and bearing interest at 2.22% – 7.00% per annum (2016: 2.00% – 8.00% per annum).

15. BORROWINGS (CONTINUED)

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

	THE GROUP		THE COMPANY	
	2017 Rs'000	2016 Rs'000	2017 Rs'000	2016 Rs'000
After one year and before two years	100,916	177,983	69,408	145,269
After two years and before three years	134,077	101,349	69,408	69,680
After three years and before five years	172,727	193,766	138,816	139,360
After five years	277,632	393,074	277,632	348,400
	685,352	866,172	555,264	702,709

- (c) Finance leases liabilities – minimum lease payments:

	THE GROUP		THE COMPANY	
	2017 Rs'000	2016 Rs'000	2017 Rs'000	2016 Rs'000
Amounts payable – within one year	–	2,875	–	2,875
	–	2,875	–	2,875
Future finance charges on finance leases	–	(116)	–	(116)
Present value of finance lease liabilities	–	2,759	–	2,759
Representing present value of minimum lease payments: – within one year	–	2,759	–	2,759
	–	2,759	–	2,759

The fair values of finance lease liabilities are approximately equal to their carrying amounts.

The average effective borrowing rate was Nil (2016: 8.00% p.a.).

Leasing arrangements

Finance leases relate to motor vehicles with lease terms of five years. The Group has exercised its options to purchase the motor vehicles for a nominal amount at the conclusion of the lease agreements. The Group's obligations under finance leases were secured by the lessors' title to the leased assets.

- (d) Non current borrowings can be analysed as follows:

	THE GROUP		THE COMPANY	
	2017 Rs'000	2016 Rs'000	2017 Rs'000	2016 Rs'000
– After one year and before two years				
Bank loans	100,916	102,394	69,408	69,680
Other loans	–	75,589	–	75,589
	100,916	177,983	69,408	145,269
– After two years and before three years				
Bank loans	134,077	101,349	69,408	69,680
– After three years and before five years				
Bank loans	172,727	193,766	138,816	139,360
– After five years				
Bank loans	277,632	393,074	277,632	348,400

Notes to the Financial Statements

for the year ended June 30, 2017

15. BORROWINGS (CONTINUED)

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

	THE GROUP		THE COMPANY	
	2017 %	2016 %	2017 %	2016 %
Bank overdrafts	3.60 – 6.99	4.00	6.99	–
Bank and other loans	2.22 – 6.25	2.00 – 6.90	3.50 – 6.25	3.65 – 6.90
Finance leases	–	8.00	–	8.00

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

	THE GROUP		THE COMPANY	
	2017 Rs'000	2016 Rs'000	2017 Rs'000	2016 Rs'000
Mauritian Rupee	460,936	352,759	460,936	352,759
Euro	564,242	676,629	386,034	461,658
	1,025,178	1,029,388	846,970	814,417

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	
	2017 Rs'000	2016 Rs'000	2017 Rs'000	2016 Rs'000
Deferred tax liabilities	239,473	205,705	233,263	199,187

Deferred tax liabilities are calculated on all temporary differences under the liability method at tax rate of 17% (2016: 17%). The movements on the deferred tax account are as follows:

	THE GROUP		THE COMPANY	
	2017 Rs'000	2016 Rs'000	2017 Rs'000	2016 Rs'000
At July 1,	205,705	198,247	199,187	198,265
Acquisition through business combination	–	6,595	–	–
Charge to profit or loss (note 19(c))	26,114	4,142	26,422	4,201
Charge/(credit) to other comprehensive income	7,654	(3,279)	7,654	(3,279)
At June 30,	239,473	205,705	233,263	199,187

16. DEFERRED TAX LIABILITIES (CONTINUED)

(a) THE GROUP

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

	THE GROUP			
	At July 1, 2016 Rs'000	Charge/ (credit) to profit or loss Rs'000	Charge to other comprehensive income Rs'000	At June 30, 2017 Rs'000
2017				
Deferred tax liabilities				
Accelerated tax depreciation	243,043	27,476	–	270,519
Deferred tax assets				
Retirement benefit obligations	(37,338)	(1,362)	7,654	(31,046)
Net deferred tax liabilities	205,705	26,114	7,654	239,473

	THE GROUP				
	At July 1, 2015 Rs'000	Acquisition through business combination Rs'000	Charge/ (credit) to profit or loss Rs'000	Credit to other comprehensive income Rs'000	At June 30, 2016 Rs'000
2016					
Deferred tax liabilities					
Accelerated tax depreciation	231,982	6,595	4,466	–	243,043
Deferred tax assets					
Retirement benefit obligations	(33,735)	–	(324)	(3,279)	(37,338)
Net deferred tax liabilities	198,247	6,595	4,142	(3,279)	205,705

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16. DEFERRED TAX LIABILITIES (CONTINUED)

(b) THE COMPANY

	THE COMPANY			
	At July 1, 2016 Rs'000	Charge/ (credit) to profit or loss Rs'000	Charge to other comprehensive income Rs'000	At June 30, 2017 Rs'000
2017				
Deferred tax liabilities				
Accelerated depreciation	236,412	27,784	–	264,196
Deferred tax assets				
Retirement benefit obligations	(37,225)	(1,362)	7,654	(30,933)
Net deferred tax liabilities	199,187	26,422	7,654	233,263

	THE COMPANY			
	At July 1, 2015 Rs'000	Charge/ (credit) to profit or loss Rs'000	Credit to other comprehensive income Rs'000	At June 30, 2016 Rs'000
2016				
Deferred tax liabilities				
Accelerated depreciation	231,815	4,597	–	236,412
Deferred tax assets				
Retirement benefit obligations	(33,550)	(396)	(3,279)	(37,225)
Net deferred tax liabilities	198,265	4,201	(3,279)	199,187

17. RETIREMENT BENEFIT OBLIGATION

	THE GROUP		THE COMPANY	
	2017 Rs'000	2016 Rs'000	2017 Rs'000	2016 Rs'000
Amounts recognised in the statements of financial position				
Pension scheme (note (i))	182,586	219,547	181,947	218,959
Analysed as follows:				
Non-current liabilities	182,586	219,547	181,947	218,959
Charge to profit or loss				
– Pension benefits (note (iv))	20,638	18,454	20,587	18,421
(Credit)/charge to other comprehensive income				
– Pension benefits (note (v))	(45,023)	19,360	(45,023)	19,288

Pension scheme

The assets of the funded plan are held independently in a registered superannuation fund (IBL Pension Fund). Retirement benefit obligations have been provided for based on the report from The Anglo-Mauritius Assurance Society Ltd dated August 2, 2017.

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

	THE GROUP		THE COMPANY	
	2017 Rs'000	2016 Rs'000	2017 Rs'000	2016 Rs'000
Present value of funded obligations	278,779	313,258	278,140	313,094
Fair value of plan assets	(138,777)	(137,195)	(138,777)	(137,619)
	140,002	176,063	139,363	175,475
Present value of unfunded obligations	42,584	43,484	42,584	43,484
Liability in the statements of financial position	182,586	219,547	181,947	218,959

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

	THE GROUP		THE COMPANY	
	2017 Rs'000	2016 Rs'000	2017 Rs'000	2016 Rs'000
At July 1,	219,547	197,827	218,959	197,344
Amount recognised in other comprehensive income	(45,023)	19,360	(45,023)	19,288
Amount recognised in profit or loss (note 23)	20,638	18,454	20,587	18,421
Contributions paid *	(12,576)	(16,094)	(12,576)	(16,094)
At June 30,	182,586	219,547	181,947	218,959

* The figures are in respect of residual defined benefit liabilities on top of the defined contributions part of the IBL Pension Fund and exclude cash payments which are treated as defined contributions and amounted to Rs.27,264,281 (2016: Rs.22,425,847) for the Group and Rs.26,619,562 (2016: Rs.21,775,273) for the Company.

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17. RETIREMENT BENEFIT OBLIGATION (CONTINUED)

- (a) Pension scheme (continued)
- (ii) The movement in the defined benefit obligation over the year is as follows:

	THE GROUP		THE COMPANY	
	2017 Rs'000	2016 Rs'000	2017 Rs'000	2016 Rs'000
Present value of funded obligation at start of year	312,670	292,508	312,670	292,508
Present value of unfunded obligation at start of year	44,072	42,938	43,484	42,455
Current service cost	5,990	5,591	5,978	5,589
Interest cost	23,380	21,733	23,341	21,702
Liability (gain)/loss due to change in financial assumptions	(46,370)	7,298	(46,370)	7,226
Benefit paid	(18,379)	(13,326)	(18,379)	(13,326)
Balance at 30 June,	321,363	356,742	320,724	356,154

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

	THE GROUP		THE COMPANY	
	2017 Rs'000	2016 Rs'000	2017 Rs'000	2016 Rs'000
At 1 July,	137,195	137,619	137,195	137,619
Interest income	8,732	8,870	8,732	8,870
Employer contributions	12,576	16,094	12,576	16,094
Benefits paid	(18,379)	(13,326)	(18,379)	(13,326)
Actuarial loss	(1,347)	(12,062)	(1,347)	(12,062)
Balance at 30 June,	138,777	137,195	138,777	137,195

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

	THE GROUP		THE COMPANY	
	2017 Rs'000	2016 Rs'000	2017 Rs'000	2016 Rs'000
Service cost	5,990	5,591	5,978	5,589
Net interest cost	14,648	12,863	14,609	12,832
	20,638	18,454	20,587	18,421

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

	THE GROUP		THE COMPANY	
	2017 Rs'000	2016 Rs'000	2017 Rs'000	2016 Rs'000
Remeasurement on the net defined benefit liability:				
Liability experience (gain)/loss due to change in financial assumptions	(46,370)	7,298	(46,370)	7,226
Actuarial loss	1,347	12,062	1,347	12,062
Actuarial (gains)/losses recognised in other comprehensive income	(45,023)	19,360	(45,023)	19,288

17. RETIREMENT BENEFIT OBLIGATION (CONTINUED)

- (a) Pension scheme (continued)
- (vi) The fair value of the plan assets at the end of the reporting period for each category, are as follows:

	THE GROUP		THE COMPANY	
	2017 Rs'000	2016 Rs'000	2017 Rs'000	2016 Rs'000
Cash and cash equivalents	17,625	9,055	17,625	9,055
Equity investments categorised by industry type:				
– Banks & Insurance	17,208	16,463	17,208	16,463
– Industry	1,804	1,646	1,804	1,646
– Investment	11,241	11,662	11,241	11,662
– Leisure & Hotels	6,939	7,271	6,939	7,271
– Commerce	3,053	2,470	3,053	2,470
– Others	1,110	1,372	1,110	1,372
Fixed interest instruments	38,025	41,159	38,025	41,159
Properties (categorised by nature and location):				
– Commercial properties in Mauritius	2,082	1,372	2,082	1,372
Investment funds	35,527	33,201	35,527	33,201
Private equity	3,747	11,524	3,747	11,524
Commodities	416	–	416	–
Total market value of assets	138,777	137,195	138,777	137,195
Actual return on plan assets	6,778	(3,192)	6,778	(3,192)

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	
	2017 %	2016 %
Discount rate	5.0/6.0	6.5
Future long-term salary increase	3.5/4.5	5.0
Future expected pension increase	1.0	2.5

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

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

	THE GROUP	THE COMPANY
	Rs'000	Rs'000
Decrease in defined benefit obligation due to 1% increase in discount rate	103,468	103,293
Increase in defined benefit obligation due to 1% increase in future long-term salary assumption	55,269	55,060

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17. RETIREMENT BENEFIT OBLIGATION (CONTINUED)

(a) Pension scheme (continued)

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

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

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

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

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

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

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

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

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

(xi) The Group expects to pay Rs.10.9 million in contributions to its post-employment benefit plans for the year ending June 30, 2018.

(xii) The weighted average duration of the defined benefit obligation is 5 – 21 years for the Group and 20 – 21 years for the Company at the end of the reporting period (2016: 7 – 14 years for the Group and 7 – 10 years for the Company).

18. TRADE AND OTHER PAYABLES

	THE GROUP		THE COMPANY	
	2017 Rs’000	2016 Rs’000	2017 Rs’000	2016 Rs’000
Trade payables	428,834	361,660	191,123	178,883
Deposits from customers (see note (b))	85,282	55,081	85,282	55,081
Amounts due to Group companies:				
– Fellow subsidiary	–	2,206	–	2,206
– Subsidiaries	–	–	421	1,616
– Enterprises in which ultimate holding Company has significant interest	2,193	4,523	2,193	4,523
Accrued expenses and other payables	387,217	311,323	274,739	201,623
	903,526	734,793	553,758	443,932

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

(a) The credit period on purchase of goods is 30 days. No interest is charged by trade payables. The Group has policies to ensure that all payables are paid within the credit timeframe.

18. TRADE AND OTHER PAYABLES (CONTINUED)

(b) Deposits from customers on containers

	THE GROUP AND THE COMPANY	
	2017 Rs’000	2016 Rs’000
At July 1,	55,081	48,403
Net increase in deposits	30,201	6,678
At June 30,	85,282	55,081

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

	THE GROUP		THE COMPANY	
	2017 Rs’000	2016 Rs’000	2017 Rs’000	2016 Rs’000
Mauritian Rupee	113,288	121,767	111,691	120,766
US Dollar	36,895	42,700	36,895	40,983
Euro	271,457	193,213	35,343	13,154
Other	7,194	3,980	7,194	3,980
	428,834	361,660	191,123	178,883

19. TAXATION

(a) Income tax

Income tax is calculated at 15% (2016: 15%) on the profit for the year as adjusted for income tax purposes.

Corporate Social Responsibility

The Company is required to set up a CSR fund equivalent to 2% of its chargeable income of the preceding year to implement a CSR programme in accordance with its own CSR framework. Where the amount paid out of the CSR fund is less than the amount provided under the fund, the difference shall be remitted to the Director-General at the time of submission of the income tax return of the year under review.

	THE GROUP		THE COMPANY	
	2017 Rs’000	2016 Rs’000	2017 Rs’000	2016 Rs’000
(b) Tax liability				
At July 1,	29,735	12,763	18,177	12,777
Acquisition through business combination	–	7,588	–	–
Current tax on the adjusted profit for the year 15% (2016: 15%)	81,167	65,394	49,932	59,934
Underprovision in previous year	3,012	3,895	3,012	3,895
Tax deducted at source	(2,046)	(96)	(2,046)	(96)
Tax paid	(90,028)	(59,692)	(68,373)	(58,333)
Exchange difference	(82)	(117)	–	–
At June 30,	21,758	29,735	702	18,177

Notes to the Financial Statements

for the year ended June 30, 2017

19. TAXATION (CONTINUED)

	THE GROUP		THE COMPANY	
	2017 Rs'000	2016 Rs'000	2017 Rs'000	2016 Rs'000
(c) Tax expense				
Current tax on the adjusted profit for the year				
15% (2016: 15%)	81,167	65,394	49,932	59,934
CSR contribution	8,388	7,407	8,388	7,407
Underprovision in previous year	3,012	3,895	3,012	3,895
	92,567	76,696	61,332	71,236
Deferred tax charge to profit or loss (note 16)	26,114	4,142	26,422	4,201
Tax expense	118,681	80,838	87,754	75,437

(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	
	2017 Rs'000	2016 Rs'000	2017 Rs'000	2016 Rs'000
Profit before taxation	514,144	431,193	455,499	418,157
Tax calculated at the rate of 17% (2016: 17%)	87,404	73,303	77,435	71,087
Tax effect of:				
Income not subject to tax	(6,126)	(5,781)	(2,103)	(1,888)
Expenses not deductible for tax purposes	13,868	1,883	7,302	401
CSR adjustment	1,426	1,260	1,426	1,260
Differential in tax rate	15,678	(911)	–	–
Underprovision in previous year	3,012	3,895	3,012	3,895
Depreciation of non-qualifying assets	682	682	682	682
Effect of tax on associated companies	66	46	–	–
Deferred tax asset on tax losses not recognised	2,559	6,197	–	–
Tax losses lapsed	112	264	–	–
Tax charge	118,681	80,838	87,754	75,437

20. DEFERRED REVENUE

	THE GROUP	
	2017 Rs'000	2016 Rs'000
Arising from government grant	61,654	70,603
Current	8,569	5,065
Non-current	53,085	65,538
	61,654	70,603

The deferred revenue arises as a result of the capital grant received by one of the subsidiary of the group following their capital expenditure incurred on building improvements and some plant and machinery. This deferred revenue will be released and offset against the depreciation charge over the useful life of the underlying asset.

21. DIVIDENDS

	THE COMPANY	
	2017 Rs'000	2016 Rs'000
Dividends paid		
2017: Rs.10.25 per share (2016: Rs.9.60 per share)	168,582	157,892

22. EXPENSES BY NATURE

	THE GROUP		THE COMPANY	
	2017 Rs'000	2016 Rs'000	2017 Rs'000	2016 Rs'000
Depreciation (note 5)	268,008	225,177	209,016	209,726
Amortisation of intangible assets (note 6)	1,344	1,060	1,022	956
Employee benefit expense (note 23)	753,049	601,204	530,960	504,651
Changes in inventories of finished goods and work in progress	(113,387)	(57,219)	(93,052)	(35,173)
Purchases of finished goods,				
Raw materials and consumables used	2,155,378	1,813,485	1,412,438	1,290,412
Excise and other specific duties	1,856,849	1,731,896	1,856,849	1,731,896
Other marketing and selling expenses	390,974	385,338	324,603	320,889
Other expenses	626,898	429,548	612,409	531,848
Total cost of sales, warehousing, selling and marketing and administrative expenses	5,939,113	5,130,489	4,854,245	4,555,205

23. EMPLOYEE BENEFIT EXPENSE

Wages , salaries and other employee benefits	634,811	519,662	463,315	445,329
Social security costs	70,336	40,662	20,438	19,126
Pension costs – defined benefit plans				
(note 17(a)(iv))	20,638	18,454	20,587	18,421
Pension costs – defined contribution plans	27,264	22,426	26,620	21,775
	753,049	601,204	530,960	504,651

24. OTHER INCOME

Interest income	1,712	5,883	1,708	5,819
Dividend income	79	73	39,909	73
Profit on disposal of plant and equipment	–	497	–	146
Sundry income	42,305	27,591	26,040	24,462
Net foreign exchange gains	41,397	26,424	40,064	23,359
	85,493	60,468	107,721	53,859

25. PROFIT BEFORE FINANCE COSTS

Profit before finance costs is arrived at after crediting:				
Profit on disposal of plant and equipment	–	497	–	146
Government grants release	8,949	2,574	–	–
and charging:				
Cost of inventories expensed	4,145,646	3,629,844	3,552,404	3,288,795
Depreciation on property, plant and equipment				
– owned assets	268,008	222,759	209,016	207,308
– leased assets under finance lease	–	2,418	–	2,418
Amortisation of intangible assets (note 6)	1,344	1,060	1,022	956
Net loss on disposal of plant and equipment	570	–	1,081	–
Employee benefit expense (note 23)	753,049	601,204	530,960	504,651
Impairment loss recognised on trade receivables (note 12 (d))	6,770	5,823	4,800	4,800

Notes to the Financial Statements

for the year ended June 30, 2017

26. FINANCE COSTS

	THE GROUP		THE COMPANY	
	2017 Rs'000	2016 Rs'000	2017 Rs'000	2016 Rs'000
Bank overdrafts	2,631	924	603	134
Bank and other loans	44,788	13,096	41,022	11,983
Finance leases	116	359	116	359
	47,535	14,379	41,741	12,476

27. EARNINGS PER SHARE

	THE GROUP	
	2017	2016
Profit attributable to owners of the Company (Rs'000)	396,373	351,262
Number of ordinary shares in issue	16,447,000	16,447,000
Earnings per share (Rs.cs) - Basic	24.10	21.36

28. NOTES TO THE STATEMENTS OF CASH FLOWS

	THE GROUP		THE COMPANY	
	2017 Rs'000	2016 Rs'000	2017 Rs'000	2016 Rs'000
(a) Cash generated from operations				
Profit before taxation	514,144	431,193	455,499	418,157
Adjustments for:				
Depreciation (note 5)	268,008	225,177	209,016	209,726
Amortisation of intangible assets (note 6)	1,344	1,060	1,022	956
Loss/(profit) on sale of plant and equipment (note 25)	570	(497)	1,081	(146)
Exchange differences	15,238	(128)	15,763	3,963
Impairment loss recognised on trade receivables	6,770	5,823	4,800	4,800
Impairment loss recognised on inventory (note 11)	6,400	9,206	7,993	8,627
Investment income (note 24)	(79)	(73)	(39,909)	(73)
Interest income (note 24)	(1,712)	(5,883)	(1,708)	(5,819)
Amortisation of government grant	(8,949)	(2,574)	–	–
Increase in pension provision	8,062	2,360	8,011	2,328
Interest expense	47,535	14,379	41,741	12,476
Share of results of associates	(390)	(272)	–	–
	856,941	679,771	703,309	654,995
Changes in working capital				
– Trade and other receivables	(102,731)	(129,200)	(77,909)	(52,380)
– Inventories	(210,183)	(28,988)	(190,022)	(24,306)
– Trade and other payables	161,507	158,334	109,874	71,904
Cash generated from operations	705,534	679,917	545,252	650,213

28. NOTES TO THE STATEMENTS OF CASH FLOWS (CONTINUED)

(b) Cash and cash equivalents

	THE GROUP		THE COMPANY	
	2017 Rs'000	2016 Rs'000	2017 Rs'000	2016 Rs'000
Bank and cash balances	184,603	196,927	69,372	109,810
Bank overdrafts (note 15)	(161,520)	(16,933)	(145,936)	–
Cash and cash equivalents	23,083	179,994	(76,564)	109,810

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

	THE GROUP		THE COMPANY	
	2017 Rs'000	2016 Rs'000	2017 Rs'000	2016 Rs'000
Mauritian Rupee	(122,000)	97,386	(123,739)	94,203
US Dollar	2,562	2,465	2,364	1,889
Euro	142,500	77,707	44,790	11,282
Other currencies	21	2,436	21	2,436
	23,083	179,994	(76,564)	109,810

29. BUSINESS COMBINATIONS

(a) Subsidiaries acquired in 2016

	Principal activity	Date of acquisition	Proportion of voting equity interests acquired %
2016			
Edena S.A.	Bottling and sale of soft drinks, table water and alternative beverages	April 1, 2016	100
Espace Solution Réunion S.A.S.	Distributor of beverages and other commodities	April 1, 2016	100
SCI Edena	Property holding	April 1, 2016	100
Total consideration transferred amounted to Rs.837,522,000.			
Edena S.A. was acquired so as to continue the expansion of the Group's activities on bottling and sale of beer, soft drinks, table water and alternative beverages.			

(b) Consideration transferred in 2016

	Edena S.A. Rs'000
Cash	724,743
Deferred consideration arrangement (i)	112,779
Total consideration	837,522

Notes to the Financial Statements

for the year ended June 30, 2017

29. BUSINESS COMBINATIONS (CONTINUED)

(b) Consideration transferred in 2016 (continued)

- (i) Under the deferred consideration arrangement, the Group was required at the date of acquisition to pay the vendor as follows:

	Rs'000
At June 30, 2017	38,633
At June 30, 2018	74,146
	112,779

The above deferred consideration bears interest at 3% per annum and the fair value of the consideration is not contingent on the occurrence of any events or circumstances.

Acquisition-related costs amounting to Rs.17,049,921 have been excluded from the consideration transferred and have been recognised as an expense in profit or loss in the year 2016, within the 'administrative expenses' line item.

(c) Assets acquired and liabilities recognised at the date of acquisition

	Edena S.A. Rs'000
Current assets	
Cash and cash equivalents	58,779
Trade and other receivables	171,522
Inventories	68,629
Non-current assets	
Property, plant and equipment	481,023
Intangible assets – goodwill (note 6)	42,440
– Computer software	764
Current liabilities	
Trade and other payables	(211,659)
Deferred revenue	(5,065)
Borrowings	(205,680)
Current tax liabilities	(7,588)
Non-current liabilities	
Deferred revenue	(69,257)
Borrowings	(34,574)
Deferred tax liability	(6,595)
	282,739

At the date of acquisition, the receivables (which principally comprise of trade receivables) do not have any contractual cash flows. The carrying amounts of the receivables acquired approximate their fair values.

(d) Goodwill arising on acquisition

	Edena S.A. Rs'000
Consideration transferred	837,522
Less: fair value of identifiable net assets acquired	(282,739)
Goodwill arising on acquisition (note 6)	554,783

29. BUSINESS COMBINATIONS (CONTINUED)

(d) Goodwill arising on acquisition (continued)

Goodwill arose in the acquisition of Edena S.A. because the cost of the combination included a control premium. In addition, the consideration paid for the combination effectively included amounts in relation to the benefit of expected synergies, revenue growth, future market development and the assembled workforce of Edena S.A. These benefits are not recognised separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets.

None of the goodwill arising on acquisition is expected to be deductible for tax purposes.

(e) Net cash outflow on acquisition of subsidiary

	2016 Rs'000
Consideration paid in cash	724,743
Less: Cash and cash equivalent balances acquired	(58,779)
	665,964

(f) Impact of acquisition on the results of the Group

As from the acquisition date, Edena SA profit of Rs.13.6 million and revenue of Rs.161.6 million have been included in the consolidated statement of comprehensive income for the year ended June 30, 2016.

If the acquisition were to have occurred on July 1, 2015, the Group's revenue and profit for the year ended June 30, 2016 would have increased by Rs.534.5 million and Rs.63.2 million respectively. The directors consider these 'pro-forma' numbers to represent an approximate measure of the performance of the combined group on an annualised basis to provide a reference point for comparison in future periods.

30. SEGMENTAL INFORMATION

THE GROUP

Segment information

IFRS 8 requires operating segments to be identified on the basis of reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segments and to assess their performance.

Products and services from which reportable segments derive their revenues

The information reported to the Group's chief operating decision maker for the purposes of resource allocation and assessment of segment performance is more specifically focussed on the geographical location of operations. The principal products from which segments derive revenue are beverages and glass recycled product.

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

Notes to the Financial Statements

for the year ended June 30, 2017

30. SEGMENTAL INFORMATION (CONTINUED)

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

Segment revenues and segment results

	Segment Revenue		Segment Result	
	2017 Rs'000	2016 Rs'000	2017 Rs'000	2016 Rs'000
Local	5,254,867	4,943,241	455,712	424,784
Overseas	1,349,648	753,033	105,577	20,516
Total	6,604,515	5,696,274	561,289	445,300
Intersegment revenue	(189,606)	(180,953)	–	–
	6,414,909	5,515,321	561,289	445,300
Share of results of associates			390	272
Finance costs			(47,535)	(14,379)
Profit before taxation			514,144	431,193
Tax expense			(118,681)	(80,838)
Profit for the year			395,463	350,355

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

Revenue reported above represents revenue generated from external customers and amounted to Rs.6.4 billion (2016: Rs.5.5 billion).

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

Segment assets and liabilities

	Assets		Liabilities	
	2017 Rs'000	2016 Rs'000	2017 Rs'000	2016 Rs'000
Local	5,010,356	4,642,005	1,818,629	1,695,635
Overseas	1,030,254	990,634	615,546	594,136
Consolidated assets/liabilities	6,040,610	5,632,639	2,434,175	2,289,771

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	
	2017 Rs'000	2016 Rs'000	2017 Rs'000	2016 Rs'000
Local	210,545	211,176	558,185	201,506
Overseas	58,807	15,061	29,565	1,488
	269,352	226,237	587,750	202,994

30. SEGMENTAL INFORMATION (CONTINUED)

Revenue from major products and services

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

	2017 Rs'000	2016 Rs'000
Beverages	6,403,806	5,504,059
Recycled glass and related products	11,103	11,262
	6,414,909	5,515,321

Information about major customers

The Group has a diverse portfolio of domestic and foreign customers and no individual customer exceeds 10% of total revenue.

Segment assets consist primarily of property, plant and equipment, motor vehicles, intangible assets, inventories, receivables and exclude investments in associates. Segment liabilities comprise operating liabilities. Capital expenditure comprises additions to property, plant and equipment, motor vehicles, office equipment and intangible assets.

31. RELATED PARTY TRANSACTIONS

The immediate parent and ultimate controlling party respectively of the Group are Phoenix Investment Company Limited and IBL Ltd, both incorporated in Mauritius.

Transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note. Details of transactions between the Group and other related parties and outstanding balances due from/to related parties are disclosed below:

	THE GROUP		THE COMPANY	
	2017 Rs'000	2016 Rs'000	2017 Rs'000	2016 Rs'000
(i) Dividend income				
Fellow subsidiaries	34	27	34	27
Subsidiaries	–	–	39,830	–
(ii) Sales of goods or services				
Subsidiaries	–	–	69,522	117,707
Enterprise in which ultimate holding Company has significant interest	271,773	244,458	271,773	244,458
Fellow subsidiaries	897	717	897	717

Notes to the Financial Statements

for the year ended June 30, 2017

31. RELATED PARTY TRANSACTIONS (CONTINUED)

		THE GROUP		THE COMPANY	
		2017 Rs'000	2016 Rs'000	2017 Rs'000	2016 Rs'000
(iii)	Purchase of goods or services				
	Subsidiaries	–	–	14,407	18,612
	Enterprise in which ultimate holding Company has significant interest	51,382	59,200	51,351	59,169
(iv)	Management fees/interest paid/donations paid				
	Enterprises in which ultimate holding Company has significant interest	116	356	116	356
	Fellow subsidiaries	123,173	106,206	127,127	109,669
(v)	Management fees/interest received				
	Subsidiaries	–	–	5,612	–
	Enterprises in which ultimate holding Company has significant interest	262	4,012	262	4,012
	Ultimate holding Company	487	–	487	–
(vi)	Rechargeable cost				
	Immediate holding Company	443	780	443	780
	Intermediate holding Company	341	–	341	–
	Subsidiaries	–	–	13,896	27,835
(vii)	Outstanding balances				
	<i>Receivables from related parties</i>				
	Subsidiaries	–	–	260,403	276,042
	Enterprises in which ultimate holding Company has significant interest	39,746	26,493	39,746	26,493
	Fellow subsidiary	3,137	809	3,137	809
	<i>Payables to related parties</i>				
	Subsidiaries	–	–	421	1,616
	Enterprises in which ultimate holding Company has significant interest	2,193	4,523	2,193	4,523
	Fellow subsidiary	–	2,206	–	2,206

Sales of goods or services to related parties were made at the Group’s usual list prices. Purchases were made at market prices.

The amounts outstanding are unsecured, interest free and will be settled in cash. No guarantee has been given or received. Except for an amount of Rs.134,183,551 (2016: Rs.134,183,551) recognised as impairment loss in respect of amounts due from subsidiaries and associates, no other expense has been recognised for bad or doubtful debts in respect of the amounts owed by related parties.

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

32. CAPITAL COMMITMENTS

	THE GROUP		THE COMPANY	
	2017 Rs'000	2016 Rs'000	2017 Rs'000	2016 Rs'000
Capital commitments contracted for and not provided in the financial statements:				
Property, plant and equipment	187,915	194,970	187,915	194,970

33. OPERATING LEASE ARRANGEMENTS

Operating lease commitments – where the Group is the lessee.

Operating lease relates to land and motor vehicles with renewal options for the land only. The Group does not have an option to purchase the leased assets. The lease periods end between May 2018 and May 2021 for motor vehicles, for the Group and the Company.

The payment recognised as an expense under operating leases are as follows:

	THE GROUP		THE COMPANY	
	2017 Rs'000	2016 Rs'000	2017 Rs'000	2016 Rs'000
Payment recognised as an expense	26,155	25,905	20,711	25,905

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

	THE GROUP		THE COMPANY	
	2017 Rs'000	2016 Rs'000	2017 Rs'000	2016 Rs'000
Not later than one year	25,817	25,786	20,446	20,899
Later than one year and not later than five years	13,236	32,735	10,697	29,854
	39,053	58,521	31,143	50,753

34. CONTINGENT LIABILITIES

At June 30, 2017 the Group and the Company had contingent liabilities in respect of bank guarantees of Rs.226.4 million (2016: Rs.226.6 million) arising in the ordinary course of business. The Group and the Company has not made any provision for this liability as directors consider the probability of the liability to be remote.

SHAREHOLDERS' CORNER

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"Good governance is the foundation of successful and sustainable business and supports the long-term creation of value for all stakeholders."



Notice of Annual Meeting to Shareholders

Notice is hereby given that the Annual Meeting of Shareholders of **Phoenix Beverages Limited** will be held at l'Ibelloise, 6th Floor, IBL House, Caudan Waterfront, Port Louis on **Friday, December 15, 2017** at **9.30 hours** to transact the following business in the manner required for the passing of the following RESOLUTIONS:

AS ORDINARY RESOLUTIONS:

1. To consider the Integrated Report 2017 of the Company.
2. To receive the report of Messrs Deloitte, the auditors of the Company.
3. To consider and adopt the Group's and Company's audited financial statements for the year ended June 30, 2017
4. To ratify the nomination of Mrs Sylvia Maigrot¹ as Director of the Company.
5. To re-elect by rotation on the recommendation of the Corporate Governance Committee, Mr Jean-Claude Béga¹ who offers himself for re-election as Director of the Company.
6. To re-elect by rotation, on the recommendation of the Corporate Governance Committee, Mr Guillaume Hugnin¹ who offers himself for re-election as Director of the Company.
7. To re-elect by rotation, on the recommendation of the Corporate Governance Committee, Mr Didier Koenig¹ who offers himself for re-election as Director of the Company.
8. To fix the remuneration of the Directors for the year to June 30, 2018 and to ratify the emoluments paid to the Directors for the year ended June 30, 2017.
9. To re-appoint Messrs Deloitte as auditors for the ensuing year and to authorise the Board of Directors to fix their remuneration.
10. To ratify the remuneration paid to the auditors for the financial year ended June 30, 2017.

BY ORDER OF THE BOARD



Doris Dardanne
IBL MANAGEMENT LTD
Company Secretary

September 20, 2017

NOTES:

- 1.A shareholder of the Company entitled to attend and vote at this meeting may appoint a proxy of his/her own choice to attend and vote on his/her behalf. A proxy need not be a member of the Company.
- 2.The instrument appointing a proxy or any general power of attorney shall be deposited at the Share Registry and Transfer Office of the Company, Abax Corporate Administrators Ltd, 6th Floor, Tower A, 1 CyberCity, Ebene, by Tuesday, December 14, 2017 at 9.30 hours and in default, the instrument of proxy shall not be treated as valid.
- 3.A proxy form is included in this Integrated Report and is also available at the registered office of the Company.
- 4.For the purpose of this Annual Meeting, the Directors have resolved, in compliance with Section 120(3) of the Companies Act 2001, that the shareholders who are entitled to receive notice of the meeting shall be those shareholders whose names are registered in the share register of the Company as at November 20, 2017.
- 5.The minutes of the Annual Meeting held on November 30, 2016 are available for consultation by the shareholders during office hours at the registered office of the Company, IBL House, Caudan Waterfront, Port Louis.
- 6.The minutes of the Annual Meeting to be held on December 15, 2017 will be available for consultation and comments during office hours at the registered office of the Company, IBL House, Caudan Waterfront, Port Louis from February 1 to February 15, 2018.

Footnote ¹: The profiles and categories of the Directors proposed for re-election are set out on pages 42 to 45 of the Integrated Report 2017.

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 November 20, 2017 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 November 20, 2017 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, Abax Corporate Administrators Ltd (6th Floor, Tower A, 1 CyberCity, Ebene), no later than 9.30 hours on Thursday December 14, 2017.

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, Abax Corporate Administrators Ltd (6th Floor, Tower A, 1 CyberCity, Ebene), no later than 9.30 hours on Thursday December 14, 2017.

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	Rodrigues Operations
Pont Fer, Phoenix, Mauritius BRN: C07001183 Tel: (230) 601 2000 Fax: (230) 686 6920 Email: contact@phoenixbev.mu Website: www.phoenixbev.mu	Pointe L'Herbe Rodrigues Tel: (230) 831 1648 Fax: (230) 831 2181
Commercial Unit	Registered Office
Tel: (230) 601 2200 Fax: (230) 697 2967	4th Floor, IBL House, Caudan Waterfront Port Louis, Mauritius
Finance and Administration	Auditors
Tel: (230) 601 2000 Fax: (230) 686 6920 (Administration) (230) 697 6480 (Finance) (230) 697 5028 (Procurement) (230) 686 9204 (Information Technology)	Deloitte Chartered Accountants
Technical and Production	Bankers
Tel: (230) 601 2000 (Brewery) Fax: (230) 686 7197 Tel: (230) 601 1800 (Limonaderie) Fax: (230) 6971394 Tel: (230) 697 7700 (Nouvelle France)	AfrAsia Bank Limited Barclays Bank Mauritius Limited State Bank of Mauritius Ltd The Hong Kong and Shanghai Banking Corporation Ltd The Mauritius Commercial Bank Ltd
Our Operational Subsidiaries	
The (Mauritius) Glass Gallery Ltd	Phoenix Réunion SARL
Pont Fer, Phoenix, Mauritius Tel: (230) 696 3360 Fax: (230) 696 8116	7 rue de l'Armagnac, Z1 No1 97821 Le Port Cedex Ile de La Réunion Tel: (262) 262 241730 Fax: (262) 692 452972
Phoenix Beverages Overseas Ltd	
Pont Fer, Phoenix, Mauritius Tel: (230) 601 2000 Fax: (230) 686 6920 Email: contact@phoenixbev.mu Website: www.phoenixbev.mu	

Company Secretary
IBL Management Ltd 4 th Floor, IBL House Caudan Waterfront Port Louis Mauritius
Share Registry & Transfer Office
If you are a Shareholder and have enquiries regarding your account, or wish to change your name or address, or have questions about lost share certificates, share transfers or dividends, please contact our Share Registry and Transfer Office:
Abax Corporate Administrators Ltd 6 th Floor, Tower A 1 CyberCity, Ebène Mauritius

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

Proxy Form

I/We, _____
of _____
being a member/members of **Phoenix Beverages Limited**, do hereby appoint:

of _____
or failing him/her, _____
of _____
or failing him/her the Chairman of the Meeting, as my/our proxy to vote for me/us and on my/our behalf at the **Annual Meeting** of the Company to be held at l'Ibeloise, 6th Floor, IBL House, Caudan Waterfront, Port Louis on **Friday, December 15, 2017** at **9.30 hours** and at any adjournment thereof.

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

	For	Against	Abstain
1. To consider the Integrated Report 2017 of the Company.	<input type="text"/>	<input type="text"/>	<input type="text"/>
2. To receive the report of Messrs Deloitte, the auditors of the Company.	<input type="text"/>	<input type="text"/>	<input type="text"/>
3. To consider and adopt the Group's and Company's audited financial statements for the year ended June 30, 2017.	<input type="text"/>	<input type="text"/>	<input type="text"/>
4. To ratify the nomination of Mrs Sylvia Maigrot as Director of the Company.	<input type="text"/>	<input type="text"/>	<input type="text"/>
5. To re-elect by rotation on the recommendation of the Corporate Governance Committee, Mr. Jean-Claude Béga who offers himself for re-election as Director of the Company.	<input type="text"/>	<input type="text"/>	<input type="text"/>
6. To re-elect by rotation on the recommendation of the Corporate Governance Committee, Mr. Guillaume Hugnin who offers himself for re-election as Director of the Company.	<input type="text"/>	<input type="text"/>	<input type="text"/>
7. To re-elect by rotation on the recommendation of the Corporate Governance Committee, Mr. Didier Koenig who offers himself for re-election as Director of the Company.	<input type="text"/>	<input type="text"/>	<input type="text"/>
8. To fix the remuneration of the Directors for the year to June 30, 2018 and to ratify the emoluments paid to the Directors for the year ended June 30, 2017.	<input type="text"/>	<input type="text"/>	<input type="text"/>
9. To re-appoint Messrs Deloitte as auditors for the ensuing year and to authorise the Board of Directors to fix their remuneration.	<input type="text"/>	<input type="text"/>	<input type="text"/>
10. To ratify the remuneration paid to the auditors for the financial year ended June 30, 2017.	<input type="text"/>	<input type="text"/>	<input type="text"/>

Signed this _____ day of _____ 2017.

Signature(s)

Notes:

1. A member of the Company entitled to attend and vote at this meeting may appoint a proxy of his/her own choice to attend and vote on his/her behalf. A proxy need not be a member of the Company.

2. Please mark in the appropriate box how you wish to vote. If no specific direction as to voting is given, the proxy will be entitled to vote or abstain from voting as he/she thinks fit.

3. The instrument appointing a proxy or any general power of attorney, duly signed, shall be deposited at the Share Registry and Transfer Office of the Company, Abax Corporate Administrators Ltd, 6th Floor, Tower A, 1 CyberCity, Ebene, by Thursday, December 14, 2017 at 9.30 hours and in default, the instrument of proxy shall not be treated as valid.

Notes

This image shows a single sheet of white paper with horizontal ruling lines. The lines are evenly spaced and run across the width of the page. There are no margins, text, or other markings on the paper.

As part of its ongoing programme to help protect the environment, IBL Ltd subsidiaries have chosen to use Lenza Green paper for their Integrated and Annual Reports.

Lenza Green paper is made from 100% recycled pulp, certified FSC (Forest Stewardship Council).

FSC is an international, non-governmental, non-profit making organisation created in 1993.

It encourages socially, ecologically and economically responsible forestry management initiatives.

Detailed Environmental Profile

Fibre source:	40 / 40
Fossil CO ₂ emissions from manufacturing:	18 / 20
Waste to landfill:	10 / 10
Water pollution from bleaching:	10 / 10
Organic water pollution:	9 / 10
Environmental management systems:	10 / 10