



# Annual Report 2012

Phoenix Beverages Limited





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# Dear Shareholder,

Your Board of Directors is pleased to present the Annual Report of Phoenix Beverages Limited ('PBL' or the 'Company') for the year ended June 30, 2012. This report was approved by the Board on August 22, 2012.

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:

Date: Wednesday, October 17, 2012  
Time: 9.30 hours  
Place: l'Ibéroise, 6<sup>th</sup> Floor, IBL House  
Caudan Waterfront  
Port Louis

We look forward to seeing you.

Sincerely,



**Thierry Lagesse**  
*Chairman*



**Didier Koenig**  
*Director*



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# Beer Quality Awards

MONDE SELECTION	YEAR 2012	PHOENIX BEER	GOLD MEDAL
		PHOENIX BEER	INTERNATIONAL HIGH QUALITY TROPHY
MONDE SELECTION	YEAR 2011	PHOENIX BEER	GOLD MEDAL
		GUINNESS FOREIGN EXTRA STOUT	GOLD MEDAL
		PHOENIX CIDER NON-ALCOHOLIC	GOLD MEDAL
		PHOENIX BEER	INTERNATIONAL HIGH QUALITY TROPHY
MONDE SELECTION	YEAR 2010	PHOENIX BEER	GOLD MEDAL
		PHOENIX SPECIAL BREW	SILVER MEDAL
		PHOENIX FRESH	GOLD MEDAL
MONDE SELECTION	YEAR 2009	PHOENIX BEER	GOLD MEDAL
		BLUE MARLIN	SILVER MEDAL
		STELLA PILS	GOLD MEDAL
		PHOENIX BEER	INTERNATIONAL HIGH QUALITY TROPHY
MONDE SELECTION	YEAR 2008	PHOENIX BEER	GOLD MEDAL
		BLUE MARLIN	BRONZE MEDAL
MONDE SELECTION	YEAR 2007	PHOENIX BEER	GRAND GOLD MEDAL
		BLUE MARLIN	GRAND GOLD MEDAL
MONDE SELECTION	YEAR 2006	PHOENIX BEER	SILVER MEDAL
		BLUE MARLIN	SILVER MEDAL
MONDE SELECTION	YEAR 2003	PHOENIX BEER	GOLD MEDAL
		BLUE MARLIN	BRONZE MEDAL
AUSTRALIAN INTERNATIONAL BEER AWARDS	YEAR 2001	PHOENIX BEER	GOLD AWARD
		BLUE MARLIN	SILVER AWARD
AUSTRALIAN INTERNATIONAL BEER AWARDS	YEAR 1997	BLUE MARLIN	SILVER AWARD
		STELLA PILS	SILVER AWARD
		PHOENIX BEER	SILVER AWARD
MONDE SELECTION	YEAR 1992	BLUE MARLIN	GOLD MEDAL
MONDE SELECTION	YEAR 1989	STELLA PILS	GOLD MEDAL
		PHOENIX BEER	GOLD MEDAL
BREWEX – UK	YEAR 1983	PHOENIX BEER	GOLD MEDAL
MONDE SELECTION	YEAR 1981	PHOENIX BEER	GOLD MEDAL
BREWEX – UK	YEAR 1976	STELLA PILS	GOLD MEDAL





# DBL - A bird's-eye view

- Established in 1960
- Listed on the Stock Exchange of Mauritius since 1993
- Wide range of beverages – beer, cider, sparkling drinks, water, wines and spirits
- Employs more than 1,000 people
- Delivers to over 10,000 outlets
- Exports to Indian Ocean Islands, Eastern & Southern Africa, Europe, Asia Pacific and Australia
- Present in Reunion Island and Madagascar, through Rennie & Thony Marketing Océan Indien and Nouvelle Brasserie de Madagascar respectively

## *Our Vision*

Dedicated people providing world-class beverages

## *Our Values*








Customer Oriented

Innovative

Adaptable

Honest

Trustworthy

Revenue	<b>Rs. 4,228m</b>		<b>12.8%</b>
Profit after tax	<b>Rs. 192</b>		<b>17.0%</b>
Earnings per share	<b>Rs. 11.67</b>		<b>16.6%</b>
Dividend per share	<b>Rs. 7.50</b>		<b>11.9%</b>
Total assets	<b>Rs. 3,388m</b>		<b>6.3%</b>
Net debt	<b>Rs. 365m</b>		<b>16.6%</b>
Equity attributable to owners of the Company	<b>Rs. 2,269m</b>		<b>3.9%</b>

- Over 1.3 million hectolitres sold
- Achieved Food Safety System Certification (FSSC) 22000 for 'Limonaderie' in November 2011
- Launched Fanta Grenadine in July 2011
- Added St Aubin 1819 and Red Cane to our portfolio
- Rewarded by Gold Medals for Phoenix Beer, at 'Monde Selection' 2012
- Rewarded by an International High Quality Trophy 2012 for Phoenix Beer at 'Monde Selection' 2012
- Rs 3.37 billion as market capitalisation on the Stock Exchange of Mauritius at June 30, 2012
- 0.4 million shares have been exchanged on the Stock Exchange of Mauritius in 2011/12

# Group Profile

Phoenix Beverages Limited is a public company listed on the Stock Exchange of Mauritius. It was incorporated on September 9, 1960 and started trading in 1963. Phoenix Beverages Limited is the leading beverages company in Mauritius.

Phoenix Beverages Limited offers a wide range of alcoholic products, wines and spirits, soft drinks, table water and other beverages to its customers. Its flagship, Phoenix Beer, was launched in 1963 and has since become the famous and preferred beer of Mauritius. The Company also produces Blue Marlin, Phoenix Special Brew, Phoenix Fresh, Stella Pils Beer and Phoenix Cider. Phoenix Beverages Limited also has in its portfolio of products world famous brands such as Guinness Foreign Extra Stout, Malta Guinness and Smirnoff Ice, which it produces and sells under contract agreement.

Phoenix Beverages Limited is the authorised bottler of the products of The Coca-Cola Company Ltd in Mauritius,

namely Coca-Cola, Fanta, Sprite, Schweppes, Dasani and Crystal table water.

Phoenix Beverages Limited has won many international awards over the years, the latest ones being a gold medal and the High International Quality Trophy of 'Monde Selection' 2012 for Phoenix.

Today the Group has just over 1,000 employees and operates two production plants in Phoenix. It also sells and distributes all its products from its Commercial Unit in Phoenix.

## Group Structure

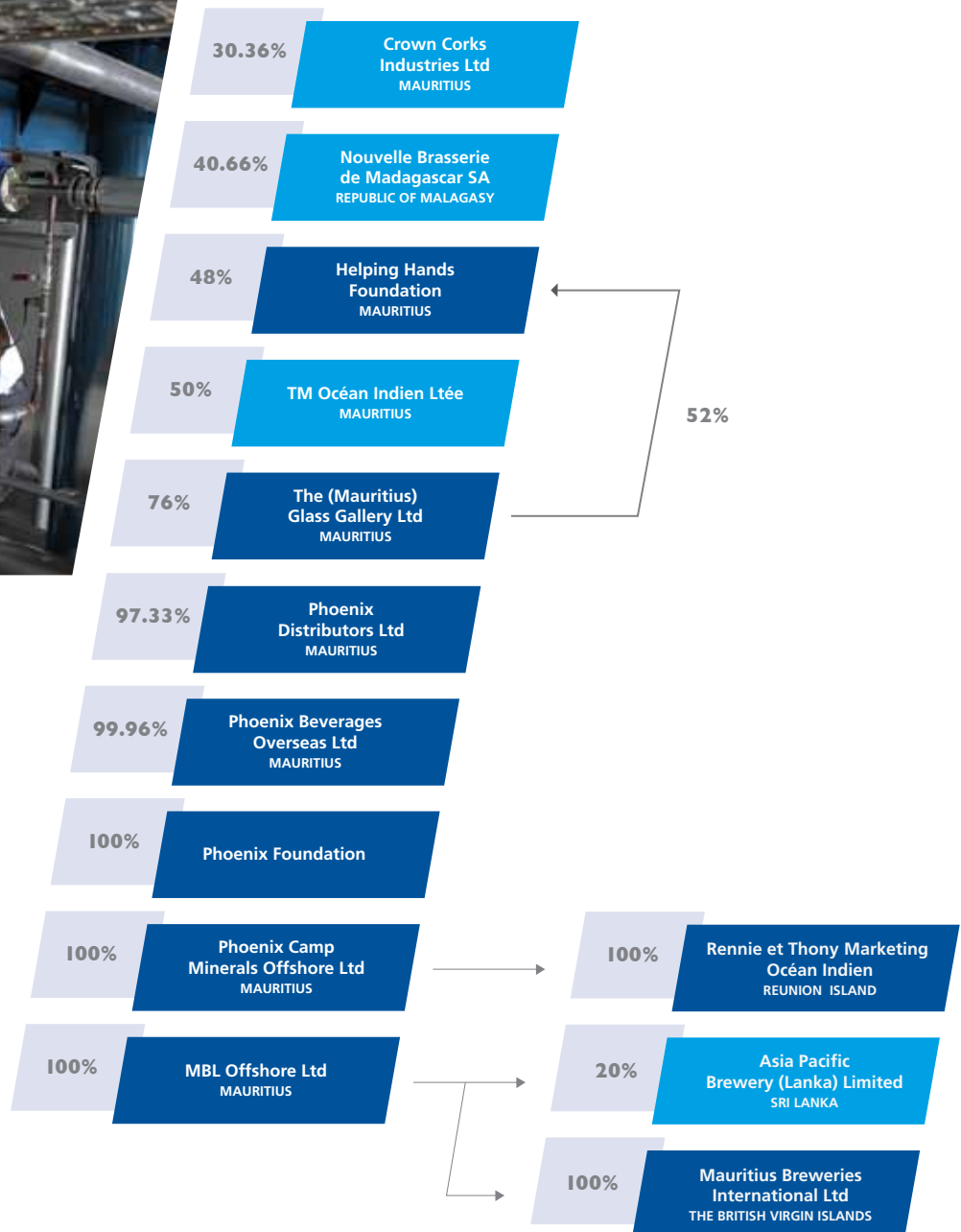
Subsidiaries	
Local	
Helping Hands Foundation	87.52%
MBL Offshore Ltd	100.00%
Phoenix Beverages Overseas Ltd	99.96%
Phoenix Camp Minerals Offshore Ltd	100.00%
Phoenix Distributors Ltd	97.33%
Phoenix Foundation	100.00%
The (Mauritius) Glass Gallery Ltd	76.00%
Foreign	
Mauritius Breweries International Ltd	100.00%
Rennie et Thony Marketing Océan Indien	100.00%
Associates	
Local	
Crown Corks Industries Ltd	30.36%
TM Océan Indien Ltée	50.00%
Foreign	
Asia Pacific Brewery (Lanka) Limited	20.00%
Nouvelle Brasserie de Madagascar SA	40.66%



# Group Structure



Phoenix Beverages Limited  
MAURITIUS





# Our Brands





# Our Brands





# Board & Committees





## *Board of Directors*

### **Directors**

Thierry Lagesse - *Chairman*

Jean-Claude Béga

Jan Boullé

François Dalais

Guillaume Hugnin

Didier Koenig

Arnaud Lagesse

J. Cyril Lagesse

Seewoocomar Sewraz

George Wiehe

Richard Wooding - *Chief Executive Officer*

Valeria Juarez (*resigned on August 22, 2012*)

### **Alternate Directors**

Jean Pierre Dalais

Marguerite Hugnin

Arnaud Lagesse

## *Board Committees*

### **Audit and Risk Committee**

Didier Koenig - *Chairman*

Jean-Claude Béga (*appointed on August 18, 2011*)

Jan Boullé

George Wiehe

### **Corporate Governance Committee**

J. Cyril Lagesse - *Chairman*

Guillaume Hugnin

Seewoocomar Sewraz

Richard Wooding

## *Company Secretary*

**GML Management Ltée**



# Senior Managers' Profiles



# Senior Managers' Profiles



## 1. RICHARD WOODING

### CHIEF EXECUTIVE OFFICER

Richard Wooding, born in 1959 in England, holds a BA degree from Birmingham and an MBA from Cranfield. He has worked extensively in FMCG industries in UK, Asia and Africa, including General Management roles for Rothmans International, British American Tobacco and Heineken International. He joined the Phoenix Beverages Group in April 2006, and was appointed Chief Executive Officer and a Director of the Company in July 2006. He is also a Director of the Mauritius Institute of Directors.

## 2. PATRICK RIVALLAND

### SENIOR MANAGER FINANCE AND ADMINISTRATION

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 Phoenix Beverages Group Senior Manager Finance and Administration in 2001. He is a past President of the Association of Mauritian Manufacturers.



## 3. JAGANADEN CHELLUM

### SENIOR MANAGER HUMAN RESOURCES

Jaganaden Chellum, born in 1971, is the holder of a 'Maîtrise en Gestion des Entreprises Privées' from the University of Paris XII, France. Before joining the Group in 2000, he worked for Floréal Knitwear Limited. He was appointed Senior Manager Human Resources in April 2007.

## 4. JEAN FRANÇOIS HENRI

### SENIOR MANAGER TECHNICAL OPERATIONS

Jean François Henri, born in 1967, is the holder of a Degree in Industrial Maintenance Engineering and a Degree in Business Administration from University of Paris XIII, France. He worked in the textile and manufacturing industry sectors before joining the Phoenix Beverages Group in June 2006 as Senior Manager Technical Operations.







## 5. GERARD MERLE

### *SENIOR MANAGER LIMO OPERATIONS*

Gérard Merle, born in 1968, has worked in the manufacturing sector for more than 21 years. Before joining Phoenix Beverages Limited in January 2009 as Senior Manager Limo Operations, he worked for Boxmore Plastics International.

## 6. GERVAIS RAMBERT

### *HEAD BREWER*

Gervais Rambert, born in 1956, joined the brewery in 1977. He is the holder of a Certificate 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 worked in several breweries in Europe, namely Guinness Park Royal in London, Le Pêcheur, Meteor and Kronenbourg Breweries in France. He is the Group's Head Brewer since 1992.



## 7. ANTIS TREEBHOOBUN

### *SENIOR MANAGER BUSINESS SYSTEM*

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

## 8. DIDIER VALLET

### *SENIOR MANAGER COMMERCIAL OPERATIONS*

Didier Vallet, born in 1961, is the holder of a Diploma in Marketing and Sales Management from Cape Technikon School of Commerce. He joined the Group in 1986 as Assistant Sales and Marketing Manager. He was appointed Phoenix Beverages Group Senior Manager Commercial Operations in June 2005.





# Shareholders' Information

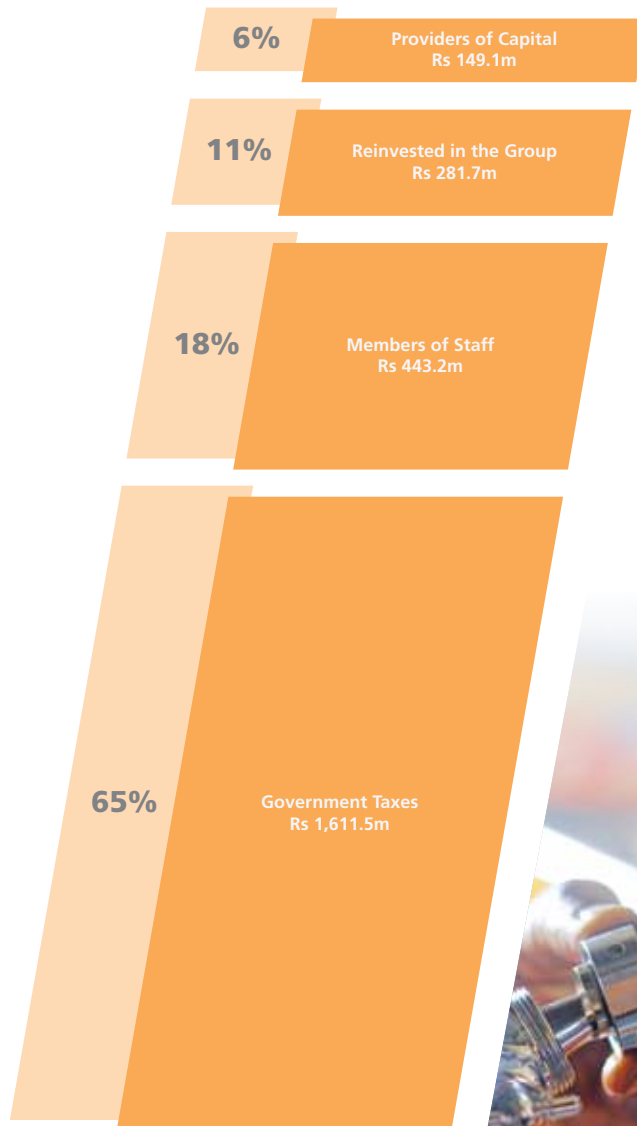


# Value Added Statement

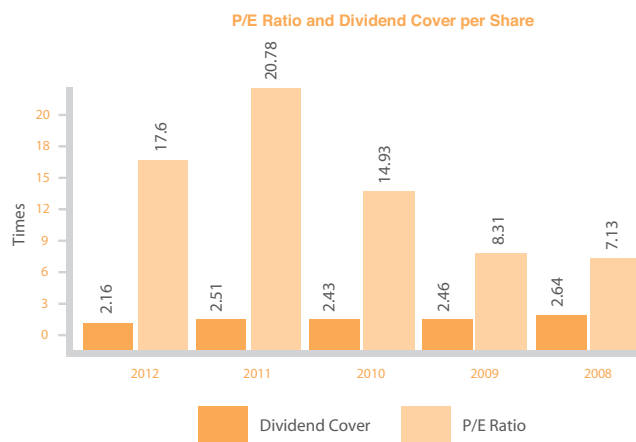
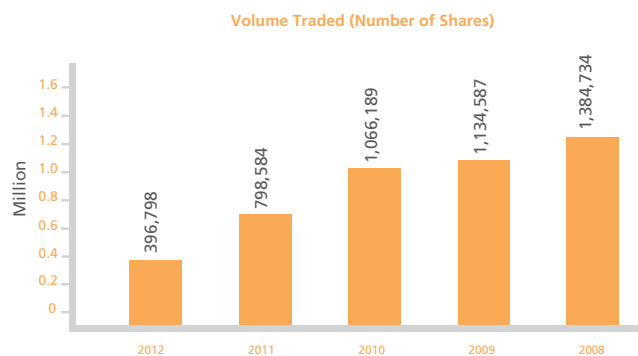
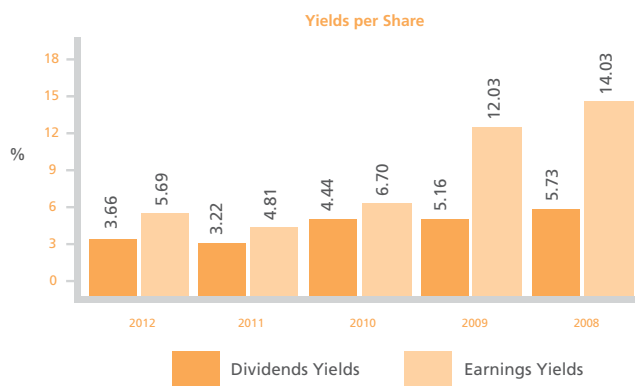
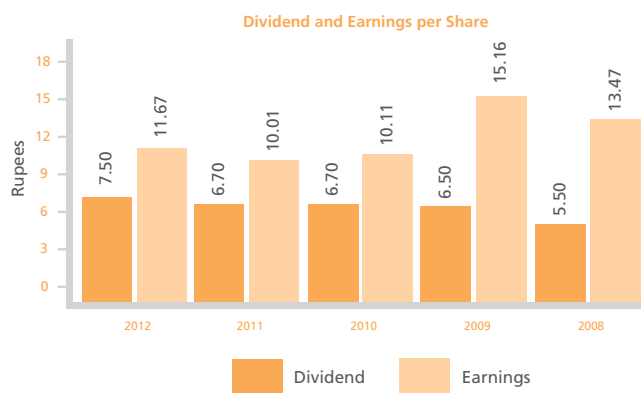
	2012	%	2011	%
	Rs'000		Rs'000	
Turnover including Value Added Tax	4,793,202		4,258,553	
Less: Paid to suppliers for materials and services	(2,307,747)		(2,116,516)	
<b>Total value added</b>	<b>2,485,455</b>		<b>2,142,037</b>	
<i>Distributed as follows:</i>				
<b>Members of staff</b>				
Remuneration and benefits	443,162	18%	443,114	21%
<b>Providers of capital</b>				
Dividends	123,353		110,195	
Interest	25,765		28,868	
	149,118	6%	139,063	6%
<b>Government taxes</b>				
Excise, customs & other specific duties	1,241,462		941,122	
Net value added tax	333,974		312,360	
Taxation	36,074		44,161	
	1,611,510	65%	1,297,643	61%
<b>Reinvested in the Group</b>				
Depreciation	213,005		207,817	
Retained profit	68,660		54,400	
	281,665	11%	262,217	12%
<b>Total distributed and retained</b>	<b>2,485,455</b>	<b>100%</b>	<b>2,142,037</b>	<b>100%</b>

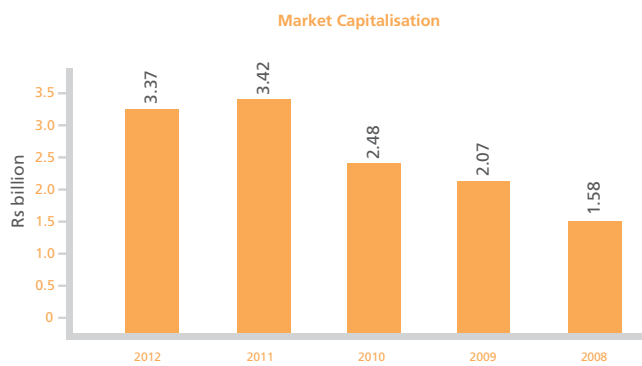
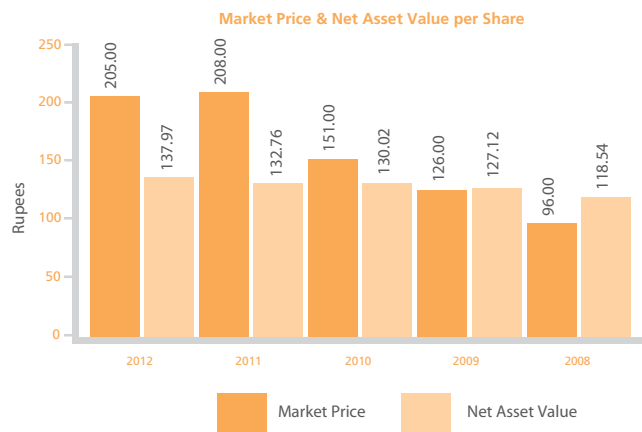


# Distribution of Wealth Created



# Share Data





# Group Financial Summary

	2012	2011	2010	2009	2008
<b>Statements of comprehensive income (Rs M)</b>					
Turnover	4,228	3,747	3,401	3,202	2,897
Excise & other specific duties	1,209	908	734	712	671
Result of associates	(49)	(39)	(43)	(30)	(33)
Profit before taxation	239	218	217	302	272
Profit attributable to shareholders	192	165	166	249	222
Depreciation	213	210	200	185	199
Net interest paid	26	29	22	19	19
EBITDA	478	457	439	506	490
<b>Statements of financial position (Rs M)</b>					
Total assets	3,388	3,187	3,049	2,972	2,719
Net indebtedness	365	313	372	53	199
Working capital	313	225	70	89	174
Shareholders' fund	2,270	2,184	2,138	2,091	1,950
<b>Net asset value per share (Rs)</b>	<b>137.97</b>	<b>132.76</b>	<b>130.02</b>	<b>127.12</b>	<b>118.54</b>
<b>Cash flow (Rs M)</b>					
Investment in fixed assets	215	183	318	393	232
Investment in subsidiaries and associates	0	0	2	16	168
Government taxes paid	1,612	1,298	1,050	1,010	944
Net cash generated from operating activities	293	353	208	621	333
<b>Performance ratio</b>					
Earnings per share (Rs)	11.67	10.01	10.11	15.16	13.47
Net return on equity (%)	8.46	7.54	7.78	11.93	11.36
Net profit margin (%)	4.54	4.38	4.86	7.79	7.73



	2012	2011	2010	2009	2008
<b>Liquidity &amp; gearing ratio</b>					
Current ratio (%)	137.12	132.37	110.70	114.32	137.25
Net borrowings to equity (%)	16.08	14.32	17.41	2.55	10.20
Interest cover (times)	10.19	8.65	10.89	16.67	15.05
<b>Dividends</b>					
Dividends declared (Rs M)	123.40	110.20	110.20	107.00	90.00
Dividends per share (Rs)	7.50	6.70	6.70	6.50	5.50
Dividend yield (%)	3.66	3.22	4.44	5.16	5.73
Dividend cover (times)	2.16	2.51	2.43	2.46	2.64
<b>Market data</b>					
Market price per share (Rs)					
High	210.00	220.00	180.00	130.00	110.00
Low	190.00	151.00	126.00	90.00	89.50
Closing (June 30)	205.00	208.00	151.00	126.00	96.00
<b>P/E ratio (times)</b>	<b>17.57</b>	20.78	14.93	8.31	7.13

# Government Taxes

		2012	2011	2010	2009	2008
Excise taxes & other specific duties	Rs '000	1,208,879	907,546	734,160	711,745	670,736
Excise duty - (Beer)	Rs/litre	29.75	22.80	19.00	19.00	19.00
PET tax	Rs/unit	2.00	2.00	1.00	1.00	1.00
Can tax	Rs/unit	2.00	2.00	1.00	1.00	0.00
CWA - Water fee	Rs/litre	1.50	0.00	0.00	0.00	0.00
Income tax	Rs '000	36,074	44,161	36,828	39,481	36,391
	% rate	15.0	15.0	15.0	15.0	15.0
Customs duty	Rs '000	32,583	33,576	11,653	10,728	22,411
Net value added tax	Rs '000	333,974	312,360	267,705	247,667	214,927
	% rate	15.0	15.0	15.0	15.0	15.0
TOTAL	Rs '000	1,611,510	1,297,643	1,050,346	1,009,621	944,465

# Group Quarterly Results

	Year ended 30.06.12	4 <sup>th</sup> Quarter 3 months to 30.06.12	3 <sup>rd</sup> Quarter 3 months to 31.03.12	2 <sup>nd</sup> Quarter 3 months to 31.12.11	1 <sup>st</sup> Quarter 3 months to 30.09.11
	Rs'm	Rs'm	Rs'm	Rs'm	Rs'm
Revenue	4,228	1,001	987	1,382	858
Manufacturing costs	(1,880)	(445)	(292)	(695)	(448)
Excise & other specific duties	(1,209)	(297)	(320)	(371)	(221)
Other income	38	18	13	1	6
Overheads	(862)	(217)	(209)	(242)	(194)
Net finance costs	(26)	(5)	(6)	(8)	(7)
Share of results of associates	(49)	(16)	(13)	(11)	(9)
Profit before taxation	239	38	53	124	24
Tax expense	(47)	(8)	(11)	(21)	(7)
Profit after taxation	192	30	42	103	17





# Chairman's Report



# Chairman's Report

## Dear Shareholder,

I am pleased to present the Phoenix Beverages Limited 2012 Annual Report and to comment on another year of positive progress.

## Financial Results

Group profit before tax has grown from Rs 217.9m to Rs 239.1m, representing an increase of 9.7% from last year. Earnings per share have risen by 16.5% to Rs 11.67.

Our Company has this year declared and paid a dividend of Rs 7.50 per share, up by 11.9% compared to the last financial year.

## Strategic Overview

The economic environment in Mauritius has worsened for our business in the year under review, and this has been exacerbated by an increase in taxes and levies on all our products as set out in page 32, Phoenix Beverages paid a total of Rs 1.6 billion in 2011/12 as taxes and levies (Rs 1.3 billion in 2010/11).

The twin factors of significantly higher taxes on beer and sparkling drinks plus a down turn in consumer spending power, have limited increases in volume and have necessitated a tight control on costs and discretionary expenditure.

Our strategy in Mauritius has been to maintain focus on our key brands, particularly Phoenix Beer, whilst also expanding into new categories including Cider and, more recently, Rum with the St Aubin brands 1819 and Red Cane. These initiatives reinforce our portfolio as we develop into a total beverage supplier for Mauritian retailers and consumers.

In Reunion, the business environment remains highly competitive, with increased pressure on consumer spending. We have increased our market share in the

beer category, being now slightly below the 9% mark. In January 2012, we launched Phoenix Panaché, which was followed by the launch of Phoenix Cider in April.

Our strategy in Reunion has been to develop our import and distribution activities around our core brand Phoenix Beer, plus a selected number of other products, mainly in the wines and spirits, tea and coffee, and washing powder categories.

Even though we are still making losses in Reunion, the results for the year under review have been much better than those recorded last year.

Madagascar has presented a difficult economic environment in 2011/12, with the market being hit by significant inflation, coupled with a squeeze on liquidity, exacerbated by political tensions and security concerns.

Our strategy in Madagascar is to focus on the development of our brand SKOL and whilst we saw good growth month on month in the first 6 months of the financial year, the second 6 months have seen lower volumes as our competitor fights back, launching brands which replicate the offer and pricing of SKOL and the market contracts. But our strategy remains unchanged – to develop our associate NBM into a strong challenger to the existing dominant player in this high potential market.

Results for Madagascar have reduced Group Profit by Rs 48.2m, compared to a negative impact of Rs 39.7m in 2010/11.

## Net Asset Value per Share (NAV)

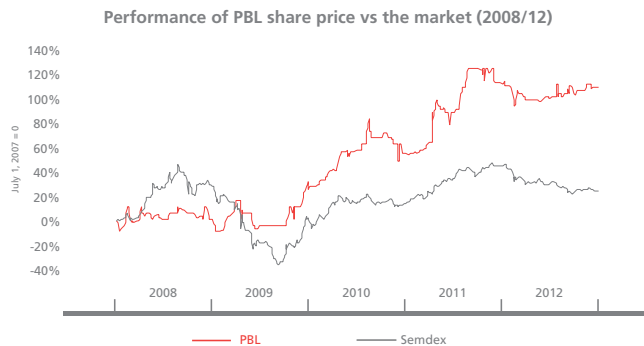
The Group's NAV has increased by 3.9%, from Rs 133 last year to Rs 138 this financial year.

## Gearing

The Group total net interest-bearing debt has increased this year from Rs 312.7m to Rs 364.9m and the Group gearing ratio has increased from 14% to 16%.

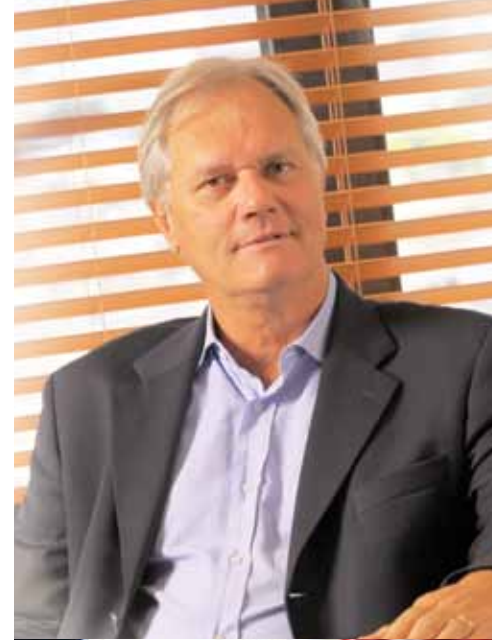
## Stock Market Overview

The PBL share price has lost Rs 3.00 this financial year, down by 1.5%, from Rs 208 at June 30, 2011 to Rs 205 at June 30, 2012. The Semdex was down by 15.3% for the year under review.



## Corporate Governance Committee

Our Corporate Governance Committee has been active in applying the necessary principles and standards to underpin our business. Further details can be found in the Corporate Governance report on pages 46 to 66.



# Chairman's Report

## Corporate Social and Environmental Responsibility

Our Company is focused upon the need to operate responsibly in the Mauritian environment and CSR is at the heart of our business operations, particularly our efforts in working with returnable packaging, recycling of PET and broken glass, as well as emission reductions. Details of CSR activities are set out on pages 68 to 69.

## Outlook

We are prepared for a year of difficult economic conditions in Mauritius. We are working hard to deliver quality and value to our customers and consumers, and to contain both operating and raw material costs further. Although 2012/13 will be a tough year in terms of volume growth, we believe we have the strategies and operational grip to ensure we can deliver solid business results.

We will continue our efforts in Reunion Island to turn our subsidiary from a loss making operation to a profitable one, by further increasing sales and containing operational expenses.

The economic and operating environment in Madagascar is harder to predict. But we have taken the long term position of growing our market share and eventual profit being a strong challenger to our competitor, offering a better alternative for consumers and trade partners in Madagascar, and we remain committed and focused on this mission.

## Acknowledgements

I would like to thank my fellow Directors on the Board of Phoenix Beverages Limited for their input and support during this year.

I would also like to acknowledge the important roles played by our key strategic partners, The Coca-Cola Company and Diageo, who give highly useful best practices, technical support and brands.

My thanks also to the Management team and to all the employees of the Group for their hard work, innovation and dedication.

Finally, my thanks to our many customers and consumers in Mauritius, the other Indian Ocean islands, and further afield, who choose our brands.



**Thierry Lagesse**  
Chairman

August 22, 2012









# Chief Executive's Review





# Chief Executive's Review

*Dear Shareholder,*

I am pleased to report to you on the performance of Phoenix Beverages for the year 2011/12.

## RESULTS

### *Mauritian Market*

Beer sales were down by 1.7% on a year on year basis, with volumes being hit by a price increase in November engendered by a massive 30% hike in excise duty. This resulted in a weaker second half of the year, as the market hit by reduced consumer spending power, struggled to return to previous levels. In market share terms, Phoenix Beverages registered a slight gain in market share in the Beer category.

The Phoenix brand declined slightly, down 2.9% versus last year, but still represents 86% of total beer sales, with all brand health indicators remaining solid.

Blue Marlin grew by 18.9% - partly due to consumers trading down in volume, but opting for a higher alcoholic content brand.

Guinness volumes remained stable.

Sparkling Drinks grew by 2.1%, with a new tax or CWA fee of Rs 1.5 per litre at wholesale level, pushing up prices and hitting consumer demand. Market share was stable. Coca-Cola volumes remained solid, with Fanta products, benefitting from a new Grenadine flavour, showing growth, and Sprite also demonstrating good growth.

Sales of Crystal Table Water plateaued after years of satisfactory growth. Sales of Crystal Table Water increased by 2% while Dasani showed a growth of over 30%, albeit for a smaller base.

### *Exports*

Export volume increased by over 45%, with all our markets showing positive growth.

Contract manufacturing volume also increased by 160%, mainly boosted by Sparkling Drinks to Reunion Island.

### *Reunion*

Our activities in Reunion have been much better than last year, with turnover up by 11%, and an operational loss of 459k euros compared to 1,416k euros last financial year. Our market share in the Beer category has increased by 1%, to 8%, with exploitation of the full Phoenix range including Fresh and Cider variants.

### *Madagascar*

Progress in Madagascar has been slower than forecast due to both a worsening economic situation and to an aggressive and heavily funded, if somewhat disjointed, fight back by our competitor.

We have, however, strengthened our commercial team and we have added a second brand – LIBERTALIA – to our portfolio.

## OPERATIONS

A key initiative at the Brewery has been the upgrading of production facilities and environment, and a review of standard operating procedures in preparation for Hazard Analysis Critical Control Point (HACCP) certification in the coming year.

At the Limonaderie, we achieved full Food Safety System Certification (FSSC) 22000 status in December 2011 – a first for a Mauritian company.

## ENVIRONMENTAL MANAGEMENT

We have installed a special Glass Imploding machine to handle all waste glass, effectively eliminating glass waste sent to landfill and producing a useable 'glass sand' product for use in construction.

We continue our involvement and support of PET recyclers POLYPET, who currently recycle and export over 40% of PET bottles used in the market.



## FUTURE PROSPECTS

2012/13 is going to be a challenging year, with the difficult economic conditions currently prevailing likely to continue.

Focus on our core brands and attention to details in retail execution and distribution performance, coupled with tight cost control, should enable us to further grow both volume and profit.

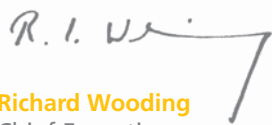
## ACKNOWLEDGEMENT AND THANKS

I would like to thank our Chairman, Mr Thierry Lagesse, and our Board of Directors for their clear direction and support in 2011/12, and for the active debates on business development and strategy.

My thanks go to all of my team at Phoenix Beverages, who work to ensure not only the day to day running of the Company, but also to grow the business for the future. I would like to thank our strategic partners, Coca-Cola and Diageo, who work with us to apply best practices and to develop our business.

I would also like to recognise the key role of our customers, both in Mauritius and abroad, who ensure our products are stocked, well displayed and sold.

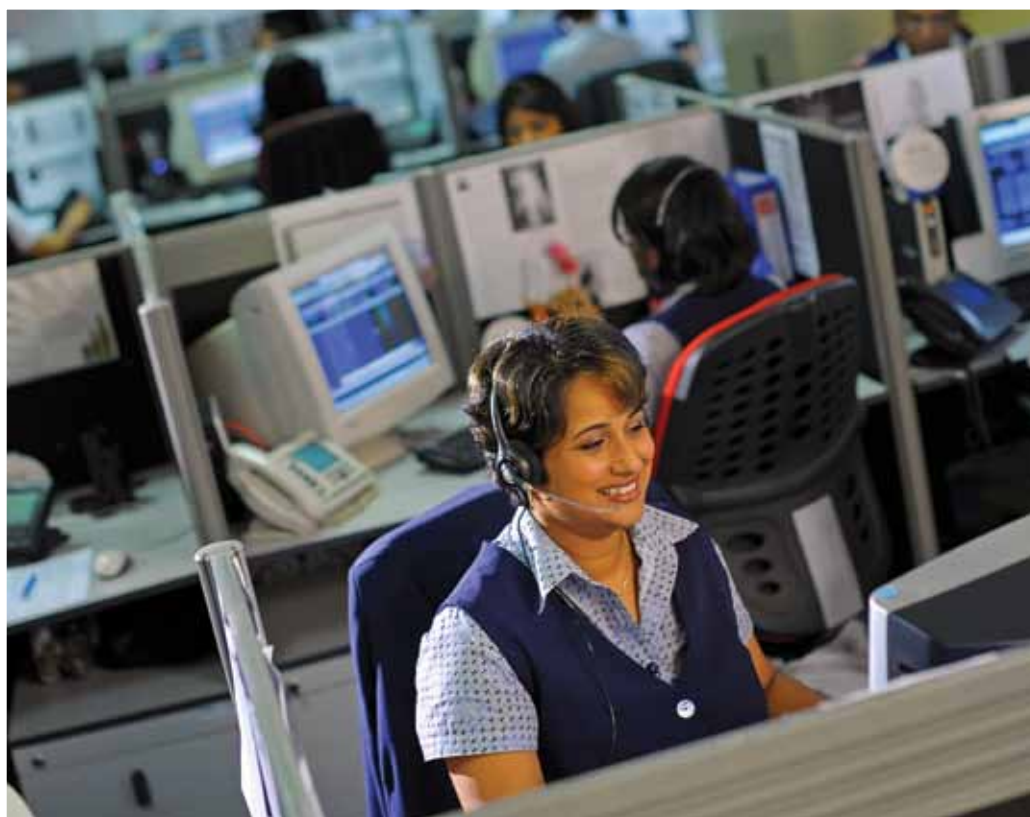
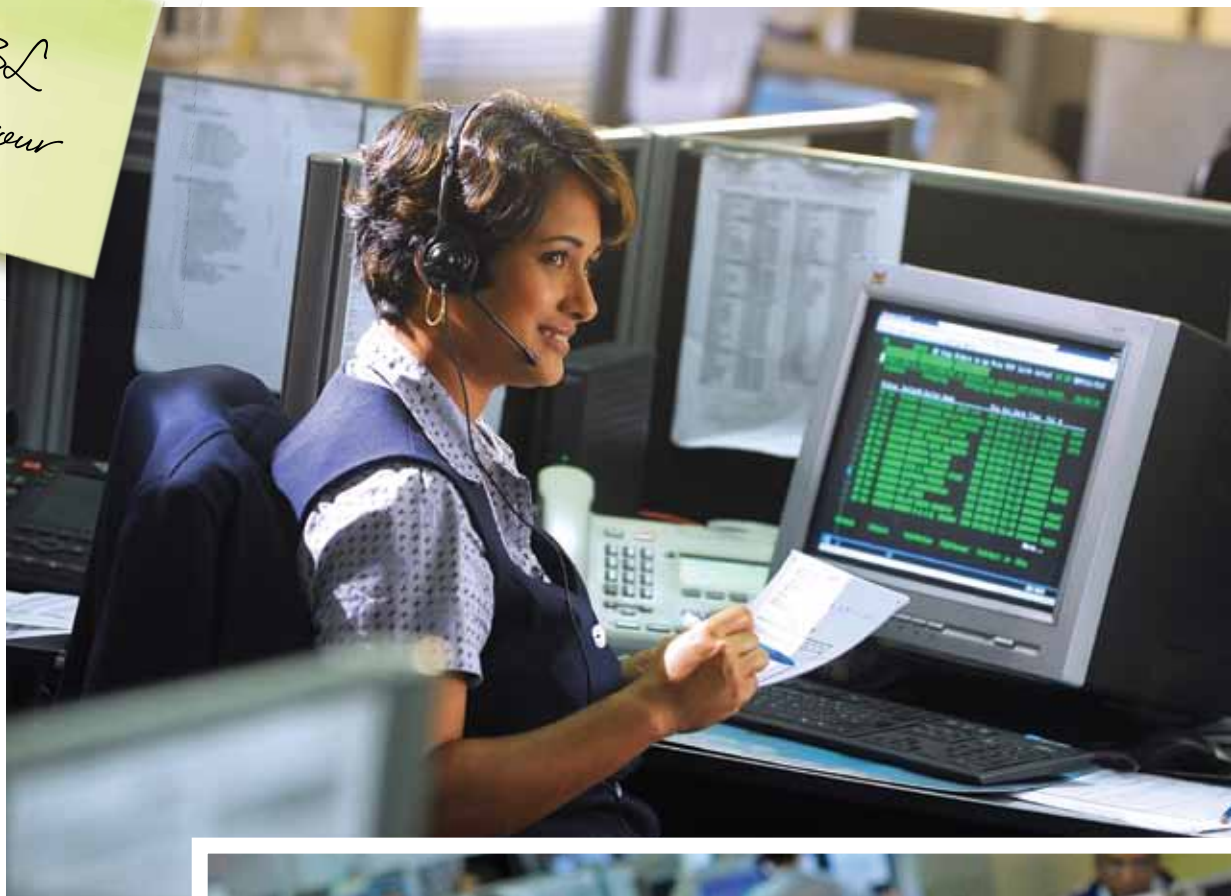
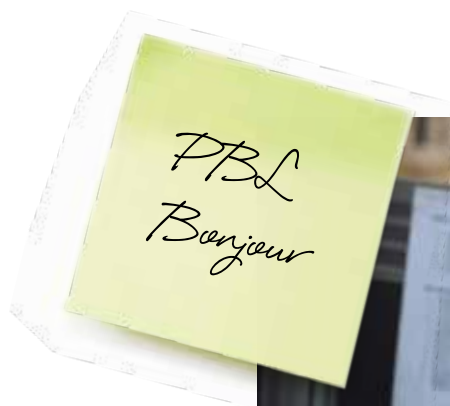
Finally, I would like to thank all the consumers, either in Mauritius or other markets, who choose to enjoy our products.



**Richard Wooding**  
Chief Executive

August 22, 2012





# Corporate Governance



# Corporate Governance

## Statement of Compliance

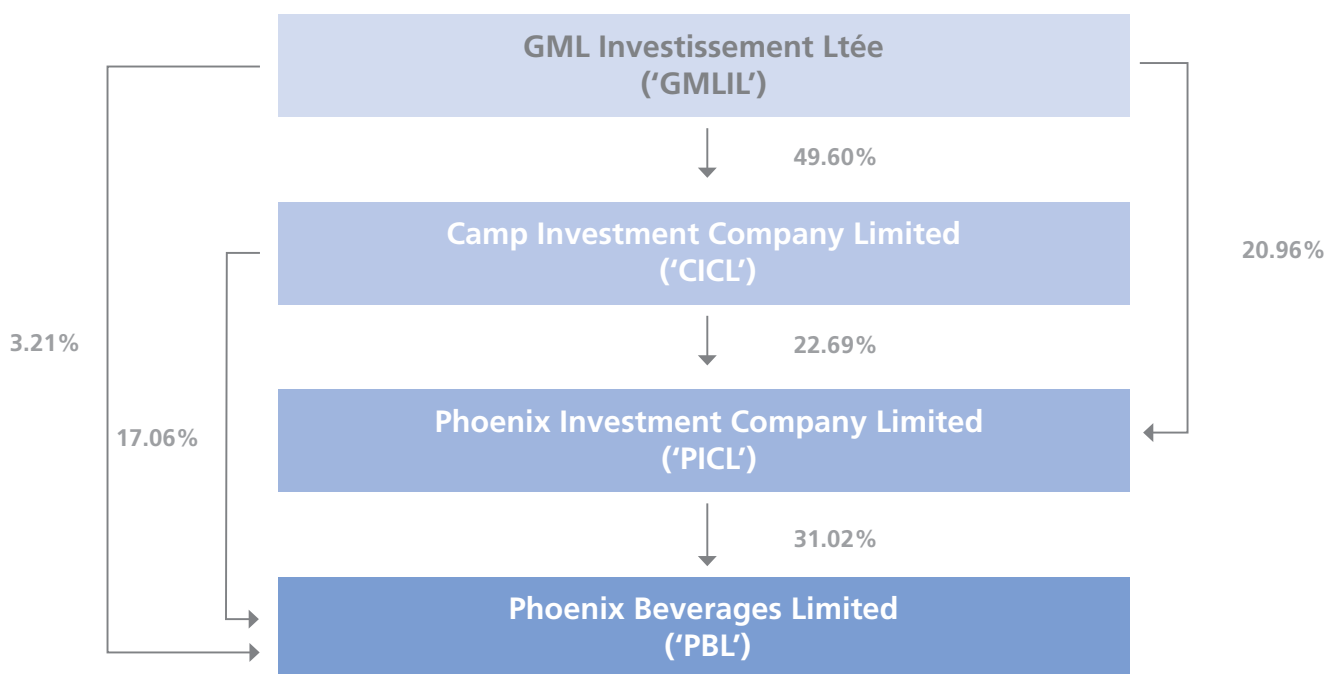
The Board of Directors and Management of Phoenix Beverages Limited fully acknowledge that they are aware of their responsibility to ensure that a high standard of corporate governance is followed and applied throughout the Phoenix Beverages Group ('the Group'). They are also committed to full and fair financial disclosure and to the implementation of best practices in corporate governance both for its shareholders and for all stakeholders.

This report sets out the corporate governance framework and demonstrates the compliance of the Company with the disclosures required under the Code of Corporate Governance for Mauritius (the 'Code').

## Cascade Holding Structure

Phoenix Beverages Limited is listed on the Official Market of the Stock Exchange of Mauritius and at the date of this Annual Report, the Company has 16,447,000 ordinary shares of Rs 10. each in issue and 1,952 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 above-mentioned holding companies are:

Directors	PBL	PICL	CICL	GMLIL
Thierry Lagesse	√**	√**	√**	√**
Jan Boullé	√	√	√	√
François Dalais	√	√	√	
Guillaume Hugnin	√		√	
Arnaud Lagesse	√	√	√	√*
J. Cyril Lagesse	√	√	√	√
George Wiehe	√	√		

\*\* Chairman

\* Alternate Director

## Main Shareholders

The largest shareholders of the Company at July 31, 2012 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
State St Bank and Trust Co A/c The Africa Emerging	722,093	4.39
GML Investissement Ltée	527,659	3.21
La Prudence (Mauricienne) Assurance Limitée	449,610	2.73
The Anglo-Mauritius Assurance Society Ltd	413,525	2.51
Guinness Overseas Limited	316,370	1.92
Hugnin Frères Ltée	243,536	1.48
Mrs Marguerite Janine Ledoux	169,600	1.03
National Pensions Fund	168,610	1.03
Others	5,529,432	33.62
	16,447,000	100.00

# Corporate Governance

## Shareholding Profile

The share ownership and categories of shareholders at June 30, 2012 are set out below:

Number of Shareholders	Size of Shareholding	Number of Shares Owned	% of Total Issued Shares
1,057	1 - 500 shares	169,932	1.03
240	501 - 1,000 shares	183,565	1.12
395	1,001 - 5,000 shares	893,360	5.43
106	5,001 - 10,000 shares	762,374	4.64
135	10,001 - 50,000 shares	2,829,377	17.20
7	50,001 - 100,000 shares	458,057	2.79
5	100,001 - 250,000 shares	814,513	4.95
3	250,001 - 500,000 shares	1,179,505	7.17
4	Over 500,000 shares	9,156,317	55.67
1,952		16,447,000	100.00

Number of Shareholders	Category of Shareholders	Number of Shares Owned	% of Total Issued Shares
1,788	Individuals	4,138,170	25.16
18	Insurance and Assurance Companies	1,003,258	6.10
28	Pension and Provident Funds	468,617	2.85
19	Investment and Trust Companies	9,268,696	56.35
99	Other Corporate Bodies	1,568,259	9.54
1,952		16,447,000	100.00

Number of Shareholders	Category of Shareholders	Number of Shares Owned	% of Total Issued Shares
1,913	Local	15,164,754	92.20
39	Foreign	1,282,246	7.80
1,952		16,447,000	100.00

## Shares in Public Hands

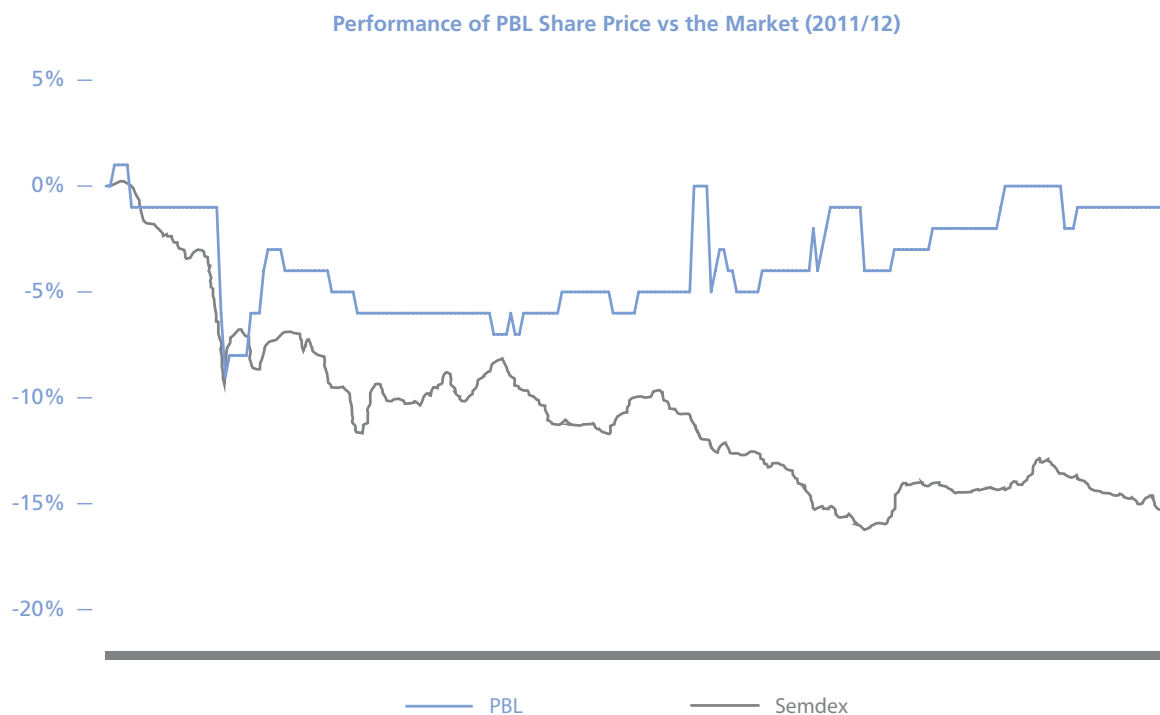
In accordance with the Listing Rules of the Stock Exchange of Mauritius, at least 25% of the shareholding of Phoenix Beverages Limited is in the hands of the public.

## 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 decreased by 1% over the past year from Rs 208.00 at June 30, 2011 to Rs 205.00 at June 30, 2012, with the Semdex decreasing by 15.3% for the same period.



To date, the share of Phoenix Beverages Limited is quoted at Rs 206.00 on the Official Market of the Stock Exchange of Mauritius.

Date	Price (Rs)	Yearly Change (%)
June 30, 2008	96.00	(2)
June 30, 2009	126.00	31
June 30, 2010	151.00	20
June 30, 2011	208.00	38
June 30, 2012	205.00	(1)

For additional information on the Company's share data, please refer to page 28.

# Corporate Governance

## 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 investments and growth opportunities.

Phoenix Beverages Limited declares a final dividend in May each year, based on management forecasts when the trend in the Group's profitability is firmly established.

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

	2008	2009	2010	2011	2012
Dividend per share (Rs)	5.50	6.50	6.70	6.70	7.50
Dividend cover (Number of times)	2.64	2.46	2.43	2.51	2.16
Dividend yield (%)	5.73	5.16	4.44	3.22	3.66

The final dividend of Rs 7.50 per ordinary share declared in respect of the financial year under review was paid in full on June 18, 2012 to all ordinary shareholders registered at close of business on May 25, 2012.

To date, a small number of 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 Shareholders' Return

The total return for the shareholder over the last 5 years is shown below:

	2008	2009	2010	2011	2012
Share price at June 30 - current year (Rs)	96.00	126.00	151.00	208.00	205.00
Share price at June 30 - previous year (Rs)	98.00	96.00	126.00	151.00	208.00
(Decrease)/increase in PBL share price (Rs)	(2.00)	30.00	25.00	57.00	(3.00)
Dividend - current year (Rs)	5.50	6.50	6.70	6.70	7.50
Total return per share (Rs)	3.50	36.50	31.70	63.70	4.50
Total return based on previous year share price	3.6%	38.0%	25.2%	42.2%	2.2%

## Shareholders' Agreement

To the Company's knowledge at the time of writing, there is no shareholders' agreement between its direct shareholders.

## Shareholders' Communication

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

The Company's Annual Meeting provides an opportunity for shareholders to raise and discuss matters with the Directors relating to the Company and its performance. The Chairmen of the Audit and Risk and Corporate Governance Committees 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 are encouraged to attend the Annual Meeting to remain informed of the Group's strategy and goals.

In addition, the Chief Executive Officer and the Senior Manager Finance and Administration meet regularly with institutional investors and fund managers to discuss the state of affairs of the Company, its subsidiaries and associates.

## Calendar of Forthcoming Events

<b>October 2012</b>	Annual Meeting of Shareholders
<b>November 2012</b>	Publication of first quarter results to September 30, 2012
<b>February 2013</b>	Publication of half-year results to December 31, 2012
<b>May 2013</b>	Publication of third quarter results to March 31, 2013
<b>May 2013</b>	Declaration of final dividend
<b>June 2013</b>	Payment of final dividend
<b>August 2013</b>	Publication of abridged end-of-year results to June 30, 2013



## *Company's Constitution*

The Constitution of Phoenix Beverages Limited is in conformity with the provisions of the Companies Act 2001 and those of the Listing Rules of the Stock Exchange of Mauritius.

Its salient features are:

- the Company has wide objects and powers;
- the Company may acquire and hold its own shares;
- fully paid up shares are freely transferable;
- there are no pre-emptive rights attached to the shares;
- the Board may authorise a distribution by the Company if it is satisfied on reasonable grounds that the Company will satisfy the solvency test immediately after the distribution;
- the quorum for a shareholders' meeting is 5 shareholders present or represented and holding at least 50% of the share capital of the Company;
- the Board of Directors shall consist of not less than 10 or more than 12 Directors;
- a quorum for a meeting of the Board shall be fixed by the Board and if not so fixed shall be 6 Directors;
- in case of equality of votes at either a Board meeting or a shareholders' meeting, the Chairman of the meeting has a casting vote;
- the Directors have the power to appoint any person to be a Director, either to fill a vacancy arising or as an addition to the existing Directors but so that the total number of Directors shall not at any time exceed the number fixed in accordance with the Constitution. Any Director so appointed shall hold office only until the next following Annual Meeting of shareholders and shall then be eligible for re-election;
- a Director is not required to hold shares in the Company; and
- the Company may indemnify and/or insure any Director or employee of the Company or a related company.

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

## *Board of Directors*

Phoenix Beverages Limited is headed by an effective Board which is collectively responsible for promoting the success of the Company and for the overall corporate governance of the Group. The Board of Directors sets the corporate

strategies of the Group and sets directions and goals for the management. It supervises the management and monitors performance of these goals to enhance shareholders' value.

The Board of Phoenix Beverages Limited is aware of its responsibility to ensure that the Company adheres to all relevant legislation, complies with the Listing Rules of the Stock Exchange of Mauritius and applies the principles of good governance throughout the Group. The Directors perform their duties, responsibilities and powers to the extent permitted by law.

The key functions of the Board include:

- overseeing the conduct of the Company's business to evaluate whether the business is being properly managed;
- monitoring the effectiveness of the Group's governance practices and making changes as needed;
- reviewing and, where appropriate, approving risk policy, financial statements, annual budgets, business plans and Committees' reports;
- overseeing major capital expenditure, acquisitions and divestments;
- ensuring the integrity of the Company's accounting and financial reporting systems, including the independent audit, and that the appropriate systems of control are in place;
- selecting, compensating and monitoring key executives and overseeing management succession planning;
- ensuring that the Company's business is conducted with the highest standards of ethical conduct and in conformity with applicable laws and regulations; and
- overseeing the process of disclosure and communication.

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 impinge on his or her responsibilities as a Director of Phoenix Beverages Limited.

The Board has unrestricted access to the records of the Company and also has the right to seek independent professional advice at the expense of the Company to enable it to discharge its responsibilities effectively.

# Corporate Governance

## Board Composition

The Company's Constitution provides that unless otherwise determined by the shareholders in a general meeting, the number of Directors shall not be less than 10 or more than 12.

Phoenix Beverages Limited is currently managed by a unitary Board of 11 members of which, 8 members are Non-Executive Directors, 2 are Independent Non-Executive Directors and 1 Executive Director who is the Chief Executive Officer.

The composition of the Board is reviewed annually by the Corporate Governance Committee, in its capacity as Nomination Committee, to ensure that the Board has the appropriate mix of expertise and experience, and collectively possesses the necessary core competencies for effective functioning and informed decision-making.

Although the Code recommends that at least two executives be appointed to the Board, the Corporate Governance Committee, in its role as Nomination Committee, is of the opinion that the current size of the Board of Directors of Phoenix Beverages Limited is appropriate, taking into account the attendance and participation of the Senior Manager Finance and Administration at each Board meeting.

## Chairman and Chief Executive Officer

Phoenix Beverages Limited believes that a clear division of responsibilities between the Non-Executive Chairman and the Chief Executive Officer ensures proper balance of power, increased accountability and greater capacity of the Board for independent decision-making.

The posts of Non-Executive Chairman and of Chief Executive Officer are held by Mr Thierry Lagesse and Mr Richard Wooding respectively and they are not related to each other.

Mr Thierry Lagesse's role and function include:

- being an effective Board leader who brings out the best in each Director;
- ensuring the smooth functioning of the Board in the interest of good governance;
- encouraging the active participation of each Director in discussions and board matters;
- scheduling meetings to enable the Board to perform its duties responsibly;

- preparing meeting agenda in consultation with the Chief Executive Officer and the Company Secretary;
- ensuring the proper conduct of meetings and accurate documentation of the proceedings;
- ensuring the smooth and timely flow of information between the Board and management and between the Company and its shareholders; and
- ensuring compliance with internal policies and guidelines of the Company.

Mr Richard Wooding's role and function include:

- improving, developing, extending, maintaining, advising and promoting the Group's business to protect further the reputation, interest and success of the Group;
- overseeing, developing and recommending to the Board annual business plans and budgets that support the Group's long-term strategy and vision;
- achieving the Group's financial and operating goals and objectives, while ensuring that the day-to-day running of the Group is appropriately monitored and managed;
- ensuring continuous improvement in the quality and value of the products;
- ensuring that the Group has an effective management team and actively participating in the development of management and succession planning;
- fostering 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

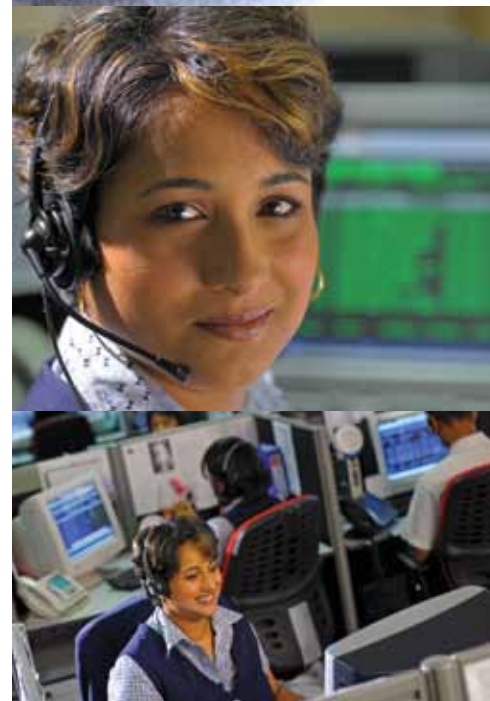
In accordance with the Company's Constitution, the Board may fill vacancies or newly-created directorships on the Board that may occur between Annual Meetings of shareholders, but so that the total number of Directors shall not at any time exceed the number fixed in accordance with the Constitution.

The Corporate Governance Committee, in its role as Nomination Committee, is responsible for identifying and recommending candidates to the entire Board for Board membership. Thereafter, newly appointed Directors are subject to election by shareholders at the Company's Annual Meeting in their first year of appointment.

On appointment to the Board and its Committees, Directors receive a complete induction pack from the Company Secretary, as well as a leaflet on her/his duties and responsibilities as 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.

Moreover, in order to provide greater accountability and give shareholders a further opportunity to send a signal to the Board if they have concerns, all Directors hold office for a one-year period but are eligible for reappointment. Consequently, a new Board is elected every year by ordinary resolution at the Company's Annual Meeting.

As such, the Board of Directors will propose, following the recommendation of the Corporate Governance Committee, the re-election of Mr J. Cyril Lagesse as Director of the Company, under Section 138(6) of the Companies Act 2001, the re-election of Mrs Marguerite Hugnin as Alternate Director of Mr Guillaume Hugnin, under Section 138(6) of the Companies Act 2001, and the annual re-election of the other Directors of the Company, by way of separate resolutions.



# Directors' Profiles

The names of all Directors and Alternate Directors, their categories, their profiles and the list of their directorships in other listed companies are provided hereafter. There has been no change in the Board's composition during the year under review.



## 1. Thierry Lagesse

*Non-Independent Chairman - first appointed to the Board in 1998 and as Chairman in 2007*

Thierry Lagesse, born in 1953, holds a 'Maîtrise des Sciences de Gestion' from the University of Paris Dauphine. He is the Non-Executive Chairman of GML Investissement Ltée, the ultimate holding company of Phoenix Beverages Limited. He also chairs various other companies listed on the Stock Exchange of Mauritius, namely The United Basalt Products Ltd, Alteo Limited, Phoenix Beverages Group, Union Flacq Ltd and Ireland Blyth Ltd. He is the founder and Executive Chairman of the Palmar group of companies and PDG of Parabole Reunion SA.

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

- Alteo Limited (Non-Independent Chairman)
- Ireland Blyth Limited (Non-Independent Chairman)
- Mauritius Stationery Manufacturers Limited
- Sun Resorts Limited
- The United Basalt Products Ltd (Non-Independent Chairman)

## 2. Jean-Claude Béga

*Non-Executive Director - first appointed to the Board in 2011*

Jean-Claude Béga, born in 1963, is a Fellow of the Association of Chartered Certified Accountants. He joined GML in 1997 and is the Chief Financial Officer of GML Management Ltée. He is the Chairman of City Brokers Limited and Director of a number of companies including Alteo Limited, Lux\* Island Resorts Ltd, Mauritius Stationery Manufacturers Limited, AfrAsia Bank Limited and Phoenix Management Company Ltd. Jean-Claude Béga is a member of the Audit and Risk Committee of the Company.

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

- Alteo Limited
- Lux\* Island Resorts Ltd
- Mauritius Stationery Manufacturers Limited

## 3. Jan Boullé

*Non-Executive Director - first appointed to the Board in 2000*

Jan Boullé, born in 1957, is an 'Ingénieur Statisticien Economiste (France)' and holds a diploma of '3<sup>ème</sup> cycle de Sciences Economiques (Canada)'. He joined the Constance Group in 1984 and is currently Head of Development and Project. Jan Boullé is a member of the Board of Directors of several of the country's major companies. He also sits on the Audit and Risk Committee of the Company.

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

- Alteo Limited
- Belle Mare Holding Limited



#### 4. *François Dalais*

*Non-Executive Director - first appointed to the Board in 1992*

François Dalais, born in 1958, 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.

#### 5. *Guillaume Hugnin*

*Non-Executive Director - first appointed to the Board in 2009*

Guillaume Hugnin, born in 1961, studied at the University of Cape Town in South Africa where he graduated as Bachelor of Arts in Economics and Post-Graduated with Honours in Economics. He completed his studies in 1997 by obtaining an MBA from the University of Surrey, United Kingdom. Guillaume Hugnin worked in South Africa and Australia for several years before joining the Food and Allied Group of Companies in 1993. He is currently the Managing Director of Panexport Co. Ltd, the international trading arm of the Food and Allied Group. He has directorships in the hotel industry and is past Chairman of the Mauritius Exporters Association (MEXA). He has also acted as Council member of the Joint Economic Council (JEC). Guillaume Hugnin is a member of the Corporate Governance Committee of the Company.

#### 6. *Didier Koenig*

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

Didier Koenig, born in 1955, is currently the Accountant of Domaine de Labourdonnais Limitée. He is a past auditor of De Chazal Du Mée & Co. Didier Koenig is currently the Chairman of the Audit and Risk Committee of the Company.



# Directors' Profiles



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## 7. Arnaud Lagesse

*Non-Executive Director - first appointed to the Board in 1998*

Arnaud Lagesse, born in 1968, holds a 'Maîtrise de Gestion' from the University of Aix-Marseille III, France and is a graduate of 'Institut Supérieur de Gestion', France. He also completed an Executive Education Program at INSEAD, Fontainebleau, France, and an Advanced Management Program (AMP180) at Harvard Business School, Boston, USA. He joined GML in 1995 as Finance and Administrative Director before becoming in August 2005 its Chief Executive Officer. He also participated in the National Corporate Governance Committee as a member of the Board. He is a member of the Board of Directors of several of the country's major companies and is the Chairman of Lux\* Island Resorts Ltd, Mauritius Stationery Manufacturers Limited, Robert Le Maire Limited, AfrAsia Bank Limited, United Investments Ltd and various other companies. Arnaud Lagesse is an ex-president of the Mauritius Chamber of Agriculture, the Mauritius Sugar Producers Association and the Sugar Industry Pension Fund. He is also a member of Audit Committees of various companies.

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

- Alteo Limited
- Ireland Blyth Limited
- Lux\* Island Resorts Ltd (Non-Independent Chairman)
- Mauritius Stationery Manufacturers Limited (Non-Independent Chairman)
- The United Basalt Products Ltd



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## 8. J. Cyril Lagesse

*Non-Executive Director - first appointed to the Board in 1960 and Chairman from 1975 to 2007*

J. Cyril Lagesse, well known entrepreneur born in 1932, took over his father's business in 1969 (Mon Loisir S.E) and set up the GML Investissement Ltée in the early 1970's, to take advantage of the diverse investment opportunities that arose while Mauritius moved towards greater industrialisation. Since then, GML has expanded and is now the major shareholder of other well established firms. J. Cyril Lagesse also sits on the Board of several of the country's most prestigious companies, some of which are listed on the Stock Exchange of Mauritius. J. Cyril Lagesse is currently the Chairman of the Corporate Governance Committee of the Company.

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

- Ireland Blyth Limited
- Lux\* Island Resorts Ltd
- Sun Resorts Limited



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## 9. Seewoocomar Sewray

*Independent Non-Executive Director - first appointed to the Board in 1982*

Seewoocomar Sewray, born in 1954, is a member of the Institute of Bookkeepers in UK and holds the higher stage of London Chamber of Commerce. He has more than 30 years of work experience in the wholesale business. He is a member of the Board of Directors of several companies and is also the Chairman of the Mauritius Agricultural and General Finance Corporation Ltd. Seewoocomar Sewray is a member of the Corporate Governance Committee of the Company.



#### 10. George Wiehe

*Non-Executive Director - first appointed to the Board in 1994*

George Wiehe, born in 1956, holds a Bachelor in Agricultural Management and a Diploma in Business Management. He is currently the Managing Director of Société Rouillard Frères & Cie. George Wiehe is also a member of the Audit and Risk Committee of the Company.

#### 11. Richard Wooding

*Executive Director - first appointed to the Board in 2006*

Richard Wooding, born in 1959 in England, holds a BA degree from Birmingham and an MBA from Cranfield. He has worked extensively in FMCG industries in UK, Asia and Africa, including General Management roles for Rothmans International, British American Tobacco and Heineken International. He joined the Phoenix Beverages Group in April 2006 and was appointed Chief Executive Officer and a Director of the Company in July 2006. He is also a Director of the Mauritius Institute of Directors. Richard Wooding is a member of the Corporate Governance Committee of the Company.

#### 12. Jean Pierre Dalais

*Alternate Director - first appointed as Alternate Director in 1999*

Jean Pierre Dalais, born in 1964, 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 the CIEL Group in 1990. Jean Pierre Dalais is presently the Chief Executive Officer of CIEL Investment Limited, an investment company with interests in a number of companies operating in different sectors of the Mauritian economy, and CIEL Capital Limited. He also sits on the Board of a number of well-known Mauritian companies involved in tourism, financial services and healthcare.

*Directorship of company listed on the Official Market of the Stock Exchange of Mauritius:*

- Sun Resorts Limited

#### 13. Marguerite Hugnin

*Alternate Director - first appointed as Alternate Director in 2009*

Marguerite Hugnin, born in 1935, studied Secretariat and Management in Paris. She is a past Chairman of the 'Alliance Française de l'Île Maurice'. Marguerite Hugnin has served as Director since 1998 and was a member of the Corporate Governance Committee of the Company. She resigned in favour of Guillaume Hugnin in July 2009.

# Corporate Governance

## Board Evaluation

The appraisal carried out in 2009 enabled the Board to take appropriate actions to improve its effectiveness and its functioning. This exercise will be renewed in a near future.

## Board Meetings

The Board has 4 scheduled meetings each year. In addition, special meetings may be called from time to time as determined by the needs of the business. It is the responsibility of the Directors to attend meetings.

Board meetings are convened by giving appropriate notice after obtaining approval of the Chairman and of the Chief Executive Officer. As a general rule, detailed agenda, management reports and other explanatory statements are circulated in advance amongst the Directors to facilitate meaningful, informed and focused decisions at the meetings. To address specific urgent business needs, meetings are at times called at shorter notice.

The Directors may ask for any explanations or the production of additional information and, more generally, submit to the Chairman any request for information or access to information which might appear to be appropriate to him/her. The Board is also regularly informed of the state of business in the sector and its developments and competition.

A quorum of 6 Directors is currently required for a Board meeting and in case of equality of votes, the Chairman has a casting vote. In addition to Directors, key management personnel and outside consultants are invited to attend Board meetings when necessary.

During the year under review, the Board met 4 times with an attendance rate of 83%. Meetings lasted 2 hours on average.

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

- the annual financial statements at June 30, 2011 and the relevant abridged audited consolidated results for publication;
- the annual report 2011;
- the convening of the Shareholders' Annual Meeting 2011;
- the Board Committees' fees for 2011/2012;
- the operating budget for 2011/2012;
- the acquisition of various capital expenditures;
- other development projects;

- the follow-up of the investment in Nouvelle Brasserie de Madagascar SA;
- ongoing business relationships with the Company's strategic partners (i.e: The Coca-Cola Company Ltd and Diageo Plc);
- the follow-up of the situation of the associated company, Asia Pacific Brewery (Lanka) Ltd;
- the unaudited quarterly & three months consolidated results at September 30, 2011 for publication;
- the unaudited quarterly & half-yearly consolidated results at December 31, 2011 for publication;
- the monitoring of the subsidiary Rennie et Thony Marketing Océan Indien in Reunion Island;
- the updates on the competitive environment both locally and in the region;
- the unaudited quarterly & nine months consolidated results at March 31, 2012 for publication;
- the estimated results at June 30, 2012 prior to dividend declaration;
- the declaration of a final dividend for the year ended June 30, 2012; and
- the recommendations of the Audit and Risk Committee and of the Corporate Governance Committee.

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

## Directors' and Officers' Interest in Shares of Phoenix Beverages Limited

In accordance with the Companies Act 2001, written records of the interests of the Directors and their closely related parties in shares of Phoenix Beverages Limited are kept in a Register of Directors' Interests. Consequently, 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 should 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 new Directors are required to notify in writing to the Company Secretary 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.

Moreover, pursuant to the Securities Act 2005, Phoenix Beverages Limited registered itself as a reporting issuer with the Financial Services Commission ('FSC') and makes every effort to follow the relevant disclosure requirements. The Company keeps a Register of its Insiders and the said register is updated with the notification of interest in securities submitted by the Directors, 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, 2012 were as follows:

Directors	Direct Interest		Indirect Interest
	No. of shares	%	%
François Dalais	-	-	-
Guillaume Hugnin	3,500	0.02	-
Arnaud Lagesse	-	-	0.20
J. Cyril Lagesse	921	0.01	-
Richard Wooding	50	-	-
<b>Alternate Directors</b>			
Jean Pierre Dalais	16,099	0.10	-
Marguerite Hugnin	47,509	0.29	1.70
<b>Senior Officers</b>			
Patrick Rivalland	3,057	0.02	-
Didier Vallet	2,000	0.01	-

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

### *Directors' and Officers' Dealings in Shares of Phoenix Beverages Limited*

The Directors of Phoenix Beverages Limited use their best endeavours 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.

Phoenix Beverages Limited has set up a 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. In his own case, the Chairman of the Company should first notify the Board at a Board meeting and receive a dated written acknowledgement.

The Directors and officers of the Company are prohibited from dealing in the shares of Phoenix Beverages Limited at any time when 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 to the announcement of dividends and distributions to be paid or passed, as the case may be, and ending on the date of such publications/announcements.

Moreover, Directors and officers of Phoenix Beverages Limited are also required to observe the insider trading laws at all times even when dealing in securities within permitted trading periods.

During the year under review, Mr Francois Dalais and his Alternate Director, Mr Jean Pierre Dalais, both received 7,876 shares each by way of a dividend in specie. Mr François Dalais subsequently sold these shares. Furthermore, Mrs Marguerite Hugnin, Alternate Director of Mr Guillaume Hugnin, bought indirectly 18,840 shares.

The other Directors and officers of Phoenix Beverages Limited did not deal with the shares of the Company either directly or indirectly.

### *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' Attendance*

It is the responsibility of the Directors to attend meetings. A Director of Phoenix Beverages Limited is expected to spend the time and effort necessary to properly discharge his or her responsibilities. Accordingly, he/she is expected to regularly prepare for and attend meetings of the Board and all Committees on which he/she sits, with the understanding that, on occasions, he/she may be unable to attend a meeting.

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

The attendance of the Directors at meetings is shown on page 65.

# Corporate Governance

## Company Secretary

All Directors have access to the advice and services of the Company Secretary, GML Management Ltée, who is responsible for providing guidance to the Directors as to their duties, responsibilities and powers.

The Company Secretary administers, attends and prepares minutes of all Board meetings, specialised Committee meetings and Shareholders' meetings. He assists the Chairman in ensuring that Board procedures are followed and that the Company's Constitution and relevant rules and regulations are complied with. The Company Secretary also assists the Chairman and the Board in implementing and strengthening good governance practices and processes with a view to enhance long-term shareholders' value.

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

## Board Committees

To facilitate effective management, the Board delegates clearly defined responsibilities to its specialised committees for the preparation of specific topics submitted for its approval.

In line with the Code, the Board has set a Corporate Governance Committee and an Audit and Risk Committee. These two Board Committees function within clearly defined terms of reference and operating procedures, report regularly to the Board and make recommendations to the Board for approval.

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

The Board Committees are authorised to obtain, at the Company's expense, professional advice both within and outside the Company in order for them to perform their duties.

## Corporate Governance Committee

There has been no change in the composition of the Corporate Governance Committee during the year under review and the roles of the members also remained unchanged.

Members	Category
J. Cyril Lagesse - <i>Chairman</i>	Non-Executive Director
Guillaume Hugnin	Non-Executive Director
Seewoocomar Sewraz	Independent Non-Executive Director
Richard Wooding	Executive Director

Even though the Code's aspiration is that the Corporate Governance Committee be chaired by an Independent Non-Executive Director, the Board has nominated Mr. J. Cyril Lagesse, a Non-Executive Director, to chair this Committee in view of his past experience and knowledge.

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

The mandate of the Corporate Governance Committee is to assist the Board in fulfilling its oversight responsibilities to ensure that the Group follows prevailing corporate governance principles. The Committee is responsible for monitoring corporate governance developments, emerging best practices and the effectiveness of the Group's 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 of Phoenix Beverages Limited, making recommendations to the Board on matters relating to appointment or reappointment of Directors and succession planning for Directors and also assessing the independence of the Independent Non-Executive Directors.

In accordance with the Code, the Committee considers an 'Independent' Director as one who:

- is not a representative or member of the immediate family of a shareholder who has the ability to control or significantly influence the Board or management;
- has not been employed by Phoenix Beverages Limited or the group of which Phoenix Beverages Limited currently



forms part, in any executive capacity for the preceding three financial years;

- is not a professional advisor to Phoenix Beverages Limited or the group of which Phoenix Beverages Limited currently forms part other than in a Director capacity;
- is not a significant supplier to, debtor or creditor of, or customer of Phoenix Beverages Limited or the group of which Phoenix Beverages Limited currently forms part, or does not have a significant influence in a group related company in any one of the above roles;
- has no significant contractual relationship with Phoenix Beverages Limited or the group of which Phoenix Beverages Limited currently forms part; and
- is free from any business or other relationship which could be seen to materially impede the individual's capacity to act in an independent manner.

During the year under review, the Committee met twice with an attendance rate of 100%. A quorum of two members is currently required for a Corporate Governance Committee meeting. Decisions were also taken by way of resolutions in writing, agreed and signed by all members of the Committee then entitled to receive notice of the meeting.

During its meetings, the Corporate Governance Committee has:

- examined issues under the Competition Act 2007;
- approved the corporate governance section of the Annual Report 2011;
- recommended to the Board and to the shareholders of the Company at the Annual Meeting of October 14, 2011, the elections as Directors of the Company, of two Board members who have been nominated by the Board;
- recommended to the Board and to the shareholders of the Company at the Annual Meeting of October 14, 2011, the re-election of a Board member 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 October 14, 2011, the re-election of an Alternate Director in accordance with Section 138(6) of the Companies Act 2001;
- made recommendations to the Board for the re-election of the other Directors of the Company through separate resolutions at the Annual Meeting of October 14, 2011;
- assessed the various policies and procedures implemented within the Company and the Group; and
- examined corporate governance issues.

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

## Audit and Risk Committee

In line with the Code, the Audit and Risk Committee is chaired by an Independent Non-Executive Director. During the year under review, Mr Jean-Claude Béga, a Non-Executive Director, was appointed as member of the Committee, in addition to the existing members, in view of his qualifications, experience and knowledge. The roles of the other members of the Committee remained unchanged.

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 its responsibilities properly.

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

Members	Category
Didier Koenig - <i>Chairman</i>	Independent Non-Executive Director
Jean-Claude Béga <sup>(1)</sup>	Non-Executive Director
Jan Boullé	Non-Executive Director
George Wiehe	Non-Executive Director
In attendance (when deemed appropriate)	
Richard Wooding	Chief Executive Officer - Executive Director
Patrick Rivalland	Senior Manager Finance and Administration
BDO & Co.	Internal Auditors - Independent Service Provider
Deloitte	External Auditors - Independent Service Provider

<sup>(1)</sup>Mr Jean-Claude Béga was appointed as member of the Audit and Risk Committee on August 18, 2011.

The Audit and Risk Committee operates under the terms of reference set by the Board and under a formally approved Audit Committee Charter, modelled closely on the provisions of the Code. The Committee meets at least once each quarter and reports on its activities to the Board.

The primary responsibilities of the Audit and Risk Committee are to:

- assure that appropriate accounting principles and reporting practices are followed;
- satisfy itself that good accounting, audit and compliance principles, internal controls and ethical practices are applied on a consistent basis throughout the Group;

# Corporate Governance

- assure that adequate internal controls are in place and followed; and
- satisfy itself as to the adequacy of the scope and direction of external and internal auditing.

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 upon any member of management and staff or any member of the Board to attend its meetings.

The Committee met 4 times during the year under review with an attendance rate of 87%. Meetings lasted two hours on average. A quorum of two members is currently required for an Audit Committee meeting.

During the financial year ended June 30, 2012, the Audit and Risk Committee has, amongst other things:

- reviewed and recommended to the Board for approval, the annual financial statements at June 30, 2011 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 & three months consolidated results at September 30, 2011 for publication;
- examined the reports of the internal auditors on internal control systems arising from the fieldwork performed by them and ensured that their recommendations be implemented. The fieldwork performed during the year under review were based exclusively on audit exercises at the Company level and comprises of:
  - the distribution cycle;
  - the marketing cycle; and
  - the empties management cycle;
- reviewed and recommended to the Board for approval, the unaudited quarterly & half-yearly consolidated results at December 31, 2011 for publication;
- reviewed and recommended to the Board for approval, the unaudited quarterly & nine months consolidated results at March 31, 2012 for publication; and
- examined the estimated results for the year ended June 30, 2012.

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

Messrs Deloitte have been the Group's external auditors as from the year ended June 30, 2009. They were last reappointed at the Company's Annual Meeting on October 14, 2011.

Upon the recommendation of the Audit and Risk Committee, shareholders will be asked at the forthcoming Annual Meeting to approve the reappointment of Messrs Deloitte as external auditors and to authorise the Board of Directors to fix the remuneration of the auditors for the ensuing year.

In 2012/2013, 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 and approves its charter. 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;
- aid 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 role of Internal Auditors is outsourced and is currently carried out by Messrs BDO & Co.

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

The Internal Auditors provide regular reports on areas audited and completion status on corrective action plans. Reports are shared with External Auditors.

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

The systems reviewed during the year 2011/12 were distribution, marketing and empties management cycles.

## Internal Control

A robust process for identifying, classifying and managing significant risks is in place at PBL. The effectiveness of the internal control systems is reviewed by the Audit and Risk

Committee and the Board receives assurance from the Audit and Risk Committee, which derives its information from regular internal and external audit reports.

To date, no material financial problems have been identified that would affect the results reported in these financial statements. 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*

At Phoenix Beverages Limited, Risk Management is a part of doing business – it is the responsibility of the Chief Executive Officer and his team, and an activity which is supervised by the Audit and Risk Committee and through this, by the Board of Directors of Phoenix Beverages Limited.

The Chief Executive Officer works with his team to identify potential risks to the Company's business, rating identified risks by both probability and severity of impact. This team then develops strategies and action plans to manage and mitigate the risks identified.

In this financial year, the following risks have been identified and the requisite actions taken:

### **Competition Law**

**Risk:** Phoenix Beverages Limited is in an advantageous position in various market segments.

#### *Actions*

- All senior management and commercial front liners have been externally trained to ensure respect and compliance to competition law.
- All commercial contracts are vetted by lawyers informed and well versed in Mauritian competition law.
- PBL is currently collaborating with the Competition Commission of Mauritius (CCM) on an investigation concerning the placement of coolers in small outlets and whether this might be a misuse of a dominant position.

### **Product Criticism**

**Risk (Beer):** The abuse of alcoholic drinks is a problem high on World Health Organisation and Mauritius Government agendas, and as the major Beer producer on the island, Phoenix Beverages Limited is in the cross hairs of government measures to reduce visibility of product advertising and availability of product.

#### *Actions*

- Phoenix Beverages Limited has re-emphasised to all commercial management and staff that the Company will only sell product to legally licensed outlets – i.e. those with current liquor licences and the Company repeatedly verifies this. This data is tracked in the commercial database.
- The Company ensures compliance with advertising law and refrains from 'borderline' advertising practices.
- Phoenix Beverages Limited adheres to international advertising and promotional codes including the avoidance of the use of models under 25 years, portraying alcohol as a social success factor and promotions designed to push excessive consumption.

**Risk (Sparkling Drinks):** These products are sometimes cited as being a contributory factor to the problem of diabetes in Mauritius, and are frequently criticised.

#### *Actions*

- Phoenix Beverages Limited declares the sugar content of its products on labels.
- The Company does not accept that sparkling drinks are a contributory factor to diabetes, but rather Phoenix Beverages Limited actively promotes healthy lifestyling through its 'Live for a Difference' campaign with the Coca-Cola Company, and has held 2 customer workshops in the year, focusing on ingredients and nutritive values.

### **Product Contamination**

**Risk:** The Company's products are daily consumption items for many thousands of customers. It is essential that the products meet the highest standards and are beyond reproach.

#### *Actions*

- HACCP practices have been implemented in both Brewery and Limonaderie operations.
- Limonaderie has gained full FSSC certification in 2011.
- Leading edge 'double osmosis' technology is used for water production.
- Phoenix Beverages Limited meets both Diageo and Coca-Cola product safety standards.
- The Company takes complaints seriously and analyses all consumer issues referred to it thoroughly.
- Product defect rates are measured and acted upon.

### **Production Shortfall**

**Risk:** With high market shares in 3 major drinks segments, any shortfall in production can damage sales, market share and reputation.

# Corporate Governance

## Actions

- The Company maintains a stormy preventive maintenance programme for key machinery on both production sites, utilising external expertise from Original Equipment (OE) suppliers.
- Stock holding capacity has been increased to build buffer stocks for market peak periods.

## Default

**Risk:** In depressed market conditions the risk of default on payment by customers has increased.

## Actions

- The Company has overhauled its credit management systems and reviewed credit limits for all customers. A weekly credit control meeting is held to ensure close management in this area.
- The Company's policy is to actively pursue defaulters via the legal system.

## Madagascar

**Risk:** The Company, via its associated company, Nouvelle Brasserie de Madagascar SA, started operations in Madagascar, in 2010 where political and economic uncertainty continue to prevail.

## Actions

- It is the policy to keep out of the political arena and focus on commercial operations.
- Focus is upon development of the Skol brand and offer to Malagasy consumers.
- Close attention is given to management of financial risk with the Joint Venture partners.

## Financial Risk Management

For the financial risk management, please refer to pages 97 to 102 – Notes to the Financial Statements.

## Statement of Remuneration Philosophy

All Directors receive a Board remuneration consisting of a fixed fee and an additional attendance fee for each Board meeting. Any changes to Board remuneration are submitted to the Annual Meeting of Shareholders for approval.

In addition, the Directors who are Board Committee members receive a further fixed fee, with Chairmen of Board Committees

being remunerated at a higher rate. All Board Committees' fees are approved by the Board of Directors.

The Board and Board Committees' fees at June 30, 2012 were as follows:

Board Service	Meeting Fees
Annual Director's fee	Rs 120,000
Attendance fee	Rs 10,000
Corporate Governance Committee Service	
Chairman's fee	Rs 50,000
Member's fee	Rs 35,000
Audit and Risk Committee Service	
Chairman's fee	Rs 75,000
Member's fee	Rs 50,000

Besides, pursuant to a management contract with Phoenix Management Company Ltd, the Executive Director and the key management personnel of the Company are remunerated by the latter, after taking into consideration the financial well-being of Phoenix Beverages Limited, individual performance and market norms and practices.

## Management Contract

Pursuant to a management contract, Phoenix Management Company Ltd, a subsidiary of Camp Investment Company Limited, provides to companies within the Group a range of administrative, financial, commercial, technical, marketing and communication services. Phoenix Management Company Ltd employs and remunerates the executive personnel of the Group.

Please refer to pages 22 to 23 for the Senior Managers' profiles.

The management fee paid by Phoenix Beverages Limited during the year under review amounted to Rs 74,2 million (2011: Rs 66,1 million) while expenses incurred by Phoenix Management Company Ltd in providing the above mentioned services amounted to Rs 54,3 million (2011: Rs 55,6 million) for the same period.

## Attendance Report and Directors' Remuneration and Benefits

The attendance report of the Directors and their remuneration and benefits for the year ended June 30, 2012 are set out in the table below:

Directors	Board	Audit and Risk Committee	Corporate Governance Committee	Annual Meeting of Shareholders (held on October 14, 2011)	Remuneration and Benefits received from the Company
Thierry Lagesse	4 of 4			yes	Rs 160,000
Jean-Claude Béga <sup>(1)</sup>	4 of 4	3 of 3		yes	Rs 210,000
Jan Boullé	3 of 4	3 of 4		no	Rs 200,000
François Dalais	4 of 4			no	Rs 160,000
Guillaume Hugnin	4 of 4		2 of 2	yes	Rs 195,000
Valeria Juarez	3 of 4			no	Rs 150,000
Didier Koenig	2 of 4	4 of 4		no	Rs 215,000
Arnaud Lagesse	4 of 4			no	Rs 160,000
J. Cyril Lagesse	3 of 4		2 of 2	yes	Rs 200,000
Seewoocomar Sewraz	3 of 4		2 of 2	yes	Rs 185,000
George Wiehe	2 of 4	3 of 4		no	Rs 190,000
Richard Wooding <sup>(2)</sup>	4 of 4	*4 of 4	2 of 2	yes	Rs 195,000
<b>In attendance</b>					
Patrick Rivalland <sup>(2)</sup> <i>Senior Manager Finance and Administration</i>	4 of 4	4 of 4		yes	nil
BDO & Co. <i>Internal Auditors</i>		2 of 2		no	
Deloitte <i>External Auditors</i>		4 of 4		yes	

\* In attendance – not a member.

<sup>(1)</sup> Mr Jean-Claude Béga was appointed as member of the Audit and Risk Committee on August 18, 2011.

<sup>(2)</sup> Messrs Richard Wooding 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 78 – Statutory Disclosures.



# Corporate Governance

## Code of Ethics

Phoenix Beverages Limited believes that it is essential that all its employees act in a professional manner and extend the highest courtesy to co-workers, visitors, 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 the consumers, customers, employees, shareholders and the community in which the Group operates.

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

All employees have taken cognisance of the Phoenix Beverages Group's Code of Ethics and are expected to act according to it.

## Corporate Social & Environmental Responsibility

Please refer to page 68 to 69 for information on the Group's Corporate Social & Environmental Responsibility.

## Charitable Donations

Please refer to page 79 of the Annual Report.

## Political Contributions

As in the previous year, the Group and Company did not make any donations to political parties.

Please refer to page 79 of the Annual Report.

## Employee Share Option Plan

Phoenix Beverages Limited has no 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 pages 121 to 124 - Notes to the Financial Statements.

## Related Party Transactions

For details on related party transactions, please refer to pages 131 and 132 - Notes to the Financial Statements.



**Thierry Labat**

**GML Management Ltée**  
Company Secretary

August 22, 2012



# Corporate Social & Environmental Responsibility

During the year 2011-2012 Phoenix Beverages Limited has continued implementing its CSER strategy in the following 4 areas of interest: Sports, Education, Health and Environment. PBL's active involvement in the Mauritian Society is carried out mainly through its SPV, Phoenix Foundation. Through its financial support to Non-Governmental Organisations implementing community activities and by offering assistance to needy Mauritians, PBL continues to be actively present in the social life of Mauritians.

Since September 8, 2010, the Phoenix Foundation has been incorporated as a private company limited by guarantee. Thus as from July 2011, all CSER activities of PBL are channeled through the Phoenix Foundation.

## i) Sports

### Internal

In view of promoting sports and team spirit, Phoenix Foundation has sponsored the 'Association Sportive de Vacoas Phoenix' ('FMSC') for an amount of Rs 150,000. The employees of Phoenix Beverages Limited have participated in the FMSC Football Shield that took place in the month of April and May 2012.

### External

In the spirit of a private/public partnership to promote sports throughout Mauritius, Phoenix Foundation has contributed Rs 300,000 to 'The SSR National Cricket Grounds Trust'.

## ii) Education

### Internal – Educational sponsorship

Phoenix Beverages Limited has in place, since a few years, a scheme to enable its employees' children to pursue their studies. The scheme classifies the needs under 3 categories, and up to 35% of the cost incurred is sponsored by the Company. A total amount of Rs 155,000 has been granted as follows:

- Secondary Education – mainly for the payment of examination fees – 34 beneficiaries
- Tertiary Education – mainly for enrolment fees – 7 beneficiaries
- Computer acquisition when required for studies – 7 beneficiaries

### External

#### Zone d'Education Prioritaire ('ZEP')

Since 2004, Phoenix Beverages Limited has been participating in the ZEP Project and is continuing its assistance to Albion Government school, in partnership with the Rotary Club of Albion, even though the concept has been left over by the Public sector.

The 188 pupils of Albion Government School, are given one 0.5 litre of bottled water every day. Different objectives are reached through this project which integrates both health and environment.

In a partnership with Polypet Recyclers Ltd the empty bottles returned by the pupils are collected and sold to be recycled. The money earned is invested in Environmental Projects.

#### Adolescent Non Formal Education Network ('ANFEN')

ANFEN is one of the few Mauritian NGOs to assist adolescents who have academic difficulties. They have a proven track record in providing professional training to those who cannot follow the classic educational system. Phoenix Beverages Limited, through the GML Fondation Joseph Lagesse has donated Rs 498,000 to ANFEN.

'Caritas Ile Maurice' and 'Fondation pour l'Enfance Terre de Paix' have each benefited, through the GML Fondation Joseph Lagesse, of donation of Rs 900,000, for their 'Centres d'Eveil et de Développement'.

## iii) Health

### Internal

Phoenix Beverages Limited offers its support to every one of its employees, particularly those with long term sickness or with incurable diseases and who may face financial difficulties for their treatment.

### External

The NGO 'Prévention Information et Lutte contre le Sida' (PILS) has, since its creation, accomplished much in terms of information and prevention on AIDS for the Mauritian population and also in terms of moral support and access to treatments for HIV positive Mauritians. This year again, Phoenix Foundation has financially supported this NGO with a contribution of Rs 150,000.

There is so much to do in terms of health that Phoenix Beverages Limited made substantial donations to other NGOs under its health initiative, namely:

- Palliative Care Mauritius Limited - Rs 350,000 has been given to this NGO so that they can continue caring about those suffering from cancer as well as their families;
- Link to Life has received Rs 1,035,000 as contribution for their awareness campaign and to their project of vaccinating adolescents and women under the age of 30, coming from underprivileged areas, against cervical cancer;
- Ti Diams - Rs 150,000 has been offered to this association, through the GML Fondation Joseph Lagesse so that they continue their awareness campaign and assistance to persons suffering from diabetes.

Apart from these NGOs, 11 individuals have also been assisted by Phoenix Foundation in their fight to recover their health for a total amount of Rs 110,000.

## *iv) Environment*

### **Internal**

Phoenix Beverages Limited has carried out several initiatives, as listed hereunder, in view of having a substantial positive impact on its global carbon footprint.

- Launched the Glass Recycling Project with the installation of a Glass Imploder on its site.
- Extended the water recovery project to the Commercial Unit Services.
- Switch from CFL to LED for the premises' lighting.
- Introduced 3 new Euro 3 engines in its lorry fleet.
- Move to more LPG powered Forklifts.
- Participated in Phase II of 'Maîtrise de l'énergie' audit in partnership with JEC / ADIR.

### **External**

Phoenix Beverages Limited participates to environmental protection mainly through its contribution to the GML Fondation Joseph Lagesse within which the 'Comité Environnement' operates.

## *v) Other actions within the frame of the Company's CSE*

### **GML Fondation Joseph Lagesse**

During the year under review, Phoenix Beverages Limited has met its obligations towards GML Fondation Joseph Lagesse in assigning Rs 2,500,000, representing 1% of its 2010/2011 net profits. This financial commitment undoubtedly indicates the Company's determination to support GML Fondation Joseph Lagesse in its constant endeavours towards the needy, specifically in terms of education.

### **Charitable Donations**

During the year under review, the Group donated Rs 6.4 million to 24 beneficiaries (2011: Rs 5.4 million to 16 beneficiaries). Please refer to page 79 - Statutory Disclosures.

# 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 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;
- shall 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. The Board has appointed a firm of accountants 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 and estimates that fairly present the state of affairs of the Group and the Company.

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



**Thierry Lagesse**  
Chairman

August 22, 2012



**Didier Koenig**  
Director



# Corporate Information

## HEAD OFFICE

Pont Fer  
Phoenix  
Mauritius  
BRN: C07001183  
Tel: (230) 601 2000 / Fax: (230) 686 6920  
Email: pbl@pbg.mu  
Website: www.phoenixbeveragesgroup.com

## COMMERCIAL UNIT

Tel: (230) 601 2200  
Fax: (230) 697 2967 (Sales, Marketing & Distribution)  
(230) 696 0455 (New Business Development)

## FINANCE AND ADMINISTRATION

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

## TECHNICAL AND PRODUCTION

Tel: (230) 601 2000 / Fax: (230) 686 7197 (Brewery)  
Tel: (230) 601 1800 / Fax: (230) 697 1394 (Limonaderie)

## RODRIGUES OPERATIONS

PHOENIX BEVERAGES LIMITED  
Pointe L'Herbe  
Rodrigues  
Tel: (230) 831 0982  
Fax: (230) 831 2181

## REGISTERED OFFICE

4<sup>th</sup> Floor, IBL House  
Caudan Waterfront  
Port Louis  
Mauritius

## COMPANY SECRETARY

GML Management Ltée  
4<sup>th</sup> Floor, IBL House  
Caudan Waterfront  
Port Louis  
Mauritius

## SHARE REGISTRY & TRANSFER OFFICE

If you are a shareholder and have inquiries regarding your account, 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<sup>th</sup> Floor, Tower A  
1 CyberCity  
Ebène  
Mauritius

## AUDITORS

Deloitte  
Chartered Accountants

## BANKERS

AfrAsia Bank Limited  
Barclays Bank PLC  
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

Pont Fer  
Phoenix  
Mauritius  
Tel: (230) 696 3360  
Fax: (230) 696 8116

### Rennie et Thony Marketing Océan Indien

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