Seychelles Breweries Limited

Annual Report & Financial Statements 2019


SLOW TURTLE
CIDER™
BEST ENJOYED
AT A
LEISURELY PACE
SLOW TURTLE
CIDER™
BEST ENJOYED AT A LEISURELY PACE
4.5% ALC/VOL · 280ML
DON'T DRINK & DRIVE
NOT FOR SALE TO PERSONS UNDER THE AGE OF 18
DRINK RESPONSIBLY 18+

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A BRAND FOR EVERY TASTE AND CELEBRATION, BIG AND SMALL


NEW BOTTLE
MENM GOU
GUINNESS
FOREIGN EXTRA
STOUT
DRINK RESPONSIBLY. 18+
NOT FOR SALE TO PERSONS UNDER THE AGE OF 18 | DON'T DRINK & DRIVE
GUINNESS
MADE OF MORE

FINANCIAL HIGHLIGHTS

Figures in SCR'000	2019	2018	% Change
Revenue	422,177	375,534	12.4%
Operating profit	113,648	64,038	77.5%
Profit before tax	111,790	62,113	80.0%
Total comprehensive income	80,996	42,618	90.1%
Interim dividend declared	18,900	12,600	50.0%
Final dividend declared / Proposed	28,350	12,600	225%
Total equity	346,816	297,320	16.6%
Data per SCR 5 share			
Basic and diluted earnings per share (SCR)	6.43	3.38	90.2%
Interim dividend declared (SCR)	1.50	1.00	50.0%
Final dividend declared/proposed (SCR)	2.25	1.00	125.0%
Net equity (SCR)	27.53	23.60	16.7%

The Directors recommend, subject to approval at the next Annual General meeting, the payment of a final dividend of SCR 28,350,000 (2018: SCR 12,600,000), which, based on the number of ordinary shares in issue at year end, represents a dividend of SCR 2.25 per ordinary share (2018: SCR 1.00). The dividend is subject to deduction of withholding tax at the applicable rates.

Seychelles Breweries Limited (Company No 841033-1) Merj share code ISIN: SC478B-DEB69 ("the Company" or Seybrew")
Notice is hereby given to shareholders recorded in the Company's securities register on 6 December 2019 that the 51st Annual General Meeting ("Meeting") of Seybrew will be held at Ephelia Resort, Port Luanay on Friday 6 December 2019 at 11:00 am to (i) deal with such business as may lawfully be dealt with at the Meeting and (ii) consider and, if deemed fit, pass, with or without modification, the Ordinary Resolutions set out hereunder in the manner required by the Companies Ordinance, 1972 as amended ("the Companies Act"), as read with the MERJ Limited Listings Requirements ("MERJ Listings Requirements") where the Company's ordinary shares are listed. The Meeting is to be participated in and voted at by shareholders recorded in the Company's securities register as at the voting record date of Friday 6 December 2019.

Kindly note that Meeting participants (including proxies) will be required to provide reasonably satisfactory identification before being entitled to attend or participate in the Meeting.

Voters are allowed access to the venue to vote by no later than 11:00.a.m on Friday, 6 December 2019. Forms of identification include valid identity documents, driver's licences and passports.

Ordinary Resolutions

To consider and, if approved, to pass, with or without modification, the following 8 Ordinary Resolutions:

Percentage support required for Ordinary Resolution Nos 1 to 8. For these Ordinary Resolutions to be adopted, the support of more than 50% (fifty per cent) of the total number of votes per Ordinary Resolution from the shareholders present or who are represented by proxy at this Meeting, is required.

1. Ordinary Resolution No 1 – Approving Minutes of the 2018 AGM
To present, consider and accept the Minutes of the AGM held on 24 November 2018.

2. Ordinary Resolution No 2 – Presenting the Seybrew Directors and Audit Report
To present, consider and accept the Report of the Managing Director and the Auditor's Report for the year ended 30 June 2019.

3. Ordinary Resolution No 3 – Presenting the Seybrew Annual Financial Statements
To present, consider and accept the Annual Financial Statements for the year ended 30 June 2019.

4. Ordinary Resolution No 4 – Reappointment of auditors
To reappoint BDO Associates (as nominated by the Company's Audit committee) as independent auditors of the Company to hold office until the conclusion of the next AGM of the Company. It is to be noted that Ms Nazrah Ramdin is the Managing partner of BDO Associate designated auditor who it is proposed will undertake the Company's audit for the financial year ending 30 June 2020.

Reason and effect

The reason for Ordinary Resolution No 4 is that the Companies Act requires the appointment or reappointment of the Company's auditors each year at the AGM of the Company. Furthermore, in terms of paragraph 2.4 of the MERJ Listings Requirements, the Audit committee has considered and satisfied itself that BDO Associates, the independent auditors, are accredited as such on the MERJ List of Auditors and Accounting Specialists; and that BDO Associates meet the applicable requirements stipulated in section 2.4 c of the MERJ Listings Requirements and do not appear on the MERJ list of disqualified individual auditors.

5. Ordinary Resolution No 5 – Appointment of directors

To elect the following directors (Ordinary Resolution No 5.1 and 5.2) to the Board of directors of Seybrew ("the Board") as additional directors in terms of clause 84 of the Company's Articles of Association, being eligible and offering themselves for election.

Reason and effect

The reason for and effect of Ordinary Resolution No 5.1 and 5.2 is to elect the directors to the Board of Seybrew during the financial year as additional directors in terms of the Company's Articles of Association.

5.1 Ordinary Resolution No 5.1 – Election of Hina Nagarajan as a director

To elect Hina Nagarajan, who was appointed as an additional director on 13 February 2019 in terms of the Company's Articles of Association, being eligible and offering herself for election.

5.2 Ordinary Resolution No 5.2 – Election of Devesh Dutt as a director

To elect Devesh Dutt, who was appointed as an additional director on 1 April 2019 in terms of the Company's Articles of Association, being eligible and offering himself for election.

6. Ordinary Resolution No 6 – Re-election of director

To re-elect Aubrey Lucas as a director (Ordinary Resolutions No 6.1) of the Company, who retires by rotation in terms of clause 78 of the Company's Articles of Association and being eligible offers himself for re-election.

7. Ordinary Resolution No 7 – Remuneration policy

Shareholders are requested to cast a separate vote on the Company's Remuneration policy.

7.1 Ordinary Resolution No. 7.1 – vote on the remuneration of the Managing Director

To approve the Managing Director's remuneration of approximately SCR 3,470,000 per annum for the financial year 2019/20.

7.2 Ordinary Resolution No. 7.2 – vote on the remuneration of the Finance Director
To approve the Finance Director's remuneration of approximately SCR 3,200,000 per annum for the financial year 2019/20.

7.3 Ordinary Resolution No. 7.3 – vote on the remuneration of the non-executive Directors
To approve the non-executive Directors' remuneration of approximately SCR 362,000 per annum backdated to 1 July 2019 and for the financial year 2019/20.

7.4 Ordinary Resolution No. 7.4 – vote on the remuneration of the Auditors
To authorise the Directors to fix the remuneration of the Auditors for the financial year 2019/20.

8. Declaration of a final dividend
To approve that a final dividend be declared for the year ended 30 June 2019. The dividend amount and payment date will be announced at the meeting.

A member of the Company entitled to attend and vote is entitled to appoint a proxy to attend and vote on their behalf. A proxy need not also be a member. A form of proxy is enclosed and if it is to be valid for the purposes of the meeting, the form must be completed and deposited at the Company Secretary's office at PKF Registrars, a division of PKF Capital Markets (Seychelles) Limited, 104 First Floor, Waterside Property, Eden Island, Seychelles, not less than 48 hours before the time of holding the meeting.

By Order of the Board

PKF Registrars

Company Secretary

25th September, 2019

Board of Directors

Anthony Smith	Chairperson	Appointed in September 2018
Nicholas Cook	Managing Director	Appointed in March 2016
Devesh Dutt	Finance Director	Appointed in April 2019
Robert Morgan	Non-executive Director	Appointed in April 2004
Jean Weeling-Lee	Non-executive Director	Appointed in June 2008
Aubrey Lucas	Non-executive Director	Appointed in September 2017
Hina Nagarajan	Non-executive Director	Appointed in February 2019
Simon Harvey	Non-executive Director	Resigned in February 2019
Mohammad Iqbal	Finance Director	Resigned in March 2019

Registered office and principal place of business

Seychelles Breweries Limited
O'Brien House
PO Box 273
Le Rocher, Mahe,
Seychelles

Solicitors

Christen Chambers
Office 201, Second floor
Waterside Building
Marina North, Eden Island
Seychelles

Auditors

BDO Associates
Chartered Accountants
The Creole Spirit
Quicy Street
Mahe,
Seychelles

Company Secretary

PKF Registrars
a division of PKF Capital Markets
(Seychelles) Ltd.
F19 First Floor
Eden Plaza
Eden Island
Seychelles

Bankers

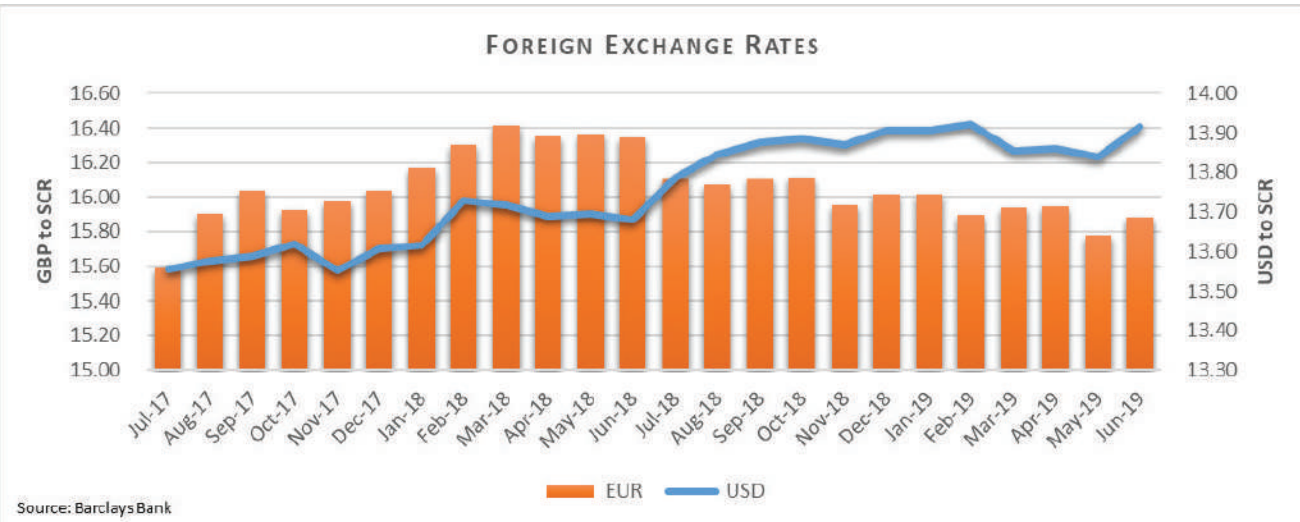
Barclays Bank (Seychelles) Limited
Seychelles International Mercantile Banking Corporation Limited (a.k.a Nouvobanq)

Distinguished shareholders, ladies and gentlemen, I am pleased to welcome you all to the 51st Annual General Meeting of our Company and to present to you the financial statements and reports for the financial year ended on 30 June 2019.

Business Environment

The business climate and the general state of the economy remained stable during the year. Seychelles real GDP grew by 3.6% in 2019 (4.2% in 2018). Comparing Q1 2019 to Q4 2018, the real GDP rose by 1.9%. The GDP of Seychelles is driven primarily by tourism and fisheries industries. These sectors contribute considerably to foreign exchange earnings as well as employment and growth in auxiliary sectors. A total of 376,853 visitors arrived in Seychelles during F19, representing 7% growth over the same period last year.

While Seychelles' economic growth is vulnerable to weakening global outlook particularly of the Eurozone area, the medium-term average GDP outlook remains at 3.5%. Inflation has slowed down with 12-month average YoY Jun'19 at 2.70% (Jun'18 at 3.01%). Rupee has seen modest depreciation against USD of 1.7% but has strengthened against EUR 2.8% over the past year.



Our performance

Seychelles Breweries Limited (SBL) continues to be the only Total Beverage Company in Seychelles with a rich and diversified portfolio spanning Beer, Ready-to-Drink, carbonated soft drinks, Spirits and now Cider categories.

I am happy to report that SBL delivered strong performance in F19. The performance reflects the impact of strategic initiatives taken by the Board and the management, including (a) Continued investment in Supply chain driving world class quality (b) Upweighted investment in people and building capabilities (c) Innovation d) Increased investment in our brands, including our flagship Seybrew and Seypearl brands.

Revenue

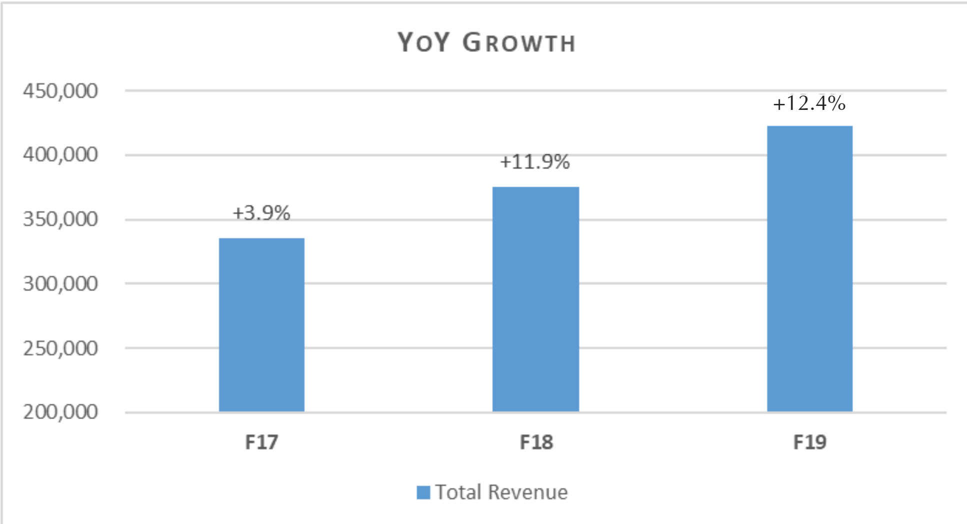
The business registered overall revenue growth of 12.4% in F19 (11.9% in F18). All categories registered strong growth over last year.

Beer revenue increased by 9% in F19 (14% in F18), underpinned by improved supply and a high standard of merchandizing in trade. It makes me immensely proud to see our beloved Seybrew growing year after year in the face of strong competition from imported brands. I am also delighted to report that Seybrew Draught revenue increased by 53% in F19.

Revenue from carbonated soft drinks (CSD) increased by 10% in F19, driven by better activation and improved supply.

Revenue from ready-to-drink (RTD) registered 95% growth versus last year. This was driven by the successful re-launch of Smirnoff Ice in the newly designed bottles.

Spirits registered growth of 6% driven by newer pack sizes and improved merchandising in trade. We continue to be impacted by parallel importation by non-Diageo importers, much of which is without the payment of taxes and duties. Work is ongoing with the relevant authorities to address this.



Innovation

Seychelles Breweries is committed to its innovation agenda in its quest to be regarded as the most trusted and respected beverages company in Seychelles. In line with our innovation agenda:

- We launched the first local Cider brand, "Slow Turtle". We are very proud of the fact that the whole of SBL pulled together to get distribution to over 90% of shops in Seychelles in under 2 months.
- Seypearl Pineapple led the way, as our first low sugar variant under our local star Seypearl.
- We re-packaged our SeyPearl Tonic and SeyPearl Ginger Ale, and expanded the portfolio with SeyPearl Sparkling water branded under our premium mixers rage. Our Ginger Ale in particular was warmly welcomed back, climbing to over 4% of our monthly soft drink volume by the end of F19.

Innovation continues to be a key pillar in our strategy, and we have a healthy pipeline of current and upcoming innovations which we believe will excite the trade and complement our Total Beverage Company position.

Supply chain

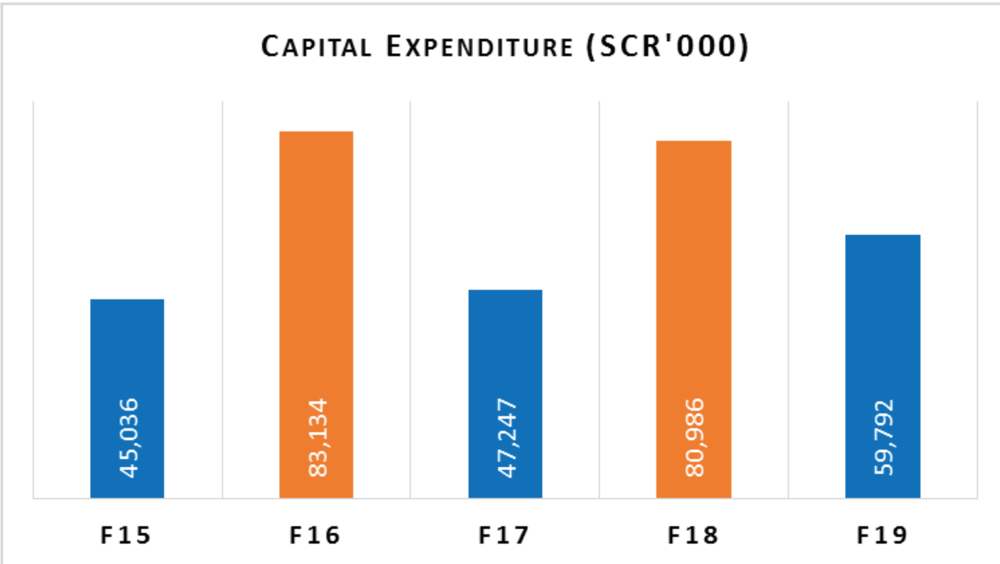
ZERO	**10%**	**30%**	**Top 3**	**10%**
Lost Time Accidents (LTA)	Improvement on water usage	Improvement on Operation Efficiencies	Best tasting Beer in Diageo Global	Higher Volume Produced

F19 was a year of further stabilization and improvement involving capex, putting the right people into the right roles as well as investing in their development on our journey to deliver consistency and excellence in everything we do.A core enabler and driver has been the rigorous adherence to Diageo's excellence in supply chain Management system.

We managed to significantly improve availability of our top SKUs, whose consistency of supply was underlined by 10% production volume growth and improved operational efficiencies by 30% and a reduction in our Cost Of Goods Sold. Nevertheless, we still have opportunities to improve further in the area of Planning and Asset Care as well in continuing to upweight investment in our employees' capabilities.

Major Capex investment in a new kegging line, a shrink wrapper of our CSD Line (including a full line overhaul) as well as a new glass line filler installation and new Brewhouse malt intake system were designed not just to improve quality and consistency but also efficiency of production.

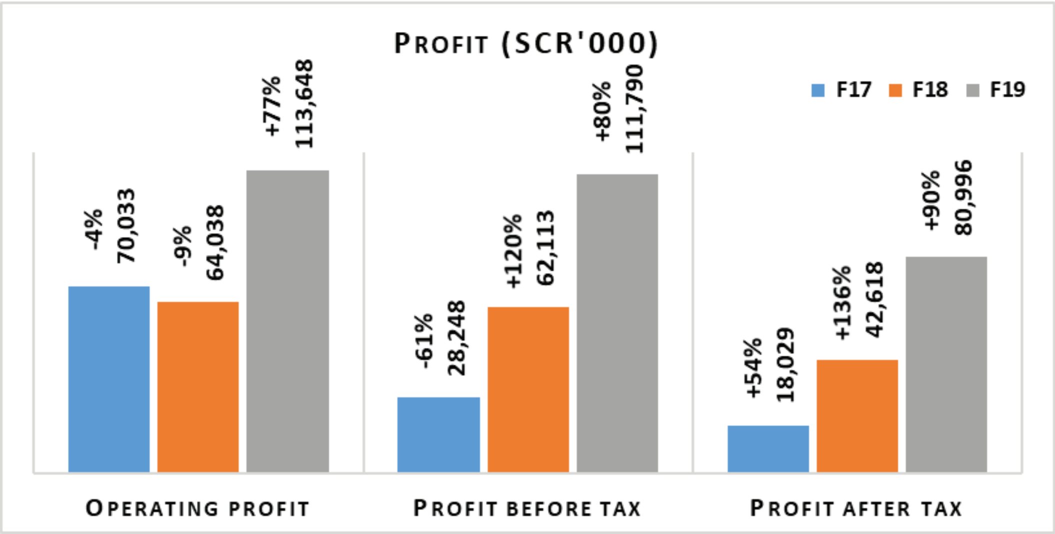
Further investment is scheduled for the coming year to strengthen it still further.



The overall business improvement has been recognized by Diageo Global as we won the Most Improved Market of the Year award – being selected from more than 100 nominations across 180 markets globally – a great achievement and something we are all very proud of.

Profit

The company registered operating profit growth of 77% over last year to SCR113.6million (F18: SCR64.0 million). The growth was driven by better fixed cost absorption and efficiencies in the Supply chain, margin driving innovation and managing mix to optimise margin. We are in the process of embedding productivity across our cost base which started to deliver results during the year. We also benefitted through relatively stable rupee against the major foreign currencies.



F20 performance outlook

The investments made so far continue to have a positive impact on operational efficiency and the quality of our products. We see further opportunity to embed productivity as we streamline processes and improve efficiency. We will continue to invest in capital projects to guarantee world class consistent quality and at the same time invest in sustainability of our supply footprint. We will continue to drive rigor in trade execution and reviewing our route to market to ensure SBL brands are available to consumers everywhere in the Country. We will continue to activate our brands through effective marketing campaigns and innovate to meet the need of our consumers with new and relevant offerings. All of the above will be achieved through our continued investment in our people and upweighting capabilities.

Dividend

The Board of Directors is recommending a final dividend of SCR 2.25 per share. This is in addition to the interim dividend of SCR 1.50 paid in June 2019. The total pay-out of SCR 3.75 per share would be an increase of 87.5% year on year and the highest level since 2013.

As part of modernising our production plant we have been on an intensive investment plan over the recent years. We have started to see the results of this investment which will be ongoing over the coming years. With the improved performance, the Board's intent is to show steady sustainable dividend pay-out improvement over the coming years.

Conclusion

In conclusion, I would like to thank all shareholders for your continued support to our company over the years. I know that many of you have held your shares in this Company for several decades. This goes to show the confidence you place in this business and its rich history. I urge you to continue your support as the Board and management work together to move the company forward.

I also thank our key partners including distributors, customers, suppliers, professional advisers among others, for contributing to the success story of the company.

I take this opportunity to also thank the Government of Seychelles for implementing investment friendly and supportive policies for local manufacturers.

I would like to commend our parent company, Diageo Plc, for its unwavering support for our company and its continued belief in the Seychelles. I would also like to thank the Coca-Cola Company for their support. We look forward to a continued partnership in the years ahead.

I must also appreciate my fellow Directors for their continued commitment to the success of our company.

I take this opportunity to thank our outgoing Chairman Simon Harvey and Director Mr. Mohammad Iqbal. The company benefited from their relentless service and considerable expertise. Thank you both!!!

Finally, I appreciate the management team and all our committed employees for their hard work and untiring dedication in ensuring that our company continues to be profitable and successful.

Mr. Anthony Smith

Chairman
Signed on 25th September, 2019

The Managing Director is pleased to present to members his Report together with the audited Financial Statements of the Company for the year ended 30 June 2019.

Statement of Directors' Responsibilities

The Directors are responsible for the preparation and presentation of the financial statements of Seychelles Breweries Limited set out on pages 33 to 62 which comprises the statement of financial position at 30 June 2019, statement of profit / loss & other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

The Directors' responsibilities include: determining that the basis of accounting described in Note 2 is an acceptable basis for preparing and presenting the financial statements in the circumstances; designing, implementing and maintaining internal control relevant to the preparation and presentation of these financial statements that are free from material misstatements, whether due to fraud or error; selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

The Directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the companies Act, 1972. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors accept responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates in the manner required by the Companies Act 1972. The Directors are of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the company and of its operating results.

The Directors further accept responsibility for the maintenance of accounting records which may be relied upon in the preparation of financial statements, as well as adequate systems of internal financial control.

The Directors have made an assessment of the company's ability to continue as a going concern and have no reason to believe the company will not be a going concern for at least the next twelve months from the date of this statement.

The Directors consider that they have met their responsibilities as set out in the Companies Act, 1972.

Legal form and principal activities

Seychelles Breweries Limited, a public limited company quoted on Seychelles Securities Exchange (aka MERJ) was incorporated under the Companies Act 1972 on 10 July 1972. The company was listed on the securities exchange on 30th June 2016. The principal activities of the Company during the period continued to be the production, marketing and selling of alcoholic and non-alcoholic drinks.

Corporate Social Responsibility

Alcohol in Society remains key to our corporate pillars in F19. Emphasis was placed on generating awareness around the issues associated with underage drinking through the delivery of the SMASHED programme in Seychelles. With the debate around obesity and its associated health risks we also supported programmes which accentuated on healthy lifestyle through sponsorships to the Seychelles Football Federation and the Seychelles Volleyball Federation.

Bringing SMASHED to the Seychelles

The Smashed Project went live in Seychelles in June 2019 with the official launch at the Pointe Larue secondary school. The official launch was attended by the President of the Republic, Mr Danny Faure.
Seychelles Breweries Limited in partnership with the Ministry of Education in Seychelles worked with Collingwood Learning to bring the project live in the country with the intention to delay from the onset the early use of alcohol and consequently curb underage drinking.

The launch of the project followed discussions which our Managing Director, Nick Cook had with the President on how we can support Government to address underage drinking.

The project targeted over 6,000 secondary schools students all over the island in its first phase and for F20 we will bring the project to students in post-secondary institutions.

At the launch of the project in Seychelles, Nick Cook said that the SMASHED project had come at an opportune time when there was a lot of focus on the renewal of the National Alcohol policy, where the company believes that "education is one of the key tools to ensure that we are tackling this issue together."

For her part, when launching the project the Principal Secretary for Early Childhood, Primary and Secondary Education, Dr Odile Decomarmond, expressed sincere appreciation for our commitments and support in the implementation of the project.

"I would like to thank Seychelles Breweries for bringing this unique initiative to all secondary schools in Seychelles. We appreciate your boldness and courage in spearheading this project, despite being the biggest alcohol producer and distributor in Seychelles. It is reassuring to know that you are equally concerned about the impact of alcohol on the social, physical and psychological wellbeing of our population, especially on our young people.

The Smashed Project as it is called, is a preventative programme intended to help delay the onset of early alcohol use amongst young people by engaging participants in a safe and motivational learning environment, enabling them to explore the dangers and consequences of underage drinking and equipping them with the facts, skills and confidence to make responsible choices and develop a responsible attitude towards alcohol.

Some of the students who followed the programme has described it as highly emotive and touches all the pertinent issues which they have to deal with as teenagers.

Supporting local Football & Beach Volleyball

In our endeavor to promote a healthier lifestyle, the company took the decision to support local football and beach volleyball through a corporate sponsorship of over R2million.

The bulk of the sponsorship went to the Seychelles Football Federation (SFF) for the organization of the three national leagues and also to support the National Team and youth development. The three national leagues is branded the Seypearl League.

Our partnership with the SFF was hailed by an SFF representative as a "commitment of our company towards joining the campaign for the people of Seychelles to engage in a healthy lifestyle.
The sponsorship of R150,000 to the Seychelles Volleyball Federation (SVF) was to organize three beach volleyball competitions under the Seypearl brand.

Beach Clean Ups and Slow Turtle

At the beginning of December, we launched a new innovation, Slow Turtle Cider – the first locally produced Cider in Seychelles.

To mark the launch, we partnered with a local NGO – the Ocean Project – in hosting a public beach clean-up.
We have a lot to be proud of when it comes to our environmental footprint with our returnable bottle infrastructure ensuring that millions of glasses re-used and avoid getting to landfill. Over 200 kg of rubbish was collected from the beach that day with celebratory Cider's enjoyed by all following the Clean-Up Event.

Our Festive Season contribution

We played our role in bringing a Festive atmosphere in Victoria through our support of local NGOs Paster Lanwit and Caritas Seychelles. The activity which entailed Christmas carols by the two organizations in several locations around Victoria, culminated with the donation of food, drinks and other necessities to the needy in Church Road in Market Street.

Quite a number of needy people turned up for the activity which also included entertainment for them.

We sponsored for the food and drinks for these people who showed a lot of appreciation to the fact that there were people and organizations who had thought of them at this time of year. We wanted to do something different for this Season. You would find that a lot of organizations donate to orphanages and homes for the elderly. We wanted something different which would touch the lives of people who are needy.

Board Changes

Since the last Annual General Meeting, Mr. Simon Harvey and Mr. Mohammad Iqbal have resigned from the Board. On your behalf we wish to thank them for their contributions to the Company during their tenure. In February 2019 and April 2019, Mrs. Hina Nagarajan and Mr. Devesh Dutt were respectively appointed as board members.

The Director to retire by rotation is Mr. Aubrey Lucas, being eligible, herby offer himself for re-election.

Directors and their interests

The interests of Directors in the issued capital of the Company as recorded in the Register of Members and or notified by the Directors for the purpose of Section 111 of the Companies Act, 1972 and in compliance with the listing requirements of the Seychelles Securities Exchange are as follows:

Ordinary Shares held at 30th June 2019 were:

Anthony Smith	British	Nil
Nicholas Cook	British	Nil
Devesh Dutt	British	Nil
Hina Nagarajan	Indian	Nil
Robert R. Morgan	Seychellois	5,321
Jean Weeling-Lee	Seychellois	Nil
Aubrey Lucas	Seychellois	7,750

Directors' interest in contracts

No Directors had any material interest, directly or indirectly, in any contract with the company, nor did any Director hold any share option during the period under review

Nicholas Cook
Managing Director

Signed on 25th September, 2019


MIX IT UP!
with SEYPEARL
JOHNNIE
GINGER
CAPTAIN
MOJITO
TANQUERAY
& TONIC
DON'T DRINK & DRIVE
DRINK RESPONSIBLY. 18+

"We ask our customers, consumers, shareholders, governments and the communities in which we operate, to trust that we understand our responsibility as the leading premium drinks Company in Seychelles and that we behave accordingly"

Introduction

Seychelles Breweries Ltd. (SBL) accepts the importance of achieving the highest standards of corporate governance, corporate responsibility and risk management when conducting its business. SBL is also committed to carrying out its business responsibly and in accordance with all laws and regulations which its business activities are subject to. The board and the management team are as a whole collectively responsible for ensuring that the highest standards of corporate governance are achieved when directing and controlling the business.

Board of Directors

Composition

Please refer to pages 22 and 23 of the Annual Report for details regarding the composition of the board.

Board Procedure

The board which is chaired by a non-executive director is responsible for promoting the success of the Company by directing and supervising the Company's affairs. The Board:

1. Provides leadership of the Company with a framework of prudent and effective controls which enable risks to be assessed and managed;
2. Provides input into the development of the long-term objectives and overall commercial strategy for the company and is responsible for the oversight of the company's operations while evaluating and directing the implementation of the Company's controls and procedures;
3. Provides oversight of the Company's strategic aims, ensuring that the necessary financial and human resources are in place for the Company to meet its objectives, as well as reviewing management performance; and
4. Upholds the Company's values and standards and ensures that its obligations to its shareholders and others are understood and met.

Meetings held

There were four (4) well-attended meeting of the Board of Directors during the year under review scheduled to ensure that the Directors could provide the appropriate guidance and necessary approval as well as perform their statutory obligations.

Audit Sub-Committee

The Audit Sub-Committee (ASC) of the Board is comprised of three (3) non-executive directors. It is chaired by a non-executive director and is required to exert a high level of oversight over, and scrutiny into, the Company's operations and financial reporting and internal controls and compliance systems. The ASC assists the Board in fulfilling its oversight responsibilities relating to the integrity of the financial statements, compliance with legal and regulatory requirements, the independent auditor's qualifications, independence and remuneration, the performance of the internal compliance function and the performance of our independent auditors. The ASC ensures that recommendations by the auditors and the ASC itself, for procedural improvements and rectifications, are duly completed by the Company.

In line with these requirements the ASC met four (4) times during the financial year under review and was fully engaged in reviewing both the internal and external audit reports and ensuring that the Company followed through on issues to be addressed. In addition, the committee reviewed in detail the Company's Financial statements to ensure they provide a true and accurate record of the state of the Company's affairs.

Risk Management and Internal Control

Our Company is proud of its commitment to operate in a compliant control environment through a stringent and robust control and compliance programme. This entails reviews of our processes and procedures of key areas of our operations.

Our Risk Management methodology enables us to identify and assess risk which the company might be exposed to. It is designed to promote an insightful discussion that results in effective mitigation planning and positive business performance outcomes. Risk Management at SBL addresses all aspects of risk, including strategic, financial, operational, reputational, compliance, fraud or other risks.

We also have our annual Controls Assurance and Risk Mitigation (CARM) process which enables us to assess, test and report on the effectiveness of our internal controls, thus driving improvement and adherence. Additionally, BDO Associates our external auditor have undertaken annual financial audit.

Occupational Health and Environmental Safety

Our Company is committed to providing the highest standards of health, safety and welfare for its employees, and to its responsibility to minimise its environmental footprint. All aspects of our operation are therefore conducted in compliance with applicable health and safety laws and regulations and company polices. .

Nicholas Cook
Managing Director
Signed on 25th September, 2019

Anthony Smith *Chairperson*
Anthony Smith is the Senior Counsel Africa and Corporate Relations for Diageo, responsible for Diageo's legal affairs across the continent which comprises 7 business units and 4 listed businesses. Anthony started his career at London law firm Addleshaw Goddard where he worked on a range of M&A, Corporate Finance and Private Equity transactions before joining Diageo in 2011. Initially responsible for Diageo's UK business, Anthony then rejoined the Africa team which he now leads. Anthony holds a Bachelor's degree in languages from Durham University as well as GDL and LPC qualifications from the College of Law in Guildford.

Nicholas Cook *Managing Director*
Nicholas Cook is the Managing Director for Seychelles Breweries Limited. Nick joined Diageo UK as the Head of Commercial Planning in 2008 after spending 7 years with Nestle UK in Commercial and Trade Marketing roles. He then went on to be the Account Controller on the Tesco business for Diageo GB before taking a role as the Customer Marketing Director for Africa. From there Nick went on to join Guinness Ghana Breweries as the Commercial Director before making the move as MD for Seychelles Breweries Limited. He has completed the London Business School, Wharton Business School, WHU, INSEAD: ECR Progressive Management Programme and holds a BSc Business Decision Analysis from Leeds Metropolitan University.

Devesh Dutt *Finance Director*
Devesh Dutt is the Finance Director for Seychelles Breweries Limited. Devesh is a member of Institute of Chartered Accountants of India (CA) and Chartered Institute of Management Accountants, UK (ACMA). Devesh joined Diageo in 2006 and since then has worked across developed and emerging markets in various functions within finance.

Devesh has gained experience in India, Great Britain, Northern Europe, Western Europe, Ethiopia, Ghana and Kenya working in global, regional and market facing roles within Diageo as well as in prior roles including experience in the Oil and Gas industry. Devesh joined Seychelles Breweries Limited effective April 2019.

Mrs. Hina Nagarajan *Director*
Hina is Managing Director of Diageo Africa Emerging Markets since 31 August 2018 leading business operations across Ghana, Ethiopia, Cameroon, Indian Ocean, Angola and several other WACA countries. Hina was previously Sr. Vice President, Regional Director of Reckitt Benckiser North Asia since 2015, leading business operations across China, Hong Kong and Taiwan.

As a top woman leader, she is a strong advocate of creating opportunities for women and contributes extensively to gender diversity programs. Hina holds an MBA from the Indian Institute of Management, Ahmedabad, a Commerce Honors degree from Delhi University and a Diploma in Hotel Management from Pusa Institute, Delhi, India.

Hina brings unique and versatile experience of building high quality and growth businesses in the diverse power markets of India/China/SE Asia across several sectors including; health & hygiene, nutrition, wellness, beauty and home décor.

Robert Raymond Morgan *Director*

Robert Morgan is currently the Managing Director of Naval Services Ltd, a post he has held since 1994. He sits on various Boards in addition to SBL including Naval Services (Managing Director), Seychelles Commercial Bank and Central Common Cold Store. He is also the Chairman of the Ile du Port Handling Services.

He joined the navy in 1966, where he rose through a number of leadership positions reaching before becoming a Captain. He left the sea in 1980 and held the post of Pilot / Assistant Harbour Master in 1980 and Harbour Master from 1982 to 1994 in Port Victoria Seychelles. Captain Morgan holds a Masters Certificate of Competency from Glasgow College of Nautical Studies.

Jean Weeling-Lee *Director*

Jean Weeling-Lee holds a Masters in Economics from the University of Warwick and began his career in 1984 as an economist with the Central Bank of Seychelles, rose to become General Manager on January 1, 1993. He joined the private sector in 1995 and is currently the Managing Director of Corvina Investment Company Limited, holding director positions in various subsidiaries/associates, including Mahe Shipping Co Ltd, Corvina Management Services Ltd and Aquarius Shipping Agency Ltd. He is presently the Chairman of H Savy Insurance Co Ltd and Barclays Bank (Seychelles) Ltd. He is also a director of Le Refuge du Pecheur Ltd and LRM Company Limited.

On July 27, 2009, he was appointed as Chairman of the board of Barclays Bank (Seychelles) Ltd and continues to serve in this role as of date. He is a member of the board of the Seychelles Hospitality & Tourism Association. Previously he has also served as member of the Economic Finance Committee and the National Economic Council under the chairmanship of the Head of State.

Aubrey Lucas *Director*

Aubrey Lucas started his Diageo career in 1992 as an Engineering manager with Seychelles Breweries. He was involved in significant Capex investment projects and leading asset care improvement programs across Diageo's African markets. On completion of his International assignment, he moved back to Seychelles as the Operations/Supply Director for the site. He was engineering lead for Perfect Plant Management System (PPMS) project in Seychelles. In 2009 he moved into the role of Managing Director of Seybrew. He then retired from Seybrew in 2014.

Nicholas Cook

Position:
Managing Director

Nationality:
British

Qualification:
ECR Progressive Management Programme at the London Business School, Wharton Business School, WHU and INSEAD

BSc Business Decision Analysis from Leeds Metropolitan University

Devesh Dutt

Position:
Finance Director

Nationality:
British

Qualification:
Bachelor of Commerce, Agra University, India

CA - Member of the Institute of Chartered Accountants of India

ACMA, CGMA - Member of Chartered Institute of Management Accountants, UK

Jan Brestovansky

Position:
Supply Chain Director

Nationality:
Slovak

Qualification:
MSc. Chemical Engineering, Slovak University of Technology, Faculty of Food and Science Technology, Bratislava, Slovakia. Master Brewer, Institute of Brewing & Distilling, London, UK

Daphne Raoul

Position:
Commercial Director

Nationality:
Seychellois

Qualification:
B .Com Punjab University, Chandigarh India

Shirley Louise

Position:
Human Resources Manager

Nationality:
Seychellois

Qualification:
BA (Hons) Human Resource Management from Southampton Solent University (UK)

AUDIT COMMITTEE REPORT

We, the members of the Audit Committee, have:

a) reviewed the scope and planning of the audit requirements;

b) reviewed the external Auditors' Memorandum of Recommendations on Accounting Policies and Internal Controls together with Management Responses; and

c) ascertained that the accounting and reporting policies of the Company for the year ended 30 June 2019 are in accordance with legal requirements and agreed ethical practices.

d) reviewed and discussed the operational risk landscape of the business.
In our opinion, the scope and planning of the audit for the year ended 30 June 2019 were adequate and the Management Responses to the Auditors findings were satisfactory.

Jean Weeling-Lee
Chairman, Audit Committee
Signed on 25th September, 2019

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P.O. Box 18
The Creole Spirit
Quincy Street, Mahé
Victoria, Seychelles

SEYCHELLES BREWERIES LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS

Report on the audit of the Financial Statements

Opinion

We have audited the financial statements of **SEYCHELLES BREWERIES LIMITED** (the Company), on pages 33 to 62 which comprise the Statement of Financial Position as at June 30, 2019, and the Statement of Profit or Loss and Other Comprehensive Income, Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements give a true and fair view of the financial position of the Company as at June 30, 2019 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and comply with the Seychelles Companies Act, 1972.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Seychelles, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

SEYCHELLES BREWERIES LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS (CONT'D)

Key Audit Matters (Cont'd)

KEY AUDIT MATTER	AUDIT RESPONSE
Trade and other receivables - Adoption of IFRS 9 'Financial instruments'	
The Company adopted International Financial Reporting Standard (IFRS) 9 'Financial instruments' during the year ended June 30, 2019. The standard introduces new requirements around two main aspects of how financial instruments are treated - measurement and classification and impairment. IFRS 9 introduces a new classification and measurement approach for financial assets that reflects the business model in which the financial assets are managed and the underlying cashflow characteristics. This standard also introduces new impairment rules which prescribe a new, forward looking, expected credit loss ('ECL') impairment model which takes into account reasonable and supportable forward looking information, which will generally result in the earlier recognition of impairment provisions. There are a number of significant management determined judgements including: • The reclassification of financial assets in accordance with the Company's business model; • Determining the criteria for a significant increase in credit risk; • Techniques used to determine the historical loss rates used in lifetime ECL computation as per the simplified approach; and factoring forward looking assumptions; and • Implementation of IFRS 9 required some technical modelling which necessitated considerable input of data and assumptions.	We performed the following procedures: ✓ Gained understanding of the Company's key processes comprising granting, booking, monitoring of credit sales and provisioning thereon and tested the operating effectiveness of key controls over these processes; ✓ Obtained an understanding of the Company's provisioning methodology, assessed the reasonableness of the underlying assumptions and the sufficiency of the data used by the Management. With respect to classification and measurement of financial assets and financial liabilities, our audit procedures comprised the following; ✓ Reviewed the Company's IFRS 9 based classification and measurement of financial assets and financial liabilities policies for the year under review and compared them with the requirements of IFRS 9; and ✓ Reconfirmed and checked the Company's business model assessment and the test on the contractual cash flows, which gives rise to cash flows that are "solely payments of principal and interest" (SPPI test).

SEYCHELLES BREWERIES LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS (CONT'D)

Key Audit Matters (Cont'd)

KEY AUDIT MATTER	AUDIT RESPONSE
Trade and other receivables - Adoption of IFRS 9 'Financial instruments' (Cont'd)	
Refer to **notes 4(a) and 20** of the accompanying Financial Statements.	With respect to impairment methodology, our audit procedures comprised the following; ✓ For a sample of exposures, we checked the appropriateness of the Company's simplified approach to impairment i.e., based on a lifetime expected loss; ✓ We checked and understood the key data sources and assumptions for data used in the Expected Credit Loss (ECL) models (the Models) used by the Company to determine impairment provisions and to determine the historical loss rate percentages; ✓ We checked the calculation of the historical loss rate percentage on the provision matrix and verified the calculation of the lifetime ECL; ✓ We checked the completeness of Trade receivables and other financial assets included in the ECL calculations as at June 30, 2019; ✓ We understood the theoretical soundness and tested the mathematical integrity of the Models; ✓ For data from external sources, we understood the process of choosing such data, its relevance for the Company's and the controls and governance over such data; ✓ Where relevant, we used Information System specialists to gain comfort on data integrity; and ✓ We checked consistency of various inputs and assumptions used by the Company's Management to determine impairment provisions.

SEYCHELLES BREWERIES LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS (CONT'D)

Key Audit Matters (Cont'd)

KEY AUDIT MATTER	AUDIT RESPONSE
Accuracy of Defined Benefit Obligation	
The Company had a liability of **SCR 16.9m** relating to a wholly unfunded defined benefit obligation. The liability is based on Management's best estimate of the expected expense the Company will incur when employees leave the Company, either through resignation or retirement. Significant uncertainty pertaining to the determination of the liability is guided by past trends using acceptable actuarial modelling techniques. Management engaged independent actuaries in 2016 to determine the liability of the Fund. The latest valuation was done on May 8, 2019. However, the same assumptions of 2016 have been used in determining the liability of the fund in 2019. Due to its subjectivity, accuracy of the plan liability is therefore a key audit matter. Refer to **note 23** of the accompanying Financial Statements.	We performed the following procedures: Tested the assumptions, models, methods and historical data used by: ✓ Evaluating whether the method of measurement used was appropriate in the circumstances and consistent with prior periods; ✓ Evaluating whether the model used to develop the estimate was appropriate; ✓ Reviewing the assumptions such as inflation rate, discount rate and salary increase rate used by actuary to ensure whether they are reasonable given the measurement requirements of International Financial Reporting Standards (IFRS); ✓ Evaluating whether data on which the provision was based was accurate, complete and relevant by performing recalculations using the Seychelles Employment Act and inspecting relevant source documents. ✓ Evaluating whether the amounts recorded are an accurate estimate of the provision by comparing historical estimates and actual.

SEYCHELLES BREWERIES LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS (CONT'D)

Other information

The Directors are responsible for the other information. The other information comprises the Financial Highlights, Notice of Annual General Meeting, Chairman's Statement and the Managing Director's Report, Corporate Governance Report and leadership overview, Directors' Report, Directors' responsibility for financial reporting and Shareholder information, which we obtained prior to the date of this auditor's report. The other information does not include the financial statements and our auditor's report thereon.

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

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

Responsibilities of Directors and Those Charged with Governance for the Financial Statements

The Directors are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards and in compliance with the Companies Act, 1972 and for such internal control as the directors determine is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

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

Those Charged with Governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

SEYCHELLES BREWERIES LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS (CONT'D)

Auditor's Responsibilities for the Audit of the Financial Statements (Cont'd)

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Directors.

- Conclude on the appropriateness of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

SEYCHELLES BREWERIES LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS (CONT'D)

Report on Other Legal Regulatory Requirements

Companies Act, 1972

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

We have obtained all information and explanations we have required.

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

Securities Act 2007, The Securities (Financial Statements) Regulation 2008 and Listing requirements of the Seychelles Securities Exchange (MERJ Exchange Limited)

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the financial statements have been prepared as per International Financial Reporting Standards and all records were kept according to the requirements of the Securities Act 2007 and Regulations as well Listing requirements.

In our opinion, the Company complied with the requirements of Seychelles Securities Act 2007, the Securities (Financial Statements) Regulation 2008 and applicable Listing requirements of the Seychelles Securities Exchange (MERJ Exchange Limited).

Other Matter

This report is made solely to the members of the Company, as a body, in accordance with the requirements of the Companies Act 1972 and Securities Act 2007, the Securities (Financial Statements) Regulation 2008 and Listing requirements of the Seychelles Securities Exchange (MERJ Exchange Limited). Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

BDO Associates

BDO ASSOCIATES
Chartered Accountants

NAZRAH RAMDIN - CA (ICAEW), ACMA & CGMA
Engagement Partner

Dated: September 25, 2019
Victoria, Seychelles

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2019

Figures in SCR'000	Notes	2019	2018
ASSETS			
Non-current assets			
Property, plant and equipment	16	329,575	302,555
Intangible assets	17	8,322	9,986
Loan receivable	18	2,106	2,106
Total non-current assets		**340,003**	**314,647**
Current assets			
Inventories	19	52,991	55,857
Current tax assets	12	22,612	44,524
Trade and other receivables	20	50,322	49,050
Cash and cash equivalents	21	22,355	1,991
Total current assets		**148,280**	**151,422**
Total assets		**488,283**	**466,069**
EQUITY			
Share capital	15	63,000	63,000
Actuarial valuation gains		500	500
Retained earnings		283,316	233,820
Total equity		**346,816**	**297,320**
LIABILITIES			
Non-current liabilities			
Deferred tax liabilities	22	34,340	24,815
Post-employment benefits	23	16,872	14,242
Total non-current liabilities		**51,212**	**39,057**
Current liabilities			
Trade and other payables	24	90,255	110,304
Bank overdraft	21	–	19,388
Total current liabilities		**90,255**	**129,692**
Total liabilities		**141,467**	**168,749**
Total equity and liabilities		**488,283**	**466,069**

The notes on pages 37 to 62 are an integral part of these financial statements.

Anthony Smith
Chairperson

Nicholas Cook
Managing Director

Devesh Dutt
Finance Director

Signed on 25th September, 2019

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2019

Figures in SCR'000	Notes	2019	2018
Revenue	**5**	**422,177**	**375,534**
Cost of sales	6	(230,683)	(223,338)
Gross profit		**191,494**	**152,196**
Administrative expenses	7	(60,356)	(56,634)
Advertising and marketing costs	8	(18,572)	(14,306)
Other income/(expenses)	10	1,082	(17,218)
Operating profit		**113,648**	**64,038**
Finance costs	11	(1,858)	(1,925)
Profit before tax		**111,790**	**62,113**
Tax expenses	12(a)	(30,794)	(19,495)
Profit and total comprehensive income for the year		**80,996**	**42,618**
Basic and diluted earnings per share – SCR	14	**6.43**	**3.38**

The notes on pages 37 to 62 are an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY AS AT 30 JUNE 2019

Figures in SCR'000	Share capital	Actuarial valuation gains	Retained earnings	Total equity
Balance at 1 July 2017	**63,000**	**500**	**216,402**	**279,902**
Total comprehensive income:				
Profit for the year	–	–	42,618	42,618
Other comprehensive income	–	–	–	–
Total comprehensive income for the year	**–**	**–**	**42,618**	**42,618**
Transactions with owners of the company:				
Interim dividend for 2018 (Note 13)	–	–	(12,600)	(12,600)
Final dividend for 2017	–	–	(12,600)	(12,600)
Total transactions with owners	**–**	**–**	**(25,200)**	**(25,200)**
Balance at 30 June 2018	**63,000**	**500**	**233,820**	**297,320**
Balance at 1 July 2018	**63,000**	**500**	**233,820**	**297,320**
Total comprehensive income:				
Profit for the year	–	–	80,996	80,996
Other comprehensive income	–	–	–	–
Total comprehensive income for the year	**–**	**–**	**80,996**	**80,996**
Transactions with owners of the company				
Interim dividend for 2019 (Note 13)	–	–	(18,900)	(18,900)
Final dividend for 2018 (Note 13)	–	–	(12,600)	(12,600)
Total transactions with owners	**–**	**–**	**(31,500)**	**(31,500)**
Balance at 30 June 2019	**63,000**	**500**	**283,316**	**346,816**

The notes on pages 37 to 62 are an integral part of these financial statements.

STATEMENT OF CASH FLOW FOR THE YEAR ENDED 30 JUNE 2019

Figures in SCR'000	Notes	2019	2018
Cash flows from operating activities			
Profit before tax		**111,790**	**62,113**
Adjustments for:			
Depreciation	16	23,331	20,954
Amortisation of intangible assets	17	1,664	1,664
Tangible assets write-off	10 &16	9,441	3,086
Interest expense on overdraft	11	702	725
Interest received	11	(44)	–
Post employment benefits - provision	23	4,217	3,000
Total adjustments		**151,101**	**91,542**
Changes in working capital:			
Inventories		2,866	14,299
Trade and other receivables		(1,272)	7,274
Trade and other payables		(20,049)	978
Net changes in working capital		**(18,455)**	**22,551**
Cash generated from operating activities		**132,646**	**114,093**
Interest paid	11	(702)	(725)
Interest received	11	44	–
Post employment benefits - paid	23	(1,587)	(4002)
Tax received /(paid)	12	643	(15,328)
Net cash generated from operating activities		**131,044**	**94,038**
Cash flows from investing activities			
Acquisition of property, plant and equipment	16	(59,792)	(80,986)
Proceeds on sale of other investments		–	5,815
Net cash used in investing activities		**(59,792)**	**(75,171)**
Cash flows from financing activities			
Dividends paid during the year	13	(31,500)	(25,200)
Net cash used in financing activities		**(31,500)**	**(25,200)**
Net increase /(decrease) in cash and cash equivalents		**39,752**	**(6,333)**
Cash and cash equivalents at 1 July		(17,397)	(11,064)
Cash and cash equivalents at 30 June	**21**	**22,355**	**(17,397)**

The notes on pages 37 to 62 are an integral part of these financial statements.

1. General information

Seychelles Breweries Limited is incorporated as a limited liability company in Seychelles under the Companies Act 1972 and is domiciled in Seychelles. The address of its registered office and principal place of business is as follows:

Seychelles Breweries Limited,
O Brien House,
PO Box 273,
Le Rocher,
Mahe, Seychelles.

Seychelles Breweries Limited is in the business of brewing beer and the manufacturer of mineral and aerated waters, cordials and alcoholic and non-alcoholic beverages. The Company also imports spirits which it supplies to the local market. There were no significant changes in these activities in the year of review.

For the Companies Act 1972 reporting purposes, the balance sheet is represented by the statement of financial position and the profit and loss account by the statement of profit or loss and other comprehensive income, in these financial statements.

2. Summary of significant accounting policies

a) Basis of preparation

Basis of accounting
The financial statements have been prepared on the going concern basis in accordance with, and in compliance with International Financial Reporting Standards (“IFRS”) and International Financial Reporting Interpretations Committee (“IFRIC”), interpretations issued and effective at the time of preparing these financial statements and the Seychelles Companies Act 1972.

The financial statements have been prepared on the historic cost convention, unless otherwise stated in the accounting policies which follow and incorporate the principal accounting policies set out below. They are presented in Seychelles Rupees, which is the company’s functional currency.

These accounting policies are consistent with the previous period.

Use of judgement and estimates
The preparation of financial statements requires management to exercise its judgement in the process of applying the Company’s accounting policies. The areas involving a higher degree of judgement or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note 3.

b) Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Company’s activities. Revenue is shown net of value-added tax (VAT), returns, rebates and discounts.

The Company recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the Company and when specific criteria have been met for each of the Company’s activities as described below. The amount of revenue is not considered to be reliably measurable until all contingencies relating to sale have been resolved.

The Company bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Revenue is recognised as follows:

Sales of goods are recognised in the period in which the Company delivers products to the customer, the customer has accepted the products and collectability of the related receivables is reasonably assured.

c) Foreign currency translation

Foreign currency transactions
A foreign currency transaction is recorded, on initial recognition in Seychelles Rupees ("SCR"), by applying to the foreign currency amount the spot exchange rate at the date of the transaction.

At the end of the reporting period:

- Foreign currency monetary items are translated using the closing rate;
- Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction; and
- Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous financial statements are recognised in profit or loss in the period in which they arise.

When a gain or loss on a non-monetary item is recognised to other comprehensive income and accumulated in equity, any exchange component of that gain or loss is recognised to other comprehensive income and accumulated in equity. When a gain or loss on a non-monetary item is recognised in the statement of profit or loss, any exchange component of that gain or loss is recognised in the statement of profit or loss.

Cash flows arising from transactions in a foreign currency are recorded in Seychelles Rupees by applying to the foreign currency amount the exchange rate between the Seychelles Rupee and the foreign currency at the date of the cash flow.

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency').

d) Property, plant and equipment
Items of property, plant and equipment are measured at cost, less accumulated depreciation and accumulated impairment losses. Costs include expenditure that is directly attributable to the acquisition of the asset. Purchased software that is integral to the functionality of the related equipment is capitalized as part of that equipment.

Expenditure on assets under construction is charged to the work in progress until the asset is brought into use.

Subsequent expenditure is capitalized only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. Ongoing repairs and maintenance are expensed as incurred.

Gains and losses on disposal of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognized net within "other income" in the statement of profit and loss.

Depreciation is calculated on the straight line basis to write down the cost of each asset, or the revalued amount, to its residual value over its estimated useful life as follows:

- Brewery buildings – 40 years
- Office buildings – 50 years
- Plant, equipment and
- Motor vehicles – Over their professionally evaluated remaining useful lives restricted to a maximum period of 10 years from acquisition.

At cost:
- Brewery buildings – 40 years
- Plant – 10 to 15 years
- Equipment – 5 years
- Motor vehicles – up to 6 years

Freehold land is not depreciated.

Depreciation methods, useful lives and residual values are reassessed annually at each reporting date and adjusted if appropriate.

e) Intangible assets – Computer software
Acquired computer software licenses are capitalized on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortized over their estimated useful lives of intangible asset from the date that they are available for use. The estimated useful life is 8 years.

f) Bottles and crates
The company charges its customers refundable deposits on glass bottles and crates. The liabilities for returnable deposits are disclosed under Current Liabilities in the Balance Sheet.

Glass bottles and crates are reported in the accounts at cost.

Bottles and crates, held both at the Brewery and customers, are set out separately in the note to the balance sheet and stated at their historical value.

Depreciation of bottles and crates is provided to write their cost over their anticipated useful lives as set out below:

- Bottles – 5 years
- Crates – 10 years

g) Inventories
Inventories are stated at the lower of cost and net realisable value. Cost is based on the weighted average method and expenditure incurred in acquiring the inventories and bringing them to their existing location and condition. The cost of finished goods and work in progress comprises an appropriate share of production overheads based on normal operating capacity. Net realisable value is the estimate of the selling price in the ordinary course of business, less the costs of completion and selling expenses.

h) Trade and other receivables
Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

The Company always measures the loss allowance for trade receivables at an amount equal to lifetime expected credit losses. The expected credit losses on trade receivables are estimated using a provision matrix by reference to past default experience of the customer and an analysis of the customer's current financial position, adjusted for factors that are specific to the customers, general economic conditions in which the customers operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

i) Trade and other payables
Payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities. Payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

j) Provisions
Provisions are recognised when: the Company has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Restructuring provisions would comprise lease termination penalties and employee termination payments. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

k) Share capital and equity
Ordinary shares are classified as 'share capital' in equity. Any premium received over and above the par value of the shares is classified as 'share premium' in equity.

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

l) Cash and cash equivalents

Cash comprises of cash in hand and at bank. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value, against which bank overdrafts, if any, are deducted. The cash flow statement is prepared using the indirect method.

m) Employee benefits

i. Short-term employee benefits

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses, and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs.

The expected cost of profit sharing and bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performance.

ii. Defined benefit plans

For defined benefit plans the cost of providing the benefits is determined using the projected unit credit method.

Actuarial valuations are conducted after every three years by independent actuaries separately for each plan.

Consideration is given to any event that could impact the funds up to the end of the reporting period where the interim valuation is performed at an earlier date.

Past service costs are recognised immediately to the extent that the benefits are already vested, and are otherwise amortised on a straight line basis over the average period until the amended benefits become vested.

Actuarial gains and losses are recognised in the year in which they arise, in other comprehensive income.

When it is virtually certain that another party will reimburse some or all of the expenditure required to settle a defined benefit obligation, the right to reimbursement is recognised as a separate asset.

The asset is measured at fair value. In all other respects, the asset is treated in the same way as plan assets. In profit or loss, the expense relating to a defined benefit plan is presented as the net of the amount recognised for a reimbursement.

The amount recognised in the statement of financial position represents the present value of the defined benefit obligation as adjusted for unrecognised actuarial gains and losses and unrecognised past service costs, and reduces by the fair value of plan assets.

Any asset is limited to unrecognised actuarial losses and past service costs, plus the present value of available refunds and reduction in future contributions to the plan.

n) Current and deferred tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the profit or loss except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity respectively.

Current tax is the amount of tax payable on the taxable profit for the year determined in accordance with the relevant tax legislation and any adjustments to tax payable or receivable in respect to previous years. The current tax charge is calculated on the basis of the tax rates enacted or substantively enacted at the reporting date.

Included in the current tax is Corporate Social Responsibility (CSR) tax which aims to ensure compliance with ethical and regulatory standards, promoting accountability for businesses' actions that can lead to a positive impact on the communities and markets in which they operate. CSR tax is levied on monthly turnover in accordance with the relevant tax legislation.

Deferred tax is measured using tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Additional taxes that arise from the distribution of dividends are recognised at the same time as the liability to pay the related dividend is recognised.

o) Dividends

Dividends on ordinary shares are charged to equity in the period in which they are declared.

p) Offsetting of financial assets and liabilities

Financial assets and liabilities are offset and the net amount reported on the statement of financial position when there is a legally enforceable right to set-off the recognised amount and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously.

q) Impairment of assets

The company assesses at each end of the reporting period whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset.

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs is determined.

The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use.

If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in the statement of profit or loss. Any impairment loss of a revalued asset is treated as a revaluation decrease.

An entity assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets other than goodwill may no longer exist or may have decreased. If any such indication exists, the recoverable amounts of those assets are estimated.

The increased carrying amount of an asset other than goodwill attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation other than goodwill is recognised immediately in profit or loss. Any reversal of an impairment loss of a revalued asset is treated as a revaluation increase.

r) Comparative information

Where it is necessary comparative figures have been adjusted to conform to changes in presentation in the current year and to correct errors in prior years.

s) Loan receivable

Loan receivable is a non derivative financial asset with no fixed or determinable payments that are not quoted in an active market. It arose with the Company providing money directly to its related party with no intention of trading the receivable. They are included in non-current assets when maturity is greater than twelve months.

Loan receivable is initially measured at cost. Subsequent to initial measurement, loan receivable is carried at amortised cost using the effective interest rate method, less provision for impairment. The amount of loss is recognised in the Statement of profit or loss.

t) Segmental reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating-decision maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Exco that makes strategic decisions.

Seychelles is the Company's primary geographical segment as 100% of the Company's revenue is earned from sales in Seychelles.

Internally, segmental information regarding business segments is only available on the basis of revenue, and not operating profit as required by IFRS 8. All of the Company's revenue is derived from sale of similar products with similar risks and returns.

The entity is unable to identify with sufficient accuracy reportable segments, thus no further business or geographical segment information will be reported.

u) Standards and interpretations

i) New and amended standards adopted by the Company

The following standards and amendments have been applied by the Company for the first time for the financial year beginning 1 July 2018:

IFRS 9: Financial instruments

During the year, the Company adopted IFRS 9 Financial Instruments (IFRS 9). As a result of the application of IFRS 9, there was a change in the accounting policies and these new policies were applicable from 1 July 2018. As permitted by the transition provisions of IFRS 9, the Company elected not to restate comparative period results; accordingly, all comparative period information is presented in accordance with the previous accounting policies, as indicated below.

The Company has applied IFRS 9 in accordance with the transition provisions set out in IFRS 9. New or amended disclosures have been provided for the current period.

IFRS 9 introduced new requirements for:

1) The classification and measurement of financial assets and financial liabilities,
2) Impairment of financial assets, and
3) General hedge accounting.

Details of these new requirements as well as their impact on the Company's consolidated financial statements are described below.

Classification and measurement of financial assets

Upon adoption of IFRS 9, all recognised financial assets that are within the scope of IFRS 9 are required to be measured subsequently at amortised cost or fair value on the basis of the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

The Company primarily holds trade receivables as its financial assets. The Directors of the Company reviewed and assessed the Company's existing financial assets as at 1 July 2018 based on the facts and circumstances that existed at that date and concluded that with the initial application of IFRS 9 the trade receivables that were measured at amortised cost continue to be measured at amortised cost under IFRS 9 as they are held within a business model to collect contractual cash flows and these cash flows consist solely of payments of principal and interest on the principal amount outstanding. Classification of financial assets in accordance with IFRS 9 has therefore not had any impact on the Company's financial statements in the current or prior years.

Impairment of financial assets

In relation to the impairment of financial assets, IFRS 9 requires an expected credit loss model as opposed to an incurred credit loss model under IAS 39. The expected credit loss model requires the Company to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition of the financial assets. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

The below are the significant financial assets in the Company's Statement of financial position and which are subject to the impairment provision of IFRS 9:

- Trade and other receivables;
- Bank balances

The Company has applied the simplified approach to recognise lifetime expected credit losses for its trade receivables.

The results of the impairment assessment upon first time adoption of IFRS 9 has not led to a material impact on the financial statements of the Company. As such, no adjustment was done to the opening balance of retained earnings at July 1, 2018.

Amendments to IFRS 2: Classification and Measurement of Share-based Payment Transactions

The amendment now specifies the treatment of vesting and non-vesting conditions with regards to cash-settled share-based payment transactions. The treatment is essentially similar to the treatment of such conditions for equity-settled share-based payment transactions. That is, non-market vesting conditions are taken into consideration when estimating the number of awards which are expected to vest (and which ultimately vest), while market conditions and other non-vesting conditions are taken into consideration when determining the fair value of the share based payment liability, both initially and subsequently.

The amendment also provides for share-based payment transactions with a net settlement feature for withholding tax obligations. Essentially, where the entity is required to withhold part of the equity instruments equal to the tax obligation, the entity is required to account for the payment to tax authorities as a reduction in equity, except to the extent that the payment exceeds the fair value of the equity instruments withheld at net settlement date. The entity should also disclose the amount that it expects to transfer to tax authorities in terms of such transactions.

The amendment further provides guidance in terms of modifications which convert cash-settled share-based payment transactions to equity -settled share-based payment transactions. For such modifications, the equity-settled share based payment transaction is measured by reference to the fair value of the equity instruments granted at modification date, to the extent to which goods or services have been received. The liability for cash-settled share based payment transactions is derecognised on the modification date. Any difference between the two is recognised immediately in the statement of profit or loss.

The Company adopted the amendments beginning 1 July 2018. The application of the amendments has had no impact on the financial statements as the Company does not have any cash-settled share-based payment arrangements.

IFRS 15: Revenue from contracts with customers:

The standard deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The standard replaces IAS 18 Revenue and IAS 11 Construction contracts and related interpretations.

The standard is effective for annual periods beginning on or after 1 January 2018 and earlier application is permitted. The Company has adopted the standard and the adoption did not have a material impact on the Company's financial statements.

IFRIC 22: Foreign Currency Transactions and Advance Consideration

IFRIC 22 addresses how to determine the 'date of transaction' for the purpose of determining the exchange rate to use on initial recognition of an asset, expense or income, when consideration for that item has been paid or received in advance in a foreign currency which resulted in the recognition of a non-monetary asset or non-monetary liability. (e.g. a non-refundable deposit or deferred revenue). The interpretation specifies that the date of transactions is the date on which the entity initially recognises the non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration.

The Company adopted the interpretation beginning 1 July 2018. The adoption of the IFRIC has had no impact on the financial statements as the Company already accounts for transactions involving the payment or receipt of advance consideration in a foreign currency in a way that is consistent with the requirements of the interpretation.

ii) Standards and interpretations not yet effective

The Company has chosen not to early adopt the following standards and interpretations, which have been published and are mandatory for the company's accounting periods beginning on or after 01 July 2019 or later periods:

IFRS 16: Leases

IFRS 16 Leases is a new standard which replaces IAS 17 Leases, and introduces a single lessee accounting model. The main changes arising from the issue of IFRS 16 which are likely to impact the company are as follows:

Company as lessee:

- Lessees are required to recognise a right-of-use asset and a lease liability for all leases, except short term leases or leases where the underlying asset has a low value, which are expensed on a straight line or other systematic basis.

- The cost of the right-of-use asset includes where appropriate, the initial amount of the lease liability; lease payments made prior to commencement of the lease less incentives received; initial direct costs of the lessee; and an estimate for any provision for dismantling, restoration and removal related to the underlying asset.

- The lease liability takes into consideration, where appropriate, fixed and variable lease payments; residual value guarantees to be made by the lessee; exercise price of purchase options; and payments of penalties for terminating the lease.

- The right-of-use asset is subsequently measured on the cost model at cost less accumulated depreciation and impairment and adjusted for any re-measurement of the lease liability. However, right-of-use assets are measured at fair value when they meet the definition of investment property. All other investment property is accounted for on the fair value model. If a right-of-use asset relates to a class of property, plant and equipment which is measured on the revaluation model, then that right-of-use asset may be measured on the revaluation model.

- The lease liability is subsequently increased by interest, reduced by lease payments and re-measured for reassessments or modifications.

- Re-measurements of lease liabilities are affected against right-of-use assets, unless the assets have been reduced to nil, in which case further adjustments are recognised in profit or loss.

- The lease liability is re-measured by discounting revised payments at a revised rate when there is a change in the lease term or a change in the assessment of an option to purchase the underlying asset.

- The lease liability is re-measured by discounting revised lease payments at the original discount rate when there is a change in the amounts expected to be paid in a residual value guarantee or when there is a change in future payments because of a change in index or rate used to determine those payments.

- Certain lease modifications are accounted for as separate leases. When lease modifications which decrease the scope of the lease are not required to be accounted for as separate leases, then the lessee re-measures the lease liability by decreasing the carrying amount of the right of lease asset to reflect the full or partial termination of the lease. Any gain or loss relating to the full or partial termination of the lease is recognised in profit or loss. For all other lease modifications which are not required to be accounted for as separate leases, the lessee re-measures the lease liability by making a corresponding adjustment to the right-of-use asset.

- Right-of-use assets and lease liabilities should be presented separately from other assets and liabilities. If not, then the line item in which they are included must be disclosed. This does not apply to right-of-use assets meeting the definition of investment property which must be presented within investment property. IFRS 16 contains different disclosure requirements compared to IAS 17 leases.

The effective date of the standard is for years beginning on or after 1 January 2019.

The company expects to adopt the standard for the first time in the 2020 financial statements.

IFRIC 23 Uncertainty over Income Tax Treatments
The interpretation addresses the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12. It specifically considers:

- Whether tax treatments should be considered collectively
- Assumptions for taxation authorities' examinations
- The determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates; and
- The effect of changes in facts and circumstances

The Company is assessing the potential impact on the financial statements resulting from the application of these changes.

Annual Improvements to IFRS Standards 2015-2017 Cycle:

The following annual improvements amend standards from the 2015 – 2017 reporting cycle have been published that are mandatory for the company's accounting periods beginning 1 July 2018, which the company has not early adopted and are not expected to have a material effect on the results of operations or financial position of the company:

- IFRS 3 Business Combinations
  The amendment clarifies that when an entity obtains control of a business that is a joint operation, it is required to remeasure previously held interests in that business;

- IFRS 11 Joint Arrangements
  The amendment clarifies that when an entity obtains joint control of a business that is a joint operation, the entity does not remeasure previously held interests in that business;

- IAS 12 Income Taxes
  The amendment clarifies that all income tax consequences of dividends should be recognised in profit or loss, regardless how the tax arises; and

- IAS 23 Borrowing Costs
  The amendments clarify that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally when calculating the capitalisation rate on general borrowings.

The company will apply the above mentioned annual improvements from the 2015 – 2017 reporting cycle from 1 July 2019.

iii) Early adoption of standards
The Company did not early adopt new or amended standards in the period ended 30 June 2019.

3. Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expected future events that are believed to be reasonable under the circumstances.

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

Taxes
The company is subject to taxes in Seychelles. Significant judgment is required in determining the Company's provision for taxes. The Company recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current tax and deferred tax provisions in the period in which such determination is made.

Functional currency
The choice of the functional currency of the Company has been based on factors such as the primary economic environment in which the entity operates, the currency that mainly influences sales prices for goods and services, cost of providing goods and services and labour costs. The financial currency has been assumed by the Directors to be the Seychelles Rupee.

Depreciation policies
The Directors therefore make estimates based on historical experience and use best judgment to assess the useful lives of assets and to forecast the expected residual values of the asset at the end of their expected useful lives.

Impairment of assets
Property and equipment are considered for impairment if there is a reason to believe that impairment may be necessary. Factors taken into consideration in reaching such a decision include the economic viability of the asset itself and where it is a component of a larger economic unit, the viability of that unit itself.

Future cash flows expected to be generated by the assets or cash-generating units are projected, taking into account market conditions and the expected useful lives of the assets. The present value of these cash flows, determined using an appropriate discount rate, is compared to the current net asset value and, if lower, the assets are impaired to the present value.

Asset lives and residual values
Property and equipment are depreciated over its useful life taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In reassessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values. Consideration is also given to the extent of current profits and losses on the disposal of similar assets.

Property, plant and equipment are depreciated to their residual values over their estimated useful lives. The residual value of an asset is the estimated net amount that the Company would currently obtain from the disposal of the asset, if the asset were already of the age and in condition expected at the end of its useful life.

Retirement benefit obligations
The cost of defined benefit pension plans has been determined using Actuarial Valuation and the Directors have estimated that the amount of liability provided will not be materially different had it been computed by using the method as per the Seychelles Employment Act.

Limitation of sensitivity analysis
Sensitivity analysis demonstrates the effect of a change in a key assumption while other assumptions remain unchanged. In reality, there is a correlation between the assumptions and other factors. It should also be noted that these sensitivities are non-linear and larger or smaller impacts should not be interpolated or extrapolated from these results.

Sensitivity analysis does not take into consideration that the Company's assets and liabilities are actively managed. Other limitations include the use of hypothetical market movements to demonstrate potential risk that only represent the Company's views of possible near-term market changes that cannot be predicted with any certainty.

Receivables
Critical estimates are made by the Directors in determining the recoverable amount of receivables. The carrying amount of receivables is set out in note 4.

In the process of applying the company's accounting policies, management has made judgements in determining:

- The classification of financial assets and leases;
- Whether assets are impaired.

Business model assessment
Classification and measurement of financial assets depends on the results of the SPPI and the business model test. The Company determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgement reflecting all relevant evidence including how the performance of the assets is evaluated and their performance measured, the risks that affect the performance of the assets and how these are managed and how the managers of the assets are compensated. The Company monitors financial assets measured at amortised cost prior to their maturity to understand the reason for their disposal and whether the reasons are consistent with the objective of the business for which the asset was held. Monitoring is part of the Company's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of those assets. No such changes were required during the periods presented.

4. Financial risk management policies and objectives

Overview
The company's activities expose it to a variety of financial risks:
a. Credit risk
b. Liquidity risk
c. Market risk

This note presents information about the Company's exposure to financial risks, the Company's objectives, policies and processes for measuring and managing risk. Further quantitative disclosures are included throughout these financial statements.

Risk management framework
The Company's Board of Directors has overall responsibility for establishment and oversight of the Company's risk management framework. An audit committee of the board is responsible for monitoring the company's risk management policies and operation of controls to manage risks, the committee reports to the Board of Directors on its activities.
The Company has established a risk and compliance function which carries out regular and ad hoc review of risk management controls and procedures. The results are reported to senior management.

a. Credit risk
Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers.

Trade and other receivables
The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The demographics of the Company's customer base, including the default risk of the industry and country in which customers operate, have less influence on credit risk.

The Company has established a credit policy under which each new customer is analysed individually for credit worthiness before the company's standard payment and delivery terms and conditions are offered. The company review includes ratings, where available, and in some cases bank references. Credit limits are established for each customer, geographic location, maturity and existence of previous financial difficulties.

In monitoring customer credit risk, customers are classified according to their credit characteristics, including whether they are an individual or legal entity, whether they are a wholesale, retail or end-user customer, geographic location, maturity and existence of previous financial difficulties.

The Company always measures the loss allowance for trade receivables at an amount equal to lifetime expected credit losses. The expected credit losses on trade receivables are estimated using a provision matrix by reference to past default experience of the customer and an analysis of the customer's current financial position, adjusted for factors that are specific to the customers, general economic conditions in which the customers operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

The maximum exposure to credit risk at the reporting date was:

Figures in SCR'000	2019	2018
Trade receivables (Note 20)	43,695	42,458
Less: Provision for expected credit losses (Note 20)	–	(17)
Receivables from related companies (Notes 20 and 25)	719	2,049
Other receivables (Note 20)	4,367	3,327
Cash and cash equivalents (Note 21)	22,355	1,991
	71,136	**49,808**

The ageing of trade receivables and other receivables at the reporting date was:

Figures in SCR'000	Gross	Impaired	Net
2019			
Current	48,062	–	48,062
Trade and other receivables	**48,062**	–	**48,062**
2018			
Current	45,080	–	45,080
0-30 days	688	–	688
360+ days	17	(17)	–
Trade and other receivables	**45,785**	**(17)**	**45,768**

The movement in the allowance for impairment in respect of trade receivables during the year was as follows:

Figures in SCR'000	2019	2018
Balance at start of year	17	2,711
Bad debt write-back in the year	(17)	(2,711)
Bad debt provision in the year	–	17
Balance at end of year	–	**17**

The ageing of receivables from related parties at the reporting date was:

Figures in SCR'000	2019	2018
Current	375	1,388
0-30 days	259	115
31-60 days	78	114
61-90 days	7	150
91+ days	–	282
Receivables from related companies (Note 25b)	**719**	**2,049**

b. Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as and when they fall due. The Company manages liquidity risk by maintaining adequate reserves and continuously monitoring forecast and actual cash flows.

The following are the contractual maturities of financial liabilities.

Figures in SCR'000	Carrying amount	Current	0-30 days	31-60 days	61-90 days	91+ days
2019						
Related party payables	10,580	8,937	–	1,643	–	–
Trade and other payables	79,675	79,675	–		–	–
Total financial liabilities (note 24)	**90,255**	**88,612**	**–**	**1,643**	**–**	–
2018						
Related party payables	7,477	6,419	–	1,044	–	14
Trade and other payables	102,827	65,506	–	–	–	37,321
Total financial liabilities (note 24)	**110,304**	**71,925**	**–**	**1,044**	**–**	**37,335**

c. Market risk

Market risk is the risk where changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

Foreign exchange risk

The Company's currency risk arises mainly from purchases denominated in currencies other than Seychelles Rupees and to a small extent from receipts denominated in foreign currencies. The Company is exposed to currency risk due to high dependency on import of raw material and expertise. The Company's exposure to the foreign currency risk was as follows in notional terms.

	Cash and cash equivalent	Debtors	Creditors	Net
2019				
American Dollar	135	42	(1,228)	(1,051)
British Pound	–	45	(555)	(510)
Euro	–	3	(520)	(517)
2018				
American Dollar	31	37	(839)	(771)
British Pound	–	76	(315)	(239)
Euro	–	693	(800)	(107)

The following significant exchange rates applied during the year:

	2019		2018	
	Average rates	Closing rates	Average rates	Closing rates
American Dollar	13.91	13.90	13.68	13.80
British Pound	17.95	17.65	18.47	18.21
Euro	15.88	15.76	16.35	16.12

Sensitivity analysis on foreign currency risk
A 5 percent strengthening of the Seychelles Rupee against the above currencies at 30 June would have increased post-tax profit by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remains constant. The analysis is performed on the same basis for 2018.

Figures in SCR'000	2019	2018
(Decrease)/increase on statement of profit or loss		
American Dollar	730	532
British Pound	451	218
Euro	407	85
Total	**1,588**	**835**

A 5 percent weakening of the Seychelles Rupees against the above currencies at 30 June would have had an equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board of Directors monitors the return on capital, which the Company defines as total shareholders' equity.

Capital Management
There were no changes in the Company's approach to capital management during the year.
The Company is not subject to externally imposed capital requirements.

Fair value estimation
At 30 June 2019, the Company did not have any financial instruments measured at fair value (2018 - Nil).

5. Revenue

Figures in SCR'000	2019	2018
Net sales value	559,215	496,767
Duty paid on sales	(137,038)	(121,233)
	422,177	**375,534**

Seychelles is the Company's primary geographical segment as 100% of the Company's revenue is earned from sales in Seychelles. All of the Company's revenue is derived from sale of similar products with similar risks and returns. Accordingly, no further business or geographical segment information is reported.

6. Cost of Sales

Figures in SCR'000	2019	2018
Raw materials and consumables (Note 19)	82,718	78,977
Depreciation and impairment (Note 16)	21,534	19,232
Personnel costs	43,564	39,013
Repairs and maintenance of property, plant and equipment	16,778	10,437
Engineering spares impairment and write-off	–	8,671
Utilities	24,274	22,827
Royalties & technical services fees	6,978	6,062
Distribution and warehousing costs	15,809	23,175
Other costs	19,028	14,944
	230,683	**223,338**

7. Administrative Expenses

Figures in SCR'000	2019	2018
Personnel costs	23,673	18,097
Directors' remuneration (Note 25c)	8,422	6,494
Auditor's remuneration	315	315
IT systems	1,100	2,940
Travelling and entertainment	2,094	2,582
Depreciation and impairment (Note 16)	1,797	1,722
Amortisation of intangible assets (Note 17)	1,664	1,664
Other administration expenses	21,291	22,820
	60,356	**56,634**

8. Expenses by nature

The above items have been charged or (credited) in arriving at the profit before tax:

Figures in SCR'000	2019	2018
Raw materials and consumables	82,718	78,977
Repairs and maintenance of property, plant and equipment	16,778	10,437
Engineering spares impairment and write-off	–	8,671
Utilities	24,274	22,827
Royalties & technical services fees	6,978	6,062
Personnel costs (Note 9a)	67,237	57,110
Directors' remuneration (Note 25c)	8,422	6,494
Auditor's remuneration	315	315
Advertising and marketing costs	18,572	14,306
Distribution and warehousing costs	15,809	23,175
Depreciation and impairment (Note 16)	23,331	20,954
Amortization of intangible assets (Note 17)	1,664	1,664
Travelling and entertainment	2,094	2,582
IT systems	1,100	2,940
Other costs	40,319	37,764
	309,611	**294,278**
Represented by:		
Cost of sales (note 6)	230,683	223,338
Advertising and marketing costs	18,572	14,306
Administrative expenses (note 7)	60,356	56,634
	309,611	**294,278**

9. Personnel costs

a) The following items are included within personnel expenses:

Figures in SCR'000	2019	2018
Salaries and wages	37,089	34,075
Restructuring cost	–	792
Post-employment plan service costs	3,017	1,800
Other staff related costs	27,131	20,443
	67,237	**57,110**

b) The average number of persons employed during the year:

Number of employees	2019	2018
Operations and technical	115	115
Sales and marketing	15	15
Finance, IT and Human Resources	12	11
Administration	5	4
	147	**145**

c) Average number of employees of the Company as at 30 June, whose duties were wholly or mainly discharged in Seychelles, received annual remuneration (excluding certain benefits) in the following ranges:

Number of employees			2019	2018
Below 100,000			17	35
SCR100,001	–	SCR200,000	89	75
SCR200,001	–	SCR400,000	29	23
SCR400,001	–	SCR600,000	4	6
SCR600,001	–	SCR800,000	4	2
SCR800,001	–	SCR1,000,000	–	–
SCR1,000,001	–	SCR1,200,000	–	–
SCR1,200,001	–	SCR1,400,000	1	1
SCR1,400,001	–	SCR1,600,000	1	–
SCR1,600,001	–	SCR1,800,000	1	–
SCR1,800,001	–	SCR2,000,000	–	1
SCR2,000,001 and above			1	2
			147	**145**

10. Other income / (expenses)

Figures in SCR'000	2019	2018
Transactional foreign exchange loss	(820)	(9,088)
Bad debts write-back/(provision)	17	(17)
Management fees	(927)	(1,077)
Other miscellaneous expenses	956	(142)
Prior year tax penalties and interest	5,923	(5,923)
Unrealised foreign exchange gain	2,403	937
Tangible assets write-off (Note 16)	(9,441)	(3,086)
Returnable packaging deposit liabilities adjustment	2,971	1,178
	1,082	**(17,218)**

11. Finance costs

Figures in SCR'000	2019	2018
Interest on overdraft	702	725
Interest on post-employment plan liabilities (Note 23)	1,200	1,200
Interest received	(44)	–
Total tax expense for the year	**1,858**	**1,925**

12. Tax

The tax on the Company's profit before tax differs from the theoretical amount that would arise using the statutory tax rate as follows:

Figures in SCR'000	2019	2018
a) Amounts recognized in income statement:		
Business tax for the current year	18,428	6,114
Corporate Social Responsibility tax for the current year	2,795	2,487
Other tax charges	46	–
Tax charge for the year	**21,269**	**8,601**
Deferred tax movement (Note 22)	9,525	10,894
Total tax expense for the year	**30,794**	**19,495**
b) Tax recoverable:		
Opening balance	44,524	37,797
Tax (received) / paid	(643)	15,328
Tax charge for the year (Note 12a)	(21,269)	(8,601)
Closing balance	**22,612**	**44,524**

The applicable business tax rate used for tax and deferred tax calculation is 25% as a result of listing on the Seychelles Stock Exchange (MERJ Exchange Limited).

13. Dividend

An interim dividend of SCR 18,900,000 (2018: SCR 12,600,000) which represents a dividend of SCR 1.50 per ordinary share (2018: SCR 1.00) was paid for the 2019 financial year. The Directors recommend the payment of final dividend of 28,350,000 SCR for the year ended 30 June 2019 on 16th December 2019 (2018 – SCR 12,600,000) which represents a dividend of SCR 2.25 per ordinary share (2018: SCR 1.00).

Total dividends paid during the year amounted to SCR 31,500,000 (2018: SCR 25,200,000). This relates to an interim dividend of SCR 18,900,000 (2019) and final dividend of SCR 12,600,000 (2018) paid in financial year 2019. Similarly, an interim dividend of SCR 12,600,000 (2018) and final dividend of SCR 12,600,000 (2017) was paid in financial year 2018 as shown in statement of cash flow.

Payment of dividends is subject to withholding tax at a rate of either 0%, 5% or 15% depending on shareholding and/or the residence of the respective shareholders.

14. Earnings per Share

Basic earnings per share of SCR 6.43 (2018 SCR 3.38) is based on a profit of SCR 80,995,764 (2018 – SCR 42,617,688) attributable to ordinary shareholders and a weighted average number of ordinary shares outstanding during the year ended 30 June 2019 of 12,600,000 (2018 – 12,600,000). There are no dilutive shares.

15. Share Capital

	Number of shares	Share capital SCR'000
2019		
Authorized, issued and fully paid		
Balance as at 30 June 2019	**12,600,000**	**63,000**
2018		
Authorized, issued and fully paid		
Balance as at 30 June 2018	**12,600,000**	**63,000**

The total authorised number of ordinary shares is 12,600,000 with a par value of SCR 5.00 per share.

The Holders of ordinary shares are entitled to receive dividend as it is declared from time to time, and are entitled to one vote per share at meetings of the Company. All shares rank equally with regard to the Company's residual assets.

16. Property, Plant and Equipment

Figures in SCR'000	Bottles & Crates	Freehold Land & Buildings	Plant & Equipment	Fixture & Fittings	Capital Work in Progress	Total
Cost						
At 1 July 2017	63,543	35,333	228,024	6,120	29,389	362,409
Additions	9,899	–	50,676	–	20,411	80,986
Write-offs	(14,407)	–	(1,630)	(58)	–	(16,095)
Transfers	–	–	25,162	5	(25,167)	–
At 30 June 2018	**59,035**	**35,333**	**302,232**	**6,067**	**24,633**	**427,300**
At 1 July 2018	59,035	35,333	302,232	6,067	24,633	427,300
Additions	7,268	–	22,138	734	29,652	59,792
Write-offs	(8,492)	–	(8,447)	–	–	(16,939)
Transfers	2,225	400	9,981	(400)	(12,206)	–
At 30 June 2019	**60,036**	**35,733**	**325,904**	**6,401**	**42,079**	**470,153**
Depreciation and impairment						
At 1 July 2017	**55,066**	**5,778**	**51,064**	**4,892**	**–**	**116,800**
Charge for the year	5,944	1,160	13,532	318	–	20,954
Write-off adjustment	(12,599)	–	(362)	(48)	–	(13,009)
At 30 June 2018	**48,411**	**6,938**	**64,234**	**5,162**	**–**	**124,745**
At 1 July 2018	48,411	6,938	64,234	5,162	–	124,745
Charge for the year	3,519	1,168	18,350	294	–	23,331
Write-off adjustment	(5,520)	–	(1,978)	–	–	(7,498)
At 30 June 2019	**46,410**	**8,106**	**80,606**	**5,456**	**–**	**140,578**
Carrying amount						
At 30 June 2018	**10,624**	**28,395**	**237,998**	**905**	**24,633**	**302,555**
At 30 June 2019	**13,626**	**27,627**	**245,298**	**945**	**42,079**	**329,575**

Depreciation amounting to SCR **21,534,278** (note 6) and SCR **1,796,865** (note 7) was included in cost of sales and administration expenses respectively (2018: SCR 19,231,857 and SCR 1,721,654).

17. Intangible Assets – Software

Figures in SCR'000	2019	2018
Cost		
Balance at 1 July	13,314	13,314
Balance at 30 June	**13,314**	**13,314**
Amortization		
Balance at 1 July	3,328	1,664
Charge for the year	1,664	1,664
Balance at 30 June	**4,992**	**3,328**
Carrying amount	**8,322**	**9,986**

Amortisation amounting to SCR **1,664,239** (note 7) (2018: SCR 1,664,239) was included in administration expense.

18. Loan receivable

Figures in SCR'000	2019	2018
Parcel C2172, situated at Pointe Aux Sel, Mahe	2,106	2,106
Carrying value	**2,106**	**2,106**

The loan relates to a loan advanced to Seybrew Property Management Limited in previous years and it is unsecured, interest free and has no definite terms of repayment. It is denominated in Seychelles Rupee and is assumed to approximate its fair value. Based on Directors' opinion, this amount has been classified as a non-current asset and the Directors are of the opinion that no impairment is required at 30 June 2019 (2018 Nil).

19. Inventories

Figures in SCR'000	2019	2018
Raw materials and consumables	11,581	15,877
Work in progress	5,536	4,532
Finished goods	13,126	22,301
Engineering spares	31,343	24,035
Less impairment	(8,595)	(10,888)
	52,991	**55,857**

The cost of inventories recognised as expense and included in cost of sales amounted to SCR **82,717,605** (2018: SCR 78,977,151) as shown on note 6.

Movement in provision for impairment

Figures in SCR'000	2019	2018
Balance at start of year	10,888	9,302
Net movement in provision for impairment	(2,293)	1,586
Balance at end of year	**8,595**	**10,888**

During the year, an amount of SCR **2,292,908** relating to inventory provision was written back and included in cost of sales (charge for 2018: SCR 1,585,796). Inventory write off amounting to SCR **9,603,541** (2018: SCR 3,068,663) was also included in cost of sales.

20. Trade and other receivables

Figures in SCR'000	2019	2018
Trade receivables	43,695	42,458
Less: Provision for impairment losses	–	(17)
Receivables from related companies (Notes 4a and 25b)	719	2,049
Other receivables	4,367	3,327
Prepayments	1,541	1,233
	50,322	**49,050**

Movements in provision for impairment of trade receivables are detailed in Note 4a.

21. Cash and cash equivalents

Figures in SCR'000	2019	2018
Cash and bank balances	22,355	1,991
Bank overdraft	–	(19,388)
	22,355	**(17,397)**

The Company had an overdraft facility of SCR 60,000,000 with Barclays bank Seychelles with an interest of 4.5% per annum below the base rate. This was secured by letter of comfort from Diageo PLC and the facility is renewed every year.

Borrowings

The Company did not have any borrowings as at 30th June 2019 (2018: Nil) except for bank overdraft as shown in note above.

22. Deferred Tax

Deferred tax is calculated using the enacted tax rate of 25%. The movement on the deferred tax account is as follows:

Figures in SCR'000	2019	2018
At the beginning of the year	**(24,815)**	**(13,921)**
Movement (charged) to profit or loss (Note 12)	(9,525)	(10,894)
Deferred tax liability at end of year	**(34,340)**	**(24,815)**

The deferred tax assets and the deferred tax liability relate to business tax in the same jurisdiction, and the law allows net settlement. Therefore, they have been offset in the statement of financial position as follows:

Figures in SCR'000	2019	2018
As at July 1	**(24,815)**	**(13,921)**
Taxable / (deductible) temporary difference on:		
– bad debts	(5)	(674)
– compensation provisions	657	(250)
– movement on stock provisions	(786)	887
– movement on tangible fixed assets	(9,238)	(7,849)
– movement on engineering spares	214	(491)
– movement on exchange gains/losses	(367)	(2,517)
Movement (charged) to the statement of profit or loss	**(9,525)**	**(10,894)**
As at end June 30	**(34,340)**	**(24,815)**

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

Figures in SCR'000	At 1 July	Movement in the current year	At 30 June
Year ended 30 June 2019			
Deferred tax liabilities			
Property, plant and equipment on historical cost basis	(30,868)	(9,238)	(40,106)
Unrealised exchange gains	(235)	(367)	(602)
	(31,103)	**(9,605)**	**(40,708)**
Deferred tax assets			
Provision for bad debts	5	(5)	–
Stock provision losses	1,512	(786)	726
Retirement benefit provision	3,561	657	4,218
Engineering Spares provision	1,210	214	1,424
	6,288	**80**	**6,368**
Net deferred tax	**(24,815)**	**(9,525)**	**(34,340)**
Year ended 30 June 2017			
Deferred tax liabilities			
Property, plant and equipment on historical cost basis	(23,019)	(7,849)	(30,868)
Unrealised exchange gains	–	(235)	(235)
	(23,019)	**(8,084)**	**(31,103)**
Deferred tax assets			
Provision for bad debts	678	(673)	5
Stock provision losses	624	888	1,512
Retirement benefit provision	3,811	(250)	3,561
Engineering Spares provision	1,701	(491)	1,210
Exchange loss in the prior year (reversible current year)	2,284	(2,284)	–
	9,098	**(2,810)**	**6,288**
Net deferred tax	**(13,983)**	**(10,894)**	**(24,815)**

23. Post-employment benefits – Defined benefit plan

The defined benefit plan, to which 100% of employees belong (2018: 100%), consists of two separate defined benefit plans, namely:

a. The Seychelles Breweries Limited Gratuity plan.
b. Compensation Plan in terms of the Seychelles Employment Act.

This plan is wholly financed by the Company, and the plan has no assets.

The actuarial valuation determined the present value of the defined benefit obligation based on the below assumptions. No further recommendations have been made by the actuaries, the Company is currently in a position to fund the current portion of this liability as and when it becomes due in the ordinary course of business.

Figures in SCR'000	2019	2018
Movement:		
Opening balance	(14,242)	(15,244)
Benefits paid	1,587	4,002
Expense recognized in the statement of profit or loss	(4,217)	(3,000)
Present value of the defined benefit obligation-wholly unfunded	**(16,872)**	**(15,244)**
Net expense recognized in statement of profit or loss:		
Post-employment plan liabilities service cost	(3,017)	(1,800)
Interest on post-employment plan liabilities (Note 11)	(1,200)	(1,200)
	(4,217)	**(3,000)**
Key assumptions:		
Assumptions used on valuation on 30th June 2019		
– Discount rates used	5.50%	5.50%
– Expected increase in salaries	5.00%	5.00%
– Inflation	3.00%	3.00%

24. Trade and other payables

Figures in SCR'000	2019	2018
Trade payables	26,878	21,915
Payables to related companies (Notes 4b and 25b)	10,580	7,477
Import taxes for prior years	4,923	32,679
Other payables and accrued expenses	47,874	48,233
	90,255	**110,304**

25. Related parties transactions

(a) Parent and ultimate controlling entity

Related party includes parent and ultimate controlling Company, Diageo PLC. and other Diageo group entities.

Directors, their close family members and any employees who are able to exert significant influence on the operating policies of the Company are considered related parties.

Key management personnel are also regarded as related parties. Key management are those persons having authority for planning, directing and controlling the activities of the entity, directly or indirectly, including Director (whether executive or otherwise) of that entity.

As at 30 June 2019, Guinness Overseas Limited, Diageo Holdings Netherlands BV, Aardvark nominees limited, Seychelles Pension Fund and other shareholders owned 26.00% (2018: 26.00%), 24.40% (2018: 24.40%), 4.00% (2018: 4.00%), 26.31% (2018: 26.31%) and 19.29% (2018: 19.29%) respectively of the issued share capital of the Company.

(b) Transactions with related companies

The Company has transactions with its parent and related parties which are related by virtue of being members of the Diageo group. The total amounts due to related companies by nature of the transactions are shown below:

Figures in SCR'000	Transaction value		Balance due to/(from)	
	2019	2018	2019	2018
Purchase of goods and services	(39,742)	(36,436)	(9,452)	(5,735)
Sale of goods and services	1,568	3,029	719	1,310
Royalties and technical services fees	(4,700)	(3,712)	(1,128)	(1,003)
	(42,874)	**(37,119)**	**(9,861)**	**(5,428)**
Receivable from related companies (Note 4a & 20)			719	2,049
Payable to related companies (Note 4b & 24))			(10,580)	(7,477)
Net Payable			**(9,861)**	**(5,428)**

There were no related party loans and finance costs as at 30 June 2019 (2018: Nil).

(c) Directors' Remuneration (Note 7 & 8)

Except for payment of the below fees, none of the Directors received any emoluments during the year.

Figures in SCR'000	2019	2018
N. Cook	3,828	2,561
M. Iqbal	3,200	3,723
D. Dutt	1,123	–
R.R. Morgan	80	70
A. Lucas	108	53
J.G. Weeling-Lee	83	70
L. Nair	–	17
	8,422	**6,494**

26. Contingent Liabilities

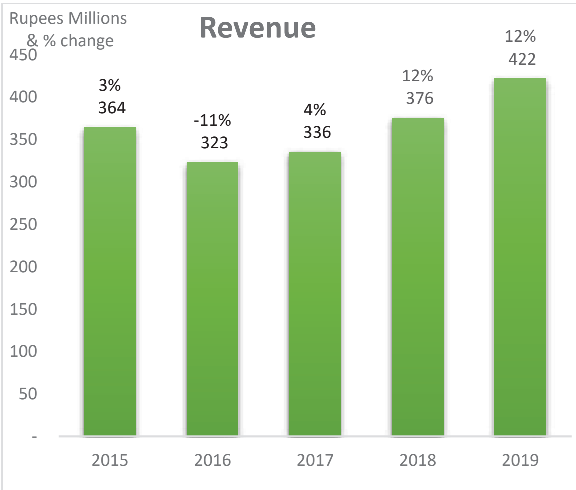
There was no potential exposure since there were no legal cases against the company.

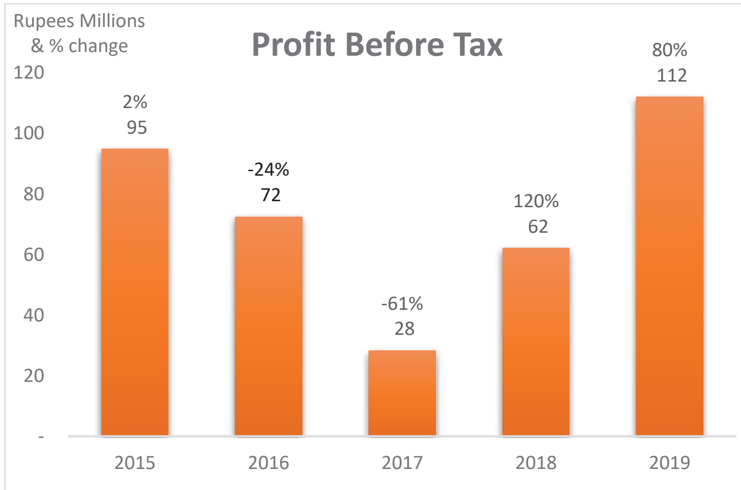
27. Capital Commitments

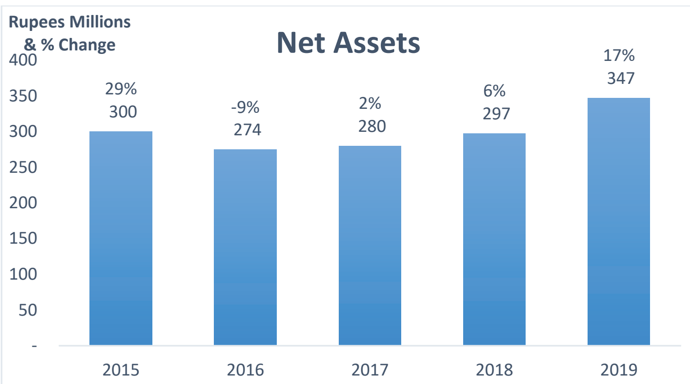
Capital expenditure contracted for at the reporting date but not recognised in the financial statements is as follows:

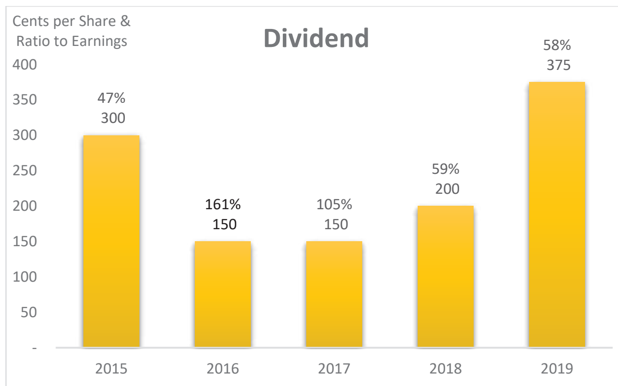
Figures in SCR'000	2019	2018
Capital expenditure	1,252	23,199

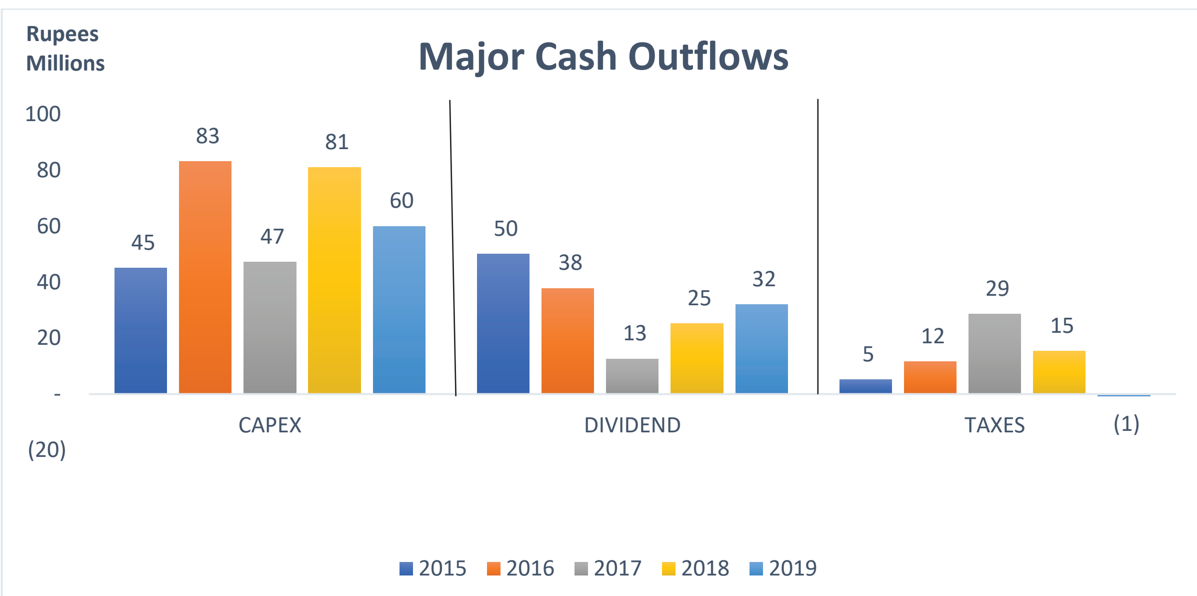
Figures in R'000	Year to 30 June 2019	Year to 30 June 2018	Year to 30 June 2017	Year to 30 June 2016	Year to 30 June 2015
Statement of profit or loss and other comprehensive income					
Revenue	422,177	375,534	335,606	323,109	364,249
Profit before taxation	111,790	62,113	28,428	72,476	94,815
Total comprehensive income	80,996	42,618	18,029	12,200	80,189
Dividends declared/proposed	47,250	25,200	18,900	18,900	37,800
Basic and diluted earnings per share	6.43	3.38	1.43	0.93	6.36
Declared/proposed dividend per share	3.75	2.00	1.50	1.50	3.00
Statement of Financial Position					
Share Capital	63,000	63,000	63,000	63,000	63,000
Actuarial valuation gain	500	500	500	500	–
Retained earnings	283,316	233,820	216,402	210,973	237,073
Shareholders' funds	**346,816**	**297,320**	**279,902**	**274,473**	**300,073**
Property, plant and equipment	329,575	302,555	245,609	217,546	162,028
Intangible assets	8,322	9,986	11,650	13,314	8,219
Assets held for sale	–	–	5,815	–	–
Other investments	–	–	–	5,815	5,815
Loan receivable	2,106	2,106	2,106	2,106	2,106
Inventory	52,991	55,857	70,156	71,644	58,346
Trade and other receivables	50,322	49,050	56,324	39,627	35,274
Current tax recoverable	22,612	44,524	37,797	19,492	44,860
Cash and cash equivalents	22,355	1,991	1,557	41,977	54,073
Bank overdrafts	–	(19,388)	(12,621)	–	–
Trade and other liabilities	(90,255)	(110,304)	(109,326)	(101,887)	(60,845)
Post-employment provision	16,872)	(14,242)	(15,244)	(21,178)	(19,631)
Deferred tax assets/(liabilities)	(34,340)	(24,815)	(13,921)	(13,983)	9,828
Net Assets	**346,816**	**297,320**	**279,902**	**274,473**	**300,073**


Rupees Millions
& % change
Revenue
450
400
350
300
250
200
150
100
50
-
3%
364
-11%
323
4%
336
12%
376
12%
422
2015
2016
2017
2018
2019


Rupees Millions
& % change
Profit Before Tax
120
100
80
60
40
20
-
2%
95
-24%
72
-61%
28
120%
62
80%
112
2015
2016
2017
2018
2019


Rupees Millions
& % Change
Net Assets
400
350
300
250
200
150
100
50
-
29%
300
-9%
274
2%
280
6%
297
17%
347
2015
2016
2017
2018
2019

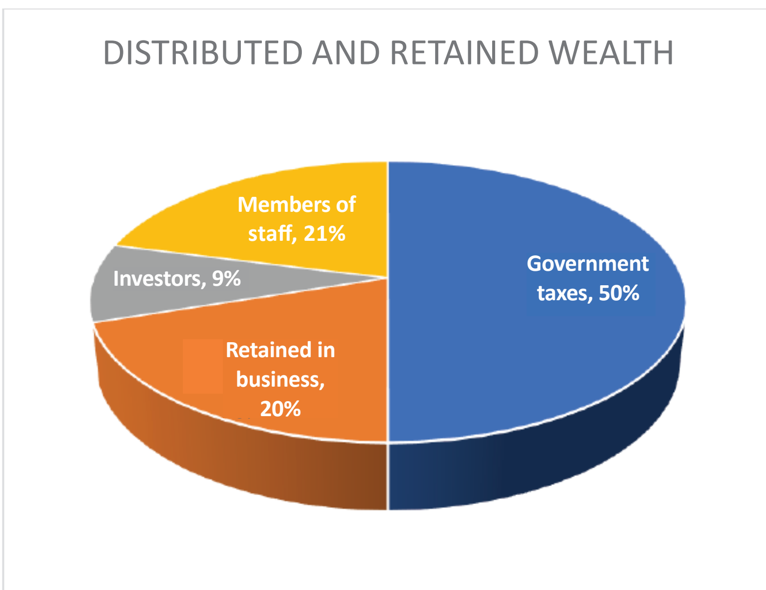

Cents per Share &
Ratio to Earnings
Dividend
400
350
300
250
200
150
100
50
-
47%
300
161%
150
105%
150
59%
200
58%
375
2015
2016
2017
2018
2019


Rupees
Millions
Major Cash Outflows
100
80
60
40
20
-
(20)
45
83
47
81
60
50
38
13
25
32
5
12
29
15
(1)
CAPEX
DIVIDEND
TAXES
2015
2016
2017
2018
2019

DISTRIBUTION OF WEALTH STATEMENT

The statement shows how wealth created by the Company during the financial year goes back, directly or indirectly, in to the Seychelles economy. The calculation also takes into account the portion retained for the replacement and expansion of the assets employed by the Company.

Figures in SCR'000	2019		2018	
Turnover	559,215		496,767	
Paid to suppliers for materials and services	(195,316)		(197,941)	
Other income and expenses	1,082		(17,218)	
Finance costs	(1,858)		(1,925)	
Total wealth created	**363,123**		**279,683**	
Wealth distributed as follows				
To Employees & Directors				
Salaries, wages, remuneration, bonuses, pensions and other benefits	75,659	21%	63,604	23%
To providers of Capital				
Dividends declared	31,500	9%	25,200	9%
To Government				
Trade tax	137,038		121,233	
Company tax	30,794		19,495	
Import duties	13,641		10,115	
	181,473	50%	150,843	54%
Retained in business				
For replacement of property, plant and equipment	23,331		20,954	
For replacement of intangible assets	1,664		1,664	
Net change in retained earnings	49,496		17,418	
	74,491	20%	40,036	14%
Total wealth distributed and retained	**363,123**	**100%**	**279,683**	**100%**



SHAREHOLDING PROFILE

The share ownership and the categories of shareholders at June 30, 2019 are set out below.

	Number of shares owned	% of total issued shares
– Guinness Overseas Limited	3,276,000	26.00%
– Diageo Holdings Netherland BV	3,074,756	24.40%
– Aardvark Nominees Limited	504,000	4.00%
Total Foreign Ownership	**6,854,756**	**54.40%**
Local Ownership		
– Seychelles Pension Fund	3,314,606	26.31%
– Other	2,430,638	19.29%
Total Local Ownership	**5,745,244**	**45.60%**
Total	**12,600,000**	**100.00%**

Number of Shareholders	Size of Shareholding	Number of shares owned	% of total issued shares
998	1 – 500	180,699	1.43%
162	501 – 1,000	130,581	1.03%
154	1,001 – 5,000	353,941	2.81%
29	5,001 – 10,000	213,792	1.70%
22	10,001 – 50,000	498,519	3.96%
3	50,001 – 100,000	217,854	1.73%
4	100,001 – 250,000	557,377	4.42%
2	250,001 – 1,000,000	781,875	6.21%
3	Over 1,000,000	9,665,362	76.71%
1,377		**12,600,000**	**100.00%**

Number of Shareholders	Category of Shareholders	Number of shares owned	% of total issued shares
1,353	Individuals	1,912,432	15.17%
3	Diageo Group	6,854,756	54.40%
2	Haase Group	4,605	0.04%
1	Seychelles Pension Scheme	3,314,606	26.31%
18	Other Corporate Bodies	513,601	4.08%
1,377		**12,600,000**	**100.00%**

PROGRAMME FOR ANNUAL GENERAL MEETING

Only Shareholders or their proxies are entitled to attend the Annual General Meeting on Friday 06th December 2019.

Below are the details of transportation arrangement for the meeting:

Transport departs from various locations on Mahé	09:00 am
Arrival at Ephelia Resort, Port Launay	10:45 am
Assemble for Annual General Meeting	10:55 am
Annual General Meeting to commence	11:00 am
Refreshments (non-alcoholic drinks) and lunch	12:00 pm
Transport depart from Ephelia Resort, Port Launay	01:30 pm

The buses will depart from and return to the following locations:

Bel Ombre
Danzilles, (9am) Via St Louis, Victoria, Mont Fleuri, La Misere, Grand Anse to Ephelia Resort, Port Launay.

Beau Vallon
Beau Vallon Police Station, (9am) Via Glacis, Anse Etoile via La Misere to Ephelia Resort, Port Launay.

Infront Orion Mall Area , at (9am)
Mont Fleuri, Cascade, Anse Aux Pins, Anse Royale, Les Cannelles, Anse Boileau, Grand Anse to Ephelia Resort, Port Launay.

Infront Orion Mall Area , at (9am)
Mont Fleuri, Roche Caiman, Anse Aux Pins, Anse Royale via Takamaka, Baie Lazare to Ephelia Resort, Port Launay.

Praslin and La Digue
For Shareholders from Praslin and La Digue, “Cat Cocos” will leave Praslin at 9.00 a.m. A bus will be stationed at the Inter Island Quay on arrival. Similar arrangements will be made for departure.

NOTES

PROXY FORM

The Secretary
PKF Registrars
P.O Box 7064
104 First Floor, Waterside Property
Eden Island, Seychelles

I/We ____ of ____

being a member/members of Seychelles Breweries Limited, hereby appoint ____________________________

____ of ____

or failing whom ______________________________________ of ____

Or failing whom the Chairman of the Meeting as my/our proxy to vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held on 06th December 2019 and at any adjournment thereof.

Unless otherwise instructed, the proxy will vote as he/she thinks fit.

.... Name

.... Signature

.... Date

Note:

1. 1.Please return this Form to the Company Secretary's Office at PKF Registrars, a division of PKF CAPITAL MARKETS (SEYCHELLES) LIMITED, P.O Box 7064, 104 First Floor, Waterside Property, Eden Island, Seychelles, not less than 48 hours before the time for holding the meeting.
2. In the case of joint shareholders, each shareholder should sign the proxy form but only one can attend the meeting.
3. If executed by a corporation, the proxy form should bear its Common Seal or be signed on its behalf by a duly authorised person.
4. Proxies produced at the AGM will not be accepted.


EKU
BAVARIA
SINCE 1872
EKU
BAVARIA
GERMAN BREWING TRADITION
alc. 5.4 % vol. · 280 ml e


Tanqueray Nº TEN
IMPORTED
Tanqueray
TONIC WATER
Tanqueray
IMPORTED
LONDON DRY GIN
NOT FOR SALE TO PERSONS UNDER THE AGE OF 18 | DON'T DRINK & DRIVE
DRINK RESPONSIBLY. 18+