ANNUAL REPORT 2011

Dear Shareholder,

The Board of Directors is pleased to present to you the Annual Report of The United Basalt Products Ltd ("UBP") for the year ended June 30, 2011, the contents of which are listed thereafter.

This report was approved by the Board of Directors on September 29, 2011.

Thierry Lagesse
Chairman

Jean Michel Giraud
Managing Director

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NOTICE OF ANNUAL MEETING TO SHAREHOLDERS

Notice is hereby given that the Annual Meeting of Shareholders of The United Basalt Products Ltd will be held at the registered office of the Company, Trianon, Quatre Bornes, on Friday November 11, 2011 at 15.00 hours to transact the following business in the manner required for the passing of Ordinary Resolutions :

1. To consider the Annual Report 2011 of the Company.

2. To receive the report of Messrs Ernst & Young, the Auditors of the Company.

3. To consider and adopt the Company's and the Group's Audited Financial Statements for the year ended June 30, 2011.

4. To elect as Director of the Company, Mr Arnaud Lagesse who was nominated by the Board and who, upon recommendation from the Corporate Governance Committee, offers himself for election.

5. To re-appoint Messrs Ernst & Young as Auditors of the company for the year ending June 30, 2012 and to authorise the Board of Directors to fix their remuneration.

By order of the Board

Christophe Quevauvilliers
Company Secretary

September 29, 2011

A shareholder of the Company entitled to attend and vote at this meeting may appoint a proxy (whether a shareholder or not) to attend and vote on his/her behalf. The instrument appointing a proxy or any general power of attorney shall be deposited at the registered office of the Company, Trianon, Quatre Bornes, not less than twenty-four hours before the time fixed for the holding of the meeting or else the instrument of proxy shall not be treated as valid.

A proxy form is included at the end of the Annual Report for this purpose.

For the purpose of this Annual Meeting, the Directors have resolved, in compliance with Section 120(3) of the Companies Act 2001, that the shareholders who are entitled to receive notice of the meeting and attend such meeting shall be those shareholders whose names are registered in the share register of the Company as at October 18, 2011.

The minutes of proceedings of the preceding Annual Meeting held on November 11, 2010 are available for consultation by the shareholders during office hours at the registered office of the Company.

MANAGEMENT TEAM

Jean Michel Giraud	Managing Director
Rémi de Gersigny	Operations and Project Manager
Christophe Quevauvilliers	Finance Manager and Company Secretary
Stephane Ulcoq	Workshop Manager
Clivy Coutet Chan	Human Resource Manager
Denis Lincoln	Area Manager – Western and Central regions
Francis Koenig	Area Manager – Southern region
Fabien Harel	Area Manager – Northern region
Raoul Maurel	Manager – PPB Division
Bernard Lagesse	Manager – Marbella Division
Denis Audibert	Manager – Land Reclamation
Dhuenesh Rambarassah	Financial Accountant
Caroline Tyack	Communication and Marketing Manager
Edley Michaud	Personnel Manager
Jocelyne L'Arrogant	Procurement and Logistics Manager
Dwight Hamilton	IT Manager
Jean Philippe Henry	General Manager – Marbella Espace Maison Ltée
Bernard de Robillard	Estate Manager – Compagnie de Gros Cailloux Ltée

LEGAL FORM

The United Basalt Products Ltd is a public company incorporated in Mauritius in July 1953 and listed on the Official Market of the Stock Exchange of Mauritius since 1989.

HEAD OFFICE

Trianon, Quatre Bornes – Mauritius
Tel. : (230) 454 1964
Fax : (230) 454 8043
Email : info@ubpgroup.com
Website : www.ubpgroup.com

BANKERS

AfrAsia Bank Ltd
Barclays Bank PLC
HSBC (Mauritius) Ltd
State Bank of Mauritius Ltd
The Mauritius Commercial Bank Ltd

REGISTERED OFFICE

Trianon, Quatre Bornes – Mauritius

COMPANY SECRETARY

Christophe Quevauvilliers F.C.C.A.

AUDITORS

Ernst & Young

BOARD OF DIRECTORS

Thierry Lagesse - Chairman
François Boullé
Marc Freismuth
Jean Michel Giraud - Managing Director
Joël Harel
J. Cyril Lagesse – Resigned on August 25, 2011
- Alternate : Arnaud Lagesse – Appointed full-fledged Director on August 25, 2011

Raymond Lagesse
Jean Claude Maingard
E. Jean Mamet
Jacques de Navacelle

BOARD COMMITTEES

CORPORATE GOVERNANCE COMMITTEE

Thierry Lagesse - Chairman
Marc Freismuth
Joël Harel

AUDIT COMMITTEE

E. Jean Mamet - Chairman
François Boullé
Joël Harel

COMPANY SECRETARY

Christophe Quevauvilliers F.C.C.A.

DIRECTORS

Thierry Lagesse - Chairman
Mr Thierry Lagesse was appointed Director of the Company in December 1989 and subsequently Chairman of the Board in December 2002. Born in 1953, Mr Lagesse holds a 'Maîtrise des Sciences de Gestion' from the University of Paris Dauphine. He has been the founder and Executive Chairman of the Palmar Group of Companies for the last thirty-one years, an international textile and garment manufacturing group. He has also been the promoter of both Companhia de Sena, a sugar estate and a sugar processing and refining factory in Mozambique and Parabole Réunion SA, a Direct to Home Satellite TV company in the media and communication fields across the islands of the Indian Ocean. Mr Lagesse sits on the Board of several other major listed and non listed Mauritian companies and is also the Chairman of Flacq United Estates Ltd, Phoenix Beverages Ltd, GML Investissement Ltée, GML Ineo Ltée and Ireland Blyth Ltd and Director of Sun Resorts Ltd. He is a member of the Mauritius Chamber of Agriculture and was in 1995, Chairperson of the Mauritius Export Processing Zone Association.

Jean Michel Giraud
Mr Jean Michel Giraud joined the Company in 1974 and became General Manager in 1984 succeeding his father at this position. He was appointed Managing Director in November 2004. Born in 1950, Mr Giraud is the Chairman of Dry Mixed Products Ltd and sits on several Boards within the Group. Mr Giraud is an ex-President of the Mauritius Turf Club and of the Mauritius Tennis Federation.

François Boullé
Mr François Boullé was appointed alternate Director to late Mr Jacques Lagesse in 1998 and full-fledged Director of the Company in May 2004. Born in 1948, Mr Boullé holds a degree from the 'Institut d'Etudes Politiques de Paris' (Sciences Po – Section Economique et Financière). He is currently the Managing Director of Suchem Ltd, a company specialised in importation and distribution of industrial chemicals, textile auxiliaries, plastic raw-materials, pesticides and sprayers for agriculture.

Marc Freismuth
Mr Marc Freismuth was appointed Director of the Company in March 2006. Born in France in 1952, Mr Freismuth holds a 'Diplôme d'Etudes Supérieures de Sciences Economiques' from the University of Panthéon-Sorbonne (Paris). He has been lecturer at the University of Montpellier up to July 1988 when he decided to join the University of Mauritius as lecturer in management and finance up to July 1994. Whilst at this position, Mr Freismuth has contributed to the setting up of the Stock Exchange of Mauritius as consultant to the 'Stock Exchange Commission' and member of the 'Listing Committee'. Mr Freismuth is currently self-employed as consultant in management and finance. He also sits as Director on the Board of several public companies.

Joël Harel
Mr Joël Harel was appointed alternate Director to Mr Jean Raymond Harel in May 2004 and became full-fledged Director of the Company with effect from July 1, 2006. Born in 1967, Mr Harel holds a National Higher Diploma in Mechanical Engineering from Cape Technikon in Cape Town. He is currently the Projects Manager at Emineo Ltd, a company in partnership with Robert Le Maire Ltd, involved in proposing engineering solutions and in the realisation of projects locally and overseas, mainly in the sugar sector.

Jacques de Navacelle
Mr Jacques de Navacelle was appointed Director of the Company in December 2008. Born in 1946, Mr de Navacelle started a banking career in Paris in 1971. In 1978, he joined Barclays Bank with whom he worked for twenty years, occupying various managerial positions with increasing responsibilities within the bank in Europe. In 1998, Mr de Navacelle was appointed Managing Director of Barclays Bank PLC, Mauritius. On May 1, 2005 he joined the Mauritius Union Assurance Co. Ltd as Chief Executive Officer and was appointed as Director on the Board in May 2006. Mr de Navacelle retired from Mauritius Union Co. Ltd with effect from January 1, 2011. He is presently the Chairman of Transparency Mauritius and Director of Omnicane Ltd and Ascencia Ltd.

J. Cyril Lagesse
Mr J.Cyril Lagesse was appointed Director of the Company in November 1958. Well known entrepreneur, Mr Lagesse, born in 1932, took over his father's business in 1969 (Mon Loisir S.E.) and set up the 'Compagnie d'Investissement et de Développement Ltée'(now named GML Investissement Ltée) in the early 1970's, to take advantage of the diverse investment opportunities that arose, while Mauritius moved towards greater industrialisation. Since then, the GML Group grew in size, and is now the major shareholder of several other well established firms. Mr Lagesse also sits on the Board of several of the country's most prestigious companies, some of which are listed on the Stock Exchange of Mauritius. On August 25, 2011, Mr Lagesse resigned as Director of the Company after nearly fifty-three years of fruitful service.

Jean Claude Maingard
Mr Jean Claude Maingard was appointed Director of the Company in November 2007 in replacement of Mr Jean Paul Adam. Born in 1946, Mr Maingard holds a Diploma in Quantity Surveying from the University of Cape Town and is a member of the Royal Institute of Chartered Surveyors (M.R.I.C.S.). In 1972 he joined General Construction Co. Ltd, a well known firm of building and civil engineering contractors operating in Mauritius for fifty-three years now. He was appointed Executive Director in 1986 and was Managing Director from 1998 to 2006. Mr Maingard is since the Chairman of this company.

E. Jean Mamet
Mr E.Jean Mamet was appointed Director of the Company in November 2004 and is currently the Chairman of the Audit Committee. Born in 1943, Mr Mamet is a Certified Accountant and has been in practice for forty-three years involved in auditing and consulting services up to 2003 when he retired as Managing Partner of Ernst & Young Mauritius. He is currently the Vice Chairman of The Mauritius Commercial Bank Ltd.

Raymond Lagesse
Mr Raymond Lagesse was appointed full- fledged Director of the Company in replacement of Mr Clément Lagesse in October 2004. Born in 1958, Mr Lagesse(FCILT) holds a certificate in Technical Road Transportation and a Diploma in Management. He currently manages Mechanical Transport Co. Ltd, a company specialised in the road haulage industry. Mr Lagesse is also the Chairman of Freight & Transit Co. Ltd and sits as Director on the Board of several companies in Mauritius, Madagascar, Reunion and South Africa.

Arnaud Lagesse
Mr Arnaud Lagesse was appointed alternate Director to Mr J. Cyril Lagesse in March 1994 and became full-fledged Director of the Company on August 25, 2011. Born in 1968, Mr Lagesse holds a 'Maîtrise de Gestion' from the University of Aix-Marseille III, France and is a graduate of the 'Institut Supérieur de Gestion', France. He also completed an Executive Education Program at INSEAD Fontainebleau, France and an Advanced Management Program (AMP180) at Harvard Business School, Boston, USA. He joined GML in 1995 as Finance and Administrative Director, and was appointed as Chief Executive Officer in August 2005. He also participated in the National Corporate Governance Committee as a member of the Board. He is a member of the Board of several of the country's major companies and is the Chairman of Naïade Resorts Ltd, Mauritius Stationery Manufacturers Ltd, Robert Le Maire Ltd, AfrAsia Bank Ltd and various other companies. Mr Lagesse is an ex-President of the Mauritius Chamber of Agriculture, the Mauritius Sugar Producers Association and the Sugar Industry Pension Fund. Mr Lagesse is also a member of Audit Committees of various companies.

SENIOR OFFICERS

Rémi de Gersigny
Rémi de Gersigny, born in 1953, joined the Company as supervisor in 1978 and was promoted to the post of Plant Manager in 1981. In the early nineties, he was appointed Area Manager of the western and central regions where he was in charge of three crushing plants. In 2004, Mr de Gersigny was promoted to the post of Projects and Operations Manager where he is since in charge of all operational matters for our plants in Mauritius and overseas.

Christophe Quevauvilliers
Christophe Quevauvilliers, born in 1968, is a Fellow member of the Association of Chartered Certified Accountants. He joined the Company as Finance Manager and Company Secretary in May 2002 after having spent ten years in public practice at De Chazal Du Mée and four years in the industrial sector. Mr Quevauvilliers sits on the Board of a few companies within the Group.

Stéphane Ulcoq
Stéphane Ulcoq, born in 1977, holds a 'Diplôme d'Ingénieur en Mécanique' from the 'Institut National des Sciences Appliquées (INSA)' of Rouen, France and an 'MBA International Paris' from the Paris Dauphine & La Sorbonne Universities. He joined the Company as Assistant Works Manager in year 2000 and was promoted to Workshop Manager in 2007. Mr Ulcoq is in charge of the general maintenance of the Group's plant and machinery and of all technical aspects relating to our development projects. He assists the Managing Director for all technical decisions relevant to our production units, both in Mauritius and overseas.

GROUP SHAREHOLDING STRUCTURE - JUNE 30, 2011

THE UNITED BASALT PRODUCT LTD

SUBSIDIARIES

- 100% Marbella Espace Maison Ltée
- 100% Compagnie de Gros Cailloux Ltée
- 100% Société d'investissement Rodriguais
  - 75.9% Welcome Industries Ltd
- 100% UBP International Ltd
  - 100% UBP Madagascar
  - 71.7% United Granite Product (Pvt) Ltd
    - 100% DHK Metal Crusher (Pvt) Ltd
    - 100% Sheffield Trading (Pvt) Ltd
- 76.5% Ste Marie Crushing Plant Ltd
  - 100% Société des Petits Cailloux
- 51% Dry Mixed Products Ltd
- 100% Marbella Ltd
- 100% Land Reclamation Ltd
- 100% Stone and Bricks Co. Ltd
- 100% The Stone Masters Co. Ltd
- 100% Pricom Ltd

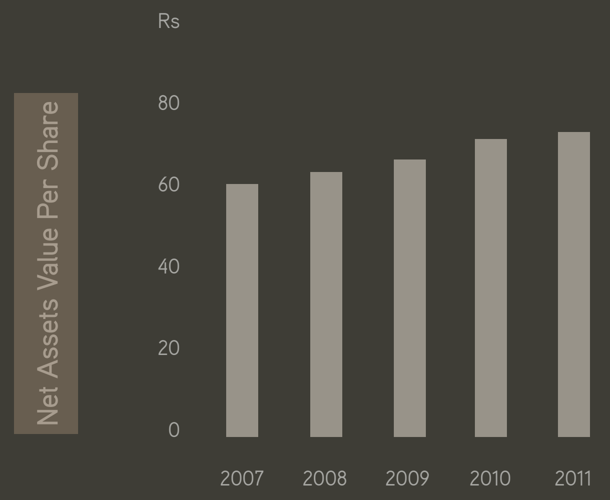
THE UNITED BASALT PRODUCTS LTD

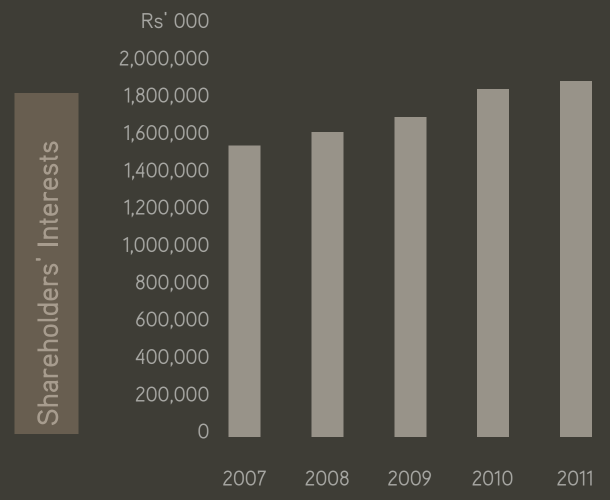
ASSOCIATES

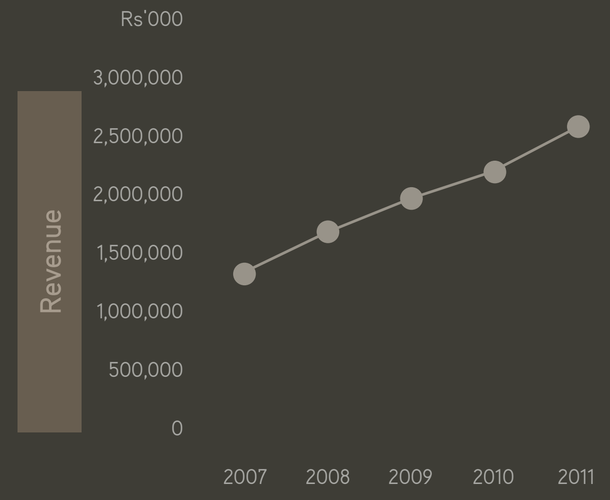
- 46% Produits Basaltiques du Nord Ltée
- 34% Prochimad Mines et Carrières SARL*
- 49% Pre-Mixed Concrete Ltd
- 25% Sud Concassage Ltée
- 25% Cement Transport Ltd
- 20% Compagnie Mauricienne D'Entreprise Ltée
- 30% Compagnie des Transport Réunis

Operational •
Dormant •

* Via UBP International Ltd



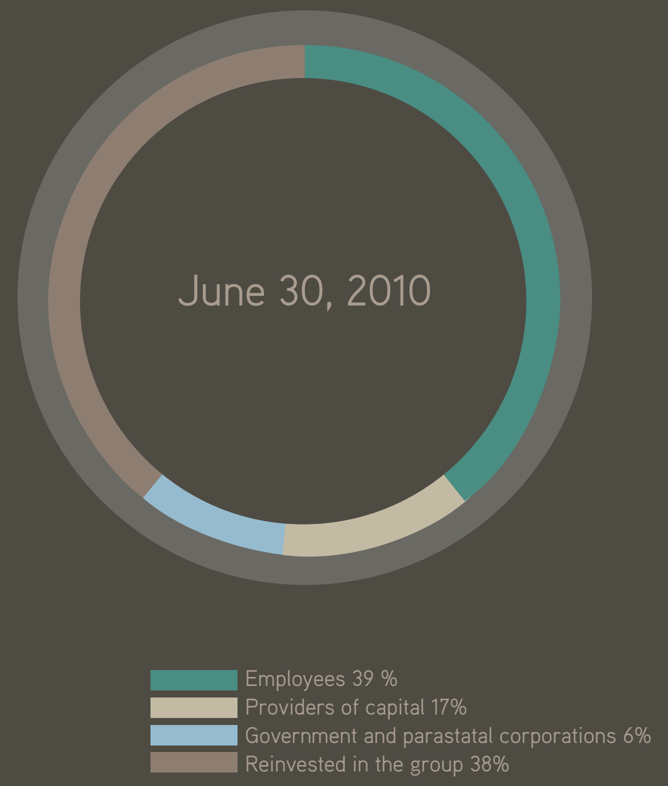


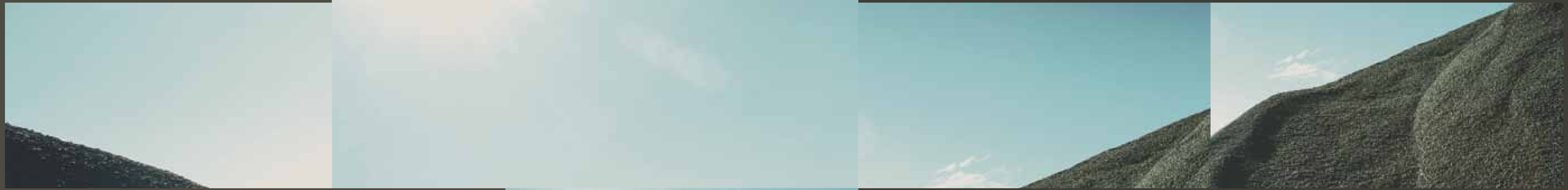


Note : Figures of Net Assets Value per share, Shareholders' Interests and Earnings per Share for prior years have been adjusted to reflect the bonus issue of shares dated September 2010.

THE GROUP	2011	2010
	Rs'000	Rs'000
Statement of Comprehensive Income		
Revenue	2,591,170	2,230,272
EBITDA	501,106	448,772
Depreciation and amortisation	(173,962)	(147,621)
Operating profit	327,144	301,151
Net finance (costs)/income	(75,966)	34,102
Share of results of associates	43,937	36,672
Impairment of goodwill	-	(87,759)
Profit before tax	295,115	284,166
Profit for the year	254,096	243,257
	Rs	Rs
Earnings per share – Basic	8.94	10.73
Earnings per share – Diluted	8.94	8.94
Dividend per share	2.75	2.75
	Rs'000	Rs'000
Statement of Financial Position		
Total assets	3,624,277	3,334,041
Interest-bearing loans and borrowings	1,183,402	1,148,798
Borrowings excluding bank overdrafts	919,398	860,231
Shareholders' interests	1,917,283	1,875,930
	Rs	Rs
Net assets value per share – Before bonus issue	N/A	84.92
Net assets value per share – After bonus issue	72.32	70.76
Financial Ratios		
Operating margin - %	12.63	13.50
Interest cover - times	4.23	3.92
Dividend cover - times	3.25	3.90
Return on equity - %	12.36	12.63
Return on assets - %	6.54	7.11
Debt to equity – times	0.60	0.60

	2011 Rs'000	2010 Rs'000
Sale of goods and services	2,591,170	2,230,272
Paid to suppliers for materials and services	1,745,068	1,444,355
Value added	846,102	785,917
Other operating income	73,226	68,586
Total wealth created	919,328	854,503
Distributed as follows:		
Employees		
Salaries and other benefits	353,860	331,721
Providers of capital		
Dividend	72,905	60,752
Interest paid on borrowings	78,725	83,302
Dividend to non-controlling interests	21,600	2,000
	173,230	146,054
Government and parastatal corporations		
Income tax (current and deferred)	41,019	40,909
Environment protection fee	11,416	9,998
Licences and permits	1,714	1,979
	54,149	52,887
Reinvested in the group to maintain and develop operations		
Depreciation, amortisation and impairment	173,962	147,621
Retained profit	164,127	176,220
	338,089	323,841
Total wealth distributed and retained	919,328	854,503





Dear Shareholder,

On behalf of the Board of Directors, I am pleased to report on the operations and financial performance of The United Basalt Products Ltd ("UBP") and of the Group for the year ended June 30, 2011 and to give you an insight of our ongoing development plans.

The financial year under review constitutes to date a record year both in terms of revenue and profits. Our performance growth has been largely attributable to major projects whilst the market for private dwellings has remained stagnant. Our earnings per share (EPS) remained unchanged at Rs 8.94 compared to 2010 figure which has been restated to reflect the 1 : 5 bonus issue dated September 2010 and the dividend per share (DPS) has been maintained at Rs 2.75 on the new share capital. Our share price has increased from Rs 123 at June 30, 2010 to Rs 135 at the end of the financial year under review but then dropped due to the overall downturn of the Semdex caused by the economic crisis situation prevailing in the US and the Euro Zone.

REVIEW OF OPERATIONS AND RESULTS

Revenue from operations

The Group's revenue for the year under review increased by an appreciable 16.2% to reach Rs 2.6 billion knowing that our subsidiary Dry Mixed Products Ltd was consolidated for a full year compared to four months only in 2010. This improved performance is attributable to both our core business and Espace Maison operations. In terms of core business, our sales volumes locally increased substantially due to sales to big contractors for hotels, shopping malls, land parcelling, airport and road infrastructure projects. Our selling prices were increased to compensate for inflation, except for our fixed-price contracts, whilst our sales mix was hardly unchanged.

In terms of overseas core business operations, our subsidiary in Madagascar experienced a drop in revenue on the back of the persisting unstable political and economic climate whilst in Sri Lanka our subsidiary's revenue increased by nearly three times compared to 2010.

In terms of retail operations locally, the revenue from our Espace Maison outlets increased by nearly 10% due principally to the opening of our fourth store in Flacq in October 2010.

As regards our agricultural subsidiary Compagnie de Gros Cailloux Ltée, our revenue increased by Rs 12.2 million due to a rise in sugar proceeds and non-sugar revenues, made up of sale of plants and landscaping services.

Results

The Group's operating profit increased by Rs 26 million over 2010 to reach Rs 327.1 million. At Company level, the operating profit increased from Rs 261.2 million in 2010 to Rs 271.4 million for the year under review, denoting however a drop from 20.1% to 18.2% of revenue caused mainly by a significant increase in production costs resulting from an increase in the cost of raw-materials and exceptional plant repairs. Our subsidiary company Welcome Industries Ltd, operating in Rodrigues, experienced a significant increase in revenue and a rise of Rs 6.2 million in operating profit due to major project sales and increased selling prices whilst our subsidiary Sainte Marie Crushing Plant Ltd, operating in Bel Ombre, saw its revenue and profit drop due to the completion of hotel and I.R.S. projects in its vicinity.

Our subsidiary company Dry Mixed Products Ltd performed well. Its financial year end was changed from December 31 to June 30 with the extension of its accounting period to eighteen months ended June 30, 2011. The operating profit before non-controlling interests for the twelve months to June 30, 2011 amounted to Rs 35.8 million compared to a post-acquisition operating profit of Rs 12.1 million consolidated in previous year, knowing that this company was a 30% associate company up to February 2010. The prospects remain good with export markets potential for the company's products in the region.

In terms of foreign operations, our subsidiary operating in Madagascar continued to suffer from the poor level of activities caused by the prevailing uncertain political and economic climate and ended up making an operating loss of Rs 8.8 million for the year under review compared to an operating loss of Rs 5.7 million in 2010. In Sri Lanka however, the market conditions improved drastically part-way through the financial year with the launch by the state of major infrastructure projects in an aim at putting the country back in shape since the civil war is over. Consequently, our subsidiary company ended up making a reduced operating loss of Rs 5.1 million compared to Rs 12.3 million in previous year. In view of the above, the amount receivable by the Company from our subsidiary in Madagascar was impaired by Rs 10 million and disclosed as part of administrative expenses in the statement of comprehensive income for the year with no impact on the group figures as this relates to a subsidiary company.

In terms of retail operations, our subsidiary company Marbella Espace Maison Ltée experienced a drop in operating profit from Rs 15.6 million in 2010 to Rs 13.5 million for the year under review caused by the absorption of pre-operational expenses in relation to our new outlet at Flacq and to a reduction in sales to major projects.

Our subsidiary Compagnie de Gros Cailloux Ltée incurred an operating loss of Rs 10.8 million (2010 : Rs 2.0 million) due to an increase in estate operating expenses and an adverse standing crop valuation on plants as per IFRS 41 rules and this despite a rise in sugar proceeds and non-sugar revenues. The sugar crop was better than in previous year with a total of 2,261 tons (2010: 1,775 tons) of sugar sold at a reduced price of Rs 13,535 per ton (2010: Rs 14,427 per ton).

Our share of results from associate companies increased from Rs 36.6 million in 2010 to Rs 43.9 million this year due to the better performance of the core business entities and the 19% increased stake in Pre-Mixed Concrete Ltd reflected for a full year this year compared to four months only in 2010.

Finance revenues and costs

The Group's finance revenues dropped from Rs 117.4 million in 2010 to Rs 2.7 million this year due to the exceptional fair value gain of Rs 110.2 million recognised in 2010 on the Dry Mixed Products Ltd share deal. At Company level, the drop was somehow compensated by an increase in dividends from subsidiaries and associates.

The Group's finance costs for the year dropped slightly compared to that of the previous year despite a rise in interest rates. This situation arose due to improved cash flows during the year and to the delayed timing of our capital expenditure and the absence of major investments unlike in previous year.

EPS and dividend

The Group's profit for the year increased from Rs 243.2 million in 2010 to Rs 254.1 million this year. The Group's basic earnings per share however decreased from Rs 10.73 in previous year to Rs 8.94 this year due to the effect of the 1 : 5 bonus issue dated in September 2010. On the basis of the increased number of shares in issue, the diluted earnings per share for the previous year is also Rs 8.94.

On May 12, 2011, a dividend of Rs 2.75 per share (2010: Rs 2.75 per share) was declared by the Company in respect of the financial year ended June 30, 2011 and paid in full on June 27, 2011.

FINANCIAL SITUATION

The financial situation of the Group remained healthy during the year under review. Total assets moved from Rs 3.3 billion in 2010 to Rs 3.6 billion this year, total liabilities from Rs 1.4 billion to Rs 1.6 billion, total borrowings increased by Rs 34.6 million to reach Rs 1.2 billion nearly whilst shareholders' interests remained at Rs 1.9 billion. There was no new long-term loan contracted during the year. The debt to equity ratio remained stable at 0.60 times for both 2010 and this year whilst the net assets value (NAV) per share increased to Rs 72.32 this year from Rs 70.76 in 2010 as restated to reflect the increase in the number of shares in issue resulting from the 1 : 5 bonus issue dated September 2010.

The total investment by the Group in property, plant and equipment for the year under review amounted to Rs 339.6 million (2010: Rs 215.8 million), of which Rs 53.6 million was financed through leasing facilities. The major items of recurring capital expenditure for the year under review in terms of our core business operations comprised of the acquisition of a new block machine for our plant at Poudre d'Or, the acquisition of loaders and forklifts for several of our plants and the replacement of excavators, hammers and trucks for our quarrying operations. In terms of our Espace Maison operations, the recurring capital expenditure comprised mainly of the replacement of racks and displays for our retail stores. The remaining capital expenditure of the Group related to developments and projects as detailed further down.

Our available-for-sale investments were revalued at Rs 59.6 million at June 30, 2011 resulting in a fair value gain of Rs 5.5 million. Our inventories increased by Rs 65.9 million due to our Espace Maison operations, trade receivables decreased by Rs 63.1 million, trade payables increased by Rs 42.8 million whilst our deferred tax liability increased by Rs 127.3 million due to the effects of the new capital gains tax on property sales introduced by the Finance Act 2010. At Company level, a trade receivable of Rs 150 million from Marbella Espace Maison Ltée was converted into equity investment at financial year end.

Our cash and cash equivalent position improved by Rs 34.3 million during the year under review. Besides the capital expenditure, the major group cash outflows made during the year comprised of the servicing of term loans and leases, the financing of our foreign subsidiaries' needs and the dividend payment.

DEVELOPMENTS AND PROJECTS

The major developments and projects for our core business operations during the year under review comprised of the modernisation of our plant at Geoffroy Road, improvement works on our plant at St Julien and the installation of a new sand plant for our subsidiary in Sri Lanka. The capital expenditure budget for financial year 2011-2012 provides a further investment for the completion of the modernisation project at Geoffroy Road which will be the first eco-friendly project of its kind in Mauritius. This project has been delayed due to a stop order received from the local authorities given that our E.I.A. licence was subject to an appeal. We finally managed to obtain our building permit for the completion of works which are due for the end of 2011 although our E.I.A. appeal is yet to be resolved. Besides the normal recurring capital expenditure, our budget also provides for the construction of a complete plant aimed at drying fine production dust to be used for the production of a new blend of cement used as mortar for construction purposes. The budget also caters for the acquisition of a new primary crusher for our plant at St Julien and for dust reduction equipments for our plants at Plaine Magnien and Poudre d'Or as part of our programme to protect the environment. As regards our foreign operations, we intend to transfer a crushing plant from Madagascar to Sri Lanka in view of the increasing demand in the latter country.

In terms of our Espace Maison operations, the major development projects during the year comprised of the completion and fitting out of our fourth retail store at Flacq which opened at the end of October 2010 and the construction of an exhibition space next to our retail store at Forbach which includes a Coffee Shop. The capital expenditure budget for financial year 2011-2012 provides for the extension of our retail store at Tamarin as part of a complete renovation and extension of the Barachois Commercial Centre besides the normal replacement of racks and displays for all of our stores.

In terms of our subsidiary Compagnie de Gros Cailloux Ltée, the major development project during the year was the conversion of the existing nursery into a commercial nursery and the widening of our landscaping services. As regards our property development plan, the modified layout of our land parcelling project "Gaïa", comprising of 120 plots of land and a residential compound of 20 houses, is still awaiting for the relevant permits from the authorities and should materialise during the financial year 2011-2012. Concerning the CT Power coal power plant, the project is supposed to be back on track after having been abandoned by the government but we are not at this stage aware of the progress made on that matter.

OUTLOOK

Recent economic indicators for Mauritius denote a drastic drop in foreign direct investments and private sector investments and an expected economic growth rate of 4.5% for 2011. Worldwide, the growth perspectives are even worse which is not favourable to our tourism and export industries and indirectly to our economy at large.

The revenue trend noted on our core business operations to date shows an improvement over the same period in 2010. However, our performance for the financial year 2011-2012 depends to a large extent on sustained investments in major public infrastructure projects and on the prevailing economic conditions to favour the realisation of other property development projects and boost up the private dwellings market. On the foreign scene, the performance of our subsidiary in Madagascar is not expected to improve whilst in Sri Lanka our forecasts denote that the company will most certainly be profitable for the first time this year.

APPRECIATION

On behalf of the Board of Directors, I wish to express my thanks and appreciation to the Managing Director, his management team and the personnel of UBP Group for the rewarding efforts made during the year under review.

I also wish to thank my fellow-members of the Board of Directors for their support and contribution during the year and to express my gratitude and special thanks to Mr J. Cyril Lagesse who resigned as Director in August 2011 after nearly fifty-three years of fruitful service to the Company.

Thierry Lagesse
Chairman

September 29, 2011

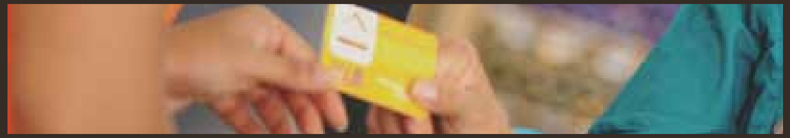
Statement of Compliance

The United Basalt Products Ltd was incorporated as a public company in July 1953. The shares of the Company are listed on the Official Market of the Stock Exchange of Mauritius since 1989.

The report on Corporate Governance for Mauritius states that companies listed on the Official Market of the Stock Exchange of Mauritius must comply with the provisions of the Code of Corporate Governance (the Code).

The Board of Directors acknowledges that the Code sets out the best practices in terms of corporate governance and this report describes how the main corporate governance principles have been applied within the Company.

Except as specifically set out in this report, the Board of Directors considers that the Company has complied in all material respects with the provisions of the Code for the year ended June 30, 2011.



Company's Constitution

The shareholders adopted a new Constitution in 2004 which complies with the provisions of The Companies Act 2001 and those of the Listing Rules of the Stock Exchange of Mauritius.

Its salient features are as follows:

- the Company has full capacity to carry on and/or undertake any business activity;
- the Company has full rights, powers and privileges;
- the Company may acquire and hold its own shares;
- fully paid up shares are transferable without restriction;
- the quorum for a meeting of shareholders is 6 shareholders present or represented and holding at least 35% of the share capital of the Company;
- the Board of Directors shall consist of not less than 7 or not more than 15 Directors;

- the quorum for a Board meeting is 4 Directors when the Board consists of 7 members and 5 Directors when the Board consists of more than 7 members;
- the Chairman has a casting vote in case of equality of votes at either a Board meeting or a shareholders' meeting;
- the Directors have the power to appoint any person to be a Director, either to fill a casual vacancy or as an addition to the existing Directors but so that the total number of Directors does not at any time exceed the number fixed by the Constitution. Any Director so appointed shall hold office only until the next following Annual Meeting of shareholders and shall then be eligible for re-election;
- a Director is not required to hold shares in the Company;
- the Company may indemnify and/or insure any Director or employee of the Company or a related corporation.

Shareholding Structure

The shareholding structure of the Group at June 30, 2011 is as detailed on page 9. Following the 1 : 5 bonus issue dated September 2011, 4,418,340 ordinary shares were issued by the Board of Directors bringing the share capital of the Company to Rs. 265,100,420 made up of 26,510,042 ordinary shares of no par value.

The Company has no Ultimate Holding Company.

The list of common Directors with the shareholder companies holding more than 5% of the share capital of the Company at June 30, 2011 was as follows:

Directors	UBP	GML Investissement Ltée	Forward Investment and Development Enterprises Ltd
Thierry Lagesse	■°	■°	■°
Arnaud Lagesse	■	■°°	■
J. Cyril Lagesse*	■	■	

° : Chairman
°° : Alternate-Director
* : Mr J.Cyril Lagesse resigned as Director on August 25, 2011.

Substantial Shareholders

Shareholders holding more than 5% of the share capital of the Company at June 30, 2011 were as follows :

Shareholders	Number of shares	% Holding
GML Investissement Ltée (Note)	6,629,839	25.01
Forward Investment and Development Enterprises Ltd	2,530,981	9.55

Note : Previously named Compagnie d'Investissement et de Développement Ltée

Shareholding Profile

The share ownership and categories of shareholders at June 30, 2011 were as follows:

Size of shareholding	Number of shareholders	Number of shares owned	Percentage (%)
1 - 500	768	128,584	0.49
501 – 1,000	248	183,230	0.69
1,001 – 5,000	623	1,567,182	5.91
5,001 – 10,000	189	1,337,259	5.04
10,001 – 50,000	215	4,265,966	16.09
50,001 – 100,000	27	1,926,508	7.27
100,001 – 250,000	21	3,368,608	12.71
250,001 – 1,000,000	5	2,554,899	9.64
Over 1,000,000	4	11,177,806	42.16
Total	2,100	26,510,042	100.00

Category of shareholders	Number of shareholders	Number of shares owned	Percentage (%)
Individuals	1,829	8,250,767	31.12
Insurance and assurance companies	30	2,404,911	9.07
Pension and provident funds	48	2,782,957	10.50
Investment and trust companies	48	9,788,728	36.93
Other corporate bodies	145	3,282,679	12.38
Total	2,100	26,510,042	100.00

Shareholders' Agreement

There is no shareholders' agreement to the knowledge of the Company.

Annual Meeting of Shareholders

The Company's Annual Meeting is the main forum where the shareholders exercise their rights to decide on the Company's affairs. Shareholders are encouraged to attend the meeting to stay informed about the Group's strategy and objectives. A number of Directors and Board Committee members are normally present to answer any question relevant to the Company's affairs.

Besides the Annual Meeting, the shareholders are regularly informed of any relevant information concerning the Company and the Group such that they take decisions in full awareness of their implications. These communications are made either by announcements in the press, the publication of quarterly interim Abridged Group Financial Statements and disclosures in the Annual Report.

Shareholders' Calendar of Events

Further to the financial year end in June, the calendar of key events is as follows :

September	:	Publication of audited abridged year end results to June 30
November	:	Annual Meeting of shareholders
	:	Publication of unaudited abridged first quarter results to September 30
February	:	Publication of unaudited abridged half-year results to December 31
May	:	Publication of unaudited abridged third quarter results to March 31
	:	Declaration of dividend
June	:	Payment of dividend

Share Price Information

Please refer to page 10 of Financial Highlights and Ratios for indicators and share price movements at June 30, 2011.

At time of writing the share of the Company is quoted at Rs 123.00 on the Official Market of the Stock Exchange of Mauritius compared to Rs 115.00 on September 22, 2010, date of the preceding Annual Report. The Price Earnings Ratio (PER) is at 13.76, the Dividend Yield at 2.24 % and the Price to Net Assets Value (NAV) at 1.70.

Dividend Policy

The Company has no formal set dividend policy. The payment of dividend is subject to the Company's performance and future growth opportunities, its cash flow position, its capital expenditure and debt servicing requirements as well as its future investment needs. In so doing, the Board of Directors attempts to distribute a yearly dividend which, under normal circumstances, should remain sustainable in the medium to long term.

On May 12, 2011 the Company declared a dividend of Rs 2.75 per share in respect of the financial year 2010-2011. This dividend was paid on June 27, 2011 to all ordinary shareholders registered at close of business on May 31, 2011.

Please refer to page 10 of Financial Highlights and Ratios for a summary of the dividend paid per ordinary share over the past five years.

Board of Directors

The Board of Directors as a whole is ultimately responsible and accountable for the affairs and overall performance of the Group. Its primary role is to protect and enhance shareholders' interests by ensuring proper systems and controls are in place to safeguard the Group's assets and its good reputation. Considering the recommendations made by Management, the Board identifies key risk areas and makes strategic choices, approves the Company's investments, capital expenditure and operating budgets, monitors the implementation of strategies whilst maintaining an effective corporate governance framework. In so doing the Board may delegate certain duties to Board Committees and to Management.

The Directors perform their duties and exercise their powers to the extent permitted by law. They have the right to seek independent professional advice at the expense of the Company to enable them to discharge their responsibilities effectively.

The roles of the Chairman and the Managing Director are clearly separated. The Chairman has no executive or management responsibilities and his main role is to lead and monitor the work of the Board of Directors and to ensure that it operates effectively. He is elected by the members of the Board and also acts as Chairman at shareholders' meetings.

The Managing Director is responsible for the day-to-day management of the Group, preparing and recommending development plans to the Board in line with the Group's long-term strategy and vision and making and implementing operational decisions.

Board Composition

According to the Company's Constitution, the Board shall consist of a minimum of 7 and a maximum of 15 Directors. The Company is currently headed by a unitary Board of 10 Directors comprising of 3 Non-Executive Directors, 6 Independent Non-Executive Directors and one Executive Director. Although acknowledging that the Code of Corporate Governance provides that there should be at least two Executive Directors on the Board, the Board is of the opinion that the presence of the Finance Manager and Company Secretary at all Board meetings satisfies this requirement of the Code.

The Directors bring a wide range of experience and skills to the Board and ensure that their other responsibilities do not interfere with their responsibilities as Director of the Company. Please refer to pages 6 and 7 on Directors' Profiles for an update of their profiles.

Directors' Directorships

The directorships of the Directors of the Company in other companies listed on the Official Market of the Stock Exchange of Mauritius at June 30, 2011 were as follows:

	BMH	IBL	IGF	MCB	MSM	NRL	OMNI	PBL	SRL
Directors									
Thierry Lagesse		■°			■			■°	■
Marc Freismuth	■								
J. Cyril Lagesse*		■			■	■		■	■
E. Jean Mamet			■	■					
Jacques de Navacelle							■		
Alternate Directors									
Arnaud Lagesse		■			■°	■°		■	

° : Chairman
* : Mr J.Cyril Lagesse resigned as Director on August 25, 2011.

Abbreviations:

BMH – Belle Mare Holding Ltd	NRL – Naïade Resorts Ltd
IBL – Ireland Blyth Ltd	OMNI – Omnicane Ltd
IGF – Ipro Growth Fund Ltd	PBL – Phoenix Beverages Ltd
MCB – The Mauritius Commercial Bank Ltd	SRL – Sun Resorts Ltd
MSM – Mauritius Stationery Manufacturers Ltd	

The other Directors of the Company did not have any directorships in companies listed on the Official Market of the Stock Exchange of Mauritius at June 30, 2011.

Appointment and Re-Election of Directors

According to the Company's Constitution, the Board has the power to appoint any person to be a Director, either to fill a casual vacancy or as an addition to the existing Directors but so that the total number of Directors does not at any time exceed the number fixed by the Constitution. Any Director so appointed shall hold office only until the next following Annual Meeting of shareholders and shall then be eligible for re-election.

On August 25, 2011, Mr J. Cyril Lagesse resigned as Director after serving the Board for nearly fifty-three years. Mr Arnaud Lagesse, his alternate Director until that date, was appointed full-fledged Director of the Company. In accordance with the Company's Constitution, a resolution for the re-election of Mr Arnaud Lagesse will be submitted at the forthcoming Annual Meeting of shareholders of the Company.

The Corporate Governance Committee of the Board also serves as the Nomination Committee. The role of the Committee is to review the composition of the Board of Directors and Board Committees and to make recommendations to the Board for the approval of candidates to fill any vacancy arising on the Board and on Board Committees or as an addition to the existing Directors.

The Company's Constitution does not provide for the rotation of Directors. The Board of Directors acknowledges that this constitutes a departure from the Code which provides that each Director should be elected or re-elected every year at the Annual Meeting of shareholders. However, the Board is of the opinion that the holding of office by Directors relies on their experience and knowledge of the Group's activities to ensure that they exercise the appropriate degree of leadership, skill and judgement required to achieve a sustainable performance over the years. This being said, the Board is continuously considering bringing new skills amongst its members.

Directors' and Senior Officers' Interests and Dealings in Shares

The Directors', alternate Directors' and Senior Officers' interests in the ordinary shares of the Company are set out in the table on page 34 of Other Statutory Disclosures.

The Directors of the Company use their best endeavours to abide to the principles set out in the Model Code on Securities Transactions by Directors as stipulated in Appendix 6 of the Listing Rules of the Stock Exchange of Mauritius. All newly appointed Directors are required to notify the Company Secretary in writing about their direct and indirect holdings in the shares of the Company although, as per the Company's Constitution, a Director is not required to hold shares in the Company. Subsequently, any Director willing to deal in the shares of the Company should notify the Chairman of the Board and obtain a written acknowledgement before proceeding further.

The Directors and Senior Officers of the Company are prohibited from dealing in the shares of the Company for a period of one month preceding the publication of the Company's quarterly and yearly financial statements and prior to the announcement of a dividend payment or other distribution and more generally, at any time when in possession of unpublished price-sensitive information relevant to the Company.

During the year under review, none of the Directors and Senior Officers dealt in the shares of the Company, either directly or indirectly.

Furthermore, pursuant to the provisions of The Securities Act 2005, the Company registered itself as a reporting issuer with the Financial Services Commission (FSC) in 2008 and identified its insiders according to the definitions within the Act. All the insiders and their associates were required to disclose their interest in the shares of the Company and in those of the associates of the Company. This information was then forwarded to the FSC and thereafter any movement thereon is being recorded and notified to the Commission. In addition, all the abridged group quarterly financial statements and the audited financial statements for the year are sent to the Commission in accordance with section 88 of the Act.

Board Meetings

The Chairman and the Managing Director, assisted by the Company Secretary, are responsible for fixing the agenda for each Board meeting.

The quorum for Board meetings is 4 Directors when the Board consists of 7 members and 5 Directors when the Board consists of more than 7 members. In case of equality of votes, the Chairman has a casting vote.
Directors have the responsibility to attend Board meetings. The attendance record for the year under review is as shown on page 26.

The Board met seven times this year and approved, amongst other items, the operating and capital expenditure budget for the financial year 2010-2011, the audited group financial statements, the abridged group financial statements and the Annual Report for year ended June 30, 2010, the remuneration of external auditors, the abridged group financial statements for the quarters to September 30, 2010, December 31, 2010 and March 31, 2011, the financing of a new sand plant and the change of accounting year end for our subsidiary in Sri Lanka, the investment in Naïade Resorts Ltd rights issue and convertible bonds, the renewal of indemnity insurance cover for Directors and Senior Officers, lease financing for our capital expenditure, the results forecasts to June 30, 2011, the declaration of a dividend, the investment in other development projects, the conversion of a debt of Rs 150 million from Marbella Espace Maison Ltée into equity investment and the operating and capital expenditure budgets for the financial year 2011-2012. Decisions were also taken by way of resolutions in writing, signed by all the Directors.

Board Committees

In order to fulfil its obligations and duties, the Board has delegated certain duties and responsibilities to Board Committees to ensure full review of specific matters. This delegation does not however reduce the overall responsibilities of the Board.

In line with the Code, the Corporate Governance Committee and the Audit Committee were set up in 2005 with clearly defined terms of reference. These Board Committees report to the Board on their activities and recommend specific matters

Board Committees (Cont'd)

to the Board for its approval.

Corporate Governance Committee

The composition of the Corporate Governance Committee is as follows:

Chairman	:	Thierry Lagesse
Members	:	Marc Freismuth
		Joël Harel

Although the Code's aspiration is that the Corporate Governance Committee be chaired by an Independent Non-Executive Director, the Board has nominated Mr Thierry Lagesse, the Non-Independent Chairman of the Board, to chair this Committee in view of his past experience and given that he has no executive responsibilities. However, the two other members are Independent Non-Executive Directors.

The Corporate Governance Committee is also responsible for Nomination and Remuneration aspects of the Code.

The Committee's functions are as follows :

- In its role as Remuneration Committee, its terms of reference include inter alia the development of the Group's general policy on executive and senior management remuneration, including the definition of performance measurement criteria and specific remuneration packages for executive directors and senior management, and it also makes recommendations to the Board on all aspects of remuneration.
- In its role as Nomination Committee, it reviews the structure, size and composition of the Board and makes recommendations to the Board for appointments or re-appointments of Directors and succession planning.
- It has a further responsibility of determining the policy on Corporate Governance in accordance with the principles of the Code, to advise and make recommendations to the Board of Directors on all aspects of Corporate Governance and to report to shareholders on compliance with the Code.

The Committee met once during the financial year 2010-2011 to examine corporate governance issues, to review the Board's composition and recommend the re-election of a Director, to determine the remuneration policy of Directors, Committee members and key management personnel and to ensure a succession planning.

The attendance record for the year under review is as shown on page 26. Mr Jean Michel Giraud, the Managing Director, is in attendance at all meetings of the Committee.

The remuneration of the Chairman and of each member of the Corporate Governance Committee for the year ended June 30, 2011 amounted to Rs 10,000.

Audit Committee

The composition of the Audit Committee is as follows:

Chairman	:	E. Jean Mamet
Members	:	François Boullé
		Joël Harel

As recommended by the Code, the Chairman of this Committee is an independent non-executive Director as well as the two members.

The Audit Committee Charter was approved by the Board of Directors on May 20, 2005. The main duty of the Committee is to ensure the integrity of accounting and financial reporting and to review internal control systems and procedures in order to assist the Board of Directors in carrying out its responsibilities. The Committee also monitors the role and scope of work of internal and external auditors, including the identification of any risk areas, and ensures compliance with legal and regulatory provisions. The Committee has the authority to conduct investigations into any matter within its scope of responsibilities and to engage any firm of professionals it sees fit to provide independent expert advice.

The Committee met five times during the financial year 2010-2011, mainly to review and recommend to the Board for approval the audited financial statements and the Annual Report for year ended June 30, 2010 as well as the unaudited abridged group quarterly financial statements, to review external auditors' management letters and to fix their remuneration and to review the reports of internal auditors. The Committee reviewed in detail the control systems and procedures of all the subsidiary companies within the Group including an assessment of the existing IT environment with a special focus on risks associated with the ERP presently in use.

The attendance record for the year under review is as shown on page 26. The Finance Manager is in attendance at all meetings of the Committee whilst the Managing Director, the internal and external auditors and some members of the management attended the meetings by invitation depending on the agenda.

The remuneration of the Chairman and of each member of the Audit Committee for the year ended June 30, 2011 amounted to Rs 120,000 and Rs 80,000 respectively.

Internal Audit Function

The internal audit function is responsible for providing independent, objective assurance to the Board regarding the implementation, operation and effectiveness of internal control systems and risk management. The objective is to ascertain the extent of compliance to procedures, policies, regulations and legislation, to facilitate proper risk management practices and to recommend improvements in control, performance and productivity within the Group.

The internal audit function is carried out by BDO & Co. and a member of our staff. The internal auditors have access to the Company's records, systems and personnel and maintain an open and constructive communication line with the management and the Audit Committee. The internal audit plan is approved by the Audit Committee and gives the extent of coverage attributable to each business process cycle within the organisation depending on the degree of risk. The methodology used is based on the selection of specific business cycles, the identification of inherent risks, the verification of key controls in place in view of eliminating or reducing the risks to an acceptable level, the verification of the said controls to ensure they are operating satisfactorily, the performance of walkthrough tests on procedures and processes and the formulation of necessary recommendations.

During the year under review, the appointed firm and the internal auditor carried out regular visits to all production and sales sites to ensure the controls and procedures are adhered to and to improve on processes where necessary in order to minimise risks areas. Their findings were classified in terms of risk level and their recommendations were discussed and commented by management before being submitted to the Audit Committee. No material financial problems have been identified which would affect the figures reported in these financial statements. The recommendations are being implemented gradually by management under the supervision of the Audit Committee.

Internal Control and Risk Management

The Board of Directors is ultimately responsible for the adequacy and effectiveness of the internal control system which is designed to manage the risk of failure to achieve business objectives and which can only provide reasonable and not absolute assurance against material financial misstatement or loss.

The management is responsible for the implementation of internal control and risk management systems under the supervision of the Audit Committee to ensure their effectiveness. Such systems must ensure that proper accounting records are maintained and that the strategies and policies adopted by the Board are being implemented. The Board relies on the internal audit function to report on any weaknesses and to make recommendations via the Audit Committee, the objective being to ensurethe effective and efficient use of available resources and ascertaining the accuracy of information used in the preparation of financial statements.

The key risks relevant to the Group are as follows:

- Industry risks : risks that makes the industry less attractive as a result of changes in (i) the key factors for competition success within the industry, including significant opportunities and threats, (ii) the capabilities of existing and potential competitors and (iii) the Group's strengths and weaknesses relative to present and future competitors.
- Operational risks : risks defined as risks of loss resulting from inadequate or failed internal processes and procedures, human error or system failure or from external events e.g. Legal risks.

Operational risks are further broken down into :

- Human resources risks : losses arising from acts inconsistent with employment and health and safety laws.
- Fraud risks : intentional or fraudulent acts intended to defraud or misappropriate property or circumvent regulations, law and policies and involving one internal party and/or a third party.
- Physical risks : losses due to fire, cyclone, explosion, riots or else.
- Business continuity risks : losses from failed transaction processing and process management, inadequate back-ups and loss of data.

Internal Control and Risk Management (Cont'd)

- Reputational risks : losses due to unintentional or negligent failure to meet a professional obligation to specific clients or from the nature or design of a product.
- Technology risks : risks that hardwares and softwares are not operating as intended thereby compromising the integrity and reliability of data and information and exposing significant assets to potential loss or misuse or exposing the Group's ability to maintain a high standard in its main business processes.
- Country risks : risks arising when the political climate in a specific country affects the business environment and impacts on the company's objectives and strategies in such a way that the company may get out of business.
- Financial risks : exposure to credit, interest rate, liquidity, foreign currency and capital management risks.

The Audit Committee via the internal audit function ensures that some of the above risks are managed and kept at an acceptable level. Besides this, our sales, marketing and operations staff follow closely the actions of our existing and potential competitors, our internal auditors do regular testing aimed at detecting any potential weaknesses in our internal control systems and any likely risk of fraud, our HR department ensures via job reviews and performance evaluation that human resources risks are managed, our assets are insured against fire and allied perils and other all risks insurance cover as relevant to the type of asset, our offices and sites are all equipped against fire risks and with security systems, our health and safety department ensures that all necessary measures are taken to minimise risks, our IT department ensures the latest technologies are used for our ERP and that our data is secured via a disaster recovery plan, our products are tested in our laboratory to ensure they are of the required standard and our overseas subsidiaries managers follow the political events closely to avoid any risk of business failure.

For financial risks management, please refer to Note 4 on pages 58 to 61 of Notes to the Financial Statements

Meetings Attendance

	Board	Corporate Governance Committee	Audit Committee
Thierry Lagesse	7 out of 7	1 out of 1	
François Boullé	7 out of 7		4 out of 5
Marc Freismuth	6 out of 7	1 out of 1	
Jean Michel Giraud	7 out of 7		
Joël Harel	4 out of 7	1 out of 1	5 out of 5
J. Cyril Lagesse*	3 out of 7		
Raymond Lagesse	5 out of 7		
Jean Claude Maingard	5 out of 7		
E. Jean Mamet	6 out of 7		5 out of 5
Jacques de Navacelle	4 out of 7		

* : Mr J.Cyril Lagesse resigned as Director on August 25, 2011.

Remuneration Philosophy Statement

The Corporate Governance Committee in its role as Remuneration Committee is responsible for making recommendations to the Board with regard to the definition and development of the Group's general remuneration policy, including determining performance measurement criteria and specific remuneration packages for executive Directors and senior management and the level of remuneration of non-executive Directors, taking into consideration the market trend and the Group's performance.

The current variable remuneration scheme is being reviewed to favour more alignment between remuneration and performance in terms of business objectives and to recognise both corporate and individual performance. This will enable the Company to motivate, retain and attract best employees capable of achieving the Group's objectives.

Please refer to page 34 of Other Statutory Disclosures for a table of total emoluments and benefits received by the Directors from the Company and subsidiary companies. Although acknowledging that the Code requires that the remuneration received by Directors should be disclosed on an individual basis, the Corporate Governance Committee, in its role as Remuneration Committee, has recommended that the remuneration be disclosed by category of Directors only in view of the confidentiality and sensitivity of this information.

The remuneration of the Executive Director comprises a basic salary, pension and other benefits in kind and a non-pensionable annual performance bonus. The proportion of variable pay to fixed pay is significant and aims at aligning the interests of the Executive Director to those of the Group.

Company Secretary

All Directors have access to the advice and services of the Company Secretary who is responsible for ensuring that Board procedures are followed and for providing guidance to the Directors concerning their duties, responsibilities and powers.

The Company Secretary administers, attends and prepares minutes of all Board and Shareholders' meetings. He assists the Chairman in ensuring that the Company's Constitution and relevant rules and regulations are complied with and in implementing good governance practices within the Group.

Employee Share Option Plan

The Company has no employee share option plan.

Integrated Sustainability Reporting

The Board believes that it is in the long-term economic interest of the Company to conduct itself as a responsible corporate citizen and to act in a manner which is non-exploitative, non-discriminatory and respectful of human rights.

In terms of ethics, the Company is yet to adopt a tailor-made Code of Ethics and inspires itself from the principles set out in the Model Code of the Joint Economic Council as adapted to meet its specific needs. Nevertheless, the Company strongly expects all its employees to act with honesty and integrity amongst colleagues and with customers, suppliers and other stakeholders, thereby ensuring the good reputation of the Company.

In terms of the environment, the Company is continuously making significant investments in appropriate equipments aimed at reducing dust emission from its production plants. The future plant at Geoffroy Road, due to be completed in financial year 2011-2012, will be the first eco-friendly plant of its kind in Mauritius. Furthermore, two years ago the Company launched a concrete recycling project aiming at reducing the level of demolition waste dumping. In terms of health and safety, the Company's Health and Safety Officer performs regular risk assessments to ensure that the production units are equipped to run in a safely manner thereby minimising the risk of causing damage to the environment and to the neighbourhoods. As regards the health and safety of employees, regular training sessions are provided to ensure health and safety practices are applied and to help increase the awareness of employees on security and health issues by insisting on the use of protective clothing and accessories. Furthermore, all security issues are taken into consideration in the determination of Key Performance Indicators used to assess the performance of all Managers.

In terms of social responsibility, our policies and practices are as detailed in our Corporate Social Responsibility report on pages 28 to 30.

Donations

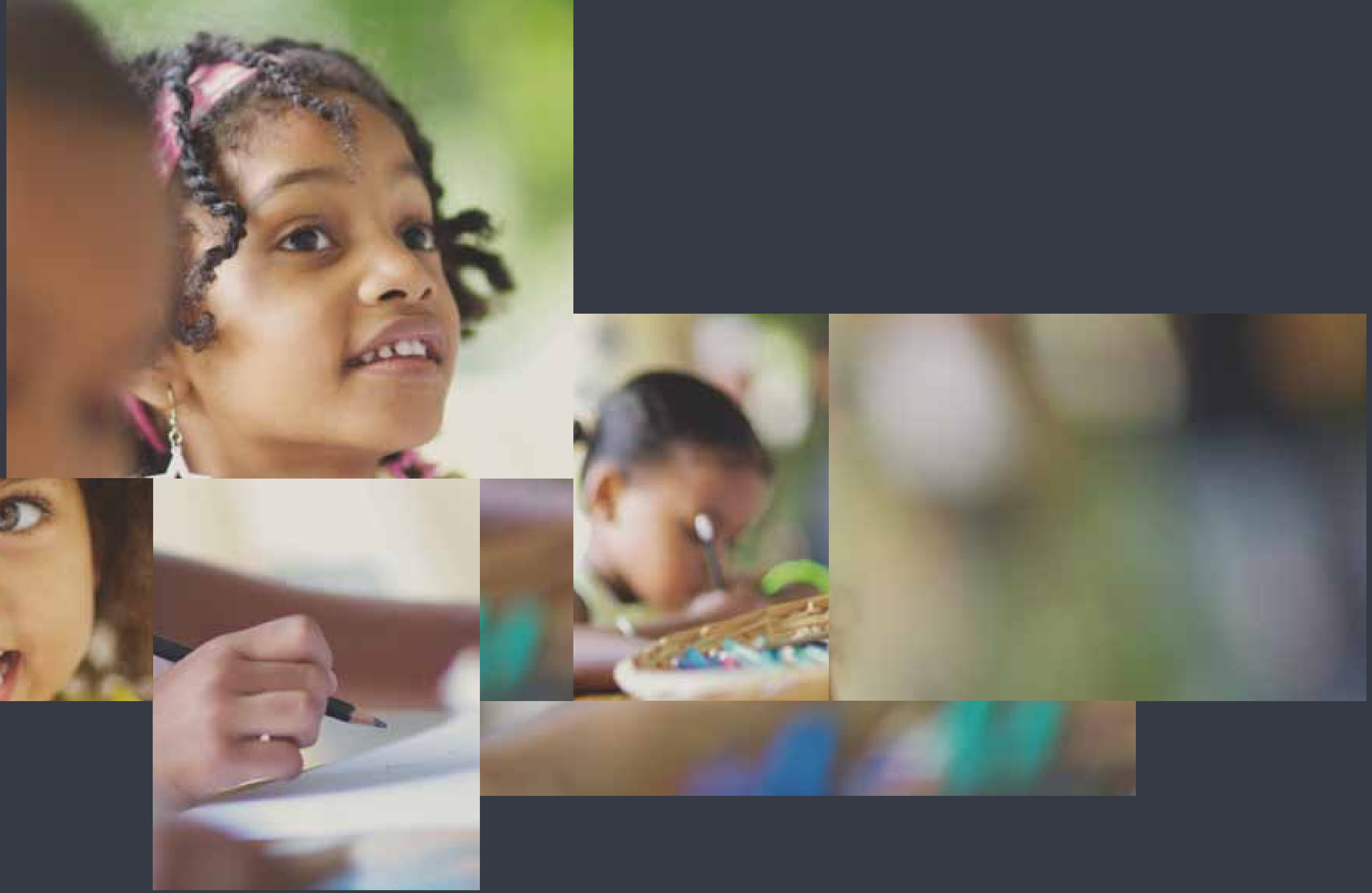
Please refer to page 35 of Other Statutory Disclosures for details of donations made during the year.

Related Party Transactions

Please refer to Note 29 on page 79 of Notes to the Financial Statements.

Christophe Quevauvilliers
Company Secretary

September 29, 2011



During the financial year 2010–2011, the Group pursued its social activities through the GML Fondation Joseph Lagesse, an NGO appointed as SPV (Special Purpose Vehicle) for the GML Group. One of the role of this foundation is to assist us in achieving our social, environmental and economic responsibilities, and to do so in a transparent manner. Through the foundation, we are in a position to contribute to the welfare of the Mauritian society by improving the quality of life of those people who live in the neighbourhood of our production sites and retail outlets whilst complying with the operational rules and regulations imposed by law. We amended our programme at the end of the financial year to comply with the three new priorities of the CSR legislation, namely : social housing, eradication of absolute poverty (EAP) and the welfare of vulnerable children.

The UBP Group is active in the following areas :

- **Education and training** – The Group is willing to promote education in view of reducing poor school performance – an essential cause to the problems affecting today's society. Consequently, we are committed to help children in benefiting from a proper education and thus grow up to become responsible citizens.
- **Sports–** Through the promotion of values associated with sport, the Group has always been active in that area. The transmission of those values to youth remains a constant challenge for us.
- **Socio-economic development** – The Group's commitment towards NGOs is to fight poverty by contributing to the improvement of living conditions of the most destitute families. Our mission consists in helping those families to reduce their exposure to plagues such as stealing, drugs etc... in their everyday life.

Our projects

Once again, the Group has shown its concern for education, a priority amongst its social activities, by helping the New Bambous Geoffroy Government School. We also made a donation in the form of books to the children of Bambous and Gros Cailloux through the Fondation pour l'Interculturel et la Paix.

The Group also supports La Pointe Tamarin Association by providing them with art materials, as well as the Forces Vives movement in Rose Belle, for the supporting courses they provide to students in that area. Furthermore, a scholarship was awarded to the best pupil of the Marie Reine RCA School in Poudre d'Or, and a contribution was made towards the daily expenses of the Garderie Etoile in Rivière Noire.
In the field of sports, the Group extended its support to the Faucon Flacq Sporting Club, to the Trust Fund for Excellence in Sport and to the Foundation pour la Formation au Football, through a donation of sports equipment in view of promoting this sport in Mauritius.

Alongside our actions in favour of education and sports, we are also actively engaged in promoting socio-economic development. The Group supports Amnesty International, the international organization for human rights, the Bel Ombre Foundation, for their nursery, and has once again extended its support to La Chrysalide and to SOS Children Village.

Testimonials from our beneficiaries :

SOS Children Village

"Two children of SOS Children Village Mauritius are financially supported by UBP. The first one is under the responsibility of the Beau Bassin SOS centre and the other one under that of the Bambous centre. Our financial support covers all charges, including schooling expenses", says Marjorie Maniacara, Assistant Fund Raising Manager. She points out:*"UBP is one of our oldest benefactors. They started helping us well before the law on the CSR of companies came into force. Every time we needed them, they supported us"*. SOS Children Village takes charge of the poorest Mauritian children in a family type environment. 'Replacement mothers' follow the development of those children until their adulthood by participating in the residential programme of the two children villages.

La Chrysalide

UBP helps La Chrysalide by supporting current expenses for those children who live with their mothers on site. *"We currently have 11 mothers and 5 children living with us. Thanks to UBP, we are in a position to supply nappies and baby food to the kids. But UBP is first and foremost an old friend of ours : the centre was launched with their assistance back in 2004. In order to build the centre, we purchased building materials*

La Chrysalide (Cont'd)

from them at a discounted price, and this year, UBP helped us to replace our fencing which had been stolen", states Marlène Ladine who manages La Chrysalide. It is a rehabilitation centre for women suffering from drug and alcohol addiction. Its main objective is to assist those women for their reinsertion in social and professional life whilst providing them with day to day care.

New Bambous Geoffroy Government School

In view of the fact that CSR is also about helping neighbouring communities, UBP has a strong commitment towards the New Bambous Geoffroy Government School. "*For the past few years, we have been relying on UBP to carry out new projects. Last year, the company helped us to acquire a new photocopy machine which has proved extremely useful, and this year, we received a cheque of Rs 100,000 to set up a school library. Furthermore, UBP gave us a set of books which will benefit the children in our future library*" say Nicole Dansant, the school principal

As mentioned above, we amended our budget during the course of the financial year in order to comply with the new regulations and devoted 1% of our CSR budget to the three new key areas defined by law.

Consequently, a sum of Rs 2.1 million was allocated to new beneficiaries in those key areas, namely, Caritas for a development centre in Grand Gaube, the Quartier Lumiere project in Bambous, the St Gabriel Technical College, SOS Children Village and the "Mouvement Forces Vives Quartier EDC" in Rose Belle.

Besides the above, the Group has always been engaged in the promotion of culture and the protection of the environment. In terms of culture, we provide sponsorships to relevant bodies who are involved in the organization of cultural and leisure events such as concerts of international artists. In terms of environment, we are continuously making significant investments in appropriate equipments aimed at reducing dust emission from our production plants and we perform regular health and safety assessments and training aimed at providing our sites and personnel with an awareness of the impact of their actions on the environment.

During the financial year 2011–2012, new projects will be launched alongside the existing ones referred to above and inspired by the same spirit. Going forward, the Group remains committed to pursue its social responsibility with the assistance of the GML Fondation Joseph Lagesse.

STATEMENT OF DIRECTORS' RESPONSIBILITIES
in respect of the preparation of financial statements and internal control.

The Directors are responsible for the preparation of financial statements which give a true and fair view of the financial position, financial performance and cash flows of the Company. In so doing they are required to :

- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- comply with the provisions of the Companies Act 2001 and the International Financial Reporting Standards (IFRS), and explain any material departure thereto;
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Company will continue in business in the foreseeable future.

The Directors acknowledge that they have exercised their responsibilities as described above and confirm that they have complied with the above requirements in preparing the financial statements for the financial year under review.

The Directors are also responsible for the proper maintenance of accounting records which disclose at any time and with reasonable accuracy, the financial position and performance of the Company. They are also responsible for safeguarding the assets of the Company and for taking reasonable steps to prevent and detect fraud and other irregularities.

The Directors confirm that they have established an internal audit function and report that proper accounting records have been maintained and that nothing has come to their attention which could indicate any material breakdown in the functioning of internal control systems and have a material impact on the trading and financial position of the Company.

On behalf of the Board

Thierry Lagesse
Chairman

Jean Michel Giraud
Managing Director

September 29, 2011

ACTIVITIES

The principal activity of the Group remains the manufacture and sale of building materials which consist mainly of our core products: aggregates, rocksand and hollow concrete blocks. Other products include precast concrete slabs, ready-to-use dry mortar, various concrete building components including paving-blocks and roof tiles, imported floor and wall tiles, sanitary ware and a complete range of home building products, fittings, tools and garden accessories. Services rendered consist mainly of engineering works by the Company's workshop and contracting services.

The Group is also involved in the sale of agricultural products through one of its subsidiaries.

DIRECTORS

Members of the Board of Directors at June 30, 2011 were:

The Company

Messrs: Thierry Lagesse - Chairman
François Boullé
Marc Freismuth
Jean Michel Giraud
Joël Harel
J. Cyril Lagesse - alternate : Arnaud Lagesse
Raymond Lagesse
Jean Claude Maingard
E. Jean Mamet
Jacques de Navacelle

Mr J. Cyril Lagesse resigned as Director on August 25, 2011 and was replaced by his alternate Mr Arnaud Lagesse who thus became full-fledged Director of the Company as from that date.

Subsidiary Companies

Marbella Espace Maison Ltée
Messrs: Thierry Lagesse - Chairman
François Boullé
Marc Freismuth
Jean Michel Giraud
Joël Harel
J. Cyril Lagesse - resigned on 29 sep 2011
Raymond Lagesse
Jean Claude Maingard
E. Jean Mamet
Jacques de Navacelle

Mr Thierry Lagesse was nominated Chairman of the company in replacement of Mr Jean Michel Giraud on September 22, 2010.
Mr J. Cyril Lagesse resigned as Director on September 29, 2011 and was not replaced.

Compagnie de Gros Cailloux Ltée
Messrs: Thierry Lagesse - Chairman
François Boullé
Jean Michel Giraud
Christophe Quevauvilliers
Joseph Vaudin

Welcome Industries Ltd
Messrs: Thierry Lagesse - Chairman
Jean Michel Giraud
Christophe Quevauvilliers

UBP International Ltd
Messrs: Thierry Lagesse - Chairman
Jean Michel Giraud
Louis Raoul Harel

UBP Madagascar
Mr : Gino Guness - Manager

United Granite Products (Pvt.) Ltd
Messrs: Jean Michel Giraud - Chairman
Joseph Albert
A. Mahir Didi
Rémi de Gersigny
Hussain Saad Hasim
Eddy Mancienne
Christophe Quevauvilliers

Sainte Marie Crushing Plant Ltd
Messrs: Thierry Lagesse - Chairman
Jean Michel Giraud
Richard Koenig
Raymond Lagesse

Dry Mixed Products Ltd
Messrs: Jean Michel Giraud - Chairman
Thomas Dubois – Appointed on January 13, 2011 in replacement of Mr Noël Le Floch.
Thierry Lagesse
- alternate : Rémi de Gersigny
Alexandre Roland Maurel – Appointed on May 10, 2011 in replacement of Mr Bernard Maurel.
- alternate : Lloyd George Richard-Coombes – Appointed on May 10, 2011.
Christophe Quevauvilliers
Colin Taylor
- alternate : Eric Adam

Mr Noël Le Floch resigned on January 13, 2011.
Mr Bernard Maurel resigned on February 28, 2011 and Mr Alexandre Roland Maurel resigned as his alternate on the same date and was thereafter appointed full-fledged Director on May 10, 2011.

Marbella Ltd
Messrs: Jean Michel Giraud - Chairman
François Boullé
Joël Harel

Land Reclamation Ltd
Messrs: Jean Michel Giraud - Chairman
François Boullé
Jean Giraud
Joël Harel

Stone & Bricks Co. Ltd
Messrs: Jean Michel Giraud - Chairman
Jean Giraud
Joël Harel

The Stone Masters Co. Ltd
Messrs: Jean Michel Giraud - Chairman
Jean Giraud
Joël Harel

Pricom Ltd
Messrs: Thierry Lagesse - Chairman
Jean Michel Giraud
Joël Harel

DIRECTORS' REMUNERATION AND BENEFITS

Total remuneration and benefits received by the Directors from the Company and its subsidiary companies were as follows:

	2011		2010	
	Executive Rs'000	Non-Executive Rs'000	Executive Rs'000	Non-Executive Rs'000
The Company	10,905	1,576	9,459	1,576
Subsidiary Companies :				
Marbella Espace Maison Ltée	-	584	-	-
Compagnie de Gros Cailloux Ltée	-	150	-	150
Welcome Industries Ltd	-	-	-	-
UBP International Ltd	-	-	-	-
UBP Madagascar	-	-	-	-
United Granite Products (Pvt.) Ltd	-	-	-	-
Sainte Marie Crushing Plant Ltd	-	120	-	120
Dry Mixed Products Ltd	-	-	-	-
Marbella Ltd	-	-	-	-
Land Reclamation Ltd	-	-	-	-
Stone & Bricks Co. Ltd	-	-	-	-
The Stone Masters Co. Ltd	-	-	-	-
Pricom Ltd	-	-	-	-

DIRECTORS' AND SENIOR OFFICERS' INTERESTS IN SHARES

The Directors', alternate Directors' and Senior Officers' interests in the ordinary shares of the Company at June 30, 2011 were as follows:

		Ordinary shares			
	Category	Direct Number	%	Indirect Number	%
Directors:					
Thierry Lagesse - Chairman	NICB	1,116	0.004%	180,092	0.679%
François Boullé	INED	-	-	26,270	0.099%
Marc Freismuth	INED	-	-	-	-
Jean Michel Giraud	ED	4,184	0.016%	2,526	0.010%
Joël Harel	INED	-	-	-	-
J. Cyril Lagesse	NED	890	0.003%	-	-
Raymond Lagesse	INED	-	-	-	-
Jean Claude Maingard	NED	-	-	-	-
E. Jean Mamet	INED	-	-	1,800	0.007%
Jacques de Navacelle	INED	-	-	-	-
Alternate Directors :					
Arnaud Lagesse	NED	-	-	9,452	0.036%
Senior Officers :					
Rémi de Gersigny	*	-	-	-	-
Christophe Quevauvilliers	**	600	0.002%	12	0.000%
Stéphane Ulcoq	***	-	-	-	-

ED – Executive Director
INED – Independent Non-Executive Director
NED – Non-Executive Director
NICB – Non-Independent Chairman of the Board

* Mr Rémi de Gersigny is the Operations and Project Manager.
** Mr Christophe Quevauvilliers is the Finance Manager and Company Secretary.
*** Mr Stéphane Ulcoq is the Workshop Manager.

None of the Directors, alternate Directors and Senior Officers of the Company had an interest in the shares of the subsidiary companies.

DIRECTORS' SERVICE CONTRACTS

Except for Mr Jean Michel Giraud who has a contract of employment with the Company, there is no service contract between the Company and any of the Directors.

DIRECTORS' AND OFFICERS' INSURANCE AND INDEMNIFICATION

The Directors and Senior Officers of the Company benefit from an indemnity insurance cover for liabilities incurred while performing their duties, to the extent permitted by law.

SHAREHOLDERS

Substantial Shareholders

Shareholders holding more than 5% of the share capital of the Company at June 30, 2011 were as follows :

Shareholders	Number of shares	% Holding
GML Investissement Ltée (Note)	6,629,839	25.01
Forward Investment and Development Enterprises Ltd	2,530,981	9.55

Note : Previously named Compagnie d'Investissement et de Développement Ltée

Except for the above, no other entity or individual had an interest of 5% or more in the ordinary share capital of the Company.

CONTRACTS OF SIGNIFICANCE

No Director or any substantial shareholder had a material interest, either directly or indirectly, in a contract of significance entered into by the Company or its subsidiaries.

DONATIONS

The Company and its subsidiary companies have donated Rs 1,047,500 during the year ended June 30, 2011 (2010: Rs 3,120,660) out of which none (2010: Rs 2,605,000) were political donations.

AUDITORS' REMUNERATION

The auditors' remuneration was as follows:

	THE GROUP		THE COMPANY	
	2011 Rs'000	2010 Rs'000	2011 Rs'000	2010 Rs'000
Audit fees :				
Ernst & Young	1,593	1,506	880	828
Other firms	275	162	-	-
Non-audit fees :				
Ernst & Young	538	538	140	502
Other firms	106	-	-	-

The non-audit fees paid by the Group to Ernst & Young comprised of tax services for Rs 223,307 (2010: Rs 138,000) and of assistance for MRA examination for Rs 315,000 (2010: Rs 400,000).

The non-audit fees paid by the Group to other firms comprised of tax services for Rs 23,000 (2010: Nil) and of a review upon acquisition of a company for Rs 83,000 (2010: Nil).

I certify that, to the best of my knowledge and belief, the Company has filed with the Registrar of Companies all such returns as are required of the Company under the Companies Act 2001.

Christophe Quevauvilliers
Company Secretary

September 29, 2011

Report on the Financial Statements

We have audited the financial statements of The United Basalt Products Ltd (the "Company"), and its subsidiaries (the "Group") on pages 3 to 51 which comprise the statements of financial position as at June 30, 2011 and the statements of comprehensive income, statements of changes in equity and statements of cash flows for the year then ended and a summary of significant accounting policies and other explanatory notes.

Directors' Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Company's preparation and fair presentation of the financial statements 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 controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements on pages 3 to 51 give a true and fair view of the financial positions of the Group and the Company at June 30, 2011 and of their financial performances and cash flows for the year then ended in accordance with International Financial Reporting Standards and comply with the Companies Act 2001.

Other matter

This report, including the opinion, has been prepared for and only for the Company's members, as a body, in accordance with Section 205 of the Companies Act 2001 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Report on Other Legal and Regulatory Requirements - Companies Act 2001

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

We have obtained all the information and explanations we have required.

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

Financial Reporting Act

The directors are responsible for preparing the Corporate Governance Report and making disclosures required by Section 8.4 of the Code of Corporate Governance of Mauritius (the "Code"). Our responsibility is to report on these disclosures. In our opinion, the disclosures in the Corporate Governance Report are consistent with the requirement of the Code.

Ernst & Young

ERNST & YOUNG
Ebène
Mauritius

ANDRE LAI WAN LOONG, A.C.A

September 29, 2011

	Notes	THE GROUP 2011 Rs'000	THE GROUP 2010 Rs'000	THE COMPANY 2011 Rs'000	THE COMPANY 2010 Rs'000
ASSETS					
Non-current assets					
Property, plant and equipment	5	1,998,109	1,837,046	1,072,747	1,003,514
Investment properties	6	22,208	24,381	246,362	171,806
Bearer biological assets	7	18,118	19,480	-	-
Intangible assets	8	14,066	15,531	3,365	5,991
Investment in subsidiaries	9	-	-	828,839	679,119
Investment in associates	10	203,329	192,913	110,306	110,306
Available-for-sale investments	11	59,632	51,984	55,290	47,724
Other non-current financial asset	12	13,795	13,795	13,795	13,795
Deferred tax assets	13 (c)	12,218	3,893	16,435	3,006
		2,341,475	2,159,023	2,347,139	2,035,261
Current assets					
Consumable biological assets	14	28,816	32,424	-	-
Inventories	15	652,925	586,953	211,569	210,528
Trade and other receivables	16	551,732	516,345	588,703	672,525
Cash at bank and in hand	17	49,329	39,296	1,436	19,999
		1,282,802	1,175,018	801,708	903,052
TOTAL ASSETS		**3,624,277**	**3,334,041**	**3,148,847**	**2,938,313**
EQUITY AND LIABILITIES					
Equity					
Issued capital	18(a)	265,100	220,917	265,100	220,917
Reserves	18(b)	1,652,183	1,655,013	1,557,991	1,510,834
Equity attributable to shareholders of the parent		1,917,283	1,875,930	1,823,091	1,731,751
Non-controlling interests		49,301	52,387	-	-
Total equity		**1,966,584**	**1,928,317**	**1,823,091**	**1,731,751**
Non-current liabilities					
Interest-bearing loans and borrowings	19	297,958	363,344	225,489	276,946
Deferred tax liability	13(c)	127,327	-	67,045	-
Retirement benefit obligations	20	89,647	88,968	72,435	71,493
		514,932	452,312	364,969	348,439
Current liabilities					
Interest-bearing loans and borrowings	19	885,444	785,454	849,452	729,583
Trade and other payables	21	237,747	139,428	99,673	103,167
Income tax payable	13	19,570	28,530	11,662	25,373
		1,142,761	953,412	960,787	858,123
TOTAL EQUITY AND LIABILITIES		**3,624,277**	**3,334,041**	**3,148,847**	**2,938,313**

These financial statements were approved by the Board of Directors on September 29, 2011 and signed on its behalf by :

Thierry Lagesse
Chairman

Jean Michel Giraud
Managing Director

The notes on pages 44 to 82 form an integral part of these financial statements.
Auditors' report on pages 38 and 39.

	Notes	THE GROUP 2011 Rs'000	THE GROUP 2010 Rs'000	THE COMPANY 2011 Rs'000	THE COMPANY 2010 Rs'000
Revenue	22	2,591,170	2,230,272	1,490,141	1,300,683
Operating profit	23	327,144	301,151	271,420	261,234
Finance income	24	2,759	117,404	52,435	138,182
Finance costs	25	(78,725)	(83,302)	(75,570)	(75,506)
Share of results of associates	10	43,937	36,672	-	-
		295,115	371,925	248,285	323,910
Impairment of goodwill		-	(87,759)	-	-
Profit before tax		295,115	284,166	248,285	323,910
Income tax expense	13	(41,019)	(40,909)	(22,396)	(35,317)
Profit for the year		**254,096**	**243,257**	**225,889**	**288,593**
Other comprehensive income					
Fair value adjustment of available-for-sale investments		5,480	(6,893)	5,398	(4,090)
Exchange differences on translation of foreign operations		6,485	9,254	-	-
Deferred tax on revaluation of property, plant and equipment		(128,159)	-	(67,045)	-
Share of revaluation reserves in associate	10	(5,130)	19,905	-	-
De-recognition of an associate	10	-	(41,702)	-	-
Other comprehensive income for the year, net of tax		(121,324)	(19,436)	(61,647)	(4,090)
Total comprehensive income for the year, net of tax		**132,772**	**223,821**	**164,242**	**284,503**
Profit attributable to:					
Equity holders of the parent		237,032	236,972	225,889	288,593
Non-controlling interests		17,064	6,285	-	-
		254,096	243,257	225,889	288,593
Total comprehensive income attributable to:					
Equity holders of the parent		114,258	217,230	164,242	284,503
Non-controlling interests		18,514	6,591	-	-
		132,772	223,821	164,242	284,503
		Rs	Rs	Rs	Rs
Earnings per share	26				
Basic, profit for the year attributable to ordinary equity holders of the parent		8.94	10.73	8.52	13.06
Diluted, profit for the year attributable to ordinary equity holders of the parent		8.94	8.94	8.52	10.89

The notes on pages 44 to 82 form an integral part of these financial statements.
Auditors' report on pages 38 and 39.

	Attributable to equity shareholders of the parent									
THE GROUP	Share capital Rs'000	Share premium Rs'000	Associate companies Rs'000	Revaluation reserve Rs'000	Fair value reserve Rs'000	Translation reserve Rs'000	Retained earnings Rs'000	Total Rs'000	Non controlling interests Rs'000	Total Rs'000
At July 1, 2009	220,917	7,354	68,090	568,746	43,099	8,032	803,214	1,719,452	17,255	1,736,707
Profit for the year	-	-	-	-	-	-	236,972	236,972	6,285	243,257
Other comprehensive income	-	-	19,905	-	(6,893)	8,948	(41,702)	(19,742)	306	(19,436)
Total comprehensive income for the year	-	-	19,905	-	(6,893)	8,948	195,270	217,230	6,591	223,821
Increase in non-controlling interest	-	-	-	-	-	-	-	-	30,541	30,541
Dividend	-	-	-	-	-	-	(60,752)	(60,752)	(2,000)	(62,752)
At June 30, 2010	**220,917**	**7,354**	**87,995**	**568,746**	**36,206**	**16,980**	**937,732**	**1,875,930**	**52,387**	**1,928,317**
At July 1, 2010	220,917	7,354	87,995	568,746	36,206	16,980	937,732	1,875,930	52,387	1,928,317
Bonus issue of shares	44,183	-	-	(44,183)	-	-	-	-	-	-
Profit for the year	-	-	-	-	-	-	237,032	237,032	17,064	254,096
Other comprehensive income	-	-	(5,130)	(127,619)	5,480	4,495	-	(122,774)	1,450	(121,324)
Total comprehensive income for the year	-	-	(5,130)	(127,619)	5,480	4,495	237,032	114,258	18,514	132,772
Dividend	-	-	-	-	-	-	(72,905)	(72,905)	(21,600)	(94,505)
At June 30, 2011	**265,100**	**7,354**	**82,865**	**396,944**	**41,686**	**21,475**	**1,101,859**	**1,917,283**	**49,301**	**1,966,584**

THE COMPANY	Share capital Rs'000	Share premium Rs'000	Revaluation reserve Rs'000	Fair value reserve Rs'000	Retained earnings Rs'000	Total Rs'000
At July 1, 2009	220,917	7,354	446,969	38,437	794,323	1,508,000
Profit for the year	-	-	-	-	288,593	288,593
Other comprehensive income	-	-	-	(4,090)	-	(4,090)
Total comprehensive income for the year	-	-	-	(4,090)	288,593	284,503
Dividend	-	-	-	-	(60,752)	(60,752)
At June 30, 2010	**220,917**	**7,354**	**446,969**	**34,347**	**1,022,164**	**1,731,751**
At July 1, 2010	220,917	7,354	446,969	34,347	1,022,164	1,731,751
Bonus issue of shares	44,183	-	(44,183)	-	-	-
Profit for the year	-	-	-	-	225,889	225,889
Other comprehensive income	-	-	(67,045)	5,398	-	(61,647)
Total comprehensive income for the year	-	-	(67,045)	5,398	225,889	164,242
Dividend	-	-	-	-	(72,902)	(72,902)
At June 30, 2011	**265,100**	**7,354**	**335,741**	**39,745**	**1,175,151**	**1,823,091**

The notes on pages 44 to 82 form an integral part of these financial statements.
Auditors' report on pages 38 and 39.

STATEMENTS OF CASH FLOWS - YEAR ENDED JUNE 30, 2011

	Note	THE GROUP 2011 Rs'000	THE GROUP 2010 Rs'000	THE COMPANY 2011 Rs'000	THE COMPANY 2010 Rs'000
OPERATING ACTIVITIES					
Profit before tax		295,115	284,166	248,285	323,910
Adjustment for:					
Depreciation of property, plant and equipment		162,850	134,043	103,646	88,629
Depreciation of investment properties		1,909	1,908	14,397	11,440
Amortisation and impairment of intangible assets		2,587	91,461	1,243	2,701
Write off of intangible assets		196	-	-	-
Amortisation of bearer biological assets		6,616	6,377	-	-
Movement in retirement benefit obligations		679	5,283	942	5,664
Loss/(profit) on disposal of property, plant and equipment		4,314	4,737	(2,598)	(1,205)
Share of results of associates		(43,937)	(36,672)	-	-
Impairment of subsidiary		-	-	10,280	-
Finance costs		78,725	83,302	75,570	75,506
Finance income		(2,759)	(117,404)	(52,435)	(138,182)
Movement in working capital:					
- Movement in consumable biological assets		3,608	(256)	-	-
- Inventories		(65,972)	(45,797)	(1,041)	5,877
- Trade and other receivables		(35,387)	(95,768)	(74,760)	(97,394)
- Trade and other payables		98,319	1,532	(3,494)	5,223
Cash generated from operations		**506,863**	**316,912**	**320,035**	**282,169**
Interest paid		(78,725)	(83,302)	(75,570)	(75,506)
Interest received		1,054	760	461	701
Dividend paid - The Company		(72,902)	(89,471)	(72,902)	(89,471)
Dividend paid - Non-controlling interests		(21,600)	(2,700)	-	-
Income tax paid		(54,926)	(30,806)	(49,536)	(30,153)
Net cash from operating activities		**279,764**	**111,393**	**122,488**	**87,740**
INVESTING ACTIVITIES					
Purchase of property, plant and equipment		(285,939)	(158,311)	(149,315)	(85,021)
Expenditure on bearer biological assets		(5,254)	(5,383)	-	-
Purchase of investment properties		-	-	(68,020)	(20,505)
Purchase of intangible assets		(3,363)	(1,831)	(261)	(450)
Proceeds from disposal of property, plant and equipment		20,104	7,135	2,598	1,988
Proceeds from disposal of intangible assets		-	380	-	380
Acquisition of a subsidiary, net at cash acquired		-	2,578	-	(9,614)
Purchase of investment in associate		-	(96,342)	-	(96,342)
Purchase of available for sale investments		(2,168)	(4,346)	(2,168)	(4,346)
Dividend received from associates		23,920	15,100	23,920	15,100
Dividend received from other equity investments		1,705	12,131	28,054	12,131
Net cash used in investing activities		**(250,995)**	**(228,889)**	**(165,192)**	**(186,679)**
FINANCING ACTIVITIES					
Movement in non-controlling interests		-	30,541	-	-
Proceeds from borrowings		236,588	131,158	236,476	129,301
Repayment of borrowings		(193,484)	(65,047)	(176,560)	(51,873)
Repayment of finance lease liabilities		(37,565)	(29,152)	(32,288)	(24,746)
Net cash from financing activities		**5,539**	**67,500**	**27,628**	**52,682**
Increase/ (decrease) in cash and cash equivalents		**34,308**	**(49,996)**	**(15,076)**	**(46,257)**
MOVEMENT IN CASH AND CASH EQUIVALENTS					
At July 1,		(249,271)	(200,140)	(231,202)	(184,945)
Exchange differences		288	865	-	-
Movement		34,308	(49,996)	(15,076)	(46,257)
At June 30,	17	**(214,675)**	**(249,271)**	**(246,278)**	**(231,202)**

The notes on pages 44 to 82 form an integral part of these financial statements.
Auditors' report on pages 38 and 39.

1. CORPORATE INFORMATION

The United Basalt Products Ltd is a public company incorporated and domiciled in Mauritius and listed on the official market of the Stock Exchange of Mauritius. Its registered office is situated at Trianon, Quatre Bornes.

The main activities of the Company and its subsidiaries are the manufacture and sale of building materials, provision of workshop services and sale of agricultural products.

The Group's and the Company's financial statements for the year ended June 30, 2011 were authorised for issue by the Board of Directors on September 29, 2011 and the statements of financial position were signed on the Board's behalf by Messrs Thierry Lagesse and Jean Michel Giraud. The financial statements will be submitted to the shareholders for approval at the forthcoming annual meeting.

2. ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards ("IFRS") and comply with the Companies Act 2001.

The financial statements have been prepared under the historical cost basis as modified by the revaluation of land and buildings, available-for-sale investments and consumable biological assets which are stated at their fair value as disclosed in the accounting policies hereafter.

The financial statements are presented in Mauritian Rupees and all values are rounded to the nearest thousand (Rs'000) except where otherwise indicated.

2.2 BASIS OF CONSOLIDATION

The consolidated financial statements comprise the financial statements of The United Basalt Products Limited and its subsidiaries as at June 30, 2011.

Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies. All intra-group balances, income and expenses, unrealised gains and losses and dividends resulting from intra-group transactions are eliminated in full.

A change in the ownership interest of a subsidiary, without a change of control, is accounted for as an equity transaction.

Losses are attributed to the non-controlling interest even if that results in a deficit balance.

If the Group loses control over a subsidiary, it:
- De-recognises the assets (including goodwill) and liabilities of the subsidiary
- De-recognises the carrying amount of any non-controlling interest
- De-recognises the cumulative translation differences, recorded in equity
- Recognises the fair value of the consideration received
- Recognises the fair value of any investment retained
- Recognises any surplus or deficit in profit or loss
- Reclassifies the parent's share of components previously recognised in other comprehensive income to profit or loss.

In comparison to the above mentioned requirements which were applied on a prospective basis, the following differences applied:
- Non-controlling interests represented the portion of profit or loss and net assets that were not held by the Group and were presented separately in the consolidated statement of comprehensive income and within equity in the consolidated statement of financial position, separately from the parent shareholders' equity. Acquisitions of non-controlling interests were accounted for using the parent entity extension method, whereby, the difference between the consideration and the book value of the share of the net assets acquired were recognised in goodwill.
- Losses incurred by the Group were attributed to the non-controlling interest until the balance was reduced to nil. Any further excess losses were attributable to the parent, unless the non-controlling interest had a binding obligation to cover these.
- Upon loss of control, the Group accounted for the investment retained at its proportionate share of net asset value at the date control was lost.

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Business combinations and goodwill

Business combinations from January 1, 2010

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the acquirer measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition costs incurred are expensed and included in administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognised in accordance with IAS 39 either in profit or loss or as a change to other comprehensive income. If the contingent consideration is classified as equity, it should not be remeasured until it is finally settled within equity.

Goodwill is initially measured at cost being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

Business combinations prior to January 1, 2010

In comparison to the above-mentioned requirements, the following differences applied:

Business combinations were accounted for using the purchase method. Transaction costs directly attributable to the acquisition formed part of the acquisition costs. The non-controlling interest (formerly known as minority interest) was measured at the proportionate share of the acquiree's identifiable net assets.

Business combinations achieved in stages were accounted for as separate steps. Any additional acquired share of interest did not affect previously recognised goodwill.

When the Group acquired a business, embedded derivatives separated from the host contract by the acquiree were not reassessed on acquisition unless the business combination resulted in a change in the terms of the contract that significantly modified the cash flows that otherwise would have been required under the contract.

Contingent consideration was recognised if, and only if, the Group had a present obligation, the economic outflow was more likely than not and a reliable estimate was determinable. Subsequent adjustments to the contingent consideration were recognised as part of goodwill.

(b) Property, plant and equipment

Property, plant and equipment is stated at cost, net of accumulated depreciation and/or accumulated impairment losses, if any. Such cost includes the cost of replacing part of the property, plant and equipment when that cost is incurred, if the recognition criteria are met. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in the profit or loss as incurred.

Land and buildings are measured at revalued amount less accumulated depreciation on buildings and impairment losses recognised after the date of the revaluation. Valuations are performed every five years to ensure that the fair value of a revalued asset does not differ materially from its carrying amount.

Any revaluation surplus is credited to the asset revaluation reserve in equity, except to the extent that it reverses a revaluation decrease of the same asset previously recognised in the profit or loss , in which case the increase is recognised in the profit or loss. A revaluation deficit is recognised in the profit or loss, except to the extent that it offsets an existing surplus on the same asset recognised in the asset revaluation reserve.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. A review of the carrying amounts is also performed at each reporting date to determine whether there is any indication of impairment loss being suffered.

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(b) Property, plant and equipment (Cont'd)

Gains and losses on disposal of property, plant and equipment are determined by reference to their carrying amount and are taken into account in determining operating profit. On disposal of revalued assets, amounts in revaluation and other reserves relating to that asset are transferred to retained earnings.

Leasehold land is not capitalised and the lease payments are charged to profit or loss on an accrual basis. Upfront payment on leasehold land and buildings are capitalised and amortised over the lease period.

Depreciation is calculated on the straight-line method to write off the cost or valuation of each asset to its residual value over its estimated useful life.

The principal annual rates are:

	%
Freehold properties	2 to 5
Leasehold properties	Over lease period
Plant and equipment	10 to 33
Motor vehicles	20

An item of property, plant and equipment is de-recognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset calculated as the difference between the net disposal proceeds and the carrying amount of the asset is included in the profit or loss in the year the asset is de-recognised.

The useful lives and residual values of all property, plant and equipment are reviewed and adjusted if appropriate at each financial year end.

(c) Investment properties

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day servicing of an investment property. The investment properties are stated at historical cost less accumulated depreciation and any impairment in value.

Depreciation is calculated on the straight-line method at a rate of 2% to 5% per annum.

(d) Biological assets

Bearer biological assets

Bearer biological assets comprise of sugar cane ratoons and are made up of plantation costs capitalised and amortised over seven years.

Consumable biological assets

Consumable biological assets represent standing cane and plants stated at fair value. The fair value is the present value of expected net cash flows from the cane discounted at the relevant market determined pre-tax rate.

(e) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is charged against profits in the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed to be either finite or indefinite.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in profit or loss in the expense category consistent with the function of the intangible asset. Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognised. Intangible assets include software, which is amortised using the straight line method over 6 years.

(f) Investment in subsidiaries

Subsidiaries are those entities in which the Company has an interest of more than one half of the voting rights or otherwise has power to govern the financial and operating policies. The existence and effect of potential voting rights that are presently exercisable or presently convertible are considered when assessing whether the Company controls another entity.

Separate financial statements

Investments in subsidiaries in the separate financial statements of the Company are carried at cost, net of any impairment. Where the carrying amount of an investment is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount and the difference is recognised in profit or loss. Upon disposal of the investment, the difference between the net disposal proceeds and the carrying amount is recognised in profit or loss.

Consolidated financial statements

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries). Subsidiaries are consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group.

(g) Investment in associates

The Group's investment in associates is accounted for using the equity method. An associate is an entity in which the Group has significant influence.

Under the equity method, the investment in the associates is carried in the statement of financial position at cost plus post-acquisition changes in the Group's share of net assets of the associate. Goodwill relating to the associates is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment.

The statement of comprehensive income reflects the share of the results of operations of the associates. Where there has been a change recognised directly in the equity of the associates, the Group recognises its share of any changes and discloses this, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associates are eliminated to the extent of the interest in the associate.

The share of profit of associates is shown on the face of the profit or loss. This is the profit attributable to equity holders of the associate and therefore is profit after tax and non-controlling interests in the subsidiaries of the associate.

The financial statements of the associates are prepared for the same reporting period as the Group. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an additional impairment loss on the Group's investment in its associates. The Group determines at each reporting date whether there is any objective evidence that the investment in the associates is impaired. If this is the case the Group calculates the amount of impairment as the difference between the recoverable amount of the associates and their carrying value and recognises the amount in profit or loss.

Upon loss of significant influence over the associates, the Group measures and recognises any retaining investment at its fair value. Any difference between the carrying amount of the associates upon loss of significant influence and the fair value of the retaining investment and proceeds from disposal is recognised in profit or loss.

In the Company's separate financial statements, investment in associates is stated at cost. The carrying amount is reduced to recognise any impairment in the value of the investment.

(h) Foreign currency translation

The Group's financial statements are presented in Mauritian rupees which is also the parent company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

i) Transactions and balances

Transactions in foreign currencies are initially recorded at their respective functional currency rates prevailing at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency spot rate of exchange ruling at the reporting date. All differences are taken to the profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(h) Foreign currency translation (Cont'd)

Prior to January 1, 2005 the Group treated goodwill and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition, as assets and liabilities of the parent. Therefore, those assets and liabilities are already expressed in the reporting currency or are non-monetary items and hence no further translation differences occur.

ii) Group companies

The assets and liabilities of foreign operations are translated into Mauritian rupees at the rate of exchange prevailing at the reporting date and their statement of comprehensive income is translated at exchange rates prevailing at the date of the transactions. The exchange differences arising on the translation are recognised in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in the profit or loss.

Any goodwill arising on the acquisition of a foreign operation subsequent to January 1, 2005 and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the closing rate.

(i) Financial assets

Initial recognition and measurement

Financial assets within the scope of IAS 39 are classified as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Group determines the classification of its financial assets at initial recognition.

All financial assets are recognised initially at fair value plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

The Group's financial assets include cash and short-term deposits, trade and other receivables, loans and other receivables and quoted and unquoted financial instruments.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate method (EIR), less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the statement of comprehensive income. The losses arising from impairment are recognised in the statement of comprehensive income in finance costs.

Available-for-sale financial investments
Available-for-sale financial investments include equity and debt securities. Equity investments classified as available-for-sale are those, which are neither classified as held for trading nor designated at fair value through profit or loss. Debt securities in this category are those which are intended to be held for an indefinite period of time and which may be sold in response to needs for liquidity or in response to changes in the market conditions.

After initial measurement, available-for-sale financial investments are subsequently measured at fair value with unrealised gains or losses recognised as other comprehensive income in the available-for-sale reserve until the investment is derecognised, at which time the cumulative gain or loss is recognised in other operating income, or determined to be impaired, at which time the cumulative loss is reclassified to the statement of comprehensive income in finance costs and removed from the available-for-sale reserve.

Trade and other receivables
Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than one year overdue) are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance for credit losses account, and the amount of the loss is recognised in the profit or loss within selling and marketing costs. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against selling and marketing costs in the profit or loss.

De-recognition

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is de-recognised when:

The rights to receive cash flows from the asset have expired.

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

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all of the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement in the asset.

In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

(j) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective assets. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

(k) Impairment of financial assets

The Group assesses at each reporting date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the assets' carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial assets original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate.

The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in profit or loss. Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of finance income in the statement of comprehensive income. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Group. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a future write-off is later recovered, the recovery is credited to finance costs in the statement of comprehensive income.

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(k) Impairment of financial assets (Cont'd)

Assets carried at cost

If there is objective evidence that an impairment loss on an unquoted equity instrument that is not carried at fair value because its fair value cannot be reliably measured, or on a derivative asset that is linked to and must be settled by delivery of such an unquoted equity instrument has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset.

Available-for-sale financial investments

For available-for-sale financial investments, the Group assesses at each reporting date whether there is objective evidence that an investment or a group of investments is impaired.

In the case of equity investments classified as available-for-sale, objective evidence would include a significant or prolonged decline in the fair value of the investment below its cost. 'Significant' is evaluated against the original cost of the investment and 'prolonged' against the period in which the fair value has been below its original cost. Where there is evidence of impairment, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognised in profit or loss – is removed from other comprehensive income and recognised in profit or loss. Impairment losses on equity investments are not reversed through profit or loss; increases in their fair value after impairment are recognised directly in other comprehensive income.

In the case of debt instruments classified as available-for-sale, impairment is assessed based on the same criteria as financial assets carried at amortised cost. However, the amount recorded for impairment is the cumulative loss measured as the difference between the amortised cost and the current fair value, less any impairment loss on that investment previously recognised in profit or loss.

Future interest income continues to be accrued based on the reduced carrying amount of the asset, using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of finance income. If, in a subsequent year, the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed through profit or loss.

(l) Financial liabilities

Initial recognition and measurement

Financial liabilities within the scope of IAS 39 are classified as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Group determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value and in the case of loans and borrowings, plus directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, bank overdrafts, loans and borrowings.

Subsequent measurement

The measurement of financial liabilities depends on their classification as follows:

Loans and borrowings

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the effective interest rate method (EIR) amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance costs in the statement of comprehensive income.

Trade payables

Trade payables are stated at their nominal value which approximates fair value.

Equity instruments

Equity instruments are recorded at the proceeds received, net of direct issue costs.

De-recognition

A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

(m) Inventories

Inventory items are valued at the lower of cost and net realisable value.

Costs incurred in bringing each product to its present location and conditions are accounted for using average cost method.

Net realisable value (NRV) is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

Work-in-progress consists of cost incurred on works performed but not yet completed and invoiced at reporting date.

(n) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in profit or loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

(o) Retirement Benefit Obligations

(i) Defined contribution plan

The Group operates a final salary defined benefit plan, the assets of which are held independently and administered by the Anglo-Mauritius Assurance Society Limited. The cost of providing pensions under the plan is determined using the projected unit credit actuarial valuation method and this is charged to the statement of comprehensive income so as to spread the regular cost over the service lives of employees in accordance with the advice of the actuaries. The pension obligation is measured as the present value of the estimated future cash outflows using a discount rate by reference to current interest rates and yields on bonds and treasury bills.

(ii) Severance allowance on retirement

For employees that are not covered under any pension plan, the net present value of severance allowances payable under the Employee Rights Act 2008 is been calculated independently by a qualified actuary, AON Hewitt Ltd. The expected cost of these benefits is accrued over the service lives of employees on a similar basis to that for the defined benefit plan. The present value of severance allowances has been disclosed as unfunded obligations under retirement benefit obligations.

(p) Cash and cash equivalents

Cash and short-term deposits in the statement of financial position comprise cash at banks and on hand and short-term deposits with a maturity of three months or less.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits as defined above, net of outstanding bank overdrafts.

(q) Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets.

Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators.

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(q) Impairment of non-financial assets (Cont'd)

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or cash-generating unit's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss.

(r) Impairment of non-financial assets

The following criteria are also applied in assessing impairment of specific assets:

Goodwill

Goodwill is tested for impairment annually and when circumstances indicate that the carrying value may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each cash-generating unit (or group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash generating unit is less than their carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

Intangible assets

Intangible assets with indefinite useful lives are tested for impairment at each reporting date; either individually or at the cash-generating unit level, as appropriate and when circumstances indicate that the carrying value may be impaired.

(s) Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at inception date, whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset, even if that right is not explicitly specified in an arrangement.

Group as a lessee

Finance leases which transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in profit or loss.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating lease payments are recognised as an operating expense in profit or loss on a straight-line basis over the lease term.

Group as a lessor

Leases in which the Group does not transfer substantially all the risks and benefits of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income.

Contingent rents are recognised as revenue in the period in which they are earned.

(t) Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

Sales of goods and services

Revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer and the amount of revenue can be measured reliably.

Sales of sugar

Revenue from sugar is recognised based on amount produced and delivered on a sugar price based on the recommendation of the Mauritius Chamber of Agriculture after consultation with the Mauritius Sugar Syndicate.

Interest income

Revenue is recognised as the interest accrues (taking into account the effective yield on the asset).

Dividend income

Dividend income is recognised when the Group's right to receive the payment is established.

Rental income

Rental income arising from investment properties under operating leases is accounted for on a straight-line basis over the term of the lease, except for contingent rental income which is recognised when it arises.

(u) Taxes

Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date, in the countries where the Group operates and generates taxable income.

Deferred income tax

Deferred income tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

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

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

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax credits and unused tax losses can be utilised except:

- where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised. Unrecognised deferred income tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

The principal temporary differences arise from depreciation on property, plant and equipment, revaluations of certain non-current assets, tax losses carried forward and on retirement benefit obligations.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(u) Taxes (Cont'd)

Value Added Tax

Revenues, expenses and assets are recognised net of the amount of value added tax except:

- where the value added tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the value added tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables that are stated with the amount of value added tax included.

The net amount of value added tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

Alternative Minimum Tax

Alternative Minimum Tax (AMT) is provided for, where the Company which has a tax liability of less than 7.5% of its book profit pays a dividend. AMT is calculated as the lower of 10% of the dividend paid and 7.5% of book profit.

Corporate Social Responsibility

In line with the definition within the Income Tax Act 1995, Corporate Social Responsibility (CSR) is regarded as a tax and is therefore subsumed with the income tax shown within the Statement of Comprehensive Income and the income tax liability on the Statement of Financial Position.

The CSR charge for the current period is measured at the amount expected to be paid to the Mauritian tax authorities. The CSR rate and laws used to compute the amount are those charged or substantively enacted by the reporting date.

(v) Segmental reporting

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

The Group and the Company's business segments consist of core business activities, retail and agriculture. Most of its activity is performed in Mauritius. Accordingly, there are no material geographical segments that need to be reported separately.

(w) Related parties

For the purposes of these financial statements, parties are considered to be related to the Group if they have the ability, directly or indirectly, to control the Group or exercise significant influence over the Group in making financial and operating decisions, or vice versa, or where the Group is subject to common control or common significant influence. Related parties may be individuals or other entities.

2.4 CHANGES IN ACCOUNTING POLICY AND DISCLOSURES

The accounting policies adopted are consistent with those of the previous financial year except as follows:

The Group has adopted the following standards and amendments:

- IFRS 2 Share-based Payment: Group Cash-settled Share-based Payment Transactions (Amendment)
- IFRS 3 Business Combinations- Amendments resulting from May 2010 annual Improvements to IFRS
- IFRS 5 Non Current Assets Held for Sale and Discontinued Operations- (Amendment)
- IAS 32 Financial Instruments: Presentation – Classification of Rights Issues (Amendment)
- IAS 7 Statement of Cash Flows
- IAS 17 Leases
- IFRIC 19 - Extinguishing Financial Liabilities with Equity Instruments

The principal effect of these changes is as follows:

IFRS 2 Share-based Payment (Amendment) - Effective for annual periods beginning on or after January 1, 2010.

The IASB issued an amendment to IFRS 2 that clarified the scope and the accounting for group cash-settled share-based payment transactions. It did not have an impact on the financial position or performance of the Group.

IFRS 3 Business Combinations - Amendments Effective for annual periods beginning on or after July 1, 2010.

The amendments clarify the transition requirements for contingent consideration from a business combination that occurred before the effective date of the revised IFRS, measurement of non-controlling interests, un-replaced and voluntarily replaced share-based payment awards. It did not have an impact on the financial position or performance of the Group.

IFRS 5 Non-current Assets Held for Sale and Discontinued Operations: Amendment Effective for annual periods beginning on or after January 1, 2010.

It clarifies that the disclosures required in respect of non-current assets and disposal groups classified as held for sale or discontinued operations are only those set out in IFRS 5. The disclosure requirements of other IFRSs only apply if specifically required for such non-current assets or discontinued operations. The amendment had no impact on the financial statements.

IAS 32 Financial Instruments: Presentation – Classification of Rights Issues (Amendment) Effective for annual periods beginning on or after February 1, 2010.

It amended the definition of a financial liability in order to classify rights issues (and certain options or warrants) as equity instruments in cases where such rights are given pro-rata to all of the existing owners of the same class of an entity's non-derivative equity instruments, or to acquire a fixed number of the entity's own equity instruments for a fixed amount in any currency. It did not have an impact on the financial position or performance of the Group.

IAS 7 Statement of Cash Flows: (Amendment) Effective for annual periods beginning on or after January 1, 2010.

It states that only expenditure that results in recognising an asset can be classified as a cash flow from investing activities. This amendment did not have any impact on the statement of cash flows.

IAS 17 Leases: (Amendment) Effective for annual periods beginning on or after January 1, 2010.

It removes specific guidance regarding classification of leases of land, so as to eliminate inconsistency with the general guidance on lease classification. As a result, leases of land should be classified as either finance or operating using the general principles of IAS 17. Amendments to be applied retrospectively to existing leases if the necessary information is available at the inception of the lease. Otherwise land leases should be reassessed on the date of adoption of the amendment. The amendment had no impact on the financial statements.

IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments

The interpretation clarifies that equity instruments issued to a creditor to extinguish a financial liability qualify as consideration paid. The equity instruments issued are measured at their fair value. In case that this cannot be reliably measured, the instruments are measured at the fair value of the liability extinguished. Any gain or loss is recognised immediately in profit or loss. It did not have an impact on the financial position or performance of the Group.

The IASB issued Improvements to IFRSs, an omnibus of amendments to its IFRS standards. The amendments have not been adopted as they become effective for annual periods on or after January 1, 2011. The topics addressed by these amendments are listed below:

IFRS 1 First-time Adoption of IFRS: effective for annual periods beginning on or after January 1, 2011, the amendments deal with accounting policy changes in the year of adoption, revaluation basis as deemed cost and the use of deemed cost for operations subject to rate regulations.

IFRS 7 Financial Instruments: *Disclosures:* effective for annual periods beginning on or after January 1, 2011, encourages qualitative disclosures in the context of the quantitative disclosure required; clarifies the required level of disclosure around credit risk and collateral held and provides relief from disclosure of renegotiated loans.

IAS 1 Presentation of Financial Statements: effective for annual periods beginning on or after January 1, 2011, clarifies that an entity may present the analysis of other comprehensive income by item either in the statement of changes in equity or in the notes to the financial statements.

IAS 34 Interim Financial Reporting: effective for annual periods beginning on or after January 1, 2011, emphasises the principle in IAS 34 that the disclosure about significant events and transactions in interim periods should update the relevant information presented in the most recent annual financial report.

IFRIC 13 Customer Loyalty Programmes:effective for annual periods beginning on or after January 1, 2011, clarifies the meaning of 'fair value' in the context of measuring of award credits.

Other amendments resulting from Improvements to IFRSs to the following standards did not have any impact on the accounting policies, financial position or performance of the Group:

2.5 NEW AND REVISED STANDARDS ISSUED BUT NOT YET EFFECTIVE

New and revised standards issued but not yet effective up to the date of issuance of the Group's financial year end are listed below. This listing is of standards issued, which the Group reasonably expects to be applicable at a

2.5 NEW AND REVISED STANDARDS ISSUED BUT NOT YET EFFECTIVE (Cont'd)

future date. The Group intends to adopt those standards when they become effective.

IAS 24 - Related Party Disclosures (Amendment)

The amended standard is effective for annual periods beginning on or after January 1, 2011. It clarified the definition of a related party to simplify the identification of such relationships and to eliminate inconsistencies in its application. The revised standard introduces a partial exemption of disclosure requirements for government related entities. Early adoption is permitted for either the partial exemption for government-related entities or for the entire standard.

IAS 27 - Consolidated and Separate financial statements (Revised in May 2011) - Effective period beginning on or after January 1, 2013

IAS 28 – Investment in Associates (Revised May 2011) - Effective period beginning on or after January 1, 2013.

IFRS 7 - Financial instruments: Disclosures (Amendment)

These amendments, effective for annual periods beginning on or after July 1, 2011, require enhancements to the existing disclosures in IFRS 7 where an asset is transferred but is not recognised but the entity continues to have a continuing exposure to the asset after the sale. These amendments are intended to provide greater transparency around risk exposures of transactions where a financial asset is transferred but the transferor retains some level of continuing exposure (referred to as 'continuing involvement') in the asset. The amendments also require disclosure where transfers of financial assets are not evenly distributed throughout the period (e.g., where transfers occur near the end of a reporting period). This is intended to create transparency around transactions that may be motivated by window dressing.

IFRS 9 - Financial instruments: Classification and Measurement

IFRS 9 as issued reflects the first phase of the IASBs applies to classification and measurement of financial instruments within the scope of IAS 39. The standard is effective for annual periods beginning on or after January 1, 2013. In subsequent phases, the IASB will address impairment of financial instruments and hedge accounting with a view to replacing IAS 39 in its entirety in 2011.

IAS 12 - Income Taxes (Amendment)

The amendments, effective for annual periods beginning on or after January 1, 2012, provide an exception to the general principles of IAS 12 for investment property measured using the fair value model in IAS 40 investment property. For the purposes of measuring deferred tax, the amendments introduce a rebuttable presumption that the carrying amount of such an asset will be recovered entirely through sale. The presumption can be rebutted if the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits over time, rather than through sale. The exception also applies to investment property acquired in a business combination if the acquirer applies the fair value model in IAS 40 subsequent to the business combination. The amendments also incorporate the requirements of SIC-21 Income Taxes-Recovery of Revalued Non-Depreciable Assets into IAS 12, i.e., deferred tax arising on a non-depreciable asset measured using the revaluation model in IAS 16 should be based on the sale rate.

IFRS 10 - Consolidated Financial Statements

The objective of the standard is to have a single basis for consolidation for all entities regardless of the nature of the investee, and that basis is control. The definition of control includes three elements: power over an investee, exposure or rights to variable returns of the investee and the ability to use power over the investee to affect the investor's returns. It provides detailed guidance on how to apply the control principle in a number of situations, including agency relationships and holdings of potential voting rights. An investor would reassess whether it controls an investee if there is a change in facts and circumstances. This standard replaces those parts of IAS 27 that address when and how an investor should prepare consolidated financial statements and replaces SIC-12 in its entirety. The standard is effective for annual periods beginning on or after January 1, 2013, with early application permitted.

IFRS 11 - Joint Arrangements

The standard classifies joint arrangements as either joint operations (combining the existing concepts of jointly controlled assets and jointly controlled operations) or joint ventures (equivalent to the existing concept of a jointly controlled entity). It requires the use of equity method of accounting for interests in joint ventures thereby eliminating the proportionate consolidation method. The determination of as to whether a joint arrangement is a joint operation or a joint venture is based on the parties' rights and obligations under the arrangement, with the existence of a separate legal vehicle no longer being the key factor. The standard is effective for annual periods beginning on or after January 1, 2013, with early application permitted.

IFRS 12 - Disclosure of Interests in Other Entities

The standard applies to entities that have an interest in subsidiaries, joint arrangements, associates or unconsolidated structures entities. It establishes disclosure objectives and specifies minimum disclosures that an entity must provide to meet those objectives. An entity should disclose information that helps users of its financial statements evaluate the nature of and risks associated with its interests in other entities and the effects of those interests on its financial statements. The disclosure requirements are extensive and significant effort may be required to accumulate the necessary information. The standard is effective for annual periods beginning on or after January 1, 2013, with early application permitted.

IFRS 13 - Fair Value Measurement

The standard establishes a single framework for measuring fair value where that is required by other Standards. The Standard applies to both financial and non-financial items measured at fair value. Fair value is defined as "the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date" (i.e., an exit price). The standard is effective for annual periods beginning on or after January 1, 2013.

IAS1 - Presentation of Financial Statements (Amendment)

The amendments retain the option to present profit or loss and other comprehensive income in either a single continuous statements or in two separate but consecutive statements. Items of the other comprehensive income are required to be grouped into those that will and will not subsequently be reclassified to profit or loss. Tax in items of other comprehensive income is required to be allocated on the same basis. The measurement and recognition of items of profit or loss and other comprehensive income are not affected by the amendments. The amendment is effective for annual period beginning on or after July 1, 2012.

IAS 19 - Employee Benefits (Amendment)

The standard requires in the recognition of changes in the defined benefit obligation and in plan assets when those changes occur, eliminating the corridor approach and accelerating the recognition of past service costs. Changes in the defined benefit obligation and plan assets are disaggregated into three components: service costs, net interest on the net defined benefit liabilities (assets) and re-measurements of the net benefit liabilities (assets). Net interest is calculated using a high quality corporate bond yield. This may be lower than the rate currently used to calculate the expected return on plan assets, resulting in a decrease in net income. The amendments are effective for annual period beginning on or after January 1, 2013.

IFRIC 14 - Prepayments of a minimum funding requirement (Amendment)

It provides guidance on assessing the recoverable amount of a net pension asset. The amendment permits an entity to treat the prepayment of a minimum funding requirement as an asset. The amendment to IFRIC 14 is effective for annual periods beginning on or after January 1, 2011 with retrospective application.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Group's consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

Judgements

In the process of applying the Group's accounting policies, management has made the following judgments, which have the most significant effect on the amounts recognised in the consolidated financial statements:

Operating Lease Commitments - Group as Lessee

The entity has entered into leases for motor vehicles and plant and equipment. The Group has determined that it does not retain all the significant risks and rewards of ownership of these assets.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (Cont'd)

Useful lives and residual values of property, plant and equipment

Determining the carrying amounts of property, plant and equipment requires the estimation of the useful lives and residual values of these assets which carry a degree of uncertainty. The directors have used historical information relating to the Group and the relevant industries in which the Group's entities operate in order to best determine the useful lives and residual values of property, plant and equipment.

Revaluation of property, plant and equipment

The Group measures land and buildings at revalued amounts with changes in fair value being recognised in other comprehensive income. The Group engaged an independent professional valuer to determine the fair value. These estimates have been based on the market data regarding current yield on similar properties. The actual amount of the land and buildings could therefore differ significantly from the estimates in the future.

Fair value of consumable biological assets – Standing cane

The fair value of consumable biological assets has been determined by discounting the present value of expected net cash flows from standing canes discounted at the present market determined rate. The estimated cash flows have been computed by estimating the expected crop and the selling prices which will prevail in the coming year. The harvesting cost and direct expenses are based on the yearly budgets of the company.

Pension benefits

The cost of defined benefit pension plans is determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, expected rates of return on assets, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The liability at June 30, 2011 was Rs 91 m (2010: Rs 88.9 m) and Rs 72.4 m (2010: Rs 71.5 m) for the Group and the Company respectively. Further details are given in Note 20.

Fair value of financial instruments

Where the fair value of financial assets and financial liabilities recorded in the statement of financial position cannot be derived from active markets, their fair value is determined using valuation techniques including the discounted cash flow model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. The judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

Recoverable amount on trade and other receivables

In preparing those consolidated financial statements, the directors have made estimates of the recoverable amounts of trade and other trade receivables and impaired those receivables where the carrying amounts exceeded recoverable amounts. The estimation of recoverable amounts involve an assessment of the financial condition of the debtors concerned and estimate of the timing and the extent of cash flows likely to be received by the Group.

Recognition of deferred tax assets

Deferred tax assets are recognised for all unused tax losses to the extent that is probable that taxable profit will be available against which losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

4. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's financial liabilities comprise bank loans and overdrafts, finance leases, loan from shareholders and trade payables. The main purpose of these financial liabilities is to raise finance for the Group's operations.

The main risks arising from the Group's financial instruments are credit risk, interest rate risk, liquidity risk and foreign currency risk.

A description of the various risks to which the Group is exposed is shown below as well as the approach taken by management to control and mitigate those risks.

(a) Credit risk

Credit risk relates to the possibility of default by customers and agents in setting their obligations to the Group. The Group has established internal policies to determine the credit worthiness and reliability of potential customers. In addition, receivable balances are monitored on an ongoing basis. The maximum exposure is the carrying amount as disclosed in Note 16.

With respect to credit risk arising from other financial assets of the Group which comprise cash and cash equivalent, available for sale financial investments and other financial assets, the Group's exposure to credit risk arises from default of the counterparty with a maximum exposure equal to the carrying amount of these instruments.

(b) Interest rate risk

The Group's income and operating cash flows are subject to the risks of changes in market interest rates. The Group's policy is to manage its interest cost using a mix of fixed and variable rate debts.

The following table demonstrates through the impact on floating rate borrowings the sensitivity of the Group's and the Company's profit before tax to a reasonable possible change in interest rates with all other variables held constant. There is no impact on the Group's and the Company's equity.

	THE GROUP		THE COMPANY	
	2011	2010	2011	2010
Increase/(Decrease) in basis point	Rs'000	Rs'000	Rs'000	Rs'000
+ 50	(6,369)	(5,184)	(5,972)	(5,642)
- 25	3,185	2,592	2,986	2,821

(c) Liquidity risk

This refers to the possibility of default by the group to meet its obligations because of unavailability of funds to meet both operational and capital requirements. The Group monitors its risk to a shortage of funds using a recurring liquidity planning tool. This tool considers the maturity of both its financial investments and financial assets (e.g. accounts receivables and other financial assets), the maturity of its financial obligations and projected cash flows from operations. Moreover, the group has access to various types of funding like leasing, loans and share capital.

The following table summarises the maturity profile of the Group's financial liabilities at June 30, based on contractual undiscounted payment.

The Group

At June 30, 2011	On demand	Less than 3 months	3 to 12 months	1 to 5 years	Above 5 years	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Interest-bearing loans and borrowings	753,506	35,623	106,869	242,036	68,315	1,206,349
Trade and other payables	-	237,747	-	-	-	237,747
	753,506	**273,370**	**106,869**	**242,036**	**68,315**	**1,440,096**

At June 30, 2010	On demand	Less than 3 months	3 to 12 months	1 to 5 years	Above 5 years	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Interest-bearing loans and borrowings	621,541	43,435	130,035	339,829	35,475	1,170,315
Trade and other payables	125,506	13,922	-	-	-	139,428
	747,047	57,357	130,035	339,829	35,475	1,309,743

4. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Cont'd)

(c) Liquidity risk (Cont'd)

The Company

At June 30, 2011	On demand	Less than 3 months	3 to 12 months	1 to 5 years	Above 5 years	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Interest-bearing loans and borrowings	737,216	18,953	102,358	167,876	68,260	1,094,663
Trade and other payables	-	99,673	-	-	-	99,673
	737,216	**118,626**	**102,358**	**167,876**	**68,260**	**1,194,336**

At June 30, 2010	On demand	Less than 3 months	3 to 12 months	1 to 5 years	Above 5 years	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Interest-bearing loans and borrowings	584,175	9,169	144,509	256,467	30,975	1,025,295
Trade and other payables	-	103,167	-	-	-	103,167
	584,175	112,336	144,509	256,467	30,975	1,128,462

(d) Foreign currency risk

The Group has transactional currency exposures. Such exposure arises from sales or purchases by an operating unit in currencies other than the unit of the functional currency. While revenue is generated principally in the functional currency, significant expenditures are incurred in Euro and US Dollars. The Group does not have a policy to hedge against foreign currency risk.

The following table demonstrates due to changes in the fair value of monetary assets and liabilities the sensitivity of the Group's profit before tax to a reasonably possible change in Euro and US Dollars exchange rates, with all other variables held constant. There is no impact on the Group's equity.

	THE GROUP	
Increase/(Decrease) in exchange rate	2011	2010
	Rs'000	Rs'000
Euro +5%	(250)	(912)
Euro -10%	500	1,824
US dollar +5%	(200)	(106)
US dollar -10%	400	213

(e) Capital Management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholders value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended June 30, 2011 and June 30, 2010.

The Group monitors capital using a gearing ratio which is interest-bearing loans and borrowings divided by equity. The Group's policy is to keep the gearing ratio at less than one. Capital comprises of equity attributable to the equity holders of the parent.

	THE GROUP		THE COMPANY	
	2011	2010	2011	2010
	Rs'000	Rs'000	Rs'000	Rs'000
Interest-bearing loans and borrowings	1,183,402	1,148,798	1,074,941	1,006,529
Equity	1,966,584	1,928,317	1,823,091	1,731,751
Gearing ratio	60%	60%	59%	58%

5. PROPERTY, PLANT AND EQUIPMENT

THE GROUP	Freehold land and buildings Rs'000	Leasehold properties Rs'000	Plant and equipment Rs'000	Motor vehicles Rs'000	Assets in progress Rs'000	Total Rs'000
COST OR VALUATION						
At July 1, 2009	1,326,697	74,000	1,399,237	101,098	-	2,901,032
Additions	64,731	4,557	117,381	29,160	-	215,829
Acquisition of subsidiary	8,029	-	77,798	3,090	2,400	91,317
Transfer from inventories	-	-	15,906	-	-	15,906
Disposals	(6,171)	-	(3,659)	(11,244)	-	(21,074)
Exchange differences	(6,046)	(171)	(12,681)	(951)	-	(19,849)
At July 1, 2010	**1,387,240**	**78,386**	**1,593,982**	**121,153**	**2,400**	**3,183,161**
Additions	118,038	76	182,803	24,180	14,470	339,567
Reclassification	(13,553)	-	(31,165)	22,235	18,148	(4,335)
Transfer to inventories	-	-	(1,531)	-	-	(1,531)
Disposals	(13,659)	-	(17,475)	(16,374)	-	(47,508)
Exchange differences	(4)	(119)	(380)	(114)	(276)	(893)
At June 30 , 2011	**1,478,062**	**78,343**	**1,726,234**	**151,080**	**34,742**	**3,468,461**
DEPRECIATION						
At July 1, 2009	64,872	8,307	1,046,609	55,613	-	1,175,401
Charge for the year	21,350	3,451	92,810	16,432	-	134,043
Acquisition of subsidiary	1,293	-	50,441	2,787	-	54,521
Transfer from inventories	-	-	1,591	-	-	1,591
Disposals	-	-	(3,152)	(11,050)	-	(14,202)
Exchange differences	(76)	(42)	(4,782)	(339)	-	(5,239)
At July 1, 2010	**87,439**	**11,716**	**1,183,517**	**63,443**	**-**	**1,346,115**
Charge for the year	30,131	2,418	110,816	18,629	-	161,994
Reclassification	(27,873)	2	(7,627)	28,312	-	(7,186)
Transfer from inventories	-	-	856	-	-	856
Disposals	-	-	(14,977)	(16,025)	-	(31,002)
Exchange differences	(10)	(16)	(316)	(83)	-	(425)
At June 30, 2011	**89,687**	**14,120**	**1,272,269**	**94,276**	**-**	**1,470,352**
NET BOOK VALUES						
At June 30 , 2011	1,388,375	64,223	453,965	56,804	34,742	1,998,109
At June 30 , 2010	**1,299,801**	**66,670**	**410,465**	**57,710**	**2,400**	**1,837,046**

5. PROPERTY, PLANT AND EQUIPMENT (Cont'd)

(a) The carrying amount of plant and machinery and motor vehicles held under finance lease as at June 30, 2011 and 2010 were as follows:

	Plant and equipment Rs'000	Motor vehicles Rs'000	Total 2011 Rs'000	Total 2010 Rs'000
Cost	131,852	106,124	237,976	223,007
Accumulated depreciation	(41,496)	(40,739)	(82,235)	(83,520)
Net book values	**90,356**	**65,385**	**155,741**	**139,487**

THE COMPANY	Freehold land and buildings Rs'000	Leasehold properties Rs'000	Plant and equipment Rs'000	Motor vehicles Rs'000	Total Rs'000
COST OR VALUATION					
At July 1, 2009	695,257	43,126	1,092,513	51,792	1,882,688
Additions	29,210	-	85,812	21,154	136,176
Disposals	-	-	(3,512)	(10,443)	(13,955)
Transfer from inventories	-	-	15,906	-	15,906
At July 1, 2010	**724,467**	**43,126**	**1,190,719**	**62,503**	**2,020,815**
Additions	45,802	-	137,123	10,661	193,586
Reclassification	(17,235)	-	(30,850)	22,235	(25,850)
Transfer to inventories	-	-	(1,531)	-	(1,531)
Disposals	-	-	-	(13,598)	(13,598)
At June 30, 2011	**753,034**	**43,126**	**1,295,461**	**81,801**	**2,173,422**
DEPRECIATION					
At July 1, 2009	55,058	6,984	850,251	27,959	940,252
Charge for the year	11,434	2,156	66,281	8,758	88,629
Disposals	-	-	(2,739)	(10,432)	(13,171)
Transfer from inventories	-	-	1,591	-	1,591
At July 1, 2010	**66,492**	**9,140**	**915,384**	**26,285**	**1,017,301**
Reclassification	(27,873)	2	(7,115)	28,312	(6,674)
Charge for the year	13,988	2,156	76,597	10,049	102,790
Disposals	-	-	-	(13,598)	(13,598)
Transfer from inventories	-	-	856	-	856
At June 30, 2011	**52,607**	**11,298**	**985,722**	**51,048**	**1,100,675**
NET BOOK VALUES					
At June 30, 2011	**700,427**	**31,828**	**309,739**	**30,753**	**1,072,747**
At June 30, 2010	**657,975**	**33,986**	**275,335**	**36,218**	**1,003,514**

Bank borrowings are secured by fixed and floating charges over the assets of the Group.
Leased liabilities are effectively secured as the rights to the leased asset revert to the lessor in the event of default.

(a) The carrying amount of plant and machinery and motor vehicles held under finance lease as at June 30, 2011 and 2010 were as follows:

	Plant and equipment Rs'000	Motor vehicles Rs'000	Total 2011 Rs'000	Total 2010 Rs'000
Cost	131,852	75,467	207,319	202,123
Accumulated depreciation	(41,496)	(26,559)	(68,055)	(74,472)
Net book values	**90,356**	**48,908**	**139,264**	**127,651**

(b) Revaluation of land and builidngs

The fair value of the freehold land and buildings were determined by Société D'Hotman De Spéville, an independent valuer. Fair value is determined by reference to market based evidence. This means that valuations performed by the valuer are based on active market prices, adjusted for any difference in the nature, location or condition of a specific property. The date of the revaluation was May 30, 2007.

	THE GROUP		THE COMPANY	
	2011 Rs'000	2010 Rs'000	2011 Rs'000	2010 Rs'000
Cost	798,193	667,460	669,217	555,395
Accumulated depreciation	(273,594)	(241,404)	(262,243)	(230,228)
Net book values	**524,599**	**426,056**	**406,974**	**325,167**

6. INVESTMENT PROPERTIES

	THE GROUP		THE COMPANY	
	2011 Rs'000	2010 Rs'000	2011 Rs'000	2010 Rs'000
COST				
At July 1,	45,216	45,216	230,890	210,385
Additions	-	-	68,020	20,505
Reclassification	-	-	39,925	-
At June 30,	45,216	45,216	338,835	230,890
DEPRECIATION				
At July 1,	20,835	18,927	59,084	47,644
Charge for the year	1,909	1,908	14,397	11,440
Reclassification	264	-	18,992	-
At June 30,	**23,008**	**20,835**	**92,473**	**59,084**
NET BOOK VALUES				
At June 30,	**22,208**	**24,381**	**246,362**	**171,806**

The Board of Directors have reviewed the fair value of the investment properties as at June 30, 2011 and considered that it is not materially different to the prior year. Rental income from investment properties of the Company amounted to Rs 27,787,377 (2010: Rs 24,597,412). There was no expenditure incurred in respect of investment properties (2010: Rs Nil).

7. BEARER BIOLOGICAL ASSETS

	THE GROUP	
	2011	2010
Plant canes	Rs'000	Rs'000
At July 1,	19,480	20,474
Expenditure for the year	5,254	5,383
Amortisation for the year	(6,616)	(6,377)
At June 30,	**18,118**	**19,480**

The bearer biological assets represent capitalised plantation costs amortised over seven years.

8. INTANGIBLE ASSETS

	THE GROUP			THE COMPANY
	Computer software	Goodwill	Total	Computer software
COST	Rs'000	Rs'000	Rs'000	Rs'000
At July 1, 2009	26,650	46,344	72,994	20,932
Additions (note 9(b))	1,831	87,759	89,590	450
Disposal	(380)	-	(380)	(380)
Exchange differences	482	-	482	-
At July 1, 2010	**28,583**	**134,103**	**162,686**	**21,002**
Additions	3,363	-	3,363	261
Reclassification	(10,155)	-	(10,155)	(10,249)
Write off	(938)	-	(938)	-
At June 30, 2011	**20,853**	**134,103**	**154,956**	**11,014**
AMORTISATION				
At July 1, 2009	14,537	40,912	55,449	12,310
Amortisation charge and impairment	3,702	87,759	91,461	2,701
Exchange differences	245	-	245	-
At July 1, 2010	**18,484**	**128,671**	**147,155**	**15,011**
Amortisation charge and impairment	2,587	-	2,587	1,243
Reclassification	(8,110)	-	(8,110)	(8,605)
Write off	(742)	-	(742)	-
At June 30, 2011	**12,219**	**128,671**	**140,890**	**7,649**
NET BOOK VALUES				
At June 30, 2011	**8,634**	**5,432**	**14,066**	**3,365**
At June 30, 2010	**10,099**	**5,432**	**15,531**	**5,991**

9. (a) INVESTMENT IN SUBSIDIARIES

	THE COMPANY	
	2011	2010
	Rs'000	Rs'000
At July 1,	679,119	559,255
Additions (note (a))	150,000	9,614
Fair value adjustment	-	110,250
Impairment	(280)	-
At June 30,	**828,839**	**679,119**

(a) This represents an amount receivable from Marbella Espace Maison Ltée which has been converted into equity investment during the year.

(b) Investment in subsidiaries are unquoted and were valued by the Directors at cost net of impairment.

Particulars of interests in the Group's subsidiary companies:

	Class of shares	2011 & 2010 % Holding	
OPERATIONAL		**Direct**	**Indirect**
Marbella Espace Maison Ltée	Ordinary	100.0	-
Compagnie de Gros Cailloux Ltée	Ordinary	100.0	-
Société d' Investissement Rodriguais	Parts in société	100.0	-
Welcome Industries Ltd	Ordinary	-	75.9
U.B.P. International Ltd	Ordinary	100.0	-
U.B.P. Madagascar	Ordinary	-	100.0
United Granite Products (Pvt) Ltd	Ordinary	-	71.7
Sainte Marie Crushing Plant Ltd	Ordinary	76.5	-
Societe des Petits Cailloux	Parts in société	-	76.5
Drymixed Products Ltd *	Ordinary	51.0	-
DORMANT			
Marbella Ltd	Ordinary	100.0	-
Land Reclamation Ltd	Ordinary	100.0	-
Stone and Bricks Co Ltd	Ordinary	100.0	-
The Stone Masters Co Ltd	Ordinary	100.0	-
Pricom Ltd	Ordinary	100.0	-

All subsidiaries are incorporated in the Republic of Mauritius except for UBP Madagascar which is incorporated in the Republic of Madagascar and United Granite Products (Pvt) Ltd which is incorporated in Sri Lanka.

* Previously an associate via Premixed Concrete Ltd.

9. (b) ACQUISITION OF SUBSIDIARY

On March 1, 2010, Dry mixed Products Ltd previously an associate of the Group via Premixed Concrete Ltd became a subsidiary of The United Basalt Products Limited. This has resulted for the increase in non-controlling interests during the year. Goodwill on consolidation is calculated as follows:

	Rs'000
Fair value of consideration	119,864
Non-controlling interests	30,846
	150,710
Fair value of net identifiable assets	(62,951)
Goodwill (note 8)	87,759
Fair value of identifiable net assets of subsidiary consists as follows:	
Property, plant and equipment	38,389
Inventories	15,175
Trade and other receivables	28,324
Cash and cash equivalents	12,192
Trade and other payables	(31,129)
	62,951
Consideration consists as follows:	
Fair value of shares received	110,250
Additional cash paid	9,614
	119,864
Cash flows on acquisition:	
Cash consideration	9,614
Net cash acquired with the subsidiary	(12,192)
	(2,578)

10. INVESTMENT IN ASSOCIATES

	THE GROUP		THE COMPANY	
	2011	2010	2011	2010
	Rs'000	Rs'000	Rs'000	Rs'000
At July 1,	192,913	100,252	110,306	13,964
Additions	-	96,342	-	96,342
De-recognition of an associate	-	(41,702)	-	-
Share of results before tax	43,937	36,672	-	-
Share of tax	(4,471)	(3,456)	-	-
Movement in reserves	(5,130)	19,905	-	-
Dividends received	(23,920)	(15,100)	-	-
At June 30,	**203,329**	**192,913**	**110,306**	**110,306**

(a) The shareholding in associate companies are as follows:

	Class of shares	2011&2010 % Holding
Pre-mixed Concrete Ltd	Ordinary	49.0
Cement Transport Ltd	Ordinary	25.0
Compagnie des Transports Reunis Ltée	Ordinary	30.0
Produits Basaltiques du Nord Ltée	Ordinary	46.0
Sud Concassage Ltée	Ordinary	25.0
Prochimad Mines et Carrières SARL	Ordinary	34.0
Compagnie Mauricienne d' Entreprise Ltée	Ordinary	20.0

All associates are incorporated in the Republic of Mauritius except for Prochimad Mines et Carrières SARL which is incorporated in the Republic of Madagascar.

(b) Summary of aggregated financial information of the Group's associates is as follows:

	2011	2010
	Rs'000	Rs'000
Total assets	548,787	386,011
Total liabilities	(386,734)	(122,546)
Net assets	162,053	263,465
Revenues	939,544	753,076
Profits after tax	65,703	70,083

11. AVAILABLE-FOR-SALE INVESTMENTS

	Quoted	Unquoted	TOTAL 2011	2010
THE GROUP	Rs'000	Rs'000	Rs'000	Rs'000
At July 1,	35,699	16,285	51,984	54,531
Additions	1,933	235	2,168	4,346
Fair value adjustments	5,480	-	5,480	(6,893)
At June 30,	**43,112**	**16,520**	**59,632**	**51,984**

	Quoted	Unquoted	TOTAL 2011	2010
THE COMPANY	Rs'000	Rs'000	Rs'000	Rs'000
At July 1,	31,492	16,232	47,724	47,468
Additions	1,933	235	2,168	4,346
Fair value adjustments	5,398	-	5,398	(4,090)
At June 30,	**38,823**	**16,467**	**55,290**	**47,724**

11. AVAILABLE-FOR-SALE INVESTMENTS (Cont'd)

FAIR VALUE HIERARCHY

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

Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for assets or liabilities either directly (ie as prices) or indirectly (ie derived from prices); and

Level 3 fair value measurements are those derived from valuation techiques that include inputs for the assets or liabilities that are not based on market data observation (unobservable inputs).

2011	THE GROUP			
Available-for-sale financial assets:	**Level 1**	**Level 2**	**Level 3**	**Total**
	Rs'000	**Rs'000**	**Rs'000**	**Rs'000**
Quoted	43,112	-	-	43,112
Unquoted	-	14,345	2,175	16,520
	43,112	14,345	2,175	59,632

	THE COMPANY			
Available-for-sale financial assets:	**Level 1**	**Level 2**	**Level 3**	**Total**
	Rs'000	**Rs'000**	**Rs'000**	**Rs'000**
Quoted	38,823	-	-	38,823
Unquoted	-	14,345	2,122	16,467
	38,823	14,345	2,122	55,290

2010	THE GROUP			
Available-for-sale financial assets:	**Level 1**	**Level 2**	**Level 3**	**Total**
	Rs'000	**Rs'000**	**Rs'000**	**Rs'000**
Quoted	35,699	-	-	35,699
Unquoted	-	14,345	1,940	16,285
	35,699	14,345	1,940	51,984

	THE COMPANY			
Available-for-sale financial assets:	**Level 1**	**Level 2**	**Level 3**	**Total**
	Rs'000	**Rs'000**	**Rs'000**	**Rs'000**
Quoted	31,492	-	-	31,492
Unquoted	-	14,345	1,887	16,232
	31,492	14,345	1,887	47,724

Level 3 available-for-sale financial assets are stated at cost since reliable fair values cannot be obtained at the reporting date. The Directors reviewed the carrying amount of investments and in their opinion, there is no objective evidence that the investments should be impaired.

12. OTHER NON-CURRENT FINANCIAL ASSET

	THE GROUP AND THE COMPANY	
	2011	**2010**
	Rs'000	**Rs'000**
Loan receivable from associate company	13,795	13,795

The loan receivable is unsecured, bears no interest and has no repayment terms.

13. INCOME TAX PAYABLE

	THE GROUP		THE COMPANY	
	2011	**2010**	**2011**	**2010**
	Rs'000	**Rs'000**	**Rs'000**	**Rs'000**
(a) In the statements of comprehensive income:				
Income tax on the adjusted profit for the year at 15% (2010: 15%)	38,810	35,236	30,824	33,489
Corporate social responsibility	6,889	2,952	6,077	2,768
(Over)/under provision of income tax in previous years	(826)	170	(1,076)	468
((Over)/under provision of deferred tax in previous years	(8,050)	480	(15,086)	279
Share of tax of associates	4,471	3,256	-	-
Deferred tax (credit)/charge	(275)	(1,185)	1,657	(1,687)
Income tax expense	41,019	40,909	22,396	35,317
(b) In the statements of financial position:				
At July 1,	28,530	20,979	25,373	18,801
Payment during the year	(53,682)	(29,734)	(48,292)	(29,080)
Under/(over) provision of income tax in previous year	267	170	(1,076)	468
Tax withheld	(1,244)	(1,073)	(1,244)	(1,073)
Income tax expense	45,699	38,188	36,901	36,257
At June 30,	19,570	28,530	11,662	25,373
(c) Deferred tax:				
The amounts presented in the statements of financial position are as follows:				
Deferred tax assets	12,218	3,893	16,435	3,006
Deferred tax liabilities	(127,327)	-	(67,045)	-
Net deferred tax (liabilities)/assets	(115,109)	3,893	(50,610)	3,006
(d) Movement in deferred tax:				
At July 1,	3,893	3,188	3,006	1,598
Deferred tax on revaluation gain	(127,327)	(480)	(67,045)	(279)
Deferred tax credit/(charge)	8,325	1,185	13,429	1,687
At June 30,	(115,109)	3,893	(50,610)	3,006

Unused tax losses of the Group amounting to Rs 7.5 million (2010: Rs 9 million) have not been recognised as deferred tax asset due to the unpredictability of future profit streams to utilise these losses.

13. INCOME TAX PAYABLE (Cont'd)

(e) Deferred tax assets and liabilities are attributable to the following:

	THE GROUP		THE COMPANY	
	2011	2010	2011	2010
	Rs'000	Rs'000	Rs'000	Rs'000
Deferred tax liabilities:				
- Accelerated capital allowances	(12,371)	(17,042)	(1,461)	(14,190)
- Deferred tax on revaluation gain	(127,327)	-	(67,045)	-
	(139,698)	(17,042)	(68,506)	(14,190)
Deferred tax assets:				
- Retirement benefit obligations	14,388	13,345	11,624	10,776
- Tax losses	1,128	-	-	-
- Provision for bad debts	6,348	6,691	4,740	5,521
- Provision for obsolete stock	2,725	899	1,532	899
	24,589	20,935	17,896	17,196
Net deferred tax (liabilities)/assets	(115,109)	3,893	(50,610)	3,006

(f) The tax on profit before taxation differs from the theoretical amount that would arise using the basic corporate tax rate as follows:

	THE GROUP		THE COMPANY	
	2011	2010	2011	2010
	Rs'000	Rs'000	Rs'000	Rs'000
Profit before tax	295,115	284,166	248,285	323,910
Tax calculated at the rate of 15%	44,267	42,625	37,243	48,587
Tax effect of :				
Non-allowable expenses	6,921	15,147	3,315	2,122
Depreciation on non-qualifying assets	-	1,715	-	1,715
Consolidation adjustment	(4,269)	(1,566)	-	-
Corporate social responsibility	6,626	2,952	6,077	2,768
Tax rates differentials	1,664	-	-	-
Income exempt from tax	(8,076)	(21,027)	(8,077)	(20,622)
Deferred tax assets not recognised	804	413	-	-
Share of results from associates	1,468	-	-	-
(Over)/under provision of income tax in previous years	(336)	170	(1,076)	468
(Over)/under provision of deferred tax in previous years	(8,050)	480	(15,086)	279
Income tax expense	41,019	40,909	22,396	35,317

14. CONSUMABLE BIOLOGICAL ASSETS

	THE GROUP	
	2011	2010
	Rs'000	Rs'000
Standing canes	17,287	12,912
Plants	11,529	19,512
	28,816	32,424

Consumable biological assets are stated at their fair values.

15. INVENTORIES

	THE GROUP		THE COMPANY	
	2011	2010	2011	2010
	Rs'000	Rs'000	Rs'000	Rs'000
Raw materials and spares	173,302	151,615	113,363	105,121
Work in progress	50,637	51,778	38,150	36,732
Finished goods	428,986	383,032	60,056	68,675
Others	-	528	-	-
	652,925	586,953	211,569	210,528

The amount of write down of inventories, recognised as an expense in cost of sales amounted to Rs 5.1 million (2010: Rs 11.3 million) for the group and Rs 2.3 million for the company (2010: Rs 4.4 million) which is recognised in the statements of comprehensive income.

Bank borrowings are secured by fixed and floating charges over the assets of the Group.

16. TRADE AND OTHER RECEIVABLES

	THE GROUP		THE COMPANY	
	2011	2010	2011	2010
	Rs'000	Rs'000	Rs'000	Rs'000
Trade receivables	281,914	345,025	164,514	201,415
Receivables from subsidiaries	-	-	360,028	392,758
Receivables from associates	30,369	32,453	29,723	32,453
Other receivables and prepayments	239,449	138,867	34,438	45,899
	551,732	516,345	588,703	672,525

Trade and other receivables are non-interest bearing and are generally on 30 to 90 days' terms.
Other receivables are non-interest bearing and having an average term of 6 months.
For terms and conditions relating to related party receivables, refer to note 29.

As at June 30, the ageing analysis of trade receivables were as follows:

		Neither past due nor	Past due but not impaired			
	Total	impaired	< 30days	30 - 60days	61 - 90days	> 90 days
THE GROUP	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
2011	**281,914**	**100,166**	**62,797**	**34,366**	**46,464**	**38,121**
2010	345,025	97,307	85,263	53,493	69,178	39,784
THE COMPANY						
2011	**164,514**	**54,276**	**40,667**	**26,386**	**36,569**	**6,616**
2010	201,415	56,187	55,588	33,695	45,597	10,348

16. TRADE AND OTHER RECEIVABLES (Cont'd)

The movement in the provision for impairment of trade receivables were as follows:

	THE GROUP		THE COMPANY	
	2011	2010	2011	2010
	Rs'000	Rs'000	Rs'000	Rs'000
Individually impaired				
At July 1,	44,604	39,992	31,426	31,814
Charge for the year	7,449	6,000	5,857	1,000
Release	-	(1,388)	-	(1,388)
At June 30,	52,053	44,604	37,283	31,426

17. CASH AND CASH EQUIVALENTS

	THE GROUP		THE COMPANY	
	2011	2010	2011	2010
	Rs'000	Rs'000	Rs'000	Rs'000
Cash at bank and in hand	49,329	39,296	1,436	19,999
Bank overdraft (note 19)	(264,004)	(288,567)	(247,714)	(251,201)
	(214,675)	(249,271)	(246,278)	(231,202)

For the purpose of the statements of cash flow, cash and cash equivalents at June 30, comprised of the acquisition of property, plant and equipment, financed as follows:

	THE GROUP		THE COMPANY	
	2011	2010	2011	2010
	Rs'000	Rs'000	Rs'000	Rs'000
Non-cash transactions				
Total acquisition cost (note 5)	339,567	215,829	193,586	136,176
Financed by cash	(285,939)	(158,311)	(149,315)	(85,021)
Financed by finance leases	53,628	57,518	44,271	51,155

18. EQUITY

(a) Issued capital

	THE GROUP AND THE COMPANY			
	2011		2010	
	Number of shares	Rs'000	Number of shares	Rs'000
As at July 1,	22,091,702	220,917	22,091,702	220,917
Bonus issue of shares	4,418,340	44,183	-	-
As at June 30,	26,510,042	265,100	22,091,702	220,917

On August 13, 2010, the parent Company made a bonus issue of shares in the ratio of one new ordinary share for every five ordinary shares held. In that respect 4,418,340 shares were alloted to shareholders for Rs 44,183,000.

(b) Reserves

	THE GROUP		THE COMPANY	
	2011	2010	2011	2010
	Rs'000	Rs'000	Rs'000	Rs'000
Share premium	7,354	7,354	7,354	7,354
Associate companies (note (i))	82,865	87,995	-	-
Revaluation reserve (note (ii))	396,944	568,746	335,741	446,969
Fair value reserve (note (iii))	41,686	36,206	39,745	34,347
Translation reserve (note (iv))	21,475	16,980	-	-
Retained earnings	1,101,859	937,732	1,175,151	1,022,164
	1,652,183	1,655,013	1,557,991	1,510,834

(i) Associate companies represent reserves other than retained earnings arising on consolidation of associates.

(ii) The revaluation reserve is used to record increases in the fair value of land and buildings and decreases to the extent that such decrease relates to an increase on the same asset previously recognised in equity.

(iii) The fair value reserve records fair value changes on available-for-sale financial assets.

(iv) The translation reserve is used to record exchange differences arising from the translation of the financial statements of overseas subsidiaries.

19. INTEREST-BEARING LOANS AND BORROWINGS

	THE GROUP		THE COMPANY	
	2011	2010	2011	2010
	Rs'000	Rs'000	Rs'000	Rs'000
Non-current				
Bank loans (note (a))	208,115	283,342	148,060	206,475
Obligations under finance lease (note (b))	89,843	80,002	77,429	70,471
	297,958	363,344	225,489	276,946
Current				
Bank overdrafts (note 17)	264,004	288,567	247,714	251,201
Bank loans (note (a))	93,803	132,000	78,803	117,000
Unsecured loans	489,502	332,974	489,502	332,974
Obligations under finance lease (note (b))	38,135	31,913	33,433	28,408
	885,444	785,454	849,452	729,583
Total interest-bearing loans and borrowings	1,183,402	1,148,798	1,074,941	1,006,529
(a) Bank loans are payable as follows:				
Within one year	93,803	132,000	78,803	117,000
After one year and before two years	46,800	68,867	26,800	52,000
After two years and before five years	93,000	183,500	53,000	123,500
After five years	68,315	30,975	68,260	30,975
	301,918	415,342	226,863	323,475

Bank loans and overdrafts are secured by fixed and floating charges on the Group's assets and bear interest between PLR +0.5% and PLR +1.5% per annum. Unsecured loans are repayable at call. The rates of interest per annum at June 30, 2011 was 7.25% (2010: 7.75%).

19. INTEREST-BEARING LOANS AND BORROWINGS (Cont'd)

	THE GROUP		THE COMPANY	
	2011 Rs'000	2010 Rs'000	2011 Rs'000	2010 Rs'000
(b) Finance lease liabilities:				
Minimum lease payments:				
Within one year	48,689	41,380	42,510	36,678
After one year and before two years	41,389	35,345	35,340	31,256
After two years and before five years	60,792	56,707	52,736	49,711
	150,870	133,432	130,586	117,645
Future finance charges on finance leases	(22,892)	(21,517)	(19,724)	(18,766)
Present value of finance lease liabilities	127,978	111,915	110,862	98,879
Within one year	38,135	31,913	33,433	28,408
After one year and before two years	34,508	31,675	29,443	26,102
After two years and before five years	55,335	48,327	47,986	44,369
	127,978	111,915	110,862	98,879

Leasing finance carries interest at an annual rate between 8.5% and 13.25%. Leased liabilities are effectively secured as the rights to the leased assets revert to the lessor in the event of default.

20. RETIREMENT BENEFIT OBLIGATIONS

	THE GROUP		THE COMPANY	
	2011 Rs'000	2010 Rs'000	2011 Rs'000	2010 Rs'000
(a) The amounts recognised in the statements of financial position are as follows :				
Present value of funded obligations	164,344	142,959	153,044	131,504
Fair value of plan assets	(134,448)	(124,527)	(122,836)	(113,533)
	29,896	18,432	30,208	17,971
Present value of unfunded obligations	91,879	81,904	73,119	63,912
Unrecognised actuarial losses	(32,128)	(11,368)	(30,892)	(10,390)
Benefit liability	89,647	88,968	72,435	71,493
(b) The amounts recognised in the statements of comprehensive income are as follows :				
Current service cost	9,496	8,710	6,775	6,993
Interest cost	22,509	21,870	19,618	19,084
Scheme expenses	346	160	279	107
Cost of incurring risk benefits	1,146	1,352	938	1,160
Expected return on plan assets	(13,179)	(12,279)	(12,035)	(11,210)
Past service cost	-	-	(37)	342
Actuarial loss recognised	775	677	312	330
Net benefit expense	21,093	20,490	15,850	16,806
Actual return on plan assets	7,973	8,620	7,127	7,811
(c) Movement in the liability recognised in the statements of financial position :				
At July 1,	88,968	83,685	71,493	65,829
Total expenses as above	21,093	20,490	15,850	16,806
Contributions paid	(20,414)	(15,207)	(14,908)	(11,142)
At June 30,	89,647	88,968	72,435	71,493

	THE GROUP		THE COMPANY	
	2011 Rs'000	2010 Rs'000	2011 Rs'000	2010 Rs'000
(d) Changes in present value of the defined benefit obligations are as follows:				
Defined benefit obligation at July 1,	224,373	218,549	195,416	189,309
Current service cost	10,896	8,710	6,775	6,993
Interest cost	22,221	21,870	19,618	19,084
Employees' contribution	10	12	-	-
Past service cost	52	-	(37)	342
Actuarial gains/(losses)	16,019	(8,180)	15,906	(8,349)
Benefits paid	(15,402)	(16,588)	(11,515)	(11,963)
At June 30,	258,146	224,373	226,163	195,416
(e) Changes in fair value of plan assets are as follows:				
Fair value of plan assets at July 1,	124,527	118,298	113,533	107,811
Expected return	13,178	12,279	12,035	11,210
Contributions by employer	17,020	13,095	14,908	11,142
Scheme expenses	(346)	(160)	(279)	(107)
Cost of insuring risk benefits	(1,146)	(1,352)	(938)	(1,160)
Employees' contribution	10	12	-	-
Actuarial losses	(5,206)	(3,659)	(4,908)	(3,400)
Benefits paid	(13,589)	(13,986)	(11,515)	(11,963)
Fair value of plan assets at June 30,	134,448	124,527	122,836	113,533

(f) The Group expects to contribute Rs. 19.9 million to its defined benefit plans in the year ending June 30, 2012.
The Company expects to contribute Rs. 17.6 million to its defined benefit plans in the year ending June 30, 2012.

(g) Obligations, assets and experience adjustments

	2011 Rs'000	2010 Rs'000	2009 Rs'000	2008 Rs'000
THE GROUP				
Defined benefit obligations	(258,146)	(224,373)	(218,549)	(191,732)
Fair value of plan assets	134,448	124,527	118,298	108,543
Deficit	(104,196)	(99,846)	(99,794)	(83,189)
Experience adjustment on plan assets	(5,206)	(3,659)	(4,981)	(1,555)
Experience adjustment on plan liabilities	1,127	(8,180)	(7,845)	(11,573)
THE COMPANY				
Defined benefit obligations	(226,163)	(195,416)	(189,309)	(165,902)
Fair value of plan assets	122,836	113,533	107,811	99,429
Deficit	(84,914)	(81,883)	(81,498)	(66,473)
Experience adjustment on plan assets	(4,908)	(3,400)	(4,136)	(1,298)
Experience adjustment on plan liabilities	1,014	8,271	(7,653)	(10,477)

20. RETIREMENT BENEFIT OBLIGATIONS (Cont'd)

(h) The major categories of plan assets as a percentage of the fair value of total plan assets are as follows:

	THE GROUP		THE COMPANY	
	2011	2010	2011	2010
	%	%	%	%
Local equities	38	38	38	38
Overseas equities	22	22	22	22
Fixed interest	35	35	35	35
Properties	5	5	5	5

The overall expected rate of return on assets is determined based on the market prices prevailing on that date, applicable to the period over which the obligation is to be settled.

The principal assumptions used were as follows :	THE GROUP AND THE COMPANY	
	2011	2010
	%	%
Discount rate	9.50	10.00
Rate of return on plan assets	10.50	10.50
Future salary increase	8.00	8.00

21. TRADE AND OTHER PAYABLES

	THE GROUP		THE COMPANY	
	2011	2010	2011	2010
	Rs'000	Rs'000	Rs'000	Rs'000
Trade payables	168,302	125,507	40,355	49,808
Payables to subsidiaries	-	-	1,566	1,254
Other payables and accruals	69,445	13,921	57,752	52,105
	237,747	139,428	99,673	103,167

Trade payables are non-interest bearing and are normally settled on 60-days' terms.
Other payables are non-interest bearing and have an average term of six months.

22. REVENUE

	THE GROUP		THE COMPANY	
	2011	2010	2011	2010
	Rs'000	Rs'000	Rs'000	Rs'000
Sale of goods	2,400,249	1,991,510	1,404,187	1,209,030
Rendering of services	190,921	238,762	85,954	91,653
	2,591,170	2,230,272	1,490,141	1,300,683

23. OPERATING PROFIT

	THE GROUP		THE COMPANY	
	2011	2010	2011	2010
	Rs'000	Rs'000	Rs'000	Rs'000
Operating profit is arrived at after :				
(a) Crediting :				
- Rental income	9,169	9,179	27,787	24,597
- Other operating income	68,371	58,176	66,537	57,712
- (Loss)/profit on disposal of property, plant and equipment	(4,314)	1,231	2,598	1,204
(b) Charging :				
- Cost of sales	1,754,438	1,470,601	964,317	786,260
- Administrative expenses	560,027	509,559	339,922	326,618
- Selling and distribution costs	22,787	17,547	11,404	10,084
Included in cost of sales and operating expenses are:				
Depreciation of property, plant and equipment :				
- owned assets	125,558	106,006	70,988	64,076
- leased assets	37,292	29,628	32,658	26,144
Depreciation of investment properties	1,909	1,908	14,397	11,440
Cost of inventories recognised as expenses	991,614	926,241	353,495	335,339
Amortisation of bearer biological assets	6,616	6,377	-	-
Amortisation of intangible assets	2,587	3,702	1,243	2,701
Staff costs (note (i))	353,860	331,721	247,271	234,418

	THE GROUP		THE COMPANY	
	2011	2010	2011	2010
	Rs'000	Rs'000	Rs'000	Rs'000
(i) Analysis of staff costs:				
-Wages and salaries	316,720	303,174	218,913	214,851
-Social security costs	13,301	13,343	8,070	7,697
-Pension costs	23,839	15,204	20,288	11,870
	353,860	331,721	247,271	234,418

24. FINANCE INCOME

	THE GROUP		THE COMPANY	
	2011	2010	2011	2010
	Rs'000	Rs'000	Rs'000	Rs'000
Investment income:				
- Quoted	458	1,210	458	997
- Unquoted	1,246	115,434	51,516	136,484
Interest income	1,055	760	461	701
	2,759	117,404	52,435	138,182

25. FINANCE COSTS

	THE GROUP		THE COMPANY	
	2011	2010	2011	2010
	Rs'000	Rs'000	Rs'000	Rs'000
Interest is payable on :				
Bank overdrafts	12,237	9,223	10,214	6,547
Bank loans	28,221	29,837	21,112	28,886
Leases	15,600	22,379	14,520	13,706
Unsecured loans	22,667	21,863	29,724	26,367
	78,725	83,302	75,570	75,506

26. EARNINGS PER SHARE

	THE GROUP		THE COMPANY	
	2011	2010	2011	2010
Profit attributable to equity holders of the parent (Rs'000)	237,032	236,972	225,889	288,593
Number of shares in issue	26,510,042	22,091,702	26,510,042	22,091,702
	Rs	Rs	Rs	Rs
Earnings per share:				
- Basic	8.94	10.73	8.52	13.06
- Diluted	8.94	8.94	8.52	10.89

27. DIVIDENDS

	THE GROUP AND THE COMPANY	
	2011	2010
Dividend on ordinary shares:	Rs'000	Rs'000
Dividend of Rs 2.75 per share paid (2010: Rs 2.75 per share)	72,902	60,752

28. FAIR VALUES

The fair values of the financial assets and financial liabilities of the Group and the Company approximate their carrying values.

29. RELATED PARTY TRANSACTIONS

	The Company		Subsidiary companies		Associate companies		Enterprises under common management		Directors and key management personnel		Enterprises with common major shareholders	
	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
(a) Nature of transactions												
Purchase of goods and services	112,782	68,065	192,073	191,040	27,378	1,818	1,660	870	18,509	16,290	82,368	66,860
Purchase of property, plant and equipment	5,177	6,713	1,288	80	252	-	-	-	384	739	1,558	5,680
Sale of goods and services	353,770	340,374	18,889	18,753	184,246	150,623	16,263	27,722	2,963	3,194	7,173	8,035
Management fees	28,327	22,649	-	-	8,516	7,743	8,312	7,053	-	-	-	-
Interest received	411	152	135	91	-	-	-	-	-	-	-	-
Interest paid	5,333	6,073	416	152	680	141	-	-	91	312	4,426	5,500
(b) Outstanding balances at June 30,												
Amounts receivable	87,878	160,329	7,828	4,927	30,369	32,453	9,061	24,309	2,098	3,095	1,503	2,340
Amounts payable	9,973	8,111	74,128	116,418	-	-	-	-	-	-	5,342	8,129
Loans receivable	413,540	380,873	-	-	13,795	13,795	-	-	-	-	-	-
Loans payable	64,315	26,609	2,000	5,000	13,489	-	-	-	726	3,259	50,100	23,350
Provision for impairment	129,013	119,013	-	-	-	-	-	-	-	-	-	-

(c) Compensation of key management personnel

	THE GROUP		THE COMPANY	
	2011	2010	2011	2010
	Rs'000	Rs'000	Rs'000	Rs'000
Short term employee benefits	46,851	43,227	36,296	33,564
Post-employment benefits	2,718	3,314	2,006	2,739
	49,569	46,541	38,302	36,303

Terms and conditions of transactions with related parties:

The sales to and purchases from related parties are made at normal market prices. Outstanding balances at the year-end are unsecured, interest free and settlement occurs in cash except for loans which are interest-bearing. There have been no guarantees provided or received for any related party receivables and payables. At each financial year, an assessment of provision for impairment is undertaken through examining the financial position of the related party and the market in which the related party operates.

30. CONTRACTS OF SIGNIFICANCE

Except for transactions as disclosed in Note 29 on related party transactions, the Group did not have any contract of significance as defined by the Listing Rules of the Stock Exchange of Mauritius with any of its Directors and controlling shareholders.

31. CAPITAL COMMITMENTS

	THE GROUP		THE COMPANY	
	2011	2010	2011	2010
	Rs'000	Rs'000	Rs'000	Rs'000
Capital expenditure :				
Contracted for but not provided in the financial statements	13,412	86,042	13,412	79,602
Approved by the directors but not contracted for	226,949	234,926	201,016	194,324
	240,361	320,968	214,428	273,926

The expenditure for property, plant and equipment will be financed by cash generated by Group activities and from available borrowing facilities.

32. CONTINGENT LIABILITIES

At June 30, 2011, the Group had contingent liabilities in respect of bank guarantees amounting to Rs 5.4 million (2010: Rs 10.2 million) arising in the ordinary course of business from which it is anticipated that no material liabilities would arise.

33. EVENTS AFTER THE REPORTING PERIOD

There was no events subsequent to the reporting date which will affect these financial statements as at June 30, 2011.

34. OPERATING LEASE COMMITMENTS

Future minimum rentals payable under operating leases are as follows:

	THE GROUP AND THE COMPANY	
	2011	2010
	Rs'000	Rs'000
Within one year	14,057	13,670
After one year and before two years	14,572	12,730
After two years and before five years	15,359	14,747
	43,988	41,147

35. SEGMENTAL INFORMATION

Operating segment information

The building materials segment is involved in the manufacture and sale of building materials which consists mainly of aggregates, rocksand, hollow concrete blocks and various concrete building components which constitutes our core business.The retail business under the building materials segment consists of the sale of roof tiles, imported floor and wall tiles, sanitary ware and a complete range of home building products and garden accessories.

The agriculture segment is involved in the cultivation of sugar cane, plants and landscapping services.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss and is measured consistently within the consolidated financial statements.

Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

2011	THE GROUP				
	Building materials		Agriculture	Consolidation adjustments	Total
	Retail	Core business			
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Revenue	754,214	1,919,449	64,215	(146,708)	2,591,170
Operating profit	13,481	324,503	(10,840)	-	327,144
Net finance costs	(1,992)	(22,639)	(1,065)	(50,270)	(75,966)
Share of results of associates	-	-	-	43,937	43,937
Profit/(loss) before tax	11,489	301,864	(11,905)	(6,333)	295,115
Income tax expense	(2,192)	(33,805)	(5,022)	-	(41,019)
Profit/(loss) after tax	9,297	268,059	(16,927)	(6,333)	254,096
Non-controlling interests	-	-	-	-	(17,064)
Profit/(loss) for the year attributable to the parent	**9,297**	**268,059**	**(16,927)**	**(6,333)**	**237,032**
Other segment information:					
Segment assets	547,530	3,670,317	484,192	(1,270,463)	3,431,576
Investment in associates	-	111,666	-	91,663	203,329
Total segment assets	**547,530**	**3,781,983**	**484,192**	**(1,178,800)**	**3,634,905**
Total segment liabilities	**239,654**	**1,841,122**	**94,606**	**(507,061)**	**1,668,321**
Capital expenditure:					
Property, plant and equipment	30,645	303,277	5,645	-	339,567
Intangible assets	2,140	1,223	-	-	3,363
Depreciation and amortisation	**13,583**	**150,326**	**3,227**	**-**	**167,136**

2010	THE GROUP				
	Building materials		Agriculture	Consolidation adjustments	Total
	Retail	Core business			
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Revenue	686,886	1,595,713	54,588	(106,915)	2,230,272
Operating profit	15,644	287,554	(2,047)	-	301,151
Net finance (costs)/income	(5,561)	61,198	(485)	(21,050)	34,102
Share of results of associates	-	-	-	36,672	36,672
Impairment of goodwill	-	-	-	(87,759)	(87,759)
Profit/(loss) before tax	10,083	348,752	(2,532)	(72,137)	284,166
Income tax expense	359	(37,799)	(13)	(3,456)	(40,909)
Profit /(loss) after tax	10,442	310,953	(2,545)	(75,593)	243,257
Non-controlling interests	-	-	-	(6,285)	(6,285)
Profit/(loss) for the year attributable to the parent	**10,442**	**310,953**	**(2,545)**	**(81,878)**	**236,972**
Other segment information:					
Segment assets	569,379	3,206,277	498,360	(1,132,888)	3,141,128
Investment in associates	-	111,666	-	81,247	192,913
Total segment assets	**569,379**	**3,317,943**	**498,360**	**(1,051,641)**	**3,334,041**
Total segment liabilities	**350,984**	**1,517,333**	**33,115**	**(495,708)**	**1,405,724**
Capital expenditure:					
Property, plant and equipment	6,577	198,329	10,923	-	215,829
Intangible assets	859	972	-	-	1,831
Depreciation and amortisation	**14,629**	**211,619**	**9,132**	**-**	**235,380**

36. FINANCIAL REVIEW

THE GROUP	2011 Rs'million	2010 Rs'million	2009 Rs'million
Issued capital	265.1	220.9	220.9
Reserves	1,652.2	1,655.0	1,498.5
Shareholders' interests	1,917.3	1,875.9	1,719.4
Assets	3,624.3	3,334.0	2,980.3
Liabilities	1,657.7	1,405.7	1,243.6
Revenue	2,591.2	2,230.3	2,034.3
Profit before tax	295.1	284.2	176.9
Income tax expense	(41.0)	(40.9)	(29.4)
Profit for the year	254.1	243.3	147.5
Dividend	72.9	60.8	57.4
	Rs	Rs	Rs
Net assets value per share	72.32	70.76	64.86
Basic earnings per share	8.94	10.73	6.76
Diluted earnings per share	8.94	8.94	5.63
Dividend per share	2.75	2.75	2.60

THE COMPANY	2011 Rs'million	2010 Rs'million	2009 Rs'million
Issued capital	265.1	220.9	220.9
Reserves	1,558.0	1,510.8	1,287.1
Shareholders' interests	1,823.1	1,731.8	1,508.0
Assets	3,148.8	2,938.3	2,556.3
Liabilities	1,325.8	1,206.6	1,048.3
Revenue	1,490.1	1,300.7	1,151.5
Profit before tax	248.3	323.9	184.9
Income tax expense	(22.4)	(35.3)	(19.7)
Profit for the year	225.9	288.6	165.2
Dividend	72.9	60.8	57.4
	Rs	Rs	Rs
Net assets value per share	68.77	65.32	56.89
Basic earnings per share	8.52	13.06	7.48
Diluted earnings per share	8.52	10.89	6.23
Dividend per share	2.75	2.75	2.60

THE UNITED BASALT PRODUCTS LTD

PROXY FORM

I/We .... of ....

.... being a shareholder/shareholders of The United Basalt Products Ltd,

do hereby appoint .... of ....

.... failing him/her, ...

....of ....

as my/our proxy to vote for me/us and on my/our behalf at the Annual Meeting of the Company to be held on Friday November 11, 2011 at 15.00 hours and at any adjournment thereof.

I/We wish my/our proxy to vote on the Ordinary Resolutions in the following manner:	For	Against	Abstain
1 To consider the Annual Report 2011 of the Company.	☐	☐	☐
2 To receive the report of Messrs Ernst & Young, the Auditors of the Company.	☐	☐	☐
3 To consider and adopt the Company's and the Group's Audited Financial Statements for the year ended June 30, 2011.	☐	☐	☐
4 To elect as Director of the Company, Mr Arnaud Lagesse who was nominated by the Board and who, upon recommendation from the Corporate Governance Committee, offers himself for election.	☐	☐	☐
5 To re-appoint Messrs Ernst & Young as Auditors of the Company for the year ending June 30, 2012 and to authorise the Board of Directors to fix their remuneration.	☐	☐	☐

Dated this .... day of .... 2011.

....
Signature(s)

Notes:

1 A shareholder of the Company entitled to attend and vote at this meeting may appoint a proxy of his/her own choice (whether a shareholder or not) to attend and vote on his/her behalf.

2 Please mark in the appropriate box how you wish to vote. If no specific direction as to voting is given, the proxy will exercise his/her discretion as to how he/she votes.

3 The instrument appointing a proxy or any general power of attorney, duly signed, should be deposited at the registered office of the Company, Trianon, Quatre Bornes, not less than twenty-four hours before the time fixed for the holding of the meeting or else the instrument of proxy shall not be treated as valid.

www.ubpgroup.com