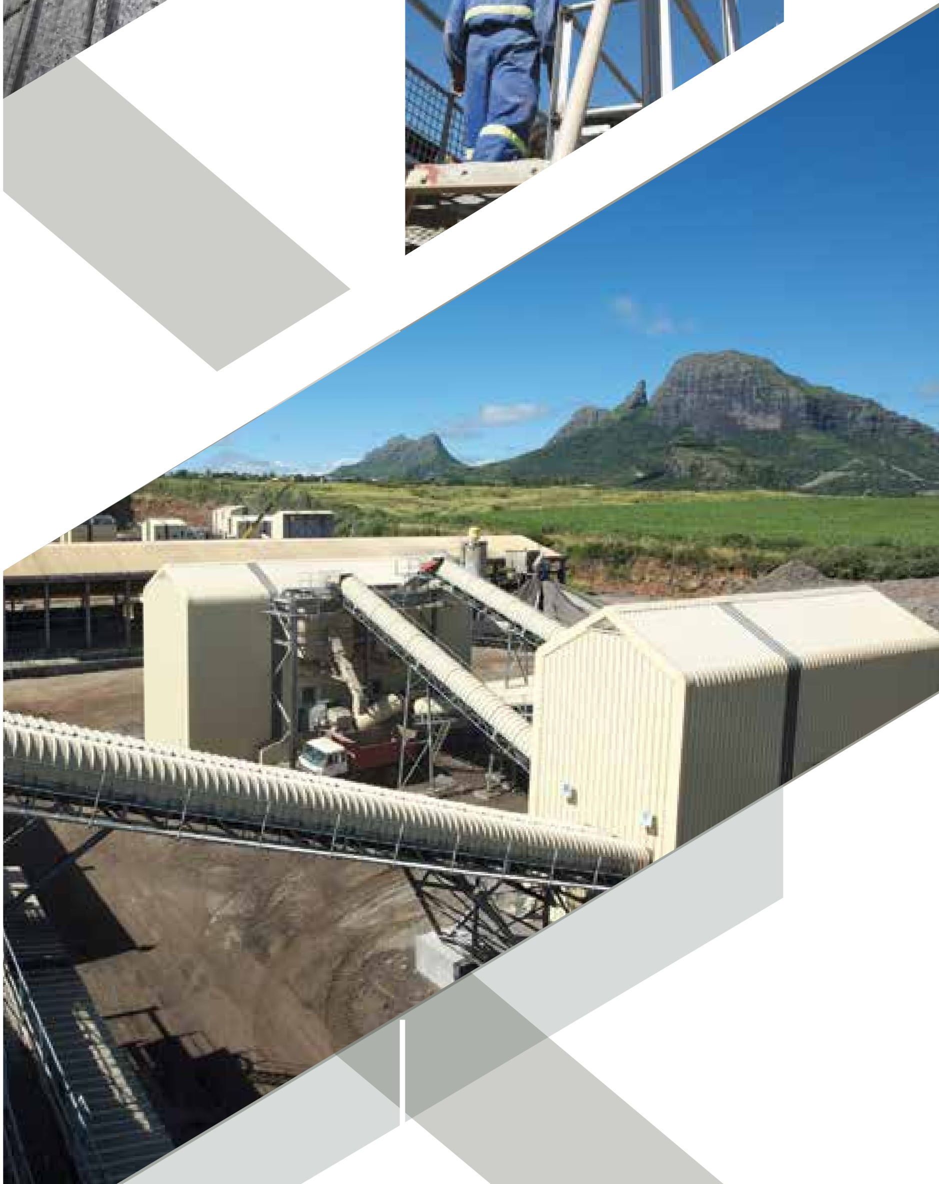
ANNUAL REPORT 2012



UBP

The United Basalt Products Ltd.

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, 2012, the contents of which are listed hereafter.

This report was approved by the Board of Directors on September 27, 2012.

Thierry Lagesse
Chairman

Jean Michel Giraud
Chief Executive Officer

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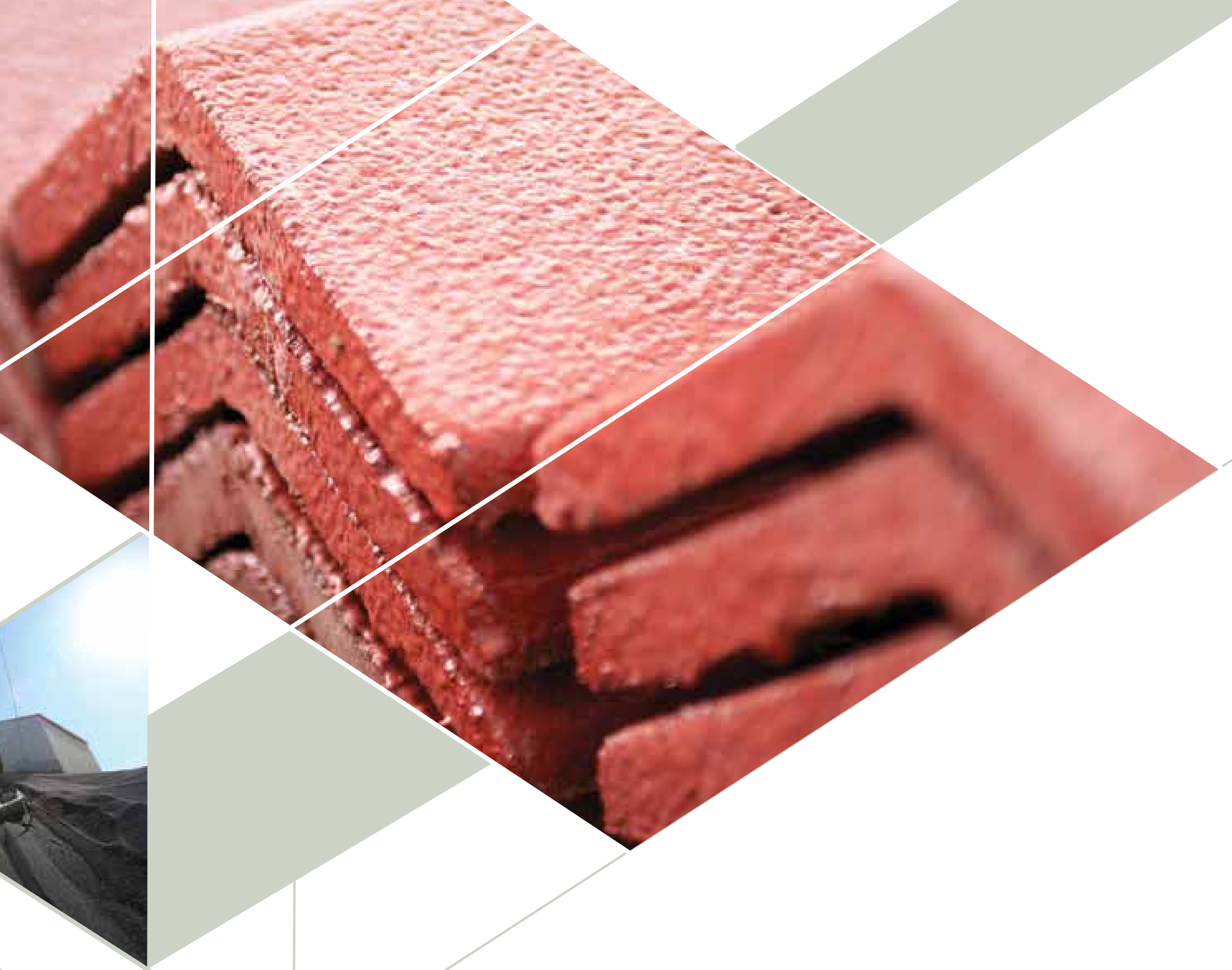


NOTICE OF ANNUAL MEETING TO SHAREHOLDERS

Notice is hereby given that the Annual Meeting of Shareholders of The United Basalt Products Ltd will be held at the registered office at the Company, Trianon, Quatre Bornes, on Wednesday November 21, 2012 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 2012 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, 2012.
4. To elect as Director of the Company, Mr Stephane Lagesse who was nominated by the Board and who, upon recommendation from the Corporate Governance Committee, offers himself for re-election.
5. To elect as Director of the Company, Mr Laurent de la Hogue who was nominated by the Board and who, upon recommendation from the Corporate Governance Committee, offers himself for re-election.

6-13 To re-elect as Directors of the Company and by way of separate resolutions, the following persons who have been recommended by the Corporate Governance Committee and who offer themselves for re-election to hold office until the next Annual Meeting:

6. Mr Thierry Lagesse
7. Mr Francois Boullé
8. Mr Marc Freismuth
9. Mr Jean Michel Giraud
10. Mr Joël Harel
11. Mr Arnaud Lagesse
12. Mr Jean Claude Maingard
13. Mr E. Jean Mamet

14. To re-appoint Messrs Ernst & Young as Auditors of the Company for the year ending June 30, 2013 and to authorise the Board of Directors to fix their remuneration.

By order of the Board

Christophe Quevauvilliers
Company Secretary

September 27, 2012

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 for this purpose at the end of the Annual Report.

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 19, 2012.

The minutes of proceedings of the preceding Annual Meeting held on November 11, 2011 are available for consultation by the shareholders during office hours at the registered office of the Company.

MANAGEMENT AND ADMINISTRATION

Management Team

Jean Michel Giraud	Chief Executive Officer
Rémi de Gersigny	Project and Business Development Manager
Christophe Quevauvilliers	Finance Manager and Company Secretary
Stephane Ulcoq	Production Manager
Denis Lincoln	Group Engineering Manager
Caroline Tyack	Communication and Marketing Manager
Clivy Coutet Chan Chuen	Group Human Resource Manager
Fabien Harel	Sales Manager
Dhuenesh Rambarassah	Financial Accountant
Dwight Hamilton	IT Manager
Jocelyne L'Arrogant	Group Procurement and Logistics Manager
Francis Koenig	Quarry and Field Manager
Bernard Lagesse	Manager – Marbella Division
Raoul Maurel	Manager – PPB Division
Denis Audibert	Manager – Land Reclamation Division
Edley Michaud	Personnel Manager
Jean Philippe Henry	General Manager – Espace Maison Ltée
Christopher Blackburn	General Manager – Compagnie de Gros Cailloux Ltée
Jean Claude Bellepeau	General Manager – Dry Mixed Products Ltd

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

Registered Office
Trianon, Quatre Bornes – Mauritius

Company Secretary
Christophe Quevauvilliers F.C.C.A.

Auditors
Ernst & Young

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

BOARD OF DIRECTORS AND BOARD COMMITTEES

Board of Directors

Thierry Lagesse - Chairman
François Boullé
Marc Freismuth
Jean Michel Giraud – Chief Executive Officer
Joël Harel
Laurent de la Hogue
Arnaud Lagesse
Stephane Lagesse
Jean Claude Maingard
E. Jean Mamet

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' AND SENIOR OFFICERS' PROFILES

DIRECTORS





1. 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 is the Non-Executive Chairman of GML, Ireland Blyth Ltd and Phoenix Beverages Ltd and Director of several other companies listed on the Stock Exchange of Mauritius. He is also the Executive Chairman and founder of Palmar Group of Companies and PDG of Parabole Réunion SA. Mr Lagesse is a member of the Company's Corporate Governance, Nomination and Remuneration Committee.

2. 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.

3. 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.

4. Jean Michel Giraud

Chief Executive Officer

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 and Chief Executive Officer in January 2012. Born in 1950, Mr Giraud is the Chairman of Dry Mixed Products Ltd and sits on several Boards within the Group. He is an ex-President of the Mauritius Turf Club and of the Mauritius Tennis Federation.

5. 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.

6. Laurent de la Hogue

Mr Laurent de la Hogue was appointed Director of the Company in December 2011. Born in 1975, Mr de la Hogue holds a Master degree in Management and Finance from the 'Ecole Supérieure de Gestion et Finance' in Paris, France. He joined GML in 2001 as Treasurer for the setting up of the central treasury unit before becoming Finance Executive - Corporate & Treasury for GML Management Ltée in April 2011. Mr de la Hogue is actually the Chairman of GML Trésorerie Ltée and Director of a number of companies such as Abax Holding Ltd, Freight and Transit Company Ltd, Lux* Island Resorts Ltd, Mauritius Stationery Manufacturers Limited, Axys Leasing Ltd and Espace Maison Ltée.


7. 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 Lux* Island 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. He is also a member of Audit Committees of various companies.

8. Stephane Lagesse

Mr Stephane Lagesse was appointed Director of the Company in November 2011. Born in 1959, Mr Lagesse holds a degree in 'Gestion des Entreprises' from the University of Parix IX Dauphine. He joined the Palmar Group in 1983 where he currently holds the position of Managing Director. Mr Lagesse participated in the setting up two garment manufacturing companies in Mauritius.

9. 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. He was appointed Executive Director in 1986 and was Managing Director from 1998 to 2006. Mr Maingard is since the Chairman of the company.


10. 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.

DIRECTORS' AND SENIOR OFFICERS' PROFILES (Cont'd)

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 Operations and Project Manager where he was in charge of all operational matters for our plants in Mauritius and overseas. In January 2012, he was promoted to the post of Project and Business Development Manager.

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 several 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. At this position Mr Ulcoq was in charge of the general maintenance of the Group's plant and machinery and of all technical aspects related to development projects. In January 2012, Mr Ulcoq was promoted to the post of Production Manager where he is in charge of all production units, both in Mauritius and overseas.

Denis Lincoln

Denis Lincoln, born in 1963, holds a N.D. in Clay Technology / Mechanical Engineering from the Natal Technikon, (SA), a Diploma in Business Management (UK) and an MBA from Surrey University (UK). He joined the Company as Works Manager (Machinery Dept.) in 1991, after having spent 6 years in the sugar and engineering industries. In 2004, Mr Lincoln was promoted to the post of Area Manager of the central and western regions where he was in charge of four production units. In January 2012, Mr Lincoln was promoted to the post of Group Engineering Manager where he is since responsible for all engineering services, supplies and projects, both in Mauritius and overseas.

Caroline Tyack

Caroline Tyack, born in 1979, holds a 'Diplôme d'Etudes Approfondies' (DEA) en 'Veilles et Intelligence Compétitive' from the 'Université Paul Valéry', Montpellier, France. She joined the Company as Communication Manager in January 2005 after having followed a crash course in 'Administration et Gestion du Personnel' at CNAM (Conservatoire National des Arts et Métiers) at Montpellier, France. In November 2006, Mrs Tyack was promoted to the post of Communication and Marketing Manager where she is since responsible for all communication and marketing matters relevant to the Group. She is also responsible for developing the CSR strategies of the Group.

Clivy Coutet Chan Chuen

Clivy Coutet Chan Chuen, born in 1970, holds an Msc in Human Resources Management from the University of Surrey. She is also an affiliate member of CIPD and an MQA trainer. She joined the Company as Group Human Resources Manager in February 2009 after having served Iframac Company Limited, a company forming part of the British American Investment Group, for twenty three years as Divisional Human Resources Manager – Assistant Vice-President Human Resources.

Fabien Harel

Fabien Harel, born in 1981, holds a 'Maitrise en Science Economique et Sociale' from the University of Toulouse 1 and an 'MBA International de Paris' from the Paris Dauphine & La Sorbonne Universities. He joined the Group in August 2005 as Shop Manager of Espace Maison Ltée. In 2009 he moved to UBP as Property Development Manager until July 2011 when he was appointed Area Manager of the northern region where he was in charge of two crushing plants and one sales 'dépôt'. In 2012 he was promoted to the post of Sales Manager where he is since responsible for the sales strategy and customer care of the core business activities as well as all properties within the Group.

Dhuenesh Rambarassah

Dhuenesh Rambarassah, born in 1976, is a Fellow member of the Association of Chartered Certified Accountants and holder of an MBA with specialisation in strategic planning from Edinburg Business School of Scotland. He joined the Company as Financial Accountant in February 2006 after having spent more than 8 years successively in the Audit and Assurance department of Ernst & Young and De Chazal Du Mée where he was involved in the audit of several of the major companies in Mauritius.

Dwight Hamilton

Dwight Hamilton, born in 1974, holds a Professional Graduate Diploma in Information Technology (National Council for Vocational Qualification, NCVQ). He joined the Company as System's Coordinator in year 2004 where he was responsible for the implementation of the ERP for the Group. In 2011, he was promoted to the post of IT Manager for the Group.

Jocelyne L'Arrogant

Jocelyne L'Arrogant, born in 1969, holds a diploma in Management (Financial Management) from the University of Mauritius. She joined the Company as Accounts Officer in 1989. In 2002 she was given the responsibility of the Import & Logistic department of Espace Maison Ltée as well as the Procurement department of the UBP Group. In 2011, Ms L'Arrogant was promoted as Group Logistic & Procurement Manager.

Francis Koenig

Francis Koenig, born in 1957, joined the Company as responsible of Stone Utilities Ltd in 1980. In 1981, he was promoted as Plant Manager for Terre Rouge, Roche Bois and Coromandel plants. After two years at this position, he was promoted to the post of Area Manager for the northern region until 1991 where he was transferred to the southern region. In February 2012, he was promoted to the post of Quarry and Field Manager where he is since responsible for the supply of the raw-materials in Mauritius and Rodrigues.

Bernard Lagesse

Bernard Lagesse, born in 1951, joined the Company in 1984 as Maintenance Officer in charge of all the buildings of the Company. In 1985, he was promoted to the post of Manager of Marbella Ltd, a company engaged in the import and sale of marble and ceramic tiles. In July 1995, Mr Lagesse was appointed Manager of Marbella Division where he is since responsible of all the production of precast products, concrete pipes and the marble factory.

Raoul Maurel

Raoul Maurel, born in 1948, holds a Diploma in Civil Engineering from the Natal Technikon (S.A) and is a member of the S.A Institute of Civil Engineers. He also holds a Diploma in Business Management and has been an affiliate member of the S.A Institute of Management. During his career he worked in civil engineering consulting firms both in South Africa and Mauritius, where he joined Sigma Ove Arup in 1974. In 1982 he joined Premixed Concrete Ltd as Manager before leaving for South Africa where he joined the LTA group, as manager of Steeledale FBE, launching the Natal branch specializing in the manufacturing of precast beam decking system. Back in Mauritius in 1989, he created his own company selling precast beam decking system in close collaboration with UBP which he consequently joined as Manager of the PPB Division since its inception in 1990. He is presently director of the Green Building Council of Mauritius (GBCM), a non-profit organization aiming for the promotion of sustainable building technologies.

Denis Audibert

Denis Audibert, born in 1952, joined the Company in 1977 as Manager of our Land Reclamation Unit where he is responsible for all the quarrying activities of the core business units.

Edley Michaud

Edley Michaud, born in 1951, holds a Certificate in Personnel Management and Industrial Relations, a Diploma in Occupational Safety & Health from the National College of Industrial Hygiene (Australia) and is a Fellow of the British Safety Council. He is also a registered Safety Officer under the Occupational Safety & Health Act. He joined the Company in 1973 and performed various duties on several stone crushing & block-making plants and became Personnel Manager in July 1987 and was also involved in all safety and health regulations within the Group.

Jean Philippe Henry

Jean Philippe Henry, born in 1973, holds a National Diploma in Management from the Natal Tecnikon Institute, South-Africa and is a graduate of the Chartered Institute of Secretaries (CIS). He joined Espace Maison Ltée as Assistant Shop Manager in 2003 and was promoted Purchasing Manager in 2005 and thereafter General Manager in 2009. Between 1998 and 2002, Mr Henry was employed successively at Price Waterhouse Coopers Ltd, World Knits Ltd and Naïade Resorts Ltd.

Christopher Blackburn

Christopher Blackburn, born in 1969, holds a 'Brevet de Technicien Agricole' with a specialisation in 'Jardin Espace Vert' (France) and a Diploma in Marketing from Australia. He is actually completing a Bcom Management & Marketing from Curtin University, Australia. Mr Blackburn worked as General Manager of the Landscaping & Nursery department at Médine Ltd before joining the Group as General Manager of Cie de Gros Cailloux Ltée in May 2012.

Jean Claude Bellepeau

Jean Claude Bellepeau, born in 1963, holds a 'Diplôme d'Ingénieur Chimiste' from EHICS, Strasbourg, France. After having spent 10 years in the textile and industrial chemicals in Mauritius, he joined the Lafarge Group to launch the cement terminal in Mayotte. He joined Pre-Mixed Concrete Ltd as Operations Manager in 2003. He was promoted to General Manager of Pre-Mixed Concrete Ltd and Dry Mixed Products Ltd in 2008. In 2011, with the reorganisation of the two companies, Mr Bellepeau directed the integration of Dry Mixed Products Ltd into the UBP Group and is henceforth the General Manager of the company.

GROUP SHAREHOLDING STRUCTURE

THE UNITED BASALT PRODUCT LTD
SUBSIDIARIES

- 100% 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
  - 77% 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

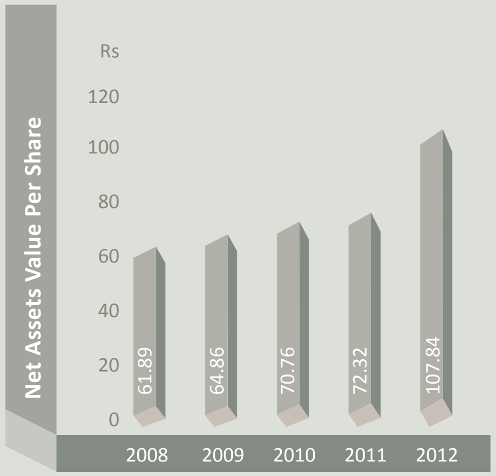
THE UNITED BASALT PRODUCTS LTD
ASSOCIATES

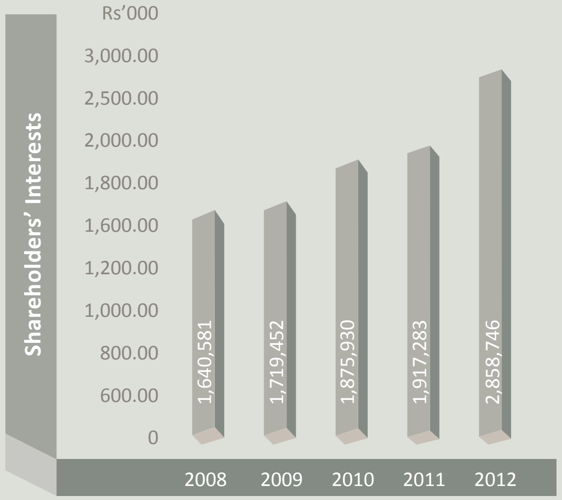
- 46% Terrarock Ltd
- 34% Prochimad Mines et Carrières SARL*
- 49% Pre-Mixed Concrete Ltd
- 25% Sud Concassage Ltée
- 25% Cement Transport Ltd
- 20% Compagnie Mauricienne D'Entreprise Ltée
- 30% Compagnie des Transport Réunis

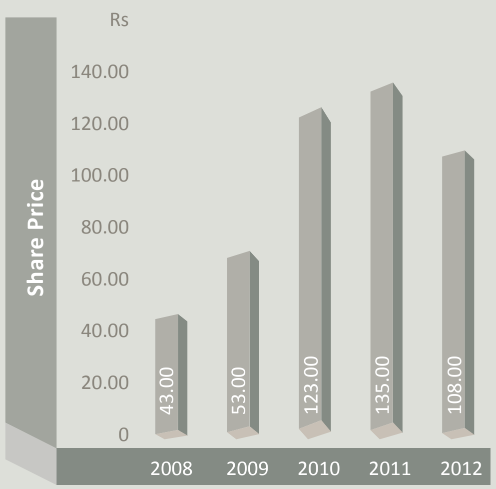
▶ Operational
▶ Dormant

* Via UBP International Ltd

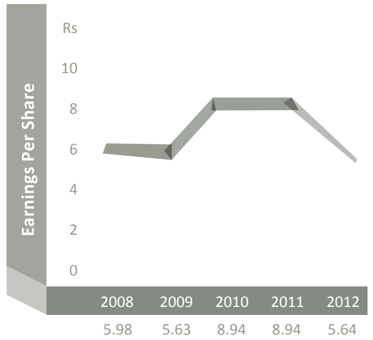
FINANCIAL HIGHLIGHTS AND RATIOS

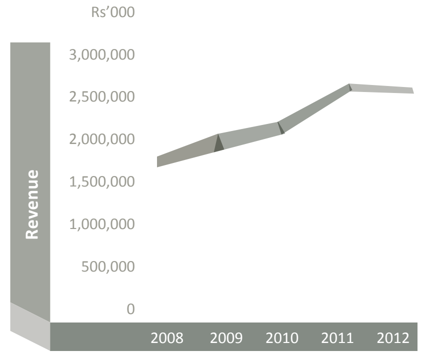






Note: Figures at Net Assets Value Per Share, Shareholders' Interest and Earnings Per Share for years 2008 to 2010 have been adjusted to reflect the bonus issue of shares dated September 2010.





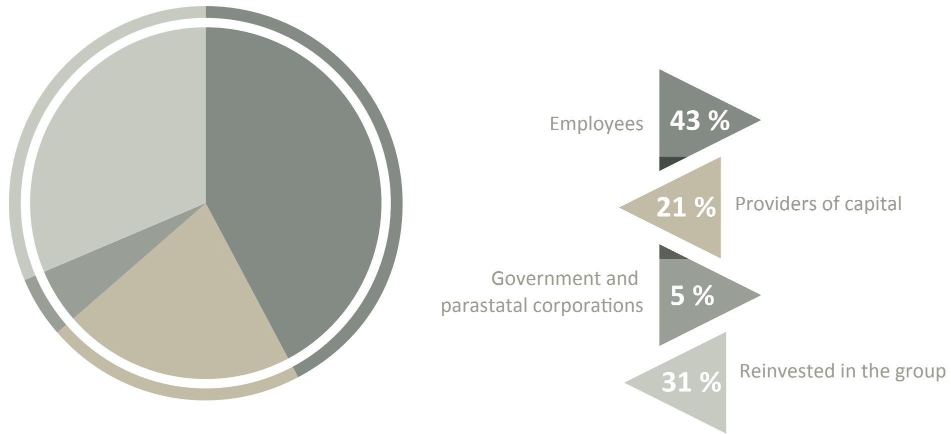
Statement of Comprehensive Income	THE GROUP	
	2012	2011
	Rs' 000	Rs' 000
Revenue	**2,580,449**	**2,591,170**
EBITDA	468,533	501,106
Depreciation and amortisation	(193,901)	(173,962)
Operating profit	274,632	327,144
Net finance (costs)/income	(76,831)	(75,966)
Share of results of associates	6,084	39,466
Profit before tax	203,885	290,644
Income tax expense	(32,751)	(36,548)
Profit for the year	171,134	254,096
Non-controlling interests	(21,508)	(17,064)
Profit for the year attributable to equity holders of the parent	149,626	237,032
	Rs	**Rs**
Earnings per share		
Basic , profit for the year attributable to ordinary equity holders of the parent.	5.64	8.94
Dividend per share	**2.75**	**2.75**

Statement of Financial Position		
	Rs' 000	**Rs' 000**
Total assets	**4,544,989**	**3,624,277**
Interest-bearing loans and borrowings	1,163,812	1,183,402
Borrowings excluding bank overdrafts	931,079	919,398
Shareholders' interests	2,858,746	1,917,283
	Rs	**Rs**
Net assets value per share	**107.84**	**72.32**
Financial Ratios		
Operating margin - %	10.64	12.63
Interest cover - times	3.03	4.23
Dividend cover - times	2.05	3.25
Return on equity - %	5.23	12.36
Return on assets - %	3.29	6.54
Debt to equity - times	0.40	0.60

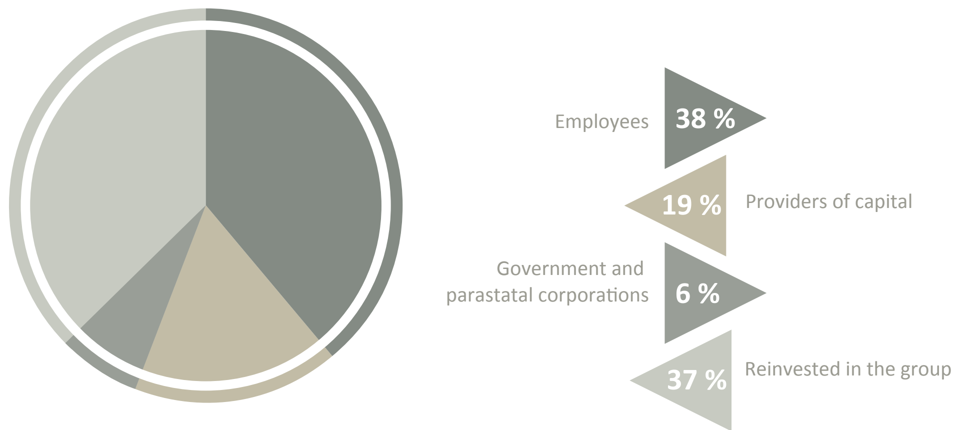
VALUE ADDED STATEMENT

	2012 Rs' 000	2011 Rs' 000
Sale of goods and services	2,580,449	2,591,170
Paid to suppliers for materials and services	1,818,522	1,745,068
Value added	761,927	846,102
Other operating income	101,638	73,226
Total wealth created	**863,565**	**919,328**
Distributed as follows:		
Employees		
Salaries and other benefits	365,001	353,860
Providers of capital		
Dividend	72,905	72,905
Interest paid on borrowings	84,107	78,725
Dividend to non-controlling interests	24,850	21,600
	181,862	**173,230**
Government and parastatal corporations		
Income tax (current and deferred)	32,751	41,019
Environment protection fee	11,023	11,416
Licences and permits	2,306	1,714
	46,080	**54,149**
Reinvested in the group to maintain and develop operations		
Depreciation, amortisation and impairment	193,901	173,962
Retained profit	76,721	164,127
	270,622	**338,089**
Total wealth distributed and retained	863,565	919,328

June 30, 2012



June 30, 2011



CHAIRMAN'S REPORT

Dear Shareholder,

On behalf of the Board of Directors, I am pleased to report to you on the operations and results of The United Basalt Products Ltd ("UBP") and of the Group for the year ended June 30, 2012 and to share with you our present and future development plans.

Review of Operations and Results

Revenue and results from operations

The Group's revenue of Rs 2.58 billion for the financial year under review was equivalent to that of the previous year whilst the Group's operating profit decreased from Rs 327.1 million in 2011 to Rs 274.6 million this year. Our core business sales volumes locally were marginally down compared to 2011 but were partly compensated by an increase in our average selling prices resulting from changes in our sales mix. The Company's operating profit likewise decreased from Rs 269.3 million in 2011 to Rs 225.6 million this year, denoting a drop from 18.1% to 15.6% of revenue caused mainly by an increase in the cost of raw-materials and depreciation further to the heavy investment made in our new modern production plant at Geoffroy Road and also to transport costs incurred to move our finished products between our various sites to satisfy the demand from customers further to the delay in operation of our new modern plant. Our subsidiary company Welcome Industries Ltd, operating in Rodrigues, experienced an increase of Rs 5.4 million (+99%) in its operating profit resulting partly from the takeover of quarrying operations previously sub-contracted. Our subsidiary company Ste Marie Crushing Plant Ltd, operating in Bel Ombre, saw its level of activities and operating profit drop due to the absence of major projects in the region whilst our subsidiary company Dry Mixed Products Ltd pursued its progression with a 12.9% rise in revenue and ended up with an increase in operating profit of 6.4% compared to the preceding twelve months' period. The business prospects remain positive whilst the export market potential is yet to be explored.

In terms of our core business operations overseas, our subsidiary company in Sri Lanka saw its revenue increase by nearly one and a half times compared to previous year due to the beneficial effects of the booming economy and to the fact that our subsidiary's results were consolidated for fifteen months to bring its financial year end co-terminus with that of UBP. Consequently, our subsidiary ended up with an operating profit of Rs 4.6 million for the fifteen months period to June 2012 compared to an operating loss of Rs 5.1 million consolidated in 2011, a turnaround of Rs 9.7 million. In Madagascar, our subsidiary company suffered from the persisting low level of activities and incurred an operating loss of Rs 21.6 million (2011 : Rs 8.8 million) for the year under review which includes a major stock valuation adjustment of Rs 10.8 million resulting from an increase in our production costs in excess of our current selling prices. In view of the above, the amount receivable by the Company from our subsidiary company in Madagascar was impaired by another 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 our Espace Maison operations, the revenue for the financial year under review was marginally down by 2.6% due to the slowing down generally experienced in the retailing sector. Our subsidiary company experienced a significant drop in operating results from Rs 13.5 million in 2011 to Rs 4.8 million this year due to an increase in operating costs, major stock adjustments and higher selling and advertising expenses aimed at boosting our revenue.

In terms of our agricultural operations, the revenue from our subsidiary Compagnie de Gros Cailloux Ltée was almost equivalent to that of the previous year. The sugar crop tonnage was significantly down compared to previous year with a total of 1,704 tons of sugar (2011 : 2,261 tons) but the price was significantly increased to Rs 16,020 per ton (2011 : Rs 13,535 per ton). Consequently, the operating loss for the year amounted to Rs 10.6 million compared to Rs 10.8 million in 2011.

Our share of results from associate companies, net of tax, decreased significantly from Rs 39.5 million in 2011 to Rs 6.1 million this year due to the lower performance of the core business entities and to a major adjustment of Rs 19.8 million to the profits of Pre-Mixed Concrete Ltd resulting from the adoption of a new accounting policy by its holding company on provisioning for inventories and trade receivables.

Finance revenues and costs

The Group's finance revenue increased from Rs 2.7 million in 2011 to Rs 7.3 million this year whilst at Company level the same trend was noted. The Group's finance costs increased by

6.8% to Rs 84.1 million due to the high capital expenditure for the year under review.

EPS and dividend

The Group's profit for the year decreased from Rs 254.1 million in 2011 to Rs 171.1 million this year. The Group's earnings per share likewise decreased from Rs 8.94 in previous year to Rs 5.64 for the year under review.

On May 11, 2012, a dividend of Rs 2.75 per share (2011 : Rs 2.75 per share) was declared by the Company in respect of the financial year ended on June 30, 2012 and paid in full on June 27, 2012.

Financial situation

The Group's financial situation improved significantly during the year under review further to the revaluation of all our land and buildings which gave rise to a revaluation surplus of Rs 840.9 million after applying a 30% discount on all surplus in value except for agricultural land, knowing that the last valuation was carried out in 2007. Consequently, the Group's total assets increased from Rs 3.6 billion in 2011 to Rs 4.5 billion this year, total liabilities remained stable at Rs 1.6 billion whilst shareholders' interests increased from Rs 1.9 billion to Rs 2.8 billion. Total borrowings decreased by Rs 19.6 million whilst there was no new long-term loan contracted during the year. The debt to equity ratio improved from 0.60 times in 2011 to 0.40 times this year whilst the net assets value (NAV) increased from Rs 72.32 at June 30, 2011 to Rs 107.84 this year, a rise of 49.1%.

During the year under review, the Group's total investment in property, plant and equipment amounted to Rs 368.3 million compared to Rs 339.6 million in 2011, of which Rs 37.9 million was financed through leasing facilities. A major part of the Group's capital expenditure for the year was spent for new development projects as detailed further down.

The other major movements in the Group's Statement of Financial Position relate to our available-for-sale investments which were revalued to Rs 46.9 million at June 30, 2012 resulting in a fair value loss of Rs 12.9 million. Our inventories decreased by Rs 56.3 million, trade receivables decreased by Rs 28.5 million, trade payables increased by Rs 26.9 million whilst our deferred tax liability decreased by Rs 55 million during the year due mainly to the reversal of provisions on previous revaluation gains resulting from the abolition of capital gains tax on land property sales by the Finance Act 2011 after having been introduced by the Finance Act 2010.

The increase in cash and cash equivalent for the year under review amounted to Rs 10.3 million (2011 : Rs 34.3 million). The major group cash outflows made during the year besides the capital expenditure comprised of the servicing of term loans and leases, the financing of overseas subsidiaries and the payment of dividends.

Development Projects

The major development project in terms of our core business operations during the year was the completion of the modernisation of our plant at Geoffroy Road. This project, started in the previous financial year and completed in March this year, constitutes the first eco-friendly project of its kind in Mauritius. Its main characteristics are that it minimises noise and dust pollution since all crushers are embodied into metallic sheds and the crushed products travel through tunnels and covered conveyors. Consequently, our plant at La Mecque ceased it operations in May 2012 and having henceforth a single plant running in the western region should generate synergies and economies of scale and affect our results positively going forward.

Besides this major project, the other developments comprised of the expansion of our plant at St Julien which is still in progress, the installation of dust reduction equipments at our plants of Plaine Magnien and Poudre d'Or, the completion of a new sand plant and the partial installation of a second crushing plant at our subsidiary company in Sri Lanka. Excluding our normal recurring capital expenditure, the budget for the financial year 2012-2013 provides for the completion of our expansion project at St Julien, the installation of equipments for minimising energy consumption on our plants generally and also for the automation of some production processes at Dry Mixed Products Ltd. In terms of our overseas core business operations, the main development project in progress is the completion of the setting up of a second crushing plant transferred from Madagascar to Sri Lanka.

The major development for the year under review in terms of our retailing Espace Maison operations relate to the expansion and refurbishing of our Tamarin outlet as part of the overall renovation and extension project of the now called 'La Place Cap Tamarin' shopping complex. Besides the normal replacement of racks, displays and service vehicles for our shops, the capital expenditure budget for the financial year 2012-2013 provides for a new POS (Point of Sale) IT software for a better management of our operations.

In terms of our subsidiary Compagnie de Gros Cailloux Ltée, there was no major development during the year except that there were major changes that occurred in the top management team with the recruitment of new managers with many years of experience in the agricultural field and in our existing range of services. The capital expenditure budget for the financial year 2012-2013 provides for a further extension of our green house and for the acquisition of additional equipments for our expanding landscaping services. As regards our property development plan, our first land parcelling project was launched under the name of 'Morcellement Oréades' which comprises 155 plots of land within a gated compound with set regulations in terms of building possibilities.

Besides the above realised and future development projects for our operations, a new meeting and training space was built during the year within the premises of our registered office at Trianon, the objective being also to register ourselves as a Training Institution and provide our staff working for our core business and Espace Maison operations with the best and up-to-date training courses aiming at improving their knowledge, aptitudes and competences at work which consequently should reflect in the quality of service being offered to our customers. The total capital expenditure budget for the financial year 2012-2013 is much lower than the one for the few recent financial years where we invested massively in the development and upgrading of our operational business lines, both in terms of our core business and our retailing Espace Maison activities. Consequently, assuming the level of business is sustained or improved, the coming financial year should enable the Company and the Group to reduce its overall indebtedness which is a good measure in times of gloomy economic climate.

Outlook

In view of the recent economic indicators for Mauritius denoting an economic growth rate forecast of 3.5% for 2012 (2011 : 3.9% realised) and given the poor recovery perspectives on the World economic scene, it seems that the coming financial year will be challenging in many respects.

The trend noted to date in the revenue from both our core business and Espace Maison operations shows a slight decrease compared to the same period in 2011. Our sales forecast for the financial year 2012-2013 is almost equivalent to that of the year under review. However, our performance depends on the 'feel-good' factor prevailing in the economy, the perspectives of growth as well as the economic measures taken by the Government to promote certain sectors of our economy and assist others to face the difficulties lying ahead. If such conditions prevail, it should favour investments in property development projects and boost up the private dwellings market which if combined with public investment in major road and other infrastructure projects should keep the construction industry going and impact positively on the economy at large. Therefore, our current financial year's performance depends to a large extent on the prevailing economic climate. However, the synergies expected from the centralisation and upgrading of our core business production plants, the boosting of our sales through aggressive advertising campaigns, the reorganisation of our top management's structure and the significant budget dedicated for the training of our staff should enable the Group to take up the challenges lying ahead and post satisfactory results for the financial year 2012-2013. In terms of overseas operations, the performance of our subsidiary in Sri Lanka is expected to improve further to the installation of a second crushing plant whilst in Madagascar no improvement is expected in the near future.

Appreciation

I wish, on behalf of the Board of Directors, to express my thanks and appreciation to the Chief Executive Officer, his management team and the personnel at large for their results-oriented efforts and commitment during the year despite the prevailing difficult economic climate.

I also wish to thank my fellow-members of the Board of Directors for their advice and support during the year under review with a special mention to those Directors who resigned during the year after serving the Board with due care and fruitful guidance for many years.

Thierry Lagesse
Chairman

September 27, 2012

CORPORATE GOVERNANCE REPORT

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, 2012.

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, 2012 is as detailed on page 11. Following the 1 : 5 bonus issue dated September 2010, 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, 2012 was as follows :

Directors	UBP	GML Investissement Ltée	Forward Investment and Development Enterprises Ltd
Thierry Lagesse	▪°	▪°	▪°
Arnaud Lagesse	▪	▪	▪

° : Chairman

Substantial Shareholders

Shareholders holding more than 5% of the share capital of the Company at June 30, 2012 were as follows :

Shareholders	Number of shares	% Holding
GML Investissement Ltée	6,629,839	25.01
Forward Investment and Development Enterprises Ltd	2,505,981	9.45

Shareholding Profile

The share ownership and categories of shareholders at June 30, 2012 were as follows:

Size of shareholding	Number of shareholders	Number of shares owned	Percentage (%)
1 - 500	829	135,109	0.51
501 – 1,000	261	195,745	0.74
1,001 – 5,000	597	1,473,189	5.56
5,001 – 10,000	185	1,317,577	4.97
10,001 – 50,000	204	4,002,591	15.10
50,001 – 100,000	29	2,077,122	7.83
100,001 – 250,000	18	2,971,778	11.21
250,001 – 1,000,000	7	3,143,725	11.86
Over 1,000,000	4	11,193,206	42.22
Total	**2,134**	**26,510,042**	**100.00**

Category of shareholders	Number of shareholders	Number of shares owned	Percentage (%)
Individuals	1,861	7,963,133	30.04
Insurance and assurance companies	28	2,672,572	10.08
Pension and provident funds	49	2,987,846	11.27
Investment and trust companies	47	9,767,258	36.84
Other corporate bodies	149	3,119,233	11.77
Total	2,134	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 12 of Financial Highlights and Ratios for indicators and share price movements at June 30, 2012.

At time of writing the share of the Company is quoted at Rs 103.00 on the Official Market of the Stock Exchange of Mauritius compared to Rs 123.00 on September 29, 2011, date of the preceding Annual Report. The Price Earnings Ratio (PER) is at 11.52, the Dividend Yield at 2.67 % and the Price to Net Assets Value (NAV) at 1.42.

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 11, 2012, the Company declared a dividend of Rs 2.75 per share in respect of the financial year 2011-2012. This dividend was paid on June 27, 2012 to all ordinary shareholders registered at close of business on May 30, 2012.

Please refer to page 12 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 of the Chief Executive Officer 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 Chief Executive Officer 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 6 Non-Executive Directors, 3 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, 2012 were as follows:

	AL	IBL	IGF	MCB	MSM	LUX	PBL	SRL
Directors								
Thierry Lagesse	▪	▪ o			▪		▪ o	▪
Laurent de la Hogue					▪	▪		
Arnaud Lagesse	▪	▪			▪ o	▪ o	▪	
Stephane Lagesse						▪		
E. Jean Mamet			▪	▪				

o : Chairman

Abbreviations:

AL – Alteo Ltd
IBL – Ireland Blyth Ltd
IGF – Ipro Growth Fund Ltd
LUX – Lux* Island Resorts Ltd
MCB – The Mauritius Commercial Bank Ltd
MSM – Mauritius Stationery Manufacturers Ltd
PBL – Phoenix Beverages Ltd
SRL – Sun Resorts 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, 2012.

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. On October 20, 2011, Mr Raymond Lagesse resigned as Director and was replaced by Mr Stephane Lagesse on November 11, 2011. Mr Jacques de Navacelle resigned as Director on November 30, 2011 and was replaced by Mr Laurent de la Hogue on December 21, 2011. In accordance with the Company's Constitution, a resolution for the re-election of Messrs Stephane Lagesse and Laurent de la Hogue 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 Code of Corporate Governance provides that each Director should be elected or re-elected every year at the Annual Meeting of shareholders. Although being 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, the Corporate Governance Committee has on July 11, 2012 decided to comply with the Code and to include the re-election of all Directors at the agenda of the forthcoming Annual Meeting of shareholders of the Company. In addition, the Board is continuously considering bringing new skills amongst its members.

Directors' and Senior Officers' Interests and Dealings in Shares

The Directors' and Senior Officers' interests in the ordinary shares of the Company are set out in the table on pages 36 and 37 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, Mr E. Jean Mamet indirectly bought 200 shares of the Company. Except for this, 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 Chief Executive Officer, 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 28.

The Board met six times this year and approved, amongst other items, the operating and capital expenditure budget for the financial year 2011-2012, the audited group financial statements, the abridged group financial statements and the Annual Report for year ended June 30, 2011, the remuneration of external auditors, the sale of non-strategic assets, the abridged group financial statements for the quarters to September 30, 2011, December 31, 2011 and March 31, 2012, the Board calendar, a feasibility study for the land parcelling project at Gros Cailloux, the permit issues relevant to the new modern plant at Geoffroy Road, a succession plan and the reorganisation of the top management structure, a business plan for the setting up of a second crushing plant in Sri Lanka, lease financing lines for our capital expenditure budget, the results forecasts to June 30, 2012, the declaration of a dividend, banking facilities for our working capital needs, the operating and capital expenditure budgets for the financial year 2012-2013 and the revaluation of the Group's land and buildings. 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 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

The Code's aspiration is that the Corporate Governance Committee be chaired by an Independent Non-Executive Director. The Board had 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 and since there was a majority of Independent Non-Executive Directors on the Committee. However, since Mr Marc Freismuth is no more an independent Director, the Board has after the financial year end decided to appoint Mr Joël Harel as Chairman of the Committee in replacement of Mr Thierry Lagesse who stays as a member of the Committee.

The Corporate Governance Committee is also responsible for Nomination and Remuneration aspects of the Code and its 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 four times during the financial year 2011-2012 to examine and take decisions on corporate governance issues, to review the Board's composition and to recommend the appointment of three new Directors, to determine the remuneration policy of Directors, Committee members and key management personnel and to discuss and review the succession plan.

The attendance record for the year under review is as shown on page 28. Mr Jean Michel Giraud, the Chief Executive Officer, 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, 2012 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 2011-2012, mainly to review and recommend to the Board for approval the audited financial statements and the Annual Report for year ended June 30, 2011 as well as the unaudited abridged group quarterly financial statements, to fix the remuneration of external auditors, to review the reports of internal and external auditors and to follow-up remedial actions by management, to approve the writing up of a procedures manual for both the core business and Espace Maison operations, to review issues relevant to the reliance of the auditors on the existing IT system and to document the procedures within the IT function. In so doing, the Committee reviewed control systems and procedures in place at all the subsidiary companies within the Group 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 28. The Finance Manager is in attendance at all meetings of the Committee whilst the Chief Executive Officer, 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, 2012 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 was 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 internal auditor carried out regular visits to all operational sites to ensure the controls and procedures are adhered to and to improve processes where necessary in order to minimise risks. His findings were classified in terms of risk level and his recommendations were discussed and commented by management. This year again, no material financial problems were identified which would affect materially the figures reported in the financial statements. The recommendations are being implemented gradually by management under the close follow-up of the Audit Committee. The appointed firm BDO & Co. were assigned the task of writing up a procedures manual for all aspects of the business within the Group. The job is still in progress and will in due course be used as reference and updated whenever necessary.

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 ensure the 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.
- 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. 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 manages human resources risks via proper and adequate job reviews and performance evaluation, 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 operational sites are all equipped with fire extinguishers and 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 are secured via a disaster recovery plan, our manufactured 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 66 to 69 of Notes to the Financial Statements.

Meetings Attendance

	Board	Corporate Governance Committee	Audit Committee
Thierry Lagesse	6 out of 6	4 out of 4	
François Boullé	5 out of 6		5 out of 5
Marc Freismuth	5 out of 6	4 out of 4	
Jean Michel Giraud	6 out of 6		
Joël Harel	6 out of 6	4 out of 4	5 out of 5
Laurent de la Hogue	3 out of 3		
Arnaud Lagesse	2 out of 6		
Raymond Lagesse*	1 out of 1		
Stephane Lagesse	3 out of 4		
Jean Claude Maingard	6 out of 6		
E. Jean Mamet	4 out of 6		5 out of 5
Jacques de Navacelle**	0 out of 2		

* Resigned on October 20, 2011 and replaced by Mr Stephane Lagesse on November 11, 2011.
**Resigned on November 30, 2011 and replaced by Mr Laurent de la Hogue on December 21, 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 36 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 Chief Executive Officer comprises a basic salary and other benefits in kind and an annual performance bonus. The proportion of variable pay to fixed pay is significant and aims at aligning the interests of the Chief Executive Officer 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 new plant at Geoffroy Road, in operation since March 2012 is the first eco-friendly plant of its kind in Mauritius. Furthermore, a few 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 31 and 32.

Donations

Please refer to page 38 of Other Statutory Disclosures for details of donations made during the year.

Related Party Transactions

Please refer to Note 29 on page 89 of Notes to the Financial Statements.

Christophe Quevauvilliers
Company Secretary

September 27, 2012

CORPORATE SOCIAL RESPONSIBILITY (CSR) REPORT

The UBP Group's CSR programme for the financial year 2011-2012 have been channelled once again through the Fondation Joseph Lagesse, an appointed SPV of the GML Group. The Fondation has for the third consecutive year enabled us to comply with the CSR guidelines by assisting us in achieving our social responsibilities and show the way towards establishing real partnerships with our stakeholders and the local communities at national level. These partnerships have contributed to ensure a better coordination and continuity of the CSR activities in which we were already engaged in the vicinity of our production and sales sites.

For the financial year 2011-2012, our Group has been active mainly in the following areas of intervention: the welfare of vulnerable children, education and training, socio-economic development and sports.

Welfare of vulnerable children

The UBP Group is very concerned by the welfare of vulnerable children. This area of intervention has been our main focus for this year. The organisations which we have helped and the way we have done it are as detailed below:

Mouvement Forces Vives Quartier EDC in Rose-Belle

We have once again stretched a helping hand to the association by renewing the support to remedial classes for the children of Rose-Belle. This project has enabled the children of this locality to benefit from a better preparation for their exams. Pertaining to the previous year, 6 children out of 10 have been able to pass their School Certificate examination, 4 of whom are now enrolled for the higher level certificate. It is important to remember that these children were considered as hopeless cases before the remedial classes were set up.

Atelier de Formation Joie de Vivre and Garderie Etoile

These two NGOs have been able to rely on us for the third consecutive year for helping them in the daily running activities organized by the school and through support for the basic necessities of more than 15 babies of Garderie Etoile.

SOS Children Village

Being one of the oldest benefactors to this organisation, we have this year provided financial support for the schooling and basic necessities of 2 children.

La Pointe Tamarin

Creativity being one of our motives, we have renewed our support to the vulnerable children of the western region by providing them with arts material to help in promoting their artistic skills. Developing their imagination through artistic activities has proved to be a powerful instrument for their social and economic integration.

Fondation pour l'Interculturel et la Paix

Promoting learning among the children and encouraging them to read is one of the great achievements of the project 'Livres pour tous'. Children from the locality of Bambous, Canot and Gros Cailloux have been able through this project to rediscover the pleasures of reading and learning.

A.P.E.I.M. and Association Solidarité Mamans

We are pleased to welcome these two new associations within our CSR programme for the financial year 2011-2012. We have provided the disabled children of A.P.E.I.M. with the necessary pedagogical material thus enabling the association to renew its equipment. As regards the Association Solidarité Mamans, remedial classes were provided to cater for the needs of the deprived children of the locality of Résidences Père Laval, Beau Séjour and Trèfles surrounding areas.

Education

The UBP Group is committed to promote learning skills and general knowledge to help address difficulties faced by the deprived children living in the vicinity of our production and sales sites. This engagement was translated into the following actions:

New Bambous Geoffroy Government School

As part of this year's programme we have helped to build a new shelter on the school's playground to protect the children during the rainy days.

Cottage Government School and Ecole Serge Coutet

Our project for this year was focused on upgrading the well-being of the children. Our Group helped in the painting of classrooms and in the renovation of amenities so as to create a pleasant working atmosphere for the children of those schools.

Marie Reine RCA

Our Group has for many years provided scholarships to the best C.P.E. students of the school. We strongly believe that in contributing to the education of a child, this will give pace to his future success and development.

Association Toujours Joyeux Autrement Capable

This year we have put in place a security handrail to cater for the security of the disabled children and ease their daily transfer from one area to another.

Sports

The UBP Group has always shared strong values in the sports field and believes that even though it is not a cure to social illness, sports can contribute to the development of children and help their integration into the society. Our projects in this field were as described below:

Trust Fund for Excellence in Sports

Being part of our Group's culture, we have devoted part of this year's budget to promote excellence in sports in Mauritius.

Fondation pour la Formation au Football and The Faucon Flacq Sporting Club

Our Group has assisted the Fondation and the Club in training the youngsters and hence help them to combat the social ills and to develop a team spirit culture through sports.

Socio-Economic development

The UBP Group is committed to assist NGOs to fight poverty by contributing to the improvement of living conditions and helping the most destitute persons in their future integration into society. Our assistance in that field was as described below:

La Chrysalide

Fighting against drug abuse is a daily challenge faced by the women at La Chrysalide. We are proud to help this rehabilitation centre which does a really great work.

Bel Ombre Foundation for Empowerment

The CEDES project is at its final stage! We are proud for having provided the furniture to complete the project on which we were embarked since two years for the benefit of children of the south-western region.

Besides our core priority projects above, the Group has also been actively involved in some other initiatives forming part of the Fondation Joseph Lagesse strategy namely in terms of support to childcare services and technical training for Caritas Centre d'Eveil in Grand Gaube, Collège Technique St Gabriel and Ecole d'Alphabétisation de Fatima in Triolet.

The financial year 2011-2012 has been very challenging and fulfilling at the same time and we are proud of the progress and positive evolution of our numerous beneficiaries. For the coming financial year, our efforts and actions will be inspired by the same spirit and the Group is committed to pursue its social responsibilities with the assistance of the 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
Chief Executive Officer

September 27, 2012

OTHER STATUTORY DISCLOSURES (PURSUANT TO SECTION 221 OF THE COMPANIES ACT 2001)

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, 2012 were:

The Company

Messrs: Thierry Lagesse - Chairman
François Boullé
Marc Freismuth
Jean Michel Giraud
Joël Harel
Laurent de la Hogue – Appointed on December 21, 2011 in replacement of Mr Jacques de Navacelle who resigned on November 30, 2011.
Arnaud Lagesse – Appointed full-fledged Director on August 25, 2011 in replacement of Mr J.Cyril Lagesse who resigned on the same date.
Stephane Lagesse – Appointed on November 11, 2011 in replacement of Mr Raymond Lagesse who resigned on October 20, 2011.
Jean Claude Maingard
E. Jean Mamet

Subsidiary Companies

Espace Maison Ltée*

Messrs: Thierry Lagesse - Chairman
François Boullé
Marc Freismuth
Jean Michel Giraud
Joël Harel
Laurent de la Hogue – Appointed on December 21, 2011 in replacement of Mr Jacques de Navacelle who resigned on November 30, 2011.
Stephane Lagesse – Appointed on November 11, 2011 in replacement of Mr Raymond Lagesse who resigned on October 20, 2011.
Jean Claude Maingard
E. Jean Mamet

*The company changed its name from Marbella Espace Maison Ltée to Espace Maison Ltée on December 8, 2011.

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

Mr Joseph Vaudin passed away on June 29, 2012 and was not replaced.

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 : Steve René – Manager appointed in replacement of Mr Gino Guness as from January 2012.

United Granite Products (Pvt.) Ltd

Messrs: Jean Michel Giraud - Chairman
Joseph Albert
A. Mahir Didi
Rémi de Gersigny
Hussain Saad Hasim
Christophe Quevauvilliers

Mr Eddy Mancienne resigned as Director on November 9, 2011.

Sainte Marie Crushing Plant Ltd

Messrs: Thierry Lagesse - Chairman
Jean Michel Giraud
Richard Koenig
Stephane Ulcoq - Appointed on November 11, 2011 in replacement of Mr Raymond Lagesse who resigned on October 20, 2011.

Dry Mixed Products Ltd

Messrs: Jean Michel Giraud - Chairman
Thierry Lagesse
- alternate : Rémi de Gersigny
Vincent Lenette – Appointed on January 17, 2012 in replacement of Mr Thomas Dubois who resigned on the same date
Alexandre Roland Maurel
- alternate : Lloyd George Richard-Coombes
Christophe Quevauvilliers
Colin Taylor
- alternate : Eric Adam

Mr Vincent Lenette resigned as Director on July 17, 2012 and was replaced by Mr Edelio Bermejo.

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:

	2012		2011	
	Executive Rs'000	Non-Executive Rs'000	Executive Rs'000	Non-Executive Rs'000
The Company	10,314	1,570	10,905	1,576
Subsidiary Companies :				
Espace Maison Ltée	-	536	-	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	-	112	-	120
Dry Mixed Products Ltd	-	-	-	-
Marbella Ltd	-	-	-	-
Land Reclamation Ltd	-	-	-	-
Stone & Bricks Co. Ltd	-	-	-	-
The Stone Masters Co. Ltd	-	-	-	-
Pricom Ltd	-	-	-	-

Directors' Interests in Shares

The Directors' interests in the ordinary shares of the Company at June 30, 2012 were as follows :

	Category	Ordinary shares			
		Direct		Indirect	
		Number	%	Number	%
Directors					
Thierry Lagesse - Chairman	NICB	1,116	0.004%	45,023	0.170%
François Boullé	INED	-	-	26,270	0.099%
Marc Freismuth	NED	-	-	-	-
Jean Michel Giraud	ED	4,184	0.016%	2,526	0.010%
Joël Harel	INED	-	-	-	-
Laurent de la Hogue	NED	-	-	-	-
Arnaud Lagesse	NED	-	-	9,452	0.036%
Stephane Lagesse	NED	-	-	45,023	0.170%
Jean Claude Maingard	NED	-	-	-	-
E. Jean Mamet	INED	-	-	2,000	0.007%

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

Senior Officers' Interests in Shares

The Senior Officers' interests in the ordinary shares of the Company at June 30, 2012 were as follows :

	Category	Ordinary shares			
		Direct		Indirect	
		Number	%	Number	%
Senior Officers					
Christophe Quevauvilliers	*	600	0.002%	12	0.000%
Denis Lincoln	*	1,200	0.004%	-	-
Clivy Coutet Chan Cheun	*	1,500	0.005%	-	-
Dhuenesh Rambarassah	*	480	0.002%	-	-
Jocelyne L'Arrogant	*	10	0.000%	-	-
Bernard Lagesse	*	12,000	0.045%	-	-
Raoul Maurel	*	300	0.001%	10	0.000%
Denis Audibert	*	100	0.000%	403	0.001%
Edley Michaud	*	605	0.002%	-	-

* The job titles of the Senior Officers are as described in their profile on pages 8 to 9.

Except for the above, none of the other Senior Officers had an interest in the shares of the Company, either directly or indirectly.

None of the 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 the Secretary 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, 2012 were as follows :

Shareholders	Number of shares	% Holding
GML Investissement Ltée(Note)	6,629,839	25.01
Forward Investment and Development Enterprises Ltd	2,505,981	9.45

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 1,016,542 during the year ended June 30, 2012 (2011: Rs 1,047,500) out of which none (2011: Rs Nil) were political donations.

Auditors' Remuneration

The auditors' remuneration was as follows:

	THE GROUP		THE COMPANY	
	2012	2011	2012	2011
	Rs'000	Rs'000	Rs'000	Rs'000
Audit fees :				
Ernst & Young	2,008	1,593	925	880
Other firms	-	275	-	-
Non-audit fees :				
Ernst & Young	389	538	147	140
Other firms	-	106	-	-

The non-audit fees paid by the Group to Ernst & Young comprised of tax services for Rs 264,016 (2011: Rs 223,307) and of assistance for new IFRS disclosure for Rs 125,000 (2011: Rs 315,000).

The Group did not pay any non-audit fees to other firms for the year ended June 30, 2012 whilst in 2011 the fees paid comprised of tax services for Rs 23,000 and of a review upon acquisition of a company for Rs 83,000.

COMPANY SECRETARY'S CERTIFICATE - JUNE 30, 2012

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 27, 2012

INDEPENDENT AUDITORS' REPORT TO THE MEMBER OF THE UNITED BASALT PRODUCTS LTD

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 2 to 92 which comprise the statements of financial position as at June 30, 2012 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 2 to 92 give a true and fair view of the financial positions of the Group and the Company at June 30, 2012 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 and the Financial Reporting Act 2004.

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, 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
Ebène, Mauritius

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

September 27, 2012

STATEMENTS OF FINANCIAL POSITION - AS AT JUNE 30 , 2012

ASSETS	NOTES	THE GROUP 2012 Rs'000	THE GROUP 2011 Rs'000	THE COMPANY 2012 Rs'000	THE COMPANY 2011 Rs'000
Non-current assets					
Property, plant and equipment	5	2,957,503	1,998,109	1,441,680	1,072 ,747
Investment properties	6	20,299	22,208	211,949	246,362
Bearer biological assets	7	16,113	18,118	-	-
Intangible assets	8	15,612	14,066	4,484	3,365
Investment in subsidiaries	9	-	-	828,839	828,839
Investment in associates	10	179,428	203,329	110,306	110,306
Available-for-sale investments	11	46,914	59,632	42,562	55,290
Deferred tax assets	13 (c)	21,174	12,218	15,384	16,435
		3,257,043	2,327,680	2,655,204	2,333,344
Current assets					
Consumable biological assets	14	28,262	28,816	-	-
Inventories	15	596,631	652,925	186,094	211,569
Other current financial asset	12	13,795	13,795	13,795	13,795
Trade and other receivables	16	620,899	551,732	549,153	588,703
Cash at bank and in hand	17	28,359	49,329	1,310	1,436
		1,287,946	1,296,597	750,352	815,503
TOTAL ASSETS		4,544,989	3,624,277	3,405,556	3,148,847
EQUITY AND LIABILITIES					
Equity					
Issued capital	18(a)	265,100	265,100	265,100	265,100
Reserves	18(b)	2,593,646	1,652,183	1,825,259	1,557,991
Equity attributable to shareholders of the parent		2,858,746	1,917,283	2,090,359	1,823,091
Non-controlling interests		41,388	49,301	-	-
Total equity		2,900,134	1,966,584	2,090,359	1,823,091
Non-current liabilities					
Interest-bearing loans and borrowings	19	222,034	297,958	167,772	225,489
Deferred tax liability	13(c)	72,335	127,327	68,433	67,045
Employee benefit liability	20	93,719	89,647	77,304	72,435
		388,088	514,932	313,509	364,969
Current liabilities					
Interest-bearing loans and borrowings	19	941,778	885,444	886,556	849,452
Trade and other payables	21	302,982	237,747	109,918	99,673
Income tax payable	13	12,007	19,570	5,214	11,662
		1,256,767	1,142,761	1,001,688	960,787
TOTAL EQUITY AND LIABILITIES		4,544,989	3,624,277	3,405,556	3,148,847

These financial statements were approved by the Board of Directors on September 27, 2012 and signed on its behalf by :

Thierry Lagesse
Chairman

Jean Michel Giraud
Chief Executive Officer

The notes on pages 46 to 92 form an integral part of these financial statements.
Auditors' report on page 41.

STATEMENTS OF COMPREHENSIVE INCOME - YEAR ENDED JUNE 30, 2012

	NOTES	THE GROUP 2012 Rs'000	THE GROUP 2011 Rs'000	THE COMPANY 2012 Rs'000	THE COMPANY 2011 Rs'000
Revenue	22	2,580,449	2,591,170	1,447,441	1,490,141
Operating profit	23	274,632	327,144	225,573	269,319
Finance income	24	7,276	2,759	60 889	52,435
Finance costs	25	(84,107)	(78,725)	(76,663)	(73,469)
Share of results of associates	10	6,084	39,466	-	-
Profit before tax		203,885	290 644	209,799	248,285
Income tax expense	13	(32,751)	(36,548)	(26,895)	(22,396)
Profit for the year		171,134	254,096	182,904	225,889
Other comprehensive income					
Net (loss)/gain on available-for-sale invesments	11	(12,953)	5,480	(12,963)	5,398
Exchange differences on translation of foreign operations		38,220	6,485	-	-
Revaluation on land and buildings		785,301	-	171,617	-
Deferred tax on revaluation of land and buildings		58,852	(128,159)	(1,388)	(67,045)
Share of reserves in associate	10	(3,450)	(5,130)	-	-
Other comprehensive income for the year, net of tax		865,970	(121,324)	157,266	(61,647)
Total comprehensive income for the year, net of tax		1,037,104	132,772	340,170	164,242
Profit for the year attributable to:					
Equity holders of the parent		149,626	237,032	182,904	225,889
Non-controlling interests		21,508	17,064	-	-
		171,134	254,096	182,904	225,889
Total comprehensive income for the year attributable to:					
Equity holders of the parent		1,014,368	114,258	340,170	164,242
Non-controlling interests		22,736	18,514	-	-
		1,037,104	132,772	340,170	164,242
Earnings per share (Rs)	26				
Basic, profit for the year attributable to ordinary equity holders of the parent.		5.64	8.94	6.90	8.52

The notes on pages 46 to 92 form an integral part of these financial statements.
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STATEMENTS OF CHANGES INEQUITY - YEAR ENDED JUNE 30, 2012

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
	Attributable to equity shareholders of the parent									
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 (note 27)	-	-	-	-	-	-	(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
At July 1, 2011	265,100	7,354	82,865	396,944	41,686	21,475	1,101,859	1,917,283	49,301	1,966,584
Profit for the year	-	-	-	-	-	-	149,626	149,626	21,508	171,134
Other comprehensive income	-	-	(3,450)	840,945	(12,953)	40,200	-	864,742	1,228	865,970
Total comprehensive income for the year	-	-	(3,450)	840,945	(12,953)	40,200	149,626	1,014,368	22,736	1,037,104
Decrease in non-controlling interest	-	-	-	-	-	-	-	-	(5,799)	(5,799)
Dividend (note 27)	-	-	-	-	-	-	(72,905)	(72,905)	(24,850)	(97,755)
At June 30, 2012	265,100	7,354	79,415	1,237,889	28,733	61,675	1,178,580	2,858,746	41,388	2,900,134

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, 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 (note 27)	-	-	-	-	(72,902)	(72,902)
At June 30, 2011	265,100	7,354	335,741	39,745	1,175,151	1,823,091
At July 1, 2011	265,100	7,354	335,741	39,745	1,175,151	1,823,091
Profit for the year	-	-	-	-	182,904	182,904
Other comprehensive income	-	-	170,229	(12,963)	-	157,266
Total comprehensive income for the year	-	-	170,229	(12,963)	182,904	340,170
Dividend (note 27)	-	-	-	-	(72,902)	(72,902)
At June 30, 2012	265,100	7,354	505,970	26,782	1,285,153	2,090,359

The notes on pages 46 to 92 form an integral part of these financial statements.
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STATEMENTS OF CASH FLOWS - YEAR ENDED JUNE 30, 2012

	Notes	THE GROUP 2012 Rs'000	THE GROUP 2011 Rs'000	THE COMPANY 2012 Rs'000	THE COMPANY 2011 Rs'000
OPERATING ACTIVITIES					
Profit before tax		203,885	290,644	209,799	248,285
Adjustment for:					
Depreciation of property, plant and equipment		182,610	162,850	113,459	103,646
Depreciation of investment properties		1,909	1,909	15,537	14,397
Amortisation and impairment of intangible assets		3,187	2,587	1,472	1,243
Write- off of intangible assets		-	196	-	-
Amortisation of bearer biological assets		6,195	6,616	-	-
Movement in employee benefit liability		4,072	679	4,869	942
Loss/(profit) on disposal of property, plant and equipment		11,697	4,314	(3,447)	(2,598)
Share of results of associates		(6,084)	(39,466)	-	-
Impairment of subsidiary		-	-	-	280
Impairment of amount receivable from subsidiary		-	-	10,000	10,000
Finance costs	25	84,107	78,725	76,663	73,469
Finance revenue	24	(7,276)	(2,759)	(60,889)	(52,435)
Movement in working capital:					
- Movement in consumable biological assets		554	3,608	-	-
- Inventories		56,294	(65,972)	25,475	(1,041)
- Trade and other receivables		(69,167)	(35,387)	29,550	(74,760)
- Trade and other payables		65,235	98,319	10,245	(3,494)
Cash generated from operations		537,218	506,863	432,733	317,934
Interest paid		(84,107)	(78,725)	(76,663)	(73,469)
Interest received		5,210	1,054	788	461
Dividend paid - The Company		(72,902)	(72,902)	(72,902)	(72,902)
Dividend paid - Non-controlling interests		(24,850)	(21,600)	-	-
Income tax paid	13 (b)	(45,407)	(54,926)	(32,292)	(49,536)
Net cash from operating activities		315,162	279,764	251,664	122,488
INVESTING ACTIVITIES					
Purchase of property, plant and equipment	17	(330,433)	(285,939)	(254,217)	(149,315)
Expenditure on bearer biological assets		(4,190)	(5,254)	-	-
Purchase of investment properties		-	-	(3,014)	(68,020)
Purchase of intangible assets		(4,819)	(3,363)	(2,591)	(261)
Proceeds from disposal of property, plant and equipment		25,190	20,104	3,696	2,598
Purchase of other financial asset		(235)	-	(235)	-
Purchase of available-for-sale investments		-	(2,168)	-	(2,168)
Dividend received from associates		26,820	23,920	26,820	23,920
Dividend received from other equity investment		1,782	1,705	33,282	28,054
Net cash used in investing activities		**(285,885)**	**(250,995)**	**(196,259)**	**(165,192)**
FINANCING ACTIVITIES					
Proceeds from borrowings		232,235	236,588	215,629	236,476
Repayment of term loans		(213,678)	(193,484)	(194,469)	(176,560)
Repayment of finance lease liabilities		(45,732)	(37,565)	(36,662)	(32,288)
Net cash from financing activities		(27,175)	5,539	(15,502)	27,628
Increase / (decrease) in cash and cash equivalents		**2,102**	**34,308**	**39,903**	**(15,076)**
MOVEMENT IN CASH AND CASH EQUIVALENTS					
At July 1,		(214,675)	(249,271)	(246,278)	(231,202)
Exchange difference		8,199	288	-	-
Movement		2,102	34,308	39,903	(15,076)
At June 30,	**17**	**(204,374)**	**(214,675)**	**(206,375)**	**(246,278)**

The notes on pages 46 to 92 form an integral part of these financial statements.
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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, 2012 were authorised for issue by the Board of Directors on September 27, 2012 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 shareholder for approval at the 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 Ltd and its subsidiaries as at June 30, 2012.

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.

Total comprehensive income within a subsidiary is attributed to the non-controlling interest even if that results in a deficit balance.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- Derecognises the assets (including goodwill) and liabilities of the subsidiary
- Derecognises the carrying amount of any non-controlling interest
- Derecognises 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 or retained earnings, as appropriate.

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Business combinations and goodwill

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 Group elects whether it 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. Subsequent settlement is accounted for within equity. In instances where the contingent consideration does not fall within the scope of IAS 39, it is measured in accordance with the appropriate IFRS.

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.

(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 and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly. 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 profit or loss as incurred.

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

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

Any revaluation surplus is recorded in other comprehensive income and hence, 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 profit or loss, in which case, the increase is recognised in profit or loss. A revaluation deficit is recognised in profit or loss, except to the extent that it offsets an existing surplus on the same asset recognised in the asset revaluation reserve.

Upon disposal, any revaluation reserve relating to the particular asset being sold is transferred to retained earnings.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets as follows:

	%
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 and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss when the asset is derecognised.

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.

The assets' residual values, useful lives and methods of depreciation are reviewed at each financial year end and adjusted prospectively, if appropriate.

(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. Subsequently the investment properties are stated at historical cost less accumulated depreciation and any impairment in value.

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss in the period of derecognition.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the cost less depreciation at the date of transfer.

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 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 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 reflected in the profit or loss 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 the end of each reporting period. 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 are 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 to obtain benefits. 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.

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(g) Investment in associates

The Group's investment in its 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.

Profit or loss reflects the Group's share of the results of operations of the associates. Where there has been a change recognised directly in 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 statement of comprehensive income. 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 the 'share of profit of an associate' 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 consolidated 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 arising on settlement or translation of monetary items are taken to profit or loss with the exception of monetary items that are designated as part of the hedge of the Group's net investment of a foreign operation. These are recognised in other comprehensive income until the net investment is disposed, at which time, the cumulative amount is reclassified to profit or loss. Tax charges and credits attributable to exchange differences on those monetary items are also recorded in other comprehensive income.

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. The gain or loss arising on retranslation of non-monetary items is treated in line with the recognition of gain or loss on change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

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

On consolidation, the assets and liabilities of foreign operations are translated into Mauritian rupees at the rate of exchange prevailing at the reporting date and profit or loss 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 transaction costs, except in the case of financial assets at fair value through profit or loss.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

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.

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(i) Financial assets (Cont'd)

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 profit or loss. The losses arising from impairment are recognised in profit or loss 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 the investment is determined to be impaired, when the cumulative loss is reclassified from the available-for-sale reserve to profit or loss in finance costs.

Available-for-sale equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are stated at cost less any impairment losses.

Derecognition

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised 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, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement in the asset.

(j) 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 profit or loss.

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.

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

Available-for-sale financial investments (Cont'd)

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.

(k) 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.

Derecognition

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 profit or loss.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition 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.

(l) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the consolidated statement of financial position if, and only if:

- There is a currently enforceable legal right to offset the recognised amounts ; and
- There is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

(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 the 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 benefit 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. Actuarial gains and losses are recognised as income or expense when the net cumulative unrecognised actuarial gains and losses at the end of the previous reporting period exceeded 10% of the higher of the defined benefit obligation and the fair value of plan assets at that date. These gains or losses are recognised over the expected average remaining working lives of the employees participating in the plan.

The past service costs are recognised as an expense on a straight line basis over the average period until the benefits become vested.

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(o) Retirement benefit obligations (Cont'd)

(i) Defined benefit plan (Cont'd)

If the benefits have already vested, immediately following the introduction of, or changes to, a pension plan, past service costs are recognised immediately.

The defined benefit asset or liability comprises the present value of the defined benefit obligation (using a discount rate based on high quality corporate bonds), less past service costs not yet recognised and less the fair value of plan assets out of which the obligations are to be settled. Plan assets are assets that are held by a long-term employee benefit fund or qualifying insurance policies. Plan assets are not available to the creditors of the Group nor can they be paid directly to the Group. Fair value is based on market price information and in the case of quoted securities it is the published bid price. The value of any plan asset recognised is restricted to the sum of any past service costs not yet recognised and the present value of any economic benefits available in the form of refunds from the plan or reductions in the future contributions to the plan.

(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. Cash and cash equivalents are measured at amortised cost.

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 units (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.

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.

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.

(r) 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.

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(s) 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 rendering of 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.

(t) 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.

(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.

Current income tax relating to items recognised directly in other comprehensive income or equity is recognised in other comprehensive income or equity and not in profit or loss.

Deferred income tax

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

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.

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(u) Taxes (Cont'd)

Value Added Tax (Cont'd)

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.

2.4 CHANGES IN ACCOUNTING POLICY AND DISCLOSURES

The accounting policies adopted are consistent with those of the previous financial year, except for the following amended IFRS adopted in the year commencing July 1, 2011:

- IAS 24 Related Party Disclosures (amendment) effective January 1, 2011
- IFRS 7 Financial Instruments: Disclosures - Enhanced Derecognition Disclosure Requirements effective July 1, 2011
- IFRS 1 First-time Adoption of International Financial Reporting Standards (Amendment) - Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters
- IFRIC 14 Prepayments of a Minimum Funding Requirement (amendment) effective January 1, 2011
- Improvements to IFRSs (May 2010) effective either July 1, 2010 or January 1, 2011

The adoption of the standards or interpretations is described below:

IAS 24 Related Party Transactions (Amendment)

The IASB issued an amendment to IAS 24 that clarifies the definitions of a related party. The new definitions emphasise a symmetrical view of related party relationships and clarifies the circumstances in which persons and key management personnel affect the related party relationships of an entity. In addition, the amendment introduces an exemption from the general related party disclosure requirements for transactions with government and entities that are controlled, jointly controlled or significantly influenced by the same government as the reporting entity. The adoption of the amendment did not have any impact on the financial position or performance of the Group and the Company.

IFRS 7 Financial Instruments: Disclosures — Enhanced Derecognition Disclosure Requirements

The amendment requires additional disclosure about financial assets that have been transferred but not derecognised to enable the user of the financial statements to understand the relationship with those assets that have not been derecognised and their associated liabilities. In addition, the amendment requires disclosures about continuing involvement in derecognised assets to enable the user to evaluate the nature of, and risks associated with, the entity's continuing involvement in those derecognised assets. The amendment becomes effective for annual periods beginning on or after July 1, 2011. The amendment affects disclosure only and has no impact on the Group's and the Company's financial position or performance.

IFRS 1 First-time Adoption of International Financial Reporting Standards (Amendment) - Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters

The amendment provides that, when an entity's date of transition to IFRS is on, or after, the date its functional currency ceases to be subject to hyperinflation, the entity may elect to measure all assets and liabilities held before the functional currency normalisation date that were subject to severe hyperinflation, at fair value, on the date of transition to IFRS. This fair value may be deemed cost of those assets and liabilities in the opening IFRS statement of financial position. A further amendment to the Standard is the removal of the legacy fixed dates in IFRS 1 relating to derecognition and day one gain or loss transactions have also been removed. The standard now has these dates coinciding with the date of transition to IFRS. The amendment becomes effective for annual periods beginning on or after July 1, 2011. The amendment has no impact on the Group's and the Company's financial position or performance.

IFRIC 14 Prepayments of a Minimum Funding Requirement (Amendment)

The amendment removes an unintended consequence when an entity is subject to minimum funding requirements and makes an early payment of contributions to cover such requirements. The amendment permits a prepayment of future service cost by the entity to be recognised as pension asset. The amendment has had no effect on the financial position or performance of the Group and the Company.

Improvements to IFRSs

In May 2010, the IASB issued its third omnibus of amendments to its standards, primarily with a view to removing inconsistencies and clarifying wording. There are separate transitional provisions for each standard.

The adoption of the following amendments resulted in changes to presentation and disclosure and to accounting policies but no impact on the financial position or performance of the Group and the Company.

IFRS 7 Financial Instruments - Disclosures:

The amendment was intended to simplify the disclosures provided, by reducing the volume of disclosures around collateral held and improving disclosures by requiring qualitative information to put the quantitative information in context.
Other amendments resulting from Improvements to IFRSs to the following standards and interpretations did not have any impact on the accounting policies, financial position or performance of the Group and the Company:

- IAS 1 Presentation of Financial Statements (Presentation of an analysis of each component of other comprehensive income)
- IFRS 3 Business Combinations (Un-replaced and voluntarily replaced share-based payment awards)
- IAS 27 Consolidated and Separate Financial Statements
- IAS 34 Interim Financial Statement
- IFRIC 13 Customer Loyalty Programmes (determining the fair value of award credits)

2.5 STANDARDS AND INTERPRETATIONS NOT YET EFFECTIVE

Standards issued but not yet effective up to the date of issuance of the Group financial statements are listed below. The Group intends to adopt applicable standards when they become effective.

IAS 1 Financial Statement Presentation - Presentation of Items of Other Comprehensive Income

The amendments to IAS 1 change the grouping of items presented in OCI. Items that could be reclassified (or 'recycled') to profit or loss at a future point in time (for example, upon derecognition or settlement) would be presented separately from items that will never be reclassified. The amendment affects presentation only and therefore has no impact on the Group's and the Company's financial position or performance. The amendment becomes effective for annual periods beginning on or after July 1, 2012.

IAS 19 Employee Benefits (Amendment)

The IASB has issued numerous amendments to IAS 19. These range from fundamental changes such as removing the corridor mechanism and the concept of expected returns on plan assets to simple clarifications and re-wording. The amendment becomes effective for annual periods beginning on or after January 1, 2013.

IAS 27 Separate Financial Statements (as revised in 2011)

As a consequence of the new IFRS 10 and IFRS 12, what remains in IAS 27 is limited to accounting for subsidiaries, jointly controlled entities, and associates in separate financial statements. The amendment becomes effective for annual periods beginning on or after January 1, 2013.

IAS 28 Investments in Associates and Joint Ventures (as revised in 2011)

As a consequence of the new IFRS 11 and IFRS 12. IAS 28 has been renamed IAS 28 Investments in Associates and Joint Ventures, and describes the application of the equity method to investments in joint ventures in addition to associates. The amendment becomes effective for annual periods beginning on or after January 1, 2013.

IFRS 9 Financial Instruments: Classification and Measurement

IFRS 9 as issued reflects the first phase of the IASB's work on the replacement of IAS 39 and applies to classification and measurement of financial assets and financial liabilities as defined in IAS 39. The standard is effective for annual periods beginning on or after January 1, 2015. In subsequent phases, the IASB will address hedge accounting and impairment of financial asset. The completion of this project is expected over the course of 2012 or the first half of 2013. The adoption of the first phase of IFRS 9 will have an effect on the classification and measurement of the Group's and the Company's financial assets and financial liabilities. The Group and the Company will quantify the effect in conjunction with the other phases, when issued, to present a comprehensive picture.

IFRS 10 Consolidated Financial Statements

IFRS 10 replaces the portion of IAS 27 Consolidated and Separate Financial Statements that addresses the accounting for consolidated financial statements. It also replaces SIC-12 Consolidation — Special Purpose Entities. IFRS 10 establishes a single control model that applies to all entities including special purpose entities. The changes introduced by IFRS 10 will require management to exercise significant judgement to determine which entities are controlled, and therefore required to be consolidated by a parent, compared with the requirements that were in IAS 27. This standard becomes effective for annual periods beginning on or after January 1, 2013.

IFRS 11 Joint Arrangements

IFRS 11 replaces IAS 31 Interests in Joint Ventures and SIC-13 Jointly-controlled Entities — Non-monetary Contributions by Venturers. IFRS 11 removes the option to account for jointly controlled entities (JCEs) using proportionate consolidation. Instead, JCEs that meet the definition of a joint venture must be accounted for using the equity method. This standard becomes effective for annual periods beginning on or after January 1, 2013.

IFRIC 20: Stripping costs in the production phase of a surface mine.

The interpretation applies to stripping costs incurred during the production phase of a surface mine and requires such costs to be capitalised as part of an asset (the 'stripping activity asset') if certain criteria are met. This standard does not apply for the Group and the Company.

IAS 12 Deferred taxes: Recovery of underlying assets – amendment to IAS 12.

The amendment introduces a rebuttable presumption that deferred tax on investment properties measured at fair value be recognised on a sale basis. This is not applicable to the Group and the Company.

IAS 32 Offsetting Financial Assets and Financial Liabilities

The IASB issued an amendment to clarify the meaning of "currently has a legally enforceable right to set off the recognised amounts". This means that the right of set-off:
- must not be contingent on a future event; and
- must be legally enforceable in all of the following circumstances:
• the normal course of business;
• the event of default; and
• the event of insolvency or bankruptcy of the entity and all of the counterparties.

The amendment becomes effective for annual periods beginning on or after January 1, 2014. The Group and the Company's is currently assessing the impact of the amendment on the Group's and the Company's financial position and performance.

IFRS 7 Financial Instruments: Disclosures - Offsetting Financial Assets and Financial Liabilities

Amends the required disclosures to include information that will enable users of an entity's financial statements to evaluate the effect or potential effect of netting arrangements, including rights of set-off associated with the entity's recognised financial assets and recognised financial liabilities, on the entity's financial position. The amendment becomes effective for annual periods beginning on or after January 1, 2013.

IFRS 7 Financial Instruments - Mandatory effective date and transition disclosures (amendments to IFRS 9 and IFRS 7)

Mandatory effective date for IFRS 9 is January 1, 2015. The amendments to IFRS 7 depend on when IFRS 9 is adopted and affect the extent of comparative information required to be disclosed.

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.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (CONT'D)

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 classified these leases as operating leases where it has determined that it does not retain all the significant risks and rewards of ownership of these assets.

Capitalisation of spares parts

Spare parts and servicing equipment which have an expected life of more than one year, usually in connection to the life of specific item of property, plant and equipment are classified as property, plant and equipment. They are depreciated over the shorter of the life of the spare or the item of property, plant and equipment they are attached to. All other spares are recognised as inventories and expensed in profit and loss upon consumption.

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.

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.

Bearer biological assets

Sugar cane plantations have been estimated based on the cost of land preparation and planting of bearer canes.

Valuation of standing cane

The fair value of biological assets is based on the estimated net present value of future cash flows for the coming crop. Standing cane valuation has been arrived based on an estimate of the future cash flows arising on a normal crop with sugar proceeds being adjusted for the drop in sugar price as well as estimated foreign currency movements and budgeted costs and applying a suitable discount rate in order to calculate the net present value. The actual results could differ from the related accounting estimates and management considers it has used its best estimates to arrive at the value of the biological assets.

Valuation of plants

The fair value of plants is based on the estimated net present value of future cash flows for the coming crops. Standing plants has been arrived at based on an estimated of the future cash flows arising on a normal crop, and budgeted costs and applying a suitable discount rate in order to calculate the net present value. The actual results could differ from related accounting estimates and the directors consider they have used their best estimates to arrive at the fair value of the plants.

Allowance for doubtful debts

An allowance for doubtful debts is determined using a combination of factors to ensure that the trade receivables are not overstated due to uncollectibility. The allowance for doubtful debts for all customers is based on a variety of factors, including the overall quality and ageing of the receivables, continuing credit evaluation of the customer's financial conditions. Also, specific provisions for individual accounts are recorded when the Group and the Company becomes aware of the customer's inability to meet its financial obligation such as in the case of deterioration in the customers operating results or financial position.

Estimated impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires the entity to estimate the future cash flows expected to arise from the cash generating units and a suitable discount rate in order to calculate present value.

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, 2012 was Rs 93.7 m (2011: Rs 89.6 m) and Rs 77.3 m (2011: Rs 72.4 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.

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 Group has loan and other receivables, trade and other receivables, and cash and short-term deposits that arrive directly from its operations. The Group also holds available-for-sale investments.

The Group is exposed to market risk, credit risk and liquidity risk.

The Group's senior management oversees the management of these risks. Senior management ensures that the Group's financial risk-taking activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with group policies and group risk appetite.

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.

Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise three types of risk: interest rate risk, foreign currency risk, and equity price risk. Financial instruments affected by market risk include loans and borrowings, deposits, available-for-sale investments.

The sensitivity analyses in the following sections relate to the position as at June 30 in 2012 and 2011.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long-term debt obligations with floating interest rates.

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 mixed of fixed and available rate debts.

Interest rate sensitivity

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	
	2012	**2011**	**2012**	**2011**
Increase/(decrease) in basis point	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**
+ 50	(4,819)	(6,389)	(5,272)	(5,972)
- 25	2,410	3,185	2,636	2,986

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

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.

Foreign currency sensitivity

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	
	2012	**2011**
Increase/(decrease) in exchange rate	**Rs'000**	**Rs'000**
Euro +5%	(481)	(250)
Euro -10%	963	500
US dollar +5%	(83)	(200)
US dollar -10%	166	400

Equity price risk

The Group's listed and unlisted equity securities are susceptible to market price risk arising from uncertainties about future values of the investment securities.

	THE GROUP		THE COMPANY	
	2012	**2011**	**2012**	**2011**
Increase/(decrease) in basis point	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**
+ 50	223	287	201	266
- 25	(111)	(144)	(101)	(133)

Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily for trade receivables) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.

Trade receivables

Customer credit risk is managed to the Group's established policy, procedures and control relating to customer credit risk management. The Group has established internal policies to determine the credit worthiness and reliability of potential customers.

The requirement for impairment is analysed at each reporting date on an individual basis for balance more than one year. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed in Note 16. The Group evaluates the concentration of risk with respect to trade receivables as low, as its customers are located in well established industries and markets.

4. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

Financial instruments and cash deposits

Credit risk from balances with banks and financial institutions is managed by the Group's treasury department in accordance with the Group's policy. Counterparty credit limits are reviewed by the Group's Senior Management on an annual basis, and may be updated throughout the year. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through potential counterparty's failure.

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.

	On demand	Less than 3 months	3 to 12 months	1 to 5 years	Above 5 years	Total
The Group	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
At June 30, 2012						
Interest bearing loans and borrowings	730,810	24,418	188,754	253,005	-	1,196,988
Trade and other payables	17,669	285,313	-	-	-	302,982
	748,479	**309,731**	**188,754**	**253,005**	**-**	**1,499,970**

	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
At June 30, 2011						
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**

	On demand	Less than 3 months	3 to 12 months	1 to 5 years	Above 5 years	Total
The Company	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
At June 30, 2012						
Interest bearing loans and borrowings	702,412	22,347	182,542	176,552	-	1,083,853
Trade and other payables	-	109,919	-	-	-	109,919
	702,412	**132,266**	**182,542**	**176,552**	**-**	**1,193,772**

	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
At June 30, 2011						
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**

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, 2012 and June 30, 2011.

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 between 40% and 60%. Capital comprises of equity attributable to the equity holders of the parent.

	THE GROUP		THE COMPANY	
	2012	**2011**	**2012**	**2011**
	Rs'000	**Rs'000**	**Rs'000**	**Rs'000**
Interest bearing loans and borrowings	1,163,811	1,183,402	1,054,328	1,074,941
Equity	2,858,746	1,917,283	2,090,359	1,823,091
Gearing ratio	41%	62%	50%	59%

Fair values

The carrying amounts of cash and cash equivalents, trade and other receivables and trade and other payables approximate their fair values.

5. PROPERTY, PLANT AND EQUIPMENT

THE GROUP	Freehold Land and Buildings	Leasehold Properties	Plant and Equipment	Motor Vehicles	Assets in Progress	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
COST OR VALUATION						
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)
Disposals	(13,659)	-	(17,475)	(16,374)	-	(47,508)
Transfer to inventories **	-	-	(1,531)	-	-	(1,531)
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**
Additions	72,050	260	247,479	24,736	23,785	368,310
Reclassification *	(10,499)	-	9,818	-	681	-
Disposals	-	-	(20,134)	(17,332)	(5,453)	(42,919)
Transfer from inventories ***	-	-	10,085	-	-	10,085
Revaluation adjustments (note 5 (c))	668,906	-	-	-	-	668,906
Exchange differences	(4,497)	(1,083)	(9,679)	(1,420)	1,372	(15,307)
At June 30 , 2012	**2,204,022**	**77,520**	**1,963,803**	**157,064**	**55,127**	**4,457,536**
DEPRECIATION						
At July 1 , 2010	87,439	11,716	1,183,517	63,443	-	1,346,115
Charge for the year	30,131	2,418	111,398	18,629	-	162,576
Reclassification *	(27,873)	2	(7,353)	28,312	-	(6,912)
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**
Charge for the year	35,137	2,443	122,764	22,266	-	182,610
Reclassification *	3,135	-	(3,135)	-	-	-
Disposals	-	-	(12,344)	(17,082)	-	(29,426)
Revaluation adjustments	(116,395)	-	-	-	-	(116,395)
Exchange differences	(154)	(133)	(5,898)	(923)	-	(7,108)
At June 30 , 2012	**11,410**	**16,430**	**1,373,656**	**98,537**	**-**	**1,500,033**
NET BOOK VALUES						
At June 30 , 2012	**2,192,612**	**61,090**	**590,147**	**58,527**	**55,127**	**2,957,503**
At June 30 , 2011	**1,388,375**	**64,223**	**453,965**	**56,804**	**34,742**	**1,998,109**

(a) The carrying amount of plant and machinery and motor vehicles held under finance lease as at June 30, 2012 and 2011 were as follows:

	Plant and Equipment	Motor Vehicles	2012	Plant and Equipment	Motor Vehicles	2011
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Cost	162,003	121,343	283,346	131,852	106,124	237,976
Accumulated depreciation	(97,215)	(50,878)	(148,093)	(41,496)	(40,739)	(82,235)
Net book values	**64,788**	**70,465**	**135,253**	**90,356**	**65,385**	**155,741**

* Reclassification relates to assets being reclassified under the correct category.

** Transfer relates to stock items previously capitalised now recognised under inventories.

*** Transfer from inventories relates to spare parts previously recognised under inventories now capitalised as per IAS 16. See note 2.3(b).

THE COMPANY	Freehold Land and Buildings	Leasehold Properties	Plant and Equipment	Motor Vehicles	Assets in Progress	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
COST OR VALUATION						
At July 1 , 2010	724,467	43,126	1,190,719	62,503	-	2,020,815
Reclassification *	(17,235)	-	(30,850)	22,235	-	(25,850)
Additions	45,802	-	137,123	10,661	-	193,586
Disposals	-	-	-	(13,598)	-	(13,598)
Transfer to inventories**	-	-	(1,531)	-	-	(1,531)
At June 30 , 2011	**753,034**	**43,126**	**1,295,461**	**81,801**	**-**	**2,173,422**
Additions	44,488	-	108,101	13,193	113,268	279,050
Disposals	-	-	(2,772)	(11,722)	-	(14,494)
Transfer from inventories***	-	-	10,085	-	-	10,085
Transfer from investment properties	21,890	-	-	-	-	21,890
Transfer to investment properties	-	-	(3,135)	-	-	(3,135)
Revaluation adjustments	115,803	-	-	-	-	115,803
At June 30 , 2012	**935,215**	**43,126**	**1,407,740**	**83,272**	**113,268**	**2,582,621**
DEPRECIATION						
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	77,453	10,049	-	103,646
Disposals	-	-	-	(13,598)	-	(13,598)
At June 30 , 2011	**52,607**	**11,298**	**985,722**	**51,048**	**-**	**1,100,675**
Charge for the year	14,899	2,156	84,644	11,760	-	113,459
Disposals	-	-	(2,772)	(11,472)	-	(14,244)
Transfer to investment properties	-	-	(3,135)	-	-	(3,135)
Revaluation adjustments	(55,814)	-	-	-	-	(55,814)
At June 30 , 2012	**11,692**	**13,454**	**1,064,459**	**51,336**	**-**	**1,140,941**
NET BOOK VALUES						
At June 30 , 2012	**923,523**	**29,672**	**343,281**	**31,936**	**113,268**	**1,441,680**
At June 30 , 2011	**700,427**	**31,828**	**309,739**	**30,753**	**-**	**1,072,747**

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.

* Reclassification relates to assets being reclassified under the correct category.

** Transfer relates to stock items previously capitalised now recognised under inventories.

*** Transfer from inventories relates to spare parts previously recognised under inventories now capitalised as per IAS 16. See note 2.3(b).

(a) The carrying amount of plant and machinery and motor vehicles held under finance lease as at June 30, 2012 and 2011 were as follows:

	Plant and Equipment	Motor Vehicles	2012	Plant and Equipment	Motor Vehicles	2011
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Cost	156,698	85,539	242,237	131,852	75,467	207,319
Accumulated depreciation	(96,514)	(31,223)	(127,737)	(41,496)	(26,559)	(68,055)
Net book values	**60,184**	**54,316**	**114,500**	**90,356**	**48,908**	**139,264**

5. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

(b) Revaluation of land and buildings

The fair value of the freehold land and buildings were determined by Socièté D'Hotman De Spéville, an independent valuer. Fair value is determined by reference to market based evidence; that is, the valuations 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 June 3, 2012.

The cost, accumulated depreciation and net book values of the land and buildings, had they been stated at historical cost would have been as follows:

	THE GROUP		THE COMPANY	
	2012	2011	2012	2011
	Rs'000	Rs'000	Rs'000	Rs'000
Cost	1,003,901	798,193	975,825	669,217
Accumulated depreciation	(344,252)	(273,594)	(337,973)	(262,243)
Net book values	**659,649**	**524,599**	**637,852**	**406,974**

(c) Revaluation surplus arising on the above exercise has been accounted at 70% on all land and buildings except for agricultural land where all surplus has been recognised at 100%.

6. INVESTMENT PROPERTIES

	THE GROUP		THE COMPANY	
	2012	2011	2012	2011
COST	Rs'000	Rs'000	Rs'000	Rs'000
At July 1 ,	45,216	45,216	338,835	230,890
Additions	-	-	3,014	68,020
Transfer to freehold land and buildings	-	-	(21,890)	-
Transfer from property, plant and equipment	-	-	3,135	39,925
At June 30 ,	**45,216**	**45,216**	**323,094**	**338,835**
DEPRECIATION				
At July 1 ,	23,008	20,835	92,473	59,084
Charge for the year	1,909	2,173	15,537	14,397
Transfer from property, plant and equipment	-	-	3,135	18,992
At June 30 ,	24,917	23,008	111,145	92,473
NET BOOK VALUES				
At June 30,	**20,299**	**22,208**	**211,949**	**246,362**

The fair value of the investment properties was determined by Société D'Hotman De Speville, an independent valuer on June 3, 2012. Fair value is determined by reference to market based evidence; that is, the valuations are based on active market prices, adjusted for any differences in the nature, location or condition of a specific property. The fair value at June 30, 2012 was Rs 197.3 million (2011: Rs 123.7 million) for the Group and Rs 619.8 million (2011: Rs 384 million) for the Company. No direct operating expenses were incurred on the investment properties during the year (2011: Rs nil).

7. BEARER BIOLOGICAL ASSETS

	THE GROUP	
Plant canes	2012	2011
	Rs'000	Rs'000
At July 1,	18,118	19,480
Expenditure for the year	4,190	5,254
Amortisation for the year	(6,195)	(6,616)
At June 30,	**16,113**	**18,118**
Other information:		
Area replanted in Hectares	578	596
Cost per Hectare (Rs)	6,807	8,810

8. INTANGIBLE ASSETS

	THE GROUP			THE COMPANY
	Computer			Computer
	Software	Goodwill	Total	Software
COST	Rs'000	Rs'000	Rs'000	Rs'000
At July 1, 2010	28,583	134,103	162,686	21,002
Reclassification	(10,155)	-	(10,155)	(10,249)
Additions	3,363	-	3,363	261
Write-off	(938)	-	(938)	-
At July 1, 2011	**20,853**	**134,103**	**154,956**	**11,014**
Transfer	(819)	-	(819)	-
Additions	4,819	-	4,819	2,591
Exchange differences	(30)	-	(30)	-
At June 30, 2012	**24,823**	**134,103**	**158,926**	**13,605**
AMORTISATION				
At July 1, 2010	18,484	128,671	147,155	15,011
Reclassification	(8,110)	-	(8,110)	(8,605)
Amortisation charge and impairment	2,587	-	2,587	1,243
Write-off	(742)	-	(742)	-
At July 1, 2011	**12,219**	**128,671**	**140,890**	**7,649**
Transfer	(742)	-	(742)	-
Amortisation charge and impairment	3,187	-	3,187	1,472
Exchange differences	(21)	-	(21)	-
At June 30, 2012	**14,643**	**128,671**	**143,314**	**9,121**
NET BOOK VALUES				
At June 30, 2012	**10,180**	**5,432**	**15,612**	**4,484**
At June 30, 2011	**8,634**	**5,432**	**14,066**	**3,365**

9. INVESTMENT IN SUBSIDIARIES

	THE COMPANY	
Unquoted equity instruments	2012	2011
	Rs'000	Rs'000
At July 1,	828,839	679,119
Additions (note (a))	-	150,000
Impairment	-	(280)
At June 30,	**828,839**	**828,839**

(a) The additions of 2011 were made through the conversions of amounts receivable from the subsidiary Espace Maison Ltée (formerly known as Marbella Espace Maison Ltée) into equity shares.

Particulars of interests in the Group's subsidiary companies:

	Country of incorporation	2012 & 2011 % Holding	
OPERATIONAL		**Direct**	**Indirect**
Espace Maison Ltée	Mauritius	100.0	-
Compagnie de Gros Cailloux Ltée	Mauritius	100.0	-
Société d' Investissement Rodriguais	Mauritius	100.0	-
Welcome Industries Ltd	Mauritius	-	75.9
U.B.P. International Ltd	Mauritius	100.0	-
U.B.P. Madagascar	Madagascar	-	100.0
United Granite Products (Pvt) Ltd	Sri-Lanka	-	77.0
Sainte Marie Crushing Plant Ltd	Mauritius	76.5	-
Societe des petits cailloux	Mauritius	-	76.5
Dry Mixed Products Ltd	Mauritius	51.0	-
DORMANT			
Marbella Ltd	Mauritius	100.0	-
Land Reclamation Ltd	Mauritius	100.0	-
Stone and Bricks Co Ltd	Mauritius	100.0	-
The Stone Masters Co Ltd	Mauritius	100.0	-
Pricom Ltd	Mauritius	100.0	-

10. INVESTMENT IN ASSOCIATES

	THE GROUP		THE COMPANY	
	2012	2011	2012	2011
	Rs'000	Rs'000	Rs'000	Rs'000
At July 1,	203,329	192,913	110,306	110,306
Share of results	6,084	39,466	-	-
Movement in reserves	(3,450)	(5,130)	-	-
Dividend received	(26,535)	(23,920)	-	-
At June 30,	**179,428**	**203,329**	**110,306**	**110,306**

(a) Included in share of results is an adjustment of Rs 19.8 million to the profits of Pre-mixed Concrete Ltd further to the adoption of a new policy by its holding company with regard to provisioning for inventories and trade receivables.

(b) The shareholding in associates are as follows:

	Country of incorporation	2012 & 2011 % Holding
Pre-mixed Concrete Ltd	Mauritius	49.0
Cement Transport Ltd	Mauritius	25.0
Compagnie des Transports Reunis Ltée	Mauritius	30.0
Terrarock Ltd (Formerly - Produits Basaltiques du Nord Ltée)	Mauritius	46.0
Sud Concassage Ltée	Mauritius	25.0
Prochimad Mines et Carrières SARL	Madagascar	34.0
Compagnie Mauricienne d' Entreprise Ltée	Mauritius	20.0

(c) Summarised financial information of the Group's associates is set out below:

	2012	2011
Share of the associates:	Rs'000	Rs'000
Total assets	213,694	220,200
Total liabilities	(70,994)	(101,469)
Net assets	142,700	118,731
Revenues	**422,959**	**418,423**
Profit after tax	**6,084**	**39,466**

11. AVAILABLE-FOR-SALE INVESTMENTS

	Quoted	Unquoted	Total
THE GROUP	Rs'000	Rs'000	Rs'000
At July 1, 2010	35,699	16,285	51,984
Additions	1,933	235	2,168
Fair value adjustments	5,480	-	5,480
At June 30, 2011	43,112	16,520	59,632
Additions	-	235	235
Fair value adjustments	(12,953)	-	(12,953)
At June 30, 2012	**30,159**	**16,755**	**46,914**

	Quoted	Unquoted	Total
THE COMPANY	Rs'000	Rs'000	Rs'000
At July 1, 2010	31,492	16,232	47,724
Additions	1,933	235	2,168
Fair value adjustments	5,398	-	5,398
At June 30, 2011	38,823	16,467	55,290
Additions	-	235	235
Fair value adjustments	(12,963)	-	(12,963)
At June 30, 2012	**25,860**	**16,702**	**42,562**

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 (i.e as prices) or indirectly (i.e derived from prices); and

Level 3 fair value measurements are those derived from valuation techniques that includes inputs for the assets or liabilites that are not based on observable market data (unobservable inputs).

	THE GROUP			
2012	**Level 1**	**Level 2**	**Level 3**	**Total**
	Rs'000	**Rs'000**	**Rs'000**	**Rs'000**
Available for sale financial assets	30,159	14,345	-	44,504

	THE COMPANY			
	Level 1	**Level 2**	**Level 3**	**Total**
	Rs'000	**Rs'000**	**Rs'000**	**Rs'000**
Available for sale financial assets	25,860	14,345	-	40,205

	THE GROUP			
2011	**Level 1**	**Level 2**	**Level 3**	**Total**
	Rs'000	**Rs'000**	**Rs'000**	**Rs'000**
Available for sale financial assets	43,112	14,345	-	57,457

	THE COMPANY			
	Level 1	**Level 2**	**Level 3**	**Total**
	Rs'000	**Rs'000**	**Rs'000**	**Rs'000**
Available for sale financial assets	38,823	14,345	-	53,168

Some available-for-sale investments were stated at cost since their fair value could not be reliably ascertained due to the absence of a market and track records for such similar instruments.

12. OTHER CURRENT FINANCIAL ASSET

	THE GROUP AND THE COMPANY	
	2012	**2011**
	Rs'000	**Rs'000**
Loan receivable from associate company	13,795	13795

The loan receivable is unsecured, bears no interest and the Company has no intention to call for repayment within the next 12 months.

13. INCOME TAX

	THE GROUP		THE COMPANY	
	2012	**2011**	**2012**	**2011**
	Rs'000	**Rs'000**	**Rs'000**	**Rs'000**
(a) In the statements of comprehensive income:				
Income tax on the adjusted profit for the year	30,757	38,810	22,754	30,824
Corporate social responsibility tax	5,324	6,889	3,436	6,077
Under/(over) provision of income tax in previous year	1,763	(826)	(346)	(1,076)
Over provision of deferred tax in previous years	(4,680)	(8,050)	(350)	(15,104)
Deferred tax (credit)/charge	(413)	(275)	1,401	1,675
Income tax expense	**32,751**	**36,548**	**26,895**	**22,396**
(b) In the statements of financial position:				
At July 1,	19,570	28,530	11,662	25,373
Payment during the year	(41,792)	(53,682)	(28,741)	(48,292)
Tax withheld	(3,615)	(1,244)	(3,551)	(1,244)
Under/(over) provision of income tax in previous year	1,763	267	(346)	(1,076)
Income tax expense	36,081	45,699	26,190	36,901
At June 30,	**12,007**	**19,570**	**5,214**	**11,662**
(c) Deferred tax:				
The amounts presented in the statements of financial position are as follows:				
Deferred tax assets	21,174	12,218	15,384	16,435
Deferred tax liabilities	(72,335)	(127,327)	(68,433)	(67,045)
Net deferred tax liabilities	**(51,161)**	**(115,109)**	**(53,049)**	**(50,610)**
(d) Movement in deferred tax:				
At July 1,	(115,109)	3,893	(50,610)	3,006
Overprovision of deferred tax in previous years	4,680	8,050	350	15,104
Overprovision of deferred tax on previous revaluation gain	73,506	-	12,638	-
Deferred tax on revaluation gain	(14,651)	(127,327)	(14,026)	(67,045)
Deferred tax credit/(charge)	413	275	(1,401)	(1,675)
At June 30,	**(51,161)**	**(115,109)**	**(53,049)**	**(50,610)**

Unused tax losses of the Group that have not been recognised as deferred tax asset amounted to Rs 18.2 million (2011: Rs 7.5 million). Deferred tax asset has not been recognised in respect of these losses due to the unpredictability of future profit streams to utilise these losses.

13. INCOME TAX (CONT'D)

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

	THE GROUP		THE COMPANY	
	2012	2011	2012	2011
	Rs'000	Rs'000	Rs'000	Rs'000
Deferred tax liabilities:				
- Accelerated capital allowances	(9,369)	(12,371)	(2,990)	(1,461)
- Deferred tax on revaluation gain	(69,061)	(127,327)	(68,433)	(67,045)
	(78,430)	(139,698)	(71,423)	(68,506)
Deferred tax assets:				
- Employee benefit obligations	13,328	14,388	11,595	11,624
- Tax losses	2,210	1,128	-	-
- Provision for bad debts	7,572	6,348	4,668	4,740
- Provision for obsolete stock	4,159	2,725	2,111	1,532
	27,269	24,589	18,374	17,896
Net deferred tax assets	**(51,161)**	**(115,109)**	**(53,049)**	**(50,610)**

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

Profit before tax	203,885	290,644	209,799	248,285
Tax calculated at the rate of 15%	30,583	43,597	31,470	37,243
Tax effect of :				
Non-allowable expenses	2,212	2,175	1,712	3,333
Expenses qualifying for double relief	(1,074)	(1,090)	-	-
Corporate social responsibility	5,324	6,889	3,436	6,077
Income exempt from tax	(3,417)	(8,076)	(9,027)	(8,077)
Deferred tax assets not recognised	312	804	-	-
Utilisation of previously unrecognised tax losses	1,728	1,125	-	-
Under/(over) provision of income tax in previous year	1,763	(826)	(346)	(1,076)
Over provision of deferred tax in previous years	(4,680)	(8,050)	(350)	(15,104)
Income tax expense	**32,751**	**36,548**	**26,895**	**22,396**

14. CONSUMABLE BIOLOGICAL ASSETS

	THE GROUP		
	Standing Cane	Plants	Total
	Rs'000	Rs'000	Rs'000
At July 1, 2010	12,912	19,512	32,424
Movement	4,375	(7,983)	(3,608)
At June 30, 2011	17,287	11,529	28,816
Movements	(3,120)	2,566	(554)
At June 30, 2012	**14,167**	**14,095**	**28,262**

15. INVENTORIES

	THE GROUP		THE COMPANY	
	2012	2011	2012	2011
	Rs'000	Rs'000	Rs'000	Rs'000
Raw materials and spares	153,750	173,302	113,157	113,363
Work in progress	30,327	50,637	19,415	38,150
Finished goods	412,554	428,986	53,522	60,056
	596,631	**652,925**	**186,094**	**211,569**

The amount of write down of inventories, recognised as an expense in cost of sales amounted to Rs 4.5 million (2011: Rs 5.1 million) for the Group and Rs 4.3 million for the Company (2011: Rs 2.3 million).

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

16. TRADE AND OTHER RECEIVABLES

	THE GROUP		THE COMPANY	
	2012	2011	2012	2011
	Rs'000	Rs'000	Rs'000	Rs'000
Trade receivables	253,368	281,914	121,958	164,514
Receivables from subsidiaries	-	-	348,490	360,028
Receivables from associates	49,943	30,369	49,943	29,723
Loan receivable from subsidiaries	-	-	9,500	2,000
Other receivables	317,587	239,449	19,263	32,438
	620,899	**551,732**	**549,153**	**588,703**

Trade and other receivables are non-interest bearing and are generally on 30 to 90 days' terms.

Other receivables are non-interest bearing and have an average term of 6 months.

For terms and conditions relating to receivables from related parties, refer to note 29.

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

		Neither past due nor impaired	Past due but not impaired			
	Total		< 30days	30 - 60days	61 - 90days	> 90 days
THE GROUP	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**
2012	**253,368**	**91,444**	**68,874**	**34,889**	**35,271**	**22,891**
2011	**281,914**	**100,166**	**62,797**	**34,366**	**46,464**	**38,121**
THE COMPANY						
2012	**121,958**	**48,570**	**45,008**	**10,732**	**14,902**	**2,746**
2011	**164,514**	**54,276**	**40,667**	**26,386**	**36,569**	**6,616**

16. TRADE AND OTHER RECEIVABLES (CONT'D)

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

	THE GROUP		THE COMPANY	
	2012	2011	2012	2011
	Rs'000	Rs'000	Rs'000	Rs'000
Individually impaired				
At July 1,	52,053	44,604	37,283	31,426
Charge for the year	7,229	7,449	-	5,857
Release	(16,004)	-	(12,324)	-
At June 30,	**43,278**	**52,053**	**24,959**	**37,283**

17. CASH AND CASH EQUIVALENTS

For the purpose of the statements of cash flows, cash and cash equivalents comprise of the following at June 30:

	THE GROUP		THE COMPANY	
	2012	2011	2012	2011
	Rs'000	Rs'000	Rs'000	Rs'000
Cash at bank and in hand	28,359	49,329	1,310	1,436
Bank overdraft (note 19)	(232,733)	(264,004)	(207,685)	(247,714)
At June 30,	**(204,374)**	**(214,675)**	**(206,375)**	**(246,278)**

The acquisition of property, plant and equipment was financed as follows:

	THE GROUP		THE COMPANY	
	2012	2011	2012	2011
	Rs'000	Rs'000	Rs'000	Rs'000
Non-cash transactions				
Total acquisition cost (note 5)	378,395	339,567	289,135	193,586
Financed by cash	(330,433)	(285,939)	(254,217)	(149,315)
Financed by finance leases	**47,962**	**53,628**	**34,918**	**44,271**

18. EQUITY

	THE GROUP AND THE COMPANY			
	2012	2011	2012	2011
(a) Share Capital	Number of shares	Number of shares	Rs'000	Rs'000
At July 1,	26,510,042	22,091,702	265,100	220,917
Issue of shares	-	4,418,340	-	44,183
At June 30,	**26,510,042**	**26,510,042**	**265,100**	**265,100**

	THE GROUP		THE COMPANY	
(b) Reserves	2012	2011	2012	2011
	Rs'000	Rs'000	Rs'000	Rs'000
Share premium	7,354	7,354	7,354	7,354
Associate companies (note (i))	79,415	82,865	-	-
Revaluation reserve (note (ii))	1,237,889	396,944	505,970	335,741
Fair value reserve (note (iii))	28,733	41,686	26,782	39,745
Translation reserve (note (iv))	61,675	21,475	-	-
Retained earnings	1,178,580	1,101,859	1,285,153	1,175,151
	2,593,646	**1,652,183**	**1,825,259**	**1,557,991**

(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 operations.

19. INTEREST-BEARING LOANS AND BORROWINGS

	THE GROUP		THE COMPANY	
	2012	2011	2012	2011
	Rs'000	Rs'000	Rs'000	Rs'000
Non-current				
Bank loans (note (a))	133,998	208,115	93,998	148,060
Obligations under finance lease (note (b))	88,036	89,843	73,774	77,429
	222,034	297,958	167,772	225,489
Current				
Bank overdrafts (note 17)	232,733	264,004	207,685	247,714
Bank loans (note (a))	168,800	93,803	148,800	78,803
Unsecured loans	498,077	489,502	494,727	489,502
Obligations under finance lease (note (b))	42,168	38,135	35,344	33,433
	941,778	885,444	886,556	849,452
Total borrowings	**1,163,812**	**1,183,402**	**1,054,328**	**1,074,941**
(a) Bank loans are payable as follows:				
Within one year	168,800	93,803	148,800	78,803
After one year and before two years	82,900	46,800	65,248	26,800
After two years and before five years	51,098	93,000	28,750	53,000
After five years	-	68,315	-	68,260
	302,798	**301,918**	**242,798**	**226,863**

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, 2012 was 7.00% (2011: 7.25%).

19. INTEREST-BEARING LOANS AND BORROWINGS (CONT'D)

(b) Finance lease liabilities	THE GROUP		THE COMPANY	
	2012	2011	2012	2011
	Rs'000	Rs'000	Rs'000	Rs'000
Minimum lease payments				
Within one year	51,987	48,689	43,704	42,510
After one year and before two years	42,636	41,389	36,102	35,340
After two years and before five years	56,373	60,792	46,432	52,736
	150,996	150,870	126,238	130,586
Future finance charges on finance leases	(20,792)	(22,892)	(17,120)	(19,724)
Present value of finance lease liabilities	**130,204**	**127,978**	**109,118**	**110,862**
Within one year	42,168	38,135	35,364	33,433
After one year and before two years	36,355	34,508	30,898	29,443
After two years and before five years	51,681	55,335	42,856	47,986
	130,204	**127,978**	**109,118**	**110,862**

Leasing finance carries interest at an annual rate between 8.65% and 11.75%. Leased liabilities are effectively secured as the rights to the leased assets revert to the lessor in the event of default.

20. EMPLOYEE BENEFIT LIABILITY

The benefits of employees of the Group and of the Company fall under two different types of arrangements:

(i) A defined benefit scheme which is funded. The plan assets are held independently by an insurance company;

(ii) Retirement benefits, as defined under the Labour Laws, which are unfunded.

The liabilities in respect of the defined benefit schemes (i) and (ii) above are analysed as follows:

	THE GROUP		THE COMPANY	
	2012	2011	2012	2011
	Rs'000	Rs'000	Rs'000	Rs'000
Funded obligations (note (a))	13,491	13,484	13,864	13,792
Unfunded obligations (note(b))	80,228	76,163	63,440	58,643
	93,719	**89,647**	**77,304**	**72,435**

(a) Funded obligations

The amounts recognised in the statements of financial position in respect of funded obligations are as follows:

	THE GROUP		THE COMPANY	
	2012	2011	2012	2011
	Rs'000	Rs'000	Rs'000	Rs'000
Present value of funded obligations	197,774	167,168	184,450	156,389
Fair value of plan assets	(145,386)	(133,615)	(132,864)	(122,836)
	52,388	33,553	51,586	33,553
Unrecognised actuarial gains	(38,897)	(20,069)	(37,722)	(19,761)
Employer Benefit Liability	**13,491**	**13,484**	**13,864**	**13,792**

Movement in the liability recognised in the statements of financial position:

	THE GROUP		THE COMPANY	
	2012	2011	2012	2011
	Rs'000	Rs'000	Rs'000	Rs'000
At July 1,	13,484	14,918	13,792	14,923
Total expenses	10,711	7,901	9,083	6,479
Contributions paid	(10,704)	(9,335)	(9,011)	(7,610)
At June 30,	**13,491**	**13,484**	**13,864**	**13,792**

The amounts recognised in the statements of comprehensive income are as follows:

	THE GROUP		THE COMPANY	
	2012	2011	2012	2011
	Rs'000	Rs'000	Rs'000	Rs'000
Current service cost	6,314	5,107	5,039	4,015
Scheme expenses	387	349	322	279
Cost of insuring risk benefits	1,593	1,146	1,305	938
Interest cost	16,347	14,442	15,125	13,282
Expected return on plan assets	(14,245)	(13,180)	(13,023)	(12,035)
Actuarial losses	316	37	316	-
Net benefit expenses	**10,711**	**7,901**	**9,083**	**6,479**

Changes in the fair value of plan assets are as follows:

	THE GROUP		THE COMPANY	
	2012	2011	2012	2011
	Rs'000	Rs'000	Rs'000	Rs'000
Reconciliation of the present value of defined benefit obligations:				
Present value of obligations at July 1,	(167,168)	(142,126)	(156,389)	(131,504)
Current service cost	(6,314)	(5,107)	(5,039)	(4,015)
Interest cost	(16,347)	(14,442)	(15,125)	(13,282)
Employees' contributions	-	(10)	-	-
Actuarial losses	(13,120)	(11,387)	(12,889)	(11,805)
Benefits paid	5,176	5,904	4,992	4,217
Present value of obligations at June 30,	(197,774)	(167,168)	(184,450)	(156,389)
Reconciliation of fair value of plan assets:				
Fair value of plan assets at July 1,	133,615	121,210	122,836	113,533
Expected return on plan assets	14,245	13,180	13,023	12,035
Employer's contributions	10,704	9,335	9,011	7,610
Scheme expenses	(387)	(349)	(322)	(279)
Cost of insuring risk benefits	(1,593)	(1,146)	(1,305)	(938)
Employees' contributions	-	(10)	-	-
Actuarial losses	(6,023)	(2,701)	(5,388)	(4,908)
Benefits paid	(5,176)	(5,904)	(4,992)	(4,217)
Fair value of plan assets at June 30,	**145,386**	**133,615**	**132,864**	**122,836**

20. EMPLOYEE BENEFIT LIABILITY (CONT'D)

Amounts for the current and previous four periods are as follows:

	THE GROUP				
	2012	2011	2010	2009	2008
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Defined benefit obligations	(197,774)	(167,168)	(142,959)	(140,996)	(124,475)
Plan assets	145,386	133,615	124,527	118,298	108,544
Deficit	(52,388)	(33,553)	(18,432)	(22,698)	(15,931)
Experience (losses)/gains on plan liabilities	**(13,227)**	**(11,386)**	**8,513**	**(1,948)**	**(11,785)**
Experience losses on plan assets	**(5,917)**	**(5,206)**	**(3,659)**	**(4,980)**	**(1,555)**

	THE COMPANY				
	2012	2011	2010	2009	2008
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Defined benefit obligations	(184,450)	(156,389)	(131,504)	(129,605)	(114,632)
Plan assets	132,864	122,836	113,533	107,811	99,429
Deficit	(51,586)	(33,553)	(17,971)	(21,794)	(15,203)
Experience (losses)/gains on plan liabilities	**(12,889)**	**(11,805)**	**8,189**	**(2,098)**	**(11,288)**
Experience losses on plan assets	**(5,388)**	**(4,908)**	**(3,400)**	**(4,135)**	**(1,298)**

The main categories of plan assets are as follows:

	THE GROUP		THE COMPANY	
	2012	2011	2012	2011
	Rs'000	Rs'000	Rs'000	Rs'000
Local equities	38%	38%	38%	38%
Overseas equities	23%	22%	23%	22%
Fixed interest	35%	35%	35%	35%
Properties	5%	5%	5%	5%
Total market value of assets	**100%**	**100%**	**100%**	**100%**

The principal actuarial assumptions used for accounting purposes were:

	THE GROUP		THE COMPANY	
	2012	2011	2012	2011
	%	%	%	%
Discount rate	9.5%	9.5%	9.5%	9.5%
Future salary increase	8.0%	7.5%	8.0%	8.0%
Future pension increase	3.0%	3.0%	0.0%	0.0%
SIPF 1 pension revaluation	3.0%	3.0%	0.0%	0.0%
Expected return on plan assets	9.5%	10.0%	9.5%	10.5%

The Group expects to contribute Rs 12.8 million to its defined benefit plans in the year ending June 30, 2013.
The Company expects to contribute Rs 10.9 million to its defined benefit plans in the year ending June 30, 2013.

(b) Unfunded obligations

The amounts recognised in the statements of financial position in respect of unfunded obligations are as follows:

	THE GROUP		THE COMPANY	
	2012	2011	2012	2011
	Rs'000	Rs'000	Rs'000	Rs'000
Present value of unfunded obligations	95,411	91,098	78,239	73,119
Unrecognised actuarial gain	(15,183)	(14,935)	(14,799)	(14,476)
Employee Benefit Liability	**80,228**	**76,163**	**63,440**	**58,643**
Movement in the liability recognised in the statements of financial position:				
At July 1,	76,163	74,144	58,643	56,570
Total expenses	13,691	12,610	10,787	9,371
Contributions paid	(9,626)	(10,591)	(5,990)	(7,298)
At June 30,	**80,228**	**76,163**	**63,440**	**58,643**
The amounts recognised in the statements of comprehensive income are as follows:				
Current service cost	3,918	3,806	2,926	2,760
Scheme expenses	6,942	-	7,049	-
Interest cost	2,212	8,066	516	6,336
Expected return on plan assets	296	-	296	-
Actuarial losses	330	738	-	312
Past service cost	(7)	-	-	(37)
Net benefit expenses	**13,691**	**12,610**	**10,787**	**9,371**

Amounts for the current and previous four periods are as follows:

	THE GROUP				
	2012	2011	2010	2009	2008
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Defined benefit obligations	(9,752)	(9,803)	(10,218)	(10,323)	(9,976)
Deficit	(9,752)	(9,803)	(10,218)	(10,323)	(9,976)
Experience losses on plan liabilities	(1,621)	(765)	(659)	(34)	(286)

The principal actuarial assumptions used for accounting purposes were:

	THE GROUP		THE COMPANY	
	2012	2011	2012	2011
	%	%	%	%
Discount rate	10%	10%	10%	10%
Future salary increase	8%	8%	8%	8%
Future pension increase	3%	3%	0%	0%
SIPF revaluation	3%	3%	0%	0%
Expected return on plan assets	10.5%	10.5%	0%	0%

20. EMPLOYEE BENEFIT LIABILITY (CONT'D)

	THE GROUP		THE COMPANY	
	2012	2011	2012	2011
	Rs'000	Rs'000	Rs'000	Rs'000
Defined benefit obligations	(262,734)	(226,163)	(195,416)	(189,309)
Plan assets	132,864	122,836	113,533	107,811
Deficit	(129,870)	(103,328)	(81,883)	(81,498)
Experience (losses)/gains on plan liabilities	(13,728)	(12,374)	8,271	(7,653)
Experience losses on plan assets	(5,388)	(4,908)	(3,400)	(4,136)

21. TRADE AND OTHER PAYABLES

	THE GROUP		THE COMPANY	
	2012	2011	2012	2011
	Rs'000	Rs'000	Rs'000	Rs'000
Trade payables	195,220	168,302	55,655	40,355
Payables to subsidiaries	-	-	9,021	1,566
Other payables and accruals	107,762	69,445	45,242	57,752
	302,982	**237,747**	**109,918**	**99,673**

Trade payables are non-interest bearing and are normally settled on 60-day terms.
Other payables are non-interest bearing and have an average term of six months.
For terms and conditions relating to payables to subsidiaries, refer to note 29.

22. REVENUE

	THE GROUP		THE COMPANY	
	2012	2011	2012	2011
	Rs'000	Rs'000	Rs'000	Rs'000
Sale of goods	2,419,773	2,400,249	1,359,706	1,404,187
Rendering of services	160,676	190,921	87,735	85,954
	2,580,449	**2,591,170**	**1,447,441**	**1,490,141**

23. OPERATING PROFIT

	THE GROUP		THE COMPANY	
Operating profit is arrived at after :	2012	2011	2012	2011
	Rs'000	Rs'000	Rs'000	Rs'000
(a) Crediting :				
- Rental income	9,593	9,169	32,823	27,787
- Other operating income	103,742	68,371	84,128	70,263
- (Loss)/profit on disposal of property, plant and equipment	(11,697)	(4,314)	3,447	2,598
(b) Charging :				
- Cost of sales	1,766,191	1,754,438	954,194	966,180
- Administrative expenses	600,283	560,027	366,122	343,886
- Selling and distribution costs	40,981	22,787	21,950	11,404
Depreciation of property, plant and equipment				
- owned assets	116,756	125,284	54,137	70,132
- leased assets	65,854	37,292	59,322	32,658
Depreciation of investment properties	15,137	1,909	15,537	14,397
Cost of inventories recognised as expenses	955,891	991,614	351,991	353,495
Amortisation of bearer biological assets	6,195	6,616	-	-
Amortisation of intangible assets	2,851	2,587	1,472	1,243
Staff costs (note (i))	365,001	353,860	258,478	247,271

Included in cost of sales and operating expenses are:

	THE GROUP		THE COMPANY	
	2012	2011	2012	2011
	Rs'000	Rs'000	Rs'000	Rs'000
(i) Analysis of staff costs:				
-Wages and salaries	325,244	316,720	228,222	218,913
-Social security costs	13,939	13,301	8,818	8,070
-Pension costs	25,818	23,839	21,438	20,288
	365,001	**353,860**	**258,478**	**247,271**

24. FINANCE INCOME

	THE GROUP		THE COMPANY	
	2012	2011	2012	2011
	Rs'000	Rs'000	Rs'000	Rs'000
Dividend income:				
- Quoted	181	458	181	458
- Unquoted	1,885	1,246	59,920	51,516
Interest income	5,210	1,055	788	461
	7,276	**2,759**	**60,889**	**52,435**

25. FINANCE COSTS

Interest expenses on:

	THE GROUP		THE COMPANY	
	2012	2011	2012	2011
	Rs'000	Rs'000	Rs'000	Rs'000
Bank overdrafts	6,894	12,237	6,228	10,214
Bank loans	26,122	28,221	20,153	21,112
Leases	12,262	15,600	10,589	12,419
Other borrowings	38,829	22,667	39,693	29,724
	84,107	**78,725**	**76,663**	**73,469**

26. EARNINGS PER SHARE

	THE GROUP		THE COMPANY	
	2012	2011	2012	2011
Profit attributable to equity holders of the parent (Rs'000)	149,626	237,032	182,904	225,889
Number of shares in issue	**26,510,042**	**26,510,042**	**26,510,042**	**26,510,042**
Earnings per share (Rs) - Basic	5.64	8.94	6.90	8.52

27. DIVIDENDS

	THE GROUP AND THE COMPANY	
	2012	2011
	Rs'000	Rs'000
Dividend on ordinary shares		
Dividend of Rs 2.75 per share paid (2011: Rs 2.75 per share)	72,902	72,902

28. FAIR VALUES

Financial assets of the Group and of the Company include available-for-sale investments, trade and other receivables, cash at bank. Financial liabilities consist of trade and other payables and loans and borrowings. Except for certain available-for-sale investments as disclosed in note 11 , the fair values of the financial assets and financial liabilities of the Group and of the Company approximate their carrying values.

29. RELATED PARTY TRANSACTIONS

	The Company		Subsidiary Companies		Associate Companies		Enterprises Under common Management		Key Management Personnel		Enterprises with Common Major Shareholders	
	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011
	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	108,141	112,782	178,512	192,073	13,942	27,378	1,747	1,660	22,482	18,509	67,624	82,368
Purchase of property, plant and equipment	11,560	5,177	771	1,288	-	252	-	-	390	384	10,686	1,558
Sale of goods and services	344,817	353,770	24,309	18,889	169,663	184,246	16,833	16,263	2,115	2,963	6,493	7,173
Management fees	38,372	28,327	-	-	12,507	8,516	13,566	8,312	-	-	-	-
Interests received	596	411	262	135	-	-	-	-	-	-	-	-
Interest paid	5,815	5,333	561	416	1,881	680	-	-	-	-	2,336	4,426
(b) Outstanding balances at June 30,												
Amounts receivable	58,414	87,878	5,426	7,828	49,943	30,369	12,746	9,061	2,522	2,098	1,003	1,503
Amounts payable	6,756	9,973	27,869	74,128	-	-	-	-	-	-	4,767	5,342
Loans receivable	455,509	413,540	5,962	-	13,795	13,795	-	-	-	-	-	-
Loans payable	39,948	64,315	9,500	2,000	22,060	13,489	-	-	-	726	12,000	50,100
Provision for impairment	139,013	129,013	-	-	-	-	-	-	-	-	-	-

(c) Compensation of key management personnel

	THE GROUP		THE COMPANY	
	2012	2011	2012	2011
	Rs'000	Rs'000	Rs'000	Rs'000
Short term employee benefits	56,274	46,851	42,342	36,296
Post-employment benefits	3,266	2,718	2,551	2,006
	59,540	**49,569**	**44,893**	**38,302**

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. 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	
	2012	2011	2012	2011
	Rs'000	Rs'000	Rs'000	Rs'000
Contracted for but not provided in the financial statements	-	13,412	-	13,412
Approved by the Directors but not contracted for	141,097	226,949	97,581	201,015
	141,097	**240,361**	**97,581**	**214,427**

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, 2012, the Group had contingent liabilities in respect of bank guarantees amounting to Rs 7.9 million (2011: Rs 5.4 million) arising in the ordinary course of business from which it is anticipated that no material liabilities would arise.

33. OPERATING LEASE COMMITMENTS

Future minimum rentals payable under operating leases are as follows:

	THE GROUP		THE COMPANY	
	2012	2011	2012	2011
	Rs'000	Rs'000	Rs'000	Rs'000
Within one year	15,195	14,057	10,905	14,057
After one year and before two years	10,931	14,572	7,107	14,572
After two years and before five years	6,733	15,359	1,829	15,359
	32,859	**43,988**	**19,841**	**43,988**

34. SEGMENTAL INFORMATION

Operating segment information

The building materials segment is involved in the manufacture and sale of building materials which consists principally of aggregates, rocksand, hollow concrete blocks and various concrete building components which constitutes our core business. The retail business under the building materials segment consist 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 landscaping services.

Management monitors the operating results of its business units separately for the purpose of making decisions about resourcce allocation and performance assessment. Segment performance is evaluated based on operating profit or loss and is measured consistently with operating profit or loss in 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.

2012	THE GROUP				
	Building materials		Agriculture	Consolidation Adjustments	Total
	Retail	Core business			
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Revenue	734,630	1,943,794	61,993	(159,968)	2,580,449
Operating profit	4,797	280,485	(10,650)	-	274,632
Net finance costs	(3,052)	(14,576)	(1,168)	(58,035)	(76,831)
Share of results of associates	-	-	-	6,084	6,084
Profit/(loss) before taxation	1,745	265,909	(11,818)	(51,951)	203,885
Income tax income/(expense)	2,484	(38,703)	3,468	-	(32,751)
Profit/(loss) after taxation	4,229	227,206	(8,350)	(51,951)	171,134
Non-controlling interests	-	-	-	-	(21,508)
Profit/(loss) for the year attributable to the parent	**4,229**	**227,206**	**(8,350)**	**(51,951)**	**149,626**
Other segment information:					
Segment assets	483,575	3,608,025	987,863	(713,902)	4,365,561
Investment in associates	-	110,306	-	69,122	179,428
Total segment assets	**483,575**	**3,718,331**	**987,863**	**(644,780)**	**4,544,989**
Total segment liabilities	**171,479**	**1,819,577**	**50,063**	**(396,264)**	**1,644,855**
Capital expenditure:					
Property, plant and equipment	8,500	363,492	6,403	-	378,395
Intangible assets	1,192	3,601	26	-	4,819
Depreciation and amortisation	**15,887**	**161,903**	**9,916**	**-**	**187,706**

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	1,919,447	64,215	(146,706)	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	-	-	-	39,466	39,466
Profit/(loss) before taxation	11,489	301,864	(11,905)	(10,804)	290,644
Income tax (expense)/income	(2,192)	(43,849)	5,022	4,471	(36,548)
Profit/(loss) after taxation	9,297	258,015	(6,883)	(6,333)	254,096
Non-controlling interests	-	-	-	-	(17,064)
Profit/(loss) for the year attributable to the parent	**9,297**	**258,015**	**(6,883)**	**(6,333)**	**237,032**
Other segment information:					
Segment assets	547,530	3,659,689	484,192	(1,270,463)	3,420,948
Investment in associates	-	111,666	-	91,663	203,329
Total segment assets	**547,530**	**3,771,355**	**484,192**	**(1,178,800)**	**3,624,277**
Total segment liabilities	**239,564**	**1,830,584**	**94,606**	**(507,061)**	**1,657,693**
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**	**150,536**	**3,227**	**-**	**167,346**

35. FINANCIAL REVIEW

THE GROUP	2012 Rs'million	2011 Rs'million	2010 Rs'million
Share capital	265.1	265.1	220.9
Reserves	2,593.6	1,652.2	1,655.0
Shareholders' interests	2,858.7	1,917.3	1,875.9
Assets	4,545.0	3,624.3	3,334.0
Liabilities	1,644.9	1,657.7	1,405.7
Revenue	2,580.4	2,591.2	2,230.3
Profit before taxation	203.9	295.1	284.2
Income tax expense	(32.8)	(41.0)	(40.9)
Profit for the year	171.1	254.1	243.3
Dividend	**(72.9)**	**(72.9)**	**(60.8)**

	Rs	Rs	Rs
Net assets value per share	78.85	68.77	65.32
Basic earnings per share	6.90	8.52	13.06
Diluted earnings per share	N/A	8.52	10.89
Dividend per share	**2.75**	**2.75**	**2.75**

THE COMPANY	2012 Rs'million	2011 Rs'million	2010 Rs'million
Share capital	265.1	265.1	220.9
Reserves	1,825.3	1,558.0	1,510.8
Shareholders' interests	2,090.4	1,823.1	1,731.8
Assets	3,405.6	3,148.8	2,938.3
Liabilities	1,315.2	1,325.8	1,206.6
Revenue	1,447.4	1,490.1	1,300.7
Profit before taxation	209.8	248.3	323.9
Income tax expense	(26.9)	(22.4)	(35.3)
Profit for the year	182.9	225.9	288.6
Dividend	**(72.9)**	**(72.9)**	**(60.8)**

	Rs	Rs	Rs
Net assets value per share	78.85	68.77	65.32
Basic earnings per share	6.90	8.52	13.06
Diluted earnings per share	N/A	8.52	10.89
Dividend per share	**2.75**	**2.75**	**2.75**

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 Wednesday November 21, 2012 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 2012 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, 2012.			
4 To elect as Director of the Company, Mr Stephane Lagesse who was nominated by the Board and who, upon recommendation from the Corporate Governance Committee, offers himself for re-election.			
5 To elect as Director of the Company, Mr Laurent de la Hogue who was nominated by the Board and who, upon recommendation from the Corporate Governance Committee, offers himself for re-election.			
6-13 To elect as Directors of the Company and by way of separate resolutions, the following persons who have been recommended by the Corporate Governance Committee and who offer themselves for re-election to hold office until the next Annual Meeting:			
6 Mr Thierry Lagesse			
7 Mr Francois Boullé			
8 Mr Marc Freismuth			
9 Mr Jean Michel Giraud			
10 Mr Joel Harel			
11 Mr Arnaud Lagesse			
12 Mr Jean Claude Maingard			
13 Mr E.Jean Mamet			
14 To re-appoint Messrs Ernst & Young as Auditors of the Company for the year ending June 30, 2013 and to authorise the Board of Directors to fix their remuneration.			

Dated this ....day of ....2012.

....

Signature(s)

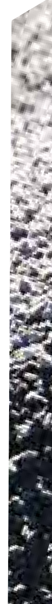
Notes:

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.

NOTES



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