
UBP
ANNUAL REPORT
2017
Bâtir pour la vie

Dear
Shareholder

The Board of Directors is pleased to present to you the Annual Report of The United Basalt Products Limited (“UBP”) for the year ended June 30, 2017, the contents of which are listed hereafter.

This report was approved by the Board of Directors on September 21, 2017.

MARC FREISMUTH
Chairman

STÉPHANE ULCOQ
Chief Executive Officer

Contents


"Promoting education via scholarships to children of our employees."

Notice of annual meeting **to shareholders**

Notice is hereby given that the Annual Meeting of Shareholders of The United Basalt Products Limited will be held at the registered office of the Company, Trianon, Quatre Bornes, on Tuesday December 12, 2017 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 2017 of the Company.

2 To receive the report of Messrs Ernst & Young, the Auditors of the Company, for the year ended June 30, 2017.

3 To consider and adopt the Company's and the Group's Audited Financial Statements for the year ended June 30, 2017.

4 To re-elect as Director of the Company, Mr E. Jean Mamet, aged above 70, who offers himself for re-election upon recommendation by the Corporate Governance Committee, to hold office until the next Annual Meeting in accordance with Section 138(6) of the Companies Act 2001.

5 To re-elect as Director of the Company, Mr Jean Claude Maingard, aged above 70, who offers himself for re-election upon recommendation by the Corporate Governance Committee, to hold office until the next Annual Meeting in accordance with Section 138(6) of the Companies Act 2001.

6 To elect as Director of the Company, Mr Yann Duchesne, appointed by the Board of Directors on February 8, 2017 in accordance with Clause 23.5(a) of the Company's Constitution, who offers himself for election upon recommendation by the Corporate Governance Committee, to hold office until the next Annual Meeting.

7-15 To re-elect as Directors of the Company and by way of separate resolutions, the following persons who offer themselves for re-election upon recommendation by the Corporate Governance Committee, to hold office until the next Annual Meeting:

7 Mr Marc Freismuth

8 Mr François Boullé

9 Mr Joël Harel

10 Mr Laurent de la Hogue

11 Mr Arnaud Lagesse

12 Mr Stéphane Lagesse

13 Mr Thierry Lagesse

14 Mr Christophe Quevauvilliers

15 Mr Stéphane Ulcoq

16 To re-appoint Messrs Ernst & Young as Auditors of the Company for the year ending June 30, 2018 and to authorise the Board of Directors to fix their remuneration.

BHOONESHI NEMCHAND
Company Secretary

September 21, 2017

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 November 13, 2017.

The minutes of proceedings of the preceding Annual Meeting held on December 14, 2016 are available for consultation by the shareholders during office hours at the registered office of the Company.

Management and administration
management team

Stéphane Ulcoq	Chief Executive Officer
Christophe Quevauvilliers	Group Finance Manager
Rémi de Gersigny	Project and Business Development Manager
Laurent Béga	Group Engineering Manager
Caroline Tyack	Group Marketing and Communication Manager
Dwight Hamilton	Group IT Manager
Parvez Edoo	Group Human Resources Manager
Bryan Gujjalu	Group Business Development Manager
Gino Gunness	Group Procurement and Asset Manager
Jean Marc Selvon	Sales Manager
Dhuenesh Rambarassah	Financial Controller
Francis Koenig	Quarry and Field Manager
Amaury Lacoste	Production Manager (Central and Southern Regions)
Bruno de Spéville	Manager – Marbella Division
Ashwin Ramsaha	Manager – PPB Division
Edley Michaud	Personnel Manager
Benoit Béchard	General Manager – Espace Maison Ltée
Christopher Blackburn	General Manager – Compagnie de Gros Cailloux Limitée
Jean Claude Bellepeau	General Manager – Dry Mixed Products Ltd

LEGAL FORM

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

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

REGISTERED OFFICE
Trianon, Quatre Bornes – Mauritius

COMPANY SECRETARY
Bhooneshi Nemchand A.C.I.S.

AUDITORS
Ernst & Young

BANKERS
Barclays Bank Mauritius Ltd
HSBC (Mauritius) Ltd
State Bank of Mauritius Ltd
The Mauritius Commercial Bank Ltd

Board of directors **and board committees**

BOARD OF DIRECTORS

Marc Freismuth - Chairman
François Boullé
Yann Duchesne
Joël Harel
Laurent de la Hogue
Arnaud Lagesse
Stéphane Lagesse
Thierry Lagesse
Jean Claude Maingard
E. Jean Mamet
Christophe Quevauvilliers
Stéphane Ulcoq – Chief Executive Officer (CEO)

BOARD COMMITTEES

CORPORATE GOVERNANCE COMMITTEE

Joël Harel - Chairman
Marc Freismuth
Thierry Lagesse

AUDIT COMMITTEE

E. Jean Mamet - Chairman
François Boullé
Joël Harel

RISK MONITORING COMMITTEE

François Boullé - Chairman
E. Jean Mamet
Christophe Quevauvilliers
Stéphane Ulcoq

COMPANY SECRETARY

Bhooneshi Nemchand A.C.I.S.

Directors' **profile**

MARC FREISMUTH

Chairman and Independent Non-Executive Director

Mr Marc Freismuth was appointed Director of the Company in March 2006 and Chairman of the Board in August 2013. Born in France in 1952, Mr Freismuth holds a 'Diplôme d'Etudes Supérieures de Sciences Economiques' from the University of Panthéon-Sorbonne (Paris). Holder of an agregation in "Economics and Management", he was 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. While in this position, Mr Freismuth has contributed to the setting up of the Stock Exchange of Mauritius Ltd 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. Fellow member of the Mauritius Institute of Directors (MIoD), he sits as independent Director on the Board of several public companies.

FRANÇOIS BOULLÉ

Independent Non-Executive Director

Mr François Boullé was appointed 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). During his professional career, he has been involved mainly in the leadership of companies engaged in distribution and trade. Until March 2016, Mr Boullé was the Managing Director of Suchem Ltd, a company specialised in importation and distribution of industrial chemicals, textile auxiliaries, plastic raw-materials, agro-chemicals and sprayers for agriculture. He was also the Managing Director of Archemics Ltd, distributor of consumer goods such as adhesives, cosmetics and detergents from Henkel Germany, and industrial products for cleaning, laundry, pools, and textile fabrics. Mr Boullé is now retired and sits as Director on the Board of these two companies which form part of the Harel Mallac Group.

YANN DUCHESNE

Non-Executive Director

Mr Yann Duchesne was appointed Director of the Company in February 2017. Born in 1956, Mr Duchesne graduated from the 'Ecole Polytechnique, Ecole des Mines de Paris' and the 'Institut d'Etudes Politiques de Paris'. He is currently the Group CEO – Operations of IBL Ltd. He spent 12 years as Senior Partner at the Private Equity firm Doughty Hanson in London. Prior to that, he worked for 20 years at McKinsey where he was the Managing Partner for the branch in France. He has also worked extensively in the US, Japan and various European countries. He has wide experience in the financial, pharmaceutical, industrial and luxury sectors. Mr Duchesne is also the author of a socio-economic book (France S.A.) and is a Knight in the French National Order of the 'Légion d'Honneur'.

JOËL HAREL

Independent Non-Executive Director

Mr Joël Harel was appointed Director of the Company in July 2006. Born in 1967, Mr Harel holds a National Higher Diploma in Mechanical Engineering from Cape Technikon in Cape Town. He is currently Project Manager at Emineo Ltd, a company involved in the engineering and the realisation of projects, mainly in the sugar cane sector and its associated by-products, operating both locally and overseas. Mr Harel is the Chairman of the Company's Corporate Governance Committee and is also a Director of Filature de Riche Terre Ltée, a non-listed company.

LAURENT DE LA HOGUE

Non-Executive Director

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. In 2001, he joined IBL Ltd (formerly known as GML Investissement Ltée) as Treasurer for the setting up of the central treasury unit before becoming Finance Executive - Corporate & Treasury in 2011 where he was involved in the development of projects. Since July 1, 2016, Mr de la Hogue is the Head of Financial Services at IBL Ltd. He is also currently the Chairman of IBL Treasury Ltd, AfrAsia Capital Management Ltd, LCF Securities Ltd and The ConcreAte Agency Ltd. Mr de la Hogue also serves as Director to a number of organisations operating in the industrial, commercial, financial and investment sectors.

ARNAUD LAGESSE

Non-Executive Director

Mr Arnaud Lagesse was appointed Director of the Company in August 2011. Born in 1968, Mr Lagesse holds a Master's in Management from the 'Université d'Aix-Marseille' and is a graduate of the 'Institut Supérieur de Gestion de Paris'. He attended a Professional Development Program at INSEAD, Fontainebleau, France, an Advanced Management Program (AMP180) from Harvard Business School, United States, and a Breakthrough Executive Program with Egon Zender/Mobius in Portugal. In 1993, Mr Lagesse joined IBL Ltd (formerly known as GML Investissement Ltée) as Finance and Administrative Director before being appointed Chief Executive Officer in August 2005. Since July 1, 2016, following the amalgamation of GML Investissement Ltée and Ireland Blyth Limited, Mr Lagesse is the Group CEO of the newly formed entity, IBL Ltd. Mr Lagesse is a member of the Board of Directors of several of the country's major companies listed on the Stock Exchange of Mauritius Ltd and is the Chairman of Phoenix Beverages Ltd, BlueLife Limited, LUX* Island Resorts Ltd and City Brokers Ltd inter alia. He was President of the National Committee on Corporate Governance in Mauritius ('NCCG'), of the Chamber of Agriculture, of the Mauritius Sugar Producers' Association and of the Sugar Industry Pension Fund. Mr Lagesse is also the Chairman of Fondation Joseph Lagesse since July 2012.

Director's **profile**

STÉPHANE LAGESSE

Non-Executive Director

Mr Stéphane 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 Paris IX Dauphine. He joined the Palmar Group in 1983 of which he is currently the Managing Director. Mr Lagesse participated in the setting up of two garment manufacturing companies in Mauritius.

THIERRY LAGESSE

Non-Executive Director

Mr Thierry Lagesse was appointed Director of the Company in December 1989 and subsequently Chairman of the Board in December 2002 until August 2013. Born in 1953, Mr Lagesse holds a 'Maîtrise des Sciences de Gestion' from the University of Paris Dauphine. He was the Non-Executive Chairman of IBL Ltd (formerly known as GML Investissement Ltée), Alteo Limited and Phoenix Beverages Limited and is a Director of several other companies quoted on the Stock Exchange of Mauritius Ltd. He is also the Executive Chairman and founder of Palmar Group of Companies and the Executive Chairman of Parabole Réunion SA. Mr Lagesse is a member of the Company's Corporate Governance, Nomination and Remuneration Committee.

JEAN CLAUDE MAINGARD

Non-Executive Director

Mr Jean Claude Maingard was appointed Director of the Company in November 2007. 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, and was appointed Executive Director in 1986 and Managing Director from 1998 to 2006. Mr Maingard is now retired and acts as Chairman of the company.

E. JEAN MAMET

Independent Non-Executive Director

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.

CHRISTOPHE QUEVAUVILLIERS

Group Finance Manager and Executive Director

Mr Christophe Quevauvilliers, born in 1968, is a Fellow member of the Association of Chartered Certified Accountants. He joined the Group as Finance Manager and Company Secretary in May 2002 after having spent ten years in public practice at De Chazal Du Mée (now known as BDO) and four years in the industrial sector. In 2013-2014 he completed a General Management Program delivered by the ESSEC (Ecole Supèrieure des Sciences Economiques et Commerciales) Business School. On September 24, 2015, Mr Quevauvilliers resigned as Company Secretary and was appointed as Executive Director to the Board, effective as from October 1, 2015. He also sits on the Board of several companies within the Group.

STÉPHANE ULCOQ

Group CEO and Executive Director

Mr 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 and La Sorbonne Universities. He also holds a Certificate in Global Management awarded by INSEAD after having completed three Executive Education Programs at INSEAD Fontainebleau, France and INSEAD Singapore in 2011 and 2012. Mr Ulcoq joined the Company as Assistant Works Manager in year 2000 and was promoted Workshop Manager in 2007. In January 2012, Mr Ulcoq was promoted to the post of Production Manager where he was in charge of all production units, both in Mauritius and overseas. In addition to his responsibilities as Production Manager, Mr Ulcoq was appointed Deputy CEO by the Board of Directors in December 2012. He then gradually handed over his duties as Production Manager and was appointed CEO of the Company in January 2015 and eventually Group CEO with effect from July 2015.

Senior officers' **profiles**

From left to right: Edley Michaud, Christophe Quevauvilliers, Stéphane Ulcoq & Bhooneshi Nemchand

EDLEY MICHAUD

Mr Edley Michaud, born in 1951, holds a Certificate in Personnel Management and Industrial Relations, a Diploma in Occupational Safety and Health from the National College of Industrial Hygiene (Australia). He is also a Fellow member of the British Safety Council and a registered Safety Officer under the Occupational Safety and Health Act. Mr Michaud joined the Company as Production Supervisor in 1973 and became Personnel Manager in July 1987. He is closely involved in all safety, health and environmental regulations within the Group.

CHRISTOPHE QUEVAUVILLIERS

Group Finance Manager and Executive Director
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STÉPHANE ULCOQ

Group CEO and Executive Director
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BHOONESHI NEMCHAND

Mrs Bhooneshi Nemchand, born in 1987, holds a BA (Hons) Law and Management and an MBA (International Business) from the University of Mauritius and is an Associate member of the Institute of Chartered Secretaries and Administrators (UK). She joined the Group as Company Secretary Designate in May 2015 after having spent six years in the financial services sector and was appointed Company Secretary in October 2015. In February and July 2016, Mrs Nemchand was appointed Company Secretary of several companies within the Group.

Senior officers' **profile**

From left to right: Francis Koenig, Rémi de Gersigny,
Amaury Lacoste & Laurent Béga

FRANCIS KOENIG

Mr Francis Koenig, born in 1957, joined the Company in 1981 and was in charge of Stone Utilities Ltd. In the same year, he was promoted to the post of Plant Manager for Terre Rouge, Roche Bois and Coromandel plants. After two years in this position, he was promoted to the post of Area Manager for the northern region until 1991 when he moved to the southern region. In February 2012, he was promoted to the post of Quarry and Field Manager. Since then he has been in charge of our Land Reclamation Unit involved in quarrying operations and the supply of raw-materials to the majority of our production sites.

RÉMI DE GERSIGNY

Mr 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 for our core business activities.

AMAURY LACOSTE

Mr Amaury Lacoste, born in 1985, holds a Master in Civil Engineering ‘Conception d’Ouvrage d’Art & Bâtiment’ from the ‘Université Paul Sabatier’, Toulouse, France. In 2009, he completed his final year project and worked in a geotechnical engineering office in St Denis, Reunion Island. In January 2010, he joined the Company as Project Engineer and Coordinator within the Engineering Division up to January 2013 when he was appointed Assistant Production Manager for our crushing and block-making activities. In January 2015, Mr Lacoste was promoted to the post of Production Manager for the central and southern regions.

LAURENT BÉGA

Mr Laurent Béga, born in 1979, holds a BSc in Mechanical Engineering from the University of Cape Town (SA) and an MBA from the University of Surrey (UK). He joined the Company as Group Engineering Manager in May 2014 where he is since responsible for all engineering services, machinery maintenance and supplies as well as projects, both in Mauritius and overseas. While working at Forges Tardieu Ltd and subsequently at Emineo Ltd, Mr Béga has been involved in heavy machinery engineering design and project realisation in the sugar cane industry in various African countries. He had previously gained experience in heavy machinery maintenance at the Construction and Materials Handling department (CMH) of IBL Ltd, now known as CMH Ltd.

Senior officers' **profile**

From left to right: Jean-Marc Selvon, Caroline Tyack,
Jean Claude Bellepeau & Ashwin Ramsaha

JEAN MARC SELVON

Mr Jean-Marc Selvon, born in 1962, holds a Higher Diploma in Integrated Marketing and Communication from AAA South Africa. He joined Pre-mixed Concrete Ltd as Sales Representative in 1982 and held successively the posts of Assistant Sales Manager, Sales Manager and Sales and Marketing Manager until 2012. Mr Selvon thereafter joined Dry Mixed Products Ltd as Sales and Marketing Manager until March 2015 when he was offered the job of Sales Manager of UBP for which he oversees all the core business sales function.

CAROLINE TYACK

Mrs Caroline Tyack, born in 1979, holds a 'Diplôme d'Etudes Approfondies' (DEA) en 'Veilles et Intelligence Compétitive' from the 'Université Paul Valéry' in 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 Group Marketing and Communication Manager. Since then, she has been responsible for all marketing and communication matters relevant to the Group. She is also responsible for developing the CSR strategies of the Group.

JEAN CLAUDE BELLEPEAU

Mr Jean Claude Bellepeau, born in 1963, holds a 'Diplôme d'Ingénieur Chimiste' from EHICS, Strasbourg, France. After having spent ten years in the textile and industrial chemicals sectors in Mauritius, he joined the Lafarge Group to launch the cement terminal in Mayotte. He then joined Pre-mixed Concrete Ltd as Operations Manager in 2003 and was promoted General Manager of Pre-mixed Concrete Ltd and Dry Mixed Products Ltd in 2008. In 2011, further to 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.

ASHWIN RAMSAHA

Mr Ashwin Ramsaha, born in 1959, holds an MSc in Civil Engineering with a specialization in Structural Engineering from the University of Architecture, Civil Engineering and Geodesy-Sofia. He is a Registered Professional Engineer of the Council of Engineers in Mauritius and has been practicing continuously in the private and public sectors in Mauritius and in Toronto since 1987. In 2007, Mr Ramsaha joined the Company as Assistant Manager of our PPB Division which is involved in the production of precast concrete slabs. In February 2015, he was promoted to the post of Manager of that division.

Senior officers' **profile**

GINO GUNNESS

Mr Gino Gunness, born in 1967, holds a 'Brevet de Technicien en Fabrication et Maintenance Mécanique' from the 'Lycée Polytechnique Sir Guy Forget' Flacq, Mauritius. He also followed several training courses in stone crushing equipment maintenance and management. He joined the Company as Technical Assistant for the maintenance of crushing plants in 1989 and was promoted to the post of Plant Manager in 1991. Mr Gunness managed several plants within the Group, including Welcome Industries in Rodrigues, until 2003. Between 2004 and 2011, he was expatriated to Madagascar to act as Manager of UBP Madagascar Sarl. Back to Mauritius in 2012, Mr Gunness was appointed Assistant Production Manager before being promoted to the post of Service Manager of the heavy machinery department of our Engineering Division in 2013. In April 2017, Mr Gunness was promoted to the post of Group Asset and Procurement Manager.

BENOIT BÉCHARD

Mr Benoit Béchard, born in 1965, holds an MBA with specialisation in Finance from the Charles Stuart University NSW, Australia, an ISM Diploma in Management from the Institute of Leadership and Management of UK and a Foundation Certificate in Tax from the Taxation Institute of Australia. He is a member of the Australian Institute of Management and of the Taxation Institute of Australia and he is also an affiliate member of the Institute of Leadership and Management of UK. Mr Béchard joined the Group as General Manager of Espace Maison Ltée in January 2016 after having occupied senior managerial positions in various sectors of activity over the past twenty years, namely: transport and logistic, finance and accounting, manufacturing and processing and property.

DWIGHT HAMILTON

Mr Dwight Hamilton, born in 1974, holds a Professional Graduate Diploma in Information Technology from the National Council for Vocational Qualification (NCVQ). He joined the Company as System's Coordinator in 2004 and was in charge of the implementation of the ERP for the Group. In 2011, he was promoted to the post of IT Manager for the Group for which he is responsible for the information technology and computer systems required to meet the enterprise's goals.

BRUNO DE SPÉVILLE

Mr Bruno de Spéville, born in 1960, followed an induction course with Euro Brevet in a cement tiles factory in the UK. He joined the Company as Sales Manager in September 1994 after managing Bocaro Ltd from 1979 to 1987 and worked as Sales Manager at Rogers Building Materials Products Ltd from 1988 to 1994. In 2002, Mr De Speville was appointed Project and Commercial Manager of Espace Maison Ltée. In January 2016, Mr de Spéville was appointed Manager of UBP – Marbella Division. He is currently responsible for the production of precast products, concrete pipes, roof tiles and rustic pavements.

From left to right: Gino Gunness, Benoit Béchard,
Dwight Hamilton & Bruno de Spéville

Senior officers' **profile**

CHRISTOPHER BLACKBURN

Mr Christopher Blackburn, born in 1969, holds a 'Brevet de Technicien Agricole' with a specialisation in 'Jardin Espace Vert' (France), a Bachelor of Commerce (Bcom) in Marketing from Curtin University Australia and a Master in Strategic and Consulting Organisation with ESCP Paris. Mr Blackburn joined the Group as General Manager of Compagnie de Gros Cailloux Limitée in May 2012 after having worked as General Manager of the Landscaping and Nursery department at Médine Ltd.

BRYAN GUJJALU

Mr Bryan Gujjalu, born in 1976, holds a 'Diplôme d'Ingénieur' from INSA, Lyon (MEng) and an MBA from the 'Institut d'Administration des Entreprises' (IAE), France, He is also a registered CRPE and EUR ING (European Engineer) and a Certified Practitioner Coach (Business and Life). He joined the Company as Group Business Development Manager in March 2017. Prior to this Mr Gujjalu worked in the APAVE Group for 12 years where he left as CEO of APAVE Indian Ocean group and APAVE International's Deputy MD for the Southern Africa-Indian Ocean-Australia region in 2014. He then joined a Private Equity firm as Investment Partner where his main responsibilities comprised of the legal setting up of the Fund Manager and Fund entities, the analysis of investment targets, the corporate governance, the process improvement and the strategy. In 2015 he joined Safyr Wealth Services as Executive Director and Director of the Capital Markets Division and was a member of the Legal and Compliance Committee and became Director of Safyr Capital Partners in 2016. Mr Gujjalu also served as Non-Executive Director on the Board of the Mauritius Institute of Directors (MIoD).

PARVEZ EDOO

Mr Parvez Edoo, born in 1972, holds an MBA from the University of Surrey (UK). He joined the Company as Group Human Resources (HR) Manager in December 2016 and overviews all the HR functions within the Group, namely compensation & benefits, talent acquisition & development, employee relations & engagement and occupational safety & health. Mr Edoo has more than 18 years of experience in various sectors, namely automobile, logistics, business outsourcing, environment management and construction. After completing his university studies in 1998, he headed the HR department of ABC Motors and Axess until 2008. He then joined the Rogers Group as HR Manager - Local operations at Velogic up to 2011 and then moved to BAI as Vice President – Human Resources of the Transportation Division and subsequently to Accenture as People Advisor Lead before joining Sotravic Ltd where he spent more than 4 years. Mr Edoo has also been a part time lecturer during two years at the University of Technology Mauritius (UTM) where he taught Marketing, Business Management and Human Resources at undergraduate level.

DHUENESH RAMBARASSAH

Mr Dhuenesh Rambarassah, born in 1976, is a Fellow member of the Association of Chartered Certified Accountants and holder of an MBA with a specialisation in strategic planning from the Edinburg Business School of Scotland. He joined the Company as Financial Accountant in February 2006 after having spent more than eight years in the Auditing and Assurance departments of Ernst & Young and De Chazal Du Mée (now known as BDO) where he was involved in the audit of several major companies in Mauritius. In July 2013, Mr Rambarassah was appointed Financial Controller of the majority of companies within the Group.

From left to right: Christopher Blackburn, Parvez Edoo,
Dhuenesh Rambarassah & Bryan Gujjalu

Welcoming generations of the same family.

Group shareholding **structure**

THE UNITED BASALT PRODUCTS LIMITED

SUBSIDIARIES

- 100% ESPACE MAISON LTÉE
- 100% COMPAGNIE DE GROS CAILLOUX LIMITÉE
- 100% SOCIETE D'INVESTISSEMENT RODRIGUAIS
  - 75.9% WELCOME INDUSTRIES LIMITED
- 100% UBP INTERNATIONAL LIMITED
  - 77% UNITED GRANITE PRODUCT (PRIVATE) LIMITED
    - 100% DHK METAL CRUSHER (PRIVATE) LIMITED
    - 100% SHEFFIELD TRADING (PRIVATE) LIMITED
- 100% UBP MADAGASCAR
- 76.5% SAINTE MARIE CRUSHING PLANT LIMITED
  - 100% SOCIETE DES PETITS CAILLOUX
- 51% DRY MIXED PRODUCTS LTD
- 100% LAND RECLAMATION LIMITED
- 100% STONE AND BRICKS LIMITED
- 100% THE STONE MASTERS CO. LTD
- 100% PRICOM LTD

ASSOCIATES

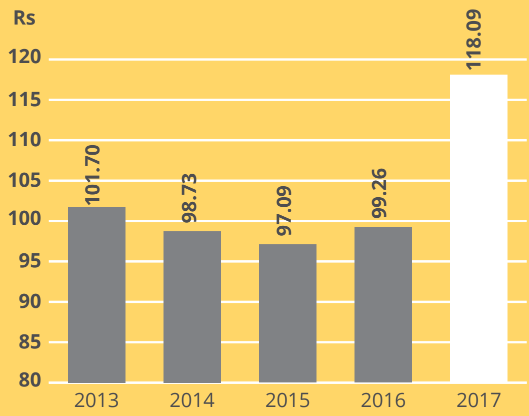
- 49% PRE-MIXED CONCRETE LIMITED
- 46% TERRAROCK LTD
- 34% PROCHIMAD MINES ET CARRIERES SARL*
- 25% SUD CONCASSAGE LIMITÉE
- 25% CEMENT TRANSPORT LTD
- 20% COMPAGNIE MAURICIENNE D'ENTREPRISE LTÉE

OPERATIONAL
DORMANT

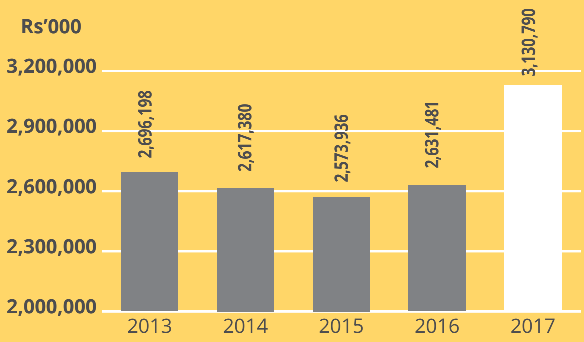
* Via UBP Madagascar

Financial and ratios **highlights**

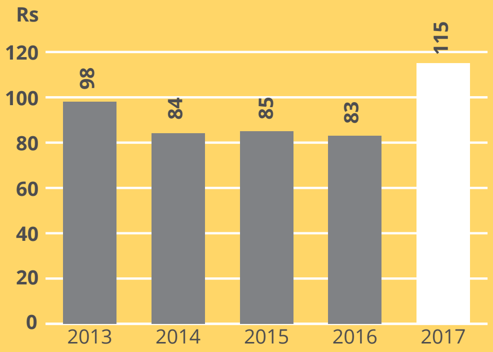
NET ASSETS VALUE PER SHARE



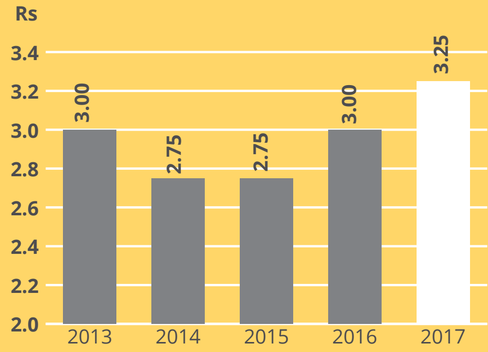
EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE PARENT



SHARE PRICE



DIVIDEND PER SHARE



Note 1: Figures of Net Assets Value Per Share, Equity attributable to Shareholders of the Parent and Earnings Per Share for year 2013 have been adjusted to reflect the effect of adopting IAS 19.
Note 2: Figures of Net Asset Value per Share, Equity attributable to Shareholders of the Parent and financial ratios for years 2013 to 2015 have been adjusted to reflect a prior year adjustment arising on the consolidation of group results.

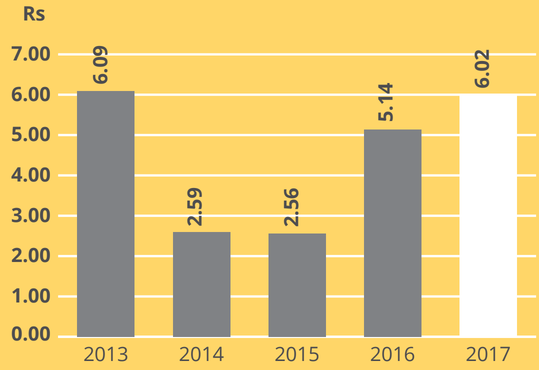
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	June 30 2017	June 30 2016
	Rs'000	Rs'000
Revenue	**2,651,466**	2,636,450
EBITDA	**468,251**	500,999
Depreciation and amortisation	**(251,089)**	(246,675)
Operating profit	**217,162**	254,324
Net finance costs	**(45,734)**	(49,160)
Share of results of associates	**34,280**	(6,367)
Profit before tax	**205,708**	198,797
Income tax expense	**(34,077)**	(40,694)
Profit for the year	**171,631**	158,103
Non-controlling interests	**(11,962)**	(21,757)
Profit for the year attributable to equity holders of the parent	**159,669**	136,346
Earnings per share	**Rs**	Rs
Basic , profit for the year attributable to ordinary equity holders of the parent.	**6.02**	5.14
Dividend per share	**3.25**	3.00

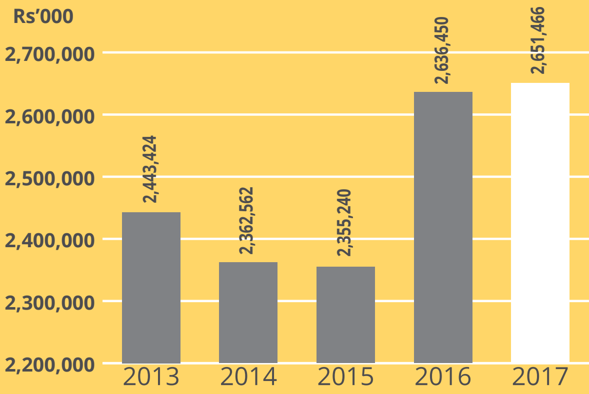
STATEMENT OF FINANCIAL POSITION

	THE GROUP	
	June 30 2017	June 30 2016
	Rs'000	Rs'000
Total assets	**4,971,354**	4,306,485
Interest bearing loans and borrowings	**1,105,917**	1,104,546
Borrowings excluding bank overdrafts	**810,247**	767,567
Equity attributable to shareholders of the parent	**3,130,790**	2,631,481
	Rs	Rs
Net assets value per share	**118.10**	99.26
Financial Ratios		
Operating margin - %	**8.19**	9.65
Interest cover - times	**5.37**	4.85
Dividend cover - times	**1.85**	1.71
Return on equity - %	**5.10**	5.18
Return on assets - %	**3.21**	3.17
Debt to equity - times	**0.35**	0.41

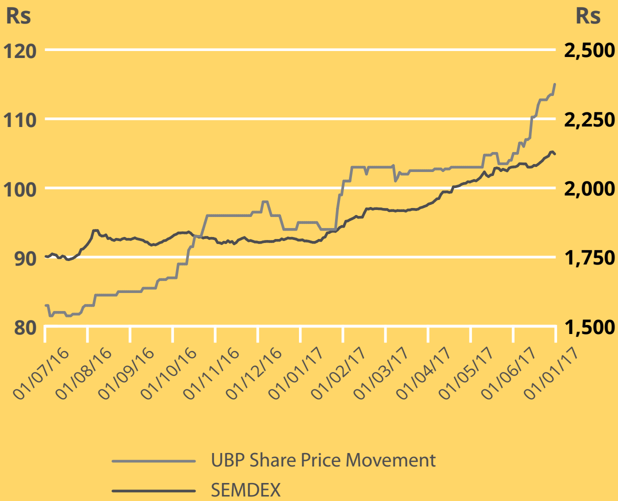
EARNINGS PER SHARE



REVENUE

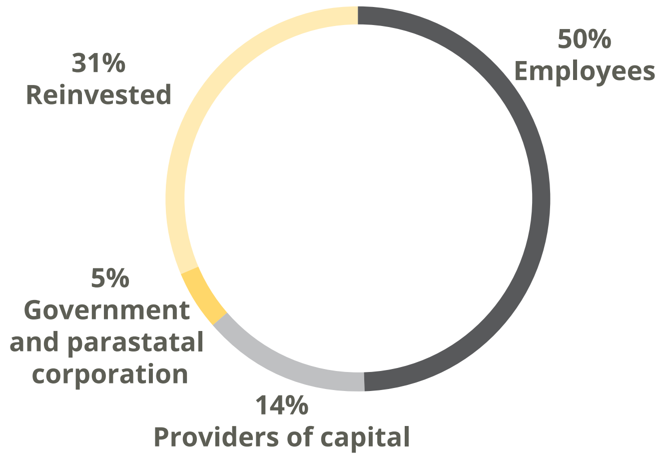


UBP SHARE PRICE V/S SEMDEX

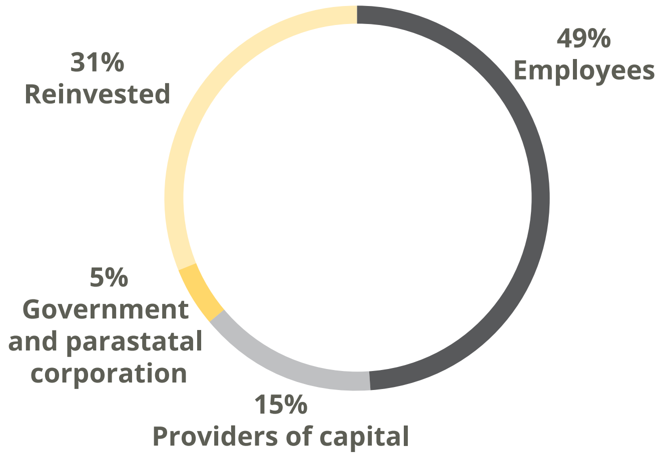


Value added **statement**

	June 30 2017	June 30 2016
	Rs'000	Rs'000
Sale of goods and services	**2,651,466**	2,636,450
Paid to suppliers for materials and services	**(1,717,553)**	(1,727,898)
Value added	**933,913**	908,552
Other operating income	**97,537**	82,822
Total wealth created	**1,031,450**	991,374
Distributed as follows:		
Employees		
Salaries and other benefits	**511,867**	488,005
Providers of capital		
Dividend	**86,158**	79,530
Interest paid on borrowings	**47,081**	51,633
Dividend to non-controlling interests	**14,810**	15,010
	148,049	146,173
Government and parastatal corporations		
Income tax (current and deferred)	**34,077**	40,694
Environment protection fee	**10,525**	10,544
Licences and permits	**2,332**	2,467
	46,935	53,705
Reinvested in the group to maintain and develop operations		
Depreciation, amortisation and impairment	**251,089**	246,675
Retained profit	**73,511**	56,816
	324,599	303,491
Total wealth distributed and retained	**1,031,450**	991,374



June 30, 2017



June 30, 2016


"Caring for our employees by providing an on-site nursery."
Fusion
BEN 10

Chairman's **report**

DEAR SHAREHOLDER,

I am pleased to present to you the Annual Report of The United Basalt Products Limited ('UBP') for the financial year ended June 30, 2017, which provides insights into this year's outcomes, the overall health of the construction industry, and our action plan to connect resources to our highest-priority initiatives going forward.

THE STATE OF THE LOCAL CONSTRUCTION SECTOR

The past five years were marked by a sharp slowdown and a degree of uncertainty for the industry with the public and private sectors holding off megaprojects, resulting in heightened competition. Following a slow recovery period, industry growth is expected to rebound from 0% in calendar year 2016 to 7.5% this year due to major investments in public infrastructure projects. Likewise, the GDP rate at current market prices is forecasted to increase from 3.8% for calendar year 2016 to 3.9% for 2017. These indicators are promising for both the construction industry and the economy at large, although some delay is being experienced in the launching of the announced major infrastructure projects.

ACHIEVED PERFORMANCE AND VALUE CREATION

The Group's revenue for the year ended June 30, 2017 was maintained at Rs 2.6 billion, while net profit increased from Rs 158.1 million (FY2015-16) to Rs 171.6 million for the financial year under review. Despite not attaining the financial objectives we set due to exceptional events impacting our dry mortar, agriculture and Malagasy subsidiaries, our overall performance was satisfactory.

The ability to generate positive results under favourable circumstances is, to a certain extent, expected. However, producing positive results in times of uncertainty is indicative of a robust financial standing and an efficient strategy. For the financial year under review, we have fulfilled our mission of creating shareholder value by generating Rs 6.02 as earnings per share, a 17.1% increase in comparison to FY2015-16 (Rs 5.14), and distributing Rs 3.25 as dividend per share, a slight increase from the previous year (FY2015-16: Rs 3.00). Our share price increased by 38.5% to Rs 115.00 at June 30, 2017 (FY2015-16: Rs 83.00) while the SEMDEX increased by 21.1% during the same period.

At the time of writing, our share is quoted at Rs 118.50. Since being listed on the Stock Exchange of Mauritius Ltd ('SEM') in 1989, the Company has had a longstanding track record of consistently yielding returns for its shareholders, regularly ranking in the SEM's top ten value-creators based on annualised shareholders' return.

In terms of financial position, our land and buildings were revalued during the year. Our Net Assets Value (NAV) per share increased from Rs 99.26 in 2016 to Rs 118.10 this financial year-end, while our debt to equity ratio improved from 0.39 to 0.35 times despite an increase in short-term borrowings required to finance our punctual working capital needs.

A RESPONSIBLE ORGANISATION

Although our business is usually associated with aggregates, cement and blocks, our biggest asset since our inception has been our people. The particular attention we pay to our people reflects our endeavour to shift away from a short-term way of thinking and concentrate on the long-term value creation. Our organisation comprises of some 1,200 employees, to whom we distributed half of the total wealth created during the financial year under review.

We have a moral imperative to ensure that each and every employee feels empowered. Human Capital presents a value-creating investment when the appropriate resources are deployed. We have therefore chosen to put People first in this year's annual report, in recognition of our employees, as well as all those who are impacted by the Company: customers, suppliers and society.

As a responsible organisation, we are committed to maintaining high standards of corporate governance and business practices. Transparency and integrity are key components in enhancing investor confidence in the Group. In this regard, we have set up a work plan to progressively implement the principles of the new National Code of Corporate Governance 2016.

COMMITTING TO SOCIETAL CHANGE

Our commitment to impacting the lives of underserved communities is reflected in how we approach Corporate Social Responsibility ('CSR'). We ensure we deploy our resources effectively, and devote

42.47%
SHAREHOLDER'S RETURN

RS 6.02
EARNINGS PER SHARE

RS 118.10
NET ASSETS VALUE PER SHARE

50%
WEALTH DISTRIBUTED TO EMPLOYEES

7.5%
INDUSTRY GROWTH RATE FORECAST 2017

Chairman's **report**

considerable time and effort to organisations whose causes are aligned with our values. Our CSR Committee inspires community-wide engagement and participation, fostering lasting relationships with the people we reach out to.

The new CSR framework disregards the way an organisation chooses to engage with the Mauritian society. Allocating a high percentage of CSR funds to the National CSR Foundation through the MRA disconnects philanthropic activities and CSR from the company's beliefs and strategy. I firmly believe that external engagement cannot be separated from everyday business.

GOING FORWARD

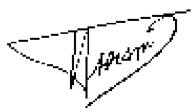
Since July 2017, our revenue trend on the local core business market denotes an appreciable increase over that of the same period in previous year. The forecasts for the construction industry and current economic context are promising. After a five-year hiatus, industry growth is picking up : investment in public infrastructure is fast-growing, demand is on the rise, and the Government has taken measures to stimulate the economy and boost our sector. Internationally, the Board is concerned by the difficulty of conducting business in Sri Lanka, and is therefore seriously reconsidering our presence there.

The corporate landscape is changing and Integrated Reporting is becoming the norm. For the financial year 2017-18, we will focus on reporting on all aspects of our organisation's performance and value creation story.

APPRECIATION

I am grateful for the support and wise counsel of my fellow members of the Board.On behalf of the Board of Directors, I would like to thank the Chief Executive Officer, Stéphane Ulcoq, the Management and all our employees for their commitment and hard work.

I would like to conclude by thanking our partners, stakeholders, customers and suppliers for their contribution to the success of our Group over the years.



MARC FREISMUTH

Chairman

September 21, 2017

Interview with the CEO
Stéphane Ulcoq

How would you summarise UBP Group's performance for FY2016-17?

Our results for this financial year can best be characterised as satisfactory, with revenues increasing across some lines of business, and decreasing in others. Although the construction sector experienced a zero-growth rate in 2016, it has gradually recovered from a situation of negative growth over the past five years to a forecasted positive growth of 7.5% for calendar year 2017.

Domestically, we have fared well. We have strengthened our market share in our core business segment, which speaks for the quality of our materials and our capacity to meet the demands of our customers. Aggregates sales to the private-dwelling's market improved while blocks sales to both residential and non-residential projects were up compared to previous year. However, our overall performance was, in part, negatively impacted by an unexpected setback at Dry Mixed Products Ltd, our subsidiary specialised in ready-to-use dry mortar. The installation of new high-tech machinery was delayed and disrupted our production for several months. This resulted in a loss of revenue and a significant drop in performance, on account of the increased production costs incurred to restore the situation and catch up on market demand.

In parallel, the pace of growth in our overseas subsidiaries has been lacklustre. We recorded lower revenues, and earnings were substantially down. The situation in Sri Lanka was, once again, punctuated with the on-going challenge of renewing our crushing permit. Despite our active efforts to counter this issue, Sri Lanka's complex network of regulations and permits has caused our project to fall behind schedule by nearly two years now. We consider this as a serious problem - one we are addressing diligently. In Madagascar, we incurred higher losses than in the previous year, primarily due to higher production costs and year-end inventory adjustments. Although political uncertainty and a less-than-desirable business climate still prevail, we have managed to stay afloat. In view of the above, the investments by UBP in overseas subsidiaries were impaired by Rs 93 million and disclosed as part of administrative expenses in the statement of profit or loss and other comprehensive income for the year, with no impact on the Group's figures as these relate to subsidiary companies.

This year has been pivotal for our retail segment, with Espace Maison's performance exceeding expectations despite the impact of a significant debtors provision. A combination of the right strategy, high-performing management and a strong synergy between our teams has been conducive to generating positive results, particularly amid a fierce competitive landscape. I am pleased with the milestones we have achieved.

Finally, our agriculture segment experienced a substantial increase in revenue, mainly attributable to our vegetable-growing activity. However, our net result was adversely impacted by an impairment of our bearer biological asset attributable to an anticipated drop in the price of sugar and a significant reduction in the area of sugarcane cultivation going forward.

We also witnessed a massive turnaround in the revenue and results generated by our pre-mixed concrete associate compared to the previous year, whose results had been impacted by a significant bad debt write-off and restructuring costs.

Which figures best highlight UBP Group's FY2016-17?

At first glance, the results for FY2016-17 may seem disappointing as we fell short of our financial objectives. But despite the challenges faced by Drymix and our foreign subsidiaries, we must remember to look beyond the figures and shift our attention to the strides we made in several key areas.

The Group generated revenues of Rs 2.6 billion, almost identical to that of the previous year. Our operating profit dropped from Rs 254.3 million to Rs 217.2 million, largely attributed to the poor performance of our dry mortar, agriculture and foreign subsidiaries. Conversely, the operating profit of our retail Espace Maison activities increased by 9.2% to Rs 31.5 million despite a slight drop in revenue and an increase of Rs 9.6 million in debtors provision. On yet another positive note, the drastic improvement in our ready-mixed concrete associate prompted a profit of Rs 34.3 million, compared to a loss of Rs 6.4 million the previous year. Hence, the Group's net profit increased from Rs 158.1 million in FY2015-16 to MUR 171.6 million for the financial year under review. These figures, albeit lower than anticipated, are not worrying as they were caused by exceptional circumstances.

MORE THAN
1,200
EMPLOYEES

RS 2.6B
GROUP REVENUE

RS 171.6M
PROFIT FOR THE YEAR

4
innovative
SMART BLOCKS

35
children
OF EMPLOYEES BENEFITTING FROM OUR NURSERY FACILITIES

Interview with the CEO
Stéphane Ulcoq

After taking into consideration the share attributable to non-controlling interests, the Group's Earnings Per Share (EPS) increased from Rs 5.14 in the previous year to Rs 6.02 this year. Consequently, an increased Dividend Per Share (DPS) of Rs 3.25 (FY2015-16: Rs 3.00 per share) was declared and paid by the Company for the financial year under review.

With regards to our financial position, our total assets increased from Rs 4.3 billion at June 30 2016 to nearly Rs 5 billion this year-end, our total liabilities increased from Rs 1.6 billion to Rs 1.8 billion while the equity attributable to shareholders of the parent company increased from Rs 2.6 billion to Rs 3.1 billion. Our land and buildings were revalued at June 30, 2017, thereby generating a surplus of Rs 446.2 million while the total investment in property, plant and equipment increased from Rs 257.9 million in 2016 to Rs 300.7 million for the year under review. Our borrowings increased by Rs 91.4 million to Rs 1.1 billion during the year due mainly to a rise in short-term borrowings required to finance punctual working capital needs. Despite this, our debt to equity ratio moved from 0.39 times in 2016 to 0.35 times this year while our Net Assets Value (NAV) per share increased from Rs 99.26 to Rs 118.10.

Looking back on FY2016-17 - what were the major accomplishments that marked the year?

In light of a challenging situation overseas and despite operating in a volatile sector that is highly dependent on the economic climate, we have managed to remain consistently focused on areas that we can control, ensuring that our business remains financially, socially and environmentally sustainable. Moreover, increasing our market share in our core business locally is reflective of our position vis-à-vis our competitors. This was made possible by a successful Customer Loyalty Scheme, which allowed us to foster a stronger relationship with our existing clients. Furthermore, the increase in Espace Maison's profitability is a sign of sound management and successful strategy.

With respect to our development projects, we have made steady progress. Locally, our achievements in our core business comprise the renewal and upgrading of our main production plants, Drymix included, with the aim of increasing their capacity and efficiency with latest-technology machinery. We carried out these initiatives in anticipation of the expected growth in demand for our products. We also invested massively to sustain our quarrying operations and improve our customer service. Our accomplishments in our retail segment were marked by a complete refurbishing and relooking of our shops. More attractive displays and a customer-centric approach have been key in enhancing our customers' shopping experience. Finally, our agriculture segment also experienced notable achievements. We implemented a VRS plan for our sugar activities in view of reducing losses going forward, while significantly increasing our vegetable-growing and leisure activities in line with our diversification strategy.

The construction industry is said to be among the least digitised. How does digital transformation affect the Group?

While most other industries have embraced tremendous innovations over the past few years, the construction sector has been slow to exploit digital opportunities. At UBP Group, we are rapidly catching up. I strongly believe that there is no alternative to digitisation and that its long-term benefits are significant. As projects grow in scale and complexity, traditional practices must evolve. That being said, the secret to making digitisation effective is knowing what to digitise and what not to. It entails deploying the right strategy, rather than simply adopting all the latest technologies. Our Open Innovation Programme (outlined below) can best attest to our digitisation strategy.

The Open Innovation Programme's aim is to automate all processes using the latest technology. What is the outcome of this programme?

Our Open Innovation Program consists of putting in place measures to unlock the potential of the digital era. By improving and optimising our processes, our goal is to help our teams work to their full potential. We launched an efficient Intranet system to foster open communication between all employees. With information more easily and readily available, we estimate that it will save employees minutes each day, which, in the long run, equals to saving days in productivity gains. Automating our delivery service has been particularly beneficial for our customers. By simply regulating, automating and optimising manual processes, our customers save valuable time otherwise spent queuing up. In our quest to continue equipping our teams with the tools to succeed, our employees were provided state-of-the-art technology aimed at improving customer service, and the majority of our sites were provisioned with WiFi.

Around the world, retail commerces are migrating online. What do you have in store for Espace Maison?

Today, having a digital presence is essential. Our Facebook page is more and more visited. Moreover, we are witnessing a shift in people's buying habits with an increasing number of online shoppers across the island. With this, loyalty programmes have also evolved - customers no longer carry their cards in their wallets. Naturally, it made sense for us to digitise our loyalty programme through a mobile application, which is currently being fine-tuned. The goal is to make shopping with Espace Maison a hassle-free, convenient experience and to enable our loyal customers to earn points, which they can redeem to earn discounts or rewards. It should also enable us to fully leverage consumer data and therefore gain a deeper understanding of our customers' habits and needs.

Product innovation is, in your sector, key to maintaining a competitive edge. How does UBP tackle Research & Development?

In an industry where our product is rarely differentiated from that of our competitors, staying ahead of the curve through innovation is key in driving our competitiveness. UBP therefore dedicates significant time and resources to Research & Development ('R&D') across several areas. Our R&D department is tasked with identifying opportunities and threats, and developing solutions accordingly. Embedding innovation in our processes has allowed us to considerably reduce costs, and simultaneously increase the reliability of the construction process. Beyond these functions, the R&D department plays a vital role in educating a relatively conservative market on the various benefits of using 'Smart Blocks' - they are value-added products aimed at eliminating the use of shuttering and other related materials, and are therefore environmentally-friendly. Our pedagogic role is achieved by collaborating with the University of Mauritius and the Mauritius Institute of Training and Development (MITD). Our Ecole des Maçons programme at Drymix, which develops skills in construction techniques for beginners, apprentices and experienced builders alike, also aims to elevate the construction industry through education. This collaboration allows us to train many masons both in theory and practice for an optimal utilisation of our products. But most impactful of all is convincing the authorities to instill guidelines in a sector that lacks and necessitates proper regulation. We identified a gap of regulations, and have taken it upon ourselves to initiate a national platform which brings together all actors of the construction sector: Institution of Engineers Mauritius (IEM), architects and other professionals of the industry. Our aim is to enforce standard norms and good practices adapted to our country, which, if adhered to, will help improve the construction techniques.

"A strong corporate culture that puts its employees first"

This sector, along with the textile and agricultural industries, is no longer appealing to today's youth. What measures is UBP taking in terms of strategy, initiatives or corporate culture, to attract the youth to construction?

Though our sector may seem unattractive to today's youth, UBP prides itself on having fostered a strong corporate culture that puts its employees first. Each aspect of our business comes down to our People, and we invest significant time understanding their fundamental needs. Our culture begins with creating an environment that is supportive of our employees' wellbeing within the workplace. To this end, we have invested heavily in Project Care, which involved rehabilitating all common spaces (mess rooms, shower areas) for a more relaxed environment for our workers. Our 'Cellule de Bien-Etre' (Welfare Committee) is responsible for ensuring that our employees achieve work-life balance by organising activities designed to spread positive energy: sports days, bi-annual get-togethers, literacy classes, an in-house psychologist… A fully-equipped gym and a nursery - the first of its kind to exist on the island - are also at their exclusive disposal, free of charge, every day except Sundays. Our employees

Interview with the CEO
Stéphane Ulcoq

are engaged and taken care of year-round. As part of our efforts to help employees grow in their roles, we provide training courses intended to hone their skills and provide opportunities for career development. Together, these initiatives have allowed us to create a motivated and committed workforce, with whom we have established an authentic relationship. Besides, 2018 will mark a major milestone in the Group's longstanding history - our 65th year of existence. While much has evolved on this journey, we have never lost sight of our dedication to our citizens' prosperity and our country's growth. As local builders with national reach, and one of the country's pioneers in construction, we are deeply rooted in each and every Mauritian's life. And this is what makes us an employer of choice.

What are your priorities for next year?

Our overall performance for the FY2016-17 indicates an improvement over the previous year, and is set to further progress as public and private megaprojects are being implemented. With the Government planning to inject billions in infrastructure projects over the years to come - the Road Decongestion Programme, the Metro Express and the Port Master Plan - the sector is projected to grow by 7.5% in 2017, assuming the launching of these works isn't further delayed. Concurrently, the private sector is setting in motion major developments, namely the construction of several Smart Cities, which will invariably demand a steady supply of construction materials. The beginning of FY2017-18 is rich in opportunities for UBP Group.

During the course of the FY2017-18, we will continue to focus on improving profitability which, as this year's performance demonstrates, can best be achieved by optimising our resources and controlling our costs. Most of our growth opportunities are organic: on the local front, we intend to continue building on the momentum we have achieved at Espace Maison with the opening of a sixth retail store in the South, coupled with an improved IT system to upgrade the customer experience. We are also set to reveal a fresh and inventive website beginning 2018, which will showcase our innovative and differentiated strategy. I am confident that it is a division that will generate sustainable growth. We will also continue developing our diversification strategy for 'Gros Cailloux', both in our agricultural and leisure activities.

Internationally, we are much concerned about our below-expectation performance of our Zambian investment. We aim to reverse the situation there, in Sri Lanka, Madagascar and East Africa by pursuing a strategy that favours strategic alliances and management contracts rather than greenfield projects. By sharing knowledge, expertise and expenses with major players, we will be able to better tap into these markets without experiencing significant financial impact.

Above all, we will continue to innovate. We see significant potential in investing in innovative machinery in view of increasing our existing plants' production capacity. We will further embed innovation in our marketing strategy to enhance the synergies between our entities, with the ultimate goal of offering an AtoZ service. To that end, we are currently working towards the creation of a Group identity.

We remain cautiously optimistic about the short-term macroeconomic outlook, and confident regarding our long-term potential locally and in our overseas subsidiaries. At the same time, we are continuously seeking new growth opportunities.

Is there a final message you would like to share?

I would like to end this interview by expressing my gratitude to all our employees. On behalf of the Executive Management Team, I extend a warm thank you for your efforts. Your talent, hard work and dedication have allowed us to navigate a challenging landscape and deliver on our commitments.

To the Board, thank you for your unwavering counsel and guidance in leading us forward.

Last but not least, I am grateful to each one of our shareholders, partners and customers. We value your continued support, loyalty and confidence in our Group.

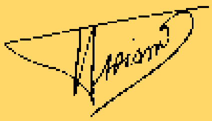

"Going the extra mile to promote health, wellness and happiness."

Corporate governance **report**

STATEMENT OF COMPLIANCE
(AS PER SECTION 75(3) OF THE FINANCIAL REPORTING ACT)

The Board of Directors of The United Basalt Products Limited confirms that to the best of their knowledge, the Company has complied with all its obligations and requirements under the Code of Corporate Governance 2004 (the "Code") for the year ended June 30, 2017 except for Section 2.8 (Remuneration of Directors) of the Code. The reason for non-compliance to this section is included under the relevant heading on page 63 of this report.

On behalf of the Board



MARC FREISMUTH
Chairman

STÉPHANE ULCOQ
Chief Executive Officer

September 21, 2017

The United Basalt Products Limited 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 Ltd since 1989.

The Board of Directors acknowledges that the Code of Corporate Governance (the "Code") sets out the best practices in terms of corporate governance. This report describes how the main corporate governance principles under the Code of 2004 have been applied within the Company.

SHAREHOLDING STRUCTURE

The shareholding structure of the Group at June 30, 2017 is as detailed on page 12. The share capital of the Company amounts to Rs. 265,100,420 made up of 26,510,042 ordinary shares of no par value.

The Company has as Holding Company IBL Ltd (formerly known as GML Investissement Ltée) incorporated in Mauritius.

COMMON DIRECTORS

The list of common Directors with the shareholder companies holding more than 5% of the share capital of the Company at June 30, 2017 was as follows:

Director's	UBP	IBL Ltd*
Yann Duchesne	●	●
Arnaud Lagesse	●	●
Thierry Lagesse	●	●

**Formerly known as GML Investissement Ltée.*

SUBSTANTIAL SHAREHOLDERS

The shareholders holding more than 5% of the share capital of the Company at June 30, 2017 were as follows:

Shareholders	Number of shares	% Holding
IBL Ltd *(formerly known as GML Investissement Ltée)*	8,785,100	33.14
National Pensions Fund	1,328,273	5.01

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

Corporate governance **report**

SHAREHOLDING PROFILE

The share ownership and categories of shareholders at June 30, 2017 were as follows:

Size of shareholding	Number of shareholders	Number of shares owned	Percentage (%)
1 - 500	2,245	260,401	0.98
501 – 1,000	343	249,311	0.94
1,001 – 5,000	695	1,656,135	6.25
5,001 – 10,000	213	1,499,344	5.65
10,001 – 50,000	219	4,205,283	15.86
50,001 – 100,000	35	2,443,229	9.22
100,001 – 250,000	13	1,786,312	6.74
250,001 – 1,000,000	10	4,296,654	16.21
Over 1,000,000	2	10,113,373	38.15
Total	3,775	26,510,042	100.00

Category of shareholders	Number of shareholders	Number of shares owned	Percentage (%)
Individuals	3,402	7,717,068	29.11
Insurance and assurance companies	22	1,613,167	6.09
Pension and providence funds	75	4,149,381	15.65
Investment and trust companies	58	996,455	3.76
Other corporate bodies	218	12,033,971	45.39
Total	3,775	26,510,042	100.00

SHARES IN PUBLIC HANDS

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

SHARE REGISTRY AND TRANSFER OFFICE

The Company's Share Registry and Transfer Office is administered in-house.

SHARE PRICE INFORMATION

The Company's share price increased by 38.55% over the past financial year, from Rs 83.00 at June 30, 2016 to Rs 115.00 at June 30, 2017, whilst the SEMDEX increased by 21.14% over the same period.

At the time of writing, the share of the Company is quoted at Rs 118.50 on the Official Market of the Stock Exchange of Mauritius Ltd compared to Rs 87.00 on September 27, 2016, date of the preceding Annual Report. The Price Earnings Ratio (PER) is at 22.96, the Dividend Yield at 2.75% and the Price to Net Assets Value (NAV) at 1.19.

Please refer to Financial Highlights and Ratios on page 27 for indicators, the share price movements over the past five years to June 30, 2017 and a comparison of the Company's share price movement to the SEMDEX over the past financial year.

TOTAL SHAREHOLDERS' RETURN AND MARKET DATA

Total Shareholders' Return		2013	2014	2015	2016	**2017**
Share price at the end of the current year	Rs	98.00	84.00	85.00	83.00	**115.00**
Share price at the end of the previous year	Rs	108.00	98.00	84.00	85.00	**83.00**
Increase/(Decrease) in share price	Rs	(10.00)	(14.00)	1.00	(2.00)	**32.00**
Dividend per share	Rs	3.00	2.75	2.75	3.00	**3.25**
Total return per share	Rs	(7.00)	(11.25)	3.75	1.00	**35.25**
Total return based on previous year's share price	%	(6.48)	(11.48)	4.46	1.18	**42.47**

Market Data		2013	2014	2015	2016	**2017**
Market price per share:						
High	Rs	107.00	98.00	90.00	85.00	**115.00**
Low	Rs	90.00	81.00	73.50	73.75	**81.50**
Average	Rs	98.83	90.47	82.15	78.86	**96.04**
Share price at the end of the current year	Rs	98.00	84.00	85.00	83.00	**115.00**
Value of shares traded	Rs'm	216.52	178.16	119.93	61.66	**81.11**
Market capitalisation at June 30,	Rs'm	2,597.98	2,226.84	2,253.35	2,200.33	**3,048.65**

Corporate governance **report**

DIVIDEND POLICY

The Company has no formal set dividend policy. The payment of dividend is subject to the Company's performance, its cash flow position, its capital expenditure and debt servicing requirements as well as its foreseeable investments and growth opportunities. 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.

Based on results forecasts, the Company declares a final dividend in May each year provided the trend in the Group's profitability is firmly established. Accordingly, on May 8, 2017, the Company declared a dividend of Rs 3.25 per share in respect of the financial year 2016-2017. This dividend was paid on June 23, 2017 to all ordinary shareholders registered at close of business on May 25, 2017.

Please refer to Financial Highlights and Ratios on page 27 for indicators and dividend paid per ordinary share over the past five years to June 30, 2017.

SHAREHOLDERS' AGREEMENT

At the time of writing, 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 and receive direct feedback from Board members. A number of Directors and Board Committee members normally attend the meeting to share insights pertaining to the operations, performance, strategies and perspectives of the Group and to answer any question relevant to the Company's affairs. Shareholders are encouraged to attend the meeting as it is an opportunity for them to glean valuable information as well as raise and discuss any matter relevant to the Company and its performance. The external auditors are also present at the meeting.

Besides the Annual Meeting, shareholders are informed in a timely manner of any relevant information concerning the Company and the Group such that they are able to 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.

Furthermore, the Chief Executive Officer and the Group Finance Manager often meet institutional investors, financial analysts and fund managers upon request to discuss the state of affairs of the Group.

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

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 Ltd.

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.

BOARD OF DIRECTORS

The Board of Directors as a whole is responsible for the stewardship of the Group and is ultimately accountable for the affairs and overall performance of the Group. As such, the Board is committed to upholding the highest standard of integrity, accountability and transparency in the governance of the Group. Its primary role is to protect and enhance shareholders' interests and maximise long-term value creation by ensuring that proper systems and controls are in place to safeguard the Group's assets and good reputation. Referring to recommendations made by management, the Board identifies key risk areas and endorses the strategic directions to be pursued, approves the Company's investments, operating and capital expenditure 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 effectively the work of the Board of Directors, to encourage active participation of Directors, to ensure smooth and timely flow of information to management and shareholders and to ensure the accurate documentation of proceedings. 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 business development plans and budgets to the Board in line with the Group's long-term strategy and vision, making and implementing operational decisions, promoting the Group's business, achieving the Group's financial and operating goals and objectives and ensuring an effective management team.

All Directors, whether executive, non-executive or independent non-executive are bound by fiduciary duties. They have both a legal and moral duty to act independently, in good faith, with due care and skill, and without fetter or instruction. The Directors' Charter duly endorsed by the Board enables the Directors to better perform their duties and ensure that their contribution is fully effective and meets the standards expected from them in terms of independence, ethics and integrity. Non-executive and independent Directors perform their duties intermittently and have less regular access to the Company's books and records than executive Directors do but they play a particularly vital role in providing independent judgement in all circumstances. They are individuals of calibre and credibility and have the necessary skills and experience to constructively bring judgement, independent of management, on issues of strategy, performance evaluation, resources, transformation, equal opportunities and standards of conduct. Executive Directors on the other hand, manage the conflict between their management responsibilities and their fiduciary duties in the best interests of the Company.

Corporate governance **report**

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 and proper induction to Directors concerning their duties, responsibilities and powers.

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

BOARD COMPOSITION

The Company's Constitution stipulates that 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 12 Directors comprising 6 Non-Executive Directors, 4 Independent Non-Executive Directors and 2 Executive Directors who are the Chief Executive Officer and the Group Finance Manager.

On February 8, 2017, Mr Yann Duchesne was appointed as Non –Executive Director to the Board of the Company, upon the recommendation of the Corporate Governance Committee.

Since March 31, 2017 Mr Marc Freismuth is no longer a Director on the Board of the companies within the IBL Group and is henceforth an Independent Non-Executive Director.

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.

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 at any time does not 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.

New Directors appointed to the Board are familiarised with the Company's operations, its business environment and senior management. They are also made aware of their fiduciary duties and responsibilities. A suitable induction of Directors ensures that the Company maintains a well-informed and competent Board and enables any new Director to make the maximum contribution as quickly as possible. In addition to this, all Directors are invited to enrol onto the Directors Development Programme (DDP) of the Mauritius Institute of Directors (MIoD) which provides a complete range of training relevant to the role and responsibilities of Board members.

During the year ended June 30, 2017, Mr Yann Duchesne was appointed as Director to the Board. In accordance with Clause 23.5(a) of the Company's Constitution, a resolution will be submitted at the forthcoming Annual Meeting of shareholders of the Company for the election of Mr Duchesne to continue to hold office as Director of the Company until the next Annual Meeting of shareholders.

In accordance with Section 138(6) of the Companies Act 2001, two separate resolutions will be submitted at the forthcoming Annual Meeting of shareholders of the Company for the re-election of Messrs E. Jean Mamet and Jean Claude Maingard, aged above 70, to continue to hold office as Directors of the Company until the next Annual Meeting of shareholders.

The Corporate Governance Committee, in its role as Nomination Committee, is responsible for the review of the composition of the Board of Directors and Board Committees and to make recommendations to the Board for the re-election of Directors and 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. Upon the recommendation of the Corporate Governance Committee, the Board has endorsed a Succession Planning Policy for Directors in February 2017 in order to ensure a proper diversity and an appropriate balance of knowledge, skills and experience on the Board. The objective of the Policy is to ensure the orderly identification and selection of new Directors in the event of an anticipated or unanticipated departure of a Board member, or if there is a need to appoint new Directors, for instance to comply with new regulations, and thereby safeguard the continued effective performance of the Company through leadership continuity.

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 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 decided to comply with the Code and to include the re-election of all Directors at the agenda of the Annual Meeting of shareholders of the Company. In addition, the Board continuously encourages its members to acquire new skills.

DIRECTORS' PROFILES

Please refer to Directors' Profiles on pages 10 to 13 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 Ltd at June 30, 2017 were as follows:

	AL	BLL	BMHL	IBLL	IGF	LUX	MEI	PBL
Directors								
Marc Freismuth			●					
Yann Duchesne				●				
Laurent de la Hogue						●	●	
Arnaud Lagesse	●	● *		●		● *		● *
Stéphane Lagesse						●		
Thierry Lagesse	●			●		●		●
E. Jean Mamet					●			

** : Chairman*

Abbreviations:

AL – Alteo Limited
BLL – BlueLife Limited
BMHL – Belle Mare Holding Ltd
IBLL – IBL Ltd
IGF – Ipro Growth Fund Ltd
LUX – LUX* Island Resorts Ltd
MEI – Mauritian Eagle Insurance Co. Ltd
PBL – Phoenix Beverages Limited

The other Directors of the Company did not have any directorships in companies listed on the Official Market of the Stock Exchange of Mauritius Ltd at June 30, 2017.

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 page 71 of Other Statutory Disclosures.

In June 2016, the Share Dealing Policy of the Company was endorsed by the Board. This document sets out the Group's policy in respect of dealings in the shares of the Group's companies by Directors, designated employees and their associates. The purpose of the policy is to provide clear guidance on the practice to be followed when dealing in the shares of the Group's companies, connected by business or common shareholding, to avoid any beneficial misuse of price-sensitive information. In accordance with its terms, the Share Dealing Policy is currently being reviewed to ensure that it is effective in ensuring accurate and timely compliance with the relevant prevailing laws in Mauritius.

The Directors of the Company use their best endeavours to abide by the principles set out in the Share Dealing Policy of the Company and in the Model Code on Securities Transactions by Directors as stipulated in Appendix 6 of the Listing Rules of the Stock Exchange of Mauritius Ltd. 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 group'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 François Boullé acquired 26,270 shares from his associate whereas one of the associates of Mr E. Jean Mamet transferred 1,900 shares to another of his associates. Except for the aforesaid transactions, none of the Directors dealt in the shares of the Company, either directly or indirectly, as shown in the table on page 74 of Other Statutory Disclosures.

Furthermore, pursuant to the provisions of The Securities Act 2005, the Company is registered as a reporting issuer with the Financial Services Commission (FSC) since 2008 and its insiders are identified according to the definitions within the Act. All insiders and their associates are required to disclose their interest in the shares of the Company and in those of the associates of the Company. Any movement thereon is being recorded and notified to the Commission as and when they occur. In addition, 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.

DIRECTORS' AND SENIOR 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.

BOARD EVALUATION

At the initiative of the Corporate Governance Committee, a Board evaluation, in the form of a questionnaire inspired from the MIoD model and covering the key aspects of the Board's function, was carried out this year. The questions were mainly categorised as follows:

- The functions of the Board
- The size, composition and independence of the Board
- Board meetings and Chairman's appraisal
- Directors' individual evaluation
- The financial and operating reporting
- Compliance and ethical framework
- Risk assessment
- Shareholder and corporate communications

All the members of the Board were consulted and the duly analysed results were communicated to enable the Board to take appropriate actions to improve its effectiveness and its functioning.

BOARD MEETINGS

The Chairman and the Chief Executive Officer, assisted by the Company Secretary, are responsible for fixing the agenda and the date for each Board meeting. Certain matters are considered at all Board meetings such as the latest available management accounts, business and operations updates and where applicable, reports from the Corporate Governance Committee, the Audit Committee and the Risk Monitoring Committee. In addition to standing agenda items, there may be discussions on some specific topics related to the Company's business or strategy. The Board promotes open discussions and constructive debates during meetings. Special meetings may also be called from time to time as required. The minutes of proceedings of each Board meeting are recorded and entered in the Minutes Book by the Company Secretary and are submitted for approval at each following meeting of the Board.

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 are expected to spend the time and effort necessary for them to properly discharge their responsibilities. Accordingly, they are expected to regularly prepare for and attend meetings of the Board and all Committees on which they sit with the understanding that, on occasion, they may be unable to attend a meeting. The attendance record of Board meetings for the year under review is as shown on page 63.

The Board met six times this year to examine, consider, discuss or approve, inter alia the following items listed chronologically:

- the activity reports of the Chief Executive Officer;
- the performance of our investment in Zambia and the proposed increase in stake;
- the review of our operational strategy in Sri Lanka;
- the potential investment opportunities within the Group;
- the audited group financial statements, the audited abridged group financial statements and the Annual Report for year ended June 30, 2016;
- the review of the remuneration of Directors and members of Board Committees;
- the abridged group financial statements for the quarters to September 30, 2016, December 31, 2016 and March 31, 2017;
- the risk management and business continuity framework for the Group;
- the restructuration of the Group;
- the recommendations of the Corporate Governance Committee, the Risk Monitoring Committee and the Audit Committee;
- the new Group Remuneration Policy, Environment and Community Policy and Succession Planning Policies for employees and Directors;
- the appointment of a Non-Executive Director;
- the Risk Monitoring Committee Charter;
- the declaration of a dividend; and
- the operating and capital expenditure budgets for the financial year 2017–2018.

BOARD COMMITTEES

In order to fulfil its obligations and duties, the Board delegates certain duties and responsibilities to Board Committees to ensure a more comprehensive evaluation of specific matters. This delegation does not however reduce the overall responsibilities of the Board.

In line with the requirements of the Code, the Corporate Governance Committee and the Audit Committee were set up in 2005 with clearly defined terms of reference. In November 2015, a Risk Monitoring Committee was also constituted to focus on risks within the Group. These Board Committees report regularly to the Board on their activities and make recommendations thereof for its approval.

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

The minutes of each Board Committee meeting are submitted for consideration and approval at the following meeting and are accessible to all members of the Board of Directors.

Corporate governance **report**

CORPORATE GOVERNANCE (NOMINATION AND REMUNERATION) COMMITTEE

The composition of the Corporate Governance Committee is as follows:

Chairman	Joël Harel
Members	Marc Freismuth
	Thierry Lagesse

As per the Code's aspiration, the Corporate Governance Committee is chaired by an Independent Non-Executive Director whilst the members are Non-Executive Directors.

The mandate of the Corporate Governance Committee is to devise 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 provisions of the Code.

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 Nomination Committee, it reviews the structure, size and composition of the Board, it ensures the right balance of independence, skills and expertise on the Board, it assesses and evaluates the role and independence of each current and potential Director and makes recommendations to the Board for the election and re-election of Directors and for matters relevant to succession planning.
- 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 the making of recommendations to the Board on all aspects of remuneration.

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

- is not a representative or member of the immediate family of a shareholder who has the ability to control or significantly influence the Board or management;
- has not been employed by the Company or the group of which the Company currently forms part in any executive capacity for the preceding three financial years;
- is not a professional advisor to the Company or the group of which the Company currently forms part other than in a Director capacity;
- is not a significant supplier to, debtor or creditor of, or customer of the Company or the group of which the Company currently forms part, or does not have a significant influence in any group related company in any one of the above roles;
- has no significant contractual relationship with the Company or the group of which the Company currently forms part;
- is free from any business or other relationship which could be seen to materially impede the individual's capacity to act in an independent manner.

The Committee met seven times during the financial year 2016-2017 to, inter alia,:

- determine, discuss and approve the remuneration of the Chief Executive Officer, Senior Officers, Directors, Committee members and the staff in general;
- examine and take decisions on corporate governance compliance issues;
- consider the key issues applicable to the Company and to the Group under the new National Code of Corporate Governance 2016 and approve a work plan related thereto;
- recommend a Board evaluation exercise;
- follow-up claims made for constructive dismissal by ex-employees of the Company;
- consider and recommend to the Board for approval the Succession Planning Policy for executives and Directors, the Group Remuneration Policy and the Group Environmental and Community Policy;
- consider and approve the position statements for key governance positions;

- approve and monitor the recruitment of a Group Business Development Manager and a Group Procurement and Asset Manager;
- recommend to the Board the nomination of a Non-Executive Director;
- consider and recommend to the Board for approval the Risk Monitoring Committee Charter;
- consider a review of the pension scheme for the Group; and
- consider and recommend to the Board the following facilities to shareholders:
  - Dividend direct credit facility;
  - Receipt of Annual Report and corporate communications in soft copy.

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

The attendance record of Committee meetings for the year under review is as shown on page 63. A quorum of two members is currently required for a Corporate Governance Committee meeting. The two Executive Directors are in attendance at almost 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, 2017 amounted to Rs 100,000 (2016: Rs 100,000) and Rs 75,000 (2016: Rs 75,000) respectively.

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 similarly to the two members. The Board of Directors is of the view that the members of the Committee have sufficient financial management knowledge and experience to discharge their responsibilities properly.

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 and ensures compliance with legal and regulatory provisions. The Committee has the authority to conduct or authorise investigations into any matter within its scope of responsibilities and to engage any firm of professionals it deems fit to provide independent expert advice. The Committee has full access to all management personnel and can call upon any member of management and staff or any member of the Board to attend its meetings.

The Committee met five times during the financial year 2016-2017, mainly to:

- review and recommend to the Board for approval the audited group financial statements, the Annual Report and the audited abridged group financial statements for year ended June 30, 2016;
- review and approve the Internal Audit Plan presented by Messrs BDO & Co. for 2016-2018;
- review and consider IBL Treasury Management Agreement;
- review and consider the rotation of external auditors;
- re-appoint and fix the remuneration of Messrs Ernst & Young as external auditors;
- review and recommend to the Board for approval and publication the unaudited abridged group quarterly financial statements to September 30, 2016, December 31, 2016 and March 31, 2017;
- review the second Compliance Report from Abax Corporate Services Ltd which listed various Acts and Regulations to which the Company and the Group should abide;
- review the internal audit reports of Messrs BDO & Co.; and
- review the external audit Management Letters from Messrs Ernst & Young for 2016.

In so doing, the Committee reviewed internal control systems and procedures in place at all the subsidiary companies within the Group.

Corporate governance **report**

AUDIT COMMITTEE (CONT'D)

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

The attendance record of Committee meetings for the year under review is as shown on page 63. A quorum of two members is currently required for an Audit Committee meeting. The Group 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 attend 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, 2017 amounted to Rs 150,000 (2016: Rs 150,000) and Rs 100,000 (2016: Rs 100,000) respectively.

RISK MONITORING COMMITTEE

The composition of the Risk Monitoring Committee is as follows:

Chairman	François Boullé
Members	E.Jean Mamet
	Christophe Quevauvilliers
	Stéphane Ulcoq

As recommended by the Code, the Risk Monitoring Committee is chaired by an Independent Non-Executive Director. Its members comprise of an additional Independent Non-Executive Director and two Executive Directors, namely the Chief Executive Officer and the Group Finance Manager, the latter also acting as the Risk Officer.

The revised version of the Risk Monitoring Charter was approved by the Board in May 2017. The role of the Committee is to assist the Board in the discharge of its duties relating to the setting up and monitoring of the risk governance process, including setting the risk appetite and monitoring relevant risk portfolios and management's performance against such risk appetite. The Committee is mainly responsible for the approval of risk management policies for recommendation to the Board, the review and assessment of the integrity of risk control systems and the assurance that the risk policies and strategies are effectively managed. The Committee shall also provide to the Board an independent and objective oversight of the financial, business and strategic risks of the Company and of the Group.

The key duties of the Risk Monitoring Committee include the monitoring of the Group's risk portfolios against the risk appetite set by the Board, the review of the adequacy, implementation and overall effectiveness of the Group's risk function including management and both internal and external auditors, the assessment of legal matters that could have a significant impact on the Group's operations and the review of internal and external auditors' reports on significant exposures to risk.

The Committee is also responsible for the review of key risks such as industry risks, operational risks, technology risks, country risks and financial risks. Operational risks include human resources risks, fraud risks, physical risks, business continuity risks and reputational risks.

The Committee has access to all relevant information it requires to fulfil its responsibilities and is authorized to seek professional advice, both inside and outside the Company, as considered necessary to perform its duties.

The Committee met four times during the financial year 2016-2017, mainly to:

- define its Charter;
- assess and review the Group's risks;
- receive and consider the report of Messrs BDO & Co. on the Group's 'Enterprise Risk Management' and 'Business Continuity Plan' exercise; and
- consider the risk heat maps for presentation to the Board.

The attendance record of Committee meetings for the year under review is as shown on page 63. A quorum of three members is currently required for a Committee meeting.

The remuneration of the Chairman and of each member of the Committee for the year ended June 30, 2017 amounted to Rs 75,000 (2016: Rs 75,000) and Rs 50,000 (2016: Rs 50,000) 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.

In April 2015, Messrs BDO & Co. were engaged to assume the internal audit function within the Group. The 2-year internal audit plan, as approved by the Audit Committee, sets out 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.

This year again, no material financial problems were identified which would materially affect the figures reported in the financial statements. The recommendations are being implemented gradually by management under the close follow-up of our internal auditors.

Further to recommendations from the Audit Committee, the Board of Directors has reiterated its intention to have its own internal audit team to ensure a more extensive coverage of all business process cycles and better assess the effectiveness of recommended procedures and controls within the Group.

INTERNAL CONTROL AND RISK MANAGEMENT

The Board of Directors recognises effective risk management as a core competency and is ultimately responsible for the setting up and monitoring of the risk governance process, including setting the risk appetite, and the adequacy and effectiveness of the internal control system which is designed to manage the risk of failure to achieve business objectives.

The Group promotes a risk culture, whereby the related set of objectives, policies and practices are shared across the organisation. The management is responsible for the implementation of internal control and risk management systems under the supervision of the Risk Monitoring 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 and external audit functions to report on any weaknesses and to make recommendations via the Audit Committee and as relevant, to the Risk Monitoring 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.

Enterprise Risk Management Framework

The Board of Directors engaged Messrs BDO & Co. to implement an Enterprise Risk Management (ERM) framework and a Business Continuity Management (BCM) plan within the Group with a view to fully identify, measure, assess and mitigate our exposure to risks. The aim of this mission is to enable the Group to manage risks in an efficient and effective manner, to deliver increased shareholder value and to promote a performance culture and effective decision-making.

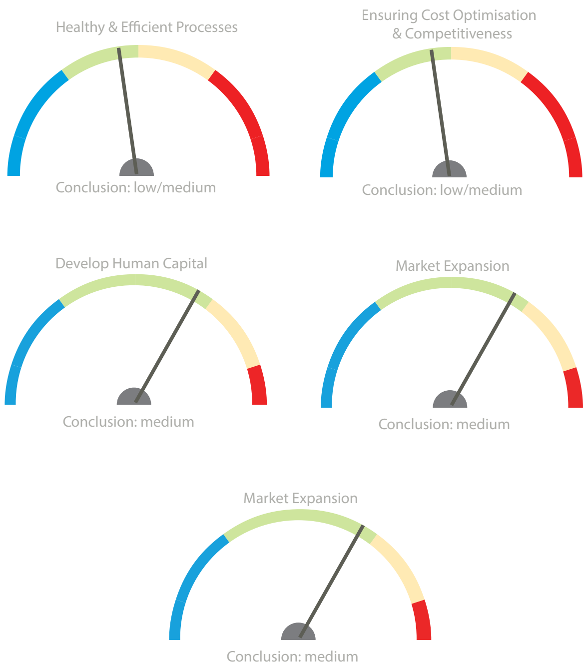
The Group followed "ISO 31000/2009 Risk Management Principles and Guidelines" in designing its ERM framework and strives to adopt a forward-looking, strategy-centric approach to managing the risks inherent in decision-making.

Corporate governance **report**

INTERNAL CONTROL AND RISK MANAGEMENT (CONT'D)

Enterprise Risk Management Framework (cont'd)

Messrs BDO & Co. conducted a strategic workshop with the Board of Directors and senior management to define the Group's strategic objectives and determine a risk appetite for each of these objectives based on a group-wide approach by considering risks across all departments, functions and activities. A clearly defined risk appetite provides the Board, management and staff with a benchmark that facilitates the identification and management of both risks and opportunities. In so doing, a risk tolerance was determined on a scale of 1 to 25 for each of the five Board's objectives as detailed below:



Colour	Significance
Blue- Opportunities	The Group/Company is either taking too little risk, which might represent missing out on potential opportunities, or overdoing it in terms of controls. If the pointer falls in the blue region, the Company needs to take more risks or relax on controls. The risk is tolerable.
Green- Comfort Zone/Acceptable	The Group/Company is comfortable with the risks taken when in this region. The risk is acceptable.
Yellow/Amber- Warning Zone/ Tolerable	The Group/Company is taking risks that are slightly outside its risk tolerance level and needs to start taking actions to bring back its risk exposure within the green region. The risk is tolerable but may need a treatment plan.
Red- No-go Zone/ Intolerable	The Group/Company is adventuring far beyond its risk tolerance and needs to take immediate actions to get back in the yellow region. The risk is intolerable.

As such, our risk appetite represents the types and aggregate levels of risk the Group is willing and prepared to take on to actively pursue its strategic objectives.

RISK HIERARCHY

Board

Approve and maintain Risk Management Policy.
Set and review the Risk Appetite on a periodic basis.
Maintain oversight of the Risk Management Framework.

Risk Monitoring Committee

Review risk reports and monitor effectiveness of risk management.
Report to the Board on risks and controls.
Discuss with the Board status of mitigating Action Plan Performance against risk appetite.

3rd Line of Defence

GROUP INTERNAL AUDIT

- Carry out internal audits on a risk basis
- Provide assurance on adequacy of controls across specific risk areas including risk management

Chief Risk Officer

Review and approve risk reviews.
Approve appropriate action to bring organisational risks within tolerance level.
Report to the Risk Monitoring Committee on key risk/ control indicators.

1st Line of Defence

2nd Line of Defence

Department Heads (Risk Owners)

Attend periodic meetings to discuss risk management reports.
Maintain oversight of their respective risk/control owners.

Action & Control Owners

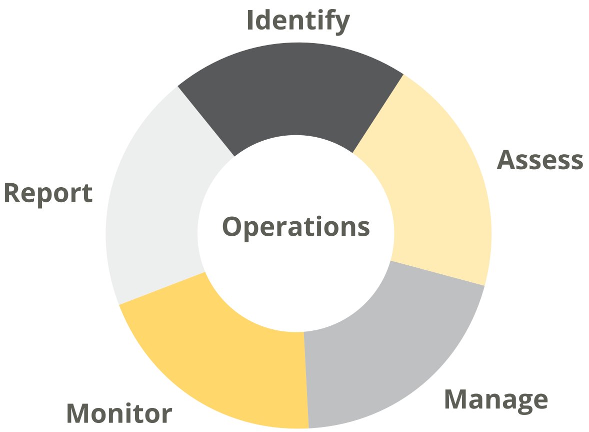
Identify and assess new risks and update the ERM System.
Reassess the existing risks and send for approval.
Updating the ERM System on controls performed at the pre-defined frequencies.
Remediate control failures.

Corporate governance **report**

INTERNAL CONTROL AND RISK MANAGEMENT (CONT'D)

Risk Management Process

The Group's risk management process operates to ensure a comprehensive evaluation of risks is performed and is subject to continuous improvement. The risk management cycle operates as follows:



In line with the above, the Group's risk register was completed through interactive working sessions where a comprehensive list of threats and opportunities were identified and discussed based on those events that might enhance, prevent, degrade, accelerate or delay the achievement of Board's objectives. In so doing, the following factors were taken into consideration:

- the nature and extent of risks facing the Group, including emerging risks;
- the risk appetite and risk tolerance;
- the likelihood of the risk materialising;
- the impact in the event that the risk materialises;
- the existing controls in place to mitigate the risks;
- the risk treatment plans implemented; and
- the monitoring processes in place to determine and respond to the effectiveness of existing controls.

Management was required to assess all risks which could have an impact on the current or future operation of their business and to document these risks in a standardised template. Risks are assessed in terms of their financial, operational, people and customer impacts should they occur and their likelihood of occurrence, using a defined risk scoring methodology.

Through the extensive risk identification and assessment phase, a list of 233 risks were identified for the Group. The key risks categories relevant to the Group, at this stage are as follows:

- Health and safety risks: risks associated with all events that can cause serious injury and harm to the Group's workforce and customers;
- 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. They include all processes and sub processes from the time the raw materials are extracted and the manufacturing process up to the point of receipt by the customer;
- Financial risks: risks linked to liquidity, interest rates, foreign currency exchange rates, capital structure and profitability;
- 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. They include all IT and telephony systems and the use of latest technologically-prone equipments;
- Business environment and market risks: risks relating to macro-economic evolution, politics, foreign investments and climatic conditions that are outside our control;
- Marketing and customer risks: risks associated with maintaining the quality and reputation of our branded products and innovation in our offer to customers;
- Strategic risks: risks associated with uncertainties and opportunities embedded in the Group's strategic plan and the manner in which they are executed;

- People risks: risks associated with recruitment and retirement, on-going talent management and succession planning, relations with trade unions and regulatory bodies and staff disciplinary issues; and
- Legal and regulatory risks: risks linked to the legislations and regulations surrounding the operations and functioning of the Group e.g. competition laws, the Employment Rights Act, health and safety regulations and the Code of Corporate Governance.

The Risk Monitoring Committee and the Audit Committee via the internal audit function ensures that the significant risks above are managed and kept at an acceptable level as follows:

- our health and safety function ensures that all necessary measures are taken to protect our employees and the environment;
- the supply of our core business raw materials is partly ensured by our own quarrying services to avoid any threat from outside suppliers although we maintain very good relationships with them. In addition, we own several acres of land at Gros Cailloux and St Julien to ensure our own supplies;
- our core business production is scheduled as per an adequate planning to avoid any disruption in production whilst our plant and machinery are regularly serviced by our workshop to avoid any breakdown;
- our customer service staff are regularly trained and provided with best logistics to better serve our customers;
- our internal auditors do regular testing aimed at detecting any potential weaknesses in our internal control systems and any likely risk of fraud and preventing same to recur through new procedures and controls;
- our IT function ensures that latest technologies are used for our tailor-made ERP, that our systems are secured by latest versions of antivirus, that a complex password policy is in place, that daily back-ups are kept, that our database is secured via a disaster recovery plan and that our communication networks are duplicated;
- our sales, marketing and operations staff follow closely the actions of our existing or potential competitors;
- the quality of our core business products are tested daily in our laboratory to ensure that they are of the required standard whilst the majority of our plant and machinery are of latest technology;
- our operational managers follow closely the political events in Madagascar and Sri Lanka to avoid any risk of business failure;
- our assets are insured against fire and allied perils and other all risks insurance cover as relevant to the type of asset whilst our offices and operational sites are all equipped with fire extinguishers and security systems; and
- our HR function manages human resources risks via proper and adequate recruitment, training, coaching, job reviews, performance evaluation and succession planning.

For financial risks management, please refer to note 4 of the Notes to the Financial Statements on pages 115 to 119.

Risks Monitoring

In line with our ongoing focus on continuous process improvement, risks are assessed by management on an inherent basis (prior to existing controls) and a residual basis (post existing controls). Where the risk score is outside the Board's tolerance level, appropriate mitigation strategies are implemented to bring the residual risk to a level which is within risk appetite. On a going forward basis, the Risk Monitoring Committee shall review the risk appetite and tolerance framework on an annual basis.

The Group acknowledges that risk management is a dynamic process resulting from the constantly changing external and internal environments. Consequently, the support of Messrs. BDO & Co. was sought for the initial ongoing monitoring and review of risks and the effectiveness and adequacy of existing controls, risk treatment plans and the implementation process management.

The Group's monitoring and review processes encompass all aspects of the risk management process for the purposes of:

- ensuring that controls are effective and efficient in both design and operation;
- obtaining further information to improve risk assessment;
- analysing and learning lessons from risk events, including near-misses, changes, trends, successes and failures;

INTERNAL CONTROL AND RISK MANAGEMENT (CONT'D)

Risks Monitoring (cont'd)

- detecting changes in the external and internal context, including changes to risk criteria and to the risks, which may require revision of risk treatments and priorities. For example, if there are changes to internal or external objectives or regulations, the risk owner will update the corresponding information in the risk registers and use this information to re-analyze all affected risks; and
- identifying emerging risks.

Risk Reporting

In terms of reporting, a quarterly reporting will be tabled to the Risk Monitoring Committee by the Chief Risk Officer. The contents of the report shall detail the top risks for the Group and the key concerns for the different units, the resultant Group Matrix and the status of risk treatment plans.

Business Continuity Management Plan

Linked with its risk management framework, the Company recognises that it is vital that, as an organisation, it should be able to ensure that the most critical services and functions are maintained and that resources are protected at a reasonable level during incidents and disruptions. Thus, the Business Continuity Management (BCM) plan was designed to assist the Group through disruptions in order to protect its staff, customers, resources, infrastructure and intellectual property. As part of the implementation process, the following was achieved:

- identifying, assessing and putting in place measures for the prudent management of threats to the continuity of the business;
- identifying key business processes that are required for delivery of products and services to consumers, maintaining of reputation and ensuring continuity of income stream and, for each of these processes, agreeing the implications of failure in the hours, days and weeks following an incident;
- identifying recovery time objectives (RTOs) for each of the key processes in the event of incidents, based on an understanding of the implications of downtime, together with the people, processes and technology required to achieve resumption of business;
- identifying and assessing, on the basis of cost-effectiveness, the options available to allow resumption of key business processes;
- defining procedures to be put in place, where appropriate, based on selected recovery strategies, to protect the interests of the Group and its stakeholders;
- ensuring that key staffs are familiar with the BCM plan through induction training and their role, if applicable, within it;
- ensuring compliance with both national and local legal business continuity requirements; and
- defining the adequate business continuity in place, which will safeguard the interests of interested parties including customers, staff and suppliers.

Following its first cycle of Business Impact Analysis, the Group has developed a BCM plan and a Crisis Communication plan for each of the following functions/entities:

- the Company's Head Office and Production sites;
- Espace Maison Limitée; and
- Dry Mixed Products Ltd.

Recovery procedures were detailed with regards to two scenarios applied during the design of the BCM plans, namely, a complete loss of IT & telephony systems and the loss of our workshop services. Management is planning to test and validate the relevant plans in a near future.

MEETINGS ATTENDANCE

	Board	Corporate Governance Committee	Audit Committee	Risk Monitoring Committee	Annual Meeting of Shareholders
Marc Freismuth	6 out of 6	7 out of 7			1 out of 1
François Boullé	6 out of 6		5 out of 5	4 out of 4	1 out of 1
Yann Duchesne*	2 out of 6				0 out of 1
Joël Harel	5 out of 6	7 out of 7	5 out of 5		1 out of 1
Laurent de la Hogue	6 out of 6				1 out of 1
Arnaud Lagesse	5 out of 6				0 out of 1
Stéphane Lagesse	4 out of 6				1 out of 1
Thierry Lagesse	5 out of 6	5 out of 7			1 out of 1
Jean Claude Maingard	5 out of 6				1 out of 1
E. Jean Mamet	5 out of 6		5 out of 5	4 out of 4	1 out of 1
Christophe Quevauvilliers	6 out of 6			4 out of 4	1 out of 1
Stéphane Ulcoq	6 out of 6			3 out of 4	1 out of 1

* *On February 8, 2017, Mr Yann Duchesne was appointed Director to the Board.*

MANAGEMENT AGREEMENT

There is no management agreement between any third party and the Company or its subsidiaries. However, the Company itself has management agreements with subsidiaries and associates within the Group.

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.

In December 2016, the Board has endorsed the Group Remuneration Policy set out to ensure equity, transparency and consistency in the remuneration practices across the Group in an aim to favour greater alignment between remuneration and performance objectives. The methodical application of the remuneration policy will ensure that the Group attracts and retain talents who are engaged and committed in the long term value creation for its stakeholders.

Please refer to Other Statutory Disclosures on page 71 for a table of total emoluments and benefits received by Directors from the Company and subsidiary companies. Although it acknowledges 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 current remuneration package of the Chief Executive Officer comprises a basic salary, an annual performance bonus and other benefits in kind. 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.

Corporate governance **report**

INTEGRATED SUSTAINABILITY REPORTING

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

In terms of ethics, the Company has adopted its own Code of Ethics based on the core values of the Company which are namely: integrity, respect, citizenship, innovation, professionalism and excellence. The Code sets out the standard of conduct required by employees for both internal relations and external interactions. The Company strongly believes that it is essential that all its employees act with honesty, integrity and respect and extend the highest courtesy to colleagues, suppliers, visitors, customers and all other stakeholders, thereby nurturing long-lasting and transparent relationship and ensuring the good reputation of the Company.

In terms of the environment, the Group's Environment and Community Policy has been endorsed by the Board in February 2017 in view of promoting good environmental practices and the well-being of the community at large. Hence, the Company aims at operating in a sustainable manner.

Furthermore, the Company is continuously making significant investments in appropriate equipment aimed at reducing dust emission from its production plants. Our largest plant at Geoffroy Road is the first eco-friendly plant of its kind in Mauritius. Furthermore, a few years ago the Company launched a concrete recycling project aimed 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 all our production units are equipped to run safely thereby minimising the risk of causing damage to the environment and to the community within which it operates. Concerning the health and safety of employees, regular training initiatives are undertaken to enhance the level of health and safety practices in the workplace and to help increase the awareness of employees regarding security and health issues by insisting on the use of protective clothing and accessories. Furthermore, all our workers undergo full health tests on a yearly basis to detect any illnesses and ensure adequate remedial and preventive treatments.

In terms of social responsibility, our policies and practices are as detailed in our Corporate Social Responsibility (CSR) report on page 68.

DONATIONS

Please refer to Other Statutory Disclosures on page 75 for details of donations made during the year.

EMPLOYEE SHARE OPTION PLAN

The Company has no employee share option plan.

PROVISION FOR PENSION BENEFITS

Please refer to note 21 of the Notes to the Financial Statements on pages 138 to 141 for details of total provisions booked or otherwise recognised by the Company and the Group for the payment of pension benefits.

RELATED PARTY TRANSACTIONS

Please refer to note 29 of the Notes to the Financial Statements on page 144 for details on related party transactions.

BHOONESHI NEMCHAND
Company Secretary

September 21, 2017

New national code of **corporate governance 2016**

PROGRESS REPORT

The Company is committed to upholding high standards of corporate governance within the Group in view of ensuring sustainable value creation for its stakeholders. To this end, the Corporate Governance Committee has assessed the Group's governance established practices and has set up a work-plan to strengthen its governance framework and implement the principles of the new National Code of Corporate Governance 2016 enunciated below:

- Principle 1: Governance Structure
- Principle 2: The Structure of the Board and its Committees
- Principle 3: Director Appointment Procedures
- Principle 4: Director Duties, Remuneration and Performance
- Principle 5: Risk Governance and Internal Control
- Principle 6: Reporting with Integrity
- Principle 7: Audit
- Principle 8: Relations with Shareholders and Other Key Stakeholders

The key initiatives undertaken by the Company during the financial year 2016-2017 included, inter alia:

- the implementation of an Enterprise Risk Management and a Business Continuity Framework within the Group;
- the reinforcement of the internal audit function of the Group;
- the adoption of the Group Remuneration Policy, the Succession Planning Policy for Executives and Directors and the Environment and Community Policy;
- the review of the Share Dealing Policy; and
- the approval of the position statements of senior governance positions.

The Company will pursue its endeavours in paving the way to sound and sustainable governance practices within the Group. Additional policies and practices will be formulated and implemented during the financial year 2017-2018 to reinforce the Company's commitment to good governance practices. Furthermore, the Board acknowledges that the implementation of the above captioned principles entails effective reporting to the stakeholders of the Company. To this end, the Company is in the process of revamping its website to ensure that key documents and salient information are easily accessible to its stakeholders. The Company is also considering espousing an Integrated Reporting approach which will contribute positively to sustainable value creation for all stakeholders.


"Sharing our knowledge and skills with the young generation."

Corporate Social Responsibility (CSR) Report

OUR PLEDGE

Our current environmental and social climate is a testament to the challenging times we live in, and UBP Group is determined to play its part in addressing common problems and improving lives. We view Corporate Social Responsibility ('CSR') as a way to grow our business in harmony with the planet and its people. We are deeply aware that we have a responsibility towards our citizens, and we pledge to leverage our resources, reach and expertise to drive sustainable change in our communities. Through this lens, we seek to bring value to our current stakeholders and for generations to come.

Our CSR report effectively communicates our sustainability priorities and practices, and how they impact our customers, employees and society at large.

To help us achieve the objectives we have set, an employee-led CSR Committee steers our initiatives. The Committee convenes regularly to discuss the most meaningful ways to give back to society, identifies areas of improvement and seamlessly integrates our CSR practices to our overall strategy. Above all, the Group takes pride in going beyond mere philanthropy and money donations: we invest time, skills, expertise and strategic thinking into every project, engaging only with those that resonate with our underlying values. By building a close relationship with organisations and individuals, we ensure that we offer long-lasting, purposeful support.

For our initiatives to bear results, we believe it is critical for our employees to play the role of positive influences in the larger community; at the same time, we create leadership opportunities for them outside of their job functions.

OUR AREAS OF INTERVENTION

UBP spent a total of Rs. 4.5 million on CSR, which includes contributions to IBL's Fondation Joseph Lagesse ('FJL') as well as UBP's own initiatives. Of the 26 projects we piloted last year, 11 have been in progress for over three years, 10 are new initiatives and 5 are a collaborative effort with FJL.

Five areas of focus form the cornerstone of our CSR strategy: the Welfare of Vulnerable Persons, Education, the Environment & Heritage, Sports and our "Coup de Coeur" Projects.

Welfare of Vulnerable Persons

Our focus last year was the Welfare of Vulnerable Persons, predominantly children, with 50% of our CSR budget allocated to them. This cause focuses on the support and well-being of socially-excluded communities who live below the poverty line. Our welfare programmes, which also comprise an education component, are geared at providing educational support, meals and stationery to underprivileged children, providing adequate salaries to teachers and renovating school buildings to upgrade learning conditions. We also participated in the upgrading of a shelter for women. Our objective is to create a more inclusive society in which all segments of the population are equal participants, regardless of age, disability, employment status, religious conviction or socio-economic group. Ultimately, we aspire to eradicate poverty.

Our efforts were particularly aimed at uplifting Mouvement Forces Vives Quartier EDC Rose Belle, Garderie Etoile, SOS Children Village, Solidarité Mamans, Small Step Matters, Caritas Centre d'Eveil in Bambous, Caritas Centre d'Eveil in Roche Bois, APEIM and Lovebridge.

Education

Education is the key to improving lives and unlocking a brighter future for our citizens. Taking this concept forward, we are determined to provide high-quality education to students by sponsoring those who demonstrate academic promise, renovating schools and their facilities, purchasing textbooks and providing emotional counsel. We believe that closing the education gap is the best way to ensure equal access to employment.

Les Joyeux Copains Pre-Primary School, Institut Cardinal Jean Margeot through the programme Les Amis de Zippy, Burrenchobay Government School, Collège Technique St Gabriel, Eugène Dethise RCA School and Mare d'Albert Government School all benefited from our initiatives. We also actively participated in helping Espérance 2000, an NGO that seeks to drive social change by imparting vital life skills to children in low-income communities.

Environment and Heritage

As a Group operating in the construction industry, we are aware of our responsibility towards the environment. We dedicated 9% of our budget to promoting high environmental standards across our supply chain and protecting our natural resources and heritage. Restoring the Old Sugar Mill Chimney through SOS Patrimoine was at the core of our environmental initiative, as we are strong believers in preserving historic buildings to keep our national heritage alive.

Sports

Sports can have a profound impact on people's health and well-being, while teaching valuable lessons about dedication, discipline and teamwork - values that are in harmony with what UBP stands for. We have, to this end, assigned 16% of our CSR budget to the promotion and development of sports through the sponsorship of sporting events and the purchase of equipment.

Mauritius Tennis Federation, Faucon Flacq Sporting Club, Mangalkhan Sports Club and Club Sportif de Gros Cailloux were the primary beneficiaries of our endeavors in this segment.

Our "Coup de Coeur" Projects

All "Coup de Coeur" Projects are initiated by our employees, who are encouraged to come forward with a cause they deeply care about. We acknowledge that this is a powerful way to engage our employees in our CSR activities, fuel their creativity and improve their morale. Last year, we chose to contribute to the renovation of Crèche Coeur Immaculée de Marie; Kolectif Rivière Noire's children were provided school supplies; three families in Caritas Goodlands' slums were offered adequate living conditions; finally, we extended our initiatives beyond Mauritius' borders in Rodrigues' Lions Club, where four families were also provided better living conditions.

OUR CSR VISION

Through this report, we wish to inspire all our employees in proceeding down a path of greater accountability and transparency. Though there are significant challenges ahead, we strongly believe that solutions emerge when great minds come together. We therefore require more participation, collaboration and support from an active and engaged CSR Committee; but beyond the Committee, responsible practices must extend to all departments, roles and individuals. Implementing a CSR approach is a journey that requires continual learning and improvement, and UBP will continue identifying new issues that are aligned with our core values.

Budget 2016-17 *RS* 4.5**M**

Our Engagement

TO GROW OUR BUSINESS IN HARMONY WITH THE PLANET AND ITS PEOPLE

Our Pledge

WE PLEDGE TO LEVERAGE OUR RESOURCES, REACH & EXPERTISE TO DRIVE SUSTAINABLE CHANGE IN OUR COMMUNITIES

Our Approach

AN EMPLOYEE-LED CSR COMMITTEE STEERS OUR INITIATIVES

Our Areas of focus

Welfare of Vulnerable Persons **(50%)**

Education **(17%)**

Coup de coeur **(8%)**

Environment & Heritage **(9%)**

Sports **(16%)**

Our Achievements

- Employees volunteered in projects
- Better CSR policy conveyance

> 1,000 beneficiaries

Our Projects piloted

26 projects piloted

- 10 new initiatives
- 4 Coup de Cœur projects

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 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 maintaining an effective system of internal control and risk management, for safeguarding the assets of the Company and for taking all reasonable steps to prevent and detect fraud and other irregularities.

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 year ended June 30, 2017. They also acknowledge the responsibility of the external auditors to report on these financial statements and to express an opinion as to whether they are fairly presented.

The Directors confirm that they have established an internal audit function and report that proper accounting records have been maintained during the year ended June 30, 2017 and that nothing has come to their attention that 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

MARC FREISMUTH
Chairman

STÉPHANE ULCOQ
Chief Executive Officer

September 21, 2017

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 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 and decorating 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 sugar cane cultivation, the sale of agricultural products, landscaping services and leisure activities through one of its subsidiaries.

Besides Mauritius, the Group is present in Rodrigues, Madagascar and Sri Lanka. In December 2015, the Company acquired a 15% stake in a company manufacturing clay bricks in Zambia.

DIRECTORS

Members of the Board of Directors at June 30, 2017 were:

THE COMPANY

Messrs:

Marc Freismuth - Chairman

François Boullé

Yann Duchesne - Appointed on February 8, 2017.

Joël Harel

Laurent de la Hogue

Arnaud Lagesse

Stéphane Lagesse

Thierry Lagesse

Jean Claude Maingard

E. Jean Mamet

Christophe Quevauvilliers

Stéphane Ulcoq

SUBSIDIARY COMPANIES

ESPACE MAISON LTÉE

Messrs:

Thierry Lagesse - Chairman

François Boullé

Yann Duchesne - Appointed on February 8, 2017.

Marc Freismuth

Joël Harel

Laurent de la Hogue

Stéphane Lagesse

Jean Claude Maingard

E. Jean Mamet

Stéphane Ulcoq

COMPAGNIE DE GROS CAILLOUX LIMITÉE

Messrs:

Thierry Lagesse - Chairman

François Boullé

Christophe Quevauvilliers

Stéphane Ulcoq

WELCOME INDUSTRIES LIMITED

Messrs:

Thierry Lagesse - Chairman

Christophe Quevauvilliers

Stéphane Ulcoq

Other statutory **disclosures**

UBP INTERNATIONAL LIMITED

Messrs:

Thierry Lagesse – Chairman

Marc Freismuth – Appointed on January 16, 2017.

Joel Harel – Appointed on January 16, 2017.

Mr Louis Raoul Harel resigned as Director to the Board on January 16, 2017.

UBP MADAGASCAR

Mr: Steve René – Manager

UNITED GRANITE PRODUCTS (PRIVATE) LIMITED

Messrs:

Joseph Albert

A. Mahir Didi

Rémi de Gersigny

Hussain Sadd Hashim

Christophe Quevauvilliers

Stéphane Ulcoq

SAINTE MARIE CRUSHING PLANT LIMITED

Messrs:

Thierry Lagesse - Chairman

Richard Koenig

Christophe Quevauvilliers

Stéphane Ulcoq

DRY MIXED PRODUCTS LTD

Messrs:

Marc Freismuth - Chairman

Vincent Jacques Bouckaert -alternate: Jamshed Khan

Alexis Caude – Appointed on May 29, 2017 in replacement of Mr Jean Yves Koenig who resigned on the same date.

Thierry Lagesse - alternate : Christophe Quevauvilliers

Colin Taylor - alternate : Eric Adam

Stéphane Ulcoq

LAND RECLAMATION LIMITED

Messrs:

François Boullé

Joël Harel

STONE & BRICKS LIMITED

Messrs:

Christophe Quevauvilliers

Joël Harel

THE STONE MASTERS CO. LTD

Messrs:

Christophe Quevauvilliers

Joël Harel

PRICOM LTD

Messrs:

Thierry Lagesse - Chairman

Joël Harel

Stéphane Ulcoq

DIRECTORS' REMUNERATION AND BENEFITS

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

	Executives		Non-Executives	
	2017	2016	**2017**	2016
	Rs'000	Rs'000	**Rs'000**	Rs'000
The Company	**11,459**	9,186	**2,008**	2,060
Subsidiary Companies :				
Espace Maison Ltée	**-**	-	**744**	770
Compagnie de Gros Cailloux Limitée	**-**	-	**80**	80
Welcome Industries Limited	**-**	-	**-**	-
UBP International Limited	**-**	-	**-**	-
UBP Madagascar	**-**	-	**-**	-
United Granite Products (Private) Limited	**-**	-	**-**	-
Sainte Marie Crushing Plant Limited	**-**	-	**120**	120
Dry Mixed Products Ltd	**-**	-	**-**	-
Land Reclamation Limited	**-**	-	**-**	-
Stone & Bricks Limited	**-**	-	**-**	-
The Stone Masters Co. Ltd	**-**	-	**-**	-
Pricom Ltd	**-**	-	**-**	-

Other statutory **disclosures**

DIRECTORS' AND SENIOR OFFICERS' INTERESTS IN SHARES

The Directors' and Senior Officers' interests in the ordinary shares of the Company at June 30, 2017 were as follows:

	Category	Ordinary shares			
		Direct		Indirect	
		Number	%	Number	%
Directors					
Marc Freismuth - Chairman	INED	-	-	-	-
François Boullé	INED	26,270	0.099	-	-
Yann Duchesne	NED	-	-	-	-
Joël Harel	INED	-	-	-	-
Laurent de la Hogue	NED	-	-	-	-
Arnaud Lagesse	NED	-	-	12,200	0.046
Stéphane Lagesse	NED	216	0.001	45,137	0.170
Thierry Lagesse	NED	2,090	0.008	45,137	0.170
Jean Claude Maingard	NED	-	-	-	-
E. Jean Mamet	INED	-	-	2,000	0.007
Christophe Quevauvilliers	ED	600	0.002	12	0.000
Stéphane Ulcoq	ED	-	-	-	-
Senior Officers					
Edley Michaud	*	605	0.002	-	-
Dhuenesh Rambarassah	*	480	0.002	-	-

ED – Executive Director

INED – Independent Non-Executive Director

NED – Non-Executive Director

**The job titles of the Senior Officers are as described in their profile on pages 16 to 23.*

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 Messrs Stéphane Ulcoq and Christophe Quevauvilliers who each have 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

The shareholders holding more than 5% of the share capital of the Company at June 30, 2017 were as follows:

Shareholders	Number of shares	% Holding
IBL Ltd *(formerly known as GML Investissement Ltée)*	8,785,100	33.14
National Pensions Fund	1,328,273	5.01

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 2,824,585 during the year ended June 30, 2017 (2016: Rs 836,356) out of which none (2016: Rs 77,965) was political donations.

AUDITORS' REMUNERATION

The auditors' remuneration was as follows:

	THE GROUP		THE COMPANY	
	2017	2016	**2017**	2016
	Rs'000	Rs'000	**Rs'000**	Rs'000
Audit fees :				
Ernst & Young	**2,795**	2,678	**1,129**	1,129
Other firms	**-**	-	**-**	-
Non-audit fees :				
Ernst & Young	**283**	506	**162**	158
Other firms	**1,343**	450	**225**	-

The non-audit fees paid by the Group to Ernst & Young comprised of tax services for Rs 283,451 (2016 : Rs 275,865) and Rs 230,000 for assistance to a tax assessment in 2016.

The Group paid Rs 1,343,050 as non-audit fees to other firms for the year ended June 30, 2017 (2016 : Rs 450,000).

Company secretary’s **certificate**

COMPANY SECRETARY’S CERTIFICATE - JUNE 30, 2017

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.

BHOONESHI NEMCHAND
Company Secretary

September 21, 2017

Independent Auditors' Report

TO THE MEMBERS OF THE UNITED BASALT PRODUCTS LIMITED

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of The United Basalt Products Limited (the "Company") and its subsidiaries (the "Group") set out on pages 78 to 149 which comprise the statements of financial position as at June 30, 2017, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows for the year then ended, and notes to the financial statements, including significant accounting policies.

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

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

Key Audit Matter	How the matter was addressed in the audit
Impairment of net investments in overseas subsidiaries The Company has net investments in its overseas subsidiaries of Rs 217M at June 30, 2017. The investments are carried at cost less impairment and, in accordance with IAS 36, impairment losses are recognised in profit or loss. The impairment losses recorded during the year amounted to Rs 93M. These subsidiaries have been making losses over the past years and are not operating at full capacity. As pointed out in note 10, the management considered the value of similar quarries as reported by an independent valuation expert. The management then applied discount rates, where appropriate, to those comparable assets in order to reflect the situation of its subsidiaries. Valuations of properties by an expert and the application of discount rates to reflect the context of the subsidiaries requires significant judgment and could produce significantly different estimates of the recoverable amount of the net investments in overseas subsidiaries. Refer to note 10 for disclosure of investment in subsidiaries.	We read and understood the valuation reports of management experts. We corroborated the explanations with our knowledge of the underlying companies' activities and knowledge of the industry. We enquired with management about the rationale of applying discount rates and about the comparability of the assets valued by the external expert. We checked the computation of the recoverable amounts of the investments using the Directors' valuation of the quarries. We assessed the adequacy of associated valuation adjustments and tested that the related disclosures were appropriate.

Other Information

The Directors are responsible for the other information. The other information comprises the Statement of Directors' responsibilities and the Company Secretary's Certificate as required by the Companies Act 2001, and Corporate Governance Report which we obtained prior to the date of this auditor's report. The Annual Report is expected to be made available to us after that date. Other information does not include the financial statements and our auditor's report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Independent
Auditors' Report

Responsibilities of the Directors for the Financial Statements

The Directors are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act 2001 and Financial Reporting Act 2004 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.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

Other Matter

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Companies Act 2001

We have no relationship with or interests in the Group and Company other than in our capacity 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 it appears from our examination of those records.

Financial Reporting Act 2004

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

In our opinion, the disclosures in the Corporate Governance Report are consistent with the requirements of the Code.

ERNST & YOUNG
Ebène, Mauritius

LI KUNE LAN POOKIM, F.C.A, F.C.C.A
Licensed by FRC

September 21, 2017

STATEMENTS OF FINANCIAL POSITION

AS AT JUNE 30, 2017

	Notes	THE GROUP 2017 Rs'000	THE GROUP 2016 Rs'000	THE COMPANY 2017 Rs'000	THE COMPANY 2016 Rs'000
ASSETS					
Non-current assets					
Property, plant and equipment	5	**3,331,801**	2,888,908	**1,634,712**	1,462,520
Investment properties	6	**17,666**	16,033	**204,679**	193,259
Bearer biological assets	7	**8,411**	13,779	**-**	-
Intangible assets	8	**30,150**	24,762	**11,445**	9,451
Deferred expenditure	9	**18,211**	-	**-**	-
Investment in subsidiaries	10	**-**	-	**1,146,576**	1,079,659
Investment in associates	11	**212,585**	146,865	**107,248**	107,248
Available-for-sale investments	12	**62,822**	75,216	**56,297**	71,139
Deferred tax assets	14(c)	**9,512**	-	**-**	-
		3,691,158	3,165,563	**3,160,957**	2,923,276
Current assets					
Consumable biological assets	15	**31,998**	35,894	**-**	-
Inventories	16	**760,864**	671,575	**264,970**	247,237
Other current financial asset	13	**13,795**	13,795	**13,795**	13,795
Trade and other receivables	17	**445,588**	369,370	**332,303**	387,445
Income tax receivables	14(b)	**1,600**	-	**-**	-
Cash at bank and on hand	18	**26,351**	50,288	**2,545**	3,108
		1,280,196	1,140,922	**613,613**	651,585
TOTAL ASSETS		**4,971,354**	4,306,485	**3,774,570**	3,574,861
EQUITY AND LIABILITIES					
Equity					
Issued capital	19(a)	**265,100**	265,100	**265,100**	265,100
Reserves	19(b)	**2,865,690**	2,366,381	**2,052,909**	1,913,060
Equity attributable to shareholders of the parent		**3,130,790**	2,631,481	**2,318,009**	2,178,160
Non-controlling interests		**42,766**	46,238	**-**	-
Total equity		**3,173,556**	2,677,719	**2,318,009**	2,178,160
Non-current liabilities					
Interest-bearing loans and borrowings	20	**607,340**	596,904	**560,000**	560,000
Deferred tax liability	14(c)	**96,138**	38,316	**65,525**	32,941
Employee benefit liability	21	**302,456**	282,656	**255,818**	233,679
		1,005,934	917,876	**881,343**	826,620
Current liabilities					
Interest-bearing loans and borrowings	20	**498,577**	417,642	**425,667**	417,790
Trade and other payables	22	**285,307**	258,925	**147,114**	130,711
Dividend		**-**	7,210	**-**	-
Income tax payable	14(b)	**7,980**	27,113	**2,437**	21,580
		791,864	710,890	**575,218**	570,081
Total liabilities		**1,797,798**	1,628,766	**1,456,561**	1,396,701
TOTAL EQUITY AND LIABILITIES		**4,971,354**	4,306,485	**3,774,570**	3,574,861

These financial statements were approved by the Board of Directors on September 21,2017 and signed on its behalf by :

Marc Freismuth
Chairman

Stéphane Ulcoq
Chief Executive Officer

The notes on pages 82 to 149 form an integral part of these financial statements. Auditors' report on pages 78 to 81.

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED JUNE 30, 2017

	Notes	THE GROUP		THE COMPANY	
		2017	2016	**2017**	2016
		Rs'000	Rs'000	**Rs'000**	Rs'000
Revenue	23	**2,651,466**	2,636,450	**1,401,927**	1,394,917
Operating profit	24	**217,162**	254,324	**87,032**	136,602
Finance income	25	**1,347**	2,473	**38,704**	40,821
Finance costs	26	**(47,081)**	(51,633)	**(44,641)**	(51,630)
Share of results of associates	11	**34,280**	(6,367)	**-**	-
Profit before tax		**205,708**	198,797	**81,095**	125,793
Income tax expense	14(a)	**(34,077)**	(40,694)	**(30,091)**	(30,140)
Profit for the year		**171,631**	158,103	**51,004**	95,653
Other comprehensive income					
Other comprehensive income to be reclassified to profit or loss in subsequent periods:					
Net gain/(loss) on available-for-sale investments	12	**2,329**	(8,002)	**1,442**	(6,906)
Release on disposal of available-for-sale investments		**(10,813)**	-	**(10,813)**	-
Exchange differences on translation of foreign operations		**1,667**	(10,089)	**-**	-
Net other comprehensive loss to be reclassified to profit or loss in subsequent periods		**(6,817)**	(18,091)	**(9,371)**	(6,906)
Items not to be reclassified to profit or loss in subsequent periods:					
Re-measurement (losses)/gains on defined benefit plans	21	**(13,223)**	21,731	**(9,135)**	14,169
Tax effect	14(a)	**2,300**	(2,730)	**1,553**	(2,409)
Revaluation of land and buildings	5	**446,235**	-	**215,820**	-
Tax effect	14(a)	**(45,411)**	-	**(23,864)**	-
Share of movement in reserves in associates	11	**42,090**	(1,538)	**-**	-
Net other comprehensive income not being reclassified to profit or loss in subsequent periods		**431,991**	17,463	**184,374**	11,760
Other comprehensive income/(loss) for the year, net of tax		**425,174**	(628)	**175,003**	4,854
Total comprehensive income for the year, net of tax		**596,805**	157,475	**226,007**	100,507
Profit for the year attributable to:					
Equity holders of the parent		**159,669**	136,346	**51,004**	95,653
Non-controlling interests		**11,962**	21,757	**-**	-
		171,631	158,103	**51,004**	95,653
Total comprehensive income for the year attributable to:					
Equity holders of the parent		**585,467**	137,075	**226,007**	100,507
Non-controlling interests		**11,338**	20,400	**-**	-
		596,805	157,475	**226,007**	100,507
Earnings per share - Basic and diluted (Rs)	27	**6.02**	5.14		

The notes on pages 82 to 149 form an integral part of these financial statements. Auditors' report on pages 78 to 81.

STATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED JUNE 30, 2017

THE GROUP	Issued capital	Share premium	Associate companies	Revaluation reserve	Fair Value reserve	Translation reserve	Retained earnings	Total	Non controlling interests	Total
	Attributable to equity shareholders of the parent									
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
At July 1, 2015	265,100	7,354	65,476	1,093,038	36,615	15,344	1,091,009	2,573,936	40,848	2,614,784
Profit for the year	-	-	-	-	-	-	136,346	136,346	21,757	158,103
Other comprehensive (loss)/income	-	-	(1,538)	-	(8,002)	(7,900)	18,169	729	(1,357)	(628)
Total comprehensive (loss)/income for the year	-	-	(1,538)	-	(8,002)	(7,900)	154,515	137,075	20,400	157,475
Dividends (note 28)	-	-	-	-	-	-	(79,530)	(79,530)	(15,010)	(94,540)
At June 30, 2016	265,100	7,354	63,938	1,093,038	28,613	7,444	1,165,994	2,631,481	46,238	2,677,719
At July 1, 2016	265,100	7,354	63,938	1,093,038	28,613	7,444	1,165,994	2,631,481	46,238	2,677,719
Profit for the year	-	-	-	-	-	-	159,669	159,669	11,962	171,631
Other comprehensive (loss)/income	-	-	42,090	397,499	(8,484)	3,211	(8,518)	425,798	(624)	425,174
Total comprehensive (loss)/income for the year	-	-	42,090	397,499	(8,484)	3,211	151,151	585,467	11,338	596,805
Dividends (note 28)	-	-	-	-	-	-	(86,158)	(86,158)	(14,810)	(100,968)
At June 30, 2017	**265,100**	**7,354**	**106,028**	**1,490,537**	**20,129**	**10,655**	**1,230,987**	**3,130,790**	**42,766**	**3,173,556**

The notes on pages 82 to 149 form an integral part of these financial statements. Auditors' report on pages 78 to 81.

STATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED JUNE 30, 2017

THE COMPANY	Issued capital	Share premium	Revaluation reserve	Fair value reserve	Retained earnings	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
At July 1, 2015	265,100	7,354	505,210	33,843	1,345,676	2,157,183
Profit for the year	-	-	-	-	95,653	95,653
Other comprehensive (loss)/income	-	-	-	(6,906)	11,760	4,854
Total comprehensive (loss)/income for the year	-	-	-	(6,906)	107,413	100,507
Dividends (note 28)	-	-	-	-	(79,530)	(79,530)
At June 30, 2016	265,100	7,354	505,210	26,937	1,373,559	2,178,160
At July 1, 2016	265,100	7,354	505,210	26,937	1,373,559	2,178,160
Profit for the year	-	-	-	-	51,004	51,004
Other comprehensive (loss)/income	-	-	191,956	(9,371)	(7,582)	175,003
Total comprehensive (loss)/income for the year	-	-	191,956	(9,371)	43,422	226,007
Dividends (note 28)	-	-	-	-	(86,158)	(86,158)
At June 30, 2017	**265,100**	**7,354**	**697,166**	**17,566**	**1,330,823**	**2,318,009**

The notes on pages 82 to 149 form an integral part of these financial statements. Auditors' report on pages 78 to 81.

STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2017

	Notes	THE GROUP		THE COMPANY	
		2017	2016	**2017**	2016
OPERATING ACTIVITIES		**Rs'000**	Rs'000	**Rs'000**	Rs'000
Profit before tax		**205,708**	198,797	**81,095**	125,793
Adjustment for:					
Depreciation of property, plant and equipment	5	**241,885**	237,227	**166,491**	168,012
Depreciation of investment properties	6	**2,111**	2,065	**17,526**	16,688
Amortisation of intangible assets	8	**4,876**	3,944	**1,683**	1,160
Impairment of available-for-sale investments	12	**2,555**	2,968	**2,555**	2,968
Impairment of investment in/receivable from subsidiary	24	**-**	-	**92,964**	58,000
Write-off of intangible assets	8	**3,262**	1,653	**-**	-
Write-off of property, plant and equipment	5	**249**	874	**-**	-
Amortisation of bearer biological assets	7	**2,217**	3,439	**-**	-
Impairment adjustment of bearer biological assets	7	**6,915**	(380)	**-**	-
Movement in retirement benefit obligations	21	**14,071**	6,321	**13,005**	1,906
Profit on disposal of property, plant and equipment	24	**(3,551)**	(6,840)	**(1,639)**	(3,818)
Profit on disposal of investment		**(11,100)**	(808)	**(11,100)**	(808)
Share of results of associates	11	**(34,280)**	6,367	**-**	-
Finance costs	26	**47,081**	51,633	**44,641**	51,630
Finance revenue	25	**(1,347)**	(2,473)	**(38,704)**	(40,821)
Movement in working capital:					
Decrease/(increase) in consumable biological assets		**3,896**	(6,407)	**-**	-
(Increase)/decrease in inventories		**(43,293)**	942	**19,518**	(14,789)
(Increase)/decrease in trade and other receivables		**(78,133)**	6,320	**(106,650)**	(19,950)
Increase/(decrease) in trade and other payables		**26,382**	(18,164)	**16,403**	25,977
Cash generated from operations		**389,504**	487,478	**297,788**	371,948
Interest paid		**(47,081)**	(51,633)	**(44,641)**	(51,630)
Finance revenue		**258**	144	**1,275**	1,520
Income tax paid	14 (b)	**(47,696)**	(25,145)	**(37,051)**	(19,534)
Cash compensation paid	9	**(20,387)**	-	**-**	-
Net cash flows from operating activities		**274,598**	410,844	**217,371**	302,304
INVESTING ACTIVITIES					
Proceeds from disposal of property, plant and equipment		**8,489**	21,111	**15,266**	12,386
Proceeds from sale of investment		**14,016**	-	**14,016**	899
Purchase of property, plant and equipment	18	**(294,805)**	(232,742)	**(191,291)**	(185,789)
Purchase of investment properties	6	**-**	(1,918)	**(11,396)**	(9,382)
Purchase of intangible assets	8	**(13,522)**	(9,456)	**(3,677)**	(6,992)
Expenditure on bearer biological assets	7	**(3,764)**	(4,392)	**-**	-
Purchase of available-for-sale investments	12	**(1,561)**	(28,820)	**-**	(28,820)
Investment in subsidiary	9	**-**	-	**-**	(21,500)
Dividend received from associates	11	**10,650**	11,100	**-**	-
Dividend received from other equity investment	25	**1,089**	2,329	**37,429**	39,301
Net cash flows used in investing activities		**(279,408)**	(242,788)	**(139,653)**	(199,897)

The notes on pages 82 to 149 form an integral part of these financial statements. Auditors' report on pages 78 to 81.

STATEMENTS OF CASH FLOWS (CONT'D)

FOR THE YEAR ENDED JUNE 30, 2017

	Notes	THE GROUP		THE COMPANY	
		2017	2016	2017	2016
FINANCING ACTIVITIES		Rs'000	Rs'000	Rs'000	Rs'000
Proceeds from borrowings		**475,300**	909,000	**511,800**	955,500
Repayment of term loans		**(426,688)**	(898,356)	**(532,927)**	(916,180)
Repayment of finance lease liabilities		**(11,786)**	(18,692)	**(3,833)**	(12,788)
Dividend paid - The Company		**(93,368)**	(86,198)	**(86,158)**	(79,530)
Dividend paid - Minority shareholders		**(14,810)**	(15,010)	**-**	-
Net cash flows used in financing activities		(71,352)	(109,256)	(111,118)	(52,998)
(Decrease)/Increase in cash and cash equivalents		(76,162)	58,800	(33,400)	49,409
MOVEMENT IN CASH AND CASH EQUIVALENTS					
At July 1,		**(196,691)**	(251,506)	**(196,138)**	(245,547)
Exchange difference		**3,534**	(3,985)	**-**	-
Movement		**(76,162)**	58,800	**(33,400)**	49,409
At June 30,	18	**(269,319)**	(196,691)	**(229,538)**	(196,138)

The notes on pages 82 to 149 form an integral part of these financial statements. Auditors' report on pages 78 to 81.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2017

1. CORPORATE INFORMATION

The United Basalt Products Limited 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, together referred to as the 'Group', are the manufacturers and sellers of building materials, provision of workshop services and sellers of agricultural products.

The consolidated and separate financial statements for the year ended June 30, 2017 were authorised for issue by the Board of Directors on September 27, 2017 and the statements of financial position were signed on the Board's behalf by Messrs Marc Freismuth and Stéphane Ulcoq. The consolidated and separate financial statements will be submitted to the shareholders for approval at the annual meeting.

2. ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION

The consolidated and separate financial statements of the Group and the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and complied with the Companies Act 2001 and Financial Reporting Act 2004.

The consolidated and separate financial statements have been prepared on a historical cost basis except for land and buildings classified under property, plant and equipment, available-for-sale investments and consumable biological assets that have been measured at their fair value as disclosed in the accounting policies hereafter.

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

The consolidated financial statements provide comparative information in respect of the previous period.

2.2 BASIS OF CONSOLIDATION

The consolidated financial statements comprise the financial statements of The United Basalt Products Limited and its subsidiaries as at June 30, 2017.

Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the statement of financial position and statement of comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

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 statement of profit or loss
- Reclassifies the parent's share of components previously recognised in other comprehensive income to statement of profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities.

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 at fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition related costs are expensed as incurred 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 previously held equity interest is re-measured at its acquisition date fair value and any resulting gain or loss is recognised in the statement of profit or loss and other comprehensive income. It is then considered in the determination of goodwill.

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(a) Business combinations and goodwill (Cont'd)

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of IAS 39 Financial Instruments: Recognition and Measurement, is measured at fair value with changes in fair value recognised in the statement of profit or loss and other comprehensive income. If the contingent consideration is not within the scope of IAS 39, it is measured in accordance with the appropriate IFRS. Contingent consideration that is classified as equity is not re-measured and subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the re-assessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain 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) Fair value measurement

The Group measures its non-financial assets such as biological assets at fair value at each reporting date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The Group's management determines the policies and procedures for both recurring fair value measurement, such as unquoted available-for-sale financial assets, and for non-recurring measurement, such as assets held for sale.

Financial assets that are unquoted are fair valued by management at least annually at the reporting date. The use of external valuers is decided by the management when the situation dictates it, taking into consideration the relevant factors.

Involvement of external valuers for the valuation of its properties is decided upon by management after discussion with and approval of the audit committee, usually every three years. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. Management decides, after discussions with the Group's external valuers, which valuation techniques and inputs to use for each case. Management assesses the changes in the inputs, as well as those in the environment, from both internal and external sources, that affect the fair value of the property since the last valuation, and thereafter decides on the involvement of external valuers.

At each reporting date, management analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Group's accounting policies. For this analysis, management verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to relevant documents.

Management, in conjunction with the Group's external valuers, also compares the changes in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable.

The fair values of the Group's consumable biological assets are determined by Management at least annually at the reporting date through the income approach. Inputs and assumptions used in the determination of the fair value are verified and validated to their respective sources and documents.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(c) Property, plant and equipment

Except for freehold land and buildings, property, plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the property, plant and equipment. 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.

Freehold land and buildings are measured at fair value less accumulated depreciation on buildings and impairment losses recognised at the date of the revaluation. Valuations are performed with sufficient frequency (3 to 5 years) to ensure that the fair value of a revalued asset does not differ materially from its carrying amount.

A revaluation surplus is recorded in other comprehensive income and 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.

When an item of property, plant and equipment is revalued, the carrying amount of that asset is adjusted to the revalued amount. At the date of the revaluation, the accumulated depreciation is eliminated against the gross carrying amount of the asset.

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:

	%
Buildings	**2 to 5**
Leasehold improvements	**Over lease period**
Land improvements	**20**
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 properties are not capitalised and the lease payments are charged to profit or loss on accrual straight-lined basis. Improvements on leasehold properties are capitalised and amortised over the lease period.

The useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

(d) Investment properties

Investment properties are initially measured at cost, including transaction costs and subsequently at cost net of accumulated depreciation and accumulated impairment losses, if any.

The cost 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 they are permanently withdrawn from use and no future economic benefit is expected from their 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. If owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

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

(e) Biological assets

Bearer biological assets

Bearer biological assets comprising of sugar cane ratoons and plantation costs are capitalised and amortised over the period during which the Group expects to benefit from the asset, usually seven years. In prior year, the Group early adopted amendments brought to IAS 16 and IAS 41 to account for bearer plants in the same way as property, plant and equipment. No impact was noted as the Group previously used the same method to account for its bearer plants.

Consumable biological assets

Consumable biological assets represent standing cane and plants and are stated at fair value less costs to sell. The fair value is measured as the expected net cash flows from the sale of the cane and plants discounted at the relevant market determined pre-tax rate.

(f) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their 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 the related expenditure is reflected in 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.

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(f) Intangible assets (Cont'd)

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 are considered to modify 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 such as goodwill 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 computer software, which is amortised using the straight line method over 6 years.

(g) Deferred expenditure

Voluntary Retirement Scheme (VRS) costs

VRS costs are capitalised as deferred expenditure when incurred as the costs will be recouped through the sale of land on which no land conversion tax will be payable. VRS costs is amortised over a period as determined by management. The amortisation period is reviewed periodically to reflect the circumstances of the Company. When the sale of land is realised, the corresponding unamortised portion of deferred cost will be recognised in the statement of profit or loss and other comprehensive income.

(h) Investment in subsidiaries

Subsidiaries are those entities controlled by the Company. Control is achieved when the company is exposed to, or has right to, variable returns from its investment with the entity and has the ability to affect those returns through its power over the 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.

(i) Investment in associates

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control over those policies.

The considerations made in determining significant influence are similar to those necessary to determine control over subsidiaries.

The Group's investments in its associates are accounted for using the equity method.

Under the equity method, the investment in an associate is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate since the acquisition date. Goodwill relating to the associate is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment.

The profit or loss reflects the Group's share of the results of operations of the associate. Any change in other comprehensive income of those investees is presented as part of the Group's in other comprehensive income. In addition, when there has been a change recognised directly in the equity of the associate, the Group recognises its share of any changes, when applicable, in the statement of changes in equity.

Unrealised gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associate.

The aggregate of the Group's share of profit or loss of an associate is shown on the face of the statement of profit or loss and other comprehensive income outside operating profit and represents profit or loss after tax.

The financial statements of the associate are prepared for the same reporting period as the Group. When 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 impairment loss on its investment in its associates. At each reporting date, the Group determines whether there is objective evidence that the investment in the associates is impaired.

If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value, then recognises the loss as 'Share of profit of an associate' in profit or loss.

Upon loss of significant influence over the associate, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained 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.

(j) Foreign currency translation

The financial statements of the Group and the Company are presented in Mauritian rupees, which is also the parent company's functional currency. For each entity, the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency. The Group uses the direct method of consolidation and has elected to recycle the gain or loss that arises from using this method.

Transactions and balances

Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency spot rate of exchange ruling at the reporting date.

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(j) Foreign currency translation (Cont'd)

Transactions and balances (Cont'd)

Differences arising on settlement or translation of monetary items are recognised in 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 measured at fair value 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).

Any goodwill arising on the acquisition of a foreign operation 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 spot rate of exchange at the reporting date.

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 their 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 profit or loss.

(k) Financial assets

Initial recognition and measurement

Financial assets are classified at initial recognition, 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. All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

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 at bank and on hand, trade and other receivables, loans receivables and quoted and unquoted financial instruments.

Subsequent measurement

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

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method, 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 cost for loans and in cost of sales or other operating expenses for receivables. This category generally applies to trade and other receivables and other financial assets.

Available-for-sale financial investments

Available-for-sale financial investments include equity and debt securities. Equity investments classified as available-for-sale are those that are neither classified as held for trading nor designated at fair value through profit or loss.

After initial measurement, available-for-sale financial investments are subsequently measured at fair value with unrealised gains or losses recognised in other comprehensive income and credited 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. Interest earned whilst holding available-for-sale investment is reported as interest income using the EIR method.

The Group evaluates whether the ability and intention to sell its available-for-sale financial assets in the near term is still appropriate. When, in rare circumstances, the Group is unable to trade these financial assets due to inactive markets, the Group may elect to reclassify these financial assets if the management has the ability and intention to hold the assets for foreseeable future or until maturity.

For a financial asset reclassified from the available-for-sale category, the fair value carrying amount at the date of reclassification becomes its new amortised cost and any previous gain or loss on the asset that has been recognised in equity is amortised in profit or loss over the remaining life of the investment using the EIR. Any difference between the new amortised cost and the maturity amount is also amortised over the remaining life of the asset using the EIR. If the asset is subsequently determined to be impaired, then the amount recorded in equity is reclassified to profit or loss.

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.

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(k) Financial assets (Cont'd)

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, or
- 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 Group continues to recognise the transferred asset to the extent of the Group's continuing involvement in the asset. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

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

Impairment of financial assets

The Group assesses, at each reporting date, whether there is objective evidence that a financial asset or a group of financial assets is impaired. An impairment exists if one or more events that has occurred since the initial recognition of the asset (an incurred '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 observable data indicating 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 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.

The amount of any impairment loss identified is measured as the difference between the asset's 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 asset's original effective interest rate.

The carrying amount of the asset is reduced through the use of an allowance account and the loss is recognised in profit or loss. Interest income (recorded as finance income in profit or loss) 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. 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 write-off is later recovered, the recovery is credited to in profit or loss.

Available-for-sale financial investments

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

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

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

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

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(k) Financial assets (Cont'd)

Impairment of financial assets (Cont'd)

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

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.

(l) Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

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

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

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 (EIR) method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

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

Derecognition

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. The difference in the respective carrying amounts is recognised in profit or loss.

(m) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

(n) 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 the weighted average cost method.

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

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.

(o) 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.

(p) Retirement benefit obligations

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. These benefits are funded. The cost of providing pensions under the plan is determined using the projected unit credit valuation method.

Re-measurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding net interest and the return on plan assets (excluding net interest), are recognised immediately in the statement of financial position with a corresponding debit or credit to retained earnings through the other comprehensive income in the period in which they occur. Re-measurements are not reclassified to profit or loss in subsequent periods.

Past service cost are recognised in profit or loss on the earlier of:

- The date of the plan amendment or curtailment, and
- The date that the Group recognises restructuring related costs

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Group recognise the following changes in the net defined benefit obligation under administrative expenses in profit or loss:

- Service costs comprising current service costs, past service costs, gains and losses on curtailments and non-routine settlements.
- Net interest expense or income

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(p) Retirement benefit obligations (Cont'd)

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 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 employee benefit liability.

(q) Cash and cash equivalents

Cash at bank and on hand in the statement of financial position are measured at amortised cost.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash at bank and in hand net of outstanding bank overdrafts.

Distribution to equity holders

The Company recognises a liability to make distributions to equity holders of the parent when the distribution is authorised and the distribution is no longer at the discretion of the Company. A distribution is authorised when it is approved by the Board of Directors. A corresponding amount is recognised directly in equity.

(r) 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 of disposal and its value in use. Recoverable amount 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 of disposal, 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 companies or other available fair value indicators.

The Group bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations, including impairment on inventories, are recognised in statement of profit or loss in expense categories consistent with the function of the impaired asset, except for a property previously revalued with the revaluation was taken to other comprehensive income. In this case, the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

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 unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

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

Goodwill

Goodwill is tested for impairment annually at the reporting date, 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. When 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 annually at each reporting date; either individually or at the cash-generating unit level, as appropriate and when circumstances indicate that the carrying value may be impaired.

(s) Leases

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at inception date. The arrangement is assessed for 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

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially at the risks and records accidental to ownership to the Group is classified as a finance lease.

Finance leases that transfer substantially all the risks and benefits incidental to ownership of the leased item to the Group, are capitalised at the commencement of the lease at the fair value of the leased asset 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.

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(s) Leases (Cont'd)

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

Rental income

Rental income arising from investment properties under operating leases is accounted for on a straight-line basis over the lease terms and is included in revenue in profit or loss due to its operating nature.

(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 asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

(u) 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, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty. The Group has concluded that it is the principal in all of its revenue arrangements since it is the primary obligor in all the revenue arrangements, has pricing latitude and is also exposed to inventory and credit risks.

The specific recognition criteria described below must also be met before revenue is recognised.

Sales of goods

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on delivery of the goods. 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.

Rendering of services

Revenue from rendering of services is recognised by reference to the stage of completion. The stage of completion is determined based on surveys of work performed when the contract outcome cannot be measured reliably, revenue is recognised to the extent that the expenses incurred are eligible to be recovered.

Interest income

For all financial instruments measured at amortised cost and interest bearing financial assets classified as available for sale, interest income is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or liability. Interest income is included in finance income in profit or loss.

Dividend income

Dividend income is recognised when the Group's right to receive the payment is established, which is generally when the board of directors of the investee declare the dividend.

(v) Taxes

Current tax

Current 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 at the reporting date, in the countries where the Group operates and generates taxable income.

Current tax relating to items recognised directly in equity is recognised in equity and not in profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred income tax

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

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 tax assets are recognised for all deductible temporary differences, the carry-forward of unused tax credits and unused tax losses. Deferred tax assets are recognised 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 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 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 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.

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(v) Taxes (Cont'd)

Deferred income tax (Cont'd)

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in 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 of profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

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

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, are recognised subsequently if new information about facts and circumstances change. The adjustment is either treated as a reduction to goodwill (as long as it does not exceed goodwill) if it was incurred during the measurement period or recognised in statement of profit or loss.

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.

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 on 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.

(w) 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's business segments consist of core business activities, retail and agriculture. Most of its activity is performed in Mauritius.

2.4 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

New and amended standards and interpretations

The accounting policies adopted are consistent with those of the previous financial year except for the following new and amended IFRS and IFRIC interpretations adopted in the year commencing 1 July 2016:

	Effective for accounting period beginning on or after
Standards	
IFRS 14 Regulatory Deferral Accounts	January 1, 2016
Amendments	
Accounting for Acquisitions of Interests in Joint Operations (Amendments to IFRS 11)	January 1, 2016
Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to IAS 16 and IAS 38)	January 1, 2016
Agriculture: Bearer Plants (Amendments to IAS 16 and IAS 41)	January 1, 2016
Equity Method in Separate Financial Statements (Amendments to IAS 27)	January 1, 2016
Annual Improvements 2012-2014 Cycle	January 1, 2016
Disclosure Initiative (Amendments to IAS 1)	January 1, 2016
Investment Entities: Applying the Consolidation Exception (Amendments to IFRS 10, IFRS 12 and IAS 28)	January 1, 2016

Where the adoption of the standard or interpretation or improvement is deemed to have an impact on the financial statements or performance of the Group, its impact is described below:

IFRS 14 Regulatory Deferral Accounts

IFRS 14 is an optional standard that allows an entity, whose activities are subject to rate-regulation, to continue applying most of its existing accounting policies for regulatory deferral account balances upon its first-time adoption of IFRS. Entities that adopt IFRS 14 must present the regulatory deferral accounts as separate line items on the statement of financial position and present movements in these account balances as separate line items in the statement of profit or loss and other comprehensive income. The standard requires disclosure of the nature of, and risks associated with, the entity's rate-regulation and the effects of that rate-regulation on its financial statements.

Since the Group is an existing IFRS preparer and is not involved in any rate-regulated activities, this standard does not apply.

Accounting for Acquisitions of Interests in Joint Operations (Amendments to IFRS 11)

The amendments require an acquirer of an interest in a joint operation in which the activity constitutes a business (as defined in IFRS 3 Business Combinations) to:

- apply all of the business combinations accounting principles in IFRS 3 and other IFRSs, except for those principles that conflict with the guidance in IFRS 11
- disclose the information required by IFRS 3 and other IFRSs for business combinations.

The amendments apply both to the initial acquisition of an interest in joint operation, and the acquisition of an additional interest in a joint operation (in the latter case, previously held interests are not remeasured).

These amendments do not have any impact on the Group as there has been no interest acquired in a joint operation during the period.

2.4 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (CONT'D)

New and amended standards and interpretations (Cont'd)

Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to IAS 16 and IAS 38)

The amendments to IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets:

- clarify that a depreciation method that is based on revenue that is generated by an activity that includes the use of an asset is not appropriate for property, plant and equipment
- introduce a rebuttable presumption that an amortisation method that is based on the revenue generated by an activity that includes the use of an intangible asset is inappropriate, which can only be overcome in limited circumstances where the intangible asset is expressed as a measure of revenue, or when it can be demonstrated that revenue and the consumption of the economic benefits of the intangible asset are highly correlated
- add guidance that expected future reductions in the selling price of an item that was produced using an asset could indicate the expectation of technological or commercial obsolescence of the asset, which, in turn, might reflect a reduction of the future economic benefits embodied in the asset.

The amendments are applied prospectively and do not have any impact on the Group, given that it has not used a revenue-based method to depreciate its non-current assets.

Agriculture: Bearer Plants (Amendments to IAS 16 and IAS 41)

The amendments to IAS 16 Property, Plant and Equipment and IAS 41 Agriculture:

- include 'bearer plants' within the scope of IAS 16 rather than IAS 41, allowing such assets to be accounted for a property, plant and equipment and measured after initial recognition on a cost or revaluation basis in accordance with IAS 16
- introduce a definition of 'bearer plants' as a living plant that is used in the production or supply of agricultural produce, is expected to bear produce for more than one period and has a remote likelihood of being sold as agricultural produce, except for incidental scrap sales
- clarify that produce growing on bearer plants remains within the scope of IAS 41.

The Group early adopted this amendment in prior years and there was no impact on the financial statements.

Equity Method in Separate Financial Statements (Amendments to IAS 27)

This amendment permits investments in subsidiaries, joint ventures and associates to be optionally accounted for using the equity method in separate financial statements.

This amendment did not have any impact on the Group's financial statements.

Annual Improvements 2012-2014 Cycle

Makes amendments to the following standards:

- IFRS 5 - Adds specific guidance in IFRS 5 for cases in which an entity reclassifies an asset from held for sale to held for distribution or vice versa and cases in which held-for-distribution accounting is discontinued

- IFRS 7 - Additional guidance to clarify whether a servicing contract is continuing involvement in a transferred asset, and clarification on offsetting disclosures in condensed interim financial statements
- IAS 19 - Clarify that the high quality corporate bonds used in estimating the discount rate for post-employment benefits should be denominated in the same currency as the benefits to be paid
- IAS 34 - Clarify the meaning of 'elsewhere in the interim report' and require a cross-reference

These amendments do not have any impact on the Group.

Disclosure Initiative (Amendments to IAS 1)

The amendment address perceived impediments to preparers exercising their judgement in presenting their financial reports by making the following changes:

- clarification that information should not be obscured by aggregating or by providing immaterial information, materiality considerations apply to the all parts of the financial statements, and even when a standard requires a specific disclosure, materiality considerations do apply;
- clarification that the list of line items to be presented in these statements can be disaggregated and aggregated as relevant and additional guidance on subtotals in these statements and clarification that an entity's share of OCI of equity-accounted associates and joint ventures should be presented in aggregate as single line items based on whether or not it will subsequently be reclassified to profit or loss;
- additional examples of possible ways of ordering the notes to clarify that understandability and comparability should be considered when determining the order of the notes and to demonstrate that the notes need not be presented in the order so far listed in paragraph 114 of IAS 1.

These amendments do not have any impact on the Company.

Investment Entities: Applying the Consolidation Exception (Amendments to IFRS 10, IFRS 12 and IAS 28)

The amendments to IFRS 10 Consolidated Financial Statements, IFRS 12 Disclosure of Interests in Other Entities and IAS 28 Investments in Associates and Joint Ventures (2011) address issues that have arisen in the context of applying the consolidation exception for investment entities by clarifying the following points:

- The exemption from preparing consolidated financial statements for an intermediate parent entity is available to a parent entity that is a subsidiary of an investment entity, even if the investment entity measures all of its subsidiaries at fair value.
- A subsidiary that provides services related to the parent's investment activities should not be consolidated if the subsidiary itself is an investment entity.
- When applying the equity method to an associate or a joint venture, a non-investment entity investor in an investment entity may retain the fair value measurement applied by the associate or joint venture to its interests in subsidiaries.
- An investment entity measuring all of its subsidiaries at fair value provides the disclosures relating to investment entities required by IFRS 12.

These amendments are applied retrospectively and do not have any impact on the Group as the Group does not apply the consolidation exception.

2.5 ACCOUNTING STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE

The following standards, amendments to existing standards and interpretations were in issue but not yet effective. They are mandatory for accounting periods beginning on the specified dates, but the Group has not early adopted them:

New or revised standards and interpretations:

	Effective for accounting period beginning on or after
New or revised standards	
IFRS 9 Financial Instruments	January 1, 2018
IFRS 15 Revenue from Contracts with Customers	January 1, 2018
IFRS 16 Leases	January 1, 2019
IFRS 17 Insurance Contracts	January 1, 2021
New or revised interpretations	
IFRIC 22 Foreign Currency Transactions and Advance Consideration	January 1, 2018
IFRIC 23 Uncertainty over Income Tax Treatments	January 1, 2019

Amendments

Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)	**Effective date deferred indefinitely**
Recognition of Deferred Tax Assets for Unrealised Losses (Amendments to IAS 12)	January 1, 2017
Disclosure Initiative (Amendment to IAS 7)	January 1, 2017
Annual Improvements 2014 – 2016 Cycle	January 1, 2017
Transfers of Investment Property (Amendments to IAS 40)	January 1, 2018
Classification and Measurement of Share-based Payment Transactions (Amendments to IFRS 2)	January 1, 2018
Clarifications to IFRS 15 'Revenue from Contracts with Customers'	January 1, 2018
Applying IFRS 9 'Financial Instruments' with IFRS 4 'Insurance Contracts' (Amendments to IFRS 4)	January 1, 2018

Where the adoption of the standard or interpretation or improvement is deemed to have an impact on the financial statements or performance of the Group, its impact is described below:

IFRS 9 Financial Instruments - Classification and measurement of financial assets, Accounting for financial liabilities and derecognition - effective January 1, 2018

IFRS 9 introduces new requirements for classifying and measuring financial assets, as follows:

Classification and measurement of financial assets

All financial assets are measured at fair value on initial recognition, adjusted for transaction costs if the instrument is not accounted for at fair value through profit or loss (FVTPL). Debt instruments are subsequently measured at FVTPL, amortised cost or fair value through other comprehensive income (FVOCI), on the basis of their contractual cash flows and the business model under which the debt instruments are held. There is a fair value option (FVO) that allows financial assets on initial recognition to be designated as FVTPL if that eliminates or significantly reduces an accounting mismatch. Equity instruments are generally measured at FVTPL. However, entities have an irrevocable option on an instrument-by-instrument basis to present changes in the fair value of non-trading instruments in other comprehensive income (OCI) (without subsequent reclassification to profit or loss).

Classification and measurement of financial liabilities

For financial liabilities designated as FVTPL using the FVO, the amount of change in the fair value of such financial liabilities that is attributable to changes in credit risk must be presented in OCI. The remainder of the change in fair value is presented in profit or loss, unless presentation of the fair value change in respect of the liability's credit risk in OCI would create or enlarge an accounting mismatch in profit or loss. All other IAS 39 Financial Instruments: Recognition and Measurement classification and measurement requirements for financial liabilities have been carried forward into IFRS 9, including the embedded derivative separation rules and the criteria for using the FVO.

Impairment

The impairment requirements are based on an expected credit loss (ECL) model that replaces the IAS 39 incurred loss model. The ECL model applies to: debt instruments accounted for at amortised cost or at FVOCI; most loan commitments; financial guarantee contracts; contract assets under IFRS 15; and lease receivables under IAS 17 Leases. Entities are generally required to recognise either 12-months' or lifetime ECL, depending on whether there has been a significant increase in credit risk since initial recognition (or when the commitment or guarantee was entered into). For some trade receivables, the simplified approach may be applied whereby the lifetime expected credit losses are always recognised.

Hedge accounting

Hedge effectiveness testing is prospective, without the 80% to 125% bright line test in IAS 39, and, depending on the hedge complexity, can be qualitative. A risk component of a financial or non-financial instrument may be designated as the hedged item if the risk component is separately identifiable and reliably measureable. The time value of an option, any forward element of a forward contract and any foreign currency basis spread, can be excluded from the designation as the hedging instrument and accounted for as costs of hedging. More designations of groups of items as the hedged item are possible, including layer designations and some net positions.

The application of IFRS 9 may change the measurement and presentation of many financial instruments, depending on their contractual cash flows and business model under which they are held. The impairment requirements will generally result in earlier recognition of credit losses. The new hedging model may lead to more economic hedging strategies meeting the requirements for hedge accounting.

The impact of the new standard is currently being assessed.

IFRS 15 Revenue from Contracts with Customers - effective January 1, 2018

IFRS 15 provides a single, principles based five-step model to be applied to all contracts with customers.

2.5 ACCOUNTING STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE (CONT'D)

IFRS 15 Revenue from Contracts with Customers - effective January 1, 2018 (Cont'd)

The five steps in the model are as follows:

- Identify the contract with the customer;
- Identify the performance obligations in the contract;
- Determine the transaction price;
- Allocate the transaction price to the performance obligations in the contracts; and
- Recognise revenue when (or as) the entity satisfies a performance obligation.

Guidance is provided on topics such as the point in which revenue is recognised, accounting for variable consideration, costs of fulfilling and obtaining a contract and various related matters. New disclosures about revenue are also introduced. The Group is still assessing the impact of this new standard.

IFRS 16 Leases - effective January 1, 2019

IFRS 16 was issued in January 2016 and it replaces IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under IAS 17. The standard includes two recognition exemptions for lessees - leases of 'low-value' assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

Lessees will be also required to remeasure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

Lessor accounting under IFRS 16 is substantially unchanged from today's accounting under IAS 17. Lessors will continue to classify all leases using the same classification principle as in IAS 17 and distinguish between two types of leases: operating and finance leases.

IFRS 16 also requires lessees and lessors to make more extensive disclosures than under IAS 17.

IFRS 16 is effective for annual periods beginning on or after January 1, 2019. Early application is permitted, but not before an entity applies IFRS 15. A lessee can choose to apply the standard using either a full retrospective or a modified retrospective approach. The standard's transition provisions permit certain reliefs.

The Group is still assessing the impact of this new standard. Since the Group has material operating leases, the impact of adopting IFRS 16 might have a significant impact on the financial statements.

The Group is still evaluating the effect of these new or revised standards and interpretations on the presentation of its financial statements.

No early adoption of these standards and interpretations is intended by the Board of directors.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the consolidated and separate financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

Judgements

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

Operating lease commitments - Group as lessee

The entity has entered into leases for motor vehicles and plant and equipment. The Group has 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 spare 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 or 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. There has been no impact on the re-assessment made by management.

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 fair values are determined by independent professional valuers by reference to market-based evidence, using comparable prices adjusted for specific market factors such as nature, location and condition of the properties. Refer to note 5.

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. The standing cane valuation has been arrived at 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. Refer to note 15 for key assumptions used to determine valuation of standing cane.

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

Estimates and assumptions (Cont'd)

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 estimate of the future cash flows arising on a normal crop less budgeted costs discounted at a suitable rate in order to calculate the net present value. Refer to note 15 for key assumptions used to determine valuation of 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 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. Refer to note 17.

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. Refer to note 8 for key assumptions used.

Pension benefits

The cost of defined benefit pension plans and the present value of pension obligation are 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. Refer to note 21.

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. Refer to note 12.

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.

Impairment of non-financial assets

An impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less cost to sell and its value in use. The recoverable amount of the investments in foreign subsidiaries has been determined using the fair value less cost to sell model. Main assumptions to the valuation model included the fair value of property, plant and equipment and discount for illiquidity (refer to note 10).

4. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial liabilities comprise bank loans and overdrafts, finance leases, loan from shareholders, debentures, and trade and payables. The main purpose of these financial liabilities is to finance the Group's operations. The Group's principal financial assets included other current financial asset, trade and other receivables, and cash at bank and on hand that arise 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 objectives.

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

(a) 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 risk to which the Group is exposed comprises three types of risk: interest rate risk, foreign currency risk, and equity price risk. Financial instruments affected by market risk include loans and borrowings, available-for-sale investments, and trade and other payables.

The sensitivity analyses in the following sections relate to the position as at June 30, 2017 and 2016.

(i) 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 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 risk using a mix of fixed and variable rate debts.

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

(a) Market risk (Cont'd)

(i) Interest rate risk (Cont'd)

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	
Increase/(decrease) in basis point	2017	2016	2017	2016
	Rs'000	Rs'000	Rs'000	Rs'000
+ 50	3,715	3,296	3,766	3,217
- 25	(1,858)	(1,648)	(1,883)	(1,608)

(ii) Foreign currency sensitivity

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.

The following table demonstrates due to changes in the fair value of monetary assets and liabilities the sensitivity of the Group's profit after 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		THE COMPANY	
Increase/(decrease) in exchange rate	2017	2016	2017	2016
	Rs'000	Rs'000	Rs'000	Rs'000
Euro +5%	(2,966)	(1,676)	(1,313)	(775)
Euro -10%	5,931	3,352	2,625	1,449
US Dollar +5%	1,157	1,379	1,439	1,471
US Dollar -10%	(2,314)	(2,758)	(2,877)	(2,941)

Increase/(decrease) in exchange rate	THE GROUP 2017	THE GROUP 2016	THE COMPANY 2017	THE COMPANY 2016
	Rs'000	Rs'000	Rs'000	Rs'000
South African Rand +5%	(172)	78	(14)	(11)
South African Rand -10%	344	(156)	28	22
Pound Sterling +5%	-	(1)	-	(1)
Pound Sterling -10%	-	3	-	3

(iii) 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 following table demonstrates the impact of a reasonably possible change in the equity prices, with all other variables held constant, on the Group's and the Company's profit after tax or equity, depending on whether the decline is significant or prolonged.

Increase/(decrease) in equity prices	THE GROUP 2017	THE GROUP 2016	THE COMPANY 2017	THE COMPANY 2016
	Rs'000	Rs'000	Rs'000	Rs'000
+ 5%	944	1,541	788	1,380
- 10%	(5,142)	(8,619)	(1,578)	(2,760)

(b) 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 and from its financing activities, including trade and other receivables and cash at bank.

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.

Based on the ageing, debtors who have exceeded their credit terms are identified and followed up. Following assessment of the credit quality and discussion with the customers, the amounts are either impaired or considered past due and not impaired. In addition, trade receivables are also grouped into homogeneous groups and assessed for collective impairment. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed in note 17, excluding prepayments. The Group evaluates the concentration of risk with respect to trade receivables as low, as its customers are diversified and located in well-established industries and markets.

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

(b) Credit risk (Cont'd)

Financial instruments and cash at bank

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. The Group's maximum exposure to credit risk for the components of the statement of financial position is the carrying amounts.

Other receivables

Other receivables are neither past due nor impaired for the year ended 30 June 2017 and 2016.

(c) Liquidity risk

Liquidity risk 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 such as leasing, loans and share capital.

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

THE GROUP

At June 30, 2017	On demand	Less than 3 months	3 to 12 months	1 to 5 years	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Interest bearing loans and borrowings	301,837	148,881	34,962	625,439	1,111,119
Trade and other payables	675	284,632	-	-	285,307
	302,512	375,025	34,962	625,439	1,337,937

At June 30, 2016	On demand	Less than 3 months	3 to 12 months	1 to 5 years	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Interest bearing loans and borrowings	330,188	145,051	28,795	629,044	1,133,078
Trade and other payables	-	258,925	-	-	258,925
	330,188	403,976	28,795	629,044	1,392,003

THE COMPANY

At June 30, 2017	On demand	Less than 3 months	3 to 12 months	1 to 5 years	Above 5 years	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Interest bearing loans and borrowings	275,668	157,904	20,792	573,145	-	1,027,510
Trade and other payables	42,700	104,413	-	-	-	147,114
	318,368	262,317	20,792	573,145	-	1,174,624

At June 30, 2016	On demand	Less than 3 months	3 to 12 months	1 to 5 years	Above 5 years	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Interest bearing loans and borrowings	282,457	142,909	22,768	604,420	-	1,052,554
Trade and other payables	42,753	87,958	-	-	-	130,711
	325,210	230,867	22,768	604,420	-	1,183,265

(d) 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, 2017 and June 30, 2016.

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 30% and 60%. Capital comprises of equity attributable to the equity holders of the parent. The Group and Company do not have any externally imposed capital requirements.

	THE GROUP		THE COMPANY	
	2017	2016	2017	2016
	Rs'000	Rs'000	Rs'000	Rs'000
Interest bearing loans and borrowings	1,105,917	1,014,546	985,667	977,790
Equity	3,173,556	2,677,719	2,318,009	2,178,160
Gearing ratio	35%	38%	43%	45%

5. PROPERTY, PLANT AND EQUIPMENT

THE GROUP

	Freehold land and buildings	Leasehold and land improvement	Plant and equipment	Motor vehicles	Asset in progress	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
COST OR VALUATION						
At July 1, 2015	2,165,360	80,760	2,380,565	161,485	75,557	4,863,727
Additions	38,851	5,504	153,717	30,366	29,475	257,913
Transfer	24,272	-	4,107	(3,971)	(24,408)	-
Transfer to investment properties (note 6)	(1,608)	-	-	-	-	(1,608)
Disposals	-	-	(54,188)	(20,526)	-	(74,714)
Write-off	-	-	(1,140)	-	-	(1,140)
Exchange differences	(196)	1,953	(8,125)	(498)	(1,765)	(8,631)
At June 30, 2016	2,226,679	88,217	2,474,936	166,856	78,859	5,035,547
Revaluation adjustments	244,287	-	-	-	-	244,287
Additions	61,481	376	189,470	33,324	16,008	300,659
Transfer*	(58,929)	-	29,260	-	(27,591)	(57,260)
Disposals	(46)	-	(38,228)	(19,579)	-	(57,853)
Write-off	(230)	-	(19,848)	-	-	(20,078)
Exchange differences	568	(721)	(1,156)	1,016	(1,578)	(1,871)
At June 30, 2017	**2,473,810**	**87,872**	**2,634,434**	**181,617**	**65,698**	**5,443,431**
DEPRECIATION						
At July 1, 2015	123,145	25,015	1,716,046	109,336	-	1,973,542
Charge for the year	44,121	2,724	170,158	20,224	-	237,227
Disposals	-	-	(41,817)	(18,626)	-	(60,443)
Write-off	-	-	(266)	-	-	(266)
Exchange differences	(39)	2,476	(5,562)	(296)	-	(3,421)
At June 30, 2016	167,227	30,215	1,838,559	110,638	-	2,146,639
Revaluation adjustments	(201,948)	-	-	-	-	(201,948)
Charge for the year	49,028	2,707	167,617	22,533	-	241,885
Disposals*	(16)	-	(34,744)	(18,155)	-	(52,915)
Write-off	(59)	-	(19,770)	-	-	(19,829)
Transfer*	(15,149)	-	12,947	-	-	(2,202)
Exchange differences	917	(511)	(234)	(172)	-	-
At June 30, 2017	**-**	**32,411**	**1,964,375**	**114,844**	**-**	**2,111,630**
CARRYING AMOUNT						
At June 30, 2017	**2,473,810**	**55,461**	**670,059**	**66,773**	**65,698**	**3,331,801**
At June 30, 2016	2,059,452	58,002	636,377	56,218	78,859	2,888,908

* Remaining amounts represent transfers to inventories.

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

Leased liabilities are effectively secured as the rights to the leased asset revert to the lessor in the event of default.

(a) The carrying amount of plant and equipment and motor vehicles held under finance lease as at June 30, 2017 and 2016 were as follows:

	Plant and equipment	Motor vehicles	2017	Plant and equipment	Motor vehicles	2016
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Cost	**35,868**	**48,167**	**84,035**	35,972	46,804	82,776
Accumulated depreciation	**(26,486)**	**(27,411)**	**(53,897)**	(22,727)	(24,085)	(46,812)
Carrying amount	**9,382**	**20,756**	**30,138**	13,245	22,719	35,964

THE COMPANY

	Freehold land and buildings	Leasehold and land improvement	Plant and equipment	Motor vehicles	Asset in progress	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
COST OR VALUATION						
At July 1, 2015	961,218	43,126	1,840,315	82,227	5,758	2,932,644
Additions	48,806	-	114,755	12,910	9,318	185,789
Disposals	-	-	(48,497)	(9,293)	-	(57,790)
Transfer	5,758	-	-	-	(5,758)	-
At June 30, 2016	1,015,782	43,126	1,906,573	85,844	9,318	3,060,643
Additions	34,658	-	141,994	14,399	240	191,291
Disposals	(46)	-	(29,061)	(13,078)	-	(42,185)
Transfer*	(77,314)	-	19,878	-	(9,318)	(66,754)
Revaluation adjustments	143,755	-	-	-	-	143,755
At June 30, 2017	**1,116,835**	**43,126**	**2,039,384**	**87,165**	**240**	**3,286,750**
DEPRECIATION						
At July 1, 2015	68,559	19,922	1,337,081	53,771	-	1,479,333
Charge for the year	20,897	2,156	133,203	11,756	-	168,012
Disposals	-	-	(40,048)	(9,175)	-	(49,222)
At June 30, 2016	89,456	22,078	1,430,236	56,352	-	1,598,122
Charge for the year	22,590	2,156	130,177	11,568	-	166,491
Disposals	(16)	-	(28,172)	(12,322)	-	(40,510)
Transfer*	(19,099)	-	19,099	-	-	-
Revaluation adjustments	(72,065)	-	-	-	-	(72,065)
At June 30, 2017	**20,866**	**24,234**	**1,551,340**	**55,598**	**-**	**1,652,038**
CARRYING AMOUNT						
At June 30, 2017	**1,095,969**	**18,892**	**488,044**	**31,567**	**240**	**1,634,712**
At June 30, 2016	926,326	21,048	476,337	29,492	9,318	1,462,520

* Remaining amounts represent transfers to inventories.

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

Leased liabilities are effectively secured as the rights to the leased asset revert to the lessor in the event of default.

(a) The carrying amount of plant and equipment and motor vehicles held under finance lease as at June 30, 2017 and 2016 were as follows:

	Plant and equipment	Motor vehicles	2017	Plant and equipment	Motor vehicles	2016
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Cost	**25,058**	**8,850**	**33,908**	25,058	8,850	33,908
Accumulated depreciation	**(25,058)**	**(8,850)**	**(33,908)**	(22,376)	(8,312)	(30,688)
Carrying amount	**-**	**-**	**-**	2,682	538	3,220

(b) *Revaluation of land and buildings*

The fair value of the freehold land and buildings were determined by Chasteau Doger De Spéville Ltd, an independent valuer. The date of the revaluation was June 28, 2017. Freehold land and buildings have been classified as level 2 as they are based on sales comparison approach.

Freehold land were revalued 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. Freehold land is classified as level 2. The significant input is the price per square metre which ranges between Rs 1,184 and Rs 7,107.

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

(b) *Revaluation of land and buildings (Cont'd)*

The fair value of buildings was determined using the depreciated replacement cost approach, which reflects the current cost of replacing the property and subtracting any depreciation resulting from one or more of the following factors: physical deterioration, functional obsolescence and economic obsolescence. Buildings have been classified as level 3. The significant unobservable input is the depreciation rate which varies between 20% and 55%.

Details of the Group's and Company's buildings and information about the fair value hierarchy as at 30 June 2017 are as follows:

	Buildings	
Reconciliation of carrying amount:	**The Group**	**The Company**
	Rs'000	**Rs'000**
Carrying amount as at July 1, 2016	608,852	307,349
Additions for the year	61,481	34,658
Disposals during the year	(30)	(30)
Transfer	(49,099)	(58,215)
Write off	(171)	-
Depreciation charge for the year	(49,028)	(22,590)
	572,005	261,172
Revaluation gain as at June 30, 2017	216,936	68,302
Carrying amount and fair value as at June 30, 2017	**788,941**	**329,474**

The cost, accumulated depreciation and carrying amount of the land and buildings, had they been stated at historical cost would be as follows:

	THE GROUP		THE COMPANY	
	2017	2016	**2017**	2016
	Rs'000	Rs'000	**Rs'000**	Rs'000
Cost	**1,210,744**	1,208,092	**1,147,467**	1,110,835
Accumulated depreciation	**(427,042)**	(395,902)	**(397,890)**	(378,110)
Carrying amount	**783,702**	812,190	**749,577**	732,725

6. INVESTMENT PROPERTIES

	THE GROUP		THE COMPANY	
	2017	2016	**2017**	2016
COST	**Rs'000**	Rs'000	**Rs'000**	Rs'000
At July 1,	**48,742**	45,216	**370,311**	360,929
Transfer from property, plant and equipment (note 5)	**3,744**	1,608	**17,550**	-
Additions	**-**	1,918	**10,992**	8,802
Work in progress	**-**	-	**404**	580
At June 30,	**52,486**	48,742	**399,257**	370,311
DEPRECIATION				
At July 1,	**32,709**	30,644	**177,052**	160,364
Charge for the year	**2,111**	2,065	**17,526**	16,688
At June 30,	**34,820**	32,709	**194,578**	177,052
CARRYING AMOUNT				
At June 30,	**17,666**	16,033	**204,679**	193,259

The investment properties were revalued on June 28, 2017 by an external independent valuer.

The Directors performed a valuation of its investment properties and believe that there has been no significant change in the fair value of the investments pertaining to the parent company since last independent valuation.

The valuation was carried out by Chasteau Doger De Spéville Ltd. 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, 2017 was Rs 129.4m (2016: Rs 117.6m) for the Group and Rs 575.8m (2016: Rs 663m) for the Company. The rental income arising during the year amounted to Rs 9.6m (2016: Rs 9.6m) for the Group and for the Company Rs 41.3m (2016: Rs 39.4m). Direct operating expenses incurred on the investment properties for the Company during the year was Rs 0.2m (2016: Rs 0.8m) and Nil (2016: Nil) for the Group. The investment properties have been classified as level 2 as it is based on sales comparison approach.

The Group and the Company have no restrictions on the realisability of its investment properties and no contractual obligations to purchase, construct or develop investment properties or for repairs, maintenance and enhancements.

7. BEARER BIOLOGICAL ASSETS

	THE GROUP	
Plant canes	**2017**	2016
	Rs'000	Rs'000
At July 1,	**13,779**	12,446
Expenditure for the year	**3,764**	4,392
Amortisation for the year	**(2,217)**	(3,439)
Impairment adjustment	**(6,915)**	380
At June 30,	**8,411**	13,779

Other information:	**2017**	2016
Area harvested (Arpents)	**411**	506
Cost per Arpent (Rs)	**50,599**	70,120

At June 30, 2017, the Directors have made an assessment of the carrying value of the bearer plants and have concluded that an impairment of Rs 6.9m was required (2016: Nil) based on their forecasts. This assessment was based on an average sugar price of Rs 15,000 per ton over the projected period (2016: Rs 15,000). The main factor that led to the impairment was the decreasing harvested area from 411 Arpents to 305 Arpents by 2022. The value in use model has been used and the discount rate is 6.12% (2016: 6.12%).

8. INTANGIBLE ASSETS

	THE GROUP			THE COMPANY
	Computer Software	Goodwill	Total	Computer Software
COST	Rs'000	Rs'000	Rs'000	Rs'000
At July 1, 2015	38,156	134,103	172,259	12,732
Additions	4,891	-	4,891	2,427
Work in progress	4,565	-	4,565	4,565
Write-off	(2,633)	-	(2,633)	-
At June 30, 2016	44,979	134,103	179,082	19,724
Additions	7,422	-	7,422	1,987
Write-off	(11,166)	-	(11,166)	-
Work in progress	6,100	-	6,100	1,690
Exchange differences	4	-	4	-
At June 30, 2017	**47,339**	**134,103**	**181,442**	**23,401**
AMORTISATION				
At July 1, 2015	22,685	128,671	151,356	9,113
Amortisation charge	3,944	-	3,944	1,160
Write-off	(980)	-	(980)	-
At June 30, 2016	25,649	128,671	154,320	10,273
Amortisation charge	4,876	-	4,876	1,683
Write-off	(7,904)	-	(7,904)	-
At June 30, 2017	**22,621**	**128,671**	**151,292**	**11,956**
CARRYING AMOUNT				
At June 30, 2017	**24,718**	**5,432**	**30,150**	**11,445**
At June 30, 2016	19,330	5,432	24,762	9,451

8. INTANGIBLE ASSETS (CONT'D)

The carrying amount of goodwill is allocated to the 'Agriculture' cash generating unit (''CGU"). The recoverable amount of that CGU has been determined using the fair value less costs to sell model which is similar to prior year. Fair value less costs to sell is adjusted for with other assets and liabilities of the CGU, excluding the fair value less costs to sell of the land. No impairment was required as a result of the analysis.

The fair value less costs to sell calculation is most sensitive to the following main assumption:

Selling prices - The prices are obtained from the relevant bodies and adjusted for expected changes for future periods.

Management believes that reasonably possible changes in the above assumption will not cause the carrying amount of the cash generating unit to materially exceed its recoverable amount. A 5% decrease in the unit selling price will still result in a recoverable amount higher than the carrying amount.

9. DEFERRED EXPENDITURE

Voluntary Retirement Scheme (VRS) costs

	THE GROUP	
	2017	2016
	Rs'000	Rs'000
COST		
At July 1,	**-**	-
Cash compensation paid	**20,386**	-
Infrastructure costs	**5,319**	-
Pension cost release	**(7,494)**	-
At June 30,	**18,211**	-
AMORTISATION		
At July 1,	**-**	-
Amortisation charge	**-**	-
At June 30,	**-**	-
CARRYING AMOUNT		
At June 30,	**18,211**	-

The Voluntary Retirement Scheme costs comprise of compensation payments, provision of land infrastructure and other costs. The project is still on-going at year end with costs being incurred with respect to the development of the land. Once completed, the costs will be amortised over a period as determined by management.

10. INVESTMENT IN SUBSIDIARIES

	THE COMPANY	
	2017	2016
	Rs'000	Rs'000
At July 1,	**1,079,659**	979,659
Additions (a)	**159,881**	100,000
Impairment	**(92,964)**	-
At June 30,	**1,146,576**	1,079,659

Analysed as follows:	2017	2016
	Rs'000	Rs'000
Unquoted equity instruments	**897,413**	928,839
Interest free loans	**249,163**	150,820
	1,146,576	1,079,659

The Directors have assessed the recoverable amount of the investments and are of the opinion that the carrying amount has not suffered further impairment, other than that disclosed in note (b) below.

Particulars of interests in the Group's subsidiary companies:

	Country of incorporation	2017 & 2016 % Holding	
OPERATIONAL		**Direct**	**Indirect**
Espace Maison Ltée	Mauritius	**100.0**	-
Compagnie de Gros Cailloux Ltée (a)	Mauritius	**100.0**	-
Société d'Investissement Rodriguais	Mauritius	**100.0**	-
Welcome Industries Ltd	Mauritius	-	**75.9**
UBP International Limited	Mauritius	**100.0**	-
UBP Madagascar	Madagascar	**100.0**	-
United Granite Products (Private) Limited	Sri-Lanka	-	**77.0**
DHK Metal Crusher (Private) Limited	Sri-Lanka	-	**100.0**
Sheffield Trading (Private) Limited	Sri-Lanka	-	**100.0**
Sainte Marie Crushing Plant Limited	Mauritius	**76.5**	-
Societe des Petits Cailloux	Mauritius	-	**76.5**
Dry Mixed Products Ltd	Mauritius	**51.0**	-
DORMANT			
Land Reclamation Limited	Mauritius	**100.0**	-
Stone and Bricks Limited	Mauritius	**100.0**	-
The Stone Masters Co Ltd	Mauritius	**100.0**	-
Pricom Ltd	Mauritius	**100.0**	-

(a) An interest free loan of Rs 153m and Rs 6m to United Granite Products (Private) Limited and UBP Madagascar respectively were accounted under investments further to management approval. In 2016, the Company increased its investment in its wholly-owned subsidiary, namely Compagnie de Gros Cailloux Ltée by Rs 100m. The investment was financed by cash (Rs 21.5m) and conversion of intercompany receivable balance (Rs 78.5m).

(b) *Impairment losses, key assumptions used and sensitivity*

The Company has net investments in its overseas subsidiaries of Rs 217m at June 30, 2017. The impairment losses recorded during the year amounted to Rs 93m . In prior year, an amount of Rs 58m was impaired (accounted under Receivable from subsidiaries). These subsidiaries have been making losses over the past years and are not operating at full capacity.

In determining the recoverable amount of net investments in subsidiaries, the management considered the value of comparable quarries as reported by an independent valuation expert. The management then applied discount rates ranging from 50% to 55%, where appropriate, to those comparable assets in order to reflect the situation of its subsidiaries.

Management used reasonable assumptions in preparing the recoverable amount computation but recognises that continuous losses and operational challenges may have a further significant impact on the recoverable amount of the investment in overseas subsidiaries.

10. INVESTMENT IN SUBSIDIARIES (CONT'D)

Summarised financial information of subsidiaries that have material non-controlling interests, based on their IFRS financial statements and before inter-company eliminations are provided below:

	Dry Mixed Products Ltd	Welcome Industries Ltd	United Granite Products (Private) Limited	Sainte Marie Crushing Plant Ltd
2017				
Proportion of non-controlling interests	49.0%	24.1%	23.0%	23.5%
Financial position	Rs'000	Rs'000	Rs'000	Rs'000
Non-current assets	123,492	14,271	57,781	76,447
Current assets	83,650	28,598	16,529	10,840
Non-current liabilities	(48,665)	(7,087)	(732)	(5,968)
Current liabilities	(50,015)	(6,045)	(126,939)	(11,968)
Net assets/(shareholders' deficit)	108,462	29,737	(53,361)	69,351
Carrying amounts of non-controlling interests	53,146	7,167	(12,273)	16,297
Comprehensive income				
Revenue	268,790	47,963	677	75,259
Profit/(loss) for the year	19,094	12,102	(7,939)	6,447
Other comprehensive (loss)/income	(5,565)	994	(6,731)	14,520
Total comprehensive income/(loss)	13,529	13,096	(14,670)	20,967
Profit allocated to non-controlling interests	9,356	2,917	(1,826)	1,515
Total comprehensive income/(loss) allocated to non-controlling interests	6,629	3,156	(3,374)	4,927
Dividend to non-controlling interests	9,800	2,410	-	2,600
Cash flows				
Operating activities	39,010	2,637	(16,889)	12,905
Investing activities	(36,960)	(3,730)	12,440	(255)
Financing activities	(10,134)	-	-	(10,500)
Net (decrease)/increase in cash and cash equivalents	(8,084)	(1,093)	(4,449)	2,150

Summarised financial information of subsidiaries that have material non-controlling interests, based on their IFRS financial statements and before inter-company eliminations are provided below:

	Dry Mixed Products Ltd	Welcome Industries Ltd	United Granite Products (Private) Limited	Sainte Marie Crushing Plant Ltd
2016				
Proportion of non-controlling interests	49.0%	24.1%	23.0%	23.5%
Financial position	Rs'000	Rs'000	Rs'000	Rs'000
Non-current assets	100,855	11,981	65,122	61,310
Current assets	105,740	35,159	18,832	19,410
Non-current liabilities	(26,632)	(7,294)	(774)	(5,178)
Current liabilities	(65,029)	(13,205)	(129,230)	(16,658)
Net assets/(shareholders' deficit)	114,934	26,641	(46,050)	58,884
Carrying amounts of non-controlling interests	56,318	6,420	(10,592)	13,838
Comprehensive income				
Revenue	305,244	50,454	15,360	69,944
Profit/(loss) for the year	46,098	9,392	(23,248)	9,017
Other comprehensive income/(loss)	1,620	209	-	(51)
Total comprehensive income/(loss)	47,718	9,601	(23,248)	8,966
Profit allocated to non-controlling interests	22,588	2,263	(5,347)	2,119
Total comprehensive income/(loss) allocated to non-controlling interests	23,382	2,314	(5,347)	2,107
Dividend to non-controlling interests	9,800	2,410	-	2,800
Cash flows				
Operating activities	56,404	6,286	(854)	24,784
Investing activities	(32,101)	(6,237)	143	(15,024)
Financing activities	(20,443)	-	901	(11,350)
Net increase/(decrease) in cash and cash equivalents	3,860	49	190	(1,590)

11. INVESTMENT IN ASSOCIATES

	THE GROUP		THE COMPANY	
	2017	2016	**2017**	2016
	Rs'000	Rs'000	**Rs'000**	Rs'000
Unquoted				
At July 1,	**146,865**	168,928	**107,248**	110,306
Disposals	**-**	(90)	**-**	(90)
Share of profit/(loss)	**34,280**	(6,367)	**-**	-
Share of revaluation reserves	**41,010**	-	**-**	-
Movement in other reserves	**1,080**	(1,538)	**-**	-
Impairment	**-**	(2,968)	**-**	(2,968)
Dividend received	**(10,650)**	(11,100)	**-**	-
At June 30,	**212,585**	146,865	**107,248**	107,248

11. INVESTMENT IN ASSOCIATES (CONT'D)

Details pertaining to the interests in associates are as follows:

Name of company	Principal activities	Country of incorporation	Proportion of ownership interest (direct & indirect) 2017	2016
Pre-mixed Concrete Limited	Involve in the manufacturing and placing of ready-mixed concrete.	Mauritius	**49.0%**	49.0%
Cement Transport Ltd	Operating a fleet of bulk cement transport truck, tractors and tankers.	Mauritius	**25.0%**	25.0%
Terrarock Ltd	Manufacture and sale of building materials.	Mauritius	**46.0%**	46.0%
Sud Concassage Limitée	Manufacture and sale of building materials.	Mauritius	**25.0%**	25.0%
Prochimad Mines et Carrières SARL	Mine operation.	Madagascar	**34.0%**	34.0%
Compagnie Mauricienne d'Entreprise Ltée	Renting of properties.	Mauritius	**20.0%**	20.0%

Summarised financial information of the associates that are material to the Group, based on their IFRS financial statements, and reconciliation with the carrying amount of the investment in the Group's financial statements are set out below:

THE GROUP	Pre-mixed Concrete Limited	Terrarock Ltd	Compagnie Mauricienne d'Entreprise Ltée
2017	Rs'000	Rs'000	Rs'000
Financial position			
Non-current assets	127,979	92,981	87,021
Cash and cash equivalents	-	298	55,543
Other current assets	216,226	54,158	1,804
Current trade and other payables	(147,350)	(13,633)	(839)
Current loans and borrowings	(2,048)	(3,008)	-
Other current liabilities	(13,424)	(12,150)	(71,224)
Equity	181,382	118,647	72,305
Proportion of Group's ownership	49.0%	46.0%	20.0%
	88,877	54,578	14,461
Goodwill	48,619	-	-
Carrying amount of investments	137,496	54,578	14,461
Statement of profit or loss and other comprehensive income			
Revenue	597,242	185,474	5,531
Interest income	-	1,037	639
Other income	-	3,577	1,813
Depreciation and amortisation	(12,896)	(13,087)	-
Interest expense	-	(6)	-
Other expenses	(553,786)	(134,658)	(2,103)
Profit before tax	30,560	42,337	5,880
Income tax	164	(8,171)	(2,099)
Profit for the year	30,724	34,166	3,781
Other comprehensive income	62,583	24,588	-
Total comprehensive income	93,307	58,754	3,781
Group's share of profit	15,055	15,716	756
Group's share of total comprehensive income	45,720	27,027	756

THE GROUP	Pre-mixed Concrete Limited	Terrarock Ltd	Compagnie Mauricienne d'Entreprise Ltée
2016	**Rs'000**	**Rs'000**	**Rs'000**
Financial position			
Non-current assets	76,639	53,726	82,135
Cash and cash equivalents	-	461	11,651
Other current assets	148,660	54,805	46,081
Current trade and other payables	(113,177)	(10,945)	(453)
Current loans and borrowings	(7,705)	(6,531)	-
Other current liabilities	(15,168)	(9,124)	(70,892)
Equity	89,249	82,392	68,522
Proportion of Group's ownership	49.0%	46.0%	20.0%
	43,732	37,900	13,704
Goodwill	48,619	-	-
Carrying amount of investments	92,351	37,900	13,704
Statement of profit or loss and other comprehensive income			
Revenue	455,529	172,560	5,531
Interest income	-	919	639
Other income	-	843	1,813
Depreciation and amortisation	(14,042)	(11,840)	-
Interest expense	-	(5)	-
Other expenses	(482,174)	(132,032)	(2,424)
(Loss)/profit before tax	(40,687)	30,445	5,559
Income tax	1,149	(3,263)	-
(Loss)/profit for the year	(39,538)	27,182	5,559
Other comprehensive loss	(2,597)	(578)	(2,099)
Total comprehensive (loss)/income	(42,135)	26,604	3,460
Group's share of (loss)/profit	(19,374)	12,504	692
Group's share of total comprehensive (loss)/income	(20,646)	12,238	692

Aggregate information on individually immaterial associates

	THE GROUP	
	2017	2016
	Rs'000	Rs'000
Carrying amount of investments	**6,050**	2,910
Group's share of profit/(loss) for the year	**2,753**	(189)
Group's share of total comprehensive income/(loss)	**2,867**	(189)

The associates had no other contingent liabilities or capital commitment as at June 30, 2017 and 2016 except as disclosed in note 32.

12. AVAILABLE-FOR-SALE INVESTMENTS

THE GROUP	Quoted equity shares	Unquoted equity shares	Total
	Rs'000	Rs'000	Rs'000
At July 1, 2015	34,041	20,357	54,398
Additions	-	28,820	28,820
Fair value movements	(2,551)	(5,451)	(8,002)
At June 30, 2016	31,490	43,726	75,216
Additions	-	1,561	1,561
Disposals	(13,729)	-	(13,729)
Impairment	-	(2,555)	(2,555)
Fair value movements	2,204	125	2,329
At June 30, 2017	**19,965**	**42,857**	**62,822**

THE COMPANY	Quoted equity shares	Unquoted equity shares	Total
	Rs'000	Rs'000	Rs'000
At July 1, 2015	29,052	20,173	49,225
Additions	-	28,820	28,820
Fair value movements	(1,455)	(5,451)	(6,906)
At June 30, 2016	27,597	43,542	71,139
Disposals	(13,729)	-	(13,729)
Impairment	-	(2,555)	(2,555)
Fair value movements	1,442	-	1,442
At June 30, 2017	**15,310**	**40,987**	**56,297**

FAIR VALUE HIERARCHY

The following table provides an analysis of available-for-sale investments at fair value categorised according to the fair value hierarchy disclosures in note 2.3 (b).

2017

THE GROUP

	Level 1	Level 2	Level 3	Total
	Rs'000	Rs'000	Rs'000	Rs'000
Available-for-sale investments	**19,963**	**-**	**39,250**	**59,213**

THE COMPANY

	Level 1	Level 2	Level 3	Total
	Rs'000	Rs'000	Rs'000	Rs'000
Available-for-sale investments	**15,312**	**-**	**39,250**	**54,562**

2016

THE GROUP

	Level 1	Level 2	Level 3	Total
	Rs'000	Rs'000	Rs'000	Rs'000
Available-for-sale investments	31,490	28,820	10,430	70,740

THE COMPANY

	Level 1	Level 2	Level 3	Total
	Rs'000	Rs'000	Rs'000	Rs'000
Available-for-sale investments	27,597	28,820	10,430	66,847

	2017	2016
Other available-for-sale investments at cost	Rs'000	Rs'000
The Group	3,609	4,476
The Company	1,735	4,292

Certain of the unquoted 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.

Transfer between levels

	THE GROUP AND THE COMPANY	
	2017	2016
	Rs'000	Rs'000
At July 1,	10,430	15,881
Transfer from Level 2	28,820	-
Net unrealised changes in fair value of available-for-sale investments	-	(5,451)
At June 30,	39,250	10,430

Investment in Impele KCB SPV Limited was transferred to Level 3 during the year as a valuation was performed using unobservable inputs. Last year, the investment was newly acquired and hence valued using recently executed transaction price and classified under Level 2.

Valuation techniques

Unlisted equity investments classified as level 2

The Group invests in equity securities. In the absence of a quoted price in an active market, they are valued using observable inputs such as recently executed transaction price in securities of issuer. Adjustments are made to the valuations when necessary to recognise the difference in the instrument's terms. In the event the significant inputs are observable, the Company categories these investments as Level 2.

Unlisted equity investments classified as level 3

The Group invests in companies which are not quoted in an active market. Transaction in such investments do not occur on a regular basis. The Company uses a market based valuation technique for these positions.

Valuation process for Level 3 valuation

The valuation process for the investments is completed on a yearly basis and is designed to determine a reasonable fair value while subjecting the valuation of such investment to an appropriate level of review. Yearly valuations are performed at Group level by the Directors. For assets classified as Level 3, the finance professionals are responsible for documenting preliminary valuations based on their collection of financial and operating data, company specific developments, market valuation of comparable companies and model projections, among other factors. The Board then reviews the preliminary valuations and all inputs for accuracy and reasonableness. The Board finally approves all investment valuations.

Qualitative information of unobservable inputs - Level 3

Private equity investments	2017	Valuation technique	Unobservable inputs	Range	Sensitivity used	Effect on fair value
	Rs'000					Rs'000
Flacq Associated Stonemasters Limited (FAST)	10,400	Market comparables	Discount of lack of marketability	50.0%	+5%	(522)
					-5%	522
Impele KCB SPV Limited	28,820	Income approach	WACC	31.4%	+1%	(1,382)
					-1%	1,497

13. OTHER FINANCIAL ASSET

	THE GROUP AND THE COMPANY	
	2017	2016
	Rs'000	Rs'000
Loan receivable from associate	13,795	13,795

The loan receivable is unsecured, bears no interest and will be repayable on demand. The fair value of the loan approximates its carrying amount.

14. INCOME TAX

	THE GROUP		THE COMPANY	
	2017	2016	2017	2016
(a) In the statements of profit or loss and other comprehensive income:	Rs'000	Rs'000	Rs'000	Rs'000
Income tax on the adjusted profit for the year	25,114	37,182	17,898	28,782
Corporate social responsibility tax	3,478	4,912	2,387	3,838
(Over)/under provision of corporate social responsibility tax	(441)	43	(467)	43
Under provision of income tax in previous year	727	731	-	1,234
(Over)/under provision of deferred tax in previous years	(837)	2,141	5,650	2,599
Deferred tax charge/(credit)	6,036	(4,315)	4,623	(6,356)
Income tax expense	34,077	40,694	30,091	30,140
Amount in other comprehensive income				
Deferred tax on actuarial gains and losses	2,300	(2,730)	1,553	(2,409)
Deferred tax on revaluation of land and buildings	(45,411)	-	(23,864)	-
(b) In the statements of financial position:				
At July 1,	27,113	11,603	21,580	9,430
Payment during the year	(47,696)	(25,145)	(37,050)	(19,534)
Tax withheld	(1,915)	(2,213)	(1,911)	(2,213)
(Over)/under provision of corporate social responsibility tax	(441)	43	(467)	43
Under provision of income tax in previous year	727	731	-	1,234
Income tax expense	28,592	42,094	20,285	32,620
At June 30,	6,380	27,113	2,437	21,580
Analysed as:				
Income tax receivable	(1,600)	-	-	-
Income tax payable	7,980	27,113	2,437	21,580
	6,380	27,113	2,437	21,580
(c) Deferred tax:				
Deferred tax assets	9,512	-	-	-
Deferred tax liabilities	(96,138)	(38,316)	(65,525)	(32,941)
Net deferred tax liabilities	(86,626)	(38,316)	(65,525)	(32,941)
(d) Movement in deferred tax:				
At July 1,	(38,316)	(37,760)	(32,941)	(34,289)
Under/(over) provision of deferred tax in previous years	837	(2,141)	(5,650)	(2,599)
Income tax effect recognised in other comprehensive income	(43,111)	(2,730)	(22,311)	(2,409)
Deferred tax (charge)/credit	(6,036)	4,315	(4,623)	6,356
At June 30,	(86,626)	(38,316)	(65,525)	(32,941)

Unused tax losses of the Group that have not been recognised as deferred tax asset amounted to Rs 100.7m (2016: Rs 109m). Deferred tax asset has not been recognised in respect of these losses due to the unpredictability of future profit streams to utilise these losses.

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

	THE GROUP		THE COMPANY	
	2017	2016	**2017**	2016
Deferred tax liabilities	**Rs'000**	Rs'000	**Rs'000**	Rs'000
- Accelerated capital allowances	**(39,389)**	(22,255)	**(27,276)**	(13,462)
- Deferred tax on revaluation gain	**(113,800)**	(68,433)	**(92,297)**	(68,433)
	(153,189)	(90,688)	**(119,573)**	(81,895)
Deferred tax assets				
- Employee benefit obligations	**48,376**	41,584	**43,489**	39,726
- Allowance for doubtful debts	**10,307**	6,082	**4,930**	4,877
- Provision for obsolete stock	**7,880**	4,706	**5,629**	4,351
	66,563	52,372	**54,048**	48,954
Net deferred tax liabilities	**(86,626)**	(38,316)	**(65,525)**	(32,941)

(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	**205,708**	198,797	**81,095**	125,793
Tax calculated at the rate of 15%	**30,856**	29,820	**12,164**	18,869
Tax effect of :				
Non-allowable expenses	**13,420**	5,165	**17,567**	10,321
Corporate social responsibility	**3,479**	4,912	**2,386**	3,838
Other deductible items	**(2,952)**	(797)	**-**	-
Tax effect from associates	**(5,141)**	926	**-**	-
Income exempt from tax	**(9,270)**	(1,323)	**(7,069)**	(6,016)
Utilisation of tax losses on which no deferred tax was previously recognised	**-**	(459)	**-**	-
Deferred tax assets not recognised	**4,235**	39	**-**	-
Effect of temporary difference on corporate social responsibility	**(440)**	(504)	**(607)**	(748)
Under provision of income tax in previous year	**727**	774	**-**	1,277
(Over)/under provision of deferred tax in previous years	**(837)**	2,141	**5,650**	2,599
Income tax expense	**34,077**	40,694	**30,091**	30,140

(g) There are no income tax consequences attached to the payment of dividends by the Group to its shareholders in either 2017 or 2016.

15. CONSUMABLE BIOLOGICAL ASSETS

	THE GROUP			
	Vegetables	**Standing Cane**	**Plants**	**Total**
	Rs'000	**Rs'000**	**Rs'000**	**Rs'000**
At July 1, 2015	1,793	12,599	15,095	29,487
Production	827	35,481	21,180	57,488
Sales	(2,966)	(27,223)	(20,355)	(50,544)
Fair value movement	10,397	(13,518)	2,584	(537)
At June 30, 2016	10,051	7,339	18,504	35,894
Production	20,796	32,251	25,004	78,051
Sales	(21,951)	(24,270)	(27,635)	(73,856)
Fair value movement	(679)	(11,286)	3,874	(8,091)
At June 30, 2017	**8,217**	**4,034**	**19,747**	**31,998**

15. CONSUMABLE BIOLOGICAL ASSETS (CONT'D)

The consumable biological assets are measured at fair value determined in accordance with the level 3 of the fair value hierarchy.

(a) The main assumptions for estimating the fair values are as follows:

	2017	2016
Vegetables:		
Expected area to harvest (ha)	**32**	32
Discount factor (%)	**5**	5
Standing cane:		
Expected area to harvest (ha)	**173**	214
Estimated yields (%)	**10.40**	10.00
Estimated price of sugar - Rs (per ton)	**15,000**	15,000
Plants:		
Expected area to harvest (ha)	**12**	19
Maximum maturity of plants at June 30	**1 year**	5 years

(b) Description of significant unobservable inputs to valuation:

	Valuation technique	Significant unobservable inputs	Sensitivity of the input to value
Vegetables	Discounted cash flows	Discount factor	1% point increase/(decrease) in discount factor would result in (decrease)/increase in fair value by Rs 1,522. (2016: Rs 45,368)
		Price of vegetables	5% increase/(decrease) in the price of vegetables would result in increase/(decrease) in fair value by Rs 742,324.(2016: Rs 701,793)
Standing cane	Discounted cash flows	Cane yield per Ha.	0.1% point increase/(decrease) in cane yield per Ha would result in increase/(decrease) in fair value by Rs 155,440.(2016: Rs 201,771)
		Price of sugar	5% increase/(decrease) in the price of sugar would result in increase/(decrease) in fair value by Rs 777,198.(2016: Rs 1,008,854)
		WACC	0.1% point increase/(decrease) in WACC would result in (decrease)/increase in fair value by Rs 8,289.(2016: Rs 6,036)
Plants	Discounted cash flows	Average price of plants	5% increase/(decrease) in price of plants would result in increase/(decrease) in fair value by Rs 1,535,485. (2016: Rs 1,374,805)
		Mortality rate	5% increase/(decrease) in mortality rate would result in (decrease)/increase in fair value by Rs 65,245. (2016: Rs 72,358)
		WACC	0.1% point increase/(decrease) in WACC would result in (decrease)/increase in fair value by Rs 35,811. (2016: Rs 160,087)

16. INVENTORIES

	THE GROUP		THE COMPANY	
	2017	2016	2017	2016
	Rs'000	Rs'000	Rs'000	Rs'000
Raw materials and spares (at cost)	262,825	220,248	192,653	159,842
Work in progress (at cost)	38,860	41,921	20,574	16,873
Finished goods (at lower of cost and net realisable value)	424,457	363,983	44,340	56,746
Goods in transit	34,722	45,423	7,403	13,776
	760,864	671,575	264,970	247,237

The amount of write down of inventories, recognised as an expense in cost of sales amounted to Rs 13.6 m (2016: Rs 10.6 m) for the Group and Rs 4.6 m for the Company (2016: Rs 5.1m). Included in finished goods are inventories carried at net realisable value of Rs 4.6 m (2016: Rs 5.1m).

17. TRADE AND OTHER RECEIVABLES

	THE GROUP		THE COMPANY	
	2017	2016	2017	2016
	Rs'000	Rs'000	Rs'000	Rs'000
Trade receivables	296,487	282,977	123,991	116,238
Loan receivable from subsidiary	-	-	65,793	-
Receivables from subsidiaries	-	-	47,644	216,088
Receivables from associates	42,042	30,940	42,037	30,713
Other receivables	67,499	34,481	48,824	17,606
Prepayments	39,560	20,972	4,014	6,800
	445,588	369,370	332,303	387,445

Trade receivables are non-interest bearing and are generally on 30 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.

The fair values of the trade and other receivables approximate their carrying amounts.

As at June 30, 2017, the Group's trade receivables of initial value of Rs 64.1m (2016: Rs 58.3m) were impaired and provided for.

As at June 30, 2017, the Company's trade receivables of initial value of Rs 28.9m (2016: Rs 28.5m) were impaired and provided for.

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

	Total	Neither past due nor impaired	Past due but not impaired			
			30 - 60days	61 - 90days	90 - 1yr	more than 1yr
THE GROUP	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
2017	296,487	92,951	84,526	21,740	62,969	34,301
2016	282,977	90,825	72,371	37,968	43,957	37,856
THE COMPANY						
2017	123,991	44,424	32,468	12,373	33,936	790
2016	116,238	46,594	29,152	10,756	28,550	1,185

See note 4(b) on credit risk of trade receivables, which explains how the Group manages and measures credit quality of trade receivables that are neither past due nor impaired.

17. TRADE AND OTHER RECEIVABLES (CONT'D)

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

	THE GROUP		THE COMPANY	
	2017	2016	2017	2016
	Rs'000	Rs'000	Rs'000	Rs'000
Individually and collectively impaired				
At July 1,	58,326	43,894	28,474	16,887
Charge for the year	20,110	16,488	10,986	11,803
Write off	(4,200)	(150)	-	-
Release	(10,110)	(1,906)	(10,461)	(216)
At June 30,	64,126	58,326	28,999	28,474

Other receivables comprise of prepayments and advances made to suppliers, amongst others.

18. CASH AND CASH EQUIVALENTS

For the purpose of the statements of cash flows, cash at banks and on hand comprise of the following at June 30:

	THE GROUP		THE COMPANY	
	2017	2016	2017	2016
	Rs'000	Rs'000	Rs'000	Rs'000
Cash at banks and on hand	26,351	50,288	2,545	3,108
Bank overdraft (note 20)	(295,670)	(246,979)	(232,083)	(199,246)
	(269,319)	(196,691)	(229,538)	(196,138)

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

	THE GROUP		THE COMPANY	
	2017	2016	2017	2016
Non-cash transactions	Rs'000	Rs'000	Rs'000	Rs'000
Total acquisition cost (note 5)	300,659	257,913	191,291	185,789
Financed by cash	(294,805)	(232,742)	(191,292)	(185,789)
Financed by finance leases	5,854	25,171	-	-

19. EQUITY

	THE GROUP AND THE COMPANY			
(a) Issued capital	2017	2016	2017	2016
	Number of shares	Number of shares	Rs'000	Rs'000
At June 30,	26,510,042	26,510,042	265,100	265,100

(b) Reserves	THE GROUP		THE COMPANY	
	2017	2016	2017	2016
	Rs'000	Rs'000	Rs'000	Rs'000
Share premium	7,354	7,354	7,354	7,354
Associate companies (note (i))	106,028	63,938	-	-
Revaluation reserve (note (ii))	1,490,537	1,093,038	697,166	505,210
Fair value reserve (note (iii))	20,129	28,613	17,566	26,937
Translation reserve (note (iv))	10,655	7,444	-	-
Retained earnings	1,230,987	1,165,994	1,330,823	1,373,559
	2,865,690	2,366,381	2,052,909	1,913,060

(i) Associate companies represent reserves other than retained earnings arising on equity accounting 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.

20. INTEREST-BEARING LOANS AND BORROWINGS

	THE GROUP		THE COMPANY	
	2017	2016	**2017**	2016
	Rs'000	Rs'000	**Rs'000**	Rs'000
Non-current				
Bank loans (note (a))	**25,502**	12,384	**-**	-
Obligations under finance lease (note (b))	**21,838**	24,520	**-**	-
Debentures (note (c))	**560,000**	560,000	**560,000**	560,000
	607,340	596,904	**560,000**	560,000
Current				
Bank overdrafts (note 18)	**295,670**	246,979	**232,083**	199,246
Bank loans (note (a))	**157,502**	134,116	**150,000**	131,500
Unsecured loans (note (c))	**37,893**	25,784	**43,584**	83,211
Obligations under finance lease (note (b))	**7,512**	10,763	**-**	3,833
	498,577	417,642	**425,667**	417,790
Total borrowings	**1,105,917**	1,014,546	**985,667**	977,790

The fair values of the loans and borrowings approximate their carrying amount, excepted for debentures. The debentures are classified under level 1 in the level of hierarchy since they are listed on the Stock Exchange of Mauritius Ltd. The fair value of the debentures at June 30, 2017 amounted to Rs 564.5m (2016: Rs 560m).

(a) Bank loans are payable as follows:

Within one year	**157,502**	134,116	**150,000**	131,500
After one year and before two years	**7,982**	2,795	**-**	-
After two years and before five years	**17,520**	9,589	**-**	-
	183,004	146,500	**150,000**	131,500

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.

(b) Finance lease liabilities

Minimum lease payments:				
Within one year	**9,438**	13,003	**-**	3,938
After one year and before two years	**9,304**	11,685	**-**	-
After two years and before five years	**14,947**	16,314	**-**	-
	33,689	41,002	**-**	3,938
Future finance charges on finance leases	**(4,339)**	(5,719)	**-**	(105)
Present value of finance lease liabilities	**29,350**	35,283	**-**	3,833
Within one year	**7,512**	10,763	**-**	3,833
After one year and before two years	**7,959**	9,570	**-**	-
After two years and before five years	**13,879**	14,950	**-**	-
	29,350	35,283	**-**	3,833

Lease finance carries interest at an annual rate between 7.5% and 9.75%. Leased liabilities are effectively secured as the rights to the leased assets revert to the lessor in the event of default.

(c) The debentures are unsecured, repayable in November 2018 and bear interest at repo rate +1.20%. Unsecured loans are repayable at call, the rate of interest per annum at June 30, 2017 was 5.20% (2016: 5.60%).

21. EMPLOYEE BENEFIT LIABILITY

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

- A defined benefit scheme which is funded. The plan assets are held independently by an insurance company; and

- Retirement benefits, as defined under the Employment Rights Act 2008, which are unfunded.

The liabilities in respect of the retirement benefit schemes (a) and (b) above are analysed as follows:

	THE GROUP		THE COMPANY	
	2017	2016	**2017**	2016
	Rs'000	Rs'000	**Rs'000**	Rs'000
Funded obligation (note a)	**194,083**	139,962	**167,713**	118,435
Unfunded obligation (note b)	**108,373**	142,694	**88,105**	115,244
	302,456	282,656	**255,818**	233,679

(a) Funded obligation

(i) The amounts recognised in the statements of financial position in respect of funded obligation are as follows:

	THE GROUP		THE COMPANY	
	2017	2016	**2017**	2016
	Rs'000	Rs'000	**Rs'000**	Rs'000
Present value of funded obligation	**418,854**	356,064	**357,123**	309,923
Fair value of plan assets	**(224,771)**	(216,102)	**(189,410)**	(191,488)
Benefit liability	**194,083**	139,962	**167,713**	118,435
At July 1,	**139,963**	156,366	**118,435**	131,633
Amounts recognised in profit or loss	**28,239**	25,754	**20,978**	20,424
Amounts recognised in other comprehensive income	**46,051**	(15,814)	**39,871**	(9,203)
Employer's contribution	**(20,170)**	(26,344)	**(11,571)**	(24,419)
At June 30,	**194,083**	139,962	**167,713**	118,435

(ii) Changes in the present value of the employee benefit liability are as follows:

	THE GROUP		THE COMPANY	
	2017	2016	**2017**	2016
	Rs'000	Rs'000	**Rs'000**	Rs'000
At July 1,	**356,064**	349,264	**309,923**	297,392
Amounts recognised in profit or loss:				
Current service cost	**14,996**	12,297	**10,172**	8,967
Interest cost	**23,581**	24,018	**20,232**	20,463
	38,577	36,315	**30,404**	29,430
Benefits paid	**(16,476)**	(11,720)	**(17,501)**	(6,477)
Amounts recognised in other comprehensive income:				
Losses/(gains) due to changes in financial assumptions	**40,612**	(17,901)	**34,297**	(10,422)
Employee's contribution	**77**	108	**-**	-
Present value of employee benefit liability at June 30,	**418,854**	356,064	**357,123**	309,923

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

	THE GROUP		THE COMPANY	
	2017	2016	2017	2016
	Rs'000	Rs'000	Rs'000	Rs'000
At July 1,	216,102	192,900	191,488	165,759
Amounts recognised in profit or loss				
Current cost	(619)	(906)	(421)	(942)
Cost of insuring risk benefits	(2,127)	(1,585)	(1,408)	(1,257)
Interest cost	13,160	13,051	11,255	11,205
	10,414	10,560	9,426	9,006
Benefits paid	(16,476)	(11,720)	(17,501)	(6,477)
Amounts recognised in other comprehensive income				
Gains due to changes in financial assumptions	(5,439)	(2,088)	(5,574)	(1,219)
	(5,439)	(2,088)	(5,574)	(1,219)
Employer's contribution	20,170	26,450	11,571	24,419
Fair value of plan assets at June 30,	224,771	216,102	189,410	191,488

(iv) Description of assets

The assets of the plan are invested in the Deposit Administration Policy which is a pooled insurance product for Group Pension Schemes, underwritten by Swan Life (ex Anglo-Mauritius). The long-term investment policy aims to provide a smooth progression of returns from one year to the next without regular fluctuations associated with asset-linked investment such as equity funds. Moreover, the Deposit Adminstration Policy offers a minimum guaranteed return of 4% per annum.

The actual return on plan assets the Group was Rs 12,027,190 for the year ended June 30, 2017.

The actual return on plan assets for the Company was Rs 5,681,853 for the year ended June 30, 2017.

Maturity profile of the defined benefit obligation

The weighted average duration of the liabilities for the Group and the Company as at June 30, 2017 is 16 years and 14 years respectively.

(v) Expected contribution for the next year

The Group and the Company are expected to contribute Rs 26,782,828 and Rs 19,000,000 respectively to the pension scheme for the year ending June 30, 2018.

(vi) The main actuarial assumptions used for accounting purposes were:

	THE GROUP		THE COMPANY	
	2017	2016	2017	2016
	%	%	%	%
Discount rate	6.50	6.50	6.50	6.50
Future salary increase	3.50	4.00	3.50	4.00

Mortality during active service is assumed to follow that of the standard table known as A67/70 Ultimate. Mortality after retirement is assumed to follow that of the standard table known as PA(90) rated down by two years.

Employees are assumed to retire at 65. No allowance has been made for early retirement on the grounds of ill-health or otherwise, or for late retirements.

(vi) Settlements and curtailments

There have been no events that would need to be treated as settlements or curtailments under IAS 19.

21. EMPLOYEE BENEFIT LIABILITY (CONT'D)

(a) Funded obligation (Cont'd)

(viii) Risks associated with the plans

The Defined Benefit Plans expose the Group and the Company to actuarial risks such as longevity risk, interest rate risk, market (investment) risk, and salary risk.

Longevity risk

The liabilities disclosed are based on the mortality tables A 67/70 and PA(90)/AMAS buyout rate. Should the experience of the pension plans be less favourable than the standard mortality tables, the liabilities will increase.

Interest rate risk

If the bond interest rate decreases, the liabilities would be calculated using a lower discount rate and would therefore increase.

Investment risk

The present value of the liabilities of the plan are calculated using a discount rate. Should the returns on the assets of the plan be lower than the discount rate, a deficit will arise for funded benefits only.

Salary risk

If salary increases are higher than assumed in our basis, the liabilities would increase giving rise to actuarial losses.

(ix) Sensitivity analysis on defined benefit obligation at the end of the year:

	THE GROUP		THE COMPANY	
	Impact		Impact	
	2017	2016	**2017**	2016
Discount rate	**Rs'000**	Rs'000	**Rs'000**	Rs'000
1% increase	**(55,095)**	(48,965)	**(45,096)**	(41,286)
1% decrease	**55,095**	48,965	**45,906**	41,286
Salary increase				
1% increase	**30,710**	18,945	**21,981**	12,376
1% decrease	**(30,710)**	(18,945)	**(21,981)**	(12,376)

The sensitivity analysis above have been determined based on sensibly possible changes of the discount rate or salary increase rate occuring at the end of the reporting period if all other assumptions remain unchanged.

(x) The major categories of the planned assets are as follow:

	THE GROUP		THE COMPANY	
	2017	2016	**2017**	2016
	%	%	**%**	%
Local equities	**1**	1	**-**	-
Overseas equities and mutual funds	**1**	1	**-**	-
Fixed interest	**1**	1	**-**	-
Property	**1**	1	**-**	-
Qualifying insurances policies	**96**	96	**100**	100
	100	100	**100**	100

(b) Unfunded obligation

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

(i) Movement in the liability recognised in the statements of financial position:

	THE GROUP		THE COMPANY	
	2017	2016	**2017**	2016
	Rs'000	Rs'000	**Rs'000**	Rs'000
Present value of unfunded obligation	**108,373**	142,694	**88,105**	115,244

(ii) Movement of defined benefit of unfunded obligation:

	THE GROUP		THE COMPANY	
	2017	2016	2017	2016
	Rs'000	Rs'000	Rs'000	Rs'000
At July 1,	142,694	141,700	115,244	114,309
Amount recognised in profit or loss:				
Current service cost	5,658	6,426	4,318	4,822
Interest expense	9,111	9,502	7,775	7,756
Settlement	(7,601)	-	-	-
Past service cost	-	270	-	464
	7,168	16,198	12,093	13,042
Amount recognised in other comprehensive income:				
Liability experience gains	(18,362)	(5,563)	(17,784)	(4,966)
Gains due to changes in financial assumptions	(14,466)	(354)	(12,952)	-
	(32,828)	(5,917)	(30,736)	(4,966)
Benefits paid	(8,661)	(9,287)	(8,496)	(7,141)
At June 30,	108,373	142,694	88,105	115,244

(iii) Principal assumptions used were as follows:

	THE GROUP		THE COMPANY	
Financial assumptions:	2017	2016	2017	2016
Discount rate	6.5%	7.0%	6.5%	7.0%
Future salary increase	4.0%	5.5%	4.0%	5.5%
Future pension increase	0.0%	4.5%	0.0%	4.5%

Demographic assumptions:	
Withdrawal before retirement	5% per annum to age 40, reducing to nil after age 45.
Mortality before retirement	A1967/70(2) Ultimate PA(90) (rated down by 2 years).
Mortality in retirement	65.

(iv) Sensitivity analysis on unfunded defined benefit obligation at the end of the year:

	THE GROUP		THE COMPANY	
	Impact		Impact	
	2017	2016	2017	2016
	Rs'000	Rs'000	Rs'000	Rs'000
1% Increase in discount rate	(13,949)	(13,052)	(8,230)	(11,249)
1% Decrease in discount rate	11,959	11,062	7,048	9,562
1% Increase in future salary increase	9,994	13,565	8,358	11,308
1% Decrease in future salary increase	(8,675)	(11,573)	(7,270)	(9,775)

The above sensitivity analysis has been carried out by recalculating the present value of obligation at the end of the period after increasing or decreasing the discount rate while leaving all other assumptions unchanged. Any similar variation in the other assumptions would have shown smaller variations in the defined benefit obligation.

(v) Future cash flows

The funding policy is to pay benefits out of the reporting entity's cashflow as and when due.

The expected employer contribution for the next year is Rs 2.3m.

The weighted average duration of the defined benefit obligation for the Group and the Company is 12 years and 10 years respectively.

The Group and the Company have recognised net defined liabilities of Rs 108.4m and Rs 88.1m respectively in the statement of financial position as at June 30, 2017 (2016: Group Rs 142.7m and Company Rs 115.2m) in respect of any retirement gratuities that are expected to be paid out of the Company's cash flow to its employees under the Employment Rights Act 2008.

22. TRADE AND OTHER PAYABLES

	THE GROUP		THE COMPANY	
	2017	2016	2017	2016
	Rs'000	Rs'000	Rs'000	Rs'000
Trade payables	164,429	159,655	39,222	32,159
Payables to subsidiaries	-	-	42,700	42,753
Payables to associates	541	737	-	-
Other payables and accruals	120,337	98,533	65,192	55,799
	285,307	258,925	147,114	130,711

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 related parties, refer to note 29.

Other payables comprise mainly of accruals, deposits from customers, amongst others.

23. REVENUE

	THE GROUP		THE COMPANY	
	2017	2016	2017	2016
	Rs'000	Rs'000	Rs'000	Rs'000
Sale of goods	2,413,268	2,402,957	1,278,647	1,288,292
Rendering of services	238,198	233,493	123,280	106,625
	2,651,466	2,636,450	1,401,927	1,394,917

24. OPERATING PROFIT

	THE GROUP		THE COMPANY	
Operating profit is arrived at after:	2017	2016	2017	2016
	Rs'000	Rs'000	Rs'000	Rs'000
(a) Crediting:				
- Rental income	12,628	11,794	41,322	39,350
- Other operating income	81,358	64,188	74,857	60,868
- Profit on disposal of property, plant and equipment	3,551	6,840	1,639	3,818
(b) Charging:				
- Cost of sales	1,768,581	1,758,774	875,721	876,042
- Administrative expenses	708,227	662,813	533,810	468,333
- Selling and distribution costs	55,033	43,361	23,182	17,976
Depreciation of property, plant and equipment				
- owned assets	217,072	211,759	163,271	161,230
- leased assets	24,813	25,468	3,220	6,782
Depreciation of investment properties	2,111	2,065	17,526	16,688
Cost of inventories recognised as expenses	1,255,536	1,390,232	406,201	468,538
Amortisation of bearer biological assets	2,217	3,439	-	-
Impairment loss/(reversal) on bearer biological assets	6,915	(380)	1,683	1,160
Amortisation of investment in associates	-	2,968	-	2,968
Amortisation of intangible assets	4,876	3,944	1,683	1,160
Staff costs (note (i))	511,867	488,005	321,727	298,279
Included in administrative expenses are:				
Impairment of investment/receivables in/from subsidiary	-	-	92,964	58,000
	-	-	92,964	58,000

Included in cost of sales and administrative expenses are:	THE GROUP 2017	THE GROUP 2016	THE COMPANY 2017	THE COMPANY 2016
	Rs'000	Rs'000	Rs'000	Rs'000
(i) Analysis of staff costs:				
- Wages and salaries	415,998	404,887	270,812	255,278
- Social security costs	18,871	19,295	10,885	10,551
- Pension costs	76,998	63,823	40,030	32,450
	511,867	488,005	321,727	298,279

25. FINANCE INCOME

	THE GROUP 2017	THE GROUP 2016	THE COMPANY 2017	THE COMPANY 2016
Dividend income:	Rs'000	Rs'000	Rs'000	Rs'000
- Quoted	2	774	2	774
- Unquoted	1,087	1,555	37,427	38,527
Interest income	258	144	1,275	1,520
	1,347	2,473	38,704	40,821

26. FINANCE COSTS

	THE GROUP 2017	THE GROUP 2016	THE COMPANY 2017	THE COMPANY 2016
	Rs'000	Rs'000	Rs'000	Rs'000
Interest expense on:				
- Bank overdrafts	4,449	6,678	3,605	6,163
- Bank loans	8,594	8,341	6,432	7,106
- Leases	2,377	1,958	104	796
- Unsecured loans	1,181	2,704	5,257	5,613
- Debentures	30,480	31,952	29,243	31,952
	47,081	51,633	44,641	51,630

27. EARNINGS PER SHARE

	THE GROUP 2017	THE GROUP 2016
Profit attributable to equity holders of the parent (Rs'000)	159,669	136,346
Number of shares in issue	26,510,042	26,510,042
Earnings per share - Basic (Rs)	6.02	5.14

There are no instruments (including contingently issuable shares) that could potentially dilute basic earnings per share in the future.

28. DIVIDENDS

	THE GROUP 2017	THE GROUP 2016	THE COMPANY 2017	THE COMPANY 2016
Dividend on ordinary shares:	Rs'000	Rs'000	Rs'000	Rs'000
Dividend paid of Rs 3.25 per share (2016: Rs 3.00 per share)	86,158	79,530	86,158	79,530

29. RELATED PARTY DISCLOSURES

	The Company		Subsidiary Companies		Associate Companies		Enterprises Under Common Management		Key Management Personnel		Enterprises With Common Major Shareholders	
	2017	2016	**2017**	2016	**2017**	2016	**2017**	2016	**2017**	2016	**2017**	2016
	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	**36,835**	67,898	**278,436**	341,854	**3,812**	5,041	**77**	593	**-**	-	**108,237**	143,689
Purchase of property, plant and equipment	**35,141**	54,873	**13,207**	10,958	**-**	4,154	**-**	-	**-**	-	**32,815**	48,075
Sale of goods and services	**640,713**	400,456	**96,440**	124,466	**198,463**	156,170	**20,915**	20,817	**1,615**	1,079	**88,974**	83,492
Sale of property, plant and equipment	**10,569**	19,424	**381**	650	**-**	-	**-**	-	**-**	-	**-**	-
Management fees received	**21,242**	21,280	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-
Rental income	**31,675**	29,044	**2,903**	32,424	**466**	466	**-**	-	**-**	-	**-**	-
Rental expenses	**-**	-	**35,044**	2,914	**-**	-	**-**	-	**-**	-	**5,911**	-
Management fees paid	**-**	-	**14,289**	13,555	**4,884**	5,498	**2,421**	3,802	**-**	-	**-**	-
Interests received	**1,127**	187	**1,338**	1,620	**-**	-	**-**	-	**-**	-	**-**	-
Interests paid	**5,094**	5,441	**1,123**	187	**1,037**	926	**544**	926	**-**	-	**561**	2,467
(b) Outstanding balances at June 30,												
Amounts receivable	**89,681**	246,801	**22,154**	16,649	**32,216**	10,113	**3,053**	11,038	**194**	575	**12,985**	8,451
Amounts payable	**48,798**	42,753	**59,082**	62,715	**-**	-	**6,472**	550	**-**	-	**22,409**	14,960
Loans receivable	**65,793**	-	**5,425**	57,426	**-**	-	**-**	-	**-**	-	**-**	-
Loans payable	**43,584**	83,211	**65,793**	-	**14,763**	23,942	**9,886**	1,842	**-**	-	**-**	-

(c) Compensation of key management personnel

	THE GROUP		THE COMPANY	
	2017	2016	**2017**	2016
	Rs'000	Rs'000	**Rs'000**	Rs'000
Short term employee benefits	**81,852**	71,321	**50,472**	45,371
Post-employment benefits	**9,581**	8,566	**7,032**	6,279
	91,433	79,887	**57,504**	51,650

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. For the year ended June 30, 2017, the Group has not recorded any impairment of receivables relating to amounts owed by related parties (2016: Nil). The Company has recorded impairment of Rs 93m during the year ended June 30, 2017 (2016: Rs 58m) relating to related parties. This assessment is undertaken each financial year 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 Ltd with any of its Directors and controlling shareholders.

31. CAPITAL COMMITMENTS

	THE GROUP		THE COMPANY	
	2017	2016	**2017**	2016
Capital expenditure:	**Rs'000**	Rs'000	**Rs'000**	Rs'000
Contracted for but not provided in the financial statements	**17,453**	7,198	**-**	6,458
Approved by the Directors but not contracted for	**356,933**	278,021	**270,487**	194,462
	374,386	285,219	**270,487**	200,920

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

The Group capital commitments relating to its associates are as follows:

	THE GROUP	
	2017	2016
Capital expenditure:	**Rs'000**	Rs'000
Contracted for but not provided in the financial statements	**-**	-
Approved by the Directors but not contracted for	**22,407**	29,036
	22,407	29,036

32. CONTINGENT LIABILITIES

Bank guarantees

At June 30, 2017, the Group had contingent liabilities in respect of bank guarantees amounting to Rs 9.8m (2016: Rs 10m) and contingent liabilities in respect of net current liabilities of one of the Group's subsidiaries amounting to Rs 28.4m (2016: Nil), both arising in the ordinary course of business from which it is anticipated that no material liabilities would arise.

Pre-mixed Concrete Limited, one of the Group's associates had contingent liabilities in respect of bank guarantees of Rs 0.2m (2016: Rs 0.2m) arising in the ordinary course of business from which it is anticipated that no material liabilities would arise.

Legal claim contingencies

Legal action has been initiated by former employees against the Group in respect of unpaid severance allowances. The estimated payout is Rs 54.7m (2016: Rs 29m), should the action be successful. Trials are ongoing and therefore it is not practicable to state the timing of payment, if any. The Group has been advised by its legal counsel that it is only possible, but not probable, that the action will succeed. Accordingly, no provision for any liability has been made in the financial statements.

33. OPERATING LEASE COMMITMENTS

Future minimum rentals payable under operating leases are as follows:

	THE GROUP		THE COMPANY	
	2017	2016	**2017**	2016
	Rs'000	Rs'000	**Rs'000**	Rs'000
Within one year	**4,304**	2,738	**924**	573
After one year and before two years	**3,529**	2,289	**255**	924
After two years and before five years	**1,551**	1,442	**-**	255
	9,384	6,469	**1,179**	1,752

34. HOLDING COMPANY

The Directors regard IBL Ltd (formerly known as GML Investissement Ltée) incorporated in Mauritius as the holding company. Its registered address is 4th Floor, IBL House, Caudan Waterfront, Port Louis.

35. EVENTS AFTER REPORTING DATE

There has been no material event after the reporting date which require disclosure or adjustment to the financial statements for the year ended June 30, 2017.

36. 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 constitute our core business. The retail business under the Building materials segment consists of the sale of roof tiles, imported floor and wall tiles, sanitary wares and a complete range of home building products and garden accessories.

The Agriculture segment is involved in the cultivation of sugar cane, vegetables, plants and landscaping services.

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

2017 — **THE GROUP**

	Building materials		Agriculture	Consolidation Adjustments	Total
	Retail	Core business			
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Revenue	857,224	1,868,069	100,885	(174,712)	2,651,466
Operating profit/(loss)	31,546	208,396	(22,780)	-	217,162
Net finance income/(costs)	690	3,202	(2,695)	(46,931)	(45,734)
Share of results of associates	-	-	-	34,280	34,280
Profit/(loss) before taxation	32,236	211,598	(25,475)	(12,651)	205,708
Income tax	2,676	(36,753)	-	-	(34,077)
Profit/(loss) after taxation	34,912	174,845	(25,475)	(12,651)	171,631
Non-controlling interests	-	(11,962)	-	-	(11,962)
Profit/(loss) for the year attributable to the parent	34,912	162,883	(25,475)	(12,651)	159,669
Other segment information:					
Segment assets	548,732	4,519,721	1,042,150	(1,351,831)	4,758,772
Investment in associates	-	110,359	-	102,226	212,585
Total segment assets	548,732	4,630,080	1,042,150	(1,249,605)	4,971,357
Total segment liabilities	192,160	2,069,356	122,567	(586,282)	1,797,801
Capital expenditure:					
Property, plant and equipment	12,928	258,886	28,845	-	300,659
Intangible assets	3,188	4,234	-	-	7,422
Depreciation and amortisation	15,907	219,856	10,997	-	246,760

36. SEGMENTAL INFORMATION (CONT'D)

2016

THE GROUP

	Building materials		Agriculture	Consolidation Adjustments	Total
	Retail	Core business			
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Revenue	871,313	1,900,111	71,291	(206,265)	2,636,450
Operating profit/(loss)	28,894	244,036	(18,606)	-	254,324
Net finance costs	(487)	(1,688)	(1,956)	(45,029)	(49,160)
Share of results of associates	-	-	-	(6,367)	(6,367)
Profit/(loss) before taxation	28,407	242,348	(20,562)	(51,396)	198,797
Income tax	(45)	(40,649)	-	-	(40,694)
Profit/(loss) after taxation	28,362	201,699	(20,562)	(51,396)	158,103
Non-controlling interests	-	(21,757)	-	-	(21,757)
Profit/(loss) for the year attributable to the parent	28,362	179,942	(20,562)	(51,396)	136,346
Other segment information:					
Segment assets	505,935	4,288,326	908,099	(1,542,740)	4,159,620
Investment in associates	-	107,248	-	39,617	146,865
Total segment assets	505,935	4,395,574	908,099	(1,503,123)	4,306,485
Total segment liabilities	185,606	1,974,153	56,921	(587,914)	1,628,766
Capital expenditure:					
Property, plant and equipment	15,799	203,789	38,325	-	257,913
Intangible assets	1,456	7,399	601	-	9,456
Depreciation and amortisation	12,110	217,600	11,461	-	241,171

37. FINANCIAL REVIEW

	2017	2016
	Rs'm	Rs'm
THE GROUP		
Share capital	**265.1**	265.1
Reserves	**2,865.7**	2,366.4
Equity attributable to shareholders of the parent	**3,130.8**	2,631.5
Assets	**4,971.4**	4,306.5
Liabilities	**1,797.8**	1,628.8
Revenue	**2,651.5**	2,636.5
Profit before taxation	**205.7**	198.8
Income tax expense	**(34.1)**	(40.7)
Profit for the year	**171.6**	158.1
Dividend	**(86.2)**	(79.5)

	2017	2016
	Rs	Rs
Basic net assets value per share	**118.10**	99.26
Basic earnings per share	**6.02**	5.14
Dividend per share	**3.25**	3.00

	2017	2016
	Rs'm	Rs'm
THE COMPANY		
Share capital	**265.1**	265.1
Reserves	**2,052.9**	1,913.1
Equity attributable to shareholders of the parent	**2,318.0**	2,178.2
Assets	**3,774.6**	3,574.9
Liabilities	**1,456.6**	1,396.7
Revenue	**1,401.9**	1,394.9
Profit before taxation	**81.1**	125.8
Income tax expense	**(30.1)**	(30.1)
Profit for the year	**51.0**	95.7
Dividend	**(86.2)**	(79.5)

	2017	2016
	Rs	Rs
Basic net assets value per share	**87.44**	82.16
Basic earnings per share	**1.92**	3.61
Dividend per share	**3.25**	3.00

THE UNITED BASALT PRODUCTS LIMITED

PROXY FORM

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

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

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 Tuesday December 12, 2017 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 2017 of the Company.			
2	To receive the report of Messrs Ernst & Young, the Auditors of the Company, for the year ended June 30, 2017.			
3	To consider and adopt the Company's and the Group's Audited Financial Statements for the year ended June 30, 2017.			
4	To re-elect as Director of the Company, Mr E. Jean Mamet, aged above 70, who offers himself for re-election upon recommendation from the Corporate Governance Committee in accordance with Section 138(6) of the Companies Act 2001 to hold office until the next Annual Meeting.			
5	To re-elect as Director of the Company, Mr Jean Claude Maingard, aged above 70, who offers himself for re-election upon recommendation from the Corporate Governance Committee in accordance with Section 138(6) of the Companies Act 2001 to hold office until the next Annual Meeting.			
6	To elect as Director of the Company, Mr Yann Duchesne, appointed by the Board of Directors on Fenruary 8, 2017 in accordance with Clause 23.5 (a) of the Company's Constitution, who offers himself for election upon recommendation from the Corporate Governance Committee to hold office until the next Annual Meeting.			
7-15	To elect as Directors of the Company and by way of separate resolutions, the following persons who offer themselves for re-election upon recommendation from the Corporate Governance Committee to hold office until the next Annual Meeting:			
7	Mr Marc Freismuth			
8	Mr François Boullé			
9	Mr Joël Harel			
10	Mr Laurent de la Hogue			
11	Mr Arnaud Lagesse			
12	Mr Stéphane Lagesse			
13	Mr Thierry Lagesse			
14	Mr Christophe Quevauvilliers			
15	Mr Stéphane Ulcoq			
16	To re-appoint Messrs Ernst & Young as Auditors of the Company for the year ending June 30, 2018 and to authorise the Board of Directors to fix their remuneration.			

Dated this .... day of .... 2017.

....

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 A vote withheld is not a vote in law and will not be counted in the calculation of the proportion of votes for and against the respective resolutions.
4 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.

As part of its ongoing programme to help protect the environment, IBL Ltd subsidiaries have chosen to use Lenza Green paper for their Annual Reports.

Lenza Green paper is made from 100% recycled pulp, certified FSC (Forest Stewardship Council).

FSC is an international, non-governmental, non-profit making organisation created in 1993.

It encourages socially, ecologically and economically responsible forestry management initiatives.

Detailed Environmental Profile

Fibre source:	40 / 40
Fossil CO2 emissions from manufacturing:	18 / 20
Waste to landfill:	10 / 10
Water pollution from bleaching:	10 / 10
Organic water pollution:	9 / 10
Environmental management systems:	10 / 10

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