

The United Basalt Products Limited and Its Subsidiary Companies

Unaudited Abridged Group Interim Financial Statements

Quarter and Nine Months Ended March 31, 2018

ABRIDGED STATEMENT OF FINANCIAL POSITION

	Unaudited		Audited
	As at March 31, 2018 Rs. ' 000	As at March 31, 2017 Rs. ' 000	As at June 30, 2017 Rs. ' 000
ASSETS			
Non-current assets	3,627,385	3,142,051	3,691,158
Current assets	1,279,672	1,194,801	1,280,196
TOTAL ASSETS	4,907,057	4,336,852	4,971,354
EQUITY AND LIABILITIES			
Equity			
Equity attributable to shareholders of the parent	3,238,435	2,775,506	3,130,790
Non-controlling interests	53,396	56,136	42,766
TOTAL EQUITY	3,291,831	2,831,642	3,173,556
Non-current liabilities	454,495	927,700	1,005,934
Current liabilities	1,160,731	577,510	791,864
TOTAL EQUITY AND LIABILITIES	4,907,057	4,336,852	4,971,354

ABRIDGED STATEMENT OF CHANGES IN EQUITY

	Unaudited									
	Equity attributable to shareholders of the parent									
	Share Capital Rs. ' 000	Share Premium Rs. ' 000	Associate Companies Rs. ' 000	Revaluation Reserve Rs. ' 000	Fair Value Reserve Rs. ' 000	Translation Reserve Rs. ' 000	Retained Earnings Rs. ' 000	Total Rs. ' 000	Non-controlling Interests Rs. ' 000	Total Equity Rs. ' 000
At July 1, 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
Profit for the period	-	-	-	-	-	-	124,538	124,538	11,066	135,604
Other comprehensive (loss)/income	-	-	(4,544)	-	(14,317)	1,968	-	(16,893)	164	(16,729)
Total comprehensive (loss)/income for the period	-	-	(4,544)	-	(14,317)	1,968	124,538	107,645	11,230	118,875
Dividend	-	-	-	-	-	-	-	-	(600)	(600)
At March 31, 2018	265,100	7,354	101,484	1,490,537	5,812	12,623	1,355,525	3,238,435	53,396	3,291,831
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 period	-	-	-	-	-	-	157,060	157,060	11,093	168,153
Other comprehensive loss	-	-	(1,110)	-	(10,259)	(1,666)	-	(13,035)	(595)	(13,630)
Total comprehensive (loss)/income for the period	-	-	(1,110)	-	(10,259)	(1,666)	157,060	144,025	10,498	154,523
Dividend	-	-	-	-	-	-	-	-	(600)	(600)
At March 31, 2017	265,100	7,354	62,828	1,093,038	18,354	5,778	1,323,054	2,775,506	56,136	2,831,642

ABRIDGED STATEMENT OF COMPREHENSIVE INCOME

	Unaudited				Audited
	Quarter ended March 31, 2018 Rs. ' 000	Quarter ended March 31, 2017 Rs. ' 000	9 months ended March 31, 2018 Rs. ' 000	9 months ended March 31, 2017 Rs. ' 000	Year ended June 30, 2017 Rs. ' 000
Revenue	623,528	576,646	2,195,471	2,016,027	2,651,466
Operating profit	8,609	39,693	189,620	203,450	217,162
Finance income	558	664	631	830	1,347
Finance costs	(11,280)	(11,628)	(34,738)	(33,277)	(47,081)
Share of results of associates	(3,163)	7,061	10,087	24,824	34,280
(Loss)/profit before tax	(5,276)	35,790	165,600	195,827	205,708
Income tax expense	(4,783)	(9,606)	(29,996)	(27,674)	(34,077)
(Loss)/profit for the period/year	(10,059)	26,184	135,604	168,153	171,631
Other comprehensive (loss)/income					
<i>Items to be reclassified to profit or loss in subsequent periods:</i>					
Net gain on available-for-sale investments	-	934	-	554	2,329
Release on disposal of available-for-sale investments	(14,317)	(10,813)	(14,317)	(10,813)	(10,813)
Exchange differences on translation of foreign operations	43	(843)	2,132	(2,261)	1,667
Net other comprehensive loss to be reclassified to profit or loss in subsequent periods	(14,274)	(10,722)	(12,185)	(12,520)	(6,817)
<i>Items not to be reclassified to profit or loss in subsequent periods:</i>					
Re-measurement losses on defined benefit plans	-	-	-	-	(13,223)
Income tax effect on re-measurement losses on defined benefit plans	-	-	-	-	2,300
Revaluation of land and buildings	-	-	-	-	446,235
Deferred tax effect on revaluation of land and buildings	-	-	-	-	(45,411)
Share of movement in reserves of associates	(607)	(1,851)	(4,544)	(1,110)	42,090
Net other comprehensive (loss)/income not to be reclassified to profit or loss in subsequent periods	(607)	(1,851)	(4,544)	(1,110)	431,991
Other comprehensive (loss)/income for the period/year, net of tax	(14,881)	(12,573)	(16,729)	(13,630)	425,174
Total comprehensive (loss)/income for the period/year, net of tax	(24,940)	13,611	118,875	154,523	596,805
(Loss)/profit for the period/year attributable to:					
Equity holders of the parent	(12,048)	24,480	124,538	157,060	159,669
Non-controlling interests	1,989	1,704	11,066	11,093	11,962
(10,059)	26,184	135,604	168,153	171,631	
Total comprehensive (loss)/income for the period/year attributable to:					
Equity holders of the parent	(27,019)	12,262	107,645	144,025	585,467
Non-controlling interests	2,079	1,349	11,230	10,498	11,338
(24,940)	13,611	118,875	154,523	596,805	
Earnings per share (Rs)					
Basic, (loss)/profit for the period/year attributable to ordinary equity holders of the parent	(0.45)	0.92	4.70	5.92	6.02

ABRIDGED STATEMENT OF CASH FLOWS

	Unaudited	
	9 months ended March 31, 2018 Rs. ' 000	9 months ended March 31, 2017 Rs. ' 000
Net cash flows from operating activities	322,593	240,104
Net cash flows used in investing activities	(134,745)	(175,115)
Net cash flows from financing activities	43,652	35,791
Increase in cash and cash equivalents	231,500	100,780
MOVEMENT IN CASH AND CASH EQUIVALENTS		
At July 1,	(269,319)	(196,691)
Movement	231,500	100,780
At March 31,	(37,819)	(95,911)

SEGMENTAL INFORMATION

	Unaudited				Audited
	Quarter ended March 31, 2018 Rs. ' 000	Quarter ended March 31, 2017 Rs. ' 000	9 months ended March 31, 2018 Rs. ' 000	9 months ended March 31, 2017 Rs. ' 000	Year ended June 30, 2017 Rs. ' 000
Revenue:					
Building materials - Core business	428,734	412,069	1,516,884	1,388,646	1,868,069
Building materials - Retail	204,927	183,864	726,592	667,134	857,224
Agriculture	20,379	14,578	82,068	81,930	100,885
Consolidation adjustments	(30,512)	(33,865)	(130,073)	(121,683)	(174,712)
Total	623,528	576,646	2,195,471	2,016,027	2,651,466
Operating profit/(loss):					
Building materials - Core business	14,506	40,076	167,103	181,819	208,396
Building materials - Retail	(3,652)	2,482	30,560	31,733	31,546
Agriculture	(2,245)	(2,865)	(8,043)	(10,102)	(22,780)
Total	8,609	39,693	189,620	203,450	217,162

COMMENTS

The Group's revenue for the nine months ended March 31, 2018 increased by 8.9% compared to that of the same period in 2017 whilst the Group's operating profit decreased from Rs 203.4 million to Rs 189.6 million. As shown in the segmental information disclosure, this shortfall is attributable to a drop in performance of our core business and retail segments during the last quarter.

In terms of our core business locally, our profitability was significantly impacted by unexpected production-related costs incurred due to the bad weather conditions prevailing since the beginning of the year. In addition, transport costs were incurred to transfer boulders and finished goods between our various sites to avoid production disruptions and products unavailability and satisfy our customers needs. Besides this, our performance was also impacted by exceptional severance allowances paid to retiring employees and legal fees incurred in relation to our case at the Privy Council. Overseas, our subsidiary operating in Madagascar continued to incur losses due to an increase in production costs and the unavailability of raw-materials while in Sri Lanka our subsidiary restarted its operations in March but the net result for the period under review was still loss-making.

In terms of our retail segment, the lower performance for the quarter was attributable to a drop in profit margin resulting from projects sales and significant stock clearance actions as well as an increase in administrative and selling expenses.

Our share of results from associates decreased significantly for the quarter and nine months period under review compared to the same period in previous year due to a major drop in the net results of our ready-mixed concrete entity caused by the bad weather conditions.

In the light of the above and taking into account the increase in effective tax rate during the period, the Group's profit decreased from Rs 168.1 million for the nine months ended March 31, 2017 to Rs 135.6 million for the nine months period under review. Earnings per share likewise decreased from Rs 5.92 in 2017 to Rs 4.70 for this period.

OUTLOOK

Based on our performance to date and our revenue forecasts to June 2018, the net result for the current financial year should be comparable to that of 2016-2017. Our medium and long term future performance locally remains dependent on the level of investment in property development and public infrastructure projects. The announcement of several major projects for 2018 and beyond is very encouraging for the construction industry going forward but there is still some uncertainty about the realisation timing of such projects.

DIVIDENDS

The Board of Directors has declared a dividend of Rs 3.50 per share in respect of the financial year ending on June 30, 2018, payable on or about June 26, 2018.

By Order of the Board

Bhooneshi Nemchand
Company Secretary

May 10, 2018

The above Unaudited Abridged Group Interim Financial Statements are issued pursuant to Listing Rule 12.20 of the Stock Exchange of Mauritius Ltd and to Section 88 of the Securities Act 2005.

The Board of Directors of The United Basalt Products Limited accepts full responsibility for the accuracy of the information contained in these Unaudited Abridged Group Interim Financial Statements.

The statement of direct and indirect interests of insiders required under rule 8(2)(m) of the Securities (Disclosure Obligations of Reporting Issuers) Rules 2007 is available upon request, free of charge, at the registered office of the Company, Trianon, Quatre Bornes.

Copies of this report are available to the public, free of charge, at the registered office of the Company, Trianon, Quatre Bornes.