

# The United Basalt Products Ltd and Its Subsidiary Companies

## Audited Abridged Group Financial Statements

### Year Ended June 30, 2018

#### ABRIDGED STATEMENT OF FINANCIAL POSITION

	Audited	Audited
	As at June 30, 2018 Rs. ' 000	As at June 30, 2017 Rs. ' 000
<b>ASSETS</b>		
<b>Non-current assets</b>	<b>3,669,519</b>	3,691,158
<b>Current assets</b>	<b>1,317,608</b>	1,280,196
<b>TOTAL ASSETS</b>	<b>4,987,127</b>	4,971,354
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
Equity attributable to shareholders of the parent	3,087,456	3,130,790
Non-controlling interests	37,174	42,766
<b>TOTAL EQUITY</b>	<b>3,124,630</b>	3,173,556
<b>Non-current liabilities</b>	<b>518,339</b>	1,005,934
<b>Current liabilities</b>	<b>1,344,158</b>	791,864
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>4,987,127</b>	4,971,354

#### ABRIDGED STATEMENT OF CHANGES IN EQUITY

	Audited										
	Equity attributable to shareholders of the parent									Non-controlling	Total
	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	Interests Rs. ' 000	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 year	-	-	-	-	-	-	131,078	131,078	13,147	144,225	
Other comprehensive loss	-	-	(4,206)	(2,164)	(8,685)	(10,905)	(55,667)	(81,627)	(4,729)	(86,356)	
Total comprehensive income / (loss) for the year	-	-	(4,206)	(2,164)	(8,685)	(10,905)	75,411	49,451	8,418	57,869	
Dividend	-	-	-	-	-	-	(92,785)	(92,785)	(14,010)	(106,795)	
<b>At June 30, 2018</b>	<b>265,100</b>	<b>7,354</b>	<b>101,822</b>	<b>1,488,373</b>	<b>11,444</b>	<b>(250)</b>	<b>1,213,613</b>	<b>3,087,456</b>	<b>37,174</b>	<b>3,124,630</b>	
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 income / (loss)	-	-	42,090	397,499	(8,484)	3,211	(8,518)	425,798	(624)	425,174	
Total comprehensive income / (loss) for the year	-	-	42,090	397,499	(8,484)	3,211	151,151	585,467	11,338	596,805	
Dividend	-	-	-	-	-	-	(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	

#### ABRIDGED STATEMENT OF COMPREHENSIVE INCOME

	Audited	Audited
	Year ended June 30, 2018 Rs. ' 000	Year ended June 30, 2017 Rs. ' 000
<b>Revenue</b>	<b>2,927,055</b>	2,651,466
<b>Operating profit</b>	<b>219,200</b>	217,162
Finance income	1,442	1,347
Finance costs	(46,861)	(47,081)
Share of results of associates	14,458	34,280
<b>Profit before tax</b>	<b>188,239</b>	205,708
Income tax expense	(44,014)	(34,077)
<b>Profit for the year</b>	<b>144,225</b>	171,631
<b>Other comprehensive income</b>		
<b>Items to be reclassified to profit or loss in subsequent periods:</b>		
Net gain on available-for-sale investments	5,632	2,329
Release on disposal of available-for-sale investments	(14,317)	(10,813)
Exchange differences on translation of foreign operations	(14,619)	1,667
<b>Net other comprehensive loss to be reclassified to profit or loss in subsequent periods</b>	<b>(23,304)</b>	(6,817)
<b>Items not to be reclassified to profit or loss in subsequent periods:</b>		
Re-measurement losses on defined benefit plans	(71,017)	(13,223)
Income tax effect on re-measurement losses on defined benefit plans	12,171	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	(4,206)	42,090
<b>Net other comprehensive (loss) / income not to be reclassified to profit or loss in subsequent periods</b>	<b>(63,052)</b>	431,991
<b>Other comprehensive (loss) / income for the year, net of tax</b>	<b>(86,356)</b>	425,174
<b>Total comprehensive income for the year, net of tax</b>	<b>57,869</b>	596,805
<b>Profit for the year attributable to:</b>		
Equity holders of the parent	131,078	159,669
Non-controlling interests	13,147	11,962
	<b>144,225</b>	171,631
<b>Total comprehensive income for the year attributable to:</b>		
Equity holders of the parent	49,451	585,467
Non-controlling interests	8,418	11,338
	<b>57,869</b>	596,805
<b>Earnings per share (Rs)</b>		
Basic, profit for the year attributable to ordinary equity holders of the parent.	4.94	6.02

#### ABRIDGED STATEMENT OF CASH FLOWS

	Audited	Audited
	Year ended June 30, 2018 Rs. ' 000	Year ended June 30, 2017 Rs. ' 000
<b>Net cash flows from operating activities</b>	<b>418,312</b>	274,598
<b>Net cash flows used in investing activities</b>	<b>(225,596)</b>	(279,408)
<b>Net cash flows used in financing activities</b>	<b>(102,151)</b>	(71,352)
<b>Increase / (Decrease) in cash and cash equivalents</b>	<b>90,565</b>	(76,162)
<b>MOVEMENT IN CASH AND CASH EQUIVALENTS</b>		
At July 1,	(269,319)	(196,691)
Movement	90,565	(76,162)
Exchange difference	(5,476)	3,534
At June 30,	<b>(184,230)</b>	(269,319)

#### SEGMENTAL INFORMATION

	Audited	Audited
	Year ended June 30, 2018 Rs. ' 000	Year ended June 30, 2017 Rs. ' 000
<b>Revenue:</b>		
Building materials - Core business	2,100,777	1,868,069
Building materials - Retail	922,488	857,224
Agriculture	96,208	100,885
Consolidation adjustments	(192,418)	(174,712)
<b>Total</b>	<b>2,927,055</b>	2,651,466
<b>Operating profit / (loss):</b>		
Building materials - Core business	201,498	208,396
Building materials - Retail	36,521	31,546
Agriculture	(18,819)	(22,780)
<b>Total</b>	<b>219,200</b>	217,162

#### COMMENTS

The Group's revenue for the year ended June 30, 2018 increased by 10.4% compared to previous year whilst the Group's operating profit increased marginally from Rs 217.2 million in 2017 to Rs 219.2 million for the year under review. As shown in the segmental information disclosure, our core business segment posted lower profits despite an increase in revenue due mainly to the negative results of our overseas subsidiaries.

The profitability of our core business locally was impacted by unexpected production-related and transport costs incurred due to the bad weather conditions prevailing during the first three months of 2018. Our performance was also affected 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 was subject to a business review. Consequently, the net result for the year was heavily impacted by significant write offs relating to trade debtors. Furthermore, our subsidiary in Sri Lanka resumed production in May but the net result for the year under review was still at a loss.

In terms of our retail segment, the improved profitability for the year was attributable to an increase of 7.6% in revenue and to a significant debtors provision reversal at year end. In terms of our agricultural segment, the improved performance was attributable to a lower sugar production cost resulting from the VRS plan realised in previous year and this despite an impairment of our bearer biological asset attributable to an expected lower price of sugar.

Our share of results from associates dropped from Rs 34.3 million in 2017 to Rs 14.5 million for the year under review due to a major drop in the net result of our ready-mixed concrete entity caused by the bad weather conditions prevailing during the beginning of 2018.

In the light of the above and taking into account the increase in effective tax rate during the year, the Group's profit decreased from Rs 171.6 million for the year ended June 30, 2017 to Rs 144.2 million for the year under review. Earnings per share likewise decreased from Rs 6.02 in 2017 to Rs 4.94 this year.

#### OUTLOOK

The Group's revenue for the past two months denotes an improvement over that of the corresponding period in 2017. The construction industry's forecasted growth rate of 9.5% for 2018 is promising for the future with several announced major public infrastructure and property development projects which should span over several years. Despite the difficult situation overseas, the Group is committed to pursue its development plan by focusing on innovation and potential synergies within its entities and by seeking new growth opportunities.

#### By Order of the Board

Bhooneshi Nemchand  
Company Secretary

September 18, 2018

The above Audited Abridged Group Financial Statements have been extracted from the Audited Financial Statements for the year ended June 30, 2018, which have been prepared in accordance with International Financial Reporting Standards and have been audited by Messrs Ernst & Young.

The Audited Abridged Group Financial Statements are issued pursuant to Listing Rule 12.14 of the Stock Exchange of Mauritius 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 Audited Abridged Group 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.