INTEGRATED REPORT 2018

UBP

BUILDING OUR TOMORROW, TODAY.

HOW?
We do this by reflecting on the **past**, assessing the **present** and focusing on the **future.**

UBP’s activities are portrayed through the aerial shots of our sites which subtly depict the values of the Group.

Content

Driving change

ALWAYS INNOVATING IN TERMS OF SMART AND SUSTAINABLE PRODUCTS FOR A BETTER TOMORROW

GEOFFROY

Building quality

DEDICATED TO ADOPT SAFER AND GREENER EQUIPMENTS AND PRODUCTION TECHNIQUES TO PROVIDE QUALITY

GEOFFROY

Enhancing "savoir-faire"

STRATEGICALLY FOCUSING OUR "SAVOIR-FAIRE" AND EXPERTISE TO DEVELOP SUSTAINABLE TECHNIQUES AND PRODUCTS

POUDRE D'OR

Inspiring people

GOING THE EXTRA MILE TO PUT OUR EMPLOYEE'S WELFARE FIRST AND ALWAYS VALUE THEIR EXPERTISE AND UNIQUENESS

QUARRY AT ST JULIEN

A bright future

CHAIRMAN'S REPORT

Marc Freismuth
CHAIRMAN

Dear Shareholder,

On behalf of the Board of Directors, it is my privilege to present to you the first Integrated Report of The United Basalt Product Limited ('UBP'), which covers the financial year ended June 30, 2018.

Integrated Reporting and Good Governance

This Integrated Report, prepared in accordance with the International Integrated Reporting Council's guidelines, demonstrates UBP Group's commitment towards greater transparency and better governance. Disclosing financial information is no longer sufficient in understanding how a business operates. Instead, value creation is determined by a wide variety of intangible factors, many of which are not recognised in traditional financial statements. Our aim is to communicate a holistic view of how we create value over time, by illustrating the connectedness and dependencies between the six capitals: manufacturing, human, natural, social, intellectual and financial. Only a clear picture of the links between them enables us to fully assimilate the environment in which we operate and the long-term prospects of our company. Furthermore, we have adopted the new Code of Corporate Governance (the "code"), whose principles are aligned with our own practices and policies. Our adherence to the Integrated Reporting Framework and the adoption of the new Code mark a new step towards strengthening our governance, although we acknowledge that we still have improvements to make. Nevertheless, we intend to continue improving the quality and relevance of information available to stakeholders, enabling them to make more informed decisions for long-term success.

Industry Optimism

While the local construction industry has been notoriously slow to pick up over the last few years, 2018 is shaping up to be a year of renewed growth for the sector, increasing from 7.5% in 2017 to an appreciable 9.5% this year. In fact, the construction industry is expected to be a vital driver of the overall economy as a number of government-led megaprojects are in progress or set to kick off, namely the Metro Express project and the Road Decongestion Programme. At the same time, several private sector property development projects are either underway or planned, representing an opportunity for our Group to thrive. In view of these opportunities, we are fairly optimistic about the future as we have good reason to believe that the construction industry's recovery is likely to span over several years.

Overview of our Group's Performance for 2017-18

The financial year 2017-18 proved to be another challenging one for our Group, in which we exceeded expectations on some fronts, but also encountered unexpected outcomes on other ones. A clear distinction must be made between our operations in Mauritius, where we fared well, and our overseas operations, which performed badly. While our overall performance was disappointing, we also experienced positive trends in the last quarter of the financial year.

The Group's revenue for the year ended June 30, 2018 saw a 10.4% rise to reach Rs 2.9 billion compared to Rs 2.6 billion for FY2016-17. This was made possible mainly by a satisfactory performance in our core business segment. Operating profit increased marginally from Rs 217.2 million (FY2016-17) to Rs 219.2 million for the year under review, largely as a result of our poor performance overseas. Conversely, our retail segment posted improved results, while our agriculture segment incurred lower losses. Our net profit fell short of our initial forecasts, decreasing from Rs 171.6 million (FY-2016-17) to Rs 144.2 million for the year under review after experiencing a significant drop in the results of our associates and a rise in the effective tax rate.

Major Challenges and Setbacks

Our biggest challenge in the Sri Lankan market related to the slowness of administrative undertaking with authorities and bureaucracy. After two years of tremendous efforts in dealing with the country's complex regulations, I am pleased to announce that our crushing permit was renewed. We therefore resumed our activities in June 2018, but we are still waiting to obtain a third permit that will enable us to produce manufactured sand, which is in great demand on the market. Looking ahead, the situation in this country remains challenging.

Meanwhile, our performance in Madagascar was undermined by an unexpected setback due to major mismanagement issues which caused us to incur significantly higher losses than in the previous year. In parallel, we experienced yet another constraint with regards to our quarry permit in Antananarivo. Consequently, our Malagasy subsidiary incurred operating losses of Rs 41.3 million.

Achievements and Value Creation

While this year left us with some issues to resolve, it was also punctured by notable accomplishments. Our achievements on the local front, particularly at Espace Maison, can be largely attributed to our innovative mindset and customer-centric philosophy. We launched the Espace Maison ecommerce website in August 2018, which aims to provide our customers with an innovating shopping experience. Despite higher operating costs and unfavorable exchange rates, our operating profit increased by 15.9% this year. The developments in this segment are promising.

Despite being impacted by our performance overseas, the Board remains confident in the future growth perspectives and has recommended a final dividend of Rs 3.50 per share for the year under review, representing a 7.7% increase over FY 2016-17. The trust that you, our shareholders, have in our Group is also reflected in our share price, which at the time of writing, is quoted at Rs 129.25, compared to Rs 118.50 for the previous year. This significant improvement is a testimony to the resilience of our underlying strategy, but also to our commitment of delivering meaningful returns to our shareholders.

A bright future

CHAIRMAN'S REPORT

Sound Governance Practices

Sound governance is the cornerstone of every successful business and is essential for delivering sustainable value. Recognising this, we have undertaken several measures at Group level to promote the highest standards of governance. For instance, we have created and implemented a comprehensive Board Charter and adopted a whistleblowing policy. Furthemore, the Board is currently in the process of appointing new directors, with a focus on ensuring diversity in terms of gender, experience and tenure. These initiatives serve to make sure that our key values and principles are adopted at all levels within the Group.

A Socially Responsible Organisation

As a socially responsible Group and a member of society, we view sustainability as a mandatory responsibility. We are firm believers that growth and sustainability are not mutually exclusive. For instance, at Gros Cailloux, we have 955 acres of land mostly dedicated to agriculture, organic vegetables and fruits, and a greener lifestyle. Our philosophy is also reflected in our breakthrough products, the Smart Blocks range, that allow us to considerably reduce our environmental footprint. By doing so, we seek to preserve our fundamental resources for future generations.

Appreciation and Acknowledgments

As Mauritius celebrates its 50 years of independence, UBP Group celebrates a major milestone: 65 years of manufacturing excellence. The world has certainly changed over the past sixty-five years, but we have never lost sight of the reason we are here: to Build for Tomorrow. Reflecting on our journey, I credit our success to an incredible team of people, both management and employees, who have steered us in the right direction and who will be the force behind our next chapter of growth.

I would like to express my sincere appreciation to my fellow Board members. I feel fortunate to be surrounded by highly engaged, qualified, and experienced Directors.

On behalf of the Board of Directors, I would also like to thank our Group Chief Executive Officer, Stéphane Ulcoq, the Management team and all our employees, whose passion and commitment have helped build a foundation for a stronger future.

Finally, I would like to express my gratitude to our stakeholders, whether they are our partners, customers, suppliers or shareholders for their continued support. Our greatest accomplishments still lie ahead of us.

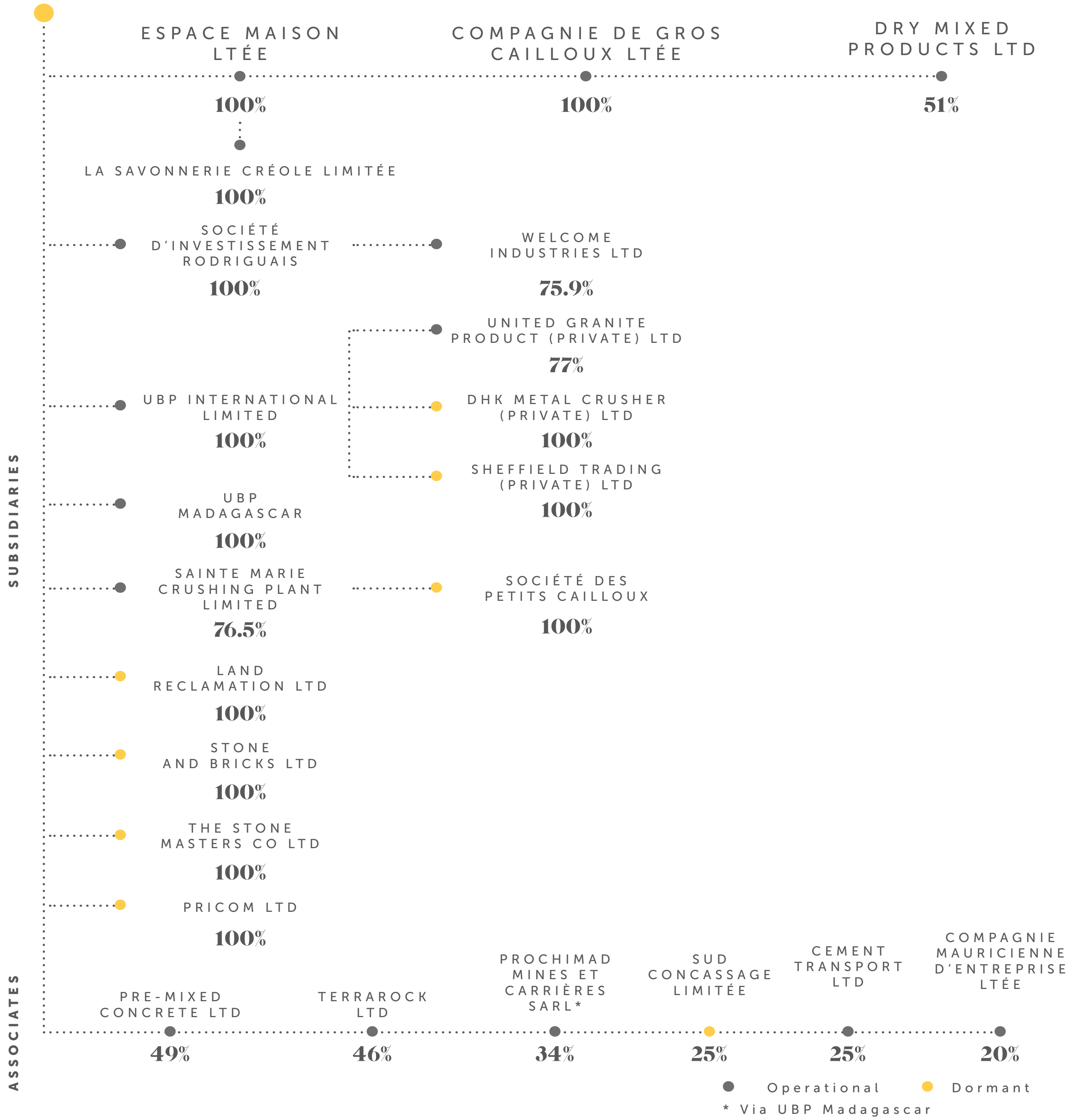
Marc Freismuth
Chairman


TERRAROCK

UBP Group

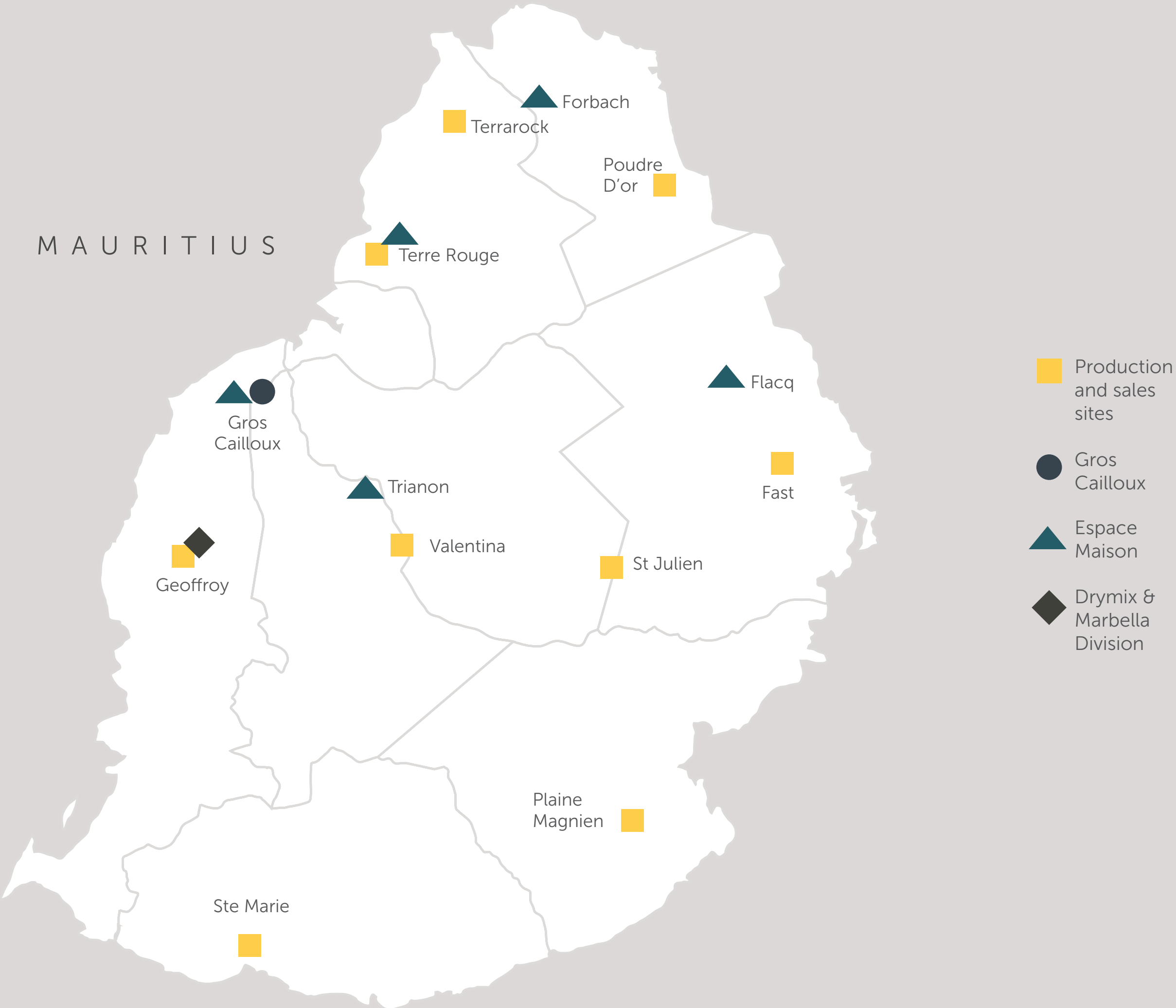
GROUP SHAREHOLDING STRUCTURE

The United Basalt Products Limited

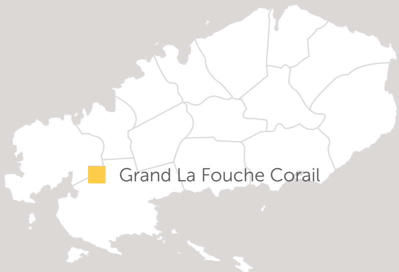


Where we operate

MAP

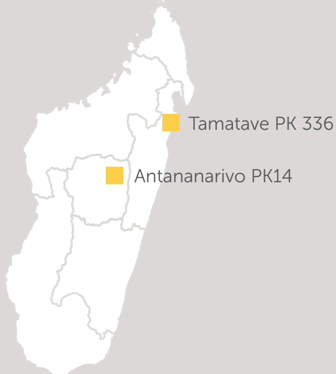


RODRIGUES



SRI LANKA

MADAGASCAR



The Group through the years

TIMELINE

1953

UBP is founded through the merger of three companies, led by Jean Giraud

1967

Investment in and inception of Pre-Mixed Concrete Ltd

1968

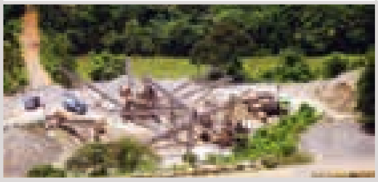
Purchase of a crushing plant from Cogefar for Plaine Magnien; Setting up of a production unit in Poudre d'Or

1970

United Concrete Product Seychelles (UCPS) is born

2000

International expansion continues through United Granite Products (Private) Limited in Sri Lanka

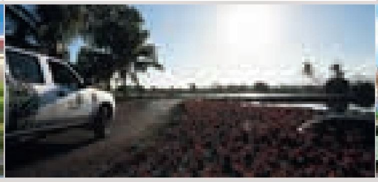


2002

Opening of the first Marbella Espace Maison store in Trianon

2004

UBP acquires Compagnie de Gros Cailloux Ltée ("Gros Cailloux") for its rock bank



2005

Marbella Espace Maison division is incorporated into Marbella Espace Maison Ltée("Espace Maison"); Opening of new store in Forbach and Tamarin

2015

UBP builds a new 2000 m² warehouse; Installation of automatic dosing system for additives; Gros Cailloux extends its vegetable-growing activities

2016

Drymix invests in new machinery in Geoffroy to modernise its production process, and UBP launches its Smart Block range

2017

Sud Concassage Limitée ceases its activities and almost all of its employees are relocated to UBP; Espace Maison refurbishes its four stores; Espace Maison launches its first mobile app

2018

The Group restructuring process begins; Gros Cailloux launches Bio Pesticide; Espace Maison launches its e-commerce website with over 18,000 products, as well as La Savonnerie Créole Limitée

La Savonnerie
- CRÉOLE -
SAVONNETTES ET PRODUITS DE BAIN FAITS À LA MAIN

1982

UBP takes over Marbella Ltd, a marble factory

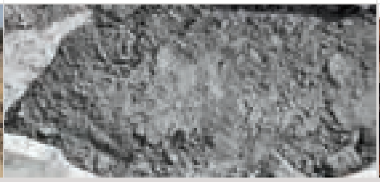
marbella

1993

UBP invests in Welcome Industries Ltd in Rodrigues

1995-96

Incorporation of Dry Mixed Products Ltd ("Drymix") – A 100% subsidiary of Pre-Mixed Concrete Ltd and building of its factory



1999

UBP Madagascar (formerly known as UBP Tana Sarl) is born

2006

UBP acquires a crushing plant in Saint Julien; Gros Cailloux launches a nursery department; UBP and Drymix create Crepifix's formulation with dry rocksand

2010

Drymix begins exporting to Réunion Island; Espace Maison opens a new store in Flacq

2012-13

Modernisation of Geoffroy crushing plant ; Upgrading of Saint Julien crushing plant

2014

Our "Parc Loisirs", Tekoma Restaurant and Ma Jardinerie open in Gros Cailloux

2018 marks the Group's 65th anniversary, a milestone to be proud of. UBP has always strived to contribute to the development of Mauritius, providing its know-how and products to the construction sector. Since the economic boom from the late 80s into the 90s, UBP has helped develop the country's infrastructure by participating in several national projects such as: The Bulk Sugar Terminal, the highways in the North, as well as a number of our iconic hotels. Since the start of its international expansion in 1999, UBP has also helped to display the Mauritian expertise and know-how abroad. If 65 years later, we remain as relevant and valuable as when we first laid our foundations, it is because throughout this journey, men and women of resilience have devoted themselves to our ideas and vision. This year, we pay tribute to all those who have contributed to shaping and perpetuating our Group and its values.

At a glance

Our "Raison d'être" is to:

'Build together a better living environment"

Our Group is driven by our core values which are:

Innovation
Integrity
Engagement

COMPANIES

The United Basalt Products Limited

Dry Mixed Products Ltd

Espace Maison Ltée

Compagnie de Gros Cailloux Ltée

EMPLOYEES

1,261

At June 30, 2018
(UBP GROUP)

MILESTONE

65 years

OF KNOW-HOW AND EXPERTISE
(UBP)

Listed on the Official Market of **The Stock Exchange of Mauritius Ltd** since 1989

Espace Maison's e-commerce website

LAUNCHED IN AUGUST 2018

REVENUE

Rs 2.9 billion

10.4% increase

FROM PREVIOUS YEAR

Operating Profit

Rs 217.2 million in 2017 > **Rs 219.2 million in 2018**

NET PROFIT FOR THE YEAR

Rs 144.2 million

SHARE PRICE

Rs 125.50 ↑

At June 30, 2018

Earnings per share

Rs 4.94 ↓

in 2018

How we do business

THROUGH OUR PEOPLE, COMPANIES AND BUSINESS MODEL

How we create value

BUSINESS MODEL

We invest in our people and processes, and purchase the best quality materials to satisfy our customers' expectations.

INPUT

HUMAN CAPITAL

1,261 Employees (UBP Group)

11 Directors (UBP)

1 Group CEO

1,019 Men (UBP Group)

242 Women (UBP Group)

FINANCIAL CAPITAL

3,711 shareholders at June 30, 2018 (UBP Holding Company)

Capital Expenditure
Rs 270 Million in 2018 (UBP Group)

Rs 341 Million of stock items bought (UBP)

Rs 203 Million of purchases from 225 local suppliers (UBP Engineering division)

MANUFACTURED CAPITAL

3.2 Million Tons of boulders (UBP GROUP)

1,318.2 Million Tons of cement purchased (UBP Group)

Recreational equipment (Gros Cailloux)

13,880 welded mesh and steel bars consumed (UBP Group)

170 Tons of fertilizers (Gros Cailloux)

NATURAL CAPITAL

85 Ha of land for food crop (Gros Cailloux)

169 Ha of land for sugarcane cultivation (Gros Cailloux)

SOCIAL CAPITAL

>250 local suppliers across all companies (UBP Group)

>70 retailers (UBP Group)

>65 construction professionals (UBP Group)

About **44,000** loyal VIB customers (Espace Maison)

INTELLECTUAL CAPITAL

65 years of know-how and expertise (UBP)

New ERP systems at Espace Maison

Digitalisation and modernisation of IT systems in progress (UBP Group)

Update of ISO certification at Drymix

By offering innovative products and services, and developing our Human Capital, we grow our business and foster the economy.

Our "Raison d'être" is to:

'Build together a better living environment";

We do that by taking into account our external environment—namely our social and environmental responsibilities—as well as our internal environment, such as our risk management, infrastructure development and our talented and motivated employees.

At its core, the Group constitutes four main companies – UBP (including smaller divisions/subsidiaries such as PPB and other investments locally and abroad) Drymix, Espace Maison and Gros Cailloux — all in the service of the construction and housing

1. UBP
(including subsidiaries in the crushing and block-making activities)

7 production and sales sites and **2 sales 'depots'** with a targeted production capacity of **> 2.5 Million Tons**

3 international production sites

2. Drymix

1 production site – **70,000 Tons** of production capacity

OUR BUSINESS

Our Group is driven by our core values which are:

Innovation, integrity and engagement.

From our purpose and values, we develop missions and projects through our four main companies.

sector. These companies act independently of each other, with their own departments, functions and ways of operating.

(see page 25 for a more detailed profile of each company)

3. Espace Maison

5 Espace Maison stores with **10,201.65 m2** of floor space

10,815 m2 of warehouse space

891 m2 of storage space

4. Gros Cailloux

1 restaurant and leisure park

308 Ha of land

We create shared value over time by focusing on sustainable performance for the satisfaction of all our stakeholders.

OUTCOMES

HUMAN CAPITAL

486 employees trained (UBP Group)

47 internships provided to the youth (UBP Group)

Rs 565 Million spent in salaries

FINANCIAL CAPITAL

Market capitalisation of approximately **Rs 2.3 Billion** (UBP Holding Company)

Revenue: **Rs 2.9 Billion** (+ Rs 275.6 Million over 2017)

Operating Profit: **Rs 219.2 Million** (+ Rs 2.0 Million over 2017)

Dividend per Share: **Rs 3.50** (+ Rs 0.25 over 2017)

Share price: **Rs 125.50** (+ Rs 10.50 over 2017)

EBITDA: **Rs 487.4 Million** (+ Rs 19.1 Million over 2017)

MANUFACTURED CAPITAL

> **2.5 Million** Tons of aggregates and rocksand (UBP)

> **25 Million** blocks (UBP)

> **4 Million** precasts (UBP and Espace Maison)

New bridge, warehouse, generator, irrigation system and watchman house at Gros Cailloux

NATURAL CAPITAL

1,200 Tons of vegetables sold

Rs 360,000 of plants sold

Rs 16 Million of landscapes created

SOCIAL CAPITAL

0 returns of vegetables or plants (Gros Cailloux)

6% increase in same day repairs at Espace Maison

1 new partnership with the University of Mauritius

1-2 hrs to log and respond to social media comments at Espace Maison

Rs 1.3 Million spent on CSR projects (excluding associates)

INTELLECTUAL CAPITAL

UBP Madagascar is on the Cloud

New e-commerce website at Espace Maison (launched in August 2018)

ERP Microsoft Dynamics Nav 2017 in use at Espace Maison and to be implemented within the Group

ISO 9001:2015 at Drymix

Company profile

AT A GLANCE

The Group's activities span over three main segments: stone crushing (core business of the mother company), retail and agriculture. Throughout this report, case studies from individual companies will highlight the way we use our strengths and resources to the benefit of our stakeholders.

UBP

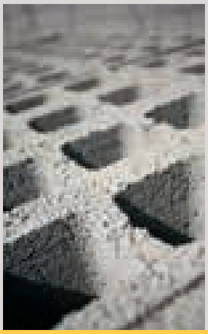
As shown in the shareholding structure on page 14, UBP is the sole shareholder of Espace Maison and Gros Cailloux and the major shareholder of Drymix. Incorporated in Mauritius in 1953 and listed on the Stock Exchange of Mauritius Ltd since June 1989, UBP is a public company with nearly 4,000 shareholders.

UBP currently manages seven production and sales sites, as well as two sales 'depots' sites located in strategic points across Mauritius. UBP is the market leader in building materials, offering a wide range of products used in the construction industry.

1) Construction materials

2) Precast products

3) Decorative products



Drymix

Founded in 1996, Drymix is the first ready-to-use dry mortar manufacturer in Mauritius. As a pioneer in the region, Drymix has developed a complete range of locally designed and manufactured products that meet the quality and requirements of the construction industry. Our plant capacity of 70,000 Tons can supply both the local and regional markets without interruption.

Our range of products includes:

For the purpose of this report, “UBP” refers to the activities of UBP as a company, whose main activities involve the manufacture and sale of construction materials. While “UBP Group” refers to UBP company together with its three main subsidiaries (Drymix, Espace Maison and Gros Cailloux.)

Espace Maison

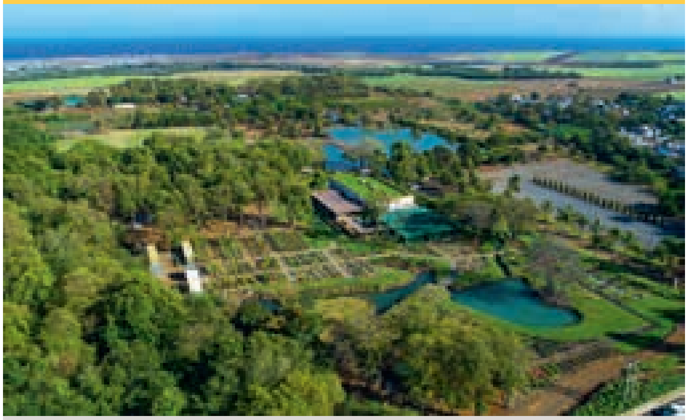
Espace Maison, the retail arm of the Group, offers over 35,000 products extending across the following categories:

- Hardware & paint
- Garden & pets
- Decoration & lighting
- Bathrooms & sanitary ware

It first began as a division within UBP and launched the first store in Trianon in 2002. Incorporated in 2005, it boasts five stores throughout the country today — with the opening of a sixth store in the South by the end of 2019 — and an online store with monthly events and a fidelity application. The company also develops inclusive packages and supporting services to development projects.

Espace Maison is also the exclusive distributor in Mauritius for various international brands such as Wirkin, Wenko, Weber, Royal Canin, Wagner, Groehe, Rolling Dogs, Best Way and Bolsius.

This year, Espace Maison launched its new business venture, La Savonnerie Créole Limitée, which saw its grand opening on the June 28, 2018 in a revamped colonial house in Vacoas. Its idea creator, Lise Maujean, uses traditional soap-making practices and gentle products to create authentic soaps.



Gros Cailloux

Gros Cailloux has two main activities. The first is agricultural, with sugar cane fields, decorative plants and food crops using smart agricultural practices, as well as landscaping services. Future plans include starting organic (bio) farming and replacing the devaluing sugar cane by macadamia trees and/or other alternatives. The second activity consist of a leisure park, launched in December 2014. Situated at the heart of a vast property, on the site of the former estate of Gros Cailloux dating from the late 18th century, the leisure park includes a garden centre, a nursery, and the Tekoma restaurant with an area dedicated to events such as birthdays and weddings. Various activities are available, such as mountain biking, quad biking, fitness trail, kayaking, paddle boats and bumper boats.

Meet the board

BOARD OF DIRECTORS

From left to right : E. Jean Mamet | Laurent de la Hogue | Marc Freismuth (Chairman) | Stéphane Ulcoq (Group CEO) Christophe Quevauvilliers | Joël Harel | Thierry Lagesse | François Boullé | Arnaud Lagesse | Stéphane Lagesse | Jean Claude Maingard

Respective profiles are detailed on pages 67 to 69 of this report.

Meet the team

MANAGEMENT

1. Dwight Hamilton
Group IT Manager

2. Rémi de Gersigny
Project and Business Development Manager

3. Edley Michaud
Personnel Manager

4. Gino Gunness
Group Procurement and Asset Manager

5. Bruno de Spéville
Manager – Marbella Division

6. Jean Claude Bellepeau
General Manager – Dry Mixed Products Ltd

7. Benoit Béchard
General Manager – Espace Maison Ltée

8. Ashwin Ramsaha
Manager – PPB Division

9. Dhuenesh Rambarassah
Financial Controller

10. Bhooneshi Nemchand
Company Secretary

Meet the team

MANAGEMENT

11. Stéphane Ulcoq
Group Chief Executive Officer

12. Laurent Béga
Group Engineering Manager

13. Caroline Tyack
Group Marketing and Communication Manager

14. Francis Koenig
Quarry and Field Manager

15. Amaury Lacoste
Production Manager

16.Alan Cunniah
Group Human Resource Manager

17. Bryan Gujjalu
Group Business Development Manager

18. Christopher Blackburn
General Manager – Compagnie de Gros Cailloux Limitée

19. Christophe Quevauvilliers
Group Finance Manager

20. Jean Marc Selvon
Sales Manager

Who leads us

Stéphane Ulcoq

Group CEO and Executive Director

Mr Stéphane Ulcoq joined the Company as Assistant Works Manager in 2000 and was promoted to Workshop Manager in 2007. In January 2012, he was promoted to the post of Production Manager where he oversaw all production units, both in Mauritius and overseas. In December, the Board appointed him as Deputy CEO. He gradually handed over his duties as Production Manager and was appointed as CEO of the Company in January 2015 and eventually, Group CEO with effect from July 2015.

Christophe Quevauvilliers

Group Finance Manager and Executive Director

Mr Christophe Quevauvilliers is a Fellow member of the Association of Chartered Certified Accountants. He joined the Group as Finance Manager and Company Secretary in May 2002. On 24th September 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.

Rémi de Gersigny

Project and Business Development Manager

Mr Rémi de Gersigny joined the Company as supervisor in 1978. In 1981, he was promoted to the post of Plant Manager and was responsible for overseeing three crushing plants. In 2004, he was promoted to the post of Operations and Project Manager where he oversaw all operational matters for our plants in Mauritius and overseas. In January 2012, he was promoted to Project and Business Development Manager.

Laurent Béga

Group Engineering Manager

Mr Laurent Béga joined the Company as Group Engineering Manager in May 2014. He has since been responsible for all engineering services, machinery maintenance and supplies, as well as projects, both in Mauritius and overseas. His expertise in heavy machinery and experience in Africa have been invaluable for the Group.

Caroline Tyack

Group Marketing and Communication Manager

Mrs Caroline Tyack joined the Company as Communication Manager in January 2005. In November 2006, Mrs Tyack was promoted to the post of Group Marketing and Communication Manager. Since then, she has been responsible for Marketing and Communication matters relevant to the Group. She is also responsible for developing the CSR strategies of the Group.

Dwight Hamilton

Group IT Manager

Mr Dwight Hamilton joined the Company as System's Coordinator in 2004, where he oversaw the implementation of the ERP for the Group. In 2011, he was promoted to the post of Group IT Manager and has since been responsible for the Information Technology and Computer Systems required to meet the enterprise's goals.

Alan Cunniah

Group Human Resource Manager

Mr. Alan Cunniah joined the Group in July 2018 as Group Human Resource Manager. His responsibilities include the support of the management and staff in achieving their strategic and operational objectives, and coordinating all aspects of human resource management activities, such as employee compensation & reward, employee engagement, learning & development and regulatory compliance.

Bryan Gujjalu

Group Business Development Manager

Mr Bryan Gujjalu joined the Company as Group Business Development Manager in March 2017, and is responsible for overseeing investment opportunities locally and abroad, as well as managing our oversees operations. His prior experience as CEO of APAVE Indian Ocean Group and International Deputy MD for the Southern Africa-Indian Ocean-Australia region make him ideal for our Group.

Gino Gunness

Group Procurement and Asset Manager

Mr Gino Gunness 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. Between 2004 and 2011, he served as the General Manager of UBP Madagascar. After returning to Mauritius in 2012, he was appointed as Assistant Production Manager before being promoted to Service Manager of heavy machinery in 2013. In April 2017, he was promoted to the post of Group Procurement and Asset Manager.

Jean Marc Selvon

Sales Manager

Mr Jean-Marc Selvon joined Pre-Mixed Concrete Ltd as a Sales Representative in 1982 and successively held 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 up to March 2015, when he was offered the job of Sales Manager of UBP. Since then, he has been responsible for overseeing all the core business sales function.

Dhuenesh Rambarassah
Financial Controller

Mr Dhuenesh Rambarassah is a fellow member of the Association of Chartered Certified Accoutant. He joined the Company as Financial Accountant in February 2006 after having spent more than eight years in the Audit and Assurance department of Ernst & Young and De Chazal Du Mée (now known as BDO). In July 2013, Mr Rambarassah was designated Financial Controller of most companies within the Group.

Francis Koenig
Quarry and Field Manager

Mr Francis Koenig joined the Company in 1981 and oversaw Stone Utilities Ltd. In the same year, he was promoted to the post of Plant Manager for Terre Rouge, Roche Bois and Coromandel plants. In 1983, 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.

Amaury Lacoste
Production Manager

Mr Amaury Lacoste joined the Company as Project Engineer and Coordinator in January 2010, and in January 2013 was appointed Assistant Production Manager for our crushing and block-making activities. As from January 2015, Mr Lacoste began working as Production Manager for the Central and Southern regions up to July 2017, when he was promoted to the post of Production Manager of all crushing and block-making activities of the company.

Edley Michaud
Personnel Manager

Mr Edley 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. He is also a Fellow member of the British Safety Council and a registered Safety Officer under the Occupational Safety and Health Act.

Bruno de Spéville
Marbella Division Manager

Mr Bruno de Spéville joined the Company as Sales Manager in September 1994. In 2002, he was appointed as Project and Commercial Manager of Marbella Espace Maison. In January 2016, Mr de Spéville was appointed as Manager of UBP – Marbella Division where he has since been responsible for the production of precast products, concrete pipes, roof tiles and rustic pavements.

Ashwin Ramsaha
PPB Division Manager

Mr Ashwin Ramsaha is a Registered Professional Engineer of the Council of Engineers in Mauritius and Member of the Institution of Engineers. 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.

Benoit Béchard
General Manager of Espace Maison Ltée

Mr Benoit Béchard 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.

Christopher Blackburn
General Manager of Compagnie de Gros Cailloux Ltée

Mr Christopher Blackburn joined the Group as General Manager of Compagnie de Gros Cailloux Ltée in May 2012 after having worked as General Manager of the Landscaping and Nursery department at Médine Ltd. With a background in commerce and a 'Brevet de Technicien Agricole' with a specialisation in 'Jardin Espace Vert' (France).

Jean Claude Bellepeau
General Manager of Dry Mixed Products Ltd

Mr Jean Claude Bellepeau joined Pre-Mixed Concrete Ltd as Operations Manager in 2003 and was promoted to 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 UBP Group and is henceforth serving as General Manager of the company.

Bhooneshi Nemchand
Company Secretary

Mrs Bhooneshi Nemchand 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. She was appointed as Company Secretary in October 2015. In February and July 2016, Mrs Nemchand was appointed as Company Secretary of several companies within the Group.

The way forward

FOR UBP GROUP AND MAURITIUS

Drivers of change

This section analyses the key global issues and trends driving change in our societies, markets and industry. Our ability to add value and define strategies and objectives as a Group depends on our ability to understand and analyse these factors. Drivers of change can bring several risks to be aware of, as well as a range of opportunities for our industry that we must be in a position to harness.

1. Increased regulation and good governance practices

The new Code of Corporate Governance, launched in 2016, is to be applied to all Public Interest Entities (PIEs) across Mauritius, starting this year. The new framework, whose principles are aligned with the industry's best practices, reflects the commitment of Mauritius to implement international standards of transparency. A global and local increase in regulation, and demands for greater transparency and stronger governance will have an increasing impact on all businesses over the coming years, with no exception to our sector. This has led us to re-examine our business practices.

2. Climate Change

Today, we cannot ignore the significant impact that climate change has on our Natural Capital, and more broadly, on our way of life and doing business. Global warming is negatively affecting all ecosystems that are critical to our society: fresh food, water, soil formation, nutrient cycling and climate regulation. While the economic value of these ecosystem services was difficult to estimate, today we have a greater understanding of the complex interactions between nature and human life. For UBP Group, climate change carries several risks related to weather pattern changes, impacts on our supply chain and the ability to source the right materials, at the right time and at a reasonable cost. As such, we are increasingly aware of our responsibilities to adapt and mitigate both our risks and impacts. Despite these complex challenges, climate change presents considerable innovation opportunities for us in the area of climate-safe product development, both in the building and home sectors.

3. Increased urbanisation

In the 1950s, 30% of the world's total population lived in urban areas. In 2017, this number rose to 54%, and by 2050 it is projected that 66% of the world's population will be urban. While the urbanisation process will not be felt equally worldwide, we can safely assume that its effects will be increasingly felt in Mauritius. With a growing number of Smart City projects and Property Development Schemes (PDS), increased public spending in infrastructure (most notably for the Metro Express), Mauritius is likely set to become one of the top countries to be leading the urban planning trend in Africa.

Historically, the process of urbanisation has been associated with other important economic and social transformations such as greater mobility, lower fertility, longer life expectancy, higher levels of literacy and education, better health, greater access to social services, and enhanced opportunities for cultural and political participation. This development will create important opportunities for UBP Group. Yet, the dangers associated with rapid and unplanned urban growth cannot be ignored. Undeniably, they threaten sustainable development and the equitable sharing of resources, which may result in adverse effects on our businesses. Thus, the need for careful planning and strategic positioning is critical. Developing and proposing value added solutions to address these Mauritian challenges is also a field of opportunity for the Group.

4. Digitalisation and technological advancements

Advances in technology are changing the way humans think, interact, work and play. Technological advances are no longer simply about Smart Software and systems automations but also about 'convergence'—the increasingly interconnected fields of business, science, and technology .

Although their proliferation is far less rapid in Mauritius than Europe or Asia, digital technologies will continue to transform the way businesses operate. As a direct result, the competencies required from our employees will keep evolving, which our educational system is not yet geared to provide for. Additionally, user-centred designs have become the 'de-facto' methodologies in product-design making, and businesses are increasingly streamlined in favour of the customer – as opposed to the 'what makes sense from a business point of view' approach. As designer and author Frank Chimero states, *"People ignore design that ignores people"*. Social media has spurred increased scrutiny in all businesses, as clients—who have adopted the role of 'consum'actors'—are increasingly guided by social and environmental criteria when purchasing products or services. What we produce, and how we produce it, matters.

Our strategy

THREE YEARS STRATEGIC FOCUS

Our **"Raison d'être"** is:

'Build together a better living environment".

Our overall long-term goal is:

To provide innovative and quality products and services that meet evolving market demands, by developing our business in a sustainable manner alongside global and local drivers of change.

In addition, in 2016, the Board endorsed four key objectives for the Group as part of an Enterprise Risk Management (ERM) exercise:

- Ensuring cost optimisation & competitiveness
- Healthy & efficient processes
- Develop human capital
- Market development

Our mission and long-term goals all require agility and flexibility in both our strategic orientations and in our organisational structure. As such, this year we have devised a new strategic orientation for the Group over the next three years, with the aim of aligning the Board's objectives, and our newly-defined 'raison d'être', values, and upcoming organisational structure.

Strategic orientation:

1. Capitalise on synergy levers and ensure efficient processes.
2. Increase our output of innovative products and services.
3. To create a more engaged relationship with our customers.
4. Build a workforce able to analyse and seize opportunities.
5. Continue to build a strong reputation around all our brands.

Objectives:	Some of our main targeted objectives include:
This objective is aimed at achieving complete synergy between our companies by undertaking a 'group-wide' restructuration. This will require a new organisational structure and the optimisation of our processes, operations and functions.	1. By 2020: to have implemented our new CRM across all companies of the Group. 2. By 2020: to have a new Group organisational structure and business model. 3. By 2020: to have a new sales organization at Group level, supported by a dedicated structure. 4. Continue the streamlining of processes and protocols.
This objective is about ensuring competitiveness and market development in the long-term, by increasing our efforts in Research and Development (R&D). We seek to create truly innovative products by tapping into the opportunities provided for by global and local trends.	1. R&D to diversify crop production at GCX. 2. By the end of 2018: to have our new bagging plant running for new bagging sizes for aggregates and rocksand. 3. By 2019: start organic agricultural practices with our own brand at Gros Cailloux. 4. By 2020: have a reinforced R&D team to foster more innovative products.
To create an engaging relationship with our customers and to facilitate the buying experience by providing smooth and proactive services and adequate information. Ultimately, we aim to increase our revenue and profitability in the long term.	1. Improve our direct marketing (face-to-face selling) by having well-trained staff who have been provided with accurate technical information, application protocols, catalogues etc. 2. Salesforce training provided to all sales teams. 3. November 2019: Opening of Espace Maison's sixth store in the South. 4. By 2020: To continue the digitalisation journey by updating all websites and social media such that information about the Group, our services and products will be easily accessible. 5. Increase our technical assistance and training to support capacity development and skills for professionals in the industry.
To promote and support the wellbeing and skills of our employees, resulting in a productive and engaged workforce.	1. To train and improve middle management's analytical capacity, especially through digital tools and options. 2. Continue to improve Quality Management System (QMS) through middle management empowerment. 3. Align key internal elements through an ERP (Enterprise Resource Planning) system to allow for better analysis and control of operations. 4. Enhance employee engagement and passion towards UBP Group by reviewing pay and bonus structures, talent management and training across all companies.
Capitalise further on our reputation by enhancing ethical and trusting stakeholder partnerships as well as upholding strong good governance standards.	1. End of 2018: to publish our first Integrated Report. 2. By 2020: all our B2B relationships will be governed by a new purchasing policy with updated standards for ethical dealings that reflect our new Group values. 3. Embark on a gradual shift towards a more sustainable Group, through green building materials, further reduction of dust emissions, and other sustainable products and services.

Our value added

HOW WE MOBILISE OUR RESOURCES IN A RESPONSIBLE WAY FOR SUSTAINABLE VALUE CREATION FOR ALL OUR STAKEHOLDERS

Results and prospects

CEO'S INTERVIEW

Stéphane Ulcoq
GROUP CEO

Q: In a nutshell, how would you describe this year for UBP Group?

Our Group reported mixed results for the financial year 2017-18. While we recorded strong results in our core business in Mauritius, we did not reach the ambitious targets we had set ourselves for our foreign subsidiaries and our local associates. As a result, our overall performance remains somewhat disappointing.

Q: What particular highlights are you proud of, and what were the major setbacks?

2017-18 was highlighted by another year of strong growth in our core business activities locally, which grew by 12.4%. This growth was spurred by positive developments in the industry, with major government-led and private property development projects in progress.

2017-18 was highlighted by another year of strong growth in our core business activities locally, which grew by 12.4%

These results also reflect the strength of our strategy and our ongoing commitment to meet our customers' expectations. In parallel, we continued to reap the benefits of our 25 years' presence and hard work in Rodrigues. This year again, we have posted remarkable results, which sets a solid foundation for future growth in this country.

In Sri Lanka, we finally managed to obtain our crushing permit for aggregates, and our production activities resumed in June. Our crushing permit for manufactured sand is also expected to follow soon. In view of this progress, I am confident about our growth prospects in this country thanks to a booming construction sector and strong demand for our products, particularly for our manufactured sand.

Equally important is the notable headway we have made at Espace Maison. I am very pleased with the progress of our e-commerce website, which is supported by the launching of a new ERP. A combination of an efficient team, a digital-driven agenda and a customer-focused approach have contributed to this success.

On the downside, our overall performance was adversely affected by two unpredictable setbacks: poor weather conditions during the first three months of 2018 impacted our core business operations and our ready-mixed concrete associate, and our Malagasy subsidiary incurred one-off losses due to mismanagement issues.

Q: Which figures best highlight UBP's FY2018?

For the year under review, our Group generated a revenue of Rs 2.9 billion, a 10.4% increase from the previous year, mainly attributable to our core business segment. Our operating profit increased marginally from Rs 217.2 million in 2017 to Rs 219.2 million this year. However, our operating profit to revenue ratio dropped from 8.2% to 7.5% due to the bad performance of our overseas subsidiaries. Conversely, the operating profit of our retail segment improved by Rs 5 million (+ 15.9%) while our agricultural segment posted lower losses for the year under review despite a lower price of sugar.

Our financial revenue and finance costs for the year were comparable to 2017.

Our share of results from our associates decreased by Rs 19.8 million during the year, mainly due to the bad performance of our ready-mixed concrete entity, attributable to the bad weather prevailing during the first three months of 2018.

Consequently, our net result for the year decreased from Rs 171.6 million in 2017 to Rs 144.2 million, after taking into account an increase in effective tax rate.

REVENUE
Rs 2.9 billion

10.4% increase
FROM PREVIOUS YEAR

OPERATING PROFIT OF OUR
retail segment
IMPROVED BY
RS 5 MILLION (+ 15.9%)

Operating Profit
Rs 217.2 million in 2017 > **Rs 219.2 million in 2018**

Q: What progress has UBP made in developing its operations in Sri Lanka, Madagascar and Zambia?

I am pleased to announce that we are back in action in Sri Lanka after two years of inactivity. After numerous challenges, we managed to obtain two of the three permits that allowed us to resume our production activity. A boom in the construction industry associated with a ban on the extraction of river sand has resulted in an exponential rise in the demand for manufactured sand. The overexploitation of rivers has led to eroding coastlines, serious damage to the environment and eventually a shortage of the resource. With port development and highway projects in the pipeline in Sri Lanka, and assuming

Results and prospects

CEO'S INTERVIEW

we obtain our relevant permit shortly, we are reasonably confident about turning the situation around and achieving positive results in the near future.

Our performance in Madagascar was much below expectations due to an unfavorable operating environment and major mismanagement consequences. Our operating results were directly impacted by a significant trade debtors write-off provision of Rs 23 million. Furthermore, we faced difficulties in trying to obtain a new permit for the extraction of boulders from our quarries. In the midst of these unforeseen circumstances, I must draw attention to the positives that emerged. While this incident revealed certain vulnerabilities in our Malagasy structure, it also demonstrated the speed and efficiency of the UBP Accounting and IT teams, who responded swiftly in implementing countermeasures to mitigate the risks and reducing the likelihood of future recurrence. In a short period of time, they managed to migrate our system to the Cloud, ensuring the highest standards of safety going forward. I am extremely grateful to them for their responsiveness and proactiveness in resolving this issue.

Our performance in Zambia can be characterised as average at best, since our results are still short of our initial forecasts in this country. Being minority shareholders of the company, we have little influence over the conduct of the business but we remain reasonably confident that the situation will continue improving in the coming year.

Q: 2018 marks the Group's 65th anniversary, a major milestone to be proud of. What do you want UBP's legacy to be?

65 years since we laid UBP's foundation stone in 1953, and what a long way we have come since our humble roots! It is with great pride that we mark this great milestone and there is no better time for us to pause and look back at our long journey.

> **"Thousands of men and women came together to build this Group, and this milestone is not only a tribute to their hard work and determination, but also to the trust our stakeholders have placed in us year after year."**

What strikes me most is our resilience and financial strength even in the face of adversity. Building a reputation takes years, but it took an extraordinary effort to maintain that reputation for 65 years. Thousands of men and women came together to build this Group, and this milestone is not only a tribute to their hard work and determination, but also to the trust our stakeholders have placed in us year after year.

Our anniversary also coincides with the 50 years of independence of Mauritius. Let us not forget that UBP's story is, above all, a Mauritian story. Our legacy is deep-rooted in our island's history, reflected in the built landscape across the country. We are proud to have lent our materials, machines, hands, expertise and dedication to shaping Mauritius, and we intend to continue doing so for another 65 years at least.

While we have much to be proud of, there are still many achievements to come. What matters most is what we do next and I am excited about where we are heading.

Q: Integrated Reports have had a tremendous impact on the global business environment. How will UBP's first Integrated Report create value for its stakeholders?

Adopting the integrated reporting framework marks a major step on the road towards more transparent and meaningful communication with our stakeholders. Simply put, it demonstrates the way in which we create value by identifying factors beyond pure financial data that are not currently visible on a balance sheet. Intangible assets like intellectual capital, social reputation, human capital skills, research and development are critical to our performance and represent a significant portion of our market value. By providing a more holistic picture of our strategy, business model, governance and performance, and how they link together, our stakeholders have a deeper understanding of how we manage our resources, how we mitigate our risks, how we give back to society, and how we generate value in the short, medium and long term. Armed with these insights, our investors can better understand the risks and opportunities they might encounter in the short and long term, and make better-informed decisions.

Q: What has prompted UBP to review the relevance of its structure?

In reviewing the functioning of our Group, we realised that though our activities are all intrinsically complementary, the synergistic potential of our structure remains largely unexplored. Considering what a construction project requires, we believe our business units can together participate in the realisation of a project from start to finish. A critical prerequisite to realising this potential, however, lies in bridging the silos that exist between our business units. By integrating and combining their capabilities, we can ensure that our Group functions as one single entity rather than four separate companies. I am convinced that the Group as a whole is stronger than the sum of its individual parts. Ultimately, our vision is for the Group to run as a one-stop shop for all our customers' construction needs. We have already embarked on our transformation journey to achieve this vision.

Q: How is UBP adapting to the new digital, regulatory and environmental changes that are impacting the industry?

The construction industry is undergoing an astounding transformation, with digital, regulatory and environmental megatrends shaking up how we conduct business. Instead of being shaped by change, our success relies upon our ability to anticipate and drive change. We spare no effort in staying up to date with global and local trends so we can stay ahead of the curve.

Although our industry has been hesitant to embrace the potential of digital tools, it is more evident than ever that companies that fail to ride the digital wave are going to fall behind. It is no longer a matter of 'if' but a matter of 'when and how.' At UBP, digitalisation is an imperative, and plays an integral role in helping us realise our ambitions. Most of the components in our value chain harness digital functionalities, from logistics to production, from marketing to sales, from our processes to our organisational culture. In view of this, we have developed a comprehensive digital roadmap spanning over three years for each one of our companies, with the aim of creating an integrated digital Group.

There are two ways of looking at the new regulatory landscape. On the one hand, compliance can be viewed as a challenge for our sector, with regulations increasing in stringency, reach and cost. As a law-abiding company, we are extremely diligent in ensuring that all employees follow the laws, regulations, policies and ethical practices that apply to our organisation. On the other hand, our belief is that compliance is more than simply meeting rules and regulations. In fact, it represents a real source of sustainable value: it streamlines decision-making, improves processes and reduces risks. Above all, it serves as a foundation for good governance, nurturing a more empowered and dedicated workforce.

Our activities, by their very nature, have an impact on our environment. This is why as a major player in the construction industry, we must play a central role in driving the sustainable development agenda. Recognising that truth, we have initiated sustainable practices within our Group through daily practices and the way we think. It means ensuring that resources are used in an efficient way, rethinking our products and processes, and taking into account the environment and the community when devising our projects. In doing so, we have in a recent past launched our environmentally-friendly Smart Block range on the market. Additionally, we are increasingly favouring the production of healthy food crops at Gros Cailloux.

Going forward, we would like to take our sustainability practices a step further. Our vision for the near future is for authorities and key industry players to collaborate in creating a legal framework for waste recycling. This initiative will allow our sector to considerably reduce its natural resource depletion. The indispensable role of our local authorities in raising sustainability standards across the country should not be underestimated. If we all act together, we can go a long way.

Q: What are the potential growth opportunities for UBP Group moving forward?

Going forward, we have ambitious,yet realistic plans to position our Group for sustained growth. Domestically, we are investing in new equipment aimed at increasing our production capacity, particularly in view of the major public infrastructure projects underway and planned for this financial year and beyond.

"Going forward, we have ambitious, yet realistic plans to position our Group for sustained growth."

With regard to our retail segment, we are pursuing our expansion plan with the opening of a sixth Espace Maison store in Beau-Vallon by the end of 2019. We are continuing to innovate in our agricultural segment by investing in new methodologies for our food crop production; our goal in this segment is to offer healthier products to the market. Furthermore, we are considering various options as part of our diversification programme. Besides this, we are embarking on an export strategy for our dry-mortar products.

Looking ahead, I have great confidence in the initiatives underway across our Group. We are addressing priority challenges, seizing the right opportunities and continuing to deliver value to our stakeholders. Our collective resilience and ability to bounce back from setbacks enable me to believe that we have a bright future ahead of us.

Results and prospects

CEO'S INTERVIEW

Q: How can you remain ahead as a Group in the sector?

When I think about what distinguishes us from other businesses and what drives our success, I keep coming back to our People, our Human Capital. This was true when the company was founded in 1953, and it remains true today. I like to think of them as assets; and assets, when managed correctly, create value.

We are very deliberate about fostering an inclusive culture at UBP, one where our employees feel empowered to bring their best to work every day. We invest in our people through our Learning & Development function, which provides them with the tools and skills to grow in their careers. We also offer them a profit-sharing scheme and several other benefits, such as a nursery for their children, a staff canteen, year-round social events and sponsorship programmes. These benefits uplift our employees, enabling them to become better leaders, better managers, better decision-makers and that's how we stay ahead.

Q: Is there a final message you would like to share?

I would like to express my sincere gratitude to our employees, whose Integrity, Innovative spirit and Engagement drive us forward. Thank you for the resolve and passion you bring to work each day, which ultimately determine our success.

To my fellow Board Members, thank you for your invaluable guidance and optimism. It is a privilege to work alongside such experienced directors.

The trust of our shareholders, partners and customers in our vision, enables me to pursue our development plan and remain optimistic about the future of our Group. I would like to extend a heartfelt thank you to you for your continued support.

I look forward to Building a Better Tomorrow for our people, our company and the community at large.


POUDRE D'OR

Performance highlights

Our activities across all companies, sectors and departments have created value for all our stakeholders this year, as described hereunder. For more information on our performance for the year ended June 30, 2018, please refer to the Capital report starting on page 99.

INTELLECTUAL CAPITAL

Espace Maison's e-commerce website

LAUNCHED IN AUGUST 2018, IT OFFERS A UNIQUE PLATFORM WITH 18,000 REFERENCED PRODUCTS AND A COMPLETE AND INTEGRATED DATABASE.

The Espace Maison e-commerce website is currently the only one on the island to offer such an array of brands and products with technical details and photos. The site further provides customers with a real-time stock count, a secure online payment service with MIPS (PayPal style), home delivery, a Click & Collect system, and a mobile app for online purchases. Each customer has an account, which allows him or her to manage purchases, to view accrued VIB points and to use them in our stores.

From conception to launching, this e-commerce platform has mobilised the skills and effort of many. The General Manager, Benoît Béchard, decided to launch a call for tenders on the Internet for the complete referencing of products in store. "I thought, why not use the Internet to solicit the expertise of each other. The return was great. In four months, Vietnamese and Indian teams have been referencing all our products from the Home and Garden segments. This collaboration has helped to create extraordinary links between the teams."

SOCIAL CAPITAL

UBP Award 2018

On 8th June, we initiated the very first edition of UBP Award 2018, a competition open to students of the Faculty of Engineering at the University of Mauritius. As part of their dissertation, the students were evaluated on several themes determined by the University, among which were construction, construction materials manufacturing or sustainable development. The competition aims to encourage future engineers to consider new construction techniques. The eight students of the winning team each won a Rs 2,500 cash prize, a certificate and a trophy.

MANUFACTURING CAPITAL

PPB launched its new campaign

PPB launched a campaign on precast concrete beams at the end of March 2018. The main advantage of this product is that it creates empty space between the ground and the floor of the building, for construction on clay or wet ground. This crawl space protects the building from moisture and increases its durability. Other benefits include: saving time and labour, eliminating shuttering and reinforcement, quick and easy installation, and improving heat insulation and hence less electricity consumption.

HUMAN CAPITAL

Employee welfare

Non-communicable diseases such as diabetes, cancer, hypertension and stroke are significant public health issues in Mauritius. During the months of March and April 2018, representatives of the Ministry of Health visited our production sites to sensitise employees about these "lifestyle" diseases. An initiative much appreciated by all our staff. The result? As one Plant Operator at Plaine-Magnien says, "Today I have stopped smoking, which is a daily struggle. But I want to keep going to be an example for my family and for my colleagues."

This year, once again, our 'cellule bien être' continued its mission of organising events for employees, including, for instance, the showing of Julien Péron's documentary "C'est quoi le bonheur pour vous" at MCiné in Trianon, a sports and fun day, and a hiking trip.

FINANCIAL CAPITAL

Despite the negative growth and stagnant industry environment over the last 5 years, our Group has managed to maintain its profitability level. Our financial position remains strong, with assets of nearly Rs 5 billion and a debt-to-equity ratio of 0.35, while our Net Asset Value (NAV) per share increased significantly in 2017 following the revaluation of our land and buildings.

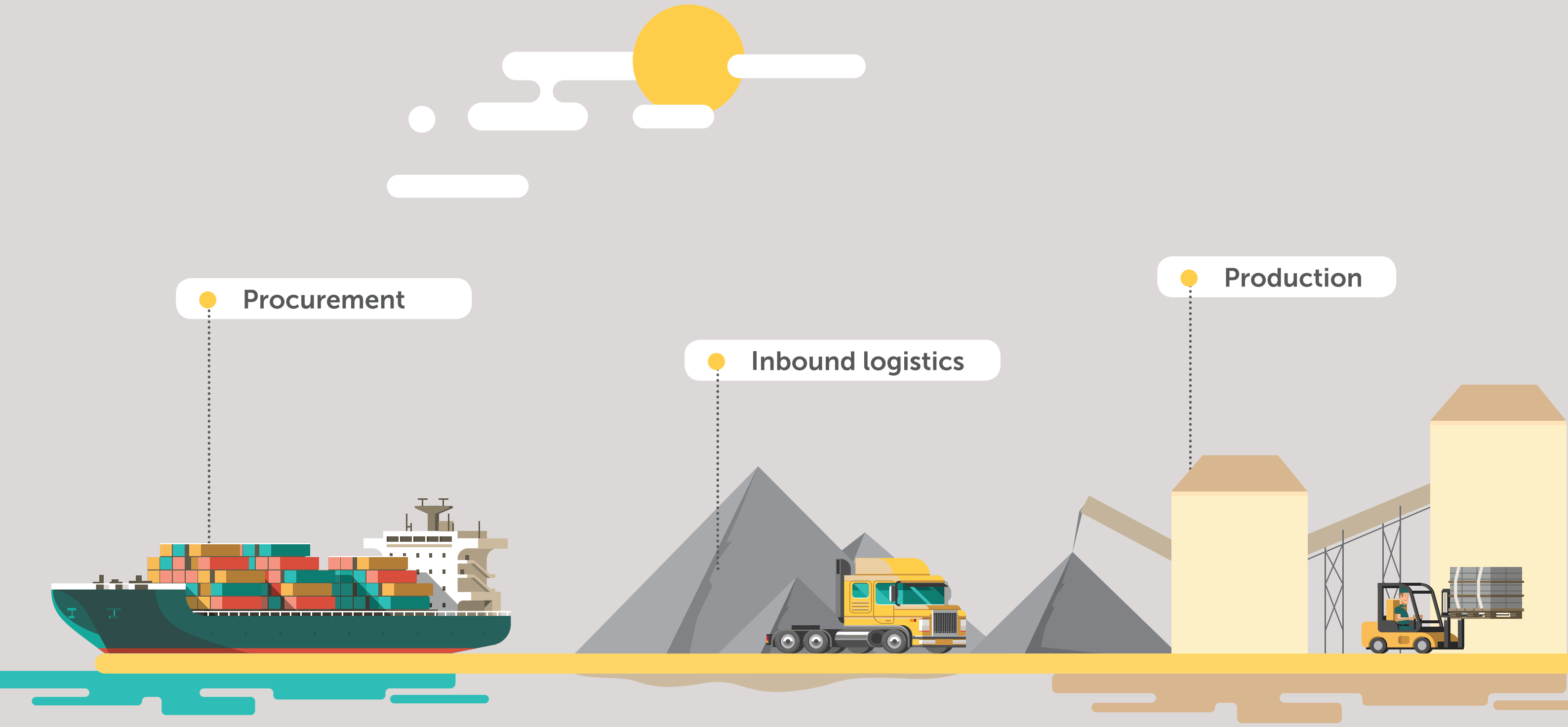
NATURAL CAPITAL

Sustainability

To meet our goal of mitigating climate change, we have held meetings with the Central Electricity Board to understand how to reduce our energy consumption. In parallel, we have started measuring the Carbon Footprint of our products at UBP.

Our supply chain

Our supply chain is illustrated below as a schematic overview of the Group bearing in mind that there is no production activity at Espace Maison. One of our primary strengths as a Group is our ability to engage with stakeholders, mobilise the right resources and know-how at the right time, and achieve by the individual goal of each supply chain link.



1. **Procurement:** ensuring that the right materials arrive at the right time through the mobilisation of:

- Financial capacity to keep adequate stock and make investments in proper equipments;
- A good balance of foreign and local suppliers to develop our local businesses;
- Expertise in procurement and strong negotiation skills;
- Utilisation of Azurmind ERP software.

2. **Inbound logistics:** ensuring safe and efficient storage and transportation of goods through the mobilisation of:

- A total of >31 lorries for transport (UBP only) inbound and outbound;
- Excellent stock management with 459 m2 of floor space and 2,565 m2 of yard for UBP, and 10,815 m2 of warehouse space for Espace Maison;
- 1 new building for vegetable storage via Proxifresh Co Ltd at Gros Cailloux;
- IT processes in place for real-time order tracking throughout the Group.

3. **Production:** product manufacturing through the mobilisation of:

- 65 years of expertise and know-how;
- Capex of Rs 270 Million;
- Modernised IT systems;
- A skilled and engaged workforce.

4. **Value-added services:** providing a pleasant buying experience for clients through the mobilisation of:

- A skilled marketing and sales team operating within set budgets;
- Engaging shop displays at Espace Maison, green spaces, restauration and entertainment at Gros Cailloux;
- Regular market analysis, extensive client database and knowledge;
- Digitalised sales services.

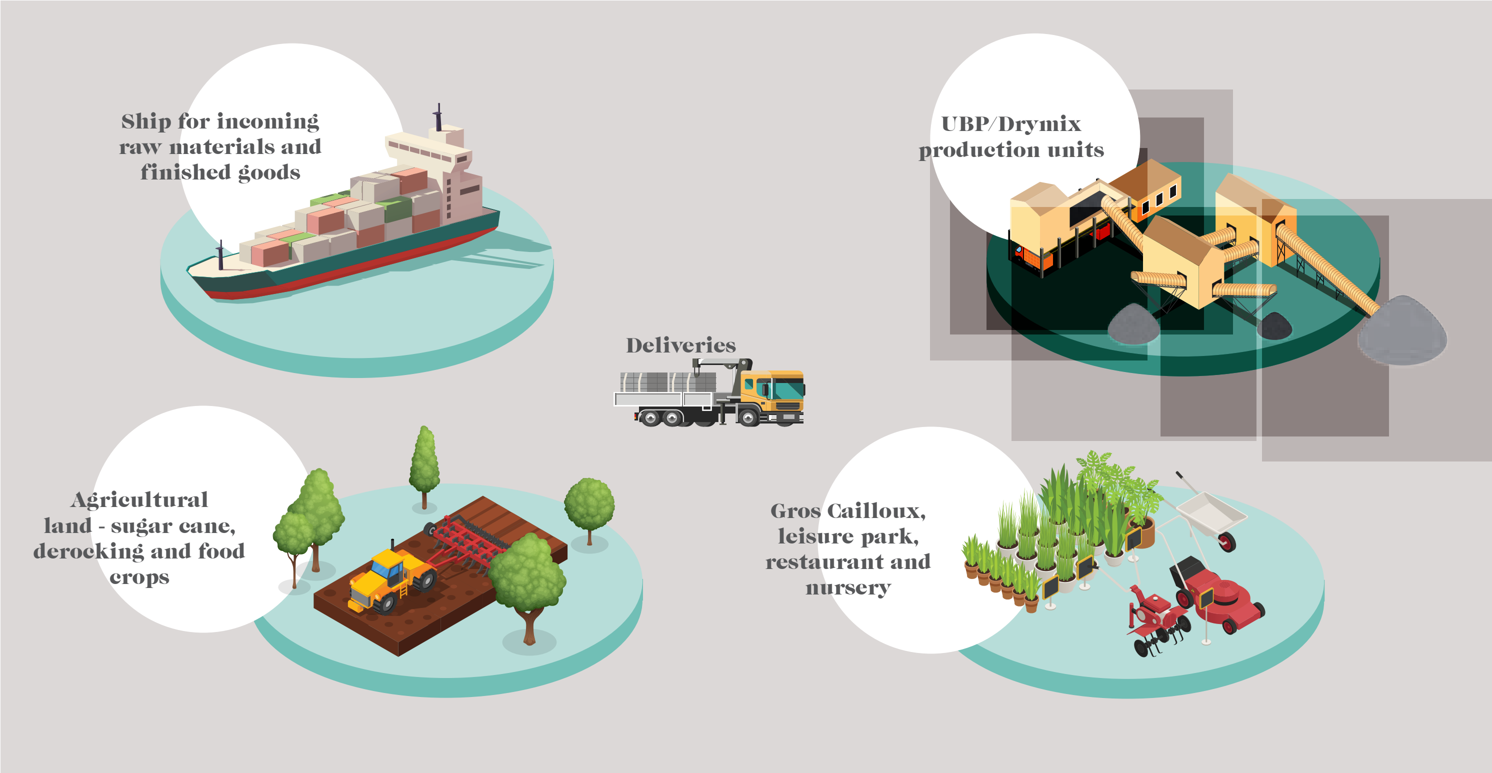
5. **Distribution:** delivering the goods where they need to be within a reasonable timeline through the mobilisation of:

- Excellent relationships with over a total of 70 retailers;
- Safe handling practices with appropriate padding;
- Extensive distribution network throughout the country;
- Trained drivers and subcontractors for deliveries.

6. **After-sales service:** ensuring full client satisfaction through the mobilisation of:

- Offer of returns and repairs across all companies;
- Complaints tackled within days and personal call backs;
- Employees with technical competence;
- IT systems for task tracking and timely invoicing.

Our outcomes and responsibilities



Manufactured Capital:

Our responsibility: safe storage of raw materials and finished goods, efficient and lean machinery, quality products and satisfy market demand.

Our outcomes: extensive market and geographic coverage, innovative products, strong brand image and reputation.

Our value added: (1) Availability of innovative and quality products, (2) support local economic growth and (3) improved living standards.

Human Capital:

Our responsibility: talent management, health and safety safeguards, decent working conditions, ethical code of conduct and fair employment practices.

Our outcomes: on site kindergarten and staff canteen, increased production output, decreased staff turnover and upskilled employees.

Our value added: (1) skilled, engaged and motivated employees, (2) sound governance practices and (3) strong problem-solving capacities.

Natural Capital:

Our responsibility: smart agricultural practices, climate change mitigation and adaptation measures, waste management and creating beautiful green spaces.

Our outcomes: clearing ("derocking") of agricultural land for cane growers or land developers, healthy vegetable production, reduction of local basaltic rock stocks, change in geo-dynamic and hydro-dynamic of soils, greenhouse gas emissions.

Our value added: (1) environmental impact mitigation and management and (2) green spaces for an enhanced environment.

Social Capital:

Our responsibility: priority given to local producers when possible, ethical dealings with suppliers, CSR contributions, developing talents of construction workers and increased shareholder value.

Our outcomes: partnership with the University of Mauritius, goodwill and reputation towards UBP businesses, ensuring human resources of the future and upgraded living environment.

Our value added: (1) support national economic growth, (2) maintain trusting relationships with partners and (3) improved living standards.

Intellectual Capital:

Our responsibility: ensure Research and Development capacity, digitalised and efficient IT systems, ensure application of the Data Protection Act 2017 and GDPR, develop climate safe and innovative products and market and competition analysis.

Our outcomes: Quality guarantee, innovation, competitive advantage, market coverage and client satisfaction.

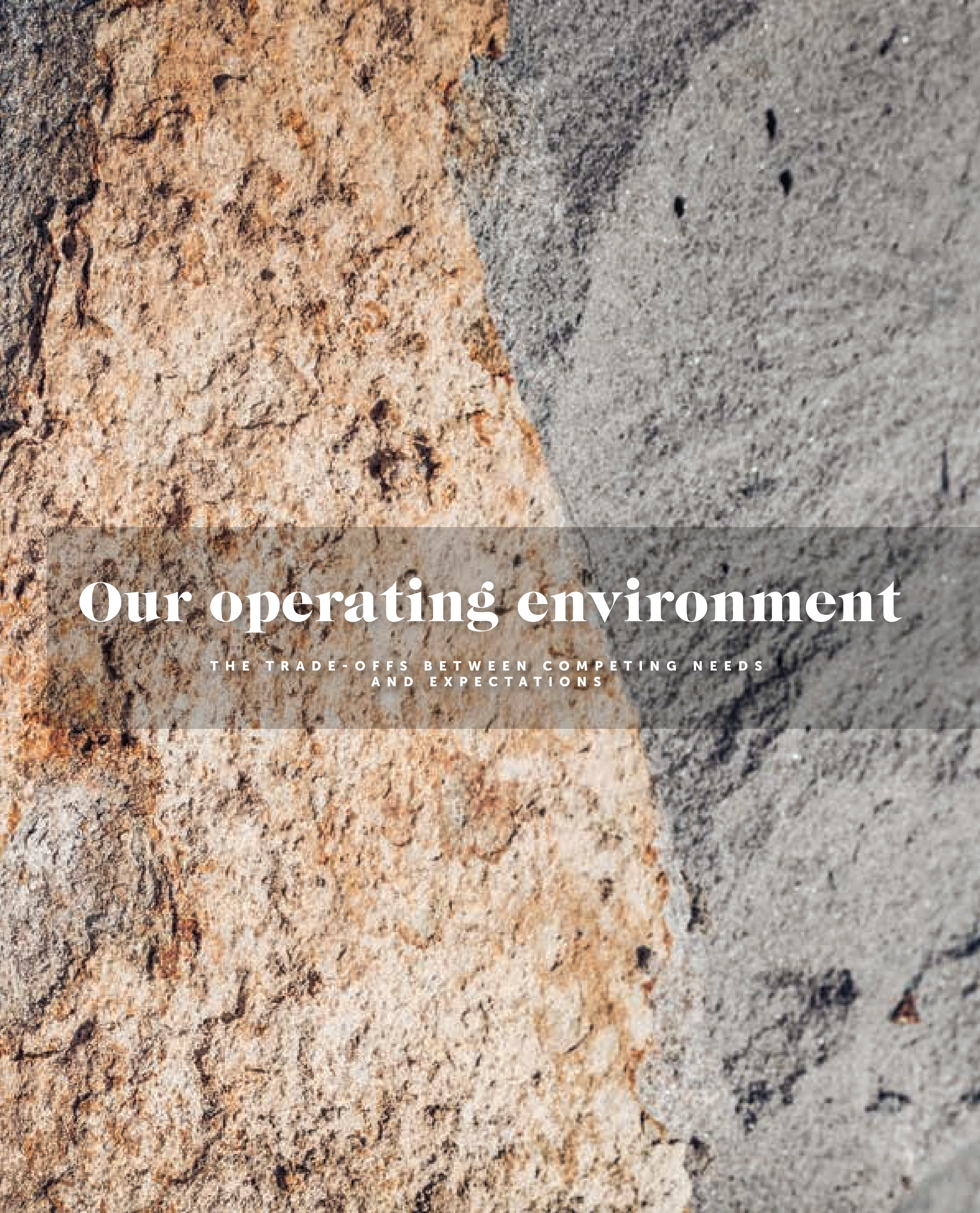
Our value added: (1) skilled, engaged and motivated employees (2) availability of innovative and quality products and (3) strong problem-solving capacities.

Financial Capital:

Our responsibility: financial stability and sustained growth, return on investment, audited financial statements, transparency, risk management and internal control systems, board reporting and shareholders satisfaction.

Our outcomes: GDP contribution, business expansion, appropriate risk management and a clear strategy.

Our value added: (1) sound governance practices, (2) support local economic growth, (3) improved living standards and (4) maintain trusting relationships with our partners.



Our operating environment

THE TRADE-OFFS BETWEEN COMPETING NEEDS AND EXPECTATIONS

Materiality matters

The 2015 Paris Agreement adopted the Sustainable Development Goals (SDGs), and was signed by 195 states including Mauritius. The SDGs entail both responsibilities and possibilities for businesses.

On the one hand, businesses can contribute as engines of employment and growth through innovation, as educators, and as sources of finance. This is especially true for emerging countries, where most governments would face difficulties in financing the global goals alone.

On the other hand, as observed by both Harvard Business Review and the Economic Forum, there are three main reasons why the SDGs are beneficial for businesses[1]:

1. They provide a way to address obstacles and trapped potential in emerging and frontier markets;
2. With so many public declarations regarding SDGs by the private sector, there is a strong competitive pressure. As a result, some companies could get a jumpstart and position themselves as leaders in sustainable development or risk being at a competitive disadvantage from a brand equity perspective.
3. Overall, SDGs will improve the environment for doing business by mitigating risks and developing new markets; many businesses stand to profit if they get involved in the right ways.

Therefore, for our first Integrated Report, we have used the SDGs and the Global Compass — designed for businesses — as the lens through which we identified and analysed our materiality matters. As these goals cover the 5 pillars of sustainability, they also cover all of our stakeholders' needs and expectations, namely: People, Planet, Peace, Prosperity and Partnership. This will guide our understanding of our external materiality matters, as well as our stakeholders' needs and expectations (further detailed in the Social Capital on page 114)

Methodology:

First, we identified our main stakeholder groups as being:

1. The passionate defenders - activists and proactive consum'actors.
2. The everyday citizen - as we have extensive market coverage, all Mauritians concern us.
3. Direct stakeholders - our suppliers, employees, shareholders, investors and board members.
4. Public entities - governmental and regulatory bodies.
5. The product users - the avid gardeners, 'bricoleurs', animal owners, artists etc.
6. The professionals - the builders, infrastructure project managers, architects, vegetable retailers

1 https://www.weforum.org/agenda/2015/11/3-reasons-business-leaders-should-care-about-the-sdgs/

Identification

During the identification process, we gathered information on internal and external matters, as detailed hereunder:

- Internal strategic documentation.
- Direct feedback from our employees and business partners.
- Feedback from our external stakeholder groups (social media, in shops and calls).
- We conducted a literature and media review of the main issues covering all SDGs.
- We held strategic workshops, which helped us identify the Group's aspirations, risks and constraints.

Priority

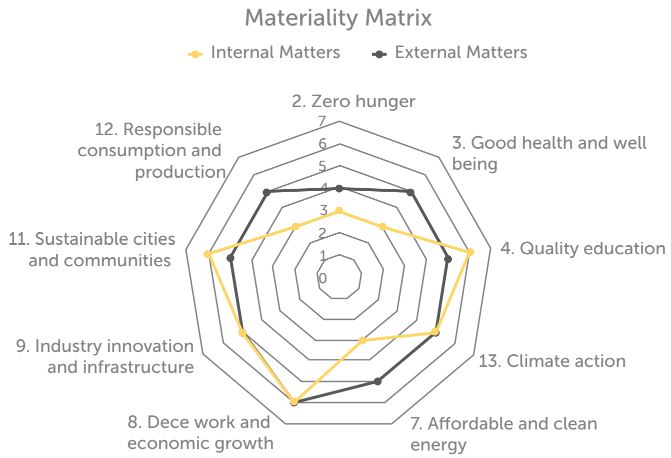
- In a workshop conducted by external consultants, we confirmed and identified the top three issues for each stakeholder group.
- We assigned a weighting for each issue in terms of (1) their importance for the stakeholder groups and (2) the frequency of their appearance in the media and other public documents.
- Issues were categorized according to the 17 SDGs. Nine of which were directly applicable to UBP Group and presented below in the Materiality Matrix.

Validation

In this step, we analysed these stakeholders' expectations and their impact on our Group, as well as the trade-offs that were necessary to run our businesses. We did this by:

- Looking at the potential risks and negative financial impacts if the Group were to miss these expectations;
- Analysing and weighing their potential impact (positive or negative) on our ability to carry out our key strategic objectives and daily operations.

This information generated the following materiality matrix:



Explaining stakeholder trade-offs

Stakeholders' expectations often help steer global drivers of change. These, in turn, have an impact on how a business is run, as we must adapt in order to survive and thrive in this evolution. However, in order to do that, a number of 'trade-offs' have to be made between the competing interests of various stakeholder groups and the needs of our businesses. The key is to find the right balance.

1. Stakeholder trade-off: employment and education (SDGs 4 and 8)

Mauritians across all our stakeholder groups have prioritised decent work and access to good education — enabled by economic growth. The country's economic leaps over the past 20-30 years have been quite remarkable. Yet, unemployment in the last few years has hovered around 7%, while businesses such as UBP Group struggle to find the right talents in this technologically advanced world. This situation reveals a misalignment between the quantity and composition of labour demand and supply. According to the African Development Bank (AFDB) "Skills mismatches can be traced to education and training challenges in the context of rapid structural economic change, as net demand for labour drops in traditionally lower-skilled labour absorbing sectors, especially sugar and textile industries."

Our risks: having to recruit expensive talent from abroad, up-skilling youth that go to work for the competitors with our trade secrets and competence, and the medium-term viability of our operations due to an inability to have the appropriate succession planning.

Our opportunities: becoming an educational centre of excellence for our entire industry and harnessing goodwill and building stronger reputation.

Link to our strategy: Objectives 2, 4 and 5.

2. Stakeholder trade-off: sustainable cities and communities (SDGs 9 and 11)

As mentioned on page 37, technology and urbanisation are important Global Drivers of Change, and our stakeholders are sensitive to these issues. Increased global population and technological advancements have resulted in the convergence of these two trends. Smart Cities, urban development, and integrated community development are all buzz, and Mauritians have been proactive in adopting these trends. The biggest obstacle to this is that within our current economic model, urbanisation cannot take place without industry and infrastructure development, which by their very nature, are not eco-friendly. Our energy mix, for instance, is still heavily reliant on fossil fuels. Furthermore, we still have fairly high levels of poverty in Mauritius, which are often concentrated in overcrowded urban areas.

Our risks: unplanned city development resulting in more pockets of urban poverty, increasing social instability, increased flooding in urban areas where we have activities and losing our 'land banks' as sugar cane fields are transformed into urban areas.

Our opportunities: sustainability also means ensuring access to safe and affordable housing and upgrading the quality of dwellings. It also involves investment in public transport and creating green public spaces. These are positive development opportunities for all of our businesses.

Link to our strategy: Objectives 2, 3 and 5.

3. Stakeholder trade off: a global call for a better natural environment and health (SDGs 3, 7, 12 and 13)

The SDGs and the 2015 United Nations Climate Change Conference (COP 21) resulted in an agreement to keep global warming below 2 degrees Celsius. As discussed in the Global Trends chapter on page 36, climate change and the complex relationship we have with nature has become fraught with challenges. As a result, our stakeholders are increasingly aware of both our impact on our natural capital and on our society's health and well-being.

Stakeholders thus emphasise the importance of minimising our environmental footprint and of having transparent communication in our supply chain and products when conducting business. At the same time, our direct stakeholders also underscore the importance of UBP's productivity and financial stability. This presents us with the dilemma of having to find a workable trade-off between our Group's sustainability and the planet's, which increasingly requires innovative approaches.

Our risks: contributing to global warming and its destructive impacts on our core activities and agricultural activities, losing consumers in favour of 'greener' products and increasingly limited raw materials.

Our opportunities: innovations in green-building products, streamlining and modernising our operations and manufacturing for energy efficiency and thus saving costs and avenues for value added activities in waste management.

Link to our strategy: Objectives 1, 2, 3, 4 and 5.

Risk report

The Board of Directors 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 systems. The Board is assisted in its duties by the Risk Monitoring Committee and by the Audit Committee. A risk monitoring exercise was undertaken by Messrs BDO & Co ('BDO'). for the quarter ended December 31, 2017 in view of monitoring and reporting the key risks across the Group. Going forward, each risk owner will pursue the risk monitoring exercise within the set framework and actions plans will be tracked by the Chief Risk Officer (CRO). For more information on our risk management framework please refer to the Risk Section in the Corporate Governance Report on page 83.

During the risk monitoring exercise, BDO sampled 163 controls out of the 775 covering all the 18 risk registers, using the following criteria:

i. Controls which seem to be most important relative to the other controls mitigating the same risk.

ii. Controls which were repeated through the registers (key controls).

The 163 controls (including key controls) were linked to approximately 115 risks.

The table below only relates to those risks that are high-level risks pertinent to our strategy and to the board objectives

Risk Category	Risk	Strategic implication	Risk Management	Risk Progress
People	Health and safety risks on our production sites. According to our risk assessment, this is mostly due to failure to provide and use appropriate equipment, tools and personal protective equipment.	Objectives 4 and 5- potential operational delays, loss of goodwill from our employees and reputational damage.	Add more visual aids on our production sites and increase communication with Health & Safety officers.	↑
	Inability to manage and/or retain talent in a country with a high brain drain and lack of advanced technical skills.	Objectives 2 and 4- direct impact on our ability to innovate and seize opportunities.	Ensure more focus on internal training, alignment of pay and performance, succession planning and the hiring of a new Group HR Manager.	↑
Marketing and customer risks	Poor customer relations management and lack of visibility and communication across departments with regards to the efficient handling of customer complaints.	Objectives 1 and 3- impact our ability to have seamless processes and to engage with our customers in a professional manner.	Ensure better communication and synergies between all departments and companies, new digitalised services, and close monitoring of KPIs.	↑
Operational	Scarcity of raw materials due to extreme weather events and climate change, including flash-floods and cyclones in Mauritius at the start of 2018.	Objectives 2 and 5- affect our ability to have the right level of stock and products on time for our clients, possibly damaging our reputation and brands.	Review our procurement procedures and key controls, increase operating hours when necessary and better monitor climate change risks and impacts.	↑

Risk Category	Risk	Strategic implication	Risk Management	Risk Progress
Technological, marketing and customer risks	Risk of falling behind the technological development curve and risk of obsolescence.	All – technology today permeates all aspects of business and social life, potentially affecting our ability to innovate, engage with customers, ensure synergy between departments and companies etc.	A Group-wide digitalisation and modernisation of all systems is being undertaken since 2017.	–
Technological and people	IT Resource allocation – Our last IT audit showed that there are high dependencies on certain IT personnel. In their absence, operations are somewhat delayed.	Objectives 1 and 4 – affect our ability to have continuous efficient procedures and have staff able to problem-shoot IT issues.	We will place new emphasis on training our middle management on all IT processes and tools as part of our strategic focus 2018-2020.	↑
Financial	Adverse fluctuations in foreign exchange rates.	The business units which are mainly exposed to FOREX risks are Espace Maison, Drymix and the UBP Engineering division.	To maintain healthy long-term trading relationships in foreign jurisdictions, the Group's foreign exchange exposures will require continuous monitoring.	↓
Business environment and market	Missed opportunities locally and abroad linked to an inadequate evaluation of investment opportunities.	Objectives 4 and 5- have affected our ability to expand business activities, to make the appropriate analysis and thus to build our brand.	We have recruited a Group Business Development Manager who is responsible for the evaluation of new business opportunities and for monitoring our international activities.	↑
	Changing consumer trends with the global focus on waste management, climate change and pollution. Our customers are becoming more conscious in their purchasing choices.	Objectives 3 and 5 – if we are to continue to build our reputation and engage with our customers, we must follow these trends and meet market demands.	We have established a new strategic focus on R&D and innovative products and services that take into account environmental sustainability as a key criterion.	↑
Legal, compliance and regulatory and country risks	We are still facing difficulties in Sri Lanka (Permit issue) and Madagascar (Quarry supplies). In Zambia, the performance of the company in which we invested some 15% is not yet in line with the initial business plan.	Our overseas investments have had a difficult past year. In Sri Lanka, our crushing permit was renewed. Meanwhile, in Madagascar we are seeking to obtain new quarries to exploit. If this issue is solved, the company should be able to sustain its future development.	We are working on a business plan for restarting our operations in Sri Lanka by focusing on the production of manufactured sand. In Zambia and Madagascar, we are putting a maximum effort to improve the situation and boost revenue going forward.	↓

Corporate governance

IT ENUNCIATES CORPORATE GOVERNANCE REPORT PRACTICES WITHIN THE GROUP

Corporate governance

REPORT

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

Name of Public Interest Entity ("PIE"): The United Basalt Products Limited

Reporting Period: June 30, 2018

The Board of Directors of The United Basalt Products Limited confirms that to the best of their knowledge, the Company has not fully complied with the principles of the Code of Corporate Governance (the "Code"), as detailed hereunder:

- Independent Non-Executive Directors: The Board is in the process of selecting Independent Non-Executive Directors with the right profile.
- Composition of the Audit Committee: The Board is in the process of selecting an Independent Non-Executive Director to replace the Chairman of the Committee.
- Gender balance on the Board: The Board will favour gender diversity when selecting and appointing Independent Non-Executive Directors.
- Individual remuneration of Directors: For reasons of confidentiality and due to the sensitivity of the information, the total remuneration of Directors has not been disclosed on an individual basis.

On behalf of the Board

Marc Freismuth
Chairman

Stéphane Ulcoq
Group Chief Executive Officer

September 18, 2018

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 Company is qualified as a Public Interest Entity ("PIE") under the Financial Report Act 2004.

The Board of Directors acknowledges that the Code of Corporate Governance of 2016 ('the Code') sets out the best practices in terms of corporate governance and recognises that most of the principles under the Code have been applied within the Group, as explained in the report.

1. PHILOSOPHY

The Board embeds a sound corporate governance framework as a core tenet to sustain the pursuit of the Group's strategic orientation aimed at building and sustaining long-term stakeholders' value. The Board is committed to upholding the highest standards of integrity, accountability and transparency in the governance of the Group. Setting the tone from the top is an important part of the Board's role and helps to foster a culture centred on those guiding principles.

The Group's governance structure, which also applies to the subsidiaries, is underpinned by its adherence to advocated principles, rules and applicable regulations. Sound corporate governance structures and processes are applied and considered by the Board to be pivotal to the Group's sustainable growth.

The Group promotes ethical and responsible decision-making as part of its corporate culture. Beyond compliance and adherence to the law, the Group is managed with utmost integrity. Since November 2015, the Company has endorsed its Code of Ethics based on the Group's core values. The Code of Ethics governs the relationship with key stakeholders and sets out the standards of conduct required by employees for both internal relations and external interactions. The Group 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 relationships and ensuring the good reputation of the Group.

High levels of trust, together with a strong business reputation, facilitate the operations of the Group, help attract and retain our people, customers and suppliers, contribute to the community in which the Group operates and pave the way to confidently explore new business opportunities.

2. GOVERNANCE STRUCTURE

The Board of the Company oversees the Group's activities and provides leadership and guidance towards the achievement of the Group's strategy within a framework of effective control and risk management, while ensuring adherence to legal and regulatory requirements. The Board has made significant strides towards the application of the principles of the Code, which ensures that the business is conducted with honesty, integrity and accountability.

The Group's governance framework caters for clear delegation of authority and lines of responsibility while the Board retains effective control.

To ensure a more comprehensive evaluation of specific matters, the Board delegates certain duties and responsibilities to Board Committees, namely the Corporate Governance Committee (Nomination and Remuneration), the Audit Committee and the Risk Monitoring Committee, which have clearly defined mandates. This delegation does not however lessen the overall responsibility of the Board. A reporting mechanism has been devised so that matters affecting the affairs of the Group are escalated to the Board by the Chairpersons of these Committees and as relevant, to the Boards of subsidiaries.

The Board has delegated the day-to-day running of the business to the Group CEO and regularly monitors the Group's performance. The Group CEO is responsible for leading the senior management team of the Group's business in consistency with the defined strategies and objectives within approved budgets.

Corporate governance

REPORT

2. GOVERNANCE STRUCTURE (CONTINUED)

The organisational chart detailing the senior management team and major accountabilities is as detailed hereunder:

BOARD OF DIRECTORS

BOARD COMMITTEES
- Audit committee
- Corporate Governance Committee
- Risk Monitoring Committee

INTERNAL AUDIT

GROUP CEO
Stéphane Ulcoq

BUSINESS FUNCTIONS

UBP

Project & Development Manager:
Rémi Brousse de Gersigny

Marbella Manager:
Bruno Doger de Spéville

PPB Manager:
Ashwin Ramsaha

Production Manager :
Amaury Lacoste

Sales Manager:
Jean Marc Selvon

Quarry and Field Manager:
Francis Koeing

Research & Development Manager:
Raoul Maurel

Financial Controller:
Dhuenesh Rambarassah

SUBSIDIAIRIES

Compagnie de Gros Cailloux Ltée
GM: Christopher Blackburn

Dry Mixed Products Ltd
GM: Jean-Claude Bellepeau

Espace Maison Ltée
GM: Benoît Béchard
- La Savonnerie Créole

Société d'investissement Rodriguais
- Welcome Industries Ltd
  Manager:
  Jean Pierre Rose

Ste Marie Crushing Plant Ltd Manager :
Michael Mirthil
- Société des Petits Cailloux

UBP Madagascar Manager:
Steve René

UBP International Limited
- United Granite Product (Private) Limited
  Manager:
  Buddika Perera
  - DHK Metal Crusher (Private) Limited
  - Sheffield Trading (Private) Limited

ASSOCIATES

Terrarock Ltd
Plant Manager:
Cindy Calou

GROUP FUNCTIONS

Group Finance Manager:
Christophe Quevauvilliers

Group Engineering Manager:
Laurent Béga

Group Business Development Manager:
Bryan Gujjalu

Group Human Resources Manager:
Alan Cunniah

Group IT Manager:
Dwight Hamilton

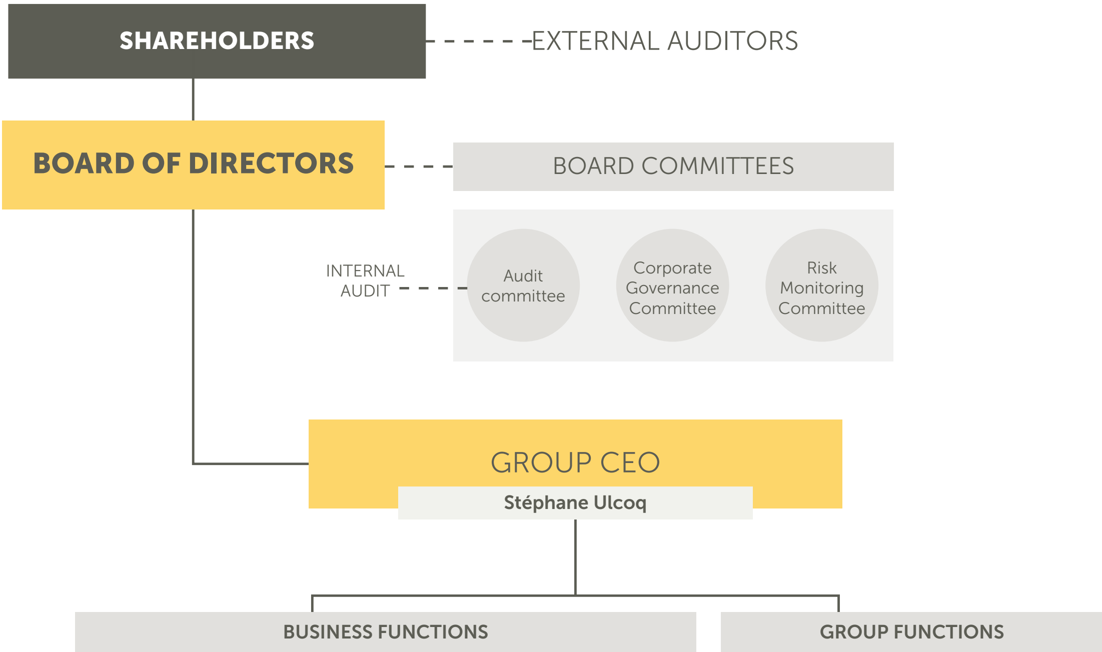
Group Marketing & Communication Manager:
Caroline Tyack

Group Asset & Procurement Manager:
Gino Gunness

Company Secretary:
Bhooneshi Nemchand

■ Operational ■ Dormant

While the Board is responsible for controlling the Group's overall operations, all employees also play a crucial role in enforcing good governance. To this end, a collaborative environment prevails to ensure that key information and guidance documents are made available to all employees.



Key Roles and Responsibilities

The Board has approved a Board Charter, a Directors Charter, Positions Statements and job descriptions defining clearly the roles and responsibilities of the Board, the Chairman, Executive and Non-Executive Directors as well as the Company Secretary. The role and responsibilities of the Chairman, leading the Board, is distinct to those of the Group CEO, who manages the Group's business on a day-to-day basis.

The above-mentioned documents are available on the website of the Company (www.ubp.mu).

Key Governance Positions

The Board promotes sound corporate governance practices to create and sustain value creation. The Chairman, the Group CEO, the Group Finance Manager and the Company Secretary, holding key governance positions, play an important role in ensuring that such practices permeate through the Group.

Their respective profiles are detailed on pages 67 to 69 of this Integrated Report.

Corporate governance

REPORT

2. GOVERNANCE STRUCTURE (CONTINUED)

Company's Constitution

In 2004, the shareholders adopted a new Constitution 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 employees of the Company or a related corporation.

3. THE BOARD

Mandate, Role and Responsibilities

The Board provides effective leadership and direction to build and sustain long-term value creation for the Group and determines all key matters relating to the affairs of the Company and of its subsidiaries, locally and abroad. The Board ensures that the Group's activities are responsibly managed and promotes a culture of integrity, which is critical to achieve sustainable value creation. The general powers of the Board are conferred in the Company's Constitution.

In view of promoting efficient, transparent and ethical functioning and decision-making, a Board Charter has been endorsed by the Board on May 10, 2018. The Charter clearly sets out inter alia the role, responsibilities, rights and obligations of the Boardand shall be reviewed every five years or as may be required by law from time to time.

The key responsibilities, as further detailed in the Charter, pertain to, inter alia:

- Group's strategies;
- risk management and internal control;
- statement of accountability;
- accounting and financial monitoring and reporting;
- significant corporate activities; and
- corporate governance and ethics.

The Board exercises its powers and performs its duties through the following principles and methodologies, inter alia:

- the Chairperson of the Board shall be a Non-Executive Director;
- the existence of an appropriate balance of Executive, Non-Executive and Independent Non-Executive Directors on the Board;
- the creation of Board Committees;
- the adherence to the Group's Code of Ethics and other governance policies, such as the Share Dealing Policy and the Conflict of Interest and Related Party Transactions Policy;
- the approval of the strategic orientation of the Group and the monitoring of management in respect of the implementation of the plans and strategies and compliance with set policies;
- the existence of clear lines of responsibility and accountability throughout the Group and compliance with the regulatory framework;
- the review of reports in respect of the Group's internal control systems ;
- the approval of the Group's risk appetite and the monitoring of the risk management framework;
- the existence of a formal Directors' remuneration policy; and

- the provision of accurate information in a timely manner to shareholders, the relevant authorities and the general public.

Board Structure

The Board should have the adequate competencies and should be efficient in achieving the Group's vision and strategy. It should include the right balance of Executive, Non-Executive and Independent Non-Executive Directors, who are all independently-minded.

- **Board Size**

The Company's Constitution stipulates that the Board shall consist of a minimum of 7 and a maximum of 15 Directors.

At the time of writing, the Company was headed by a unitary Board of 11 Directors comprising 9 Non-Executive Directors and 2 Executive Directors who are the Group CEO and the Group Finance Manager.

- **Board Composition**

The Non-Executive Directors come from broad industry and professional backgrounds with varied expertise and experience aligned to the needs of the Group's business.

The Board acknowledges that it is not compliant to the guidelines of the Code as well as to one of the provisions of its Charter, which recommend that the Company have at least two Independent Non-Executive Directors. The former Independent Non-Executive Directors no more qualify as independent Directors since they have served the Board for more than nine years since their appointment. While those Directors still have valuable contribution in terms of experience, expertise, professionalism, integrity, objectivity and independent judgement, the Board is of the opinion that the appointment of two new Independent Non-Executive Directors will help reinforce impartiality on the Board and enhance the mix of competencies, knowledge and experience which enriches board discussions and contributes towards a high performing and effective Board.

Mr E. Jean Mamet, the Chairman of the Audit Committee, has moreover expressed his wish to retire as Independent Non-Executive Director, having reached the age limit of 75 years as per the Board Charter. Mr Jean-Claude Maingard has also informed the Board of his wish to be replaced as Director.

In accordance with the Company's Succession Plan for Directors, the Corporate Governance Committee, in its role as the Nomination Committee is currently conducting an orderly identification and selection of two Independent Non-Executive Directors who will replace Messrs Mamet and Maingard. The Committee applies a due diligence process to determine the best possible incumbents. The criteria for the selection of the prospective Directors are determined in accordance with the requirements and strategic orientations of the Group, while considering gender diversity. The selected candidates will then be proposed to the Board for appointment as Director until the next Annual Meeting.

The Board affirms that it will proceed with the appointment of two Independent Non-Executive Directors in due course.

On July 31, 2018, Mr Yann Duchesne resigned as Director to the Board of the Company and is yet to be replaced at time of writing.

Profiles of Directors

Marc Freismuth – Chairman and 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 has been lecturer at the University of Montpellier up to July 1988 when he decided to join the University of Mauritius as lecturer in management and finance up to July 1994. Whilst at this position, Mr Freismuth has contributed to the setting up of the Stock Exchange of Mauritius 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.

Corporate governance

REPORT

3. THE BOARD (CONTINUED)

Profiles of Directors (Continued)

François Boullé – 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.

Joël Harel – 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 Projects 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. He joined GML Management Ltée in 2001 as Treasurer for the setting up of the group central treasury management unit and then occupied the position of Finance Executive - Corporate & Treasury in 2011 where he was involved in the development of projects. He was appointed Head of Financial Services of IBL Ltd on 1st July 2016. He is currently the Non-Executive Chairman of AfrAsia Capital Management Ltd, IBL Treasury Ltd, and LCF Securities 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 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.

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 where he is currently the Managing Director. Mr. Lagesse participated in the setting up of two garment manufacturing companies in Mauritius and is the Alternate Director of Mr. Thierry Lagesse on the board of IBL Ltd.

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. Thierry Lagesse holds a 'Maîtrise des Sciences de Gestion' from the University of Paris Dauphine. He was the non-executive Chairman of IBL Ltd, Alteo Limited and Phoenix Beverages Limited. Mr Lagesse is presently a Director of several well-known companies listed on the Stock Exchange of Mauritius Ltd, namely: Alteo Limited, IBL Ltd, LUX* Island Resorts Ltd, Phoenix Beverages Limited and Phoenix Investment Company Limited. He is also the Executive Chairman and founder of Palmar Group, a textile and garment export oriented manufacturing company and the Executive Chairman of Parabole Group, a direct to home satellite TV broadcaster. Mr Lagesse is a member of the Company's Corporate Governance, Nomination and Remuneration Committee.

E. Jean Mamet – 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.

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.

Christophe Quevauvilliers – 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.

Company Secretary

All Directors have access to the advice and services of the Company Secretary who is responsible for ensuring that Board procedures are followed and for providing guidance to 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 stakeholders' value.

The profile of the Company Secretary is detailed hereunder:

Bhooneshi Nemchand – Company Secretary

Mrs Bhooneshi Nemchand 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. She was appointed Company Secretary in October 2015. In February and July 2016, Mrs Nemchand was appointed Company Secretary of several companies within the Group.

Corporate governance

REPORT

3. THE BOARD (CONTINUED)

Directors' Directorships

The directorships of the Directors of the Company in other companies as at June 30, 2018 are as detailed hereunder:

NAME OF DIRECTORS	LISTED COMPANIES	NON-LISTED COMPANIES
MARC FREISMUTH	Belle Mare Holding Ltd	Compagnie de Gros Cailloux Limitée
	Constance Hotel Services Limited	[1] Dry Mixed Products Limited
	Constance La Gaieté Company Limited	Espace Maison Ltée
	[1] The United Basalt Products Limited	UBP International Limited
FRANÇOIS BOULLÉ	The United Basalt Products Limited	Archemics Ltd
		Compagnie de Gros Cailloux Ltée
		Espace Maison Ltée
		Land Reclamation Limited
		Pure Farming Ltd
		Suchem Ltd
		Terrarock Ltd
YANN DUCHESNE [2]	IBL Ltd	Bloomage Ltd
	The Bee Equity Partners Ltd	Cervonic Limited
	The United Basalt Products Limited	Chantier Naval de l'Océan Indien Limitée
		CMPL (Bagatelle) Limitée
		CMPL (Cascavelle) Limitée
		CMPL (Mont Choisy) Limitée
		[1] Compagnies des Magasins Populaires Ltée
		Espace Maison Ltée
		Froid des Mascareignes Ltd
		Ground 2 Air Ltd
		IBL Biotechnology (Mauritius) Ltd
		IBL Treasury Management Ltd
		Logidis Limited
		Manser Saxon Contracting Ltd
		Pick and Buy Limited
		Princes Tuna (Mauritius) Limited
		Rouclavier Ltée
		Seafood Hub Ltd
		Société Commerciale Industrielle de Matériels (SCIMAT)
		Transfroid Ltd
		Winhold Limited

NAME OF DIRECTORS	LISTED COMPANIES	NON-LISTED COMPANIES
JOËL HAREL	The United Basalt Products Limited	Espace Maison Ltée La Filature de Riche Terre Ltée Land Reclamation Limited Pricom Ltd Stone and Bricks Limited [3] Terrarock Ltd The Stone Masters Co Ltd UBP International Limited
LAURENT DE LA HOGUE	LUX Island Resorts Ltd Mauritian Eagle Insurance Co. Ltd The United Basalt Products Limited	Afrasia Capital Management Ltd Afrasia Investments Limited Book Printing Services Ltd Cynologics Ltd Electronic Printing Investment Ltd Espace Maison Ltée IBL Treasury Ltd LCF Holdings Ltd LCF Registry & Advisory Ltd LCF Securities International Ltd LCF Securities Ltd LCF Wealth Ltd LCL Cynologics Ltd Les Campeches Limitée Mauritian Eagle Leasing Company Ltd Packaging Industry Company Limited Printvest Holding Ltd [3] Quantilab Holding Ltd [3] Quantilab Ltd Supintex Limited Supinvest Limited

Corporate governance

REPORT

3. THE BOARD (CONTINUED)

Directors' Directorships (Continued)

NAME OF DIRECTORS	LISTED COMPANIES	NON-LISTED COMPANIES
ARNAUD LAGESSE	[1] Alteo Limited Blue Life Limited IBL Ltd [1] LUX Island Resorts Ltd [1] Phoenix Beverages Limited [1] Phoenix Investment Company Ltd The United Basalt Products Limited	[1] Afrasia Investments Limited Alteo Energy Ltd Alteo Milling Ltd [1] Beau Rivage Co Ltd Bloomage Ltd [1] Blue Bay Tokey Island Ltd Café LUX Ltd [1] Camp Investment Company Ltd CBL Africa Ltd City Brokers Ltd 1 Cosyclub Management Ltd FMM Ltée [1] Foundation Joseph Lagesse GML Ltée Haute Rive Azuri Hotel Ltd Haute Rive Holdings Limited Holiday & Leisure Resorts Ltd [1] IBL Life Ltd [1] IBL Link Ltd IBL Management Ltd International Sugar Expertise & Management Ltd (ISEM) LCL-Cynologics Ltd [1] Les Pavillons Resorts Ltd [1] LTK Ltd [1] LUX Hospitality Ltd LUX Island Resorts (Maldives) Ltd LUX Island Resorts (Seychelles) Ltd LUX Island Resorts (UK) Limited LUX Resorts Ltd MBL Offshore Limited [1] Merville Beach Hotel Ltd [1] Merville Limited MSF Leisure Company Ltd [1] Nereide Limited [1] Oceanide Limited Palm Boutique Hotel Ltd Phoenix Camp Minerals Overseas Ltd [1] Phoenix Management Company Ltd Pick and Buy Limited PL Resort Ltd Rouclavier Ltée Salt Hospitality Ltd

NAME OF DIRECTORS	LISTED COMPANIES	NON-LISTED COMPANIES
ARNAUD LAGESSE (Continued)		Services Gestion des Compagnies Ltée
		SPCB Ltée
		Sucrière des Mascareignes Limited
		Sukari Investment Company Limited
		[3] TPC Limited
		Transmara Investment Limited
		Transmara Sugar Company Limited
		White Sand Resorts & Spa Pvt Ltd
STÉPHANE LAGESSE	[3] IBL Ltd	Compagnie d'Investissement Immobilier de Flacq Ltée
	The United Basalt Products Limited	[3] Compagnie Usinière de Mon Loisir Ltée
		Espace Maison Ltée
		[3] GML Ineo Ltée
		GML Ltée
		Mediacom Ltd
		Mon Loisir Ltée
		Palmar Limitée
THIERRY LAGESSE	Alteo Limited	Alteo Energy Ltd
	IBL Ltd	Alteo Miling Ltd
	LUX Island Resorts Ltd	Alteo Refinery Ltd
	Phoenix Beverages Limited	Camp Investment Co Ltd
	Phoenix Investment Company Limited	[3] Cement Transport Limited
	The Bee Equity Partners Ltd	[1] Compagnie d'Investissement Immobilier de Flacq Ltée
	The United Basalt Products Limited	[1] Compagnie de Gros Cailloux Ltée
		Compagnie Sucrière de St Antoine Ltée
		Compagnie Usinière de Mon Loisir Ltée
		Consolidated Energy Co Ltd
		Deep River Beau Champ Milling Company Limited
		Dry Mixed Products Ltd
		[1] Espace Maison Ltée
		Ferney Limited
		GML Ineo Ltée
		GML Ltée
		Haute Rive Holdings Limited
		IBL Life Ltd
		[1] Mediacom Ltd
		[1] Palmar Limitée
		PL Resort Ltd
		Pre-Mixed Concrete Limited
		[1] Pricom Ltd
		[1] Sainte Marie Crushing Plant Limited
		[1] Sud Concassage Limitée

Corporate governance

REPORT

3. THE BOARD (CONTINUED)

Directors' Directorships (Continued)

NAME OF DIRECTORS	LISTED COMPANIES	NON-LISTED COMPANIES
THIERRY LAGESSE (Continued)		[1] UBP International Limited [1] Welcome Industries Ltd [1] West East Ltd
JEAN CLAUDE MAINGARD	The United Basalt Products Limited	Espace Maison Ltée [1] General Construction Company Limited Mauritius Building Company Limited Steel Reinforcement Company Limited
JEAN MAMET	The United Basalt Products Limited	Espace Maison Ltée
CHRISTOPHE QUEVAUVILLIERS	The United Basalt Products Limited	Compagnie de Gros Cailloux Ltée DHK Metal Crushers (Private) Limited [3] Dry Mixed Products Ltd Flacq Associated Stonemasters Limited La Savonnerie Créole Ltée [3] Pre-Mixed Concrete Limited Sainte Marie Crushing Plant Limited Sheffield Trading (Private) Limited Stone and Bricks Limited Terrarock Ltd The Stone Masters Co Ltd United Granite Products (Private) Limited Welcome Industries Limited
STÉPHANE ULCOQ	The United Basalt Products Limited	Cement Transport Limited Compagnie de Gros Cailloux Ltée DHK Metal Crushers (Private) Limited Dry Mixed Products Ltd Energy Management Ltd Espace Maison Ltée Flacq Associated Stonemasters Limited Impele KCB SPV Limited Kalulushi Clay Bricks Limited La Savonnerie Créole Ltée Pre-Mixed Concrete Limited Pricom Ltd Sainte Marie Crushing Plant Limited Sheffield Trading (Private) Limited Sud Concassage Limitée Terrarock Ltd United Granite Products (Private) Limited Welcome Industries Limited

[1] Chairman
[2] Mr Yann Duchesne resigned as Director on July 31, 2018
[3] Alternate Director

Board Meetings

The Board determines the frequency of Board meetings, which are held at least on a quarterly basis. Meetings are scheduled up to one year in advance so that Directors are able to attend and participate in person. The Board promotes open discussions and constructive debates during meetings. Special meetings may also be called from time to time as required. The Chairman and the Group CEO, assisted by the Company Secretary, are responsible for fixing the agenda and the date for each Board meeting.

The Chairman and the Company Secretary ensure that the Directors receive the right information in a timely manner to enable them to make informed business decisions.

The attendance record of Board meetings for the year under review is as shown on page 78.

Focus Areas

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

1. Strategy and Performance

- Potential investment opportunities;
- The operational strategy and performance of overseas subsidiaries and investments;
- The activity reports of the Group CEO; and
- A digital transformation plan.

2. Governance

- Reports from the Chairman of the Corporate Governance Committee;
- The review of the remuneration of Directors, members of Board Committees, senior management and staff in general;
- A new Board Charter;
- A new Whistleblowing Policy;
- A new Conflict of Interest and Related Party Transactions Policy;
- An updated Share Dealing Policy; and
- The search for potential Independent Directors.

3. Risk Management and Internal Control

- Reports from the Chairman of the Risk Monitoring Committee;
- An update on the Group's risk monitoring exercise;
- The approval of an Information Technology Disaster Recovery Plan; and
- An update on the reports issued by the internal auditors, Messrs BDO & Co.

4. Financial

- Reports from the Chairman of the Audit Committee;
- The Group's financial performance against the budget;
- The audited group financial statements, the audited abridged group financial statements and the Annual Report for year ended June 30, 2017;
- The quarterly unaudited abridged group interim financial statements;
- The declaration of dividends; and
- The operational and capital expenditure budgets for the financial year 2018-2019.

5. Other Agenda Items

- The Annual Meeting of Shareholders.

Board Committees

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

The Corporate Governance Committee and the Audit Committee were set up in 2005 with clearly defined terms of reference. Due to the evolving business context, in November 2015, a Risk Monitoring Committee was 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.

Corporate governance

REPORT

3. THE BOARD (CONTINUED)

Board Committees (Continued)

Corporate Governance (Nomination and Remuneration) Committee

Mandate

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.

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

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

Composition

As per its Charter, the Committee shall consist of at least three members, with a majority of Non-Executive Directors. The Committee is constituted as follows:

Chairman :	Joël Harel
Members :	Marc Freismuth Thierry Lagesse

The Chairman as well as the other members are Non-Executive Directors.

The Committee met six times during the financial year 2017-2018 to, inter alia,:

- determine, discuss and approve the remuneration of the Group CEO, senior management, Directors, Committee members and the staff in general;
- examine and take decisions on corporate governance compliance issues;
- consider and recommend to the Board for approval the Board Charter, the Whistleblowing Policy, the Conflict of Interest and Related Party Transactions Policy as well as the revised Share Dealing Policy;
- review the Board composition, discuss the succession plan of two Directors as well as the selection and appointment of two Independent Non-Executive Directors; and
- consider the report of the Ethics Officer in respect of compliance with the Group's Code of Ethics.

Attendance

The attendance record of Committee meetings for the year under review is as shown on page 78. 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.

Remuneration

The remuneration of the Chairman and of each member of the Corporate Governance Committee for the year ended June 30, 2018 amounted to Rs 100,000 (2017: Rs 100,000) and Rs 75,000 (2017: Rs 75,000) respectively.

Audit Committee

Mandate

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

Composition

As per its Charter, the Committee shall consist of a minimum of three Non-Executive Directors, the majority of whom shall be independent. The Committee is constituted as follows:

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

The Chairman and other members of the Committee no more qualify as being independent pursuant to the guidelines of the new Code. While the Chairman of the Committee will be replaced to help reinforce impartiality, we are of the opinion that the other current members of the Committee have sufficient financial management knowledge and experience to discharge their responsibilities and will not be replaced.

The Committee met eight times during the financial year 2017-2018, mainly to:

- review and recommend to the Board for approval the audited group financial statements, the Integrated Report and the audited abridged group financial statements for year ended June 30, 2017;
- discuss about the rotation of external auditors in accordance with prevailing laws;
- re-appoint and fix the remuneration of Messrs Ernst & Young as external auditors;
- review and recommend to the Board for approval and publication the quarterly unaudited abridged group interim financial statements;
- review the compliance report for the Company;
- review the internal audit reports of Messrs BDO & Co.;
- review and discuss the implementation of new IFRS 9, 15 and 16; and
- review the external audit Management Letters from Messrs Ernst & Young for 2017.

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

Attendance

The attendance record of Committee meetings for the year under review is as shown on page 78. 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 Group CEO, the internal and external auditors and some members of the management attend the meetings by invitation depending on the agenda.

Remuneration

The remuneration of the Chairman and of each member of the Audit Committee for the year ended June 30, 2018 amounted to Rs 150,000 (2017: Rs 150,000) and Rs 100,000 (2017: Rs 100,000) respectively.

Risk Monitoring Committee

Mandate

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 also provides to the Board an independent and objective oversight of the financial, business and strategic risks of the Company and of the Group.

Corporate governance

REPORT

3. THE BOARD (CONTINUED)

Board Committees (Continued)

__Risk Monitoring Committee (Continued)__

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

Composition

As per its Charter, the Committee shall consist of an equal number of Executive and Non-Executive Directors. The Committee is constituted as follows:

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

Messrs Boullé and Mamet are Non-Executive Directors while the two Executive Directors are the Group CEO and the Group Finance Manager, the latter also acting as the Chief Risk Officer.

The Committee met three times during the financial year 2017-2018, mainly to:

- consider the risk aspect of the internal audit reports of Messrs BDO & Co.;
- review the Group's insurance policies to ensure adequate coverage;
- review and discuss the report of Messrs BDO & Co. on the Group's 'Enterprise Risk Management' and the risk monitoring exercise;
- discuss and recommend to the Board for approval the Information Technology Disaster Recovery Plan; and
- discuss and agree on the risk monitoring methodology within the Group.

Attendance

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

Remuneration

The remuneration of the Chairman and of each member of the Committee for the year ended June 30, 2018 amounted to Rs 75,000 (2017: Rs 75,000) and Rs 50,000 (2017: Rs 50,000) respectively.

Meetings Attendance

Directors	Board	Corporate Governance Committee	Audit Committee	Risk Monitoring Committee	Annual Meeting of Shareholders
Marc Freismuth	6 out of 6	5 out of 6			1 out of 1
François Boullé	5 out of 6		8 out of 8	3 out of 3	1 out of 1
Yann Duchesne*	4 out of 6				1 out of 1
Joël Harel	6 out of 6	6 out of 6	6 out of 8		1 out of 1
Laurent de la Hogue	6 out of 6				1 out of 1
Arnaud Lagesse	4 out of 6				1 out of 1
Stéphane Lagesse	3 out of 6				1 out of 1
Thierry Lagesse	3 out of 6	4 out of 6			1 out of 1
Jean Claude Maingard	4 out of 6				0 out of 1
E. Jean Mamet	5 out of 6		7 out of 8	2 out of 3	1 out of 1
Christophe Quevauvilliers	6 out of 6			3 out of 3	1 out of 1
Stéphane Ulcoq	6 out of 6			3 out of 3	1 out of 1

*Mr Yann Duchesne resigned as Director on July 31, 2018.

4. DIRECTOR APPOINTMENT PROCEDURES

Selection, Appointment and Re-election

The Board through the Corporate Governance Committee and its role as a Nomination Committee, follows a rigorous, formal and transparent procedure to select and appoint new Directors. In accordance with 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.

In assessing the skills required to add value to the Board, the Nomination Committee has regards to the knowledge required to fill a significant gap on the Board, the capacity of the individual to influence preferred outcomes through his/her involvement on the Board and the extent to which the individual may devote time and meaningfully contribute to the affairs of the Board. The Board favours diversity, including gender, to be in line with the recommendations of the Code.

At the forthcoming Annual Meeting of shareholders of the Company, two separate resolutions will be submitted for the election of new Directors to hold office until the next Annual Meeting of shareholders, in replacement of Messrs E. Jean Mamet and Jean Claude Maingard.

The Company's Constitution does not provide for the rotation of Directors. Although being of the opinion that the holding of office by Directors relies on their experience and knowledge of the Group's activities to ensure that they exercise the appropriate degree of leadership, skill and judgement required to achieve a sustainable performance over the years, the Corporate Governance Committee has decided to include the re-election of all Directors at the agenda of the Annual Meeting of shareholders of the Company. In addition, the Board is continuously encouraging its members to acquire new skills.

Board Induction

New Directors appointed to the Board are familiarised with the Group's operations, its business environment and senior management. They are also made aware of their fiduciary duties and responsibilities.

With the assistance of the Company Secretary, the Chairman ensures that a formal and tailored induction programme is in place for new Directors to enable them to develop a good understanding of the Company and the Group.

The induction programme comprises, inter alia:

- Key information and documents
- One to one briefings with the Chairman and the Group CEO
- Briefings with Senior Managers
- Site visits

A suitable induction of Directors contributes to ensuring that the Company maintains a well-informed and competent Board and enables any new Director to effectively contribute to strategic discussions and oversight of the Group's activities.

Professional Development and Training

Directors are encouraged to keep themselves abreast of the latest workplace trends and professional practices.

The Chairman shall regularly review and as required, agree with the Directors on their training needs.

Time Commitments

The Board of the Company does not believe that its members should be prohibited from serving on the Board of other organisations unless the number of directorships limits the amount of time they are able to dedicate to being a Director of the Company. The Executive Directors are however not authorised to hold more than two directorships in listed companies outside the Group, including overseas companies. The Board of the Company must give its approval prior to an Executive Director accepting a seat on the Board of any company outside the Group.

All Directors are expected to ensure that their other responsibilities do not impinge on their responsibilities as Director of the Company and to devote sufficient time and attention to the affairs of the Company.

Succession Plan

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 this 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.

Corporate governance

REPORT

5. DIRECTORS' DUTIES, REMUNERATION AND PERFORMANCE

Directors' Duties and Responsibilities

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 are individuals of calibre and credibility and have the necessary skills and experience to constructively analyse, independent of management, issues of strategy, performance evaluation, resources, equal opportunities and standards of conduct. They play a particularly vital role in providing independent judgement in all circumstances.

Executive Directors on the other hand, exercise their management responsibilities and their fiduciary duties in the best interests of the Company.

Once appointed on the Board, Directors receive the key documents pertaining to their duties and responsibilities.

Furthermore, charters, position statements and job descriptions have been devised so that there is a clear division of responsibilities.

Role of the Chairman and of the Chief Executive Officer

The roles of the Chairman and of the Group CEO are clearly separated and they both share a good working relationship.

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 a smooth and timely flow of information to shareholders and to ensure the accurate documentation of proceedings. The Chairman creates a culture of openness, respect and trust and ensures constructive board discussions. He is elected by the members of the Board and also acts as Chairman at shareholders' meetings.

The Group CEO is responsible for the day-to-day management of the Group, preparing and recommending business development plans and budgets for 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 the effectiveness of the senior management team.

Access to Information

Directors are provided with concise, adequate and timely information to enable them to make informed decisions and to discharge their duties and responsibilities.

The Chairman and the Company Secretary ensures that Board papers are circulated in a timely manner. As required, senior management also provides Directors with relevant explanations and adequate information, necessary for them to fulfil their responsibilities.

Professional Advice

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.

Directors' and Senior Officers' Insurance and Indemnification

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

Share Dealing and Interests Register

The Share Dealing Policy of the Company was endorsed by the Board in June 2016 and reviewed in June 2018 to ensure that it is effective in ensuring accurate and timely compliance with the relevant prevailing laws in Mauritius. This document sets out the Group's policy in respect of dealings in the shares of the Company 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 Company, to avoid any misuse of price-sensitive information.

The Directors of the Company use their best endeavours to abide to 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. 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. 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.

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 Company Secretary maintains a Register of Interests, which is updated with every transaction entered into by Directors and their associates. The Register of Interests is available for consultation by shareholders upon written request to the Company Secretary.

During the year under review, Mr François Boullé disposed of 13,270 shares. Except for the aforesaid transaction, none of the Directors dealt in the shares of the Company, either directly or indirectly, as shown in the table on page 95 of Other Statutory Disclosures, detailing the Directors' and Senior Officers' interests in the ordinary shares of the Company.

Conflicts of Interests and Related Party Transactions

The Board has formal procedures for managing conflicts of interests. A Conflict of Interest and Related Party Transactions Policy has been endorsed by the Board in June 2018 to provide the framework for the Company and its subsidiaries to effectively identify, evaluate, disclose and manage potential, actual or perceived conflicts of interests as well as related party transactions which may arise in relation to the activities of the Group.

All Directors are expected to discharge their duties and responsibilities objectively and in the best interest of the Company. They should avoid conflicts of interests or situations which might be reasonably perceived as such. The personal interest of a Director, or persons closely associated with him/her, must not take precedence over those of the Company or its shareholders. To this end, any Director who is directly or indirectly interested in a transaction or proposed transaction is required to disclose the nature of his/her interest, and he/she should not participate in the debate or vote on the matter.

Related party transactions of the Group are conducted in line with the internal policy. Please refer to note 29 of the Notes to the Financial Statements on page 191 for details of related party transactions.

Information Governance

The Board is responsible for information governance within the Company whereas the management of information technology and the information security governance are delegated to the IT function.

The Group lays due emphasis on the confidentiality, integrity, availability and protection of information, backed by an adapted information technology (IT) system. The Board ensures that prudent and reasonable steps are taken to ensure that the IT governance forms an integral part of the overall corporate governance of the Group and is managed according to set policies. For fulfilling this obligation, the Board is supported by the Risk Monitoring Committee for reviewing information technology risks and actions taken to mitigate them.

The Board takes full responsibility for the oversight of the IT Governance of the Group.

The significant expenditure budgets pertaining to IT for each of the Group's entities are discussed and approved on an annual basis by the respective Boards of Directors.

Management is responsible for implementing the policies, procedures and practices to protect the Group's information, in line with regulatory and industry norms. The Group ensures that access to information is only available to authorised parties while having physical and logical access controls in place. While the Audit Committee evaluates the effectiveness of related internal control systems, the set-up provides for independent assurance via the internal audit function which acts as an additional line of defence to assess the suitability of the security policies, standards and related procedures within the Group's entities.

A description of the Group's IT policies is available on the website of the Company - www.ubp.mu .

Corporate governance

REPORT

5. DIRECTORS' DUTIES, REMUNERATION AND PERFORMANCE (CONTINUED)

Remuneration Policy

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. Competent Directors are critical to the sustainability of the business. As such, the Group lays significant emphasis on appointing the right people with the right experience and expertise whilst rewarding them adequately, in line with market practices.

Since December 2016, the Board has endorsed a Group Remuneration Policy which sets out rules 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 to the long-term value creation of its stakeholders.

Please refer to Other Statutory Disclosures on page 95 for a table of total emoluments and benefits received by Directors from the Company and subsidiary companies for the year ended June 30, 2018. Non-Executive Directors received a fixed annual directorship fee only and no remuneration in the form of share options or bonuses associated with the organisation's performance.

Although acknowledging that the Code recommends 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 Group CEO 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 Group CEO to those of the Group.

Long-term Incentive Plan

The Company does not have any long-term incentive plan yet. A 'Performance Management System' is currently being designed to reward employees based on the achievement of short term and long term objectives.

Share Option Plan

The Company does not have any Share Option Plan.

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 commissioned last year. The questions were 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 results duly analysed were communicated to enable the Board to take appropriate actions to improve its effectiveness and its functioning.

According to the Board Charter of the Company, an evaluation of individual Directors, Board Committees and the Board as a whole, is to be undertaken every two years. The next exercise will be carried out in the course of the year 2018-2019.

6. RISK GOVERNANCE AND INTERNAL CONTROL

The Board of Directors is responsible for the governance of risks and recognises effective risk management as a core competency. and the Board 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 internal control systems.

The Group's internal control system is designed to manage the risk of failure to achieve business objectives. The Risk Monitoring Committee and Audit Committee assist the Board in the discharge of its duties in relation to risk management and internal control respectively.

In reference to the management of risks, the Risk Monitoring Committee enables the Board to formulate, review and approve policies on managing and monitoring exposure to risks.

The Group promotes a risk culture, whereby the related set of objectives, policies and practices are shared across the organisation. In the same vein, management is responsible for the implementation of internal control and risk management systems under the supervision of the Audit Committee and of the Risk Monitoring Committee respectively to ensure their effectiveness. Such systems must ensure that the assets of the Group are safeguarded, that proper accounting records are maintained and that the strategies and policies adopted by the Board are being implemented. The Board notes that the Group's systems of risk management and internal controls provide reasonable, but not absolute assurance that the Group will not be adversely affected by an event that can be reasonably foreseen.

Risk Management

The Board of Directors engaged Messrs BDO & Co. two years ago to implement an Enterprise Risk Management (ERM) framework and a Business Continuity Management (BCM) plan within the Group with a view to fully identity, measure, assess and mitigate our exposure to risks. This exercise has enabled the Group to set up the framework 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's strategic objectives were defined and the risk appetite was determined for each of these objectives based on a group-wide approach considering risks across all departments, functions and activities, as particularised hereunder:

HEALTHY & EFFICIENT PROCESSES

LOW/MEDIUM

ENSURING COST OPTIMISATION & COMPETIVENESS

LOW/MEDIUM

DEVELOP HUMAN CAPITAL

LOW/MEDIUM

MARKET EXPANSION

LOW/MEDIUM

INTERNATIONAL EXPANSION

LOW/MEDIUM

Corporate governance

REPORT

6. RISK GOVERNANCE AND INTERNAL CONTROL (CONTINUED)

The Risk Hierarchy is illustrated hereunder:

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.

CHIEF RISK OFFICER

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

1st LINE OF DEFENCE

DEPARTMENT HEADS (RISK OWNERS)

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

2nd LINE OF DEFENCE

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.

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)

Following the implementation of the ERM, a risk monitoring exercise was undertaken by Messrs BDO & Co. for the quarter ended December 31, 2017 in view of monitoring and reporting the key risks across the Group. Further to the control assessment, a report was submitted to the Risk Monitoring Committee on three types of risks, namely the business management risks, board risks and emerging risks. All risks were linked to the objectives of the Board and appropriate treatment plans were thereafter elaborated in respect of the key risks falling outside the tolerance limits of the risk appetite.

Going forward, each risk owner will pursue the risk monitoring exercise within the set framework and actions plans will be tracked by the Chief Risk Officer (CRO). To ensure that the Board has an enhanced view of the Group's overall risk profile, the CRO will regularly report to the Risk Monitoring Committee in respect of the evolution of the key risks and the implementation of agreed treatment plans.

The key risks categories relevant to the Group, remains 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, compliance 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.

A report on the key risks inherent to our activities is found on pages 58 to 59 of this Integrated Report.

Insurance Coverage

The Board, via the Risk Monitoring Committee, ensures that the Group's insurance policies are regularly assessed to guarantee adequate coverage of the significant risks faced by the Group.

Internal Control

The Board is responsible for the Group's internal control systems and for reviewing its effectiveness. The Group's internal control framework seeks to ensure the reliability of financial reporting, operations and systems whilst guaranteeing compliance with internally established policies and procedures as well as with laws, regulations and codes of business practice in order to protect the Group's assets and reputation.

The internal control framework is devised to tackle the key risks identified under the Enterprise Risk Management (ERM) of the Group. The internal audit function thereafter assesses the effectiveness of the internal controls in mitigating those risks.

The Audit Committee assists the Board in the discharge of this responsibility and oversees the effectiveness of the Group's internal control systems. Processes are in place to monitor the effectiveness of internal controls, to identify and report any significant issues, and to ensure that timely and appropriate corrective actions are taken. In carrying out its duties, the Audit Committee receives regular reports from the internal audit function of the Group.

Corporate governance

REPORT

6. RISK GOVERNANCE AND INTERNAL CONTROL (CONTINUED)

Whistleblowing

In view of upholding the highest level of ethical conduct, the Board has endorsed a Whistleblowing Policy in May 2018, to provide a framework for its employees to raise concerns about any aspect involving malpractices without fear of reprisal or victimisation. The policy provides details of the process to follow to raise a concern as well as the possible outcomes related thereto.

7. REPORTING WITH INTEGRITY

The Board is responsible for the preparation of an Integrated Report and financial statements in accordance with applicable law and regulations. Furthermore, pursuant to the prevailing Companies Act of Mauritius, the Directors are required to ensure that financial statements are in compliance with International Financial Reporting Standards.

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 and the Group. They also have the duty to maintain an effective system of internal control and risk management to safeguard the assets of the Company and of the Group and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Being a listed Company, it is imperative that our stakeholders are kept fully informed about our activities and that our financial disclosures meet the highest ethical standards. For this reason and in view of creating value for all its stakeholders, the Board of Directors has decided to prepare its first Integrated Report for the year ended June 30, 2018. The report sets out further the financial, social, environmental and performance outlook relevant to the Group.

Furthermore, a soft copy of this report is available on the website of the Company (www.ubp.mu).

8. AUDIT

External Audit

The Audit Committee evaluates the independence and work effectiveness of external auditors before making a recommendation to the Board for their appointment and re-appointment. The evaluation encompasses an assessment of the qualifications and performance of the auditors, the quality and integrity of the auditors' communications with the Audit Committee and the Company and the auditors' independence, objectivity and professional scepticism. For the past 20 years, Ernst & Young has been the external auditors of the Company and subsidiary companies. To ensure the independence of the Auditors, a rotation of the Audit Partner was done regularly.

To further ensure that there is no threat to the objectivity and independence of external auditors in the conduct of the audit, the Audit Committee approves any non-audit services provided by them, which are moreover limited to ad hoc advices and assistance.

Pursuant to Section 41A of the Financial Reporting Act 2004, as amended by the Finance (Miscellaneous Provisions) Act 2016, all listed companies are required to rotate their auditors every seven years. In accordance with the aforesaid amendment, the current auditors Messrs. Ernst & Young are allowed to continue in office until the financial year ending June 30, 2019. The Company will launch a tender exercise in due course and proceed with the rotation accordingly.

Please refer to Other Statutory Disclosures on page 96 for the details of the auditors' remuneration.

Internal Audit

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

In April 2015, Messrs BDO & Co. were engaged to assume the internal audit function within the Group, subsequent to an assessment of their expertise and independence. The 3-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.

The reports considered during the year under review relate to the Information Technology and the Engineering functions. A report on the Sales function and another one on 'Dry Mixed Products Limited', one of the subsidiaries of the Group, will be submitted to the Audit Committee in due course.

This year again, no financial problems were identified which would affect materially the figures reported in the financial statements. The recommendations are being implemented gradually by management under the close follow-up of 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. At time of writing, the appointment of an internal auditor is underway.

9. RELATIONS WITH SHAREHOLDERS AND OTHER KEY STAKEHOLDERS

Key Stakeholders of the Group

The key stakeholders of the Group are as follows:

- Shareholders and the investment community
- Employees
- Customers
- Financial institutions
- Government and regulatory authorities
- Community at large
- Suppliers and partners

In line with its values, the Company engages itself fully towards responding to its different stakeholders' expectations and taking on board their interests in the decision-making process, as further detailed in this Integrated Report.

Shareholding Structure

The shareholding structure of the Group at June 30, 2018 is as detailed hereunder:

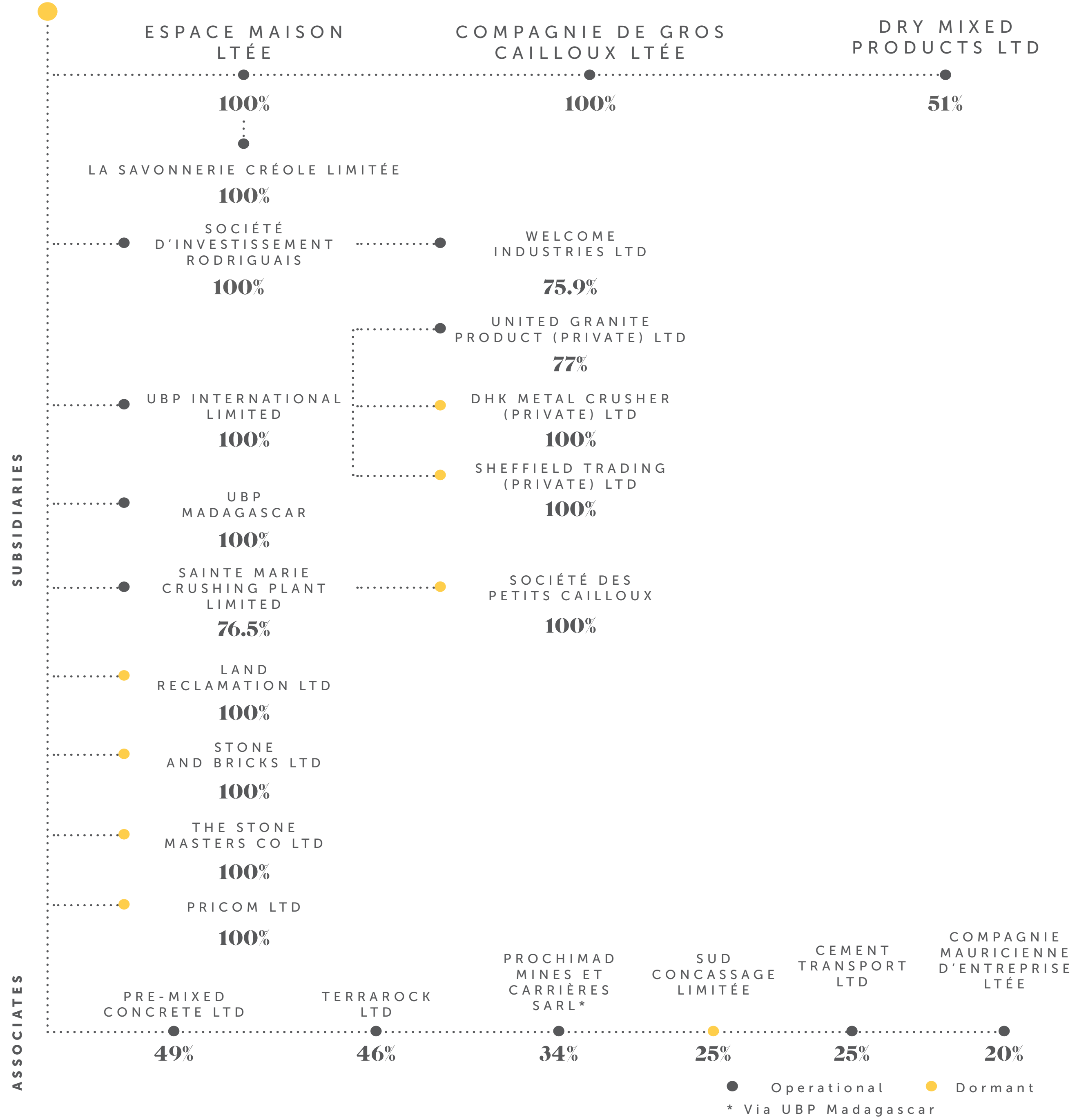
Corporate governance

REPORT

9. RELATIONS WITH SHAREHOLDERS AND OTHER KEY STAKEHOLDERS (Continued)

Shareholding Structure (Continued)

The United Basalt Products Limited



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, 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, 2018 was as follows:

Directors	UBP	IBL Ltd
Arnaud Lagesse	●	●
Thierry Lagesse	●	●

Substantial Shareholders

The shareholders holding more than 5% of the share capital of the Company at June 30, 2018 were as follows:

Shareholders	Number of shares	% Holding
IBL Ltd	8,785,100	33.14
The 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.

Shareholding Profile

The share ownership and categories of shareholders at June 30, 2018 were as follows:

Size of shareholding	Number of shareholders	Number of shares owned	Percentage (%)
1 - 500	2,206	257,691	0.97
501 – 1,000	343	250,144	0.94
1,001 – 5,000	664	1,578,730	5.96
5,001 – 10,000	213	1,471,948	5.55
10,001 – 50,000	225	4,298,979	16.22
50,001 – 100,000	34	2,390,936	9.02
100,001 – 250,000	15	2,173,557	8.20
250,001 – 1,000,000	9	3,974,684	14.99
Over 1,000,000	2	10,113,373	38.15
Total	**3,711**	**26,510,042**	**100.00**

Corporate governance

REPORT

9. RELATIONS WITH SHAREHOLDERS AND OTHER KEY STAKEHOLDERS (CONTINUED)

Shareholding Profile (Continued)

Category of shareholders	Number of shareholders	Number of shares owned	Percentage %
Individuals	3,342	7,649,289	28.85
Insurance and assurance companies	20	1,628,315	6.14
Pension and providence funds	84	4,293,623	16.20
Investment and trust companies	61	941,950	3.55
Other corporate bodies	204	11,996,865	45.26
Total	**3,711**	**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.

Total Shareholders' Return

Total Shareholders' Return		2014	2015	2016	2017	2018
Share price at the end of the current year	Rs	84.00	85.00	83.00	115.00	125.50
Share price at the end of the previous year	Rs	98.00	84.00	85.00	83.00	115.00
Increase/(Decrease) in share price	Rs	(14.00)	1.00	(2.00)	32.00	10.50
Dividend per share	Rs	2.75	2.75	3.00	3.25	3.50
Total return per share	Rs	(11.25)	3.75	1.00	35.25	14.00
Total return based on previous year's share price	%	(11.48)	4.46	1.18	42.47	12.17

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 10, 2018, the Company declared a dividend of Rs 3.50 per share in respect of the financial year 2017-2018. This dividend was paid on June 26, 2018 to all ordinary shareholders registered at close of business on May 29, 2018.

Please refer to Financial Highlights and Ratios on page 129 for indicators and dividend paid per ordinary share over the past five years to June 30, 2018.

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 Abridged Group Financial Statements and disclosures in the Integrated Report.

Shareholders' Calendar of Events

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

September	:	Publication of audited abridged 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

STATEMENT OF DIRECTORS' RESPONSIBILITIES

FOR THE YEAR ENDED JUNE 30, 2018

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, 2018. 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, 2018 and that nothing has come to their attention which could indicate any material breakdown in the functioning of the internal control system and have a material impact on the trading and financial position of the Company.

On behalf of the Board

Marc Freismuth	**Stéphane Ulcoq**
Chairman	Group Chief Executive Officer

September 18, 2018

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, 2018 were:

The Company

Messrs:

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

Mr Yann Duchesne resigned as Director to the Board on July 31, 2018.

Subsidiary Companies

Espace Maison Ltée

Messrs:

Thierry Lagesse - Chairman

François Boullé

Yann Duchesne

Marc Freismuth

Joël Harel

Laurent de la Hogue

Stéphane Lagesse

Jean Claude Maingard

E. Jean Mamet

Stéphane Ulcoq

Mr Yann Duchesne resigned as Director to the Board on July 31, 2018.

Compagnie de Gros Cailloux Limitée

Messrs:

Thierry Lagesse - Chairman

François Boullé

Marc Freismuth – Appointed on October 26, 2017.

Christophe Quevauvilliers

Stéphane Ulcoq

Welcome Industries Ltd

Messrs:

Thierry Lagesse - Chairman

Christophe Quevauvilliers

Stéphane Ulcoq

UBP International Limited

Messrs:

Thierry Lagesse – Chairman

Marc Freismuth

Joel Harel

OTHER STATUTORY DISCLOSURES (CONTINUED)

(Pursuant to Section 221 of the Companies Act 2001)

Subsidiary Companies (Continued)

UBP Madagascar

Mr: Steve René – Manager

United Granite Products (Private) Limited

Messrs:

Rémi de Gersigny

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

Alexis Caude

Thierry Lagesse

-alternate: Christophe Quevauvilliers

Colin Taylor

-alternate: Eric Adam

Stéphane Ulcoq

Urs Rolland Straub - Appointed on September 12, 2017 in replacement of Mr Vincent Jacques Bouckaert, who resigned on the same date.

-alternate: Jamshed Khan - Appointed September 12, 2017.

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	
	2018	2017	2018	2017
	Rs'000	Rs'000	Rs'000	Rs'000
The Company	12,399	11,459	2,620	2,008
<u>Subsidiary Companies :</u>				
Espace Maison Ltée	-	-	1,300	744
Compagnie de Gros Cailloux Limitée	-	-	60	80
Welcome Industries Limited	-	-	-	-
UBP International Limited	-	-	-	-
UBP Madagascar	-	-	-	-
United Granite Products (Private) Limited	-	-	-	-
Sainte Marie Crushing Plant Limited	-	-	160	120
Dry Mixed Products Ltd	-	-	-	-
Land Reclamation Limited	-	-	-	-
Stone & Bricks Limited	-	-	-	-
The Stone Masters Co. Ltd	-	-	-	-
Pricom Ltd	-	-	-	-

DIRECTORS' AND SENIOR OFFICERS' INTERESTS IN SHARES

The Directors' and Senior Officers' interests in the ordinary shares of the Company at June 30, 2018 were as follows:

		Ordinary shares			
	Category	Direct		Indirect	
		Number	%	Number	%
Directors					
Marc Freismuth - Chairman	NED	-	-	-	-
François Boullé	NED	13,000	0.05	-	-
Yann Duchesne*	NED	-	-	-	-
Joël Harel	NED	-	-	-	-
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	NED	-	-	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	-	-

*Mr Yann Duchesne resigned as Director to the Board on July 31, 2018.
ED – Executive Director NED – Non-Executive Director

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.

OTHER STATUTORY DISCLOSURES (Continued)

(Pursuant to Section 221 of the Companies Act 2001)

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 Company Secretary 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, 2018 were as follows:

Shareholders	Number of shares	% Holding
IBL Ltd	8,785,100	33.14
The 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 1,010,322 during the year ended June 30, 2018 (2017: Rs 2,824,585) out of which Rs 400,000 (2017: none) were political donations.

AUDITORS' REMUNERATION

The auditors' remuneration was as follows:

	THE GROUP		THE COMPANY	
	2018	2017	**2018**	2017
	Rs'000	Rs'000	**Rs'000**	Rs'000
Audit fees:				
Ernst & Young	**2,991**	2,795	**1,206**	1,129
Other firms	**-**	-	**-**	-
Non-audit fees:				
Ernst & Young	**706**	283	**572**	162
Other firms	**1,800**	1,343	**1,125**	225

The non-audit fees paid by the Group to Ernst & Young comprised of tax services and assistance for the application of new IFRSs for Rs 706,067 (2017: Rs 283,451).

The Group paid Rs 1,800,000 as internal audit fees to other firms for the year ended June 30, 2018 (2017: Rs 1,343,050).

COMPANY SECRETARY'S CERTIFICATE

FOR THE YEAR ENDED JUNE 30, 2018

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

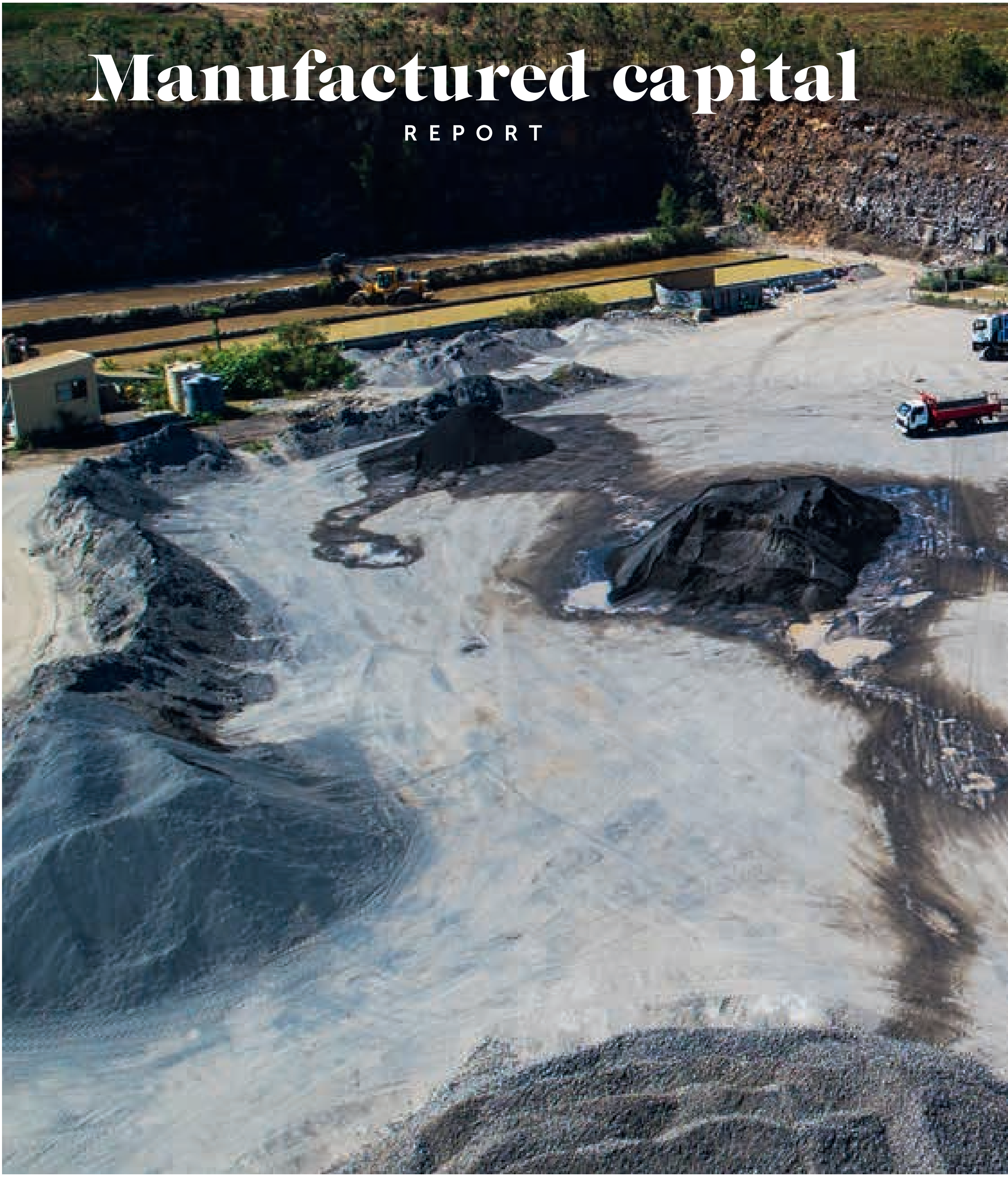
September 18, 2018

Capital report

THE CAPITALS REPORT SHOWCASES OUR PERFORMANCE OUTCOMES AGAINST OUR STRATEGIC OBJECTIVES FOR THIS YEAR

Manufactured capital

REPORT




GEOFFROY

Manufactured capital

REPORT

As an industrial company, this is our most important capital in terms of investment and innovation. Over the past three years, and continuing in 2018, we have made significant strides towards optimising our production processes, such as rethinking process layouts of plants to improve productivity and shifting progressively towards control systems to automate our processes.

Strategic Objectives 1 and 2

Production Capacity:

CAPACITY					
Category	**Entity**	**2016**	**2017**	**2018**	**Outputs**
Production capacity	Drymix	**70,000** Tons	**80,000** Tons	**80,000** Tons	**+ 10,000** Tons
Production capacity	Gros Cailloux	Foodcrop: **75 Ha**, Sugar: **250 Ha**, Nursery: **8Ha**	Foodcrop: **75 Ha**, Sugar: **200 Ha**, Nursery: **8 Ha**	Foodcrop: **100Ha**, Sugar: **200 Ha**, Nursery: **8 Ha**	Foodcrop: **+25 Ha** Sugar: **-50 Ha** Nursery: **0**
Production capacity	UBP (7 sites)	Aggregates & rocksands: **>2.0** Million Tons Blocks: **>20.0** Million	Aggregates & rocksands: **>2.0** Million Tons Blocks: **>20.0** Million	Aggregates & rocksands: **>2.5** Million Tons Blocks: **>25.0** Million	Aggregates & rocksands: **+0.5** Million Tons Blocks: **+ 5.0** Million

Investments

In reference to our operations optimisation, the table below illustrates our investments over the past three years. Investments have been concentrated on the following areas:

- Automatisation
- Development of Gros Cailloux to increase its productivity
- Closure of our crushing plant at Beau-Vallon and increased production capacity at Plaine Magnien

INVESTMENTS MADE					
Category	**Entity**	**2016**	**2017**	**2018**	**Outputs**
Capital Expenditure	Group	**Rs 257.9 Million**	**Rs 300.6 Million**	**Rs 270.0 Million**	Increased productivity and leaner processes.
New installations	Drymix	A new store, elevators and additives tower.	Automatic packer & palletizer.	-	Today we are performing at 95% of capacity but we still need improvement to perform at 100%.
New installations	UBP	Increase of Saint Julien block plant capacity.	Increase of Plaine Magnien capacity Phase I.	Increase of Plaine Magnien capacity Phase II.	Increased productivity at Saint Julien and Plaine Magnien.
New installations	Gros Cailloux	Extension of our greenhouse; Acquisition of a 'carrot line' for carrot washing & grading and a planter for quick and uniform plantation.	Construction of a Sieve machine; Extension of our snack bar; Construction of a net house for trials of new varieties of plants; and implements for proper soil preparation.	Construction of bridges; New jumping castles introduced in our leisure park and installation of new irrigation system.	Increase production capacity, ability to accommodate more clients and more activities, increased efficiency and product availability.
Land	UBP	-	Purchase of land from Omnicane at Plaine Magnien.	-	Increased capacity and ability to carry out activities during adverse weather conditions or major breakdowns.
Future developments in the pipeline	UBP	-	-	New bagging plant; Increase in production capacity; Renew the blocks production process.	Increased production capacity and efficiency and building resilience in our operations.

Manufactured capital

REPORT

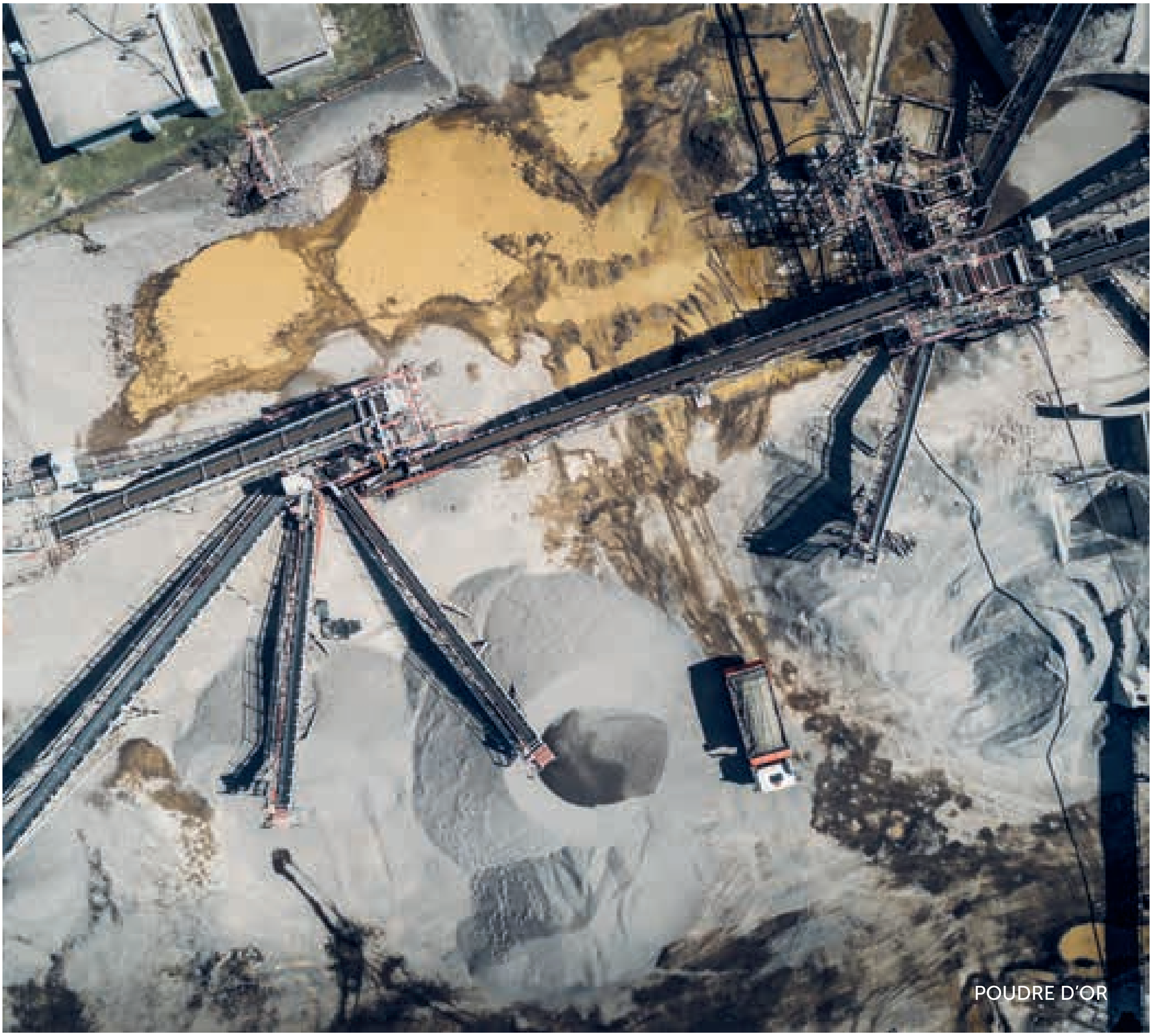
In June 2017, our crushing plant at Beau-Vallon (Sud Concassage Limitée – An associate company) stopped its production of materials due to the fact that the landlord did not wish to renew the lease agreement. This gave rise to a restructuring plan of our production units, which (as shown in the table above) resulted in additional investments to increase the production capacity of our plant at Plaine Magnien.

Out of the 16 workers employed by Sud Concassage Limitée, 11 have been redeployed to UBP (Plaine Magnien and St Julien), Flacq Associated Stonemasters (FAST) and Ste Marie Crushing Plant Limited. The other five, who were close to retirement, were compensated accordingly. After two months at Plaine-Magnien, Michael Rivière, a Plant Operator who has been in charge of the rocksand section for two weeks, says that his transfer was smooth: "I was well received, especially as I found friends who live in the same neighborhood as me, my two brothers and my father-in-law!". For his former colleague Oumesh Ramcharan, who was transferred to Ste Marie Crushing Plant Limited, the transition was somewhat more difficult. He remains nostalgic for his 24 years spent in the South, especially as he now has to travel a longer distance to work. However, he stays on as he appreciates his colleagues, his new boss and the work atmosphere.

Innovations (Strategic Objectives 2 and 5)

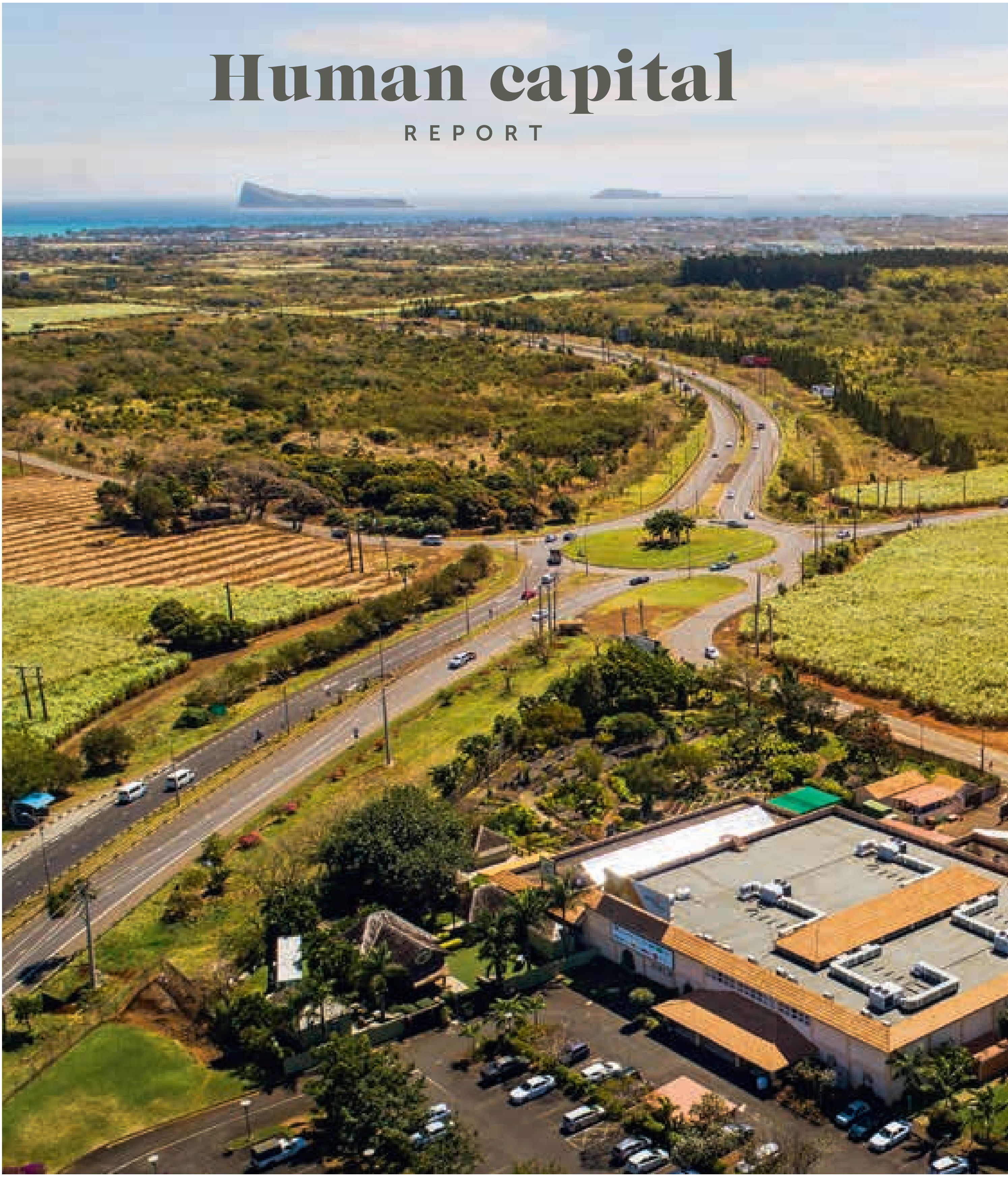
The following table shows our innovations in terms of new products. Innovations in terms of processes can be found under the Intellectual Capital on page 120.

Company	Product	How is it innovative?	Year created
Gros Cailloux	Biofertilizers	Biofertilizers trap atmospheric nitrogen from the soil and convert them into plant usable forms. They also convert the insoluble phosphate forms into plant available forms. They stimulate root growth by producing some hormones and antimetabolites.	2018
UBP	New bagging line	Allows us to open up to the DIY market by introducing aggregates and rocksand in bags at Espace Maison and hardware stores.	End of 2018
UBP	Creation of a "Document Technique d'Application" for U-Blocks and Corner Blocks	We held sessions with engineers from the public and private sectors, for which we had to set standards and present information in booklets with technical drawings.	2018


POUDRE D'OR

Human capital

REPORT



ESPACE MAISON - FORBACH

Human capital

REPORT

Our Human Capital is very important to our Group, as we recognise that investing in Human Capital contributes to economic and business growth for the benefit of employees, employers and the wider economy. We also believe in our duty of care towards our employees, and it is a commitment we take seriously.

In May 2016, all Group employees were invited to participate in an Engagement Survey by AON Hewitt. The objectives were to measure the employees' commitment to the Group in view of creating a more structured platform to ensure better communication at all levels. Participation rates were high, with 77% for the Group and 93% for Espace Maison, thereby generating representative results. At the Group level, we scored a fairly good average of 66% of employees engaged, including 80% for Gros Cailloux - a score equivalent to that of the National Best Employer. These results demonstrated that our employees are engaged and happy to be working for the Group. We seek to continue increasing that score in the coming years.

In order to achieve better results, we introduced our intranet Rezo53 in 2017. Our Human Capital has always been a strategic axis across the Group, in order to ensure that it forms part of our overall business decision-making process. This should result in a more efficient allocation of human resources and in turn contribute towards higher skills levels, increased productivity and greater innovation. While each company is still responsible for the development of its own Human Capital, in July 2018 we welcomed our new Group Human Resources Manager, who is responsible for overseeing and implementing our strategy and KPIs (see page 32) across all companies within the Group.

Our employees enjoy a number of benefits, which varies per company and employee grade. Overall our benefits include: a kindergarten at UBP headquarters, a gym, a staff canteen and mess room at all of our sites, discounts in Espace Maison stores for employees, pension plans, health insurances, relatives mortality support, transportation facilities and access to psychological support.

We are already seeing a positive trend, as our overall staff turnover rates have been nearly halved between 2017 and 2018. While the employee turnover rate was 23% in 2017, it was down to 13% in 2018.

Workforce composition:

We employ a total of 1,261 employees across the Group. The predominantly industrial careers available in our Group require heavy machine handling, carrying heavy loads, engineering work and other activities traditionally ‘reserved’ for men. This explains the high gender disparity in our ‘workers’ category. This gender disparity balances out in our middle-management where we employ slightly more women than men, especially at Espace Maison. In management positions, we have about twice as many men as women, a situation reflected across the socio-economic fabric of our country.

Total Men

2016	994
2017	972
2018	1,019

Total Women

2016	229
2017	226
2018	242

Worker (men)

2016	782
2017	745
2018	788

Worker (women)

2016	26
2017	27
2018	29

Management (men)

Middle

2016	164
2017	175
2018	184

Top

2016	48
2017	52
2018	47

Management (women)

Middle

2016	180
2017	178
2018	192

Top

2016	23
2017	21
2018	21

Health & safety

We have two Health and Safety Officers. At smaller sites, such as Gros Cailloux, we have visits twice a week by the Health and Safety Officers, and doctor sessions twice a year. In 2018, on-site accidents have decreased at Drymix and Espace Maison, but have increased at UBP. The cause has been identified as failure to use protective equipment and tools and a delay of information to the Health and Safety Officers. It has been identified in our Risk report (see page 58) and the appropriate measures have been taken this year to ensure proper channels of communication between the Health and Safety Officers and workers. We have also enforced the need for protective wear. In addition, as shown in the Performance Highlights on page 48 we have invited doctors to speak about Non-Communicable Diseases (NCDs) on all our production sites.

Number of site accidents	2016	2017	2018
UBP	28	29	35
Drymix	3	1	2
Espace Maison	7	6	4
Gros Cailloux	3	3	2
TOTAL	**41**	**39**	**43**

Training and competences

One of the key responsibilities of the new Group Human Resources Manager for next year will be to establish an equitable pay structure and remuneration policy, with a possibility to develop new reward schemes and to identify and retain our talents. The purpose is to improve the job alignment across the Group's companies, and to clarify the pay structure and remuneration policy for better equity and better talent retention.

Our three years strategic focus targets Training and Education as a key area to increase our workforce competencies, creativity and innovation. We have started to establish KPIs to track progress made, which exhibit that this year we have trained a total of 486 employees and provided 47 internships to the youth.

CASE STUDIES

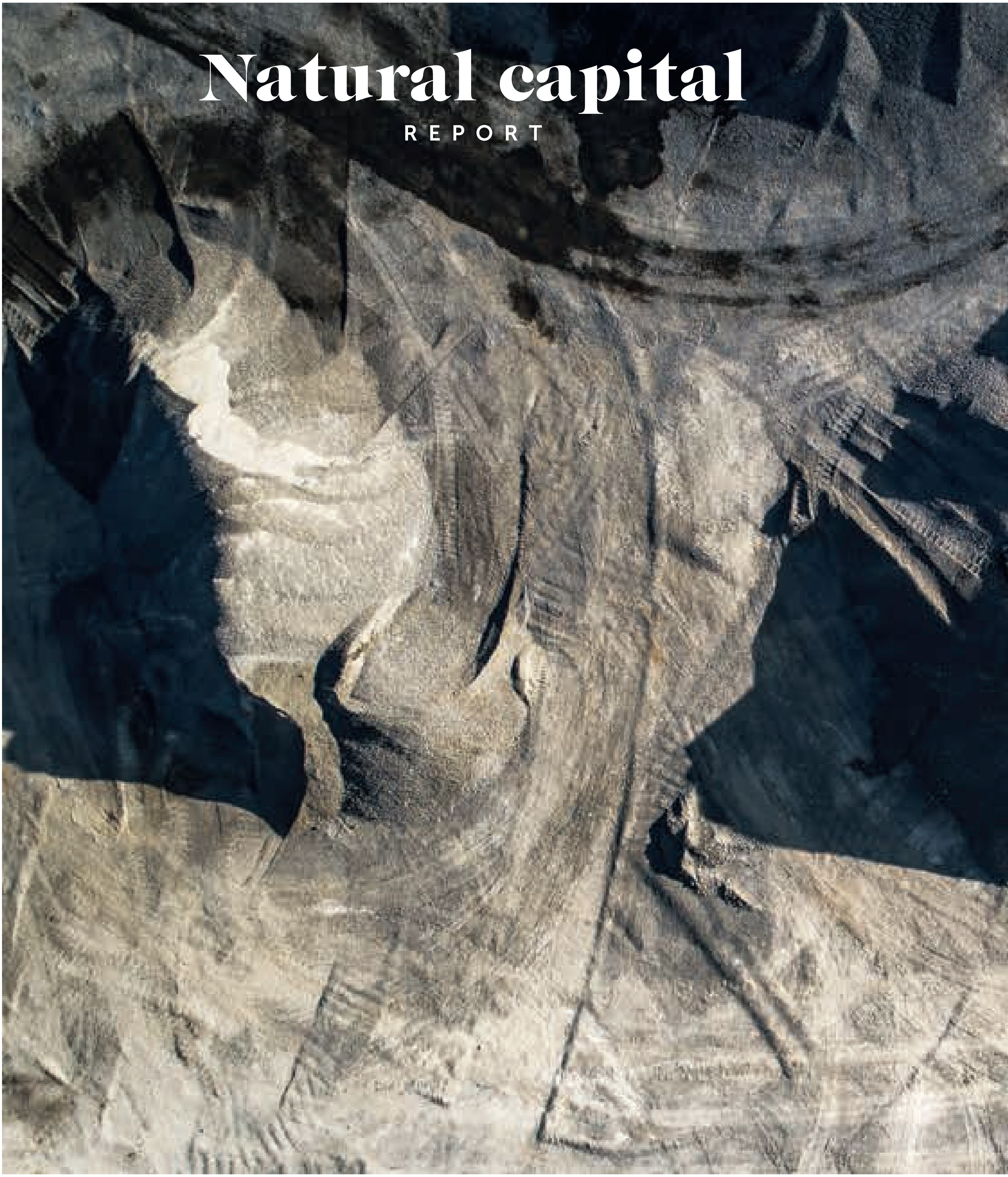
At UBP, we have a Champion Programme in place since 2017, which aims to ensure the transfer of skills. Since then, we have trained 20 employees on Bobcats, trailers and rollers with tests being carried out by the Police on Gros Cailloux facilities.

In September 2017, the French director, author and trainer Gérald Garutti led a conference for some sixty employees of the Group. The objective was to optimise the management of teams, thanks to techniques borrowed from the latter. Directed by Garutti, the participants were invited to "play" a particular situation to orient their point of view and improve their functions.

We aim to continue fostering an environment in which all employees feel free and safe to communicate openly and to take initiatives. To this end, in 2017, we launched an intranet Rezo53, which today is being used by many employees, along with frequent internal communications and bi-monthly "Comité d'Entreprise" meetings. Rezo53 can be used for various functions such as: finding helpful advice on various topics, document sharing with an easy-to-use library, booking meeting rooms, following the news, viewing Group events, job adverts, recruitments, staff news and ordering lunch.

Natural capital

REPORT




ST JULIEN

Natural capital

REPORT

We have two approaches to managing our impact on the environment:

1) through our product designs and

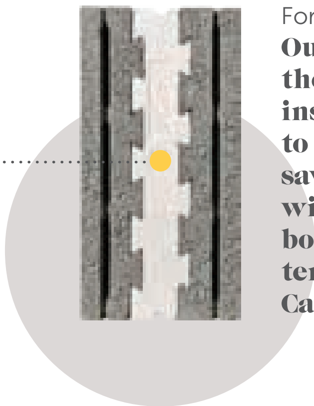
2) by streamlining our operations through minimising our pollution, waste and energy consumption.

1) Product design:

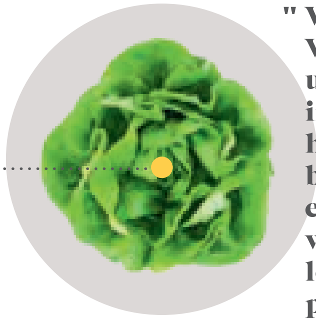
This year, at UBP, we have started reviewing the Carbon Dioxide footprint of our main products aggregates and blocks. The goal is to be in line with our commitments to sustainability and climate change mitigation, as well as to provide transparent and accurate information to our clients. In the future, we aim to develop more climate-smart products.

Currently, we have a range of products called Smart Blocks whose aim is to reduce its environmental impact. For example, our Eco-block increases thermal and acoustic insulation, which leads to energy and financial savings. These blocks were tested with sensors recording both sound and temperature on our property at Gros Cailloux. We also use milled glass in our blocks - 111 thousand tons - which reduces the amount of energy used, as well as CO2 emissions.

In 2016, Gros Cailloux, Proxifresh Co Ltd and VegeHub (Mauritius) Ltd, a company specialising in tropical agriculture, have concluded a partnership for a reasoned production and distribution of fine vegetables. To carry out this project, Gros Cailloux provides its land, equipment and knowledge while VegeHub (Mauritius) Ltd provides the right production techniques. Proxifresh Co Ltd distributes these fresh vegetables under the "VegMe" brand. Gros Cailloux has also invested in the construction of a 1,000 m2 building on its land that will serve as a factory and office to Proxifresh Co Ltd. "*When Proxifresh and VegeHub approached us for this project, we immediately realised how much it would benefit everyone, especially consumers who are increasingly looking for fresh produce grown with healthy farming practices*" says Christopher Blackburn, General Manager of Gros Cailloux.



For example,
Our Ecoblock increases thermal and acoustic insulation, which leads to energy and financial savings. This was tested with captors recording both sound and temperature at Gros Cailloux.

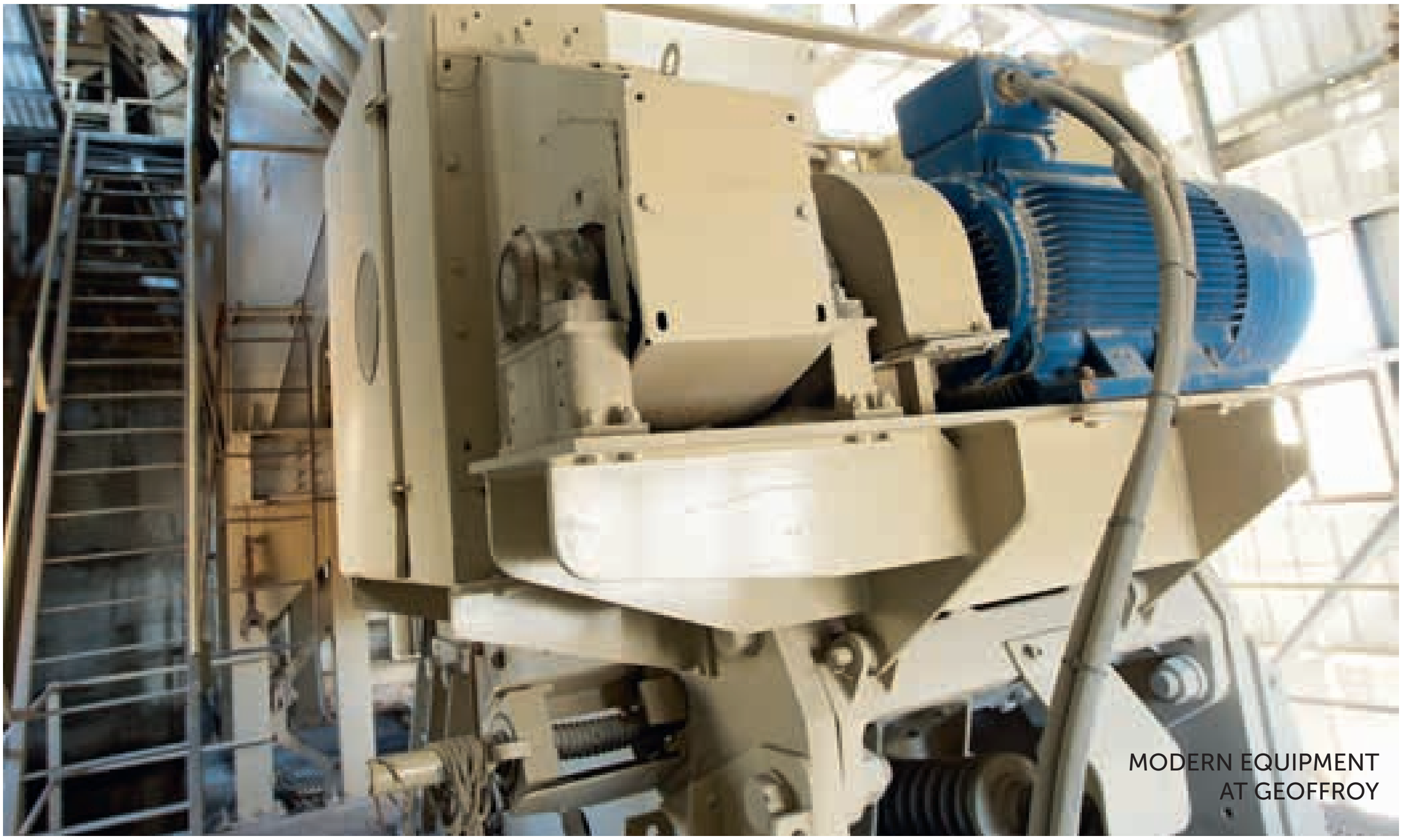


" When Proxifresh and VegeHub approached us for this project, we immediately realised how much it would benefit everyone, especially consumers who are increasingly looking for fresh produce grown with healthy farming practices. "

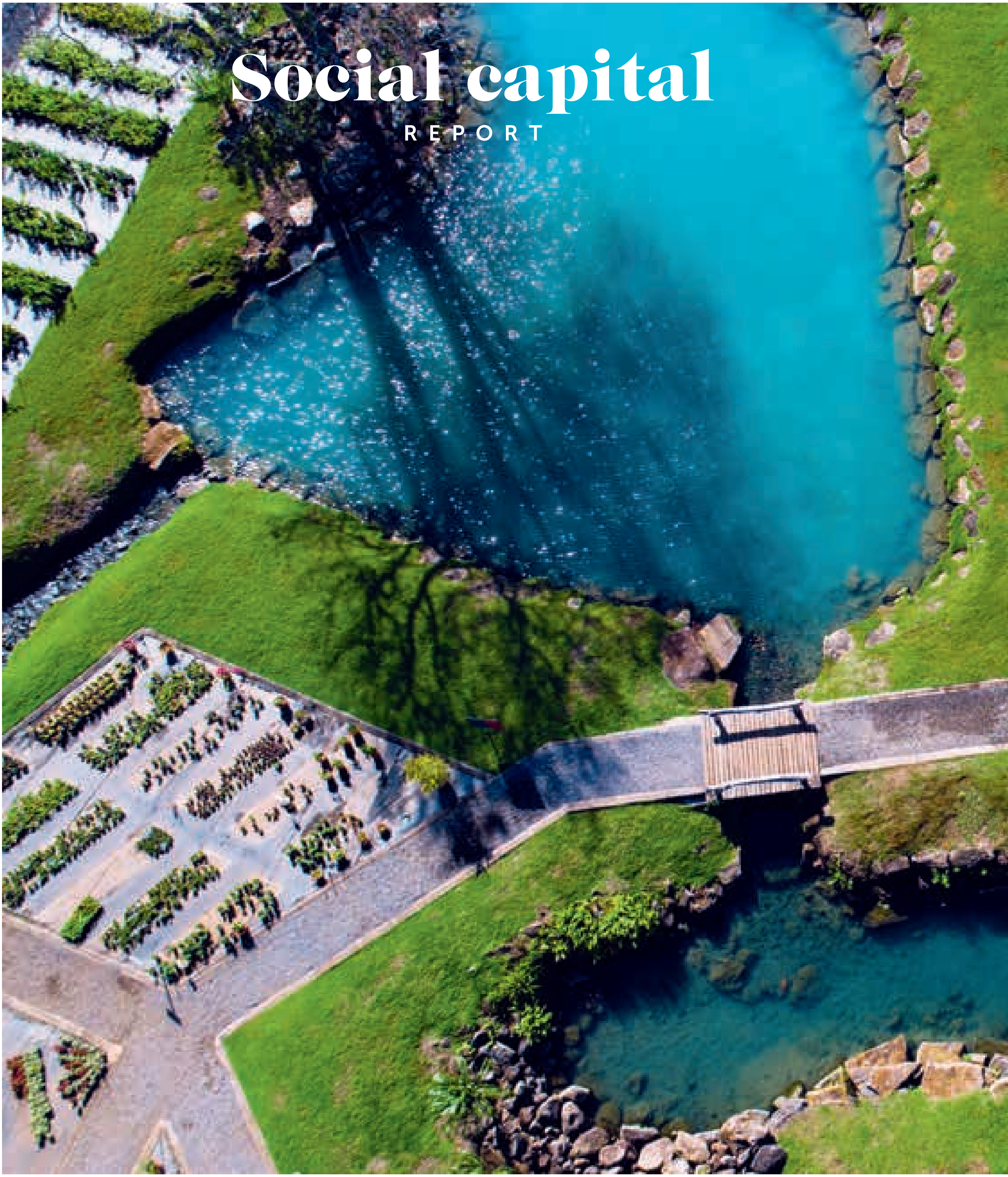
2) Streamlining operations:

We have conducted meetings with the Central Electricity Board this year to discuss our energy use and the ways we could reduce it. We are still working on ways to do this, which should help us minimise our impact on the environment, as well as make savings.

As we often have to invest in new equipment and machinery, we will gradually replace older, less energy-efficient equipment with new modern ones with more efficient energy usage.



MODERN EQUIPMENT AT GEOFFROY



Social capital

REPORT


GROS CAILLOUX

Social capital

REPORT

During our exercises for our materiality matters, we also took the opportunity to review our stakeholders' needs and expectations, and our current response to those. This has allowed us to look at potential avenues for future social commitments, which will need to be further studied and prioritised in the coming years as part of our long-term strategy. The table below also describes how we engage and communicate with our social capital, as well as the benefits for our Group and stakeholders.

Our goal	Stakeholder groups	Stakeholder expectations and interests	The importance of our engagement	Our engagement and communication	Possible avenues for future commitments
Zero hunger	The everyday citizen	A survey by Statistics Mauritius showed that the top concern for Mauritians after education and employment was to have affordable and nutritious food. Reasons include the impact of weather on our limited food production and resulting high prices, and the health profile of the population.	Contributing to the betterment of communities around our business; living our values of integrity and engagement while building our reputation as an ethical company.	• Transparency in our agricultural practices; Practicing of smart agriculture and diminishing our dependence on fertilisers and chemicals. No abuse of treatments per crop. Post-harvest interval & handling are respected for each crop. • Corporate Social Responsibility (CSR) – With regular media releases.	• Going toward organic agriculture. • As we grow, avoid food waste by donating surpluses to those in need. • Offer nutritional information and courses to our employees.
Good health and well-being	The passionate defenders	Environmental pollution has increasingly impacted citizens' health, especially through water contamination and over usage of pesticides. This issue has been highlighted in the local media and by the Minister of Health. In addition, non-communicable diseases such as diabetes, high tension and cancers have been on the rise.	A healthy workforce equals an engaged and productive workforce which is dependent on our provision of a sustainable and healthy environment.	• Offer health benefits to our employees and ensure on-site doctor visits are well communicated and accessible to all our employees. • Compliance with industry regulations. We measure, manage and mitigate our impact on the environment.	• Make health & safety a priority in all business operations. • Implement responsible sourcing practices beyond compliance – Applying environmental and social safeguards for all raw materials and commodities. • Encourage the development and diffusion of environmentally friendly technologies.
Quality education	The professionals who use our materials and everyday citizens	Mauritius is suffering from a skill to market mismatch.	Ensure the long-term sustainability of our business and develop a high-performance culture for our business and for our country. Ensuring that our employees have the capacity to analyse and develop opportunities.	• We provide employees with continuous opportunities to improve their (job) skills to develop a high-performance culture. • Drymix Masons school • We have also created strategic partnerships with institutions such as the engineering department of the University of Mauritius.	• Create internal programs that give students earlier access to the corporate environment • Create our own training academy.
Affordable and clean energy	Public entities	The government and Business Mauritius, with the support of SUNREF (green funds), are currently looking at ways to improve the Mauritian electricity mix in order to improve our clean energy production and reduce our national consumption bill.	Sustainable development and climate adaptation and mitigation will allow us to sustain revenue generation and growth in the long term.	• A steering committee was held with our electricity service provider to minimise our use. • We developed the Ecoblock which increases households thermal and acoustic insulation.	• Prioritise energy efficiency across all operations • Pursue efficient certifications • Mobilise resources for R&D into green building materials.
Decent work and economic growth	Direct stakeholders & citizens	Unemployment in the last few years has hovered around 7%, explaining citizens' need for economic growth. Our employees also expect: • Fair practices • Career development • Competitive remuneration and benefits packages • Recognition and appreciation.	Engaging with our employees and continuing to grow as a Group will help us ensure work satisfaction and the continuity of our reliable and superior quality products and services that supports our business.	• Sustainable revenue and profit growth to contribute to the national economic growth. • Ensure there is no discrimination in respect of employment and occupation. • Ensure open and easy communication through the intranet, regular events, results presentations and newsletters	• Foster entrepreneurial culture and invest in young entrepreneurs. • Offer more internships and apprenticeship opportunities.

Our goal	Stakeholder groups	Stakeholder expectations and interests	The importance of our engagement	Our engagement and communication	Possible avenues for future commitments
Industry, innovation and infrastructure	Direct stakeholders, shareholders and public entities	Both our main shareholder and the government are pushing towards the upgrade of technology, digitalisation, cleaner and more efficient processes. Infrastructure development in Mauritius is also on the increase and our direct stakeholders expect us to contribute.	Ensure efficient processes and equipment to secure production growth and opportunities in order to sustain revenue generation and financial capital.	• We are currently in the process of digitalising and upgrading all our systems which should make us both more efficient. • We have made investments in modern machinery increasing our production capacity while decreasing carbon emissions. • We contribute to the national infrastructure development. • We hold regular meetings with government officials, followed by written correspondence.	• Promote innovation by giving stakeholders the opportunity to offer high-tech creative solutions to sustainability challenges. • Integrated service offering through a 'one-stop shop'.
Sustainable cities and communities	Public entities and the professionals	The government and private companies have targeted urbanisation to foster economic growth and development which combined with policy and budget measures is also intended to lift up those living in poverty.	Keep developing high quality products and intervene towards achieving urban resilience and functionality to preserve and protect our businesses and infrastructure.	• We provide raw materials needed for construction and urbanisation, we coordinate the smooth running of projects. • We ensure continued meaningful relationships with communities through CSR, newsletters and events.	To develop and/or participate in a roundtable that brings together relevant stakeholders to jointly analyse, discuss and act on urban functionality, resilience, and sustainable development.
Responsible consumption and production	The professionals who use our materials and the product users	Our customers expect quality products and their availability. At the same time, there has been a recent global and local upsurge in society's awareness of the environmental impact of waste. Movements such as 'zero-waste' and 'veganism' are gaining in popularity at a great pace.	Safeguard our competitivity and market share by following, and where possible, leading market trends while protecting our environment for future generations.	• Customer engagement through social media. Websites, conferences and visits. • Products and services innovation, updates and launches. • High quality value-added services and competitive pricing. • We have recently set-up a storage system for our second hand and unused goods that are sold or donated.	• R&D into ways we can better reuse and recycle our waste. • Continued product innovation and quality assurances.
Climate action	The passionate defenders and everyday citizen	Being a small Island Developing Nation, Mauritius is considered at high risk of global warming. Currently, the main impacts are coastal erosion, reef damage, frequent urban floodings and increasingly erratic weather patterns.	Building resilience and risk management for all our operations and living our value of innovation by developing 'climate smart' products.	• Building on our understanding of our exposure to climate risks and building resilience into the company's assets and supply chain. • We have started to calculate the carbon footprint of our products.	• Focus innovation on sustainable products. • Expand sustainable forest management through responsible sourcing practices and product substitution.
Corporate governance	All	Increased demand for Good Governance, transparency and ethical business practices from all parties. Our stakeholders expect that we adhere to the strictest standards and ethics.	Licences to operate and provide a clear and supportive regulatory environment. Sustainable value creation.	• Code of ethics. • Policies in view of enhancing sound governance practices. • Compliance with industry regulations. • Fair and sustainable business practices. • Providing regular and transparent information. • Proactive consulting as required. • Full collaboration with authorities.	Increased training to our employees by putting our Code of ethics into practice such as measures against corruption including extortion and bribery.

Social capital

REPORT

CASE STUDIES

Drymix MASONS SCHOOL (SDG 4)

The program was created in 2012 to develop the knowledge, skills and attitudes necessary to evolve in the local construction industry by properly completing the tasks and activities required for the bricklaying, block-laying and plastering trade in Mauritius. During these training sessions, we show how to use Drymix ready-to-use quality mortars and study the performance of our products and their advantages over traditional products, such as application methods, cost control, efficiency, crack reduction and other technical problems. Our targeted population are neophytes, apprentices, masons and decision-makers in the construction industry. Every year, we train around 100 people. We are planning on changing the methodology of the Masons school with a site-based approach rather than a class-based one.

CSR REPORT:

As required by law, this year 2% of our Net profit was directed towards a CSR fund. Of those 2%, 1% was given to the government to be spent by the newly-founded National CSR Foundation. This left us with 1%, Rs 1.3 Million, to spend as we saw fit on socio-economic development projects.

This year, we have allocated our resources to the following three themes:

1. Education (21%) - Focus on early childhood and vulnerable children to provide higher quality education and ensure equal access to employment for all. (**SDGs 4 and 8)**.
   a. New Bambous Geoffroy Government School: school lunches and renting of the school space.
   b. Association Solidarité Mamans: salary support of teachers for vulnerable children.
   c. APEIM: school material and educational games provided.
2. Socio-economic development (44%) - Alleviation of poverty and social housing. **(SDGs 2, 4 and 11)**.
   a. Mouvement Forces Vives Quartier EDC Rose Belle: salary support of teachers for vulnerable children and an afternoon snack for the children.
   b. SOS Children: sponsorship for two children.
   c. Crèche Coeur Immaculée de Marie: crèche renovation with our materials and know-how.
   d. Centre d'Accueil de Terre Rouge: closing of the centre for a mini agricultural farm.
   e. Housekeeping Programme in Chemin Rail: a tailor-made programme to prepare families to look after their future homes and integrate in their new communities.
3. "Coup de coeur" (35%) - A project supported by a committee of employees. **(SDGs 1, 5 and 17)**.
   a. Passerelles: Women's' shelter.
   b. Fondation Joseph Lagesse: Setting up of a research, monitoring & evaluation unit to assess the impact of programmes on the targeted communities.

Intellectual capital

REPORT


SAINTE MARIE

Intellectual capital

REPORT

Intellectual

As mentioned in last year's report, and throughout this one, improving our processes has been a top priority on our agenda. The goal has been to have efficient IT processes in view of optimising our operations, to have lean and efficient manufacturing lines to improve production rates, and to make our customers' experience more informed and pleasant, in line with our strategic objectives 1 to 5. This year, the following improvements have been achieved:

Upgrades (Strategic Objectives 1, 4 and 5)

- Azurmind upgrade and optimisation.
- Software 'Work in Process' (WIP) upgrade to inter-link processes and to reduce time lost on administrative work and to improve controls.
- Enhancement of existing modules of Navision at Espace Maison.
- ISO 9001:2015 Project- In October 2017, Drymix aligned itself with the ISO 9001:2015 version, replacing the 2008 edition.
- Upgrades at UBP's Engineering division – The aim was to increase efficiency to support our business expansion, and to improve our accounting system and our operations and stock control.

New installations (Strategic Objectives 1 and 2)

- Project of direct integration with MCB via SFTP - E-Payment, enabling the use of banking transfer facilities for payment to suppliers. The result is fewer cheques issued and easier tracking of payments.
- Currently working on an integration of License Plate Recognition devices and RFID technology to be used to capture lorry plate numbers at our weighbridge and compare it with data registered on the system in an aim to increase security and control.
- Management of UBP transport trips distribution, to prevent any risk of fraudulent transactions between the staff and lorry owners.
- Our operations in Madagascar are now Cloud-based such that we can remotely monitor their operations from Mauritius.

At Espace Maison, the focus has been on creating a seamless and pleasant shopping experience for our customers and on improving our efficiency **(Strategic Objectives 1, 3 and 4)**

- New e-commerce website launched in August 2018 (as discussed on page 48)
- New ERP system - Launching of Microsoft Dynamics NAV 2017
- Mobile app for our sales staff and the introduction of the mobile phone set in our stores to enable our sales team to be mobile and closer to our client in order not to miss our valuable clients' calls.
- Mobile app upgrade for our clients, including our Club Espace Maison members

CASE STUDIES

Since last July, **Espace Maison** has been running an up-to-date version of Navision (Microsoft Dynamics NAV 2017), that better suits the requirements of companies within specific business sectors. "This version will allow us to have a unique database management platform and will prepare Espace Maison to enter the digital world," explains Benoit Béchard, General Manager of Espace Maison. This new technology offers Espace Maison several advantages: better synchronisation of services; cash, back office and warehouse management and the capability to launch the e-commerce site in 2018. "*As NAV is a Microsoft product, we will be able to use Office 365 in the near future to further develop our intelligent marketing*", concludes Benoit Béchard.

UBP Madagascar, whose facilities are in Tananarive and Tamatave, is the first company of the Group to be entirely on the Cloud. In March 2018, its first Enterprise Resource Planning (ERP) system was installed over non-integrated management tools. "*The idea was to adapt the entire Mauritian business processes to Malagasy legislation, which was not easy*" says Dwight Hamilton, Group IT Manager. According to Steve René, General Manager of the Malagasy subsidiary, "*the new system allows us to have an infrastructure, secure computing and more visibility on operations, because by working on the Cloud we have access to real-time data*". From a distance, the Mauritian team continues to follow the operation of the system and intervenes as needed on the Cloud.

ISO 9001:2015 Project: In October 2017, Drymix aligned itself with the ISO 9001:2015 version, replacing the 2008 edition. This new version focuses more on the risks (financial, physical, legal etc.) faced by companies in specific sectors. To prepare its middle management team for this new methodology, the company hired the services of an external consultant. The objectives were to assist supervisors in making decisions in accordance with the principles of ISO 9001:2015 and to help them grow in their position. They attended training sessions that helped them think about the needs of customers (both internal and external), to identify the problems of their respective departments and to treat them in a more structured way, as recommended by ISO 9001:2015. *"The new version forced me to do research in other areas, such as the applicable laws for employees. Block-making, stone crushing, construction (and related industries) and implement measures for continuous improvement"; "Today, I must respond to the expectations and needs of my colleagues from other departments, who are my internal clients, through a more methodical approach"*, says Yanish Issory, Laboratory Coordinator. After the first internal audits, the company was audited by AJA Registrars, a Mauritian certification organisation in management systems.

Financial capital

REPORT

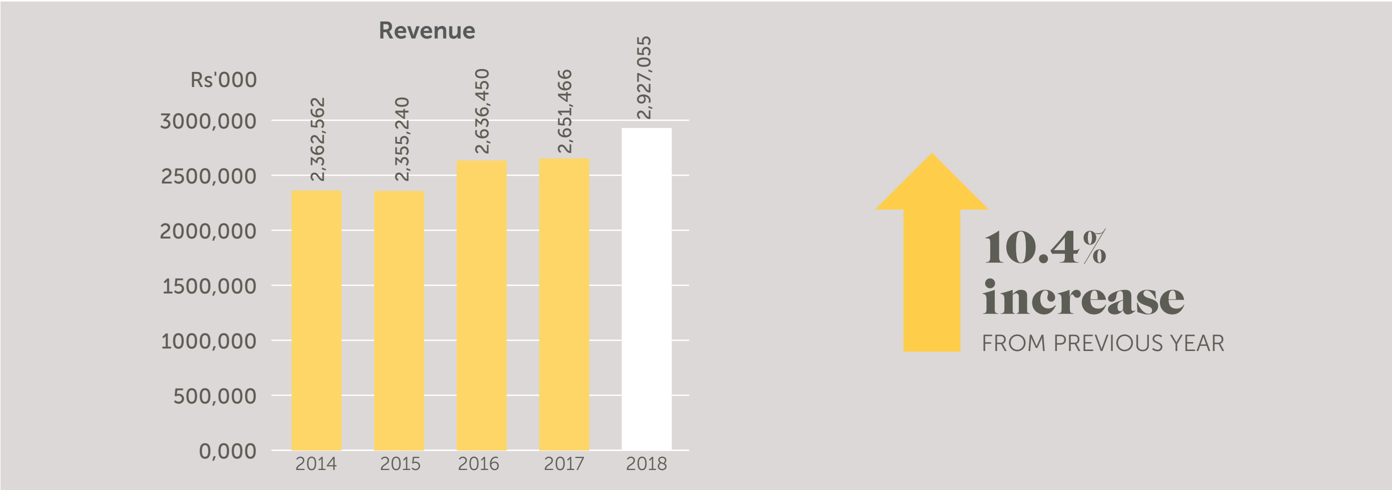

GEOFFROY

Financial capital

REPORT

Our Financial Capital

After 5 years of no growth, the construction industry is back on a positive growth trend since 2017, thanks to the announced infrastructure development projects such as the Metro Express, the Road Decongestion Program and Smart Cities amongst others.



In 2016-17, our land and buildings were revalued, which significantly increased our Net Asset Value (NAV) per share. Furthermore, it should be noted that UBP was among the first 5 companies to be listed on the stock market in 2009, and is currently ranked among the top 10 listed companies in terms of return on investment annualized since the IPO.

Statement of Profit or Loss and Other Comprehensive Income	THE GROUP	
	June 30, 2018	June 30, 2017
	Rs' 000	Rs' 000
Revenue	**2,927,055**	2,651,466
EBITDA	**487,364**	468,251
Depreciation and amortisation	**(268,164)**	(251,089)
Operating profit	**219,200**	217,162
Net finance costs	**(45,419)**	(45,734)
Share of results of associates	**14,458**	34,280
Profit before tax	**188,239**	205,708
Income tax expense	**(44,014)**	(34,077)
Profit for the year	**144,225**	171,631
Non-controlling interests	**(13,147)**	11,962)
Profit for the year attributable to equity holders of the parent	**131,078**	159,669
	Rs	Rs
Earnings per share		
Basic, profit for the year attributable to ordinary equity holders of the parent.	**4.94**	6.02
Dividend per share	**3.50**	3.25

Statement of Financial Position	THE GROUP	
	June 30, 2018	2 June 30, 2017
	Rs' 000	Rs' 000
Total assets	**4,987,127**	4,971,354
Interest bearing loans and borrowings	**1,083,265**	1,105,917
Borrowings excluding bank overdrafts	**827,762**	810,247
Equity attributable to shareholders of the parent	**3,087,456**	3,130,790
Net assets value per share	**116.46**	118.10

Financial Ratios	**2018**	2017
Operating margin - %	**7.49**	8.19
Interest cover - times	**5.02**	5.37
Dividend cover - times	**1.41**	1.85
Return on equity - %	**4.25**	5.10
Return on assets - %	**2.63**	3.21
Debt to equity - times	**0.35**	0.35

UBP's ambition explained through its investments

The ambition directing our investments is focused on three points (1) satisfy customer demand (2) expand our offer of products and services by proposing innovative solutions and an AtoZ service offer and (3) increase our market share and maintain our position as a pioneer and leader.

There are two types of investments:

1. Capital Expenditure (Capex) i.e. the purchase of land, buildings, equipment and vehicles that are intended for our operations, either to renew existing assets or to increase our capacity (production, storage, offices) to meet the growing demand of 'development projects'.
2. Investments in the form of share acquisitions in companies.

In terms of external growth, our last investment dates back to 2015-16 when we invested Rs 28.8 million to acquire 15% of the capital of a company building clay bricks in Zambia.

In light of this, investments in Capex for the past three financial years were as follows:

A list of major investments	2016	2017	**2018**
	Rs'000	Rs'000	**Rs'000**
Total Capital expenditure	257,913	300,659	**270,003**
Split as follows :			
Freehold land & buildings	38,851	61,481	**65,086**
Leasehold & land improvement	5,504	376	**3,885**
Plant & equipment	153,717	189,470	**142,913**
Motor vehicles	30,366	33,324	**33,386**
Asset in progress	29,475	16,008	**24,733**

Financing our investments

In 2013, we raised financing directly on the market through the issuance of UBP Bonds for Rs 560 million. Besides this we have banking facilities in the form of authorised overdrafts and short-term loans at very competitive rates via the Money Market Line (MML). Furthermore, we finance the Capex needs of our subsidiaries with leasing facilities.

Our bonds mature in October 2018 and we do not intend to renew same since a major bank has agreed to refinance it completely at a very competitive rate. This is somehow explained by the fact that our financial situation is strong with assets of nearly Rs 5 billion and a very low level of debt - Debt to Equity Ratio of 0.35 (Rs 1.08 billion).

Treasury management

Our treasury is mostly affected by our Capex needs, trade debtors financing and the payment of dividends to our shareholders. As mentioned above, our debt level is very low, and most of it relates to bonds and bank overdrafts. In addition, we generate a lot of cash from our operations. As a result, our cash flow is healthy and varies mostly according to our needs in terms of Capex and dividend payment to our shareholders.

Furthermore, we have access to the treasury of the IBL Group and we also manage the treasury of our companies centrally. Hence, the cash surpluses of our subsidiaries are put on deposit at UBP and remunerated at the same rate to our bonds. We also have a centralized debt recovery service to properly measure the risks of credit-customers and have greater bargaining power to chase for payments.

Potential financial risks and constraints:

As mentioned in our Risk report on page 58, our financial risk is mostly affected by fluctuations in interest rates on borrowing, and by the level of credit to our customers. Due to our subsidiaries in Sri Lanka and Madagascar, and our investment in Zambia, we are exposed to fluctuations in exchange rates, however this is not material. In Mauritius, UBP and Drymix import their main equipment from abroad and we buy our mobile equipment through local dealers and as such we are affected by fluctuations in exchange rates. At Espace Maison, we import a lot of products and are impacted more significantly than for our other businesses. For that reason, we maintain some of our excess cash in foreign currencies.

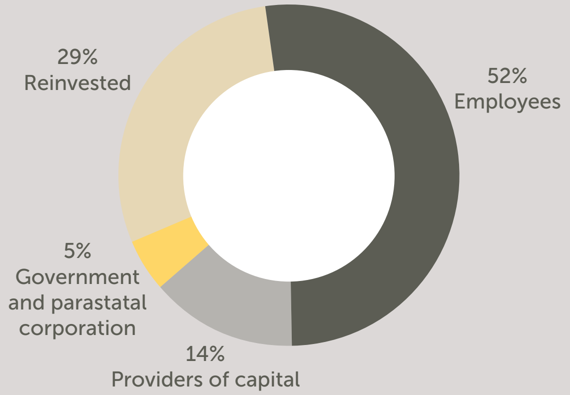
Financial capital

REPORT

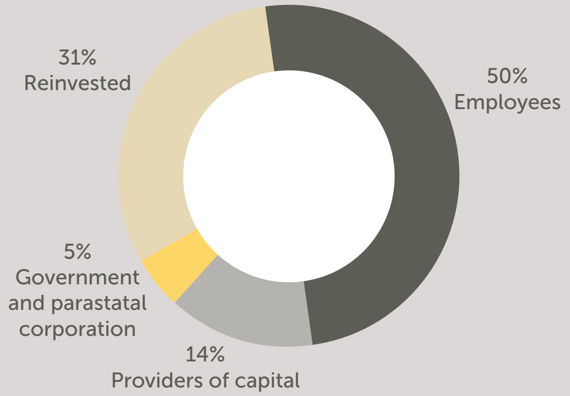
Value Added Statement

	THE GROUP	
	June 30, 2018	June 30, 2017
	Rs' 000	Rs' 000
Sale of goods and services	**2,927,055**	2,651,466
Paid to suppliers for materials and services	**(1,944,551)**	(1,717,553)
Value added	**978,504**	933,913
Other operating income	**105,101**	97,537
Total wealth created	**1,083,605**	1,031,450
Distributed as follows:		
Employees		
Salaries and other benefits	**564,986**	511,867
Providers of capital		
Dividend	**92,785**	86,158
Interest paid on borrowings	**46,861**	47,081
Dividend to non-controlling interests	**14,010**	14,810
	153,656	148,049
Government and parastatal corporations		
Income tax (current and deferred)	**44,014**	34,077
Environment protection fee	**12,040**	10,525
Licences and permits	**2,541**	2,332
	58,595	**46,935**
Reinvested in the group to maintain and develop operations		
Depreciation, amortisation and impairment	**268,164**	251,089
Retained profit	**38,293**	73,511
	306,368	324,599
Total wealth distributed and retained	**1,083,605**	1,031,450

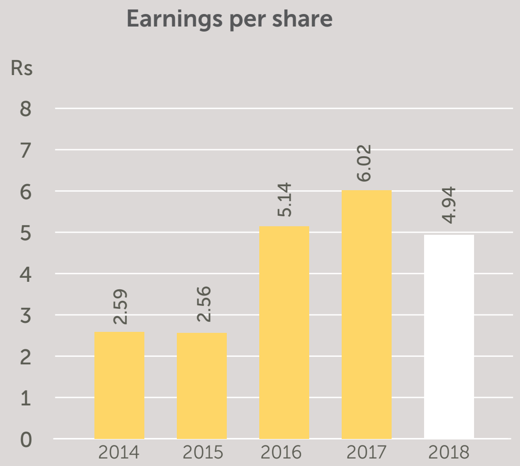
June 30, 2018

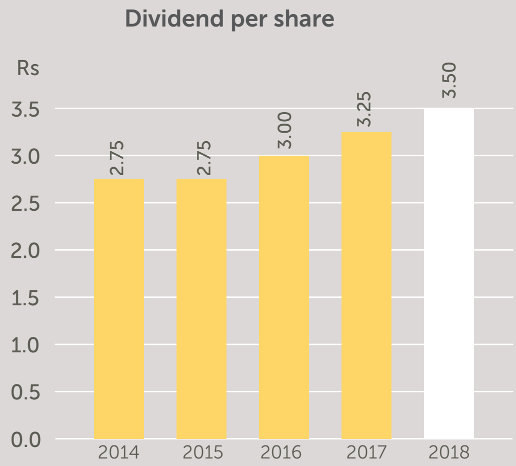


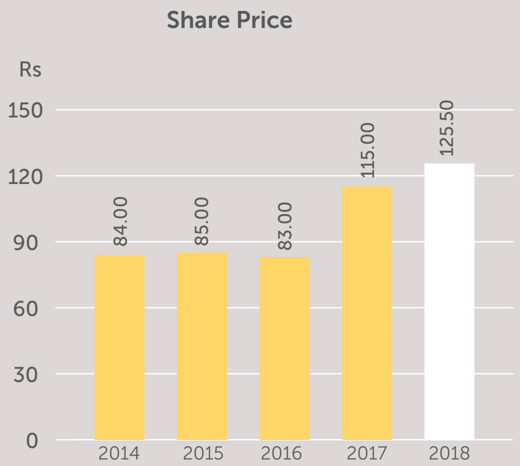
June 30, 2017

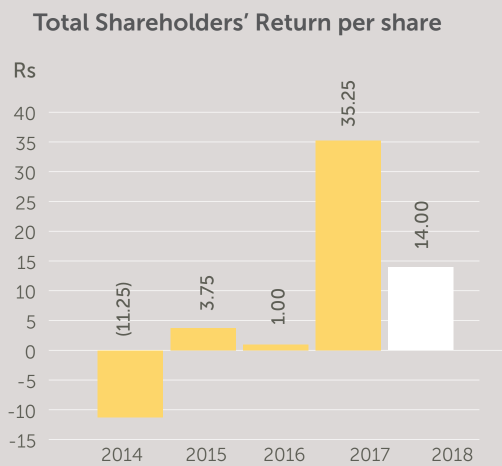


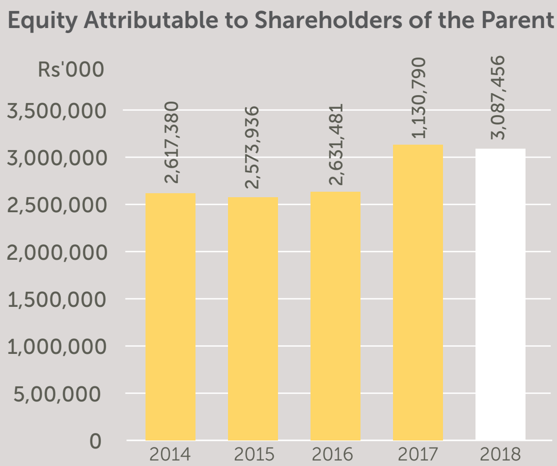
Financial Highlights and Ratios

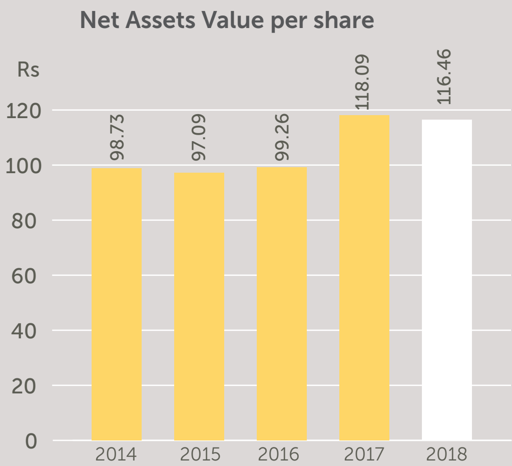












Financial statements

SECTION

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 136 to 195 which comprise of the statements of financial position as at June 30, 2018, the statements of profit or loss and other comprehensive income, the statements of changes in equity and the 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, 2018, 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 164M at June 30, 2018. 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 75m. 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 of the Statement of Directors' Responsibilities and the Company Secretary's Certificate as required by the Companies Act 2001, and the 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 will 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 (Continued)

TO THE MEMBERS OF THE UNITED BASALT PRODUCTS LIMITED

Report on the Audit of the Financial Statements (Continued)

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 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 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.

Use of our report

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 Corporate Governance Report and whether the disclosures are 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 18, 2018

STATEMENT OF FINANCIAL POSITION

AS AT JUNE 30, 2018

	Notes	THE GROUP 2018 Rs'000	THE GROUP 2017 Rs'000	THE COMPANY 2018 Rs'000	THE COMPANY 2017 Rs'000
ASSETS					
Non-current assets					
Property, plant and equipment	5	3,306,058	3,331,801	1,637,825	1,634,712
Investment properties	6	44,858	17,666	190,016	204,679
Bearer biological assets	7	3,541	8,411	-	-
Intangible assets	8	39,747	30,150	12,638	11,445
Deferred expenditure	9	18,624	18,211		-
Investment in subsidiaries	10	-	-	1,092,882	1,146,576
Investment in associates	11	195,816	212,585	103,968	107,248
Available-for-sale investments	12	53,144	62,822	46,233	56,297
Deferred tax assets	14(c)	7,731	9,512	-	-
		3,669,519	3,691,158	3,083,562	3,160,957
Current assets					
Consumable biological assets	15	34,626	31,998	-	-
Inventories	16	713,417	760,864	280,970	264,970
Other current financial asset	13	13,795	13,795	13,795	13,795
Trade and other receivables	17	484,404	445,588	447,949	332,303
Income tax receivable	14(b)	93	1,600	-	-
Cash at bank and on hand	18	71,273	26,351	26,468	2,545
		1,317,608	1,280,196	769,182	613,613
TOTAL ASSETS		4,987,127	4,971,354	3,852,744	3,774,570
EQUITY AND LIABILITIES					
Equity					
Issued capital	19(a)	265,100	265,100	265,100	265,100
Reserves	19(b)	2,822,356	2,865,690	2,025,910	2,052,909
Equity attributable to shareholders of the parent		3,087,456	3,130,790	2,291,010	2,318,009
Non-controlling interests		37,174	42,766	-	-
Total equity		3,124,630	3,173,556	2,291,010	2,318,009
Non-current liabilities					
Interest-bearing loans and borrowings	20	43,220	607,340	1,643	560,000
Deferred tax liability	14(c)	95,562	96,138	63,256	65,525
Employee benefit liability	21	379,557	302,456	320,850	255,818
		518,339	1,005,934	385,749	881,343
Current liabilities					
Interest-bearing loans and borrowings	20	1,040,045	498,577	1,009,791	425,667
Trade and other payables	22	290,670	285,307	158,042	147,114
Dividend payable		2,410	-	-	-
Income tax payable	14(b)	11,033	7,980	8,152	2,437
		1,344,158	791,864	1,175,985	575,218
Total liabilities		1,862,497	1,797,798	1,561,734	1,456,561
TOTAL EQUITY AND LIABILITIES		4,987,127	4,971,354	3,852,744	3,774,570

These financial statements were approved by the Board of Directors on September 18, 2018 and signed on its behalf by :

Marc Freismuth
Chairman

Stéphane Ulcoq
Chief Executive Officer

The notes on pages 142 to 195 form an integral part of these financial statements.
Auditor's report on pages 132 and 135.

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED JUNE 30, 2018

		THE GROUP		THE COMPANY	
	Notes	2018	2017	2018	2017
		Rs'000	Rs'000	Rs'000	Rs'000
Revenue	23	2,927,055	2,651,466	1,600,152	1,401,927
Operating profit	24	219,200	217,162	129,283	87,032
Finance income	25	1,442	1,347	75,022	38,704
Finance costs	26	(46,861)	(47,081)	(43,091)	(44,641)
Share of results of associates	11	14,458	34,280	-	-
Profit before tax		188,239	205,708	161,214	81,095
Income tax expense	14(a)	(44,014)	(34,077)	(32,066)	(30,091)
Profit for the year		144,225	171,631	129,148	51,004
Other comprehensive income					
Other comprehensive income to be reclassified to profit or loss in subsequent periods:					
Net gain on available-for-sale investments	12	5,632	2,329	5,246	1,442
Release on disposal of available-for-sale investments		(14,317)	(10,813)	(14,317)	(10,813)
Exchange differences on translation of foreign operations		(14,619)	1,667	-	-
Net other comprehensive income to be reclassified to profit or loss in subsequent periods		(23,304)	(6,817)	(9,071)	(9,371)
Items not to reclassified to profit or loss in subsequent periods:					
Re-measurement losses on defined benefit plans	21	(71,017)	(13,223)	(65,412)	(9,135)
Tax effect	14(a)	12,171	2,300	11,121	1,553
Revaluation of land and buildings	5	-	446,235	-	215,820
Tax effect	14(a)	-	(45,411)	-	(23,864)
Share of movement in reserves of associates	11	(4,206)	42,090	-	-
Net other comprehensive income not being reclassified to profit or loss in subsequent periods		(63,052)	431,991	(54,291)	184,374
Other comprehensive income for the year, net of tax		(86,356)	425,174	(63,362)	175,003
Total comprehensive income for the year, net of tax		57,869	596,805	65,786	226,007
Profit for the year attributable to:					
Equity holders of the parent		131,078	159,669	129,148	51,004
Non-controlling interests		13,147	11,962	-	-
		144,225	171,631	129,148	51,004
Total comprehensive income for the year attributable to:					
Equity holders of the parent		49,451	585,467	65,786	226,007
Non-controlling interests		8,418	11,338	-	-
		57,869	596,805	65,786	226,007
Earnings per share - Basic and diluted (Rs)	27	4.94	6.02		

The notes on pages 142 to 195 form an integral part of these financial statements.

Auditor's report on pages 132 and 135.

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED JUNE 30, 2018

THE GROUP	Attributable to equity shareholders of the parent									
	Issued capital	Share premium	Associate companies	Revaluation reserve	Fair Value reserve	Translation reserve	Retained earnings	Total	Non controlling interests	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
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	-	-	42,090	397,499	(8,484)	3,211	(8,518)	425,798	(624)	425,174
Total comprehensive 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
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 income	-	-	(4,206)	(2,164)	(8,685)	(10,905)	(55,667)	(81,627)	(4,729)	(86,356)
Total comprehensive income for the year	-	-	(4,206)	(2,164)	(8,685)	(10,905)	75,411	49,451	8,418	57,869
Dividends (note 28)	-	-	-	-	-	-	(92,785)	(92,785)	(14,010)	(106,795)
At June 30, 2018	**265,100**	**7,354**	**101,822**	**1,488,373**	**11,444**	**(250)**	**1,213,613**	**3,087,456**	**37,174**	**3,124,630**

The notes on pages 142 to 195 form an integral part of these financial statements.

Auditor's report on pages 132 and 135.

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED JUNE 30, 2018

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, 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 income	-	-	191,956	(9,371)	(7,582)	175,003
Total comprehensive 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
At July 1, 2017	265,100	7,354	697,166	17,566	1,330,823	2,318,009
Profit for the year	-	-	-	-	129,148	129,148
Other comprehensive income	-	-	-	(9,071)	(54,291)	(63,362)
Total comprehensive income for the year	-	-	-	(9,071)	74,857	65,786
Dividends (note 28)	-	-	-	-	(92,785)	(92,785)
At June 30, 2018	**265,100**	**7,354**	**697,166**	**8,495**	**1,312,895**	**2,291,010**

The notes on pages 142 to 195 form an integral part of these financial statements.

Auditor's report on pages 132 and 135.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2018

	Notes	THE GROUP		THE COMPANY	
		2018	2017	2018	2017
OPERATING ACTIVITIES		Rs'000	Rs'000	Rs'000	Rs'000
Profit before tax		188,239	205,708	161,214	81,095
Adjustment for:					
Depreciation of property, plant and equipment	5	256,647	241,885	179,885	166,491
Depreciation of investment properties	6	3,048	2,111	18,032	17,526
Amortisation of intangible assets	8	5,308	4,876	2,227	1,683
Impairment of available-for-sale investments	12	-	2,555	-	2,555
Impairment of investment in/receivable from subsidiary	24	-	-	75,012	92,964
Impairment of investment in associates	11	3,280	-	3,280	-
Write-off of intangible assets	8	200	3,262	200	-
Write-off of property, plant and equipment	5	7,435	249	-	-
Amortisation of bearer biological assets	7	3,161	2,217	-	-
Impairment of bearer biological assets	7	1,709	6,915	-	-
Movement in retirement benefit obligations	21	6,084	14,071	(380)	13,005
Profit on disposal of property, plant and equipment	24	(2,907)	(3,551)	(2,242)	(1,639)
Profit on disposal of investment		(15,555)	(11,100)	(15,555)	(11,100)
Share of results of associates	11	(14,458)	(34,280)	-	-
Finance costs	26	46,861	47,081	43,091	44,641
Interest income	25	(1,442)	(1,347)	(75,022)	(38,704)
Movement in working capital					
(Increase)/decrease in consumable biological assets	15	(2,628)	3,896	-	-
Decrease/(increase) in inventories		39,647	(43,293)	(22,847)	19,518
Increase in trade and other receivables		(41,296)	(78,133)	(139,074)	(106,650)
Increase in trade and other payables		5,363	26,382	10,928	16,403
Cash generated from operations		488,696	389,504	238,749	297,788
Interest paid		(46,861)	(47,081)	(43,091)	(44,641)
Finance revenue		75	258	4,774	1,275
Income tax paid	14 (b)	(23,598)	(47,696)	(15,390)	(37,051)
Infrastructure costs	9	(413)	-	-	-
Cash compensation paid	9	-	(20,387)	-	-
Net cash flows from operating activities		417,899	274,598	185,042	217,371
INVESTING ACTIVITIES					
Proceeds from disposal of property, plant and equipment		4,590	8,489	3,654	15,266
Proceeds from disposal of investment - other financial asset		16,548	14,016	16,548	14,016
Purchase of property, plant and equipment	18	(254,722)	(294,805)	(175,459)	(191,291)
Purchase of investment properties	6	(540)	-	(3,369)	(11,396)
Purchase of intangible assets	8	(16,167)	(13,522)	(3,620)	(3,677)
Expenditure on bearer biological assets	7	-	(3,764)	-	-
Purchase of available-for-sale investments	12	-	(1,561)	-	-
Dividend received from associates	11	23,741	10,650	23,741	-
Dividend received from other equity investments	25	1,367	1,089	46,507	37,429
Net cash flows used in investing activities		(225,183)	(279,408)	(91,998)	(139,653)

The notes on pages 142 to 195 form an integral part of these financial statements.

Auditor's report on pages 132 and 135.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2018

	Notes	THE GROUP		THE COMPANY	
		2018	2017	**2018**	2017
FINANCING ACTIVITIES		**Rs'000**	Rs'000	**Rs'000**	Rs'000
Proceeds from borrowings	20(d)	**744,865**	475,300	**826,198**	511,800
Repayment of term loans	20(d)	**(734,493)**	(426,688)	**(771,013)**	(532,927)
Repayment of finance lease liabilities	20(d)	**(8,138)**	(11,786)	**(89)**	(3,833)
Dividend paid - The Company	20(d)	**(92,785)**	(93,368)	**(92,785)**	(86,158)
Dividend paid - Minority shareholders	20(d)	**(11,600)**	(14,810)	**-**	-
Net cash flows used in financing activities		**(102,151)**	(71,352)	**(37,689)**	(111,118)
Increase/(decrease) in cash and cash equivalents		**90,565**	(76,162)	**55,355**	(33,400)
MOVEMENT IN CASH AND CASH EQUIVALENTS					
At July 1,		**(269,319)**	(196,691)	**(229,538)**	(196,138)
Exchange difference		**(5,476)**	3,534	**-**	-
Movement		**90,565**	(76,162)	**55,355**	(33,400)
At June 30,	18	**(184,230)**	(269,319)	**(174,183)**	(229,538)

The notes on pages 142 to 195 form an integral part of these financial statements.

Auditor’s report on pages 132 and 135.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2018

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, 2018 were authorised for issue by the Board of Directors on September 18, 2018 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, 2018.

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2018

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2018

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Fair value measurement

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2018

(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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2018

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Investment properties (Continued)

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2018

(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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2018

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(i) Investment in associates (Continued)

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.

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2018

(k) Financial assets

Initial recognition and measurement

Financial assets are classified at initial recognition, as loans and receivables, available-for-sale financial assets, 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 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 effective interest rate (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 effective interest 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2018

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(k) Financial assets (Continued)

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2018

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.

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 loans and borrowings, payables 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 method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the effective interest rate 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2018

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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 as follows:

Raw Materials: Purchase costs on an average cost method

Finished Goods: Costs of direct materials and direct expenses based on normal operating capacity

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 Swan Life Ltd. 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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2018

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2018

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(r) Impairment of non-financial assets (Continued)

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2018

(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

Services provided by the Group include landscaping, workshop and supply and fixing 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.

Other income:

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.

Other income:

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2018

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(v) Taxes (Continued)

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2018

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

An operating segment is a component of an entity:

(a) that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity),

(b) whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and

(c) for which discrete financial information is available.

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 July 1, 2017:

	Effective for accounting period beginning on or after
Amendments	
IAS 12 Recognition of Deferred Tax Assets for Unrealised Losses – Amendments to IAS 12	1 January 2017
IAS 7 Disclosure Initiative – Amendments to IAS 7	1 January 2017
Annual Improvements 2014 – 2016 Cycle	1 January 2017
IFRS 12 Disclosure of Interests in Other Entities - Clarification of the scope of the disclosure requirements in IFRS 12	1 January 2017

The above amendments had no impact on the financial statements of the Group except for those described below:

IAS 7 Disclosure Initiative – Amendments to IAS 7

The amendments to IAS 7 Statement of Cash Flows are part of the IASB's Disclosure Initiative and require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. On initial application of the amendment, entities are not required to provide comparative information for preceding periods.

The Group has made adequate disclosures in the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2018

2.5 ACCOUNTING STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE

New or revised standards and interpretations:

	Effective for accounting period beginning on or after
Amendments	
IFRS 9 Financial Instruments	1 January 2018
IFRS 15 Revenue from Contracts with Customers	1 January 2018
IFRS 16 Leases	1 January 2019
IFRS 17 Insurance contracts	1 January 2021
Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or indefinitely Joint Venture	Effective date deferred indefinitely
IFRS 2 Classification and Measurement of Share-based Payment Transactions - Amendments to IFRS 2	1 January 2018
Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts - Amendments to IFRS 4	1 January 2018
Transfers of Investment Property (Amendments to IAS 40)	1 January 2018
IFRIC Interpretation 22 Foreign Currency Transactions and Advance Consideration	1 January 2018
IFRS 1 First-time Adoption of International Financial Reporting Standards - Deletion of short-term exemptions for first-time adopters	1 January 2018
IAS 28 Investments in Associates and Joint Ventures - Clarification that measuring investees at fair value through profit or loss is an investment - by - investment choice	1 January 2018
IFRIC Interpretation 23 Uncertainty over Income Tax Treatments	1 January 2019

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 – January 1, 2018

In July 2014, the IASB issued the final version of IFRS 9 Financial Instruments that replaces IAS 39 Financial Instruments: Recognition and Measurement and all previous versions of IFRS 9. IFRS 9 brings together all three aspects of the accounting for financial instruments project: classification and measurement, impairment and hedge accounting. IFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Except for hedge accounting, retrospective application is required but providing comparative information is not compulsory. For hedge accounting, the requirements are generally applied prospectively, with some limited exceptions.

The Group plans to adopt the new standard on the required effective date and will not restate comparative information.* During the financial year ended 30 June 2018, the Group has performed a detailed impact assessment of all three aspects of IFRS 9. This assessment is based on currently available information and may be subject to changes arising from further reasonable and supportable information being made available to the Group in the year of adoption of IFRS 9. Overall, the Group expects no significant impact on its statement of financial position and equity except for the effect of applying the impairment requirements of IFRS 9 and the changes expected in classification of certain financial instruments. The Group expects a decrease in the loss allowance resulting in a positive impact on equity as discussed below.

Classification and measurement

The Group has reviewed its financial assets and liabilities and is expecting the following potential impact from the adoption of the new standard on 1 July 2018:

The Group excepts the only potential impact on classification and measurement is for equity instruments that are currently classified as Available-for-sale financial assets under IAS 39 and for which a FVOCI election might be selected by the Group. This option if elected, will result in gains or losses realised on the sale of Equity instruments measured at FVOCI will no longer be transferred to profit or loss on sale, but instead will remain in reserves in Other Comprehensive Income. The Group may also classify those instruments at fair value through profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2018

There will be no impact on the Group's accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss and the Group does not have any such liabilities. The derecognition rules have been transferred from IAS 39 Financial Instruments: Recognition and Measurement and have not been changed.

Impairment

IFRS 9 requires the Group to record expected credit losses on all of its debt securities, loans and trade receivables, either on a 12-month or lifetime basis. The Group will apply the simplified approach and record lifetime expected losses on all trade receivables and the general approach on the loans and receivables. The Group has determined that, due to the unsecured nature of its loans and receivables, the loss allowance will increase by approximately Rs 4.8m (+/-5%) and Rs 4.0m (+/-5%) for the Company. The assessment made is preliminary as not all transition work requirements have been finalised and therefore may be subject to adjustment. The effect on deferred tax asset is still being assessed.

Hedging

No hedging is undertaken by the Group as at 30 June 2018.

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.

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.

The Group will adopt the modified retrospective method on transition to the new standard from July 1, 2018 and the comparatives will not be restated. Based on an initial assessment, management has considered the effects of applying the new standard on the Group's financial statements and has identified the following areas that will be affected:

Retail industry

- Accounting for the gift vouchers- IFRS 15 requires that an entity recognises revenue only to the extent it is 'highly probable' that a significant revenue reversal will not occur. The timing of revenue recognition for expired gift vouchers will be affected. However, the financial impact is considered to be insignificant.
- Accounting for revenue on rendering of services- IFRS 15 requires that an entity shall recognise revenue over time by measuring the progress towards complete satisfaction of that performance obligation. The objective when measuring progress is to depict an entity's performance in transferring control of goods or services promised to a customer (i.e the satisfaction of an entity's performance obligation). Appropriate methods of measuring progress include output methods and input methods. In determining the appropriate method for measuring progress, an entity shall consider the nature of the good or service that the entity promised to transfer to the customer. It is expected that revenue will increase by approximately Rs 8.6M (+/-5%) and expenses will increase by approximately Rs 6.9M (+/-5%), resulting in a net impact in the range of Rs 1.7M (+/-5%) on opening balance of retained earnings. The assessment made is preliminary as not all transition work requirements have been finalised and therefore may be subject to adjustment. The impact on tax and deferred tax is still being assessed.

Sugarcane industry

The Group performed an analysis of areas such as sale of bagasses, molasses & distillers and sale of landscaping and leisure services and concluded that IFRS 15 will not have a material impact on the opening balance of retained earnings. The assessment made is preliminary as not all transition work requirements have been finalised and therefore may be subject to adjustment.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2018

2.5 ACCOUNTING STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE (CONTINUED)

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 1 January 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, but it is not expected to have a significant effect on financial performance. There may be an impact on the level of disclosure provided.

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2018

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.

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2018

3. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (CONTINUED)

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 2018.

(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.

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	2018	2017	2018	2017
	Rs'000	Rs'000	Rs'000	Rs'000
+ 50	5,334	3,715	5,047	3,766
- 25	(2,667)	(1,858)	(2,524)	(1,883)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2018

(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	**2018**	2017	**2018**	2017
	Rs'000	Rs'000	**Rs'000**	Rs'000
Euro +5%	**(1,506)**	(2,966)	**(203)**	(1,313)
Euro -10%	**3,012**	5,931	**406**	2,625
US Dollar +5%	**1,648**	1,157	**1,441**	1,439
US Dollar -10%	**(3,295)**	(2,314)	**(2,881)**	(2,877)

	THE GROUP		THE COMPANY	
Increase/(decrease) in exchange rate	**2018**	2017	**2018**	2017
	Rs'000	Rs'000	**Rs'000**	Rs'000
South African Rand +5%	**(129)**	(172)	**(23)**	(14)
South African Rand -10%	**258**	344	**45**	28
Pound Sterling +5%	**(5)**	-	**(5)**	-
Pound Sterling -10%	**10**	-	**10**	-

(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.

	THE GROUP		THE COMPANY	
	2018	2017	**2018**	2017
Increase/(decrease) in equity prices	**Rs'000**	Rs'000	**Rs'000**	Rs'000
+ 5%	**2,248**	2,061	**2,226**	2,040
- 10%	**(4,455)**	(5,939)	**(4,451)**	(6,045)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2018

4. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(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.

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 2018 .

(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, 2018	**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	**354,275**	**162,488**	**31,973**	**617,808**	**1,166,544**
Trade and other payables	**-**	**223,575**	**67,095**	**-**	**290,670**
	354,275	**386,063**	**99,068**	**617,808**	**1,457,214**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2018

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	433,513	34,962	625,439	1,396,426

The Company

At June 30, 2018	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	**299,421**	**157,270**	**15,654**	**572,886**	**-**	**1,045,231**
Trade and other payables	**41,286**	**76,499**	**40,257**	**-**	**-**	**158,042**
	340,707	**233,769**	**55,875**	**572,886**	**-**	**1,203,237**

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

(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, 2018.

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	
	2018	2017	2018	2017
	Rs'000	Rs'000	Rs'000	Rs'000
Interest bearing loans and borrowings	1,083,265	1,105,917	1,011,434	985,667
Equity	3,124,630	3,173,556	2,291,010	2,318,009
Gearing ratio	35%	35%	44%	43%

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2018

5. PROPERTY, PLANT AND EQUIPMENT

THE GROUP	Freehold land and buildings	Leasehold land and land improvements	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, 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
Additions	65,086	3,885	142,913	33,386	24,733	270,003
Transfer*	(2,151)	1,990	12,571	-	(34,302)	(21,892)
Disposals	-	-	(8,638)	(10,738)	-	(19,376)
Write-off	-	-	(4,894)	(7,182)	-	(12,076)
Exchange differences	(7,561)	(338)	(7,912)	1,341	(2,205)	(16,675)
At June 30, 2018	**2,529,184**	**93,409**	**2,768,474**	**198,424**	**53,924**	**5,643,415**
DEPRECIATION						
At July 1, 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
Charge for the year	56,726	2,697	169,828	27,396	-	256,647
Disposals	-	-	(7,877)	(9,816)	-	(17,693)
Write-off	-	-	(1,057)	(3,584)	-	(4,641)
Transfer*	-	-	-	-	-	-
Exchange differences	(4,846)	(166)	(5,212)	1,638	-	(8,586)
At June 30, 2018	**51,880**	**34,942**	**2,120,057**	**130,478**	**-**	**2,337,357**
CARRYING AMOUNT						
At June 30, 2018	**2,477,304**	**58,467**	**648,417**	**67,946**	**53,924**	**3,306,058**
At June 30, 2017	2,473,810	55,461	670,059	66,773	65,698	3,331,801

* During the year, land and buildings amounting to Rs 29.7m were transferred from property, plant and equipment to investment properties. In 2017, the remaining amounts represented 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, 2018 and 2017 were as follows:

	Plant and equipment	**Motor vehicles**	**2018**	Plant and equipment	Motor vehicles	2017
	Rs'000	**Rs'000**	**Rs'000**	Rs'000	Rs'000	Rs'000
Cost	**10,810**	**47,123**	**57,933**	35,868	48,167	84,035
Accumulated depreciation	**(2,509)**	**(18,006)**	**(20,515)**	(26,486)	(27,411)	(53,897)
Carrying amount	**8,301**	**29,117**	**37,418**	9,382	20,756	30,138

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2018

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, 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
Additions	40,635	-	113,139	15,956	7,834	177,564
Disposals	-	-	(8,225)	(9,147)	-	(17,372)
Transfer*	240	-	6,846	-	(240)	6,846
At June 30, 2018	**1,157,710**	**43,126**	**2,151,144**	**93,974**	**7,834**	**3,453,788**
DEPRECIATION						
At July 1, 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
Charge for the year	27,156	2,156	135,957	12,749	1,867	179,885
Disposals	-	-	(7,719)	(8,241)	-	(15,960)
At June 30, 2018	**48,022**	**26,390**	**1,679,578**	**60,106**	**1,867**	**1,815,963**
CARRYING AMOUNT						
At June 30, 2018	**1,109,688**	**16,736**	**471,566**	**33,868**	**5,967**	**1,637,825**
At June 30, 2017	1,095,969	18,892	488,044	31,567	240	1,634,712

*During the year, Land amounting to Rs 17.5m was transferred from property, plant and equipment to Investment properties. In 2017, the remaining amounts represents 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, 2018 and 2017 were as follows:

	Plant and equipment	**Motor vehicles**	**2018**	Plant and equipment	Motor vehicles	2017
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Cost	-	2,104	2,104	25,058	8,850	33,908
Accumulated depreciation	-	(214)	(214)	(25,058)	(8,850)	(33,908)
Carrying amount	-	1,890	1,890	-	-	-

(b) *Revaluation of land and buildings*

The fair value of the freehold land and buildings were determined by Chasteau Doger De Speville Ltd, an independent valuer. The date of the revaluation was June 28, 2017.

Freehold land were revalued 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. 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2018

5. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

(b) *Revaluation of land and buildings (continued)*

The fair value of buildings was determined using the depreciated replacement cost approach, which reflects the value by computing 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 June 30, 2018 are as follows:

	Buildings			
	2018		2017	
Reconciliation of carrying amount:	**The Group**	**The Company**	The Group	The Company
	Rs'000	Rs'000	Rs'000	Rs'000
Carrying amount as at July 1,	788,941	329,474	608,852	307,349
Additions for the year	37,226	12,775	61,481	34,658
Disposals during the year	-	-	(30)	(30)
Transfer	419	240	(49,099)	(58,215)
Write-off	-	-	(171)	-
Depreciation charge for the year	(56,726)	(27,156)	(49,028)	(22,590)
	769,860	315,333	572,005	261,172
Revaluation gain as at June 30,	-	-	216,936	68,302
Carrying amount and fair value as at June 30,	769,860	315,333	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	
	2018	2017	**2018**	2017
	Rs'000	Rs'000	Rs'000	Rs'000
Cost	1,266,118	1,210,744	1,163,927	1,147,467
Accumulated depreciation	(445,009)	(427,042)	(407,287)	(397,890)
Carrying amount	821,109	783,702	756,640	749,577

6. INVESTMENT PROPERTIES

	THE GROUP		THE COMPANY	
	2018	2017	**2018**	2017
COST	Rs'000	Rs'000	Rs'000	Rs'000
At July 1,	52,486	48,742	399,257	370,311
Transfer from property, plant and equipment (note 5)	29,700	3,744	-	17,550
Additions	335	-	2,901	10,992
Work in progress	205	-	468	404
At June 30,	82,726	52,486	402,626	399,257
DEPRECIATION				
At July 1,	34,820	32,709	194,578	177,052
Charge for the year	3,048	2,111	18,032	17,526
At June 30,	37,868	34,820	212,610	194,578
CARRYING AMOUNT				
At June 30,	44,858	17,666	190,016	204,679

The investment properties were last 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 investment pertaining to the parent company since last independent valuation. The valuation was carried out at that date by Chasteau Doger De Speville 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, 2018 was Rs 130 m (2017: Rs 129.4m) for the Group and Rs 579.2 m (2017: Rs 575.8m) for the Company. The rental income arising during the year amounted to Rs 10.2m (2017: Rs 9.6m) for the Group and for the Company Rs 42.9m (2017: Rs 41.3m). Direct operating expenses incurred on the investment properties for the Company during the year was Rs 0.1m (2017: Rs 0.2m) and Nil (2017: Nil) for the Group. Investment properties valued using the sales comparison approach have been classified as level 2 (Rs 59.7m) and those valued using the depreciated replacement cost have been classified as level 3 (Rs 99.9m).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2018

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	2018	2017
	Rs'000	Rs'000
At July 1,	8,411	13,779
Expenditure for the year	-	3,764
Amortisation for the year	(3,161)	(2,217)
Impairment adjustment	(1,709)	(6,915)
At June 30,	3,541	8,411
Other information:	2018	2017
Area harvested (Arpents)	353	411
Cost per Arpent (Rs)	54,292	50,599

At June 30, 2018, the Directors have made an assessment of the carrying value of the bearer plants and have concluded that an impairment of Rs 1.7m was required (2017: Rs 6.9m) based on their forecasts. This assessment was based on an average sugar price of Rs 13,000 per ton over the projected period (2017: Rs 15,000). The main factor that led to the impairment was the decreasing harvested area from 343 Arpents to 291 Arpents by 2023. The value in use model has been used and the discount rate is 6.26% (2017: 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, 2016	44,979	134,103	179,082	19,724
Additions	7,422	-	7,422	1,987
Work in progress	6,100	-	6,100	1,690
Write-off	(11,166)	-	(11,166)	-
Exchange differences	4	-	4	-
At June 30, 2017	47,339	134,103	181,442	23,401
Additions	13,702	-	13,702	1,155
Work in progress	2,465	-	2,465	2,465
Write-off	(200)	-	(200)	(200)
Exchange differences	(1,062)	-	(1,062)	-
At June 30, 2018	**62,244**	**134,103**	**196,347**	**26,821**
AMORTISATION				
At July 1, 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
Amortisation charge	5,308	-	5,308	2,227
Write off	-	-	-	-
At June 30, 2018	**27,929**	**128,671**	**156,600**	**14,183**
CARRYING AMOUNT				
At June 30, 2018	**34,315**	**5,432**	**39,747**	**12,638**
At June 30, 2017	24,718	5,432	30,150	11,445

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2018

8. INTANGIBLE ASSETS (CONTINUED)

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 cost to sell is adjusted for with other assets and liabilities of the CGU, excluding the fair value less cost 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. The level of the fair value hierarchy within which the fair value measurement is categorised is level 2 as reference is made to market based evidence.

9. DEFERRED EXPENDITURE

Voluntary Retirement Scheme (VRS) costs

	THE GROUP	
	2018	2017
	Rs'000	Rs'000
COST		
At July 1,	18,211	-
Cash compensation paid	-	20,386
Transfer from property, plant and equipment	-	5,319
Infrastructure costs	413	-
Pension cost release	-	(7,494)
At June 30,	18,624	18,211
AMORTISATION		
At July 1,	-	-
Amortisation charge	-	-
At June 30,	-	-
CARRYING AMOUNT		
At June 30,	18,624	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 on a period as determined by management.

10. INVESTMENT IN SUBSIDIARIES

	THE COMPANY	
	2018	2017
	Rs'000	Rs'000
At July 1,	1,146,576	1,079,659
Additions (a)	21,318	159,881
Impairment	(75,012)	(92,964)
At June 30,	1,092,882	1,146,576

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2018

Analysed as follows:	2018	2017
	Rs'000	Rs'000
Unquoted equity instruments	897,413	897,413
Interest free loans	195,469	249,163
	1,092,882	1,146,576

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	2018 & 2017 % Holding	
		Direct	Indirect
OPERATIONAL			
Espace Maison Ltée	Mauritius	100.0	-
Compagnie de Gros Cailloux Ltée	Mauritius	100.0	-
Société d'Investissement Rodriguais	Mauritius	100.0	-
Welcome Industries Ltd	Mauritius	-	75.9
UBP International Ltd	Mauritius	100.0	-
UBP Madagascar (a)	Madagascar	100.0	-
United Granite Products (Private) Limited (a)	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	-
La Savonnerie Créole Ltée*	Mauritius	-	100.0
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	-

** During the year, the Company's subsidiary, Espace Maison Ltée, incorporated a wholly owned entity, namely La Savonnerie Créole Ltée. Given that the latter was still in its start up phase and not material to the Group, it was not consolidated in the Group's financial statements as at June 30, 2018.*

(a) During the year, an interest free loan of Rs 11.1m (2017: Rs 153m) and Rs 10.2m (2017: Rs 6m) to United Granite Products (Private) Limited and UBP Madagascar respectively were accounted under investments further to management approval.

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

The Company has net investments in its overseas subsidiaries of Rs 164m at June 30, 2018 (2017: Rs 217m). The impairment losses recorded during the year amounted to Rs 75m (2017: Rs 93m). These subsidiaries have been making losses over the past years and are not operating at full capacity.

In determining the recoverable amount of net investment 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 recognise that continuous losses and operational challenges may have a further significant impact on the recoverable amount of the investment in overseas subsidiaries.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2018

10. INVESTMENT IN SUBSIDIARIES (CONTINUED)

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 Limited
	Rs'000	Rs'000	Rs'000	Rs'000
2018				
Proportion of non-controlling interests	**49.00%**	**24.10%**	**23.00%**	**23.50%**
Financial position				
Non-current assets	113,956	22,927	53,296	78,325
Current assets	109,641	36,563	16,918	11,192
Non-current liabilities	(47,229)	(6,988)	(636)	(6,814)
Current liabilities	(68,314)	(18,533)	(185,423)	(14,190)
Net assets/(shareholders' deficit)	108,054	33,969	(115,845)	68,513
Carrying amounts of non-controlling interests	52,946	8,187	(26,644)	16,101
Comprehensive income				
Revenue	279,231	56,690	976	80,734
Profit/(loss) for the year	21,967	13,386	(10,877)	6,496
Other comprehensive income	(2,376)	846	(17,112)	(234)
Total comprehensive income	19,591	14,232	(27,989)	6,262
Profit /(loss) allocated to non-controlling interests	10,764	3,226	(2,502)	1,527
Total comprehensive income allocated to non-controlling interests	9,600	3,430	(6,437)	1,472
Dividend to non-controlling interests	9,800	2,410	-	1,800
Cash flow				
Operating activities	8,767	19,673	(6,299)	15,493
Investing activities	(4,542)	(15,571)	(18)	(7,514)
Financing activities	(8,946)	-	8,478	(7,100)
Net (decrease)/increase in cash and cash equivalents	(4,721)	4,102	2,161	879

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2018

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 Limited
	Rs'000	Rs'000	Rs'000	Rs'000
2017				
Proportion of non-controlling interests	49.0%	24.1%	23.0%	23.5%
Financial position				
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 income	(5,565)	994	(6,731)	14,520
Total comprehensive income	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 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 flow				
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

11. INVESTMENT IN ASSOCIATES

	THE GROUP		THE COMPANY	
	2018	2017	**2018**	2017
	Rs'000	Rs'000	**Rs'000**	Rs'000
Unquoted				
At July 1,	**212,585**	146,865	**107,248**	107,248
Share of profit	**14,458**	34,280	**-**	-
Share of revaluation reserves	**-**	41,010	**-**	-
Movement in other reserves	**(4,206)**	1,080	**-**	-
Impairment	**(3,280)**	-	**(3,280)**	-
Dividend received	**(23,741)**	(10,650)	**-**	-
At June 30,	**195,816**	212,585	**103,968**	107,248

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2018

11. INVESTMENT IN ASSOCIATES (CONTINUED)

Details pertaining to the interests in associates are as follows:

Name of company	Principal activities	Country of incorporation	Proportion of ownership interest (direct & indirect) 2018	2017
Pre-Mixed Concrete Ltd	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%

** Sud Concassage Limitée has started its winding up procedures as at June 30, 2018. Both at Group and Company level, the investment in this associate has been fully impaired.*

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
2018	Rs'000	Rs'000	Rs'000
Financial position			
Non-current assets	136,583	103,194	82,699
Cash and cash equivalents	3,582	707	64,905
Other current assets	303,610	42,084	1,477
Current trade and other payables	(144,660)	(14,943)	(849)
Current loans and borrowings	-	(1,079)	-
Other current liabilities	(143,322)	(18,153)	(71,255)
Equity	155,793	111,810	76,977
Proportion of Group's ownership	49.0%	46.0%	20.0%
	76,339	51,433	15,395
Goodwill	48,619	-	-
Carrying amount of investments	124,958	51,433	15,395
Statement of profit or loss and other comprehensive income			
Revenue	508,454	186,393	5,896
Interest income	-	1,008	70
Other income	-	2,090	-
Depreciation and amortisation	(11,097)	(14,343)	-
Interest expense		(10)	-
Other expenses	(497,353)	(140,909)	(405)
Profit before tax	4	34,229	5,561
Income tax	(2,382)	(5,997)	(887)
(Loss)/profit for the year	(2,378)	28,232	4,674
Other comprehensive income	(6,441)	(1,320)	-
Total comprehensive income	(8,819)	26,912	4,674
Group's share of (loss)/profit	(1,165)	12,987	935
Group's share of total comprehensive income	(4,321)	12,380	935

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2018

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	216,225	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	118,646	72,305
Proportion of Group's ownership	49.0%	46.0%	20.0%
	88,878	54,577	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

Aggregate information on individually immaterial associates

	THE GROUP	
	2018	2017
	Rs'000	Rs'000
Carrying amount of investments	4,030	6,050
Group's share of profit for the year	1,701	2,753
Group's share of total comprehensive income	(4,788)	2,867

The associates had no other contingent liabilities or capital commitment as at June 30, 2018 and 2017 except as disclosed in note 32.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2018

12. AVAILABLE-FOR-SALE INVESTMENTS

	Quoted equity shares	Unquoted equity shares	Total
THE GROUP	Rs'000	Rs'000	Rs'000
At July 1, 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
Additions	-	-	-
Disposals	(15,310)	-	(15,310)
Fair value movements	386	5,246	5,632
At June 30, 2018	5,041	48,103	53,144

	Quoted equity shares	Unquoted equity shares	Total
THE COMPANY	Rs'000	Rs'000	Rs'000
At July 1, 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
Disposals	(15,310)	-	(15,310)
Fair value movements	-	5,246	5,246
At June 30, 2018	-	46,233	46,233

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).

2018

THE GROUP

	Level 1	**Level 2**	**Level 3**	**Total**
	Rs'000	Rs'000	Rs'000	Rs'000
Available-for-sale investments	5,041	-	43,978	49,019

THE COMPANY

	Level 1	**Level 2**	**Level 3**	**Total**
	Rs'000	Rs'000	Rs'000	Rs'000
Available-for-sale investments	-	-	44,498	44,498

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2018

	2018	2017
Other available-for-sale investments at cost	Rs'000	Rs'000
The Group	4,125	3,609
The Company	1,735	1,735

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	
	2018	2017
	Rs'000	Rs'000
At July 1,	39,250	10,430
Transfer from Level 2	-	28,820
Net unrealised changes in fair value of available-for-sale investments	5,248	-
At June 30,	44,498	39,250

In prior year, investment in Impele KCB SPV Limited was transferred to Level 3 during the year as valuation was performed using unobservable inputs.

Valuation techniques

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	**2018**	**Valuation techniques**	**Unobservable inputs**	**Range**	**Sensitivity used**	**Effect on fair value**
	Rs'000					Rs'000
Flacq Associated Stonemasters Limited (FAST)	11,874	Market comparables	Discount of lack of marketability	50.0%	+5%	(1,187)
					-5%	1,187
Impele KCB SPV Limited	32,624	Income approach	WACC	31.4%	+5%	(5,785)
					-5%	5,785

Private equity investments	**2017**	**Valuation techniques**	**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%	(6,910)
					-1%	6,910

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2018

13. OTHER FINANCIAL ASSET

	THE GROUP AND THE COMPANY	
	2018	2017
	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	
	2018	2017	2018	2017
(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	26,541	25,114	20,122	17,898
Corporate social responsibility tax	3,547	3,478	2,691	2,387
Under/(over) provision of corporate social responsibility tax	47	(441)	47	(467)
Under provision of income tax in previous year	503	727	354	-
Under/(over) provision of deferred tax in previous years	2,084	(837)	1,379	5,650
Deferred tax charge	11,292	6,036	7,473	4,623
Income tax expense	44,014	34,077	32,066	30,091
Amount in other comprehensive income				
Deferred tax on actuarial gains and losses	12,171	2,300	11,121	1,553
Deferred tax on revaluation of land and builidngs	-	(45,411)	-	(23,864)
(b) In the statements of financial position:				
At July 1,	6,380	27,113	2,437	21,580
Payment during the year	(23,598)	(47,696)	(15,390)	(37,050)
Tax withheld	(2,480)	(1,915)	(2,109)	(1,911)
Under/(over) provision of corporate social responsibility tax	47	(441)	47	(467)
Under provision of income tax in previous year	503	727	354	-
Income tax expense	30,088	28,592	22,813	20,285
At June 30,	10,940	6,380	8,152	2,437
Analysed as:				
Income tax receivable	(93)	(1,600)	-	-
Income tax payable	11,033	7,980	8,152	2,437
	10,940	6,380	8,152	2,437
(c) Deferred tax:				
Deferred tax assets	7,731	9,512	-	-
Deferred tax liabilities	(95,562)	(96,138)	(63,256)	(65,525)
Net deferred tax liabilities	(87,831)	(86,626)	(63,256)	(65,525)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2018

	THE GROUP		THE COMPANY	
	2018	2017	2018	2017
Deferred tax liabilities	Rs'000	Rs'000	Rs'000	Rs'000
(d) Movement in deferred tax:				
At July 1,	(86,626)	(38,316)	(65,525)	(32,941)
(Over)/under provision of deferred tax in previous years	(2,084)	837	(1,379)	(5,650)
Income tax effect recognised in other comprehensive income	12,171	(43,111)	11,121	(22,311)
Deferred tax (charge)/credit	(11,292)	(6,036)	(7,473)	(4,623)
At June 30,	(87,831)	(86,626)	(63,256)	(65,525)

Unused tax losses of the Group that have not been recognised as deferred tax asset amounted to Rs 118.7m (2017: Rs 100.7m). 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	
	2018	2017	2018	2017
Deferred tax liabilities	Rs'000	Rs'000	Rs'000	Rs'000
- Accelerated capital allowances	(51,188)	(39,389)	(35,733)	(27,276)
- Deferred tax on revaluation gain	(113,800)	(113,800)	(92,297)	(92,297)
	(164,988)	(153,189)	(128,030)	(119,573)
Deferred tax assets				
- Employee benefit obligations	61,288	48,376	54,429	43,489
- Allowance for doubtful debts	6,403	10,307	3,198	4,930
- Provision for obsolete stock	9,466	7,880	7,147	5,629
	77,157	66,563	64,774	54,048
Net deferred tax liabilities	(87,831)	(86,626)	(63,256)	(65,525)

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

	THE GROUP		THE COMPANY	
	2018	2017	2018	2017
	Rs'000	Rs'000	Rs'000	Rs'000
Profit before tax	188,239	205,708	161,214	81,095
Tax calculated at the rate of 15%	28,236	30,856	24,182	12,164
Tax effect of :				
Non-allowable expenses	16,307	13,420	13,880	17,567
Corporate social responsibility	3,547	3,479	2,691	2,386
Other deductible items	-	(2,952)	-	-
Tax effect from associates	(4,143)	(5,141)	-	-
Income exempt from tax	(11,625)	(9,270)	(10,912)	(7,069)
Utilisation of tax losses on which no deferred tax was previously recognised	-	-	-	-
Deferred tax assets not recognised	8,465	4,235	-	-
Effect on temporary difference on corporate social responsibility	640	(440)	492	(607)
Under provision of income tax in previous year	503	727	354	-
Under/(over) provision of deferred tax in previous years	2,084	(837)	1,379	5,650
Income tax expense	44,014	34,077	32,066	30,091

(g) In either 2018 or 2017, there are no income tax consequences attached to the payment of dividends by the Group to its shareholders.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2018

15. CONSUMABLE BIOLOGICAL ASSETS

	THE GROUP			
	Vegetables	Standing Cane	Plants	Total
	Rs'000	Rs'000	Rs'000	Rs'000
At July 1, 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
Production	27,489	19,182	28,078	74,749
Sales	(19,439)	(15,149)	(25,522)	(60,110)
Fair value movement	(10,155)	(3,070)	1,214	(12,011)
At June 30, 2018	**6,112**	**4,997**	**23,517**	**34,626**

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:

	2018	2017
Vegetables		
Expected area to harvest (Ha)	24	32
Discount factor (%)	13	5
Standing cane		
Expected area to harvest (Ha)	149	173
Estimated yields (%)	10.40	10.40
Estimated price of sugar - Rs (per ton)	13,000	15,000
Plants		
Expected area to harvest (Ha)	9	12
Maximum maturity of plants at June 30,	1 year	1 year

(b) Description of significant inputs to valuation:

	Valuation technique	Significant inputs	Sensitivity of the input to value
Vegetables	Discounted cash flows	Discount factor: 12.5% (2017: 8%)	1% point increase / (decrease) in discount factor would result in (decrease) / increase in fair value by Rs 13,498 (2017: Rs 1,522).
		Price of vegetables	5% increase / (decrease) in the price of vegetables would result in increase / (decrease) in fair value by Rs 485,758 (2017: Rs 742,324).
Standing cane	Discounted cash flows	Cane yield per Ha.: Rs 14,133 (2017: Rs 14,644)	0.1% point increase / (decrease) in cane yield per Ha would result in increase / (decrease) in fair value by Rs 134,957 (2017: Rs 155,440).
		Price of sugar	5% increase / (decrease) in the price of sugar would result in increase / (decrease) in fair value by Rs 674,784 (2017: Rs 777,198).
		WACC: 6.26% (2017: 6.34%)	0.1% point increase / (decrease) in WACC would result in (decrease) / increase in fair value by Rs 3,139 (2017: Rs 8,289).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2018

	Valuation technique	Significant inputs	Sensitivity of the input to value
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 2,019,267 (2017: Rs 1,535,485).
		Mortality rate: 6% (2017: 7%)	5% increase / (decrease) in mortality rate would result in (decrease) / increase in fair value by Rs 1,486,745 (2017: Rs 65,245).
		WACC: 20% (2017: 20%)	1% point increase / (decrease) in WACC would result in (decrease) / increase in fair value by Rs 227,003 (2017: Rs 35,811).

16. INVENTORIES

	THE GROUP		THE COMPANY	
	2018	2017	2018	2017
	Rs'000	Rs'000	Rs'000	Rs'000
Raw materials and spares (at cost)	293,295	262,825	214,804	192,653
Work in progress (at cost)	29,864	38,860	17,243	20,574
Finished goods (at lower of cost and net realisable value)	369,354	424,457	48,298	44,340
Goods in transit	20,904	34,722	625	7,403
	713,417	760,864	280,970	264,970

The amount of write down of inventories, recognised as an expense in cost of sales was Rs 8.2m (2017: Rs 13.6m) for the Group and Rs 7m (2017: Rs 4.6m) for the Company. Included in finished goods are inventories carried at net realisable value of nil (2017: Rs 4.6m).

17. TRADE AND OTHER RECEIVABLES

	THE GROUP		THE COMPANY	
	2018	2017	2018	2017
	Rs'000	Rs'000	Rs'000	Rs'000
Trade receivables	333,199	296,487	150,791	123,991
Loan receivable from subsidiary	-	-	124,982	65,793
Receivables from subsidiaries	-	-	74,156	47,644
Receivables from associates	33,244	42,042	33,232	42,037
Other receivables	92,647	67,499	57,372	48,824
Prepayments	25,314	39,560	7,416	4,014
	484,404	445,588	447,949	332,303

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

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

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

As at June 30, 2018, the Group's trade receivables of initial value of Rs 67.5m (2017: Rs 72.4m) were impaired and provided for.

As at June 30, 2018, the Company's trade receivables of initial value of Rs 18.8m (2017: Rs 29.0m) were impaired and provided for.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2018

17. TRADE AND OTHER RECEIVABLES (CONTINUED)

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
2018	**333,199**	**125,732**	**67,298**	**30,175**	**109,994**	**-**
2017	296,487	92,951	84,526	21,740	97,270	-
THE COMPANY						
2018	**150,791**	**55,725**	**45,187**	**15,319**	**26,860**	**7,700**
2017	123,991	44,424	32,468	12,373	33,936	790

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.

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

	THE GROUP		THE COMPANY	
	2018	2017	**2018**	2017
	Rs'000	Rs'000	Rs'000	Rs'000
Individually and collectively impaired				
At July 1,	64,126	58,326	28,999	28,474
Charge for the year	32,682	20,110	1,042	10,986
Write off	(2,444)	(4,200)	-	-
Release	(21,947)	(10,110)	(11,231)	(10,461)
At June 30,	72,417	64,126	18,810	28,999

18. CASH AND CASH EQUIVALENTS

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

	THE GROUP		THE COMPANY	
	2018	2017	**2018**	2017
	Rs'000	Rs'000	Rs'000	Rs'000
Cash at banks and in hand	71,273	26,351	26,468	2,545
Bank overdraft (note 20)	(255,503)	(295,670)	(200,651)	(232,083)
	(184,230)	(269,319)	(174,183)	(229,538)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2018

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

	THE GROUP		THE COMPANY	
	2018	2017	2018	2017
Non-cash transactions	Rs'000	Rs'000	Rs'000	Rs'000
Total acquisition cost (note 5)	270,003	300,659	177,564	191,291
Financed by cash	(254,722)	(294,805)	(175,459)	(191,291)
Financed by finance leases	15,281	5,854	2,105	-

19. EQUITY

(a) Issued capital

	THE GROUP AND THE COMPANY			
	2018	2017	2018	2017
	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	
	2018	2017	2018	2017
	Rs'000	Rs'000	Rs'000	Rs'000
Share premium	7,354	7,354	7,354	7,354
Associate companies (note (i))	101,822	106,028	-	-
Revaluation reserve (note (ii))	1,488,373	1,490,537	697,166	697,166
Fair value reserve (note (iii))	11,444	20,129	8,495	17,566
Translation reserve (note (iv))	(250)	10,655	-	-
Retained earnings	1,213,613	1,230,987	1,312,895	1,330,823
	2,822,356	2,865,690	2,025,910	2,052,909

(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	
	2018	2017	2018	2017
	Rs'000	Rs'000	Rs'000	Rs'000
Non-current				
Bank loans (note (a))	17,453	25,502	-	-
Obligations under finance lease (note (b))	25,767	21,838	1,643	-
Debentures (note (c))	-	560,000	-	560,000
	43,220	607,340	1,643	560,000
Current				
Bank overdrafts (note 18)	255,503	295,670	200,651	232,083
Bank loans (note (a))	158,006	157,502	150,000	150,000
Unsecured loans (note (c))	55,810	37,893	98,769	43,584
Obligations under finance lease (note (b))	10,726	7,512	371	-
Debentures (note (c))	560,000	-	560,000	-
	1,040,045	498,577	1,009,791	425,667
Total borrowings	1,083,265	1,105,917	1,011,434	985,667

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2018

20. INTEREST-BEARING LOANS AND BORROWINGS (CONTINUED)

The fair values of the loans and borrowings approximate their carrying amount, except for debentures. The debentures are classified under level 2 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, 2018 amounted to Rs 560m (2017: Rs 564.5m).

	THE GROUP		THE COMPANY	
	2018	2017	2018	2017
	Rs'000	Rs'000	Rs'000	Rs'000
(a) Bank loans are payable as follows:				
Within one year	158,006	157,502	150,000	150,000
After one year and before two years	17,453	7,982	-	-
After two years and before five years	-	17,520	-	-
	175,459	183,004	150,000	150,000

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

	THE GROUP		THE COMPANY	
	2018	2017	2018	2017
	Rs'000	Rs'000	Rs'000	Rs'000
Minimum lease payments				
Within one year	12,852	9,438	489	-
After one year and before two years	28,203	9,304	489	-
After two years and before five years	-	14,947	1,365	-
	41,055	33,689	2,343	-
Future finance charges on finance leases	(4,562)	(4,339)	(329)	-
Present value of finance lease liabilities	36,493	29,350	2,014	-
Within one year	10,726	7,512	371	-
After one year and before two years	25,767	7,959	396	-
After two years and before five years	-	13,879	1,247	-
	36,493	29,350	2,014	-

Lease finance carries interest at an annual rate of 6.35%. 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 October 2018 and bear interest at repo rate +1.20%. The fair value as at June 30, 2018 was Rs 560m (2017: Rs 564.5m). Unsecured loans are repayable at call, the rate of interest per annum at June 30, 2018 was 4.70% (2017: 5.20%).

(d) **Changes in liabilities and assets arising from financing activities**

	July 1, 2017	Cash inflows	Other	Cash outflows	June 30, 2018
The Group	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Obligations under finance leases	29,350	-	15,281	(8,138)	36,493
Bank loans	183,004	300,000	-	(307,545)	175,459
Unsecured loans	37,893	444,865	-	(426,948)	55,810
Dividend payable	-	-	106,795	(104,385)	2,410
	250,247	744,865	122,076	(847,016)	270,172
The Company					
Obligations under finance leases	-	-	2,103	(89)	2,014
Bank loans	150,000	300,000	-	(300,000)	150,000
Unsecured loans	43,584	526,198	-	(471,013)	98,769
Dividend payable	-	-	92,785	(92,785)	-
	193,584	826,198	94,888	(863,887)	250,783

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2018

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 defined benefit schemes above are analysed as follows:

	THE GROUP		THE COMPANY	
	2018	2017	2018	2017
	Rs'000	Rs'000	Rs'000	Rs'000
Funded obligation (note (a))	238,638	194,083	206,144	167,713
Unfunded obligation (note (b))	140,919	108,373	114,706	88,105
	379,557	302,456	320,850	255,818

(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	
	2018	2017	2018	2017
	Rs'000	Rs'000	Rs'000	Rs'000
Present value of funded obligation	496,477	418,854	419,087	357,123
Fair value of plan assets	(257,839)	(224,771)	(212,943)	(189,410)
Benefit liability	238,638	194,083	206,144	167,713

	THE GROUP		THE COMPANY	
	2018	2017	2018	2017
	Rs'000	Rs'000	Rs'000	Rs'000
At July 1,	194,083	139,963	167,713	118,435
Amounts recognised in profit or loss	33,811	28,239	24,649	20,978
Amounts recognised in other comprehensive income	44,375	46,051	40,011	39,871
Employer's contribution	(33,631)	(20,170)	(26,229)	(11,571)
At June 30,	238,638	194,083	206,144	167,713

	THE GROUP		THE COMPANY	
	2018	2017	2018	2017
	Rs'000	Rs'000	Rs'000	Rs'000
(ii) Changes in the present value of the defined benefit obligation are as follows:				
At July 1,	418,854	356,064	357,123	309,923
Amounts recognised in profit or loss				
Current service cost	19,827	14,996	12,899	10,172
Employees contribution	-	-		-
Interest cost	24,660	23,581	20,946	20,232
	44,487	38,577	33,845	30,404
Benefit paid	(17,179)	(16,476)	(16,276)	(17,501)
Amounts recognised in other comprehensive income				
Losses due to changes in financial assumptions	50,221	40,612	44,395	34,297
	50,221	40,612	44,395	34,297
Employee's contribution	94	77	-	-
Present value of defined benefit obligation at June 30,	496,477	418,854	419,087	357,123

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2018

21. EMPLOYEE BENEFIT LIABILITY (CONTINUED)

(a) Funded obligation (Continued)

	THE GROUP		THE COMPANY	
	2018	2017	**2018**	2017
(iii) Changes in the fair value of plan assets are as follows:	**Rs'000**	Rs'000	**Rs'000**	Rs'000
At July 1,	**224,771**	216,102	**189,410**	191,488
Amounts recognised in profit or loss				
Current cost	**(1,300)**	(619)	**(1,009)**	(421)
Cost of insuring risk benefits	**(1,899)**	(2,127)	**(1,382)**	(1,408)
Interest cost	**13,875**	13,160	**11,588**	11,255
	10,676	10,414	**9,197**	9,426
Benefit paid	**(17,179)**	(16,476)	**(16,276)**	(17,501)
Amounts recognised in other comprehensive income				
Losses / (gains) due to changes in financial assumptions	**5,846**	(5,439)	**4,383**	(5,574)
	5,846	(5,439)	**4,383**	(5,574)
Employer's contribution	**33,725**	20,170	**26,229**	11,571
Fair value of plan assets at June 30,	**257,839**	224,771	**212,943**	189,410

(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 is to aim 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 Administration Policy offers a minimum guaranteed return of 4% per annum.

The actual return on plan assets for the Company was Rs 15,970,670 for the year ended June 30, 2018.

The actual return on plan assets for the Group was Rs 19,724,911 for the year ended June 30, 2018.

Maturity profile of the defined benefit obligation.

The weighted average duration of the liabilities for the Group and the Company as at June 30, 2018 is 16 years and 14 years respectively.

(v) Expected contribution for the next year

The Group and the Company are expected to contribute Rs 25,100,000 and Rs 18,800,000 respectively to the pension scheme for the year ending June 30, 2019.

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

	THE GROUP		THE COMPANY	
	2018	2017	**2018**	2017
	%	%	**%**	%
Discount rate	**5.5%**	6.5%	**5.5%**	6.5%
Future salary increase	**4.0%**	3.5%	**4.0%**	3.5%

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 a 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.

(vii) Settlements and Curtailments

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2018

(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	
	2018	2017	**2018**	2017
Discount rate	**Rs'000**	Rs'000	**Rs'000**	Rs'000
1% increase	**(68,585)**	(55,095)	**(56,076)**	(45,096)
1% decrease	**86,813**	55,095	**70,689**	45,906
Salary increase				
1% increase	**40,614**	30,710	**28,313**	21,981
1% decrease	**(34,165)**	(30,710)	**(24,312)**	(21,981)

The sensitivity analyses above have been determined based on sensibly possible changes of the discount rate or salary increase rate occurring 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	
	2018	2017	**2018**	2017
	%	%	**%**	%
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	
	2018	2017	**2018**	2017
	Rs'000	Rs'000	**Rs'000**	Rs'000
Present value of unfunded obligation	**140,919**	108,373	**114,706**	88,105

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2018

21. EMPLOYEE BENEFIT LIABILITY (CONTINUED)

(b) Unfunded obligation (Continued)

	THE GROUP 2018	THE GROUP 2017	THE COMPANY 2018	THE COMPANY 2017
	Rs'000	Rs'000	Rs'000	Rs'000
(ii) Movement of defined benefit of unfunded obligation				
At July 1,	108,373	142,694	88,105	115,244
Amount recognised in profit or loss				
Current service cost	8,057	5,658	5,810	4,318
Interest expense	7,700	9,111	5,470	7,775
Settlement	-	(7,601)	-	-
Past service cost	1,508	-	1,159	-
	17,265	7,168	12,439	12,093
Amount recognised in other comprehensive income				
Liability experience losses / (gains)	27,419	(18,362)	26,261	(17,784)
Gains due to changes in financial assumptions	(777)	(14,466)	(860)	(12,952)
	26,642	(32,828)	25,401	(30,736)
Benefit paid	(11,361)	(8,661)	(11,239)	(8,496)
At June 30,	140,919	108,373	114,706	88,105

(iii) Principal assumptions used were as follows:

	THE GROUP 2018	THE GROUP 2017	THE COMPANY 2018	THE COMPANY 2017
Financial assumptions:				
Discount rate	4.5% - 6.0%	6.5%	5.6%	6.5%
Future salary increase	3.0% - 4.0%	4.0%	3.0%	4.0%
Future pension increase	0.0%	0.0%	0.0%	0.0%

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 Impact 2018	THE GROUP Impact 2017	THE COMPANY Impact 2018	THE COMPANY Impact 2017
	Rs'000	Rs'000	Rs'000	Rs'000
1% increase in discount rate	(13,568)	(13,949)	(10,540)	(8,230)
1% decrease in discount rate	15,717	11,959	12,067	7,048
1% increase in future salary increase	14,374	9,994	11,289	8,358
1% decrease in future salary increase	(12,382)	(8,675)	(9,686)	(7,270)

The above sensitivity analysis has been carried out by recalculating the present value of obligation at 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 6.3m.

The weighted average duration of the defined benefit obligation for the Group and the Company is 10 years and 9 years respectively.

(vi) The Group and the Company have recognised net defined liabilities of Rs 141m and Rs 101m respectively in the statements of financial position as at June 30, 2018 (2017: Group Rs 108.4m and Company Rs 88.1m) in respect of any retirement gratuities that are expected to be paid to its employees out of the Company's cash flow under the Employment Rights Act 2008.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2018

22. TRADE AND OTHER PAYABLES

	THE GROUP		THE COMPANY	
	2018	2017	2018	2017
	Rs'000	Rs'000	Rs'000	Rs'000
Trade payables	172,925	164,429	51,721	39,222
Payables to subsidiaries	-	-	41,286	42,700
Payables to associates	604	541	-	-
Other payables and accruals	117,141	120,337	65,035	65,192
	290,670	285,307	158,042	147,114

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.

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

23. REVENUE

	THE GROUP		THE COMPANY	
	2018	2017	2018	2017
	Rs'000	Rs'000	Rs'000	Rs'000
Sale of goods	2,633,409	2,413,268	1,460,801	1,278,647
Rendering of services	293,646	238,198	139,351	123,280
	2,927,055	2,651,466	1,600,152	1,401,927

Refer to note 36 for details of revenue per business segment.

24. OPERATING PROFIT

	THE GROUP		THE COMPANY	
Operating profit is arrived at after:	2018	2017	2018	2017
	Rs'000	Rs'000	Rs'000	Rs'000
(a) Crediting:				
- Rental income	12,948	12,628	42,986	41,322
- Other operating income	89,246	81,358	80,780	74,857
- Profit on disposal of property, plant and equipment	2,907	3,551	2,242	1,639
(b) Charging:				
- Cost of sales	2,002,631	1,768,581	1,035,917	875,721
- Administrative expenses	763,791	708,227	547,139	533,810
- Selling and distribution costs	46,534	55,033	13,821	23,182
Depreciation of property, plant and equipment				
- owned assets	249,751	217,072	179,671	163,271
- leased assets	6,896	24,813	214	3,220
Depreciation of investment properties	3,048	2,111	18,032	17,526
Cost of inventories recognised as expenses	1,390,439	1,255,536	618,145	406,201
Amortisation of bearer biological assets	3,161	2,217	-	-
Impairment loss on bearer biological assets	1,709	6,915	-	1,683
Impairment loss of investment in associates	3,280	-	3,280	-
Amortisation of intangible assets	5,308	4,876	2,227	1,683
Staff costs (note (i))	564,986	511,867	397,624	321,727
Included in administrative expenses are:				
Impairment of interest in foreign subsidiaries			75,012	92,964
			75,012	92,964

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2018

24. OPERATING PROFIT (CONTINUED)

	THE GROUP		THE COMPANY	
Included in cost of sales and administrative expenses are:	2018	2017	2018	2017
	Rs'000	Rs'000	Rs'000	Rs'000
(i) Analysis of staff costs:				
- Wages and salaries	459,545	415,998	343,163	270,812
- Social security costs	19,632	18,871	11,845	10,885
- Pension costs	85,809	76,998	42,616	40,030
	564,986	511,867	397,624	321,727

25. FINANCE INCOME

	THE GROUP		THE COMPANY	
	2018	2017	2018	2017
Dividend income:	Rs'000	Rs'000	Rs'000	Rs'000
- Quoted	2	2	2	2
- Unquoted	1,365	1,087	70,246	37,427
Interest income	75	258	4,774	1,275
	1,442	1,347	75,022	38,704

26. FINANCE COSTS

	THE GROUP		THE COMPANY	
	2018	2017	2018	2017
	Rs'000	Rs'000	Rs'000	Rs'000
Interest expense on :				
-Bank overdrafts	5,918	4,449	5,383	3,605
-Bank loans	7,991	8,594	6,261	6,432
-Leases	2,142	2,377	33	104
-Unsecured loans	-	1,181	4,572	5,257
-Debentures	30,810	30,480	26,842	29,243
	46,861	47,081	43,091	44,641

27. EARNINGS PER SHARE

	THE GROUP	
	2018	2017
Profit attributable to equity holders of the parent (Rs'000)	131,078	159,669
Number of shares in issue	26,510,042	26,510,042
Earnings per share - Basic (Rs)	4.94	6.02

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

28. DIVIDENDS

	THE GROUP		THE COMPANY	
	2018	2017	2018	2017
	Rs'000	Rs'000	Rs'000	Rs'000
Dividend on ordinary shares	106,795	86,158	92,785	86,158

Company: Dividend of Rs 3.50 per share paid (2017: Rs 3.25per share).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2018

29. RELATED PARTY DISCLOSURES

	The Company		Subsidiary Companies		Associate Companies		Key Management Personnel		Enterprises with Common Major Shareholders	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
	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	31,032	36,835	282,491	278,436	4,262	3,812	-	-	81,601	108,237
Purchase of property, plant and equipment	26,065	35,141	17,253	13,207	-	-	-	-	26,068	32,815
Sale of goods and services	435,207	640,713	32,332	96,440	56,731	198,463	1,565	1,615	138,178	88,974
Sale of property,plant and equipment	31,169	10,569	-	381	-	-	-	-	-	-
Management fees received	19,831	21,242	-	-	-	-	-	-	-	-
Rental income	38,731	31,675	3,428	2,903	466	466	-	-	-	-
Rental expenses	-	-	33,342	35,044	-	-	-	-	6,736	5,911
Management fees paid	-	-	11,488	14,289	3,804	4,884	-	-	-	-
Interests received	4,721	1,127	346	1,338	-	-	-	-	-	-
Interest paid	4,629	5,094	4,499	1,123	1,222	1,037	-	-	1,507	561
(b) Outstanding balances at June 30,										
Amounts receivable	143,033	89,681	25,288	22,154	10,212	32,216	308	194	29,829	12,985
Amounts payable	42,700	48,798	57,917	59,082	-	-	-	-	21,500	22,409
Loans receivable	124,982	65,793	771	5,425	-	-	-	-	-	-
Loans payable	43,584	43,584	124,982	65,793	-	14,763	-	-	-	-

(c) Compensation of key management personnel

	THE GROUP		THE COMPANY	
	2018	2017	2018	2017
	Rs'000	Rs'000	Rs'000	Rs'000
Short term employee benefits	89,112	81,852	56,296	50,472
Post-employment benefits	10,185	9,581	7,306	7,032
	99,297	91,433	63,602	57,504

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, 2018, the Group has not recorded any impairment of receivables relating to amounts owed by related parties (2017: Nil). The Company has recorded impairment of Rs 75m during the year ended June 30, 2018 (2017: Rs 92m) relating to related parties.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2018

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	
	2018	2017	2018	2017
Capital expenditure:	Rs'000	Rs'000	Rs'000	Rs'000
Contracted for but not provided in the financial statements	54,610	17,453	38,722	-
Approved by the Directors but not contracted for	401,539	356,933	315,874	270,487
	456,149	374,386	354,596	270,487

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

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

	THE GROUP	
	2018	2017
Capital expenditure:	Rs'000	Rs'000
Contracted for but not provided in the financial statements	-	-
Approved by the Directors but not contracted for	13,923	22,407
	13,923	22,407

32. CONTINGENT LIABILITIES

At June 30, 2018, the Group had contingent liabilities in respect of bank guarantees amounting to Rs 10.3m (2017: Rs 9.8m) and contingent liabilities in respect of net current liabilities of one of the Group's subsidiaries amounting to Rs 81.9m (2017: Rs 28.4m), 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 0.9m (2017: 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 actions have been initiated by former employees against the Group in respect of unpaid severance allowances. The estimated payout is Rs 57.5m (2017: Rs 54.7m), should the actions 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 actions will succeed. Accordingly, no provision for any liability has been made in the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2018

33. OPERATING LEASE COMMITMENTS

Future minimum rentals payable under operating leases are as follows:

	THE GROUP		THE COMPANY	
	2018	2017	2018	2017
	Rs'000	Rs'000	Rs'000	Rs'000
Within one year	1,553	4,304	511	924
After one year and before two years	-	3,529	-	255
After two years and before five years	428	1,551	-	-
After five years	523	-	-	-
	2,504	9,384	511	1,179

34. HOLDING COMPANY

The Directors regard IBL Ltd incorporated in Mauritius as the holding company. It's registered address is 4th Floor, IBL House, Caudan Waterfront, Port Louis.

35. EVENTS AFTER REPORTING DATE

There have been no other material events after the reporting date which require disclosure or adjustment to the financial statements for the year ended June 30, 2018.

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 ware 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.

2018

	THE GROUP				
	Building materials		Agriculture	Consolidation Adjustments	Total
	Retail	Core business			
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Revenue	922,488	2,100,777	96,208	(192,418)	2,927,055
Operating profit / (loss)	36,521	205,566	(18,819)	(68)	223,200
Net finance income / (costs)	(655)	37,536	(5,829)	(76,471)	(45,419)
Share of results of associates	-	-	-	14,458	14,458
Profit / (loss) before taxation	35,866	243,102	(24,648)	(62,081)	192,239
Income tax	(5,377)	(38,637)	-	-	(44,014)
Profit / (loss) after taxation	30,489	204,465	(24,648)	(62,081)	148,225
Non controlling interests	-	(13,147)	-	-	(13,147)
Profit / (loss) for the year attributable to the parent	30,489	191,318	(24,648)	(62,081)	135,078

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2018

36. SEGMENTAL INFORMATION (CONTINUED)

2018 (Continued)

THE GROUP

	Building materials		Agriculture	Consolidation Adjustments	Total
	Retail	Core business			
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Other segment information:					
Segment assets	555,973	4,643,653	997,218	(1,401,533)	4,795,311
Investment in associates	-	107,080	-	88,736	195,816
Total segment assets	555,973	4,750,733	997,218	(1,312,797)	4,991,127
Total segment liabilities	193,486	2,220,068	186,464	(737,521)	1,862,497
Capital expenditure					
Property, plant and equipment	13,872	211,356	44,775	-	270,003
Intangible assets	11,438	4,729	-	-	16,167
Depreciation and amortisation	14,144	220,179	9,369	18,263	261,955

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2018

37. FINANCIAL REVIEW

	2018	2017
	Rs'm	Rs'm
THE GROUP		
Share capital	265.1	265.1
Reserves	2,822.4	2,865.7
Equity attributable to shareholders of the parent	3,087.5	3,130.8
Assets	4,987.1	4,971.4
Liabilities	1,862.5	1,797.8
Revenue	2,927.1	2,651.5
Profit before taxation	188.2	205.7
Income tax expense	(44.0)	(34.1)
Profit for the year	144.2	171.6
Dividend	(92.8)	(86.2)

	2018	2017
	Rs	Rs
Basic net assets value per share	116.46	118.10
Basic earnings per share	4.94	6.02
Dividend per share	3.50	3.25

	2018	2017
	Rs'm	Rs'm
THE COMPANY		
Share capital	265.1	265.1
Reserves	2,025.9	2,052.9
Equity attributable to shareholders of the parent	2,291.0	2,318.0
Assets	3,852.7	3,774.6
Liabilities	1,561.7	1,456.6
Revenue	1,600.2	1,401.9
Profit before taxation	161.2	81.1
Income tax expense	(32.1)	(30.1)
Profit for the year	129.1	51.0
Dividend	(92.8)	(86.2)

	2018	2017
	Rs	Rs
Basic net assets value per share	86.42	87.44
Basic earnings per share	4.87	1.92
Dividend per share	4.03	3.25

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 Thursday December 13, 2018 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 2018 of the Company.

2 To receive the report of Messrs Ernst & Young, the Auditors of the Company, for the year ended June 30, 2018.

3 To consider and adopt the Company's and the Group's Audited Financial Statements for the year ended June 30, 2018.

4 To elect as Director of the Company, Mrs Catherine Gris, appointed by the Board of Directors in accordance with Clause 23.5(a) of the Company's Constitution, who offers herself for election upon recommendation from the Corporate Governance Committee, to hold office until the next Annual Meeting.

5 To elect as Director of the Company, Mr Jan Boullé, appointed by the Board of Directors 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.

6 To elect as Director of the Company, Mrs Kalindee Ramdhonee, appointed by the Board of Directors in accordance with Clause 23.5(a) of the Company's Constitution, who offers herself for election upon recommendation from 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 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, 2019 and to authorise the Board of Directors to fix their remuneration.

By order of the Board

BHOONESHI NEMCHAND

Company Secretary

November 28, 2018

Notes:

1. A shareholder of the Company entitled to attend and vote at this meeting may appoint a proxy of his/her own choice to attend and vote on his/her behalf. A proxy need not be a member of the Company.
2. 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.
3. A proxy form is included for this purpose at the end of this report.
4. 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 14, 2018.
5. The minutes of proceedings of the preceding Annual Meeting held on December 12, 2017 are available for consultation by the shareholders during office hours at the registered office of the Company.

PROFILES OF THE BOARD OF DIRECTORS

The profiles of the Directors appointed by the Board of Directors in accordance with Clause 23.5(a) of the Company's Constitution, and who offer themselves for election upon recommendation from the Corporate Governance Committee to hold office until the next Annual Meeting, are detailed hereunder:

Mrs Catherine Gris

Independent Non-Executive Director

Mrs Catherine Gris was appointed as Independent Non-Executive Director to the Board, effective as from October 1, 2018. Born in 1958, she holds a 'Diplôme en Sciences Politiques' from the 'Institut d'Études Politiques' of Paris, France. She has proven experience in strategic economic development and project development. Mrs Gris was the CEO of the Association of Mauritian Manufacturer from October 2009 to June 2018 and is currently coach animator of the 'Association Progrès du Management'. She is also an independent member of the investment committee of The Bee Equity Partners Ltd.

Mr Jan Boullé

Non-Executive Director

Mr Jan Boullé was appointed as Non-Executive Director to the Board, effective as from November 7, 2018. Born in 1957, he is qualified as an 'Ingénieur Statisticien Economiste' (France) and holds a 'Diplôme de 3ème Cycle en Sciences Economiques' from 'Université Laval' (Canada). Mr Boullé is the Non-Executive Chairman of IBL Ltd since July 1, 2016. Prior to this nomination, he worked for Constance Group from 1984 to 2016 and occupied various executive positions and directorships.

Mr Boullé is also a member of the Board of Directors of several major listed companies,namely Alteo Limited, BlueLife Limited, Lux Island Resorts Ltd, Phoenix Beverages Limited, Phoenix Investment Company Limited, The Bee Equity Partners Limited and non-listed Mauritian companies.

Mrs Kalindee Ramdhonee

Independent Non-Executive Director

Mrs Kalindee Ramdhonee was appointed as Independent Non-Executive Director to the Board and nominated as Chairperson of the Audit Committee, effective as from November 7, 2018. Born in 1963, she is a fellow member of the Association of Chartered Certified Accountants. Mrs Ramdhonee has over 20 years of experience in finance and operations management within world class business environments. She has proven experience in accounting, reporting, financial control, credit control, purchasing, treasury, IT, HR and business development functions. After having occupied senior management positions for several years, Mrs Ramdhonee is currently a Consultant at Karics Partners Ltd.

Please refer to pages 67 to 69 for the profiles of the following Directors:

Mr Marc Freismuth

Mr François Boullé

Mr Joël Harel

Mr Laurent de la Hogue

Mr Arnaud Lagesse

Mr Stéphane Lagesse

Mr Thierry Lagesse

Mr Christophe Quevauvilliers

Mr Stéphane Ulcoq

THE UNITED BASALT PRODUCTS LIMITED
PROXY FORM

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

.... being a shareholder/shareholders of The United Basalt Products Limited (the "Company"), 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 Thursday December 13, 2018 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 2018 of the Company.			
2	To receive the report of Messrs Ernst & Young, the Auditors of the Company, for the year ended June 30, 2018.			
3	To consider and adopt the Company's and the Group's Audited Financial Statements for the year ended June 30, 2018.			
4	To elect as Director of the Company, Mrs Catherine Gris, appointed by the Board of Directors in accordance with Clause 23.5 (a) of the Company's Constitution, who offers herself for election upon recommendation from the Corporate Governance Committee to hold office until the next Annual Meeting.			
5	To elect as Director of the Company, Mr Jan Boullé, appointed by the Board of Directors 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.			
6	To elect as Director of the Company, Mrs Kalindee Ramdhonee, appointed by the Board of Directors in accordance with Clause 23.5 (a) of the Company's Constitution, who offers herself 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, 2019 and to authorise the Board of Directors to fix their remuneration.			

Dated this .... day of .... 2018.

....

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

THE UNITED BASALT PRODUCTS LIMITED

HEAD OFFICE
Trianon, Quatre-Bornes
Mauritius
Tel: 454 1964
Fax: 454 6043

www.ubp.mu