INTEGRATED REPORT 2019

Keep Moving

In all its activities, UBP harvests all opportunities. Be it for its employees, for its customers and for tomorrow. The concept of the report emphasizes on UBP's values, which are Integrity, Innovation and Engagement.

Each divider will focus on one value and how it shapes UBP's activities.

Dear Shareholders,

The Board of Directors of UBP is pleased to present its Integrated Report for the year ended June 30, 2019, covering the performance and operations of UBP Group – with a focus on its four main companies: The United Basalt Products Limited (UBP), Drymix Ltd (Drymix), Espace Maison Limitée (Espace Maison) and Compagnie de Gros Cailloux Ltée (Gros Cailloux).

FORWARD-LOOKING STATEMENTS

This report contains certain forward-looking statements regarding the results and operations of UBP Group, which by their nature and material impact involve risk and uncertainty, because they depend on circumstances that may or may not occur in the future. Although the forward-looking statements contained in this presentation are based upon what management believes are reasonable assumptions, undue reliance should not be placed on them.

Stéphane Ulcoq
Group CEO

Table of Content

KEY FIGURES

REVENUE

Rs 3.2 billion

10.6% increase
FROM PREVIOUS YEAR

OPERATING PROFIT OF OUR **retail segment** IMPROVED BY

Rs 4.9 million (+ 13.4%)

Group Operating Profit

Rs 219.2 million 2018 > Rs 279.4 million 2019*

*net of allowance for expected credit losses

27.5% increase
FROM PREVIOUS YEAR

BASIC EARNINGS PER SHARE

Rs 7.19 + 45.5%

A BETTER UNDERSTANDING OF THE REPORT:

ICONS

You will find links throughout this report to guide you to further reading or relevant information.

For more information visit our website **www.ubp.mu**

Cross referencing pages throughout this report to guide you to further reading

KEYS

The United Basalt Products Limited - UBP

Drymix Ltd - Drymix

Espace Maison Limitée - Espace Maison

Compagnie de Gros Cailloux Ltée - Gros Cailloux

THE CAPITALS

Human Capital

Intellectual Capital

Manufactured Capital

Natural Capital

Social Capital

Financial Capital

INTEGRITY

Honesty is our only way

Our stakeholders' trust is our utmost priority. Trust is not built in a day, but year after year. UBP acts with integrity and remains true to its values.

INNOVATION

Innovation is our foundation

For years, UBP has strived to offer more: more products, more solutions, more possibilities to unlock the best opportunities for all.


CAT

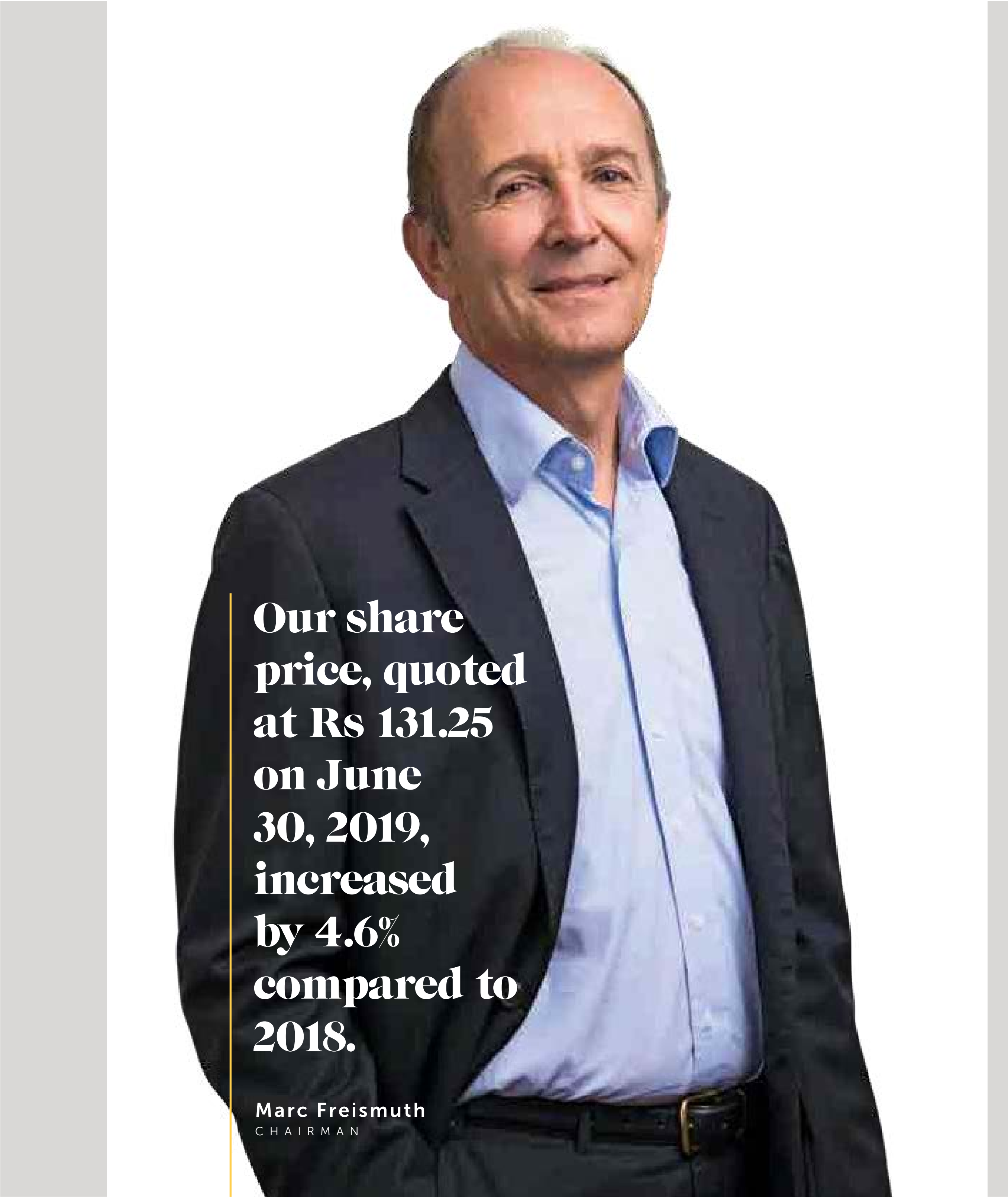
ENGAGEMENT

Our people are our rock

Our employees are our most valuable asset; they lift us, guide the way and work hand in hand to achieve great things.


UBP
UBP

A FAVOURABLE CONTEXT



Our share price, quoted at Rs 131.25 on June 30, 2019, increased by 4.6% compared to 2018.

Marc Freismuth
CHAIRMAN

Dear Shareholders,

On behalf of the Board of Directors, I am pleased to present to you the Integrated Report of The United Basalt Products Limited ('UBP') for the financial year ended June 30, 2019.

Last year, our very first Integrated Report was awarded the *Best Integrated Report* in the category "Other Listed Entities" at the 21st edition of PwC's prestigious Corporate Reporting Awards ceremony. This award, which was reviewed against a rigorous set of criteria, recognises our drive to innovate and signals that we are on the right track in enhancing our brand and stakeholder trust. Integrated Reporting is a journey, and we aim to continue improving the transparency of our reports and communicate meaningful and relevant information to our stakeholders.

Our operating context

Over the last few years, our industry has been subject to macroeconomic volatility, heightened competition and weather-related disruptions. After years of recession, the construction sector began its recovery in 2017 and continues to grow steadily, registering a remarkable 9.5% growth in 2018. This increase is attributed to higher demand from both the public and private sectors. Several public infrastructure projects were kicked off, namely the Road Decongestion Programme and the Metro Express, as well as major private projects, such as Smart Cities, are being implemented. This growth momentum is expected to continue in 2020, which leaves me with a sense of confidence that our business environment will continue to be conducive to UBP Group's growth.

One of the greatest challenges facing our industry is the low availability of skilled workers, and younger workers' lack of interest in construction due to a negative perception of our industry. With millennials set to dominate the workforce in the next ten years, we are faced with the monumental task of reducing barriers to employment and adapting to these new demographics. It is also likely that the advent of the new Workers' Rights Bill will impact our sector, as it may hinder our ability to remain competitive.

As set out in the "Special Climate Risk Report" on page 70, the impact of climate change on our industry, and the world at large, is undeniable. Variations in weather, like the floods we experienced in early 2018, have the potential to provoke delays, create unsafe working conditions and increase risks of injuries, directly impacting our activities and profitability. As natural events become more extreme and common, it has become imperative to prepare for the future. At UBP, we have already begun factoring these risks into our decision-making process, by pursuing adequate sustainability initiatives to mitigate our impact on the environment.

A focus on value creation

A fundamental measure of UBP Group's success is the shareholder value we are able to create over the long term. Since being listed on the Stock Exchange of Mauritius Ltd ('SEM') in 1989, we have consistently yielded positive returns and featured on the SEM's top ten value-creators based on annualised Total Shareholder Return. We remain as committed as ever to earning a fair return for our shareholders. This year, building on our long-standing track record, the Board has declared a final total dividend of Rs 3.80 per share, an increase of 8.6% on the previous year. Our share price, quoted at Rs 131.25 on June 30, 2019, increased by 4.6% compared to 2018.

UBP Group's performance and achievements for FY2018-19

FY2018-19 was a year of strong performance for UBP Group, during which we delivered a record turnover of Rs 3.2 billion, a 10.6% increase compared to FY2017-18. Our operating profit, net of allowance for expected credit losses, increased by 27.5% to reach Rs 279.4 million for the year under review, while our net profit increased by 43.7% to Rs 207.3 million.

Despite the substantial investments made during the year, our current financial situation remains strong and on an upward trend. Our Group has always believed in steady, sustained growth. This year, our gearing ratio decreased slightly, which demonstrates our ability to pursue growth without increasing our debt. It also reflects our approach to success, which is grounded in a long-term view, rather than on taking excessive risks to maximise short-term earnings.

While we are satisfied with this year's overall performance, we are aware that substantial progress can be made. Our core business performed well locally, even exceeding our expectations. However, we remain concerned about the situation within our foreign subsidiaries. Though we received the permit that allowed us to restart our activities in Sri Lanka, the country was struck by a terrorist attack in April 2019, which directly impacted our operations. Madagascar's complex business environment, coupled with a lack of transparency and administrative constraints, continue to pose a challenge. We are exploring strategic local partnerships, which will be key in strengthening our footprint regionally.

We continued to advance on our long-term strategic vision announced last year. Our three-year project, named Univision, aims to transform the Group in a way that capitalises on the existing synergies between its entities. Our activities are, by their very nature, complementary. Once they join forces and merge into a unified portfolio of products and services, we expect the results to be far greater than if each entity

A FAVOURABLE CONTEXT

maintained standalone operations. We have initiated the transformation process to set up an organisational structure that aligns the value propositions and capabilities of UBP, Drymix, Gros Cailloux and Espace Maison.

Maintaining our edge in a competitive market depends on our ability to diversify our product offerings. Innovation, which is a core tenet of our Group's values, drives our strategy, operations and corporate culture. We have expanded our product range, placing renewed focus on the end-customer and intermediary actors of our supply chain—engineers, architects, quantity surveyors, contractors... Under our new subsidiary, UBP Coffrages Ltée, we plan to rent a new type of formwork, characterised by its low weight, enabling contracting companies to save precious time. In parallel, UBP launched its new bagged products, while Espace Maison pursued its digital transformation strategy. We intend to continue introducing innovative products and services to the market, with the aim of positioning ourselves as a partner of choice for both contractors and end users.

A strategy underpinned by digitalisation and sustainability

At UBP, we are challenging ourselves to change the way we source and grow, so we can preserve our natural resources and reduce our environmental impact. This requires integrating Sustainability into our strategies and operations, and having a strong commitment to innovation. Gros Cailloux remains a prime example of our progress in this area. Its activities are centered around permaculture, organic gardening and a greener lifestyle. We also appointed a Sustainability Manager for the Group, whose role is to ensure that we set and meet our goals with respect to all six capitals.

An evolving marketplace has prompted us to invest in digitalisation to improve how we serve our customers. During the year, we formalised a Digital Plan at Group level, which sets out a roadmap that spans the next five years. We made notable progress within Drymix and UBP, which are both nearly equipped with CRMs to streamline sales operations and increase efficiency. Espace Maison launched the fourth version of its mobile app, with a new "Scan and Go" feature. UBP, as a Group, is evolving towards a more flexible business model that responds quickly to customer expectations and market shifts.

Strengthening UBP Group's corporate governance

Over the last two years, conforming to the requirements of the New Code of Corporate Governance and strengthening our good practices have been at the top of the Board's agenda. Our charters and policies, which now include a new Conflict of Interests Policy and a Whistleblowing Policy, enable us to maintain the high standards of ethics and integrity that are part of our core values and critical to our long-term success. We have also improved the gender balance on our Board, having welcomed two women, whose extensive experience and knowledge have already proven to be invaluable to the Group's decision-making.

Priorities for FY2019-20

Enhancing our efficiency and customer experience are top priorities for the Group. The construction industry has been slow to embrace change, but it is time to accelerate the adoption of digital tools. Our focus is to bring greater efficiency and scalability to our supply chain by automating administrative and operational processes.

Looking ahead, our success depends on our ability to find skilled workers, retain them and inspire their loyalty, particularly because we operate in an industry in which experience and know-how are essential to our success. Without the right resources, we will be unable to support the influx and complexity of projects. In addition, with a generation of tech-savvy professionals joining our workforce, implementing the right talent management practices is crucial. Career development programmes, increased training and a Group-wide sharing of knowledge will allow us to nurture new capabilities and build the leaders of tomorrow.

Outlook for the future

Having ended FY2018-19 on a positive note, I have good reason to believe that next year's results will outperform this year's. During this transitional and transformational phase, we built a strong foundation of deeply held values — Integrity, Engagement and Innovation — a clear vision and a strong team. Now that the headwinds we confronted over the years are subsiding, I am optimistic that we are on course to deliver on our long-term goals.

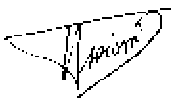
Acknowledgments

I would like to thank my fellow Directors for their continuous guidance and counsel over the past year.

I would also like to express my gratitude to senior management and all our employees who have been at the forefront of UBP Group's ongoing transformation. Our Group CEO, Stéphane Ulcoq, has inspired our team members to work in more collaborative and innovative ways. His actions have been essential to our performance, and for this I thank him.

On behalf of the Board, I would like to extend my appreciation to Jean-Claude Maingard and Jean Mamet, who retired from UBP's Board during the year. Their dedication to the Group, for 11 and 14 years respectively, is greatly valued. I am also pleased to welcome our newly elected Board members, who will be key in shaping the Group in the coming years.

Finally, thank you to our clients and partners, and to you, dear shareholders, for your unstinting support. The UBP Group is well positioned for the future, and we look forward to creating value for all our stakeholders next year, and beyond.



Marc Freismuth
Chairman

INVESTMENT CASE

CREATING VALUE

Our strategy (refer to page 56) and our ambitions are clear, and we measure and manage our ongoing progress using financial and non-financial targets set for 2020. We have embarked on the Univision project, which will span over the next two years, in view of restructuring the Group, enhance our proximity to stakeholders and increase our efficiency. With a positive local economic outlook, a solid business model and strategy, we believe the Group should continue to deliver competitive returns and value for its shareholders.

FINANCIALS

We are a diversified Group, with a focus on the built and living environment that provides attractive and sustainable returns to our shareholders. We have a solid asset base, a low gearing level, strong cash generation, high investment in production capacity enhancement and easy access to capital to fund our growth.

REVENUE 2019

Rs 3.2 billion

+10.6% over 2018

+37.0% since 5 years

OPERATING PROFIT 2019

Rs 279.4* million

+27.5% over 2018

*net of allowance for expected credit losses

NET PROFIT 2019

Rs 207.3 million

+43.7% over 2018

EARNINGS PER SHARE

Rs 7.19

Rs 4.94 2018

DIVIDEND PER SHARE

Rs 3.80

Rs 3.50 2018

AVERAGE DIVIDEND PAYOUT RATIO

63.1%

OVER THE PAST FIVE YEARS

SHARE PRICE

Rs 131.25

+4.6% over 2018

+56.3% since 5 years

COMPOUND AVERAGE ANNUAL GROWTH RATE OF SHARE PRICE

9.3%

OVER THE PAST FIVE YEARS

COMPOUND AVERAGE ANNUAL TOTAL SHAREHOLDERS' RETURN

11.9%

OVER THE PAST FIVE YEARS

INVESTMENT CASE

UBP was among the first 5 companies to be listed on the stock exchange in 2009, and is currently ranked among the top 10 listed companies in terms of annualised return on investment since its IPO.

UBP'S KEY COMPETITIVE STRENGTHS

1. Strong local market position

Our strong local knowledge and market intelligence enable us to have a wide market reach, in both B2C and B2B segments. Growth areas include the Metro Express project, the Road Decongestion Programme, Smart Cities and Low Cost Housing projects.

2. Innovation, new products and services

A continued focus on innovation, better construction methods, and new product development ensure that we focus on materials technology capabilities and customer needs. This year, we launched our new bagged items, set up a subsidiary involved in the renting of new lighter formworks, and pursued the continued digitalisation plan of Espace Maison's sales process and service.

3. Embedded company culture

UBP Group creates value for shareholders by embedding our 'raison d'être' - Build together a better living environment - and our core values in everything we do. This provides us with a unique set of behaviours and a culture that resonates with all employees, creating an engaged and positive workforce, while encouraging performance and leadership.

INTEGRITY: We strive to demonstrate an exemplary attitude, remain true to our values and are committed to acting with honesty, transparency and sincerity.

ENGAGEMENT: We keep our word and deliver on our promises. We engage our people by empowering them to make decisions that improve their work and benefit both our customers and our Company. We walk the talk and value the extra mile.

INNOVATION: We are open to ideas that challenge the conventional and traditional approach. We encourage proactivity, creativity and cross-functional collaboration to drive innovation.

4. The long-term approach

At UBP Group, we take a long-term view of our strategies, and we aim to ensure that the Company, the communities and the natural environment we operate within, thrive in this future. We are therefore taking stock of our impact on our natural capital and related risks, seeking out ways to continuously improve our positive contribution

About us

GROUP STRUCTURE

GROUP STRUCTURE

The United Basalt Products Limited

SUBSIDIARIES

- 100% Espace Maison Ltée
  - 100% La Savonnerie Créole Ltée
- 100% Compagnie de Gros Cailloux Limitée
- 100% Société d'investissement Rodriguais
  - 75.9% Welcome Industries Ltd
- 100% UBP International Limited
  - 77% United Granite Product (Private) Limited
  - 100% DHK Metal Crusher (Private) Limited
  - 100% Sheffield Trading (Private) Limited
- 100% UBP Madagascar
- 90% UBP Coffrages Ltée
- 76.5% Sainte Marie Crushing Plant Limited
  - 100% Société des Petits Cailloux
- 51% Drymix Ltd
  - 80% Drymat SAS (Réunion)
- 100% Land Reclamation Limited
- 100% Stone and Bricks Limited
- 100% The Stone Masters Co. Ltd
- 100% Pricom Ltd

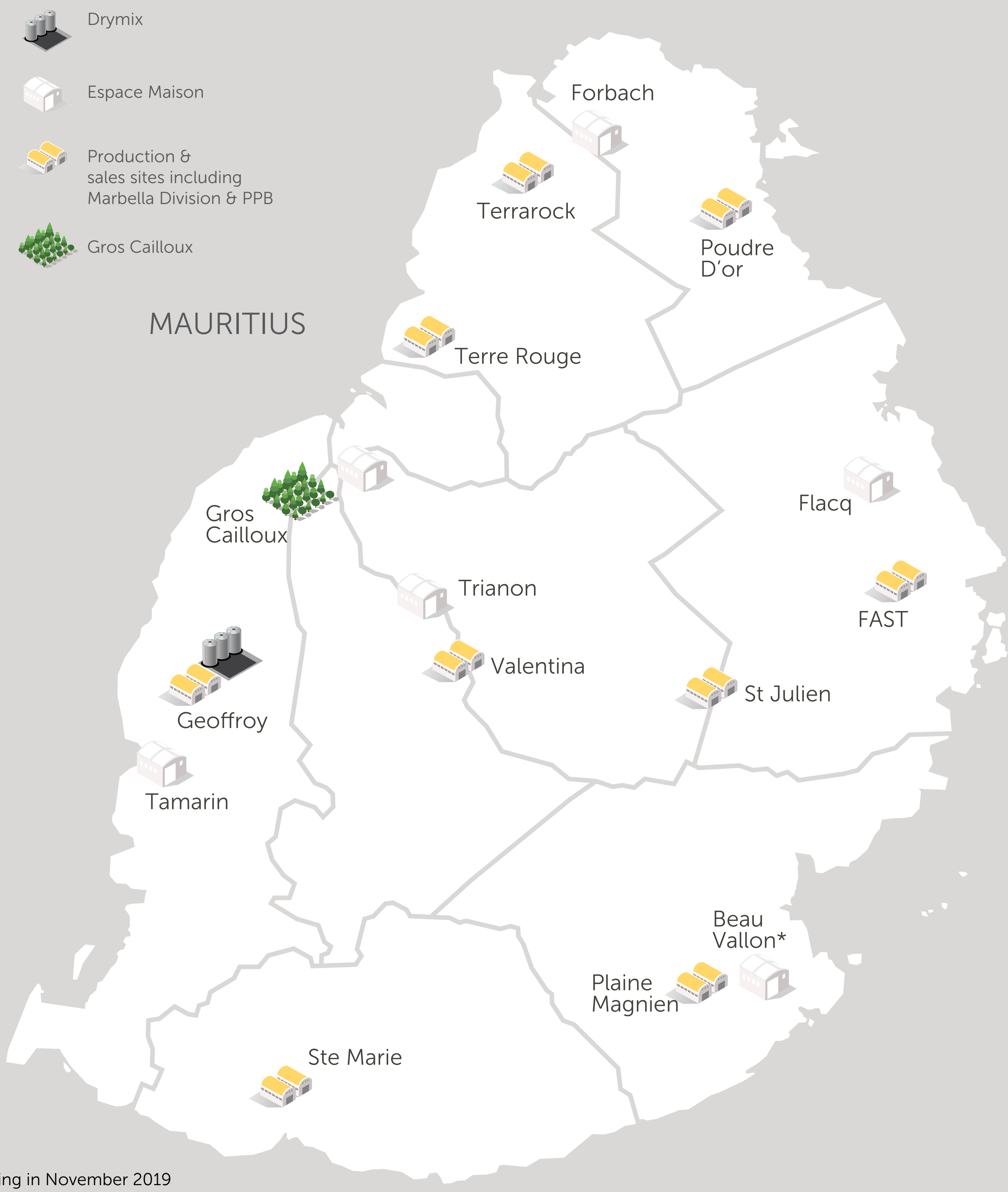
ASSOCIATES

- 49% Pre-Mixed Concrete Limited
- 46% Terrarock Ltd
- 34% Prochimad Mines et Carrières SARL*
- 25% Sud Concassage Limitée
- 25% Cement Transport Ltd
- 20% Compagnie Mauricienne d'Entreprise Ltée

■ Operational ■ Dormant

* Via UBP Madagascar

WHERE WE OPERATE



*Opening in November 2019

OUR SITES OUTSIDE OF MAURITIUS

RODRIGUES

Welcome Industries Ltd

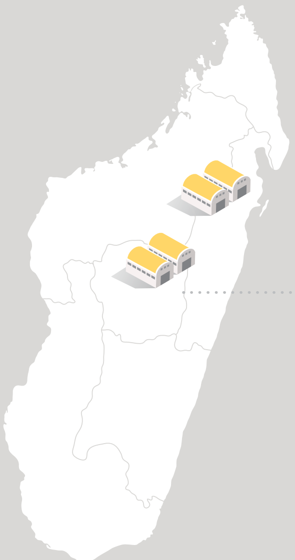
Contribution to Group profit after tax: **Rs 5.8 million**
Date of establishment: **1993**
Manager: **Jean-Pierre Rose**
HQ: **Plaine Corail**
Permanent employees: **37**
Aggregates and rocksand production capacity: **>140,000 tonnes**
Blocks production capacity: **>1,650 000 units**

SRI LANKA

United Granite Products (Private) Ltd: UGPL

Contribution to Group profit after tax: **Not profitable yet**
Date of establishment: **2000**
Managers: **Shanaka Kumaratunga and Buddika Perera**
HQ: **Kalutara**
Permanent employees: **38**
Production, which started in March 2019: Premium sand and chips

MADAGASCAR



UBP Madagascar

Contribution to Group profit after tax: **Not profitable yet**
Date of establishment: **1999**
Manager: **To be appointed**
HQ: **Antananarivo**
Permanent employees: **110**
Aggregates and rocksand production capacity: **>300,000 tonnes**
Blocks production capacity: **>950,000 units**

COMPANY PROFILES

The Group's activities span three main segments: stone crushing (core business), 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

EST
1953

UBP is referred to as both a company and as a Group. In this report, when we refer to UBP Group, we include all subsidiaries in Mauritius. Rodrigues and overseas subsidiaries are mentioned separately as needed.

UBP is a publicly listed company with nearly 5,000 shareholders. As a market leader in the construction industry, UBP currently manages seven production and sales sites, and two sales depots, located across the island.

Drymix

EST
1996

Drymix, a trailblazer in its field, is the first ready-to-use dry mortar manufacturer in Mauritius. Since its inception, Drymix has developed a range of high-quality, locally designed and manufactured products.

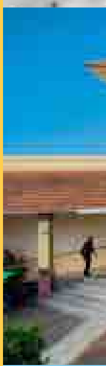
Drymix activities have proven vital in UBP Group’s overall expansion. The 70,000 tonnes plant capacity maintains the ability to supply both the local and regional markets with ease.

Espace Maison

EST
2002

Espace Maison, a home retailer, offers over 35,000 products and holds exclusive distributor rights within Mauritius for brands such as Wirkin, Wenko and Royal Canin, amongst others, available in our stores spread across the island. The stores carry products extending across the following categories:

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

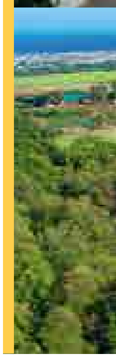


Gros Cailloux

EST
2004

Gros Cailloux specialises in three main activities. Firstly, agriculture: sugar cane fields, decorative plants and food crops.

Secondly, landscaping services and a nursery. Lastly, situated at the heart of Gros Cailloux is a leisure park consisting of an area designed for events, and the Tekoma restaurant. The vast property facilitates an array of activities such as mountain biking, quad biking, fitness trails, paddle boats and a new zip-line.



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 building materials. On the other hand, "UBP Group" refers to UBP Company together with all its subsidiaries in Mauritius.

Group CEO:
Stéphane Ulcoq

HQ: Trianon

Permanent employees:
853

Contribution to group profit after tax:
Rs 242.1 million

General Manager:
Jean-Claude Bellepeau

HQ: Bambous

Permanent employees:
78

Contribution to group profit after tax:
Rs 30.6 million

General Manager:
Benoit Béchard

HQ: Trianon

Permanent employees:
272

Contribution to group profit after tax:
Rs 36.9 million

General Manager:
Christopher Blackburn

HQ: Petite Rivière

Permanent employees:
147

Contribution to group profit after tax:
Rs -40.9 milliion

BOARD OF DIRECTORS

From left to right: Kalindee Ramdhonee | Laurent de la Hogue | Marc Freismuth (Chairman) | Stéphane Ulcoq (Group CEO) | Christophe Quevauvilliers | Joël Harel | Jan Boullé | Thierry Lagesse | François Boullé | Arnaud Lagesse | Stéphane Lagesse | Catherine Gris

Respective profiles are detailed on pages 79 to 81 of this report.

MANAGEMENT TEAM

Christophe Quevauvilliers
Group Finance Manager & Executive Director

Laurent Béga
Group Engineering Manager

Bhooneshi Nemchand
Head of Corporate Secretarial Services & Company Secretary

Bryan Gujjalu
Group Business Development Manager

Dwight Hamilton
Group IT Manager

Bruno De Speville
Marbella Division Manager

Christopher Blackburn
General Manager of Compagnie de Gros Cailloux Limitée

MANAGEMENT TEAM

Gino Gunness
Group Assets & Procurement Manager

Jean-Claude Bellepeau
General Manager of Drymix Ltd

Dhuenesh Rambarassah
Financial Controller

Bruno Couve
General Manager of UBP Coffrages Ltée

Jean-Marc Selvon
Sales Manager
Amaury Lacoste
Production Manager
Jean-Jacques Julienne
Head of Operations

MANAGEMENT TEAM

Edley Michaud
Personnel Manager

Francis Koenig
Quarry and Field Manager

Ashwin Ramsaha
PPB Division Manager

Rémi de Gersigny
Project and Business Development Manager

Stéphane Ulcoq
Group CEO
& Executive Director

Benoit Béchard
General Manager of
Espace Maison Ltée

Alan Cunniah
Group Human
Resource Manager

MANAGEMENT TEAM

Stéphane Ulcoq

Group CEO and Executive Director

Mr Stéphane Ulcoq joined the Company as Assistant Works Manager in 2000 and was promoted to the post of 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, and in December the board appointed him as Deputy CEO. He 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.

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 September 24, 2015, Mr Quevauvilliers resigned as Company Secretary and was appointed 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.

Dwight Hamilton

Group IT Manager

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

Alan Cunniah

Group Human Resource Manager

Mr Alan Cunniah joined the Group in July 2018 as Group HR Manager. His responsibilities include the supporting of management and staff in achieving their strategic and operational objectives, and coordinating all aspects of Human Resource Management activities, such as employee compensation and rewards, 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 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 UBP Group.

Gino Gunness

Group Assets and Procurement 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 General Manager of UBP Madagascar Sarl. Upon his return to Mauritius in 2012, he was appointed 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 Assets and Procurement Manager.

Jean-Marc Selvon

Sales Manager

Mr Jean-Marc Selvon joined Pre-Mixed Concrete Ltd as 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 Drymix 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 the overall core business sales function.

Dhuenesh Rambarassah

Financial Controller

Mr Dhuenesh Rambarassah 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 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 Project and Commercial Manager of Espace Maison Ltée. In January 2016, Mr de Spéville was appointed 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 Limitée 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), Mr Blackburn oversees all agricultural activities of the Group.

Jean-Claude Bellepeau

General Manager of Drymix Ltd

Mr Jean-Claude Bellepeau joined Pre-Mixed Concrete Ltd as Operations Manager in 2003 and was promoted General Manager of Pre-Mixed Concrete Ltd and Drymix Ltd in 2008. In 2011, further to the reorganisation of the two companies, Mr Bellepeau directed the integration of Drymix Ltd into the UBP Group and is henceforth the General Manager of the company.

Jean-Jacques Jullienne

Head of Operations

Mr Jean-Jacques Jullienne, joined the Company as Head of Operation in September 2019. He is the holder of an MBA International Paris from the University of Paris-Dauphine & IAE Paris, and a National Diploma in Mechanical Engineering from the Technical College of Durban in South Africa. He started his career in 1992 as Assistant Garage Manager at the MTMD sugar estate. He then joined Bell Equipment Ltd, where he last held the position of Production & After-Sales Manager. After five successful years, Mr Jullienne moved to Madagascar as the Managing Director of the Bell Equipment Pty dealer, Triumph International SARL. In 2005, he joined the Malagasy subsidiary of Forges Tardieu Ltd., namely Systec Sarl, still as Managing Director. Upon his return to Mauritius in 2007, he became successively the Deputy Managing Director and the Chief Operations Officer – Oil & Gas – of Forges Tardieu Ltd.

Bruno Couve

General Manager of UBP Coffrages Ltée

Mr Bruno Couve has a background in Finance and Accounting coupled with entrepreneurial skills. During the last forty years, Mr Couve has been exposed to multiple aspects of business and has held various senior management positions in other companies before joining the Group as General Manager of UBP Coffrages Ltée in March 2019.

Bhooneshi Nemchand

Head of Corporate Secretarial Services & 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. She has been promoted to the past of Head of Corporate Secretarial Services since July 2019.

TIMELINE

1953
UBP is founded through the merger of three companies, led by Mr 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 Espace Maison store in Trianon.

2004
UBP acquires Compagnie de Gros Cailloux Limitée ("Gros Cailloux") for its rock bank.

2005
Espace Maison opens new outlets in Forbach and Tamarin.

2006
UBP acquires a crushing plant in St 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 outlet in Flacq.

2012-13
Modernisation of Geoffroy crushing plant; Upgrading of St Julien crushing plant.

2015
UBP builds a new 2000 m^2 warehouse; Installation of automatic dosing system for additives; Gros Cailloux launches its vegetable-growing activities.

2018
The Group restructuring process begins; Gros Cailloux launches Bio Pesticide ; Espace Maison launches its e-commerce site with over 18,000 products, as well as La Savonnerie Créole Ltée.

1982

UBP takes over Marbella Ltd, a marble factory.

1993

UBP invests in 'Welcome Industries' in Rodrigues.

1999

UBP Madagascar (formerly known as UBP Tana SARL) is born.

1995-96

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

2016

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

2017

Sud Concassage Ltée ceases its activities and almost all of its employees are relocated; Espace Maison renovates its outlets in Trianon, Forbach, Tamarin & Flacq; Espace Maison launches its first mobile app.

Review FY2018-19

- 2018 was a year of renewed growth for the construction sector, achieving a 9.5% growth. After years of sluggish growth, 2018 marked a real turn for our Group, garnering optimism.
- As a result of our efforts during the previous year, the Group achieved a 10.6% revenue increase from 2018, rising to reach Rs 3.2 billion compared to Rs 2.9 billion for FY2017-18.
- Operating profits increased from Rs 219.2 million (FY2017-18) to Rs 279.4 million mainly attributable to our core business performance locally.
- Notable accomplishments: launch of Espace Maison's e-commerce website and a new version of its mobile app including a new "Scan and Go" feature, introduction of our new rocksand bag sizes in November 2018 and finally our first award-winning Integrated Report.

2019 AT A GLANCE

September'18:

1. Our first trail race in Rodrigues, with over 250 participants.
2. The 6th edition of "Les Chiens et les Chats font leur show" at Domaine de Gros Cailloux.

October'18:

1. Espace Maison launched its online purchasing application in replacement of the VIB card.
2. Agile Leadership and Digital Transformation Workshop for enhanced business agility skills.
3. Launch of Club Espace Maison, loyalty programme offering redeemable points, discounts and deals.
4. Celebrated 5th year of "Made in Moris" as one of its founding members.

November'18:

1. Commercialisation of UBP's new bagged products for macadams, rocksand and rocksand plaster. A factory dedicated to this product was installed in Geoffroy.
2. Sponsored the International Conference of Engineers "Contribution of Engineers to Development Past, Present and Future".

December'18:

1. Group end-of-year party for the annual gathering of the entire UBP family.
2. 21st edition of the National UBP Tennis Championships.

January'19:

1. We started the year by ordering high-tech equipment for increased production efficiency.

February'19:

1. The annual UBP and Drymix roadshow, consisting of visits to contractors on site across the island, to showcase our range of products.
2. EML's Tropical Chic party at Île des Deux Cocos, where the best performing teams were rewarded for their hard work.

March'19:

1. Awarded Best Integrated Report by PwC Mauritius, in the category 'Other Listed Entities'.
2. Bronze sponsor for 'IBL on the Move' and participated in the Triathlon Donation Challenge with 8 employees taking part in various sports.

ODYSSEA/EPIKA

April'19:

1. Launch of the Univision Project.

May'19:

1. Gros Cailloux was the gold sponsor of the 'Odyssea Maurice' race for breast cancer, during which Rs 900 000 were raised and donated to 'Breast Cancer Care' and 'Link to Life'.
2. Launching of Drymix's "TI BETON".

June'19:

1. Launch of the UBP Learning and Development Programme - an internal training centre.

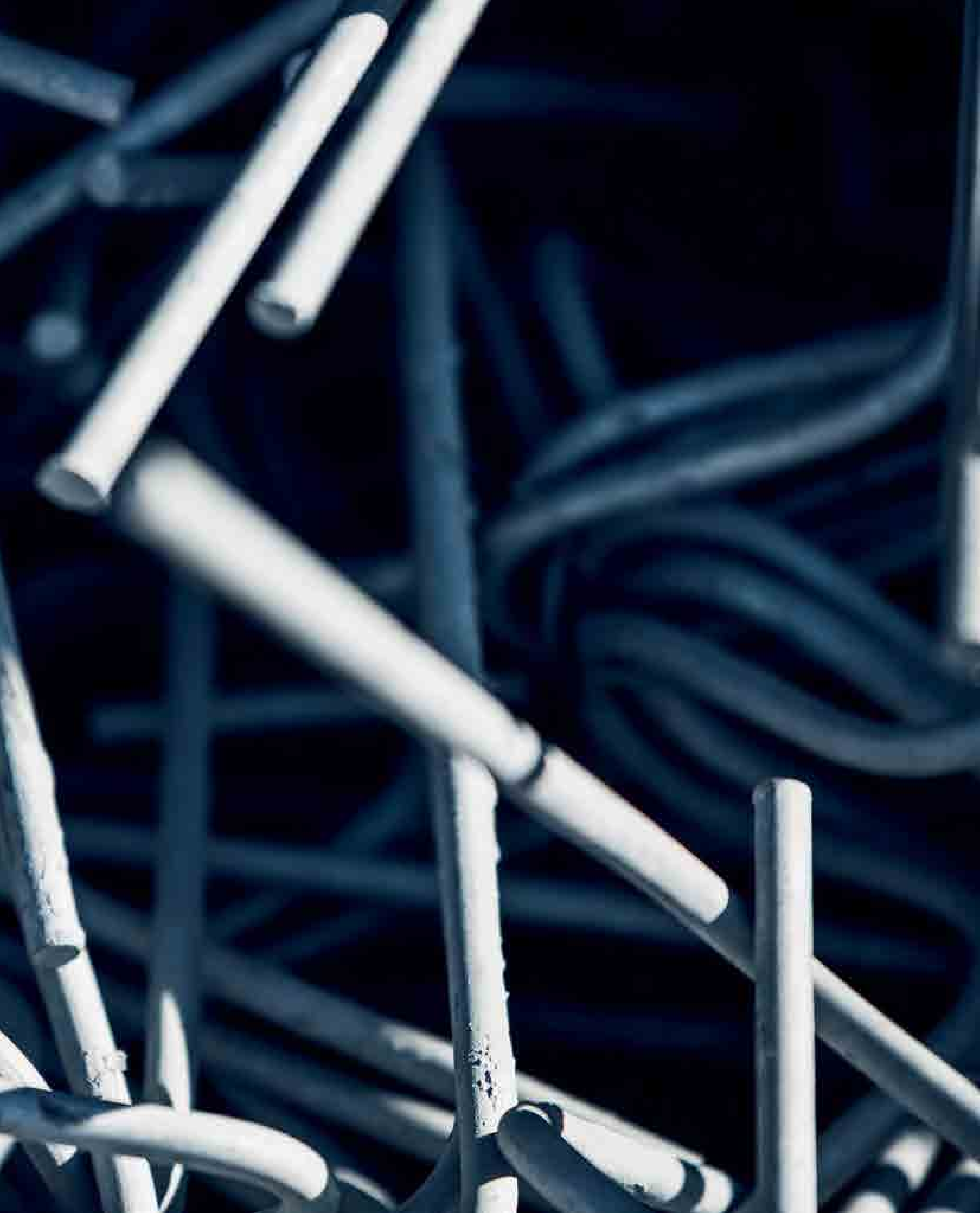
How we create value

Interview with the CEO

Our flourishing business canvas

Our value creation model

Our value chain



A YEAR OF GROWTH

Most of our entities experienced growth, leading to a 10.6% increase in Group revenue

Stéphane Ulcoq
GROUP CEO

How did UBP Group perform in FY2018-19?

The FY2018-19 was marked by intense activity and new growth prospects for UBP Group. We redefined our core values—Integrity, Engagement and Innovation—what we stand for and what we aspire to achieve. After a few years of confronting headwinds, we are finally reaping the benefits of our investments and efforts. We successfully delivered on many of the goals we communicated last year, made possible by relentless innovation, a forward-looking approach and a robust long-term strategy. In addition, we were awarded the “Best Integrated Report” in the “Other Listed Entities” category at PwC’s Corporate Reporting awards, a testament to our hard work and commitment to creating stakeholder value.

Overall, our performance exceeded expectations. Most of our entities experienced growth, leading to a 10.6% increase in Group revenue and enabling us to surpass the Rs 3 billion mark for the first time ever. This represents a major milestone in our track record, which is largely attributable to our core business segment locally. Drymix generated the profitability levels we were accustomed to two years ago, before the substantial investment made in the factory upgrade. Abroad, although we did not meet the financial targets we set for our subsidiaries, we capitalised on a few strategic opportunities and experienced overall growth. That being said, we remain preoccupied by the situation overseas, and our greatest priority moving forward will be to maintain stability and ensure profitability.

What were the major highlights of UBP Group’s performance this year?

The burgeoning growth that the construction sector experienced last year gathered more speed, reaching a 9.5% growth for the year 2018. Demand for building materials soared, with major investments in infrastructure projects of national importance—Metro Express, Road Decongestion Programme and Côte-d’Or Sports Stadium—and the implementation of sizable private sector projects. The weather-related setbacks we were confronted to last year subsided, with no major climatic disruptions to account for. As the Government is placing renewed emphasis on modernising the country’s infrastructure, the industry is predicted to maintain its growth.

Locally, the Group recorded positive growth, with a 27.5% increase in our operating profit, net of allowance for expected credit losses. Espace Maison’s revenue decreased by 2.9% this year, due to a drop in the number of project sales. On the upside, major progress was made on the retail front, with a sixth store set to open in Beau Vallon in November 2019. Shop sales performed better, thanks to increased margins. In parallel, our digitalisation efforts have already yielded positive results. The integration of a Warehouse Management System (WMS) has enabled us to streamline Espace Maison’s day-to-day operations; from better inventory management and distribution of orders, to the optimisation of the purchasing process, we now have greater visibility into our supply chain and are able to make quicker business decisions. With a state-of-the-art e-commerce platform, the launch of the fourth version of its mobile application and a strong operational team, Espace Maison is well-equipped to continue on its growth path and remain a pioneer in its sector of activities.

Gros Cailloux’s performance for the year was directly impacted by a drop in sugar proceeds and lower yields from our vegetable-growing activities, coupled with an adverse fair valuation of our standing crops and bearer biological assets. Our results were further impacted by a Rs 10.1 million write-down of our land conversion rights to its realisable value and by an impairment of our investments, as well as a one-off additional debtors provision resulting from the adoption of the new IFRS 9.

Although our core business segment results increased overall, our overseas subsidiaries continue to perform badly. After resolute negotiations with the authorities in Sri Lanka, I am pleased to share that we obtained our third permit, which enabled us to kickstart our sand manufacturing activities. The country is currently seeing a sustained development of construction projects, with its infrastructure requiring a revamp and a fast-growing real estate sector. Demand for our premium sand remains high, and I am confident that we are producing the best rocksand available in Sri Lanka.

Madagascar continues to remain a challenging country to do business in. The series of mismanagement and administrative issues we faced last year have unfortunately persisted. Despite hiring new people to help us navigate the local environment, our high employee turnover rate hindered our ability to pursue our activities. Though the situation is relatively stable, we are acutely aware of operating in a country where unexpected challenges may recur. In fact, Madagascar was ranked 161st among 190 economies in the ease of doing business, according to the World Bank. Political fragility, a lack of infrastructure and lengthy administrative procedures still characterise the Malagasy business environment, and the challenge of finding the right resources only amplifies it. We have devised a strategy that involves strategic partnerships with local partners. Moving forward, we are approaching the situation with prudence and caution, focusing on steady growth. Meanwhile, the situation in Zambia remains unchanged.

What were the major strategic undertakings of the year?

While we came up short in our financial performance overseas, we made major progress against our strategic objectives locally. Fuelled by our innovative spirit, which constitutes one of our core values, we invested in several areas that are likely to drive considerable growth next year, and over the long term.

As announced last year, we launched a new bagging plant in November 2018, targeting aggregates and rocksand which we then distribute through our Espace Maison stores. The response so far has been remarkable. The market has been quick to adapt to our product, which reveals the Do-It-Yourself (DIY) trend that has caught on in Mauritius and the enormous potential that this market holds. In the same vein, Drymix introduced “Ti Béton” bags in May 2019, designed for DIY enthusiasts who require small quantities of concrete, and no longer have to resort to using a professional for small-scale works. These products have

A YEAR OF GROWTH

encouraged closer collaboration between UBP, Espace Maison and Drymix, bringing us a step closer to our Univision Strategy, which seeks to capitalise on the synergies between our entities and their complementary activities.

Univision requires a Group-wide reorganisation and greater flexibility in order to achieve our goal of creating a one-stop-shop for all our customers' construction needs. One of the quick wins we identified was to restructure UBP in a way that optimises our agility. In September 2019, we appointed a Head of Operations whose main responsibilities are to oversee our core business activities and accelerate the entity's digital transformation initiatives. Ultimately, our vision is to create synergies between our four entities, and enable them to function as one single portfolio of products and services.

We created a new subsidiary for Drymix, named Drymat SAS, in Reunion Island. While Drymix holds 80% of the shares, a local partner detains the remaining 20%. Our ambition is to expand our activities in Reunion Island, in which we identified massive potential for growth. With our local partner and a Sales Manager on site, we are integrating a brand new segment, targeting contractors, craftsmen and other individuals in addition to larger players. Our warehouse is up and running and offers two main products: mortar and tile adhesives.

Additionally, we created a subsidiary for UBP named UBP Coffrages Ltée, with a brand new value proposition. Beyond our usual products, we are now bringing forth an innovative concept that positions us as a solution provider. We have extended our offering to include the rental of reusable formwork satisfying a range of necessities, from columns and pillars, to foundations and walls. To achieve this, we partnered with German brand PERI, one of the world's largest manufacturers and suppliers of formworks. The uniqueness of this product lies in its low weight, making it easy to assemble, handle and reuse. Our aim is to make life easier for our clients, by helping them avoid unnecessary effort, lowering their costs and labour, and allowing the site to focus on its actual building progress.

In addition, one of our biggest accomplishments and innovations this year was an investment in a semi-mobile crushing plant in May 2019. As congestion is predicted to increase over the next few years, we had the foresight to implement a solution that reduces the movement required between a construction site and a conventional fixed crushing plant. Designed to easily crush various materials to the desired effect, the semi-mobile plant can be relocated to different construction sites, optimising transportation costs and reducing installation. Beyond increasing our production capacity, the plant is a sustainable alternative that will also avoid unnecessary CO_2 emissions and decrease our workers' exposure to injuries. We are still in the process of obtaining the relevant permits, which may be a lengthy process given that the semi-mobile plant is the first of its kind in Mauritius. Globally, construction is veering towards mobile plants, and as pioneers in our industry, we intend to continue remaining at the forefront of new innovations.

How is Espace Maison faring since the launch of its e-commerce platform, and what's next?

Espace Maison is pursuing its omnichannel expansion strategy. Its e-commerce platform and retail stores are aligned in their value propositions, which are centred around service excellence and customer satisfaction. The sixth store, set to open in Beau Vallon, will have a "drive in" option for trucks. Espace Maison is on course to achieving its three-year digital strategy, and has continued developing state-of-the-art features. We released the fourth version of the mobile application, which integrates a Scan & Go feature, allowing in-store clients to create a digital basket by simply scanning the items they wish to purchase, and checking out at a dedicated counter.

The e-commerce platform, for its part, is progressively driving traffic. Even though our number of visits continues to increase, we have observed that Mauritians have a preference for brick-and-mortar shopping. Our next steps are to continue improving the customer experience through a fast-tracked checkout process and the use of Virtual Reality for an immersive shopping experience.

In parallel, IBL launched its loyalty programme, wiiv, of which Espace Maison is a partner. Customers who shop at any of our stores can collect points, earn discounts and redeem rewards through the mobile app. In conjunction with our very own rewards programme, Club Espace Maison, we expect members to enjoy greater benefits, and Espace Maison to gain greater visibility and enhanced customer loyalty.

How is UBP Group addressing its responsibility towards the planet and society?

Climate change poses an existential threat, and our industry, by its nature, is hugely complicit. Its effects are self-evident, with disasters increasing in frequency and intensity. Record heat waves have impacted the globe, and it is the responsibility of leaders, UBP Group included, to pave the way. It is this very awareness that prompts us to invest heavily in sustainable innovations. Going green is no longer a cost; instead, we view it as a catalyst for innovation and growth opportunities. Espace Maison stores, for instance, are powered by energy-efficient lighting, and favour the purchase of eco-friendly products; Gros Cailloux employs smart agricultural practices and has taken on a pedagogic role in raising awareness of green practices across Mauritius; UBP's Smart Blocks range is environmentally-friendly. However, we know we can do more.

Our new Sustainability Manager, who assists our Business Development Manager, is responsible for identifying potential growth opportunities in sustainable products and services. We are determined to adopt an approach that protects our resources for generations to come, and to build a Group that integrates economic, social and environmental wellbeing.

In the context of a constrained CSR environment, with 75% of our CSR funds being directed to the Mauritius Revenue Authority, we have unfortunately had to cut back on our involvement in the community. We are no longer able to invest the same amount in projects and organisations that matter us, which is disappointing for us, and distressing for our beneficiaries. In parallel, we have increased our sponsoring budget, which goes beyond the mandatory policy established by the Government. We continued providing financial support to organisations and activities in the areas of Culture, Sports, Music and Arts, and are active in the communities we operate in. I invite you to refer to page 126 for more details on our CSR initiatives.

What is UBP doing to ensure it retains its Human Capital and continues attracting talent in the long term?

Behind our achievements and successes is the hard work of our most important asset—our People. In order to better manage our employees, we have devised a new Human Resource strategy, grounded in decentralisation. While our newly appointed Group HR Manager is responsible for developing policies, Learning and Development, and supporting the Group's HR needs, remote HR Managers are positioned in various sites for a more hands-on approach. We have empowered them to oversee the hiring, training, payroll and motivational strategies, increasing proximity with employees and boosting morale.

We also launched a new onboarding programme with the goal of helping new employees better assimilate procedures and the Group's values. In parallel, we launched the 'Know your Group' project, which entails giving employees a tour of UBP Group's various companies and departments. We believe this will instill a sense of belonging that is crucial for their wellbeing. Our Welfare department continues to make sure our employees feel valued, with a kindergarten, a gym, various canteens, pensions plans, access to psychological support, and more.

Moreover, through our Learning and Development programme, which we established in June 2019, we intend to continue upskilling our employees, building upon their existing capabilities and affording them the chance to enhance their career opportunities. Happy employees are more engaged and productive, and we will continue fostering a culture in which they feel empowered and valued.

What are your priorities for next year?

Following the creation of UBP Coffrages Ltée, other similar value-adding projects are in the pipeline. The goal is to offer pre-fabricated products and innovative services that will save customers time. We are in the process of building a full-fledged hardware store in Beau Vallon, which will serve as a one-stop-shop for construction professionals and also feature a drive-in option. No matter their construction needs,—from scrap to paintbrushes—we seek to serve as their primary provider and increase our proximity to end-users.

After a disappointing year, Gros Cailloux's future remains uncertain. Following an announcement that 160 acres of Gros Cailloux would be compulsorily acquired by the State in the context of the Petroleum Hub project, we have not been updated as to the materialisation of the acquisition. Currently, we lack visibility on whether the project is pushing through, which prevents us from making any major strategic decision. Operationally, we intend to accelerate Gros Cailloux's modernisation, by implementing an ERP and better management tools. This situation will no doubt be one of our focus areas in the coming year.

Finally, as we target DIY enthusiasts and other individuals, we are confronted with the challenge of satisfying all client segments, particularly as we continue working on large-scale projects that require time and resources. Walk-in clients remain our priority, and we are working towards making sure that they do not get penalised. Putting people first has been our ethos since our inception, and we hope to be able to maintain our promise to them.

Over the longer term, Univision, which is now in its implementation phase, is set to be up and running by 2020. However, we recognise that beyond creating a new organisation or designing new processes, the most critical aspect is the degree to which behaviours adapt to the change. Greater synergies between our entities will require new ways of working, and the success of our project relies heavily on how our employees embrace these changes. We are in the process of devising a Change Management strategy, which extends over the next few years, to ensure the successful reorganisation of the Group.

Acknowledgments

I would like to begin by thanking Messrs Jean-Claude Maingard and Jean Mamet, who retired after serving the Board of Directors with dedication for many years. I thank you for your contribution in steering the Group towards success over the last decade, and I wish you both well in your retirement.

I also extend my thanks to the management team and our Board of Directors for their continued support. Your encouragement is appreciated more than you know. I am also extremely pleased about the composition of our Board, which now includes three new members, including two talented women. Their experience and knowledge have refreshed our Board with new dynamics and new perspectives.

I am always grateful to our shareholders for their continued support and trust in us. We will continue generating the returns you expect from us. Last, but certainly not least, I extend my gratitude to our 1,350 employees, who have supported our evolution from a conventional building materials manufacturing company to the industry innovators we are today. It is their dedication that allows us to deliver on our promises.

As we look to 2020 and beyond, I am extremely optimistic about where we are heading. An enabling business climate, strong employees and a long-term strategy have come together to create an environment conducive to our growth. I am filled with a sense of pride about how much we have achieved—not just financially, but also in how much we have helped our clients and other stakeholders. UBP Group has a remarkable heritage, and a very promising future.

OUR FLOURISHING BUSINESS CANVAS

Environment

Society

Economy

BIOPHYSICAL STOCKS

Rocks

Water

Minerals

Metals

Oil & gas

ECOSYSTEM SERVICES

Vibrant soils

Fresh air

PROCESS

RESOURCES

Steel

Cement

Boulders

Fertilisers

Land under cultivation

Number of employees

PARTNERSHIPS

University of Mauritius

Food company

Others

ACTIVITIES

Building materials

Interior & exterior creation

Food supply

Outdoor recreation

GOVERNANCE

Living by our values of integrity, innovation & engagement

Costs

Capital expenditure
CSR
Employee welfare and training

Goals

To be the inevitable choice of Mauritians for the built and living environment

VALUE

VALUE CO-CREATIONS

- Wellbeing
- Safe and high quality materials
- Aesthetics
- Excellent customer service

VALUE CO-DESTRUCTIONS

- Use of fossil fuels
- Construction waste to landfill

PEOPLE

RELATIONSHIPS

Build trusting, long-term relations with suppliers & customers

CHANNELS

- Espace Maison app & website
- Social media
- Retailers

STAKEHOLDERS

- Passionate defender: consumactors
- Building industry professionals: architects, builders and contractors
- Retailers: hardware stores, "grandes surfaces"
- Regulatory bodies

ECOSYSTEM SERVICES

- Everyday citizens
- Group employees
- Urban communities

NEEDS

- Shelter
- Food
- Family life
- Connection to nature

Benefits

Excellent working conditions, flourishing urban areas, innovative products

www.flourishingbusiness.org

OUR VALUE CREATION MODEL

CAPITAL DEFINITION	INPUTS
HUMAN CAPITAL Our human resources are integral to the Group. We seek to develop and leverage the varying competencies, capabilities and experience of our workforce to sustain value creation.	**1,350 employees** Investment in training: **Rs 5.2 million** including **Rs 0.4 million** for certification courses Investment in welfare: **Rs 13 million**
INTELLECTUAL CAPITAL The intangible assets embodied within the Group have proven vital in maintaining our efficiency, competitive advantage and brand within our operating markets.	Know-how, expertise, systems. Club Espace Maison **>60,000 members** The '**Scan and Go**' technology integrated in our mobile app
MANUFACTURED CAPITAL Manufactured capital remains a vital pillar in our industrial operations; our daily use of buildings, equipment and infrastructure is centred around maximising productivity, efficiency and innovation.	Manufactured raw materials used in our production: Cement: **64,333 tonnes** Recycled glass: **226 tonnes** Fertilizers: **219 tonnes**
NATURAL CAPITAL We use the biophysical stocks and ecosystem services that provide us with the resources we need to run our operations.	**634,041 Litres** of petrol and **59,951 Litres** of diesel **3.5 million tonnes** of boulders > **575,000 m^3** of water
SOCIAL CAPITAL As a Group, we understand that we are not an individual entity; rather, we are part of a large network of stakeholders and a vibrant community. We strive to build and uphold trusting relationships based on our values, ethics and behaviour.	**> 250 local suppliers** across all companies (UBP Group) **>70 retailers** (UBP Group) **>65 construction professionals** (UBP Group)
FINANCIAL CAPITAL The source of our funds is what allows us to develop all other capitals. The management of this capital allows us to continuously develop different segments of our business through investments and acquisition for long term growth and value creation.	Investment in property, plant and equipment: **Rs 335.3 million** Total assets : **Rs 5.1 billion** Payment to suppliers: **Rs 2.1 billion**

ACTIVITIES

Stone crushing

Ready to use dry mortar

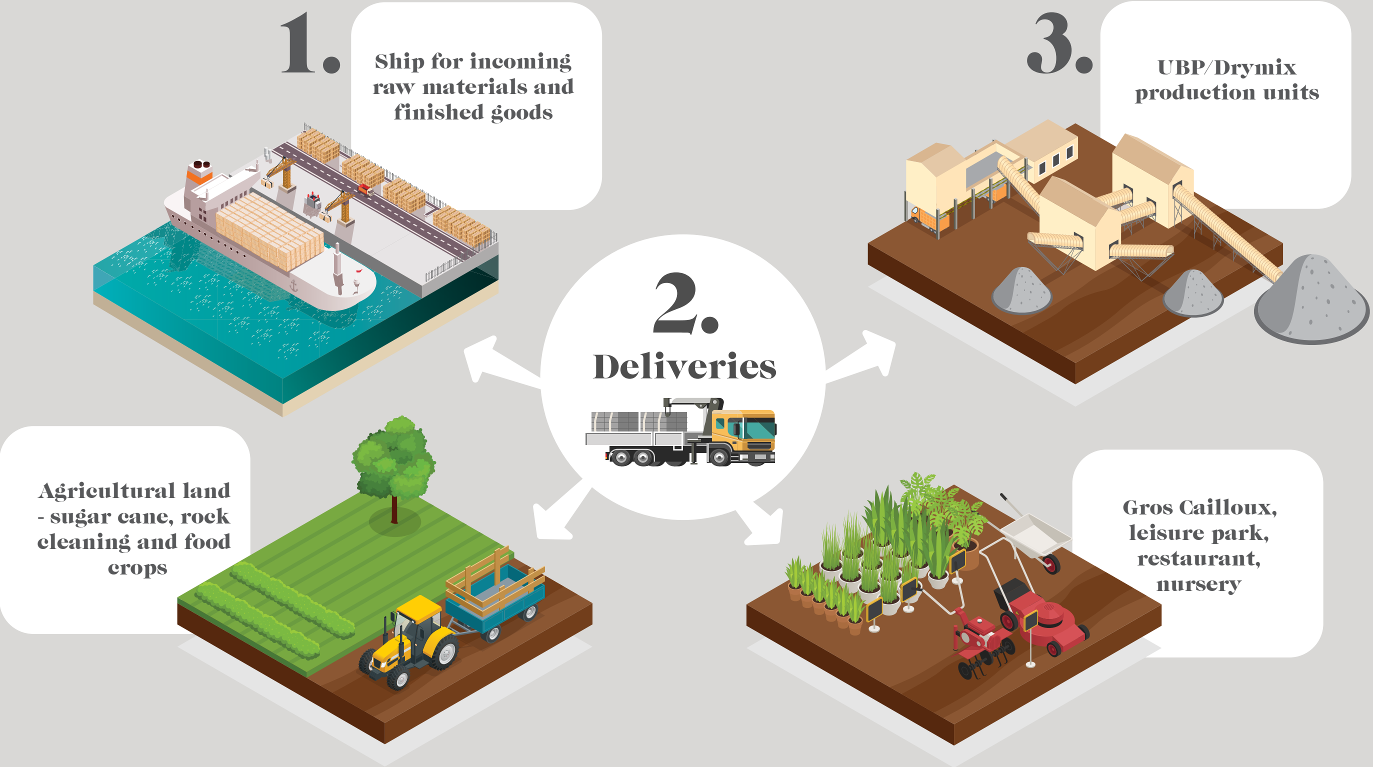
Retail

Agriculture and leisure

OUTPUTS	STRATEGIC LINK AND VALUE CREATED	SDGs
451 staff 966 hours of training **113** individual programmes	HUMAN CAPITAL **Develop the performance of our workforce within a caring environment by:** · Prioritising health and safety measures. · Developing the skillset of the workforce at all levels and encouraging continued learning. · Engaging and aligning individual employee values with organisational values. · Ensuring ease of communication throughout the Group.	SDG 3 SDG 4 SDG 8 and Corporate Governance (not an SDG)
Continued **digitalisation**, introduction of the **IOT** ("The Internet of Things")	INTELLECTUAL CAPITAL **Gain efficiency and ensure stakeholder communication by:** · Implementation of IT systems to streamline communication and strengthen stakeholder relationships. · Build R&D capacity to support innovation. · Build internal knowledge and data collection capacity.	SDG 8 SDG 9
>3.5 million tonnes aggregates & rocksand **>25 million** blocks **>70,000 tonnes** of mortars **1,177 tonnes** of vegetables sold **455,000 plants** sold	MANUFACTURED CAPITAL **Operational efficiency and innovation:** · Provide quality products while maintaining our output levels and capacity to serve market demand. · Incorporate innovative products and services to our product lines. · Explore different methods to increase production capacity in a sustainable manner.	SDG 7 SDG 8 SDG 9 SDG 12
Transport carbon footprint CO_{2e} = **1,845 tonnes** Electricity carbon footprint CO_{2e} = **17,977 tonnes**	NATURAL CAPITAL **Ensure that our stakeholders' living environment is conducive to wellbeing and happiness, by:** · Continuing to prioritise innovation of sustainable products and practices. · Developing energy efficient practices. · Understanding our exposure to climate risks and applying mitigating procedures. · Ensuring that our procurement practices respect the natural capital.	SDG 7 SDG 11 SDG 13 SDG 15
CSR spending: **Rs 2,052,947** Other social sponsoring over & above CSR: **Rs 3 million**	SOCIAL CAPITAL **Maintain trusting & engaged relationships with all our stakeholders:** · Improve the overall quality of living for urban communities. · Support charitable initiatives. · Maintain clear communication channels with different bodies. E.g. The Mauritian government, suppliers and community members.	SDG 2 SDG 10 SDG 11
Cash generated from operations: **Rs 545 million** Total wealth created: **Rs 1.2 billion** Salaries and other benefits paid: **Rs 622.7 million** Dividends paid: **Rs 100.7 million**	FINANCIAL CAPITAL **Ensure long term business growth for our shareholders by:** · Ensuring the long term sustainability of our companies. · Responsible allocation of funds throughout the Group. · Transparent and ethical financial practices and reporting. · Investing in shared value initiatives.	SDG 8 SDG 12

OUR VALUE CHAIN

At UBP we strive to manage our six capitals throughout our supply chain to ensure maximum efficiency, resource utilisation and customer satisfaction:



1. Procurement:

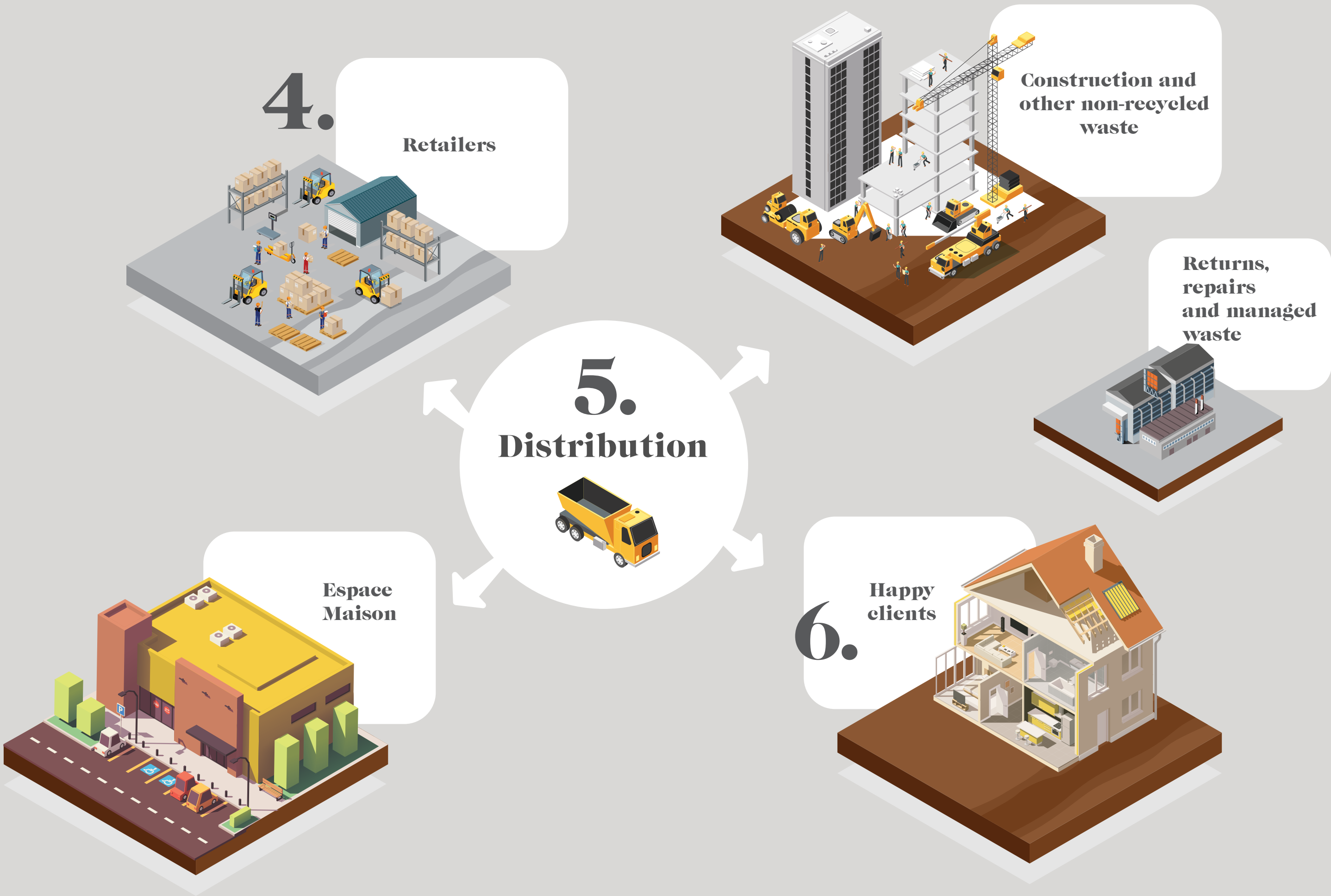
Obtaining the required materials at the optimal time by investing in both our human and manufactured capital, maintaining stock levels, and by developing the local economy by balancing our ratio of local-to-foreign suppliers.

2. Inbound Logistics:

Coordinating the secure storage and transportation of goods supported by our well-equipped storage facilities and transport fleet, aided by a well-developed intellectual capital, including automation and real-time order tracking systems.

3. Production:

Manufacturing of diverse products, facilitated by modern and efficient processes, capital expenditure management, and a highly seasoned and participative workforce to ensure high quality products.



4. Value-Added Services:

Nurturing a rewarding customer experience with captivating shop displays, an interactive mobile app for Espace Maison, and regenerative green spaces and leisure environments at Gros Cailloux. We strive to maintain a strong brand image and reputation through extensive geographic coverage and client relations.

5. Distribution:

Effective and timely delivery of goods encouraged through our expansive distribution network, backed by skilled delivery drivers and subcontractors.

6. After-Sales Service:

Building a relationship of mutual trust and knowledge among our customers in order to ensure their continued satisfaction by providing the following after-sale services: return and repair practices, quick complaints resolution and personal interaction through calls and customer visits.

OUR VALUE CHAIN

WE ARE STRIVING TO INTEGRATE SUSTAINABILITY WITHIN OUR SUPPLY CHAIN

While we fully acknowledge the linearity of our supply chain, we strive where possible to include the principles of the circular economy:

	PROCUREMENT	AGRICULTURE	PRODUCTION
 SUSTAINABLE SOURCING			
 PRODUCT USE AND MANAGEMENT			
 ENERGY EFFICIENCY			
 WELLBEING OF OUR COMMUNITIES			

PACKAGING & DISPLAYS	DISTRIBUTION	CUSTOMERS	EXAMPLES
			Espace Maison favours the purchase of greener products. La Savonnerie Créole, for instance, makes eco-friendly soaps with plastic-free packaging. **Gros Cailloux** uses recycled water for irrigation and does composting. **Drymix/UBP** favour the re-use of glass.
			UBP/Drymix reprocess rejected blocks and damaged finished goods. Various products can be rented, encouraging reuse. **UBP Group's** policy is to 'repair as much as possible', a service also offered to clients. Used oil and scrap metals are sold to recyclers. **Espace Maison** offers discounts or donates damaged or discontinued products to their employees.
			Espace Maison stores are powered by energy efficient lighting. **UBP** has conducted various carbon footprint exercises. UBP's Smart Block range allows consumers to reduce negative climate impacts.
			Gros Cailloux's smart agricultural practices are enabling it to gradually phase out chemical fertilisers in favour of bio-products wherever possible. **Espace Maison** offers a line of eco-friendly merchandise to promote the consumption of environmentally safe products.

Harvesting Opportunities

Drivers of change

Strategy 2020

Materiality matters

DRIVERS OF CHANGE

At UBP Group, we are impacted by our operating environment and global external drivers of change. In this fast-moving world, we must be resilient and adapt to change, while positioning ourselves to successfully harness the opportunities that they may present.

1. Climate change

"What you do makes a difference, and you have to decide what kind of difference you want to make."

Jane Goodall
Environmentalist

According to the latest IPCC Special Report on climate change, the likelihood of a 2°C rise in temperature seems imminent, unless action is taken within the next 10 years. The repercussions of climate change will continue to have a worsening effect on our everyday lives and the environment. This past year, the media's headlines have been dominated by climate change related articles and messages – notably a global youth-led protest, #Fridaysforfuture, which has led to England and Scotland to declare a 'Climate Emergency' and the revision of their GHG reduction targets.

Admittedly, the construction and manufacturing sectors' energy-intensive nature makes them contributors to Global Warming, a fact that makes us increasingly aware of our responsibilities to reduce our impact. In line with the shift of more sustainable practices in Mauritius, such as the increasing number of energy-efficient certified buildings, our pursuit to mitigate our contribution to climate change creates the opportunity to explore the innovation and creation of climate-safe products. The introduction of these products not only helps us reduce our negative impacts on the environment, but also cultivate a sustainably-conscious mindset amongst all our stakeholders.

2. Shifting consumption trends

"A house is more than just a shelter; that it is a way of improving your way of life."

William Krisel
Architect

Internationally, urbanisation coupled with consumers aligning their purchasing choices with values such as sustainability and health, have heavily influenced modern consumer trends. With an expected urban global population of 72% by 2050, emerging lifestyle trends in the construction and housing sectors, such as DIY and modular housing, have led to a rise in the demand for products that facilitate and enable adaptable and sustainable infrastructure.

In the Mauritian context, the construction industry has now become one of the fastest growing sectors of our economy, having grown by 9.5% in 2018. This growth is driven largely by public expenditure on infrastructure projects, to which UBP supplies products. In the private sector, we can expect shifting buyer trends due to the middle class increased purchasing power in the future. Concurrently, we also have an increasingly unequal society – a characteristic of growing developing economies – creating the continued need for suitable affordable housing. Keeping up with the evolution of consumer trends and demographic shifts requires UBP Group to be aware of the various product and service opportunities.

3. Technology

"Once a new technology rolls over you, if you're not part of the steamroller, you're part of the road".

Stewart Brand
Author

Dynamic progress within the technology and digitisation space continues to change and shape our approach to business. These advancements will continue to alter the landscape of the industries and markets we operate in, at a rapid pace. The converging nature of business, science, and technology are increasingly facilitating the design and implementation of consumer-centred products and services. As a result, our ways of operating and interacting with customers must evolve alongside these trends.

UBP Group continuously strives to effectively make use of available technology such as ERP (Enterprise Resource Planning) systems – to streamline back-end communication and activities throughout the Group – and automation for efficiency and quality control. We seek to maintain external communication and feedback channels with existing and potential customers on different social media platforms, in return for adding value to our holistic consumer experience. In doing so, we understand the need to protect private consumer data and ethics-driven compliance with related laws.

4. Innovation

"Innovation is the new competitive advantage".

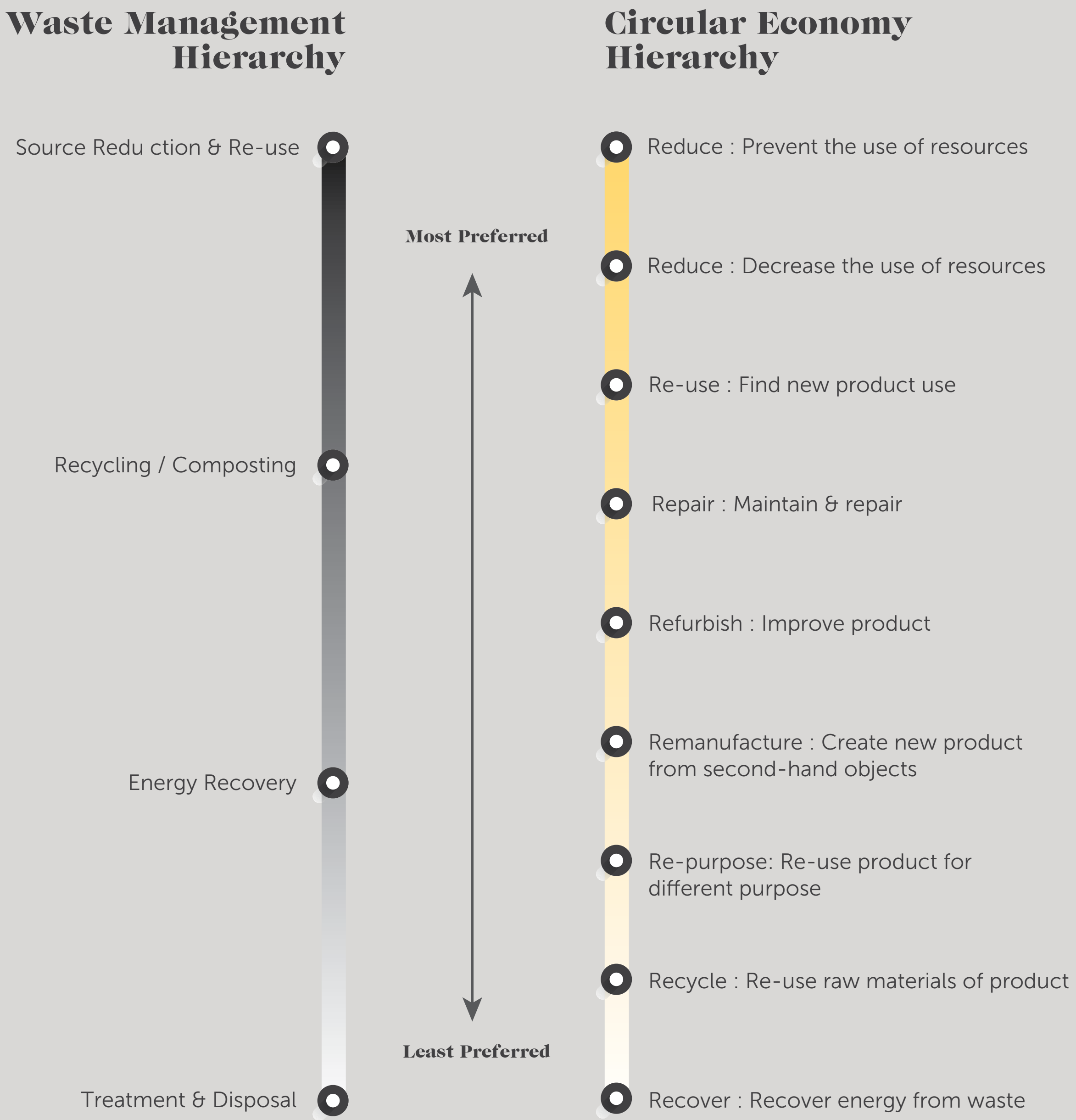
Julie Sweet
CEO Accenture N.America

In this constantly shifting operating environment and amid mounting global pressure, most organisations today agree that innovation will be a defining trait of businesses that thrive over the next few decades. Businesses that are effective at driving innovation are not only more successful at creating and implementing new ideas, but they also nurture more engaged employees who are likely to become intrapreneurs.

Big innovations extend beyond products; they transform services, processes and channels. This is why innovation requires having a leadership and culture that support innovation, and a formalised innovation strategy that provides a clear direction, with budget allocations. Emerging innovations also require efficient and adaptable supply chains. Our efforts in being pioneers of innovation have allowed us to incorporate industry-leading products and services within our existing supply chain through partnerships with innovative suppliers at different stages. We continue to strive towards the development of a robust Research and Development Unit and the alignment of all business functions within UBP Group. Failure to identify innovative opportunities whilst maintaining stagnant supply chains could challenge and diminish our ability to remain competitive within our respective markets.

How we are integrating sustainability and circularity in our supply chain

While we fully acknowledge the linearity of our supply chain, we strive where possible to include the principles of a healthy waste management hierarchy and of the circular economy:



Resource Management

Gros Cailloux's smart agricultural practices have enabled it to gradually phase out chemical fertilisers in favour of bio-products. Gros Cailloux also uses recycled water for irrigation and green waste to produce compost.

Reprocessing of rejected blocks by UBP. Reprocessing of damaged/broken finished goods by Drymix.

Espace Maison stores are powered by energy efficient lighting and favour the purchase of green/eco products that are environmentally friendly.

Collection and re-use of glass and broken pallets in Gros Cailloux and Drymix operations.

Product Design & Use

Espace Maison offers a line of eco-friendly merchandise to promote the consumption of environmentally safe products. Through La Savonnerie Créole, we make eco-friendly soaps with plastic-free packaging.

UBP's Smart Block range (Energy - Claustras, Ecoblock; Shuttering - U-Block, Bloc 2015, Corner Block) allows consumers to reduce negative climate impacts.

Various types of Drymix and UBP products can be rented by individuals and contractors, encouraging re-use.

Waste Management

A UBP Group wide 'repair as much as possible' policy is implemented to mitigate waste. The Group also offers repair facilities to clients.

Used oil and scrap metal from the workshops are redirected to recyclers to ensure re-use and/or safe disposal.

Espace Maison offers discounts or donates damaged or discontinued products to its employees.

STRATEGY 2020

Our strategic focus builds on last year's Strategy 2020. Our aim is to continue our work in aligning the Board's objectives, our newly defined "raison d'être" and values, and a new Group structure that is yet to be fully defined. Our Key Business Objectives and targets have thus remained the same. This year, once again, we have measured our performance against the objectives outlined last year.

A comprehensive review of our performance is available on the next page.

STRATEGIC ORIENTATION	OBJECTIVES
1. CAPITALISE ON SYNERGY LEVER AND ENSURE EFFICIENT PROCESSES 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.	By 2020: Implementation of a new Group-wide CRM.
	By 2020: New organisational structure and business model.
	By 2020: To have a new sales organisation at Group level.
	Continue streamlining processes and protocols.
2. INCREASE OUR OUTPUT OF INNOVATIVE PRODUCTS AND SERVICES. This objective is about ensuring competitiveness and market development in the long term, by increasing our efforts in R&D. We seek to create truly innovative products by tapping into the opportunities provided by global and local trends.	R&D to diversify crop production at Gros Cailloux.
	By the end of 2018: To have our new bagging plant running for new bagging sizes for aggregates and rocksand.
	By 2019: Start organic agricultural practices under our own brand at Gros Cailloux.
	By 2020: Have a reinforced R&D team to foster more innovative products.

PROGRESS STATUS	OUTCOME
80% 10% 40% 40%	We are well on our way to implement our CRM for UBP, Drymix and Espace Maison. We have set a roadmap of workshops and mentorships in July 2019, a process that will allow us to choose, together, the future organisational structure of UBP Group. While we hope to achieve this synergy by 2020, we also plan on taking the time necessary to do it well and inclusively.
40% 100% 20% 40%	At Gros Cailloux, a change in strategy to achieve diversification explains an initial delay – though we believe we will achieve our objective by 2020. Achieving organic status and own branding is likely to take longer than anticipated, due to the complexity of obtaining organic certifications. We are very happy with our new bagging plant and small bags, which have been selling better than expected. We have been working towards building our R&D capacity. However, the challenge remains to find the right model of Knowledge Creation, Management and Sharing that supplements strategically oriented R&D with external technologies.

STRATEGY 2020

Our strategic focus builds on last year's Strategy 2020. Our aim is to continue our work in aligning the Board's objectives, our newly defined "raison d'être" and values, and a new Group structure that is yet to be fully defined. Our Key Business Objectives and targets have thus remained the same. This year, once again, we have measured our performance against the objectives outlined last year.

A comprehensive review of our performance is available on the next page.

STRATEGIC ORIENTATION	OBJECTIVES
3. TO CREATE A MORE ENGAGED RELATIONSHIP WITH CUSTOMERS To create an engaging relashionship with our customers and to facilitate the buying experience by providing smooth and proactive services and adequate information. Ultimately, we aim to increase our sales/revenue and profitability in the long term.	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.
	Salesforce training provided to all sales teams.
	By November 2019: Opening of Espace Maison's sixth store in Beau Vallon.
	By 2020: Continue the digitalisation journey by updating all websites and social media platforms such that information about the Group, our services and products will be easily accessible.
	Increase our technical assistance and training to support capacity development and skills for professionals in the industry.

PROGRESS STATUS	OUTCOME
80%	
90%	
90%	We have made significant progress for all objectives under this strategic orientation. Maintaining our relationship with our customers remains vital for all our businesses. Our aim is to give our clients a 360-degree view of our products and services and improve our understanding of their needs.
90%	
50%	

STRATEGY 2020

Our strategic focus builds on last year's Strategy 2020. Our aim is to continue our work in aligning the Board's objectives, our newly defined "raison d'être" and values, and a new Group structure that is yet to be fully defined. Our Key Business Objectives and targets have thus remained the same. This year, once again, we have measured our performance against the objectives outlined last year.

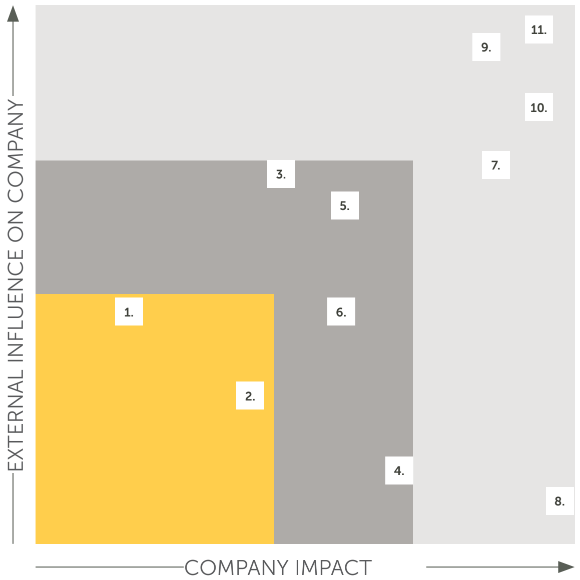
STRATEGIC ORIENTATION	OBJECTIVES
4. BUILD A WORKFORCE ABLE TO ANALYSE AND SEIZE OPPORTUNITIES To promote and support the wellbeing and skills of our employees in a productive and engaged workforce.	To train and improve middle management's analytical capacity, especially through digital tools and options.
	Continue to improve Quality Management System (QMS) through middle management empowerment.
	Align key internal elements through an ERP (Enterprise Resource Planning) system to allow for better analysis and control of operations.
	Enhance employee engagement and passion towards UBP Group by reviewing pay and bonus structures, talent management and training across all companies.
5. CONTINUE TO BUILD A STRONG REPUTATION AROUND ALL OUR BRANDS Capitalise further on our reputation by enhancing ethical and trusting stakeholder partnerships as well as upholding strong good governance standards.	By the end of 2018: Publish our first Integrated Report.
	By 2020: All our B2B relationships will be governed by a new purchasing policy with updated standards for ethical dealings that reflect our Group values.
	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.

PROGRESS STATUS	OUTCOME
40%	In June 2019 we launched our Learning and Development Programme to ensure the continuous learning and upskilling of our employees. They have undergone training on the new IT systems, sales training and more. Next year's training programme is promising and should result in improved outcomes.
40%	
90%	
40%	
100%	Our corporate and integrated reporting is now well established, and we are pleased with the outcome. We are working towards standardising our purchasing policies. However, this may be time-consuming as we have numerous and varying local and international suppliers. Having introduced sustainability within our core strategy, we feel encouraged to take the necessary steps towards becoming more sustainable.
50%	
30%	

MATERIALITY MATTERS

Last year, we worked on our materiality matters, linking them to the Sustainable Development Goals (SDGs). This year, to continue deepening our understanding of these matters, we broke down these broad SDG themes into sub-topics. Our aim was to identify specific topics that are relevant to us, providing us with increased clarity on the way we can manage our material matters:

1. WASTE MANAGEMENT	SDG 13, SDG 14 and SDG 15
2. RESOURCE MANAGEMENT	SDG 12, SDG 14 and SDG 15
3. RESPONSIBLE FOOD & AGRICULTURE	SDG 2 and SDG 3
4. PRODUCT MANAGEMENT	SDG 9, SDG 12 and SDG 13
5. HUMAN DEVELOPMENT & TRAINING	SDG 10 and SDG 4
6. MODERN & EFFICIENT OPERATIONS	SDG 7, SDG 8 and SDG 9
7. LEADERSHIP IN INNOVATION	SDG 8 and SDG 9
8. OCCUPATIONAL HEALTH & SAFETY	SDG 3 and SDG 8
9. URBAN DESIGN	SDG 9, SDG 10, SDG 11 and SDG 13
10. SALES INTEGRATION	SDG 8 and SDG 9
11. GOOD GOVERNANCE	



Issue of critical strategic interest, with high potential to create shared value for all stakeholders, which is actively managed with frequent interactions through our communication channels.

Issue of important interest for potential strategic investments, requiring regular communication between all UBP Group companies and selected external stakeholders.

Issue of concern for selected stakeholders and representing potential reputational risks.

1. Issues of critical strategic interest (7,8,9,10,11)

Our ability to maintain good relationships is based on our awareness of our stakeholders' needs, ethical governance and a sense of community. Our stakeholders and our Group have a common goal of improving urban communities and ensuring the best experience for our customers. By placing the wellbeing and needs of our communities at the core of our business, we have the potential to create shared value. Investing time and resources in our efficiency, innovative capacities, and synergy, will strengthen our competitive advantage and brand value, whilst contributing to the welfare of our communities.

Strategic relevance:

Challenges and trade-offs:

Urbanisation and affordable housing for all cannot currently take place without industry and infrastructure development, which by their very nature contribute to global warming. Furthermore, innovation also requires strategic management and time, which is not always easy to set aside and prioritise when busy with production requirements and meeting customers' needs and deadlines.

2. Issues of important interest (3,4,5,6)

High production outputs require streamlining and modernising operations throughout the Group. What is important to us, is not only what and how much we produce, but also how we produce it. We have a responsibility to produce efficiently with modern equipment and operations. We expect to meet the highest standards for all our products and produce - from brick to food – which requires vigilance and investment. As a Group, we also understand the vital role we have in providing a conducive and safe environment for our employees, while developing the talents of our collective workforce. Our newly established internal Learning and Development Programme will allow us to equip our workforce with the necessary expertise. We hope to leverage their newly found skills to improve the quality of our services and brand, whilst maintaining low employee turnover within our industries.

"The only thing worse than training your employees and having them leave is not training them and having them stay".

Henry Ford

Strategic relevance:

Challenges and trade-offs:

By offering a training platform to our staff, we run the risk of losing them to our competitors before fully leveraging their skills for our benefit. We are also faced with the challenge of producing the quantities that allow our various businesses to be competitive and grow, whilst at the same time finding the most sustainable way of doing it. This is true for both our agricultural and manufactured outputs.

3. Issues of concern (1 & 2)

Our operations rely on a complex interaction with the natural environment and its resources. Our operations are continuously influenced by climate change, calling for effective sourcing and resource management within the Group. Stakeholders are increasingly emphasising the importance of minimising our business's energy footprint, having ethical supply chains, and providing products that promote health and wellbeing. Shifting to the use of more sustainable resources within our supply chain, and finding more sustainable ways of producing, could help us reduce our dependency on natural resources and negative impacts on the environment.

Strategic relevance:

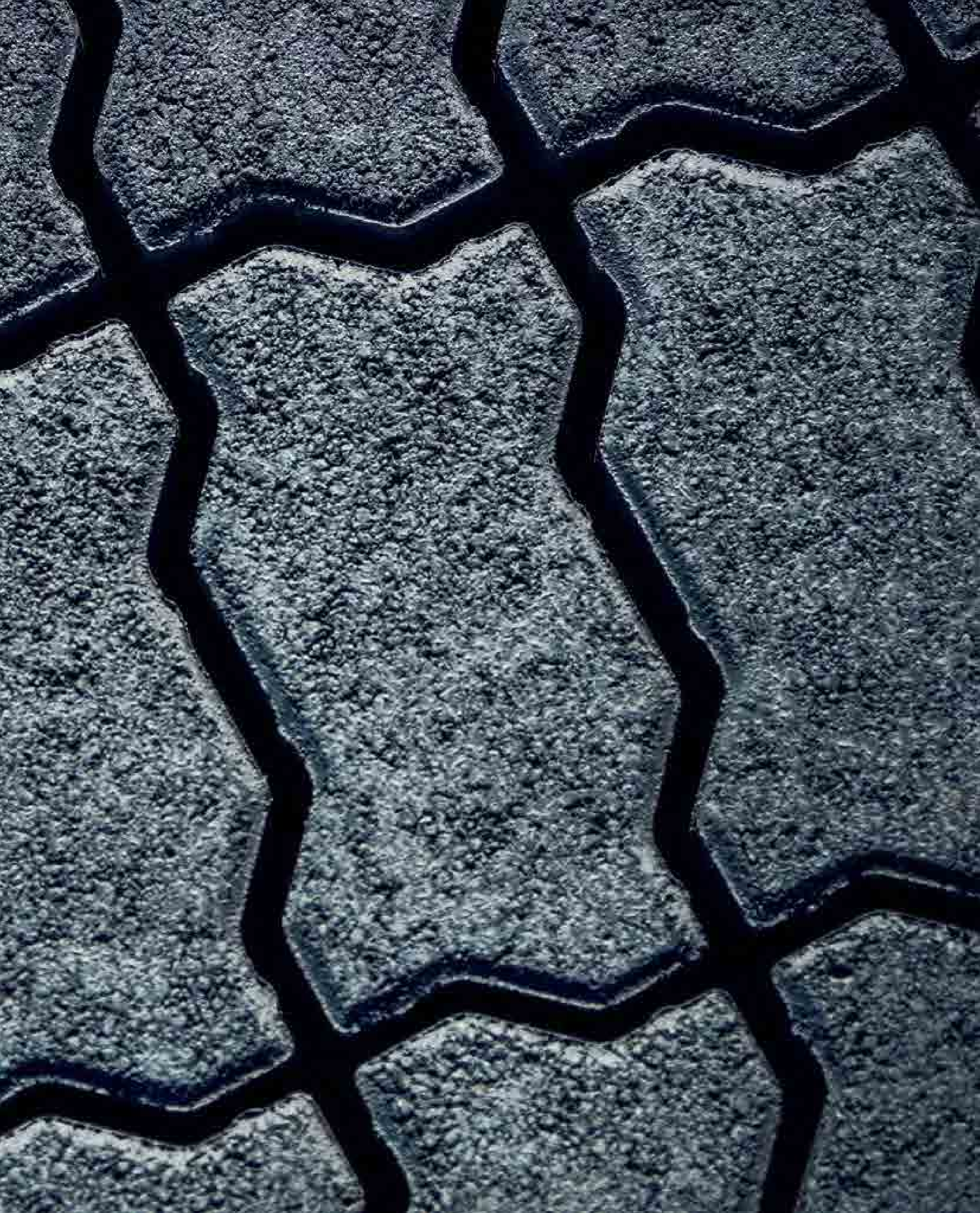
Challenges and trade-offs:

We must consistently meet customer demands for products and ensure 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. Implementing new product substitution methods may prove to be costly and would require close monitoring to ensure continued quality of products and services. There is a lack of policy framework in Mauritius to guide, provide clarity and certainty for environmental issues such as waste management and energy efficiency. This makes it challenging for our Group and investors to invest significantly in both time and resources on these issues.

Managing our risks

Strategic risks

Special climate risk report



STRATEGIC RISKS

The Board of Directors acknowledges that instilling a risk mitigation culture is crucial for the successful execution of our strategy and sustainable value creation.

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 the internal control systems. The Board is assisted in its duties by the Risk Monitoring Committee and by the Audit Committee.

For more information on our Risk Management framework, please refer to the Risk Section in the Corporate Governance Report on page 91.

The table below only relates to those risks that are high-level and pertinent to our strategy and to the Board's objectives.

Risk Category	Risk	Strategic Implication	Risk Mitigating Actions
PEOPLE	Health and safety risks on our production sites.	**Objectives 4 & 5** - potential operational delays, loss of goodwill from our employees and reputational damage.	- More visual aids have been added on our production sites. - Communication with Health & Safety officers has been enhanced.
	Inability to recruit and retain talent in an evolving business environment.	**Objectives 2 & 4** - direct impact on our ability to innovate and seize opportunities.	- A new Group HR Manager joined in July 2018. - Internal development programmes based on Learning Needs Analysis (LNA) are devised on a yearly basis. - The implementation of a Performance Management System (PMS) is underway. - A new survey will be conducted to gauge the engagement of employees, thereby enabling management to take actions based on the observations. - Development and implementation of Human Resource policies and succession planning. - A job grading structure was implemented and an alignment of remuneration with market trends was effected.

Risk Category	Risk	Strategic Implication	Risk Mitigating Actions
MARKETING AND CUSTOMER RISKS	Poor management of customer relations and lack of visibility and communication across departments with regard to the efficient handling of customer complaints.	**Objectives 1 & 3** - impacts our ability to have seamless processes and to engage with our customers in a professional manner.	- A Customer Relations Management (CRM) system is being elaborated. - A digital notification platform pertaining to the reward system for truck owners is being finalised. - Relevant customer-focused measures are further taken to closely monitor the KPIs.
OPERATIONAL	Scarcity of raw materials due to extreme weather events and climate change.	**Objectives 2 and 5** - affects our ability to have the right level of stock and products on time for our clients, possibly damaging our reputation and brands.	- Sustainable procurement and stock measures will be implemented. - Monitoring of the impact of climate change risks on our business and adopting mitigation and adaptation strategies (e.g measures taken to capture water in the event of flash floods and reduction in CO2 emissions to reduce our carbon footprint).

STRATEGIC RISKS

Risk Category	Risk	Strategic Implication	Risk Mitigating Actions
OPERATIONAL	Vulnerability to damage resulting from natural disasters.	**All -** business interruption.	- Business Continuity Plans (BCP), including comprehensive crisis communication protocols, have been devised for the Group. - The Group subscribes to insurance policies to mitigate the financial impact of natural disasters.
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, and ensure synergies between departments and companies.	- A Group-wide digitalisation and modernisation plan of all systems has been in motion since 2017. - In the same vein, Espace Maison is pursuing its digital transformation, which embraces latest technological trends to enhance the experience of its stakeholders.
TECHNOLOGICAL & PEOPLE	IT resource allocation, with high dependencies on certain IT personnel.	**Objectives 1 and 4** - affects our ability to have continuous efficient procedures and have staff able to troubleshoot IT issues.	A heightened focus was put on training of our middle management in all IT processes and tools as part of our strategic focus 2018-2020.
TECHNOLOGICAL & LEGAL, COMPLIANCE AND REGULATORY RISKS	Potential loss of data.	**Objective 5** - loss of valuable data and business reputation, as well as potential legal implications	- The Company has embarked on a Data Protection Management Programme (DPMP), in line with prevailing laws, in view of safeguarding the data of its data subjects. The programme will be extended to its subsidiaries in 2020.

Risk Category	Risk	Strategic Implication	Risk Mitigating Actions
TECHNOLOGICAL	Likelihood of cybercrimes.	**All -** loss of valuable data and business interruption.	- IT security measures were heightened. - Cyber-attack awareness sessions were held in 2019. - The possible extension of the Group's insurance cover to include cybercrimes.
FINANCIAL	Adverse fluctuations in foreign exchange rates.	**All -** the business units which are mainly exposed to forex risks are Espace Maison, Drymix and UBP's engineering division.	- Well defined treasury management policies and agreements.
BUSINESS ENVIRONMENT & MARKET	Missed opportunities locally and abroad linked to an inadequate evaluation of investment opportunities.	**Objectives 1, 4 and 5 -** has affected our ability to expand business activities, to make the appropriate analysis and thus to build our brand.	- A Group Business Development Manager was recruited to evaluate new business opportunities and to monitor our international activities. - A methodology has been devised for substantial investment opportunities.
	Changing consumer trends with a global focus on waste management, climate change and plastic 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 respond to market demand.	- Enhanced R&D and the introduction of innovative products and services that take environmental sustainability as a key criterion.
LEGAL, COMPLIANCE AND REGULATORY RISKS AND COUNTRY RISKS	Operational difficulties in our overseas operations.	Affects the ability of our overseas entities to be financially independent, though we believe in our strategic plans to be able to sustain its future development.	- Strategic plans are being devised to address the operational problems being encountered. - In Madagascar, we are looking to obtain new quarries to exploit and to establish strategic alliances.

SPECIAL CLIMATE RISK REPORT

In the past year, we have seen renewed warnings of climate risks and their impact. In view of this accelerated pace of change, we have decided to add a Special Climate Risk Report to our Integrated Report. The risks herewith cover environmental and natural risks only.

Climate projections for Mauritius; made on the basis of the latest and Fifth Assessment Report (AR5) of the United Nations Intergovernmental Panel on Climate Change (IPCC):

Temperature: for the period 2051-2070:
- RCP 4.5 (business as usual): 1.5°C;
- RCP 8.5 (worst case scenario): 2°C.

Precipitation: Mauritius has already dried by 8% compared to the 1950s; with an observed lengthening of the dry season, and a shift in the start of summer rains. However, although the number of rainy days is decreasing, heavy rainfall events are already being experienced, causing flooding events. Projections show that this trend of drying and increased seasonal variability will continue to worsen under both scenarios.

Sea level rise (SLR): Our sea level records indicate an accelerated rise of 5.6 mm/year since 2003, much higher than the global average of 3.2 mm/yr. We have already experienced important beach erosions of up to 20 meters of losses in some areas due to both sea level rise and human activity. Most countries with coastal zones are preparing for a 1m rise by the end of the century – the rate at which this will happen for Mauritius is uncertain, but our island is listed in the top 15 countries at risk.

UBP VULNERABILITY TO CLIMATE THREATS:

Flash floods – Halt of operations and deliveries, damage to infrastructure, inundation of quarries with ultimate financial impacts.

Increase in intensity of tropical cyclones – Above average wind gusts and waves could damage UBP's coastal premises, resulting in power shortages, impracticable roads and our operations coming to a standstill for multiple days.

Wildfires – Increasingly hot and dry seasons can cause moisture from soils to evaporate, leaving vegetation at risk. This poses a threat to the drier Northern and Western flat plains, where UBP has 4 sites. Very high potential consequences for people, sugarcane fields, food crops and premises.

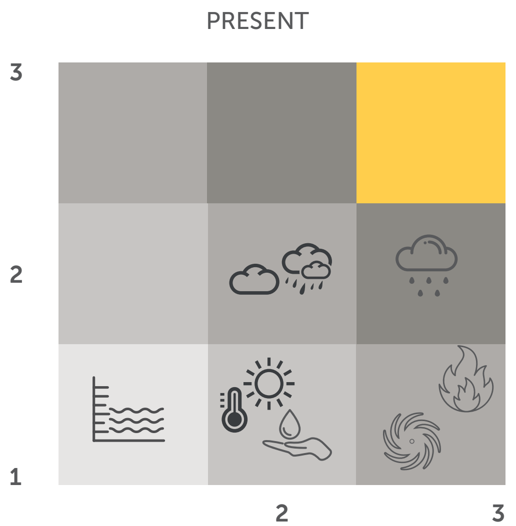
Heat waves – A rise in peak temperatures and dry spells pose a health threat to employees, and productivity levels could decrease. Delays or decreases in production caused by construction sites temporarily pausing.

Erratic rains – Erratic rains could result in the rise of mud in fields, slowing down the clearing of sugar cane fields. Possible decline or pause in quarrying activities.

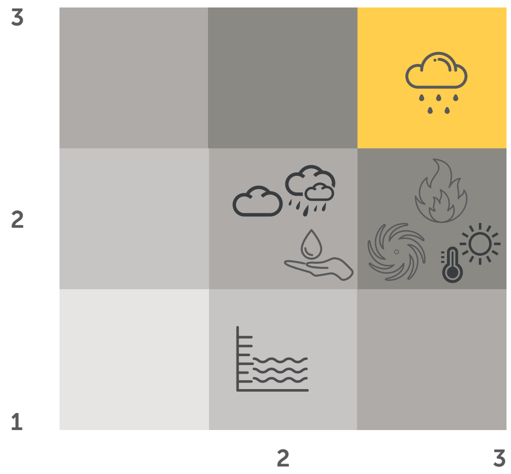
Sea level rise – Coastal premises at risk, especially Sainte Marie premises, located near the beach, are vulnerable to beach erosion and/ or flooding.

Decline in fresh water supplies – Potential decrease in rainfall and seawater intrusion in groundwater may pose an important risk to the core operations of UBP, which require water for its block-making and irrigation activities. In times of serious drought, fresh water may be our rationed for essential living needs, impacting core business operations.

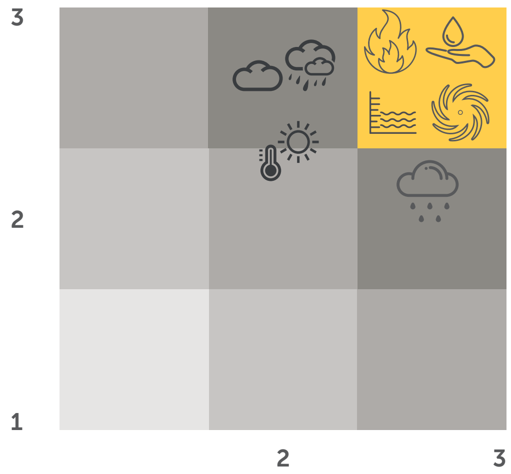
Our three risk heat maps:



BY 2050 – RCP 4.5



BY 2050 – RCP 8.5



AVENUES FOR FUTURE ADAPTATION

Flash floods, rains, cyclone: As we are accustomed to cyclones and flash floods, preparing and mitigating for such eventualities has always been part of UBPs risk register, and thus relevant protocols are in place and practised. Facilities and equipment at risk are protected and prepared to react in case of flooding. For the future, possible avenues we are currently exploring include increasing the retention and drainage capacity of the catchment areas of the rivers near UBP sites through afforestation, and riparian buffers. This could also include the afforestation of the mountain range surrounding Port Louis to increase the infiltration capacity of soil and to slow down runoff. This is a win-win situation as afforestation is also critical for mitigation.

Wildfires: As per legal requirements, UBP has undertaken 24 fire drills in total, and we have the appropriate protocols in place: updated fire extinguishers and exit strategies, reduced accumulation of natural fuel and residues, maintenance of fire breaks, and water supply points.

Heat waves: As Mauritians, we have all noticed the increase in temperatures, especially during summer. Our offices are fitted with air conditioning for the comfort of our employees – however, we are aware those must be used diligently due to their contribution to climate change. We also offer hats, sunscreen and water to employees working outdoors. Options worth exploring include the planting of trees and shading vegetation on sites, shifting hours of working outside to early mornings and late afternoons during peak summer temperatures, allow for flexitime for administrative staff, improve standards of the older buildings and insure their insulation. In addition, as mentioned in last year's Integrated Report and previously in this one, this also presents an opportunity for UBP to develop local 'green' construction material and practices.

Decline in fresh water supply: Discuss with the parastatal Central Water Authority (CWA) to see which sites are most likely to be affected and install rainwater harvesting and water storage at those sites. Measure current water uses to improve efficiency and introduce water conservation practices. Study the possibilities for water recycling and re-use of wastewater, invest in regeneration of topsoil and forests to attract more moisture from the atmosphere.

Sea level rise: SLR defences are big infrastructure projects which are under the purview of Government. At UBP, we are ready for flooding and surges (see cyclones). However, we may need to collaborate with the Government to identify which of our premises are most at risk from SLR (if any), and to explore potential improvements we could make to our current protection and defences. Another potential avenue is to contribute to the restoration and protection of mangroves and wetlands, which are the natural protectors of coastal systems.

Corporate governance

It enunciates Corporate governance practices within the Group

Statement of Compliance

(as per Section 75(3) of the Financial Reporting Act 2004)

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

Reporting Period: June 30, 2019

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:

- Composition of the Audit Committee: While the Chairperson of the Audit Committee has been replaced and is an Independent Non-Executive Director (INED), the two other members, who were formerly INEDs, no more qualify as such, since they have served the Board for more than nine years. However, the Board is of the opinion that the other current members of the Committee have sufficient financial management knowledge and experience and are able to exercise independent judgement in discharging their responsibilities.
- 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 CEO

September 26, 2019

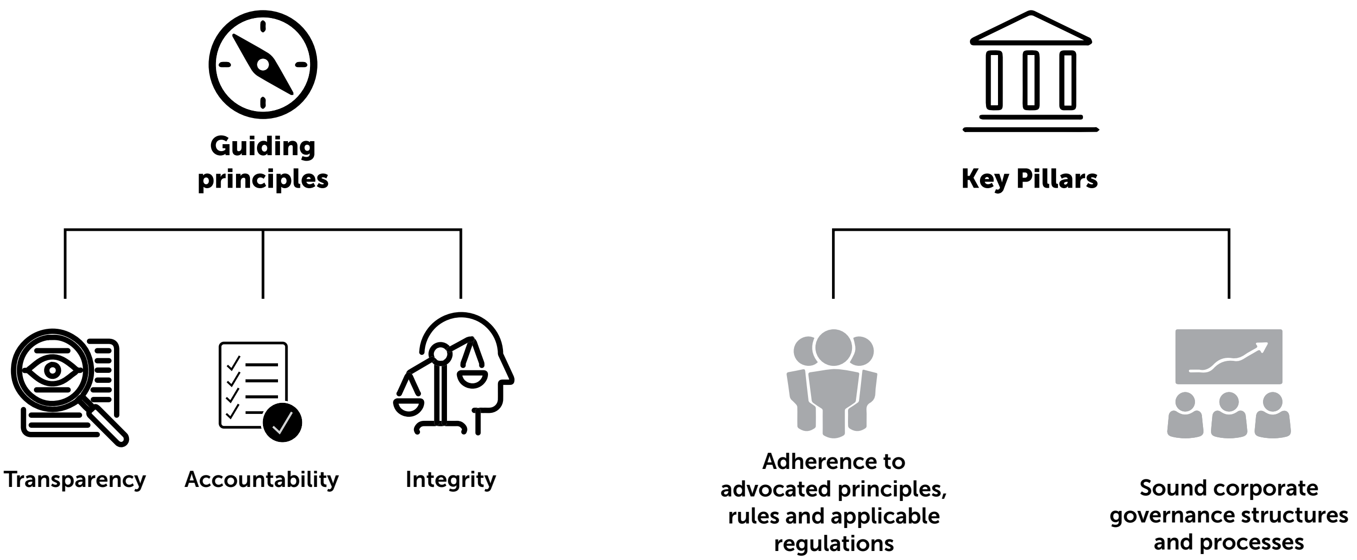
The United Basalt Products Limited was incorporated as a public company in July 1953. The shares of the Company are listed on the Official Market of the Stock Exchange of Mauritius Ltd since 1989. The Company is qualified as a Public Interest Entity ("PIE") under the Financial Report Act 2004.

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 recognises that adherence to principles of corporate governance is pivotal in sustaining the pursuit of the Group's strategic orientation aimed at building and sustaining long-term stakeholders' value. The corporate governance framework of the Group is illustrated below.

Corporate Governance Framework



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 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. The Code of Ethics, endorsed by the Company since November 2015, governs the relationship with key stakeholders and sets out the standard of conduct required by employees for both internal relations and external interactions.

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 Group's governance structure, as further illustrated, caters for clear delegation of authority and lines of responsibility while the role of stewardship is bestowed upon the Board.

2. GOVERNANCE STRUCTURE (CONTINUED)

The Company is led by a unitary Board, which 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 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 to lead the senior management team of the Group's business in consistency with the defined strategies and objectives within approved budgets.

SHAREHOLDERS ---- EXTERNAL AUDITORS

BOARD OF DIRECTORS ---- BOARD COMMITTEES

Corporate Governance Committee | Audit Committee | Risk Monitoring Committee

Internal Auditor
Dario Félicité

GROUP CEO
Stéphane Ulcoq

The Board delegates certain duties and responsibilities to Board Committees, namely the Corporate Governance (Nomination and Remuneration) Committee, the Audit Committee and the Risk Monitoring Committee, which have clearly defined mandates to ensure a more comprehensive evaluation of specific matters. 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.

BUSINESS FUNCTIONS

UBP

Head of Operations:
Jean-Jacques Julienne*

Project & Business Development Manager:
Rémi de Gersigny

Financial Controller:
Dhuenesh Rambarassah

Marbella Division Manager:
Bruno Doger de Speville

PPB Division Manager:
Ashwin Ramsaha

Production Manager :
Amaury Lacoste

Sales Manager:
Jean-Marc Selvon

Quarry and Field Manager:
Francis Koeing

Research & Development Manager:
Raoul Maurel

SUBSIDIAIRIES

Compagnie de Gros Cailloux Limitée
General Manager:
Christopher Blackburn

Drymix Ltd
General Manager:
Jean-Claude Bellepeau

- Drymat SAS
  Manager:
  Bertrand Thomas

Espace Maison Ltée
General Manager:
Benoît Béchard

- La Savonnerie Créole Ltée

Société d'investissement Rodriguais

- Welcome Industries Ltd
  Manager:
  Jean Pierre Rose

Sainte Marie Crushing Plant Ltd
Acting Plant Manager:
Fabrice Appadoo

- Société des Petits Cailloux

UBP Coffrages Ltée
General Manager:
Bruno Couve

UBP Madagascar
Manager**

UBP International Limited

- United Granite Product (Private) Limited
  Manager:
  Buddika Perera
  Owner's Representative:
  Shanaka Kumaratunga
  - 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**

Group Asset & Procurement Manager:
Gino Gunness

Head of Corporate Secretarial Services:
Bhooneshi Nemchand

■ Operational
■ Dormant

* Appointed on September 1, 2019
** The post will be filled in due course

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 approved a Board Charter, a Directors Charter, Positions Statements and job descriptions clearly defining 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 throughout the Group. Their respective profiles are detailed on pages 80 and 81 of this report.

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

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.

Role and Responsibilities

A Board Charter, aiming to regulate how business is conducted by the Board, was endorsed by the Board in May 2018 and shall be reviewed every five years or as may be required by law from time to time.

3. THE BOARD (CONTINUED)

Role and Responsibilities (continued)

Responsibilities

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.

BOARD OF DIRECTORS

Principles & Methodologies

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

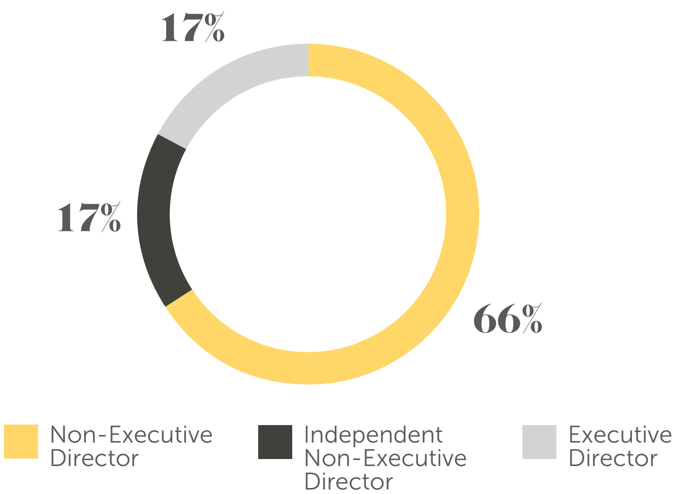
- the Chairperson of the Board shall be a Non-Executive Director;
- the existence of an appropriate balance of Executive, Non-Executive and Independent Non-Executive Directors on the Board;
- the creation of Board Committees;
- the adherence to the Group's Code of Ethics and other governance policies, 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 stakeholders.

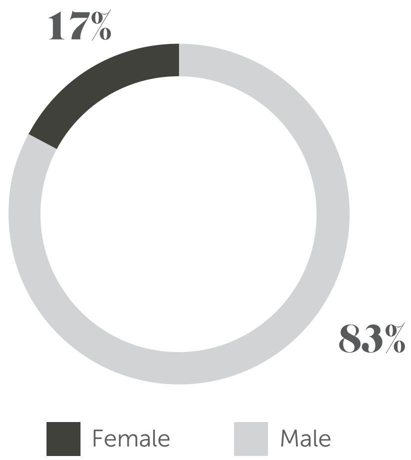
Board Composition

<u>Board Size</u>

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 12 Directors as detailed hereunder:





The 2 Executive Directors are the Group CEO and the Group Finance Manager.

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.

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

The Board acknowledges that the guidelines of the Code as well as its Charter, recommend that the Company have at least two Independent Non-Executive Directors.

During the financial year ended June 30, 2019, the Company has appointed two new Independent Non-Executive Directors to 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.

Messrs. Jean-Claude Maingard and E. Jean Mamet, who resigned on November 7, 2018, have been replaced by Mrs Catherine Gris and Mrs Kalindee Ramdhonee on October 1, 2018 and November 7, 2018 respectively. Mr Jan Boullé, also appointed on November 7, 2018, replaced Mr Yann Duchesne, who resigned on July 31, 2018.

Mrs Ramdhonee is currently the Chairperson of the Audit Committee.

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.

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.

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 qualified as an 'Ingénieur Statisticien Economiste' (France) and pursued post graduate studies in Economics at 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 Ltd and other non-listed Mauritian companies.

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 (AMM) 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 and also an independent member of the board of Trimetys Ltd and Cap Tamarin Ltée.

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.

3. THE BOARD (CONTINUED)

Profiles of Directors (continued)

Laurent de la Hogue – Non-Executive Director

Mr Laurent de la Hogue was appointed Director of the Company in December 2011. Born in 1975, Mr de la Hogue holds a Master degree in Management and Finance from the 'Ecole Supérieure de Gestion et Finance' in Paris, France. In 2001, he joined GML Management Ltée 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 project development. He was appointed Head of Financial Services of IBL Ltd in July 2016. He is currently the Non-Executive Chairman of AfrAsia Capital Management Ltd, IBL Treasury Ltd and LCF Securities Ltd. He also serves as Director on 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 Programme at INSEAD, Fontainebleau, France, an Advanced Management Programme (AMP180) from Harvard Business School, United States, and a Breakthrough Executive Programme with Egon Zender/Mobius in Portugal. Three years ago, he initiated the merger of GML Investissement Ltée and Ireland Blyth Limited, creating both a successful Group and substantial shareholder value for all stakeholders since the Group's introduction onto the local Stock Market. Mr Lagesse is the Group CEO of the new entity, IBL Ltd, the largest business group on the island of Mauritius and one of the Mauritian private sector's most prominent leader and is known to drive the Group he leads with innovative and challenging undertakings. He is also an Executive Director of IBL Ltd and the founder and Chairman, since July 2012, of the IBL Group's Foundation (Fondation Joseph Lagesse). He 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 Alteo Limited, Phoenix Beverages Limited and The Lux Collective Ltd inter alia. He was President of the National Committee on Corporate Governance in Mauritius, of the Chamber of Agriculture, of the Mauritius Sugar Producers' Association and of the Sugar Industry Pension Fund.

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. 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 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.

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 Programme 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.

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 highly accomplished finance professional and 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 local and international business environments in sectors such as Technologies, Telecommunications, Mining, Construction, Financial and Property Development. She has proven competences in accounting and finance extending to IT, HR, business development and general management functions. She has occupied senior management positions for decades and largely contributed in establishing and grooming business excellence in local groups such as Harel Mallac, Currimjee Jeewanjee as well as international groups, namely African Alliance, Canal + and BIA Group in Belgium and across Africa. Mrs Ramdhonee is currently the Managing Director of Karics Partners Ltd engaged in financial services and BPO sectors.

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 Programmes 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 – Head of Corporate Secretarial Services and 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. She has been promoted to the post of Head of Corporate Secretarial Services since July 2019.

3. THE BOARD (CONTINUED)

Directors' Directorships

The directorships of the Directors of the Company in listed companies and other Public Interest Entities ("PIE") as at June 30, 2019 were as detailed hereunder:

NAME OF DIRECTORS	LISTED COMPANIES	OTHER PUBLIC INTEREST ENTITIES
MR MARC FREISMUTH	BMH Ltd Constance Hotel Services Limited Constance La Gaieté Company Limited [1] The United Basalt Products Limited	Compagnie de Gros Cailloux Limitée Espace Maison Ltée
MR FRANÇOIS BOULLÉ	The United Basalt Products Limited	Compagnie de Gros Cailloux Limitée Espace Maison Ltée
MR JAN BOULLÉ	Alteo Limited Bluelife Limited [1] IBL Ltd Lux Island Resorts Ltd Phoenix Beverages Limited Phoenix Investment Company Limited The Bee Equity Partners Ltd The United Basalt Products Limited	Alteo Agri Ltd (Formerly Alteo Limited) Bloomage Ltd Camp Investment Company Ltd Espace Maison Ltée GML Ineo Ltée [1] GML Ltée Haute Rive Holdings Limited Haute Rive IRS Company Ltd Mon Loisir Ltée Pick and Buy Limited
MRS CATHERINE GRIS	The United Basalt Products Limited	Espace Maison Ltée
MR JOEL HAREL	[2] Terra Mauricia Ltd The United Basalt Products Limited	Espace Maison Ltée
MR LAURENT DE LA HOGUE	Eagle Insurance Limited Lux Island Resorts Ltd The United Basalt Products Limited	Espace Maison Ltée
MR ARNAUD LAGESSE	[1] Alteo Limited Bluelife Limited IBL Ltd [1] Phoenix Beverages Limited [1] Phoenix Investment Company Limited The United Basalt Products Limited	Afrasia Bank Limited Alteo Energy Ltd Alteo Milling Ltd [1] Bloomage Ltd [1] Camp Investment Company Ltd City Brokers Ltd Esperance et Compagnie Limitée GML Ltée Haute Rive Azuri Hotel Ltd Haute Rive Holdings Limited Lagfin Ltée Mon Desir Limited Pick and Buy Limited PL Resorts Ltd [1] The Lux Collective Ltd
MR STÉPHANE LAGESSE	[2] IBL Ltd The United Basalt Products Limited	Espace Maison Ltée [2] GML Ineo Ltée
MR THIERRY LAGESSE	Alteo Limited IBL Ltd Lux Island Resorts Ltd Phoenix Beverages Limited Phoenix Investment Company Limited The United Basalt Products Limited	Alteo Energy Ltd Alteo Milling Ltd Alteo Refinery Ltd Camp Investment Company Ltd Compagnie de Gros Cailloux Ltée Consolidated Energy Co Ltd [1] Espace Maison Ltée Ferney Limited GML Ineo Ltée GML Ltée
MR CHRISTOPHE QUEVAUVILLIERS	The United Basalt Products Limited	Compagnie de Gros Cailloux Ltée
MRS KALINDEE RAMDHONEE	The United Basalt Products Limited	Espace Maison Ltée
MR STÉPHANE ULCOQ	The United Basalt Products Limited	[1] Compagnie de Gros Cailloux Ltée Espace Maison Ltée

[1] Chairman
[2] 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 and rigorous discussions, constructive debates, and active participation 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 86.

Focus Areas

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

Strategy and Performance	Governance	Risk Management and Internal Control	Financial	Other Agenda Items
• Potential investment opportunities; • The operational strategy and performance of overseas subsidiaries and investments; • The activity reports of the Group CEO, including the performance of the subsidiaries and associates companies; and • A digital transformation plan.	• Reports from the Chairman of the Corporate Governance Committee; • Selection and nomination of Non-Executive Directors, including the Independent Directors; • The review of the remuneration of Directors, members of Board Committees, senior management and staff in general; • Implementation of the Conflict of Interest and Related Party Transactions Policy; • Development programme for Directors; and • Selection and recommendation in respect of the nomination of the new external auditors.	• 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; • Adequacy of the Group's insurance covers; • Approval of a Data Protection Management Programme; and • An update on the reports issued by the internal auditors, Messrs BDO & Co.	• Reports from the Chairperson 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, 2018; • The quarterly unaudited abridged group interim financial statements; • The declaration of dividends; and • The operational and capital expenditure budgets for the financial year 2019-20.	• The Annual Meeting of Shareholders

3. THE BOARD (CONTINUED)

Board Committees

The Board delegates certain duties and responsibilities to the three Board Committees, namely the Corporate Governance (Nomination and Remuneration) Committee, the Audit Committee and the Risk Monitoring Committee, tasked with providing a more comprehensive evaluation of specific matters.

The Charters of the respective Board Committees are available on the website of the Company - www.ubp.mu. The Charters shall be reviewed as may be required by law from time to time.

Corporate Governance (Nomination and Remuneration) Committee

Mandate

The Corporate Governance Committee advises the Board of Directors on all aspects of corporate governance and ensures that the principles of the Code are applied.

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 2018-19 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;
- implement the Whistleblowing Policy as well as the Conflict of Interest and Related Party Transactions Policy;
- review the Board composition, discuss the succession plan of two Directors as well as the selection and appointment of three Non-Executive Directors, including two Independent Directors;
- consider a Board evaluation exercise;
- discuss and approve political donations; and
- discuss on a development programme for Directors.

Attendance

The attendance record of Committee meetings for the year under review is as shown on page 86. 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, 2019 amounted to Rs 100,000 (2018: Rs 100,000) and Rs 75,000 (2018: Rs 75,000) respectively.

Audit Committee

Mandate

The Committee ensures the integrity of accounting and financial reporting and reviews 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 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:

Chairperson : Kalindee Ramdhonee
Members : François Boullé
Joël Harel

The Chairperson of the Committee is an Independent Non-Executive Director while the other members of the Committee no more qualify as being independent pursuant to the guidelines of the Code since they have been members of the Board of Directors for more than nine years. We are of the opinion that the other current members of the Committee are able to exercise independent judgement in discharging their responsibilities and will not be replaced given their financial management knowledge and many years of experience in our business activities.

The Committee met five times during the financial year 2018-19, mainly to:

- review and recommend to the Board for approval the audited group financial statements, the Annual Report and the audited abridged group financial statements for the year ended June 30, 2018;
- discuss about the rotation of external auditors in accordance with prevailing laws and recommend the nomination of the new 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 subsidiaries;
- review the internal audit reports of Messrs BDO & Co.;
- validate the audit plan for 2019-20, as proposed by the newly appointed internal auditor; and
- review the external audit Management Letters from Messrs Ernst & Young for 2018.

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 86. 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 on invitation depending on the agenda.

Remuneration

The remuneration of the Chairperson and of each member of the Audit Committee for the year ended June 30, 2019 amounted to Rs 150,000 (2018: Rs 150,000) and Rs 100,000 (2018: Rs 100,000) respectively.

Risk Monitoring Committee

Mandate

The Committee assists 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 as well as the approval of risk management policies for recommendation to the Board.

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 : Christophe Quevauvilliers
Kalindee Ramdhonee
Stéphane Ulcoq

The Chairman is a Non-Executive Director. Mrs Ramdhonee is an Independent Non-Executive Director 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 two times during the financial year 2018-19, mainly to:

- review the Group's insurance policies to ensure adequate coverage;
- review and discuss the proposal of Messrs BDO & Co. in respect of the risk monitoring exercise within the Group;
- discuss and agree on a methodology to assess new substantial investment opportunities;
- discuss various solutions for the Information Technology Disaster Recovery Plan (DRP); 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 on page 86. 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, 2019 amounted to Rs 75,000 (2018: Rs 75,000) and Rs 50,000 (2018: Rs 50,000) respectively.

3. THE BOARD (CONTINUED)

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		4 out of 5	2 out of 2	1 out of 1
Jan Boullé[1]	3 out of 6				1 out of 1
Yann Duchesne[2]	0 out of 6				1 out of 1
Catherine Gris[3]	5 out of 6				1 out of 1
Joël Harel	6 out of 6	6 out of 6	5 out of 5		1 out of 1
Laurent de la Hogue[4]	6 out of 6		1 out of 5		1 out of 1
Arnaud Lagesse	4 out of 6				1 out of 1
Stéphane Lagesse	6 out of 6				1 out of 1
Thierry Lagesse	6 out of 6	4 out of 6			1 out of 1
Jean-Claude Maingard[5]	1 out of 6				0 out of 1
E. Jean Mamet[6]	1 out of 6		1 out of 5	1 out of 2	0 out of 1
Christophe Quevauvilliers	6 out of 6			2 out of 2	1 out of 1
Kalindee Ramdhonee[7]	3 out of 6		3 out of 5	1 out of 2	0 out of 1
Stéphane Ulcoq	6 out of 6			2 out of 2	1 out of 1

1. Mr Jan Boullé was appointed as Director on November 7, 2018.
2. Mr Yann Duchesne resigned as Director on July 31, 2018.
3. Mrs Catherine Gris was appointed as Director on October 1, 2018.
4. Mr Laurent de la Hogue was designated by the Board to exceptionally attend one of the meeting of the Audit Committee.
5. Mr Jean-Claude Maingard resigned as Director on November 7, 2018.
6. Mr E. Jean Mamet resigned as Director on November 7, 2018.
7. Mrs Kalindee Ramdhonee was appointed as Director on November 7, 2018.

4. DIRECTOR APPOINTMENT PROCEDURES

Selection, Appointment and Re-election

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

1. Identification & Selection	2. Recommendation	3. Appointment	4. Re-Election
Identification and selection of Director (s)by the NC, by having regards to inter alia, the knowledge required to fill a gap on the Board, the skills required to add value and the extent to which the individual may meaningfully contribute to the affairs of the Board. The Board favours diversity, including gender, to be in line with sound principles of corporate governance.	The NC recommends the nomination of the Director (s) to the Board.	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.	A Director so appointed shall hold office only until the next following Annual Meeting of shareholders and shall then be eligible for re-election.

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. The Board also continuously encourages its members to acquire new skills.

Board Induction

The Chairman, with the assistance of the Company Secretary, 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 of the Group to effectively contribute to strategic discussions. They are also made aware of their fiduciary duties and responsibilities. The induction programme comprises, inter alia:

Board Induction

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

4. DIRECTOR APPOINTMENT PROCEDURES (CONTINUED)

Selection, Appointment and Re-election (Continued)

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 Directors are expected to devote time and meaningfully contribute to the affairs of the Board.

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 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.

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 Non-Executive 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 (CEO)

The Company's leadership model caters for an appropriate balance of power. The roles of the Chairman and of the Group CEO are distinct. They share a positive and constructive working relationship. The key responsibilities of the Chairman and of the Group CEO are detailed as follows. More information on their roles is available on the website of the Company - www.ubp.mu.

Chairman	Group CEO
Effectively leads the Board.	Oversees the implementation of the strategy approved by the Board.
Guides and monitors the functioning 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.	Is responsible for the day-to-day management of the Group.
Encourages a culture of openness, respect and trust and ensures constructive board discussions.	

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 sets out the Group's policy in respect of dealings in the shares of the Company by Directors, designated employees and their associates, thereby providing clear guidance on the practice to be followed 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 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.

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

Conflicts of Interests and Related Party Transactions

A Conflict of Interest and Related Party Transactions Policy has been endorsed by the Board to provide the framework for Directors and designated employees of 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. While the Board is ultimately responsible for developing appropriate policies on conflicts of interests and related party transactions and exercises this responsibility via the Corporate Governance Committee, the Audit Committee is responsible to address questions pertaining to conflicts of interests and related party transactions and thereafter reports to the Board on such matters.

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. 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 30 of the Notes to the Financial Statements on page 215 for details of related party transactions.

Information Governance

While the responsibility for information governance with the Company is bestowed upon the Board, the management of information technology and the information security governance are delegated to the IT function.

The Group is committed to safeguarding 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. To fulfill this obligation, the Board is supported by the Risk Monitoring Committee for reviewing information technology risks and actions taken to mitigate them.

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

The Board of Directors and the management of the Company are also committed to compliance with all relevant laws in respect of personal data including the GDPR and the DPA for the protection of the rights and freedoms of individuals whose information UBP collects and processes in the course of its activities. A Data Protection Management Programme has been devised to this end.

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.

The Group Remuneration Policy, endorsed by the Board, sets out rules to ensure equity, transparency and consistency in the remuneration practices across the Group to favour greater alignment between remuneration and performance objectives, in accordance with market practices. The methodical application of the remuneration policy will ensure that the Group attracts and retains talents who are engaged and committed to the long-term value creation of its stakeholders.

Please refer to Other Statutory Disclosures on page 105 for a table of total emoluments and benefits received by Directors from the Company and subsidiary companies for the year ended June 30, 2019. 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. 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.

Although acknowledging that the Code recommends that the remuneration received by Directors be disclosed on an individual basis, such remuneration is disclosed by category of Directors in view of the confidentiality and sensitivity of this information.

Long-term Incentive Plan

The Company does not have any long-term incentive plan yet. A 'Performance Management System' is 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 and covering the key aspects of the Board's function, was commissioned in 2017. 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.

While an evaluation was planned for the year under review in accordance with the Board Charter, the Board resolved to postpone the exercise to the forthcoming year to enable the newly appointed Directors to familiarise themselves with the functioning of the Board and be in a better position to assess its effectiveness.

6. RISK GOVERNANCE AND INTERNAL CONTROL

Risk Governance

The Group is committed to instilling a risk and performance culture. To this end, a risk governance framework is key.

Risk Governance

The Board of Directors is responsible for the governance of risks and embeds a robust risk management framework as a core competency. The Group's internal control system is designed to manage the risk of failure to achieve business objectives. 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 Risk Monitoring Committee and the Audit Committee assist the Board in the discharge of its duties in relation to risk management and internal control respectively.

Management is responsible for implementing internal control and risk management systems under the supervision of the Audit Committee and of the Risk Monitoring Committee respectively to ensure their effectiveness. The aim is to 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 acknowledges 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.

6. RISK GOVERNANCE AND INTERNAL CONTROL (CONTINUED)

Risk Architecture

With a view to fully identity, measure, assess and mitigate our exposure to risks, an Enterprise Risk Management (ERM) framework and a Business Continuity Management (BCM) plan were implemented within the Group in 2016.

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

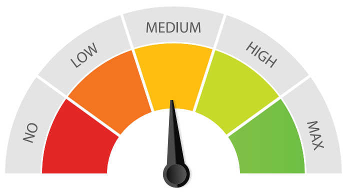
LOW/MEDIUM

DEVELOP HUMAN CAPITAL

MEDIUM

MARKET DEVELOPMENT

MEDIUM



INTERNATIONAL EXPANSION

MEDIUM

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 the risk appetite.

CHIEF RISK OFFICER

1st LINE OF DEFENCE

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

DEPARTMENT HEADS (RISK OWNERS)

2nd LINE OF DEFENCE

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

ACTION & CONTROL OWNERS

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

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).

6. RISK GOVERNANCE AND INTERNAL CONTROL (CONTINUED)

Risk Monitoring

Following the implementation of the ERM, a risk monitoring exercise was initially 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.

The key risk categories relevant to the Group, remain as follows:

A report on the key risks inherent to our activities is found on pages 66 to 69 of this report.

Way Forward

The Group intends to reinforce the risk reporting to the Board, via the Risk Monitoring Committee. Adequate resources will be dedicated to the risk and compliance function, namely with the recruitment of an officer to hold this post.

Being mindful of the evolution of the business environment, the Risk Monitoring Committee and the Chairman of the Board, will review and redefine the risk appetite and the Board risks, including their impact and tolerance, which will be thereafter submitted to the Board, for approval.

The risk registers will also be updated and linked to the objectives of the Board, so that appropriate treatment plans be elaborated in respect of the key risks falling outside the tolerance limits of the risk appetite.

Once the risk registers will be up to date, each risk owner will pursue the risk monitoring exercise within the set framework and actions plans will be tracked by a Risk and Compliance Officer, who will report to the Chief Risk Officer (CRO) to that effect.

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.

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 Controls

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.

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 Annual Report and financial statements in accordance with applicable laws and regulations. Pursuant to the prevailing Companies Act of Mauritius, the Directors are also required to ensure that financial statements are in compliance with International Financial Reporting Standards.

The Directors are further responsible for the adequate 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. This report sets out the financial, social, environmental and performance outlook relevant to the Group.

Furthermore, a soft copy of the Annual Report of the Group 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 auditors, a rotation of the audit partner was done regularly.

Pursuant to Section 41A of the Financial Reporting Act 2004, as amended by the Finance (Miscellaneous Provisions) Act 2016 and a subsequent regulation Government Notice No 64 of 2017 pertaining to the rotation of auditors for listed companies, the Company carried out a tender exercise. Upon the recommendation of the Audit Committee and the Board, the appointment of Deloitte Mauritius, as external auditors for the ensuing year, will be submitted for the approval of the shareholders at the forthcoming Annual Meeting.

To further ensure that the objectivity and independence of external auditors are not compromised 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.

Please refer to Other Statutory Disclosures on page 106 for the details of the auditors' remuneration.

Internal Audit

The group 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, using a risk-based approach and to recommend improvements in control, performance and productivity within the Group. The Audit Committee monitors the independence and the objectivity of the internal audit function.

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. No restrictions are placed over the right of access by the internal auditor to the records, the management and/or the employees of the Group.

Further to the assessment of their expertise and independence, Messrs BDO & Co. were engaged in April 2015 to conduct the internal audit of the Group, based on a 3-year internal audit plan, duly approved by the Audit Committee. The methodology used was 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 walk-through tests on procedures and processes and the formulation of necessary recommendations.

The reports issued by Messrs BDO & CO. during the year under review relate to the Sales as well as the Health and Safety functions of the Company, the operations of Drymix Ltd and the warehouse of Espace Maison Ltée.

Further to the recommendation of the Audit Committee, an internal auditor was recruited in April 2019. His main duty involves the audit of the Group's operations as per a defined audit charter and annual audit plan duly approved by the Audit Committee. The internal auditor maintains his independence by directly reporting to the Audit Committee while for administrative matters, he reports to the Group Finance Manager.

The reports issued by the internal auditor relate to stock management and cash handling practices within the Company.

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 the internal auditor.

Furthermore the Audit Committee has approved an internal audit plan covering the key functions and significant areas within the Group for the period ending on June 30, 2020. The aim is to ensure a more extensive coverage of all business process cycles and better assess the effectiveness of recommended procedures and controls within the Group.

9. RELATIONS WITH SHAREHOLDERS AND OTHER KEY STAKEHOLDERS

Key Stakeholders of the Group

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.

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

Shareholding Structure

The shareholding structure of the Group at June 30, 2019 is as detailed hereunder:

The United Basalt Products Limited

SUBSIDIARIES

- 100% Espace Maison Ltée
  - 100% La Savonnerie Créole Ltée
- 100% Compagnie de Gros Cailloux Limitée
- 100% Société d'investissement Rodriguais
  - 75.9% Welcome Industries Ltd
- 100% UBP International Limited
  - 77% United Granite Product (Private) Limited
    - 100% DHK Metal Crusher (Private) Limited
    - 100% Sheffield Trading (Private) Limited
- 100% UBP Madagascar
- 90% UBP Coffrages Ltée
- 76.5% Sainte Marie Crushing Plant Limited
  - 100% Société des Petits Cailloux
- 51% Drymix Ltd
  - 80% Drymat SAS (Réunion)
- 100% Land Reclamation Limited
- 100% Stone and Bricks Limited
- 100% The Stone Masters Co. Ltd
- 100% Pricom Ltd

ASSOCIATES

- 49% Pre-mixed Concrete Limited
- 46% Terrarock Ltd
- 34% Prochimad Mines et Carrières SARL*
- 25% Sud Concassage Limitée
- 25% Cement Transport Ltd
- 20% Compagnie Mauricienne d'Entreprise Ltée

Operational Dormant * Via UBP Madagascar

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, 2019 was as follows:

Directors	UBP	IBL Ltd
Jan Boullé	■	■
Arnaud Lagesse	■	■
Thierry Lagesse	■	■

Substantial Shareholders

The shareholders holding more than 5% of the share capital of the Company at June 30, 2019 were as follows:

Shareholders	Number of shares	% Holding
IBL Ltd	8,785,100	33.14
The National Pensions Fund	1,335,172	5.04

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, 2019 were as follows:

Size of shareholding	Number of shareholders	Number of shares owned	Percentage (%)
1 - 500	3,342	300,923	1.13
501 – 1,000	377	274,538	1.03
1,001 – 5,000	710	1,658,917	6.26
5,001 – 10,000	214	1,497,942	5.65
10,001 – 50,000	230	4,487,957	16.93
50,001 – 100,000	37	2,546,999	9.60
100,001 – 250,000	20	2,983,780	11.25
250,001 – 1,000,000	7	2,638,714	9.95
Over 1,000,000	2	10,120,272	38.20
Total	**4,939**	**26,510,042**	**100.00**

Category of shareholders	Number of shareholders	Number of shares owned	Percentage (%)
Individuals	4,476	7,885,810	29.75
Insurance and assurance companies	14	217,823	0.82
Pension and providence funds	78	3,163,864	11.94
Investment and trust companies	61	750,766	2.83
Other corporate bodies	310	14,491,779	54.66
Total	**4,939**	**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.

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

Total Shareholders' Return

Total Shareholders' Return		2015	2016	2017	2018	2019
Share price at the end of the current year	Rs	85.00	83.00	115.00	125.50	131.25
Share price at the end of the previous year	Rs	84.00	85.00	83.00	115.00	125.50
Increase/(Decrease) in share price	Rs	1.00	(2.00)	32.00	10.50	5.75
Dividend per share	Rs	2.75	3.00	3.25	3.50	3.80
Total return per share	Rs	3.75	1.00	35.25	14.00	9.55
Total return based on previous year's share price	%	4.46	1.18	42.47	12.17	7.61

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, 2019, the Company declared a dividend of Rs 3.80 per share in respect of the financial year 2018-19.

Please refer to Financial Highlights and Ratios on pages 142 and 143 for indicators and dividend paid per ordinary share over the past five years to June 30, 2019.

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. The external auditors also assist the meeting.

Shareholders are also 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 Annual Report.

Shareholders' Calendar of Events

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

Shareholders' Calendar of Events

September
Publication of audited abridged group year-end results to June 30

November
Publication of unaudited abridged group first quarter's results to September

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

May
Declaration of dividend

June
Payment of dividend

STATEMENT OF DIRECTORS' RESPONSIBILITIES

For the year ended june 30, 2019

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; and
- 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, 2019. 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, 2019 and that nothing has come to their attention which could indicate any material breakdown in the functioning of internal control systems and have a material impact on the trading and financial position of the Company.

On behalf of the Board

Marc Freismuth	**Stéphane Ulcoq**
Chairman	Group CEO

September 26, 2019

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. The Company also holds a 15% stake in a company manufacturing clay bricks in Zambia.

DIRECTORS

Members of the Board of Directors at June 30, 2019 were:

The Company

Messrs:	Marc Freismuth - Chairman
	François Boullé
	Jan Boullé - Appointed on November 7, 2018
Mrs:	Catherine Gris - Appointed on October 1, 2018
Messrs:	Joël Harel
	Laurent de la Hogue
	Arnaud Lagesse
	Stéphane Lagesse
	Thierry Lagesse
	Christophe Quevauvilliers
Mrs:	Kalindee Ramdhonee - Appointed on November 7, 2018
Mr:	Stéphane Ulcoq

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

Messrs Jean-Claude Maingard and E. Jean Mamet resigned as Directors to the Board on November 7, 2018.

Subsidiary Companies

Espace Maison Ltée

Messrs:	Thierry Lagesse - Chairman
	François Boullé
	Jan Boullé - Appointed on November 7, 2018
Mrs:	Catherine Gris - Appointed on November 7, 2018
Messrs:	Marc Freismuth
	Joël Harel
	Laurent de la Hogue
	Stéphane Lagesse
Mrs:	Kalindee Ramdhonee - Appointed on November 7, 2018
Mr:	Stéphane Ulcoq

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

Messrs Jean-Claude Maingard and E. Jean Mamet resigned as Directors to the Board on November 7, 2018.

Compagnie de Gros Cailloux Limitée

Messrs:	Stéphane Ulcoq – Chairman - nominated on October 24, 2018
	François Boullé
	Marc Freismuth
	Thierry Lagesse
	Christophe Quevauvilliers

UBP Coffrages Ltée

Messrs:	Laurent Béga - Appointed on May 8, 2019
	Bryan Gujjalu - Appointed on May 8, 2019
	Christophe Quevauvilliers - Appointed on May 8, 2019

OTHER STATUTORY DISCLOSURES (CONTINUED)

(Pursuant to Section 221 of the Companies Act 2001)

Welcome Industries Ltd

Messrs: Thierry Lagesse - Chairman

Christophe Quevauvilliers

Stéphane Ulcoq

UBP International Limited

Messrs: Thierry Lagesse – Chairman

Marc Freismuth

Joël Harel

UBP Madagascar

General Manager: This post will be filled in due course.

United Granite Products (Private) Limited

Messrs: Rémi de Gersigny

Christophe Quevauvilliers

Stéphane Ulcoq

Sainte Marie Crushing Plant Limited

Messrs: Thierry Lagesse - Chairman

Michel Pilot - Appointed on June 30, 2019 in replacement of Mr Richard Koenig who resigned on the same date

Christophe Quevauvilliers

Stéphane Ulcoq

Drymix Ltd

Messrs: Marc Freismuth - Chairman

Alexis Caude

Thierry Lagesse

-alternate: Mr Christophe Quevauvilliers

Colin Taylor

-alternate: Mr Eric Adam

Urs Rolland Straub

- alternate: Mr Guillaume Dubreuil - Appointed on December 1, 2018 in replacement of Mr Jamshed Khan who resigned on the same date

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	
	2019	2018	**2019**	2018
	Rs'000	Rs'000	Rs'000	Rs'000
The Company	13,408	12,399	2,640	2,620
Subsidiary Companies :				
Espace Maison Ltée	-	-	1,302	1,300
Compagnie de Gros Cailloux Limitée	-	-	82	60
UBP Coffrages Ltée	-	-	-	-
Welcome Industries Limited	-	-	-	-
UBP International Limited	-	-	-	-
UBP Madagascar	-	-	-	-
United Granite Products (Private) Limited	-	-	-	-
Sainte Marie Crushing Plant Limited	-	-	160	160
Drymix 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, 2019 were as follows:

Ordinary shares

	Category	Direct		Indirect	
		Number	%	Number	%
Directors					
Marc Freismuth - Chairman	NED	-	-	-	-
François Boullé	NED	13,000	0.050	-	-
Jan Boullé	NED	-	-	-	-
Catherine Gris	INED	-	-	-	-
Joël Harel	NED	-	-	-	-
Laurent de la Hogue	NED	-	-	-	-
Arnaud Lagesse	NED	-	-	12,200	0.046
Stéphane Lagesse	NED	218	0.001	45,137	0.170
Thierry Lagesse	NED	2,136	0.008	45,137	0.170
Christophe Quevauvilliers	ED	600	0.002	12	0.000
Kalindee Ramdhonee	INED	-	-	-	-
Stéphane Ulcoq	ED	-	-	-	-
Senior Officers					
Edley Michaud	*	605	0.002	-	-
Dhuenesh Rambarassah	*	480	0.002	-	-

ED – Executive Director NED – Non-Executive Director INED - Independent 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.

Except for Mr Bruno Couve, who holds 10% of the newly set up subsidiary of the Company, namely UBP Coffrages Ltée, none of the Directors and Senior Officers of the Company has 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, 2019 were as follows:

Shareholders	Number of shares	% Holding
IBL Ltd	8,785,100	33.14
The National Pensions Fund	1,335,172	5.04

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

CONTRACTS OF SIGNIFICANCE

No Director or any substantial shareholder had a material interest, either directly or indirectly, in a contract of significance entered into by the Company or its subsidiaries.

DONATIONS

The Company and its subsidiary companies have donated Rs 2,486,219 during the year ended June 30, 2019 (2018: Rs 1,010,322) out of which Rs 1,884,433 (2018: Rs 400,000) were political donations.

AUDITORS' REMUNERATION

The auditors' remuneration was as follows:

	THE GROUP		THE COMPANY	
	2019	2018	**2019**	2018
	Rs'000	Rs'000	Rs'000	Rs'000
Audit fees :				
Ernst & Young	**2,941**	2,991	**1,259**	1,206
Other firms	-	-	-	-
Non-audit fees :				
Ernst & Young	**727**	706	**431**	572
Other firms	**950**	1,800	**950**	1,125

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 726,776 (2018: Rs 706,067).

The Group paid Rs 950,000 as internal audit fees to other firms for the year ended June 30, 2019 (2018: Rs 1,800,000).

COMPANY SECRETARY'S CERTIFICATE

For the year ended june 30, 2019

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 26, 2019

Capital reports

Human capital

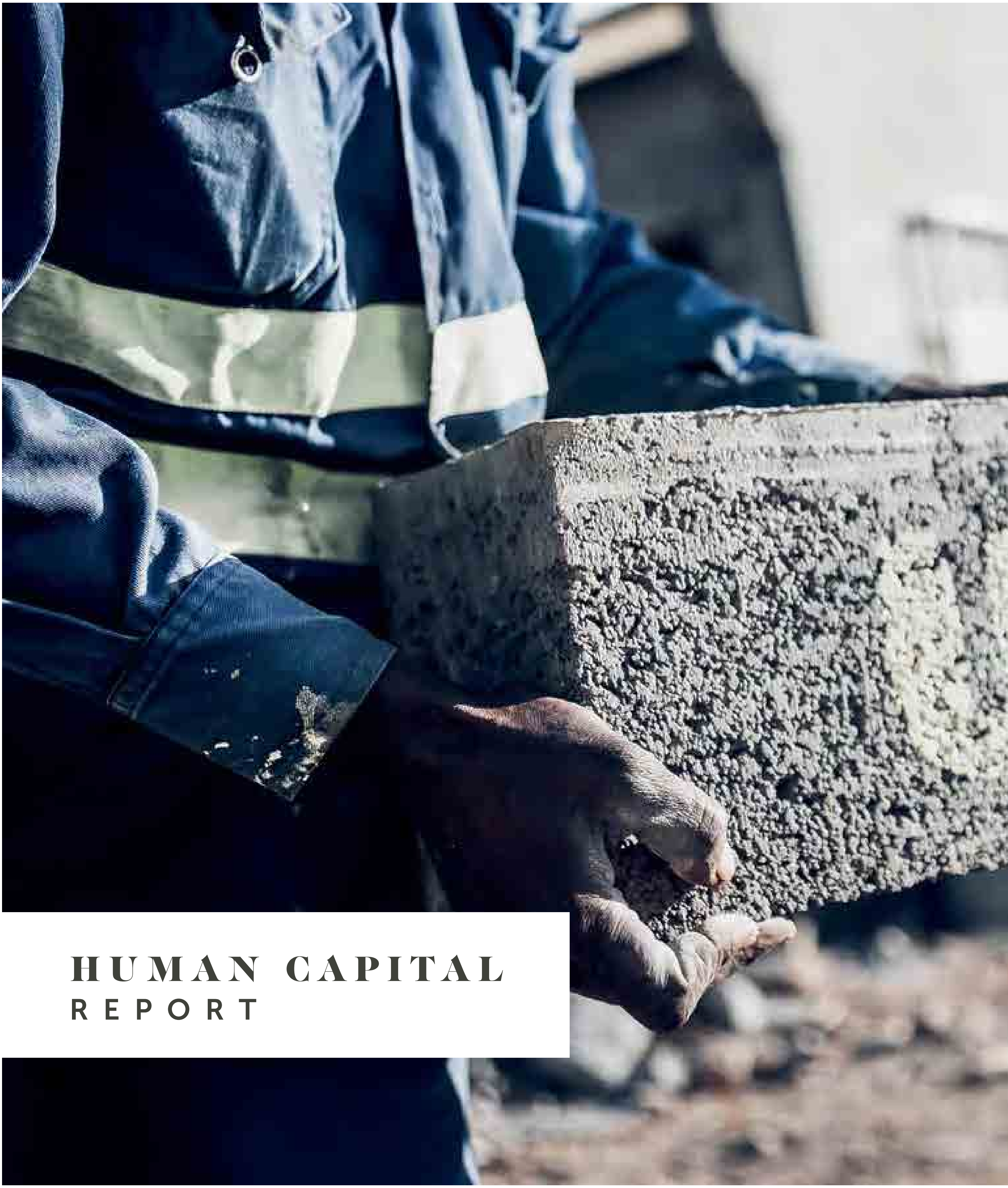
Natural capital

Social capital

Intellectual capital

Manufactured capital

Financial capital



HUMAN CAPITAL
REPORT

HUMAN CAPITAL

TOTAL EMPLOYEES MAURITIUS

+7%

2018	2019	UBP	Espace Maison	Drymix	Gros Cailloux
1,261	1,350	853	272	78	147

PROFILE BY GENERATIONS

GENERATIONS	BABY BOOMERS (Born 1946-1964)	GENERATION X (Born 1965-1980)	GENERATION Y (Born 1980-2000)	GENERATION Z (Born as from 2000)
NUMBER OF EMPLOYEES	337	436	520	57

REPRESENTATION BY GENDER AND POSITION

FEMALE		POSITION	MALE	
COMPOSITION	NUMBER		NUMBER	COMPOSITION
30%	**22**	SENIOR MANAGEMENT	**52**	**70%**
43%	**175**	MIDDLE MANAGEMENT AND STAFF	**229**	**57%**
6%	**50**	OPERATIVES / WORKERS	**822**	**94%**

EMPLOYEE PRODUCTIVITY

38,210 Number of absences for 2019 (including authorised and planned leaves)

15% Employee turnover for 2019 concerning mostly operatives (up by 2%)

Adherence to Code of Ethics: **47** Warnings issues **5%** of total contracts terminated

The Importance of our Human Capital

Our Human Capital is crucial to our Group. As stated in our strategy, we aim to build a workforce that is able to analyse and seize opportunities. By recognising the economic and social value creation that stems from investing in our workforce, we aim to continuously achieve our commitment and duties to improve our employees' wellbeing.

Our employees have access to several benefits, depending on the company they work for and employee grade. Such benefits include a kindergarten for all children under the age of five, a gym at UBP's Head Office, staff canteens, pension plans, health insurance, free health checks, relative mortality support, transportation facilities, access to psychological support and discounts in Espace Maison stores and at Gros Cailloux.

SPENDING IN WELFARE FOR 2019:

Rs 13 million

(6.3% of total profit).

Learning and Development

TOTAL INVESTMENT IN PROFESSIONAL CERTIFICATIONS AND DEVELOPMENT* in 2019:

Rs 0.4 million

**Professional Certifications and Development refer to the financial and non-financial support of certified courses that the organisation provides for employees in relation to their career and self-development.*

Our strategic focus continues to leverage Learning and Development to increase our workforce competencies, creativity and innovation.

Our approach to talent development encompasses both hard and soft skills, with the following areas of focus: leadership, technical competencies, people focus, team synergies and health and safety.

This year's new initiatives include the adoption of an on-boarding framework to enhance employee engagement and satisfaction, as well as helping new employees build the relevant skills to be successful in their role. We also developed the 'Know Your Group' programme and the UBP Learning and Development Programme, which was launched in June 2019.

This year, 451 staff members have collectively undergone **966 hours of training under 113 individual training programmes** at different organisational levels. Building the technical competencies of our people across the Group has been the forefront of our Learning and Development strategy. Moreover, we have offered 33 internships within the Group in a bid to instil skills and a deeper understanding of the industry among the youth.

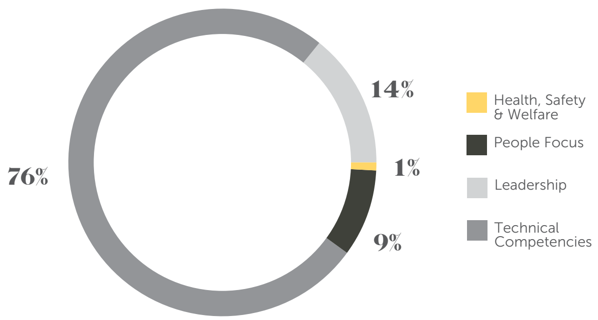
The 'Know your Group' project was launched this year, to ensure that employees that have been in employment for at least 5 years get a tour of the different companies and operations within the Group. This was done to allow all employees to stay abreast of the latest developments in the Group.

Espace Maison has embarked on a **3-year journey to instil a culture centred on service excellence across all levels,** starting with all front liners being technically upskilled in FY2018-19.

The Learning and Development department continuously works in close collaboration with all companies and departments to ensure strategic alignment with the organisation's objectives, as well as a focus on continuity and sustainability in terms of development plans.

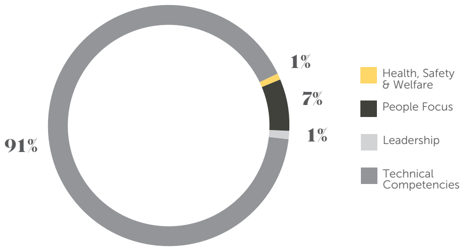
Expenses on training vary for each entity within the Group depending on their needs as depicted below:

UBP TRAINING EXPENSES PER AREA OF FOCUS (%)
FY2018-19

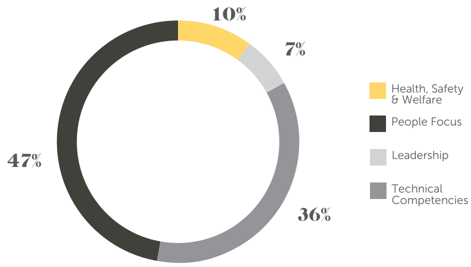


HUMAN CAPITAL

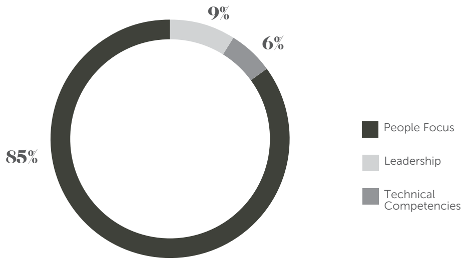
ESPACE MAISON TRAINING EXPENSES PER AREA OF FOCUS (%)
FY2018-19



DRYMIX TRAINING EXPENSES PER AREA OF FOCUS (%)
FY2018-19



GROS CAILLOUX TRAINING EXPENSES PER AREA OF FOCUS (%)
FY2018-19



Health and Safety

Despite several initiatives and the continuous monitoring and management of health and safety issues on our sites, our accidents rate has increased this year. There has been a significant increase at Espace Maison, and a slight increase at Drymix. Though we have been aware of this problem for a while, establishing a strong safety culture amongst all our employees and sites will take some time. We are carrying out further sensitisation initiatives and employee engagement exercises.

INTERNAL HEALTH AND SAFETY TRAINING:

Risk assessment / Fire wardens:

133 employees

(722 man-hours)

EXTERNAL HEALTH AND SAFETY TRAINING:

First Aid at work / Equipment:

48 employees

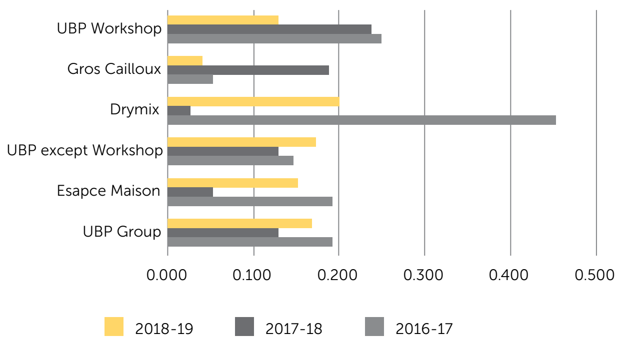
(875 man-hours)

A psychologist is available, free of charge, for employees who require counselling. We have also implemented a programme that encourages employees to report what they consider unsafe situations, if any, at work.

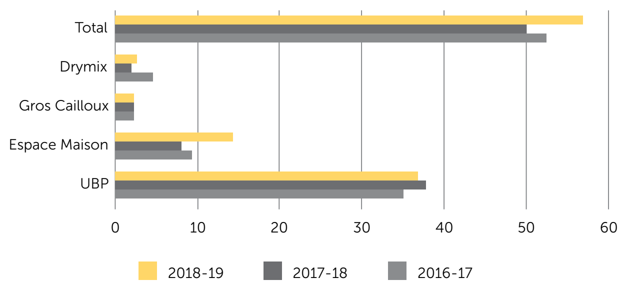
All General Managers have signed a Health and Safety Policy to demonstrate our commitment to bettering our health and safety culture at work.

We are monitoring our safety risks more closely by carrying out frequent risks inspections and assessments/audits.

Severity rate (lost hours per accident)



Number of accidents with injury leave



Our new initiative: Book Happiness Project

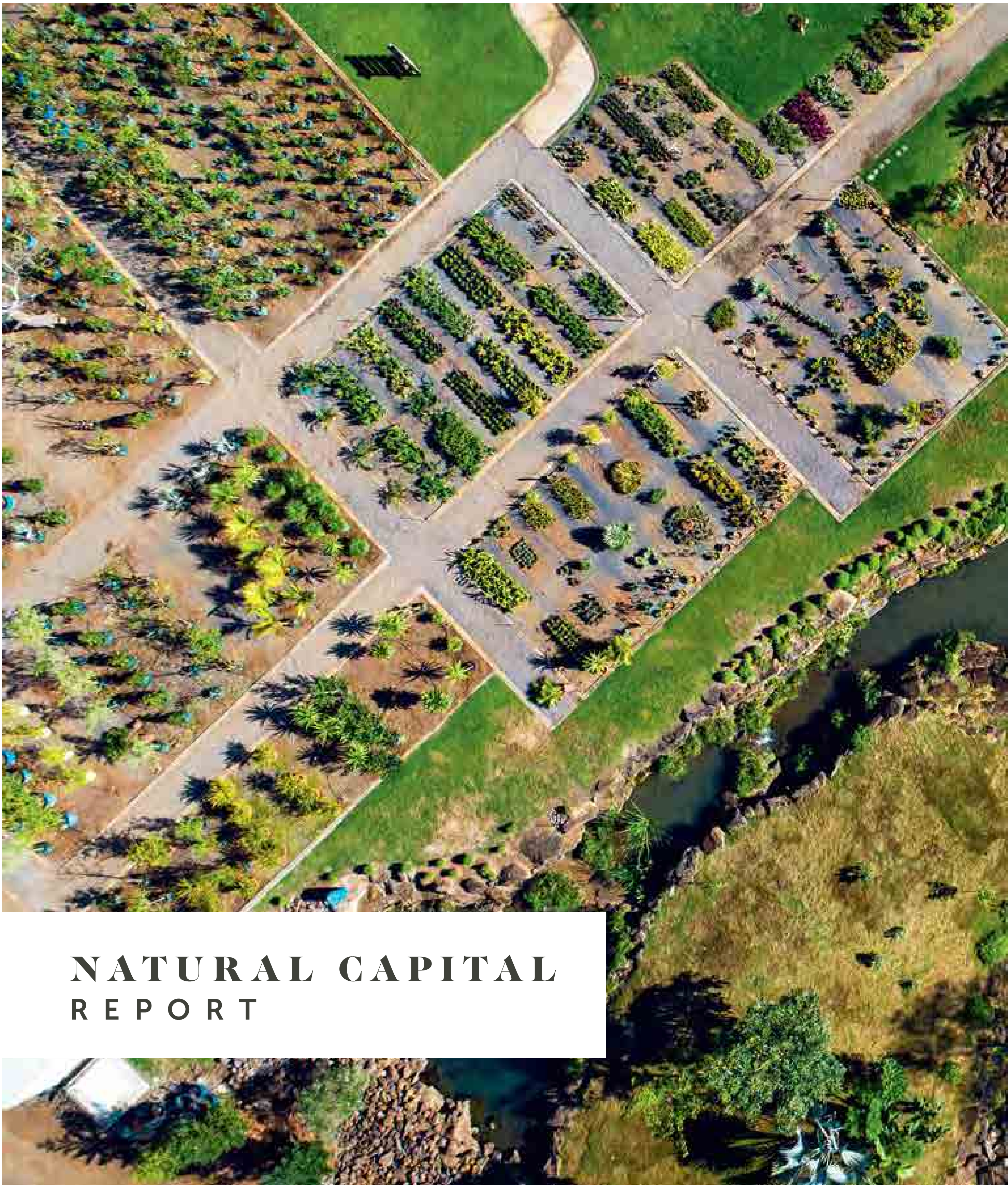
The **'Book Happiness Project'**, which involves the creation of small libraries on multiple UBP Group sites, was initiated in June 2019. For this initiative, we have partnered with the Mauritian association, 'Food for Thoughts', which liaises with libraries and bookstores in France to collect unused second-hand and unsold books for youth aged 6-17, as well as for adults.

The objective is to spark an interest for reading within our employees' children, to stimulate their curiosity and creativity, to boost their thirst for knowledge and education, and to help prepare them for future challenges. We believe that reading and literacy are vectors for a more equitable and democratic society. This project is in line with UBP's commitment to support our employees' family life, and to the Sustainable Development Goals, namely:

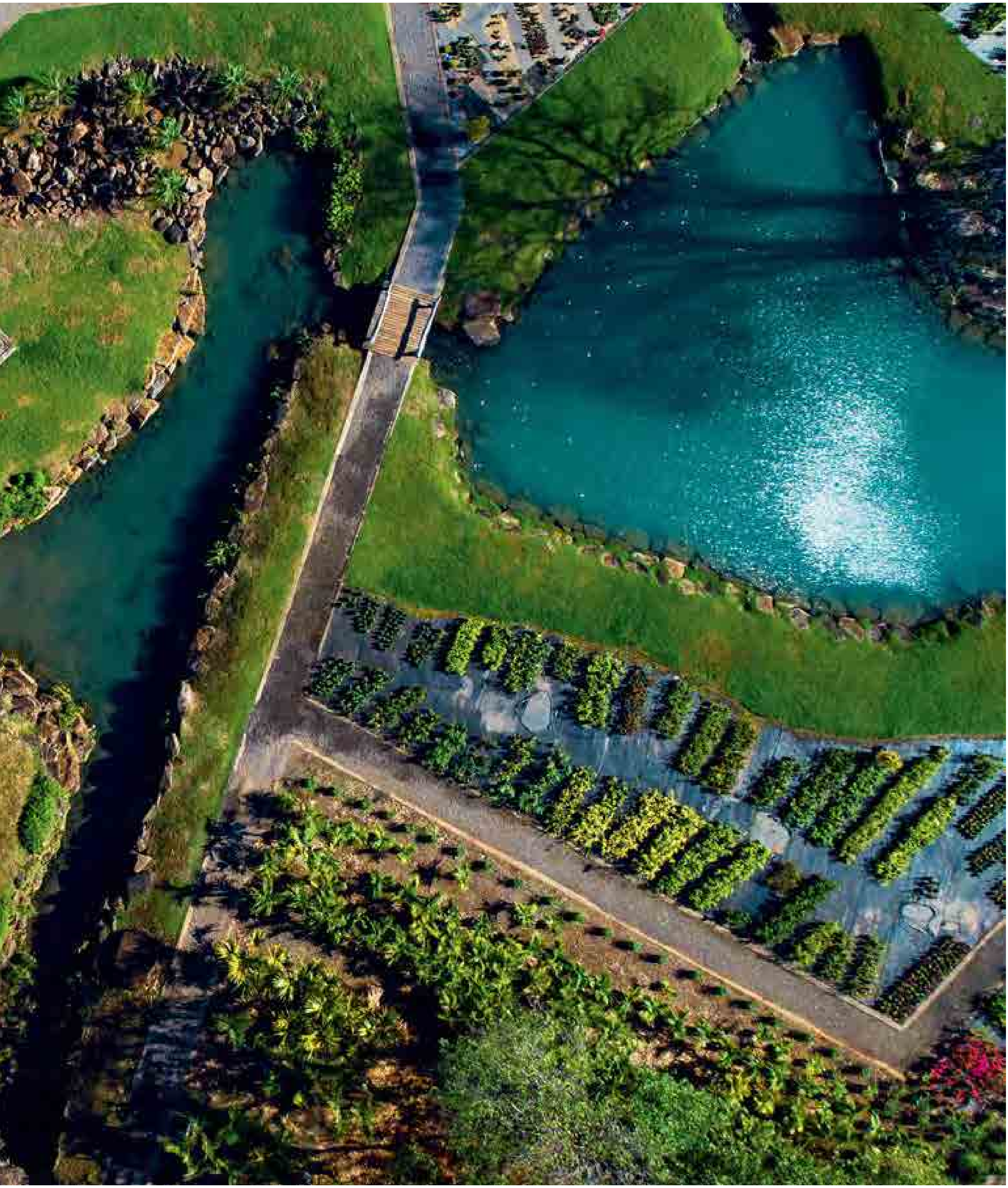
Goal 1: Eradicate poverty,

Goal 4: Quality education

Goal 10: Reducing inequalities



NATURAL CAPITAL REPORT



NATURAL CAPITAL

At UBP Group, we have started integrating sustainability criteria in the way we do business. We acknowledge that we are at the very beginning of this journey, with a long road ahead of us. Our commitment today is to embark on this journey gradually, and to organically incorporate it within our business culture and strategy. To do this, we have:

- recruited a Development and Sustainability Manager;
- added a new section on sustainability in our internal newsletter;
- started to measure our operational and products energy efficiency.

Measuring our operational energy efficiency

Our first order of action was to measure the carbon impact of operational activities that are under our control, including electricity consumption within the Group and fuel consumption for personnel and goods mobility. As was once famously said, 'You cannot improve what you do not measure.'

The context:

- Globally, the construction sector accounts for 30% of global emissions.
- Nationally, manufacturing and construction are lumped together and account for 8% of our total emissions. (Total national Greenhouse Gas (GHG) emissions in 2017: 5,207.3 Gg CO_{2e}. - up by 3.3% since 2016).
- In Mauritius, in 2017, around 42% of electricity was generated from coal, 37% from diesel and fuel oil, and 21% from renewable sources. Electricity generation was responsible for 60.4 % (2,568 Gg CO_{2e}) of the total emissions.

Electricity consumption at all UBP Group's facilities

Our analysis includes all UBP Group's facilities and production sites in Mauritius and Rodrigues for the FY2018-19.

Our results:

TOTAL KWH CONSUMED FOR FY2018-19:
APPROXIMATELY

17,089,000 kWh

TOTAL TONNES OF CO_{2e} EMISSIONS:

13,317 = 0.4%
of total emissions for electricity in Mauritius

TOTAL KWH CONSUMED ON PRODUCTION SITES ONLY:
APPROXIMATELY

13,789,200 kWh

The fuel we use to run company vehicles:

The study was carried out by Isodom, under the aegis of Business Mauritius' national programme for energy efficiency. The scope included the fuel consumption measurement of our 166 vehicles (trucks, cars and minibuses) used for personnel mobility and for goods transportation. Subcontracted vehicles and heavy machinery were excluded.

Other than carbon footprint measurements, opportunities to save on money and carbon were identified.

Our results:

DISTANCE TRAVELLED

4,124,027 KMS

CONSUMPTION

Petrol : 634,041L
Diesel : 59,951L

EMISSIONS CO2e

1,845 tonnes

=

28% OF THE OVERALL BILL OF THE ORGANISATION (TOTAL ELECTRICITY, FUEL, WATER)

Measuring our products' energy efficiency

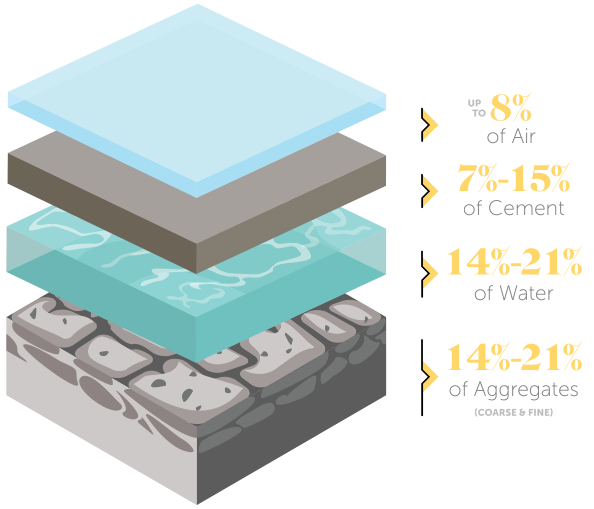
There are two ways for us to introduce sustainability in our product design:

- By designing products that optimise the use of natural resources.
- By designing products that will allow our clients to build eco-friendlier and sustainable buildings.

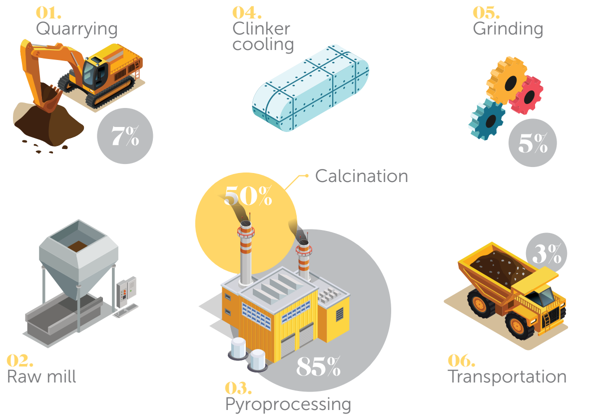
With our Smart Block range *(Corner and U blocks)*, for instance, we have been able to achieve both:

- Our concrete blocks are manufactured using a mixture of cement, coarse aggregates, fine aggregates, water and admixtures.

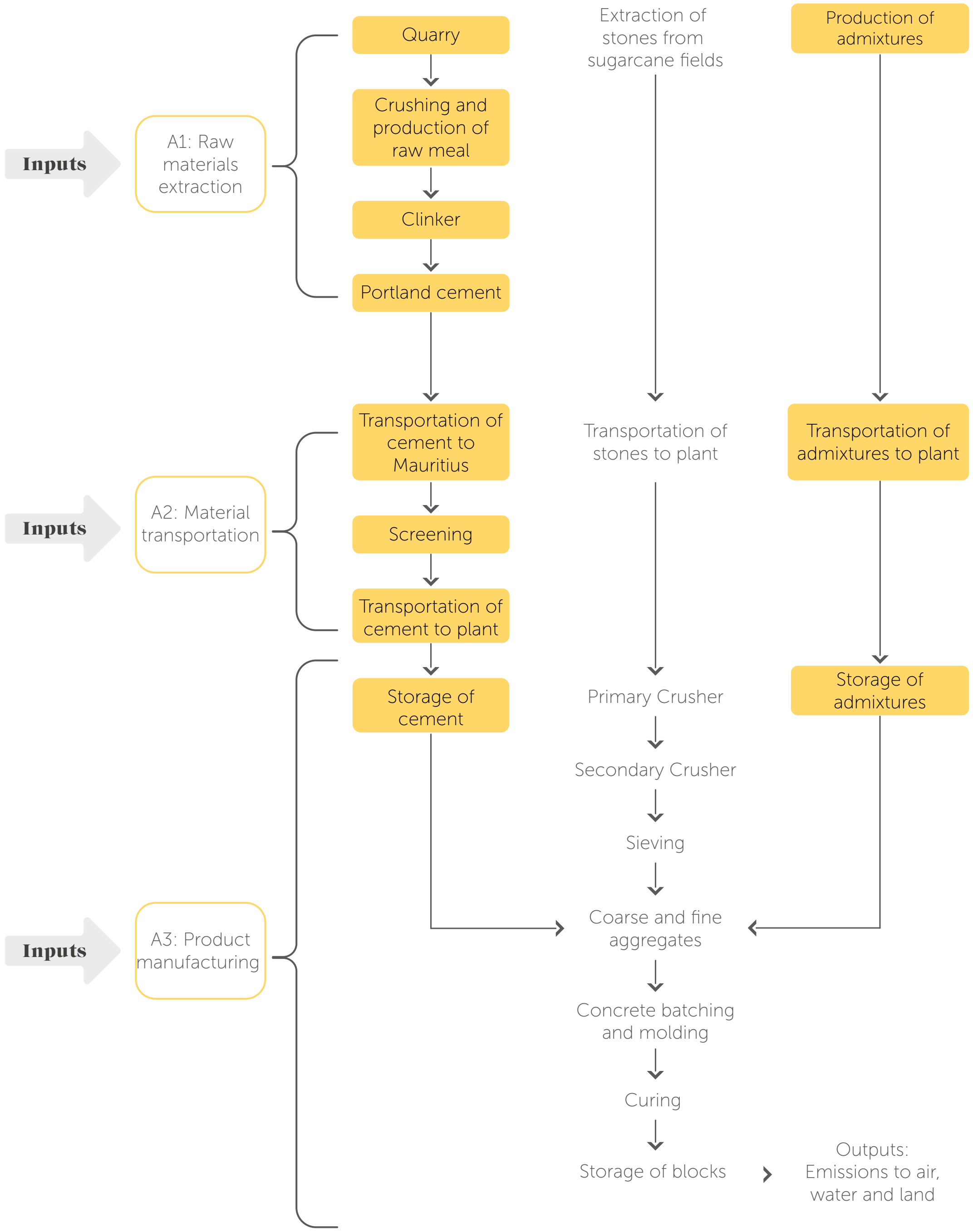
COMPONENTS OF CONCRETE



CO_2 EMISSIONS



Production of Portland Cement is a process that generates 8% of the world's CO_2 emissions according to the IPCC. Since cement cannot be manufactured in Mauritius, it is therefore imported from other countries. This transportation component is another significant source of CO_2 emission.


Inputs
A1: Raw materials extraction
Quarry
Crushing and production of raw meal
Clinker
Portland cement
Extraction of stones from sugarcane fields
Production of admixtures
Inputs
A2: Material transportation
Transportation of cement to Mauritius
Screening
Transportation of cement to plant
Transportation of stones to plant
Transportation of admixtures to plant
Inputs
A3: Product manufacturing
Storage of cement
Primary Crusher
Secondary Crusher
Sieving
Coarse and fine aggregates
Concrete batching and molding
Curing
Storage of blocks
Storage of admixtures
Outputs: Emissions to air, water and land

It is challenging to replace cement by low-carbon alternative materials in concrete, because cement is affordable and has all the right structural qualities for durable building. However, at UBP, we have found solutions to reduce our use of it in our Smart Block range.

A study by the University of Mauritius assessing the Corner and U blocks in typical residential dwellings in Mauritius revealed that the use of these blocks allows significant saving in the amount of concrete, reinforcement and formwork used. The construction project duration is reduced due to the elimination of shuttering and de-shuttering of columns and beams where Corner and U blocks are used, while also providing the same structural soundness as conventional reinforced concrete structures.

"A reduction in cost of about 10% of the structure on shell and core basis.

A reduction of 7.19 tonnes of CO_{2e} for the entire house (150m^2); The reduction comes mainly from the use of less concrete (about 3.9 tonnes) and the rest from savings in steel, timber and transportation. This represents the average annual emissions of a citizen in an industrialised country, or the carbon emissions of an average petrol car over about 50 000 kms; or the annual emission reduction from a 5 KW Solar PV Plant.

"A reduction of 7.19 tonnes of CO_{2e} for the entire house (150m^2)"

Furthermore, UBP produces sand from recycled glass sourced from Phoenix Beverages Ltd.

This sand is in turn supplied to Drymix for the production of mortars (glass properties being similar to those of sand). These mortars containing a percentage of recycled glass contribute to alleviating solid waste management issues by diverting glass away from the landfill.

What's next?

A chat with *Egyla Ellapen*,
our new Development and Sustainability Manager:

Egyla (B-Eng Chemical & Environmental Engineering, PMP, MBA) has over 15 years of experience managing process engineering projects and operations across a wide range of industries, in Mauritius and abroad.

Egyla, what is your role here at UBP?

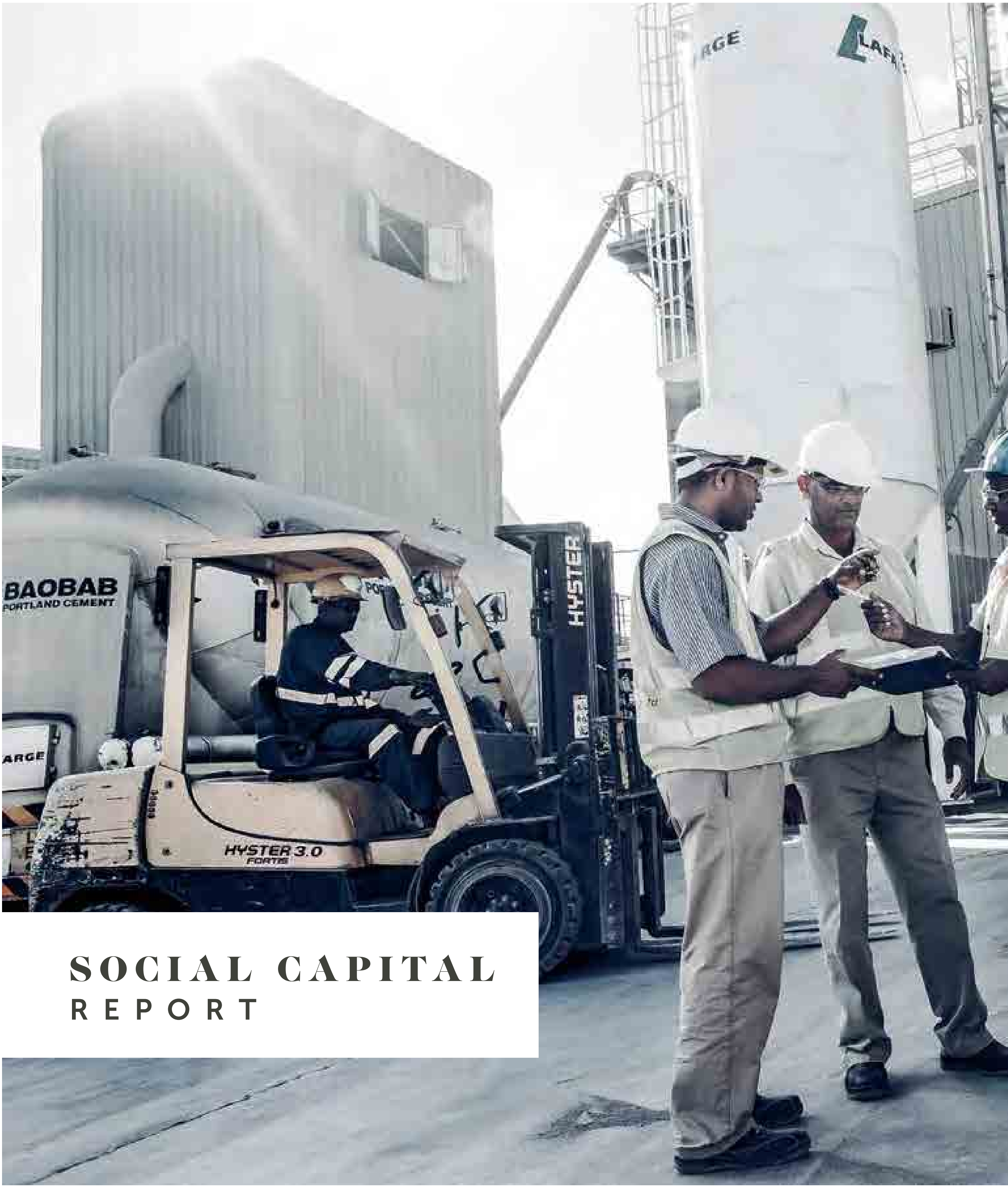
I was recruited for two main reasons. The first is to support the Group Business Development Manager in our international projects and future ambitions. The second is to integrate sustainability into the companies' business practices.

How would you define 'Corporate Sustainability'?

For me, Corporate Sustainability is about creating a successful business in the long term. It goes beyond CSR, protecting the environment and being 'Green'. To be sustainable, we have to consider the economic, social and cultural dimensions as well. It means operating in ways that, at the very minimum, meet fundamental responsibilities in the areas of human rights, labour, environment and anti-corruption while keeping the company focused on creating business value. When imagined and implemented wholly, sustainability efforts can invigorate the core business, bolster the customer value proposition, secure the supply of key resources, lower operational costs and improve employee satisfaction. It's a win-win.

Now that you have a better understanding of UBP's impacts, what's next for the Group?

- Progressively work on the Group's materiality assessment in order to structure a future sustainability strategy. Materiality matters allow us to analyse, understand and prioritise the social and environmental issues that present sources of risks and opportunities for us and our stakeholders.
- Define goals with respect to the findings of the materiality assessment and elaborate action plans with defined timelines.
- Study the results and recommendations given by Isodom regarding our transport fleet, plan our capital expenditure and devise a strategy for the next 5 years to identify where savings can be made.
- R&D: continue to innovate and develop products that allow us and our clients to save on carbon emissions, reduce our waste, and promote urban design and a sustainable lifestyle.



SOCIAL CAPITAL
REPORT

SOCIAL CAPITAL

There are two pillars to the management of our Social Capital: (1) ensuring ethical and responsible relationships with all our stakeholders and business partners; and (2) improving the quality of life in the communities we operate.

1. MANAGING RELATIONSHIPS

We govern our stakeholder relations with ethics and transparency and ensure that all interactions involve a high level of respect and honesty to upkeep the quality of social initiatives, services, products and overall Group brand.

The codes that govern our social relationships:

Our Code of Ethics ensures that our Group’s transactions are fair and equally beneficial to all parties involved. We provide our suppliers with continuous opportunities to grow in a supportive and well-regulated environment. We ensure that information exchanged with all parties is clear and transparent and that all collaborations and transactions follow industry regulations.

Conflict of Interest and Whistleblowing Policies: These policies allow us to have an accepted and known process in place, protecting the company, employees and relevant stakeholders. *The respective framework is further described on page 90 and 95 in the Corporate Governance Report.*

Human rights

The European Union General Data Protection Regulation 2016 (“GDPR”) and the Mauritius Data Protection Act 2017 (“DPA”) have been enacted to protect the rights and freedom of natural persons and to ensure that personal data is not processed without their knowledge, and, wherever possible, that it is processed with their consent. The Company has devised a Data Protection Management Programme to ensure compliance with the prevailing laws.

Engaging with our suppliers

We have a centralised procurement department for all our companies’ purchases, except those related to production and trading stock. The purpose of this centralised department is to structure the process, align purchasing with strategic imperatives, and ensure consistent relationships with our suppliers. In the future, under the Univision Project, we hope to further centralise this process.

Customer satisfaction

We hired an external consultant to carry out a Brand & Customer Satisfaction study, to assess the brand image and satisfaction of UBP. Our Net Promoter Score has revealed that our customers are highly satisfied with our products and services. This study was conducted to help us improve our client relationships and services. The results have provided us with several potential avenues for improvement.

STAKEHOLDER GROUPS	STAKEHOLDER EXPECTATIONS AND INTERESTS	THE IMPORTANCE OF OUR ENGAGEMENT	OUR ENGAGEMENT AND COMMUNICATION
THE EVERYDAY CITIZEN	• Shelter • Good health • Education • Employment • Affordable and nutritious food	• Contributing to the betterment of communities • Living our values of integrity and engagement • Building our reputation as an ethical company	• We have also created a strategic partnership with the University of Mauritius to help develop the workforce of tomorrow • Sponsorship of projects in education, sports, culture and housing for communities near our operations • Corporate Social Responsibility • We communicate through NGOs and partners in the region
THE PASSIONATE DEFENDERS	• Environmental pollution of public spaces (waste dumping) • Fighting against 'wild urbanisation' and lack of proper planning for infrastructure development • Climate change management	• Responsible production of our products in accordance with local laws and best standards • Innovative products that are better for the environment and people's health and wellbeing • Sustainable development and climate adaptation and mitigation will allow us to sustain revenue generation and growth in the long term	• Compliance with industry regulations - We measure, manage and mitigate our impacts on the environment • Conducted carbon footprints for our electricity and fuel use • We developed the Smart Block range which decreases a house's carbon footprint
THE PROFESSIONALS WHO USE OUR MATERIALS	• Quality and safe products • Innovative products and processes that facilitate their tasks • Accessibility of our products and staff members to support and help their projects	• Ensure that our employees have the capacity to respond to our customers' needs, analyse and develop opportunities • Ensure the continuity of our reliable and superior quality products and services	• We provide employees with continuous opportunities to improve their skills to develop a high-performance culture • We run Drymix Masons School to accompany professionals and upskill them • Customer engagement through social media. websites, conferences and visits
PUBLIC ENTITIES	• Continued contributing to the Mauritian economy while abiding by applicable laws • Develop the country's urban infrastructure – Smart Cities, transportation etc.	• UBP Group has been a big part of the history of Mauritius for over 60 years. It is a matter of pride to us to contribute to its economic development • Achieving urban resilience and functionality	• We contribute to national infrastructure development by providing materials and project management services • We uphold all national laws and principles of good governance • We hold regular meetings with government officials, followed by written correspondence
DIRECT STAKEHOLDERS (EMPLOYEES, BOARD MEMBERS)	• Our employees also expect fair practices, career development, competitive remuneration and benefits packages • Strategic roadmaps and clear information on how we aim to deliver on the strategy	• Engaging with our employees and continuing to grow as a Group will help us to ensure the long-term sustainability of our business and develop a high-performance culture	• Sustainable revenue and profitable growth • Ensure there is no discrimination with respect to employment and occupation. • Ensure open and easy communication through the intranet, regular events, presentation of results and newsletters
SHAREHOLDERS AND INVESTORS	• Modern operations, technology and digitalisation • Return on investment • Leadership in our economic sector and increasingly in sustainable development	• Ensure sustainable and efficient processes and equipment to secure production growth and opportunities in order to sustain revenue generation and financial capital	• We have made investments in modern machinery increasing our production capacity • We are continuously working on our digital processes to increase our efficiency and channels of communication • Safeguard our competitiveness and market share by following, and where possible, leading market trends • We communicate through our website's investors corner, annual reports, and financial disclosures

2. IMPROVING QUALITY OF LIVES

As a market leader, with many livelihoods indirectly and directly affected by our practices, we understand the responsibilities we have towards society. The Group aims to have a positive impact on its stakeholders by maintaining a constant presence throughout the Mauritian community. Our goal is to improve the quality of life in the communities where we operate.

Rs 2,052,947

1% OF PROFIT FOR FY2018-19

EDUCATION

We believe that education is the key to improving the lives of our citizens, to ensure equal access to employment for all.

SOCIO-ECONOMIC DEVELOPMENT

We aim to provide support to the human and social components of the educational system.

COUP DE COEUR

Coup de coeur - A project supported by a committee of employees - this is an effective way to engage our employees in our activities, fuel their creativity and improve their morale.

Social contributions above and beyond CSR

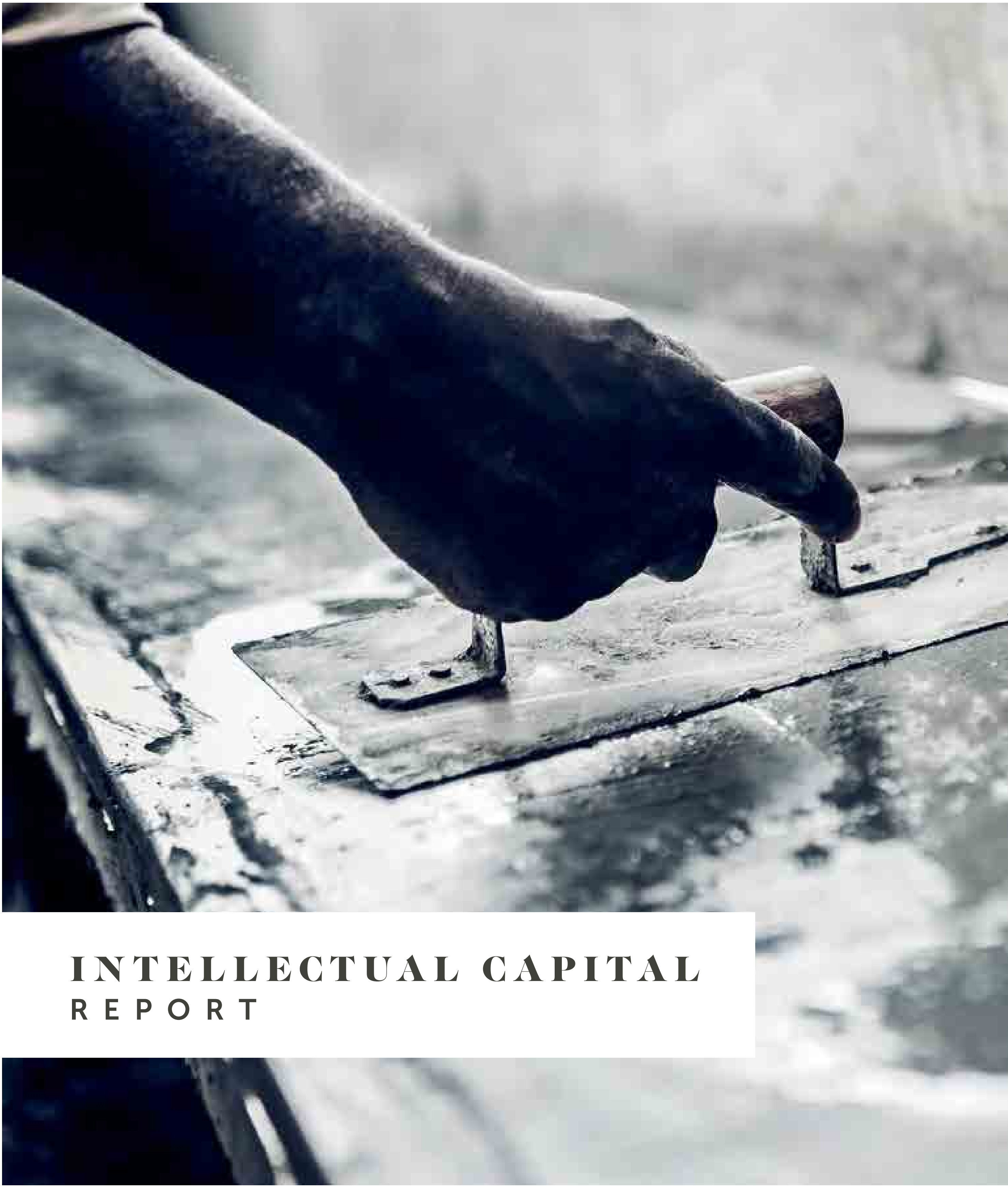
Prior to 2009, CSR as a company obligation under national law did not exist. Corporate responsibility was understood as a form of business self-regulation, whose goal was to contribute to the wellbeing of the society in which the business operates, beyond the immediate interests of the company. As a responsible entity, UBP has a budget for providing financial support to selected non-profit organisations and activities.

At UBP, we have maintained a budget of Rs 3 million in addition to what we are giving now to CSR in accordance with the policy established by government, and their priority axes of intervention. In parallel, we choose other projects according to our sponsorship necessities. For instance, we prioritise cultural, sports, musical, artistic and social activities that are around our production sites and the localities in which UBP Group operates.

Corporate Social Responsibility

PROJECTS SUPPORTED BY OUR CSR FUND FOR FY2018-19

NAME OF ASSOCIATION	AMOUNT (Rs)
New Bambous Geoffroy Government School	100,000
Association Solidarité Mamans	200,000
A.P.E.I.M.	100,000
Mouvement Forces Vives Quartier EDC Rose Belle	290,000
SOS Children's Villages Mauritius	60,000
Crèche Coeur Immaculée de Marie	100,000
Centre d'Accueil de Terre Rouge	50,000
Housekeeping Programme - Preparing A New Life with a Roof for the Family in Chemin Rail	350,000
Action for Integral Human Development	252,947
Set Up a Research and M&E Unit at FJL	300,000
Mauritian Wildlife Foundation	100,000
Mission Verte	100,000
Le Pont du Tamarinier	50,000
Total	**2,052,947**

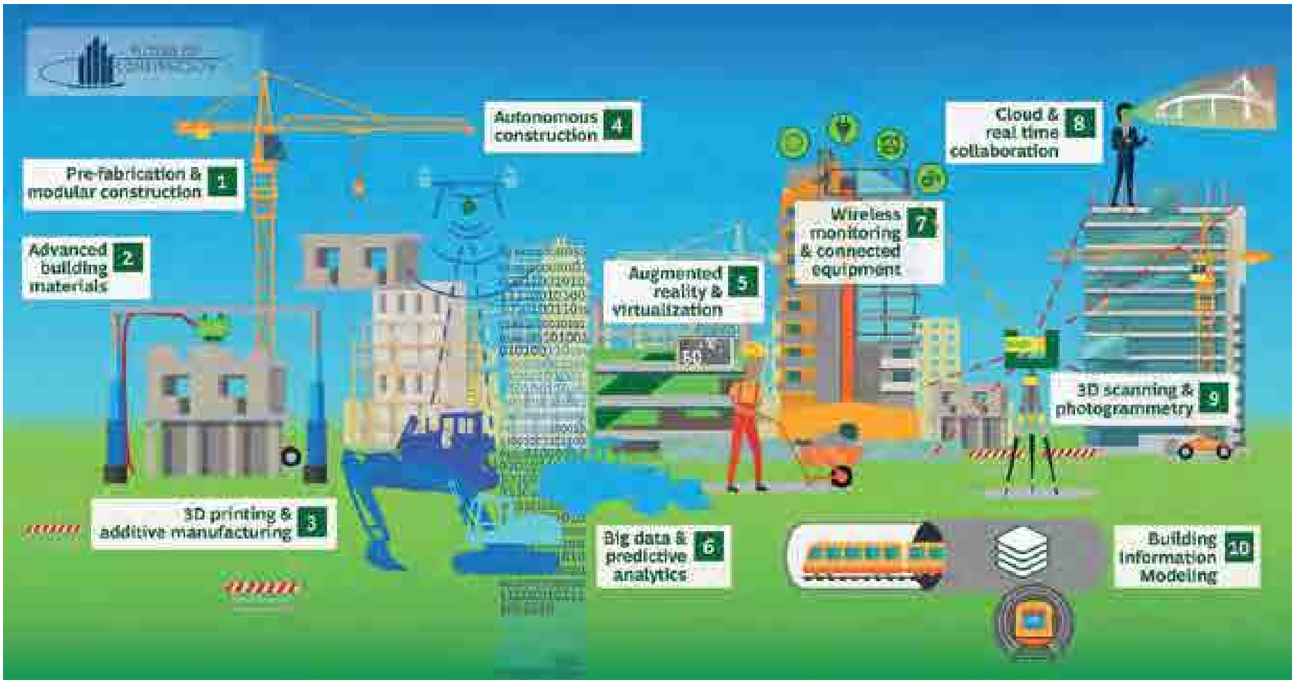


INTELLECTUAL CAPITAL
REPORT

INTELLECTUAL CAPITAL

Over the past decade, digital progress has revolutionised industries, ushering in a new technological era now known as the *Fourth Industrial Revolution*. This has disrupted the ways certain economic sectors function, not only satisfying consumer demand but also improving companies' productivity and sustainability, while redefining the skills and competencies needed to thrive.

According to the Economic Forum, up until recently, the construction industry continued to operate as it had for the past 50 years. Recently however, pushed by challenges such as climate change, resource depletion, a widening talent gap and rapid urbanisation, digital technologies have begun to enter the industry, gradually changing how the built environment is designed, constructed and operated.



Ref : World Economic Forum & Boston Consulting Group

This capital is based on the growing awareness and importance of knowledge, the gathering and analysis of information, and leveraging it to gain a competitive advantage. Today, our goal is to ensure that UBP Group progresses in line with these global changes, to ensure its continuing relevance and leadership in Mauritius. For us, this starts by putting our customers first as they are central to everything that we do. In the same vein, we are working on the digitalisation of our customer management and processes and introducing the 'Internet of Things' to ensure that our offering evolves with this industry's transformation. It is important for us to do this, whilst keeping our Mauritian and human touch, as this more intimate approach is part of our DNA.

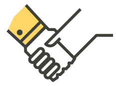
We have been developing several tools to offer our clients a **360-degree view of our products and services** – to eventually be developed into a one-stop-shop. It is also a way for us to have a deep understanding of our customers' needs and wants.

By the end of 2019, UBP's partners (truck owners) will have a mobile app allowing them to pre-order their products, with an inbuilt loyalty reward system. With the use of the 'Internet of Things', trucks will automatically be recognised as they drive in on the weighbridge, allowing faster loading and reduced queuing time.

Following our Malagasy subsidiary, Drymix is now the first local company of the Group to be fully on the cloud. This Business Continuation Process avoids any loss of information or breakdowns for more efficient processes.

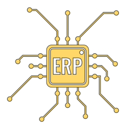
Windows Azure

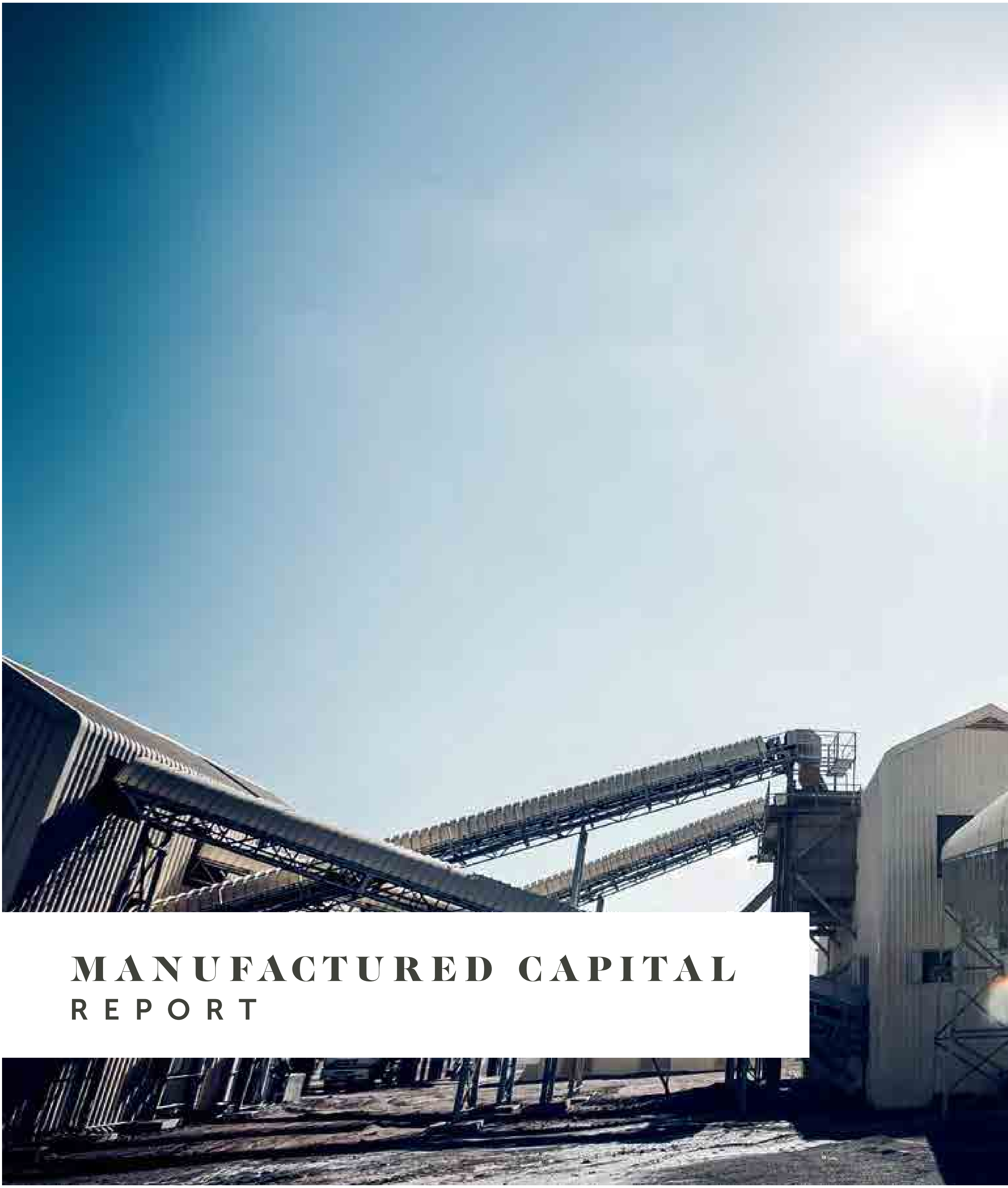
By the end of 2019, Drymix and UBP will have fully implemented their CRMs, including testing and training. By March 2020, Espace Maison will follow suit. CRM uses Big Data analysis to analyse customers' history, in full compliance with their wishes and the GDPR. This allows us to best cater for the needs of our customers and thus improve our business relationships.



At Espace Maison, our salesforce has now gone 'mobile' with tablets for floor personnel mixing the traditional with the digital. In last August, the 4th version of our mobile app was released, allowing clients to create a digital basket by scanning the items they want, with access to product information, whilst in the shop. A new version of the e-commerce platform will also be launched soon. We hope to improve our customers' experience by giving a 360 view of our products and services and ensuring faster checkouts.

By the end of 2019, Drymix and UBP will join Espace Maison on Microsoft's Business Central (ERP) system, allowing for the real-time integrated management of main business processes.





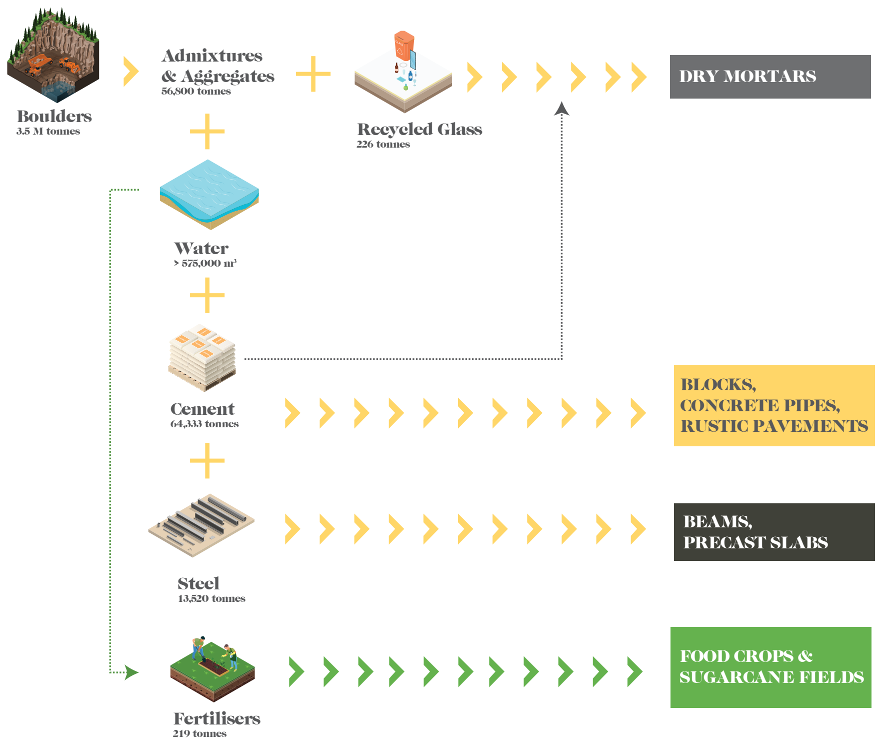
MANUFACTURED CAPITAL REPORT

MANUFACTURED CAPITAL

Our Performance:

We have transformed our raw materials inputs into the following goods:

Water: **> 575,000 m³**
Electricity: **17,089,000 kWh**
(Production and Non Production sites)
Petrol: **634,041L** Diesel: **59,951L**



	PRODUCTION CAPACITY	PRODUCT OUTPUT DIFFERENCE SINCE LAST YEAR
Aggregates	>3.5 million tonnes	+12%
Total blocks	>25 million units	+7%
Smart Blocks		+47%
Panels	>55 000 m²	+20% (sales)
Beams	As needed	+127%
Dry mortars	>70,000 tonnes	+18%
Nursery	6 Ha	+26%
Food crop	100 Ha	+15%
Sugar	136 Ha	-20%

As expected with the strong demand for construction materials and our strategy to capitalise on these opportunities, we have experienced an upsurge in our sales, and therefore raw material inputs and manufactured goods. In May, we acquired a new semi mobile crusher, which will increase our production capacity next year. We have also enhanced our communication plans to better explain the advantages of using our products.

At Gros Cailloux, we have decided to concentrate on smaller size plants, which we sell through Espace Maison – this has proven to be a successful move. In addition, we have further reduced our sugar cane plantations, due to falling prices of sugar worldwide, abandoning crops with lower yields.

New this FY:
In order to satisfy our growing needs, the following new installations have been made with a total **CAPEX of Rs 335.3 million – up by 24.2% v/s last year**

UBP	Gros Cailloux	Drymix	Espace Maison
Geoffroy: Building extension, yard fencing and car park, fibre optic trench work, new formwork space & new semi mobile crusher.	Installation of new irrigation system in fields for effective and efficient irrigation.		
Plaine Magnien: New shed.	Renovation works at Tekoma including new decking for better view over the lake, offering a more relaxing and enjoyable experience for guests.	ISO 9001:2015 Certification in November 2018.	New shop in Beau Vallon opening in November 2019.
FAST: Refurbished shed.	New 275m long zip-line at our Leisure Park - Thrill and adrenaline boost guaranteed.	Product certification for KAROPRO (CE2) and KAROFIX (C1E) (FY2018-19).	

Innovation project

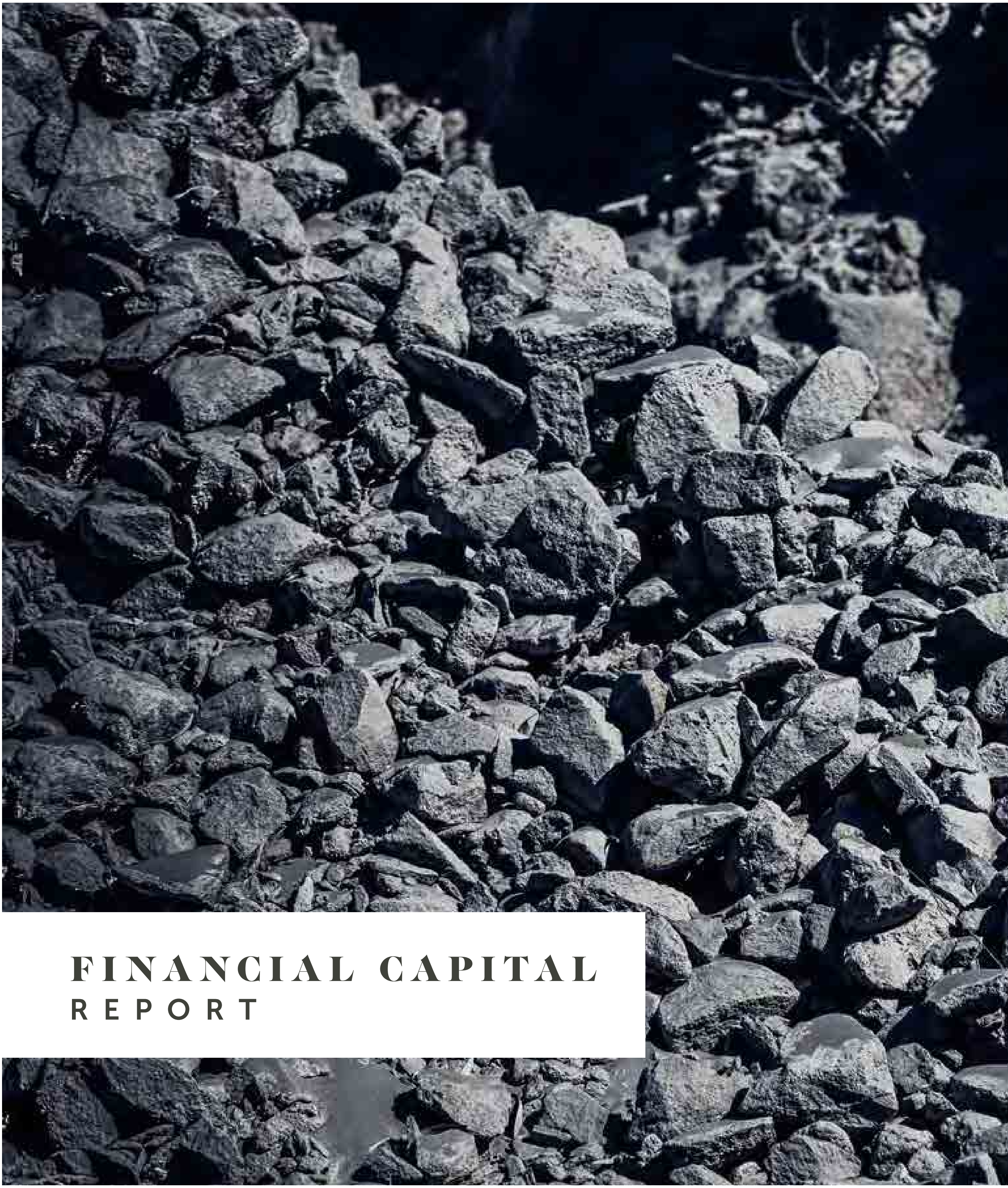
We have a new business line that we are currently developing under our newly incorporated subsidiary UBP Coffrages Ltée. The UBP formwork of the PERI brand is characterised by its low weight, ease of handling and quick assembly. Innovation concerns not only the material used, but also the entire concept: a minimum number of different standard elements makes it possible to simply and efficiently form sails, poles and slabs.

UBP formwork:

Universal use
High re-use rate of the elements thanks to the flexibility of the formwork removal of sails, columns and posts of slabs with a single system.

Easy and quick to set up
Fast work thanks to ultra-simple formwork rules and easy use without a hammer.

Mounting without crane
High productivity and crane-free operation due to low weight.



FINANCIAL CAPITAL REPORT

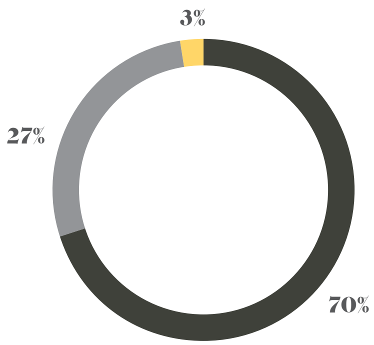
FINANCIAL CAPITAL

Financial Performance Review

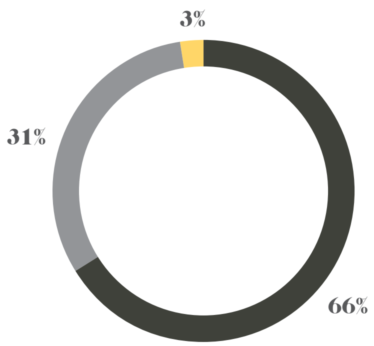
The construction industry's growth rate for calendar year 2018 was 9.5% (compared to 7.5% in 2017) while the forecasted growth rate for 2019 is estimated at 8.5%. These positive economic indicators are mainly attributable to the major infrastructure projects currently underway across the island.

Our **Group revenue** for FY2018-19 grew by 10.6% from Rs 2.9 billion in FY2017-18 to Rs 3.2 billion this year, thereby crossing the Rs 3 billion mark for the first time. This increase was mainly attributable to our core business activities segment.

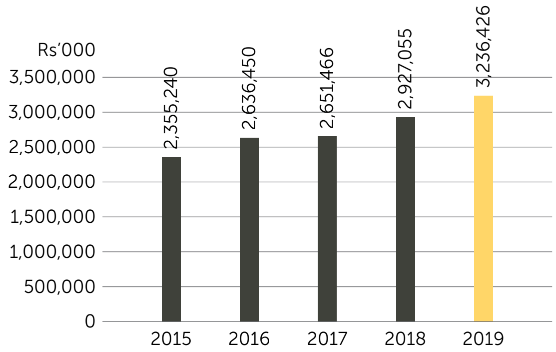
Revenue 2019



Revenue 2018



Revenue

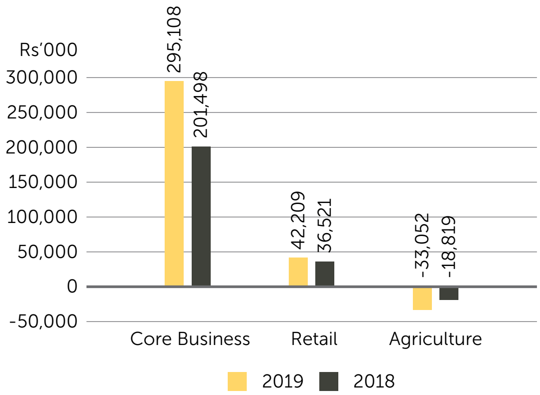


Statement of Profit or Loss and Other Comprehensive Income	Year ended	
	June 30, 2019	June 30, 2018
	Rs' 000	Rs' 000
Revenue	3,236,426	2,927,055
EBITDA	570,159	487,364
Depreciation and amortisation	(265,894)	(268,164)
Operating profit	304,265	219,200
Allowance for expected credit losses on financial and contract assets	(24,894)	-
Net finance costs	(38,977)	(45,419)
Share of results of associates	18,302	14,458
Profit before tax	258,696	188,239
Income tax expense	(51,436)	(44,014)
Profit for the year	207,260	144,225
Non controlling interests	(16,686)	(13,147)
Profit for the year attributable to equity holders of the parent	190,574	131,078
	Rs	Rs
Earnings per share		
Basic, profit for the year attributable to ordinary equity holders of the parent	7.19	4.94
Dividend per share	3.80	3.50

Our **Group operating profit** grew by 27.5% from Rs 219.2 million to Rs 279.4 million (net of allowance for expected credit losses) due to the upward performance of our core business and retail segments, while the net result of our agricultural segment was down compared to previous year due to the drop in the price of sugar, a drop in yields from vegetables, an adverse fair valuation of standing crops and an exceptional write down of our land convertion rights to its realisable value.

Although increasing overall, our core business segment profits were still impacted by the negative performance of our overseas subsidiaries operating in Madagascar and Sri Lanka.

Operating profit by segment



EBITDA increased by 16.9% from Rs 487.4 million to Rs 570.2 million while the **Group Net Profit** for the year increased by 43.7% from Rs 144.2 million to Rs 207.3 million. Consequently, **Earnings Per Share** rose from Rs 4.94 for FY2017-18 to Rs 7.19 this year.

Statement of Financial Position	Year ended	
	June 30, 2019	June 30, 2018
	Rs' 000	Rs' 000
Total assets	**5,102,246**	4,987,127
Interest bearing loans and borrowings	**1,059,741**	1,083,265
Borrowings excluding bank overdrafts	**817,476**	827,762
Equity attributable to shareholders of the parent	**3,113,287**	3,087,456
Net assets value per share	**117.45**	116.46
Financial Ratios	**2019**	2018
Operating margin - %	**9.40**	7.49
Interest cover - times	**7.35**	5.02
Dividend cover - times	**1.89**	1.41
Return on equity - %	**6.12**	4.25
Return on assets - %	**3.74**	2.63
Debt to equity - times	**0.34**	0.35

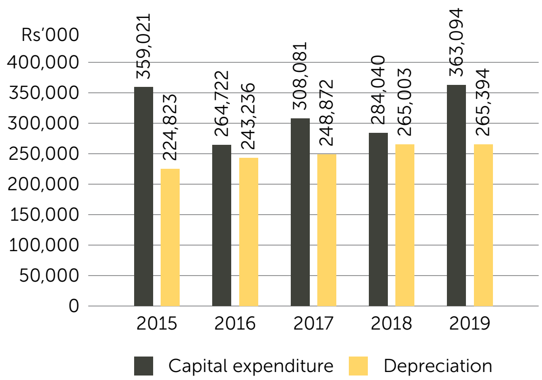
Investment in Capital Expenditure

The Group's investment strategy remains focused on satisfying market demand, expanding our offer of products and services by proposing innovative solutions, and an A to Z service to our customers, increasing our market share and maintaining our position as a pioneer and leader on the market. In line with this, this year the Group invested Rs 335.3 million in property, plant and equipment as detailed below:

FINANCIAL CAPITAL

	2017 Rs'000	2018 Rs'000	**2019 Rs'000**
Freehold land & buildings	61,481	65,086	**50,972**
Leasehold & land improvement	376	3,885	**264**
Plant & equipment	189,470	142,913	**244,428**
Motor vehicles	33,324	33,386	**29,082**
Asset in progress	16,008	24,733	**10,543**
Total investment in Property, Plant & Equipment	300,659	270,003	**335,289**
Investment in intangible assets	7,422	13,702	**26,777**

This year, the major investments made relating to our core business involved the acquisition of a semi-mobile plant and the upgrading of our existing plants to cater for increasing demand. In terms of intangible assets, we have invested massively in new software as part of our digital transformation plan, which is mainly focused on our retail Espace Maison activities for the time being.



The significant capital expenditure level over the past five financial years, as compared to our depreciation, denotes the Group's commitment to increase its production capacity, agility and efficiency in view of meeting the market demand, increasing our market share and improving our profits.

Besides the above, the Group is also investing into two new subsidiaries, namely UBP Coffrages Ltée and Drymat Sarl. The first entity intends to introduce a range of formworks, on a rental basis, in view of offering a new type of service to the construction industry. The second company is a subsidiary of Drymix Ltd, incorporated in Reunion Island, in view of expanding our exports to this country.

Investment Financing and Debt Restructuring

In October 2018, our five-year UBP Bonds worth Rs 560 million reached maturity and were refinanced through a five year secured Promissory Note Programme of Rs 650 million obtained from a major bank at very competitive terms. The funds also served to finance part of our increased capital expenditure needs for the current financial year and to somehow restructure our sources of finance. As a result of the above and given our increased cash flow generated from operations, our finance costs dropped from Rs 46.9 million in FY2017-18 to Rs 40.7 million this year. In addition, our debt to equity ratio dropped marginally from 0.35 in previous year to 0.34 at June 30, 2019.

Equity and Total Shareholders' Return

The **equity attributable to shareholders** remained stable at Rs 3.1 billion despite being impacted by an adjustment of Rs 57.4 million resulting from the adoption of the new IFRSs 9 and 15. **Dividend per share** increased from Rs 3.50 to Rs 3.80, while the **share price** rose from Rs 125.50 at June 30, 2018 to Rs 131.25 at June 30, 2019. Consequently, the **total shareholders' return** for the year moved from 12.17% in FY2017-18 to 7.61% this year while the return on equity increased from 4.25% to 6.12%.

Cash Flow Status

Cash flow from operations increased from Rs 488.7 million to Rs 545.0 million after adjusting for an unfavourable movement in working capital needs, attributable mainly to an increase in inventories. Other significant cash flow movements comprised of the purchase of property, plant and equipment and the payment of dividends, which increased from Rs 92.8 million in the previous year to Rs 100.7 million this year.

Value Added Statement

	Year ended	
	June 30, 2019	June 30, 2018
	Rs' 000	Rs' 000
Sale of goods and services	**3,236,426**	2,927,055
Paid to suppliers for materials and services	**(2,137,121)**	(1,948,462)
Value added	**1,099,305**	978,593
Other operating income	**102,057**	105,101
Total wealth created	**1,201,362**	1,083,694
Distributed as follows:		
Employees		
Salaries and other benefits	**622,699**	564,986
Providers of capital		
Dividend	**100,738**	92,785
Interest paid on borrowings	**40,722**	46,861
Dividend to non-controlling interests	**14,850**	14,010
	156,310	153,656
Government and parastatal corporations		
Income tax (current and deferred)	**51,436**	44,014
Environment protection fee	**13,855**	12,040
Licences and permits	**1,838**	2,541
	67,129	58,595
Reinvested in the Group to maintain and develop operations		
Depreciation and amortisation	**265,388**	268,164
Retained profit	**89,836**	38,293
	355,224	306,457
Total wealth distributed and retained	**1,201,362**	1,083,694

2019

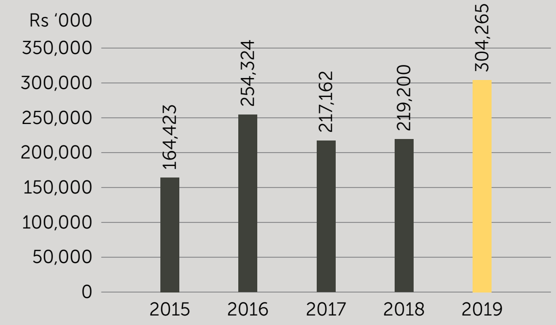
- 50% Employees
- 14% Providers of capital
- 5% Government and parastatal corporation
- 31% Reinvested

2018

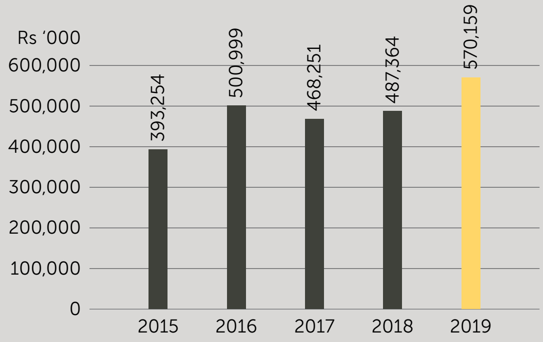
- 52% Employees
- 14% Providers of capital
- 5% Government and parastatal corporation
- 29% Reinvested

Financial Highlights

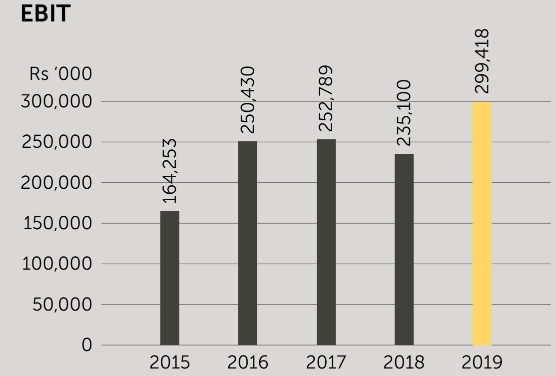
Operating profit



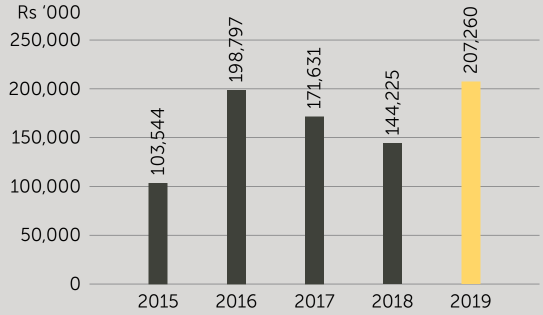
EBITDA



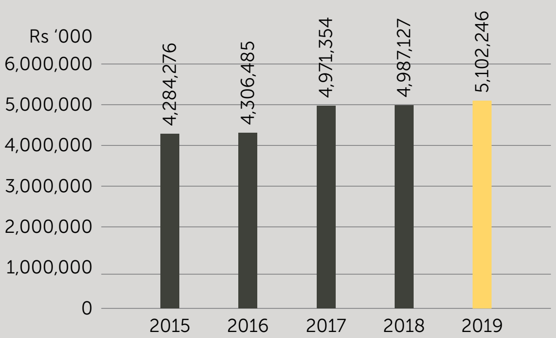
EBIT



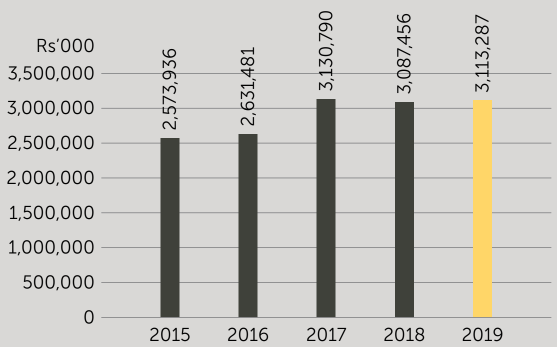
Net Profit



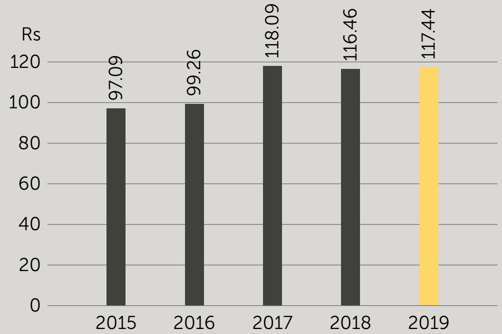
Total Assets



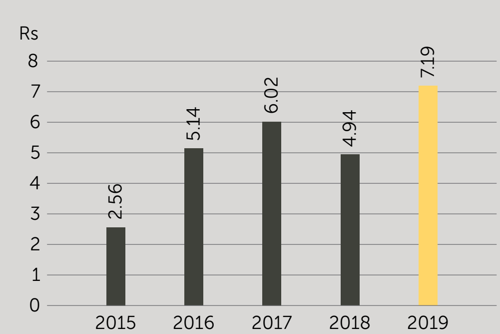
Equity attributable to shareholders of the parent



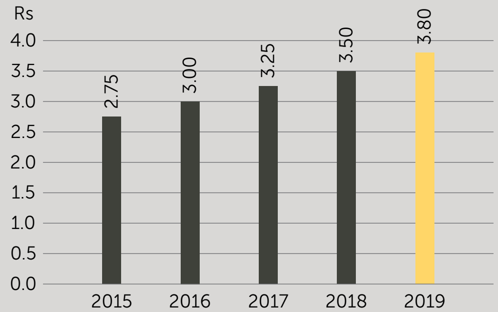
Net Assets Value per share



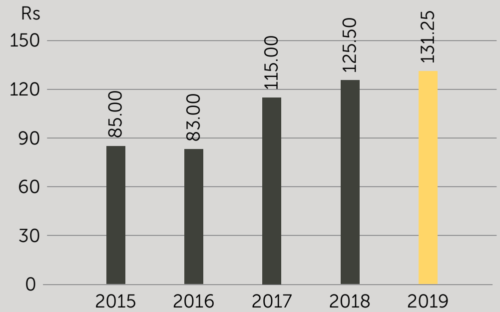
Earnings per share



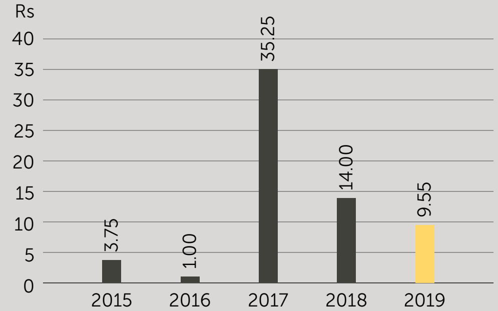
Dividend per share



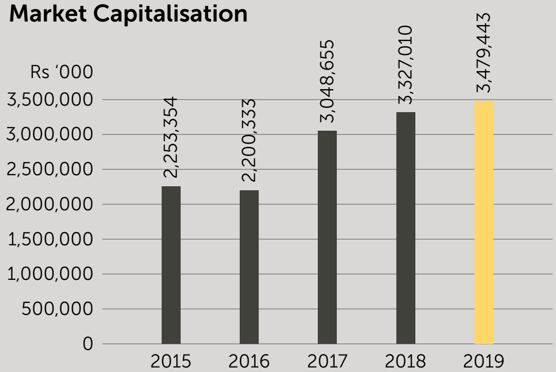
Share price



Total Shareholders' Return per share

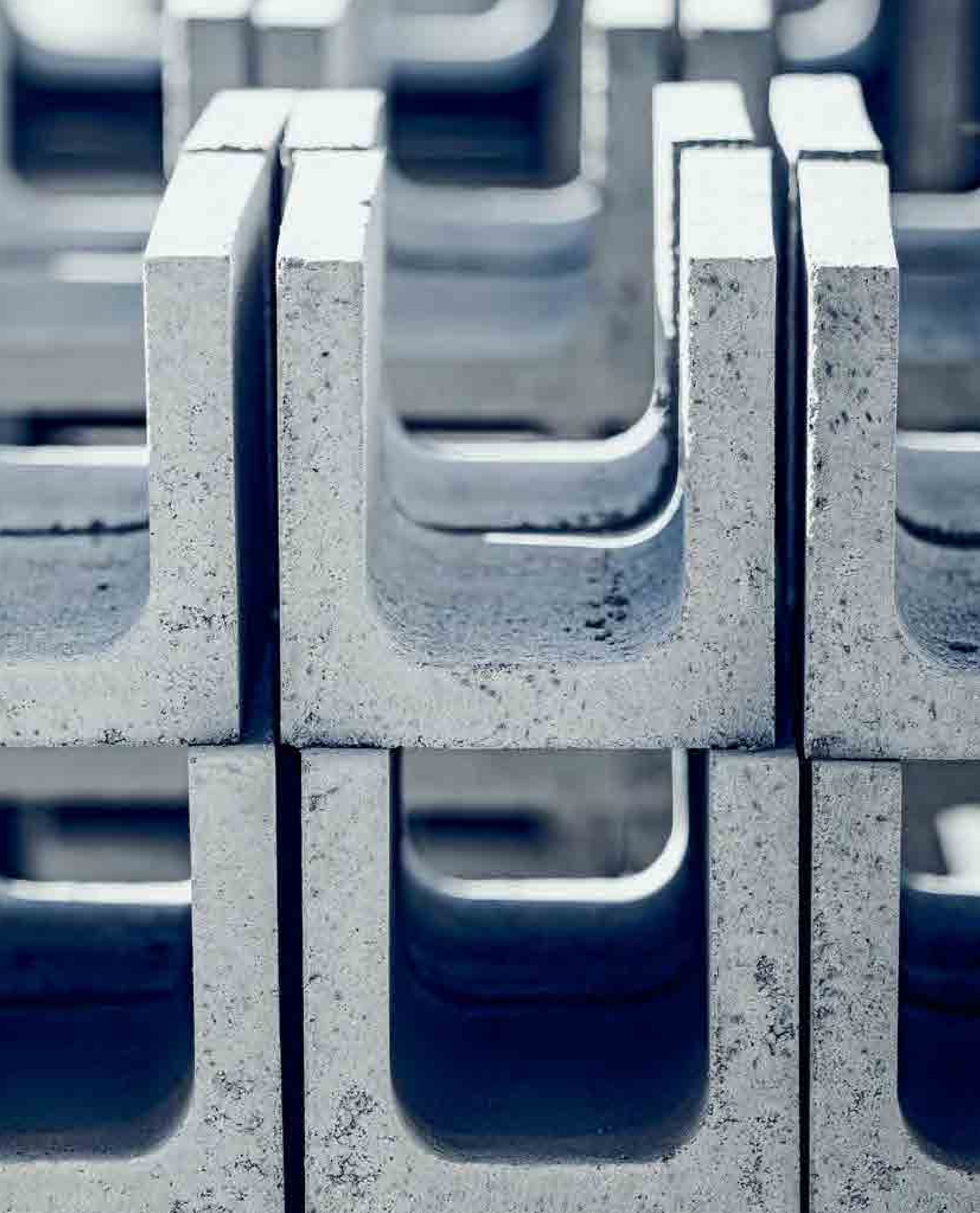


Market Capitalisation



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 150 to 219 which comprise the statements of financial position as at June 30, 2019, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows for the year then ended, and notes to the financial statements, including significant accounting policies.

In our opinion, the financial statements give a true and fair view of, the financial position of the Group and Company as at June 30, 2019, 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 113M at June 30, 2019 in its separate financial statements. 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 9, the management has tested the carrying amount of the net investments in these overseas subsidiaries against the estimated recoverable amounts of the main underlying asset that each subsidiary owns, that is, property. The valuation of these properties by the management was done under the guidance of in-country experts. Valuations of properties requires significant judgment and could produce significantly different estimates of the recoverable amount of the net investments in overseas subsidiaries. Refer to note 9 for disclosure of investment in subsidiaries.	We read and understood the reports of the valuers on which management based itself to arrive at a valuation figure. We corroborated the explanations with our knowledge of the underlying companies' activities, knowledge of the industry, and the particularities of the jurisdiction. We enquired with management about the rationale of applying discount factors where applicable and about the comparability of the assets values disclosed in the reports of the valuers. We checked the management's computation of the recoverable amounts of the investments. We assessed the adequacy of associated valuation adjustments and tested that the related disclosures made were appropriate.

Other Information

The Directors are responsible for the other information. The other information comprises the Statement of Directors' Responsibilities and the Company Secretary's Certificate as required by the Companies Act 2001, and Corporate Governance Report which we obtained prior to the date of this auditor's report. 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 identified above (other than the Corporate Governance Report) and we do not express any form of assurance conclusion thereon.

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

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

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

INDEPENDENT AUDITORS' REPORT (Continued)

TO THE MEMBERS OF THE UNITED BASALT PRODUCTS LIMITED

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Corporate Governance Report

The Directors are responsible for preparing the Corporate Governance Report. Our responsibility under the Financial Reporting Act 2004 is to report on the compliance with the Code of Corporate Governance disclosed in the Annual Report and assess the explanations given for non-compliance with any requirement of the Code. From our assessment of the disclosures made on corporate governance in the Annual Report, the public interest entity has, pursuant to section 75 of the Financial Reporting Act, complied with the requirements of the Code.

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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

- Conclude on the appropriateness of the Director's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group and the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

Use of our report

This report is made solely to 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.

ERNST & YOUNG	**LI KUNE LAN POOKIM, F.C.A, F.C.C.A**
Ebène, Mauritius	Licensed by FRC
September 26, 2019	

STATEMENTS OF FINANCIAL POSITION

AS AT JUNE 30, 2019

	Notes	THE GROUP 2019 Rs'000	THE GROUP 2018 Rs'000	THE COMPANY 2019 Rs'000	THE COMPANY 2018 Rs'000
ASSETS					
Non-current assets					
Property, plant and equipment	5	**3,355,475**	3,306,058	**1,630,556**	1,637,825
Investment properties	6	**38,795**	44,858	**232,066**	190,016
Bearer biological assets	7	**-**	3,541	**-**	-
Intangible assets	8(a)	**63,457**	39,747	**16,306**	12,638
Land conversion rights	8(b)	**9,947**	18,624	**-**	-
Investment in subsidiaries	9	**-**	-	**1,042,796**	1,092,882
Investment in associates	10	**198,901**	195,816	**103,968**	103,968
Available-for-sale investments	11	**-**	53,144	**-**	46,233
Non-current financial assets	11	**26,174**	-	**23,209**	-
Deferred tax assets	13(c)	**8,877**	7,731	**-**	-
		3,701,626	3,669,519	**3,048,901**	3,083,562
Current assets					
Consumable biological assets	14	**49,664**	34,626	**-**	-
Inventories	15	**822,555**	713,417	**339,973**	280,970
Other current financial asset	12	**-**	13,795	**-**	13,795
Trade and other receivables	16	**470,572**	484,404	**481,723**	447,949
Contract assets	17	**7,262**	-	**-**	-
Income tax receivable	13(b)	**3,330**	93	**-**	-
Cash at bank and on hand	18	**47,237**	71,273	**9,693**	26,468
		1,400,620	1,317,608	**831,389**	769,182
TOTAL ASSETS		**5,102,246**	4,987,127	**3,880,290**	3,852,744
EQUITY AND LIABILITIES					
Equity					
Issued capital	19(a)	**265,100**	265,100	**265,100**	265,100
Reserves	19(b)	**2,848,187**	2,822,356	**2,057,904**	2,025,910
Equity attributable to shareholders of the parent		**3,113,287**	3,087,456	**2,323,004**	2,291,010
Non-controlling interests		**36,455**	37,174	**-**	-
Total equity		**3,149,742**	3,124,630	**2,323,004**	2,291,010
Non-current liabilities					
Interest-bearing loans and borrowings	20	**688,166**	43,220	**651,248**	1,643
Deferred tax liabilities	13(c)	**65,735**	95,562	**36,003**	63,256
Employee benefit liability	21	**426,054**	379,557	**359,922**	320,850
		1,179,955	518,339	**1,047,173**	385,749
Current liabilities					
Interest-bearing loans and borrowings	20	**371,575**	1,040,045	**307,799**	1,009,791
Trade and other payables	22	**356,392**	290,670	**176,733**	158,042
Contract liabilities	23	**13,574**	-	**-**	-
Dividend payable		**-**	2,410	**-**	-
Income tax payable	13(b)	**31,008**	11,033	**25,581**	8,152
		772,549	1,344,158	**510,113**	1,175,985
Total liabilities		**1,952,504**	1,862,497	**1,557,286**	1,561,734
TOTAL EQUITY AND LIABILITIES		**5,102,246**	4,987,127	**3,880,290**	3,852,744

These financial statements were approved by the Board of Directors on September 26, 2019 and signed on its behalf by:

Marc Freismuth
Chairman

Stéphane Ulcoq
Group CEO

The notes on pages 156 to 219 form an integral part of these financial statements.
Auditor's report on pages 146 to 149

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED JUNE 30, 2019

		THE GROUP		THE COMPANY	
	Notes	**2019**	2018	**2019**	2018
		Rs'000	Rs'000	**Rs'000**	Rs'000
Revenue	24	**3,236,426**	2,927,055	**1,848,125**	1,600,152
Operating profit	25	**304,265**	219,200	**179,448**	129,283
Allowance for expected credit losses on financial and contract assets	16&17	**(24,894)**	-	**(5,377)**	-
Finance income	26	**1,745**	1,442	**68,771**	75,022
Finance costs	27	**(40,722)**	(46,861)	**(38,726)**	(43,091)
Share of results of associates	10	**18,302**	14,458	**-**	-
Profit before tax		**258,696**	188,239	**204,116**	161,214
Income tax expense	13(a)	**(51,436)**	(44,014)	**(36,566)**	(32,066)
Profit for the year		**207,260**	144,225	**167,550**	129,148
Other comprehensive income					
Other comprehensive income to be reclassified to profit or loss in subsequent periods:					
Net gain on available-for-sale investments	11	**-**	5,632	**-**	5,246
Release on disposal of available-for-sale investments		**-**	(14,317)	**-**	(14,317)
Exchange differences on translation of foreign operations		**(8,881)**	(14,619)	**-**	-
Net other comprehensive income to be reclassified to profit or loss in subsequent periods		**(8,881)**	(23,304)	**-**	(9,071)
Items not to be reclassified to profit or loss in subsequent periods:					
Re-measurement losses on defined benefit plans	21	**(35,275)**	(71,017)	**(32,517)**	(65,412)
Tax effect	13(a)	**5,755**	12,171	**5,528**	11,121
Share of movement in reserves of associates	10	**308**	(4,206)	**-**	-
Net other comprehensive income not to be reclassified to profit or loss in subsequent periods		**(29,212)**	(63,052)	**(26,989)**	(54,291)
Other comprehensive income for the year, net of tax		**(38,093)**	(86,356)	**(26,989)**	(63,362)
Total comprehensive income for the year, net of tax		**169,167**	57,869	**140,561**	65,786
Profit for the year attributable to:					
Equity holders of the parent		**190,574**	131,078	**167,550**	129,148
Non-controlling interests		**16,686**	13,147	**-**	-
		207,260	144,225	**167,550**	129,148
Total comprehensive income for the year attributable to:					
Equity holders of the parent		**154,682**	49,451	**140,561**	65,786
Non-controlling interests		**14,485**	8,418	**-**	-
		169,167	57,869	**140,561**	65,786
Earnings per share - Basic and diluted (Rs)	28	**7.19**	4.94		

The notes on pages 156 to 219 form an integral part of these financial statements.

Auditor's report on pages 146 to 149.

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED JUNE 30, 2019

	Attributable to equity holders of the parent										
THE GROUP	**Issued capital**	**Share premium**	**Associate companies**	**Revaluation reserve**	**Fair value reserve of available-for-sale investments**	**Fair value reserve of financial assets at FVOCI**	**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**	**Rs'000**
At July 01, 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 29)	-	-	-	-	-	-	-	(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
At July 01, 2018	265,100	7,354	101,822	1,488,373	11,444	-	(250)	1,213,613	3,087,456	37,174	3,124,630
Impact of adoption of IFRS 9 (note 2.4)	-	-	-	-	(11,444)	10,811	-	(27,979)	(28,612)	(426)	(29,038)
Tax effect on adoption of IFRS 9 (note 2.4)	-	-	-	-	-	-	-	5,057	5,057	72	5,129
Impact of adoption of IFRS 15 (note 2.4)	-	-	-	-	-	-	-	(4,558)	(4,558)	-	(4,558)
At July 01, 2018 restated	265,100	7,354	101,822	1,488,373	-	10,811	(250)	1,186,133	3,059,343	36,820	3,096,163
Profit for the year	-	-	-	-	-	-	-	190,574	190,574	16,686	207,260
Other comprehensive income	-	-	308	-	-	-	(8,188)	(28,012)	(35,892)	(2,201)	(38,093)
Total comprehensive income for the year	-	-	308	-	-	-	(8,188)	162,562	154,682	14,485	169,167
Dividends (note 29)	-	-	-	-	-	-	-	(100,738)	(100,738)	(14,850)	(115,588)
At June 30, 2019	**265,100**	**7,354**	**102,130**	**1,488,373**	**-**	**10,811**	**(8,438)**	**1,247,957**	**3,113,287**	**36,455**	**3,149,742**

The notes on pages 156 to 219 form an integral part of these financial statements.

Auditor's report on pages 146 to 149.

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED JUNE 30, 2019

THE COMPANY	Issued capital	Share premium	Revaluation reserve	Fair value reserve of available-for-sale investments	Fair value reserve of financial assets at FVOCI	Retained earnings	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
At July 01, 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 29)	-	-	-	-	-	(92,785)	(92,785)
At June 30, 2018	265,100	7,354	697,166	8,495	-	1,312,895	2,291,010
At July 01, 2018	265,100	7,354	697,166	8,495	-	1,312,895	2,291,010
Impact of adoption of IFRS 9 (note 2.4)	-	-	-	(8,495)	10,811	(11,748)	(9,432)
Tax effect on adoption of IFRS 9 (note 2.4)	-	-	-	-	-	1,603	1,603
At July 01, 2018 restated	265,100	7,354	697,166	-	10,811	1,302,750	2,283,181
Profit for the year	-	-	-	-	-	167,550	167,550
Transfer	-	-	(19,670)	-	-	19,670	-
Other comprehensive income	-	-	-	-	-	(26,989)	(26,989)
Total comprehensive income for the year	-	-	(19,670)	-	-	160,231	140,561
Dividends (note 29)	-	-	-	-	-	(100,738)	(100,738)
At June 30, 2019	**265,100**	**7,354**	**677,496**	**-**	**10,811**	**1,362,243**	**2,323,004**

The notes on pages 156 to 219 form an integral part of these financial statements.

Auditor's report on pages 146 to 149.

STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2019

	Notes	THE GROUP		THE COMPANY	
		2019	2018	**2019**	2018
OPERATING ACTIVITIES		Rs'000	Rs'000	Rs'000	Rs'000
Profit before tax		258,696	188,239	204,116	161,214
Adjustment to reconcile profit before tax to net cash flows:					
Depreciation of property, plant and equipment	5	252,586	256,647	174,111	179,885
Depreciation of investment properties	6	3,599	3,048	18,428	18,032
Amortisation of intangible assets	8	9,203	5,308	2,274	2,227
Impairment of investment in/receivable from subsidiary	25	-	-	74,600	75,012
Impairment of investment in associates	10	-	3,280	-	3,280
Fair value loss of financial assets at FVTPL	11	26,970	-	23,024	-
Impairment of land conversion rights	8(b)	10,148	-	-	-
Write-off of intangible assets	8(a)	54	200	-	200
Write-off and impairment of property, plant and equipment	5	-	7,435	-	-
Amortisation of bearer biological assets	7	506	3,161	-	-
Impairment of bearer biological assets	7	3,035	1,709	-	-
Movement in retirement benefit obligations	21	11,222	6,084	6,555	(380)
Profit on disposal of property, plant and equipment	25	(3,626)	(2,907)	(2,518)	(2,242)
Profit on disposal of investment		-	(15,555)	-	(15,555)
Share of results of associates	10	(18,302)	(14,458)	-	-
Finance costs	27	40,722	46,861	38,726	43,091
Finance income	26	(1,745)	(1,442)	(68,771)	(75,022)
Movement in working capital					
Increase in consumable biological assets	14	(15,038)	(2,628)	-	-
(Increase)/decrease in inventories		(81,343)	39,647	(31,208)	(22,847)
Increase in trade and other receivables		(23,681)	(41,296)	(69,919)	(139,074)
Increase in contract assets	17	(7,262)	-	-	-
Increase in trade and other payables		65,722	5,363	18,691	10,928
Increase in contract liabilities	23	13,574	-	-	-
Cash generated from operations		545,040	488,696	388,109	238,749
Interest paid		(35,834)	(46,861)	(33,497)	(43,091)
Interest income		126	75	6,476	4,774
Income tax paid	13(b)	(52,361)	(23,598)	(37,059)	(15,390)
Infrastructure costs	8(b)	(1,471)	(413)	-	-
Net cash flows from operating activities		455,500	417,899	324,029	185,042
INVESTING ACTIVITIES					
Proceeds from disposal of property, plant and equipment		6,428	4,590	4,463	3,654
Proceeds from disposal of investment - other financial asset		-	16,548	-	16,548
Proceeds from other current financial assets	12	13,795	-	13,795	-
Purchase of property, plant and equipment	18	(317,129)	(254,722)	(252,443)	(175,459)
Purchase of investment properties	6	(1,028)	(540)	(4,617)	(3,369)
Purchase of intangible assets	8(a)	(33,036)	(16,167)	(5,942)	(3,620)
Dividend received from associates	10	15,525	23,741	15,525	23,741
Dividend received from other equity investments	26	1,619	1,367	46,770	46,507
Net cash flows used in investing activities		(313,826)	(225,183)	(182,449)	(91,998)

The notes on pages 156 to 219 form an integral part of these financial statements.

Auditor's report on pages 146 to 149

STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2019

	Notes	THE GROUP		THE COMPANY	
		2019	2018	**2019**	2018
FINANCING ACTIVITIES		Rs'000	Rs'000	Rs'000	Rs'000
Proceeds from borrowings	20(f)	650,000	744,865	1,026,215	826,198
Repayment of term loans	20(f)	(111,166)	(734,493)	(521,759)	(771,013)
Repayment of finance lease liabilities	20(f)	(12,168)	(8,138)	(371)	(89)
Repayment of debentures	20(f)	(560,000)	-	(560,000)	-
Dividend paid - The Company	20(f)	(100,738)	(92,785)	(100,738)	(92,785)
Dividend paid - Minority shareholders	20(f)	(17,260)	(11,600)	-	-
Net cash flows used in financing activities		(151,332)	(102,151)	(156,653)	(37,689)
(Decrease)/increase in cash and cash equivalents		(9,658)	90,565	(15,073)	55,355
MOVEMENT IN CASH AND CASH EQUIVALENTS					
At July 01,		(184,230)	(269,319)	(174,183)	(229,538)
Exchange difference		(1,140)	(5,476)	-	-
Movement		(9,658)	90,565	(15,073)	55,355
At June 30,	18	(195,028)	(184,230)	(189,256)	(174,183)

The notes on pages 156 to 219 form an integral part of these financial statements.

Auditor's report on pages 146 to 149.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2019

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 Ltd. 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 manufacture and sale of building materials, the provision of workshop services and the sale of agricultural products.

The consolidated and separate financial statements for the year ended June 30, 2019 were authorised for issue by the Board of Directors on September 26, 2019 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, financial assets at fair value through profit or loss, financial assets at fair value through other comprehensive income 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 and separate 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, 2019.

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; and
- The Group's voting rights and potential voting rights.

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

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

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

- Derecognises the assets (including goodwill) and liabilities of the subsidiary
- Derecognises the carrying amount of any non-controlling interest
- Derecognises the cumulative translation differences, recorded in equity
- Recognises the fair value of the consideration received
- Recognises the fair value of any investment retained
- Recognises any surplus or deficit in statement of profit or loss
- Reclassifies the parent's share of components previously recognised in other comprehensive income to statement of profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities.

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date at fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition related costs are expensed as incurred and included in administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the previously held equity interest is re-measured at its acquisition date fair value and any resulting gain or loss is recognised in the statement of profit or loss and other comprehensive income. It is then considered in the determination of goodwill.

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.

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 fair value measurement, such as unquoted financial assets at fair value through other comprehensive income and unquoted financial assets at fair value through profit or loss.

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 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.

(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	2
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.

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

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the cost less depreciation at the date of transfer. If owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

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

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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 nine years. The Group account for bearer plants in the same way as property, plant and equipment.

Consumable biological assets

Consumable biological assets represent standing cane, vegetables 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, vegetables and plants discounted at the relevant market determined pre-tax rate. The changes in fair value less cost to sell of the consumable biological assets is recognised in the statement of profit or loss.

(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.

(g) Land conversion rights

The Land Conversion Rights ("LCRs") granted under the Sugar Industry Efficiency Act 2001 are capitalised up to the Group's entitlement of exemption from the land conversion tax. The LCRs are tested for impairment using the discounted cash flow method (the "DCF"). Changes in the carrying amount of the LCRs are charged to profit or loss.

The Directors are of opinion that the Land Conversion Rights suffered an impairment of Rs 10.1 m for the year ended June 30, 2019 (2018: nil).

(h) Investment in subsidiaries

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

Separate financial statements

Investments in subsidiaries in the separate financial statements of the Company are carried at cost, net of any impairment. Where the carrying amount of an investment is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount and the difference is recognised in profit or loss. Upon disposal of the investment, the difference between the net disposal proceeds and the carrying amount is recognised in profit or loss.

(i) Investment in associates

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

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

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

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

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

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

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

The financial statements of the associate are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associates. At each reporting date, the Group determines whether there is objective evidence that the investment in the associates is impaired.

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

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(j) Foreign currency translation (Continued)

Transactions and balances (Continued)

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on retranslation of non-monetary items measured at fair value is treated in line with the recognition of gain or loss on change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the spot rate of exchange at the reporting date.

Group companies

On consolidation, the assets and liabilities of foreign operations are translated into Mauritian rupees at the rate of exchange prevailing at the reporting date and their profit or loss is translated at exchange rates prevailing at the date of the transactions. The exchange differences arising on the translation are recognised in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in profit or loss.

(k) Financial instruments

Policy effective before July 01, 2018

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.

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.

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(k) Financial instruments (Continued)

Financial assets (Continued)

Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Group first assesses whether impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

The amount of any impairment loss identified is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate.

The carrying amount of the asset is reduced through the use of an allowance account and the loss is recognised in profit or loss. Interest income (recorded as finance income in profit or loss) continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Group. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a write-off is later recovered, the recovery is credited to in profit or loss.

Available-for-sale financial investments

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

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

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

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

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.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as loans and borrowings and 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, trade and other payables, 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.

Policy applicable as from July 01, 2018

Initial recognition and subsequent measurement

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortized cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15. Refer to the accounting policies "Revenue from contracts with customers".

In order for a financial asset to be classified and measured at amortized cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

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 recognized on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(k) Financial instruments (Continued)

Financial assets (Continued)

Policy applicable as from July 01, 2018 (Continued)

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:
- Financial assets at amortized cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

Financial assets at amortised cost (debt instruments)

This category is the most relevant to the Group. The Group measures financial assets at amortised cost if both of the following conditions are met:
- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired.

The Group's financial assets at amortised cost includes trade receivables and cash and cash equivalent.

Financial assets designated at fair value through OCI (equity instruments)

Upon initial recognition, the Company can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under IAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognized as finance income in the statement of profit or loss when the right of payment has been established, except when the Company benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

The Group elected to classify part of its equity investments under this category. Refer to note 11.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortized cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognized in the statement of profit or loss.

This category includes both listed and unlisted equity investments which the Group had not irrevocably elected to classify at fair value through other comprehensive income. Refer to note 11.

Dividends on these equity investments are also recognized as Finance income in the statement of profit or loss when the right of payment has been established.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a Group of similar financial assets) is primarily derecognised (i.e., removed from the Group's statement of financial position) 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 recognize the transferred asset to the extent of its continuing involvement. In that case, the Group also recognizes 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 recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade and some other receivables and contract assets, the Group applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Some other receivables are of the same nature as trade receivables but given that these are not the activities of the Group, these are not classified as trade receivables. As those other receivables have a maturity of 1 year or less, the Group has applied the practical expedient of IFRS 9. Where the balance due is repayable on demand and the borrower has enough liquid assets to settle the balance due on demand, the probability of default is minimal. Where the Borrower does not have enough liquid assets to settle the balance on demand but own other assets that can be sold to settle the balance due, the loss given default is nil as the net realisable value of the assets cover the outstanding balance. In that case, the ECL is limited to the effect of discounting the amount due of the loan over the period until the cash is realised and since those companies can realise cash within a short period of time, the effect of discounting is immaterial.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Contract assets

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognized for the earned consideration that is conditional.

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(k) Financial instruments (Continued)

Policy applicable as from July 01, 2018 (Continued)

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings and trade and payables.

All financial liabilities are recognized 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, loans and borrowings including bank overdrafts.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Loans and borrowings and Trade and other payables

This is the category most relevant to the Group. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process.

Amortized 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 amortization is included as finance costs in the statement of profit or loss.

This category generally applies to interest-bearing loans and borrowings including bank overdraft and trade and other payables.

Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Group performs under the contract.

Derecognition

A financial liability is derecognized 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 the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the statement of profit or loss.

Offsetting financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated 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.

(l) 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.

(m) 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 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 costs 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 recognises 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, and
- Net interest expense or income.

Severance allowance on retirement

For employees that are not covered under any pension plan, the net present value of severance allowances payable under the Employment Rights Act 2008 is calculated independently by a qualified actuary, AON Hewitt Ltd and Swan Life 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.

(n) 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 on hand, net of outstanding bank overdrafts.

(o) 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.

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

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

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

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or cash-generating unit's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

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

Goodwill

Goodwill is tested for impairment annually at the reporting date, and when circumstances indicate that the carrying value may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each cash-generating unit (or group of cash-generating units) to which the goodwill relates. When the recoverable amount of the cash generating unit is less than their carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

(p) 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.

(q) 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.

(r) Revenue

Policy effective before July 01, 2018 – IAS 18

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 workshop, leisure, landscaping 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.

Policy applicable as from July 01, 2018- IFRS 15

The Group is involved in the construction industry and produces aggregates and blocks and other construction materials for resale, the Group is also involved in the sale of decorative items and agricultural products. Revenue from contracts with customers is to which the Company expects to be entitled in exchange for those goods and services. The Group has generally concluded that it is the principal in its revenue arrangements.

Revenue from sale of goods

Revenue from sale of goods is recognised at a point in time when control of the asset is transferred to the customer generally on delivery of the goods. The normal credit term is 30 days.

Rendering of services

Services provided by the Group include workshop, leisure and landscaping. Revenue from rendering of services is recognised at a point in time when control of the asset is transferred to the customer.

Project revenue

The Group recognises revenue from its projects of supply and fixing over time, using an input method to measure progress towards completion of the asset promised, because the customer simultaneously receives and consumes the benefits provided by the Group.

Input methods recognise revenue on the basis of the entity's efforts or inputs to the satisfaction of a performance obligation.

The Group believes that the input method faithfully depicts the Group's performance towards complete satisfaction of the performance obligation.

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(s) Taxes

Current tax

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date, in the countries where the Group operates and generates taxable income.

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

Deferred 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 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.

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.

(t) 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.

(u) Other income:

Interest income

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

Dividend income

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

(v) 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.

(w) Spare parts

Spare parts held by the Group which will be used to replace broken parts on its production machineries have been classified as inventory and are expensed to profit or loss when these are replaced on the production machineries.

Spare parts which can be used on a specific production machinery and which extend the life of the production machineries and where economic benefits are derived from its use are capitalised as part of property, plant and equipment. Depreciation on such spare parts is charged to profit or loss.

2.4 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

New and amended standards and interpretations

The Group applied IFRS 15 and IFRS 9 for the first time. The nature and effect of the changes as a result of adoption of these new accounting standards are described below.

Several other amendments and interpretations apply for the first time in 2018, but do not have an impact on the consolidated financial statements of the Group.

	Effective for accounting period beginning on or after
New or revised standards	
IFRS 15 Revenue from contracts with customers	January 01, 2018
IFRS 9 Financial instruments	January 01, 2018

IFRS 15 Revenue from contracts with customers

IFRS 15 supersedes IAS 11 Construction Contracts, IAS 18 Revenue and related Interpretations and it applies, with limited exceptions, to all revenue arising from contracts with customers. IFRS 15 establishes a five-step model to account for revenue arising from contracts with customers and requires that revenue be recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

IFRS 15 requires entities to exercise judgement, taking into consideration all the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract. In addition, the standard requires extensive disclosures.

The Group adopted IFRS 15 using the modified retrospective method of adoption with the date of initial application of January 01, 2018. Under this method, the standard can be applied either to all contracts at the date of initial application or only to contracts that are not completed at this date. The Group elected to apply the standard to all contracts as at January 01, 2018.

One of the Company's subsidiary operates in a retail industry and has a revenue stream for project revenue, being contracts with customers for supply and fixing services. The performance obligation is over time based on the fixing progress. With the implementation of IFRS 15, the entity analysed all its agreements with customers and recognised revenue based on the performance obligation. Hence, same impacted its retained earnings.

The cumulative effect of initially applying IFRS 15 is recognised at the date of initial application as an adjustment to the opening balance of retained earnings. Therefore, the comparative information was not restated and continues to be reported under IAS 11, IAS 18 and related Interpretations.

(a) Sale of goods

Revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, and the amount of revenue can be measured reliably.

(b) Project revenue

The Company's subsidiary operates in a retail industry and has a revenue stream for project revenue, being contracts with customers for supply of goods and fixing services of goods supplied. The performance obligation is over time based on the fixing progress. The Group recognises contract revenue using the input method. Percentage completion of work done is calculated based on actual cost incurred over budgeted cost. Revenue is then recognised on the amount of actual work completed based on the prices that have been pre-agreed with the customers via formal contracts.

The impact of the adoption of IFRS 15 has been disclosed on page 175.

The Group further concluded that the services under contracts are satisfied over time given that the customer simultaneously receives and consumes the benefits provided by the Group.

(c) Contract liabilities

The Group receives only short-term advances from its customers. These advances are presented as current contract liabilities in the financial statements under IFRS 15.

(d) Contract variations

Revenue is currently recognised when it can be reliably measured and it is probable that the variation will be approved by the customer. Since revenue from contract variations are accounted together with revenue from contracts, impact of the adoption of IFRS 15 for contract variations have been disclosed below.

(e) Presentation and disclosure requirements

The presentation and disclosure requirements in IFRS 15 are more detailed than under the previous IFRS. The presentation requirements represent a significant change from previous practice and significantly increases the volume of disclosures required in the Group's financial statements.

The effect of adopting IFRS 15 as at July 01, 2018, was, as follows:

	Adjustments	July 01, 2018
Assets		**Rs'000**
Current Assets		
Inventory	(a)	(7,822)
Contract assets	(a)	7,252
Total current assets		(570)
Liabilities		
Current Liabilities		
Trade payables	(b)	(9,005)
Contract liabilities	(b)	12,993
Total current liabilities		3,988
Total adjustment on equity: Retained earnings		**(4,558)**

Adjustments:

(a) Under IAS 18, the Group accounted for its revenue using the stage of completion method based on value of work done, i.e billing over budgeted revenue. In so doing, the work done which were not yet billed to customers was accounted under inventory. With the implementation of IFRS 15, the Group calculates its stage of completion method using the input method, i.e costs incurred over budgeted costs. Hence, work done which has not been invoiced to customers are accounted as "Contract Assets". Furthermore, the Group analysed all its contracts to ensure that revenue is recognised based on satisfaction of its performance obligation. This explains the impacts disclosed above.

(b) Under IAS 18, the Group accounted for its revenue using the stage of completion method based on value of work done, i.e billing over budgeted revenue. In so doing, billing made to customers for which work was not completed were accounted as Payables. With the implementation of IFRS 15, the Group calculates its stage of completion method using the input method, i.e costs incurred over budgeted costs. Hence, billing for which work has not been completed is accounted as "Contract Liabilities". Furthermore, the Group analysed all its contracts to ensure that revenue is recognised based on satisfaction of its performance obligation. This explains the impacts disclosed above.

The impact of IFRS 15 has been disclosed in the statement of changes in equity.

2.4 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (CONTINUED)

New and amended standards and interpretations (Continued)

IFRS 9 Financial Instruments

IFRS 9 Financial Instruments replaces IAS 39 Financial Instruments: Recognition and measurement for annual periods beginning on or after January 01, 2018 bringing together all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting.

The Group has elected for a modified retrospective approach and the impact of the initial adoption has been adjusted to retained earnings on the initial application date of July 01, 2018.

The Group has not restated the comparative information which continues to be reported under IAS 39. Differences arising from the adoption of IFRS 9 have been recognised directly in retained earnings and other components of equity.

The effect of adopting IFRS 9 as at July 01, 2018 was, as follows:

THE GROUP

	Adjustments	July 01, 2018
Assets		**Rs'000**
Trade and other receivables	(a)	(29,038)
Total assets		(29,038)
Liabilities		
Deferred tax liabilities	(b)	5,129
Total liabilities		5,129
Total adjustments on equity:		
Retained earnings	(c),(d)	(22,922)
Fair value reserve	(d)	(11,444)
Fair value reserve of financial assets at FVOCI	(d)	10,811
Non-controlling interest	(c)	(354)
Total Equity		**(23,909)**

THE COMPANY

		July 01, 2018
Assets		**Rs'000**
Trade and other receivables	(a)	(9,432)
Total assets		(9,432)
Liabilities		
Deferred tax liabilities	(b)	1,603
Total liabilities		1,603
Total adjustments on equity:		
Retained earnings	(c)	(10,145)
Fair value reserve	(d)	(8,495)
Fair value reserve of financial assets at FVOCI	(e)	10,811
Total Equity		**(7,829)**

Adjustments:

(a) The adjustment is related to the additional ECL allowance recognised on initial adoption of IFRS 9.

(b) The adjustment is related to deferred tax liability in respect of additional ECL made in (a).

(c) The adjustment is related to additional ECL allowance recognised on initial adoption and simultaneous deferred tax impact adjusted on initial adoption of IFRS 9.

(d) The Group's and the Company's equity investments were classified as available for sale in accordance with IAS 39. Upon adoption of IFRS 9, the Group's and the Company's equity investments have been classified as financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income respectively, the adjustment pertain to transfer of the available for sale reserves as at July 01, 2018 to retained earnings and fair value reserve of financial assets at fair value through other comprehensive income.

(e) Upon adoption of IFRS 9, Non controlling interest has been adjusted for (a) and (b).

(a) Classification and measurement

Under IFRS 9, debt instruments are subsequently measured at fair value through profit or loss, amortised cost, or fair value through OCI. The classification is based on two criteria: the Group's business model for managing the assets; and whether the instruments' contractual cash flows represent 'solely payments of principal and interest' on the principal amount outstanding.

The assessment of the Group's business model was made as of the date of initial application, July 01, 2018. The assessment of whether contractual cash flows on debt instruments are solely comprised of principal and interest was made based on the facts and circumstances as at the initial recognition of the assets.

The classification and measurement requirements of IFRS 9 did not have a significant impact on the Group. The following are changes in the classification of Group's financial assets.

- Trade receivables classified as trade and other receivables, are held to collect contractual cash flows and give rise to cash flows representing solely payments of principal and interest. These are classified and measured as debt instruments at amortised cost beginning July 01, 2018.
- Part of the equity investments amounting to Rs11m in non-listed companies previously classified as AFS financial assets are now classified and measured as equity instruments designated at fair value through OCI. The Group elected to classify irrevocably its non-listed equity investments under this category as it intends to hold these investments for the foreseeable future. The remaining has been classified as fair value through profit or loss.
- Equity investments in listed companies previously classified available-for-sale financial assets are classified and measured as equity instruments measured at fair value through profit or loss.

The Group has not designated any financial liabilities as at FVTPL. There are no changes in classification and measurement for the Group's financial liabilities.

2.4 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (CONTINUED)

New and amended standards and interpretations (Continued)

IFRS 9 Financial Instruments (Continued)

(a) Classification and measurement (Continued)

In summary, upon as at July 01, 2018, the adoption of IFRS 9, the Group and the Company had the following required or elected reclassifications:

THE GROUP		Measurement category	
	Rs'000	**IAS 39**	**IFRS 9**
Non-current assets			
Investment in financial assets	11,877	Available-for sale	FVOCI
Investment in financial assets	41,267	Available-for sale	FVTPL
Current assets			
Trade and other receivables	484,404	Loans and receivables	Amortised cost
Cash at bank and on hand	71,273	Loans and receivables	Amortised cost
Other current financial asset	13,795	Loans and receivables	Amortised cost

THE COMPANY		Measurement category	
	Rs'000	**IAS 39**	**IFRS 9**
Non-current assets			
Investment in financial assets	11,877	Available-for-sale	FVOCI
Investment in financial assets	34,356	Available-for-sale	FVOCI
Current assets			
Trade and other receivables	447,949	Loans and receivables	Amortised cost
Cash at bank and on hand	26,468	Loans and receivables	Amortised cost
Other current financial asset	13,795	Loans and receivables	Amortised cost

(b) Impairment

The adoption of IFRS 9 has fundamentally changed the Group accounting for impairment losses for financial assets by replacing IAS 39's incurred loss approach with a forward-looking expected credit loss (ECL) approach. IFRS 9 requires the Group to recognize an allowance for ECLs for all debt instruments not held at fair value through profit or loss and contract assets.

Upon the adoption of IFRS 9, the Group and the Company recognized Rs 29m and Rs 9.4m respectively as additional impairment on the trade and other receivables as at July 01, 2018.

Set out below is the reconciliation of the ending impairment allowances in accordance with IAS 39 to the opening loss allowances determined in accordance with IFRS 9.

THE GROUP	Allowance for impairment under IAS 39 as at June 30, 2018	Remeasurement	ECL under IFRS 9 as at July 01, 2018
	Rs'000	**Rs'000**	**Rs'000**
Loans and receivables under IAS 39	73,633	29,038	102,671

THE COMPANY	Allowance for impairment under IAS 39 as at June 30, 2018	Remeasurement	ECL under IFRS 9 as at July 01, 2018
	Rs'000	**Rs'000**	**Rs'000**
Loans and receivables under IAS 39	20,027	9,432	29,459

(c) Other adjustments

In addition to the adjustments described above, other items such as deferred taxes were adjusted to retained earnings and non-controlling interest as necessary upon adoption of IFRS 9 as at July 01, 2018.

2.5 ACCOUNTING STANDARDS AND INTERPRETATIONS ISSUED BUT NO YET EFFECTIVE

The new and amended standards and interpretations that are issued, but not yet effective up to the date of issuance of the Group's financial statements are listed below. The Group intends to adopt these new and amended standards and interpretations when they become effective, if applicable.

	Effective for accounting period beginning on or after
New or revised standards	
IFRS 16 Leases	January 01, 2019
IFRIC Interpretation 23 Uncertainty over Income Tax Treatments	January 01, 2019
Prepayment Features with Negative Compensation - Amendments to IFRS 9	January 01, 2019
Long-term interests in Associates and Joint Ventures - Amendments to IAS 28	January 01, 2019
Plan Amendment, Curtailment or Settlement - Amendments to IAS 19	January 01, 2019
IFRS 3 Business Combinations - Previously held interests in a joint operation	January 01, 2019
IFRS 11 Joint Arrangements - Previously held interests in a joint operation	January 01, 2019
IAS 12 Income taxes - Income tax consequences of payments on Financial instruments classified as equity	January 01, 2019
IAS 23 Borrowing costs - Borrowing costs eligible for capitalization	January 01, 2019
IFRS 17 Insurance Contracts	January 01, 2021

Where the adoption of the standards or amendments or improvement is deemed to have an impact on the financial statements or performance of the Group, their impact is described below.

IFRS 16 Leases

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 recognize 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 recognize 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 recognize the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

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

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

IFRS 16 is effective for annual periods beginning on or after January 01, 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.

Management is still assessing the impact of IFRS 16 on its financial statements.

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:

Identifying performance obligations in supply and fixing projects

The Group provides supply and fixing services for building finishes that are either sold separately or bundled together with the sale of goods to a customer. The fixing services are a promise to transfer services in the future and are part of the negotiated exchange between the Group and the customer.

The Group determined that both the goods and fixing services thereof are not capable of being distinct. The fact that the Group sells both equipments and fixing on a combined basis indicates that the customer can benefit from an integrated service.

Determining the timing of satisfaction of supply and fixing projects

The Group concluded that revenue for supply and fixing services is to be recognised over time because the customer simultaneously receives and consumes the benefits provided by the Group. The fact that another entity would not need to re-perform the fixing that the Group has provided to date demonstrates that the customer simultaneously receives and consumes the benefits of the Group's performance as it performs.

Input method

The Group determined that the input method is the best method in measuring progress of the installation services because there is a direct relationship between the Group's effort and the transfer of service to the customer. The Group recognises revenue on the basis of costs incurred relative to the total expected costs of the service.

Principal versus agent considerations

The Group enters into contracts with its customers and provides supply and fixing services. The Group determined that it controls the goods before they are transferred to customers. Therefore, the Group determined that it is a principal in these contracts:

- The Group is primarily responsible for fulfilling the promise to provide the services and goods.
- The Group has inventory risk before the specified equipment has been transferred to the customer
- The Group has discretion in establishing the price for the goods and services

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 of loss upon consumption.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

Useful lives and residual values of property, plant and equipment

Determining the carrying amounts of property, plant and equipment requires the estimation of the useful lives and residual values of these assets which carry a degree of uncertainty. The Directors have used historical information relating to the Group and the relevant industries in which the Group's entities operate in order to best determine the useful lives and residual values of property, plant and equipment. There has been no impact on the re-assessment made by management.

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. The valuation of 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 14 for key assumptions used to determine valuation of plants.

Provision for expected credit losses of trade receivables and contract assets- Under IFRS 9

The Group uses a provision matrix to calculate ECLs for trade receivables and contract assets. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns .(i.e., by customer type and rating).

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults, the historical default rates are adjusted. At every reporting date, the historical default rates are updated and changes in the forward looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. Refer to note 16 and 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.

INTRODUCTION
ABOUT US
HOW WE CREATE VALUE
HARVESTING OPPORTUNITIES
CORPORATE GOVERNANCE
CAPITAL REPORTS
FINANCIAL STATEMENTS

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

Estimate and assumptions (Continued)

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 11.

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 9.

Land conversion rights

The Land Conversion Rights ("LCRs") granted under the Sugar Industry Efficiency Act 2001 have been tested for impairment using the discounted cash flow method (the "DCF"). The assumptions used in the DCF include the average conversion rates of agricultural land to residential land, infrastructure cost and selling costs among others.

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 equity investments classified at fair value through profit or loss and fair value through other comprehensive income.

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, non-current financial assets, and trade and other payables.

The sensitivity analysis in the following sections relate to the position as at June 30, 2019 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 and equity to a reasonable possible change in interest rates with all other variables held constant.

	THE GROUP		THE COMPANY	
Increase/(decrease) in basis point	**2019**	2018	**2019**	2018
	Rs'000	Rs'000	Rs'000	Rs'000
+ 50	4,850	5,334	4,761	5,047
- 25	(2,425)	(2,667)	(2,380)	(2,524)

(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 and equity to a reasonably possible change in Euro and US Dollars exchange rates, with all other variables held constant.

	THE GROUP		THE COMPANY	
Increase/(decrease) in exchange rate	**2019**	2018	**2019**	2018
	Rs'000	Rs'000	Rs'000	Rs'000
Euro +5%	(742)	(1,506)	(685)	(203)
Euro -10%	1,484	3,012	1,369	406
US Dollar +5%	380	1,648	471	1,441
US Dollar -10%	(759)	(3,295)	(942)	(2,881)

(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	
Increase/(decrease) in equity prices	**2019**	2018	**2019**	2018
	Rs'000	Rs'000	Rs'000	Rs'000
+ 5%	1,309	2,248	1,160	2,226
- 10%	(2,618)	(4,455)	(2,320)	(4,451)

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.

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e., by geographical region, product type, customer type and rating, and coverage by letters of credit or other forms of credit insurance). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade receivables are written-off if past due for more than one year and are not subject to enforcement activity. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed in note 16.

Set out below is the information about the credit risk exposure on the Group's trade receivables using a provision matrix:

The Group	**Total**	**Current**	**30-60 days**	**61-90 days**	**91-365 days**	**>365 days**
Expected credit loss rate (%)		4.0%	5.0%	9.0%	21.0%	86.0%
Total gross carrying amount (Rs)	441,642	120,523	97,789	42,226	79,903	104,190
Expected credit loss (Rs)	119,460	4,980	5,398	3,384	15,944	89,754

The Company	**Total**	**Current**	**30-60 days**	**61-90 days**	**91-365 days**	**>365 days**
Expected credit loss rate (%)		2.6%	2.8%	5.0%	10.0%	100.0%
Total gross carrying amount (Rs)	185,613	56,056	60,078	29,988	23,736	21,755
Expected credit loss (Rs)	28,516	1,477	1,702	1,523	2,575	21,239

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 as disclosed below:

The Group	**2019**	2018
	Rs'000	Rs'000
Non-current financial assets	26,174	-
Available-for-sale investments	-	53,144
Cash and cash equivalent	47,237	71,273

The Company

	2019	2018
	Rs'000	Rs'000
Non-current financial assets	23,209	-
Available-for-sale investments	-	46,233
Cash and cash equivalent	9,693	26,468

Other receivables

Other receivables are neither past due nor impaired for the year ended June 30, 2019 and 2018.

Contract assets

Contract assets suffered an expected credit loss of Rs 1.4m (2018: Rs 1.1m). In determining the recoverability of contract assets, the Group assesses its contractual rights and the terms and conditions of the agreements. The Group does not hold any collateral as security over these balances. An expected credit loss rate of 16% (2018: 15%) has been used.

(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, 2019	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	404,269	17,571	117,606	788,754	1,328,200
Trade and other payables	221,514	86,332	48,546	-	356,392
	625,783	103,903	166,152	788,754	1,684,592

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

4. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(c) Liquidity risk (Continued)

The Company

At June 30, 2019	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	117,771	20,028	38,934	-	-	176,733
	417,192	177,298	54,588	572,886	-	1,221,964

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	55,911	572,886	-	1,203,273

(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, 2019 and 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 the Company do not have any externally imposed capital requirements.

	THE GROUP		THE COMPANY	
	2019	2018	**2019**	2018
	Rs'000	Rs'000	Rs'000	Rs'000
Interest bearing loans and borrowings	1,059,741	1,083,265	959,047	1,011,434
Equity	3,149,742	3,124,630	2,323,004	2,291,010
Gearing ratio	34%	35%	41%	44%

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 01, 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
Transfers*	(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
Additions	50,972	264	244,428	29,082	10,543	335,289
Transfers*	5,711	-	(29,918)	-	(3,318)	(27,525)
Disposals	-	-	(24,954)	(9,538)	-	(34,492)
Write off	-	(2,953)	-	-	-	(2,953)
Exchange differences	(1,314)	(746)	(10,436)	(905)	(1,036)	(14,437)
At June 30, 2019	**2,584,553**	**89,974**	**2,947,594**	**217,063**	**60,113**	**5,899,297**
DEPRECIATION						
At July 01, 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)
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
Charge for the year	49,096	2,724	170,842	29,924	-	252,586
Disposals	-	-	(23,851)	(7,839)	-	(31,690)
Write-off	-	(2,953)	-	-	-	(2,953)
Transfers	-	-	(3,222)	-	-	(3,222)
Exchange differences	(816)	(338)	(4,848)	(2,254)	-	(8,256)
At June 30, 2019	**100,160**	**34,375**	**2,258,978**	**150,309**	**-**	**2,543,822**
CARRYING AMOUNT						
At June 30, 2019	**2,484,393**	**55,599**	**688,616**	**66,754**	**60,113**	**3,355,475**
At June 30, 2018	2,477,304	58,467	648,417	67,946	53,924	3,306,058

* During the year, land amounting to Rs 3.4m was transferred from investment properties to property, plant and equipment, the remaining were transferred to inventory. In 2018, land and buildings amounting to Rs 29.7m were transferred from property, plant and equipment to investment properties.

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 assets revert to the lessor in event of default.

(a) The carrying amount of plant and equipment and motor vehicles held under finance leases as at June 30, 2019 and 2018 were as follows:

	2019			2018		
	Plant and equipment	**Motor vehicles**	**Total**	Plant and equipment	Motor vehicles	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Cost	24,280	50,930	75,210	10,810	47,122	57,932
Accumulated depreciation	(5,407)	(24,409)	(29,816)	(2,509)	(19,076)	(21,585)
Carrying amount	18,873	26,521	45,394	8,301	28,046	36,347

5. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

THE COMPANY	Freehold land and buildings	Leasehold 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 01, 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)
Transfers*	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
Additions	32,250	-	199,898	18,484	1,811	252,443
Disposals	-	-	(18,863)	(3,496)	-	(22,359)
Transfers*	(53,521)	-	1,099	-	(3,439)	(55,861)
Impairment	-	-	(31,017)	-	-	(31,017)
At June 30, 2019	**1,136,439**	**43,126**	**2,302,261**	**108,962**	**6,206**	**3,596,994**
DEPRECIATION						
At July 01, 2017	20,866	24,234	1,551,340	55,598	-	1,652,038
Charge for the year	27,156	2,156	137,824	12,749	-	179,885
Disposals	-	-	(7,719)	(8,241)	-	(15,960)
At June 30, 2018	48,022	26,390	1,681,445	60,106	-	1,815,963
Charge for the year	20,390	2,156	138,797	12,768	-	174,111
Disposals	-	-	(17,868)	(2,546)	-	(20,414)
Transfers	-	-	(3,222)	-	-	(3,222)
At June 30, 2019	**68,412**	**28,546**	**1,799,152**	**70,328**	**-**	**1,966,438**
CARRYING AMOUNT						
At June 30, 2019	**1,068,027**	**14,580**	**503,109**	**38,634**	**6,206**	**1,630,556**
At June 30, 2018	1,109,688	16,736	471,566	33,868	5,967	1,637,825

* In the financial year 2019, the Company transferred land amounting to Rs 55m to investment properties, the remaining pertains to transfers to inventory. In prior year, land amounting to Rs 17.5m was transferred from property, plant and equipment to investment properties.

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 assets revert to the lessor in event of default.

(a) The carrying amount of motor vehicles held under finance lease as at June 30, 2019 and 2018 were as follows:

	Motor vehicles	
	2019	2018
	Rs'000	Rs'000
Cost	2,104	2,104
Accumulated depreciation	(643)	(214)
Carrying amount	1,461	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 was revalued by reference to market based evidence; that is, the valuations were 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.

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 ranges between 20% and 55%.

Details of the Group's and Company's buildings and information about the fair value hierarchy as at June 30, 2019 are as follows:

	Buildings			
	2019		2018	
Reconciliation of carrying amount	**GROUP**	**COMPANY**	**GROUP**	**COMPANY**
	Rs'000	Rs'000	Rs'000	Rs'000
Carrying amount as at July 01,	769,860	315,333	788,941	329,474
Additions for the year	30,687	11,965	37,226	12,775
Transfers	5,711	-	419	240
Depreciation for the year	(49,096)	(20,390)	(56,726)	(27,156)
Carrying amount and fair value as at June 30,	757,162	306,908	769,860	315,333

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	
	2019	2018	**2019**	2018
	Rs'000	Rs'000	Rs'000	Rs'000
Cost	1,768,668	1,713,299	1,170,515	1,191,786
Accumulated depreciation	(517,250)	(478,837)	(435,507)	(407,287)
Carrying amount	1,251,418	1,234,462	735,008	784,499

6. INVESTMENT PROPERTIES

	THE GROUP		THE COMPANY	
	2019	2018	**2019**	2018
COST	Rs'000	Rs'000	Rs'000	Rs'000
At July 01,	82,726	52,486	402,626	399,257
Transfer (to)/from property, plant and equipment (note 5)	(3,492)	29,700	55,861	-
Additions	1,028	335	4,518	2,901
Work in progress	-	205	99	468
At June 30,	80,262	82,726	463,104	402,626
DEPRECIATION				
At July 01,	37,868	34,820	212,610	194,578
Charge for the year	3,599	3,048	18,428	18,032
At June 30,	41,467	37,868	231,038	212,610
CARRYING AMOUNT				
At June 30,	38,795	44,858	232,066	190,016

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 the 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, 2019 was Rs 158m (2018: Rs 160m) for the Group and Rs 639.7m (2018: Rs 579.2m) for the Company. The rental income arising during the year amounted to Rs 18.3m (2018: Rs 10.2m) for the Group and for the Company Rs 43.6m (2018: Rs 42.9m). Direct operating expenses incurred on the investment properties for the Company during the year was Rs 0.1m (2018: Rs 0.1m) and Nil (2018: Nil) for the Group. Investment properties valued using the sales comparison approach have been classified as level 2 amounting to Rs 58m (2018: Rs 60m) and those valued using the depreciated replacement cost have been classified as level 3 amounting to Rs 101m (2018: Rs 100m). The significant input for level 2 is the price per square metre and for level 3, it is the depreciation rate.

6. INVESTMENT PROPERTIES (CONTINUED)

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	**2019**	2018
	Rs'000	Rs'000
At July 01,	3,541	8,411
Amortisation for the year	(506)	(3,161)
Impairment adjustment	(3,035)	(1,709)
At June 30,	-	3,541

Other information:	**2019**	2018
Area harvested (Arpents)	232	353
Cost per Arpent (Rs)	65,893	54,292

At June 30, 2019, the Directors made an assessment of the carrying value of the bearer plants and have concluded that an impairment of Rs 3m was required (2018: Rs 1.7m) based on their forecasts. This assessment was based on an average sugar price of Rs 11,000 (2018: Rs 13,000) per ton over the projected period. The main factor that led to the impairment was the decrease in projected revenue. The value in use model has been used and the discount rate is 9.75% (2018: 6.26%). The above belongs to the agriculture segment.

8(a) INTANGIBLE ASSETS

	THE GROUP			THE COMPANY
	Computer Software	Goodwill	Total	Computer Software
COST	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**
At July 01, 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
Additions	26,777	-	26,777	1,527
Work in progress	6,259	-	6,259	4,415
Write-off	(96)	-	(96)	-
Exchange differences	349	-	349	-
At June 30, 2019	**95,533**	**134,103**	**229,636**	**32,763**
AMORTISATION/IMPAIRMENT				
At July 01, 2017	22,621	128,671	151,292	11,956
Amortisation charge	5,308	-	5,308	2,227
At June 30, 2018	27,929	128,671	156,600	14,183
Amortisation charge	9,203	-	9,203	2,274
Write-off	(42)	-	(42)	-
Exchange differences	418	-	418	-
At June 30, 2019	**37,508**	**128,671**	**166,179**	**16,457**
CARRYING AMOUNT				
At June 30, 2019	**58,025**	**5,432**	**63,457**	**16,306**
At June 30, 2018	34,315	5,432	39,747	12,638

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 3.

8(b). LAND CONVERSION RIGHTS

	THE GROUP	
	2019	2018
	Rs'000	Rs'000
COST		
At July 01,	18,624	18,211
Infrastructure costs	1,471	413
At June 30,	20,095	18,624
IMPAIRMENT		
At June 30,	(10,148)	-
CARRYING AMOUNT		
At June 30,	9,947	18,624

The reform of the Sugar Industry in the years 2000 necessitated redundancy payments in the form of cash and serviced land, as well as capital expenditure for capacity expansion and optimisation. These capital expenditure investments and expenses have been financed by debt. In order to assist the repayment of these debts, Government granted a tax exemption to the Sugar Industry when converting agricultural land into residential land in the form of Land Conversion Rights ("LCRs"). These LCRs are granted by the Mauritius Cane Industry Authority (MCIA) based on the qualifying costs incurred by an entity.

An LCR is recognised as a non-current asset and is initially measured at fair value at the date on which the Company is entitled to receive those rights, that is when there is reasonable assurance that the LCR will be received and all the attached conditions will be complied with. LCRs are tested annually for impairment. When the carrying amount of the asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount. LCRs are derecognised upon disposal (i.e. the date the recipient obtains control), use for converting agricultural land into residential land for land projects or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of the LCR is included in profit or loss. At June 30, 2019, the Directors have made an assessment of the carrying value of the LCRs and have concluded that an impairment of Rs 10.1m was required.

The assumptions used in the DCF include the average annual conversion rates of agricultural land to residential land, the estimated selling price, the estimated infrastructure cost, the estimated selling cost and the discount rate. The discount rate calculation is based on the specific circumstances of these rights. Significant assumptions include selling price of Rs 11,500 per arpent and a discount rate of 11%. The level of the fair value hierarchy within which the fair value measurement is categorised is level 3.

9. INVESTMENT IN SUBSIDIARIES

	THE COMPANY	
	2019	2018
	Rs'000	Rs'000
At July 01,	1,092,882	1,146,576
Additions (a)	24,514	21,318
Impairment (c)	(74,600)	(75,012)
At June 30,	1,042,796	1,092,882

9. INVESTMENT IN SUBSIDIARIES (CONTINUED)

Analysed as follows:

	2019	2018
	Rs'000	Rs'000
Unquoted equity instruments	596,128	639,331
Interest free loans	446,668	453,551
	1,042,796	1,092,882

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	**2019 & 2018 % Holding**	
OPERATIONAL		**Direct**	**Indirect**
Espace Maison Ltée	Mauritius	100.0	-
Compagnie de Gros Cailloux Ltée	Mauritius	100.0	-
Société d'Investissement Rodriguais	Mauritius	100.0	-
Welcome Industries Ltd	Mauritius	-	75.9
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	-
Société des Petits Cailloux	Mauritius	-	76.5
Drymix Ltd	Mauritius	51.0	-
La Savonnerie Créole Ltée (b)	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	-

(a) During the year, interest free loans of Rs 12.3m (2018: Rs 11.1m) and Rs 12.2m (2018: Rs 10.2m) to United Granite Products (Private) Limited and UBP Madagascar respectively were accounted under investments further to management's approval.

(b) During the year, the Directors have assessed the recoverable amount of the investment held in La Savonnerie Créole Ltée amounting to Rs 0.5m and a full impairment of the amount has been made.

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

The Company has net investments in its overseas subsidiaries of Rs 113m at June 30, 2019 (2018: Rs 164m). The impairment losses recorded during the year amounted to Rs 75m (2018: Rs 75m). 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, management considered the estimated recoverable amounts of the main underlying asset that each subsidiary owns, that is, property. The valuation of these properties by management was done under the guidance of in-country experts. The level of the fair value hierarchy within which the fair value measurement is categorised is level 3. The main assumptions are area of property, estimated price and discount factors. Management applied discount rates ranging from 30% to 55% where appropriate to the values of the property.

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

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:

	Drymix Ltd	Welcome Industries Ltd	United Granite Products (Private) Limited	Sainte Marie Crushing Plant Limited
	Rs'000	**Rs'000**	**Rs'000**	**Rs'000**
2019				
Proportion of non-controlling interests	**49.0%**	**24.1%**	**23.0%**	**23.5%**
Financial position				
Non-current assets	116,254	30,516	47,004	74,841
Current assets	128,185	25,930	23,875	12,050
Non-current liabilities	(42,892)	(9,388)	(668)	(9,435)
Current liabilities	(88,251)	(9,931)	(188,754)	(11,677)
Net assets/(shareholders' deficit)	113,296	37,127	(118,543)	65,779
Carrying amounts of non-controlling interests	55,515	8,948	(27,265)	15,458
Comprehensive income				
Revenue	338,222	48,564	12,894	110,534
Profit/(loss) for the year	30,586	5,791	(8,542)	9,651
Other comprehensive income	301	(1,759)	(4,670)	(1,836)
Total comprehensive income	30,887	4,032	(13,212)	7,815
Profit/(loss) allocated to non-controlling interests	14,987	1,396	(1,965)	2,268
Total comprehensive income allocated to non-controlling interests	15,135	972	(3,039)	1,837
Dividend to non-controlling interests	12,250	-	-	2,600
Cash flow				
Operating activities	23,795	(302)	(9,915)	10,382
Investing activities	(11,739)	(3,148)	612	(2,788)
Financing activities	(9,081)	-	9,773	(10,500)
Net increase/(decrease) in cash and cash equivalents	2,975	(3,450)	470	(2,906)

9. INVESTMENT IN SUBSIDIARIES (CONTINUED)

	Drymix Ltd	Welcome Industries Ltd	United Granite Products (Private) Ltd	Sainte Marie Crushing Plant Limited
	Rs'000	**Rs'000**	**Rs'000**	**Rs'000**
2018				
Proportion of non-controlling interests	49.0%	24.1%	23.0%	23.5%
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)	7,058
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)	1,659
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

10. INVESTMENT IN ASSOCIATES

	THE GROUP		THE COMPANY	
	2019	2018	**2019**	2018
	Rs'000	Rs'000	Rs'000	Rs'000
Unquoted				
At July 01,	**195,816**	212,585	**103,968**	107,248
Share of profit	**18,302**	14,458	**-**	-
Movement in other reserves	**308**	(4,206)	**-**	-
Impairment	**-**	(3,280)	**-**	(3,280)
Dividend received	**(15,525)**	(23,741)	**-**	-
At June 30,	**198,901**	195,816	**103,968**	103,968

INTRODUCTION | ABOUT US | HOW WE CREATE VALUE | HARVESTING OPPORTUNITIES | CORPORATE GOVERNANCE | CAPITAL REPORTS | FINANCIAL STATEMENTS

Details pertaining to the interests in associates are as follows:

Name of company	Principal activities	Country of incorporation	Proportion of ownership interest (direct & indirect) 2019	2018
Pre-Mixed Concrete Ltd	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%
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%

** The investment in Sud concassage Limitée was fully impaired in the financial year 2018.*

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 Ltd	Terrarock Ltd	Compagnie Mauricienne d'Entreprise Ltée
2019	**Rs'000**	**Rs'000**	**Rs'000**
Financial position			
Non-current assets	201,794	96,821	80,835
Cash and cash equivalents	40,585	249	3,933
Other current assets	460,339	39,442	1,726
Current trade and other payables	(463,885)	(13,140)	(944)
Current loans and borrowings	(51,044)	(2,458)	-
Non-current liabilities	(23,046)	(13,569)	(4,383)
Equity	164,743	107,345	81,167
Proportion of Group's ownership	49.0%	46.0%	20.0%
	80,724	49,379	16,233
Goodwill	48,619	-	-
Carrying amount of investments	129,343	49,379	16,233
Statement of profit or loss and other comprehensive income			
Revenue	726,058	196,978	5,938
Interest income	-	843	-
Other income	-	876	(1,137)
Depreciation and amortisation	(22,282)	(16,260)	-
Interest expense	-	(16)	-
Other expenses	(691,953)	(146,386)	(850)
Profit before tax	11,823	36,035	3,951
Income tax expense	(2,873)	(6,923)	(900)
Profit for the year	8,950	29,112	3,051
Other comprehensive income	-	175	1,138
Total comprehensive income	8,950	29,287	4,189
Group's share of profit	4,386	13,392	610
Group's share of total comprehensive income	4,386	13,472	838

10 . INVESTMENT IN ASSOCIATES (CONTINUED)

THE GROUP	Pre-Mixed Concrete Ltd	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)	-
Non-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 expense	(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

Aggregate information on individually immaterial associates

	THE GROUP	
	2019	2018
	Rs'000	Rs'000
Carrying amount of investments	3,946	4,030
Group's share of (loss)/profit for the year	(86)	1,701
Group's share of total comprehensive income	(86)	(4,788)

The associates had no other contingent liabilities or capital commitments as at June 30, 2019 and 2018 except as disclosed in note 33.

11. NON CURRENT FINANCIAL ASSETS/AVAILABLE-FOR-SALE INVESTMENTS

	THE GROUP		THE COMPANY	
	2019	2018	**2019**	2018
	Rs'000	Rs'000	Rs'000	Rs'000
Available-for-sale investments (note 11 (a))	-	53,144	-	46,233
Financial assets at fair value through other comprehensive income (note 11 (b))	11,877	-	11,877	-
Financial assets at fair value through profit or loss (note 11 (c))	14,297	-	11,332	-
	26,174	53,144	23,209	46,233

11(a). AVAILABLE-FOR-SALE INVESTMENTS

	Quoted equity shares	Unquoted equity shares	Total
THE GROUP	**Rs'000**	**Rs'000**	**Rs'000**
At July 01, 2017	19,965	42,857	62,822
Disposal	(15,310)	-	(15,310)
Fair value movements	386	5,246	5,632
At June 30, 2018	5,041	48,103	53,144
Transfer to financial assets at fair value through other comprehensive income	-	(11,877)	(11,877)
Transfer to financial assets at fair value through profit or loss	(5,041)	(36,226)	(41,267)
At June 30, 2019	-	-	-

	Quoted equity shares	Unquoted equity shares	Total
THE COMPANY	**Rs'000**	**Rs'000**	**Rs'000**
At July 01, 2017	15,310	40,987	56,297
Disposal	(15,310)	-	(15,310)
Fair value movement	-	5,246	5,246
At June 30, 2018	-	46,233	46,233
Transfer to financial assets at fair value through other comprehensive income	-	(11,877)	(11,877)
Transfer to financial assets at fair value through profit or loss	-	(34,356)	(34,356)
At June 30, 2019	-	-	-

11(b). FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	Unquoted equity shares
THE GROUP & THE COMPANY	**Rs'000**
At July 01, 2018	-
Transfer from available-for-sale investment	11,877
Fair value movement	-
At June 30, 2019	11,877

11. FINANCIAL ASSETS/AVAILABLE-FOR-SALE INVESTMENTS (CONTINUED)

11(c). FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	Quoted equity shares	Unquoted equity shares	Total
THE GROUP	**Rs'000**	**Rs'000**	**Rs'000**
At July 01, 2018	-	-	-
Transfer from available-for-sale investment	5,041	36,226	41,267
Fair value movement (note 25)	(2,485)	(24,485)	(26,970)
At June 30, 2019	2,556	11,741	14,297

	Unquoted equity shares	Total
THE COMPANY	**Rs'000**	**Rs'000**
At July 01, 2018	-	-
Transfer from available-for-sale investment	34,356	34,356
Fair value movement (note 25)	(23,024)	(23,024)
At June 30, 2019	11,332	11,332

11(d). FAIR VALUE HIERARCHY

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

2019

THE GROUP

	Level 1	Level 2	Level 3	Total
	Rs'000	**Rs'000**	**Rs'000**	**Rs'000**
Financial assets at fair value through other comprehensive income	-	-	11,877	11,877
Financial assets at fair value through profit or loss	2,556	-	11,741	14,297

THE COMPANY

	Level 1	Level 2	Level 3	Total
	Rs'000	**Rs'000**	**Rs'000**	**Rs'000**
Financial assets at fair value through other comprehensive income	-	-	11,877	11,877
Financial assets at fair value through profit or loss	-	-	11,332	11,332

THE GROUP

2018	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

	2019	2018
Other available-for-sale investments at cost	Rs'000	Rs'000
The Group	-	4,125
The Company	-	1,735

Prior to the financial year 2019, 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.

Movement in level 3 financial assets

	THE GROUP		THE COMPANY	
	2019	2018	**2019**	2018
	Rs'000	Rs'000	Rs'000	Rs'000
At July 01,	**43,978**	39,250	**44,498**	39,250
Net unrealised changes in fair value of financial assets/available-for-sale investments	(20,360)	4,728	(21,289)	5,248
At June 30,	23,618	43,978	23,209	44,498

There were no transfer between levels during the year under review (2018: none).

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 Group 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.

Quantitative and qualitative information of unobservable inputs - Level 3

Private equity investments	**2019**	**Valuation techniques**	**Unobservable inputs**	**Range**	**Sensitivity used**	**Effect on fair value**
	Rs'000					**Rs'000**
Flacq Associated Stonemasters Limited (FAST)	**11,877**	Market comparables	Discount of lack of marketability	50.0%	+/- 5%	+/- 1,297
Impele KCB SPV Limited	**9,596**	Income approach	WACC	31.9%	+/- 5%	+/- 2,355

Private equity investments	**2018**	**Valuation techniques**	**Unobservable inputs**	**Range**	**Sensitivity used**	**Effect on fair value**
	Rs'000					**Rs'000**
Flacq Associated Stonemasters Limited (FAST)	**11,877**	Market comparables	Discount of lack of marketability	50.0%	+/- 5%	+/- 1,187
Impele KCB SPV Limited	**32,624**	Income approach	WACC	31.9%	+/- 5%	+/- 5,785

No disclosures have been made for the remaining financial assets of Rs 2.0m for the Group and Rs 1.7m for the Company as sensivity and effect on fair value are insignificant.

12. OTHER FINANCIAL ASSET

	THE GROUP AND THE COMPANY	
	2019	2018
	Rs'000	Rs'000
Loan receivable from associate	-	13,795

The loan receivable is unsecured, bears no interest and is repayable on demand. The fair value of the loan approximates its carrying amount. The loan was fully repaid during the year under review.

13. INCOME TAX

	THE GROUP		THE COMPANY	
	2019	2018	**2019**	2018
(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	59,679	26,541	46,136	20,122
Corporate social responsibility tax	7,898	3,547	6,151	2,691
Underprovision of corporate social responsibility tax	518	47	518	47
Underprovision of income tax in previous year	3,430	503	3,883	354
(Over)/underprovision of deferred tax in previous years	(910)	2,084	(554)	1,379
Deferred tax (credit)/expense	(19,179)	11,292	(19,568)	7,473
Income tax expense	51,436	44,014	36,566	32,066
Amount in other comprehensive income				
Deferred tax on actuarial gains and losses	5,755	12,171	5,528	11,121
(b) In the statements of financial position:				
At July 01,	10,940	6,380	8,152	2,437
Payment during the year	(52,361)	(23,598)	(37,059)	(15,390)
Tax withheld	(2,426)	(2,480)	(2,200)	(2,109)
Underprovision of corporate social responsibility tax	518	47	518	47
Underprovision of income tax in previous year	3,430	503	3,883	354
Income tax expense	67,577	30,088	52,287	22,813
At June 30,	27,678	10,940	25,581	8,152
Analysed as:				
Income tax receivable	(3,330)	(93)	-	-
Income tax payable	31,008	11,033	25,581	8,152
	27,678	10,940	25,581	8,152
(c) Deferred tax:				
Deferred tax assets	8,877	7,731	-	-
Deferred tax liabilities	(65,735)	(95,562)	(36,003)	(63,256)
Net deferred tax liabilities	(56,858)	(87,831)	(36,003)	(63,256)

	THE GROUP		THE COMPANY	
	2019	2018	**2019**	2018
Deferred tax liabilities	**Rs'000**	Rs'000	**Rs'000**	Rs'000
(d) Movement in deferred tax:				
At July 01,	**(87,831)**	(86,626)	**(63,256)**	(65,525)
Deferred tax effect on adoption of IFRS 9 on opening balance	**5,129**	-	**1,603**	-
Income tax effect recognised in other comprehensive income	**5,755**	12,171	**5,528**	11,121
(Over)/underprovision of deferred tax in previous years	**910**	(2,084)	**554**	(1,379)
Deferred tax credit/(expense)	**19,179**	(11,292)	**19,568**	(7,473)
At June 30,	**(56,858)**	(87,831)	**(36,003)**	(63,256)

Unused tax losses of the Group that have not been recognised as deferred tax asset amounted to Rs 97.7m (2018: Rs 118.7m). There were unused tax losses for the Company both for 2019 and 2018. Deferred tax asset has not been recognised in respect of these losses due to the unpredictability of future profit streams to utilise these losses.

Expiry of tax losses	**THE GROUP**
	Rs'000
2020	**52,568**
2021	**21,490**
2022	**6,160**
2023	**7,164**
2024	**10,337**
	97,719

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

	THE GROUP		THE COMPANY	
	2019	2018	**2019**	2018
Deferred tax liabilities	**Rs'000**	Rs'000	**Rs'000**	Rs'000
- Accelerated capital allowances	**(36,097)**	(51,188)	**(19,247)**	(35,733)
- Deferred tax on revaluation gain	**(113,800)**	(113,800)	**(92,297)**	(92,297)
	(149,897)	(164,988)	**(111,544)**	(128,030)
Deferred tax assets				
- Employee benefit obligations	**68,630**	61,288	**61,187**	54,429
- Allowance for expected credit losses	**12,839**	6,403	**5,868**	3,198
- Provision for obsolete stock	**11,570**	9,466	**8,486**	7,147
	93,039	77,157	**75,541**	64,774
Net deferred tax liabilities	**(56,858)**	(87,831)	**(36,003)**	(63,256)

13. INCOME TAX (CONTINUED)

(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	
	2019	2018	**2019**	2018
	Rs'000	Rs'000	Rs'000	Rs'000
Profit before tax	**258,696**	188,239	**204,116**	161,214
Tax calculated at the rate of 15%	**38,804**	28,236	**30,617**	24,182
Tax effect of :				
Non-allowable expenses	**9,198**	16,260	**8,206**	13,833
Corporate social responsibility	**7,898**	3,547	**6,151**	2,691
Tax effect from associates	**-**	(4,143)	**-**	-
Income exempt from tax	**(12,029)**	(11,625)	**(11,058)**	(10,912)
Deferred tax assets not recognised	**5,691**	8,465	**-**	-
Effect on temporary difference on corporate social responsibility	**(1,164)**	640	**(1,197)**	492
Underprovision of corporate social responsibility in previous year	**518**	47	**518**	47
Underprovision of in previous year	**3,430**	503	**3,883**	354
(Over)/underprovision of deferred tax in previous year	**(910)**	2,084	**(554)**	1,379
Income tax expense	**51,436**	44,014	**36,566**	32,066

(g) There are no income tax consequences attached to the payment of dividends by the Group to its shareholders in either 2019 or 2018.

14. CONSUMABLE BIOLOGICAL ASSETS

	THE GROUP			
	Vegetables	**Standing Cane**	**Plants**	**Total**
	Rs'000	**Rs'000**	**Rs'000**	**Rs'000**
At July 01, 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
Production	32,963	15,295	27,044	75,302
Sales	(23,456)	(15,874)	(38,793)	(78,123)
Fair value movement	525	(197)	17,531	17,859
At June 30, 2019	**16,144**	**4,221**	**29,299**	**49,664**

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:

	2019	2018
Vegetables		
Expected area to harvest (ha)	**42**	24
Discount factor (%)	**9**	13
Standing Cane		
Expected area to harvest (ha)	**98**	149
Estimated yields (%)	**10.40**	10.40
Estimated price of sugar - Rs (per ton)	**14,031**	13,000
Plants		
Expected area to harvest (ha)	**8**	9
Maximum maturity of plants at June 30,	**1 year**	1 year

(b) Description of significant inputs to valuation:

	Valuation technique	**Significant unobservable inputs**	***Sensitivity of the input to value:***
Standing cane	Discounted cash flows	Cane yield per hectare: 38 ton/ha (2018: 40 ton/ha)	1% increase/(decrease) in cane yield per ha would result in increase/(decrease) in fair value by Rs 95,289 (2018: Rs 134,957)
		Price of sugar (Rs 14,031/ton: (2018: Rs 13,000/ton)	5% increase/(decrease) in the price of sugar would result in increase/(decrease) in fair value by Rs 476,447 (2018: Rs 674,784)
		WACC: 9.17% (2018: 6.26%)	1% increase/(decrease) in WACC would result in (decrease)/increase in fair value by Rs 2,366 (2018: Rs 3,139)
Plants	Discounted cash flows	Average price of plants : Rs 176 (2018: Rs 173)	5% increase/(decrease) in price of plants would result in increase/(decrease) in fair value by Rs 1,981,147 (2018: Rs 2,019,267)
		Mortality rate: 5% (2018: 5%)	5% increase/(decrease) in mortality rate would result in (decrease)/increase in fair value by Rs 2,088,023 (2018: Rs 1,486,745)
		WACC: 20% (2018: 20%)	1% increase/(decrease) in WACC would result in (decrease)/increase in fair value by Rs 292,989 (2018: Rs 227,003)
Vegetables	Discounted cash flows	Discount factor: 8.8% (2018: 12.51%)	1% increase/(decrease) in discount factor would result in (decrease)/increase in fair value by Rs 3,256 (2018: Rs 1,697)
		Price of vegetables: Rs 19,000 - Rs 21,800 (2018: Rs 14,000 - Rs 22,500)	5% increase/(decrease) in the price of vegetables would result in increase/(decrease) in fair value by Rs 1,022,386 (2018: Rs 485,758)

15. INVENTORIES

	THE GROUP		THE COMPANY	
	2019	2018	**2019**	2018
	Rs'000	Rs'000	**Rs'000**	Rs'000
Raw materials and spares (at cost)	**334,466**	293,295	**243,699**	214,804
Work in progress (at cost)	**38,029**	29,864	**37,030**	17,243
Finished goods (at lower of cost and net realisable value)	**398,624**	369,354	**51,630**	48,298
Goods in transit	**51,436**	20,904	**7,614**	625
	822,555	713,417	**339,973**	280,970

The amount of write down of inventories, recognised as an expense in cost of sales was Rs 13.1m (2018: Rs 8.2m) for the Group and Rs 7.9m (2018: Rs 8.0m) for the Company. Included in finished goods are inventories carried at net realisable value of nil (2018: Rs nil).

16. TRADE AND OTHER RECEIVABLES

	THE GROUP		THE COMPANY	
	2019	2018	**2019**	2018
	Rs'000	Rs'000	**Rs'000**	Rs'000
Trade receivables	**322,182**	333,199	**162,096**	150,791
Loan receivable from subsidiary	**-**	-	**149,143**	124,982
Receivables from subsidiaries	**-**	-	**88,591**	74,156
Receivables from associates	**26,246**	33,244	**24,573**	33,232
Other receivables	**89,375**	92,647	**46,401**	57,372
Prepayments	**32,769**	25,314	**10,919**	7,416
	470,572	484,404	**481,723**	447,949

16. TRADE AND OTHER RECEIVABLES (CONTINUED)

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

Other receivables comprise of advances made to suppliers, amounts due from related entities 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 30.

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

As at June 30, 2019, the Group's trade receivables of initial value of Rs 119.5m (2018: Rs 67.5m) were impaired and provided for.

As at June 30, 2019, the Company's trade receivables of initial value of Rs 28.5m (2018: Rs 18.8m) were impaired and provided for.

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

			Past due but not impaired			
	Total	**Neither past due nor impaired**	**30 - 60days**	**61 - 90days**	**90 - 1yr**	**more than 1yr**
THE GROUP	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**
2019	322,182	108,780	93,552	35,409	51,286	33,155
2018	333,199	125,732	67,298	30,175	109,994	-
THE COMPANY						
2019	162,096	54,580	58,377	27,464	21,161	514
2018	150,791	55,725	45,187	15,319	26,860	7,700

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 movements in the allowance for credit loss of trade receivables were as follows:

	THE GROUP		THE COMPANY	
	2019	2018	**2019**	2018
	Rs'000	Rs'000	Rs'000	Rs'000
Individually and collectively impaired				
At July 01,	72,417	64,126	18,810	28,999
Effect of adoption of IFRS 9	25,675	-	7,112	-
Movement for the year excluding write off	23,702	10,735	2,910	(10,189)
Write off	(843)	(2,444)	(316)	-
Foreign exchange difference	(1,491)	-	-	-
At June 30,	119,460	72,417	28,516	18,810

An allowance for expected credit loss has also been charged for receivables other than trade and contract assets amounting to Rs 2.5m for the Company and a charge of Rs 0.9m for the Group. The effect of the adoption of IFRS 9 on the opening balance of receivables other than trade and contract assets amounted to Rs 2.2m for the Group and Rs 2.4m for the Company. The allowance for expected credit loss has been calculated using a loss given default rate approximating to 4% on average.

17. CONTRACT ASSETS

	THE GROUP		THE COMPANY	
	2019	2018	**2019**	2018
	Rs'000	Rs'000	Rs'000	Rs'000
Receivable from projects with customers:				
(i)Trade receivables from contracts net of provisions	77,772	-	-	-
(ii) Progress billings	(70,510)	-	-	-
	7,262	-	-	-

The contract assets primarily relate to the Group's receivables from its contracting activities. The allowance for expected credit losses amounts to Rs 1.4m (2018 restated: Rs 1.1m) and the movement for the year amounts to Rs 0.3m.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2019

18. CASH AND CASH EQUIVALENTS

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

	THE GROUP		THE COMPANY	
	2019	2018	**2019**	2018
	Rs'000	Rs'000	**Rs'000**	Rs'000
Cash at banks and on hand	**47,237**	71,273	**9,693**	26,468
Bank overdraft (note 20)	**(242,265)**	(255,503)	**(198,949)**	(200,651)
	(195,028)	(184,230)	**(189,256)**	(174,183)

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

	THE GROUP		THE COMPANY	
	2019	2018	**2019**	2018
Non-cash transactions	**Rs'000**	Rs'000	**Rs'000**	Rs'000
Total acquisition cost (note 5)	**335,289**	270,003	**252,443**	177,564
Financed by cash	**(317,129)**	(254,722)	**(252,443)**	(175,459)
Financed by finance leases	**18,160**	15,281	**-**	2,105

19. EQUITY

	THE GROUP AND THE COMPANY			
(a) Issued capital	**2019**	2018	**2019**	2018
	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	
	2019	2018	**2019**	2018
	Rs'000	Rs'000	**Rs'000**	Rs'000
Share premium	**7,354**	7,354	**7,354**	7,354
Associate companies (i)	**102,130**	101,822	**-**	-
Revaluation reserve (ii)	**1,488,373**	1,488,373	**677,496**	697,166
Fair value reserve (iii)	**-**	11,444	**-**	8,495
Fair value reserve of financial assets through OCI (iv)	**10,811**	-	**10,811**	-
Translation reserve (v)	**(8,438)**	(250)	**-**	-
Retained earnings	**1,247,957**	1,213,613	**1,362,243**	1,312,895
	2,848,187	2,822,356	**2,057,904**	2,025,910

(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 assets previously recognised in equity.

(iii) The fair value reserve records fair value changes on available-for-sale financial assets. (Prior to July 01, 2018)

(iv) Fair value reserve of financial assets through OCI records fair value changes on FVOCI assets. (Effective July 01, 2018)

(v) 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	
	2019	2018	**2019**	2018
	Rs'000	Rs'000	Rs'000	Rs'000
Non-current				
Bank loans (note (a))	9,034	17,453	-	-
Obligations under finance lease (note (b))	29,132	25,767	1,248	1,643
Long Term Secured Promissory Note (note(d))	650,000	-	650,000	-
	688,166	43,220	651,248	1,643
Current				
Bank overdrafts (note 18)	242,265	255,503	198,949	200,651
Bank loans (note (a))	83,485	158,006	75,000	150,000
Unsecured loans (note (d))	27,584	55,810	28,566	98,769
Obligations under finance lease (note (d))	13,353	10,726	396	371
Debentures (note (c))	-	560,000	-	560,000
Long Term Secured Promissory Note (note(e))	4,888	-	4,888	-
	371,575	1,040,045	307,799	1,009,791
Total borrowings	1,059,741	1,083,265	959,047	1,011,434

The fair values of the loans and borrowings approximate their carrying amount, except for debentures. The debentures were classified under level 2 in the level of hierarchy since they were listed on the Stock Exchange of Mauritius Ltd. The fair value of the debentures at June 30, 2019 amounted to Rs nil (2018: Rs 560m). As at June 30, 2019, the debentures were fully repaid.

	THE GROUP		THE COMPANY	
	2019	2018	**2019**	2018
	Rs'000	Rs'000	Rs'000	Rs'000
(a) Bank loans are payable as follows:				
Within one year	83,485	158,006	75,000	150,000
After one year and before two years	9,034	17,453	-	-
	92,519	175,459	75,000	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	
	2019	2018	**2019**	2018
	Rs'000	Rs'000	Rs'000	Rs'000
Minimum lease payments:				
Within one year	15,650	12,852	489	489
After one year and before two years	14,059	28,203	489	489
After two years and before five years	18,087	-	876	1,365
	47,796	41,055	1,854	2,343
Future finance charges on finance leases	(5,311)	(4,562)	(210)	(329)
Present value of finance lease liabilities	42,485	36,493	1,644	2,014
Within one year	13,353	10,733	396	371
After one year and before two years	12,405	10,012	422	396
After two years and before five years	16,727	15,748	826	1,247
	42,485	36,493	1,644	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 were fully repaid in October 2018. In 2018, the fair value was Rs 560m with an interest rate at repo rate + 1.2% and the debentures were unsecured.

(d) Unsecured loans are repayable at call, the rate of interest per annum at June 30, 2019 was 4.5% (2018: 4.70%).

(e) In October 2018 and April 2019, the Company took a Long Term Secured Promissory Note of Rs 650m. These bear interest at repo rate + 1.0% and are fully repayable in October 2023. These notes are secured by a floating charge over all assets.

(f) Changes in liabilities and assets arising from financing activities

	July 01, 2018	Cash inflows	Other	Cash outflows	June 30, 2019
The Group	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**
Obligations under finance leases	36,493	-	18,160	(12,168)	42,485
Bank loans	175,459	-	-	(82,940)	92,519
Unsecured loans	55,810	-	-	(28,226)	27,584
Long Terms Secured Promissory Note	-	650,000	4,888	-	654,888
Debentures	560,000	-	-	(560,000)	-
Dividend payable - The Company	-	-	100,738	(100,738)	-
Dividend payable - Minority shareholders	2,410	-	14,850	(17,260)	-
	830,172	650,000	138,636	(801,332)	817,476
The Company					
Obligations under finance leases	2,014	-	-	(371)	1,643
Bank loans	150,000	225,000	-	(300,000)	75,000
Unsecured loans	98,769	151,215	341	(221,759)	28,566
Long Terms Secured Promissory Note	-	650,000	4,888	-	654,888
Debentures	560,000	-	-	(560,000)	-
Dividend payable	-	-	100,738	(100,738)	-
	810,783	1,026,215	105,967	(1,182,868)	760,097

The 'Other' column includes non-cash transactions such as additions to finance leases, dividend declaration during the year and interest accrued but not yet paid on interest-bearing loans and borrowings. The Group classifies interest paid as cash flows from operating activities.

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	
	2019	2018	**2019**	2018
	Rs'000	Rs'000	Rs'000	Rs'000
Funded obligation (note (a))	240,354	238,638	207,129	206,144
Unfunded obligation (note (b))	185,700	140,919	152,793	114,706
	426,054	379,557	359,922	320,850

21. EMPLOYEE BENEFIT LIABILITY (CONTINUED)

(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	
	2019	2018	**2019**	2018
	Rs'000	Rs'000	Rs'000	Rs'000
Present value of funded obligation	517,607	496,477	431,551	419,087
Fair value of plan assets	(277,253)	(257,839)	(224,422)	(212,943)
Benefit liability	240,354	238,638	207,129	206,144

	THE GROUP		THE COMPANY	
	2019	2018	**2019**	2018
	Rs'000	Rs'000	Rs'000	Rs'000
At July 01,	238,638	194,083	206,144	167,713
Amounts recognised in profit or loss	34,032	33,811	25,372	24,648
Amounts recognised in other comprehensive income	(7,500)	44,375	(5,914)	40,012
Employer's contribution	(24,816)	(33,631)	(18,473)	(26,229)
At June 30,	240,354	238,638	207,129	206,144

	THE GROUP		THE COMPANY	
	2019	2018	**2019**	2018
	Rs'000	Rs'000	Rs'000	Rs'000
(ii) Changes in the present value of the defined benefit obligation are as follows:				
At July 01,	496,477	418,854	419,087	357,123
Amounts recognised in profit or loss:				
Current service cost	19,073	19,827	12,923	12,899
Interest cost	26,877	24,660	22,619	20,945
	45,950	44,487	35,542	33,845
Benefit paid	(15,800)	(17,179)	(15,862)	(16,276)
Amounts recognised in other comprehensive income:				
(Gains)/ losses due to changes in financial assumptions	(9,130)	50,221	(7,216)	44,395
	(9,130)	50,221	(7,216)	44,395
Employee's contribution	110	94	-	-
At June 30,	517,607	496,477	431,551	419,087

	THE GROUP		THE COMPANY	
	2019	2018	**2019**	2018
(iii) Changes in the fair value of plan assets are as follows:	**Rs'000**	Rs'000	**Rs'000**	Rs'000
At July 01,	**257,839**	224,771	**212,943**	189,410
Amounts recognised in profit or loss:				
Current cost	**(860)**	(1,300)	**(720)**	(1,009)
Cost of insuring risk benefits	**(1,323)**	(1,899)	**(850)**	(1,382)
Interest cost	**14,211**	13,875	**11,740**	11,588
	12,028	10,676	**10,170**	9,197
Benefit paid	**(15,800)**	(17,179)	**(15,862)**	(16,276)
Amounts recognised in other comprehensive income:				
(Losses)/gains due to changes in financial assumptions	**(1,630)**	5,846	**(1,302)**	4,383
	(1,630)	5,846	**(1,302)**	4,383
Employer's contribution	**24,816**	33,725	**18,473**	26,229
At June 30,	**277,253**	257,839	**224,422**	212,943

(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 10,438,284 for the year ended June 30, 2019.

The actual return on plan assets for the Group was Rs 12,580,445 for the year ended June 30, 2019.

Maturity profile of the defined benefit obligation.

The weighted average duration of the liabilities for the Group and the Company as at June 30, 2019 is 15 years and 13 years respectively.

(v) Expected contribution for the next year

The Group and the Company are expected to contribute Rs 24,870,000 and Rs 18,780,000 respectively to the pension scheme for the year ending June 30, 2020.

The main actuarial assumptions used for accounting purposes were:

	THE GROUP		THE COMPANY	
	2019	2018	**2019**	2018
	%	%	**%**	%
Discount rate	**6.0**	5.5	**5.7**	5.5
Future salary increase	**4.0**	4.0	**4.0**	4.0

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.

(vi) Settlements and curtailments

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

21. EMPLOYEE BENEFIT LIABILITY (CONTINUED)

(vii) 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.

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

	THE GROUP		THE COMPANY	
	Impact		Impact	
	2019	2018	**2019**	2018
Discount rate	Rs'000	Rs'000	Rs'000	Rs'000
1% increase	(67,670)	(68,585)	(55,772)	(56,076)
1% decrease	85,304	86,813	69,916	70,689
Salary increase				
1% increase	39,367	40,614	27,376	28,313
1% decrease	(33,395)	(34,165)	(23,723)	(24,312)

The sensitivity analysis 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.

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

	THE GROUP		THE COMPANY	
	2019	2018	**2019**	2018
	%	%	%	%
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	
	2019	2018	**2019**	2018
	Rs'000	Rs'000	Rs'000	Rs'000
Present value of unfunded obligation	185,700	140,919	152,793	114,706

	THE GROUP		THE COMPANY	
	2019	2018	**2019**	2018
	Rs'000	Rs'000	Rs'000	Rs'000
(ii) Movement of defined benefit of unfunded obligation:				
At July 01,	140,919	108,373	114,706	88,105
Amount recognised in profit or loss:				
Current service cost	8,031	8,057	5,910	5,810
Interest expense	7,458	7,700	6,015	5,470
Past service cost	19	1,508	52	1,159
	15,508	17,265	11,977	12,439
Amount recognised in other comprehensive income:				
Liability experience (gains)/losses	(633)	27,419	1,011	26,261
Losses/(gains) due to changes in financial assumptions	43,408	(777)	37,420	(860)
	42,775	26,642	38,431	25,401
Benefit paid	(13,502)	(11,361)	(12,321)	(11,239)
At June 30,	185,700	140,919	152,793	114,706

(iii) Principal assumptions used were as follows:

	THE GROUP		THE COMPANY	
Financial assumptions:	**2019**	2018	**2019**	2018
Discount rate	3.4% - 5.9%	4.5% - 6.0%	5.6%	5.6%
Future salary increase	4.0% - 6.0%	3.0% - 4.0%	6.0%	3.0%
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		THE COMPANY	
	Impact		Impact	
	2019	2018	**2019**	2018
	Rs'000	Rs'000	Rs'000	Rs'000
1% Increase in discount rate	(19,329)	(13,568)	(15,597)	(10,540)
1% Decrease in discount rate	23,022	15,717	18,496	12,067
1% Increase in future salary increase	21,316	14,374	17,303	11,289
1% Decrease in future salary increase	(18,290)	(12,385)	(14,803)	(9,686)

The above sensitivity analysis has been carried out by recalculating the present value of obligation at the end of the period after increasing or decreasing the discount rate and the future salary increase 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 4.0m.

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

(vi) The Group and the Company have recognised a net defined liabilities of Rs 185.7m and Rs 152.7m respectively in the statement of financial position as at June 30, 2019 (2018: Group Rs 140.9m and Rs 114.7m) in respect of any retirement gratuities that are expected to be paid out of the Company's cash flow to its employees under the Employment Rights Act 2008.

22. TRADE AND OTHER PAYABLES

	THE GROUP		THE COMPANY	
	2019	2018	**2019**	2018
	Rs'000	Rs'000	**Rs'000**	Rs'000
Trade payables	**206,135**	172,925	**61,729**	51,721
Payables to subsidiaries	**-**	-	**38,611**	41,286
Payables to associates	**79**	604	**399**	-
Other payables and accruals	**150,178**	117,141	**75,994**	65,035
	356,392	290,670	**176,733**	158,042

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 30.

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

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

23. CONTRACT LIABILITIES

	THE GROUP		THE COMPANY	
	2019	2018	**2019**	2018
	Rs'000	Rs'000	**Rs'000**	Rs'000
Advance from customers	**13,574**	-	**-**	-

Revenue recognised in relation to contract liabilities

The following table shows how much of the revenue recognised in the current reporting period relates to carried-forward contract liabilities :

Advance from customers:	THE GROUP		THE COMPANY	
	2019	2018	**2019**	2018
	Rs'000	Rs'000	**Rs'000**	Rs'000
At July 01,	**12,994**	-	**-**	-
Amount received during the year	**19,947**	-	**-**	-
Amount recognised in revenue	**(19,367)**	-	**-**	-
At June 30,	**13,574**	-	**-**	-

24. REVENUE

	THE GROUP		THE COMPANY	
	2019	2018	**2019**	2018
	Rs'000	Rs'000	**Rs'000**	Rs'000
Sale of goods	**3,053,578**	2,689,945	**1,734,469**	1,460,801
Rendering of services	**182,848**	246,110	**113,656**	139,351
	3,236,426	2,936,055	**1,848,125**	1,600,152

	THE GROUP		THE COMPANY	
(a) Disaggregation of revenue	**2019**	2018	**2019**	2018
	Rs'000	Rs'000	Rs'000	Rs'000
Set out below is the disaggregation of the Group and Company's revenue:				
Sale of building materials - Core business	2,206,394	1,845,924	1,734,469	1,460,801
Sale of building materials - Retail	800,342	793,330	-	-
Sale of agricultural goods	46,842	41,691	-	-
Sale of services	91,140	120,291	113,656	139,351
Project revenue	91,708	125,819	-	-
	3,236,426	2,927,055	1,848,125	1,600,152
Timing of revenue recognition				
At a point in time	3,144,718	2,801,236	1,848,125	1,600,152
Over time	91,708	125,819	-	-
	3,236,426	2,927,055	1,848,125	1,600,152

25. OPERATING PROFIT

	THE GROUP		THE COMPANY	
Operating profit is arrived at after:	**2019**	2018	**2019**	2018
	Rs'000	Rs'000	Rs'000	Rs'000
(a) Crediting:				
- Rental income	18,364	12,948	43,656	42,986
- Other operating income	80,067	89,246	77,043	80,780
- Profit on disposal of property, plant and equipment:	3,626	2,907	2,518	2,242
(b) Charging:				
- Cost of sales	2,130,977	2,002,631	1,177,794	1,035,917
- Administrative expenses	845,512	763,791	601,185	547,139
- Selling and distribution costs	57,729	46,534	12,915	13,821
Depreciation of property, plant and equipment:				
- Owned assets	243,447	249,751	173,682	179,671
- Leased assets	9,139	6,896	429	214
Depreciation of investment properties	3,599	3,048	18,428	18,032
Cost of inventories recognised as expenses	1,686,867	1,390,439	688,789	618,145
Amortisation of bearer biological assets	506	3,161	-	-
Impairment loss on bearer biological assets	3,035	1,709	-	-
Impairment loss of investment in associates	-	3,280	-	3,280
Impairment loss of land conversion rights	10,148	-	-	-
Amortisation of intangible assets	9,203	5,308	2,274	2,227
Staff costs (note (i))	622,699	564,986	391,025	360,609

	THE GROUP		THE COMPANY	
Included in administrative expenses are:	**2019**	2018	**2019**	2018
	Rs'000	Rs'000	Rs'000	Rs'000
Impairment of interest in foreign subsidiaries	-	-	74,600	75,012
Fair value loss on financial assets at fair value through profit or loss	26,970	-	23,024	-

25. OPERATING PROFIT (CONTINUED)

	THE GROUP		THE COMPANY	
	2019	2018	**2019**	2018
Included in cost of sales and administrative expenses are:	Rs'000	Rs'000	Rs'000	Rs'000
(i) Analysis of staff costs:				
- Wages and salaries	521,260	459,545	338,479	306,798
- Social security costs	23,860	19,632	13,037	11,845
- Pension costs	77,579	85,809	39,509	41,966
	622,699	564,986	391,025	360,609

26. FINANCE INCOME

	THE GROUP		THE COMPANY	
	2019	2018	**2019**	2018
Dividend income:	Rs'000	Rs'000	Rs'000	Rs'000
- Quoted	-	2	-	2
- Unquoted	1,619	1,365	62,295	70,246
Interest income	126	75	6,476	4,774
	1,745	1,442	68,771	75,022

27. FINANCE COSTS

	THE GROUP		THE COMPANY	
	2019	2018	**2019**	2018
	Rs'000	Rs'000	Rs'000	Rs'000
Interest expense on:				
- Bank overdrafts	2,982	5,918	2,195	5,383
- Bank loans	5,924	7,991	4,602	6,261
- Leases	3,005	2,142	117	33
- Unsecured loans	-	-	5,558	4,572
- Long Term Secured Promissory Note	17,385	-	17,385	-
- Debentures	11,426	30,810	8,869	26,842
	40,722	46,861	38,726	43,091

28. EARNINGS PER SHARE

	THE GROUP	
	2019	2018
Profit attributable to equity holders of the parent (Rs'000)	190,574	131,078
Number of shares in issue	26,510,042	26,510,042
Earnings per share - Basic (Rs)	7.19	4.94

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

29. DIVIDENDS

	THE GROUP		THE COMPANY	
	2019	2018	2019	2018
	Rs'000	Rs'000	Rs'000	Rs'000
Dividend on ordinary shares	115,588	106,795	100,738	92,785

Company: Dividend of Rs 3.80 per share paid (2018: Rs 3.50 per share)

30. RELATED PARTY DISCLOSURES

	The Company		Subsidiary companies		Associate companies		Key management personnel		Enterprises with common major shareholders	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
	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	32,984	31,032	213,999	282,491	-	4,262	-	-	73,086	81,601
Purchase of property, plant and equipment	28,485	26,065	13,066	17,253	-	-	-	-	28,485	26,068
Sale of goods and services	393,132	435,207	56,449	32,332	87,117	56,731	41	1,565	137,897	138,178
Sale of property,plant and equipment	27,574	31,169	-	-	-	-	-	-	-	-
Management fees received	19,627	19,831	-	-	-	-	-	-	-	-
Rental income	38,894	38,731	4,938	3,428	466	466	-	-	-	-
Rental expenses	-	-	32,983	33,342	-	-	-	-	5,911	6,736
Management fees paid	-	-	11,295	11,488	4,000	3,804	-	-	-	-
Interest received	6,351	4,721	-	346	-	-	-	-	-	-
Interest paid	5,558	4,629	3,148	4,499	843	1,222	-	-	65	1,507
(b) Outstanding balances at June 30,										
Amounts receivable	140,191	143,033	15,316	25,288	25,125	10,212	44	308	24,713	29,829
Amounts payable	60,137	42,700	92,939	57,917	22	-	-	-	21,560	21,500
Loans receivable	149,143	124,982	982	771	-	-	-	-	-	-
Loans payable	28,566	43,584	149,143	124,982	-	-	-	-	-	-

(c) Compensation of key management personnel

	THE GROUP		THE COMPANY	
	2019	2018	2019	2018
	Rs'000	Rs'000	Rs'000	Rs'000
Short term employee benefits	99,678	89,112	65,099	56,296
Post-employment benefits	10,473	10,185	7,642	7,306
	110,151	99,297	72,741	63,602

30. RELATED PARTY DISCLOSURES (CONTINUED)

Terms and conditions of transactions with related parties:

The sales to and purchases from related parties are made at normal market prices. Outstanding balances, excluding loans, 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, 2019, the Group has recorded Rs 8m as impairment of receivables relating to amounts owed by related parties (2018: Nil). The Company has recorded impairment of Rs 75m during the year ended June 30, 2019 (2018: Rs 75m) relating to related parties. This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

31. CONTRACTS OF SIGNIFICANCE

Except for transactions as disclosed in note 30 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.

32. CAPITAL COMMITMENTS

	THE GROUP		THE COMPANY	
	2019	2018	**2019**	2018
Capital expenditure:	Rs’000	Rs’000	Rs’000	Rs’000
Contracted for but not provided in the financial statements	63,814	54,610	6,195	38,722
Approved by the Directors but not contracted for	444,729	401,539	292,985	315,874
	508,543	456,149	299,180	354,596

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

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

	THE GROUP	
	2019	2018
Capital expenditure:	Rs’000	Rs’000
Contracted for but not provided in the financial statements	-	-
Approved by the Directors but not contracted for	15,650	13,923
	15,650	13,923

33. CONTINGENT LIABILITIES

At June 30, 2019, the Group had contingent liabilities in respect of bank guarantees amounting to Rs 9.4m (2018: Rs 10.3m) and contingent liabilities in respect of net current liabilities of one of the Group’s subsidiaries amounting to Rs 114.6m (2018: Rs 81.9m), both arising in the ordinary course of business from which it is anticipated that no material liabilities would arise.

Pre-Mixed Concrete Ltd, one of the Group’s associates had contingent liabilities in respect of bank guarantees of Rs 1.6m (2018: Rs 0.9m) 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 (2018: Rs 57.5m), should the action be successful. Trials are ongoing and therefore it is not practicable to state the timing of payment, if any. The Group has been advised by its legal counsel that it is only possible, but not probable, that the action will succeed. Accordingly, no provision for any liability has been made in the financial statements.

Future minimum rentals payable under operating leases are as follows:

	THE GROUP		THE COMPANY	
	2019	2018	**2019**	2018
	Rs'000	Rs'000	Rs'000	Rs'000
Within one year	3,195	1,553	511	511
After one year and before two years	3,179	-	-	-
After two years and before five years	10,146	428	-	-
After five years	-	523	-	-
	16,520	2,504	511	511

35. 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.

36. 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, 2019.

37. SEGMENTAL INFORMATION

Operating segment information

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

The retail business under the Building materials segment 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.

2019	THE GROUP				
	Building materials		**Agriculture**	**Consolidation adjustments**	**Total**
	Retail	**Core business**			
	Rs'000	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**
Revenue	896,133	2,447,119	108,673	(215,499)	3,236,426
Operating profit/(loss)	41,405	227,086	(29,204)	64,978	304,265
Allowance for expected credit losses	805	(22,371)	(3,926)	598	(24,894)
Net finance income/(costs)	1,717	27,831	(7,850)	(60,675)	(38,977)
Share of results of associates	-	-	-	18,302	18,302
Profit/(loss) before taxation	43,927	232,546	(40,980)	23,203	258,696
Income tax expense	(6,964)	(44,472)	-	-	(51,436)
Profit/(loss) after taxation	36,963	188,074	(40,980)	23,203	207,260
Non-controlling interests	-	(16,686)	-	-	(16,686)
Profit/(loss) for the year attributable to the parent	36,963	171,388	(40,980)	23,203	190,574

37. SEGMENTAL INFORMATION (CONTINUED)

2019 (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	560,485	4,525,254	1,090,989	(1,273,383)	4,903,345
Investment in associates	-	107,080	-	91,821	198,901
Total segment assets	560,485	4,632,334	1,090,989	(1,181,562)	5,102,246
Total segment liabilities	207,202	2,246,644	238,346	(739,688)	1,952,504
Capital expenditure:					
Property, plant and equipment	18,163	296,895	20,231	-	335,289
Intangible assets	24,555	2,191	31	-	26,777
Depreciation and amortisation	18,565	213,332	10,475	19,417	261,789

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	126,608	(18,819)	74,890	219,200
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	164,144	(24,648)	12,877	188,239
Income tax expense	(5,377)	(38,637)	-	-	(44,014)
Profit/(loss) after taxation	30,489	125,507	(24,648)	12,877	144,225
Non-controlling interests	-	(13,147)	-	-	(13,147)
Profit/(loss) for the year attributable to the parent	30,489	112,360	(24,648)	12,877	131,078
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

38. FINANCIAL REVIEW

	2019	2018
	Rs'm	Rs'm
THE GROUP		
Share capital	265.1	265.1
Reserves	2,848.2	2,822.4
Equity attributable to shareholders of the parent	3,113.3	3,087.5
Assets	5,102.2	4,987.1
Liabilities	1,952.5	1,862.5
Revenue	3,236.4	2,927.1
Profit before taxation	258.7	188.2
Income tax expense	(51.4)	(44.0)
Profit for the year	207.3	144.2
Dividend - The Company	(100.7)	(92.8)
Dividend - Minority shareholders	(11.6)	(14.8)

	2019	2018
	Rs	Rs
Basic net assets value per share	117.44	116.46
Basic earnings per share	7.19	4.94
Dividend per share - The Company	3.80	3.50

	2019	2018
	Rs'm	Rs'm
THE COMPANY		
Share capital	265.1	265.1
Reserves	2,057.9	2,025.9
Equity attributable to shareholders of the parent	2,323.0	2,291.0
Assets	3,880.3	3,852.7
Liabilities	1,557.3	1,561.7
Revenue	1,848.1	1,600.2
Profit before taxation	204.1	161.2
Income tax expense	(36.6)	(32.1)
Profit for the year	167.6	129.1
Dividend	(100.7)	(92.8)

	2019	2018
	Rs	Rs
Basic net assets value per share	87.63	86.42
Basic earnings per share	6.32	4.87
Dividend per share	3.80	3.50

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 12, 2019 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 2019 of the Company.

2. To receive the report of Messrs. Ernst & Young, the Auditors of the Company, for the year ended June 30, 2019.

3. To consider and adopt the Company's and the Group's Audited Financial Statements for the year ended June 30, 2019.

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

5-15 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:

5. Mr Marc Freismuth
6. Mr Jan Boullé
7. Mrs Catherine Gris
8. Mr Joël Harel
9. Mr Laurent de la Hogue
10. Mr Arnaud Lagesse
11. Mr Stéphane Lagesse
12. Mr Thierry Lagesse
13. Mr Christophe Quevauvilliers
14. Mrs Kalindee Ramdhonee
15. Mr Stéphane Ulcoq

16. To appoint upon the recommendation of the Board of Directors, Messrs. Deloitte Mauritius as Auditors of the Company for the year ending June 30, 2020 and to authorise the Board of Directors to fix their remuneration.

By order of the Board

BHOONESHI NEMCHAND

Company Secretary

November 20, 2019

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 12, 2019.
5. The minutes of proceedings of the preceding Annual Meeting held on December 13, 2018 are available for consultation by the shareholders during office hours at the registered office of the Company.

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 12, 2019 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 2019 of the Company.			
2	To receive the report of Messrs. Ernst & Young, the Auditors of the Company, for the year ended June 30, 2019.			
3	To consider and adopt the Company's and the Group's Audited Financial Statements for the year ended June 30, 2019.			
4	To elect as Director of the Company, Mr François Boullé, aged above 70, who offers himself for re-election upon recommendation from the Corporate Governance Committee, to hold office until the next Annual Meeting in accordance with Section 138(6) of the Companies Act 2001.			
5-15	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:			
	5 Mr Marc Freismuth			
	6 Mr Jan Boullé			
	7 Mrs Catherine Gris			
	8 Mr Joël Harel			
	9 Mr Laurent de la Hogue			
	10 Mr Arnaud Lagesse			
	11 Mr Stéphane Lagesse			
	12 Mr Thierry Lagesse			
	13 Mr Christophe Quevauvilliers			
	14 Mrs Kalindee Ramdhonee			
	15 Mr Stéphane Ulcoq			
16	To appoint, upon the recommendation of the Board of Directors, Messrs. Deloitte Mauritius as Auditors of the Company for the year ending June 30, 2020 and to authorise the Board of Directors to fix their remuneration.			

Dated this .... day of .... 2019.

....

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.

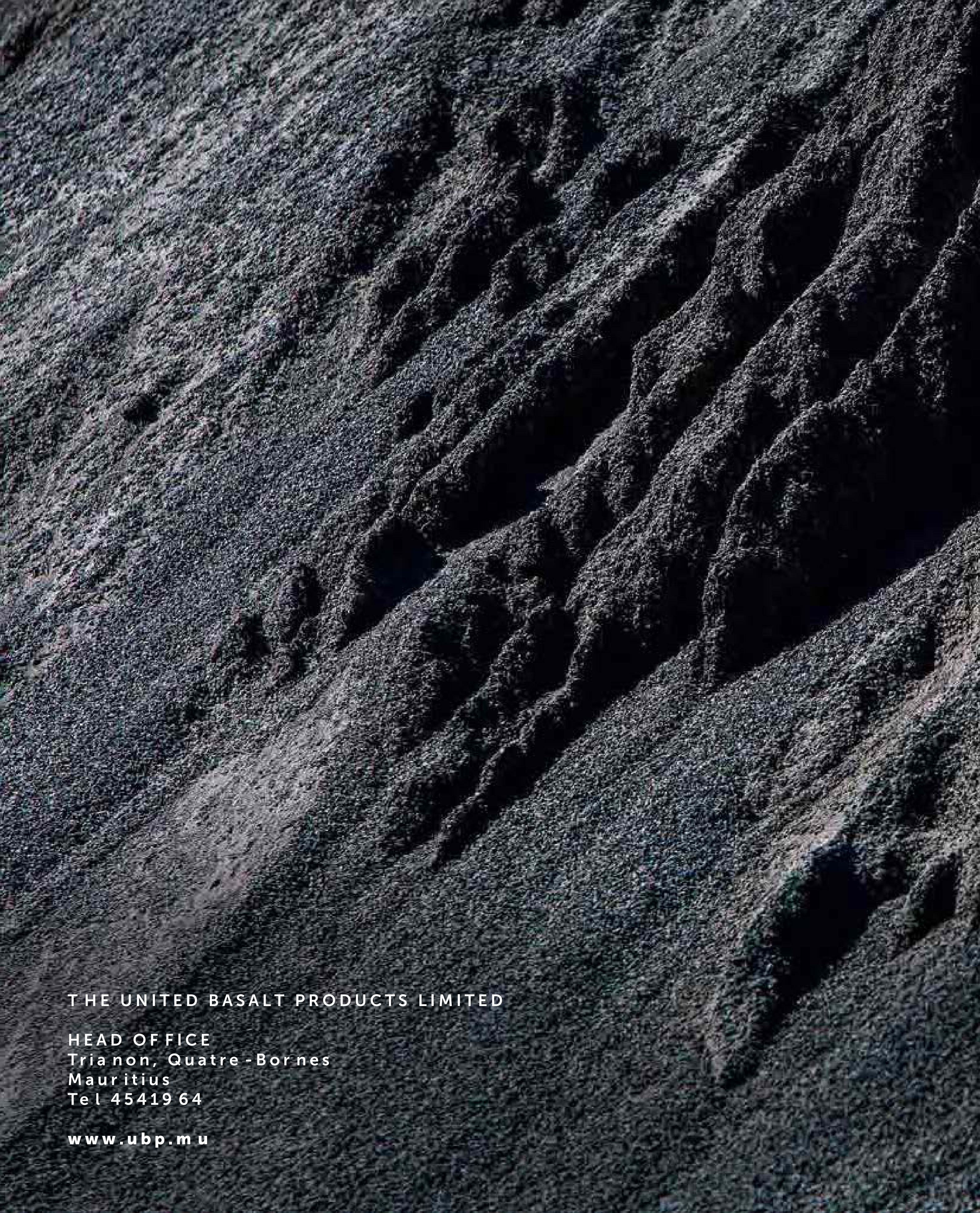
2 Please mark in the appropriate box how you wish to vote. If no specific direction as to voting is given, the proxy will exercise his/her discretion as to how he/she votes.

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.

NOTES

NOTES



THE UNITED BASALT PRODUCTS LIMITED

HEAD OFFICE
Trianon, Quatre-Bornes
Mauritius
Tel 4541964

www.ubp.mu