UBP

INTEGRATED REPORT 2022

Ensuring dynamic balance

"When life gives you lemons, make lemonade" is a proverbial phrase used to encourage a positive can-do attitude in the face of adversity. Lemons suggest sourness or difficulty in life; making lemonade is turning them into something positive or desirable.

That is the situation that many businesses increasingly find themselves in. The past two-years have thrown at us a pandemic and more recently the war in Ukraine, both of which have exposed many of the fragilities of our global systems. With challenges such as climate change on the horizon, the future is looking zesty. As business leaders it is our responsibility to find ways to continue creating flourishing companies, while minding both our risks and our impacts on society.

At UBP Group we acknowledge the challenge of overcoming difficult moments, and not only surviving them but thriving alongside them. Our parti-pris is that to be able to make lemonade, our Group needs to ensure a dynamic balance amongst the following four pillars:

Synergy with self-sufficiency

Efficiency with resilience

Continuity with transformation

Balancing it all

Dear Shareholders,

The Board of Directors is pleased to present its Integrated Report for the year ended June 30, 2022 covering the performance and the operations of the Group, with a focus on our five main companies: The United Basalt Products Limited (UBP), Pre-Mixed Concrete Limited (Premix), Drymix Ltd (Drymix), Espace Maison Ltée (Espace Maison) and Compagnie de Gros Cailloux Limitée (Gros Cailloux).

FORWARD-LOOKING STATEMENTS

This report contains certain forward-looking statements regarding the results and operations of the Group, which, by their nature, involve risk and uncertainty, because they depend on circumstances that may or may not occur in the future. Although 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

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Keys

UBP	The United Basalt Products Limited
Premix	Pre-Mixed Concrete Limited
Drymix	Drymix Ltd
Espace Maison	Espace Maison Ltée
Gros Cailloux	Compagnie de Gros Cailloux Limitée

Balancing synergies with agility

Sometimes all that is needed to restore balance when circumstances evolve is a slight tilt of the frame to the right. Being agile allows us to adapt to the changing environment at any given moment.

Introduction

FINANCIAL HIGHLIGHTS

FOR FINANCIAL YEAR 2022

Rs 4.0 billion

REVENUE

Our Group revenue for FY2022 increased by 22.4% (+Rs 731.4 million) to nearly Rs 4.0 billion (FY2021 - Rs 3.3 billion). Premix which was consolidated as a subsidiary as from November 2021, contributed Rs 416.0 million to the revenue increase for the year under review while our retail activities segment contributed Rs 205.6 million to that increase.

3.9%

COMPOUND AVERAGE ANNUAL GROWTH RATE OF SHARE PRICE

OVER THE PAST 5 YEARS

6.0%

COMPOUND AVERAGE ANNUAL TOTAL SHAREHOLDERS' RETURN

OVER THE PAST 5 YEARS

-134.5% vs 2021

Rs -2.55

Earnings per Share 2022

Same as for 2021

Rs 3.00

Dividend per Share 2022

Over the past 5 years

86.1%

Average Dividend Payout Ratio 2022

-4.0% vs 2021
+20.9% since 5 years

Rs 139.00

Share Price 2022

Revenue Share by Segment

69%
Core business

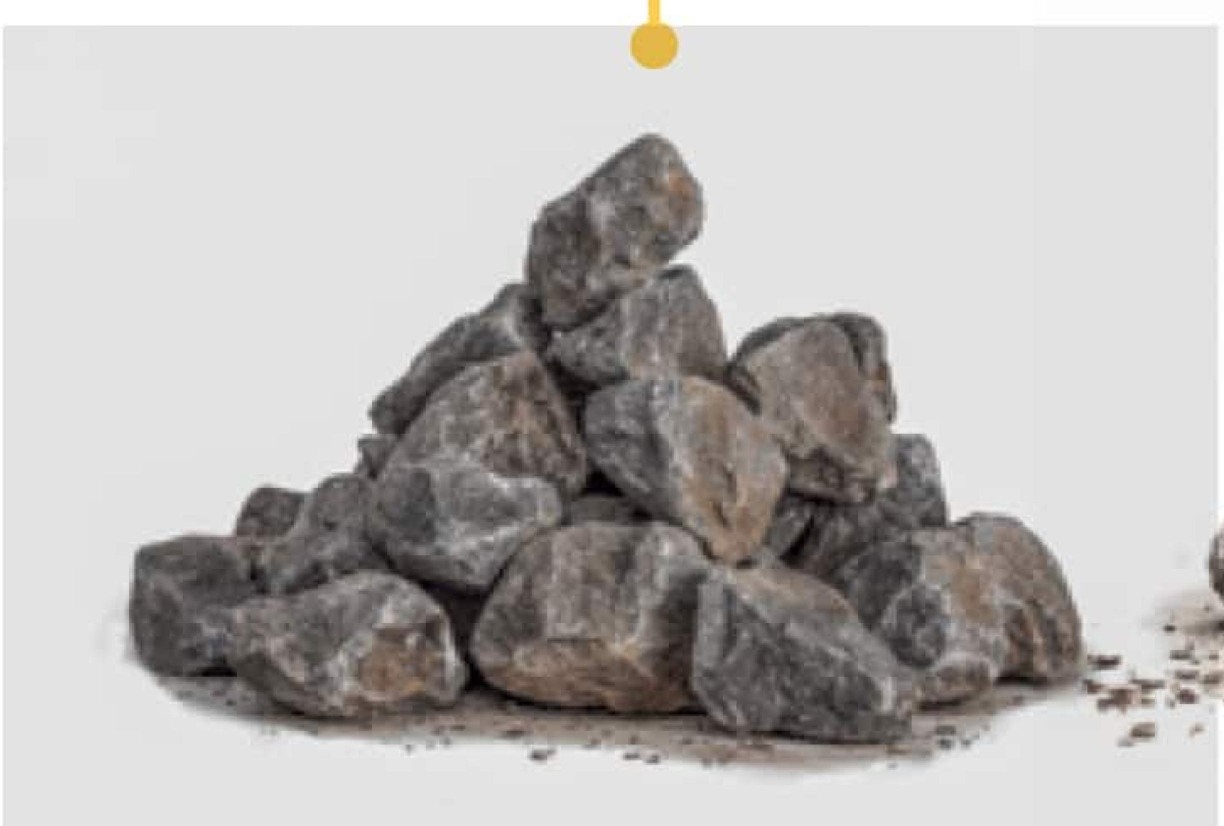
28%
Retail

3%
Agriculture

Rs 4.0 Billion
+22.4 % over 2021
+50.6% since 5 years

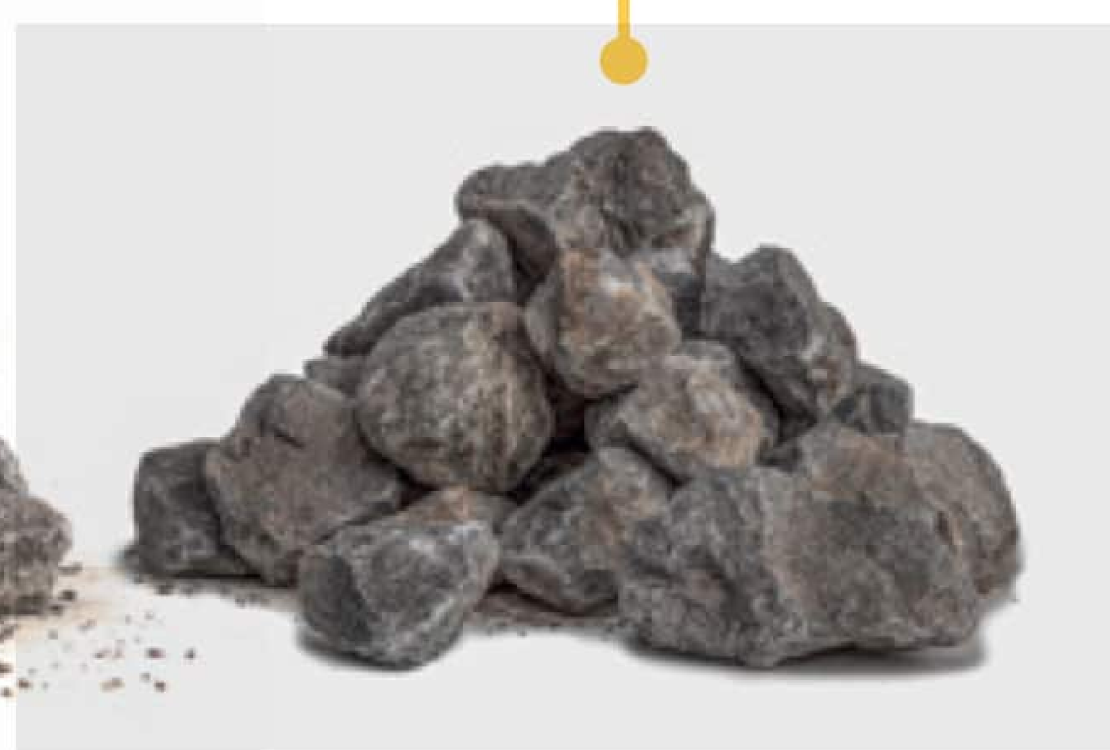
Rs 215.7 Million
-30.1 % over 2021

Rs 56.7 Million



Operating Profit 2022

Group Revenue 2022



Net Loss 2022

CHAIRMAN'S MESSAGE

AN OPTIMISTIC PERSPECTIVE

Dear Shareholders,

I am honoured to be addressing you as Chairman of the United Basalt Products Ltd for the first time since my nomination in June 2022, which comes at a time of transformation and renewal for UBP Group. Alongside my fellow Board members, I look forward to building on the outstanding progress made and steering the Group through a decisive chapter in its history.

I would like to begin by saluting the remarkable contribution of my predecessor, Marc Freismuth, who stepped down from the Board of Directors in June 2022. His nine-year tenure as Chairman of UBP has left a lasting impact on all those who worked alongside him. We are grateful for his profound humanism, his optimistic vision and the improvements he brought in matters of good governance. As I take over the chairmanship position from him, I wish to carry his many accomplishments forward.

A forward-thinking strategy

My first priority as Chairman is to maintain the focus on our core business. Having consolidated Pre-Mixed Concrete Limited ('Premix') as a subsidiary and increased our stake in Drymix Ltd during FY2022, the Group has integrated a full range of building materials and services, thereby consolidating its position in the construction industry value chain. In parallel, the decision to divest from our subsidiaries in Sri Lanka and Madagascar will enable us to sharpen our focus on our core competencies and know-how, which will serve as the foundation for the Group's regional development.

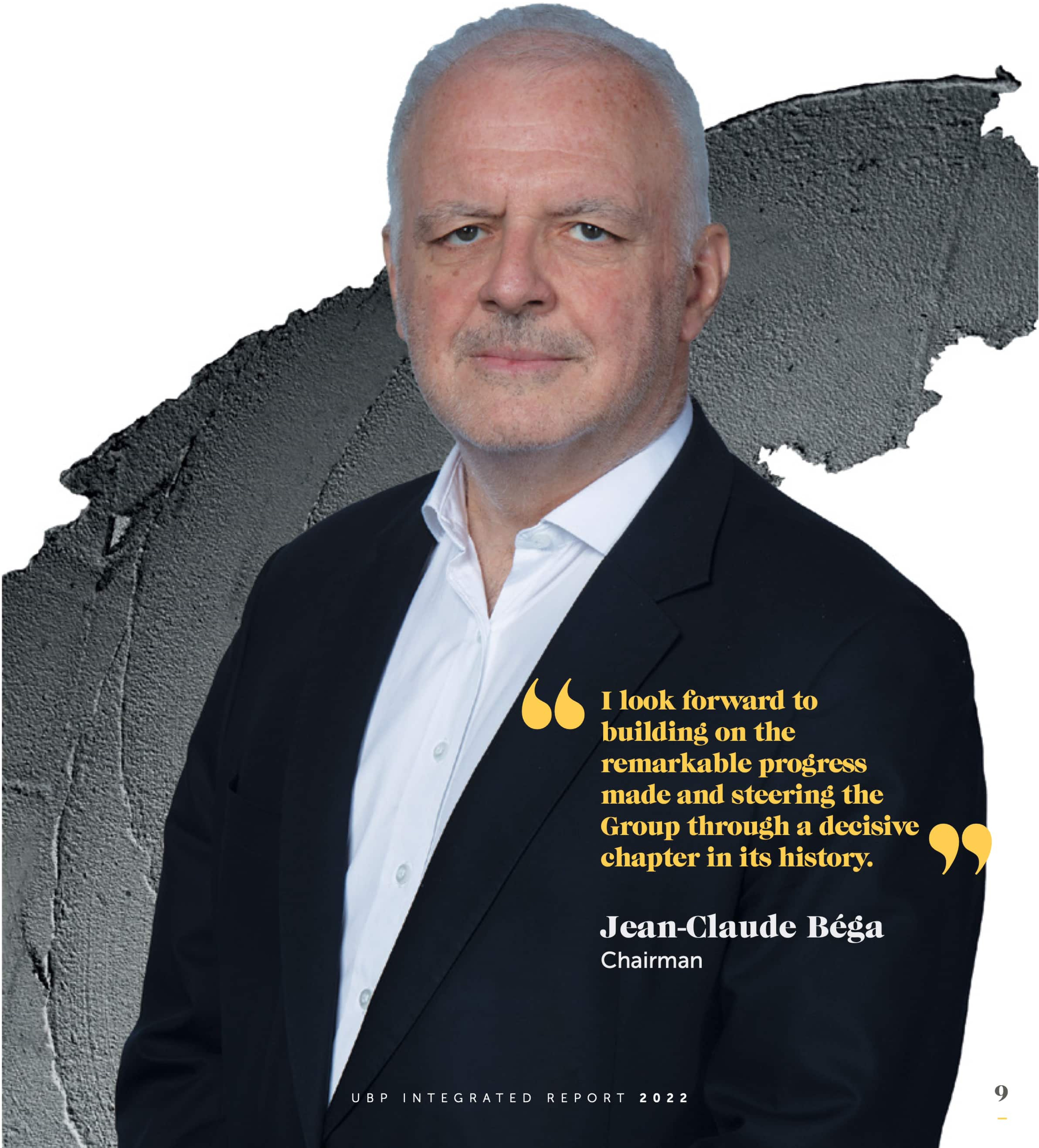
Our renewed emphasis on innovation and best practices will give us the agility required to drive our growth strategies and seize any emerging opportunities. The Board of Directors and I are committed to supporting the management team as much as we can to ensure they maintain the dynamism experienced in the past year. In this disruptive climate, there is a need to go beyond our oversight role and expand our scope to include areas that may not have traditionally been part of our mandate. We aim to develop a Board agenda that devotes time to critical strategic discussions and that taps into our accumulated expertise.

On a personal level, I believe my experience in good governance and strategy will prove useful to UBP's ambitions, especially as the Group undergoes structural changes to better leverage the synergies between our different businesses. Further improvements can be made in this respect, both at the Holding Company level and across our many subsidiaries and associates in Mauritius and abroad, for a more effective chain of oversight and better coordination between entities.

Each phase comes with its share of challenges, and the current climate is no different. Despite this, and in conformity with the Group's ambition to be future-ready, I am filled with optimism at the prospects that lie ahead. UBP Group's strategy over the years has been to build capacity and agility to navigate even the most complex landscapes. The fact that the pandemic accelerated our growth, rather than stunt it, gives us confidence in the strength and relevance of our proactive approach.

Overview of the Group's performance

Although the Group's financial performance this year does not reflect these positive developments, we take comfort in knowing that this disappointing result is not so much linked to the vagaries of the macroeconomic context as it is to the strategic investments made during the year, which called for exceptional disbursements. It is also worth mentioning that UBP made the voluntary decision to absorb inflationary pressures rather than transfer the burden of high costs onto customers. The Group's strong humane values took on their full meaning.



"I look forward to building on the remarkable progress made and steering the Group through a decisive chapter in its history."

Jean-Claude Béga
Chairman

CHAIRMAN'S MESSAGE

AN OPTIMISTIC PERSPECTIVE

Against this backdrop, the Group posted revenues of Rs 4 billion, a 22.4% increase over the previous year. Much of this was contributed by Premix's acquisition and the excellent performance of Espace Maison, which generated record profits during the year. Our Group operating profit decreased from Rs 308.6 million to Rs 215.7 million, due to the significant increase in our core business production costs, one-off transition expenses for the takeover of Premix, and the due diligence costs related to our investment decisions.

+22.4%

increase in Group Revenue over 2021

Besides these additional investments in Premix and Drymix, UBP also made the bold decision to acquire a group of companies operating in similar industries in Reunion Island. Once the conditions precedent will have been satisfied, this transaction will enable all parties involved to benefit from the cross-fertilisation of knowledge. UBP, for its part, will share its know-how to further develop the companies in Reunion, while allowing its Mauritian operations to benefit from the inflow of innovations and technologies from the teams in Reunion. The combination of Mauritian and Reunionese expertise will contribute enormously to our R&D capabilities and lead to the development of innovative products that add value both in terms of their efficiency and ecological qualities.

Good governance, environmental and human practices

This brings me to the Group's efforts in the area of sustainability. I would like to reassure our stakeholders that sustainable development is one of the Group's imperatives, and therefore a subject at the top of the Board's agenda, and part of senior management's responsibilities. The project at hand is certainly complex, but the Group is fiercely committed to being a catalyst in our industry. Efforts will be pursued to reduce our environmental footprint through the mitigation of climate-related events and through the elimination of carbon emissions. This will be central to our innovation projects.

A strong culture and team spirit are the lifeblood of the Group. Each team member is equally valuable and essential in driving us forward. It is therefore with immense sadness that we learned of the untimely departure of three colleagues, Jean Marc Selvon, Jimmy Pierre and Angelito Brelu Brelu. Their hard work and commitment over the years made them strong pillars of support for their team members, and forces to be reckoned with. On behalf of the Group, we offer their families our sincerest condolences in this difficult time.

Acknowledgments

I would like to thank my fellow Board Directors for their warm welcome to the Company, and their precious guidance in this period of transition for the Group.

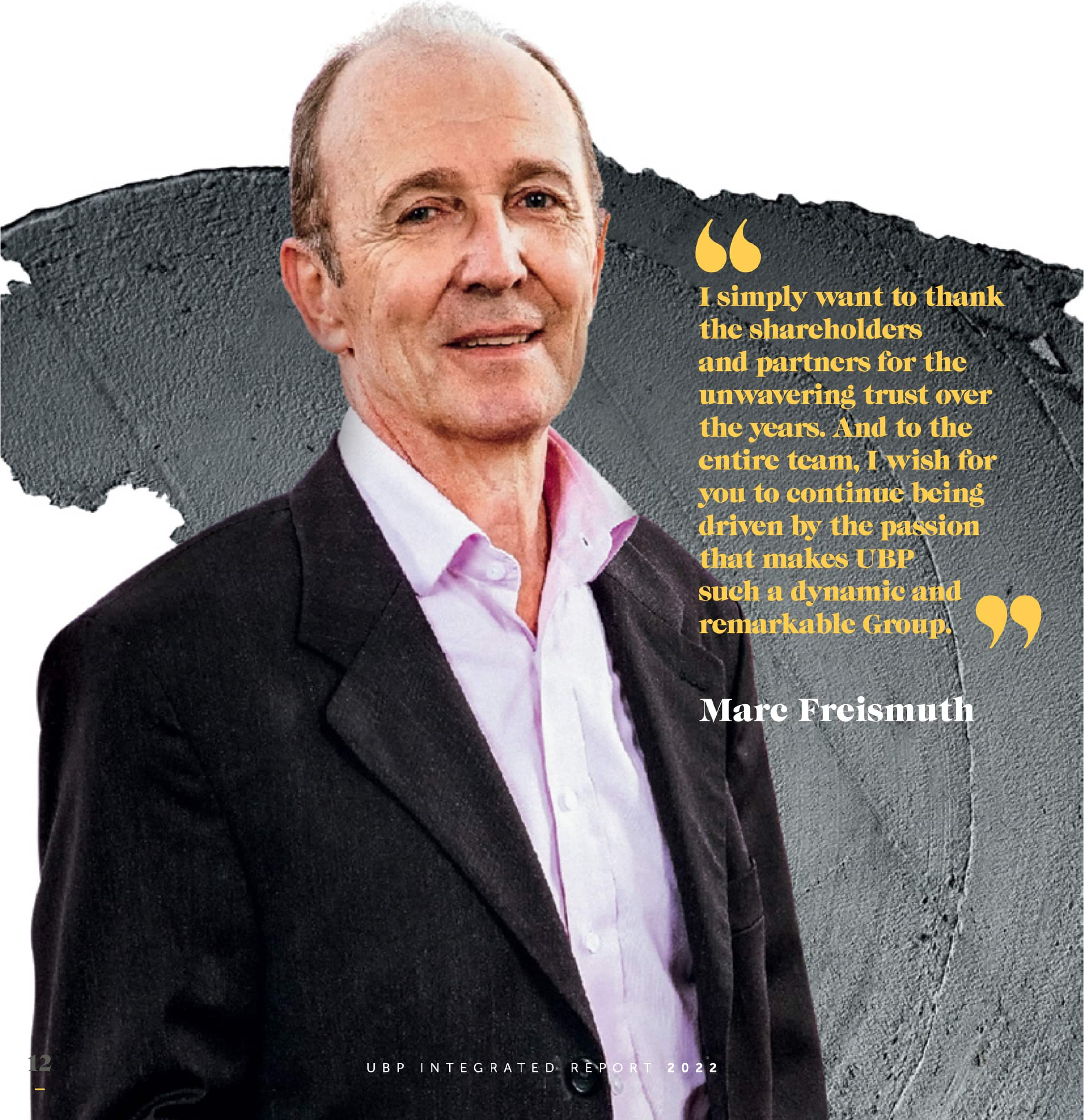
I would also like to express my gratitude to the talented and experienced teams across UBP, led by Stéphane Ulcoq, for going above and beyond their line of duty. None of the milestones we have reached could have been achieved without each one of you.

I am proud to be taking the legacy of UBP Group into an ebullient era filled with opportunities, and I am confident in our ability to rise up to the challenges ahead and reach new heights of success.

Jean-Claude Béga
Chairman

A THANK YOU NOTE

TO MARC FREISMUTH



"I simply want to thank the shareholders and partners for the unwavering trust over the years. And to the entire team, I wish for you to continue being driven by the passion that makes UBP such a dynamic and remarkable Group."

Marc Freismuth

A heartfelt thank you to Marc Freismuth!

Since 2013, our shareholders have been accustomed to opening each annual report to an introductory message by the Chairman, signed by Marc Freismuth. After 16 years on UBP's Board of Directors, Marc Freismuth has made the decision to devote himself to new pursuits, both in his personal and professional life. His tenure as Chairman of UBP Group will leave a lasting impact in all respects.

Marc Freismuth joined the Board of UBP in 2006. His vision, humanism and altruism made him a pillar of strength for many years, especially at a time when the Group was broadening its scope of activities and undergoing managerial and cultural changes.

He was particularly involved in improving the Group's governance practices. "As soon as I joined UBP, I set about formalising practical governance guidelines through internal policies, charters and a code of ethics," he shared. "I also advocated for improved parity on the Board of Directors. I am delighted to see that three women are seated on the Board today. They have substantiated my conviction in the value of women Directors as meaningful assets, not just for their skills and experience, but also for their qualitative approach to problem-solving."

Upon his appointment as Chairman in 2013, he immediately stood firm in his belief of making 'Sustainability' a strategic objective. "Sustainability is a subject that is close to my heart, and I am proud to see that it is integrated into strategic management discussions. We are certainly moving in the right direction, but much more remains to be done to achieve our objectives, among which is an ambition to be carbon neutral."

During his chairmanship, he sought to fulfil his role in a way that gave each Director on the Board the space to share their perspectives and opinions on the various topics being discussed. His ultimate objective was to obtain consensus for any decisions made, often resulting from 'lively, animated and constructive discussions'. As a matter of fact, several of the investment decisions made in 2022 followed this process.

And when asked if he has a final parting message, Marc shared: "I simply want to thank the shareholders and partners for the unwavering trust over the years. And to the entire team, I wish for you to continue being driven by the passion that makes UBP such a dynamic and remarkable Group."

Focusing on a positive outlook

As business leaders it is our responsibility to find ways to continue creating flourishing companies, while minding both our risks and our impact on our society.

About Us

Group structure | Our operating regions | Company profiles
The Group through the years | Board of Directors | Management team

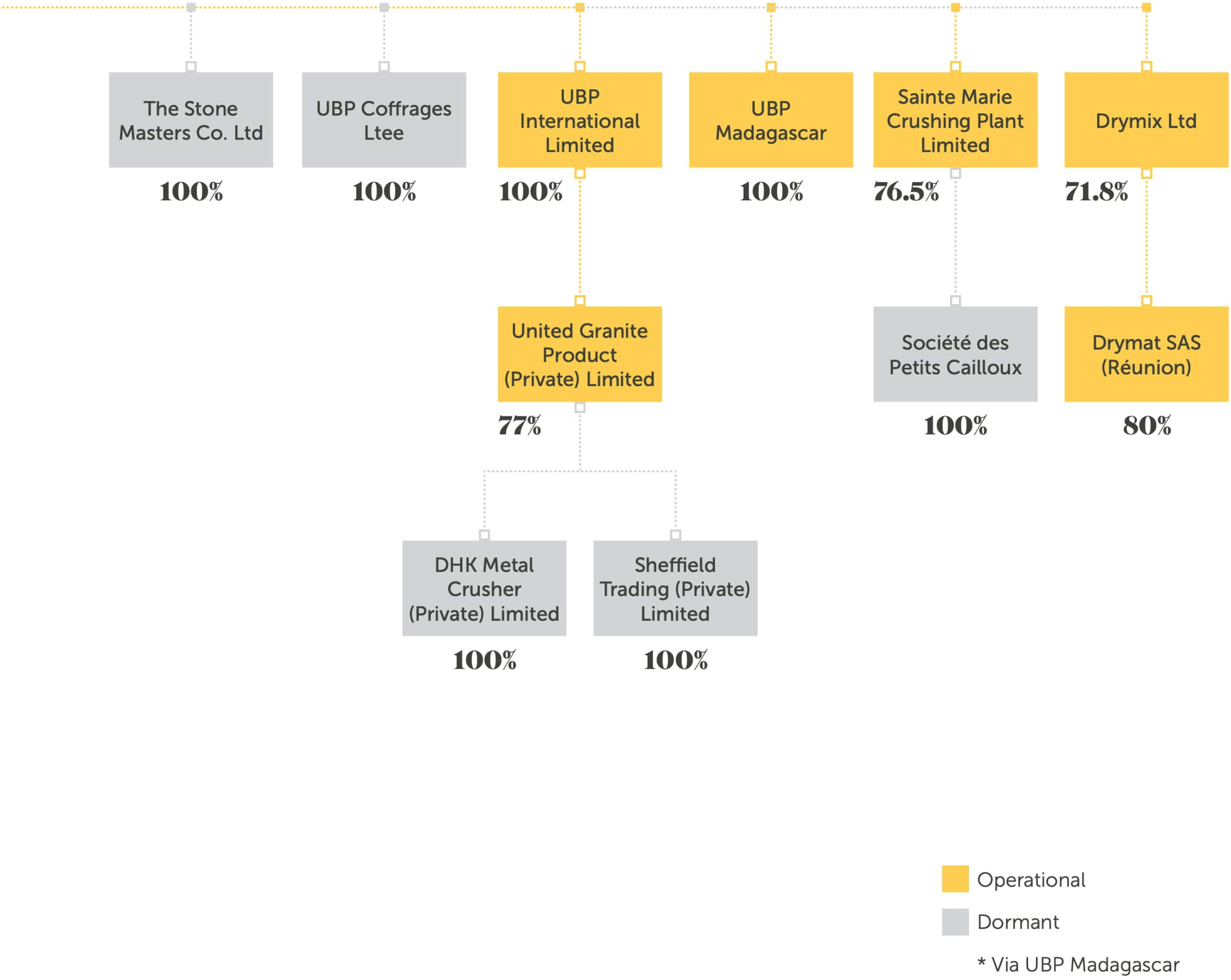
GROUP STRUCTURE

Subsidiaries

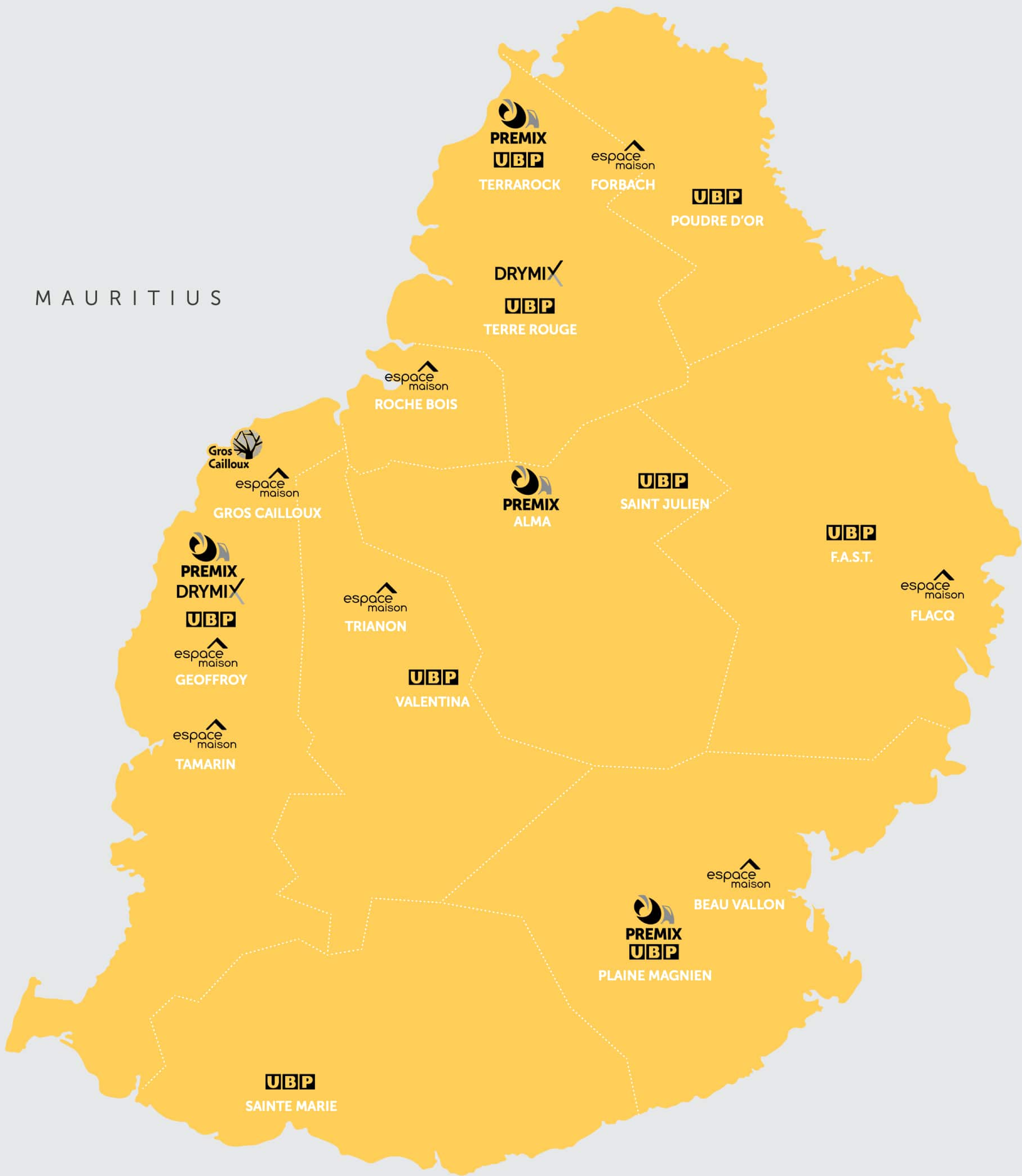
- Compagnie de Gros Cailloux Limitée — 100%
- Espace Maison Ltée — 100%
  - La Savonnerie Créole Ltée — 100%
- Land Reclamation Limited — 100%
- Pre-Mixed Concrete Limited — 100%
- Pricom Ltd — 100%
- Société d'investissement Rodriguais — 100%
  - Welcome Industries Ltd — 75.9%

Associates

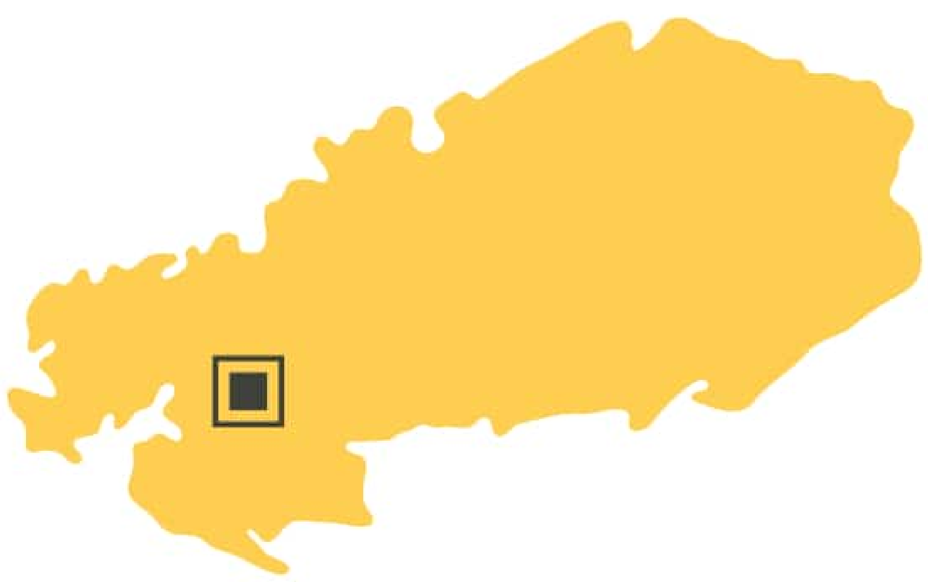
- Terrarock Ltd — 46%
- Prochimad Mines et Carrière SARL* — 34%
- Cement Transport Ltd — 25%
- Compagnie Mauricienne d'Entreprise Ltée — 20%


The Stone Masters Co. Ltd
100%
UBP Coffrages Ltee
100%
UBP International Limited
100%
UBP Madagascar
100%
Sainte Marie Crushing Plant Limited
76.5%
Drymix Ltd
71.8%
United Granite Product (Private) Limited
77%
Société des Petits Cailloux
100%
Drymat SAS (Réunion)
80%
DHK Metal Crusher (Private) Limited
100%
Sheffield Trading (Private) Limited
100%
Operational
Dormant
* Via UBP Madagascar

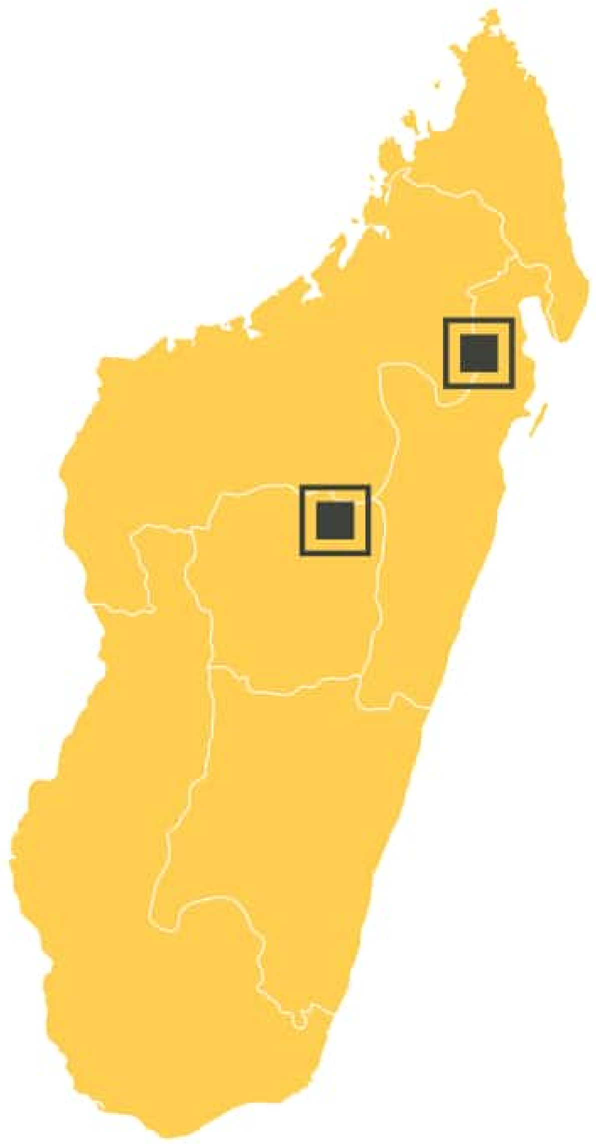
OUR OPERATING REGIONS



RODRIGUES



MADAGASCAR



SRI LANKA

WELCOME INDUSTRIES LTD

Contribution to Group profit after tax: **Rs 12.6 million**

Date of establishment: **1993**

Manager: **Jean-Pierre Rose**

HQ: **Plaine Corail**

Permanent employees: **39**

Aggregates and rocksand produced: **> 95,000 tonnes**

Blocks produced: **> 850,000 units**

UBP MADAGASCAR

Contribution to Group profit after tax: **Not profitable yet**

Date of establishment: **1999**

Manager: **Vacant**

HQ: **Antananarivo**

Permanent employees: **107**

Aggregates, rocksand and blocks produced: **No production since April 2021**

UNITED GRANITE PRODUCTS (PRIVATE) LIMITED : UGPL

Contribution to Group profit after tax: **Not profitable yet**

Date of establishment: **2000**

Manager: **Buddika Perera**

HQ: **Kalutara**

Permanent employees: **39**

Aggregates and rocksand produced: **> 120,000 tonnes**

COMPANY PROFILES

UBP

UBP, referred to as both a Group and a company, is a public listed entity, with nearly 70 years of experience in the construction materials industry. It has over the years diversified its client offerings by acquiring shares in companies that enable its clients to find everything they need under 'one roof'.

Date of establishment : 1953

Number of shareholders: >4,500

Headcount: 869

General Manager: Jean-Jacques Jullienne

Contribution to Group profit after tax: Rs -101.9 million for FY2022

Premix

Premix specialises in ready-mixed classic concrete, decorative concrete and value-added concrete. The full integration of Premix into UBP Group will enable us to offer a wider range of products and services to our customers. With concrete in our portfolio, our ambition is more than ever to be the partner of choice for any construction project.

Date of establishment: 1966

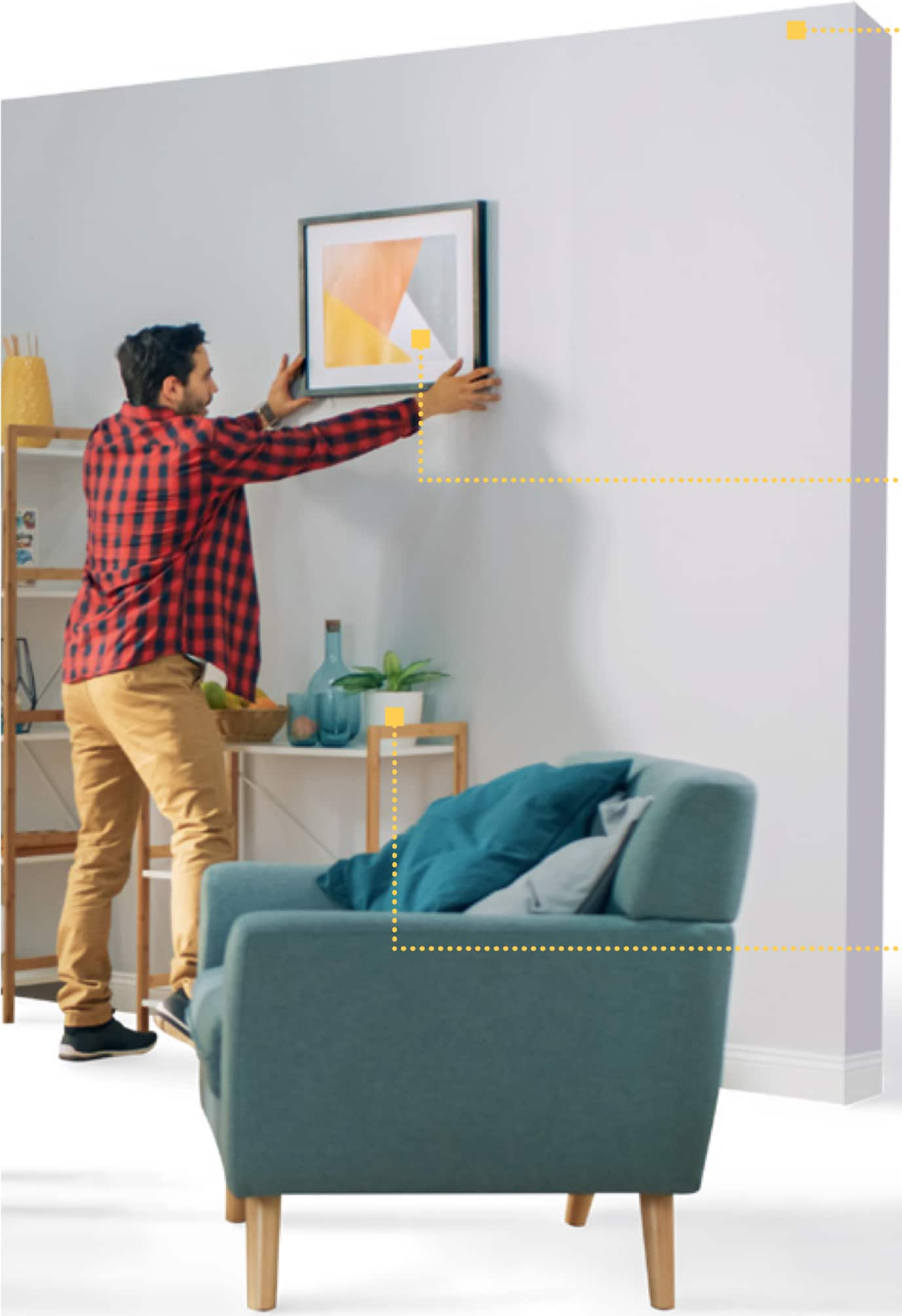
UBP increases its stake to 49%: 2010

Date of full ownership by UBP: October 2021

Headcount: 73

General Manager: Vikram Gunnoo

Contribution to Group profit after tax: Rs -18.5 million for FY2022



Drymix

Drymix was the first ready-to-use dry mortar manufacturer in Mauritius. With its ISO certified quality laboratory and 100,000 tonnes plant capacity, Drymix is at the forefront of dry mortars innovation and quality in the Indian Ocean region.

Date of establishment : 1996

Headcount: 100

General Manager: Jean-Claude Bellepeau

Contribution to Group profit after tax: Rs 21.8 million for FY2022

Espace Maison

Your home retailer, Espace Maison, has 6 shops across the island, offering over 35,000 products for your habitat and living environment, including kitchens, decoration and lighting, bathroom and sanitaryware, gardening and pets and hardware and paints.

Date of establishment : 2002

Headcount: 330

General Manager: Benoit Béchard

Contribution to Group profit after tax: Rs 54.2 million for FY2022

Gros Cailloux

Spreading over some 1,000 acres of land and located in Gros Cailloux, Petite Rivière, on the western part of the island, Gros Cailloux's estate comprises 4 main segments : agriculture (sugar cane, decorative plants and vegetables), nursery, landscaping and recreation and leisure (Le Tekoma Restaurant, quad biking, animal sanctuary and events).

Date of establishment : 1939

Date of full ownership by UBP: 2004

Headcount: 149

General Manager: Christopher Blackburn

Contribution to Group profit after tax: Rs -12.6 million for FY2022

THE GROUP

THROUGH THE YEARS

1953

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

1966

Investment in and inception of **Pre-Mixed Concrete Limited.**

1968

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

1970

United Concrete Product Seychelles (UCPS) is born.

1982

UBP takes over **Marbella Ltd**, a marble factory.

1993

UBP invests in **Welcome Industries Ltd** in **Rodrigues**.

1995-96

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

1999

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

2000

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

UBP stops the removal of coral sand with the introduction of its rocksand.

2002

Opening of the first **Espace Maison** store in Trianon.

2004

UBP acquires **Compagnie de Gros Cailloux Limitée** 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 Reunion Island; **Espace Maison** opens a new outlet in Flacq.

2012-13

Modernisation of **Geoffroy** crushing plant; Upgrade of **St Julien** crushing plant.

2018

The Group restructuring process begins; **Gros Cailloux** launches its Bio Pesticide; **Espace Maison** launches its **e-commerce website** with over 18,000 products.

2017

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

2016

Drymix invests in new machinery in Geoffroy to modernise its production process and U**BP** launches its Smart Blocks range.

2015

UBP builds a new 2,000 m^2 warehouse in Roche-Bois; Installation of automatic dosing system for additives; **Gros Cailloux** launches its vegetable growing activities.

2019

Opening of **Espace Maison** shop at Beau Vallon.

2020

The COVID-19 pandemic disrupts the world. Mauritius enters a 2.5-month national lockdown and emerges 'COVID-safe' mid-year.

2021

In October 2021: the Group increased its shareholding from 54.6% to **71.8%** in Drymix and from 49% to **100%** in Premix.

2022

- In the first quarter of the year, imports from China are delayed due to heavy COVID restrictions and Russia wages war in Ukraine. The combination of which, after two years of pandemic, causes a worldwide 'cost of living crisis' and increased delays in supply chain logistics. Both of which continue to be dominating issues for the remainder of the year, between the scarcity of resources, container vessels , and rising shipping and resource costs, our financial wellbeing is heavily impacted.
- **In January** – UBP Group takes over the management of Premix.
- **In June** – An exclusivity agreement is concluded for the acquisition of several companies operating in the same line of business as UBP in Reunion Island. Subsequent to this, a Share Purchase Agreement (SPA) is signed in July 2022, subject to the satisfactory completion of conditions precedent.

BOARD OF DIRECTORS

Respective profiles are detailed on pages 104 to 106 of this report.

1 **Jean-Claude Béga**
Chairman and Non-Executive Director

2 **François Boullé**
Non-Executive Director

3 **Jan Boullé**
Non-Executive Director

4 **Stéphane Brossard**
Independent Non-Executive Director

5 **Catherine Gris**
Independent Non-Executive Director

6 **Stéphane Lagesse**
Non-Executive Director

7 **Thierry Lagesse**
Non-Executive Director

8 **Christine Marot**
Non-Executive Director

9 **Christophe Quevauvilliers**
Group CFO and Executive Director

10 **Kalindee Ramdhonee**
Independent Non-Executive Director

11 **Stéphane Ulcoq**
Group CEO and Executive Director

MANAGEMENT TEAM

1 Stéphane Ulcoq
Group CEO and Executive Director

Mr Stéphane Ulcoq, born in 1977, joined the Company as Assistant Works Manager in September 2000 and was promoted to Workshop Manager in 2007. In January 2012, he was promoted to the post of Production Manager where he oversaw all production units, both in Mauritius and overseas, and in December, the Board appointed him as Deputy CEO. He then gradually handed over his duties as Production Manager and was appointed CEO of the Company in January 2015 and subsequently, Group CEO with effect from July 2015.

GROUP FUNCTIONS

2 Laurent Béga
Group Engineering Manager

Mr Laurent Béga, born in 1979, 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, where his expertise in heavy machinery and experience in Africa have been invaluable to the Group.

3 Cécile Boyer
Group Financial Controller

Ms Cécile Boyer, born in 1989, joined the Company as Group Financial Controller in April 2020. Ms Boyer holds a Master in Management with a specialisation in Finance from Kedge Business School in Bordeaux, France. She has ten years of experience in the field of Finance in Mauritius and abroad.

4 Alan Cunniah
Group Human Resource Manager

Mr Alan Cunniah, born in 1968, holds a Bachelor of Science degree in Actuarial Science from the University of Calgary, Canada and an MBA specialising in Human Resource Management from the University of Mauritius. Prior to joining the Group in July 2018, he worked as Head of Human Resources for ENL group for ten years.

5 Bryan Gujjalu
Group Chief Strategy Officer

Mr Bryan Gujjalu, born in 1976, holds a « Diplôme d'Ingénieur » from INSA Lyon (MEng) and an MBA from the « Institut d'Administration des Entreprises » (IAE), France. He is also a Certified Registered Professional Engineer and EUR ING Engineer and a Certified Practitioner Coach (Business and Life). He previously worked in the APAVE Group for 12 years, and he left as CEO of APAVE Indian Ocean Group and Deputy MD of APAVE Internationalfor the Southern Africa-Indian Ocean-Australia region. He also served as Non-Executive Director on the Board of the Mauritius Institute of Directors (MIoD), and member of its Audit and Risk Committee. From 2014 he worked in the Financial Sector (private equity and listing on the Stock Exchange). In March 2017, he joined the Company as Group Business Development Manager, in charge of the international subsidiaries, Mergers and Acquisitions, Group transformation initiatives and strategic projects. He was nominated as Group Chief Strategy Officer in July 2022.

6 Gino Gunness
Group Procurement and Assets Manager

Mr Gino Gunness, born in 1967, holds a 'Brevet de Technicien en Fabrication et Maintenance Mécanique' from the Lycée Polytechnique Sir Guy Forget in Flacq, Mauritius. He also followed several training courses in stone crushing equipment maintenance and management. He joined the Company as Technical Assistant for the maintenance of crushing plants in July 1989 and was promoted to the post of Plant Manager in 1991. He managed several plants within the Group, including Welcome Industries in Rodrigues, until 2003. Between 2004 and 2011, he was expatriated to Madagascar to act as General Manager of UBP Madagascar. Back in Mauritius in 2012, he was appointed Assistant Production Manager before being promoted to the post of Service Manager of the Heavy Machinery department of our Engineering Division in 2013. In April 2017, he was promoted to the post of Group Procurement and Assets Manager. Since September 2019, he is supporting the management of UBP Madagascar from Mauritius with some close monitoring from time to time in Madagascar.

7 Sankish Haguthee
Group Health, Safety and Environment Manager

Mr Sankish Haguthee, born in 1984, holds a MSc in Total Quality Management and Performance Excellence from the University of Mauritius and a BSc of Occupational Safety and Health Management from the University of Technology, Mauritius. He joined the Company as Group Health, Safety and Environment Manager in November 2021. He has thirteen years of experience in the HSE field.

8 Dwight Hamilton
Group IT Manager

Mr Dwight Hamilton, born in 1974, holds a Professional Graduate Diploma in Information Technology from the National Council for Vocational Qualification (NCVQ). He joined the Company as Systems Coordinator in May 2004 where he was responsible for the implementation of the ERP for the Group. In 2011, he was promoted to the post of IT Manager for the Group.

9 Bhooneshi Nemchand
Head of Corporate Secretarial Services and Company Secretary

Mrs Bhooneshi Nemchand, born in 1987, holds a BA (Hons) Law and Management and an MBA (International Business) from the University of Mauritius and is an Associate member of the Institute of Chartered Secretaries and Administrators (UK). She joined the Group as Company Secretary Designate in May 2015, after having spent six years in the financial services sector. She was appointed Company Secretary in October 2015 and in February and July 2016, Mrs Nemchand was appointed Company Secretary of several companies within the Group. In July 2019, she was promoted to the post of Head of Corporate Secretarial Services.

10 Samantha Perrier
Group Communications Manager

Mrs Samantha Perrier, born in 1978, holds an Executive Master in Marketing from the University of Paris-Dauphine. She joined the Company as Group Communications Manager in October 2019. She has seventeen years of experience in the field of communications, locally and abroad.

11 Christophe Quevauvilliers
Group CFO and Executive Director

Mr Christophe Quevauvilliers, born in 1968, is a Fellow member of the Association of Chartered Certified Accountants. He joined the Company as Finance Manager and Company Secretary in May 2002. In 2015, he was appointed as Executive Director to the Board. He is now the Group CFO and sits on the Board of several companies within the Group.

12 Dhuenesh Rambarassah
Group Finance Manager

Mr Dhuenesh Rambarassah, born in 1976, is a Fellow member of the Association of Chartered Certified Accountants and holder of an MBA with a specialisation in strategic planning from the Edinburgh Business School of Scotland. He joined the Company as Financial Accountant in February 2006 after having spent more than eight years successively in the Audit and Assurance department of Ernst & Young and De Chazal Du Mée (now known as BDO). Mr Rambarassah was designated Financial Controller of the majority of companies within the Group in July 2013 and Group Finance Manager in 2020.

MANAGEMENT TEAM

UBP

13 Jean-Jacques Jullienne General Manager

Mr Jean-Jacques Jullienne, born in 1966, holds an MBA from the University of Paris-Dauphine and a National Diploma in Mechanical Engineering from the Technical College of Durban. He joined the Company as Head of Operations in September 2019 and was nominated as General Manager in July 2022.

14 Amaury Lacoste Production Manager

Mr Amaury Lacoste, born in 1985, holds a Master in civil engineering from the University Paul Sabatier, Toulouse, and an executive MBA from the University of Paris-Dauphine and Sorbonne Business School. He joined the Company in 2010 and worked within the Engineering Division of the Company up to 2013, after which he joined the production team as Assistant Production Manager. From January 2015 to July 2017, Mr Lacoste was overseeing all production facilities within the central and southern regions. Thereafter, all crushing and block making activities throughout the island fell under his responsibility. Since January 2021, the management of production facilities in Sri Lanka and Rodrigues were also added to his portfolio.

15 Ashwin Ramsaha PPB Division Manager

Mr Ashwin Ramsaha, born in 1959, holds an MSc in Civil Engineering with a specialisation in Structural Engineering from the University of Architecture, Civil Engineering and Geodesy located in Sofia, Bulgaria. He is a Registered Professional Engineer of the Council of Engineers in Mauritius and Member of the Institution of Engineers. He has been practicing continuously in the private and public sectors in Mauritius and in Toronto since 1987. In November 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.

16 Bruno de Spéville Marbella Division Manager

Mr Bruno de Spéville, born in 1960, followed an induction course with Euro Brevet in a cement tiles factory in the UK. He joined the Company as Sales Manager in September 1994 after having managed Bocaro Ltd from 1979 to 1987 and worked as Sales Manager at Rogers Building Materials Products Ltd from 1988 to 1994. In 2002, he was appointed Project and Commercial Manager of Espace Maison Ltée. In January 2016, he 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.

17 Xavier Toulet Contract and Quarry Manager

Xavier Toulet, born in 1978, holds a Certificate in Mechanical Engineering from Durban Technical College, South Africa. He joined the Company as Contract and Quarry Manager in May 2022. From November 2007 to April 2022, he was the General Manager of Pex Hydraulics and Flexicom Limited (MECOM group). Previously, during his career, Mr Toulet also worked as Plant Manager for UBP from November 2002 to October 2007.

SUBSIDIARIES

18 Jean-Claude Bellepeau
General Manager
Drymix Ltd

Mr Jean-Claude Bellepeau, born in 1963, holds a 'Diplôme d'Ingénieur Chimiste' from ECPM, Strasbourg, France. After having spent ten years in the textile and industrial chemicals sectors in Mauritius, he joined the Lafarge Group to launch the cement terminal in Mayotte. He then joined Premix as Operations Manager in February 2003 and was promoted to General Manager of Premix and Drymix in 2008. In 2011, further to the restructuring of the two companies, he directed the integration of Drymix into the UBP Group and is henceforth the General Manager of the company.

19 Benoit Béchard
General Manager
Espace Maison Ltée

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

20 Christopher Blackburn
General Manager
Compagnie de Gros Cailloux Limitée

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

21 Vikram Gunnoo
General Manager
Pre-Mixed Concrete Limited

Mr Vikram Gunnoo, born in 1979, holds a bachelor's degree in Civil Engineering and a MSc in Project Management from the University of Mauritius. He is a Registered Professional Engineer of the Council of Engineers in Mauritius as well as a Concrete Technologist from the Institute of Concrete Technology UK. Further to the takeover of Premix by UBP in November 2021, Mr Gunnoo was appointed as General Manager in June 2022.

Setting the pace for tomorrow

Continuing to thrive through the unexpected challenges that the future may throw at us requires setting the right pace today.

Management Approach

Interview with the Group CEO | The world we live in | Business model | Risk report

GROUP CEO'S MESSAGE

A YEAR OF OPPORTUNITIES

How would you sum up UBP Group's performance for the FY2022 in a few words?

UBP Group had what can only be described as an action-packed year. I am afraid that reducing our performance to a few words would not do justice to all the happenings and accomplishments that took place during the year.

In hindsight, it would be fair to say that FY2022 marked a turning point in the Group's history, or a 'foundation year', to use a term from the industry jargon. I have no doubt that, years from today, when we reflect on UBP Group's many milestones, this past year will go down in our history as Year Zero of a new era of growth. One of those pivotal moments that will shape the course of our history.

This new chapter in our growth story is rooted in a significant event: our decision to acquire all the shares of LafargeHolcim Mauritius into Pre-Mixed Concrete Limited ('Premix'), which is today 100% owned and controlled by UBP Group. For reasons beyond our control, this transaction had to be made through the unilateral exercise of our right of first refusal at an exorbitant and non-negotiable price, rather than through sound and fair negotiations. Nevertheless, this highly strategic acquisition was the largest contributor to the Group revenue during the year, which increased by 22.4% to reach almost Rs 4 billion, while also providing us with the missing link to position UBP Group as a leading solutions provider for the construction industry.

Through this same transaction, we increased our stake in Drymix Ltd ('Drymix'), ramping up our majority shareholding and controlling interest from 54.6% to 71.8%. This acquisition reflects our clear stance with regard to Drymix and is a strong statement of our confidence in the future of this subsidiary. Should we achieve the targets set out in our new ambitious strategic plan, I have no doubt that once again, FY2022 will become known as a milestone year in our subsidiary's history.

With our expertise in concrete under the banner of UBP Group, and our reinforced position in Drymix, expert in mortar, the Group's building materials segment - now composed of UBP, Drymix and Premix - is well positioned to serve as the go-to supplier for Mauritian builders seeking quality products that comply with high standards. In line with this ambition, the three companies' sales forces have been brought together to secure cross-selling opportunities, and a Customer Care Centre was set up to deliver a consistent customer experience across all three entities.

By far the most consequential event that lends FY2022 its status as a breakthrough year, is the signing of a Share Purchase Agreement for the takeover of several companies in Reunion Island operating in a similar line of business. These companies, which form part of Capriona Group, are all experts in their respective fields and well-established in the construction landscape in Reunion. Should this acquisition materialise (we expect to close the deal in the first semester of 2023, subject to the satisfactory completion of conditions precedent), UBP Group will cement its position as a key regional player in the construction industry. This will mark a significant step in the development of the Group, not to mention that our growth figures are likely to be monumental.

Lastly, I would like to mention a fourth event, which in my view holds more symbolic meaning than the above: during the year, we renovated our Head Office in Trianon, equipping it with modern and sustainable feature to ensure that it meets our needs today, while also measuring up to the challenges that lie ahead of us in terms of work environment and employee wellbeing. This renovation illustrates our preference for renewal and building on existing foundations, rather than demolition, and in a way, serves as the physical representation of our transformation into a modern and purposeful business.

Did the Group's financial results reflect the achievements of this 'breakthrough' financial year, as you have just described it?

Despite a noteworthy increase in revenue following the consolidation of Premix as a subsidiary, profits did not quite keep pace. From the onset, I would like to point out that UBP Group's performance for FY2022 was substantially impacted by an adverse event that is, on no account, related to the activities of the Group's subsidiaries. I refer to the exceptional Rs 340.7 million impairment cost we incurred in the wake of our 100% acquisition of Premix to comply with the increasingly stringent requirements of business accounting standards, which according to me are not applied with sufficient coherence. (As a disclaimer, these opinions are solely my own, as a non-accountant, and do not reflect the views of anyone else within the Group.) With this in mind, our Group posted a net loss of Rs 56.7 million for the period under review.

"In my seven years at the helm of UBP Group, the past year has been most profoundly transformative and significant from a strategic point of view."

Stéphane Ulcoq
Group CEO

GROUP CEO'S MESSAGE

A YEAR OF OPPORTUNITIES

Since this 'IFRS performance' is unrelated to our core activities, and therefore presents neither a fair nor a faithful reflection of actual events, I would like to instead draw your attention to our 'on-the-ground performance'. Notwithstanding this one-off IFRS cost, the Group's consolidated financial results for FY2022 failed to meet our initial budget of June 2021, as well as the revised forecasts set in January 2022, leading me to describe this year's performance as disappointing.

That said, these consolidated financial results are no more than the combined fortunes of our different subsidiaries, and do not offer a full picture of the progress made by our businesses during the year. This is why I believe it is worth offering a more detailed overview of our activities for a more informed assessment of the Group's performance.

I must begin by commending the excellent performance of our subsidiary Espace Maison Ltée ('Espace Maison'). With a revenue exceeding one billion rupees for the very first time, and a net profit of Rs 54.2 million, Espace Maison had the best year since its inception. This achievement coincides with its 20th anniversary in November 2022, making this milestone more meaningful. This remarkable performance is no lucky occurrence; rather, it is the result of a year-on-year improvement rooted in a willingness to always meet our customers' needs, allowing us to offer a range of products and services that are aligned with their expectations. Today, it is safe to say that our customers can find everything they need for their house, garden and pets, and that too, at the right price. It caters not only for individuals looking for stylish decorative items to spruce up the interiors of their home, but also for professional contractors looking to stock up on quality products for their construction sites. Today, the Espace Maison brand is firmly established in the Mauritian economic landscape, as evidenced in the steady increase in the number of customers registered to our loyalty programmes, Club Espace Maison and Club Espace Pro. In fact, 70% of Espace Maison's revenue stems from our loyal Club Espace Maison members.

In addition, having learned the right lessons from the previous year, our teams anticipated the disruptions in supply chain and logistics shipping, making the right decisions to prevent any product shortages. This rigorous management of our supply chain was a large contributor to Espace Maison's performance.

Likewise, the performance of Compagnie de Gros Cailloux Ltée is one of the major highlights on our list of successes for the year. Despite an overall unprofitable year, the losses recorded this year denoted a significant improvement over previous year. We must take into account that Covid-related restrictions reduced the revenues stemming from our events cluster to almost nil, and deeply impacted our leisure and restaurant activities; in contrast, the costs related to preserving employment and the maintenance of the properties remained elevated. Knowing this, the other clusters — nursery, food crops, sugarcane — ended the year with a satisfactory performance aligned with our expectations. With the lifting of restrictions presenting a more favourable business environment, coupled with the implementation of an effective debt reduction plan, I am confident that the company's return to profitability is imminent.

Let us now turn to the more disappointing results, which concern the three companies within our core business (also known as our 'Grey' division): UBP (along with its subsidiaries and associates Sainte Marie Crushing Plant Ltd, Welcome Industries Ltd and Terrarock Ltd), Drymix and Premix. All three were heavily affected, to varying degrees, by the skyrocketing increase in production costs during the second semester of the year. Much of this was related to the maintenance of plant and machinery, coupled with the triple effect of a dramatic increase in the price of spare parts, soaring freight rates and a weakened Mauritian Rupee versus the US Dollar and Euro. The record-breaking increases in the price of diesel were equally detrimental to our core business with respect to our quarrying expenses.

UBP, for its part, suffered from the compounding increase in the price of cement, the main input for the production of blocks, which put pressure on our margins and led us to fall short of the objectives we had set for this activity. And this despite sales volumes reaching record high levels.

In spite of the above setbacks, the Board voted to maintain a dividend per share of Rs 3.00, thus keeping with the Group's tradition of consistently delivering returns to its shareholders.

Dividend per Share of

Rs 3.00

What progress did the Group make on its strategy during the year?

The global macroeconomic context is extremely volatile and unpredictable, making it difficult to anticipate trends. Our only certainty is that the construction sector, along with many other industries, will not be spared by the potential negative effects of this unfavourable climate. With this in mind, our strategy has been to be proactive in seeking out new growth avenues and introducing innovative solutions to our customers. This is why, rather than following a rigid roadmap that leaves no room for flexibility, our approach hinges on strengthening our capabilities and agility, such that we may seize opportunities when they arise. To achieve this, we endeavour to strike a balance between 'efficiency and resilience', 'self-sufficiency and synergy' and 'continuity and transformation'.

In my seven years at the helm of UBP Group, the past year has been the most profoundly transformative and significant from a strategic point of view. Although nothing could have foreshadowed this at the beginning of the year, we were presented with two unexpected opportunities that ended up shaping an ordinary year into an extraordinary one. Here, I refer to the acquisitions of LafargeHolcim shares in Premix and Drymix, and of the group of companies in Reunion Island. Although these transactions understandably consumed a fair amount of our time, we also devoted our attention to other equally important undertakings.

We pursued our reflection on how to enhance the operating structure at Group level, via the set-up of more formal decision-making bodies or committees which bring together not just members of Top Management, but also senior managers, general managers and executives from our subsidiaries. Although, for obvious reasons, we were not able to devote the amount of time we had initially set aside, we made progress on several other strategic projects.

Rs 54.2 million

net profit for Espace Maison

The Group's team also brought to fruition another reflection that had been in development for years, relating to the transmission of our know-how. Ensuring a smooth transfer of knowledge within the Group is an imperative that has taken on increasing importance in these disruptive times. To this end, it gives me great pleasure to announce the launch of The Path, a project I will discuss at greater length in next year's report.

Similarly, we have also delivered on our intention to strengthen Health & Safety within the Group with the appointment of a seasoned expert in the role of the Group Health, Safety and Environment Manager in November 2021. Since then, he has already carried out comprehensive training sessions for the team and recruited an additional four team members. We are committed to fulfilling our duty in terms of Health & Safety by any means necessary, without compromising on the number of agents or the level of experience required.

What progress was made in UBP's operations in Madagascar and Sri Lanka?

As you are aware, we made the decision to dispose of our subsidiary in Sri Lanka. After reaching advanced stages of discussions with a buyer, which were carried out virtually due to Covid restrictions, the deal unfortunately did not fall through. While our broker continued engaging with other buyers who had also expressed strong interest, our local teams made every effort to kickstart production after months of closure due to Covid-19, which was a particularly testing time for the area in which we are based.

As of mid-2021, we began observing in Sri Lanka the same phenomenon of a tenfold increase in demand that we experienced in Mauritius following the first lockdown in 2020. Our subsidiary, UGPL, took full advantage of the situation and achieved volumes of activity it had not seen since the 2010s, in large part thanks to the accelerated

GROUP CEO'S MESSAGE

A YEAR OF OPPORTUNITIES

resumption of infrastructural activities in the region in which we operate. I have to congratulate our teams on site, who rose to the challenge of dealing with plant and machinery that had become somewhat stiff after months of not being in use, enabling them to seize opportunities. As a result, UGPL's performance during the first three quarters far exceeded our expectations, before being confronted with the sudden and severe institutional crisis that shook Sri Lanka, which once again put a brutal stop to the unexpected revival of activities. Registered revenue in the fourth quarter of the year was almost negligible.

Looking ahead, FY2023 is expected to bring further complications. The import and use of explosives, on which we rely to obtain our raw material from our quarry, are strictly prohibited in Sri Lanka until further notice. As for the search for a buyer, our broker remains on the hunt, but the current environment is not conducive to deal-making.

UBP Madagascar is struggling to recover from the Covid period and continues to operate in a challenging and uncertain economic context. Although our activities for the Ambatovy mine (for which we carry out blasting services) are maintained at satisfactory levels, the manufacturing and sale of construction materials is at a standstill. Ultimately, this reflected poorly on our consolidated figures. As already announced, we have also taken the decision to seek out a buyer for our Malagasy subsidiary.

What conclusions could be drawn from this experience?

After more than 20 years of operations in Sri Lanka and Madagascar, where difficult times overshadowed prosperous ones, I have had the time to reflect on the underlying reasons for our successes and failures, and have come to the following conclusions:

- Firstly, no matter how far developed a company may be in its core expertise, and how well it masters its trade, being an expert in one's country of origin does not necessarily translate into the successful export of its activities abroad. Relying on one's core area of expertise is not a guarantee of success as several other factors come into play. For instance, if the export country's unique specificities and business environment are not properly assessed, even the greatest 'expert' could face massive failure, and this despite having local partners on board. I remain convinced that having even the most reliable local partners does not absolve one of the responsibilities to understand local habits and practices.
- Assuming this first condition is fulfilled, the second imperative is to ensure that the foreign subsidiary is being steered by a leader with a strong entrepreneurial background, and proven managerial experience.

In light of this new phase of development, how is the Group preparing for the challenges to come and ensuring it remains one step ahead?

Indeed, several challenges lay ahead. Firstly, the VUCA environment in itself is giving rise to crises of great proportions. Our sector, which is not widely known for its environmental virtues, will have to double down its efforts to reduce its impact on Spaceship Earth, on which we are all passengers. In clear-cut terms, I make a pledge that UBP will change the narrative on sustainability in our sector.

In addition to this, we will have to manage the many challenges related to our acquisition decisions. Realising our ambitions of becoming a major regional player will require us to step out of our comfort zone — and we are more than ready to do so. I am confident in our ability to rise to these challenges because we have an asset whose value outstrips any other: the best team, composed of extraordinary men and women, whose combined energies, talents and efforts move the Group forward each day. If we are to remain leaders, especially in such a dynamic environment, maintaining the quality of our talents will be instrumental. And for this, The Path, as mentioned above, will focus on the development of our teams to ensure they retain their position at the top of the pyramid and in turn, take UBP to greater heights.

This brings me to three very special team members, who left an indelible mark on us all. I would like to pay tribute to Jean Marc Selvon, Jimmy Pierre and Angelito Brelu Brelu, who were all extremely valuable friends to their colleagues at the Head Office, Premix and at the quarrying site, respectively. Their unexpected and untimely departure was a great shock that we will feel profoundly for years to come. They accomplished much during their tenure within the Group, and we wish only to honour what they have passed onto us and keep their spirit alive. Our heartfelt condolences go out to their families.

Do you have any closing thoughts?

I would like to extend a warm thank you to Marc Freismuth, our outgoing Chairman, for steering UBP over the past nine years. His thoughtful perspectives and wise counsel have been invaluable, and I have personally rejoiced in working alongside a bright mind, with such a broad and unique outlook on the world. On behalf of the organisation, I would like to express my sincere gratitude for his insights and wish him the very best for his retirement.

In the same breath, I would like to welcome our new Chairman, Jean-Claude Béga, whose proven expertise in financial services and M&A will help the Group further its regional ambitions.

I would also like to express my appreciation to our customers, partners and suppliers for their continued support and trust.

To our talented team members across the Group, thank you for your hard work day in and day out to serve our clients. Your can-do spirit and willingness to take on every challenge have been invaluable during this time of tremendous change.

This past year, we pushed through the uncertainty and seized several opportunities that will take us into a new era of growth. As we look to FY2023, we have boundless milestones to look forward to, one of which will be UBP's 70 years of existence. Looking back at our year of acceleration, acquisitions, transition and valorisation, we are stronger than we were in FY2021 - and I am optimistic that we will grow even stronger in the forthcoming years.

Stéphane Ulcoq
Group CEO

"I am optimistic that we will grow even stronger in the forthcoming years."

THE WORLD WE LIVE IN

BANI, much like the better-known acronym VUCA, is a framework to articulate the way our world functions as a system and enables us to analyse the evolving environment within which we operate. This systemic thinking approach invites us to look at our world in a holistic manner.

Scientists represent complex systems with network links that connect nodes. Each node can be thought of as a 'sub-system' of its own, and its behaviour affects all the links and networks it is attached to. When certain nodes become dominant in the system, and the links to each other extremely strong and dependent, then the system is fragile. On the other hand, if there is more diversity and redundancy built into the system, then it becomes more resilient.

"B"

stands for Brittle

It is the fact that we are exposed to catastrophes at any time. A brittle system can give the impression that it is strong and sturdy, but beyond a certain point, a small disturbance can tip the entire system over its critical threshold, whereupon it collapses suddenly and unstoppably.

Our economies and businesses typically view efficiency as the main driver of profit making, cost cutting and time saving. However, maximizing efficiency may be at the expense of resilience. An increasingly interconnected world means that a brittle system can have enormous consequences. A failure of an important structure can then lead to a whole series of failures, for instance the 2008 bank collapse and the Lehman Brothers failure.

"A"

stands for Anxious

This brittle world we live in, makes life increasingly uncertain and knowing that our global systems are so fragile generates immense anxiety, thereby causing us to become more risk-averse and leading us to a state of passivity, affecting our ability to make decisions and take actions. This goes against today's need of business agility – the ability to react quickly to challenges.

"N"

stands for Non-Linear

In our dynamic and complex system, the link between cause and effect has become disconnected or disproportionate. The climate crisis is a prime example of this and will continue to be so for a long time ahead. We know that global warming causes an increase in extreme weather events but it is very hard for scientists to show cause and effect between global warming and meteorological events. Similarly certain actions to reduce our carbon emissions may have negative cascading impacts on other systems, whilst a great effort may not bring great results.

"I"

stands for Incomprehensible

Incomprehensibility is a product of today's information and misinformation overload. Obsessive analysis of data could overwhelm any person's ability to understand it, as well as make it hard to distinguish signal from noise. We experience an incomprehensible situation when we struggle to find answers and/or the answers are not convincing and/or we can't really use those answers to drive further actions. We usually try to overcome this problem by increasing the volume of data available, but this can be counter-productive; the more we try to understand an incomprehensible situation, the more we feel overwhelmed.

What does this translate into for us as a Group?

This means that we cannot rely on a rigid plan that will burden our companies and which may never come to fruition due to the nature of the global system.

To stay up to date with the world we live in, we constantly contextualise and adapt our understanding of our business and the risks and impacts on the society and the environment in which it operates.

We must help each other co-create and co-operate, to help our companies and our country's transition to a new era, and a new way of doing business.

BUSINESS MODEL

CAPITAL DEFINITION **INPUTS**

NATURAL CAPITAL

We understand the importance of natural elements and resources for our operations and society as a whole, and our responsibility to positively impact the environment.

HUMAN CAPITAL

Our human capital remains integral to the Group. We seek to develop and leverage the diverse competencies, capabilities and experience of our workforce to add continued value to our services and to the economy.

INTELLECTUAL CAPITAL

The intangible assets embodied within our Group have proven to be vital in maintaining our competitive advantage and brand reputation within our operating markets. We constantly pursue the improvement and protection of our processes through trademarks and software systems in different capacities within our companies.

SOCIAL CAPITAL

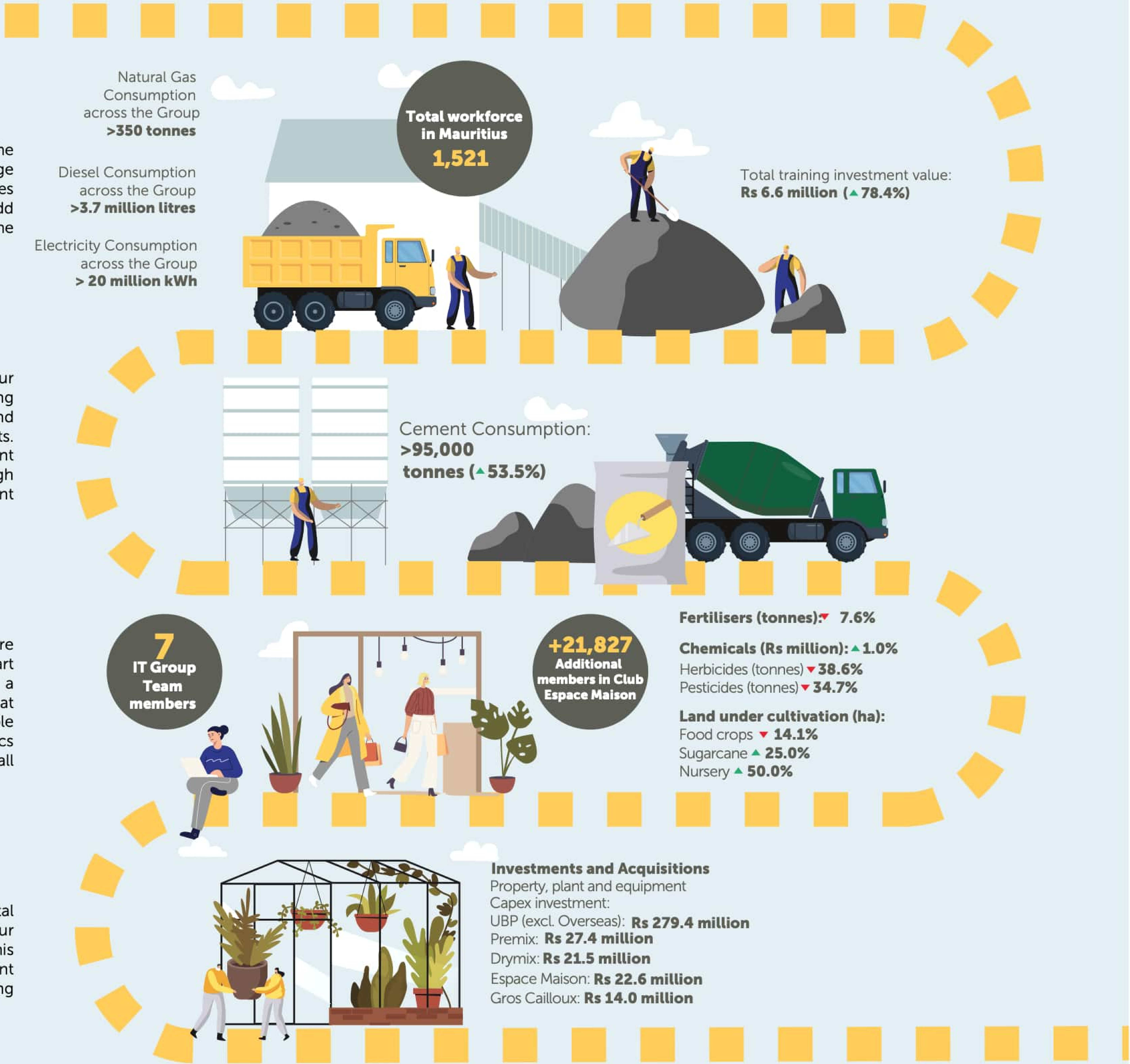
As a Group, we understand that we are not an individual entity. Rather, we are part of a large network of stakeholders and a community. It is with this understanding that we strive to build and uphold honourable relationships based on shared values, ethics and behaviours that are beneficial to all parties involved.

MANUFACTURED CAPITAL

Our manufactured capital remains a vital pillar in our industrial operations. Beyond our contribution in providing customers with this capital, our daily use of buildings, equipment and infrastructure focuses on optimising productivity, efficiency and innovation.

FINANCIAL CAPITAL

Our financial capital remains a linking factor between the other capitals. This capital continuously allows us to develop our business through investments and acquisitions for sustained value creation.



Property, plant and equipment:
Rs 3.8 billion

Total assets:
Rs 6.4 billion

Payment to suppliers:
Rs 3.0 billion

OUTPUTS

OUTCOMES

10
Air quality monitoring exercices across UBP production sites*

14
Noise monitoring exercises across UBP production sites

Rs 25.8 million
Landscapes created

16,400 litres
Used oil sent for recycling

1.26 kg CO_{2e}
Emissions per block (100mm)

** Levels of air pollution: Within Air Quality Standards Limits (EPA Regulations 1998)*

- **Compliance to environmental laws**
- **Groupwide effort towards sustainability**
- **Protecting companies' individual resources**
- **Climate change risk management**
- **Preparing for an efficient transition**
- **Raising awareness amongst employees**

89
▲ 17
Number of accidents with injury leave

0.2
▲ 0.02
Accident severity rate

1,416
▲ 770
Number of employees trained

- **Succession planning**
- **Encouraging innovation**
- **Cross-company talent organisation**
- **Career development**
- **Performance management**
- **Supporting employees**
- **Talent acquisition**

540 employees
Number of Office 365 users

+25,000
Number of data transactions per month

Number of website visitors
UBP: **96,468** - Drymix: **6,892** - Espace Maison:**225,000**

Facebook page likes
UBP: **28,000** - Drymix: **6,800** - Espace Maison: **114,700**
Gros Cailloux: **30,900**

- **Ensuring continuity with remote workers**
- **Exploring radical innovation**
- **Synchronising IT systems**
- **Protecting company unique know-how**
- **Digitalisation of processes**
- **Data driven decision-making**
- **Building decision-making capacity**

CSR spent on existing projects (0.25%):
Rs 1.5 million (▲ 74.1%)

CSR spent on new projects (0.25%):
Rs 1.5 million (▲ 74.2%)

CSR per theme:
Education **43.7%**
Socio-economic development **46.4%**
Nature conservation **4.5%**
Vulnerable families **5.4%**

Extra sponsorship: **Rs 2.4 million**

Extra sponsorship per focus area:
Education **1.8%**
Sports **20.0%**
Poverty **21.5%**
Culture **33.6%**
Sustainable Development **10.5%**
Coup de Coeur **12.6%**

- **Maintaining relationships**
- **Adapting to changing consumer patterns**
- **Offering groupwide services**
- **Retaining unique brand and proposition**
- **Negotiating with group bargaining powers**
- **Offering efficient, fast and easy services**
- **Supporting communities career opportunities**

Aggregates sold (tonnes): ▼ **1.0%**

Blocks sold (units): ▲ **8.6%**

Smart blocks sold (units): ▲ **119.0%**

Precast slabs (m2): ▼ **53.9 %**

Beams (m2): ▲ **10.6 %**

Vegetables produced (tonnes): ▼ **6.3%**

Compost (tonnes): ▼ **62.7%**

Plants sold (units): ▼ **8.1%**

Landscapes created (Rs million): ▲ **2.0%**

Space rental (Rs million): ▼ **2.8%**

- **Capitalising on existing assets**
- **Innovative products**
- **Mutualising shareable assets**
- **Ensuring individual company production capacity**
- **Streamlining of processes and teams**
- **Ensuring stocks and supplies**
- **Onboarding new talents in key posts**

Rs 135.3 million
Cash generated from operations

Rs 1.1 billion
Total wealth created

Rs 767.0 million
Salaries and other benefits paid

Rs 79.3 million
Dividends paid

- **Responsible allocation of funds throughout the Group**
- **Transparent and ethical financial practices and reporting, in line with prevailing laws**

RISK REPORT

The Group's operations take place in an environment that is constantly changing, exposing the business to a range of external, operational and financial risks.

Responsibilities with regards to risks are clearly defined for all entities within the Group. The core tenet is that risk owners are accountable for risk management under the supervision of the Group risk management function.

Risk Architecture

With a view to fully identify, 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.

RISK HIERARCHY

BOARD

Approve and maintain the risk management policy.
Set and review the risk appetite on a periodic basis.
Maintain oversight of the risk management framework.

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).

RISK MONITORING COMMITTEE

Review risk reports and monitor effectiveness of risk management.
Report to the board on risks and controls.
Discuss with the Board the status of the mitigating action plan performance against the set risk appetite.

CHIEF RISK OFFICER

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

1st Line of Defence

Risk & Compliance Officer

Implementation of the risk management framework.

DEPARTMENT HEADS (RISK OWNERS)

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

2nd Line of Defence

ACTION & CONTROL OWNERS

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

Risk Monitoring

There are numerous stages in the risk management process, namely:

i) **Risk identification and assessment:** Risks are identified and rated based on their impact and likelihood.

ii) **Risk mitigation:** Management establishes procedures and/or controls to reduce the major risks.

iii) **Monitoring and reporting:** The procedures and/or controls are regularly monitored. Updates on risk mitigation measures, controls and total risk exposure are communicated to the Risk Monitoring Committee, which, in turn, reports to the Board.

Following the implementation of the ERM, a risk monitoring exercise was initially undertaken by Messrs BDO & Co 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: operational risks, strategic risks and emerging risks. Focused on the opportunities and risks in our evolving landscape, this exercise has been pursued by our Risk and Compliance Officer.

An essential component of the risk management process is also the transfer of risks via insurance covers and our internal control system.

In 2022, a thorough review and analysis of the Group Risk Heat Map was completed. It was then submitted to the Risk Monitoring Committee and to the Board for review.

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

Strategic Risks
Risk associated with uncertainties and opportunities embedded in the Group's strategic plan and the manner in which they are executed.

People Risks
Risks associated with the recruitment and retirement of employees, on-going talent management, succession planning, relations with trade unions and regulatory bodies and staff disciplinary issues.

Health & Safety Risks
Risks associated with all events that can cause serious injury and harm to the Group's workforce and customers.

Legal Risks
Risks linked to the legislations and regulations surrounding the operations and functioning of the Group (E.g. Competition laws, the Workers' Rights Act, Environment Protection Act, Data Protection Act, Occupational Health and Safety Act and the Code of Corporate Governance).

Business Environment and Market Risks
Risks relating to macroeconomic evolution, politics, foreign investments and climatic conditions that are outside our control.

Operational Risks
Risk of loss resulting from inadequate or failed internal processes and procedures, human error or system failure or from external events. They include all processes and sub-processes from the time the raw materials are extracted and the manufacturing process, up to the point of receipt by customers.

Financial Risks
Risks linked to liquidity, interest rates, foreign currency exchange rates, capital structure and profitability.

Technology Risks
Risks that hardware and software are not operating as intended, thereby compromising the integrity and reliability of data and information and exposing significant assets to potential loss or misuse or exposing the Group's ability to maintain a high standard in its main business processes. They include all IT and telephony systems and the use of latest technologically-prone equipment.

Marketing and Customer Risks
Risks associated with maintaining the quality and reputation of our branded products and innovation in our offer to customers.

RISK REPORT

Out of the above key risk categories, a list of the risks requiring further attention and progress on their mitigating actions have been set out in the table below.

Risk identification and assessment

Risk identification	Risk assessment
Business Environment and Market Risks:	
Macroeconomic and market: The risk that the economic environment in a given country can significantly change and have an influence on demand for construction and building materials.	Fundamentally, the expansion (or contraction) of the economy determines the demand for construction materials. Sales volumes, prices and/or industry structure may all be impacted by these changes in underlying demand. Economic uncertainties have intensified as a result of the COVID-19 pandemic, leading to further erratic currency fluctuations. Changes in currency rates may have an impact on the Group's business operations and financial situation. More details can be found in the financial risk management section of this Report.
Political: The risk or potential for financial, market or personnel losses that occur due to political decisions or disruptions. Political risk is also known as 'geopolitical risk.'	The Group has operations across borders and is exposed, either directly or indirectly, to the consequences of economic, political and social instability, including currency volatility, turmoil, terrorism, civil war and unrest. Political instability (economic and social) can have an effect on our people, business environment and reputation. Examples include changes in the Government or greater political pressure, civil unrest and internal or external conflicts and tensions. This effect could be direct (such as security repercussions) or indirect (such as economic uncertainty). It could also make us more vulnerable to a wide range of dangers such as compliance and raw material availability. The situation between Russia and Ukraine grew worse in February 2022. A rapid change in the situation is already starting to cause significant market volatility on a global scale, including escalating prices and disruptions in transport logistics.
Pandemics and epidemics: A pandemic is an epidemic occurring on a scale that crosses international boundaries, usually affecting people on a world-wide scale.	The health of our workforce and the areas where we operate can be impacted by pandemics, epidemics, outbreaks of infectious illnesses or any other significant public health concerns (such as COVID-19, Ebola, Avian flu, H1N1 or SARS), whether they are local or global in scope. Additionally, it can cause our supply chains to be disrupted, travel delays, workplace closures and other operational constraints that could have a materially negative economic impact. COVID-19 remains a significant political and economic danger on a global scale in 2022. In the medium term, tight public finances and the end of governmental stimulus programmes may impede economic recovery and possibly lead to lower sales.

Risk monitoring and reporting

	Completed	Ongoing
	• The Group has diversified and expanded its operations via its local and international subsidiaries. This enables the Group to have a globally diversified portfolio, thereby reducing the overall impact of adverse macroeconomic conditions.	• The Group has a (i) Business Development Function as well as a (ii) Research & Development professional responsible for the development of new market avenues. • The Communication departments of the Group also regularly conduct surveys. • A customer hotline has been launched in 2022, aiming to improve product knowledge and customer service.
		• At Group level, we regularly analyse and track the political landscape to identify and foresee any unfavorable development. • We are planning to dispose of our interests in UGPL and UBP Madagascar due to the unstable political situation prevailing in Sri Lanka and Madagascar respectively. • A list of alternative suppliers is regularly updated to ensure that there is no disruption in the supply of goods and services.
		• Due to the recent pandemic, our teams are now fully equipped to follow all marketplaces, taking into account the new conditions and the advice given by the local authorities. We now have a greater capacity to expeditiously identify, address and learn from significant issues resulting from major health crises by building on our prior experience and lessons learned through our successful COVID-19 response.

RISK REPORT

Risk identification and assessment

Risk identification	Risk assessment
Business Environment and Market Risks:	
Environmental: The risk of suffering an adverse consequence or the potential threats of negative effects on Group operations and the business environment arising from activities of organisations. Air pollution by the fugitive emission generated during drilling, blasting, excavation, breaking and loading of boulders. Risk of noise pollution from plant and machinery. Loss of habitat for some fauna and flora species and biodiversity reduction due to vegetation clearing of the site. Effects of solid wastes generated. Contamination of ground water generated by used oil from the maintenance of our machinery.	Non-compliance with environmental standards could lead to fines and negatively impact our brand and reputation.
Health & Safety Risks:	
The risk that the Group will not take the necessary precautions to prevent harm to its personnel, subcontractors and third parties during on-site and off-site business-related operations.	Such a risk includes the possibility of injury, illness or fatality of our employees, as well as reputational damage for the Group, that altogether may lead to the possibility of business interruption. This also includes the risk that our personnel is not properly trained and employees do not adequately follow policies and SOPs.
People Risks:	
The risk that the Group will not be able to find, hire, and retain talented employees when they are needed to help it attain its business objectives. Succession planning - Risk of brain drain and lack of sufficient skilled workforce. On-going talent management - Inadequate monitoring of staff performance/productivity.	Unavoidably, demographic changes will result in fierce competition for talent, even more quickly than planned. This also translates into the risk that candidates might be lacking in the essential experience and skill sets for key roles. The risk that staff performance is not adequately monitored due to insufficient information on their performance/productivity.
Operational Risks:	
The risk of increased vulnerability to damage resulting from incidents disrupting the business operations. Business Continuity.	Risk of the negative impacts [financial, reputational, health and safety, security] of events requiring the invocation of the Business Continuity Plan due to actual or potential interruption of business operations.

Risk monitoring and reporting

	Completed	Ongoing
	• Water spray through nozzles during breaking and loading of boulders. • Noise monitoring surveys by independent consultants on a regular basis at critical points on all sites. • Adequate protective equipment, such as earmuffs, provided to all concerned workers to mitigate the impact of noise pollution. • Advancing eco-design or sustainable design concepts with in-house R&D. • Volunteering (wildlife and conservation projects). • Solid waste in the form of rock dust is produced during the production of aggregates. These are collected and sold to contractors or carted away as backfill material for sugar cane fields. • Daily check of equipment for leaks. In case of accidental spills, sand buckets and fabrics are used to blot the spilled oil. • Regular inspection of oil leaks by external environmental consultants during their site visit.	• Re-use of rock dust in our processes. • Preventive maintenance plan to limit the risk of malfunction and reduce the number and frequency of machine failures. • Re-design of used oil collection systems.
	• A Health and Safety department has been set up with Health and Safety Officers who are present on-site for better monitoring to ensure compliance with Health & Safety regulations and standards.	• Health and safety audits are conducted regularly to ensure compliance with health and safety standards. • Training sessions are held on a recurrent basis by both external resources and our health and safety department. • Processes are in place and regularly updated to ensure business continuity given the current context.
	• Only qualified candidates for job applications are selected through adequate screening procedures and interview sessions. • Job descriptions have been elaborated for all posts, clearly stipulating the relevant role, responsibilities and deliverables. • Standard Operating Procedures (SOPs) have been elaborated.	• To analyse present and future talent needs throughout the year, we use talent evaluations and succession planning procedures. We make major investments in the growth of managerial and functional abilities. • A 'Performance Management System' is being implemented to reward employees based on the achievement of short-term and long-term objectives.
	• Business Continuity Plans (BCP) have been elaborated in case of incidents which could lead to business disruptions.	• The Group subscribes to insurance policies to mitigate the financial impact of natural disasters. • The BCP is being revamped based on recent experiences and expectations of future events.

RISK REPORT

Risk identification and assessment

Risk identification	Risk assessment
Technology Risks:	
Cybersecurity The risk that important IT systems become unavailable and that data is lost or altered as a result of computer virus, cyberattacks, network and infrastructure failures, natural catastrophes or human error.	An information technology or cybersecurity incident may result in monetary loss, harm to one's reputation, safety concerns or environmental effects. The COVID-19 pandemic has accelerated the creation of new business practices, alternative workspaces and home offices, which expose our Group to a wider variety of vulnerabilities and raise the possibility of loss from both targeted cyberattacks/ data fraud and operational failures.
Legal Risks:	
The risk that laws and rules governing business conduct, such as those that address bribery, corruption, fraud, unfair competition and illegal use of personal data, are not respected. Costs associated with investigations, financial penalties and reputational harm are some of the effects.	Breach of data protection. Compliance with all laws and regulations.
Financial Risks:	
The risk that the Company may incur losses and be unable to meet its strategic goals if it fails to successfully identify market opportunities or carry out acquisitions, mergers or divestments.	There is a risk that acquisitions do not meet the expected results. There is also an uncertainty over the achievement of the expected synergies and the integration of the new entities in our operating model, structure and governance.
Sustainability Risks: Risk that we may not successfully meet societal, investor and regulatory expectations for business sustainability and environmental responsibility, including climate change and social responsibility.	Inadequate governance, environmental and social performance may lead to penalties, disputes in the areas where we operate, severe commercial interruptions, and possibly the closing of a plant. Additionally, it may affect our license to operate and limit our access to fresh resources.

Risk monitoring and reporting

	Completed	Ongoing
	• A Cybersecurity assessment was performed. • All employees' login access are now Multi-Factor Authentication ("MFA") compliant and require two verification factors, namely mobile phone authentication and conditional access. • Set up of sending email domains and non-sending email domains with strict SPF and DMARC policies. • Encryption of corporate back-up files. • Implementation of Azure backup storage for all vital systems backups. • All user accesses are subject to a complex password policy and are locked after 3 incorrect password attempts. • Our flat network topology has been replaced by several Virtual Local Area Networks ("VLAN"). • Servers have been relocated to a 4-tier infrastructure model. • Firewall systems have been upgraded. • The isolation of our networks is available to guests from VLANs.	• Two completely separate VLANs have been implemented for management and HR staff. • A software was implemented for cybersecurity resilience.
	• A Data Protection Management Programme (DPMP) in line with prevailing laws has been devised at the level of the Company in view of safeguarding the personal data of data subjects. • Compliance audits for the subsidiaries have been completed for the financial year 2021. • Corrective actions are undertaken, as relevant.	• The implementation of the DPMP within the subsidiaries of the Group is underway. • Keeping up to date with latest laws and regulations. • Communication to the relevant employees about new legislations and the impact on the Group's operations, whenever required. • Compliance audits for all entities within the Group are frequently conducted.
	• Strict due diligence procedures are conducted on entities before their onboarding into the Group.	• Monitoring the performance of overseas subsidiaries.
	• More details can be found in the Natural Capital section of this report.	• The decarbonisation of our value chain is underway • We are advancing eco-design or sustainable design concepts within in-house R&D to lower the carbon intensity of our products. • More recyclable materials are being designed. Conscious packaging are being introduced to close the circularity loop. • Renewable energy projects are being pursued. • Our car scheme has been modulated to help employees switch to electric vehicles.

RISK REPORT

Climatic risks

On September 2021, Mauritius was declared as being in a 'state of climate emergency'. Global warming and rising sea levels represent an existential challenge for Mauritius that could lead to consequential damage and massive displacement of people. While it is true that Mauritius is an extremely low emitter [only 0.01% of greenhouse gases], it remains one of the most vulnerable countries, according to recent World Risk Reports.

The production of construction materials is known for having a high CO_2 intensity. In order to limit emissions, the Group is subject to a number of growing regulatory regimes that could affect its operations. As part of its COP26 pledge, Mauritius has undertaken to reduce gas emissions by 40%, to achieve 60% green energy in the energy mix, to phase out coal in electricity generation, to promote a circular economy involving 70% of waste from landfills, to encourage the use of electric vehicles and to promote smart agriculture and island-wide tree-planting programmes, all by 2030. The recent budget has also laid the foundation for measures that would boost green power as a means of mitigating the risk of climate action failure and accelerating the green agenda. This includes a Green Transformation Package and a renewable energy transition framework.

All potential effects of climate-related hazards, including transition risks and physical risks, are systematically evaluated.

Policy	Market	Technology	Reputation	Physical
• Expected increasing number of climate policy legal frameworks, which will potentially increase the cost of releasing CO^2 and associated fuel prices [carbon taxes]. • Stricter regulations pertaining to the items put on the market.	• High CO_2 costs could also promote the use of alternative construction materials that are less expensive and have a smaller environmental impact.	• Lack of integrated deployment of carbon capture throughout the supply chain ecosystems (transportation, sequestration, etc.).	• Losing the interest of stakeholders like consumers, investors and future workers if perceived as a significant carbon emitter.	• Climate change physical effects including flooding, altered precipitation patterns and extreme weather variability have the potential to interfere with our business operations, causing increased transportation and logistics costs, decreased production capacity and even reputational harm.

The table below lists the climatic impacts that are most likely to affect our business operations.

Geophysical, meteorological, hydrological, and climatological events	Implications
• Warmer temperatures. • Increase in frequency and intensity of heavy rainfall episodes. • Increase in intensity and length of droughts. • Decrease in annual rainfall. • Rising sea levels. • Increase in frequency and intensity of tropical cyclones.	• Health and Safety risks. • Failure to meet customer demand due to disruption in production output and delays in delivery. • Temporary interruption of operations and production processes. • Rising insurance costs. • Changes in resource/input price (water, energy). • Damage to infrastructure. • Changes in consumer consumption patterns.

Projections

The World Economic Forum Global Risks Report 2022 has identified the following as the top risk factors for Mauritius. Hence, we will be assessing their relevance and impact on our Group during the upcoming financial year 2023.

LENS ON LOCAL RISKS

Prolonged economic stagnation

This refers to near-zero or slow growth lasting for many years.

Collapse of a systematically important industry

This refers to the risk of collapse of a systematically important industry or firm with an impact on the local economy, financial markets and/ or society.

Employment and livelihood crises

Structural deterioration of work prospects and/ or standards for the working-age population: unemployment, underemployment, regulatory implications.

Extreme weather events

Loss of human life, damage to ecosystems, destruction of property and/or financial loss at a global scale as a result of extreme weather events: cold fronts, fires, floods, heat waves, windstorms etc.

Erosion of social cohesion

Economic, political, technological and intergenerational inequalities were already generating income disparities but have been further exacerbated with the pandemic.

- Compliance and regulatory risks
- Market risks
- Macro-economics risks
- People risks
- Climatic/ Environment risks
- Cybersecurity risks
- Governance risks
- Business development risks

Way forward

As part of our monitoring process, we are continuously identifying and assessing the emerging risks that could potentially impact our business. With a clear strategy in place, we are in a better position to seize the opportunities that may arise in our industry and ensure business continuity.

Opportunity is everywhere

Transforming the ordinary into the extraordinary. Balancing creativity with the right strategy is the key to developing the greatest innovations.

Our Performance

Strategy | Natural capital | Human capital
Manufactured capital | Intellectual capital | Social capital | Financial capital

STRATEGY

OUR PILLARS: ENSURING A DYNAMIC BALANCE

Synergy with self-sufficiency

- Optimise group functions and evolve towards an integrated Group.
- Achieve group excellence.
- Ensure the consistency of each company's strategy and objectives.
- Enhance each company's unique value proposition.
- Communicate effectively.
- Pursue digitalisation.
- Enrich group know-how and business activities.

Efficiency with resilience

- Review processes to optimise costs and productivity.
- Systematically monitor and review objectives and processes to identify improvement opportunities.
- Develop and improve customer services.
- Increase risk vigilance.
- Diversify suppliers and increase customer offering.

Continuity with transformation

- Capitalise on know-how and competitive advantage.
- Optimise the use of existing assets.
- Explore potentially disruptive innovations for the future.
- Support and accompany our employees through effective change management.
- Adapt our current strategic thinking models to newexternalities.

Balancing it all

- Onboard and surround ourselves with the right people and skills.
- Conduct regular training to align mindset, approach and practices, and retain top talent.

SUMMARISING OUR STRATEGIC PERFORMANCE

UBP Group

Pillars

This year has been eventful for the Group, with the implementation of major strategic decisions. Despite the multiple challenges faced by our companies and their personnel, the Group seized the invaluable opportunity to reinforce its positioning. Our significant achievements are as follows:

In October 2021, we increased our stake in Premix from 49% to 100%.

The Group simultaneously increased its shareholding in Drymix from 54.6% to 71.8%.

In June 2022, UBP signed an exclusivity agreement for the acquisition of several companies operating in the same line of business as UBP in Reunion Island. Subsequent to this, a Share Purchase Agreement (SPA) was signed in July 2022, subject to the satisfactory completion of conditions precedent.

Since March 2022, we have been actively engaged in improving the synergy and efficiency of our commercial teams by bringing together all the sales forces of UBP, Premix and Drymix to facilitate cross-selling between our entities and offer a seamless and enhanced customer experience across our businesses.

All our companies undertook the 'Service Excellence' training offered by IBL Group. Designed by Ron Kauffman, author of 'Uplifting Service', the training sessions aligned us around the same language and allowed us to build a common service methodology for the whole Group.

UBP Company

Pillars

UBP has proven its resilience despite the impact of Covid-19 and the ensuing challenges faced by the construction industry.

The construction industry trends are rapidly changing, as are the global market conditions, thus requiring close and continuous monitoring. As such, our technological watch enables us to keep abreast of the latest offers, innovations and business landscape.

The Health and Safety function has been reinforced with the recruitment of a Group Health, Safety and Environment Manager to ensure adherence to and compliance with health and safety practices within the workplace.

A new Customer Care Centre was set up for our core business, with a free Hotline (800 1122) delivering prompt assistance to our customers.

PREMIX
CONCRETE SOLUTIONS BY UBP

Premix

Pillars

The activity of the company was integrated under the UBP Group in October 2021.

Our brand image was reinforced and a new communication plan is being rolled out to strengthen our B2C and B2B positionings.

A new capital expenditure investment was approved by the Board of Directors to renew our production software, our production plants and our delivery fleet.

SUMMARISING OUR STRATEGIC PERFORMANCE

Drymix

Pillars

A new shift system aimed at maximising the machine utilisation rate is currently under trial for a three-month period. If successful, this new shift system will need to be discussed and agreed upon with our trade union prior to implementation.

A designated Senior HR Officer assisted in structuring our departments and promptly attended to HR matters, thereby increasing the overall efficiency of the company.

We hired a new ISO-certified consultant to structure and re-organise the quality processes for our laboratory, following which all employees received training on the new streamlined procedures.

We reviewed the positioning of our brand, with a complete revamp of the product categories and packaging. Two major advertising campaigns were launched to increase our product and brand visibility. In addition, our salesforce was restructured to enhance our responsiveness to competition and capture market share.

In line with the above, we also reviewed our distribution channels.

Espace Maison

Pillars

The business model, processes and organisational structure were reviewed to enable Espace Maison to be better geared to face future challenges.

The digitalisation of our product database for our e-commerce platform progressed well and has almost been completed.

With regard to our retail outlets, Geoffroy's factory shop was relocated to better serve the B2B market and showcase the Groups' products. The expansion of our Tamarin and Forbach outlets, including the redesign of the shops layout for an improved customer experience, is planned for the coming financial year.

Gros Cailloux

Our nursery and landscaping teams have been reinforced with the recruitment of a new Agricultural Manager for our vegetables and sugar cane activities.

An Events & Brand Manager was recruited in November 2021 to promote the brand across our various business lines, namely leisure, events and agriculture.

We reviewed our processes and implemented new procedures across our various business lines, resulting in improved stock-taking and inventory management for our restaurant.

Pillars

The Lemonade Stand

When life throws sour lemons at us, our answer lies in swiftly mobilising resources, adjusting our strategy and finding the right solutions to make good lemonade out of it. Sometimes, this calls for a temporary pause on certain strategic goals or key projects; however, the learnings we derive from it are invaluable for getting all other projects and goals back on track . This ability to transform adversity into opportunity is what we call our LEMONADE STAND, which gears us to be better prepared for the future.

THE LEMONADE STAND

Companies	The lemons and impacts	Solutions and lessons learned
The Group	• The increased costs of resources and logistics disruptions have burdened all our companies, negatively impacting our overall profitability. These issues are likely to persist during the coming years.	• We have learned to leverage the negotiating power of the Group to secure better deals. In parallel, each company devised its own strategy to handle these logistical challenges. While some entities chose to airfreight materials, others shifted their stocking strategies. • Resource scarcity and logistical constraints are likely to remain a dominant issue in the years to come. Our aim is to continue building resilience and autonomy by increasing our pool of suppliers, diversifying their origins and whenever possible, increasing local sourcing. Although we absorbed most of the financial burden at the expense of profitability, certain costs were incurred by our customers.
UBP	• The bad weather prevailing during the first quarter impacted our operations and level of activities. • It is an ongoing challenge to attract and retain younger skilled labour and transfer skills from an ageing workforce.	• Climate-related risks are integrated in our risk management framework. • Skills transfer gap is being addressed with a proper talent management and learning and development strategy.
Premix	• The integration of the company within the Group has led to the evolution of our business model, while also impacting multiple functions in the company, namely, management, IT and communication.	• An integration plan and a communication strategy were devised to address and manage any arising issues. • An ad hoc steering committee was set up to lead the integration plan. The teamwork and concerted efforts of the committee proved to be fruitful.
Drymix	• The impacts of Covid-19 led to a high absenteeism rate, disrupting HR operations during the year. • The new equipment installed in January is already bringing a measurable improvement on the production output. However, the installation took longer than expected due to unanticipated technical issues. • Worldwide logistics disruptions resulted in multiple supply chain issues and stock forecasts.	• The remaining staff walked and worked the extra mile to ensure the smooth running of the operations. • Production objectives were delivered despite the increased costs arising from the technical issues. • The communication campaign, which was due for launch after the revamp of our product and packaging, was delayed until March as a result of supply chain issues. • We increased the number of suppliers from two to eight to enhance our resilience, and we flew in urgent additives to ensure uninterrupted production.
Espace Maison	• Like all businesses in the Group, the worldwide logistics and supply chain issues disrupted our operations, generating additional work and strain for our employees. • The need to secure stock in case of supply chain issues significantly impacted our cash-flow. • Being highly dependent on imports, we were particularly impacted by the scarcity and rising exchange rates of foreign currencies.	• After the first wave of the pandemic, we had anticipated the supply chain issues and strategically pre-ordered most of our products. Coupled with employees' can-do attitude and our moto 'Not why, but why not?', Espace Maison delivered an exceptional performance in terms of revenue and profitability.
Gros Cailloux	• The summer rains were delayed, causing a disruption in the planting of potatoes and onions. Given our time constraints to adequately prepare the fields, we hired external services to ensure the timely completion of the fieldwork.	• As the impacts of climate change become more significant and frequent, they must be factored in our operational strategy. • We intend to constantly research new planting techniques and ensure the adaptability of plants to changing climatic conditions, including vegetables. For instance, our tomato cultivation was relocated to a shaded area on site.

NATURAL CAPITAL

All renewable and non-renewable environmental resources and processes including land, minerals, water and biodiversity.

Key numbers across the Group

Diesel Consumption
> 3.7 million litres

Emissions per block (100 mm)
1.26 kg CO_{2e}

Electricity Consumption
> 20 million kWh

Natural Gas Consumption
> 350 tonnes

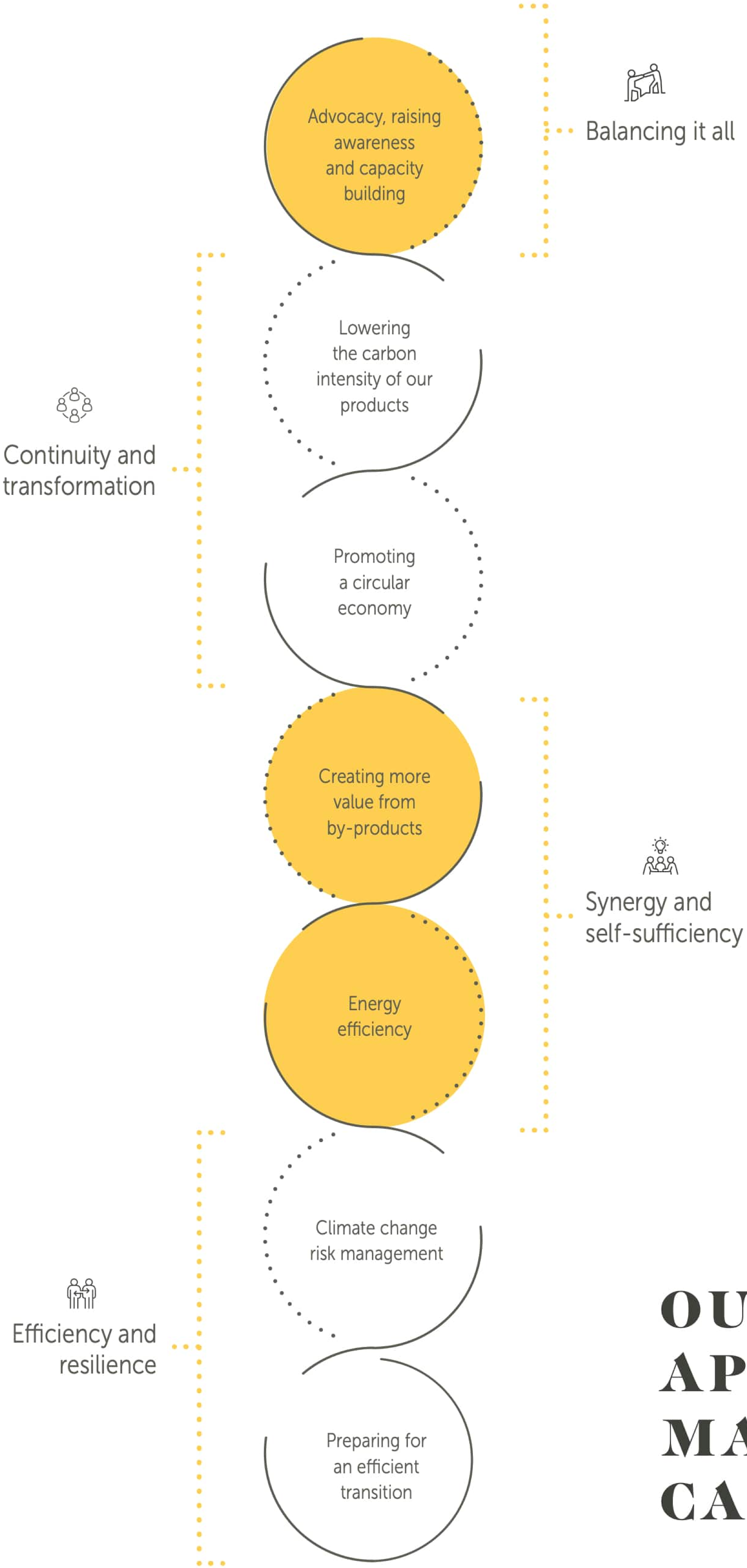
Used oil sent for recycling
16,400 litres

Landscapes created (Rs million)
Rs 25.8 million

Air quality monitoring exercises across UBP production sites:
10

Levels of air pollution :
Within Air Quality Standards Limits (EPA Regulations 1998)

Noise monitoring surveys carried out:
14



OUR STRATEGIC APPROACH TO MANAGING THIS CAPITAL

NATURAL CAPITAL

Our performance:

Examples of key projects we have started and/or completed.

Although cement replacement tests are planned in FY2023 to significantly reduce our impact, various trial runs have already been initiated to promote a circular economy: laboratory bench testing is underway for the incorporation of by-products from other local industries into our product mix. If successful, this will help preserve natural and non-renewable resources.

The route to carbon neutrality (Continuity and transformation)

Since last year, our objective has been to reduce our carbon emissions by decarbonising our entire value chain. To this end, it was necessary to first measure and identify the main sources of emissions and better understand our impacts. The first step towards progressive decarbonisation was the Life Cycle Analysis conducted for our classic blocks.

"We found out that raw material supply contributes the largest share (80%) in terms of global warming potential. Unsurprisingly, this result is attributed mainly to the use of ordinary Portland cement in the production of our concrete blocks"

shares Egyla, our Development and Sustainability Manager.

"Reducing the environmental impact of our value chain means reducing the environmental impact of our products. For this, we have initiated a strategy of continuous optimisation: our standards and technical data are being harmonised, new materials are being tested, we are looking for new local and foreign partners, and developing new functionalities"

says Gauthier Ledesma, our R&D Manager.

Our decarbonisation goal is also paving the way to better energy management (Synergy and self-sufficiency)

The second focus area highlighted by the Life Cycle Analysis relates to Energy Conservation and Management. To this end, a Measurement & Verification protocol was set up. Measurement & Verification (M&V) is the process of using measurements to reliably determine actual savings realised within our facilities by an energy management programme.

The process is carried out in two stages:

(i) First, the energy consumption is measured during a reference period. The latter must take place before the implementation of any energy efficiency improvement project or action.

This baseline measurement is currently being done by means of intelligent sensors.

At the time of writing, about thirty such sensors have been installed at UBP, Drymix, Espace Maison and Gros Cailloux. Since the exercise was initiated prior to the acquisition of Premix, the Measurement & Verification protocol will be applied to Premix in FY2023.

(ii) Then, the measured energy use is analysed and compared to determine savings. The process is verified and validated by an independent certified Measurement & Verification professional.

We are also considering the development of a cloud-based energy management dashboard that will allow all relevant staff to manage, monitor in real time and analyse energy use in one place.

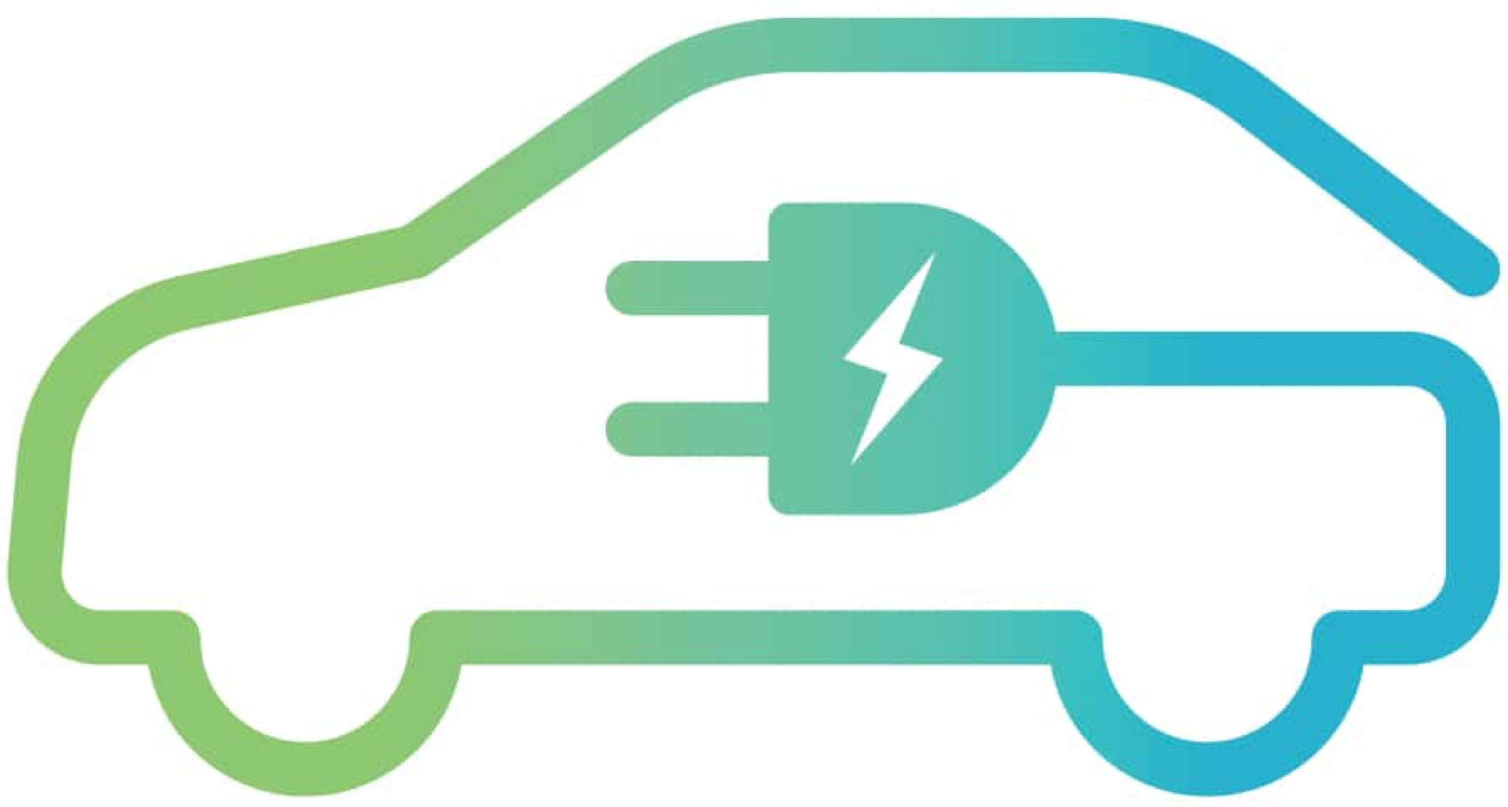
"The Measurement & Verification platform will provide us with a framework to report on project energy savings transparently, reliably and consistently"

explains Egyla Ellapen.

Our ambition is to include renewable energy in our operations (Continuity with transformation)

Twelve applications for our various sites were simultaneously submitted to the Central Electricity Board (CEB) in December 2021 for the implementation of renewable energy under their ***Medium Scale Distributed Generation scheme (MSDG)***. Proceedings are underway at the Central Electricity Board. Much remains to be done, but should these projects come to fruition, they will contribute to the reduction of our carbon footprint and to the national efforts of achieving the target set in the Renewable Energy Roadmap 2030 for the electricity sector in Mauritius.

Helping employees make the switch to electric vehicles (Efficiency and resilience)



Further to the modulation of our car scheme in FY2020 to encourage employees to migrate from fossil-based energy to renewable sources of energy for transportation, our hydrid/electric car fleet grew from 1 to 8 within two years. To further enhance the uptake of renewable energy, we are working on the development of electric vehicle (EV) charging infrastructures at the Head Office and on other sites. In addition to reducing carbon emissions, this will help build resilience to volatile fuel prices and lower energy costs.

In May 2022, we also engaged with SUNREF to benefit from their technical assistance facility programme on electric mobility.

NATURAL CAPITAL

Conscious packaging to close the circularity loop (Continuity and transformation)

A new product that meets current market demands has been launched with environmental aspects in mind. We now supply 300kg and 600kg bagged products to limit any waste likely to occur during bulk deliveries.

Our choice of packaging was based on its reusability and recyclability besides other considerations such as adaptability, cost effectiveness, convenience and security. Hence, we opted for a mono-material packaging, foregoing branding to ease the recycling or upcycling process.

The collection of '**used Big Bags**' is done via our Espace Maison shops through their "Geste Vert" initiative. Bins dedicated for used Big Bags have been added and two recycling channels have been identified so far:

1. Internal (re)use of the Big Bags by Gros Cailloux for green waste.

2. Upcycling at **Precious Plastic**, an NGO which transforms damaged Big Bags unfit for reuse into pellets and products such as furniture. We are currently working towards a partnership with this NGO.

Our interdisciplinary approach to integrating sustainability in business (Balancing it all)

The talent development of our employees is crucial to empower the Group transversally. Using sustainability as a strategic business approach across the Group, our Research and Development Manager, together with our Development and Sustainability Manager and the Communications and Marketing Manager of Espace Maison, have embarked on a '**Sustainability for Business**' course designed by B Market Builder Mauritius. The course focuses on practical aspects of sustainability in the business world and complements theoretical knowledge and thinking. This year's programme started in April 2022 and is expected to be completed in December 2022.

Additionally, our UBP Production Manager, worked on an MBA project entitled *"Les enjeux d'un meilleur traitement des déchets de production pour UBP"*, whose overall aim is to improve waste management for UBP's core business. The objectives are to include circularity in UBP's business model and reduce the Company's dependency on its current raw materials, prepare for future changes in legislation, reduce our environmental impacts and production costs, which in turn, should improve our bottom-line performance and resilience.

Towards a Circular Economy (Balancing it all)

The Circular Economy Entrepreneurs' Club was launched in a post Covid-19 context by Business Mauritius in October 2021 , where Circular Economy was identified as a bounce-back channel for resilience. The Club's mission is to catalyse synergies at the local and regional levels for the emergence of a Circular Economy. Its vision is to contribute up to 1.5% of the National GDP and create 6,000 jobs by 2026. Thirteen sectors have been identified as elements for a Circular Economy, ranging from Plastics and E-Waste to vehicles (used tyres, batteries, oil). The designated champion for the construction and public works sector is our Development and Sustainability Manager, Egyla Ellapen. Her role is to disseminate the recommendations of the sector, hence facilitate inclusive consultations within the industry.

Developing the landbank at Gros Cailloux (Efficiency and resilience)

Of all entities within the Group, Gros Cailloux has the most tangible relationship with Natural Capital. Its products and activities are directly linked to biophysical stocks and ecosystem services. While its agricultural activities have some negative impacts, it also contributes to the creation of new natural capitals through its nursery.

This year, the company has worked on broadening its landscaping and nursery services.The post of Commercial Manager for Espace Maison shops and for the landscaping department was created. This resulted in a sizable increase in landscaping projects initiated. We have also introduced a new programme to provide a wider variety of both indoor and outdoor flowering plants for sale at Espace Maison.

On the agriculture front, a new Agricultural Manager was hired in March 2022 to oversee the sugar cane and food crop production and sales, as well as for the development of new agricultural activities.

From Coastline to Compost at Gros Cailloux (Efficiency and resilience)

Seaweed blooms are a frequent phenomenon in many coastal areas in Mauritius. During the tourist season, it can cause limitations for the recreational use of beaches. Sealife Organics, a recently incorporated start-up led by young entrepreneurs, has teamed up with Gros Cailloux to propose the composting of seaweed removed from the shoreline as an alternative to current disposal practices.

These organic fertilisers comprising seaweeds (40%), manure, wood, eggshell and magnesium are blended at Gros Cailloux. They can be used specifically for rejuvenating lawn or turf, as a soil amendment, as potting soil or for growing vegetables or flowers.

After encouraging field test results, the fertilisers are now marketed under the ‘Sealife Organics’ brand name throughout the island including at Espace Maison shops.

HUMAN CAPITAL

People's competencies, capabilities and experience, and their motivation and capacity to innovate.

Key numbers across the Group

Total workforce in Mauritius & Rodrigues
1,521 (▲ 135 employees)

Number of accidents with injury leave
89 (▲ 17)

Accident severity rate:
0.2 (▲ 0.02)

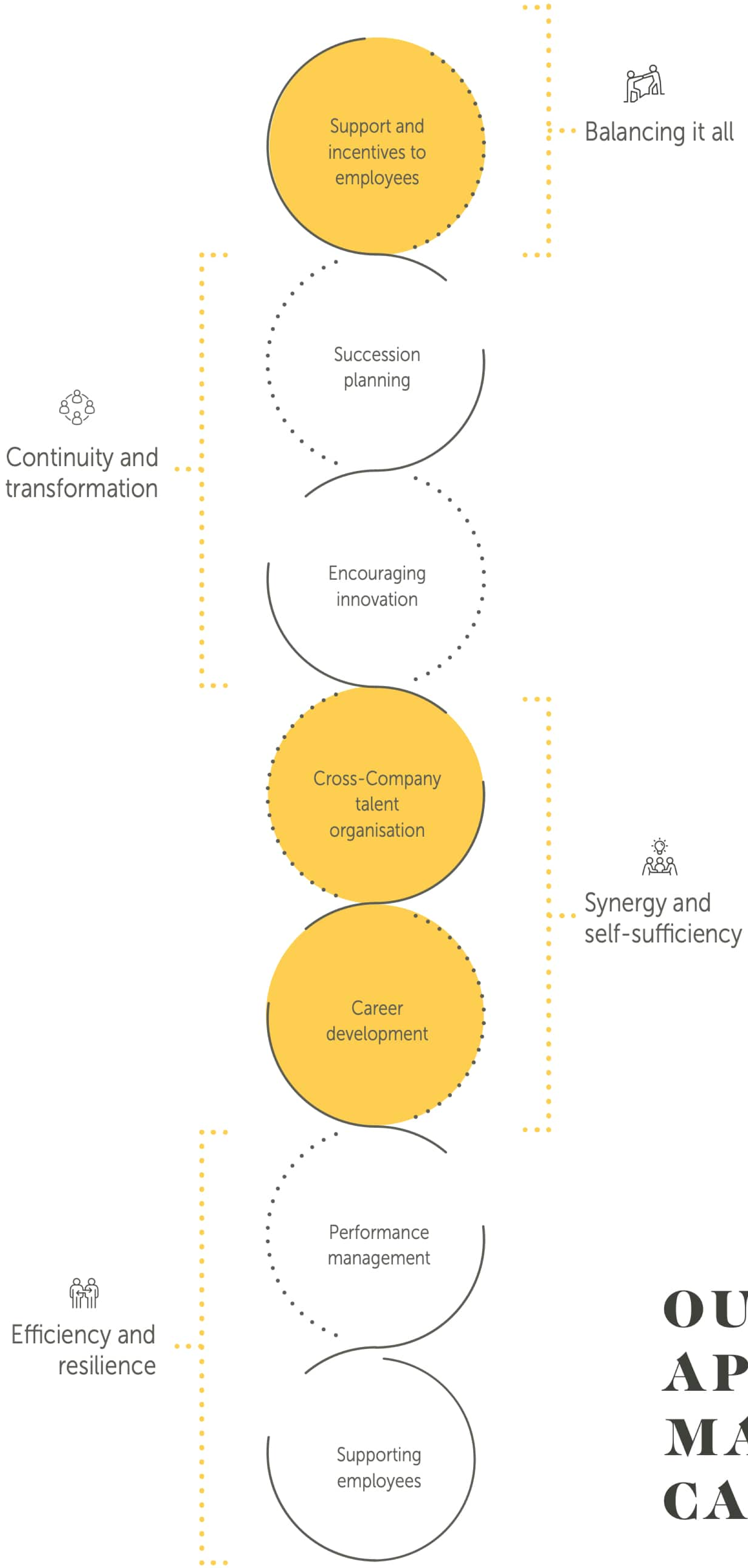
Number of employees trained
1,416 (▲ 770)

Training investment value per headcount
Rs 20,000 (▲ Rs 12,000)

Total training investment value:
Rs 6.6 million (▲ Rs 3.0 million)

Gender Distribution:
Group: 22% Female (F) : 78% Male (M) (Same % as FY2021)
UBP: 12%F : 88%M - Drymix: 6%F : 94%M
Espace Maison: 46%F : 54%M - Gros Cailloux: 44%F : 56%M
Premix: 10%F : 90%M.

Headcount by generation for all companies combined:
Baby Boomers 165 (▼ 18), Gen X 541 (▲ 42),
Gen Y 609 (▲ 51), Gen Z 206 (▲ 60)



OUR STRATEGIC APPROACH TO MANAGING THIS CAPITAL

HUMAN CAPITAL

Our performance:

Examples of key projects we have started and/or completed.

Framework enabling skills and talent sharing (Synergy and self-sufficiency)

The Group adhered to and implemented a framework enabling talents to apply their competencies outside of the classic hierarchical structure and beyond their roles to strategic or group projects. This framework aims to promote synergies and collaboration between the companies. It enhances project agility as the decentralised model allows for quicker and more relevant decision-making. The approach also encourages us to focus on the salient issues at hand, as opposed to focusing on the process and hierarchy, while providing talents with an opportunity to shine and receive recognition, hence nurturing future leaders.

Development of an Integrated People Development Framework (Continuity and transformation)

We developed an Integrated People Development Framework to increase capacity-building training for our employees. The framework is a set of practices that encompasses the end-to-end process of managing our employees and integrates strategies pertaining to the employee experience, employee engagement, training and development, business, retention as well as overall talent management - all of which support UBP Group's vision and objectives.

In parallel, the Group recognises that a systematic approach to the management of our people will be beneficial for our performance and provide a competitive advantage in the local market. It will also enable the identification of High-Professional (HiPro) and High-Potential (HiPo) talents across the Group.

The inclusive approach to recognising, valuing, developing and using the unique talents of our people will increase levels of employee engagement across the Group.

Learning and development - Succession planning (Synergy and self-sufficiency)

We formalised a succession plan which aims at identifying talents and preparing them to take leadership positions in the future. This plan will allow us to anticipate our needs to transfer knowledge effectively amongst employees, to develop and enhance their key talents and skills, and to promote their commitment to the company, thereby ensuring business continuity.

"With the current shortage of skilled labour, it is important to make sure that a formalised succession planning is in place to minimise the risk of running short of skilled workforce"

says Azmi Dilloo, our Talent Development Manager.

Group-wide Service Excellence training (Efficiency with resilience)

According to Ron Kauffman, international consultant and author of 'Uplifting Service', great service is about taking action to create value for someone else, with genuine care and concern. Kauffman has developed a world-renowned methodology to enhance service levels. Since 2021, the Group has embarked on a global service improvement journey by implementing the Kauffman methodology. This initiative is allowing us to build a common and consistent service language across the Group. It also provided us with practical tools that allow us to structure our approach to service, from how we i) unpack operational issues ii) identify areas for improvement, iii) enable departments and companies to work in synergy, and iv) to how we instill a strong service culture within the Group.

To date, we have completed the following:

- Certification of 5 Workshop Leaders across the Group.
- Training of 55 Service Champions across the Group.
- Completion rates of the programme so far:
    - UBP: 67% expected to reach 100% in November 2022.
    - Drymix: 100%.
    - Gros Cailloux: 100%.
    - Espace Maison : 100%.
- Number of sessions carried out to ensure the application of the tools learnt:
    - UBP: 4.
    - Drymix: 4.
    - Gros Cailloux: 3.
    - Espace Maison: 10.
- Implementation of the tools learnt to address service issues: 15% across the Group.

HUMAN CAPITAL

Implementation of a Human Resources Information System (HRIS) (Efficiency and resilience)

We are currently working on a centralised system that will allow for the effective management of all employees across their lifetime within the Group, from recruitment to performance management, learning & development, and more. Implementation is expected for the next financial year.

What is HRIS?

Implementation of Human Resources Business Intelligence (Continuity and transformation)

This tool will allow the Group to analyse how HR policies may influence and impact the overall business outcome, thereby enabling data-driven decision-making. It also enables HR to predict how the workforce will look in the future and managers to measure and assess the financial impact of their HR practices.

New Head of Health, Safety and Environment (HSE) (Synergy with self-sufficiency)

In November 2021, we hired a new Group HSE Manager, whose primary task is to enhance, structure and formalise the health and safety practices across the Group. The goal of this department is to build a positive health and safety culture in the workplace. To this end, two officers have been recruited and are expected to join and reinforce the team in the coming months.

Drymix: Senior HR Officer and shift system (Synergy with self-sufficiency)

The HR function has been formalised with the appointment of a permanent Senior HR Officer. His primary focus is to structure the different departments and manage the recruitment requirements to ensure effective resourcing at all levels. This appointment has enhanced HR processes internally and positively impacted employee satisfaction.

To further enhance the efficiency of our operations, a new shift system is currently under trial for a period of three months. If successfully adopted by employees, the new system will be discussed with the trade union prior to its implementation.

Gros Cailloux: Reorganisation (Efficiency with resilience)

The reorganisation and realignment of its human capital with its vision and strategy were a key priority for Gros Cailloux this year. Some of the major improvements made to enhance the efficiency of the company's operations include:

- The restructuring of the leisure activities team by building polyvalent guides which improved the speed and efficiency of our customer service.
- The closure of Tekoma restaurant on Mondays to avoid unnecessary overtime.
- The transfer of payroll services to UBP's HR department for centralised processing. This also provided us with access to the detailed payroll reports generated by the said department, with increased visibility on labour costs.
- The implementation of an employee suggestion survey, to help increase employee engagement and communication, with a positive impact on employee efficiency and productivity.
- Introduction of a digitalised attendance system, with real-time information on attendance, thereby ensuring the timely availability of accurate information for payroll processing.

Getting closer to our customers ... opening the channels! (Efficiency with resilience)

Product and Brand Communication: Strengthening the relationship

As Drymix embarked on a journey to revamp its brand, it faced the challenge of increasing the appeal and building consumer confidence in the quality of its products, which comply with international standards for the industry. To achieve this, we reviewed our communication channels and increased our presence through our resellers, hardware stores and masonry customers to ensure we become the preferred choice for construction professionals (contractors, site managers, architects, etc.).

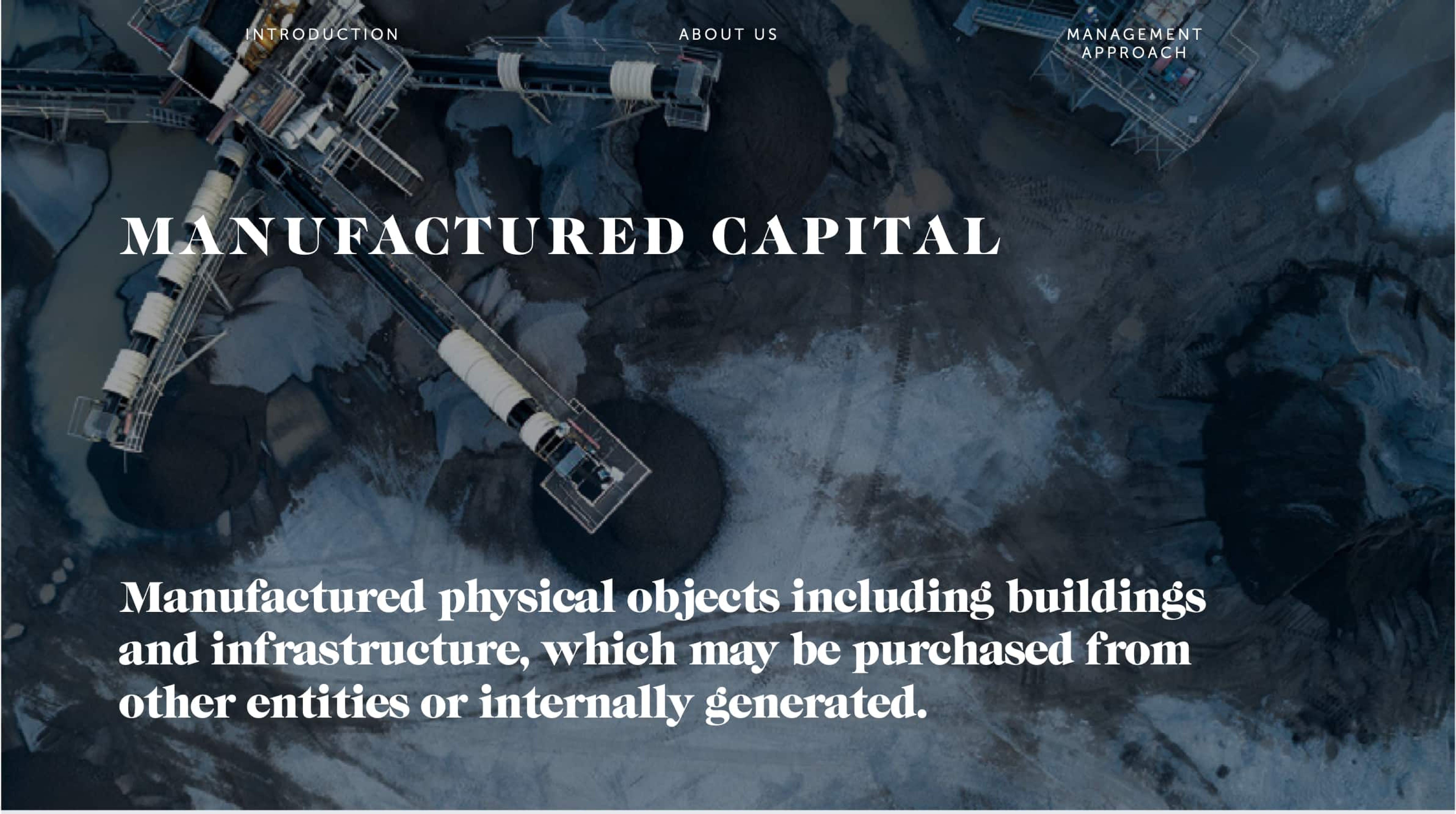
Customer Care Centre: Centralised customer support

Since March 2022, UBP's Customer Care Centre has endeavoured to respond promptly to customers' queries at no additional charge. The assistance provided by our Customer Care Centre includes:

- Responding to queries about products and services for UBP, Premix and Drymix.
- Providing quotations.
- Providing assistance via dedicated technical sales representatives.
- Following up on the customers' order and delivery.
- Handling of complaints.

"The introduction of our hotline allows us to establish a personalised relationship with customers across UBP, Premix and Drymix. This ensures that our services fully meet their expectations. We will soon be conducting a major satisfaction survey to gain insights into our performance and what can be improved. Additionally, having a common centre to service UBP, Premix and Drymix has brought our teams closer together"

says Pervenche Quenette, Sales Manager at UBP.



MANUFACTURED CAPITAL

Manufactured physical objects including buildings and infrastructure, which may be purchased from other entities or internally generated.

Key numbers across the Group

Boulders crushed (tonnes)
▲ 0.1%

Cement consumed (tonnes)
> 95,000 (▲ 53.5%)

Aggregates sold
▼ 1.0%

Blocks sold
▲ 8.6%

Smart blocks sold
▲ 119.0%

Precast slabs (m²)
▼ 53.9%

Beams (m²)
▲ 10.6%

Fertilisers (tonnes)
▼ 7.6%

Chemicals (Rs million)
▲ 1.0%

Herbicides (tonnes)
▼ 38.6%

Pesticides (tonnes)
▼ 34.7%

Vegetables produced (tonnes)
1,500 (▼ 6.3%)

Compost (tonnes)
19 (▼ 62.7%)

Plants sold (units)
271,000 (▼ 8.1%)

Landscapes created (Rs million)
▲ 2.0%

Space rental (Rs million)
▼ 2.8%

Land under cultivation (ha):

Food crops 79 (▼ 14.1%)
Sugarcane 80 (▲ 25.0%)
Nursery 12 (▲ 50.0%)

Investments and Acquisitions:

Property, plant and equipment Capex investment:
UBP (excl. Overseas) - Rs 279.4 million
Premix - Rs 27.4 million
Drymix - Rs 21.5 million
Espace Maison: Rs 22.6 million
Gros Cailloux: Rs 14.0 million

Balancing it all

Onboarding new talents in key roles

Continuity and transformation

Capitalise on existing assets

Innovative products and technology

Synergy and self-sufficiency

Mutualising shareable assets

Enduring individual company production capacity

Efficiency and resilience

Streamlining of processes and teams

Ensurring stocks and suppliers

OUR STRATEGIC APPROACH TO MANAGING THIS CAPITAL

MANUFACTURED CAPITAL

Our performance:

Examples of key projects we have started and/or completed.

Sharing of assets to ensure continuous production (Synergy and self-sufficiency)

Production sustained despite difficulties:

All our manufacturing companies were able to maintain production without any interruption this year, despite local and global issues, namely a new national lockdown, residual effects of the pandemic and impacts of the Russian-Ukrainian war on supply chains and costs.

Engineering projects and services:

The Engineering Design and Project department continues to upgrade our factories with the latest technical solutions. Under the aegis of this department and with the collaboration of our internal supply chain section and mechanical / electrical workshops, capital expenses related to engineering works are managed efficiently.

Streamlining processes (Efficiency and resilience)

UBP: Continuous standardisation of procedures across our production sites:

We are working towards the definition and implementation of more standardised procedures and practices for UBP's production sites. This initiative will enable clearer and more realistic projections of production costs, which will in turn improve cost allocation and facilitate adaptation to changes. This exercise will:

- Improve procedures, increase employees' understanding and relay employers' expectation;
- Ease handing-over of tasks and training of newcomers;
- Favour improvement of good practices .

Expanded service and product range through the acquisition of Premix. (Synergy and self-sufficiency)

One of the major events of this financial year is the acquisition of Premix which has allowed us to expand our product offering within our own industry.

The Premix product range:

The Classics:	Our standard range of ready-mixed concrete.
The Esthetics:	This creative range combines beauty and performance and offers a wide range of decorative concretes with different patterns and textures (waxed, polished, rock, relief, etc.) and colours with the possibility of customising the colour of the product. The concrete range is for both indoor and outdoor use.
The Pro Series:	Our speciality and technical concretes, such as the "High Strength", the "Rapid Strength" and the self-compacting concrete.

"Premix is a positive addition to UBP's current offering. Our customers now have everything they need in terms of building materials within the same Group. Our products are also technologically advanced, easy to use and durable. Innovation is in our DNA and we will continue to invest in offering the best to our customers"

concludes Vikram Gunnoo, General Manager of Premix.

Drymix is at the cutting edge of innovation (Efficiency and resilience)

KAROFIX (KAROFIX C1E)

KAROFIX is a cementitious tile adhesive to be mixed with water only. It is suitable for the application of ceramic or porcelain tiles, on interior and exterior walls and floors. KAROFIX is a grey powder composed of cement and fine aggregates and specific additives.

KAROPRO (KAROPRO C2E)

KAROPRO is an improved cement-based tile adhesive to be used with water only. It is used on interior and exterior walls and floors, on ceramic, porcelain, glass or porcelain stoneware. KAROPRO is a grey powder composed of cement and fine aggregates. KAROPRO C2E and KAROFIX C1E were certified 'MAURICERT' by the Mauritius Standards Bureau and tested in our accredited ISO/IEC 17025 laboratory.

DRYMIX JOINT PRO (JOINT PRO GRIS and JOINT PRO GRIS CLAIR)

DRYMIX JOINT PRO is a fine basalt sand and cement-based product suitable for filling wall and floor joints of 2mm – 10mm width. The product is highly resistant to water ingress and abrasion.

The time was also right to create a new visual identity that better reflects our progress and our ambition for the future. Significant investments were injected into Marketing and Communications initiatives, to strengthen our communication channels, boost visibility and accessibility to our products and services. (See Intellectual Capital on page 76)

Mascots Morix and Mamou

MauriGAP certification (Synergy and self-sufficiency)

Gros Cailloux is gradually transitioning its production methods to more regenerative practices for healthier environmental and social impacts. The company has initiated the process to comply with the MauriGAP (Good Agricultural Practices) Certification Standard. MauriGAP is an initiative of the Ministry of Agro-Industry and Food Safety, in collaboration with FAREI, that attests the quality of fruits and vegetables production. The certification offers access to new and more remunerative markets, demonstrates respect for the environment, natural resources and worker safety, and provides assurance to customers about the safe consumption of our products. The vegetables which have been selected for certification are potatoes, onions, onion seeds, pumpkins and carrots. The certification audit is planned for end 2022.

MauriGAP certification is a steppingstone to our targeted GLOBALGAP certification (an international standard for agricultural production). This is a basic quality assurance programme that sets out certain requirements for food safety while ensuring sustainable production practices. It provides for traceability of production practices, offers cost-effective solutions, promotes market access and helps producers achieve progressive recognition. The standard applies to field and protected cultivation as well as hydroponics, horticulture and flowers.

INTELLECTUAL CAPITAL

Organisational, knowledge-based intangibles including intellectual property, trademarks and organisational capital like tacit knowledge, systems and protocols.

Key numbers across the Group

Group IT team
7 team members

Number of Office 365 users
540 Employees

Number of data transactions per month
+25,000

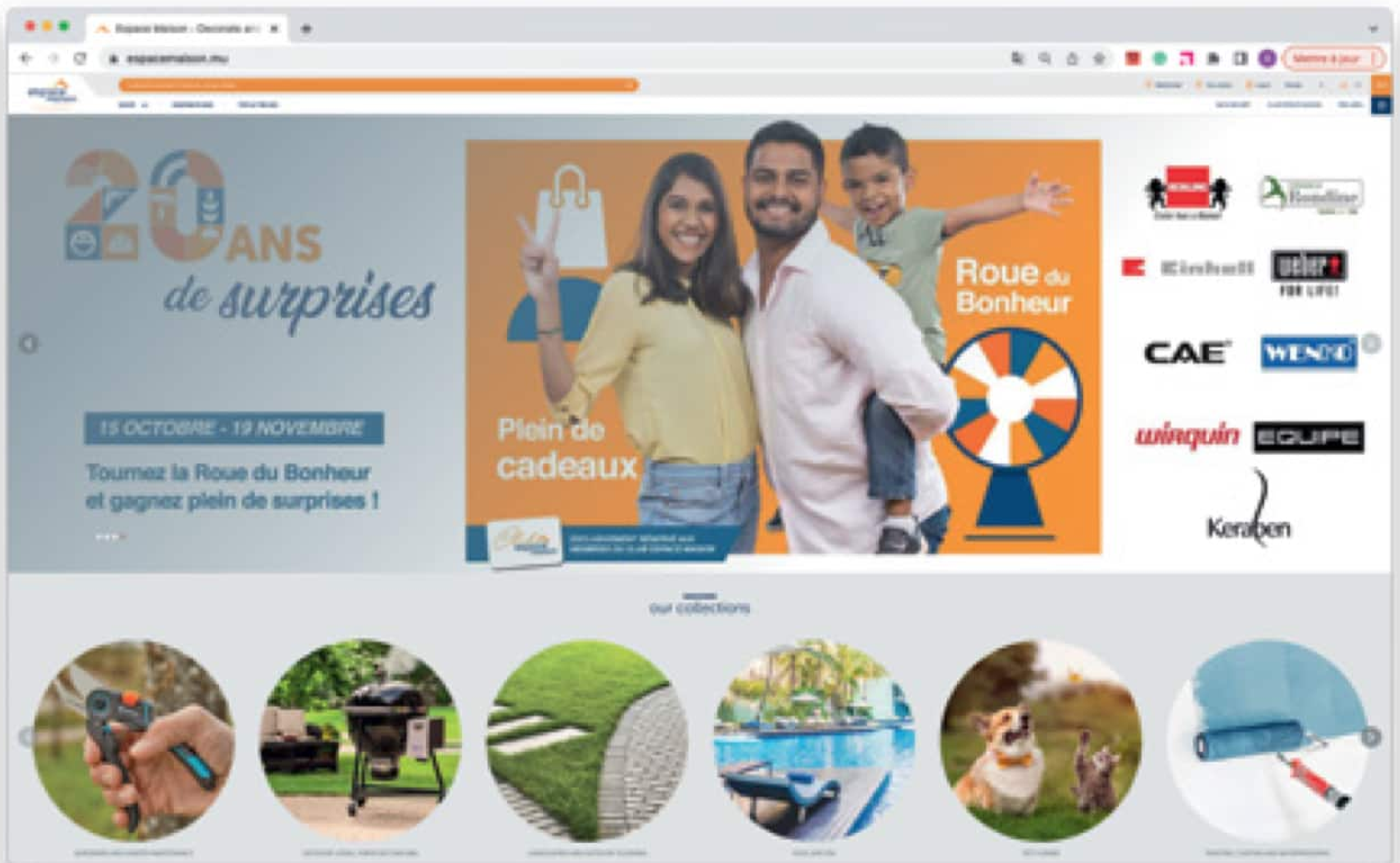
Number of website visitors
UBP: 96,468
Drymix: 6,892
Espace Maison: 225,000

Research and Development
1 (Unchanged)

Facebook page 'likes' during FY2022
UBP: 28,000
Drymix: 6,800
Gros Cailloux: 30,900
Espace Maison 114,700

Academic partner
The University of Mauritius

Number of new SOPs
Multiple across companies and departments



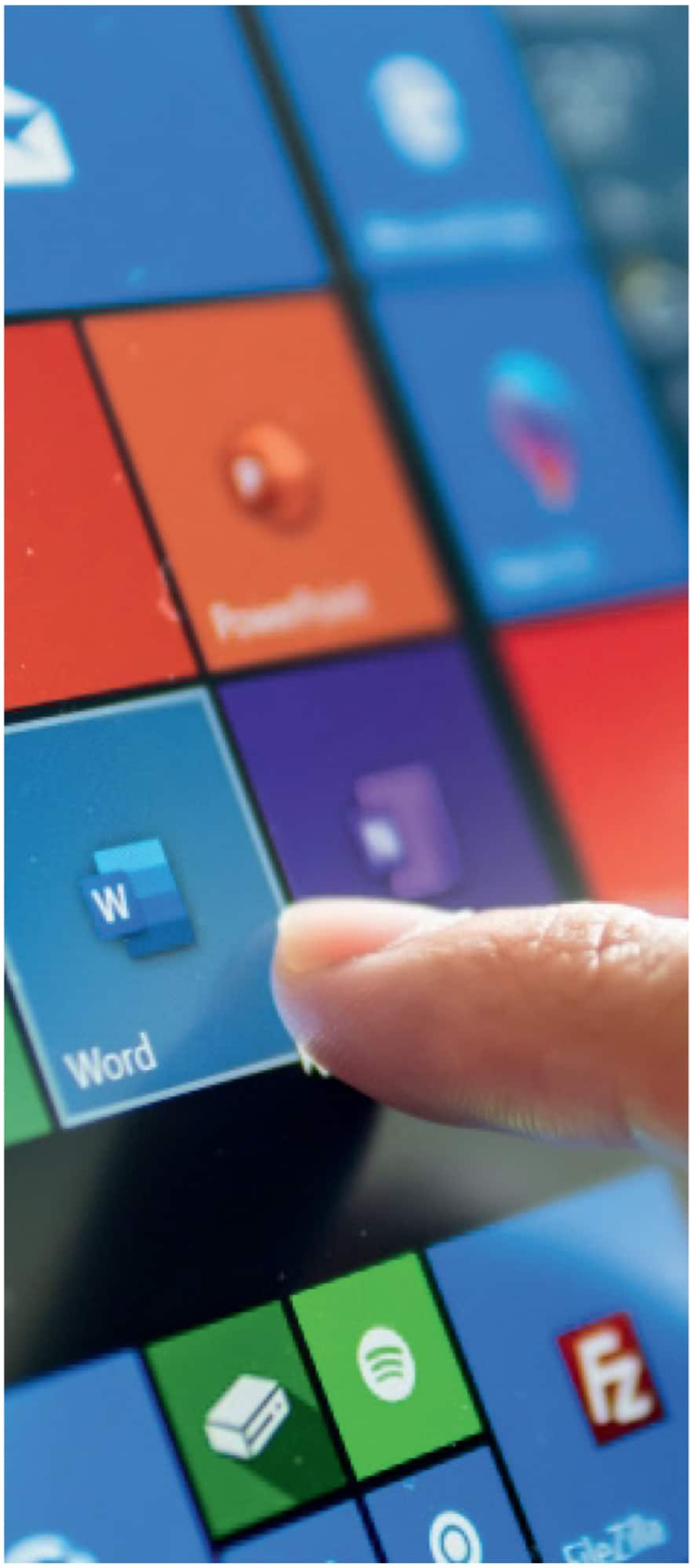
OUR STRATEGIC APPROACH TO MANAGING THIS CAPITAL

Balancing it all
- Building decision-making capacity

Continuity and transformation
- Ensuring continuity with remote workers
- Exploring radical innovation

Synergy and self-sufficiency
- Synchronising IT systems
- Protecting company unique knowhow

Efficiency and resilience
- Digitalisation of processes
- Data driven decision-making



INTELLECTUAL CAPITAL

Our performance:

Examples of key projects we have started and/or completed.

The Group's digital transformation (Efficiency and resilience)

For the past two years, we have increasingly been using the cloud and subscribing to software-as-a-service to access business applications. As a result, it became necessary to migrate from our traditional network based on conventional routers to a better system that can send traffic directly over the internet to our cloud-based applications while maintaining compliance with security mandates.

This was achieved by switching to SD-WAN Technology. Doing so has allowed the Group to benefit from higher bandwidth capacity, centralised management, network visibility and an overall gain in efficiency in terms of business processes whilst achieving significant cost savings.

Bolster innovation (Continuity and transformation)

Following the recruitment of an R&D Manager last year, our main objective for this year is to accelerate our product development process. Given the fast-paced evolution of construction products and materials, it is important for us to stay abreast of innovations, identify new trends and convert them into opportunities.

Premix: Post acquisition integration team to manage the transition from LafargeHolcim to UBP (Continuity and transformation)

Upon the acquisition of Premix in October 2021, UBP took on the challenge of leading and managing the transition from LafargeHolcim (LH) to UBP Group. The transition involved a change in management and operating structure, a re-alignment of strategy for Premix and a build-up of know-how and expertise for the Group.

- So far, Premix's management and administration were handled by LH's international teams, while the operations were managed by the local Premix teams. The transition involved a complete transfer of the management responsibilities to Premix. The team leading the transition did an outstanding job in facilitating this process and successfully shifted the management structure and systems to those of UBP Group within only two months.
- System changeover and the migration to a new system at Premix proved to be challenging in many ways. We had no inventory of the existing local infrastructure and time was a major constraint on the project. Nonetheless, all systems, including the ERP, accounting, payroll and production systems, were successfully migrated to new systems on time and with no disruption to the business. A holistic programme was set up to train employees in the use of the new technologies to minimise associated risks, thereby guaranteeing uninterrupted product supply for our customers.
- With the integration of Premix, the Group has captured unique talents and know-how in the field of concrete manufacturing. In addition to the industrial equipment and assets purchased, Premix's laboratory specialises in the formulation of ready-mixed concrete that meets specific requirements adapted to tropical environments. This attribute has allowed us to create a unique database of recipes and mixes.

Overall, while the Group promotes synergies within its companies, it also taps into each company's specificities. This ensures self-sufficiency and creates a distinctive value and culture for each company. Consequently, although the use of LH brands had to be discontinued no later than six months after the acquisition, it has proved to be an opportunity to rationalise the product line and further develop and strengthen Premix's portfolio of local brands. By categorising our offer, we can provide greater visibility and cover the needs of different market segments.

Drymix: The path to excellence through certification (Synergy and self-sufficiency)

Our laboratory, the first in Mauritius and in the region to have been **ISO/IEC 17025** certified, is accredited for tile adhesive testing since 2021; our range of tile adhesives has been certified **MAURICERT** by the Mauritius Standards Bureau, attesting to its compliance with the MS EN 12004-1:2017 standard.

Additionally, our factory was **ISO 9001:2015** certified in 2021.

Drymix: The most up-to-date tools and interface (Continuity and transformation)

We have also upgraded our MS Dynamics software to make our system more efficient and secure. Our purchase approval system, as well as our invoicing system, have been automated to streamline processes.

Drymix: Brand renewal and revitalisation (Continuity and transformation)

DRYMIX
L'EXPERT DES MORTIERS

Backed by our 25 years of experience in Mauritius and having successfully obtained the certifications for our products and facilities under Mauritian and European norms, we decided to renew and revitalise the brand with a dual approach of (1) rationalising the product range based on new segmentation and (2) refreshing our logo and visuals. Our tagline changed from "Le spécialiste des mortiers" to "L'expert des mortiers", and the brand's logo and visuals were also refreshed to reflect the change.

Espace Maison: Completing our product database for the online shop (Efficiency and resilience)

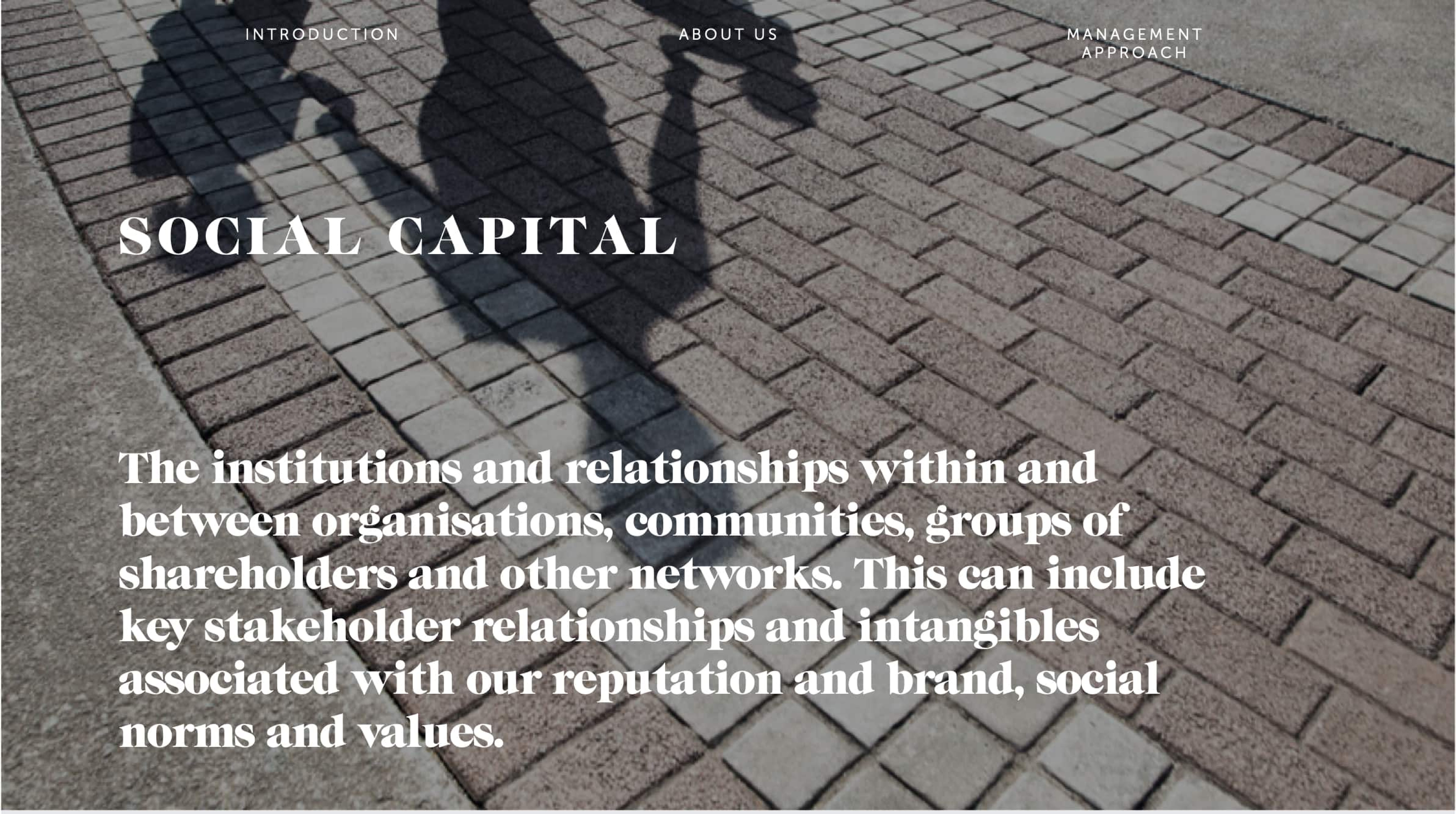
This year's objective was to complete the digitalisation of the product database for the e-commerce platform. The completion rate is currently at 97%. The task was both lengthy and complex as it involved creating a digital repository for over 20,000 products, with descriptions, detailed specifications and photos. The digitalisation exercise further allowed Espace Maison to review and optimise the procurement and warehouse management processes.

To ensure error-free deliveries, we recognised the need to improve the follow-up of deliveries and provide proof of delivery as quickly as possible to improve the service quality. Thus, digital delivery notes were introduced. Moreover, through our Club Espace Pro (CEP) Mobile App and E-Ticketing System, orders can be tracked and electronic invoices can be sent.

Gros Cailloux: Goal tree system and new SOPs (Efficiency and resilience)

A new methodology was implemented for defining and assigning KPIs for Heads of Departments, using the Goal Tree approach.

This methodology allowed managers to explicitly define their goals, analyse the current situation against the necessary conditions, communicate what needs to be done and in what sequence. By doing so, an action plan was developed, leading to the implementation of new SOPs. Consequently, employees are able to better understand the goals to be achieved and how to get there.



SOCIAL CAPITAL

The institutions and relationships within and between organisations, communities, groups of shareholders and other networks. This can include key stakeholder relationships and intangibles associated with our reputation and brand, social norms and values.

Key numbers across the Group

CSR spent on existing projects (0.25%)

Rs 1.5 million (▲ 74.2%)

CSR spent on new projects (0.25%)

Rs 1.5 million (▲ 74.2%)

CSR per theme:

Education 43.7%
Socio-economic development 46.4%
Environment & sustainable development 4.5%
Vulnerable families 5.4%

Extra sponsorship

Rs 2.4 million

Extra sponsorship per focus area:

Education 1.8% - Sports 20.0%
Poverty 21.5% - Culture 33.6%
Sustainable development 10.5%
Coup de Coeur 12.6%

Extra sponsorships in kind:

Food packs for families living in Roche Bois.
Construction materials for a sanitary project for families at Carré d'As and its surroundings.

Number of associations supported

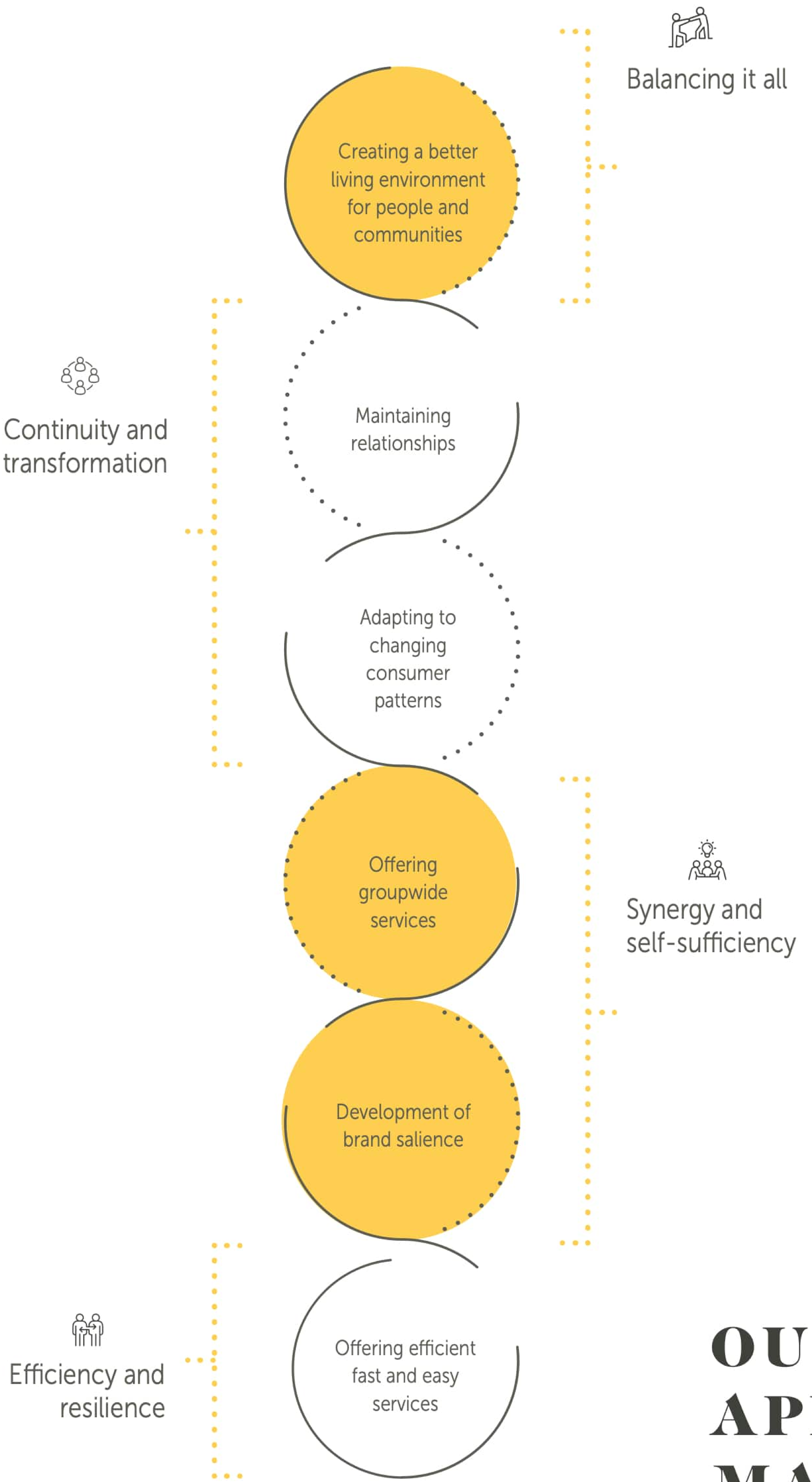
45

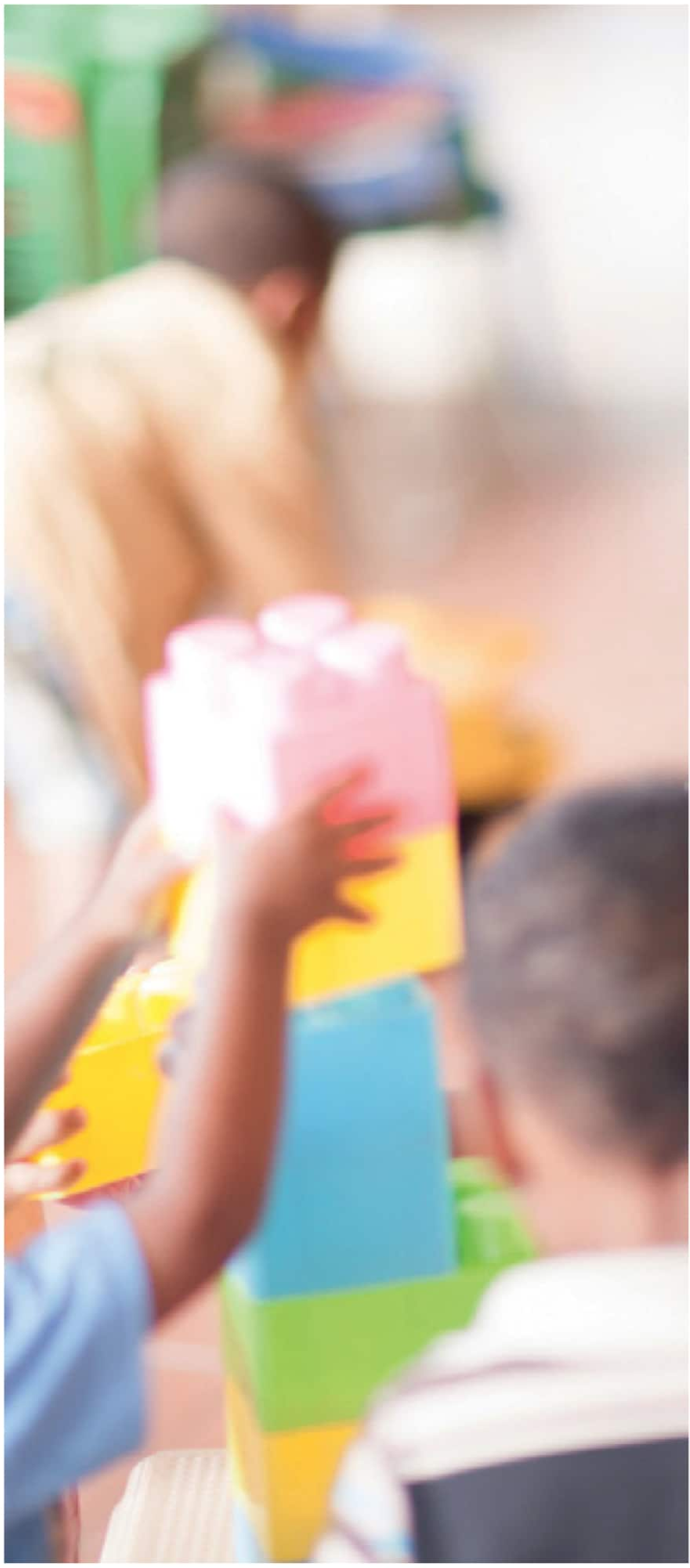
Additional members in Club Espace Maison (CEM)

+21,827

Espace Maison local procurement

38.0% for goods and 100.0% for plants





OUR STRATEGIC APPROACH TO MANAGING THIS CAPITAL

SOCIAL CAPITAL

Our performance:

Examples of key projects we have started and/or completed.

UBP: An actor of social change (Continuity and transformation)

We continue to create the synergies necessary to strengthen our social fabric and build bridges towards a shared and fulfilling future for all. This includes transformation to support, not only our employees but also, our surrounding environment through change and difficult times.

One of UBP's core values is commitment, which also encompasses our efforts to strengthen our social fabric and build bridges towards a shared and fulfilling future for all. To this end, we have been working in close collaboration with several NGOs for many decades, aiming to build a better living environment, together. Our employees are also strongly encouraged to participate in our environmental and social projects.

CSR projects:

Focus on education

Les Amis de Zippy

We were pleased to partner with the NGO Action for Integral Human Development (AIHD) to sustain the implementation of their ongoing programme 'Les Amis de Zippy,' an international school programme which promotes the emotional and social wellbeing and resilience of children aged 5-7 years in public schools. The programme involves interventions at multiple levels and includes:

- Active training sessions for Grade 2 students in Mauritius and Rodrigues.
- A national sensitisation campaign for Grade 1 students.
- Support sessions for parents through the programme 'Zippy à la Maison', which provides parents with tools for positive parenting through short videos.
- Wellness sessions for the school staff, carried out through videoconferencing in December 2021.

"The students and I really enjoy these adventures, which teach us important life lessons. For instance, we encountered different situations where various emotions are felt and addressed. As an adult, I must admit, we also have difficulties in expressing ourselves. Hence, I am happy to see that children who previously had difficulties communicating verbally, are now able to express their feelings. We will all grow from this experience"

says a Special Education Needs (SEN) 2022 Facilitator.

This holistic approach is key to aligning and improving the relationship between children, parents and teachers.

The implementation of the 2021-2022 edition was delayed due to sanitary restrictions. However, all necessary measures were taken for the programme to keep running in the best possible conditions. For instance, the teachers were trained virtually to assist the students, and all training materials were handed out on USB drives to circumvent potential connectivity issues.

Through the programme 'Les Amis de Zippy SEN', an abridged version of the training was delivered in eight RCA SEN schools. 'Les Amis de Zippy SEN' has two modules:

Module 1 aims at improving children's ability to identify and cope with four basic emotions: sadness, joy, jealousy and anger.

Module 2, due for completion in 2023, helps them improve their communication skills.

Literacy programme

We funded the Literacy programme, run by the Joseph Lagesse Foundation, which aims to address and alleviate poverty at source through access to basic education. This educational programme, open to both children and adults, empowers the beneficiaries by improving their reading, writing and arithmetic skills. Our objective and hope through this programme are to contribute to building the skills required for a more robust Mauritian workforce and increase access to employment opportunities for vulnerable communities.

No child should grow up alone

The SOS Children Villages is a support programme which provides an alternative to family care to children without adequate parental care or who are at risk of losing parental care. The programme ensures the children are provided with a home, meals, access to education and counselling. We have been actively supporting two children who are part of the programme. Aside from financial help, we are highly engaged in the development and wellbeing of these children and regular follow up on their progress, qualities and activities. Our objective in the long-term is to ensure they are empowered and equipped with the necessary life skills to be successful and autonomous adults.

Focus on economic and social development

Movement Forces Vives Quartier EDC Rose Belle

For an action to be meaningful and impactful, it is often important to address the needs of the whole community. Hence, through our socio-economic programme in the region, we not only provide meals and stationeries so that the underprivileged children can go to school, but we also make financial contributions to the remuneration of teachers who provide them with after-school support. With our financial help, the teachers can provide extra courses and snacks to children, ensuring they receive the best possible support for their educational growth.

Empowerment programme

The Joseph Lagesse Foundation is implementing various projects to empower communities in distress through capacity-building. This will help us achieve our objective to create a more inclusive society in which each individual is given equal opportunities, irrespective of his/her age, disabilities, professional status, religious convictions or social status, amongst others.

Focus on environment and sustainable development

Mauritian Wildlife Foundation

Sustainable development goes hand in hand with a flourishing environment. As a responsible company, we always consider the economic, social and environmental impacts of our activities. We directed our support to the conservation of our local fauna/flora and biodiversity. We funded the Mauritian Wildlife Foundation for the restoration of our natural ecosystem to protect endemic species. With their expertise, we sensitised our personnel on the impact of pollution on the islets around Mauritius, including Ile aux Aigrettes, where traces of the Wakashio oil spill incident are still apparent.

Focus on exclusion

Association Solidarité Mamans

The financial help we provided ensures that the young employed mothers who reside at the association have their basic needs and expenses met. This initiative fosters the inclusive development of these mothers and protects their basic rights as per Article 25 of the Human Declaration of Rights.

Sponsoring projects:

With the advent of COVID-19, demand for assistance and support has increased. To effectively sift through and manage all the demands, we chose to divide this year's sponsorship budget in two: social aid actions and marketing initiatives. With the pandemic slowly phasing out in Mauritius, we were able to integrate additional projects, in view of re-affirming and strengthening our positioning. Hereunder is a recap of the different initiatives we sponsored and supported this year.

SOCIAL CAPITAL

Focus on sports

Sports is the embodiment of the values that we have at heart at UBP, namely integrity, teamwork and perseverance. Our support went to initiatives that not only provided Mauritians with a fun and challenging way to exercise, but also promoted the discovery of the natural beauty of our island. In line with this objective, we sponsored the Dodo Trail, the 'IBL on the Move' event, as well as the Mauritius 100km Cycle Tour.

We also renewed our support to local clubs, wherein we sponsored the participation of the Beach Raptors Football Club in the New Generation Football League. Likewise, sponsor trophies were awarded to the Golden Stars Football Club of Curepipe, on the occasion of their 25th anniversary.

To ensure the promotion of inclusive sports and practice, we also extended our support to Mr Rosario Marianne to enable him to participate in a handisport competition for individuals.

From the Rodrigues Trail to international competition:

It is always a proud moment to see how our support allows new talents to emerge and shine locally and internationally. Through our entity, Welcome Industries Ltd in Rodrigues, we provided air tickets to the top two Rodriguan Trail athletes and supported their participation in Mauritian Trail competitions. Their outstanding performance in the local Trails allowed them to qualify for a major Trail competition at international level. We are looking forward to maintaining our support to these two remarkable athletes and sponsoring their international experience at the Trail World Championship in Thailand in November 2022.

We are also pleased to share that two Rodriguans, namely Liraud Flore and Anne Marie John, have made the cut to form part of the five athletes selected for the National Team. It is to be highlighted as well that both trailers came 1st in the recent UBP/ Welcome Trail Championship 2022.

Focus on poverty

Access to food and shelter are two basic human needs which we chose to support this year. We made donations to vulnerable communities by providing:

- Food: Food packs for families living in Roche Bois.
- Shelter: Construction materials for a sanitary project for families at Carré d'As and its surroundings.

Focus on culture

Our heritage and culture are legacies that are meant to be lived and experienced. It is one of the strong beliefs we live by. Our aim is to give the opportunity to a maximum number of Mauritians to discover, experience and appreciate local arts, culture and talents in all forms and expressions. To that end, we sponsored several cultural initiatives including the 'Festival du livre ' in Trou d'Eau Douce, Hommage Mozart, a tribute to Jagjit Singh, the 'Prix de Poésie Edouard Maunick', the 'Collection Maurice' (28th edition) and an advertisement for Arulmigou Mariammen Tirukkovil and Mama Jazz.

Mama Jazz

Every year since 2016, Mama Jazz reaches an average audience of 600,000 people across 70 countries. We are proud to have sponsored the 7th edition of this month-long jazz festival, which was held in April 2022.

Mama Jazz is a one-of-a-kind platform that allows 56 local artists to create, co-create and showcase their unique creations and compositions. On top of being a melting pot of musical performances, Mama Jazz also facilitates discussion forums through its 'Public interest conversations' sessions, which are streamed live on social media, as was the case for their Art Music series. The festival is usually held at different venues and times to increase reach and maximise attendance opportunities for the public. Sponsoring this event allowed us to support the whole cultural ecosystem, from event organisers to logistics teams working, from artists and creators who perform to the audience that experiences it.

MA
MA
JAZ

Photography Museum

With an exceptional collection of cameras and images that constitute the iconographic heritage of the country, the Photography Museum is today a Mauritian institution known to all. It is difficult to dissociate it from its founder, Tristan Bréville, who devoted his entire life to it. We were saddened to learn of his recent demise. He left us shortly after completing critical conservation work in the museum, which we had the privilege to sponsor. Our Group had been in correspondence with him to support this meaningful project that aims to preserve the country's historical memory.

Les DunienZil

Their island tour, meeting, experiencing and sharing the diversity of our culture, has made them famous. The DunienZil are a family of influencers embarking on the project of setting up a new ecological farm. Beyond the evident environmental impact, the project has a strong social component which we wanted to support, one which will encourage people to embrace a new way of living, in harmony with nature.

SOCIAL CAPITAL

Premix: A new strategy to fuel brand awareness (Synergy and self-sufficiency)

After 10 years without communication on the brand, the challenge was to reposition and give visibility to the Premix's products on the market. We adopted a stepwise approach in defining the Brand Strategy:

Step 1: Understanding the current status

We conducted a brand audit to assess the current status of the brand in terms of awareness and market perception. The audit revealed that the ready-mixed concrete supplied by Premix is well-known amongst professionals in the construction industry and is in fact the preferred option. However, our brand was not well-known amongst individual customers. The audit also showed that individuals are not aware of and do not understand the value added characteristics of our products.

Step 2: Evaluating positioning options and defining the new brand strategy

This step involved re-thinking the positioning of the brand, defining the values we wanted to convey through the brand, and determining how its aesthetics (colours and visuals) would reflect those values.

Step 3: Developing new brand materials and communication tools

This work is currently underway.

Step 4: Launch the new brand campaign

The communication campaign for the revamped brand is planned for the first quarter of 2023.

Drymix: A brand new identity (Efficiency and resilience)

The time was ripe to create a new visual identity that reflects our evolution and our ambition for the future. Our new slogan "L'expert des mortiers" demonstrates our commitment to professionalism and is a testimony of the quality of our products, processes and laboratory, as evidenced by our various accreditations. Our new logo was created from the symbols that represent our mission: the predominant X is made up of a quality tick, and the downward triangle represents the shape of a rooftop, which is often a lifetime investment for any person.

While our brand image reflects our professionalism, we are also a dynamic and approachable team. We wanted our identity to be displayed through our communication on social media, via two characters, Morix and Mamou, who are meant to guide our customers and answer their questions.

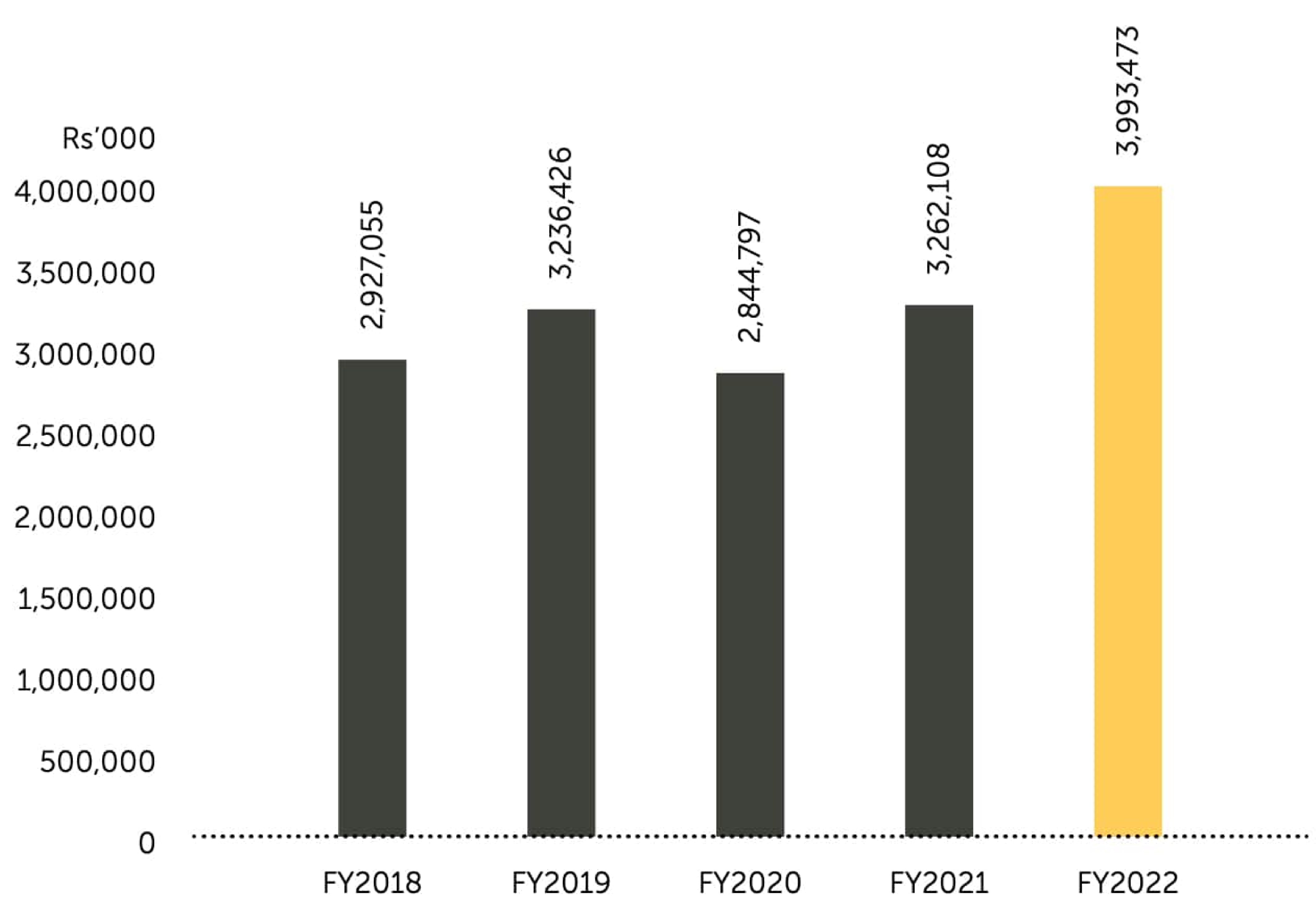
FINANCIAL CAPITAL

Financial Performance Review

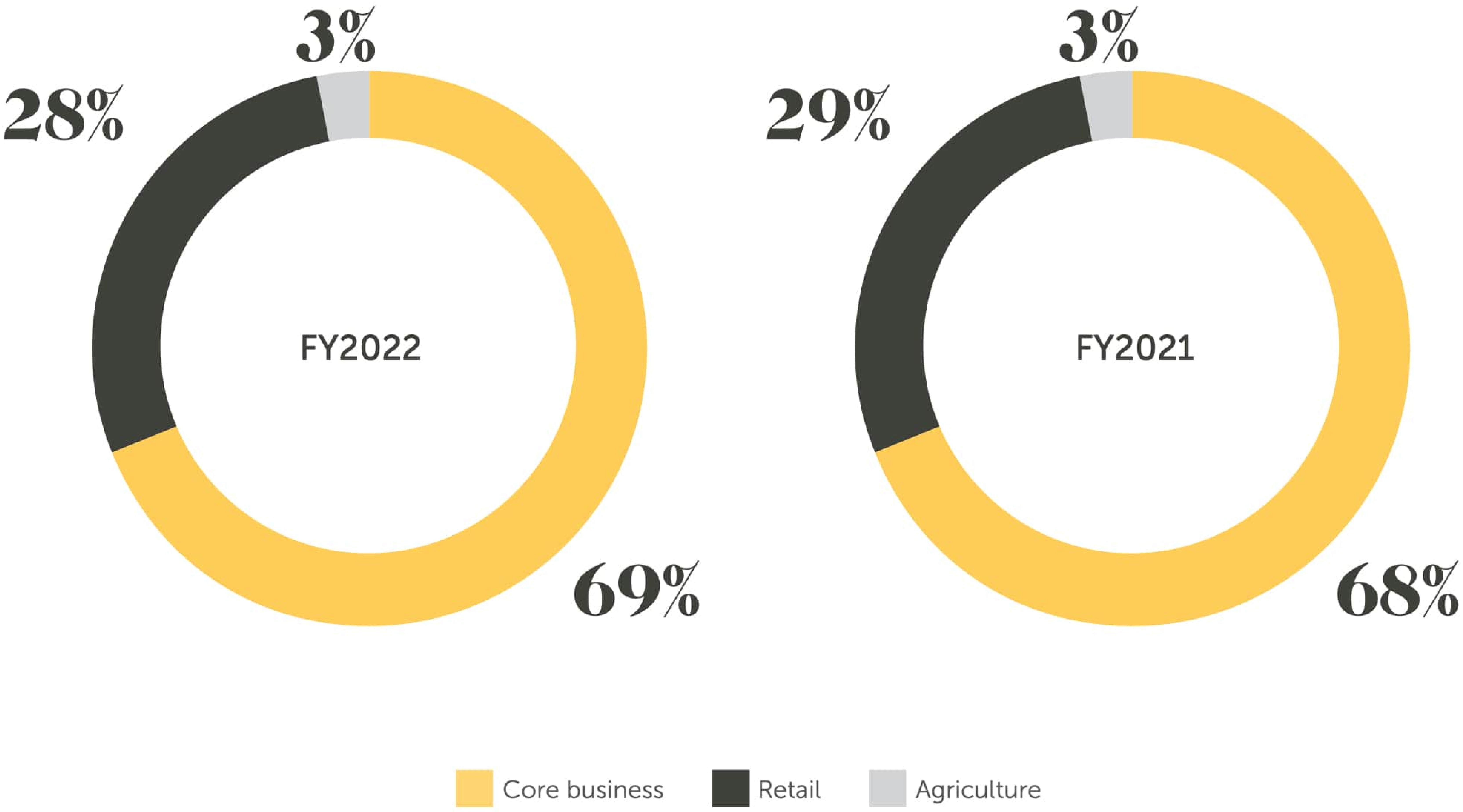
The local construction industry's growth rate for calendar year 2021 was 22.7%, compared to a degrowth of 28.0% in 2020 due to the Covid-19 outbreak, while the forecasted growth rate for 2022 is estimated at 1.1%. This marginal growth forecast is in line with global trends due to the impact of the Ukraine war on commodity and energy prices and an aggravation of supply chain issues causing higher inflationary pressure. With high inflation and slow growth, a stagflation situation is likely to occur for several years ahead. These negative economic indicators are somehow outweighed by the Public Sector Investment Programme (PSIP) announced in the last national budget, which comprises major infrastructure and social housing projects spanning over the next three financial years, assuming the timely realisation of such projects.

Our **Group revenue** for FY2022 increased by 22.4% (+Rs 731.4 million) to nearly Rs 4.0 billion (FY2021 - Rs 3.3 billion). Pre-Mixed Concrete Limited, which was consolidated as a subsidiary as from November 2021, contributed Rs 416.0 million to the revenue increase for the year under review while our retail activities segment contributed Rs 205.6 million to that increase.

REVENUE



SEGMENTAL REVENUE



FINANCIAL CAPITAL

Statement of Profit or Loss

	Year ended June 30, 2022 Rs' 000	Year ended June 30, 2021 Rs' 000
<u>**Continuing operations:**</u>		
Revenue	**3,993,473**	3,262,108
EBITDA	**529,759**	601,264
Depreciation and amortisation	**(314,063)**	(292,668)
Operating profit	**215,696**	308,596
Allowance for expected credit losses on financial assets	**(23,281)**	2,911
Impairment of assets	**(340,686)**	(4,982)
Gain on deemed disposal of associate	**158,236**	-
Net finance costs	**(56,370)**	(31,609)
Share of results of associates	**10,678**	7,249
(Loss) / profit before tax	**(35,727)**	282,165
Income tax expense	**(1,622)**	(20,583)
(Loss) / profit for the year from continuing operations	**(37,349)**	261,582
<u>**Discontinuing operations:**</u>		
Loss for the year from discontinuing operations	**(19,364)**	(46,020)
(Loss) / profit for the year	**(56,713)**	215,562
Non-controlling interests	**(10,840)**	(19,343)
(Loss) / profit for the year attributable to equity holders of the parent	**(67,553)**	196,219

	Rs	Rs
Earnings per share		
Basic, (loss) / profit for the year attributable to ordinary equity holders of the parent.	**(2.55)**	7.40
Dividend per share	**3.00**	3.00

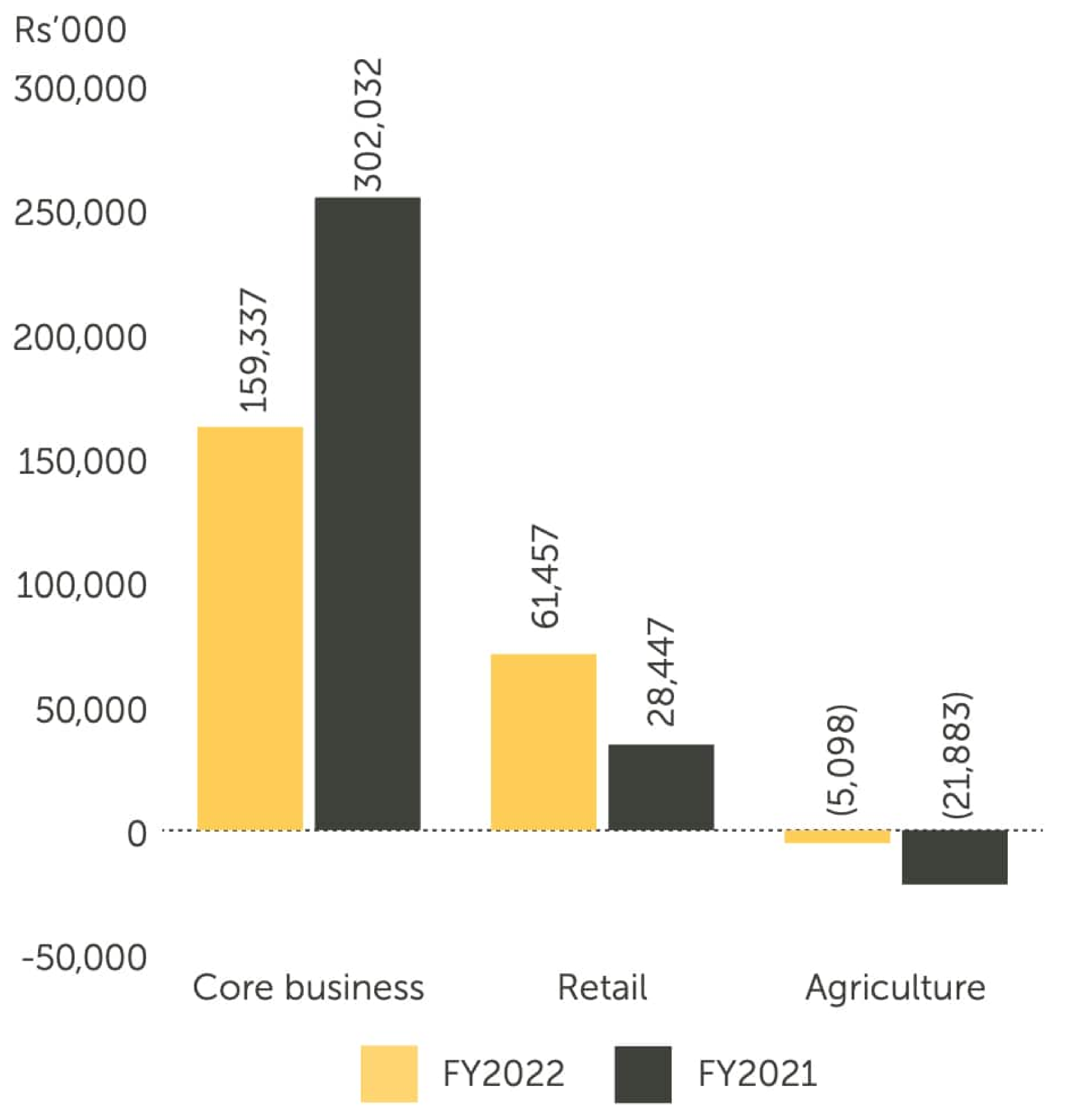
Our **Group operating profit** decreased from Rs 308.6 million in FY2021 to Rs 215.7 million for the year under review, due mainly to a significant increase in our local core business activities production costs arising from an increase in imported inputs, repairs and maintenance and quarrying costs. In addition, our profitability was also adversely impacted by exceptional transition expenses incurred in relation to the management of Pre-Mixed Concrete Limited, upon the takeover, and by the substantial due diligence costs incurred for the acquisition of a group of companies in Reunion Island, which was concluded in June 2022.

On the foreign front, our subsidiaries operating in Madagascar and Sri Lanka incurred lower operating losses than in 2021. However, the Board has decided to exit from these countries and to dispose of our subsidiaries as soon as an opportunity arises. Hence, the results of both entities have been classified as discontinuing operations in the statement of profit or loss and other comprehensive income for the year under review.

Our Espace Maison retail activities segment performed much better than in 2021, due to a significant increase of 20.6% in revenue and an increase in other operating income.

In terms of our agricultural activities segment, the operating loss of Compagnie de Gros Cailloux Limitée for the year was lower than in 2021 due to the improved performance of our vegetable-growing activities and an increase in the price of sugar compared to previous year.

SEGMENTAL REPORTING PROFIT



Our allowance for Expected Credit Losses (ECL) on financial assets increased significantly for the year under review due to the liquidation of one of our clients in July this year.

The strategic acquisition of a 51% stake in Pre-Mixed Concrete Limited was made by exercising our right of first refusal and transacted at a very high non-negotiable purchase consideration, which had been agreed between the selling shareholders and an external willing buyer. The benefits to be obtained by the Group entities, could not be factored in the goodwill impairment test at June 30, 2022. Hence, an amount of Rs 340.7 million was accounted as goodwill impairment for the year. Conversely, the deemed disposal of our 49% share as associate has generated a gain of Rs 158.2 million.

Our share of results from associates for the year improved compared to previous year following the conversion of our ready-mixed concrete entity from associate to subsidiary during the year.

Our **Group EBITDA** decreased from Rs 601.3 million for FY2021 to Rs 529.8 million for the year under review while our **Group net result for the year** decreased from a profit of Rs 215.6 million to a loss of Rs 56.7 million. As explained above, this was mainly due to the net impact of the acquisition in Pre-Mixed Concrete Limited. Consequently, our **earnings per share** decreased from Rs 7.40 for FY2021 to a loss of Rs 2.55 this year.

Statement of Financial Position

	Year ended	
	June 30, 2022	June 30, 2021
	Rs' 000	Rs' 000
Total assets	**6,409,426**	5,617,932
Interest bearing loans and borrowings	**1,825,736**	1,020,102
Borrowings excluding bank overdrafts	**1,483,328**	963,146
Equity attributable to shareholders of the parent	**3,441,750**	3,556,026
	Rs	Rs
Net assets value per share	**129.83**	134.14

Financial Ratios

	2022	2021
Operating margin - %	**5.40**	9.46
Interest cover - times	**0.39**	9.33
Dividend cover - times	**(0.85)**	2.47
Return on equity - %	**(1.96)**	5.52
Return on assets - %	**(1.05)**	3.49
Debt to equity - times	**0.53**	0.29

FINANCIAL CAPITAL

Investment in Capital Expenditure

Our Group investment strategy remains focused on satisfying market demand, expanding our range of products and services by proposing innovative and full-fledged (A to Z) solutions to our customers, increasing our market share and maintaining our position as pioneer and leader on the market. In line with this objective, our Group invested Rs 509.2 million in capital expenditure (including ROU Assets) for the year under review as detailed below :

	2020	2021	**2022**
	Rs'000	Rs'000	**Rs'000**
Freehold land & buildings	55,965	36,371	**44,179**
Leasehold & land improvement	50	285	**205**
Plant & equipment	205,044	98,215	**203,125**
Motor vehicles	20,693	7,874	**30,198**
Asset in progress	6,186	16,858	**103,960**
Total investment in Property, Plant & Equipment	287,938	159,603	**381,667**
Investment in intangible assets	35,262	9,476	**21,613**
Investment properties	88	480	**-**
ROU Assets excluding land & buildings	15,608	39,332	**105,890**
Total	338,896	208,891	**509,170**

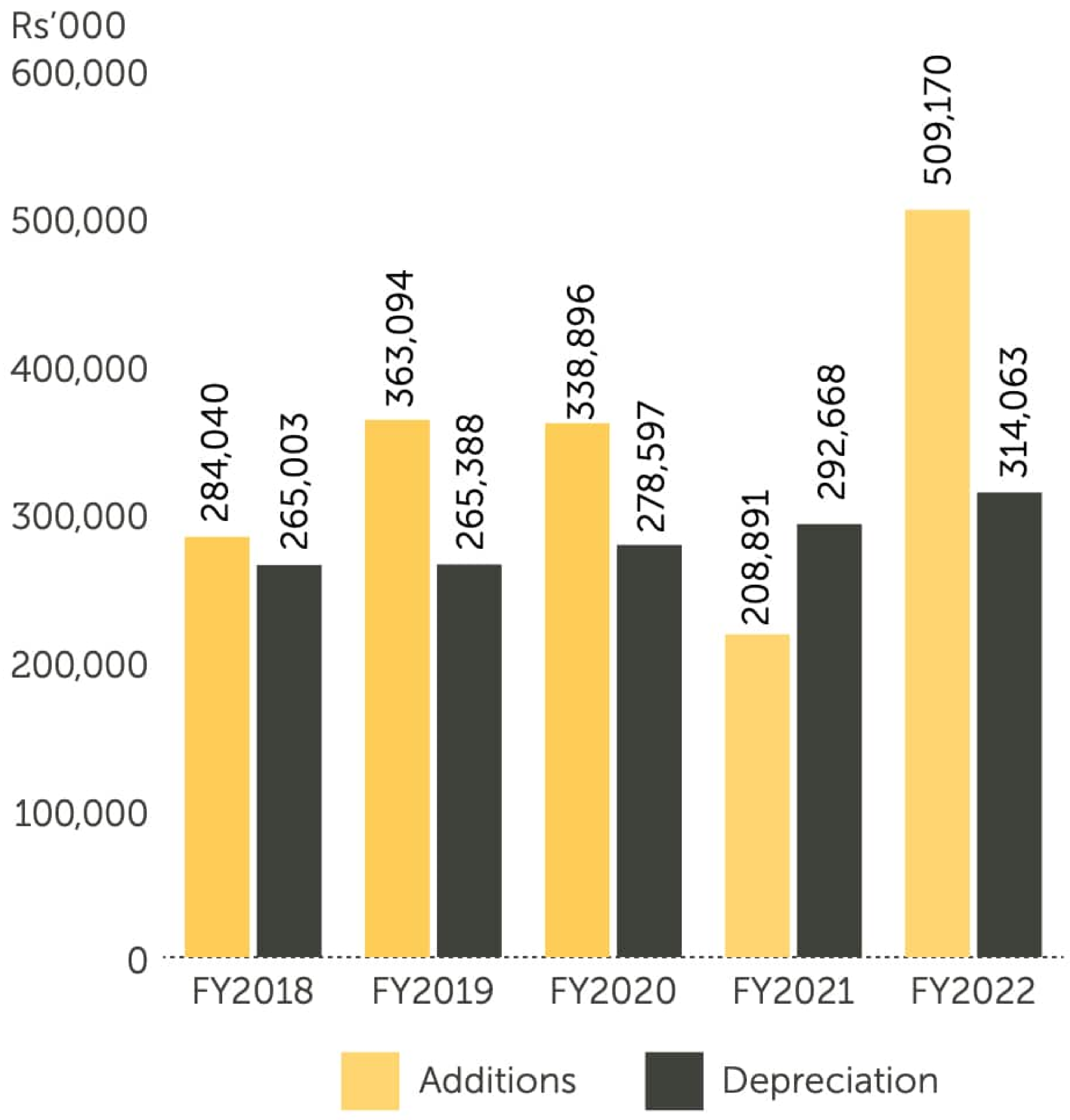
This year, the major investments made in terms of our core business activities segment (including Pre-Mixed Concrete Limited and Drymix Ltd) involved the acquisition of a portable crushing plant, the replacement and upgrading of our existing plants to cater for increasing demand (including a new packer for Drymix Ltd), a new MV metering electrical installation at Poudre d'Or and the replacement of quarrying equipments.

In terms of our retail activities segment, the main investment made this year related to the building amenities (incurred by UBP) and the fitting out of our new Espace Pro sections in all of our shops except Beau Vallon, the creation of our new B2B showroom at Geoffroy Road and the replacement of rackings and displays in all of our shops. As regards our agricultural segment, investments made this year related to new plant and machinery for our food crop activities, the extension of our sugar cane plantation surface area and the improvement of our restaurant amenities and leisure activities.

In terms of intangible assets, we pursued our digital transformation plan by investing in new software, including a new Customer Relationship Management (CRM), a new Capex management tool for the Group, the complete replacement of the production software and a new ERP for Pre-Mixed Concrete Limited and an improved e-commerce platform and new applications for our retail Espace Maison activities, in view of improving our customer experience.

Besides the above, we have invested into a significant extension of our Head Office building in Trianon, which was completed in September 2022. In addition, we acquired the premises of Trimetys at Cap Tamarin in July 2022. At time of writing, the Board has approved the extension project of Espace Maison Tamarin which is due to be completed by mid-2023.

INVESTMENT IN CAPITAL EXPENDITURE



Unlike for FY2021, where the Covid-19 context forced us to defer a major part of our Capex budget, the significant investment in capital expenditure over the past five financial years, as compared to our yearly depreciation charge, confirms our Group's commitment to increase its production capacity, agility and efficiency in view of meeting market demand, increasing our market share and improving our profitability.

Borrowings, Finance Costs and Gearing Level

Given our increased capital expenditure and investment needs, our total borrowings, including lease liabilities, increased significantly by Rs 805.6 million to Rs 1.8 billion during the year under review. The acquisition of shares in Pre-Mixed Concrete Limited and Drymix Ltd, for a total purchase consideration of Rs 381.8 million, was financed through a new term loan of Rs 325.0 million. In addition, we used up our existing overdraft facilities and increased our renewable short-term banking facilities, via the Money Market Line (MML), to finance our increasing Capex and working capital needs, attributable mainly to an increase in trade receivables and inventories. As a result of the above and given a significant decrease in cash flows generated from operations and an adverse fluctuation in foreign exchange rates, our finance costs increased from Rs 33.9 million for FY2021 to Rs 58.5 million for the year under review. Furthermore, with the drop in equity attributable to shareholders of the parent company, our debt-to-equity ratio increased from 0.29 in previous year to 0.53 at June 30, 2022.

Equity and Total Shareholders' Return

As mentioned above, the **equity attributable to shareholders** decreased by 3.2% (Rs 114.3 million) from Rs 3.55 billion in previous year to Rs 3.44 billion this year, given the net loss incurred for the year and the payment of dividends, and this despite re-measurement gains of Rs 72.5 million, net of tax, realised on our defined benefit plans. **Dividend per share** was maintained at Rs 3.00 per share, while our **share price** moved from Rs 144.75 at June 30, 2021 to Rs 139.00 at June 30, 2022. Consequently, the **total shareholders' return** for the year moved from +14.98% for FY2021 to -1.89% this year while the return on equity dropped from +5.52% to -1.96%.

Cash Flow Status

Cash flows generated from operations decreased from Rs 568.6 million for FY2021 to Rs 135.3 million for the year under review, after adjusting for a significant unfavourable movement in working capital needs, attributable mainly to an increase in inventories resulting from delays in our supply chains. Other significant cash flow movements comprised of the purchase of property, plant and equipment, the purchase of intangible assets, the acquisition of shares in Pre-Mixed Concrete Limited and Drymix Ltd, the repayment of loans and the payment of dividends, which remained stable at Rs 79.5 million for the year under review.

Going Forward

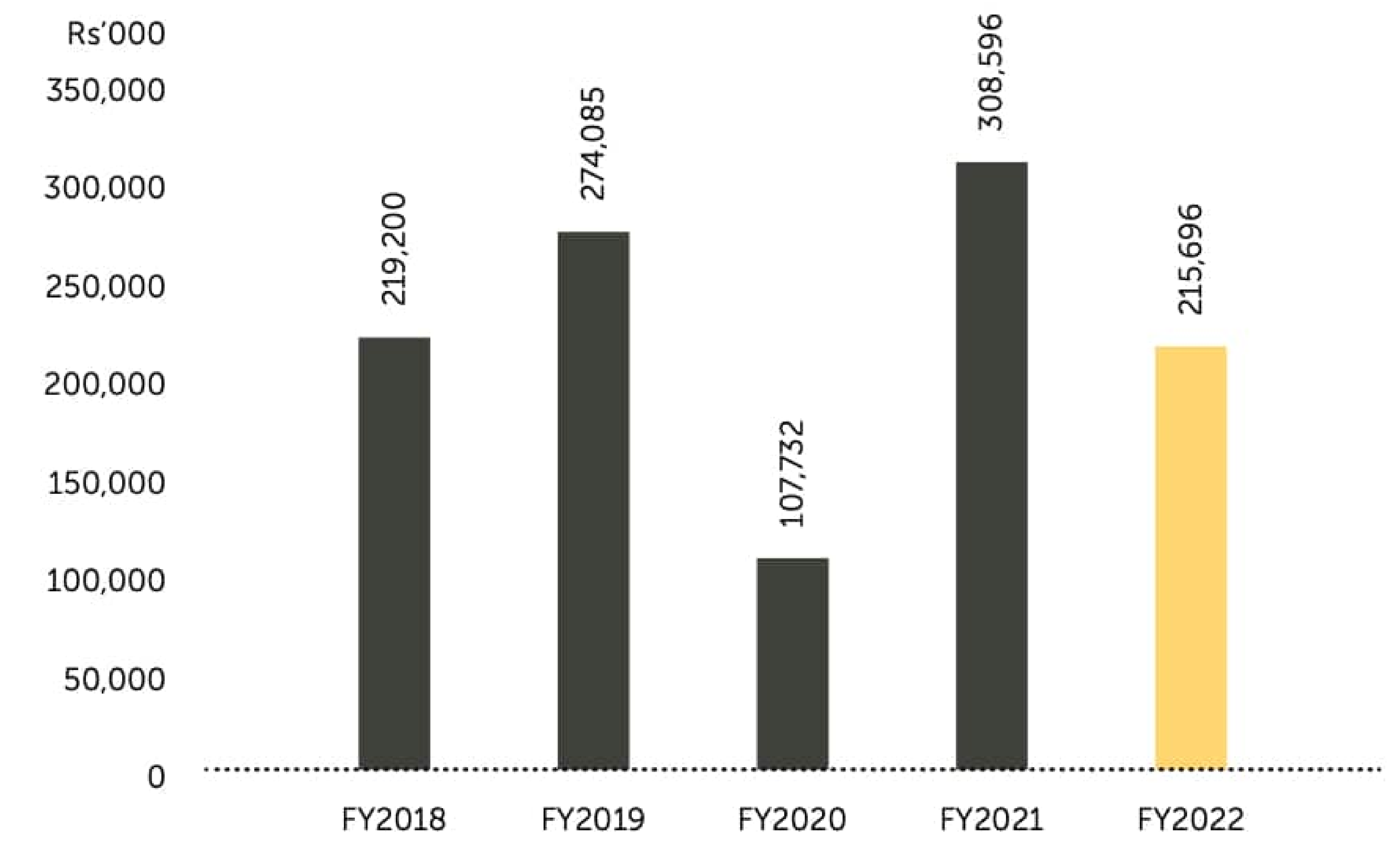
Our future level of activities and performance are dependent upon the recovery pace of our economy and the timely implementation of announced government initiatives aimed at boosting the construction industry going forward. Our future profitability also relies on the containment of our costs.

In reference to the communiqué, dated June 23, 2022, concerning the acquisition of a group of companies operating in a similar line of business of the Company in Réunion Island, a Share Purchase Agreement (SPA) was signed on July 07, 2022. The Transaction is however subject to the satisfactory completion of conditions precedent including all regulatory, corporate and other approvals required by the parties. It will enable the Group to expand its principal activities within the Indian Ocean. At time of writing, we are working on the circular intended for shareholders while devising the best financing plan for this investment.

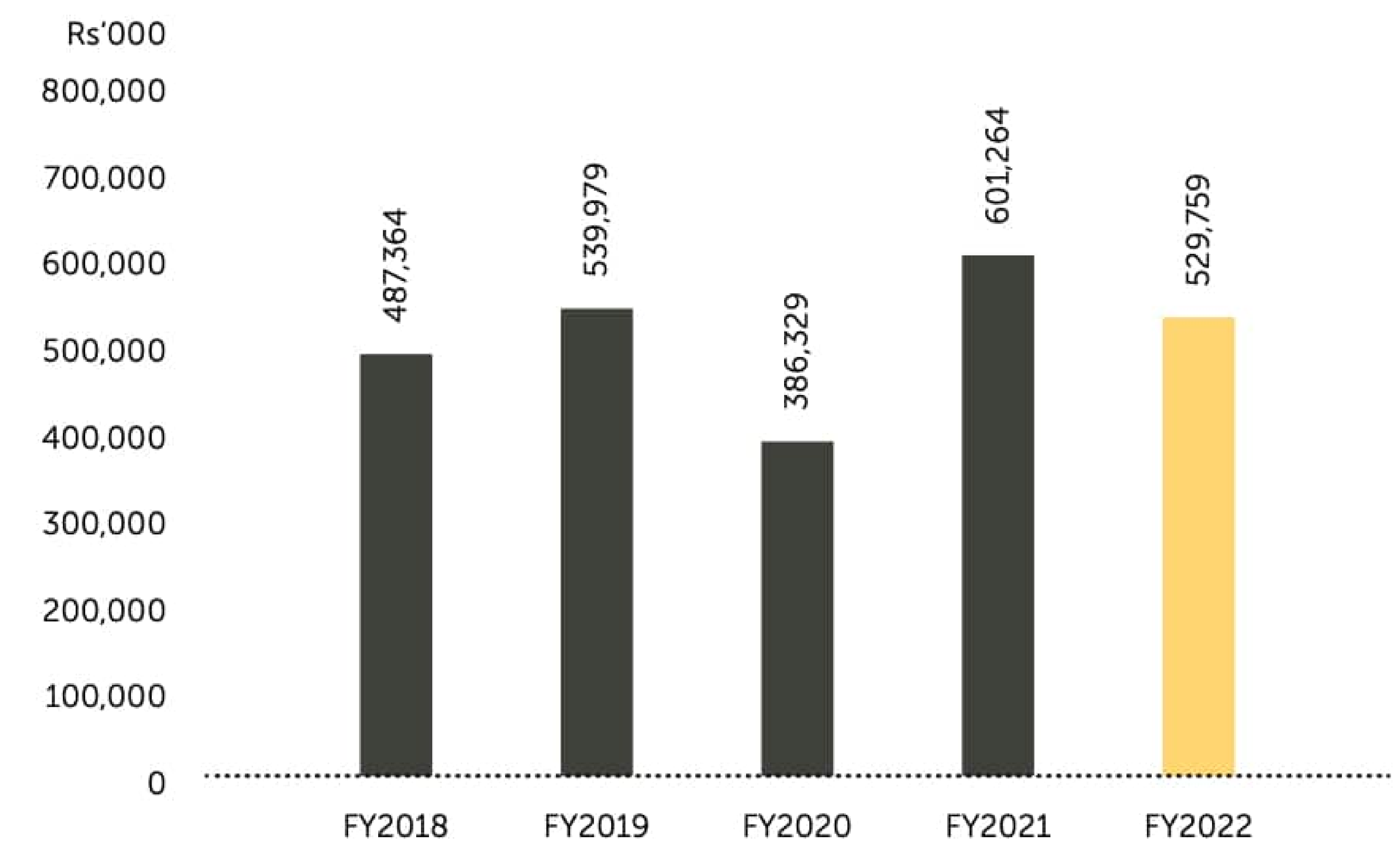
FINANCIAL CAPITAL

Financial Highlights

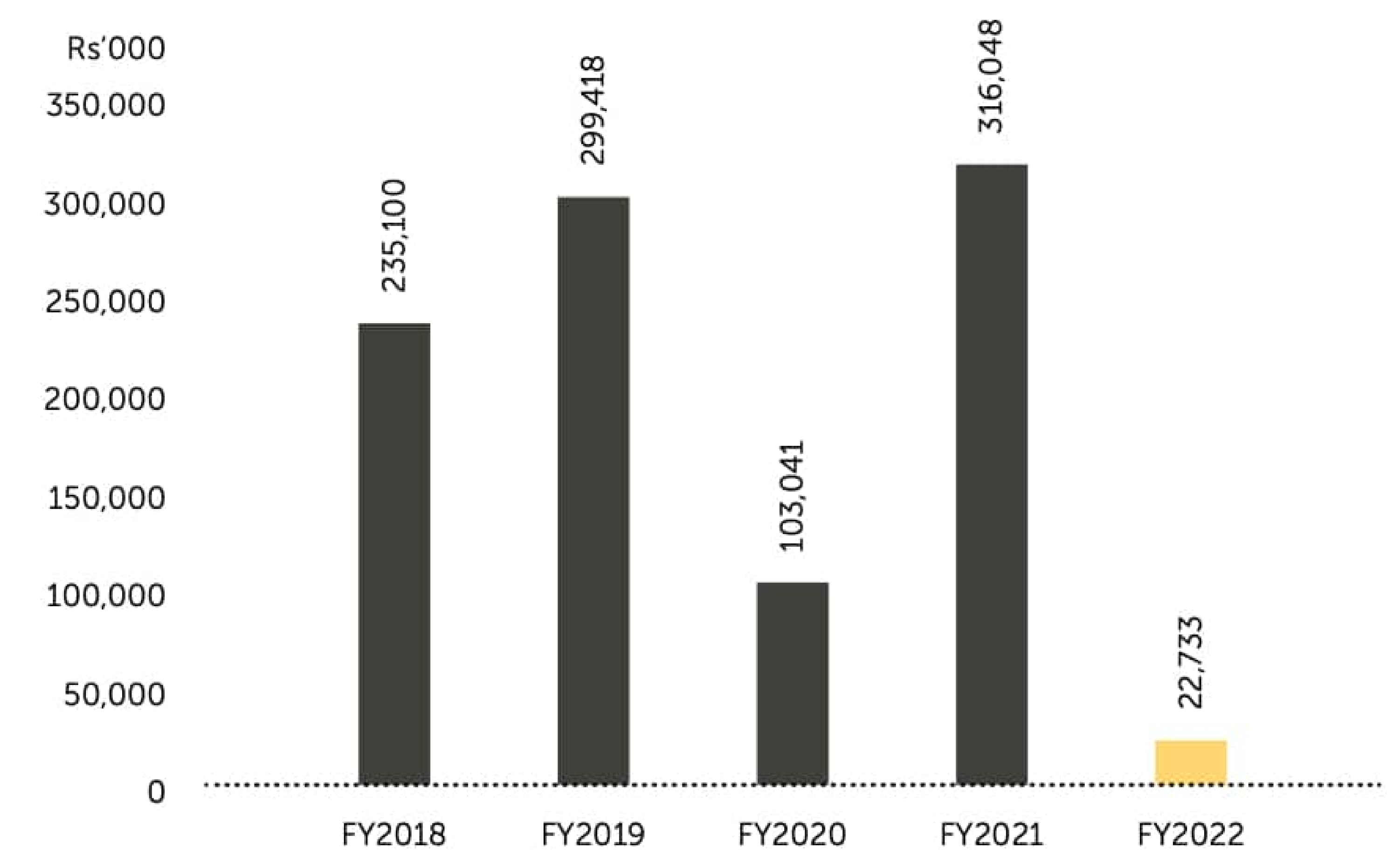
OPERATING PROFIT



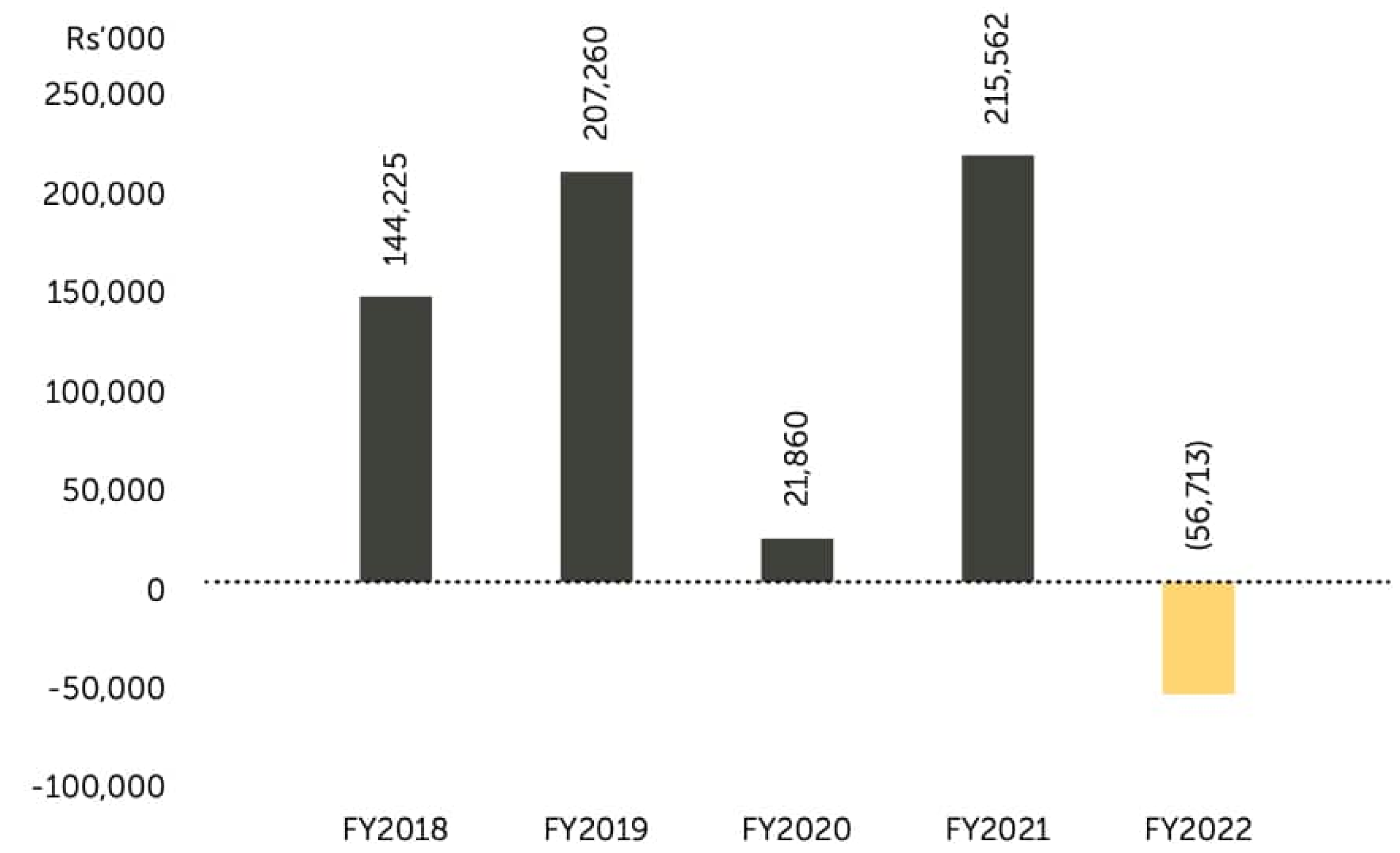
EBITDA



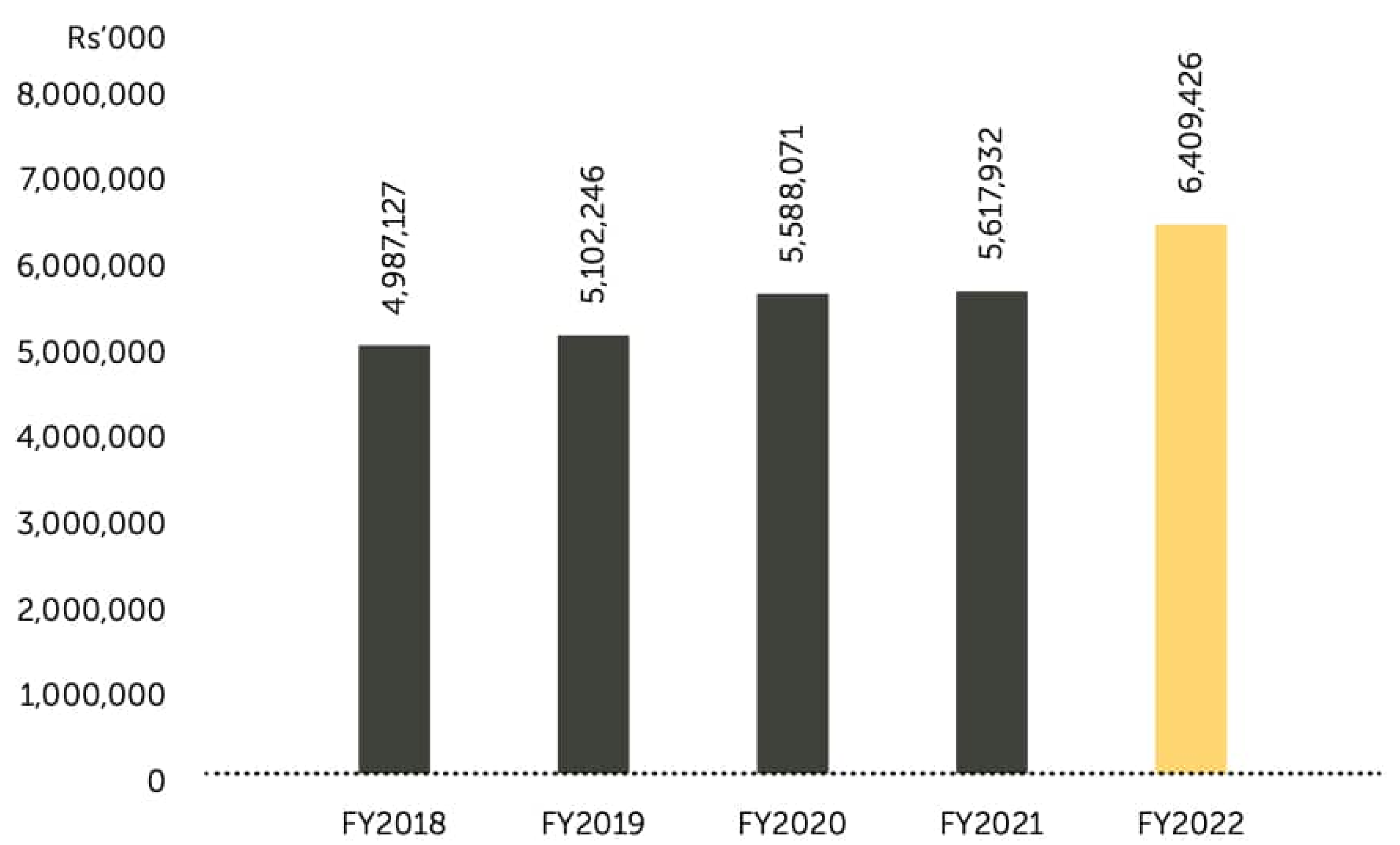
EBIT



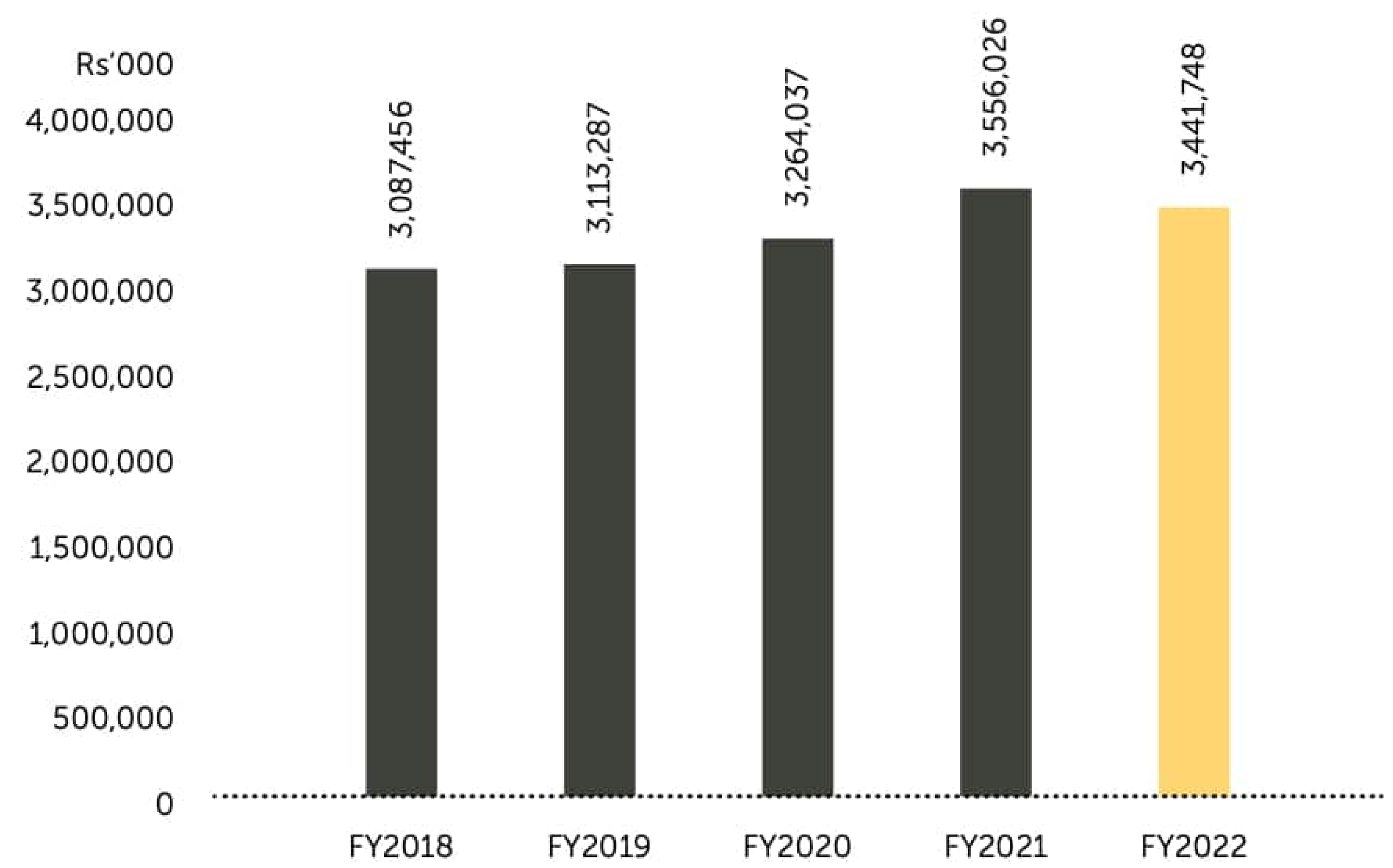
NET (LOSS) / PROFIT



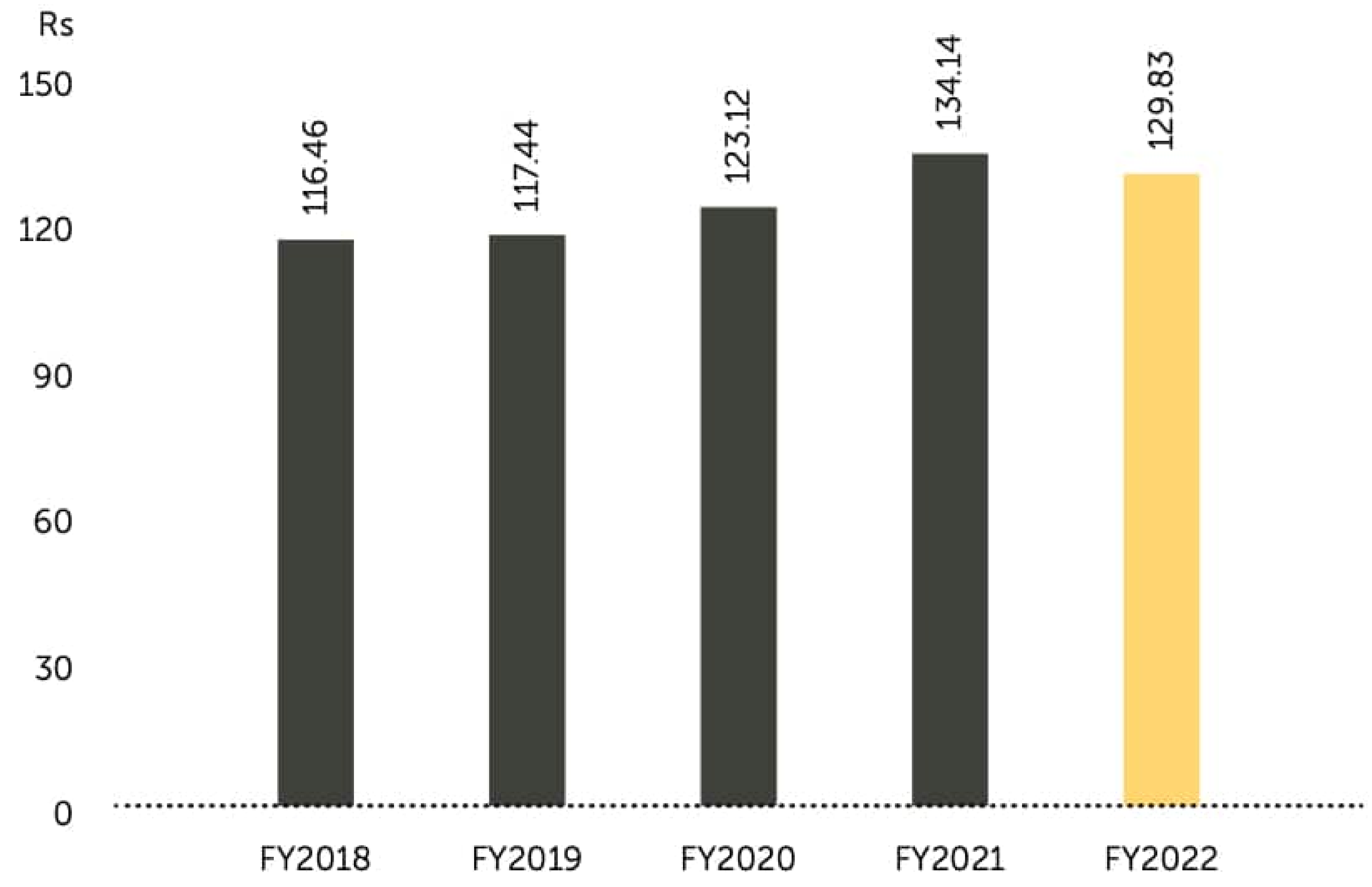
TOTAL ASSETS



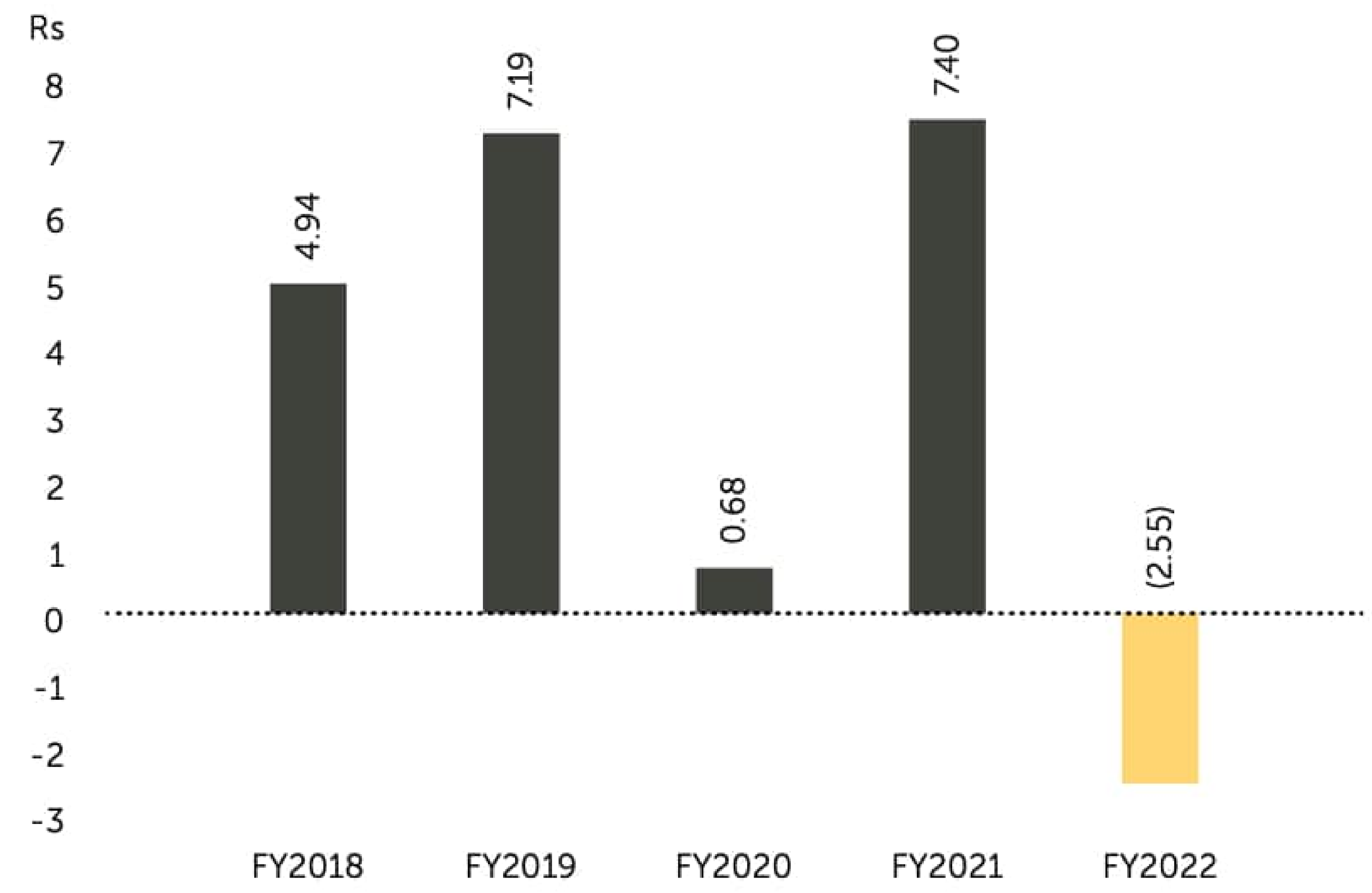
EQUITY ATTRIBUTABLE TO THE SHAREHOLDERS OF THE PARENT



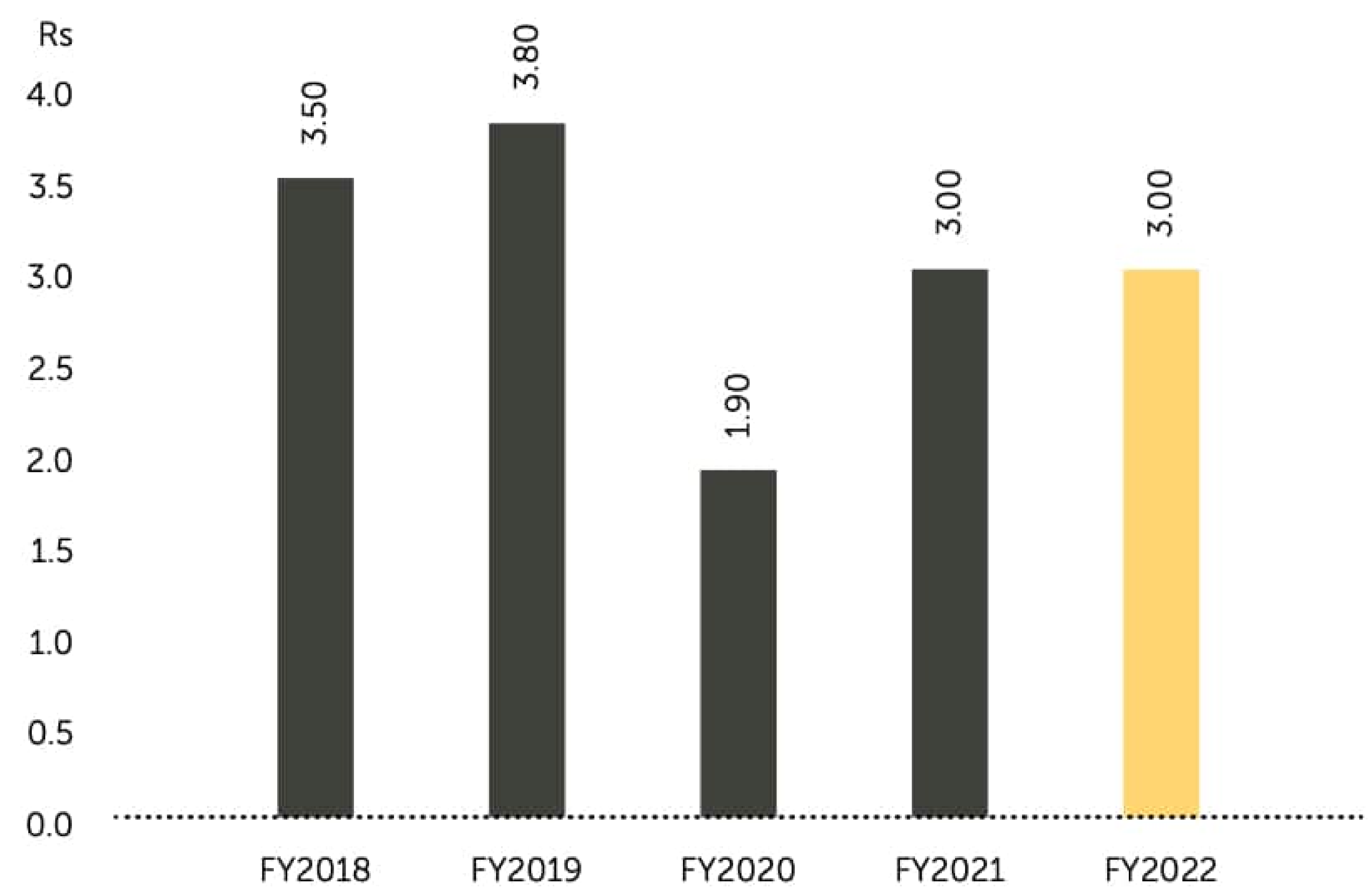
NET ASSETS VALUE PER SHARE



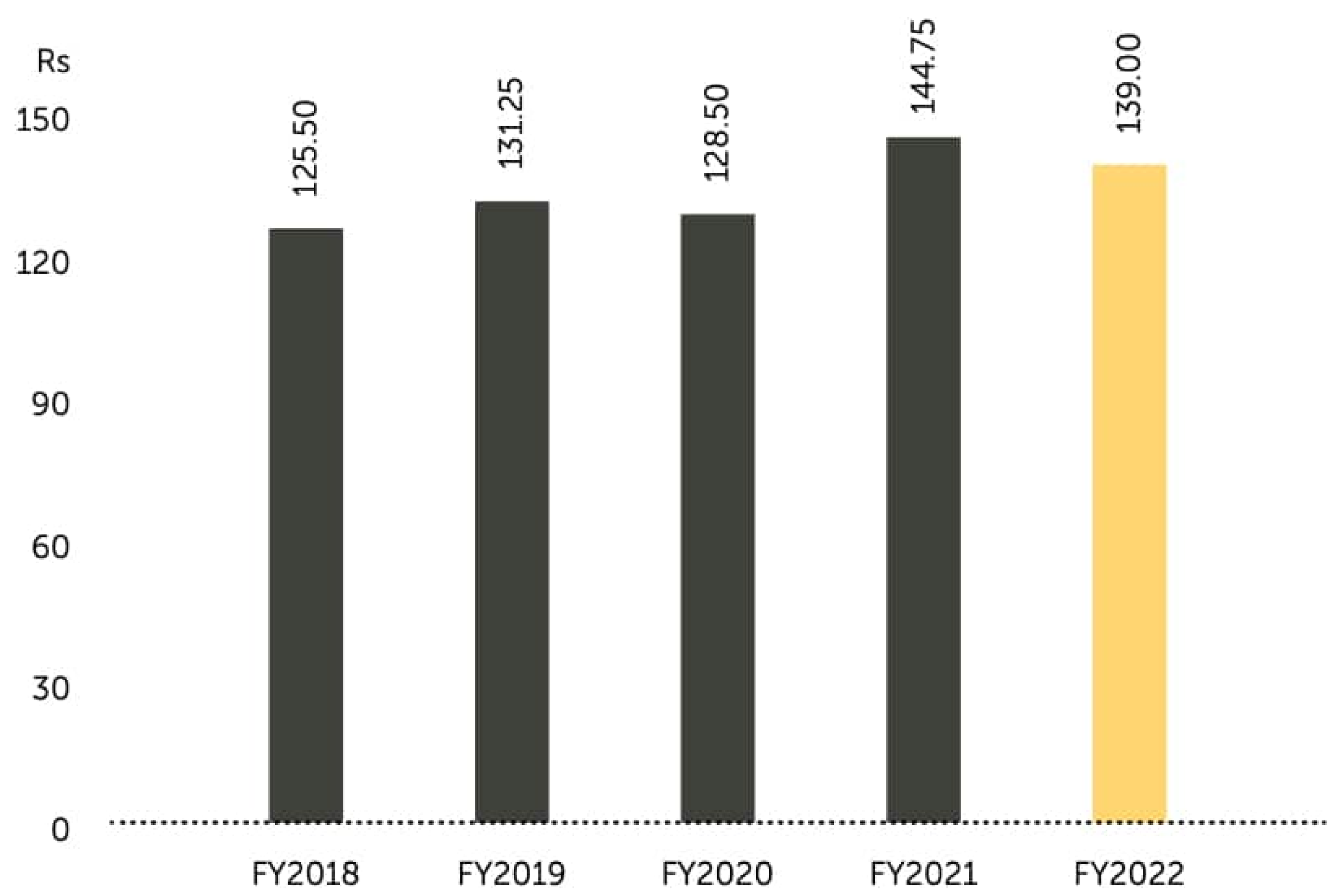
EARNINGS PER SHARE



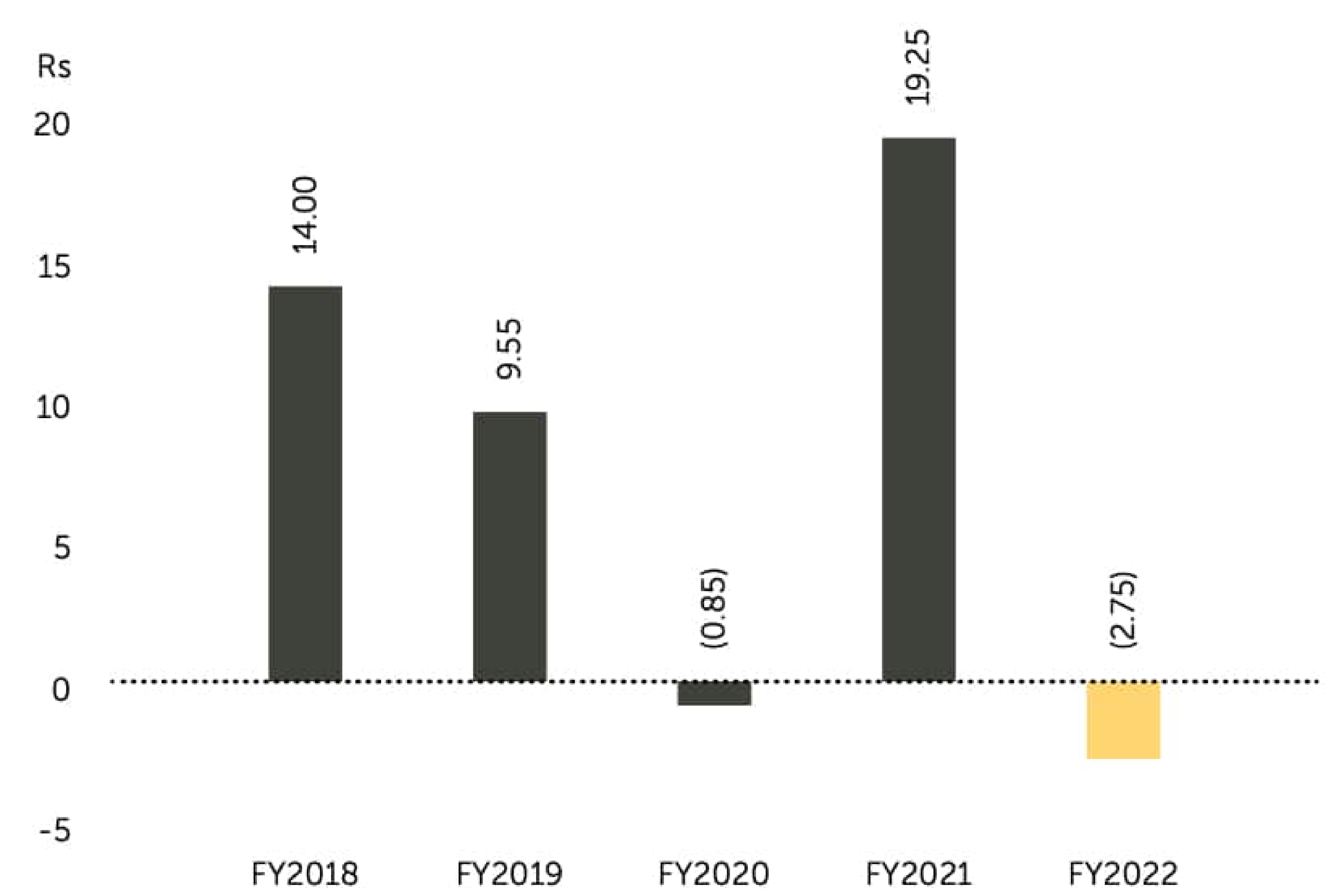
DIVIDEND PER SHARE



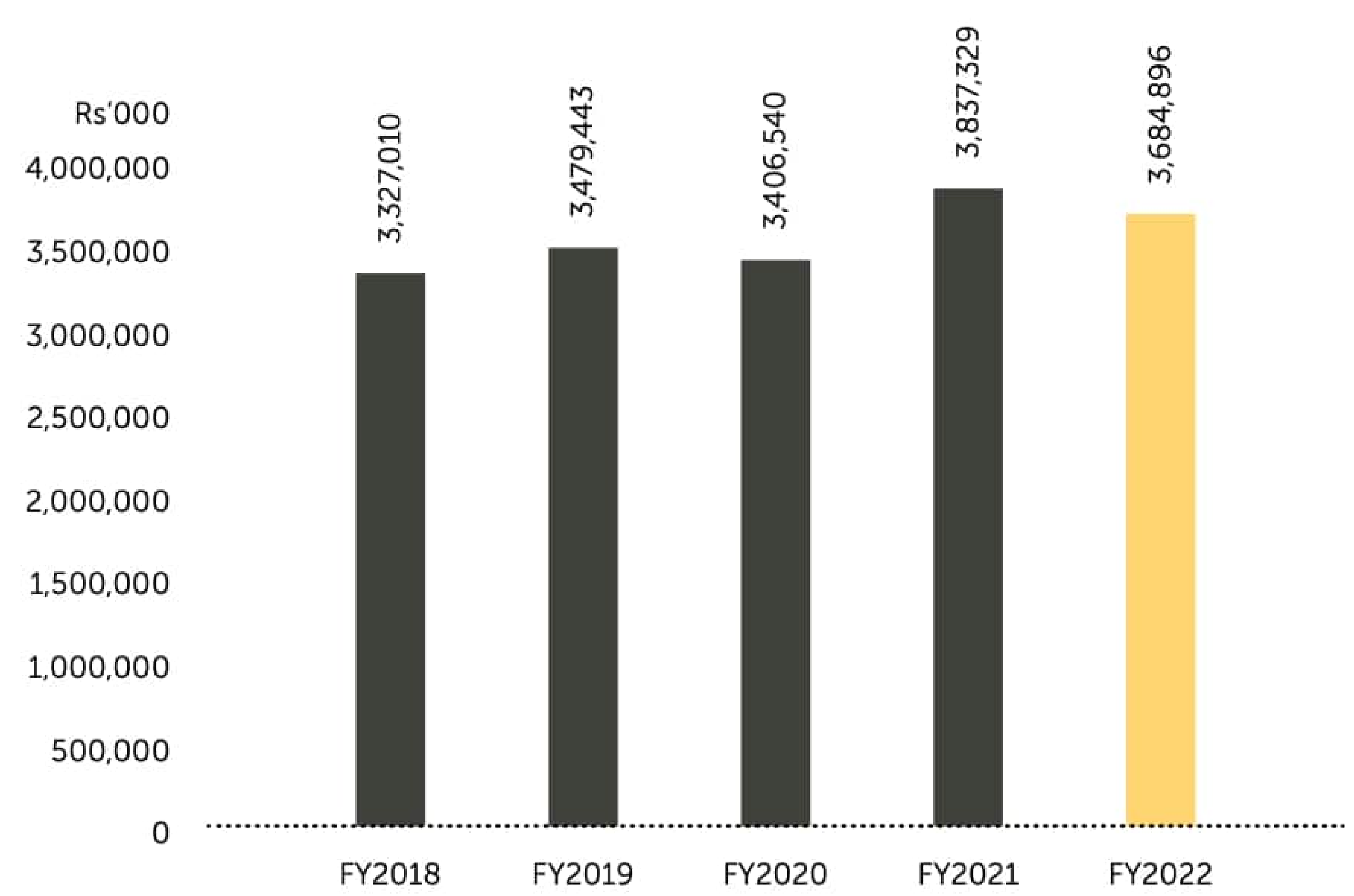
SHARE PRICE



TOTAL SHAREHOLDERS' RETURN PER SHARE



MARKET CAPITALISATION



Nurturing growth in continuity

Empowering autonomous companies is a process that requires the right tools, elements and care. Measured over time, we see our seeds of innovation flourish.

Corporate Governance

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, 2022

The Board of Directors of The United Basalt Products Limited (the "Company") confirms that to the best of its knowledge, the Company has complied with all the principles of The National Code of Corporate Governance for Mauritius (2016) ("the Code") in all material aspects, except for the following:

Principle 2 – The Structure of the Board and its Committees	Mr Marc Freismuth, who was one of the Non-Executive Directors and Chairman, and Mrs Kalindee Ramdhonee, one of the Independent Non-Executive Directors, had one cross-directorship. The Board of the Company has taken note that upon the resignation of Mr Freismuth as Director and Chairman on June 30, 2022, there is no longer any cross directorship with Mrs Ramdhonee.
Principle 4 – Director Duties, Senior Executives Remuneration and Performance	In accordance with the Board Charter, the Board, its Committees and the Directors are assessed on a biennial basis. Upon recommendation of the Corporate Governance Committee, the Board evaluation exercise due in FY2022 was exceptionally postponed in view of enabling the new Chairman to get acquainted with the functioning of the Board and the affairs of the Group prior to carrying out such an exercise.

On behalf of the Board

Jean-Claude Béga
Chairman

Stéphane Ulcoq
Group CEO

September 27, 2022

CORPORATE GOVERNANCE REPORT

The United Basalt Products Limited (referred to as the "Company" or "UBP") was incorporated as a public company in July 1953. The shares of the Company have been 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 National Code of Corporate Governance for Mauritius (2016) ("the Code") sets out the best practices in terms of corporate governance and recognises that the principles under the Code have been applied within the Group, as explained in the report.

GOVERNANCE AT A GLANCE

1. PHILOSOPHY

The Board is committed to entrenching the highest standard of governance in the Group's corporate culture to sustain its strategic orientation in view of building and enhancing stakeholder value. Being mindful of the evolving operating context, such practices are reviewed, as required, to ensure that the Group retains the flexibility to respond proactively to opportunities and challenges. The Group's corporate governance framework 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. Beyond operationalising regulatory requirements, the Group is managed with utmost integrity, enhanced accountability, sound risk and performance management, transparency and effective leadership.

The Code of Ethics further governs the relationship with our stakeholders and sets out the professional and ethical behaviour expected and required by our employees for both internal and external interactions. A yearly report is submitted to the Corporate Governance Committee for the monitoring and evaluation of compliance with its established ethical principles and standards.

CORPORATE GOVERNANCE REPORT

2. GOVERNANCE STRUCTURE

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

GOVERNANCE STRUCTURE

SHAREHOLDERS - - - - - EXTERNAL AUDITORS

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.

BOARD OF DIRECTORS - - - - BOARD COMMITTEES

The Board delegates certain duties and responsibilities to Board Committees, namely the Corporate Governance Committee (Nomination and Remuneration), the Audit Committee and the Risk Monitoring Committee, which have clearly defined mandates 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.

1. Audit Committee - - - - - - - - - - Internal Auditor
2. Corporate Governance Committee
3. Risk Monitoring Committee

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

GROUP CEO
Stéphane Ulcoq

BUSINESS FUNCTIONS

UBP

Marbella Manager
Bruno Doger de Spéville

GM
Jean-Jacques Jullienne

Production Manager
Amaury Lacoste

Research & Development Manager
Gauthier Ledesma

Sales Manager
Pervenche Quenette

PPB Manager
Ashwin Ramsaha

Contracts and Quarry Manager
Xavier Toulet

SUBSIDIARIES

Compagnie de Gros Cailloux Limitée
GM
Christopher Blackburn

Drymix Ltd
GM
Jean-Claude Bellepeau
- ■ Drymat SAS Manager
  Bertrand Thomas

Espace Maison Ltée
GM
Benoît Béchard
- ■ La Savonnerie Créole Ltée

Pre-Mixed Concrete Limited
GM
Vikram Gunnoo

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

Ste Marie Crushing Plant Ltd
Plant Manager
Fabrice Appadoo
- ■ Société des Petits Cailloux

UBP Coffrages Ltée.
GM *

UBP Madagascar
Manager *

UBP International Limited
- ■ **United Granite Product (Private) Limited**
  Manager
  Budika Perera
  - ■ **DHK Metal Crusher (Private) Limited**
  - ■ **Sheffield Trading (Private) Limited**

ASSOCIATES

Terrarock Ltd
Plant Manager
Cindy Calou

GROUP FUNCTIONS

Group Engineering Manager
Laurent Béga

Group Financial Controller
Cécile Boyer

Group Human Resources Manager
Alan Cunniah

Group Chief Strategy Officer
Bryan Gujjalu

Group Procurement & Assets Manager
Gino Gunness

Group IT Manager
Dwight Hamilton

Group Health, Safety and Environment Manager
Sankish Haguthee

Head of Corporate Secretarial Services
Bhooneshi Nemchand

Group Communications Manager
Samantha Perrier

Group CFO
Christophe Quevauvilliers

Group Finance Manager
Dhuenesh Rambarassah

Group Sales Projects Manager*

GM - General Manager
■ Operational
■ Dormant
* Vacant

While the Board is responsible for controlling the Group's overall operations, our employees are instrumental 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

A Board Charter, a Directors' Charter, position statement and job descriptions, duly approved by the Board, clearly define the roles and responsibilities of the Board, the Chairman, the Executive and Non-Executive Directors and the Company Secretary. The role and responsibilities of the Chairman leading the Board is distinct from 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 Company's website - 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 CFO and the Company Secretary, who hold key governance positions, play an important role in ensuring that such practices permeate throughout the Group. Their key responsibilities are detailed hereunder and their respective profiles are detailed on pages 105 to 107 of this report.

Chairman

- Effectively leads 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
- Encourages a culture of openness, respect and trust and ensures constructive board discussions

Group CEO

- Develops and proposes to the Board of Directors the Group's strategies for the sustainable creation of value for its stakeholders
- Leads the executive management of the Group's business in consistency with the strategy and commercial objectives agreed with the Board
- Builds key partnerships with stakeholders and acts as a point of contact for important shareholders
- Builds and maintains an effective top management team capable of delivering the Group's strategy and commercial objectives and identifies, develops and recruits new talent to ensure effective succession for top management positions
- Manages and controls all aspects of the Group's businesses, ensuring that the Group's operations are conducted within legal and regulatory requirements
- Promotes a positive, constructive and ethical work climate

CORPORATE GOVERNANCE REPORT

2. GOVERNANCE STRUCTURE (CONTINUED)

Group CFO

- Provides financial leadership to the Group and aligns the Group's business and financial strategies
- Supports the Group CEO in the implementation of the strategy
- Responsible for financial planning and analysis
- Responsible for reporting timely and accurate financial information
- Participates in key decisions as a member of the executive management team to promote and enhance the Group's value
- Manages key elements of the Group's risk profile
- Manages investors relations

Company Secretary

- Responsible for ensuring that Board procedures are followed and for providing guidance to Directors concerning their duties, responsibilities and powers
- Administers, attends and prepares minutes of all Board and shareholders' meetings
- 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

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. There are no clauses of the Constitution deemed material for specific disclosure. A copy of the Constitution is available on the Company's website.

3. THE BOARD

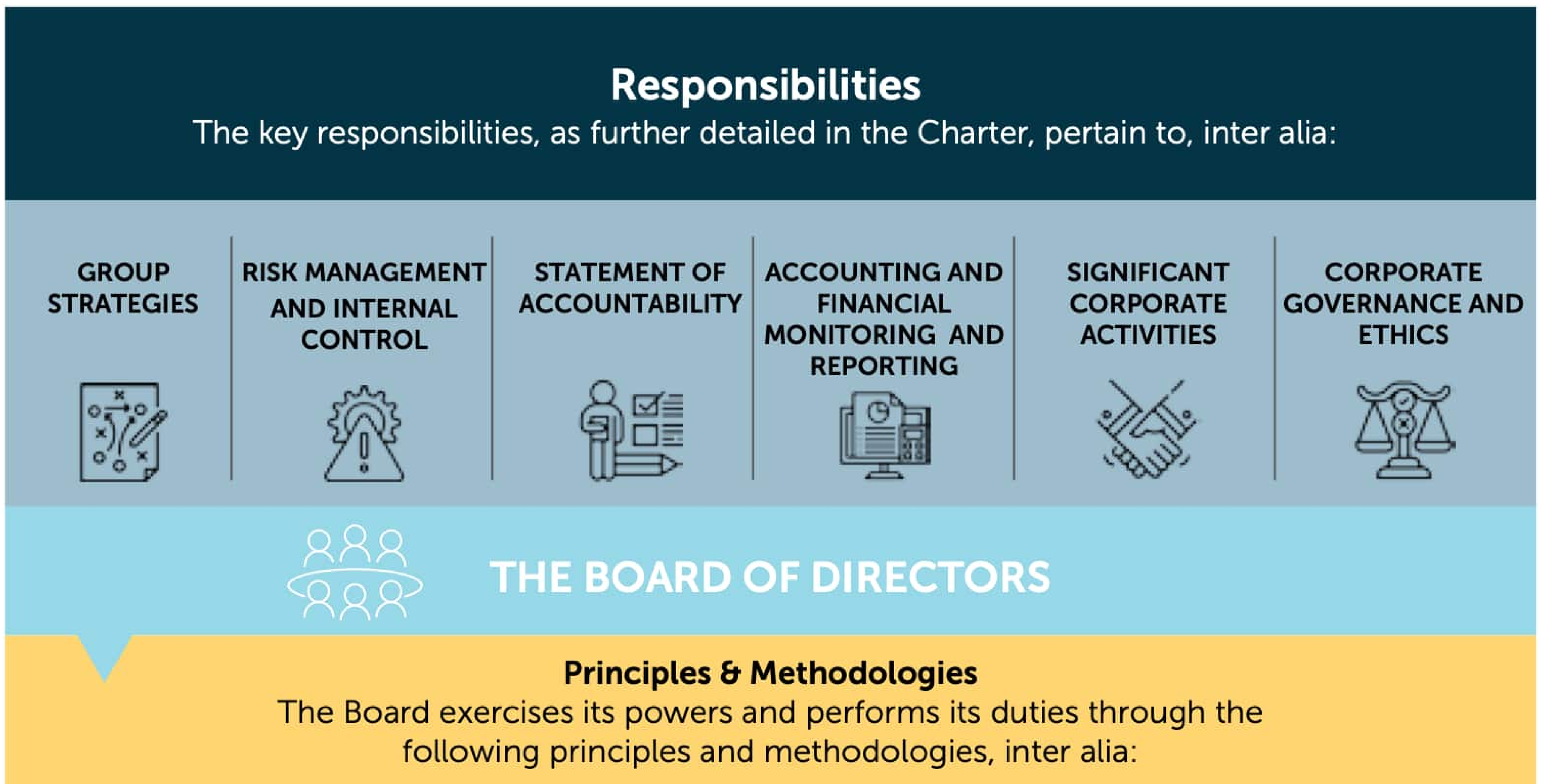
Mandate

The Board provides effective leadership and direction to build and sustain long-term value creation for the Group and its stakeholders, while ensuring an outcome-focused compliance framework. The Board determines the pertinent matters relating to the strategy and operations of the Company and of its subsidiaries, both locally and abroad.

The general powers of the Board are conferred by the Company's Constitution.

Role and Responsibilities

A Board Charter, aimed at regulating how business is conducted by the Board, was endorsed by the Board in May 2018 and reviewed in 2022.



- 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, with at least one woman as Director;
- the creation of Board Committees;
- 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.

CORPORATE GOVERNANCE REPORT

3. THE BOARD (CONTINUED)

Board Composition

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

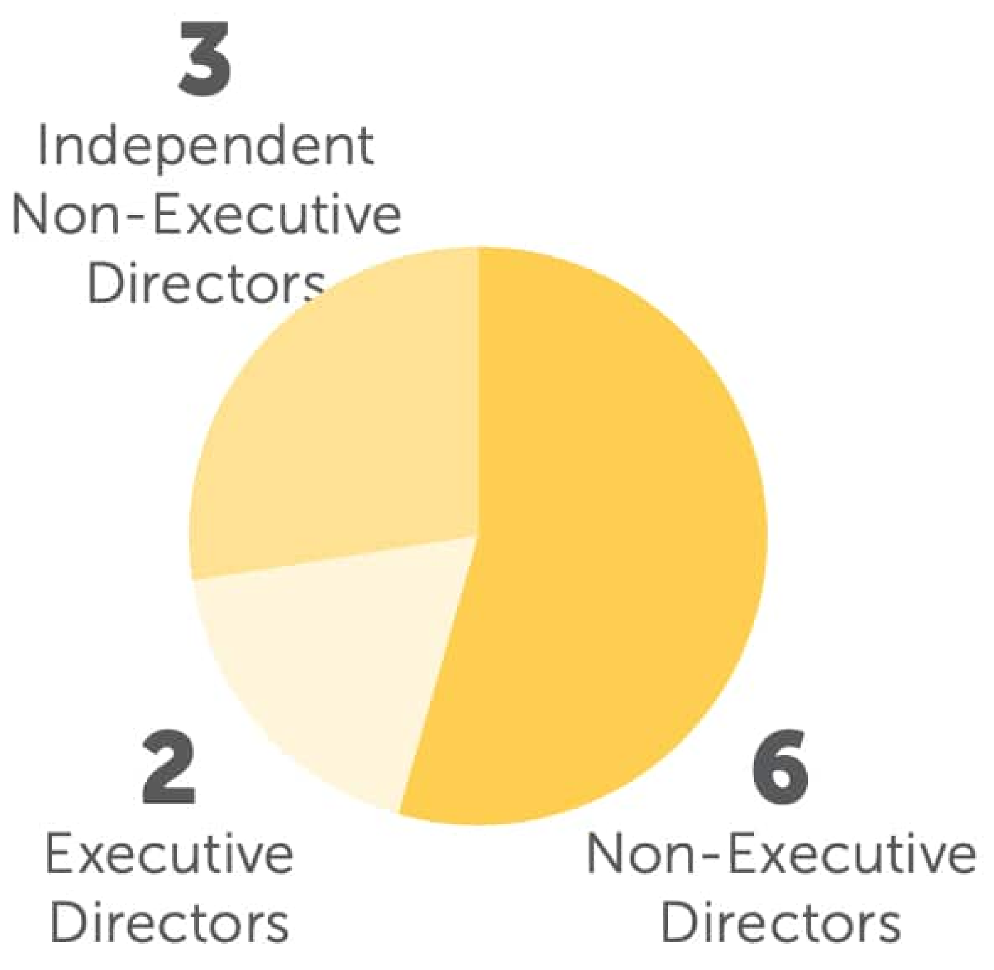
The Board of the Company is of the opinion that based on its size and the specificities of its operations, it possesses the right balance of Executive, Non-Executive and Independent Non-Executive Directors and an appropriate mix of skills and experience which ensures that the Board is collectively well-equipped to guide and drive the Group's strategy in view of delivering value.

At the time of writing, the Company is headed by a committed and effective unitary Board of eleven Directors from broad industry and professional backgrounds and with varied experience and expertise, all of which bring valuable perspectives to the Board.

OUR BOARD

27.3%
Female representation on our Board

95.8%
Board Meeting attendance



Key Expertise

- Economics
- Engineering
- Finance
- Entrepreneurship
- Governance
- Strategy
- IT & Sustainability

The two Executive Directors are the Group CEO and the Group CFO.

The Independent Non-Executive Directors reinforce impartiality and objectivity on the Board, and enhance competencies, knowledge and experience which enrich Board discussions and contribute towards a high performing and effective Board.

Profiles of Directors as at June 30, 2022

Marc Freismuth
Former Chairman and Non-Executive Director
Resident in Mauritius

Mr Marc Freismuth was appointed Director of the Company in March 2006 and Chairman of the Board in August 2013, until his resignation on June 30, 2022. 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 aggregation in Economics and Management, he was a 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 in this position, Mr Freismuth 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 Director on the Board of other public companies.

Jean-Claude Béga
Current Chairman and Non-Executive Director
Resident in Mauritius

Mr Jean-Claude Béga was appointed Director of the Company in April 2022 and Chairman of the Board, effective on July 01, 2022. Born in 1963, Mr Béga is a fellow of the Association of Chartered Certified Accountants. Mr Béga joined IBL Ltd (formerly GML) in 1997. He is currently the Group Head of Financial Services and Business Development, where he is responsible for leading financial and business development activities, including M&A, as well as an Executive Director of IBL Ltd. He is also the Chairman of Lux Island Resorts Ltd, Blue Life Limited and The Bee Equity Partners Ltd, and serves as Director on a number of companies including Phoenix Beverages Limited, Espace Maison Ltée and Ekada Capital Ltd.

François Boullé
Non-Executive Director
Resident in Mauritius

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 Économique 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 the 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
Resident in Mauritius

Mr Jan Boullé was appointed as Non-Executive Director to the Board in November 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 has been 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 BlueLife Limited, Lux Island Resorts Ltd, Phoenix Beverages Limited, Phoenix Investment Company Limited and other non-listed Mauritian companies.

Stéphane Brossard
Independent Non-Executive Director
Resident in Reunion Island

Mr Stéphane Brossard was appointed as Independent Non-Executive Director to the Board in May 2021. Born in 1971 in France, Mr Brossard, holds a "Diplôme d'Ingénieur" from "École Centrale De Nantes". He was also appointed on the Board of Directors of Fédération Réunionnaise du Bâtiment et des Travaux Publics (FRBTP) in 2005 and as Chairman in 2011 and 2012. Mr Brossard has been CEO of CMOI, EIFFAGE TP REUNION and Wealth Director of CBO TERRITORIA and is currently the Chairman of ARGOS INDUSTRIE, a company operating in the construction sector in Réunion Island.

Catherine Gris
Independent Non-Executive Director
Resident in Mauritius

Mrs Catherine Gris was appointed as Independent Non-Executive Director to the Board in October 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 Board of Trimetys Ltd and Cap Tamarin Ltée. She also serves as Special Adviser to the Association of Mauritian Manufacturers (AMM) and was appointed as Board member of the Economic Development Board (EDB) in March 2020.

Stéphane Lagesse
Non-Executive Director
Resident in Mauritius

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.

CORPORATE GOVERNANCE REPORT

3. THE BOARD (CONTINUED)

Profiles of Directors as at June 30, 2022 (Continued)

Thierry Lagesse
Non-Executive Director
Resident in Mauritius

Mr Thierry Lagesse was appointed Director of the Company in December 1989 and subsequently Chairman of the Board in December 2002 until August 2013. Born in 1953, Mr Lagesse holds a 'Maîtrise des Sciences de Gestion' from the University of Paris Dauphine. He is the Founder of the Palmar Group, a textile and garment-oriented manufacturing company and a visionary entrepreneur, having launched Parabole Reunion Group of Companies in 1999, a Direct To Home satellite television company in the Indian Ocean Islands. He is also the Executive Chairman of Parabole Group and presently serves as a Director on 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.

Christine Marot
Non-Executive Director
Resident in Mauritius

Mrs Christine Marot was appointed Director of the Company on July 16, 2020. Born in 1969, Mrs Marot is an Accountant by profession and followed an Executive Management Programme from ESSEC Business School. She started her career with De Chazal du Mée & Co (now known as BDO) and was the Finance Executive of GML Management Ltée where she was involved at a senior level in businesses across the IBL Group, formerly known as GML Group. She was also appointed as Acting CEO of BlueLife Limited in November 2014 and CEO in May 2015. Since July 01, 2020, she is the Group Head of Technology and Sustainability of IBL Ltd. She is also responsible for the following clusters of IBL: Life Together, IBL Link, DotExe Ventures and Fondation Joseph Lagesse.

Christophe Quevauvilliers
Group CFO and Executive Director
Resident in Mauritius

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 & Co (now known as BDO) and four years in the industrial sector. In 2013-2014, he completed a General Management Program delivered by the ESSEC (Ecole Supérieure des Sciences Economiques et Commerciales) Business School. In September 2015, Mr Quevauvilliers resigned as Company Secretary and was appointed as Executive Director to the Board, effective as from October 01, 2015. He also sits on the Board of several companies within the Group.

Kalindee Ramdhonee
Independent Non-Executive Director
Resident in Mauritius

Mrs Kalindee Ramdhonee, born in 1963, was appointed as Independent Non-Executive Director to the Board and nominated as Chairperson of the Audit Committee and member of the Risk Committee in November 2018. Fellow member of the Association of Chartered Certified Accountants, she is a highly accomplished finance professional with 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 to 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 from Belgium and its multiple African entities. Mrs Ramdhonee is currently the Managing Director of Karics Partners Ltd engaged in advisory and BPO activities.

Stéphane Ulcoq
Group CEO and Executive Director
Resident in Mauritius

Mr Stéphane Ulcoq, born in 1977, holds a 'Diplôme d'Ingénieur en Mécanique' from the 'Institut National des Sciences Appliquées' (INSA) of Rouen, France and an 'MBA International Paris' from the Paris Dauphine and La Sorbonne Universities. He also holds a Certificate in Global Management awarded by INSEAD after having completed three Executive Education Programs at INSEAD Fontainebleau, France and INSEAD Singapore in 2011 and 2012. Mr Ulcoq joined the Company as Assistant Works Manager in 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 nominated as Executive Director in December 2014. He was appointed CEO of the Company in January 2015, and eventually Group CEO with effect from July 2015.

Company Secretary

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 Chartered Governance Institute (previously 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.

Directors' Directorships

The directorships of the Directors of the Company in listed companies and other Public Interest Entities ("PIE") as at June 30, 2022 are as detailed hereunder:

Name of Directors	Listed Companies	Other Public Interest Entities
Mr Jean-Claude Béga[1]	The United Basalt Products Limited	Beau Rivage Co. Ltd
	Bluelife Limited	Blue Bay Tokey Island Limited
	IBL Ltd	Ekada Capital Ltd
	Lux Island Resorts Ltd	Espace Maison Ltée
	Phoenix Beverages Limited	FMM Ltée
	The Bee Equity Partners Ltd	Haute Rive Holdings Limited
		Holiday & Leisure Resorts Limited
		Les Pavillon Resorts Ltd
		Les Villas Du Lagon SA (Ile De La Réunion)
		LIR Properties Ltd
		LTK Ltd
		Merville Limited
		Merville Beach Hotel Ltd
		MSF Leisure Company Ltd
		Nereide Limited
		White Sand Resorts & Spa (Maldives)
Mr Marc Freismuth[2]	The United Basalt Products Limited	Compagnie De Gros Cailloux Limitée
	Constance Hotel Services Limited	Drymix Ltd
	Constance La Gaiete Company Limited	Espace Maison Ltée
	BMH Ltd	Pre-Mixed Concrete Limited
Mr François Boullé	The United Basalt Products Limited	Compagnie De Gros Cailloux Limitée
		Espace Maison Ltée

CORPORATE GOVERNANCE REPORT

3. THE BOARD (CONTINUED)

Directors' Directorships (Continued)

Name of Directors	Listed Companies	Other Public Interest Entities
Mr Jan Boullé	The United Basalt Products Limited	Afrasia Bank Ltd
	Bluelife Limited	Bloomage Ltd
	IBL Ltd	Camp Investment Company Limited
	Lux Island Resorts Ltd	Espace Maison Ltée
	Phoenix Beverages Limited	GML Ineo Ltée
	Phoenix Investment Company Limited	Haute Rive Holdings Limited
		Haute Rive IRS Company Ltd
		Mon Loisir Ltée
		Pick And Buy Limited
Mr Stéphane Brossard	The United Basalt Products Limited	
Mrs Catherine Gris	The United Basalt Products Limited	Economic Development Board
Mr Stéphane Lagesse	The United Basalt Products Limited	Espace Maison Ltée
	IBL Ltd[3]	GML Ineo Ltée
		Mon Loisir Ltée
Mr Thierry Lagesse	The United Basalt Products Limited	Alteo Energy Ltd
	Alteo Limited	Alteo Milling Ltd
	IBL Ltd	Alteo Refinery Ltd
	Lux Island Resorts Ltd	Camp Investment Company Limited
	Phoenix Beverages Limited	Compagnie De Gros Cailloux Limitée
	Phoenix Investment Company Limited	Consolidated Energy Co Ltd
		Espace Maison Ltée
		Ferney Limited
		GML Ineo Ltée
		Pre-Mixed Concrete Limited
Mrs Christine Marot	The United Basalt Products Limited	Bloomage Ltd
	Phoenix Investment Company Limited	Anahita Estates Ltd
		Anahita Residences & Villas Limited
		Camp Investment Company Limited
Mrs Kalindee Ramdhonee	The United Basalt Products Limited	Mammouth (Mauritius) Ltd
	BMH Ltd	
Mr Christophe Quevauvilliers	The United Basalt Products Limited	Compagnie De Gros Cailloux Limitée
		Pre-Mixed Concrete Limited
Mr Stéphane Ulcoq	The United Basalt Products Limited	Compagnie De Gros Cailloux Limitée
		Espace Maison Ltée
		Pre-Mixed Concrete Limited

1. Mr Jean-Claude Béga was appointed as Director on April 20, 2022 and as Chairman effective on July 01, 2022.
2. Mr Marc Freismuth resigned as Director and Chairman on June 30, 2022.
3. Mr Stéphane Lagesse is the alternate Director of Mr Thierry Lagesse on IBL Ltd.

Board Meetings

The Board determines the frequency of Board meetings, which are held at least on a quarterly basis to ensure that key matters are dealt with timeously. 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 ad hoc 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 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 113.

Focus Areas

The Board met ten times this year to examine, consider, discuss or approve, inter alia, the focus areas detailed hereunder. The Board has also approved some decisions by way of written resolutions.

1 STRATEGY AND PERFORMANCE	2 GOVERNANCE	3 RISK MANAGEMENT AND INTERNAL CONTROL	4 FINANCIAL	5 OTHER AGENDA ITEMS
• The activity reports of the Group CEO, including the performance of subsidiaries and associates • An increase in our shareholding in Drymix Ltd and Pre-Mixed Concrete Limited • The operational strategy, performance of and way forward of our overseas subsidiaries • Investment in a new business venture • The impact of COVID-19 on the Group • Strategic review of the report of the ad hoc Strategic Committee of the Group • Additional investment in one of our associates • A substantial investment in a group of companies in Reunion Island	• Reports from the Chairperson of the Corporate Governance Committee • Reviewed Board Charter • Replacement of a Non-Executive Director • IT Governance Framework • Discussion on the definition of Independent Non-Executive Directors • Succession planning of the Chairman and election of a new Chairman	• Reports from the Chairman of the Risk Monitoring Committee • Compliance audit report • Adequacy of the Group's Insurance cover • Reports from the Internal Auditor • Update on the progress of the Group's adherence to the Data Protection Act	• Reports from the Chairperson of the Audit Committee • The operational and capital expenditure budgets • The Group's financial performance against the budget • The Audited Group Financial Statements and the Annual Report for the year ended June 30, 2021 • The quarterly Unaudited Abridged Group Interim Financial Statements • Discussed and approved the dividend pay-out proposal • The financial reports in respect of the substantial investment in a group of companies in Reunion Island	• The Annual Meeting of Shareholders • Approved communiqués in accordance with prevailing laws, rules and regulations • The purchase of a property, partly leased by the Company • Reviewing the supply terms of a major raw material

CORPORATE GOVERNANCE REPORT

3. THE BOARD (CONTINUED)

Board Committees

The Charters of the respective Board Committees, which set out, inter alia, their mandate, composition and meeting requirements are available on the Company's website - www.ubp.mu. The Charters are reviewed as may be required from time to time.

The Charters of the respective Board Committees, which set out, inter alia, their mandate, composition and meeting requirements are available on the Company's website - www.ubp.mu. The Charters are reviewed as may be required from time to time.

CORPORATE GOVERNANCE (NOMINATION & 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 on the election and re-election of Directors and on 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 Corporate Governance Committee charter has been reviewed and approved by the Board during the FY2021. 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 currently constituted as follows:

3 Minimum members

Catherine Gris	**Chairperson**
Jean-Claude Béga	**Member**
Thierry Lagesse	**Member**

The Chairperson is an Independant Non-Executive Director while the other members are Non-Executive Directors.

On July 01, 2022, Mr Béga replaced Mr Marc Freismuth, who resigned as member of the Committee on June 30, 2022.

DISCUSSIONS

The Committee met seven times during FY2022, to, inter alia,:

- determine and discuss the remuneration of the employees;
- consider the report of Korn Ferry on the remuneration of Non-Executive Directors;
- received the compliance report pertaining to the Code of Ethics of the company;
- analyse and discuss the definition of Independent Non-Executive Directors and consequently, review the composition of the Board of Directors of the Company's subsidiaries;
- recommend for approval the replacement of one of the Audit Committee member by an Independent Non-Executive Director;
- discuss the implementation a Performance Management System;
- consider specific policies in view of enhancing the corporate governance practices within the Group;
- discuss the succession planning of the Chairman;
- consider the reviewed Board Charter;
- discuss on the Board evaluation exercise; and
- examine corporate governance compliance issues.

ATTENDANCE

The attendance record of Committee meetings for the year under review is as shown on page 113. 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 Chairperson and of each member of the Corporate Governance Committee for the year ended June 30, 2022 amounted to Rs 145,000 (2021: Rs 145,000) and Rs 85,000 (2021: Rs 85,000) 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:

3
Minimum members

Kalindee Ramdhonee	**Chairperson**
Stéphane Brossard	**Member**
Christine Marot	**Member**

The Chairperson of the Committee is an Independent Non-Executive Director.

During the year under review, Mr Stéphane Brossard, one of the Company's Independent Non-Executive Directors, replaced Mr François Boullé as member of the Committee.

Mrs Christine Marot, the other member of the Committee, is a Non-Executive Director.

The Board is of the opinion that the current members of the Committee are able to exercise independent judgement in discharging their responsibilities given their financial management knowledge and experience.

DISCUSSIONS

The Committee met six times during FY2022, 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, 2021;
- review and recommend to the Board for approval and publication the quarterly unaudited abridged group interim financial statements;
- discuss the Group's IT Governance Framework
- consider the progress report further to the compliance audit of the Company and its subsidiaries;
- review the external audit Management Letters for 2021 from Messrs. Deloitte Mauritius;
- discuss the follow up actions further to the report of the auditors on the IT General Controls;
- consider the Data Protection Management Framework of the certain of the Group's subsidiaries;
- receive the report of the Internal Auditor; and
- consider the financial reports post the substantial investment in a group of companies in Reunion Island.

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

ATTENDANCE

The attendance record of Committee meetings for the year under review is as shown on page 113. A quorum of two members is currently required for an Audit Committee meeting. The Group CFO 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, 2022 amounted to Rs 175,000 (2021: Rs 175,000) and Rs 120,000 (2021: Rs 120,000) respectively.

CORPORATE GOVERNANCE REPORT

3. THE BOARD (CONTINUED)

Board Committees (Continued)

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, against the risk appetite, as well as 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:

François Boullé	**Chairman**
Christophe Quevauvilliers	**Member**
Kalindee Ramdhonee	**Member**
Stéphane Ulcoq	**Member**

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 CFO, the latter also acting as the Chief Risk Officer.

DISCUSSIONS

The Committee met three times during FY2022, mainly to:

- review the Group's insurance policies to ensure adequate coverage;
- receive and consider the Group's consolidated risk register and risk status; and
- discuss the risk monitoring exercise within the Group;

ATTENDANCE

The attendance record of Committee meetings for the year under review is as shown on page 113. 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, 2022 amounted to Rs 90,000 (2021: Rs 90,000) and Rs 60,000 (2021: Rs 60,000) respectively.

Ad hoc Strategic Committee

The ad hoc Strategic Committee constituted in the previous year, comprising Non-Executive, Executive and Independent Non-Executive Directors, engaged in discussions pertaining to the strategic orientation of the Group and other related matters.

Ad hoc IT Steering Committee

During the year under review, the IT Steering Committee was constituted as a sub-committee of the Audit Committee to discuss the current IT governance framework within the Group and the necessary measures required to strengthen the said framework.

Meetings Attendance

The meetings attendance for the year ended June 30, 2022 was as follows:

Directors	Board	Corporate Governance Committee	Audit Committee	Risk Monitoring Committee	Annual Meeting of Shareholders
Marc Freismuth	10 out of 10	7 out of 7			1 out of 1
Jean-Claude Béga[1]	4 out of 4				-
François Boullé[2]	10 out of 10		2 out of 2	3 out of 3	1 out of 1
Jan Boullé	10 out of 10				1 out of 1
Stéphane Brossard[2]	9 out of 10		4 out of 4		0 out of 1
Catherine Gris	10 out of 10	7 out of 7			1 out of 1
Laurent de la Hogue[1]	6 out of 6				1 out of 1
Christine Marot	10 out of 10		6 out of 6		1 out of 1
Stéphane Lagesse	10 out of 10				1 out of 1
Thierry Lagesse	7 out of 10	7 out of 7			1 out of 1
Christophe Quevauvilliers	10 out of 10			3 out of 3	1 out of 1
Kalindee Ramdhonee	9 out of 10		6 out of 6	3 out of 3	1 out of 1
Stéphane Ulcoq	10 out of 10			3 out of 3	1 out of 1

1. Mr Jean-Claude Béga was appointed as Director of the Company on April 20, 2022 to replace Mr Laurent de la Hogue, who resigned as Director of the Company on April 13, 2022.

2. Mr François Boullé was replaced by Mr Stéphane Brossard as member of the Audit Committee on November 09, 2022.

CORPORATE GOVERNANCE REPORT

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

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.

2

Recommendation

The NC recommends the nomination of the Director(s) to the Board

3

Appointment

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, such that the total number of Directors at any time does not exceed the number fixed by the Constitution.

4

Re-Election

A Director so appointed shall hold office only until the next following Annual Meeting of shareholders and shall then be eligible for re-election

During the year under review, the NC discussed the replacement of one of the Directors and the succession planning of the Chairman. Mr Jean-Claude Béga was nominated to replace Mr Laurent de la Hogue as Non-Executive Director.

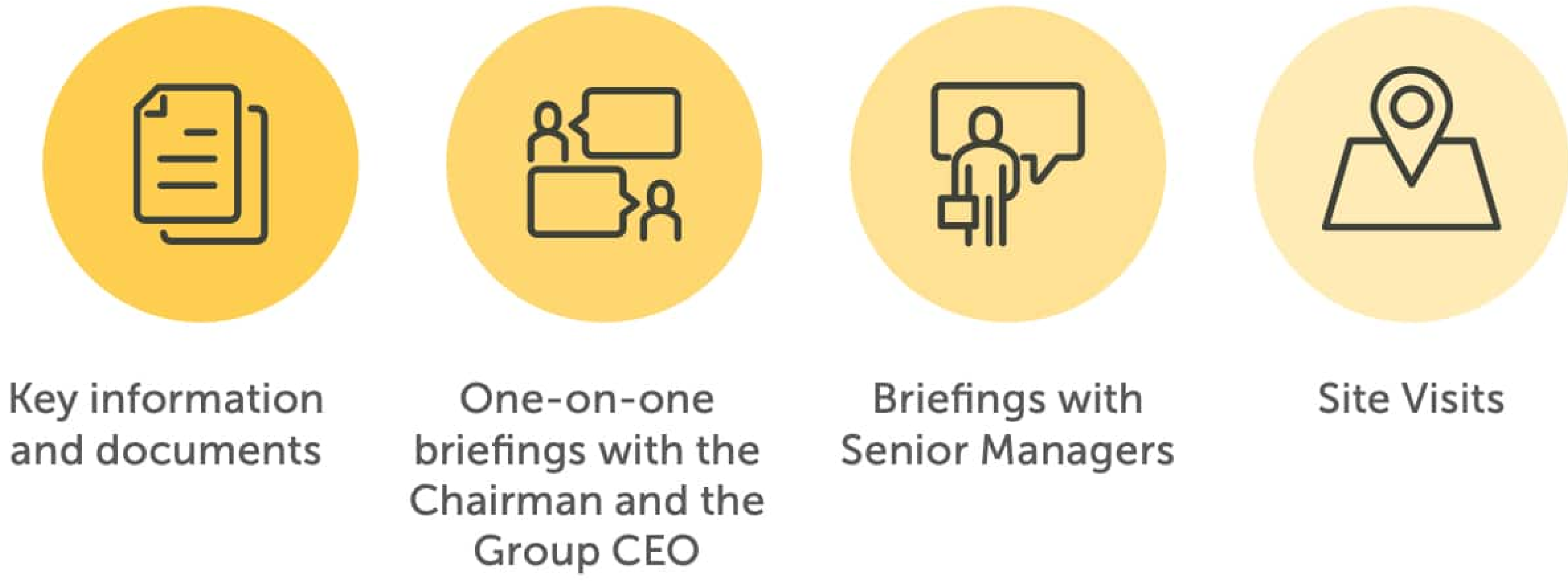
The NC further recommended Mr Béga's nomination as the new Chairman, effective as from July 01, 2022, based on his key attributes and wealth of experience in several sectors, thereby strengthening the Board's competencies. The profile of Mr Béga is detailed on page 105.

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 on 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, devises a formal and tailored induction programme for new Directors to enable them to develop a sound 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



Professional Development and Training

Directors are encouraged to keep themselves abreast of the latest workplace trends and professional practices. During the year under review, some of the Directors attended a workshop on risk governance, in view of strengthening their professional development.

Time Commitments

The Directors are expected to devote time and meaningfully contribute to the affairs of the Board and to ensure that their other responsibilities do not impinge on those as Director of the Company.

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.

Upon the recommendation of the Corporate Governance Committee, the Board has endorsed a Succession Planning Policy for Directors to ensure a proper diversity and an appropriate balance of knowledge, skills and experience on the Board.

Succession Plan

Upon the recommendation of the Corporate Governance Committee, the Board has endorsed a Succession Planning Policy for Directors to ensure a proper diversity and an appropriate balance of knowledge, skills and experience on the Board.

CORPORATE GOVERNANCE REPORT

5. DIRECTORS' DUTIES, REMUNERATION AND PERFORMANCE

Directors' Duties and Responsibilities

All Directors, whether Executive, Non-Executive or Independent Non-Executive, are bound by fiduciary duties. They have both a legal and moral duty to act independently, in good faith, with due care and skill, and without fetter or instruction. The Directors' Charter duly endorsed by the Board enables the Directors to better perform their duties and ensure that their contribution is fully effective and meets the standards expected from them in terms of independence, ethics and integrity.

Non-Executive and Independent 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 Group 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 on page 101. More information on their respective roles is available on the Company's website - www.ubp.mu.

Access to Information

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

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 Dealings 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 by the principles set out in the Share Dealing Policy of the Company and in the Model Code on Securities Transactions by Directors as stipulated in Appendix 6 of the Listing Rules of the Stock Exchange of Mauritius Ltd. The Company Secretary maintains a Register of Interests. which is available for consultation by shareholders upon written request.

Conflict of Interest 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 interest, 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 interest and related party transactions, exercising this responsibility via the Corporate Governance Committee, the Audit Committee is responsible for addressing questions pertaining to conflicts of interest 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 interest 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 29 of the Notes to the Financial Statements on pages 199 to 201 for details of related party transactions.

Information Governance

The responsibility for information governance with the Company is bestowed upon the Board.

With the accelerated global digital transformation, the Group is committed to adapting and strengthening the IT governance structure to safeguard the confidentiality, integrity, availability and protection of information. 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 fulfil this obligation, the Board is supported by the Audit Committee and the Risk Monitoring Committee for reviewing information technology risks and actions taken to mitigate them. Since global digital transformations are spurring on, the Group identified information security as one of the key issues to reinforce its IT governance structure. An ad hoc IT Steering Committee was also set up during the year under review to consider and strengthen the IT governance framework of the Group.

The management of information technology and the implementation of information security are delegated to the IT function. 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 adequate access controls in place. While the Audit Committee evaluates the effectiveness of related internal control systems, the infrastructure 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.

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.

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

The Board of Directors and the management of the Company are also committed to complying 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 are collected and processed in the course of its activities. A Data Protection Management Program 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.

Furthermore, the Group places significant emphasis on appointing the right people with the right experience and expertise, whilst rewarding them adequately to ensure engagement and commitment to long-term value creation. In the same vein, the Group Remuneration Policy, endorsed by the Board, sets out rules to ensure equity, transparency and consistency run across the breadth of the Group's remuneration practices.

CORPORATE GOVERNANCE REPORT

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

Remuneration Policy (Continued)

Please refer to Other Statutory Disclosures on page 127 for a table of total emoluments and benefits received by Directors from the Company and subsidiary companies for the year ended June 30, 2022. Non-Executive Directors received annual directorship fees 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.

Long-term Incentive Plan

The Company does not have any long-term incentive plan. 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 which covered, inter alia, the key aspects of the Board's function, was commissioned in 2020. All the members of the Board were consulted and the report was communicated to the Board in view of improving its effectiveness and its functioning.

In accordance with the Board Charter, the Board, its Committees and the Directors are assessed on a biennial basis. Upon recommendation of the Corporate Governance Committee, it was decided to exceptionally postpone the Board evaluation exercise due in FY2022, in view of enabling the new Chairman to get acquainted with the functioning of the Board and the affairs of the Group prior to carrying out such an exercise.

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. Our framework is detailed hereunder:

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 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.

Please refer to pages 42 to 51 of this report for our Risk Report.

Insurance Coverage

The Board, via the Risk Monitoring Committee, ensures that the Group's insurance policies are regularly assessed to guarantee the 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 recognises the pervasiveness of risks in our Group and is devised to tackle the key risks identified under the Enterprise Risk Management (ERM). 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 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 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, we ensure 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 Company's website - 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.

In line with the prevailing Financial Reporting Act 2004, the auditors have been rotated. The current auditors of the Company are Messrs. Deloitte Mauritius.

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 advice and assistance.

Please refer to Other Statutory Disclosures on page 129 for the details of the auditors' remuneration.

CORPORATE GOVERNANCE REPORT

8. AUDIT (CONTINUED)

Internal Audit

The Group's 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 with 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 is to ensure the effective and efficient use of available resources and ascertain 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 last year to conduct the internal audit of the Group. 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 report issued by the internal auditor during the year relates to the purchase and inventory management of Espace Maison Ltée only. At the time of writing, a report on Pre-Mixed Concrete Limited is being finalised.

Furthermore, in view of strengthening the Group's Internal Audit Framework, the recruitment of an internal auditor is underway.

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

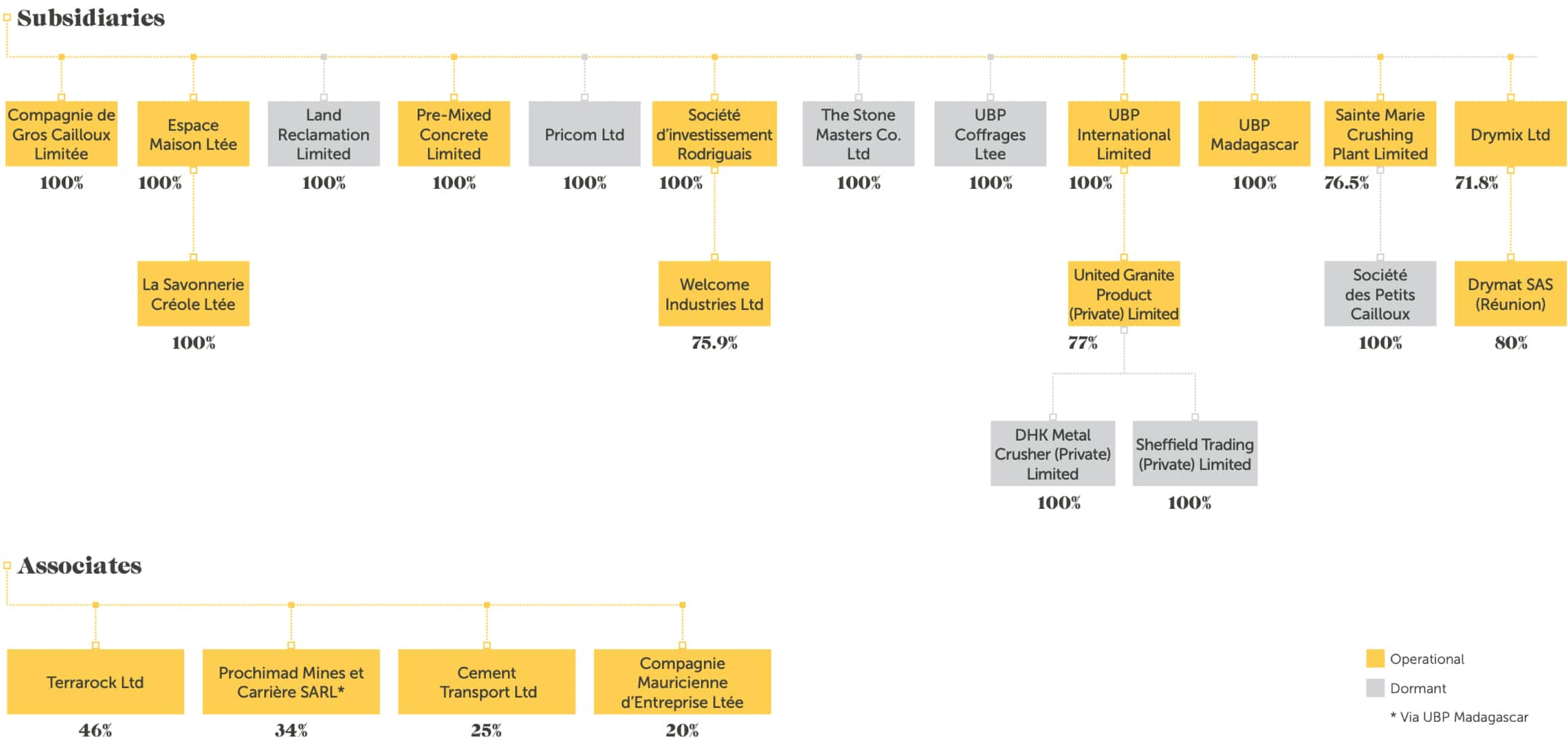
9. RELATIONS WITH SHAREHOLDERS AND OTHER KEY STAKEHOLDERS

Key Stakeholders of the Group

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

Shareholding Structure

The shareholding structure of the Group at June 30, 2022 is as detailed hereunder:



CORPORATE GOVERNANCE REPORT

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

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, 2022 was as follows:

Directors	UBP	IBL Ltd
Jean-Claude Béga	•	•
Jan Boullé	•	•
Stéphane Lagesse*	•	•
Thierry Lagesse	•	•

* Alternate to Mr Thierry Lagesse on the Board of Directors of IBL Ltd.

Substantial Shareholders

The shareholders holding more than 5% of the share capital of the Company at June 30, 2022 were as follows:

Shareholders	Number of shares	% Holding
IBL Ltd	8,785,100	33.14
The National Pensions Fund	1,398,175	5.27

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, 2022 were as follows:

Size of shareholding	Number of shareholders	Number of shares owned	Percentage (%)
1 - 500	3,239	297,299	1.12
501 – 1,000	358	262,596	0.99
1,001 – 5,000	692	1,606,929	6.06
5,001 – 10,000	205	1,458,463	5.50
10,001 – 50,000	224	4,543,836	17.14
50,001 – 100,000	36	2,561,339	9.66
100,001 – 250,000	21	3,067,498	11.57
250,001 – 1,000,000	6	2,528,807	9.54
Over 1,000,000	2	10,183,275	38.42
Total	**4,783**	**26,510,042**	**100**

Category of shareholders	Number of shareholders	Number of shares owned	Percentage (%)
Individuals	4,358	7,624,104	28.76
Insurance and assurance companies	16	531,110	2.00
Pension and provident funds	65	2,595,737	9.79
Investment and trust companies	52	473,753	1.79
Other corporate bodies	292	15,285,338	57.66
Total	**4,783**	**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 has been outsourced to DTOS Registry Services Ltd.

Total Shareholders' Return

Total Shareholders' Return		2018	2019	2020	2021	2022
Share price at the end of the current year	Rs	125.50	131.25	128.50	144.75	139.00
Share price at the end of the previous year	Rs	115.00	125.50	131.25	128.50	144.75
Increase/(Decrease) in share price	Rs	10.50	5.75	(2.75)	16.25	(5.75)
Dividend per share	Rs	3.50	3.80	1.90	3.00	3.00
Total return per share	Rs	14.00	9.55	(0.85)	19.25	(2.75)
Total return based on previous year's share price	%	12.17	7.61	(0.65)	14.98	(1.89)

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.

On May 11, 2022, the Company declared a dividend of Rs 3.00 per share in respect of FY2022.

Please refer to Financial Highlights on pages 94 and 95 for indicators and dividends paid per ordinary share over the past five years to June 30, 2022.

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 attend the meeting.

CORPORATE GOVERNANCE REPORT

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

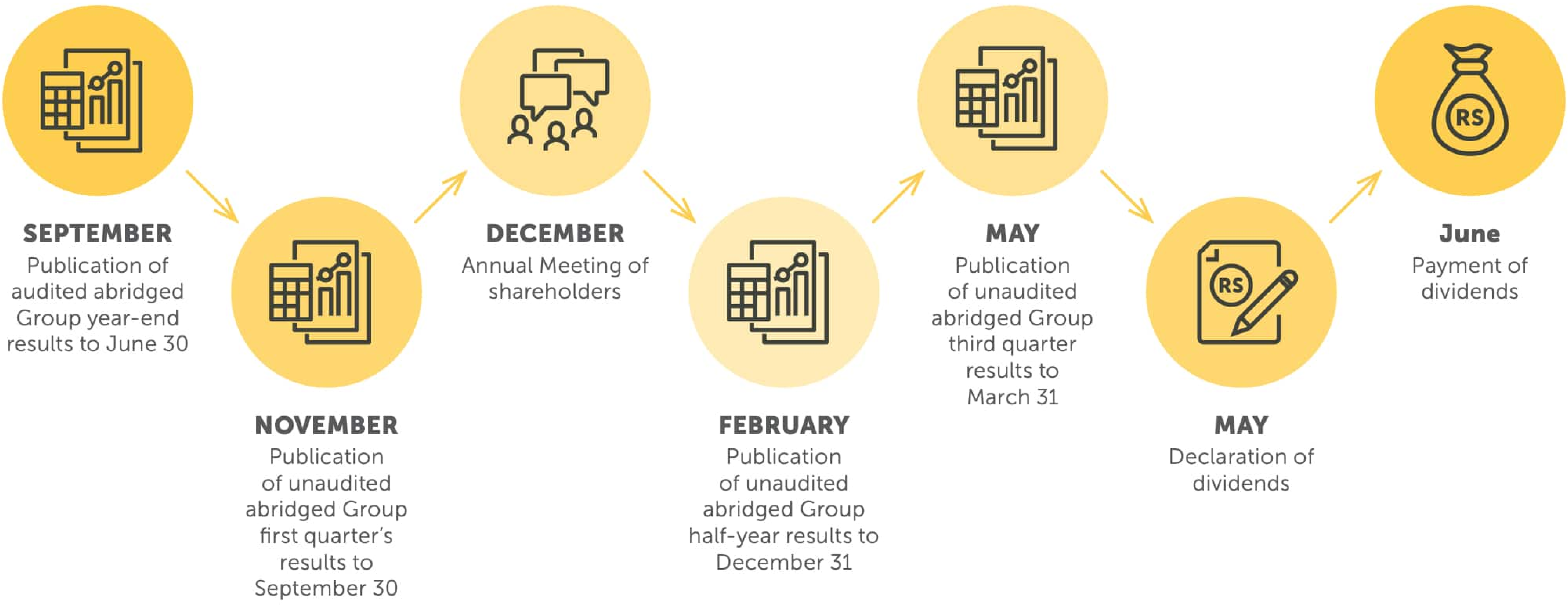
Annual Meeting of Shareholders (Continued)

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



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, ready-mixed concrete, 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.

DIRECTORS

Members of the Board of Directors at June 30, 2022 were:

THE COMPANY

Messrs:	Marc Freismuth[1] – Chairman
	Jean-Claude Béga[2]
	François Boullé
	Jan Boullé
	Stéphane Brossard
Mrs:	Catherine Gris
Messrs:	Stéphane Lagesse
	Thierry Lagesse
Mrs:	Christine Marot
Mr:	Christophe Quevauvilliers
Mrs:	Kalindee Ramdhonee
Mr:	Stéphane Ulcoq

1. Mr Marc Freismuth resigned as Director, Chairman of the Board and member of the Corporate Governance Committee of the Company on June 30, 2022.

2. Mr Jean-Claude Béga was appointed as Director on April 22, 2022 in replacement of Mr Laurent de la Hogue who resigned on April 13, 2022. Mr Jean-Claude Béga was also appointed as Chairman of the Board and as member of the Corporate Governance Committee of the Company effective on July 01, 2022.

OTHER STATUTORY DISCLOSURES

(PURSUANT TO SECTION 221 OF THE COMPANIES ACT 2001)

DIRECTORS (CONTINUED)

SUBSIDIARY COMPANIES

1. Espace Maison Ltée[1]

Messrs: Thierry Lagesse - Chairman
François Boullé
Jan Boullé
Jean-Claude Béga[2]
Marc Freismuth[3]
Stéphane Lagesse
Stéphane Ulcoq

1. Mrs Catherine Gris, Mrs Kalindee Ramdhonee and Mr Stéphane Brossard resigned as Directors on November 09, 2021.
2. Mr Jean-Claude Béga was appointed as Director on April 20, 2022 in replacement of Mr Laurent de la Hogue who resigned on April 13, 2022.
3. Mr Marc Freismuth resigned as Director on June 30, 2022.

2. Compagnie de Gros Cailloux Limitée[1]

Messrs: Stéphane Ulcoq – Chairman
François Boullé
Marc Freismuth[2]
Thierry Lagesse
Christophe Quevauvilliers

1. Mrs Catherine Gris resigned as Director on November 09, 2021.
2. Mr Marc Freismuth resigned as Director on June 30, 2022.

3. UBP Coffrages Ltée

Messrs: Laurent Béga
Bryan Gujjalu
Christophe Quevauvilliers

4. Welcome Industries Ltd

Messrs: Thierry Lagesse - Chairman
Christophe Quevauvilliers
Stéphane Ulcoq

5. UBP International Limited

Messrs: Thierry Lagesse – Chairman
Marc Freismuth[1]
Stéphane Ulcoq

1. Mr Marc Freismuth resigned as Director on June 30, 2022.

6. UBP Madagascar

General Manager: Vacant.

7. United Granite Products (Private) Limited

Messrs: Christophe Quevauvilliers
Stéphane Ulcoq

8. Sainte Marie Crushing Plant Limited

Messrs: Thierry Lagesse - Chairman
Christophe Quevauvilliers
Thierry Sauzier[1]
Stéphane Ulcoq

1. Mr Thierry Sauzier was appointed as Director on November 23, 2021 in replacement of Mr Michel Pilot who resigned on September 30, 2021.

9. Drymix Ltd[1]

Messrs : Marc Freismuth[2] - Chairman
Jean-Jacques Jullienne[3] - alternate: Mr Christophe Quevauvilliers
Colin Taylor - alternate: Mr Eric Adam
Stéphane Ulcoq

1. Mr Urs Straub resigned as Director on October 27, 2021 and Mr Guillaume Dubreuil resigned as the latter's alternate Director on the same date.
2. Mr Marc Freismuth resigned as Director on June 30, 2022.
3. Mr Jean-Jacques Jullienne was appointed as Director on May 12, 2022 in replacement of Mrs Kalindee Ramdhonee who resigned on November 09, 2021. Mr Christophe Quevauvilliers was appointed as Mr Jean-Jacques Jullienne's alternate Director on May 12, 2022.

10. Pre-Mixed Concrete Limited

Messrs: Marc Freismuth[1] – Chairman
Stéphane Ulcoq
Thierry Lagesse
Christophe Quevauvilliers

1. Mr Marc Freismuth resigned as Director on June 30, 2022.

11. Pricom Ltd

Messrs: Thierry Lagesse - Chairman
Christophe Quevauvilliers
Stéphane Ulcoq

DIRECTORS' REMUNERATION AND BENEFITS

Total remuneration and benefits received by the Directors, at June 30, 2022, from the Company and its subsidiary companies were as follows:

Remuneration and Benefits Received	From the Company	From Subsidiaries
Non-Executive Directors		
Marc Freismuth[1]	1,000,000	180,000
Jean-Claude Béga[2]	41,667	20,000
François Boullé[3]	250,000	180,000
Jan Boullé	250,000	120,000
Stéphane Brossard[4]	385,000	65,000
Catherine Gris[5]	250,000	92,500
Laurent De La Hogue[6]	208,333	100,000
Stéphane Lagesse	250,000	120,000
Thierry Lagesse	250,000	700,000
Christine Marot	250,000	-
Kalindee Ramdhonee[7]	250,000	50,000
Executive Directors		
Stéphane Ulcoq (Group CEO)	14,379,375	40,000
Christophe Quevauvilliers (Group CFO)	6,864,615	40,000

1. Mr Marc Freismuth resigned as Director, Chairman of the Board, as a member of the Corporate Governance Committee of the Company and as Director of Espace Maison Ltée, Drymix Ltd, UBP International Ltd, Pre-Mixed Concrete Limited and Compagnie de Gros Cailloux Limitée on June 30, 2022.
2. Mr Jean-Claude Béga was appointed as Director of the Company and Espace Maison Ltée on April 20, 2022. He was also appointed as Chairman of the Board and member of the Corporate Governance Committee effective on July 01, 2022.
3. Mr François Boullé resigned as member of the Audit Committee of the Company on November 09, 2022.
4. Mr Stéphane Brossard resigned as Director of Espace Maison Ltée on November 09, 2021 and was appointed as member of the Audit Committee of the Company on November 09, 2022.
5. Mrs Catherine Gris resigned as Director of Espace Maison Ltée and Compagnie de Gros Cailloux Limitée on November 09, 2021.
6. Mr Laurent de la Hogue resigned as Director of the Company and Espace Maison Ltée on April 13, 2022.
7. Mrs Kalindee Ramdhonee resigned as Director of Espace Maison Ltée and Drymix Ltd on November 09, 2021.

OTHER STATUTORY DISCLOSURES

(PURSUANT TO SECTION 221 OF THE COMPANIES ACT 2001)

DIRECTORS' AND SENIOR OFFICERS' INTERESTS IN SHARES

The Directors' and Senior Officers' interests in the ordinary shares of the Company at June 30, 2022 were as follows:

		Ordinary Shares			
		Direct		Indirect	
Directors	Category	Number	%	Number	%
Marc Freismuth - Chairman	NED	-	-	-	-
Jean-Claude Béga	NED	-	-	1,073	0.004
François Boullé	NED	-	-	-	-
Jan Boullé	NED	-	-	11,484	0.043
Stéphane Brossard	INED	-	-	-	-
Catherine Gris	INED	1,500	0.006	-	-
Stéphane Lagesse	NED	218	0.001	45,137	0.170
Thierry Lagesse	NED	2,136	0.008	45,137	0.170
Christine Marot	NED	-	-	-	-
Christophe Quevauvilliers	ED	600	0.002	12	0.000
Kalindee Ramdhonee	INED	-	-	-	-
Stéphane Ulcoq	ED	-	-	-	-

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

		Direct		Indirect	
Senior Officers	Position held	Number	%	Number	%
Vikram Gunnoo	General Manager of Pre-Mixed Concrete Limited	72	0.000	-	-
Bruno de Spéville	Marbella Manager	227	0.001	-	-

None of the Directors and Senior Officers of the Company had an interest in the shares of the subsidiary companies.

DIRECTORS' SERVICE CONTRACTS

Except for Messrs Stéphane Ulcoq and Christophe Quevauvilliers, who each have a contract of employment with the Company, there is no service contract between the Company and any of the Directors.

DIRECTORS' AND OFFICERS' INSURANCE AND INDEMNIFICATION

The Directors and the 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, 2022 were as follows:

Shareholders	Number of shares	% Holding
IBL Ltd	8,785,100	33.14
The National Pensions Fund	1,398,175	5.27

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 620,066 during the year ended June 30, 2022 (2021: Rs 685,709) out of which none (2021: Rs 39,086) were political donations.

AUDITOR'S REMUNERATION

The auditor's remuneration was as follows:

	THE GROUP		THE COMPANY	
	2022	**2021**	**2022**	**2021**
	Rs'000	Rs'000	Rs'000	Rs'000
Audit fees:				
Deloitte Mauritius	**4,027**	4,299	**1,549**	1,505
Other firms	**242**	-	**-**	-
Non-audit fees:				
Deloitte Mauritius	**-**	-	**-**	-
Other firms	**1,286**	398	**193**	183

Non-audit fees of Rs 414,820 (2021: Rs 398,570) were paid by the Group to Ernst & Young for tax services. Internal audit fees of Rs 871,000 were paid by the Group to BDO & Co.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

FOR THE YEAR ENDED JUNE 30, 2022

Statement of Directors' responsibilities in respect of the preparation of financial statements and internal control

The Directors are responsible for the preparation of financial statements which give a true and fair view of the financial position, financial performance and cash flows of the Company. In so doing, they are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- comply with the provisions of the Companies Act 2001 and the International Financial Reporting Standards (IFRS), and explain any material departure thereto;
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Company will continue in business in the foreseeable future.

The Directors are also responsible for the proper maintenance of accounting records which disclose at any time and with reasonable accuracy, the financial position and performance of the Company. They are also responsible for maintaining an effective system of internal control and risk management, for safeguarding the assets of the Company and for taking all reasonable steps to prevent and detect fraud and other irregularities.

The Directors acknowledge that they have exercised their responsibilities as described above and confirm that they have complied with the above requirements in preparing the financial statements for the year ended June 30, 2022. 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. They further acknowledge that they have ensured compliance to the Code of Corporate Governance (the "Code") and provided reasons in case of non-compliance with the Code.

The Directors confirm that there is an outsourced internal audit function. The Board also confirm that proper accounting records have been maintained during the year ended June 30, 2022 and that nothing has come to their attention which could indicate any material breakdown in the functioning of the internal control system and have a material impact on the trading and financial position of the Company.

On behalf of the Board

Jean-Claude Béga	**Stéphane Ulcoq**
Chairman	Group CEO

September 27, 2022

COMPANY SECRETARY'S CERTIFICATE

FOR THE YEAR ENDED JUNE 30, 2022

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 27, 2022

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF

The United Basalt Products Limited

Report on the audit of the consolidated and separate financial statements

Opinion

We have audited the consolidated and separate financial statements of **The United Basalt Products Limited** (the "Company" and the "Public Interest Entity") and its subsidiaries (the "Group") set out on pages 136 to 208, which comprise the consolidated and separate statements of financial position as at June 30, 2022, and the consolidated and separate statements of profit or loss and other comprehensive income, consolidated and separate statements of changes in equity and consolidated and separate statements of cash flows for the year then ended, and notes to the consolidated and separate financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated and separate financial statements give a true and fair view of the financial position of the Group and the Company as at June 30, 2022, and of their consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) and comply with the requirements of the Mauritius Companies Act 2001 and the 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 Consolidated and Separate Financial Statements* section of our report. We are independent of the Group in accordance with the International Ethics Standard Board for International Accountants' *Code of Ethics for Professional Accountants (including International Independence Standards)* (the "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 consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters	How our audit addressed the key audit matters
Employee benefit liabilities	
The Group and the Company have defined benefit plans and residual liability arising from Employment/Workers Right Acts for its employees and have recognised an employee benefit liabilities of Rs 419.6 million and Rs 323.6 million respectively at June 30, 2022. The management has applied judgement in determining the employee benefit liabilities and has involved an actuary to assist with the IAS 19 provisions and disclosures. Employee benefit liabilities are considered a key audit matter due to the significance of the balance to the consolidated and separate financial statements as a whole, combined with the judgement associated with determining the amount of provision. The significant assumptions used in respect of the employee benefit liabilities have been disclosed in Note 20.	We assessed the competence, capabilities and objectivity of management's independent actuaries and verified the qualifications of the actuaries. The procedures performed included the following: • Assessed and challenged the assumptions that the management made in determining the present value of the liabilities and fair value of plan assets; • Independently recalculated the discount rate used based on the duration of the employee benefit liabilities; • Compared the annual salary increment with historical data; and • Verified the data used by the actuaries with the payroll report for completeness and accuracy.

Key audit matters	How our audit addressed the key audit matters
Impairment assessment of goodwill and brand name	
Goodwill and brand name arising from the acquisition of Pre-Mixed Concrete Limited, ("the subsidiary" and "CGU") amounting to Rs 340.7 million and Rs 60.8 million respectively were assessed for impairment as at 30 June 2022. Management conducted an annual impairment test before the end of the reporting period to assess the recoverability of the carrying value of goodwill and brand name. This was performed by calculating the cash generating unit's ("CGU") value-in-use by using future cash flow the Group expects to derive from the CGU. As a result, the Group has impaired goodwill amounting to Rs 340.7 million as detailed in Note 8(a). As disclosed in Notes 8(a), there is inherent uncertainty and significant judgements involved in preparing future cash flow forecasts and applying the appropriate discount rate to determine the value-in-use amount of the cash generating unit.	In evaluating the impairment of goodwill and brand name, we reviewed the CGU's value in use calculations prepared by management. We performed various procedures, including the following: • Reviewed the inputs used in the cash flow forecast against historical performance and in comparison to management's strategic plans; • Compared the growth rates used to historical data regarding economic growth rates in the cash generating unit; • Reviewed appropriateness of discount factors used; • Verified the mathematical accuracy of the valuation; and • Performed sensitivity analyses on discount rates to evaluate the extent of impact on the value in use.

Other information

The Directors are responsible for the other information. The other information comprises the Financial Highlights, Risk Report, Other Statutory Disclosures, Capital Reports, Statement of Directors' Responsibilities and Company Secretary's Certificate which we obtained prior to the date of this auditor's report. It also includes other reports to be included in the Annual Report which are expected to be made available after that date. The other information, does not include the consolidated and separate financial statements and our auditor's report thereon.

Our opinion on the consolidated and separate financial statements as well as the Corporate Governance Report do not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, 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 other reports, if we conclude that there is material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of Directors for the consolidated and separate financial statements

The Directors are responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with International Financial Reporting Standards, and in compliance with the requirements of the Mauritius Companies Act 2001 and the Financial Reporting Act 2004 and they are also responsible 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 consolidated and separate financial statements, the Directors are responsible for assessing the Group's and the 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 intend to liquidate the Group and/or the Company or to cease operations, or have no realistic alternative but to do so.

The Directors are responsible for overseeing the Group's and the Company's financial reporting process.

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF

The United Basalt Products Limited

Auditor's responsibilities for the audit of the consolidated and separate financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated and separate 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 consolidated and separate financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated and separate 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 the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the Directors' 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 the 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 and/or the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate 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 to express an opinion on the consolidated 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 those charged with governance 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 those charged with governance 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 those charged with governance, we determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current period and are therefore the key audit matters. We describe those matters in our auditor's report unless laws or regulation preclude 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.

Report on other legal and regulatory requirements

Mauritius Companies Act 2001

In accordance with the requirements of the Mauritius Companies Act 2001, we report as follows:

- We have no relationship with, or interest in, the Company and its subsidiaries other than in our capacity as auditor;
- We have obtained all information and explanations that we have required; and
- In our opinion, proper accounting records have been kept by the Company as far as appears from our examination of those records.

Financial Reporting Act 2004

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 2004, complied with the requirements of the Code.

Use of this report

This report is made solely to the Company's shareholders, as a body, in accordance with section 205 of the Mauritius Companies Act 2001. Our audit work has been undertaken so that we might state to the Company's shareholders 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 shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

Deloitte	**LLK Ah Hee, FCCA**
Chartered Accountants	Licensed by FRC
September 29, 2022	

STATEMENTS OF FINANCIAL POSITION

AS AT JUNE 30, 2022

	Notes	THE GROUP		THE COMPANY	
		2022	2021	**2022**	2021
		Rs'000	Rs'000	**Rs'000**	Rs'000
ASSETS					
Non-current assets					
Property, plant and equipment	5	**3,776,377**	3,529,810	**1,767,872**	1,681,383
Right of use assets	6	**265,801**	131,090	**98,300**	32,524
Investment properties	7	**59,646**	76,381	**213,008**	213,616
Intangible assets	8(a)	**151,367**	70,212	**19,478**	16,533
Land conversion rights	8(b)	**27,198**	25,622	**-**	-
Investment in subsidiaries	9	**-**	-	**1,316,261**	1,035,634
Investment in associates	10	**69,801**	183,635	**7,163**	103,968
Non-current financial assets	11	**20,787**	14,684	**19,968**	13,534
Deferred tax assets	12(c)	**23,813**	5,921	**-**	-
Total non-current assets		**4,394,790**	4,037,355	**3,442,050**	3,097,192
Current assets					
Consumable biological assets	13	**77,086**	54,427	**-**	-
Inventories	14	**1,218,593**	878,058	**485,985**	391,480
Trade and other receivables	15	**564,118**	404,978	**595,451**	413,568
Income tax receivable	12(b)	**10,218**	1,152	**9,142**	-
Cash at bank and on hand	17	**43,698**	164,284	**8,265**	46,723
		1,913,713	1,502,899	**1,098,843**	851,771
Assets classified as held for sale	37	**100,923**	77,678	**22,428**	22,428
Total current assets		**2,014,636**	1,580,577	**1,121,271**	874,199
TOTAL ASSETS		**6,409,426**	5,617,932	**4,563,321**	3,971,391
EQUITY AND LIABILITIES					
Equity					
Issued capital	18(a)	**265,100**	265,100	**265,100**	265,100
Reserves	18(b)	**3,176,648**	3,290,926	**2,174,057**	2,301,895
Equity attributable to shareholders of the parent		**3,441,748**	3,556,026	**2,439,157**	2,566,995
Non-controlling interests		**29,660**	41,616	**-**	-
Total equity		**3,471,408**	3,597,642	**2,439,157**	2,566,995
Non-current liabilities					
Loans	19(a)	**919,143**	700,000	**877,143**	650,000
Lease liabilities	19(b)	**220,995**	102,260	**79,517**	26,446
Deferred tax liabilities	12(c)	**55,831**	52,896	**17,106**	18,540
Employee benefit liabilities	20	**419,564**	471,862	**323,614**	378,838
Total non-current liabilities		**1,615,533**	1,327,018	**1,297,380**	1,073,824
Current liabilities					
Loans and bank overdrafts	19(a)	**623,641**	187,539	**570,256**	149,983
Lease liabilities	19(b)	**61,957**	30,303	**22,204**	7,301
Trade and other payables	21	**586,995**	454,864	**234,324**	167,086
Dividend payable	28	**6,748**	-	**-**	-
Income tax payable	12(b)	**7,876**	10,005	**-**	6,202
		1,287,217	682,711	**826,784**	330,572
Liabilities directly associated with assets classified as held for sale	37	**35,268**	10,561	**-**	-
Total current liabilities		**1,322,485**	693,272	**826,784**	330,572
Total liabilities		**2,938,018**	2,020,290	**2,124,164**	1,404,396
TOTAL EQUITY AND LIABILITIES		**6,409,426**	5,617,932	**4,563,321**	3,971,391

These financial statements were approved by the Board of Directors on September 27, 2022 and signed on its behalf by :

Jean-Claude Béga
Chairman

Stéphane Ulcoq
Group CEO

The notes on pages 142 to 208 form an integral part of these financial statements.
Auditor's report on pages 132 to 135.

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED JUNE 30, 2022

	Notes	THE GROUP		THE COMPANY	
		2022	2021	**2022**	2021
		Rs'000	Rs'000	**Rs'000**	Rs'000
Continuing operations					
Revenue	23	**3,993,473**	3,262,108	**1,952,642**	1,808,622
Operating profit	24	**215,696**	308,596	**113,346**	267,394
Allowance for expected credit losses on financial assets	24(d)	**(23,281)**	2,911	**(12,244)**	(6,069)
Impairment of assets	24(c)	**(340,686)**	(4,982)	**(211,437)**	(52,255)
Gain on deemed disposal of associate	24(e)	**158,236**	-	**-**	-
Finance income	25	**2,090**	2,274	**44,808**	61,960
Finance costs	26	**(58,460)**	(33,883)	**(43,785)**	(27,622)
Share of results of associates	10	**10,678**	7,249	**-**	-
(Loss) / profit before tax		**(35,727)**	282,165	**(109,312)**	243,408
Tax (expense) / income	12(a)	**(1,622)**	(20,583)	**7,421**	(10,040)
(Loss) / profit for the year from continuing operations		**(37,349)**	261,582	**(101,891)**	233,368
Discontinuing operations					
Loss for the year from discontinuing operations	37	**(19,364)**	(46,020)	**-**	-
(Loss) / profit for the year		**(56,713)**	215,562	**(101,891)**	233,368
Other comprehensive income					
Other comprehensive income to be reclassified to profit or loss in subsequent periods:					
Exchange differences on translation of foreign operations		**30,205**	(3,141)	**-**	-
Net other comprehensive income to be reclassified to profit or loss in subsequent periods		**30,205**	(3,141)	**-**	-
Items not to be reclassified to profit or loss in subsequent periods:					
Net gain on equity instruments at FVTOCI	11(a)	**6,434**	625	**6,434**	625
Re-measurement gains on retirement benefit liabilities	20	**86,380**	213,926	**56,806**	160,252
Deferred tax effect on re-measurement gains on retirement benefit liabilities	12(a)	**(13,911)**	(34,598)	**(9,657)**	(27,243)
Share of other comprehensive income of associates	10	**4,655**	522	**-**	-
Net other comprehensive income not being reclassified to profit or loss in subsequent periods		**83,558**	180,475	**53,583**	133,634
Other comprehensive income for the year, net of tax		**113,763**	177,334	**53,583**	133,634
Total comprehensive income / (loss) for the year, net of tax		**57,050**	392,896	**(48,308)**	367,002
(Loss) / profit for the year attributable to:					
Equity holders of the parent		**(67,553)**	196,219	**(101,891)**	233,368
Non-controlling interests		**10,840**	19,343	**-**	-
		(56,713)	215,562	**(101,891)**	233,368
Total comprehensive income / (loss) for the year attributable to:					
Equity holders of the parent		**37,322**	371,149	**(48,308)**	367,002
Non-controlling interests		**19,728**	21,747	**-**	-
		57,050	392,896	**(48,308)**	367,002
(Loss) / earnings per share(Rs)	27	**(2.55)**	7.40		

The notes on pages 142 to 208 form an integral part of these financial statements.
Auditor's report on pages 132 to 135.

STATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED JUNE 30, 2022

THE GROUP	Attributable to equity shareholders of the parent									
	Issued capital	Share premium	Associate companies	Revaluation reserve	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
At July 01, 2020	265,100	7,354	109,291	1,874,102	10,355	(12,937)	1,010,772	3,264,037	37,641	3,301,678
Profit for the year	-	-	-	-	-	-	196,219	196,219	19,343	215,562
Other comprehensive income	-	-	522	-	625	(3,245)	177,028	174,930	2,404	177,334
Total comprehensive income for the year	-	-	522	-	625	(3,245)	373,247	371,149	21,747	392,896
Changes in percentage holding of subsidiaries (note 36)	-	-	-	-	-	-	370	370	(1,270)	(900)
Dividends (note 28)	-	-	-	-	-	-	(79,530)	(79,530)	(16,502)	(96,032)
At June 30, 2021	265,100	7,354	109,813	1,874,102	10,980	(16,182)	1,304,859	3,556,026	41,616	3,597,642
At July 01, 2021	265,100	7,354	109,813	1,874,102	10,980	(16,182)	1,304,859	3,556,026	41,616	3,597,642
(Loss) / profit for the year	-	-	-	-	-	-	(67,553)	(67,553)	10,840	(56,713)
Other comprehensive income	-	-	4,655	-	6,434	23,253	70,533	104,875	8,888	113,763
Total comprehensive income for the year	-	-	4,655	-	6,434	23,253	2,980	37,322	19,728	57,050
Changes in percentage holding of subsidiaries (note 36)	-	-	-	-	-	-	(72,070)	(72,070)	(24,336)	(96,406)
Transfer to retained earnings	-	-	(29,475)	(12,819)	-	-	42,294	-	-	-
Dividends (note 28)	-	-	-	-	-	-	(79,530)	(79,530)	(7,348)	(86,878)
At June 30, 2022	**265,100**	**7,354**	**84,993**	**1,861,283**	**17,414**	**7,071**	**1,198,533**	**3,441,748**	**29,660**	**3,471,408**

The notes on pages 142 to 208 form an integral part of these financial statements.
Auditor's report on pages 132 to 135.

STATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED JUNE 30, 2022

THE COMPANY	Issued capital	Share premium	Revaluation reserve	Fair value reserve of financial assets at FVOCI	Retained earnings	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
At July 01, 2020	265,100	7,354	819,248	10,355	1,177,466	2,279,523
Profit for the year	-	-	-	-	233,368	233,368
Other comprehensive income	-	-	-	625	133,009	133,634
Total comprehensive income for the year	-	-	-	625	366,377	367,002
Dividends (note 28)	-	-	-	-	(79,530)	(79,530)
At June 30, 2021	265,100	7,354	819,248	10,980	1,464,313	2,566,995
At July 01, 2021	265,100	7,354	819,248	10,980	1,464,313	2,566,995
Loss for the year	-	-	-	-	(101,891)	(101,891)
Other comprehensive income	-	-	-	6,434	47,149	53,583
Total comprehensive loss for the year	-	-	-	6,434	(54,742)	(48,308)
Dividends (note 28)	-	-	-	-	(79,530)	(79,530)
At June 30, 2022	**265,100**	**7,354**	**819,248**	**17,414**	**1,330,041**	**2,439,157**

The notes on pages 142 to 208 form an integral part of these financial statements.
Auditor's report on pages 132 to 135.

STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2022

	Notes	THE GROUP		THE COMPANY	
		2022	2021	**2022**	2021
OPERATING ACTIVITIES		**Rs'000**	Rs'000	**Rs'000**	Rs'000
(Loss) / profit before tax from:					
Continuing operations		**(35,727)**	282,165	**(109,312)**	243,408
Discontinuing operations		**(19,364)**	(46,020)	**-**	-
		(55,091)	236,145	**(109,312)**	243,408
Adjustment to reconcile profit before tax to net cash flows:					
Depreciation of property, plant and equipment	5	**249,931**	244,632	**170,663**	164,887
Depreciation of right of use assets	6	**44,552**	29,979	**13,662**	7,174
Depreciation of investment properties	7	**3,735**	3,011	**19,075**	19,415
Allowance for expected credit losses on financial assets	24(d)	**23,281**	(2,911)	**12,244**	6,069
Amortisation of intangible assets	8(a)	**22,028**	17,489	**4,862**	4,573
Reassessment of IFRS 16		**(184)**	-	**-**	-
Impairment of assets	24(c)	**340,686**	4,982	**211,437**	52,255
Gain on deemed disposal of associate	24	**(158,236)**	-	**-**	-
Fair value loss of financial assets at FVTPL	11	**331**	29	**-**	-
Fair value movement of land conversion rights	8(b)	**(1,576)**	(3,685)	**-**	-
Write-off of intangible assets	8(a)	**1,644**	1,858	**-**	1,578
Write-off / (write-back) of property, plant and equipment	5	**65**	(1,493)	**-**	-
Write-off of right of use assets	6	**2,337**	-	**-**	-
Movement in retirement benefit liabilities	20	**7,531**	6,114	**1,600**	(5,022)
Profit on disposal of property, plant and equipment	24	**(5,064)**	(4,080)	**(6,629)**	(3,981)
Share of results of associates	10	**(10,678)**	(7,249)	**-**	-
Finance costs	26	**58,460**	33,883	**43,785**	27,622
Finance income	25	**(2,090)**	(2,274)	**(44,808)**	(61,960)
Movement in working capital					
Increase in consumable biological assets	13	**(22,659)**	(8,651)	**-**	-
Increase in inventories	14	**(314,354)**	(21,185)	**(94,505)**	(9,667)
(Increase) / decrease in trade and other receivables	15	**(14,422)**	21,252	**(194,127)**	32,822
(Decrease) / increase in trade and other payables	21	**(34,889)**	20,740	**67,238**	(49,629)
Cash generated from operations		**135,338**	568,586	**95,185**	429,544
Interest paid		**(54,988)**	(33,883)	**(39,668)**	(27,622)
Interest income	25	**15**	110	**8,518**	10,273
Income tax paid	12(b)	**(24,902)**	(27,926)	**(19,017)**	(24,782)
Net cash flows generated from operating activities		**55,463**	506,887	**45,018**	387,413
INVESTING ACTIVITIES					
Proceeds from disposal of property, plant and equipment		**15,564**	12,878	**11,878**	4,343
Purchase of property, plant and equipment	17	**(381,130)**	(156,448)	**(262,534)**	(105,442)
Additions to investment in subsidiaries	9	**-**	-	**(395,259)**	(9,109)
Purchase of investment properties	7	**-**	(480)	**(18,467)**	(17,992)
Purchase of intangible assets	8(a)	**(21,613)**	(9,476)	**(7,807)**	(2,895)
Consideration paid to aquire additional shares in associate and subsidiary	36	**(381,822)**	(900)	**-**	-
Cash on acquisition of subsidiary	36	**12,182**	-	**-**	-
Dividend received from associates	10	**13,174**	15,525	**13,174**	15,525
Dividend received from other equity investment	25	**2,075**	2,164	**23,116**	36,162
Net cash flows used in investing activities		**(741,570)**	(136,737)	**(635,899)**	(79,408)

The notes on pages 142 to 208 form an integral part of these financial statements.
Auditor's report on pages 132 to 135.

STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2022

	Notes	THE GROUP		THE COMPANY	
		2022	2021	**2022**	2021
		Rs'000	Rs'000	**Rs'000**	Rs'000
FINANCING ACTIVITIES					
Proceeds from borrowings	19(c)	**1,508,500**	342,000	**1,548,950**	303,068
Repayment of term loans	19(c)	**(1,153,360)**	(356,001)	**(1,139,677)**	(372,858)
Repayment of lease liabilities	19(c)	**(45,796)**	(26,551)	**(11,343)**	(5,656)
Long Term Secured Promissory Note	19(c)	**(3,096)**	-	**(3,096)**	-
Dividend paid - The Company	19(c)	**(79,530)**	(129,899)	**(79,530)**	(129,899)
Dividend paid - Minority shareholders	19(c)	**(600)**	(16,502)	**-**	-
Net cash flows from / (used in) financing activities		**226,118**	(186,953)	**315,304**	(205,345)
(Decrease) / increase in cash and cash equivalents		**(459,989)**	183,197	**(275,577)**	102,660
MOVEMENT IN CASH AND CASH EQUIVALENTS					
At July 01,		**107,328**	(63,097)	**21,146**	(81,514)
Exchange difference		**55,379**	(4,293)	**-**	-
(Decrease) / increase in cash and cash equivalents		**(459,989)**	183,197	**(275,577)**	102,660
Less: Movement for discontinuing operations	37	**(1,428)**	(8,479)	**-**	-
At June 30,	17	**(298,710)**	107,328	**(254,431)**	21,146

The notes on pages 142 to 208 form an integral part of these financial statements.
Auditor's report on pages 132 to 135.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

1. CORPORATE INFORMATION

The United Basalt Products Limited ("the Company") is a public company incorporated and domiciled in Mauritius and listed on the official market of the Stock Exchange of Mauritius. Its registered office is situated at Trianon, Quatre- Bornes.

The main activities of the Company and its subsidiaries, together referred to as the 'Group', are the manufacturing and selling of building materials, provision of workshop services, manufacture of ready-mixed concrete and in producing and selling of agricultural products.

The consolidated and separate financial statements for the year ended June 30, 2022 were authorised for issue by the Board of Directors on September 27, 2022 and the statements of financial position were signed on behalf of the Board by Messrs Jean-Claude Béga 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 Mauritius Companies Act 2001 and Financial Reporting Act 2004.

The consolidated and separate financial statements have been prepared on a historical cost basis except for freehold 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.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

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.

2.2 BASIS OF CONSOLIDATION

The consolidated financial statements comprise the financial statements of The United Basalt Products Limited and entities controlled by the Company (its subsidiaries) as at June 30, 2022.

Control is achieved when the Company 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 Company controls an investee if and only if the Company 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 Company 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 Company's voting rights and potential voting rights.

The Company 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 Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, the results of a subsidiary acquired or disposed of during the year are included in the statement of comprehensive income from the date the Company gains control until the date the Company 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 profit or loss; and
- Reclassifies the parent's share of components previously recognised in other comprehensive income to profit or loss or retained earnings, as appropriate, as would be required if the Company had directly disposed of the related assets or liabilities.

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interest issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value at the acquisition date, except that:

- Deferred tax assets or liabilities and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with IAS 12 Income Taxes and IAS 19 Employee Benefits respectively; and
- Assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 Non-current Assets held for sale and Discontinued Operations are measured in accordance with that Standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

When the consideration transferred by the Group in a business combination includes a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Other contingent consideration is remeasured to fair value at subsequent reporting dates with changes in fair value recognised in profit or loss.

When a business combination is achieved in stages, the Group's previously held interests (including joint operations) in the acquired entity are remeasured to its acquisition-date fair value and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if that interest were disposed of. If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

2. ACCOUNTING POLICIES (CONTINUED)

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; and

· 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 the management when the situation dictates it, taking into consideration the relevant factors.

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

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

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

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

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

(c) Property, plant and equipment

Except for freehold land and buildings, all other items of property, plant and equipment are 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 carried at revalued amounts less accumulated depreciation on buildings and impairment losses recognised. Valuations are performed with sufficient frequency (3 to 5 years) to ensure that the 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 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 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 and any remaining balance is adjusted 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	2 to 33
Motor vehicles	20

Land and assets in progress are not depreciated.

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.

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 which are properties held to earn rentals and/or capital appreciation 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

2. ACCOUNTING POLICIES (CONTINUED)

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Biological assets

Bearer biological assets

Bearer biological assets comprising of macadamia, sugar cane ratoons and plantation costs are capitalised and amortised over the period during which the Group expects to benefit from the asset, usually up to nine years. The Group account for bearer plants in the same way as property, plant and equipment. As at reporting date, all Bearer biological assets have been fully impaired.

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 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 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 and brand name 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.

Intangible assets acquired in a business combination

Intangible assets acquired in a business combination and recognised separately from goodwill are recognised initially at their fair value at the acquisition date (which is regarded as their cost). Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

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.

Customer relationship is measured initially at purchase cost and is amortised on a straight line basis over its estimated useful life.

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.

LCR is recognised as a non-current asset and is initially measured at fair value at the date on which the Group 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 derecognised upon disposal (i.e. the date the recipient obtains control) or use for converting agricultural land into residential land for land projects. Any gain or loss on derecognition of the LCR is included in profit or loss.

(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 Company 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 not amortised but is individually tested for impairment annually.

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 in profit or loss.

Upon loss of significant influence over the associate, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

In the Company's separate financial statements, investment in associates is stated at cost. The carrying amount is reduced to recognise any impairment in the value of the investment.

(j) Foreign currency translation

The financial statements of the Group and the Company are presented in Mauritian rupees, which is also the parent company's functional currency. For each entity, the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency.

Transactions and balances

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

2 ACCOUNTING POLICIES (CONTINUED)

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(j) Foreign currency translation (Continued)

Transactions and balances (Continued)

Differences arising on settlement or translation of monetary items are recognised in profit or loss with the exception of monetary items that are designated as part of the hedge of the Group's net investment of a foreign operation. These are recognised in other comprehensive income until the net investment is disposed, at which time, the cumulative amount is reclassified to profit or loss. Tax charges and credits attributable to exchange differences on those monetary items are also recorded in other comprehensive income.

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

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

Group companies

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

(k) Financial instruments

Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised 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 amortised 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 recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised 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) ; and
- Financial assets at fair value through profit or loss.

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 recognised 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 recognised as finance income in 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 amortised 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 recognised in 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 recognised as finance income in 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

2. ACCOUNTING POLICIES (CONTINUED)

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(k) Financial instruments (Continued)

Financial assets (Continued)

Derecognition (Continued)

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 its continuing involvement. 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 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 recognises 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 30 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.

Write-off policy

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows. Financial assets written off may still be subject to enforcement activities under the Company's recovery procedures. Any recoveries made are recognised in profit or loss.

Financial liabilities and equity

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instrument

An equity instrument is any contract that evidences a residual interest in the asset of an entity after deducting all of its liabilities. Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs.

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 other payables.

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, loans, lease liabilities and borrowings including bank overdrafts.

Subsequent measurement

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

Amortised cost

Loans and borrowings, lease liabilities and trade and other payables.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortization 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 as finance costs in profit or loss.

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

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 the 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.

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; and
- 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

2. ACCOUNTING POLICIES (CONTINUED)

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(l) Inventories (Continued)

When inventories arise from a change in use of investment properties such as by the commencement of development with a view to sell, the properties are reclassified as inventories at their deemed cost, which is the fair value at the date of reclassification. They are subsequently carried at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less costs to complete redevelopment and selling expenses.

Land development inventory consists of cost of land and related expenditure incurred on conversion of land to saleable condition. Land earmarked for development is stated at the lower of cost or net realisable value and is included in inventories.

(m) Retirement benefit liabilities

Defined contribution plan

Payments to defined contribution retirement plans are charged as an expense when employees have rendered service entitling them to the contributions.

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. The cost of providing benefits under defined benefit plan is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. Re-measurement, comprising actuarial gains and losses, the effect of changes to the asset ceiling (if applicable) and the return on plan assets (excluding interest), is reflected immediately in the statement of financial position with a charge or credit recognised in other comprehensive income in the period in which they occur. Re-measurement recognised in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss. Past service cost is recognised in profit or loss in the period of a plan amendment.

Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. Defined benefit costs are categorised as follows:

- Service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);

- Net interest expense or income;

- Re-measurement

The Group presents the first two components of defined benefit costs in profit or loss as part of staff costs. Curtailment gains and losses are accounted for as past service costs.

The retirement benefit obligation recognised in the statement of financial position represents the actual deficit or surplus in the defined benefit plan. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

State plan

State plan and contributions to Contribution Sociale Generalisée are expensed in profit or loss in the period in which they fall due.

Other retirement gratuity – The Workers Rights Act 2019

For employees that are not covered or who are insufficiently covered under pension plans, the net present value of retirement gratuity payable under the Workers' Rights Act 2019 (WRA) is calculated independently by qualified actuaries, 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 these retirement gratuities have 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 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.

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 profit or loss in expense categories 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 initially recognised and measured as set out above. Goodwill is not amortised but is reviewed for impairment at least annually. For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period. On disposal of a cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

(p) Leases

The Group and the Company as lessee

The Group and the Company assesses whether a contract is or contains a lease, at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets (such as tablets and personal computers, small items of office furniture and telephones).

For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the lessee uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

- Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- The amount expected to be payable by the lessee under residual value guarantees;
- The exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

2. ACCOUNTING POLICIES (CONTINUED)

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(p) Leases (Continued)

The Group and the Company as lessee (Continued)

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate;
- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used); and
- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Group did not make any such adjustments during the periods presented.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the Group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under IAS 37. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented as a separate line in the statement of financial position.

The Group applies IAS 36 Impairment of Assets to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the 'Property, Plant and Equipment' policy.

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs.

As a practical expedient, IFRS 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Group has applied this practical expedient.

The Group and the Company as lessor

The Group enters into lease agreements as a lessor with respect to some of its investment properties. The Group also rents equipment to retailers necessary for the presentation and customer fitting and testing of footwear and equipment manufactured by the Group.

Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

When the Group is an intermediate lessor, it accounts for the head lease and the sub-lease as two separate contracts. The sub-lease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

Amounts due from lessees under finance leases are recognised as receivables at the amount of the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

When a contract includes both lease and non-lease components, the Group applies IFRS 15 to allocate the consideration under the contract to each component.

(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

The Group is involved in the sale of building materials and manufactures aggregates, rocksand, concrete blocks and other construction materials for resale. The Group is also involved in the sale of various concrete building components including decorative items, agricultural products and garden accessories. Revenue from contracts with customers is measured based on the consideration to which the Company expects to be entitled in exchange for those goods and services and excludes amount collected on behalf of third parties. Revenue is recognised when or as the entity satisfies a performance obligation by transferring control of a promised goods or services to a customer. Control either transfers over time or at a point in time. When revenue from services is received upfront by client, a contract liability is recognised for revenue relating to services not yet delivered to the customer. 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.

Revenue from workshop, leisure and landscaping

Services provided by the Group include workshop, leisure and landscaping. Revenue from rendering of these services is recognised either at a point in time or over time depending whether the service is one-off or over a duration of a period.

Project revenue

The Group generates revenue from supply and fixing contracts (project revenue) agreed with customers. Where the contracts contain only the supply of goods, revenue is recognised at the point of time the goods are delivered. However, where the contract consists of both supply and fixing services and each of these obligations can be capable of being distinct on its own or together with other services that are readily available to the customer and is distinct within the context of the contract itself, the good or service is accounted as a separate obligation. In these cases, revenue for the supply of goods is recognised at the time of delivery whereas revenue for the fixing part is recognised over time as the services are rendered.

The transaction price is allocated between the product and the fixing services on a relative stand-alone selling price basis.

(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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

2. ACCOUNTING POLICIES (CONTINUED)

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(s) Taxes (Continued)

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 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 profit or loss and other 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:

- 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);
- 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
- 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 Group and the Company recognise 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 a 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 economic benefit derived from its use are capitalised as part of property, plant and equipment. Depreciation on such spare parts is charged to profit or loss.

(x) Government grants

Government grants are not recognised until there is reasonable assurance that the Group and the Company will comply with the conditions attaching to them and that the grants will be received. Government Wage Assistance Scheme (GWAS) was introduced in March 2020 and was given during the months of lockdown. GWAS meets the definition of government grants under IAS 20. GWAS is recognised as an expense over the periods for which the Group and the Company incur the related costs for which the grants are intended and are deducted in reporting the related expenses.

(y) Covid-19 levy

The Government introduced the Covid-19 levy after the GWAS. The Covid-19 levy is an obligating event arising upon the making of the taxable profit. If the Group and the Company is profitable in the next year of assessment, the GWAS will be considered as a refund to the Mauritius Revenue Authority. The Covid-19 levy is recognised as an expense over the periods for which the Group and the Company have recognised the GWAS together with the corresponding liabilities.

(z) Provisions

Provisions are recognised when the Group and the Company have a present obligation (legal or constructive) as a result of a past event, and it is probable that the Group and the Company will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using cash flows estimated to settle present obligation, its carrying amount is the present value of these cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

2. ACCOUNTING POLICIES (CONTINUED)

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(aa) Related parties

For the purpose of these financial statements, parties are considered to be related to the Group and the Company if they have the ability, directly or indirectly, to control the Group and the Company or exercise significant influence over the Group and the Company in making financial and operating decisions, or vice versa, or where the Company is subject to common control or common significant influence. Related parties may be individual or other entities.

(ab) Non-current assets held for sale

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell.

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

When the Group is committed to a sale plan involving loss of control of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held for sale when the criteria described above are met, regardless of whether the Group will retain a non-controlling interest in its former subsidiary after the sale.

When the Group is committed to a sale plan involving disposal of an investment in an associate or, a portion of an investment in an associate, the investment, or the portion of the investment in the associate, that will be disposed of is classified as held for sale when the criteria described above are met. The Group then ceases to apply the equity method in relation to the portion that is classified as held for sale. Any retained portion of an investment in an associate that has not been classified as held for sale continues to be accounted for using the equity method.

(ac) Comparative figures

Where necessary, comparative figures have been restated or reclassified to conform to the current year's presentation.

(ad) Customer loyalty programme

The Group has a customer loyalty programme whereby customers are awarded with reward credits (loyalty points) which are effectively used as cash back against future purchases. Loyalty points granted to customers participating in the loyalty programme provide rights to customers that need to be accounted for as a separate performance obligation.

The fair value of the consideration received under loyalty programme is allocated between the sale of goods supplied and the loyalty points granted. The consideration allocated to the loyalty points is measured by reference to their relative stand-alone selling price which is calculated as the amount for which the loyalty points could be separately exchanged, adjusted for an expected forfeiture rate. Such consideration is not recognised as turnover at the time of the sales transaction but is recognised as a deferred revenue liability until the loyalty points have been redeemed or forfeited. The likelihood of redemption, based on management's judgement of expected redemption rates, is reviewed on a regular basis and any adjustments to the deferred revenue liability is recognised in turnover.

2.4 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSs)

In the current year, the Group and the Company have applied all of the new and revised Standards and Interpretations issued by the International Accounting Standards Board ("IASB") and the International Financial Reporting Interpretations Committee ("IFRIC") of the IASB that are relevant to its operations and effective for accounting periods beginning on July 01, 2021.

New and revised standards that are effective for the current year

The following relevant revised Standards have been applied in these financial statements. Their application has not had any significant impact on the amounts reported for the current and prior periods but may affect the accounting treatment for future transactions or arrangements.

IAS 39 Financial Instruments: Recognition and Measurement - Amendments regarding replacement issues in the context of the IBOR reform

IFRS 7 Financial Instruments: Disclosures - Amendments regarding replacement issues in the context of the IBOR reform

IFRS 9 Financial Instruments – Amendments regarding replacement issues in the context of the IBOR reform

IFRS 16 Leases – Amendments regarding replacement issues in the context of the IBOR reform

IFRS 16 Leases - Amendments to extend the exemption from assessing whether a COVID-19 related rent concession is a lease modification

New and revised Standards in issue but not yet effective

At the date of authorisation of these financial statements, the following relevant Standards were in issue but effective on annual periods beginning on or after the respective dates as indicated:

IAS 1 Presentation of Financial Statements – Amendments regarding the classification of liabilities (effective January 01, 2023)

IAS 1 Presentation of Financial Statements – Amendments to defer the effective date of the January 2020 amendments (effective January 01, 2023)

IAS 1 Presentation of Financial Statements – Amendments regarding the disclosure of accounting policies (effective January 01, 2023)

IAS 8 Accounting Policies, Change in Accounting Estimates and Errors – Amendments regarding the definition of accounting estimates (effective January 01, 2023)

IAS 12 Income Taxes – Amendments regarding deferred tax on leases and decommissioning obligations (effective January 01, 2023)

IAS 16 Property, Plant and Equipment – Amendments prohibiting a company from deducting from the cost of property, plant and equipment amounts received from selling items produces while the company is preparing the asset for its intended uses (effective January 01, 2022)

IAS 37 Provisions, Contingent Liabilities and Contingent Assets – Amendments regarding the costs to include when assessing whether a contract is onerous (effective January 01, 2022)

IFRS 3 Business Combinations – Amendments updating a reference to the Conceptual Framework (effective January 01, 2022)

IFRS 9 Financial Instruments – Amendments resulting from Annual Improvements to IFRS Standards 2018-2020 (fees in the '10 per cent' test for derecognition of financial liabilities) (effective January 01, 2022)

The Directors anticipate that these Standards and Interpretations will be applied on their effective dates in future periods. The Directors have not yet assessed the potential impact of the application of these amendments.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

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 judgements, which have the most significant effect on the amounts recognised in the financial statements:

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.

Allowance for slow moving inventories

The basis and assumptions used for determining impairment allowance for slow moving inventories is based on a combinations of factors including past experience of management, turnover, customer preferences and market trends.

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 and budgeted costs and applying a suitable discount rate in order to calculate the net present value. Refer to note 13 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 13 for key assumptions used to determine valuation of plants.

Provision for expected credit losses of trade receivables

The Group uses a provision matrix to calculate ECLs for trade receivables. 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 15.

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 (a), for key assumptions used.

Employee benefit liabilities

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 20.

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 values are 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 liquidity (refer to note 9).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

4. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's and the Company's principal financial liabilities comprise bank loans and overdrafts, finance leases, loan from shareholders and trade and payables. The main purpose of these financial liabilities is to finance the Group's and the Company's operations. The Group's and the Company'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 and the Company also hold equity investments classified at Fair value through profit or loss and Fair value through other comprehensive income.

The Group and the Company are exposed to market risk, credit risk and liquidity risk. The Group's and the Company's senior management oversees the management of these risks. Senior management ensures that the Group's and the Company'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 and the Company are exposed are 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 and the Company are exposed comprise 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, 2022 and 2021.

(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 and the Company's exposure to the risk of changes in market interest rates relates primarily to the Group's and the Company's debt obligations with floating interest rates.

The Group's and the Company's income and operating cash flows are subject to the risks of changes in market interest rates.

The Group's and the Company'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	**2022**	2021	**2022**	2021
	Rs'000	Rs'000	**Rs'000**	Rs'000
+50	**7,697**	4,422	**7,220**	3,984
-25	**(3,848)**	(2,211)	**(3,610)**	(1,992)

(ii) ***Currency profile***

	THE GROUP		THE COMPANY	
	2022	2021	**2022**	2021
Financial assets	**Rs'000**	Rs'000	**Rs'000**	Rs'000
Euro	**16,638**	7,676	**2,014**	5
United States Dollars	**5,570**	4,789	**619**	2
Mauritian Rupees	**532,120**	465,504	**584,613**	455,855
Malagasy Ariary	**5,206**	45,849	**-**	-
Sri Lanka Rupee	**15,525**	6,191	**-**	-
	575,059	530,009	**587,246**	455,862

	THE GROUP		THE COMPANY	
	2022	2021	**2022**	2021
Financial liabilities	**Rs'000**	Rs'000	**Rs'000**	Rs'000
Euro	**46,056**	22,835	**18,963**	4,984
United States Dollars	**5,915**	2,544	**57,743**	177
Pound Sterling	**100**	5	**100**	76
Mauritian Rupees	**2,291,665**	1,328,397	**1,694,540**	972,099
South African Rand	**1,224**	1,840	**780**	540
Malagasy Ariary	**29,495**	86,634	**-**	-
Sri Lanka Rupee	**4,808**	5,173	**-**	-
	2,379,263	1,447,428	**1,772,126**	977,876

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, US Dollars and Malagasy Ariary. The Group does not have a policy to hedge against foreign currency risk.

Foreign currency sensitivity

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, US Dollars and Malagasy Ariary exchange rates, with all other variables held constant.

	THE GROUP		THE COMPANY	
Increase / (decrease) in exchange rate	**2022**	2021	**2022**	2021
	Rs'000	Rs'000	**Rs'000**	Rs'000
Euro +5%	**(1,471)**	(758)	**(847)**	(249)
Euro -10%	**2,942**	1,516	**1,695**	498
US Dollar +5%	**(17)**	112	**(2,856)**	(9)
US Dollar -10%	**35**	(225)	**5,712**	18
Malagasy Ariary +5%	**(1,214)**	(2,039)	**-**	-
Malagasy Ariary -10%	**2,429**	4,079	**-**	-

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

4. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(a) Market risk (Continued)

(ii) Currency profile (Continued)

Foreign currency risk (Continued)

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	**2022**	2021	**2022**	2021
	Rs'000	Rs'000	**Rs'000**	Rs'000
+ 5%	**1,039**	734	**998**	677
- 10%	**(2,079)**	(1,468)	**(1,997)**	(1,353)

(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. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed in note 15.

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

THE GROUP

2022	**Total**	**Current**	**1-30 days**	**31-60 days**	**61-90 days**	**91-180 days**	**>180 days**
Expected credit loss rate		**3.29%**	**4.40%**	**6.94%**	**9.64%**	**32.68%**	**100.00%**
Total gross carrying amount (Rs'000)	**580,305**	**10,537**	**144,895**	**98,879**	**51,737**	**86,440**	**187,817**
Expected credit loss (Rs'000) *	**160,470**	**306**	**1,998**	**1,410**	**1,967**	**6,357**	**148,432**

* Adjusted taking into consideration bank guarantees

THE GROUP

2021	Total	Current	1-30 days	31-60 days	61-90 days	91-180 days	>180 days
Expected credit loss rate		1.72%	2.78%	3.72%	6.92%	15.11%	100.00%
Total gross carrying amount (Rs'000)	338,121	7,067	116,972	79,008	26,555	26,885	81,634
Expected credit loss (Rs'000) *	67,923	259	1,716	1,644	1,061	2,813	60,430

* Adjusted taking into consideration bank guarantees

THE COMPANY

2022	Total	Current	1-30 days	31-60 days	61-90 days	91-180 days	>180 days
Expected credit loss rate		**1.62%**	**1.89%**	**2.07%**	**3.61%**	**13.92%**	**100.00%**
Total gross carrying amount (Rs'000)	**244,641**	**2,613**	**63,262**	**51,203**	**27,702**	**50,993**	**48,868**
Expected credit loss (Rs'000) *	**42,204**	**17**	**558**	**518**	**645**	**374**	**40,092**

* Adjusted taking into consideration bank guarantees

2021	Total	Current	1-30 days	31-60 days	61-90 days	91-180 days	>180 days
Expected credit loss rate		1.71%	2.01%	2.19%	3.84%	14.00%	100.00%
Total gross carrying amount (Rs'000)	203,387	5,201	62,529	57,028	18,945	11,227	48,457
Expected credit loss (Rs'000) *	31,876	89	1,188	1,160	525	1,094	27,820

* Adjusted taking into consideration bank guarantees

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	2022	2021
	Rs'000	Rs'000
Non-current financial assets	**20,787**	14,684
Cash at bank	**43,698**	164,284

THE COMPANY	2022	2021
	Rs'000	Rs'000
Non-current financial assets	**19,968**	13,534
Cash at bank	**8,265**	46,723

Other receivables

Other receivables are neither past due nor impaired for the year ended June 30, 2022 and 2021.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

4. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(c) Categories of financial instruments

	THE GROUP		THE COMPANY	
	2022	2021	**2022**	2021
Financial assets	**Rs'000**	Rs'000	**Rs'000**	Rs'000
Financial assets at FVTPL	**2,307**	2,638	**1,488**	1,488
Financial assets at FVTOCI	**18,480**	12,046	**18,480**	12,046
Financial assets at amortised cost	**554,272**	515,325	**567,278**	442,328
	575,059	530,009	**587,246**	455,862
Financial liabilities				
Financial liabilities at amortised cost	**2,379,263**	1,447,428	**1,772,126**	977,876

(d) 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, 2022	**On demand**	**Less than 3 months**	**3-12 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	**357,704**	**46,193**	**347,826**	**1,215,765**	**82,284**	**2,049,772**
Trade and other payables	**264,795**	**228,658**	**94,166**	-	-	**587,619**
	622,499	**274,851**	**441,992**	**1,215,765**	**82,284**	**2,637,391**

At June 30, 2021	**On demand**	**Less than 3 months**	**3-12 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	79,704	16,128	134,526	819,353	11,364	1,061,075
Trade and other payables	324,619	74,262	29,208	-	-	428,089
	404,323	90,390	163,734	819,353	11,364	1,489,164

THE COMPANY

At June 30, 2022	**On demand**	**Less than 3 months**	**3-12 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	**329,013**	**19,749**	**281,305**	**967,193**	**38,835**	**1,636,095**
Trade and other payables	**199,460**	**21,775**	**1,767**	-	-	**223,002**
	528,473	**41,524**	**283,072**	**967,193**	**38,835**	**1,859,097**

At June 30, 2021	**On demand**	**Less than 3 months**	**3-12 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	71,887	8,194	98,524	702,964	700	882,269
Trade and other payables	114,114	28,397	1,635	-	-	144,146
	186,001	36,591	100,159	702,964	700	1,026,415

(e) Climate-related risks

The table below lists the climatic impacts that are most likely to affect the business operations of the Group and the Company.

Geophysical, meteorological, hydrological, climatological events	Implications
• Warmer temperatures • Increase in frequency of intensity of heavy rainfall episodes • Increase in intensity and length of droughts • Decrease in annual rainfall • Rising sea levels • Increase in frequency and intensity of tropical cyclones	• Health and Safety risks • Failure to meet customer demands due to disruption in production output and delay in delivery of items • Temporary interruption of operations and production process • Rising insurance costs • Changes in resource / input price (water, energy) • Damage to infrastructure • Changes in consumer consumption patterns

All potential effects of climate-related hazards are systematically evaluated and the Group has extensive processes in place aimed at monitoring and mitigating these risks through proactive management and early detection.

(f) 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, 2022 and June 30, 2021.

The Group monitors capital using a gearing ratio which is interest bearing loans and borrowings divided by equity. The Group's policy is to keep the gearing ratio between 30% and 60%. Capital comprises of equity attributable to the equity holders of the parent. The Group and Company do not have any externally imposed capital requirements.

	THE GROUP		THE COMPANY	
	2022	2021	**2022**	2021
	Rs'000	Rs'000	**Rs'000**	Rs'000
Interest bearing loans and borrowings	**1,825,736**	1,020,102	**1,549,120**	833,730
Equity	**3,471,408**	3,597,642	**2,439,157**	2,566,995
Gearing ratio	**53%**	28%	**64%**	32%

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

5. PROPERTY, PLANT AND EQUIPMENT

THE GROUP	Freehold land and buildings	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, 2020	2,947,840	90,317	2,984,555	162,544	53,805	6,239,061
Additions	36,371	285	98,215	7,874	16,858	159,603
Disposals	-	-	(43,156)	(13,854)	-	(57,010)
Write-off	-	-	(39,657)	(1,324)	-	(40,981)
Transfer to intangible assets (note 8 (a))	-	-	-	-	(108)	(108)
Transfer to right of use asset (note 6)	-	-	-	(2,137)	-	(2,137)
Transfer from inventories*	-	-	1,661	-	-	1,661
Transfer to investment property (note 7)	(6,143)	-	-	-	-	(6,143)
Transfer from assets in progress	20,537	(61)	6,330	-	(32,408)	(5,602)
Reclassified as held for sale (note 37)	(4,598)	(6,769)	(47,173)	(5,546)	(20,211)	(84,297)
Impairment**	-	-	(4,982)	-	-	(4,982)
Exchange differences	1,038	(44)	2,266	444	1,051	4,755
At June 30, 2021	2,995,045	83,728	2,958,059	148,001	18,987	6,203,820
Additions	44,179	205	203,125	30,198	103,960	381,667
Disposals	(203)	-	(18,792)	(17,901)	-	(36,896)
Write-off	-	-	(311,693)	(980)	-	(312,673)
Transfer from right of use asset (note 6)	-	-	12,600	7,418	-	20,018
Transfer to inventories*	(12,819)	-	-	-	-	(12,819)
Acquisition of subsidiary (note 36)	92,752	-	210,574	26,539	22,705	352,570
Transfer from assets in progress	-	-	17,689	-	(17,689)	-
Reclassified as held for sale (note 37)	(44,241)	-	(47,492)	(10,502)	-	(102,235)
At June 30, 2022	**3,074,713**	**83,933**	**3,024,070**	**182,773**	**127,963**	**6,493,452**
ACCUMULATED DEPRECIATION						
At July 01, 2020	20,730	37,165	2,381,439	120,821	884	2,561,039
Charge for the year	59,862	5,206	162,189	17,375	-	244,632
Disposals	-	-	(34,989)	(13,223)	-	(48,212)
Write-off	(355)	-	(41,223)	(896)	-	(42,474)
Transfer to right of use asset (note 6)	-	-	-	(997)	-	(997)
Transfer to investment property (note 7)	(4,300)	-	-	-	-	(4,300)
Reclassified as held for sale (note 37)	(1,940)	(3,238)	(28,252)	(5,427)	-	(38,857)
Exchange differences	786	(18)	2,192	219	-	3,179
At June 30, 2021	74,783	39,115	2,441,356	117,872	884	2,674,010
Charge for the year	59,349	4,097	165,906	20,579	-	249,931
Disposals	(104)	-	(11,271)	(15,021)	-	(26,396)
Write-off	-	-	(311,628)	(980)	-	(312,608)
Transfer from right of use asset (note 6)	-	-	6,780	7,418	-	14,198
Acquisition of subsidiary (note 36)	10,735	-	160,537	17,141	-	188,413
Reclassified as held for sale (note 37)	(25,123)	-	(37,326)	(8,024)	-	(70,473)
At June 30, 2022	**119,640**	**43,212**	**2,414,354**	**138,985**	**884**	**2,717,075**
CARRYING AMOUNT						
At June 30, 2022	**2,955,073**	**40,721**	**609,716**	**43,788**	**127,079**	**3,776,377**
At June 30, 2021	2,920,262	44,613	516,703	30,129	18,103	3,529,810

* In the financial year 2022, Rs 12.8m relating to land being converted to a saleable condition was transferred to land development inventory. In 2021, Rs 1.7m was transferred from inventory.

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

**Due to the poor performance of our subsidiary in Madagascar in 2021, the Group carried out a review of the recoverable amount of its manufacturing plant and the related equipment. The review led to the recognition of an impairment loss of Rs 4.9m which has been recognised in profit or loss.

In 2021, freehold land and building exclude land amounting to Rs 4.6m earmarked for employees who had opted for the Voluntary Retirement Schemes (VRS) under the Sugar Industry Efficiency Act 2001 and amended Act in 2006. The transfer of the legal title of these plots of land to the respective retired employees are still being dealt with, by the regulatory authorities and the Group.

THE COMPANY	Freehold land and buildings	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, 2020	1,321,895	43,126	2,292,082	109,712	5,788	3,772,603
Additions	12,464	-	74,355	4,065	17,690	108,574
Disposals	-	-	(31,691)	(12,150)	-	(43,841)
Transfer from inventories *	-	-	1,661	-	-	1,661
Transfer from assets in progress	430	-	(183)	-	(5,788)	(5,541)
At June 30, 2021	1,334,789	43,126	2,336,224	101,627	17,690	3,833,456
Additions	13,817	-	143,339	19,188	86,057	262,401
Disposals	-	-	(19,219)	(12,685)	-	(31,904)
Write-off	-	-	(309,425)	(980)	-	(310,405)
Transfer from assets in progress	-	-	17,689	-	(17,689)	-
At June 30, 2022	**1,348,606**	**43,126**	**2,168,608**	**107,150**	**86,058**	**3,753,548**
ACCUMULATED DEPRECIATION						
At July 01, 2020	45,185	30,702	1,882,740	72,038	-	2,030,665
Charge for the year	29,071	2,156	121,031	12,629	-	164,887
Disposals	-	-	(31,691)	(11,788)	-	(43,479)
At June 30, 2021	74,256	32,858	1,972,080	72,879	-	2,152,073
Charge for the year	32,023	2,156	122,843	13,641	-	170,663
Disposals	-	-	(15,603)	(11,052)	-	(26,655)
Write-off	-	-	(309,425)	(980)	-	(310,405)
At June 30, 2022	**106,279**	**35,014**	**1,769,895**	**74,488**	**-**	**1,985,676**
CARRYING AMOUNT						
At June 30, 2022	**1,242,327**	**8,112**	**398,713**	**32,662**	**86,058**	**1,767,872**
At June 30, 2021	1,260,533	10,268	364,144	28,748	17,690	1,681,383

* In the financial year 2022, there were no transfers from inventory (2021: Rs 1.7m).

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

(b) *Revaluation of land and buildings*

The fair value of the freehold land and buildings were determined by Chasteau Doger De Spéville Ltd, an independent valuer. The date of the revaluation was June 30, 2020.

Freehold land is revalued by reference to market based evidence; that is, the valuations are based on active market prices, adjusted for any differences in the nature, location or condition of a specific property. Freehold land is classified as level 2. The significant input is the price per square metre which ranges between Rs 711 and Rs 7,699.

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%-55%. There were no change in the fair value of the properties since 2020.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

5. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

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

Details of the Group's and the Company's buildings and information about the fair value hierarchy as at June 30, 2022 are as follows:

	Buildings			
	2022		2021	
Reconciliation of carrying amount	THE GROUP	THE COMPANY	THE GROUP	THE COMPANY
	Rs'000	Rs'000	Rs'000	Rs'000
Carrying amount as at July 01,	859,027	367,307	866,482	383,484
Additions for the year	44,384	13,817	36,371	12,464
Transfers	(44,241)	-	9,796	430
Depreciation for the year	(59,349)	(19,249)	(59,862)	(29,071)
Disposals	(99)	-	-	-
Acquisition of subsidiary (note 36)	82,017	-	-	-
Reclassification (depreciation)	25,123	-	6,240	-
Carrying amount and fair value as at June 30,	906,862	361,875	859,027	367,307

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	
	2022	2021	2022	2021
	Rs'000	Rs'000	Rs'000	Rs'000
Cost	1,982,577	1,889,885	1,220,378	1,206,561
Accumulated depreciation	(1,120,940)	(1,086,714)	(495,653)	(476,404)
Carrying amount	861,637	803,171	724,725	730,157

The Directors have reviewed the carrying value of the land and buildings and other items of property, plant and equipment and are of the opinion that as at June 30, 2022, the carrying value has not suffered any impairment except those disclosed elsewhere.

6. RIGHT OF USE ASSETS

THE GROUP	Land and buildings	Plant and machinery	Motor vehicles	Total
	Rs'000	Rs'000	Rs'000	Rs'000
COST				
At July 01, 2020	55,240	50,087	62,031	167,358
Reclassified from property, plant and equipment (note 5)	-	-	2,137	2,137
Additions	9,327	33,800	5,532	48,659
Disposals	-	-	(2,945)	(2,945)
Exchange differences	231	-	-	231
At June 30, 2021	64,798	83,887	66,755	215,440
Additions	1,338	82,439	23,451	107,228
Acquisition of subsidiary (note 36)	-	8,680	114,920	123,600
Write-off	-	-	(8,042)	(8,042)
Disposals	-	-	(2,235)	(2,235)
Transfer to property, plant and equipment (note 5)	-	(12,600)	(7,418)	(20,018)
Transfer to assets held for sale	(5,211)	-	-	(5,211)
Elimination adjustment on derecognition from deemed disposal of associate	(3,540)	-	-	(3,540)
At June 30, 2022	**57,385**	**162,406**	**187,431**	**407,222**
ACCUMULATED DEPRECIATION				
At July 01, 2020	5,685	11,159	39,475	56,319
Reclassified from property, plant and equipment (note 5)	-	-	997	997
Charge for the year	7,403	12,669	9,907	29,979
Disposals	-	-	(2,945)	(2,945)
At June 30, 2021	13,088	23,828	47,434	84,350
Elimination adjustment on derecognition from deemed disposal of associate	(944)	-	-	(944)
Charge for the year	8,387	18,693	17,472	44,552
Transfer to property, plant and equipment (note 5)	-	(6,780)	(7,418)	(14,198)
Acquisition of subsidiary (note 36)	-	4,358	31,243	35,601
Write-off	-	-	(5,705)	(5,705)
Disposals	-	-	(2,235)	(2,235)
At June 30, 2022	**20,531**	**40,099**	**80,791**	**141,421**
CARRYING AMOUNT				
At June 30, 2022	**36,854**	**122,307**	**106,640**	**265,801**
At June 30, 2021	51,710	60,059	19,321	131,090

The Group has options to purchase certain plant and machinery and motor vehicles for a nominal amount at the end of the lease term. The Group's obligations are secured by the lessors' title to the leased assets for such leases.

The maturity analysis of the lease liabilities are presented in note 19(b) (i).

	2022	2021
Amounts recognised in profit or loss	**Rs'000**	Rs'000
Depreciation expense on right-of-use assets	**44,552**	30,976
Interest expense on lease liabilities (note 26)	**11,523**	8,096
	56,075	39,072

At June 30, 2022, the Group did not have any commitment for short-term leases.

THE COMPANY	**Plant and equipment**	**Land and buildings**	**Motor vehicles**	**Total**
	Rs'000	**Rs'000**	**Rs'000**	**Rs'000**
COST				
At July 01, 2020	-	4,055	2,144	6,199
Additions	25,748	9,327	-	35,075
At June 30, 2021	25,748	13,382	2,144	41,274
Additions	74,575	610	4,253	79,438
At June 30, 2022	**100,323**	**13,992**	**6,397**	**120,712**
ACCUMULATED DEPRECIATION				
At July 01, 2020	-	504	1,072	1,576
Charge for the year	5,308	1,437	429	7,174
At June 30, 2021	5,308	1,941	1,501	8,750
Charge for the year	10,288	2,553	821	13,662
At June 30, 2022	**15,596**	**4,494**	**2,322**	**22,412**
CARRYING AMOUNT				
At June 30, 2022	**84,727**	**9,498**	**4,075**	**98,300**
At June 30, 2021	20,440	11,441	643	32,524

The Company has options to purchase certain plant and equipment and motor vehicles for a nominal amount at the end of the lease term. The Company's obligations are secured by the lessors' title to the leased assets for such leases.

The maturity analysis of the lease liabilities are presented in note 19(b) (i).

	2022	2021
Amounts recognised in profit or loss	**Rs'000**	Rs'000
Depreciation expense on right-of-use assets	**13,662**	7,174
Interest expense on lease liabilities (note 26)	**2,870**	1,562
	16,532	8,736

At June 30, 2022, the Company did not have any commitment for short-term leases.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

7. INVESTMENT PROPERTIES

	THE GROUP		THE COMPANY	
	2022	2021	**2022**	2021
	Rs'000	Rs'000	**Rs'000**	Rs'000
COST				
At July 01,	**128,673**	122,050	**482,971**	464,979
Reclassification from property, plant and equipment (note 5)	**-**	6,143	**-**	-
Transfer to inventories (note 14)	**(13,000)**	-	**-**	-
Additions	**-**	480	**18,467**	17,992
At June 30,	**115,673**	128,673	**501,438**	482,971
ACCUMULATED DEPRECIATION				
At July 01,	**52,292**	44,981	**269,355**	249,940
Reclassification from property, plant and equipment (note 5)	**-**	4,300	**-**	-
Charge for the year	**3,735**	3,011	**19,075**	19,415
At June 30,	**56,027**	52,292	**288,430**	269,355
CARRYING AMOUNT				
At June 30,	**59,646**	76,381	**213,008**	213,616

The investment properties were revalued on June 30, 2020 by an external independent valuer. The valuation was carried out at that date by Chasteau Doger De Spéville Ltd. Fair value is determined by reference to market based evidence; that is, the valuations are based on active market prices, adjusted for any differences in the nature, location or condition of a specific property. The fair value at June 30, 2022 was Rs 200m (2021: Rs 200m) for the Group and Rs 633m (2021: Rs 633m) for the Company. The rental income arising during the year amounted to Rs 12.3m (2021: Rs 12.9m) for the Group and for the Company Rs 45.3m (2021: Rs 44.9m). Direct operating expenses incurred on the investment properties for the Company during the year was Rs 0.1m (2021: Rs 0.1m) and nil (2020: Nil) for the Group. Investment properties valued using the sales comparison approach have been classified as level 2 amounting to Rs 60m (2021: Rs 60m) and those valued using the depreciated replacement cost have been classified as level 3 amounting to Rs 140m (2021: Rs 140m). The significant input for level 2 is the price per square metre and for level 3, it is the depreciation rate.

There has been no change in the valuation technique during the year. 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.

The Directors have reviewed the carrying value of the investment properties and are of the opinion that as at June 30, 2022, the carrying value has not suffered any impairment. There were no material change in the fair value of the properties since 2020.

8(a). INTANGIBLE ASSETS

	THE GROUP					THE COMPANY
	Computer Software	Goodwill	Customer relationships	Brand name	Total	Computer Software
	Rs'000	Rs'000	Rs'000		Rs'000	Rs'000
COST						
At July 01, 2020	129,101	134,103	-	-	263,204	43,783
Additions	9,476	-	-	-	9,476	2,895
Transfer from plant and equipment (note 5)	108	-	-	-	108	-
Write-off	(1,701)	-	-	-	(1,701)	(1,648)
Exchange differences	(278)	-	-	-	(278)	-
At June 30, 2021	136,706	134,103	-	-	270,809	45,030
Additions	16,229	-	-	-	16,229	2,423
Acquisition of subsidiary (note 36)	-	340,686	20,627	60,838	422,151	-
Impairment	-	(340,686)	-	-	(340,686)	-
Acquisition of subsidiary	1,749	-	-	-	1,749	-
Write-off	(1,935)	-	-	-	(1,935)	(26)
Disposals	(1,841)	-	-	-	(1,841)	-
Work in progress	5,384	-	-	-	5,384	5,384
At June 30, 2022	**156,292**	**134,103**	**20,627**	**60,838**	**371,860**	**52,811**
ACCUMULATED AMORTISATION						
At July 01, 2020	54,237	128,671	-	-	182,908	23,994
Amortisation charge	17,489	-	-	-	17,489	4,573
Write-off	157	-	-	-	157	(70)
Exchange differences	43	-	-	-	43	-
At June 30, 2021	71,926	128,671	-	-	200,597	28,497
Amortisation charge	19,278	-	2,750	-	22,028	4,862
Write-off	(291)	-	-	-	(291)	(26)
Disposals	(1,841)	-	-	-	(1,841)	-
At June 30, 2022	**89,072**	**128,671**	**2,750**	**-**	**220,493**	**33,333**
CARRYING AMOUNT						
At June 30, 2022	**67,220**	**5,432**	**17,877**	**60,838**	**151,367**	**19,478**
At June 30, 2021	64,780	5,432	-	-	70,212	16,533

Before recognition of impairment losses, the carrying amount of goodwill indefinite lives have been allocated to the following cash-generating units:

	2022	2021
Amounts recognised in profit or loss	**Rs'000**	Rs'000
Agriculture	**5,432**	5,432
Core business	**340,686**	-
	346,118	5,432

Agriculture

The recoverable amount of that CGU has been determined using the fair value less costs to sell model. 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 CGU to materially exceed its recoverable amount. A 5% decrease in the unit selling price will still result in a recoverable amount lower than the carrying amount.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

8(a). INTANGIBLE ASSETS (CONTINUED)

Core business

The recoverable amount of the concrete business, under the core business segment, as a CGU is determined based on a value in use calculation which uses cash flow projections based on financial budgets approved by the Directors covering a five year period and a range of discount rate of 14.45% to 15.54% per annum.

Rational for impairment

The Company exercised its first right of refusal in the acquisition of Pre-Mixed Concrete Limited after considering the CGU's synergies (note 36) to the Group. However, the purchase price agreed and paid was significantly higher than the net asset value of the CGU at the acquisition date.

The Directors have consequently determined to write off the goodwill directly related to Pre-Mixed Concrete Limited as the goodwill will not be sustained in future years. No other write-down of the assets of Pre-Mixed Concrete Limited is considered necessary.

Impairment losses amounting to Rs 340.7 million (2021: nil) are attributable to the cash generating units of Pre-Mixed Concrete Limited to reflect the loss in value of the CGU. These were done for certain non-operating and loss making units. The impairment losses are recognised in profit or loss for the year ended June 30, 2022 in impairment of assets line item (note 24(e)).

The Directors have reviewed the carrying values of goodwill at June 30, 2021 and 2022 and are of the opinion that no additional impairment losses need to be recognised, except those already considered during the year.

8(b). LAND CONVERSION RIGHTS

	THE GROUP	
	2022	2021
	Rs'000	Rs'000
At July 01,	**25,622**	21,937
Fair value movement	**1,576**	3,685
At June 30,	**27,198**	25,622

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.

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. The level of the fair value hierarchy within which the fair value measurement is categorised is level 2. LCRs are derecognised upon disposal (i.e. the date the recipient obtains control), or use for converting agricultural land into residential land for land projects. Any gain or loss on derecognition of the LCR is included in profit or loss.

9. INVESTMENT IN SUBSIDIARIES

	THE COMPANY	
	2022	2021
	Rs'000	Rs'000
At July 01,	**1,035,634**	1,009,608
Additions (a)	**395,259**	9,109
Transfer from investment in associates (note 10)	**96,805**	-
Advance towards equity (f)	**-**	91,600
Impairment (c) / (g)	**(211,437)**	(52,255)
Transfer to assets classified as held for sale (note 37)	**-**	(22,428)
At June 30,	**1,316,261**	1,035,634
Analysed as follows:		
Unquoted equity instruments	**892,021**	611,394
Interest free loans	**424,240**	424,240
	1,316,261	1,035,634

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 (c) below.

Particulars of interests in the Group's subsidiary companies:

		2022		2021	
		% Holding		% Holding	
OPERATIONAL	**Country of incorporation**	**Direct**	**Indirect**	Direct	Indirect
Pre-Mixed Concrete Limited (a) / (g)	Mauritius	**100.0**	**-**	49.0	-
Espace Maison Ltée	Mauritius	**100.0**	**-**	100.0	-
Compagnie de Gros Cailloux Limitée (f)	Mauritius	**100.0**	**-**	100.0	-
Société d'Investissement Rodriguais	Mauritius	**100.0**	**-**	100.0	-
Welcome Industries Ltd	Mauritius	**-**	**75.9**	-	75.9
UBP International Ltd	Mauritius	**100.0**	**-**	100.0	-
UBP Madagascar (b) / (d)	Madagascar	**100.0**	**-**	100.0	-
United Granite Products (Private) Limited (b) / (e)	Sri-Lanka	**-**	**77.0**	-	77.0
DHK Metal Crusher (Private) Limited	Sri-Lanka	**-**	**100.0**	-	100.0
Sheffield Trading (Private) Limited	Sri-Lanka	**-**	**100.0**	-	100.0
Sainte Marie Crushing Plant Limited	Mauritius	**76.5**	**-**	76.5	-
Societe des Petits Cailloux	Mauritius	**-**	**76.5**	-	76.5
Drymix Ltd (a)	Mauritius	**71.8**	**-**	54.6	-
La Savonnerie Creole Ltée	Mauritius	**-**	**100.0**	-	100.0
Drymat SAS (Réunion)	Reunion	**-**	**80.0**	-	80.0
UBP Coffrages Ltée	Mauritius	**100.0**	**-**	100.0	-
DORMANT					
Land Reclamation Limited (h)	Mauritius	**-**	**-**	100.0	-
Stone and Bricks Co Ltd (h)	Mauritius	**-**	**-**	100.0	-
The Stone Masters Co Ltd (h)	Mauritius	**-**	**-**	100.0	-
Pricom Ltd	Mauritius	**-**	**-**	100.0	-

(a) On October 27, 2021, the Company acquired the remaining 51% shares in Pre-Mixed Concrete Limited for Rs 285.4m and also acquired an additional 17.24% of the issued shares of Drymix Ltd for a purchase consideration of Rs 96.4m.

In 2021, the Company acquired an additional 10% of the issued shares of UBP Coffrages Ltée for a purchase consideration of Rs 0.9m.

(b) During the year, unsecured and interest free loans of Rs 10.1m (2021: Rs 7m) and Rs 3.3m (2021: Rs 1.2m) advanced to UBP Madagascar and United Granite Products (Private) Limited respectively were accounted under investments further to management's approval.

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

The Company has investments in its overseas subsidiaries of Rs 35.8m at June 30, 2022 (2021: Rs 74.7m). The impairment losses recorded during the year amounted to Rs 13.4m (2021: Rs 52.3m). These subsidiaries have been making losses over the past years and are not operating at full capacity.

In determining the recoverable amount of investment in subsidiaries, management considered the estimated recoverable amounts of the main underlying assets 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 between 30-55% 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.

(d) The Malagasy subsidiary, UBP Madagascar, has been classified as held for sale during the year (note 37).

(e) In 2021, the Sri Lankan subsidiary, United Granite Products (Private) Limited, has been classified as held for sale (note 37).

(f) In June 2021, the Company increased its investment in its wholly-owned subsidiary, namely Compagnie de Gros Cailloux Limitée by Rs 91.6m. The investment was financed by the conversion of an intercompany receivable balance.

(g) Following a review of the carrying value and the recoverable amount of Pre-Mixed Concrete Limited as at reporting date, the Directors noted that the recoverable amount is lower than its carrying value and recognised an impairment loss of Rs 198m.

(h) Stone and Bricks Co Ltd, The Stone Masters Co Ltd and Land Reclamation Limited have been wound up in 2021 and have distributed their assets to their respective shareholders.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

9. INVESTMENT IN SUBSIDIARIES (CONTINUED)

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

	Drymix Ltd	Welcome Industries Ltd	United Granite Products (Private) Limited	Sainte Marie Crushing Plant Limited
	Rs'000	Rs'000	Rs'000	Rs'000
2022				
Proportion of non-controlling interests	28.17%	24.10%	23.00%	23.50%
Financial position				
Non-current assets	125,391	31,774	19,204	92,010
Current assets	179,137	47,112	21,023	29,332
Non-current liabilities	(39,286)	(9,174)	(965)	(8,351)
Current liabilities	(114,894)	(26,176)	(191,929)	(31,263)
Net assets/(shareholders' deficit)	150,348	43,536	(152,667)	81,728
Carrying amounts of non-controlling interests	42,353	10,492	(35,113)	19,206
Comprehensive income				
Revenue	467,031	69,851	32,290	101,398
Profit / (loss) for the year	21,818	12,593	(2,739)	9,110
Other comprehensive income	1,723	3,129	-	1,711
Total comprehensive income / (loss)	23,541	15,722	(2,739)	10,821
Profit / (loss) allocated to non-controlling interests	6,146	3,035	(630)	2,141
Total comprehensive income / (loss) allocated to non-controlling interests	6,631	3,789	(630)	2,543
Cash flows				
Operating activities	7,320	19,010	4,593	24,787
Investing activities	(21,486)	(23,738)	1,505	(19,424)
Financing activities	9,664	(95)	-	(2,000)
Net (decrease) / increase in cash and cash equivalents	(4,502)	(4,823)	6,098	3,363

	Drymix Ltd	Welcome Industries Ltd	United Granite Products (Private) Ltd	Sainte Marie Crushing Plant Limited
	Rs'000	Rs'000	Rs'000	Rs'000
2021				
Proportion of non-controlling interests	45.41%	24.10%	23.00%	23.50%
Financial position				
Non-current assets	122,554	28,993	45,444	79,852
Current assets	136,910	33,933	32,238	13,238
Non-current liabilities	(46,567)	(11,559)	(1,411)	(9,115)
Current liabilities	(77,698)	(7,244)	(253,820)	(11,067)
Net assets / (shareholders' deficit)	135,199	44,123	(177,549)	72,908
Carrying amounts of non-controlling interests	61,394	10,634	(40,836)	17,133
Comprehensive income				
Revenue	394,216	78,304	45,296	87,699
Profit / (loss) for the year	30,547	19,954	(6,074)	9,224
Other comprehensive income	2,581	152	-	1,511
Total comprehensive income / (loss)	33,128	20,106	(6,074)	10,735
Profit / (loss) allocated to non-controlling interests	13,871	4,809	(1,397)	2,168
Total comprehensive income / (loss) allocated to non-controlling interests	15,043	4,846	(1,397)	2,523
Dividend to non-controlling interests	-	-	-	-
Cash flows				
Operating activities	28,745	27,871	10,831	15,043
Investing activities	(9,261)	(22,093)	(510)	(7,565)
Financing activities	(22,183)	-	-	(10,500)
Net (decrease) / increase in cash and cash equivalents	(2,699)	5,778	10,321	(3,022)

10. INVESTMENT IN ASSOCIATES

	THE GROUP		THE COMPANY	
	2022	2021	**2022**	2021
	Rs'000	Rs'000	**Rs'000**	Rs'000
Unquoted				
At July 01,	**183,635**	191,389	**103,968**	103,968
Share of profit	**10,678**	7,249	**-**	-
Share of other comprehensive income	**4,655**	522	**-**	-
Transfer to investment in subsidiaries (note 9)	**-**	-	**(96,805)**	-
Deemed disposal during the year (a)	**(115,993)**	-	**-**	-
Dividend received	**(13,174)**	(15,525)	**-**	-
At June 30,	**69,801**	183,635	**7,163**	103,968

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FOR THE YEAR ENDED JUNE 30, 2022

10. INVESTMENT IN ASSOCIATES (CONTINUED)

Details pertaining to the interests in associates are as follows:

Name of company	Principal activities	Country of incorporation	Proportion of ownership interest (direct & indirect) 2022	2021
Pre-Mixed Concrete Limited (a)	Involve in the manufacture and placing of ready-mixed concrete.	Mauritius	-	49.0%
Cement Transport Ltd	Operating a fleet of bulk cement transport trucks, tractors and tankers.	Mauritius	**25.0%**	25.0%
Terrarock Ltd	Manufacture and sale of building materials.	Mauritius	**46.0%**	46.0%
Prochimad Mines et Carrières SARL	Mine operations.	Madagascar	**34.0%**	34.0%
Compagnie Mauricienne d'Entreprise Ltée	Renting of properties.	Mauritius	**20.0%**	20.0%

(a) On October 27, 2021, the Group acquired the remaining 51% shareholding in Pre-Mixed Concrete Limited thereby obtaining control over the entity. 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	Terrarock Ltd	Compagnie Mauricienne d'Entreprise Ltée
2022	**Rs'000**	**Rs'000**
Financial position		
Non-current assets	**65,591**	**74,904**
Cash and cash equivalents	**250**	**7,364**
Other current assets	**43,735**	**1,977**
Current trade and other payables	**(35,140)**	**(1,049)**
Non-current liabilities	**(14,237)**	**(2,978)**
Equity	**60,199**	**80,218**
Proportion of Group's ownership	**46.0%**	**20.0%**
Carrying amount of investments	**27,692**	**16,044**
Statement of profit or loss and other comprehensive income		
Revenue	**193,617**	**7,125**
Other income	**2,369**	**200**
Depreciation and amortisation	**(15,710)**	**-**
Other expenses	**(156,291)**	**(683)**
Profit before tax	**23,985**	**6,642**
Income tax (expense) / income	**(4,173)**	**630**
Profit for the year	**19,812**	**7,272**
Other comprehensive income	**1,697**	**-**
Total comprehensive income	**21,509**	**7,272**
Group's share of profit	**9,114**	**1,454**
Group's share of total comprehensive income	**9,894**	**1,454**

THE GROUP	Pre Mixed Concrete Ltd	Terrarock Ltd	Compagnie Mauricienne d'Entreprise Ltée
	Rs'000	Rs'000	Rs'000
2021			
Financial position			
Non-current assets	273,692	111,644	74,900
Cash and cash equivalents	12,171	1,572	7,477
Other current assets	142,612	37,486	1,742
Current trade and other payables	(167,989)	(20,925)	(1,029)
Current loans and borrowings	(14,228)	-	-
Non-current liabilities	(116,709)	(17,005)	(4,655)
Equity	129,549	112,772	78,435
Proportion of Group's ownership	49.0%	46.0%	20.0%
	63,479	51,875	15,687
Goodwill	48,619	-	-
Carrying amount of investments	112,098	51,875	15,687
Statement of profit or loss and other comprehensive income			
Revenue	616,540	185,301	7,170
Interest income	-	-	-
Other income	676	1,568	-
Depreciation and amortisation	(38,775)	(15,215)	-
Interest expense	(11,546)	(1)	-
Other expenses	(593,634)	(132,438)	(1,185)
(Loss) / profit before tax	(26,739)	39,215	5,985
Tax income / (expense)	6,560	(8,298)	(1,120)
(Loss) / profit for the year	(20,179)	30,917	4,865
Other comprehensive income / (loss)	2,545	(1,155)	-
Total comprehensive (loss) / income	(17,634)	29,762	4,865
Group's share of (loss) / profit	(9,888)	14,222	973
Group's share of total comprehensive (loss) / income	(8,641)	13,691	973

Aggregate information on individually immaterial associates

	THE GROUP	
	2022	2021
	Rs'000	Rs'000
Carrying amount of investments	**4,065**	3,976
Group's share of profit for the year	**88**	1,942
Group's share of total comprehensive income	**88**	1,748

The associates had no other contingent liabilities or capital commitment as at June 30, 2022 and 2021 except as disclosed in note 32.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

11. NON-CURRENT FINANCIAL ASSETS

	THE GROUP		THE COMPANY	
	2022	2021	2022	2021
	Rs'000	Rs'000	Rs'000	Rs'000
Financial assets at fair value through other comprehensive income (note 11 (a))	18,480	12,046	18,480	12,046
Financial assets at fair value through profit or loss (note 11 (b))	2,307	2,638	1,488	1,488
	20,787	14,684	19,968	13,534

(a) FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	Unquoted equity shares
THE GROUP AND THE COMPANY	Rs'000
At July 01, 2020	11,421
Fair value movement	625
At June 30, 2021	12,046
Fair value movement	6,434
At June 30, 2022	**18,480**

(b) 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, 2020	1,012	1,655	2,667
Fair value movement (note 24)	(630)	601	(29)
At June 30, 2021	382	2,256	2,638
Fair value movement (note 24)	(9)	(322)	(331)
At June 30, 2022	**373**	**1,934**	**2,307**

	Unquoted equity shares
THE COMPANY	Rs'000
At June 30, 2022 and 2021	**1,488**

(c) FAIR VALUE HIERARCHY

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

2022	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	-	-	18,480	18,480
Financial assets at fair value through profit or loss	373	-	1,934	2,307

2022

	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	**-**	**-**	**18,480**	**18,480**
Financial assets at fair value through profit or loss	**-**	**-**	**1,488**	**1,488**

2021

	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	-	-	12,046	12,046
Financial assets at fair value through profit or loss	382	-	2,256	2,638

	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	-	-	12,046	12,046
Financial assets at fair value through profit or loss	-	-	1,488	1,488

Movement in level 3 financial assets

	THE GROUP		THE COMPANY	
	2022	2021	**2022**	2021
	Rs'000	Rs'000	**Rs'000**	Rs'000
At July 01,	**14,302**	13,076	**13,534**	12,909
Net unrealised changes in fair value of financial assets	**6,103**	1,226	**6,434**	625
At June 30,	**20,405**	14,302	**19,968**	13,534

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. 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.

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FOR THE YEAR ENDED JUNE 30, 2022

11. NON-CURRENT FINANCIAL ASSETS (CONTINUED)

(c) FAIR VALUE HIERARCHY (CONTINUED)

Quantitative and qualitative information of unobservable inputs - Level 3

Private equity investments	2022	Valuation techniques	Unobservable inputs	Range	Sensitivity used	Effect on fair value
	Rs'000					Rs'000
Flacq Associated Stonemasters Limited (FAST)	**18,480**	Market comparables	Discount of lack of marketability	50%	+/- 5%	**+/- 924**

Private equity investments	2021	Valuation techniques	Unobservable inputs	Range	Sensitivity used	Effect on fair value
	Rs'000					Rs'000
Flacq Associated Stonemasters Limited (FAST)	12,046	Market comparables	Discount of lack of marketability	50%	+/- 5%	+/- 602

No disclosures have been made for the remaining financial assets of Rs 1.9m (2021: Rs 2.3m) for Group and Rs 1.5m (2021: Rs 1.5m) for Company as sensivity and effect on fair value are insignificant.

12. INCOME TAX

	THE GROUP		THE COMPANY	
	2022	2021	**2022**	2021
	Rs'000	Rs'000	**Rs'000**	Rs'000
(a) In the statements of profit or loss and other comprehensive income:				
Income tax on the adjusted profit for the year	**9,550**	32,200	**-**	24,678
Corporate social responsibility tax	**4,956**	6,732	**3,233**	5,494
Under / (over) provision of corporate social responsibility tax	**86**	(536)	**86**	(536)
Under / (over) provision of income tax in previous year	**1,598**	641	**353**	(4,126)
Over provision of deferred tax in previous years	**(8,031)**	(10,551)	**(661)**	(5,360)
Deferred tax credit	**(6,537)**	(7,903)	**(10,432)**	(10,110)
Tax expense / (income)	**1,622**	20,583	**(7,421)**	10,040
Amount in other comprehensive income				
Deferred tax on actuarial gains and losses	**(13,911)**	(34,598)	**(9,657)**	(27,243)

Income tax is calculated at the rate of 17% (2021: 17%) on profit for the year as adjusted for income tax purposes inclusive of Corporate Social Responsibility (CSR) charged at 2% (2021: 2%). Following the amendments introduced by the Finance (Miscellaneous Provisions) Act 2021, the Company is eligible to a 15% tax credit on capital expenditure over 3 years, as from the year the investment is made, less any investment tax it has been allowed in the past in respect of the same capital expenditure.

	THE GROUP		THE COMPANY	
	2022	2021	**2022**	2021
	Rs'000	Rs'000	**Rs'000**	Rs'000
(b) In the statements of financial position:				
At July 01,	**8,853**	(2,257)	**6,202**	5,474
Payment during the year	**(22,581)**	(28,411)	**(16,912)**	(21,946)
Tax withheld	**(2,321)**	(2,866)	**(2,105)**	(2,836)
Under / (over) provision of corporate social responsibility tax	**86**	(536)	**87**	(536)
Under / (over) provision of income tax in previous year	**1,598**	641	**353**	(4,126)
Acquisition through business combination	**(2,483)**	-	**-**	-
Refund received during the year	**-**	3,351	**-**	-
Income tax expense	**14,506**	38,931	**3,233**	30,172
At June 30,	**(2,342)**	8,853	**(9,142)**	6,202
Analysed as:				
Income tax receivable	**(10,218)**	(1,152)	**(9,142)**	-
Income tax payable	**7,876**	10,005	**-**	6,202
	(2,342)	8,853	**(9,142)**	6,202
(c) Deferred tax:				
Deferred tax assets	**23,813**	5,921	**-**	-
Deferred tax liabilities	**(55,831)**	(52,896)	**(17,106)**	(18,540)
Net deferred tax liabilities	**(32,018)**	(46,975)	**(17,106)**	(18,540)
(d) Deferred tax liabilities				
Movement in deferred tax:				
At July 01,	**(46,975)**	(30,830)	**(18,540)**	(6,767)
Income tax effect recognised in other comprehensive income	**(13,919)**	(34,598)	**(9,657)**	(27,243)
Over provision of deferred tax in previous years	**8,031**	10,551	**659**	5,360
Acquisition of subsidiary	**14,308**	-	**-**	-
Deferred tax credit	**6,537**	7,902	**10,432**	10,110
At June 30,	**(32,018)**	(46,975)	**(17,106)**	(18,540)

Deferred tax asset on unused tax losses of Rs 103.3m (2021: Rs 80.5m) has not been recognised in respect of these tax losses due to the unpredictability of future profit streams to utilise these losses.

	THE GROUP
	Rs'000
Expiry of tax losses:	
2023	**4,498**
2024	**16,840**
2025	**18,115**
2026	**16,414**
2027	**8,140**
Indefinitely	**39,248**
	103,255

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12. INCOME TAX (CONTINUED)

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

	THE GROUP		THE COMPANY	
	2022	2021	**2022**	2021
Deferred tax liabilities	**Rs'000**	Rs'000	**Rs'000**	Rs'000
- Accelerated capital allowances	**(114,466)**	(104,410)	**(92,312)**	(83,996)
- Deferred tax on revaluation gain	**(26,843)**	(41,503)	**-**	(14,659)
	(141,309)	(145,913)	**(92,312)**	(98,655)
Deferred tax assets				
- Employee benefit liabilities	**68,216**	75,136	**55,014**	64,402
- Allowance for expected credit losses	**26,253**	11,337	**8,992**	7,017
- Provision for obsolete stock	**14,822**	12,115	**11,200**	8,696
- Unutilised tax losses	**-**	350	**-**	-
	109,291	98,938	**75,206**	80,115
Net deferred tax liabilities	**(32,018)**	(46,975)	**(17,106)**	(18,540)

(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	
	2022	2021	**2022**	2021
	Rs'000	Rs'000	**Rs'000**	Rs'000
(Loss) / profit before tax	**(55,091)**	236,145	**(109,312)**	243,408
Tax calculated at the rate of 17%	**(9,575)**	40,546	**(18,583)**	41,379
Tax effect of :				
Non-allowable expenses	**54,260**	33,044	**44,508**	11,115
Corporate social responsibility	**-**	6,732	**-**	5,494
Income exempt from tax	**(7,858)**	(23,549)	**(7,328)**	(21,397)
Under / (over) provision of corporate social responsibility in previous year	**86**	(536)	**86**	(536)
Under / (over) provision of income tax in previous year	**1,598**	641	**353**	(4,126)
(Over) / under provision of deferred tax in previous year	**(8,031)**	(10,551)	**(661)**	(5,360)
Other deductibles	**(1,546)**	(8,232)	**(1,546)**	-
Investment tax credit	**(27,312)**	(17,512)	**(24,250)**	(16,529)
Income tax expense	**1,622**	20,583	**(7,421)**	10,040

(g) There are no income tax consequences attached to the payment of dividends by the Group to its shareholders in either 2022 or 2021.

13. CONSUMABLE BIOLOGICAL ASSETS

	THE GROUP			
	Vegetables	Standing cane	Plants	Total
	Rs'000	Rs'000	Rs'000	Rs'000
At July 01, 2020	14,340	4,793	26,643	45,776
Production	36,830	3,939	41,984	82,753
Sales	(31,133)	(6,644)	(40,357)	(78,134)
Fair value movement	(3,224)	1,351	5,905	4,032
At June 30, 2021	16,813	3,439	34,175	54,427
Production	44,645	16,979	64,331	125,955
Sales	(32,008)	(8,594)	(42,403)	(83,005)
Fair value movement	(6,318)	(4,797)	(9,176)	(20,291)
At June 30, 2022	**23,132**	**7,027**	**46,927**	**77,086**

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:

	2022	2021
Vegetables		
Expected area to harvest (ha)	**59**	56
Discount factor (%)	**9**	9
Standing cane	**2022**	2021
Expected area to harvest (ha)	**80**	65
Estimated yields (%)	**10.30**	10.15
Estimated price of sugar - Rs (per ton)	**22,350**	19,162
Plants		
Expected area to harvest (ha)	**8**	8
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: 34.7 ton/ha (2021:34 ton/ha)	1% increase/(decrease) in cane yield per ha would result in increase/(decrease) in fair value by Rs 11,152 (2021: Rs 72,833)
		Price of sugar: Rs 22,350/ton: (2021: Rs 19,162/ton)	5% increase/(decrease) in the price of sugar would result in increase/(decrease) in fair value by Rs 557,589 (2021: Rs 364,164)
		WACC: 8.51% (2021: 10.15%)	1% increase/(decrease) in WACC would result in (decrease)/increase in fair value by Rs 734 (2021: Rs 18,342)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

13. CONSUMABLE BIOLOGICAL ASSETS (CONTINUED)

(b) Description of significant inputs to valuation (Continued):

	Valuation technique	Significant unobservable inputs	Sensitivity of the input to value:
Plants	Discounted cash flows	Average price of plants : Rs 224 (2021: Rs 185)	5% increase/(decrease) in price of plants would result in increase/(decrease) in fair value by Rs 2,882,903 (2021: Rs 2,079,518)
		Mortality rate: 3% (2021: 3%)	5% increase/(decrease) in mortality rate would result in (decrease)/increase in fair value by Rs 2,888,299 (2021: Rs 3,785,488)
		WACC: 18% (2021: 20%)	1% increase/(decrease) in WACC would result in (decrease)/increase in fair value by Rs 54,176 (2021: Rs 334,663)
Vegetables	Discounted cash flows	Discount factor: 8.8% (2021: 8.8%)	1% increase/(decrease) in discount factor would result in (decrease)/increase in fair value by Rs 57,473 (2021: Rs 168,145)
		Price of vegetables: Rs 10,500-Rs 26,500 (2021: Rs 12,000 - 23,000)	5% increase/(decrease) in the price of vegetables would result in increase/(decrease) in fair value by Rs 1,606,374 (2021: Rs 1,210,931)

14. INVENTORIES

	THE GROUP		THE COMPANY	
	2022	2021	**2022**	2021
	Rs'000	Rs'000	**Rs'000**	Rs'000
Raw materials and spares (at cost)	**404,877**	382,622	**308,046**	291,060
Properties under development (a)	**26,659**	-	**-**	-
Work in progress (at cost)	**58,079**	38,948	**55,312**	34,600
Finished goods (at lower of cost and net realisable value)	**665,835**	411,687	**92,414**	58,031
Goods in transit	**63,143**	44,801	**30,213**	7,789
	1,218,593	878,058	**485,985**	391,480

The amount of write down of inventories, recognised as an expense in cost of sales was Rs 17.2m (2021: Rs 16.5m) for the Group and Rs 10m (2021: Rs 7.1m) for the Company. Included in finished goods are inventories carried at net realisable value of Rs 7.5m (2021: Rs 13.5m) for the Group.

(a) Properties under development

In 2022, Compagnie de Gros Cailloux Limitée announced its intention to develop and sell some plots of agricultural land and consequently these assets are presented as inventory. The costs are assigned by specific identification and include the cost of acquisition and ongoing development costs.

15. TRADE AND OTHER RECEIVABLES

	THE GROUP		THE COMPANY	
	2022	2021	**2022**	2021
	Rs'000	Rs'000	**Rs'000**	Rs'000
Trade receivables	**425,906**	266,965	**120,309**	129,631
Loan receivable from subsidiary	**-**	-	**193,885**	142,595
Receivables from subsidiaries	**-**	-	**193,952**	70,175
Receivables from associates	**25,060**	33,341	**25,060**	33,341
Other receivables	**38,877**	30,551	**25,807**	19,863
Prepayments	**74,275**	74,121	**36,438**	17,963
	564,118	404,978	**595,451**	413,568

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 having an average term of 6 months.

For terms and conditions relating to receivables from related parties, refer to note 29.

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

As at June 30, 2022, the Group's and the Company's trade receivables amounting to Rs 159.4m (2021: Rs 67.9m) and Rs 42.2m (2021: Rs 31.9m) were impaired and provided for.

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

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

	THE GROUP		THE COMPANY	
	2022	2021	**2022**	2021
	Rs'000	Rs'000	**Rs'000**	Rs'000
Individually and collectively impaired				
At July 01,	**67,923**	114,901	**31,876**	33,903
Movement for the year excluding write off	**21,487**	(5,215)	**10,451**	3,765
Write-off	**(5,147)**	(41,763)	**(123)**	(5,792)
Acquisition of subsidiary	**76,207**	-	**-**	-
At June 30,	**160,470**	67,923	**42,204**	31,876

An allowance for expected credit loss has also been charged for other receivables amounting to Rs 12.3m (2021:Rs 6.2m) for the Company and a charge of Rs 6m (2021: Rs 0.2m) for the Group.

16. OTHER RECEIVABLES

	THE GROUP		THE COMPANY	
	2022	2021	**2022**	2021
	Rs'000	Rs'000	**Rs'000**	Rs'000
Receivable from projects with customers				
(i)Trade receivables from contracts net of provisions	**7,616**	76,318	**-**	-
(ii) Progress billings	**(1,098)**	(68,712)	**-**	-
Other receivables	**6,518**	2,505	**-**	-

This balance is included in note 15 under other receivables.

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FOR THE YEAR ENDED JUNE 30, 2022

17. 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	
	2022	2021	**2022**	2021
	Rs'000	Rs'000	**Rs'000**	Rs'000
Cash at banks and on hand	**43,698**	164,284	**8,265**	46,723
Bank overdraft (note 19)	**(342,408)**	(56,956)	**(262,696)**	(25,577)
	(298,710)	107,328	**(254,431)**	21,146

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

	THE GROUP		THE COMPANY	
	2022	2021	**2022**	2021
Non-cash transactions	**Rs'000**	Rs'000	**Rs'000**	Rs'000
Total acquisition cost	**387,816**	193,864	**278,755**	130,442
Financed by cash	**(381,130)**	(156,448)	**(262,534)**	(105,442)
Financed by finance leases	**6,686**	37,416	**16,221**	25,000

18. EQUITY

	THE GROUP AND THE COMPANY			
(a) Issued capital	**2022**	2021	**2022**	2021
	Number of shares	Number of shares	**Rs'000**	Rs'000
Ordinary shares of no par value - At June 30,	**26,510,042**	26,510,042	**265,100**	265,100

(b) Reserves	THE GROUP		THE COMPANY	
	2022	2021	**2022**	2021
	Rs'000	Rs'000	**Rs'000**	Rs'000
Share premium	**7,354**	7,354	**7,354**	7,354
Associate companies (i)	**84,993**	109,813	**-**	-
Revaluation reserve (ii)	**1,861,283**	1,874,102	**819,248**	819,248
Fair value reserve of financial assets through OCI (iii)	**17,414**	10,980	**17,414**	10,980
Translation reserve (iv)	**7,071**	(16,182)	**-**	-
Retained earnings	**1,198,533**	1,304,859	**1,330,041**	1,464,313
	3,176,648	3,290,926	**2,174,057**	2,301,895

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

(ii) The revaluation reserve represents cummulative fair value movements on revaluation of land and buildings.

(iii) Fair value reserve of financial assets through OCI represents cummulative fair value changes on FVOCI assets.

(iv) The translation reserve represents cummulative exchange differences arising from the translation of the financial statements of overseas operations.

19. INTEREST-BEARING LOANS AND BORROWINGS

(a) Loans and bank overdrafts

	THE GROUP		THE COMPANY	
	2022	2021	**2022**	2021
	Rs'000	Rs'000	**Rs'000**	Rs'000
Non-current				
Bank loans (note (i))	**269,143**	50,000	**227,143**	-
Long Term Secured Promissory Note (note(iii))	**650,000**	650,000	**650,000**	650,000
	919,143	700,000	**877,143**	650,000
Current				
Bank overdrafts (note 17)	**342,408**	56,956	**262,696**	25,577
Bank loans (note (i))	**251,857**	95,000	**237,857**	75,000
Unsecured loans (note (ii))	**25,990**	32,485	**66,317**	46,308
Long Term Secured Promissory Note (note(iii))	**3,386**	3,098	**3,386**	3,098
	623,641	187,539	**570,256**	149,983
Total borrowings	**1,542,784**	887,539	**1,447,399**	799,983

	THE GROUP		THE COMPANY	
	2022	2021	**2022**	2021
	Rs'000	Rs'000	**Rs'000**	Rs'000
(i) Bank loans are payable as follows:				
Within one year	**251,857**	95,000	**237,857**	75,000
After one year and before two years	**269,143**	50,000	**227,143**	-
	521,000	145,000	**465,000**	75,000

Bank loans and overdrafts are secured by fixed and floating charges on the Group's assets and bear interest between +3.75% and +7.75% per annum.

(ii) Unsecured loans were repayable at call, the rates of interest per annum at June 30, 2022 was 3.25% (2021: 2.85%).

(iii) In October and November 2018, 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.

(b) Lease liabilities

	THE GROUP		THE COMPANY	
	2022	2021	**2022**	2021
	Rs'000	Rs'000	**Rs'000**	Rs'000
Lease liabilities are split as follows:				
Non-current	**220,995**	102,260	**79,517**	26,446
Current	**61,957**	30,303	**22,204**	7,301
	282,952	132,563	**101,721**	33,747

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FOR THE YEAR ENDED JUNE 30, 2022

19. INTEREST-BEARING LOANS AND BORROWINGS (CONTINUED)

(b) Lease liabilities (Continued)

(i) Maturity analysis of lease payments

	THE GROUP		THE COMPANY	
	2022	2021	**2022**	2021
	Rs'000	Rs'000	**Rs'000**	Rs'000
Year 1	**71,604**	35,457	**26,905**	8,842
Year 2	**48,217**	33,112	**26,613**	8,775
Year 3	**42,400**	34,914	**26,713**	8,410
Year 4	**33,205**	20,007	**20,755**	8,433
Year 5	**72,394**	11,849	**12,974**	2,580
Onwards	**46,166**	11,832	**54**	700
	313,986	147,171	**114,014**	37,740

The Group does not face significant liquidity risk with regards to its lease liabilities. All the lease obligations are denominated in Mauritian Rupees.

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

2022	**July 01,**	**Cash inflows**	**Other**	**Cash outflows**	**June 30,**
THE GROUP	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**
Lease liabilities	**132,563**	**-**	**196,185**	**(45,796)**	**282,952**
Bank loans	**145,000**	**615,000**	**-**	**(239,000)**	**521,000**
Unsecured loans	**32,485**	**893,500**	**14,365**	**(914,360)**	**25,990**
Long Term Secured Promissory Note	**653,098**	**-**	**3,384**	**(3,096)**	**653,386**
	963,146	**1,508,500**	**213,934**	**(1,202,252)**	**1,483,328**
THE COMPANY					
Lease liabilities	**33,747**	**-**	**79,317**	**(11,343)**	**101,721**
Bank loans	**75,000**	**615,000**	**-**	**(225,000)**	**465,000**
Unsecured loans	**46,308**	**933,950**	**736**	**(914,677)**	**66,317**
Long Term Secured Promissory Note	**653,098**	**-**	**3,384**	**(3,096)**	**653,386**
	808,153	**1,548,950**	**83,437**	**(1,154,116)**	**1,286,424**

2021	**July 01,**	**Cash inflows**	**Other**	**Cash outflows**	**June 30,**
THE GROUP	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**
Lease liabilities	111,102	-	48,012	(26,551)	132,563
Bank loans	159,507	295,000	-	(309,507)	145,000
Unsecured loans	31,979	47,000	-	(46,494)	32,485
Long Term Secured Promissory Note	653,098	-	-	-	653,098
	955,686	342,000	48,012	(382,552)	963,146
THE COMPANY					
Lease liabilities	5,076	-	34,327	(5,656)	33,747
Bank loans	150,000	225,000	-	(300,000)	75,000
Unsecured loans	41,100	78,068	(2)	(72,858)	46,308
Long Term Secured Promissory Note	653,098	-	-	-	653,098
	849,274	303,068	34,325	(378,514)	808,153

The 'Other' column includes non-cash transactions such as additions to finance leases, dividend declaration during the year, movement in discontinued operations 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.

20. EMPLOYEE BENEFIT LIABILITIES

The Group operates defined benefit schemes and defined contribution schemes. It also provides for retirement gratuities under the Workers' Rights Act 2019 (WRA).

The liabilities in respect of the schemes are analysed as follows:

	THE GROUP		THE COMPANY	
	2022	2021	**2022**	2021
	Rs'000	Rs'000	**Rs'000**	Rs'000
Defined benefit plans (note a)	**269,476**	284,369	**210,418**	227,593
Retirement gratuities under the Workers Rights Act (WRA) (note b)	**150,088**	187,493	**113,196**	151,245
	419,564	471,862	**323,614**	378,838

(a) Defined benefit plans

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

	THE GROUP		THE COMPANY	
	2022	2021	**2022**	2021
	Rs'000	Rs'000	**Rs'000**	Rs'000
Present value of funded obligation	**680,301**	650,208	**515,692**	520,288
Fair value of plan assets	**(410,825)**	(365,839)	**(305,274)**	(292,695)
Benefit liability	**269,476**	284,369	**210,418**	227,593

	THE GROUP		THE COMPANY	
	2022	2021	**2022**	2021
	Rs'000	Rs'000	**Rs'000**	Rs'000
At July 01,	**284,369**	466,175	**227,593**	371,468
Acquisition of subsidiary	**21,321**	-	**-**	-
Amounts recognised in profit or loss	**41,266**	50,264	**27,789**	34,395
Amounts recognised in other comprehensive income	**(37,264)**	(177,014)	**(14,679)**	(132,686)
Employer's contribution	**(40,216)**	(55,056)	**(30,285)**	(45,584)
At June 30,	**269,476**	284,369	**210,418**	227,593

(ii) Changes in the present value of the defined benefit obligation are as follows:

	THE GROUP		THE COMPANY	
	2022	2021	**2022**	2021
	Rs'000	Rs'000	**Rs'000**	Rs'000
At July 01,	**650,208**	759,217	**520,288**	606,416
Acquisition of subsidiary	**43,834**	-	**-**	-
Amounts recognised in profit or loss:				
Current service cost	**24,902**	31,510	**15,895**	19,867
Interest cost	**32,848**	28,073	**24,610**	22,058
	57,750	59,583	**40,505**	41,925
Benefit paid	**(16,349)**	(21,941)	**(15,314)**	(20,712)
Amounts recognised in other comprehensive income:				
Gains due to changes in financial assumptions	**(32,870)**	(109,312)	**(29,787)**	(107,341)
Actuarial gains	**(22,374)**	(37,373)	**-**	-
	(55,244)	(146,685)	**(29,787)**	(107,341)
Employee's contribution	**102**	34	**-**	-
At June 30,	**680,301**	650,208	**515,692**	520,288

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

20. EMPLOYEE BENEFIT LIABILITIES (CONTINUED)

(a) Defined benefit plans (Continued)

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

	THE GROUP		THE COMPANY	
	2022	2021	**2022**	2021
	Rs'000	Rs'000	**Rs'000**	Rs'000
At July 01,	**365,839**	293,042	**292,695**	234,948
Acquisition of subsidiary	**22,513**	-	**-**	-
Amounts recognised in profit or loss:				
Current cost	**(1,437)**	(1,168)	**(1,046)**	(893)
Cost of insuring risk benefits	**(1,084)**	(1,083)	**(603)**	(697)
Interest income	**19,005**	11,571	**14,365**	9,120
	16,484	9,320	**12,716**	7,530
Benefit paid	**(16,349)**	(21,942)	**(15,314)**	(20,712)
Amounts recognised in other comprehensive income:				
Actuarial (losses) / gains	**(17,980)**	30,329	**(15,108)**	25,345
	(17,980)	30,329	**(15,108)**	25,345
Employer's contribution	**40,216**	55,056	**30,285**	45,584
Employee's contribution	**102**	34	**-**	-
At June 30,	**410,825**	365,839	**305,274**	292,695

(iv) Return on assets

The actual return on plan assets for the Company was Rs (0.7m) for the year ended June 30, 2022.

The actual return on plan assets for the Group was Rs 1m for the year ended June 30, 2022.

(v) Maturity profile of the defined benefit obligation

The weighted average duration of the liabilities for the Group and for the Company as at June 30, 2022 is 10 years and 7 years respectively.

(vi) Expected contribution for the next year

The Group and the Company are expected to contribute Rs 47.3m and Rs 34.1m respectively to the pension scheme for the year ending June 30, 2023.

The main actuarial assumptions used for accounting purposes were:

	THE GROUP		THE COMPANY	
	2022	2021	**2022**	2021
	%	%	**%**	%
Discount rate	**3.9-5.0**	4.6-5.8	**3.9**	4.8
Future salary increase	**1.0**	4.0	**1.0**	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 the SWAN annuity rates 2022/PNA00.

Employees are assumed to retire at 60. No allowance has been made for early retirement on the grounds of ill-health or otherwise, or for late retirements.

(vii) Settlements and curtailments

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

(viii) Risks associated with the plans

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

Longevity risk

The liabilities disclosed are based on the mortality tables SWAN annuity rates 2022/PNA00.

The liabilities will increase if:

1. the experience of the pension plans is less favourable than the standard mortality tables; and
2. there is an improvement in mortality and the buyout rate is reviewed.

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.

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	
	2022	2021	**2022**	2021
Discount rate	**Rs'000**	Rs'000	**Rs'000**	Rs'000
1% increase	**(79,656)**	(88,777)	**(59,784)**	(69,166)
1% decrease	**99,377**	112,723	**74,342**	87,265
Salary increase				
1% increase	**37,640**	45,560	**24,043**	30,599
1% decrease	**(32,915)**	(39,370)	**(21,174)**	(26,748)

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

The funded retirement benefit obligations have been based on the report from Swan Life Ltd, dated August 24, 2022 calculated for the Group and the Company for the year ended June 30, 2022.

(ix) The major categories of the plan assets are as follows:

	THE GROUP		THE COMPANY	
	2022	2021	**2022**	2021
	%	%	**%**	%
Local equities	**31.3**	22.6	**33.5**	22.6
Overseas equities and mutual funds	**32.7**	29.4	**35.0**	29.5
Fixed interest	**29.5**	47.5	**31.5**	47.9
Property	**0.4**	0.5	**-**	-
Qualifying insurances policies	**6.1**	-	**-**	-
	100.0	100.0	**100.0**	100.0

(b) Retirement gratuities under the Workers' Rights Act (WRA)

WRA provides for a lump sum at retirement or death, whichever occurs earlier, based on final salary and years of service. Prior to the implementation of the Portable Retirement Gratuity Fund (PRGF), these benefits were unfunded as at December 31, 2019 and employees who resign as from 2020, are eligible for a portable gratuity benefit based on service with the employer as from January 01, 2020 and remuneration at exit (same benefit formula as for retirement/death gratuity). However, as from January 2022, the Group and the Company have started to contribute to PRGF.

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FOR THE YEAR ENDED JUNE 30, 2022

20. EMPLOYEE BENEFIT LIABILITIES (CONTINUED)

(b) Retirement gratuities under the Workers' Rights Act (WRA) (Continued)

The Group and the Company have recognised a net defined liabilities of Rs 145.9m and Rs 109.5m respectively in the statement of financial position as at June 30, 2022 (2021: Group Rs 187.5m and Company Rs 151.2m) in respect of any retirement gratuities that are expected to be paid out of the Company's cash flow to its employees under the Workers Rights Act 2019.

The retirement gratuities have been based on the report from AON Solutions Ltd, dated August 31, 2022, calculated for the Group and the Company for the year ended June 30, 2022.

The amounts recognised in the statements of financial position in respect of retirement gratuities are as follows:

	THE GROUP		THE COMPANY	
	2022	2021	**2022**	2021
	Rs'000	Rs'000	**Rs'000**	Rs'000
Present value of retirement gratuities	**156,203**	187,493	**117,879**	151,245
Fair value of PRGF assets	**(6,115)**	-	**(4,683)**	-
Benefit liability	**150,088**	187,493	**113,196**	151,245

	THE GROUP		THE COMPANY	
	2022	2021	**2022**	2021
	Rs'000	Rs'000	**Rs'000**	Rs'000
At July 01,	**187,493**	214,046	**151,245**	172,644
Acquisition of subsidiary	**4,784**	-	**-**	-
Amounts recognised in profit or loss	**21,345**	22,214	**15,876**	16,461
Benefit paid	**(1,657)**	(11,121)	**(1,508)**	(10,294)
Amounts recognised in other comprehensive income	**(49,116)**	(36,912)	**(42,127)**	(27,566)
Employer's contribution	**(12,761)**	(734)	**(10,290)**	-
Discontinuing operations	**-**	(863)	**-**	-
At June 30,	**150,088**	187,493	**113,196**	151,245

	THE GROUP		THE COMPANY	
	2022	2021	**2022**	2021
	Rs'000	Rs'000	**Rs'000**	Rs'000
(i) Movement in the liability recognised in the statements of financial position:				
Present value of retirement gratuities	**156,203**	187,493	**117,879**	151,245
(ii) Movement of the retirement gratuities				
At July 01,	**187,493**	214,909	**151,245**	172,644
Acquisition of subsidiary	**4,784**	-	**-**	-
Amount recognised in profit or loss:				
Current service cost	**12,683**	16,015	**9,055**	11,554
Interest expense	**8,662**	6,199	**6,821**	4,907
	21,345	22,214	**15,876**	16,461
Amount recognised in other comprehensive income:				
Liability experience (gains) / losses	**(4,776)**	(5,105)	**(3,786)**	2,339
Gains due to changes in financial assumptions	**(44,340)**	(31,807)	**(38,341)**	(29,905)
	(49,116)	(36,912)	**(42,127)**	(27,566)
Benefit paid	**(8,303)**	(11,855)	**(7,115)**	(10,294)
Movement for discontinuing operations	**-**	548	**-**	-
Transfer to discontinuing operations (note 37)	**-**	(1,411)	**-**	-
At June 30,	**156,203**	187,493	**117,879**	151,245

(iii) Principal assumptions used were as follows:

	THE GROUP		THE COMPANY	
	2022	2021	**2022**	2021
Financial assumptions:	**%**	%	**%**	%
Discount rate	**2.4- 5.3**	2.4-5.6	**4.5 - 4.9**	4.0-4.7
Future salary increase	**1.0- 4.0**	4.0	**1.0-4.0**	4.0
Future pension increase	**1.9**	1.6	**1.9**	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
Mortality in retirement	PA90 (rated down by 2 years)
Average retirement age	65.

(iv) Sensitivity analysis on retirement gratuities at the end of the year:

	THE GROUP		THE COMPANY	
	Impact		Impact	
	2022	2021	**2022**	2021
	Rs'000	Rs'000	**Rs'000**	Rs'000
1% increase in discount rate	**(15,024)**	(19,654)	**(10,551)**	(15,326)
1% decrease in discount rate	**17,726**	23,423	**12,384**	18,217
1% increase in future salary increase	**16,063**	20,550	**10,806**	15,574
1% decrease in future salary increase	**(20,183)**	(24,024)	**(15,388)**	(18,526)

The above sensitivity analysis has been carried out by recalculating the present value of obligation at the end of period after increasing or decreasing the discount rate and 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 15m. (2021: Rs 6.4m).

The weighted average duration of the defined benefit obligation for both the Group and the Company is 11 years.

	THE GROUP		THE COMPANY	
	2022	2021	**2022**	2021
	Rs'000	Rs'000	**Rs'000**	Rs'000
(c) Defined contribution expenses	**9,939**	7,388	**6,141**	4,438

	THE GROUP		THE COMPANY	
	2022	2021	**2022**	2021
	Rs'000	Rs'000	**Rs'000**	Rs'000
(d) State plan	**28,421**	22,607	**17,324**	13,995

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FOR THE YEAR ENDED JUNE 30, 2022

21. TRADE AND OTHER PAYABLES

	THE GROUP		THE COMPANY	
	2022	2021	**2022**	2021
	Rs'000	Rs'000	**Rs'000**	Rs'000
Trade payables	**350,538**	276,640	**59,330**	65,923
Payables to subsidiaries	**-**	-	**35,384**	2,615
Payables to associates	**15,758**	492	**-**	2
Other payables and accruals	**220,699**	177,732	**139,610**	98,546
	586,995	454,864	**234,324**	167,086

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 6 months.

For terms and conditions relating to payables to related parties, refer to note 29.

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

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

As at June 30, 2022, the estimated liability for unredeemed points was Rs 4.4 m (2021: Rs 3.4 m) and is included in other payables and accruals for the Group.

22. OTHER PAYABLES

	THE GROUP		THE COMPANY	
	2022	2021	**2022**	2021
	Rs'000	Rs'000	**Rs'000**	Rs'000
Advance from customers	**10,797**	8,388	**-**	-

Advance from customers are included in note 21 under other payables and accruals.

23. REVENUE

	THE GROUP		THE COMPANY	
	2022	2021	**2022**	2021
	Rs'000	Rs'000	**Rs'000**	Rs'000
Sale of goods	**3,788,740**	3,052,958	**1,807,111**	1,724,096
Rendering of services	**204,733**	209,150	**145,531**	84,526
	3,993,473	3,262,108	**1,952,642**	1,808,622

(a) Disaggregation of revenue

Set out below is the disaggregation of the Group's and the Company's revenue:

	THE GROUP		THE COMPANY	
	2022	2021	**2022**	2021
	Rs'000	Rs'000	**Rs'000**	Rs'000
Sale of building materials	**2,523,218**	2,181,407	**1,807,111**	1,724,096
Sale of goods (interior finishes and garden accessories)	**1,141,732**	829,836	**-**	-
Sale of agricultural goods	**123,790**	41,715	**-**	-
Rendering of services	**145,531**	55,160	**145,531**	84,526
Project revenue	**59,202**	153,990	**-**	-
	3,993,473	3,262,108	**1,952,642**	1,808,622
Timing of revenue recognition				
At a point in time	**3,934,271**	3,108,118	**1,952,642**	1,808,622
Over time	**59,202**	153,990	**-**	-
	3,993,473	3,262,108	**1,952,642**	1,808,622

24. OPERATING PROFIT

Operating profit is arrived at after:

	THE GROUP		THE COMPANY	
	2022	2021	**2022**	2021
	Rs'000	Rs'000	**Rs'000**	Rs'000
(a) Crediting:				
- Rental income	**17,101**	17,097	**45,510**	44,907
- Other operating income	**80,630**	73,483	**74,917**	107,936
- Profit on disposal of property, plant and equipment	**5,064**	4,080	**6,629**	3,981
(b) Charging:				
- Cost of sales	**2,764,467**	2,101,108	**1,311,105**	1,121,661
- Administrative expenses	**1,028,843**	892,692	**646,299**	568,462
- Fair value loss on financial assets at fair value through profit or loss (11 (b))	**331**	29	**-**	-
- Selling and distribution costs	**86,931**	54,343	**8,948**	7,929
Depreciation of property, plant and equipment	**249,931**	244,632	**170,663**	164,887
Depreciation of investment properties	**3,735**	3,011	**19,075**	19,415
Amortisation of right of use assets	**44,552**	29,979	**13,662**	7,174
Property, plant and equipment written off	**65**	(1,493)	**-**	-
Intangible assets written off	**1,644**	1,858	**-**	1,578
Right of use assets written off	**2,337**	-	**-**	-
Cost of inventories recognised as expenses	**1,980,409**	1,698,463	**748,160**	591,869
Fair value movement on land conversion rights	**1,576**	3,685	**-**	-
Amortisation of intangible assets	**22,028**	17,489	**4,862**	4,573
Staff costs (note (f))	**766,999**	690,227	**457,452**	420,185
(c) Impairment of assets				
- Impairment in interest in subsidiaries	**-**	-	**211,437**	52,255
- Impairment of goodwill from acquisition of subsidiary	**340,686**	-	**-**	-
- Impairment of plant and machinery	**-**	4,982	**-**	-
	340,686	4,982	**211,437**	52,255
(d) Allowance for expected credit losses on financial assets				
- Trade receivables	**21,487**	(5,215)	**10,451**	3,765
- Other receivables	**1,793**	2,304	**1,793**	2,304
	23,280	(2,911)	**12,244**	6,069
(e) Gain on deemed disposal of associate	**158,236**	-	**-**	-

Following the acquisition of Pre-Mixed Concrete Limited as a subsidiary on October 27, 2021, the Group derecognised its existing 49% shareholding as investment in associate and recognised a gain on deemed disposal.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

24. OPERATING PROFIT (CONTINUED)

(f) Included in cost of sales and administrative expenses are:

	THE GROUP		THE COMPANY	
	2022	2021	**2022**	2021
	Rs'000	Rs'000	**Rs'000**	Rs'000
Analysis of staff costs:				
- Wages and salaries	**627,441**	535,826	**392,241**	339,646
- Social security costs	**30,188**	26,148	**17,332**	13,867
- Pension costs	**109,370**	128,253	**47,879**	66,672
	766,999	690,227	**457,452**	420,185

25. FINANCE INCOME

	THE GROUP		THE COMPANY	
	2022	2021	**2022**	2021
	Rs'000	Rs'000	**Rs'000**	Rs'000
Dividend income	**2,075**	2,164	**36,290**	51,687
Interest income	**15**	110	**8,518**	10,273
	2,090	2,274	**44,808**	61,960

26. FINANCE COSTS

	THE GROUP		THE COMPANY	
	2022	2021	**2022**	2021
	Rs'000	Rs'000	**Rs'000**	Rs'000
Interest expense on :				
Bank overdrafts	**8,032**	1,277	**7,451**	882
Bank loans	**6,681**	4,797	**4,246**	4,736
Loans at call	**1,872**	1,188	**2,785**	1,830
Long Term Secured Promissory Note	**18,952**	18,525	**18,952**	18,525
Leases	**11,523**	8,096	**2,870**	1,562
Others	**11,400**	-	**7,481**	87
	58,460	33,883	**43,785**	27,622

27. (LOSS) / EARNINGS PER SHARE

	THE GROUP	
	2022	2021
(Loss) / profit attributable to equity holders of the parent (Rs'000)	**(67,553)**	196,219
Number of shares in issue	**26,510,042**	26,510,042
Basic (loss) / earnings per share (Rs)	**(2.55)**	7.40

28. DIVIDENDS

On May 31, 2022, the Board of Directors declared a final dividend of Rs 3.00 (2021: Rs 3.00) per share amounting to Rs 79,530,126 (2021: Rs 79,530,126 was paid on June 16, 2021) and was paid on June 22, 2022. Dividends amounting to Rs 6.7m was declared by subsidiaries to non-controlling interests parties in 2022 and was still unpaid at year end.

29. RELATED PARTY DISCLOSURES

THE GROUP	Associate companies		Key management personnel		Enterprises with common major shareholders	
	2022	2021	**2022**	2021	**2022**	2021
	Rs'000	Rs'000	**Rs'000**	Rs'000	**Rs'000**	Rs'000
(a) Nature of transactions						
Purchase of goods and services	**26,612**	5,467	**-**	-	**138,803**	91,313
Sale of goods and services	**101,042**	174,920	**1,517**	1,722	**53,041**	28,045
Management fees received	**2,775**	4,425	**-**	-	**9,653**	6,953
Rental income	**-**	-	**-**	-	**7,946**	5,911
Interest paid	**267**	382	**-**	-	**1,611**	1,110
Dividend income	**13,174**	15,525	**-**	-	**2,132**	2,132
Contribution to Pension Fund	**-**	-	**-**	-	**40,216**	55,056
(b) Outstanding balances at June 30,						
Cash at bank	**-**	-	**-**	-	**356**	175
Amounts receivable	**25,060**	33,341	**802**	-	**20,281**	12,453
Amounts payable	**15,758**	492	**-**	-	**33,446**	8,536
Loans payable	**5,318**	4,050	**-**	-	**20,672**	28,435

(c) Compensation of key management personnel

	THE GROUP	
	2022	2021
	Rs'000	Rs'000
Short term employee benefits	**140,055**	117,549
Post-employment benefits	**13,135**	11,841
	153,190	129,390

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

29. RELATED PARTY DISCLOSURES (CONTINUED)

THE COMPANY	Subsidiary companies		Associate companies		Key management personnel		Enterprises with common major shareholders	
	2022	2021	**2022**	2021	**2022**	2021	**2022**	2021
	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	**6,239**	11,056	**120**	466	**-**	-	**107,079**	78,413
Purchase of property, plant and equipment	**932**	237	**-**	-	**-**	-	**-**	50
Sale of goods and services	**283,314**	221,002	**100,995**	174,650	**171**	272	**43,833**	19,691
Sale of property, plant and equipment	**-**	-	**-**	-	**-**	-	**6,650**	-
Management fees received	**10,228**	11,276	**2,775**	4,425	**-**	-	**9,653**	6,953
Rental income	**36,126**	34,594	**-**	-	**-**	-	**7,946**	5,911
Interests received	**8,504**	10,173	**-**	-	**-**	-	**-**	-
Interest paid	**907**	642	**267**	382	**-**	-	**1,611**	806
Dividend income	**20,962**	33,998	**13,174**	15,525	**-**	-	**2,075**	2,153
Contribution to Pension Fund	**-**	-	**-**	-	**-**	-	**30,285**	45,584
(b) Outstanding balances at June 30,								
Cash at bank	**-**	-	**-**	-	**-**	-	**356**	175
Amounts receivable	**193,952**	70,175	**25,060**	33,341	**-**	-	**17,948**	10,946
Amounts payable	**35,384**	2,615	**-**	2	**-**	-	**25,300**	10,113
Loans receivable	**193,885**	142,595	**-**	-	**-**	-	**-**	-
Loans payable	**40,322**	13,819	**5,318**	4,050	**-**	-	**20,677**	28,439

(c) Compensation of key management personnel

	THE COMPANY	
	2022	2021
	Rs'000	Rs'000
Short term employee benefits	**99,717**	85,360
Post-employment benefits	**9,566**	8,542
	109,283	93,902

Terms and conditions of transactions with related parties:

The sales to and purchases from related parties are made at normal market prices. Outstanding balances at the year end are unsecured, interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables and payables. At each financial year, an assessment of provision for impairment is undertaken through examining the financial position of the related party and the market in which the related party operates. For the year ended June 30, 2022, the Group has no impairment of receivables relating to amounts owed by related parties (2021: Rs Nil). The Company has recorded an impairment of Rs 211.4m during the year ended June 30, 2022 (2021: Rs 52.3m) relating to related parties. This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

30. CONTRACTS OF SIGNIFICANCE

Except for transactions as disclosed in note 29 on related party transactions, the Group did not have any contract of significance as defined by the Listing Rules of the Stock Exchange of Mauritius Ltd with any of its Directors and controlling shareholders.

31. CAPITAL COMMITMENTS

	THE GROUP		THE COMPANY	
	2022	2021	**2022**	2021
Capital expenditure:	**Rs'000**	Rs'000	**Rs'000**	Rs'000
Contracted for but not provided in the financial statements	**167,896**	40,788	**130,980**	21,117
Approved by the Directors but not contracted for	**566,084**	378,597	**386,466**	248,215
	733,980	419,385	**517,446**	269,332

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

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

	THE GROUP	
	2022	2021
Capital expenditure:	**Rs'000**	Rs'000
Approved by the Directors but not contracted for	**-**	21,060

32. CONTINGENT LIABILITIES

At June 30, 2022, the Group and the Company had contingent liabilities in respect of bank guarantees amounting to Rs 9.7m (2021: Rs 9m) and Rs 5.5m (2021: Rs 1.2m) and contingent liabilities in respect of net current liabilities of one of the Group's subsidiaries amounting to Rs 92.7m (2021: Rs 106m), both arising in the ordinary course of business from which it is anticipated that no material liabilities would arise.

Legal claim contingencies:

(i) Severance allowance

Legal actions have been initiated by former employees against the Group in respect of unpaid severance allowances. The estimated payout is Rs 39.5m (2021: Rs 41.5m), 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.

(ii) Voluntary Retirement Scheme

During the year ended June 30, 2022, legal actions have been initiated by beneficiaries of the Voluntary Retirement Scheme against the Group in respect of unpaid benefits. The estimated payout is Rs 28.2m, 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 for the year ended June 30, 2022.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

33. HOLDING COMPANY

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

34. EVENTS AFTER REPORTING DATE

In reference to the communiqué dated June 23, 2022 concerning the acquisition of a group of companies operating in a similar line of business of the Company in Reunion Island, a Share Purchase Agreement (SPA) was signed on July 07, 2022 . The transaction is subject to the satisfactory completion of conditions precedent, the obtention of all regulatory, corporate and any other approvals required by the parties. The transaction will enable the UBP Group to expand its principal activities within the Indian Ocean.

The Company has acquired land and buildings amounting to Rs 130.5m after the year end.

35. 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 consist 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.

	THE GROUP				
2022	**Building materials**		**Agriculture**	**Consolidation adjustments**	**Total**
	Retail	**Core business**			
	Rs'000	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**
Continuing operations					
Revenue	**1,200,934**	**3,006,893**	**123,790**	**(338,144)**	**3,993,473**
Operating profit / (loss)	**70,968**	**162,449**	**(5,201)**	**(12,520)**	**215,696**
Allowance for expected credit losses on financial assets	**172**	**(24,469)**	**1,016**	**-**	**(23,281)**
Impairment of assets	**-**	**-**	**-**	**(340,686)**	**(340,686)**
Gain on deemed disposal of associate	**-**	**-**	**-**	**158,236**	**158,236**
Net finance costs	**(13,816)**	**4,611**	**(8,426)**	**(38,739)**	**(56,370)**
Share of results of associates	**-**	**-**	**-**	**10,678**	**10,678**
Profit / (loss) before taxation	**57,324**	**142,591**	**(12,611)**	**(223,031)**	**(35,727)**
Income tax expense	**-**	**(1,622)**	**-**	**-**	**(1,622)**
Profit / (loss) after taxation	**57,324**	**140,969**	**(12,611)**	**(223,031)**	**(37,349)**
Discontinuing operations					
Loss from discontinuing operations	**-**	**(19,364)**	**-**	**-**	**(19,364)**
Non-controlling interests	**-**	**(10,840)**	**-**	**-**	**(10,840)**
Profit / (loss) for the year attributable to the parent	**57,324**	**110,765**	**(12,611)**	**(223,031)**	**(67,553)**

2022	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	**935,366**	**5,841,805**	**1,343,907**	**(1,781,453)**	**6,339,625**
Investment in associates	**-**	**69,801**	**-**	**-**	**69,801**
Total segment assets	**935,366**	**5,911,606**	**1,343,907**	**(1,781,453)**	**6,409,426**
Total segment liabilities	**540,747**	**3,262,984**	**278,169**	**(1,143,882)**	**2,938,018**
Capital expenditure:					
Property, plant and equipment	**20,574**	**349,042**	**12,051**	**-**	**381,667**
Investment properties	**-**	**-**	**-**	**-**	**-**
Intangible assets	**5,354**	**10,720**	**155**	**-**	**16,229**
Depreciation and amortisation	**64,360**	**249,798**	**14,035**	**(7,947)**	**320,246**

2021	THE GROUP				
	Building materials		Agriculture	Consolidation adjustments	Total
	Retail	Core business			
Continuing operations	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Revenue	995,398	2,372,351	114,211	(219,852)	3,262,108
Operating profit / (loss)	34,510	254,858	(21,883)	41,111	308,596
Allowance for expected credit losses on financial assets	3,802	(7,900)	1,589	5,420	2,911
Impairment of assets	-	(4,982)	-	-	(4,982)
Net finance costs	(13,924)	48,444	(10,757)	(55,372)	(31,609)
Share of results of associates	-	-	-	7,249	7,249
Profit / (loss) before taxation	24,388	290,420	(31,051)	(1,592)	282,165
Income tax expense	(3,121)	(17,462)	-	-	(20,583)
Profit / (loss) after taxation	21,267	272,958	(31,051)	(1,592)	261,582
Discontinuing operations					
Loss from discontinuing operations	-	(46,020)	-	-	(46,020)
Non-controlling interests	-	(19,343)	-	-	(19,343)
Profit / (loss) for the year attributable to the parent	21,267	207,595	(31,051)	(1,592)	196,219
Other segment information:					
Segment assets	817,557	4,553,782	1,317,969	(1,255,011)	5,434,297
Investment in associates	-	105,719	-	77,916	183,635
Total segment assets	817,557	4,659,501	1,317,969	(1,177,095)	5,617,932
Total segment liabilities	484,271	2,213,959	241,043	(918,983)	2,020,290
Capital expenditure:					
Property, plant and equipment	10,981	144,840	3,782	-	159,603
Investment properties	284	-	143	53	480
Intangible assets	2,895	5,976	605	-	9,476
Depreciation and amortisation	64,152	228,926	12,568	(10,535)	295,111

Information about major customers:

No single customer contributed 10 per cent or more to the Group's revenue in either 2022 or 2021.

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36. BUSINESS COMBINATIONS

(a) Acquisition of subsidiary

On October 27, 2021, the Group acquired the remaining 51% of Pre-Mixed Concrete Limited ("Premix") and obtained control over the subsidiary. Premix is engaged in the manufacture of ready mixed concrete. This transaction qualifies as a business combination as defined in IFRS 3. Premix has been acquired by the Group to be in line with its vertical integration strategy.

The identifiable assets acquired and liabilities assumed at fair value at date of acquisition are as follows:

	October 27, 2021
	Rs'000
Assets	
Property, plant and equipment	164,157
Fair value of brand name	60,838
Fair value of customer relationships	20,627
Right of use assets	87,999
Intangible assets	1,749
Deferred tax assets	14,308
Inventories	13,504
Trade and other receivables	165,147
Current tax assets	2,483
Cash and cash equivalents	12,182
	542,994
Liabilities	
Borrowings	14,277
Lease liabilities	95,714
Trade and other payables0	187,932
Retirement benefit obligations	26,106
	324,029
Fair value of net assets acquired	218,965
Consideration paid in cash	285,416
Fair value of previously held interests	274,235
	559,651
Goodwill	340,686

Cash flow	Rs'000
Consideration paid	285,416
Less: Cash and cash equivalents acquired in subsidiary	(12,182)
Net cash outflow on acquisition	273,234

Acquisition-related costs (included in administrative expenses) amount to Rs 4.3m.

A goodwill of Rs 340.7m arose because the cost of acquisition included a control premium and was in line with the strategy disclosed above. None of the goodwill is expected to be deductible for income tax purposes.

Pre-Mixed Concrete Limited contributed Rs 416m to revenue and incurred a loss of Rs 18.7m for the period.

If the acquisition of Pre-Mixed Concrete Limited had been completed on the first day of the financial year, Group revenues for the year would have been Rs 4.224m and Group loss would have been Rs 33.5m.

(b) Change in percentage holding in subsidiaries without loss of control

On October 27, 2021, the Group acquired an additional 17.2% of the issued shares of Drymix Ltd for a purchase consideration of Rs 96.4m. The Group derecognised the non-controlling interests and recorded an increase in equity attributable to owners of the Company of Rs 24.3m.

On April 27, 2021, the Group acquired an additional 10% of the issued shares of UBP Coffrages Ltée for a purchase consideration of Rs 0.9m. The Group derecognised the non-controlling interests and recorded an increase in equity attributable to owners of the Company of Rs 1.3m.

The effect of changes in the ownership interest on the equity attributable to owners of the Group is summarised as follows:

	2022	2021
	Rs'000	Rs'000
Cash consideration paid to non-controlling interests	**96,406**	900
Less: Carrying amount of non-controlling interests acquired	**(24,336)**	(1,270)
Adjustment recognised in retained earnings	**72,070**	(370)

37. DISCONTINUING OPERATION AND ASSETS CLASSIFIED AS HELD FOR SALE

THE GROUP

UBP Madagascar

The Group has the intention to sell its Malagassy subsidiary, UBP Madagascar and has initiated an active program to locate a buyer as from November 01, 2021. This operation which is expected to be sold within 12 months, has been classified as a disposal group held for sale and presented separately in the Group statement of financial position. The proceeds of disposal are expected to exceed the carrying amount of the related net assets and accordingly no impairment losses have been recognised on the classification of this operation as held for sale.

United Granite Products (Private) Limited

In June 2021, the Group initiated an active programme to locate a buyer following its intention to sell its Sri Lankan subsidiary, United Granite Products (Private) Limited. This operation, which was expected to be sold within 12 months, was classified as a disposal group held for sale and presented separately in the Group statement of financial position at June 30, 2021. As a result of the programme initiated, several potential buyers showed their interest, but the deal could not be completed as there was no agreement on the proposed purchase consideration. Moreover, during the one-year period, there were circumstances which were beyond the Group's control which took place and further complicated the negotiations. Management remains committed to its plan to sell United Granite Products (Private) Limited and continues to be classified as a disposal group held for sale and presented separately in the Group statement of financial position at June 30, 2022.

The results of the discontinuing operations, which have been included in the profit or loss for the year, were as follows:

	2022	2021
	Rs'000	Rs'000
Revenue	**80,062**	111,102
Operating loss	**(10,956)**	(45,658)
Impairment of assets	**(7,414)**	-
Net finance costs	**(994)**	(362)
Loss before taxation	**(19,364)**	(46,020)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

37. DISCONTINUING OPERATION AND ASSETS CLASSIFIED AS HELD FOR SALE (CONTINUED)

The major classes of assets and liabilities comprising the discontinued operations and assets classified as held for sale are as follows:

	THE GROUP		THE COMPANY	
	2022	2021	**2022**	2021
	Rs'000	Rs'000	**Rs'000**	Rs'000
Investment in subsidiaries (a)	**-**	-	**22,428**	22,428
Property, plant and equipment (b)	**50,655**	45,440	**-**	-
Right of use assets	**5,211**	-	**-**	-
Inventories	**24,326**	11,188	**-**	-
Trade and other receivables	**9,718**	12,571	**-**	-
Cash and bank balances	**11,013**	8,479	**-**	-
Total assets classified as held for sale	**100,923**	77,678	**22,428**	22,428
Trade and other payables	**30,068**	9,150	**-**	-
Lease liabilities	**3,129**	-	**-**	-
Bank overdraft	**1,106**	-	**-**	-
Employee benefit liabilities	**965**	1,411	**-**	-
Total liabilities associated with assets classified as held for sale	**35,268**	10,561	**-**	-
Net assets	**65,655**	67,117	**22,428**	22,428

(a) Investment in subsidiaries

Investment in subsidiaries is net of impairment of Rs 13.4m, where Rs 3.3m and Rs 10.4m relate to investment in United Granite Products (Private) Limited and UBP Madagascar respectively.

(b) Property, plant and equipment

During the year, capital work in progress in relation to United Granite Products (Private) Limited's property, plant and equipment has been impaired by Rs 7.4m, as the asset was not in good physical condition.

38. FINANCIAL REVIEW

	2022	2021
	Rs'm	Rs'm
THE GROUP		
Share capital	**265.1**	265.1
Reserves	**3,176.6**	3,290.9
Shareholders' interest	**3,471.4**	3,597.6
Assets	**6,409.4**	5,617.9
Liabilities	**2,938.0**	2,020.3
Revenue	**3,993.5**	3,262.1
(Loss) / profit before taxation	**(35.7)**	282.2
Income tax expense	**(1.6)**	(20.6)
(Loss) / profit for the year	**(37.3)**	261.6
Dividend	**(79.5)**	(79.5)

	2022	2021
	Rs	Rs
Basic net assets value per share	**129.83**	134.14
Basic (loss) / earnings per share	**(2.55)**	7.40
Dividend per share	**3.00**	3.00

	2022	2021
	Rs'm	Rs'm
THE COMPANY		
Share capital	**265.1**	265.1
Reserves	**2,174.1**	2,301.9
Shareholders' interest	**2,439.2**	2,567.0
Assets	**4,563.3**	3,971.4
Liabilities	**2,124.2**	1,404.4
Revenue	**1,952.6**	1,808.6
(Loss) / profit before taxation	**(109.3)**	243.4
Tax income / (expense)	**7.4**	(10.0)
(Loss) / profit for the year	**(101.9)**	233.4
Dividend	**(79.5)**	(79.5)

	2022	2021
	Rs	Rs
Basic net assets value per share	**92.01**	96.83
Basic (loss) / earnings per share	**(3.84)**	8.80
Dividend per share	**3.00**	3.00

39. CORONAVIRUS ("COVID-19")

At June 30, 2022, the global outbreak of Coronavirus ("COVID-19") continues to have significant volatility within the economic markets, for which the duration and spread of the outbreak, and the resultant economic impact is uncertain and cannot be predicted. This may directly or indirectly impact the Group's and the Company's activities in material respects by interrupting and disrupting business and transactional activities. The Directors will continue to monitor the situation of the Group and the Company.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

40. WAR IN UKRAINE

On February 24, 2022, Russian troops started invading Ukraine. The impacts of the war in Ukraine and related events are expected to have an impact on the global economy and are generally considered to be non-adjusting events. The impact does not affect the financial position as at June 30,2022 and the financial performance for the year ended June 30, 2022 of the Group and the Company.

In response to the Russian invasion, multiple jurisdictions have imposed economic sanctions on Russia and Belarus. In addition, a growing number of public and private companies have announced voluntary actions to curtail business activities with Russia and Belarus. Though the true impact of war is unclear, businesses worldwide can feel its financial effects. In addition to the impact of the war on entities that have operations in Russia, Ukraine or neighbouring countries (e.g. Belarus) or that conduct business with their counterparties, the war is increasingly affecting economic and global financial markets and exacerbating ongoing economic challenges, including issues such as rising inflation and global supply-chain disruption.

These events have triggered volatility and abnormally large changes in equity or debt security prices, commodity prices, foreign currency exchange rates and interest rates after February 24, 2022. The Euro zone growth is expected to decline in the current year, with higher energy and commodity prices leading to increased inflation rates and in Sub-Saharan Africa, expect sharp rise in prices for natural resources and agricultural commodities. This will impact Government's subsidy programmes and fiscal budgets globally.

The degree to which the Group may be affected depends largely on the nature and duration of uncertain and unpredictable events such as further military action, additional sanctions and reactions to ongoing developments by global financial markets.

The global economic uncertainty is expected to adversely affect commodity prices, key assumptions and judgements made by management on forecasting cash flows, amongst others.

The Board has determined that it may be too early to assess the war's broad implications and will be monitoring the developments and the likely impacts on operations closely.

NOTICE OF ANNUAL MEETING TO SHAREHOLDERS

Notice is hereby given that the Annual Meeting of Shareholders of The United Basalt Products Limited (the "Company") will be held at the registered office of the Company, Trianon, Quatre Bornes, on Wednesday December 14, 2022 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 2022 of the Company.

2 To receive the report of Messrs. Deloitte Mauritius, the Auditors of the Company, for the year ended June 30, 2022.

3 To consider and adopt the Company's and the Group's Audited Financial Statements for the year ended June 30, 2022.

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 August 31, 2023, in accordance with Section 138(6) of the Companies Act 2001.

5 To elect as Director of the Company, Mr Jean-Claude Béga, appointed by the Board of Directors in accordance with Clause 23.5(a) of the Company's Constitution, who offers himself for election upon recommendation from the Corporate Governance Committee, to hold office until the next Annual Meeting.

6-14 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:

- 6 Mr Jan Boullé
- 7 Mr Stéphane Brossard
- 8 Mrs Catherine Gris
- 9 Mr Stéphane Lagesse
- 10 Mr Thierry Lagesse
- 11 Mrs Christine Marot
- 12 Mr Christophe Quevauvilliers
- 13 Mrs Kalindee Ramdhonee
- 14 Mr Stéphane Ulcoq

15 To take note of the re-appointment of Messrs. Deloitte Mauritius as Auditors of the Company for the year ending June 30, 2023, in accordance with Section 200 of the Companies Act 2001, and to authorise the Board of Directors to fix their remuneration.

By order of the Board

BHOONESHI NEMCHAND

Company Secretary

November 21, 2022

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 (24) 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 available on the Company's website www.ubp.mu and at the Company's registered office.
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 15, 2022.
5. The minutes of proceedings of the preceding Annual Meeting held on December 9, 2021 are available for consultation by the shareholders during office hours at the registered office of the Company.

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 ....
or failing him/her, the Chairperson 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 Wednesday December 14, 2022 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 2022 of the Company.			
2	To receive the report of Messrs. Deloitte Mauritius, the Auditors of the Company, for the year ended June 30, 2022.			
3	To consider and adopt the Company's and the Group's Audited Financial Statements for the year ended June 30, 2022.			
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 August 31, 2023 in accordance with Section 138(6) of the Companies Act 2001.			
5	To elect as Director of the Company, Mr Jean-Claude Béga, appointed by the Board of Directors in accordance with Clause 23.5(a) of the Company's Constitution, who offers himself for election upon recommendation from the Corporate Governance Committee, to hold office until the next Annual Meeting.			
6-14	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:			
	6 Mr Jan Boullé			
	7 Mr Stéphane Brossard			
	8 Mrs Catherine Gris			
	9 Mr Stéphane Lagesse			
	10 Mr Thierry Lagesse			
	11 Mrs Christine Marot			
	12 Mr Christophe Quevauvilliers			
	13 Mrs Kalindee Ramdhonee			
	14 Mr Stéphane Ulcoq			
15	To take note of the re-appointment of Messrs. Deloitte Mauritius as Auditors of the Company for the year ending June 30, 2023, in accordance with Section 200 of the Companies Act 2001, and to authorise the Board of Directors to fix their remuneration.			

Dated this .... day of .... 2022.

....
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 (24) hours before the time fixed for the holding of the meeting or else the instrument of proxy shall not be treated as valid.

THE UNITED BASALT PRODUCTS LIMITED

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

www.ubp.mu