INTEGRATED REPORT **2021**

Together we can
make a difference.

That is why we stand
together and act as
one with our partners,
suppliers and customers.
We help set a new future.

A strong
"we"
is the sum
of all of us.

Together, we are building a better future for all.

We are
building
on a strong
foundation
to make our
production
more
sustainable.

The **future** is something
we create. By concrete
actions, we give weight
to our words
and bring them to reality.
We have proved that we
can set a new direction
and make great changes.

This journey is
not ours only, but
we promise to be
the leaders of
change in a positive
way for **everyone.**

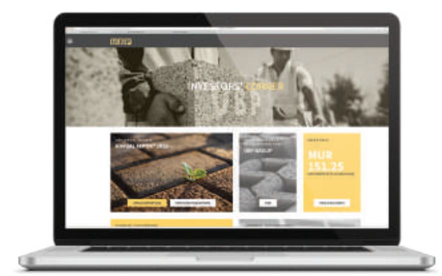
Dear Shareholders,

The Board of Directors of UBP is pleased to present its Integrated Report for the year ended June 30, 2021 covering the performance and the operations of the Group, with a focus on our four main companies: The United Basalt Products Limited (UBP), 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



For an online version of this report, please scan the QR Code or visit: **https://investors.ubp.mu/**

For a greater insight into the Group, visit our corporate website: **www.ubp.mu**

Content

Icons

PG XX Reference to another page in this Integrated Report

Reference to further reading online

Keys

UBP	The United Basalt Products Limited
Drymix	Drymix Ltd
Espace Maison	Espace Maison Ltée
Gros Cailloux	Compagnie de Gros Cailloux Limitée

SHARING KNOWLEDGE

Financial Highlights

FINANCIAL HIGHLIGHTS OF FY2021

Despite the impact of the second lockdown in March this year, our performance for FY2021 has been positive in many respect, thanks to the completion of major public infrastructure and property development projects which were underway when the first lockdown was imposed but also to the government initiatives to boost our industry in such exceptional times.

GROUP REVENUE 2021

Rs 3.3 Billion

+17% over 2020 +26.2% since 5 years

OPERATING PROFIT 2021

Rs 269.0 million

+149.7% over 2020

NET PROFIT 2021

Rs 215.6 million

COMPOUND AVERAGE ANNUAL GROWTH RATE OF SHARE PRICE

11.8%

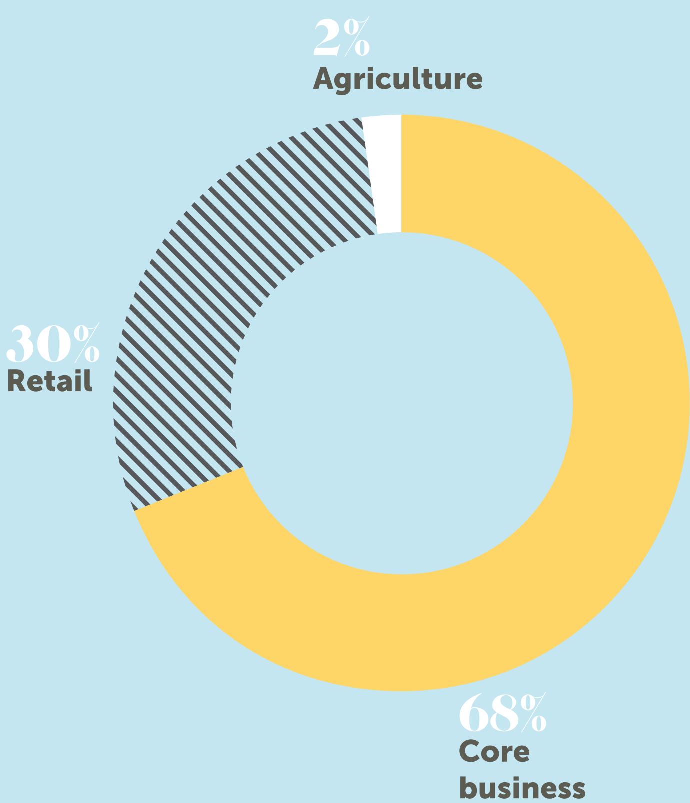
OVER THE PAST 5 YEARS

COMPOUND AVERAGE ANNUAL TOTAL SHAREHOLDERS' RETURN

14.1%

OVER THE PAST 5 YEARS

REVENUE SHARE BY SEGMENT



EARNINGS PER SHARE 2021

Rs 7.40 +988.2% VS 2020

DIVIDEND PER SHARE 2021

Rs 3.00 +57.9% VS 2020

AVERAGE DIVIDEND PAYOUT RATIO 2021

58.9%

OVER THE PAST 5 YEARS

SHARE PRICE 2021

Rs 144.75 +12.6% VS 2020 +74.4% Since 5 years

KEY COMPETITIVE STRENGTHS

This year and in the short term, as Mauritius faces challenging times ahead, we rely on our key competitive strengths as a Group to ensure resilience.

1. **A robust foundation**: UBP's long history in Mauritius and financial stability means that we have a robust foundation to lean on when difficult times arise. Although we do not expect the construction sector to be affected too severely, it is important to be aware of this strength and continue to reinforce it.

2. **An engaged workforce**: We have always been proud of our work culture and how united we are as a team. The results of our engagement survey last year have demonstrated this to be true still today. Together, we can go far and accomplish much.

PG 72 See page 72 of the Human Capital section

3. **Strong reputation across companies and brands**: Our history, good governance and customer service have provided us with a strong and stable reputation in our markets. This continues to enable us to have a wide market reach, in both B2C and B2B segments, and ensures loyalty from our customers.

4. **A flexible strategy**: Our strategy is designed in a way that allows a certain flexibility and agility in attaining our business goals. This adaptive approach to strategy is particularly effective when the business environment is hard to predict and to shape. By capturing change signals and responding to the evolving environment, we have the ability to promptly adjust our needs and goals.

MARC FREISMUTH
Chairman

A PODCAST OF THE CHAIRMAN'S MESSAGE IS ALSO AVAILABLE. PLEASE SCAN THE QR CODE OR VISIT HTTPS://INVESTORS.UBP.MU/

We must believe in the future

Dear Shareholders,

2020 will most certainly be remembered for bringing unexpected trials to billions around the world—many of which will continue to be felt for years to come. First and foremost a health crisis, COVID-19 has also disrupted entire economies, industries, businesses and communities worldwide.

This Integrated Report, which covers The United Basalt Products Limited's performance for the year ended June 30, 2021, provides an overview of the Group's performance, how it adapted to new circumstances and what the future holds.

OUR OPERATING CONTEXT AND BUSINESS ENVIRONMENT

At the time of writing, Mauritius is set to reopen its borders to international tourists and businesses have resumed operating with strict safety restrictions in place. That is not to say that the pandemic is in the rearview mirror. The island went into a three-week lockdown in March 2021, exacerbating certain national indicators: GDP shrank by an estimated 14.7% in 2020, mainly driven by international travel restrictions; the Mauritian Rupee experienced a steep depreciation, sinking by 14.2% against the USD and 23.4% against the Euro between March 2020 and June 2021. All of this impacted our clients dearly, as they are confronted with not just increasing prices and costs, but also a loss of income and purchasing power.

Despite contracting by 25.8% in 2020, the construction sector is showing an impressive level of resilience, particularly as it is notorious for being slow to change. The industry is projected to rebound by 25.2% in 2021, driven by a large backlog in existing projects, coupled with sizable investments in the pipeline for 2021-22, namely a budget of Rs 65bn to be invested in infrastructure projects to cater for flood management, social housing, sports and recreational facilities, and the ongoing Metro Express rail network—all of which aim to improve the overall quality of life. This amount includes Rs 8bn from the private sector to develop the urban terminals around the metro, fuelling demand for our construction materials.

NAVIGATING THE COVID-19 LANDSCAPE

The Group's response to COVID-19 was guided by good sanitary practices, and the determination to protect our employees and their families. Our Back-To-Work Guidelines, which have been in place since last year, have framed new standards and behaviours across our subsidiaries. Today, mask-wearing, temperature checks, virtual meetings and flexible work arrangements have become routine and integral to our work culture—a mindset that was critical in maintaining business as usual, with no interruptions, during the March 2021 lockdown.

Effective and regular communication around the vaccine also played a key role in ensuring a safe return to work. Through surveys, our Facebook group and educational videos, our team members were provided with transparent and accurate information on the benefits, efficacy and potential side effects of the vaccines. As of June 30, 2021, over 84% of the Group's employees have successfully received one dose and 81% have completed both vaccine doses.

ACHIEVING STRONG BUSINESS PERFORMANCE

UBP and Espace Maison felt the full force of rising import costs, particularly as 60% of Espace Maison's products are imported. UBP, for its part, was impacted by the cost of imported cement, spare parts, additives and fuel. However, we are fortunate that our core business—construction and building materials—has been designated to play a vital role in the recovery of our economy. Because of this, the impacts of the pandemic were largely offset and somewhat limited.

The Group has proven its resilience and achieved a strong set of results. We recorded revenues of Rs 3.3bn, a 17% increase over last year, and a net profit of Rs 215.6m (compared to Rs 21.9m in 2020) on the back of a good performance from UBP's local core business entities and Espace Maison. This brings us back to pre-COVID-19 profitability levels (2019: Rs 207.3m), indicating the strength of our strategy and business model.

[...]

"The Group has proven its resilience and achieved a strong set of results. We recorded revenues of Rs 3.3bn, a 17% increase over last year, and a net profit of Rs 215.6m (compared to Rs 21.9m in 2020) on the back of a good performance from UBP's local core business entities and Espace Maison. This brings us back to pre-COVID-19 profitability levels (2019: Rs 207.3m), indicating the strength of our strategy and business model."

We must believe in the future

"Nearly one third of Group turnover is attributed to Espace Maison, which, despite rising foreign exchange costs, managed to generate record revenues close to Rs 1bn."

Nearly one third of Group turnover is attributed to Espace Maison, which, despite rising foreign exchange costs, managed to generate record revenues close to Rs 1bn and an operating profit of Rs 34.5m. Having spent the past year developing efficient digital processes, as well as e-commerce and logistics capabilities, Espace Maison was able to continue serving customers in their time of need, with no discontinuity in its activities.

Gros Cailloux, for its part, saw an improvement over last year, thanks to our greenhouse and vegetable-growing activities. Though it is still performing below expectations, we are confident in our long-term vision and our ability to deliver on our objectives.

Although our core business performed well locally, UBP's overall turnover was dampened by another unprofitable year in our subsidiary in Madagascar: operating losses amounted to Rs 39.6m for the year under review, compared to Rs 6.2m in 2020. COVID-19 has sent Madagascar into a spiralling recession, worsening its economic and social situation. Not only were we unable to exploit our quarry, but we also experienced a breakdown in our factory in Tamatave and are uncertain about renewing our contract with our client of blasting services. We are currently collaborating with a reputed consulting firm to assess the long-term viability of our business in Madagascar.

Following years of challenges and setbacks in Sri Lanka, we decided to discontinue our operations there and dispose of our subsidiary. Discussions with a potential buyer are at an advanced stage and will be finalised during the coming months. I believe that our decisions concerning our overseas subsidiaries will enable us to sharpen our focus on the local market and dedicate more resources to developing innovative products through increased Research and Development.

In light of all of the above, I am pleased to announce that the Board voted for a dividend per share of Rs 3 (compared to Rs 1.90 last year), representing a total dividend payout of Rs 79.5m. Earnings per share also increased from Rs 0.68 last year to Rs 7.40 this year. This reflects the Board's confidence in our financial strength and future prospects.

Since our listing on the Stock Exchange of Mauritius in 1989, the Group has delivered positive and steady returns to its shareholders, averaging an annualised return of 16%. This track record has consistently earned us a place on the SEM's top ten value-creators based on Annualised Total Shareholder Returns, and is a compelling case that UBP is likely to be a high-return investment over the long term.

MOVING TOWARDS AN INTEGRATED AND UNITED GROUP

2021 was the continued pursuit of our strategy: an integrated and agile Group, capable of capitalising on the synergy levers between its different businesses. During the year, we made major strides in our strategic focus areas:

- A Group-level digitisation plan

After deploying Office365 at UBP in 2020, we spent the last year ensuring its adoption by our employees. Through training programmes, we aim to drive the integration of collaborative tools into our team members' daily work routines and habits, and also strengthen our cybersecurity processes. Our efforts were corroborated during the two lockdown periods, where our teams communicated effectively through Teams and worked productively without disruption. We also deployed a CRM at Drymix, which is currently in the testing stage, and we aim to launch UBP's and EML's in the months to come. Once synced, these will help us achieve our strategy of placing our customers at the centre of our activities. Other pilot projects are also being carried out across different businesses.

- Increased collaboration between our teams

We are in the process of developing a Social Workplace, the Group's new intranet, which aims to be more inclusive. Once completed, the platform will centralise communication and engage our entire workforce around polls, event invitations, blog posts, photos, and more. Learning and development are also integral for the sharing and transfer of knowledge across teams, a goal that is being driven by the UBP Knowledge Hub. (More information on page 76.) We are also moving towards a projects-based work model, rather than a roles-based one, whereby cross-functional teams from different departments and functions collaborate on a common set of objectives.

- Innovative products centred on sustainability

We adopted Sustainability commitments at Group-level, which will cascade down to our entities and rally the Group around common environmental and social objectives. Our approach is based on monitoring our use of resources, reducing energy consumption in our operations, and developing circular solutions. UBP's Megablock is one of our most recent introductions in pursuance of this goal: its modular interlocking system allows for greater flexibility and reuse, eliminating the need for shuttering. We also voluntarily conducted a Life Cycle Assessment of our blocks in order to earn an Environmental Product Declaration. This attests to our genuine efforts in setting measurable goals to improve our environmental impact.

PG 41

The alarming results of the Intergovernmental Panel on Climate Change's (IPCC) 2021 report have only reinforced our environmental commitments, which are laid out on page 66.

- A step closer to realising our C'Nergy ambitions

Another strategic milestone is our decision to move from being 49% shareholders in Pre-Mixed Concrete Ltd to being 100% shareholders. At the time of writing, we have only announced our decision to exercise our rights of first refusal and are hoping to complete the transaction this coming year. As massive users of cement, this move will be key in transitioning to a vertically-integrated business and positioning the Group as a one-stop-shop for all our customers' construction and home furnishing needs. It's what we call C'Nergy.

[...]

We must believe in the future

"The pandemic has reinforced our long-held belief that value creation is about delivering more than just financial returns; it has highlighted heightened stakeholder expectations when it comes to an organisation's environmental and social performance."

IMPROVING UBP'S RESILIENCE THROUGH GOOD GOVERNANCE AND RISK MANAGEMENT

The Board spends significant time each year constructively rethinking our policies and practices. This year was no different. Recognising that the right mix of skills and experiences is crucial for strong leadership, we conducted a Board skills assessment to determine those most needed to help UBP achieve its goals. Following this exercise, we welcomed a new independent Director, Stéphane Brossard, who brings his extensive experience in the construction sector in Réunion Island. We have a well-rounded and high-performing Board that is equipped to take UBP's vision forward.

In parallel, we reviewed our Risk Framework to evaluate our adaptability and readiness in the face of new uncertainties and changing circumstances. This includes recruiting a full-time Risk & Compliance Officer, whose role is to develop risk metrics and integrate them in our performance appraisal systems. In addition, we enhanced succession planning within the Group to ensure we have the right skills to fill business-critical positions in the future.

PG 46 Refer to our Risk Management Report on page 46

STRENGTHENING STAKEHOLDER RELATIONSHIPS

The pandemic has reinforced our long-held belief that value creation is about delivering more than just financial returns; it has highlighted heightened stakeholder expectations when it comes to an organisation's environmental and social performance. This year, we stepped back to reflect on what UBP stands for, our raison d'être, and what meaningful value we bring to Mauritians. More than ever before, we became conscious of our global responsibility.

During the year, we sought to gain a deeper understanding into how our stakeholders view us and what they expect from us. Focus groups and workshops were conducted within each subsidiary, and the results brought to light important issues and areas in which we could improve. This constructive feedback is invaluable to us and will guide our decisions moving forward.

PG 56 More information in our Materiality Matters section on page 56

We are also in the process of redesigning our CSR programme across our sponsorships, partnerships and social commitments, while strongly encouraging employees to participate and volunteer in purposeful projects.

PG 84 Our Volunteering Leave Policy is outlined on page 84.

LOOKING AHEAD AND APPRECIATION

Though there is much uncertainty ahead, the coming year brings a host of opportunities for the Group. The measures announced in the National Budget 2021-22 are conducive to our industry's growth and will continue to fuel our motivation to meet new stakeholder expectations. In this context, we are continuing to pursue a comprehensive review of our strategy, the outcome of which I look forward to sharing with you in next year's report.

I am confident that UBP has a promising future, both in the short and long term. We are led by executives and a management team who demonstrated great responsiveness in the face of challenges. Their ability to coordinate cohesive actions across departments and subsidiaries was nothing short of remarkable. This was only made possible by the support of a hard-working, engaged and purpose-driven workforce. It is this nimble spirit that has brought us where we are, and that will help us thrive into the future.

I would like to thank all our employees for your courage and for continuing to embody UBP's values in all that you do. I am proud of the way you have emerged from 2020 as a stronger and more united team, making UBP, in turn, a more resilient organisation.

I would also like to sincerely thank I would also like to sincerely thank our Group CEO, Stéphane Ulcoq and his team, for leading the Group through one of the most testing times in recent memory.

I extend my appreciation to my fellow Board members for their guidance, especially in a time when a Board's role has taken on heightened significance. This applies not just to matters of corporate governance, but also their pivotal role in providing stewardship and strategic guidance.

On behalf of the Board, I would like to express our gratitude to our customers and business partners for their continued support and loyalty.

Last but not least, thank you to our shareholders for the trust you continue to place in us, year after year.

Your Chairman,

Marc Freismuth


CULTIVATING
GROS CAILLOUX


CURIOSITY
UBP

Group structure

THE UNITED BASALT PRODUCTS LIMITED

SUBSIDIARIES

- 100% Espace Maison Ltée
  - 100% La Savonnerie Créole Ltée
- 100% Compagnie de Gros Cailloux Limitée
- 100% Société d'investissement Rodriguais
  - 75.9% Welcome Industries Ltd
- 100% UBP International Limited
  - 77% United Granite Product (Private) Limited
    - 100% DHK Metal Crusher (Private) Limited
    - 100% Sheffield Trading (Private) Limited
- 100% UBP Madagascar
- 100% UBP Coffrages Ltée
- 76.5% Sainte Marie Crushing Plant Limited
  - 100% Société des Petits Cailloux
- 54.6% Drymix Ltd
  - 80% Drymat SAS (Réunion)
- 100% Land Reclamation Limited
- 100% The Stone Masters Co. Ltd
- 100% Pricom Ltd

ASSOCIATES

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

● Operational ● Dormant

* Via UBP Madagascar

Our operating regions

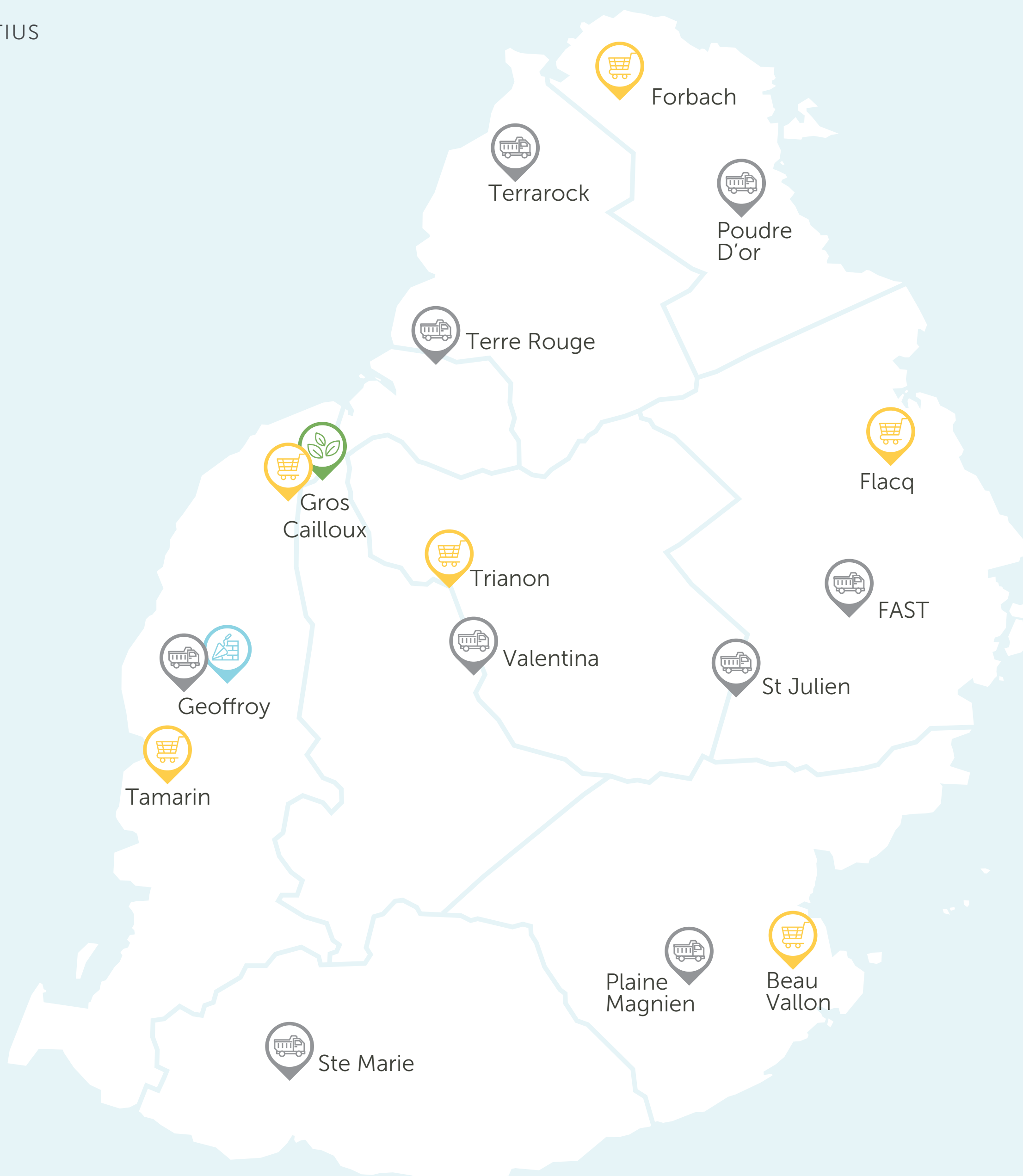
UBP production & sales sites including Marbella Division & PPB

Gros Cailloux

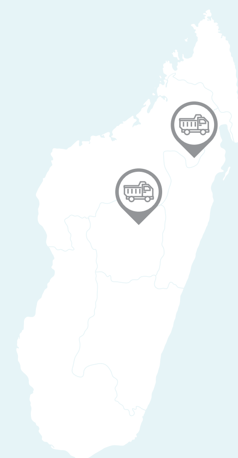
Drymix

Espace Maison

MAURITIUS



MADAGASCAR



UBP MADAGASCAR

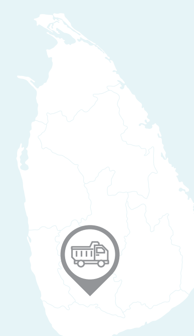
Contribution to Group profit after tax: **Not profitable yet**
Date of establishment: **1999**
Manager: **Vacant**
HQ: **Antananarivo**
Permanent employees: **118**
Aggregates and rocksand produced: **>12,000 tonnes**
Blocks produced: **> 18,000 units**

RODRIGUES

WELCOME INDUSTRIES LTD

Contribution to Group profit after tax: **Rs 19.9 million**
Date of establishment: **1993**
Manager: **Jean-Pierre Rose**
HQ: **Plaine Corail**
Permanent employees: **38**
Aggregates and rocksand produced: **>103,000 tonnes**
Blocks produced: **> 939,000 units**

SRI LANKA



UNITED GRANITE PRODUCTS (PRIVATE) LTD : UGPL

Contribution to Group profit after tax: **Not profitable yet**
Date of establishment: **2000**
Manager: **Buddika Perera**
HQ: **Kalutara**
Permanent employees: **38**
Aggregates and rocksand produced: **>164,000 tonnes**

ABOUT US

Company profiles

THE GROUP THAT BRINGS VALUE TO YOUR PROJECTS

UBP

Group CEO: Stéphane Ulcoq

UBP referred to as **both a company and a group**, is publicly listed with more than 4,500 shareholders. In keeping with its position as a market leader in the construction industry, the entity currently manages seven production and sales sites, and two sales depots located across Mauritius.

Rs 233.4 million	834	+4,500	1953
OF CONTRIBUTION TO GROUP PROFIT AFTER TAX	PERMANENT EMPLOYEES	SHAREHOLDERS	DATE OF ESTABLISHMENT

DRYMIX

General Manager: Jean-Claude Bellepeau

A trailblazer in its field, Drymix is the first ready-to-use dry mortar manufacturer in Mauritius. Since its inception, Drymix has developed a range of high quality, locally designed and manufactured products. Its activities have proven vital in the overall expansion of the Group. Its **70 000-tonnes plant capacity per year** makes it possible to supply both the local and regional market with ease.

Rs 30.5 million	87	1	1996
OF CONTRIBUTION TO GROUP PROFIT AFTER TAX	PERMANENT EMPLOYEES	PRODUCTION SITE	DATE OF ESTABLISHMENT

ESPACE MAISON

General Manager: Benoit Béchard

Espace Maison, a home retailer, offers **over 35,000 products and holds exclusive distributor rights of key brands within Mauritius,** represented in the six stores spread across the island. The stores host products spanning over the following categories:

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

Rs 21.3 million	314	6	2002
OF CONTRIBUTION TO GROUP PROFIT AFTER TAX	PERMANENT EMPLOYEES	STORES ACROSS THE ISLAND	DATE OF ESTABLISHMENT

GROS CAILLOUX

General Manager: Christopher Blackburn

Gros Cailloux specialises in three main activities. Firstly, **agriculture: sugar cane fields, decorative plants and food crops**. Secondly, **landscaping services** and a **nursery.** Lastly, situated at the heart of Gros Cailloux is a **leisure park** consisting of an area designed for events and the Tekoma restaurant. The vast property facilitates different activities such as mountain bike, quad biking, fitness trails, paddle boats, bumper boats and also an animal refuge.

Rs -31.0 million	151	1	2004
OF CONTRIBUTION TO GROUP PROFIT AFTER TAX	PERMANENT EMPLOYEES	RESTAURANT	DATE OF ESTABLISHMENT

ABOUT US

The Group through the years

1953

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

1967

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

1968

Purchase of a crushing plant from Cogefar for **Plaine Magnien**; 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**.

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

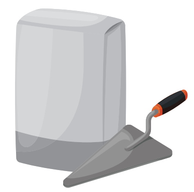
Modernisation of **Geoffroy** crushing plant; Upgrading of **St Julien** crushing plant.

2015

UBP builds a new 2,000 m² warehouse in Roche-Bois; Installation of automatic dosing system for additives; **Gros Cailloux** launches its vegetable growing activities.

2016

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



2017

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

2018

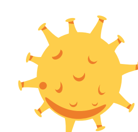
The Group restructuring process begins; **Gros Cailloux** launches Bio Pesticide ; **Espace Maison** launches its **e-commerce website** with over 18,000 products, as well as **La Savonnerie Créole Ltée.**

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

March 2021 – New COVID-19 cases are detected and two weeks later Mauritius enters its second national lockdown until June. The systems of work access permits and work from home are already in place, with our companies remaining functional throughout despite a significant slowdown in the national economy.

May 2021 – The end of the lockdown is announced despite continued COVID-19 cases, signaling a changed strategy, thanks to a largely successful vaccination campaign.

June 2021 – The government announces the plan for the full reopening of the economy in phases.

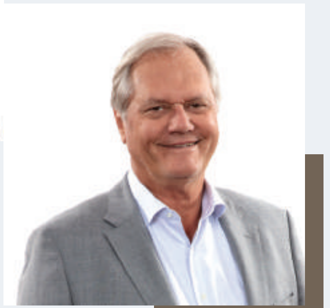
ABOUT US

Board of Directors

PG 108 Respective profiles are detailed on pages 108 to 110 of this report.

Marc Freismuth
Chairman and Non-Executive Director

Jan Boullé
Non-Executive Director



Thierry Lagesse
Non-Executive Director

Kalindee Ramdhonee
Independent Non-Executive Director

Christine Marot
Non-Executive Director

François Boullé
Non-Executive Director

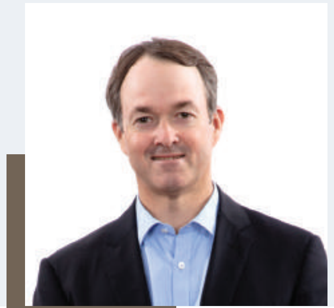
Stéphane Brossard
Non-Executive Director

Stéphane Lagesse
Non-Executive Director

Catherine Gris
Independent Non-Executive Director

Stéphane Ulcoq
Group CEO and Executive Director

Christophe Quevauvilliers
Group CFO and Executive Director



Laurent de la Hogue
Non-Executive Director

ABOUT US

Management team

Stéphane Ulcoq

GROUP CEO AND EXECUTIVE DIRECTOR

1. 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

Laurent Béga

GROUP ENGINEERING MANAGER

2. 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.

Cécile Boyer

GROUP FINANCIAL CONTROLLER

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

Alan Cunniah

GROUP HUMAN RESOURCE MANAGER

4. 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.

Bryan Gujjalu

GROUP BUSINESS DEVELOPMENT MANAGER

5. 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 registered CRPE and EUR ING (European Engineer) and a Certified Practitioner Coach (Business and Life). He joined the Company as Group Business Development Manager in March 2017. Prior to this, Mr Gujjalu worked in the APAVE Group for 12 years, where he left as CEO of APAVE Indian Ocean Group and APAVE International's Deputy MD for 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 was appointed Director of UBP Coffrages Ltée in May 2019.

Gino Gunness

GROUP ASSETS AND PROCUREMENT MANAGER

6. 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 position 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 Assets and Procurement Manager.

Dwight Hamilton

GROUP IT MANAGER

7. 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.

Bhooneshi Nemchand

HEAD OF CORPORATE SECRETARIAL SERVICES AND COMPANY SECRETARY

8. 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.

Samantha Perrier

GROUP COMMUNICATIONS MANAGER

9. 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 sixteen years of experience in the communications field, locally and abroad.

Christophe Quevauvilliers

GROUP CFO AND EXECUTIVE DIRECTOR

10. 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.

Dhuenesh Rambarassah

GROUP FINANCE MANAGER

11. 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.

Jean Marc Selvon

GROUP SALES PROJECTS MANAGER

12. Mr Jean-Marc Selvon, born in 1962, holds a Higher Diploma in Integrated Marketing and Communication from AAA South Africa. He joined Pre-Mixed Concrete Ltd as Sales Representative in 1982 and successively held the posts of Assistant Sales Manager, Sales Manager and Sales & Marketing Manager until 2012. Between 2012 and March 2015, he moved to Dry Mixed Products Ltd as Sales & Marketing Manager. Thereafter, he joined UBP as Sales Manager, overseeing the sales function of our core business. In July 2020, he was promoted to Group Sales Projects Manager.

ABOUT US

Management team

UBP

Jean-Jacques Jullienne

HEAD OF OPERATIONS

13. 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 was the Deputy Managing Director and the Chief Operations Officer - Oil and Gas at Forges Tardieu Ltd before joining the Company as Head of Operations in September 2019.

Francis Koenig

QUARRY AND FIELD MANAGER

14. Mr Francis Koenig, born in 1957, joined the Company in May 1980 and was in charge of Stone Utilities Ltd. The same year, he was promoted to the post of Plant Manager for Terre Rouge, Roche Bois and Coromandel plants. After two years in this position, he was promoted to the post of Area Manager for the northern region until 1991 when he moved to the southern region. In February 2012, he was promoted to the post of Quarry and Field Manager where he has since been in charge of our Land Reclamation Unit involved in quarrying operations and the supply of raw materials to the majority of our production sites.

Amaury Lacoste

PRODUCTION MANAGER

15. Mr Amaury Lacoste, born in 1985, holds a Master in Civil Engineering from the 'Université Paul Sabatier', Toulouse, France. In January 2010, he joined the Company as Project Engineer and Coordinator within the Engineering Division up to January 2013, when he was appointed Assistant Production Manager for our crushing and block-making activities. In January 2015, Mr Lacoste was appointed as Production Manager for the central and southern regions up to July 2017, when he took over all crushing and block-making activities in Mauritius. Since January 2021, he has also been overseeing our production activities in Sri Lanka and Rodrigues.

Ashwin Ramsah

PPB DIVISION MANAGER

16. 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-Sofia. 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.

Bruno de Spéville

MARBELLA DIVISION MANAGER

17. 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.

SUBSIDIARIES

Jean-Claude Bellepeau

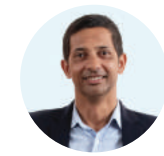
GENERAL MANAGER DRYMIX LTD

18. 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 Pre-Mixed Concrete Ltd as Operations Manager in February 2003 and was promoted to General Manager of Pre-Mixed Concrete Ltd and Dry Mixed Products Ltd in 2008. In 2011, further to the reorganisation of the two companies, he directed the integration of Dry Mixed Products Ltd into the UBP Group and is henceforth the General Manager of the company, now known as Drymix Ltd.

Benoit Béchard

GENERAL MANAGER ESPACE MAISON LTÉE

19. 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 Ltée in January 2016, after having occupied senior managerial positions in various sectors of activity over the past twenty years.



Christopher Blackburn

GENERAL MANAGER COMPAGNIE DE GROS CAILLOUX LIMITÉE

20. 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 Compagnie de Gros Cailloux Limitée in May 2012 after having worked as General Manager of the Landscaping and Nursery department at Médine Ltd.

BUILDING < > CONNECTIONS

UBP

ESPACE MAISON

INTERVIEW WITH THE GROUP CEO

Strong trends for all activities

HOW WOULD YOU SUM UP THE FINANCIAL YEAR 2020-21 FOR THE GROUP?

As we all know, we are still living in COVID-19's grip. Since my last message to you, new variants have emerged, some countries have had successive lockdowns and the world is still fraught with uncertainty. On the bright side, thanks to a high number of vaccinated people, restrictions have gradually lifted, and it is encouraging to see businesses and social activities resume. We are entering a new chapter and it is one we are thankful for.

However, Mauritius is a remote island that is highly dependent on trading, making us prone to external financial shocks. We are now dealing with the aftermath of a weakened currency, which has driven up prices and affected consumers' spending power and habits.

PG 10 The Chairman offers more insights on page 10.

The construction industry weathered the pandemic much better than other markets. Barring three weeks of lockdown, our activities were almost uninterrupted as we did not face a complete shutdown. In a year characterised by financial and operational disruptions, I am extremely proud of what the Group was able to accomplish. Our foundational strength and the commitment of our workforce allowed us to finish the year with a solid performance and make progress against our strategic objectives. We generated record revenues of Rs 3.3bn, and other equally important metrics like the number of aggregates and blocks sold, new clients acquired and the Group Employee Engagement Score, have all increased significantly. UBP Group is in good standing from a financial standpoint and our future looks promising.

SO HOW DID UBP NAVIGATE THIS LANDSCAPE SO SUCCESSFULLY?

Having lived through a first lockdown and months of disruption in early 2020, we knew what we had to do. All the protocols were in place to transition to remote working and most of our businesses obtained their Work Access Permits in a matter of days. Our back-to-work guidelines are updated and have evolved along with a constantly changing environment. I must point out that all our businesses adjusted very efficiently, easily adapting our working methods to factor in new safety and hygiene rules. This is certainly due to the fact that a strong safety culture has always been front and centre at UBP. In a way, the risks presented by COVID-19 were treated no differently than how we treat other hazards. I do believe that's a competitive advantage we have over businesses in other sectors, and that's what allowed us to adjust quickly.

FY2021 confirmed that UBP is a resilient Group. Our business model, which we have been deepening for years by vertically integrating our activities and broadening our areas of expertise, proved that it is solid. Our prudent approach to managing our cash flows and risks have been equally important in our resilience.

COULD YOU TELL US MORE ABOUT HOW THE LOCAL SUBSIDIARIES PERFORMED AND HOW THEY ADAPTED TO MEET HEIGHTENED CUSTOMER EXPECTATIONS?

As mentioned earlier, the Group achieved its highest revenue in company history, and net profit amounted to Rs 215.6m compared to Rs 21.9m last year. Espace Maison generated Rs 995m in revenues, falling short of achieving the Rs 1bn milestone by only Rs 5m. And this is in the context of customer expectations being at their highest when it comes to service levels. Our shops only closed for five days during lockdown, during which we quickly obtained our Working Access Permits and resumed operating normally, maintaining a positive customer experience. We were well rewarded by our clients, as evidenced by the number of new subscriptions to Club Espace Maison (CEM), our loyalty programme. During the year, the CEM community reached 100,000+ members, and continues to grow. We also used the last year to further develop our ecommerce capabilities and offer an omnichannel experience to Espace Maison's clients.

We also pursued the development of Espace Pro, a service that is open seven days a week and that places customer service excellence at the heart of its philosophy. As a reminder, Espace Pro is dedicated to our B2B customers in the construction and renovation sectors, including hotels, contractors, architects and government agencies. It offers personalised support for all types of interior and exterior projects, from the tiling and paving process, through to landscaping and outdoor furnishings, to the decorative elements that add the perfect finishing touch to any space. Through this, we aim to strengthen our relationship with our B2B customers and position ourselves as a partner of choice for professionals in our industry.

A PODCAST OF THE CEO'S MESSAGE IS ALSO AVAILABLE. PLEASE SCAN THE QR CODE OR VISIT HTTPS://INVESTORS.UBP.MU/

STÉPHANE ULCOQ
Group CEO

MANAGEMENT APPROACH

CEO'S MESSAGE

Strong trends for all activities

At UBP, we are constantly innovating to make sure we make our customers' lives easier. These are the most notables ones:

- Our Megablock, which offers unlimited block combination possibilities thanks to its interlocking system;

- We expanded our customer support channels to be more attuned to the needs of our B2B customers. We believe we could set new standards of service and add greater value to our relationships by building on what we have achieved and learnt at Espace Maison. To this end, a Customer Care Centre is being set up to centralise UBP's needs and enhance the quality of service we offer to both individuals and B2B clients.

"I am impressed at how quickly we shifted gears, considering we were taken out of our comfort zone. Our teams demonstrated how nimble and adaptable they are, which gives me confidence that we can move to the next level of agility."

Gros Cailloux, for its part, closed the year at a loss of Rs 31m, a reduction of 22.8% over last year's losses of Rs 40.2m. Despite another unprofitable year, I strongly believe that our subsidiary is on the path to recovery thanks to a series of initiatives that will no doubt position it for growth. For instance, during the year, an animal refuge was set up with the goal of rescuing, sheltering and protecting animals; we expanded the leisure park's activities and our Tekoma restaurant now offers a food delivery service to meet new customer expectations. We intend to outline a Master Plan to define a new vision, a strong brand identity and a compelling value proposition for the entire estate.

We have also been very selective in our Capex investments, deferring certain capital expenditures in Plant & Equipment and instead directing our resources to the tools that accelerate the transformation of our businesses.

HAVE ANY DECISIONS BEEN MADE ABOUT THE GROUP'S FOREIGN SUBSIDIARIES?

Though we performed well locally, the impact of COVID-19 was more severe in our foreign subsidiaries. We have made great progress in divesting our Sri Lankan subsidiary, having found a prospective buyer. Exiting a business is a lengthy process requiring thoughtful planning and involving various financial, legal and operational obligations. We are therefore hoping to complete the transaction this coming financial year.

We are also facing unprecedented challenges in Madagascar and are seriously assessing our growth prospects in the country, as well as our approach to expanding our activities. Having learnt from our negative experiences in both Sri Lanka and Madagascar, one thing is sure: should an interesting opportunity present itself to us, and should we decide to seize it, we would not attempt to navigate uncharted waters; rather, any foreign expansion would involve partnering with a local strategic partner. And until we find the right opportunity, we intend to deepen our core expertise and know-how so we can add greater value to all future partnerships.

LAST YEAR, IN RESPONSE TO THE PANDEMIC, THE GROUP IMPLEMENTED A SHORT-TERM STRATEGY FOCUSED ON AGILITY. DID YOU MAKE PROGRESS TOWARDS ACHIEVING IT?

Last year, we readjusted our strategic pillars to enhance our agility in the face of any disruptive event. This involved rallying a united Group around common objectives, maintaining good levels of cash flow, developing innovative products and services, and empowering our employees. This AGILITY strategy is still as relevant as ever.

Looking back, I am impressed at how quickly we shifted gears, considering we were taken out of our comfort zone. Our teams demonstrated how nimble and adaptable they are, which gives me confidence that we can move to the next level of agility. Beyond carefully laid business continuity plans and processes, which the pandemic has taught us could easily get wiped out, it is about making sure that every individual at UBP is inherently ready for continuous change. This comes down to creating a more fluid organisation, in which managers are empowered to make swift decisions and judgment calls, instead of being hindered by fixed Group-level processes.

While we have solidified the foundations for this united, integrated Group, we are ready to take the step of setting up a structure that reinforces synergies between our businesses. This philosophy, which we named C'Nergy, is centred on a more circular and agile structure, that is conducive to more collaboration and out-of-the-box thinking. We are still in the final steps of the process, so I will be ready to share more on this with you in next year's report.

COULD YOU TELL US ABOUT THE CHANGES THAT HAVE TAKEN PLACE IN UBP'S WORKPLACE AND IF ANY OF THOSE CHANGES WILL CARRY FORWARD?

Technology and digitisation are what took us all through the pandemic. Without essential video conferencing apps, cloud technology, digital payments, our entities would have had more challenging quarantines. Everyone within the Group responded quickly. Because of the urgent need to communicate and collaborate during lockdown, digital adoption took a quantum leap at UBP, accelerating our digital transformation by several years. This was all driven by a shift in mindset: we questioned our past methods, even the ones we believed were immovable. Today, information is no longer in silos; it is centralised and has led to us collaborating in a smarter, more integrated and more coordinated way. As far as we are concerned, we cannot turn back the clock and there is no "return to normal". This way of working is definitely here to stay and will play a critical role in helping us realise our C'Nergy vision.

CONSTRUCTION SITES AND WORKERS FACED AND CONTINUE TO FACE SAFETY AND HEALTH CHALLENGES. HOW IS THE GROUP ADDRESSING THESE SAFETY CONCERNS?

Health and safety is at the forefront of our priorities. A new Group Health and Safety manager will be employed as from 1st November to make the Group shift away from a compliant culture, where safety is considered a

CEO'S MESSAGE

Strong trends for all activities

tick-the-box exercise, to a strong safety culture. We introduced 'Partaz to lidé', an initiative that encourages any employee to report a hazard of any sort and offer a recommendation for improvement. The most worthwhile and practical suggestions are implemented, and the employee concerned is rewarded. This not only promotes inclusiveness, but it also ensures that we remain in touch with our worker's operational realities.

The list of possible risks is constantly evolving, and this requires all players of our industry to come together and develop new norms and standards that maximise the safety of all workers. The Building Materials Manufacturers Association (BMMA), which we co-created and launched in July 2021, aims to modernise the existing health and safety regulations, which do not always evolve fast enough to meet the reality on the ground. The BMMA also aims to join forces to ensure the wide implementation of sustainable practices.

SPEAKING OF SUSTAINABLE PRACTICES, WHAT HAS UBP DONE OVER THE LAST YEAR TO REDUCE ITS IMPACT ON THE ENVIRONMENT?

Construction and real estate are large contributors to the world's CO2 emissions. Knowing that our activities have a negative environmental impact, we recognise that we need green smart solutions, and we need them at scale. Our goal is to transition towards carbon-neutral and circular models. But before implementing solutions, with no real purpose, we need to gather relevant data that measures our current performance. To achieve this, we use an Environmental Product Declaration (EPD) that evaluates the impact of our blocks. In essence, an EPD assesses and communicates the environmental impact of a product across its entire lifecycle, from its extraction as a raw material, to the manufacturing process and its transport, to its end of life. The results, which are verified by an independent third party, will enable us to compare the carbon emission of different materials and products, and select the most sustainable option. Creating an EPD is voluntary and demonstrates our willingness to provide transparent information to our customers so they can, in turn, make more informed and environment-friendly decisions when selecting a product.

This ambitious project is being led by our Sustainability and Development Manager, thanks to whom we are the first construction company in the Indian Ocean to have created an EPD. Research & Development and innovation play an equally important role in helping us develop sustainable solutions. Our newly hired R&D manager works alongside the sustainability team to realise our vision of offsetting our carbon emissions and implementing more sustainable products and construction practices.

Other initiatives include becoming a signatory of SigneNatir, supporting La Déchetèque and strategically planting more trees at Gros Cailloux and around the island to reduce air conditioning needs, amongst many others.

PG 66 More information on our environmental commitment is detailed on page 66.

HOW CONCERNED ARE YOU BY THE RISING COST OF BUILDING MATERIALS AND THE ONGOING CHALLENGE OF LABOR SHORTAGES IN THE INDUSTRY?

Import costs have indeed skyrocketed since last year, due to a supply shortage and a considerable increase in sea freight charges. This concerns mainly cement and steel for UBP. Because we use these materials in large volumes, we are able to mitigate the costs, but this is definitely a concern for the industry over the short term.

In response to labour challenges, it is no secret that our industry does not particularly appeal to the younger generation, which is a big contributing factor to this shortage.

> "At UBP, we work hard each day to build a culture in which our people feel safe, engaged and happy. We hope this will help increase the appeal of younger workers that are looking for fulfilling career paths."

UBP Knowledge Hub was created to this end: apprenticeship, training and learning opportunities are vital not only in closing the skills gap, but also in making sure our employees are set up for a successful future. The industry is evolving quickly, and is embracing innovations and technology. This has given rise to a whole range of exciting roles for young people who show an interest in construction. At UBP, we work hard each day to build a culture in which our people feel safe, engaged and happy. We hope this will help increase the appeal of younger workers that are looking for fulfilling career paths.

THE GROUP PULLED THROUGH THE CRISIS RATHER SUCCESSFULLY. WHAT IS YOUR OUTLOOK ON THE FUTURE?

We will continue working towards increasing synergies between our different businesses. We may be composed of four (five in the near future) different companies, with different areas of expertise, but the goal is to operate as one. It isn't about what UBP or Gros Cailloux or Drymix or Espace Maison can offer individually. It's about what they can offer when they all come together. Several projects are in the pipeline and being coordinated by our new Group Sales Projects Manager. We are slowly but surely placing the stepping stones to achieve this vision.

UBP Group is a key player in construction in Mauritius, with a strong presence on the island. I believe that we are a brand that inspires trust in the minds of most Mauritians today. But this did not happen overnight, nor is it the result of luck or good timing. We have built this culture with intentional consistency for 67 years now, working hard to deliver on our promises and serve people to the best of our abilities. We saw this during our most stressful moments during the year, when our employees were back when we most needed them, and with smiles on their faces. We have nurtured a strong team, who all share the same set of strong values. And here lies our strength and resilience.

As I write this message to you, we are in the process of completing major strategic transactions. We have announced our decision to exercise our rights to acquire 51% of the shares in Pre-Mixed Concrete Ltd, making us 100% shareholders of the entity. We are also increasing our shares in Drymix Ltd from 56.4% to 71.83%. When completed, these transactions will bring us a step closer to vertical integration.

TELL US ABOUT YOUR PERSONAL JOURNEY AS A LEADER THROUGH THIS YEAR. WHAT LEARNINGS ARE YOU TAKING INTO THE NEXT YEAR?

I have come to two conclusions this year.

The first concerns technology. While it is without a doubt improving agility, convenience and efficiency, technologies and remote working have blurred the lines between work and private life. This raises the serious issue of work-life balance and its impact on the wellbeing of our employees.

As much as flexible work arrangements are here to stay, we are determined to ensure that it continues in a balanced way. A humane spirit is deeply ingrained in our DNA, and I don't believe video calls should entirely replace a "hello" in the halls or a chat by the coffee machine. These are what build connections between colleagues. It also inspires them to have dynamic discussions and generate ideas—all of which make the value of our business. We do not have all the answers yet, but I do believe this is an important discussion to be had.

The second lesson I learned is that in times of uncertainty, it is best to rely on your core expertise. To face the unknown, we must lean on the elements that we do know: we trust facts and scientific evidence, we trust the integrity of our vision, we trust our people and their skills to carry us forward. The world will continue moving in ways we cannot predict. So instead of spending too much time speculating on potential scenarios, we are best off dedicating our time to strengthening our existing resources and assets. This is how we can be future-fit.

DO YOU HAVE ANY CLOSING THOUGHTS AND WORDS OF APPRECIATION?

Firstly I would like to thank our Board members. Despite not having a manual on how to navigate this new landscape, they continue to be sources of strength for all of us. I also welcome our new Board member, Mr Stéphane Brossard, whose extensive experience in the construction sector will no doubt bring us fresh perspectives and invaluable insights. I would also like to thank Mr Joël Harel, who resigned in December 2020, for his important contributions over the last fourteen years. We wish him all the very best for the future.

I am grateful to my colleagues in the executive and management teams, who offered steady and strong leadership during this difficult time.

Our team members across the Group deserve a special thank you for being reliable pillars of support and for their contributions in helping us improve, every day.

To our shareholders and partners, thank you for your trust and support, without which we would not be able to deliver the sustainable profitable growth you rightfully expect from us.

To our loyal customers and business partners, we thank you for your continued support. The Group is undergoing transformative changes and has all the foundations in place to meet the challenges of tomorrow. I look forward to another year of learning, growing and achieving new milestones.

Stéphane Ulcoq
Group CEO

Drivers of change

This year, the world was confronted with similar global macroeconomic forces as last year, with the same socio-cultural and economic trends reshaping the way we live, work, travel and consume. The high-level risks impacting the Group were also much the same as 2020. At the time of writing, we are still in the midst of the COVID-19 pandemic, which has presented an unprecedented health crisis. Its direct and indirect consequences are having serious implications for our economy, increasing climate emergencies and fragmenting the political and social landscape more than ever.

THE ENVIRONMENT AND CLIMATE CHANGE

Threats

Climate change continues to be one of our strongest drivers of change. The unsustainable growth in our cities, resource consumption, freshwater supplies, and economic output continue to unequivocally drive global warming. The sixth assessment report of the Intergovernmental Panel on Climate Change (IPCC) published on 9th August 2021 calls for urgent and immediate action in the next 10 years for any hope of remaining below an increase of 1.5°C by mid-century. Some impacts are irreversible, such as losses in biodiversity and the melting of glaciers. Modern civilization as we know it depends on the rapid emergence of a radically new relationship between humans and planet Earth's ecological systems. A massive global transformation of our energy, industrial, agricultural, and construction technologies is necessary.

Opportunities

Digitalization processes today allow us to have real-time Environmental, Social and Governance (ESG) insights, and embed ESG data into our core systems. This can help us make sustainability core to our business model, strategy and risk management, whilst better monitoring our performance, impact and behaviours. It also allows us, as a Group, to share data across organizational silos and companies to understand environmental impacts in production, operations and supply chain. In addition, these challenges can become value-enhancing opportunities, but they require innovation and creative solutions.

TECHNOLOGY & INNOVATION

Threats: The electronic communications grid connecting billions of people, and linking them to rapidly expanding volumes of data, is today ubiquitous. This is posing increasing cyber security challenges, exposing individuals and organisations to threats in the form of cyberterrorism, cybercrime and cyber fraud. Yet, businesses who lag behind in digitalisation, risk falling behind and becoming uncompetitive.

Opportunities: Organisations with a strong digital culture and tools are able to gain data-powered insights that steer strategic decisions and customer-centricity, while seamlessly enhancing collaboration across the organization. When implemented with a sense of purpose, a strong digital culture can also drive sustainable action and unlock value through innovation – such as in the circular economy models.

PEOPLE & SOCIETY

Threats: The pandemic has accelerated digital transformation, making it critical for business success. However, leaders need to look more closely at the human side of their organizations, as the way people interact with technology is fundamental in the success or failure of any digital strategy. Adequate education, training, and change management are all necessary following the adoption of technologies, or organisations risk alienating their workforce. This is especially relevant after two years of online meetings. Working from home has also added unequal and undue pressure on working women, who are generally the primary caretakers of young children. Protecting working women's jobs is crucial to avoid losing our workforce.

Opportunities: On the other hand, as the culture of work across the globe becomes more flexible, there are increasing opportunities to attract international talent, Gen-Zs, and women. This could help close the skills gap we are currently experiencing in Mauritius, especially in the IT sector.

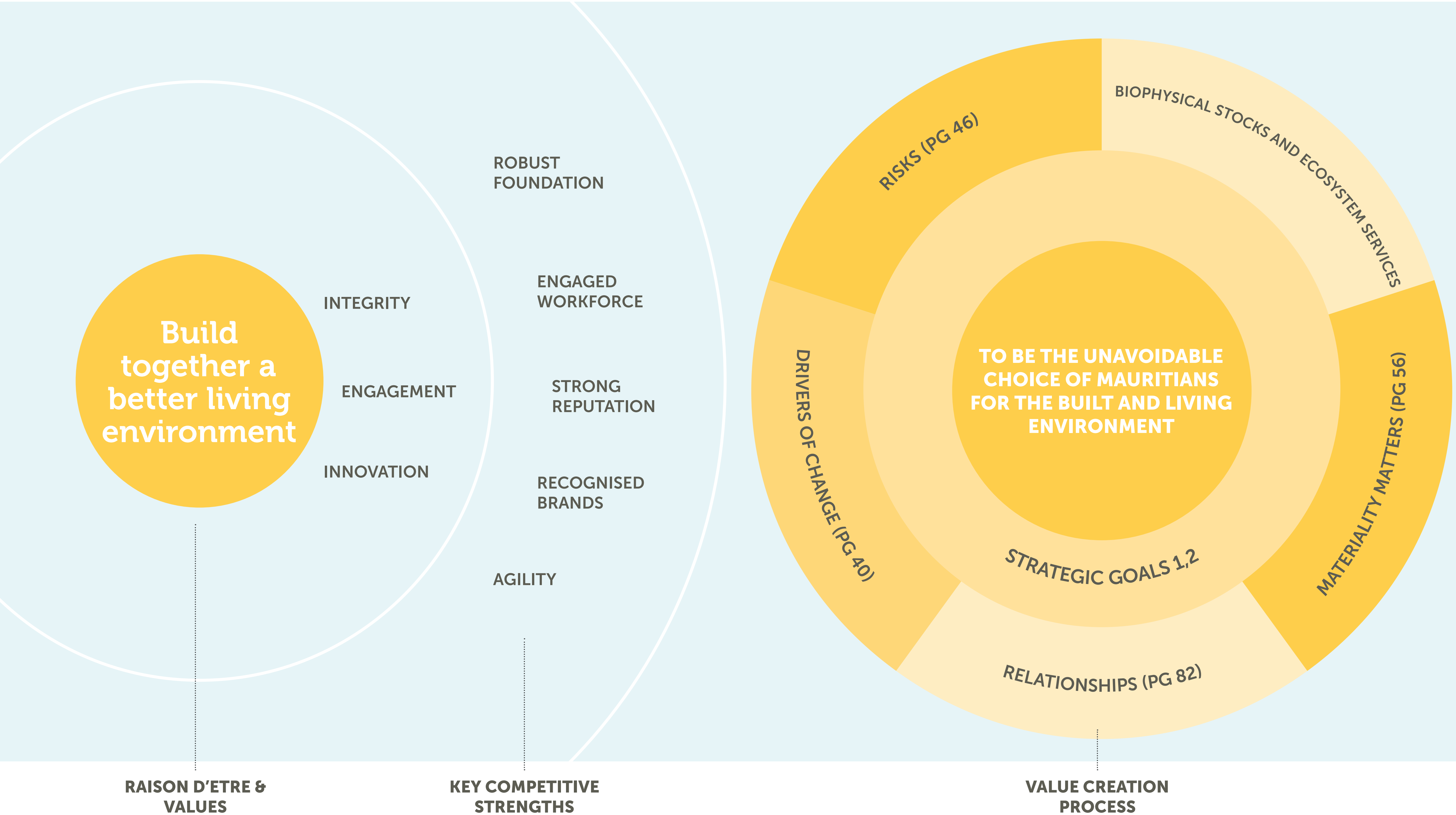
DRIVERS OF CHANGE IN MAURITIUS

Last year, we wrote about "*an expected rise in inflation and import costs, combined with the potential loss of certain financial and investment companies and services. […] In the worst case-scenario, we thus find ourselves both ageing and getting poorer, without much accumulated wealth and an increased debt.*" (IR 2020) Since this write-up, the local environment hasn't improved:

- Mauritius lost its 'high-income country' status conferred by the World Bank, after reporting a -8.5% GDP growth rate in the first quarter of 2021. Meanwhile, the International Monetary Fund (IMF) estimated that GDP growth contracted by 14.7% in 2020, the country's worst economic performance in four decades.
- While the IMF had predicted 9.9% growth in 2021, a second lockdown between 10th March and 30th April 2021, although more lenient than the one in 2020, brought our local economy to a near standstill, once again dashing our hopes of an optimistic outlook.
- Youth unemployment has increased to 31%.
- Fortunately, the 2021 National Budget outlined a clear plan for the reopening of our borders, with no quarantine for vaccinated people from October 2021 onwards. As tourism hopefully recovers, next year's economic outlook is more positive. However, the future of Air Mauritius, the island's national carrier, remains uncertain.
- The completion of major infrastructure projects and a new budget of Rs 65bn for public sector infrastructure works continue to drive growth in the building materials and construction sectors.

(Sources: Our short analysis is based on sources such as the latest IPSOS report, the World Economic Forum World Risk Report, PWC Mauritius, IPCC.)

How we create value



VALUE CO-CREATION

- Support local economic growth;
- Availability of quality products;
- Innovative and more sustainable materials;
- Valuation of masonry trades;
- Support to doorstep communities;
- Home aesthetics;
- Excellent customer experience;
- Connection to nature.

VALUE CO-DESTRUCTION

- Resource depletion;
- GHG emissions;
- Construction waste to landfill;
- Biospheric and biodiversity impacts;
- Gentrification.

MANAGEMENT APPROACH

Business model and value chain

INPUT

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 the economy.

INTELLECTUAL CAPITAL

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

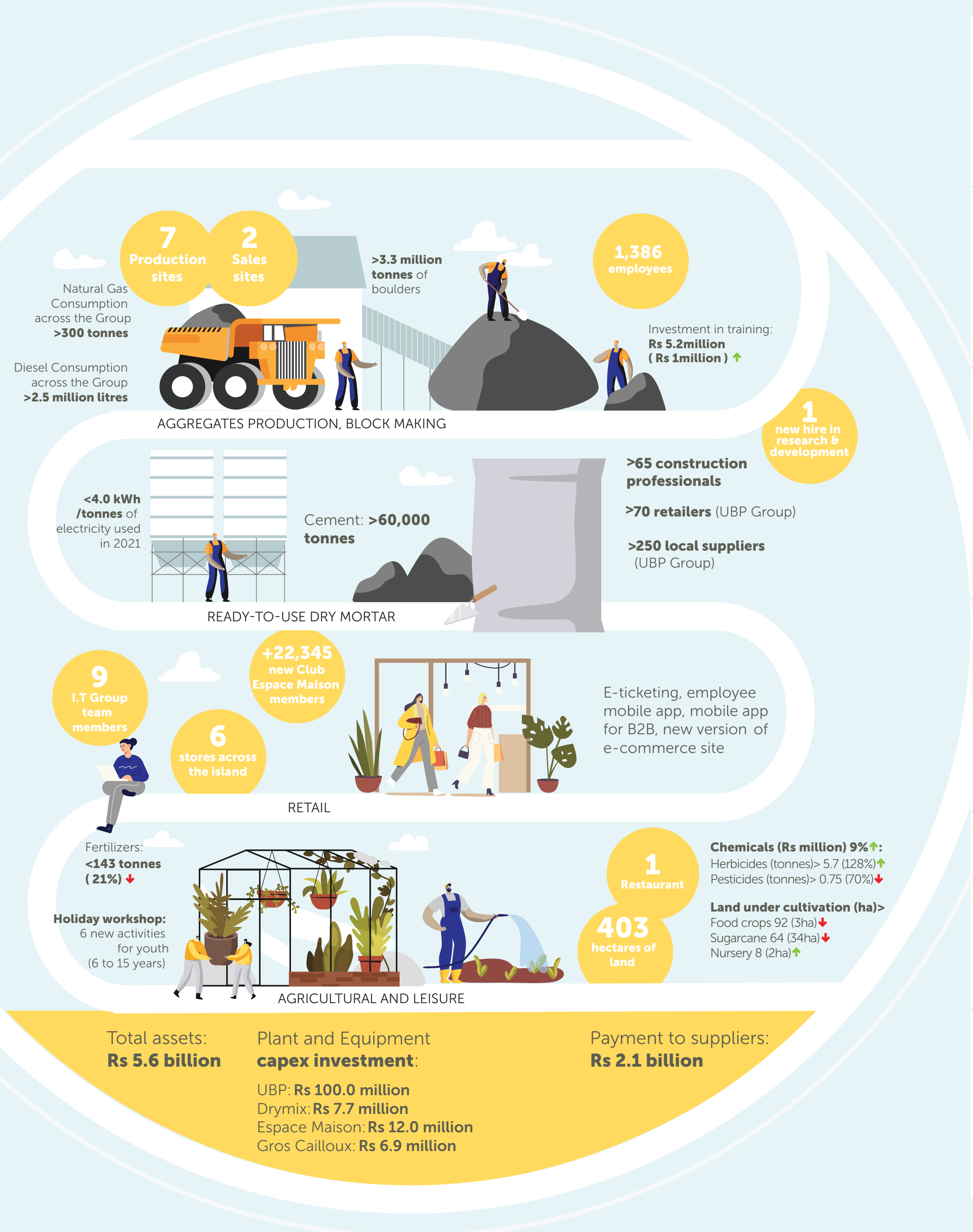
MANUFACTURED CAPITAL

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

FINANCIAL CAPITAL

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

OUR BUSINESS MODEL



OUTPUT

- Air quality monitoring exercises across UBP production sites: **3**
- Levels of air pollution: **Within Air Quality** Standards Limits (EPA Regulations 1998)
- Noise monitoring surveys carried out: **6**
- Industrial waste audit reports submitted to the authorities: **7 (1 per production site)**
- Used oil sent for recycling: **>20,000 litres**
- Number of indigenous trees planted: **> 100**

- Number of accidents with injury leave: **71 (3)** ↑
- Accident severity rate: **0.4 (1.6)** ↓
- Number of employees trained: **646 (7)** ↑
- Number of employees vaccinated against COVID-19 as of 09.10.2021: **84% dose 1** **81% dose 2**

- Number of Office365 users > **500 employees**
- Number of data transactions per month> **18,000**
- Number of website visitors
  UBP: **65,548**
  Drymix: **4,264**
  Espace Maison: **201,359**
- Facebook page likes
  UBP: **16,500**
  Drymix: **5,700**
  Espace Maison: **110,500**
  Gros Cailloux: **28,200**

- CSR spent on new projects (0.25%)> **Rs 850,000**
- CSR spent on existing projects (0.25%) > **Rs 850,000**
- CSR per theme
  Education: **43%**
  Socio-economic development: **41%**
  Nature conservation: **8%**
  Vulnerable families: **8%**
- Extra sponsorship > **Rs 1.1 million**
- Extra sponsorship per focus area
  Education: **16%**
  Sports: **39%**
  Exclusion: **21%**
  Culture: **17%**
  Coup de Coeur: **2%**
  Environment: **5%**

- Aggregates sold: **9.5%** ↑
- Blocks sold (units): **13.4%** ↑
- Smart Blocks sold (units): **35.8%** ↓
- Precast slabs sold (m^2): **37.4%** ↓
- Beams sold (m^2): **71.1%** ↓
- Vegetables (tonnes): **23.1%** ↑
- Compost (tonnes): **109.9%** ↑
- Plants sold (units): **25.5%** ↓
- Landscapes created (Rs million): **3.4%** ↓
- Space rental (Rs. million): **3.5%** ↑

- Cash generated from operations: **Rs 574.7 million**
- Total wealth created: **Rs 1.3 billion**
- Salaries and other benefits paid: **Rs 735.7 million**
- Dividends paid: **Rs 129.9 million** for 2020 and 2021

OUTCOMES

- New sustainability commitments
- LCA conducted on our concrete cellular blocks and EPD registered to provide environmental information to our stakeholders

---

- Fostering a safe, inclusive and ethical organisational culture and environment
- Developing the skillsets of the workforce at all organisational levels
- Engaging and aligning individual employee values with organisational values and providing the framework for increased personal and professional growth
- Ensuring ease of communication throughout the Group

- Increased digital services
- Educating staff on socially responsible use of different systems
- Understanding the need for organisation-wide principled practices

---

- Ensuring the sustainability of our companies
- Supporting initiatives aimed at improving the livelihood of communities
- Responsible interaction with different key stakeholders
- Improving overall quality of living for stakeholders

- Providing quality products whilst safeguarding our competitive advantage
- Conserving or increasing our output levels and capacity to serve the market demand
- Incorporating innovative products and services into our product lines

---

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

OUR FOCUS AREAS

AGGREGATES PRODUCTION, BLOCK MAKING | READY-TO-USE DRY MORTAR | RETAIL | AGRICULTURAL AND LEISURE

OUR VALUES INTEGRITY | ENGAGEMENT | INNOVATION

MANAGEMENT APPROACH

Risk management report

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

The Board is ultimately responsible for the setting up and monitoring of the risk governance process, including setting the risk appetite, and the adequacy and effectiveness of the internal control systems and is assisted in its duties by the Risk Monitoring Committee and by the Audit Committee.

PG 120 *For more information on our risk management framework please refer to the Risk Section in the Corporate Governance Report on page 120.*

The table below details the key risks pertinent to the pursuance of our strategy further to the updating of our risk registers as part of our risk monitoring exercise. As part of the latter, relevant Risk Treatment Plans for the Group have also been elaborated with the Risk Owners.

			RISK MITIGATING ACTIONS	
RISK CATEGORY	**RISK**	**STRATEGIC IMPLICATION***	**COMPLETED**	**ONGOING**
People	Health and Safety (H&S) risks on our production sites – including COVID-19 related risks.	**Objectives 2 & 4** Affects human resources ability to be productive and Group's reputation.	- Raised awareness with respect to the importance of safety guards around dangerous equipment on sites. - Outsourced two registered electrical engineers on a part time basis for sites with a power above 750 kWh. - Strict sanitary measures and precautions are taken with regular communication to our stakeholders. - A Work-From-Home policy has been devised.	- H&S audits are conducted regularly. - Training sessions are held on a recurrent basis. - Reinforcing the H&S department of the Group with the appointment of a new Group H&S manager. - We have established protocols and will continue to practise all safety measures in accordance with the most recent and relevant scientific information and local laws. - Processes are also in place to ensure business continuity given the current context.
	Brain drain as our workforce ages and as talented individuals leave to pursue other ambitions.	**Objective 4** Affects our ability to innovate.	- Succession plans are pursued. - More emphasis is laid on training and development.	- Additional recruitments are under progress. - Internal development programmes based on Learning Needs Analysis (LNA) are devised on a yearly basis. - Recruitment of additional staff for key and new positions.
Marketing and customer risks	Poor customer relations management and lack of visibility and communication across departments with regards to the efficient handling of customer complaints.	**Objectives 1 and 3** Affects our Group's ability to work together for the benefit of our clients.	- A Customer Relationship Management (CRM) system has been devised.	- The establishment of a dedicated Customer Care Center is underway.
Operational	Lack of management information to monitor staff performance/productivity.	**Objective 4** Affects our ability to be productive and innovate.	- Job descriptions have been elaborated for all posts clearly stipulating the relevant role, responsibilities and deliverables.	- A 'Performance Management System' is being designed to reward employees based on the achievement of short term and long-term objectives.
	Vulnerability to damage resulting from natural disasters.	**All** Affects all aspects of our operations.	- Business Continuity Plans (BCP), including comprehensive crisis communication protocols, have been devised for the Group.	- The Group subscribes to insurance policies to mitigate the financial impact of natural disasters.

**As per our strategic orientation on page 63*

MANAGEMENT APPROACH

Risk management report

RISK CATEGORY	RISK	STRATEGIC IMPLICATION*	RISK MITIGATING ACTIONS: COMPLETED	RISK MITIGATING ACTIONS: ONGOING
Technological	Likelihood of cybercrimes.	**All** Affects all aspects of our operations.	- Cyber security awareness sessions were held. - The SDWAN network security has been implemented within the Group to enhance the level of security for internet breakdown.	- IT security measures were heightened. - An audit of the IT infrastructure, including the security systems will be effected. - Continuous security software upgrades. - Cyber security training will be pursued. - The extension of the Group's insurance plan to include cybercrimes is underway.
	Unauthorised access.	**Objective 1**	- Implementation of the recommendation of auditors with respect to password complexity and update.	- Policies and procedures pertaining to access rights are implemented.
Technological & People	To nurture a highly competent workforce/ keeping up with innovations.	**Objectives 3 and 4**	- Switched to Office 365.	- Revamping of internal intranet in line with the desire to pursue digitalisation within the Group. - Training sessions with respect to Office 365 are being provided to employees across the Group.
Compliance and regulatory risks	Breach of data protection.	**Objective 5** Affects our reputation in the area of good governance.	- A Data Protection Management Program (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.	- The implementation of the DPMP within the subsidiaries of the Company is underway.
	Compliance with all laws and regulations.	**Objective 5** Affects our reputation in the area of good governance.	- A compliance audit for UBP has been conducted by a consultant. - Corrective actions are undertaken, as relevant.	- Keeping up to date with latest laws and regulations. - Communication to relevant employees about new legislations and the impact on the Group's operations whenever required. - Compliance audit for subsidiaries to be conducted. - H&S audits carried out by our H&S Officer as per an agreed plan.
Financial	Adverse fluctuations in foreign exchange rates.	**All** Affects all aspects of our operations.	- Well defined treasury management policies and agreements.	- Forward buying of main currencies, if available. - Holding excess funds in foreign currencies.
	Financial sustainability.	**All**	- Efficient financial and budget reviews. - Appointment of a credit controller to heighten and implement debt control measures.	- Continued vigilance and pursuance of strategies to sustain the financial health of the Group. - Cost-reduction measures.

*As per our strategic orientation on page 63

MANAGEMENT APPROACH

Risk management report

TOP 5 RISKS

Our consolidated risk register records the top cross-cutting risks that the Group faces. These risks, should they crystallise, have been judged to pose a significant threat to the successful delivery of our strategy and to our business continuity.

WAY FORWARD

The Risk Monitoring Committee strives to fulfill its mandate to enable the Group to seize opportunities to create additional value within a set risk framework. As the risk profile of the Group evolves and new risks emerge, the Risk Monitoring Committee will continue to serve as a repository of information and advise the Board on its risk strategy. As part of achieving the latter, the review and update of the board objectives and the risk appetites are expected to be conducted during the next financial year.

Risk management report

EMERGING RISKS

CUSTOMER INNOVATION AND EXPERIENCE

Risk	Client expectations and behaviours are evolving to embrace new practices and most particularly in terms of digitalisation. We need to therefore accompany these transformations in terms of customer experience by keeping one step ahead of new technologies in order to provide innovative products and services.
Opportunity	We are adapting to the new trends and plan on offering more digital experience to our customers by investing in our IT and security systems. We have been consolidating our Espace Maison e-commerce service during this second wave of the epidemic. We have performed regular market surveys to devise appropriate response to changing customer demand patterns. We have recruited a Research and Development Manager in line with our desire to provide new experiences to our customers.

DATA PRIVACY

Risk	With increased limelight on regulations surrounding data privacy such as the DPA and GDPR, it has become increasingly important to adhere to their clauses.
Opportunity	A Data Protection Management Program (DPMP) has been implimented at Group level. We have also been reviewing our existing administrative procedures and processes in order to ensure that they are DPA-compliant.

PANDEMIC AND MACRO-ECONOMIC RISK

Risk	Pandemic risk has had far reaching implications on the economic situation of the country by impacting the purchasing power of our customers. Due to the current crisis, economic recovery seems uncertain with potential for prolonged effects on some sectors. This has also led to the deterioration of main economic KPIs such as the GDP and inflation. Moreover, the pandemic has regularly brought changes to existing laws and regulations.
Opportunity	It led to rethink the workforce and requiring the Group to invest in equipment and logistics so as to permit remote working. As part of our strategy to mitigate the impact of the pandemic on our turnover, we have also undertaken the recruitment of employees at key positions for our sales and marketing development and business development in order to be on the look-out for new opportunities.

CYBER RISK

Risk	Companies are increasingly dependent on their information systems. Both inherent risk and residual risk are increasing, driven by global connectivity and increased usage of cloud services to store sensitive data and personal information.
Opportunity	A cybersecurity plan is in progress. This is leading us to upgrade our IT infrastructure and security systems regularly. We are also planning awareness sessions for all concerned employees. Our insurance cover is also been enhanced to cater for cyber risks.

CREATING BONDS

UBP - ENGINEERING DEPARTMENT

HEAD OFFICE

OUR PERFORMANCE

Materiality matters

A fundamental part of our sustainability management approach involves identifying our key stakeholders and engaging with them to understand their expectations. We then use their feedback to guide our priorities and ensure our sustainability work has meaning and impact.

Following last year's internal workshop to determine the Group's materiality matters relevant to internal stakeholders, this year, we carried out an online survey with different stakeholder groups of each company. Based on the answers received and the list of criteria deemed most important to the Group, we asked our stakeholders to rate them, on a scale of 1 to 5, in terms of:

1) their importance in contributing to sustainable operations

2) their perceived performance of the companies in those categories

Following the survey, which received 316 responses, we held focus groups with 15 stakeholders to go over each element and gather in-depth explanations on their answers. The aim of this exercise was to compare our assessment to our stakeholder's assessment on the matters most material to the Group.

Governance

1. No corruption
2. No anti-competitive practices
3. Data protection and security
4. Transparency
5. Sustainable supply chain and responsible purchasing
6. Good business ethics

Environmental Management

1. Energy consumption and efficiency
2. Greenhouse gases emissions
3. Air quality impacts on neighbourhoods
4. Water management (consumption, quality, etc.)
5. Raw material sourcing
6. Waste management
7. Preservation of biodiversity and ecosystems

Modernisation and Product Development

1. Designing for the circular economy / Product end-of-life management
2. Alternative technologies (more environmentally friendly than the equivalent technologies currently being used)
3. Alternative raw materials
4. Digitalisation of our services
5. Low-carbon product development

Human Capital Management

1. Employee health and safety
2. Promotion of good working conditions and social dialogue
3. Career development and training opportunities
4. Diversity and inclusion
5. Adherence to labour laws

Social Contributions

1. Socio-economic contributions to the well being of all Mauritians
2. Dialogue and co-construction with our stakeholders
3. Business relations and opportunities for local entrepreneurs
4. Support to underserved communities

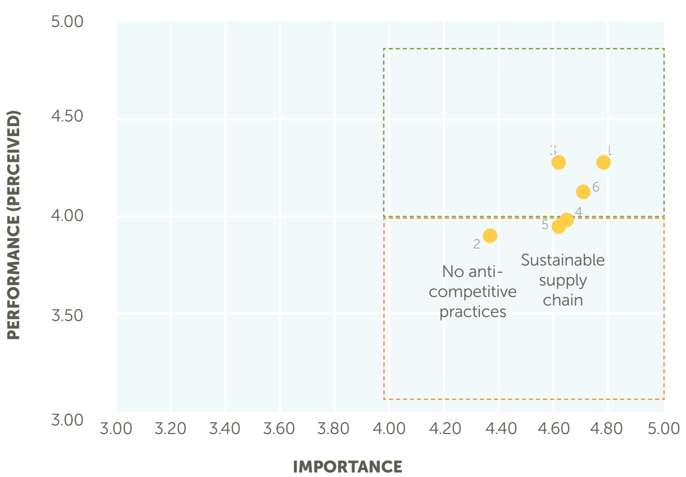
OUR PERFORMANCE

Materiality matters

Overall, the results below demonstrate that respondents considered every element to be very important, with no answers ranked below 4. This confirms our alignment with our stakeholders in terms of our materiality matters. The following graphs shows the correlation between the importance of each item against our perceived performance as a Group. It must be noted that no answer related to our perceived performance was ranked below 3, signifying that we are on the right track.

However, as we are firm believers in constant and continuous improvement, we paid equal consideration to the responses below a rating of 4, as they relate to areas with room for improvement. The green squares show where we score above 4 for importance and performance and thus where we are excelling. The red squares show where we scored above 4 for importance but below 4 for performance – and thus there is room for improvement.

GOVERNANCE



Governance scored very high (between 4.50-4.80) in importance, with the exception of 'anti-competitive practices', which scored slightly lower. In terms of perceived performance, 'sustainable supply chain' and 'anti-competitive practices' both scored slightly lower than 4.

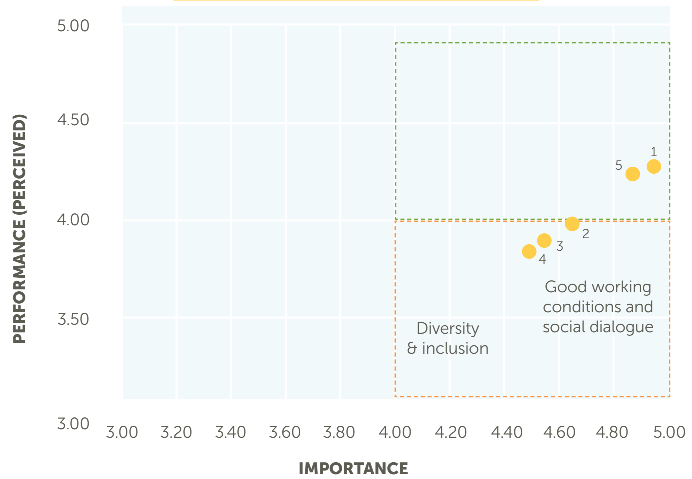
During our focus group, the following points were highlighted by respondents:

Sustainable supply chain:
- Sourcing must be adapted to the values of the company while remaining functional. The Group should also buy locally as much as possible and ensure the traceability of its products. There is room to improve the inclusion of local contractors who offer new building materials into the supply chain.
- The Group should have more in-depth knowledge of the services and products offered by its suppliers, as well as a better understanding of their social and environmental impacts. To achieve this, it should carry out a "gap analysis" of its suppliers, identify areas of improvement, and do a risk mapping.

Anti-competitive practices:
- As is often the case in Mauritius, the Group works and trades with its own companies. This can raise some practical questions, such as whether Espace Maison should source its organic fertilisers from Gros Cailloux only or consider external suppliers as well.

Other issues
- Communication with external stakeholders and the public should be enhanced with regard to the Group's actions and impacts, in order to build more transparency.
- Internally, the workforce requires better training on the Data Protection Act and Data Security.

HUMAN CAPITAL MANAGEMENT



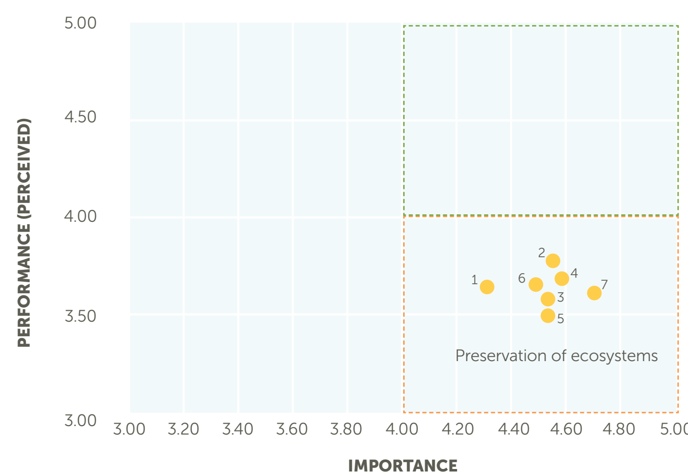
Human resource management is crucial to the smooth running of activities. Happy and satisfied employees who embody the company's values in all their interactions with customers or service providers offer a more positive customer experience, which in turn positively impacts the image of the company. Employees with in-depth knowledge of the products serve customers more efficiently, giving the Group a competitive advantage. We are satisfied to see that the Group scored highest in terms of performance for the criteria that were perceived as being most important. During our focus group, the following points were made for us to improve our Human Capital:

Career development and training opportunities:
- More opportunities should be given to young people and differently-abled individuals.
- Seniors should be given the opportunity to participate in operations less frequently, at a pace more adapted to them.

Employee Health and Safety:
- Improve the impact of the Health & Safety process by employing tools that protect against dust and mitigate risks in the workspace.

Diversity and inclusion:
- Industries like construction and the production of building materials tend to be more male-dominated; achieving a gender-balanced workforce is therefore a challenge. Diversity at the management level of the company also represents a point to be improved.

ENVIRONMENTAL MANAGEMENT



The preservation of our environment and the management of climate change is ever more present and important. As such, it scored very high in terms of importance but below 4 in terms of our perceived performance. This is therefore one area of priority for improvement for the Group. The following points emerged from our focus group:

- There is a lack of online information on the Group's actions and impacts regarding the environment. This gives stakeholders the impression that there is a seeming lack of interest from the Group when it comes to the impact of its industry on the environment.
- It is critical to preserve the island's natural heritage. The company must incorporate this philosophy in its long-term vision and offer products and services that are respectful of the environment. To start with, the Group aims to conduct environmental impact studies and as a result, focus on activities with the greatest environmental impacts and work towards reducing its impacts along the production chain.
- Due to its longstanding history and reputation, the Group is well positioned in the market to promote the island's self-sufficiency and autonomy by favouring ecological and sustainable solutions in their products, particularly those dedicated to homes and gardens.

Waste management:
- The reduction and recovery of waste is a point to work on. The Group must facilitate and encourage the return of damaged and/or broken products and the recycling of applicable products. We must also seek concrete solutions to construction waste problems and improve the sourcing process.

GHG emissions:
- Reduce the Group's carbon footprint by using renewable energies and electric mobility. Carbon sequestration around factories should be considered.

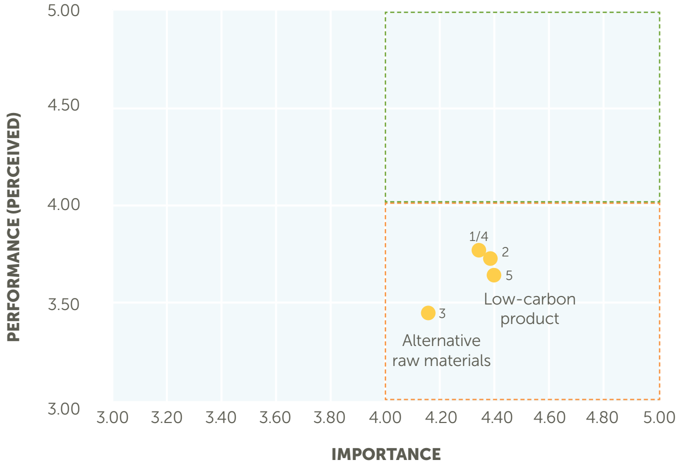
Energy consumption:
- There is a lack of monitoring and follow up in terms of the company's energy usage; it would be useful to hire a specialised engineer to improve the Group's energy efficiency. Certain actions in the area of renewable energy outlined in the 2021/2022 budget can be carried out with government assistance.

Preservation of biodiversity:
- The Group scored highest in terms of importance and lowest in terms of performance, most likely as UBP and Drymix are associated with 'the cementing' of the world', which destroys biodiversity. Dust and particles emitted through manufacturing processes also impact biodiversity. The Group was tasked by respondents to increase its funding for clean-up events, offer more financial support to organisations that preserve biodiversity and reduce, or even eliminate, "low- quality" products containing plastic.

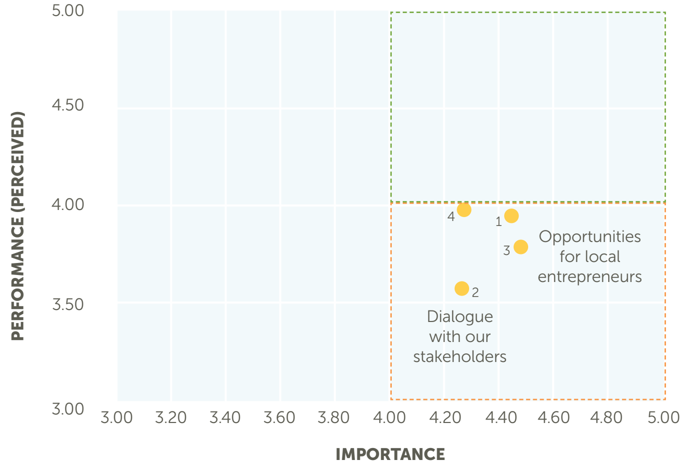
OUR PERFORMANCE

Materiality matters

MODERNISATION AND PRODUCT DEVELOPMENT



SOCIAL CONTRIBUTIONS



This section did not score very high both in terms of importance and perceived performance. A general discussion revealed the following points:

Digitalisation:
- The digitization of the services offered should be accelerated, and more information should be provided online. There is a need for digital marketing and e-commerce, an online shopping method for all companies and diversified payment methods. The Group should also provide all the information on products and their uses and increase their engagement with customers on social media networks.

Innovation and alternative technologies:
- The Group must focus on innovation and the reinvention of their products and services to benefit as many people as possible. It should also consider developing products that integrate the principles of the circular economy for greener and more sustainable construction practices.
- Focus on the diversification of products and their applications: new materials for flooring, for example, or easily applicable plasters for smooth walls, materials to improve thermal insulation, etc.
- Focus on endemic plants and vegetables, develop the local offer and supply, and provide more information on how to grow, maintain them and consume them.
- Consider the importance of educating builders and subcontractors on the quality and benefits of new products to encourage them to opt for sustainable products.

Raw Materials:
- There are no regulations/labels relating to raw materials in Mauritius; the Group therefore ensures consistency with international standards for raw materials. It was suggested that we communicate on the existence and activities of our laboratory, which is wholly dedicated to R&D.

This section did not score very high both in terms of importance and perceived performance. A general discussion revealed the following points:

Business relations and opportunities for local entrepreneurs:
- It is important to connect local entrepreneurs with the Group's clients. Small construction contractors would have the opportunity to showcase their specific know-how for instance. The Group was also encouraged to develop joint ventures and partnerships with local SMEs and/or simply offer support and resources to SMEs for them to thrive more independently. This would encourage a local economy that benefits everyone.

Support to underserved communities:
- Take into account the communities of people who need help: set up workshops for disadvantaged people to improve their resilience and prioritise them when it comes to discounted products.

Socio-economic contribution:
- The social utility of Drymix should extend beyond the product itself. It could become a solutions provider, develop sustainable techniques and practices in construction and provide more support to builders to add value to this profession and make it more attractive.
- Gros Cailloux could create a blog dedicated to household plants and draw more attention to its landscaping services and other products and services that currently lack visibility.

OUR PERFORMANCE

Strategy

The Group is currently undertaking an important strategic review, as well as the transformation of how we work both as individual companies and as a Group. We expect to present the outcome of this exercise to the Board by the end of this year. In the meantime, our strategic goals remain the same as last year:

Agility

- Embrace change and together rally behind our common objectives
- Generate cash flow now and in the future by capitalising on our assets
- Invest in key resources to meet existing demand
- Empower employees in their roles to act, delegate, collaborate, coordinate

In order to be better aligned with the current context and our Agility goal, we have created a detailed short-term plan and adopted our objectives as part of a long-term continuous strategy. Hence, the progress on our 12-months COVID-19 plan is as follows:

Goal	Progress
Capitalise on the Group's synergy levers, create a Group Sales structure and streamline inter-company processes and protocols through the continuous digitalisation of our processes.	We have been striving as a Group on this overarching goal, with the hiring of consultants and a project approach to management. To this end, a number of pilot projects are currently being implemented, such as a fleet optimisation project and our CRM.
Ensure the continuous output of innovative products and services by reinforcing our R&D team and organisation and capitalise on emerging opportunities. Our R&D manager recently retired, necessitating a replacement.	We hired a new R&D manager, and we are working on a work culture that embeds innovation in the way we do business. We are also launching new products and services across the Group, such as the UBP Megablock and "Espace Pro" by Espace Maison (Pg 88). The exercise on Materiality Matters (page 56) confirmed that our stakeholders are looking for new materials, building methods and more sustainable products.
Unify and strengthen communication by digitalising all our communication channels and updating all necessary information.	We upgraded Drymix's website, which includes a calculator helping customers calculate how much materials they will need for their projects, with the goal of optimising orders. We are also improving our presence on social media,such as UBP's Linkedin page.
Build the capacity of middle managers to utilise digital tools, and empower them to become more independent, analytical and confident in their roles.	The digitalisation of the Group is on track and can be further explored in the Intellectual Capital section on page 78, and its adoption by our teams is outlined in the Human Capital section on page 72.
Monitor our externalities closely through frequent PESTLE analysis, engagement with research companies and local thought leaders – and review our operational risks to include and monitor new COVID-related risks.	We hired a new Risk & Compliance Officer who has reviewed our risk analysis and systems.

Our long-term goals are:

STRATEGIC ORIENTATION	LONG-TERM OBJECTIVES	OUTCOME
1. CAPITALISE ON SYNERGY LEVERS AND ENSURE EFFICIENT PROCESSES	Install and continuously update the necessary digital tools and software adapted to each company and to the Group's needs to streamline processes	As per our 12 months COVID-19 plan
	Evolve towards an integrated Group and establish the required organisational and legal structures as and when required	
2. ENSURE A CONTINUOUS OUTPUT OF INNOVATIVE PRODUCTS AND SERVICES	Diversification of our products and outputs.	UBP's Megablock, Espace Maison's automation of household appliances and Gros Cailloux's animal refuge are all examples of our progress.
	Evolve towards more sustainable and eco-friendly materials and services for the built environment	We are currently validating our Sustainability commitments. PG 64 see Natural Capital section on page 64
3. ENSURE CUSTOMER ENGAGEMENT AND SATISFACTION	Continuously invest in the appropriate resources and review our customer-facing protocols and processes	This is implemented through our digital tools, and training is planned this year.
	Meet customer evolving needs and market demand	This is achieved through continuous market studies, as well as a survey and focus groups held this year. PG 56 see Materiality Matters on page 56
4. BUILD A WORKFORCE ABLE TO SEIZE OPPORTUNITIES AND TAKE THE INITIATIVE	Capacity-building for our middle management	Training and development is a continuous undertaking throughout the Group. PG 72 see Human Capital section on page 72
	Quality Management Systems	Drymix laboratory is ISO 17025-certified for tile adhesives. The customer excellence journey continues. All four companies will embark on the service excellence programme.
	Enhance employee engagement through ethical business practices	Negotiations with unions are ongoing. PG 76 "Partaz to lide" programme: see Human Capital section on page 76
5. CONTINUE TO BUILD A STRONG REPUTATION AROUND ALL OUR BRANDS	Embark on a gradual shift towards sustainability	Our Sustainability commitments are currently being validated at Group Level. This will engage us to 1) mitigate and adapt to climate change 2) work in a circular economic model logic, and 3) enhance our collaboration with doorstep communities and stakeholders.
	Continuous community engagement and sponsorship in times of need	We have rethought our CSR and sponsorship management approach PG 82 see Social Capital section on page 82

OUR PERFORMANCE

Natural capital

1. KEY NUMBERS ACROSS THE GROUP

Air quality monitoring exercises across **UBP production sites: 3**

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

Noise monitoring surveys carried out: **6 during FY2021**

Industrial waste audit reports submitted to the authorities: **7** (1 per production site)

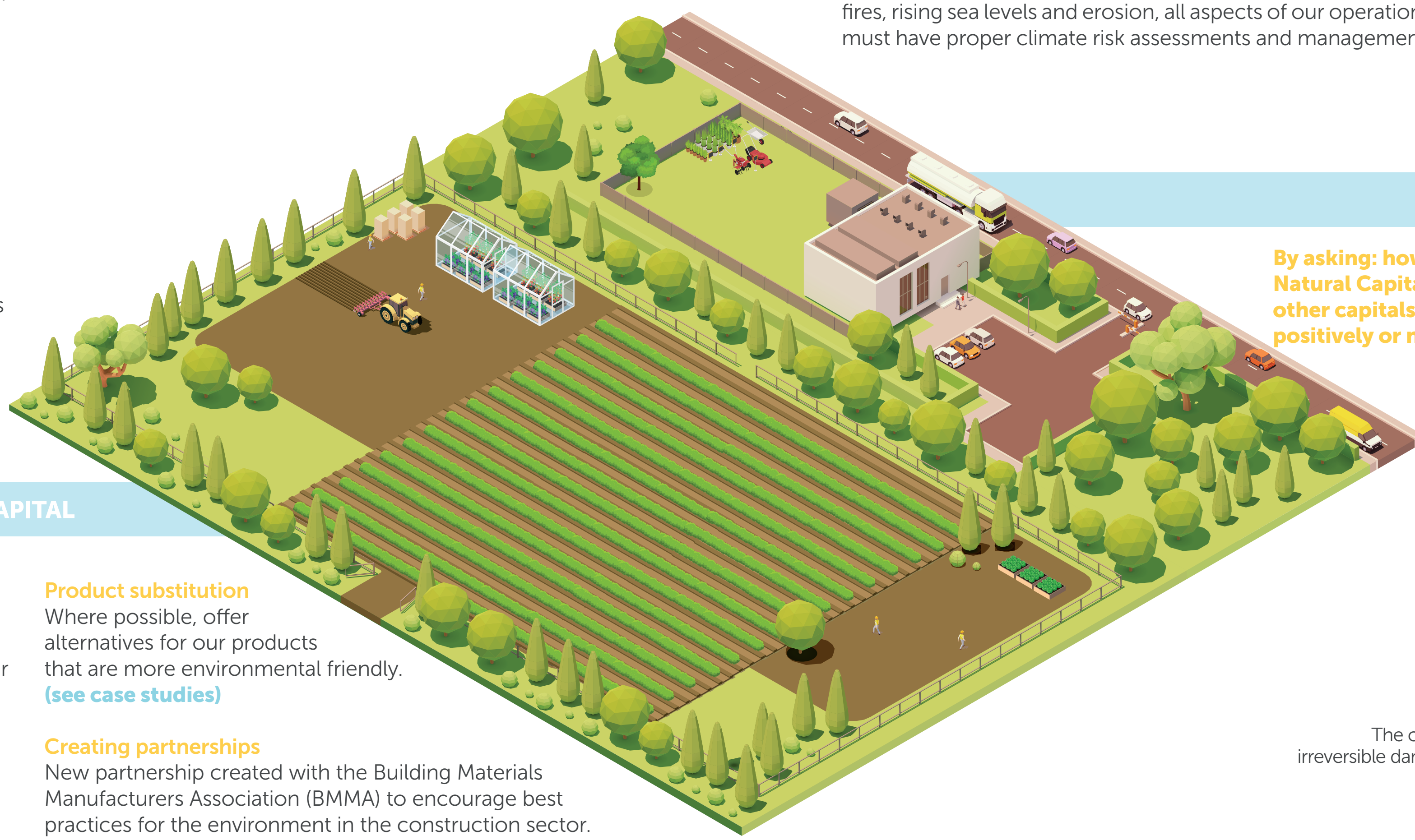
Diesel Consumption across the Group > **2.5** million litres

Natural Gas Consumption across the Group > **300** tonnes

Electricity consumption at UBP > **4.0** kWh/tonnes of boulders crushed (UBP production sites)

Used Oil sent for recycling > **20,000** litres

Number of indigenous **trees planted** > **100**



2. APPROACHES TO MANAGING OUR NATURAL CAPITAL

Sustainability to become a strategic priority
Our new strategic approach involves 'mainstreaming' biodiversity management and climate change mitigation into the business through policies, processes and procedures in our long-term planning.

New sustainability commitments
Formalising our new commitments towards sustainability for the Group.

Monitoring
Monitor our energy use, water use, resource consumption, industrial waste and air pollution.

Environmental Product Declaration of our products
Life Cycle Analysis conducted on our 100mm/150mm and 200mm concrete cellular blocks to evaluate the environmental impact of our products.

Product substitution
Where possible, offer alternatives for our products that are more environmental friendly.
(see case studies)

Creating partnerships
New partnership created with the Building Materials Manufacturers Association (BMMA) to encourage best practices for the environment in the construction sector.

Smart Agriculture and awareness on animal welfare
Favour smart agricultural practices for the land under cultivation at Gros Cailloux and raise awareness on animal welfare.

3. FACTORS IMPACTING THIS CAPITAL AND ITS ABILITY TO ACHIEVE THE GROUP'S RAISON D'ETRE: 'BUILD TOGETHER A BETTER LIVING ENVIRONMENT'

Extreme weather conditions
From flash floods to droughts, increased temperatures and fires, rising sea levels and erosion, all aspects of our operations must have proper climate risk assessments and management.

Biophysical stocks
We depend on finite natural resources, which must therefore be strategically managed.

Ecosystem services
Our society depends on a healthy biodiversity for ecosystem services.

4. TRADE-OFFS BETWEEN CAPITALS

By asking: how does the Natural Capital impacts other capitals, either positively or negatively?

Financial Capital

Investments in energy efficiency and the reduction of our carbon footprints required

Today, sustainable companies attract investment and customers

Intellectual Capital

Developing the tools and knowledge for clean tech and low-tech innovation

Human Capital

Purpose-driven companies retain their human capital, avoiding related costs

Climate risk management helps avoid human costs

The continued rise of temperatures and CO_2e in the atmosphere is causing irreversible damages to our environment and the ecosystem services we depend on

Manufactured Capital

Develop innovative new materials and products for the market

Additional precautions, monitoring and evaluation are required

Social Capital

Our current work on new sustainability commitments should help us strengthen the trust of our stakeholders and enhance our reputation

We must urge our suppliers along the supply chain to comply with environmental standards, which could impact our relations

VALUE CREATED

Natural Capital
Better management of our impacts

OUR PERFORMANCE

Natural capital

Our resilience and long-term success depend on sustainable business practices, as well as trusting relations with our communities, business partners and employees.

Through our soon-to-be-implemented sustainability commitments , we aim at formalising this Sustainable Development approach, consolidate our actions and rally the whole Group around a common goal: balancing economic growth and value creation with environmental stewardship and social inclusion.

GROUP SUSTAINABILITY COMMITMENTS

Sustainability matters that are of particular importance to us are:

1. CLIMATE ACTION

Our ambition is to reduce our carbon emissions, encouraging decarbonisation along the entire value chain.

Although the construction industry only represents about 5% of the CO_2e emission sources in Mauritius*, the building materials and construction sector is confronted with two major challenges. These challenges expose our stakeholders along the construction value chain to climate change risks in two ways:

1) the industry is potentially exposed to carbon taxes in the production of building materials, as well as from power or air conditioning supply in the use of buildings; as a result, it must anticipate potential infrastructure and industry decarbonisation goals.

2) stakeholders are exposed to risks from the physical changes in the environment caused by climate change, such as rising sea levels, flash floods, wildfires, decline in freshwater supply, etc.

**SOURCE : Utopies (2020) Klima Neutral 2050.*

2. RESPONSIBLE CONSUMPTION/PRODUCTION AND CIRCULAR ECONOMY

Our ambition is to provide solutions that mean comfort for homes, communities and the planet, while reducing the pressure on the environment by including circularity in our business models and products.

The construction industry and built environment significantly impact the environment by being a large consumer of natural resources, through its transformation of land use and various waste streams.

There is, therefore, an urgency to reduce this impact by moving away from linear consumption patterns to more circular solutions.

Projet C5 lacaz

3. PEOPLE AND COMMUNITIES

Our ambition is to contribute towards a well-cared-for and healthy society where social cohesion and harmony prevail by empowering, enhancing and serving the communities in which we live and work.

Our people and the communities in which we operate are important to us. We are committed to being a responsible partner, effectively contributing to improving the quality of life of the members of our workforce, their families and the communities around our operations.

CASE STUDIES THAT ILLUSTRATE OUR ENDEAVOURS WITHIN THE NATURAL CAPITAL

1. GROUP CASE STUDY

PROMOTING CIRCULAR ECONOMY AND SUSTAINABLE CONSUMPTION

UBP continues to support La Déchetèque, the regional winner of last year's Climate Launchpad competition, sponsored by UBP. The ambition of this start-up is to significantly reduce construction waste within the building industry by creating a circular economy through digitalisation. Their digital tool, to be soft launched in November, will connect 'waste providers' with 'value creators' such as artists and innovators. In doing so, La Déchetèque aims to provide a bank of materials and equipment on the marketplace that are either second-hand, or from excess stock, excess orders or methodical deconstruction, reducing the quantity of natural resources being extracted, and thus reducing its impact on the planet.

An audit was conducted with La Déchetèque on UBP sites to identify potential waste streams that can be valorised on their platform. As an early adopter, UBP is participating in the pilot testing and customisation of the platform.

In June this year, via the **Recup N Make Challenge**, a competition between artists, UBP backed La Déchetèque by being part of their judging panel for the contest.

The cultural event showcased to the general public how it is possible to reuse discarded materials in a variety of ways, including transforming them into works of art or even functional products. Entries were evaluated based on workmanship, creativity, functionality, and aesthetics.

Through this event, awareness was raised about the circular economy as well as waste recovery as a vector of environmental, societal and economic solutions.

SCAN FOR WEB PAGE

OUR PERFORMANCE

Natural capital

2. UBP CASE STUDIES

1. ENVIRONMENTAL PRODUCT DECLARATION (EPD)

The growing interest and awareness in environmental matters has reinforced our strong ambition to take more and more pro-active roles in managing the environmental aspect.

As such, UBP embraced the concept of Life Cycle Analysis (LCA) and Environmental Product Declaration (EPD). EPDs are voluntary in Mauritius. However, these tools are considered valuable for verifying the true environmental impact of a product or service.

What's key about an EPD is that it is an internationally recognized, single, comprehensive disclosure of a product's environmental impact throughout its life cycle. While all disclosure facilitates transparency, third-party verification lends additional credibility to an EPD.

In February 2021, we registered our EPD with the International EPD ® System for our concrete cellular blocks (100mm, 150mm and 200mm).

The most pertinent conclusions drawn for the LCA results were as follows:

(1) The amount of portland cement in the concrete formulations has a significant influence on the environmental profile of the concrete cellular blocks. Use of Supplementary Cementious Materials (SCMs) such as fly ash and slag cement, or blended cement with a high proportion of SCM can play a noteworthy role in impact reduction.

(2) As the manufacturing stage is a significant consumer of energy and responsible for a significant share of the impacts, any process or energy conservation improvement would directly and significantly lower the environmental profile for the product.

Our LCA study reports cradle-to-gate, with no assumptions made on intended end-use.

We will use the insights provided in this study to make the necessary changes where possible along our current production facilities to continually improve our environmental profile.

Additionally, since it is becoming increasingly important to design with the future in mind, sustainable design is becoming more than just a trend. EPDs can help architects, designers and builders select the most appropriate construction materials to create sustainable spaces. They can also help get industry certifications for various Green Building Schemes.

SCAN FOR THE COMPLETE WEB ARTICLE :

environdec.com/library/epd2411

2. SIGNE NATIR

Signe Natir
FOR A SUSTAINABLE & INCLUSIVE MAURITIUS

To formalise our commitment towards building a sustainable and inclusive future for Mauritius, UBP became a 'SigneNater' in April 2021.

SigneNatir is a community initiative led by Business Mauritius to make our island more respectful of people and environment.

This is in line with our own convictions and sustainability commitments.

3. BMMA PARTNERSHIP

We are a founding partner of the newly incorporated Building Materials Manufacturers Association (BMMA). Its objective is to encourage best practices in terms of the environment, occupational health and safety, land use and road safety, and to harmonise these quality standards across the industry.

Collaboration along the value chain is critical to increase sustainability in this sector, as all stakeholders have the potential to reduce impacts: from planners and architects to main contractors, whose responsibility must be to sustainably manage waste on construction sites, not to mention the end customer who must show willingness to embrace environmental aspects.

Major changes are coming to the construction industry in the future (3D printing, modular construction...) "It is therefore essential to rethink construction methods. The association aims to collaborate with all key partners for the implementation of future measures concerning the management of energy transition, the environment and natural resources management", concludes the president of the BMMA.

The BMMA, launched in July 2021, comprises four players in the construction industry: The United Basalt Products Limited, Gamma Materials Ltd, Eastern Investment Ltd and Beemanique Stone Crusher Ltd.

Mr Kavy Ramano - Minister of Environment, Solid Waste Management and Climate Change, Mr Vishal Choonucksing - Administrative Manager of Beemanique Stone Crusher Ltd, Mr Stéphane Ulcoq - Group CEO of The United Basalt Products Limited, Mr Frédéric Polenne - President of BMMA and Mr Anil Rambarun - Head Commercial and Business Development of Eastern Investments Ltd.

4. ST JULIEN EMBELLISHMENT

Landscaping provides much more than a beautifying touch to the yard. With the help of Gros Cailloux, the landscape at St Julien is being enhanced to improve and control traffic flow.

Plants, walkways and hardscape features are being incorporated within the premises in a purposeful and functional way. Hardscape features involve using recycled materials, such as used tyres, to create natural barriers and redirect both vehicular and foot traffic away from unwanted areas. Our Megablocks are also used to fence off certain areas in a modular and impermanent, reusable way. An endemic plant corner is also planned.

These enhancements will improve the customer experience, with the added benefit of increasing the value of the property.

OUR PERFORMANCE

Natural capital

3. ESPACE MAISON CASE STUDY

1. PRODUCT SUBTITUTION

At Espace Maison, chemical or systemic fertilizers have been removed from the shelves and replaced by organic and bio fertilizers. These help regenerate soil and contribute to preventing groundwater and seawater contamination.

SCAN FOR THE VIDEO

4. GROS CAILLOUX CASE STUDY

1. AWARENESS ON ANIMAL WELFARE

At Gros Cailloux, new activities have been introduced for children in the 'Arche de Noé' animal refuge with the goal of promoting learning and awareness of animal welfare and rights in a fun and interactive environment.

- Learning to care for animals develops lifetime character traits like responsibility, compassion, empathy, accountability, resourcefulness and the ability to love unconditionally.
- Moreover, awareness is raised about preventing food waste when diverting surplus food from Le Tekoma restaurant and other excess agricultural products as feed to the animals.

Snapshots of l'Arche de Noé at Gros Cailloux

5. DRYMIX CASE STUDIES

1. ENERGY MONITORING AND OPTIMIZATION PROGRAMME

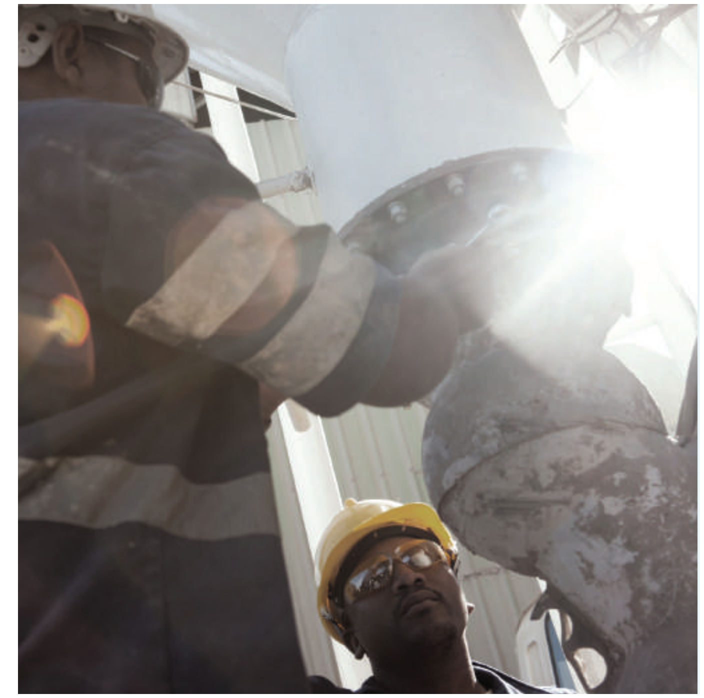
Drymix is currently working on an energy optimisation programme through measurement, monitoring and analysis using the Internet of things (IoT). The necessary instrumentation for data collection has recently been installed in their laboratory.

The aim is to map out energy consumption among sub-systems and equipment, establish relevant KPIs with regard to energy consumption and apply the resulting information to achieve financial, environmental and operational benefits in their facilities.

Collected plastic at Drymix

2. PLASTIC RECYCLING

Plastic hoods are used to shield products from water during the distribution phase of its operations. To reduce its environmental impact resulting from the use of plastic, Drymix has recently embarked on an upcycling project in collaboration with a local company. The project requires the participation of all stakeholders along the value chain.



3. RECYCLING OF BROKEN PALLETS INTO PROTECTIVE BOOMS

Wooden pallets are extensively used in warehousing. Over time, the pallets are simply too worn to be repaired or reused and are subsequently sent to waste disposal sites. This year, Drymix is innovating and transforming broken or worn-out pallets into useful wood chips that can be used as protective booms (similar to airbag protectors used to secure consignments inside containers). These booms will be used to protect pallets and finished products from damage caused during transit. This project is currently in the testing phase and will hopefully produce positive results.

Used wooden pallets at Drymix

OUR PERFORMANCE

Human capital

1. KEY NUMBERS ACROSS THE GROUP

Total Group workforce in Mauritius & Rodrigues: 1,386 (↓ 13 jobs)

Gender distribution:
22% female (↓ 1%)
78% male (↑ 1%)

UBP: 12%: 88%
DRYMIX: 4%: 96%
ESPACE MAISON 45%: 55%
GROS CAILLOUX 43% : 57%

Headcount by generation:
Baby Boomers 183 (↓ 42),
Gen X 499 (↓ 53),
Gen Y 558 (↓32),
Gen Z 146 (↑114)

Number of accidents with injury leave: 71 (↑ 3)

Accident severity rate: 0.4 (↓ 1.6)

Number of **employees trained**: 646 (↑ 7)

Training investment value per headcount > Rs 9,200 (↑ 3.9%) excluding certification courses

Investment in training: Rs 5.2 million including Rs 1.1 million for certification courses (↑ 51%)

Number of **employees vaccinated against COVID-19** as of 09.10.2021:
84% dose 1
81% dose 2.

2. APPROACHES TO MANAGING OUR HUMAN CAPITAL

Training and development
Improve digital capacity and ensure skills succession.

Procedures
Review and digitalise SOPs across the Group.

Build engagement
Carry out focus groups to strengthen areas that require improvement.

Health & Safety
Build a safety-conscious workforce and embed COVID-19 protection measures, enforced by the new Group H&S manager.

Improve collaboration within and between companies
Use Office 365 tools within a social workplace to improve communication and collaboration.

3. FACTORS IMPACTING THIS CAPITAL AND ITS ABILITY TO ACHIEVE THE GROUP'S RAISON D'ETRE: 'BUILD TOGETHER A BETTER LIVING ENVIRONMENT'

COVID-19 pandemic
New Work-From-Home and flexitime work culture requiring fast adoption of digital tools.

High retirement rate and new employees
Need for succession planning and the passing on of unique skillsets.

Adequate IT support
Key to the successful implementation of our digitalisation strategy.

Managers buy-in
Needed to support and release employees taking time off to attend training.

Employee motivation
Willingness to participate and/or frustration for not being selected for training/advancement.

4. TRADE-OFFS BETWEEN CAPITALS

By asking: how does the Human Capital impacts other capitals, either positively or negatively?

Financial Capital	
Spending on training	▼
Savings through improved productivity	▲
Savings through improved innovation	▲
Improved product knowledge and client satisfaction	▼
Decrease in total employment	▼
More opportunities for youth employment	▲
Manufactured Capital	
Loss of productive days due to accidents	▼
Improved productivity with better SOPs and processes	▲
Intellectual Capital	
Performance-driven culture	
Improved IT skills and capacity	
Loss of knowledge through an increased retirement rate	
Natural Capital	
World Cleanup Day participation	
Work-From-Home/flexitime approach means fewer cars on the road	

VALUE CREATED

Human Capital

Direct employer	▲
Facilitator of indirect and induced employment opportunities nationally	▲
Talent management and development	▲
Support long-term strategic objectives	▲

OUR PERFORMANCE

Human capital

CASE STUDIES THAT ILLUSTRATE OUR ENDEAVOURS WITHIN THE HUMAN CAPITAL

1. GROUP CASE STUDIES

1. DIGITALISATION, PROCESSES AND SUCCESSION PLANNING

In view of digitalising and building a more agile Group, the management of our Human Capital has been rethought and improved.

We drafted a new Standard Operating Procedure (SOP) to ensure that all processes are standardised across the Group. Although there may be slight discrepancies depending on each company's individual needs, the basics have been documented and standardised.

This includes processes for succession planning to ensure the smooth transfer of knowledge with as little disturbance as possible in the workflow across the various sites and departments. The three key steps in determining succession planning are to (1) identify key roles, profiles, and competencies required (2) diagnose the impacts of a departure on current skills (3) develop plans and monitoring systems.

We have introduced a Group-wide digitised Human Resources Business Intelligence unit, providing a user-friendly tool for easier compilation of data for better and quicker decision-making. The tool will specifically help with payroll, as well as absences and leaves management. It has been noted that the tool is not yet being used to its full potential, an issue that needs to be addressed in the coming financial year.

2. HEALTH & SAFETY

This relates to minor injuries caused by lack of vigilance on the part of employees when performing simple tasks. In order to mitigate such issues, we have reviewed all safety and other signage on our production sites and have employed a new Group H&S manager who will join the Group on 1st November. The COVID-19 protection measures have been embedded in our Back-To-Work Guidelines.

3. QUICK WINS FOLLOWING OUR ENGAGEMENT SURVEY

As reported last year, in January 2020 we conducted an Employee Engagement Survey. Following the results, Management established a plan to address areas of improvement. Between September 2020 and February 2021, we held focus groups to prepare action plans, and some quick wins have already been implemented. For example, TV screens have been installed in all UBP messrooms to improve communication channels and to ensure our operatives are kept abreast of relevant information. We will continue to address the identified weaknesses to continuously improve our engagement score across the Group.

4. SOCIAL WORKPLACE

To ensure the continuous engagement of all, particularly in the context of the new Work-From-Home practices, we have developed a Social Workplace, which will become the Group's new intranet. Its main purpose is to improve communication and collaboration.

The main features of the Social Workplace are:
- Participate in polls
- Facilitate the sharing of relevant documents and project information
- Event invitations
- Photo/Video gallery
- Blog post
- HR corner – Vacancies
- Employees directory
- Product catalogue
- Leave application for staff and workers

5. FOOT FIVE

During the championship (1st division) of Foot Five, over the course of fourteen weeks and seven round-trip matches, the UBP team won against their opponents, which were Axess, Sofap and MCB, amongst others. Composed of 13 employees from across the Group's four entities, the UBP team largely dominated this championship. "Our strength lies in our team spirit," shares Adrien Bonne, one of the players. "We played as a team, as one man, all through the championship." The award ceremony (medals and trophy) took place last December at Bagatelle's Foot Five.

> "Our strength lies in our team spirit. We played as a team, as one man, all through the championship "
>
> **Adrien Bonne, one of the players.**

OUR PERFORMANCE

Human capital

2. UBP CASE STUDIES

1. TRAINING AND CAREER DEVELOPMENT

The UBP Knowledge Hub is one of the main drivers in promoting learning and the development of our people, with the goal of addressing the risk of brain drain and ensuring proper succession planning and knowledge transfer. In the context of an ageing population and the risk of losing our unique savoir-faire, there is a need for a structured succession planning across UBP. This year, we launched 'Production 101', which aims to provide newly-hired employees with an overview of our core business and the production process. Through this, we aim to engage new hires from the very onset.

During this last confinement (March-April 2021), we offered awareness sessions on certain tools of the Office 365 suite to senior management to optimise their understanding and grasp of the tools. We then worked on a training programme adapted to the needs of each company. In parallel, we trained a number of Champions to democratise and ensure the adoption and use of the tools among staff.

2. PARTAZ TO LIDE

Launched in July 2021, Partaz to Lide project met with a positive response from the UBP production team.

" *Partaz to Lide*' is a way of promoting and reinforcing the Group's culture" says Jean-Jacques Jullienne, Head of Operations.

Employees - or even groups of employees - are invited to share their ideas, comments and suggestions that could improve production processes, enhance health and safety, improve comfort at work and promote sustainable development. All they have to do is fill in a form, available either at reception or on the messroom, and submit their ideas for any one of the following categories: *Sekirite, organizasion travay, konfor dan travay, prodiksion, developman dirab*.

The ideas received are then assessed by a committee based on relevance, success potential and feasibility. The idea with the highest score will be rewarded at the end of the year.

By the end of August 2021, some 20 ideas and suggestions had already been received.

" Partaz to Lide' is a way of promoting and reinforcing the Group's culture"

Jean-Jacques Jullienne, Head of Operations.

WORKFORCE COMPOSITION (MAURITIUS)

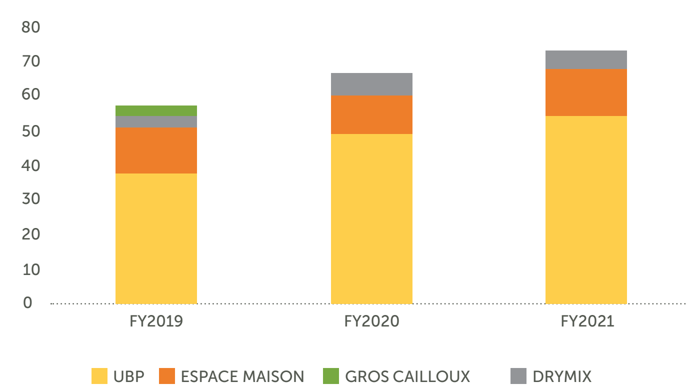
			Gender distribution Women	Men
Total workforce in Mauritius	2019	1,300	20%	80%
	2020	1,399	23%	77%
	2021	1,386	22%	78%
Gender distribution per company	UBP		12%	88%
	DRYMIX		4%	96%
	ESPACE MAISON		45%	55%
	GROS CAILLOUX		43%	57%

PROFILE BY GENERATION

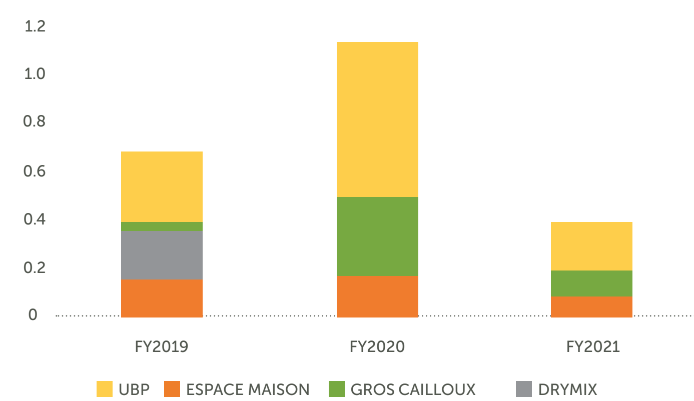
Headcount by generation across the Group

	2019	2020	2021	Difference
Baby Boomers	239	225	183	-19%
GenX	484	552	499	-10%
GenY	463	590	558	-5%
GenZ	114	32	146	+356%

NUMBER OF ACCIDENTS WITH INJURY LEAVE



SEVERITY RATE - LOST HOURS PER ACCIDENT



OUR PERFORMANCE

Intellectual capital

1. KEY NUMBERS ACROSS THE GROUP

Group IT **team** > 9 people

Number of **Office 365 users**
> 500 Employees

Number of **data transactions per month** > 18,000

Number of **website visitors:**
UBP: 65,548
DRYMIX: 4,264
ESPACE MAISON: 201,359

Facebook page likes:
UBP: 16,500
DRYMIX: 5,700
ESPACE MAISON: 110,500
GROS CAILLOUX: 28,200

Research and Development:
> 1 new hire

Academic partnerships:
1 with the University of Mauritius

Number of new SOPs:
multiple across companies and departments

2. APPROACHES TO MANAGING OUR INTELLECTUAL CAPITAL

Research and development
Revitalised team for more innovative outputs.

Digitalisation
Emerging digital technologies as a key enabler of innovation, efficiency and customer satisfaction.

Create customer-centric business solutions
Enhance customer relationship management and business.

Partner with academic institutions and thought leaders
Collaborate on research and empower entrepreneurs and thought leaders.

Ensure protection of intellectual capital
Copyrights and patents.

3. FACTORS IMPACTING THIS CAPITAL AND ITS ABILITY TO ACHIEVE THE GROUP'S RAISON D'ETRE: 'BUILD TOGETHER A BETTER LIVING ENVIRONMENT'

Ability to make large investments
Critical for the digitalisation of the Group.

Adoption of tools
Digitalisation requires change management and everyone's buy-in.

Time management
Moving away from a firefighting approach towards strategic research and development.

Ability to collaborate
Collaboration with internal companies as well as external key stakeholders is crucial for innovative output.

4. TRADE-OFFS BETWEEN CAPITALS

By asking: how does the Intellectual Capital impacts other capitals, either positively or negatively?

Social Capital
- Co-creation and partnerships reinforce this capital ▲

Financial Capital
- Large investments required ▼
- Time required to adapt to new tools ▼
- New skills and knowledge ▲

Manufactured Capital
- Modernisation and efficiency ▲

Natural Capital
- Opportunity to use digital systems to manage environmental impacts ▲
- Carbon footprint of digitalisation and the increasing size and number of websites and apps ▼

VALUE CREATED

Intellectual Capital
- An expanding range of innovations ▲
- Contribution to the advancement of construction material technologies and products for the nation ▲

OUR PERFORMANCE

Intellectual capital

CASE STUDIES THAT ILLUSTRATE OUR ENDEAVOURS WITHIN THE INTELLECTUAL CAPITAL

1. GROUP CASE STUDIES

1. DIGITALISATION

The Group has pursued its implementation of Microsoft Office 365, the world leader in cloud-based productivity. Its applications - Teams, Onedrive, Sharepoint etc. - increase productivity and responsiveness, bring new perspectives and promote the interconnection of people, departments and companies. During confinement, thanks to Teams, the employees were able to continue working from home, communicate effectively and organise meetings. "Our offices responded quickly to the pandemic by arranging teleworking for our colleagues deployed across the island; our IT team set up a modern technological work infrastructure and the necessary devices (e.g. mobile devices and laptops equipped with the full Office365 suite) so that all employees could work and collaborate as efficiently as possible," emphasises Samantha Perrier, Group Communications Manager. "We were physically disconnected, but our objective was to create links between colleagues during this complicated period, which we achieved thanks to the Facebook Group page named "Employees of the UBP Group".

We are also working on the implementation of operational dashboards to automate and digitalise operational KPIs. This will improve the performance of operations, feedback and sharing of information, and implementation of corrective actions. This will also allow more accurate monthly reporting to the finance department.

> "Our offices responded quickly to the pandemic by arranging teleworking for our colleagues deployed across the island; our IT team set up a modern technological work infrastructure and the necessary devices (e.g. mobile devices and laptops equipped with the full Office365 suite) so that all employees could work and collaborate as efficiently as possible"
>
> Samantha Perrier, Group Communications Manager.

2. NEW SOPS

This year, we rethought and digitalised the Human Capital SOPs to optimise decisions and performance. This should also help us reduce absenteeism rates and better manage our costs.

3. CUSTOMER-CENTRIC BUSINESS SOLUTIONS

The desire for more synergies across the Group (operational, managerial and human) is reflected at the commercial level. This began two years ago with concerted actions between UBP and Drymix to strengthen the positioning of both companies and simplify the customer experience through a single point of contact for both product lines. This year, we aim to extend this to other entities to successfully shift towards a one-stop-shop concept. The one-stop-shop concept will support the Group's ambition to build a better living environment and boost its sales potential.

By the end of the year, we will also implement a new ticketing system for the procurement department. All orders of products and services will be carried out through this platform, which will improve the follow-up of requests, communication and quality of service.

OUR PERFORMANCE

Social capital

1. KEY NUMBERS ACROSS THE GROUP

CSR spent on **new projects**
0.25%: Rs 850,000
(2020: ↓ by 11.8%)

CSR spent on **existing projects**
0.25%: Rs 850,000

CSR per theme
Education: 43%
Socio-economic development: 41%
Nature conservation: 8%
Vulnerable families: 8%

Extra sponsorship:
Rs 1.1 million

Extra **sponsorship per focus area**:
Education: 16%
Sports: 39%
Exclusion: 21%
Culture: 17%
Coup de Coeur: 2%
Environment: 5%

Number of **associations supported**: 34

Extra **Sponsorships in kind**:
Donated 1 van to fight social exclusion and strengthen social cohesion

Espace Maison Local procurement:
40% for goods and 100% for plants

Gros Cailloux holiday workshops:
6 new activities for youth
(6 to 15 yrs)

Additional clients in Club Espace Maison: 22,349

2. APPROACHES TO MANAGING OUR SOCIAL CAPITAL

STAKEHOLDER GROUPS	OUR ENGAGEMENT	COMMUNICATION CHANNELS
THE EVERYDAY CITIZEN	"Building together a better living environment" through our socio-economic contributions, such as the jobs we offer to the youth, our smart agricultural practices and the investment we inject in our economy.	• Websites • Social media • Espace Maison app • Press releases
THE PASSIONATE DEFENDERS	We are mindful of the impact we have on our natural capital and are committed to being transparent. We comply with international industry standards and have partnered with members of the Building Materials Manufacturers Association (BMMA) to ensure environmental standards and best practices.	• Websites • Social media • Espace Maison app • Press releases • Focus groups
THE PROFESSIONALS WHO USE OUR MATERIALS AND BUSINESS PARTNERS	Ensure the long-term sustainability of our business and provide capacity-building to the professionals who become our ambassadors. We are currently improving our services to professionals, for instance through Espace Maison professional portfolio.	• Roadshows • Strategic partnerships • Mason school • Marketing material • 'Pro' departments within our companies
UBP COMPANIES	Ensure the continued cohesion and support for and between all Group companies, improving our collaboration, working on cross-company project management and leveraging each other's skills.	• Office 365 and Teams • UBP Info (newsletter) • Strategic meetings • Project management meetings
PUBLIC ENTITIES	Continue to be a pillar of the Mauritian economy by contributing to its infrastructure and economic development whilst upholding ethical business practices.	• Regular meetings with government officials • Written correspondence • Tender applications
DIRECT STAKEHOLDERS (EMPLOYEES, BOARD MEMBERS)	Create engagement, satisfaction and a high-performance culture to grow and perform as a Group. We foster an environment that encourages employees to develop and seek opportunities and volunteer in 'passion projects' that help develop both their careers and the Group.	• Office 365 and Teams • UBP Info (newsletter) • Regular events (COVID-19 allowing) • Presentation of results • Board meetings
SHAREHOLDERS AND INVESTORS	Ensure a transparent, ethical and healthy financial capital, through careful financial management and agility; as well as ensuring a collective understanding of value creation and expectations around long-term targets	• Integrated reporting • Written correspondence • Website's investors corner
DOORSTEP COMMUNITY	The safety and wellbeing of the communities who live near our operations is very important to us, both for our ability to maintain operations and in alignment with our raison d'être as a Group. We work towards minimising noise and dust pollution through tree-planting and by sponsoring projects that are important to them.	• Through our CSR activities and partners • Sponsoring actions • Via District Councils • Site visits with the sales teams

3. FACTORS IMPACTING THIS CAPITAL AND ITS ABILITY TO ACHIEVE THE GROUP'S RAISON D'ETRE: 'BUILD TOGETHER A BETTER LIVING ENVIRONMENT'

Good governance
Company Secretary, Corporate Governance Committee, Audit Committee, Ethics officer.

Ethical and transparent procurement practices
Traceability, digitalisation of payments, effort to increase local procurement, quality of supplier relationships, impact customer service.

Customer service excellence
Knowledgeable and trained personnel, Call Centre at Espace Maison, customer surveys.

Modern communication systems
Increasingly digitised services, Customer Call Centre.

Reputation and market visibility
Attract vital competencies at all levels of operations, strong brand management.

Harmonising sales process within companies
Apps and increasingly digitised services, new order management system working towards a one-stop-shop concept.

4. TRADE-OFFS BETWEEN CAPITALS

By asking: how does the Social Capital impacts other capitals, either positively or negatively?

Intellectual Capital

Using digitalisation for more customer-centric services

Improved, more user-friendly websites

Natural Capital

Donations to support environmental associations

Stakeholders believe we underperform in this area

PG 56 see Materiality Matters on page 56

Human Capital

Volunteering hours by staff members allows them to connect to our programmes

Financial Capital

Better customer management has a direct impact on profits

Manufactured Capital

Continued trust in quality products

VALUE CREATED

Social Capital

Goodwill created through sound community relationships and responsible corporate citizenship

OUR PERFORMANCE

Social capital

CASE STUDIES THAT ILLUSTRATE OUR ENDEAVOURS WITHIN THE SOCIAL CAPITAL

1. GROUP CASE STUDIES

1. NEW MANAGEMENT APPROACH

To better embody our raison d'être and act in a more coordinated way, we plan to establish a new unit at Group level that will consolidate and formalise all aspects of our initiatives: CSR, sponsorships, partnerships and our environmental commitments, among others. Through this unit, our aim is to deploy the appropriate resources to deepen our commitments and promote them more effectively so that we can engage our employees in a participatory way.

2. VOLUNTEERING LEAVE

"Engagement" being one of the three values of the Group, we strive to create community engagement opportunities for our employees that are meaningful and purposeful.

We have therefore introduced a Volunteering Leave Policy. Our aim is to encourage our employees to participate and volunteer in projects that are aligned with the company culture, values and Sustainable Development Goals:

- Enhance and serve the communities in which we live and work
- Support communities that are impacted by disasters
- Address issues that impact the quality of life

Participating in these activities will also enrich and inspire the lives of our employees.

2. UBP AND DRYMIX CASE STUDY

1. C5 LAKAZ & MO TI LACAZ (UBP & DRYMIX)

Audrey Dumée-Duval, a Master of Architecture student at ENSA Nantes-Mauritius, was inspired by this quote when she undertook the project to rehouse 20 people in the Rivière-Noire housing estate last August. In four months, five houses were built on a 300 m^2 plot of land, including infrastructure for wastewater and rainwater management. The programme aims to provide a safe and secure living environment for the people of the locality. To this end, UBP provided the building materials, such as blocks, rocksand and aggregates, necessary for the construction of five houses. Drymix provided mortars for the finishing.

Several other projects are emerging in partnership with the Pont des Tamariniers association: for instance, Mo Ti Lacaz, which seeks to help families with leaseholds build a decent house to accommodate their family on the same principle of inclusion.

These inclusive projects have been very enriching in terms of sharing, as these families dedicated time and effort in building a better living environment.

BRUNETTE'S HOUSE, CASE NOYALE - C5 LACAZ

SCAN FOR THE VIDEO :

https://youtu.be/zMMWstMUeWE

3. UBP CASE STUDY

1. NEW ORDER MANAGEMENT SYSTEM

Our current system shows a discrepancy in our sales process, as sales are triggered via the Sales department, but supply and delivery are managed by various sales offices under the Production department. Today, a Sales department is necessary to manage, inform and listen to customers pre- and post-delivery. Our new order management system will allow us to do just that.

4. DRYMIX CASE STUDY

1. DRYMIX'S NEW WEBSITE

Drymix's digital visibility is today increased, since its Facebook page, LinkedIn account and revamped website were launched last October. This digitisation aims to fulfil a specific objective: to boost the company's image, popularise its products, and above all, communicate about its local production that adhered to international standards. One of the most innovative features on the website is a calculator that estimates the cost of materials according to the needs (surfaces or sites) of customers.

SCAN TO VIEW THE WEBSITE

5. ESPACE MAISON CASE STUDIES

1. CUSTOMER SERVICE CENTRE WORKING

Espace Maison has launched its unique number. 4608585. in January 2021 to improve the customer experience. The floor salespeople have been equipped with a hand's free phone to enable them to attend to customer calls redirected by the call centre. The call centre is composed of six entry points, five shops' receptions and one tele assistant, and is organised in a 'first free slot earns the call' model. Intense training has been delivered to allow our people to deliver the level of customer experience we want to achieve. To date, this has proved to be a great success, with our dropped calls reduced to zero.

2. IMPROVING PROFESSIONALS' SERVICES

Launch of the Pro-Book and Precast-Book. The launch of these two books is a way to bring to light the Pro-Department, which deals with big resorts projects, such as Lux Grand Baie, Anahita, Sugar Beach, the Victoria Urban Terminal, The Docks and personal projects for individuals. These books are a glimpse of the products and services offered by Espace Maison and will be published (digitally and only printed when requested) annually and introduce new products, new trends and new services to our professional customers.

6. GROS CAILLOUX CASE STUDY

1. TEKOMA DEVELOPMENT

After the first lockdown, Le Tekoma restaurant of Gros Cailloux had to find new ways of reaching clients as it could no longer rely on walk-in clients. In partnership with MIPS service, Le Tekoma developed a special menu for online ordering: https://letekoma.eshops.mu/ . This service has helped Le Tekoma and Gros Cailloux enhance its digital presence on Facebook and Instagram, as well as through MIPS' advertising channels. The services' main features are:

- Online ordering from eshops.mu
- Online payment
- Free home delivery for orders over Rs 1,000 or a fee of Rs 150
- Collection of takeaways at Le Tekoma

Infrastructure work was also undertaken during the 2021 lockdown. A new deck overlooking the Gros Cailloux lake was added to the restaurant, creating a new space to host various events.

OUR PERFORMANCE

Manufactured capital

1. KEY NUMBERS ACROSS THE GROUP

Boulders crushed (tonnes)
↑ 14.3%

Cement (tonnes)
↑ 16.5%

Aggregates sold (tonnes)
↑ 9.5%

Blocks sold (units)
↑ 13.4%

Smart Blocks sold (units)
↓ 35.8%

Precast slabs sold (m²)
↓ 37.4%

Beams sold (m²)
↓ 71.1%

Land under cultivation (ha)
Food crops ↓ 3ha
Sugarcane ↓ 34ha
Nursery ↑ 2ha

Fertiliser (tonnes)
↓ 21%

Chemicals (Rs million)
↑ 9%

Herbicides (tonnes)
↑ 128%

Pesticides (tonnes)
↓ 70%

Vegetables (tonnes)
↑ 23.1%

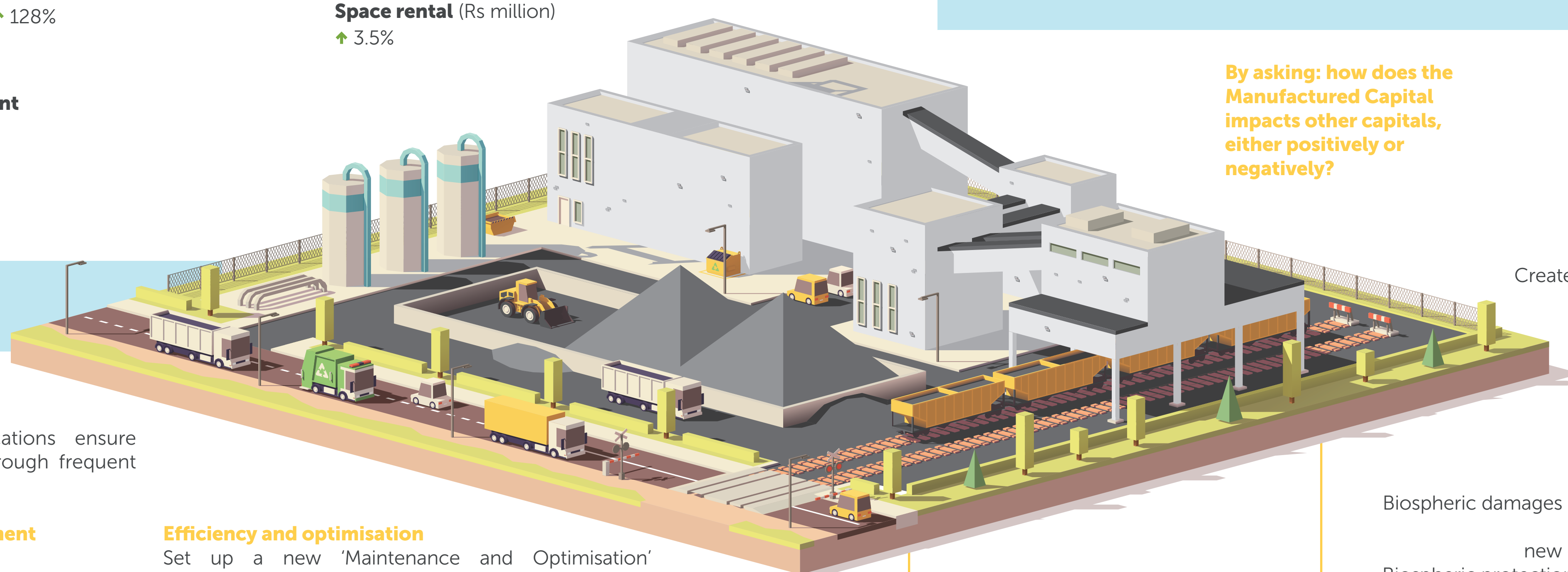
Compost (tonnes)
↑ 109.9%

Plants sold (units)
↓ 25.5%

Landscapes created (Rs million)
↓ 3.4%

Space rental (Rs million)
↑ 3.5%

Plant and equipment capex investment
UBP (excl. Overseas): Rs 100.0 million
DRYMIX: Rs 7.7 million
ESPACE MAISON: Rs 12.0 million
GROS CAILLOUX: Rs 6.9 million



2. APPROACHES TO MANAGING OUR MANUFACTURED CAPITAL

Quality and safety assurances
Our laboratory and safety certifications ensure adherence to international norms through frequent audits.

Innovation and Research & Development
Hired a new R&D manager.

Ensuring production capacity
New production site at La Mecque for better availability of products in the Western region.

Efficiency and optimisation
Set up a new 'Maintenance and Optimisation' department and a fleet optimisation pilot project.

3. FACTORS IMPACTING THIS CAPITAL AND ITS ABILITY TO ACHIEVE THE GROUP'S RAISON D'ETRE: 'BUILD TOGETHER A BETTER LIVING ENVIRONMENT'

Market challenges
Decrease in local purchasing power of individuals and companies.

Budget 2021
Continued public spending in infrastructure projects as a motor for economic growth.

Availability of raw materials
Declining rock stock and COVID-19 impacts on supply chain and availability of supplies.

Import costs and inflation
Rising import costs and inflation; whilst we have not increased our product prices at UBP, other import-dependent companies have had to increase their prices like much of the rest of the island.

Rapid advancements in digitalisation & clean tech
Adaptation of the workforce and exploration of new technologies.

Climate change imperatives
Reduce Greenhouse Gas emissions and develop sustainable alternatives.

4. TRADE-OFFS BETWEEN CAPITALS

By asking: how does the Manufactured Capital impacts other capitals, either positively or negatively?

Financial Capital
CCapex investment ▼
Cost of repairs and maintenance ▼
Net profit for the year ▲
Infrastructure-intensive environment ▲

Social Capital
UBP Group as the solutions provider ▲
Create jobs via the development of new service areas ▲

Intellectual Capital
Brand recognition ▲
Improve pool of knowledge and competencies ▲
Loss of production knowledge through retirees ▼

Natural Capital
Biospheric damages caused by waste (plastic, construction material) ▼
Increased Biospheric damages caused by new quarry in Madagascar & new plant at la Mecque ▼
Biospheric protection through improvement of design and materials ▲

Human Capital
Some existing jobs may become obsolete and replaced by technology ▼
Clearer SOPs and improved communication ▲
Improve skills and knowledge in the community ▲

VALUE CREATED

Manufactured Capital

Increased productivity ▲
New product and service innovation ▲
Improved efficiency ▲

OUR PERFORMANCE

Manufactured capital

CASE STUDIES THAT ILLUSTRATE OUR ENDEAVOURS WITHIN THE MANUFACTURED CAPITAL

1. GROUP CASE STUDY

1. CAPEX

This year's Capex commitment is mainly based on renewing existing equipment with the goal of adding value and efficiency in business processes across the Group. We have initiated the implementation of a software for automating Capex Management to streamline processes. This will allow us to plan, analyze the depreciation and plan for the cash flow impact when replacing the relevant asset. Thus, starting next year, we will carry out our Capex exercise based on a three-year plan (in contrast to the current yearly plan), which will allow us to align the exercise with our strategic goals.

This year, our most significant investments were on:

- New primary crusher and upgrade of mixer plant at Plaine Magnien, new block plant mixer at Poudre D'or, upgrade of block plant at Saint Julien, new mobile weighbridge at La Mecque, weighbridge at Sainte Marie, new block shed flooring at Terrarock and FAST.
- New deck at Gros Cailloux's Tekoma restaurant

2. UBP CASE STUDIES

1. NEW PRODUCTS AND SERVICES

UBP's Megablock: These unreinforced blocks are produced from high strength concrete, poured and vibrated in metal moulds. They can be stacked to create stable and repositionable walls. The interlocking system with studs and recesses creates clutch power, providing tremendous stability and unlimited block combinations. The blocks are an easy building solution, as they can be taken apart, reassembled and reused for other purposes, making the block system a sustainable construction method. The key benefits are:

- Resistant to extreme weather (can also be used in saline conditions)
- Requires minimal groundwork
- Cost-effective and time-saving
- Requires little to no maintenance due to their impervious design and structure
- Reusable (i.e. can be easily moved to other sites/projects)

Megablocks provide the following solutions, among many others, for a wide variety of projects:

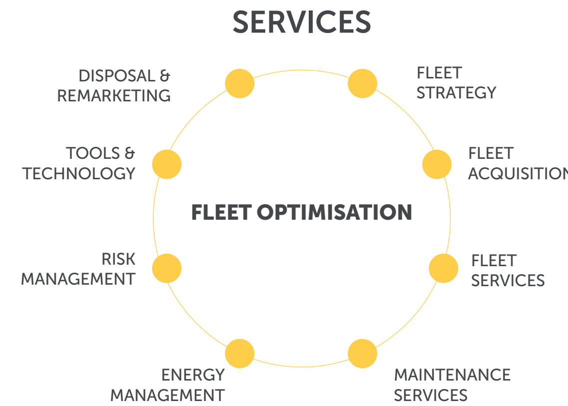
- Coastal erosion prevention, flood protection (alternative to traditional gabion walls)
- Retaining walls (gravity walls), partition/dividing walls, boundary, fencing and security walls
- Custom temporary structures (e.g. diversion of water flows during construction phase of bridges or other structures)
- Material storage and silage bays (e.g. aggregates, scrap metals, wood chip, tyres, white goods, bales, RDF waste, black bag waste, agriculture, etc.)
- Fire break walls
- Counterweights, ballasts
- Industrial buildings

2. EFFICIENCY & MODERNISATION

We are running two pilot projects to improve our efficiency:

1) FLEET OPTIMISATION:

This brings together the industrial vehicles and mobile equipment that are currently separated under two clusters (8 plants and 2 depots). The department will provide solutions in the delivery of quality services by being fit-for-purpose, accessible, reliable, efficient, suitable and sustainable. This will help us enhance accountability, increase focus and clarity, improve relevance, reduce waste, improve decision-making, and lead to faster growth and higher returns. A number of challenges have been highlighted by the pilot project and are currently being addressed. However, we are confident that the new department will be set up by the end of the year.



2) NEW MAINTENANCE AND OPTIMISATION DEPARTMENT

This new department aims to improve production processes and establish a system of preventive maintenance. Through this, we seek to 1) control the performance of production equipment, (2) gain in efficiency and productivity, (3) better plan maintenance interventions. This will allow us to have fewer equipment breakdowns and fewer problems to manage in 'firefighting mode' and (4) automate existing assets where possible.

SOME EXAMPLES:

Blocks section

- Setting up of a fault detection system on the block making machines, with the aim of gaining insights into causes of machine failure and plant unavailability
- Installation of thorough measurement systems on our block making machines , with the aim of better monitoring the machine performance and that of their operators.
- Automating the mixing unit operation of the block making section, leading to an improvement in the cycle time of the equipment, a more accurate metering of materials (better cost and quality control), 100% control over the process parameters and significant cost savings during the purchasing/replacement of mixers.

Aggregates

- Installation of load cells on the conveyors, allowing us to measure production rate in real time
- Installation of performance measurement system for grinders
- Implementation of SCADA (Supervisory Control and Data Acquisition), a tool that monitors and gathers data in real time through sensors, and processes it for industrial usage—leading to fewer glitches, decreased downtime on projects and lower costs in the long run.
- A project is currently underway to fully automate a production line.

A software then consolidates this data on a dashboard to better manage the production process. This has allowed us to make multiple adjustments to our operations and how we use our equipment, thus improving the efficiency of our operations and maximising the performance of our equipment.

We are also in the process of partially decentralising the curative/reactive maintenance process, to become more agile.

In collaboration with the Engineering department, a plan was outlined for preventative maintenance: we are implementing factory shutdowns in order to deploy bigger teams and quickly carry out all preventative maintenance work. The goal is to increase the availability of factories by lessening the likelihood of machine failure through better planning.

OUR PERFORMANCE

Manufactured capital

2. UBP CASE STUDIES (CONTINUED)

3. INCREASED PRODUCTION CAPACITY

A new quarry is being negotiated in Madagascar's capital city, Antananarivo. This will help us increase production in our Madagascar operations and satisfy the local demand in building materials. This will also provide our Malagasy customers with the quality products they are looking for, contribute towards enhancing UBP Group's brand, increase revenue, and eventually, employment.

4. OPENING OF LA MECQUE IN MARCH 2021

The aim of this new UBP site is to (1) increase turnover (2) decongest Geoffroy, (3) increase production capacity in the West (back up) (4) ensure the availability of aggregates in the western region to ensure adequate supply to the construction sector (5) improved customer satisfaction.

5. MADE IN MORIS RENEWAL

The UBP Group's Made in Moris label was successfully renewed following an audit by SGS (world leader in inspection, control, analysis and certification) last October. The Group was subjected to very strict and exhaustive specifications, comprising a range of criteria from local investments in procedures of Health & Safety through to customer satisfaction. Along with this exercise, last November, Made in Moris launched an extensive communication campaign, including among others #Nouastelokal, in which UBP participated as a member of the Association of Mauritian Manufacturers (AMM).

3. ESPACE MAISON CASE STUDY

1. NEW PRODUCTS AND SERVICES

Espace Maison's CSmart Home: Home automation brings together all the techniques used to control, program and automate a home, by using the fields of electronics, telecommunications and automation. The main function of home automation is the remote or on-site programming, control and automation of all home devices integrated into the network. To make smart homes affordable, Espace Maison has teamed up with a partner of choice: CSmart Home. This brand offers products that adapt to most media in the home. "This allows you to manage just about anything you can imagine, from protecting your home to lighting!" adds Benoît Béchard, General Manager of Espace Maison Ltée.

OUR PERFORMANCE

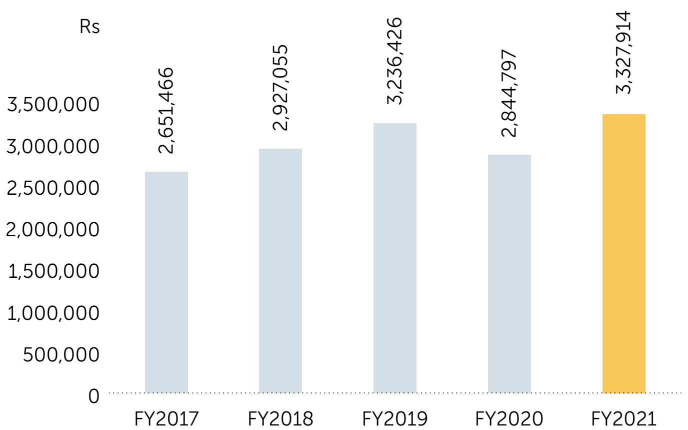
Financial capital

FINANCIAL PERFORMANCE REVIEW

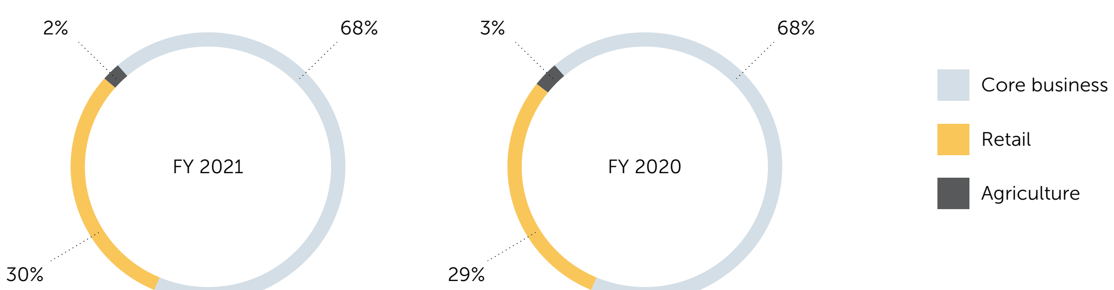
After benefitting from a growth rate of 8.5% in 2019, the construction industry experienced a degrowth of 25.8% during calendar year 2020 due to the impact of the Covid-19 outbreak. However, the forecasted growth rate for 2021 is estimated at 25.2% attributable mainly to the completion of major public infrastructure and property development projects underway when the first lockdown was imposed but also due to the government initiatives to boost our industry going forward.

Hence, after dropping by 11% in previous year, our Group revenue for FY2021 increased by 17% to Rs 3.3 billion from Rs 2.8 billion in FY2020, taking into consideration the varying impact of the Covid-19 on both financial years. This increase in revenue was attributable mainly to our core business and retail activities segments.

REVENUE



SEGMENTAL REVENUE



Statement of Profit or Loss

	Year ended June 30, 2021 Rs' 000	June 30, 2020 (Restated) Rs' 000
Continuing operations		
Revenue	**3,327,914**	2,844,797
EBITDA	**561,666**	386,329
Depreciation and amortisation	**(292,668)**	(278,597)
Operating profit	**268,998**	107,732
Allowance for expected credit losses and contract assets	**2,911**	(13,563)
Impairment	**(4,982)**	(3,049)
Net finance costs	**(31,957)**	(40,631)
Share of results of associates	**7,249**	7,780
Profit before tax	**242,219**	58,269
Income tax expense	**(20,583)**	(25,843)
Profit for the year from continuing operations	**221,636**	32,426
Discontinuing operation		
Loss for the year from discontinuing operation	**(6,074)**	(10,566)
Profit for the year	**215,562**	21,860
Non controlling interests	**(19,343)**	(3,947)
Profit for the year attributable to equity holders of the parent	**196,219**	17,913
	Rs	Rs
Earnings per share	**7.40**	0.68
Dividend per share	**3.00**	1.90

Our **Group operating profit** increased from Rs 107.7 million in FY2020 to Rs 269.0 million for the year under review due to the improved performance of our core business and retail activities segments. Although increasing overall, our core business segment profits were still impacted by the negative results of our subsidiaries operating in Madagascar and Sri Lanka. Hence, the Board has decided to exit from Sri Lanka and to dispose of our subsidiary in this country. Consequently, the results of the latter have been reclassified as discontinuing operation in the statement of profit or loss and other comprehensive income for the year under review. In addition, the Board is considering all available options for our subsidiary in Madagascar.

Our Espace Maison retail activities performed better than previous year due to an appreciable increase of 17.1% in revenue and a significant reduction in stock provisions. Our profitability was also positively impacted by the improved performance of our Beau Vallon store which was in activity for a full year, unlike in FY2020.

In terms of our agricultural activities segment, the operating loss of Compagnie de Gros Cailloux Limitée for the year was lower than in FY2020 due to the improved performance of our greenhouse and vegetable-growing activities.

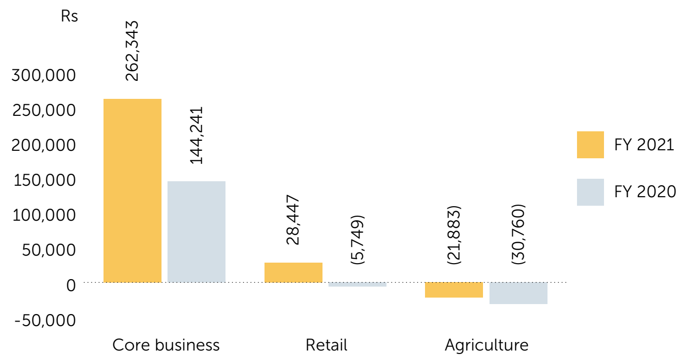
Our share of results from associates for the year dropped slightly compared to previous year due to the underperformance of our ready-mixed concrete entity which was almost fully compensated by the better performance of our core business associates.

"Our Group operating profit increased from Rs 107.7 million in FY2020 to Rs 269.0 million for the year under review due to the improved performance of our core business and retail activities segments."

OUR PERFORMANCE

Financial capital

SEGMENTAL OPERATING PROFIT



Our **EBITDA** increased from Rs 386.3 million in FY2020 to Rs 561.7 million for the year under review while our **Group profit for the year** increased from Rs 21.9 million to Rs 215.6 million. Consequently, our **Earnings per share** increased from Rs 0.68 in previous year to Rs 7.40 this year.

Statement of Financial Position

	Year ended	
	June 30, 2021	June 30, 2020 (Restated)
	Rs' 000	Rs' 000
Total assets	**5,617,932**	5,588,071
Interest bearing loans and borrowings	**1,020,102**	1,064,108
Borrowings excluding bank overdrafts	**963,146**	955,686
Equity attributable to shareholders of the parent	**3,556,026**	3,264,037
	Rs	Rs
Net assets value per share	**134.14**	123.12
Financial Ratios	**2021**	2020 (Restated)
Operating margin - %	**8.08**	3.79
Interest cover - times	**8.08**	2.30
Dividend cover - times	**2.47**	0.36
Return on equity - %	**5.52**	0.55
Return on assets - %	**3.49**	0.32
Debt to equity - times	**0.29**	0.33

INVESTMENT IN CAPITAL EXPENDITURE

The Group's investment strategy remains focused on satisfying market demand, expanding our range of products and services by proposing innovative solutions to our customers and increasing our market share. In line with this objective, the Group invested Rs 169.6 million in capital expenditure (including ROU assets) for the year under review as detailed below :

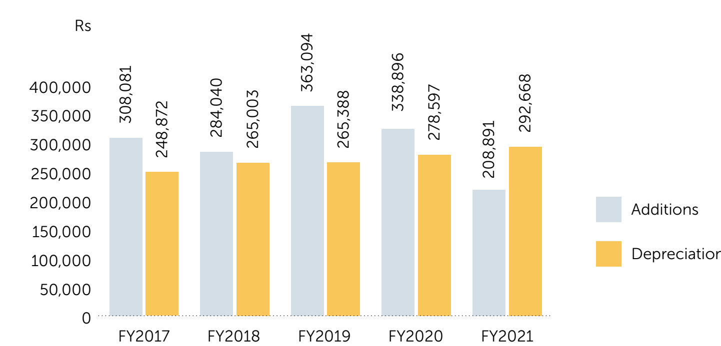
	2019	2020	**2021**
	Rs'000	Rs'000	**Rs'000**
Freehold land & buildings	50,972	55,965	**36,371**
Leasehold & land improvement	264	50	**285**
Plant & equipment	244,428	205,044	**98,215**
Motor vehicles	29,082	20,693	**7,874**
Asset in progress	10,543	6,186	**16,858**
Total investment in Property, Plant & Equipment	335,289	287,938	**159,603**
Investment in intangible assets	26,777	35,262	**9,476**
Investment properties	1,028	88	**480**
ROU Assets excluding land & buildings	N/A	15,608	**39,332**
Total	363,094	338,896	**208,891**

The major part of investments made in terms of our core business segment this year related to the replacement and upgrading of our existing plants, the replacement of our quarrying equipment and the improvement of our block delivery service. We also reopened our site at La Mecque to back up our Geoffroy Road plant in satisfying increased demand in the Western region. In terms of our retail segment, the main investment made this year related to the replacement of racks for our shops and the fitting out of a new display area on the mezzanine of our shop in Trianon whereas our agricultural subsidiary invested mainly in new machinery for its food crop activities.

In terms of intangible assets, we pursued our investment plan in new software as part of our digital transformation plan, including additional Microsoft Office 365 suite for all entities, a new CRM software and new applications for our retail Espace Maison activities in view of improving the customer experience.

In addition to the above and in order to support the development projects of our subsidiary Compagnie de Gros Cailloux Limitée, the Board has decided to convert Rs 91.6 million of inter-company receivables into capital, thereby increasing the issued share capital of our subsidiary to Rs 200 million, effective as of September 2021.

INVESTMENT IN CAPITAL EXPENDITURE



Unlike for the past four financial years, our capital expenditure level for the year under review was below our depreciation charge, given the Covid-19 context which forced us to defer a major part of our Capex budget. However, our Group remains committed to pursue its investment strategy aimed at increasing our production capacity, agility and efficiency in view of increasing our market share and improving our profitability going forward.

OUR PERFORMANCE

Financial capital

TOTAL BORROWINGS, FINANCE COSTS AND GEARING

Our total borrowings including leased liabilities dropped by Rs 44.0 million to Rs 1.02 billion for the financial year under review. Given our increased cash flow generated from operations and a drop of 1.5% in the repo rate, our finance costs dropped from Rs 44.8 million in FY2020 to Rs 34.2 million this year. Given the increase in equity attributable mainly to a favourable movement in our retirement benefit liabilities, our debt to equity ratio dropped from 0.33 in previous year to 0.29 at June 30, 2021.

EQUITY AND TOTAL SHAREHOLDERS' RETURN

The **equity attributable to shareholders** increased by Rs 292 million to Rs 3.5 billion. **Dividend per share** increased from Rs 1.90 to Rs 3.00, while our **share price** rose from Rs 128.50 at June 30, 2020 to Rs 144.75 at June 30, 2021. Consequently, the **total shareholders' return** for the year moved from -0.65% in FY2020 to 14.98% this year while the return on equity increased from 0.55% to 5.52%.

CASH FLOW STATUS

Cash flow from operations increased from Rs 455.5 million to Rs 568.9 million after adjusting for a slight favourable movement in working capital needs. Other significant cash flow movements comprised of the purchase of property, plant and equipment and the payment of dividends, which increased from Rs 50.4 million in previous year to Rs 79.5 million this year, bearing in mind that last year's dividend was paid during the current financial year.

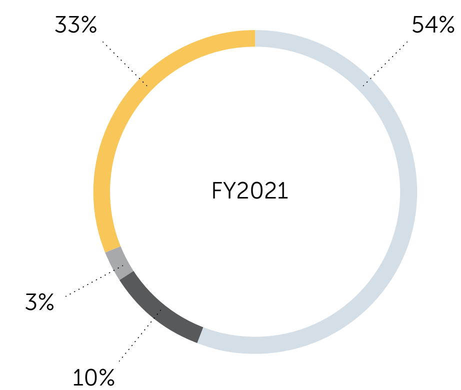
GOING FORWARD

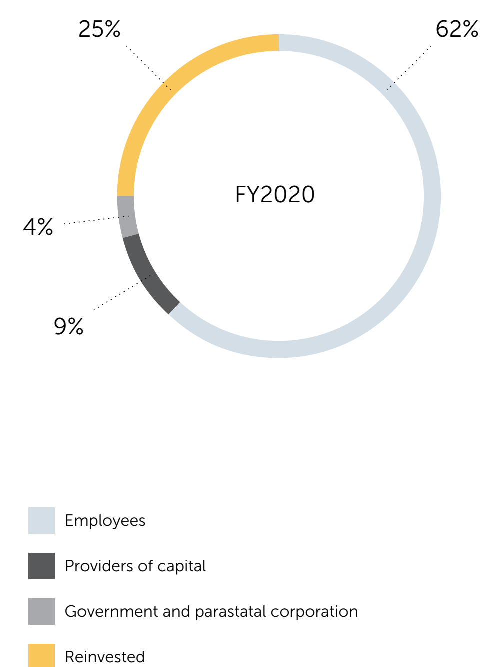
Our future level of activities and performance depend upon the pace of recovery of our economy and on the timing of implementation of the government initiatives aimed at boosting the construction industry and supporting the economy at large.

Going forward, the Group remains committed to pursue its progression by focusing on group synergies and innovation and by seeking new growth opportunities. In so doing, the Board has recently decided to exercise its rights of first refusal to increase its shareholdings in Drymix Ltd and Pre-Mixed Concrete Limited to 71.83% and 100% respectively. At time of writing, the closing of these transactions is still in process.

Value Added Statement

	June 30, 2021	June 30, 2020 (Restated)
	Rs' 000	Rs' 000
Sale of goods and services	**3,327,914**	2,844,797
Paid to suppliers for materials and services	**(2,155,726)**	(1,935,898)
Value added	**1,172,188**	908,899
Other operating income	**94,660**	103,850
Total wealth created	**1,266,848**	1,012,749
Distributed as follows:		
Employees		
Salaries and other benefits	**690,227**	630,992
Providers of capital		
Dividend	**79,530**	50,369
Interest paid on borrowings	**34,231**	44,772
Dividend to non-controlling interests	**16,502**	600
	130,263	95,741
Government and parastatal corporations		
Income tax (current and deferred)	**20,583**	25,843
Environment protection fee	**13,758**	11,755
Licences and permits	**2,660**	2,276
	37,001	39,875
Reinvested in the Group to maintain and develop operations		
Depreciation and amortisation	**292,668**	278,597
Retained profit	**116,689**	(32,456)
	409,357	246,141
Total wealth distributed and retained	**1,266,848**	1,012,749



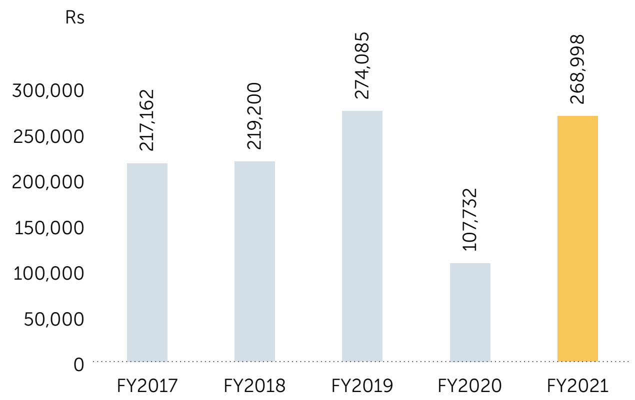


OUR PERFORMANCE

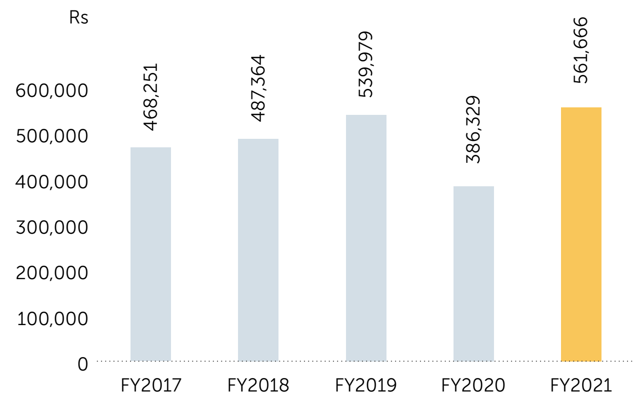
Financial capital

FINANCIAL HIGHLIGHTS

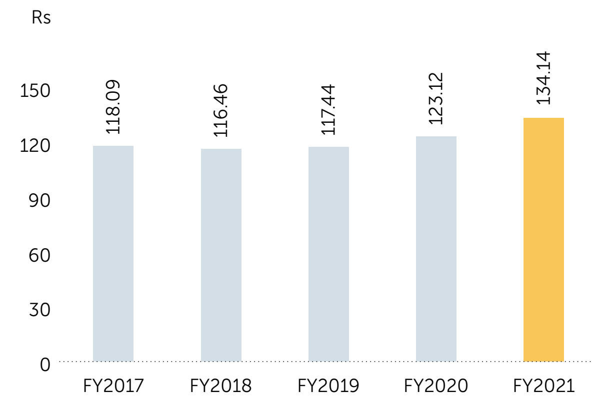
OPERATING PROFIT



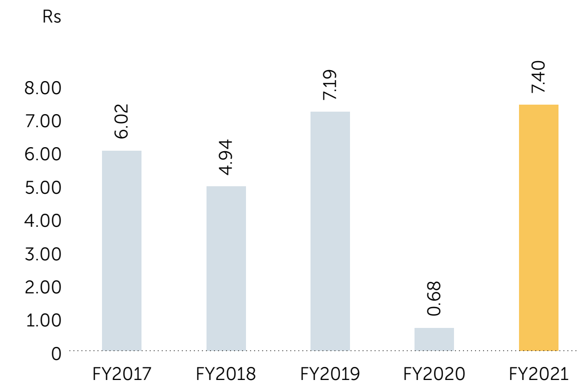
EBITDA



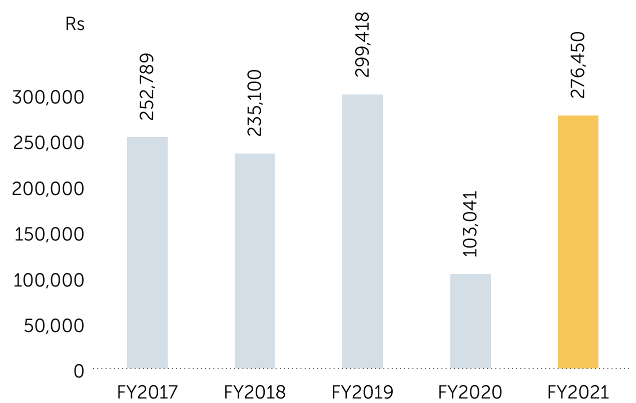
NET ASSETS VALUE PER SHARE



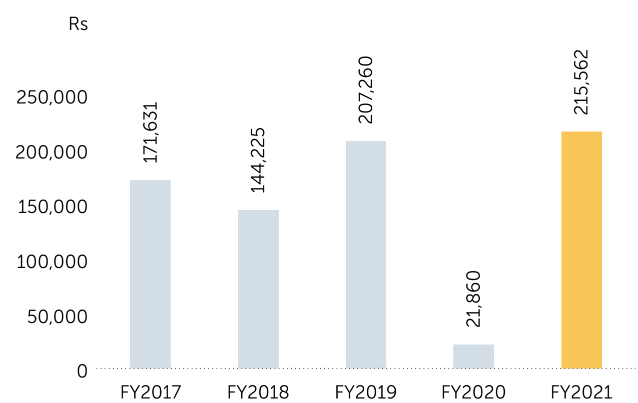
EARNINGS PER SHARE



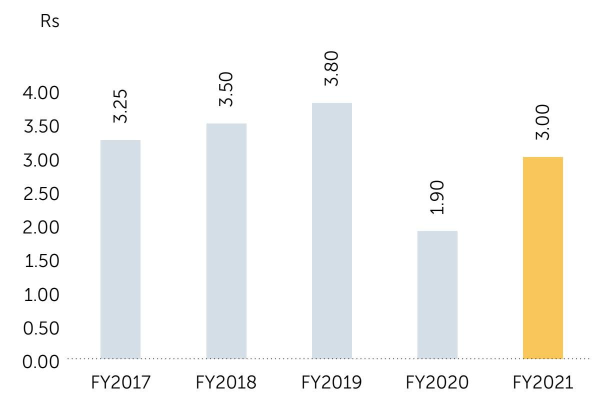
EBIT



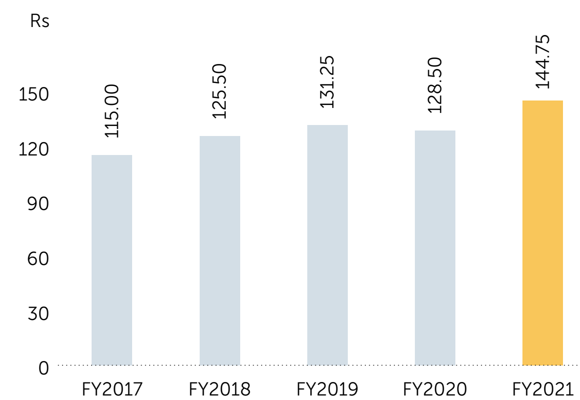
NET PROFIT



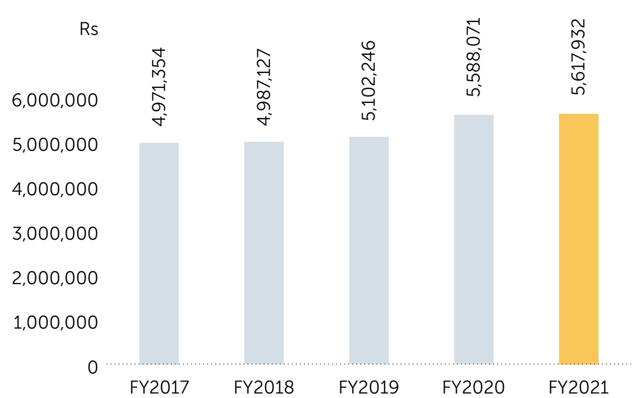
DIVIDEND PER SHARE



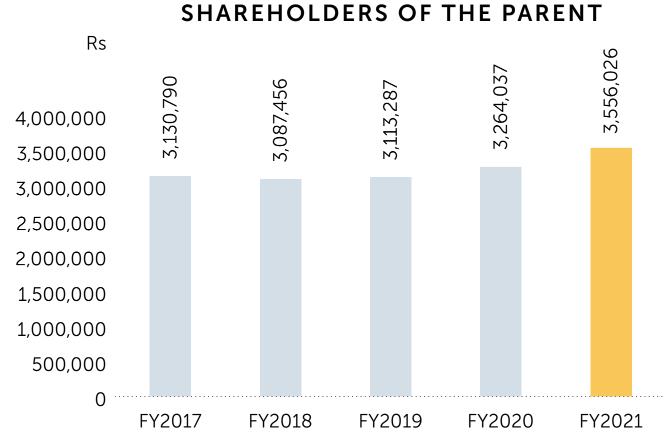
SHARE PRICE



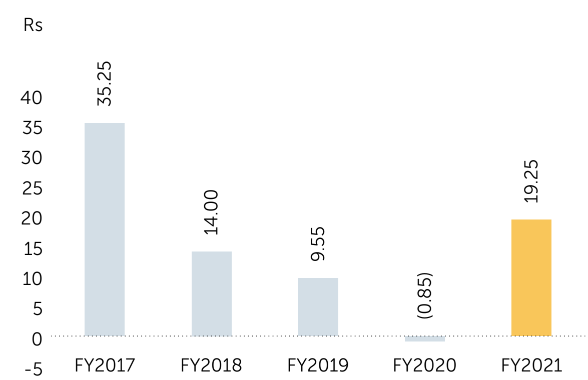
TOTAL ASSETS



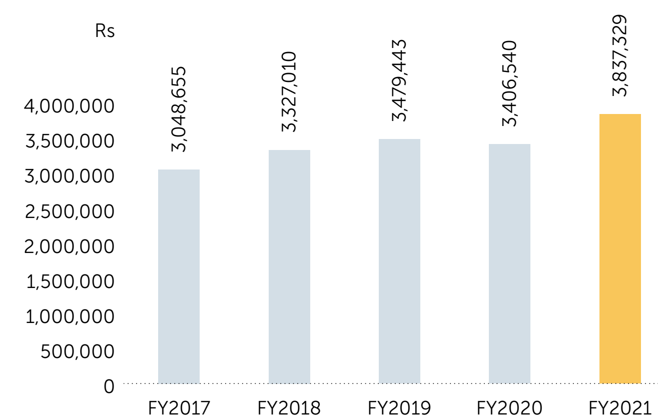
EQUITY ATTRIBUTABLE TO THE SHAREHOLDERS OF THE PARENT



TOTAL SHAREHOLDERS' RETURN PER SHARE



MARKET CAPITALISATION



ENABLING > PATHWAYS

ESPACE MAISON

GROS CAILLOUX

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, 2021

The Board of Directors of The United Basalt Products Limited confirms that to the best of their 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

- Composition of the Audit Committee: While the Chairperson of the Audit Committee is an Independent Non-Executive Director (INED), the other two members are Non-Executive Directors. However, the Board is of the opinion that the two other members of the Committee have sufficient financial management knowledge and experience and are able to exercise independent judgement in discharging their responsibilities.

On behalf of the Board

Marc Freismuth
Chairman

Stéphane Ulcoq
Group CEO

September 27, 2021

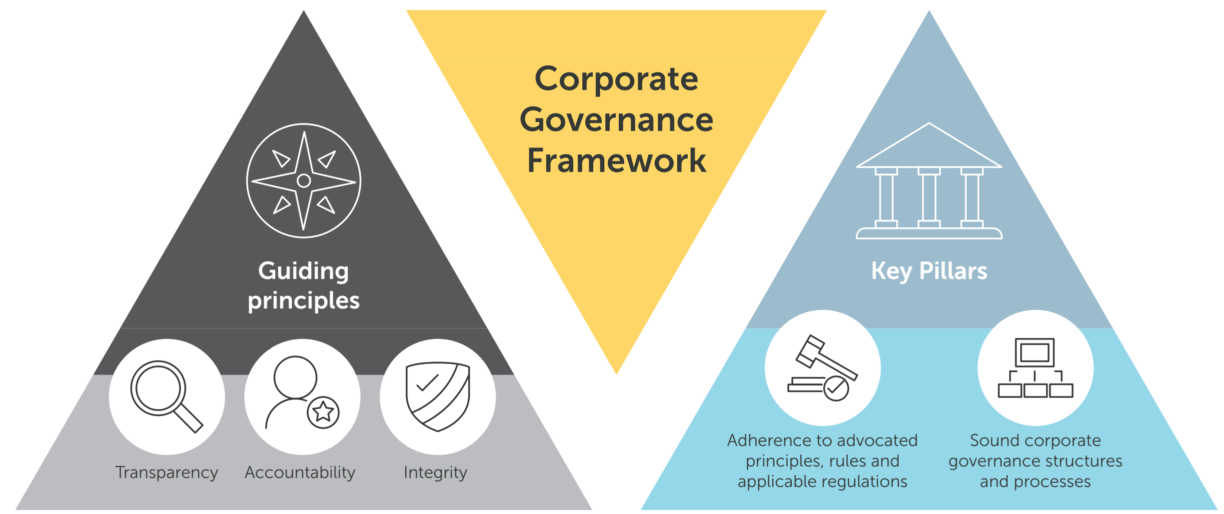
Corporate governance report

The United Basalt Products Limited (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 Reporting 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.

1. PHILOSOPHY

The Board is committed to entrenching the highest standard of governance in the Group's corporate culture to pursue its strategic orientation in view of building and sustaining stakeholder value. Being mindful of the dynamic arena, such practices are reviewed, as required, to ensure that the Group retains the flexibility to respond proactively to evolving factors, such as the regulatory regime, shifting working practices, digital trends, enhanced information, safety and security requirements and climate change risks. The corporate governance framework of the Group is illustrated below.



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 required by employees for both internal relations and external interactions.

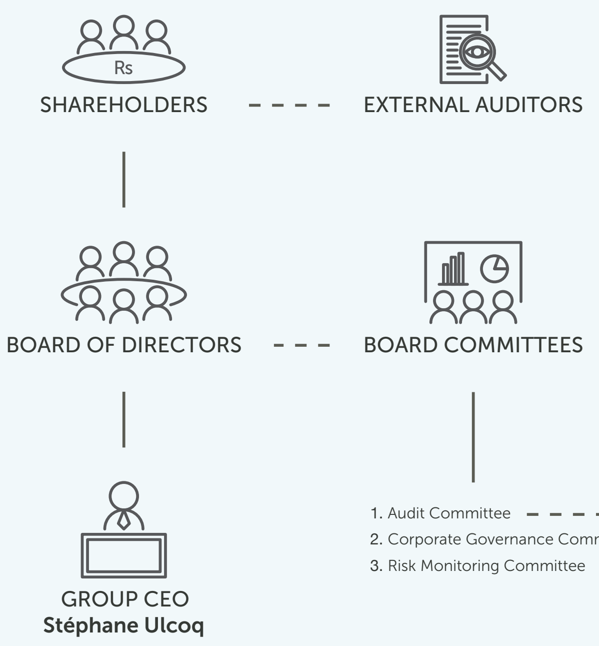
Corporate governance report

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 role of stewardship is bestowed upon the Board.

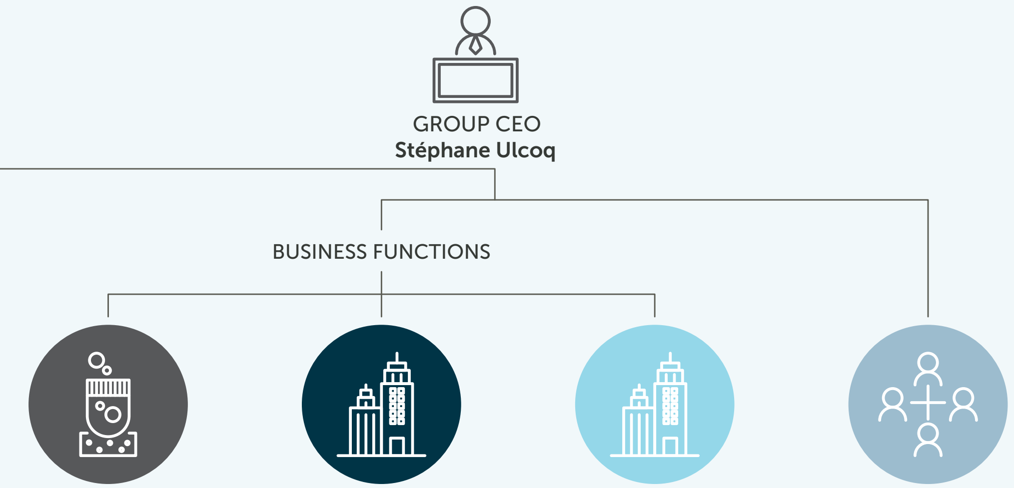
The Company is led by a unitary Board, which oversees the Group's activities and provides leadership and guidance towards the achievement of the Group's strategy within a framework of effective control and risk management, while ensuring adherence to legal and regulatory requirements.

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



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

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



UBP

Marbella Division Manager: Bruno Doger de Spéville

Head of Operations: Jean-Jacques Jullienne

Quarry and Field Manager: Francis Koenig

Production Manager: Amaury Lacoste

Sales Manager: Pervenche Quenette

PPB Division Manager: Ashwin Ramsaha

SUBSIDIARIES

Compagnie de Gros Cailloux Limitée
GM: Christopher Blackburn

Drymix Ltd
GM: Jean-Claude Bellepeau
- **Drymat SAS** (Operational)
  Manager: Bertrand Thomas

Espace Maison Ltée
GM: Benoît Béchard
- **La Savonnerie Créole Ltée** (Operational)

Ste Marie Crushing Plant Ltd
Plant Manager: Fabrice Salaün
- **Société des Petits Cailloux** (Dormant)

Société d'investissement Rodriguais
- **Welcome Industries Ltd** (Operational)
  Manager: Jean Pierre Rose

UBP Coffrages Ltée

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

UBP Madagascar
Manager *

ASSOCIATES

Terrarock Ltd
Plant Manager: Cindy Calou

GROUP FUNCTIONS

Group Engineering Manager: Laurent Bega

Group Financial Controller: Cécile Boyer

Group Human Resources Manager: Alan Cunniah

Group Business Development Manager: Bryan Gujjalu

Group Asset & Procurement Manager: Gino Gunness

Group IT Manager: Dwight Hamilton

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: Jean-Marc Selvon

GM - General Manager ■ Operational ■ Dormant * The post will be filled in due course

Corporate governance report

2. GOVERNANCE STRUCTURE (CONTINUED)

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

The above-mentioned documents are available on the 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.

PG 108 Their key responsibilities are detailed hereunder and their respective profiles are detailed on pages 108 to 110 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

Oversees the implementation of the strategy approved by the Board.

Is responsible for the day-to-day management of the Group.

Group CFO

Provides financial leadership to the Group and aligns the Group's business and financial strategy.

Supports the Group CEO in the implementation of the strategy.

Is responsible for financial planning and analysis.

Is responsible for reporting timely and accurate financial information.

Participates in key decisions as a member of the executive management team to promote and enhance shareholder value.

Manages key elements of the Group's risk profile.

Manages investors relations.

Company Secretary

Is 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 - **www.ubp.mu.**

3. THE BOARD

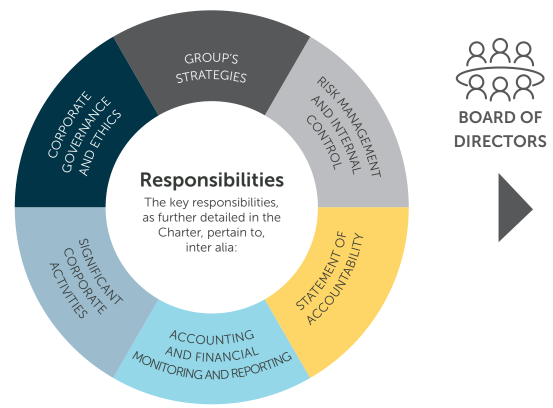
Mandate

The Board determines the Group's purpose and 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 all key matters relating to the strategy, practices, management and operations of the Company and of its subsidiaries, both locally and abroad.

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

Role and Responsibilities

A Board Charter, aiming to regulate how business is conducted by the Board, was endorsed by the Board in May 2018 and is in the process of being reviewed.



Principles & Methodologies

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

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

Corporate governance report

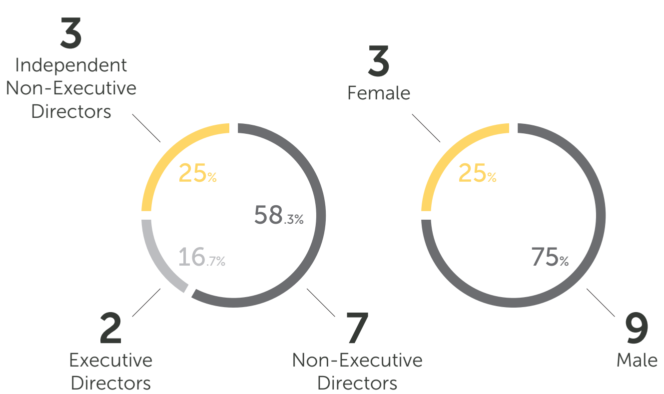
3. THE BOARD (CONTINUED)

Board Composition

The Company's Constitution stipulates that the Board shall consist of a minimum of 7 and a maximum of 15 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 appropriate mix of skills and experience which ensures that the Board collectively is 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 12 Directors from broad industry and professional background with varied experience and expertise aligned with the needs of the Group's business.



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

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

Mr Joël Harel who resigned on December 31, 2020 has been replaced by Mr Stéphane Brossard on May 12, 2021.

Profiles of Directors

Marc Freismuth
Chairman and Non-Executive Director

Mr Marc Freismuth was appointed Director of the Company in March 2006 and Chairman of the Board in August 2013. Born in France in 1952, Mr Freismuth holds a 'Diplôme d'Etudes Supérieures de Sciences Economiques' from the University of Panthéon-Sorbonne (Paris). Holder of an 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 independent Director on the Board of several public companies.

François Boullé
Non-Executive Director

Mr François Boullé was appointed Director of the Company in May 2004. Born in 1948, Mr Boullé holds a degree from the 'Institut d'Etudes Politiques de Paris' (Sciences Po - Section 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

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 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

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 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

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.

Laurent de la Hogue
Non-Executive Director

Mr Laurent de la Hogue was appointed Director of the Company in December 2011. Born in 1975, Mr de la Hogue holds a Master's degree in Management and Finance from the 'Ecole Supérieure de Gestion et Finance' of Paris, France. He completed a Risk Management Programme from INSEAD, Singapore and a General Management Programme from ESSEC Business School.

Mr de la Hogue started his career at an international bank before joining GML Management Ltée as Treasurer in 2001, where he was involved in the setting up of the Group central treasury management and in the development of projects. He is the Head of Financial Services of IBL Ltd since July 2016. Mr de la Hogue serves as Director on a number of organisations operating in the industrial, commercial, financial (regulated entities) and investment sectors. He is currently the Non-Executive Chairman of Ekada Capital Ltd, IBL Treasury Ltd and LCF Securities Ltd. He is also a member of the Board of Directors of Lux Island Resorts Ltd, a company listed on the Stock Exchange of Mauritius Ltd.

Stéphane Lagesse
Non-Executive Director

Mr Stéphane Lagesse was appointed Director of the Company in November 2011. Born in 1959, Mr Lagesse holds a degree in 'Gestion des Entreprises' from the University of Paris IX Dauphine. Mr Lagesse participated in the setting up of two garment manufacturing companies in Mauritius and is the Alternate Director of Mr Thierry Lagesse on the Board of IBL Ltd.

Thierry Lagesse
Non-Executive Director

Mr Thierry Lagesse was appointed Director of the Company in December 1989 and subsequently Chairman of the Board in December 2002 until August 2013. Born in 1953, Thierry Lagesse holds a 'Maîtrise des Sciences de Gestion' from the University of Paris Dauphine and is presently a director of several well-known companies listed on the Stock Exchange of Mauritius Ltd namely: Alteo Limited, IBL Ltd, Lux Island Resorts Ltd, Phoenix Beverages Limited and Phoenix Investment Company Limited. Mr Lagesse is also the Executive Chairman of Parabole Group, a direct to home satellite TV broadcaster.

Christine Marot
Non-Executive Director

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 Chief Executive Officer in May 2015. She is since July 2020 the Group Head of Technology and Sustainability of IBL Ltd.

Corporate governance report

3. THE BOARD (CONTINUED)

Profiles of Directors (continued)

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 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 1, 2015. He also sits on the Board of several companies within the Group.

Kalindee Ramdhonee
Independent Non-Executive Director

Mrs Kalindee Ramdhonee was appointed as Independent Non-Executive Director to the Board and nominated as Chairperson of the Audit Committee in November 2018. Born in 1963, she is a highly accomplished finance professional and fellow member of the Association of Chartered Certified Accountants. Mrs Ramdhonee has over 20 years of experience in finance and operations management within world-class local and international business environments in sectors such as Technologies, Telecommunications, Mining, Construction, Financial and Property Development. She has proven competences in accounting and finance extending to IT, HR, business development and general management functions. She has occupied senior management positions for decades and largely contributed 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 in 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

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 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 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, 2021 are as detailed hereunder:

NAME OF DIRECTORS	LISTED COMPANIES	OTHER PUBLIC INTEREST ENTITIES
MR MARC FREISMUTH	The United Basalt Products Limited BMH Ltd Constance Hotel Services Limited Constance La Gaieté Company Limited	Compagnie de Gros Cailloux Limitée Espace Maison Ltée
MR FRANCOIS BOULLÉ	The United Basalt Products Limited	Compagnie de Gros Cailloux Limitée Espace Maison Ltée
MR JAN BOULLÉ	Bluelife Limited IBL Ltd Lux Island Resorts Ltd Phoenix Beverages Limited Phoenix Investment Company Limited The United Basalt Products Limited	Afrasia Bank Ltd Bloomage Ltd Camp Investment Company Ltd Espace Maison Ltée GML Ineo Ltée Haute Rive Holdings Limited Haute Rive Irs Company Ltd Mon Loisir Ltée Pick And Buy Limited
MR STÉPHANE BROSSARD	The United Basalt Products Limited	Espace Maison Ltée
MRS CATHERINE GRIS	The United Basalt Products Limited	Espace Maison Ltée Compagnie De Gros Cailloux Limitée Economic Development Board
MR LAURENT DE LA HOGUE	The United Basalt Products Limited Lux Island Resorts Ltd	Espace Maison Ltée
MR STÉPHANE LAGESSE	The United Basalt Products Limited IBL Ltd	Espace Maison Ltée
MR THIERRY LAGESSE	Alteo Limited IBL Ltd Lux Island Resorts Ltd Phoenix Beverages Limited Phoenix Investment Company Limited The United Basalt Products Limited	Alteo Energy Ltd Alteo Milling Ltd Alteo Refinery Ltd Compagnie de Gros Cailloux Limitée Consolidated Energy Co Ltd Espace Maison Ltée Ferney Limited GML Ineo Ltée GML Ltée
MRS CHRISTINE MAROT	The United Basalt Products Limited Phoenix Investment Company Limited	Bloomage Ltd
MRS KALINDEE RAMDHONEE	The United Basalt Products Limited	Espace Maison Ltée Mammouth (Mauritius) Ltd
MR CHRISTOPHE QUEVAUVILLIERS	The United Basalt Products Limited	Compagnie de Gros Cailloux Limitée Pre-Mixed Concrete Ltd
MR STÉPHANE ULCOQ	The United Basalt Products Limited	Compagnie de Gros Cailloux Limitée Espace Maison Ltée

Corporate governance report

3. THE BOARD (CONTINUED)

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 meetings may also be called from time to time as required.

The Chairman and the Group CEO, assisted by the Company Secretary, are responsible for fixing the agenda and the date for each Board meeting.

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

PG 116 The attendance record of Board meetings for the year under review is as shown on page 116.

Focus Areas

The Board met seven 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.

Strategy and performance	Governance	Risk Management and Internal Control	Financial	Other Agenda Items
• The activity reports of the Group CEO, including the performance of subsidiaries and associates companies • The operational strategy, performance and the way forward of our overseas subsidiaries • Investment in a new business venture • The impact of COVID-19 on the Group • The set up of an ad-hoc Strategic Committee for the strategic review of the Group	• Reports from the Chairperson of the Corporate Governance Committee • Proposals subsequent to the Board evaluation exercise • Directors' competency matrix • Review of the Corporate Governance Committee Charter • Succession planning of Non-Executive Directors • Nomination of a new Independent Non-Executive Director • IT Governance Framework	• Reports from the Chairman of the Risk Monitoring Committee • Compliance audit report • Adequacy of the Group's insurance cover • Reports from the Internal Auditor	• 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, 2020 • The quarterly unaudited abridged group interim financial statements	• The Annual Meeting of Shareholders • Results of the Employee Engagement Survey • The purchase of a property, partly leased by the Company

Board Committees

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

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

CORPORATE GOVERNANCE (NOMINATION AND REMUNERATION) COMMITTEE

MANDATE

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

The Corporate Governance Committee is also responsible for Nomination and Remuneration aspects and its functions are as follows:

- In its role as Nomination Committee, it reviews the structure, size and composition of the Board, it ensures the right balance of independence, skills and expertise on the Board, it assesses and evaluates the role and independence of each current and potential Director and makes recommendations to the Board 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.

During the year under review, Mr Joël Harel, previously Chairperson of the Committee who resigned as Director of the Company, has been replaced by Mrs Catherine Gris, an Independent Non-Executive Director.

The Committee is constituted as follows:
The Chairperson is an Independent Non-Executive Director while the other members are Non-Executive Directors.

3 Minimum members

Catherine Gris	**Chairperson**
Marc Freismuth	**Member**
Thierry Lagesse	**Member**

DISCUSSIONS

The Committee met five times during FY2021 to, inter alia,:

- determine, discuss and approve the remuneration of the employees;
- assess and recommend the nomination of new directors, namely on the Board of the Company and of certain of its subsidiaries;
- analyse the report further to the Board evaluation exercise;
- recommend the approval of the reviewed Corporate Governance Committee Charter;
- consider the report of the Ethics Officer;
- discuss the succession planning of Non-Executive Directors;
- debrief on the competency matrix of the Directors of the Company; and
- examine corporate governance compliance issues.

ATTENDANCE

The attendance record of Committee meetings for the year under review is as shown on page 116. A quorum of two members is currently required for a Corporate Governance Committee meeting. The two Executive Directors are in attendance at almost all meetings of the Committee.

REMUNERATION

The remuneration of the Chairman and of each member of the Corporate Governance Committee for the year ended June 30, 2021 amounted to Rs 100,000 (2020: Rs 100,000) and Rs 75,000 (2020: Rs 75,000) respectively.

Corporate governance report

3. THE BOARD (CONTINUED)

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:

The Chairperson of the Committee is an Independent Non-Executive Director while the other members of the Committee are Non-Executive Directors.

During the year under review, Mr Joël Harel, previously a member of the Committee who resigned as Director of the Company, has been replaced by Mrs Christine Marot.

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

3 Minimum members

Kalindee Ramdhonee	**Chairperson**
François Boullé	**Member**
Christine Marot	**Member**

DISCUSSIONS

The Committee met six times during FY2021, 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, 2020;
- review and recommend to the Board for approval and publication the quarterly unaudited abridged group interim financial statements;
- discuss the implementation of standard operating procedures within the Group;
- discuss the Group's IT Governance Framework
- consider the progress report further to the compliance audit of the subsidiary companies;
- review the external audit Management Letters for 2020 from Messrs Deloitte Mauritius;
- review the report on IT General Controls;
- consider and approve the stock provisioning and depreciation policy for Espace Maison Ltée;
- receive and discuss the compliance report of the Company; and
- receive the report of the Internal Auditor.

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 116. 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 Chairman and of each member of the Audit Committee for the year ended June 30, 2021 amounted to Rs 150,000 (2020: Rs 150,000) and Rs 100,000 (2020: Rs 100,000) respectively.

RISK MONITORING COMMITTEE

MANDATE

The Committee assists the Board in the discharge of its duties relating to the setting up and monitoring of the risk governance process, including setting the risk appetite and monitoring relevant risk portfolios and management's performance against such risk appetite as well as the approval of risk management policies for recommendation to the Board.

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

COMPOSITION

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

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.

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

DISCUSSIONS

The Committee met three times during FY2021, mainly to:

- review the Group's insurance policies to ensure adequate coverage;
- receive and consider the updated risk registers of specific departments of the Company and of its subsidiaries; 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 116. 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, 2021 amounted to Rs 75,000 (2020: Rs 75,000) and Rs 50,000 (2020: Rs 50,000) respectively.

Corporate governance report

3. THE BOARD (CONTINUED)

Ad hoc Strategic Committee

During the year under review, the Board constituted an ad hoc Strategic Committee.

The Committee comprised of Non-Executive and Independent Non-Executive Directors, engaged in discussions pertaining to the strategic orientation of the Group and other related matters.

In accordance with the set timeline, the Committee will submit its recommendation to the Board.

Meetings Attendance

The meetings attendance for the year ended June 30, 2021 was as follows:

Directors	Board	Corporate Governance Committee	Audit Committee	Risk Monitoring Committee	Annual Meeting of Shareholders
Marc Freismuth	7 out of 7	5 out of 5			1 out of 1
François Boullé	7 out of 7		6 out of 6	3 out of 3	1 out of 1
Jan Boullé	7 out of 7				1 out of 1
Stéphane Brossard[1]	1 out of 7				0 out of 1
Catherine Gris[2]	7 out of 7	2 out of 5			1 out of 1
Joël Harel[3]	3 out of 7	3 out of 5	3 out of 6		1 out of 1
Laurent de la Hogue	7 out of 7				1 out of 1
Christine Marot[4]	7 out of 7		2 out of 6		1 out of 1
Stéphane Lagesse	7 out of 7				1 out of 1
Thierry Lagesse	7 out of 7	5 out of 5			1 out of 1
Christophe Quevauvilliers	7 out of 7			3 out of 3	1 out of 1
Kalindee Ramdhonee	7 out of 7		6 out of 6	3 out of 3	1 out of 1
Stéphane Ulcoq	7 out of 7			3 out of 3	1 out of 1

1 *Mr Stéphane Brossard was appointed as Director of the Company on May 12, 2021.*
2 *Mrs Catherine Gris was appointed as Chairperson of the Corporate Governance Committee on January 13, 2021.*
3 *Mr Joël Harel resigned as Director of the Company and from the Board's committees on December 31, 2020.*
4 *Mrs Christine Marot was appointed as a member of the Audit Committee on January 13, 2021.*

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.

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.

Recommendation

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

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

Re-Election

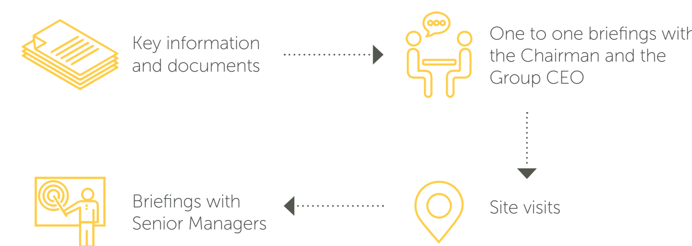
A Director so appointed shall hold office only until the next following Annual Meeting of Shareholders and shall then be eligible for re-election

During the year under review, the NC thoroughly discussed the succession planning of one of the Directors thereafter recommended. In view of strengthening the Board skills and competencies, the NC thereafter recommended the nomination of Mr Stéphane Brossard, of French nationality, based on his expertise pertaining to the construction sector.

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

Board Induction

The Chairman, with the assistance of the Company Secretary, 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:



Professional Development and Training

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

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.

The Executive Directors are however not authorised to hold more than two directorships in listed companies outside the Group, including overseas companies. The Board of the Company must give its approval prior to an Executive Director accepting a seat on the Board of any company outside the Group.

Corporate governance report

4. DIRECTOR APPOINTMENT PROCEDURES (CONTINUED)

Succession Plan

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

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.

PG 106 The key responsibilities of the Chairman and of the Group CEO are detailed on page 106.

More information on their 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 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 Indemnification

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

Share Dealing and Interests Register

The Share Dealing Policy of the Company sets out the Group's policy in respect of dealings in the shares of the Company by Directors, designated employees and their associates, thereby providing clear guidance on the practice to be followed to avoid any misuse of price-sensitive information.

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

PG 213 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 215 and 217 for details of related party transactions.

Information Governance

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

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 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.

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

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 lays 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.

Please refer to Other Statutory Disclosures on page 132 for a table of total emoluments and benefits received by Directors from the Company and subsidiary companies for the year ended June 30, 2021. Non-Executive Directors received a fixed annual directorship fee only and no remuneration in the form of share options or bonuses associated with the organisation's performance. The current remuneration package of the Group CEO comprises a basic salary, an annual performance bonus and other benefits in kind. The proportion of variable pay to fixed pay is significant and aims at aligning the interests of the Group CEO to those of the Group.

Corporate governance report

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

Long-term Incentive Plan

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

Share Option Plan

The Company does not have any Share Option Plan.

Board Evaluation

At the initiative of the Corporate Governance Committee, a Board evaluation, in the form of a questionnaire and covering, 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 and its Committees are assessed on a biennial basis.

6. RISK GOVERNANCE AND INTERNAL CONTROL

Risk Governance

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

Risk Governance

The Board of Directors is responsible for the governance of risks and embeds a robust risk management framework as a core competency. The Group's internal control system is designed to manage the risk of failure to achieve business objectives. The Board is ultimately responsible for the setting up and monitoring of the risk governance process, including setting the risk appetite, and the adequacy and effectiveness of internal control systems.

The Risk Monitoring Committee and 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 control provide reasonable, but not absolute assurance that the Group will not be adversely affected by an event that can be reasonably foreseen.

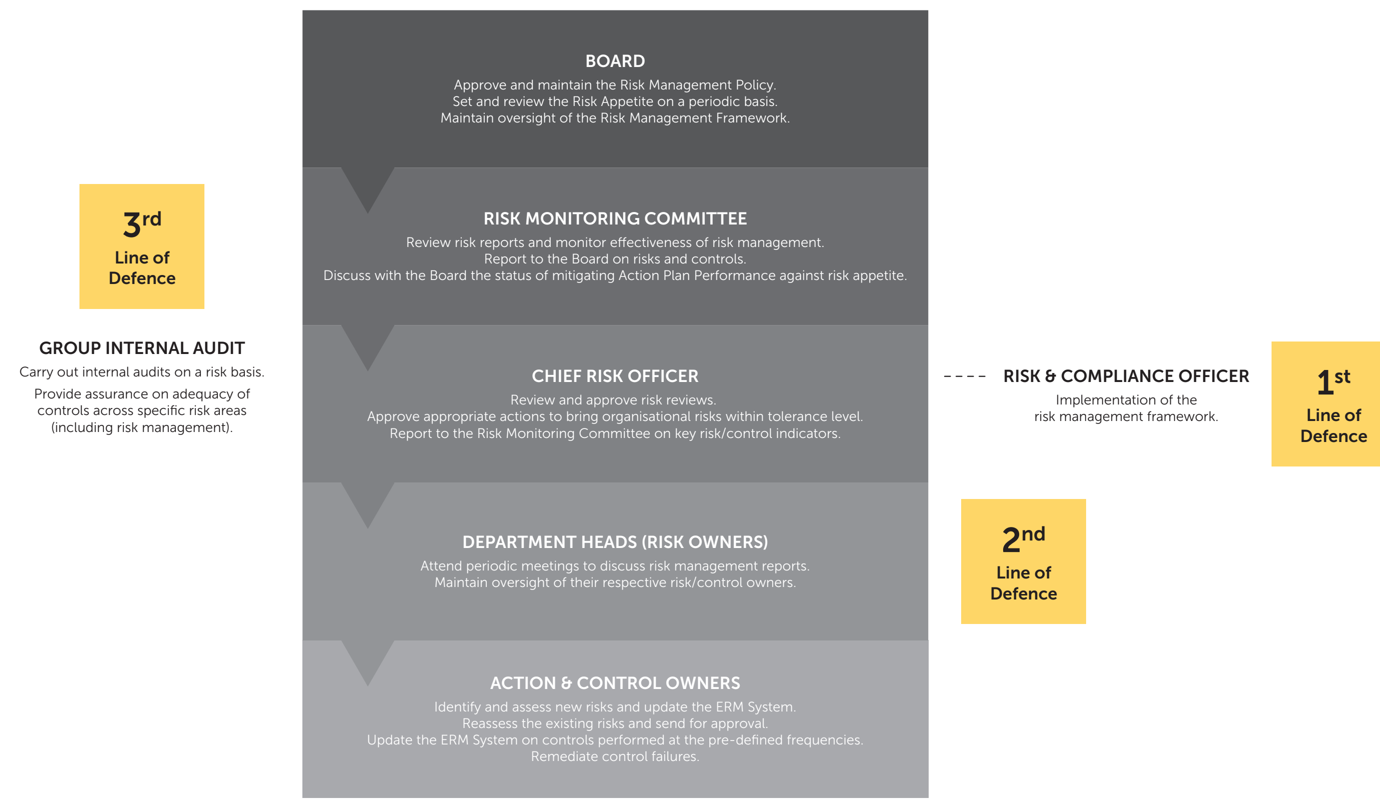
Risk Architecture

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.

The Risk Hierarchy is illustrated hereunder:

Risk Hierarchy



Risk Monitoring

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 the business management risks, Board 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.

Corporate governance report

6. RISK GOVERNANCE AND INTERNAL CONTROL (CONTINUED)

Risk Monitoring (continued)

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

PG 46 A report on the key risks inherent to our activities and on the way forward is found on page 46 to 53 of this report

Insurance Coverage

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

Internal 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 control system 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 prevailing Companies Act of Mauritius, the Directors are also required to ensure that financial statements are in compliance with International Financial Reporting Standards.

The Directors are further responsible for the adequate maintenance of accounting records, which disclose at any time and with reasonable accuracy, the financial position and performance of the Company and of 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.**

Corporate governance report

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.

PG 134 Please refer to Other Statutory Disclosures on page 134 for the details of the auditors' remuneration.

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 being to ensure the effective and efficient use of available resources and ascertaining the accuracy of information used in the preparation of financial statements. No restrictions are placed over the right of access by the internal auditor to the records, the management and/or the employees of the Group.

Further to the assessment of their expertise and independence, Messrs BDO & Co. were engaged during the year under review 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 sales department of the Company. At the time of writing, an internal audit exercise is being carried out in respect of the purchase and inventory management of Espace Maison.

Furthermore, in view of strengthening the Group's internal audit framework, the recruitment of an internal auditor is underway.

This year again, no financial problems 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

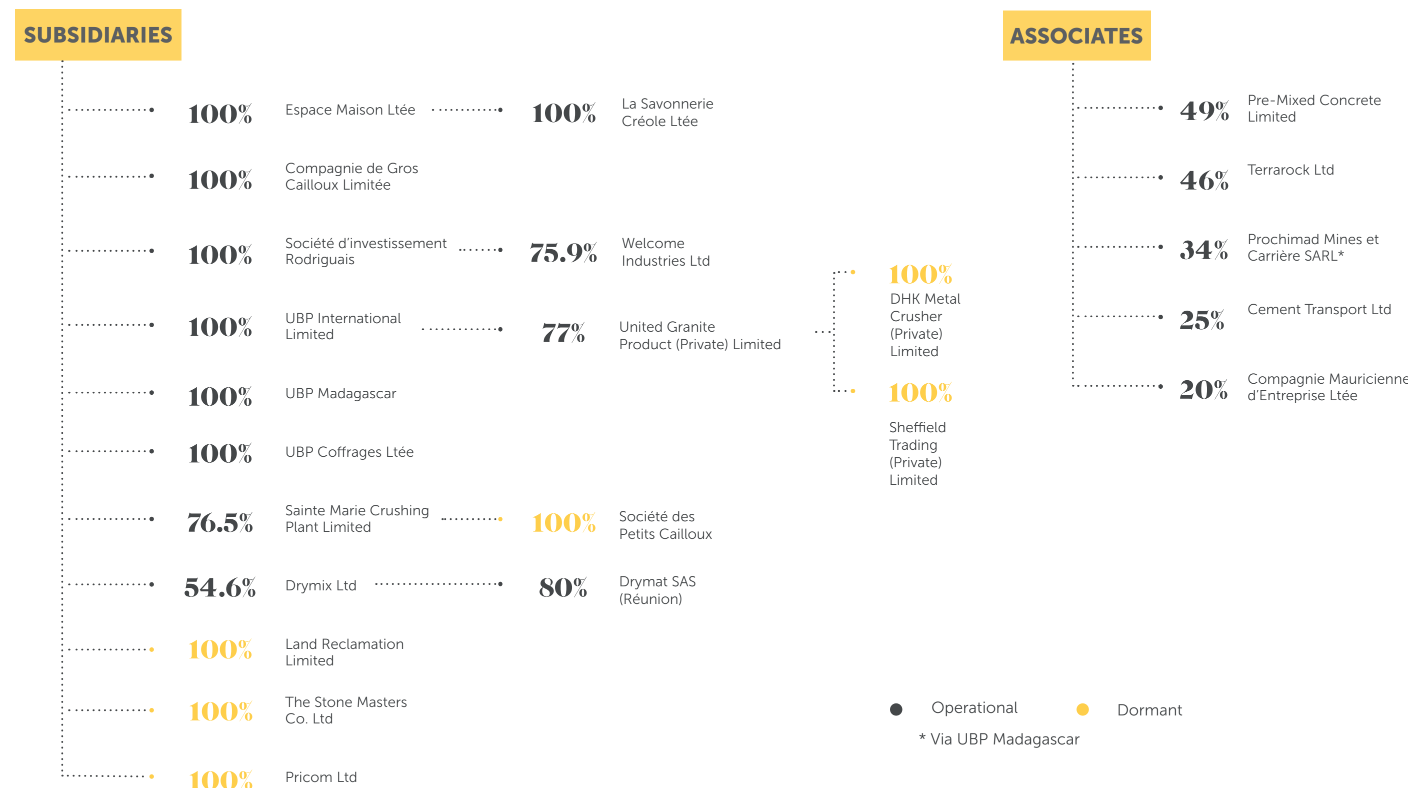
Key Stakeholders of the Group

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, as further detailed on page 82 of this report.

Shareholding Structure

The shareholding structure of the Group at June 30, 2021 is as detailed hereunder:

THE UNITED BASALT PRODUCTS LIMITED



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, 2021 was as follows:

Directors	UBP	IBL Ltd
Jan Boullé	•	•
Thierry Lagesse	•	•

Substantial Shareholders

The shareholders holding more than 5% of the share capital of the Company at June 30, 2021 were as follows:

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

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

Shareholding Profile

The share ownership and categories of shareholders at June 30, 2021 were as follows:

Size of shareholding	Number of shareholders	Number of shares owned	Percentage (%)
1 - 500	3,255	297,864	1.12
501 – 1,000	367	269,722	1.02
1,001 – 5,000	702	1,631,834	6.16
5,001 – 10,000	210	1,473,704	5.56
10,001 – 50,000	221	4,407,998	16.63
50,001 – 100,000	36	2,545,704	9.60
100,001 – 250,000	26	3,846,276	14.50
250,001 – 1,000,000	4	1,916,668	7.23
Over 1,000,000	2	10,120,272	38.18
Total	**4,823**	**26,510,042**	**100.00**

Category of shareholders	Number of shareholders	Number of shares owned	Percentage (%)
Individuals	4,377	7,747,482	29.22
Insurance and assurance companies	14	402,552	1.52
Pension and providence funds	80	3,398,822	12.82
Investment and trust companies	58	786,642	2.97
Other corporate bodies	294	14,174,544	53.47
Total	**4,823**	**26,510,042**	**100.00**

Shares in Public Hands

In accordance with the Listing Rules of the Stock Exchange of Mauritius Ltd, at least 25% of the shareholding of the Company is in public hands.

Share Registry and Transfer Office

The Company's Share Registry and Transfer Office is administered in-house.

Total Shareholders' Return

		2017	2018	2019	2020	2021
Share price at the end of the current year	Rs	115.00	125.50	131.25	128.50	144.75
Share price at the end of the previous year	Rs	83.00	115.00	125.50	131.25	128.50
Increase/(Decrease) in share price	Rs	32.00	10.50	5.75	(2.75)	16.25
Dividend per share	Rs	3.25	3.50	3.80	1.90	3.00
Total return per share	Rs	35.25	14.00	9.55	(0.85)	19.25
Total return based on previous year's share price	%	42.47	12.17	7.61	(0.65)	14.98

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, 2021, the Company declared a dividend of Rs 3.00 per share in respect of FY2021.

PG 98 Please refer to Financial Highlights on pages 98 to 99 for indicators and dividend paid per ordinary share over the past five years to June 30, 2021.

Corporate governance report

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

Shareholders' Agreement

At the time of writing, there is no shareholders' agreement to the knowledge of the Company.

Annual Meeting of Shareholders

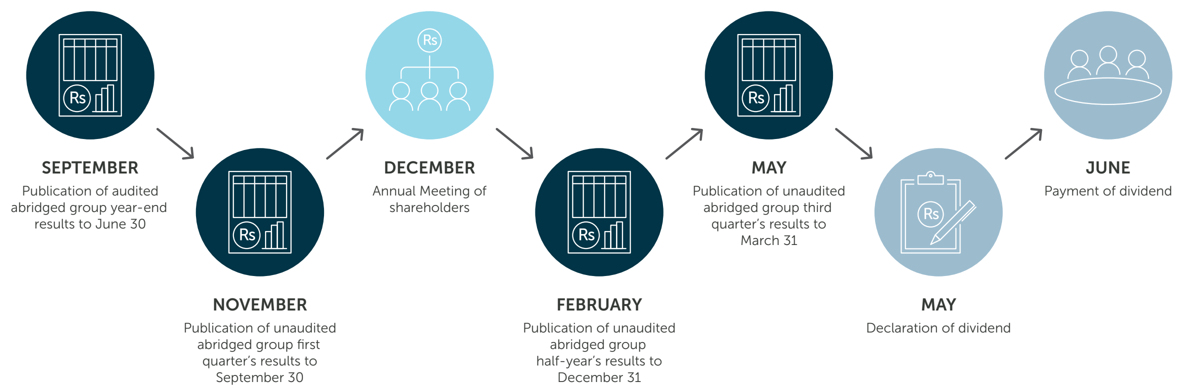
The Company's Annual Meeting is the main forum where the shareholders exercise their rights to decide on the Company's affairs and receive direct feedback from Board members. The external auditors also attend the meeting.

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



The payment of the dividend for the year ended June 30, 2020, was exceptionally paid in July 2020, due to the COVID-19 impact.

Statement of Directors' responsibilities

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

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, 2021. 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 National Code of Corporate Governance for Mauritius (2016)(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 confirms that proper accounting records have been maintained during the year ended June 30, 2021 and that nothing has come to its attention which could indicate any material breakdown in the functioning of the internal control systems and have a material impact on the trading and financial position of the Company.

On behalf of the Board

Marc Freismuth
Chairman

Stéphane Ulcoq
Group CEO

September 27, 2021

Other statutory disclosures

(Pursuant to Section 221 of the Companies Act 2001)

ACTIVITIES

The principal activity of the Group remains the manufacture and sale of building materials which consist mainly of our core products: aggregates, rocksand and concrete blocks. Other products include precast concrete slabs, ready-to-use dry mortar, various concrete building components including paving-blocks and roof tiles, imported floor and wall tiles, sanitary ware and a complete range of home building and decorating products, fittings, tools and garden accessories. Services rendered consist mainly of engineering works by the Company's workshop and contracting services.

The Group is also involved in sugar cane cultivation, the sale of agricultural products, landscaping services and leisure activities through one of its subsidiaries.

Besides Mauritius, the Group is present in Rodrigues, Madagascar and Sri Lanka.

DIRECTORS

Members of the Board of Directors at June 30, 2021 were:

THE COMPANY

Messrs:	Marc Freismuth - Chairman
	François Boullé
	Jan Boullé
	Stéphane Brossard[1]
Mrs:	Catherine Gris
Messrs:	Laurent de la Hogue
	Stéphane Lagesse
	Thierry Lagesse
Mrs:	Christine Marot[2]
Mrs:	Kalindee Ramdhonee
Messrs:	Christophe Quevauvilliers
	Stéphane Ulcoq

1. Mr Stéphane Brossard was appointed as Director on May 12, 2021 in replacement of Mr Joël Harel who resigned on December 31, 2020.
2. Mrs Christine Marot was appointed as Director on July 16, 2020.

SUBSIDIARY COMPANIES

1. Espace Maison Ltée

Messrs:	Thierry Lagesse - Chairman
	François Boullé
	Jan Boullé
	Stéphane Brossard[1]
	Marc Freismuth
Mrs:	Catherine Gris
Messrs:	Laurent de la Hogue
	Stéphane Lagesse
Mrs:	Kalindee Ramdhonee
Mr:	Stéphane Ulcoq

1. Mr Stéphane Brossard was appointed as Director on May 12, 2021 in replacement of Mr Joël Harel who resigned on December 31, 2020.

2. Compagnie de Gros Cailloux Limitée

Messrs:	Stéphane Ulcoq – Chairman
	François Boullé
	Marc Freismuth
Mrs:	Catherine Gris
Messrs:	Thierry Lagesse
	Christophe Quevauvilliers

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
	Stéphane Ulcoq[1]

1. Mr Stéphane Ulcoq was appointed as Director on February 09, 2021 in replacement of Mr Joël Harel who resigned on December 31, 2020.

6. UBP Madagascar

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

7. United Granite Products (Private) Limited

Messrs:	Christophe Quevauvilliers
	Stéphane Ulcoq

8. Sainte Marie Crushing Plant Limited

Messrs:	Thierry Lagesse - Chairman
	Michel Pilot
	Christophe Quevauvilliers
	Stéphane Ulcoq

9. Drymix Ltd

Mr:	Marc Freismuth - Chairman
Mrs:	Kalindee Ramdhonee
	- alternate: Mr Christophe Quevauvilliers
Messrs:	Urs Rolland Straub
	- alternate: Mr Guillaume Dubreuil
	Colin Taylor
	- alternate: Mr Eric Adam
	Stéphane Ulcoq

10. Land Reclamation Limited

Messrs:	François Boullé
	Stéphane Ulcoq[1]

1. Mr Stéphane Ulcoq was appointed as Director on February 09, 2021 in replacement of Mr Joël Harel who resigned on December 31, 2020.

11. The Stone Masters Co. Ltd

Messrs:	Christophe Quevauvilliers
	Stéphane Ulcoq[1]

1. Mr Stéphane Ulcoq was appointed as Director on February 09, 2021 in replacement of Mr Joël Harel who resigned on December 31, 2020.

12. Pricom Ltd

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

1. Mr Christophe Quevauvilliers was appointed as Director on February 09, 2021 in replacement of Mr Joël Harel who resigned on December 31, 2020.

Other statutory disclosures

(Pursuant to Section 221 of the Companies Act 2001)

Directors' Remuneration and Benefits

Total remuneration and benefits received by the Directors, at June 30, 2021, from the Company and its subsidiary companies were as follows:

REMUNERATION AND BENEFITS RECEIVED	FROM THE COMPANY	FROM SUBSIDIARIES
Non-Executive Directors	**2021 Rs**	**2021 Rs**
Marc Freismuth (Chairman)	1,000,000	180,000
Francois Boullé	250,000	180,000
Jan Boullé	250,000	120,000
Stéphane Brossard[1]	36,859	17,692
Catherine Gris	250,000	122,500
Joël Harel[1]	125,000	60,000
Laurent De La Hogue	250,000	120,000
Stéphane Lagesse	250,000	120,000
Thierry Lagesse	250,000	700,000
Christine Marot[2]	250,000	-
Kalindee Ramdhonee	250,000	120,000
Executive Directors		
Stephane Ulcoq (Group CEO)	9,088,990	40,000
Christophe Quevauvilliers (Group CFO)	5,447,660	40,000

1. Mr Stéphane Brossard was appointed as Director on May 12, 2021 in replacement of Mr Joël Harel who resigned on December 31, 2020.
2. Mrs Christine Marot was appointed as Director on July 16, 2020.

Directors' and Senior Officers' Interests in Shares

The Directors' and Senior Officers' interests in the ordinary shares of the Company at June 30, 2021 were as follows:

		Ordinary shares			
		Direct		Indirect	
	Category	Number	%	Number	%
Directors					
Marc Freismuth - Chairman	NED	-	-	-	-
François Boullé	NED	-	-	-	-
Jan Boullé	NED	-	-	11,484	0.043
Stéphane Brossard	INED	-	-	-	-
Catherine Gris	INED	1,500	0.006	-	-
Laurent de la Hogue	NED	-	-	-	-
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

* None of the other Senior Officers of the Company had an interest in the shares of the Company, either directly or indirectly.

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

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.

Other statutory disclosures

(Pursuant to Section 221 of the Companies Act 2001)

Shareholders

Substantial Shareholders

The shareholders holding more than 5% of the share capital of the Company at June 30, 2021 were as follows:

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

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

Contracts Of Significance

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

Donations

The Company and its subsidiary companies have donated Rs 685,709 during the year ended June 30, 2021 (2020: Rs 5,693,205) out of which Rs 39,086 (2020: Rs 2,387,368) were political donations.

Auditor's Remuneration

The auditor's remuneration was as follows:

	THE GROUP		THE COMPANY	
	2021	2020	2021	2020
	Rs'000	Rs'000	Rs'000	Rs'000
Audit fees :				
Deloitte Mauritius	4,299	2,997	1,505	1,300
Other firms	-	1,204	-	-
Non-audit fees :				
Deloitte Mauritius	-	-	-	500
Other firms	398	492	183	183

Non-audit fees of Rs 398,570 (2020: Rs 492,710) were paid by the Group to Ernst & Young for tax services.

Company Secretary's certificate

For the year ended June 30, 2021

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, 2021


ACHIEVING
UBP


QUALITY
DRYMIX

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 142 to 223 , which comprise the consolidated and separate statements of financial position as at June 30, 2021, 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, 2021, 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 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.

Emphasis of matter relating to comparative information

We draw attention to Note 40 to the consolidated and separate financial statements which describes the retrospective adjustments to the comparative information presented in the accompanying financial statements. Consequently, the comparative information in the accompanying financial statements has been restated as at June 30, 2020 and July 1, 2019 and for the year ended June 30, 2020. Our opinion is not modified in respect of this matter.

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 matter	How our audit addressed the key audit matter
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 recognized an employee benefit liabilities of Rs 471.9 million and Rs 378.8 million respectively at June 30, 2021. 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: • We assessed and challenged the assumptions that the management made in determining the present value of the liabilities and fair value of plan assets; • We independently recalculated the discount rate used based on the duration of the employee benefit liabilities; • We compared the annual salary increment with historical data; and • We verified the data used by the actuaries with the payroll report for completeness and accuracy.

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.

Corporate Governance Report

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

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.

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.

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 (continued)

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 precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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.

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
Chartered Accountants

27 September 2021

LLK Ah Hee, FCCA
Licensed by FRC

FINANCIAL STATEMENTS

Statements of financial position

AS AT JUNE 30, 2021

	Notes	THE GROUP 2021 Rs'000	THE GROUP 2020 Restated Rs'000	THE GROUP 2019 Restated Rs'000	THE COMPANY 2021 Rs'000	THE COMPANY 2020 Rs'000
ASSETS						
Non-current assets						
Property, plant and equipment	5	**3,529,810**	3,678,022	3,313,775	**1,681,383**	1,741,938
Right of use assets	6	**131,090**	111,039	-	**32,524**	4,623
Investment properties	7	**76,381**	77,069	80,495	**213,616**	215,039
Intangible assets	8(a)	**70,212**	80,296	63,457	**16,533**	19,789
Land conversion rights	8(b)	**25,622**	21,937	9,947	**-**	-
Investment in subsidiaries	9	**-**	-	-	**1,035,634**	1,009,608
Investment in associates	10	**183,635**	191,389	198,901	**103,968**	103,968
Non-current financial assets	11	**14,684**	14,088	26,174	**13,534**	12,909
Deferred tax assets	12(c)	**5,921**	11,146	8,877	**-**	-
Total non-current assets		**4,037,355**	4,184,986	3,701,626	**3,097,192**	3,107,874
Current assets						
Consumable biological assets	13	**54,427**	45,776	49,664	**-**	-
Inventories	14	**878,058**	868,055	822,555	**391,480**	381,813
Trade and other receivables	15	**404,978**	435,890	477,834	**413,568**	544,061
Income tax receivable	12(b)	**1,152**	8,039	3,330	**-**	-
Cash at bank and on hand	17	**164,284**	45,325	47,237	**46,723**	1,530
		1,502,899	1,403,085	1,400,620	**851,771**	927,404
Assets classified as held for sale	37	**77,678**	-	-	**22,428**	-
Total current assets		**1,580,577**	1,403,085	1,400,620	**874,199**	927,404
TOTAL ASSETS		**5,617,932**	5,588,071	5,102,246	**3,971,391**	4,035,278
EQUITY AND LIABILITIES						
Equity						
Issued capital	18(a)	**265,100**	265,100	265,100	**265,100**	265,100
Reserves	18(b)	**3,290,926**	2,998,937	2,848,187	**2,301,895**	2,014,423
Equity attributable to shareholders of the parent		**3,556,026**	3,264,037	3,113,287	**2,566,995**	2,279,523
Non-controlling interests		**41,616**	37,641	36,455	**-**	-
Total equity		**3,597,642**	3,301,678	3,149,742	**2,566,995**	2,279,523
Non-current liabilities						
Loans	19	**700,000**	651,022	659,034	**650,000**	650,000
Lease liabilities	19(b)	**102,260**	88,642	29,132	**26,446**	4,188
Deferred tax liabilities	12(c)	**52,896**	41,976	65,735	**18,540**	6,767
Employee benefit liabilities	20	**471,862**	681,084	426,054	**378,838**	544,112
Total non-current liabilities		**1,327,018**	1,462,724	1,179,955	**1,073,824**	1,205,067
Current liabilities						
Loans and bank overdrafts	19	**187,539**	301,984	338,437	**149,983**	277,242
Lease liabilities	19(b)	**30,303**	22,460	13,353	**7,301**	888
Trade and other payables	21	**454,864**	443,274	376,080	**167,086**	216,715
Dividend payable	28	**-**	50,369	13,671	**-**	50,369
Income tax payable	12(b)	**10,005**	5,582	31,008	**6,202**	5,474
		682,711	823,669	772,549	**330,572**	550,688
Liabilities directly associated with assets classified as held for sale	37	**10,561**	-	-	**-**	-
Total current liabilities		**693,272**	823,669	772,549	**330,572**	550,688
Total liabilities		**2,020,290**	2,286,393	1,952,504	**1,404,396**	1,755,755
TOTAL EQUITY AND LIABILITIES		**5,617,932**	5,588,071	5,102,246	**3,971,391**	4,035,278

These financial statements were approved by the Board of Directors on September 27, 2021 and signed on its behalf by :

Marc Freismuth
Chairman

Stéphane Ulcoq
Chief Executive Officer

The notes on pages 148 to 223 form an integral part of these financial statements.
Auditor's report on pages 138 to 141.

Statements of profit or loss and other comprehensive income

FOR THE YEAR ENDED JUNE 30, 2021

	Notes	THE GROUP 2021 Rs'000	THE GROUP 2020 Restated Rs'000	THE COMPANY 2021 Rs'000	THE COMPANY 2020 Rs'000
Continuing operations					
Revenue	23	**3,327,914**	2,844,797	**1,808,622**	1,587,240
Operating profit	24	**268,998**	107,732	**267,394**	127,880
Allowance for expected credit losses on financial assets	24(d)	**2,911**	(13,563)	**(6,069)**	(9,744)
Impairment	24(c)	**(4,982)**	(3,049)	**(52,255)**	(81,895)
Finance income	25	**2,274**	4,141	**61,960**	33,925
Finance costs	26	**(34,231)**	(44,772)	**(27,622)**	(37,752)
Share of results of associates	10	**7,249**	7,780	**-**	-
Profit before tax		**242,219**	58,269	**243,408**	32,414
Income tax expense	12(a)	**(20,583)**	(25,843)	**(10,040)**	(18,975)
Profit for the year from continuing operations		**221,636**	32,426	**233,368**	13,439
Discontinuing operation					
Loss for the year from discontinuing operation	37	**(6,074)**	(10,566)	**-**	-
Profit for the year		**215,562**	21,860	**233,368**	13,439
Other comprehensive income					
Other comprehensive income to be reclassified to profit or loss in subsequent periods:					
Exchange differences on translation of foreign operations		**(3,141)**	(5,535)	**-**	-
Net other comprehensive income to be reclassified to profit or loss in subsequent periods		**(3,141)**	(5,535)	**-**	-
Items not to be reclassified to profit or loss in subsequent periods:					
Net gain/(loss) on equity instruments at FVTOCI	11(a)	**625**	(456)	**625**	(456)
Re-measurement gains/(losses) on retirement benefit liabilities	20	**213,926**	(241,127)	**160,252**	(177,872)
Deferred tax effect on re-measurement gains/(losses) on retirement benefit liabilities	12(a)	**(34,598)**	39,157	**(27,243)**	30,238
Revaluation of land and buildings	5	**-**	415,531	**-**	156,466
Deferred tax on revaluation gain	12(a)	**-**	(23,296)	**-**	(14,714)
Share of other comprehensive income of associates	10	**522**	7,161	**-**	-
Net other comprehensive income not being reclassified to profit or loss in subsequent periods		**180,475**	196,970	**133,634**	(6,338)
Other comprehensive income for the year, net of tax		**177,334**	191,435	**133,634**	(6,338)
Total comprehensive income for the year, net of tax		**392,896**	213,295	**367,002**	7,101
Profit for the year attributable to:					
Equity holders of the parent		**196,219**	17,913	**233,368**	13,439
Non-controlling interests		**19,343**	3,947	**-**	-
		215,562	21,860	**233,368**	13,439
Total comprehensive income for the year attributable to:					
Equity holders of the parent		**371,149**	208,908	**367,002**	7,101
Non-controlling interests		**21,747**	4,387	**-**	-
		392,896	213,295	**367,002**	7,101
Earnings per share(Rs)	27	**7.40**	0.68		

The notes on pages 148 to 223 form an integral part of these financial statements.
Auditor's report on pages 138 to 141.

FINANCIAL STATEMENTS

Statements of changes in equity

FOR THE YEAR ENDED JUNE 30, 2021

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, 2019	265,100	7,354	102,130	1,488,373	10,811	(8,438)	1,245,640	3,110,970	36,455	3,147,425
Profit for the year	-	-	-	-	-	-	17,913	17,913	3,947	21,860
Other comprehensive income	-	-	7,161	385,729	(456)	(4,499)	(196,940)	190,995	440	191,435
Total comprehensive income for the year	-	-	7,161	385,729	(456)	(4,499)	(179,027)	208,908	4,387	213,295
Changes in percentage holding of subsidiary (note 36)	-	-	-	-	-	-	(5,472)	(5,472)	(4,584)	(10,056)
Other movements in non-controlling interests	-	-	-	-	-	-	-	-	1,983	1,983
Dividends (note 28)	-	-	-	-	-	-	(50,369)	(50,369)	(600)	(50,969)
At June 30, 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
At July 01, 2020	265,100	7,354	109,291	1,848,895	10,355	(12,937)	1,010,772	3,238,830	37,641	3,276,471
Prior year adjustments (note 40)	-	-	-	25,207	-	-	-	25,207	-	25,207
At July 01, 2020 restated	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 subsidiary (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**

The notes on pages 148 to 223 form an integral part of these financial statements.
Auditor's report on pages 138 to 141.

Statements of changes in equity

FOR THE YEAR ENDED JUNE 30, 2021

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, 2019	265,100	7,354	677,496	10,811	1,362,030	2,322,791
Profit for the year	-	-	-	-	13,439	13,439
Other comprehensive income	-	-	141,752	(456)	(147,634)	(6,338)
Total comprehensive income for the year	-	-	141,752	(456)	(134,195)	7,101
Dividends (note 28)	-	-	-	-	(50,369)	(50,369)
At June 30, 2020	265,100	7,354	819,248	10,355	1,177,466	2,279,523
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**

The notes on pages 148 to 223 form an integral part of these financial statements.
Auditor's report on pages 138 to 141.

FINANCIAL STATEMENTS

Statements of cash flows
FOR THE YEAR ENDED JUNE 30, 2021

	Notes	THE GROUP 2021	THE GROUP 2020	THE COMPANY 2021	THE COMPANY 2020
		Rs'000	Rs'000	**Rs'000**	Rs'000
OPERATING ACTIVITIES					
Profit/(loss) before tax from:					
Continuing operations		**242,219**	58,269	**243,408**	32,414
Discontinuing operation		**(6,074)**	(10,566)	**-**	-
		236,145	47,703	**243,408**	32,414
Adjustment to reconcile profit before tax to net cash flows:					
Depreciation of property, plant and equipment	5	**244,632**	251,138	**164,887**	163,792
Depreciation of right of use assets	6	**29,979**	8,239	**7,174**	504
Depreciation of investment properties	7	**3,011**	3,514	**19,415**	18,912
Amortisation of intangible assets	8(a)	**17,489**	18,233	**4,573**	7,527
Impairment of investment in subsidiaries	24	**-**	-	**52,255**	81,895
Fair value loss of financial assets at FVTPL	11	**29**	267	**-**	235
Fair value movement of land conversion rights	8(b)	**(3,685)**	(11,990)	**-**	-
Write-off of intangible assets	8(a)	**1,858**	170	**1,578**	-
Write-off and impairment of property, plant and equipment	5	**3,489**	196	**-**	-
Movement in retirement benefit liabilities	20	**6,114**	13,903	**(5,022)**	6,318
Profit on disposal of property, plant and equipment	24	**(4,080)**	(6,323)	**(3,981)**	(5,401)
Profit on disposal of investment	24	**-**	(3,730)	**-**	(3,730)
Share of results of associates	10	**(7,249)**	(7,780)	**-**	-
Finance costs	26	**34,231**	44,785	**27,622**	37,752
Finance income	25	**(2,274)**	(4,141)	**(61,960)**	(33,925)
Movement in working capital					
(Increase)/decrease in consumable biological assets	13	**(8,651)**	3,888	**-**	-
(Increase)/decrease in inventories		**(21,185)**	7,608	**(9,667)**	13,158
Decrease/(increase) in trade and other receivables		**18,341**	41,944	**38,891**	(62,338)
Increase/(decrease) in trade and other payables		**20,740**	47,931	**(49,629)**	25,173
Cash generated from operations		**568,934**	455,555	**429,544**	282,286
Interest paid		**(34,231)**	(43,976)	**(27,622)**	(30,271)
Interest income		**110**	3,052	**10,273**	8,983
Income tax paid	12(b)	**(27,926)**	(65,040)	**(24,782)**	(52,793)
Net cash flows from operating activities		**506,887**	349,591	**387,413**	208,205
INVESTING ACTIVITIES					
Proceeds from disposal of property, plant and equipment		**12,878**	6,379	**4,343**	5,406
Proceeds from sale of investment - other financial asset		**-**	15,093	**-**	13,339
Purchase of property, plant and equipment	17	**(156,448)**	(274,036)	**(105,442)**	(174,783)
Additions to investment in subsidiaries	9	**-**	-	**(9,109)**	(48,707)
Purchase of investment properties	7	**(480)**	(88)	**(17,992)**	(1,302)
Purchase of intangible assets	8(a)	**(9,476)**	(35,262)	**(2,895)**	(11,593)
Consideration paid to aquire additional shares in subsidiary	36	**(900)**	(10,056)	**-**	-
Dividend received from associates	10	**15,525**	22,453	**15,525**	22,453
Dividend received from other equity investment	25	**2,164**	1,089	**36,162**	2,489
Net cash flows used in investing activities		**(136,737)**	(274,428)	**(79,408)**	(192,698)

The notes on pages 148 to 223 form an integral part of these financial statements.
Auditor's report on pages 138 to 141.

Statements of cash flows
FOR THE YEAR ENDED JUNE 30, 2021

	Notes	THE GROUP 2021	THE GROUP 2020	THE COMPANY 2021	THE COMPANY 2020
FINANCING ACTIVITIES		**Rs'000**	Rs'000	**Rs'000**	Rs'000
Proceeds from borrowings	19(c)	**342,000**	330,900	**303,068**	341,336
Repayment of term loans	19(c)	**(356,001)**	(260,040)	**(372,858)**	(254,666)
Repayment of lease liabilities	19(c)	**(26,551)**	(19,485)	**(5,656)**	(836)
Dividend paid - The Company		**(129,899)**	(13,384)	**(129,899)**	(13,384)
Dividend paid - Minority shareholders		**(16,502)**	(600)	**-**	-
Net cash flows (used in)/from financing activities		**(186,953)**	37,391	**(205,345)**	72,450
Increase in cash and cash equivalents		**183,197**	112,554	**102,660**	87,957
MOVEMENT IN CASH AND CASH EQUIVALENTS					
At July 01,		**(63,097)**	(175,243)	**(81,514)**	(169,471)
Exchange difference		**(4,293)**	(408)	**-**	-
Increase in cash and cash equivalents		**183,197**	112,554	**102,660**	87,957
Less balance for discontinuing operation	37	**(8,479)**	-	**-**	-
At June 30,	17	**107,328**	(63,097)	**21,146**	(81,514)

The notes on pages 148 to 223 form an integral part of these financial statements.
Auditor's report on pages 138 to 141.

FINANCIAL STATEMENTS

Notes to the financial statements

FOR THE YEAR ENDED JUNE 30, 2021

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 and in producing and selling of agricultural products.

The consolidated and separate financial statements for the year ended June 30, 2021 were authorised for issue by the Board of Directors on September 27, 2021 and the statements of financial position were signed on behalf of the Board by Messrs Marc Freismuth and Stéphane Ulcoq. The consolidated and separate financial statements will be submitted to the shareholders for approval at the annual meeting.

2. ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION

The consolidated and separate financial statements of the Group and the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and complied with the 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.

The consolidated financial statements provide comparative information in respect of the two previous years and the separate financial statements show only one year comparative.

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, 2021.

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
- The Company's voting rights and potential voting rights

2. ACCOUNTING POLICIES (CONTINUED)

2.2 BASIS OF CONSOLIDATION (CONTINUED)

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 and goodwill

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

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

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

Notes to the financial statements

FOR THE YEAR ENDED JUNE 30, 2021

1. ACCOUNTING POLICIES (CONTINUED)

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Business combinations and goodwill (Continued)

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the re-assessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

(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:

2. ACCOUNTING POLICIES (CONTINUED)

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Fair value measurement (Continued)

- 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.

Notes to the financial statements

FOR THE YEAR ENDED JUNE 30, 2021

2. ACCOUNTING POLICIES (CONTINUED)

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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.

2. ACCOUNTING POLICIES (CONTINUED)

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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.

(e) Biological assets

Bearer biological assets

Bearer biological assets comprising of sugar cane ratoons and plantation costs are capitalised and amortised over the period during which the Group expects to benefit from the asset, usually nine years. The Group account for bearer plants in the same way as property, plant and equipment. 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.

Notes to the financial statements

FOR THE YEAR ENDED JUNE 30, 2021

2. ACCOUNTING POLICIES (CONTINUED)

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) Intangible assets (Continued)

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in profit or loss in the expense category consistent with the function of the intangible asset.

Intangible assets such as goodwill with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognised.

Intangible assets include computer software, which is amortised using the straight line method over 6 years.

(g) Land conversion rights

The Land Conversion Rights ("LCRs") granted under the Sugar Industry Efficiency Act 2001 are capitalised up to the Group's entitlement of exemption from the land conversion tax.

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.

2. ACCOUNTING POLICIES (CONTINUED)

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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.

Notes to the financial statements

FOR THE YEAR ENDED JUNE 30, 2021

2. ACCOUNTING POLICIES (CONTINUED)

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(j) Foreign currency translation

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

Transactions and balances

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

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

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

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

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

Group companies

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

2. ACCOUNTING POLICIES (CONTINUED)

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(k) Financial instruments

Financial assets

Initial recognition and measurement

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

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

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

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

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognized on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

Subsequent measurement

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

- Financial assets at amortized cost (debt instruments) ;
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments) ;
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments) ; 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 recognized in profit or loss when the asset is derecognized, modified or impaired.

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

Notes to the financial statements

FOR THE YEAR ENDED JUNE 30, 2021

2. ACCOUNTING POLICIES (CONTINUED)

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(k) Financial instruments (Continued)

Financial assets (Continued)

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

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

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

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

Financial assets at fair value through profit or loss

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

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

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

Dividends on these equity investments are also recognized as Finance income in 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.

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 recognize the transferred asset to the extent of its continuing involvement. In that case, the Group also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

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

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

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

The Group considers a financial asset in default when contractual payments are 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.

Notes to the financial statements

FOR THE YEAR ENDED JUNE 30, 2021

2. ACCOUNTING POLICIES (CONTINUED)

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(k) Financial instruments (Continued)

Financial assets (Continued)

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 payables.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, loans, 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 amortized cost using the EIR method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process.

2. ACCOUNTING POLICIES (CONTINUED)

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(k) Financial instruments (Continued)

Financial liabilities and equity (Continued)

Financial liabilities (Continued)

Subsequent measurement (Continued)

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in 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 derecognized when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in 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, 2021

2. ACCOUNTING POLICIES (CONTINUED)

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(m) Retirement benefit liabilities

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 and defined contribution plan

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

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.

2. ACCOUNTING POLICIES (CONTINUED)

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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 where the revaluation was accounted under other comprehensive income. In this case, the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

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

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

Goodwill

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

FINANCIAL STATEMENTS

Notes to the financial statements

FOR THE YEAR ENDED JUNE 30, 2021

2. ACCOUNTING POLICIES (CONTINUED)

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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.

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.

2. ACCOUNTING POLICIES (CONTINUED)

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(p) Leases (Continued)

The Group and the Company as lessee (continued)

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.

FINANCIAL STATEMENTS

Notes to the financial statements

FOR THE YEAR ENDED JUNE 30, 2021

2. ACCOUNTING POLICIES (CONTINUED)

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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.

2. ACCOUNTING POLICIES (CONTINUED)

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(s) Taxes (Continued)

Current tax (Continued)

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

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will be reversed in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry-forward of unused tax credits and unused tax losses to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax credits and unused tax losses can be utilised except:

- where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside of profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

FINANCIAL STATEMENTS

Notes to the financial statements

FOR THE YEAR ENDED JUNE 30, 2021

2. ACCOUNTING POLICIES (CONTINUED)

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(s) Taxes (Continued)

Deferred tax (continued)

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:

(a) that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity);
(b) whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance; and
(c) for which discrete financial information is available.

The Group's business segments consist of core business activities, retail and agriculture. Most of its activity is performed in Mauritius.

(u) Other income

Interest income

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

2. ACCOUNTING POLICIES (CONTINUED)

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(u) Other income (Continued)

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 are 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.

Notes to the financial statements

FOR THE YEAR ENDED JUNE 30, 2021

2. ACCOUNTING POLICIES (CONTINUED)

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(z) Provisions (Continued)

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.

(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 are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sales is highly probable and the assets (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.

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

(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 sold, 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. ACCOUNTING POLICIES (CONTINUED)

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, 2020.

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 1	Presentation of Financial Statements – Amendments regarding the definition of material
IAS 8	Accounting Policies, Change in Accounting Estimates and Errors – Amendments regarding the definition of material
IAS 39	Financial Instruments: Recognition and Measurement - Amendments regarding pre-replacement issues in the context of the IBOR reform
IAS 41	Agriculture – Amendments resulting from Annual Improvements to IFRS Standards 2018–2020 (taxation in fair value measurements)
IFRS 7	Financial Instruments: Disclosures – Amendments regarding pre-replacement issues in the context of the IBOR reform
IFRS 9	Financial Instruments – Amendments regarding pre-replacement issues in the context of the IBOR reform
IFRS 16	Leases – Amendment to provide lessees with an exemption from assessing whether a COVID-19 related concession is a lease modification
Conceptual Framework	Amendments to IAS 1, IAS 8, IAS 34, IAS 37 and IAS 38 to update those pronouncements with regards to references to and quotes from the framework or to indicate where they refer to a different version of the Conceptual Framework

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 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)

Notes to the financial statements

FOR THE YEAR ENDED JUNE 30, 2021

2. ACCOUNTING POLICIES (CONTINUED)

2.4 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (CONTINUED)

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

New and revised Standards in issue but not yet effective (Continued)

IAS 39	Financial Instruments: Recognition and Measurement - Amendments regarding replacement issues in the context of the IBOR reform (effective January 01, 2021)
IFRS 7	Financial Instruments: Disclosures - Amendments regarding replacement issues in the context of the IBOR reform (effective January 01, 2021)
IFRS 9	Financial Instruments – Amendments regarding replacement issues in the context of the IBOR reform (effective January 01, 2021)
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)
IFRS 16	Leases – Amendments regarding replacement issues in the context of the IBOR reform (effective January 01, 2021)
IFRS 16	Leases - Amendments to extend the exemption from assessing whether a COVID-19 related rent concession is a lease modification (effective April 01, 2021)

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.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the consolidated and separate financial statements requires management to make judgements, 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 or loss upon consumption.

Estimates and assumptions

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

Useful lives and residual values of property, plant and equipment

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

The Group measures land and buildings at revalued amounts with changes in fair value being recognised in other comprehensive income. The fair values are determined by independent professional valuers by reference to market-based evidence, using comparable prices adjusted for specific market factors such as nature, location and condition of the properties. Refer to note 5.

Valuation of standing cane

The fair value of biological assets is based on the estimated net present value of future cash flows for the coming crop. The standing cane valuation has been arrived at based on an estimate of the future cash flows arising on a normal crop with sugar proceeds being adjusted for the drop in sugar price 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.

Notes to the financial statements

FOR THE YEAR ENDED JUNE 30, 2021

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

Estimates and assumptions (Continued)

Provision for expected credit losses of trade receivables

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

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

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. Refer to notes 15 and 16.

Estimated impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires the entity to estimate the future cash flows expected to arise from the cash generating units and a suitable discount rate in order to calculate present value. Refer to note 8 for key assumptions used.

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 judgement is required in establishing fair values. The judgements 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).

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 holds equity investments classified as 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, 2021 and 2020.

(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.

Notes to the financial statements

FOR THE YEAR ENDED JUNE 30, 2021

4. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(a) Market risk (Continued)

(i) Interest rate risk (Continued)

Interest rate sensitivity (Continued)

Increase/(decrease) in basis point	THE GROUP 2021 Rs'000	THE GROUP 2020 Rs'000	THE COMPANY 2021 Rs'000	THE COMPANY 2020 Rs'000
+50	**4,422**	4,750	**3,984**	4,621
-25	**(2,211)**	(2,375)	**(1,992)**	(2,310)

(ii) Currency profile

	THE GROUP 2021 Rs'000	THE GROUP 2020 Rs'000	THE COMPANY 2021 Rs'000	THE COMPANY 2020 Rs'000
Financial assets				
Euro	**12,284**	7,676	**5**	11
United States Dollars	**454**	4,789	**2**	17
Mauritian Rupees	**479,786**	387,051	**455,855**	530,736
Malagasy Ariary	**17,301**	45,849	**-**	-
Sri Lankan Rupee	**20,184**	6,191	**-**	-
	530,009	451,556	**455,862**	530,764

	THE GROUP 2021 Rs'000	THE GROUP 2020 Rs'000	THE COMPANY 2021 Rs'000	THE COMPANY 2020 Rs'000
Financial liabilities				
Euro	**41,021**	22,835	**4,984**	4,371
United States Dollars	**10,398**	2,544	**177**	92
Pound Sterling	**76**	5	**76**	5
Mauritian Rupees	**1,322,797**	1,422,650	**972,099**	1,179,053
South African Rand	**3,243**	1,840	**540**	1,840
Malagasy Ariary	**69,886**	86,634	**-**	-
Sri Lankan Rupee	**9,157**	5,173	**-**	-
	1,456,578	1,541,681	**977,876**	1,185,361

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.

4. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(a) Market risk (Continued)

(ii) Currency profile (Continued)

Foreign currency risk (Continued)

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.

Increase/(decrease) in exchange rate	THE GROUP 2021 Rs'000	THE GROUP 2020 Rs'000	THE COMPANY 2021 Rs'000	THE COMPANY 2020 Rs'000
Euro +5%	**(1,437)**	(758)	**(249)**	(218)
Euro -10%	**2,874**	1,516	**498**	436
US Dollar +5%	**(497)**	112	**(9)**	(4)
US Dollar -10%	**994**	(225)	**18**	8
Malagasy Ariary +5%	**(2,629)**	(2,039)	**-**	-
Malagasy Ariary -10%	**5,259**	4,079	**-**	-

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.

Increase/(decrease) in equity prices	THE GROUP 2021 Rs'000	THE GROUP 2020 Rs'000	THE COMPANY 2021 Rs'000	THE COMPANY 2020 Rs'000
+ 5%	**734**	704	**677**	645
- 10%	**(1,468)**	(1,409)	**(1,353)**	(1,291)

(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.

Notes to the financial statements

FOR THE YEAR ENDED JUNE 30, 2021

4. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(b) Credit risk (Continued)

Trade receivables (Continued)

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

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

2020	Total	Current	1-30 days	31-60 days	61-90 days	91-180 days	>180 days
Expected credit loss rate		1.21%	4.56%	6.96%	8.00%	12.80%	100.00%
Total gross carrying amount (Rs'000)	379,886	21,608	123,522	35,599	5,052	90,934	103,171
Expected credit loss (Rs'000) *	114,901	487	2,174	1,147	309	7,613	103,171

* Adjusted taking into consideration bank guarantees

THE COMPANY

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

2020	Total	Current	1-30 days	31-60 days	61-90 days	91-180 days	>180 days
Expected credit loss rate		1.21%	1.40%	1.62%	2.98%	12.00%	100.00%
Total gross carrying amount (Rs'000)	218,376	5,462	71,556	23,284	3,249	44,537	70,288
Expected credit loss (Rs'000) *	33,903	60	976	346	97	3,120	29,304

* Adjusted taking into consideration bank guarantees

4. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(b) Credit risk (Continued)

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

	2021 Rs'000	2020 Rs'000
Non-current financial assets	14,684	14,088
Cash at bank and on hand	164,284	45,325

THE COMPANY

	2021 Rs'000	2020 Rs'000
Non-current financial assets	13,534	12,909
Cash at bank and on hand	46,723	1,530

Other receivables

Other receivables are neither past due nor impaired for the year ended 30 June 2021 and 2020.

(c) Categories of financial instruments

	THE GROUP		THE COMPANY	
	2021 Rs'000	2020 Rs'000	2021 Rs'000	2020 Rs'000
Financial assets				
Financial assets at FVTPL	2,638	2,667	1,488	1,488
Financial assets at FVTOCI	12,046	11,421	12,046	11,421
Financial assets at amortised cost	515,325	437,468	442,328	517,855
	530,009	451,556	455,862	530,764
Financial liabilities				
Financial liabilities at amortised cost	1,456,578	1,541,681	977,876	1,185,361

FINANCIAL STATEMENTS

Notes to the financial statements

FOR THE YEAR ENDED JUNE 30, 2021

4. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(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, 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

At June 30, 2020	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	148,163	21,245	221,420	936,100	-	1,326,928
Trade and other payables	268,453	148,230	-	-	-	416,683
	416,616	169,475	221,420	936,100	-	1,743,611

THE COMPANY

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

At June 30, 2020	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	124,143	7,455	167,035	696,816	1,346	996,795
Trade and other payables	192,731	4,492	5,451	-	-	202,674
	316,874	11,947	172,486	696,816	1,346	1,199,469

4. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(e) 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, 2021 and June 30, 2020.

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	
	2021	2020 Restated	2021	2020
Financial assets	Rs'000	Rs'000	Rs'000	Rs'000
Interest bearing loans and borrowings	1,020,102	1,064,108	833,730	932,318
Equity	3,556,026	3,264,037	2,566,995	2,279,523
Gearing ratio	29%	33%	32%	41%

FINANCIAL STATEMENTS

Notes to the financial statements

FOR THE YEAR ENDED JUNE 30, 2021

5. PROPERTY, PLANT AND EQUIPMENT (RESTATED)

THE GROUP	Freehold land and buildings Rs'000	Land improvements Rs'000	Plant and equipment Rs'000	Motor vehicles Rs'000	Asset in progress Rs'000	Total Rs'000
COST OR VALUATION						
At July 01, 2019						
- As previously reported	2,584,553	89,974	2,947,594	217,063	60,113	5,899,297
- Prior year adjustments (note 40)	(41,700)	-	-	-	-	(41,700)
As restated	2,542,853	89,974	2,947,594	217,063	60,113	5,857,597
Additions	55,965	50	205,044	20,693	6,186	287,938
Reclassification	67,949	-	(70,138)	2,189	-	-
Transfer*	6,701	-	(47,187)	2,050	(14,672)	(53,108)
Disposals	-	-	(22,388)	(18,422)	-	(40,810)
Write-off	(196)	-	(1,649)	-	-	(1,845)
Revaluation adjustments	247,127	-	-	-	-	247,127
Transfer to right of use assets (note 6)	-	-	(33,444)	(62,031)	-	(95,475)
Exchange differences	2,234	293	6,723	1,002	2,178	12,430
At June 30, 2020	2,922,633	90,317	2,984,555	162,544	53,805	6,213,854
- Prior year adjustments (note 40)	25,207	-	-	-	-	25,207
As restated	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 assets (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)
Transfer to assets classified 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**

5. PROPERTY, PLANT AND EQUIPMENT (RESTATED)(CONTINUED)

THE GROUP	Freehold land and buildings Rs'000	Land improvements Rs'000	Plant and equipment Rs'000	Motor vehicles Rs'000	Asset in progress Rs'000	Total Rs'000
ACCUMULATED DEPRECIATION						
At July 01, 2019	100,160	34,375	2,258,978	150,309	-	2,543,822
Charge for the year	49,525	2,741	172,273	26,422	177	251,138
Transfer	13,753	-	(22,237)	1,207	-	(7,277)
Disposals	-	-	(22,383)	(18,371)	-	(40,754)
Write-off	-	-	(1,649)	-	-	(1,649)
Revaluation adjustments	(143,197)	-	-	-	-	(143,197)
Transfer to right of use assets (note 6)	-	-	(8,605)	(39,475)	-	(48,080)
Exchange differences	489	49	5,062	729	707	7,036
At June 30, 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 assets (note 6)	-	-	-	(997)	-	(997)
Transfer to investment property (note 7)	(4,300)	-	-	-	-	(4,300)
Transfer to assets classified 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**
CARRYING AMOUNT						
At June 30, 2021	**2,920,262**	**44,613**	**516,703**	**30,129**	**18,103**	**3,529,810**
At June 30, 2020 (Restated)	2,927,110	53,152	603,116	41,723	52,921	3,678,022
At June 30, 2019 (Restated)	2,442,693	55,599	688,616	66,754	60,113	3,313,775

* In the financial year 2021 the Group transferred Rs 1.7m from inventory (2020: Rs 53.1m).

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

**Due to the poor performance of the subsidiary in Madagascar, 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.

As at reporting date, 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 is expected to be completed in the next twelve months.

FINANCIAL STATEMENTS

Notes to the financial statements

FOR THE YEAR ENDED JUNE 30, 2021

5. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

THE COMPANY	Freehold land and buildings Rs'000	Land improvements Rs'000	Plant and equipment Rs'000	Motor vehicles Rs'000	Asset in progress Rs'000	Total Rs'000
COST OR VALUATION						
At July 01, 2019	1,136,439	43,126	2,302,261	108,962	6,206	3,596,994
Reclassification	67,949	-	(70,138)	2,189	-	-
Additions	23,152	-	133,663	12,180	5,788	174,783
Disposals	-	-	(21,354)	(13,619)	-	(34,973)
Transfers *	75	-	(48,867)	-	(6,206)	(54,998)
Write-off	-	-	(1,339)	-	-	(1,339)
Revaluation adjustments	94,280	-	-	-	-	94,280
Transfer to right of use assets (note 6)	-	-	(2,144)	-	-	(2,144)
At June 30, 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**
ACCUMULATED DEPRECIATION						
At July 01, 2019	68,412	28,546	1,799,152	70,328	-	1,966,438
Reclassification	14,218	-	(15,506)	1,288	-	-
Charge for the year	24,741	2,156	122,854	14,041	-	163,792
Disposals	-	-	(21,349)	(13,619)	-	(34,968)
Revaluation adjustments	(62,186)	-	-	-	-	(62,186)
Write-off	-	-	(1,339)	-	-	(1,339)
Transfer to right of use assets (note 6)	-	-	(1,072)	-	-	(1,072)
At June 30, 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**
CARRYING AMOUNT						
At June 30, 2021	**1,260,533**	**10,268**	**364,144**	**28,748**	**17,690**	**1,681,383**
At June 30, 2020	1,276,710	12,424	409,342	37,674	5,788	1,741,938

* In the financial year 2021, the Company transferred Rs 1.7m to inventory (2020: Rs 47.2m).

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%.

5. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

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

Details of the Group's and Company's buildings and information about the fair value hierarchy as at June 30, 2021 are as follows:

	Buildings			
	2021		2020	
Reconciliation of carrying amount	**THE GROUP Rs'000**	**THE COMPANY Rs'000**	THE GROUP Rs'000	THE COMPANY Rs'000
Carrying amount as at July 01,	**866,482**	**383,484**	757,162	306,908
Reclassification (cost)	**-**	**-**	67,949	67,949
Additions for the year	**36,371**	**12,464**	55,965	23,152
Transfers	**9,796**	**430**	6,701	75
Revaluation	**-**	**-**	41,983	24,359
Depreciation for the year	**(59,862)**	**(29,071)**	(49,525)	(24,741)
Reclassification (depreciation)	**6,240**	**-**	(13,753)	(14,218)
Carrying amount and fair value as at June 30,	**859,027**	**367,307**	866,482	383,484

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	
	2021 Rs'000	2020 Rs'000	**2021 Rs'000**	2020 Rs'000
Cost	**1,889,885**	1,843,718	**1,206,561**	1,193,667
Accumulated depreciation	**(1,086,714)**	(1,033,092)	**(476,404)**	(447,333)
Net book value	**803,171**	810,626	**730,157**	746,334

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, 2021, the carrying value has not suffered any impairment except those disclosed elsewhere.

FINANCIAL STATEMENTS

Notes to the financial statements

FOR THE YEAR ENDED JUNE 30, 2021

6. RIGHT OF USE ASSETS

THE GROUP

	Land and buildings Rs'000	Plant and equipment Rs'000	Motor vehicles Rs'000	Total Rs'000
COST				
At July 01, 2019	-	-	-	-
- Transfer from note 5	-	26,594	56,257	82,851
- Impact of adoption of IFRS 16	33,254	1,035	-	34,289
Additions (transfer from note 5)	-	6,850	7,051	13,901
Additions	21,986	15,608	-	37,594
Disposals (transfer from note 5)	-	-	(1,277)	(1,277)
At June 30, 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**
ACCUMULATED DEPRECIATION				
At July 01, 2019	-	5,415	31,190	36,605
Charge for the year (transfer from note 5)	-	3,190	9,562	12,752
Disposals (transfer from note 5)	-	-	(1,277)	(1,277)
Charge for the year	5,685	2,554	-	8,239
At June 30, 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**
CARRYING AMOUNT				
At June 30, 2021	**51,710**	**60,059**	**19,321**	**131,090**
At June 30, 2020	49,555	38,928	22,556	111,039

6. RIGHT OF USE ASSETS (CONTINUED)

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).

	2021 Rs'000	2020 Rs'000
Amounts recognised in profit or loss		
Depreciation expense on right-of-use assets	**30,976**	20,991
Interest expense on lease liabilities (note 26)	**8,096**	6,055
	39,072	27,046

At June 30, 2021, the Group did not have any commitment for short-term leases.

THE COMPANY

	Land and buildings Rs'000	Plant and equipment Rs'000	Motor vehicles Rs'000	Total Rs'000
COST				
At July 01, 2019				
- Transfer from note 5	-	-	2,144	2,144
- Impact of adoption of IFRS 16	4,055	-	-	4,055
At June 30, 2020	4,055	-	2,144	6,199
Additions	9,327	25,748	-	35,075
At June 30, 2021	**13,382**	**25,748**	**2,144**	**41,274**
ACCUMULATED DEPRECIATION				
At July 01, 2019 (transfer from note 5)	-	-	643	643
Charge for the year (transfer from note 5)	-	-	429	429
Charge for the year	504	-	-	504
At June 30, 2020	504	-	1,072	1,576
Charge for the year	1,437	5,308	429	7,174
At June 30, 2021	**1,941**	**5,308**	**1,501**	**8,750**
CARRYING AMOUNT				
At June 30, 2021	**11,441**	**20,440**	**643**	**32,524**
At June 30, 2020	3,551	-	1,072	4,623

The Company has options to purchase certain land and buildings 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).

	2021 Rs'000	2020 Rs'000
Amounts recognised in profit or loss		
Depreciation expense on right-of-use assets	**7,174**	933
Interest expense on lease liabilities (note 26)	**1,562**	325
	8,736	1,258

At June 30, 2021, the Company did not have any commitment for short-term leases.

FINANCIAL STATEMENTS

Notes to the financial statements

FOR THE YEAR ENDED JUNE 30, 2021

7. INVESTMENT PROPERTIES

	THE GROUP			THE COMPANY	
	2021	2020 Restated	2019 Restated	2021	2020
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
COST					
At July 01,					
- As previously reported	122,050	121,962	82,726	464,979	463,104
- Prior year adjustments (note 40)	-	-	41,700	-	-
As restated	122,050	121,962	124,426	464,979	463,104
Reclassification from property, plant and equipment (note 5)	6,143	-	(3,492)	-	-
Reclassification from intangible assets	-	-	-	-	573
Additions	480	88	1,028	17,992	1,302
At June 30,	128,673	122,050	121,962	482,971	464,979
ACCUMULATED DEPRECIATION					
At July 01,	44,981	41,467	37,868	249,940	231,038
Reclassification from property, plant and equipment (note 5)	4,300	-	-	-	(10)
Charge for the year	3,011	3,514	3,599	19,415	18,912
At June 30,	52,292	44,981	41,467	269,355	249,940
CARRYING AMOUNT					
At June 30,	76,381	77,069	80,495	213,616	215,039

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, 2021 was Rs 200m (2020: Rs 194m) for the Group and Rs 633m (2020: Rs 633m) for the Company. The rental income arising during the year amounted to Rs 12.9m (2020: Rs 13.8m) for the Group and for the Company Rs 44.9m (2020: Rs 45.5m). Direct operating expenses incurred on the investment properties for the Company during the year was Rs 0.1m (2020: 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 (2020: Rs 60m) and those valued using the depreciated replacement cost have been classified as Level 3 amounting to Rs 140m (2020: Rs 134m). 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 or for repairs, maintenance and enhancements.

The Directors have reviewed the carrying value of the investment properties and are of the opinion that as at June 30, 2021, the carrying value has not suffered any impairment.

8(a). INTANGIBLE ASSETS

	THE GROUP			THE COMPANY
	Computer Software	Goodwill	Total	Computer Software
	Rs'000	Rs'000	Rs'000	Rs'000
COST				
At July 01, 2019	95,533	134,103	229,636	32,763
Additions	35,262	-	35,262	11,593
Transfer to investment properties	(344)	-	(344)	(573)
Write-off	(1,749)	-	(1,749)	-
Exchange differences	399	-	399	-
At June 30, 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
ACCUMULATED AMORTISATION				
At July 01, 2019	37,508	128,671	166,179	16,457
Reclassification	-	-	-	10
Amortisation charge	18,233	-	18,233	7,527
Transfer from plant and equipment	33	-	33	-
Write-off	(1,579)	-	(1,579)	-
Exchange differences	42	-	42	-
At June 30, 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
CARRYING AMOUNT				
At June 30, 2021	64,780	5,432	70,212	16,533
At June 30, 2020	74,864	5,432	80,296	19,789

The carrying amount of goodwill is allocated to the 'Agriculture' cash generating unit ("CGU"). The recoverable amount of that CGU has been determined using the fair value less costs to sell model which is similar to prior year. Fair value less cost to sell is adjusted for with other assets and liabilities of the CGU, excluding the fair value less cost to sell of the land. No impairment was required as a result of the analysis.

The fair value less costs to sell calculation is most sensitive to the following main assumption:

Selling prices - The prices are obtained from the relevant bodies and adjusted for expected changes for future periods.

Management believes that reasonably possible changes in the above assumption will not cause the carrying amount of the cash generating unit to materially exceed its recoverable amount. A 5% decrease in the unit selling price will still result in a recoverable amount lower than the carrying amount. The level of the fair value hierarchy within which the fair value measurement is categorised is level 3.

Notes to the financial statements

FOR THE YEAR ENDED JUNE 30, 2021

8(b). LAND CONVERSION RIGHTS

	THE GROUP 2021	THE GROUP 2020
	Rs'000	Rs'000
At July 01,	**21,937**	9,947
Fair value movement	**3,685**	11,990
At June 30,	**25,622**	21,937

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 2021	THE COMPANY 2020
	Rs'000	Rs'000
At July 01,	**1,009,608**	1,042,796
Additions (a)	**9,109**	48,707
Advance towards equity (h)	**91,600**	-
Impairment (c)	**(52,255)**	(81,895)
Transfer to assets classified as held for sale (note 37)	**(22,428)**	-
At June 30,	**1,035,634**	1,009,608
Analysed as follows:		
Unquoted equity instruments	**611,394**	562,940
Interest free loans	**424,240**	446,668
	1,035,634	1,009,608

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.

9. INVESTMENT IN SUBSIDIARIES (CONTINUED)

Particulars of interests in the Group's subsidiary companies:

	Country of incorporation	2021 % Holding Direct	2021 % Holding Indirect	2020 % Holding Direct	2020 % Holding Indirect
OPERATIONAL					
Espace Maison Ltée	Mauritius	**100.0**	**-**	100.0	-
Compagnie de Gros Cailloux Ltée	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 (a)	Madagascar	**100.0**	**-**	100.0	-
United Granite Products (Private) Limited (a)	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 (d)	Mauritius	**54.59**	**-**	54.59	-
La Savonnerie Creole Ltée (b)	Mauritius	**-**	**100.0**	-	100.0
Drymat SAS (Reunion)	Reunion	**-**	**80.0**	-	80.0
UBP Coffrages Ltée (e)	Mauritius	**100.0**	**-**	90.0	-
DORMANT					
Land Reclamation Ltd (f)	Mauritius	**100.0**	**-**	100.0	-
Stone and Bricks Co Ltd (f)	Mauritius	**100.0**	**-**	100.0	-
The Stone Masters Co Ltd (f)	Mauritius	**100.0**	**-**	100.0	-
Pricom Ltd	Mauritius	**100.0**	**-**	100.0	-

(a) During the year, unsecured and interest free loan of Rs 7m (2020: Rs 11.6m) and Rs 1.2m (2020: Rs 9m) advanced to UBP Madagascar and United Granite Products Limited respectively were accounted under investments further to management's approval.

(b) In 2019, the Directors have assessed the recoverable amount of the investment held in La Savonnerie Créole Ltée amounting to Rs 0.5m and a full impairment of the amount has been made.

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

The Company has net investments in its overseas subsidiaries of Rs 22.4m at June 30, 2021 (2020: Rs 66.5m). The impairment losses recorded during the year amounted to Rs 52.3m (2020: Rs 68.1m). These subsidiaries have been making losses over the past years and are not operating at full capacity.

In determining the recoverable amount of net investment in subsidiaries, management considered the estimated recoverable amounts of the main underlying asset that each subsidiary owns, that is, property. The valuation of these properties by the 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 30-55% where appropriate to the values of the property.

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

(d) On February 13, 2020, the Group acquired an additional 3.59% of the issued shares of Drymix Ltd for a purchase consideration of Rs 10.1m.

(e) In February 2019, the Group acquired 90% of UBP Coffrages Ltée for a consideration of Rs 22,500. In October 2019, there was an increase in share capital and the Group acquired additional shares for Rs 18m with no change in shareholding.

On April 27, 2021, the Group acquired an additional 10% of the issued shares of UBP Coffrages Ltee for a purchase consideration of Rs 0.9m.

(f) Stone and Bricks Co Ltd, The Stone Masters Co Ltd and Land Reclamation Ltd have wound up during the year and have distributed their assets to their respective shareholders.

(g) The Sri Lankan subsidiary, United Granite Products (Private) Limited, has been categorised as held for sale during the year (note 37).

(h) Advance towards equity in Compagnie de Gros Cailloux Limitée, pending allotment of shares.
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 conversion of intercompany receivable balance.

Notes to the financial statements
FOR THE YEAR ENDED JUNE 30, 2021

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
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
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)

	Drymix Ltd	Welcome Industries Ltd	United Granite Products (Private) Ltd	Sainte Marie Crushing Plant Limited
	Rs'000	Rs'000	Rs'000	Rs'000
2020				
Proportion of non-controlling interests	45.41%	24.10%	23.00%	23.50%

9. INVESTMENT IN SUBSIDIARIES (CONTINUED)

	Drymix Ltd	Welcome Industries Ltd	United Granite Products (Private) Ltd	Sainte Marie Crushing Plant Limited
	Rs'000	Rs'000	Rs'000	Rs'000
2020				
Financial position				
Non-current assets	134,791	33,414	47,751	80,253
Current assets	115,142	32,336	24,647	12,327
Non-current liabilities	(56,023)	(11,284)	(863)	(10,001)
Current liabilities	(71,884)	(10,450)	(246,817)	(9,906)
Net assets/(shareholders' deficit)	122,026	44,016	(175,282)	72,673
Carrying amounts of non-controlling interests	55,412	10,608	(40,315)	17,078
Comprehensive income				
Revenue	291,638	53,911	21,859	77,781
Profit/(loss) for the year	7,468	8,132	(10,563)	3,895
Other comprehensive income/(loss)	1,325	(1,244)	-	5,000
Total comprehensive income/(loss)	8,793	6,888	(10,563)	8,895
Profit/(loss) allocated to non-controlling interests	3,391	1,960	(2,429)	915
Total comprehensive income/(loss) allocated to non-controlling interests	3,993	1,660	(2,429)	2,090
Dividend to non-controlling interests	-	-	-	600
Cash flows				
Operating activities	20,221	13,948	(2,537)	11,860
Investing activities	(13,864)	(13,253)	(15)	(6,715)
Financing activities	(3,584)	-	1,626	(2,000)
Net increase/(decrease) in cash and cash equivalents	2,773	695	(926)	3,145

10. INVESTMENT IN ASSOCIATES

	THE GROUP		THE COMPANY	
	2021	2020	**2021**	2020
	Rs'000	Rs'000	**Rs'000**	Rs'000
Unquoted				
At July 01,	**191,389**	198,901	**103,968**	103,968
Share of profit	**7,249**	7,780	**-**	-
Share of other comprehensive income	**522**	7,161	**-**	-
Dividend received	**(15,525)**	(22,453)	**-**	-
At June 30,	**183,635**	191,389	**103,968**	103,968

FINANCIAL STATEMENTS

Notes to the financial statements

FOR THE YEAR ENDED JUNE 30, 2021

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) 2021	2020
Pre-Mixed Concrete Ltd	Involve in the manufacturing and placing of ready-mixed concrete.	Mauritius	**49.0%**	49.0%
Cement Transport Ltd	Operating a fleet of bulk cement transport truck, tractors and tankers.	Mauritius	**25.0%**	25.0%
Terrarock Ltd	Manufacture and sale of building materials.	Mauritius	**46.0%**	46.0%
Prochimad Mines et Carrières SARL	Mine operation.	Madagascar	**34.0%**	34.0%
Compagnie Mauricienne d'Entreprise Ltée	Renting of properties.	Mauritius	**20.0%**	20.0%

Summarised financial information of the associates that are material to the Group, based on their IFRS financial statements, and reconciliation with the carrying amount of the investment in the Group's financial statements are set out below:

THE GROUP	Pre-Mixed Concrete Ltd	Terrarock Ltd	Compagnie Mauricienne d'Entreprise Ltée
	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%**	**46%**	**20%**
	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**
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**
Income tax 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**

10. INVESTMENT IN ASSOCIATES (CONTINUED)

THE GROUP	Pre-Mixed Concrete Ltd	Terrarock Ltd	Compagnie Mauricienne d'Entreprise Ltée
	Rs'000	Rs'000	Rs'000
2020			
Financial position			
Non-current assets	278,150	123,872	75,553
Cash and cash equivalents	43,119	791	1,390
Other current assets	172,153	33,674	2,168
Current trade and other payables	(208,552)	(24,080)	(998)
Current loans and borrowings	(13,363)	(980)	-
Non-current liabilities	(124,323)	(16,519)	(4,538)
Equity	147,184	116,758	73,575
Proportion of Group's ownership	49%	46%	20%
	72,120	53,709	14,715
Goodwill	48,619	-	-
Carrying amount of investments	120,739	53,709	14,715
Statement of profit or loss and other comprehensive income			
Revenue	677,736	178,180	7,170
Interest income	-	777	-
Other income	3,836	1,435	-
Depreciation and amortisation	(35,072)	(15,215)	-
Interest expense	-	(6)	-
Other expenses	(641,688)	(138,704)	(5,970)
Profit before tax	4,812	26,467	1,200
Income tax expense	(4,273)	(6,433)	(1,100)
Profit for the year	539	20,034	100
Other comprehensive (loss)/income	(7,098)	374	-
Total comprehensive (loss)/income	(6,559)	20,408	100
Group's share of profit	264	9,216	20
Group's share of total comprehensive (loss)/income	(3,214)	9,388	20

Aggregate information on individually immaterial associates

	THE GROUP 2021	2020
	Rs'000	Rs'000
Carrying amount of investments	**3,976**	2,228
Group's share of profit/(loss) for the year	**1,942**	(1,720)
Group's share of total comprehensive income/(loss)	**1,748**	(1,720)

The associates had no other contingent liabilities or capital commitment as at June 30, 2021 and 2020 except as disclosed in note 32.

FINANCIAL STATEMENTS

Notes to the financial statements

FOR THE YEAR ENDED JUNE 30, 2021

11. NON CURRENT FINANCIAL ASSETS

	THE GROUP		THE COMPANY	
	2021	2020	**2021**	2020
	Rs'000	Rs'000	**Rs'000**	Rs'000
Financial assets at fair value through other comprehensive income (note 11 (a))	**12,046**	11,421	**12,046**	11,421
Financial assets at fair value through profit or loss (note 11 (b))	**2,638**	2,667	**1,488**	1,488
	14,684	14,088	**13,534**	12,909

(a) FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	Unquoted equity shares
THE GROUP AND COMPANY	Rs'000
At July 01, 2019	11,877
Fair value movement	(456)
At June 30, 2020	11,421
Fair value movement	625
At June 30, 2021	**12,046**

(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, 2019	2,556	11,741	14,297
Disposal	(1,512)	(9,851)	(11,363)
Fair value movement (note 24)	(32)	(235)	(267)
At June 30, 2020	1,012	1,655	2,667
Fair value movement (note 24)	(630)	601	(29)
At June 30, 2021	**382**	**2,256**	**2,638**

	Unquoted equity shares
THE COMPANY	Rs'000
At July 01, 2019	11,332
Disposal	(9,609)
Fair value movement (note 24)	(235)
At June 30, 2021 and 2020	**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).

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

11. NON CURRENT FINANCIAL ASSETS (CONTINUED)

(c) FAIR VALUE HIERARCHY (CONTINUED)

2021

	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

2020

	THE GROUP			
	Level 1	Level 2	Level 3	Total
	Rs'000	Rs'000	Rs'000	Rs'000
Financial assets at fair value through other comprehensive income	-	-	11,421	11,421
Financial assets at fair value through profit or loss	1,012	-	1,655	2,667

	THE COMPANY			
	Level 1	Level 2	Level 3	Total
	Rs'000	Rs'000	Rs'000	Rs'000
Financial assets at fair value through other comprehensive income	-	-	11,421	11,421
Financial assets at fair value through profit or loss	-	-	1,488	1,488

Movement in level 3 financial assets

	THE GROUP		THE COMPANY	
	2021	2020	**2021**	2020
	Rs'000	Rs'000	**Rs'000**	Rs'000
At July 01,	**13,076**	23,618	**12,909**	23,209
Disposal	**-**	(9,851)	**-**	(9,609)
Net unrealised changes in fair value of financial assets	**1,226**	(691)	**625**	(691)
At June 30,	**14,302**	13,076	**13,534**	12,909

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.

Notes to the financial statements

FOR THE YEAR ENDED JUNE 30, 2021

11. NON CURRENT FINANCIAL ASSETS (CONTINUED)

(c) FAIR VALUE HIERARCHY (CONTINUED)

Quantitative and qualitative information of unobservable inputs - Level 3

Private equity investments	**2021** Rs'000	**Valuation techniques**	**Unobservable inputs**	**Range**	**Sensitivity used**	**Effect on fair value** Rs'000
Flacq Associated Stonemasters Limited (FAST)	**12,046**	Market comparables	Discount of lack of marketability	50%	+/- 5%	+/- 602

Private equity investments	**2020** Rs'000	**Valuation techniques**	**Unobservable inputs**	**Range**	**Sensitivity used**	**Effect on fair value** Rs'000
Flacq Associated Stonemasters Limited (FAST)	11,407	Market comparables	Discount of lack of marketability	50%	+/- 5%	+/- 570

No disclosures have been made for the remaining financial assets of Rs 2.3m (2020: Rs 1.7m) for Group and Rs 1.5m (2020: Rs 1.5m) for Company as sensivity and effect on fair value are insignificant.

12. INCOME TAX

	THE GROUP		THE COMPANY	
	2021	2020	**2021**	2020
	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	**32,200**	27,907	**24,678**	25,131
Corporate social responsibility tax	**6,732**	3,596	**5,494**	3,351
(Over)/under provision of corporate social responsibility tax	**(536)**	532	**(536)**	532
Under/(over) provision of income tax in previous year	**641**	3,979	**(4,126)**	3,671
(Over)/under provision of deferred tax in previous years	**(10,551)**	1,831	**(5,360)**	-
Deferred tax credit	**(7,903)**	(12,002)	**(10,110)**	(13,710)
Income tax expense	**20,583**	25,843	**10,040**	18,975
Amount in other comprehensive income				
Deferred tax on actuarial gains and losses	**(34,598)**	39,157	**(27,243)**	30,238
Deferred tax on revaluation gain on building	**-**	(23,296)	**-**	(14,714)

12. INCOME TAX (CONTINUED)

	THE GROUP		THE COMPANY	
	2021	2020	**2021**	2020
	Rs'000	Rs'000	**Rs'000**	Rs'000
(b) In the statements of financial position:				
At July 01,	**(2,457)**	27,678	**5,474**	25,581
Payment during the year	**(28,411)**	(64,829)	**(21,946)**	(51,201)
Tax withheld	**(2,866)**	(1,756)	**(2,836)**	(1,591)
Under provision of corporate social responsibility tax	**(536)**	532	**(536)**	532
Under provision of income tax in previous year	**641**	3,979	**(4,126)**	3,671
Refund received during the year	**3,351**	1,545	**-**	-
Income tax expense	**38,931**	30,394	**30,172**	28,482
At June 30,	**8,653**	(2,457)	**6,202**	5,474
Analysed as:				
Income tax receivable	**(1,152)**	(8,039)	**-**	-
Income tax payable	**10,005**	5,582	**6,202**	5,474
	8,853	(2,457)	**6,202**	5,474
(c) Deferred tax:				
Deferred tax assets	**5,921**	11,146	**-**	-
Deferred tax liabilities	**(52,896)**	(41,976)	**(18,540)**	(6,767)
Net deferred tax liabilities	**(46,975)**	(30,830)	**(18,540)**	(6,767)
(d) Deferred tax liabilities				
Movement in deferred tax:				
At July 01,	**(30,830)**	(56,858)	**(6,767)**	(36,003)
Income tax effect recognised in other comprehensive income	**(34,598)**	15,861	**(27,243)**	15,524
Under/(over) provision of deferred tax in previous years	**10,551**	(1,835)	**5,360**	-
Deferred tax credit	**7,902**	12,002	**10,110**	13,712
At June 30,	**(46,975)**	(30,830)	**(18,540)**	(6,767)

Deferred tax asset on unused tax losses of Rs 80.5m (2020: Rs 100.9m) 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:	
2022	**14,094**
2023	**5,360**
2024	**4,498**
2025	**17,030**
2026	**14,368**
Indefinitely	**25,154**
	80,504

FINANCIAL STATEMENTS

Notes to the financial statements

FOR THE YEAR ENDED JUNE 30, 2021

12. INCOME TAX (CONTINUED)

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

	THE GROUP		THE COMPANY	
	2021	2020	**2021**	2020
Deferred tax liabilities	**Rs'000**	Rs'000	**Rs'000**	Rs'000
- Accelerated capital allowances	**(104,410)**	(123,198)	**(83,996)**	(100,800)
- Deferred tax on revaluation gain	**(41,503)**	(41,503)	**(14,659)**	(14,659)
	(145,913)	(164,701)	**(98,655)**	(115,459)
Deferred tax assets				
- Employee benefit liabilities	**75,136**	109,471	**64,402**	92,498
- Allowance for expected credit losses	**11,337**	11,516	**7,017**	6,683
- Provision for obsolete stock	**12,115**	12,884	**8,696**	9,511
- Unutilised tax losses	**350**	-	**-**	-
	98,938	133,871	**80,115**	108,692
Net deferred tax liabilities	**(46,975)**	(30,830)	**(18,540)**	(6,767)

(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	
	2021	2020	**2021**	2020
	Rs'000	Rs'000	**Rs'000**	Rs'000
Profit before tax	**236,145**	47,703	**243,408**	32,414
Tax calculated at the rate of 17% / 15%	**40,546**	7,155	**41,379**	4,862
Tax effect of :				
Non-allowable expenses	**33,044**	21,682	**11,115**	17,633
Corporate social responsibility	**6,732**	3,596	**5,494**	3,351
Income exempt from tax	**(23,549)**	(7,670)	**(21,397)**	(6,290)
Effect on temporary difference on corporate social responsibility	**-**	(5,258)	**-**	(4,784)
(Over)/under provision of corporate social responsibility in previous year	**(536)**	532	**(536)**	532
Under/(over) provision of income tax in previous year	**641**	3,979	**(4,126)**	3,671
(Over)/under provision of deferred tax in previous year	**(10,551)**	1,827	**(5,360)**	-
Other deductibles	**(8,232)**	-	**-**	-
Investment tax credit	**(17,512)**	-	**(16,529)**	-
Income tax expense	**20,583**	25,843	**10,040**	18,975

(g) There are no income tax consequences attached to the payment of dividends in either 2021 or 2020 by the Group to its shareholders.

13. CONSUMABLE BIOLOGICAL ASSETS

	THE GROUP			
	Vegetables	Standing Cane	Plants	Total
	Rs'000	Rs'000	Rs'000	Rs'000
At July 01, 2019	16,144	4,221	29,299	49,664
Production	29,831	13,622	30,178	73,631
Sales	(20,836)	(16,385)	(41,440)	(78,661)
Fair value movement	(10,799)	3,335	8,606	1,142
At June 30, 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**

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:

Vegetables	**2021**	2020
Expected area to harvest (ha)	**56**	50
Discount factor (%)	**9**	9
Standing cane	**2021**	2020
Expected area to harvest (ha)	**65**	96
Estimated yields (%)	**10.15**	10.10
Estimated price of sugar - Rs (per ton)	**19,162**	16,076
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 ton/Ha (2020: 37 ton/Ha)	1% increase/(decrease) in cane yield per Ha would result in increase/(decrease) in fair value by Rs72,833 (2020: Rs 268,882)
		Price of sugar: Rs 19,162/ton (2020: Rs 16,076/ton)	5% increase/(decrease) in the price of sugar would result in increase/(decrease) in fair value by Rs 364,164 (2020: Rs 497,431)
		WACC: 10.15% (2020: 12.48%)	1% increase/(decrease) in WACC would result in (decrease)/increase in fair value by Rs 18,342 (2020: Rs 3,604)

FINANCIAL STATEMENTS

Notes to the financial statements

FOR THE YEAR ENDED JUNE 30, 2021

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 185 (2020: Rs 206)	5% increase/(decrease) in price of plants would result in increase/(decrease) in fair value by Rs 2,079,518 (2020: Rs 2,073,093)
		Mortality rate: 3% (2020: 3%)	5% increase/(decrease) in mortality rate would result in (decrease)/increase in fair value by Rs 3,785,488 (2020: Rs 2,073,093)
		WACC: 18% (2020: 20%)	1% increase/(decrease) in WACC would result in (decrease)/increase in fair value by Rs 334,663 (2020: Rs 266,438)
Vegetables	Discounted cash flows	Discount factor: 8.8% (2020: 8.8%)	1% increase/(decrease) in discount factor would result in (decrease)/increase in fair value by Rs 168,145 (2020: Rs 33,715)
		Price of vegetables: Rs 12,000 - Rs 23,000 (2020: Rs 15,000 - 19,000)	5% increase/(decrease) in the price of vegetables would result in increase/(decrease) in fair value by Rs 1,210,931 (2020: Rs 955,845)

14. INVENTORIES

	THE GROUP		THE COMPANY	
	2021	2020	2021	2020
	Rs'000	Rs'000	Rs'000	Rs'000
Raw materials and spares (at cost)	382,622	411,349	291,060	310,796
Work in progress (at cost)	38,948	28,853	34,600	25,232
Finished goods (at lower of cost and net realisable value)	411,687	400,859	58,031	41,631
Goods in transit	44,801	26,994	7,789	4,154
	878,058	868,055	391,480	381,813

The amount of write down of inventories, recognised as an expense in cost of sales was Rs 16.5m (2020: Rs 33.4m) for the Group and Rs 7.1m (2020: Rs 6m) for the Company. Included in finished goods are inventories carried at net realisable value of Rs 13.5m (2020: Rs 43.6m) for the Group.

15. TRADE AND OTHER RECEIVABLES

	THE GROUP		THE COMPANY	
	2021	2020	2021	2020
	Rs'000	Rs'000	Rs'000	Rs'000
Trade receivables	266,965	253,091	129,631	147,947
Loan receivable from subsidiary	-	-	142,595	203,143
Receivables from subsidiaries	-	-	70,175	113,565
Receivables from associates	33,341	31,991	33,341	27,648
Other receivables	30,551	107,061	19,863	24,022
Prepayments	74,121	43,747	17,963	27,736
	404,978	435,890	413,568	544,061

15. TRADE AND OTHER RECEIVABLES (CONTINUED)

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

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

Other receivables are non-interest bearing and 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, 2021, the Group's and the Company's trade receivables amounting to Rs 67.9m (2020: Rs 114.9m) and Rs 31.9m (2020: Rs 33.9m) 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	
	2021	2020	2021	2020
	Rs'000	Rs'000	Rs'000	Rs'000
Individually and collectively impaired				
At July 01,	114,901	119,460	33,903	31,342
Movement for the year excluding write off	(39,417)	8,777	3,765	6,805
Write-off	(7,561)	(13,336)	(5,792)	(4,244)
At June 30,	67,923	114,901	31,876	33,903

An allowance for expected credit loss has also been charged for other receivables amounting to Rs 6.2m (2020: Rs 2.2m) for Company and a charge of Rs 0.2m (2020: Rs 0.2m) for Group.

16. OTHER RECEIVABLES

	THE GROUP		THE COMPANY	
	2021	2020	2021	2020
	Rs'000	Rs'000	Rs'000	Rs'000
Other receivables	2,505	7,606	-	-

Allowance for expected credit losses amounts to Rs 0.1m (2020: Rs 0.2m) and movement for the year amounts to Rs 0.1m (2020: Rs 1.2m).
This balance is included in note 15 under other receivables.

Notes to the financial statements

FOR THE YEAR ENDED JUNE 30, 2021

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	
	2021	2020	2021	2020
	Rs'000	Rs'000	Rs'000	Rs'000
Cash at banks and on hand	164,284	45,325	46,723	1,530
Bank overdraft (note 19)	(56,956)	(108,422)	(25,577)	(83,044)
	107,328	(63,097)	21,146	(81,514)

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

	THE GROUP		THE COMPANY	
	2021	2020	2021	2020
Non-cash transactions	Rs'000	Rs'000	Rs'000	Rs'000
Total acquisition cost (note 5)	193,864	287,938	130,442	174,783
Financed by cash	(156,448)	(274,037)	(105,442)	(174,783)
Financed by finance leases	37,416	13,901	25,000	-

18. EQUITY

	THE GROUP AND THE COMPANY			
(a) Issued capital	2021	2020	2021	2020
	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	
	2021	2020 Restated	2021	2020
	Rs'000	Rs'000	Rs'000	Rs'000
Share premium	7,354	7,354	7,354	7,354
Associate companies (i)	109,813	109,291	-	-
Revaluation reserve (ii)	1,874,102	1,874,102	819,248	819,248
Fair value reserve of financial assets through OCI (iii)	10,980	10,355	10,980	10,355
Translation reserve (iv)	(16,182)	(12,937)	-	-
Retained earnings	1,304,859	1,010,772	1,464,313	1,177,466
	3,290,926	2,998,937	2,301,895	2,014,423

(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	
	2021	2020	2021	2020
	Rs'000	Rs'000	Rs'000	Rs'000
Non-current				
Bank loans (note (i))	50,000	1,022	-	-
Long Term Secured Promissory Note (note(iii))	650,000	650,000	650,000	650,000
	700,000	651,022	650,000	650,000
Current				
Bank overdrafts (note 17)	56,956	108,422	25,577	83,044
Bank loans (note (i))	95,000	158,485	75,000	150,000
Unsecured loans (note (ii))	32,485	31,979	46,308	41,100
Long Term Secured Promissory Note (note(iii))	3,098	3,098	3,098	3,098
	187,539	301,984	149,983	277,242
Total borrowings	887,539	953,006	799,983	927,242

	THE GROUP		THE COMPANY	
	2021	2020	2021	2020
	Rs'000	Rs'000	Rs'000	Rs'000
(i) Bank loans are payable as follows:				
Within one year	95,000	158,485	75,000	150,000
After one year and before two years	50,000	1,022	-	-
	145,000	159,507	75,000	150,000

Bank loans and overdrafts are secured by fixed and floating charges on the Group's assets and bear interest between PLR +1.9% and PLR +5.5% per annum.

(ii) Unsecured loans were repayable at call, the rates of interest per annum at June 30, 2021 was 2.85% (2020: 2.85%).

(iii) In October and November 2018, the Company took a Long Term Secured Promissory Note of Rs 650m. These bear interest at a 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	
	2021	2020	2021	2020
	Rs'000	Rs'000	Rs'000	Rs'000
Lease liabilities are split as follows:				
Current	30,303	22,460	7,301	888
Non-current	102,260	88,642	26,446	4,188
	132,563	111,102	33,747	5,076

FINANCIAL STATEMENTS

Notes to the financial statements

FOR THE YEAR ENDED JUNE 30, 2021

19. INTEREST-BEARING LOANS AND BORROWINGS (CONTINUED)

(b) Lease liabilities (Continued)

(i) Maturity analysis of lease payments

	THE GROUP		THE COMPANY	
	2021	2020	2021	2020
	Rs'000	Rs'000	Rs'000	Rs'000
Year 1	35,457	25,489	8,842	1,160
Year 2	33,112	24,731	8,775	1,160
Year 3	34,914	24,378	8,410	1,059
Year 4	20,007	20,536	8,433	659
Year 5	11,849	13,022	2,580	646
Onwards	11,832	18,712	700	1,346
	147,171	126,868	37,740	6,030

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

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 Terms 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 Terms Secured Promissory Note	653,098	-	-	-	653,098
	849,274	303,068	34,325	(378,514)	808,153

2020	July 01,	Cash inflows	Other	Cash outflows	June 30,
THE GROUP	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Obligations under finance leases	42,485	-	(42,485)	-	-
Lease liabilities	-	-	130,587	(19,485)	111,102
Bank loans	92,519	300,000	-	(233,012)	159,507
Unsecured loans	27,584	30,900	523	(27,028)	31,979
Long Terms Secured Promissory Note	654,888	-	(1,790)	-	653,098
	817,476	330,900	86,835	(279,525)	955,686
THE COMPANY					
Lease liabilities	-	-	5,912	(836)	5,076
Bank loans	75,000	300,000	-	(225,000)	150,000
Unsecured loans	28,566	41,336	864	(29,666)	41,100
Long Terms Secured Promissory Note	654,888	-	(1,790)	-	653,098
	758,454	341,336	4,986	(255,502)	849,274

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

20. EMPLOYEE BENEFIT LIABILITIES

The Group operates the following pension schemes:

- A final salary defined benefit plan; the assets of which are held independently by IBL Pension Fund and the other remaining assets of the plan are invested in the Sugar Industry Pension Fund; and
- A defined contribution plan which is unfunded;

20. EMPLOYEE BENEFIT LIABILITIES (CONTINUED)

The liabilities in respect of the defined benefit schemes (a) and (b) above are analysed as follows:

	THE GROUP		THE COMPANY	
	2021	2020	2021	2020
	Rs'000	Rs'000	Rs'000	Rs'000
Funded obligation (note a)	284,369	466,175	227,593	371,468
Unfunded obligation (note b)	187,493	214,909	151,245	172,644
	471,862	681,084	378,838	544,112

(a) Funded obligation

(i) The amounts recognised in the statements of financial position in respect of funded obligation are as follows:

	THE GROUP		THE COMPANY	
	2021	2020	2021	2020
	Rs'000	Rs'000	Rs'000	Rs'000
Present value of funded obligation	650,208	759,217	520,288	606,416
Fair value of plan assets	(365,839)	(293,042)	(292,695)	(234,948)
Benefit liability	284,369	466,175	227,593	371,468

	THE GROUP		THE COMPANY	
	2021	2020	2021	2020
	Rs'000	Rs'000	Rs'000	Rs'000
At July 01,	466,175	240,354	371,468	207,129
Amounts recognised in profit or loss	50,264	32,956	34,395	24,501
Amounts recognised in other comprehensive income	(177,014)	213,794	(132,686)	155,249
Employer's contribution	(55,056)	(20,929)	(45,584)	(15,411)
At June 30,	284,369	466,175	227,593	371,468

(ii) Changes in the present value of the defined benefit obligation are as follows:

	THE GROUP		THE COMPANY	
	2021	2020	2021	2020
	Rs'000	Rs'000	Rs'000	Rs'000
At July 01,	759,217	517,607	606,416	431,551
Amounts recognised in profit or loss:				
Current service cost	31,510	18,976	19,867	12,472
Interest cost	28,073	28,659	22,058	23,783
	59,583	47,635	41,925	36,255
Benefit paid	(21,941)	(16,627)	(20,712)	(13,906)
Amounts recognised in other comprehensive income:				
(Gains)/losses due to changes in financial assumptions	(109,312)	161,761	(107,341)	152,516
Actuarial (gains)/losses	(37,373)	48,767	-	-
	(146,685)	210,528	(107,341)	152,516
Employee's contribution	34	74	-	-
At June 30,	650,208	759,217	520,288	606,416

Notes to the financial statements

FOR THE YEAR ENDED JUNE 30, 2021

20. EMPLOYEE BENEFIT LIABILITIES (CONTINUED)

(a) Funded obligation (Continued)

	THE GROUP		THE COMPANY	
	2021	2020	2021	2020
	Rs'000	Rs'000	Rs'000	Rs'000
(iii) Changes in the fair value of plan assets are as follows:				
At July 01,	293,042	277,253	234,948	224,422
Amounts recognised in profit or loss				
Current cost	(1,168)	(459)	(893)	(288)
Cost of insuring risk benefits	(1,083)	(731)	(697)	(544)
Interest income	11,571	15,943	9,120	12,586
	9,320	14,753	7,530	11,754
Benefit paid	(21,942)	(16,627)	(20,712)	(13,906)
Amounts recognised in other comprehensive income:				
Gains/(losses) due to changes in financial assumptions	2,973	(2,943)	2,973	(2,733)
Actuarial gains/(losses)	27,356	(323)	22,372	-
	30,329	(3,266)	25,345	(2,733)
Employer's contribution	55,056	20,929	45,584	15,411
Employee contribution	34	-	-	-
At June 30,	365,839	293,042	292,695	234,948

(iv) Description of assets

Up to December 31, 2019, the assets of the plan were invested in the Deposit Administration Policy which is a pooled insurance product for Group Pension Schemes, underwritten by Swan Life (ex Anglo-Mauritius). The long-term investment policy aim at providing a smooth progression of returns from one year to the next without regular fluctuations associated with asset-linked investment such as equity funds. Moreover, the Deposit Administration Policy offers a minimum guaranteed return of 4% per annum. As from January 01, 2020, the assets of the plan are invested in the IBL Pension Fund which includes a diversified portfolio of asset classes. In view of exposure to Equities, we expect some volatility in the return from one year to the other.

The actual return on plan assets for the Company was Rs 12.1m for the year ended June 30, 2021.

The actual return on plan assets for the Group was Rs 14.1m for the year ended June 30, 2021.

Maturity profile of the defined benefit obligation

The weighted average duration of the liabilities for the Group and the Company as at June 30, 2021 is 15 years and 12 years respectively.

(v) Expected contribution for the next year

The Group and the Company are expected to contribute Rs 35.6m and Rs 28.2m respectively to the pension scheme for the year ending June 30, 2022.

The main actuarial assumptions used for accounting purposes were:

	THE GROUP		THE COMPANY	
	2021	2020	2021	2020
	%	%	%	%
Discount rate	4.6-5.8	3.7-4.1	4.8	3.7
Future salary increase	4.0	4.0	4.0	4.0

20. EMPLOYEE BENEFIT LIABILITIES (CONTINUED)

(a) Funded obligation (Continued)

Mortality during active service is assumed to follow that of the standard table known as A67/70 Ultimate. Mortality after retirement is assumed to follow that of the standard table known as a PA92 rated down by two years and the Swan annuity rates 2021.

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.

(vi) Settlements and Curtailments

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

(vii) Risks associated with the plans

The Defined Benefit Plans expose the Group and the Company to actuarial risks such as longevity risk, interest rate risk, market (investment) risk, and salary risk.

Longevity risk

The liabilities disclosed are based on the mortality tables PA92/current Swan buyout rate.

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 for funded benefits only.

Salary risk

If salary increases are higher than assumed in our basis, the liabilities would increase giving rise to actuarial losses.

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

	THE GROUP Impact		THE COMPANY Impact	
	2021	2020	2021	2020
Discount rate	Rs'000	Rs'000	Rs'000	Rs'000
1% increase	(88,777)	(116,479)	(69,166)	(89,286)
1% decrease	112,723	151,280	87,265	114,807
Salary increase				
1% increase	45,560	61,918	30,599	41,206
1% decrease	(39,370)	(52,876)	(26,748)	(35,767)

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 dated August 03, 2021 from Swan Life Ltd, calculated for the Group and the Company for the year ended June 30, 2021.

Notes to the financial statements

FOR THE YEAR ENDED JUNE 30, 2021

20. EMPLOYEE BENEFIT LIABILITIES (CONTINUED)

(a) Funded obligation (Continued)

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

	THE GROUP		THE COMPANY	
	2021	2020	**2021**	2020
	%	%	**%**	%
Local equities	**22.6**	24.6	**22.6**	24.6
Overseas equities and mutual funds	**29.4**	25.5	**29.5**	25.4
Fixed interest	**47.5**	48.8	**47.9**	49.4
Property	**0.5**	1.1	**-**	0.6
	100.0	100.0	**100.0**	100.0

(b) Unfunded obligation

Statutory benefits 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 are unfunded as at December 31, 2019. Moreover, 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).

The Group and the Company have recognised a net defined liabilities of Rs 187.5m and Rs 151.2m respectively in the statements of financial position as at June 30, 2021 (2020: Group Rs 214.9m and Company Rs 172.6m) 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 unfunded retirement benefit obligations have been based on the report dated July 20, 2021 from AON Hewitt Ltd, calculated for the Group and the Company for the year ended June 30, 2021.

The amounts recognised in the statements of financial position in respect of unfunded obligation are as follows:

	THE GROUP		THE COMPANY	
	2021	2020	**2021**	2020
	Rs'000	Rs'000	**Rs'000**	Rs'000
(i) Movement in the liability recognised in the statements of financial position:				
Present value of unfunded obligation	**187,493**	214,909	**151,245**	172,644
(ii) Movement of defined benefit of unfunded obligation				
At July 01,	**214,909**	185,700	**172,644**	152,793
Amount recognised in profit or loss:				
Current service cost	**16,015**	12,227	**11,554**	8,927
Interest expense	**6,199**	9,532	**4,907**	8,089
Past service cost	**-**	1,317	**-**	-
	22,214	23,076	**16,461**	17,016
Amount recognised in other comprehensive income:				
Liability experience (gains)/losses	**(5,105)**	4,816	**2,339**	3,530
(Gains)/losses due to changes in financial assumptions	**(31,807)**	22,517	**(29,905)**	19,093
	(36,912)	27,333	**(27,566)**	22,623
Benefit paid	**(11,855)**	(21,200)	**(10,294)**	(19,788)
Movement for discontinuing operation	**548**	-	**-**	-
Transfer to discontinuing operation (note 37)	**(1,411)**	-	**-**	-
At June 30,	**187,493**	214,909	**151,245**	172,644

20. EMPLOYEE BENEFIT LIABILITIES (CONTINUED)

(b) Unfunded obligation (Continued)

(iii) Principal assumptions used were as follows:

	THE GROUP		THE COMPANY	
	2021	2020	**2021**	2020
Financial assumptions:	**%**	%	**%**	%
Discount rate	**2.4-5.6**	1.7-4.0	**4.0-4.7**	2.5-3.7
Future salary increase	**4.0**	4.0	**4.0**	4.0
Future pension increase	**1.6**	0.0	**0.0**	0.0

Demographic assumptions:

Withdrawal before retirement	5% per annum to age 40, reducing to nil after age 45.
Mortality before retirement	A1967/70(2) Ultimate
Mortality in retirement	PA92 (rated down by 2 years)
Average retirement age	65

(iv) Sensitivity analysis on unfunded defined benefit obligation at the end of the year:

	THE GROUP Impact		THE COMPANY Impact	
	2021	2020	**2021**	2020
	Rs'000	Rs'000	**Rs'000**	Rs'000
1% increase in discount rate	**(19,654)**	(23,751)	**(15,326)**	(18,427)
1% decrease in discount rate	**23,423**	28,631	**18,217**	22,151
1% increase in future salary increase	**20,550**	26,433	**15,574**	20,478
1% decrease in future salary increase	**(24,024)**	(27,457)	**(18,526)**	(20,646)

The above sensitivity analysis has been carried out by recalculating the present value of obligation at 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 6.4m (2020: Rs 23.2m).
The weighted average duration of the defined benefit obligation for both the Group and the Company is 11 years.

FINANCIAL STATEMENTS

Notes to the financial statements

FOR THE YEAR ENDED JUNE 30, 2021

21. TRADE AND OTHER PAYABLES

	THE GROUP 2021	THE GROUP 2020	THE COMPANY 2021	THE COMPANY 2020
	Rs'000	Rs'000	Rs'000	Rs'000
Trade payables	276,640	220,678	65,923	40,157
Payables to subsidiaries	-	-	2,615	35,511
Payables to associates	492	13,340	2	7
Other payables and accruals	177,732	209,256	98,546	141,040
	454,864	443,274	167,086	216,715

Trade payables are non-interest bearing and are normally settled on 60-day terms.

Other payables are non-interest bearing and have an average term of six months.

For terms and conditions relating to payables to related parties, refer to note 29.

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

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

As at June 30, 2021, the estimated liability for unredeemed points was Rs 3.4m (2020: Rs 2.8m) and is included in other payables and accruals for the Group.

22. OTHER PAYABLES

	THE GROUP 2021	THE GROUP 2020	THE COMPANY 2021	THE COMPANY 2020
	Rs'000	Rs'000	Rs'000	Rs'000
Advance from clients	8,388	10,521	-	-

Advance from clients are included in note 21 under other payables and accruals.

23. REVENUE

	THE GROUP 2021	THE GROUP 2020	THE COMPANY 2021	THE COMPANY 2020
	Rs'000	Rs'000	Rs'000	Rs'000
Sales of goods	3,118,764	2,713,583	1,724,096	1,483,457
Rendering of services	209,150	131,214	84,526	103,783
	3,327,914	2,844,797	1,808,622	1,587,240

23. REVENUE (CONTINUED)

(a) Disaggregation of revenue

Set out below is the disaggregation of the Group and Company's revenue:

	THE GROUP 2021	THE GROUP 2020	THE COMPANY 2021	THE COMPANY 2020
	Rs'000	Rs'000	Rs'000	Rs'000
Sale of Building Materials	2,247,213	1,901,277	1,724,096	1,483,457
Sale of goods (Interior finishes and garden accessories)	829,836	770,086	-	-
Sale of agricultural goods	41,715	42,220	-	-
Sales of services	55,160	62,524	84,526	103,783
Project revenue	153,990	68,690	-	-
	3,327,914	2,844,797	1,808,622	1,587,240
Timing of revenue recognition				
At a point in time	3,173,924	2,776,107	1,808,622	1,587,240
Over time	153,990	68,690	-	-
	3,327,914	2,844,797	1,808,622	1,587,240

24. OPERATING PROFIT

Operating profit is arrived at after:

	THE GROUP 2021	THE GROUP 2020	THE COMPANY 2021	THE COMPANY 2020
	Rs'000	Rs'000	Rs'000	Rs'000
(a) Crediting:				
- Rental income	17,097	18,966	44,907	45,549
- Other operating income	73,483	74,831	107,936	69,680
- Profit on disposal of property, plant and equipment	4,080	6,323	3,981	5,401
- Profit on disposal of investment	-	3,730	-	3,730
(b) Charging:				
- Cost of sales	2,166,660	1,935,024	1,121,661	1,044,937
- Administrative expenses	932,544	857,353	568,462	530,573
- Fair value loss on financial assets at fair value through profit or loss (11 (b))	29	267	-	235
- Selling and distribution costs	54,343	48,271	7,929	7,975
Depreciation of property, plant and equipment	244,632	238,386	164,887	163,363
Depreciation of investment properties	3,011	3,514	19,415	18,912
Amortisation of right of use assets	29,979	20,991	7,174	933
Cost of inventories recognised as expenses	1,698,463	1,581,348	591,869	721,334
Fair value movement on land conversion rights	2,106	6,851	-	-
Amortisation of intangible assets	17,489	18,233	4,573	7,527
Staff costs (note (i))	690,227	630,992	420,185	392,672
(c) Impairment				
- Impairment in interest in subsidiaries	-	-	52,255	81,895
- Impairment of interest income*	-	3,049	-	-
- Impairment of plant and machinery	4,982	-	-	-
	4,982	3,049	52,255	81,895
* Interest income is impaired as the customer is in financial difficulties.				
(d) Allowance for expected credit losses on financial assets				
- Trade receivables	(5,215)	10,623	3,765	6,804
- Other receivables	2,304	2,940	2,304	2,940
	(2,911)	13,563	6,069	9,744

FINANCIAL STATEMENTS

Notes to the financial statements

FOR THE YEAR ENDED JUNE 30, 2021

24. OPERATING PROFIT (CONTINUED)

	THE GROUP		THE COMPANY	
	2021	2020	2021	2020
	Rs'000	Rs'000	Rs'000	Rs'000
Included in cost of sales and administrative expenses are:				
(i) Analysis of staff costs:				
- Wages and salaries	535,826	503,560	339,646	325,548
- Social security costs	26,148	23,672	13,867	14,220
- Pension costs	128,253	103,760	66,672	52,904
	690,227	630,992	420,185	392,672

25. FINANCE INCOME

	THE GROUP		THE COMPANY	
	2021	2020	2021	2020
	Rs'000	Rs'000	Rs'000	Rs'000
Dividend income	2,164	1,089	51,687	24,942
Interest income	110	3,052	10,273	8,983
	2,274	4,141	61,960	33,925

26. FINANCE COSTS

	THE GROUP		THE COMPANY	
	2021	2020	2021	2020
	Rs'000	Rs'000	Rs'000	Rs'000
Interest expense on :				
Bank overdrafts	1,625	4,919	882	4,528
Bank loans	4,797	7,674	4,736	5,144
Loans at call	1,188	-	1,830	1,631
Long term secured promissory note	18,525	26,124	18,525	26,124
Leases	8,096	6,055	1,562	325
Others	-	-	87	-
	34,231	44,772	27,622	37,752

27. EARNINGS PER SHARE

	THE GROUP	
	2021	2020
Profit attributable to equity holders of the parent (Rs'000):	196,219	17,913
Number of shares in issue	26,510,042	26,510,042
Basic Earnings per share (Rs)	7.40	0.68

28. DIVIDENDS

On May 31, 2021, the Board of Directors declared a final dividend of Rs 3.00 (2020: Rs 1.90) per share which amounted to Rs 79,530,126 (2020: Rs 50,369,080 was paid on July 15, 2020) and was paid on June 16, 2021.

29. RELATED PARTY DISCLOSURES

THE GROUP	Associate companies		Key management personnel		Enterprises with common major shareholders	
	2021	2020	2021	2020	2021	2020
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
(a) Nature of transactions						
Purchase of goods and services	5,467	7,491	-	-	91,313	91,953
Purchase of property, plant and equipment	-	-	-	-	-	4,285
Sale of goods and services	174,920	177,709	1,722	1,382	28,045	32,524
Management fees received	4,425	2,914	-	-	6,953	3,751
Rental income	-	315	-	-	5,911	5,911
Interest paid	382	777	-	-	1,110	724
Dividend income	15,525	22,453	-	-	2,132	1,087
Contribution to Pension Fund	-	-	-	-	55,056	20,929
(b) Outstanding balances at June 30,						
Cash at bank	-	-	-	-	175	104
Amounts receivable	33,341	31,991	-	-	12,453	5,163
Amounts payable	492	13,340	-	-	8,536	14,366
Loans payable	4,050	7,668	-	-	28,441	24,317

(c) Compensation of key management personnel

	THE GROUP	
	2021	2020
	Rs'000	Rs'000
Short term employee benefits	117,549	95,763
Post-employment benefits	11,841	11,332
	129,390	107,095

FINANCIAL STATEMENTS

Notes to the financial statements

FOR THE YEAR ENDED JUNE 30, 2021

29. RELATED PARTY DISCLOSURES (CONTINUED)

THE COMPANY

	Subsidiary companies		Associate companies		Key management personnel		Enterprises with common major shareholders	
	2021	2020	2021	2020	2021	2020	2021	2020
	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	11,056	14,609	466	389	-	-	78,413	65,309
Purchase of property, plant and equipment	237	144	-	-	-	-	50	-
Sale of goods and services	221,002	150,961	174,650	175,706	272	66	19,691	23,097
Sale of property, plant and equipment	-	-	-	16,992	-	-	-	7,510
Management fees received	11,276	9,412	4,425	2,914	-	-	6,953	4,956
Rental income	34,594	34,878	-	315	-	-	5,911	5,911
Interests received	10,173	8,971	-	-	-	-	-	-
Interest paid	642	130	382	777	-	-	806	724
Dividend income	33,998	1,400	15,525	22,455	-	-	2,153	1,087
Contribution to Pension Fund	-	-	-	-	-	-	45,584	15,411
(b) Outstanding balances at June 30,								
Cash at bank	-	-	-	-	-	-	175	104
Amounts receivable	79,850	123,942	32,821	28,407	-	-	10,946	5,163
Amounts payable	2,615	35,511	2	7	-	-	10,113	6,839
Loans receivable	142,595	203,143	-	-	-	-	-	-
Loans payable	13,819	9,115	4,050	7,668	-	-	28,441	24,317

(c) Compensation of key management personnel

	THE COMPANY	
	2021	2020
	Rs'000	Rs'000
Short term employee benefits	85,360	63,330
Post-employment benefits	8,542	8,354
	93,902	71,684

29. RELATED PARTY DISCLOSURES (CONTINUED)

Terms and conditions of transactions with related parties:

The sales to and purchases from related parties are made at normal market prices. Outstanding balances 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, 2021, the Group has no impairment of receivables relating to amounts owed by related parties (2020: Rs Nil). The Company has recorded impairment of Rs 52.3m during the year ended June 30, 2021 (2020: Rs 81.8m) 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 with any of its Directors and controlling shareholders.

31. CAPITAL COMMITMENTS

	THE GROUP		THE COMPANY	
	2021	2020	2021	2020
Capital expenditure:	Rs'000	Rs'000	Rs'000	Rs'000
Contracted for but not provided in the financial statements	40,788	30,505	21,117	18,172
Approved by the Directors but not contracted for	378,597	212,120	248,215	156,566
	419,385	242,625	269,332	174,738

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

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

	THE GROUP	
	2021	2020
Capital expenditure:	Rs'000	Rs'000
Approved by the Directors but not contracted for	21,060	19,100

32. CONTINGENT LIABILITIES

At June 30, 2021, the Group and the Company had contingent liabilities in respect of bank guarantees amounting to Rs 9m (2020: Rs 5.8m) and Rs 1.2m (2020: Rs 1.2m) and contingent liabilities in respect of net current liabilities of one of the group subsidiaries amounting to Rs 106m (2020: Rs 171.5m), both arising in the ordinary course of business from which it is anticipated that no material liabilities would arise.

Premixed Concrete Limited, one of the Group's associates had no contingent liabilities in respect of bank guarantees (2020: Rs 1.7m). There is an industrial dispute claim of Rs 0.8m against the Company. The Directors consider that no liabilities will arise as the probability for default is remote.

Legal claim contingencies

Legal action has been initiated by former employees against the Group in respect of unpaid severance allowances. The estimated payout is Rs 41.5m (2020: Rs 25.5m), 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.

Notes to the financial statements

FOR THE YEAR ENDED JUNE 30, 2021

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

On September 01, 2021, the Board of Directors of The United Basalt Products Limited (the "Company") informed the shareholders of the Company and the public in general of its decision to exercise the rights of first refusal of the Company as per the Shareholders' Agreements, further to the intention of Associated International Cement Ltd ('AIC') and Cementia Holding AG ('Cementia') to dispose of the totality of their shares in Drymix Ltd, a company engaged in the manufacture and sale of "Ready to use" dry mortar and Pre-Mixed Concrete Limited, a company offering ready-mixed concrete solutions, as follows:

- Drymix Ltd: Acquisition of 17.23% of the shareholding, such that the Company shall thereafter hold 71.83% of Drymix Ltd;
- Pre-Mixed Concrete Limited: Acquisition of 51% of the shareholding, such that the Company shall thereafter hold 100% of Pre-Mixed Concrete Limited.

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 consists of the sale of roof tiles, imported floor and wall tiles, sanitary ware and a complete range of home building products and garden accessories.

The agriculture segment is involved in the cultivation of sugar cane, vegetables, plants and landscaping services.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss and is measured consistently with operating profit or loss in the consolidated financial statements.

Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

	THE GROUP				
	Building materials		Agriculture	Consolidation adjustments	Total
	Retail	Core business			
2021	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Continuing operations					
Revenue	995,398	2,438,157	114,211	(219,852)	3,327,914
Operating profit/(loss)	34,510	215,260	(21,883)	41,111	268,998
Allowance for expected credit losses on financial assets	3,802	(7,900)	1,589	5,420	2,911
Impairment	-	(4,982)	-	-	(4,982)
Net finance (costs)/income	(13,924)	48,096	(10,757)	(55,372)	(31,957)
Share of results of associates	-	-	-	7,249	7,249
Profit/(loss) before taxation	24,388	250,474	(31,051)	(1,592)	242,219
Income tax	(3,121)	(17,462)	-	-	(20,583)
Profit/(loss) after taxation	21,267	233,012	(31,051)	(1,592)	221,636
Discontinuing operation					
Loss from discontinuing operation	-	(6,074)	-	-	(6,074)
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

35. SEGMENTAL INFORMATION (CONTINUED)

	THE GROUP				
	Building materials		Agriculture	Consolidation adjustments	Total
	Retail	Core business			
2021	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
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

2020	THE GROUP				
	Building materials		Agriculture	Consolidation adjustments	Total
	Retail	Core business			
Continuing operations	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Revenue	850,077	2,093,462	118,633	(217,375)	2,844,797
Operating profit	1,884	63,042	(30,760)	73,566	107,732
Allowance for expected credit losses on financial assets	4,183	(17,125)	(621)	-	(13,563)
Impairment	(3,049)	-	-	-	(3,049)
Net finance costs	(12,899)	(6,237)	(8,826)	(12,669)	(40,631)
Share of results of associates	-	-	-	7,780	7,780
(Loss)/profit before taxation	(9,881)	39,680	(40,207)	68,677	58,269
Income tax	(910)	(24,933)	-	-	(25,843)
(Loss)/profit after taxation	(10,791)	14,747	(40,207)	68,677	32,426
Discontinuing operation					
Loss from discontinuing operation	-	(10,566)	-	-	(10,566)
Non controlling interests	-	(3,947)	-	-	(3,947)
(Loss)/profit after taxation for the year attributable to the parent	(10,791)	234	(40,207)	68,677	17,913
Other segment information:					
Segment assets	790,568	4,749,462	1,312,254	(1,455,602)	5,396,682
Investment in associates	-	105,719	-	85,670	191,389
Total segment assets	790,568	4,855,181	1,312,254	(1,369,932)	5,588,071
Total segment liabilities	508,988	2,533,907	304,944	(1,061,446)	2,286,393
Capital expenditure:					
Property, plant and equipment	51,008	218,746	18,184	-	287,938
Investment properties	-	-	88	-	88
Intangible assets	15,134	16,661	3,467	-	35,262
Depreciation and amortisation	61,018	236,807	13,199	(29,900)	281,124

No single customer contributed 10% or more to Group's revenue in either 2021 or 2020.

FINANCIAL STATEMENTS

Notes to the financial statements

FOR THE YEAR ENDED JUNE 30, 2021

36. BUSINESS COMBINATIONS

Change in percentage holding in subsidiaries without loss of control

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.

On February 13, 2020, the Group acquired an additional 3.59% of the issued shares of Drymix Ltd for a purchase consideration of Rs 10.1m. The Group derecognised the non-controlling interests and recorded an increase in equity attributable to owners of the Company of Rs 4.5m.

The effect of changes in the ownership interest on the equity attributable to owners of the Group is summarised as follows:

	2021	2020
	Rs'000	Rs'000
Cash consideration paid to non-controlling interests	900	10,056
Less: Carrying amount of non-controlling interests acquired	(1,270)	(4,584)
Adjustment recognised in retained earnings	(370)	5,472

37. DISCONTINUING OPERATION AND ASSETS CLASSIFIED AS HELD FOR SALE

The Group

The Group has the intention to sell its Sri Lankan subsidiary, United Granite Products (Private) Limited and has initiated an active program to locate a buyer as from June 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 statements 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.

The results of the discontinuing operation, which have been included in the profit for the year, were as follows:

	2021	2020
	Rs'000	Rs'000
Revenue	45,296	21,859
Operating loss	(6,060)	(10,553)
Net finance costs	(14)	(13)
Loss before taxation	(6,074)	(10,566)

The major classes of assets and liabilities comprising the operation classified as held for sale are as follows:

	2021
	Rs'000
Property, plant and equipment	45,440
Inventories	11,188
Trade and other receivables	12,571
Cash and bank balances	8,479
Total assets classified as held for sale	77,678
Trade and other payables	9,150
Employee benefit liabilities	1,411
Total liabilities associated with assets classified as held for sale	10,561
Net assets	67,117

The Company

	2021
Investment in United Granite Products (Private) Limited	Rs'000
At July, 01	-
Transfer from investment in subsidiary	66,474
Additions	1,182
Impairment	(45,228)
At June, 30	22,428

38. FINANCIAL REVIEW

	2021	2020 Restated
	Rs'm	Rs'm
THE GROUP		
Share capital	265.1	265.1
Reserves	3,290.9	2,998.9
Shareholders' interests	3,556.0	3,264.0
Assets	5,617.9	5,588.1
Liabilities	2,020.3	2,286.4
Revenue	3,327.9	2,844.8
Profit before taxation	242.2	58.3
Income tax expense	(20.6)	(25.8)
Profit for the year	221.6	32.4
Dividend	(79.5)	(50.4)

	2021	2020 Restated
	Rs	Rs
Basic net assets value per share	134.14	123.12
Basic earnings per share	7.40	0.68
Dividend per share	3.00	1.90

	2021	2020 Restated
	Rs'm	Rs'm
THE COMPANY		
Share capital	265.1	265.1
Reserves	2,301.9	2,014.4
Shareholders' interests	2,567.0	2,279.5
Assets	3,971.4	4,035.3
Liabilities	1,404.4	1,755.8
Revenue	1,808.6	1,587.2
Profit before taxation	243.4	32.4
Income tax expense	(10.0)	(19.0)
Profit for the year	233.4	13.4
Dividend	(79.5)	(50.4)

	2021	2020 Restated
	Rs	Rs
Basic net assets value per share	96.83	85.99
Basic earnings per share	8.80	0.51
Dividend per share	3.00	1.90

39. CORONAVIRUS ("COVID-19")

At June 30, 2021, 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.

FINANCIAL STATEMENTS

Notes to the financial statements

FOR THE YEAR ENDED JUNE 30, 2021

40. PRIOR YEAR ADJUSTMENTS

During the year ended June 30, 2021, the below mentioned account balances at Group level were restated retrospectively in accordance with International Accounting Standards, IAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors. The effect of the restatements is summarised as follows:

(a) Land meeting the definition of IAS 40 - Investment Property accounted as part of Property, Plant and Equipment

In prior years, land meeting the definition of Investment Property under IAS 40, was recorded as part of property, plant and equipment. The Group restated its investment property and property, plant and equipment with the proper reclassification.

The Group restated its property, plant and equipment by Rs 12.5m in FY 2020 with respect to land meeting the definition of Investment Property under IAS 40, recorded as part of property, plant and equipment under IAS 16. As a result, the corresponding revaluation amount of the property, plant and equipment of Rs 12.5m was reversed from revaluation reserves.

In 2020, part of the property, plant and equipment restated as investment property amounting to Rs 41.7m was omitted from the books of the group, thereby reversing property, plant and equipment and revaluation reserves by Rs 41.7m. The Group restated its investment property and revaluation reserves by the said amount to re-instate the value of the land in the books of the Group.

(b) Land held for distribution under Voluntary Retirement Scheme (VRS)

Land previously derecognised as part of VRS, was included back when the revaluation exercise was performed in FY 2020 amounting to Rs 3.9m. The Group restated the land by reversing the land value and its corresponding revaluation amount.

Impact on asset and equity	As at July 01, 2019 (as previously reported) Rs'000	Adjustments Rs'000	As at July 01, 2019 (Restated) Rs'000
- Property, plant and equipment (note 5)	3,355,475	(41,700)	3,313,775
- Investment properties (note 7)	38,795	41,700	80,495
Total effect on net assets	3,394,270	-	3,394,270
Impact on revaluation reserve	1,488,373	-	1,488,373
Impact on retained earnings	1,247,957	-	1,247,957
Total effect on equity	3,113,287	-	3,113,287

40. PRIOR YEAR ADJUSTMENTS (CONTINUED)

Impact on asset and equity

	As at June 30, 2020 (as previously reported) Rs '000	Adjustments Rs '000	As at June 30, 2020 (Restated) Rs '000
- Property, plant and equipment (note 5)	3,694,515	(16,493)	3,678,022
- Investment properties (note 7)	35,369	41,700	77,069
Total effect on net assets	3,729,884	25,207	3,755,091
Impact on revaluation reserve	1,848,895	25,207	1,874,102
Impact on retained earnings	1,010,772	-	1,010,772
Total effect on equity	3,238,830	25,207	3,264,037

Impact on total comprehensive income

	For the year ended June 30, 2020 (as previously reported) Rs '000	Adjustments Rs '000	For the year ended June 30, 2020 (Restated) Rs '000
Impact on other comprehensive income	166,228	25,207	191,435
Impact on total comprehensive income for the year	188,088	25,207	213,295

41. NON-CASH TRANSACTIONS

During the year, the Company approved the conversion of part of a loan receivable from a subsidiary amounting to Rs 91.6m into equity of the subsidiary (refer to note 9(h)).

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 Hennessy Park Hotel, 65, Ebène Cybercity, Ebène, on Thursday December 09, 2021 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 2021 of the Company.

2 To receive the report of Messrs. Deloitte Mauritius, the Auditors of the Company, for the year ended June 30, 2021.

3 To consider and adopt the Company's and the Group's Audited Financial Statements for the year ended June 30, 2021.

4 To elect as Director of the Company, Mr François Boullé, aged above 70, who offers himself for re-election upon recommendation from the Corporate Governance Committee, to hold office until the next Annual Meeting in accordance with Section 138(6) of the Companies Act 2001.

5 To elect as Director of the Company, Mr Stéphane Brossard, 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.

6-15 To elect as Directors of the Company and by way of separate resolutions, the following persons who offer themselves for re-election upon recommendation from the Corporate Governance Committee, to hold office until the next Annual Meeting:

- **6** Mr Marc Freismuth
- **7** Mr Jan Boullé
- **8** Mrs Catherine Gris
- **9** Mr Laurent de la Hogue
- **10** Mr Stéphane Lagesse
- **11** Mr Thierry Lagesse
- **12** Mrs Christine Marot
- **13** Mr Christophe Quevauvilliers
- **14** Mrs Kalindee Ramdhonee
- **15** Mr Stéphane Ulcoq

16 To take note of the re-appointment of Messrs. Deloitte Mauritius as Auditors of the Company for the year ending June 30, 2022, 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 17, 2021

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 10, 2021.
5. The minutes of proceedings of the preceding Annual Meeting held on December 18, 2020 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 Thursday December 09, 2021 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 2021 of the Company.			
2	To receive the report of Messrs. Deloitte Mauritius, the Auditors of the Company, for the year ended June 30, 2021.			
3	To consider and adopt the Company's and the Group's Audited Financial Statements for the year ended June 30, 2021.			
4	To elect as Director of the Company, Mr François Boullé, aged above 70, who offers himself for re-election upon recommendation from the Corporate Governance Committee, to hold office until the next Annual Meeting in accordance with Section 138(6) of the Companies Act 2001.			
5	To elect as Director of the Company, Mr Stéphane Brossard, 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.			
6-15	To elect as Directors of the Company and by way of separate resolutions, the following persons who offer themselves for re-election upon recommendation from the Corporate Governance Committee to hold office until the next Annual Meeting:			
	6 Mr Marc Freismuth			
	7 Mr Jan Boullé			
	8 Mrs Catherine Gris			
	9 Mr Laurent de la Hogue			
	10 Mr Stéphane Lagesse			
	11 Mr Thierry Lagesse			
	12 Mrs Christine Marot			
	13 Mr Christophe Quevauvilliers			
	14 Mrs Kalindee Ramdhonee			
	15 Mr Stéphane Ulcoq			
16	To take note of the re-appointment of Messrs. Deloitte Mauritius as Auditors of the Company for the year ending June 30, 2022, 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 .... 2021.

....
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