

THE UNITED BASALT PRODUCTS LTD AND ITS SUBSIDIARY COMPANIES
UNAUDITED ABRIDGED GROUP INTERIM FINANCIAL STATEMENTS
QUARTER AND NINE MONTHS ENDED MARCH 31, 2018

ABRIDGED STATEMENT OF FINANCIAL POSITION

| | Unaudited | | Audited |
|---|---|---|--|
| | As at March 31, 2018 Rs. ' 000 | As at March 31, 2017 Rs. ' 000 | As at June 30, 2017 Rs. ' 000 |
| ASSETS | | | |
| Non-current assets | 3 627 385 | 3 142 051 | 3 691 158 |
| Current assets | 1 279 672 | 1 194 801 | 1 280 196 |
| TOTAL ASSETS | 4 907 057 | 4 336 852 | 4 971 354 |
| EQUITY AND LIABILITIES | | | |
| Equity | | | |
| Equity attributable to shareholders of the parent | 3 238 435 | 2 775 506 | 3 130 790 |
| Non-controlling interests | 53 396 | 56 136 | 42 766 |
| TOTAL EQUITY | 3 291 831 | 2 831 642 | 3 173 556 |
| Non-current liabilities | 454 495 | 927 700 | 1 005 934 |
| Current liabilities | 1 160 731 | 577 510 | 791 864 |
| TOTAL EQUITY AND LIABILITIES | 4 907 057 | 4 336 852 | 4 971 354 |

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QUARTER AND NINE MONTHS ENDED MARCH 31, 2018

ABRIDGED STATEMENT OF COMPREHENSIVE INCOME

| | Unaudited | | | | Audited |
|---|---|---|--|--|---|
| | Quarter ended March 31, 2018 Rs. ' 000 | Quarter ended March 31, 2017 Rs. ' 000 | 9 months ended March 31, 2018 Rs. ' 000 | 9 months ended March 31, 2017 Rs. ' 000 | Year ended June 30, 2017 Rs. ' 000 |
| Revenue | 623 528 | 576 646 | 2 195 471 | 2 016 027 | 2 651 466 |
| Operating profit | 8 609 | 39 693 | 189 620 | 203 450 | 217 162 |
| Finance income | 558 | 664 | 631 | 830 | 1 347 |
| Finance costs | (11 280) | (11 628) | (34 738) | (33 277) | (47 081) |
| Share of results of associates | (3 163) | 7 061 | 10 087 | 24 824 | 34 280 |
| (Loss)/ profit before tax | (5 276) | 35 790 | 165 600 | 195 827 | 205 708 |
| Income tax expense | (4 783) | (9 606) | (29 996) | (27 674) | (34 077) |
| (Loss)/ profit for the period / year | (10 059) | 26 184 | 135 604 | 168 153 | 171 631 |
| Other comprehensive (loss) / income | | | | | |
| <i>Items to be reclassified to profit or loss in subsequent periods:</i> | | | | | |
| Net gain on available-for-sale investments | - | 934 | - | 554 | 2 329 |
| Release on disposal of available-for-sale investments | (14 317) | (10 813) | (14 317) | (10 813) | (10 813) |
| Exchange differences on translation of foreign operations | 43 | (843) | 2 132 | (2 261) | 1 667 |
| Net other comprehensive loss to be reclassified to profit or loss in subsequent periods | (14 274) | (10 722) | (12 185) | (12 520) | (6 817) |
| <i>Items not to be reclassified to profit or loss in subsequent periods:</i> | | | | | |
| Re-measurement losses on defined benefit plans | - | - | - | - | (13 223) |
| Income tax effect on re-measurement losses on defined benefit plans | - | - | - | - | 2 300 |
| Revaluation of land and buildings | - | - | - | - | 446 235 |
| Deferred tax effect on revaluation of land and buildings | - | - | - | - | (45 411) |
| Share of movement in reserves of associates | (607) | (1 851) | (4 544) | (1 110) | 42 090 |
| Net other comprehensive (loss) / income not to be reclassified to profit or loss in subsequent periods | (607) | (1 851) | (4 544) | (1 110) | 431 991 |
| Other comprehensive (loss) / income for the period / year, net of tax | (14 881) | (12 573) | (16 729) | (13 630) | 425 174 |
| Total comprehensive (loss) / income for the period / year, net of tax | (24 940) | 13 611 | 118 875 | 154 523 | 596 805 |
| (Loss) / profit for the period / year attributable to: | | | | | |
| Equity holders of the parent | (12 048) | 24 480 | 124 538 | 157 060 | 159 669 |
| Non-controlling interests | 1 989 | 1 704 | 11 066 | 11 093 | 11 962 |
| | (10 059) | 26 184 | 135 604 | 168 153 | 171 631 |
| Total comprehensive (loss) / income for the period / year attributable to: | | | | | |
| Equity holders of the parent | (27 019) | 12 262 | 107 645 | 144 025 | 585 467 |
| Non-controlling interests | 2 079 | 1 349 | 11 230 | 10 498 | 11 338 |
| | (24 940) | 13 611 | 118 875 | 154 523 | 596 805 |
| Earnings per share (Rs) | | | | | |
| Basic, (loss) / profit for the period / year attributable to ordinary equity holders of the parent | (0,45) | 0,92 | 4,70 | 5,92 | 6,02 |

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QUARTER AND NINE MONTHS ENDED MARCH 31, 2018

ABRIDGED STATEMENT OF CHANGES IN EQUITY

| Unaudited | Equity attributable to shareholders of the parent | | | | | | | Non-controlling Interests | Total Equity | |
|--|--|----------------------|----------------------------|----------------------------|---------------------------|----------------------------|--------------------------|----------------------------------|---------------------|------------------|
| | Share Capital | Share Premium | Associate Companies | Revaluation Reserve | Fair Value Reserve | Translation Reserve | Retained Earnings | | | |
| | Rs. ' 000 | Rs. ' 000 | Rs. ' 000 | Rs. ' 000 | Rs. ' 000 | Rs. ' 000 | Rs. ' 000 | Rs. ' 000 | Rs. ' 000 | |
| At July 1, 2017 | 265 100 | 7 354 | 106 028 | 1 490 537 | 20 129 | 10 655 | 1 230 987 | 3 130 790 | 42 766 | 3 173 556 |
| Profit for the period | - | - | - | - | - | - | 124 538 | 124 538 | 11 066 | 135 604 |
| Other comprehensive (loss) / income | - | - | (4 544) | - | (14 317) | 1 968 | - | (16 893) | 164 | (16 729) |
| Total comprehensive (loss) / income for the period | - | - | (4 544) | - | (14 317) | 1 968 | 124 538 | 107 645 | 11 230 | 118 875 |
| Dividend | - | - | - | - | - | - | - | - | (600) | (600) |
| At March 31, 2018 | 265 100 | 7 354 | 101 484 | 1 490 537 | 5 812 | 12 623 | 1 355 525 | 3 238 435 | 53 396 | 3 291 831 |
| At July 1, 2016 | 265 100 | 7 354 | 63 938 | 1 093 038 | 28 613 | 7 444 | 1 165 994 | 2 631 481 | 46 238 | 2 677 719 |
| Profit for the period | - | - | - | - | - | - | 157 060 | 157 060 | 11 093 | 168 153 |
| Other comprehensive loss | - | - | (1 110) | - | (10 259) | (1 666) | - | (13 035) | (595) | (13 630) |
| Total comprehensive (loss) / income for the period | - | - | (1 110) | - | (10 259) | (1 666) | 157 060 | 144 025 | 10 498 | 154 523 |
| Dividend | - | - | - | - | - | - | - | - | (600) | (600) |
| At March 31, 2017 | 265 100 | 7 354 | 62 828 | 1 093 038 | 18 354 | 5 778 | 1 323 054 | 2 775 506 | 56 136 | 2 831 642 |

ABRIDGED STATEMENT OF CASH FLOWS

| | Unaudited | |
|--|--|--|
| | 9 months ended March 31, 2018 Rs. ' 000 | 9 months ended March 31, 2017 Rs. ' 000 |
| Net cash flows from operating activities | 322 593 | 240 104 |
| Net cash flows used in investing activities | (134 745) | (175 115) |
| Net cash flows from financing activities | 43 652 | 35 791 |
| Increase in cash and cash equivalents | <u>231 500</u> | <u>100 780</u> |
| MOVEMENT IN CASH AND CASH EQUIVALENTS | | |
| At July 1, | (269 319) | (196 691) |
| Movement | <u>231 500</u> | <u>100 780</u> |
| At March 31, | <u>(37 819)</u> | <u>(95 911)</u> |

The above Unaudited Abridged Group Interim Financial Statements for the quarter and nine months ended March 31, 2018 have been prepared in compliance with International Financial Reporting Standards and on a basis consistent with that of the latest Audited Group Financial Statements for the year ended June 30, 2017.

THE UNITED BASALT PRODUCTS LTD AND ITS SUBSIDIARY COMPANIES
UNAUDITED ABRIDGED GROUP INTERIM FINANCIAL STATEMENTS
QUARTER AND NINE MONTHS ENDED MARCH 31, 2018

SEGMENTAL INFORMATION

| | Unaudited | | | Audited | |
|------------------------------------|----------------|----------------|------------------|------------------|------------------|
| | Quarter ended | Quarter ended | 9 months ended | 9 months ended | Year ended |
| | March 31, 2018 | March 31, 2017 | March 31, 2018 | March 31, 2017 | June 30, 2017 |
| | Rs. ' 000 | Rs. ' 000 | Rs. ' 000 | Rs. ' 000 | Rs. ' 000 |
| Revenue: | | | | | |
| Building materials - Core business | 428 734 | 412 069 | 1 516 884 | 1 388 646 | 1 868 069 |
| Building materials - Retail | 204 927 | 183 864 | 726 592 | 667 134 | 857 224 |
| Agriculture | 20 379 | 14 578 | 82 068 | 81 930 | 100 885 |
| Consolidation adjustments | (30 512) | (33 865) | (130 073) | (121 683) | (174 712) |
| Total | 623 528 | 576 646 | 2 195 471 | 2 016 027 | 2 651 466 |
| Operating profit / (loss): | | | | | |
| Building materials - Core business | 14 506 | 40 076 | 167 103 | 181 819 | 208 396 |
| Building materials - Retail | (3 652) | 2 482 | 30 560 | 31 733 | 31 546 |
| Agriculture | (2 245) | (2 865) | (8 043) | (10 102) | (22 780) |
| Total | 8 609 | 39 693 | 189 620 | 203 450 | 217 162 |

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QUARTER AND NINE MONTHS ENDED MARCH 31, 2018

COMMENTS

The Group's revenue for the nine months ended March 31, 2018 increased by 8.9% compared to that of the same period in 2017 whilst the Group's operating profit decreased from Rs 203.4 million to Rs 189.6 million. As shown in the segmental information disclosure, this shortfall is attributable to a drop in performance of our core business and retail segments during the last quarter.

In terms of our core business locally, our profitability was significantly impacted by unexpected production-related costs incurred due to the bad weather conditions prevailing since the beginning of the year. In addition, transport costs were incurred to transfer boulders and finished goods between our various sites to avoid production disruptions and products unavailability and satisfy our customers needs. Besides this, our performance was also impacted by exceptional severance allowances paid to retiring employees and legal fees incurred in relation to our case at the Privy Council. Overseas, our subsidiary operating in Madagascar continued to incur losses due to an increase in production costs and the unavailability of raw-materials while in Sri Lanka our subsidiary restarted its operations in March but the net result for the period under review was still loss-making.

In terms of our retail segment, the lower performance for the quarter was attributable to a drop in profit margin resulting from projects sales and significant stock clearance actions as well as an increase in administrative and selling expenses.

Our share of results from associates decreased significantly for the quarter and nine months period under review compared to the same period in previous year due to a major drop in the net results of our ready-mixed concrete entity caused by the bad weather conditions.

In the light of the above and taking into account the increase in effective tax rate during the period, the Group's profit decreased from Rs 168.1 million for the nine months ended March 31, 2017 to Rs 135.6 million for the nine months period under review. Earnings per share likewise decreased from Rs 5.92 in 2017 to Rs 4.70 for this period.

OUTLOOK

Based on our performance to date and our revenue forecasts to June 2018, the net result for the current financial year should be comparable to that of 2016-2017. Our medium and long term future performance locally remains dependent on the level of investment in property development and public infrastructure projects. The announcement of several major projects for 2018 and beyond is very encouraging for the construction industry going forward but there is still some uncertainty about the realisation timing of such projects.

DIVIDENDS

The Board of Directors has declared a dividend of Rs 3.50 per share in respect of the financial year ending on June 30, 2018, payable on or about June 26, 2018.

By Order of the Board

Bhooneshi Nemchand
Company Secretary

May 10, 2018

The above Unaudited Abridged Group Interim Financial Statements are issued pursuant to Listing Rule 12.20 of the Stock Exchange of Mauritius Ltd and to Section 88 of the Securities Act 2005.

The Board of Directors of The United Basalt Products Limited accepts full responsibility for the accuracy of the information contained in these Unaudited Abridged Group Interim Financial Statements.

The statement of direct and indirect interests of insiders required under rule 8(2)(m) of the Securities (Disclosure Obligations of Reporting Issuers) Rules 2007 is available upon request, free of charge, at the registered office of the Company, Trianon, Quatre Bornes.

Copies of this report are available to the public, free of charge, at the registered office of the Company, Trianon, Quatre Bornes.