



PLF

annual report 2006

PORT LOUIS FUND LTD

Contents

	02	Notice of Annual Meeting of Shareholders
Corporate Information	03	
	04	Directors & Executive Management
Statutory Disclosures	05	
	06	Secretary's Certificates
Report of the Directors	07	
	20	Auditors' Report to the Shareholders
Statement of Asset and Liabilities	21	
	22	Income and Distribution Statement
Statement of Movements in Net Assets	23	
	24	Cash Flow statement
Notes to the Financial Statements	25	

Notice of Annual Meeting to the shareholders



Notice is hereby given that the 9th Annual Meeting of Shareholders of Port Louis Fund Ltd will be held at Le Sirius, Labourdonnais Waterfront Hotel, Caudan Waterfront, Port Louis on Wednesday, December 20, 2006 at 1400 hours for the transaction of the following businesses:-

Agenda

1. To adopt the Minutes of Proceedings of the 8th Annual Meeting of Shareholders of Port Louis Fund Ltd held on Wednesday, 21 December, 2005.
2. To consider the Annual Report for the financial year ended 30 June 2006.
3. To receive the Report of Auditors.
4. To consider and approve the Audited Financial Statements for the year ended 30 June 2006.
5. To ratify the dividends declared by the Board of Directors and paid to all shareholders registered at the close of business on 31 May 2006.
6. To re-appoint Mrs. Selvida Naiken as Director of the Company to hold office until the next Annual Meeting.
7. To re-appoint Mr. Yusuf Hassam Aboobaker as Director of the Company to hold office until the next Annual Meeting.
8. To re-appoint Mr. Georges Yves Hervé Lassémillante as Director of the Company to hold office until the next Annual Meeting.
9. To re-appoint Mr. Vijay Bhuguth as Director of the Company to hold office until the next Annual Meeting.
10. To appoint Mr. Muhammad Iqbal Mallam-Hasham, who has been nominated as Director of the company by the Board of Directors on 07 June 2006 as per Article 101 of the Articles of Association of the Company, to hold office until the next Annual Meeting.
11. To elect / appoint one additional Director to hold office until the next Annual Meeting. (See Annex – List of Applicants)
 - (a) Should the elected applicant be over the age of 70, to pass an ordinary resolution to appoint him / her as Director of the Company in compliance with Section 138 (6) of the Companies Act 2001.
12. To fix remuneration for sub-committees of the Board.
13. To re-appoint Kemp Chatteris Deloitte as Auditors of the Company for the financial year ending 30 June 2007 and to authorise the Board of Directors to fix their remuneration.
14. To transact any other business, if any, as may be transacted at an Annual Meeting of Shareholders.

BY ORDER OF THE BOARD

PRIME PARTNERS LTD.
COMPANY SECRETARY

22 November 2006

NOTE: *Members entitled to attend and vote at the meeting may appoint proxies to attend and vote for them. The instrument appointing a proxy or any general power of attorney shall be deposited at the Registered Office of the Company not less than twenty-four hours before the meeting or else the instrument of proxy shall not be treated as valid.*

Registration of shareholders at the meeting will start as from 1300 hours.



DIRECTORS

Mrs. S. Naiken, Chairperson (appointed on 15 Nov 2005)
Mr. Y.H.Aboobaker, C.S.K
Mr. G.Y.H Lassémillante
Mr. V. Bhuguth
Mr. D.K. Salehmohamed
Mr. M.I. Mallam-Hasham (appointed on 07 Jun 2006)
Mr. R.D.N. Ringadoo (From 07 Nov 2005 to 15 Nov 2005)
Mr. I. Golam (From 08 Nov 2005 to 07 Jun 2006)
Mr. R. Aukle (Resigned on 08 Nov 2005)
Mr. S. Gokhool, (Resigned on 04 Aug 2005)

FUND MANAGER

Capital Asset Management Ltd

CORPORATE SECRETARY AND SHARE REGISTRY

Prime Partners Ltd

BANKERS

Barclays Bank PLC
The Hong Kong and Shanghai Banking Corp Ltd
The Mauritius Commercial Bank Ltd
State Bank of Mauritius Ltd
The First City Bank Ltd
Mauritius Post and Cooperative Bank Ltd

AUDITORS

Kemp Chatteris Deloitte

REGISTERED OFFICE

15th Floor, Air Mauritius Centre,
6, President John Kennedy Street
Port Louis, Mauritius.

WEBSITE

<http://www.portlouisfund.com>

STOCKBROKING COMPANIES

Asmo Securities & Investments Ltd
Associated Brokers Ltd
Capital Market Brokers Ltd
Cavell Securities Ltd
Compagnie des Agents des Change Ltée
CIM Stockbrokers Ltd
Newton Securities Ltd
Prime Securities Ltd
MCB Stockbrokers Ltd
Ramet & Associés Ltée
Bramer Securities Ltd
SBM Securities Ltd

DIRECTORS

Mrs Selvida Naiken is a Fellow of Chartered Certified Accountant (FCCA) and also hold a MBA in Marketing. She is presently Senior Financial Management Analyst at the Ministry of Finance. She reckons about 20 years of service in Government.

Mr. Yusuf H. Aboobaker, S.C., C.S.K., holds a BA (Hons) in Economics. He was called to the bar at Lincoln's Inn and is a Senior Counsel practising at the Bar. He is also the chairman of the Electoral Supervisory Commission and Electoral Boundaries Commission.

Mr. Vijay Bhuguth is a FCCA and a member of MIPA. He also holds a post-graduate Diploma in International Tax Planning. He has more than 19 years of experience in accounting firms.

Mr. Hervé Lassémillante is a Member of the Middle Temple. He sat on the Police Service Commission. At present, he is Barrister-at-Law and has been practising at the Mauritian Bar since 1982.

Mr. I.M Mallam-Hasham is a fellow of the prestigious Hubert H. Humphrey program, studied International Economy at the Boston University, MBA Program and he read the Negotiation Project at Harvard Law School. He also holds post-graduate Degrees in Management and Business from "Institut d'Administration des Enterprises", Université de Strasbourg.

Mr. Mallam-Hasham has wide ranging experience in the Banking Sector (BNPI). He has been a Consultant in Corporate Management, Financial Services, Training and Legal matters and has been working extensively with leading Financial Companies in the BPO field.

He has formerly held important positions including Member of Parliament, Member of Public Accounts Committee and Member of the Joint ACP-EU Bureau. Nowadays, he is involved on various Boards as Chairman and Director for some of the leading Companies in Mauritius.

Mr. D.K. Salehmohamed is a Company Director and is also a member of the Institute of Corporate Governance and the Association of Small Shareholders in listed companies. Mr. Salehmohamed reckons 39 years of service in Government and has attended several seminars and workshops on the implementation of the Code of Corporate Governance.

EXECUTIVE MANAGEMENT

Mr. Prem Beejan holds an MSc in Financial Management from the University of London and a BA (Hons) with Distinction in Economics from a Canadian University. He is presently Group Business Development Manager at The State Investment Corporation Ltd. He has more than 25 years of experience at executive management level. He has a wide exposure to various sectors and has been on the boards of companies involved in mortgage finance, leasing, insurance, fund management, housing, education, informatics, water, leisure, hotel and sugar sector.

Mr. Randhir Mannick holds the Chartered Financial Analyst designation awarded by the CFA Institute and a BA (Hons) in Economics and a MBA. He is also a qualified stockbroker. He is presently Group Portfolio & Investment Manager at The State Investment Corporation Ltd. He holds directorship in companies comprising different sectors of the economy. He has ten years of experience in the financial sector.

Mr. Vedprakash Auckaloo holds an MSc in Financial Management and a BSc (Hons) in Economics from the University of London. He is also a qualified stockbroker and holds an ICSA Diploma in Offshore Finance and Administration. He has previously worked in the Government service and in the banking sector. He joined Capital Asset Management Ltd in 2001 and currently holds the position of Portfolio Manager.

Mr. Mahendra K. Ramroop joined Capital Asset Management Ltd in January 2006 and currently he is the Accountant of the Company. He is a Fellow of the Chartered Certified Accountant. He has worked in the banking sector for over 15 years. Before joining CAM he worked within the SIC Group in the Leisure and financial service sector.

The Board of Directors have the pleasure to submit the Annual Report together with the audited financial statements of Port Louis Fund Ltd for the year ended June 30, 2006.

PRINCIPAL ACTIVITY

The Company is an open-ended mutual fund incorporated on 9 June 1997 as a Public Company with limited liability. The Company has obtained approval from the Ministry of Finance to be an Authorised Mutual Fund under Section 35 of the Companies Act 1984, now replaced by the Companies Act 2001.

The main objects of the Company are:

- (i) To carry on business as an investment holding company;
- (ii) To deal in securities and properties of all kinds; and
- (iii) To manage and advise on investment funds.

RESULTS FOR THE YEAR

The income and distribution statement for the year ended 30 June 2006 is shown on page 22.

DIVIDENDS

A dividend of **Rs 48,342,123.95** (representing **Rs0.85 per share**) was paid for the year ended 30 June 2006 (2005:Rs 46,113,823.20 representing Rs 0.80 per share)

MEMBERS OF THE BOARD OF DIRECTORS

Mrs. Selvida Naiken - Chairperson

Mr. Y. Hassam Aboobaker

Mr. Vijay Bhuguth

Mr. G.Y. Herve Lassemillante

Mr. M. Iqbal Mallam-Hasham (as from 07 June 2006)

Mr. D. Kassam Salehmohamed

Mr. R.D. Nagaya Ringadoo (From 07 to 15 November 2005)

Mr. Ishwurlal Golam (From 08 November 2005 to 07 June 2006)

Mr. Seilendra Gokhool (Up to 04 August 2005)

Mr. Rohit Aukle (Up to 08 November 2005)

DIRECTORS' SERVICE CONTRACTS

There were no service contracts between the Company and any of the Directors.

DIRECTORS' REMUNERATION AND BENEFITS

Remuneration and benefits received and receivable from the Company were as follows:

	2006 Rs000	2005 Rs000
Executive Directors	-	-
Non-Executive Directors	234	252

DIRECTORS' SHARE INTERESTS

DIRECTORS	DIRECT SHAREHOLDING	INDIRECT SHAREHOLDING
Mrs. S. Naiken - Chairperson	nil	nil
Mr. I. Mallam-Hasham (appointed on 07 June 2006)	7,539	nil
Mr. I. Golam (resigned on 07 June 2006)	15,374	nil
Mr. S. Gokhool (resigned on 04 August 2005)	nil	nil
Mr. Y.H. Aboobaker	nil	nil
Mr. R. Aukle (resigned on 08 November 2005)	nil	nil
Mr. V. Bhuguth	nil	nil
Mr. G.Y.H. Lassemillante	nil	nil
Mr. D.K. Salehmohamed	8,632	nil

DONATIONS

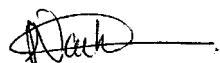
No donation was made during the financial year ended 30 June 2006.

AUDITORS' REMUNERATION

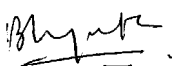
The auditors' remuneration was as follows:

	2006 Rs000	2005 Rs000
Audit services	86	86

Approved on 22 November 2006



S. Naiken (Mrs.)
Chairperson



V. Bhuguth
Director

SECRETARY'S CERTIFICATE

SECRETARY'S CERTIFICATE for the year ended 30 June 2006

We certify that, to the best of our 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 in terms of Section 166(d).



Prime Partners Ltd
Company Secretary
Per B. Veerasamy (Mrs)
Date: 22 November 2006

CORPORATE GOVERNANCE REPORT

The Company is committed to the highest standard of business integrity, transparency and professionalism in all its activities to ensure that the activities within the Company are managed ethically and responsibly to enhance business value for all stakeholders.

As an essential part of this commitment, the Board subscribes to and is fully committed to complying with the Code of Corporate Governance for Mauritius. In this respect, Board has set up committees to discharge of its responsibilities.

COMPOSITION OF THE BOARD

Mrs. Selvida Naiken - Chairperson
 Mr. Yusuf Hassam Aboobaker
 Mr. Vijay Bhuguth
 Mr. Georges Yves Herve Lassemillante
 Mr. Iqbal Mallam-Hasham (as from 07 June 2006)
 Mr. D. Kassam Salehmohamed
 Mr. Raj Direvium Nagaya Ringadoo (From 07 Nov 2005 to 15 Nov 2005)
 Mr. Ishwurlal Golam (From 08 Nov 2005 to 07 June 2006)
 Mr. Seilendra Gokhool (Up to 04 August 2005)
 Mr. Rohit Aukle (Up to 08 Nov 2005)

INVESTMENT COMMITTEE

Mrs. Selvida Naiken - Chairperson
 Mr. Ishwurlal Golam (Up to 07 June 2006)
 Mr. Vijay Bhuguth
 Mr. Muhammad Iqbal Mallam-Hasham (As from 29 June 2006)

AUDIT & RISK COMMITTEE

Mr. Vijay Bhuguth - Chairman
 Mr. Georges Yves Herve Lassemillante
 Mr. Muhammad Iqbal Mallam-Hasham (As from 05 October 2006)

The Audit & Risk Committee met once during the year under review under the chairmanship of Mr. Vijay Bhuguth. The Committee consists solely of non-executive directors. The main objectives of the Audit & Risk Committee include:-

- to monitor the integrity of the financial statements of the Company, and the compliance by the Company with legal and statutory requirements;

- to review the adequacy of the internal control systems and risk management;
- to review financial statements with both management and external auditors prior to their approval.

The terms of reference of the Audit & Risk Committee have been approved by the Board after year end and would be reviewed as necessary.

CORPORATE GOVERNANCE COMMITTEE

Mr. Yusuf Hassam Aboobaker - Chairman
 Mr. Ishwurlal Golam (Up to 07 June 2006)
 Mr. Muhammad Iqbal Mallam-Hasham (As from 29 June 2006)

The Corporate Governance Committee acts as a useful mechanism for making recommendations to the Board on all corporate governance provisions to be adopted so that the Board remains effective and complies with prevailing corporate governance principles. The Committee is chaired by Mr. Yusuf Hassam Aboobaker, an independent non-executive director.

The terms of reference of the Corporate Governance Committee are in the process of finalisation.

NOMINATIONS COMMITTEE

Mrs. Selvida Naiken - Chairperson
 Mr. Yusuf Hassam Aboobaker
 Mr. Ishwurlal Golam (Up to 07 June 2006)
 Mr. Muhammad Iqbal Mallam-Hasham (As from 29 June 2006)

The Committee met once during the year under review under the chairmanship of Mrs. Selvida Naiken. The Committee's main objective is to make recommendations to the Board on all new Board appointments. The Committee reviews the balance and effectiveness of the Board, identifies skills needed and those individuals who might best be seen to be providing such skills in a fair and thorough manner. The Committee is also an appropriate mechanism for ensuring that the Board remains effective and focused.

The terms of reference of the Committee are being finalized.

BOARD AND COMMITTEE MEETINGS ATTENDANCE

	Board	Investment Committee	Audit & Risk Committee	Nominations Committee
Chairman				
Mrs. Selvida Naiken (From 15 Nov 05)	10/10	1/1		1/1
Mr. Raj Ringadoo (From 07 Nov 2005 to 15 Nov 2005)	2/2			
Directors				
Mr. Yusuf Hassam Aboobaker	10/12			1/1
Mr. Vijay Bhuguth	11/12	1/1	1/1	
Mr. Ishwurlal Golam (From 08 Nov 05 to 07 June 06)	9/9	1/1		1/1
Mr. Georges Yves Herve Lassemillante	9/12		1/1	
Mr. Muhammad Iqbal Mallam-Hasham (From 07 Jun 06)	1/1			
Mr. Dawood Kassam Salehmohamed	10/12			

There was no meeting of the Corporate Governance Committee during the year under review.

DIRECTORS DEALINGS IN SHARES

Directors	Purchase	Redemption
Mr. Muhammad Iqbal Mallam-Hasham (appointed on 07 June 2006)	7,539 shares	-
Mr. Ishwurlal Golam (From 08 Nov 2005 to 07 June 2006)	7,349 Shares	19,141 Shares
Mr. Dawood Kassam Salehmohamed	6,382 shares	-

The other Directors did not have any dealings in the shares of the Company.

LIST OF SHAREHOLDERS HOLDING MORE THAN 5% OF THE COMPANY

Name	No. of shares	% Shareholding
The State Investment Corporation Ltd	21,379,424	37.09
National Pensions Fund	7,500,000	13.01
Consolidated Sinking Fund	5,597,909	9.71

CALENDER OF IMPORTANT EVENTS

May	Declaration of Dividend
June	Payment of Dividend
30 June	End of Financial Year
Nov / Dec	Annual Meeting of Shareholders

PERFORMANCE REVIEW

Financial Results

Total income excluding gain on disposal and fair value change for Held-for-trading investments amounted to Rs 34.3m (2005: Rs 41.0m). The total income included dividend income of Rs 17.9m (2005:Rs 28.5m), income interest of Rs 11.9m (2005:Rs 7.6m) and other income of Rs 4.6m (2005: Rs 4.9m).

The dividend income has dropped mainly because the Fund's holding of listed securities have gone down following a reallocation among asset classes and the amount of dividend received from a few investee companies have fallen.

Interest income has gone up due to the general rise in interest rate in the economy, which is being reflected in higher yield being obtained in both short term and long term fixed income investments.

The fair value change for Held-for-trading investments amounted to Rs30.1m (2005:Rs 23.1m). This occurred mainly because the prices of listed securities grew at a higher rate than last year.

The Earnings per Share (EPS) has gone down to Rs 0.93 for the year ended 30 June 2006 (2005:Rs 1.01). Excluding the fair value change on Held-for-trading investments, net income after tax amounted to Rs 24.9m (2005:Rs 36.1m). The EPS excluding fair value change, turned out to Rs 0.42 (2005:Rs 0.61)

The Financial statements have been prepared in compliance with International Financial Reporting Standards (IFRS). Thus, reported profit and EPS are likely to vary considerably year on year, depending on market conditions of the Held- for-trading securities.

Funds Expenses

The Total Expense ratio (TER) gives an indication of the expenses incurred in running a fund. The TER, which has been calculated in line with international standards stood at 1.0% (2005: 0.95%) for the year ended 30 June 2006. The TER represents the drag of fund performance caused by all annual operating costs (including administration, directors and audit fees). The TER of PLF can be favorably compared to the industry average (calculation based on last published accounts) of 1.22% for open ended investment companies in Mauritius.

Dividends

The Fund declared a dividend of 85 cents per share for the year ended 30 June 2006 (2005: 80 cents). The dividend paid on each share increased by 6.25% over last year. In aggregate an amount of Rs 48.3m was distributed to shareholders registered at close of business on 31 May 2006.

Share Capital

The issued shares of the Fund as at 30 June 2006 was 58,207,000 (2005: 59,681,000). The number of shares outstanding decreased by 1,474,000 representing a fall of 2.5% over last year.

Fund performance

The Fund achieved a reasonable performance during the year under review. Total return of the Fund was 9.6% for the year ended 30 June 2006. The Net Asset Value (NAV) per share grew from Rs 15.14 to Rs 15.74 as at 30 June 2006 after paying a dividend of 85 cents per share during the year.

The Fund has been structured as a low risk fund in accordance with its investment objectives. The risk of the Fund has been measured on the basis of monthly return since its inception in June 1997 compared to that of the market, as represented by SEMDEX. This leads to the measurement called beta which gauges market risk. The beta of the Fund is at 0.64. This means that the Fund is less risky than the market, that is, when the market is falling or rising rapidly, the fund has a certain degree of resilience.

Fund performance analysis by Asset Classes

The estimated decomposition of the total return of 9.6% is shown below:

Asset Class	Total Return of Asset Class -%	Average Portfolio -%	Weighted Return -%
Listed equities	12.7%	36.9%	4.6%
Unquoted equities	2.6%	19.0%	0.5%
Foreign Investments	13.7%	21.1%	2.9%
Fixed Income Securities & Others	6.9%	23.0%	1.6%
PLF Portfolio		100%	9.6%

Table 1: Total Return Decomposition

The Table above provides an estimate of the total return of each asset class weighted against the average percentage in the portfolio of the Fund over the year.

The total return on listed equities component of the portfolio was 12.7% over the period, compared to SEMDEX which gained 16.3% over the same period. This is mainly attributed to the fact that some of the major holdings of the Fund namely Air Mauritius, Mauritius Leasing Co.Ltd and Sun Resorts did not perform in line with the market.

The unquoted equities have yielded a return of 2.6%. This occurred mainly because one of its holding namely Le Grand Casino du Domaine's financial results were below expectation and this was reflected in the fair value change of the security.

The total return of the foreign investment component of the portfolio was 13.7% in rupee terms, and 9.5% in USD terms. Some of the investments were effected during the year, thus the holding period was less than a year for the new investments. The Board has agreed on the recommendation of the Fund Manager to adopt a cautionary approach for the foreign portfolio. Despite, the cautionary approach, the time weighted return of the foreign component turned out to 15.3% in rupees terms and 10.6%, in USD terms. As a general guide, the MSCI world Index gained 14.9% in USD terms over the same period. A large part of the investment was temporarily parked in cash or quasi- cash based funds, which

are low risk and are not exposed to the equity market volatility. On a risk adjusted basis, the performance of the foreign portfolio is comparable to world major equity markets.

The fixed income securities and other component returns are estimated to be around 6.9%. This asset class comprised long-term instruments, short term foreign currency deposits and cash. Returns on those instruments are in line with returns on the market for similar securities.

ASSET ALLOCATION & PORTFOLIO COMPOSITION

The ultimate aim of the asset allocation is to meet the objectives of the Fund. The asset allocation of the Fund is reviewed periodically in light of changes in market conditions. The gradual shift in asset allocation towards foreign investment continued this year.

The total portfolio size stood at Rs 916.1m as at 30 June 2006 (2005: Rs 903.4m). The table below depicts the breakdown of the total portfolio of the Fund by asset classes.

ASSET ALLOCATION	30-Jun-05 Rs m	%	30-Jun-06 Rs m	%
Listed & Quoted Equities	363.6	40.2%	330.1	36.0%
Banks & Insurance	119.3	13.2%	120.1	13.1%
Industry	34.1	3.8%	42.6	4.7%
Investments	12.8	1.4%	17.4	1.9%
Sugar	6.4	0.7%	8.6	0.9%
Commerce	21.3	2.4%	23.7	2.6%
Hotels	91.4	10.1%	80.5	8.8%
Transport	78.2	8.7%	37.2	4.1%
Unquoted Securities	176.6	19.5%	179.4	19.6%
Total Equities	540.2	59.8%	509.5	55.6%
Fixed Income Securities & Others	194.7	21.6%	153.2	16.7%
Foreign Investments	168.5	18.7%	253.4	27.7%
TOTAL PORTFOLIO	903.4	100%	916.1	100%

Table 2: Asset Allocation

Listed and Quoted Equities

This component of the portfolio has decreased in percentage terms from 40.2% in 2005 to 36.0% in 2006. The value of listed and quoted investment amounted to Rs 330.1m (2005: Rs 363.6m). During the year, listed investments worth Rs 85.0m were disposed and Rs 21.3m of investments were acquired. Net disposal amounted to Rs 63.7m. The Fund reduced its exposure in transport and hotel sectors from 8.7% to 4.1% and 10.1% to 8.8% respectively, on the other hand, exposure to the investments and industry sectors were slightly increased.

Unquoted Equities

The proportion of unquoted equities has gone up marginally from 19.5% to 19.6%. No buy or sell transaction was effected during the year. In terms of value, unquoted equities have risen from Rs 176.6m to Rs 179.4 m, i.e an increase of Rs 2.8 m.

Fixed Income Securities & Others

This component represented 16.7% of the Fund as at 30 June 2006 (2005: 21.6%). In terms of value, the amount was Rs 153.2m (2005 : Rs 194.7m). It is inclusive of short term foreign currencies deposits earmarked for foreign investments worth Rs 32.9m. Long term fixed income securities amounted to Rs 82.5m or 9% (2005: Rs 72.9m , 8.1%).

Foreign Investments

The foreign investment component of the portfolio has been substantially increased as a percentage of total portfolio. It has increased from Rs 168.5m (18.7%) to Rs 253.4m (27.7%) in 2006. This is in line with our previous announcements and our approved asset allocation. It is intended to increase the foreign exposure further. Over the medium to long term foreign exposure would bring greater diversification in terms of market, currencies, types of securities and geographical exposure.

TOP 10 HOLDINGS OF LOCAL EQUITIES

The top 10 local equity holdings of the Fund consist mainly of banking, insurance, transport and hotels stocks. Shareholders also have exposure to the leisure and technology sectors through the unquoted equities.

The top 10 local equity holdings of the Fund as at 30 June 2006 are detailed below:

Security	Amt-Rs	% Net Asset	Category	Sector
SICOM	146.3	16.0%	Unquoted	Insurance
NMH	53.7	5.9%	Listed	Hotels
MCB	51.2	5.6%	Listed	Banking
Air Mtius	37.2	4.1%	Listed	Transport
MLC	34.1	3.7%	Listed	Finance
SBM	32.2	3.5%	Listed	Banking
Sun Resorts	25.4	2.8%	Listed	Hotels
Maurinet	16.8	1.8%	Unquoted	Technology
GCD	15.2	1.7%	Unquoted	Leisure
PBL	14.7	1.6%	Listed	Industry
	426.8	46.7%		

Table 3: Top 10 Local Equities

SICOM Ltd

SICOM was incorporated as a public company on June 30, 1988 to take over the business of the State Insurance Corporation of Mauritius. The company is mainly engaged in long term and general insurance business whilst its subsidiaries carry out depository, investment and investment management business activities. SICOM is presently one of the key players in the insurance sector in Mauritius.

New Mauritius Hotels Ltd (NMH)

NMH is a leading company in Mauritius operating eight hotels and an airline catering unit locally and one hotel in Seychelles. The hotels are marketed under the highly reputed Beachcomber brand. NMH is also engaged in tour operating activities through its foreign subsidiaries. The company is expanding its activities in the region.

The Mauritius Commercial Bank Ltd (MCB)

MCB is the oldest commercial bank in Mauritius. It is also, one of the largest, in terms of market share. Through its stake in the Banque Française Commerciale (Océan Indien), MCB is present in Europe (Paris), Réunion, Seychelles, Mayotte, Tanzania and Mozambique. Locally, the MCB Group, provides a wide range of financial services including stockbroking, fund management, leasing and the provision of administrative services to fund managers and registrar services to companies. MCB is among the top ten banking institution in the Sub-Saharan region. It is the largest company by market capitalization in the Mauritian stock market.

Air Mauritius Limited (AML)

AML operates international air services for the carriage of passengers, cargo and ancillary services. It has two subsidiary companies Pointe Coton Resort Hotel Ltd and Mauritius Estate Development Corporation Ltd (MEDCOR), which are in the hotel and restaurant business and property business respectively. The vision of the company is to be a world class airline.

The Mauritius Leasing Co. Ltd (MLC)

MLC was incorporated in 1987. It carries on the business of providing leases in respect of movable assets, equipment, machinery, plant, motor vehicles, tools, materials and other articles to industrial, agricultural, commercial and service sectors and to self-employed persons. The Company is also licensed by the Bank of Mauritius to carry on Deposit Taking Business and accepts Term Deposits. MLC has been listed on the stock market in 2004.

State Bank of Mauritius Ltd (SBM)

SBM is one of the two major commercial banks in Mauritius in terms of domestic market share. It has the lowest cost to income ratio among major local banks. SBM also provides a range of other financial services like security broking, leasing, asset management and offshore banking. SBM was awarded 'The Banker Global Award' during 2001, 2002 and 2004 for Mauritius.

Sun Resorts Limited (SRL)

SRL is one of the two largest hotel operators in Mauritius. It operates several luxury hotels in Mauritius, a number of which have world recognition. It has a management contract with One & Only (Indian Ocean) Management Limited. The Group successfully relaunched the One & Only Le Touessrok in December 2002 and opened an international championship golf course at Ile aux Cerfs. *(Post Balance Sheet: SRL is finalizing a deal with Kerzner International Ltd regarding future strategy of SRL)*

Maurinet Investment Ltd (MIL)

MIL, via its subsidiary Mauritius Network Services Ltd (MNS), operates in the technology sector in Mauritius. MNS was incorporated in 1994 to provide an electronic network that facilitates existing trade documentation processes. MNS presently has more than 300 users from over 250 local companies linked to its TradeNet Network. In 2007, MNS will move to its new office at Ebene City.

Le Grand Casino Du Domaine Ltée (GCD)

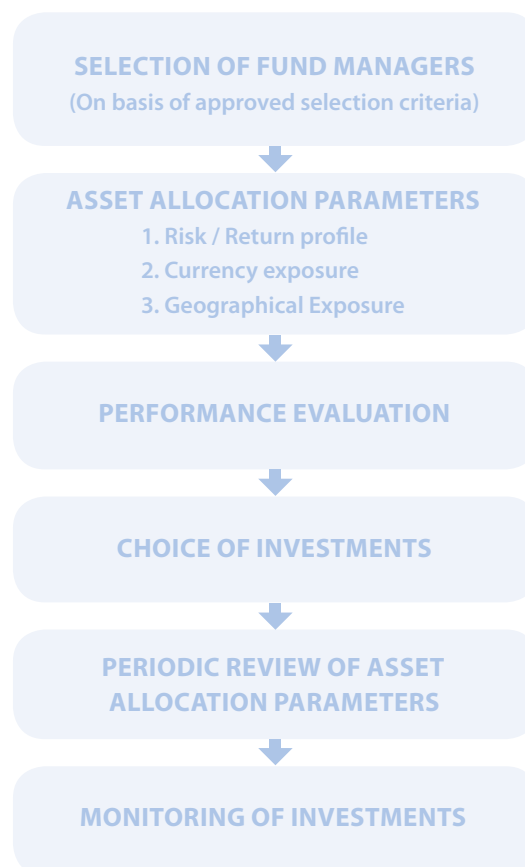
GCD was incorporated in 1992. Its main activity is the operation of a casino at Domaine Les Pailles. GCD is the largest casino in terms of table game operation in Mauritius. It provides a large range of top of the line amenities and popular games.

Phoenix Beverages Ltd (PBL)

PBL is involved in the brewing, bottling and distribution of beer and soft drinks. The company launched the first Mauritian beer in 1963. The company has witnessed significant growth and expansion. It has acquired Phoenix Camp Minerals Limited (PCM) which is involved in the bottling and distribution of Coca-Cola products.

FOREIGN INVESTMENT PROCESS & PORTFOLIO BREAKDOWN

The objective of the foreign portfolio is to achieve positive return. All foreign investments are being effected in investment funds managed by internationally reputed fund management groups. The foreign investment process is being summarized below:



FOREIGN INVESTMENT BREAKDOWN

The Foreign investments of the portfolio have been distribution by different characteristics as at 30 June 2006 as detailed below:

Fund Managers	RsM	% of Foreign Invt.
Fidelity Investments	115.5	45.6%
St James`s Place International	51.8	20.4%
Franklin Templeton	49.7	19.6%
London & Capital	22.8	9.0%
Others	13.6	5.4%
	253.4	100%

Table 4: Foreign Investments distribution by Fund Managers

Asset Allocation of foreign portfolio as at 30 June 2006		
Asset Classes	RsM	%
Equity	161.6	63.8%
Bonds	2.0	0.7%
Cash	69.4	23.4%
Others	30.4	12.1%
	253.4	100.0%

Table 5: Foreign Investments - Asset Allocation

Top 10 Holdings of Foreign Investments		
	RsM	% of Foreign Invt.
St. James`s Place International GBP Deposit Fund	30.6	12.1%
St. James`s Place International UK Tracker	21.2	8.4%
London & Capital European Real Estate Fund	17.2	6.8%
Fidelity Euro Cash Fund	14.2	5.6%
Fidelity USD Cash Fund	12.5	4.9%
Franklin Templeton Eastern Europe Fund	11.6	4.6%
Fidelity Australia Fund	8.8	3.5%
Franklin Templeton Japan Fund	8.5	3.4%
Franklin Templeton China Fund	7.8	3.1%
Man Investment MS Series 4	7.2	2.8%
	139.6	55.2%

Table 6: Foreign Investments - Top 10 Holdings

Foreign Investment Profiles

All foreign investments are classified into different profiles as follows:

- (i) **Risk/Return Profile:** there are four risk/return brackets namely Low Risk, Medium Risk, Upper Medium Risk and High Risk.
- (ii) **Geographical Profile:** consist of four areas namely USA, UK, Europe (Ex-UK) and Others.
- (iii) **Currency Profile:** there are four base currencies of the investments namely USD, EURO,GBP and Others.

Each category within the profile has an upper and a lower limit which is approved by the Board. The actual percentage of each profile is given below together with the approved range for each brackets as at 30 June 2006. The approved ranges are reviewed periodically in light of the Fund Managers` assessment of the market, major international events and asset allocation strategies.

Risk / Return Profile	Actual-%	Approved Range
Low Risk	28.8%	10% - 40%
Medium Risk	13.8%	10% - 70%
Upper Medium Risk	25.2%	10% - 50%
High Risk	32.2%	0% - 40%
	100.0%	

Table 7 (i) Risk / Return Profiles of Investments

Geographical Profile	Actual-%	Approved Range
USA	17.1%	15% - 60%
UK	27.2%	15% - 60%
Europe (Ex-UK)	16.5%	15% - 60%
Others	39.2%	10% - 50%
	100.0%	

Table 7 (ii) Geographical Profiles of Investments

Currency Profile	Actual-%	Approved Range
USD	38.2%	15% - 60%
GBP	27.2%	15% - 60%
EUR	21.8%	15% - 60%
Others	12.8%	10% - 50%
	100.0%	

Table 7 (iii) Currency Profiles of Investments

ECONOMIC REVIEW

Economic growth forecast has been revised to 4.6% for 2006. Growth rate for 2005 stood at 2.5%. In 2005, growth rate in most key sectors were lower than in year 2004 with the exception for financial, hotels and restaurant sectors. The low growth rate was mainly because of a fall in output in the textile and clothing sector and a fall in sugar production.

Investment rate as measured by the ratio of investment to GDP at market price is expected to rise to 23.8% from 21.3% in 2005. The growth rate for Gross Domestic Fixed Capital Formation (GDFCF) was -2.4% in 2005 and is estimated to be around 17% in 2006. GDFCF (excluding aircraft and marine vessel) was -2.1% last year and is expected to be near 4.4% this year. Private sector investment is expected to grow by 9.3% after a decline of 1.1% in 2005.

Consumption is expected to grow at a rate of 5.3% in 2006 compared to 7.1% in 2005. Domestic savings as a ratio of Gross National Domestic Income fell to 16.4% in 2005 and is expected to decrease further to reach around 14.9% this year.

The EPZ sector is facing the impact of the quota phase out but export revenue is starting to pick up. Exports of this sector was Rs 29 bn in 2005 (2004: Rs 32bn). For the first 6 months of June 2006 exports amounted to Rs 15.5 bn (2005:Rs14.2bn) representing an increase of 9.2% over last period.

The growth rate in tourist arrivals was 5.9% in 2005 and it is expected to rise by 6.4% in 2006. The number of tourist arrivals was 761,063 last year and will reach around 810,000 by the end of this year. Earnings for the fiscal year 2006 were Rs 28.6bn compared to Rs 24.0 bn in 2005 that is a rise of 19%.

The unemployment rate, defined as the percentage of the labour force that is unemployed, works out to 9.4% for the mid year of 2006 (2005: 9.6%). The number of persons unemployed is estimated to be 54,000 as at June 2006. The SME, tourism industry and ICT sectors are expected to create more jobs in the coming years. Government has announced a number of measures for further development of these sectors.

The rate of inflation for the fiscal year ended June 2006 works out to 5.1% compared to 5.6% for the same period in 2005. The inflation rate is estimated at around 9.0% for the calendar year 2006. The main

causes are the increase in prices of foodstuff and fuel stemming from oil price increase in international market.

Taking into consideration the evolution of domestic and international economic conditions, the Bank of Mauritius increased the Lombard rate on two occasions, effectively bringing the Lombard Rate to 11.50% as at 30 June 2006. Net international reserves amounted to Rs 53.9 bn in June 2005 and increased to around Rs 61.9bn at end June 2006 representing around 35 weeks of imports.

MAURITIAN STOCK MARKET REVIEW

The Mauritian stock market registered double digit growth for the fourth consecutive financial year. The most followed index, SEMDEX, achieved a gain of 16.3% closing at around 840 points at end of June 2006.

The other indices namely SEM-7 which comprises the 7 largest eligible shares of the official list, in terms of market capitalization, liquidity and investibility criteria grew by 20.1%. This indicates that large cap companies recorded more significant growth than their smaller cap counterparts. The SEMTRI which gauges total return of the market, gained 22% over the same period.

The main market drivers were banking stocks. Among the top gainers were Harel Frère Ltd (+82%), Mount (+56%) and Savannah (O) (+52%). The top losers were MSM (-28%), Air Mauritius (-18%) and Automatic System Ltd (-17%). Overall, 30 securities achieved positive growth and 11 registered negative growth.

The major events in the market included the listing of Naïde Resorts in the official list, British American Investments acquired majority shareholding in Courts (Mtius) Ltd and a bonus issue of Mauritius Union Assurance Co. Ltd

On the valuation side, the Price Earning Ratio stood at 8.87X as at 30 June 06 compared to 8.3X last year. The Dividend Yield of the market averaged 4.64% compared to 4.88% last period.

Foreign investors are showing persistent interest in the local market. This should be mainly because of the relatively attractive valuation in comparison with other emerging markets. Foreign investors were net buyers to the tune of Rs1.32bn (2005: Rs624.6 m). Foreign buy amounted to Rs1.5b (2005: Rs 915.4m) and foreign sell amounted to Rs194.5m (2005: Rs 290.8m). The increasing level of foreign participation could render the local market more sensitive to foreign shocks.

The chart below depicts the movements of the different indices of the local stock market, namely SEMDEX, SEM-7 and SEMTRI.

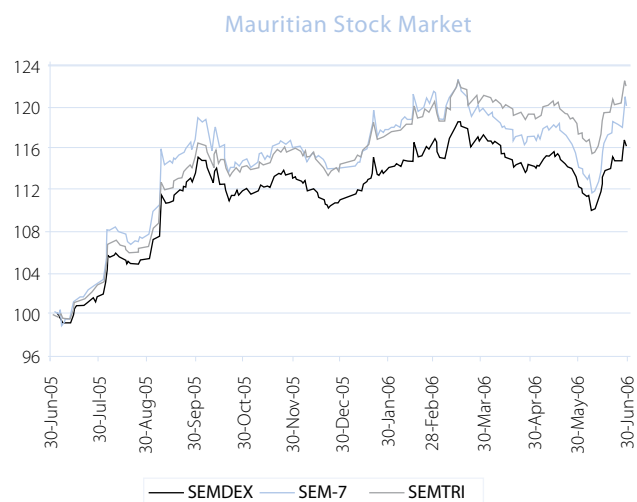


Figure 1: Mauritian Stock Market

All indices ended the period with comfortable gains. The SEM-7 has been above SEMDEX all through out the period. As can be seen, the trends have been upward with occasional fluctuations as a result of minor shocks and profit takings. The bullish trend could be as a result of improved earning prospects of banking and hotel stocks. Some sugar companies are diversifying their activities in hotel, land development and energy sectors.

GLOBAL EQUITY MARKET

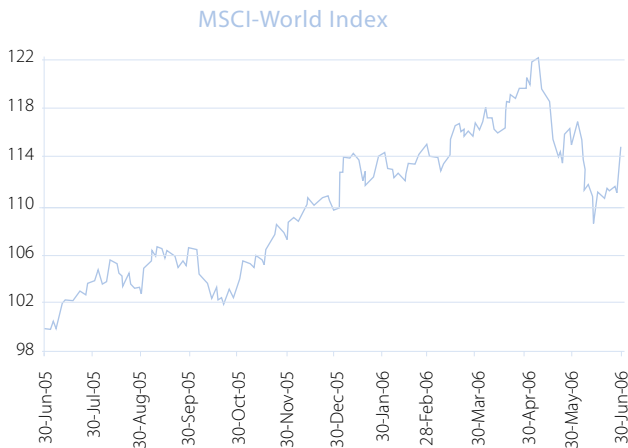


Figure 2: World Stock Market

The global equity market represented by the MSCI World Index gained 14.9% over the period under review. The Japanese and the German equity markets were the best performers among developed markets. With the exception of Japan, almost all economies continued their monetary policy tightening cycles. The period was marked by strong inflationary momentum derived especially from increasing oil prices. Main Euroland economies showed strong signs of picking up. The UK economy is slowing down. The US economy appears to be in a relatively better shape. World economy in general is in a healthy state. The corporate sector around the world is producing a record of free cash flow, which is helping global stock markets to produce interesting returns.

US MARKET

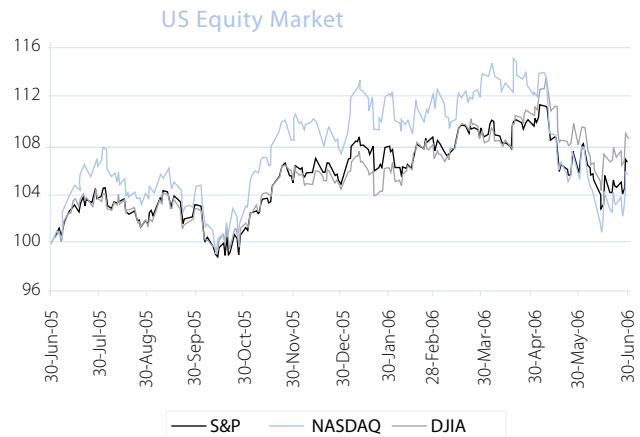


Figure 3: US Stock Market

The US stock market represented by the S&P 500 gained 6.6%. The other closely watched indices namely the NASDAQ Composite and Dow Jones Industrial Average gained 5.6% and 8.5% respectively. The interest rate tightening cycle of the Federal Reserve continued. Over the 12 months under review, the Fed raised its benchmark interest rate from 3% to 5% in eight equal steps. The GDP grew by 3.5% in 2005 and the growth rate was 2.5% in second quarter of 2006. Inflation remains a key theme, consumer price index increased by 4.2% over the period under review. On the corporate side, although there are weaknesses in some sectors like technology and transport, on an aggregate basis, corporate earnings continued to grow at a healthy pace. Increasing level of M&A activities, accompanied by attractive valuation has been helping the US market.

UK MARKET

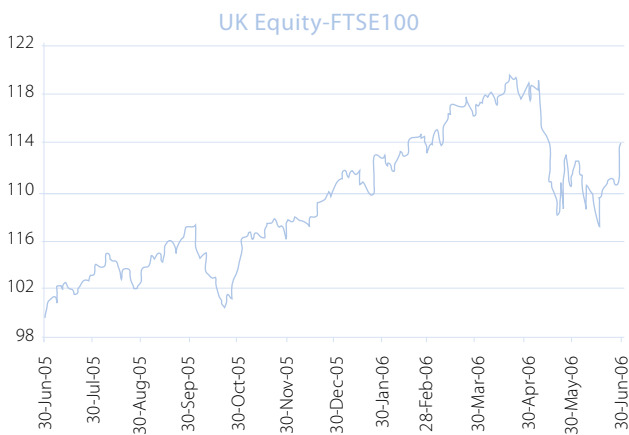


Figure 4: UK Stock Market

The UK equity market as measured by FTSE-100 index increased 14% over the 12 months under review. The peak for the period was reached by end April after which followed a minor global correction on worries of a higher inflation rate. Growth rate in the U.K was below trend and has been edging downwards towards similar rates as in the Eurozone. The UK's economy most valuable asset is its housing stocks, which represent nearly 60% of the total value of all UK assets. House prices still continued to rise, providing consumers more leverage for consumption. Inflation, as measured by the Consumer Price Index (CPI), climbed to 2.5%, which exceeds the 2% target set by the Bank of England (BOE). Unemployment rate slightly increased to 5.5% at June 2006. Due to the global economic expansion, exports are expected to grow steadily. UK stocks has been attractive on basis of valuation, earnings growth prospects and growing Merger & Acquisition activities.

EUROZONE MARKETS

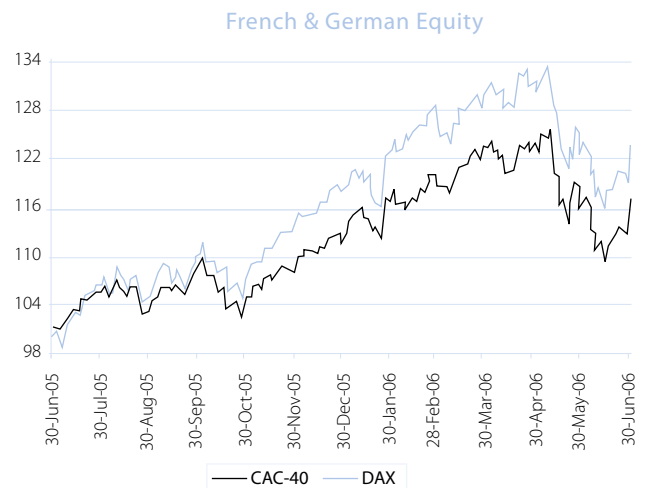


Figure 5: Euroland main Stock Markets

The main markets in the Euroland, namely Germany and France, both gained 23.9% and 17.4% respectively. Euroland economies have been showing signs of pick up in the growth rate. The European Central Bank (ECB) raised lending rate to 2.75% in June 2006. Inflation in Euroland remained at 2.5%. The unemployment rate in Euroland, although at a high level of 10.9% as at June 2006, has started to improve slightly. The European Economic Sentiment Indicator for the Euroland continued to progress. Stock markets are in an upward trend especially in light of economic recovery, improve corporate profits and the M&A (Merger and Acquisition) activities continued across the region in diverse sectors.

JAPANESE MARKET

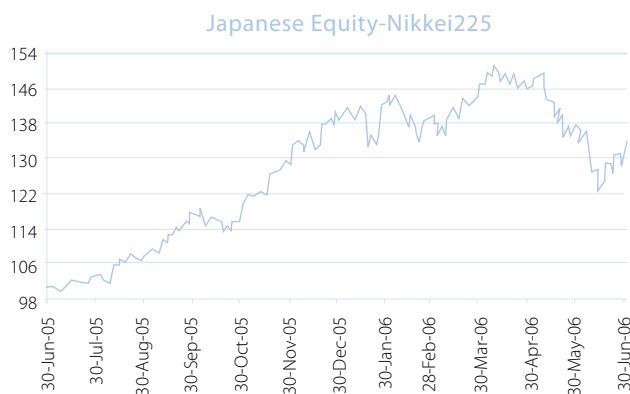


Figure 6: Japanese Stock Market

The Japanese Market represented by the Nikkei-225 gained 33.8% during the period under review. Japanese stock market fluctuated widely especially in 2nd quarter of 2006. The Japanese authorities announced that the economic recovery of over four years was gaining momentum, led by private sector demand and consumer spending. The unemployment rate fell to 4%, its lowest level in eight years. Overseas investors' ownership of Japanese equities continued to increase. The Bank of Japan reiterated its view about an end of deflation. During the period, Standard & Poor's upgraded Japan's sovereign debt rating from stable to positive, citing the country's improved economic prospects, a buoyant corporate sector, the resolution of bad debt problems, and the elimination of deflationary pressures. Corporate earnings are improving and positive returns are expected from the market.

PROSPECTS

GDP is expected to grow at a rate of 4.6% this year despite the serious blows to the national economy like the phasing out of trade preferences for textiles and sugar and the surge in world oil prices. A number of measures are being implemented to boost up the economy such as further development and marketing in the tourism sector, development of new sectors such as seafood, ICT and land based oceanic projects. Firms in tourism, banking and new emerging sectors would continue to benefit from these developments.

On the stock market side, the SEMDEX is continuing its record breaking spree, the latter grew by an impressive rate of around 45% for period end June to mid November 2006. The Stock Exchange of Mauritius also launched the DEM (Development and Enterprise Market) in August 2006. Since the launch to mid November 2006, the DEMEX which measures the performance of the DEM, gained 44%. These markets shot up mainly on account of improved earnings of hotel and banking stocks, sugar companies are being involved in land development and IRS projects, the major banks have announced vast buy back programmes and keen interest of foreigners in the local market.

On the international front, inflationary concerns have been dampened by some favourable data releases. Global economy and corporate profits are expected to continue in their growth path. M&A activities would accelerate and bring more value to shareholders. The correction in the oil price would also contribute towards a healthy growth in the global economy. Emerging markets in particular India and China are demonstrating greater growth potentials. The Fund is expected to increase its foreign exposure further. However, it would continue to be cautious in selecting foreign assets.

Fresh investments in fixed income securities are expected to fetch higher yield as the Lombard Rate has been raised by 150 basis points since July 2006. Yield on Government backed securities has considerably risen since last July 2006. In view of the above, the Fund intends to increase its exposure in this asset class.

The project to remodel PLF into an umbrella structure has been rescheduled pending the proclamation of the Securities Act. As the umbrella structure is a new concept in Mauritius, this Act covers extensively the operationalisation of Collective Investment Schemes.



Acknowledgment

The Board wishes to thank the management team and staff for their hard work and dedication towards enhancing the value of the Company as well as the shareholders for their usual trust and support.

A handwritten signature in black ink, appearing to read 'S. Naiken', followed by a horizontal line.

S. Naiken (Mrs)
Chairperson

Port Louis Fund Ltd
22 November 2006

We have audited the financial statements on pages 21 to 35.

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

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

The directors are responsible for the preparation of financial statements which give a true and fair view of the financial position and financial performance of the company and for ensuring that the accounts comply with International Financial Reporting Standards. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. It is our responsibility to form an independent opinion, based on our audit, on those financial statements and to report our opinion to you.

BASIS OF OPINION

We conducted our audit in accordance with International Standards on Auditing. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by directors in the preparation of financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatements. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements. We believe that our audit provides a reasonable basis for our opinion.

We have no relationship with, or interests in the company, other than in our capacities as auditors and tax advisors and arm's length dealings with the company in the ordinary course of business.

OPINION

We have obtained all the information and explanations that we have required.

In our opinion:

- proper accounting records have been kept by the company as far as appears from our examination of those records; and
- the financial statements give a true and fair view of the financial position of the company as 30 June 2006, and of its financial performance and cash flows for the year then ended and comply with the Companies Act 2001 and International Financial Reporting Standards.

Kemp Chatteris Deloitte
Chartered Accountants,
Per Jacques de C du Mée, ACA,
3rd floor, Cerné House,
La Chaussée street, Port Louis.
22 November 2006.



Statement of Assets and Liabilities

as at 30 June 2006

	Notes	2006 Rs'000	2005 Rs'000
ASSETS			
NON CURRENT ASSETS			
Portfolio of domestic securities	5	261,928	249,490
Portfolio of foreign securities	6	253,353	168,548
		515,281	418,038
CURRENT ASSETS			
Portfolio of domestic securities	5	330,020	363,675
Short term investments	7	80,110	117,586
Trade and other receivables	8	3,947	10,761
Bank balances	16	1,134	613
		415,211	492,635
TOTAL ASSETS		930,492	910,673
CURRENT LIABILITIES			
Trade and other payables	9	8,076	5,325
Taxation	10	1,481	1,326
Distribution to shareholders		1,101	584
Bank overdraft	16	3,742	-
TOTAL CURRENT LIABILITIES		14,400	7,235
NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS		916,092	903,438
Capital		579,022	602,895
Reserves		337,070	300,543
		916,092	903,438
NET ASSET VALUE PER SHARE	17	15.74	15.14

Approved by the Board of Directors and authorised for issue on
22 November 2006.

S. Naiken (Mrs.)
Chairperson

V. Bhuguth
Director

Income and Distribution Statement



for the year ended 30 June 2006

	Notes	2006 Rs'000	2005 Rs'000
INCOME			
Gross Investment Income	11	34,340	41,067
Net increase in fair value of fair-value-through-profit-or-loss investments		30,097	23,099
Gain on disposal of investments		2,997	5,120
		67,434	69,286
FUND EXPENSE			
Management fees		5,820	5,357
Auditors' remuneration		86	86
Registry costs		798	796
Brokerage fees		974	892
Other operating expenses		3,279	1,591
		(10,957)	(8,722)
Net income before taxation		56,477	60,564
Taxation	10	(1,507)	(1,341)
Net income after taxation		54,970	59,223
Finance costs - Distribution to shareholders	15	(48,342)	(46,113)
Net income fo the year		6,628	13,110
Earnings per share	18	0.93	1.01

Statement of Movements

in net assets attributable to shareholders for the year ended 30 June 2006

	Capital account Rs'000	Fair Value Reserve Rs'000	Gain on Disposal of Investments Rs'000	Retained Earnings Rs'000	Total Rs'000
Balance at 1 July 2004	579,221	108,407	109,465	44,915	842,008
Gain on revaluation of investments	-	24,646	-	-	24,646
Transfer	-	(22,149)	22,149	-	-
Issue of shares	72,042	-	-	-	72,042
Redemption of shares	(48,368)	-	-	-	(48,368)
Net profit for the year	-	-	-	13,110	13,110
Transfer	-	23,121	5,120	(28,241)	-
Balance at 30 June 2005	602,895	134,025	136,734	29,784	903,438
Balance at 1 July 2005	602,895	134,025	136,734	29,784	903,438
Gain on revaluation of investments	-	29,899	-	-	29,899
Transfer	-	(26,446)	26,446	-	-
Issue of shares	60,472	-	-	-	60,472
Redemption of shares	(84,345)	-	-	-	(84,345)
Net profit for the year	-	-	-	6,628	6,628
Transfer	-	30,097	2,997	(33,094)	-
Balance at 30 June 2006	579,022	167,575	166,177	3,318	916,092

Cash Flow Statement



for the year ended 30 June 2006

Notes	2006 Rs'000	2005 Rs'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Net profit before tax	56,477	60,564
Adjustments for:		
Interest income	(11,856)	(7,657)
Dividend income	(17,859)	(28,522)
Fair value change of investments	(30,097)	(23,099)
Gain on disposal of investments	(2,997)	(5,120)
Operating loss before working capital changes	(6,332)	(3,834)
Decrease in trade and other receivables	6,814	1,484
(Decrease)/increase in trade and other payables	2,751	142
Net cash absorbed by operating activities	3,233	(2,208)
Interest received	14,016	7,185
Dividend received	15,200	22,619
Tax paid	(1,352)	(1,820)
Net cash flows from operating activities	31,097	25,776
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	(103,754)	(148,021)
Proceeds from sale of investments	104,175	76,698
NET CASH GENERATED FROM / (USED IN) INVESTING ACTIVITIES	421	(71,323)
CASH FLOWS FROM FINANCING ACTIVITIES		
Finance costs	(48,342)	(46,113)
Issue of shares	60,472	72,042
Redemption of shares	(84,345)	(48,368)
NET CASH USED IN FINANCING ACTIVITIES	(72,215)	(22,439)
Net decrease in cash and cash equivalents	(40,697)	(67,986)
Cash and cash equivalents at start of year	118,199	186,185
Cash and cash equivalents at end of year	77,502	118,199



Notes to the Financial Statements

for the year ended 30 June 2006

1. LEGAL FORM AND ACTIVITY

The company is an open-ended fund incorporated on 9 June 1997 as a public company with limited liability. The Company has obtained approval from the Ministry of Finance to be an Authorised Mutual Fund under section 35 of the Companies Act 1984, now repealed by Companies Act 2001.

The main objects of the company are:

- (i) To carry on business as an investment holding company.
- (ii) To deal in securities and properties of all kinds.
- (iii) To manage and advise on investment funds.

The company's registered office is 15th floor, Air Mauritius Centre, 6 President John Kennedy Street, Port Louis.

2. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

In the current year, the company has adopted 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 1 January 2005. The adoption of these new and revised Standards and Interpretations has not resulted in changes to the Company's accounting policies that have affected the amounts reported for the current or prior years.

Specifically, IAS 32 (Revised 2003) and IAS 39 (Revised 2003) as well as the early adoption of the "Amendment to IAS 39 - The Fair Value Option" permit the Company to designate any financial asset or financial liability as at fair value with changes in fair value recognised through profit or loss ("at FVTPL") provided that the financial asset or financial liability satisfies certain conditions.

At the date of authorisation of these financial statements, the following Standards and Interpretations were in issue but not yet effective:

- IAS 1 Amendments to IAS 1: Presentation of Financial Statements - Capital Disclosures
- IAS 19 (Revised 2004) Employee Benefits
- IFRS 6 Exploration for and Evaluation of Mineral Resources
- IFRS 7 Financial Instruments: Disclosure
- IFRIC 4 Determining whether an Arrangement contains a Lease
- IFRIC 5 Right to Interests Arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
- IFRIC 6 Liabilities arising from Participating in a Specific Market - Waste Electrical and Electronic Equipment
- IFRIC 7 Applying the Restatement Approach under IAS 29 Financial Reporting in Hyperinflationary Economies
- IFRIC 8 Scope of IFRS 2
- IFRIC 9 Reassessment of Embedded Derivatives
- IFRIC 10 Interim Financial Reporting and Impairment

The Directors anticipate that the adoption of the relevant Standards and Interpretations in future periods will not have a material impact on the financial statements of the company.

for the year ended 30 June 2006

3. ACCOUNTING POLICIES

(a) Basis of accounting

The financial statements are prepared under the historical cost convention as modified by the revaluation of investments and in accordance with International Financial Reporting Standards.

(b) Revenue

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established by reference to the ex-dividend date. Interest is accrued on a day-to-day basis.

Interest is accounted for on an accrual basis.

(c) Investments

Investments are recognised on a trade-date basis and are initially measured at fair value. At subsequent reporting dates, investments classified as held-to-maturity ("HTM") are measured at amortised cost, less any impairment loss. Investments other than HTM investments are classified as either held-for-trading ("HFT"), which is a subset of the fair-value-through-profit-or-loss ("FVTPL") category, or available-for-sale ("AFS") and are normally measured at subsequent reporting dates at fair value. However, AFS investments which do not have a quoted market price and whose fair value cannot be reliably measured are subsequently measured at amortised cost or cost, depending on whether they have a fixed maturity or not, less any impairment loss.

Treasury bills are measured at amortised costs.

For FVTPL (including HFT) assets and liabilities, unrealised gains and losses are included in the Income and Distribution Statement. For AFS investments, unrealised gains and losses are recognised directly in equity until the investment is disposed of or is determined to be impaired, at which time the cumulative gain or loss previously recognised in equity in respect of that investment is included in the Income and Distribution Statement.

The Company has the possibility to designate any financial asset or financial liability as at FVTPL i.e. at fair value with changes in fair value recognised through profit or loss provided that the financial asset or financial liability satisfies certain conditions.

The gains and losses on disposal of HFT and AFS investments are recognised in the Income and Distribution Statement.

Management determines the appropriate classification of the company's investments and re-evaluates such classification on a regular basis.

(d) Net assets attributable to shareholders

Shares of the company are redeemable at any time at the option of the shareholder for cash and have a par value. Share capital are therefore liabilities and net assets attributable to shareholders are classified within liabilities in the statement of assets and liabilities and distribution to shareholders are included as finance costs in the income and distribution statement.

(e) Foreign currency transactions

Assets and liabilities in foreign currencies are translated into rupee at the rate of exchange ruling at end of the accounting period. Revenue items denominated in foreign currencies are converted into rupee at the exchange rate ruling at the dates of their transactions.

(f) Provisions

A provision is recognised when there is a present obligation (legal or constructive) as a result of a past event, and it is probable that an outflow of resources embodying economic benefits would be required to settle the obligation, and a reliable estimate can be

3. ACCOUNTING POLICIES (CONT'D)

(f) Provisions (cont'd)

made of the amount of obligation. Provisions are reviewed at the end of the accounting period and adjusted to reflect the current best estimate. Where the effect of time value of money is material, the amount of a provision is the present value of the expenditure required to settle the obligation.

(g) Financial instruments

Financial assets and financial liabilities are recognised on the company's statement of assets and liabilities when the company becomes a party to the contractual provisions of the instrument.

Measurement

Financial instruments are initially measured at cost which includes transaction costs. Subsequent to initial recognition, those instruments are measured as set out below:

(i) *Accounts receivable*

Accounts receivable originated by the company are stated at amortised cost. An estimate of doubtful debts is made based on a review of all outstanding amounts at balance sheet date. Bad debts are written off in the period in which they are identified.

(ii) *Investments*

The accounting policy for investment securities is disclosed in 3(c).

(iii) *Trade payables*

Trade payables are stated at amortised cost.

(iv) *Cash and cash equivalents*

Cash and cash equivalents are measured at fair value, based on the relevant exchange rates at the end of the accounting period.

(h) Cash and cash equivalents

Cash comprises cash in hand and deposits. Cash equivalents are short term, highly liquid investments that are readily convertible to known amount of cash and which are subject to insignificant changes in value.

(i) Impairment

At each balance sheet date, the company reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any, and the carrying amount of the asset is reduced to its recoverable amount.

4. ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The preparation of financial statements in accordance with IFRS requires management to exercise judgement in the process of applying the accounting policies. It also requires the use of accounting estimates and assumptions that may affect the reported amounts and disclosures in the financial statements. Judgements and estimates are continuously evaluated and are based on historical experience and other factors, including expectations and assumptions concerning future events that are believed to be reasonable under the circumstances. The actual results could, by definition therefore, often differ from the related accounting estimates.

Where applicable, the notes to the financial statements set out areas where management has applied a higher degree of judgement that have a significant effect on the amounts recognised in the financial statements, or estimations and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Notes to the Financial Statements (Cont'd)



for the year ended 30 June 2006

5. PORTFOLIO OF DOMESTIC SECURITIES

	2006 Rs'000	2005 Rs'000
Fair-value-through-profit-or-loss	330,020	363,675
Available for sale	179,422	176,613
Held-to-maturity	82,506	72,877
	591,948	613,165
Analysed as:		
Non-Current Assets	261,928	249,490
Current Assets	330,020	363,675
	591,948	613,165

	<u>Equity Listed</u> Rs'000	<u>Quoted</u> Rs'000	<u>Total</u> Rs'000
Fair-value-through-profit-or-loss			
At fair value			
At 1 July 2005	362,881	794	363,675
Additions	18,085	3,184	21,269
Disposals	(84,743)	(278)	(85,021)
Fair value change	29,633	464	30,097
At 30 June 2006	325,856	4,164	330,020

	<u>Unquoted</u> Rs'000
Available-for-sale	
At valuation	
At 1 July 2005	176,613
Fair value change	2,809
At 30 June 2006	179,422

5. PORTFOLIO OF DOMESTIC SECURITIES (CONT'D)

	Fixed income securities		Total Rs'000
	Listed Rs'000	Unquoted Rs'000	
<u>Held to maturity</u>			
At amortised cost			
At 1 July 2005	393	72,484	72,877
Additions	-	8,813	8,813
Disposals	(200)	-	(200)
Fair value change	3	1,013	1,016
At 30 June 2006	196	82,310	82,506

	2006 Rs'000	2005 Rs'000
Equity Securities		
<u>Official Market</u>		
Transport	37,162	78,224
Banks and Insurance	120,129	119,343
Industry	39,757	33,494
Commerce	23,725	21,299
Leisure and Hotels	80,520	91,414
Sugar Industry	8,577	6,318
Investment	15,986	12,789
	325,856	362,881
<u>OTC Market</u>		
Investment	1,363	632
Industry	2,801	162
	4,164	794
<u>Unquoted Securities</u>		
Bank & Insurance	146,463	138,775
Investments	1,005	484
Commerce	16,800	17,356
Leisure	15,154	19,998
	179,422	176,613
<u>Unquoted Fixed Income Securities</u>		
Treasury Bills & Bonds	82,506	72,877
Total	591,948	613,165

Notes to the Financial Statements (Cont'd)



for the year ended 30 June 2006

5. PORTFOLIO OF DOMESTIC SECURITIES (CONT'D)

(a) Details of the investments in which Port Louis Fund Ltd holds a 10% interests or more are set out below:

<u>Name of company</u>	<u>Type of share</u>	<u>Country of incorporation</u>	<u>% Holding</u>	
			<u>2006</u>	<u>2006</u>
Sicom Ltd	Ordinary	Mauritius	12.50	12.50
Le Grand Casino Du Domaine Limitée	Ordinary	Mauritius	20.00	20.00
Maurinet Investment Ltd	Ordinary	Mauritius	13.33	13.33

(b) Investments that exceeded 10% of the net assets of Port Louis Fund Ltd:

<u>Name of company</u>	<u>Type of share</u>	<u>Country of incorporation</u>	<u>% of Net Asset</u>		<u>% Held</u>	
			<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>
Sicom Ltd	Ordinary	Mauritius	16.03	15.35	12.50	12.50

6. PORTFOLIO OF FOREIGN SECURITIES

	Rs'000
<u>Available-for-sale</u>	
At fair value	
At 1 July 2005	168,548
Additions	73,672
Disposals	(15,957)
Fair value change	27,090
At 30 June 2006	253,353

7. SHORT TERM INVESTMENTS

	<u>2006</u> Rs'000	<u>2005</u> Rs'000
Short term bank deposits	80,110	117,586

The bank deposits bear interest varying from 1.85% to 8.15% (2005: 0.95% to 5.5%)

8. TRADE AND OTHER RECEIVABLES

	<u>2006</u> Rs'000	<u>2005</u> Rs'000
Dividend and interest receivable	3,923	6,375
Other receivables and prepayments	24	4,386
	<u>3,947</u>	<u>10,761</u>

9. TRADE AND OTHER PAYABLES

	<u>2006</u> Rs'000	<u>2005</u> Rs'000
Trade and other payables	8,076	5,325

10. TAXATION

	<u>2006</u> Rs'000	<u>2005</u> Rs'000
Income tax on the adjusted profit for the year at 15%	1,481	1,326
Under provision in prior year	26	15
	<u>1,507</u>	<u>1,341</u>

Reconciliation

The income tax expense varied from the amount of income tax expense determined by applying the statutory income tax rate of 15% to income before taxation as a result of the following:

	<u>2006</u> Rs'000	<u>2005</u> Rs'000
Income before taxation	56,477	60,564
Tax at the rate of 15%	8,472	9,085
- Expenses not deductible for tax purposes	2,821	1,095
- Exempt income	(9,812)	(8,854)
- Underprovision in prior year	26	15
	<u>1,507</u>	<u>1,341</u>

Notes to the Financial Statements (Cont'd)



for the year ended 30 June 2006

11. GROSS INVESTMENT INCOME

	<u>2006</u> Rs'000	<u>2005</u> Rs'000
Dividend income	17,859	28,522
Interest income	11,856	7,657
Other income	4,625	4,888
	34,340	41,067

12. MANAGEMENT FEES

An annual global management fee of 1.25% of the Fund's net asset value is payable to Capital Asset Management as per the investment management agreement dated 9 June 1997. The management fees are at present based on a graduated fee structure based on the performance of the fund presently at 0.625% with maximum of 1.25% of the net asset value of the fund.

<u>Annual Fund Return</u>	<u>Management fee</u>
Up to 22%	0.625%
22% - 27%	0.750%
27% - 35%	1.000%
above 35%	1.250%

13. REGISTRY COSTS

Registry costs are payable to Prime Partners Ltd.

14. INCOME BEFORE TAXATION

	<u>2006</u> Rs'000	<u>2005</u> Rs'000
- Investment income		
- Listed	(16,662)	(20,994)
- Quoted	(87)	(13)
- Unquoted	(1,110)	(7,515)
- Donations	-	-
- Interest income	(11,856)	(7,657)



Notes to the Financial Statements

for the year ended 30 June 2006

15. DIVIDENDS

The Board of Directors has declared a dividend of Rs 0.85 per share payable to shareholders registered at the close of business on 31 May 2006 (2005: Rs 0.80 per share).

16. CASH AND CASH EQUIVALENTS

	<u>2006</u> Rs'000	<u>2005</u> Rs'000
Cash at bank	1,134	2,175
Bank overdraft	(3,742)	(1,562)
Short term bank deposits	80,110	117,586
	<u>77,502</u>	<u>118,199</u>

17. NET ASSET VALUE PER SHARE

	<u>2006</u> Rs'000	<u>2005</u> Rs'000
Net asset value	916,092	903,438
Number of ordinary shares in issue (000's)	58,207	59,681
Net asset value per share	<u>15.74</u>	<u>15.14</u>

for the year ended 30 June 2006

18. EARNINGS PER SHARE

Earnings per share are based on net income for the year excluding distribution to shareholders of Rs'000 54,970 (2005: Rs59,223) and a weighted average of 58,821,063 (2005: 58,936,155) shares in issue.

19. FINANCIAL INSTRUMENTS

In its ordinary operations, the company is exposed to various financial risks such as foreign currency risks, interest rate risks and market risks.

Fair values

The carrying amounts of the company's financial assets and financial liabilities approximate their fair values.

Currency risk

The company is exposed to the risk that the exchange rate of the Mauritian rupee relative to the currency listed above may change in a manner which has a material effect on the reported values of the company's assets and liabilities.

Currency profile

The currency profile of the company's financial assets and financial liabilities is summarised as follows:

	Financial assets 2006 Rs'000	Financial liabilities 2006 Rs'000	Financial assets 2005 Rs'000	Financial liabilities 2005 Rs'000
<u>Currency</u>				
GBP	69,019	-	57,175	-
United States Dollar	101,496	-	107,844	-
Euro	59,356	-	54,809	-
Mauritian rupee	677,139	12,919	675,153	5,909
Others	23,482	-	15,692	-
	930,492	12,919	910,673	5,909

Interest rate risk

The company is exposed to interest rate fluctuations on the international and domestic markets. The Manager monitors closely interest rate trends and related impact on investment income for performance evaluation and better fund management.

Market price risk

The company's equity securities are susceptible to market price risk arising from uncertainties about the future prices of the instruments.

20. RELATED PARTY TRANSACTIONS

Related parties are entities with common direct or indirect shareholders and/or directors. Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions.

	<u>2006</u> Rs'000	<u>2005</u> Rs'000
<u>TRANSACTIONS</u>		
<u>Corporate with common shareholders</u>		
- Management fee expense	5,820	5,357
- Registry costs	798	796
<u>Compensation of key management personnel</u>		
- Short term benefit	234	252
	<u>2006</u> Rs'000	<u>2005</u> Rs'000
<u>BALANCES</u>		
- Amount due to related companies	1,446	186
- Investment in companies with common shareholders	199,309	158,654



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