



Why invest in Port Louis Fund ?

High returns
on investment

232%

10 years

YES ! 232% over 10 years. An amount of Rs 1,000 invested in Port Louis Fund on June 30, 1997 is worth Rs 3,324 on June 2007, with dividends re-invested.

1997

2007

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Notice of Annual Meeting

Notice is hereby given that the 10th Annual Meeting of Shareholders of Port Louis Fund Ltd will be held at Le Sirius, Labourdonnais Waterfront Hotel, Caudan Waterfront, Port Louis on Wednesday, 12 December, 2007 at 14:00 hours for the transaction of the following businesses:-

Agenda

1. To adopt the Minutes of Proceedings of the 9th Annual Meeting of Shareholders of Port Louis Fund Ltd held on Wednesday, 20 December, 2006.
2. To receive the Annual Report for the financial year ended 30 June 2007.
3. To receive the Report of Auditors.
4. To consider and approve the Audited Financial Statements for the year ended 30 June 2007.
5. To ratify the dividend declared by the Board of Directors and paid to all shareholders registered at the close of business on 31 May 2007.
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 re-appoint Mr. Muhammad Iqbal Mallam-Hasham as Director of the Company to hold office until the next Annual Meeting.
11. To appoint/elect one additional Director to hold office until the next Annual Meeting. (See Annex - List of Applicants)
 - (a) Should the elected person 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 ratify the remuneration of the Directors.
13. To appoint the Auditors of the Company for the financial year ending 30 June 2008 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

SEEDHA LUTCHEEMEE NULLATEMBY (Mrs)
COMPANY SECRETARY

04 October 2007

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.

Corporate Information

DIRECTORS

Mrs. Selvida Naiken, Chairperson
Mr. Y.H. Aboobaker, S.C, C.S.K
Mr. G.Y.H. Lassémillante
Mr. V. Bhuguth
Mr. M.I. Mallam-Hasham
Mr. R.C. Gopee

FUND MANAGER

Capital Asset Management Ltd

SHARE REGISTRY

Prime Partners Ltd

COMPANY SECRETARY

Mrs. S.L. Nullatemby

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 Markets Brokers Ltd
Compagnie des Agents des Change Ltée
CIM Stockbrokers Ltd
Newton Securities Ltd
MCB Stockbrokers Ltd
Prime Securities Ltd
Ramet & Associés Ltée
Bramer Securities Ltd
SBM Securities Ltd

Directors & Executive Management

DIRECTORS

Mrs. Selvida Naiken is a Fellow of Chartered Certified Accountant (FCCA) and also holds an MBA in Marketing. She is presently the Officer-in-Charge of the Financial Reporting Council, a body established under the Financial Reporting Act 2004. She reckons about 21 years of service in the public sector.

Mr. Yusuf H. Aboobaker, S.C., C.S.K, holds a BA (Hons) in Economics. He is a Senior Counsel practising at the Bar of Mauritius since March 1972 and sits on the board of some of the leading companies in Mauritius.

Mr. Vijay Bhuguth is a Fellow of the Chartered Certified Accountant (FCCA). He reckons 20 years of experience in accounting firms and holds a Post-Graduate Diploma in International Tax Planning from the University of Miami. He is presently partner at Lancasters, a Chartered Accountant firm of Port Louis.

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 Entreprises", Université de Strasbourg.

He was the Associate Professor, teaching graduate and postgraduate courses in Strategic Management and Negotiation Techniques at the two Universities in Mauritius as well as for 'Université de Poitiers/MCCI' Program, before joining the State Investment Corporation Ltd as Managing Director.

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. 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. Ramesh Chandraduth Gopee holds a BA (Hons) Economics from the University of Delhi. He has also followed a Diploma course in Public Administration and Management from the University of Mauritius. Mr. R.C. Gopee is entrusted with the responsibility of running the Ministry of Social Security, National Solidarity & Senior Citizens Welfare and Reform Institutions as Permanent Secretary.

COMPANY SECRETARY

Mrs. Seedha Lutcheemee Nullatemby holds an MBA in Finance from the University of Technology, Mauritius and is also an Associate of the Institute of Chartered Secretaries and Administrators (UK). At present, she is the Company Secretary of PLF and is in charge of the accounts of the Company. She is also a Director and Stockbroker of Prime Securities Ltd, a Subsidiary of the SIC. She is also the Company Secretary of Editions de L'Océan Indien and Mauritius Land Based Oceanic Park Ltd. At the SIC, the Accounts of Prime Real Estate Ltd Group falls under her responsibilities. She is also a director of Grand Baie and Sun Casinos.

Executive Management

Capital Asset Management Ltd

The Fund is managed by Capital Asset Management Ltd (CAM). The latter is a wholly owned subsidiary of The State Investment Corporation Ltd (SIC). CAM is licensed by the FSC (Financial Services Commission) to conduct investment management activities under Section 14 of the Financial Services Development Act 2001. CAM also manages the SME Partnership Fund Ltd and Casinos of Mauritius Pension Fund. The day to day management function of Port Louis Fund Ltd is carried out by the following key personnel:

Portfolio Manager

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 ICOSA Diploma in Offshore Finance and Administration. He has more than 8 years of experience in the financial sector. He had previously worked in the Government service and in the banking sector. He joined Capital Asset Management Ltd in 2001.

Accountant

Mr. Mahendra K. Ramroop joined Capital Asset Management Ltd in January 2006. He is a Fellow of the Chartered Certified Accountant and holds an MBA with specialisation in Financial Management. He has worked in the banking sector for over 16 years. Before joining CAM he worked within the SIC Group in the Leisure and financial services sector.

Analyst

Mrs. Shweta-Preeya Beeharee Ramyeed joined Capital Asset Management Ltd in July 2007. She holds a BA (Hons) in Law and Management and is a member of the Association of Chartered and Certified Accountant. She has more than 5 years of experience in the financial and regulatory sector.

Client Relation Officer

Mr. M. Sameer Khudaroo holds a BSc (Hons) in Management from the University of Mauritius. He is actually pursuing his ACCA studies. Before joining the Company, he was assistant auditor at PricewaterhouseCoopers in the Audit and Business Advisory Department.

Statutory Disclosures

The Directors have the pleasure to submit the Annual Report together with the audited accounts of Port Louis Fund Ltd for the year ended June 30, 2007.

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 repealed 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 statement of operation for the year ended 30 June 2007 is shown on page 23.

Dividends

A dividend of Rs 45, 566,504.20 (representing Rs 0.85 per share) was paid for the year ended 30 June 2007 (2006: Rs 48,342,123.95 representing Rs 0.85 per share).

Members of the Board of Directors

Mrs. Selvida Naiken - Chairperson
Mr. Yusuf Hassam Aboobaker
Mr. Vijay Bhuguth
Mr. Georges Yves Hervé Lassémillante
Mr. Muhammad Iqbal Mallam-Hasham
Mr. Ramesh Chandraduth Gopee (As from 20 Dec 2006)
Mr. Dawood Kassam Salehmohamed (Up to Dec 2006)

Directors' Service Contracts

There was no service contract between the Company and any of the Directors.

Directors' Remuneration and Benefits

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

	2007 Rs'000	2006 Rs'000
Executive Directors	—	—
Non-Executive Directors	524	234

Directors	Direct shareholding	Indirect shareholding
Mrs. S. Naiken	NIL	NIL
Mr. I. Mallam-Hasham	7,539	NIL
Mr. Y.H. Aboobaker	NIL	NIL
Mr. V. Bhuguth	NIL	NIL
Mr. G.Y.H. Lassémillante	NIL	NIL
Mr. R.C. Gopee (as from 20 Dec 2006)	NIL	NIL
Mr. D.K. Salehmohamed (Up to 20 Dec 06)	8,632	NIL

Donations

No donation was made during the financial year ended 30 June 2007.

Auditors' Remuneration

The auditors' remuneration was as follows:

	2007 Rs 000	2006 Rs 000
Audit services	86	86
Other services	-	-
	<u>86</u>	<u>86</u>

Approved on 04 October 2007



S. Naiken (Mrs.)
Chairperson



V. Bhuguth
Director

Secretary's Certificate

Secretary's Certificate for the year ended 30 June 2007

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 in terms of section 166(d).



S.L. Nullatemby (Mrs.)
Company Secretary
04 October 2007

Report of the Directors

Corporate Governance Report

The board of directors ensures that the principles of Corporate Governance are followed and are fully committed to comply with the Code of Corporate Governance for Mauritius. In addition the board aims at higher standard of corporate governance with a culture of best practice as a performance benchmark for the company. The Board, being the focal point of the corporate governance system is ultimately accountable and responsible for the performance and affairs of the Company. It monitors and evaluates the implementation of strategies, policies management performance criteria and business plans. It provides guidance and maintains effective control over the company and monitors management to carry out board plans and strategies.

The Board is committed to adhere to the Corporate Governance principles. In line with those principles, the Board has set up Committees and has put in place control systems, policies and procedures.

Composition of the Board

Mrs. Selvida Naiken - Chairperson
Mr. Yusuf Hassam Aboobaker
Mr. Vijay Bhuguth
Mr. Georges Yves Hervé Lassémillante
Mr. Muhammad Iqbal Mallam-Hasham
Mr. Ramesh Chandraduth Gopee

Board Committees

Investment Committee

Mrs. Selvida Naiken - Chairperson
Mr. Vijay Bhuguth
Mr. Muhammad Iqbal Mallam-Hasham

The Investment Committee met five times during the year under review, under the chairmanship of Mrs Selvida Naiken. The main objectives of the Investment Committee is to advise Board on investment policies, processes, strategies and optimal risk/return level. The Investment Committee reviews the risk/return profile of the existing and new investments. The Committee also closely monitors the performance of the different asset classes and the Fund in general.

Audit & Risk Committee

Mr. Vijay Bhuguth - Chairperson
Mr. Yusuf Hassam Aboobaker
Mr. Georges Yves Hervé Lassémillante
Mr. Muhammad Iqbal Mallam-Hasham

The Audit and Risk Committee met thrice 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 and Risk Committee include:

To assist the Board to discharge its duties relating to the safeguarding of assets, the operation of adequate systems, control processes and the preparation of accurate financial reporting and statements in compliance with all applicable legal requirements and accounting standards.

To make recommendations to the board for its approval or final decision. The membership, resources, responsibilities and authorities (composition, functions and operation) of the Committee to perform its role effectively, is stipulated in these terms of reference.

The Audit Committee focuses on:

- the functioning of the internal control system,
- the risk areas of the Company's operations,
- the reliability and accuracy of the financial information provided to the management and
- the Company's compliance with legal and regulatory provisions and rules established by the Board.

Report of the Directors (Cont'd)

Corporate Governance Committee

Mr. Yusuf Hassam Aboobaker- Chairperson
Mr. Georges Yves Hervé Lassémillante
Mr. Ramesh Chandraduth Gopee

The Corporate Governance Committee met once during the year under review under the chairmanship of Mr. Yusuf Hassam Aboobaker. The 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 governance principles. The Corporate Governance Committee ensures that the reporting requirements with regards to corporate governance are in accordance with the principles of the applicable Code of Corporate Governance. The Committee is chaired by Mr. Yusuf Hassam Aboobaker, an independent non-executive director. The Corporate Governance Committee, as part of good Corporate Governance, has segregated the duties of the Secretary and Registry of the Fund. The Secretary is accountable to the Board of Port Louis Fund while the Registry is a functionary of the Fund. The new Company Secretary has been appointed on 1st August 2007. Prime Partners Ltd is presently the Registrar and Transfer Office.

Nominations Committee

Mrs. Selvida Naiken - Chairperson
Mr. Yusuf Hassam Aboobaker
Mr. Georges Yves Hervé Lassémillante
Mr. Vijay Bhuguth

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.

Calendar of important events

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

Board and Committee Meetings Attendance for the year ended 30 June 2007

Directors	Board Meeting	Investment Committee	Audit & Risk Committee	Nominations Committee	Corporate Governance Committee
Mrs. S. Naiken	12/12	5/5	-	1/1	-
Mr. M.I. Mallam-Hasham	10/12	3/5	3/3	-	-
Mr. Y.H. Aboobaker	6/12	-	1/3	1/1	1/1
Mr. V. Bhuguth	10/12	5/5	3/3	1/1	-
Mr. G.Y.H. Lassémillante	10/12	-	2/3	1/1	1/1
Mr. R.C. Gopee (As from 20 Dec 06)	4/12	-	-	-	1/1
Mr. D. K. Salehmohamed (Up to 20 Dec 06)	8/12	-	-	-	-

The Directors have had no dealing in the shares of the company during the year ended 30 June 2007

List of shareholders holding more than 5% of the company

Directors	No. of shares	% Shareholding
The State Investment Corporation Ltd	18,636,658	35.09
National Pensions Fund	7,500,000	14.12
Consolidated Sinking Fund	5,597,909	10.54

Report of the Directors (Cont'd)

Performance Review

Fund Performance Overview

The Fund achieved an excellent performance for the financial year under review. Total return of the Fund stood at 36.6% for the year ended 30 June 2007 (2006:9.6%). The Net Asset Value (NAV) per share grew from Rs 15.74 to Rs 20.65 as at 30 June 2007 after paying a dividend of 85 cents per share during the year.

The Fund holds a well diversified portfolio whereby it covers the domestically listed equities, prime unquoted shares, fixed income investments and it has exposure to foreign equities as well. This has resulted into a well balanced and low risk portfolio of assets. The risk of the Fund has been measured on basis of monthly return since its inception in June 1997 compared to that of the local equity market, as represented by Semdex. This leads to the measurement called beta which gauges market risk. The beta of the Fund is at 0.54, thus indicating 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 which prevents wide volatility.

Taking into consideration, the risk/ return profile of the investment portfolio, the Fund has performed remarkably well. The evolution of the Net Asset Value (NAV) per share over the financial year under review is illustrated in the chart below which has been normalised from 100. A dividend of 85 cents per share declared on 31 May 2007 has been adjusted in the chart.

Evolution of PLF's NAV

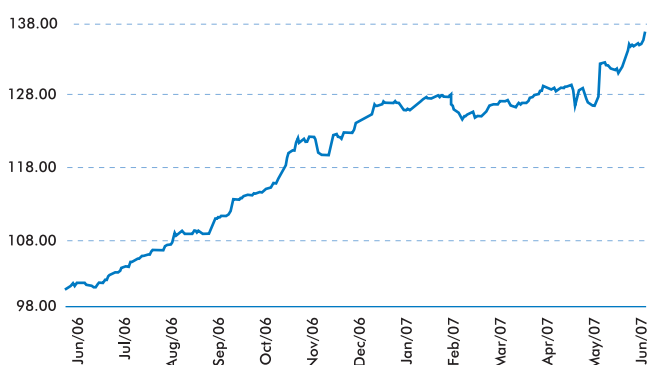


Chart 1: Evolution of PLF's NAV

Fund Performance Analysis by Asset Class

The investment portfolio of the Fund has been classified into four main asset classes namely Listed Equities, Unquoted Shares, Foreign Investments, Fixed Income Securities and Others. The return of each asset class as well as the overall return of the Fund is analysed below.

The total return of the Fund of 36.6% has been decomposed in order to show the estimated contribution of each asset class. The average weight of each asset class in the portfolio of the Fund during the year is multiplied with the return of each class which gives the weighted return as shown in the table below:

Asset Class	Total Return Asset Class		Average Portfolio		Weighted Return	
	2007	2006	2007	2006	2007	2006
Listed equities	58.0%	12.7%	38.3%	36.9%	22.2%	4.6%
Unquoted shares	18.3%	2.6%	18.1%	19.0%	3.3%	0.5%
Foreign Investments	32.0%	13.7%	29.4%	21.1%	9.4%	2.9%
Fixed Income Securities & Others	11.6%	6.9%	14.2%	23.0%	1.7%	1.6%
PLF Portfolio			100%	100%	36.6%	9.6%

Table 1: Total Return Decomposition

Listed Equities

The total return of locally listed equity component of the portfolio worked out to 58.0% (2006:12.7%) which is a satisfactory performance as it is a low beta portfolio. As a general guide, the market represented by Semdex, advanced by 70.3% (2006:16.3%) over the same period. The Fund was over-weighted in relation to Semdex in some securities like Air Mauritius, Mauritius Leasing Company Ltd and MCFI which did not perform in line with the market. On the other hand, the Fund was under weighted in securities like Naïade Resorts and Rogers which performed very well. The average weight of listed equity in the portfolio of the Fund was 38.3%, and the corresponding return was 58.0% which brought the contribution of this asset class to 22.2% in the total return of the Fund.

Report of the Directors (Cont'd)

Unquoted Shares

The unquoted shares have produced a return of 18.3% (2006:2.6%) over the year. This is attributable mainly to the increase in the value of SICOM. There has not been any significant change in the value of other securities. On average, the unquoted shares accounted for 18.1% of the total portfolio which brought the contribution of this asset class to 3.3% in the total return of the Fund.

Foreign Investment

Foreign investment as an asset class has delivered a commendable return of 32.0% (2006:13.7%) in MUR terms. The MUR has depreciated by around 6.5% against a basket of foreign currencies with different weightage comprising of USD (50%), EUR (30%) and GBP (20%). Therefore, return in terms of foreign currencies turned out to be 25.5%. As a general indication, the MSCI World Index which can be taken as a proxy of world equity markets has gained 20%(2006:14.9%) in USD terms over the same period. This result was achieved despite adopting a cautionary approach with regard to foreign investments. The portfolio is well diversified. During the year sizeable parts of the investments were temporarily parked in cash or quasi-cash based funds which are low risk and less volatile than equity markets. The average weight of foreign investments in the portfolio of the Fund was 29.4% during the year. Thus, this asset class has contributed 9.4% in the total return of the Fund.

Fixed Income Securities and Others

The Fixed Income Securities and Others component has yield a return of around 11.6% (2006:6.9%). This asset class comprised both long term and short term investments, foreign currencies deposits and cash. Returns on this asset class have gone up in line with increase in interest rates and yield on Government backed securities. It also included exchange gain on foreign currency deposits. The average holding of this asset class throughout the year was 14.2%, with a return of around 11.6% bringing its contribution to 1.7% in the total return of the Fund.

Comments on Financial Statements

Financial Results

Total income excluding gain on disposal and fair value change for Held-for-trading investments amounted to Rs 40.5m (2006: Rs 34.3m). The total income included dividend income of Rs 20.5m (2006: Rs 17.9m), interest income of Rs 12.0m (2006: Rs 11.9m) and other income including exchange gain of Rs 8.0m (2006: Rs 4.6m).The increase in the dividend income is attributed mainly to an increase in foreign dividends re-invested of Rs 1.4m. Overall dividend received from local equities has not changed significantly.

Interest income has slightly gone up. Although the fixed income component of the portfolio has gone down, the general rise in interest rates on new investments compensated to maintain the level of interest income.

The fair value change for Held-for-trading investments amounted to Rs 194.5m (2006: Rs 30.1m). This occurred mainly because the prices of listed equities have grown at a phenomenally high rate. It should be noted that all locally listed equities are classified as Held-for-trading investments for accounting purpose.

The financial statements have been prepared in compliance with International Financial Reporting Standards (IFRS). Thus, reported profit is 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 1.5% (2006: 1.0 %) for the year ended 30 June 2007. The TER represents the drag of fund performance caused by all annual operating costs (including administration, directors and audit fees). The TER has increased this year due to the fact that the management fee paid is based on a gradual fee structure which is related to the performance of the Fund. For the financial year ended 30 June 2007, management fee was 1.25% of net asset value as the Annual Fund return was above 35%. Details on the management fee structure are provided on page 36.

Report of the Directors (Cont'd)

Dividends

The Fund declared a dividend of 85 cents per share for the year ended 30 June 2007 (2006: 85 cents). In aggregate an amount of Rs 45.6m was distributed to shareholders registered at close of business on 31 May 2007. It is to be noted that the dividend paid to shareholders is based on net profit and realised gain on disposal of investments excluding the fair value change which is not distributed as dividend since it is not a realised gain.

Share Capital

The issued share of the Fund as at 30 June 2007 was 53,103,364 (2006: 58,206,999). The number of shares outstanding decreased by 5,103,635 representing a fall of 8.8% over last year. During the year, the Fund issued 496,443 shares and 5,600,078 shares were redeemed.

Asset Allocation & Portfolio Composition

Proper asset allocation is instrumental to produce the targeted return. The current asset allocation has been configured in order to meet the objectives of the Fund. During the year there has not been any drastic change in the asset allocation. However, it is reviewed periodically and adjusted in light of changes in the market conditions. The sub-components of each asset class are recomposed and reviewed regularly.

The total value of the portfolio stood at Rs 1,096m as at 30 June 2007 (2006: Rs 916m). The table below depicts the breakdown of the total portfolio of the Fund by asset classes and main subcomponents of each asset class.

Asset Allocation	30-Jun-07		30-Jun-06	
	Rs m	%	Rs m	%
Local Listed Equity	452.9	41.3%	330.1	36.0%
Banks & Insurance	171.7	15.7%	120.1	13.1%
Industry	32.5	3.0%	42.6	4.7%
Investments	82.0	7.5%	17.4	1.9%
Sugar	21.6	2.0%	8.6	0.9%
Commerce	23.8	2.2%	23.7	2.6%
Hotels	112.3	10.2%	80.5	8.8%
Transport	8.9	0.8%	37.2	4.0%
Unquoted Securities	207.8	19.0%	179.4	19.6%
Banks & Insurance	174.4	15.9%	146.5	16.0%
Investments	1.0	0.1%	1.0	0.1%
Industry	17.3	1.6%	16.8	1.8%
Leisure	15.1	1.4%	15.1	1.7%
Fixed Income Securities	118.4	10.8%	153.2	16.7%
Long term bonds	100.6	9.2%	82.5	9.0%
Short term bonds & others	17.8	1.6%	70.7	7.7%
Foreign Investments	317.5	28.9%	253.4	27.7%
Equity	246.8	22.5%	161.6	17.7%
Bonds & Others	50.4	4.6%	32.4	3.5%
Cash	20.2	1.8%	59.4	6.5%
Total Portfolio	1,096.5	100%	916.1	100%

Please note figures may not tally due to rounding.

Table 2: Asset Allocation.

Report of the Directors (Cont'd)

Locally Listed Equities

Sectoral Changes in Listed Equities

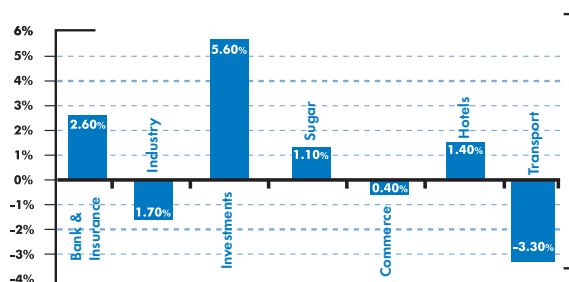


Chart 2: Sectoral Changes in Listed Equities

As at 30 June 2007, locally listed equities amounted to Rs 452.9m (41.3%) of the total portfolio compared to Rs 330.1m (36.0%) last year. During the year, investments worth Rs 136.1m were disposed and Rs 64.5m worth of new investments acquired. Net disposal amounted to Rs 71.6m. Despite the net disposal, the proportion of this asset class has increased due to an upsurge in the value of these investments in the stock market. Sectoral changes as exhibited above show that exposure to the Transport and Industry sectors were reduced through disposal of shares. However, exposure to the banking and hotel sectors has gone up due to increase in value of investments. The Fund also acquired additional shares in Listed Investment Companies and the Sugar sector.

Unquoted Shares

Sectoral Changes in Unquoted Equities

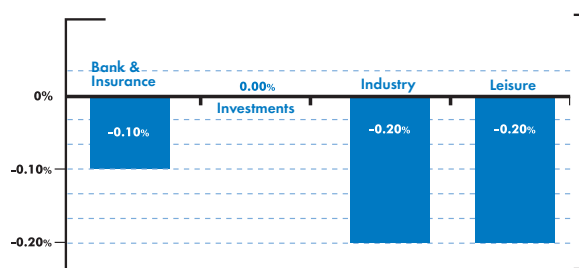


Chart 3: Sectoral Changes in Unquoted Equities

The proportion unquoted shares held has gone down slightly from 19.6% to 19.0%. In terms of value, unquoted equities have risen from Rs 179.4m to Rs 207.8m that is an increase of Rs 28.4m. No buy or sell transaction was effected during the year. The slight changes in the chart above in different sectors is due to increase in the value of the total portfolio.

Fixed Income Investments and Others

Changes in Fixed Income Investments

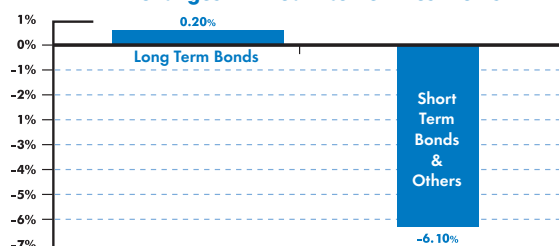


Chart 4: Changes in Fixed Income Investments

A considerable change can be noted in the Fixed Income Securities component of the portfolio which was reduced from Rs 153.2m (16.7%) to Rs 118.4m (10.8%). This component can be further segregated into long term and short term element. Investments in long terms bonds have been increased from Rs 82.5m (9.0%) to Rs 100.6m (9.2%), in order to benefit from the higher yield on those instruments available during the year. The short term component has been significantly reduced from Rs 70.7m (7.7%) to Rs 17.8m (1.6%). The money was used for other investments and payment of redemptions.

Foreign Investments

Changes in Foreign Investments

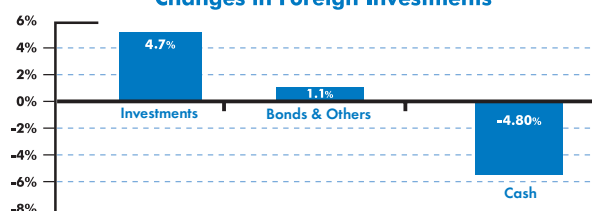


Chart 5: Changes in Foreign Investments

Foreign investments as an asset class has increased from Rs 253.4m (27.7%) to Rs 317.5m (28.9%). This has occurred mainly due to an increase in value following the strengthening of foreign stock markets. During the year, an additional amount of Rs 14.7m was invested whereas, disposals amounted to Rs 29m. Thus, net disposal of Rs 14.3m can be noted. Further analysis of the sub-components revealed that equity based investments have been substantially increased from Rs 161.6m (17.7%) to Rs 246.8m (22.5%) whereas cash based funds have been reduced from Rs 59.4m (6.5%) to Rs 20.2m (1.8%). Investments in the Bonds and Others segment have increased from Rs 32.4m (3.5%) to Rs 50.4m (4.6%). This occurred as a result of reallocation of investments from Cash to Equity and Bonds & Others categories. The changes in the sub-asset classes are illustrated in the chart above.

Report of the Directors (Cont'd)

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 ten equity holdings of the Fund as at 30 June 2007 are detailed below:

Security	Amt-Rs (million)	% Net Asset	Category	Sector
SICOM	174.2	15.9	Unquoted	Insurance
MCB	88.1	8.0	Listed	Banking
NMH	62.6	5.7	Listed	Hotels
MLC	51.0	4.6	Listed	Finance
Sun Resorts	46.3	4.2	Listed	Hotels
NIT	45.3	4.1	Listed	Investment
SBM	30.9	2.8	Listed	Banking
Maurinet	17.3	1.5	Unquoted	Technology
MCFI	15.4	1.4	Listed	Industry
GCD	15.1	1.3	Unquoted	Leisure
	546.2	49.5		

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. As announced in the last budget, the Company is expected to be listed in the stock exchange in the coming years.

The Mauritius Commercial Bank Ltd (MCB)

MCB is the oldest and leading financial services provider in Mauritius. MCB has expanded its operations during the years and is actually present in France, Reunion Island, Seychelles, Madagascar and Mozambique. Locally the MCB Group has been consolidating its leadership position. Moreover, MCB is involved in a wide range of financial services including stockbroking, fund management, leasing and 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 capitalisation in the Mauritian stock market.

New Mauritius Hotels Ltd (NMH)

New Mauritius Hotels Limited (NMH) operates eight hotels and an airline catering unit locally. It also operates 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 Leasing Co. Ltd (MLC)

Incorporated in 1987, MLC provide finance and operating leases for movable assets, equipment, machinery and vehicles amongst others. The Company is also licensed by the Bank of Mauritius to carry out banking activities as well. MLC has been listed on the stock market in 2004.

Sun Resorts Limited

The Group's main activity is in the tourism sector. 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. In November 2006, the Group announced the decision to unwind their existing relationship with Kerzner International Ltd and sold Le St Gérand Hotel and its Maldives investments.

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 various other financial services like security broking, leasing, asset management and offshore banking. SBM also has shareholdings in SICOM and Mauritius Telecom.

Report of the Directors (Cont'd)

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. It has built a new corporate office and operations centre at Ebene.

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.

The Mauritius Chemical & Fertilizer Industry Ltd (MCFI)

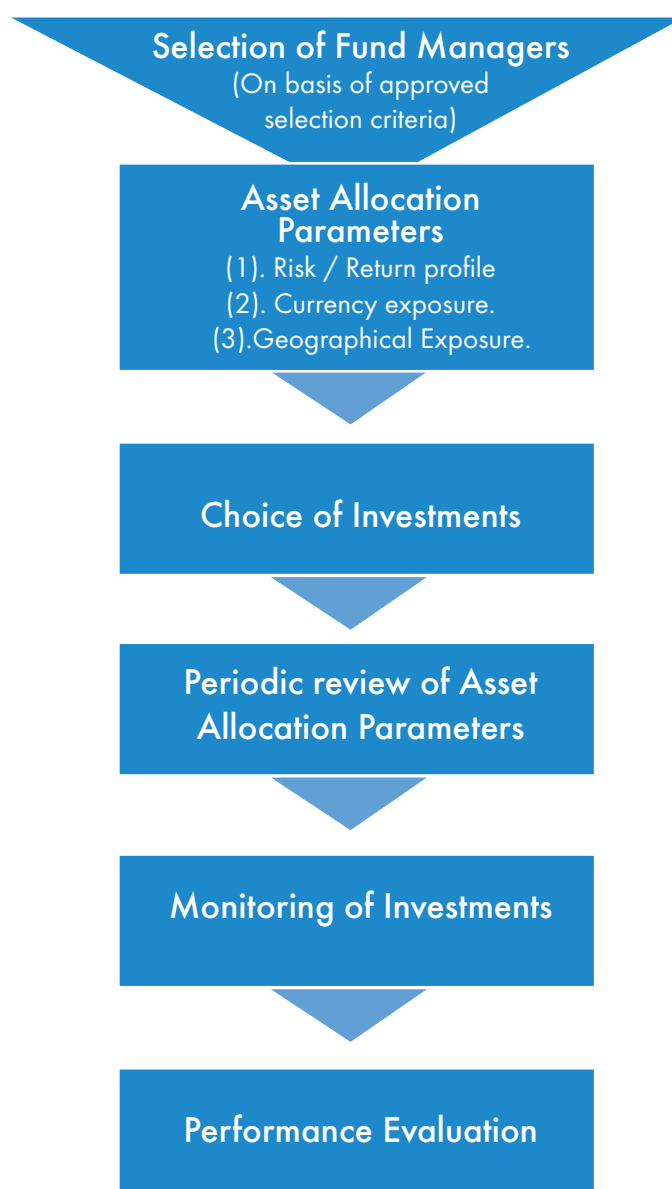
The Mauritius Chemical & Fertilizer Industry Ltd (MCFI) is a manufacturing company, operating a blending plant for fertilizers. It is a public company admitted on the official market of the Stock Mauritius of Mauritius in 1989. Since November 2005, MCFI is a subsidiary of Harel Mallac Co. Ltd. MCFI has two fully-owned subsidiary companies: MCFI (Freeport) Ltd and MCFI International & Co Ltd, which are involved in the trading of commodities in Africa. The company holds 21.5% of the capital of Rehm Grinaker Ltd, a well established construction company in Mauritius.

National Investment Trust Limited

National Investment Trust Limited (NIT) is a listed close ended fund which principal activity is to invest in shares and securities in both the local and international markets. The objective of the company is to provide shareholders with long term capital growth and income from a diversified portfolio of investments held locally and internationally. The Company has embarked into a de-merger scheme whereby it will be split into 3 distinct companies, thus unlocking value for shareholders.

Foreign Investment Process & Portfolio Breakdown

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



Report of the Directors (Cont'd)

Foreign Investment Breakdown

The foreign investments of the portfolio which have been distributed by different characteristics as at 30 June 2007 is detailed below:

Asset Allocation of foreign portfolio as at 30 June 2007

Asset Classes	Rs M	%
Equity	246.8	77.8%
Bonds and others	50.4	15.8%
Cash	20.2	6.4%
	317.5	100%

Table 4: Foreign Investments - Asset Allocation

Fund Managers	RsM	% of Foreign Invt.
Fidelity Investments	134.0	42.2%
Franklin Templeton	70.9	22.3%
St James` s Place International	55.2	17.4%
London & Capital	34.2	10.8%
Others	23.1	7.3%
	317.5	100%

Table 5: Foreign Investments distribution by Fund Managers

Top 10 Holdings of Foreign Investment

	RsM	% of Foreign Invt.
St. James` s Place International UK Tracker	26.3	8.3%
London & Capital European Real Estate Fund	20.7	6.5%
St. James` s Place International GBP Deposit Fund	19.5	6.2%
Franklin Templeton India	15.3	4.8%
Franklin Templeton China	13.3	4.2%
Franklin Templeton Eastern Europe	13.1	4.1%
Fidelity Australia Fund	12.3	3.9%
Fidelity China Focus	10.7	3.4%
Fidelity Euro Stoxx	9.7	3.1%
Fidelity Italy	9.3	2.9%
	150.2	47.4%

Table 6: Foreign Investments - Top 10 Holdings

Foreign Investment Profiles

All foreign investments are classified into different profile categories 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: consists 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 categories are given below together with the approved range for each bracket as at 30 June 2007. The approved ranges are reviewed periodically in light of the Fund Managers' assessment of the market and major international events.

Risk / Return Profile	Actual-%	Approved Range
Low Risk	11.2%	10% - 40%
Medium Risk	18.6%	10% - 70%
Upper Medium Risk	31.1%	10% - 50%
High Risk	39.1%	0% - 40%
	100.0%	

Table 7 (i): Risk/Return Profiles of Investments

Geographical Profile	Actual-%	Approved Range
USA	16.2%	15% - 60%
UK	22.6%	15% - 60%
Europe (Ex-UK)	16.8%	15% - 60%
Others	44.4%	10% - 50%
	100.0%	

Table 7 (ii): Geographical Profiles of Investments

Currency Profile	Actual-%	Approved Range
USD	43.9%	15% - 60%
GBP	20.9%	15% - 60%
EUR	22.4%	15% - 60%
Others	12.7%	10% - 50%
	100.0%	

Table 7 (iii): Currency Profiles of Investments

Report of the Directors (Cont'd)

Local Economic Environment

The economic growth forecast for the year 2007 has been revised upwards to 5.8%. Growth rate for 2006 was 5.0%, higher than the estimate of 4.7% made earlier. For financial year 2007, while sugar production is expected to register a significant shortfall due to unfavourable climatic conditions, other sectors like tourism, construction and financial are expected to do better than in previous year.

Private sector investment would grow by another 8.1% after a high growth of 15.4% in 2006, mostly attributable to high investment in hotels and IRS projects. Foreign Direct Investment (FDI) has substantially increased over the last 2 years. For the year 2006, FDI amounted to Rs 7.2 bn and stood at Rs 5.7bn for the first semester of 2007.

The EPZ sector for its part is forecast to grow at a higher rate of 6.0% compared to the 4.6% growth in 2006. This is based on output of the sector including export and sales to the Freeport, forecasted at around Rs 42.0 bn. Non - EPZ manufacturing industries (excluding sugar) is expected to grow by around 2.0% after a growth of 4.1% in 2006.

Tourism being a major pillar of growth is doing exceedingly well. The number of tourist arrivals is expected to reach above 900,000 this year. Earnings for the financial year 2006 were Rs 25.7bn. Gross tourism receipts for the first semester of 2007 were estimated at Rs 19,752 million, which is an increase of 27.8% compared to Rs 15,451 million for the same period of 2006.

Consumption rate is expected to grow by around 4.3% in 2007, compared to 5.5% in 2006. The saving rate measured as the percentage of Gross National Saving to GDP at market prices would reach 16.6% in 2007 compared to 16.9% in 2006.

The unemployment rate, being the percentage of labour force that is unemployed, is estimated to be 9.3% for the year 2007 against 9.1% in 2006. The number of persons unemployed is estimated to be 51,400 for the year 2007 compared to 49,800 unemployed in 2006.

The rate of inflation for the financial year 2006/07 was 10.7% compared to 5.1% for financial year 2005/06. The inflation rate is estimated at around 8.7% for the calendar year 2007. The main causes of the increase are rise in international prices of oil, rise in price of basic food commodities, adverse weather conditions and the weakening of the rupee against major currencies on average.

In December 2006, the Bank of Mauritius (BOM) introduced a new framework for the conduct of Monetary Policy and will use the Repo Rate instead of the Lombard Rate as the key policy rate to signal changes in its Monetary Policy stance. The Repo Rate which was initially set at 8.5% in December 2006 has been adjusted to 9.25% in July 2007. Decision to change the Repo Rate is taken by the Monetary Policy Committee.

Report of the Directors (Cont'd)

Mauritian Stock Market Review

The Mauritian stock market has registered an unprecedented growth of 70.3% over the last financial year. This was the fifth consecutive year when the market experienced double digit growth. The most watched index, Semdex, closed at its all high time level of 1433 points by end June 2007 (June 06: 840 points).

The main market drivers were hotels and banking stocks. The top gainers were Savannah, Naïade Resorts and BA Investments whereas, the top losers were MSM, Shell and Swan. On the 43 securities traded 35 achieved positive gain and 8 registered negative growth. Large Cap Companies recorded more significant growth than their smaller cap counterparts. As indication SEM-7 grew by 83.8% during the last financial year.

The outstanding performance of the market was achieved mainly on back of record level of earnings by companies in hotel and banking sectors. Other contributing factors included some corporate actions and the relatively attractive valuation in relation to other emerging markets.

Major corporate actions included the share split and bonus issue of Harel Frères Ltd, the withdrawal of Courts from the Market, the bonus issue of Sun Resorts, de-merger of NIT, share buy back by MCB.

The major event for the stock market was the launch of the Development and Enterprise Market (DEM) in August 2006. DEM is based on a simplified and less stringent regulatory environment. At launch 43 companies aggregating market capitalisation of Rs 31bn were listed in the DEM market. The price performance of the market is measured by the Demex index. At launch in early August 2006, it started with 100 to reach 145.4 i.e. a return of 45.4% by end June 2007. The Price Earning Ratio was 11x and Dividend Yield 2.2% at end June 2007.

Foreign investors are consistently supporting the market and were net buyers to the tune of Rs 932m (2006: Rs 1.32bn). Foreign buy amounted to Rs 1.87bn (2006: Rs 1.5bn) and foreign sell amounted to Rs 941m (2006:1.95bn).

Foreigners have been more active in the market over the last few years. Given the fact that liquidity is still a major issue in the market increasing level of foreign participation may render the market more vulnerable to foreign shocks.

On the valuation side, the Price Earning ratio stood at 13.4x (2006: 8.87x) and dividend yield of the market was 3.2% (2006: 4.64%).

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

Mauritian Stock Market

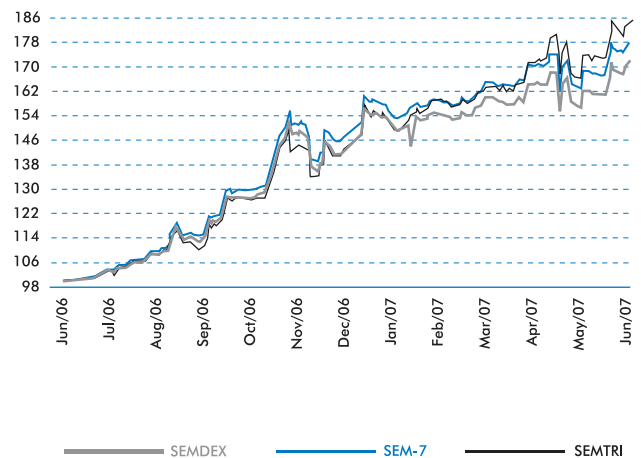


Chart 6: Mauritian Stock Market

All indices ended the period with comfortable gains. The SEM-7 has been above SEMDEX all throughout the period. As can be seen, the trends have been upward with occasional fluctuations as a result of minor shocks and profit takings.

Report of the Directors (Cont'd)

Global Equity Market

MSCI-WORLD INDEX

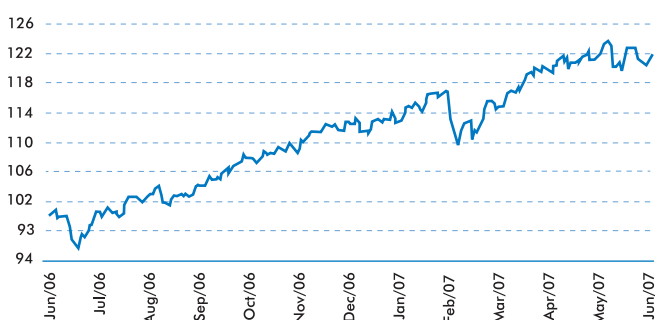


Chart 7: World Stock Market

The global equity market represented by the MSCI World Index gained 21% over the period under review. Global equities made constant headway over the twelve months to 30 June 2007. Although inflationary pressure concerns and the prospect of higher interest rates had triggered occasional instability, solid earnings growth and merger and acquisition activities have underpinned improvement. The impressive rate of global economic growth was made possible by a number of factors, including low interest rates and unemployment rates as well as moderate levels of inflation. Historically speaking, interest rates across the globe were quite low, which encouraged investment by businesses and spending by consumers. World economic growth is expected to remain solid even in the face of much slower level of activity in the US.

US Market

S&P 500

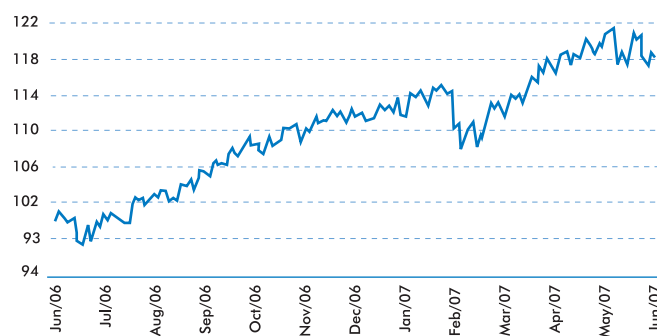


Chart 8: US Stock Market

The US stock market measured by the S&P 500 posted a gain of 18% over the period under review. Despite a slowdown in the economy, US equities gained ground as corporate profits from leading companies generally matched or exceeded market expectations. Merger and acquisition activities, driven by private equity groups, was the catalyst for the S&P 500 Index to reach an all-time high in the second quarter of 2007 before the market lost ground in June. US housing data and inflation continued to remain a major concern for investors. The sub-prime mortgage worries caused some excessive short term volatility.

Report of the Directors (Cont'd)

UK Market

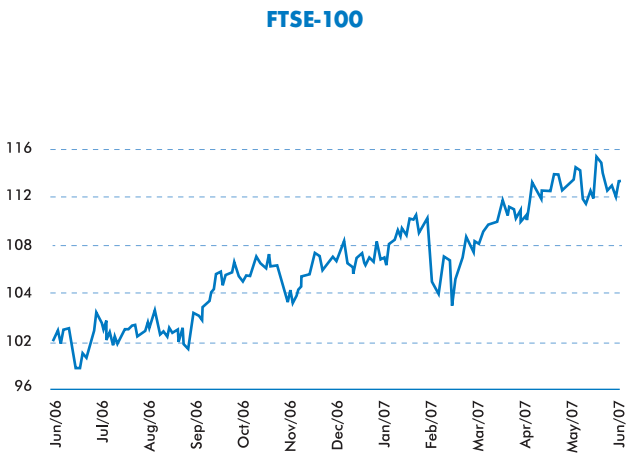


Chart 9 : UK Stock Market

The UK equity market as measured by FTSE-100 index registered a gain of 13% over the 12 months period. Despite short periods of instability triggered by global inflationary concerns and the prospects of higher interest rates, UK equity markets have made good overall progress. While a solid economic condition has underpinned earnings growth, the principal catalyst behind rising share prices has been an upsurge in M & A activities; and robust trends in commodity prices. Inflation rate has risen to 1% above the Governments' target of 2%. The BoE has raised interest rate 5 times since August 2006. The UK market looks the most vulnerable to credit market concerns. The GBP has considerably strengthened which is making exports costlier.

Eurozone Markets

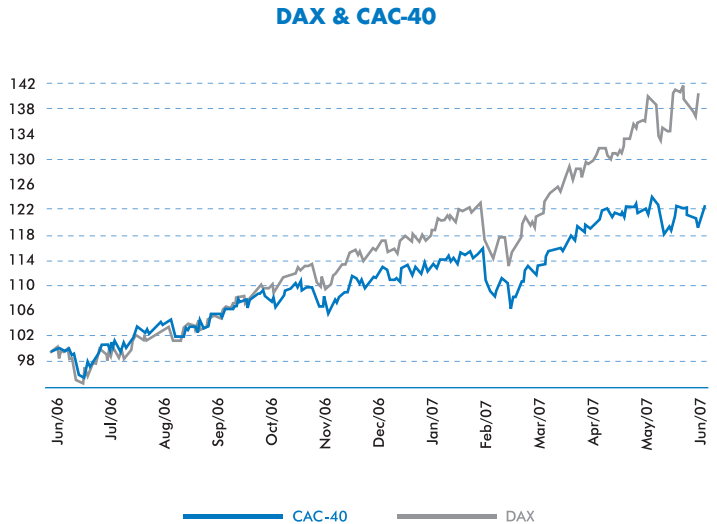


Chart 10 : Eurozone Markets

The main markets in the Eurozone, namely Germany and France, both gained 41% and 22% respectively. While the improving economic backdrop has underpinned earnings growth, continuing merger and acquisition activities have driven up share prices. The Euro area outperformed the US, UK and Japanese markets in local currency terms. The Eurozone economies, especially Germany, have been growing strongly in 2007. Unemployment level in the Euro Zone is at its lowest level since the launch of the Euro. To stem inflationary pressures, the European Central Bank (ECB) increased its benchmark rate 8 times since Dec 05 to reach 4.0% in June 2007. Inflation rate has remained within the ECB's target of 2.0%

Report of the Directors (Cont'd)

Japanese Market

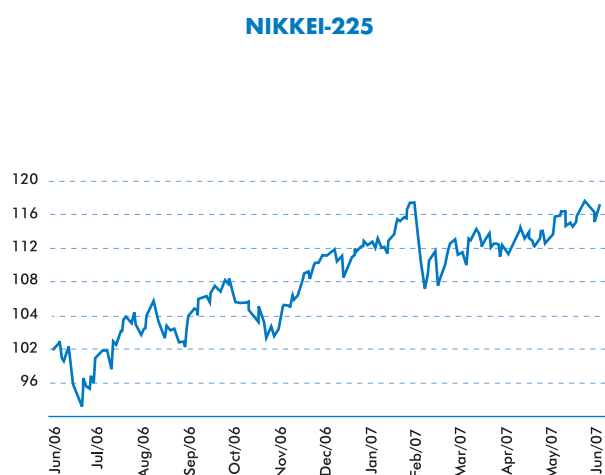


Chart 11: Japanese Stock Market

The Japanese market represented by the Nikkei-225 gained 17%. For much of the period, Japanese equities lagged other major markets. Investors remained cautious in the second half of 2006 but markets recovered well after the February sell-off in global markets. Economic concerns were eased by more encouraging data releases in the second quarter of 2007. Japan's GDP continued to exceed its potential growth rate of 1.5%-2%. The weakness of the Yen boosted the share prices of exporters. The best performing sectors were mainly cyclical and those benefiting from the strong global growth environment, including shipping, iron and steels sectors. Japan's current rate of unemployment is the lowest among the G 7 nations. Japanese equity valuations appear historically attractive.

MSCI Emerging Markets

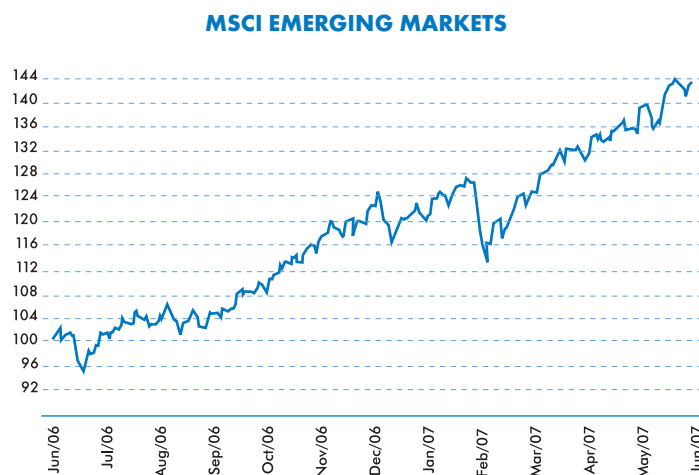


Chart 12: MSCI Emerging Markets

The MSCI Emerging Markets gained 42% for the period under review. The Emerging Markets including mainly the so-called BRIC economies – Brazil, Russia, India and China amongst others. In February 2007, a major sell-off was triggered in the Emerging Markets mainly due to some decisions taken by Chinese Authority to curb speculative activities in the market. However, the fundamental strength of the companies provided a floor to the market sell-off. Economic growth continued to be buoyant. For instance, in the second quarter of 2007, the Chinese economy witnessed an unprecedented growth of 11.9%. Although valuations have increased in the emerging markets, it still offers significant growth potential.

Report of the Directors (Cont'd)

Prospects

Most major macroeconomic indicators are improving mainly due to the implementation of the economic reforms. Sustainable and comfortable economic growth is expected in the coming years. External shocks like record oil prices of above USD 90 and soaring price of certain foodstuff in world market could create some discomfort in the local economies. However, companies in the finance and tourism sectors would continue to benefit from future growth in these sectors.

On the local stock market side, the rally is continuing, the Semdex has further gained around 17% from end June to mid October 2007. Earnings prospects of hotels and banking sectors are expected to improve further. Foreigners appetite for the local securities is increasing.

On the international front, there are concerns over a possible slowdown in the US. The crisis in sub-prime lending and the resultant credit crunch could have a contagion effect. Global economy is expected to continue on the growth path although the growth could be slower than in previous years. The MSCI World Index has gained 2.8% between June to mid-October 2007. The emerging markets like India, China, Brazil and others are expected to grow at higher rate than other economies and their corporate strength is encouraging.

In the current year, the Fund is focusing on high growth local stocks in the market. Yield on fixed income securities is relatively lower. The Fund would not be shifting further to this asset class at the current yields available. On the foreign side, the Fund is closely following the main markets, in particular emphasis would be laid on Europe and emerging markets. The Board has earmarked an amount of USD 2.0m to be invested directly in the Indian stock market. Due diligence and account opening process is in progress.

In view of the above and on the assumption that local and foreign markets would continue on the growth path, the Fund could expect a good result this year.

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.



S. Naiken (Mrs)
Chairperson
Port Louis Fund Ltd

Independent Auditor's Report to the shareholders of Port Louis Fund Ltd

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.

Report on the Financial Statements

We have audited the financial statements of **Port Louis Fund Ltd** on pages 22 to 36 which comprise the statement of assets and liabilities as at 30 June 2007 and the statement of operations, statement of changes in net assets attributable to holders of redeemable shares and statement of cash flow for the year then ended and a summary of significant accounting policies and other explanatory notes.

Directors' responsibilities for the financial statements

The directors are responsible for the preparation and fair presentation of these 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. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements.

The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion

Opinion

In our opinion, the financial statements on pages 2 to 16 give a true and fair view of the financial position of the company as at 30 June 2007, and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and comply with the requirements of the Mauritius Companies Act 2001 and the Financial Reporting Act 2004.

Report on other legal requirements

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

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

Kemp Chatteris Deloitte
Chartered Accountants
Per Jacques de C du Mée, ACA
3rd floor, Cerné House,
La Chaussée street, Port Louis.
04 October 2007

Statement of Assets and Liabilities

At 30 June 2007

	Notes	2007 Rs'000	2006 Rs'000
ASSETS			
Non-current assets			
Portfolio of domestic securities	5	308,461	261,928
Portfolio of foreign securities	6	317,478	253,353
		625,939	515,281
Current assets			
Portfolio of domestic securities	5	452,881	330,020
Short term investments	7	27,074	80,110
Trade and other receivables	8	6,781	3,947
Cash and cash equivalents	16	297	1,134
		487,033	415,211
		1,112,972	930,492
TOTAL ASSETS			
CURRENT LIABILITIES			
Trade and other payables	9	9,797	8,076
Taxation	10	1,790	1,481
Distribution to shareholders		905	1,101
Bank overdraft	16	4,020	3,742
		16,512	14,400
LIABILITIES (excluding net assets attributable to holders of redeemable shares)			
		1,096,460	916,092
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE SHARES			
Capital		481,907	579,022
Reserves		614,553	337,070
		1,096,460	916,092
NET ASSET VALUE PER SHARE			
	17	20.65	15.74

Approved by the Board of Directors and authorised for issue on 04 October 2007



S. Naiken (Mrs.)
Chairperson



V. Bhuguth
Director

Statement of Operations

for the year ended 30 June 2007

	Notes	2007 Rs'000	2006 Rs'000
INCOME			
Investment income	11	40,511	34,340
Net increase in fair value of fair-value-through-profit-or-loss investments		194,477	30,097
(Loss)/gain on disposal of investments		(312)	2,997
		234,676	67,434
FUND EXPENSE			
Management fees	12	13,008	5,820
Auditors' remuneration		86	86
Registry costs	13	748	798
Brokerage fees		1,365	974
Other operating expenses		1,635	3,279
		(16,842)	(10,957)
Net income before taxation	14	217,834	56,477
Taxation	10	(1,666)	(1,507)
Net income after taxation		216,168	54,970
Finance costs - Distribution to shareholders	15	(45,567)	(48,342)
Net income for the year		170,601	6,628

Statement of Changes In Net Assets

attributable to holders of redeemable shares for the year ended 30 June 2007

	Number of shares	Rs'000
Net assets attributable to holders of redeemable shares at 1 July 2005	59,680,999	903,438
Proceeds from issue of redeemable shares	4,034,712	60,472
Payments on redemption of redeemable shares	(5,508,712)	(84,345)
Net increase from share transactions	58,206,999	879,565
Net unrealised appreciation in fair value of investments	-	29,899
Decrease in fair value reserve	-	26,446
Increase in gain on disposal of investments	-	(26,446)
Profit for the year	-	6,628
Net assets attributable to holders of redeemable shares at 30 June 2006	58,206,999	916,092
Proceeds from issue of redeemable shares	496,443	9,298
Payments on redemption of redeemable shares	(5,600,078)	(106,411)
Net increase from share transactions	53,103,364	818,979
Net unrealised appreciation in fair value of investments	-	106,880
Decrease in fair value reserve	-	(62,582)
Increase in gain on disposal of investments	-	62,582
Profit for the year	-	170,601
Net assets attributable to holders of redeemable shares at 30 June 2007	53,103,364	1,096,460

Statement of Cash Flow

for the year ended 30 June 2007

	Note	2007 Rs'000	2006 Rs'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Net profit before tax		217,834	56,477
Adjustments for:			
Interest income		(12,078)	(11,856)
Dividend income		(20,482)	(17,859)
Fair value change of investments		(194,477)	(30,097)
Loss/(Gain) on disposal of investments		312	(2,997)
Operating loss before working capital changes		(8,891)	(6,332)
Decrease in trade and other receivables		(1,333)	6,814
Increase in trade and other payables		1,721	2,751
Net cash (used in)/generated from operating activities		(8,503)	3,233
Interest received		8,679	14,016
Dividend received		21,688	15,200
Tax paid		(1,357)	(1,352)
Net cash flows from operating activities		20,507	31,097
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of investments		(98,865)	(103,754)
Proceeds from sale of investments		167,083	104,175
NET CASH GENERATED FROM INVESTING ACTIVITIES		68,218	421
CASH FLOWS FROM FINANCING ACTIVITIES			
Finance costs		(45,763)	(48,342)
Issue of shares		9,298	60,472
Redemption of shares		(106,411)	(84,345)
NET CASH USED IN FINANCING ACTIVITIES		(142,876)	(72,215)
Net decrease in cash and cash equivalents		(54,151)	(40,697)
Cash and cash equivalents at start of year		77,502	118,199
Cash and cash equivalents at end of year	16	23,351	77,502

Notes to the Financial Statements for the year ended 30 June 2007

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 July 2006. 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.

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

IAS 1	<i>Amendment to IAS 1: Presentation of financial statements - Capital Disclosures</i>
IAS 23	<i>Amendment to IAS 23: Capitalisation of Borrowings Costs</i>
IFRS 7	<i>Financial Instruments: Disclosure</i>
IFRS 8	<i>Operating Segments</i>
IFRIC 7	<i>Applying the Restatement Approach under IAS 29 Financial Reporting in Hyperinflationary Economies</i>
IFRIC 8	<i>Scope of IFRS 2</i>
IFRIC 9	<i>Reassessment of Embedded Derivatives</i>
IFRIC 10	<i>Interim Financial Reporting and Impairment</i>
IFRIC 11	<i>Group and Share Treasury Transactions</i>
IFRIC 12	<i>Service Concession Arrangements</i>
IFRIC 13	<i>Customer Loyalty Programme</i>
IFRIC 14	<i>IAS 19 - The limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction</i>

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.

Notes to the Financial Statements (Cont'd)

for the year ended 30 June 2007

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.

Notes to the Financial Statements (Cont'd) for the year ended 30 June 2007

ACCOUNTING POLICIES (CONT'D)

(e) **Foreign currencies**

Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The financial statements are presented in Rupees which is the Company's functional and presentation currency.

Transactions in currencies other than Rupees are recorded at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary items that are fair valued and denominated in foreign currencies are translated at the rates prevailing on the balance sheet date. Gains and losses arising on retranslation are included in net profit or loss for the period where investments are classified as fair value through profit or loss. Exchange differences on non-monetary investments classified as available-for-sale (such as equities) are recognised directly in statement of changes in net assets attributable to holders of redeemable shares, until disposal, at which point they are recycled to the statement of operations.

(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 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) **Taxation**

Income tax expense represents the tax currently payable and adjustments for under or overprovision of income taxes in prior periods. The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the statement of operations because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

(h) **Expense recognition**

Expenses are accounted for in the statement of operations on the accrual basis.

(i) **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.

Notes to the Financial Statements (Cont'd) for the year ended 30 June 2007

ACCOUNTING POLICIES (CONT'D)

(i) Financial instruments (cont'd)

Measurement

Financial instruments are initially measured at fair value. 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 allowance for 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.

(j) 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.

(k) 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 2007

5. PORTFOLIO OF DOMESTIC SECURITIES

	2007 Rs'000	2006 Rs'000
Fair-value-through-profit-or-loss	452,881	330,020
Available for sale	207,874	179,422
Held-to-maturity	100,587	82,506
	761,342	591,948
Analysed as:		
Non-current assets	308,461	261,928
Current assets	452,881	330,020
	761,342	591,948

<u>Fair-value-through-profit-or-loss</u>	Official Market Rs'000	Secondary Market Rs'000	Total Rs'000
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
At 1 July 2006	325,856	4,164	330,020
Additions	49,552	14,993	64,545
Disposals	(129,792)	(6,369)	(136,161)
Fair value change	190,939	3,538	194,477
At 30 June 2007	436,555	16,326	452,881

<u>Available-for-sale</u>	Unquoted Rs'000
At valuation	
At 1 July 2005	176,613
Fair value change	2,809
At 30 June 2006	179,422
At 1 July 2006	179,422
Fair value change	28,452
At 30 June 2007	207,874

Notes to the Financial Statements (Cont'd)

for the year ended 30 June 2007

5. PORTFOLIO OF DOMESTIC SECURITIES (CONT'D)

Held to maturity

At amortised cost

	Fixed income securities		
	Listed Rs'000	Unquoted Rs'000	Total Rs'000
At 1 July 2005	393	72,484	72,877
Additions	-	8,813	8,813
Disposals	(200)	-	(200)
Interest income	3	1,013	1,016
At 30 June 2006	196	82,310	82,506
At 1 July 2006	196	82,310	82,506
Additions	-	19,589	19,589
Disposals	(200)	(2,000)	(2,200)
Interest income	4	688	692
At 30 June 2007	-	100,587	100,587
		2007 Rs'000	2006 Rs'000

Equity Securities

Official Market

Transport	8,894	37,162
Banks and Insurance	171,709	120,129
Industry	29,175	39,757
Commerce	23,846	23,725
Leisure and Hotels	112,270	80,520
Sugar Industry	18,309	8,577
Investment	72,352	15,986
	436,555	325,856

Secondary Market - DEM

Investment	9,748	1,363
Sugar	3,289	-
Industry	1,415	2,801
Others	1,874	-
	16,326	4,164

Unquoted Securities

Bank & Insurance	174,370	146,463
Investments	1,027	1,005
Industry	17,323	16,800
Leisure	15,154	15,154
	207,874	179,422

Unquoted Fixed Income Securities

Treasury Bills & Bonds	100,587	82,506
Total	761,342	591,948

Notes to the Financial Statements (Cont'd)

for the year ended 30 June 2007

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>	
			2007	2006
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>% Holding</u>		<u>% Holding</u>	
			2007	2006	2007	2006
Sicom Ltd	Ordinary	Mauritius	15.89	16.03	12.50	12.50

6. PORTFOLIO OF FOREIGN SECURITIES

	<u>2007</u> Rs'000	<u>2006</u> Rs'000
<u>Available-for-sale</u>		
At fair value		
At 1 July 2006	253,353	168,548
Additions	14,731	73,672
Disposals	(29,034)	(15,957)
Fair value change	78,428	27,090
At 30 June 2007	317,478	253,353

7. SHORT TERM INVESTMENTS

	<u>2007</u> Rs'000	<u>2006</u> Rs'000
Short term bank deposits	19,134	80,110
Treasury bills	7,940	-
	27,074	80,110

The bank deposits and treasury bills bear interest varying from 8.50% to 13.40% (2006: 1.85% to 8.15%)

Notes to the Financial Statements (Cont'd)

for the year ended 30 June 2007

8. TRADE AND OTHER RECEIVABLES

	<u>2007</u> Rs '000	<u>2006</u> Rs'000
Dividend and interest receivable	5,424	3,923
Other receivables and prepayments	82	24
Receivable for investment sold	1,275	-
	<u>6,781</u>	<u>3,947</u>

9. TRADE AND OTHER PAYABLES

	<u>2007</u> Rs'000	<u>2006</u> Rs'000
Trade and other payables	9,797	8,076

10. TAXATION

	<u>2007</u> Rs'000	<u>2006</u> Rs'000
Income tax on the adjusted profit for the year at 15%	1,790	1,481
(Over)/underprovision in prior year	(124)	26
	<u>1,666</u>	<u>1,507</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>2007</u> Rs'000	<u>2006</u> Rs'000
Income before taxation	217,834	56,477
- Tax at the rate of 15%	32,675	8,472
- Expenses not deductible for tax purposes	1,282	2,821
- Exempt income	(32,167)	(9,812)
- (Over)/underprovision in prior year	(124)	26
	<u>1,666</u>	<u>1,507</u>

11. INVESTMENT INCOME

	<u>2007</u> Rs'000	<u>2006</u> Rs'000
Dividend income	20,482	17,859
Interest income	12,078	11,856
Exchange gains	4,838	2,166
Other income	3,113	2,459
	<u>40,511</u>	<u>34,340</u>

Notes to the Financial Statements (Cont'd)

for the year ended 30 June 2007

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. The fee varies from 0.625% to a 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>2007</u> Rs'000	<u>2006</u> Rs'000
This is arrived at after crediting:		
Investment income		
- Listed	(14,165)	(16,662)
- Quoted	(492)	(87)
- Unquoted	(5,825)	(1,110)
- Interest income	(12,078)	(11,856)

15. DIVIDENDS

The Board of Directors has declared a dividend of Rs0.85 per share payable to shareholders registered at the close of business on 31 May 2007 (2006: Rs0.85 per share).

16. CASH AND CASH EQUIVALENTS

	<u>2007</u> Rs'000	<u>2006</u> Rs'000
Cash at bank	297	1,134
Bank overdraft	(4,020)	(3,742)
Short term bank deposits	27,074	80,110
	23,351	77,502

Notes to the Financial Statements (Cont'd)

for the year ended 30 June 2007

17. NET ASSET VALUE PER SHARE

	2007 Rs'000	2006 Rs'000
Net asset value	1,096,460	916,092
Number of ordinary shares in issue (000's)	53,103	58,207
Net asset value per share	Rs 20.65	15.74

18. 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:

Currency	Financial assets 2007 Rs'000	Financial liabilities 2007 Rs'000	Financial assets 2006 Rs'000	Financial liabilities 2006 Rs'000
GBP	66,556	-	69,019	-
United States Dollar	146,739	-	101,496	-
Euro	74,845	-	59,356	-
Mauritian rupee	795,408	14,722	677,139	12,919
Others	29,424	-	23,482	-
	<u>1,112,972</u>	<u>14,722</u>	<u>930,492</u>	<u>12,919</u>

Notes to the Financial Statements (Cont'd)

for the year ended 30 June 2007

19. FINANCIAL INSTRUMENTS (CONT'D)

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.

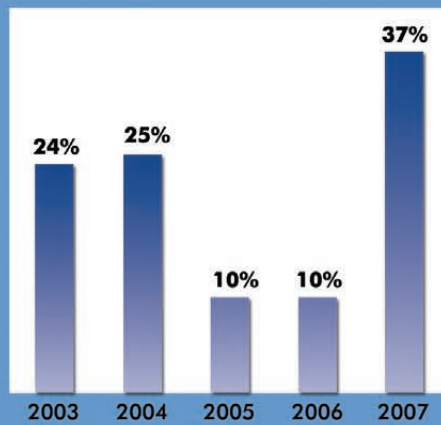
20. RELATED PARTY TRANSACTIONS

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.

	2007 Rs'000	2006 Rs'000
TRANSACTIONS		
Corporate with common shareholders		
- Management fee expense	13,008	5,820
- Registry costs	748	798
Compensation of key management personnel		
- Short term benefit	524	234
BALANCES		
- Amount due to related companies	6,449	1,446
- Investment in companies with common shareholders	206,726	199,309



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Website: www.portlouisfund.com

Risk factor: The value of investment can go up or down depending on the prices of the underlying assets.
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