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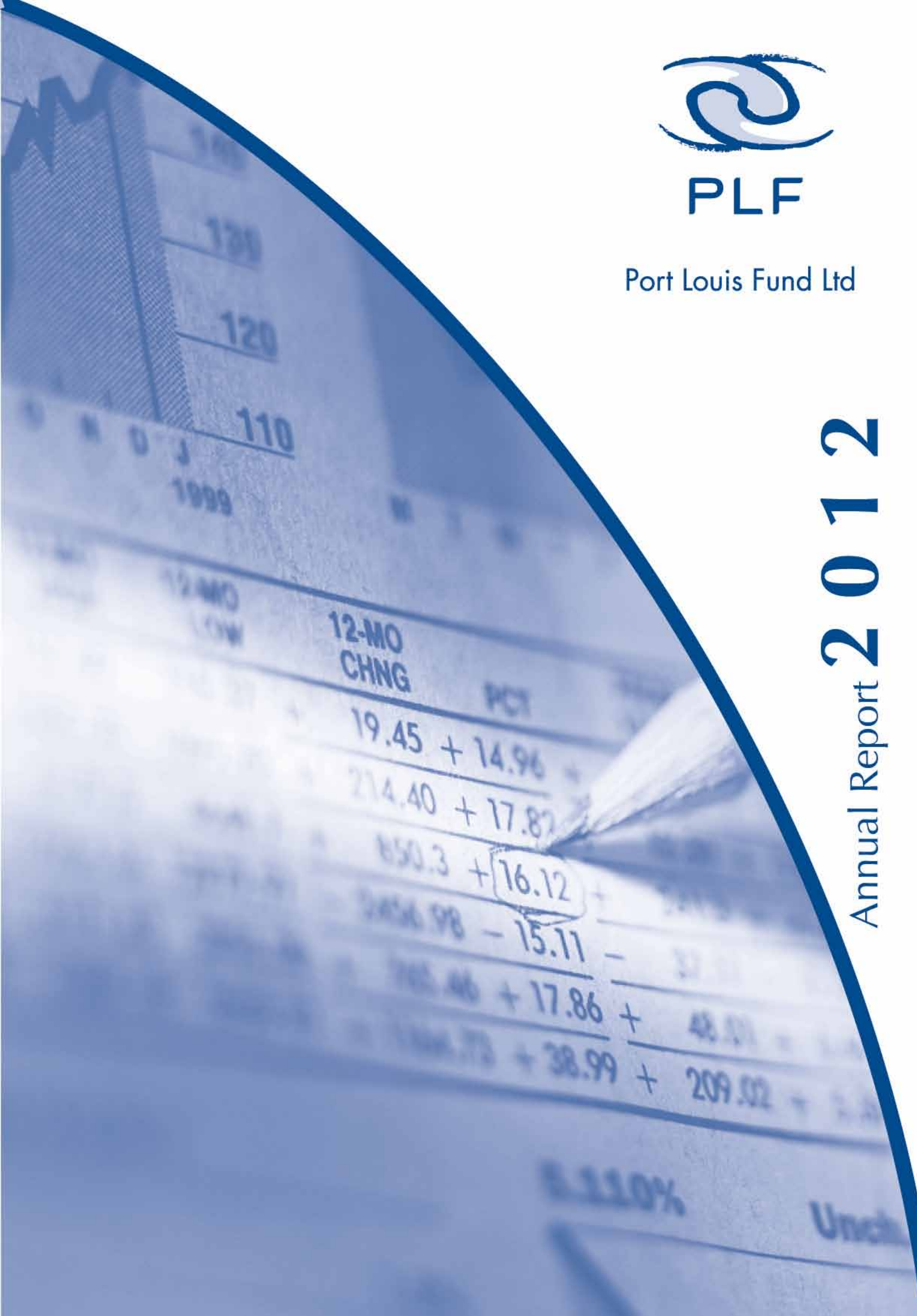
Port Louis Fund Ltd

Annual Report 2012



Dear Shareholder,

The Board of Directors is pleased to present the Annual Report of Port Louis Fund Ltd for the year ended 30 June 2012.

This report was approved by the Board of Directors on 1st November 2012.

M.I. Mallam-Hasham	V. Bhuguth
Chairman	Director

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Notice is hereby given that the 15th Annual Meeting of Shareholders of Port Louis Fund Ltd will be held at Le Sirius, Labourdonnais Waterfront Hotel, Caudan Waterfront, Port Louis on Tuesday 4th December 2012 at 14.00 hours for the transaction of the following businesses:

Agenda

1. To adopt the Minutes of Proceedings of the 14th Annual Meeting of Shareholders of Port Louis Fund Ltd held on Monday, 5th December, 2011.
2. To receive the Annual Report for the financial year ended 30 June 2012.
3. To receive the Report of Auditors.
4. To consider and approve the Audited Financial Statements for the year ended 30 June 2012.
5. To ratify the dividend declared by the Board of Directors and paid to all shareholders registered at the close of business on 4th June 2012.
6. To re-appoint Mr. Muhammad Iqbal Mallam-Hasham as Director of the Company to hold office until the next Annual Meeting.
7. To re-appoint Mr. Yusuf Hassam Aboobaker, who is over the age 70 years, to continue to hold office as Director of the Company until the next Annual Meeting of the Company under Section 138 (6) of the Companies Act 2001.
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. Ishwurlal Golam as Director of the Company to hold office until the next Annual Meeting.
11. To re-appoint Mr. Veenay Rambarassah as Director of the Company to hold office until the next Annual Meeting.
12. To fix remuneration of the Directors.
13. To re-appoint the Auditors of the Company for the financial year ending 30 June 2013 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

SNullatemby

SEEDHA LUTCHEEMEE NULLATEMBY (Mrs.)
COMPANY SECRETARY
1st November 2012

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 13:00 hours

Directors
Mr. M.I. Mallam-Hasham , Chairman
Mr. Y.H. Aboobaker, S.C, C.S.K
Mr. V. Bhuguth
Mr. I. Golam
Mr. G.Y.H. Lassémillante
Mr. V. Rambarassah

Fund Manager
Capital Asset Management Ltd

Registrar and Transfer Office
Prime Partners Ltd

Company Secretary
Mrs. S.L. Nullatemby

Bankers
AfrAsia Bank Limited
Bank of Baroda
Bank One Ltd
Banque des Mascareignes Ltée
Barclays Bank PLC
Bramer Banking Corporation Limited
Mauritius Post and Co-operative Bank Ltd
Standard Bank (Mauritius) Ltd
State Bank of Mauritius Ltd
The Hong Kong and Shanghai Banking Corp Ltd
The Mauritius Commercial Bank Ltd

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

Auditors
BDO & CO (Formerly BDO De Chazal Du Mée & Co)

Website
http://www.portlouisfund.com

Stockbroking Companies
Associated Brokers Ltd
AXYS Stockbroking Ltd
Anglo-Mauritius Stockbrokers Ltd
Bramer Securities Ltd
Capital Markets Brokers Ltd
IPRO Stockbroking Ltd
MCB Stockbrokers Ltd
Newton Securities Ltd
Prime Securities Ltd
Ramet & Associés Ltée
SBM Securities Ltd

Foreign Fund Managers
Fidelity Investments International
Franklin Templeton Investments Ltd
London & Capital Asset Management Ltd

Custodian Bank
Standard Bank (Mauritius) Ltd
ICICI Bank Ltd (India)

Indian Stockbrokers
Indsec Securities & Finance Ltd
Religare Capital Markets Ltd

The Directors have the pleasure to submit the Annual Report together with the audited financial statements of Port Louis Fund Ltd for the year ended 30 June 2012.

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:

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

Members of the Board of Directors

Mr. M.I. Mallam-Hasham, Chairman
Mr. Y.H. Aboobaker
Mr. V. Bhuguth
Mr. I. Golam
Mr. G.Y.H. Lassémillante
Mr. V. Rambarassah

Directors' Service Contracts

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

Directors' Remuneration and Benefits

Remuneration and benefits received and receivable from the Company were:

	2012 MUR'000	2011 MUR'000
Non-Executive Directors	982	838

The direct and indirect interests of the Directors in the securities of the Company as at 30 June 2012

	Direct Shareholding	Indirect Shareholding
Directors		
Mr. M.I. Mallam-Hasham	7,539	Nil
Mr. G.Y.H. Lassémillante	Nil	Nil
Mr. Y. H. Aboobaker	Nil	Nil
Mr. V. Bhuguth	Nil	Nil
Mr. I. Golam	Nil	Nil
Mr. V. Rambarassah	Nil	Nil
Company Secretary		
Mrs. S. L Nullatemby	Nil	Nil

Donations

No donation was made during the financial year ended 30 June 2012.

Auditors' Remunerations

The auditors' remunerations were:

	2012 MUR'000	2011 MUR'000
Audit services	115	100
Other services	-	15

M.I. Mallam-Hasham
Chairman

V. Bhuguth
Director

Approved on 11 October 2012

Secretary's Certificate

For the year ended June 30, 2012

I certify that, to the best of my knowledge and belief, the Company has filed with the Registrar of Companies, for the financial year ended 30 June 2012, 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
11 Oct 2012

Directors' Profile

Mr. M.I. Mallam-Hasham is a Fellow of the prestigious Hubert H. Humphrey program and read International Economy at Boston University. He is also a Fellow of the Mauritius Institute of Directors. He holds post-graduate degrees in Management and Business from "Institut d'Administration des Enterprises", Université de Strasbourg. At present, he is the Managing Director of the State Investment Corporation Ltd and is board member of a number of leading companies in Mauritius. He has wide ranging experience in the financial sector and has been banker, consultant in corporate management and Associate Professor at universities. He was also a Member of Parliament.

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

Mr. V. Bhuguth is a Fellow of the Association of Chartered Certified Accountant (FCCA). He reckons 24 years of experience in accounting firms and holds a post-graduate diploma in International Tax Planning from the University of Miami. He is presently leading an accounting firm in Port Louis.

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

Mr. I. Golam is a member of the Chartered Institute of Management Accountants and also holds an MBA. He is presently the Group Finance Manager of the State Investment Corporation Ltd. He has a wide range of experience in the field of Finance and Accounting, Stock Exchange, Offshore Sector and privatisation of the Civil Aviation. He is also member of various boards within the SIC group.

Mr. V. Rambarassah is a Fellow of the Association of Chartered Certified Accountant (FCCA). He is currently acting as Fund Manager and Fund Accountant of the National Pension Fund and National Savings Fund. He has previously been working in the Government Audit Office. He has wide experience in audit and finance fields.

Company Secretary

Mrs. S.L. Nullatemby is a Fellow of the Institute of Chartered Secretaries and Administrators (FCIS) and also a Fellow of the Mauritius Institute of Directors (MIoD). She also holds an MBA in Finance. At present, she is the Company Secretary of Port Louis Fund Ltd and is responsible for the preparation of its Financial Statements. She has been working at the State Investment Corporation Ltd for the past 23 years and has wide ranging experience in the field of Finance and Accounting, Administrative and Corporate matters. She is also director of various companies within the SIC group.

Executive Management

Capital Asset Management Ltd

The Fund has been managed by Capital Asset Management Ltd (CAM) since inception. CAM is a wholly owned subsidiary of The State Investment Corporation Ltd (SIC) and is licensed by the Financial Services Commission (FSC) as a CIS Manager and Investment Advisor (Unrestricted) under the Securities Act 2005. CAM also manages the SME Partnership Fund Ltd and provides advisory services to the Casinos of Mauritius Pension Fund. The following key personnel are employed by CAM:

Executive Director

Mr. V. Auckaloo is a member of the CFA institute and holds an M.Sc. in Financial Management, a B.Sc. (Hons) in Economics and an LLB (Hons). He has more than 13 years of experience in the financial services sector and had previously worked in the Government service and in the banking sector. He joined CAM since 2001 and is currently the Executive Director.

Finance Manager

Mr. M. K. Ramroop joined CAM since January 2006 and is currently the Finance Manager of the Company. He is a Fellow of the Association of Chartered Certified Accountants (FCCA) and holds an MBA with specialisation in Financial Management. He has worked in the banking sector for over 18 years. Before joining CAM, he worked within the SIC Group in the leisure sector and financial services sectors.

Analysts

Mrs. S. Beeharee joined CAM since July 2007 and currently holds the position of Analyst. She holds a B.A. (Hons.) in Law and Management and is an affiliate of the Association of Chartered Certified Accountants. She has more than 9 years of experience in the financial and regulatory sectors.

Mr. S. Namah currently holds the position of Analyst. He holds a B.Sc. (Hons.) in Accounting and Finance and is a member of the Association of Chartered Certified Accountants. He has more than 9 years of experience in various fields of finance, including 6 years within private equity financing.

Assistant Analysts

Mr. M. S. Khudaroo holds a B.Sc. (Hons) in Management from the University of Mauritius. Before joining the Company, he worked in an audit firm in the Audit and Business Advisory Department. He has 7 years of experience in the financial sector.

Mr. Ashley Appadu joined CAM since October 2011 and holds the position of Assistant Analyst. He holds a B.Com Accounting & Finance from Curtin University of Technology. He is currently undertaking an M.Sc. Finance from the European Business School.

Mr. Jayvash Nundoo is a holder of an M.Sc. Financial Risk Management (distinction) from the University of Glasgow and a B.Sc. Economics and Finance (Hons.) from the University of Mauritius. He joined the team as Assistant Analyst since March 2012.

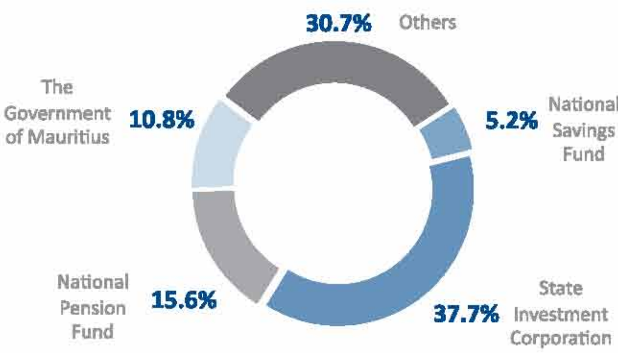
Mr. Pravish Halkhoree is a holder of an M.Sc. Finance, Investment and Risk from the University of Kent and a B.Sc. Economics and Finance (Hons.) from the University of Mauritius. He joined the team as Assistant Analyst since October 2012.

Statement of compliance

The Fund is committed to adhere in all material respects to the principles of Corporate Governance. It has set the appropriate policies and practices which enable it to maintain the highest standards of integrity and accountability. The Board understands that it is collectively accountable and responsible for the performance and affairs of the Fund. It has further committed itself to ensure that the Fund`s activities are carried out ethically and in a transparent manner. The Board has also established different committees, namely, Audit and Risk Committee, Investment Committee and Corporate Governance Committee to assist in execution of its responsibilities and to ensure compliance with the provisions set out in the Code of Corporate Governance.

Holding structure

The holding structure of the Port Louis Fund Ltd as at 30 June 2012 was:



Shareholders holding more than 5% share capital of the Company as at 30 June 2012

	No of shares	% Shareholding
The State Investment Corporation Ltd	19,469,585	37.69%
National Pension Fund	8,036,733	15.56%
The Government of Mauritius	5,597,909	10.84%
National Savings Fund	2,678,912	5.19%

Shareholding Analysis as at 30 June 2012

Range	No of Shareholders	No of Shares	% of Share Capital	% of all Shareholders
1-1000	3,102	1,253,467	2.43%	65.18%
1,001 - 5,000	986	2,775,010	5.37%	20.72%
5,001 - 10,000	371	2,942,607	5.70%	7.80%
10,001 - 25,000	219	3,558,565	6.89%	4.60%
25,001 - 50,000	55	1,913,421	3.70%	1.16%
50,001 - 100,000	13	977,290	1.89%	0.27%
100,001 - 1,000,000	9	2,447,532	4.74%	0.19%
Over 1,000,000	4	35,783,139	69.28%	0.08%
Total	4,759	51,651,031	100.00%	100.00%

Category of Shareholders as at 30 June 2012

Shareholders Type	No of Share-holders	No of Shares	% Share-holding
Individuals	4,693	13,535,201	26.21%
Corporate Bodies and Others	66	38,115,830	73.79%
Total	4,759	51,651,031	100.00%

Communication with shareholders

The Fund communicates with its shareholders on a regular basis. The daily Net Asset Value per share of the Fund and the monthly factsheet detailing the performance is published on the website at: www.portlouisfund.com. The annual report containing the audited accounts, performance review and other essential information are sent to all shareholders. The latter are also invited to the annual meeting of shareholders whereby they can ask any relevant questions or seek clarifications from the Board and Management regarding the Fund.

Schedule of events:

Date	Event
5 December 2011	Annual General Meeting
4 June 2012	Declaration of dividend
20 June 2012	Payment of Dividend
30 June 2012	End of Financial Year

Dividend policy

Generally, dividends are payable out of distributable profits. Other factors which may influence dividends are; the Fund's performance, its cash flow position and future investment opportunities.

The Board of Directors

As per the Company's Constitution, the Board is constituted with a minimum of five and up to a maximum of nine directors. The profile of current board members is given on page 5.

The Board monitors and evaluates the implementation of strategies and policies. It maintains effective control over the Fund and ensures that Board decisions and strategies are effectively executed by management. The Fund's day to day activities are carried by the CIS Manager whose details are given on page 6.

The Board met five times during the year and the individual attendance of the Directors is detailed on page 9. The main issues discussed during the various board meetings included:

- Endorsement after scrutiny of the recommendations of different board committees
- Performance of the Fund in light of the Euro crisis and other global economic woes
- Strategic decision to dispose some less performing assets and to increase exposure to frontier markets
- Valuation of unquoted shares in the portfolio
- Appointment of local custodian
- Appointment of internal auditor
- Governance and internal audit issues
- Declaration and payment of dividends.
- Corporate Social Responsibility

Investment Committee

Members

Mr. M.I. Mallam-Hasham, Chairman
Mr. V. Bhuguth
Mr. I. Golam

The Investment Committee has the main objective of advising the Board on asset allocation, investment policies, processes, strategies and optimal risk/return level. The Investment Committee met once during the current financial year and reviewed the portfolio of the Fund and its overall investment strategy.

The Committee examined the different asset classes forming the portfolio of the Fund in light of the Euro crisis and other economic plagues currently being experienced. It analysed in depth the portfolio and after discussion with management, some low performing investments were identified for disposal. Furthermore, a number of alternative investment avenues were considered and recommendation was made to increase exposure in frontier markets amongst others.

Audit & Risk Committee

Members

Mr. V. Bhuguth, Chairman
Mr. Y.H. Aboobaker
Mr. G.Y.H. Lassémillante
Mr. I. Golam

The Audit & Risk Committee met thrice during the year with their main objectives being to assist the Board in discharging its duties relating to the safeguarding of assets, the operation of adequate systems, control processes and the preparation of financial reports and statements in compliance with all applicable legal requirements and accounting standards.

The Committee also makes recommendations to the Board for its approval or final decision regarding the membership, resources, responsibilities and authorities (composition, functions and operations) of the Committee to perform its role effectively, as stipulated in the terms of reference, according to which the Committee focuses on the risk areas of the Company's operations, the reliability and accuracy of the financial information provided to the Board, internal control systems, the Company's compliance with the legal and regulatory provisions and rules established by the Board.

The Committee took note of the appointment of the internal auditor and approved the procedure manual prepared by the latter. The procedure manual set the base for the assessment of potential risk and the control mechanism put in place to mitigate those risks.

Corporate Governance Committee

Members

Mr. Y.H. Aboobaker, Chairman
Mr. G.Y.H. Lassémillante
Mr. V. Rambarassah

The Corporate Governance Committee acts as a useful mechanism for making recommendations to the Board on all corporate governance issues, so that the Board remains effective and complies with the prevailing good governance principles.

The Committee met once during the year and discussed matters relating to the disclosures required in line with the Code of Corporate Governance. It took note of the appointment of the internal auditor.

Board and Committee Meetings Attendance and Remuneration of Directors for the Year Ended 30 June 2012

Directors	Category	Board Meeting	Investment Committee	Audit & Risk Committee	Corporate Governance Committee	Directors' Remuneration
Mr. M. I. Mallam-Hasham*	Non-executive	5/5	1/1	-	-	Rs 168,000
Mr. V. Bhuguth	Independent	5/5	1/1	3/3	-	Rs 184,000
Mr. I. Golam *	Non-executive	5/5	1/1	3/3	-	Rs 152,000
Mr. Y. H. Aboobaker	Independent	4/5	-	2/3	1/1	Rs 166,000
Mr. G.Y.H. Lassémillante	Independent	4/5	-	3/3	1/1	Rs 164,000
Mr. V. Rambarassah	Non-executive	5/5	-	-	1/1	Rs 148,000

* The Directors remuneration accruing to Mr. M.I. Mallam-Hasham and Mr. I. Golam are paid to the SIC

Directorships of the Directors in Listed Companies

	Caudan Development	Constance Hotel Services Ltd	Sun Resorts
Mr M.I Mallam-Hasham	√	√	√

Agreements

Management Agreement

The Company has entered into an Investment Management Agreement with Capital Asset Management Ltd.

Registrar and Transfer Office

The Company has an agreement with Prime Partners Limited to provide Registrar and Transfer Office Services.

Custodian Services – Local

The Company has an agreement with Standard Bank (Mauritius) Ltd to provide custodian services for its local investments.

Custodian Services – Foreign

The Company has an agreement with ICICI Bank Ltd in India to provide custodian services for its investments in the Indian stock market.

Liquidity contract

In 1997, the Company entered into a liquidity contract with the SIC to ensure that there is sufficient liquidity to complete transactions based on demand for and supply of the Company's shares.

Contract with Shareholders

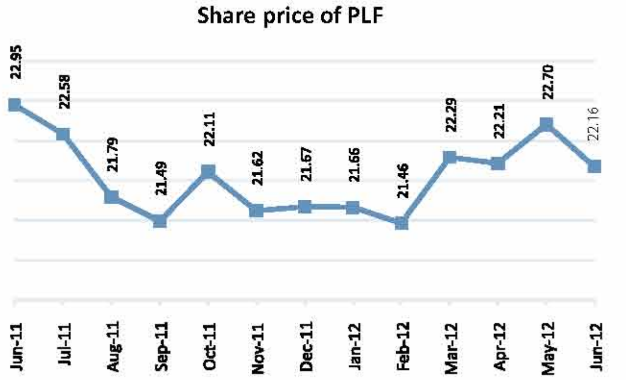
The Company does not have any agreement with shareholders except for the one described above.

Statement of Remuneration Philosophy

Directors are remunerated for their knowledge, experience and insight given. The remuneration philosophy is to reward the collective contribution of Directors towards achievement of the Fund's objectives. The Directors' remuneration in similar companies are also used as a guide.

Share Price of the Fund

The Company is an open-ended fund and its shares are tradable on a daily basis based on the Net Asset Value per share. The chart depicts the share price movement of Port Louis Fund Ltd during the year under review.



Internal Audit Function

The internal audit function has been outsourced to Messrs McMillan Wood. The Board, however, is ultimately responsible for the Company's system of internal control and for reviewing its effectiveness. The internal auditor carries its functions independently and reports to the Audit and Risk Committee.

Risk Management

The Directors are responsible to ensure the maintenance of an effective system of internal control, so that assets are properly safeguarded, transactions are properly authorised and recorded and material frauds and other irregularities are either prevented or detected within a reasonable time.

Operational risk

Operational risk is defined by the Basel Committee on Banking Supervision (BCBS) as "the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events". The main areas of risk of loss pertain to risks relating to internal fraud due to unauthorised activity, theft or fraud, external fraud due to theft, systems security failure or tampering, employment practices and workplace safety due to unhealthy employees relations, improper environment, improper business or market practices, disputes over performance and management of monies, damage to physical assets due to disaster and other events, business disruptions and systems failures, inaccurate reporting and other task misperformance.

Whilst the Fund does not have any employees, its day to day management is carried out by Capital Asset Management Ltd (CAM) which has adequate logistics, experience and technical capabilities to carry out its contractual obligations vis-à-vis the Fund. In this respect, CAM absorbs the majority of the operational risks of the Fund. CAM has its own internal auditor and control procedures to mitigate operational risks related to the management of Port Louis Fund Ltd.

To further reinforce the operational risk control mechanism, Port Louis Fund Ltd has appointed its own Internal Auditor namely Messrs Mc Millan Woods. The latter has, first of all, documented the different processes, procedures and control mechanism. It has established a risk control matrix giving due consideration to the probability of materialisation of the risk factors and its impact on the operation of the Fund. In its forthcoming report, the Internal Auditor will comment on the adequacy and effectiveness of different control mechanism with regard to operational risk.

Financial risk factors

Please refer to note 3 of the Notes to the Financial Statements on page 41.

Related party transactions

Please refer to note 20 of the Notes to the Financial Statements on page 50.

Directors' & Officers Liability Insurance

The Company has contracted with Mauritius Union Assurance Ltd a Professional Indemnity, Crime and Directors' & Officers Liability insurance.

Corporate social responsibility and donations

For its CSR Programme, the Fund has focused on tertiary education and has granted financial assistance to deserving and needy students intending to pursue higher education at the University of Mauritius. For the academic year 2012-13, a sum of Rs 60,000 had been disbursed towards the scholarship programme initiated last year.

No political donation was granted during the current financial year.

Code of ethics, health and safety and social issues

The Fund has outsourced its management to Capital Asset Management Ltd (CAM) which is an established fund management company licensed by Financial Services Commission as a CIS Manager. It is in process of adopting the Code of Ethics applicable to State Investment Corporation, the holding company of CAM.

Environmental policy

Due to the nature of its activities, the Company's operation has no major impact on environment.

Statement of Directors' Responsibilities

Directors acknowledge their responsibilities for:

- adequate accounting records and maintenance of effective internal control systems;
- the preparation of financial statements which fairly present the state of affairs of the Company as at the end of the financial year and the results of its operations and cash flows for that period and which comply with International Financial Reporting Standards (IFRS);
- the selection of appropriate accounting policies supported by reasonable and prudent judgements.

The external auditors are responsible for reporting on whether the financial statements are fairly presented.

The Directors report that:

- adequate accounting records and an effective system of internal controls and risk management have been maintained;
- appropriate accounting policies supported by reasonable and prudent judgements and estimates have been used consistently;
- applicable accounting standards have been adhered to. Any departure in the interest in fair presentation has been disclosed, explained and quantified.

Y.H Aboobaker
Chairman, Corporate Governance Committee
11 October 2012

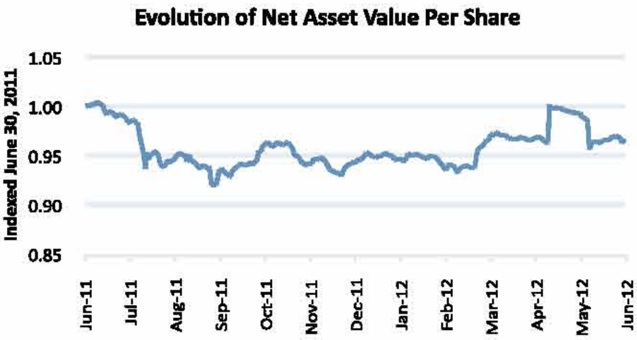
Performance review

The European debt crisis continued to threaten global growth during the year under review. Austerity measures in many European economies lowered consumer spending and retail sales, dampened business confidence and halted growth in the manufacturing sector with the outcome being weakened global demand. Policymakers have responded via austerity programmes and policies aimed at adjusting interest rates and currencies, bringing about higher market volatility. The European Central Bank (ECB) has been particularly active but measures to boost equity markets and contain sovereign bond yields were generally short-lived. Hence, equity markets have generally taken a downward trend. The MSCI World index, proxy for world equity markets, lost 7.2 percent over the year in USD terms.

In the Mauritian context, the SEMDEX responded to the negative outlook of European and emerging economies. As major market indices tumbled around the world upon poor growth prospects, the macroeconomic strength of the local economy was put in doubt. The Key Repo Rate was cut twice during the year to boost growth, totalling cuts of 60 basis points. However, the SEMDEX remained more or less insensitive and continued its descent, losing a yearly 15.3 percent as at end of June 2012.

Fund performance overview

Amid the difficult international and local context, the Fund has successfully limited losses with its diversification strategy. It achieved a return of -0.83 percent for the year ended 30 June 2012 with Net Asset Value (NAV) moving to MUR 22.16 against last year's MUR 22.95, after paying a dividend of MUR 0.60 per share.



The NAV per share tended to follow local and international events during the year. During the third quarter of 2011, it took a descent after the growth outlooks of many economies were downgraded, casting doubts over Mauritius' growth. After global markets observed some recovery during the first quarter of 2012, NAV followed suit. The hike that occurred in May 2012 resulted mainly from the conversion of MLC shares into Bramer Banking Corporation Ltd and the listing of the latter.

Fund performance by asset class

The assets of the Fund can be broadly classified in four main classes; locally listed equities, unquoted shares, foreign investments and fixed income securities & others. To assess the performance of the different categories, total return of the Fund is split. The weighted return indicates the contribution of each asset class to the Fund as per their respective average allocation over the year.

Return by asset class (%)

Asset Class	Total return	Average weight	Weighted return
Locally Listed Equities	-1.1	45.1	-0.5
Unquoted Shares	7.9	26.5	2.1
Foreign Investments	-6.3	22.5	-1.4
Fixed Income Securities & Others	6.8	5.9	0.4
Unallocated Return*			-1.4
PLF Portfolio			-0.8

*The unallocated return is mainly explained by fund expenses, the interaction of the different asset classes and the variations in the daily weight.

Locally listed equities carried an average weight of 45.1 percent during the year. The segment delivered a return of -1.1 percent and when weighed, its return contributed -0.5 percent to the Fund's performance. In comparison, the SEMDEX, SEM-7 and DEMEX posted respective returns of -15.3 percent, -13.8 percent and -4.4 percent.

Unquoted shares weighed an average of 26.5 percent in the portfolio. The asset class registered a positive return of 7.9 percent over the year and contributed 2.1 percent to the total return of the Fund. The return is subject to regular valuation exercises of unquoted shares by an independent consultant.

Foreign investments, which also include investments in India, had an allocation of 22.5 percent in the portfolio. Total in MUR terms amounted to -6.3 percent, synonymous to a contribution of -1.4 percent to the return of the Fund.

As a general indication, The MSCI World Index posted -7.2 percent in USD terms which corresponds to 1.8 percent in MUR due to a depreciation of 9.0 percent of the MUR against the USD over the interval.

Fixed income securities and others constitute long-term bonds, short-term deposits, foreign currency deposits and net cash balances. The asset class had an average allotment of 5.9 percent in the total portfolio. With a total return of 6.8 percent, it contributed 0.4 percent to the Fund's return.

Financials

Financial results

Investment income excluding gain on disposal of investment and fair value change of financial assets amounted to MUR 26.7m against last year's MUR 29.4m. Dividend income was MUR 20.7m in 2012 compared to MUR 20.9m in 2011. Interest income amounted to MUR 5.1m back from MUR 9.6m in 2011 mainly on account of a fall in interest rates and maturity of some fixed income instruments. The fair value of financial assets through profit or loss registered a fall of MUR 13.4m due to a general decline in market prices as opposed to last year's increase of MUR 122.6m.

Fund expense

The Total Expense Ratio (TER) gives an indication of the expenses incurred in running a fund. The TER is calculated in line with International Standards and covers professional fees and other operating expenses. It stood at 1.3 percent for the Fund for the year ended 30 June 2012 while the industry-weighted TER was around 1.7 percent.

Dividends

The dividend declared for the year was MUR 0.60 per share compared to MUR 1.00 declared in the previous year. In aggregate an amount of MUR 31.0m was distributed to shareholders registered at close of business on 4th June 2012. It is to be noted that dividend paid to shareholders is based on net profit and realised gain on disposal of investments.

Share capital

The issued share capital of the Fund as at 30 June 2012 was 51,651,031 against last year's 51,758,067. Redemption exceeded purchases during the year. The number of shares purchased amounted to 857,898 whereas 964,934 shares were redeemed. The number of shares outstanding decreased by 107,036 representing 0.2% over last year.

Asset allocation and portfolio composition

The Fund allocates its assets subject to some predefined goals, risk tolerance and investment horizon. The aim is to minimise risk while achieving the best possible return for shareholders. The asset allocation is periodically reviewed and adjusted to reflect changes in market conditions.

The total net assets as at 30 June 2012 stood at MUR 1,144.4m compared to the preceding period's value of MUR 1,187.8m.

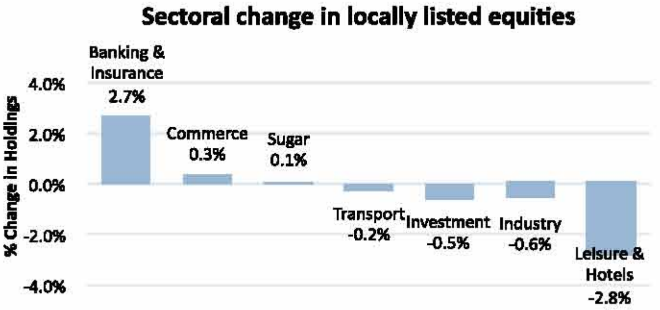
Asset allocation *

	June 30, 2012		June 30, 2011	
	Rs m	%	Rs m	%
Local Listed Equity	**524.4**	**45.8**	**557.8**	**47.0**
Banking & Insurance	263.2	23.0	241.7	20.3
Commerce	50.4	4.4	48.6	4.1
Industry	33.1	2.9	41.5	3.5
Investment	61.9	5.4	70.7	6.0
Leisure & Hotels	51.8	4.5	87.2	7.3
Sugar	60.7	5.3	62.0	5.2
Transport	3.3	0.3	6.0	0.5
Unquoted Securities	**310.8**	**27.2**	**293.4**	**24.7**
Insurance	260.2	22.7	248.8	20.9
Investment	1.2	0.1	1.2	0.1
Technology	22.4	2.0	22.5	1.9
Leisure	26.9	2.4	20.8	1.8
Foreign Investments	**243.9**	**21.3**	**260.2**	**21.9**
Equity	186.8	16.3	187.5	15.8
Bonds, Property & Others	35.8	3.1	52.1	4.4
Cash	21.4	1.9	20.6	1.7
Fixed Income Securities & Others	**65.3**	**5.7**	**76.5**	**6.4**
Long term Bonds	37.5	3.3	54.1	4.6
Short term Bonds & Others	27.8	2.4	22.4	1.9
Total Assets	**1144.4**	**100.0**	**1187.8**	**100.0**

*Please note that figures may not tally due to rounding

Locally listed equities

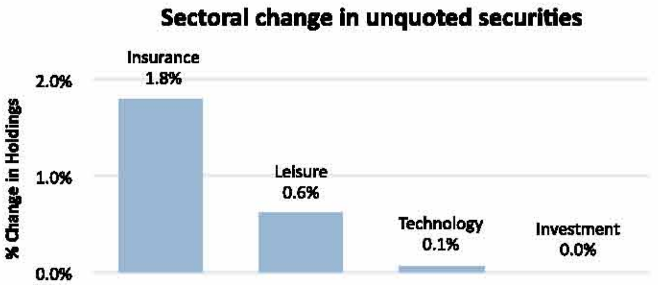
As at financial year end, the value of locally listed equities amounted to MUR 524.4m signifying a decline of MUR 33.4 relative to the previous year.



During the year, acquisitions of local stocks amounted to MUR 3.10m of which MUR 2.13m, were in the investment sector. Disposals totalling MUR 5.03m were effected and 56.0 percent were from the hospitality and financial sectors. Exposure to the financial sector rose due to an increase in the value of investments with the advent of Bramer Banking Corporation Ltd.

Unquoted shares

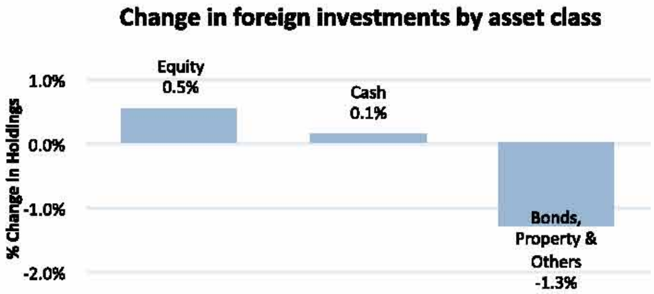
The value of unquoted shares rose to MUR 310.8m during the year back from MUR 293.4m.



No trade transactions were effected for this asset class. The share of this segment increased upon the upward revaluation of SICOM which accounted for more than eighty percent of this segment.

Foreign investments

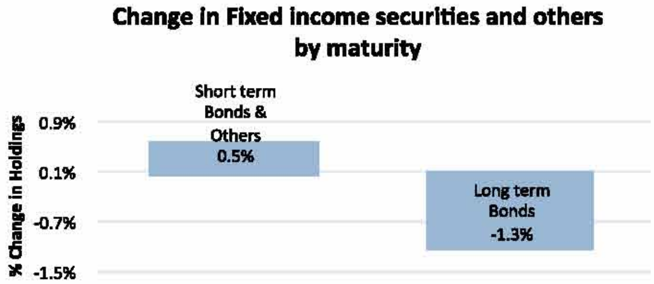
The proportion of foreign investments decreased after the value of investments tumbled from MUR 260.2m to MUR 243.9m.



Total acquisitions for the year were MUR 36.6m while total disposals were MUR 34.3m. Switch transactions amounted to MUR 35.8m during the period. During the year, holdings in fixed income instruments fell from MUR 52.1m to MUR 35.8m as holdings in cash and equity funds rose.

Fixed income securities & others

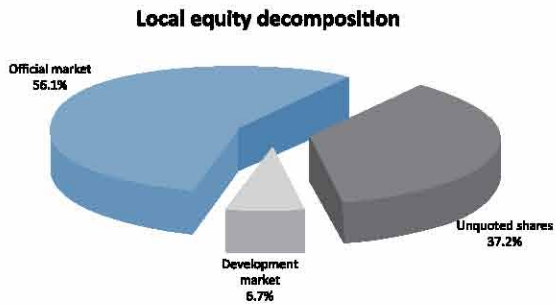
The share of fixed income securities and others in the portfolio declined as the value of investments moved from MUR 76.5m at end of financial year 2011 to MUR 65.3m a year later.



Segregating the asset class into long-term bonds and short – term bonds & others, it is noted that the value of the long-term instruments fell to MUR 37.5m after the maturity of some securities. As for shorter-term bonds, holdings moved from MUR 22.4m to MUR 27.8m.

Local equity profile

The local equity segment constitutes MUR 835.2m as at 30 June 2012 of which officially listed companies cater for 56.1 percent, Development and Enterprise Market, 6.7 percent while unquoted shares, 37.2 percent.



The top five equity holdings of the Fund comprises the insurance, banking and commercial sectors which makes up 51.1 percent of the Net Asset Value and 65.4 percent of the value of local equities.

Top five holdings in local equities

Security	Category	Sector	Rs' m	% of NAV	% of Local equity
SICOM	Unquoted	Insurance	260.1	22.7%	31.1%
MCB	Listed	Banking	105.0	9.2%	12.6%
BBCL	Listed	Banking	91.7	8.0%	11.0%
SBM	Listed	Banking	61.2	5.4%	7.3%
Innodis	Listed	Commerce	28.0	2.4%	3.3%
TOTAL			**546.0**	**51.1%**	**65.4%**

State Insurance Company Ltd (SICOM)

SICOM was incorporated in 1988 and is one of the leading insurance and financial companies in Mauritius. For the financial year ended 30 June 2012, the group's total assets escalated by 5.8 percent to reach MUR 34.9bn. Gross revenue remained more or less stable at MUR 1.38bn. Profit after tax (PAT) decreased slightly to MUR 409.0m, analogous to a fall of 0.45 percent from the preceding year.

Mauritius Commercial Bank Ltd (MCB)

MCB is listed on the Mauritian stock market since 1989. Its main activities are banking and financial services and it is one of the leading company among its peers. As at 30 June 2012, its market capitalisation was MUR 42.3bn representing 25.2 percent of the SEMDEX. Its operating income for the financial year advanced by 6.0 percent to MUR 10.0bn whereas PAT declined by 8.2 percent to end at MUR 4.1bn. Dividend yield as at end of the financial year 2012 was 3.5 percent and PE ratio, 9.8 times.

Bramer Banking Corporation Ltd (BBCL)

BBCL was listed on the official market in 2012 after Mauritius Leasing Company Ltd amalgamated with Bramer Banking Corporation and Bramer Holding. It offers retail, private and commercial banking, deposit services, loans and advances as well as offshore banking. As at 30 June 2012, its market capitalisation was MUR 7.7bn representing 4.6 percent of the SEMDEX. During its two-month operations, the company's turnover stood at MUR 66.7m and profit after tax for the same period was MUR 2.0m.

State Bank of Mauritius Ltd (SBM)

Founded in 1973, SBM was listed on the SEM in 1995. The main activity of the company is banking and financial services. As at 30 June 2012, its market capitalisation stood at MUR 24.9bn, representing 14.8 percent of the official index. Operating income grew by 20.5 percent over its financial year to reach MUR 5.1bn and PAT progressed 30.0 percent to MUR 2.6bn. Dividend yield stood at 4.3 percent and PE ratio, 8.1 times as at end of its reporting period.

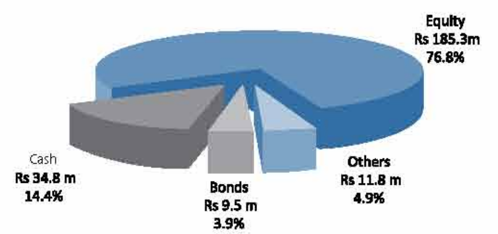
Innodis

The company was established in 1973 and its main business activities include food production and distribution. As at 30 June 2012, it represented 0.9 percent of the SEMDEX with a market capitalisation of MUR 1.6bn. Over its reporting interval, the company experienced a rise in turnover and PAT of 15.4 percent and 6.6 percent reaching MUR 3.9bn and MUR 212.3m respectively. Dividend yield was 4.1 percent and PE ratio was 8.8 times as at 30 June 2012.

Foreign investment profiles

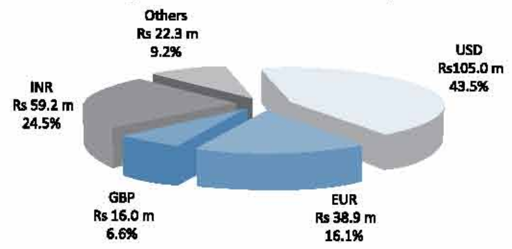
The total foreign investment[1] component amounted to MUR 243.9m, representing 21.3 percent of the Fund's total portfolio. Investments in foreign funds amounted to MUR 185.5m, accounting for 76.0 percent of the foreign portfolio. The investments were spread in 53 funds cutting across different regions, asset classes and currencies as at 30 June 2012. For the remaining portion, it entailed investment in Indian stocks which totalled MUR 58.4m.

Foreign Investment - Asset Class



Foreign Investment - Geographical Profile

Foreign Investment - Currency Profile



[1] These investments are carried out partly via established fund managers while investments in India are effected through Indian stockbrokers

Investments in foreign funds

Investment in the foreign funds segment is carried via international fund managers, mostly, Franklin Templeton and Fidelity investments. The top five holdings in the category of foreign funds make up to 22.8 percent of the total foreign investments.

Top five holdings in foreign funds

Details	Fund Manager	Rs'm	Foreign Investment
USD Liquid Reserve	Franklin Templeton	19.5	8.00%
USD Cash Fund	Fidelity Investments	12.4	5.10%
US Equity Fund	Franklin Templeton	8.8	3.60%
UK Fund	Fidelity Investments	7.6	3.10%
Australia Fund	Fidelity Investments	7.4	3.00%
Total		**55.6**	**22.80%**

*USD Liquid Reserve Fund**

The objective of the fund is to invest in a portfolio of high quality short term securities and money market instrument in USD denominated currency. Around 75 percent of its portfolio is in cash. The fund registered a return of -0.1 percent over the period.

*USD Cash Fund**

The objective of the fund is to achieve relatively high and regular income where both capital security and high quality are prime consideration. The fund invests in US Dollar denominated debt securities and other permitted assets. It delivered a return of 0.0 percent over the period.

US Equity Fund

The fund invests primarily in US equity securities and convertibles as well as American Depository Receipts and American Depository Shares that are listed on the major US stock exchanges. The fund more or less mimicked the trend of S&P 500 and delivered a return of -0.8 percent for the year.

UK Fund

The fund invests primarily in securities having their head office based in UK with the objective to achieve capital growth. Over the past year, the trend of this fund closely followed that of FTSE 100 Index and registered a loss of -0.1 percent after witnessing huge swings in trend.

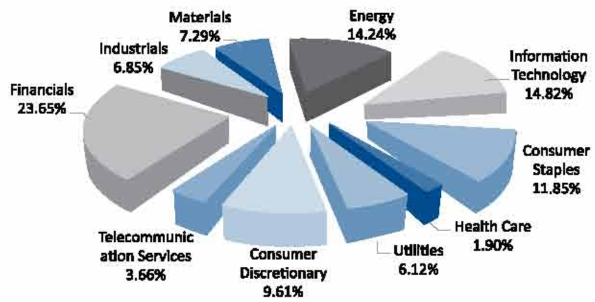
Australia Fund

The fund has the objective to achieve long term capital growth and invests primarily in equities of Australian companies and companies established outside of Australia which derive a significant portion of their earnings from the region. During the period under review, the fund followed similar trend to the Australian Stock Exchange All Ordinaries Index but outperformed the latter. A return of -6.0 percent was achieved during this period.

Investments in India

The Fund's total investment in India amounted to INR 107.3m (MUR 58.4m) as at 30 June 2012 representing 24.0 percent of total foreign portfolio. This particular segment encompasses most of the stocks of the Bombay Sensitive Index (SENSEX) but in different weights so that Financials constituted a higher proportion during the year.

Portfolio Composition

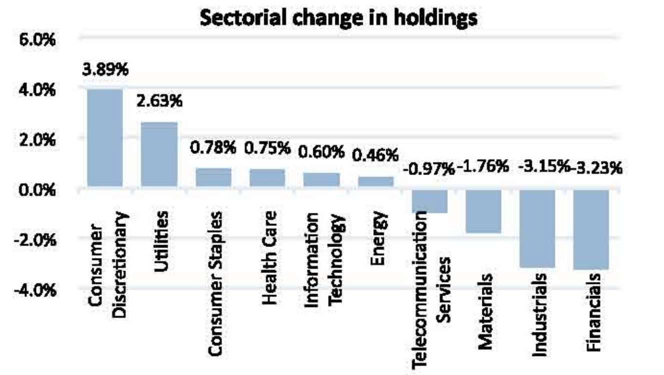


For the current financial year ended, return was -4.5 percent in INR terms, outperforming the SENSEX which registered a return of -7.5% in INR terms. With the depreciation of the INR against the Mauritian Rupee by around 13 percent, the return on the Indian portfolio in MUR terms has been around -17.4 percent.

The performance was driven by the Financial, Industrials and Materials sectors as a result of the slowdown of the Indian economy and high inflation. The top price gainers over the year have been ACC Ltd ("Materials" sector) and Hindustani Unilever Ltd ("Consumer Staples" sector) while the top losers have been Bharat Heavy Electricals Ltd ("Industrials" sector) and Sterlite Industries India Ltd ("Materials" sector).

The sectorial changes in holdings occurred partly on account of price changes which happened during the year and partly due to acquisitions and disposals.
Acquisitions of around INR 24.4m and disposals of around INR 23.7m were carried in the portfolio. The Fund increased its exposure to Consumer Discretionary, Consumer Staples, Utilities and Healthcare sectors.

* It is to be noted that the investment in these funds are usually of a temporary nature. Money is parked in cash based funds as an alternative to keeping in a bank account in waiting of more attractive investment opportunities



The top five holdings in the Indian portfolio segment account for 38.3 percent of the category.

Top five holdings in the Indian portfolio

Company	MUR' m	% of Indian Portfolio
Reliance Industries Ltd	5.4	9.20%
Infosys Ltd	4.8	8.20%
ITC Ltd	4.7	8.00%
HDFC Bank Ltd	3.8	6.50%
ICICI Bank Ltd	3.7	6.40%
Total	**22.31**	**38.30%**

Reliance Industries Ltd (RIL)

RIL's main activities include the manufacturing of petrochemicals, synthetic fibres, fibre intermediates, textiles, blended yarn and polyester staple fibre, petroleum refinery and petrochemical products. As at 31 Mar 2012, the company registered an increase in turnover, net profit and total assets by 34.9 percent, 2.2 percent, and 6.4 percent respectively. The company traded at a PE ratio of 11.3 times at the end of its financial period and registered a return of -28.5 percent in INR terms.

Infosys Ltd (INFO)

INFO provides IT consulting and software services, including e-business, program management and supply chain solutions. The group's services include application development, product co-development, system implementation and system engineering. As at 31 Mar 2012, the company registered an increase in turnover by 22.7 percent and total assets by 23.4 percent. Its PE ratio was 19.7 times and it made a return of -11.6 percent in INR terms.

ITC Ltd

ITC has diversified presence in cigarettes, hotels, paperboards & specialty papers, packaging, agri-business, packaged food and confectionery, branded apparel, greeting cards and other FMCG products. Its wholly owned Information Technology subsidiary, ITC InfoTech India Ltd, provides IT services to leading global customers. As at 31 Mar 2012, the company registered an increase in turnover of 17.5 percent and total assets by 14 percent. The company traded at a PE ratio of 25.2 times and returned 25.7 percent over the year in INR terms.

HDFC Bank Ltd

HDFC Bank Limited was incorporated in 1994 and is India's largest housing finance company. The Bank started operations as a scheduled commercial bank in January 1995 under the RBI's liberalisation policies. HDFC Bank deals with three key business segments: Wholesale Banking Services, Retail Banking Services and Treasury. HDFC also markets project advisory services and capital market products such as global receipts, Euro currency loans and bonds. As at 31 Mar 2012, the company's turnover rose by 34.2 percent and total assets, by 22.7 percent. The PE ratio stood at 27.1 times and the return over the year was 10.8 percent in INR terms.

ICICI Bank Ltd

ICICI Bank Limited was established in 1994 by the Industrial Credit and Investment Corporation of India. It is the second largest bank in India by assets size and offers a wide range of banking products and financial services to corporate and retail customers. The Group specialises in retail and corporate banking in addition to Forex and treasury operations. ICICI bank also provides a wide variety of investment banking, insurance and financial services to its clients. For the year ended 31 Mar 2012, the company registered an increase in turnover by 8.3 percent and total assets by 13.2 percent. Its PE ratio was 13.6 times at the end of the reporting period and a return of -20.3 percent was registered in INR terms.

Local Economic Review

The local economy has shown resilience to the on-going Euro debt crisis, delivering positive growth in 2011. Estimates for year 2012 have been revised downwards as the weakening of the global economy menace the Eurocentric segment of our economy. Export-driven enterprises are most exposed to the risk factors presented by the global economic conditions. Particularly, the main risks remain the lower demand from our major trading partners and the depreciating Euro currency which affects the competitiveness of our domestic produce.

Growth

The Mauritian economy managed a GDP growth of 3.9 percent in 2011, back from 4.2 percent in 2010. Major economic pillars continued to deliver positive performances amid the risks posed by the crisis.

Growth statistics (% change over previous period)

	Q3 2011	Q4 2011	Q1 2012	Cal Yr 2011	Cal Yr 2012*
GDP growth (%)	0.7	0.2	0.2	3.9	3.5
Sugarcane	1.3	0.9	-12.3	3.5	-7.0
Manufacturing	-1.4	-3.7	6.9	2.2	1.0
Tourism	-2.0	0.1	-1.7	3.5	-0.5
Construction	2.9	1.4	-3.5	-2.0	-1.2
Financial services	1.2	2.3	-0.2	5.5	4.8

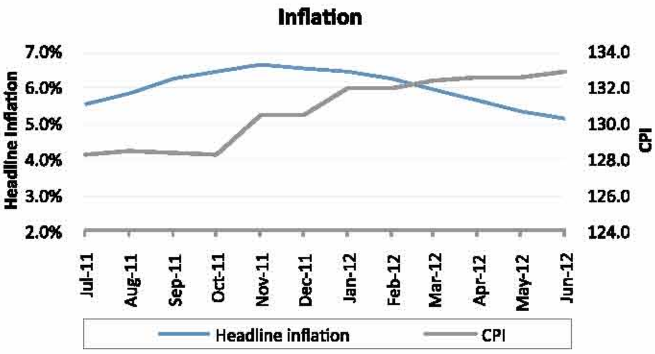
*CSO forecast

Growth was largely driven by real estate, renting and business activities which grew by 6.3 percent. Like former years, the financial services sector played an important role in GDP growth due to the good health of the banking sector. Although the manufacturing and tourist sectors faced substantial markets risks, their respective output advanced by 2.2 percent and 3.5 percent in 2011. Tourist arrivals rose by 3.2 percent over calendar year 2011 as arrivals from European markets grew only by 0.7 percent. Progress was largely fuelled by more arrivals from African markets. Textile activities bounced back in 2011, expanding by 8.0 percent in 2011 after stagnating in 2010. As for the sugar sector, growth approximated 3.5 percent after the country experienced a drought which reduced sugar production to 435,310 tonnes in 2011. Nevertheless, the industry benefited from higher prices and a reduction of the Global Cess. The construction sector displayed a contraction of 2.0 percent attributable to the weakening of non-residential investment.

In September 2012, the CSO revised the growth forecast for 2012 downwards to 3.2 percent back from the estimated 3.5 percent in June. The sugar cane sector is expected to post a growth of -7.0 percent due to lower sugar production. The manufacturing sector is forecasted to grow at 1.0 percent, partly emanating from the anticipated lower sugar output as well as textile stagnation due to lower demand in European markets. However, food processing is projected to recover, driven by growth in fish processing. The tourist sector is anticipated to contract by 0.5 percent from lower number of arrivals of 960,000 in 2012 against 964,642 in 2011. However, the activities in the construction sector are predicted to fall by 1.2 percent in 2012 due to the reschedule of some public infrastructure projects.

Inflation

The Consumer Price Index (CPI) continued its ascension to end at 132.8 in June 2012 back from 128.2 a year ago. Headline inflation was 5.5 percent at the start of the financial year and dropped to 5.1 percent in June 2012 after hitting a high of 6.6 percent in November 2011.



CPI gained momentum between January-April 2012 on account of higher price of cooking gas and food products. Over the year, 'Food and non-alcoholic beverages' led the inflation rate followed by 'housing, water, electricity, gas and other fuels', 'alcohol beverages and tobacco' and 'restaurants and hotels'. The Central Bank expects inflation to be lower at 4.7 percent for the year 2012.

[2] CPI encompasses all items in the typical household basket of goods and services

[3] Headline inflation relates the twelve-month average CPI to the previous interval's CPI

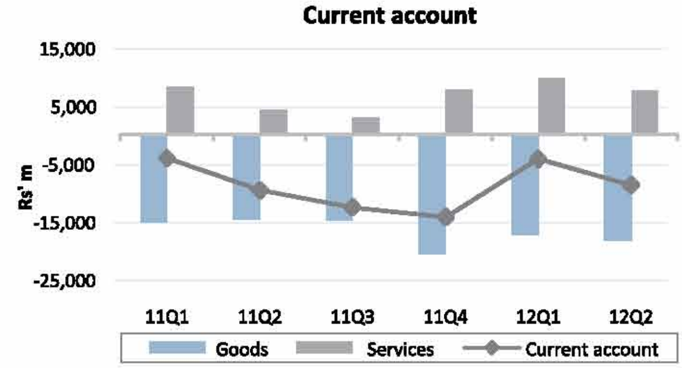
Unemployment rate

According to latest statistics, the unemployment rate for the second quarter of 2012 stood at 8.2 percent. This represented 48,900 unemployed persons of which 41 percent were males and 59 percent were females. The unemployment rate is expected to grow from 7.9 percent in 2011 to 8.0 percent in 2012.

Balance of payments

The current account deficit widened in 2011 reaching MUR 40.8bn compared to 2010's, MUR 25.4bn. The balance of trade deficit amounted to MUR 72.2bn in 2011, synonymous to a deterioration of 10.5 percent as import of goods advanced 9.8 percent.

Figures for the first semester 2012 showed that export of goods to our major markets tumbled relative to last year's equivalent period; U.K (-11.6%), France (-8.1%) and Italy (-7.0%). Import from India and China rose by 24.5 percent and 15.0 percent respectively. The CSO forecasts trade deficit to extend to MUR 81.0bn in 2012.



The surplus on the balance of services remained more or less stable in 2011. For the first half of 2012, the surplus progressed by 37.0 percent, largely driven by travel.

The capital and financial section showed an increase in the surplus from MUR 19.9bn in 2010 to MUR 35.5bn in 2011. Over the year, foreign direct investments (excluding GBC1) plummeted by 32.2 percent. This was largely driven by a fall in FDI from Europe, especially the U.K. For the first half of 2012, FDI amounted to MUR 4.1bn against MUR 3.4bn for last year's corresponding interval.

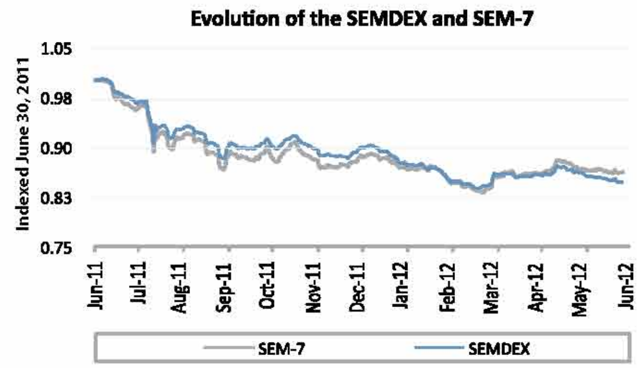
Local Financial Market Review

The local stock market has taken a descent since the third quarter of 2011. Although the economy showed resilience to the stressed market conditions of Europe, investors remained sceptic due to the exposure of many companies to the on-going crisis. To boost the local economy, the Central Bank adopted an expansionary monetary policy and reduced the Key Repo Rate by 10 basis points in December 2011 to 5.40 percent, then further by 50 basis points to 4.90 percent in March 2012. The last slash invigorated the SEMDEX for some time and pulled down the yields on Government securities, particularly those bearing shorter maturity periods.

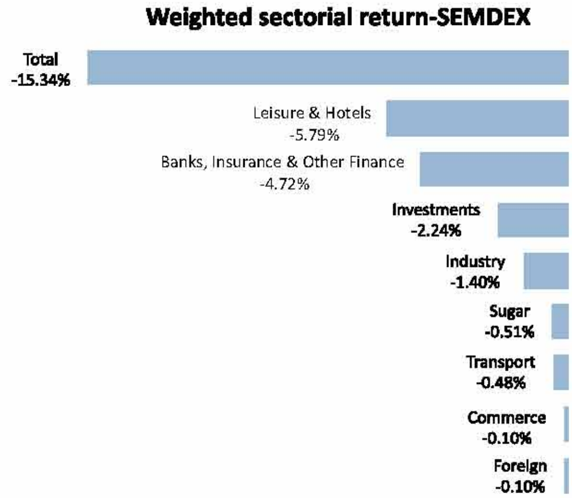
The Stock Market

The local stock market followed global trends during the year, responding to major external economic events. During the second half of 2011, the SEMDEX took a descent with growing concern over global growth and the macroeconomic conditions of several countries in the Euro area. Amid growing uncertainty over the debt crisis and the potential repercussions on our Eurocentric economy, the Central Bank cut the Repo Rate in March 2012 which momentarily restored some confidence in the local economy. This interacted with a global improvement in investor sentiment from the European Central Bank's longer refinancing operations and positive U.S economic news. However, the SEMDEX declined again after mid-May as doubts over the Euro area returned and signs of economic fragility in the U.S and China emerged.

Thus, the official market posted a return of -15.3 percent over the year, reflecting global trends. As for the SEM-7, which comprises the seven largest and more liquid companies, it returned -13.8 percent.

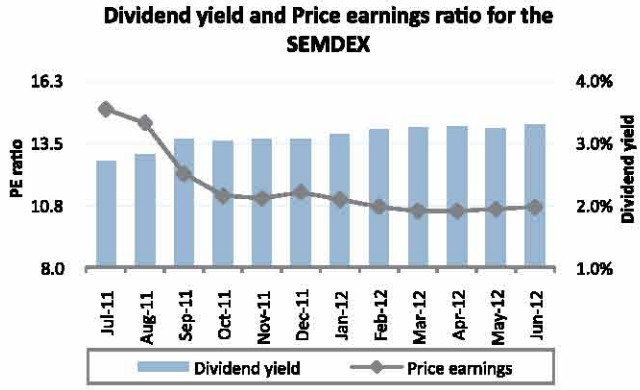


On a sectorial basis, the market performance was mostly driven by the hospitality and financial sectors which contributed approximately 37.7 percent and 30.8 percent to the negative return. These sectors occupy relatively high weightages in both the SEMDEX and the SEM-7 so that the two indices mimicked the movement of each other quite well over the year.

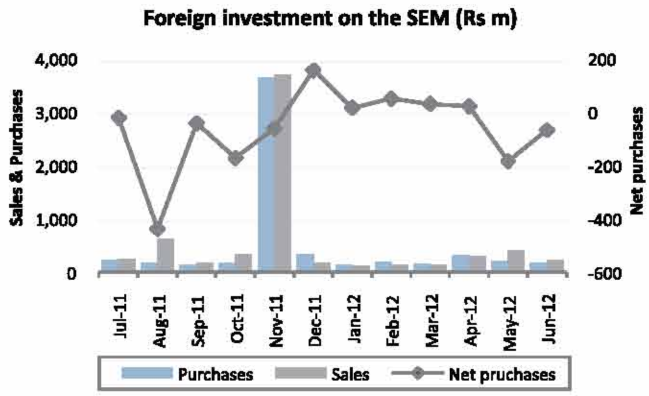


The main lagging movers, that is companies which contributed to the negative performance, were NMH (-3.14%), MCB (-2.50%) and SBM (-2.24%). On the positive side, the leading movers were ROGERS (+0.33%), SWAN (+0.27%) and VIVO (0.11%). During the financial year, the top price losers were AML (-44.20%), SUN (-42.86%) and DALE (-41.67%). The top price gainers were SWAN (+9.73%), ROGERS (+8.33%) and VIVO (+4.29%).

The price-earnings ratio of the official market declined significantly over the year from 15.43 at end-June 2011 to 10.63 at end-June 2012. Such a decline resulted from the fall in market capitalisation amid the general fall in equity prices. The transport and the investment segments witnessed the most significant impacts. Dividend yield rose from 2.49 percent to 3.27 percent over the prevalence of lower stock prices and higher dividends from the investment, industrial and financial sectors.

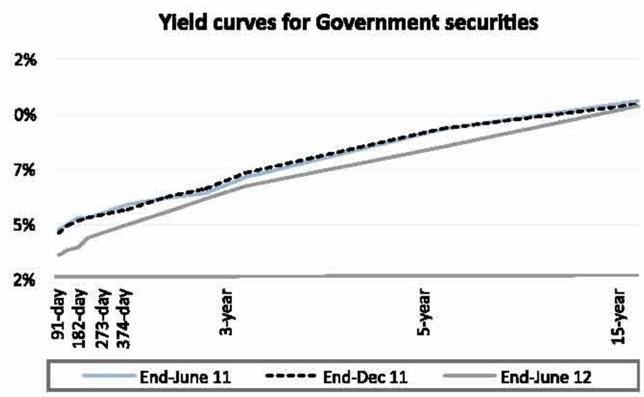


The value of transactions effected by foreigners over the SEM increased by approximately two-fold during the interval July 2011-June 2012. This was due to the upsurge of transactions in November 2011 emanating mainly from the transfer of holdings from Royal Dutch Shell to Vivo Energy Mauritius and the takeover that followed. Total purchases over the period amounted to MUR 5,779m while sales, MUR 6,852.3m. Net sales totalling MUR 1,073.3m were recorded against last period's net purchase of MUR 888.3m.



The Money Market

The yields on local government securities, especially shorter-term ones, declined over the year as the Central Bank cut the Key Repo Rate.

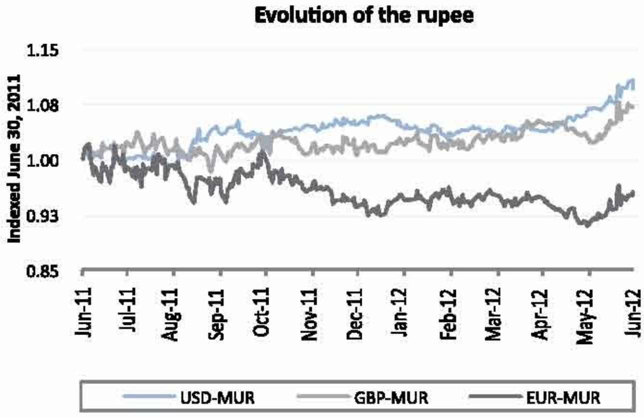


The yields curve shifted inwards in June 2012. The corresponding weighted average yields for 91-day and 182-day Treasury bills dropped to 3.04 percent and 3.29 percent back from 4.19 percent and 4.46 percent a year ago. Those on the 273-day and 364-day Treasury Bills moved to 3.39 percent and 3.82 percent respectively. Noticeably, the change in yields was relatively lower for the longer-term government securities. Overall, the Government was bearing lower borrowing costs as at end of June 2012. The lower treasury yields had the tendency to lower the cost of private borrowings as well.

The Foreign Exchange Market

The MUR has been responsive to the economic events of its major trading partners. Over the year ended 30 June 2012, it weakened against both the USD and the GBP, losing 9.46 percent and 7.09 percent. However, it gained 4.43 percent against the Euro.

The deteriorating macroeconomic fundamentals of the Euro during the second half of 2011 weakened the common currency vis-à-vis the MUR. The pound sterling somehow profited from the conditions in the Euro area even if there were concerns over the health of the British economy due to the spill-over effects of the crisis. Nevertheless, it gained against the Euro and consequently, the MUR. The USD-MUR rate experienced a turnaround during the fourth quarter of 2011 following the improved economic performance of the U.S. During the first half of 2012, recurrence of uncertainty over the Euro debt crisis compelled the MUR to further strengthen against the Euro. Investors rushed to the USD as a safe haven which caused further depreciation of the MUR against the currency.



Foreign Market Review

Financial markets remained highly volatile during the year following a succession of events, both positive and negative. During the second half of 2011, markets were hit by the downgrade of U.S top credit rating, the downward revision of global economic prospects and fear of contagion of the crisis. The economic climate somehow improved in the first half of 2012 with the initiatives of the ECB. Although the ECB's longer-term refinancing operations initially spurred optimism during the second quarter 2012, markets declined in May over concerns regarding Euro area growth and the slowdown of the U.S and Chinese economies.

Growth

The on-going European sovereign debt crisis and the weak U.S economic recovery are menacing world growth. Lower external demand has dampened the outlook of countries like China and India. Consequently, the International Monetary Fund lowered its world economic growth projection for 2013 from 4.1 percent to 3.9 percent.

Advanced economies

The austerity measures that have been implemented in the European countries had serious repercussions not only on their domestic economies but also on global ones due to weakened demand and investment. For advanced countries, GDP is expected to grow at 1.3 percent in 2012 back from 1.6 percent in 2011.

Growth statistics for advanced economies (% change Y-o-Y)

	2010	2011	2012*	2013*
Advanced Economies	3.0	1.6	1.3	1.5
United States	2.4	1.8	2.2	2.1
Euro Area	2.0	1.4	-0.4	0.2
Germany	4.0	3.1	0.9	0.9
France	1.7	1.7	0.1	0.4
Italy	1.8	0.4	-2.3	-0.7
United Kingdom	1.8	0.8	-0.4	1.1
Spain	-0.3	0.4	-1.5	-1.3
Japan	4.5	-0.8	2.2	1.2

*IMF Forecasts

Growth in the Euro area was 1.4 percent in 2011 as economic activity was under the pressure of lower consumption expenditure and investment. The German economy continued to grow but has been unable to sustain the area's growth in 2012. It is anticipated to experience lower growth mainly on account of weaker demand for its output from trading both inside and outside the Eurozone. Growing worries over the Spanish banking sector intensified the crisis Manufacturing in the Eurozone remained sluggish in June 2012 as the Purchasing Managers Index (PMI) attained a 3-year low of 45.1. Unemployment rate was 11.3 percent in 2011 back from 10.0 percent in 2010, dampening private consumption. To deal with the poor indicators like depressed growth, retail sales and consumer sentiment, the ECB lowered some key rates on July 5, 2012: refinancing rate from 1.0 percent to 0.75 percent, deposit rate from 0.25 percent to zero and marginal lending rate from 1.75 percent to 1.5 percent. The IMF has forecasted growth for the Euro area to be -0.4 percent in 2012 and 0.2 percent in 2013.

The U.K officially entered a recessionary phase after it registered two consecutive periods of negative growth; -0.4 percent in the fourth quarter of 2011 and -0.3 in the first quarter of 2012. This was led by reductions in public spending, higher taxes and weakened output in the construction sector. GDP further shrunk by 0.7 percent over April and June 2012, led by lower production and weakened domestic demand. The PMI rose to 48.4 in June 2012, back from the previous month's three-year low of 45.9. Hence, the manufacturing sector contracted as the index remained below the neutral mark of 50. Growth is projected to hover around -0.4 percent in 2012 as any improvement in export activities might boost the economy. Some recovery in the Eurozone shall propel it to 1.1 percent in 2013.

The U.S economy showed signs of economic slowdown in 2011 and its GDP grew only 1.8 percent compared to the previous year's 2.4 percent. The economy hinted signs of economic momentum in first quarter of 2012 by achieving a quarter-on-quarter growth of 2.0 percent but lower consumer spending and government cuts lowered growth to 1.7 percent in the second quarter. Manufacturing was hit as the country's exports to Europe tumbled and the PMI reached 56.7 in June. Unemployment stayed above the 8 percent level. Given the economic climate, the Federal Open Market Committee decided to keep federal funds rate between the range of 0.0 percent and 0.25 percent up to at least 2014. It also revealed its intention to extend the 'Operation Twist' programme till end of 2012. Corresponding growth forecasts for 2012 and 2013 are 2.2 percent and 2.1 percent.

The Japanese economy witnessed a growth of -0.8 percent in 2011, spurred by the tsunami and Fukushima nuclear disaster. Reconstruction was the main engine to recovery in the second half of 2011. Economic activity was further enhanced during the first quarter of 2012, fuelled by heightened private consumption and investment. However, slower industrial production threatened growth in the second quarter of 2012 following loss of competitiveness from the stronger yen and lower external demand. The PMI fell below the 50 mark in June 2012 after six months. Unemployment rate stood at 4.3 percent in June 2012 from 4.6 percent a year ago. The country's on-going process to shift from nuclear reactors could adversely impact on growth due to the heavy energy import bills that weigh on trade balance. The IMF predicts a figure of 2.2 percent and 1.2 percent for year 2012 and 2013 respectively.

Emerging and Developing markets

Economic growth in emerging and developing countries has remained positive for the year 2011, at 6.2 percent. However, the IMF estimates a lower figure of 5.3 percent for the year 2012 as these countries remain vulnerable to the economic woes in developed economies.

The outlook for Asian countries has been downgraded due to the challenging conditions in the global economy. The growth of developing Asia has been 7.8 percent in 2011 and projected to be 6.7 percent in 2012 following the slower growth of China and India.

Growth statistics for emerging and developing economies (% change Y-o-Y)

	2010	2011	2012*	2013*
Emerging and Developing Economies	7.4	6.2	5.3	5.6
Russia	4.3	4.3	3.7	3.8
Developing Asia	9.5	7.8	6.7	7.2
China	10.4	9.2	7.8	8.2
India	10.1	6.8	4.9	6.0
Brazil	7.5	2.7	1.5	4.0
Middle East and North Africa	5.0	3.3	5.3	3.6
Sub-Saharan Africa	5.3	5.1	5.0	5.7

*IMF Forecasts

The Chinese economy disclosed a lower growth of 9.2 percent for year 2011 compared to the previous year's 10.4 percent. The PMI remained below the 50 mark in June 2012 following deteriorated external demand. To stabilise growth, the authorities have engaged in a series of macroeconomic policies. The People's Bank of China cut the reserve requirements on three occasions during the year. Other measures of fiscal nature were also employed; more expenditure on health and education as well as large infrastructure projects. The IMF projects GDP to advance 7.8 percent in 2012 before expanding to 8.2 percent in 2013.

India's weak domestic demand has interacted with the declining external demand and impeded economic growth. GDP grew 6.8 percent in 2011, much lower than year 2010's rate of 10.1 percent. Lack of investment has been a substantial obstacle to growth as the economy faced a slowdown in the take-off of infrastructure projects like roads, ports, and power plants. During the second quarter of 2012, a higher trade deficit and capital outflows further weakened the Indian currency significantly. Subsequently , the country experienced a meager growth. In the meantime, the higher inflation rate continues to be a major setback for growth together with high public debt. The IMF has revised its GDP forecasts for 2012 which is set to grow by only 4.9 percent.

Regarding African economies, growth has slowed in 2011 particularly in Middle East and North Africa as GDP grew only 3.3 percent vis-à-vis the preceding period's 5.0 percent. Sub-Saharan African countries' growth remained more or less stable at 5.1 percent. The continent experienced higher domestic demand, impelled by higher levels of private investment as well as public and private consumption. Favourable commodity prices and export diversification toward Asian countries have been particularly beneficial to Sub-Saharan Africa. In North Africa, growth has been impeded by political tensions. Though the Eurozone crisis and declining commodity prices could pose threats to the continent's growth, the IMF forecasted growth for the continent to be higher in 2012. Middle East and North Africa are expected to witness a growth of 5.3 percent whereas Sub -Saharan Africa, 5.0 percent.

Inflation

Inflation remained fairly higher in 2011 despite improved supply conditions and weakened global demand. Price of many commodities was elevated in 2011 and exchange rates as well as energy prices uncertainties contributed to their highly volatile prices.

However, commodity prices depicted general downward trends in 2012. The price of ICE Brent Crude tumbled from $116.8 per barrel at end-July 2012 to $95.9 at end-June 2012. The Food and Agricultural Organisation world price index declined from a high of 238 points in February 2011 to 200 points in June 2012, led by a fall in the price of livestock

Inflation statistics (% change in CPI Y-o-Y)

	2010	2011	2012*	2013*
Advanced Economies	1.5	2.7	1.9	1.6
United States	1.6	3.1	2.0	1.8
Euro Area	1.6	2.7	2.3	1.6
Japan	-0.7	-0.3	0.0	-0.2
Emerging and Developing Economies	6.1	7.2	6.1	5.8
Developing Asia	5.7	6.5	5.0	4.9
Middle East and North Africa	6.9	9.7	10.4	9.1
Sub-Saharan Africa	7.5	9.7	9.1	7.1

*IMF Forecasts

In the U.S and the E.U, inflation for year 2012 is projected to be 2.0 percent and 2.3 percent due to lower consumer demand. Japan, which operated in a deflationary environment in 2010 and 2011, is expected to have an inflation rate of 0.0 percent in 2012. In developing Asian economies, inflation is anticipated to slow to 5.0 percent as aggregate demand pressures ease. The African continent is expected to witness elevated inflationary pressures in 2012 given the demand pressures from higher domestic consumption and credit expansion. According to IMF forecasts, Sub-Saharan countries should anticipate a higher inflation of 9.1 percent in 2012 while Middle East and North Africa, a marginally lower rate of 10.4 percent.

Government debt

The Government debt-to-GDP ratios for advanced countries have increased from 2010 to 2011 with the gross ratio moving from 101.4 percent to 105.5 percent. For the Euro area, the ratio stood at 88.0 percent in 2011 compared to the previous year's 85.4 percent. Concerning emerging economies, a reduction of 3.5 percent was felt in 2011 as the debt-to-GDP ratio moved to 37.0 percent.

Government gross debt (% of GDP)

	2010	2011	2012*	2013*
Advanced Economies	101.4	105.5	110.7	113.6
United States	98.6	102.9	107.2	111.7
Euro area	85.4	88.0	93.6	94.9
Spain	61.3	69.1	90.7	96.9
Germany	82.4	80.6	83.0	81.5
France	82.3	86.0	90.0	92.1
Italy	118.6	120.1	126.3	127.8
Japan	215.3	229.6	236.6	245.0
Unite Kingdom	75.0	81.8	88.7	93.3
Emerging Economies	40.5	37.0	34.8	33.1
Asia	40.7	34.7	32.1	30.0
China	33.5	25.8	22.2	19.6
India	68.0	67.0	67.6	66.7
Russia	11.8	12.0	11.0	9.9
Brazil	65.2	64.9	64.1	61.2
Middle East and North Africa	66.7	69.9	73.9	75.4

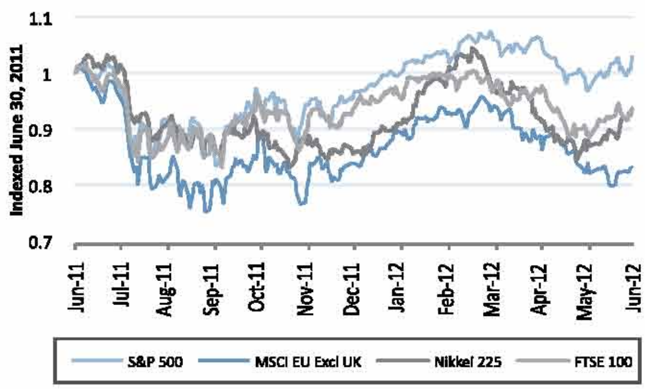
*IMF Forecasts

Even if austerity measures are being employed in many E.U countries, debt-to-GDP is projected to rise in 2012 and 2013. The IMF predicts respective figures of 93.6 percent and 94.9 percent. Indeed, many of these countries are experiencing higher interest rate payments and lower GDP growth pushing up their debt ratios. The U.S is expected to have a higher debt -to-GDP ratio of 107.2 percent in 2012 and 111.7 percent in 2013 following mounting external liabilities that are partly due to its larger fiscal deficits. In emerging economies, debt-to-GDP is forecasted to diminish to 34.8 percent in 2012 and 33.1 in 2013. Noteworthy is the fact that government borrowing costs in the U.S, Japan and Germany remained subdued even if they have high debt ratios.

Financial markets

The growth of advanced countries has preoccupied investors during the last year given that they pose substantial risks to the global economy. Accordingly, economic data release has been important barometers dictating much of the volatility of financial markets as they incited Investors to speculate on prospective Government interventions. Nevertheless, equity markets have generally showed downwards trends during the year. With the exception of the S&P 500 which returned 3.14 percent, major markets' indices showed losses; MSCI Europe excluding U.K (-13.79%), FTSE 100 (-6.30%) and Nikkei 225 (-8.25%).

Evolution of advanced markets' indices

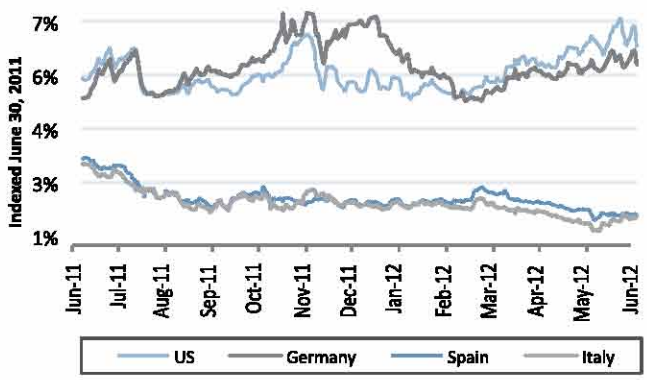


After the downward revision of growth expectations for the Eurozone in the third quarter of 2011, equity markets generally tumbled. Some gains were observable after central banks expressed initiatives during late September; the Fed announced plans to buy $ 400bn of US securities, Bank of England extended its Asset Purchase Programme and Bank of Japan divulged plans to buy ¥ 5tn of local government bonds.

Advances were erased when the U.S Congressional Committee failed to agree over budget cuts in November. The event interacted with fear over the prevailing political instability in Greece. Doubts over the area's future pushed up the yields on 10-year bonds for Spain and Italy. Nevertheless, plans including the debt relief for Greece and the provision of EUR 489bn three-year bank funding at low rates boosted markets as risk appetite for equities returned.

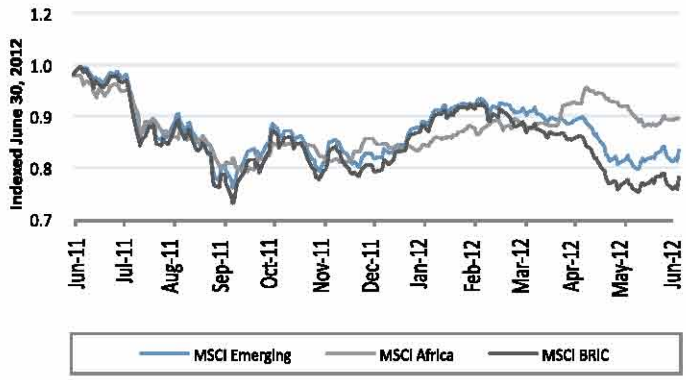
Stocks pursued their upswings during the first quarter of 2012 since the debt and banking crisis eased. Less apprehension on sovereign credit risk led to further falls in bond yields as banks began to purchase government bonds in January. Positive economic data on the U.S and emerging countries boosted optimism at the start of the second quarter. However, scepticism returned in April as the health of European economies was questioned. Standard and Poor's downgraded Spain to BBB+ prompting higher sovereign borrowing costs. The U.S and China began to show signs of loss in economic activity. With the tight election results in Greece, the potential exit of country from the Euro area resurfaced and concerns over Spain grew.

10-year Government bond yields



The uncertainty in the Euro area undermined exports outlook and affected the risk appetite for emerging and frontier markets. Emerging indices depicted downward trends over the year as the MSCI BRIC Index was down 24.77 percent and consequently, the MSCI Emerging Index lost 18.22 percent. Similarly, frontier markets showed weak signs in 2012 with the MSCI Africa Index returning -10.48 percent.

Evolution of Emerging and Fontier markets' indices



Emerging indices fell after the negative outlook for the Eurozone raised doubts over international trade. With China's exports showing signs of deceleration and Thailand's flood, the growth forecasts for emerging countries, particularly Asian ones, were lowered. Equity markets showed improvements in the first quarter 2012 over optimism in the Eurozone. This was further boosted during early second quarter as data demonstrated resilience in emerging economies, raising hopes of global recovery. Inward capital flows were evidenced in these countries further boosting equity markets. However, the mounting uncertainty over the economic prospect of advanced economies threatened growth of emerging countries again in May 2012. Stock prices fell, erasing previous gains. The central bank of many emerging countries reacted through monetary measures to boost their economies and some improvements were evident at the end of June 2012.

Pertaining to the African index, it marked sharp declines over the Euro debt crisis concerns and the "Arab Spring". The MSCI Africa Index fared better in the first half of 2012 relative to the last half of 2011. This was mainly due to the political unrest in Egypt, droughts in East Africa which hit the Kenyan market and reallocation of investor funds in the Nigerian market. Besides, these markets were exposed to relatively high levels of inflation and interest rates which dampened stocks. There were also substantial foreign exchange rate risks which impacted the value of investments.

Prospects

The global economy is going through a challenging phase characterised by substantial downside risks and low levels of confidence. The economic problems in advanced countries have transmitted into the emerging countries via weakened external trade, further threatening global economic activity. During the first half of 2012, financial markets remained highly volatile with no concrete progress made in resolving the European debt crisis.

The local economy, though showed signs of resilience by posting positive GDP growth, is not sheltered from the external economic conditions. Being of a Eurocentric nature, Mauritius faces substantial market risks, primarily a relatively stronger rupee as well as lower demand from main export markets. The tourism sector and manufacturing sectors are predominantly exposed and expected to show further signs of deceleration unless Euro leaders are able to tame the crisis or the local Government is successful in reshuffling and diversifying our markets.

The international and local conditions have obviously impacted our performance during the year but we have successfully restrained losses through our portfolio diversification approach. We have actively monitored the fund performance and decisions have been prompt, particularly for the foreign exposure. We remain alert to the forthcoming challenges and shall pursue appropriate investment strategies for the Fund. **We are positive that policymakers will adopt the appropriate policies to improve the economic climate of the Eurozone and boost world markets. Such progress shall additionally boost investor confidence in the local economy and ultimately improve the Fund's performance.**

In the meantime, we shall enhance our diversification strategy so as to **mitigate downside risks. For the local equity segment, we shall move to equities that have shown resilience to swings in the business cycle. We shall favour companies that have sound financial fundamentals as well as low business and financial risks. Regarding the unquoted securities segment, any prospective strategic partner sought for the Casinos of Mauritius may result in gains from the shares of the Grand Casino du Domaine. For international stocks and funds, we expect more allotments to those emerging countries that are anticipated to deliver good economic performances in the coming years. In this optic, idle cash balances will be shifted to funds/stocks as and when proper attractive opportunities surface.**

Acknowledgement

The Board has appreciated the hard work and dedication of the management team and staff towards enhancing the value of the Company, as well the support and trust of the shareholders.

M.I. Mallam-Hasham
Chairman
1 November 2012

PORT LOUIS FUND LTD

FINANCIAL STATEMENTS

YEAR ENDED

JUNE 30, 2012

This report is made solely to the members of Port Louis Fund Ltd (the "Company"), 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 members those matters we are required to state to them in an auditors' 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 members 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 30 to 50 which comprise the statement of financial position at June 30, 2012, the statement of comprehensive income, statement of changes in net assets attributable to holders of redeemable shares and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Directors' Responsibility 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 Companies Act 2001. 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.

Auditors' 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 auditors' 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 auditors consider internal control relevant to the company'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 Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

Report on the Financial Statements (Continued)

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 30 to 50 give a true and fair view of the financial position of the company at June 30, 2012, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and comply with the Companies Act 2001.

Report on Other Legal and Regulatory Requirements

Companies Act 2001

We have no relationship with, or interests in, the Company ,other than in our capacity as auditors, tax and business advisers and dealings in the ordinary course of business.

We have obtained all information and explanations we have required.

In our opinion, proper accounting records have been kept by the Company as far as it appears from our examination of those records.

The Financial Reporting Act 2004

The directors are responsible for preparing the Corporate Governance Report and making the disclosures required by Section 8.4 of the Code of Corporate Governance of Mauritius ("Code"). Our responsibility is to report on these disclosures.

In our opinion, the disclosures in the Corporate Governance Report are consistent with the requirements of the Code.

BDO & CO

Rookaya Ghanty, FCCA
Licensed by FRC
Port Louis,
Mauritius.
11 October 2012

BDO & CO
Chartered Accountants

	Note	2012	2011
		Rs'000	Rs'000
ASSETS			
Non-current assets			
Portfolio of domestic securities	5	348,274	347,483
Portfolio of foreign securities	6	243,925	260,221
		592,199	607,704
Current assets			
Portfolio of domestic securities	5	524,383	557,763
Short term deposits	7	31,198	24,474
Trade and other receivables	8	1,944	3,451
Cash and cash equivalents	18(b)	2,230	1,380
		559,755	587,068
Total assets		1,151,954	1,194,772
EQUITY AND LIABILITIES			
Net asset attributable to holders of redeemable shares		1,144,364	1,187,833
Current liabilities			
Trade and other payables	10	3,237	2,958
Current tax liabilities	11	263	515
Dividend payable		2,346	1,992
Bank overdraft	18(b)	1,744	1,474
		7,590	6,939
Total equity and liabilities		1,151,954	1,194,772
Net asset value per share	19	22.16	22.95

The financial statements have been approved for issue by the Board of Directors on 11 Oct 2012.

M.I. Mallam-Hasham
Chairman

V.Bhuguth
Director

The notes on pages 34 to 50 form an intergral part of these statements
Auditors' report on pages 28 to 29

	Note	2012	2011
		Rs'000	Rs'000
INCOME			
Investment income	12	26,667	29,447
Loss on disposal of investments		(90)	(312)
Release to income on disposal of available-for-sale securities		4,244	12,847
Net (decrease)/increase in fair value of financial assets through profit or loss	13	(13,394)	122,627
		17,427	164,609
EXPENSES			
Management fees	14	(10,183)	(10,373)
Auditors' remuneration		(98)	(98)
Registry costs	15	(748)	(748)
Other operating expenses		(3,581)	(3,225)
Corporate social responsibility fund		(277)	(372)
		(14,887)	(14,816)
Net income before taxation	16	2,540	149,793
Income tax expense	11	(901)	(790)
Net income after taxation		1,639	149,003
Other comprehensive income:			
-(Decrease)/increase in fair value of available-for-sale securities		(6,726)	48,132
- Release to income on disposal of available-for-sale securities		(4,244)	(12,847)
		(10,970)	35,285
Total comprehensive income		(9,331)	184,288

Note: EPS information is not disclosed as the class of shares that are publicly traded are redeemable shares.

The notes on pages 34 to 50 form an intergral part of these statements
Auditors' report on pages 28 to 29

	Note	2012	2011
		Rs'000	Rs'000
Cash flows from operating activities			
Cash used in operations	18(a)	(12,792)	(16,930)
Interest received		4,948	9,904
Dividend received		20,564	19,872
Tax paid		(1,153)	(1,243)
Net cash generated from operating activities		11,567	11,603
Cash flows from investing activities			
Purchase of investments		(17,318)	(40,022)
Proceeds from sale of investments		46,839	96,021
Net cash generated from investing activities		29,521	55,999
Cash flows from financing activities			
Redemption of shares		(22,928)	(35,195)
Issue of shares		19,530	13,092
Dividend paid to holders of redeemable shares		(30,386)	(41,486)
Net cash used in financing activities		(33,784)	(63,589)
Net increase in cash and cash equivalents		7,304	4,013
Movement in cash and cash equivalents			
At July 1,		24,380	20,367
Increase		7,304	4,013
At June 30,	18(b)	31,684	24,380

The notes on pages 34 to 50 form an intergral part of these statements

Auditors' report on pages 28 to 29

	2012	2011
	Rs'000	Rs'000
Net assets attributable to holders of redeemable shares at July 1,	1,187,833	1,067,381
Proceeds from issue of redeemable shares	19,778	22,756
Payments on redemption of redeemable shares	(22,928)	(35,195)
Net decrease from share transactions	(3,150)	(12,439)
Total comprehensive income for the year	(9,331)	184,288
Distribution to holders of redeemable shares	(30,988)	(51,397)
	(40,319)	132,891
Net assets attributable to holders of reedeemable shares at June 30,	1,144,364	1,187,833

No statement of equity is presented as the class of shares publicly traded are redeemable shares.

The notes on pages 34 to 50 form an intergral part of these statements
Auditors' report on pages 28 to 29

1. GENERAL INFORMATION

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

These financial statements will be submitted for consideration and approval at the forthcoming Annual Meeting of shareholders of the Company.

2. SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented unless otherwise stated.

(a) Basis of preparation

The financial statements of Port Louis Fund Ltd comply with the Companies Act 2001 and have been prepared in accordance with International Financial Reporting Standards (IFRS). Where necessary, comparatives figures have been amended to conform with change in presentation in the current year. The financial statements have been prepared under the historical cost convention, except that financial assets are carried at fair value.

Standards, Amendments to published Standards and Interpretations effective in the reporting year

IAS 24, 'Related Party Disclosures' (Revised 2009), clarifies and simplifies the definition of a related party and removes the requirement for government-related entities to disclose details of all transactions with the government and other government-related entities. This revised standard is not expected to have any impact on the Company's financial statements.

Amendments to IFRIC 14, 'Prepayments of a Minimum Funding Requirement' correct an unintended consequence of IFRIC 14, 'IAS 19 - The limit on a defined benefit asset, minimum funding requirements and their interaction'. Without the amendments, entities are not permitted to recognise as an asset some voluntary prepayments for minimum funding contributions. This was not intended when IFRIC 14 was issued, and the amendments correct this. This amendment is not expected to have any impact on the Company's financial statements.

Disclosures - Transfers of Financial Assets (Amendments to IFRS 7). These amendments improve the disclosure requirements in relation to transferred financial assets. The amendments are not expected to have any impact on the Company's financial statements.

Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters (Amendments to IFRS1). These amendments replace references to a fixed transition date with 'the date of transition to IFRSs' and set out the requirements for how an entity resumes presenting financial statements in accordance with IFRSs after a period when the entity was unable to comply with IFRSs because its functional currency was subject to severe hyperinflation. The amendments are not expected to have any impact on the Company's financial statements.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(a) Basis of preparation (cont'd)
Improvements to IFRSs (issued May 6, 2010)

IAS 1 (Amendment), 'Presentation of Financial Statements', clarifies that an entity may present the analysis of the components of other comprehensive income by item either in the statement of changes in equity or in the notes to the financial statements. This amendment is not expected to have any impact on the Company's financial statements.

IAS 34 (Amendment), 'Interim Financial Reporting', emphasises the principle in IAS 34 that the disclosure about significant events and transactions in interim periods should update the relevant information presented in the most recent annual financial report. The amendment clarifies how to apply this principle in respect of financial instruments and their fair values. This amendment is not expected to have any impact on the Company's financial statements.

IFRS 1 (Amendment), 'First-time Adoption of International Financial Reporting Standards', clarifies that if a first-time adopter changes its accounting policies or its use of IFRS 1 exemptions after publishing a set of IAS 34 interim financial information, it should explain those changes and include the effects of such changes in its opening reconciliations within the first annual IFRS reporting. The amendment also clarifies that the exemption to use a 'deemed cost' arising from a revaluation triggered by an event that occurred at or before the date of transition to IFRS is extended to revaluations that occur during the period covered by the first IFRS financial statements. The amendment specifies that entities subject to rate regulation are allowed to use previous GAAP carrying amounts of property, plant and equipment or intangible assets as deemed cost on an item-by-item basis. Entities that use this exemption are required to test each item for impairment under IAS 36 at the date of transition. This amendment is not expected to have any impact on the Company's financial statements.

IFRS 7 (Amendment), Financial Instruments: Disclosures', encourages qualitative disclosures in the context of the quantitative disclosure required to help users to form an overall picture of the nature and extent of risks arising from financial instruments. The amendment also clarifies the required level of disclosure around credit risk and collateral held and provides relief from disclosure of renegotiated loans. This amendment is unlikely to have an impact on the Company's financial statements.

IFRIC 13 (Amendment), 'Customer Loyalty Programmes' clarifies that the 'fair value' of award credits should take into account the amount of discounts or incentives that would otherwise be offered to customers who have not earned award credits from an initial sale and any expected forfeitures. This amendment is unlikely to have an impact on the Company's financial statements.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(a) Basis of preparation (cont'd)

Standards, Amendments to published Standards and Interpretations issued but not yet effective

Certain standards, amendments to published standards and interpretations have been issued that are mandatory for accounting periods beginning on or after January 1, 2012 or later periods, but which the Company has not early adopted.
At the reporting date of these financial statements, the following were in issue but not yet effective:

Deferred Tax: Recovery of Underlying Assets (Amendments to IAS 12)
Amendments to IAS 1 Presentation of Items of Other Comprehensive Income
IFRS 9 Financial Instruments
IAS 27 Separate Financial Statements
IAS 28 Investments in Associates and Joint Ventures
IFRS 10 Consolidated Financial Statements
IFRS 11 Joint Arrangements
IFRS 12 Disclosure of Interests in Other Entities
IFRS 13 Fair Value Measurement
IAS 19 Employee Benefits (Revised 2011)
IFRIC 20 Stripping Costs in the Production Phase of a Surface Mine
Disclosures - Offsetting Financial Assets and Financial Liabilities (Amendments to IFRS 7)
IAS 32 Offsetting Financial Assets and Financial Liabilities (Amendments to IAS 32)
Amendment to IFRS 1 (Government Loans)
Annual Improvements 2009 - 2011 Cycle
Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities:
Transition Guidance

Where relevant, the Company is still evaluating the effect of these Standards, amendments to published Standards and Interpretations issued but not yet effective, on the presentation of its financial statements.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 4.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(b) Financial instruments

(i) Financial assets

(A) Categories of financial assets

The Company classifies its financial assets in the following categories: financial assets through profit or loss, held-to maturity investments, and available-for-sale financial assets.

The classification depends on the purpose for which the investments were acquired. Management determines the classification of its financial assets at initial recognition.

(a) Financial assets at fair value through profit or loss

This category has two sub-categories: financial assets held-for-trading, and those designated at fair value through profit or loss at inception.

A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management. Assets in this category are classified as current assets if they are either held for trading or are expected to be realised within twelve months to the end of the reporting period.

(b) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Company's management has the positive intention and ability to hold to maturity.

(c) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within twelve months of the end of the reporting period.

(B) Recognition and measurement

Purchases and sales of financial assets are recognised on trade-date,the date on which the Company commits to purchase or sell the asset. Investments are initially measured at fair value plus transaction costs for all financial assets except those that are carried at fair value through profit or loss.

Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in the statement of comprehensive income.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(b) Financial instruments (cont'd)

(i) Financial assets (cont'd)

(B) Recognition and measurement (cont'd)

Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at their fair values. Held-to-maturity investments are carried at amortised cost using the effective interest method.

Treasury bills and bonds are classified as 'Available-for-sale' and value-based on mark to market value.

Realised and unrealised gains and losses arising from changes in the fair value of the financial assets at fair value through profit or loss category are included in the statement of comprehensive income in the period in which they arise.

Unrealised gains and losses arising from changes in the fair value of financial assets classified as available-for-sale are recognised in other comprehensive income.

When financial assets classified as available-for-sale are sold or impaired, the accumulated fair value adjustments are included in the statement of comprehensive income as gains and losses on financial assets.

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the Company establishes fair value by using valuation techniques. These include the use of capitalised earnings and dividend yield and makes assumptions that are based on market conditions existing at end of each reporting date.

(C) Impairment of financial assets

The Company assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of financial assets classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered in determining whether the securities are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss, measured as the difference between acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss - is removed from equity and recognised in the statement of comprehensive income.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(b) Financial instruments (cont'd)

(i) Financial assets (cont'd)

If the fair value of a previously impaired debt security increases and the increase can be objectively related to an event occurring after the impairment loss was recognised, the impairment loss is reversed and the reversal recognised in the statement of comprehensive income.

Impairment losses recognised in the statement of comprehensive income for an investment in the equity instrument classified as available-for-sale are not reversed through the profit and loss.

(ii) Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of receivables.

The amount of provision is the difference between the assets' carrying amount and the present value of estimated future cash flows,discounted at the effective interest rate.The amount of provision is recognised in the statement of comprehensive income.

(iii) Trade payables

Trade payables are stated at fair value and subsequently measured at amortised cost using the effective interest method.

(iv) Cash and cash equivalents

Cash and cash equivalents comprise of cash at bank, bank overdraft and short term bank deposits.

(v) Share capital

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 considered as liabilities in the statement of financial position.

(c) Foreign currencies

(i) Functional and presentation currency

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(c) Foreign currencies

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing on the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income.

Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date the fair value was determined.

Translation differences on non-monetary items, such as equities classified as available-for-sale financial assets are included in the net assets attributable to the redeemable shares.

(d) Impairment of assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

(e) Revenue recognition

Dividend income from investment is recognised when the shareholders' rights to receive payment have been established by reference to the ex-dividend date.

Interest income is accounted for as it accrues unless collectibility is in doubt.

(f) Alternative Minimum Tax (AMT)

Alternative Minimum Tax (AMT) is provided for, where the Company which has a tax liability of less than 7.5% of its book profit pays a dividend. AMT is calculated as the lower of 10% of the dividend paid and 7.5% of book profit.

(g) Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events which it is probable will result in an outflow of resources that can be reliably estimated.

3. FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

The Company's activities expose it to a variety of financial risks as follows:

• Market risk (including currency risk, price risk and cash flow and fair value interest rate risk);
• Liquidity risk;
• Credit risk.

The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance.

A description of the significant risk factors is given below together with the risk management policies applicable.

(a) Market risk

(i) Currency risk

The Company operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the EURO, USD, GBP and INR. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign entities.

At June 30, 2012, if Mauritian rupee had weakened/strengthened by 5% against EURO, USD, GBP, INR and other currencies with all other variables held constant, the impact on net asset value for the year would be Rs 13.021 million(2011: Rs13.768 million) higher/lower mainly as a result of retranslation of foreign investment and bank balance.

(ii) Price risk

The Company is exposed to equity securities price risk because of investments held by the Company.

The Company's securitites are susceptible to market price risk arising from uncertainties about future prices of the investments. The Company's market price risk is managed through diversification of its investment portfolio.

Sensitivity analysis

The table below summarises the impact of increases/decreases in the fair value of the investments on the Company's net asset value. The analysis is based on the assumption that the fair value had increased/decreased by 5%.

	Impact on post-tax income		Impact on other comprehensive income	
	2012	2011	**2012**	2011
	Rs'000	Rs'000	**Rs'000**	Rs'000
Available-for-sale financial assets	-	-	**12,196**	13,059
Designated as fair value through profit or loss	26,219	27,888	-	-

3. FINANCIAL RISK MANAGEMENT (CONT'D)

3.1 Financial risk factors (cont'd)

(a) Market risk (cont'd)

(iii) Cash flow and fair value interest rate risk

The Company is exposed to risk associated with the effect of fluctuations in the prevailing level of market interest rates on its financial position and cash flows. If the interest rate on interest bearing asset had been 50 basis points higher/ lower with all other variables held constant, the impact on post-tax profit for the year would not have been material.

The risk is managed by maintaining an appropriate investment mix in the portfolio of investment.

(b) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of cash balance.

The Fund has entered into a liquidity contract with The State Investment Corporation Ltd to ensure that the Fund has enough cash to maintain flexibility in funding.

(c) Credit risk

Credit risk is the risk that an issuer or counterparty will be unable or unwilling to meet a commitment that it has entered into with the Company. The Company's credit risk concentration is spread between interest rate and equity securities. All transactions in listed securities are settled/paid for upon delivery using approved brokers. The risk of default is considered minimal since delivery of securities sold is only made once the broker has received payment. On a purchase, payment is made once the securities have been received by the broker. If either party fails to meet their obligations, the trade will fail.

3.2 Fair value estimation

The fair value of financial instruments traded in active markets is based on quoted market prices at the end of the reporting date. A market is regarded as active if quoted prices are readily and regularly available from an exchange dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occuring market transactions on an arm's length basis.

The quoted market price used for financial assets held by the Company is the current bid price. These instruments are included in level 1. Instruments included in level 1 comprise primarily listed equity investments classified as trading securities.

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

3. FINANCIAL RISK MANAGEMENT (CONT'D)

3.2 Fair value estimation (cont'd)

If one or more of all significant inputs is not based on observable market data, the instrument is included in level 3.

The Company uses a variety of methods namely the capitalised earnings and dividend yield and makes assumptions that are based on market conditions existing at each end of reporting date.

If fair value had been 5% higher/lower, the carrying amount of available-for-sale financial assets would be estimated at Rs. 17.2m (2011: Rs 17.1m) higher/lower with all the other variables held constant from management estimate for the year.

The nominal value less estimated credit adjustments of trade receivables and payables are assumed to approximate their fair values.

3.3 Capital risk management

The Company's objectives when managing capital are to safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns to shareholders and benefits for other stakeholders.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Critical accounting estimates and assumptions

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates 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 are discussed below.

(a) Impairment of available-for-sale financial assets

The Company follows the guidance of IAS 39 on determining when an investment is other than temporarily impaired. This determination requires significant judgement. In making this judgement, the Company evaluates, among other factors, the duration and extent to which the fair value of an investment is less than its cost, and the financial health of and near-term business outlook for the investee, including factors such as industry and sector performance, changes in technology and operational and financing cash flow.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

Critical accounting estimates and assumptions (cont'd)

(b) Held-to-maturity investments

The Company follows the guidance of International Accounting Standard (IAS) 39 - "Recognition and Measurement" on classifying non-derivative financial assets with fixed or determinable payments and fixed maturity as held-to-maturity. This classification requires significant judgement. In making this judgement, the Company evaluates its intention and ability to hold such investments to maturity.

If the Company fails to keep these investments to maturity other than for specific circumstances explained in IAS 39, it will be required to reclassify the whole class as available-for-sale financial assets. The investments would therefore be measured at fair value not amortised cost.

(c) Limitation of sensitivity analysis

Sensitivity analysis in respect of market risk demonstrates the effect of a change in a key assumption while other assumptions remain unchanged. In reality, there is a correlation between the assumptions and other factors. It should also be noted that these sensitivities are non-linear and larger or smaller impacts should not be interpolated or extrapolated from these results.

Sensitivity analysis does not take into consideration that the Company's assets and liabilities are managed. Other limitations include the use of hypothetical market movements to demonstrate potential risk that only represent the Company's view of possible near-term market changes that cannot be predicted with any certainty.

5. PORTFOLIO OF DOMESTIC SECURITIES

	2012	2011
	Rs'000	Rs'000
Fair value through profit or loss financial assets	551,311	578,575
Available-for-sale financial assets	317,346	322,671
Held-to-maturity securities	4,000	4,000
	872,657	905,246
Analysed as:		
Non -current assets:		
Fair value designated through profit or loss financial assets	26,928	20,812
Available-for-sale financial assets	317,346	322,671
Held-to-maturity securities	4,000	4,000
	348,274	347,483
Current assets		
Fair value through profit or loss financial assets	524,383	557,763
Total	872,657	905,246

Fair value through profit or loss financial assets

Domestic securities	Official Market	Secondary Market	Unquoted	Total
	Rs'000	Rs'000	Rs'000	Rs'000
At July 1, 2011	502,953	54,810	20,812	578,575
Additions	1,764	1,336	-	3,100
Disposals	(15,482)	(1,488)	-	(16,970)
(Decrease)/increase in fair value	(21,068)	1,558	6,116	(13,394)
At June 30, 2012	468,167	56,216	26,928	551,311
At July 1, 2010	410,965	44,544	20,812	476,321
Additions	14,458	10,711	-	25,169
Disposals	(38,522)	(7,020)	-	(45,542)
Increase in fair value	116,052	6,575	-	122,627
At June 30, 2011	502,953	54,810	20,812	578,575

Available-for-sale financial assets	Unquoted
	Rs'000
At July 1, 2011	322,671
Disposals	(15,818)
Increase in fair value	10,493
At June 30, 2012	317,346
At July 1, 2010	321,858
Additions	7,682
Disposals	(44,770)
Increase in fair value	37,901
At June 30, 2011	322,671

5. PORTFOLIO OF DOMESTIC SECURITIES (CONT'D)

Held-to-maturity securities At amortised cost	**Unquoted Securities** **Rs'000**
At June 30, 2012	**4,000**
At July 1, 2010	8,000
Disposals	(4,000)
At June 30, 2011	4,000

At June 30, 2012	**Level 1**	**Level 2**	**Level 3**	**Total**
	Rs'000	**Rs'000**	**Rs'000**	**Rs'000**
Fair value through profit and loss	**524,383**	**-**	**26,928**	**551,311**
Available-for-sale financial assets	**-**	**-**	**317,346**	**317,346**
Held-to-maturity investments	**-**	**-**	**4,000**	**4,000**
	524,383	**-**	**348,274**	**872,657**

At June 30, 2011	Level 1	Level 2	Level 3	Total
	Rs'000	Rs'000	Rs'000	Rs'000
Fair value through profit and loss	557,763	-	20,812	578,575
Available-for-sale financial assets	-	955	321,716	322,671
Held-to-maturity investments	-	-	4,000	4,000
	557,763	955	346,528	905,246

6. PORTFOLIO OF FOREIGN SECURITIES

	2012	2011
	Rs'000	Rs'000
Non-current assets:		
Available for sale financial assets		
At July 1,	**260,221**	243,545
Additions	**50,902**	70,296
Disposals	**(49,979)**	(63,851)
(Decrease)/increase in fair value	**(17,219)**	10,231
At June 30,	**243,925**	260,221

7. SHORT TERM DEPOSITS

	2012	2011
	Rs'000	Rs'000
Short term bank deposits	**31,198**	24,474

8. TRADE AND OTHER RECEIVABLES

	2012	2011
	Rs'000	Rs'000
Dividend and interest receivable	**1,760**	2,284
Other receivables and prepayments	**184**	5
Receivables for investment sold	**-**	1,162
	1,944	3,451

9. SHARE CAPITAL

(a) Shares are issued at the holders' option at prices based on the value of the Company's net assets at the time of issue/redemption.

	2011 & 2012
Authorised	Rs.'000
120,000,000 ordinary Shares of Rs. 10 par value	1,200,000

Issued and fully paid	2012	2011
	Number of shares (000)	
At July 1,	**51,758**	52,297
Issue of shares	**917**	1,037
Redemption of shares	**(1,024)**	(1,576)
At June 30,	**51,651**	51,758

10. TRADE AND OTHER PAYABLES

	2012	2011
	Rs'000	Rs'000
Amount owed to related party	**2,584**	2,656
Other payables	**653**	302
	3,237	2,958

The carrying amounts of trade and other payables approximate their fair values.

11. INCOME TAX EXPENSE

	2012	2011
	Rs'000	Rs'000
(a) Statement of financial position		
Current tax on the adjusted profit for the year		
15% (2011 : 15%)	**901**	851
Tax paid (APS)	**(638)**	(761)
	263	90
Tax provision on previous years assessment	**-**	425
	263	515
(b) Statement of comprehensive income		
Current tax on the adjusted profit for the year		
15% (2011 : 15 %)	**901**	851
Overprovision in previous year	**-**	(61)
Taxation charge	**901**	790

11. INCOME TAX EXPENSE (CONT'D)

(c) The tax on the Company's net income before taxation differs from the theoretical amount that would arise using the basic tax rate of the Company as follows:

	2012	2011
	Rs'000	Rs'000
Net income before taxation	2,540	149,793
Tax calculated at the rate of 15% (2011: 15%)	381	22,469
Tax effect of:		
Income not subject to tax	(3,778)	(23,234)
Expenses not deductible for tax purposes	4,298	1,616
Overprovision in previous year	-	(61)
Taxation charge	901	790

12. INVESTMENT INCOME

	2012	2011
	Rs'000	Rs'000
Dividend income	20,727	20,855
Interest income	5,104	9,613
Foreign exchange gains/(losses)	836	(1,021)
	26,667	29,447

13. NET (DECREASE)/INCREASE IN FAIR VALUE OF FINANCIAL ASSETS THROUGH PROFIT OR LOSS

	2012	2011
	Rs'000	Rs'000
Domestic securities	(13,394)	122,627

14. 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 June 9, 1997. The management fees are at present based on a graduated fee structure based on the performance of the fund presently at 0.9% with maximum of 1.25% of the net asset value of the fund.

Annual Fund Return	2012	2011
Up to 27%	0.90%	0.90%
27% - 35%	1.00%	1.00%
above 35%	1.25%	1.25%

15. REGISTRY COSTS

Registry costs are payable to Prime Partners Ltd.

16. PROFIT BEFORE TAXATION

	2012	2011
	Rs'000	Rs'000
This is arrived at after crediting:		
Net (decrease)/increase in fair value through profit or loss financial assets	(13,394)	122,627
Dividend income		
- Listed (local)	13,487	13,085
- Foreign	1,644	1,863
- Unquoted	5,596	5,907
Interest income	5,104	9,613

17. DIVIDENDS

The Board of Directors, on May 31, 2012, has declared a dividend of Rs 30,987,877 (representing Re 0.60 per share which was paid to shareholders on June 20, 2012 (2011: Rs.51,397,304, representing Re 1.00 per share).

18. NOTES TO THE STATEMENT OF CASH FLOWS

		2012	2011
		Rs'000	Rs'000
(a)	**Cash used in operations**		
	Profit before taxation	2,540	149,793
	Adjustments for:		
	Dividend income	(20,727)	(20,855)
	Interest income	(5,104)	(9,613)
	Net decrease/(increase) in fair value	13,394	(122,627)
	Release to income on disposal of available-for-sale securities	(4,244)	(12,847)
	Loss on disposal of investments	90	312
		(14,051)	(15,837)
	Changes in working capital		
	- Decrease/(increase) in trade and other receivables	980	(765)
	- (Increase)/decrease in trade and other payables	279	(328)
	Cash used in operations	(12,792)	(16,930)

		2012	2011
(b)	**Cash and cash equivalents**	Rs'000	Rs'000
	Cash at bank	2,230	1,380
	Bank overdraft	(1,744)	(1,474)
	Short term bank deposits	31,198	24,474
		31,684	24,380

(b) **Major non cash transactions**

The principal non cash transactions are mainly dealings relating to switches between foreign funds.

19. NET ASSET VALUE PER SHARE

		2012	2011
		Rs'000	Rs'000
Net asset value		1,144,364	1,187,833
Number of ordinary shares in issue ('000)		51,651	51,758
Net asset value per share	Rs.	22.16	22.95

20. RELATED PARTY TRANSACTIONS

The amounts outstanding at year end on related party transactions are unsecured and interest free and settlement occurs in cash. No guarantee have been given or received by the Company to related parties.

	2012	2011
TRANSACTIONS	Rs'000	Rs'000
Corporate with common shareholders		
Management fee expenses	10,183	10,373
Registry costs	748	748
Compensation of key management personnel		
Short term benefits	982	838
BALANCES		
Amount due to related party	2,584	2,656

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