PLF

PORT LOUIS FUND LTD

2019
Annual Report

Dear Shareholders,

The Board of Directors is pleased to present the Annual Report of Port Louis Fund Ltd for the Financial Year ended 30 June 2019.

The Directors' report was approved by the Board on 18 October 2019 and the Audited Financial Statements were approved on 25 September 2019.

Mr. G. Goburdhun
Chairman

Mr. V. Bhuguth
Director

Contents	Pages

Corporate Data

		Date appointed	Date resigned
Directors	: Mr. G. Goburdhun, Chairman	19 June 2019	-
	Mr. M. Beejan	18 May 2018	28 February 2019
	Mr. Y.H. Aboobaker, S.C, C.S.K	09 June 1997	-
	Mr. V. Bhuguth	17 April 2000	-
	Mr. V. Rambarassah	17 December 2008	-
	Mrs. A. D. I. Ramphul-Punchoo	13 May 2015	-

Company Secretary : Prime Partners Ltd

Registrar and Transfer Office : Prime Partners Ltd

Registered office : 15th Floor, Air Mauritius Centre,
6, President John Kennedy Street
Port Louis
Republic of Mauritius

Website : http://www.portlouisfund.com

Auditors : Grant Thornton Mauritius
Nexia Baker & Arenson (Internal)

Corporate Data (Contd)

Bankers	:	AfrAsia Bank Limited Bank of Baroda Bank One Limited BCP Bank (Mauritius) Ltd Barclays Bank (Mauritius) Limited ICICI Bank Ltd (India) MauBank Ltd SBM Bank (Mauritius) Ltd Standard Bank (Mauritius) Ltd The Hongkong and Shanghai Banking Corp Ltd The Mauritius Commercial Bank Ltd
Custodians	:	ICICI Bank Ltd (India) SBM Bank (Mauritius) Ltd
CIS Manager		Capital Asset Management Ltd 6, Sir Celicourt Antelme Street Second floor, Celicourt Building Port Louis Republic of Mauritius
Foreign Fund Managers	:	Imara Asset Management Ltd Franklin Templeton Investments Ltd Fidelity Investments International Blackrock T. Rowe Price Group
Stockbroking Companies	:	Associated Brokers Ltd AXYS Stockbroking Ltd Capital Market Brokers Ltd IPRO Stockbroking Ltd LCF Securities Ltd MCB Stockbrokers Ltd

Corporate Data (Contd)

		PSG Securities (Mauritius) Ltd
		Redwood Finance Ltd
		SBM Securities Ltd
		Swan Securities Ltd
Indian Stockbrokers	:	Indsec Securities & Finance Ltd SPA Securities Ltd

Statutory Disclosures

The Board of Directors (the "Board") of Port Louis Fund Ltd (the "Company"or "PLF") is pleased to present the Annual Report together with the Audited Financial Statements of the Company for the year ended 30 June 2019.

Incorporation

The Company is a Collective Investment Scheme (CIS) as per Securities Act 2005. It was incorporated on 09 June 1997 as a Public Company with limited liability. It initially 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.

Principal activities

The principal Activities of the Company are:

(a) to carry on business as an investment holding company;
(b) to deal in securities and properties of all kinds and;
(c) to manage and advise on investment funds.

Results and Dividends

The results for the year are as shown on page 53.

For the year under review, the Directors have declared a dividend of Rs 35,060,663 representing Rs 0.70 per share on 19 June 2019 (2018: Rs 40,132,390 representing Rs 0.80 per share).

Directors

The present membership of the Board is set out on page 2.

Directors' responsibilities in respect of the Financial Statements

Company law requires the Directors to prepare Financial Statements for each Financial Year, which present fairly the financial position, financial performance and cash flows of the Company. In preparing those Financial Statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the Financial Statements; and
- prepare the Financial Statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors have confirmed that they have complied with the above requirements in preparing the Financial Statements.

Statutory Disclosures (Contd)

Directors' responsibilities in respect of the Financial Statements (Contd)

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the Financial Statements are in accordance with International Financial Reporting Standards and comply with the requirements of the Companies Act 2001 and the Financial Reporting Act 2004. They are also responsible for safeguarding theassets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Directors' Service Contracts

The Company has no service contracts with its Directors.

Directors' Remuneration and Fees

During the year ended 30 June 2019, the directors received an aggregate amount of Rs721,591 (2018: Rs 822,000) as fees from the Company.

Directors' Share Interests

No shares are held by the Directors in the Company.

Donation

No donation was made during the Financial Year ended 30 June 2019 (2018: nil).

Auditors

The auditors, **Grant Thornton Mauritius,** have indicated their willingness to continue in office for the next Financial Year.

Auditors' Remunerations	2019 Rs'000	2018 Rs'000
Audit services (VAT exclusive)	240	198
Tax services (VAT exclusive)*	22	22

** Fees for tax services were payable to Grant Thornton (Advisory Services) Ltd.*

Mr. G. Goburdhun
Chairman

Mr. V. Bhuguth
Director

Date: 25 September 2019

Statutory Disclosures (Contd)

Disclosure as per Sixth schedule of the Securities (Collective Investment Scheme and Close-Ended Funds) Regulations 2008, Securities Act 2005.

Financial Highlights	2017(Rs'000)	2018(Rs'000)	2019 (Rs'000)
Net asset value at beginning of year	1,372,335	1,511,605	1,602,481
Total revenue	41,290	43,006	49,546
Total expenses	18,209	18,323	19,818
Realised gains (losses) for the period	10,108	745	571
Unrealised gains (losses) for the period	146,960	109,984	28,516
Total increase (decrease) from operations	180,149	142,236	59,152
Total annual distributions	35,338	40,132	35,061
Net asset value at end of year prior to share capital adjustment	1,517,146	1,613,709	1,626,572
Net asset value at end of year post share capital adjustment	1,511,605	1,602,481	1,623,550
Key indicators	**2017**	**2018**	**2019**
Number of shares outstanding	50,579,854	50,217,740	50,122,463
Management expense ratio	1.26%	1.21%	1.23%
Portfolio turnover ratio	0.71%	0.59%	7.62%

Corporate Governance Report

PLF has always been committed to promote high standards of Corporate Governance. The Company is a Public Interest Entity, as defined by law and the Board strives to promote transparency within the Company and comply with all principles and guidelines set out in the National Code of Corporate Governance for Mauritius (2016) (the "Code").

This report outlines the Company's Corporate Governance processes and provides explanations for any deviation.

PRINCIPLE 1 - Governance Structure

"All organisations should be headed by an effective Board. Responsibilities and accountabilities within the organisation should be clearly identified."

The Directors of the Company are skilled, knowledgeable and experienced professionals. The Board takes its fiduciary responsibilities very carefully. Each director is appointed with the understanding of the amount of time and care that they will need to devote to the Board and to the organisation for it to prosper. The Board has approved all the guiding documents and policies. The following governance documents are available on the Company's website:-

- Constitution;
- Code of Ethics;
- Board and Committee Charters;
- Organisation Chart; and
- Job Description of Senior Governance Position.

The documents are reviewed at least once annually to keep abreast of the development in law regulations and governance best practice. Any changes are approved by the Board.

Key Governance Responsibilities

The Board has ensured that the key governance positions within the organisation are matched with the corresponding accountabilities.

Key Governance Positions

Chairman of the Board

The Chairman of the Board is responsible for the activities of the Board and its Committees. He acts as spokesman for the Board and is the principal Board contact for Management. The Chairman and the Management meet regularly. The Chairman of the Board presides over the meetings of shareholders.

The key responsibilities of the Chairman of the Board is to ensure: -

(i) that the Board fulfills its duties;
(ii) Board Members, when appointed, participate in an induction program and, if needed, in supplementary training programs;
(iii) Board Members receive all the information necessary for them to perform their duties;
(iv) the agenda of Board meetings are determined;
(v) the Board meetings are chaired in an effective manner;
(vi) the Board has sufficient time for deliberation and decision-making;
(vii) the minutes of Board and Committee meetings are properly recorded and stored;
(viii) the Committees function properly;
(ix) consultations are held with external advisors appointed by the Board;

Corporate Governance Report (Contd)

PRINCIPLE 1 - Governance Structure (Contd)

The key responsibilities of the Chairman of the Board is to ensure: - (Contd)

(x) the performance of Board Members is evaluated regularly;
(xi) problems related to the performance of individual Board Members are addressed;
(xii) internal disputes and conflicts of interest concerning individual Board Members, including the possible resignation of such Members as a result, are addressed; and
(xiii) the Board has proper contact with the Management.

Mr. G. Goburdhun is the Chairman of the Board.

Chairman of the Audit and Risk Committee

The Chairman of the Audit and Risk Committee works in close cooperation with and provides support and advice to the Chairman of the Board. He has the following responsibilities, amongst others:-

- To provide risk expertise to the Committee;
- To ensure the Financial Statements comply with the appropriate accounting standards;
- To guide and advise the Board on an appropriate risk management framework; and
- To report the deliberations of the Audit and Risk Committee to the Board.

Mr. V. Bhuguth is the Chairman of the Audit and Risk Committee.

Chairman of the Corporate Governance Committee

The Chairman of the Corporate Governance Committee works in close collaboration with, and provides support and advice to the Chairman of the Board. He has the following responsibilities, amongst others:-

- To provide expertise in the areas of corporate governance;
- To ensure that the Board is up to the standard with the Code;
- To report the deliberations of the Corporate Governance Committee to the Board; and
- To ensure that an evaluation is carried out each year of the Board performance.

Mr. Y. Aboobaker, S.C , C.S.K is the Chairman of the Corporate Governance Committee.

Chairman of the Investment Committee

The Chairman of the Investment Committee provides support and advice on the following:-

- Asset allocation;
- Investment strategies, policies and guidelines;
- New investment proposals; and
- Disposals of unquoted and/or strategic investments.

Mr. G. Goburdhun is the Chairman of the Investment Committee.

Company Secretary

The Company Secretary is appointed by the Board. The role of the Company Secretary is to ensure that Board Members have the proper advice and resources for performing their duties under the relevant legal frameworks. The Company Secretary is also responsible for organisation and coordination of the Board and Committee meetings.

Corporate Governance Report (Contd)

PRINCIPLE 1 - Governance Structure (Contd)

Company Secretary (Contd)

Prime Partners Ltd is the Company Secretary of Port Louis Fund Ltd. Prime Partners Ltd, a wholly owned subsidiary of The State Investment Corporation Limited, is actively involved in the provision of statutory corporate secretarial services, registrar & transfer office services to Domestic Companies/Trusts/Mutual Funds registered in Mauritius.

Other Key Governance Positions

Management of Port Louis Fund Ltd

The management of the Company has been outsourced to a CIS manager, namely, Capital Asset Management Ltd, “CAM”. CAM is a wholly-owned subsidiary of The State Investment Corporation Limited and is licenced by the Financial Services Commission. The Board has not deemed it necessary to appoint a Chief Executive Officer and Executive Directors. A representative of CAM is invited to attend the Company’s Board/Committee meetings and assists Directors in their decision-making process.

Senior Management Team at CAM

Mr. V. Auckaloo, Executive Director, holds an M.Sc. in Financial Management, a B.Sc. (Hons) in Economics, an LLB (Hons) and a Post graduate Diploma in Digital Business. He has more than 20 years of experience in the financial services sector and had previously worked in the Government service and in the banking sector. He joined CAM in 2001.

Ms. S. Beeharee, Portfolio Manager, joined CAM in 2007. She holds an MBA from Ducere Global Business School and a B.A. (Hons.) in Law and Management. She is also a member of the Association of Chartered Certified Accountants and a member of the Mauritius Institute of Professional Accountants. She has more than 16 years of experience in the financial and regulatory sectors.

Mrs. Rachna Nunkoo, Accountant, joined CAM in October 2017. She is a Fellow of the Association of Chartered Certified Accountants and holds an M.Sc. in Financial Management awarded by Heriot-Watt University, UK. She is also a member of the Mauritius Institute of Professional Accountants. She has more than 8 years of experience in the financial services sector ranging from Auditing, Private Equity and Real Estate Investment Fund Services, Accounting, Finance and Administration.

Mrs Farzana Jaulim Lallmahomed holds an MBA and a B.Sc. (Hons) in Finance from the University of Mauritius. She also holds a Business Certificate in Chartered Institute of Management Accountants. She has recently joined the Investment Team in March 2019 and has over 11 years of experience in the financial services sector.

Ms. Ashna Tameswar, is an ACCA Level 2 candidate. She holds an M.Sc. in Finance & Investment and a B.A. (Hons) in Law and Management from the University of Mauritius. She joined the Investment Team in February 2018 and has over 7 years of experience in the financial sector.

Corporate Governance Report (Contd)

PRINCIPLE 2 - The Structure of the Board and its Board Committees

"The Board should contain independently minded directors. It should include an appropriate combination of executive directors, independent directors, and non-independent non-executive directors to prevent one individual or a small group of individuals from dominating the Board's decision taking. The Board should be of a size and level of diversity commensurate with the sophistication and scale of the organisation. Appropriate Board committees may be set up to assist the Board in the effective performance of its duties."

Board Structure

Governance of the Company is vested in a unitary Board with:-

- 3 Non-Executive Directors;
- 2 Independent Non-Executive Directors.

The Board is responsible for the stewardship of PLF, overseeing its strategy, conduct, and affairs to create sustainable value growth for its shareholders. The Directors are:-

Directors	Role	Category
Mr. Goolabchund Goburdhun (As from 19 June 2019)	Chairman	Non-Executive
Mr. Yusuf Hassam Aboobaker, S.C, C.S.K	Member	Independent
Mr. Vijay Bhuguth	Member	Independent
Mr. Veenay Rambarassah	Member	Non- Executive
Mrs. Anista Devi Indira Ramphul-Punchoo	Member	Non- Executive
Officer who ceased to be director during the year		
Mr. Manickchand Beejan (Up to 28 February 2019)	Chairman	Non-Executive

Board Diversity

The goal of PLF is to ensure that the Board is well balanced and appropriate for the needs of the business, comprising Directors who are sufficiently experienced and independent of character and judgement. When recommending new Directors to the Board, the Corporate Governance Committee has regard to the balance of skills, knowledge and experience required for the Board and its Committees to operate effectively. The Board consists of an appropriate mix of diverse skills and experience in the fields of Investment, Economics, Finance, Accounting, Legal, as well as Administration.

The Board acknowledges the requirement for gender representation in its membership. In this regard, Mrs. Anista Devi Indira Ramphul-Punchoo joined the Board of PLF as a Non-Executive Director on 13 May 2015.

Only Board Members attend Board Meetings. Management and other subject matter experts attend the meeting or part thereof on invitation of the Chairman. The use of Alternate Director is discouraged. A clear division of responsibilities at Board level ensures that no Director has unfettered powers in decision making.

All Directors are resident in Mauritius.

The Chairman of the Board and the Chairmen of the Board Committees are all appointed based on their relevant knowledge and experience in these key governance roles.

Executive Directors

Since management of the Company has been outsourced to CAM, the Board has not deemed it necessary to appoint a Chief Executive Officer and/or Executive Directors. A representative of CAM is invited to attend the Company's Board/Committee meetings and assists Directors in the decision-making process.

Corporate Governance Report (Contd)

PRINCIPLE 2 - The Structure of the Board and its Board Committees (Contd)

Executive Directors (Contd)

The Board is of the view that the appointment of two Executive Directors on the Board, as required by the Code, is not necessary taking into consideration the present level of operations of the Company and given the current working arrangement with CAM.

Director's Independence Review

The Board is determined to ensure on an annual basis and as when the circumstances require, whether or not a Director is independent. Additionally, rigorous reviews are conducted, and particular consideration is given to Directors who have served on the Board for more than nine consecutive years, from the date of their first election.

The Board recognizes that over time independent Directors develop significant insights in the Company's business and operations and can contribute objectively to the Board as a whole. In circumstances where a Director has served as an Independent Director for over nine years, the Board carries out a rigorous review of their continuing contribution and independence.

Messrs Yusuf Hassam Aboobaker S.C, C.S.K and Vijay Bhuguth have served on the Board as Independent Directors for more than nine years.

During the review, the Board considered and noted that although Mr. Yusuf Hassam Aboobaker S.C, C.S.K and Mr. Vijay Bhuguth have served the Board for more than nine years, their independence has not been affected, as they continue to exercise independent judgement and demonstrate objectivity in their conduct and deliberations at Board and Board Committees.

Role of Non- Executive Directors

The Non-Executive Directors constructively challenge and help develop proposals on strategy, review the performance of management in attaining goals and objectives, monitor the reporting of performance, meet and/or hold discussion regularly without the presence of Management.

Powers of the Board

The Board serves as the focal point and custodian of the Company's Corporate Governance. It is responsible for providing ethical and effective leadership to the Company. It agrees on the strategic direction and approves the policy frameworks used to measure organisational performance.

The key roles and responsibilities of the Board of Directors are set in the Board Charter. The Board is aware of its responsibility to ensure that the Company adheres to all relevant legislations such as the Mauritius Companies Act 2001 and the Securities Act 2005. The Board has adopted the principle of good Corporate Governance as recommended in the Code.

Board Meetings

The Board met five (5) times during the financial year ended 30 June 2019.

Corporate Governance Report (Contd)

PRINCIPLE 2 - The Structure of the Board and its Board Committees (Contd)

Board Meetings (Contd)

The Board deliberated on a range of issues including:-

- examination and endorsement of the recommendations of various Board Committees;
- review of asset allocation, investment strategy of the Fund and its performance;
- governance and internal audit issues;
- approval of audited accounts;
- valuation of unquoted shares in the portfolio;
- declaration and payment of dividends; and
- review of tenders for allocation of contracts to service providers.

Board Attendance

The following table depicts the attendance of the Directors at Board meetings during the year under review:-

Directors	Category	Board
Mr. G. Goburdhun (As from 19 June 2019)	Non- Executive	-
Mr. Y. Aboobaker, S.C , C.S.K	Independent	5/5
Mr. V. Bhuguth	Independent	5/5
Mr. V. Rambarassah	Non-Executive	5/5
Mrs. A. D. I. Ramphul Punchoo	Non-Executive	5/5
Officer who ceased to be director during the year under consideration		
Mr. M. Beejan (As from 18 May 2018 Up to 28 February 2019)	Non- Executive	3/3

Board Committees

As focal point of the Corporate Governance system, the Board is ultimately responsible and accountable for the performance and affairs of the Company. The following Committees have been established to assist the Board and its Directors in discharging their duties through a more comprehensive evaluation of specific issues, followed by well-considered recommendations to the Board namely:-

- Audit & Risk Committee;
- Corporate Governance Committee; and
- Investment Committee.

The objectives of these Committees are (i) to bring focus and appropriate expertise and specialisation to the consideration of specific Board issues; (ii) to enhance Board efficiency and effectiveness; (iii) to enable key issues to be studied in depth; and (iv) to make recommendations to the Board.

The Board reviews each Committee's Charter, set out the roles, responsibilities and scope of authority, composition of the Committee. The Board ensures that the Company is being managed in line with the Company's objectives through deliberations and reporting of its various Committees.

Corporate Governance Report (Contd)

PRINCIPLE 2 - The Structure of the Board and its Board Committees (Contd)

Audit & Risk Committee

The Audit & Risk Committee is governed by a Charter in line with the provisions of the Code. The Charter of the Committee was approved by the Board and is available on the website of the Company.

The Board considers that the members of the Audit & Risk Committee are appropriately qualified to discharge their responsibilities of the Audit & Risk Committee.

The Audit & Risk Committee has the explicit authority to investigate any matter within its terms of reference. In addition, the Audit & Risk Committee has full access to and co-operation of Management as well as full discretion to invite any Director to attend its meetings.

The duties of the Audit & Risk Committee include amongst others:-

- Examining and reviewing the quality and integrity of the financial statements of the Company including its annual report;
- Compliance with International Financial Reporting Standards and legal requirements;
- Keeping under review the adequacy and effectiveness of the Company's systems of internal control, including internal financial control and business risk management and maintaining effective internal control systems;
- Ensuring the Internal Auditor has direct access to the Board Chairperson and to the Committee Chairperson and is accountable to the Committee;
- Consider and make recommendations to the Board, to be put to shareholders for approval at the Annual Meeting of Shareholders, in relation to the appointment, re-appointment and removal of the Company's External Auditor;
- Making recommendations to the Board as it deems appropriate, on any area within its remit where action or improvement is needed.

In performing its functions, the Audit & Risk Committee meets with the Internal and External Auditors. Where necessary, the Audit & Risk Committee also meets separately with the Internal and External Auditors whereby any issues may be raised directly to the Audit & Risk Committee, without the presence of Management. The Internal and External Auditors have unrestricted access to the Audit & Risk Committee.

The Committee met four times during the year. It examined the half-yearly and annual accounts, discussed issues raised by the External and Internal Auditors and deliberated on their recommendations.

Members and Attendance

Directors	Role	Audit & Risk Committee
Mr. V. Bhuguth	Chairman	4/4
Mr. Y. Aboobaker, S.C , C.S.K	Member	4/4
Mrs. A. D. I. Ramphul-Punchoo	Member	4/4

Corporate Governance Committee

The Corporate Governance Committee is governed by a Charter in line with the provisions of the Code. The Charter of the Corporate Governance Committee was approved by the Board and is available on the website of the Company.

Corporate Governance Report (Contd)

PRINCIPLE 2 - The Structure of the Board and its Board Committees (Contd)

The Corporate Governance Committee is a useful mechanism for making recommendations to the Board on various corporate governance issues so that the Board remains effective and complies with good governance principles.

The duties of the Corporate Governance Committee include the following:-

- Oversee the implementation of the corporate governance framework;
- Periodically review and evaluate the effectiveness of the Company`s Code of Conduct and Ethics;
- Review the position descriptions of the Chairperson, Board Committee chairs and recommend any amendment to the Board; and
- Review annually the size and composition of the Board as a whole.

The Committee met four times during the year.

Members and Attendance

Directors	Role	Corporate Governance Committee
Mr. Y. Aboobaker, S.C , C.S.K	Chairman	4/4
Mr. V. Rambarassah	Member	4/4
Mrs. A. D. I. Ramphul-Punchoo	Member	4/4

Investment Committee

The Investment Committee is governed by a Charter approved by the Board and which is available on the website of the Company.

The main function of the Investment Committee is to advise the Board on asset allocation, investment policies, processes, strategies and on optimal risk/return level. The Committee reviewed the evolving financial market conditions and deliberated on investment opportunities available on both the local and international fronts. The present asset allocation was maintained.

The Investment Committee met twice during the year.

Members and Attendance

Directors	Role	Investment Committee
Mr. Y. Aboobaker, S.C , C.S.K	Member	2/2
Mr. V. Bhuguth	Member	2/2
Mr. V. Rambarassah	Member	2/2
Mr. M. Beejan (Up to 28 February 2019)	Chairman	-

Corporate Governance Report (Contd)

PRINCIPLE 2 - The Structure of the Board and its Board Committees (Contd)

DIRECTORS' PROFILE

Mr. G. Goburdhun is currently the Chairman of the Company. He is a Fellow of the Association of Chartered Certified Accountants and holds an M.Sc. in Finance from University of Mauritius. He has extensive experience in the field of accounting and finance. He is registered with the Mauritius Institute of Professional Accountants as 'Professional Accountant.'

Mr. G. Goburdhun is currently the Managing Director of The State Investment Corporation Limited (SIC) and holds directorship on various SIC Investee Companies, including Air Mauritius Ltd, Lottotech Ltd and Casino Companies. In the past, he was in public practice as a Chartered Certified Accountant providing services relating to Accounting, Auditing, Management, Tax Consultancy and Corporate Secretarial Services. He also held Chairmanship on various Government-related companies/institutions such as MauBank Holdings Ltd, MPCB (now MauBank Ltd), National Pensions Board and Responsible Gambling and Capacity Building of the Gambling Regulatory Authority.

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 Accountants. He reckons 26 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. V. Rambarassah is a Fellow of the Association of Chartered Certified Accountants and holds an M.Sc. in Finance and Investment. He is currently Director of Investment of the National Pensions Fund. He has a wide experience in investment, accounting and finance fields.

Mrs. A. D. I. Ramphul-Punchoo is Senior Investment Executive at The State Investment Corporation Limited. She holds a B.Sc. Econ Banking and Finance from University of Cardiff Wales, UK. She is also Director on several SIC Investee Companies such as Les Pailles Management Ltd, Casino de Maurice Ltd, Pointe Coton Resort Hotel Co. Ltd and Mauritius Shipping Corporation Ltd.

Corporate Governance Report (Contd)

PRINCIPLE 2 - The Structure of the Board and its Board Committees (Contd)

- Directorship in other companies

Company	Mr. G. Goburdhun	Mr. V. Rambarassah	Mr. Y. H. Aboobaker	Mrs. A. D. I. Ramphul Punchoo	Mr. V. Bhuguth
National Investment Trust Limited		√	-	-	
Compagnie Immobiliere Limitee		-	√	-	
The State Investment Corporation Limited	√				
Capital Asset Management Ltd	√				
Prime Partners Ltd	√				
SIC Development Co. Ltd	√				
Casino de Maurice Limited	√			√	
Le Caudan Waterfront Casino Limited	√			√	
Grand Baie Casino Ltd	√			√	
Le Grand Casino du Domaine Limitée	√			√	
SIC Management Services Co. Ltd	√				
Guibies Holdings Ltd	√				
Guibies Properties Ltd	√				
Domaine Les Pailles Limitée	√				
Prime Real Estate Limited	√			√	
Compagnie Mauricienne D'Hippodromes Limitée	√				
EREIT Management Ltd	√				
Les Pailles Management Ltd	√			√	
Lakepoint Ltd	√				
State Investment Finance Corporation Ltd	√				
Ebene Accelerator Ltd				√	
Le Val Development Co. Ltd	√			√	
SIC Capital Support Ltd	√				
SBM (Mauritius) Infrastructure Development Company Ltd	√				
Mauritius Technologies Holdings Ltd	√				
SME Equity Fund Ltd	√				
National Real Estate Ltd	√				
Mauritius Cargo Community Services Ltd	√				
Air Mauritius Ltd	√				
Air Mauritius Holdings Ltd	√				
Airports of Mauritius Ltd	√				
Pointe Coton Ltd	√			√	
Ebene CarPark Ltd	√				
Lottotech Ltd	√				
Mauritius Estate Development Corporation Ltd	√				
Vita Rice Ltd	√				
Beach Casinos Limited				√	
Sun Casinos Limited				√	
Prime Securities Ltd				√	
National Housing Development Co. Ltd				√	
National Equity Fund Ltd				√	
Island Resorts Ltd				√	
Mauritius Shipping Corporation Ltd				√	

Corporate Governance Report (Contd)

PRINCIPLE 2 - The Structure of the Board and its Board Committees (Contd)

- **Directorship on listed companies**

Mr. G. Goburdhun is a Director of the following listed companies:-

(i) Lottotech Ltd

(ii) Air Mauritius Ltd

Mr. V. Rambarassah is a Director of National Investment Trust Limited and Mr Y. H. Aboobaker is a Director of Compagnie Immobiliere Limitée.

The other Board Members of the Company are not Directors of Listed Companies.

PRINCIPLE 3 - Directors Appointment Procedures

"There should be a formal, rigorous and transparent process for the appointment, election, induction and re-election of Directors. The search for Board candidates should be conducted, and appointments made, on merit, against objective criteria (to include skills, knowledge, experience, and independence and with due regard to the benefits of diversity on the Board, including gender). The Board should ensure that a formal, rigorous and transparent procedure be in place for planning the succession of all key officeholders."

The Constitution of the Company provides that the minimum number of directors shall be five (5) and the maximum shall be nine (9).

Appointment of Directors

The Board carefully considers the needs of the Company in appointing Board Members. The following factors are considered:-

- Skills, knowledge and expertise required on the Board;
- Skills, knowledge and expertise of the proposed Director;
- Previous experience as a Director;
- Specific roles required on the Board such as Chairman of a Committee;
- Balance required on the Board such as gender and age;
- Independence where required;
- Amount of time the proposed director is able to devote to the business of the Board; and
- Conflicts of interests.

As per the Charter of Corporate Governance Committee, the role of the said Committee in respect of nomination of Directors include the following:-

(i) To keep under review the leadership needs of the Company, both executive and non-executive, with a view to ensuring the continued ability of the Company to compete effectively in the market place; and
(ii) To identify and nominate for the approval of the Board, candidates to fill board vacancies as and when they arise.

The proposed appointee is required to disclose any other business interests that may result in a conflict of interest and to report any future business interests that could result in a conflict of interest.

The Board considers its succession very carefully and assumes responsibility for succession planning. The Corporate Governance Committee is responsible to give consideration to succession planning for directors and other senior executives in the course of its work, taking into account the challenges and opportunities facing the Company, and the skills and expertise needed on the Board in the future.

Corporate Governance Report (Contd)

PRINCIPLE 3 - Directors Appointment Procedures (Contd)

Professional Development

The Board has reviewed the professional development and on-going education of Directors. During the Board evaluation exercise, the Board Members are invited to indicate any training development programme they require.

Induction

On appointment to the Board, all Directors receive a formal induction program designed to provide them with sufficient knowledge and understanding of the nature of business, opportunity and challenges, to enable them to effectively contribute to strategic discussions and oversight of the Company. The topics covered by the induction include the Board Charter, which clearly outlines their duties and obligations, the Code for Corporate Governance in Mauritius, the key risks to which the Company is exposed and how these are managed, and introduction to key stakeholders. They are also provided with the Company's relevant constitutive documents.

Election and Re-election of Directors

Each Director is elected by a separate resolution at the Annual Meeting of Shareholders until the next Annual Meeting.

Article 34.4 of the Constitution provides that the Board may appoint any person to be a director, either to fill a casual vacancy or as an additional to the existing directors but so that the total number of directors shall not at any time exceed the number fixed in accordance to the Constitution. The director appointed to fill in a casual vacancy or as an addition to the existing directors holds office only until the next Annual Meeting.

PRINCIPLE 4 - Director Duties, Remuneration and Performance

"Directors should be aware of their legal duties. Directors should observe and foster high ethical standards and a strong ethical culture in their organisation. Each director must be able to allocate sufficient time to discharge his or her duties effectively. Conflicts of interest should be disclosed and managed. The Board is responsible for the governance of the organisation's information, information technology and information security. The Board, committees and individual directors should be supplied with information in a timely manner and in an appropriate form and quality to perform to required standards. The Board, committees and individual directors should have their performance evaluated and be held accountable to appropriate stakeholders. The Board should be transparent, fair and consistent in determining the remuneration policy for directors and senior executives."

Legal Duties

All Directors are fully aware of their fiduciary duties.

Code of Ethics

The Company has outsourced its management to CAM which is an established Fund Management Company licensed by the Financial Services Commission as a CIS Manager. CAM has adopted an appropriate Code of Ethics and Business Conduct.

Corporate Governance Report (Contd)

PRINCIPLE 4 - Director Duties, Remuneration and Performance (Contd)

Conflict of Interest

Board Members have a duty to declare any conflict or potential conflict of interest that they may have in relation to business matters. In their capacity as Board Members, they must subordinate personal individual business, third-party and other interests to the welfare and best interests of the Company.

A conflict of interest occurs when a present transaction or relationship might conflict with a Board Member's obligations owed to the Company and the Board Member's personal, business or other interests.

The Company ensures that Directors declare any interest and report to the Chairman and Company Secretary any related party transactions. A register of conflicts of interests is kept by the Company Secretary.

All conflicts of interest and related-party transactions have been conducted in accordance with the Code of Ethics adopted by the Company.

Information, IT and Information Security Governance

The Board of Directors ensures that appropriate resources are allocated for the implementation of an information and IT security framework. CAM has in place an Information Security policy and an IT Risk policy, which are regularly reviewed. It has implemented security policies to ensure that data is safeguarded both within its premises as well as those hosted on the server including access rights granted only to authorised personnel, password expiry and complexity policy implemented and backup of digital information. Testing of daily backup of the server are also conducted on a regular basis by the IT department. CAM has also in place a Disaster Recovery Plan which ensures that in the event of a major disaster that causes the site to be unavailable, systems and business operations will be restored at a backup site within two working days.

Board Information

The Chairperson is responsible for ensuring that the Directors receive accurate, timely and clear information. The Company Secretary's responsibilities include ensuring good information flows within the Board and its Committees and between senior management and Non-Executive Directors. Management has an obligation to provide accurate, timely and clear information. Directors seek clarification or amplification where necessary.

The Board ensures that Directors have access to independent professional advice at the company's expense in cases where the Directors judge it necessary for discharging their responsibilities as Directors.

All Directors keep information relating to the Company, gathered in their capacity as Directors, strictly confidential and private and do not divulge them to anyone without the authority of the Board.

Directors & Officers Liability Insurance

The Company has contracted with SICOM a Directors & Officers Liability Insurance policy in respect of legal action or liability that can arise against its directors and officers. The cover does not provide insurance against fraudulent, malicious or willful acts or omissions.

Board Evaluation

The Company has established a system of Board Appraisal to assess the effectiveness/ performance of the Board and sub-committees. The Directors are required to fill in an Evaluation Questionnaire, focusing on the following major governance issues relevant to the Board: -

Corporate Governance Report (Contd)

PRINCIPLE 4 - Director Duties, Remuneration and Performance (Contd)

Board Evaluation (Contd)

- Objectives and Strategy;
- Performance Measurement;
- Relationships with key stakeholders;
- Propriety, Fraud and Other Leakage;
- Project Management;
- Risk Management;
- Oversight of Management;
- The Audit Committee, Internal Audit and Corporate Reporting;
- Composition of the Board;
- Conduct of Board Meetings.

The results are analysed and discussed by the Corporate Governance Committee and action considered for implementation. The Board considers that the current evaluation process is sufficient. No independent Board evaluator was appointed.

Statement of Remuneration Philosophy

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

The total fees earned by Directors during the year under review, are as follows:-

Directors	Category	Directors' Remuneration (Rs)
Mr. G. Goburdhun (As from 19 June 2019)	Non-Executive	5,591*
Mr. Y. Aboobaker, S.C , C.S.K	Independent	158,000
Mr. V. Bhuguth	Independent	160,000
Mr. V. Rambarassah	Non-Executive	140,000
Mrs. A. D. I. Ramphul Punchoo	Non-Executive	146,000*
Officer who ceased to be director during the year under consideration		
Mr. M. Beejan (As from 18 May 2018 up to 28 Feb 2019)	Non- Executive	112,000*

The Directors' remunerations for Mr. G. Goburdhun, Mrs. A.D.I. Ramphul-Punchoo and Mr. M. Beejan were paid to The State Investment Corporation Limited.

The Directors have not received remuneration in the form of share options or bonuses associated with the Company's performance.

PRINCIPLE 5 - Risk Governance and Internal Control

"The Board should be responsible for risk governance and should ensure that the orgainsation develops and executes a comprehensive and robust system of risk management. The Board should ensure the maintenance of a sound internal control system."

Corporate Governance Report (Contd)

PRINCIPLE 5 - Risk Governance and Internal Control (Contd)

The Board of Directors is responsible for determining the overall strategic direction and the proper risk management strategy and policies of the Company. It sets the appropriate risk level and tolerance of the Company. A risk register has been developed and this covers all the major risk areas in which the Company has significant exposure. The risk management strategy is based on diversification and acceptable levels of exposure/limits to different asset classes, currencies, issuers, regions and risk levels.

The risk register is periodically assessed relative to changes in market conditions and tactical re-allocations. The CIS manager, CAM, is responsible for implementing the risk strategy and policies approved by the Board of Directors. It oversees the day-to-day risk management issues in line with the approved strategy, policies and procedures.

In addition, the internal auditors ensure that appropriate controls are in place to mitigate all potential risk areas of the Company and their recommendation is considered by the Audit & Risk Committee on a regular basis.

Assurance on risk management processes

The Board relies on the internal and external audit functions to report on any weaknesses and to make recommendations via the Audit & Risk Committee, the objective being to ensure the effective and efficient use of available resources and ascertaining the accuracy of information used in the preparation of financial statements.

The internal and external auditors report directly to the Audit & Risk Committee on a regular basis for identification of any deficiency noted in internal processes and controls, compliance issues and any material misstatements noted in the financial reports.

The principal risks faced by the Company and the way in which each is managed are as follows:

Operational Risk

Operational risk is defined by the Basel Committee on Banking Supervision 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 are risks relating to internal fraud due to unauthorised activity, theft or fraud due to theft, systems' security failure or tampering, employment practices and workplace safety due to unhealthy employee 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, system's failures and inaccurate reporting.

The Company does not have any employees: its day-to-day management is carried out by 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 most of the operational risks of the Company. CAM has, on recommendations of an Internal Auditor, established control procedures to mitigate any operational risks related to the management of the Company. The major risk areas addressed are investment and currency risks and supervisory control. The CAM's IT support team ensures that technological risks are minimised through frequent system maintenance and updates, restricted access to external parties and data backup system. An IT Agreement has been signed by the staff members to ensure their adherence to terms, policies and procedures to minimise risks.

Financial Risk Factors

Please refer to note 4 of the Notes to the Financial Statements.

Solvency Risk

Solvency risk is minimal since the Company has no debt.

Corporate Governance Report (Contd)

PRINCIPLE 5 - Risk Governance and Internal Control (Contd)

Frameworks and processes for the sound management of risk and Internal Controls

The Audit & Risk Committee has appointed an independent internal auditor for reviewing the effectiveness of the Company's systems of internal control, including internal financial control and business risk management and maintaining effective internal control systems. This ensures that appropriate frameworks and effective processes are in place for a sound management of risk.

Management is responsible for the implementation of internal control and risk management systems under the supervision of the Audit & Risk Committee which ensure that proper accounting records are maintained and that the strategies and policies adopted by the Board are being implemented.

The internal auditor covers all key areas of activities, including IT. Any deviation in policies and non-performance of internal control are duly reported and discussed at large with Management and at Audit & Risk Committee levels. Corrective actions are promptly taken, and regular follow ups are done. This enables the Board to derive assurance that the internal control systems are effective.

There has been no identification of any significant areas which was not covered by the internal auditors during the year. Based on the internal audit report, no major risk or deficiency has been found in the Company's system of internal controls.

The Board has ensured that risk management policies are communicated to management and all other employees as appropriate to their roles within the Fund and has ensured that the communication has been effective and understood.

Whistle-blowing rules and procedures

For any suspicious or illegal transactions or behaviour, officers and directors are encouraged to lodge reports promptly to the Money Laundering Reporting Officer as per the Financial Intelligence and Anti Money Laundering Act 2002 and Prevention of Corruption Act 2002.

Principle 6: Reporting with Integrity

"The Board should present a fair, balanced and understandable assessment of the organisation's financial, environmental, social and governance position, performance and outlook in its annual report"

The Annual Report is published in full on the Company's website.

The Annual Report comprises several key elements:
- Performance review
- Economic and market review
- Principle risks faced by the Company
- Corporate social responsibility and donations
- Environmental policy

In addition, the following is included on the website of the Company:

- Annual report and accounts
- Board and committee charters
- Code of ethics
- Details on board and governance structure
- Dividend policy and declaration
- Financial Highlights
- Share Price is updated daily

Corporate Governance Report (Contd)

PRINCIPLE 6: Reporting with Integrity (Contd)

Corporate social responsibility and donations

For its CSR, the Company had paid directly its contribution to the Mauritius Revenue Authority. There were no donation made during the year.

Environmental Policy

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

Safety and Health Issues

Management of the Company is outsourced to CAM. We have received assurance that CAM complies with the Occupational Safety and Health Act 2005 and other legislative and regulatory frameworks.

Statement of Directors' Responsibilities

Directors acknowledge their responsibilities for:

- Adequate accounting records and for maintenance of effective internal control systems;
- Preparation of financial statements which fairly present the state of affairs of the Company at end of the financial year and the cash flows for that period, and which comply with International Financial Reporting Standards (IFRS);
- Using appropriate accounting policies supported by reasonable and prudent judgments and estimates;
- Ensuring that adequate accounting records and an effective system of internal controls and risk management have been maintained;
- Ensuring that appropriate accounting policies supported by reasonable and prudent judgments and estimates have been used consistently;
- Ensuring that the International Financial Reporting Standards have been adhered to. Any departure has been disclosed, explained and quantified in the financial statements; and
- Ensuring that the Code of Corporate Governance has been adhered to in all material aspects. Reasons for non-compliance have been provided, where appropriate.

The External Auditors provide their opinion on whether the financial statements are fairly presented.

PRINCIPLE 7- Audit

"Organisations should consider having an effective and independent internal audit function that has the respect, confidence and co-operation of both the Board and the management. The Board should establish formal and transparent arrangements to appoint and maintain an appropriate relationship with the organisation's auditors."

Internal Audit

The role of Internal Audit is to provide independent and objective assurance to management and the Board of Directors through the Audit Committee. By following a systematic and disciplined approach, Internal Audit helps to accomplish the Company's objectives by evaluating and recommending improvements to operations, internal controls, risk management systems, and governance process.

Corporate Governance Report (Contd)

PRINCIPLE 7 - Audit (Contd)

During the year, the internal audit function was outsourced to Messrs Nexia Baker & Arenson. The latter is a professional firm and its internal audit department is adequately staffed with qualified auditors. The internal audit is performed on a half-yearly basis and they report to the Audit & Risk Committee at least twice per year.

The main areas, systems and processes covered by internal audit during the year was as follows:

i. Compliance with the investment strategy (investment limits and restrictions);

ii. Authorisation and processing of transactions;

iii. Classification of securities (for IFRS purposes);

iv. Maintaining accounting and other financial records;

v. Monitoring of financial performance of the Fund (including valuation of unquoted securities)

The Internal Auditor reports directly to the Audit & Risk Committee, has unrestricted access to review all activities and transactions undertaken within the Company and to appraise and report thereon. There was no restriction placed over the right of access by internal audit to the records, management or employees of the organisation.

Internal auditors have no operational responsibility or authority over any of the activities audited. Accordingly, they are not involved in internal controls, developing procedures, installing systems, preparing records, or engaging in any other activity that may impair the internal auditor's judgment.

External Audit

Grant Thornton Mauritius was re-appointed as the External Auditors for the financial year ended 30 June 2019 at the Annual General Meeting held in December 2018. They are in office for the last 3 consecutive years for the audit of the financial statements of the Company.

The Audit & Risk Committee ensures that the External Auditor is rotated at least every 7 years. The approach to appointing External Auditor is done through a tendering process. The last tender for appointment of Grant Thornton Mauritius was conducted in November 2016.

Meeting with Audit & Risk Committee

The External Auditors meet with the Chairman of the Audit & Risk Committee as and when they find it necessary, without the presence of Management. During such meeting, they discuss on the financial statements of the Company, timeline of the audit, the audit approach, the accounting principles and critical policies adopted.

Evaluation of the Auditor

The Audit & Risk Committee evaluates the External Auditor in fulfilling their duty annually, to make an informed recommendation to the Board for the reappointment of the External Auditor. The Audit & Risk Committee assesses the qualifications and performance of the Auditor; the quality of the Auditor's communications with the Audit & Risk Committee and the Auditor's independence, objectivity and professional scepticism.

Corporate Governance Report (Contd)

PRINCIPLE 7 - Audit (Contd)

The key issues raised by the Auditors are discussed at the Audit & Risk Committee and Management is invited to explain and take remedial measures.

Information on non-audit services

The Company has appointed Grant Thornton (Advisory Services) Ltd for tax compliance services. The fees charged for this service is Rs 22,000 for the year ended 30 June 2019.

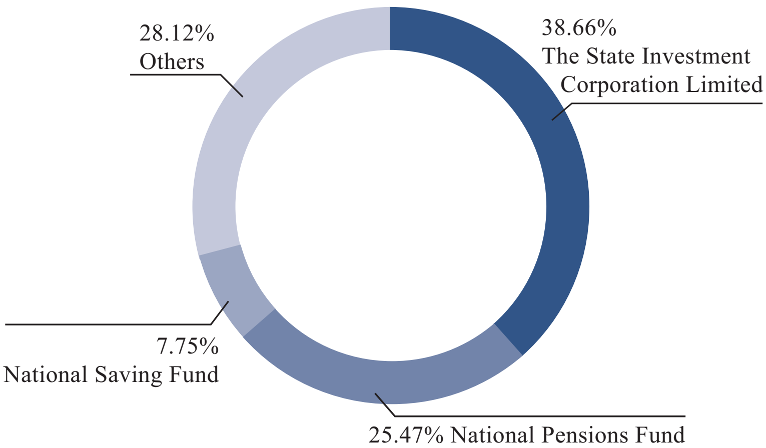
The audit and tax department of Grant Thornton are two separate departments and the manager and signing partner for the provision of each service are different persons.

PRINCIPLE 8 - Relations with Shareholders and other Key Stakeholders

"The Board should be responsible for ensuring that an appropriate dialogue takes place among the organisation, its shareholders and other key stakeholders. The Board should respect the interests of its shareholders and other key stakeholders within the context of its fundamental purpose."

Share Capital Structure

The holding structure of Port Louis Fund Ltd as at June 30, 2019 was as follows:-



Shareholders holding more than 5% share capital of the Company as at June 30, 2019:-

Shareholder	No. of Shares	% of Share Capital
The State Investment Corporation Limited	19,379,611	38.66%
National Pensions Fund	12,766,470	25.47%
National Savings Fund	3,882,297	7.75%

Corporate Governance Report (Contd)

PRINCIPLE 8 - Relations with Shareholders and other Key Stakeholders (Contd)

Shareholding analysis as at June 30, 2019

Range (No. of shares)	No. of Shareholders	No. of shares	% of share capital	% of all shareholders
1 – 1,000	2,939	1,172,013	2.34	66.08
1,001 – 5,000	911	2,511,500	5.01	20.49
5,001 – 10,000	337	2,660,923	5.31	7.58
10,001 – 25,000	190	2,982,980	5.95	4.27
25,001 – 50,000	47	1,525,481	3.04	1.06
50,001 – 100,000	12	856,702	1.71	0.27
100,001 – 1,000,000	8	2,384,486	4.76	0.18
Over 1,000,000	3	36,028,378	71.88	0.07
TOTAL	**4,447**	**50,122,463**	**100.00**	**100.00**

Category of Shareholders as at June 30, 2019

Shareholders Type	No. of shareholders	No. of shares	% shareholding
Individuals	4,393	12,345,237	24.63
Corporate Bodies and others	54	37,777,226	75.37
TOTAL	**4,447**	**50,122,463**	**100.00**

Company Key Stakeholders

The Company continuously engages with its stakeholders to understand the concern and priorities. The Company's key stakeholders and its interactions are as follows:-

Shareholders

All shareholders are entitled to voting rights in proportion of their shareholding. Each share carries one vote.

CIS Manager ("Fund Manager")

The Company has an Investment Management Agreement with Capital Asset Management Ltd (CAM). CAM supplies the necessary skills and expertise to deliver as mandated. A representative of the Fund Manager attends all Board/Committee Meetings of the Fund. There exist fair payment practices between the Fund and the Fund Manager.

Registrar and Transfer Office

The Company has an agreement with Prime Partners Ltd ("the Registry") to provide Registrar and Transfer Office Services. The Registry participates in events organized by the Fund and they work in a spirit of partnership with the Fund Manager. Daily communication take place between Registry and the Fund Manager. There is a good working relationship between the Fund Manager and the Registry.

Corporate Governance Report (Contd)

PRINCIPLE 8 - Relations with Shareholders and other Key Stakeholders (Contd)

Custodian Services - Local

The Company has an agreement with SBM Bank (Mauritius) Ltd to provide custodian services for its local investments. The Company ensures fair and reasonable contract terms, timely payment of custodian fees and timely and effective decisions between the two parties.

Custodian Services – Foreign

The Company has an agreement with ICICI Bank Ltd of India to provide custodian services for its investments in the Indian stock market. The Company ensures fair and reasonable contract terms, timely payment of custodian fees and timely and effective decisions between the two parties.

Regulators

Relationships with the regulators, mainly the Financial Services Commission, the Registrar of Companies and the Mauritius Revenue Authority are considered as critical for good running of the Company. The Company maintains relationship with its regulators through written communications, filing of returns and financial reports, participation in forums, conferences and workshops as well as compliance with relevant legislation.

These relationships are viewed as strategic partnerships to ensure that the Company upholds and maintains best practices with full transparency.

Contract with Shareholders

The Company does not have any contract with shareholders, except a Liquidity Contract with The State Investment Corporation Limited to ensure that there is sufficient liquidity to complete transactions based on demand for, and supply of, the Company's shares.

Conduct of Shareholders' Meetings

All Directors and External Auditors are invited to attend Shareholders' meetings.

The Constitution allows a shareholder of the Company to appoint a proxy whether a shareholder or not, to attend and vote on their behalf.

At the Shareholders' meeting, each issue is proposed in a separate resolution:-

- The approval of the Annual Report and Audited Financial Statements;
- The ratification of dividend (if applicable);
- The election or re-election of Directors of the Board on an Annual basis;
- The appointment or re-appointment of Auditors under section 200 of the Companies Act 2001 and
- Any other matter which may require the Shareholders approval.

Corporate Governance Report (Contd)

PRINCIPLE 8 - Relations with Shareholders and other Key Stakeholders (Contd)

Communication with the Shareholders

Communication between the Company and its shareholders takes place on a regular basis. At the first level of communication, the Net Asset Value per share of the Fund and factsheet detailing the performance are published daily and monthly respectively on its website, www.portlouisfund.com.

Annual report containing the audited accounts, performance review and other essential information is sent to all shareholders. The shareholders are also invited to the Annual Meeting where they are encouraged to interact with directors and ask questions or seek clarifications from the Board and Management regarding the Fund. Furthermore, any queries addressed to the Registry and/or the Fund Manager, are promptly attended to.

A statement of holdings, including the value of investments, is sent to every shareholder annually.

Annual Meeting of Shareholders

The next Annual Meeting of the Company is scheduled in November/December 2019 and an appropriate notice of meeting is given to the shareholders.

Calendar of Important Events

The following is a schedule of events as at 30 June 2019:

Date	Event
December 29, 2018	Annual Meeting of Shareholders
June 19, 2019	Declaration of Dividends
June 28, 2019	Payment of Dividends
June 30, 2019	End of Financial Year

STATEMENT OF COMPLIANCE
(Section 75 (3) of the Financial Reporting Act 2004)

Name of PIE: Port Louis Fund Ltd

Reporting Period: Financial year ended 30 June 2019

We, the Directors of Port Louis Fund Ltd, the "Company" confirm to the best of our knowledge that the Company has complied with all of its obligations and requirements under the Code of Corporate Governance except for the following section:-

Principle 2: The Structure of the Board and its Board Committees

Board Composition

The recommendation of the Code is to have at least two executive directors.

The management of the Company has been outsourced to Capital Asset Management Ltd (CAM) as CIS Manager. Given the circumstances, the Board has not deemed it necessary to appoint an executive director. A representative of CAM attends Board/Committee meetings and assists the Directors in the decision-making process.

Signed on behalf of the Board of Directors:

Mr. G. Goburdhun
Chairman

Mr. V. Bhuguth
Director

Certificate from the Secretary to the members of Port Louis Fund Ltd

We certify, to the best of our knowledge and belief, that we have filed with the Registrar of Companies all such returns as are required of **Port Louis Fund Ltd**, under the Companies Act 2001, in terms of Section 166 (d), during the financial year ended 30 June 2019.

Prime Partners Ltd
Company Secretary
Per Christophe Brette

Registered office:

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

Date: 25 September 2019

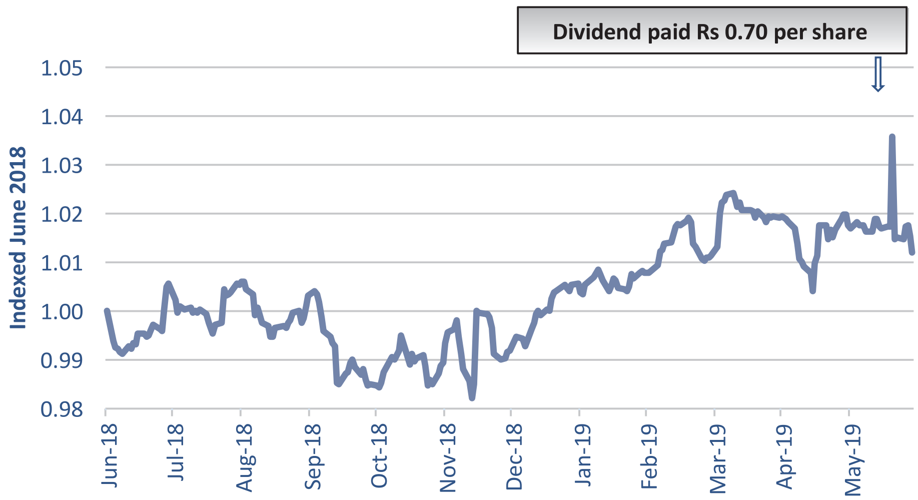
Performance Review

FUND PERFORMANCE

The Fund registered a return of 3.7% for the financial year ended 30 June 2019. This return was achieved mainly on back of portfolio performance of the foreign segment and unquoted shares. The cumulative return of the Fund since its launch and assuming that dividend paid was reinvested totalled 646.7% (annualized return of 9.6%).

Figure 1: Evolution of Net Asset Value per Share for the Year

The Fund achieved a total return of 3.7% for the FY 2019.



The Fund continued its upward progression and saw its NAV per share increase from Rs 31.91 as at end of June 2018 to Rs 32.39 on 30 June 2019. In addition, the Fund paid a dividend of Rs 0.70 per share to all shareholders registered on 19 June 2019.

The local stock market followed a downward trend during the period under review. As an indication, the SEMDEX (a proxy for local stock market performance), lost 5.0% during that period. The performance of the Fund's foreign portfolio and unquoted shares contributed significantly to its overall performance. Despite various market events, the global equities ended the financial year in positive territory with the MSCI World Index (a proxy for foreign stock markets performance) posting a return of 7.4% in MUR terms. Amidst supportive macroeconomic data, a robust reporting season boosted positive earnings momentum.

ASSET CLASS PERFORMANCE

The Net Asset Value of the Fund as at 30 June 2019 stood at Rs 1,623.5M compared to Rs 1,602.5M in the previous financial year, representing an increase of 1.3%.

Asset Allocation is a strategic decision which to a large extent determines the performance of the Fund. The asset allocation is reviewed periodically and adjusted in light of changes in market conditions so as to balance the risk minimization and return maximization targets. The asset class of the Fund can broadly be classified into three categories: locally listed equity, unquoted shares, and foreign investments. The total return of each asset class in MUR terms is summarised in Table 1.

Performance Review (Contd)

ASSET CLASS PERFORMANCE (Contd)

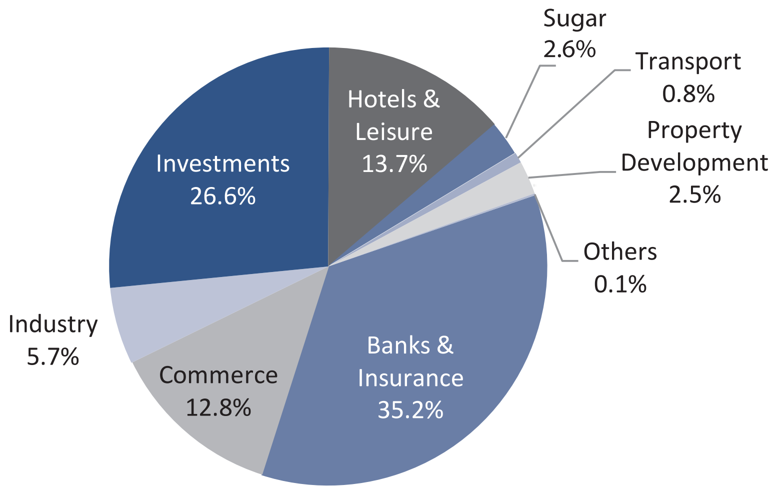
Table 1: Portfolio Return (Total Return Decomposition)

Asset Class	Total Return	Average Portfolio % Held
Locally Listed Equity	-3.2%	32.1%
Unquoted Shares	9.1%	42.7%
Foreign Investments	9.4%	24.0%

Locally Listed Equity Portfolio

The value of locally listed equity, for the period under review, decreased from Rs 534.7M to Rs 499.0M. Total value of securities bought for the year amounted to Rs 30.3M whereas total disposals were Rs 26.8M. Total dividends received from this asset class amounted to Rs 22.2M. The Fund remained exposed mainly in Banking & Insurance, Investments, and Hotels & Leisure sectors as illustrated in Figure 2.

Figure 2 : Locally Listed Equity Sectoral Breakdown



The locally listed equity portion had an average weight of 32.1% of the total portfolio throughout the financial year ended 30 June 2019. This segment registered a total return of -3.2% and contributed -1.0% to the total return of the Fund. In comparison, the SEMDEX and DEMEX posted negative returns of 5.0% and 4.7% respectively while SEMTRI recorded a loss of 2.2%. The sector breakdown of locally listed equity portfolio is shown in Table 2.

Table 2: 2019 Sector Breakdown of Locally Listed Equity Portfolio				
Sectors	**Value (Rs M)**	**% of Locally Listed Equity Portfolio**	**% of SEMDEX**	**% of Total Portfolio**
Banks & Insurance	175.7	35.2	38.8	10.8
Commerce	64.0	12.8	17.5	3.9
Industry	28.4	5.7	7.7	1.7
Investments	132.9	26.6	23.2	8.2
Hotels & Leisure	68.3	13.7	10.9	4.2
Sugar	12.8	2.6	0.8	0.8
Transport	3.9	0.8	0.4	0.2
Property Development	12.3	2.5	0.6	0.8
Others	0.7	0.1	0.1	0.04
Total	**499.0**	**100.0**	**100.0**	**30.7**

Top 5 Holdings

The top five holdings totalled to a market value of Rs 871.4M as depicted below in Table 3 and summed up to 72.3% of the local segment, translating into 53.7% of the total portfolio.

Table 3: Top 5 Holdings Local Equities			
Securities	**Market Value (Rs M)**	**% of Local Equity**	**% of Portfolio**
SICOM	619.2	51.4	38.1
MCB	119.8	9.9	7.4
Maurinet	47.0	3.9	2.9
SBM	44.8	3.7	2.8
Ascencia	40.5	3.4	2.5
Total	**871.4**	**72.3**	**53.7**

The State Insurance Company Ltd (SICOM)

SICOM was incorporated in 1988. Its portfolio of activities consists of Life Assurance, General Insurance, Group Life and Pensions, Actuarial Services, Group Medical, Loans, Financial Services and Investment Management. For the period under review SICOM Group total assets have increased from Rs 19.7 Billion to Rs 20.9 Billion as at 30 June 2019. The Group profit after tax reached Rs 579.9 Million as at 30 June 2019 from Rs 467.8 Million representing an increase of 22%. The Fund received a total dividend of Rs 20.5M from SICOM for the period under review.

The Mauritius Commercial Bank Group Ltd (MCBG)

MCBG is the leading banking financial services group and also the largest in terms of market capitalisation stock listed on the SEM since 1989. As at 30 June 2019, its market capitalisation stood at Rs 69.0Bn representing 27.32% of the SEMDEX. Operating income of MCBG increased by 19.3% to reach Rs 20,226 million. For the period 30 June 2018 to 30 June 2019, the share price of MCBG grew by 5.1% in MUR terms.

Maurinet Investment Ltd (Maurinet)

Maurinet is the holding company of Mauritius Network Services Ltd (MNS). MNS's activities are to develop, maintain, operate and manage electronic information and communication systems. As per audited results for the year ended 31 December 2018, the company posted revenue of Rs 165.5M at par with the previous year, while profit was down by 0.4% to Rs 60.9M. Total assets soared by 4.4% to Rs 372.2M. For the period under review, PLF received around Rs 3.5M worth of dividend from Maurinet.

The State Bank of Mauritius Holdings Ltd (SBMH)

SBMH is one of the largest financial services groups in Mauritius with growing international presence. SBMH started operations in 1973 and was listed on the Stock Exchange of Mauritius in 1995. As at 30 June 2019, its market capitalisation was Rs 16.9Bn. The share price of SBMH decreased by 23.0% over the period under review and closed at Rs 5.58 on 30 June 2019. The Group recorded an operating income of Rs 4,498 Million for the six-month ended 30 June 2019, as compared to Rs 4,011 Million for the corresponding prior period.

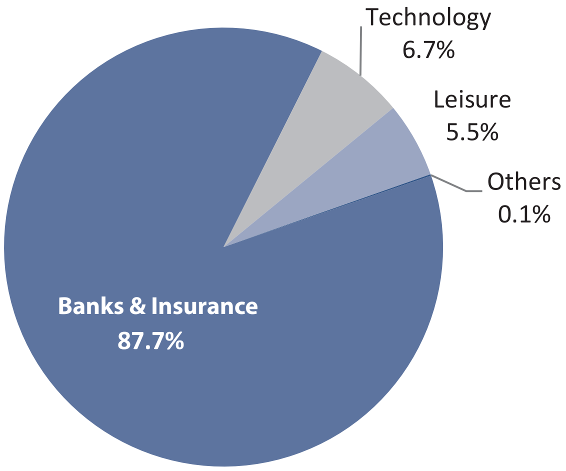
Ascencia Ltd (Ascencia)

Ascencia is the largest property company in Mauritius, specialising in retail properties. Its main activity is to acquire, invest and hold investments in real estate, primarily located on the island. Its portfolio of properties currently comprises six shopping malls, including regional and national facilities like Phoenix and Riche Terre Malls and the Bagatelle Mall. Ascencia is listed on the Development & Enterprise Market of the Stock Exchange of Mauritius. Ascencia's share price increased by 13.7% over the period under review and closed at Rs 19.35 on 30 June 2019. The Group operating profit increased by 22.9% for the period under review.

Unquoted Shares

The value of unquoted shares increased from Rs 670.8M (FY 2018) to Rs 706.7M (FY 2019). No trade transactions were conducted during the period. However, this asset class was subject to the regular revaluation exercises carried out by an independent valuer. Major revaluations included the increase of the value of SICOM by 7.4% and decrease in Maurinet Investments by -13.4 %. The value of other securities remained roughly the same. Total dividends of Rs 24.0M were received from this segment during the year.

Figure 3 : Unquoted Shares Sectoral Breakdown



As highlighted in Figure 3 and Table 4, the value held in the Bank & Insurance sector has gone up resulting from an increase in the value of SICOM.

Table 4: 2019 Sector Breakdown of Unquoted Securities

Sectors	Value (Rs M)	% of Unquoted Securities	% of Total Portfolio
Insurance	619.7	87.7%	38.2%
Technology	47.0	6.7%	2.9%
Leisure	39.2	5.5%	2.4%
Others	0.8	0.1%	0.0%
Total	**706.7**	**100.0%**	**43.5%**

Foreign Investments

As at 30 June 2019, the Fund had Rs 393.9M invested in foreign markets. The foreign component represented around 24.0% in terms of weightage of the total portfolio. Disposals of foreign securities amounted to Rs 81.6M while there were Rs 64.3M worth of acquisitions over the course of the year. The foreign portfolio is invested to the tune of 97.2% in equities, 2.8% in bonds, cash & others as highlighted in Figure 4 and Table 5. Out of the total foreign investments of Rs 393.9M, Rs 137.5M was allocated to the Indian stock market and the remainder was spread over the rest of the world.

The total return on the foreign portfolio for the year ended 30 June 2019 was 9.4%. As an indication, MSCI World Index registered 7.4% in MUR terms translating in a return of 4.7% in USD terms and the MSCI Emerging Market Index generated a return of 3.3% in MUR terms and 0.8% in USD terms.

Foreign Investments (Contd)

Investment in foreign funds is carried out via foreign fund managers, mostly, Franklin Templeton, Fidelity Investments, T Rowe and BlackRock amongst others.

The global economy, which started the year 2018 on a solid footing, lost some momentum during the second half of the year on account of a host of factors. Accordingly, growth projections for 2019 have also been scaled down by a number of major forecasting institutions, notably the IMF, OECD and World Bank. IMF projects that the global economy is about to enter into another phase of low growth during 2019 and is set to grow by only 3.3% in 2019 compared to 3.6% in 2018. Hence, the Fund reshuffled its investments during the FY 2019.

Figure 4: Foreign Portfolio Breakdown

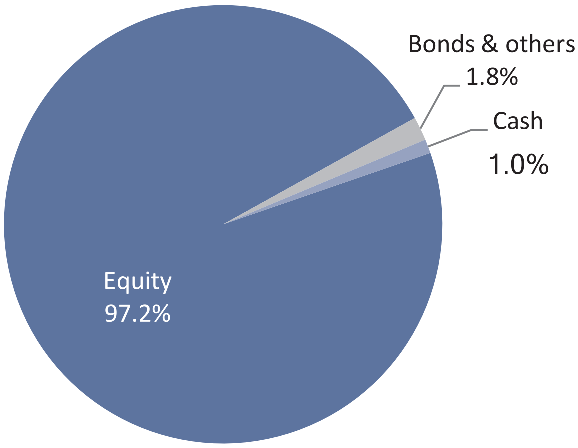


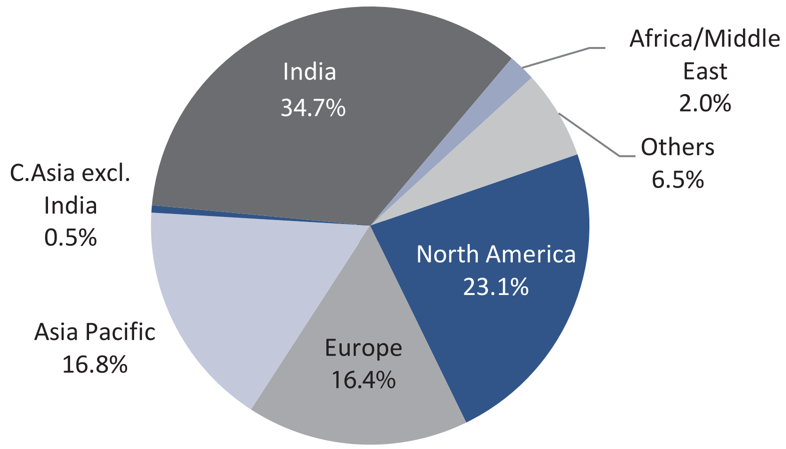
Table 5: 2019 Foreign Investment Asset Class Breakdown			
Asset Type	**Value (Rs M)**	**% of Foreign Investments Portfolio**	**% of Total Portfolio**
Equity	382.9	97.2	23.7
Bonds & others	6.9	1.8	0.4
Cash	4.1	1.0	0.3
Total	**393.9**	**100.0**	**24.4**

Performance Review (Contd)

Geographical allocation

As at end of June 2019, the foreign allocation was largely dominated by exposure to the US, European & Indian geographical area constituting approximately 74.2% of the Fund's foreign assets. Over the year, the strategy of rebalancing the portfolio to wider diversify global portfolios and partially to emerging markets and sectors with above market growth potential paid off. The geographical spread of the foreign segment is depicted in Figure 5.

Figure 5: Geographical Breakdown



Currency distribution

The foreign portfolio segment of the Fund inherently leads to exposures to major hard currencies. As a result, the foreign portfolio has high exposures in 3 main currencies (USD, EUR, and INR), with USD and EUR collectively accounting for 57% of the total exposure.

Currency	Value (Rs M)	% of Foreign Investments Portfolio	% of Total Portfolio
USD	148.9	37.8	9.2
EUR	74.6	19.0	4.6
GBP	5.4	1.4	0.3
INR	133.8	33.8	8.2
Others	31.2	8.0	2.1
Total	**393.9**	**100.0**	**24.4**

Top 5 Foreign Holdings

The top 5 holdings, worth Rs 61.7M, represented 23.8% of the segment, translating into 3.8% of the total portfolio as summarised in Table 7.

Table 7: Top 5 Holdings in Foreign Investments

Securities	Market Value (Rs M)	% of Foreign Portfolio Excluding India	% of Portfolio
Fidelity World Fund	19.1	7.4	1.2
Franklin Templeton US Opportunity Fund	15.9	6.1	1.0
Emerging Africa Bond Fund	10.1	3.9	0.6
Fidelity Greater China Fund	8.5	3.3	0.5
Fidelity America	8.1	3.1	0.5
Total	**61.7**	**23.8**	**3.8**

Indian Equity

The Indian economy faced several headwinds both domestic and external during the period. Encouragingly, despite global headwinds like volatile oil prices, elevated trade tensions, geopolitical uncertainties in some parts of the world. Indian economy stood out as an outlier in terms of growth with an estimated growth of 7% for the year under review (as per estimates of the Indian Central Statistics Office). Despite this slight deceleration in economic activity, the outlook for growth appears to be favorable with real GDP growth projected to improve from 7.0% in 2018-19 to 7.2% in 2019-20.

During the fiscal year 2018-19, economic growth was mainly driven by the construction and the manufacturing sectors, both expanding over 7%. The annual average inflation rate stood at 3.5%, within the Reserve Bank of India's target rate of 2% - 6%.

According to Reserve Bank of India, the current account deficit is expected to improve from 2.5% of GDP for the fiscal year 2018-19 to 2.3% for the fiscal year 2019-20, on account of decreasing imports through increased customs duty on electronic goods which constitute about 11% of India's total imports. The Reserve Bank of India cut the policy repo rate in April 2019 by 25 basis points, from 6.25% to 6.00%.

The Indian equity portion represented 34.7% of the foreign portfolio of the Fund, which translated to 8.5% of the whole portfolio as detailed in Figure 6 and Table 8. This segment of the portfolio was valued at Rs 137.5M (INR 265.6M) as of 30 June 2019. For the year ended 30 June 2019, in MUR terms, the Indian equity portfolio registered a return of 18.0%. As a reference, the SENSEX gained 15.0% in MUR terms over the same period.

The portfolio is well-diversified, as graphically shown below, with a higher exposure to the Indian financial sector. The top 5 holdings make up to 48.4% of this portion of the portfolio, equating to 3.9% of the total portfolio.

Performance Review (Contd)

Indian Equity (Contd)

Figure 6: Indian Equity Sector Breakdown

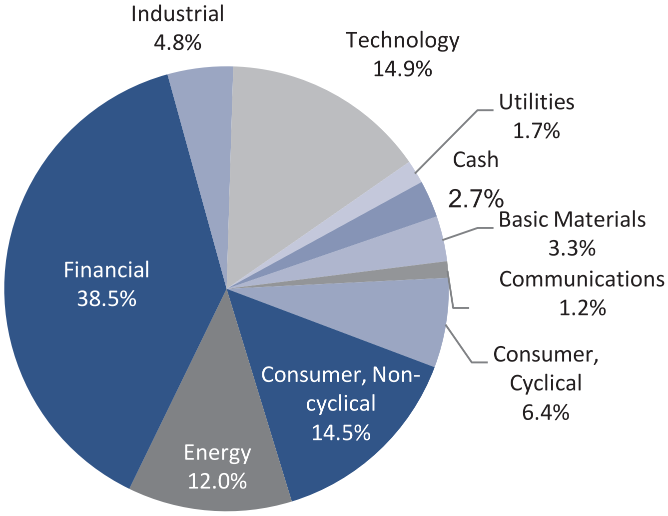


Table 8: Top 5 Holdings India				
Securities	**Sectors**	**Market Value (Rs M)**	**% of Indian Equity**	**% of Portfolio**
HDFC Bank Ltd	Financial	16.5	12.7	1.0
Reliance Industries Ltd	Energy	13.3	10.3	0.8
HDFC Ltd	Financial	12.5	9.6	0.8
ICICI Bank Ltd	Financial	10.9	8.4	0.7
Infosys Ltd	Technology	9.7	7.5	0.6
Total		**62.9**	**48.5**	**3.9**

HDFC Bank Ltd

HDFC Bank Ltd offers a wide range of services to the global corporate sector. The bank provides corporate banking and custodial services and is active in the treasury and capital markets. The financial performance of the bank during the year ended 2019, remained healthy with an increase in net profit by 20.5%. For the period 30 June 2018 to 30 June 2019, the share price of HDFC Bank Ltd grew by 18.0% in MUR terms.

Reliance Industries Ltd

Reliance Industry Ltd (RIL) is India`s largest petrochemical firm and among the largest companies. RIL is India's largest and most profitable private sector company. RIL continued to be a significant global player in the integrated energy value chain while establishing leadership positions in the retail and digital services business in India. The company profit grew up by 13.1% while the share price grew by 33.6% in MUR terms for the period 30 June 2018 to 30 June 2019.

Indian Equity (Contd)

Housing Development Finance Corporation Ltd (HDFC Ltd)

HDFC Ltd provides housing finance in India. The company provides long-term housing loans to low and middle-income individuals, as well as to corporations. The principal business is providing finance to individuals, corporates, and developers for the purchase, construction, development and repair of houses, apartments and commercial properties in India. Net Interest Income grew by 18% during the year. Share price soared by 19.3% in MUR terms from June 2018 to June 2019.

ICICI Bank Limited (ICICI Ltd)

ICICI Ltd operates a network of banks located throughout India. ICICI Ltd specialises in retail and corporate banking, in addition to forex and treasury operations. ICICI Ltd also provides a wide variety of investment banking, insurance, and financial services to its clients. Operating profits of ICICI Ltd grew by 16.5% in MUR terms during fiscal 2019. Share price jumped by 61.4% in MUR terms from June 2018 to June 2019.

Infosys Limited

Infosys Limited established in 1981 is the first Indian IT company to be listed on the NASDAQ. Infosys Limited provides services including application development, product co-development, system implementation and system engineering. Infosys Limited targets businesses specializing in the insurance, banking, telecommunication and manufacturing sectors. The operating profits growth stood at 10.1% in fiscal year March 2019. The share price gained around 14.1% in MUR terms for the period June 2018 to June 2019.

Global Economic and Market Review

After expanding by 3.8% and 3.6% in 2017 and 2018 respectively, the global economy is expected to slow down in 2019. According to IMF April's World Economic Outlook, global growth is expected to remain at 3.0% in 2019-2020, however, the steady pace of expansion in the global economy masks an increase in downside risks that could potentially exacerbate development challenges in many parts of the world.

Geopolitical tensions, unresolved trade disputes between the US and China, uncertainty pertaining to Brexit and rising debt, among others, continue to impact the world economic environment. Besides non-financial risks, such as social unrest (France and Venezuela) and environmental challenges, might further dent the weakened global growth.

The Federal Reserve's Open Market Committee raised the target range for the Federal Funds rate to 2.25%-2.50% from 2.00%-2.25% at its December 2018 monetary policy meeting. However, following its January 2019 meeting, the Committee signaled a slowdown in interest rate hikes. In its subsequent March meeting, the Committee indicated that there will be no rate hikes in 2019. Indeed, the Federal Funds rate was kept unchanged at 2.25%-2.50% at its most recent May 2019 monetary policy meeting.

The UK economy grew by 1.4% in 2018 compared to 1.8% in 2017. Consumer and business confidence remained low due to uncertainties relating to Brexit. Nonetheless, according to the latest monthly GDP statistics from the Office for National Statistics, the UK economy grew by 0.5% QoQ in the first quarter of 2019 on the back of higher industrial production. The Bank of England maintained its policy interest rate (Bank Rate) at 0.75% during its monetary policy meeting in May 2019.

As for the Eurozone, it registered a growth rate of only 1.8% in 2018 as compared to 2.4% in 2017. Germany is no exception, traditionally the strongest economy in the Eurozone, also experienced a slowdown in 2018. At its monetary policy meeting in April, the European Central Bank (ECB) kept interest rates unchanged with the main refinancing rate at 0.00%, and the marginal lending rate and deposit facility rate at 0.25% and -0.40% respectively. Weak economic data and moderate inflation were the main driving forces for the continued accommodative monetary policy stance.

On the Asian market front, the Chinese economy annual growth decelerated in 2018 to 6.4% largely owing to the spillover effects of the financial deleveraging and the unresolved trade tensions with the US that dampened economic sentiment. However, the economy recovered in the first quarter of 2019, despite the ongoing trade war with the US and large domestic vulnerabilities.

Table 9: Performance of Main International Indices over the Financial Year

Index	Return (Domestic)	Return (MUR)
BSE SENSEX	12.44%	14.90%
S&P 500	8.30%	11.57%
MSCI World	4.74%	7.41%
MSCI EM	0.78%	3.32%
Nikkei 225	-4.47%	0.30%

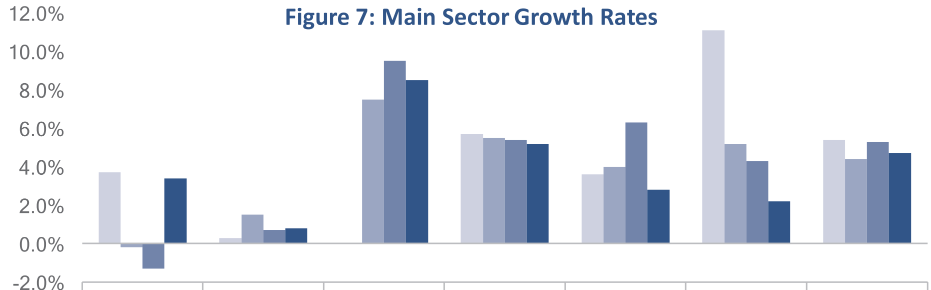
Global Economic and Market Review (Contd)

BSE SENSEX recorded a gain of nearly 15% in MUR terms as Indian government announced a big cut on Indian Corporate Tax from 30% to 25.17% coupled with a sharp decline in oil prices and strong buying by domestic funds have helped Indian markets withstand global volatility since October 2018. MSCI World Index gained 7.4% during the period ended 30 June 2019, though equities have been subject to high volatility. The good performance of the index was mainly driven by the US stock market and supported by increasingly accommodative central banks and hopes of progress in trade tensions by end of June 2019. The US stocks continued to hit new highs and the S&P 500 posted its best second half of the financial year ended 30 June 2019 in 22 years, rising by 18.5% (in USD terms). As for MSCI EM, it gained 3.3% as emerging markets underperformed developed ones as the geopolitical issues and a strong dollar dimmed the economic outlook in these markets. The Nikkei 225 registered only 0.3% in MUR terms over the FY 2019 as Japan's core inflation slowed to its weakest in June 2019 and the Manufacturing PMI edged down from 53.1 (June 2018) to 49.5 (June 2019), reflecting a further loss of momentum across the manufacturing segment.

Local Economic Environment

The local economic activity during the year was generally positive as supported by growth in most sectors and domestic demand. The latter was driven by Private Consumption followed by Gross Fixed Capital Formation and Government Consumption. Domestic Inflation in June 2019 was 1.0%. A total labour force of 583,000 men and women was registered for 2018 of which 6.9% were unemployed. From 2013 to 2019, the country registered a gradual decrease in unemployment rate on account of various reforms carried out over the years. Official indicators from Statistics Mauritius pointed to an overall growth of 3.8% in 2018 which is a slight improvement from previous year. Figure 7 below provides a summary of the main sector wise growth rates.

Figure 7: Main Sector Growth Rates



	Agriculture, forestry and fishing	Manufacturing	Construction	Financial and insurance activities	Sea food	Tourism	ICT
2016	3.7%	0.3%	0.0%	5.7%	3.6%	11.1%	5.4%
2017	-0.2%	1.5%	7.5%	5.5%	4.0%	5.2%	4.4%
2018	-1.3%	0.7%	9.5%	5.4%	6.3%	4.3%	5.3%
2019(Forecasted)	3.4%	0.8%	8.5%	5.2%	2.8%	2.2%	4.7%

Source: Statistics Mauritius, BOM Estimates

The main growth driver is the Construction sector amidst large-scale public Sector projects including the Metro Express, new urban terminals, multi-sports complex at Cote D'Or, road decongestion program amongst others. Investment will be spread over forthcoming years given the project size and coverage area. The outlook on public sector investment remains robust in the years to come. Private sector investment is also expected to kick in with real estate and property development projects, tourism, energy amongst others.

Local Economic Environment (Contd)

As support to the domestic economy, the services sector such as Financial Services & Insurance and ICT remain important pillars. ICT contributed to around 5.7% in Gross Value Added (sum of value added by all firms, government institutions, householders in the country). At end of 2018, there were 2 fixed line service providers in Mauritius, 3 mobile providers and 12 Internet Service Providers. This sector has been growing constantly over the years. Over 2018, there was an increase of 11% in the number of subscribers to the broadband connection, with a noted increase in both mobile and fixed network.

Financial Services and Insurance sector has grown by 5.4% in 2018 and forecasted to grow by around 5.2% in 2019. Whilst earnings of the overall banking sector remained comfortable, it is worth noting the change in global financial landscape with the adoption of digitalization, investment in crypto-currency and digital tokens which are likely to have spill-over effects locally. In addition, within the FinTech realm, there has been the adoption of the Peer to Peer landing platform which can provide alternative lending solutions to entrepreneurs but at the same time challenge the traditional lending methods through banks.

The manufacturing sector registered a mild growth rate of 0.4% on the back of some textile factories closing down and difficulties experienced in operating conditions, for 2019, growth in this sector is expected to hover around 1.1%. Agricultural sector is expected to grow at 3.4% in 2019 with the cane industry expected to perform better on the back of higher local sugar production.

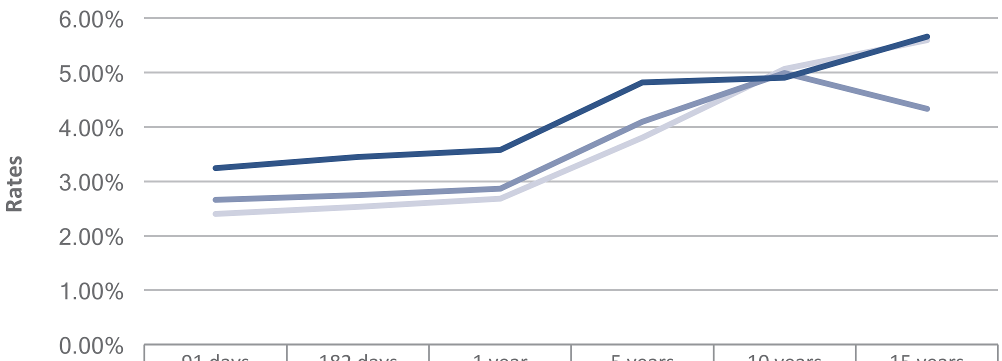
Tourism sector grew by 4.3% in 2018 compared to previous year, with visits hovering around 1.399 Mn people. This sector is affected by competitor countries such as Maldives, Seychelles and Sri Lanka. Top three countries of tourist arrivals were South Africa, Germany and France and a notable increase in arrivals was observed from Saudi Arabia, Czech Republic and Netherlands and decrease noted in number of tourists from China and Reunion Island. The country recorded 114 licenced hotels as at December 2018, with room capacity totaling 13,523. Whilst room occupancy averaged 75% in 2018 and earnings from tourism turned around Rs 64.0 Bn in 2018, both recording lower figures compared to previous year.

The ratio of investment to GDP is expected to be around 19.7% in 2019 (18.8% in 2018). Private sector investment is expected to grow by 4.9% in 2019. This growth is further enhanced by public sector investment, expected to grow by 26.4% for the same year. The debt to GDP ratio is also expected to rise given the several infrastructure projects taking place in Mauritius.

The Key Repo Rate was maintained at 3.50% p.a as at June 2019 same as last year. Prime lending rates hovered around 5.65% -8.50% p.a and savings rate around 1.20% - 2.00 % p.a. Figure 8 indicated the yield curves for the last 3 years. The corresponding average weighted average yields for 91-day and 182-day Treasury bills increased to 3.24% and 3.45% respectively. The yields on the longer-term bonds including 5-year and 15-year were 4.82% and 5.66%. During the year, the number of issuances of instruments by Bank of Mauritius, exceeded those that matured.

Local Economy Review & Outlook (Contd)

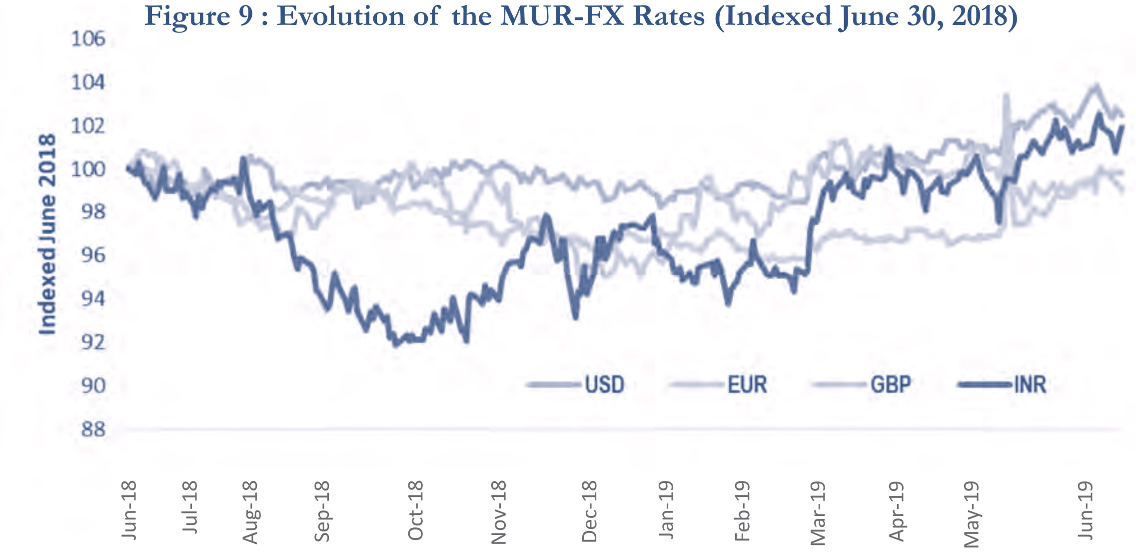
Figure 8: Yield Curves for Government Securities



	91 days	182 days	1 year	5 years	10 years	15 years
Average 2016-2017	2.41%	2.53%	2.68%	3.81%	5.07%	5.60%
Average 2017-2018	2.66%	2.75%	2.87%	4.10%	5.00%	4.33%
Average 2018-2019	3.24%	3.45%	3.58%	4.82%	4.90%	5.66%

During the financial year 2019, the Mauritian Rupee depreciated by 2.5% against the USD, and appreciated by 0.2%, 1.0% and 2.2% respectively against the EUR, GBP and INR (Depicted by Figure 9).

Figure 9 : Evolution of the MUR-FX Rates (Indexed June 30, 2018)



The INR dropped significantly during the first half of the year on the back of lower GDP data recorded during that period, added by a drop in Private Consumption Expenditure in India. This was fueled by heightened political uncertainty, however after the election results in May 2019, the INR soared again with regained general optimism.

Local Economy Review & Outlook (Contd)

Albeit the ongoing trade war between US and China, US economy remain strong and resilient. Euro remain affected by the monetary stance and uncertainties relating to Brexit is leading to a weak currency.

The Mauritian Stock Market

Figure 10: SEMDEX Evolution (Indexed June 28, 2018)

Local indices posted negative performance with SEMDEX and DEMEX closing at 2,128 points (-5.0%) and 228.3 points (-4.7%) respectively for the financial year ended 30 June 2019 as depicted in Figure 10. SEMDEX market capitalisation stood at Rs 252.7bn.

The SEMDEX was positively impacted by the performance of Rogers Ltd (+9.7%), IBL Ltd (+8.2%) and MCBG Ltd (+4.8%) even though downward pressure was felt from stocks such as NMH Ltd (-29.4%), Alteo Ltd (-26.6%) and SBMH Ltd (-23.4%). Foreigners were net sellers to the tune of Rs 2.47bn for the period under review.

On a comparable basis for SEMDEX, the Price to Earnings ratio decreased to 17.2x in June 2019 compared to 22.4x in June 2018 while the Price to Book ratio increased from 0.77x to 0.84x for the same period. The dividend yield increased from 2.1% to 3.3% as Earnings per Share increased from Rs 100.2 to Rs 133.1 for the same corresponding period. The ratios have been summarised in Table 10

Table 10: Valuation Ratios

Ratios*	2019	2018
Dividend Yield (%)	3.3	2.1
P/E (x)	17.2	22.4
P/B (x)	0.84	0.77
EPS (Rs)	133.14	100.27

Source: Bloomberg

Prospects

Going forward, the global economy will continue to face a confluence of risks and 2019 will be another year of modest growth. IMF has revised down the global economic growth forecast to 3.2% for the calender year 2019. Concerns such as a general economic slowdown, trade tensions, economic downturn in China and Brexit amidst others would continue to add to the volatility of equity and other assets markets. To some extent the impact of these challenges are already factored in market prices. Nevertheless, these factors may dent the financial markets. On the other hand, an orderly Brexit, easing of tension between US and China over trade and appropriate interest rate adjustments to reflect the economic reality by major economies could lead to a far better growth prospects.

We will continue to keep an eye on opportunities on the international markets, especially paying attention to the risk and return profile of investments. Although, the foreign portfolio is well diversified in terms of geography, currency, sector and risk/ return profile, we would continue to closely monitor our investments. We would also be diligently on the look out of better performing foreign fund managers.

On the local front, the global economic factors will no doubt have a bearing on the macroeconomic performance of the Mauritian economy. Growth forecast for 2019 will remain at 3.8%, same as last year. However, several policy measures have been announced by the authorities to stimulate growth. Such policy measures include: massive investments to upgrade public infrastructure, enhancing business facilitation, diversifying, expanding economic activities to the African region among others. The impetus created in the local economy is expected to be reflected in the stock market activities. Moreover, we also expect improvements in corporate earnings of some large cap companies. The Fund will by and large maintain its investments in companies having a sustainable business model and strong growth potential.

Furthermore, we will revisit the asset allocation of the Fund in light of the medium to long term economic and market outlook. Diversification in terms of equity/fixed income, local /foreign portfolio, and other sub-criteria such as, geography, currency among others will be central in that exercise. However, we shall be adopting a prudent approach but a more active management strategy coupled with adequate risk control parameters.

Mr G. Goburdhun
Chairman

Grant Thornton Mauritius

Independent auditors' report
To the members of Port-Louis Fund Ltd

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of **Port Louis Fund Ltd**, the "Company", which comprise the statement of financial position as at 30 June 2019, and 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 notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements on pages 52 to 85 give a true and fair view of the financial position of the Company as at 30 June 2019 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and in compliance with the requirements of the Mauritius Companies Act 2001 and the Financial Reporting Act 2004.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information Other than the Financial Statements and Auditors' Report Thereon ("Other Information")

Management is responsible for the Other Information. The Other Information comprises mainly of information included under the Corporate Data, Annual Report, Corporate Governance Report, Statement of Compliance and Report from the Company's secretary as required by the Mauritius Companies Act 2001, but does not include the financial statements and our auditors' report thereon.

Our opinion on the financial statements does not cover the Other Information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the Other Information and, in doing so, consider whether the Other Information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this Other Information, we are required to report that fact. We have nothing to report in this regard, with the exception of the information provided below.

Corporate Governance Report

Our responsibility under the Financial Reporting Act is to report on the compliance with the Code of Corporate Governance disclosed in the annual report and assess the explanations given for non-compliance with any requirements of the Code. From our assessment of the disclosures made on Corporate Governance in the annual report, the Company has, pursuant to section 75 of the Financial Reporting Act, complied with the requirements of the Code.

Grant Thornton Mauritius

Independent auditors' report (Contd)
To the members of Port-Louis Fund Ltd

Report on the Audit of the Financial Statements (Contd)

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation of the financial statements in accordance with International Financial Reporting Standards and in compliance with the requirements of the Mauritius Companies Act 2001 and the Financial Reporting Act 2004, and for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with International Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

Grant Thornton Mauritius

Independent auditors' report (Contd)
To the members of Port-Louis Fund Ltd

Report on the Audit of the Financial Statements (Contd)

Auditors' Responsibilities for the Audit of the Financial Statements (Contd)

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Other matter

Our report is made solely to the members of the Company as a body in accordance with Section 205 of the Mauritius Companies Act 2001. Our audit work has been undertaken so that we might state to the Company's 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 opinion we have formed.

Independent auditors' report (Contd)
To the members of Port-Louis Fund Ltd

Grant Thornton Mauritius

Report on Other Legal and Regulatory Requirements

Mauritius Companies Act 2001

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

- we have no relationship with, or any interests in, the Company other than in our capacity as auditors;
- we have obtained all the information and explanations that we have required; and
- in our opinion, proper accounting records have been kept by the Company as far as it appears from our examination of those records.

Grant Thornton

Grant Thornton Mauritius
Chartered Accountants

JUNAID HAJEE ABDOULA, FCCA
Licensed by FRC

Date: 25 September 2019

Ebene 72201, Republic of Mauritius

Statement of financial position as at 30 June

	Notes	2019 Rs'000	2018 Rs'000
ASSETS			
Non-current			
Portfolio of domestic securities	**7**	**716,686**	680,641
Portfolio of foreign securities	**8**	**389,397**	378,070
Non-current assets		**1,106,083**	1,058,711
Current			
Portfolio of domestic securities	**7**	**498,903**	534,679
Portfolio of foreign securities	**8**	**4,589**	-
Other receivables	**9**	**2,065**	2,274
Cash and cash equivalents		**22,949**	18,902
Current assets		**528,506**	555,855
Total assets		**1,634,589**	1,614,566
LIABILITIES			
Other payables	**11**	**4,734**	4,657
Current tax liabilities	**12**	**-**	263
Bank overdrafts		**2,817**	4,042
Dividend payable	**18**	**3,488**	3,123
Total liabilities excluding net assets attributable to holders of redeemable shares		**11,039**	12,085
Net assets attributable to holders of redeemable shares		**1,623,550**	1,602,481
Total liabilities		**1,634,589**	1,614,566
Net asset value per share	**20**	**32.39**	31.91

Approved by the Board of Directors on 25 September 2019 and signed on its behalf by:

Mr. G. Goburdhun
Chairman

Mr. V. Bhuguth
Director

The notes on pages 56 to 85 form an integral part of these financial statements.

Statement of comprehensive income for the year ended 30 June

	Notes	2019 Rs'000	2018 Rs'000
Income			
Investment income	**13**	**49,546**	43,006
Net gain on disposal of securities		**571**	1,423
Release to income on disposal of available-for-sale securities		**-**	(678)
Net increase in fair value of financial assets through profit or loss	**7, 8 & 14**	**28,395**	32,251
Other income		**337**	6,824
Total income		**78,849**	82,826
Expenditure			
Management fees	**15**	**(14,448)**	(14,267)
Registry costs	**16**	**(978)**	(748)
Other operating expenses	**17**	**(4,107)**	(2,913)
Total expenditure		**(19,533)**	(17,928)
Profit before tax	**17**	**59,316**	64,898
Tax expense	**12**	**(285)**	(395)
Profit for the year		**59,031**	64,503
Other comprehensive income:			
Items that will be reclassified subsequently to profit or loss:			
Increase in fair value of financial assets at FVOCI	**7**	**121**	77,055
Release to income on disposal of available-for-sale securities		**-**	678
Items that will not be reclassified subsequently to profit or loss		**-**	-
Other comprehensive income for the year, net of tax		**121**	77,733
Total comprehensive income for the year		**59,152**	142,236

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

The notes on pages 56 to 85 form an integral part of these financial statements.

Statement of changes in net assets attributable to holders of redeemable shares for the year ended 30 June

	2019 Rs'000	2018 Rs'000
Net assets attributable to holders of redeemable shares at 01 July	**1,602,481**	1,511,605
Proceeds from issue of redeemable shares	**13,121**	13,853
Payments on redemption of redeemable shares	**(16,143)**	(25,081)
Dividends distribution to holders of redeemable shares	**(35,061)**	(40,132)
Transactions with the shareholders	**(38,083)**	(51,360)
Profit for the year	**59,031**	64,503
Other comprehensive income for the year	**121**	77,733
Total comprehensive income for the year	**59,152**	142,236
Net assets attributable to holders of redeemable shares at 30 June	**1,623,550**	1,602,481

The notes on pages 56 to 85 form an integral part of these financial statements.

Statement of cash flows for the year ended 30 June

	Notes	2019 Rs'000	2018 Rs'000
Net cash used in operating activities *	**19 (a)**	**(20,403)**	(13,137)
Investing activities			
Purchase of investments		**(121,563)**	(5,938)
Proceeds from disposal of investments		**137,077**	31,528
Dividends received		**46,087**	40,406
Interest received		**967**	691
Net cash from investing activities		**62,568**	66,687
Financing activities			
Redemption of shares		**(16,143)**	(24,661)
Issue of shares		**13,121**	13,853
Dividend paid to holders of redeemable shares		**(33,871)**	(38,902)
Net cash used in financing activities		**(36,893)**	(49,710)
Net change in cash and cash equivalents		**5,272**	3,840
Cash and cash equivalents, at beginning of the year		**14,860**	11,020
Cash and cash equivalents, at the end of the year		**20,132**	14,860
Cash and cash equivalents made up of:			
Bank overdrafts		**(2,817)**	(4,042)
Cash at bank		**22,949**	18,902
Total	**19 (b)**	**20,132**	14,860

***Non-cash transaction**

Dividend reinvested	**1,190**	1,235

The notes on pages 56 to 85 form an integral part of these financial statements.

Notes to the financial statements

For the year ended 30 June 2019

1. General information and statement of compliance with IFRS

Port Louis Fund Ltd, the "Company", is a Collective Investment Scheme as per Securities Act 2005. The Company was incorporated on 09 June 1997 as a public company with limited liability. It initially 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 Company's registered address is at 15th Floor, Air Mauritius Centre, 6, President John Kennedy Street, Port Louis, Republic of Mauritius.

The principal activities of the Company are:

(a) to carry on business as an investment holding company;
(b) to deal in securities and properties of all kinds and;
(c) to manage and advise on investment funds.

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by International Accounting Standards Board (IASB).

2. Application of new and revised IFRS

2.1 New and revised standards that are effective for annual periods beginning on 01 July 2018

In the current year, the following new and revised standards issued by the IASB became mandatory for the first time for the financial year beginning on 01 July 2018:

IAS 40, Transfer of Investment Property (Amendments to IAS 40)

Under these amendments an entity shall transfer a property to, or from, investment property when, and only when, there is evidence of a change in use. A change of use occurs if property meets, or ceases to meet, the definition of investment property. A change in management's intentions for the use of a property by itself does not constitute evidence of a change in use.

IFRIC 22 Foreign Currency Transactions and Advance Consideration

IFRIC 22 clarifies the accounting for transactions that include the receipt or payment of advance consideration in a foreign currency.

IFRS 4, Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts (Amendments to IFRS 4)

The amendments in Applying IFRS 9 'Financial Instruments' with IFRS 4 'Insurance Contracts' (Amendments to IFRS 4) provide two options for entities that issue insurance contracts within the scope of IFRS 4.

IFRS 1/ IFRS 12/ IAS 28, Annual improvements to IFRS Standards 2014-2016 Cycle

The following amendments were made:

- IFRS 1 First-time Adoption of International Financial Reporting Standards - Deletion of short-term exemptions for first-time adopters.
- IFRS 12 Disclosure of Interests in Other Entities - Clarification of the scope of the Standard.
- IAS 28 Investments in Associates and Joint Ventures - Measuring an associate or joint venture at fair value.

Notes to the financial statements

For the year ended 30 June 2019

2. Application of new and revised IFRS (Contd)

2.1 New and revised standards that are effective for annual periods beginning on 01 July 2018 (Contd)

IFRS 9, Financial Instruments (2014)

The complete version of IFRS 9 replaces most of the guidance in IAS 39. IFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through other comprehensive income and fair value through profit and loss.

IFRS 2, Classification and Measurement of Share-based Payment Transactions (Amendments to IFRS 2)

The amendments bring clarification on the following matters:

- the accounting for cash-settled share-based payment transactions that include a performance condition;
- the classification of share-based payment transactions with net settlement features; and
- the accounting for modifications of share-based payment transactions from cash-settled to equity-settled.

IFRS 15 "Revenue from Contracts with Customers"

This is the converged standard on revenue recognition. It replaces IAS 11, 'Construction contracts', IAS 18, 'Revenue' and related interpretations.

Management has assessed the impact of these new and revised standards and interpretation and concluded that only IFRS 9, Financial Instruments (2014) and IFRS 15, Revenue from Contracts with Customers have an impact on these financial statements.

The adoption of IFRS 15 and IFRS 9 have the following impact on the financial statements.

IFRS 15 "Revenue from Contracts with Customers"

IFRS 15 replaces IAS 18 "Revenue", IAS 11 "Construction Contracts", and several revenue-related interpretations. The application of IFRS 15 does not have a material impact on the recognition and measurement of revenue by the Company.

The Company's accounting policy on revenue is detailed in Note 3.6 to these financial statements.

IFRS 9 "Financial Instruments"

IFRS 9 replaces IAS 39 "Financial Instruments: Recognition and Measurement". It makes major changes to the previous guidance on the classification and measurement of financial assets and introduces an "expected credit loss" model for impairment of financial assets.

When adopting IFRS 9, the Company has applied transitional relief and opted not to restate prior periods. Differences arising from the adoption of IFRS 9 in relation to classification, measurement and impairment are recognised in retained earnings. However, no differences were noted for the Company that were meant to be recognised in retained earnings as illustrated in the table below.

Notes to the financial statements

For the year ended 30 June 2019

2. Application of new and revised IFRS (Contd)

2.1 New and revised standards that are effective for annual periods beginning on 01 July 2018 (Contd)

IFRS 9 "Financial Instruments" (Contd)

The adoption of IFRS 9 has impacted the following areas:

- The Company's financial assets comprise of financial assets at FVTPL and FVOCI and cash and cash equivalents and other receivables. The application of IFRS 9 have impacted on the Company's available for sale investment which have been reclassified to assets at FVTPL and FVOCI.

- The impairment of financial assets applying the expected credit loss model (ECL). There is no financial instruments which have been affected by the ECL model during the year for the Company.

On the date of initial application, 01 July 2018, the financial instruments of the Company were reclassified as follows:

	Original IAS 39 category	New IFRS 9 category	Original carrying amount under IAS 39 Rs'000	New carrying amount under IFRS 9 Rs'000	Retained earnings effect Rs'000
Financial assets					
Non-current					
Portfolio of domestic securities:					
Investments in Le Grand Casino Du Domaine Ltee	FVTPL	FVTPL	**39,186**	**39,186**	**-**
Investments in unquoted local companies	FVOCI	FVTPL	**631,565**	**631,565**	**-**
Investment in bonds	FVOCI	FVOCI	**9,890**	**9,890**	**-**
Portfolio of foreign securities	FVOCI	FVTPL	**378,070**	**378,070**	**-**
			1,058,711	**1,058,711**	
Current					
Portfolio of domestic securities	FVTPL	FVTPL	**534,679**	**534,679**	**-**
Other receivables	Loans and receivables	Amortised cost	**2,236**	**2,236**	**-**
Cash and cash equivalents	Loans and receivables	Amortised cost	**18,902**	**18,902**	**-**
			555,817	**555,817**	
Total			**1,614,528**	**1,614,528**	**-**

There have been no changes to the classification or measurement of financial liabilities as a result of the application of IFRS 9. Other payables, dividend payables and bank overdrafts are still classified at amortised cost.

Notes to the financial statements

For the year ended 30 June 2019

2. Application of new and revised IFRS (Contd)

2.2 Standards, amendments to existing standards and interpretations that are not yet effective and have not been adopted early by the Company

At the date of authorisation of these financial statements, certain new standards, amendments to existing standards and interpretations have been published but are not yet effective, and have not been adopted early by the Company.

Management anticipates that all of the relevant pronouncements, as relevant to the Company's activities, will be adopted in the Company's accounting policies for the first period beginning after the effective date of the pronouncements. Information on new standards, amendments and interpretations is provided below:

IFRS 17,* Insurance *Contracts

IFRS 17 provides guidance on how to assess the significance of insurance risk based on the possibility of a loss on a present value basis (rather than nominal), and how to evaluate changes in the level of insurance risk.

***IFRS 16,* Leases**

The new standard requires lessees to account for leases 'on-balance sheet' by recognising a 'right of use' asset and a lease liability. It will affect most companies that report under IFRS and are involved in leasing, and will have a substantial impact on the financial statements of lessees of property with high value equipment.

IFRIC 23, Uncertainty over Income Tax Treatments

IFRIC had observed that there was diversity in practice for various issues on the recognition and measurement of a tax liability or asset in circumstances where there is uncertainty in the application of the tax law in concern. IFRIC 23 addresses uncertainty over how tax treatments should affect the accounting for income taxes.

IFRS 9, Prepayments Features with Negative Compensation (Amendments to IFRS 9)

This amends the existing requirements in IFRS 9 regarding termination rights in order to allow measurement at amortised cost (or, depending on the business model, at fair value through other comprehensive income) even in the case of negative compensation payments.

IAS 28, Long-term Interests in Associates and Joint Ventures (Amendments to IAS 28)

The amendment clarifies that an entity applies *IFRS 9*, *Financial Instruments* to long-term interests in an associate or joint venture that form part of the net investment in the associate or joint venture but to which the equity method is not applied.

IAS 1/ IAS 8, Definition of Material (Amendments to IAS 1 and IAS 8)

The International Accounting Standards Board (IASB) has issued 'Definition of Material (Amendments to IAS 1 and IAS 8)' to clarify the definition of 'material' and to align the definition used in the Conceptual Framework and the standards themselves.

Various – Amendments to References to the Conceptual Framework in IFRS Standards

The IASB has issued a revised Conceptual Framework which will be used in standard-setting decisions with immediate effect. Key changes include increasing the prominence of stewardship in the objective of financial reporting, reinstating prudence as a component of neutrality among others.

Notes to the financial statements

For the year ended 30 June 2019

2. Application of new and revised IFRS (Contd)

2.2 Standards, amendments and interpretations to existing standards that are not yet effective and have not been adopted early by the Company (Contd)

IAS 19, Plan Amendment, Curtail or Settlement (Amendments to IAS 19)

The International Accounting Standards Board (IASB) has published 'Plan Amendment, Curtailment or Settlement (Amendments to IAS 19)' thus finalising one of two issues relating to IAS 19 submitted to the IFRS Interpretations Committee and exposed together in June 2015.

IFRS 3 Definition of a Business (Amendments to IFRS 3)

The International Accounting Standards Board (Board) has issued narrow-scope amendments to IFRS 3, *Business Combinations* to improve the definition of a business. The amendments will help companies determine whether an acquisition made is of a business or a group of assets, effective for accounting periods beginning on or after 01 January 2020.

Annual Improvements to IFRS Standards 2015-2017 Cycle - IAS 12, IAS 23, IFRS 3 and IFRS 11.

The amendments were made for IFRS 3, Business Combinations - A company remeasures its previously held interest in a joint operation when it obtains control of the business; IFRS 11 Joint Arrangements- A company does not remeasure its previously held interest in a joint operation when it obtains joint control of the business; IAS 12, Income Taxes - A company accounts for all income tax consequences of dividend payments in the same way; and IAS 23, Borrowing Costs - A company treats as part of general borrowings any borrowing originally made to develop an asset when the asset is ready for its intended use or sale.

Management has yet to assess the impact of the above Standards, amendments to existing Standards and Interpretations on the Company's financial statements.

3. Summary of accounting policies

3.1 Overall considerations

The financial statements have been prepared using the significant accounting policies and measurement bases summarised below.

3.2 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and short-term bank deposit. Cash equivalents are short term, highly liquid investments maturing within 90 days from the date of acquisition that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

Bank overdrafts are shown in liabilities.

3.3 Share capital

The Company's share capital consists of redeemable shares.

They are redeemable at the shareholder's option and at prices based on the value of the Company's net assets at the time of issue or redemption and are classified as financial liabilities.

The shares are redeemed for cash and have a par value.

Dividend distributions payable to equity shareholders are included in current liabilities when the dividends have been approved by the Board prior to the reporting date.

Notes to the financial statements

For the year ended 30 June 2019

3. Summary of accounting policies (Contd)

3.4 Financial instruments

Recognition, initial measurement and derecognition

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the financial instrument. Subsequent measurement of financial assets and liabilities are described below.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred.

A financial liability is derecognised when it is extinguished, discharged, cancelled or expired.

Classification and subsequent measurement of financial assets

All financial assets are initially measured at fair value adjusted for transaction costs.

Financial assets, other than those designated and effective as hedging instruments, are classified into the following categories:

- Amortised cost;
- Fair value through profit or loss (FVTPL); and
- Fair value through other comprehensive income (FVOCI).

In the current year, the Company has financial assets categorised as FVOCI, FVTPL and amortised cost.

The classification is determined by both:

- the Company's business model for managing the financial asset.
- the contractual cash flow characteristics of the financial asset.

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance income, finance costs or other financial items, except for impairment of financial asset which is presented within other expenses.

All income and expenses relating to financial assets are recognised in the statement of comprehensive income.

Financial assets at fair value through profit or loss

Financial assets that are held within a different business model other than 'hold to collect' or 'hold to collect and sell' are categorised at fair value through profit and loss. Further, irrespective of business model financial assets where contractual cash flows are not solely payments of principal and interest are accounted for at FVTPL.

Assets in this category are measured at fair value with gains or losses recognised in profit or loss. The fair values of financial assets in this category are determined by reference to active market transactions or using a valuation technique where no active market exists.

The Company's financial assets at fair value through profit or loss consist of investments in both quoted and unquoted companies domestically as well as in foreign countries.

Notes to the financial statements

For the year ended 30 June 2019

3. Summary of accounting policies (Contd)

3.4 Financial instruments (Contd)

Classification and subsequent measurement of financial assets (Contd)

Financial assets at fair value through other comprehensive income ('FVOCI')

Financial assets are accounted for at FVOCI if the assets meets the following conditions:

- they are held under a business model whose objective is 'hold to collect' the associated cash flow and sell; and
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on principal amount outstanding.

The option to designate an equity instrument at FVOCI is available at initial recognition and is irrevocable. This designation results in all gains and losses being presented in Other Comprehensive Income (OCI) except for dividend income which is recognised in profit or loss. All other gains and losses are recognised in OCI without reclassification on derecognition.

The Company's investment in bonds were classified at FVOCI as per IAS 39 and is still classified at FVOCI under IFRS 9.

Financial assets at amortised cost

Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVTPL):

- they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows; and
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial recognition, these are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial. The Company's cash and cash equivalents and most of other receivables fall into this category of financial instruments.

Impairment of financial assets

IFRS 9's impairment requirements use more forward-looking information to recognise expected credit losses – the 'expected credit loss (ECL) model'. This replaces IAS 39's 'incurred loss model'. Instruments within the scope of the new requirements included loans and other debt-type financial assets measured at amortised cost and FVOCI, trade receivables.

Notes to the financial statements

For the year ended 30 June 2019

3. Summary of accounting policies (Contd)

3.4 Financial instruments (Contd)

Impairment of financial assets (Contd)

Recognition of credit losses is no longer dependent on the Company first identifying a credit loss event. Instead the Company considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

In applying this forward-looking approach, a distinction is made between:

- financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk ('Stage 1'); and
- financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low ('Stage 2').

'Stage 3' would cover financial assets that have objective evidence of impairment at the reporting date.

'12-month expected credit losses' are recognised for the first category while 'lifetime expected credit losses' are recognised for the second category.

Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

Classification and measurement of financial liabilities

As the accounting of financial liabilities remains largely the same under IFRS 9 compared to IAS 39, the Company's financial liabilities were not impacted by the adoption of IFRS 9.

The Company's financial liabilities include other payables, dividend payables and bank overdrafts.

Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Company designated a financial liability at fair value through profit or loss (FVTPL).

Subsequent measurement of financial liabilities

Subsequently, financial liabilities are measured at amortised cost using the effective interest method except for derivatives and financial liabilities designated at FVTPL, which are carried subsequently at fair value with gains or losses recognised in profit or loss.

All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included within finance costs or finance income.

Notes to the financial statements

For the year ended 30 June 2019

3. Summary of accounting policies (Contd)

3.4 Financial instruments (Contd)

Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

3.5 Foreign currency

Functional and presentation currency

The financial statements are presented in currency Mauritian Rupee ("Rs"), which is also the functional currency of the Company.

Foreign currency transactions and balances

Foreign currency transactions are translated into the functional currency of the Company, using the exchange rates prevailing at the dates of the transactions (spot exchange rate). Foreign exchange gains and losses resulting from the settlement of such transactions and from the re-measurement of monetary items denominated in foreign currency at year-end exchange rates are recognised in the statement of comprehensive income.

Non-monetary items are not retranslated at year-end and are measured at historical cost (translated using the exchange rates at the transaction date), except for non-monetary items measured at fair value which are translated using the exchange rates at the date when fair value was determined.

3.6 Revenue

To determine whether to recognise revenue, the Company ensures that the following 5 conditions are satisfied:

1. Identifying the contract with a customer.
2. Identifying the performance obligations.
3. Determining the transaction price.
4. Allocating the transaction price to the performance obligations.
5. Recognising revenue when/as performance obligation(s) are satisfied.

Dividend income is recognised when the right to receive payment is established.

Interest income is recognised on an accrual basis unless collectability is in doubt.

Gain on disposal arises from the sale of financial assets at FVTPL. It is the difference between the sales proceeds and the fair value of the financial asset.

Notes to the financial statements

For the year ended 30 June 2019

3. Summary of accounting policies (Contd)

3.7 Income taxes

Tax expense recognised in profit or loss comprises the sum of deferred tax, current tax and CSR Fund (Corporate Social Responsibility) not recognised in other comprehensive income or directly in equity.

Current income tax assets and/or liabilities comprise those obligations to, or claims from, fiscal authorities relating to the current or prior reporting years, that are unpaid at the reporting date. Current tax is payable on taxable profit, which differs from profit or loss in the financial statements. Calculation of current tax is based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting year.

The Company is subject to CSR and the contribution is at the rate of 2% on the chargeable income of the preceding financial year. However, effective as from 01 January 2017, further to change in the income tax legislation, the Company is required to contribute at least 50% of its CSR money to the National CSR Foundation through the Mauritius Revenue Authority. The remaining 50% of the CSR can be used by the Company in accordance with its own CSR Fund. Effective 01 January 2019, the contribution to the Mauritius Revenue Authority must be at least 75%.

Deferred income taxes are calculated using the liability method on temporary differences between the carrying amounts of assets and liabilities and their tax bases.

Deferred tax assets and liabilities are calculated, without discounting, at tax rates that are expected to apply to their respective year of realisation, provided they are enacted or substantively enacted by the end of the reporting year.

Deferred tax assets are recognised to the extent that it is probable that they will be able to be utilised against future taxable income, based on the Company's forecast of future operating results which is adjusted for significant non-taxable income and expenses and specific limits to the use of any unused tax loss or credit. Deferred tax liabilities are always provided for in full.

Deferred tax assets and liabilities are offset only when the Company has a right and intention to set off current tax assets and liabilities from the same taxation authority.

Changes in deferred tax assets or liabilities are recognised as a component of tax income or expense in the statement of comprehensive income, except where they relate to items that are recognised in other comprehensive income or directly in equity, in which case the related deferred tax is also recognised in other comprehensive income or equity respectively.

3.8 Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made. At the time of the effective payment, the provision is deducted from the corresponding expenses. All known risks at reporting date are reviewed in detail and provision is made where necessary.

Notes to the financial statements

For the year ended 30 June 2019

3. Summary of accounting policies (Contd)

3.9 Expense recognition

All expenses are accounted for on the accrual basis.

3.10 Management fees and Registry costs

Management fees and registry cost are accounted on an accrual basis as per the terms and conditions of the agreement with the Fund Manager and the Company Secretary respectively.

3.11 Related parties

A related party is a person or company where that person or company has control or joint control of the reporting company; has significant influence over the reporting company; or is a member of the key management personnel of the reporting company or of a parent of the reporting company.

3.12 Impairment of assets

At each reporting date, the Company reviews the carrying amount of its assets to determine whether there is any indication that those assets have suffered an impairment loss. When an indication of impairment loss exists, the carrying amount of the asset is assessed and written down to its recoverable amount.

3.13 Other payables

Other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

3.14 Other receivables

Other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

3.15 Comparatives

Where necessary, comparative figures have been adjusted to conform to changes in presentation in the current year.

3.16 Significant management judgement in applying accounting policies and estimation uncertainty

When preparing the financial statements, management undertakes a number of judgements, estimates and assumptions about the recognition and measurement of assets, liabilities, income and expenses.

Significant management judgement

The following are significant management judgements in applying the accounting policies of the Company that have the most significant effect on the financial statements.

Notes to the financial statements

For the year ended 30 June 2019

3. Summary of accounting policies (Contd)

3.16 Significant management judgement in applying accounting policies and estimation uncertainty (Contd)

Significant management judgement (Contd)

Determination of functional currency

The determination of the functional currency of the Company is critical since recording of transactions and exchange differences arising therefrom are dependent on the functional currency selected. Management has considered those factors and has determined that the functional currency of the Company is the Mauritian rupee (Rs).

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.

Estimation uncertainty

Information about estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses is provided below. Actual results may be substantially different.

Fair value measurement

Management uses valuation techniques to determine the fair value of financial instruments (where active market quotes are not available). This involves developing estimates and assumptions consistent with how market participants would price the instrument. Management bases its assumptions on observable data as far as possible but this is not always available. In that case management uses the best information available. Estimated fair values may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date.

Notes to the financial statements

For the year ended 30 June 2019

4. Financial instrument risk

Risk management objectives and policies

The Company is exposed to various risks in relation to financial instruments. The Company's financial assets and liabilities by category are summarised below.

Financial assets and financial liabilities

30 June 2019	FVTPL Rs'000	FVOCI Rs'000	Amortised cost Rs'000	Total Rs'000
Financial assets				
Non-current				
Portfolio of domestic securities	**706,675**	**10,011**	**-**	**716,686**
Portfolio of foreign securities	**389,397**	**-**	**-**	**389,397**
Current				
Portfolio of domestic securities	**498,903**	**-**	**-**	**498,903**
Portfolio of foreign securities	**4,589**	**-**	**-**	**4,589**
Other receivables*	**-**	**-**	**2,027**	**2,027**
Cash and cash equivalents	**-**	**-**	**22,949**	**22,949**
Total financial assets	**1,599,564**	**10,011**	**24,976**	**1,634,551**
Financial liabilities				
Current				
Net assets attributable to holders of redeemable shares	**1,623,550**	**-**	**-**	**1,623,550**
Bank overdrafts	**-**	**-**	**2,817**	**2,817**
Other payables	**-**	**-**	**4,734**	**4,734**
Dividend payable	**-**	**-**	**3,488**	**3,488**
Total financial liabilities	**1,623,550**	**-**	**11,039**	**1,634,589**

** Other receivables excludes prepayments.*

Notes to the financial statements

For the year ended 30 June 2019

4. Financial instrument risk (Contd)

Risk management objectives and policies (Contd)

Financial assets and financial liabilities (Contd)

30 June 2018	FVTPL Rs'000	FVOCI Rs'000	Loans and receivables Rs'000	Total Rs'000
Financial assets				
Non-current				
Portfolio of domestic securities	39,186	641,455	-	680,641
Portfolio of foreign securities	-	378,070	-	378,070
Current				
Portfolio of domestic securities	534,679	-	-	534,679
Other receivables	-	-	2,236	2,236
Cash and cash equivalents	-	-	18,902	18,902
Total financial assets	573,865	1,019,525	21,138	1,614,528
Financial liabilities				
Current				
Net assets attributable to holders of redeemable shares	1,602,481	-	-	1,602,481
Bank overdrafts	-	-	4,042	4,042
Other payables	-	-	4,657	4,657
Dividend payable	-	-	3,123	3,123
Total financial liabilities	1,602,481	-	11,822	1,614,303

The Company's activity exposes it to a variety of financial risks: market risk (including foreign currency risk, interest rate risk and price risk), credit risk, liquidity risk and concentration 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.

The most significant financial risks to which the Company is exposed are described below.

4. Financial instrument risk (Contd)

Risk management objectives and policies (Contd)

4.1 Market risk analysis

The Company is exposed to market risk through its use of financial instruments and specifically to currency risk, which result from both its operating and investing activities.

Foreign currency sensitivity

The Company's transactions are carried out in the Mauritian Rupee (MUR). Exposure to currency exchange rates arise from the Company's overseas purchases, which are primarily denominated in USD, EURO and INR. The Company does not use any financial instruments to hedge its foreign exchange risk.

Foreign currency denominated financial assets which expose the Company to currency risk are disclosed below. The Company did not have any financial liabilities in foreign currencies during the year ended 30 June 2019 and 2018.

	Financial assets 2019 Rs'000	**Financial assets 2018 Rs'000**
United States Dollar (USD)	**150,582**	142,546
Euro (EUR)	**75,829**	74,631
Indian Rupee (INR)	**137,510**	117,680
Others	**33,858**	44,260
Total	**397,779**	379,117

The following table illustrates principally the sensitivity of profit and net assets attributable to holders of redeemable shares with regards to the Company's financial assets and the Mauritian rupee against foreign exchange rate, "all other things being equal".

It assumes a change of 1% in the exchange rate for the year ended 30 June 2019 (2018: 2%). The sensitivity analysis is based on the Company's foreign currency financial instruments held at each reporting date.

If the MUR had weakened by 1% (2018: 2%), then this would have the following impact:

Notes to the financial statements

For the year ended 30 June 2019

4. Financial instrument risk (Contd)

Risk management objectives and policies (Contd)

4.1 Market risk analysis (Contd)

Foreign currency sensitivity (Contd)

	2019		2018	
	Profit	Net assets attributable to holders of redeemable shares	Profit	Net assets attributable to holders of redeemable shares
	Rs'000	Rs'000	Rs'000	Rs'000
INR	**1,375**	**1,375**	2,354	2,354
EURO	**758**	**758**	1,493	1,493
USD	**1,506**	**1,506**	2,851	2,851
Others	**339**	**339**	885	885

If the MUR had strengthened by 1% (2018: 2%), then this would have the following impact:

	2019		2018	
	Profit	Net assets attributable to holders of redeemable shares	Profit	Net assets attributable to holders of redeemable shares
	Rs'000	Rs'000	Rs'000	Rs'000
INR	**(1,375)**	**(1,375)**	(2,354)	(2,354)
EURO	**(758)**	**(758)**	(1,493)	(1,493)
USD	**(1,506)**	**(1,506)**	(2,851)	(2,851)
Others	**(339)**	**(339)**	(885)	(885)

Interest rate sensitivity

The Company's exposure to interest rate risk is limited to its bank overdraft and the interest thereon is based on market rates. If interest rate had been 25 basis point higher/lower, the effect on profit would have been Rs 7,042 (2018: Rs 10,106) lower/higher.

4.2 Price risk sensitivity

The Company's securities 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.

An estimate of the effect on the increase or decrease in net assets attributable to redeemable preference shareholders for the period due to a reasonably possible change in equity indices, with all other variables held constant is indicated in the table below. In practice, the actual trading results may differ from the sensitivity analysis below and the difference could be material. An equivalent decrease in each of the indices shown below would have resulted in an equivalent, but opposite, impact.

Notes to the financial statements

For the year ended 30 June 2019

4. Financial instrument risk (Contd)

Risk management objectives and policies (Contd)

4.2 Price risk sensitivity (Contd)

Sensitivity analysis

The table below summarises the impact of increase/decrease 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 profit or loss		Impact on other comprehensive income	
	2019	2018	2019	2018
	Rs'000	Rs'000	Rs'000	Rs'000
Available for sale financial assets	**-**	-	**-**	18,904
Designated at fair value through other comprehensive income	**-**	-	**501**	-
Designated at fair value through profit or loss	**44,644**	26,734	**-**	-

4.3 Credit risk analysis

The Company's maximum exposure to credit risk is limited to the carrying amount of financial assets recognised at the reporting date, as summarised below:

	2019	2018
	Rs'000	Rs'000
Financial assets		
Non-current		
Portfolio of domestic securities	**716,686**	680,641
Portfolio of foreign securities	**389,397**	378,070
	1,106,083	1,058,711
Current		
Portfolio of domestic securities	**498,903**	534,679
Portfolio of foreign securities	**4,589**	-
Other receivables	**2,027**	2,236
Cash and cash equivalents	**22,949**	18,902
	528,468	555,817
Total	**1,634,551**	1,614,528

The Company's exposure to credit risk is limited to the carrying amount of its portfolio of domestic and foreign securities, other receivables and cash and cash equivalents.

Notes to the financial statements

For the year ended 30 June 2019

4. Financial instrument risk (Contd)

Risk management objectives and policies (Contd)

4.3 Credit risk analysis (Contd)

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.

The extent of the Company's exposure to credit risk in respect of the financial assets at FVTPL and FVOCI approximates the carrying values as at the reporting date.

The credit risk for the cash and cash equivalents is considered negligible, since the counterparties are reputable banks with high quality external credit ratings.

None of the financial assets are secured by collateral or other credit enhancements.

4.4 Liquidity risk analysis

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as and when they fall due. The Company's approach to managing liquidity risk is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of cash balance. The Company has entered into a liquidity contract with The State Investment Corporation Ltd to ensure that the Company has enough cash to maintain flexibility in funding.

The following are the contractual maturities of financial liabilities:

30 June 2019	Carrying amount Rs'000	Contractual cash flows Rs'000	On demand Rs'000	Less than 1 year Rs'000
Net assets attributable to holders of redeemable shares	**1,623,550**	**1,623,550**	**1,623,550**	**-**
Bank overdrafts	**2,817**	**2,817**	**-**	**2,817**
Other payables	**4,734**	**4,734**	**-**	**4,734**
Dividend payable	**3,488**	**3,488**	**-**	**3,488**
Total	**1,634,589**	**1,634,589**	**1,623,550**	**11,039**

30 June 2018	Carrying amount Rs'000	Contractual cash flows Rs'000	On demand Rs'000	Less than 1 year Rs'000
Net assets attributable to holders of redeemable shares	1,602,481	1,602,481	1,602,481	-
Bank overdrafts	4,042	4,042	-	4,042
Other payables	4,657	4,657	-	4,657
Dividend payable	3,123	3,123	-	3,123
Total	1,614,303	1,614,303	1,602,481	11,822

Notes to the financial statements

For the year ended 30 June 2019

4. Financial instrument risk (Contd)

Risk management objectives and policies (Contd)

4.5 Concentration risk

The Company has invested in unquoted companies whose securities are considered to be illiquid. Such illiquidity may adversely affect the ability of the Company to acquire or dispose of such investments. These investments may be difficult to value and to sell or otherwise liquidate and the risk of investing in such company is much greater than the risk of investing in publicly traded securities. On account of the inherent uncertainty of valuation, the estimated values may differ significantly from the values that would be used had a ready market for the investment existed. However, the directors consider the investment to be a strategic one and the concentration risk is manageable.

5. Capital management policies and procedures

The Company's capital management objectives are:

- to ensure its ability to continue as a going concern; and
- to provide an adequate return to the shareholders and other stakeholders.

The Company monitors capital in proportion to risk. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid, reduce capital, issue new shares, or sell assets to reduce debts.

The Company was not geared for the years ended 30 June 2018 and 30 June 2019.

6. Fair value measurement

6.1 Fair value measurement of financial instruments

The following table presents financial assets measured at fair value in the statement of financial position in accordance with the fair value hierarchy. This hierarchy groups financial assets and liabilities into three levels based on the significance of inputs used in measuring the fair value of the financial assets and liabilities. The fair value hierarchy has the following levels:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices); and
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The level within which the financial asset or liability is classified is determined based on the lowest level of significant input to the fair value measurement.

The financial assets measured at fair value in the statement of financial position are grouped into the fair value hierarchy as follows:

Notes to the financial statements

For the year ended 30 June 2019

6. Fair value measurement (Contd)

6.1 Fair value measurement of financial instruments (Contd)

Financial assets 30 June 2019	Level 1 Rs'000	Level 2 Rs'000	Level 3 Rs'000	Total Rs'000
Designated at fair value through profit or loss	**892,887**	**705,400**	**1,277**	**1,599,564**
Designated at fair value through other comprehensive income	**10,011**	**-**	**-**	**10,011**
Total	**902,898**	**705,400**	**1,277**	**1,609,575**

Financial assets 30 June 2018	Level 1 Rs'000	Level 2 Rs'000	Level 3 Rs'000	Total Rs'000
Designated at fair value through profit or loss	534,679	39,186	-	573,865
Available for sale financial assets	378,070	640,690	765	1,019,525
Total	912,749	679,876	765	1,593,390

Financial liabilities 30 June 2019	Level 1 Rs'000	Level 2 Rs'000	Level 3 Rs'000	Total Rs'000
Net assets attributable to holders of redeemable shares	**-**	**-**	**1,623,550**	**1,623,550**

Financial liabilities 30 June 2018	Level 1 Rs'000	Level 2 Rs'000	Level 3 Rs'000	Total Rs'000
Net assets attributable to holders of redeemable shares	-	-	1,602,481	1,602,481

Measurement of fair value

The methods used for the purpose of measuring fair values are detailed below:

Listed securities

The fair values of listed equity securities have been determined by reference to the quoted bid price at the reporting date.

Unquoted securities

The fair values of the unquoted investments have been estimated by an experienced and qualified team of valuers for financial reporting purposes by using generally accepted valuation models like dividend discount model, price-to-book approach, price earnings ratio of peer companies and dividend yield where appropriate, and also making use of assumptions that are based on market conditions existing at the reporting date.

All valuation processes and fair value changes are discussed with the Investment Committee who report to the Board of Directors regularly.

The reconciliation of the carrying amounts of financial instruments within Level 3 is detailed in Note 7 (c).

Notes to the financial statements

For the year ended 30 June 2019

6. Fair value measurement (Contd)

6.2 Fair value measurement of financial instruments not carried at fair value

The Company's other financial assets and financial liabilities are measured at their carrying amounts which approximate their fair values.

6.3 Fair value measurement of non-financial instruments

The Company's non-financial assets consist of prepayments and its non-financial liabilities consist of current tax liabilities.

For both non-financial assets and non-financial liabilities, the fair value measurement is not applicable since these are not measured at fair value on a recurring or non-recurring basis in the statement of financial position.

7. Portfolio of domestic securities

Domestic securities consist mainly of investments made on the Stock Exchange of Mauritius (SEM), Development & Enterprise Market (DEM) and unquoted companies classified as fair value through profit or loss financial assets and debt instrument classified as fair value through other comprehensive income.

Financial assets consists of investments made in quoted, unquoted companies and treasury bills.

	2019	2018
	Rs'000	Rs'000
Financial assets at fair value through profit or loss	**1,205,578**	573,865
Financial assets at fair value through other comprehensive income	**10,011**	-
Available-for-sale financial assets	**-**	641,455
	1,215,589	1,215,320
Analysed as:		
Non-current assets:		
Financial assets at fair value through profit or loss	**706,675**	39,186
Financial assets at fair value through other comprehensive income	**10,011**	-
Available-for-sale financial assets	**-**	641,455
	716,686	680,641
Current assets		
Financial assets at fair value through profit or loss	**498,903**	534,679
Total	**1,215,589**	1,215,320

Following the application of IFRS 9, Financial Instruments, Available-for-sale financial assets have been classified at FVTPL or FVOCI where applicable.

Notes to the financial statements

For the year ended 30 June 2019

7. Portfolio of domestic securities (Contd)

Financial assets at fair value through profit or loss

30 June 2019	Listed on SEM Rs'000	Listed on DEM Rs'000	Unquoted Rs'000	Total Rs'000
At 01 July 2018	**467,185**	**67,494**	**39,186**	**573,865**
Additions	**51,892**	**4,078**	**531**	**56,501**
Disposals	**(52,293)**	**(635)**	**-**	**(52,928)**
Reclassification from available-for-sale financial assets	**-**	**-**	**631,565**	**631,565**
Movement in fair value	**(41,715)**	**2,897**	**35,393**	**(3,425)**
At 30 June 2019	**425,069**	**73,834**	**706,675**	**1,205,578**

30 June 2018	Listed on SEM Rs'000	Listed on DEM Rs'000	Unquoted Rs'000	Total Rs'000
At 01 July 2017	454,398	60,092	39,186	553,676
Additions	11,937	576	-	12,513
Disposals	(14,126)	(10,449)	-	(24,575)
Increase in fair value	14,976	17,275	-	32,251
At 30 June 2018	467,185	67,494	39,186	573,865

Financial assets at fair value through other comprehensive income

	2019 Total Rs'000
At 01 July 2018	**-**
Reclassification from available-for-sale financial assets	**9,890**
Movement in fair value	**121**
At 30 June 2019	**10,011**

Available-for-sale financial assets

	2019 Rs'000	2018 Rs'000
At 01 July	**641,455**	587,505
Additions	**-**	20
Increase in fair value	**-**	53,930
Reclassification to financial assets at fair value through profit or loss	**(631,565)**	-
Reclassification to financial assets at fair value through other comprehensive income	**(9,890)**	-
At 30 June	**-**	641,455

Notes to the financial statements

For the year ended 30 June 2019

7. Portfolio of domestic securities (Contd)

(b) At 30 June 2019

	Level 1 Rs'000	Level 2 Rs'000	Level 3 Rs'000	Total Rs'000
Financial assets at fair value through profit or loss	**498,903**	**705,398**	**1,277**	**1,205,578**
Financial assets at fair value through OCI	**-**	**10,011**	**-**	**10,011**
At 30 June 2019	**498,903**	**715,409**	**1,277**	**1,215,589**

At 30 June 2018

	Level 1 Rs'000	Level 2 Rs'000	Level 3 Rs'000	Total Rs'000
Financial assets at fair value through profit or loss	534,679	39,186	-	573,865
Available-for-sale financial assets	-	640,690	765	641,455
At 30 June 2018	534,679	679,876	765	1,215,320

(c) The table below shows the changes in level 3 instruments

	2019 Rs'000	2018 Rs'000
At 01 July	**765**	745
Additions	**531**	20
Decrease in fair value	**(19)**	-
At 30 June	**1,277**	765

8. Portfolio of foreign securities

Foreign securities consist mainly of investment made in quoted companies/ funds which are classified as fair value through profit or loss under the new IFRS 9 standards. During the prior year, these investments were classified as available-for-sale financial assets and accounted in other comprehensive income.

	2019 Rs'000	2018 Rs'000
Financial assets at fair value through profit or loss	**393,986**	-
Available-for-sale financial assets	**-**	378,070
	393,986	378,070
Analysed as:		
Non-current assets:		
Financial assets at fair value through profit or loss	**389,397**	-
Available-for-sale financial assets	**-**	378,070
	389,397	378,070
Current assets		
Financial assets at fair value through profit or loss	**4,589**	-
Total	**393,986**	378,070

Notes to the financial statements

For the year ended 30 June 2019

8. Portfolio of foreign securities (Contd)

Financial assets at fair value through profit or loss	2019 Rs'000
Non-current assets	
At 01 July	**-**
Reclassification from available-for-sale financial assets	**378,070**
Additions	**65,062**
Disposals	**(80,966)**
Increase in fair value	**31,820**
At 30 June	**393,986**

Available-for-sale financial assets	2019 Rs'000	2018 Rs'000
Non-current assets		
At 01 July	**378,070**	364,389
Additions	**-**	10,657
Disposals	**-**	(20,101)
Increase in fair value	**-**	23,125
Reclassification to financial assets at fair value through profit or loss	**(378,070)**	-
At 30 June	**-**	378,070

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

	2019 Rs'000
Level 1	**393,986**

(b) Available-for-sale financial assets

	2018 Rs'000
Level 1	378,070

(c) Financial assets at fair value through profit or loss are denominated in the following currencies:

	2019 Rs'000
US Dollar	**150,582**
Euro	**75,805**
INR	**133,837**
Other currencies	**33,762**
Total	**393,986**

Notes to the financial statements

For the year ended 30 June 2019

8. Portfolio of foreign securities (Contd)

(d) Available-for-sale financial assets are denominated in the following currencies:

	2018 Rs'000
US Dollar	142,521
Euro	74,605
INR	116,909
Other currencies	44,035
Total	378,070

9. Other receivables

	2019 Rs'000	2018 Rs'000
Dividend receivable	**2,027**	2,236
Prepayment	**38**	38
Total	**2,065**	2,274

The carrying amount of other receivables is considered to be a reasonable approximation of the fair value.

10. Stated capital

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.

	2019 Rs'000	2018 Rs'000
Authorised		
120,000,000 redeemable shares of Rs 10 par value	**1,200,000**	1,200,000

	2019	2018
Issued and fully paid (Number of shares in thousands)		
At 01 July	**50,218**	50,580
Issue of shares	**409**	440
Redemption of shares	**(505)**	(802)
At 30 June	**50,122**	50,218

Notes to the financial statements

For the year ended 30 June 2019

11. Other payables

	2019 Rs'000	2018 Rs'000
Amount due to related party	**3,648**	3,664
Other payables	**1,086**	993
Total	**4,734**	4,657

(i) The amount due to the related party is interest free, unsecured and repayable within one year.

(ii) The carrying amount of other payables is considered to be a reasonable approximation of the fair value.

12. Taxation

12.1 Income tax expense

The Company is liable to income tax at the rate of 15% (2018: 15%) and at 30 June 2019 it had income tax liability of Rs 818 (2018: Rs 263,266). The income tax liability is calculated according to the tax rate and tax laws applicable to the fiscal period to which it relates, based on the taxable profit for the year.

The Company is also subject to the Advanced Payment Scheme (APS) whereby it is required to submit an APS Statement and pay tax quarterly on the basis of either last year's income or the income for the current quarter.

Contribution to the CSR Fund is at a rate of 2% on the 'chargeable income' of the preceding financial year.

(a) Statement of financial position

	2019 Rs'000	2018 Rs'000
At 01 July	**263**	33
Tax liability for the year	**238**	356
Tax paid	**(263)**	(53)
CSR	**48**	19
Tax paid under APS	**(285)**	(112)
Under provision for prior year	**-**	20
Tax liability not recognised	**(1)**	-
Current tax liability*	**-**	263

*The Company had an income tax liability of Rs 818 as at 30 June 2019 which has not been accounted as it is immaterial to the financial statements.

Notes to the financial statements

For the year ended 30 June 2019

12. Taxation (Contd)

12.1 Income tax expense (Contd)

(b) Statement of profit or loss and other comprehensive income

	2019 Rs'000	2018 Rs'000
Income tax on adjusted profit	**238**	356
Tax liability not recognised	**(1)**	-
CSR	**48**	19
Under provision for prior year	**-**	20
Tax expense	**285**	395

The tax on the Company's profit/ (loss) before tax differs from the theoretical amount that would arise using the basic rate of tax of the Company as follows:

	2019 Rs'000	2018 Rs'000
Profit before tax	**59,316**	64,898
Tax at 15%	**8,897**	9,735
Exempt income	**(11,446)**	(12,020)
Non-allowable expenses	**2,787**	2,641
CSR	**48**	19
Tax liability not recognised	**(1)**	-
Under provision for prior year	**-**	20
Tax expense	**285**	395

13. Investment income

	2019 Rs'000	2018 Rs'000
Dividend income	**48,323**	42,517
Interest income	**967**	691
Foreign exchange gain / (loss)	**256**	(202)
Total	**49,546**	43,006

14. Net increase in fair value of financial assets through profit or loss

	2019 Rs'000	2018 Rs'000
Domestic and foreign securities	**28,395**	32,251

Domestic securities include investments in quoted and unquoted companies in the Republic of Mauritius which have been revalued at year end using prices from active markets and valuation reports. Foreign securities relate to investments in quoted companies/ funds in foreign countries which have been revalued at year end using prices from active markets.

Notes to the financial statements

For the year ended 30 June 2019

15. Management fees

Management fee of 1.25% of the Company's net asset value is payable on a yearly basis to Capital Asset Management as per the investment management agreement dated 09 June 1997. The management fees are at present based on a graduated fee structure based on the performance of the Company presently at 0.9% with maximum of 1.25% of the net asset value of the Company.

	2019	2018
Annual Fund Return		
Up to 27%	**0.90%**	0.90%
27% - 35%	**1.00%**	1.00%
Above 35%	**1.25%**	1.25%

16. Registry costs

Registry costs are payable to Prime Partners Ltd on a quarterly basis. For the year ended 30 June 2019, Rs 186,875 was accrued per quarter up to December 2018 and Rs 301,875 per quarter until June 2019.

17. Profit before tax

	2019 Rs'000	2018 Rs'000
The above is stated after (charging)/ crediting:		
Net increase in fair value through profit or loss financial assets	**28,395**	32,251
Dividend income		
- Listed (local)	**22,665**	16,890
- Foreign	**2,379**	2,440
- Unquoted	**23,279**	23,187
Other income	**337**	6,824
Interest income	**967**	691
Foreign exchange gain / (loss)	**256**	(202)
Major components of expenditure:		
Directors' fee	**(722)**	(822)
Management fees	**(14,448)**	(14,267)
Registry cost	**(978)**	(748)
*Custodian and brokerage fees	**(827)**	(407)

**Custodian fees were lower in 2018 because of a refund received from the custodian for amount overcharged by them during the year 2017.*

Notes to the financial statements

For the year ended 30 June 2019

18. Dividends

The Board of Directors has declared a dividend of Rs 35,060,663 representing Rs 0.70 per share on 19 June 2019 (2018: Rs 40,132,390 representing Rs 0.80 per share).

Dividend of Rs 3,488,146 (2018: Rs 3,122,531) declared in prior year has not been claimed by shareholders. These dividends have been reclassified under current liabilities.

19. Notes to the statement of cash flows

(a) Cash used in operations

	2019 Rs'000	2018 Rs'000
Profit before tax	**59,316**	64,898
Adjustments for:		
Dividend income	**(48,323)**	(42,517)
Interest income	**(967)**	(691)
Net increase in fair value of financial assets at fair value through profit or loss	**(28,395)**	(32,251)
Release to income on disposal of available-for-sale securities	**-**	678
Dividend reinvested	**1,190**	1,235
Profit on disposal of investments	**(571)**	(1,423)
Total adjustments	**(77,066)**	(74,969)
Net changes in working capital:		
Change in trade and other receivables	**(2,445)**	(2,985)
Change in trade and other payables	**77**	84
Total changes in working capital	**(2,368)**	(2,901)
Tax paid	**(285)**	(165)
Net cash used in operating activities	**(20,403)**	(13,137)

(b) Cash and cash equivalents

	2019 Rs'000	2018 Rs'000
Cash at bank	**22,949**	18,902
Bank overdraft	**(2,817)**	(4,042)
Total	**20,132**	14,860

Notes to the financial statements

For the year ended 30 June 2019

20. Net asset value per share

	2019 Rs'000	2018 Rs'000
Net asset value	**1,623,550**	1,602,481
Number of redeemable shares in issue (Note 10)	**50,122**	50,218
Net asset value per share	**32.39**	31.91

21. Related party transactions

For the year ended 30 June 2019, the Company entered into the following transactions with related parties:

	2019 Rs'000	2018 Rs'000
Transactions with common shareholders		
Management fee expenses – Capital Asset Management Ltd	**14,448**	14,267
Transactions with secretary		
Registry costs – Prime Partners Ltd	**978**	748
Brokerage fees – Prime Partners Ltd	**188**	173
Secretarial fees – Prime Partners Ltd	**101**	110
Key management personnel		
Short term benefits – Director fees	**591**	674
Balances		
Amount payable to related party – Capital Asset Management Ltd	**(3,649)**	(3,664)
Key management personnel – Director fees payables	**-**	(62)
Amount payable to related party – Prime Partners Ltd	**(311)**	(196)

The terms and conditions are as shown in Note 11 to the financial statements.

22. Events after the reporting date

There were no subsequent events after the reporting date.

List of Abbreviations

AGM	Annual General Meeting
BOM	Bank of Mauritius
CAM	Capital Asset Management Ltd
CIS	Collective Investment Scheme
CSR	Corporate Social Responsibility
DEMEX	Development and Enterprise Market Index
D/Y	Dividend Yield
ECB	European Central Bank
EPS	Earnings Per Share
EUR	Euro
FED	Federal Reserve
FID	Fidelity Investments
FT	Franklin Templeton Investments
FY	Financial Year
FSC	Financial Services Commission
GBP	British Pound
GDP	Gross Domestic Product
IFRS	International Financial Reporting Standards
INR	Indian Rupee
IT	Information, Communication and Technology
KRR	Key Repo Rate
MPC	Monetary Policy Committee
MUR	Mauritian Rupee
NAV	Net Asset Value
OPEC	Organisation of the Petroleum Exporting Countries
P/B	Price to book ratio
P/E	Price-earnings ratio
PAT	Profit-after-tax
PIE	Public Interest Entity
PLF	Port Louis Fund Ltd
SEM	Stock Exchange of Mauritius
SEMDEX	Stock Exchange of Mauritius Official Index
SENSEX	Bombay Exchange Sensitive Index
USD	US Dollar
VAT	Value Added Tax

PLF

PORT LOUIS FUND LTD
15th Floor, Air Mauritius Centre,
6, President John Kennedy St, Port Louis, Mauritius 11302
Email: info@portlouisfund.com / Website: www.portlouisfund.com
Tel: (230) 213 2727 - (230) 210 1006 / Fax: (230) 213 2730 - (230) 210 1005

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