Annual Report

Port Louis Fund Ltd

2010

PLF

Dear Shareholder,

The Board of Directors is pleased to present the Annual Report of Port Louis Fund Ltd for the year ended 30 June 2010.

This report was approved by the Board of Directors on 01 October 2010.

M.I. Mallam-Hasham
Chairman

V. Bhuguth
Director

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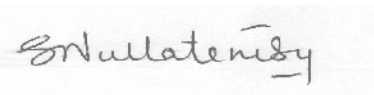
NOTICE OF ANNUAL MEETING

Notice is hereby given that the 13th Annual Meeting of Shareholders of Port Louis Fund Ltd will be held at Le Sirius, Labourdonnais Waterfront Hotel, Caudan Waterfront, Port Louis on Tuesday, 7 December, 2010 at 14:00 hours for the transaction of the following businesses:-

Agenda

1. To adopt the Minutes of Proceedings of the 12th Annual Meeting of Shareholders of Port Louis Fund Ltd held on Tuesday, 15 December, 2009.
2. To receive the Annual Report for the financial year ended 30 June 2010.
3. To receive the Report of Auditors.
4. To consider and approve the Audited Financial Statements for the year ended 30 June 2010.
5. To ratify the dividend declared by the Board of Directors and paid to all shareholders registered at the close of business on 10 June 2010.
6. To re-appoint Mr. Muhammad Iqbal Mallam-Hasham as Director of the Company to hold office until the next Annual Meeting.
7. To re-appoint Mr. Yusuf Hassam Aboobaker as Director of the Company to hold office until the next Annual Meeting.
8. To re-appoint Mr. Georges Yves Hervé Lassémillante as Director of the Company to hold office until the next Annual Meeting.
9. To re-appoint Mr. Vijay Bhuguth as Director of the Company to hold office until the next Annual Meeting.
10. To re-appoint Mr. Ishwurlal Golam as Director of the Company to hold office until the next Annual Meeting.
11. To re-appoint Mr. Veenay Rambarassah as Director of the Company to hold office until the next Annual Meeting.
12. To fix remuneration of the Directors.
13. To re-appoint the Auditors of the Company for the financial year ending 30 June 2011 and to authorise the Board of Directors to fix their remuneration.
14. To transact any other business, if any, as may be transacted at an Annual Meeting of Shareholders.

BY ORDER OF THE BOARD



SEEDHA LUTCHEEMEE NULLATEMBY (Mrs.)
Company Secretary

01 October 2010

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

Registration of shareholders at the meeting will start as from 13:00 hours.

CORPORATE INFORMATION

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

Fund Manager
Capital Asset Management Ltd

Share Registry
Prime Partners Ltd

Company Secretary
Mrs. S.L. Nullatemby

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

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

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

Website
http://www.portlouisfund.com

Stockbroking Companies
Associated Brokers Ltd
AXYS Stockbroking Ltd
Bramer Securities Ltd
Capital Markets Brokers Ltd
CIM Stockbrokers Ltd
MCB Stockbrokers Ltd
Newton Securities Ltd
Prime Securities Ltd
Ramet & Associés Ltée
SBM Securities Ltd

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

Custodian Bank (India)
ICICI Bank Ltd

Indian Stockbrokers
Indsec Securities & Finance Ltd
Religare Capital Markets Ltd

STATUTORY DISCLOSURES

The Directors have the pleasure to submit the Annual Report together with the audited accounts of Port Louis Fund Ltd for the year ended 30 June 2010.

Principal Activity

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

The main objects of the Company are:

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

Members of the Board of Directors

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

Directors' Service Contracts

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

Directors' Remuneration and Benefits

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

	2010 Rs'000	2009 Rs'000
Non-Executive Directors	**856**	860

Directors' and Company Secretary Interest in Share

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

Donations

No donation was made during the financial year ended 30 June 2010.

Auditors' Remuneration

The auditors' remuneration was as follows:

	2010 Rs'000	2009 Rs'000
Audit services	**85**	85
Other services	**15**	15
	100	100

M.I. Mallam-Hasham
Chairman

V. Bhuguth
Director

Approved on 01 October 2010

SECRETARY'S CERTIFICATE

FOR YEAR ENDED JUNE 30, 2010

I certify that, to the best of my knowledge and belief, the Company has filed with the Registrar of Companies all such returns as are required of the Company under the Companies Act 2001 in terms of section 166(d).

S.L. Nullatemby (Mrs.)
Company Secretary
01 October 2010

DIRECTORS & EXECUTIVE MANAGEMENT

Directors' Profile

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

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

Mr. V. Bhuguth is a Fellow of the Association of Chartered Certified Accountant (FCCA). He reckons 23 years of experience in accounting firms and holds a post-graduate diploma in International Tax Planning from the University of Miami. He is presently leading an accounting firm in Port Louis.

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

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

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

Company Secretary

Mrs. S.L. Nullatemby is a Fellow of the Institute of Chartered Secretaries and Administrators (FCIS) and also a Fellow of the Mauritius Institute of Directors (MIoD). She also holds an MBA in Finance. At present, she is the Company Secretary of Port Louis Fund Ltd and is responsible for the preparation of its Financial Statements. She has been working at the State Investment Corporation Ltd for the past 21 years and has wide ranging experience in the field of Finance and Accounting, Administrative and Corporate matters. She is also director of various companies within the SIC group.

DIRECTORS & EXECUTIVE MANAGEMENT (CONT'D)

Executive Management

Capital Asset Management Ltd

The Fund is managed by Capital Asset Management Ltd (CAM). The latter is a wholly owned subsidiary of The State Investment Corporation Ltd (SIC). CAM is licensed by the Financial Services Commission (FSC) as a CIS Manager and Investment Advisor (Unrestricted) under the Securities Act 2005. CAM also manages the SME Partnership Fund Ltd and provides advisory services to the Casinos of Mauritius Pension Fund. The day to day management function of Port Louis Fund Ltd is carried out by the following key personnel:

Executive Director

Mr. Vedprakash Auckaloo holds an MSc in Financial Management, a BSc (Hons) in Economics and an LLB (Hons). He has more than 11 years of experience in the financial sector and had previously worked in the Government service and in the banking sector. He joined CAM since 2001 and is currently the Executive Director.

Finance Manager

Mr. Mahendra K. Ramroop joined CAM since January 2006 and is currently the Finance Manager of the Company. He is a Fellow of the Association of Chartered Certified Accountants (FCCA) and holds an MBA with specialisation in Financial Management. He has worked in the banking sector for over 16 years. Before joining CAM he worked within the SIC Group in the leisure sector and financial services sector.

Analyst

Mrs. Shweta-Preeya Beeharee Ramyead joined CAM since July 2007 and currently holds the position of Analyst. She holds a BA (Hons) in Law and Management and is an affiliate of the Association of Chartered Certified Accountants. She has more than 7 years of experience in financial and regulatory sectors.

Business Appraisal Officer

Mr. M. Sameer Khudaroo holds a BSc (Hons) in Management from the University of Mauritius. Before joining the Company, he worked in an audit firm in the Audit and Business Advisory Department. He has 5 years of experience in the financial sector.

Research Officer

Miss Smita Beegun joined CAM in May 2008. She holds a BCom in Accounting and Finance from Curtin University of Technology, Australia. Before joining the Company, she was working in the banking sector.

CORPORATE GOVERNANCE REPORT

The Board ensures that the Company complies with all laws of Mauritius and follows the guidance laid down by the Code of Corporate Governance. The Board, being the focal point of the corporate governance system is ultimately accountable and responsible for the performance and affairs of the Company. It monitors and evaluates the implementation of strategies, policies management and performance criteria. It also provides guidance and maintains effective control over the Company and monitors management to carry out Board plans and strategies.

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

The Board of Directors

As per the Company's Constitution, the Board is constituted with a minimum of 5 Directors and a maximum of 9 Directors. The profile of current board members is given on page 5.

Investment Committee
Mr. M.I. Mallam-Hasham - Chairman
Mr. V. Bhuguth
Mr. I. Golam

The Investment Committee met twice during the year. The main objective of the Investment Committee is to advise Board on asset allocation, investment policies, processes, strategies and optimal risk/return level. The Committee also reviews the risk/return profile of the existing and new investments. Fund overall performance as well as performance of different asset classes are also closely monitored.

Audit & Risk Committee
Mr. V. Bhuguth - Chairman
Mr. Y.H. Aboobaker
Mr. G.Y.H. Lassémillante
Mr I. Golam

The Audit and Risk Committee met once during the year under review. The main objectives of the Committee include:
- assisting the Board to discharge its duties relating to the safeguarding of assets, the operation of adequate systems, control processes and the preparation of financial reports and statements in compliance with all applicable legal requirements and accounting standards.
- to make recommendations to the Board for its approval or final decision regarding the membership, resources, responsibilities and authorities (composition, functions and operation) of the Committee to perform its role effectively, as stipulated in the terms of reference.

The Audit and Risk Committee focuses on:
- the functioning of the internal control system;
- the risk areas of the Company's operations;
- the reliability and accuracy of the financial information provided to the Board and
- the Company's compliance with legal and regulatory provisions and rules established by the Board.

CORPORATE GOVERNANCE REPORT (CONT'D)

Corporate Governance Committee
Mr. Y.H. Aboobaker - Chairman
Mr. G.Y.H. Lassémillante
Mr. V. Rambarassah

The Corporate Governance Committee did not meet officially this year. Being given the regular and frequent consultations held among its members, with a view to enhance the corporate governance standards, the meeting was not deemed necessary. Nevertheless, it has been ensured throughout the year that the reporting requirements, with regards to corporate governance were in line with the principles of the applicable Code of Corporate Governance. The Committee acts as a useful mechanism for making recommendations to the Board on all corporate governance issues, so that the Board remains effective and complies with prevailing good governance principles.

Nominations Committee
Mr. M.I. Mallam-Hasham - Chairman
Mr. Y.H. Aboobaker
Mr. G.Y.H. Lassémillante
Mr. V. Bhuguth

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

Board and Committee Meetings Attendance and Remuneration of Directors for the year ended 30 June 2010.

Directors	Board Meeting	Investment Committee	Audit & Risk Committee	Nominations Committee	Corporate Governance Committee	Directors' Remuneration
Mr. M. I. Mallam-Hasham*	2/3	1/2		1/1		Rs 150,000
Mr. Y. H. Aboobaker	3/3		1/1	1/1	-	Rs 146,000
Mr. V. Bhuguth	3/3	2/2	1/1	1/1		Rs 164,000
Mr. V. Rambarassah	3/3				-	Rs 124,000
Mr. G. Y. H. Lassémillante	1/3		0/1	0/1	-	Rs 144,000
Mr. I. Golam *	3/3	2/2	1/1			Rs 128,000

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

CORPORATE GOVERNANCE REPORT (CONT'D)

Directorship of the Directors in Listed Companies

	Caudan Development Ltd	Sun Resorts Ltd	FUEL
Mr. M.I. Mallam-Hasham	✓	✓	
Mr. Y. H. Aboobaker			✓

List of Shareholders holding more than 5% share capital of the Company as at 30 June 2010

Name	No. of Shares	% Shareholding
The State Investment Corporation Ltd	20,173,726	38.58
National Pensions Fund	8,036,733	15.37
The Government of Mauritius	5,597,909	10.70
National Savings Fund	2,678,912	5.12

Shareholding Analysis at 30 June 2010

Range	No. of Shareholders	No. of Shares	% of Share Capital	% of all Shareholders
1 – 1,000	3,130	1,269,744	2.43	64.17
1,001 – 5,000	1,009	2,834,716	5.42	20.69
5,001 – 10,000	417	3,299,963	6.31	8.55
10,001 – 25,000	241	3,909,687	7.48	4.94
25,001 – 50,000	62	2,140,577	4.1	1.27
50,001 – 100,000	8	723,394	1.38	0.16
100,001 – 1,000,000	7	1,631,384	3.12	0.14
Over 1,000,000	4	36,487,280	69.76	0.08
Total	**4,878**	**52,296,745**	**100.00**	**100.00**

Category of shareholders at 30 June 2010

Shareholders Type	No. of Shareholders	No. of Shares	% Shareholding
Individuals	4,806	13,472,618	25.76
Corporate Bodies and Others	72	38,824,127	74.24
Total	**4,878**	**52,296,745**	**100.00**

CORPORATE GOVERNANCE REPORT (CONT'D)

During the year ended 30 June 2010, the Directors did not have any dealings in the shares of the Company.

Calendar of Important Events

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

Agreements

Management Agreement

The Company entered into an Investment Management Agreement with Capital Asset Management Ltd in 1997.

Liquidity Contract

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

Dividend Policy

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

Identification of key risks for the Company

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

Financial risk factors

Please refer to note 3 of the Notes to the Financial Statements on page 40.

Related party transactions

Please refer to note 20 of the Notes to the Financial Statements on page 54.

Directors' & Officers Liability

The Company has contracted with Mauritius Union Assurance Ltd a Directors' & Officers Liability insurance for the Directors.

Corporate social responsibility and donations

A provision has been made to contribute an amount of Rs 451,000 to the Corporate Social Responsibility Fund.

Code of ethics, health and safety and social issues

The issues are not applicable to the Company as it has no employee. The Company is managed by Capital Asset Management Ltd.

Environmental policy

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

REPORT OF DIRECTORS

1. Performance Review

1.1 Fund Performance Overview

The global economy having faced one of the deepest downturns in recent times, made a neat recovery in the first half of the financial year. The concerted measures pertaining to fiscal and monetary stimulus package in most countries contributed enormously in stabilising world economic activities. In the midst of global crisis the local economy coped fairly well. Overall, the fragile global economic environment and especially the Euro crisis have not been helpful to the financial markets. Consequently, the MSCI World index taken as a proxy for world major equity markets gained 8.0% in USD terms and around 7.2% in MUR terms whereas the local stock market index, SEMDEX gained 16.7%.

Contextually, the Fund achieved a commendable return of 11.5% for the year ended 30 June 2010 with the Net Asset Value (NAV) per share moving from Rs. 19.02 (30 June 2009) to Rs. 20.41 (30 June 2010) after paying shareholders a dividend of 80 cents per share. The evolution of the NAV per share for the year as illustrated below indicates the pick up in economic activities and strength in investors' confidence in the first quarter of the year. However, with signs of Euro and UK crisis leading to uncertainty, the NAV per share remained volatile with several cycles of ups and downs.

Chart 1 below shows the evolution of the NAV per share for the financial year under review which has been rebased to 100 and adjusted for dividend declared on 10 June 2010.

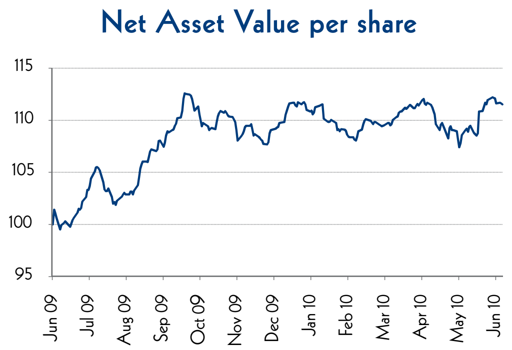


Chart 1: Evolution of Net Asset Value per share

1.2 Fund Performance Analysis by Asset Classes

The Fund holds a balanced portfolio covering four main asset classes: Locally Listed Equities, Unquoted Shares, Foreign Investments and Fixed Income Securities & Others. The performance of the Fund has been decomposed to show the estimated contribution of each of these asset classes. The average daily weight of each asset class in the portfolio has been multiplied by the total return of that asset class which indicates the weighted return as shown in the table below.

Asset Class	Total Return %	Average Weight %	Weighted Return %
Locally Listed Equities	16.4	43.5	7.1
Unquoted Shares	10.1	23.6	2.4
Foreign Investments	11.8	23.1	2.7
Fixed Income Securities & Others	8.8	9.8	0.9
Unallocated Return*			(1.6)
PLF Portfolio		**100.0**	**11.5**

Table 1: Total Return Decomposition

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

1.2.1 Locally Listed Equities – Performance

The Locally Listed Equities class delivered a return of 16.4% for the year (-18.1% in FY 08-09). This asset class carried an average weight of around 43.5% in the total portfolio (FY 08-09: 37.2%) thereby contributing to a return of 7.1% (-6.8% in FY 08-09) in the Fund. As a comparison, the SEMDEX, SEM-7 and DEMEX registered a return of 16.7%, 3.9% and 11.2% respectively.

REPORT OF DIRECTORS (CONT'D)

1.2.2 Unquoted Shares – Performance

The Unquoted Shares as an asset class posted a positive return of 10.1% (1.0% in FY 08-09) over the year. Weighing around 23.6% on average, of the total portfolio (25.4% in FY 08-09), this asset class contributed to a return of 2.4% to the total return of the Fund (0.3% in FY 08-09). This return is mainly attributable to the valuation exercise conducted for unquoted shares whereby their value in aggregate witnessed a significant increase.

1.2.3 Foreign Investments – Performance

The Foreign Investments class weighed on average around 23.1% of the total portfolio (22.4% in FY 08-09) and registered a return of 11.8% for the year in MUR terms (-10.3% in FY 08-09), thus contributing 2.7% (-2.3% in FY 08-09) to the return of the Fund. During the year, MUR appreciated by around 5.9% against a basket of foreign currencies comprising USD (50%), EUR (30%) and GBP (20%). Thus, in terms of the said foreign currency basket, this asset class registered a return of 17.7%. As a general indication the MSCI World Index posted a return of 8.0% in USD terms. The favorable return of this asset class is attributable to pickup in global economic activities.

1.2.4 Fixed Income Securities and Others – Performance

This asset class, made up of long term bonds, short term deposits, foreign currencies deposits and cash balances, achieved a return of 8.8% (11.1% in FY 08-09). On average, this asset class represented 9.8% of the total portfolio (15.0% in FY 08-09) and contributed 0.9% (1.7% in FY 08-09) to the total return of the Fund.

2. Comments on Financial Statements

2.1 Financial Results

Total income, excluding gain on disposal of investment and fair value change of financial assets amounted to Rs 32.9 m (FY 08-09: Rs 36.1 m). The total income included dividend income Rs 25.3 m (FY 08-09: Rs 24.8 m), interest income of Rs 9.2 m (FY 08-09: Rs 11.2 m) and other income. The fair value of financial assets through profit or loss registered a gain of Rs 47.7 m due to a general rise in market prices (FY 08-09: Net decrease of Rs 104.2 m).

2.2 Fund Expenses

The Total Expense Ratio (TER) gives an indication of the expenses incurred in running a fund. The TER is calculated in line with international standards and covers professional fees, administration costs, distribution fees and other operating expenses. It stood at 1.2% for the year ended 30 June 2010. It is to be noted that the weighted TER for the industry was around 1.7%.

2.3 Dividends

The Fund declared a dividend of 80 cents per share for the year ended 30 June 2010 (FY 08-09: 60 cents). In aggregate an amount of Rs 41.5m was distributed to shareholders registered at close of business on 10 June 2010. It is to be noted that the dividend paid to shareholders is based on net profit and realised gain on disposal of investments. Fair value change is not distributed as dividend since it is not a realised gain.

2.4 Share Capital

The issued share capital of the Fund as at 30 June 2010 was 52,296,745 (FY 08-09: 52,237,780). In spite of stock markets volatility and uncertainty, shareholders have continued to show interest in the Fund. The number of shares outstanding increased by 58,965 representing a rise of 0.1% over last year. During the year, the Fund issued 598,318 shares and 539,353 shares were redeemed.

REPORT OF DIRECTORS (CONT'D)

3 Asset Allocation and Portfolio Composition

Asset Allocation is the apportionment of the Fund's portfolio according to goals, risk tolerance and investment horizon set in order to minimise risks and maximise returns. The asset allocation and its sub-components are reviewed periodically and adjusted to reflect changes in market conditions.

The total net assets as at 30 June 2010 stood at Rs 1,067.4 m (30 June 2009: Rs 993.3 m). The table below gives a breakdown of the portfolio for each asset class.

Asset Allocation & Portfolio Composition	30-Jun-10 Rs m	30-Jun-10 %	30-Jun-09 Rs m	30-Jun-09 %
Locally Listed Equities	**455.5**	**42.7**	**401.2**	**40.4**
Banking & Insurance	190.5	17.8	174.4	17.6
Commerce	35.8	3.4	22.1	2.2
Industry	30.4	2.8	24.7	2.5
Investment	68.3	6.4	58.7	5.9
Leisure & Hotels	82.4	7.7	91.0	9.2
Sugar	43.8	4.1	23.5	2.4
Transport	4.3	0.4	6.9	0.7
Unquoted Securities	**269.5**	**25.2**	**249.4**	**25.1**
Insurance	210.1	19.7	188.9	19.0
Investment	20.8	1.9	16.4	1.6
Technology	17.8	1.7	22.2	2.2
Leisure	20.8	1.9	22.0	2.2
Foreign Investments	**243.5**	**22.8**	**219.8**	**22.1**
Equity	204.4	19.2	143.2	14.4
Bonds, Property & Others	25.1	2.3	10.4	1.0
Cash	14.0	1.3	66.2	6.7
Fixed Income Securities & Others	**98.8**	**9.3**	**122.9**	**12.4**
Long term Bonds	81.2	7.6	76.1	7.7
Short term Bonds & Others	17.6	1.6	46.8	4.7
Total Net Assets	**1,067.4**	**100.0**	**993.3**	**100.0**

Table 2: Asset Allocation

Please note that figures may not tally due to rounding.

3.1 Locally Listed Equities – Composition

The proportion of Locally Listed Equities in the total portfolio increased by 2.3% over the year. In absolute terms, the value increased by Rs 54.3 m mainly due to the rise in the local stock market. Local acquisition of shares amounted to Rs 33.3 m being mainly in investment, sugar, commerce and banking sectors. Disposal of shares totaled Rs 26.7 m and were from the leisure and hotels, investment and transport sectors. The sectoral change in locally listed equities is illustrated below:

Locally Listed Equities

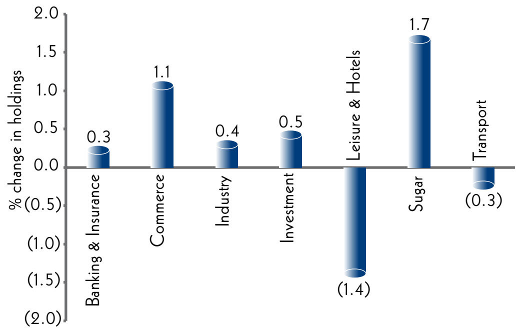


Chart 2: Sectoral change in Locally Listed Equities

3.2 Unquoted Shares – Composition

The portion of Unquoted Shares increased by Rs 20.1 m, in value terms and 0.1% in terms of percentage compared to last year. The Insurance and Investment sectors registered an increase in value terms which is attributable to improving fundamentals. However Technology and Leisure sectors fell by 0.6% and 0.3% due to a slight fall in their values. During the period, there has been no acquisition or disposal.

REPORT OF DIRECTORS (CONT'D)

Unquoted Shares

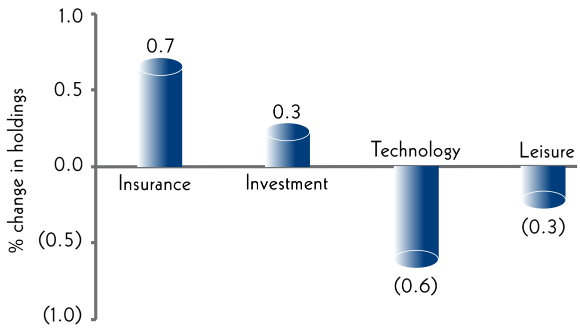


Chart 3: Sectoral change in Unquoted Shares

3.3 Foreign Investments – Composition

The proportion of foreign investments increased by 0.7% and by Rs 23.7m in absolute terms during the year. The increase in the sub-components of Equity and Bonds, Property & Others was partly due to the strengthening in market value of these investments. Moreover, the Fund also increased its exposure in equity based funds shifting from cash funds. Total acquisition for the year amounted to Rs 30.7 m and disposal was around Rs 35.6 m.

Foreign Investment

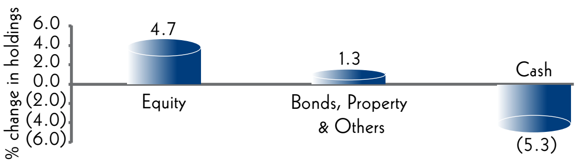


Chart 4: Sectoral change in Foreign Investments

3.4 Fixed Income Securities and Others – Composition

The proportion of Fixed Income Securities & Others held in the portfolio went down by 3.1% and by Rs 24.1 m in absolute terms. This reduction was mostly led by the fall in cash balances and short term bonds held. An increase in fair value of long term bonds can be noted due to fall in interest rates. However, there was a marginal decrease in terms of the proportion of long term bonds in the total portfolio.

Fixed Income Securities & Others

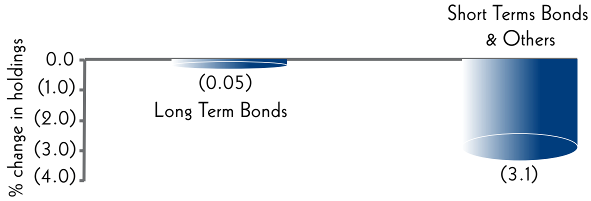


Chart 5: Sectoral change in Fixed Income Securities and Others

4. Top 5 Holdings of Local Equities

Security	Rs m	% of Total Net Asset	Category	Sector
SICOM	209.9	19.7	Un-quoted	Insurance
MCB	100.1	9.4	Listed	Banking
SBM	58.2	5.5	Listed	Banking
NMH	44.0	4.1	Listed	Hotels
SRL	30.5	2.9	Listed	Hotels
	442.8	**41.5**		

Table 3: Top holdings – Local Equities

4.1 State Insurance Company Ltd (SICOM)

SICOM was incorporated in 1988 and is one of the leading insurance and financial companies in Mauritius. During the financial year ending 30 June 2010, the group witnessed an appreciable growth in its performance. Turnover grew by 8.5% reaching Rs 1.6 bn and net revenue increased by 9.2%. Net assets value of the company grew by 13.8% and profit after tax increased by 16% to stand at Rs 358.3 m. As part of its diversification strategy, SICOM is proceeding with the implementation of a multi-storey building mainly for office purposes in Port Louis.

REPORT OF DIRECTORS (CONT'D)

4.2 Mauritius Commercial Bank Ltd (MCB)

MCB is listed on the Mauritian stock market since 1989. Its main activities being banking and financial services, it is one of the leading company among its peers. As at 30 June 2010, its market capitalisation was Rs 35.6 bn representing 23.6% of the SEMDEX. Its dividend yield stood at 3.7% and Price Earnings (PE) ratio was 8.5x. For the year under review, the company registered a decrease in operating income from Rs 8.3 bn to Rs 8.0 bn, equivalent to -3.3% while profit for the year stood at Rs 3.4 bn as at 30 June 2010; a decrease of 15.5% over last year.

4.3 State Bank of Mauritius Ltd (SBM)

Incorporated in 1973, SBM was listed on the SEM in 1995. The main activity of the company is banking and financial services. As at 30 June 2010, its market capitalization stood at Rs 24.0 bn, representing 15.9% of SEMDEX. For the same period, dividend yield was recorded at 3.5% and price earnings ratio stood at 10.1x. During the financial year ending 30 June 2010, operating income decreased by 3.6%, standing at Rs 3.8 bn while profit after tax fell by 9% to reach Rs 1.9 bn. On the other hand, net assets increased by 13.2%.

4.4 New Mauritius Hotels (NMH)

NMH, marketed under Beachcomber brand, is one of the leading companies operating in Mauritius and Seychelles. For the nine months ending 30 June 2010, revenue of the group fell by 5.4% to reach Rs 5.5 bn. Profit after tax for the same period decreased by 35.3% to reach Rs 725 m. NMH is listed on the SEM with a market capitalisation of Rs 16.8 bn which constituted 11.1% of the total market. As at 30 June 2010, the dividend yield stood at 3.85% and PE ratio was 14.29x. The group's forthcoming project is the reconstruction of the Trou aux Biches property into a luxury hotel and is scheduled to open by end of 2010.

4.5 Sun Resorts Ltd (SRL)

SRL's main activity is in the hospitality sector of the tourism industry and the Group operates in Mauritius and Maldives. SRL's market capitalisation amounted to Rs 6.9 bn which represented 4.6% of the total market cap as at 30 June 2010. For the same period, dividend yield was 1.81% while PE ratio was 15.8x. For six months ending 30 June 2010, the group witnessed a fall in both revenue and profit after tax by 15.9% to reach Rs 1.6 bn and 58.1% to stand at Rs 78.7 m respectively. The company has received approval to sell units at Long Beach under the Invest-Hotel Scheme.

5. Foreign Investments Profile

The foreign investments component, equivalent to Rs 243.5 m, accounted for 22.8% of the Fund's total portfolio. These investments are carried out via established foreign fund managers while investments in India are effected through Indian stockbrokers.

The breakdown of the foreign portfolio by different characteristics and top five holdings as at 30 June 2010 are shown below.

Foreign Investment Asset Classes

	Rs m	%
Equity	204.4	83.9
Cash	25.1	10.3
Bonds, Property & Others	14.0	5.8
	243.5	**100.0**

Table 4: Foreign Investments – Asset Classes

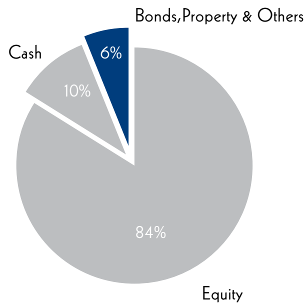


Chart 6: Foreign Investment Asset Classes

REPORT OF DIRECTORS (CONT'D)

Foreign Investment Geographical Profile

	Rs m	%
USA	27.9	11.5
UK	8.9	3.7
Euroland	36.7	15.1
India	80.7	33.1
Others	89.2	36.6
	243.5	**100**

Table 5: Foreign Investments – Geographical profile

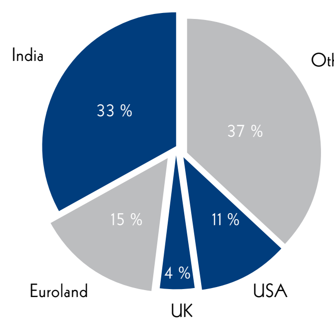


Chart 7: Foreign Investment geographical profile

Foreign Investment Currency Profile

	Rs m	%
USD	100.1	41.1
GBP	6.0	2.5
EUR	50.2	20.6
INR	68.6	28.2
Others	18.6	7.6
	243.5	**100.0**

Table 6: Foreign Investments – Currency Profile

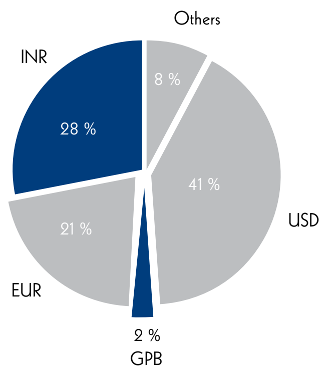


Chart 8: Foreign Investment currency profile

5.1 The Top 5 holdings of foreign funds

Investments in foreign funds amounted to Rs 174.9 m and accounted for 72% of the foreign portfolio. The investments are spread in 47 funds cutting across different regions, asset classes and currencies. The top 5 funds are detailed below:

Top 5 holdings of Foreign Funds	Rs m	Foreign Invt %
Templeton China Fund	14.4	5.9
Fidelity Euro Cash Fund	11.3	4.7
Fidelity Singapore Fund	9.9	4.1
FranklinTempleton USD Liquid Reserve Fund	9.4	3.9
Templeton Eastern Europe Fund	8.5	3.5
	53.5	**22.0**

Table 7: Foreign Investments –Top 5 Holdings of foreign funds

5.1.1 Templeton China Fund

This fund aims to achieve long term capital appreciation by investing primarily in equity securities of companies in China, Hong Kong and Taiwan. Around 98% of its total portfolio is held in equity and invested mainly in Energy and Banking sectors. The fund registered a return of 14.7% over the period.

5.1.2 Fidelity Euro Cash Fund

The fund invests mainly in Euro dominated interest bearing transferable debt securities with maturities less than 12 months. The fund registered a return of 0.1% over the period. (It is to be noted that the investment in this fund is usually of a temporary nature. Money is parked in cash based funds as an alternative to keeping in a bank account in waiting of more attractive investment opportunities.)

REPORT OF DIRECTORS (CONT'D)

5.1.3 Fidelity Singapore Fund

The Singapore fund invests principally in equity securities quoted on the stock exchange in Singapore. Its principal investments are concentrated in the financial and industrial sectors. The fund registered a return of 31.2% over the period.

5.1.4 Franklin Templeton USD Liquid Reserve Fund

The fund's aim is to invest in a portfolio of high quality short term securities and money market instrument in USD dominated currency. Around 75% of its portfolio is in cash. The fund registered an insignificant return over the period. (It is to be noted that the investment in this fund is usually of a temporary nature. Money is parked in cash based funds as an alternative to keeping in a bank account in waiting of more attractive investment opportunities.)

5.1.5 Franklin Templeton Eastern Europe Fund

The fund's aim is to achieve long term capital appreciation by investing in securities listed in countries of Eastern Europe. Around 95% of its investment is in equity. The fund registered a return of 41.7% over the period.

5.2 Investment in India

The Fund's total investment on the indian stock market as at 30 June 2010 amounted to Rs 68.6 m representing 28.2% of the total foreign portfolio. During the year, an additional amount of USD 1.0 m (Rs 30.5 m) had been invested in India. A cautionary investment approach had been adopted with a number of risk control parameters.

Within the year under review, the Fund achieved a return of 26% in MUR terms on its indian portfolio (21.7% in INR terms). As a comparative, the Bombay Sensitive Index (SENSEX) recorded a gain of 22.1% in INR terms.

5.3 The Top 5 holdings in India

	Rs m	**% of Indian Portfolio**
Reliance Industries Ltd	8.3	12.1
Infosys Technologies Ltd	6.2	9.0
ICICI Bank Ltd	4.3	6.3
Larsen and Toubro Ltd	4.3	6.3
ITC Ltd	4.1	6.0
	27.2	**39.7**

Table 8: Foreign Investments –Top 5 Holdings in India

5.3.1 Reliance Industries Ltd (RIL)

RIL's main activities include the manufacturing of petrochemicals, synthetic fibers, fiber intermediates, textiles, blended yarn and polyester staple fiber. The company also owns a petroleum refinery cum petrochemicals complex that produces a wide range of products such as gasoline, superior kerosene oil and liquefied petroleum gas. As at 31 March 2010, the company registered an increase in both turnover and profit after tax by 37% and 6% respectively. The company achieved a return of 7.4% on the market over the period under review. The company is currently trading at a PE ratio of 12.6x.

5.3.2 Infosys Technologies (INFO)

INFO provides IT consulting and software services, including e-business, program management and supply chain solutions. The group's services include

REPORT OF DIRECTORS (CONT'D)

application development, product co-development, system implementation and system engineering. it has more than 60 offices and development centres around the world. The company registered an increase of 4.8% in revenue and 4.3% in net profit after tax. The current PE ratio is around 28.0x. The company registered a market return of 57% over the period under review.

5.3.3 ICICI Bank Ltd (ICICI)

ICICI operates a network of more than 2,000 branches throughout India and has a presence in 18 countries. The group specialises in retail and corporate banking. In addition to forex and treasury operations, the company has a stance in life and non-life insurance, venture capital and asset management. For its FY 09-10(ending 31 March 2010), its operating profit increased by 9.0% and profit after tax by 7.1%. The current PE ratio is around 26.9x and the company achieved a return of 19.4% in the market.

5.3.4 Larsen & Toubro (LT)

LT manufactures engineering equipment, undertakes large scale engineering projects, and acts as the Indian representative for a number of overseas manufacturers of heavy machinery. The company's products include bulldozers, road rollers, dairy machinery, chemical and pharmaceutical plants, switchgears, food processing machinery and feed milling plants. For its FY 09-10 (ending 31 March 2010), the company's revenues and net profit after tax grew by around 9% and 26% respectively. A market return of 15.1% was recorded for the financial year ended 30 June 2010.

5.3.5 ITC Ltd (ITC)

ITC has diversified presence in cigarettes, hotels, paperboards & specialty papers, packaging, agri business, packaged foods & confectionery, branded apparel, greeting cards and other FMCG products. Its wholly owned information technology subsidiary, ITC Infotech India Ltd provides IT services to leading global customers. In FY 09-10, it achieved an increase in turnover and profit after tax of 16.3% and 24.4% respectively. The company is trading at a current PE of 31.3x and registered a market return of 60%.

6. Local Economic Review

Key Macroeconomic Indicators

	Unit	2009	2010
GDP Growth	% - Cal Yr	3.1	**4.2**
Investment Growth	% - Cal Yr	9.1	**-3.2**
Unemployment	% - Cal Yr	7.3	**7.5**
Inflation	% - Fin Yr	6.9	**1.7**

Table 9: Key macroeconomic indicators (Source: CSO)

The Mauritian economy remained robust. The GDP growth rate for 2010 is estimated to be around 4.2% compared to 3.1% growth last year. This is explained mainly by the momentum gained locally, from pick up in global economic activities. The current growth is being driven by favorable conditions mainly in financial intermediation, real-estate and business activities. Mauritius being highly dependent on European economies, downside risks remains due to financial instability in Europe.

Investment in real terms is expected to decline by 3.2% in 2010 compared to a growth of 9.1% in 2009. Public sector investment is anticipated to grow by 1.5% in 2010 due to the upcoming projects in road infrastructures, airport extension and service sectors. Private investment would decline by 4.8%

REPORT OF DIRECTORS (CONT'D)

in the current year due to completion of major construction projects and lower investment in machinery and equipment. A substantial increase in Foreign Direct Investments (FDI) into Mauritius for period January to June 2010 has been noted compared to the same period last year.

The unemployment rate has been projected to increase marginally from 7.3% to 7.5% in 2010. The economic measures taken by the Government vastly contributed in limiting job losses in the context of the global financial crisis. The female unemployment rate is 12.3% whereas male unemployment rate is 4.4%. Foreign workers employed in various sectors are on the rise. As at June 2010, 22,200 foreigners were employed in Mauritius mainly in the manufacturing and construction sectors.

Inflation rate for the financial year was 1.7% (as opposed to 6.9% recorded for the same period last year) and has been mainly driven by the global slowdown and decline in commodity prices. The inflation rate is projected to increase in the near future but it is likely to remain within manageable levels. At the moment, inflationary pressures should not be a major hindrance in relation to policy formulations to address other economic issues.

7. Mauritian Stock Market Review

Concurrently with worldwide rebound in stock markets, the SEMDEX picked up forcefully achieving its highest level for the period, in February 2010 with market closing at 1,745.62 points. However, following the European crisis which had damaging effect on the local economy, the market staggered followed by a slightly downward trend in the first half of the year. The SEMDEX posted a return of 16.7%, thereby reflecting the trend of global markets.

The local market was driven mainly by the Industry & Banking sectors. The best performers were Gamma Civic, UBP and PIM while Naiade and MSM were among the top losers. Smaller cap companies outperformed the larger cap companies. As an indication, the SEM-7, which consists of the 7 largest eligible shares of the official list, measured in terms of market capitalisation, liquidity and investability criteria, gained only 3.9% compared to the return of SEMDEX.

Chart 9 shows the movement of the local market indices for the period under review, namely the SEMDEX and SEM-7. The SEMDEX and the SEM- 7 were tracking each other closely until Oct 2009. Thereafter, the heavy weighted stocks in the hotels and banking sectors weakened much more than the smaller cap stocks.

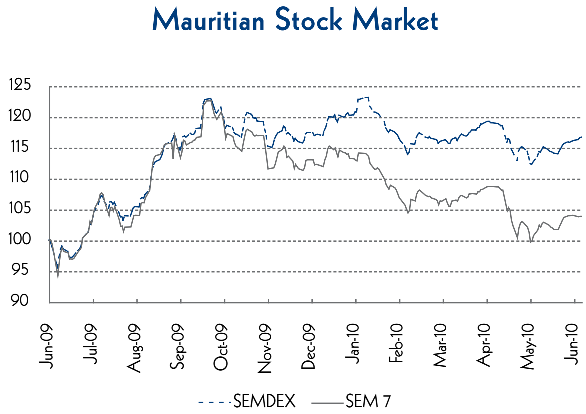


Chart 9: Mauritian Stock Market

The local stock market witnessed some significant corporate actions. During the year, major events in the market included amalgamation of sugar companies; amalgamation, restructuring and streamlining of activities within the Espitalier Noël Group; change in shareholding of Harel Freres; MUA's purchase of La Prudence Mauricienne Assurance Ltée; MSM's rights issue and UBP's bonus share issue.

Foreign Investors showed renewed interest in the local stock market which is explained by the rebound in global markets and the increasing opportunities available in the frontier markets like Mauritius. The net purchases by foreigners went up. Foreign purchases amounted to Rs 3.0bn (FY 08-09: Rs 3.2bn) and disposal amounted to Rs 2.2bn (FY 08-09: 4.3bn).

As at 30 June 2010, the PE ratio for the official market stood at 10.4x compared to 7.6x last year. The dividend yield was 3.4% compared to 4.1% last year.

The Development and Enterprise Market (DEM) gained 11.2% for the financial year ended 30 June

REPORT OF DIRECTORS (CONT'D)

2010. PE ratio and dividend yield stood at 13.7x and 2.7% respectively.

8. Foreign Market Review

8.1 Global Equity Market

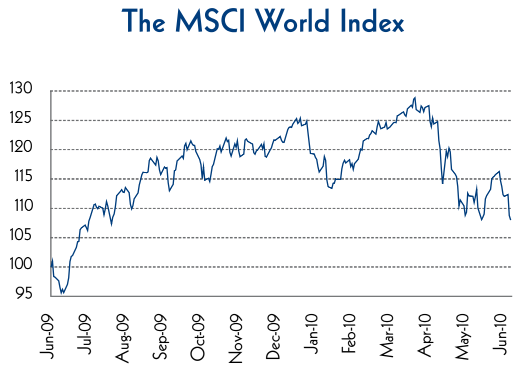


Chart 10: World Equity Market

The global equity market as represented by the MSCI World Index gained 8.0% in USD terms and the PE ratio stood at 21x as at 30 June 2010. Economic recovery was paving its way modestly during the period, however, increasing talks of double dip recession, ongoing sovereign debt issues, contributed to uncertainty in equity markets and drove down the markets especially during the second quarter of 2010. The IMF is projecting a growth in world output of around 4.8% for the year 2010 compared to a contraction of 0.6% last year.

8.2 US Market

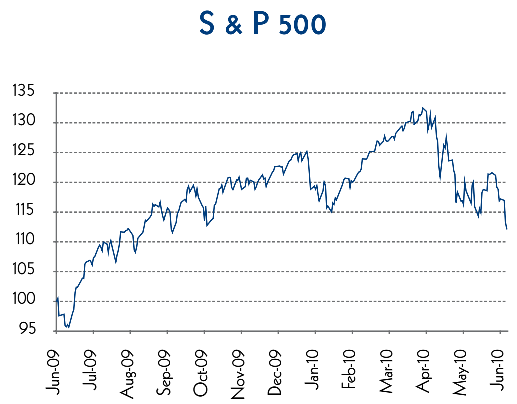


Chart 11: US Stock Market

The S&P 500 gained around 12.1% for the period under observation. The PE ratio and dividend yield for the index stood at 13.9x and 2.1% respectively. The growth can be attributed to the Recovery Act put in place to create jobs and promote investment and consumer spending during the recession. In May 2010, the US financial market witnessed a broad-based sell off as concerns about the fiscal health of peripheral eurozone countries dominated sentiment. Real GDP growth is forecast at 2.7% for the year 2010 which is far below developing and emerging economies. The unemployment rate is predicted at 9.6% (2009: 9.3%), inflation rate estimated to be around 1.6% for the year 2010 (2009: -0.35%) and the Fed baseline interest rate fluctuated within 0-0.25%. Budget deficit as a percentage of GDP stood at 9.10% (2009: 10.30%).Overall improvement in some economic indicators were noted.

8.3 Eurozone Markets

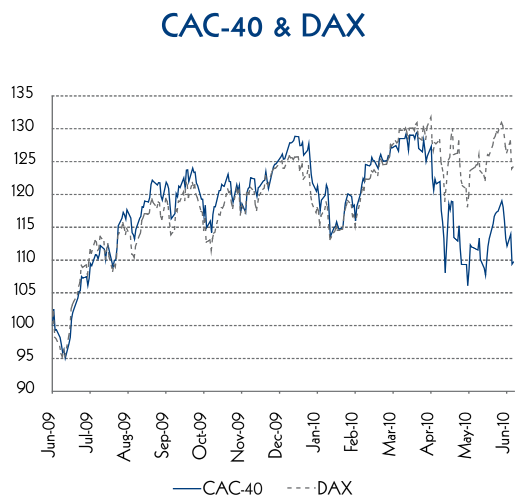


Chart 12: Euroland main Stock Markets

The Eurozone market represented by French CAC-40 and German DAX gained 9.6% and 24.1% respectively. The two indices took a similar upward trend during the period until the end of March 2010. When the DAX outperformed the CAC-40 showing the increase in investors' confidence in the German economy. The fiscal austerity measures in the eurozone economies coupled with higher unemployment could restrain consumer spending and domestic demand. Furthermore, although the euro's decline against the sterling and the US dollar helped

REPORT OF DIRECTORS (CONT'D)

bolster exports in export oriented economies like Germany, it is also pushing up import costs. Inflation rate and unemployment are forecast at 1.5% and 10% respectively. The PE ratio stood at 14.5x for DAX and 11.9x for CAC-40 as at 30 June 2010.

8.4 Japanese Market

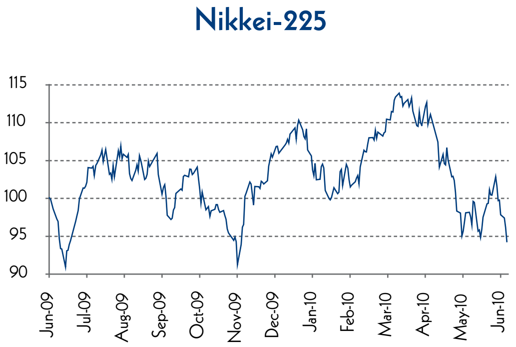


Chart 13: Japanese Stock Market

The Japanese equity market has been the worst performing among its peers. Accordingly, the Nikkei-225 lost 5.8% over the period under review. The index fluctuated widely during the year. In Japan, fiscal stimulus, rebound in global trade and strong growth elsewhere in Asia helped to boost output growth since the fourth quarter of 2009. But activity weakened significantly in the second quarter of 2010. Mounting concerns about sovereign credit risk in Europe, stricter financial regulations and steep currency fluctuations contributed to a renewed upswing in volatility during last quarter. The real GDP growth forecast for the year is 3.05%. While the inflation rate is predicted to be -1%, the unemployment rate is estimated at 5.07%. Japan Central Bank Rate was around 0.1% as at 30 June 2010. The Bank of Japan recognises that Japan's economy faces the critical challenge of overcoming deflation and returning to a sustainable growth path with price stability.

8.5 UK Market

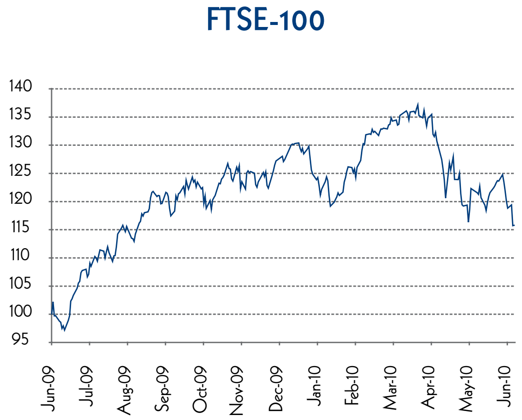


Chart 14: UK Stock Market

The FTSE-100 followed a generally upward trend for the financial year ended 30 June 2010, gaining around 15% over the period. The market was trading at a PE of 13.59x as at 30 June 2010. UK equities declined in March and April 2010 as concerns mounted over Europe's debt crisis. Government rescue package partially helped to ease these worries. The real GDP growth for the year is estimated at 1.6%, driven by a pick-up in household consumption. Unemployment rate remained at 7.8%. There is a general anticipation that the VAT increase to 20% shall lead to increase in inflation.

8.6 Emerging Markets

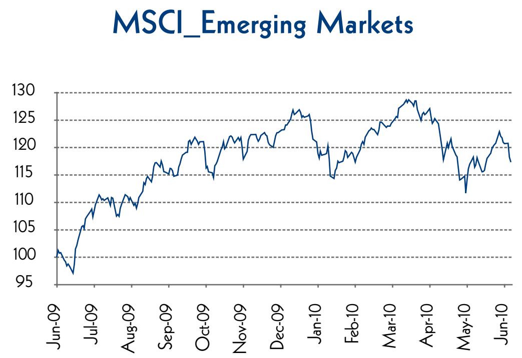


Chart 15: MSCI Emerging Markets

REPORT OF DIRECTORS (CONT'D)

The MSCI Emerging markets index gained 17.3% over the period under review but was marked by periods of high volatility. As at 30 June 2010, dividend yield was 2.3% and PE ratio stood at 13.1x. The emerging economies continue to lead in global economic recovery with strong economic growth projection by the IMF for China (9.6%), India (8.4%), Brazil (7.1%), ASEAN countries (6.4%), Sub-Saharan Africa (5%). This robust pace of growth has led to increase capital flows to emerging markets. It is expected that drivers to growth in these countries shall be more endogenous-driven, with a growing middle class population. The challenge for these economies shall be to contain growing inflationary pressure while maintaining continuous and rapid structural changes so as to sustain the growth.

8.7 Indian Market

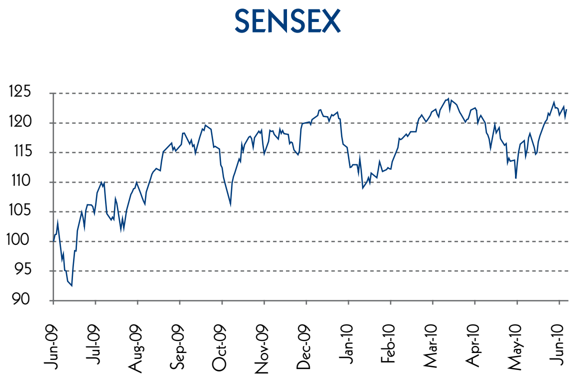


Chart 16: Indian Stock Market

The Indian stock markets, as measured by the Sensex, gained 22.1% during the financial year under review. Prospects about a robust recovery in growth have increased expectations revising the country's GDP upwards to 8.4% for the year 2010-11. However, an uncertain external environment coupled with inflationary pressure is a major risk to growth as it may affect consumption and investment demand. Headline inflation was registered at 10.6% in June 2010 and is feared to increase because of power pricing, alignment of local and international fuel prices and wage pressure. For the year under review, the market was trading at a dividend yield of 1.5% and PE ratio of 21.4x.

9. Prospects

The local economy surfaced from the financial turmoil which shook the global economy in the recent years. The prospects ahead look positive given the measures being taken by the authorities to address key economic issues. Euro zone crisis remains a major cause of concern especially in relation to our export and tourist sectors. However, to mitigate its effects, export markets for goods and services are being diversified. The Repo Rate has also been lowered by 100 basis points to capture the loss of momentum in economic activities. Major infrastructural projects which are underway like the airport extension, Jin Fei, ring road, land-based oceanic park and other property development projects are likely to impact positively on the economy.

On local market side, the SEMDEX has shot up by 6.5% on back of the healthy fundamentals of many corporates and the slashing of the Repo Rate. Foreign investors are also luring the local market, as worldwide trend, is being shifted to emerging and frontier markets. The Fund would continue to be active in the local stock market.

On the foreign front, the aftereffects of the recent years events have had tremendous impact on market dynamics with portfolio investment shifting more towards emerging markets. The high growth in countries like China, India and Brazil are still the driving force behind the global growth. Some African economies are also in the limelight such as Ghana where growth is expected to be double digit for the coming years. In terms of foreign investments, the Fund would continue to focus on emerging markets equity. We would also explore the possibility to have some exposure to frontier and African markets. However, the Fund would still maintain a well balanced and well diversified portfolio.

REPORT OF DIRECTORS (CONT'D)

10. Acknowledgement

The Board would like to thank the management team and staff towards enhancing the value of the Company as well as the shareholders for their continued support and trust.

M.I. Mallam-Hasham
Chairman

01 October 2010

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS

This report is made solely to the members of Port Louis Fund Ltd (the "company"), as a body, in accordance with Section 205 of the Companies Act 2001. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Report on the Financial Statements

We have audited the financial statements of Port Louis Fund Ltd on pages 26 to 54 which comprise the statement of financial position at June 30, 2010, the statement of comprehensive income, statement of changes in net assets attributable to holders of redeemable shares and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Directors' Responsibility for the Financial Statements

The directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and in compliance with the requirements of the Companies Act 2001. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements on pages 26 to 54 give a true and fair view of the financial position of the company at June 30, 2010, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and comply with the Companies Act 2001.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS (CONT'D)

Report on Other Legal and Regulatory Requirements

Companies Act 2001

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

We have obtained all information and explanations we have required.

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

BDO & CO
(Formerly BDO De Chazal Du Mée & Co)
Chartered Accountants

Per Yacoob A. Ramtoola F.C.A.
Port Louis,
Mauritius.

01 October 2010

STATEMENT OF FINANCIAL POSITION - YEAR ENDED JUNE 30, 2010

	Note	2010	2009
		Rs'000	Rs'000
ASSETS			
Non-current assets			
Portfolio of domestic securities	5	**350,670**	325,470
Portfolio of foreign securities	6	**243,545**	219,844
		594,215	545,314
Current assets			
Portfolio of domestic securities	5	**455,509**	401,211
Short term investments	7	**20,910**	50,254
Trade and other receivables	8	**3,289**	2,889
Cash and cash equivalents	18(b)	**6,319**	1,531
		486,027	455,885
Total assets		**1,080,242**	1,001,199
EQUITY AND LIABILITIES			
Net asset attributable to holders of redeemable shares		**1,067,381**	993,349
Current liabilities			
Trade and other payables	10	**3,286**	2,674
Current tax liabilities	11	**968**	1,274
Dividends		**1,745**	1,520
Bank overdraft	18(b)	**6,862**	2,382
		12,861	7,850
Total equity and liabilities		**1,080,242**	1,001,199
Net asset value per share	19	**20.41**	19.02

These financial statements have been approved for issue by the Board of Directors on 01 October 2010.

M.I. Mallam-Hasham
Chairman

V. Bhuguth
Director

The notes on pages 30 to 54 form an integral part of these financial statements.
Auditors' report on pages 24 and 25.

STATEMENT OF COMPREHENSIVE INCOME - YEAR ENDED JUNE 30, 2010

	Note	2010	2009
		Rs'000	Rs'000
INCOME			
Investment income	12	**32,903**	36,124
Profit on disposal of investments		**414**	187
Release to statement of comprehensive income on disposal of available-for-sale securities		**(358)**	837
Net increase/(decrease) in fair value of financial assets through profit or loss	13	**47,665**	(104,179)
		80,624	(67,031)
EXPENSES			
Management fee	14	**(9,595)**	(8,567)
Auditors' remuneration		**(98)**	(115)
Registry costs	15	**(748)**	(719)
Brokerage fees		**(137)**	(365)
Other operating expenses		**(2,245)**	(2,509)
Corporate Social Responsibility Fund		**(451)**	-
		(13,274)	(12,275)
Net income/(loss) before taxation	16	**67,350**	(79,306)
Income tax expense	11	**(1,075)**	(1,281)
Net income/(loss) after taxation		**66,275**	(80,587)
Other comprehensive income:			
- Increase/(decrease) in fair value of available-for-sale securities		**47,772**	(30,244)
- Release to income on disposal of available-for-sale securities		**358**	(837)
		48,130	(31,081)
Total comprehensive income		**114,405**	(111,668)

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

The notes on pages 30 to 54 form an integral part of these financial statements.
Auditors' report on pages 24 and 25.

STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE SHARES - FOR THE YEAR ENDED JUNE 30, 2010

	2010	2009
	Rs'000	Rs'000
Net assets attributable to holders of redeemable shares at 1 July,	993,349	1,128,615
Proceeds from issue of redeemable shares	12,264	32,607
Payments on redemption of redeemable shares	(11,127)	(25,379)
Net increase from share transactions	1,137	7,228
Total comprehensive income for the year	114,405	(111,668)
Distribution to holders of redeemable shares	(41,510)	(30,826)
	72,895	(142,494)
Net assets attributable to holders of redeemable shares at 30 June,	1,067,381	993,349

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

The notes on pages 30 to 54 form an integral part of these financial statements.
Auditors' report on pages 24 and 25.

STATEMENT OF CASH FLOWS -
YEAR ENDED JUNE 30, 2010

	Note	2010	2009
		Rs'000	Rs'000
Cash flows from operating activities			
Cash absorbed in operations	18(a)	(14,312)	(9,266)
Interest received		9,374	11,319
Dividend received		22,738	25,318
Tax paid		(1,381)	(1,379)
Net cash generated from operating activities		16,419	25,992
Cash flows from investing activities			
Purchase of investments		(79,472)	(59,038)
Proceeds from sale of investments		74,165	55,646
Net cash used in investing activities		(5,307)	(3,392)
Cash flows from financing activities			
Redemption of shares		(11,127)	(25,379)
Issue of shares		12,264	32,607
Dividend paid to holders of redeemable shares		(41,285)	(30,622)
Net cash used in financing activities		(40,148)	(23,394)
Net decrease in cash and cash equivalents		(29,036)	(794)
Movement in cash and cash equivalents			
At July 1,		49,403	50,197
Decrease		(29,036)	(794)
At June 30,	18(b)	20,367	49,403

The notes on pages 30 to 54 form an integral part of these financial statements.
Auditors' report on pages 24 and 25.

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED JUNE 30, 2010

1. GENERAL INFORMATION

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

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

2. SIGNIFICANT ACCOUNTING POLICIES

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

(a) Basis of preparation

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

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

IFRIC 16, 'Hedges of a Net Investment in a Foreign Operation', clarifies that the net investment hedging relates to differences in functional currency not presentation currency, and hedging instruments may be held anywhere in the company. This IFRIC will not have any impact on the company's financial statements.

IAS 1, 'Presentation of Financial Statements' (Revised 2007), prohibits the presentation of items of income and expenses (that is, 'non-owner changes in equity') in the statement of changes in equity, requiring 'non-owner changes in equity' to be presented separately from owner changes in equity. All non-owner changes in equity will be required to be shown in either one performance statement (the statement of comprehensive income) or two statements (the income statement and statement of comprehensive income). As the change in accounting policy only impacts presentation aspects, there is no impact on earnings per share.

IAS 23, 'Borrowing Costs' (Revised 2007), requires an entity to capitalise borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset (one that takes a substantial period of time to get ready for use or sale) as part of the cost of that asset. This IAS is currently not applicable to the company as there are no qualifying assets.

IFRS 8, 'Operating Segments', requires a 'management approach', under which segment information is presented on the same basis as that used for internal reporting purposes. In addition, the segments are reported in a manner that is more consistent with the internal reporting provided to the chief operating decision-maker. This IFRS 8 will not have an impact on the company's financial statements.

Amendments to IAS 32 and IAS 1, 'Puttable financial instruments and obligations arising on liquidation', requires entities to classify puttable financial instruments and instruments, or components of instruments that impose on the entity an obligation to deliver to another party a pro rata share of the net assets of the entity only on liquidation as equity, provided the financial instruments have particular features and meet specific conditions. The amendment is not expected to have any impact on the company's financial statements.

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED JUNE 30, 2010 (CONT'D)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(a) Basis of preparation (cont'd)

Amendments to IFRS 2, 'Vesting Conditions and Cancellations', clarifies that vesting conditions are service conditions and performance conditions only. Other features of a share-based payment are not vesting conditions. These features would need to be included in the grant date fair value for transactions with employees and others providing similar services; they would not impact the number of awards expected to vest or valuation thereof subsequent to grant date. All cancellations, whether by the entity or by other parties, should receive the same accounting treatment. The amendment is not expected to have any impact on the company's financial statements.

Amendments to IFRS 7, 'Improving Disclosures about Financial Instruments', requires enhanced disclosures about fair value measurement and liquidity risk. In particular, the amendment requires disclosure of fair value measurements by level of a fair value measurement hierarchy. The change in accounting policy will only result in additional disclosures.

IFRIC 15, 'Agreements for the Construction of Real Estate', clarifies whether IAS 18, 'Revenue', or IAS 11, 'Construction contracts', should be applied to particular transactions. IFRIC 15 is not relevant to the company's operations as all revenue transactions are accounted for under IAS 18 and not IAS 11.

Amendments to IFRIC 9 and IAS 39, 'Embedded Derivatives', clarifies the accounting for embedded derivatives when a financial asset is reclassified out of the 'fair value through profit or loss' category. The amendment is not expected to have any impact on the company's financial statements.

IAS 27, 'Consolidated and Separate Financial Statements' (Revised 2008), requires the effects of all transactions with non-controlling interests to be recorded in equity if there is no change in control and these transactions will no longer result in goodwill or gains and losses. The revised standard also specifies the accounting when control is lost. Any remaining interest in the entity is remeasured to fair value, and a gain or loss is recognised in profit or loss. This IAS will not have any impact on the company's financial statements.

IFRS 3, 'Business combinations' (Revised 2008), continues to apply the acquisition method to business combinations, with some significant changes. For example, all payments to purchase a business are to be recorded at fair value at the acquisition date, with contingent payments classified as debt subsequently remeasured through the statement of comprehensive income. There is a choice on an acquisition-by-acquisition basis to measure the non-controlling interest in the acquiree at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets. All acquisition-related costs should be expensed. This IFRS will not have any impact on the company's financial statements.

Amendments to IAS 39, 'Eligible hedged items', prohibits designating inflation as a hedgeable component of a fixed rate debt. In a hedge of one-sided risk with options, it prohibits including time value in the hedged risk. The amendment is not expected to have any impact on the company's financial statements.

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED JUNE 30, 2010 (CONT'D)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(a) Basis of preparation (cont'd)

Amendments to IFRS 1 and IAS 27, 'Cost of an Investment in a Subsidiary', clarifies that the cost of a subsidiary, jointly controlled entity or associate in a parent's separate financial statements, on transition to IFRS, is determined under IAS 27 or as a deemed cost. Dividends from a subsidiary, jointly controlled entity or associate are recognised as income. There is no longer a distinction between pre-acquisition and post-acquisition dividends. The cost of the investment of a new parent in a group (in a reorganisation meeting certain criteria) is measured at the carrying amount of its share of equity as shown in the separate financial statements of the previous parent. The amendment is not expected to have any impact on the company's financial statements.

IFRIC 17, 'Distributions of Non-cash Assets to Owners', clarifies that a dividend payable is recognised when appropriately authorised and no longer at the entity's discretion. An entity measures distributions of assets other than cash when it pays dividends to its owners, at the fair value of the net assets to be distributed. The difference between fair value of the dividend paid and the carrying amount of the net assets distributed is recognised in profit or loss. This IFRIC will not have any impact on the company's financial statements.

IFRIC 18, 'Transfers of Assets from Customers', addresses the treatment for assets transferred from a customer in return for connection to a network or ongoing access to goods or services, or both. It requires the transferred assets to be recognised initially at fair value and the related revenue to be recognised immediately; or, if there is a future service obligation, revenue is deferred and recognised over the relevant service period. This IFRIC will not have any impact on the company's financial statements.

Improvements to IFRSs (issued May 22, 2008)

IAS 1 (Amendment), 'Presentation of Financial Statements', clarifies that some rather than all financial assets and liabilities classified as held for trading in accordance with IAS 39, 'Financial instruments: Recognition and measurement' are examples of current assets and liabilities respectively. This amendment is not expected to have any impact on the company's financial statements.

IAS 8 (Amendment), 'Accounting Policies, Changes in Accounting Estimates and Errors', clarifies that application of the guidance issued with IFRSs that is not an integral part of the Standard is not mandatory in selecting and applying accounting policies. This amendment is unlikely to have an impact on the company's financial statements.

IAS 10 (Amendment), 'Events after the Reporting Period', reinforces the clarification of the explanation as to why a dividend declared after the reporting period does not result in the recognition of a liability.

IAS 16 (Amendment), 'Property, Plant and Equipment', requires entities whose ordinary activities comprise renting and subsequently selling assets to present proceeds from the sale of those assets as revenue and transfer the carrying amount of the asset to inventories when the asset becomes held for sale. Consequential amendment to IAS 7 requires that cash flows arising from purchase, rental and sale of those assets to be classified as cash flows from operating activities. The amendment will not have an impact on the company's operations.

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED JUNE 30, 2010 (CONT'D)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(a) Basis of preparation (cont'd)

IAS 18 (Amendment), 'Revenue', removes the inconsistency between IAS 39 and the guidance in IAS 18 relating to the definition of costs incurred in originating a financial asset that should be deferred and recognised as an adjustment to the effective interest rate.

IAS 19 (Amendment), 'Employee Benefits', clarifies that a plan amendment that results in a change in the extent to which benefit promises are affected by future salary increases is a curtailment, while an amendment that changes benefits attributable to past service gives rise to a negative past service cost if it results in a reduction in the present value of the defined benefit obligation. The definition of return on plan assets has been amended to state that plan administration costs are deducted in the calculation ofreturn on plan assets only to the extent that such costs have been excluded from measurement of the defined benefit obligation.

IAS 20 (Amendment), 'Government Grants and Disclosure of Government Assistance', clarifies that the benefit of a below market rate government loan is measured as the difference between the carrying amount in accordance with IAS 39, 'Financial instruments: Recognition and measurement', and the proceeds received with the benefit accounted for in accordance with IAS 20. This amendment will not have an impact on the company's operations.

IAS 23 (Amendment), 'Borrowing Costs', has amended the definition of borrowing costs so that interest expense is calculated using the effective interest method defined in IAS 39 'Financial instruments: Recognition and measurement'. This amendment is currently not applicable to the company as there are no qualifying assets.

IAS 27 (Amendment), 'Consolidated and Separate Financial Statements', requires an investment in a subsidiary that is accounted for under IAS 39, 'Financial instruments: recognition and measurement', and is classified as held for sale under IFRS 5, 'Non-current assets held-for-sale and discontinued operations', to continue to apply IAS 39. The amendment will not have an impact on the company's operations.

IAS 28 (Amendment), 'Investments in Associates', clarifies that an investment in associate is treated as a single asset for the purposes of impairment testing. Any impairment loss is not allocated to specific assets included within the investment, for example, goodwill. Reversals of impairment are recorded as an adjustment to the investment balance to the extent that the recoverable amount of the associate increases. Where an investment in an associate that is accounted for under IAS 39, 'Financial instruments: Recognition and Measurement', only certain rather than all disclosure requirements in IAS 28 need to be made. This amendment will not have an impact on the company's operations.

IAS 29 (Amendment), 'Financial Reporting in Hyperinflationary Economies', has amended the guidance to reflect the fact that a number of assets and liabilities are measured at fair value rather than historical cost. The amendment will not have an impact on the company's operations.

IAS 31 (Amendment), 'Interests in Joint Ventures', requires where an investment in joint venture is accounted for in accordance with IAS 39, only certain rather than all disclosure requirements in IAS 31 need to be made. The amendment will not have an impact on the company's operations.

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED JUNE 30, 2010 (CONT'D)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(a) Basis of preparation (cont'd)

IAS 34 (Amendment), 'Interim Financial Reporting', clarifies that the presentation of basic and diluted earnings per share in interim financial reports is required only when the entity is within the scope of IAS 33.

IAS 36 (Amendment), 'Impairment of Assets', clarifies that where fair value less costs to sell is calculated on the basis of discounted cash flows, disclosures equivalent to those for value-in-use calculation should be made.

IAS 38 (Amendment), 'Intangible Assets', clarifies that a prepayment may only be recognised in the event that payment has been made in advance of obtaining right of access to goods or receipt of services. Advertising and promotional activities includes mail order catalogues.

IAS 39 (Amendment), 'Financial Instruments: Recognition and Measurement', clarifies that it ispossible for there to be movements into and out of the fair value through profit or loss category where a derivative commences or ceases to qualify as a hedging instrument in cash flow or net investment hedge. The definition of financial asset or financial liability at fair value through profit or loss as it relates to items that are held for trading is also amended. This clarifies that a financial asset or liability that is part of a portfolio of financial instruments managed together with evidence of an actual recent pattern of short-term profit taking is included in such a portfolio on initial recognition. When remeasuring the carrying amount of a debt instrument on cessation of fair value hedge accounting, the amendment clarifies that a revised effective interest rate (calculated at the date fair value hedge accounting ceases) is used. The amendment is not expected to have an impact on the company's statement of comprehensive income.

IAS 40 (Amendment), 'Investment Property', clarifies that property under construction or development for future use as investment property is within the scope of IAS 40. Where the fair value model is applied, such property is, therefore, measured at fair value. However, where fair value of investment property under construction is not reliably measurable, the property is measured at cost until the earlierof the date construction is completed and the date at which fair value becomes reliably measurable. The amendment will not have an impact on the company's operations, as there are no investment properties held by the company.

IAS 41 (Amendment), 'Agriculture', requires the use of a market-based discount rate where fair value calculations are based on discounted cash flows and the removal of the prohibition on taking into account biological transformation when calculating fair value. The amendment replaces the terms 'point-of sale costs' and 'estimated point-of-sale costs' with 'costs to sell'. The amendment will not have an impact on the company's operations, as no agricultural activities are undertaken.

IFRS 5 (Amendment), 'Non-current Assets Held for Sale and Discontinued Operations', clarifies that all of a subsidiary's assets and liabilities are classified as held for sale if a partial disposal sale plan results in loss of control. Relevant disclosure should be made for this subsidiary if the definition of a discontinued operation is met. The amendment will not have an impact on the company's operations.

IFRS 7 (Amendment), 'Financial Instruments: Disclosures', clarifies that interest income is not a component of finance costs.

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED JUNE 30, 2010 (CONT'D)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(a) Basis of preparation (cont'd)

Improvements to IFRSs (issued 16 April 2009)

IFRS 2 (Amendment), 'Share-based Payment', confirms that, transactions in which the entity acquires goods as part of the net assets acquired in a business combination as defined by IFRS 3 (2008) Business Combinations, contribution of a business on formation of a joint venture and common control transactions are excluded from the scope of IFRS 2 Share-based Payment. The amendment will not have an impact on the company's operations.

IAS 38 (Amendment), 'Intangible Assets', clarifies guidance in measuring the fair value of an intangible asset acquired in a business combination and it permits the grouping of intangible assets as a single asset if each asset has similar useful economic lives. This amendment is unlikely to have an impact on the company's financial statements.

IFRIC 9 (Amendment), 'Reassessment of Embedded Derivatives', clarifies that embedded derivatives in contracts acquired in a combination between entities or businesses under common control or the formation of a joint venture are outside the scope of IFRIC 9. This amendment is unlikely to have an impact on the company's financial statements.

IFRIC 16 (Amendment), 'Hedges of a Net Investment in a Foreign Operation', clarifies that hedging instruments may be held by any entity or entities within the group. This includes a foreign operation that itself is being hedged. This amendment is unlikely to have an impact on the company's financial statements.

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

Certain standards, amendments to published standards and interpretations have been issued that are mandatory for accounting periods beginning on or after 1 January 2010 or later periods, but which the company has not early adopted.

At the reporting date of these financial statements, the following were in issue but not yet effective:

Amendments to IFRS 1 Additional Exemptions for First-time Adopters
Amendments to IFRS 2 Group Cash-settled Share-based Payment Transactions
Classification of Rights Issues (Amendment to IAS 32)
IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments
Amendments to IFRIC 14 Prepayments of a Minimum Funding Requirement
IAS 24 Related Party Disclosures (Revised 2009)
IFRS 9 Financial Instruments
Amendment to IFRS 1 Limited Exemption from Comparatives IFRS 7 Disclosures for First-time Adopters

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED JUNE 30, 2010 (CONT'D)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(a) Basis of preparation (cont'd)

Improvements to IFRSs (issued 16 April 2009)

IFRS 5 Non-current Assets Held for Sale and Discontinued Operations
IFRS 8 Operating Segments
IAS 1 Presentation of Financial Statements
IAS 7 Statement of Cash Flows
IAS 17 Leases
IAS 18 Revenue
IAS 36 Impairment of Assets
IAS 38 Intangible Assets
IAS 39 Financial Instruments: Recognition and Measurement

Improvements to IFRSs (issued 6 May 2010)

IFRS 1 First-time Adoption of International Financial Reporting Standards
IFRS 3 Business Combinations
IFRS 7 Financial Instruments: Disclosures
IAS 1 Presentation of Financial Statements
IAS 27 Consolidated and Separate Financial Statements
IAS 34 Interim Financial Reporting
IFRIC 13 Customer Loyalty Programmes

The company is still evaluating the effect that these new or revised standards and interpretations on the presentation of its financial statements.

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

(b) Financial instruments

(i) Financial assets

(A) Categories of financial assets

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

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

NOTES TO THE FINANCIAL STATEMENTS -
YEAR ENDED JUNE 30, 2010 (CONT'D)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(b) Financial instruments (cont'd)

(i) Financial assets (cont'd)

(A) Categories of financial assets (cont'd)

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

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

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

(b) Held-to-maturity investments

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

(c) Available-for-sale financial assets

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

(B) Recognition and measurement

Purchases and sales of financial assets are recognised on trade-date basis. Investments are initially measured at fair value plus transaction costs for all financial assets except those that are carried at fair value through profit or loss.

Financial assets carried at fair value through profit or loss are initially recognised at fair value.

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

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

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED JUNE 30, 2010 (CONT'D)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(b) Financial instruments (cont'd)

(i) Financial assets (cont'd)

(B) Recognition and measurement (cont'd)

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

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

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

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

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

(C) Impairment of financial assets

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

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

Impairment losses for an investment in an equity instrument are not reversed through the statement of comprehensive income.

NOTES TO THE FINANCIAL STATEMENTS -
YEAR ENDED JUNE 30, 2010 (CONT'D)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(b) Financial instruments (cont'd)

(ii) Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of receivables. The amount of provision is recognised in the statement of comprehensive income.

(iii) Trade payables

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

(iv) Cash and cash equivalents

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

(v) Share capital

Shares of the company are redeemable at any time at the option of the shareholder for cash and have a par value. Share capital are therefore liabilities and net assets attributable to shareholders are considered as liabilities in the statement of financial position.

(c) Foreign currencies

(i) <u>Functional and presentation currency</u>

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

(ii) <u>Transactions and balances</u>

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

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

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED JUNE 30, 2010 (CONT'D)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(c) Foreign currencies

(ii) Transactions and balances

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date the fair value was determined. Translation differences on non-monetary items, such as equities classified as available-for-sale financial assets are included in the net assets attributable to the redeemable shares.

(d) Impairment of assets

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

(e) Revenue recognition

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

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

(f) Alternative Minimum Tax (AMT)

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

(g) Provisions

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

3. FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

The company's activities expose it to a variety of financial risks as follows:
- Market risk (including currency risk, price risk and cash flow and fair value interest rate risk);
- Liquidity risk;
- Credit risk.

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED JUNE 30, 2010 (CONT'D)

3. FINANCIAL RISK MANAGEMENT (CONT'D)

3.1 Financial risk factors (cont'd)

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

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

(a) Market risk

(i) Currency risk

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

At June 30, 2010, if Mauritian rupee had weakened/strengthened by 5% against EURO, USD, and GBP with all other variables held constant, the impact on net asset value for the year would be Rs. 12.992 million(2009: Rs.11.510 million) higher/lower mainly as a result of retranslation of foreign investment and bank balance.

(ii) Price risk

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

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

Sensitivity analysis

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

	Impact on post-tax income		Impact on other comprehensive income	
	2010	2009	**2010**	2009
	Rs'000	Rs'000	**Rs'000**	Rs'000
Available-for-sale financial assets	-	-	**13,056**	11,799
Designated as fair value through profit or loss	**22,775**	20,061	**-**	-

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED JUNE 30, 2010 (CONT'D)

3. FINANCIAL RISK MANAGEMENT (CONT'D)

3.1 Financial risk factors (cont'd)

(a) Market risk (cont'd)

(iii) Cash flow and fair value interest rate risk

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

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

(b) Liquidity risk

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

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

(c) Credit risk

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

3.2 Fair value estimation

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

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

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

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED JUNE 30, 2010 (CONT'D)

3. FINANCIAL RISK MANAGEMENT (CONT'D)

3.2 Fair value estimation (cont'd)

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

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

If fair value had been 5% higher/lower, the carrying amount of available-for-sale financial assets would be estimated at Rs. 16.2 m(2009: Rs.14.8m) higher/lower with all the other variables held constant from management estimate for the year.

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

3.3 Capital risk management

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

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Critical accounting estimates and assumptions

The company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

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

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

(b) Held-to-maturity investments

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

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED JUNE 30, 2010 (CONT'D)

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

(b) Held-to-maturity investments (cont'd)

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

5. PORTFOLIO OF DOMESTIC SECURITIES

	2010	2009
	Rs'000	Rs'000
Fair value through profit or loss financial assets	**455,509**	401,211
Available-for-sale financial assets	**342,670**	313,470
Held-to-maturity securities	**8,000**	12,000
	806,179	726,681
Analysed as:		
Non -current assets:		
Available-for-sale financial assets	**342,670**	313,470
Held-to-maturity securities	**8,000**	12,000
Current assets		
Fair value through profit or loss financial assets	**455,509**	401,211
Total	**806,179**	726,681

Currency Profile

The portfolio of domestic securities is denominated in mauritian rupees.

	Official Market	**Secondary Market**	**Total**
	Rs'000	**Rs'000**	**Rs'000**
Fair value through profit or loss financial assets			
Domestic securities			
At Fair value			
At 1 July 2009	**358,060**	**43,151**	**401,211**
Additions	**33,340**	**675**	**34,015**
Disposals	**(26,689)**	**(693)**	**(27,382)**
Fair value adjustment	**46,254**	**1,411**	**47,665**
At 30 June 2010	**410,965**	**44,544**	**455,509**

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED JUNE 30, 2010 (CONT'D)

5. PORTFOLIO OF DOMESTIC SECURITIES (CONT'D)

Fair value through profit or loss financial assets (cont'd)
Domestic securities (cont'd)

	Official Market Rs'000	Secondary Market Rs'000	Total Rs'000
At 1 July 2008	457,423	30,174	487,597
Additions	24,036	15,312	39,348
Disposals	(21,555)	-	(21,555)
Fair value adjustment	(101,844)	(2,335)	(104,179)
At 30 June 2009	358,060	43,151	401,211

Available-for-sale financial assets

	Unqoted Rs'000
At 1 July 2009	**313,470**
Additions	**16,800**
Disposals	**(6,746)**
Fair value adjustment	**19,146**
At 30 June 2010	**342,670**
At 1 July 2008	337,434
Additions	66
Disposals	(19,987)
Fair value adjustment	(4,043)
At 30 June 2009	313,470

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED JUNE 30, 2010 (CONT'D)

5. PORTFOLIO OF DOMESTIC SECURITIES (CONT'D)

Held-to-maturity securities

	Unquoted Securities
	Rs'000
At amortised cost	
At 1 July 2009	**12,000**
Disposals	**(4,000)**
At 30 June 2010	**8,000**
At 1 July 2008	15,000
Disposals	(3,000)
At 30 June 2009	12,000

Equity Securities

	2010	2009
	Rs'000	Rs'000
Official Market		
Transport	**4,319**	6,865
Bank and Insurance	**190,507**	174,433
Industry	**26,715**	21,430
Commerce	**35,842**	22,060
Leisure and Hotel	**81,922**	90,807
Sugar Industry	**38,150**	18,767
Investment	**33,510**	23,697
	410,965	358,059
Secondary Market-DEM		
Investment	**34,797**	35,000
Sugar	**5,608**	4,734
Industry	**1,968**	1,350
Others	**1,682**	1,879
Leisure & Hotel	**489**	189
	44,544	43,152

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED JUNE 30, 2010 (CONT'D)

5. PORTFOLIO OF DOMESTIC SECURITIES (CONT'D)

Equity Securities (cont'd)

	2010	2009
	Rs'000	Rs'000
Unquoted Securities		
Bank and Insurance	210,058	188,870
Investment	17,832	16,389
Industry	20,800	22,160
Leisure	20,812	22,000
Bonds	73,168	64,051
	342,670	313,470
Unquoted Fixed Income Securities	8,000	12,000
Total	806,179	726,681

At June 30,2010

	Level 1	Level 2	Level 3	Total
	Rs'000	Rs'000	Rs'000	Rs'000
Fair value through profit and loss	455,509	-	-	455,509
Available-for-sale financial assets		17,577	325,093	342,670
Held-to-maturity investments	-	-	8,000	8,000
Foreign securities	-	243,545	-	243,545
	455,509	261,122	333,093	1,049,724

The table below shows the changes in available-for-sale financial assets for the year ended June 30,2010

	Level 2	Level 3	Total
	Rs'000	Rs'000	Rs'000
At 1 July 2009	16,134	297,336	313,470
Additions	-	16,800	16,800
Disposals	-	(6,746)	(6,746)
Fair value adjustment	1,443	17,703	19,146
At 30 June 2010	17,577	325,093	342,670

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED JUNE 30, 2010 (CONT'D)

5. PORTFOLIO OF DOMESTIC SECURITIES (CONT'D)

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

	Type of shares	Country of	% Holding	
Name of company	incorporation	2010	2009	
Sicom Ltd	Ordinary	Mauritius	12.50	12.50
Le Grand Casino Du Domaine Limitée	Ordinary	Mauritius	20.00	20.00
Maurinet Investment Ltd	Ordinary	Mauritius	10.00	10.00

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

	Type of	% Net asset		% Holding	
Name of company	shares	2010	2009	2010	2009
Sicom Ltd	Ordinary	**19.66**	17.68	**12.5**	12.5

6. PORTFOLIO OF FOREIGN SECURITIES

	2010	2009
	Rs'000	Rs'000
Non -current assets:		
Available for sale financial assets		
At July 1, 2009	**219,844**	237,338
Additions	**30,698**	19,624
Disposals	**(35,623)**	(10,917)
Fair value adjustment	**28,626**	(26,201)
At June 30, 2010	**243,545**	219,844

Currency Profile

The portfolio of foreign securities is denominated in the following currencies:

	2010	2009
	Rs'000	Rs'000
UK Pound	**6,018**	35,962
US Dollars	**100,149**	88,954
Euro	**50,179**	46,996
Indian Rupees	**68,598**	30,705
Other currencies	**18,601**	17,227
	243,545	219,844

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED JUNE 30, 2010 (CONT'D)

7. SHORT TERM INVESTMENT

	2010	2009
	Rs'000	Rs'000
Short term bank deposits	20,910	50,254

The bank deposits bear interest varying from 4.5% to 11.80% (2009: 4.5% to 11.80%)

8. TRADE AND OTHER RECEIVABLES

	2010	2009
	Rs'000	Rs'000
Dividend and interest receivable	2,888	2,551
Other receivables and prepayments	401	316
Receivables for investment sold	-	22
	3,289	2,889

The carrying amounts of trade and other receivables approximate their fair values. Trade receivable does not include any impaired assets. The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable mentionned above. The company does not hold any collateral as security.

Trade receivables are denominated in mauritian rupees.

9. SHARE CAPITAL

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

	2010 & 2009
	Rs'000
Authorised	
120,000,000 Ordinary Shares of Rs 10 par value	1,200,000

	2010	2009
	Number of shares('000)	
Issued and fully paid		
At July 1,	52,238	51,840
Issue of shares	598	1,735
Redemption of shares	539	1,337
At June 30,	52,297	52,238

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED JUNE 30, 2010 (CONT'D)

9. SHARE CAPITAL (CONT'D)

(b) Net assets attributable to a holder of the redeemable share represent the redemption amount that would be payable at the end of the reporting period if the holder exercised the right to request the company to redeem such shares.

Net asset value per share was Rs 20.41 at June 30,2010 (2009 :Rs 19.02)

10. TRADE AND OTHER PAYABLES

	2010	2008
	Rs'000	Rs'000
Trade and other payables	3,286	2,674

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

11. INCOME TAX EXPENSE

	2010	2009
	Rs'000	Rs'000
(a) Statement of financial position		
Current tax on the adjusted profit for the year 15% (2009 : 15%)	1,075	1,274
Tax paid	(956)	-
	119	1,274
Tax provision on previous year assessment	849	-
	968	1,274
(b) Statement of comprehensive income		
Current tax on the adjusted profit for the year 15% (2009 : 15 %)	1,075	1,274
Underprovision in previous year	-	7
Taxation charge	1,075	1,281

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED JUNE 30, 2010 (CONT'D)

11. INCOME TAX EXPENSE (CONT'D)

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

	2010	2009
	Rs'000	Rs'000
Profit/(Loss) before taxation	67,350	(79,306)
Tax calculated at the rate of 15% (2009 : 15%)	10,103	(11,896)
Tax effect of:		
Income not subject to tax	(10,675)	(3,684)
Expenses not deductible for tax purposes	1,647	16,854
Underprovision in previous year	-	7
Taxation charge	1,075	1,281

12. INVESTMENT INCOME

	2010	2009
	Rs'000	Rs'000
Dividend income	25,333	24,787
Interest income	9,158	11,215
Exchange loss	(1,648)	(26)
Other income	60	148
	32,903	36,124

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

Domestic securities	47,665	(104,179)

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED JUNE 30, 2010 (CONT'D)

14. MANAGEMENT FEE

An annual global management fee of 1.25% of the fund's net asset value is payable to Capital Asset Management as per the investment management agreement dated 9 June 1997. The management fees are at present based on a graduated fee structure based on the performance of the fund presently at 0.9% with maximum of 1.25% of the net asset value of the fund.

Annual Fund Return

	2010	2009
Up to 27%	**0.90%**	0.90%
27% - 35%	**1.00%**	1.00%
above 35%	**1.25%**	1.25%

15. REGISTRY COSTS

Registry costs are payable to Prime Partners Ltd.

16. PROFIT BEFORE TAXATION

	2010	2009
	Rs'000	Rs'000
This is arrived at after crediting:		
Investment income		
- Quoted (local)	**17,385**	20,848
- Foreign	**2,268**	1,254
- Unquoted	**5,680**	2,685
- Interest income	**9,158**	11,215

17. DIVIDENDS

The Board of Directors has declared a dividend Rs.41,510,017.40 (representing Rs 0.80 per share payable to shareholders on 10 June 2010 (2009: Rs.30,826,078.80 representing Rs.0.60 per share).

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED JUNE 30, 2010 (CONT'D)

18. NOTES TO THE STATEMENT OF CASH FLOWS

	2010	2009
	Rs'000	Rs'000

(a) Cash absorbed in operations

	2010 Rs'000	2009 Rs'000
Profit/(loss) before taxation	67,350	(79,306)
Adjustments for:		
Dividend income	(25,333)	(24,787)
Interest income	(9,158)	(11,215)
Fair value change of financial assets through profit or loss	(47,665)	104,179
Release to statement of comprehensive income on disposal of available-for-sale securities	358	(837)
Profit on disposal of investment	(414)	(187)
	(14,862)	(12,153)
Changes in working capital		
- Trade and other receivables	(62)	2,418
- Trade and other payables	612	469
Cash absorbed in operations	(14,312)	(9,266)

(b) Cash and cash equivalents

	2010	2009
	Rs'000	Rs'000
Cash at bank	6,319	1,531
Bank overdraft	(6,862)	(2,382)
Short term bank deposits	20,910	50,254
	20,367	49,403

19. NET ASSET PER SHARE

		2010	2009
		Rs'000	Rs'000
Net asset value		1,067,381	993,349
Number of ordinary shares in issue ('000)		52,297	52,238
Net asset value per share	Rs.	20.41	19.02

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED JUNE 30, 2010 (CONT'D)

20. RELATED PARTY TRANSACTIONS

Related parties are entities with common direct or indirect shareholders and/or directors. Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions. The amounts outstanding are unsecured and will be settled in cash. No guarantee have been given or received by the company to related parties.

No expense has been recognised in the year under review for bad and doubtful debts in respect of amounts owed by related parties.

	2010	2009
	Rs'000	Rs'000
TRANSACTIONS		
Corporate with common shareholders		
Management fee expenses	**9,595**	8,567
Registry costs	**748**	719
Compensation of key management personnel		
Short term benefit	**856**	860
BALANCES		
Amount due to related party	**2,424**	1,727
Investment in companies with common shareholdings	**271,350**	243,910

PLF

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