

147	146	148	148	147
173	175	174	174	
171	173	173	173	
192	196	196	195	
179	181	181	181	
290	292	292	291	
550	555	555	555	
177	179	179	179	
172	171	173	173	173
295	296	296		

Bayr.Verein.	430		434	434	434
BHF-BANK	365	363	368	368	368
Commerzbank	235	234	236	236	235
Deutsche Bk.	650	650	659	659	657
Dresdner Bk.	322	322	327	327	
Allez AG	1640	1637	1665	1665	1662
ALCAN	68	66		66	66
ChaseManh.	142				142
Chrysler	100				100
Gen.Motors	184				184

Dow Chemical	94	94	94		536
Exxon	141		141		287
HomeDepo	66		66		701
ITT	93	93	93		565
Schlumberger	92	91	91		450
SwissRe	85		85		
United Tech.	98	96	96		
Werner Com.	88	89	89		
Hitachi					
BAT Ind.	104				
De Hyp. Br. F.					287
Frankf. Hyp.					701
Pfälz. Hyp.					565
Rhein. Hyp.					450
Aach. Mü. Bet.					
Allianz Leben					
Colonia Vers.					
Mannh. Vers.					
Mü. R. Vera. No.					
Amexco					110

479	489	489	485
985	1030	1030	1015
876	920	917	904
1258	1264	1264	1263
323	325	325	325
143	143	143	143
159	159	159	159
299	305	305	305
228	234	234	232
214			214
270	276	275	275
317	315	315	315

IBM	333		333	333
Lifton	1819	184	184	184
Occidental	87		88	88
Sperry	129	130	130	130
Xerox	129	128	129	129
SONY				
BP				
Norsk Hydro	42			
AKZO	105	105	106	106
Philips	40	40	40	40
Royal Dutch	166		166	166
Unilever				287

Banco Vizcaya	394	394	394		Caterpillar	96
Telefonica	108		108		Squibb	180
AAC	304	307	307		Alusuisse	860
Nestle			9100		Mitsumi	
SBO Ind.	5170		5170		Banco Central	251
SBO PS	199		199		De Beers	12
Schw.Bank PS	505		505		Gencor	265
Elbam	41		41		Highveld aS	054
El Aquilino	61		61		FIAT	067
AMRO Bank	738	745	745		Steyr	21
Hoogovens	53		53		ROLINCO	601
KLM	470	470	470		Roentgen	41





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Notice of Annual Meeting of shareholders

Port Louis Fund Ltd

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

Notice is hereby given that the Eighth Annual Meeting of Shareholders of Port Louis Fund Ltd will be held at Le Sirius, Labourdonnais Waterfront Hotel, Caudan Waterfront, Port Louis on Wednesday, December 21, 2005 at 1400 hours for the transaction of the following businesses:-

Agenda

1. To adopt the Minutes of Proceedings of the 7th Annual Meeting of Shareholders of Port Louis Fund Ltd held on Wednesday, 08 December, 2004.
2. To receive the Annual Report for the financial year ended 30 June 2005
3. To receive the Report of Auditors.
4. To consider and approve the Audited Financial Statements for the year ended 30 June 2005.
5. To ratify the dividend declared by the Board of Directors and paid to all shareholders registered at the close of business on 31 May 2005.
6. To re-appoint Mr. Yusuf Hassam Aboobaker as Director of the Company to hold office until the next Annual Meeting.
7. To re-appoint Mr. Georges Yves Hervé Lassémillante as Director of the Company to hold office until the next Annual Meeting.
8. To re-appoint Mr. Vijay Bhuguth as Director of the Company to hold office until the next Annual Meeting.
9. To appoint Mrs. Selvida Naiken, who has been nominated as Director of the Company by the Board of Directors on 15 November 2005 as per Article 101 of the Articles of Association of Port Louis Fund Ltd, to hold office until the next Annual Meeting.
10. To appoint Mr Ishwurlal Golam, who has been nominated as Director of the Company by the Board of Directors on 08 November 2005 as per Article 101 of the Articles of Association of Port Louis Fund Ltd, to hold office until the next Annual Meeting.
11. To appoint/elect one additional Director to hold office until the next Annual Meeting. (See Annex – List of Applicants)
 - (a) To appoint a person over the age of 70 as Director of the Company. (Should the elected applicant be over the age of 70)
12. To re-appoint Kemp Chatteris Deloitte as Auditors of the Company for the financial year ending 30 June 2006 and to authorise the Board of Directors to fix their remuneration.
13. To transact any other business, if any, as may be transacted at an Annual Meeting of Shareholders.

BY ORDER OF THE BOARD

PRIME PARTNERS LTD.
COMPANY SECRETARY

16 November 2005

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

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

Directors

Mrs. Selvida Naiken, *Chairperson (appointed on 15 Nov 2005)*

Mr. Y.H. Aboobaker, C.S.K

Mr. I. Golam (*appointed on 08 Nov 2005*)

Mr. G.YH Lassémillante

Mr. V. Bhuguth

Mr. D.K. Salehmohamed

Mr. R. D. N. Ringadoo (*From 07 Nov 2005 to 15 Nov 2005*)

Mr. R. Aukle (*Resigned on 08 Nov 2005*)

Mr. S. Gokhool, *Chairman (Resigned on 04 Aug 2005)*

Fund Manager

Capital Asset Management Ltd

Share Registry and Corporate Secretary

Prime Partners Ltd

Bankers

Barclays Bank PLC

The First City Bank Ltd

The Hong Kong and Shanghai Banking Corp Ltd

The Mauritius Commercial Bank Ltd

State Bank of Mauritius Ltd

Auditors

Kemp Chatteris Deloitte

Registered Office

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

Website

<http://www.portlouisfund.com>

Stockbroking Companies

Asmo Securities & Investments Ltd

Associated Brokers Ltd

Capital Markets Brokers Ltd

Cavell Securities Ltd

Cirné Stockbrokers Ltd

First Brokers Ltd

General Brokerage Ltd

MCB Stockbrokers Ltd

Newton Securities Ltd

Ramet & Associés Ltée

SBM Securities Ltd

Directors & Executive Management

Directors

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

Mr. Yusuf H. Aboobaker, C.S.K. holds a BA (Hons) in Economics. At present, he is Barrister-at-Law and he has been practising since March 15, 1972.

Mr. Vijay Bhuguth is a Chartered Certified Accountant. He has 18 years of experience in accounting firms.

Mr Ishwurlal Golam is a Chartered Management Accountant and also holds a Master in Business Administration. He qualified for a gold medal award, 1st place in the world in 1981 with the London Chamber of Commerce. He is presently Group Finance Manager at The State Investment Corporation Ltd. Prior to joining SIC, he held important positions in the Ministry of Finance over 17 years and was involved in various key assignments and projects. He has wide experience in the financial services sector including the stock market and the offshore sector. He holds directorship in companies in certain key sectors of the economy.

Mr. Hervé Lassémillante holds a degree from the University of London. He is a Member of the Middle Temple. At present, he is Barrister-at-Law and has been practising at the Mauritius Bar since 1982.

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

Executive Management

Mr. Prem Beejan holds an MSc in Financial Management from the University of London and a BA (Hons) with Distinction in Economics from a Canadian University. He is presently Group Business Development Manager at The State Investment Corporation Ltd. He has more than 20 years of experience at executive management level. He has a wide exposure to various sectors and has been on the boards of companies involved in mortgage finance, leasing, insurance, fund management, housing, education, informatics, water, leisure, hotel and sugar sector.

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

Mr. Vedprakash Auckaloo holds a BSc (Hons) in Economics and a MSc in Financial Management from the University of London. He is also a qualified stockbroker. He has worked in the Government service and in the banking sector. He joined Capital Asset Management Ltd in 2001 and currently holds the position of Senior Financial Analyst.

Mrs. Leeda Pillay Nullatemby is an Associate of the Institute of Chartered Secretaries & Administrators of the United Kingdom. She is also a qualified stockbroker. At present, she is the Administrative Secretary of Capital Asset Management Ltd and is in charge of the day-to-day administration and accounts of the Company.

Mr. Keshav J. Fulena graduated in June 2003 from the University of London with a Bachelor degree in Mathematics with Operational Research. He currently holds the position of Research Officer at Capital Asset Management Ltd.

Statutory Disclosures

The Directors have the pleasure to present the Annual Report together with the Audited Financial Statements of Port Louis Fund Ltd for the year ended June 30, 2005.

Principal Activity

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

The main objects of the Company are:

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

Results for the year

The results for the year ended 30 June 2005 are shown on page 24.

Dividends

A dividend of Rs46,113,823.20 (representing Rs0.80 per share) was paid for the year ended 30 June 2005 (2004: Rs42, 223,809.75 representing Rs0.75 per share).

Directors' Service Contracts

There were no service contracts between the Company and Directors.

Directors' Remuneration and Benefits

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

	Company		Other related companies	
	2005 Rs000	2004 Rs000	2005 Rs000	2004 Rs000
Executive Directors	-	-	-	-
Non-Executive Directors	252	237	-	-

Statutory Disclosures (cont'd)

Directors' Share Interest

DIRECTORS	DIRECT SHAREHOLDING	INDIRECT SHAREHOLDING
Mr. S. GOKHOL	NIL	NIL
Mr. Y. H. ABOOBAKER	NIL	NIL
Mr. R. AUKLE	NIL	NIL
Mr. V. BHUGUTH	NIL	NIL
Mr. G. Y. H. LASSÉMILLANTE	NIL	NIL
Mr. D. K. SALEHMOHAMED	2,250	NIL

Donations

No donation was made during the financial year ended 30 June 2005. (2004: Nil)

Auditors' Remunerations

The auditors' remunerations were as follows:

	2005 Rs000	2004 Rs000
Audit services	86	86
Other services	-	87
	86	173

Secretary's Certificate for the year ended 30 June 2005

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



Prime Partners Ltd
Company Secretary
Per B. Veerasamy (Mrs)

Date: 16 November 2005

Report of the Directors

Corporate Governance

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

List of shareholders holding more than 5% of the Company as at 30th June 2005

Name	No. of shares	% Shareholding
The State Investment Corporation Ltd	23,724,424	40.10
National Pension Fund	7,500,000	12.68
Consolidated Sinking Fund	5,597,909	9.46

The Board of Directors

The Constitutive Documents of the Fund state that the Board shall be constituted with a minimum of 5 and a maximum of 9 Directors. Details of the Directors' profiles are provided on page 4. The direct and indirect interests as well as the transactions effected by the Directors during the year are provided in the table below:

Directors' dealings in the shares of the company as at 30th June 2005.

Name of Directors	Shares	Transaction Date	Dealings held
Mr. S. GOKHOOL	-	-	-
Mr. Y. H. ABOOBAKER	-	-	-
Mr. R. AUKLE	-	-	-
Mr. V. BHUGUTH	-	-	-
Mr. G. Y. H. LASSÉMILLANTE	-	-	-
Mr. D. K. SALEHMOHAMED	2,250	08/11/2004	Purchase: 1,000 shares

Report of the Directors (cont'd)

Board Meetings

During the financial year ended 30 June 2005, the Board met 7 times. The record of attendance at Board meetings by each Director is detailed below:

NAME	ATTENDANCE	37th BM	38th BM	39th BM	40th BM	41st BM	42nd BM	43rd BM
Mr. S. GOKHOOL*	6/7	√	√	√	√	√	x	√
Mr. R. AUKLE**	7/7	√	√	√	√	√	√	√
Mr. Y. ABOOBAKER	7/7	√	√	√	√	√	√	√
Mr. D. K. SALEHMOHAMED	7/7	√	√	√	√	√	√	√
Mr. V. BHUGUTH	5/7	√	√	x	√	x	√	√
Mr. G. Y. H. LASSÉMILLANTE	5/7	x	x	√	√	√	√	√

√ Present x Absent

Board Sub-committee

In line with Corporate Governance Principles, the Board has in February 2005 constituted two committees namely the Audit Committee and the Risk Committee.

Composition of Audit Committee is as follows:

NAME	POSITION
Mr. V. BHUGUTH	Chairperson
Mr. Y. H. ABOOBAKER	Member
Mr. D. K. SALEHMOHAMMED	Member
Mr. R. MANNICK	Representative of Capital Asset Management Ltd, Fund Manager

* Mr. S. Gokhool has resigned as Director of the Company on 04 August 2005.

** Mr. R. Aukle has submitted his resignation as Director on 08 November 2005.

Report of the Directors (cont'd)

Composition of Risk Committee

NAME	POSITION
Mr. R. AUKLE**	Chairperson
Mr. G. Y. H. LASSÉMILLANTE	Member
Mr. Y. H. ABOOBAKER	Member

The Terms of Reference of the above Committees are being finalised. For the financial year ended 30 June 2005, no meeting was held.

The Investment Committee exists since 1997. During this financial year, the Investment Committee met once. The composition of the Committee and the attendance record are as shown below:

Investment Committee held on 17 February 2005, for the financial year 2004 – 2005.

DIRECTORS	POSITION	IC-17 Feb 05
Mr. S. GOKHOOL*	Chairperson	√
Mr. Y. H. ABOOBAKER	Director	√
Mr. R. AUKLE**	Director	√
Mr. V. BHUGUTH	Director	x
Mr. G.Y.H. LASSÉMILLANTE	Director	√
Mr. D.K. SALEHMOHAMED	Director	√
Mr. P. BEEJAN	representative of CAM, Fund Manager	√
Mr. R. MANNICK	representative of CAM, Fund Manager	√

√ Present x Absent

* Mr. S. Gokhool resigned on 04 August 2005.

** Mr. R. Aukle resigned on 08 November 2005.

Performance Review

Financial Results

Total income excluding gain on disposal and fair value change for Held-for-trading investments amounted to Rs 41.0m (2004: Rs 51.2m). This comprised dividend income of Rs 28.5m (2004: Rs 35.0m), interest income of Rs 7.7m (2004: Rs 10.0m) and other income of Rs 4.9m (2004: Rs 6.2m).

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

Interest income has declined due to a fall in the amount held as short term deposits. Some of the long term fixed income securities maturing during the year have been reinvested at a lower yield due to the prevailing low interest environment.

The fair value change for Held-for-trading investments amounted to Rs 23.1m (2004: Rs 91.8m). This occurred mainly because the market experienced a lower growth rate than the previous year and the holdings of Held-for-trading investments has been reduced. Gain on disposal of investments for the year amounted to Rs 5.1m (2004: Rs 24.4m).

The Earnings per share (EPS) have fallen to Rs 1.01 for the year ended 30 June 2005 (2004: Rs 2.70). Excluding the fair value change, net profit amounted to Rs 36.1m (2004: Rs 64.6m). The EPS excluding fair value change, turned out to Rs 0.61 (2004: Rs 1.11).

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

Report of the Directors (cont'd)

Total Expense Ratio

The Total Expense Ratio (TER) gives an indication of the expenses incurred in running a fund. The TER, which has been calculated in line with international standards stood at 0.95% (2004: 1.11%) for the year ended 30 June 2005. The TER represents the drag of fund performance caused by all annual operating costs (including administration, directors and audit fees). The TER of PLF can be favourably compared to the industry average of 1.38% for open ended investment companies in Mauritius.

Dividends

The Fund declared a dividend of 80 cents per share (2004: 75 cents) for the year ended 30 June 2005. The dividend paid on each share increased by 6.7% over last year. In aggregate an amount of Rs 46.1m was paid in June 2005 to all shareholders registered at close of business on 31 May 2005. It is to be noted that the dividend paid to shareholders is based on net profit and realized gain on disposal of investments excluding the fair value change which is not distributed as dividend since it is not a realized gain.

Share Capital

The issued shares of the Fund as at 30 June 2005 was 59,681,000 shares compared to 58,191,400 shares last year. The number of shares in issue increased by 1,489,600 representing, a growth of 2.6% over last year. During the year, the Fund issued 4,765,700 shares and 3,276,100 shares were redeemed.

Fund Performance

The Fund achieved a respectable performance during the year under review. Total return of the Fund on a year to year basis was 10.2%. The Net Asset Value (NAV) advanced from Rs 14.47 to Rs 15.14 as at 30 June 2005 and a dividend of 80 cents per share was paid during the year.

The Fund has been structured as a low risk fund in accordance with its investment objectives. The risk of the Fund has been measured on the basis of monthly return since its inception in June 1997 compared to that of the market, as represented by SEMDEX

The beta, which measures the market risk of the Fund is at 0.68. This means that the Fund is less risky than the market, that is, when the market is falling or rising rapidly, the Fund has a certain degree of resilience.

The local stock market, as measured by SEMDEX, grew by 10.4%. In spite of its low risk, the Fund achieved a total return of 10.2%. On a risk-adjusted basis, the return achieved by the Fund can be favourably compared to the market return.

Fund Performance analysis by Asset Class

The estimated decomposition of the total return of 10.2% is shown below:

Asset Class	Total Return of Asset Class %	Average portfolio %	Weighted Return %
Listed equities	11.9	43.0	5.12
Unquoted equities	12.9	19.2	2.48
Foreign Investment	7.0	13.8	0.97
Fixed Income			
Securities and others	6.8	24.0	1.63
PLF Portfolio			10.2

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

The total return on listed equities component of the portfolio was 11.9% over the period. This can be compared to the SEMDEX which gained 10.4% over the same period.

The unquoted equities have yield a return of 12.9%, which is in line with performance of similar assets.

The fixed income securities and others component return are estimated to be around 6.8%. The bulk of the assets in this class comprised short term foreign currencies deposits and cash in saving accounts. Interest rates in these accounts are relatively low compared to yields of long term fixed income securities.

Report of the Directors (cont'd)

The total return of the foreign investment component of the portfolio was 7.0% in rupee terms, and 4.0% in USD terms. Large part of the investments was effected during the year, thus, the holding period was less than a year for the new investments. The time-weighted return of the foreign component turned out to 9.4% in Rupee terms and 5.5% in USD terms. As a general guide, the MSCI World Index gained 8.1% in USD terms over the same period. It should be noted that substantial amount of the foreign investments was parked in cash or quasi-cash funds during the year, which are very low risk and are not exposed to the volatility of the equity markets. This is in line with the approved investment approach.

Asset Allocation & Portfolio Composition

The asset allocation has been done with a view to meet the objectives of the Fund. The gradual change in asset allocation which started in 2003 has continued this year. The Fund has further increased its foreign investments. Large amount of listed equities has been disposed and the proceeds have been earmarked for foreign investments.

The total portfolio size stood at Rs 903.4m as at 30 June 2005 (2004: Rs 842.0m). The table below depicts the breakdown of the total portfolio of the Fund.

	2004		2005	
	Rsm	%	Rsm	%
Listed and Quoted Securities	388.2	46.1	363.6	40.2
<i>Banks & Insurance</i>	141.4	16.8	119.3	13.2
<i>Industry</i>	37.0	4.4	34.1	3.8
<i>Investments</i>	10.3	1.2	12.8	1.4
<i>Sugar</i>	6.9	0.8	6.4	0.7
<i>Commerce</i>	18.7	2.2	21.3	2.4
<i>Hotels</i>	81.4	9.7	91.4	10.1
<i>Transport</i>	92.5	11.0	78.2	8.7
Unquoted Equities	163.1	19.4	176.6	19.5
Total Equities	551.3	65.5	540.2	59.8
Fixed Income & Cash	247.5	29.4	194.7	21.6
Foreign Investment	43.2	5.1	168.5	18.7
Total Portfolio	842.0	100.0	903.4	100.0

Listed and Quoted Equities

Listed and quoted equities have decreased in percentage terms from 46.1% in 2004 to 40.2% in 2005. The value of the investments amounted to Rs 363.6m (2004: Rs 388.2m). During the year, listed and quoted investments amounted to Rs 70.3m were disposed and Rs 22.7m worth of investments were acquired. Net disposal amounted to Rs 47.6m. The Fund reduced its exposure in Banks, Insurance and Finance Sector of listed securities from 16.8% in 2004 of the total portfolio to 13.2% this year, and same for the transport sector from 11.0% last year to 8.7% this year. On the other hand, exposure to the Hotels sector was increased from 9.7% to 10.1%.

Unquoted Equities

The proportion of unquoted equities has gone down marginal from 19.4% to 19.5% in 2005. No purchase or disposal of unquoted equities was made during the year. In terms of value, unquoted equities have risen from Rs 163.1m to Rs 176.6m, i.e, an increase of Rs 13.5m.

Fixed Income Securities & Cash

This component represented 21.6% of the Fund as at 30 June 2005 (2004: 29.4%). In terms of value, it amounted to Rs 194.7m (2004: Rs 247.5m). It is inclusive of short term foreign currencies deposits earmarked for foreign investments worth Rs 66.7m. Long term fixed income securities amounted to Rs 72.9m or 8.1% (2004: Rs 63.0m, 7.5%).

Foreign Investment

As announced in the last Annual Report of PLF, the foreign investment component of the portfolio has been substantially increased. Foreign investment as a percentage of total portfolio has increased from 5.1% in 2004 to 18.7% in 2005 and it is expected to rise further by next year.

The change in asset allocation from local to foreign investments is mainly because of the fact that the local stock market has grown substantially over the last 3 years and the potential for further substantial growth may be on the low side. On the other hand, foreign equity markets like US, Europe, Japan and others,

Report of the Directors (cont'd)

have already troughed out and are now on a growing path. The Fund Manager would like to capitalize on the growth potential of the world equity markets. In addition, foreign investments would bring greater diversification in terms of markets, currencies, types of securities and geographical exposure.

The foreign investment process

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

Selection of Fund Managers:

At present, Port Louis Fund is working with three international fund management groups and we expect to add a few more during 2005-2006. The selection of these fund managers is done in a very rigorous manner. Among the main criteria considered for the selection process include:

- Group reputation and historical experience.
- Acceptable fee structure - Reasonable entry fee and exit fee, no switching fee, low management fee and expense ratio.
- Ease of dealing with the fund manager.
- Price availability on the web.
- A set of several funds/portfolios available for choice.

Asset Allocation parameters:

The asset allocation exercise is done, bearing in mind the investment objective of the foreign portfolio, that is, to achieve positive return. Three main parameters are considered namely risk/return profile, currencies and geographical exposure. These parameters are combined with a view to develop the asset allocation in order to optimize risk/ return.

- Risk/Return Profile: investments can be classified into one of the 4 brackets of risk/ return categories. Low Risk and High Risk are the two polar extremes. All the four risk brackets have an upper and a lower limit. These limits are reviewed periodically.

- Currency distribution: All foreign investments have a base currency which is allocated to the four main currency categories – USD, EURO, GBP and Others. Each currency category has an upper and a lower limit which are reviewed periodically.

- Geographical distribution: Each fund is classified according to the market of its underlying investments. The main areas of classification are - USA, Continental Europe, UK and Others. Each geographical area has an upper and a lower limit which are reviewed periodically.

Review of parameters

The parameters are reviewed regularly in light of the Fund Managers' assessments of foreign markets and major international events that impact the markets. For instance, in periods when there is a very high probability that global equity market might go down, we switch the bulk of our investments to very low risk funds which comprise mainly cash funds. On the other hand, if the Fund Manager expects a particular region or currency to do better than others, the parameters are reviewed accordingly, giving higher weightage to that particular parameter.

Choice of investment

The Fund Manager tracks the daily performance of around 250 foreign funds managed by a number of international fund management groups. Through proprietary models, funds which have the potential to grow relative to others, are identified.

The identified funds' factsheets are studied thoroughly with particular emphasis on the underlying investments of the funds, performance and risk indicators.

Normally, the Fund Manager avoids investing in two funds having similar characteristics but managed by different fund managers.

After scrutinizing all above factors, the investment team takes the decision to investment.

Report of the Directors (cont'd)

Monitoring of investments

The investments are actively monitored. Decisions to switch from one fund to another are taken and executed rapidly by the investment team. Switching decisions are taken in light of international events and on our short/long term perspectives on certain sectors or countries.

The switching strategy is implemented with a view to maximize gain whenever there is potential for the fund to grow and to minimize loss when the price of the fund is going down. Since switching cost has been negotiated to zero with all fund managers, timely switching amongst investments has added considerable value to the overall portfolio, while maintaining a low risk profile.

Performance evaluation

The performance evaluation exercise helps to ascertain the extent to which the objectives are being met. Periodically, the return of the investments are calculated and compared. The returns are also discerned in terms of returns arising from currency fluctuation and increase in value.

Foreign Investment Breakdown

We give below the foreign investment distribution by different characteristics as at 30 June 2005.

Distribution by Fund Management Group	
Fidelity International	56.5%
St James's Place International	26.8%
Irish Life International	9.5%
Capital Guaranteed Structured Products	7.2%
	100.0%

Distribution by Region	
USA	31.5%
UK	26.7%
Europe (Ex-UK)	21.8%
Others	20.0%
	100.0%

Distribution by Risk / Return Profile

Low Risk	43.0%
Medium Risk	28.7%
Upper Medium Risk	11.8%
High Risk	16.5%
	100.0%

Distribution by Base Currency

USD	46.5%
GBP	26.7%
EUR	17.5%
Others	9.3%
	100.0%

Top 10 Holdings of Local Equities

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

The top 10 equity holdings of the Fund as at 30 June 2005 are detailed below:

Company	Amt Rs-M	% Net Asset	Sector	Category
SICOM	138.7	15.3%	Insurance	Unquoted
Air Mtius	78.2	8.7%	Transport	Listed
NMH	58.6	6.5%	Hotels	Listed
SBM	40.7	4.5%	Banking	Listed
MCB	36.6	4.0%	Banking	Listed
MLC	36.0	4.0%	Finance	Listed
SUN O	32.2	3.6%	Hotels	Listed
GCD	20.0	2.2%	Leisure	Unquoted
Maurinet	16.8	1.9%	Technology	Unquoted
PBL	13.6	1.5%	Industry	Listed
	471.3	52.2%		

Report of the Directors (cont'd)

SICOM Ltd

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

Air Mauritius Limited (AML)

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

New Mauritius Hotels Ltd (NMH)

NMH is a leading Company in Mauritius, operating eight hotels and an airline catering unit locally and one hotel in Seychelles. The hotels are marketed under the highly reputed Beachcomber brand. NMH is also engaged in tour operating activities through its foreign subsidiaries in which it increased its shareholdings during the year.

State Bank of Mauritius Ltd (SBM)

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

The Mauritius Commercial Bank Limited (MCB)

MCB is the oldest commercial bank in Mauritius. It is also one of the largest in terms of market share. MCB has banking subsidiaries in Madagascar, Mozambique and the Seychelles. It

is also present in Reunion and Mayotte through its 50% stake in BFCOI, in partnership with Société Générale. Locally, MCB, via its subsidiaries, provides a wide range of financial services including stockbroking, fund management, leasing and the provision of administrative services to fund managers and registrar services to companies. It is the largest company by market capitalization in the Mauritian Stock Market.

The Mauritius Leasing Co. Ltd (MLC)

MLC was incorporated in 1987. It carries out the business of providing leases in respect of movable assets, equipment, machinery, plant, motor vehicles, tools, materials and other articles to industrial, agricultural, commercial and service sectors and to self-employed persons. The Company is also licensed by the Bank of Mauritius to carry out deposit taking business and accepts term deposits for periods of 3 months or more. MLC has been listed on the stock market in 2004.

Sun Resorts Limited (SRL)

SRL is one of the two largest hotel operators in Mauritius. It operates several luxury hotels in Mauritius, a number of which have world recognition. It has a management contract with One & Only (Indian Ocean) Management Limited. The Group successfully relaunched the One & Only Le Touessrock in December 2002 and opened an international championship golf course at Ile aux Cerfs.

Le Grand Casino Du Domaine Ltée (GCD)

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

Maurinet Investment Ltd (MIL)

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

Report of the Directors (cont'd)

Phoenix Beverages Ltd (PBL)

PBL is involved in the brewing, bottling and distribution of beer and soft drinks. The Company launched the first Mauritian beer in 1963. The Company has witnessed significant growth and expansion. Recently, through a scheme of arrangement with Phoenix Camp Minerals Limited (PCM), the latter became a wholly owned subsidiary of PBL. The main activity of PCM is the bottling and distribution of Coca-Cola products.

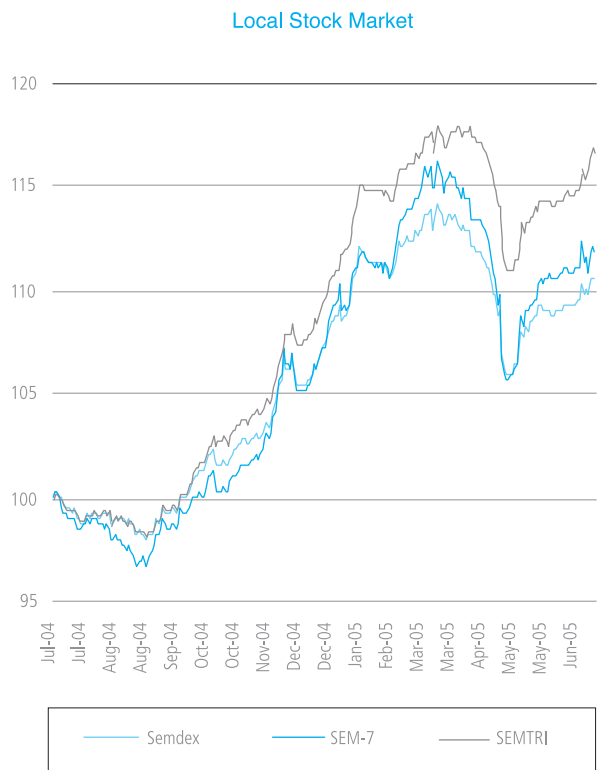
Local Stock Market Review

The local stock market is continuing its upward trend. The main index, SEMDEX, reached 723.5 at end June 2005 and was able to achieve a healthy growth of 10.4%, on a year to year basis. The SEM-7, which comprises the 7 largest eligible shares of the official list, in terms of market capitalization, liquidity and investibility criteria, grew by 12.1%. This year, large cap companies achieved more important growth than their small cap counterparts. The SEMTRI, which gauges total return of the market, gained 16.8% over the period. Banking and hotels stocks were the main market drivers.

Among the top gainers were: Mauritian Eagle Insurance (+81.6%), PAD (+35.5%), SWAN (+29.1%) and Courts (+27.7%). The top losers were Savannah (P) (-22.5%), MCFI (-21.9%), Savannah (O) (-18.1%) and MLC (-16%). The earnings of a number of companies showed marked improvement over the period. Other events in the market included the rights issue of Mauritius Union Assurance Co. Ltd and bonus issue of MOROIL. On the valuation side, for the year ended 30 June 2005, the Price Earnings (P E) ratio was 8.3x compared to 9.41x a year earlier. The Dividend Yield of the market averaged 4.88% compared to 4.94% last year.

The remarkable growth and the relative valuation is continuing to attract foreign investors to the local market. In terms of figures, foreign investors were net buyers aggregating Rs624.6m (2004: Rs 463.9m). Foreign buy amounted to Rs915.4m (2004: Rs 741.6m) and foreign sell amounted to Rs290.8m (2004: Rs 277.6m).

The chart below depicts the movements of the local market indices namely SEMDEX, SEM-7 and SEMTRI. All the indices have been following roughly the same pattern. Besides, some occasional minor corrections which are usually the result of profit-taking by investors, the market continued its buoyant growth. Improved earnings prospects for hotels and banking stocks, coupled with a relatively low Price Earnings ratio explain the bullish trend of the market.





Report of the Directors (cont'd)

Global Equity Market

The MSCI World Index, taken as a proxy for global equity markets, gained 8.1% on a year to year basis. This year, the European equity markets have performed far better than other developed markets.

Fears for global economic slowdown have receded and the expectation is that output growth will accelerate across most regions in second half of 2005. The world economy remains largely dependent on US growth and demand.

The US Federal Reserve continued further with the monetary tightening process. The impact of higher oil and energy prices in general could intensify global inflationary pressures.

Japan is still struggling to come out of its large slump, while Continental Europe has been following a sluggish growth path.

USA Market

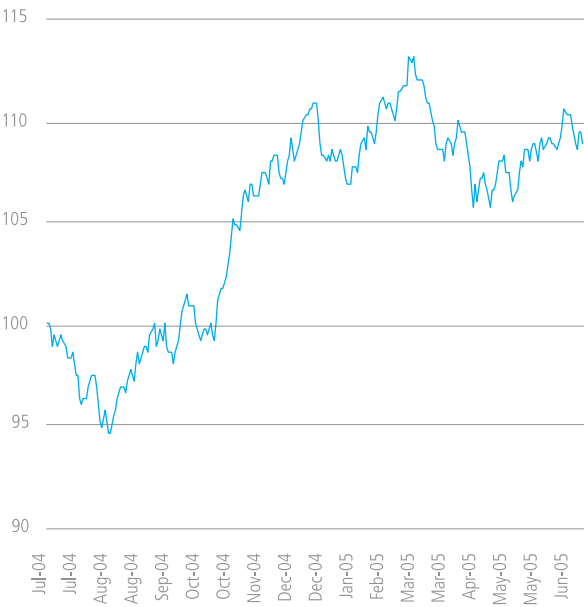
Generally, the US stock markets achieved positive results this year. The S&P500, the most widely watched indicator of the US market, gained 4.4%. However, Dow Jones Industrial Average (DJIA) was slightly down by 1.5% and the Nasdaq Composite gained 0.4%.

The unexpected shrinking of the US trade gap in March 2005 was perceived as a sign that the economy was healthier than initial estimates. US consumer confidence recovered. This led to increase conviction that earnings growth may not slow as generally perceived. On the interest rate front, following the tenth consecutive 0.25 percentage point rise since June 2004, the Federal Reserve reiterated its intention to continue to raise rates at a measured pace.

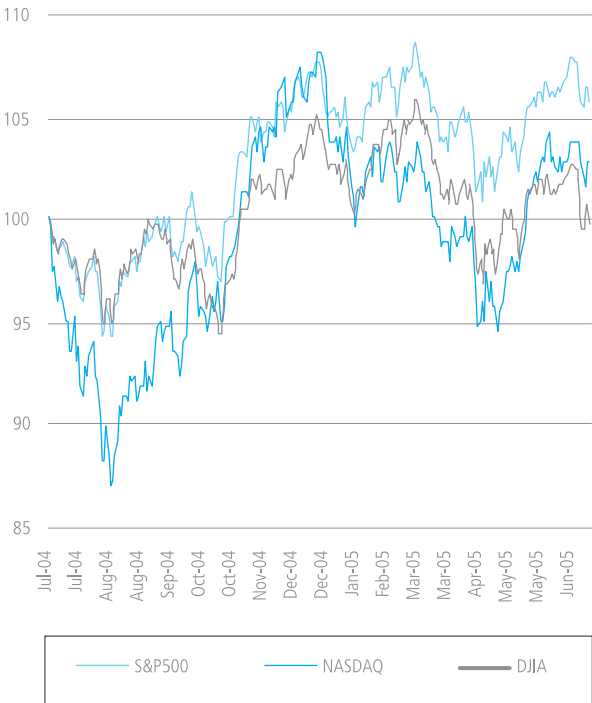
House prices in the US have continued their upward trend. However, they are still low relative to other countries. Measures of inflation and inflation expectations remain subdued inspite of higher oil prices. Labour market continues to improve.

The market will continue to benefit from favourable conditions and strong earnings especially from technology companies.

MSCI World Index



US Stock Markets



Report of the Directors (cont'd)

UK Market

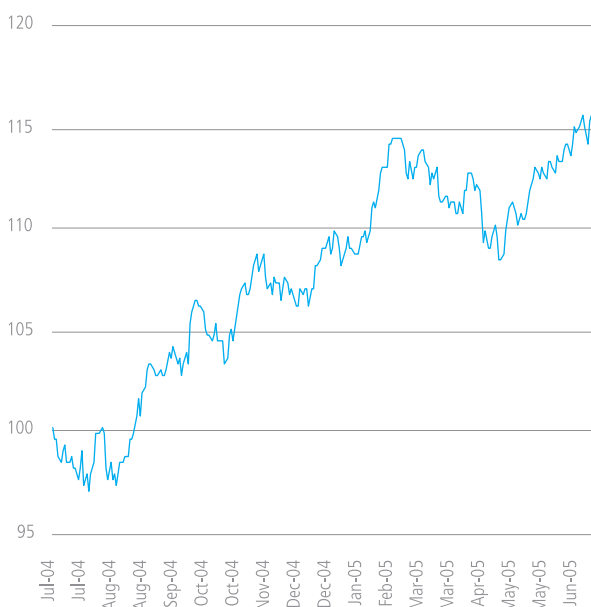
The UK market was the best performer among the developed countries stock markets. The FTSE-100 registered a growth of 14.5% on a year to year basis.

Consumer confidence and spending have been under pressure recently and activity in the housing market has been a part of this trend. The annual house price growth has slowed down.

Growth figures for UK for second quarter of 2005 have been revised upwards. Over the year to the end of June 2005, real GDP rose by 1.7%, representing the slowest annual pace of growth in 12 years. The manufacturing sector continues to face difficulties.

Earnings growth in the UK is positive although it has slowed down in recent months. It appears that the stock market is uncorrelated with economic fundamentals. Some investors are finding opportunities in the UK, as equity valuations are very attractive relative to bonds and to other regions.

FTSE-100



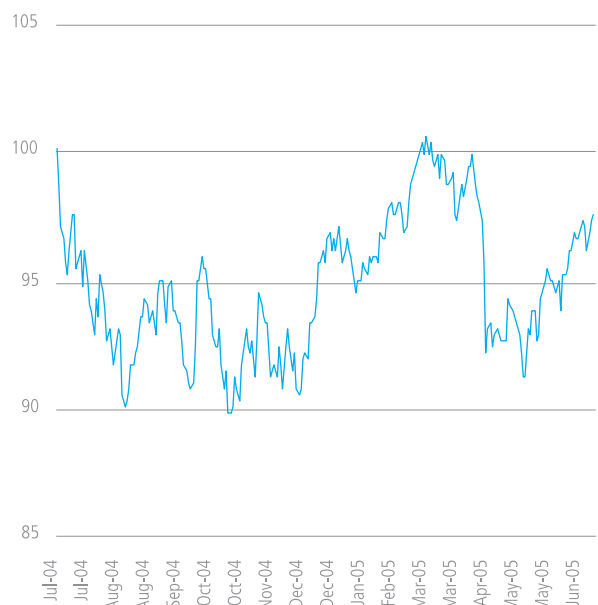
Japanese Market

Japanese equity market represented by the Nikkei-225, was down by 2.3% on a year to year basis. The market was driven by both positive and negative economic and corporate releases. On economic side, both domestic consumption and exports are experiencing weak growth. While the unemployment rate has eased, wages are not rising and this has contributed to the weak level of household consumption. Despite the release of better than expected first quarter GDP growth and corporate results, investors raised concerns about the sustainability of economic and profit growth.

Statistics such as debt to equity ratio and the interest coverage ratio, both of which are at record levels, points towards further improvements. The banking sector has reduced the amount of non-performing loans, which caused its credit rating to be upgraded.

The growing attractiveness of Japanese equities, in terms of their dividend yield particularly against long-term interest rates, should provide support to the stock market.

Nikkei - 225



Report of the Directors (cont'd)

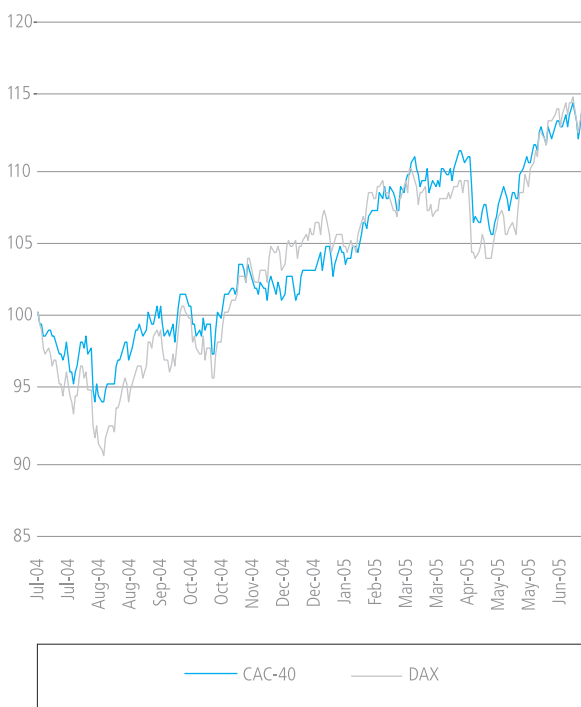
Euroland Market

The two main markets of the Euroland, France and Germany, have both gained around 13.3% on a year to year basis. The German Dax and the French CAC-40 tracked each other very closely throughout the year.

Economic growth in the Eurozone is progressing slowly, although major individual countries are progressing at quite different paces. Economic fundamentals have started to look more upbeat. The 'No' to the European Constitution referendum had little impact on European equity markets. However, the votes weakened the Euro significantly against the USD.

Consumer prices, propelled by energy prices, rose by 2.2% year on year in July in the Eurozone. While German business sector has gathered some momentum, consumer confidence still appears lackluster.

German & French Markets



Unemployment in the Eurozone rose to 8.9% in March 2005. Among the member states, 13 recorded a reduction in their unemployment rate over a year, while two remained stable and 10 reported an increase. Unemployment rate is expected to fall to 8.6% in 2006.

Based on different valuation measures, Continental European equities look far more attractively valued than US equities.

ECONOMIC REVIEW

Mauritian Economy in 2004 – 2005.

The Mauritian economy grew by 4.1% in 2004. For the year 2005, growth is expected to be around 3.8%. Excluding sugar, GDP growth rate works out to 4.0% for 2004 and for 2005 is forecast at 4.1%. In 2004, growth rate in most sectors of the economy were lower than in previous year with the exception for agriculture and sugar milling.

The growth in consumption is expected to be 7.2% in 2005 (2004: 6.8%). The savings rate in the economy would fall to 19.6% in 2005 (2004: 22.8%). Inflation is expected to go up to 5.3% in 2005 (2004: 4.7%). To a large extent, this rise is attributable to the escalating oil prices in international markets.

The net international reserves as at end of June 2005 amounted to Rs 53,486m equivalent to 36.4 weeks of import coverage (2004: Rs 50,021m, 34.1 weeks import coverage) representing an increase of 6.9%. Unemployment is in a rising trend and remains an area where more efforts need to be deployed.

Investment

Investment being a determining factor for economic growth, reached Rs 37,729m in 2004. (2003: Rs35,554m), representing an increase of 6.1%. In real terms, the growth rate is estimated at 1.5% compared to 10.3% in 2003. Exclusive of aircrafts acquisition in 2004 (Rs 219m) and in 2003 (Rs 1,070m), the growth works out to 4.0 % compared to 8.1% in 2003.

Report of the Directors (cont'd)

Investment rate, as measured by the ratios of Gross Domestic Fixed Capital Formation (GDFCF) to Gross Domestic Product (GDP) at market prices decreased to 21.6% in 2004 (2003: 22.7%). Public Sector investment for 2004 is estimated at Rs11.5bn representing 30.5% of GDFCF. In real terms, public sector investment declined by 20.9% in 2004, after a high growth of 36.6% in 2003. The lower growth in 2004 is mainly explained by a significant decrease (-26.3%) in public construction works.

On the other hand, investment by the private sector is estimated at Rs 26.2bn, representing 69.5% of GDFCF. In real terms, it grew by 15.8%, after a decline of 1.8% in 2003. Higher private investments were noted in hotel and EPZ sectors.

Investments is likely to reach Rs 40.4bn in 2005 which would represent a growth of 7.1% over 2004 and in real terms, the growth is estimated at 2.5%.

Sugar Sector

The sugar sector is likely to go through challenging moments. The forthcoming substantial price cut by the European Union would be a terrible blow to the sector. Sugar production for the calendar year 2004 were 572,316 tonnes, with an extraction rate of 10.85%. For the year 2005, sugar output is now expected to be around 550,000 tonnes. The growth rate has been reviewed downward from 6.5% to -3.9% in 2005.

To minimize the impact of the impending cut in the price of sugar, the Government has published the 'Road map for the Mauritius Sugar Cane Industry for 21st Century'. This document outlines the measures being taken to restructure the sector and make it viable.

EPZ Sector

The EPZ sector is still struggling in the context of international competition. The number of enterprises in the EPZ at end of June 2005 stood at 498 compared to 497 a year ago. The number of Pioneer Status Enterprises (PSE) totaled to 261, among which, 83 were 'large' i.e having 10 or more employees.

Employment in the EPZ sector, as at end of June 2005, stood at 67,402 including 13,615 expatriates (June 2004: 70,097 out of which, 13,940 expatriates). The number of employment in the EPZ sector has decreased by 2,695 during the period. Among males, employment increased by 353 while among females, it decreased by 3,048. In addition, the total workforce in the PSE Sector at the end of June 2005 was 3,997 (2004: 3,586) showing an increase of 188.

EPZ net exports for the year 2004 amounted to Rs 15.16bn (2003: Rs 15.865bn), decreasing by Rs 705m or 4.4%. Net exports for the first semester of 2005 amount to Rs 6.325bn (2004: Rs 7.139bn), going down by 11.4%.

In 2004, the EPZ Sector registered a negative growth of -6.8% and the forecast for 2005 is -8.0%. To cope with this difficult situation, the Government recently announced a number of fiscal and nonfiscal measures to encourage vertical integration and development of supply chain activities in the textile sector. Enterprise Mauritius would be called upon to play a determining role by implementing a programme to help firms in capacity building to meet growing competition.

Tourism

Tourist arrivals for the fiscal year ended 30 June 2005 increased by 5.2% from 699,389 to 735,495. Receipt from tourism for this period increased by 7.6%. Earnings for the fiscal year 2005, was Rs 24,097m compared to Rs 22,394m in 2004.

Tourist arrivals for the calendar year 2005 are estimated at around 755,000 lower than the optimistic forecast of 775,000 made earlier. Tourism receipts have also been revised upwards for 2005 from Rs 26,273m to Rs 26,426m. Direct employment in tourist industry grew by nearly 11% as at end of March 2005 compared to the corresponding period last year.

With the number positive measures announced by the Government recently, the tourist industry is likely to become a major growth engine for the national economy in the next few years.

Report of the Directors (cont'd)

International Trade

The trade deficit for the fiscal year 2004/05 is estimated at Rs 17.1bn. Total imports for the year 2005 amounted to Rs 84,585m (2004: Rs 69,665m) representing an increase of 21.4%.

Total exports for the fiscal year 2005 amounted to Rs 58,371m (2004: Rs 54,233m) representing an increase of 7.6%.

The overall balance of payments shows a deficit of Rs 3.13bn in 2004 – 2005, and is projected to post a deficit of Rs 8.6bn in 2005 – 2006.

Government Finance

The budget deficit for the fiscal year 2005 is estimated at 4.9% of GDP (2004: 5.4%). The estimates of 2005 are likely to go up on account of differing treatments to be adopted with respect to public debt rescheduling and loans of some parastatal bodies. Total revenues of government would amount to Rs 35,313m (2004: Rs 32,976m) and total expenditure would amount to Rs 44,591m (2004: Rs 41,963m). The overall deficit would amount to Rs 9,083m (2004: Rs 8,788m).

Total Central Government debt for the fiscal year 2005 has been estimated at Rs 105.8bn (2004: Rs 93.4bn) representing an overall increase of 13.2% over last year. The total Government debt can be split into internal and external debt. The external debt increased by 9.3% from Rs 8,445m in 2004 to Rs 9,230m in 2005, whereas, the internal debt increased by 13.6% in 2005 from Rs 85,002m in 2004 to Rs 96,584m in 2005.

Employment and Unemployment

The unemployment rate, defined as the percentage of the labour force that is unemployed, works out to 9.7% for the mid year of 2005 (2004: 9.2%). The number of persons unemployed is estimated to be 52,000 as at end of first quarter 2005.

Between March 2004 and March 2005, employment in the primary sector decreased by 1,100 and employment in the secondary sector fell drastically by 11,900. The most significant job loss was noted in the EPZ Sector.

Jobs in the tertiary sector kept on going up, with an increase of about 8,200. The Hotels and restaurants' sector was one of the main job creators.

The SME, tourism industry and ICT sectors are expected to create more jobs in the coming years. Government has announced a number of measures for further development of these sectors.

Inflation

Inflation for the financial year 2004 – 05 was 5.6% up from 3.9% for the corresponding period last year. The increase in inflation can be mainly attributable to the general depreciation of the Mauritian rupee vis à vis trading partners' currencies and the substantial increase in oil prices in international markets.

Based on the recent measures taken by Government, for instance, free bus fare for a section of the population and decrease in the price of some goods could help to counter balance the impact of growing oil prices. The Consumer Price Index (CPI) increased by 6 points during the year.

Monetary Policy

The Lombard Rate was brought to 10% as at 30 June 2005. During the year, the rate was increased twice by 25 basis points each time, in October 2004 and in February 2005. The rise in rates was in line with evolutions in foreign interest rates and in response to an increase in inflationary pressure.

The money supply consisting of currency in circulation and demand deposits (M1) at the end of June 2005 amounted to Rs 22,647m (2004: Rs 21,322m) representing an increase of 6.2% for 2005 (2004: 22.3%). The corresponding figures for the aggregate monetary resources (M2) were Rs 153,128m (2004: Rs 141,132m), increasing by 8.5% for 2005 (2004: 14.4%).

Prospects

The economy is expected to grow by 3.8% in 2005. At macro level, among the most pressing economic issues remain the impending substantial cut in the price of sugar, continuing

Report of the Directors (cont'd)

contraction of the EPZ Sector and the escalating oil price in international markets.

A number of measures have been announced to boost up the economy and to compensate for the losses arising from the above. For instance, tourism is being aggressively marketed and air access policy is being reviewed. Likewise, the agro industries, small and medium enterprise sector, aquaculture among others are being further developed.

We expect improvement in earnings especially for companies involved in hotels and banking sectors. The SEMDEX is continuing its record-breaking spree, registering a gain of around 12% for the period 30 June 2005 to end October 2005.

On the market development side, the Naiade Group would be shortly listed on the official market. This would enhance the liquidity of the market and increase market capitalization. We have also noticed a recent increase in interest being shown by foreigners for local securities. This would help towards further internationalization of the market.

On the international front, the ascending price of fuel and cyclone Katrina in the USA would impact on the world economy. On the other hand, the economic conditions of Japan and Germany are improving. We would be rather more cautious this year regarding our choice of assets in the international markets. Nevertheless, we are optimistic to bring positive return on our foreign investments. An additional sum of Rs 67m has already been earmarked for foreign investments. This will bring the total portfolio of foreign assets from 18.7% to about 30% of the Fund.

As announced in the previous Annual Reports and Shareholders' meetings, the project to remodel PLF into an Umbrella Structure is still on. Upon the proclamation of the Securities Act, we shall accelerate the process to seek approval from the authorities as the Securities Act covers extensively the operationalisation of Collective Investment Schemes.

To recap, the new structure will lay the foundation for PLF to set up different sub-funds with different investment objectives and risk return characteristics. Initially, three sub-funds will be created. The existing portfolio of PLF will be renamed as PLF Balanced Fund. This sub-fund will retain all the existing characteristics of PLF. The two other sub-funds will specialize in foreign investments and fixed income securities. The existence of the three sub-funds will enable easy switching between sub-funds at no costs to the investors, subject to appropriate clause on abusive trades and market timing.

Acknowledgement

The Board has placed on record the contributions made by members who resigned since the last financial year. The Board also wishes to thank the shareholders for their trust and support. The management team and staff have done a remarkable job. The Board has appreciated their hard work and dedication towards enhancing the value of the Company.



S. Naiken (Mrs)
Chairperson



Georges Y. H. Lassémillante
Director

Port Louis Fund Ltd
16 November 2005.

Auditors' Report to the Shareholders

We have audited the financial statements on pages 23 to 36.

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

Respective responsibilities of directors and auditors

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

Basis of opinion

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

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

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

Opinion

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

In our opinion:

- proper accounting records have been kept by the company as far as appears from our examination of those records; and
- the financial statements give a true and fair view of the financial position of the company as at 30 June 2005, and of its financial performance and cash flows for the year then ended and comply with the Companies Act 2001 and International Financial Reporting Standards.

Kemp Chatteris Deloitte
Chartered Accountants,
Per Jacques de C du Mée, ACA,
3rd Floor, Cerné House,
La Chaussée Street, Port Louis.
16 November 2005.

Statement of Assets and Liabilities

as at 30 June 2005

	Notes	2005 Rs'000	2004 Rs'000
ASSETS			
NON CURRENT ASSETS			
Portfolio of domestic securities	3	249,490	226,087
Portfolio of foreign securities	4	168,548	43,203
		418,038	269,290
CURRENT ASSETS			
Portfolio of domestic securities	3	363,675	388,235
Short term investments	6	117,586	186,116
Trade and other receivables	5	10,761	5,870
Balances with local banks	15	613	69
		492,635	580,290
TOTAL ASSETS		910,673	849,580
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	7	5,325	5,767
Taxation	8	1,326	1,805
Distribution to shareholders		584	-
		7,235	7,572
NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS		903,438	842,008
Represented by:			
Share capital	9	596,810	581,914
Share premium		6,085	(2,693)
Fair value reserve		134,025	108,407
Gain on disposal of investments		136,734	109,465
Retained earnings		29,784	44,915
		903,438	842,008
Net asset value per share	16	Rs 15.14	14.47

Approved by the Directors and signed on its behalf by



S. Naiken (Mrs)
Chairperson



Georges Y. H. Lassémillante
Director

16 November 2005

Income and Distribution Statement

For the year ended 30 June 2005

	Notes	2005 Rs'000	2004 Rs'000
GROSS INCOME			
Dividend income		28,522	34,974
Interest income		7,657	10,026
Other income	10	4,888	6,223
		41,067	51,223
FUND EXPENSE			
Management fees		5,357	5,731
Auditors' remuneration		86	86
Registry costs		796	650
Brokerage fees		892	679
Other operating expenses		1,591	1,986
		(8,722)	(9,132)
Net income before taxation	13	32,345	42,091
Taxation	8	(1,341)	(1,920)
Net income after taxation		31,004	40,171
Finance costs - Distribution to shareholders		(46,113)	(42,224)
Net loss before net gains on investments		(15,109)	(2,053)
Net increase in fair value of Held-for-trading investments		23,099	91,752
Gain on disposal of investments		5,120	24,382
Net income after net gains on investments		13,110	114,081
Earnings per share	17	Rs 1.01	2.70

Statement of Movements

in Net Assets attributable to the shareholders

For the year ended 30 June 2005

	Share Capital Rs'000	Share Premium Rs'000	Fair Value Reserve Rs'000	Gain on Disposal of Investments Rs'000	Retained Earnings Rs'000	Total Rs'000
Balance at 1 July 2003	577,535	(7,973)	45,556	39,155	46,968	701,241
Gain on revaluation of Investments	-	-	17,027	-	-	17,027
Transfer	-	-	(45,928)	45,928	-	-
Issue of shares	35,274	15,668	-	-	-	50,942
Redemption of shares	(30,895)	(10,388)	-	-	-	(41,283)
Net profit	-	-	-	-	114,081	114,081
Transfer	-	-	91,752	24,382	(116,134)	-
Balance at 30 June 2004	581,914	(2,693)	108,407	109,465	44,915	842,008
Balance at 1 July 2004	581,914	(2,693)	108,407	109,465	44,915	842,008
Gain on revaluation of investments	-	-	24,646	-	-	24,646
Transfer	-	-	(22,149)	22,149	-	-
Issue of shares	47,657	24,385	-	-	-	72,042
Redemption of shares	(32,761)	(15,607)	-	-	-	(48,368)
Net profit for the year	-	-	-	-	13,110	13,110
Transfer	-	-	23,121	5,120	(28,241)	-
Balance at 30 June 2005	596,810	6,085	134,025	136,734	29,784	903,438

Cash Flow Statement

For the year ended 30 June 2005

	Note	2005 Rs'000	2004 Rs'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Net profit before tax		60,564	158,225
Adjustments for:			
Interest income		(7,657)	(10,026)
Dividend income		(28,522)	(34,974)
Fair value change of investments		(23,099)	(91,752)
Gain on disposal of investments		(5,120)	(24,382)
Operating loss before working capital changes		(3,834)	(2,909)
Decrease/(increase) in trade and other receivables		1,484	(2,101)
Increase in trade and other payables		142	343
Net cash absorbed by operating activities		(2,208)	(4,667)
Interest received		7,185	9,142
Dividend received		22,619	34,665
Tax paid		(1,820)	(575)
Net cash flows from operating activities		25,776	38,565
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of investments		(148,021)	(50,075)
Proceeds from sale of investments		76,698	202,978
		(71,323)	152,903
CASH FLOWS FROM FINANCING ACTIVITIES			
Finance costs		(46,113)	(42,224)
Issue of shares		72,042	50,942
Redemption of shares		(48,368)	(41,283)
		(22,439)	(32,565)
Net (decrease)/increase in cash and cash equivalents		(67,986)	158,903
Cash and cash equivalents at start of year		186,185	27,282
Cash and cash equivalents at end of year	15	118,199	186,185

Notes to the Financial Statements

Year ended 30 June 2005

1. LEGAL FORM AND ACTIVITY

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

The main objects of the company are:

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

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

2. ACCOUNTING POLICIES

(a) Basis of accounting

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

(b) Revenue

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

Interest is accounted for on an accrual basis.

(c) Investments

The company classified its investments into the following categories: held-for-trading, available-for-sale and held-to-maturity. Investments that are acquired principally for the purpose of generating a profit from short term fluctuations in price are classified as trading investments and included in current assets. Investments including those with fixed maturity that management has the intent and ability to hold to maturity are classified as held-to-maturity and are included in non-current assets. Investments intended to be held for an indefinite period of time, which may be sold in response to needs for liquidity are classified as available-for-sale.

Management determines the appropriate classification of the company's investment into the above categories and re-evaluates such designation on a regular basis.

All purchases and sales of investments are recognised on the trade date, which is the date that the company commits to purchase or sell the asset. Cost of purchase includes transactions costs. Held-for-trading and available-for-sale investments are subsequently carried at fair value, whilst held-to-maturity investments are carried at amortised cost using the effective yield method. Fair value is calculated by reference to Stock Exchange and OTC quoted selling prices at the close of business at the end of the accounting period. Unquoted investments are valued by the directors on a cost, earnings or dividend yield basis as appropriate.

Notes to the Financial Statements

Year ended 30 June 2005 (cont'd)

Unrealised gains and losses arising from changes in the fair value of held-for-trading investments are included in the income and distribution statement and are subsequently transferred to fair value reserve in the statement of movements in net assets attributable to shareholders. Changes in the fair value of available-for-sale investments are included in fair value reserve in shareholder's equity.

Realised gains and losses arising on the disposal of investments are calculated by reference to the carrying amount of investments disposed and taken to the income and distribution statement. All gains on disposal of investment are subsequently transferred to a reserve in the statement of movements in net assets attributable to shareholders.

(d) Share capital and net assets attributable to shareholders

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

(e) Foreign currency transactions

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

(f) Provisions

A provision is recognised when there is a present obligation (legal or constructive) as a result of a past event, and it is probable that an outflow of resources embodying economic benefits would be required to settle the obligation, and a reliable estimate can be made of the amount of obligation. Provisions are reviewed at the end of the accounting period and adjusted to reflect the current best estimate. Where the effect of time value of money is material, the amount of a provision is the present value of the expenditure required to settle the obligation.

(g) Financial instruments

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

Measurement

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

(i) Accounts receivable

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

Notes to the Financial Statements

Year ended 30 June 2005 (cont'd)

2. ACCOUNTING POLICIES (cont'd)

(g) Financial instruments (cont'd)

(ii) Investments

The accounting policy for investment securities is disclosed in 2(c).

(iii) Trade payables

Trade payables are stated at their nominal value.

(iv) Cash and cash equivalents

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

(h) Cash and cash equivalents

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

(i) Comparative figures

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

Notes to the Financial Statements

Year ended 30 June 2005 (cont'd)

3. PORTFOLIO OF DOMESTIC SECURITIES

	2005 Rs'000	2004 Rs'000
Held-for-trading	363,675	388,235
Available for sale	176,613	163,052
Held-to-maturity	72,877	63,035
	613,165	614,322
Analysed as:		
Non-Current Assets	249,490	226,087
Current Assets	363,675	388,235
	613,165	614,322

Held-for-trading	Equity listed Rs'000	Quoted Rs'000	Total Rs'000
At fair value			
At 1 July 2004	387,941	294	388,235
Additions	22,285	408	22,693
Disposals	(70,322)	(30)	(70,352)
Fair value change	22,977	122	23,099
At 30 June 2005	362,881	794	363,675

Available-for-sale	Unquoted Rs'000
At valuation	
At 1 July 2004	163,052
Fair value change	13,561
At 30 June 2005	176,613

Held to maturity	Fixed income securities Listed Rs'000	Unquoted Rs'000	Total Rs'000
At amortised cost			
At 1 July 2004	597	62,438	63,035
Additions	-	11,046	11,046
Disposals	(226)	(1,000)	(1,226)
Fair value change	22	-	22
At 30 June 2005	393	72,484	72,877

Notes to the Financial Statements

Year ended 30 June 2005 (cont'd)

3. PORTFOLIO OF DOMESTIC SECURITIES (cont'd)

	2005 Rs'000	2004 Rs'000
Equity Securities		
<u>Official Market</u>		
Transport	78,224	92,528
Banks and Insurance	119,343	141,470
Industry	33,494	37,078
Commerce	21,299	18,654
Leisure and Hotels	91,414	81,416
Sugar Industry	6,318	6,681
Investment	12,789	10,114
	362,881	387,941
<u>OTC Market</u>		
Industry	632	94
Real Estate	162	200
	794	294
<u>Unquoted Securities</u>		
Bank & Insurance	138,775	120,244
Investments	484	476
Commerce	17,356	17,332
Leisure	19,998	25,000
	176,613	163,052
Unquoted Fixed Income Securities		
Treasury Bills & Bonds	72,877	63,035
	613,165	614,322

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

Name of company	Type of share	Country of incorporation	% Holding	
			2005	2004
Sicom Ltd	Ordinary	Mauritius	12.50	12.50
Le Grand Casino Du Domaine Limitée	Ordinary	Mauritius	20.00	20.00
Maurinet Investment Ltd	Ordinary	Mauritius	13.33	13.33

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

Name of company	Type of share	Country of incorporation	% of Net Asset		% Held	
			2005	2004	2005	2004
Sicom Ltd	Ordinary	Mauritius	15.35	14.27	12.50	12.50

Notes to the Financial Statements

Year ended 30 June 2005 (cont'd)

4. PORTFOLIO OF FOREIGN SECURITIES

	Rs'000
Available-for-sale	
At 1 July 2004	43,203
Additions	114,282
Fair value change	11,063
At 30 June 2005	168,548

5. TRADE AND OTHER RECEIVABLES

	2005 Rs'000	2004 Rs'000
Dividend and interest receivable	6,375	3,480
Other receivables and prepayments	4,386	2,390
	<u>10,761</u>	<u>5,870</u>

6. SHORT TERM INVESTMENTS

	2005 Rs'000	2004 Rs'000
Short term bank deposits	117,586	186,116

The bank deposits bear interest varying from 0.95% to 5.5% (2004: 0.8% to 6.5%).

7. TRADE AND OTHER PAYABLES

	2005 Rs'000	2004 Rs'000
Management fees	-	2,246
Registry costs	187	163
Redemption of shares	4,664	2,362
Auditor's remuneration	86	173
Other payables and accruals	388	823
	<u>5,325</u>	<u>5,767</u>

Notes to the Financial Statements

Year ended 30 June 2005 (cont'd)

8. TAXATION

	2005 Rs'000	2004 Rs'000
Income tax on the adjusted profit for the year at 15%	1,326	1,805
Under provision in prior year	15	115
	<u>1,341</u>	<u>1,920</u>

Reconciliation

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

	2005 Rs'000	2004 Rs'000
Income before taxation	32,345	42,091
Tax at the rate of 15%	4,851	6,313
- Expenses not deductible for tax purposes	1,095	1,122
- Exempt income	(4,620)	(5,630)
- Underprovision in prior year	15	115
	<u>1,341</u>	<u>1,920</u>

9. SHARE CAPITAL

	2005 Rs'000	2004 Rs'000	
<u>Authorised</u>			
120,000,000 ordinary shares of Rs10 each	<u>1,200,000</u>	<u>1,200,000</u>	
<u>Issued and fully paid</u>			
	Share Capital Rs'000	Share Premium Rs'000	Total Rs'000
1 July 2004	581,914	(2,693)	579,221
Issued during the year	47,657	24,385	72,042
Redeemed during the year	(32,761)	(15,607)	(48,368)
At 30 June 2005	<u>596,810</u>	<u>6,085</u>	<u>602,895</u>

Notes to the Financial Statements

Year ended 30 June 2005 (cont'd)

10. OTHER INCOME

	2005 Rs'000	2004 Rs'000
Gain on exchange	3,178	4,888
Service charge	1,688	1,335
Other	22	-
	4,888	6,223

11. MANAGEMENT FEES

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

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

12. REGISTRY COSTS

Registry costs are payable to Prime Partners Ltd formerly known as SIC Corporate Services Ltd.

13. INCOME BEFORE TAXATION

	2005 Rs'000	2004 Rs'000
This is arrived at after charging/(crediting)		
- Directors' fees (non executive)	252	237
- Auditors' remuneration		
- Audit fees	86	86
- Fees for other services	-	87
- Investment income		
- Listed	(20,994)	(28,142)
- Quoted	(13)	-
- Unquoted	(7,515)	(6,832)
- Interest income	(7,657)	(10,026)
- Donations	-	-
Number of employees	-	-

14. DIVIDENDS

The Board of Directors has declared a dividend of Rs0.80 per share payable to shareholders registered at the close of business on 31 May 2005 (2004: Rs0.75 per share).

Notes to the Financial Statements

Year ended 30 June 2005 (cont'd)

15. CASH AND CASH EQUIVALENTS

	2005 Rs'000	2004 Rs'000
Cash at bank	613	69
Short term bank deposits	117,586	186,116
	118,199	186,185

16. NET ASSET VALUE PER SHARE

	2005 Rs'000	2004 Rs'000
Net asset value	903,438	842,008
Number of ordinary shares in issue (000's)	59,681	58,191
Net asset value per share	Rs 15.14	14.47

17. EARNINGS PER SHARE

Earnings per share are based on net income for the year excluding distribution to shareholders of Rs59,222,404 (2004: Rs156,305,145) and a weighted average of 58,936,155 (2004: 57,972,424) shares in issue.

18. FINANCIAL INSTRUMENTS

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

Fair values

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

Currency profile

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

	Financial assets 2005 Rs'000	Financial liabilities 2005 Rs'000	Financial assets 2004 Rs'000	Financial liabilities 2004 Rs'000
Currency				
GBP	57,175	-	26,616	-
United States Dollar	107,844	-	92,629	-
Euro	54,809	-	35,678	-
Mauritian rupee	675,153	5,909	694,657	5,767
Others	15,692	-	-	-
	910,673	5,909	849,580	5,767

Currency risk

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

Notes to the Financial Statements

Year ended 30 June 2005 (cont'd)

19. 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.

	2005 Rs'000	2004 Rs'000
<u>TRANSACTIONS</u>		
Corporate with common shareholders		
- Management fee expense	5,357	5,731

The above transactions were carried out on commercial terms and conditions.

	2005 Rs'000	2004 Rs'000
<u>BALANCES</u>		
- Amount due to related companies	186	162
- Investment in companies with common shareholders	158,654	145,126

19. FINANCIAL SUMMARY

	2005 Rs'000	2004 Rs'000	2003 Rs'000	2002 (Restated) Rs'000	2001 Rs'000
Issued and fully paid up share capital	596,810	581,914	577,535	606,493	636,606
Premium account	6,085	(2,693)	(7,973)	(7,351)	(5,147)
Fair value reserve/(deficit)	134,025	108,407	45,556	(48,215)	(30,889)
Gain on disposal of investments	136,734	109,465	39,155	39,658	42,584
Retained earnings	29,784	44,915	46,968	36,282	37,803
Profit before tax	60,564	158,225	84,640	34,683	52,531
Tax	1,341	1,920	480	421	683
Profit after tax	59,223	156,305	84,160	34,281	51,848
Distribution to shareholders	46,113	42,224	39,824	35,802	37,442
EPS	1.01	2.70	1.42	0.57	0.83
Total Net Assets	903,438	842,008	701,241	626,862	681,247
Number of shares used in calculation (000's)	58,936	57,972	59,201	60,136	62,735
NAV per share (Rs)	15.14	14.47	12.14	10.34	10.70

Brillant	183	BEWAG	113	113 ^B	113 ^B	Siemens	598	593	599 ⁵	599 ⁵	597 ⁵	Inysson	374 ⁵
F.Deckel	197	Didier	224	225	227	Badenwerk	161					Babeock	597 ⁵
Dyckerhoff V.	185	Enka	387	390	390	RWE	212	211	214	214	213	dgl.Vorzüge	161
DYWIDAG	193	Goldschmidt	223		223	dgl.Vorzüge	204		208	208	206	GHH	dgl.Vorzüge
Flachglas	305	Heidelb.Zemt.	432	438	438	VEW	146 ⁵		146 ⁷	146 ⁷	146 ⁷	KHD	146 ⁷
Fuchs	162 ¹	Henkel				VEBA	257 ⁵		261 ⁵	261	261	Linde	
GENE	159	Herlitz Vz.	212	215	213	Preussag	260		261	260 ⁵	260 ⁵	MAN	
GESTRA	182 ²	Holzmann	514	515	515	DLW	338	337		337	337	dgl.Vorzüge	
Hann. Papier	137 ²	Hussel	384		384	Induwerke	300	298 ⁵		299 ⁵	300	Metallges.	

Hartmann-BVZ	670	Klöckner Wk.	078	078 ^B	078 ^B
Henninger	135 ^B	Kolbenschmidt	200	201	
Hochtief	787 ^d	K S B Vz.	206 ^B	205	206
Kabel Metall	140	Leifheit	423	423	423
Koebou Vz.	334	PKI	672		672
Krones	666	Rheinelektre	835	835	835
NWK.Vorzüge	* 251 ^B	Rheinmetall	374	378	378
Pfaff	210 ⁵	Rütgers	397		
Schleiss	115 ⁵	Schmalbach	159	158	158
Schwäb.Zell	245 ^B	S E L	327	330	330
WMF	165	Varia	253	255 ^d	255 ^d
YMOS	166	Wella	667	668	668

BASF	240		242 ⁵	242 ⁵	242
Bayer	229 ⁵		230 ⁷	230 ⁷	230 ⁵
Hoechst	229		230 ⁵	230 ⁵	230
Chemie Verw.	520				
Degussa	457		461	460	460
Kali und Salz	372		379	379	377 ⁵
Schering	535		538	538	538
Harpener	353	350 ⁵		350 ⁵	350 ⁵
Hamborn Bg.	246				246
AGIV	378	375	378	378	378
Lufthansa	228	226		227	227
dgl.Vorzüge	228		230 ⁵	230 ⁵	230 ⁵

BMW	
Daimler	
Mercedes	
Porsche	
VW	
PWA	
Conli Gummi	
Rosenthal	
Salamander	
Herfen	
Karstadt	
Kaufhof	



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