

Table of Contents

02	Notice of Annual Meeting
03	Corporate Information
04	Directors & Executive Management
06	Statutory Disclosures & Secretary's Certificate
07-22	Report of Directors
23	Independent Auditors' Report to the Members
24	Balance Sheets
25	Income Statements
26	Statements of Changes in Net Assets
27	Cash Flow Statements
28-40	Notes to the Financial Statements

PORT LOUIS FUND LTD | ANNUAL REPORT 2008

Dear Shareholder,

The Board of Directors is pleased to present the Annual Report of Port Louis Fund Ltd for the year ended June 30, 2008.

This report was approved by the Board of Directors on 23 October 2008.



M.I. Mallam-Hasham
Chairman



V. Bhuguth
Director

Notice of Annual Meeting

Notice is hereby given that the 11th Annual Meeting of Shareholders of Port Louis Fund Ltd will be held at Le Sirius, Labourdonnais Waterfront Hotel, Caudan Waterfront, Port Louis on Wednesday, 17 December, 2008 at 14:00 hours for the transaction of the following businesses:-

Agenda

1. To adopt the Minutes of Proceedings of the 10th Annual Meeting of Shareholders of Port Louis Fund Ltd held on Wednesday, 12 December, 2007.
2. To receive the Annual Report for the financial year ended 30 June 2008.
3. To receive the Report of Auditors.
4. To consider and approve the Audited Financial Statements for the year ended 30 June 2008.
5. To ratify the dividend declared by the Board of Directors and paid to all shareholders registered at the close of business on 30 May 2008.
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 appoint Mr. Ishwurlal Golam as Director of the Company to hold office until the next Annual Meeting.
11. To appoint/elect one additional Director to hold office until the next Annual Meeting.
(See Annex – List of Applicants)
- (a). Should the elected person be over the age of 70, to pass an ordinary resolution to appoint him/her as Director of the Company in compliance with Section 138 (6) of the Companies Act 2001.
12. To fix remuneration of the Directors.
13. To re-appoint the Auditors of the Company for the financial year ending 30 June 2009 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
23 October 2008

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.

Annual Meeting
17 Dec 2008

Corporate Information

DIRECTORS

Mrs. S. Naiken, Chairperson
(up to 1 August 2008)
Mr. M. I. Mallam-Hasham, Chairman
(as from 14 August 2008)
Mr. Y. H. Aboobaker
Mr. V. Bhuguth
Mr. I. Golam
(as from 14 August 2008)
Mr. G.Y. H. Lassémillante
Mr. G. Rampat
(as from 12 December 2007)
Mr. R. C. Gopee
(up to 12 December 2007)

FUND MANAGER

Capital Asset Management Ltd

SHARE REGISTRY

Prime Partners Ltd

COMPANY SECRETARY

Mrs. S.L. Nullatemby

BANKERS

Bank of Baroda
Bank One Ltd
Barclays Bank PLC
Mauritius Post and Co-operative Bank Ltd
State Bank of Mauritius Ltd
The Hongkong and Shanghai Banking Corp Ltd
The Mauritius Commercial Bank Ltd

AUDITORS

BDO De Chazal Du Mee

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

Directors & Executive Management

DIRECTORS

Mr. M. I. Mallam-Hasham is a Fellow of the prestigious Hubert H. Humphrey program and read the MBA Program (International Economy) at Boston University. He also 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. Before joining SIC, Mr. M. I. Mallam-Hasham was Associate Professor, teaching graduate and post-graduate level courses at the two Universities in Mauritius and at 'Université de Poitiers/MCCI' Program. He has wide ranging experience in the financial sector and has been banker, consultant in corporate management, financial services, training and legal matters. He has also been Member of Parliament, member of Public Accounts Committee and member of the Joint ACP-EU Bureau.

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.

Mr. V. Bhuguth is a Fellow of the Chartered Certified Accountant (FCCA). He reckons 21 years of experience in accounting firms and holds a post graduate diploma in International Tax Planning from the University of Miami. He is presently partner at Lancasters, a Chartered Accountant firm of Port Louis.

Mr. 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. He also holds a Masters in Business Administration. Prior to joining the State Investment Corporation Ltd as Group Finance Manager, he has had a wide ranging experience in the field of Finance and Accounting, inter-alia the Stock Exchange, Offshore Sector and privatisation of the Civil Aviation. He was also awarded a gold medal for the Diploma in Finance and Accounting by the London Chamber of Commerce and Industry. He is also Director on various Board within the SIC group.

Mr. G. Rampat holds a BA (Hons) in English and a P.G.C.E from Scotland, UK. He is presently the Education Officer and Head of English Department at Royal College, Curepipe.

COMPANY SECRETARY

Mrs. S.L. Nullatemby holds an MBA, with specialisation in Finance from University of Technology, Mauritius and is also an Associate of the Institute of Chartered Secretaries and Administrators. At present, she is the Company Secretary of Port Louis Fund Ltd and is also responsible for the preparation of its Financial Statements. She has been working at SIC for the past 19 years and has wide experience in financial, secretarial and corporate matters. She is also Director of various companies within the SIC group.

Directors & Executive Management

EXECUTIVE MANAGEMENT

Capital Asset Management Ltd

The Fund is managed by Capital Asset Management Ltd (CAM). The latter is a wholly owned subsidiary of The State Investment Corporation Ltd (SIC). CAM is licensed by the FSC (Financial Services Commission) to conduct investment management activities under Section 14 of the Financial Services Development Act 2001, repealed by the Securities Act 2005. CAM also manages the SME Partnership Fund Ltd and 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:

Portfolio Manager

Mr. Vedprakash Auckaloo holds an MSc in Financial Management and a BSc (Hons) in Economics from the University of London. He also holds an ICSA Diploma in Offshore Finance and Administration. He has more than 9 years of experience in the financial sector and had previously worked in the Government service and in the banking sector. He joined Capital Asset Management Ltd in 2001 and currently holds the position of Portfolio Manager.

Finance Manager

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

Analyst

Mrs. Shweta-Preeya Beeharee Ramyeed joined Capital Asset Management Ltd in July 2007 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 and Certified Accountant. She has more than 5 years of experience in the financial and regulatory sector.

Business Appraisal Officer

Mr. M. Sameer Khudaroo holds a BSc (Hons) in Management from the University of Mauritius. He is actually pursuing his ACCA studies. Before joining the Company, he worked in an audit firm in the Audit and Business Advisory Department. Mr. Khudaroo has been attributed the position of Business Appraisal Officer.

Research Officer

Miss Smita Beegun joined Capital Asset Management 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.

Statutory Disclosures

The Directors have the pleasure to submit the Annual Report together with the audited financial statements of Port Louis Fund Ltd for the year ended June 30, 2008.

Principal Activity

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

The main objects of the Company are:

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

Results for the Year

The Income Statement for the year ended 30 June 2008 is shown on page 25.

Dividends

A dividend of Rs 43,799,067.75 (representing Rs 0.85 per share) was paid for the year ended 30 June 2008 (2007: Rs 45,566,504.20 representing Rs 0.85 per share)

Members of The Board of Directors

Mrs. S. Naiken, Chairperson *(up to 1 August 2008)*
 Mr. M. I. Mallam-Hasham, Chairman
(as from 14 August 2008)
 Mr. Y. H. Aboobaker
 Mr. V. Bhuguth
 Mr. I. Golam *(as from 14 August 2008)*
 Mr. G. Y. H. Lassémillante
 Mr. G. Rampat *(as from 12 December 2007)*
 Mr. R. C. Gopee *(up to 12 December 2007)*

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:

	2008 Rs' 000	2007 Rs' 000
Non-Executive Directors	878	524

Directors' Share Interest

Directors	Direct Share-holding	Indirect Share-holding
Mr. M. I. Mallam-Hasham	7,539	Nil
Mr. Y. H. Aboobaker	Nil	Nil
Mr. V. Bhuguth	Nil	Nil
Mr. I. Golam	Nil	Nil
Mr. G. Y. H. Lassémillante	Nil	Nil
Mr. G. Rampat	5,000	Nil
Mrs. S. Naiken	Nil	Nil
Mr. R. C. Gopee	Nil	Nil

Donations

No donation was made during the financial year ended 30 June 2008.

Auditors' Remuneration

The auditors' remuneration was as follows:

	2008 Rs' 000	2007 Rs' 000
Audit Services	85	86
Other Services	20	-
	105	86

Approved on 23 October 2008


M. I. Mallam-Hasham
 Chairman


V. Bhuguth
 Director

SECRETARY'S CERTIFICATE

for the year ended 30 June 2008

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
 23 October 2008

Report of Directors

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 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 is putting in place control systems, policies and procedures.

Composition of The Board

Mrs. S. Naiken, Chairperson (up to 1 August 2008)
 Mr. M. I. Mallam-Hasham, Chairman
 (as from 14 August 2008)
 Mr. Y. H. Aboobaker
 Mr. V. Bhuguth
 Mr. I. Golam (as from 14 August 2008)
 Mr. G. Y. H. Lassémillante
 Mr. G. Rampat (as from 12 December 2007)
 Mr. R. C. Gopee (up to 12 December 2007)

Investment Committee

Mrs. S. Naiken, Chairperson (up to 1 August 2008)
 Mr. M.I. Mallam-Hasham, Chairman
 (as from 14 August 2008)
 Mr. V. Bhuguth
 Mr. I. Golam (as from 14 August 2008)

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

Audit & Risk Committee

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

The Audit & Risk Committee met four times during the year under review under the chairmanship of Mr. Vijay Bhuguth. The main objectives of the Audit and Risk Committee include:

- To assist the Board to discharge its duties relating to the safeguarding of assets, the operation of adequate systems, control processes and the preparation of accurate financial reporting and statements in compliance with all applicable legal requirements and accounting standards.
- To make recommendations to the Board for its approval or final decision 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 & 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
- the Company's compliance with legal and regulatory provisions and rules established by the Board

Corporate Governance Committee

Mr. Y. H. Aboobaker - Chairman
 Mr. G. Y. H. Lassémillante
 Mr. R.C. Gopee (up to 12 December 2007)
 Mr. G. Rampat (as from 12 December 2007)

The Corporate Governance Committee met once during the year under review under the acting chairmanship of Mr. G.Y.H. Lassémillante. The Committee acts as a useful mechanism for making recommendations to the Board on all corporate governance provisions to be adopted, so that the Board remains effective and complies with prevailing good governance principles. The Corporate Governance Committee ensures that the reporting requirements with regards to corporate governance are in line with the principles of the applicable Code of Corporate Governance. The Committee is chaired by Mr. Yusuf Hassam Aboobaker, an independent non-executive director.

Report of Directors *(cont'd)*

Nominations Committee

Mrs. S. Naiken – Chairperson (up to 1 August 2008)
 Mr. Y. H. Aboobaker
 Mr. G. Y. H Lassémillante
 Mr. V. Bhuguth

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

Board and Committee Meetings Attendance for the Year Ended 30 June 2008

DIRECTORS	Board Meeting	Investment Committee	Audit & Risk Committee	Nominations Committee	Corporate Governance Committee
Mrs. S. Naiken, Chairperson <i>(up to 1 Aug 08)</i>	9/9	3/3	-	1/1	-
Mr. Y. H. Aboobaker	8/9	-	3/4	1/1	-
Mr. V. Bhuguth	9/9	3/3	4/4	1/1	-
Mr. G. Rampat <i>(from 12 Dec 07)</i>	2/3	-	-	-	1/1
Mr. G. Y. H. Lassémillante	7/9	-	3/4	1/1	1/1
Mr. M. I. Mallam-Hasham	8/9	3/3	4/4	-	-
Mr. I. Golam <i>(Alternate Director to Mr. M. I. Mallam-Hasham)</i>	1/9	-	-	-	-
Mr. R. C. Gopee <i>(from 20 Dec 06 to 12 Dec 07)</i>	5/6	-	-	-	-

List of Shareholders Holding more than 5% share capital of the Company

Name	No. of shares	% Shareholding
The State Investment Corporation Ltd	18,998,813	36.65
National Pensions Fund	7,500,000	14.47
Government of Mauritius	5,597,909	10.80

Calendar of Important Events

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

Report of Directors *(cont'd)*

Shareholding Analysis at 30 June 2008

Range	No. of Shareholders	No. of Shares (M)	% of Share Capital	% of all Shareholders
1-1,000	3,179	1.30	2.50	63.08
1,001-5,000	1,045	2.94	5.68	20.73
5,001-10,000	455	3.61	6.97	9.03
10,001-25,000	267	4.40	8.48	5.3
25,001-50,000	68	2.31	4.47	1.35
50,001-100,000	16	1.18	2.28	0.32
100,001-1,000,000	6	1.50	2.89	0.12
Over 1,000,000	4	34.60	66.73	0.08
Total	5,040	51.84	100.00	100.00

Category of Shareholders at 30 June 2008

Shareholders Type	No. of Shareholders	No. of Shares (M)	%
Individuals	4,963	14.83	28.61
Corporate Bodies and Others	77	37.01	71.39
Total	5,040	51.84	100.00

During the year ended 30 June 2008, the directors did not have any dealings in the shares of the Company, except for Mr. I. Golam (Alternate Director to Mr. M. I. Mallam-Hasham) who redeemed 8,025 shares.

Report of Directors *(cont'd)*

PERFORMANCE REVIEW

Fund Performance Overview

The Fund achieved a total return of 9.5% for the year ended 30 June 2008 along with Net Asset Value (NAV) per share reaching Rs 21.77 (2007:Rs 20.65), after paying shareholders a dividend of 85 cents per share during the year. The return is deemed satisfactory given the turbulent conditions in foreign markets and appreciation of the MUR against major currencies during the financial year 2008.

The evolution of the NAV per share for the year under review is illustrated below. The chart has been normalised from 100 and adjusted for dividends which were declared on 30 May 2008.

The Fund achieved a total return of 9.5%

Net Asset Value (Evolution)

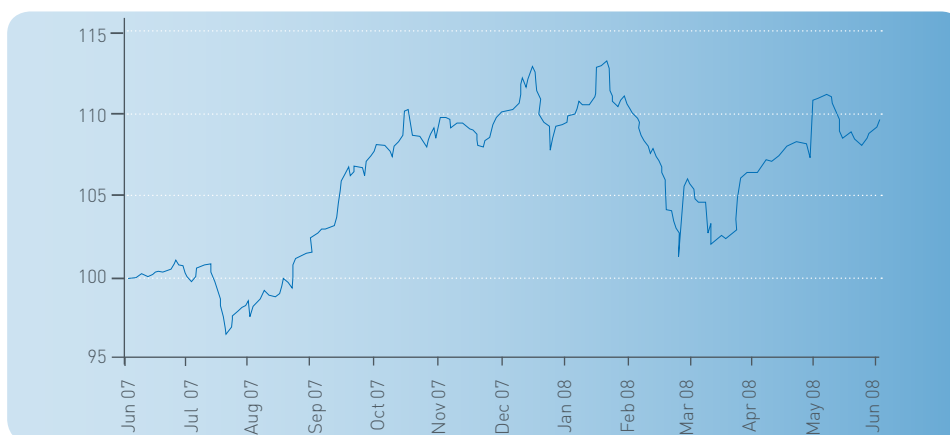


Chart 1: Net Asset Value (Evolution)

The NAV per share of the Fund took an upward trend during the financial year ending 30 June 2008. The highest NAV was recorded in February 2008 when it amounted to Rs 23.40 per share and corrected at the end of March but showed some signs of improvement as from April 2008 to June 2008.

Fund Performance Analysis by Asset Classes

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

Asset Classes	Total Return	Average Portfolio	Weighted Return
Locally Listed Equities	23.3%	43.6%	10.1%
Unquoted Shares	16.1%	18.9%	3.0%
Foreign Investments	-18.8%	25.7%	-4.8%
Fixed Income Sec & Others	10.1%	11.8%	1.2%
PLF Portfolio		100.0%	9.5%

Table 1: Total Return Decomposition

Report of Directors *(cont'd)*

Locally Listed Equities - Performance

Total return from the Locally Listed Equity class stood at around 23.3% which is a fair performance compared to the SEMDEX which ended the period with a return of 28.5%. On the other hand, the DEMEX experienced an insignificant growth of 0.5%. The Fund was underweighted in some securities in the banking and sugar sectors which outperformed the market. This asset class which consisted of 43.6% of the portfolio on average, contributed to a return of 10.1% in the Fund.

Unquoted Shares - Performance

The Unquoted Shares weighing on average, 18.9% in the portfolio of the Fund, brought a contribution of 3% to the total return. The total return of this asset class has been 16.1% over the year. This was brought about by a revaluation of the unquoted shares and dividends received during the year.

Foreign Investments - Performance

Foreign investments as an asset class has delivered a return of -18.8% in MUR terms. The MUR has appreciated by around 9.15% against a basket of foreign currencies with different weightage comprising of USD (50%), EUR (30%) and GBP (20%). Thus, actual return of the foreign investments in terms of foreign currencies turned out to be around -9.65%. As a general indication, the MSCI World Index, which can be taken as a proxy of world equity markets, has lost 12.50% in USD terms over the same period. The foreign portfolio is well diversified. During the year part of the foreign investments were switched from equity to cash or quasi-cash based funds which are low risk and less volatile than equity markets. The average weight of foreign investments in the portfolio of the Fund was 25.7% during the year, thus detracting -4.8% in the total return of the Fund.

Fixed Income Securities and Others - Performance

The return of this asset class was around 10.1% and was composed of long term investments, foreign currencies and cash balances. The average holding of this asset class throughout the year was 11.8%, which contributed 1.2% in the total return of the Fund. Yields on short term maturity investments were relatively low.

COMMENTS OF FINANCIAL STATEMENTS

Financial Results

Total income, excluding gain on disposal and fair value change for held-for-trading investments amounted to Rs 34.4m (2007: Rs 40.5m). The total income, included dividend income of Rs 23.3m (2007:Rs 20.5m), interest income of Rs 12.4m (2007:Rs12.0m) and other income including exchange loss amounted to a negative figure of Rs 1.2m (2007: Net Gain of Rs 8.0 m).

The fair value change for held-for-trading investments amounted to Rs 112.8m (2007: Rs 194.5m) and Rs 30.8m for available-for-sale investments. Treasury Bills and Bonds were classified as Held to Maturity and measured at amortised costs, are now classified as "available-for-sale"and valued based on mark to market value.

The financial statements have been prepared in compliance with International Financial Reporting Standards (IFRS). Thus, reported profit is likely to vary considerably year on year depending on market conditions of held-for-trading and available-for-sale securities.

Fund Expenses

The Total Expense Ratio (TER) gives an indication of the expenses incurred in running a fund. The TER which is calculated in line with international standards covers the professional fees, administration costs, distribution fees and other operating expenses. TER for financial year ended 2008 stood at 0.92% as compared to last year's 1.5%. This decrease in TER can be explained by the fact that last year the management fee was 1.25% of net asset value as the Annual Fund Return was above 35%. However, for this year the management fee charged is 0.625% of the net asset value.

Report of Directors *(cont'd)*

Dividends

The Fund declared a dividend of 85 cents per share for the year ended 30 June 2008, same as last year. In aggregate an amount of Rs 43.8m was distributed to shareholders registered at close of business on 30 May 2008. It is to be noted that the dividend paid to shareholders is based on net profit and realised gain on disposal of investments excluding the fair value change which is not distributed as dividend since it is not a realised gain.

Share Capital

The issued share of the Fund as at 30 June 2008 was 51,839,961 (2007: 53,103,364). The number of shares outstanding decreased by 1,263,403 representing a fall of 2.4% over last year. During the year, the Fund issued 1,066,858 shares and 2,330,261 shares were redeemed.

ASSET ALLOCATION & PORTFOLIO COMPOSITION

Asset allocation is a strategic decision which to a large extent determines the performance of the Fund. It is configured so as to meet the objectives of the Fund and at the same time to balance the risk minimisation and return maximisation targets. The asset allocation is reviewed periodically and adjusted in light of changes in market conditions. The sub-components of each class are recomposed and reviewed regularly.

The total portfolio value as at 30 June 2008 stood at Rs 1,136.3m compared to Rs 1,096.5 m in the previous year. Shown below are the portfolio breakdown and components of each asset class.

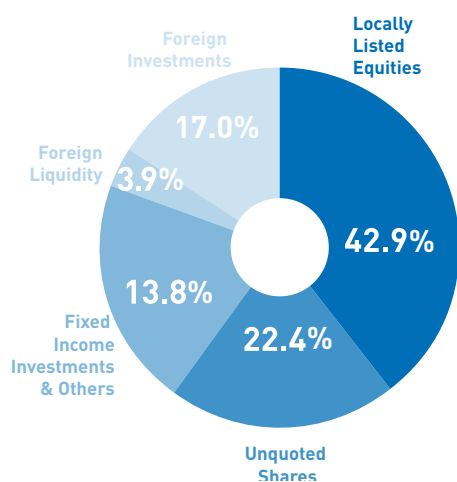


Chart 2: Portfolio Composition

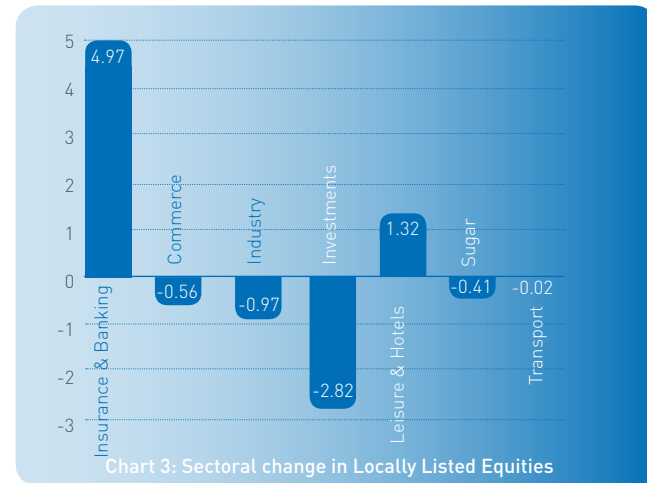
ASSET ALLOCATION	30 Jun 08		30 Jun 07	
	Rs M	%	Rs M	%
Locally Listed Equities	487.6	42.9	452.9	41.3
Banking & Insurance	234.8	20.7	171.7	15.7
Commerce	18.6	1.6	23.8	2.2
Industry	23.0	2.0	32.5	3.0
Investment	53.1	4.7	82.0	7.5
Leisure & Hotels	130.9	11.5	112.3	10.2
Sugar	18.1	1.6	21.6	2.0
Transport	8.9	0.8	8.9	0.8
Unquoted Shares	254.7	22.4	207.8	19.0
Banks & Insurance	199.7	17.6	174.4	15.9
Investment	19.4	1.7	1.0	0.1
Industry	20.5	1.8	17.3	1.6
Leisure	15.1	1.3	15.1	1.4
Foreign Investments	237.3	20.9	317.5	28.9
Equity	152.6	13.4	246.8	22.5
Bonds, Property & Others	40.0	3.5	50.4	4.6
Foreign Liquidity (Cash)	44.7	3.9	20.2	1.8
Fixed Income Investments & Others	156.6	13.8	118.4	10.8
Long term Bonds	97.7	8.6	100.6	9.2
Short term Bonds & Others	58.9	5.2	17.8	1.6
Total Portfolio	1136.3	100.0	1096.5	100.0

Table 2: Asset Allocation
Please Note that figures may not tally due to rounding.

Report of Directors (cont'd)

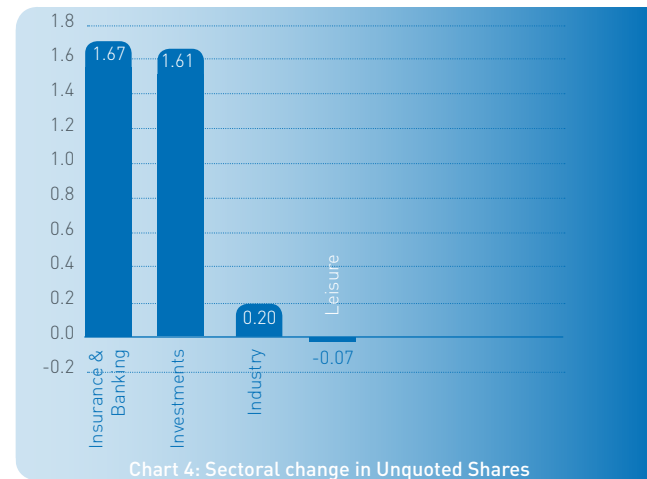
Locally Listed Equities - Composition

Locally Listed Equities totalled Rs 487.6m amounting to 42.9% of the total portfolio for the year ended 30 June 2008 as compared to 2007 {Rs 452.9m (41.3%)}. Total buy for the year amounted to Rs 41.7m whereas total disposal was Rs 119.8 m. Holdings in Banks and Insurance sector increased by 4.97% due to an increase in value of shares held. Exposure to the Commerce and Industry sectors were reduced through disposal of shares. The Investment sector fell by 2.82% because of split of NIT into NIT-LEF and NIT-GOF, now classified as unquoted shares. The Fund acquired some additional shares in the Leisure & Hotel sector.



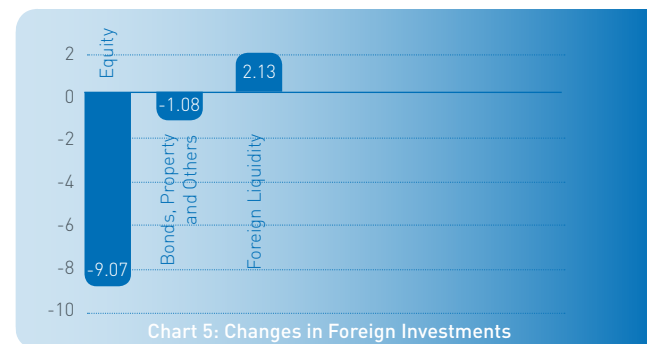
Unquoted Shares - Composition

Unquoted Shares have increased from Rs 207.8m (19.0%) to Rs 254.7m (22.4%) of the total portfolio denoting an increase of Rs 46.9m in terms of market value. This increase in holding resulted from the split of NIT into two additional open-ended funds which amounted to an increase of approximately Rs 20.8m in unquoted asset class under Investments category. The Bank and Insurance sector has gone up slightly (1.67%) resulting from an increase in the value of SICOM.



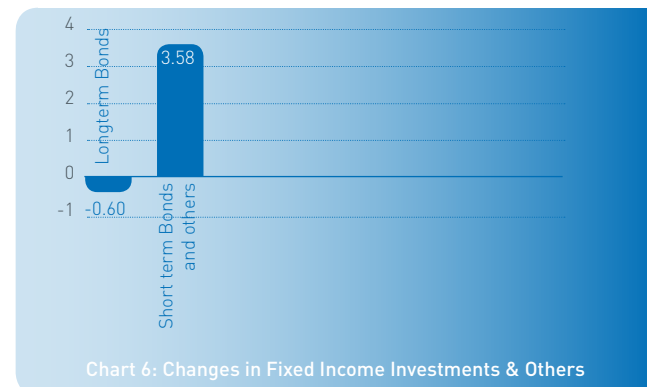
Foreign Investments - Composition

Foreign Investments as an asset class decreased from Rs 317.5m (28.9%) to Rs 237.3m (20.9%). This occurred mainly due to fall in value and a net amount of Rs 26.9m worth of investment was disposed and converted into MUR. Further analysis of the sub-components revealed that the proportion of equity and bonds, property and others have decreased by 9.07% and 1.08% respectively. The foreign liquidity element however, increased by around 2.13%. During the year, the Fund moved some investments away from equity to cash-based funds.



Fixed Income Investments and Others - Composition

The value of Fixed Income Investment and Others rose from Rs 118.4m (10.8%) to Rs 156.6m (13.8%) over the year or alternatively an increase of 3% for 2007-2008. Holding of long term bonds decreased by Rs 2.9m representing 0.6% of the total portfolio due to maturity. Contrarily, Short term Bonds and Others increased from Rs 17.8m (2007:1.6%) to Rs 58.9m (5.2%) due to increase in cash balances.



Report of Directors *(cont'd)*

TOP 10 HOLDINGS OF LOCAL EQUITIES

The top 10 local equity holdings consist of both listed and unquoted stocks as shown in the table below.

Security	Amt-Rs (million)	% Net Asset	Category	Sector
SICOM	199.6	17.6	Unquoted	Insurance
MCB	132.0	11.6	Listed	Banking
NMH	65.3	5.8	Listed	Hotels
Sun Resorts	55.4	4.9	Listed	Hotels
SBM	54.9	4.8	Listed	Banking
MLC	45.2	4.0	Listed	Finance
Maurinet	19.4	1.7	Unquoted	Technology
ENIT	16.3	1.4	Listed	Investment
GCD	15.1	1.3	Unquoted	Leisure
NIT-LEF	13.1	1.2	Unquoted	Investment
	616.4	54.3%		

Table 3: Top 10 local holdings as at 30 June 2008

SICOM Ltd

Positioned as one of the leading insurance and financial company in Mauritius, SICOM Group is one of the key players in the insurance sector. Incorporated as a public company two decades ago, the company is currently competing for short term and long term businesses on both individual and corporate markets. The company is expected to be listed on the Stock Exchange in the coming years.

The Mauritius Commercial Bank Ltd (MCB)

Established in 1838, Mauritius Commercial Bank is one of the most prominent providers of financial services in the Indian Ocean. The bank offers a wide range of services to its individual and corporate customers. The recently introduced telephone and internet banking have added up to the number of services the bank currently offers. Its customer focus programme "Moving Customer Boundaries" aims to position the financial institution and consolidate its strong reputation as a leading institution.

New Mauritius Hotels (NMH)

New Mauritius Hotels Limited (NMH) owns and manages 9 luxurious hotels in the Indian Ocean: 8 in Mauritius and 1 in Seychelles. Trading under Beachcomber brand name, the group offers quality service along with creating the "Mauritian style" by developing its own personality and promoting Mauritian values and lifestyles.

Sun Resorts

Listed on the stock exchange of Mauritius since 1993, Sun Resorts Limited is one of the major Mauritian hotel group that owns and manages four resorts in the Island, namely Le Touessrok, Sugar Beach Resort, La Pirogue and Coco Beach. Le Touessrok, known to be the Resort's master property, is a member of the leading hotels of the world. The company has around 6,000 shareholders and is 100% Mauritian owned.

Report of Directors *(cont'd)*

State Bank of Mauritius (SBM)

Established in 1973, State Bank of Mauritius offers a variety of financial services in banking, securities, leasing and offshore. The SBM Group remains one of the most widely held and traded shares on the local stock exchange. It has progressed widely in respect of the operating efficiency through business processing re-engineering, business models and investment in IT. Present in Mauritius, India and Madagascar, the group has widened its delivery channels with the recent e-commerce business and telephone and internet banking.

Mauritius Leasing Company (MLC)

Incorporated in 1987, Mauritius Leasing is the only leasing company listed in the local stock exchange. Along with providing leases for equipment, plant and machinery and other assets, the company is also licensed to perform banking activities.

Maurinet Investment Limited (MIL)

Incorporated in 1994, Maurinet Investment operates in the technology sector through its subsidiary the Mauritius Network Services (MNS). The company provides an electronic network that facilitates documentation services. MNS presently has more than 300 users from over 250 local companies linked to its TradeNet Network. The Company has built its operation centre in Ebène.

Espitalier Noël Investment Trust Ltd (ENIT)

ENIT is the main investment company of Espitalier Noël Group. It is listed on the Development and Enterprise Market (DEM) and holds investments in a wide range of sectors such as agriculture, sugar, tourism and finance.

Le Grand Casino du Domaine Ltee (GCD)

GCD was incorporated in 1992, its main activity is the operation of a casino at Domaine Les Pailles. GCD is the largest casino in terms of table game operation in Mauritius. It provides a large range of top of the line amenities and popular games.

National Investment Trust – Local Equity Fund (NIT- LEF)

NIT-LEF was launched during the year following the demerger scheme of NIT. The National Investment Trust (NIT) is an investment company listed on the Stock Exchange of Mauritius on July 1993. As shareholder of NIT, the Fund was offered units in NIT-LEF. The latter invests mainly in the local stock market.

Report of Directors *(cont'd)*

Asset Classes

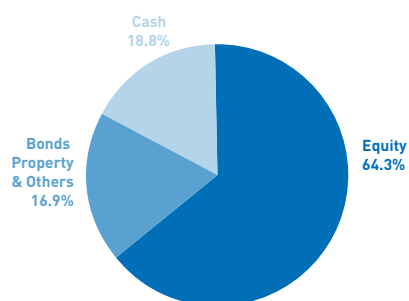


Chart 7

Investment Channels

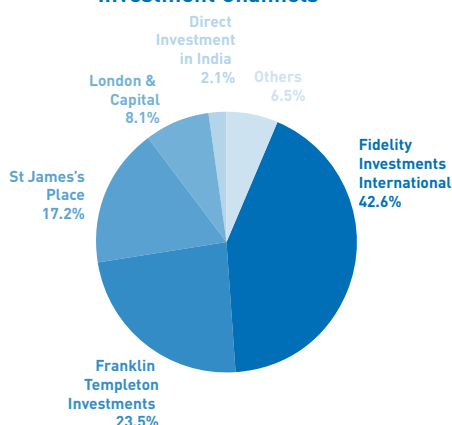


Chart 8

FOREIGN INVESTMENT PROFILES

The foreign investment component is a vital element in the diversification process and to have a well balanced portfolio. As an asset class, it represented 20.9% (Rs 237.3 m) of the total portfolio down from 28.9% (Rs 317.5 m) last year. Most of these investments have been effected through world renowned fund managers.

The breakdown of foreign investment of the portfolio by different characteristics as at 30 June 2008 is illustrated below.

Asset Classes	Rs M	% Foreign Invnt
Equity	152.6	64.3%
Bonds, Property & Others	40.0	16.9%
Foreign Liquidity (Cash)	44.7	18.8%
	237.3	100.0%

Table 4: Foreign Investment - Asset Classes

Investment Channels	Rs M	% Foreign Invnt
Fidelity Investments International	101.0	42.6%
Franklin Templeton Investments	55.9	23.5%
St James's Place International	40.8	17.2%
London & Capital Asset Management Ltd	19.3	8.1%
Direct Investment in India	5.0	2.1%
Others	15.3	6.5%
	237.3	100.0%

Table 5: Foreign Investment Distribution by Investment Channels

Top 10 Holdings of Foreign Investment	Rs M	% Foreign Invnt
St James's Place International GBP Deposit Fund	30.7	12.9%
London & Capital European Real Estate Fund	15.5	6.5%
Franklin Templeton China Fund	11.6	4.9%
Franklin Templeton India Fund	11.3	4.8%
Fidelity Australia Fund	10.8	4.6%
Franklin Templeton Eastern Europe Fund	9.9	4.2%
Fidelity China Focus Fund	9.3	3.9%
Fidelity Singapore Fund	7.8	3.3%
Fidelity Euro Stoxx 50 Fund	7.7	3.2%
Man Multi-Strategy Series 4 Ltd USD	6.8	2.9%
	121.4	51.2%

Table 6: Foreign Investment - Top 10 Holdings

Foreign Investment Distribution

All foreign investments are classified into different profile categories. Each category within the profile has an upper and a lower limit which is approved by the Board. The actual percentage in each profile category is given below together with the approved range for each bracket as at 30 June 2008. The approved ranges are reviewed periodically in light of the Fund Manager's assessment of the market and major international events.

Report of Directors (cont'd)

Risk Profile	Rs M	%	Approved Range
Lower Risk	51.6	21.7	10%-40%
Medium Risk	40.0	16.9	10%-70%
Upper Medium Risk	62.1	26.2	10%-50%
Higher Risk	83.6	35.2	0% -40%
	237.3	100.0	

Table 7 (i) - Risk Return Profile of Foreign Investments

Risk/Return Profile: there are four risk/return brackets namely Lower Risk, Medium Risk, Upper Medium Risk and Higher Risk.

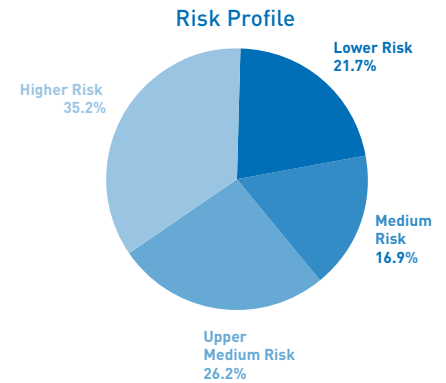


Chart 9

Geographical Profile	Rs M	%	Approved Range
USA	17.1	7.2	15%-60%
UK	60.1	25.3	15%-60%
Europe (Ex-UK)	40.6	17.1	15%-60%
Others	119.5	50.4	10%-50%
	237.3	100.0	

Table 7 (ii) - Geographical Profile of Foreign Investments

Geographical Profile: consists of four areas namely USA, UK, Europe (Ex-UK) and Others.

Geographical Profile

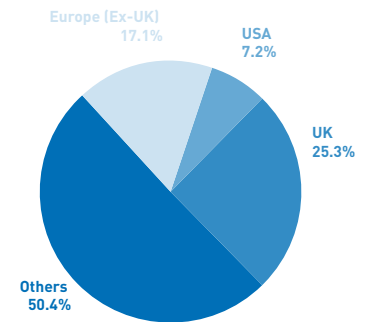


Chart 10

Currency Profile	Rs M	%	Approved Range
USD	91.5	38.5	15%-60%
GBP	50.0	21.1	15%-60%
EUR	58.9	24.8	15%-60%
Others	37.0	15.6	10%-50%
	237.3	100.0	

Table 7 (iii) - Currency Profile of Foreign Investments

Currency Profile: there are four base currencies of the investments namely USD, EURO, GBP and Others.

Currency Profile

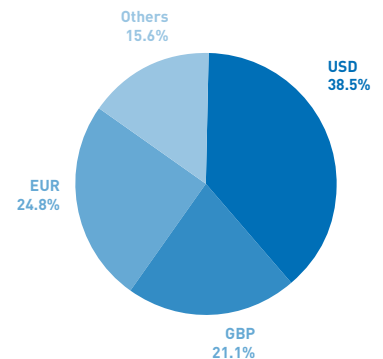


Chart 11

LOCAL ECONOMIC ENVIRONMENT

A growth rate of 5.4% in real terms has been achieved in 2007. For the year 2008, it is anticipated that the growth in real terms will be 5.6% and inflation is likely to reach around 10.0% from 8.8% in 2007, led by increasing fuel and transportation cost for major items like foodstuffs and other imported materials. The unemployment rate is expected to decrease from 8.5% in 2007 to 7.8% in 2008.

The Government has opted to stick to growth conducive strategies likely to strengthen the long term resilience of the Mauritian economy: developing an "Attractive, Modern, Inclusive, Green, and Open Mauritius". Over the next 10 years, the government and the private sector are planning to invest Rs 200 billion to modernise the physical infrastructure, including 2 modern cities, new road networks, expansion of airport and port facilities and uphauling the utilities sector. Investment in real terms is estimated to grow by 7.1% in 2008. This would be achieved with the private sector contribution to the Gross Domestic Fixed Capital Formation expected to be around 83.6% compared to 16.4% from the public sector.

The Bank of Mauritius has adopted an easing monetary policy stance whereby the Repo Rate was cut down several times to reach 8.0% as at 30 June 08. The MUR strengthened on a year to year basis. For the year ended 30 June 2008, the MUR has gained 15.8%, 4.0% and 15.9% against the USD, Euro and GBP respectively.

Report of Directors *(cont'd)*

MAURITIAN STOCK MARKET REVIEW

The Mauritian stock market registered a growth of 28.5% over the last financial year with the SEMDEX, closing at 1,842 points by the end of June 2008. The SEMDEX attained its highest level in February 2008 with 2,101.34 points.

The main market driver was mainly the Banking stocks. The top gainers were SBM, GIDC and MCB whereas the top losers were Savannah, BAI and Naïade. Large Cap companies recorded more significant growth than their smaller cap counterparts. As an indication SEM-7 grew by 35.0% during the financial year. On the valuation side, the Price Earnings Ratio (PER) stood at 12.1x (2007: 13.4x) and dividend yield of the market was 2.9% (2007: 3.2%). Major corporate actions included the restructuring announcement of the Espitalier Noel group, and the restructuring of NIT into NIT Local Equity Fund (LEF) and NIT Global Equity Fund (GOF).

The Development and Enterprise Market (DEM) was launched in August 2006. The price performance of the market is measured by the DEMEX index. The DEMEX achieved a growth of 0.5% for the year ended 30 June 2008. The Price Earnings Ratio was 9.94x and Dividend Yield 2.68% at end June 2008.

Foreign investors have been supporting the local market and they were net buyers to the tune of Rs 1.92bn (2007: Rs 932m). Foreign buy amounted to Rs 4.34bn (2007: Rs 1.87bn) and foreign sell amounted to Rs 2.42m (2007: Rs 941m). Foreigners have been more active in the market over the last few years. Given the fact that liquidity is still a major constraint in the market, increasing level of foreign participation may render the market more vulnerable to foreign shocks.

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

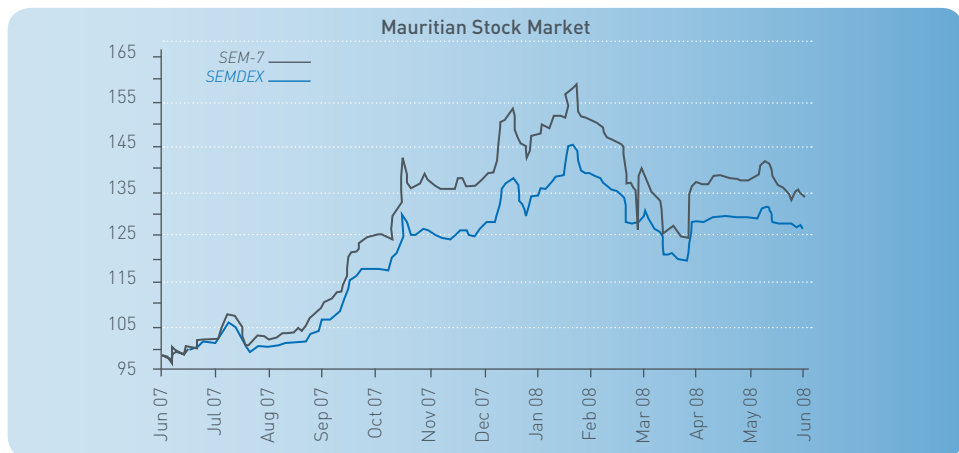


Chart 12: Mauritian Stock Market

All indices ended the period with comfortable gains. The SEM-7 has been above SEMDEX all throughout the period. Both indices followed an upward trend in general during the financial year with occasional fluctuations. By the mid of February 2008, SEMDEX and SEM-7 reached their peak before taking a downward trend.

Report of Directors *(cont'd)*

GLOBAL EQUITY MARKET

The MSCI World Index lost 12.5% over the period under review. This index based on the country indices of 23 developed market countries' indices represents the global equity market. The downward trend was due to global inflationary pressures from rising food and energy prices. Global economic growth continued to slow down in early 2008. The sub-prime crisis in the US and the related credit crunch has had devastating effect in the financial markets. The crisis has passed through various stages, showing weaknesses in the global financial system and regulatory framework.

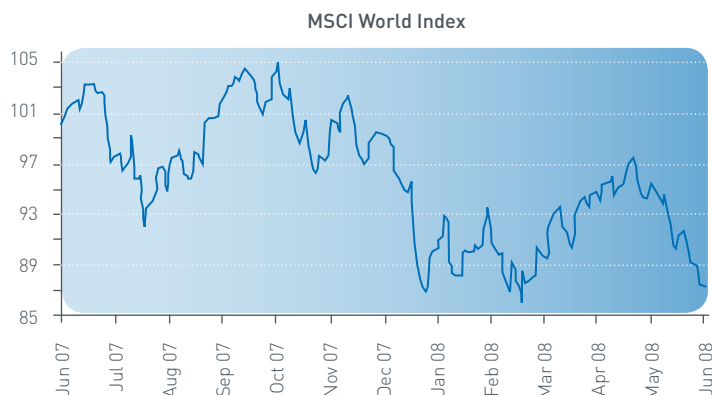


Chart 13: World Stock Market

US MARKET

For year ended 2008, the S&P 500, comprising the 500 largest US Companies, was marked with a negative return of 14.84%. Out of all the sectors, the financial and real estate sectors have been experiencing major difficulties. Indeed the market was shaken by series of default from major banks. The downturn in the U.S. housing market, risky lending and borrowing practices, and excessive individual and corporate debt levels have caused multiple adverse effects on the world economy as well.

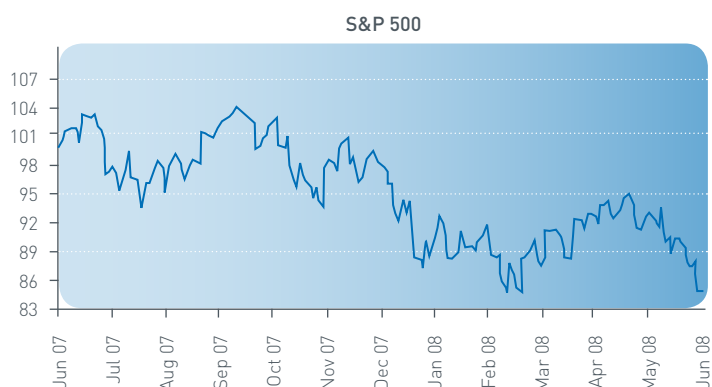


Chart 14: US Stock Market

UK MARKET

The UK equity market as measured by FTSE-100 index lost 14.86% over the 12 months period and experienced high volatility. The worst performing companies have generally been within the banking sector, as concerns remain surrounding the extent of the global credit crisis. The UK GDP is estimated to have risen by 3.0% in 2007. Unemployment rate reached 5.2% of the workforce in the fourth quarter.

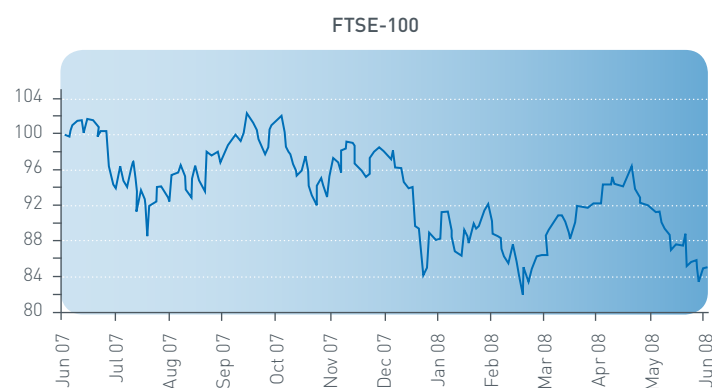


Chart 15: UK Stock Market

Report of Directors *(cont'd)*

CAC-40 & DAX

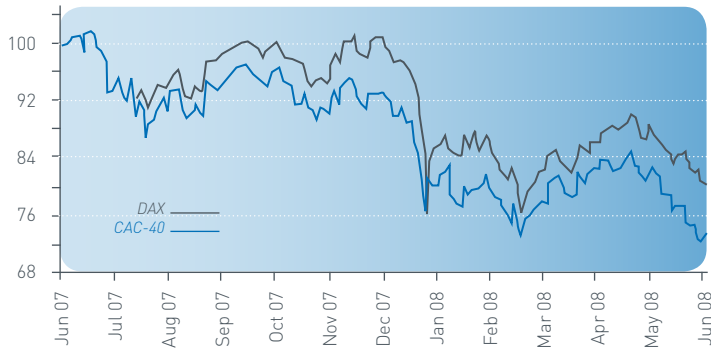


Chart 16: Euroland main Stock Markets

EURO ZONE MARKETS

The main markets in the Euroland, namely Germany and France, went down by 19.8% and 26.8% respectively. In the second quarter of 2008, the GDP growth for the Euro Area was 1.4% and unemployment rate was 7.3%. The Harmonized Index of Consumer Prices, which is an inflation indicator used by the European Central Bank stood at 3.6% in Q2 2008, with highest impact felt from energy and processed food categories. The Euro currency appreciated by around 13% against the US Dollar for the period June 07 to June 08. The 3-month interbank rate was 4.86% in Q2 2008 and 10-year government bonds yield was 4.5% for the same period.

NIKKEI 225



Chart 17: Japanese Stock Market

JAPANESE MARKET

The Japanese market represented by Nikkei 225 lost 25.7% for the year June 2007-June 2008. The second half of 2007 experienced swings due to turmoil led by US subprime mortgage effects. Concerns about a worsening US economic situations and European economies turning sluggish, resulted in a downward trend of the Nikkei Index. First semester of 2008 witnessed the ongoing negative trend of the index because investors grew more pessimistic. Investment in housing went on declining. In addition the hikes in fuel prices impacted negatively on the air transport sectors. Real Growth rate for the period under review was at 1.3%. The consumer price index inflation was measured at 1.3%. Repo rate was maintained at 0.5 since February 2007.

Report of Directors *(cont'd)*

EMERGING MARKETS

The MSCI Emerging Markets lost 0.6% for the period under review thereby outperforming many developed economies. The world's emerging market economies displayed varied returns throughout the year accompanied by high volatility. Asian markets were hit hard whereas Latin American, African, European and Middle Eastern markets fared well. Lots of ups and downs were noted in the developing stock market as from January 2008 to March 2008. During April to May 2008 investors regained confidence concerning the receding U.S. recession. However, worries about high commodity prices and inflation pushed markets sharply lower in June 2008.

MSCI Emerging Markets



Chart 18: MSCI Emerging Markets

INDIAN MARKET

The Sensex, short for sensitive index of the top 30 companies in India, posted a negative return of 8.10% over the year 2007-08. The first half of the year was marked by an upward trend of the index representing a return of 42% since the beginning of July 07. However, political uncertainties in India amongst others led to a fall in the Index. Moreover, the effects of the US credit crisis slowly penetrated the Indian economy which led to uncertainties by foreign investors. As at 30 June 2008, price earnings stood at 16.51x while the dividend yield was 1.26%. Growth in India averaged 9% in the last 3 years. It is expected that this will reduce to 7.5% in 2008. Inflation based on Wholesale Price Index (WPI) increased to 11.9% in July 08 due to increasing oil and commodity prices. The borrowing limit to overseas investors (in the infrastructure sector) has been relaxed. This measure is likely to be positive in the long term. Likewise the energy sector in India having received a boost through the nuclear deals with US and France is also going to have long term positive impact on the Indian economy.

BSE SENSEX

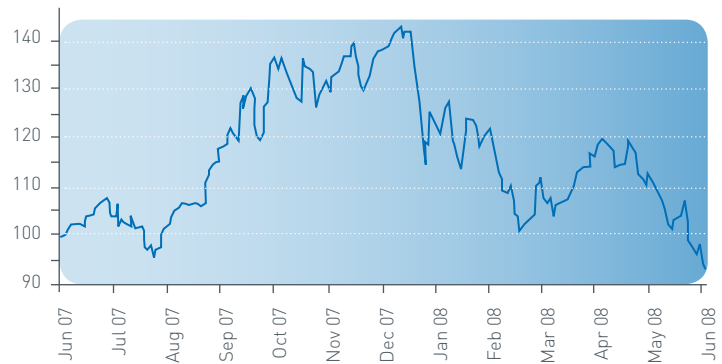


Chart 19: Indian Stock Market

Report of Directors *(cont'd)*

The immediate policy challenge is to stabilise financial conditions

PROSPECTS

The world economy is entering a major downturn in face of the most dangerous financial crisis in mature financial markets since the 1930s. Global growth is projected to slow substantially in 2008, and a modest recovery may only begin later in 2009. Inflation is high, driven by a surge in commodity prices, but is expected to moderate. The situation is exceptionally uncertain and subject to considerable downside risks. The immediate policy challenge is to stabilise financial conditions, while nursing economies through a period of slow activity and keeping inflation under control.

There are concerns over a recession in the US/Europe having a spillover effect in various other countries. The crisis in sub-prime lending and resultant credit crunch is having contagion effect. The MSCI world index has lost around 28% between June to Mid-October 2008. Once there is more visibility, the stock markets of emerging economies like China, India, Brazil are expected to correct faster than other developed economies.

Mauritius is not immune to ongoing financial problems being faced by US and Europe which represent the bulk of our export and tourist markets. Economic slowdowns in these countries are likely to lead to lower demand for our products including tourism activities. The effect on the Mauritian economy will depend on the length and the depth of the recession in developed economies.

On the local stock market side, the SEMDEX has further declined around 20.4% from end June to mid October 2008. Earnings growth in the hotel sector is confronted to the risk of recession in foreign markets and decline in global stock markets. The market is trading at a PE of 8x which is relatively cheap and has the potential to attract large number of foreign investors once international conditions stabilise.

In view of the above, the Fund has been taking measures in order to cope with the above situation and to minimise the impact on the bottom line. Generally, the Fund has been taking defensive positions. However, some short term positions are being taken in order to benefit from the volatility of the markets.

ACKNOWLEDGMENT

The Board wishes to thank the outgoing Chairperson, **Mrs. S. Naiken** for her invaluable contribution in the good running of the Fund. The Board has also appreciated, the hard work and dedication of the management team and staff towards enhancing the value of the Company, as well as the support and trust of the shareholders.



M. I. Mallam-Hasham
Chairman
23 October 2008

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 24 to 40 which comprise the balance sheets at June 30, 2008, the income statements, statements of changes in net assets attributable to holders of redeemable shares and cash flow statements 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 24 to 40 give a true and fair view of the financial position of the company at June 30, 2008, and their financial performance and their cash flows for the year then ended in accordance with International Financial Reporting Standards and comply with the Companies Act 2001.

Report on Other Legal and Regulatory Requirements Companies Act 2001

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

We have obtained all information and explanations we have required.

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

BDO DE CHAZAL DU MEE



Chartered Accountants



Per Yacoob A. Ramtoola F.C.A

Port Louis, Mauritius, 23 October 2008

Balance Sheets - June 30, 2008

	Notes	2008 Rs'000	2007 Rs'000
ASSETS			
Non-current assets			
Portfolio of domestic securities	5	352,434	308,461
Portfolio of foreign securities	6	237,338	317,478
		<u>589,772</u>	<u>625,939</u>
Current assets			
Portfolio of domestic securities	5	487,597	452,881
Short term investments	7	51,955	27,074
Trade and other receivables	8	5,942	6,781
Cash and cash equivalents	17(b)	988	297
		<u>546,482</u>	<u>487,033</u>
Total assets		<u>1,136,254</u>	<u>1,112,972</u>
EQUITY AND LIABILITIES			
Capital and reserves			
Capital		454,621	481,907
Reserves		673,994	614,553
		<u>1,128,615</u>	<u>1,096,460</u>
Current liabilities			
Trade and other payables	9	2,205	9,797
Taxation	10	1,372	1,790
Dividend		1,316	905
Bank Overdraft	17(b)	2,746	4,020
		<u>7,639</u>	<u>16,512</u>
Total equity and liabilities		<u>1,136,254</u>	<u>1,112,972</u>
Net Asset Value Per share	18	<u>21.77</u>	<u>20.65</u>

These financial statements have been approved for issue by the Board of Directors on 23 October 2008.



M.I. Mallam-Hasham
Chairman



V. Bhuguth
Director

The notes on pages 28 to 40 form an integral part of these financial statements.
Auditors' report on page 23.

Income Statements - Year Ended June 30, 2008

	Notes	2008 Rs'000	2007 Rs'000
INCOME			
Investment income	11	34,419	40,511
Loss on disposal of investment		(911)	(312)
Release to income statement on disposal of available-for-sale securities		(3,414)	-
Net increase in fair value of fair value through profit or loss investments	12	112,757	194,477
Total investment income		<u>142,851</u>	<u>234,676</u>
FUND EXPENSES			
Management fee	13	(7,093)	(13,008)
Auditors' remuneration		(121)	(86)
Registry costs	14	(642)	(748)
Brokerage fees		(437)	(1,365)
Other operating expenses		(2,649)	(1,635)
		<u>(10,942)</u>	<u>(16,842)</u>
Net income before taxation	15	131,909	217,834
Taxation	10	(556)	(1,666)
Net income after taxation		<u>131,353</u>	<u>216,168</u>
Transfer to non-distributable reserve of holders of redeemable shares		<u>2,163</u>	<u>156</u>
Increase in distributable reserve of holders of redeemable shares		<u>133,516</u>	<u>216,324</u>

Note: EPS information is not disclosed as the class of shares that are publicly traded are redeemable shares, which are considered debt instruments in accordance with IAS 32 requirements.

The notes on pages 28 to 40 form an integral part of these financial statements.
Auditors' report on page 23.

Statements Of Changes In Net Assets

Attributable to Holders of Redeemable Shares For The Year Ended 30 June 2008

	2008 Rs'000	2007 Rs'000
Net assets attributable to holders of redeemable shares at 1 July,	<u>1,096,460</u>	916,092
Proceeds from issue of redeemable shares	23,386	9,298
Payments on redemption of redeemable shares	<u>(50,674)</u>	(106,411)
Net decrease from share transactions	<u>(27,288)</u>	(97,113)
Transfer from retained earnings to non distributable reserve on disposal of securities (Decrease)/Increase in fair value of investment	<u>(31,371)</u> <u>(31,525)</u> <u>(62,896)</u>	(31,291) 106,880 75,589
Transfer from income statement and retained earnings to non-distributable reserve	<u>29,208</u>	31,135
Release to income statement on disposal of available-for-sale securities	<u>3,414</u>	-
Increase in distributable reserve to holders of redeemable shares	133,516	216,324
Distribution to holders of redeemable shares	<u>(43,799)</u>	(45,567)
	<u>89,717</u>	170,757
Net assets attributable to holders of redeemable shares at 30 June,	<u><u>1,128,615</u></u>	<u><u>1,096,460</u></u>

No statement of equity is presented, as redeemable shares are considered to be a financial liability under IAS 32, Financial Instruments: Disclosure and Presentation

The notes on pages 28 to 40 form an integral part of these financial statements.
Auditors' report on page 23.

Cash Flow Statements - Year Ended June 30, 2008

	Notes	2008 Rs'000	2007 Rs'000
Cash flows from operating activities			
Cash absorbed in operations	17(a)	(21,181)	(8,503)
Interest received		15,870	8,679
Dividend received		22,035	21,688
Tax paid		(974)	(1,357)
Net cash generated from operating activities		<u>15,750</u>	<u>20,507</u>
Cash flows from investing activities			
Purchase of investments		(86,684)	(98,865)
Proceeds from sale of investments		168,456	167,083
Net cash from investing activities		<u>81,772</u>	<u>68,218</u>
Cash flows from financing activities			
Redemption of shares		(50,674)	(106,411)
Issue of shares		23,386	9,298
Dividend paid to shareholders		(43,388)	(45,763)
Net cash used in financing activities		<u>(70,676)</u>	<u>(142,876)</u>
Increase/(Decrease) in cash and cash equivalents		<u>26,846</u>	<u>(54,151)</u>
Movement in cash and cash equivalents			
At July 1,		23,351	77,502
Increase/(Decrease)		26,846	(54,151)
At June 30,	17(b)	<u>50,197</u>	<u>23,351</u>

The notes on pages 28 to 40 form an integral part of these financial statements.
Auditors' report on page 23.

Notes To The Financial Statements - Year Ended 30 June 2008

1. GENERAL INFORMATION

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. 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 are prepared under the historical cost convention, except that financial assets are carried at fair value.

Amendments to published standards, 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 2008 or later periods, but which the company has not early adopted.

Except for revised IFRS 3, 'Business combination', revised IAS 27, 'Consolidated and separate financial statements', IFRS 8, 'Operating segments', revised IAS 1, 'Presentation of Financial Statements', the amendment to IAS 23 'Borrowing costs', and the amendment to IAS 32 relating to puttable instruments, these standards, amendments and interpretations are not relevant to the company's operations.

IFRS 8 and the revised IAS 1 are disclosure requirements only and will not, when adopted, affect the results of the company.

Notes To The Financial Statements - Year Ended 30 June 2008

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(a) Basis of preparation (Cont'd)

The amendment to IAS 23 eliminates the alternative treatment of expensing borrowings costs on qualifying assets. The revised IAS 1 affects the presentation of owner changes in equity and of comprehensive income.

Revised IFRS 3 carries forward the requirements of its predecessor to apply the acquisition method (previously referred to as the purchase method) to account for all business combinations and the identifiability criteria for recognising an intangible asset separately from goodwill.

The approach of revised IAS 27 to consolidation has not changed. Some changes have been made to the allocation of losses to Non Controlling Interests (previously minority interest). Changes have been made, among others, to the treatment of changes in ownership interests (after control of an entity is obtained, changes in a parent's ownership interest are accounted for as equity transactions) and to the loss of control of subsidiaries, the remaining investment should be measured at fair value at the date that control is lost, with the resulting gain or loss taken through profit or loss.

The amendment to IAS 32 relating to puttable instruments require certain subordinated redeemable (puttable) instruments that participate in the pro-rata net assets of an entity to be classified as equity, where specific criteria are met.

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

Categories of financial assets

The company has classified its financial assets as available-for-sale, held for sale and held to maturity. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition.

Financial assets are recognised on a trade-date basis and are initially measured at fair value. At subsequent reporting dates, investments classified as held to maturity ("HTM") are measured at cost, less any impairment loss.

Investment other than HTM investments are classified as either held for trading ("HFT"), or the fair value through profit or loss ("FVTPL") category or available for sale ("AFS") and are normally measured at subsequent reporting dates at fair value. However, AFS investments which do not have a quoted market price are subsequently measured on capitalised earnings, dividend yield and mark-to market value as appropriate less any impairment loss.

Treasury bills and bonds were measured at amortised costs and is now classified as 'Available-for-sale' and valued based on mark to market value.

Notes To The Financial Statements - Year Ended 30 June 2008

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(b) Financial instruments (Cont'd)

(i) Financial assets (Cont'd)

Categories of financial assets (Cont'd)

For FVTPL and HTM investments, unrealised gains or losses are included in the Income Statements. For AFS investments, unrealised gains and losses are recognised directly in equity until the investment is disposed of or is determined to be impaired, at which time the cumulative gain or loss previously recognised in equity in respect of that investment is included in the Income Statement.

The company has the possibility to designate any financial assets or liabilities as at FVTPL i.e. at fair value with changes in fair value recognised through profit or loss provided that the financial assets or financial liabilities satisfy certain conditions.

The gains and losses on disposal of financial assets are recognised in the Income Statement.

(ii) Accounts receivables

Accounts receivable are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of 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 income statement.

(iii) Trade and other payables

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

(iv) Cash and cash equivalents

Cash 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 classified within the liabilities in the balance sheet.

(c) Foreign currencies

(i) Functional and presentation currency

Items included in the financial statements are measured using Mauritian rupees, the currency of the primary economic environment in which the entity operates ("functional currency").

The financial statements are presented in Mauritian rupees, which is the company's functional and presentation currency.

Notes To The Financial Statements - Year Ended 30 June 2008

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(c) Foreign currencies (Cont'd)

(ii) Transactions and balances

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

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

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

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

(d) Impairment of assets

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

(e) Revenue recognition

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

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

(f) Related parties

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 making financial or operational decisions.

(g) 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.

(h) 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.

Notes To The Financial Statements - Year Ended 30 June 2008

3. FINANCIAL RISK MANAGEMENT

3.1 Financial Risk Factors

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

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

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

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

(a) Market risk

(i) Currency risk

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

At June 30, 2008, if 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 upon retranslation of bank balance would not have been materially impacted.

(ii) Price risk

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

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

Sensitivity analysis

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

	Impact on post-tax profit		Impact on equity	
	2008 Rs'000	2007 Rs'000	2008 Rs'000	2007 Rs'000
Available-for-sale	-	-	11,867	15,874
Designated as fair value through profit or loss	24,380	22,644	-	-

Notes To The Financial Statements - Year Ended 30 June 2008

3. FINANCIAL RISK MANAGEMENT (Cont'd)

3.1 Financial Risk Factors (Cont'd)

(a) Market risk (Cont'd)

(iii) Cash flow and fair value interest rate risk

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

(b) Liquidity risk

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

(c) Credit risk

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

3.2 Fair Value Estimation

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. 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 balance sheet date.

If fair value had been 5% higher/lower, the carrying amount of available-for-sale would be an estimated Rs.16.9m (2007: Rs.10.4m) 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.

Notes To The Financial Statements - Year Ended 30 June 2008

3. FINANCIAL RISK MANAGEMENT (Cont'd)

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 for shareholders and benefits for other stakeholders, and
- to provide an adequate return to shareholders by pricing products and services commensurately with the level of risk.

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.

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.

Notes To The Financial Statements - Year Ended 30 June 2008

5. PORTFOLIO OF DOMESTIC SECURITIES	2008 Rs'000	2007 Rs'000	
Fair value through profit or loss	487,597	452,881	
Available-for-sale	337,434	207,874	
Held-to-maturity	15,000	100,587	
	<u>840,031</u>	<u>761,342</u>	
Analysed as:			
Non -Current Assets:			
Available-for-sale	337,434	207,874	
Held-to-maturity	15,000	100,587	
	<u>352,434</u>	<u>308,461</u>	
Current assets			
Fair value through profit or loss:-	<u>487,597</u>	452,881	
Total	<u>840,031</u>	<u>761,342</u>	
Fair value through profit or loss	Official	Secondary	
<u>Domestic securities</u>	Market	Market	Total
At Fair value	Rs'000	Rs'000	Rs'000
At 1 July 2007	436,555	16,326	452,881
Addition	27,534	14,228	41,762
Disposal	(118,403)	(1,400)	(119,803)
Fair value adjustment	111,737	1,020	112,757
At 30 June 2008	<u>457,423</u>	<u>30,174</u>	<u>487,597</u>
At 1 July 2006	325,856	4,164	330,020
Addition	49,552	14,993	64,545
Disposal	(129,792)	(6,369)	(136,161)
Fair value adjustment	190,939	3,538	194,477
At 30 June 2007	<u>436,555</u>	<u>16,326</u>	<u>452,881</u>
Available-for-sale			Unquoted
			Rs'000
At 1 July 2007			207,874
Reclassification from held-to-maturity			100,587
			<u>308,461</u>
Addition			20,804
Disposal			(22,654)
Fair value adjustment			30,823
At 30 June 2008			<u>337,434</u>
<u>At valuation</u>			
At 1 July 2006			179,422
Fair value adjustment			28,452
At 30 June 2007			<u>207,874</u>

Notes To The Financial Statements - Year Ended 30 June 2008

5. PORTFOLIO OF DOMESTIC SECURITIES (Cont'd)

	Official Listed Rs'000	Secondary Unquoted Rs'000	Total Rs'000
Held to maturity			
<u>At Amortised Cost</u>			
At 1 July 2007	-	100,587	100,587
Reclassification to available-for-sale	-	(100,587)	(100,587)
Additions	-	15,000	15,000
At 30 June 2008	-	15,000	15,000
At 1 July 2006	196	82,310	82,506
Addition	-	19,589	19,589
Disposal	(200)	(2,000)	(2,200)
Interest Income	4	688	692
At 30 June 2007	-	100,587	100,587
Equity Securities		2008	2007
		Rs'000	Rs'000
Official Market			
Transport		8,911	8,894
Bank and Insurance		234,849	171,709
Industry		19,244	29,175
Commerce		18,619	23,846
Leisure and Hotel		130,824	112,270
Sugar Industry		15,820	18,309
Investment		29,156	72,352
		<u>457,423</u>	<u>436,555</u>
Secondary Market-DEM			
Investment		23,978	9,748
Sugar		2,296	3,289
Industry		1,626	1,415
Others		2,274	1,874
		<u>30,174</u>	<u>16,326</u>
Unquoted Securities			
Bank and Insurance		199,682	174,370
Investment		20,466	1,027
Industry		19,420	17,323
Leisure		15,154	15,154
Bonds		82,712	-
		<u>337,434</u>	<u>207,874</u>
Unquoted Fixed Income Securities		<u>15,000</u>	<u>100,587</u>
Total		<u>840,031</u>	<u>761,342</u>

Notes To The Financial Statements - Year Ended 30 June 2008

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:

Name of company	Type of shares	Country of incorporation	% Holding 2008	% Holding 2007
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 shares	Country of incorporation	% Net Asset 2008	% Net Asset 2007	% Holding 2008	% Holding 2007
Sicom Ltd	Ordinary	Mauritius	17.68	15.89	12.5	12.5

6. PORTFOLIO OF FOREIGN SECURITIES

	2008 Rs'000	2007 Rs'000
Non -Current Assets		
Available for sale		
At 1 July 2007	317,478	253,353
Additions	9,118	14,731
Disposal	(26,910)	(29,034)
Fair value adjustment	(62,348)	78,428
At 30 June 2008	<u>237,338</u>	<u>317,478</u>

7. SHORT TERM INVESTMENT

	2008 Rs'000	2007 Rs'000
Short term bank deposit	51,955	19,134
Treasury bills	-	7,940
	<u>51,955</u>	<u>27,074</u>

The bank deposits and treasury bills bear interest varying from 7% to 13.42% (2007: 8.50% to 13.40%)

8. TRADE AND OTHER RECEIVABLES

	2008 Rs'000	2007 Rs'000
Dividend and interest receivable	3,186	5,424
Other receivables and prepayments	248	82
Receivables for investment sold	2,508	1,275
	<u>5,942</u>	<u>6,781</u>

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 mentioned above. The company does not hold any collateral as security.

Notes To The Financial Statements - Year Ended 30 June 2008

8. TRADE AND OTHER RECEIVABLES (Cont'd)	2008	2007
Trade receivables are denominated in the following currencies	Rs'000	Rs'000
Mauritian Rupees	5,904	6,781
US Dollar	20	-
UK Pound	18	-
	<u>5,942</u>	<u>6,781</u>
9. TRADE AND OTHER PAYABLES	2008	2007
	Rs'000	Rs'000
Trade and other payables	<u>2,205</u>	<u>9,797</u>
The carrying amounts of trade and other payables approximate their fair values.		
10. CURRENT TAX LIABILITIES	2008	2007
	Rs'000	Rs'000
(a) Balance Sheets		
Current tax on the adjusted profit for the year 15% (2007 : 15%)	<u>1,372</u>	<u>1,790</u>
(b) Income statements		
Current tax on the adjusted profit for the year 15% (2007 : 22.5%)	1,372	1,790
Over provision in previous year	<u>(816)</u>	<u>(124)</u>
Taxation charge	<u>556</u>	<u>1,666</u>
(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:		
Profit before taxation	<u>131,909</u>	<u>217,834</u>
Tax calculated at the rate of 15% (2007 : 15%)	<u>19,786</u>	<u>32,675</u>
Tax effect of:		
Income not subject to tax	(20,300)	(32,167)
Expenses not deductible for tax purposes	1,886	1,282
Over provision in previous year	<u>(816)</u>	<u>(124)</u>
Tax charge	<u>556</u>	<u>1,666</u>
11. INVESTMENT INCOME	2008	2007
	Rs'000	Rs'000
Dividend income	23,250	20,482
Interest income	12,415	12,078
Exchange (loss)/gains	(1,448)	4,838
Other income	202	3,113
	<u>34,419</u>	<u>40,511</u>

Notes To The Financial Statements - Year Ended 30 June 2008

12. NET INCREASE IN FAIR VALUE OF FAIR VALUE THROUGH PROFIT OR LOSS INVESTMENTS	2008 Rs'000	2007 Rs'000
Domestic securities	<u>112,757</u>	<u>194,477</u>

13. 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 0.625% with maximum of 1.25% of the net asset value of the fund.

Annual Fund Return	Management fee
Up to 22%	0.625%
22% - 27%	0.75%
27% - 35%	1.00%
above 35%	1.25%

14. REGISTRY COSTS

Registry costs are payable to Prime Partners Ltd.

15. PROFIT BEFORE TAXATION

This is arrived at after crediting:

Investment income

- Listed
- Quoted
- Unquoted
- Interest income

2008 Rs'000	2007 Rs'000
14,511	14,165
890	492
7,849	5,825
<u>12,415</u>	<u>12,078</u>

16. DIVIDENDS

The Board of Directors has declared dividend of Rs 43,799,067.75, (representing Rs 0.85 per share) payable to shareholders on 30 May 2008 (2007: Rs 45,566,504.20 representing Rs 0.85 per share).

17. NOTES TO THE CASH FLOW STATEMENTS

(a) Cash generated from operations

Profit before taxation

2008 Rs'000	2007 Rs'000
131,909	217,834

Adjustments for:

Dividend income

Interest income

Fair value change of investment

Release to income statement on disposal of available-for-sale securities

Loss on disposal of investment

(23,250)	(20,482)
(12,415)	(12,078)
(112,757)	(194,477)
3,414	-
911	312
<u>(12,188)</u>	<u>(8,891)</u>

Changes in working capital

- Trade and other receivables
- Trade and other payables

Cash generated from operations

(1,401)	(1,333)
(7,592)	1,721
<u>(21,181)</u>	<u>(8,503)</u>

Notes To The Financial Statements - Year Ended 30 June 2008

17. NOTES TO THE CASH FLOW STATEMENTS (Cont'd)

	2008 Rs'000	2007 Rs'000
(b) Cash and cash equivalents		
Cash at bank	988	297
Bank overdraft	(2,746)	(4,020)
Short term bank deposits	51,955	27,074
	<u>50,197</u>	<u>23,351</u>

18. NET ASSET PER SHARE

	2008 Rs'000	2007 Rs'000
Net asset value	<u>1,128,615</u>	<u>1,096,460</u>
Number of ordinary shares in issue (000's)	<u>51,840</u>	<u>53,103</u>
Net asset value per share	Rs. <u>21.77</u>	<u>20.65</u>

19. RELATED PARTY TRANSACTION

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.

TRANSACTION	2008 Rs'000	2007 Rs'000
Corporate with common shareholders		
Management fee expenses	<u>7,093</u>	<u>13,008</u>
Registry costs	<u>642</u>	<u>748</u>
Compensation of key management personnel		
Short term benefit	<u>878</u>	<u>524</u>
BALANCES		
Amount due to related party	<u>1,917</u>	<u>6,449</u>
Investment in companies with common shareholdings	<u>234,136</u>	<u>206,726</u>