Port Louis Fund Ltd

PLF

2017
Annual Report

Abbreviations

CAD	–	Canadian Dollar
CAM	–	Capital Asset Management Ltd
CIS	–	Collective Investment Scheme
CHF	–	Swiss Franc
CSR	–	Corporate Social Responsibility
DEMEX	–	Development and Enterprise Market Index
D/Y	–	Dividend Yield
ECB	–	European Central Bank
EPS	–	Earnings Per Share
EUR	–	Euro
FED	–	Federal Reserve
FID	–	Fidelity Investments
FT	–	Franklin Templeton Investments
FY	–	Financial Year
FSC	–	Financial Services Commission
GBP	–	British Pound
GDP	–	Gross Domestic Product
IFRS	–	International Financial Reporting Standards
IMF	–	International Monetary Fund
INR	–	Indian Rupee
JPY	–	Japanese Yen
KRR	–	Key Repo Rate
MPC	–	Monetary Policy Committee
MSCI	–	Morgan Stanley Capital International
MUR	–	Mauritian Rupee
NAV	–	Net Asset Value
P/B	–	Price to book ratio
P/E	–	Price-earnings ratio
PAT	–	Profit-after-tax
PIE	–	Public Interest Entity
PLF	–	Port Louis Fund Ltd
SEK	–	Swedish Krona
SEM	–	Stock Exchange of Mauritius
SEMDEX	–	Stock Exchange of Mauritius Official Index
SENSEX	–	Bombay Exchange Sensitive Index
TTM	–	Trailing Twelve Months
USD	–	US Dollar

Dear Shareholders,

The Board of Directors is pleased to present the Annual Report of Port Louis Fund Ltd for the financial year ended on 30 June 2017.

The Directors' report was approved by the Board on 08 November 2017 and the audited Financial Statements were approved on 29 September 2017.

Mr. A.H. Nakhuda, C.S.K.
Chairman

Mr. V.Bhuguth
Director

TABLE OF CONTENTS

CONTENTS	PAGES

Corporate Information

Directors	Date Appointed
Mr. A. H. Nakhuda, C.S.K. ,Chairman	03 May 2015
Mr. Y.H. Aboobaker, S.C, C.S.K	09 June 1997
Mr. V. Bhuguth	17 April 2000
Mr. G.Y.H. Lassémillante	09 June 1997
Mr. V. Rambarassah	17 December 2008
Mrs. A. D. I. Ramphul-Punchoo	13 May 2015

Fund Manager
Capital Asset Management Ltd

Registrar and Transfer Office
Prime Partners Ltd

Company Secretary
Prime Partners Ltd

Bankers
AfrAsia Bank Limited
Bank of Baroda Ltd
Bank One Limited
Banque des Mascareignes Ltée
Barclays Bank (Mauritius) Ltd
ICICI Bank Ltd (India)
MauBank Ltd
S B M Bank (Mauritius) Ltd
Standard Bank (Mauritius) Ltd
The Hong Kong and Shanghai Banking Corp Ltd
The Mauritius Commercial Bank Ltd

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

Auditors
Grant Thornton
McMillan Woods (Internal)

Website
http://www.portlouisfund.com

Stockbroking Companies
Swan Securities Ltd
Associated Brokers Ltd
AXYS Stockbroking Ltd
Capital Markets Brokers Ltd
IPRO Stockbroking Ltd
MCB Stockbrokers Ltd
LCF Securities Ltd
Prime Securities Ltd
PSG Securities (Mauritius) Ltd
SBM Securities Ltd

Foreign Fund Managers
Fidelity Investments International
Franklin Templeton Investments Ltd
Imara Asset Management Ltd

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

Indian Stockbrokers
Indsec Securities & Finance Ltd
SPA Securities Ltd

Statutory Disclosures

Incorporation

Port Louis Fund Ltd is a Collective Investment Scheme as per Securities Act 2005. The Company was incorporated on 09 June 1997 as a Public Company with limited liability. It initially obtained approval from the Ministry of Finance to be an Authorised Mutual Fund under Section 35 of the Companies Act 1984, now replaced by the Companies Act 2001.

The principal activities of the Company are:

a) to carry on business as an investment holding company;

b) to deal in securities and properties of all kinds; and

c) to manage and advise on investment funds.

Results and dividends

The results for the year are as shown on page 43. For the year under review, the directors have declared a dividend of Rs 35,338,206 representing Rs 0.70 per share on 19 June 2017 (2016: Rs 30,445,489 representing Rs 0.60 per share).

Directors

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

Directors' responsibilities in respect of the financial statements

Company law requires the directors to prepare financial statements for each financial year, which present fairly the financial position, financial performance and cash flows of the Company. In preparing those financial statements, the directors are required to:

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

The directors have confirmed that they have complied with the above requirements in preparing the financial statements.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Mauritius Companies Act 2001, International Financial Reporting Standards and the Financial Reporting Act 2004. 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.

Statutory Disclosures

Directors' service contracts

The Company has no service contracts with its directors.

Directors' Remuneration and Benefits

During the year ended 30 June 2017, the directors received an aggregate amount of Rs 974,000 (2016: Rs 968,000) as fees from the Company.

Directors' Share Interests

No shares are held by the directors in the Company.

Donations

No donation was made during the financial year ended 30 June 2017 (2016: nil).

Auditors

The auditors, **Grant Thornton**, have indicated their willingness to continue in office and a resolution concerning their re-appointment will be proposed at the Annual Meeting.

Auditors' Remunerations

	2017 Rs'000	2016 Rs'000
Audit services (VAT exclusive)	**180**	145

A. H. Nakhuda, C.S.K.
Chairman

V. Bhuguth
Director

Approved on 29 September 2017

Statutory Disclosures

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

Financial Highlights	2015(Rs'000)	2016(Rs'000)	2017(Rs'000)
Net asset value at beginning of year	1,507,450	1,575,072	1,372,335
Total revenue	40,674	39,707	41,290
Total expenses	18,584	18,931	18,209
Realised gains (losses) for the period	-9,017	43,117	10,108
Unrealised gains (losses) for the period	57,483	-137,104	146,960
Total increase (decrease) from operations	70,556	-73,211	180,149
Total Annual Distributions	48,743	30,445	35,338
Net asset value at end of year prior to share capital adjustment	1,529,263	1,471,416	1,517,146
Net asset value at end of year post share capital adjustment	1,575,072	1,372,335	1,511,605

Key Indicators	2015 Restated	2016	2017
Number of shares outstanding	54,270,263	50,770,724	50,579,854
Management expense ratio	1.18%	1.37%	1.26%
Portfolio turnover ratio	1.92%	1.7%	0.71%

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

We certify, to the best of our knowledge and belief, that we have filed with the Registrar of Companies all such returns as are required of **Port-Louis Fund Ltd**, under the Mauritius Companies Act 2001, in terms of Section 166 (d), during the financial year ended 30 June 2017.

Prime Partners Ltd
Secretary

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

Date: 29 Sept 2017

Directors

Mr. Ayub Hussein Nakhuda, C.S.K., is currently the Chairman of the SIC Group of Companies. Previously, he served as Chairman of the Board of Investment, Enterprise Mauritius, Business Parks of Mauritius Ltd, Revenue Authority, among others. He also represented the parent Ministry on the Boards of several parastatal bodies.

Economist by training, Mr. Nakhuda has worked at various levels in Government. Starting as Economist in the then Ministry of Economic Planning & Development, he successively occupied the posts of Senior Economist, Principal Economist and Deputy Director. He subsequently moved to the Ministry of Finance, where he held the post of Financial Secretary until his retirement.

Mr. Nakhuda has extensive experience in economic planning and in devising policy agenda for sectoral development. He participated in the drafting of National Development Plans and annual budgets. He headed the secretariat of the National Committee responsible for coordinating the preparation of the document "Mauritius: Vision 2020", which charts out the vision of Mauritius in the year 2020; helped define the contours of new development initiatives to broaden the economic base; and contributed to efforts to promote R&D to enhance Mauritius' international competitiveness through institutional changes. Mr. Nakhuda has represented Mauritius at several international conferences and meetings and presented papers on diverse themes.

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

Mr. V. Bhuguth is a Fellow of the Association of Chartered Certified Accountant (FCCA). He reckons 26 years of experience in accounting firms and holds a post-graduate diploma in International Tax Planning from the University of Miami. He is presently leading an accounting firm in Port Louis.

Mr. G.Y.H. Lassémillante is a Member of the Middle Temple. He sat on the Police Service Commission. He is Barrister-at-Law and practiced at the Mauritian Bar from 1982 to June 2014. At present, he is the Deputy Chairperson of the National Human Rights Commisson. In 2017, he was appointed to sit on the Board of Financial Services Commission (FSC).

Mr. V. Rambarassah is a Fellow of the Association of Chartered Certified Accountant (FCCA) and holds a M.Sc. in Finance and Investment. He is currently Director Investment of National Pension Fund. He has a wide experience in audit and finance fields.

Directors' Profile

Mrs. A. D. I. Ramphul Punchoo is currently Investment Executive at the State Investment Corporation Limited since 1991. She holds a B.Sc. Econ Banking and Finance from University of Cardiff Wales, UK. She is also Director on several Board such as Les Pailles Management Ltd, Casino de Maurice Ltd, Pointe Coton Resort Hotel Co. Ltd and Mauritius Shipping Corporation Ltd.

Company Secretary

Prime Partners Ltd, incorporated on 09 June 1997, is actively involved in the provision of statutory corporate secretarial services, registrar & transfer office services and accounting services to Domestic Companies/ Trusts/Mutual Funds registered in Mauritius.

Prime Partners Ltd is a wholly owned subsidiary of The State Investment Corporation Limited ('SIC'), investment arm of the Government of Mauritius. Most of its clients are either subsidiaries of, or companies related to SIC.

Executive Management

Capital Asset Management Ltd

The Fund is managed by Capital Asset Management Ltd (CAM) since inception. CAM is a wholly owned subsidiary of SIC and is licensed by the Financial Services Commission (FSC) as a CIS Manager and Investment Advisor (Unrestricted) under the Securities Act 2005. CAM also manages the SME Equity Fund Ltd, amongst others. The following key personnel are employed by CAM:

Executive Director

Mr. V. Auckaloo is a member of the CFA institute and holds an M.Sc. in Financial Management, a B.Sc. (Hons) in Economics and an LLB (Hons). He has more than 17 years of experience in the financial services sector and had previously worked in the Government service and in the banking sector. He joined CAM since 2001 and is currently the Executive Director.

Senior Financial Analysts

Mrs. S. Beeharee joined CAM since July 2007 and currently holds the position of Senior Financial Analyst. She holds a B.A. (Hons.) in Law and Management and is a member of the Association of Chartered Certified Accountants. She has more than 15 years of experience in the financial and regulatory sectors.

Mr. S. Namah currently holds the position of Senior Financial Analyst. He holds an M.S. Strategy and Consulting (ESCP Europe), B.Sc. (Hons.) in Accounting and Finance and is a member of the Association of Chartered Certified Accountants. He has more than 10 years of experience in various fields of finance, including 7 years within private equity financing.

Financial Analyst

Mr. A. R. Mamode Ally is a CFA Charter Holder and has a BA (Hons) in Money Banking and Finance from Middlesex University, London, United Kingdom. He joined the team in March 2016 and has over 7 years of experience in the financial sector.

Assistant Financial Analyst

Mr. Ranjeet Gopall is currently a CFA Level 3 candidate, has a Maitrise Sciences Economiques Option Finance Pantheon Assas (Paris 2) Licence Sciences Economiques, Pantheon Assas (Paris 2).

Corporate Governance

Compliance

Corporate governance involves a set of relationships between a company's management, its board, its shareholders and other stakeholders. Effective corporate governance practices are essential to achieving and maintaining high standards of operations. In that respect, the Fund has set the appropriate policies and practices which would enable it to maintain a high level of integrity and accountability. The Board has established different committees, namely, Audit and Risk Committee, Investment Committee and Corporate Governance Committee, to assist in execution of its responsibilities and to ensure compliance with the provisions set out in the Code of Corporate Governance.

The Board of Directors of the Fund is fully committed to maintain a high standard of corporate governance with the aim of maximizing value for the shareholders. Below are the directors' statements.

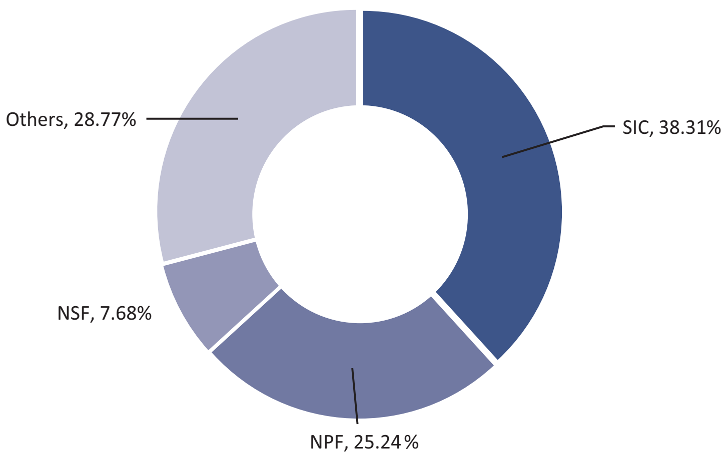
"We, the Directors of Port Louis Fund Ltd (PLF), confirm that to the best of our knowledge, PLF has complied with its obligations and requirements under the Code of Corporate Governance."

"We understand that we are collectively accountable and responsible for the performance and affairs of the Fund. We further commit to ensure that the Fund's activities are carried out ethically and in a transparent manner."

Holding Structure

The holding structure of Port Louis Fund Ltd as at June 30, 2017 was as follows:

Shareholders Name	% of share capital
The State Investment Corporation Ltd	38.31
National Pensions Fund	25.24
National Savings Fund	7.68
Others	28.77
TOTAL	100.00



Shareholders holding more than 5% share capital of the Company as at June 30, 2017: -

Shareholders Name	No. of Shares	% of share capital
The State Investment Corporation Ltd	19,379,611	38.31
National Pensions Fund	12,766,470	25.24
National Savings Fund	3,882,297	7.68

Shareholder analysis as at June 30, 2017

Range (No. of shares)	No. of Shareholders	No. of shares	% of share capital	% of all shareholders
1 – 1,000	3,013	1,216,360	2.40	66.02
1,001 – 5,000	937	2,602,374	5.15	20.53
5,001 – 10,000	335	2,641,604	5.22	7.34
10,001 – 25,000	204	3,300,620	6.53	4.47
25,001 – 50,000	51	1,760,741	3.48	1.12
50,001 – 100,000	11	811,780	1.60	0.24
100,001 – 1,000,000	10	2,217,997	4.39	0.22
Over 1,000,000	3	36,028,378	71.23	0.07
TOTAL	**4,564**	**50,579,854**	**100.00**	**100.00**

Category of Shareholders as at June 30, 2017

Shareholders Type	No. of shareholders	No. of shares	% shareholding
Individuals	4,504	12,752,189	25.21
Corporate Bodies and others	60	37,827,665	74.79
TOTAL	**4,564**	**50,579,854**	**100.00**

Communication with the Shareholders

Communication between the Fund and its shareholders takes place on a regular basis. On a first level of communication, the daily Net Asset Value per share of the Fund and monthly factsheet detailing the performance is published on the website at: www.portlouisfund.com. NAV updates and Fund returns are regularly published in the local press as well.

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

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

Schedule of Events

Date	Event
December 16, 2016	Annual General Meeting
June 19, 2017	Declaration of Dividend
June 30, 2017	Payment of Dividend
June 30, 2017	End of Financial Year

Dividend Policy

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

The Board of Directors

The Company's constitution provides that the minimum number of directors shall be five and the maximum number nine.

Director	Role	Category
Mr. A. H. Nakhuda, C.S.K.	Chairman	Non- Executive
Mr. Y.H. Aboobaker, S.C, C.S.K.	Member	Independent
Mr. V. Bhuguth	Member	Independent
Mr. G.Y.H. Lassémillante	Member	Independent
Mr. V. Rambarassah	Member	Non- Executive
Mrs. A. D. I. Ramphul-Punchoo	Member	Non- Executive

The Directors consider that the current Board is of reasonable, size and that its Directors possess the right mix of skills and experience to provide leadership, reflect integrity and make judgment in managing the affairs of the Company.

The management of PLF has been outsourced to a CIS manager, namely, Capital Asset Management Ltd (CAM). The Board, given the circumstances, has not deemed it necessary to appoint a chief executive officer and executive directors. A representative of CAM attends all Board/Committee meetings and contributes in the decision-making process and affairs of PLF.

The Board monitors and evaluates the implementation of strategies and policies and ensures that decisions are effectively executed by management.

With regard to the necessity of having two Executive Directors, the Board taking into consideration the present level of operations of the Company and given that an Investment Agreement has been entered with CAM, feels that the present composition of the Board is adequate.

A Board appraisal system is being put in place to assess the Board's performance, procedures and practices. The Board is also considering the implementation of a Board Charter.

The results of assessment will be reported to the Corporate Governance Committee.

The Board met seven times during the year. The individual attendance of the Directors is detailed below.

Director	Category	Board
Mr. A. H. Nakhuda, C.S.K.	Chairman	6/7
Mr. Y. Aboobaker, S.C, C.S.K.	Member	7/7
Mr. V. Bhuguth	Member	7/7
Mr. G. Lassémillante	Member	2/7
Mr. V. Rambarassah	Member	6/7
Mr. A. D. I. Ramphul Punchoo	Member	5/7

The Board deliberated on a range of issues including:-

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

Investment Committee

Members and Attendance

Director	Role	Investment Committee
Mr. A. H. Nakhuda, C.S.K.	Chairman	1/1
Mr. Y. Aboobaker, S.C, C.S.K.	Member	1/1
Mr. V. Bhuguth	Member	1/1
Mr. V. Rambarassah	Member	1/1

The Investment Committee has the main objective of advising the Board on asset allocation, investment policies, processes, strategies and optimal risk/return level. The Investment Committee met once during the year.

The Committee discussed the evolving financial market conditions, and deliberated on various investment opportunities on both the local and international fronts. The present asset allocation was maintained.

Audit & Risk Committee

Members and attendance

Director	Role	Audit & Risk Committee
Mr. V. Bhuguth	Chairman	3/3
Mr. Y. Aboobaker, S.C, C.S.K.	Member	2/3
Mr. G. Lassémillante	Member	2/3

The Audit & Risk Committee's objective is to assist the Board in discharging its duties relating to: -

- safeguard of assets, operation of adequate financial systems and control processes;
- overseeing of financial reporting and disclosure processes; and
- observance of regulatory compliance and ethics.

The Committee met thrice during the year. It examined the semi-annual and annual accounts, and also discussed the issues raised in the management letter and deliberated on the recommendations.

Corporate Governance Committee

Members and attendance

Director	Role	Corporate Governance Committee
Mr. Y. Aboobaker, S.C, C.S.K.	Chairman	1/1
Mr. V. Rambarassah	Member	1/1
Mr. G. Lassémillante	Member	0/1

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

The Committee met once during the year. It approved the Corporate Governance Report of 2017 and discussed matters relating to the format of a board appraisal system.

Board and Committee Meetings Attendance and Remuneration of Directors for the Year Ended June 30, 2017:-

Director Name	Category	Board	Investment Committee	Audit & Risk Committee	Corporate Governance	Directors Remuneration (MUR)
Mr. A. H. Nakhuda, C.S.K.	Non-Executive	6/7	1/1	-		168,000*
Mr. Y. Aboobaker, S.C, C.S.K.	Independent	7/7	1/1	2/3	1/1	182,000
Mr. V. Bhuguth	Independent	7/7	1/1	3/3	-	184,000
Mr. G. Lassémillante	Independent	2/7	-	2/3	0/1	160,000
Mr. V. Rambarassah	Non-Executive	6/7	1/1	-	1/1	160,000
Mr. A. D. I. Ramphul Punchoo	Non-Executive	5/7	-	-	-	120,000*

**The Directors' remunerations are paid to the State Investment Corporation Limited*

Directorship of Directors in Listed Companies

Company	Mr. A.H. Nakhuda	Mr. V. Rambarassah	Mr. Y. H. Aboobaker	Mrs. A. D. I. Ramphul Punchoo	Mr. G. Lassémillante	Mr. V. Bhuguth
National Investment Trust	-	√	-	-		
Compagnie Immobilière Limitée	-	-	√	-		

AGREEMENTS

Management Agreement

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

Registrar and Transfer Office

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

Custodian Services - Local

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

Custodian Services - Foreign

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

Liquidity contract

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

Contract with Shareholders

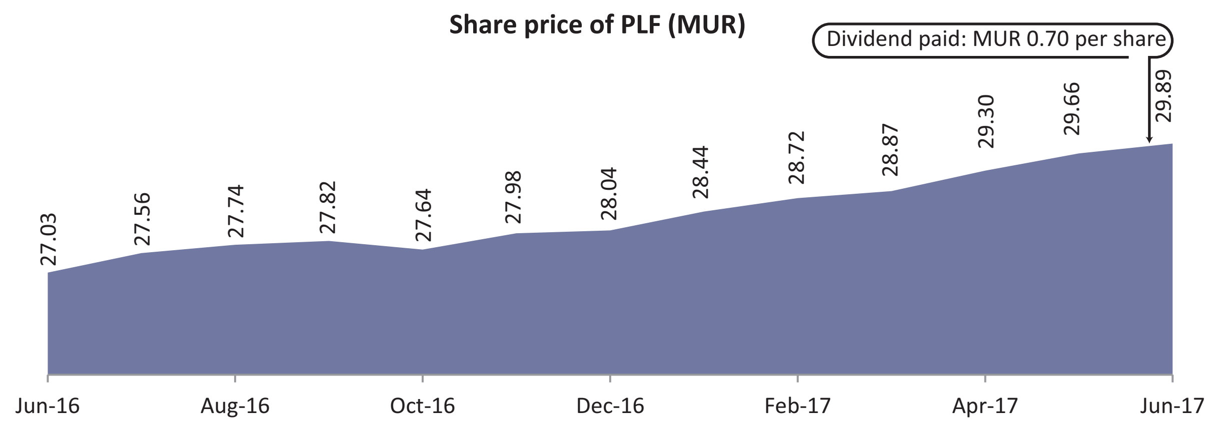
The Company does not have any agreement with shareholders except for the one described above.

Statement of Remuneration Philosophy

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

Share Price of the Fund

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



Constitution

The Company is governed by the Constitution as amended and approved by the Shareholders on December 17, 2013. The Constitution is in compliance with the Companies Act 2001 and does not contain any material clause that needs to be disclosed.

Internal Audit Function

The Board is responsible for the Company's system of internal control and for reviewing its effectiveness.The internal audit function is outsourced to Messrs McMillan Wood. The internal auditor regularly scrutinizes the registry function, investment processes and administration of PLF and reports to the Audit and Risk Committee. It helps PLF accomplish its objectives by bringing a systematic and disciplined approach to evaluate and improve the effectiveness of governance, risk management and control processes. The internal auditor has unrestricted access to all records as well as management, necessary to discharge its responsibilities.

Risk management

The Board of directors is responsible for determining the overall strategic direction and the proper risk management strategy and policies of the Company. It sets the appropriate risk level and tolerance of the Fund. The risk strategy covers all the major risk areas in which the Fund has significant exposure. The risk management strategy is based on diversification and acceptable levels of exposure/limits to different asset classes, currencies, issuers, regions and risk levels. The risk strategy is periodically assessed relative to changes in market conditions and tactical re-allocations. The CIS manager, CAM, is responsible for implementing the risk strategy and policies approved by the Board of Directors. It oversees the day-to-day risk management issues in line with the approved strategy, policies and procedures. The Committee feels that it would be advisable that a Risk Register be set up.

Operational Risk

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

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

The major risk areas addressed relates to investment and currency risks, and supervisory control. CAM's IT support team ensures that technological risks are minimised through frequent system maintenance and updates, restricted access to external parties and data backup system. An IT agreement was circulated and signed by the staff members to ensure their adherence to terms, policies and procedures to minimise risks.

Financial risk factors

Please refer to note 4 of the Notes to the Financial Statements on pages 56 - 60.

Related Party Transactions

Please refer to note 22 of the Notes to the Financial Statements on page 70.

Directors' & Officers Liability Insurance

The Company has contracted with SICOM a Professional Indemnity, Crime and Directors' & Officers Liability Insurance.

Corporate social responsibility and donations

For its CSR, the Fund had paid directly its contribution to the Mauritius Revenue Authority and there were no donations made during the year.

Code of Ethics

The Fund has outsourced its management to CAM which is an established fund management company licensed by the Financial Services Commission as a CIS Manager. CAM has adopted an appropriate Code of Conduct for Asset Management.

Environmental Policy

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

Statement of Directors' Responsibilities

Directors acknowledge their responsibilities for:

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

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

STATEMENT OF COMPLIANCE

(Section 75 (3) of the Financial Reporting Act 2004)

Name of Public Interest Entity ('PIE'): **Port Louis Fund Ltd**

Reporting Period: **Financial year ended 30 June 2017**

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

Reasons for non-compliance with the sections of the Code:

Section 2.2.3: Composition of the Board

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

The existing Directors consider that the current Board is of reasonable size and that its Directors possess the right mix of skills and experience to provide leadership, reflect integrity and make judgment in managing the affairs of the Company.

The management of the Company has been outsourced to a CIS manager, namely, CAM. The Board, given the circumstances, has not deemed it necessary to appoint a chief executive officer and executive directors. A representative of CAM attends all Board/Committee meetings and assists in the decision-making process and affairs of PLF.

Section 2.10.3: Board and Director Appraisal

No appraisal of the Board and of Directors was carried out during the financial year ending 30 June 2017. The Corporate Governance Committee is currently considering the features and the reporting format of the proposed Board and Director appraisal, which needs to be finalised.

Signed on behalf of the Board of Directors: 29 Sept 2017

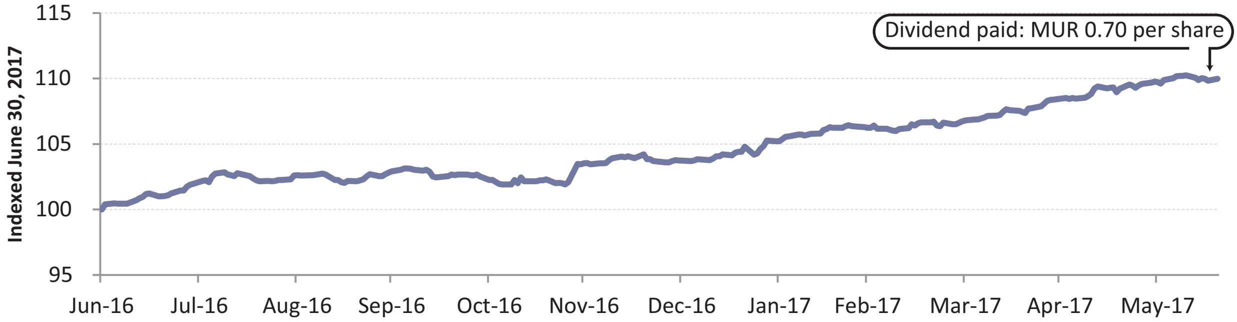
Mr. A.H. Nakhuda, C.S.K.
Chairman

Mr.V. Bhuguth
Director

Performance Review

FUND PERFORMANCE

Figure1: Evolution of Net Asset Value per Share



The improvement in global and local economic conditions has impacted positively on the performance of the Fund. As at 30 June 2017, the Fund’s NAV per share stood at MUR 29.89 (30 June 16: MUR 27.03), registering a total return of around 13.2%. The Fund paid a dividend of MUR 0.70 per share to all shareholders registered on 19 June 2017.

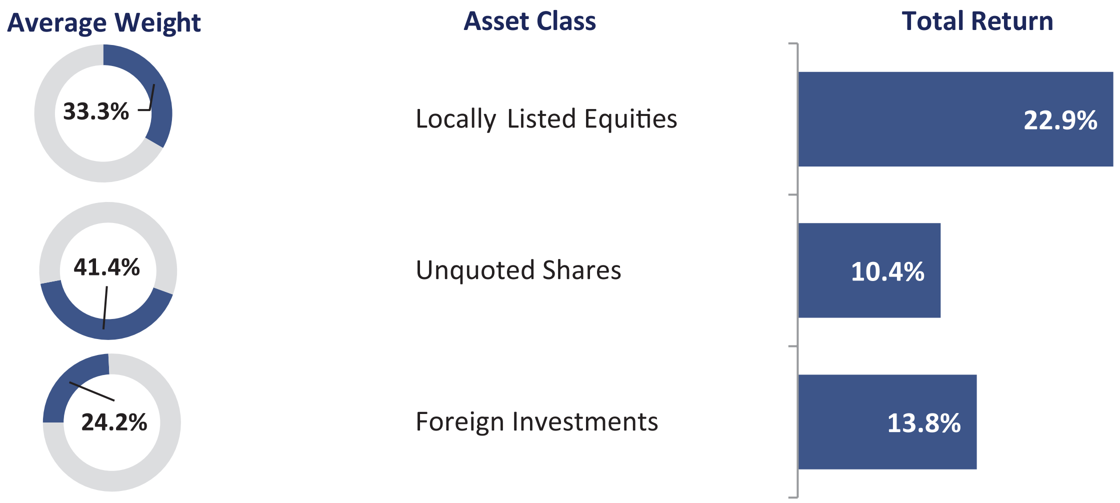
Both local and main foreign stock markets exhibited strong performances on the back of improved fundamentals. As an indication, the SEMDEX (a proxy for local stock market performance) gained 21.1% and the MSCI World Index (a proxy for foreign stock market performance) recorded a return of 12.2% in MUR terms.

ASSET CLASS PERFORMANCE

The total net asset value as at 30 June 2017 stood at MUR 1,511.6M compared to MUR 1,372.3M in the previous financial year. Asset allocation is effected taking into account risks and return, coupled with liquidity, legal and other investment constraints. The aim is to minimize risk and achieve the best possible return given available investment opportunities.

The asset class of the Fund can be broadly classified into three categories: locally listed equities, unquoted shares and foreign investments.

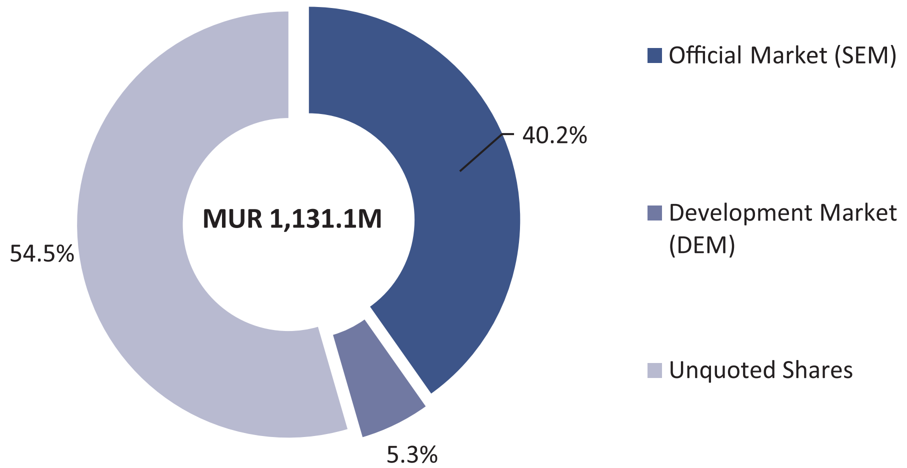
Figure 2: Portfolio Overview



Performance Review

Local Equity Portfolio

Figure 3: Local Equity Portfolio Breakdown



Local equity amounted to MUR 1,131.1 M, or 74.8% of the total portfolio as at 30 June 2017. This segment consisted of 40.2% of stocks listed on the Official Market, 5.3% on the Development and Enterprise Market and the balance of 54.5% consisted of Unquoted Securities. The return of this segment was 15.9% for the year ended 30 June 2017. The top five holdings accounted for a total market value of MUR 793.2M, equivalent to 70.1% of the local segment and 52.6% of the total portfolio.

Table 1: Top 5 Holdings Listed Local Equities

Security	Market Value (MUR M)	% of Local Equity	% of Portfolio
SICOM	532.0	47.0	35.2
MCB	119.2	10.5	7.9
SBM	58.2	5.2	3.9
Maurinet	44.6	3.9	3.0
GCD	39.2	3.5	2.6
Total	**793.2**	**70.1**	**52.6**

The State Insurance Company Ltd (SICOM)

SICOM's portfolio of activities consists of Life Assurance, General Insurance, Group Life and Pensions, Actuarial Services, Group Medical, Loans, Financial Services and Investment Management. For the period under review, SICOM Group registered a post-tax profit of Rs 454.7M, 10.3% higher than the previous year. The total assets of the Group increased by 2.1% to Rs 19.1Bn as of 30 June 2017, while the turnover increased from Rs 2.34 Bn in 2016 to Rs 2.50Bn in 2017. The Fund received a dividend of MUR 17.2M from SICOM for the period under review.

Performance Review

The Mauritius Commercial Bank Group Ltd (MCBG)

MCBG is the leading financial services group and also the largest in terms of market capitalisation listed on the SEM since 1989. As at 30 June 2017, its market capitalisation stood at MUR 64.9Bn, representing 25.6% of the SEMDEX. The group paid a dividend of MUR 9.25 per share for the period under review while the share price rose by 28.9% to close at MUR 272 on 30 June 2017. The group realised a solid performance for the financial year ended 30 June 2017, with its after tax annual profit increasing by 1.2% to Rs 6.7Bn by 30 June 2017.

The State Bank of Mauritius Holdings Ltd (SBMH)

SBMH is one of the largest financial services groups in Mauritius with growing international presence. SBM the leading entity of SBMH, started operations in 1973 and was listed on the Stock Exchange of Mauritius in 1995. As at 30 June 2017, its market capitalisation stood at MUR 22.0Bn, an increase of 14.9% over 2016, representing 8.7% of the SEMDEX. SBMH paid a dividend of MUR 0.40 per share. The share price of SBMH increased by 14.9% over the period under review, closing at MUR 7.24 on 30 June 2017. For the first semester of 2017, the Group's profit after tax fell by 17% to reach Rs 1.3Bn compared to first semester of 2016.

Maurinet Investment Ltd (Maurinet)

Maurinet is the holding company of Mauritius Network Services Ltd (MNS). The latter's activities are to develop, maintain, operate and manage electronic information and communication systems. As per audited results for the year ended 31 December 2016, the company registered an increase in revenue of 13.3% to MUR 150.2M, leading to a surge in net profit of 19% to MUR 56.0M. Total assets decreased by 6.4% to MUR 228.7M mostly explained by a fall in cash and cash equivalent to the tune of MUR 34M. For the period under review, PLF received around MUR 2.6M of dividend from Maurinet.

Le Grand Casino du Domaine Limitée (GDC)

The main activity of GCD 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 range of top of line amenities and popular games. Based on draft accounts, the company reported a profit before tax of MUR 41.8M for the year ended 31 December 2016, compared to MUR 24.7M in the previous year.

Performance Review

Locally Listed Equity Portfolio

For the period under review, the value of locally listed equity increased from MUR 447.5M to MUR 514.5 M. Acquisitions was valued at MUR 7.1M, while disposals MUR 21.1M. The dividend received from this asset class amounted to MUR 18.0M.

Figure 4: Locally Listed Equity Portfolio Breakdown

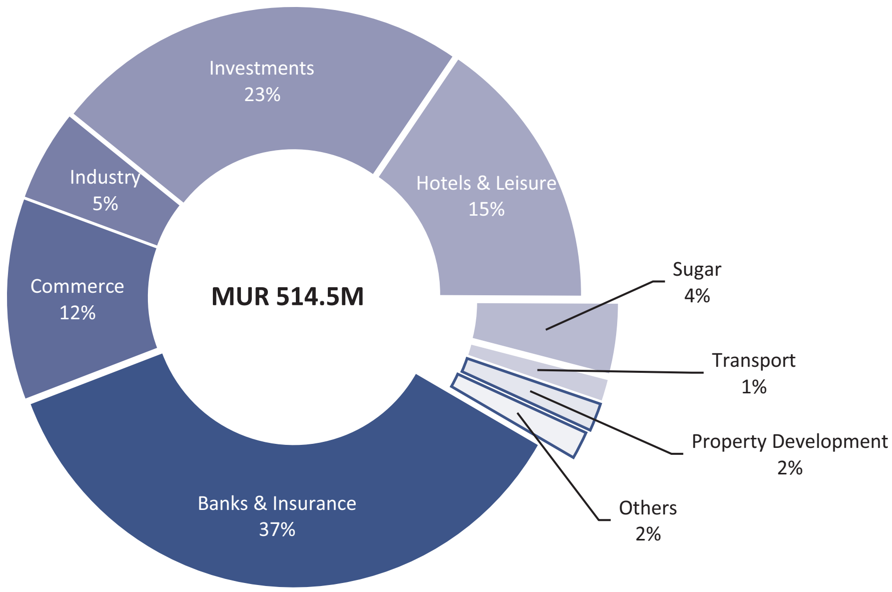


Table 2: Sector Breakdown of Locally Listed Equity Portfolio

Sectors	Value (MUR M)	% of Locally Listed Equities Portfolio	% of Total Portfolio
Banks & Insurance	190.4	37.0	12.6
Commerce	59.1	11.5	3.9
Industry	25.7	5.0	1.7
Investments	119.8	23.3	7.9
Hotels & Leisure	76.1	14.8	5.0
Sugar	19.0	3.7	1.3
Transport	6.3	1.2	0.4
Property Development	7.2	1.4	0.5
Others	10.8	2.1	0.7
Total	**514.5**	**100.0**	**34.0**

The locally listed equities portion had an average weight of 33.3% of the total portfolio throughout the financial year ended 30 June 2017. This segment registered a total return of 22.9% and contributed around 7.6% to the total portfolio return. In comparison, the SEMDEX and DEMEX posted respective returns of 21.1%

and 9.8%. Better economic conditions and good results from blue-chip companies boosted the local equity market, which surged during the second half of the financial year.

Unquoted Securities

The value of unquoted securities increased from MUR 577.5M (FY 2016) to MUR 616.6M (FY 2017). No trade transactions were conducted during the period. However, this asset class was subject to regular revaluation by an independent valuer. Major revaluations included the upward revision of the value of SICOM by 6.3%, Maurinet Investments by 19.1 % and Le Grand Casino du Domaine by 1.2%. Total dividends of MUR 19.8M were received from unquoted securities for the year ended 30 June 2017.

Figure 5: Unquoted Securities Portfolio Breakdown

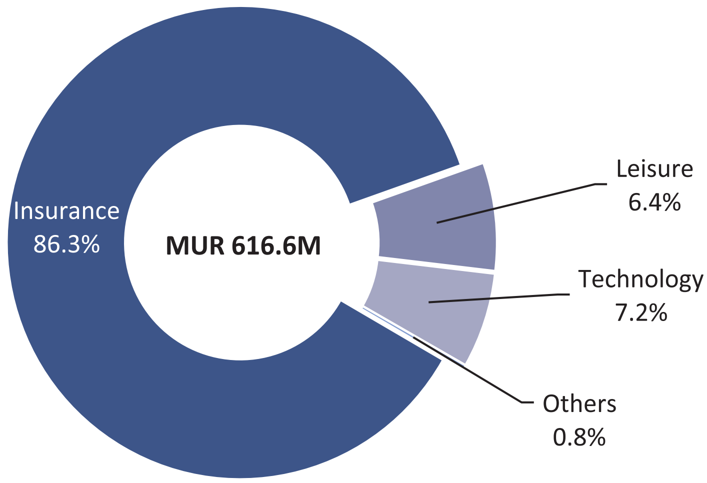


Table 3: 2016 Sector Breakdown of Unquoted Securities			
Sectors	**Value (MUR M)**	**% of Unquoted Securities**	**% of Total Portfolio**
Insurance	532.0	86.3	35.2
Technology	44.6	7.2	3.0
Leisure	39.2	6.4	2.6
Others	0.8	0.1	0.1
Total	**616.6**	**100.0**	**40.8**

Performance Review

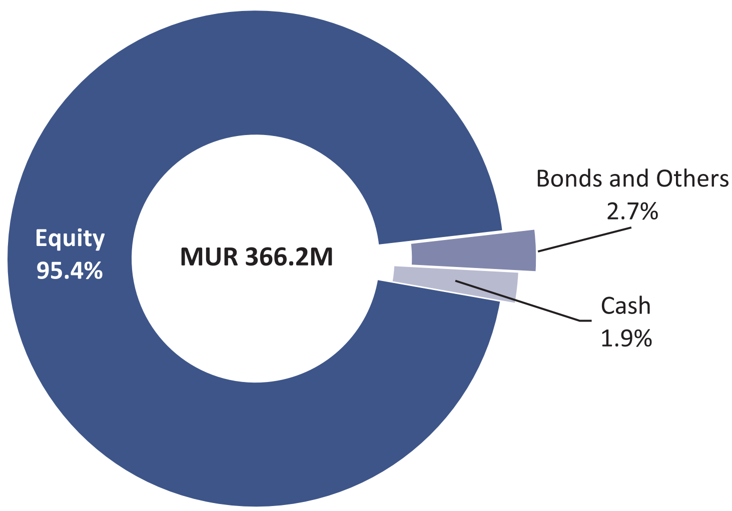
Foreign Investments

As at 30 June 2017, the Fund had invested Rs 366.2M on foreign markets, with an average weight of 24.2% of the total portfolio. Disposals amounted to Rs 11.7M while there were no acquisitions during the year. An aggregate amount of Rs 115.8M was reshuffled to more performing funds with a view to minimise risk and maximise return. Over 95% of the foreign portfolio is invested in equities, 2.7% in bonds & others and the rest is held in cash. Of the Rs 366.2M, Rs 106.5M were allocated to the Indian market while the remainder spread over the rest of the world. Total return on the foreign portfolio was 13.8% as at 30 June 2017. As an indication, the MSCI World Index posted a 12.2% increase in MUR terms, translating in a return of 15.9% in USD terms. The MSCI Emerging Market index generated a return of 17.3% in MUR terms and 21.1% in USD terms.

The first 6 months of the financial year, investors were very cautious due to uncertainty relating to Brexit and political upheavals around the world. The second half of the financial year was beneficial to foreign markets as economic indicators turned positive and companies showed strong results, leading to equity markets picking up. On the down side, MUR appreciated against the main currencies and negatively impacted the returns.

Due to low yields on the global fixed income market and better prospects for equity, the Fund maintained its overweight position in equities. Post Brexit, assets were moved from cash funds into equity which helped diversify the portfolio in terms of asset classes, geographies, currencies and economic sectors.

Figure 6: Foreign Investments Portfolio Breakdown



Performance Review

The foreign portfolio is diversified in terms of asset classes, geographical exposures and currencies.

Table 4: 2017 Foreign Investment Asset Class Breakdown			
Asset Type	**Value (MUR M)**	**% of Foreign Investments Portfolio**	**% of Total Portfolio**
Equity	349.3	95.4	23.1
Bonds & others	9.9	2.7	0.7
Cash	7.0	1.9	0.4
Total	**366.2**	**100.0**	**24.2**

Currency Distribution

The Fund has been rather conservative in its investment decisions with regard to the foreign portfolio segment which has resulted in higher exposures to two major currencies, namely USD and EURO. The Fund's. exposure to INR is 7.0% which relates to its investments in the Indian stock market.

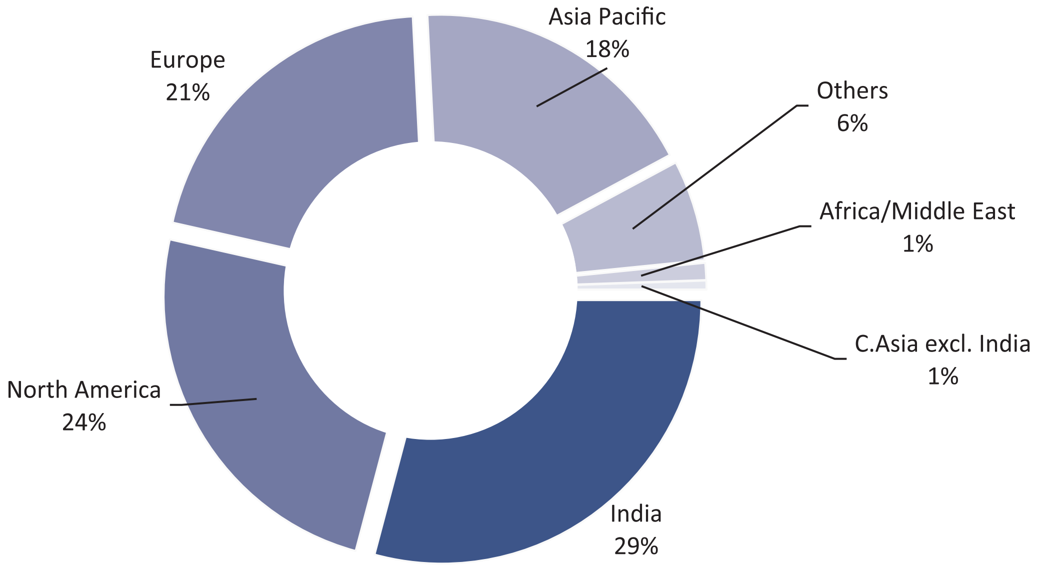
Table 5: 2017 Foreign Investment Currency Breakdown			
Currency	**Value (MUR M)**	**% of Foreign Investments Portfolio**	**% of Total Portfolio**
USD	110.7	30.0	7.3
EUR	57.3	15.6	3.8
GBP	4.7	1.3	0.3
INR	106.5	29.1	7.0
Others	86.8	24.0	5.7
Total	**366.2**	**100.0**	**24.2**

Geographical Allocation

The global market showed signs of recovery during the period under review, with major equity indices ending the year on a positive note. Better than expected economic data, coupled with improved investors' confidence, pushed the market higher. Having taken pre-Brexit precautionary measures earlier this year the Fund redeployed its assets over geographical areas with high potential returns.

Performance Review

Figure 7: Foreign Investment Geographical Breakdown



Investment in Foreign Funds

Investment in foreign funds is carried out via foreign fund managers, mainly through, Franklin Templeton and Fidelity Investments. As the global economy showed signs of recovery and stability, the Fund tactically redistributed its assets towards economies with greater prospects. Through this action, the foreign portfolio was further diversified. The top 5 holdings, worth MUR 60.7M, represented 23.6% of the segment, translating into 4.0% of the total portfolio are presented below. This portion of the portfolio is also well diversified in terms of geographical distribution, with exposure mainly to developed markets.

Table 6: Top 5 Holdings in Foreign Investments

Security	Market Value (MUR M)	% of Foreign Portfolio Excluding India	% of Portfolio
FID World Fund	18.1	7.0	1.2
FT M Beacon Fund	13.1	5.1	0.9
FID Greater China Fund	10.8	4.2	0.7
Emerging Africa Bond Fund	9.5	3.7	0.6
Fid America	9.2	3.6	0.6
Total	**60.7**	**23.6**	**4.0**

Indian Equity

According to the IMF, the Indian economy is growing strongly and remains a bright spot on the global landscape. Economic activity was boosted by low oil prices which helped to improve the external current account and fiscal positions and contributed to lower inflation. In addition, continued fiscal consolidation by reducing government deficits and debt accumulation and an anti-inflationary monetary policy stance have helped cement macroeconomic stability.

Despite economic and political shocks such as the UK's referendum to leave the European Union, Donald Trump's victory in the US presidential election, the US Federal Reserve's (FED) decision to hike interest rates and the Indian authorities' demonetisation move, the Indian stock markets reached new heights over the period under review.

The Indian equity portion represented 29.1% of the foreign portfolio of the Fund, which translated in 7.0% of the whole portfolio. This segment of the portfolio was valued at MUR 106.5M (INR 196.0M) as at 30 June 2017. For the year ended 30 June 2017, in MUR terms, the Indian equity portfolio registered a return of 17.1%, contributing 1.2% to the Fund return. As a reference, the SENSEX gained 15.8% in MUR terms over the same period.

The portfolio is well diversified, as graphically shown below, with higher exposure to the Indian financial sector. The top 5 holdings make up 43.4% of this portion of the portfolio and 3.0% of the total portfolio.

Figure 8: Indian Equity Portfolio Sector Breakdown

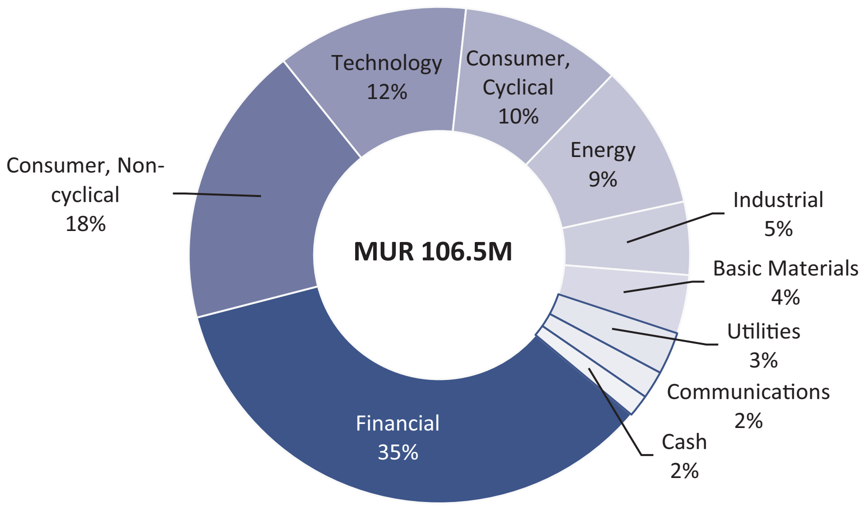


Table 7: Top 5 Holdings India				
Security	**Sector**	**Market Value (MUR M)**	**% of Indian Equity**	**% of Portfolio**
HDFC Bank Ltd	Financial	11.5	11.1	0.8
HDFC Ltd	Financial	9.5	9.2	0.6
ITC Ltd	Consumer, Non-cyclical	8.8	8.5	0.6
Reliance Industries Ltd	Energy	7.6	7.4	0.5
ICICI Bank Ltd	Financial	7.5	7.3	0.5
Total		**44.9**	**43.4**	**3.0**

Performance Review

HDFC Bank Ltd

HDFC Bank Ltd offers a wide range of services to the global corporate sector. The bank provides corporate banking and custodial services and is active on the treasury and capital markets. For the financial year 2016/ 2017, the firm's net profit was up by 19.2% to reach INR 152.5Bn while the share price of the bank rose by 40.5%.

Housing Development Finance Corporation Ltd. (HDFC)

HDFC Ltd provides long-term housing loans to low and middle-income individuals and corporations. The company had a decent year with increase in net profit of 8.4% for its financial year, translating into a net profit of INR 86.3Bn. The share price of the firm increased by 29% for the 12 months ended 30 June 2017.

ITC Ltd

ITC Limited, a member of the BAT Group of UK, is a holding company. It has a diversified presence in cigarettes, hotels, paperboards & specialty papers, packaging, agri Business, packaged foods & confectionery, branded apparel, greeting cards and other FMCG products. For the financial year 2017, ITC Ltd registered a 10.1% increase in net profit, from INR 93.8Bn to INR 103.2Bn. The share price for the 12 months ended 30 June 2017 was up by 32%.

Reliance Industries Ltd (RIL)

Reliance Industries Ltd is India`s largest petrochemical firm and counts among the largest companies of the country. Oil refining and the manufacture of polyolefins and related chemicals account for the bulk of RIL sales. The company accounts for 14% of India`s total exports and 4% of its total market capitalisation. For the financial year 2017, RIL registered 0.5% increase in net profit, from INR297Bn to INR299Bn. The share price for the 12 months ended 30 June 2017 was up by 42.4%.

ICICI Bank Ltd

ICICI Bank Limited operates a network of banks throughout India. The group specializes in retail and corporate banking, in addition to forex and treasury operations. The bank registered a net profit growth of 0.8%, from INR 97.3Bn to INR 98.01Bn, for the financial year 2017. The share price rose by 32.9% over the period 30 June 2016 to 30 June 2017.

Economic and Market Review

Local Economy

According to National Account estimates by Statistics Mauritius (Issue June 2017), sectoral growth is expected to be lower than 2016 (revised figures), except for the construction sector which is projected to grow by 7% in 2017. The National Account estimates suggest that the economy grew by 3.5% in 2016, higher than the 3.0% achieved in 2015, while the growth expected growth for 2017 is 3.8%.

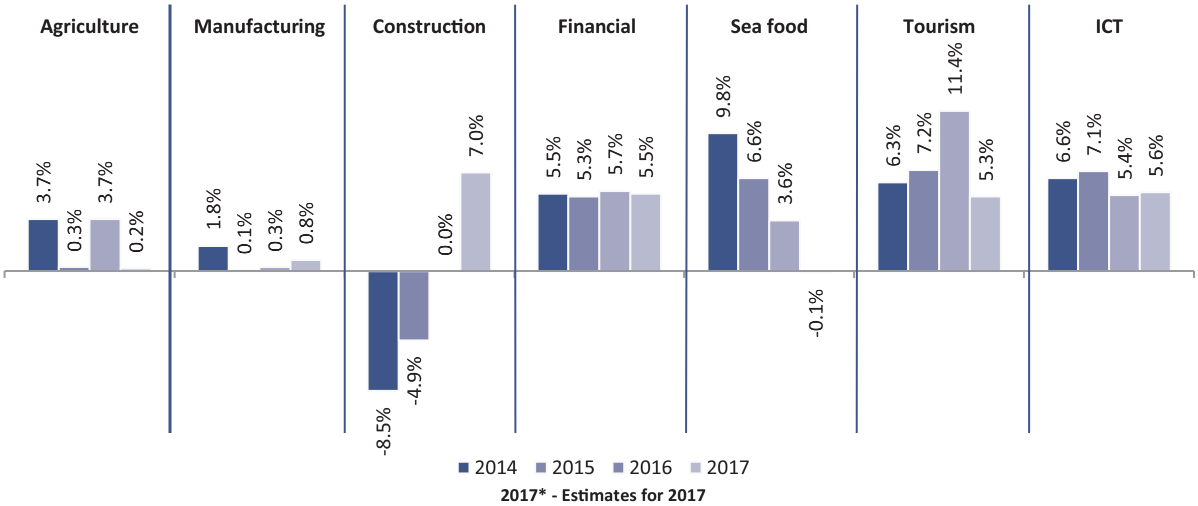
The agriculture sector is expected to grow by 0.2%. The depressed low growth is the result of the negative impact of the -7.5% forecasted growth for sugarcane, while other agriculture related activities are expected to grow by 2.7% in 2017.

Following poor results in 2016, the manufacturing sector is expected to bounce back this year with growth of 0.8%. This sector is likely to be boosted by the projected growth of 0.1% in the textile manufacturing sector and growth of 1.0% in the food processing segment.

Tourism continues to play a major part in economic growth. The tourism industry saw arrivals increase by 10.8% to 1,275,277 in 2016 while earnings from this sector are estimated at around Rs55.9Bn. Tourist arrival is expected to grow again reaching 1,340,000 in 2017. A strong tourism sector will have positive spill-over effect on the accommodation and food service activities which is projected to rise by 4.7% this year.

The Mauritian economy is projected to benefit from a lower unemployment rate of 7.2% in 2017 compared to 7.3% in 2016. As at 30 June 2017 the employment of Mauritians was estimated at around 549,400, 2.5% higher than what it was on 30 June 2016. In order to counter the effect of 'Brexit', on 20 July 2016, the Monetary Policy Committee slashed the Key Repo Rate by 40Bps to 4.00% and maintained it at this level for the financial year 2016/2017.

Figure 9: Main sector growth rates

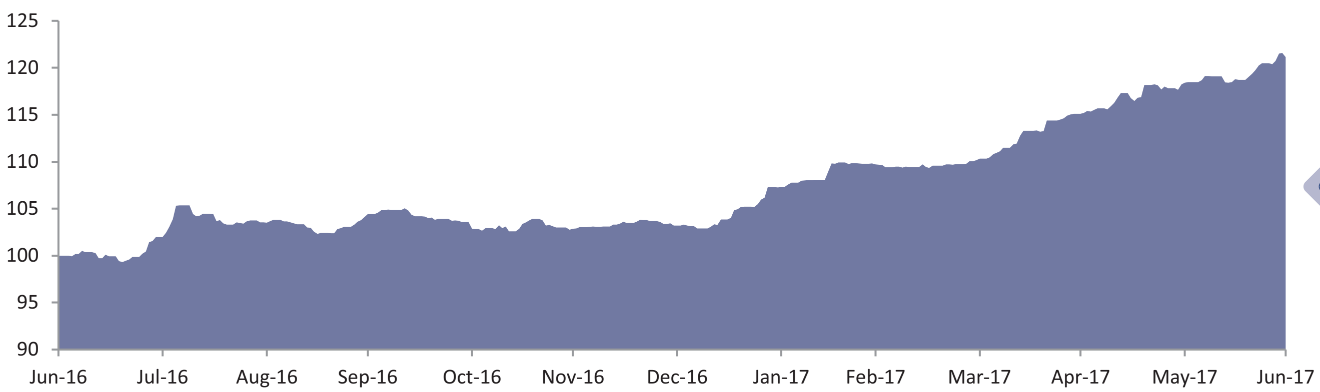


Economic and Market Review

The Mauritian Stock Market

Positive economic projections, coupled with increasing investors' confidence, led the SEMDEX to register an impressive performance over the period under review. In the financial year ended 30 June 2017, SEMDEX grew by 21.1% to reach 2122.19 points, with an all-time high of 2130.27 points on 29 June 2017. SEMDEX was boosted mainly by the positive performance of the large market cap stocks including the banking duo, MCB Group Ltd and SBM Holdings Ltd, which registered share price gains of 34.3% and 19.6% respectively and IBL Ltd which saw its post-merger price jumped by around 43.4% over the course of the financial year 2016/2017. However, SEMDEX was pulled by the performances of Harel Mallac & Co. Ltd, Mauritius Union Assurance ltd and Innodis Ltd the share prices of which dropped by 22.2%, 2.3% and 3.1% respectively.

Figure 10: SEMDEX Evolution (Indexed June 30, 2017)



The good performance of the SEMDEX also impacted on key market indicators. On a comparable basis, the P/E ratio increased from 12.05x on 30 June 2016 to reach 17.61x on 30 June 2017 while the P/B ratio dropped from 0.83x to 0.56x in the same period. The dividend yield dropped from 4.07% to 2.40%. On the positive side, the earning per share for the SEMDEX went up by 89.8% to reach 275.70 in Financial Year 2016/2017.

Table 8: Valuation Ratios		
Ratios	**2017**	**2016**
Dividend Yield	2.40	4.07
P/E	17.61	12.05
P/B*	0.56	0.83
EPS*	275.70	145.25

***Source Bloomberg**

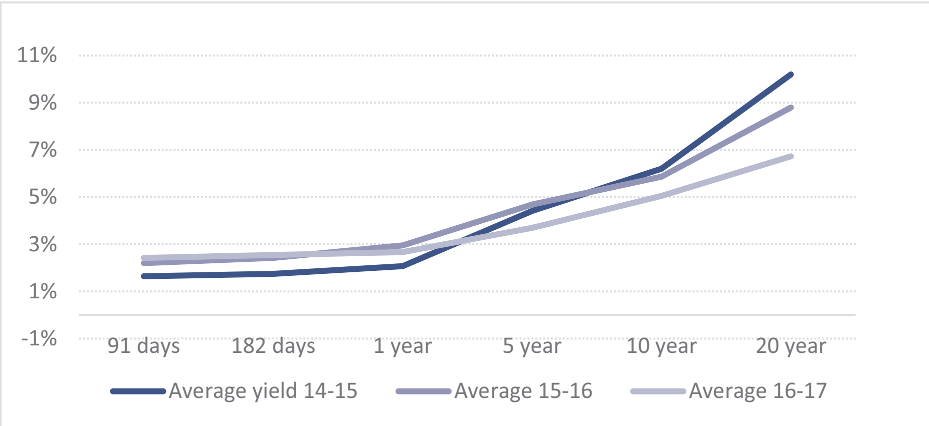
Economic and Market Review

During the period under review, the DEMEX gained 9.93% to reach 212.83 points by the end of June 2017. The DEMEX also benefitted from positive sentiment on the local market. As at 30 June 2017, the market P/E ratio was 9.48x compared to 11.05x last year, suggesting that the companies listed on the DEMEX had a good year in terms of earnings. On the other hand, dividend yield remained unchanged at 3.26%.

The Local Fixed Income Market

Over the years, the local fixed income market has seen interest rates drop steadily, which is reducing the attractiveness of fixed income investments. This year the MPC reduced the Key Repo Rate (KRR) by 40bps (0.4%), bringing it down to 4%.

Figure 11: Yields Curves for Government Securities



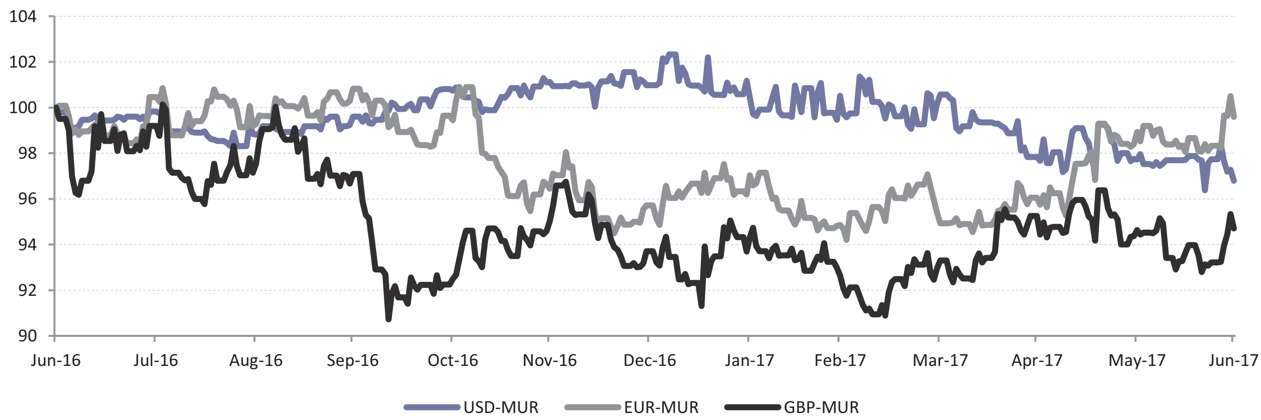
The cut in KRR has resulted in lower longer term yields than previous years. Yields on treasury notes and bills were also negatively impacted by this move, and were lower in 2017 compared to 2016. By the end of the financial year 2017, Government bonds of 5-year, 10-year and 15-year tenures were yielding 3.49%,4.95% and 5.85% respectively whereas in 2015 they stood at 4.23%, 5.47% and 6.29% respectively.

The Foreign Exchange Market

In the financial year ended 30 June 2017, the Mauritian rupee appreciated against its three main trading currencies (USD, GBP and EUR). As at 30 June 2017, the USD was 3.20% down against the MUR after Trump's proposal had shown no signs of materialising soon, even though the FED rate was hiked 3 times over the period under review. The EUR and GBP which are still recovering from the effects of Brexit, are slowly picking up. Nevertheless both the EUR and GBP lost 0.41% and 5.29% respectively, against the MUR.

Economic and Market Review

Figure 12: Evolution of the MUR-FX rates (Indexed June 30, 2017)



Foreign Market

Global

Over the past year, the global economy has strengthened further. Growth has approached long term averages, unemployment rates have fallen to pre-crisis levels and inflation rates have edged closer to central bank objectives.

A year ago, the global economy hovered around the edge and was stalled in the first 6 months of 2016/2017. Prior to that, the UK opted to leave the EU while on the corporate side, profits were dropping. Both the EU and Japan had to deal with increasing deflation risks and the loose monetary policy was reaching its limit. Over the course of the year 2016/2017, economic indicators were improving and investors' confidence was up again, leading to positive impact on securities markets around the world. Real GDP in the G20 region expanded at an annualized rate of 3.6% while the EUR and GBP were recovering from the Brexit shock. In the US, corporate profits were showing signs of improvement. Central Banks aided economic performance by cutting down on stimulus packages and normalizing policy, with US leading the pack, raising rates by 75 basis points over 2016/2017.

Oil Price

Crude Brent oil price averaged USD 43.73 per barrel in 2016, down from USD 52.39 per barrel in 2015. Oil gained global market share for the second year in a row, following 15 years of decline from 1999 to 2014. Global oil consumption growth is currently above its 10- Year average (1.6 Mb/d vs. 1.57 Mb/d), for the second successive year, supported by increased consumption in China and India. On the other hand, production in the Middle East rose with US shale producers showing no signs of slowing down in their production, further exercising pressure on global oil prices.

Gold

Gold price fell by 10.46% in 2015, but rallied by 8.66% in 2016. In the first quarter of 2017, the yellow metal posted an 8.64% gain while registering a drop of 0.74% from March 2017 to June 2017. Gold settled on June 30, 2017, at USD1241.61 per ounce.

Prospects

According to the IMF, recent economic data point to a synchronized upswing in the world economy. World trade growth has also picked up, with volumes projected to grow faster than global output in the next two years. The IMF projects that the global economy will grow by 3.5% in 2017 and 3.6% in 2018.

Advanced economies have a mixed growth prospect for 2017. The IMF revised its 2017 growth forecasts for the U.S, from 2.3% to 2.1% and from 2.5% to 2.15% in 2018. The revision was mainly based on the assumption that fiscal policy will be less expansionary than was previously forecasted. The uncertainty about the timing and nature of the U.S fiscal policy changes has slowed down the growth in U.S stock market. The IMF predicts a weaker growth of 1.7%, down from 2.0%, for the U.K as the British economic activity slowed in the first quarter of 2017 and the uncertainty related to the impact of Brexit on the U.K economy grew. In contrast, the biggest Eurozone countries are expected to perform better than expected. German growth prospect has been revised up, by 0.2 points to 1.8%, France by 0.1 points to 1.5%, while for both Italy and Spain have both been revised up, by 0.5 points to 1.3% and 3.1% respectively.

The IMF expects the Emerging and Developing economies to experience a continued pickup in activity with growth rising from 4.3% in 2016 to 4.6% in 2017 and 4.8% in 2018. The improved projections are based on gradual improvement in economic conditions for large commodity importers. The Chinese economy is expected to mirror last year's performance with growth projection of 6.7% in 2017. India is expected to keep on its tracks and grow even further during 2017 and 2018 following a 7.1% growth in 2016. IMF projects the Indian economy to grow by 7.2% in 2017 and 7.8% in 2018.

Long-term bond yields in advanced economies rebounded in late June 2017. The U.S. Federal Reserve raised short-term interest rates in June 2017 bringing the Fed rate to 1%. Investors still expect a very gradual path of U.S. monetary policy normalization. The reduced electoral uncertainty had positive effects on the European government bonds. German bonds spreads have compressed sharply in France, Italy, and Spain. On the equity side, equity markets in advanced economies remain resilient suggesting continued market optimism regarding corporate earnings. Investors are also optimistic about emerging market prospects as reflected in strengthening equity markets and some further compression of interest rate spreads.

The foreign segment of the Fund's portfolio is currently well diversified in terms of currency, geography and sector exposures. The asset allocation has been tactically rebalanced. Strong global market suggests overweight in foreign equities with an inclination to exposures towards advanced economies.

On the local front, following poor performance in the previous couple of years the construction sector is expected to pick up in 2017 with a forecast growth of around 7.0%. The tourism industry seems to be achieving new heights with increased level of tourist arrivals promoting the accommodation and food services activities. The tourism sector and accommodation and food services activities are expected to grow by 5.3% and 4.7% respectively. The sugar sector is expected to feel the impact of weakening sugar prices while the financial services sector is projected to remain robust.

The local segment of the portfolio is highly geared towards the financial services, investments and hotel sectors. These sectors are likely to perform well in future based on macroeconomic and sectoral forecasts. However, the coming into force of IFRS 9 as from January 2018 is likely to affect the reported earnings and the balance sheet of financial institutions, especially banking and insurance companies. In short, IFRS 9 will affect the classification and measurement of financial instruments. It will require financial institution to change the way loan loss provisions amongst other. Nevertheless, the locally listed companied will be closely monitored. Tactical moves should tilt the weightage towards companies having sustainable growth potential.

Mr A. H. Nakhuda, C.S.K.
Chairman

Grant Thornton

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

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Port-Louis Fund Ltd, the "Company", which comprise the statement of financial position as at 30 June 2017, and the statement of comprehensive income, statement of changes in net assets attributable to holders of redeemable shares and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements on pages 42 to 70 give a true and fair view of the financial position of the Company as at 30 June 2017 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and in compliance with the requirements of the Mauritius Companies Act 2001 and the Financial Reporting Act 2004.

Basis for Opinion

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

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

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

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

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

Grant Thornton

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

Report on the Audit of the Financial Statements (Contd)

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

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

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

Report on the Audit of the Financial Statements (Contd)

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

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

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

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

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

Other

The financial statements of Port-Louis Fund Ltd for the year ended 30 June 2016 were audited by another auditors who expressed an unmodified opinion on 30 September 2016.

Other matter

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

Grant Thornton

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

Report on Other Legal and Regulatory Requirements

(a) Mauritius Companies Act 2001

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

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

(b) Financial Reporting Act 2004

The directors are responsible for preparing the Corporate Governance Report ("the Report"). Our responsibility is to report on the extent of compliance with the Code of Corporate Governance ("the Code") as disclosed in the Report and on whether the disclosure is consistent with the requirements of the Code.

In our opinion, the disclosure in the Report is consistent with the requirements of the Code.

Grant Thornton

Grant Thornton
Chartered Accountants

JUNAID HAJEE ABDOULA, FCCA
Licensed by FRC

Date: 2 Oct 2017

Ebene 72201, Republic of Mauritius

Statement of financial position as at 30 June

	Notes	2017 Rs'000	2016 Rs'000
ASSETS			
Non-current			
Portfolio of domestic securities	7	626,691	587,481
Portfolio of foreign securities	8	364,389	329,186
Non-current assets		991,080	916,667
Current			
Portfolio of domestic securities	7	514,490	449,422
Short term deposits	9	9,930	11,866
Current tax asset	13	-	140
Other receivables	10	2,987	2,993
Cash and cash equivalents		4,550	5,330
Current assets		531,957	469,751
Total assets		1,523,037	1,386,418
LIABILITIES			
Other payables	12	4,573	3,786
Current tax liabilities	13	33	-
Bank overdrafts		3,460	6,667
Dividend payable	19	3,366	3,630
Total liabilities excluding net assets attributable to holders of redeemable shares		11,432	14,083
Net assets attributable to holders of redeemable shares		1,511,605	1,372,335
Total liabilities		1,523,037	1,386,418
Net asset value per share	21	29.89	27.03

Approved by the Board of Directors on 29 Sept 2017 and signed on its behalf by:

Mr. A. H. Nakhuda, C.S.K.
Chairman

Mr. Bhuguth
Director

The notes on pages 46 to 70 form an integral part of these financial statements.

Statement of comprehensive income for the year ended 30 June

	Notes	2017 Rs'000	2016 Rs'000
Income			
Investment income	**14**	**41,290**	39,707
Gain on disposal of domestic securities		**9,787**	1,097
Release to income on disposal of available-for-sale securities		**321**	42,020
Net increase / (decrease) in fair value of financial assets through profit or loss	**7 & 15**	**65,469**	(65,884)
Total income		**116,867**	16,940
Expenditure			
Management fees	**16**	**(12,878)**	(13,236)
Registry costs	**17**	**(934)**	(748)
Other operating expenses	**18**	**(4,258)**	(4,785)
Impairment of available-for-sale securities	**7**	**-**	(3,302)
Total expenditure		**(18,070)**	(22,071)
Profit/(loss) before tax		**98,797**	(5,131)
Tax expense	**13**	**(139)**	(162)
Profit/(loss) for the year		**98,658**	(5,293)
Other comprehensive income:			
Items that will be reclassified subsequently to profit or loss:			
Increase/(decrease) in fair value of available-for-sale securities		**81,812**	(25,898)
Release to income on disposal of available-for-sale securities		**(321)**	(42,020)
Items that will not be reclassified subsequently to profit or loss		**-**	-
Other comprehensive income for the year, net of tax		**81,491**	(67,918)
Total comprehensive income for the year		**180,149**	(73,211)

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

The notes on pages 46 to 70 form an integral part of these financial statements.

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

	2017	2016
	Rs'000	Rs'000
Net assets attributable to holders of redeemable shares at 01 July	**1,372,335**	1,575,072
Proceeds from issue of redeemable shares	**10,338**	162,396
Payments on redemption of redeemable shares	**(15,879)**	(261,477)
Dividends distribution to holders of redeemable shares	**(35,338)**	(30,445)
Transactions with the shareholders	**(40,879)**	(129,526)
Profit/(loss) for the year	**98,658**	(5,293)
Other comprehensive income for the year	**81,491**	(67,918)
Total comprehensive income for the year	**180,149**	(73,211)
Net assets attributable to holders of redeemable shares at 30 June	**1,511,605**	1,372,335

The notes on pages 46 to 70 form an integral part of these financial statements.

Statement of cash flows for the year ended 30 June

	Notes	2017 Rs'000	2016 Rs'000
Net cash used in operating activities	**20 (a)**	**(20,342)**	(22,893)
Investing activities			
Purchase of investments		**(10,660)**	(33,961)
Proceeds from disposal of investments		**32,921**	118,622
Dividends received		**37,806**	37,639
Interest received		**574**	765
Net cash from investing activities		**60,641**	123,065
Financing activities			
Proceeds from bank loan		**-**	40,000
Repayment of loan		**-**	(40,000)
Redemption of shares		**(15,879)**	(261,477)
Issue of shares		**10,338**	161,518
Dividend paid to holders of redeemable shares		**(34,267)**	(29,585)
Net cash used in financing activities		**(39,808)**	(129,544)
Net change in cash and cash equivalents		**491**	(29,372)
Cash and cash equivalents, at beginning of the year		**10,529**	39,901
Cash and cash equivalents, at the end of the year		**11,020**	10,529
Cash and cash equivalents made up of:			
Bank overdrafts		**(3,460)**	(6,667)
Short term bank deposits		**9,930**	11,866
Cash at bank		**4,550**	5,330
Total	**20 (b)**	**11,020**	10,529

The notes on pages 46 to 70 form an integral part of these financial statements.

Notes to the financial statements

For the year ended 30 June 2017

1. General information and statement of compliance with IFRS

Port Louis Fund Ltd, the "Company", is a Collective Investment Scheme as per Securities Act 2005. The Company was incorporated on 09 June 1997 as a public company with limited liability. It initially obtained approval from the Ministry of Finance to be an Authorised Mutual Fund under Section 35 of the Companies Act 1984, now replaced by the Companies Act 2001. The Company's registered address is at 15th Floor, Air Mauritius Centre, 6, President John Kennedy Street, Port Louis, Republic of Mauritius.

The principal activities of the Company are:

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

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

2. Application of new and revised IFRS

2.1 New and revised standards that are effective for annual periods beginning on 01 July 2016

In the current year, the following new and revised standards issued by the IASB became mandatory for the first time for the financial year beginning on 01 July 2016:

IAS 1, Disclosure Initiative (Amendments to IAS 1: presentation of financial statements)

The amendments represent the first authoritative output from the IASB's Disclosure Initiative project. The disclosure initiative itself is in part a reaction to the growing clamour over disclosure overload in financial statements. It consists of a number of projects, both short- and medium-term, and ongoing activities that explore how presentation and disclosure principles and requirements in existing standards can be improved.

IFRS 10, IFRS 12 and IAS 28, Investment Entities: Applying the Consolidation Exception (Amendments to IFRS 10, IFRS 12 and IAS 28)

The amendments address issues that have arisen in the context of applying the consolidation exception for investment entities.

IAS 27, Equity Method in Separate Financial Statements (Amendments to IAS 27)

The amendment allows entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements.

IAS 16 and IAS 41, Agriculture: Bearer Plants (Amendments to IAS 16 and IAS 41)

These amendments change the reporting for bearer plants, such as grape vines, rubber trees and oil palms. Bearer plants should be accounted for in the same way as property, plant and equipment because their operation is similar to that of manufacturing.

Notes to the financial statements

For the year ended 30 June 2017

2. Application of new and revised IFRS (Contd)

2.1 New and revised standards that are effective for the annual year beginning on 01 July 2016 (Contd)

IAS 16 and IAS 38, Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to IAS 16 and IAS 38)

These amendments clarify that the use of revenue-based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset.

IFRS 11, Accounting of Acquisitions of Interests in Joint Operations (Amendments to IFRS 11)

This amendment provides new guidance on how to account for the acquisition of an interest in a joint venture operation that constitutes a business. The amendments require an investor to apply the principles of business combination accounting when it acquires an interest in a joint operation that constitutes a 'business'.

IFRS 14, Regulatory Deferral Accounts

This standard permits first-time adopters of IFRS to continue to recognise amounts related to rate regulation in accordance with their previous GAAP requirements when they adopt IFRS. However, to enhance comparability with entities that already apply IFRS and do not recognise such amounts, the standard requires that the effect of rate regulation must be presented separately from other items.

Various, Annual Improvements to IFRS 2012-2014 Cycle

These improvements include amendments to IFRS 5: Non-current Assets Held for Sale and Discontinued Operations, IFRS 7: Financial Instruments: Disclosures, IAS 19: Employee Benefits and IAS 34: Interim Financial Reporting.

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

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

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

IFRS 16, Leases

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

IFRS 9, Financial Instruments (2014)

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

2. **Application of new and revised IFRS (Contd)**

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

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

The amendments bring together three changes to IFRS 2 'Share-based Payment' covering the following matters that had originally been referred to the IFRS Interpretations Committee (IFRIC):

- the accounting for the effects of vesting conditions on the measurement of a cash-settled share-based payment;
- the classification of share-based payment transactions with a net settlement feature for withholding tax obligations; and
- the accounting for a modification to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity settled.

IFRS 15, Revenue from Contracts with Customers

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

IAS 7, Disclosure Initiative (Amendments to IAS 7 Statement of Cash Flows)

The amendments are designed to improve the quality of information provided to users of financial statements about changes in an entity's debt and related cash flows (and non-cash changes).

The amendments respond to requests from investors for improved disclosures about an entity's financing activities. The Disclosure Initiative itself is in part a reaction to the growing clamour over disclosure overload in financial statements. It consists of a number of projects, both short- and medium-term, and ongoing activities that explore how presentation and disclosure principles and requirements in existing Standards can be improved.

IAS 12, Recognition of Deferred Tax Assets for Unrealised Losses (Amendments to IAS 12)

The focus of the amendments is to clarify how to account for deferred tax assets related to debt instruments measured at fair value, particularly where changes in the market interest rate decrease the fair value of a debt instrument below cost.

IFRS for SMEs, Amendments to the International Financial Reporting Standard for Small and Medium Sized Entities

The amendments issued are a result of its first comprehensive review, which commenced in 2012, three years after the standard's release in 2009. The aim of the review was to consider whether the IFRS for SMEs needed amending for any implementation issues identified or for any changes made to full IFRS.

Management has yet to assess the impact of the above standards and amendments on the Company's financial statements.

Notes to the financial statements

For the year ended 30 June 2017

2. Application of new and revised IFRS (Contd)

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

IFRS 17, Insurance Contracts

The new standard replaces IFRS 4, 'Insurance Contracts' and allowed entities issuing insurance contracts to carry on accounting for them using policies that had been developed under their previous local accounting standards.

IFRS 17 solves the comparison problems created by IFRS 4 by requiring all insurance contracts to be accounted for in a consistent manner, benefiting both investor and insurance companies. In addition, it provides guidance on how to assess the significance of insurance risk based on the possibility of a loss on a present value basis, and how to evaluate changes in the level of insurance risk.

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

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

IFRIC 23, Uncertainty over Income Tax Treatments

IFRIC 23 addresses uncertainty over how tax treatments should affect the accounting for income taxes.

IAS 40, Transfers of Investment Property (Admendments to IAS 40)

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

IFRIC 22, Foreign Currency Transactions and Advance Consideration

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

IFRS 1 / IFRS 12/ IAS 28, Annual Improvements to IFRs 2014- 2016

These improvements include amendments to IFRS 1: First time adoption of International Financial Reporting Standards, IFRS 12: Disclosure of Interests in Other entities and IAS 28: Investments in associates and joint ventures.

The directors have yet to assess the impact of the above standards and amendments on the Company's financial statements.

Notes to the financial statements

For the year ended 30 June 2017

3. Summary of accounting policies

3.1 Overall considerations

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

3.2 Financial instruments

Recognition, initial measurement and derecognition

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the financial instrument and are measured initially at fair value adjusted by transactions costs, except for those carried at fair value through profit or loss which are measured initially at fair value. Subsequent measurement of financial assets and financial liabilities are described below.

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

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

Classification and subsequent measurement of financial assets

For the purpose of subsequent measurement financial assets, other than those designated and effective as hedging instruments, are classified into the following categories upon initial recognition:

- loans and receivables
- financial assets at fair value through profit or loss (FVTPL)
- available-for-sale (AFS) financial assets.

All financial assets except for those at fair value through profit or loss are subject to review for impairment at least at each reporting date to identify whether there is any objective evidence that a financial asset or a group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets.

The category determines subsequent measurement and whether any resulting income and expense is recognised in profit or loss or in other comprehensive income.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition, these are measured at amortised cost using the effective interest method, less provision for impairment. Discounting is omitted where the effect of discounting is immaterial. The Company's cash and cash equivalents and other receivables fall into this category of financial instruments.

An allowance for credit losses is established if there is objective evidence that the Company will be unable to collect all amounts due.

Notes to the financial statements

For the year ended 30 June 2017

3. Summary of accounting policies (Contd)

3.2 Financial instruments (Contd)

Classification and subsequent measurement of financial assets (Contd)

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets that are either classified as held for trading or that meet certain conditions and are designated at fair value through profit or loss upon initial recognition.

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

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

On disposal, the gain or loss recognised in the statement of comprehensive income is the difference between the proceeds and the initial cost of the financial assets. Any difference between the carrying amount and the initial cost is credited or charged in the statement of comprehensive income within “fair value gains/(losses) on financial assets at fair value through profit or loss”.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that do not qualify for inclusion in any of the other categories of financial assets. They are included in non -current assets unless management intends to dispose of the investment within twelve months of the end of the reporting period. The Company’s available-for-sale financial assets consist of treasury bills and bonds, quoted and unquoted investments in various countries.

Investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost.

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

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

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

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

Available-for-sale financial assets whose fair value cannot be measured reliably are carried at cost less impairment.

The valuation of financial assets may not necessarily represent the amounts that may eventually be realised from sales or other dispositions.

Notes to the financial statements

For the year ended 30 June 2017

3. Summary of accounting policies (Contd)

3.2 Financial instruments (Contd)

Classification and subsequent measurement of financial liabilities

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

Financial liabilities are measured subsequently at amortised cost using the effective interest method.

All interest-related charges on financial liabilities are included within finance costs or finance income.

Offsetting financial instruments

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

3.3 Cash and cash equivalents

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

Bank overdrafts are shown in liabilities.

3.4 Share Capital

The Company's share capital consists of redeemable shares which are publicly traded.

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

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

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

3.5 Foreign currency

Functional and presentation currency

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

Foreign currency transactions and balances

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

Notes to the financial statements

For the year ended 30 June 2017

3. Summary of accounting policies (Contd)

3.5 Foreign currency (Contd)

Functional and presentation currency (Contd)

Foreign currency transactions and balances (Contd)

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

3.6 Revenue

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

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

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

3.7 Income taxes

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

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

The Company is subject to Corporate Social Responsibility Fund and the contribution is at a rate of 2% on the chargeable income of the preceding financial year.

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

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

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

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

Notes to the financial statements

For the year ended 30 June 2017

3. Summary of accounting policies (Contd)

3.7 Income taxes (Contd)

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

3.8 Provisions

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

3.9 Expense recognition

All expenses are accounted for on the accrual basis.

3.10 Management fees

Management fees are accounted on an accrual basis as per the terms and conditions of the agreement with the fund manager.

3.11 Related parties

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

3.12 Impairment of assets

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

3.13 Other payables

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

3.14 Other receivables

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

3.15 Comparatives

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

Notes to the financial statements

For the year ended 30 June 2017

3. Summary of accounting policies (Contd)

3.16 Significant management judgement in applying accounting policies and estimation uncertainty

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

Significant management judgement

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

Determination of functional currency

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

Available-for-sale investments

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 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.

Limitation of sensitivity analysis

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

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

Estimation uncertainty

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

Fair value measurement

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

Notes to the financial statements

For the year ended 30 June 2017

4. Financial instrument risk

Risk management objectives and policies

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

Financial assets and financial liabilities

	2017 Rs'000	2016 Rs'000
Financial assets		
Non-current		
Portfolio of domestic securities	**626,691**	587,481
Portfolio of foreign securities	**364,389**	329,186
Current		
Portfolio of domestic securities	**514,490**	449,422
Other receivables	**2,948**	2,735
Short term deposits	**9,930**	11,866
Cash and cash equivalents	**4,550**	5,330
Total financial assets	**1,522,998**	1,386,020
Financial liabilities		
Current		
Net assets attributable to holders of redeemable shares	**1,511,605**	1,372,335
Bank overdraft	**3,460**	6,667
Other payables	**4,573**	3,786
Dividend payable	**3,366**	3,630
Total financial liabilities	**1,523,004**	1,386,418

* Other receivables exclude prepayments

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

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

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

4.1 Market risk analysis

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

Notes to the financial statements

For the year ended 30 June 2017

4. Financial instrument risk (Contd)

Risk management objectives and policies (Contd)

4.1 Market risk analysis (Contd)

Foreign currency sensitivity

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

Currency exposure arising from the Company's foreign operations is managed primarily through borrowings denominated in the relevant foreign currencies. Foreign currency denominated financial assets which expose the Company to currency risk are disclosed below. The Company did not have any financial liabilities in foreign currencies during the year ended 30 June 2017 and 2016.

	Financial assets 2017 Rs'000	Financial assets 2016 Rs'000
United States Dollar (USD)	142,983	172,993
Euro (EUR)	73,904	44,685
Indian Rupee (INR)	106,531	90,948
Others	42,800	24,206
Total	366,218	332,832

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

It assumes a change of 5% in the exchange rate for the year ended 30 June 2017 (2016: 5%). The sensitivity analysis is based on the Company's foreign currency financial instruments held at each reporting date.

If the MUR had strengthened by 5% (2016: 5%), then this would have the following impact:

	2017		2016	
	Profit Rs'000	Net assets attributable to holders of redeemable shares Rs'000	Loss Rs'000	Net assets attributable to holders of redeemable shares Rs'000
INR	**5,327**	**5,327**	(4,547)	(4,547)
EURO	**3,695**	**3,695**	(2,234)	(2,234)
USD	**7,149**	**7,149**	(8,650)	(8,650)
Others	**2,140**	**2,140**	(1,210)	(1,210)

Notes to the financial statements

For the year ended 30 June 2017

4. Financial instrument risk (Contd)

Risk management objectives and policies (Contd)

4.1 Market risk analysis (Contd)

Foreign currency sensitivity (Contd)

If the MUR had weakened against by 5% (2016: 5%), then this would have the following impact:

	2017		2016	
	Profit	Net assets attributable to holders of redeemable shares	Loss	Net assets attributable to holders of redeemable shares
	Rs'000	Rs'000	Rs'000	Rs'000
INR	**(5,327)**	**(5,327)**	4,547	4,547
EURO	**(3,695)**	**(3,695)**	2,234	2,234
USD	**(7,149)**	**(7,149)**	8,650	8,650
Others	**(2,140)**	**(2,140)**	1,210	1,210

Interest rate sensitivity

The Company's exposure to interest rate risk is limited to its bank overdraft and the interest thereon is based on market rates. If interest rate had been 25 basis point higher/lower, the effect on profit would have been Rs 8,650 (2016: Rs 16,668) lower/higher.

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

4.2 Price risk sensitivity

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

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

Sensitivity analysis

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

	Impact on profit or loss		Impact on other comprehensive income	
	2017	2016	2017	2016
	Rs'000	Rs'000	Rs'000	Rs'000
Available for sale financial assets	**-**	-	**18,219**	16,459
Designated at fair value through profit or loss	**25,724**	22,379	**-**	-

Notes to the financial statements

For the year ended 30 June 2017

4. Financial instrument risk (Contd)

Risk management objectives and policies (Contd)

4.3 Credit risk analysis

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

	2017 Rs'000	2016 Rs'000
Financial assets		
Non-current		
Portfolio of domestic securities	**626,691**	587,481
Portfolio of foreign securities	**364,389**	329,186
	991,080	916,667
Current		
Portfolio of domestic securities	**514,490**	449,422
Other receivables	**2,948**	2,735
Cash and cash equivalents	**4,550**	5,330
Short term deposits	**9,930**	11,866
	531,918	469,353
Total	**1,522,998**	1,386,020

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

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

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

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

4.4 Liquidity risk analysis

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

Notes to the financial statements

For the year ended 30 June 2017

4. Financial instrument risk (Contd)

Risk management objectives and policies (Contd)

4.4 Liquidity risk analysis (Contd)

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

The following are the contractual maturities of financial liabilities:

30 June 2017	Carrying amount Rs'000	Contractual cash flows Rs'000	On demand Rs'000	Less than 1 year Rs'000
Net assets attributable to holders of redeemable shares	**1,511,605**	**1,511,605**	**1,511,605**	**-**
Bank overdraft	**3,460**	**3,460**	**-**	**3,460**
Other payables	**4,573**	**4,573**	**-**	**4,573**
Dividend payable	**3,366**	**3,366**	**-**	**3,366**
Total	**1,523,004**	**1,523,004**	**1,511,605**	**11,399**

30 June 2016	Carrying amount Rs'000	Contractual cash flows Rs'000	On demand Rs'000	Less than 1 year Rs'000
Net assets attributable to holders of redeemable shares	1,372,335	1,372,335	1,372,335	-
Bank overdraft	6,667	6,667	-	6,667
Other payables	3,786	3,786	-	3,786
Dividend payable	3,630	3,630	-	3,630
Total	1,386,418	1,386,418	1,372,335	14,083

4.5 Concentration risk

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

5. Capital management policies and procedures

The Company's capital management objectives are:

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

Notes to the financial statements

For the year ended 30 June 2017

5. Capital management policies and procedures (Contd)

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

The Company was not geared for the years ended 30 June 2016 and 30 June 2017 since it did not have any external debts.

6. Fair value measurement

6.1 Fair value measurement of financial instruments

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

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

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

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

Financial assets 30 June 2017	**Level 1 Rs'000**	**Level 2 Rs'000**	**Level 3 Rs'000**	**Total Rs'000**
Designated at fair value through profit or loss	**514,490**	**39,186**	**-**	**553,676**
Available for sale financial assets	**364,389**	**586,760**	**745**	**951,894**
Total	**878,879**	**625,946**	**745**	**1,505,570**

Financial assets 30 June 2016	Level 1 Rs'000	Level 2 Rs'000	Level 3 Rs'000	Total Rs'000
Designated at fair value through profit or loss	447,575	38,751	-	486,326
Available for sale financial assets	329,186	549,860	717	879,763
Total	776,761	588,611	717	1,366,089

Notes to the financial statements

For the year ended 30 June 2017

6. Fair value measurement (Contd)

6.1 Fair value measurement of financial instruments (Contd)

Financial liabilities **30 June 2017**	**Level 1** **Rs'000**	**Level 2** **Rs'000**	**Level 3** **Rs'000**	**Total** **Rs'000**
Net assets attributable to holders of redeemable shares	**-**	**-**	**1,511,605**	**1,511,605**

Financial liabilities **30 June 2016**	Level 1 Rs'000	Level 2 Rs'000	Level 3 Rs'000	Total Rs'000
Net assets attributable to holders of redeemable shares	-	-	1,372,335	1,372,335

Measurement of fair value

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

Listed securities

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

Unquoted securities

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

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

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

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

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

6.3 Fair value measurement of non-financial instruments

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

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

Notes to the financial statements

For the year ended 30 June 2017

7. Portfolio of domestic securities

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

Available-for-sale financial assets consist of investments made in unquoted companies and treasury bills.

		2017 Rs'000	2016 Rs'000
(a)	Financial assets at fair value through profit or loss	553,676	486,326
	Available-for-sale financial assets	587,505	550,577
		1,141,181	1,036,903
	Analysed as:		
	Non-current assets:		
	Financial assets at fair value through profit or loss	39,186	38,751
	Available-for-sale financial assets	587,505	548,730
		626,691	587,481
	Current assets		
	Financial assets at fair value through profit or loss	514,490	447,575
	Available-for-sale financial assets	-	1,847
		514,490	449,422
	Total	1,141,181	1,036,903

Financial assets at fair value through profit or loss

30 June 2017	Listed on SEM Rs'000	Listed on DEM Rs'000	Unquoted Rs'000	Total Rs'000
At 01 July 2016	392,453	55,122	38,751	486,326
Additions	3,876	3,162	-	7,038
Disposals	(5,157)	-	-	(5,157)
Increase in fair value	63,226	1,808	435	65,469
At 30 June 2017	454,398	60,092	39,186	553,676

30 June 2016	Listed on SEM Rs'000	Listed on DEM Rs'000	Unquoted Rs'000	Total Rs'000
At 01 July 2015	497,974	60,710	41,228	599,912
Additions	11,504	16,055	-	27,559
Disposals	(70,414)	(4,847)	-	(75,261)
Transfer	14,174	(14,174)	-	-
Decrease in fair value	(60,785)	(2,622)	(2,477)	(65,884)
At 30 June 2016	392,453	55,122	38,751	486,326

7. Portfolio of domestic securities (Contd)

Available-for-sale financial assets

	2017 Rs'000	2016 Rs'000
At 01 July	**550,577**	540,564
Additions	**24**	2,130
Increase in fair value	**38,752**	11,185
Matured during the year	**(1,848)**	-
Impairment	**-**	(3,302)
At 30 June	**587,505**	550,577

(b) At 30 June 2017

	Level 1 Rs'000	Level 2 Rs'000	Level 3 Rs'000	Total Rs'000
Financial assets at fair value through profit or loss	**514,490**	**39,186**	**-**	**553,676**
Available-for-sale financial assets	**-**	**586,760**	**745**	**587,505**
At 30 June 2017	**514,490**	**625,946**	**745**	**1,141,181**

At 30 June 2016

	Level 1 Rs'000	Level 2 Rs'000	Level 3 Rs'000	Total Rs'000
Financial assets at fair value through profit or loss	447,575	38,751	-	486,326
Available-for-sale financial assets	-	549,860	717	550,577
At 30 June 2016	447,575	588,611	717	1,036,903

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

	2017 Rs'000	2016 Rs'000
At 01 July	**717**	725
Additions	**24**	188
Increase/(decrease) in fair value	**4**	(196)
At 30 June	**745**	717

Notes to the financial statements
For the year ended 30 June 2017

8. Portfolio of foreign securities

Foreign securities consist mainly of investment made in quoted companies which are classified as available-for-sale financial assets.

	2017	2016
	Rs'000	Rs'000
Non-current assets		
At 01 July	**329,186**	401,370
Additions	**3,622**	91,262
Disposals	**(11,479)**	(126,363)
Increase/(decrease) in fair value	**43,060**	(37,083)
At 30 June	**364,389**	329,186

(a) Available-for-sale financial assets

	2017	2016
	Rs'000	Rs'000
Level 1	**364,389**	329,186

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

	2017	2016
	Rs'000	Rs'000
US Dollar	**142,910**	175,090
Euro	**73,878**	42,414
INR	**105,014**	87,563
Other currencies	**42,587**	24,119
Total	**364,389**	329,186

9. Short term deposits

	2017	2016
	Rs'000	Rs'000
Short term bank deposits	**9,930**	11,866

Short term deposits represent cash deposit with financial institutions maturing within one year.

10. Other receivables

	2017	2016
	Rs'000	Rs'000
Dividend receivable	**2,948**	1,717
Prepayment	**39**	258
Amount receivable from related party	**-**	1,018
Total	**2,987**	2,993

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

Notes to the financial statements

For the year ended 30 June 2017

11. Stated capital

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

	2017 Rs'000	2016 Rs'000
Authorised		
120,000,000 redeemables shares of Rs 10 par value	**1,200,000**	1,200,000

	2017	2016
Issue and fully paid (Number of shares in thousands)		
At 01 July	**50,778**	54,270
Issue of shares	**366**	11,387
Redemption of shares	**(564)**	(14,879)
At 30 June	**50,580**	50,778

12. Other payables

	2017 Rs'000	2016 Rs'000
Amount due to related party	**3,334**	3,144
Other payables	**1,239**	642
Total	**4,573**	3,786

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

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

13. Taxation

13.1 Income tax expense

The Company is liable to income tax at the rate of 15% (2016: 15%) and at 30 June 2017 it had an income tax liability of Rs 33,490 (2016: income tax asset of Rs 139,342). The income tax liability is calculated according to the tax rate and tax laws applicable to the fiscal period to which it relates, based on the taxable profit for the year.

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

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

Notes to the financial statements

For the year ended 30 June 2017

13. Taxation (Contd)

13.1 Income tax expense (Contd)

(a) Statement of financial position

	2017 Rs'000	2016 Rs'000
At 01 July	**(140)**	171
Tax liability for the year	**139**	141
Tax paid	**-**	(131)
CSR	**-**	61
Tax refund	**140**	-
Tax paid under APS	**(106)**	(342)
Over provision for prior year	**-**	(40)
Current tax liability/(asset)	**33**	(140)

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

	2017 Rs'000	2016 Rs'000
Income tax on adjusted profit	**139**	141
CSR	**-**	61
Over provision for prior year	**-**	(40)
Tax expense	**139**	162

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

	2017 Rs'000	2016 Rs'000
Profit/(loss) before tax	**98,797**	(5,131)
Tax at 15%	**14,820**	(770)
Exempt income	**(17,318)**	(12,142)
Non-allowable expenses	**2,637**	13,053
CSR	**-**	(40)
Over provision for prior year	**-**	61
Tax expense	**139**	162

14. Investment income

	2017 Rs'000	2016 Rs'000
Dividend income	**40,586**	40,392
Interest income	**792**	827
Foreign exchange loss	**(88)**	(1,512)
Total	**41,290**	39,707

Notes to the financial statements

For the year ended 30 June 2017

15. Net increase/(decrease) in fair value of financial assets through profit or loss

	2017	2016
	Rs'000	Rs'000
Domestic securities (Note 7(a))	**65,469**	(65,884)

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

16. Management fees

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

	2017	2016
Annual Fund Return		
Up to 27%	**0.09%**	0.90%
27% - 35%	**1.00%**	1.00%
Above 35%	**1.25%**	1.25%

17. Registry costs

Registry costs are payable to Prime Partners Ltd on a quarterly basis. For the year ended 30 June 2017, Rs 186,875 was accrued per quarter.

18. Profit before tax

	2017	2016
	Rs'000	Rs'000
The above is stated after (charging)/ crediting:		
Net increase/(decrease) in fair value through profit or loss financial assets	**65,469**	(65,884)
Dividend income		
- Listed (local)	**20,033**	19,248
- Foreign	**716**	2,563
- Unquoted	**19,837**	18,581
Interest income	**792**	827
Foreign exchange loss	**(88)**	(1,512)
Major components of expenditure:		
Directors' fee	**(974)**	(968)
Management fees	**(12,878)**	(13,236)
Registry cost	**(934)**	(748)
Custodian and brokerage fees	**(1,326)**	(1,969)

Notes to the financial statements
For the year ended 30 June 2017

19. Dividends

The Board of Directors has declared a dividend of Rs 35,338,206 representing Rs 0.70 per share on 19 June 2017 (2016: Rs 30,445,489, representing Rs 0.60 per share).

Dividend of Rs 3,365,713 (2016: Rs 3,629,945) declared in prior year has not been claimed by shareholders. These dividends have been reclassified under current liabilities.

20. Notes to the statement of cash flows

(a) Cash used in operations

	2017 Rs'000	2016 Rs'000
Net profit/(loss) before tax	**98,797**	(5,131)
Adjustments for:		
Dividend income	**(40,586)**	(40,392)
Interest income	**(792)**	(827)
Impairment of available-for-sale	**-**	3,302
Net increases/(decrease) in fair value of financial assets at fair value through profit or loss	**(65,469)**	65,884
Release to income on disposal of available-for-sale securities	**(321)**	(42,020)
Profit on disposal of investments	**(9,787)**	(1,097)
Total adjustments	**(116,955)**	(15,150)
Net changes in working capital:		
Increase in trade and other receivables	**(3,005)**	(1,098)
Increase/(decrease) in trade and other payables	**787**	(1,042)
Total changes in working capital	**(2,218)**	(2,140)
Tax paid	**(106)**	(472)
Tax refund	**140**	-
Net cash used in operating activities	**(20,342)**	(22,893)

(b) Cash and cash equivalents

	2017 Rs'000	2016 Rs'000
Cash at bank	**4,550**	5,330
Bank overdraft	**(3,460)**	(6,667)
Short term bank deposits	**9,930**	11,866
Total	**11,020**	10,529

Notes to the financial statements

For the year ended 30 June 2017

21. Net asset value per share

	2017 Rs'000	2016 Rs'000
Net asset value	**1,511,605**	1,372,335
Number of redeemable shares in issue (Note 11)	**50,580**	50,778
Net asset value per share	**29.89**	27.03

22. Related party transactions

For the year ended 30 June 2017, the Company entered into the following transactions with related parties:

	2017 Rs'000	2016 Rs'000
Transactions with common shareholders		
Management fee expenses – Capital Asset Management Ltd	**12,878**	13,236
Transactions with secretary		
Registry costs – Prime Partners Ltd	**934**	748
Brokerage fees – Prime Partners Ltd	**94**	734
Secretarial fees – Prime Partners Ltd	**120**	147
Key management personnel		
Short term benefits	**745**	968
Balances		
Amount payable to related party – Capital Asset Management Ltd	**(3,334)**	(3,144)
Key management personel – Director fees payables	**(14)**	-
Amount receivable from related party – Prime Partners Ltd	**-**	1,018

The terms and conditions are as shown in Notes 10 and 12 to the financial statements.

23. Events after the reporting date

There were no subsequent events after the reporting date.

PLF

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