National Investment Trust

Annual Report 2010

NIT
National Investment Trust

Dear Shareholder,

The National Investment Trust Ltd is pleased to present its Annual Report for the year ended 30th June 2010.

Yours faithfully,

Gaetan Wong To Wing
Chief Executive Officer

Corporate Information

CHAIRMAN
Raj Ringadoo

DIRECTORS
Mazahir Adamjee
Chaya Dawonauth
André José Poncini, G.O.S.K.
Jayavadee Sooben

CHIEF EXECUTIVE OFFICER
Gaetan Wong To Wing

AUDITORS
Deloitte
(Chartered Accountants)

BANKERS
The Hong Kong and Shanghai Banking Corporation Ltd
The Mauritius Commercial Bank Ltd
State Bank of Mauritius Ltd
Barclays Bank PLC

REGISTER AND TRANSFER OFFICE
Level 8, Newton Tower
Sir William Newton Street
Port Louis

REGISTERED OFFICE
Level 8, Newton Tower
Sir William Newton Street
Port Louis

BRN C10011104

Notice of Meeting

Notice is hereby given that the Annual General Meeting of National Investment Trust Ltd will be held at 10.00 a.m. on Saturday 18th December 2010 at Centre Social Marie Reine de la Paix, Port Louis to transact the following business.

1. To approve the Minutes of Proceedings of the previous meeting of shareholders.

2. To receive and adopt the financial statements to June 2010 and the report of the Directors and Auditors thereon.

3. To ratify the dividend declared by the Board of Directors and paid to all shareholders registered at the close of business on 29th October 2010.

4. To elect the existing Directors in accordance with the provisions of the Articles of Association and the Companies Act 2001.

5. To reappoint Messrs Deloitte as Auditors for the current year and to authorize the Board of Directors to fix their remuneration.

6. To transact such other business, if any, as may be transacted at an Annual General Meeting.

By order of the Board

25 November 2010

Notes:

1. *A member of the Company entitled to attend and vote at this meeting may appoint a proxy (whether a member or not) to attend and vote on his behalf. The appointment of a proxy must be made in writing on a proxy form and deposited at the Registered Office of the Company, Level 8 Newton Tower, Sir William Newton Street, Port Louis not less than twenty-four hours before the meeting.*

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National Investment Trust Ltd Annual Report 2010

Directors' Report

The Directors have pleasure in submitting their Annual Report with the Audited Accounts of the Company for the year ended 30 June 2010.

Principal Activities

The principal activities of the Company and its Unit Trusts during the year have remained unchanged.

Entities	Status	Activities	Investment Holding
NIT Ltd	Company listed on SEM	Fund Management & Investment Company	Unquoted local shares
NIT LEF	Open-ended Fund	Investment Trust	Local quoted shares
NIT GOF	Open-ended Fund	Investment Trust	Foreign investments

Review of Business

The review of the Company's activities and performance is set out in the Chairman's Statement on page 8.

Results and Dividends

The Income and Expenditure Account of the Company for the year to 30 June 2010 is set out on page 11 of this report.

For the financial year under review, the Company's profit after taxation amounted to Rs 4.9m (2009-Rs 16m). In that respect, the Directors have declared a dividend of Re 0.75 per share (2009 – Rs 1 per share).

Substancial Shareholders at 31 October 2010

The following shareholders held more than 5% of the share capital of the Company:

Name of Company	Class of shares	Proportion held
National Pension Fund	Ordinary	22.3%
Pershing LLC	Ordinary	11.71%
Government of Mauritius (ex Consolidated Sinking Fund)	Ordinary	10.7%

Shareholders breakdown

No of Shares	No of shareholders
1-500	6406
501-1000	484
1001-5000	564
5001-10000	72
10001-50000	76
50001-100000	13
100001-250000	4
250001-500000	4
500000-1000000	1
over 1000000	3

Directors' Interests

(a) *Interests' in shares*

The interests of the directors in the shares of the Company as at October 31, 2010 are as follows:

	Ordinary shares
Mr Mazahir Adamjee	Nil
Mr André José Poncini, G.O.S.K.	22,500
Mr Raj Ringadoo	Nil
Mrs Chaya Dawonauth	Nil
Mr Imrith Ramtohul (resigned on 31.12.2009)	174
Mrs Jayavadee Sooben	Nil

(b) *Directors' Remuneration*

The Directors received Rs 165,000 as remuneration from the Company in respect of the financial year ended 30 June 2010.

(c) *Contracts of significance* (transaction > 5% of share capital and reserves)

There were no significant contracts or transactions during the year involving the Company and the directors or their related parties outside the ordinary course of business.

(d) *Directors Service Contracts*

There are no service contracts between the Company and the directors.

Auditors

Messrs Deloitte have expressed their willingness to continue to act as auditors of the company.

Corporate Governance

The Company has carried its business and activities in a manner which is in line with the best corporate practices as regard to the decision making process, procedures at Board level and management issues.

Directors

The Directors who served during the year are given below:

Chairman
Raj Ringadoo

Directors
Mazahir Adamjee
Chaya Dawonauth
André José Poncini, G.O.S.K.
Imrith Ramtohul (resigned on 31.12.2009)
Jayavadee Sooben

Chairman's Statement

I am pleased to present the seventeenth report of the Company together with the audited financial statements for the year ended 30 June 2010.

Performance Review

Net Asset Value

For the financial year under review, the Company's Net Asset Value has increased by 48.1% to reach Rs 63.97 on a per share basis as the value of our unquoted investments rose by about Rs 293.4m. Such an increase is primarily due to the higher rating of most comparable listed companies as at 30 June 2010.

Income

On the income side, Net Profit after tax stood at Rs 4.9m compared to Rs 16m at a similar date last year as, as no dividend has been received on our holding in State Investment Corporation Ltd and, on the back of higher finance costs and depreciation charges following the acquisition of new office premises last year.

Overview of the performance of our Unit Trusts

NIT Local Equity Fund

The Fund registered an appreciation of 12.5% for the year as the value of funds under management reached Rs 587.9m. Such a performance compares favourably to the blue-chip heavy SEM-7 which gained only 4% but, falls short of the 20.71% registered by the overall market index, the Semtri.

NIT Global Opportunities Fund

The Fund registered an increase of 9.5% for the year under review to reach Rs368.6m. In USD terms, with the MSCI World All Countries Gross Index up 12.3%, the Fund posted an increase of about 9.8%.

Prospects

Our performance is closely linked to the evolution of stock markets both locally and worldwide as, not only does a significant part of our income depends on the performance of the two Funds under management but also, the valuation of our unquoted assets takes into account the market ratios of comparable listed companies.

Local Market

On the domestic front, since balance sheet date, the market has been moving north with the Semdex gaining 12.6%, on the back of strong local and foreign interests. In fact, a combination of factors namely, improved expectations in the banking and tourism sectors, the healthy state of most companies in terms of debt and profitability, the high asset backing of sugar counters, and the low interest rate environment, seems to have favoured equity investment. Based on existing fundamentals with a market P.E of 12.6X and dividend yield of 2.7%, local stocks do still offer some interesting trading opportunities.

Global Markets

Following the phasing out of the policy stimulus used to stave off the global depression, a string of poor economic releases has shredded hopes of a rapid V shaped recovery to give way to a more subdued picture as weaker-than-expected upturns and deleveraging in the U.S. and the EU take their toll on the global economy. It is true that there seems to be an economic delineation between overleveraged developed economies and, emerging ones, particularly in Asia, where stronger underlying fundamentals exist. However, with financial and to a lesser extent, trade integration between developed and emerging markets still very strong, talks of decoupling are clearly premature. In fact, should the slowdown experienced in the U.S. and the E.U. be more pronounced than expected, the blow to emerging market growth will not be entirely shield away.

Against such a background, our current stance remains one of caution. Although the immediate outlook for share prices is not certain, we believe that global equity markets continue to represent potentially good value over a longer-term time horizon. In fact, in terms of our outlook, looking out 18 months, 24 months, we believe that differentiation among asset classes, regions and countries will be key thereby vindicating a dynamic approach to portfolio management.

Chairman
29 October 2010

Independent auditor's report to the shareholders of the National Investment Trust Ltd

This report is made solely to the company's shareholders, 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 shareholders those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

Report on the Financial Statements

We have audited the financial statements of National Investment Trust Ltd on pages 10 to 29 which comprise the statement of financial position as at 30 June 2010 and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended and a summary of significant accounting policies and other explanatory notes.

Directors' responsibilities for the financial statements

The directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and in compliance with the requirements of the Mauritius Companies Act 2001 and Financial Reporting Act 2004. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

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

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

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

Opinion

In our opinion, the financial statements on pages 10 to 29 give a true and fair view of the financial position of the company as at 30 June 2010, and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and comply with the requirements of the Mauritius Companies Act 2001 and Financial Reporting Act 2004.

Report on other legal requirements

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

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

Deloitte
Chartered Accountants
7th Floor, Raffles Tower
19, Cybercity, Ebène

Statement of Financial Position at 30 June 2010

	Notes		2010 Rs	2009 Rs
ASSETS				
NON-CURRENT ASSETS				
Property and equipment	5		48,244,125	35,486,527
Portfolio of Domestic Securities	6		776,082,100	482,730,000
Intangible assets	7		82,913	204,126
			824,409,138	**518,420,653**
CURRENT ASSETS				
Fixed income securities	16		-	25,000,000
Accounts receivable	8		68,415,429	62,208,510
Cash at bank			15,313,028	20,844,523
			83,728,457	**108,053,033**
TOTAL ASSETS		Rs	**908,137,595**	**626,473,686**
EQUITY AND LIABILITIES				
CAPITAL AND RESERVES				
Stated capital	10		156,718,346	156,718,346
Capital redemption reserve			319,722,000	319,722,000
Deficit on realisation of investments			(377,393,998)	(377,393,998)
Fair value reserve			684,882,100	391,530,000
Retained earnings			92,601,721	101,405,317
TOTAL EQUITY			**876,530,169**	**591,981,665**
NON CURRENT LIABILITIES				
Bank Loan	17		22,500,000	26,250,000
Retirement benefit obligations	12		850,000	-
Deferred tax liability	11		662,737	308,756
CURRENT LIABILITIES				
Accounts payable	9		3,554,241	3,128,982
Bank Loan	17		3,750,000	3,750,000
Taxation	11		290,448	1,054,283
TOTAL LIABILITIES			**31,607,426**	**34,492,021**
TOTAL EQUITY AND LIABILITIES		Rs	**908,137,595**	**626,473,686**

Approved by the Board of Directors and authorised for issue on 12 October 2010.

Raj Ringadoo)
Chaya Dawonauth) Directors

Statement of Comprehensive Income
for the year ended 30 June 2010

	Notes		2010 Rs	2009 Rs
INCOME			**23,314,229**	**29,361,829**
Surplus/(deficit) on portfolio of investments			293,352,100	(65,526,649)
			316,666,329	**(36,164,820)**
ADMINISTRATIVE EXPENSES			**(15,193,661)**	**(11,810,406)**
PROFIT /(LOSS) BEFORE FINANCE COST			**301,472,668**	**(47,975,226)**
Finance cost	18		(2,562,444)	-
PROFIT/ (LOSS) BEFORE TAXATION	14		**298,910,224**	**(47,975,226)**
TAXATION	11		(659,220)	(1,594,266)
PROFIT/ (LOSS) FOR THE YEAR			**298,251,004**	**(49,569,492)**
Other comprehensive income			-	-
TOTAL COMPREHENSIVE PROFIT / (LOSS) FOR THE YEAR			**298,251,004**	**(49,569,492)**
MOVEMENT IN PORTFOLIO OF INVESTMENTS TRANSFERRED TO:				
- Deficit on realisation of investments			-	66,649
- Fair value reserve			(293,352,100)	65,460,000
			(293,352,100)	**65,526,649**
NET DISTRIBUTABLE PROFIT FOR THE YEAR			**4,898,904**	**15,957,157**
EARNINGS/(LOSS) PER SHARE BEFORE MOVEMENT ON PORTFOLIO OF INVESTMENTS (i.e. BASED ON INCOME (LOSS)/ FOR THE YEAR):	9(a)	Rs	**21.77**	**(3.62)**
EARNINGS PER SHARE AFTER MOVEMENT ON PORTFOLIO OF INVESTMENTS (i.e. BASED ON DISTRIBUTABLE INCOME FOR THE YEAR):	9(b)	Rs	**0.36**	**1.16**

Statement of Changes in Equity for the year ended 30 June 2010

	Note	Share capital	Share premium	Redemption reserve	Surplus/ (deficit) on realisation of investments	Fair value reserve	Retained earnings	Total
		Rs	Rs	Rs	Rs	Rs	Rs	Rs
Balance at 1 July 2008	Rs	**137,025,000**	**19,693,346**	**319,722,000**	**(377,327,349)**	**456,990,000**	**99,150,360**	**655,253,357**
Loss for the year		-	-	-	-	-	(49,569,492)	(49,569,492)
Other comprehensive income		-	-	-	-	-	-	-
Total comprehensive loss for the year		-	-	-	-	-	(49,569,492)	(49,569,492)
Transfers:					(66,649)	(65,460,000)	65,526,649	-
Deficit on realisation of investments transferred		-	-	-	(66,649)	-	66,649	-
Deficit on revaluation of investment transferred to fair value reserve		-	-	-	-	(65,460,000)	65,460,000	-
Dividend	15	-	-	-	-	-	(13,702,200)	(13,702,200)
Balance at 30 June 2009	Rs	**137,025,000**	**19,693,346**	**319,722,000**	**(377,393,998)**	**391,530,000**	**101,405,317**	**591,981,665**
Balance at 1 July 2009		**137,025,000**	**19,693,346**	**319,722,000**	**(377,393,998)**	**391,530,000**	**101,405,317**	**591,981,665**
Profit for the year		-	-	-	-	-	298,251,004	298,251,004
Other comprehensive income		-	-	-	-	-	-	-
Total comprehensive profit for the year		-	-	-	-	-	298,251,004	298,251,004
Transfers:		-	-	-	-	293,352,100	(293,352,100)	-
Surplus on revaluation of investments transferred to fair value reserve		-	-	-	-	293,352,100	(293,352,100)	-
Dividend	15	-	-	-	-	-	(13,702,500)	(13,702,500)
Balance at 30 June 2010	Rs	**137,025,000**	**19,693,346**	**319,722,000**	**(377,393,998)**	**684,882,100**	**92,601,721**	**876,530,169**

Statement of Cash Flows for the year ended 30 June 2010

		2010 Rs	2009 Rs
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit/(loss)before taxation		**298,910,224**	**(47,975,226)**
Adjustments for:			
(Surplus)/ deficit on portfolio of investments		(293,352,100)	65.526,649
Depreciation of property and equipment		2,043,495	285,364
Amortisation of intangible assets		362,815	111,688
Retirement benefit obligation		850,000	-
Interest payable		2,562,444	-
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES		**11,376,878**	**17,948,475**
Movement in Working Capital			
(Increase)/decrease in accounts receivable		(6,206,919)	42,110,114
Increase/(decrease) in accounts payable		425,259	(1,356,416)
		(5,781,660)	**40,753,698**
NET CASH GENERATED FROM OPERATIONS		**5,595,218**	**58,702,173**
Interest paid		(2,562,444)	-
Taxation		(1,069,074)	(812,874)
NET CASH GENERATED FROM OPERATING ACTIVITIES		**1,963,700**	**57,889,299**
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of intangible assets		(241,602)	(18,000)
Purchase of property and equipment		(14,801,093)	(35,218,995)
Fixed income securities encashed		25,000,000	-
NET CASH USED IN INVESTING ACTIVITIES		**9,957,305**	**(35,236,995)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paid		(13,702,500)	(13,702,200)
Loan repaid		(3,750,000)	-
Loan received		-	30,000,000
NET CASH (USED IN) /GENERATED FROM FINANCING ACTIVITIES		**(17,452,500)**	**16,297,800**
NET (DECREASE)/ INCREASE IN CASH AND CASH EQUIVALENTS		**(5,531,495)**	**38,950,104**
CASH AND CASH EQUIVALENTS AT 1 JULY		**20,844,523**	**(18,105,581)**
CASH AND CASH EQUIVALENTS AT 30 JUNE	Rs	**15,313,028**	**20,844,523**
Represented by:			
Cash at bank	Rs	**15,313,028**	**20,844,523**

Notes to the Financial Statements

for the year ended 30 June 2010

1. **LEGAL FORM AND ACTIVITIES**

The company was incorporated on 18 March 1993 as a public company. It has taken over with effect from 1 July 2001 the management of NMF General Fund and NMF Property Trust under subcontract from National Mutual Fund. The subcontract was terminated in December 2009 following the change in ownership of National Mutual Fund.

Following the restructuring of the company in January 2008, the company acts as a management company which also holds securities.The company was appointed as the manager of NIT Local Equity Fund and NIT Global Opportunities Fund as established by a Trust Deed dated 19th and 20th October 2007.

2. **ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)**

In the current year, the company has adopted all of the new and revised Standards and Interpretations issued by the International Accounting Standards Board ("IASB") and the International Financial Reporting Interpretations Committee ("IFRIC") of the IASB that are relevant to its operations and effective for accounting periods beginning on 1 July 2009.

2.1 **Standards and Interpretations affecting Presentation and Disclosure reported in the current year**

The following new and revised Standards and Interpretations have been adopted in the current year and have affected the presentation and disclosures of these financial statements. Details of other Standards and Interpretations adopted in these financial statements but have had no impact on the amounts reported are set out in section 2.2.

Standard affecting presentation and disclosure

IAS 1 (as revised In 2007) Presentation of Financial Statements	IAS 1 (2007) has introduced terminology changes (including revised titles for the financial statements) and changes in the format and content of the financial statements.
Improving Disclosures about Financial Instruments (Amendments to IFRS 7 Financial Instruments: Disclosures)	The amendments to IFRS 7 expand the disclosures required in respect of fair value measurements and liquidity risk. The company has elected not to provide comparative information for these expanded disclosures in the current year in accordance with the transitional reliefs offered in these amendments.

Standards and Interpretations affecting the reported results or financial position

The adoption of the Standards and Interpretations has not affected the reported results or the financial position of the company.

2.2 **Standards and Interpretations adopted with no effect on financial statements**

The following relevant new and revised Standards and Interpretations have also been adopted in these financial statements. Their adoption has not had any significant impact on the amounts reported in these financial statements but may impact the accounting for future transactions or arrangements.

IAS 1 Presentation of Financial Statements - Amendments relating to disclosure of puttable instruments and obligations arising on liquidation

IAS 16 Property, Plant and Equipment - Amendments resulting from May 2008 Annual Improvements to IFRSs

IAS 19 Employee Benefits - Amendments resulting from May 2008 Annual Improvements to IFRSs

IAS 32 Financial Instruments: Presentation - Amendments relating to puttable instruments and obligations arising on liquidation

IAS 36 Impairment of Assets - Amendments resulting from May 2008 Annual Improvements to IFRSs

IAS 38 Intangible Assets - Amendments resulting from May 2008 Annual Improvements to IFRSs

IAS 38 Intangible Assets - Amendments resulting from April 2009 Annual Improvements to IFRSs

IAS 39 Financial Instruments: Recognition and Measurement - Amendments for eligible hedged items

IAS 39 Financial Instruments: Recognition and Measurement - Amendments resulting from May 2008 Annual Improvements to IFRSs

2.3 **Standards and Interpretations in issue not yet adopted**

At the date of authorisation of these financial statements, the following relevant Standards and Interpretations were in issue but effective on annual periods beginning on or after the respective dates as indicated:

IAS 1 Presentation of Financial Statements - Amendments resulting from April 2009 Annual Improvements to IFRSs (effective 1 January 2010)

IAS 1 Presentation of Financial Statements - Amendments resulting from May 2010 Annual Improvements to IFRSs (effective 1 January 2011)

IAS 7 Statement of Cash Flows - Amendments resulting from April 2009 Annual Improvements to IFRSs (effective 1 January 2010)

IAS 24 Related Party Disclosures - Revised definition of related parties (effective 1 January 2011)

IAS 32 Financial Instruments: Presentation - Amendments relating to classification of rights issues (effective 1 February 2010)

IAS 36 Impairment of Assets - Amendments resulting from April 2009 Annual Improvements to IFRSs (effective 1 January 2010)

IAS 39 Financial Instruments: Recognition and Measurement - Amendments resulting from April 2009 Annual Improvements to IFRSs (effective 1 January 2010)

IFRS 7 Financial Instruments: Disclosures- Amendments resulting from May 2010 Annual Improvements to IFRSs (effective 1 January 2011)

IFRS 9 Financial Instruments - Classification and measurement (effective 1 January 2013)

IFRIC 14 IAS 19

The limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction (November 2009 amendment with respect to voluntary prepaid contributions effective 1 January 2011)

The directors anticipate that these amendments will be adopted in the financial statements for the annual periods beginning on the respective date as indicated above. The directors have not yet had an opportunity to consider the potential impact of the adoption of these amendments.

3. SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted by the company are as follows:

(a) **Basis of preparation**

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

(b) **Property and equipment**

Property and equipment are stated at cost less accumulated depreciation and impairment losses.
Profit or loss arising on disposal of property and equipment is determined by the difference between the carrying value of the assets at the time of disposal and its net disposal proceeds.

Depreciation

Depreciation of property and equipment is calculated so as to write off the cost of these assets in use on a straight line basis over their expected useful lives. Depreciation on newly acquired property and equipment is calculated pro rata from date of acquisition. The annual depreciation rates used for the purpose are as follows:

Buildings	- 5%
Computer hardware	- 20%
Office equipment	- 10%
Motor vehicles	- 20%

(c) **Deferred taxation**

Deferred taxation is provided on the comprehensive basis using the liability method.

Deferred tax liabilities are recognised on all temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes.

Deferred tax assets are recognised for all deductible temporary differences to the extent that it is possible that taxable profit will be available against which the deductible temporary differences can be utilised.

(d) **Investment valuation**

Fair value is determined as follows:

The Company classifies its investments as fair value through profit or loss (“FVTPL”). Purchases and sales of investments are recognised on the trade-date basis – the date on which the Company commits to purchase or sell the asset. Investments are initially recognised at fair value for all financial assets. Investments are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the company has transferred substantially all risks and rewards of ownership.

Unrealised gains or losses arising from changes in fair value of FVTPL assets are included in the statement of comprehensive income and subsequently transferred to fair value reserve, as the gains/losses are not distributable.

The gains and losses on disposal of FVTPL assets are recognised in the statement of comprehensive income. Realised gains or losses on disposal of DEM and overseas investment are subsequently transferred to surplus on realisation of investments. Unrealised gains and losses on those investments are subsequently transferred from fair value reserve to surplus on realisation of investments upon disposal of the investments.

Management determines the appropriate classification of the investments and re-evaluates such classification on a regular basis.

(i) *Unquoted Investments*

Unquoted investments are valued by the Directors based on the average weighted earnings per share of the companies concerned over the last three years and the average price earnings ratios of comparable companies quoted on the stock market, after applying a discounting factor of 20% for their restricted marketability.

(e) **Investment Income**

(i) Dividends from investments are accounted for when the company's right to receive payment is established.

(ii) *Fixed interest investments*

Interest receivable from bank and short term deposits and fixed interest stocks debentures and Treasury Bills are accrued for on a daily basis using the effective interest method.

(f) **Foreign currency transactions**

Monetary assets and liabilities in foreign currencies outstanding at year end are translated into rupee at rates of exchange ruling at the end of the reporting period. Revenue items denominated in foreign currencies are converted into rupee at the exchange rates ruling at the date of transactions. Foreign exchange gains or losses are recognised in the statement of comprehensive income.

(g) **Cash and cash equivalents**

Cash comprises cash at bank and in hand and demand deposits. Cash equivalents are short-term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk to change in value.

(h) **Retirement benefit obligations**

The present value of unfunded obligations in respect of The Employment Rights Act 2008 gratuities is recognised in the statement of financial position as a non-current liability.

(i) **Intangible assets**

The intangible assets relate to computer software.The computer software is measured initially at cost and is amortised on a straight-line basis over three years.

(j) **Financial instruments**

Financial assets and liabilities are recognised on the statement of financial position when the company has become party to the contractual provisions of the financial instruments.
The carrying amounts of the company's financial instruments approximate their fair values due to the short-term nature of the balances involved. These instruments are measured as follows:

(i) *Investments*

Investments in equity securities are stated at fair value. The accounting policy for investment securities is disclosed in note 3(d).

(ii) *Investment in Treasury Bills*

Treasury Bills are accounted for under the effective interest method.

(iii) *Accounts receivables*

Accounts receivables originated by the company are stated at amortised cost. An allowance for doubtful debts is made based on a review of all outstanding amounts at end of reporting period. Bad debts are written off during the period in which they are identified.

(iv) *Cash and cash equivalents*

Cash and cash equivalents are measured at fair value, based on the relevant exchange rates at balance sheet date.

(v) *Accounts payables*

Accounts payables are stated at their amortised cost.

(vi) *Fixed income securities*

Fixed income securities are measured at amortised cost.

(vii) *Bank looans*

Bank loans are stated at their amortised cost.

(k) **Impairment**

At the end of each reporting period, the company reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered any impairment loss. If any such indication exists, the recoverable amount of the asset is established in order to determine the extent of the impairment loss, if any, and the carrying amount of the asset is reduced to its recoverable amount and an impairment loss is immediately recognised in the statement of comprehensive income.

(l) **Provisions**

A provision is recognised when and only when there is a present obligation (legal or constructive) as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at each year end and adjusted to reflect the current best estimate.

(m) **Related parties**

Related parties are individuals and companies where the individual or company has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions.

4. ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The preparation of financial statements in accordance with IFRS requires the directors and management to exercise judgement in the process of applying the accounting policies. It also requires the use of accounting estimates and assumptions that may affect the reported amounts and disclosures in the financial statements. Judgements and estimates are continuously evaluated and are based on historical experience and other factors, including expectations and assumptions concerning future events that are believed to be reasonable under the circumstances. The actual results could, by definition therefore, often differ from the related accounting estimates.

Where applicable, the notes to the financial statements set out areas where management has applied a higher degree of judgement that have a significant effect on the amounts recognised in the financial statements, or estimations and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Unquoted investments

The company may, from time to time, hold investments that are not quoted on active markets. Fair values of such investments are determined by the directors on the basis of accounting policy 3(d) (i). Changes in assumptions about these factors could affect the reported fair value of the financial instruments.

5. PROPERTY AND EQUIPMENT

		Buildings Rs	Computer hardware Rs	Office equipment Rs	Motor vehicles Rs	Total Rs
COST						
At 01 July 2008		-	825,438	323,733	1,491,595	2,640,766
Additions		35,200,915	18,080	-	-	35,218,995
At 30 June 2009	Rs	35,200,915	843,518	323,733	1,491,595	37,859,761
At 01 July 2009		35,200,915	843,518	323,733	1,491,595	37,859,761
Additions		5,949,823	1,767,497	7,083,773	-	14,801,093
At 30 June 2010	Rs	**41,150,738**	**2,611,015**	**7,407,506**	**1,491,595**	**52,660,854**
DEPRECIATION						
At 01 July 2008		-	647,569	130,387	1,309,914	2,087,870
Charge for the year		-	71,310	32,374	181,680	285,364
At 30 June 2009	Rs	-	718,879	162,761	1,491,594	2,373,234
At 01 July 2009		-	718,879	162,761	1,491,594	2,373,234
Charge for the year		874,068	264,480	904,947	-	2,043,495
At 30 June 2010	Rs	**874,068**	**983,359**	**1,067,708**	**1,491,594**	**4,416,729**
NET BOOK VALUE						
At 30 June 2010	Rs	**40,276,670**	**1,627,656**	**6,339,798**	**1**	**48,244,125**
At 30 June 2009	Rs	35,200,915	124,639	160,972	1	35,486,527

Property and equipment of the company have been pledged to secure banking facilities for the company.

6. PORTFOLIO OF DOMESTIC SECURITIES - UNQUOTED

Fair value through profit or loss

At fair value		**UNQUOTED 2010** Rs	**2009** Rs
At 1 July		482,730,000	548,190,000
Movement in fair value		293,352,100	(65,460,000)
At 30 June	Rs	**776,082,100**	**482,730,000**

The investments were revalued as per note 3 (d).

6.1 PORTFOLIO OF DOMESTIC SECURITIES

	SHARE HOLDINGS 2010 Rs	**SHARE HOLDINGS 2009** Rs	**MARKET VALUE 2010** Rs
State Investment Corporation Ltd	1,500,000	1,500,000	471,614,559
SICOM Ltd	30,000	30,000	302,667,541
Mauritius Shopping Paradise Ltd	18,000	18,000	1,800,000

6.2 SIGNIFICANT HOLDINGS

Details of investments in which the Company holds a 10% interest or more are set out below:

Name of Company	**Class of Shares**	**Proportion Held**
Mauritius Shopping Paradise Ltd	Ordinary	15.0%
SICOM Ltd	Ordinary	12.0%
State Investment Corporation Ltd	Ordinary	15.0%

7. INTANGIBLE ASSETS

Computer software		**2010** Rs	**2009** Rs
Cost			
At 1 July		1,209,660	1,191,660
Additions		241,602	18,000
At 30 June		1,451,262	1,209,660
Amortisation			
At 1 July		1,005,534	893,846
Charge for the year		362,815	111,688
At 30 June		1,368,349	1,005,534
Net book value			
At 30 June	Rs	**82,913**	**204,126**

8. ACCOUNTS RECEIVABLE

		2010 Rs	2009 Rs
Other receivables		-	11,305,730
Loan receivable from NIT Local Equity Fund		24,540,136	32,486,257
Accrued income		-	8,333,149
Prepayments		-	95,885
Deposits		3,949,652	-
Loan receivable from NIT Global Opportunites Fund		39,925,641	9,987,489
	Rs	**68,415,429**	**62,208,510**

Loans receivable from NIT Local Equity Fund and NIT Global Opportunities Fund carry interest of 5% (2009: 5.5%) and repayable at call.

9. ACCOUNTS PAYABLE

		2010 Rs	2009 Rs
Other payables		329,943	432,099
Accruals		240,110	142,695
Unclaimed dividends		2,984,188	2,554,188
	Rs	**3,554,241**	**3,128,982**

The company has financial risk management policies in place to ensure that all payables are paid within the timeframe.

10. STATED CAPITAL

Issued and Fully Paid	2010 & 2009 Rs
13,702,500 shares of Rs10 each	137,025,000
Share premium	19,693,346
	156,718,346

Ordinary shares are not redeemable, carry voting rights, entitlement to dividends or distributions and on winding up to any surplus on assets of the company.

11. TAXATION

(i) Income Tax

Income tax is calculated at the rate of 15% (2009: 15%) on the profit for the year as adjusted for income tax purposes.

	2010 Rs	2009 Rs
Provision for the year	305,239	1,054,283
Underprovision in previous year	-	297,505
Deferred tax expense	353,981	242,478
Tax expense as per statement of comprehensive income	**659,220**	**1,594,266**
Current tax liabilities	305,239	1,054,283
Less:Tax paid under APS	(717,646)	-
Tax paid in excess	(412,407)	1,054,283
Balance at 1 July	1,054,283	-
Tax paid during the year	(351,428)	-
Prior year tax liability	702,855	-
Taxation liability as per statement of financial position	**290,448**	**1,054,283**

(ii) Tax Reconciliation

	2010 %	2009 %
Applicable income tax rate	15.00	15.00
Tax effect of:		
- Non taxable income	(0.21)	2.91
- Expenses not deductible for tax purposes	0.14	(0.12)
Underprovision in taxation in previous year	-	(0.62)
Investment revaluation reserve	(14.70)	(20.49)
Effective tax rate	0.23	**(3.32)**

(iii) Deferred tax liability

		2010 Rs	2009 Rs
At 1 July		308,756	66,278
Deferred tax expense		353,981	242,478
At 30 June	Rs	**662,737**	**308,756**

Deferred tax liability arises from

		2010 Rs	2009 Rs
Accelerated capital allowances		662,737	308,756
	Rs	**662,737**	**308,756**

12. RETIREMENT BENEFIT OBLIGATION

A provision of Rs 850,000 (2009: Nil) was made by the company during the year based on past renumeration of employees in accordance with the Employment Rights Act prior to the setting up of the pension fund. The company has set up a defined contribution scheme to its employees as from September 2010.

13. **GLOBAL SERVICE CHARGE**

Pursuant to a resolution passed at the Board of Directors' meeting dated 28 June 2001, the management of National Mutual Fund Ltd (NMF) has been entrusted to the National Investment Trust Ltd (NIT) as from 1 July 2001. It has also been agreed between the two parties that NIT will take over all the operating expenses of NMF as from this date. These expenses have been reflected in the accounts as "Global Service Charge".The agreement dating back to 1 July 2001 wherein the management of National Mutual Fund Ltd (NMF) was entrusted to the National Investment Trust Ltd (NIT) was terminated on 31 December 2009 following a change in ownership of NMF.

The Company incurred total costs of Rs 2,086,737 for the half year period to 31 December 2009 and Rs 5,016,466 for the year ended 30 June 2009.

Against these costs, the company has in return received management fees of Rs 1,251,214 and Rs 2,570,436 respectively for the year ended 30 June 2010 and the year ended 30 June 2009.

14. **PROFIT BEFORE TAXATION**

This is arrived at after charging:

	Note	2010 Rs	2009 Rs
Salaries, allowances and pension fund contributions		5,451,483	3,049,018
Directors fees		165,000	160,000
Auditor's remuneration		143,750	28,750
Depreciation on property and equipment		2,043,495	285,364
Amortisation of intangible assets		362,815	111,688
Global Service Charge	13	2,086,737	5,016,466
Corporate Social Responsibility Fund		329,943	-

15. **DIVIDEND**

		2010 Rs	2009 Rs
Dividend of Re 1.00 (2009: Re 1.00) per share paid on 16 November 2009	Rs	13,702,500	13,702,200

16. **FIXED INCOME SECURITIES**

At cost		2010 Rs	2009 Rs
8.75% Barclays Bank Plc bonds maturing on 9 September 2009	Rs	-	25,000,000

17. **BANK LOAN**

	2010 Rs	2009 Rs
9.25% loan repayable by quarterly instalments		
Within 1 year	3,750,000	3,750,000
More than 1 year but less 5 years	22,500,000	26,250,000
	26,250,000	**30,000,000**

The loan is repayable in 32 consecutive quarterly instalments in the aggregate of Rs 937,500 each and is secured by fixed charge on commercial space and floating charge on assets.

18. FINANCE COSTS

		2010 Rs	2009 Rs
Interest on loan	Rs	2,562,444	-

19. EARNINGS/(LOSS) PER SHARE

(a) The calculation of earnings per share before movement on portfolio of investments is based on profit for the year of Rs 298,251,004 (2009: loss of Rs 49,569,492) and 13,702,500 ordinary shares in issue during the two years ended 30 June 2010.

(b) The calculation of earnings per share after movement on portfolio of investment is based on net distributable income for the year of Rs 4,898,904 (2009: Rs 15,957,157) and 13,702,500 ordinary shares in issue during the two years ended 30 June 2010.

20. FINANCIAL STATISTICS

	2010 Rs	2009 Rs	2008 Rs	2007 Rs	2006 Rs
Earnings per share	21.77	(3.62)	6.70	18.21	(0.71)
Dividend per share	1.00	1.00	0.60	0.50	0.95
Net Asset per share	63.97	43.20	47.82	47.85	30.23

21. RELATED PARTY TRANSACTIONS

The Company is making the following disclosures in respect of related party transactions:

		2010 Rs	2009 Rs
(i)	*Outstanding balances*		
	Receivables from related parties:		
	- National Mutual Fund	-	239,655
	- Loan receivable from NIT Local Equity Fund	24,540,136	32,486,257
	- Loan receivable from NIT Global Opportunities Fund	39,925,641	9,987,489
	Payables to related parties:		
	- National Mutual Fund	-	384,781
(ii)	*Management fees receivable*		
	- NMF Property Trust	-	388,471
	- NMF General Fund	1,251,214	2,181,965
	- NIT Local Equity Fund	6,444,886	5,514,288
	- NIT Global Opportunities Fund	3,947,788	3,627,880
(iii)	*Global service charge*		
	- National Mutual Fund Ltd	2,086,737	5,016,466

There was no compensation to key management personnel during the year. (2009: Nil)

22. FINANCIAL INSTRUMENTS

Capital risk management

The company manages its capital to ensure that it will be able to continue as a going concern. The capital structure of the company consists of loans, net of cash and cash equivalents and equity comprising issued capital, retained surplus, fair value reserve and surplus on realisation of investments.

Significant accounting policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in note 3 to the financial statements.

Fair values

The carrying amounts of financial assets and liabilities approximate to their fair values.

Categories of financial instruments

	2010 Rs	2009 Rs
Financial assets		
Investments at fair value though profit or loss (FVTPL)	776,082,100	482,730,000
Fixed income securities	-	25,000,000
Accounts receivable	68,415,429	62,112,625
Cash and cash equivalents	15,313,028	20,844,523
	859,810,557	**590,687,148**
Financial liabilities		
Accounts payable, amortised cost	3,554,241	3,128,982
Loan	26,250,000	30,000,000
	29,804,241	**33,128,982**

Prepayments amounting to Rs Nil (2009: Rs 95,885) have not been included in financial assets.

Financial risk management objectives

The company holds both domestic and overseas investments and manages the financial risks relating to its operations by monitoring the risks and implementing policies to mitigate these risk exposures. These risks include market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk.

Market risk

Market risk represents the potential loss that can be caused by a change in the market value of financial instruments. The company's exposure to market risk is determined by a number of factors, including interest rates, foreign currency exchange rates and market volatility.

Foreign currency risk management

The company undertakes certain transactions denominated in foreign currencies. Consequently, the company is exposed to the risk that the carrying amounts of assets and liabilities denominated in foreign currency may change due to fluctuations in foreign exchange rates.

The company's financial assets and liabilities are denominated in MUR and is thus not significantly exposed to currency risk.

Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the company. The company does not have significant concentration of credit risk

Interest rate risk management

The company is exposed to risks associated with the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows.

The interest rate profile of the company's financial assets and financial liabilities as at 30 June was:

		2010 % p.a	**2009** % p.a
Financial assets			
Cash at bank	- MRU	4.50	4.50
Loan receivable		5.00	5.50
Financial liabilities			
Loan		9.25	9.25

Interest rate sensitivity analysis

The sensitivity analysis below has been determined based on the company's exposure to interest rates on its financial assets and liabilities. A 100 basis points increase or decrease represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 100 basis points higher and all other variables were held constant, the company's results and equity would be affected as follows:

	2010 Rs	**2009** Rs
Decrease in Profit	534,042	1,048,282
Decrease in equity	534,042	1,048,282

Had the interest rates been 100 basis points lower and all other variables were held constant, there would be an equal and opposite impact on profit.

Equity price risks

The company is exposed to equity price risks arising from equity investments which the company held for trading purposes.

Equity price sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to equity price risks at the reporting date.

If equity prices had been 5% higher/lower:

Equity reserves would increase/decrease by Rs 38,804,105 (2009: Rs24,136,500) as a result of the changes in fair value of investments.

Liquidity risk management

The company manages its liquidity risk by maintaining adequate reserves and banking facilities, by continuously monitoring forecast and actual cash flows.

Maturity profile

2009	Weighted average effective interest rate % p.a	At call Rs	Less than 1 month Rs	1-3 months Rs	3 months to 1 year Rs	More than 1 year Rs	Total Rs
Financial assets							
Non interest bearing	-	-	-	-	-	482,730,000	482,730,000
Variable interest rate instruments	8	20,844,523	-	87,112,625	-	-	107,957,148
		20,844,523	**-**	**87,112,625**	**-**	**482,730,000**	**590,687,148**
Financial liabilities							
Variable interest rate instrument	21	-	-	3,128,982	-	-	3,128,982
Fixed interest rate instruments	9.25	-	-	-	3,750,000	26,250,000	30,000,000
	Rs	**-**	**-**	**3,128,982**	**3,750,000**	**26,250,000**	**33,128,982**

2010	Weighted average effective interest rate % p.a	At call Rs	Less than 1 month Rs	1-3 months Rs	3 months to 1 year Rs	More than 1 year Rs	Total Rs
Financial assets							
Non interest bearing	-	-	-	-	-	776,082,100	776,082,100
Variable interest rate instruments	5	15,313,028	-	68,415,429	-	-	83,728,457
		15,313,028	**-**	**68,415,429**	**-**	**776,082,100**	**859,810,557**
Financial liabilities							
Variable interest rate instrument	9.25	-	-	3,554,241	3,750,000	22,500,000	29,804,241
	Rs	**-**	**-**	**3,554,241**	**3,750,000**	**22,500,000**	**29,804,241**

Fair value measurements

Valuation techniques and assumptions applied for the purposes of measuring fair value

The fair values of unquoted financial assets are determined on the basis of accounting policy 3(d)(ii).

Fair value measurements recognised in the statement of financial position

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

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

30 June 2010

Financial assets designated at FVTPL	Level 1 Rs	Level 2 Rs	Level 3 Rs	Total Rs
Unquoted equities	-	-	776,082,100	776,082,100
Total	-	-	**776,082,100**	**776,082,100**

Reconciliation of level 3 fair value measurement of financial assets:

	2010 Rs
Opening balance	482,730,000
Total gains in statement of comprehensive income	293,352,100
Closing balance	**776,082,100**

APPENDIX

	2010 Rs	2009 Rs
INCOME		
Domestic dividend receivable	4,200,000	9,300,000
Domestic interest receivable	4,522,940	5,477,103
Management fees receivable	11,643,888	11,712,604
Exit fees receivable	2,939,209	2,788,663
Initial service charge	8,192	83,459
Surplus/(deficit) on portfolio of investments	293,352,100	(65,526,649)
	316,666,329	**(36,164,820)**
LESS: EXPENSES		
Global service charge	2,086,737	5,016,466
Salaries, allowances and pension fund contributions	5,451,483	3,049,018
Director fees	165,000	160,000
Printing, postage and stationery	355,497	461,076
Corporate information expenses	672,807	737,522
Audit fees	143,750	28,750
Professional fees	428,535	118,450
Listing fees	525,205	383,883
Secretarial fees	17,500	30,000
Company licence	-	9,000
General expenses	350,382	161,396
Bank charges	28,886	45,543
Overseas travelling	176,323	255,661
Reference books and subscriptions	65,129	15,696
Training costs and seminars	150,500	5,400
Telephone and fax	166,637	28,798
Repairs and maintenance	1,163	103,220
Motor vehicle running expenses	277,894	386,433
Interest on bank overdraft	798	417,042
Depreciation of property and equipment	2,043,495	285,364
Amortisation of intangible assets	362,815	111,688
Rent	433,533	-
Electricity	304,538	-
Office expenses	355,735	-
Insurance	299,376	-
Finance cost	2,562,444	-
Corporate social responsibility	329,943	-
	17,756,105	**11,810,406**
PROFIT/ (LOSS) BEFORE TAXATION	**298,910,224**	**(47,975,226)**
TAXATION	**(659,220)**	**(1,594,266)**
PROFIT/ (LOSS) FOR THE YEAR	**298,251,004**	**(49,569,492)**

NIT Local Equity Fund Annual Report 2010

NIT LEF Trust Constitution

The NIT LOCAL EQUITY FUND is constituted under the NIT UNIT TRUST which is authorized under the Unit Trust Act 1989 and established by a Trust Deed dated 19th & 26th October 2007 between the National Investment Trust Ltd ("The Manager") and the State Commercial Bank Ltd ("The Trustee").

NIT LEF Trust Objective

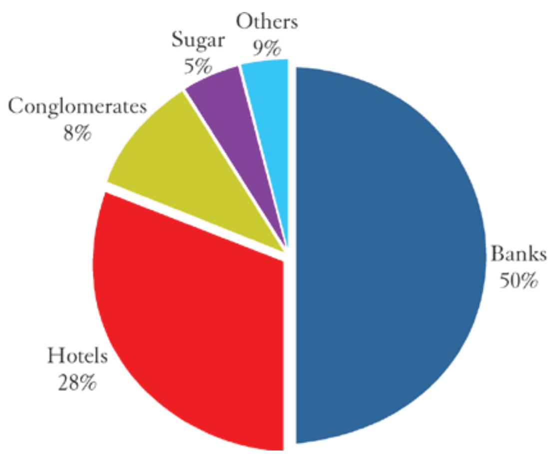
The investment objective of the NIT LOCAL EQUITY FUND is to produce both income and capital growth from a diversified portfolio of domestic securities. Investments are predominantly made in shares quoted on the local stock market.

Manager's Report

We are pleased to present a report of the NIT LOCAL EQUITY FUND for the period ended 30 June 2010.

Portfolio characteristics as at 30 june 2010

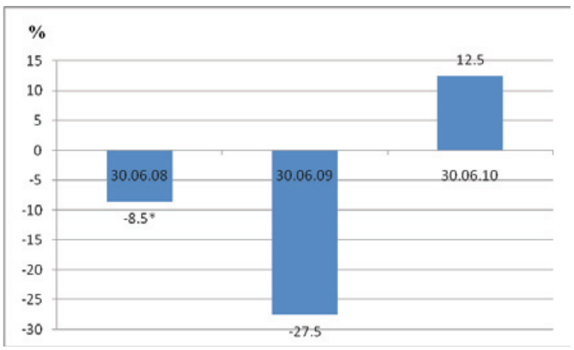
Sectoral Breakdown



Top 5 holdings

Company	Weight in Portfolio (%)	Weight in Semtri (%)	Over/(Under) (%)
MCB	26.0	23.6	2.4
SBM	24.0	15.9	8.1
NMH	15.6	11.2	4.4
Sun	11.9	4.5	7.4
Rogers	4.7	4.3	0.4

Financial Year Returns



Dividends Paid

Year	Rs
30.06.08*	0.005
30.06.09	0.02
30.06.10	0.0157

* The Fund was operational for only five months during the financial year.

Performance review

The Fund registered an appreciation of 12.5% for the year as the value of funds under management reached Rs 587.9m. Such a performance compares favourably to the blue-chip heavy SEM-7 which gained only 4% but, falls short of the 20.71% registered by the overall market index, the Semtri, due to our relatively limited exposure to such holdings as Savannah, Mauritius Union Assurances, Gamma Civic and Harel Frères.

In fact, as value investors, the underlying liquidity of each share is a critical determinant in our investment decisions. As such, our

high exposure to the 'blue chips' is quite deliberate, as we believe that the local market still suffers from a significant lack of depth. Furthermore, it is also of our opinion that over the long term, it is the foreigners who drive the market and these types of investors generally look for quality and liquidity.

A detailed analysis of the performance of our portfolio of locally listed shares during the financial year is set out below:

	Capital Gains/ (Losses) Rs (000)	Capital Appreciation/ (Depreciation) Rs(000)	Dividends Received Rs(000)	Total Rs (000)
Portfolio	4,668	52,302	22,348	79,318

Prospects

The performance of our portfolio is closely linked to the evolution of the local stock market.

Since balance sheet date, the market has been moving north with the Semdex gaining 12.6%, on the back of strong local and foreign interests. In fact, a combination of factors namely, improved expectations in the banking and tourism sectors (although uncertainties remain about the outlook of the main export markets), the healthy state of most companies in terms of debt and/or profitability, the high asset backing of sugar counters, and the low interest rate environment, seems to have favoured equity investment. Based on existing fundamentals with a market P.E of 12.6X and dividend yield of 2.7%, local stocks do still offer some interesting trading opportunities.

Against such a background, our current stance is one of cautious optimism. In fact, although the immediate outlook for share prices remains uncertain, we believe that the local stock market continues to represent potentially good value over a longer-term time horizon. Thus, in terms of our outlook, looking out 18 months, 24 months, we believe that differentiation among companies and sector exposures will be key thereby vindicating a dynamic approach to portfolio management.

Independent auditor's report to the unitholders of the NIT Local Equity Fund constituted under the NIT Unit Trust

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

Report on the Financial Statements

We have audited the financial statements of NIT Local Equity Fund on pages 33 to 51 which comprise the statement of assets and liabilities as at 30 June 2010 and the statement of movements in net assets, income and distribution statement and cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory notes.

Responsibilities of manager and trustee

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

Auditor's responsibility

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

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

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

Opinion

In our opinion, the financial statements on pages 33 to 51 give a true and fair view of the financial position of the Fund as at 30 June 2010, and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and comply with the requirements of the Trust Deed and the Financial Reporting Act 2004.

Report on other legal requirements

In accordance with the requirements of the Trust Deed, we report as follows:

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

Deloitte
Chartered Accountants
7th Floor, Raffles Tower
19, Cybercity, Ebène

Statement of Assets and Liabilities at 30 June 2010

	Notes		2010 Rs	2010 % of Fund	2009 Rs	2009 % of Fund
ASSETS						
Non-Current Assets						
Portfolio of Domestic Securities	5		617,413,220	105.02	635,330,366	108.56
Current Assets						
Accounts receivable	6		52,465	0.01	223,907	0.04
Cash at bank			8,628,162	1.47	674,466	0.12
			8,680,627	1.48	898,373	0.16
TOTAL ASSETS			626,093,847	106.49	636,228,739	108.72
LIABILITIES						
Current Liabilities						
Accounts payable	7		571,738	0.10	21,579,162	3.70
Loan	8		24,540,137	4.17	11,132,095	1.90
Distribution to unitholders	9		13,042,534	2.22	18,263,631	3.12
Taxation	10		26,000	0.00	36,958	-
TOTAL LIABILITIES			38,180,409	6.49	51,011,846	8.72
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS		Rs	**587,913,438**	**100.00**	**585,216,893**	**100.00**

Approved by the Manager of the NIT Local Equity Fund and authorised for issue on 12 October 2010.

The Manager

Statement of Movements in Net Assets

for the year ended 30 June 2010

		Investments Rs	Other net assets Rs	Total Rs
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS AT 1 JULY 2008		**954,765,284**	**(91,628,966)**	**863,136,318**
Cash received for units created		-	7,336,087	7,336,087
Cash paid for units liquidated		-	(31,196,986)	(31,196,986)
NET CASH MOVEMENT FROM UNITS		**-**	**(23,860,899)**	**(23,860,899)**
Additions		105,559	(105,559)	-
Proceeds from sale of investments		(65,481,951)	65,481,951	-
NET CASH MOVEMENT FROM INVESTMENTS		**(65,376,392)**	**65,376,392**	**-**
Loss after investment items		-	(254,058,526)	(254,058,526)
Transfer of loss on investments		(254,058,526)	254,058,526	-
		(254,058,526)	-	(254,058,526)
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS AT 30 JUNE 2009	Rs	**635,330,366**	**(50,113,473)**	**585,216,893**
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS AT 1 JULY 2009		**635,330,366**	**(50,113,473)**	**585,216,893**
Cash received for units created		-	18,182,324	18,182,324
Cash paid for units liquidated		-	(73,190,920)	(73,190,920)
NET CASH MOVEMENT FROM UNITS		**-**	**(55,008,596)**	**(55,008,596)**
Additions		3,835,440	(3,835,440)	-
Proceeds from sale of investments		(79,457,727)	79,457,727	-
NET CASH MOVEMENT FROM INVESTMENTS		**(75,622,287)**	**75,622,287**	**-**
Income after investment items		-	57,705,141	57,705,141
Transfer of profit on investment		57,705,141	(57,705,141)	-
		57,705,141	-	57,705,141
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS AT 30 JUNE 2010	Rs	**617,413,220**	**(29,499,782)**	**587,913,438**

Income and Distribution Statement

for the year ended 30 June 2010

	Notes	2010 Rs	2009 Rs
INVESTMENT INCOME			
Dividend income		22,352,984	26,362,333
Interest income		261,035	355,239
		22,614,019	26,717,572
FUND EXPENSES			
Management fees	11	6,444,886	5,514,288
Audit fees		153,800	190,000
Trustee fees	12	150,000	150,000
Finance cost		1,627,313	2,198,507
Printing		130,000	128,180
Bank charges		1,775	6,414
		8,507,774	8,187,389
INCOME FROM OPERATING ACTIVITIES		14,106,245	18,530,183
EQUALISATION			
Income received on units created		232,877	164,072
Income paid on units liquidated		(1,270,588)	(393,666)
		(1,037,711)	(229,594)
INCOME BEFORE TAXATION		13,068,534	18,300,589
TAXATION EXPENSE	10	(26,000)	(36,958)
INCOME AFTER TAXATION		13,042,534	18,263,631
FINANCE COSTS - DISTRIBUTION TO UNITHOLDERS	9	(13,042,534)	(18,263,631)
INCOME BEFORE INVESTMENTS ITEMS		-	-
Net increase/(decrease) in fair value of FVPL investments		94,325,332	(241,980,223)
Loss realised on disposals of FVPL investments		(36,620,191)	(12,078,303)
INCOME/(LOSS) AFTER INVESTMENTS ITEMS	Rs	**57,705,141**	**(254,058,526)**

Cash Flow Statement for the year ended 30 June 2010

		2010	2009
		Rs	Rs
CASH FLOWS FROM OPERATING ACTIVITIES			
Income/ (loss) before taxation (after finance costs and net gain on investments)		70,773,673	(235,757,937)
Adjustments for:			
Interest payable		1,627,313	2,198,507
Net (Increase)/decrease in fair value of FVTPL investments		(94,325,332)	241,980,223
Loss on disposal of investments		36,620,191	12,078,303
Operating loss before taxation		14,695,847	20,499,096
Movement in working capital			
Decrease in accounts receivable		171,442	695,641
(Decrease)/ Increase in accounts payable		(21,007,424)	9,266,025
		(20,835,982)	9,961,666
NET CASH (USED IN)/ GENERATED FROM OPERATING ACTIVITIES		**(6,140,135)**	**30,460,762**
Taxation		(36,958)	(28,598)
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to investments		(3,835,440)	(105,559)
Proceeds from sale of investments		79,457,727	65,481,952
NET CASH GENERATED FROM INVESTING ACTIVITIES		**75,622,287**	**65,376,393**
CASH FLOWS FROM FINANCING ACTIVITIES			
Interest paid		(1,627,313)	(2,198,507)
Dividend paid		(18,263,631)	(4,473,886)
Repayment of loan		13,408,042	(68,967,178)
Net cash movement from units		(55,008,596)	(23,860,899)
NET CASH USED IN FINANCING ACTIVITIES		**(61,491,498)**	**(99,500,470)**
NET MOVEMENT IN CASH AND CASH EQUIVALENTS		7,953,696	(3,691,913)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR		**674,466**	**4,366,379**
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	Rs	**8,628,162**	**674,466**

Notes to the Financial Statements
for the year ended 30 June 2010

1. **GENERAL INFORMATION**

The NIT Local Equity Fund is a public open-ended collective Investment scheme which is constituted under NIT Unit Trust. It was established by a Trust Deed dated 19th and 26th October 2007 made between National Investment Trust Ltd ("The Manager") and State Bank of Mauritius Ltd ("The Trustee").

The investment objective of the NIT Local Equity Fund is to produce both income and capital growth from a diversified portfolio of assets. Investments are mostly in equities and fixed interest securities in the domestic stock market.

2. **ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)**

In the current year, the company has adopted all of the new and revised Standards and Interpretations issued by the International Accounting Standards Board ("IASB") and the International Financial Reporting Interpretations Committee ("IFRIC") of the IASB that are relevant to its operations and effective for accounting periods beginning on 1 July 2009.

2.1 **Standards and Interpretations affecting Presentation and Disclosure reported in the current year**
The following new and revised Standards and Interpretations have been adopted in the current year and have affected the presentation and disclosures of these financial statements. Details of other Standards and Interpretations adopted in these financial statements but that have had no impact on the amounts reported are set out in section 2.2.

Standards affecting presentation and disclosure

IAS 1 (as revised In 2007) Presentation of Financial Statements	IAS 1 (2007) has introduced terminology changes (including revised titles for the financial statements) and changes in the format and content of the financial statements.
Improving Disclosures about Financial Instruments (Amendments to IFRS 7 Financial Instruments: Disclosures)	The amendments to IFRS 7 expand the disclosures required in respect of fair value measurements and liquidity risk. The company has elected not to provide comparative information for these expanded disclosures in the current year in accordance with the transitional reliefs offered in these amendments.
IAS 32 (amendment), 'Financial instruments: Presentation and IAS (amendment), 'Presentation of financial statements	Puttable financial instruments and obligations arising on liquidation'. The amended standards require entities to classify puttable financial instruments, or components of instruments that impose on the entity an obligation to deliver to another party a pro rata share of the net assets of the entity only on liquidation as equity, provided the financial instruments have particular features and meet specific conditions, including that all financial instruments in the class of instruments that is subordinate to all other instruments have identical features and apart from the contractual obligation for the issuer to repurchase or redeem the instrument for cash or another financial asset, the instrument does not include any contractual obligation to deliver cash or another financial asset to another entity, or to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the entity.The units are classified as financial liabilities because the fund has in addition to the contractual obligation to redeem the units for cash, an additional obligation to 'deliver cash' in the form of distributions.

Standards and Interpretations affecting the reported results or financial position
The adoption of the Standards and Interpretations has not affected the reported results or the financial position other in the current year or prior periods.

2.2 **Standards and Interpretations adopted with no effect on financial statements**
The following relevant new and revised Standards and Interpretations have also been adopted in these financial statements. Their adoption has not had any significant impact on the amounts reported in these financial statements but may impact the accounting for future transactions or arrangements.

IAS 1	Presentation of financial statements - Amendments relating to disclosure of puttable instruments and obligations arising on liquidation.
IAS 1	Presentation of financial statements - Amendments resulting from May 2008 Annual Improvements to IFRSs
IAS 36	Impairment of Assets - Amendments resulting from May 2008 Annual Improvements to IFRSs
IAS 39	Financial Instruments: Recognition and Measurement - Amendments resulting from May 2008 Annual Improvements to IFRSs
IAS 39	Financial Instruments: Recognition and Measurement - Amendments for eligible hedges items.

2.3 **Standards and Interpretations in issue not yet adopted**
At the date of authorisation of these financial statements, the following relevant Standards and Interpretations were in issue but effective on annual periods beginning on or after the respective dates as indicated:

IAS 1	Presentation of Financial Statements – Amendments resulting from April 2009 Annual Improvements to IFRSs (effective 1 January 2010)
IAS 1	Presentation of Financial Statements - Amendments resulting from May 2010 Annual Improvements to IFRSs (effective 1 January 2011)
IAS 7	Statement of Cash Flows – Amendments resulting from April 2009 Annual Improvements to IFRSs (effective 1 January 2010)
IAS 24	Related Party Disclosures - Revised definition of related parties (effective 1 January 2011)
IAS 32	Financial Instruments: Presentation - Amendments relating to classification of rights issues (effective 1 February 2010)
IAS 36	Impairment of Assets - Amendments resulting from April 2009 Annual Improvements to IFRSs (effective 1 January 2010)
IAS 39	Financial Instruments: Recognition and Measurement – Amendments resulting from April 2009 Annual Improvements to IFRSs (effective 1 January 2010)
IFRS 7	Financial Instruments: Disclosures- Amendments resulting from May 2010 Annual Improvements to IFRSs (effective 1 January 2011)
IFRS 7	Financial Instruments: Disclosures - Amendments enhancing disclosures about transfers of financial assets (effective 1 July 2011)
IFRS 9	Financial Instruments - Classification and measurement (effective 1 January 2013)

The Manager and the Trustee anticipate that these amendements will be adopted in the financial statements for the annual periods beginning on the respective date as indicated above. The manager and the Trustee have not yet had an opportunity to consider the potential impact of the adoption of these amendments.

3. SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted by the Fund are as follows:

(a) **Basis of preparation**

The financial statements are prepared under the historical cost convention as modified by the revaluation of investments and in

accordance with International Financial Reporting Standards ("IFRS").

(b) **Dividend and interest income**

(i) Dividends receivable from listed investments are accounted for when the shareholder's right to receive the dividends is established.

(ii) Interest receivable from bank and short term deposits is credited to the Income and Distribution Statement on an accrued basis under the effective interest method.

(c) **Deferred taxation**

Deferred taxation is provided on the comprehensive basis using the liability method.

Deferred tax liabilities are recognised on all temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes.

Deferred tax assets are recognised for all deductible temporary differences to the extent that it is possible that taxable profit will be available against which the deductible temporary differences can be utilised.

(d) **Cash and cash equivalents**

Cash comprises cash at bank and in hand. Cash equivalents are short-term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk to change in value.

(e) **Investment valuation**

Fair value is determined as follows:

The Company classifies its investments as fair value through profit or loss ("FVTPL"). Purchases and sales of investments are recognised on the trade-date basis – the date on which the Company commits to purchase or sell the asset. Investments are initially recognised at fair value for all financial assets. Investments are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the company has transferred substantially all risks and rewards of ownership.

Unrealised gains or losses arising from changes in fair value of FVTPL assets are included in the Income and Distribution Statement and held as assets attributable to unitholders.

The gains and losses on disposal of FVTPL assets are recognised in the Income and Distribution Statement and are held as assets attributable to unitholders.

Management determines the appropriate classification of the Fund's investments and re-evaluates such classification on a regular basis.

Fair value of the investments is determined by the Fund as follows:

- Investments quoted on the local market are valued on the basis of the market prices prevailing at year end or at the trading sessions immediately preceding the year end.
- Dividends received in specie are debited and credited to investment account and due adjustments made to capital account on revaluation of investments.

(f) **Financial instruments**

Financial assets and liabilities are recognised on the statement of Assets and Liabilities when the Fund has become party to the contractual provisions of the financial instruments.

The carrying amounts of the Fund's financial instruments approximate their fair value due to the short term nature of the balances involved. These instruments are measured as follows:

(i) *Investments*

Investments in equity securities are stated at fair value. The accounting policy for investment securities is disclosed in note 3(e).

(ii) *Accounts receivable*

Accounts receivable originated by the Fund are stated at amortised cost less provision for doubtful debts. An estimate of doubtful debts is made based on a review of all outstanding amounts at the end of the reporting period. Bad debts are written off during the period in which they are identified.

(iii) *Cash and cash equivalents*

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

(iv) *Accounts payable*

Accounts payable are stated at their amortised cost.

(v) *Units*

Units of the Fund, which are redeemable at any time at the option of the unitholder for cash, do not have a par value and an unlimited number of units may be issued. The units are financial liabilities and therefore the net assets attributable to unitholders are classified within liabilities in the statement of Assets and Liabilities and distributions to unitholders are included as finance costs in the Income and Distribution Statement.

(g) **Impairment**

The carrying amounts of assets are assessed at end of each reporting period to determine whether there is any indication of impairment. If such indication exists, the Fund estimates the recoverable amount of the assets, being the higher of assets' net selling price and their value in use, and reduces the carrying amount of the assets to their recoverable amounts

(h) **Provisions**

A provision is recognised when and only when there is a present obligation (legal or constructive) as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at each year end and adjusted to reflect the current best estimate.

(i) **Equalisation**

Accrued income included in the issue and repurchase of prices of units are dealt with in the Income and Distribution Statement.

(j) **Related parties**

Related parties are individuals and companies where the individual or company has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions.

4. ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The preparation of financial statements in accordance with IFRS requires management to exercise judgement in the process of applying the accounting policies. It also requires the use of accounting estimates and assumptions that may affect the reported amounts and disclosures in the financial statements. Judgements and estimates are continuously evaluated and are based on historical experience and other factors, including expectations and assumptions concerning future events that are believed to be reasonable under the circumstances. The actual results could, by definition therefore, often differ from the related accounting estimates.

Where applicable, the notes to the financial statements set out areas where management has applied a higher degree of judgement that have a significant effect on the amounts recognised in the financial statements, or estimations and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

5. PORTFOLIO OF DOMESTIC SECURITIES

(i) Fair-value-through profit and loss

	Quoted	Development & Enterprises Market	Total
	Rs	Rs	Rs
At fair value			
At 1 July 2008	934,747,080	20,018,205	954,765,285
Additions	-	105,559	105,559
Disposals	(70,112,255)	(7,448,000)	(77,560,255)
Deficit on revaluation	(239,077,382)	(2,902,841)	(241,980,223)
At 30 June 2009	625,557,443	9,773,923	635,330,366
At 1 July 2009	625,557,443	9,773,923	635,330,366
Additions	3,835,440	-	3,835,440
Disposals	(112,908,319)	(3,169,598)	(116,077,917)
Surplus on revaluation	92,875,680	1,449,651	94,325,331
At 30 June 2010	**609,360,244**	**8,052,976**	**617,413,220**
At 30 June 2009	625,557,443	9,773,923	635,330,366
Sales proceeds	**77,478,733**	**1,978,994**	**79,457,727**

(ii) **Details of domestic securities**

	Fair value 2010 Rs	Portfolio 2010 %
LEISURE AND TOURISM		
Official List		
New Mauritius Hotels Limited	100,009,624	16.20
Sun Resorts Limited	76,612,096	12.41
Naiade Resort Ltd	4,978,025	0.81
Development & Enterprises Market		
Casino Ltd (Knowledge Economies Ltd)	1,847,220	0.03
	183,446,965	**29.71**
BANK, INSURANCE AND FINANCE		
Official List		
The Mauritius Commercial Bank Ltd	164,450,484	26.64
State Bank of Mauritius Ltd	152,229,790	24.66
Mauritian Eagle Insurance Co Ltd	3,251,528	0.53
Swan Insurance Co. Ltd	1,950,048	0.32
	321,881,850	**52.13**
COMMERCE		
Official List		
Shell Mauritius Limited	**2,590,392**	**0.42**
PROPERTY AND CONSTRUCTION		
Development & Enterprises Market		
COVIFRA Ltée	**209,880**	**0.03**
FOOD AND BEVERAGES		
Official List		
Innodis Limited	2,947,551	0.048
Phoenix Beverages Ltd	7,399	0.00
Development & Enterprises Market		
Les Moulins de la Concorde Ltée	100,500	0.02
	3,055,450.00	**0.50**
MANUFACTURING AND INDUSTRIAL		
Official List		
Mauritius Oil Refineries Limited	4,703,338	0.76
United Basalt Products Limited	18,470,541	2.99
Development & Enterprises Market		
Chemco Ltd	1,840	0.00
CIEL Textile Ltd	46,590	0.01
	23,222,309	**3.76**

	Fair value 2010 Rs	Portfolio 2010 %
CONGLOMERATE		
Official List		
Ireland Blyth Ltd	22,160,100	3.59
Rogers and Company Ltd	29,271,816	4.74
	51,431,916	**8.33**
SUGAR INDUSTRY		
Official List		
Harel Freres Ltd	2,040,252	0.33
Omnicane Limited	22,268,028	3.61
Development & Enterprises Market		
Deep River Beau Champ Ltd - Preference Shares	363,375	0.06
Flacq United Estates Ltd - Ordinary Shares	2,535,192	0.41
Medine Share Holdings	680,400	0.11
The Union Sugar Estate Ltd	693	0.00
	27,887,940	**4.52**
INVESTMENTS		
Development & Enterprises Market		
Ciel Investment Limited	1,846,961	0.30
Phoenix Investment	420,480	0.07
	2,267,441	**0.37**
AIR TRANSPORT		
Official List		
Air Mauritius Limited	**1,419,077**	**0.23**
TOTAL VALUE OF DOMESTIC SECURITIES Rs	**617,413,220**	**100.00**

(iii) **Portfolio changes**

HOLDINGS SOLD DURING THE YEAR

Official List
British American Investment Co Ltd (Ord)
Mauritius Commercial Bank Ltd (Ord)
New Mauritius Hotels Ltd (Ord)
Rogers Ltd (Ord)
State Bank of Mauritius Ltd (Ord)
Sun Resorts Ltd (Ord)
Swan Insurance Company Ltd (Ord)
Mauritian Eagle Insurance Co Ltd (Ord)
Naide Resort Ltd (Ord)
Caudan Development Ltd (Ord)
United Docks (Ord)
Belle Mare Holdings (Ord)

Development & Enterprises Market
Alma Investment Co Ltd
Knowledge Economies Ltd
CHEMCO Ltd
Espitalier Noel Ltd
Excelsior United and Development Enterprises Limited
Forward Investment and Development Enterprises Limited
Ciel Textile Ltd
Les Moulins de la Concorde Ltée

HOLDINGS ACQUIRED DURING THE YEAR

Development & Enterprises Market
Innodis
New Mauritius Hotels Ltd
Harel Frères Ltd

6. **ACCOUNTS RECEIVABLE**

		2010 Rs	2009 Rs
Trade receivables		52,465	223,907
	Rs	**52,465**	**223,907**

Trade receivables represent dividend receivable from listed and DEM companies which is accrued on the basis of the date of dividend declaration.
There are no past due dividend receivable.

7. **ACCOUNTS PAYABLE**

		2010 Rs	2009 Rs
Other payables		381,738	21,354,162
Accruals		190,000	225,000
	Rs	**571,738**	**21,579,162**

The company has financial risk management policies in place to ensure that all payables are paid within the timeframe.
Included in other payables is an amount of Rs Nil (2009: 21,354,162) due to a related party which is unsecured, repayable at call and bears an interest rate of NIL (2009: 5.5% to 8%)

8. **LOAN**

		2010 Rs	2009 Rs
Balance at 1 July		11,132,095	80,099,273
Additions		13,408,042	-
Repayments			(68,967,178)
Balance at 30 June	Rs	**24,540,137**	**11,132,095**

The above loan due to National Investment Trust Ltd is unsecured, repayable at call and bears an interest rate of 5% p.a. (2009: 5.5% to 8% p.a)

9. **DISTRIBUTIONS TO UNITHOLDERS**

		2010 Rs	2009 Rs
Final distribution of Re 0.02 per unit (2009: Re 0.02)	Rs	**13,042,534**	**18,263,631**

10. TAXATION

(i) Income tax

Income tax is charged on the net income of the Fund, as adjusted for tax purposes, at the rate of 15 % (2009: 15 %) as follows:

		2010 Rs	2009 Rs
Current tax liabilities		26,000	36,958
Taxation charge as per Income and Distribution Statement	Rs	**26,000**	**36,958**

(ii) Tax reconciliation

		2010 Rs	2009 Rs
Net income before taxation	Rs	**13,068,534**	**18,300,589**
Tax at 15%		1,960,280	2,745,088
Tax effects of:			
- Exempt income		(3,352,948)	(3,954,350)
- Expenses attributable to exempt income		1,366,668	1,246,220
Taxation expense	Rs	**26,000**	**36,958**

(iii) Deferred tax

The Fund had no deferred tax asset/liability at 30 June 2010.

11. MANAGEMENT FEES

		2010 Rs	2009 Rs
These comprise fees payable to:			
National Investment Trust Ltd	Rs	**6,444,886**	**5,514,288**

Management fees payable to the Fund's Investment Manager, National Investment Trust Ltd is based on 1% of the Net Asset Value of the Fund. The fees which are calculated on a weekly basis are payable monthly in arrears.

12. TRUSTEE'S FEES

Trustee's fees payable to State Bank of Mauritius Ltd are determined on the basis of a scale determined by the trustee in consultation with the manager. The trustee fees amounted to Rs 150,000 per year and are payable half yearly in arrears.

13. **UNITS**

(a) Movements in units during the period:

	Units	Rs
Net assets attributable to unitholders at 01 July 2008	948,162,524.90	863,136,318
Units created	12,072,668.51	7,336,087
Units liquidated	(49,574,074.68)	(31,196,986)
Loss for the period	-	(254,058,526)
Net assets attributable to unitholders at 30 June 2009	**910,661,118.70**	**585,216,893**
Net assets attributable to unitholders at 01 July 2009	910,661,118.70	585,216,893
Units created	23,321,415.86	18,182,324
Units liquidated	(100,958,682.39)	(73,190,920)
Income for the year	-	57,705,141
Net assets attributable to unitholders at 30 June 2010	**833,023,852.30**	**587,913,438**

(b) Net asset value per unit:

		2010 Rs	**2009** Rs
Ex-div	Rs	0.71	0.64

(c) Prices per unit at 30 June 2010 (valuation date):

		2010 Rs	**2009** Rs
Issue price	Rs	0.73	0.67
Repurchase price	Rs	0.70	0.64

14. **ENTRY AND EXIT FEE**

On the issue of units,an entry fee of 1% (2009:1%) of the capital and income values of the units is paid by the unitholder to the Fund and,on the repurchase of units, an exit fee of 4% (2009:5%) of the capital and income values of the units is paid by the unitholder to the Fund.The sums collected are then remitted to the manager.

15. RELATED PARTY TRANSACTIONS

The Fund is making the following disclosures in respect of related party transactions:

		2010 Rs	2009 Rs
(i) *Outstanding balances*			
Payable to related parties			
National Investment Trust Ltd (Investment manager)-Loan		24,540,137	11,132,095
Other payables		-	21,354,162
State Bank of Mauritius Ltd		75,000	75,000
	Rs	24,615,137	32,561,257

The above loan due to National Investment Trust Ltd is unsecured, repayable at call and bears an interest rate of 5% p.a. (2009: 5.5% to 8% p.a)

		2010 Rs	2009 Rs
Bank balances and short term deposits with State Bank of Mauritius Ltd	Rs	8,628,162	674,466
(ii) *Manager's fees to* National Investment Trust Ltd	Rs	6,444,886	5,514,288
(iii) *Trustee's fees to* State Bank of Mauritius Ltd	Rs	150,000	150,000
(iv) *Interest income from* State Bank of Mauritius Ltd	Rs	261,035	355,239
(v) *Bank charges payable to* State of Mauritius Ltd	Rs	1,777	6,414

Compensation to key management personnel

There was no compensation to key management personnel for the year ended 30 June 2010. (2009: Nil)

16. FINANCIAL INSTRUMENTS

Capital risk management

The Fund manages its capital to ensure that the Fund will be able to continue as a going concern. The capital structure of the Fund consists of net debt (loan offset by cash and cash equivalents) and net assets attributable to unitholders.

Gearing ratio

The Fund reviews the capital structure on a regular basis and as part of this review, management considers the cost of capital and the risks associated with each class of capital. The Fund has a target gearing ratio of 10% determined as the proportion of net debt to equity.

The gearing ratio at the year end was as follows:

	2010 Rs	2009 Rs
Debt (i)	24,540,137	11,132,095
Cash and cash equivalents	(8,628,162)	(674,466)
Net debt	15,911,975	10,457,629
Equity (ii)	587,913,438	585,216,893
Net debt to equity ratio	3%	2%

(i) Debt is defined as loan, as detailed in note 8.

(ii) Equity is defined as net assets attributable to unitholders.

Significant accounting policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in note 3 to the financial statements.

Fair values

The carrying amounts of financial assets and liabilities approximate to their fair values.

Categories of financial instruments

		2010 Rs	2009 Rs
Financial assets			
Investments at fair value through profit or loss (FVTPL)		617,413,220	635,330,366
Accounts receivable		52,465	223,907
Cash and cash equivalents		8,628,162	674,466
	Rs	**626,093,847**	**636,228,739**
Financial Liabilities			
Accounts payable, at amortised cost		25,111,875	32,711,257
Distribution to unitholders		13,042,534	18,263,631
	Rs	**38,154,409**	**50,974,888**

Financial risk management objectives

The Fund deals with domestic securities only and manages the financial risks relating to its operations by monitoring the risks and implementing policies to mitigate these risk exposures. These risks include market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk.

Market risk

Market risk represents the potential loss that can be caused by a change in the market value of financial instruments. The Fund's exposure to market risk is determined by a number of factors, including interest rates and market volatility.

Foreign currency risk management

The Fund is not significantly exposed to any currency risk since all its financial assets and liabilities are denominated in Mauritian Rupees.

Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Fund. The Fund does not have significant concentration of credit risk which is primarily attributable to its trade receivables.

Interest rate risk management

The Fund is exposed to interest rate risk as the Fund has borrowings at fixed interest rates. The risk is managed by the Fund by maintaining adequate cash reserves at floating interest rates.

The interest rate profile of the Fund's financial assets and financial liabilities as at 30 June 2010 was:

	2010 % p.a	**2009** % p.a
Financial assets		
Cash at bank	4.50	4.50
Financial liabilities		
Loan	5.00	5.50 to 8.00

Interest rate sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rates on bank and loan. A 100 basis points increase or decrease is used as this represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 100 basis points higher and all other variables were held constant, the Fund's results and Net assets would be affected as follows:

	2010 Rs	**2009** Rs
Decrease in income	**159,120**	**318,118**

Had the interest rates been 100 basis points lower and all other variables were held constant, there would be an equal and opposite impact on income.

Other price risks

The Fund is exposed to equity price risks arising from equity investments which the Fund held for trading purposes.

Equity price sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to equity price risks at the reporting date.

If equity prices had been 5% higher/lower, equity reserves would increase/decrease by Rs 30.9 M as a result of the changes in fair value of the held-for-trading shares.

Liquidity risk management

Maturity profile

2010	Weighted average effective interest rate % p.a		At call Rs	Less than 1 month Rs	1-3 months Rs	3 months to 1 year Rs	More than 1 year Rs	Total Rs
Financial assets								
Non interest bearing			-	52,465	-	-	617,413,220	617,465,685
Variable interest rate instruments	4.50		8,628,162	-	-	-	-	8,628,162
		Rs	8,628,162	52,465	-	-	617,413,220	626,093,847
Financial liabilities								
Non interest bearing			-	-	-	13,614,272	-	13,614,272
Variable interest rate instruments	5.00		24,540,137	-	-	-	-	24,540,137
		Rs	**24,540,137**	**-**	**-**	**13,614,272**	**-**	**38,154,409**

2009	Weighted average effective interest rate % p.a		At call Rs	Less than 1 month Rs	1-3 months Rs	3 months to 1 year Rs	More than 1 year Rs	Total Rs
Financial assets								
Non interest bearing			-	223,907	-	-	635,330,366	635,554,273
Variable interest rate instruments	4.50		674,466	-	-	-	-	674,466
		Rs	674,466	223,907	-	-	635,330,366	636,228,739
Financial liabilities								
Non interest bearing			-	90,000	135,000	18,263,631	-	18,488,631
Variable interest rate instruments	5.50		32,486,257	-	-	-	-	32,486,257
		Rs	**32,486,257**	**90,000**	**135,000**	**18,263,631**	**-**	**50,974,888**

Fair values

The carrying amounts of financial assets and liabilities approximate their fair values due to the nature of the balances involved.

Fair value measurements

Valuation techniques and assumptions applied for the purposes of measuring fair value

The fair values of financial assets are determined as follows:
The fair values of financial assets with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices.
The unquoted financial assets have been valued at on the basis of accounting policy 3(b)(ii).

Fair value measurements recognised in the statement of financial position

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

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

	30 June 2010			
	Level 1	**Level 2**	**Level 3**	**Total**
Financial assets designated at FVTPL	Rs	Rs	Rs	Rs
Quoted equities	617,413,220	-	-	617,413,220

NIT Global Opportunities Fund Annual Report 2010

NIT GOF Trust Constitution

The NIT GLOBAL OPPORTUNITIES FUND is constituted under the NIT UNIT TRUST which is authorized under the Unit Trust Act 1989 and established by a Trust Deed dated 19th & 26th October 2007 between the National Investment Trust Ltd ("The Manager") and the State Commercial Bank Ltd ("The Trustee").

NIT GOF Trust Objective

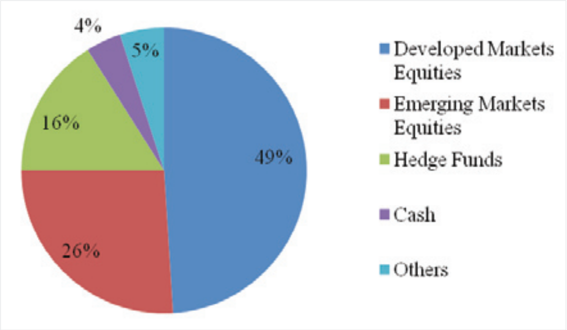
The investment objective of the NIT GLOBAL OPPORTUNITIES FUND is to produce both income and capital growth from a diversified portfolio of international securities. Investment can be made in overseas equities, fixed-interest securities and other financial assets.

Manager's Report

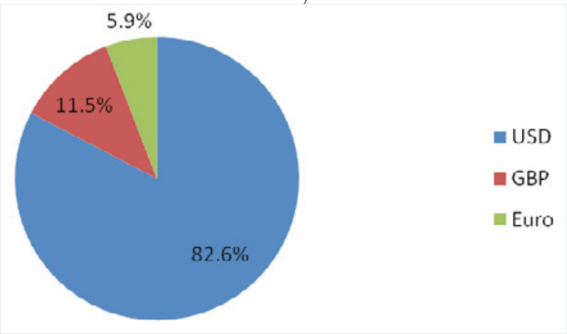
We are pleased to present a report of the NIT GLOBAL OPPORTUNITIES FUND for the period ended 30 June 2010.

Portfolio characteristics as at 30 June 2010

Investment Breakdown



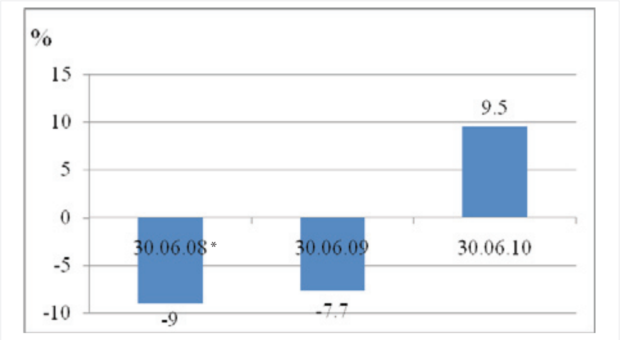
Currency Mix



Top five holdings

Investments	%
UBS discretionary account	51.8
In-House managed portfolio	10.6
JF India	6.5
SJPI Far East	6.1
JF Eastern Europe	4.4

Financial Year Returns



* The Fund was operational for only five months during the financial year.

Dividends

The net accumulated income of the Fund has so far not allowed for a distribution of a meaningful dividend.

Performance review

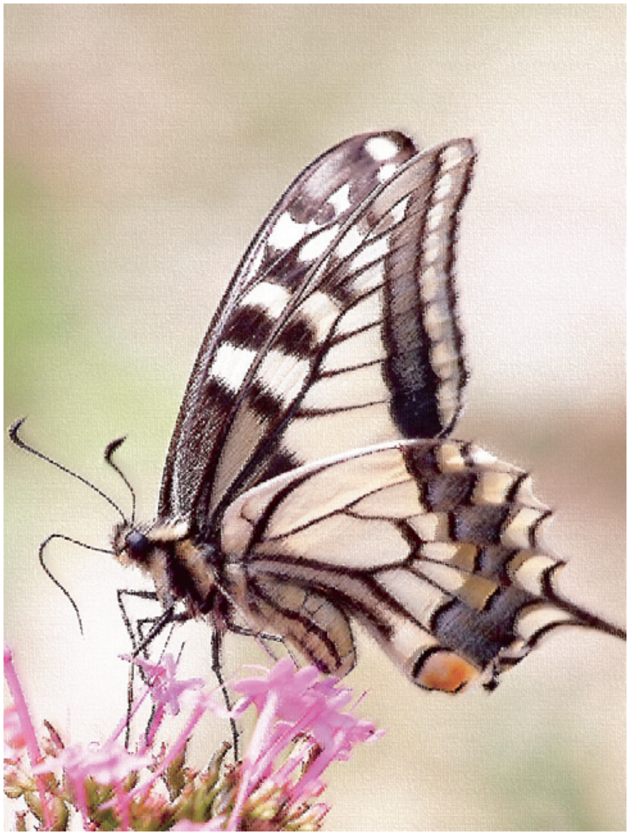
For the period under review, the Fund's net asset value per unit increased by about 9.5% to reach Rs 0.92 while, the MSCI World AC (MUR) gained 11.95%. Such a performance is primarily explained by the fact that about 20% of our portfolio is invested in alternative investments and cash which has mitigated our exposure to the rise in equity markets experienced during the period. Finally, it is worth noting that during the period under review, the USD remained flat against the Rupee but, appreciated by 15.4% and 10.5% against the Euro and GBP respectively. The table below compares the performance of the Funds in which we have invested against their respective benchmarks.

Performances in forex terms from 01.07.09 to 30.06.10			
Investment	%	**Benchmark** (Hedged)	%
UBS	6.3	Msci World	7.0
In-House Portfolio	3.1		
JF India	27.4	Sensex (adj USD)	23.7
JF China	6.1		
JF Eastern Europe	64.7	Msci Eastern Europe	33.4
JF Japan	(1.5)	Nikkei 225 (adj USD)	2.6
JF Latin America	37.4	Msci Latin America	20.8
SJPI GAM USD	12.9	Msci World	7.0
SJPI THSP USD	8.9	Msci World	7.0
SJPI Far East GBP	37.0	Msci Far east (adj USD)	32.9
SJPI GAM GBP	16.0	Msci World (adj GBP)	18.0
SJPI THSP Pound	18.4	Msci World (adj GBP)	18.0
HSBC Brazil	47.6	Bovespa (adj USD)	25.3
HSBC Global EM	17.0	Msci Emerging Markets	18.7

Prospects

The performance of our portfolio is closely linked to the evolution of stock markets around the globe.
Since balance sheet date, the strong tailwinds supporting the U.S. economy during 2009 and early 2010 have faded significantly to give way to new headwinds as, the boost provided by the inventory cycle ran its course, fiscal policy tightening kicks in, consumer deleveraging shows no sign of abating and, the first-time buyer credit which probably brought forward some housing demand, now acts as a drag on growth. At this stage, for the recovery to be self-sustained it is paramount that the baton be picked up by employment growth but, so far, this has failed to materialize.

Against such a backdrop and, with inflation still subdued, the Fed has launched another round of quantitative easing to add stimulus to the economy. Expectations for such a move have pushed down the dollar and triggered a rush by some other countries to debase their currencies in an attempt to retain competitiveness although,



last week's G-20 Summit has gone some way in allaying any fears of a global currency war.

These developments have been accompanied by renewed volatility in asset markets as there seems to be an unresolved dichotomy between the expectations of equity, fixed income and gold investors as all these asset classes have all surged during the past few months.

Against such a background, our current stance remains one of caution. In fact, although the immediate outlook for share prices is not certain, we believe that global equity markets continue to represent potentially good value over a longer-term time horizon. In terms of our outlook, looking out 18 months, 24 months, we believe that differentiation among asset classes, regions and countries will be key thereby vindicating a dynamic approach to portfolio management.

Independent auditor's report to the unitholders of the NIT Global Opportunities Fund constituted under the NIT Unit Trust

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

Report on the Financial Statements

We have audited the financial statements of NIT Global Opportunities Fund on pages 57 to 75 which comprise the statement of assets and liabilities as at 30 June 2010 and the statement of movements in net assets, income and distribution statement and statement of cash flows for the year then ended and a summary of significant accounting policies and other explanatory notes.

Responsibilities of manager and trustee

The manager and the trustee are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and in compliance with the requirements of the Trust Deed and the Financial Reporting Act 2004. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

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

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

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

Opinion

In our opinion, the financial statements on pages 57 to 75 give a true and fair view of the financial position of the Fund as at 30 June 2010, and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and comply with the requirements of the Trust Deed and the Financial Reporting Act 2004.

Report on other legal requirements

In accordance with the requirements of the Trust Deed, we report as follows:

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

Deloitte
Chartered Accountants
7th Floor, Raffles Tower
19, Cybercity, Ebène

Statement of Assets and Liabilities at 30 June 2010

	Notes	2010 Rs	2010 % of Fund	2009 Rs	2009 % of Fund
ASSETS					
Non-Current Assets					
Portfolio of International Securities	5	408,625,073	110.87	378,456,510	102.29
Current Assets					
Accounts receivable	6	376,889	0.10	-	-
Cash at bank		355,016	0.10	1,808,076	0.49
		731,905	0.20	1,808,076	0.49
TOTAL ASSETS		**409,356,978**	**111.07**	**380,264,586**	**102.78**
LIABILITIES					
Current Liabilities					
Accounts payable	7	40,787,375	11.07	10,284,489	2.78
TOTAL LIABILITIES		40,787,375	11.07	10,284,489	2.78
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS	Rs	**368,569,603**	**100.00**	**369,980,097**	**100.00**

Approved by the Manager of the NIT Global Opportunities Fund and authorised for issue on 12 October 2010.

The Manager

Statement of Movements in Net Assets

for the year ended 30 June 2010

		Investments Rs	Other net assets Rs	Total Rs
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS AT 1 JULY 2008		438,422,979	(2,064,217)	436,358,762
Cash received for units created		-	2,766,306	2,766,306
Cash paid for units liquidated		-	(34,101,258)	(34,101,258)
NET CASH MOVEMENT FROM UNITS		**-**	**(31,334,952)**	**(31,334,952)**
Net cost of investments purchased		92,775,838	(92,775,838)	-
Proceeds from sale of investments		(122,960,042)	122,960,042	-
NET CASH MOVEMENT FROM INVESTMENTS		**(30,184,204)**	**30,184,204**	**-**
Loss after loss on investments for the period		-	(35,043,713)	(35,043,713)
Transfer of loss on investments		(29,782,265)	29,782,265	-
		(29,782,265)	**(5,261,448)**	**(35,043,713)**
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS AT 30 JUNE 2009	Rs	**378,456,510**	**(8,476,413)**	**369,980,097**
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS AT 1 JULY 2009		**378,456,510**	**(8,476,413)**	**369,980,097**
Cash received for units created		-	1,215,378	1,215,378
Cash paid for units liquidated		-	(36,825,063)	(36,825,063)
NET CASH MOVEMENT FROM UNITS		**-**	**(35,609,685)**	**(35,609,685)**
Net cost of investments purchased		106,986,163	(106,986,163)	-
Proceeds from sale of investments		(117,414,392)	117,414,392	-
NET CASH MOVEMENT FROM INVESTMENTS		**(10,428,229)**	**10,428,229**	**-**
Surplus after profit on investments		-	34,199,191	34,199,191
Transfer of profit on investments		40,596,792	(40,596,792)	-
		40,596,792	**(6,397,601)**	**34,199,191**
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS AT 30 JUNE 2010	Rs	**408,625,073**	**(40,055,470)**	**368,569,603**

NIT
National Investment Trust

Income and Distribution Statement

for the year ended 30 June 2010

	Notes	2010 Rs	2009 Rs
INVESTMENT INCOME			
Dividend income		693,662	1,365,364
Interest income		56,111	141,787
Overseas Interest		964	71,070
		750,737	**1,578,221**
FUND EXPENSES			
Management fees	9	6,318,885	6,340,217
Custody Fees		23,105	-
Audit fees		171,050	190,000
Trustee fees	10	150,000	150,000
Interest Cost		839,874	265,825
Printing		130,000	129,880
Bank charges		1,678	102,071
General Expenses		1,000	-
		7,635,592	**7,177,993**
LOSS FROM OPERATING ACTIVITIES		**(6,884,855)**	**(5,599,772)**
EQUALISATION			
Income paid on units created		(23,852)	(36,012)
Income received on units liquidated		511,106	374,336
		487,254	**338,324**
LOSS BEFORE INVESTMENTS ITEMS		(6,397,601)	(5,261,448)
Net increase/(decrease) in fair value of FVTPL investments		45,853,067	(30,785,372)
(Loss)/gain on disposals of FVTPL investments		(5,256,275)	1,003,107
		40,596,792	**(29,782,265)**
NET SURPLUS/(DEFICIT)ATTRIBUTABLE TO UNITHOLDERS	Rs	**34,199,191**	**(35,043,713)**

Statement of Cash Flows for the year ended 30 June 2010

		2010 Rs	2009 Rs
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before investment items		(6,397,601)	(5,261,448)
Adjustments for:			
Interest payable		839,874	265,825
		(5,557,727)	**(4,995,623)**
Movement in working capital			
Accounts receivable		(376,889)	1,429,217
Accounts payable		30,502,886	4,812,190
		30,125,997	6,241,407
CASH GENERATED FROM OPERATIONS		**24,568,270**	**1,245,784**
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to investments		(106,986,163)	(92,775,838)
Proceeds from sale of investments		117,414,392	122,960,042
NET CASH GENERATED FROM INVESTING ACTIVITIES		**10,428,229**	**30,184,204**
CASH FLOWS FROM FINANCING ACTIVITIES			
Net cash movement from units		(35,609,685)	(31,334,952)
Interest paid		(839,874)	(265,825)
NET CASH FLOWS USED IN FINANCING ACTIVITIES		**(36,449,559)**	**(31,600,777)**
NET MOVEMENT IN CASH AND CASH EQUIVALENTS		**(1,453,060)**	**(170,789)**
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR		1,808,076	1,978,865
CASH AND CASH EQUIVALENTS AT THE END OF YEAR	Rs	**355,016**	**1,808,076**

Notes to the Financial Statements
for the year ended 30 June 2010

1. GENERAL INFORMATION

The NIT Global Opportunities Fund is a public open-ended collective investment scheme which is constituted under NIT Unit Trust. It was established by a Trust Deed dated 19th and 26th October 2007 made between National Investment Trust Ltd («The Manager») and State Bank of Mauritius Ltd («The Trustee»).

The investment objective of the NIT Global Opportunities Fund is to produce both income and capital growth from a diversified portfolio of assets. Investments are mostly in equities and fixed interest securities in the international stock market.

2. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)

In the current year, the company has adopted all of the new and revised Standards and Interpretations issued by the International Accounting Standards Board ("IASB") and the International Financial Reporting Interpretations Committee ("IFRIC") of the IASB that are relevant to its operations and effective for accounting periods beginning on 1 July 2009.

2.1 Standards and Interpretations affecting amounts reported in the current year

The following new and revised Standards and Interpretations have been adopted in the current year and have affected the presentation and disclosures in these financial statements. Details of other Standards and Interpretations adopted in these financial statements but that have had no impact on the amounts reported are set out in section 2.2.

Standards affecting presentation and disclosure

IAS 1 (as revised In 2007) Presentation of Financial Statements	IAS 1 (2007) has introduced terminology changes (including revised titles for the financial statements) and changes in the format and content of the financial statements.
Improving Disclosures about Financial Instruments (Amendments to IFRS 7 Financial Instruments: Disclosures)	The amendments to IFRS 7 expand the disclosures required in respect of fair value measurements and liquidity risk.
IAS 32 (amendment), 'Financial instruments: Presentation and IAS (amendment), 'Presentation of financial statements	Puttable financial instruments and obligations arising on liquidation'. The amended standards require entities to classify puttable financial instruments, or components of instruments that impose on the entity an obligation to deliver to another party a pro rata share of the net assets of the entity only on liquidation as equity, provided the financial instruments have particular features and meet specific conditions, including that all financial instruments in the class of instruments that is subordinate to all other instruments have identical features and apart from the contractual obligation for the issuer to repurchase or redeem the instrument for cash or another financial asset, the instrument does not include any contractual obligation to deliver cash or another financial asset to another entity, or to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the entity. The units are classified as financial liabilities because the fund has in addition to the contractual obligation to redeem the units for cash, an additional obligation 'to deliver cash' in the form of distributions.

Standards and Interpretations affecting with no effect the reported results or financial position
The adoption of the Standards and Interpretations has not affected the reported results or financial position other in the current year or prior periods.

2.2 **Standards and Interpretations adopted with no effect on financial statements**
The following relevant new and revised Standards and Interpretations have also been adopted in these financial statements. Their adoption has not had any significant impact on the amounts reported in these financial statements but may impact the accounting for future transactions or arrangements.

IAS 1	Presentation of financial statements - Amendments relating to disclosure of puttable instruments and obligations arising on liquidation
IAS 1	Presentation of financial statements - Amendments resulting from May 2008 Annual Improvements to IFRSs
IAS 36	Impairment of Assets - Amendments resulting from May 2008 Annual Improvements to IFRSs
IAS 39	Financial Instruments: Recognition and Measurement - Amendments for eligible hedges items (effective 1 July 2009)
IAS 39	Financial Instruments: Recognition and Measurement - Amendments resulting from May 2008 Annual Improvements to IFRSs

2.3 **Standards and Interpretations in issue not yet adopted**
At the date of authorisation of these financial statements, the following relevant Standards and Interpretations were in issue but effective on annual periods beginning on or after the respective dates as indicated:

IAS 1	Presentation of Financial Statements – Amendments resulting from April 2009 Annual Improvements to IFRSs (effective 1 January 2010)
IAS 1	Presentation of Financial Statements - Amendments resulting from May 2010 Annual Improvements to IFRSs (effective 1 January 2011)
IAS 7	Statement of Cash Flows – Amendments resulting from April 2009 Annual Improvements to IFRSs (effective 1 January 2010)
IAS 24	Related Party Disclosures - Revised definition of related parties (effective 1 January 2011)
IAS 32	Financial Instruments: Presentation - Amendments relating to classification of rights issues (effective 1 February 2010)
IAS 36	Impairment of Assets - Amendments resulting from April 2009 Annual Improvements to IFRSs (effective 1 January 2010)
IAS 39	Financial Instruments: Recognition and Measurement – Amendments resulting from April 2009 Annual Improvements to IFRSs (effective 1 January 2010)
IFRS 7	Financial Instruments: Disclosures- Amendments resulting from May 2010 Annual Improvements to IFRSs (effective 1 January 2011)
IFRS 7	Financial Instruments: Disclosures - Amendments enhancing disclosures about transfers of financial assets (effective 1 July 2011)
IFRS 9	Financial Instruments - Classification and measurement (effective 1 January 2013)

The Manager and the Trustee anticipate that these amendements will be adopted in the financial statements for the annual periods beginning on the respective date as indicated above. The manager and the Trustee have not yet had an opportunity to consider the potential impact of the adoption of these amendments.

3. SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted by the Fund are as follows:

(a) Basis of preparation

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

(b) Dividend and interest income

(i) Dividend income is accounted for when shareholder's right to receive the dividend is established.

(ii) Interest receivable from bank and short term deposits is credited to the Income and Distribution Statement on an accrued basis under the effective interest method.

(c) Deferred taxation

Deferred taxation is provided on the comprehensive basis using the liability method.

Deferred tax liabilities are recognised on all temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes.

Deferred tax assets are recognised for all deductible temporary differences to the extent that it is possible that taxable profit will be available against which the deductible temporary differences can be utilised.

(d) Cash and cash equivalents

Cash comprises cash at bank and in hand and demand deposits. Cash equivalents are short-term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk to change in value.

(e) Investment Valuation

Fair value is determined as follows:

The Company classifies its investments as fair value through profit or loss ("FVTPL"). Purchases and sales of investments are recognised on the trade-date basis – the date on which the Company commits to purchase or sell the asset. Investments are initially recognised at fair value for all financial assets. Investments are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the company has transferred substantially all risks and rewards of ownership.

Unrealised gains or losses arising from changes in fair value of FVTPL assets are included in the Income and Distribution Statement and held as assets attributable to unitholders.

The gains and losses on disposal of FVTPL assets are recognised in the Income and Distribution Statement and held as assets attributable to unitholders.

Management determines the appropriate classification of the Fund's investments and re-evaluates such classification on a regular basis.

The fair values of the overseas investments are determined by reference to the available bid price or market price prevailing at end of reporting period or according to the trading session immediately preceding the end of the reporting period.

(f) **Financial instruments**

Financial assets and liabilities are recognised on the statement of Assets and Liabilities when the Fund has become party to the contractual provisions of the financial instruments.

The carrying amounts of the Fund's financial instruments approximate their fair value due to the short term nature of the balances involved. These instruments are measured as follows:

(i) *Investments*
Investments in equity securities are stated at fair value. The accounting policy for investment securities is disclosed in note 3(e)

(ii) *Accounts receivable*
Accounts receivable originated by the Fund are stated at amortised cost less provision for doubtful debts. An estimate of doubtful debts is made based on a review of all outstanding amounts at statement of assets and liabilities date. Bad debts are written off during the period in which they are identified.

(iii) *Cash and cash equivalents*
Cash and cash equivalents are measured at fair value, based on the relevant exchange rates at the year end.

(iv) *Accounts payable*
Accounts payable are stated at their amortised cost.

(v) *Units*
Units of the Fund, which are redeemable at any time at the option of the unitholder for cash, do not have a par value and an unlimited number of units may be issued. The units are financial liabilities and therefore the net assets attributable to unitholders are classified within liabilities in the statement of Assets and Liabilities and distributions to unitholders are included as finance costs in the Income and Distribution Statement.

(g) **Impairment**

The carrying amounts of assets are assessed at each end of reporting date to determine whether there is any indication of impairment. If such indication exists, the Fund estimates the recoverable amount of the assets, being the higher of assets' net selling price and their value in use, and reduces the carrying amount of the assets to their recoverable amounts.

(h) **Provisions**

A provision is recognised when and only when there is a present obligation (legal or constructive) as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at each year end and adjusted to reflect the current best estimate.

(i) **Equalisation**

Accrued income included in the issue and repurchase of prices of units are dealt with in the Income and Distribution Statement.

(j) **Related parties**

Related parties are individuals and companies where the individual or company has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions.

4. ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The preparation of financial statements in accordance with IFRS requires management to exercise judgement in the process of applying the accounting policies. It also requires the use of accounting estimates and assumptions that may affect the reported amounts and disclosures in the financial statements. Judgements and estimates are continuously evaluated and are based on historical experience and other factors, including expectations and assumptions concerning future events that are believed to be reasonable under the circumstances. The actual results could, by definition therefore, often differ from the related accounting estimates.

Where applicable, the notes to the financial statements set out areas where management has applied a higher degree of judgement that have a significant effect on the amounts recognised in the financial statements, or estimations and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

5. PORTFOLIO OF INTERNATIONAL SECURITIES

Fair-value-through profit and loss

	2010 Rs	2009 Rs
At fair value		
At 1 July	378,456,510	438,422,979
Additions	106,986,163	92,775,838
Disposals	(122,670,667)	(121,956,935)
Surplus / (Deficit) on revaluation	45,853,067	(30,785,372)
At 30 June	408,625,073	378,456,510
Sales proceeds	**117,414,392**	**122,960,042**

5.1. PORTFOLIO OF INTERNATIONAL SECURITIES

	HOLDINGS 2010	MARKET VALUE 2010 USD	MARKET VALUE 2010 Rs	% OVERSEAS PORTFOLIO 2010
UNITED STATES OF AMERICA				
ABB	900	15,741	496,471	0.12
Accenture	500	19,325	609,511	0.15
Adobe Systems	600	16,140	509,056	0.12
Allstate Corporation	100	2,901	91,498	0.02
AOL	30	651	20,553	0.01
Altria Group	300	5,988	188,862	0.05
AMR	800	5,392	170,064	0.04
Apple	150	38,412	1,211,514	0.30
Baker Hughes Incorporation	400	16,336	515,237	0.13
Bank of America	273	3,978	125,466	0.03
Barrick Gold	800	36,000	1,135,440	0.28
Best Buy	400	13,664	430,863	0.11
Boeing	250	15,760	497,070	0.12

	HOLDINGS 2010	MARKET VALUE 2010 USD	MARKET VALUE 2010 Rs	% OVERSEAS PORTFOLIO 2010
UNITED STATES OF AMERICA				
Canadian Nat Railway Co	350	20,269	639,268	0.16
Cisco Systems	800	17,327	546,494	0.13
Delphi	250	6,454	203,559	0.05
EMC Corporation	1,000	18,590	586,329	0.13
Encana Corporation	250	7,673	242,006	0.06
Fannie Mae	250	88	2,776	0.01
Fedex	200	14,302	451,085	0.11
General Electric Co	1,000	14,480	456,699	0.11
Goldman Scahs	180	24,077	759,389	0.19
Google	60	27,256	859,654	0.21
Halliburton Hldg	800	19,584	617,679	0.15
Hewlett Packard	400	17,720	558,889	0.14
Intel	1,000	19,780	623,861	0.15
JP Morgan Chase	400	14,824	467,549	0.11
KB Home	800	8,856	279,318	0.07
Kellogg	300	15,525	489,659	0.12
Kraft Foods	600	17,064	538,199	0.13
Mc Donald's	350	23,261	733,652	0.18
Medtronics	300	10,863	342,619	0.08
Microsoft	1,000	23,320	735,513	0.18
Myriad Genetics	1,650	25,427	801,968	0.20
Myriad Pharmaceutical	412	1,558	49,139	0.01
News Corporation Ltd	1,000	14,110	445,029	0.11
Oracle Corporation	900	19,575	617,396	0.15
Petro Canada	499	15,000	473,100	0.12
Pfizer Inc	900	12,884	406,361	0.10
Philip Morris Int'l	300	13,716	432,603	0.11
Procter&Gamble	300	18,096	570,748	0.14
Symantec Corp	1,000	13,930	439,352	0.11
Teva Pharmaceuticals	700	36,386	1,147,614	0.28
Time Warner	333	9,867	311,208	0.08
Time Capital	83	4,483	141,394	0.03
Toll Brothers	800	13,288	419,104	0.10
United Technologies	300	19,491	614,746	0.15
UBS Equity Fund - USA	12,160	950,912	29,991,764	7.34
UBS SEC POR-US EMU B	3,100	355,446	11,210,767	2.73
UBS SECPOR-US COD B	1,800	176,328	5,561,385	1.36
UBS SECPOR-US IND B	2,285	218,126	6,879,694	1.68
UBS SECPOR-US CST B	1,420	178,963	5,644,493	1.38
UBS SECPOR-US HCA B	2,460	234,807	7,405,813	1.81
UBS SECPOR-US FIN B	3,200	161,856	5,104,938	1.25
UBS SECPOR-US ITT B	4,100	469,819	14,818,091	3.63
UBS-ETF MSCI USA	905	90,744	2,862,066	0.70
		3,566,413	**112,484,650**	**27.53**

	HOLDINGS 2010	MARKET VALUE 2010 USD	MARKET VALUE 2010 Rs	% OVERSEAS PORTFOLIO 2010
EUROPE-EURO ZONE EXCLUDING UK				
Alcatel-Lucent	1,700	4,468	140,921	0.03
Ahold	800	10,048	316,911	0.08
Alstom	250	11,421	360,218	0.09
AXA	400	6,189	195,201	0.05
Basf	280	15,478	488,173	0.12
Deutsche Post	400	5,875	185,298	0.05
EADS	700	14,458	456,012	0.11
Infineon Technologies	1,000	5,929	187,007	0.05
Siemens AG	125	11,224	354,005	0.09
Technip	300	17,533	552,991	0.14
Tui	700	6,250	197,125	0.05
Vivendi Universal	450	9,149	288,559	0.07
UBS Equity Fund - Euro Countries	1,400	175,044	5,520,888	1.35
UBS SEC POR-EMU EMUB	375	59,331	1,871,300	0.46
UBS SEC POR-EMU FINB	670	59,905	1,889,404	0.46
UBS SEC POR-EMU ITTB	270	31,763	1,001,805	0.25
UBS SECPOR-EMU CDIB	100	13,884	437,901	0.11
UBS SECPOR-EMU INDB	165	25,537	805,437	0.20
UBS SECPOR-EMU CSHB	200	31,332	988,211	0.24
		514,818	**16,237,367**	**3.97**
UNITED KINGDOM				
BAE Systems	1,900	8,949	282,251	0.07
Barclays	2,300	9,259	292,029	0.07
BHP Billiton Plc	600	16,009	504,924	0.12
Carnival Corporation	400	12,158	383,463	0.09
Glaxo Smith Kline	500	16,915	533,499	0.12
Kingfisher	5,000	15,953	503,158	0.12
Prudential	800	6,197	195,453	0.05
Rolls Royce Group	1,500	12,840	404,974	0.10
Standard Chartered	650	16,242	512,273	0.13
Vectura Group	9,000	6,301	198,734	0.05
UBS Equity Fund - Great Britain B	975	138,144	4,357,062	1.07
		258,967	**8,167,819**	**2.00**
JAPAN				
Mits UFG FULGR- ADR	2,000	9,020	284,491	0.07
Panasonic	1,300	16,243	511,304	0.13
JF Japan	6,657	59,203	1,867,263	0.46
UBS-ETF MSCI JapA	4,420	129,434	4,082,348	1.00
		213,900	**6,746,406**	**1.65**
BRAZIL				
HSBC-Brazil	**11,111**	**377,342**	**11,901,367**	**2.91**

	HOLDINGS 2010	MARKET VALUE 2010 USD	MARKET VALUE 2010 Rs	% OVERSEAS PORTFOLIO 2010
CHINA				
China Mobile	500	24,635	776,998	0.19
Petrochina	140	15,471	487,955	0.12
Shanda Interactive	350	13,881	437,807	0.11
SINA	380	13,282	418,883	0.10
JF CHINA	9,137	389,419	12,282,275	3.01
		456,687	**14,403,908**	**3.52**
INDIA				
JF India	**4,386**	**840,054**	**26,495,303**	**6.48**
REGION SPECIFIC EQUITY FUNDS				
UBS Equity Funds - Emmaus B	9,500	239,495	7,553,672	1.85
JF Eastern Europe	15,709	567,222	17,890,182	4.38
JF Latin America	4,276	158,772	5,007,669	1.23
HSBC Global Emerging Markets Equity Freestyle	10,489	108,775	3,430,764	0.84
SJPI/Far East	25,980	791,309	24,957,886	6.11
		1,865,573	**58,840,172**	**14.40**
SPECIALISTS FUNDS				
SJPI/GAM Managed USD	11,206	371,587	11,719,854	2.87
SJPI/THSP Managed USD	16,556	416,571	13,138,649	3.22
SJPI/GAM Managed GBP	4,509	257,339	8,116,472	1.98
SJPI/THSP Managed GBP	7,620	430,454	13,576,519	3.32
		1,475,951	**46,551,495**	**11.39**
TOTAL OVERSEAS EQUITIES		**9,569,704**	**301,828,487**	**73.86**
PROPERTY				
UBS WM Global Property	**32,100**	**211,622**	**6,674,558**	**1.63**
ALTERNATIVE INVESTMENTS				
Gam Trading IV	2,800	431,984	13,624,775	3.33
DCI IRL Feed One	1,650	213,560	6,735,682	1.65
Global Division Alt	49,000	618,407	19,504,557	4.76
FS-GLBDUSB	650	70,291	2,216,978	0.54
O' Connor CRPJ	95	135,570	4,275,878	1.05
CCY Long SEK/EUR	1,100	19,826	625,312	0.15
MM FRN 3M-USD	3,350	335,583	10,584,288	2.58
CCY SHORT JPY/USD	1,400	12,950	408,443	0.10
PRED UBS MMAF USD A	10,583	112,863	3,559,699	0.87
UBS MSA USD	3,400	40,510	1,277,685	0.31
EQ Tracker UK UBS	2,200	186,993	5,897,759	1.44
EQ Track. Canada SG	965	34,251	1,080,277	0.26
EQ Track Japan UBS	16,000	150,452	4,745,256	1.16
EQ Track PacXJa UBS	4,000	128,760	4,061,090	0.99
EQ AMC Emma B UBS	1,050	166,719	5,258,317	1.29
UBS ACF A USD	13,110	103,368	3,260,227	0.80
		2,762,087	**87,116,224**	**21.32**

	HOLDINGS 2010	MARKET VALUE 2010 Rs	% OVERSEAS PORTFOLIO 2010
CASH INVESTMENTS			
BNP IPB - USD A/C	6,651	209,773	0.05
UBS Managed - USD	3,619	114,143	0.03
UBS Managed – EUR	63	1,987	0.01
UBS Managed – CHF	3,469	109,412	0.03
UBS Non-Managed – USD	52,509	1,656,134	0.41
UBS Non-Managed – Euro	45,985	1,450,367	0.35
UBS Non-Managed – GBP	8,917	281,242	0.07
Swissquote – USD	160,272	5,054,979	1.24
Swissquote – Euro	54,281	1,712,023	0.42
Swissquote – CHF	89	2,807	0.01
SBM – USD	841	26,525	0.01
SBM – EURO	57,639	1,817,934	0.44
SBM – GBP	5,140	162,116	0.04
UBP – USD	384	12,111	0.01
Barclays – USD	12,500	394,250	0.10
	412,359	**13,005,803**	**3.18**
TOTAL OVERSEAS INVESTMENTS		**408,625,073**	**100.00**

6. ACCOUNTS RECEIVABLE

		2010 Rs	2009 Rs
Other receivables		376,889	-
	Rs	**376,889**	**-**

7. ACCOUNTS PAYABLE

		2010 Rs	2009 Rs
Other payables		40,597,375	9,987,489
Accruals		190,000	297,000
	Rs	**40,787,375**	**10,284,489**

The Fund has financial risk management policies in place to ensure that all payables are paid within the timeframe.

Included in other payables is an amount of Rs 39,925,641 (2009:9,987,489) due to National Investment Trust Ltd which is unsecured, repayable at call and bears an interest rate of 5% p.a. (2009: 5.5% to 8% p.a)

8. **TAXATION**

(i) **Income tax**

Net income of the Fund, as adjusted for tax purposes is subject to income tax at the rate of 15% (2009: 15%).
At 30 June 2010, the fund has a tax loss of Rs 939,966 to be carried forward.

(ii) **Deferred tax**

The Fund has deferred tax assets of Rs 1,226,606 (2009: Rs 364,301) which have not been recognised in these financial statements due to uncertainty of their recoverability.

9. **MANAGEMENT FEES**

Management fees payable to the fund's Investment manager, National Investment Trust Ltd is based on 1% of the Net Asset Value of the fund. The fees which are calculated on a weekly basis are payable monthly in arrears.

Management fees payable to UBS is based on 1.2% of the Net Asset Value of the investments held with them. The fees are calculated on a daily basis and are payable quarterly in arrears.

10. **TRUSTEE'S FEES**

Trustee's fees payable to State Bank of Mauritius Ltd are determined on the basis of a scale determined by the trustee in consultation with the manager. The trustee fees amounted to Rs150,000 per year and are payable half yearly in arrears.

11. **UNITS**

(a) Movements in units during the period:

	2010	
	Units	**Rs**
Net assets attributable to unitholders at 01 July 2009	440,500,606	369,980,097
Units created	1,307,671	1,215,378
Units liquidated	(39,250,975)	(36,825,063)
Net Surplus for the year	-	34,199,191
Net assets attributable to unitholders at 30 June 2010	**402,557,302**	**368,569,603**

		2010	**2009**
Net assets value per unit		Rs	Rs
Ex-div	Rs	0.92	0.84

(b) Prices per unit at 30 June 2010 (valuation date)

		2010	**2009**
		Rs	Rs
Issue price	Rs	0.93	0.85
Repurchase price	Rs	0.89	0.81

12. ENTRY AND EXIT FEE

On the issue of units, an entry fee of 1% (2009: 1%) of the capital and income values of the units is paid by the unitholder to the Fund and, on the repurchase of units, an exit fee of 2.5% (2009: 4%) of the capital and income values of the units is paid by the unitholder to the Fund. The sums collected are then remitted to the manager.

13. RELATED PARTY TRANSACTIONS

The Fund is making the following disclosures in respect of related party transactions:

			2010 Rs	2009 Rs
(i)	*Payable to related parties* National Investment Trust Ltd	Rs	39,925,641	9,987,489
	Bank balances and short term deposits with State Bank of Mauritius Ltd	Rs	355,016	1,808,076
(ii)	Management fees to National Investment Trust Ltd	Rs	3,947,788	3,624,929
(iii)	Trustee's fees to State Bank of Mauritius Ltd	Rs	150,000	150,000
(iv)	Interest income from State Bank of Mauritius Ltd	Rs	56,111	141,787
(v)	Bank charges payable to State Bank of Mauritius Ltd	Rs	1,678	7,163

Compensation to key management personnel

There was no compensation to key management personnel for the period ended 30 June 2010. (2009: Nil)

14. FINANCIAL INSTRUMENTS

Capital risk management

The Fund manages its capital to ensure that the Fund will be able to continue as a going concern. The capital structure of the Fund consists of cash and cash equivalents and net assets attributable to unitholders.

Significant accounting policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in note 3 to the financial statements.

Fair values

The carrying amounts of financial assets and liabilities approximate to their fair values due to the short term nature of the balances involved.

Categories of financial instruments

	2010 Rs	2009 Rs
Financial assets		
Investments at fair value though profit or loss (FVTPL)	408,625,073	378,456,510
Loan and receivables	376,889	-
Cash and cash equivalents	355,016	1,808,076
	409,356,978	**380,264,586**
Financial liabilities		
Accounts payable, amortised cost	**40,787,375**	**10,284,489**

Financial risk management objectives

The Fund deals with international securities only and manages the financial risks relating to its operations by monitoring the risks and implementing policies to mitigate these risk exposures. These risks include market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk.

Market risk

Market risk represents the potential loss that can be caused by a change in the market value of financial instruments. The Fund's exposure to market risk is determined by a number of factors, including interest rates and market volatility.

Foreign currency risk management

The Fund undertakes certain transactions denominated in foreign currencies. Consequently, the Fund is exposed to the risk that the carrying amounts of assets and liabilities denominated in foreign currency may change due to fluctuations in foreign exchange rates.

The currency profile of the Fund's financial assets and financial liabilities at 30 June is summarised as follows:

		2010		2009	
Currency		Financial assets Rs	Financial liabilities Rs	Financial Assets Rs	Financial liabilities Rs
MUR		731,905	40,787,375	1,808,076	10,284,489
USD		342,103,904	-	322,560,062	-
EURO		19,708,114	-	15,110,925	-
GBP		46,813,055	-	40,785,523	-
	Rs	**409,356,978**	**40,787,375**	**380,264,586**	**10,284,489**

The company is mainly exposed to the USD, EURO and GBP.

The following table details the Fund's sensitivity to a 10% increase and decrease in the Mauritian Rupee against the relevant foreign currencies. 10% represents management's assessment of the reasonably possible change in foreign exchange rates. A positive number below indicates a decrease in profit and equity where the Mauritian Rupee strengthens 10% against the relevant foreign currencies. For a 10% weakening of the Mauritian Rupee against the relevant foreign currencies, there would be an equal and opposite impact on the profit and equity and the balance below would be negative.

		Equity	
		2010	**2009**
Foreign Currency Impact		Rs	Rs
USD		34,210,390	32,256,006
EURO		1,970,811	1,511,093
GBP		4,681,305	4,078,552
	Rs	**40,862,506**	**37,845,651**

The above foreign currency impact is mainly attributable to the foreign currency exposure on investment balances.

Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Fund.

The Fund does not have significant concentration of credit risk.

Interest rate risk management

The interest rate profile of the Fund's financial assets as at 30 June 2010 was:

	2010	**2009**
	% p.a	% p.a
Financial assets		
Cash at bank	3.75	4.50
Financial liabilities		
Other payables	5.00	5.5 to 8.00

Interest rate sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rates on financial assets and liabilities at end of reporting period. A 100 basis points increase or decrease represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 100 basis points higher and all other variables were held constant, the Fund's results and net assets would be affected as follows:

	2010	**2009**
	Rs	Rs
Decrease in profit	(395,706)	(81,794)
Decrease in net assets	(395,706)	(81,794)

Had the interest rates been 100 basis points lower and all other variables were held constant, there would be an equal and opposite impact on profit.

Other price risks

The Fund is exposed to equity price risks arising from equity investments which the company held for trading purposes.

Equity price sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to equity price risks at the reporting date.

If equity prices had been 5% higher/lower, net assets attributable to unitholders would increase/decrease by Rs 20,431,254 as a result of the changes in fair value of the held-for-trading shares.

Liquidity risk management

The Fund manages liquidity risk by maintaining adequate reserves and banking facilities, by continuously monitoring forecast and actual cash flows.

Liquidity and interest risk tables

The following tables detail the Fund's remaining contractual maturity for its non-derivative financial assets and liabilities. The tables have been drawn up based on the undiscounted cash flows of financial assets and liabilities based on the earliest date on which the Fund can be required to earn or pay.

2010	Weighted average effective interest rate % p.a		At call Rs	Less than 1 month Rs	1-3 months Rs	3 months to 1 year Rs	More than 1 year Rs	Total Rs
Financial assets								
Non interest bearing	n/a		-	376,889	-	13,005,803	395,619,270	409,001,962
Variable interest rate instruments	3.75		355,016	-	-	-	-	355,016
		Rs	**355,016**	**376,889**	**-**	**13,005,803**	**395,619,270**	**409,356,978**
Financial liabilities								
Non interest bearing	n/a		-	861,734	-	-	-	861,734
Variable interest rate instruments	5		39,925,641	-	-	-	-	39,925,641
		Rs	**39,925,641**	**861,734**				**40,787,375**

2009	Weighted average effective interest rate % p.a		At call Rs	Less than 1 month Rs	1-3 months Rs	3 months to 1 year Rs	More than 1 year Rs	Total Rs
Financial assets								
Non interest bearing	n/a		-	-	-	-	378,456,510	378,456,510
Variable interest rate instruments	4.50		1,808,076	-	-	-	-	1,808,076
		Rs	**1,808,076**	-	-	-	**378,456,510**	**380,264,586**
Financial liabilities								
Non interest bearing	n/a		-	207,000	90,000	-	-	297,000
Variable interest rate instruments	5.5		9,987,489	-	-	-	-	9,987,489
		Rs	**9,987,489**	**207,000**	**90,000**	-	-	**10,284,489**

Fair value measurements

Valuation techniques and assumptions applied for the purposes of measuring fair value

The fair values of quoted financial assets are determined on the basis of accounting policy 3(e).

Fair value measurements recognised in the statement of financial position

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

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

	30 June 2010			
	Level 1	**Level 2**	**Level 3**	**Total**
Financial assets designated at FVTPL	Rs	Rs	Rs	Rs
Quoted equities	408,625,073	-	-	408,625,073

	30 June 2009			
	Level 1	**Level 2**	**Level 3**	**Total**
Financial assets designated at FVTPL	Rs	Rs	Rs	Rs
Quoted equities	378,456,510	-	-	378,456,510

National Investment Trust

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