



Annual Report *2011*



*Dear Shareholder,*

The National Investment Trust Ltd is pleased to present its Annual Report for the year ended 30<sup>th</sup> June 2011.

This innovative format comprises in hard copy, the Notice of Annual Meeting of Shareholders, a proxy form and extracts of the key figures of the report, namely the Statement of Financial Position, Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash flows. The Notes to the Financial Statements is provided in a separate booklet for user-friendly reading of the report.

Together with this report, you will also have received your statement of holdings as at 31st October 2011 and a cheque (in case you opted for this mode of payment) representing dividend for the financial year ended 30<sup>th</sup> June 2011.

Yours faithfully,

**Gaetan Wong To Wing**  
Chief Executive Officer

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## 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

### **SHARE REGISTRY & TRANSFER OFFICE**

If you are a shareholder and have inquiries regarding your account, wish to change your name or address, or have questions about lost share certificates, share transfers or dividends, please contact our Share Registry 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 the Shareholders of the National Investment Trust Ltd will be held at 10.00 a.m. on Saturday 17<sup>th</sup> December 2011 at the Centre Social Marie Reine de la Paix, Port Louis to transact the following business in the manner required for the passing of Ordinary Resolutions :

## Agenda

1. To approve the Minutes of Proceedings of the previous meeting of shareholders.
2. To receive and adopt the financial statements to June 2011 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 14th October 2011.
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<sup>th</sup> November 2011

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## Notes:

1. *A shareholder of the Company entitled to attend and vote at this meeting may appoint a proxy of his/her own choice to attend and vote on his/her behalf. A proxy need not be a member of the Company.*
2. *The instrument appointing a proxy or any general power of attorney shall be deposited at the Share Registry and Transfer Office of the Company, Level 8 Newton Tower, Sir William Newton Street, Port Louis not less than twenty-four hours before the meeting.*
3. *A proxy form is included in this Annual Report and is also available at the registered office of the Company.*
4. *For the purpose of the above Annual Meeting, the Directors have resolved, in compliance with Section 120(3) of the Companies Act 2001, that the shareholders who are entitled to receive notice of the meeting shall be those shareholders whose names are registered in the share register of the Company as at 25th November 2011.*



# Corporate Governance



## Statement of Compliance

Good Governance is a fundamental part of the basic principles which have always been applied by National Investment Trust Ltd (NIT) and forms an intrinsic part of its Corporate Policy. The Company ensures that its activities are carried out in line with best corporate practices as regard to decision making process, procedures at Board level and management issues.

Given the nature of the Company and the relatively small size of its board, all Corporate Governance functions are discharged by the Board of Directors as a unit.

For ease of reference, the relevant descriptive part of the governance framework and compliance of National Investment Trust Limited with the disclosures required under the Code of Corporate Governance for Mauritius (the "Code") is reproduced in this Report.

However, the main elements of the governance framework of the Company are disclosed thereafter.

## Main Shareholders

The largest shareholders of NIT Ltd. at September 30, 2011 were as follows:

Main Shareholders	No. of Shares owned	% holding
National Pension Fund	3,057,148	22.31
Pershing LLC	2,170,700	15.84
Government of Mauritius	1,471,058	10.75
Sugar Insurance Fund Board	623,430	4.55
The Mauritius Development Investment Trust Co.	452,316	3.30
Others	5,927,548	43.25

## Shareholding Profile

The share ownership and the categories of shareholders at September 30, 2011 are set out hereafter.

Number of Shareholders	Size of Shareholding	No. of Shares owned	% of Total Issued Shares
4,359	1 - 100 shares	133,240	0.97
973	101 - 200 shares	151,721	1.11
518	201 - 300 shares	147,533	1.07
737	301 - 400 shares	264,928	1.93
82	401 - 500 shares	37,458	0.27
506	501 - 1,000 shares	369,656	2.70
330	1,001 - 2,000 shares	486,724	3.55
243	2,001 - 5,000 shares	764,980	5.58
66	5,001 - 10,000 shares	454,745	3.32
70	10,001 - 50,000 shares	1,448,175	10.57
11	50,001 - 100,000 shares	685,631	5.00
6	100,001 - 250,000 shares	983,057	7.17
1	250,001 - 500,000 shares	452,316	3.30
4	Over 500,000 shares	7,322,336	53.44
<b>7,906</b>		<b>13,702,500</b>	<b>100.00</b>

Number of Shareholders	Category of Shareholders	No. of Shares owned	% of Total Issued Shares
7,745	Individual	3,869,502	28.24
24	Insurance and Assurance Companies	1,070,926	7.82
21	Pension and Provident Funds	3,521,336	25.70
33	Investment and Trust Companies	3,009,006	21.96
81	Other Private Corporate Bodies	580,672	4.24
2	Other Public Sector/ Para Statal Bodies	1,651,058	12.05
7,906		13,702,500	100.00

Number of Shareholders	Category of Shareholders	No. of Shares owned	% of Total Issued Shares
7,903	Local	11,523,395	84.10
3	Foreign	2,178,805	15.90
7,906		13,702,200	100.00

### Share Price Information

To date, the share of NIT Ltd is quoted at Rs 31.80 on the Official Market of the Stock Exchange of Mauritius.

Date	Price (Rs)	Yearly Change (%)
June 30, 2008	26.00	N/A
June 30, 2009	20.50	(21)
June 30, 2010	29.00	41
June 30, 2011	37.00	27

### Dividend Policy

The Company has no formal dividend policy. Dividend payments are determined by the profitability of the Company, its cash flow and its future investments.

A final dividend is declared on or about October each year.

Key dividend information over the past 3 years is shown below.

	2009	2010	2011
Dividend per share (Rs)	1.00	0.75	0.50
Dividend cover (times)	1.16	0.48	0.20
Dividend yield (%)	4.89	2.59	1.35

The final dividend of Rs 0.50 cents per ordinary share declared in respect of the financial year will be paid on or around 20th November 2011 to all ordinary shareholders registered at close of business October 14th, 2011.

### Total Shareholders' Return

The total return for shareholder over the last 3 years is shown below.

	2009	2010	2011
Share price at June 30 - current year (Rs)	20.50	29.00	37.00
Share price at June 30 - previous year (Rs)	26.00	20.50	29.00
Increase/Decrease in NIT share price (Rs)	(5.50)	9.50	8.00
Dividend - current year (Rs)	1.00	0.75	0.50
Total return per share (Rs)	(4.50)	10.25	8.50
Total return based on previous year share price	(17.3)%	50%	29.3%

### Shareholders' Agreement

To the Company's knowledge at the time of writing, there is no shareholders' agreement between its direct shareholders.

### Shareholders' Communication

The Company's Board of Directors places great importance on open and transparent communication with all shareholders. It

endeavours to keep them regularly informed on matters affecting the Company by official press announcements, disclosures in the Annual Report and at Annual Meeting of Shareholders, which all Board members are requested to attend.

NIT's Annual Meeting provides an opportunity for shareholders to raise and discuss matters with the Board relating to the Company. Shareholders are encouraged to attend the AGM to remain informed of the Company's strategy and goals.

### Calendar of Forthcomings Events

17th December 2011	Annual Meeting of Shareholders
15th February 2012	Publication of half-year results to 31 December 2011
15th May 2012	Publication of third quarter results to 31 March 2012
September 2012	Publication of abridged end-of-year results to June 30 2012 & Declaration of dividend
November 2012	Payment of dividend

### Company's Registered Office

Since October 2009, the registered office of the Company is situated at Level 8 Newton Tower, Sir William Newton Street, Port Louis.

### Company's Constitution

The Company's Constitution is in compliance with the provisions of the Companies Act 2001.

The salient features of which are as follows:

- the Company has wide objects and powers;
- the Company may acquire and hold its own shares;
- there are no pre-emptive rights attached to the shares;
- fully paid up shares are freely transferable;
- the quorum for a meeting of Shareholders is 3 Shareholders present or represented holding at least 60% of the share capital of the Company;
- the Board of Directors shall consist of not less than 5 or more than 7 Directors;
- the quorum for a meeting of the Board shall be 2 Directors when the Board shall consist of 2 or 3 members, 3 Directors when the Board shall consist of 4 or 5 members and 4 Directors when the Board shall consist of 6 or 7 members;
- the Directors have the power to appoint any person to be a Director, either to fill a casual vacancy or as an addition to the existing Directors but so that the total number of Directors shall not at any time exceed the number fixed in accordance with the Constitution. The Director so appointed shall hold office only until the next following annual meeting of Shareholders and shall then be eligible for re-election;
- a Director is not required to hold shares in the Company.



A copy of NIT's Constitution is available upon request in writing to the Company Secretary at the registered office of the Company, Level 8 Newton Tower, Sir William Newton Street, Port Louis.

#### Board of Directors

The Company has a unitary board of five members, all of whom are Non-Executive Directors and of appropriate calibre, with necessary skills and experience to assist in providing leadership, integrity and judgement in managing the Company.

Although the Code of Corporate Governance for Mauritius recommends to have at least two Independent and two Executive Directors, the Directors of the Company believe that the Board composition is adequate due to the presence of Independent Directors on the Board.

The Board of NIT is collectively responsible for promoting the success of the Company and is aware of its responsibility to ensure that the Company adheres to all relevant legislation, complies with the rules of the Official Market of the Stock Exchange of Mauritius and that the principles of good governance are followed and applied throughout the Company.

The Directors perform their duties, responsibilities and powers to the extent permitted by law. They also ensure that their other responsibilities do not impinge on their responsibilities as a Director of NIT.

The Board has unrestricted access to the records of the Company and also has the right to seek independent professional advice, at the expense of the Company, to enable it to discharge its responsibility effectively.

Members	Functions	Current Occupation
Raj Ringadoo	Independent	Chairman State Investment Corporation
Mazahir Adamjee	Independent	Director Currimjee Jewanjee & Co. Ltd
Chaya Dawonauth	Independent	Senior Manager Banque des Mascareignes
André José Poncini, G.O.S.K.	Independent	Executive Director Poncini Group of Companies
Jayavadee Sooben	Independent	Principal Assistant Secretary Ministry of Social Security

#### Directors' and Officers' Interest in NIT Shares

In accordance with the Companies Act 2001, written records of the interests of the Directors and their closely related parties in NIT shares are kept in a Register of Directors' Interests. Consequently, as soon as a Director becomes aware that he is interested in a transaction, or that his holdings or his associates' holdings have changed, the interest should be reported to the Company in writing. The Register of Interests is updated with any

subsequent transactions entered into by the Directors and persons closely associated with them.

All new Directors are required to notify in writing to the Company Secretary their direct and indirect holdings in NIT shares. According to NIT's Constitution, a Director is not required to hold shares in the Company.

Moreover, a pursuant to the Securities Act 2005, NIT registered itself as a reporting issuer with the Financial Services Commission ("FSC") and makes every effort to follow the relevant disclosure requirements. The Company keeps a Register of its Insiders and the said register is updated with the notification of interest in securities submitted by the Directors, the officers and the other Insiders of NIT Ltd.

The Directors of NIT having direct and/or indirect interests in the ordinary shares of the Company at September 30 2011 were as follows:

Directors	Direct Interest		Indirect Interest	
	No. of shares	%	No. of shares	%
André José Poncini, G.O.S.K.	22,500	00.16	8,600	0.06
Gaetan Wong To Wing			9,563	0.07

#### Directors' and Officers' Dealings in NIT Shares

The Directors of NIT use their best endeavours to follow the rules of the Official Market of the Stock Exchange of Mauritius.

The Directors and officers of the Company are prohibited from dealing in the shares of NIT at any time when in possession of unpublished price-sensitive information, or for the period of one month prior to the publication of the Company's quarterly and yearly results and to the announcement of dividends and distributions to be paid or passed, as the case may be, and ending on the date of such publications/announcements.

Moreover, Directors and officers of NIT are also required to observe the insider trading laws at all times, even when dealing in securities within permitted trading periods.

During the year under review, none of the Directors and officers of NIT dealt with the shares of the Company whether directly or indirectly.

#### Directors' and Officers' Insurance and Indemnification

The Directors and officers of NIT benefit from an indemnity insurance cover for liabilities incurred while performing the duties to the extent permitted by law.

#### Directors' Appointment

In accordance with the Company's Constitution, the Board may fill vacancies or newly-created directorships on the Board that may occur between annual meetings of shareholders, but so that the total number of Directors shall not at any time exceed the number fixed in accordance with the Constitution.



Newly appointed Directors are subject to election by shareholders at the Company's Annual Meeting in their first year of appointment. Moreover, the order to provide greater accountability and give shareholders a further opportunity to send a signal to the Board if they have concerns, all Directors hold office for a one-year period but are eligible for reappointment. Consequently, a new Board is elected every year by ordinary resolution at the Company's Annual Meeting.

### Board Meetings

The Board has 6 scheduled meetings each year. In addition, special meetings may be called from time to time as determined by the needs of the business. It is the responsibility of the Directors to attend meetings.

Board meetings are convened by giving appropriate notice after obtaining approval of the Chairman. As a general rule, detailed agenda, management reports and other explanatory statements are circulated in advance amongst the Directors to facilitate meaningful, informed and focused decisions at the meetings. To address specific urgent business needs, meetings are at times called at shorter notice.

The Directors may ask for any explanations or the production of additional information and, more generally, submit to the Chairman any request for information or access to information which might appear to be appropriate to him/her. The Board is also regularly informed of the state of business in the sector and its developments and competition.

A quorum of 3 Directors is currently required for a Board meeting.

In addition to the Directors, Senior Management is invited at each Board meeting of the Company.

The minutes of the proceedings of each Board meeting are recorded by the Secretary to Board and are entered in the Minutes Book. The minutes of each Board meeting are submitted for confirmation at its next meeting and these are then signed by the Chairman and the Secretary.

### Internal Control

The Board is satisfied that a continual process for identifying, evaluating and managing the Company's significant risks has been place for the financial year and up to the date of this Annual Report. The effectiveness of the internal control systems is reviewed by the Board which derives its information from regular management accounts and external audit reports.

To date, no material financial problems have been identified that would affect the results reported in these financial statements. The Board confirms that if significant weaknesses had been identified during this review, the Board would have taken the necessary steps to remedy them.

### Risk Management

Risk management is considered by the Board to be an essential element of business strategy. It is a key responsibility of the Chief Executive Officer of National Investment Trust Limited and his team, and an activity which is overlooked by the Board of Directors.

The Chief Executive Officer of National Investment Trust Limited works with his team to identify potential risks to the Company's business rating identified risks by both probability and severity of impact. This team then develops strategies and action plans to offset or mitigate those risks.

### Statement of Remuneration Philosophy

All Directors of NIT Ltd. receive a Board remuneration consisting of a fixed fee. Any changes to Board remuneration are submitted to the Annual Meeting of Shareholders for approval.

The Board fees for the year under review were:

Board Service	Meeting Fees
Annual Director's fee	Rs 150 000

### Code of Ethics

NIT Ltd. Believes that it is essential that all employees within the Company act in a professional manner and extend the highest courtesy to co-workers, visitors, clients and all other stakeholders.

As such, the National Investment Trust Ltd. has adopted a Code of Ethics. The Code is based on the important principle of respect. This fundamental principle applies to the clients, employees, shareholders, and the community in which the company operates.

Moreover, the Code provides guidance to employees as to how to behave both in the immediate internal environment as well as external interactions. It also defines what is regarded as acceptable and not acceptable for the Company as a whole.

All employees have taken cognisance of the National Investment Trust Limited Code of Ethics and are expected to act according to it.

### Employee Share Option Plan

The Company has no employee share option plan.

### Statement of Directors' Responsibilities

The Directors are responsible for the preparation of financial statements which give a true and fair view of the financial position, financial performance and cash flows of the Company and the Company complies with the Companies Act 2001 and with International Financial Reporting Standards.

They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Other main responsibilities of the Board of Directors include assessment of the management team's performance relative to corporate objectives, overseeing the implementation and upholding of good corporate governance practices, acting as the





central coordination body for the monitoring and reporting of sustainability performance of the Company and ensuring timely and comprehensive communication to all stakeholders on events significant to the Company.

#### **Accounting records to be kept**

The Board of Directors shall cause accounting records to be kept that:

- correctly record and explain the transactions of the Company;
- shall at any time enable the financial position of the Company to be determined with reasonable accuracy; and
- enable the Directors to prepare financial statements that comply with the Companies Act 2001 and International Financial Reporting Standards.

In preparing those financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether or not the Companies Act 2001 and International Financial Reporting Standards have been adhered to and explain material departures thereto; and
- prepare these financial statements on the going concern basis unless it is in appropriate to presume that the Company will continue in business.

The Directors confirm that they have complied with the above requirements in preparing the financial statements.

The Board acknowledges its responsibility for ensuring the preparation of the annual financial statements in accordance with International Financial Reporting Standards and the responsibility of external auditors to report on these financial statements.

The Board also acknowledges its responsibility for ensuring the maintenance of adequate accounting records and an effective system of internal controls and risk management.

The Board of Directors confirms that it endeavours to implement corporate governance best practice.

Nothing has come to the Board's attention, to indicate any material breakdown in the functioning of the internal controls and systems during the period under review, which could have a material impact on the business. The financial statements are prepared from the accounting records on the basis of consistent and prudent judgements and estimates that fairly present the state of affairs of the Company.

The Board of Directors confirms that it is satisfied the National Investment Trust Limited has adequate resources to continue in business for the foreseeable future. For this reason, it continues to adopt the going concern basis when preparing the financial statements.

## Statutory Disclosures

### Principal Activities

The Company was incorporated as a closed-end fund whose principal activity was to invest in shares and securities in both the local and international markets.

In January 2008, the Company got the approval from the relevant authorities to go ahead with its plan to split its assets into three distinct and separate parts, namely:

- (i) Sub-Fund 1: NIT Local Equity Fund, to hold all domestically quoted stocks;
- (ii) Sub-Fund 2: NIT Global Opportunities Fund, to hold all overseas investments;
- (iii) NIT Ltd, to hold the local unquoted shares and manage the above two funds.

The Company was granted a CIS Manager Licence on 21st June 2010.

### Review of Business

The review of the Company's activities and performance is set out in the Chairman's Statement on page 9.

### Results and Dividends

The Income and Expenditure Account of the Company for the year to 30 June 2011 is set out on page 12 of this report.

For the financial year under review, the Company's profit after taxation amounted to Rs 1.3m (2010 - Rs 4.9m). In that respect, the Directors have declared a dividend of Re 0.50 per share (2010 - Rs 0.75 per share).

### Substantial Shareholders at 31 October 2009

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	15.8%
Government Of Mauritius	Ordinary	10.7%

### Directors' Interests

- (a) *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.

- (b) *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.

### Directors

The Directors who served during the year were :

#### *Chairman*

Raj Ringadoo

#### *Directors*

Mazahir Adamjee

Chaya Dawonauth

André José Poncini G.O.S.K.

Jayavadee Sooben



## Chairman's Statement

I am pleased to present the eighteenth report of the Company together with the audited financial statements for the year ended 30 June 2011.

### Performance Review

#### Net Asset Value

For the financial year under review, the Company's Net Asset Value has increased by 7.7% to reach Rs 68.91 on a per share basis as the value of our unquoted investments rose by about Rs 76.7m. Such an increase is primarily due to the higher rating of most comparable listed companies as at 30 June 2011.

#### Income

On the income side, Net Profit after tax stood at Rs 1.3m compared to Rs 4.9m at a similar date last year as, it was the Company's first full year of operation as a stand-alone entity.

### Overview of the performance of our Unit Trusts

#### NIT Local Equity Fund

The Fund registered an appreciation of 22% for the year as the value of funds under management reached Rs718.3m. Such a performance compares favourably to the blue-chip heavy SEM-7 which gained 18.2% during the period.

#### NIT Global Opportunities Fund

The Fund registered a decrease of 8.5% for the year under review to reach Rs 339.6 m compared to a 19.2 % increase in the MSCI World in MUR terms. Such a performance is mainly attributable to the fact that nearly 45% of the portfolio was invested in cash given our bearish stance on equity markets since the turn of the year as we were of the opinion that stock markets in developed countries could not stay divorced from the economy indefinitely. Such a move has been vindicated since then.



### 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.

#### The Macro Picture

The world economy is entering a difficult and dangerous phase, where there are no easy or costless policy solutions but policy paralysis also carries enormous risks of unraveling the feeble recovery. In fact, debt crises, weak employment growth and policy dithering in the major advanced economies have exacerbated global economic uncertainty and dented confidence around the world to such an extent that, the blow to more fundamentally sound emerging economies has not been shield away.

Such elevated macroeconomic uncertainty on the global stage has resulted in equity markets experiencing roller coaster investment performances with, periods of impressive gains alternating with times of unsettling losses. The local bourse is no exception as it also felt the brunt of the lack of visibility on the international landscape.

Being given that, we are talking about some major multi-year themes playing out here, with the potential to cause tremendous volatility going forward, our current stance remains one of caution

Chairman  
31 October 2011

## 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 11 to 14 which comprise the statement of financial position as at 30 June 2011 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 information.

#### *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 the Financial Reporting Act 2004. They are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

#### *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 11 to 14 give a true and fair view of the financial position of National Investment Trust Ltd as at 30 June 2011, 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.

### 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  
7<sup>th</sup> Floor, Raffles Tower  
19, Cybercity, Ebène



## Statement of Financial Position at 30 June 2011

	Notes	2011 Rs	2010 Rs
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property and equipment	5	48,915,478	48,244,125
Portfolio of Domestic Securities	6	852,750,000	776,082,100
Intangible assets	7	-	82,913
		<b>901,665,478</b>	<b>824,409,138</b>
<b>CURRENT ASSETS</b>			
Accounts receivable	8	38,652,651	68,415,429
Cash at bank		30,864,025	15,313,028
		<b>69,516,676</b>	<b>83,728,457</b>
<b>TOTAL ASSETS</b>	Rs	<b>971,182,154</b>	<b>908,137,595</b>
<b>EQUITY AND LIABILITIES</b>			
<b>CAPITAL AND RESERVES</b>			
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		761,550,000	684,882,100
Retained earnings		83,645,308	92,601,721
<b>TOTAL EQUITY</b>		<b>944,241,656</b>	<b>876,530,169</b>
<b>NON CURRENT LIABILITIES</b>			
Bank Loan	16	18,750,000	22,500,000
Retirement benefit obligations	12	-	850,000
Deferred tax liability	11	1,126,519	662,737
<b>CURRENT LIABILITIES</b>			
Accounts payable	9	3,100,913	3,554,241
Bank Loan	16	3,750,000	3,750,000
Taxation	11	213,066	290,448
<b>TOTAL LIABILITIES</b>		<b>26,940,498</b>	<b>31,607,426</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	Rs	<b>971,182,154</b>	<b>908,137,595</b>

Approved by the Board of Directors and authorised for issue on 27 September 2011.

Raj Ringadoo                    )  
Chaya Dawonauth            ) Directors



# Statement of Comprehensive Income

for the year ended 30 June 2011

	Notes	2011	2010
	Rs	Rs	
<b>INCOME</b>		<b>19,204,515</b>	<b>23,314,229</b>
Surplus on portfolio of investments		76,667,900	293,352,100
		<u>95,872,415</u>	<u>316,666,329</u>
<b>ADMINISTRATIVE EXPENSES</b>		<b>(15,326,814)</b>	<b>(15,193,661)</b>
<b>PROFIT BEFORE FINANCE COST</b>		<b>80,545,601</b>	<b>301,472,668</b>
Finance cost	17	(2,084,346)	(2,562,444)
<b>PROFIT BEFORE TAXATION</b>	14	<b>78,461,255</b>	<b>298,910,224</b>
<b>TAXATION</b>	11	<b>(472,893)</b>	<b>(659,220)</b>
<b>PROFIT FOR THE YEAR</b>		<b>77,988,362</b>	<b>298,251,004</b>
Other comprehensive income		-	-
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		<b>77,988,362</b>	<b>298,251,004</b>
		(76,667,900)	(293,352,100)
<b>NET DISTRIBUTABLE PROFIT FOR THE YEAR</b>		<b>1,320,462</b>	<b>4,898,904</b>
<b>EARNINGS PER SHARE BEFORE MOVEMENT ON PORTFOLIO OF INVESTMENTS</b> (i.e. BASED ON PROFIT FOR THE YEAR):	18(a) Rs	<b>5.69</b>	<b>21.77</b>
<b>EARNINGS PER SHARE AFTER MOVEMENT ON PORTFOLIO OF INVESTMENTS</b> (i.e. BASED ON DISTRIBUTABLE INCOME FOR THE YEAR):	18(b) Rs	<b>0.10</b>	<b>0.36</b>

## Statement of Changes in Equity for the year ended 30 June 2011

	Note	Stated capital	Capital Redemption reserve	Deficit on realisation of investments	Fair value reserve	Retained earnings	Total
		Rs	Rs	Rs	Rs	Rs	Rs
<b>Balance at 1 July 2009</b>	Rs	<b>156,718,346</b>	<b>319,722,000</b>	<b>(377,393,998)</b>	<b>391,530,000</b>	<b>101,405,317</b>	<b>591,981,665</b>
Profit for the year		-	-	-	-	298,251,004	298,251,004
Other comprehensive income		-	-	-	-	-	-
Total comprehensive income 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)
<b>Balance at 30 June 2010</b>	Rs	<b>156,718,346</b>	<b>319,722,000</b>	<b>(377,393,998)</b>	<b>684,882,100</b>	<b>92,601,721</b>	<b>876,530,169</b>
<b>Balance at 1 July 2010</b>		<b>156,718,346</b>	<b>319,722,000</b>	<b>(377,393,998)</b>	<b>684,882,100</b>	<b>92,601,721</b>	<b>876,530,169</b>
Profit for the year		-	-	-	-	77,988,362	77,988,362
Other comprehensive income		-	-	-	-	-	-
Total comprehensive income for the year		-	-	-	-	77,988,362	77,988,362
Transfers:		-	-	-	76,667,900	(76,667,900)	-
Surplus on revaluation of investments transferred to fair value reserve		-	-	-	76,667,900	(76,667,900)	-
Dividend	15	-	-	-	-	(10,276,875)	(10,276,875)
<b>Balance at 30 June 2011</b>	Rs	<b>156,718,346</b>	<b>319,722,000</b>	<b>(377,393,998)</b>	<b>761,550,000</b>	<b>83,645,308</b>	<b>944,241,656</b>



## Statement of Cash Flows for the year ended 30 June 2011

	2011 Rs	2010 Rs
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	78,461,255	298,910,224
Adjustments for:		
Interest income	(3,166,979)	(4,522,940)
Surplus on portfolio of investments	(76,667,900)	(293,352,100)
Depreciation of property and equipment	3,884,504	2,043,495
Amortisation of intangible assets	82,913	362,815
Retirement benefit obligation	-	850,000
Interest payable	2,084,346	2,562,444
Profit on sale of property and equipment	(189,999)	-
<b>OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES</b>	<b>4,488,140</b>	<b>6,853,938</b>
Movement in Working Capital	29,762,778	(6,206,919)
(Decrease)/increase in accounts payable	(1,303,328)	425,259
	<b>28,459,450</b>	<b>(5,781,660)</b>
<b>NET CASH GENERATED FROM OPERATIONS</b>	<b>32,947,590</b>	<b>1,072,278</b>
Interest paid	(2,084,346)	(2,562,444)
Taxation	(86,493)	(1,069,074)
<b>NET CASH GENERATED FROM/(USED IN) OPERATING ACTIVITIES</b>	<b>30,776,751</b>	<b>(2,559,240)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property and equipment	(4,555,858)	(241,602)
Fixed income securities encashed	-	(14,801,093)
Interest income	3,166,979	25,000,000
Proceeds from sale of property and equipment	190,000	4,522,940
	-	-
<b>NET CASH (USED IN)/GENERATED FROM INVESTING ACTIVITIES</b>	<b>(1,198,879)</b>	<b>14,480,245</b>
<b>C</b>		
Dividends paid	(10,276,875)	(13,702,500)
Loan repaid	(3,750,000)	(3,750,000)
<b>NET CASH USED IN FINANCING ACTIVITIES</b>	<b>(14,026,875)</b>	<b>(17,452,500)</b>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>15,550,997</b>	<b>(5,531,495)</b>
<b>CASH AND CASH EQUIVALENTS AT 1 JULY</b>	<b>15,313,028</b>	<b>20,844,523</b>
<b>CASH AND CASH EQUIVALENTS AT 30 JUNE</b>	<b>Rs 30,864,025</b>	<b>Rs 15,313,028</b>
<b>Represented by:</b>		
Cash at bank	Rs 30,864,025	Rs 15,313,028



# NIT Local Equity Fund Annual Report 2011

## 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

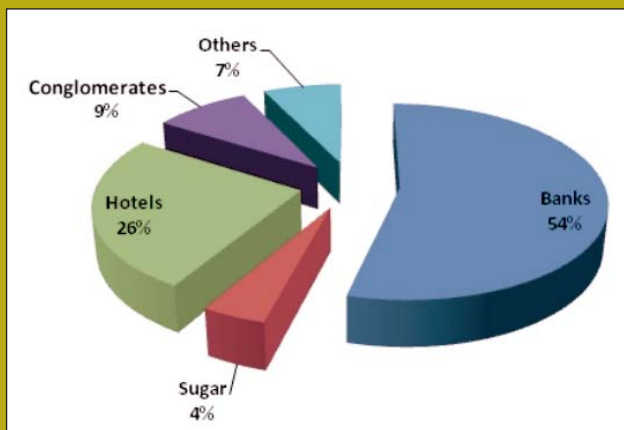
The investment objective of the NIT LOCAL EQUITY FUND is to produce both income and capital growth from a diversified portfolio of domestic securities. Investments are predominantly made in shares quoted on the local stock market.

## Manager's Report

We are pleased to present a report of the NIT Local Equity Fund for the period ended 30 June 2011.

### Portfolio characteristics as at 30 June 2011

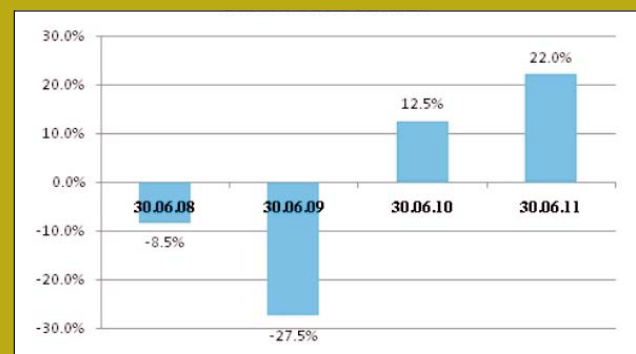
#### Sector Allocation



#### Top 5 holdings

Company	Weight in Portfolio (%)	Weight in Semdex (%)	Over/(Under) (%)
MCB	27.9	25.2	2.7
SBM	24.8	15.6	9.2
NMH	12.9	8.6	4.3
Sun Resorts	10.8	3.7	7.1
Rogers	4.5	4.1	0.4

### Financial Year Returns



### Dividends Paid

Year	Rs
30.06.09	0.02
30.06.10	0.0157
30.06.11	0.014

### Performance review

The Fund registered an appreciation of 22% for the year as the value of funds under management reached Rs 718.3m. Such a performance compares favourably to the blue-chip heavy SEM-7 which gained 18.2% during the period.

As value investors, the underlying liquidity of each holding is a critical determinant in our investment decisions such that our high exposure to 'blue chips' is quite deliberate given the lack of depth of the local stock market. 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:

	<b>Capital Gains/ (Losses)</b> Rs (000)	<b>Capital Appreciation/ (Depreciation)</b> Rs (000)	<b>Dividends Received</b> Rs (000)	<b>Total</b> Rs (000)
<b>Portfolio</b>	(7,255)	122,678	19,309	134,732

## Prospects

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

Since balance sheet date, the local bourse has felt the brunt of the turmoil on the international landscape where, debt crises, weak employment growth and policy dithering in the major advanced

economies have exacerbated global economic uncertainty and dented confidence around the world. With the Hotel sector being the biggest casualty due to its high dependence on growth in Europe, the market has been moving south with the Semdex shredding 10.2 %, on the back of significant foreign selling.

Based on existing fundamentals with a market PE of 11.6X and dividend yield of 3%, local stocks do seem to be attractively valued. Having said that, a number of factors namely, persistent instability and volatility on the global scene and the heightened correlation between the domestic market and major international ones during such uncertain times blur the picture.

Being given that, we are talking about some major multi-year themes playing out here, with the potential to cause tremendous volatility going forward, our current stance remains one of caution. In fact, until we see some resolution on the global scene, we believe that it would be wise to move forward with care as the local bourse is no exception and has its fate linked to developments globally.

The National Investment Trust Ltd



## 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. We do not accept or assume responsibility to anyone other than the company and 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 19 to 22 which comprise the statement of assets and liabilities as at 30 June 2011 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 information.

#### *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. They are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

#### *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 Fund'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 19 to 22 give a true and fair view of the financial position of NIT Local Equity Fund as at 30 June 2011, 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.

**Deloitte**  
Chartered Accountants  
7<sup>th</sup> Floor, Raffles Tower  
19, Cybercity, Ebène



## Statement of Assets and Liabilities at 30 June 2011

	Notes	2011		2010	
		Rs	% of Fund	Rs	% of Fund
<b>ASSETS</b>					
<b>Non-Current Assets</b>					
Portfolio of Domestic Securities	5	702,369,507	102.97	617,413,220	105.02
<b>Current Assets</b>					
Accounts receivable	6	554,003	0.08	52,465	0.01
Cash at bank		15,738,274	2.31	8,628,162	1.47
		16,292,277	2.39	8,680,627	1.48
<b>TOTAL ASSETS</b>		<b>718,661,784</b>	<b>105.36</b>	<b>626,093,847</b>	<b>106.49</b>
<b>LIABILITIES</b>					
<b>Current Liabilities</b>					
Accounts payable	7	255,000	0.04	571,738	0.10
Loan	8	24,967,697	3.66	24,540,137	4.17
Distribution to unitholders	9	11,304,682	1.66	13,042,534	2.22
Taxation	10	840	0.00	26,000	0.00
<b>TOTAL LIABILITIES (excluding net assets attributable to unitholders)</b>		<b>36,528,219</b>	<b>5.36</b>	<b>38,180,409</b>	<b>6.49</b>
<b>NET ASSETS ATTRIBUTABLE TO UNITHOLDERS</b>		<b>Rs 682,133,565</b>	<b>100.00</b>	<b>587,913,438</b>	<b>100.00</b>

Approved by the Manager of the NIT Local Equity Fund and authorised for issue on 27 September 2011.

The Manager



## Statement of Movements in Net Assets

for the year ended 30 June 2011

	Investments Rs	Other net assets Rs	Total Rs
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)
<b>NET CASH MOVEMENT FROM UNITS</b>	-	<b>(55,008,596)</b>	<b>(55,008,596)</b>
Additions	3,835,440	(3,835,440)	-
Proceeds from sale of investments	(79,457,727)	79,457,727	-
<b>NET CASH MOVEMENT FROM INVESTMENTS</b>	<b>(75,622,287)</b>	<b>75,622,287</b>	-
Surplus for the year	-	57,705,141	57,705,141
Transfer of profit on investment	57,705,141	(57,705,141)	-
	57,705,141	-	57,705,141
<b>NET ASSETS ATTRIBUTABLE TO UNITHOLDERS AT 30 JUNE 2010</b>	<b>617,413,220</b>	<b>(29,499,782)</b>	<b>587,913,438</b>
	Rs		
<b>NET ASSETS ATTRIBUTABLE TO UNITHOLDERS AT 1 JULY 2010</b>	<b>617,413,220</b>	<b>(29,499,782)</b>	<b>587,913,438</b>
Cash received for units created	-	18,467,031	18,467,031
Cash paid for units liquidated	-	(39,670,290)	(39,670,290)
<b>NET CASH MOVEMENT FROM UNITS</b>	-	<b>(21,203,259)</b>	<b>(21,203,259)</b>
Additions	5,335,411	(5,335,411)	-
Proceeds from sale of investments	(35,802,510)	35,802,510	-
<b>NET CASH MOVEMENT FROM INVESTMENTS</b>	<b>(30,467,099)</b>	<b>30,467,099</b>	-
Surplus for the year	-	115,423,386	115,423,386
Transfer of profit on investment	115,423,386	(115,423,386)	-
	115,423,386	-	115,423,386
<b>NET ASSETS ATTRIBUTABLE TO UNITHOLDERS AT 30 JUNE 2011</b>	<b>702,369,507</b>	<b>(20,235,942)</b>	<b>682,133,565</b>
	Rs		

# Income and Distribution Statement

for the year ended 30 June 2011

	Notes	2011 Rs	2010 Rs
<b>INVESTMENT INCOME</b>			
Dividend income		19,309,393	22,352,984
Interest income		214,730	261,035
		19,524,123	22,614,019
<b>FUND EXPENSES</b>			
Management fees	11	6,426,724	6,444,886
Audit fees		140,300	153,800
Trustee fees	12	150,000	150,000
Interest Expense		1,061,332	1,627,313
Printing		130,000	130,000
Bank charges		2,141	1,775
General expenses		300	-
		7,910,797	8,507,774
<b>INCOME FROM OPERATING ACTIVITIES</b>		11,613,326	14,106,245
<b>EQUALISATION</b>			
Income received on units created		276,117	232,877
Amount paid on units liquidated		(566,752)	(1,270,588)
		(290,635)	(1,037,711)
<b>INCOME BEFORE TAXATION</b>		11,322,691	13,068,534
<b>TAXATION EXPENSE</b>		10	(18,009)
<b>INCOME AFTER TAXATION</b>		11,304,682	13,042,534
<b>DISTRIBUTION TO UNITHOLDERS</b>		9	(11,304,682)
<b>INCOME BEFORE INVESTMENTS ITEMS</b>		-	-
Net increase in fair value of FVTPL investments		122,678,076	94,325,331
Loss on disposals of FVTPL investments		(7,254,690)	(36,620,190)
		115,423,386	57,705,141
<b>SURPLUS FOR THE YEAR ATTRIBUTABLE TO UNITHOLDERS</b>		Rs	115,423,386
			57,705,141



## Cash Flow Statement for the year ended 30 June 2011

	2011 Rs	2010 Rs
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Income before taxation (adjusted for net gain on investments)	126,746,077	70,773,673
Adjustments for:		
Interest payable	1,061,332	1,627,313
Interest income	(214,730)	(261,035)
Net Increase in fair value of FVTPL investments	(122,678,076)	(94,325,331)
Loss on disposal of investments	7,254,690	36,620,190
<b>Operating profit before taxation</b>	<b>12,169,293</b>	<b>14,434,812</b>
<b>Movement in working capital</b>		
(Increase)/ Decrease in accounts receivable	(501,538)	171,442
Decrease in accounts payable	(316,738)	(21,007,424)
	(818,276)	(20,835,982)
<b>NET CASH GENERATED FROM / (USED IN) OPERATING ACTIVITIES</b>	<b>11,351,017</b>	<b>(6,401,170)</b>
Taxation	(43,169)	(36,958)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Additions to investments	(5,335,411)	(3,835,440)
Proceeds from sale of investments	35,802,510	79,457,727
Interest income	214,730	261,035
<b>NET CASH GENERATED FROM INVESTING ACTIVITIES</b>	<b>30,681,829</b>	<b>75,883,322</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Interest paid	(1,061,332)	(1,627,313)
Dividend paid	(13,042,534)	(18,263,631)
Loan received	427,560	13,408,042
Net cash movement from units	(21,203,259)	(55,008,596)
<b>NET CASH USED IN FINANCING ACTIVITIES</b>	<b>(34,879,565)</b>	<b>(61,491,498)</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>7,110,112</b>	<b>7,953,696</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR</b>	<b>8,628,162</b>	<b>674,466</b>
<b>CASH AND CASH EQUIVALENTS AT END OF THE YEAR</b>	<b>15,738,274</b>	<b>8,628,162</b>

Rs

# NIT Global Opportunities Fund Annual Report 2011

## 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

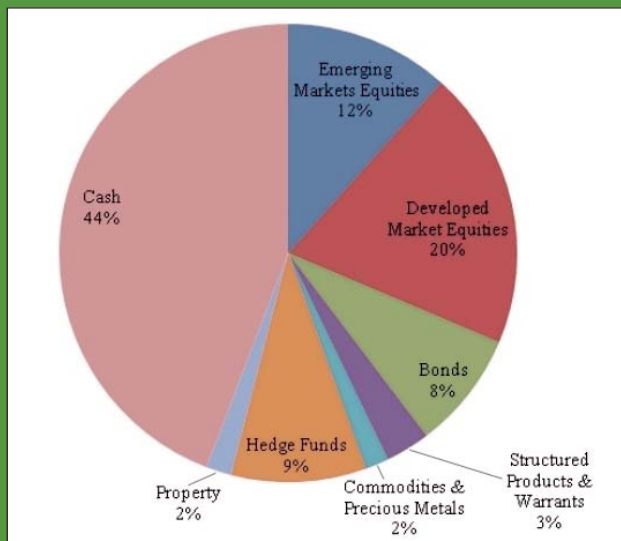
The investment objective of the NIT GLOBAL OPPORTUNITIES FUND is to produce both income and capital growth from a diversified portfolio of international securities. Investment can be made in overseas equities, fixed-interest securities and other financial assets.

## Manager’s Report

We are pleased to present a report of the NIT GLOBAL OPPORTUNITIES FUND for the period ended 30 June 2011.

### Portfolio characteristics as at 30 June 2011

#### Investment Breakdown



### Financial Year Returns



### Dividends

The net accumulated income of the Fund does not allow for a distribution of a meaningful dividend.

### Performance review

The Fund registered a decrease of 8.5% for the year under review to reach Rs339.6m compared to a 19.2% increase in the MSCI World in MUR terms. Such a performance is mainly attributable to the fact that nearly 45% of the portfolio was invested in cash given our bearish stance on equity markets since the turn of the year as we were of the opinion that stock markets in developed countries could not stay divorced from the economy indefinitely. Such a move has been vindicated since then.





## Prospects

The performance of our portfolio is closely linked to the evolution of stock markets around the globe.

Since balance sheet date, the world economy has been entering a difficult and dangerous phase, where there are no easy or costless policy solutions but policy paralysis also carries enormous risks of unraveling the feeble recovery. In fact, debt crises, weak employment growth and policy dithering in the major advanced economies have exacerbated global economic uncertainty and dented confidence around the world to such an extent that, the blow to more fundamentally sound emerging economies has not been shield away.

To make matter worse, Governments in these countries continue to adopt policies that seem to suggest that the problems are merely liquidity-related, when in fact they are highly structural in nature and will require years of fiscal belt-tightening on the part of consumer in much of the industrialized world, and in the public sector as well.

Such heightened macroeconomic uncertainty on the global stage has resulted in equity markets experiencing roller coaster investment performances with, periods of impressive gains alternating with times of unsettling losses. In fact, markets have been in the grips of a tug of war — between relatively attractive valuations in the face of adequate and sustainable (though not spectacular) corporate profit growth that is being forecasted for 2011-2012 and within the context of unusually strong corporate balance sheets, low interest rates, contained inflation and market-friendly central banks and, macroeconomic uncertainty;

At this point in time, there are four factors that keep us from being more heavily committed to equities namely:

- the stock market's continued volatility and instability;
- the inability of European leaders to find a viable and credible solution to the euro crisis to prevent contagion;
- continuing political partisanship in the U.S. (and failure of its leaders to properly confront its fiscal imbalances and to promote pro-growth policy); and
- an inability to gauge whether the erosion in the recent sentiment measures will translate into weakness in hard economic data going forward.



Another thing that bothers us, is that it is usually a slippery slope when the world's economic and stock market health is not in a "natural state" but is more and more dependent on effective policy by our global leaders. The fact remains that market headlines are dominated by Angela Merkel, Zhou Xiaochuan, Barack Obama and George Papandreou which, in a secular sense, are not environments in which investors should feel comfortable bidding up stocks.

Being given that, we are talking about some major multi-year themes playing out here, with the potential to cause tremendous volatility going forward, our current stance remains one of caution. In fact, until we see some resolution of these issues, we believe that it would be wise to move forward with care as a wide range of economic, corporate profit and stock market outcomes lie ahead

The National Investment Trust Ltd



## 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 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. We do not accept or assume responsibility to anyone other than the company and 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 Global Opportunities Fund on pages 25 to 28 which comprise the statement of assets and liabilities as at 30 June 2011 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 information.

### *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. They are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### *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 Fund'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 25 to 28 give a true and fair view of the financial position of NIT Global Opportunities Fund as at 30 June 2011, 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.

**Deloitte**  
Chartered Accountants  
7<sup>th</sup> Floor, Raffles Tower  
19, Cybercity, Ebène

## Statement of Assets and Liabilities at 30 June 2011

	Notes	2011		2010	
		Rs	% of Fund	Rs	% of Fund
<b>ASSETS</b>					
<b>Non-Current Assets</b>					
Portfolio of International Securities	5	349,576,765	102.44	408,625,073	110.87
<b>Current Assets</b>					
Accounts receivable	6	-		376,889	0.10
Cash at bank		5,441,040	1.59	355,016	0.10
		5,441,040	1.59	731,905	0.20
<b>TOTAL ASSETS</b>		<b>355,017,805</b>	<b>104.03</b>	<b>409,356,978</b>	<b>111.07</b>
<b>LIABILITIES</b>					
<b>Current Liabilities</b>					
Accounts payable	7	13,749,768	4.03	40,787,375	11.07
<b>TOTAL LIABILITIES</b> (excluding net assets attributable to unitholders)		<b>13,749,768</b>	<b>4.03</b>	<b>40,787,375</b>	<b>11.07</b>
<b>NET ASSETS ATTRIBUTABLE TO UNITHOLDERS</b>		<b>341,268,037</b>	<b>100.00</b>	<b>368,569,603</b>	<b>100.00</b>

Approved by the Manager of the NIT Global Opportunities Fund and authorised for issue on 27 September 2011.

The Manager



## Statement of Movements in Net Assets

for the year ended 30 June 2011

	Investments Rs	Other net assets Rs	Total Rs
<b>NET ASSETS ATTRIBUTABLE TO UNITHOLDERS AT 1 JULY 2009</b>	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)
<b>NET CASH MOVEMENT FROM UNITS</b>	<b>-</b>	<b>(35,609,685)</b>	<b>(35,609,685)</b>
Cost of investments purchased	106,986,163	(106,986,163)	-
Proceeds from sale of investments	(117,414,392)	117,414,392	-
<b>NET CASH MOVEMENT FROM INVESTMENTS</b>	<b>(10,428,229)</b>	<b>10,428,229</b>	<b>-</b>
Surplus for the year	-	34,199,191	34,199,191
Transfer of profit on investments items	40,596,792	(40,596,792)	-
	<b>40,596,792</b>	<b>(6,397,601)</b>	<b>34,199,191</b>
<b>NET ASSETS ATTRIBUTABLE TO UNITHOLDERS AT 30 JUNE 2010</b>	<b>408,625,073</b>	<b>(40,055,470)</b>	<b>368,569,603</b>
<b>NET ASSETS ATTRIBUTABLE TO UNITHOLDERS AT 1 JULY 2010</b>	<b>408,625,073</b>	<b>(40,055,470)</b>	<b>368,569,603</b>
Cash received for units created	-	17,141,187	17,141,187
Cash paid for units liquidated	-	(16,301,896)	(16,301,896)
<b>NET CASH MOVEMENT FROM UNITS</b>	<b>-</b>	<b>839,291</b>	<b>839,291</b>
Cost of investments purchased	296,728,126	(296,728,126)	-
Proceeds from sale of investments	(334,256,391)	334,256,391	-
<b>NET CASH MOVEMENT FROM INVESTMENTS</b>	<b>(37,528,265)</b>	<b>37,528,265</b>	<b>-</b>
Deficit for the year	-	(28,140,857)	(28,140,857)
Transfer of loss on investments items	(21,520,043)	21,520,043	-
	<b>(21,520,043)</b>	<b>(6,620,814)</b>	<b>(28,140,857)</b>
<b>NET ASSETS ATTRIBUTABLE TO UNITHOLDERS AT 30 JUNE 2011</b>	<b>349,576,765</b>	<b>(8,308,728)</b>	<b>341,268,037</b>

# Income and Distribution Statement

for the year ended 30 June 2011

	Notes	2011 Rs	2010 Rs
<b>INVESTMENT INCOME</b>			
Dividend income		350,307	693,662
Interest income		62,714	56,111
Overseas Interest		47,113	964
		<b>460,134</b>	<b>750,737</b>
<b>FUND EXPENSES</b>			
Management fees	9	5,202,722	6,318,885
Custody Fees		21,090	23,105
Audit fees		174,800	171,050
Trustee fees	10	150,000	150,000
Interest expenses		1,323,117	839,874
Printing		130,000	130,000
Bank charges		12,569	1,678
General Expenses		-	1,000
		<b>7,014,298</b>	<b>7,635,592</b>
<b>LOSS FROM OPERATING ACTIVITIES</b>		<b>(6,554,164)</b>	<b>(6,884,855)</b>
<b>EQUALISATION</b>			
Amount paid on units created		(235,953)	(23,852)
Income received on units liquidated		169,303	511,106
		<b>(66,650)</b>	<b>487,254</b>
<b>LOSS BEFORE INVESTMENTS ITEMS</b>		<b>(6,620,814)</b>	<b>(6,397,601)</b>
Net increase in fair value of FVTPL investments		2,715,545	45,853,067
Loss on disposals of FVTPL investments		(24,235,588)	(5,256,275)
		<b>(21,520,043)</b>	<b>40,596,792</b>
<b>(DEFICIT)/ SURPLUS FOR THE YEAR ATTRIBUTABLE TO UNITHOLDERS</b>		<b>(28,140,857)</b>	<b>34,199,191</b>



## Statement of Cash Flows for the year ended 30 June 2011

	2011 Rs	2010 Rs
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
(Deficit)/surplus before investment items (adjusted for net loss on investments)	(28,140,857)	34,199,191
Adjustments for:		
Interest payable	1,323,117	839,874
Interest income	(109,827)	(57,075)
Net increase in fair value of FVTPL investments	(2,715,545)	(45,853,067)
Loss on disposal of investments	24,235,588	5,256,275
Operating loss before taxation	<b>(5,407,524)</b>	<b>(5,614,802)</b>
<b>Movement in working capital</b>		
Decrease/(increase) in accounts receivable	376,889	(376,889)
(Decrease)/increase in accounts payable	(27,037,607)	30,502,886
	<b>(26,660,718)</b>	<b>30,125,997</b>
<b>CASH (USED IN) / GENERATED FROM OPERATIONS</b>	<b>(32,068,242)</b>	<b>24,511,195</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest income	109,827	57,075
Additions to investments	(296,728,126)	(106,986,163)
Proceeds from sale of investments	334,256,391	117,414,392
<b>NET CASH GENERATED FROM INVESTING ACTIVITIES</b>	<b>37,638,092</b>	<b>10,485,304</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Net cash movement from units	839,291	(35,609,685)
Interest paid	(1,323,117)	(839,874)
<b>NET CASH USED IN FINANCING ACTIVITIES</b>	<b>(483,826)</b>	<b>(36,449,559)</b>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>5,086,024</b>	<b>(1,453,060)</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR</b>	<b>355,016</b>	<b>1,808,076</b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF YEAR</b>	<b>5,441,040</b>	<b>355,016</b>



## Notes to the Financial Statements

National Investment Trust Annual Report *2011*

# Notes to the Financial Statements

## for the National Investment Trust Ltd for the year ended 30 June 2011

### 1. LEGAL FORM AND ACTIVITIES

The company was incorporated on 18 March 1993 as a public company and is listed on the Stock Exchange of Mauritius. The Company's registered office is Level 8, Newton Tower, Sir William Newton Street, Port Louis. 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 applied 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 2010.

#### 2.1 Revised Standards applied with no material effect on the financial statements

The following relevant revised Standards have been applied in these financial statements. Their application has not had any significant impact on the amounts reported for current and prior periods but may affect the accounting for future transactions or arrangements.

IAS 1	Presentation of Financial Statements - Amendments resulting from April 2009 Annual Improvements to IFRSs
IAS 7	Statement of Cash Flows - Amendments resulting from April 2009 Annual Improvements to IFRSs
IAS 32	Financial Instruments: Presentation - Amendments relating to classification of rights issues
IAS 36	Impairment of Assets - Amendments resulting from April 2009 Annual Improvements to IFRSs
IAS 39	Financial Instruments: Recognition and Measurement - Amendments resulting from April 2009 Annual Improvements to IFRSs

#### 2.2 New and revised Standards in issue but not yet applied

At the date of authorisation of these financial statements, the following 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 May 2010 Annual Improvements to IFRSs (effective 1 January 2011)
IAS 1	Presentation of Financial Statements - Amendments to revise the way other comprehensive income is presented (effective 1 July 2012)
IAS 12	Income Taxes - Limited scope amendment (recovery of underlying assets) (effective 1 January 2012)
IAS 19	Employee Benefits - Amended Standard resulting from the Post-Employment Benefits and Termination Benefits projects (effective 1 January 2013)
IAS 24	Related Party Disclosures - Revised definition of related parties (effective 1 January 2011)
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)
- IFRS 12 Disclosure of Interests in Other Entities (effective 1 January 2013)
- IFRS 13 Fair Value 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 IFRSs will be applied on their effective dates in future periods. The directors have not yet had an opportunity to consider the potential impact of the application of these amendments.

### 3. SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied 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 (IFRSs).

(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 to their estimated residual values 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 probable 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.

Fair value is determined as follows:

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 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 was previously recognised in the statement of financial position as a non-current liability. Since the setting up of its own pension fund, as disclosed in note 12, all costs relating to retirement benefits are expensed in the statement of comprehensive income.

(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) *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.

(iii) *Cash and cash equivalents*

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

(iv) *Accounts payables*

Accounts payables are stated at their amortised cost.

(v) *Fixed income securities*

Fixed income securities are measured at amortised cost.

(vi) *Bank loans*

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
<b>COST</b>						
At 1 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
At 1 July 2010		41,150,738	2,611,015	7,407,506	1,491,595	52,660,854
Additions		-	33,925	572,281	3,949,652	4,555,858
Disposals		-	-	-	(1,491,595)	(1,491,595)
At 30 June 2011	Rs	<b>41,150,738</b>	<b>2,644,940</b>	<b>7,979,787</b>	<b>3,949,652</b>	<b>55,725,117</b>
<b>DEPRECIATION</b>						
At 1 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		874,068	983,359	1,067,708	1,491,594	4,416,729
At 1 July 2010		874,068	983,359	1,067,708	1,491,594	4,416,729
Charge for the year		2,057,537	528,988	797,979	500,000	3,884,504
Disposals		-	-	-	(1,491,594)	(1,491,594)
At 30 June 2011	Rs	<b>2,931,605</b>	<b>1,512,347</b>	<b>1,865,687</b>	<b>500,000</b>	<b>6,809,639</b>
<b>NET BOOK VALUE</b>						
At 30 June 2011	Rs	<b>38,219,133</b>	<b>1,132,593</b>	<b>6,114,100</b>	<b>3,449,652</b>	<b>48,915,478</b>
At 30 June 2010	Rs	40,276,670	1,627,656	6,339,798	1	48,244,125

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	
	2011 Rs	2010 Rs
At 1 July	776,082,100	482,730,000
Movement in fair value	76,667,900	293,352,100
<b>At 30 June</b>	<b>Rs 852,750,000</b>	<b>776,082,100</b>

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

## 6.1 PORTFOLIO OF DOMESTIC SECURITIES

	SHARE HOLDINGS 2011 Rs	SHARE HOLDINGS 2010 Rs	MARKET VALUE 2011 Rs
State Investment Corporation Ltd	1,500,000	1,500,000	450,000,000
SICOM Ltd	30,000	30,000	400,950,000
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	2011 Rs	2010 Rs
<i>Cost</i>		
At 1 July	1,451,262	1,209,660
Additions	-	241,602
At 30 June	1,451,262	1,451,262
<i>Amortisation</i>		
At 1 July	1,368,349	1,005,534
Charge for the year	82,913	362,815
At 30 June	1,451,262	1,368,349
<i>Net book value</i>		
At 30 June	-	82,913

## 8. ACCOUNTS RECEIVABLE

	2011 Rs	2010 Rs
Loan receivable from NIT Local Equity Fund	24,967,694	24,540,136
Prepayments	272,348	-
Deposits	-	3,949,652
Loan receivable from NIT Global Opportunitites Fund	13,412,609	39,925,641
	<b>38,652,651</b>	<b>68,415,429</b>

Loans receivable from NIT Local Equity Fund and NIT Global Opportunities Fund carry interest of 5% (2010: 5%) and are repayable at call.

## 9. ACCOUNTS PAYABLE

	2011 Rs	2010 Rs
Other payables	-	329,943
Accruals	294,790	240,110
Unclaimed dividends	2,806,123	2,984,188
	<b>3,100,913</b>	<b>3,554,241</b>

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

## 10. STATED CAPITAL

	2011 & 2010 Rs
Issued and Fully Paid	
13,702,500 shares of Rs10 each	137,025,000
Share premium	19,693,346
	<b>156,718,346</b>

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% (2010: 15%) on the profit for the year as adjusted for income tax purposes.

	2011 Rs	2010 Rs
Provision for the year	9,111	305,239
Deferred tax expense	254,119	353,981
Underprovision of deferred tax in previous year	209,663	-
Tax expense as per statement of comprehensive income	<b>472,893</b>	<b>659,220</b>
Balance at 1 July	290,448	1,054,283
Current tax liabilities	9,111	305,239
Tax paid during the year	(86,493)	(1,069,074)
Taxation liability as per statement of financial position	<b>213,066</b>	<b>290,448</b>

**(ii) Tax Reconciliation**

	2011 %	2010 %
Applicable income tax rate	15.00	15.00
Tax effect of:		
- Non taxable income	(0.81)	(0.21)
- Expenses not deductible for tax purposes	0.57	0.14
- Investment revaluation reserve	(14.66)	14.70
Effective tax rate	<u>0.10</u>	<u>0.23</u>

**(iii) Deferred tax liability**

	2011 Rs	2010 Rs
At 1 July	662,737	308,756
Deferred tax expense	254,119	353,981
Underprovision in previous year	209,663	-
At 30 June	Rs <u>1,126,519</u>	<u>662,737</u>

Deferred tax liability arises from

	2011 Rs	2010 Rs
Accelerated capital allowances	<u>1,126,519</u>	<u>662,737</u>

**12. RETIREMENT BENEFIT OBLIGATION**

No provision (2010: Rs 850,000) was made by the company for retirement benefit obligation since the company has set up its own pension fund, the NIT Pension Fund, and entered into a defined contribution scheme for its employees as from September 2010. The amounts contributed are included in staff costs (note 14) and recognised in the statement of comprehensive income as follows.

	2011 Rs	2010 Rs
Defined contribution pension plan:		
Contributions paid	<u>538,329</u>	<u>-</u>
State pension plan:		
National pension scheme contributions charged	<u>242,936</u>	<u>1,027,619</u>

**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 this amount was repaid by NMF to the company in 2010 as management fees.

No further management fees were received by the company from NMF for the year ended 30 June 2011.

**14. PROFIT BEFORE TAXATION**

This is arrived at after charging:

	Note	2011 Rs	2010 Rs
Salaries, allowances and pension fund contributions		6,500,316	5,451,483
Directors fees		150,000	165,000
Auditor's remuneration		113,850	143,750
Depreciation on property and equipment		3,884,504	2,043,495
Amortisation of intangible assets		82,913	362,815
Global Service Charge	13	-	2,086,737
Corporate Social Responsibility Fund		111,657	329,943
		<u>          </u>	<u>          </u>

**15. DIVIDEND**

		2011 Rs	2010 Rs
Dividend of Re 0.75 (2010: Re1.00) per share	Rs	<u>10,276,875</u>	<u>13,702,500</u>

**16. BANK LOAN**

		2011 Rs	2010 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		18,750,000	22,500,000
	Rs	<u>22,500,000</u>	<u>26,250,000</u>

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.

**17. FINANCE COSTS**

		2011 Rs	2010 Rs
Interest on loan	Rs	<u>2,084,346</u>	<u>2,562,444</u>

**18. EARNINGS PER SHARE**

- (a) The calculation of earnings per share before movement on portfolio of investments is based on profit for the year of Rs 77,988,362 (2010: Rs 298,251,004) and 13,702,500 ordinary shares in issue during the two years ended 30 June 2011.
- (b) The calculation of earnings per share after movement on portfolio of investment is based on net distributable profit for the year of Rs 1,320,462 (2010: Rs 4,898,904) and 13,702,500 ordinary shares in issue during the two years ended 30 June 2011.

**19. FINANCIAL STATISTICS**

	2011 Rs	2010 Rs	2009 Rs	2008 Rs	2007 Rs
Earnings per share	5.69	21.77	(3.62)	6.70	18.21
Dividend per share	0.75	1.00	1.00	0.60	0.50
Net Asset per share	68.91	63.97	43.20	47.82	47.85





## 20. RELATED PARTY TRANSACTIONS

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

	2011 Rs	2010 Rs
(i) <i>Outstanding balances</i>		
Receivables from related parties:		
- Loan receivable from NIT Local Equity Fund	24,967,694	24,540,136
- Loan receivable NIT Global Opportunities Fund	13,412,609	39,925,641
(ii) <i>Management fees receivable</i>		
- NMF General Fund	-	1,251,214
- NIT Local Equity Fund	6,426,726	6,444,886
- NIT Global Opportunities Fund	3,639,278	3,947,788
(iii) <i>Global service charge</i>		
- National Mutual Fund Ltd	-	2,086,737

There was no compensation to key management personnel during the year (2010: Nil) except for directors fees as disclosed in note 14.

## 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 earnings, fair value reserve, deficit on realisation of investments and capital redemption reserve.

### 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

	2011 Rs	2010 Rs
<i>Financial assets</i>		
Investments at fair value through profit or loss (FVTPL)	852,750,000	776,082,100
Accounts receivable	38,380,303	68,415,429
Cash and cash equivalents	30,864,025	15,313,028
	921,994,328	859,810,557
<i>Financial liabilities</i>		
Accounts payable, amortised cost	3,100,913	3,554,241
Loan	22,500,000	26,250,000
	25,600,913	29,804,241

Prepayments amounting to Rs 272,348 (2010: Rs Nil) have not been included in financial assets.

### Financial risk management objectives

The company holds domestic 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's financial assets and liabilities are denominated in MUR and is thus not 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. With respect to credit risk arising from financial assets which comprise of investments at fair value through profit or loss (FVTPL), accounts receivables and cash and cash equivalents, the company's exposure arises from the default of the counterparty, with a maximum exposure equal to the carrying amount of these financial assets at the reporting date.

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:

	2011 % p.a	2010 % p.a
<i>Financial assets</i>		
Cash at bank - MRU	4.50	4.50
Loan receivable	5.00	5.00
<i>Financial liabilities</i>		
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:

	2011 Rs	2010 Rs
Decrease in Profit	467,443	534,042
Decrease in equity	467,443	534,042

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 42,637,500 (2010: Rs 38,804,105) 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

2011	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
<b>Financial assets</b>							
Non interest bearing	-	-	-	-	-	852,750,000	852,750,000
Variable interest rate instruments	5	30,864,025	-	38,380,303	-	-	69,244,328
		<u>30,864,025</u>	<u>-</u>	<u>38,380,303</u>	<u>-</u>	<u>852,750,000</u>	<u>921,994,328</u>
<b>Financial liabilities</b>							
Variable interest rate instrument	9.25	-	-	3,100,913	3,750,000	18,750,000	25,600,913
		<u>Rs -</u>	<u>-</u>	<u>3,100,913</u>	<u>3,750,000</u>	<u>18,750,000</u>	<u>25,600,913</u>
<b>2010</b>							
<b>Financial assets</b>							
Non interest bearing	-	-	-	-	-	776,082,100	776,082,100
Variable interest rate instruments	5	15,313,028	-	68,415,429	-	-	83,728,457
		<u>15,313,028</u>	<u>-</u>	<u>68,415,429</u>	<u>-</u>	<u>776,082,100</u>	<u>859,810,557</u>
<b>Financial liabilities</b>							
Variable interest rate instrument	9.25	-	-	3,554,241	3,750,000	22,500,000	29,804,241
		<u>Rs -</u>	<u>-</u>	<u>3,554,241</u>	<u>3,750,000</u>	<u>22,500,000</u>	<u>29,804,241</u>

**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).

<b>30 June 2011</b>				
<b>Financial assets designated at FVTPL</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
	Rs	Rs	Rs	Rs
Unquoted equities	-	-	852,750,000	852,750,000
<b>Total</b>	-	-	<b>852,750,000</b>	<b>852,750,000</b>

<b>30 June 2010</b>				
<b>Financial assets designated at FVTPL</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
	Rs	Rs	Rs	Rs
Unquoted equities	-	-	776,082,100	776,082,100
<b>Total</b>	-	-	<b>776,082,100</b>	<b>776,082,100</b>

**Reconciliation of level 3 fair value measurement of financial assets:**

	<b>2011</b>	<b>2010</b>
	Rs	Rs
Opening balance	776,082,100	482,730,000
Total gains in statement of comprehensive income	76,667,900	293,352,100
Closing balance	852,750,000	776,082,100



## Notes to the Financial Statements

NIT Local Equity Fund Annual Report *2011*

# Notes to the Financial Statements

## for the NIT Local Equity Fund for the year ended 30 June 2011

### 1. GENERAL INFORMATION

The NIT Local Equity Fund is a public open-ended collective Investment scheme which is constituted under NIT Unit Trust. The Fund's registered office is Level 8, Newton Tower, Sir William Newton Street, Port Louis. 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 applied 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 2010.

#### 2.1 Revised Standards applied with no material effect on the financial statements

The following relevant revised Standards have been applied in these financial statements. Their application has not had any significant impact on the amounts reported for current and prior periods but may affect the accounting for future transactions or arrangements.

IAS 1	Presentation of Financial Statements - Amendments resulting from April 2009 Annual Improvements to IFRSs
IAS 7	Statement of Cash Flows - Amendments resulting from April 2009 Annual Improvements to IFRSs
IAS 32	Financial Instruments: Presentation - Amendments relating to classification of rights issues
IAS 36	Impairment of Assets - Amendments resulting from April 2009 Annual Improvements to IFRSs
IAS 39	Financial Instruments: Recognition and Measurement - Amendments resulting from April 2009 Annual Improvements to IFRSs

#### 2.2 New and revised Standards in issue but not yet effective

At the date of authorisation of these financial statements, the following 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 May 2010 Annual Improvements to IFRSs (effective 1 January 2011)
IAS 1	Presentation of Financial Statements - Amendments to revise the way other comprehensive income is presented (effective 1 July 2012)
IAS 12	Income Taxes - Limited scope amendment (recovery of underlying assets) (effective 1 January 2012)
IAS 19	Employee Benefits - Amended Standard resulting from the Post-Employment Benefits and Termination Benefits projects (effective 1 January 2013)
IAS 24	Related Party Disclosures - Revised definition of related parties (effective 1 January 2011)
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)

IFRS 12 Disclosure of Interests in Other Entities (effective 1 January 2013)

IFRS 13 Fair Value Measurement (effective 1 January 2013)

The directors anticipate that these IFRSs will be applied on their effective dates in future periods. The directors have not yet had an opportunity to consider the potential impact of the application 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 probable 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 Fund 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 Fund 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 Fund 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.

*Fair Value of unlisted investments*

The company holds financial instruments that are not quoted on active markets. The unquoted investments have been valued by the directors at their cost. They are of the opinion that this reflects fairly the value of these investments. Changes in assumptions could affect the reported value of the financial instrument.

**5. PORTFOLIO OF DOMESTIC SECURITIES**(i) **Fair-value-through profit and loss**

	Quoted		Unquoted	Total
	Official Market Rs	Development & Enterprises Market Rs		
<b>At fair value</b>				
At 1 July 2009	625,557,443	8,209,473	1,564,450	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
<b>At 30 June 2010</b>	<b>609,360,244</b>	<b>6,488,526</b>	<b>1,564,450</b>	<b>617,413,220</b>
At 1 July 2010	609,360,244	6,488,526	1,564,450	617,413,220
Additions	5,335,411	-	-	5,335,411
Disposals	(43,057,200)	-	-	(43,057,200)
Surplus on revaluation	120,975,001	1,703,075	-	122,678,076
<b>At 30 June 2011</b>	<b>692,613,456</b>	<b>8,191,601</b>	<b>1,564,450</b>	<b>702,369,507</b>
<b>At 30 June 2010</b>	<b>609,360,244</b>	<b>6,488,526</b>	<b>1,564,450</b>	<b>617,413,220</b>
<b>Sales proceeds</b>	<b>35,802,510</b>	<b>-</b>	<b>-</b>	<b>35,802,510</b>



## (ii) Details of domestic securities

	Fair value 2011 Rs	Portfolio 2011 %
<b>LEISURE AND TOURISM</b>		
<b>Official List</b>		
New Mauritius Hotels Limited	92,981,293	13.24
Sun Resorts Limited	79,470,342	11.31
Naiade Resort Ltd	6,292,975	0.90
<b>Development &amp; Enterprises Market</b>		
Casino Ltd (Knowledge Economies Ltd)	1,575,570	0.22
	<b>180,320,180</b>	<b>25.67</b>
<b>BANK, INSURANCE AND FINANCE</b>		
<b>Official List</b>		
The Mauritius Commercial Bank Ltd	198,923,176	28.32
State Bank of Mauritius Ltd	177,046,368	25.21
Mauritian Eagle Insurance Co Ltd	4,195,520	0.60
Swan Insurance Co. Ltd	2,690,344	0.38
	<b>382,855,408</b>	<b>54.51</b>
<b>COMMERCE</b>		
<b>Official List</b>		
Shell Mauritius Limited	<b>4,139,548</b>	<b>0.59</b>
<b>PROPERTY AND CONSTRUCTION</b>		
<b>Development &amp; Enterprises Market</b>		
COVIFRA Ltée	<b>200,340</b>	<b>0.03</b>
<b>FOOD AND BEVERAGES</b>		
<b>Official List</b>		
Innodis Limited	3,910,990	0.56
Phoenix Beverages Ltd	10,192	0.00
<b>Development &amp; Enterprises Market</b>		
Les Moulins de la Concorde Ltée	139,500	0.02
	<b>4,060,682</b>	<b>0.58</b>
<b>MANUFACTURING AND INDUSTRIAL</b>		
<b>Official List</b>		
Mauritius Oil Refineries Limited	5,580,204	0.80
United Basalt Products Limited	24,327,000	3.46
<b>Development &amp; Enterprises Market</b>		
Chemco Ltd	2,580	0.00
CIEL Textile Ltd	74,544	0.01
	<b>29,984,328</b>	<b>4.27</b>

	Fair value 2011 Rs	Portfolio 2011 %
<b>CONGLOMERATE</b>		
<b>Official List</b>		
Ireland Blyth Ltd	29,546,800	4.21
Rogers and Company Ltd	31,847,400	4.53
	<b>61,394,200</b>	<b>8.74</b>
<b>SUGAR INDUSTRY</b>		
<b>Official List</b>		
Harel Freres Ltd	2,535,619	0.36
Omnican Limited	23,577,911	3.36
ENL Land Ltd	3,568,900	
<b>Development &amp; Enterprises Market</b>		
Deep River Beau Champ Ltd - Preference Shares	525,300	0.08
Flacq United Estates Ltd - Ordinary Shares	2,556,144	0.36
Medine Share Holdings	850,500	0.12
The Union Sugar Estate Ltd	1,716	0.00
<b>Unquoted</b>		
The Beau Champ Holdings Company Limited	1,564,450	0.22
	<b>35,180,540</b>	<b>5.01</b>
<b>INVESTMENTS</b>		
<b>Development &amp; Enterprises Market</b>		
Ciel Investment Limited	1,775,001	0.25
Phoenix Investment	490,560	0.07
	<b>2,265,561</b>	<b>0.32</b>
<b>AIR TRANSPORT</b>		
<b>Official List</b>		
Air Mauritius Limited	1,968,720	0.28
<b>TOTAL VALUE OF DOMESTIC SECURITIES</b>	<b>Rs 702,369,507</b>	<b>100.00</b>

## (iii) Portfolio changes

**HOLDINGS SOLD DURING THE YEAR****Official Market**

Mauritius Commercial Bank Ltd (Ord)  
 New Mauritius Hotels Ltd (Ord)  
 Rogers Ltd (Ord)  
 State Bank of Mauritius Ltd (Ord)  
 Sun Resorts Ltd (Ord)

**Development & Enterprises Market**

United Basalt Products Limited

**HOLDINGS ACQUIRED DURING THE YEAR****Official Market**

ENL Land Ltd  
 Sun Resorts Ltd



6. **ACCOUNTS RECEIVABLE**

	2011 Rs	2010 Rs
Trade receivables	554,003	52,465
	<b>Rs 554,003</b>	<b>52,465</b>

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**

	2011 Rs	2010 Rs
Other payables	-	381,738
Accruals	255,000	190,000
	<b>Rs 255,000</b>	<b>571,738</b>

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

8. **LOAN**

	2011 Rs	2010 Rs
Balance at 1 July	24,540,137	11,132,095
Additions	427,560	13,408,042
Balance at 30 June	<b>Rs 24,967,697</b>	<b>24,540,137</b>

The above loan due to National Investment Trust Ltd is unsecured, repayable at call and bears an interest rate of 5 % p.a. (2010: 5 % p.a.).

9. **DISTRIBUTIONS TO UNITHOLDERS**

	2011 Rs	2010 Rs
Final distribution of Re 0.01 per unit (2010: Re 0.02)	<b>Rs 11,304,682</b>	<b>13,042,534</b>

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 % (2010: 15 %) as follows:

	2011 Rs	2010 Rs
Balance at 1 July	26,000	36,958
Current tax liabilities	18,009	26,000
Tax paid	(43,169)	(36,958)
Tax liability as per statement of financial position	<b>840</b>	<b>26,000</b>
Taxation charge as per Income and Distribution Statement	<b>Rs 18,009</b>	<b>26,000</b>

**(ii) Tax reconciliation**

	2011 Rs	2010 Rs
Net income before taxation	Rs <b>11,322,691</b>	<b>13,068,534</b>
Tax at 15%	1,698,404	1,960,280
Tax effects of:		
- Exempt income	(2,896,409)	(3,352,948)
- Expenses attributable to exempt income	1,216,014	1,366,668
Taxation expense	Rs <b>18,009</b>	<b>26,000</b>

**(iii) Deferred tax**

The Fund had no deferred tax asset/liability at 30 June 2011 (2010: Nil).

**11. MANAGEMENT FEES**

	2011 Rs	2010 Rs
These comprise fees payable to: National Investment Trust Ltd	Rs <b>6,426,724</b>	<b>6,444,886</b>

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 Rs150,000 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 1 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	<b>833,023,852.30</b>	<b>587,913,438</b>
Net assets attributable to unitholders at 1 July 2010	833,023,852.30	587,913,438
Units created	24,066,453.87	18,467,031
Units liquidated	(51,276,133.07)	(39,670,290)
Income for the year	-	115,423,386
Net assets attributable to unitholders at 30 June 2011	<b>805,814,173.13</b>	<b>682,133,565</b>



(b) Net asset value per unit:		<b>2011</b>	<b>2010</b>
		Rs	Rs
Ex-div	Rs	0.85	0.71
(c) Prices per unit at 30 June 2011 (valuation date):		<b>2011</b>	<b>2010</b>
		Rs	Rs
Issue price	Rs	0.87	0.73
Repurchase price	Rs	0.84	0.70

#### 14. ENTRY AND EXIT FEE

On the issue of units, an entry fee of 1 % (2010: 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 % (2010: 3 %) 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:

		<b>2011</b>	<b>2010</b>
		Rs	Rs
(i) <i>Outstanding balances</i>			
<i>Payable to related parties</i>			
National Investment Trust Ltd (Investment manager)-Loan		24,967,697	24,540,137
State Bank of Mauritius Ltd		75,000	75,000
	Rs	<u>25,042,697</u>	<u>24,615,137</u>
The above loan due to National Investment Trust Ltd is unsecured, repayable at call and bears an interest rate of 5 % p.a. (2010: 5 % p.a.)			
<i>Bank balances and short term deposits with</i>			
State Bank of Mauritius Ltd	Rs	<u>15,738,274</u>	<u>8,628,162</u>
<b>Transactions</b>			
(ii) <i>Manager's fees to</i>			
National Investment Trust Ltd	Rs	<u>6,426,724</u>	<u>6,444,886</u>
(iii) <i>Trustee's fees to</i>			
State Bank of Mauritius Ltd	Rs	<u>150,000</u>	<u>150,000</u>
(iv) <i>Interest income from</i>			
State Bank of Mauritius Ltd	Rs	<u>214,730</u>	<u>261,035</u>
(v) <i>Bank charges payable to</i>			
State of Mauritius Ltd	Rs	<u>2,141</u>	<u>1,775</u>

#### Compensation to key management personnel

There was no compensation to key management personnel for the year ended 30 June 2011 (2010: 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 and net assets attributable to unitholders offset by cash and cash equivalents).

### 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.

### Categories of financial instruments

	2011 Rs	2010 Rs
<i>Financial assets</i>		
Investments at fair value through profit or loss (FVTPL)	702,369,507	617,413,220
Accounts receivable	554,003	52,465
Cash and cash equivalents	15,738,274	8,628,162
Rs	<b>718,661,784</b>	<b>626,093,847</b>
<i>Financial Liabilities</i>		
Accounts payable, at amortised cost	25,222,697	25,111,875
Distribution to unitholders	11,304,682	13,042,534
Net assets attributable to unitholders	682,133,565	587,913,438
Rs	<b>718,660,944</b>	<b>626,067,847</b>

### 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 floating 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 2011 was:

	2011 % p.a	2010 % p.a
<i>Financial assets</i>		
Cash at bank	4.50	4.50
<i>Financial liabilities</i>		
Loan	5.00	5.00

### 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:

	2011 Rs	2010 Rs
Decrease in income	<u>92,294</u>	<u>159,120</u>

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 35.1 M (2010: 30.9 M) as a result of the changes in fair value of the held-for-trading shares.



**Liquidity risk management***Maturity profile*

2011	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	Total Rs
<b>Financial assets</b>							
Non interest bearing		-	554,003	-	-	702,369,507	702,923,510
Variable interest rate instruments	4.50	<u>15,738,274</u>	-	-	-	-	<u>15,738,274</u>
		Rs <u>15,738,274</u>	<u>554,003</u>	-	-	<u>702,369,507</u>	<u>718,661,784</u>
<b>Financial liabilities</b>							
Non interest bearing		-	-	-	11,559,682	-	11,559,682
Variable interest rate instruments	5.00	<u>707,101,262</u>	-	-	-	-	<u>707,101,262</u>
		Rs <u>707,101,262</u>	-	-	<u>11,559,682</u>	-	<u>718,660,944</u>
<b>2010</b>							
<b>Financial assets</b>							
Non interest bearing		-	52,465	-	-	617,413,220	617,465,685
Variable interest rate instruments	4.50	<u>8,628,162</u>	-	-	-	-	<u>8,628,162</u>
		Rs <u>8,628,162</u>	<u>52,465</u>	-	-	<u>617,413,220</u>	<u>626,093,847</u>
<b>Financial liabilities</b>							
Non interest bearing		-	-	-	13,614,272	-	13,614,272
Variable interest rate instruments	5.00	<u>612,453,575</u>	-	-	-	-	<u>612,453,575</u>
		Rs <u>612,453,575</u>	-	-	<u>13,614,272</u>	-	<u>626,067,847</u>



**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 2011			
		Level 1	Level 2	Level 3	Total
		Rs	Rs	Rs	Rs
<b>Financial assets designated at FVTPL</b>					
Quoted equities		700,805,057	-	-	700,805,057
		30 June 2010			
		Level 1	Level 2	Level 3	Total
		Rs	Rs	Rs	Rs
<b>Financial assets designated at FVTPL</b>					
Quoted equities		615,848,770	-	-	615,848,770

# Notes

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## Notes to the Financial Statements

NIT Global Opportunities Fund Annual Report *2011*

# Notes to the Financial Statements

## for the NIT Global Opportunities Fund for the year ended 30 June 2011

### 1. GENERAL INFORMATION

The NIT Global Opportunities Fund is a public open-ended collective investment scheme which is constituted under NIT Unit Trust. The Fund's registered office is Level 8, Newton Tower, Sir William Newton Street, Port Louis. 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 applied 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 2010.

#### 2.1 Revised Standards applied with no material effect on the financial statements

The following relevant revised Standards have been applied in these financial statements. Their application has not had any significant impact on the amounts reported for current and prior periods but may affect the accounting for future transactions or arrangements.

IAS 1	Presentation of Financial Statements - Amendments resulting from April 2009 Annual Improvements to IFRSs
IAS 7	Statement of Cash Flows - Amendments resulting from April 2009 Annual Improvements to IFRSs
IAS 32	Financial Instruments: Presentation - Amendments relating to classification of rights issues
IAS 36	Impairment of Assets - Amendments resulting from April 2009 Annual Improvements to IFRSs
IAS 39	Financial Instruments: Recognition and Measurement - Amendments resulting from April 2009 Annual Improvements to IFRSs

#### 2.2 New and revised Standards in issue but not yet effective

At the date of authorisation of these financial statements, the following 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 May 2010 Annual Improvements to IFRSs (effective 1 January 2011)
IAS 1	Presentation of Financial Statements - Amendments to revise the way other comprehensive income is presented (effective 1 July 2012)
IAS 12	Income Taxes - Limited scope amendment (recovery of underlying assets) (effective 1 January 2012)
IAS 19	Employee Benefits - Amended Standard resulting from the Post-Employment Benefits and Termination Benefits projects (effective 1 January 2013)
IAS 24	Related Party Disclosures - Revised definition of related parties (effective 1 January 2011)
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)
IFRS 12	Disclosure of Interests in Other Entities (effective 1 January 2013)
IFRS 13	Fair Value Measurement (effective 1 January 2013)



The directors anticipate that these IFRSs will be applied on their effective dates in future periods. The directors have not yet had an opportunity to consider the potential impact of the application 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 probable 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 Fund 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 Fund 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 Fund 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

	2011 Rs	2010 Rs
<b>At fair value</b>		
At 1 July	408,625,073	378,456,510
Additions	296,728,126	106,986,163
Disposals	(358,491,979)	(122,670,667)
Surplus on revaluation	2,715,545	45,853,067
At 30 June	349,576,765	408,625,073
Sales proceeds	334,256,391	117,414,392

#### 5.1. PORTFOLIO OF INTERNATIONAL SECURITIES

EQUITIES	HOLDINGS 2011	MARKET VALUE 2011 USD	MARKET VALUE 2011 Rs	% OVERSEAS PORTFOLIO 2011
<b>EMERGING MARKETS</b>				
Aberdeen Global Asia Pacific	3,357	232,010	6,372,632	1.82
Franklin Templeton Emerging Markets	11,284	451,366	12,397,661	3.55
Invesco Emerging Markets Select Equity	18,172	231,142	6,348,784	1.82
Magellan Emerging Markets	98	227,144	6,238,951	1.78
UBS - ETF MSCI Pa AD	1,830	83,137	2,283,524	0.65
UBS GEM Class P USD	610	68,521	1,882,066	0.54
UBS MSCI EMG-A-Acc	2,600	115,128	3,162,220	0.90
UBS (LU)EF-EMMAUS P	2,450	74,039	2,033,629	0.58
		<b>1,482,487</b>	<b>40,719,467</b>	<b>11.65</b>
<b>NORTH AMERICA</b>				
Vontobel U.S. Value Equity	352	180,990	4,971,253	1.42
Blackrock Global U.S. Flexible	10,702	186,530	5,123,423	1.47
JP Morgan U.S. Dynamic	12,735	177,787	4,883,287	1.40
UBS Secpor US COD B	770	101,401	2,785,181	0.80
UBS Secpor US CST B	660	99,891	2,743,706	0.78
UBS Secpor US EMU B	1,100	169,939	4,667,715	1.34



EQUITIES	HOLDINGS 2011	MARKET VALUE 2011 USD	MARKET VALUE 2011 Rs	% OVERSEAS PORTFOLIO 2011
<b>NORTH AMERICA (Contd)</b>				
UBS Secpor US FIN B	1,940	104,411	2,867,857	0.82
UBS Secpor US HCA B	1,000	121,940	3,349,326	0.96
UBS Secpor US IND B	1,025	124,281	3,413,626	0.98
UBS Secpor US ITT B	1,700	228,735	6,282,664	1.80
UBS(LU)EF-USA MS F	3,500	339,465	9,324,085	2.67
UBS-ETF MSCI CAD-A	1,300	60,373	1,658,265	0.47
		<b>1,895,744</b>	<b>52,070,388</b>	<b>14.90</b>
<b>EUROPE</b>				
Fidelity European	5,979	86,185	2,367,250	0.68
Oyster European Opportunities	198	85,092	2,337,223	0.67
Franklin Templeton European	3,480	86,390	2,372,864	0.68
UBS(LU)EF-EU COUN P	530	83,666	2,298,054	0.66
UBS FTSE GBP-A-Acc	1,750	110,274	3,028,896	0.87
UBS(LU)EF-GR BRIT P	145	25,763	707,632	0.20
		<b>477,370</b>	<b>13,111,919</b>	<b>3.75</b>
<b>JAPAN</b>				
UBS-ETF MSCI Jap A	<b>4,140</b>	<b>135,898</b>	<b>3,732,710</b>	<b>1.07</b>
<b>BONDS</b>				
Franklin Templeton Global Bond Fund	21,450	456,246	12,541,336	3.59
Julius Baer Multibond Local Emerging Bond	990	310,920	8,540,045	2.44
AllianceBernstein Global High Yield Portfolio	62,623	290,570	7,981,088	2.28
		<b>1,057,736</b>	<b>29,062,469</b>	<b>8.31</b>
<b>STRUCTURED PRODUCTS AND WARRANTS</b>				
EQ Tracker CH UBS	285	51,415	1,412,216	0.40
EQ Tracker EMU UBS	370	117,428	3,225,395	0.92
EQ Tracker USA UBS	740	233,470	6,412,720	1.83
		<b>402,313</b>	<b>11,050,331</b>	<b>3.16</b>
<b>COMMODITIES AND PRECIOUS METALS</b>				
Blackrock Global World Gold	1,714	103,244	2,835,814	0.81
DWS Invest Commodity Plus	799	105,745	2,904,487	0.83
		<b>208,989</b>	<b>5,740,301</b>	<b>1.64</b>
<b>HEDGE FUNDS</b>				
GAM Trading IV USD	2,800	444,444	12,219,239	3.50
GDA USD	49,000	652,014	17,908,869	5.12
O'Con CRP J	95	117,065	3,215,424	0.92
		<b>1,213,523</b>	<b>33,343,532</b>	<b>9.54</b>
<b>PROPERTY</b>				
PF0240-00322702 UBS		<b>226,610</b>	<b>6,224,297</b>	<b>1.78</b>
<b>CASH INVESTMENTS</b>				
BNP IPB - USD A/C		6,476	177,889	0.05
UBS Managed - USD		872	23,963	0.01
UBS Managed - EUR		878	24,111	0.01
UBS Managed - CHF		1,593	43,761	0.01
UBS Non-Managed - USD		1,313	36,061	0.01



EQUITIES	HOLDINGS 2011	MARKET VALUE 2011 USD	MARKET VALUE 2011 Rs	% OVERSEAS PORTFOLIO 2011
<b>CASH INVESTMENTS (Contd)</b>				
UBS Non-Managed – Euro		3,022	83,017	0.02
UBS Non-Managed – GBP		5,012	137,672	0.04
BDL - USD		2,878,413	79,070,005	22.62
SBM – USD		2,634,778	72,377,355	20.70
SBM – EURO		57,639	2,308,452	0.66
SBM – GBP		5,140	228,528	0.07
UBP – USD		384	10,536	0.00
		<b>5,595,521</b>	<b>154,521,351</b>	<b>44.20</b>
<b>TOTAL INTERNATIONAL INVESTMENTS</b>		<b>12,696,191</b>	<b>349,576,765</b>	<b>100</b>

#### 6. ACCOUNTS RECEIVABLE

	2011 Rs	2010 Rs
Other receivables	-	376,889
<b>Rs</b>	<b>-</b>	<b>376,889</b>

#### 7. ACCOUNTS PAYABLE

	2011 Rs	2010 Rs
Other payables	13,412,609	40,597,375
Accruals	337,159	190,000
<b>Rs</b>	<b>13,749,768</b>	<b>40,787,375</b>

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 13,412,609 (2010: Rs 39,925,641) due to National Investment Trust Ltd which is unsecured, repayable at call and bears an interest rate of 5 % p.a. (2010: 5% 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 % (2010: 15 %). At 30 June 2011, the fund has a tax loss of Rs 21,129,140 (2010: Rs 14,574,976), which can be carried forward for set off against taxable income derived in five succeeding years as follows:

Accumulated tax losses Rs	Available for set off up to year ending
2,090,349	2013
5,599,772	2014
6,884,855	2015
6,554,164	2016

**(ii) Deferred tax**

The Fund has deferred tax assets of Rs 3,159,374 (2010: Rs 2,259,335) arising from accumulated losses and equalisation and 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:**

	2011	
	Units	Rs
Net assets attributable to unitholders at 1 July 2010	402,557,302	368,569,603
Units created	19,205,926	17,141,187
Units liquidated	(18,283,043)	(16,301,896)
Deficit for the year	-	(28,140,857)
Net assets attributable to unitholders at 30 June 2011	<b>403,480,185</b>	<b>341,268,037</b>

	2011	2010
	Rs	Rs
Net assets value per unit		
Ex-div	Rs 0.85	0.92

**(b) Prices per unit at 30 June 2011 (valuation date)**

	2011	2010
	Rs	Rs
Issue price	Rs 0.85	0.93
Repurchase price	Rs 0.82	0.89

**12. ENTRY AND EXIT FEE**

On the issue of units an entry fee of 1 % (2010: 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 % (2010: 3 %) 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:

	<u>2011</u> Rs	<u>2010</u> Rs
<i>Outstanding balances</i>		
(i) <i>Payable to related parties</i>		
National Investment Trust Ltd	Rs <u>13,412,609</u>	<u>39,925,641</u>
<i>Bank balances and short term deposits with</i>		
State Bank of Mauritius Ltd	Rs <u>5,441,040</u>	<u>355,016</u>

The above loan due to National Investment Trust Ltd is unsecured, repayable at call and bears an interest rate of 5 % p.a. (2010: 5 % p.a.).

#### Transactions

(ii) Management fees to National Investment Trust Ltd	Rs <u>3,557,299</u>	<u>3,947,788</u>
(iii) Trustee's fees to State Bank of Mauritius Ltd	Rs <u>150,000</u>	<u>150,000</u>
(iv) Interest income from State Bank of Mauritius Ltd	Rs <u>62,714</u>	<u>56,111</u>
(v) Bank charges payable to State Bank of Mauritius Ltd	Rs <u>12,569</u>	<u>1,678</u>

#### Compensation to key management personnel

There was no compensation to key management personnel for the period ended 30 June 2011. (2010: 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 amount due to related party (as disclosed in note 7) and net assets attributable to unitholders offset by cash and cash equivalents.

#### 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

	2011 Rs	2010 Rs
<i>Financial assets</i>		
Investments at fair value through profit or loss (FVTPL)	349,576,765	408,625,073
Accounts receivable	-	376,889
Cash and cash equivalents	5,441,040	355,016
	<u>355,017,805</u>	<u>409,356,978</u>
<i>Financial liabilities</i>		
Accounts payable, amortised cost	13,749,768	40,787,375
Net assets attributable to unitholders	<u>341,268,037</u>	<u>368,569,603</u>
	<u>355,017,805</u>	<u>409,356,978</u>

### 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:

Currency	2011		2010	
	Financial assets Rs	Financial liabilities Rs	Financial Assets Rs	Financial liabilities Rs
MUR	5,441,040	355,017,805	731,905	409,356,978
USD	347,039,785	-	342,103,904	-
EURO	2,308,452	-	19,708,114	-
GBP	228,528	-	46,813,055	-
Rs	<u>355,017,805</u>	<u>355,017,805</u>	<u>409,356,978</u>	<u>409,356,978</u>

The Fund 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.

Foreign Currency Impact	Equity	
	2011 Rs	2010 Rs
USD	34,703,979	34,210,390
EURO	230,845	1,970,811
GBP	22,853	4,681,305
Rs	<b>34,957,677</b>	<b>40,862,506</b>

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 Fund is exposed to interest rate risk as the Fund has borrowings at floating 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 2011 was:

	2011 % p.a	2010 % p.a
<b>Financial assets</b>		
Cash at bank	4.50	3.75
<b>Financial liabilities</b>		
Other payables	5.00	5.00

#### 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:

	2011 Rs	2010 Rs
Decrease in profit	(79,716)	(395,706)
Decrease in net assets	(79,716)	(395,706)

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 17,478,838 (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.

2011	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	Total Rs
<b>Financial assets</b>							
Non interest bearing	n/a	-	-	-	-	349,576,765	349,576,765
Variable interest rate instruments	4.50	5,441,040	-	-	-	-	5,441,040
		<b>Rs 5,441,040</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>349,576,765</b>	<b>355,017,805</b>
<b>Financial liabilities</b>							
Non interest bearing	n/a	-	337,159	-	-	-	337,159
Variable interest rate instruments	5	354,680,646	-	-	-	-	354,680,646
		<b>Rs 354,680,646</b>	<b>337,159</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>355,017,805</b>
<b>2010</b>							
<b>Financial assets</b>							
Non interest bearing	n/a	-	376,889	-	-	409,001,962	409,001,962
Variable interest rate instruments	3.75	355,016	-	-	-	-	355,016
		<b>Rs 355,016</b>	<b>376,889</b>	<b>-</b>	<b>-</b>	<b>409,001,962</b>	<b>409,356,978</b>
<b>Financial liabilities</b>							
Non interest bearing	n/a	-	861,734	-	-	-	861,734
Variable interest rate instruments	5	408,495,244	-	-	-	-	408,495,244
		<b>Rs 408,495,244</b>	<b>861,734</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>409,356,978</b>



### 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 2011			
	Level 1	Level 2	Level 3	Total
Financial assets designated at FVTPL	Rs	Rs	Rs	Rs
Quoted equities	349,576,765	-	-	349,576,765

	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