National Investment Trust

Annual Report 2012

Contents

Dear Investor,

On behalf of the Board of Directors, I am pleased to submit to the Shareholders of the Company and the Unit-Holders of the two funds under our management, the audited financial statements, for the year ended 30 June 2012.

Yours faithfully,

Gaetan Wong To Wing
Chief Executive Officer

Corporate Information

CHAIRMAN
Raj Ringadoo

DIRECTORS
Mazahir Adamjee
Chaya Dawonauth
André José Poncini, G.O.S.K.
Veenay Rambarassah

CHIEF EXECUTIVE OFFICER
Gaetan Wong To Wing

AUDITORS
Deloitte
Chartered Accountants

BANKER
State Bank of Mauritius Ltd

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

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 June 30, 2012 were as follows:

Main Shareholders	% holding
National Pension Fund	22.31
Pershing LLC	16.19
Government of Mauritius	10.74
Sugar Insurance Fund Board	4.55
The Mauritius Development Investment Trust Co.	3.49
Others	42.72

Shareholding Profile

The share ownership and the categories of shareholders at June 30, 2012 are set out below:

Number of Shareholders	Size of Shareholding	No. of Shares owned	% of Total Issued Shares
4,333	1 - 100 shares	132,096	0.96
958	101 - 200 shares	149,121	1.1
504	201 - 300 shares	143,365	1.05
722	301 - 400 shares	259,610	1.89
82	401 - 500 shares	37,556	0.27
500	501 - 1,000 shares	364,680	2.66
314	1,001 - 2,000 shares	463,490	3.38
241	2,001 - 5,000 shares	759,197	5.54
68	5,001 - 10,000 shares	484,553	3.54
61	10,001 - 50,000 shares	1,233,238	9.00
13	50,001 - 100,000 shares	813,331	5.94
7	100,001 - 250,000 shares	1,013,611	7.40
1	250,001 - 500,000 shares	478,816	3.49
4	Over 500,000 shares	7,369,836	53.78
7,808		**13,702,500**	**100.00**

Number of Shareholders	Category of Shareholders	No. of Shares owned	% of Total Issued Shares
7,645	Individual	3,797,436	27.71
14	Insurance and Assurance Companies	919,972	6.71
21	Pension and Provident Funds	3,508,636	25.61
39	Investment and Trust Companies	3,366,026	24.57
87	Other Private Corporate Bodies	459,372	3.35
2	Other Public Sector/ Para Statal Bodies	1,651,058	12.05
7,808		13,702,500	100.00

Number of Shareholders	Category of Shareholders	No. of Shares owned	% of Total Issued Shares
7,805	Local	11,476,195	83.8
3	Foreign	2,226,305	16.2
7,808		13,702,500	100.00

Share Price Infomation
To date, the share of NIT Ltd. is quoted at Rs 24 on the Official Market of the Stock Exchange of Mauritius.

Date	Price (Rs)	Yearly Change (%)
June 30, 2009	20.50	N/A
June 30, 2010	29.00	41
June 30, 2011	37.00	27
June 30, 2012	24.00	(35)

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:

	2010	2011	2012
Dividend per share (Rs)	0.75	0.50	0.50
Dividend cover (times)	0.48	0.20	0.04
Dividend yield (%)	2.59	1.35	2.08

The final dividend of Rs 0.50 cents per ordinary share declared in respect of the financial year will be paid on or around 16th November 2012 to all ordinary shareholders registered at close of business on October 16th , 2012.

Total Shareholders' Return
The total return for shareholder over the last 3 years is shown below:

	2010	2011	2012
Share price at June 30 - current year (Rs)	29.00	37.00	24.00
Share price at June 30 - previous year (Rs)	20.50	29.00	37.00
Increase/Decrease in NIT share price (Rs)	9.50	8.00	(13.00)
Dividend – current year (Rs)	0.75	0.50	0.50
Total return per share (Rs)	10.25	8.50	(12.50)
Total return based on previous year share price	50%	29.3%	(33.8%)

Shareholders' Agreement
There is currently no shareholders agreement affecting the governance of the Company by the Board.

Management Agreement
There is no management agreement with third parties, except with the two Funds under management namely, the NIT Local Equity Fund and the NIT Global Opportunities Fund.

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

Mid-December 2012	Annual Meeting of Shareholders
15th February 2013	Publication of half-year results to 31 December 2012
15th May 2013	Publication of third quarter results to 31 March 2013
September 2013	Publication of abridged end-of-year results to June 30 2013 & Declaration of dividend
November 2013	Payment of dividend

Company's Registetred 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 consists 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
Veenay Rambarassah	Independent	Senior Accountant/Analyst National Pensions Fund

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, as 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 June 30 2012 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

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, in 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 at least four 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

The Company is constantly faced with a variety of risks, which could adversely affect its performance and financial condition. The Board is ultimately responsible for the system of internal

control and for reviewing its effectiveness. The Board confirms that there is an ongoing process for identifying, evaluating and managing the various risks faced by the Company.

The Management analyses investments and divestments decisions and recommends them to the Board after having analysed all inherent risks, in terms of returns to be realised, future growth, etc.

Some of the prominent risks to which the Company is exposed are:

• *Financial*

These risks comprise of market risks (including currency risks, interest rate risks and price risks), credit risks and liquidity risks as reported in note 21 of the financial Statements.

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. The company aims at maintaining flexibility in funding by keeping reliable credit lines available. Management monitors rolling forecasts of the company's liquidity reserve on the basis of expected cash flows.

• *Operational risk*

These risks are defined as the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. The Company's processes are periodically re-evaluated to ensure their effectiveness. Workers and managers at every level fulfill their respective roles to assure that the controls are maintained over time. The risk management process continues throughout the life cycle of the system, mission or activity.

• *Compliance risk*

This risk is defined as the risk of not complying with laws, regulations and policies.

The operations of the Company are compliant with the Occupational Safety and Health Act 2005. Furthermore, the Company has a commitment to the protection of the environment, the welfare of its employees and towards the society at large.

• *Reputational risk*

This risk arises from losses due to unintentional or negligent failure to meet a professional obligation to stakeholders.

The Company's strong reputation revolves around effective communication and building solid relationships. Communication between the Company and its stakeholders has been the foundation for a strong reputation.
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. Necessary strategies and action plans are then developed 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.

Related Party Transaction
Transactions with related parties are disclosed in detail in note 20 of the Financial Statements. Adequate care was taken to ensure that the potential conflict of interest did not harm the interests of the Company.

Health, Safety and Environmental Policies
The National Investment Trust Ltd believes in providing and maintaining a safe and healthy work environment for all its employees. The objective being the optimization of work efficiency and the prevention of accidents at work through the implementation of safety standards.
Furthermore, the Company carries out is activities in line with best green, environmentally-friendly and energy-saving practices.

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 the 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 Letter to Shareholders and Unit-Holders on pages 9-11.

Results and Dividends
The Statement of Comprehensive Income of the Company for the year to 30 June 2012 is set out on page 14 of this report.
For the financial year under review, the Company's profit after taxation amounted to Rs 0.3m (2011-Rs 1.3m). In that respect, the Directors have declared a dividend of Rs 0.50 per share (2011-Rs 0.50 per share).

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
Veenay Rambarassah

Mrs Jayavadee Sooben resigned as Director of the Company on 16 April 2012 and Mr Veenay Rambarassah was appointed to replace her.

Letter to Shareholders and Unit-Holders

On behalf of the Board of Directors, I am pleased to submit to the shareholders of the Company and the unit-holders of the two funds under our management, the audited financial statements, for the year ended 30 June 2012.

Snapshot of Performances

NIT Ltd

Net Asset Value

For the financial year under review, the Company's Net Asset Value has decreased by about 9 % to reach Rs 62.73 on a per share basis due primarily to a decrease of about Rs 78 m in the value of our portfolio of investments and notably the adverse effect on Sicom's valuation following the lower rating of listed insurance companies as a whole as at 30 June 2012.

Income

On the income side, Net Profit after tax stood at Rs 0.3 m compared to Rs 1.3 m at a similar date last year following lower income received from our fund management operations.

Notwithstanding such a reduction in earnings, the Company has been able to maintain dividends at Rs 0.50 per share.

The Way Forward

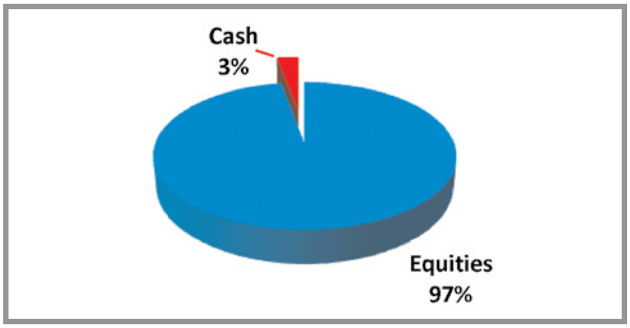
Bearing in mind our 'raison d'être' which is to promote 'l'actionnariat populaire', the Board is actively exploring some avenues that would allow the Company to take the next step forward and strengthen its base as an independent Fund Management Company.

Strategically, our objective is two-pronged, namely to boost up our activities by launching a wide array of topically-flavoured international investment funds and unlocking the value existing in our unquoted portfolio.

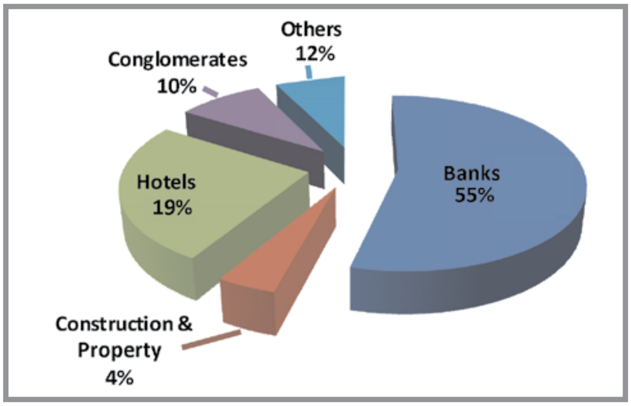
More details will be made available once a breakthrough is made in our quest to create value to our Shareholders.

NIT Local Equity Fund

Asset Allocation at the end of year 2012



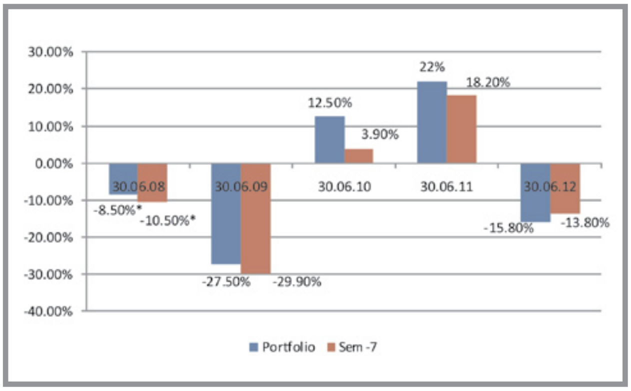
Sector Allocation



Significant Holdings

Company	Weight in portfolio (%)	Weight in Semdex (%)	Over/ (under) (%)
Mauritius Commercial Bank	29.6	25.2	4.4
State Bank of Mauritius	26.6	14.8	11.8
New Mauritius Hotels	10.6	6.4	4.2
Sun Resorts	8.1	2.4	5.7
IBL	5.2	3.3	1.9
Rogers	5.0	4.9	0.1
Omnicane	4.3	3.0	1.3
UBP	3.5	1.7	1.8

Financial Year Returns vs Benchmark



*Split done on 31.01.08

Portfolio Movement

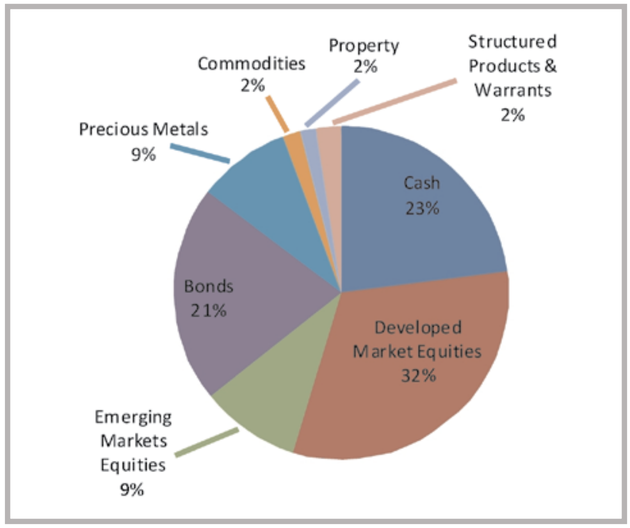
Disposals

Holding	2009 Proceeds (Rs m)	2010 Proceeds (Rs m)	2011 Proceeds (Rs m)	2012 Proceeds (Rs m)
MCB	15.0	19.3	17.0	11.5
SBM	11.8	16.7	8.5	1.7
Rogers	0.7	14.9	2.8	5.9
NMH	25.8	12.8	6.4	-
Sun	5.1	4.4	1.1	-
Others	7.1	11.4	-	-
Total	**65.5**	**79.5**	**35.8**	**19.1**

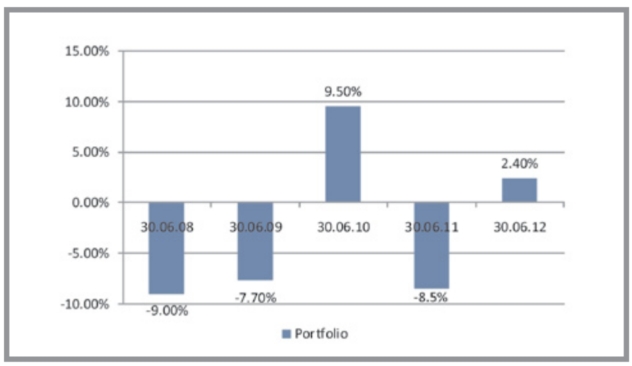
No acquisition was made during the Financial Year.

NIT Global Opportunities Fund

Asset Allocation at the end of year 2012



Financial Year Returns



Portfolio Movement during Financial Year

	2012 (%)	2011 (%)	Change
Cash	23	44	Down
Developed Markets Equities	32	20	Up
Emerging Markets Equities	9	12	Down
Bonds	21	8	Up
Precious Metals	9	0	Up
Commodities	2	2	No Change
Property	2	2	No Change
Hedge Funds	0	9	Down
Structured Products & Warrants	2	3	Down
	100	**100**	

Returns during the Financial Year

Asset	Currency	%
MSCI World	USD	(7.2)
MSCI Emerging Markets	USD	(18.2)
S&P 500	USD	1.1
Eurostoxx 50	EUR	(20.5)
U.S 10 Yr Treasury Note	USD	48.1
Gold	USD	6.4

Currency Movements during the Financial Year

US Dollar vs	Mauritian Rupee	+9.0%
	Euro	+ 14.5%
	Pound Sterling	+2.5%
	Japanese Yen (100)	(1.2)%
	Brazilian Real	+29.1%
	Indian Rupee	+24.5%

Prospects

Global Economy: The Big Picture!

The world economy is still in a difficult and dangerous phase which requires strong leadership and brave actions from policymakers to avoid the risk of derailing the anemic global recovery. Otherwise, the prevailing macroeconomic uncertainties do have the potential to cause tremendous volatility going forward.

Starting with the Euro-zone, the issue is whether the single-currency bloc can withstand all the difficulties it currently faces and be maintained in its present form. As things stand, the region is split between two camps namely, the countries facing insolvency and, those that don't. As a result, any solution to the problem MUST contain some sort of fiscal transfer with, the endorsement of Germany a sine qua non condition, as it is the only player in town with sufficient financial clout to bail out those in need. Therein lies the rub!

In fact, it may be optimistic to expect a swift and positive outcome if we go by the words and declarations made recently by german political leaders. In a nutshell, Germany is unwilling to share the debts of its neighbours unless there is some form of oversight on fiscal policies by a central European authority. However, debate is ongoing to give more resources and power to the role of the European Central Bank to expand its role to effectively become a lender of last resort. Against such a background, there is still a significant risk that the Euro-zone economies may remain depressed in the near term while the single currency is likely to remain under pressure.

Turning to the U.S., here we have an economy that is growing at an annual rate of less than 2% despite the presence of massive monetary and fiscal stimulus. To complicate matters, we are rapidly approaching the end of the year when politicians may need to trash out an agreement on fiscal policies to avert the so-called fiscal cliff that will lead the US straight back into recession. So, here also, there is a risk that political considerations may override economic ones such that no grand bargain is reached to convincingly put to bed the existing concerns about the current fiscal imbalance.

Another cause of concern on the global landscape is the deficit situation in Japan which has recently taken a turn for the worse. Historically, the country has consistently enjoyed significant trade surpluses that allowed it to run massive government deficits with current gross debt/GDP ratio at about 225%. However, over the past year, it has fallen into a trade deficit which has been accentuated recently by tensions with China about the sovereignty of the Senkaku/ Diaoyu islands. So, here we have a country with a significant trade deficit, a colossal government deficit, quasi non-existent household savings (following several years of negative interest rates), and contractionary manufacturing and service sectors.

Other existing foreseeable downside risks to the global economy include, deeper-than-projected slowdowns in China & India and, a flare up in the middle-east which can have a potentially destabilizing effect on energy prices.

On the domestic front, although Mauritius is an island, the economy and the local bourse are certainly not immune against developments overseas. Since balance sheet date, the Semdex has continued its downward spiral on the back of persistent foreign selling especially in the hotel sector which is still feeling the adverse effect of the slowdown in its traditional European markets. Having said that, based on existing fundamentals with a market P.E of 10.6X and dividend yield of 3.6%, some local stocks do offer some interesting opportunities.

Being given that, we are talking about some critical themes playing out there, with the potential to cause tremendous volatility going forward, our current stance remains one of caution.

Chairman
National Investment Trust Ltd
22 November 2012

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 14 to 31 which comprise the statement of financial position as at 30 June 2012 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 14 to 31 give a true and fair view of the financial position of National Investment Trust Ltd as at 30 June 2012, and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and comply with the requirements of the Mauritius Companies Act 2001 and the Financial Reportin Act 2004.

Report on other legal requirements

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

- We have no relationship with, or interests in, the company other than in our capacities as auditor and tax advisor;
- 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.

The Financial Reporting Act 2004

The directors are responsible for preparing the Corporate Governance Report and making the disclosures required by Section 8.4 of the Corporate Governance of Mauritius ("Code"). Our responsibility is to report on these disclosures.

In our opinion, the disclosures in the Corporate Governance Report are consistent with the requirements of the Code.

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

Statement of Financial Position at 30 June 2012

	Notes		2012 Rs	2011 Rs
ASSETS				
NON-CURRENT ASSETS				
Property and equipment	5		45,098,042	48,915,478
Portfolio of Domestic Securities	6		774,645,072	852,750,000
Intangible assets	7		-	-
			819,743,114	**901,665,478**
CURRENT ASSETS				
Accounts receivable	8		28,646,332	38,652,651
Cash at bank and in hand			34,349,598	30,864,025
			62,995,930	**69,516,676**
TOTAL ASSETS		Rs	**882,739,044**	**971,182,154**
EQUITY AND LIABILITIES				
CAPITAL AND RESERVES				
Stated capital	10		156,718,346	156,718,346
Capital redemption reserve			319,722,000	319,722,000
Deficit on realisation of investments			(377,393,998)	(377,393,998)
Fair value reserve			683,445,072	761,550,000
Retained earnings			77,091,630	83,645,308
TOTAL EQUITY			**859,583,050**	**944,241,656**
NON CURRENT LIABILITIES				
Bank Loan	16		15,000,000	18,750,000
Deferred tax liability	11		941,408	1,126,519
CURRENT LIABILITIES				
Accounts payable	9		3,445,010	3,100,913
Bank Loan	16		3,750,000	3,750,000
Taxation	11		19,576	213,066
TOTAL LIABILITIES			**23,155,994**	**26,940,498**
TOTAL EQUITY AND LIABILITIES		Rs	**882,739,044**	**971,182,154**

Approved by the Board of Directors and authorised for issue on 27 September 2012.

Raj Ringadoo)
Chaya Dawonauth) Directors

Statement of Comprehensive Income

for the year ended 30 June 2012

	Notes		2012 Rs	2011 Rs
INCOME	14		**17,406,052**	**19,204,515**
(Deficit)/surplus on portfolio of investments			(78,104,928)	76,667,900
			(60,698,876)	95,872,415
ADMINISTRATIVE EXPENSES			(14,567,631)	(15,326,814)
(LOSS)/PROFIT BEFORE FINANCE COST			(75,266,507)	80,545,601
Finance cost	17		(2,285,483)	(2,084,346)
(LOSS)/PROFIT BEFORE TAXATION	13		(77,551,990)	78,461,255
TAXATION	11		(255,366)	(472,893)
(LOSS)/PROFIT FOR THE YEAR			(77,807,356)	77,988,362
Other comprehensive income			-	-
TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE YEAR			(77,807,356)	77,988,362
MOVEMENT IN PORTFOLIO OF INVESTMENTS TRANSFERRED TO:				
- Fair value reserve			78,104,928	(76,667,900)
NET DISTRIBUTABLE PROFIT FOR THE YEAR			297,572	1,320,462
(LOSS)/EARNINGS PER SHARE BEFORE MOVEMENT ON PORTFOLIO OF INVESTMENTS (i.e. BASED ON (LOSS)/PROFIT FOR THE YEAR) :	18(a)	Rs	**(5.68)**	**5.69**
EARNINGS PER SHARE AFTER MOVEMENT ON PORTFOLIO OF INVESTMENTS (i.e. BASED ON DISTRIBUTABLE (LOSS)/PROFIT FOR THE YEAR):	18(b)	Rs	**0.02**	**0.10**

Statement of Changes in Equity for the year ended 30 June 2012

	Note	Stated capital	Capital Redemption reserve	Deficit on realisation of investments	Fair value reserve	Retained earnings	Total
		Rs	Rs	Rs	Rs	Rs	Rs
Balance at 1 July 2010		**156,718,346**	**319,722,000**	**(377,393,998)**	**684,882,100**	**92,601,721**	**876,530,169**
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)
Balance at 30 June 2011	Rs	**156,718,346**	**319,722,000**	**(377,393,998)**	**761,550,000**	**83,645,308**	**944,241,656**
Balance at 1 July 2011		**156,718,346**	**319,722,000**	**(377,393,998)**	**761,550,000**	**83,645,308**	**944,241,656**
Loss for the year		-	-	-	-	(77,807,356)	(77,807,356)
Other comprehensive income		-	-	-	-	-	-
Total comprehensive loss for the year		-	-	-	-	(77,807,356)	(77,807,356)
Transfers:		-	-	-	(78,104,928)	78,104,928	-
Surplus on revaluation of investments transferred to fair value reserve		-	-	-	(78,104,928)	78,104,928	-
Dividend	15	-	-	-	-	(6,851,250)	(6,851,250)
Balance at 30 June 2012	Rs	**156,718,346**	**319,722,000**	**(377,393,998)**	**683,445,072**	**77,091,630**	**859,583,050**

Following capital reduction in January 2008, a capital redemption reserve has been created to reduce the stated capital upon cancellation of the shares.

Statement of Cash Flows for the year ended 30 June 2012

		2012 Rs	2011 Rs
CASH FLOWS FROM OPERATING ACTIVITIES			
(Loss)/profit before taxation		**(77,551,990)**	**78,461,255**
Adjustments for:			
Interest income		(2,814,209)	(3,166,979)
(Deficit)/surplus on portfolio of investments		78,104,928	(76,667,900)
Depreciation of property and equipment		3,901,271	3,884,504
Amortisation of intangible assets		-	82,913
Interest payable		2,285,483	2,084,346
Profit on sale of property and equipment		-	(189,999)
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES		**3,925,483**	**4,488,140**
Movement in Working Capital			
Decrease in accounts receivable		10,006,319	29,762,778
Increase/(decrease) in accounts payable		344,097	(1,303,328)
		10,350,416	**28,459,450**
NET CASH GENERATED FROM OPERATIONS		**14,275,899**	**32,947,590**
Interest paid		(2,285,483)	(2,084,346)
Taxation		(633,967)	(86,493)
NET CASH GENERATED FROM OPERATING ACTIVITIES		**11,356,449**	30,776,751
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property and equipment		(83,835)	(4,555,858)
Interest income		2,814,209	3,166,979
Proceeds from sale of property and equipment		-	190,000
NET CASH GENERATED FROM/(USED IN) INVESTING ACTIVITIES		**2,730,374**	**(1,198,879)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paid		(6,851,250)	(10,276,875)
Loan repaid		(3,750,000)	(3,750,000)
NET CASH USED IN FINANCING ACTIVITIES		**(10,601,250)**	**(14,026,875)**
NET INCREASE IN CASH AND CASH EQUIVALENTS		**3,485,573**	**15,550,997**
CASH AND CASH EQUIVALENTS AT 1 JULY		**30,864,025**	**15,313,028**
CASH AND CASH EQUIVALENTS AT 30 JUNE	Rs	**34,349,598**	**30,864,025**
Represented by:			
Cash at bank	Rs	**34,349,598**	**30,864,025**

Notes to the Financial Statements
for the National Investment Trust Ltd for the year ended 30 June 2012

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.

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. **APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS's)**

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 2011.

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 May 2010 Annual Improvements to IFRSs
IAS 24	Related Party Disclosures - Revised definition of related parties
IFRS 7	Financial Instruments Disclosures - Amendments resulting from May 2010 Annual Improvements to IFRSs
IFRS 7	Financial Instruments - Disclosures - Amendments enhancing disclosures about transfers of financial assets
IFRIC 14	IAS 19 - The limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction.

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 to revise the way other comprehensive income is presented (effective 1 July 2012)
IAS 1	Presentation of Financial Statements – Amendments resulting from Annual Improvements 2009-2011 Cycle (comparative information) (effective 1 January 2013)
IAS 12	Income Taxes - Limited scope amendment (recovery of underlying assets) (effective 1 January 2012)
IAS 16	Property, Plant and Equipment - Amendments resulting from Annual Improvements 2009-2011 Cycle (servicing equipment) (effective 1 January 2013)
IAS 19	Employee Benefits - Amended Standard resulting from the Post-Employment Benefits and Termination Benefits projects (effective 1 January 2013)
IAS 32	Financial Instruments: Presentation - Amendments resulting from Annual Improvements 2009-2011 Cycle (tax effect of equity distributions) (effective 1 January 2013)
IAS 32	Financial Instruments: Presentation - Amendments relating to the offsetting of assets and liabilities (effective 1 January 2014)
IFRS 7	Financial Instruments: Disclosures – Amendments relating to the offsetting of assets and liabilities (effective 1 January 2013)
IFRS 7	Financial Instruments: Disclosures - Deferral of mandatory effective date of IFRS 9 and amendments to transition disclosures (effective 1 January 2015)

IFRS 9	Financial Instruments – Original Issue (Classification and measurement of financial assets) (effective 1 January 2013)
IFRS 9	Financial Instruments - Reissue to include requirements for the classification and measurement of financial liabilities and incorporate existing derecognition requirements (effective 1 January 2013)
IFRS 9	Financial Instruments - Deferral of mandatory effective date of IFRS 9 and amendments to transition disclosures (effective 1 January 2015)
IFRS 12	Disclosure of Interests in Other Entities – Original Issue (effective 1 January 2013)
IFRS 12	Disclosure of Interests in Other Entities – Amendments to transitional guidance (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 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 profit or loss and subsequently transferred to fair value reserve, as the gains/losses are not distributable.

The gains and losses on disposal of FVTPL assets are recognised in profit or loss. Realised gains or losses on disposal of investments are subsequently transferred to surplus on realisation of investments. Accumulated 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*

Where there is no active market, the fair value of unquoted investments have been determined using valuation techniques including comparisons to similar recent transactions, reference to price earnings ratios of similar quoted investments, discounted cash flow and other valuation models. Such valuation exercises require that the Company makes estimates of future cash flows, discount rates and price earnings ratio as applicable to the relevant markets.

(e) **Investment Income**

Income comprises of dividend income, interest income, management fees receivable, exit and initial service fees receivable

(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 profit or loss.

(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 of 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 reporting date.

(iv) *Accounts payables*

Accounts payables are stated at their amortised cost.

(v) *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
COST						
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	41,150,738	2,644,940	7,979,787	3,949,652	55,725,117
At 1 July 2011		41,150,738	2,644,940	7,979,787	3,949,652	55,725,117
Additions		-	83,835	-	-	83,835
At 30 June 2012	Rs	**41,150,738**	**2,728,775**	**7,979,787**	**3,949,652**	**55,808,952**
DEPRECIATION						
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	2,931,605	1,512,347	1,865,687	500,000	6,809,639
At 01 July 2011		2,931,605	1,512,347	1,865,687	500,000	6,809,639
Charge for the year		2,057,537	545,755	797,979	500,000	3,901,271
At 30 June 2012	Rs	**4,989,142**	**2,058,102**	**2,663,666**	**1,000,000**	**10,710,910**
NET BOOK VALUE						
At 30 June 2012	Rs	**36,161,596**	**670,673**	**5,316,121**	**2,949,652**	**45,098,042**
At 30 June 2011	Rs	38,219,133	1,132,593	6,114,100	3,449,652	48,915,478

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

6. PORTFOLIO OF DOMESTIC SECURITIES

Fair value through profit or loss

At fair value		**UNQUOTED 2012**	**2011**
		Rs	Rs
At 1 July		852,750,000	776,082,100
Movement in fair value		(78,104,928)	76,667,900
At 30 June	Rs	**774,645,072**	**852,750,000**

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

6.1 PORTFOLIO OF DOMESTIC SECURITIES

	SHARE HOLDINGS 2012 Rs	**SHARE HOLDINGS 2011** Rs	**MARKET VALUE 2012** Rs	**MARKET VALUE 2011** Rs
State Investment Corporation Ltd (SIC)	1,500,000	1,500,000	450,000,000	450,000,000
SICOM Ltd	30,000	30,000	322,845,072	400,950,000
Mauritius Shopping Paradise Ltd (MSP)	18,000	18,000	1,800,000	1,800,000

The valuation in SIC was dated 25 August 2011. No valuation has subsequently been made as the directors consider that the main assumptions used in the valuation of the investment have not changed and there would be no significant change in the value of the investment at 30 June 2012.

MSP is in the process of winding up. The directors have valued the investment at its nominal value as they consider it to be the minimum recoverable amount of the investment.

At the end of the reporting period, the directors have reviewed the carrying amount of the investments. In their opinion, this reflects the fair value of the investment.

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	**2012** Rs	**2011** Rs
Cost		
At 1 July and 30 June	1,451,262	1,451,262
Amortisation		
At 1 July	1,451,262	1,368,349
Charge for the year	-	82,913
At 30 June	1,451,262	1,451,262
Net book value		
At 30 June	-	-

8. ACCOUNTS RECEIVABLE

	2012 Rs	**2011** Rs
Loan receivable from NIT Local Equity Fund	1,465,393	24,967,694
Prepayments	420,600	272,348
Loan receivable from NIT Global Opportunities Fund	26,760,339	13,412,609
Rs	**28,646,332**	**38,652,651**

Loans receivable from NIT Local Equity Fund and NIT Global Opportunities Fund carry interest of 5% (2011: 5%) and are repayable at call.

9. ACCOUNTS PAYABLE

	2012 Rs	**2011** Rs
Accruals	508,911	294,790
Unclaimed dividends	2,936,099	2,806,123
Rs	**3,445,010**	**3,100,913**

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

10. STATED CAPITAL

Issued and Fully Paid	**2012 and 2011** Rs
13,702,500 shares of Rs 10 each	137,025,000
Share premium	19,693,346
	156,718,346

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

11. TAXATION

(i) Income Tax

Income tax is calculated at the rate of 15% (2011: 15%) on the profit for the year as adjusted for income tax purposes. No provision is requires for income tax as the company has accumulated tax losses amounting to Rs 1,835,624 (2011: Rs 906,788).

	2012 Rs	2011 Rs
Provision for the year	-	-
Corporate social responsibility	33,526	9,111
Deferred tax (income)/expense	(68,214)	254,119
(Over)/underprovision of deferred tax in previous year	(116,897)	209,663
Underprovision of tax in previous year	406,951	-
Tax expense as per statement of comprehensive income	**255,366**	**472,893**
Balance at 1 July	213,066	290,448
Current tax liabilities	33,526	9,111
Tax paid during the year	(620,017)	(86,493)
APS paid	(13,950)	-
Underprovision of tax in previous year	406,951	-
Taxation liability as per statement of financial position	**19,576**	**213,066**

(ii) Tax Reconciliation

	2012 %	2011 %
Applicable income tax rate	(15.00)	15.00
Tax effect of:		
- Non taxable income	(0.94)	(15.47)
- Expenses not deductible for tax purposes	15.85	0.57
- Overprovision of deferred tax in previous year	(0.15)	-
- Underprovision of tax in previous year	0.52	-
- Corporate social responsibility	0.04	-
Effective tax rate	**0.32**	**0.10**

(iii) Deferred tax liability

		2012 Rs	2011 Rs
At 1 July		1,126,519	662,737
Deferred tax (income)/expense		(68,214)	254,119
(Over)/underprovision in previous year		(116,897)	209,663
At 30 June	Rs	**941,408**	**1,126,519**

Deferred tax liability arises from

		2012 Rs	2011 Rs
Accelerated capital allowances		1,216,750	1,126,519
Tax loss		(275,342)	-
	Rs	**941,408**	**1,126,519**

At 30 June 2012, the fund has a tax loss of Rs 25,439,982 (2011: Rs 21,129,140), 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**
906,788	2016
928,836	2017

12. **RETIREMENT BENEFIT OBLIGATION**

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 Sept 2010. The amounts contributed are included in staff costs (note 13) and recognised in the statement of comprehensive income as follows:

	2012 Rs	**2011** Rs
Defined contribution pension plan:		
Contributions paid	922,365	538,329
State pension plan:		
National pension scheme contributions charged	232,388	242,936

13. **(LOSS)/PROFIT BEFORE TAXATION**

This is arrived at after (crediting)/charging:

		2012 Rs	**2011** Rs
Salaries, allowances and pension fund contributions	12(ii)	6,225,730	6,500,316
Directors fees		150,000	150,000
Auditor's remuneration		152,950	113,850
Depreciation on property and equipment		3,901,271	3,884,504
Amortisation of intangible assets		-	82,913
Corporate Social Responsibility Fund		-	111,657
Profit from disposal of equipment		-	(189,999)

14. **INCOME**

		2012 Rs	**2011** Rs
Domestic dividend receivable		4,834,320	4,260,000
Domestic interest receivable		2,814,209	3,166,979
Management fees receivable		9,313,189	10,066,004
Exit fees receivable		442,873	1,445,547
Initial service charge		1,461	11,968
Other income		-	254,017
	Rs	17,406,052	19,204,515

15. **DIVIDEND**

		2012 Rs	**2011** Rs
Dividend of Re 0.50 (2011: Re 0.75) per share	Rs	6,851,250	10,276,875

16. **BANK LOAN**

		2012 Rs	2011 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		15,000,000	18,750,000
	Rs	**18,750,000**	**22,500,000**

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

17. **FINANCE COSTS**

		2012 Rs	2011 Rs
Interest on loan	Rs	2,285,483	2,084,346

18. **EARNINGS PER SHARE**

(a) The calculation of earnings per share before movement on portfolio of investments is based on loss for the year of Rs 77,807,356 (2011: Profit of Rs 77,988,362) and 13,702,500 ordinary shares in issue during the two years ended 30 June 2012.

(b) The calculation of earnings per share after movement on portfolio of investment is based on net distributable profit for the year of Rs 297,572 (2011: Profit of Rs 1,320,462) and 13,702,500 ordinary shares in issue during the two years ended 30 June 2012.

19. **FINANCIAL STATISTICS**

	2012 Rs	2011 Rs	2010 Rs	2009 Rs	2008 Rs
(Loss)/earnings per share	(5.68)	5.69	21.77	(3.62)	6.70
Dividend per share	0.50	0.75	1.00	1.00	0.60
Net Asset per share	62.73	68.91	63.97	43.20	47.82

20. **RELATED PARTY TRANSACTIONS**

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

		2012 Rs	2011 Rs
(i)	*Outstanding balances*		
	Receivables from related parties:-		
	- Loan receivable from NIT Local Equity Fund	1,465,393	24,967,694
	- Loan receivable NIT Global Opportunities Fund	26,760,339	13,412,609
(ii)	*Management fees receivable*		
	- NIT Local Equity Fund	6,048,354	6,426,726
	- NIT Global Opportunities Fund	3,264,835	3,639,278

There was no compensation to key management personnel during the year (2011: Nil) except for directors fees as disclosed in note 13.

21. 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 bank 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

	2012 Rs	2011 Rs
Financial assets		
Investments at fair value though profit or loss (FVTPL)	774,645,072	852,750,000
Accounts receivable	28,225,732	38,380,303
Cash at bank and in hand	34,349,598	30,864,025
	837,220,402	**921,994,328**
Financial liabilities		
Accounts payable	3,445,010	3,100,913
Loan	18,750,000	22,500,000
	22,195,010	**25,600,913**

Prepayments amounting to Rs 420,600 (2011: Rs 272,348) 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 are thus not exposed to currency risk.

Credit risk

Credit risk refers to the risk that a 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 though 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:

	2012 % p.a	2011 % p.a
Financial assets		
Cash at bank - MRU	4.50	4.50
Loan receivable	5.00	5.00
Financial liabilities		
Loan	9.25	9.25

Interest rate sensitivity analysis

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

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

	2012 Rs	2011 Rs
Increase in Profit	442,328	471,201
Increase in equity	442,328	471,201

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

Equity price risks

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

Equity price sensitivity analysis

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

If equity prices had been 5% higher/lower:
Equity reserves would increase/decrease by Rs 38,732,254 (2011: Rs 42,637,500) as a result of the changes in fair value of investments.

Liquidity risk management

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

Maturity profile

2012	Weighted average effective interest rate % p.a	At call Rs	Less than 1 month Rs	1-3 months Rs	3 months to 1 year Rs	More than 1 year Rs	Total Rs
Financial assets							
Non interest bearing	-	-	-	-	-	774,645,072	774,645,072
Variable interest rate instruments	5	34,349,598	-	28,225,732	-	-	62,575,330
		34,349,598	-	28,225,732	-	774,645,072	837,220,402
Financial liabilities							
Variable interest rate instrument	9.25	-	-	3,445,010	3,750,000	15,000,000	22,195,010
	Rs	-	-	3,445,010	3,750,000	15,000,000	22,195,010
2011							
Financial assets							
Non interest bearing	-	-	-	-	-	852,750,000	852,750,000
Variable interest rate instruments	5	30,864,025	-	38,380,303	-	-	69,244,328
		30,864,025	-	38,380,303	-	852,750,000	921,994,328
Financial liabilities							
Variable interest rate instrument	9.25	-	-	3,100,913	3,750,000	18,750,000	25,600,913
	Rs	-	-	3,100,913	3,750,000	18,750,000	25,600,913

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)(i).

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 2012

Financial assets designated at FVTPL	**Level 1** Rs	**Level 2** Rs	**Level 3** Rs	**Total** Rs
Unquoted equities	-	-	774,645,072	774,645,072
Total	-	-	**774,645,072**	**774,645,072**

30 June 2011

Financial assets designated at FVTPL	**Level 1** Rs	**Level 2** Rs	**Level 3** Rs	**Total** Rs
Unquoted equities	-	-	852,750,000	852,750,000
Total	-	-	**852,750,000**	**852,750,000**

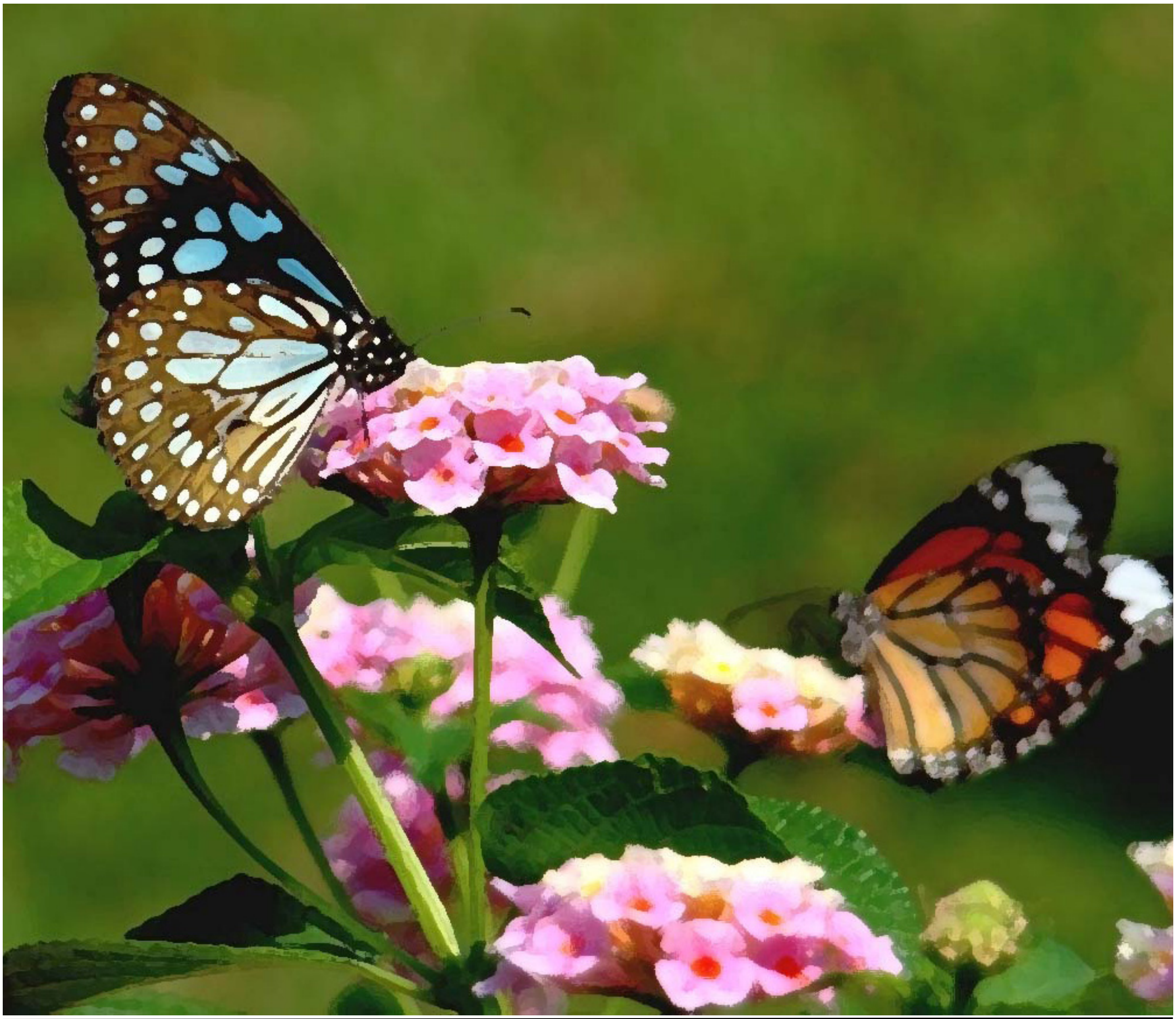
Notes

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.



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 35 to 52 which comprise the statement of assets and liabilities as at 30 June 2012 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 35 to 52 give a true and fair view of the financial position of NIT Local Equity Fund as at 30 June 2012, 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
7th Floor, Raffles Tower
19, Cybercity, Ebène

Statement of Assets and Liabilities at 30 June 2012

	Notes		2012 Rs	2012 % of Fund	2011 Rs	2011 % of Fund
ASSETS						
Non-Current Assets						
Portfolio of Domestic Securities	5		563,455,203	99.22	702,369,507	102.97
Current Assets						
Accounts receivable	6		554,003	0.10	554,003	0.08
Cash at bank			16,762,750	2.95	15,738,274	2.31
			17,316,753	3.05	16,292,277	2.39
TOTAL ASSETS			580,771,956	102.27	718,661,784	105.36
LIABILITIES						
Current Liabilities						
Accounts payable	7		331,877	0.06	255,000	0.04
Loan	8		1,465,393	0.26	24,967,697	3.66
Distribution to unitholders	9		11,088,221	1.95	11,304,682	1.66
Taxation	10		4,210	0.00	840	0.00
TOTAL LIABILITIES (excluding net assets attributable to unitholders)			12,889,701	2.27	36,528,219	5.36
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS		Rs	**567,882,255**	**100.00**	**682,133,565**	**100.00**

Approved by the Manager of the NIT Local Equity Fund and authorised for issue on 27 September 2012.

The Manager

Statement of Movements in Net Assets

for the year ended 30 June 2012

	Investments Rs	Other net assets Rs	Total Rs
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS AT 1 JULY 2010	**617,413,220**	**(29,499,782)**	**587,913,438**
Cash received for units created	-	18,467,031	18,467,031
Cash paid for units liquidated	-	(39,670,290)	(39,670,290)
NET CASH MOVEMENT FROM UNITS	**-**	**(21,203,259)**	**(21,203,259)**
Additions	5,335,411	(5,335,411)	-
Proceeds from sale of investments	(35,802,510)	35,802,510	-
NET CASH MOVEMENT FROM INVESTMENTS	(30,467,099)	**30,467,099**	**-**
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
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS AT 30 JUNE 2011 Rs	**702,369,507**	**(20,235,942)**	**682,133,565**
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS AT 1 JULY 2011	**702,369,507**	(20,235,942)	**682,133,565**
Cash received for units created	-	11,280,966	11,280,966
Cash paid for units liquidated	-	(5,610,525)	(5,610,525)
NET CASH MOVEMENT FROM UNITS	**-**	**5,670,441**	**5,670,441**
Refund on conversion	(248)	248	-
Proceeds from sale of investments	(18,992,305)	18,992,305	-
NET CASH MOVEMENT FROM INVESTMENTS	(248)	**248**	**-**
Deficit for the year	-	(119,921,751)	(119,921,751)
Transfer of profit on investment	(119,921,751)	119,921,751	-
	(119,921,751)	-	(119,921,751)
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS AT 30 JUNE 2012 Rs	**563,455,203**	**4,427,052**	**567,882,255**

Income and Distribution Statement
for the year ended 30 June 2012

	Notes	2012 Rs	2011 Rs
INVESTMENT INCOME			
Dividend income		17,727,605	19,309,393
Interest income		241,345	214,730
		17,968,950	19,524,123
FUND EXPENSES			
Management fees	11	6,048,347	6,426,724
Audit fees		149,500	140,300
Trustee fees	12	150,000	150,000
Interest expense		431,442	1,061,332
Printing		130,000	130,000
Bank charges		2,125	2,141
General expenses		2,530	300
		6,913,944	7,910,797
INCOME FROM OPERATING ACTIVITIES		11,055,006	11,613,326
EQUALISATION			
Income received on units created		141,180	276,117
Amounts paid on units liquidated		(89,386)	(566,752)
		51,794	(290,635)
INCOME BEFORE TAXATION		11,106,800	11,322,691
TAXATION EXPENSE	10	(18,579)	(18,009)
INCOME AFTER TAXATION		11,088,221	11,304,682
DISTRIBUTION TO UNITHOLDERS	9	(11,088,221)	(11,304,682)
INCOME BEFORE INVESTMENTS ITEMS		-	-
Net increase in fair value of FVTPL investments		(115,382,153)	122,678,076
Loss on disposals of FVTPL investments		(4,539,598)	(7,254,690)
		(119,921,751)	115,423,386
(DEFICIT)/SURPLUS FOR THE YEAR ATTRIBUTABLE TO UNITHOLDERS	Rs	**(119,921,751)**	**115,423,386**

Cash Flow Statement for the year ended 30 June 2012

		2012	2011
		Rs	Rs
CASH FLOWS FROM OPERATING ACTIVITIES			
(Loss)/income before taxation (adjusted for net (loss)/gain on investments)		(108,814,951)	126,746,077
Adjustments for:			
Interest payable		431,442	1,061,332
Interest income		(241,345)	(214,730)
Net Increase in fair value of FVTPL investments		115,382,153	(122,678,076)
Loss on disposal of investments		4,539,598	7,254,690
Operating profit before taxation		11,296,897	12,169,293
Movement in working capital			
Increase in accounts receivable		-	(501,538)
Increase/(decrease) in accounts payable		76,877	(316,738)
		(818,276)	(20,835,982)
NET CASH GENERATED FROM OPERATING ACTIVITIES		**11,373,774**	11,351,017
Taxation		(15,209)	(43,169)
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to investments		-	(5,335,411)
Proceeds from sale of investments		18,992,305	35,802,510
Refund on conversion of investment		248	-
Interest income		241,345	214,730
NET CASH GENERATED FROM INVESTING ACTIVITIES		**19,233,898**	**30,681,829**
CASH FLOWS FROM FINANCING ACTIVITIES			
Interest paid		(431,442)	(1,061,332)
Dividend paid		(11,304,682)	(13,042,534)
Loan received		6,699,056	8,551,126
Loan paid		(30,201,360)	(8,123,566)
Net cash movement from units		5,670,441	(21,203,259)
NET CASH USED IN FINANCING ACTIVITIES		(29,567,987)	(34,879,565)
NET INCREASE IN CASH AND CASH EQUIVALENTS		1,024,476	7,110,112
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR		**15,738,274**	**8,628,162**
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	Rs	**16,762,750**	**15,738,274**

Notes to the Financial Statements
for the NIT Local Equity Fund for the year ended 30 June 2012

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. **APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS's)**

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 2011.

2.1 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 May 2010 Annual Improvements to IFRSs
IAS 24	Related Party Disclosures - Revised definition of related parties
IFRS 7	Financial Instruments Disclosures - Amendments resulting from May 2010 Annual Improvements to IFRSs
IFRS 7	Financial Instruments - Disclosures - Amendments enhancing disclosures about transfers of financial assets

2.2 **New and revised Standards in issue but not yet effectiv**

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 to revise the way other comprehensive income is presented (effective 1 July 2012)
IAS 1	Presentation of Financial Statements – Amendments resulting from Annual Improvements 2009-2011 Cycle (comparative information) (effective 1 January 2013)
IAS 12	Income Taxes - Limited scope amendment (recovery of underlying assets) (effective 1 January 2012)
IAS 32	Financial Instruments: Presentation - Amendments resulting from Annual Improvements 2009-2011 Cycle (tax effect of equity distributions) (effective 1 January 2013)
IAS 32	Financial Instruments: Presentation - Amendments relating to the offsetting of assets and liabilities (effective 1 January 2014)
IFRS 7	Financial Instruments: Disclosures – Amendments relating to the offsetting of assets and liabilities (effective 1 January 2013)
IFRS 7	Financial Instruments: Disclosures - Deferral of mandatory effective date of IFRS 9 and amendments to transition disclosures (effective 1 January 2015)
IFRS 9	Financial Instruments – Original Issue (Classification and measurement of financial assets) (effective 1 January 2013)
IFRS 9	Financial Instruments - Reissue to include requirements for the classification and measurement of financial liabilities and incorporate existing derecognition requirements (effective 1 January 2013)

IFRS 9 Financial Instruments - Deferral of mandatory effective date of IFRS 9 and amendments to transition disclosures (effective 1 January 2015)
IFRS 12 Disclosure of Interests in Other Entities – Original Issue (effective 1 January 2013)
IFRS 12 Disclosure of Interests in Other Entities – Amendments to transitional guidance (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 applied 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 a time 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 follow:

- 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.

Unquoted investments

Where there is no active market, the fair value of unquoted investments have been determined using valuation techniques including comparisons to similar recent transactions, reference to price earnings ratios of similar quoted investments, discounted cash flow and other valuation models. Such valuation exercises require that the Company makes estimates of future cash flows, discount rates and price earnings ratio as applicable to the relevant markets.

(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 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(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 or loss**

	Quoted		**Unquoted**	**Total**
	Official Market	**Development & Enterprises Market**		
	Rs	Rs	Rs	Rs
At fair value				
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
At 30 June 2011	**692,613,456**	**8,191,601**	**1,564,450**	**702,369,507**
At 1 July 2011	692,613,456	8,191,601	1,564,450	702,369,507
Disposals	(23,531,903)	-	-	(23,531,903)
Refund on conversion	-	(248)	-	(248)
Deficit on revaluation	(116,181,963)	799,810	-	(115,382,153)
At 30 June 2012	**552,899,590**	**8,991,163**	**1,564,450**	**563,455,203**
Sales proceeds	**18,992,305**	**-**	**-**	**18,992,305**

The unquoted investments in Beau Champ Holding Company Limited have been valued by the Directors at cost as they consider it to reflect the recoverable amount from these investments as the company has passed a special resolution on 25 September 2012 for its winding up.

At a special meeting held on 28 February 2012, the shareholder of Deep River Beau Champ Ltd approved the conversion of preference shares into ordinary shares. On 20 July 2012, Deep River Beau Champ Ltd has been amalgated with Flacq United Estates Limited and renamed Alteo Limited.

(ii) **Details of domestic securities**

	Fair value 2012 Rs	Portfolio 2012 %
LEISURE AND TOURISM		
Official List		
New Mauritius Hotels Limited	59,580,246	10.57
Sun Resorts Limited	45,411,624	8.06
Naiade Resort Ltd	3,719,430	0.66
Development & Enterprises Market		
Casino Ltd (Knowledge Economies Ltd)	1,575,570	0.28
	110,286,870	**19.57**
BANK, INSURANCE AND FINANCE		
Official List		
The Mauritius Commercial Bank Ltd	166,989,238	29.64
State Bank of Mauritius Ltd	149,587,106	26.55
Mauritian Eagle Insurance Co Ltd	3,671,080	0.65
Swan Insurance Co. Ltd	2,952,156	0.52
	323,199,580	**57.36**
COMMERCE		
Official List		
Shell Mauritius Limited	**4,317,320**	**0.77**
PROPERTY AND CONSTRUCTION		
Development & Enterprises Market		
COVIFRA Ltee	**162,180**	**0.03**
FOOD AND BEVERAGES		
Official List		
Innodis Limited	4,054,075	0.72
Phoenix Beverages Ltd	10,045	0.00
Development & Enterprises Market		
Les Moulins de la Concorde Ltee	128,700	0.02
	4,192,820	**0.74**
MANUFACTURING AND INDUSTRIAL		
Official List		
Mauritius Oil Refineries Limited	5,221,477	0.93
United Basalt Products Limited	19,461,600	3.45
Development & Enterprises Market		
Chemco Ltd	2,360	0.00
CIEL Textile Ltd	74,544	0.01
	24,759,981	**4.39**

		Fair value 2012 Rs	Portfolio 2012 %
CONGLOMERATE			
Official List			
Ireland Blyth Ltd		28,992,798	5.15
Rogers and Company Ltd		27,936,350	4.96
		56,929,148	**10.10**
SUGAR INDUSTRY			
Official List			
Harel Freres Ltd		2,503,027	0.44
Omnicane Limited		24,232,854	4.30
ENL Land Ltd		3,159,880	0.56
Development & Enterprises Market			
Deep River Beau Champ Ltd		746,902	0.13
Flacq United Estates Ltd		3,796,502	0.67
Medine Share Holdings		777,600	0.14
Unquoted			
The Beau Champ Holdings Company Limited		1,564,450	0.28
		36,781,215	**6.53**
INVESTMENTS			
Development & Enterprises Market			
Ciel Investment Limited		1,271,284	0.23
Phoenix Investment		455,520	0.08
		1,726,804	**0.31**
AIR TRANSPORT			
Official List			
Air Mauritius Limited		**1,099,285**	**0.20**
TOTAL VALUE OF DOMESTIC SECURITIES	Rs	**563,455,203**	**100.00**

(iii) **Portfolio changes**

HOLDINGS SOLD DURING THE YEAR

Official Market
Mauritius Commercial Bank Ltd (Ord)
State Bank of Mauritius Ltd (Ord)
Rogers Ltd (Ord)

HOLDINGS ACQUIRED DURING THE YEAR
Development & Enterprises Market
Flacq United Estates Ltd

HOLDINGS CONVERTED DURING THE YEAR
Development & Enterprises Market
Deep River Beau Champ Ltd (Preference into Ordinary)

6. **ACCOUNTS RECEIVABLE**

		2012 Rs	2011 Rs
Trade receivables	Rs	**554,003**	**554,003**

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**

		2012 Rs	2011 Rs
Other payables		1,877	-
Accruals		330,000	255,000
	Rs	**331,877**	**255,000**

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

8. **LOAN**

		2012 Rs	2011 Rs
Balance at 1 July		24,967,697	24,540,137
Loan received		6,699,056	8,551,126
Loan paid		**(30,201,360)**	**(8,123,566)**
Balance at 30 June	Rs	1,465,393	24,967,697

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**

		2012 Rs	2011 Rs
Final distribution of Re 0.01 per unit (2010: Re 0.01)	Rs	**11,088,221**	**11,304,682**

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:

		2012 Rs	2011 Rs
Balance at 1 July		840	26,000
Current tax liabilities		18,579	18,009
Tax paid		(15,209)	(43,169)
Tax liability as per statement of financial position		**4,210**	**840**
Taxation charge as per Income and Distribution Statement	Rs	**18,579**	**18,009**

(ii) **Tax reconciliation**

		2012 Rs	2011 Rs
Net income before taxation	Rs	**11,106,800**	**11,322,691**
Tax at 15%		1,666,020	1,698,404
Tax effects of:			
- Exempt income		(2,665,141)	(2,896,409)
- Expenses attributable to exempt income		1,017,700	1,216,014
Taxation expense	Rs	**18,579**	**18,009**

(iii) **Deferred tax**

The Fund had no deferred tax asset/liability at 30 June 2012 (2011: Nil).

11. MANAGEMENT FEES

		2012 Rs	2011 Rs
These comprise fees payable to:			
National Investment Trust Ltd	Rs	**6,048,347**	**6,426,724**

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

12. TRUSTEE'S FEES

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

13. UNITS

(a) Movements in units during the period:

	Units	Rs
Net assets attributable to unitholders at 01 July 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	**805,814,173.13**	**682,133,565**
Net assets attributable to unitholders at 1 July 2011	805,814,173.13	682,133,565
Units created	15,292,007.10	11,280,966
Units liquidated	(7,596,078.63)	(5,610,525)
Deficit for the year	-	(119,921,751)
Net assets attributable to unitholders at 30 June 2012	**813,510,101.60**	**567,882,255**

(b) Net asset value per unit:

		2012 Rs	2011 Rs
Ex-div	Rs	0.70	0.85

(c) Prices per unit at valuation date:

		2012 Rs	2011 Rs
Issue price	Rs	0.72	0.87
Repurchase price	Rs	0.70	0.84

14. **ENTRY AND EXIT FEE**

On the issue of units,an entry fee of 1% (2011:1%) 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 1% (2011: 2%) 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:

		2012 Rs	2011 Rs
(i) *Outstanding balances*			
Payable to related parties			
National Investment Trust Ltd (Investment manager)-Loan		1,465,393	24,967,697
State Bank of Mauritius Ltd		75,000	75,000
	Rs	1,540,393	25,042,697

The above loan due to National Investment Trust Ltd is unsecured, repayable at call and bears an interest rate of 5% p.a. (2011: 5%p.a.).

Bank balances and short term deposits with State Bank of Mauritius Ltd	Rs	16,762,750	15,738,274
Transactions			
(ii) *Manager's fees to* National Investment Trust Ltd	Rs	6,048,347	6,426,724
(iii) *Trustee's fees to* State Bank of Mauritius Ltd	Rs	150,000	150,000
(iv) *Interest income from* State Bank of Mauritius Ltd	Rs	241,345	214,730
(v) *Bank charges payable to* State of Mauritius Ltd	Rs	2,125	2,141
(vi) *Interest payable to* National Investment Trust Ltd	Rs	431,442	1,061,332

Compensation to key management personnel

There was no compensation to key management personnel for the year ended 30 June 2012 (2011: 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 at bank).

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

		2012 Rs	2011 Rs
Financial assets			
Investments at fair value through profit or loss (FVTPL)		563,455,203	702,369,507
Accounts receivable		554,003	554,003
Cash and cash equivalents		16,762,750	15,738,274
	Rs	**580,771,956**	**718,661,784**
Financial Liabilities			
Accounts payable and loan, at amortised cost		1,797,270	25,222,697
Distribution to unitholders		11,088,221	11,304,682
Net assets attributable to unitholders		567,882,255	682,133,565
	Rs	**580,767,746**	**718,660,944**

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 a 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 2012 was:

	2012 % p.a	**2011** % p.a
Financial assets		
Cash at bank	4.50	4.50
Financial liabilities		
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:

	2012 Rs	**2011** Rs
Increase/(Decrease) in income	**152,974**	**92,294**

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 holds 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 28.2M (2011: Rs 35.0M) as a result of the changes in fair value of the held-for-trading shares.

Liquidity risk management

Maturity profile

2012	Weighted average effective interest rate % p.a	At call Rs	Less than 1 month Rs	1-3 months Rs	3 months to 1 year Rs	More than 1 year Rs	Total Rs
Financial assets							
Non interest bearing		-	554,003	-	-	563,455,203	564,009,206
Variable interest rate instruments	4.50	16,762,750	-	-	-	-	16,762,750
		Rs 16,762,750	554,003	-	-	563,455,203	580,771,956
Financial liabilities							
Non interest bearing		567,882,255	-	-	11,420,098	-	579,302,353
Variable interest rate instruments	5.00	-	-	-	1,465,393	-	1,465,393
		Rs **567,882,255**	**-**	**-**	12,885,491	**-**	**580,767,746**
2011							
Financial assets							
Non interest bearing		-	554,003	-	-	702,369,507	702,923,510
Variable interest rate instruments	4.50	15,738,274	-	-	-	-	15,738,274
		Rs 15,738,274	554,003	-	-	702,369,507	718,661,784
Financial liabilities							
Non interest bearing		682,133,565	-	-	11,559,682	-	693,693,247
Variable interest rate instruments	5.00	-	-	-	24,967,697	-	24,967,697
		Rs **682,133,565**	**-**	**-**	**36,527,379**	**-**	**718,660,944**

Fair values
The carrying amounts of financial assets and liabilities approximate their fair values due to the nature of the balances involved, except where stated elsewhere.

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(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 2012			
	Level 1	**Level 2**	**Level 3**	**Total**
Financial assets designated at FVTPL	Rs	Rs	Rs	Rs
Quoted equities	561,890,753	-	-	561,890,753

	30 June 2011			
	Level 1	**Level 2**	**Level 3**	**Total**
Financial assets designated at FVTPL	Rs	Rs	Rs	Rs
Quoted equities	700,805,057	-	-	700,805,057

Notes

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.

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 55 to 71 which comprise the statement of assets and liabilities as at 30 June 2012 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 55 to 71 give a true and fair view of the financial position of NIT Global Opportunities Fund as at 30 June 2012, 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
7th Floor, Raffles Tower
19, Cybercity, Ebène

Statement of Assets and Liabilities at 30 June 2012

	Notes		2012 Rs	2012 % of Fund	2011 Rs	2011 % of Fund
ASSETS						
Non-Current Assets						
Portfolio of International Securities	5		360,333,847	108.16	349,576,765	102.44
Current Assets						
Cash at bank			269,899	0.01	5,441,040	1.59
			269,899	0.01	5,441,040	1.59
TOTAL ASSETS			**360,603,746**	**108.17**	**355,017,805**	**104.03**
LIABILITIES						
Current Liabilities						
Accounts payable	7		27,221,763	8.17	13,749,768	4.03
TOTAL LIABILITIES (excluding net assets attributable to unitholders)			**27,221,763**	**8.17**	**13,749,768**	**4.03**
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS		Rs	**333,381,983**	**100.00**	**368,569,603**	**100.00**

Approved by the Manager of the NIT Global Opportunities Fund and authorised for issue on 27 September 2012.

The Manager

Statement of Movements in Net Assets

for the year ended 30 June 2012

		Investments Rs	Other net assets Rs	Total Rs
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS AT 1 JULY 2010		**408,625,073**	(40,055,470)	**368,569,603**
Cash received for units created		-	17,141,187	17,141,187
Cash paid for units liquidated		-	(16,301,896)	(16,301,896)
NET CASH MOVEMENT FROM UNITS		**-**	839,291	839,291
Cost of investments purchased		296,728,126	(296,728,126)	-
Proceeds from sale of investments		(334,256,391)	334,256,391	-
NET CASH MOVEMENT FROM INVESTMENTS		(37,528,265)	**37,528,265**	**-**
Deficit for the year		-	(28,140,857)	(28,140,857)
Transfer of loss on investments items		(21,520,043)	21,520,043	-
		(21,520,043)	(6,620,814)	**(28,140,857)**
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS AT 30 JUNE 2011	Rs	**349,576,765**	(8,308,728)	**341,268,037**
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS AT 1 JULY 2011		**349,576,765**	(8,308,728)	**341,268,037**
Cash received for units created		-	359,054	359,054
Cash paid for units liquidated		-	(13,635,496)	(13,635,496)
NET CASH MOVEMENT FROM UNITS		**-**	**(13,276,442)**	**(13,276,442)**
Cost of investments purchased		104,112,886	(104,112,886)	-
Proceeds from sale of investments		(103,017,355)	103,017,355	-
NET CASH MOVEMENT FROM INVESTMENTS		1,095,531	**(1,095,531)**	**-**
Surplus for the year		-	5,390,388	5,390,388
Transfer of profit on investments items		9,661,551	(9,661,551)	-
		9,661,551	(4,271,163)	5,390,388
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS AT 30 JUNE 2012	Rs	**360,333,847**	(26,951,864)	**333,381,983**

Income and Distribution Statement

for the year ended 30 June 2012

	Notes	2012 Rs	2011 Rs
INVESTMENT INCOME			
Dividend income		1,511,744	350,307
Interest income		47,223	62,714
Overseas Interest		-	47,113
		1,558,967	**460,134**
FUND EXPENSES			
Management fees	9	4,149,309	5,202,722
Custody fees		238,203	21,090
Audit fees		174,800	174,800
Trustee fees	10	150,000	150,000
Interest expense		1,323,117	1,323,117
Printing		130,000	130,000
Bank charges		5,891	12,569
General Expenses		505	-
		5,869,809	**7,014,298**
LOSS FROM OPERATING ACTIVITIES		(4,310,842)	(6,554,164)
EQUALISATION			
Amount paid on units created		(3,033)	(235,953)
Income received on units liquidated		42,712	169,303
		39,679	**(66,650)**
LOSS BEFORE INVESTMENTS ITEMS		(4,271,163)	(6,620,814)
Net increase in fair value of FVTPL investments		11,904,613	2,715,545
Loss on disposals of FVTPL investments		(2,243,062)	(24,235,588)
		9,661,551	**(21,520,043)**
SURPLUS/(DEFICIT) FOR THE YEAR ATTRIBUTABLE TO UNITHOLDERS	Rs	5,390,388	**(28,140,857)**

Statement of Cash Flows for the year ended 30 June 2012

	2012 Rs	2011 Rs
CASH FLOWS FROM OPERATING ACTIVITIES		
Surplus/(deficit) before investment items (adjusted for net loss on investments)	5,390,388	(28,140,857)
Adjustments for:		
Interest payable	**1,026,851**	**1,323,117**
Interest income	**(47,223)**	**(109,827)**
Net increase in fair value of FVTPL investments	**(11,904,613)**	**(2,715,545)**
Loss on disposal of investments	**2,243,062**	24,235,588
Operating loss before taxation	(3,291,535)	(5,407,524)
Movement in working capital		
Decrease in accounts receivable	-	376,889
Increase/(decrease) in accounts payable	13,471,995	(27,037,607)
	13,471,995	**(26,660,718)**
CASH GENERATED FROM/(USED IN) OPERATIONS	10,180,460	**(32,068,242)**
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest income	47,223	109,827
Additions to investments	(104,112,886)	(296,728,126)
Proceeds from sale of investments	103,017,355	334,256,391
NET CASH (USED IN)/GENERATED FROM INVESTING ACTIVITIES	**(1,048,308)**	**37,638,092**
CASH FLOWS FROM FINANCING ACTIVITIES		
Net cash movement from units	(13,276,442)	839,291
Interest paid	(1,026,851)	(1,323,117)
NET CASH USED IN FINANCING ACTIVITIES	(14,303,293)	(483,826)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	**(5,171,141)**	5,086,024
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	**5,441,040**	**355,016**
CASH AND CASH EQUIVALENTS AT THE END OF YEAR	**1,242,750**	**5,441,040**

Notes to the Financial Statements

for the NIT Global Opportunities Fund for the year ended 30 June 2012

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. **APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS's)**

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 2011.

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 May 2010 Annual Improvements to IFRSs
IAS 24	Related Party Disclosures - Revised definition of related parties
IFRS 7	Financial Instruments Disclosures - Amendments resulting from May 2010 Annual Improvements to IFRSs
IFRS 7	Financial Instruments - Disclosures - Amendments enhancing disclosures about transfers of financial assets.

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 to revise the way other comprehensive income is presented (effective 1 July 2012)
IAS 1	Presentation of Financial Statements – Amendments resulting from Annual Improvements 2009-2011 Cycle (comparative information) (effective 1 January 2013)
IAS 12	Income Taxes - Limited scope amendment (recovery of underlying assets) (effective 1 January 2012)
IAS 32	Financial Instruments: Presentation - Amendments resulting from Annual Improvements 2009-2011 Cycle (tax effect of equity distributions) (effective 1 January 2013)
IAS 32	Financial Instruments: Presentation - Amendments relating to the offsetting of assets and liabilities (effective 1 January 2014)
IFRS 7	Financial Instruments: Disclosures – Amendments relating to the offsetting of assets and liabilities (effective 1 January 2013)
IFRS 7	Financial Instruments: Disclosures - Deferral of mandatory effective date of IFRS 9 and amendments to transition disclosures (effective 1 January 2015)
IFRS 9	Financial Instruments – Original Issue (Classification and measurement of financial assets) (effective 1 January 2013)
IFRS 9	Financial Instruments - Reissue to include requirements for the classification and measurement of financial liabilities and incorporate existing derecognition requirements (effective 1 January 2013)

IFRS 9	Financial Instruments - Deferral of mandatory effective date of IFRS 9 and amendments to transition disclosures (effective 1 January 2015)
IFRS 12	Disclosure of Interests in Other Entities – Original Issue (effective 1 January 2013)
IFRS 12	Disclosure of Interests in Other Entities – Amendments to transitional guidance (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 applied 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 a time 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 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(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

	2012 Rs	2011 Rs
At fair value		
At 1 July	349,576,765	408,625,073
Additions	104,112,886	296,728,126
Disposals	(105,260,417)	(358,491,979)
Surplus on revaluation	11,904,613	2,715,545
At 30 June	360,333,847	349,576,765
Sales proceeds	**103,017,355**	**334,256,391**

5.1. PORTFOLIO OF INTERNATIONAL SECURITIES

EQUITIES	HOLDINGS 2012	MARKET VALUE 2012 USD	MARKET VALUE 2012 Rs	% OVERSEAS PORTFOLIO 2012
EMERGING MARKETS				
Aberdeen Global Asia Pacific	3,357	214,269	6,411,152	1.78%
Franklin Templeton Emerging Markets	11,284	363,575	10,878,544	3.02%
Invesco Emerging Markets Select Equity	18,172	170,268	5,094,596	1.41%
Magellan Emerging Markets	98	186,141	5,569,533	1.55%
UBS(LU)EF-EMMAUS B	1,600	39,184	1,172,426	0.33%
UBS-ETF MSCI Pa AD	640	25,062	749,881	0.21%
UBS GEM Class P USD	400	38,988	1,166,562	0.32%
UBS MSCI USD A Acc/UBS MSCI EMRG A	2,000	73,220	2,190,819	0.61%
VALE SA-SP ADR	2,103	41,081	1,229,186	0.34%
		1,151,788	**34,462,699**	**9.56%**

EQUITIES	HOLDINGS 2012	MARKET VALUE 2012 USD	MARKET VALUE 2012 Rs	% OVERSEAS PORTFOLIO 2012
EUROPE				
Fidelity European	5,979	70,704	2,115,538	0.59%
Oyster European Opportunities	198	68,299	2,043,577	0.57%
Franklin Templeton European	3,480	69,856	2,090,164	0.58%
UBS(LUX)EF-GR BRIT B	100	15,661	468,593	0.13%
UBS FTSE GBP-A-Acc	1,500	90,272	2,701,033	0.75%
UBS(LU)EF-EURO COUNTRIES	440	51,064	1,527,888	0.42%
ABB	1,731	28,250	845,270	0.23%
BHP BILLITON PLC*	618	40,355	1,207,464	0.34%
BP PLC ADR	1,650	66,891	2,001,449	0.56%
ROYAL DUTCH SHELL PLC ADR	523	36,573	1,094,302	0.30%
SIEMENS R*	754	63,389	1,896,665	0.53%
		601,314	**17,991,943**	**5.00%**
AMERICA				
Vontobel U.S. Value Equity	351	200,275	5,992,437	1.66%
Alger American Asset Growth	5,596	166,089	4,969,556	1.38%
Carmignac Gestion Investissement	13,846	146,049	4,369,939	1.21%
Fidelity Global Health Care	10,881	164,429	4,919,887	1.37%
Blackrock Global U.S. Flexible	10,702	175,828	5,260,957	1.46%
JP Morgan U.S. Dynamic	12,736	178,170	5,331,033	1.48%
UBS(LUX)EF-USA/UBS(LU)EF-USA MS F	3,900	369,174	11,046,072	3.07%
UBS ETF MSCI CAD A	1,100	42,589	1,274,307	0.35%
UBS (LU) EF - SC US	240	112,459	3,364,891	0.93%
R CAP US PREM E	1,200	149,460	4,471,999	1.24%
UBS ETF MSCI US	3,900	138,228	4,135,926	1.15%
UNI-GL MV US B1	125	142,414	4,261,176	1.18%
EMC	2,403	61,589	1,842,807	0.51%
MICROSOFT	2,042	62,240	1,862,286	0.52%
INTEL	2,359	63,033	1,886,013	0.52%
APPLE	131	76,393	2,285,758	0.63%
GOLDMAN SCAHS	428	41,028	1,227,601	0.34%
MASTERCARD	118	50,753	1,518,583	0.42%
BLACKSTONE GROUP	3,921	51,248	1,533,394	0.43%
AMERICAN INTERNATIONAL GROUP	1,783	57,217	1,711,992	0.48%
JP MORGAN CHASE	1,295	46,270	1,384,447	0.38%
VODAFONE GROUP PLC ADR	1,805	50,865	1,521,934	0.42%
AT&T	1,678	59,838	1,790,415	0.50%
		2,605,638	**77,963,410**	**21.63%**
BONDS				
Franklin Templeton Global Bond Fund	21,450	444,449	13,298,378	3.69%
Pimco Emerging Local Bond	88,797	917,276	27,445,856	7.62%
Julius Baer Multibond Local Emerging Bond	990	293,054	8,768,482	2.43%
AllianceBernstein Global High Yield Portfolio	62,623	278,672	8,338,157	2.31%
DCI IRL FEED ON	750	115,643	3,460,159	0.96%
FOCUSED LTB USD	1,800	184,608	5,523,664	1.53%
FOCUSED STB USD	1,850	185,074	5,537,607	1.54%
FOCUSED HGB SHORT USD B	780	104,224	3,118,491	0.87%
		2,523,000	**75,490,794**	**20.95%**

EQUITIES	HOLDINGS 2012	MARKET VALUE 2012 USD	MARKET VALUE 2012 Rs	% OVERSEAS PORTFOLIO 2012
COMMODITIES AND PRECIOUS METALS				
Blackrock Global World Gold	**1,714**	**82,390**	**2,465,195**	**0.68%**
Parvest Agriculture	**1,049**	**129,550**	**3,876,271**	**1.08%**
iShares Gold Trust	**63,500**	**988,060**	**29,563,787**	**8.20%**
DWS Invest Commodity Plus	**799**	**89,395**	**2,674,792**	**0.74%**
		1,289,395	38,580,045	10.71%
STRUCTURED PRODUCTS AND WARRANTS				
EQ TRACKER EMU UBS	180	41,940	1,254,889	0.35%
EQ TRACKER USA UBS	320	104,720	3,133,332	0.87%
MM SPOTNEXT USD UBS	1,220	122,038	3,651,504	1.01%
SHORT EUR/USD	310	7,245	216,778	0.06%
LONG CAD/CHF UBS	475	9,184	274,795	0.08%
		285,127	**8,531,298**	**2.37%**
PROPERTY				
UBSWM GLOB PTY US	27,285	**190,449**	**5,698,433**	**1.58%**
CASH INVESTMENTS				
BDL - USD		2,252,496	67,397,034	18.70%
UBS L2 MM USD F	870	88,140	2,637,241	0.73%
UBS-Managed USD		1,394	41,710	0.01%
UBS-Managed EUR		774	23,159	0.01%
UBS-Managed CHF		1,407	42,099	0.01%
UBS-Non-Managed USD		1,274	38,120	0.01%
UBS-Non-Managed EUR		2,626	78,573	0.02%
UBS-Non-Managed GBP		4,867	145,626	0.04%
BNP IPB - USD A/C		6,476	193,769	0.05%
SBM - USD		319,637	9,563,873	2.65%
SBM - EURO		72,848	2,179,688	0.60%
SBM - GBP		8,036	240,446	0.07%
UBP Current A/C - USD		383	11,463	0.00%
		2,760,358	**82,592,801**	**22.92%**
MEDIA & ADVERTISING				
Time Warner	755	**61,986**	**1,854,686**	**0.51%**
INDUSTRIALS				
General Electric	3,923	82,305	2,462,652	0.68%
Boeing	1,030	76,529	2,289,828	0.64%
		158,834	**4,752,480**	**1.32%**
CONSUMER DISCRETIONARY				
McDonald's	499	44,177	1,321,822	0.37%
Ford	4,795	45,984	1,375,889	0.38%
		90,161	**2,697,711**	**0.75%**

EQUITIES	HOLDINGS 2012	MARKET VALUE 2012 USD	MARKET VALUE 2012 Rs	% OVERSEAS PORTFOLIO 2012
HEALTHCARE & LIFE SCIENCES				
JOHNSON & JOHNSON	508	34,321	1,026,920	0.28%
TEVA PHARMACEUTICAL	928	36,600	1,095,110	0.30%
ELI LILLY & COMPANY	842	36,130	1,081,047	0.30%
ABBOTT LABORATORIES	600	38,682	1,157,406	0.32%
		145,733	**4,360,483**	**1.21%**
MINING & MATERIALS				
ALCOA	4,695	**41,081**	**1,229,186**	**0.34%**
JAPAN				
UBS-ETF MSCI Jap A	2,400	**71,347**	**2,134,777**	**0.59%**
ENERGY				
CHEVRON CORP	349	36,820	1,101,693	0.31%
HALLIBURTON HLDG	1,026	29,128	871,540	0.24%
		65,948	**1,973,233**	**0.55%**
TOTAL INTERNATIONAL INVESTMENTS		**12,042,823**	**360,333,847**	**100%**

6. ACCOUNTS PAYABLE

	2012 Rs	2011 Rs
Other payables	26,760,340	13,412,609
Accruals	461,423	337,159
Rs	**27,221,763**	**13,749,768**

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 26,760,340 (2011: Rs 13,412,609) due to National Investment Trust Ltd which is unsecured, repayable at call and bears an interest rate of 5% p.a. (2011: 5% p.a.).

7. TAXATION

(i) Income tax

Net income of the Fund, as adjusted for tax purposes is subject to income tax at the rate of 15% (2011:15%). At 30 June 2011, the fund has a tax loss of Rs 25,439,982 (2011: Rs 21,129,140), 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
4,310,842	2017

(ii) **Deferred tax**

The Fund has deferred tax assets of Rs 3,815,997 (2011: Rs 3,169,371) arising from accumulated losses and equalisation and which have not been recognised in these financial statements due to uncertainty of their recoverability.

8. 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.

9. TRUSTEE'S FEES

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

10. UNITS

(a) Movements in units during the period:

	2012	
	Units	**Rs**
Net assets attributable to unitholders at 1 July 2011	403,480,184.58	341,268,037
Units created	569,063.97	359,054
Units liquidated	(16,840,069.11)	(13,635,496)
Surplus for the year	-	5,390,388
Net assets attributable to unitholders at 30 June 2012	**387,209,169.44**	**333,381,983**

		2012	2011
Net assets value per unit		Rs	Rs
Ex-div	Rs	0.86	0.85

(b) Prices per unit at valuation date

		2012	2011
		Rs	Rs
Issue price	Rs	0.87	0.85
Repurchase price	Rs	0.84	0.82

11. **ENTRY AND EXIT FEE**

On the issue of units an entry fee of 1% (2011:1%) 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 1% (2011: 2%) 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.

12. **RELATED PARTY TRANSACTIONS**

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

			2012 Rs	2011 Rs
	Outstanding balances			
(i)	*Payable to related parties*			
	National Investment Trust Ltd	Rs	26,760,340	13,412,609
	Bank balances and short term deposits with			
	State Bank of Mauritius Ltd	Rs	269,899	5,441,040

The above loan due to National Investment Trust Ltd is unsecured, repayable at call and bears an interest rate of 5% p.a. (2011: 5%p.a.).

			2012 Rs	2011 Rs
	Transactions			
(ii)	Management fees to National Investment Trust Ltd	Rs	4,149,309	5,202,722
(iii)	Trustee's fees to State Bank of Mauritius Ltd	Rs	150,000	150,000
(iv)	Interest income from State Bank of Mauritius Ltd	Rs	47,223	62,714
(v)	Bank charges payable to State Bank of Mauritius Ltd	Rs	5,891	12,569
(vi)	Interest payable to National Investment Trust Ltd	Rs	1,026,851	1,323,117

Compensation to key management personnel

There was no compensation to key management personnel for the period ended 30 June 2012. (2011: Nil)

13. **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 12) and net assets attributable to unitholders offset by cash at bank.

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

	2012 Rs	2011 Rs
Financial assets		
Investments at fair value though profit or loss (FVTPL)	360,333,847	349,576,765
Cash and cash equivalents	269,899	5,441,040
	360,603,746	**355,017,805**
Financial liabilities		
Accounts payable, amortised cost	**27,221,763**	**13,749,768**
Net assets attributable to unitholders	**333,381,983**	341,268,037
	360,603,746	**355,017,805**

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:

		2012		2011	
Currency		Financial assets Rs	Financial liabilities Rs	Financial Assets Rs	Financial liabilities Rs
MUR		269,899	360,603,746	5,441,040	355,017,805
USD		357,624,256		347,039,785	-
EURO		2,281,420	-	2,308,452	-
CHF		42,099	-	-	-
GBP		386,072	-	228,528	-
	Rs	**360,603,746**	**360,603,746**	355,017,805	355,017,805

National Investment Trust

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

The following table details the Fund's sensitivity to a 10% change 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 an increase in profit and equity where the Mauritian Rupee weakens 10% against the relevant foreign currencies. For a 10% strengthening of the Mauritian Rupee against the relevant foreign currencies, there would be an equal and opposite impact on the profit and equity and the balance below would be negative.

		Equity	
		2012	2011
Foreign Currency Impact		Rs	Rs
USD		35,762,426	34,703,979
EURO		228,142	230,845
GBP		38,607	22,853
	Rs	**36,029,175**	**34,957,677**

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 a counter party 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 2012 was:

	2012	2011
	% p.a	% p.a
Financial assets		
Cash at bank	4.50	4.50
Financial liabilities		
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:

	2012	2011
	Rs	Rs
Decrease in profit	(264,904)	(79,716)
Decrease in net assets	(264,904)	(79,716)

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 18,016,692 (Rs 17,478,838) 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.

2012	**Weighted average effective interest rate** % p.a		**At call** Rs	**Less than 1 month** Rs	**1-3 months** Rs	**3 months to 1 year** Rs	**More than 1 year** Rs	**Total** Rs
Financial assets								
Non interest bearing	n/a		-	-	-	-	360,333,847	360,333,847
Variable interest rate instruments	4.50		269,899	-	-	-	-	269,899
		Rs	**269,899**	**-**	**-**	**-**	**360,333,847**	**360,603,746**
Financial liabilities								
Non interest bearing	n/a		-	461,423	-	-	-	461,423
Variable interest rate instruments	5		360,142,323	-	-	-	-	360,142,323
		Rs	**360,142,323**	**461,423**	**-**	**-**	**-**	**360,603,746**
2011								
Financial assets								
Non interest bearing	n/a		-	-	-	-	349,576,765	349,576,765
Variable interest rate instruments	4.5		5,441,040	-	-	-	-	5,441,040
		Rs	**5,441,040**	**-**	**-**	**-**	**349,576,765**	**355,017,805**
Financial liabilities								
Non interest bearing	n/a		-	337,159	-	-	-	337,159
Variable interest rate instruments	5		354,680,646	-	-	-	-	354,680,646
		Rs	**354,680,646**	**337,159**	**-**	**-**	**-**	**355,017,805**

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 2012			
	Level 1	**Level 2**	**Level 3**	**Total**
Financial assets designated at FVTPL	Rs	Rs	Rs	Rs
Quoted equities	360,333,847	-	-	360,333,847

	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

Notes

Proxy Form

I/We

____

of

____

being a member/s of the above named company, do hereby appoint

____

of

____

or failing him

____

of

____

as my/our proxy to vote for me/us and on my/our behalf at the Annual General Meeting of the Company to be held at **10.00 hours on Saturday 15th December 2012** at the Centre Social Marie, Reine-de-la-Paix, Port Louis and at any adjournment thereof.

Resolutions

I/We desire my/our vote(s) to be cast on the Resolutions as follows:

(Please indicate with an X in the spaces below how you wish your votes to be cast)

	For	Against	Abstain
1. To approve the Minutes of Proceedings of the previous meeting of shareholders.			
2. To receive and adopt the financial statements to June 2012 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 16th October 2012.			
4. To elect the present 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.			

Signed this ____________________ day of ____________________ 2012

Signature ____________________

Notes:

1. A member of the Company entitled to attend and vote at this meeting may appoint a proxy of his/her own choice (whether a member ot not) to attend and vote on his/her behalf.
2. Please mark in the appropriate box how you wish to vote. If no specific direction as to voting is given, the proxy will exercise his/her discretion as to how he/she votes.
3. The instrument appointing a proxy or any general power of attorney, duly signed, shall be deposited at the Registered Office of the Company, Level 8 Newton Tower, Sir William Newton Street, Port Louis, not less than twenty-four hours before the day fixed for the meeting or else the instrument of proxy shall not be treated as valid.

NIT

National Investment Trust

Level 8 Newton Tower, Sir William Newton Street, Port Louis, Mauritius
Tel.: (230) 211 54 84 - E-Mail: info@nit.mu - Website: www.nit.mu