National Investment Trust

# Annual Report

# *2014*

The Company delivers only one copy of shareholder reports and proxy statements, to shareholders with multiple accounts at the same address. This practice is known as "householding" and is intended to eliminate duplicate mailings and reduce expenses. Mailings of your shareholder documents may be householded indefinitely unless you instruct us otherwise. If you do not want the mailing of these documents to be combined with those for other members of your household, please contact the Company on (230) 211 54 84.

# Contents



# Notice of Meeting

Notice is hereby given that the Annual General Meeting of National Investment Trust Ltd will be held at 10.00 a.m. on Saturday 6 December 2014 at Centre social Marie, Reine-de-la-Paix, Port Louis to transact the following business:

1. To approve the Minutes of Proceedings of the previous meeting of shareholders.
2. To receive and adopt the financial statements to June 2014 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 15 October 2014.
4. To elect the existing Directors in accordance with the provisions of the Articles of Association and the Companies Act 2001.
5. To reappoint Messrs Mazars Chartered Accountants as Auditors for the current year and to authorise the Board of Directors to fix their remuneration.
6. To transact such other business, if any, as may be transacted at an Annual General Meeting.

By Order of the Board of Directors

**Ah Vee Li Chun Fong**
Company Secretary
11 November 2014

Notes:

1. A Shareholder of the Company entitled to attend and vote at this meeting may appoint a proxy (whether a member or not) to attend and vote on his behalf. A proxy need not be a member of the Company.
2. The instrument appointing a proxy or any general power of attorney shall be deposited at the Registered Office of the Company, Level 8 Newton Tower, Sir William Newton Street, Port Louis not less than twenty-four (24) hours before the meeting and in default, the instrument of proxy shall not be treated as valid.
3. A proxy form is included in this Annual Report and is also available at the registered office of the Company.
4. For the purpose of this Annual Meeting, the Directors have resolved, in compliance with Section 120(3) of the Companies Act 2001, that the shareholders who are entitled to receive notice of the meeting and attend such meeting shall be those shareholders whose names are registered in the share register of the Company as at 14 November 2014.

*Dear Shareholder*,

I am pleased to present the Annual Report of the National Investment Trust Ltd for the year ended 30 June 2014.

This report was approved by the Board of Directors on 26 September 2014.

On behalf of the Board of Directors, I invite you to join us at the Annual General Meeting of the Company on:

Date: **6 December 2014**

Time: **10 hours**

Place: **Centre social Marie, Reine-de-la-Paix**

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. (Resigned on 13 August 2013)
Veenay Rambarassah
Nikhil Treebhoohun

**CHIEF EXECUTIVE OFFICER**
Gaetan Wong To Wing

**Company Secretary**
Ah Vee K. C. Li Chun Fong

**AUDITORS**
Mazars
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

# Statement of Compliance

Compliance Statement
(Section 75(3) of the Financial Reporting Act)

Reporting Period: 1st July 2013 to 30th June 2014

We, the Directors of National Investment Trust Ltd confirm to the best of our knowledge that the Public Interest Entity ("PIE") has complied with all of its obligations and requirements under the Code of Corporate Governance except for Sections 2.2.3, 2.3.2 (d), 2.3.3, 2.5.3 (c), 2.5.3 (e), 2.6.2 (b), 2.7.3, 2.7.6, 2.8.4, 2.9.2, 2.10.1/2/3, all of Sections 3, 5 and 6 and, 7.6.2. The reason for non-compliance being that given the small size of the Company and the Board, all Corporate Governance and other functions can be discharged by the Board of Directors as a unit and the composition of the Board includes members with appropriate experiences.

Raj Ringadoo
*Chairman*

Chaya Dawonauth
*Director*

26 September 2014

# Corporate Governance

### Main Shareholders

The largest shareholders of the National Investment Trust Ltd ("NIT" or "NIT Ltd" at June 30, 2014 were as follows:

| Main Shareholders | % holding |
|---|---|
| National Pension Fund | 22.3 |
| Pershing LLC | 17.3 |
| Government of Mauritius | 10.7 |
| Sugar Insurance Fund Board | 4.5 |
| Others | 45.2 |

### Shareholding Profile

The share ownership and the categories of shareholders at June 30, 2014 are set out hereafter.

| Number of Shareholders | Size of Shareholding | No. of Shares owned | % of Total Issued Shares |
|---|---|---|---|
| 7,636 | 1 - 10,000 shares | 2,832,173 | 21 |
| 80 | 10,001 - 100,000 shares | 2,039,059 | 15 |
| 17 | > 100,000 shares | 8,831,268 | 64 |
| 7,733 | | 13,702,500 | 100.00 |

| Number of Shareholders | Category of Shareholders | No. of Shares owned | % of Total Issued Shares |
|---|---|---|---|
| 7,561 | Individual | 4,076,616 | 29.7 |
| 18 | Insurance and Assurance Companies | 982,099 | 7.2 |
| 24 | Pension and Provident Funds | 3,479,425 | 25.4 |
| 34 | Investment and Trust Companies | 631,957 | 4.6 |
| 94 | Other Private Corporate Bodies | 2,881,345 | 21.0 |
| 2 | Other Public Sector/ Para Statal Bodies | 1,651,058 | 12.0 |
| 7,733 | | 13,702,500 | 100.00 |

| Number of Shareholders | Category of Shareholders | No. of Shares owned | % of Total Issued Shares |
|---|---|---|---|
| 7,732 | Local | 11,319,574 | 82.6 |
| 1 | Foreign | 2,382,926 | 17.4 |
| 7,733 | | 13,702,500 | 100.00 |

### Share Price Infomation

At 30 June 2014, the share price of NIT Ltd was quoted at Rs 50.00 on the Official Market of the Stock Exchange of Mauritius.

| Date | Price (Rs) | Yearly Change (%) |
|---|---|---|
| June 30, 2010 | 29.00 | 41 |
| June 30, 2011 | 37.00 | 27 |
| June 30, 2012 | 24.00 | (35) |
| June 30, 2013 | 22.35 | (7) |
| June 30, 2014 | 50.00 | 124 |

### 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 September each year. Key dividend information over the past 3 years is shown below:

| | 2011 | 2012 | 2013 | 2014 |
|---|---|---|---|---|
| Dividend per share (Rs) | 0.50 | 0.50 | 0.6 | 1.50 |
| Dividend cover (times) | 0.20 | 0.04 | 0.77 | 1.03 |
| Dividend yield (%) | 1.4 | 2.1 | 2.7 | 3.0 |

The final dividend of Rs 1.50 per ordinary share declared in respect of the financial year will be paid on or around 24 October 2014 to all ordinary shareholders registered at close of business on 15 October 2014.

### Total Shareholders' Return

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

| | 2012 | 2013 | 2014 |
|---|---|---|---|
| Share price at June 30 - current year (Rs) | 24.00 | 22.35 | 50.00 |
| Share price at June 30 - previous year (Rs) | 37.00 | 24.00 | 22.35 |
| Increase/Decrease in NIT share price (Rs) | (13.00 | (1.65) | 27.65 |
| Dividend – current year (Rs) | 0.50 | 0.60 | 1.50 |
| Total return per share (Rs) | (12.50) | (1.05) | 29.15 |
| Total return based on previous year share price | (33.8%) | (4.4%) | 130.4% |

### 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**

| | |
|---|---|
| November-December 2014 | Annual Meeting of Shareholders |
| February 2015 | Publication of half-year results to 31 December 2014 |
| May 2015 | Publication of third quarter results to 31 March 2015 |
| August 2015 | Publication of abridged end-of-year results to June 30 2015 & Declaration of dividend |
| September 2015 | Payment of dividend |

**Company's Registered Office**

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

**Company's Constitution**

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

The salient features of which are as follows:

- the Company has wide objects and powers;
- the Company may acquire and hold its own shares;
- there are no pre-emptive rights attached to the shares;
- fully paid up shares are freely transferable;
- the quorum for a meeting of Shareholders is 3 Shareholders present or represented holding at least 60 % of the share capital of the Company;
- the Board of Directors shall 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 commitment to make sound judgments on various key issues relevant to the business of the Company independent of management.

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 the 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 the 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.

The Board of Directors has not adopted a Board Charter and is governed by the provision of the Company's Constitution and the Mauritius Companies Act 2001.

**Directors' Profile**

*Raj Ringadoo (Chairman) – Independent Non-Executive*
Mr. Raj Ringadoo is currently the Chairman of the State Investment Corporation Ltd, the investment arm of the Government of Mauritius. Mr Raj Ringadoo is a Chartered Civil Engineer (C.Eng) from the UK and has worked as a Civil Engineer for three years with the firm of Sir Alexander Gibbs & Partners UK. He was formerly Chief Manager at the Development Bank of Mauritius Ltd and reckons more than 20 years in the Banking sector. Mr. Raj Ringadoo holds an Honours Degree in Civil Engineering

from University of Manchester, Institute of Science and Technology and an MSc in Construction Management from University of Reading, UK.

Directorship in other listed companies:
Air Mauritius

*Mazahir Adamjee – Independent Non-Executive*
Mr Mazahir F. E. Adamjee is a Chartered Accountant. He is a Director of several companies of Currimjee Group.

Directorship in other listed companies:
Bramer Banking Corporation Ltd.

*Chaya Dawonauth – Independent Non-Executive*
Mrs Chaya Dawonauth holds an M.Sc, Financial Economics from the School of Oriental and African Studies, University of London. She reckons more than a decade experience in the Banking sector and currently holds the position of Director, Business Support at Banque des Mascareignes Ltée.

Directorship in other listed companies: None

*Veenay Rambarassah – Non-Executive*
Mr. V. Rambarassah is a Fellow of the Association of Chartered Certified Accountants (FCCA). He is currently the Fund Manager and Fund Accountant of the National Pension Fund & the National Savings Fund. He has wide experience in Accounting and Fund management.

Directorship in other listed companies: None

*Nikhil Treebhoohun – Independent Non-Executive*
Nikhil Treebhoohun studied economics at the London School of Economics, Financial management at the University of New England, and Development Planning Techniques at the Institute of Social Studies. He was the CEO of Global Finance Mauritius and has also extensive experience in export development and competitiveness issues gained from being Head of the Trade Section at the Commonwealth Secretariat, Director of the Export Processing Zones Development Authority and Executive Director of the National Productivity and Competitiveness Council in Mauritius.

Directorship in other listed companies: None

**Senior Management Profile**

*Gaetan Wong To Wing – Chief Executive Officer*
Mr Wong is an Associate of the Institute of Chartered Accountants in England and Wales. After a successful career in Auditing both in the UK and in Mauritius, he joined the National Mutual Fund Ltd (i.e., the first domestic unit trusts manager) in 1989. He was appointed Acting General Manager in 1997, and guided NMF to the forefront of the local fund management industry with, their flagship fund, the NMF General Fund, being consistently ranked 'best performing' local fund under his stewardship.

Gaetan Wong was a Key player in the setting up of the National Investment Trust Ltd in 1993 and was appointed General Manager of the Company in 2001. Under his leadership, NIT was the first Company to ever carry out a share buy-back operation on the local stock exchange and also a pioneer in promoting total transparency on its investment activities by publishing full details of its investment portfolio. Mr Wong was appointed as Chief Executive Officer of the Company in 2008 and, was the Architect behind the successful restructuring of NIT that year whereby, the Company was split into three distinct and separate parts with the resulting effect of unlocking significant value to shareholders.

*Teddy Blackburn – Chief Analyst*
Teddy Blackburn joined the Company in 2001 and is the Company's Chief Analyst. He holds postgraduate qualifications in Economics and Applied Finance from Australia and is also a Fellow Associate of the Financial Services Institute of Australasia.

**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 the NIT's Constitution, a Director is not required to hold shares in the Company.

Moreover, as pursuant to the Securities Act 2005, the 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 the NIT Ltd.

The Directors of the NIT having direct and/or indirect interests in the ordinary shares of the Company at June 30, 2014 were:

| Directors | Direct Interest | | Indirect Interest | |
|---|---|---|---|---|
| | No. of shares | % | No. of shares | % |
| Nikhil Treebhoohun | 720 | 0 | - | - |
| Gaetan Wong To Wing | - | - | 9,583 | 0.1 |

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

The Directors of the 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 the 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 the NIT dealt with the shares of the Company whether directly or indirectly.

**Directors' and Officers' Insurance and Indemnification**

The Directors and officers of the 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.

**Board Committees**

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. As such, no board committees were operational during the financial year.

**Board Attendance**

Seven meetings were held during the Financial Year.

| Directors | Classification | Attendance |
|---|---|---|
| Mr R. Ringadoo | Independent Non-Executive | 6 |
| Mr M. Adamjee | Independent Non-Executive | 5 |
| Mrs C. Dawonauth | Independent Non-Executive | 6 |
| Mr V. Rambarassah | Non-Executive | 4 |
| Mr N. Treebhohun | Independent Non-Executive | 6 |

**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.

**Internal Audit**

Given the small size of the Company and the nature of the transactions involved, no Internal Audit exists.

**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.

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 3 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 the National Investment Trust Limited and his team, and an activity which is overlooked by the Board of Directors.

The Chief Executive Officer of the 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 the 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 (Note 1) | Rs 243 000 |

*Note 1:*
*As approved by the Shareholders during the Company's last Annual General Meeting, Board revised the Directors' fees with the Chairman's remuneration and Directors fees increased to Rs 8,000 and Rs 5,000 per month respectively.*

**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 19 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.

**Donations**
The Company made no donations during the year.

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

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

Other main responsibilities of the Board of Directors include assessment of the management team's performance relative to corporate objectives, overseeing the implementation and upholding of good corporate governance practices, acting as the central coordination body for the monitoring and reporting of sustainability performance of the Company and ensuring timely and comprehensive communication to all stakeholders on events significant to the Company.

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

In preparing those financial statements, the Directors are required to:
- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether or not the Companies Act 2001 and International Financial Reporting Standards have been adhered to and explain material departures thereto; and
- prepare these financial statements on the going concern basis unless it is inappropriate 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.

Raj Ringadoo
*Chairman*

Chaya Dawonauth
*Director*

On behalf of the Board of Directors

26 September 2014

# 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 and, the NIT Unit Trust was authorized to operate as a Collective Investment Scheme under Section 97 of the Securities Act 2005 on 15 January 2013. Consequently, all investment activities carried out by the Company are now subject to certain restrictions.

**Review of Business**

The review of the Company's activities and performance is set out in the Chairman's Statement on page 11-13.

**Results and Dividends**

The statement of profit or loss and other comprehensive income of the Company for the year ended 30 June 2014 is set out on page 16 of this report.

For the financial year under review, the Company's profit after taxation amounted to Rs 10,215,899 (2013 - Rs 114,352,403).

**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.

**Fees payable to the auditors**

The fees payable to the auditors for audit services for the year were as follows:

| | 2014 (Rs) | 2014 (Rs) |
|---|---|---|
| Audit services | 105, 000 | 153,201 |

**Auditors**

Deloitte, were the previous auditors and Mazars were appointed as the new auditors of the Company at the last Annual General Meeting. Mazars have indicated their willingness to continue in office and will be automatically re-appointed at the next Annual Meeting.

**Directors**

The Directors who served during the year are given below:

*Chairman*
Raj Ringadoo

*Directors*
André José Poncini G.O.S.K. (Resigned on 13 August 2013)
Mazahir Adamjee
Chaya Dawonauth
Veenay Rambarassah
Nikhil Treebhoohun

# Certificate from the Secretary

In terms Section 166 (d) of the Companies Act 2001, I certify that, to the best of my knowledge, the Company has lodged with the Regisrar of companies all such returns as are required in terms of the Companies Act 2001 for the year ended June 30, 2014.

Ah Vee K. C. Li Chun Fong
**Company Secretary**

26 September 2014

# 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 2014.

## *Snapshot of Performances*

### NIT Ltd

#### Performances

For the financial year under review, the Company's Net Asset Value remained more or less stable at Rs 70.72.

On the income side, Net Profit after tax available for distribution stood at Rs 19.9 M compared to Rs 6.4 M last year mainly on account of higher interest receivable in line with the terms of agreement with the State Investment Corporation Ltd to buyback our 15 % holding stake. During the period, higher dividends were also received from SICOM Ltd while, management fees received also improved on the back of an increase in the value of assets under our management.

A dividend of Rs 1.50 per share has been declared (2013: Rs 0.60).

#### Stock Return

| | Rs |
|---|---|
| **Share Price at beginning of financial year** | 22.35 |
| **Dividend Paid in October 2013** | 0.60 |
| **Share Price at end of financial year** | 50.00 |

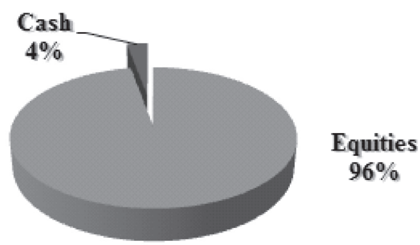
Total Return during financial year = +130.4%

#### Looking Ahead

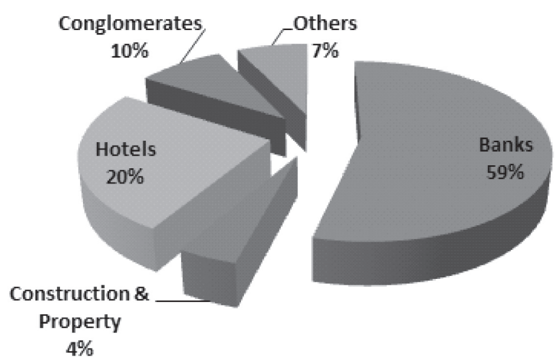
Although, the proposed sale of the Company's 12% holding stake in SICOM Ltd has been delayed, in line with the two-pronged strategy embarked on over the past few years, the Board of Directors remains committed to transform NIT into a fully-fledged fund management company while at the same time, setting up a sustainable distribution policy that would return value to our shareholders over the long term.

### NIT Local Equity Fund

#### NIT LEF Asset Allocation at the end of 2014



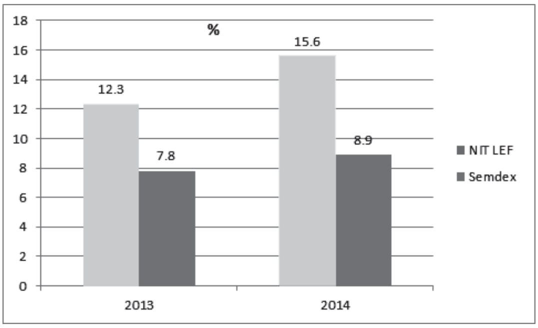

#### NIT LEF Sector Allocation at the end of 2014




#### NIT LEF Significant Holdings - end of 2014

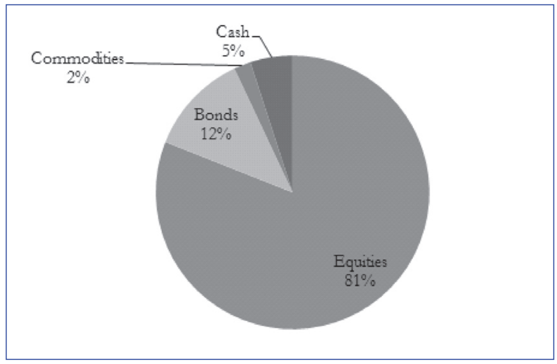
| Company | Weight in portfolio (%) | Weight in Semdex (%) | Over/ (under) (%) |
|---|---|---|---|
| **Mauritius Commercial Bank** | 29 | 22 | 7 |
| **State Bank of Mauritius** | 30 | 14 | 16 |
| **New Mauritius Hotels** | 10 | 6 | 4 |
| **Sun Resorts** | 5 | 2 | 3 |
| **IBL** | 5 | 3 | 2 |

NIT LEF Financial Year 2014 Returns vs Benchmark

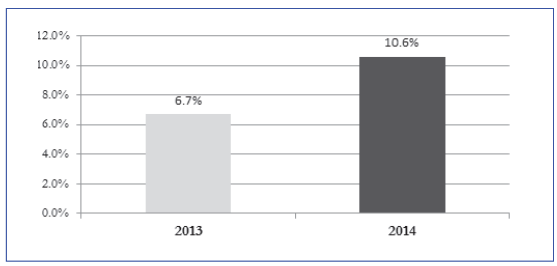



## NIT Global Opportunities Fund

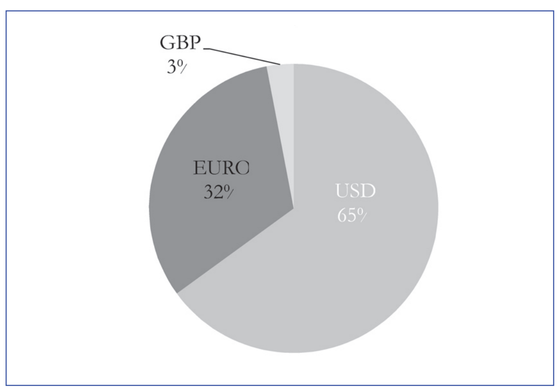
NIT GOF Asset Allocation at the end of 2014




NIT GOF Financial Year Returns 2014




NIT GOF Currency Profile 2014



Portfolio Movement during Financial Year

| | 2014 (%) | 2013 (%) | Change |
|---|---|---|---|
| **Cash** | 4 | 35 | Down |
| **Equities** | 81 | 46 | Up |
| **Bonds** | 12 | 16 | Down |
| **Commodities** | 2 | 2 | No change |
| **Property** | 1 | 1 | No change |
| | **100** | **100** | |

## Some Market Thoughts

The consensus narrative at the start of the year was that the U.S. economy was about to take off and reach escape velocity, Abenomics was succeeding in dragging Japan from its lost decades and, even European prospects were rosier than previously thought. Such broad optimism about the prospects for the global economy led to dampened volatility in equity markets.

Fast forward to the third quarter of the year and, the Japanese economy was running into sand amid signs that current policy prescriptions were unable to head-off deflation and boost growth. Similarly, projections for the old continent turn out to be bleaker than anticipated as, a severe slowdown in the region's powerhouse, Germany, was taking shape so much so that, talks of recession were beginning to resurface. Only in the U.S. were things going according to script albeit a first quarter weather-related blip. Such negative developments caught the markets by surprise resulting in a sell-off and volatility spiking to a multi-year high.

Amid such mounting turbulences, Bank of Japan (BOJ) Governor Haruhiko Kuroda acted first and, shocked and awed investors by announcing more liquidity injections into Japan's ailing economy. Such a bold move succeeded in allaying fears that the central bank could be out of ammunition. The importance of Kuroda's actions in improving sentiments in financial markets should not be underestimated especially, when taking into account the fact that, the European Central Bank (ECB) President Mario Draghi had previously announced his intentions to resort to a policy mix of monetary, fiscal, and structural measures 'à la Abe' to boost the slumping Eurozone.

One direct consequence of the BOJ's actions is that the Yen has been in freefall versus most currencies as shown below:

### Exchange Rate Movements from 1 September 2014 to 10 November 2014

| | | |
|---|---|---|
| JPY vs | USD | (9.4) % |
| | Euro | (4.1) % |
| | GBP | (5.2) % |
| | Chinese Yuan | (9.2) % |
| | Korean Won | (4.1) % |
| | Philippines Peso | (6.2) % |

On the domestic front, although Mauritius is an island, the economy and the local bourse are certainly not immune against developments overseas. During the past month, net foreign outflow has taken a toll on the market with the Semdex down 2%. Although not quite alarming, we are monitoring the situation closely given the liquidity risks inherent within the local bourse. Notwithstanding that, the domestic market still offers good potential given the healthy state of some companies in terms of debt and profitability levels and, the negligible returns on deposits currently prevailing.

Against such a background, we believe that differentiation remains key going forward.

**Chairman**
National Investment Trust Ltd

*10 November 2014*

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

## Report on the Financial Statements

We have audited the accompanying financial statements of National Investment Trust Ltd (the "Company") which comprise the statement of financial position as at 30 June 2014, the statement of profit or loss and other comprehensive income, the statement of changes in equity and statement of cash flows for the year then ended and a summary of significant accounting policies and other explanatory notes set out on pages 15 to 34.

*Directors' responsibilities for the financial statements*

The Company's directors are responsible for the preparation and fair presentation of financial statements which are in accordance with and comply with International Financial Reporting Standards, which give a true and fair view of the matters to which they relate, and which present fairly the financial position of the Company at 30 June 2014 and its financial performance, changes in equity and cash flows for the year ended on that date.

This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

*Auditor's responsibility*

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

An audit involves performing procedures to obtain audit evidence about amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate to 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 15 to 34 give a true and fair view of the financial position of the Company at 30 June 2014 and its financial performance, changes in equity and cash flow for the year ended on that date in accordance with International Financial Reporting Standards and comply with the Mauritius Companies Act 2001.

## Report on Other Legal and Regulatory Requirements

The Mauritius Companies Act 2001 requires that in carrying out our audit we consider and report to you on the following matters. We confirm that:

- We have no relationship with or interests in the Company other than in our capacity as auditors;
- We have obtained all the information and explanations 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.

## Other matters

- The financial statements of the Company for the year ended 30 June 2013 were audited by another auditor, whose report dated 13 August 2013, expressed an unqualified opinion on those financial statements.
- This report, including the opinion, has been prepared for and only the Company's shareholder, as a body, in accordance with Section 205 of the Mauritius Companies Act 2001 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come, save where expressly agreed by our prior consent in writing.

Mazars

Mazars

Udaysingh Taukoordass,
Licensed by FRC
26 September 2014

# Statement of Financial Position at 30 June 2014

| | Notes | | 2014 Rs | 2013 Rs |
|---|---|---|---|---|
| **ASSETS** | | | | |
| **NON-CURRENT ASSETS** | | | | |
| **Property and equipment** | 5 | | 38,523,180 | 41,761,267 |
| **Financial assets at fair value through profit or loss** | 6 | | 463,859,928 | 882,639,231 |
| **Other receivables** | | | 211,500,000 | - |
| | | | 713,883,108 | 924,400,498 |
| **CURRENT ASSETS** | | | | |
| **Other receivables** | **7** | | **151,269,840** | **35,763,968** |
| **Cash and cash equivalents** | 8 | | 121,653,693 | 26,560,090 |
| **TOTAL CURRENT ASSETS** | | | 272,923,533 | 62,324,058 |
| **TOTAL ASSETS** | | Rs | **986,806,641** | **986,724,556** |
| **EQUITY AND LIABILITIES** | | | | |
| **CAPITAL AND RESERVES** | | | | |
| **Stated capital** | **9** | | 156,718,346 | 156,718,346 |
| **Fair Value Reserve** | | | 433,800,000 | 791,439,231 |
| **Retain earnings** | | | 378,560,256 | 18,926,626 |
| **TOTAL EQUITY** | | | 969,078,602 | 967,084,203 |
| **LIABILITIES** | | | | |
| **NON CURRENT LIABILITIES** | | | | |
| **Borrowings** | **10** | | 7,500,000 | 11,250,000 |
| **Deferred tax liabilities** | 11 | | 997,508 | 1,087,299 |
| **TOTAL NON CURRENT LIABILITIES** | | | 8,497,508 | 12,337,299 |
| **CURRENT LIABILITIES** | | | | |
| **Borrowings** | 10 | | 3,750,000 | 3,750,000 |
| **Other payables** | 12 | | 3,470,402 | 3,396,844 |
| **Taxation** | 11 | | 2,010,129 | 156,210 |
| **TOTAL CURRENT LIABILITIES** | | | 9,230,531 | 7,303,054 |
| **TOTAL LIABILITIES** | | | **17,728,039** | **19,640,353** |
| **TOTAL EQUITY AND LIABILITIES** | | Rs | **986,806,641** | **986,724,556** |

Approved by the Board of Directors and authorised for issue on 26 September 2014.

Raj Ringadoo )

Chaya Dawonauth ) Directors

The notes on pages 19 to 34 form an integral part of these financial statements.

# Statement of Profit or Loss

## and other Comprehensive Income for the year ended 30 June 2014

| | Notes | | 2014<br>Rs | 2013<br>Rs |
|---|---|---|---|---|
| **INCOME** | 13 | | **25,155,102** | **20,155,629** |
| **Net changes in fair value of financial assets at fair value through profit or loss** | 6 | | (9,639,231) | 107,994,159 |
| | | | **15,515,871** | **128,149,788** |
| EXPENSES | | | | |
| Professional and administrative expenses | 15 | | (16,747,824) | (14,813,985) |
| (Loss)/Profit before finance income | | | **1,231,953** | **113,335,803** |
| **Net finance income** | 14 | | 13,490,978 | 1,227,084 |
| **Profit before taxation** | 15 | | **12,259,025** | **114,562,887** |
| **TAXATION** | 11 | | (2,043,126) | (210,484) |
| **PROFIT FOR THE YEAR** | | | **10,215,899** | **114,352,403** |
| Other comprehensive income | | | - | - |
| **TOTAL COMPREHENSIVE INCOME FOR THE YEAR** | | | **10,215,899** | **114,352,403** |
| **Analysed af follows:** | | | | |
| **Net changes in fair value of financial assets at FVTPL transfered to fair value reserve** | | | (9,639,231) | 107,994,159 |
| **Surplus available for distribution** | | | 19,855,130 | 6,358,244 |
| | | | 10,215,899 | 114,352,403 |
| **EARNINGS PER SHARE** | 18 | Rs | **0.75** | **8.35** |

# Statement of Changes in Equity

or the year ended 30 June 2014

| | Note | Stated capital | Fair value Reserve | Retained earnings | Total |
|---|---|---|---|---|---|
| | | Rs | Rs | Rs | Rs |
| **At 1 July 2012** | | **156,718,346** | **683,445,072** | **19,419,632** | **859,583,050** |
| Profit for the year | | - | - | 114,352,403 | 114,352,403 |
| Other comprehensive income | | - | - | - | - |
| Total comprehensive income | | - | - | 114,352,403 | 114,352,403 |
| **Net changes in fair value of financial assets at FVTPL transfered to fair value reserve** | | - | 107,994,159 | (107,994,159) | - |
| Dividend | 17 | - | - | (6,851,250) | (6,851,250) |
| **At 30 June 2013** | Rs | **156,718,346** | **791,439,231** | **18,926,626** | **967,084,203** |
| **At 1 July 2013** | | **156,718,346** | **791,439,231** | **18,926,626** | **967,084,203** |
| Profit for the year | | - | - | 10,215,899 | 10,215,899 |
| Other comprehensive income | | - | - | - | - |
| Total comprehensive income for the year | | - | - | 10,215,899 | 10,215,899 |
| **Net changes in fair value of financial assets at FVTPL transfered to fair value reserve** | | - | (9,639,231) | 9,639,231 | - |
| **Realised gains on disposal of financial assets at FVTPL transfered to Retained earnings** | | - | (348,000,000) | 348,000,000 | - |
| Dividend | 17 | - | - | (8,221,500) | (8,221,500) |
| **At 30 June 2014** | Rs | **156,718,346** | **433,800,000** | **378,560,256** | **969,078,602** |

# Statement of Cash Flows for the year ended 30 June 2014

| | Notes | | 2014 Rs | 2013 Rs |
|---|---|---|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | | | |
| Profit before taxation | | | **12,259,025** | **114,562,887** |
| Interest receivable | | | (14,552,933) | (2,630,345) |
| **Net changes in fair value of financial assets at fair value through profit or loss** | | | 9,639,231 | (107,994,159) |
| Depreciation of property and equipment | | | 3,852,932 | 3,453,904 |
| Interest payable | | | 1,061,955 | 1,403,261 |
| **OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES** | | | **12,260,210** | **8,795,548** |
| Increase in other receivables | | | (9,755,872) | (7,117,636) |
| Increase/(decrease) in payables | | | 73,558 | (48,166) |
| **CASH GENERATED FROM OPERATING ACTIVITIES** | | | **2,577,896** | **1,629,746** |
| Interest income | | | 14,552,933 | 2,630,345 |
| Interest paid | | | (1,061,955) | (1,403,261) |
| Tax paid | | | (278,998) | (10,647) |
| Tax refund | 11 | | - | 82,688 |
| **NET CASH GENERATED FROM OPERATING ACTIVITIES** | | | **15,789,876** | **2,928,871** |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | | | |
| Acquisition of financial assets at fair value through profit or loss | | | (13,859,928) | - |
| Proceeds from disposal of financial assets at fair value through profit or loss | | | 105,750,000 | - |
| Purchase of property and equipment | | | (614,845) | (117,129) |
| **NET CASH GENERATED FROM/(USED IN) INVESTING ACTIVITIES** | | | **91,271,227** | (117,129) |
| **CASH FLOWS FROM FINANCING ACTIVITIES** | | | | |
| Dividends paid | 17 | | (8,221,500) | (6,851,250) |
| Loan repaid | | | (3,750,000) | (3,750,000) |
| **NET CASH USED IN FINANCING ACTIVITIES** | | | **(11,971,500)** | **(10,601,250)** |
| **NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS** | | | **95,093,603** | **(7,789,508)** |
| **CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR** | | | **26,560,090** | **34,349,598** |
| **CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR** | 8 | Rs | **121,653,693** | **26,560,090** |

# Notes to the Financial Statements

## for the National Investment Trust Ltd for the year ended 30 June 2014

1. **GENERAL INFORMATION**

National Investment Trust Ltd (the "Company") was incorporated in Mauritius on 18 March 1993 as a closed-end fund whose principal activity was to invest in shares and securities in both the local and international markets. The Company is listed on the Stock Exchange of Mauritius. The Company's registered office is Level 8, Newton Tower, Sir William Newton Street, Port Louis.

On 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; and
(iii) NIT Ltd to hold the local unquoted shares and manage the above two funds.

The Company was granted a CIS Manager Licence on 21 June 2010, issued by the Financial Services Commission and acts as the manager of NIT Local Equity Fund and NIT Global Opportunities Fund. As a CIS Manager, all investment activities carried out by the Company are subject to certain restrictions.

2. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The principal accounting policies applied in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

**Basis of preparation**

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"). The financial statements are prepared under the historical cost convention, as modified by the revaluation of financial assets at fair value through profit or loss.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise their judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement, complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4.

**New standards and amendments to existing standards effective 1 July 2013**

Amendments to IFRS 7 "Financial instruments: Disclosures – Offsetting financial assets and financial liabilities" require additional disclosures to enable users of financial statements to evaluate the effect or the potential effects of netting arrangements, including rights of set-off associated with an entity's recognised financial assets and recognised financial liabilities, on the Company's financial position. The amendments do not have any impact on the Company's financial statements.

IFRS 13, 'Fair value measurement' - The standard improves consistency and reduces complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRS. The requirements do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRS. If an asset or a liability measured at fair value has a bid price and an ask price, the standard requires valuation to be based on a price within the bid-ask spread that is most representative of fair value and allows the use of mid-market pricing or other pricing conventions that are used by market participants as a practical expedient for fair value measurement within a bid-ask spread. The amendments do not have any impact on the Company's financial statements.

Amendment to IAS 1, 'Presentation of Financial Statements' regarding other comprehensive income, is effective for accounting period beginning on or after 1 July 2013. The main change resulting from these amendments is a requirement for entities to group items presented in 'other comprehensive income' (OCI) on the basis of whether they are potentially reclassifiable to profit or loss subsequently (reclassification adjustments). The amendments do not address which items are presented in OCI. The application of the amendments has mainly impacted the presentation of the primary statements.

Amendments to IAS 32, 'Offsetting financial assets and financial liabilities' is effective for annual periods beginning on or after 1 January 2014, and have been early adopted by the Company. These amendments clarify the offsetting criteria in IAS 32 and address inconsistencies in their application. This includes clarifying the meaning of 'currently has a legally enforceable right of set-off' and that some gross settlement systems may be considered equivalent to net settlement. The amendments did not have any impact on the Company's financial statements.

There are no other standards, interpretations or amendments to existing standards that are effective for the first time for the financial year beginning 1 July 2013 that would be expected to have a material impact on the financial statements for the year ended 30 June 2014.

**New standards, amendments and interpretations issued but not yet effective**

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning on or after 1 July 2014 or later periods, but which the Company has not early adopted. None of these are expected to have a significant effect on the financial statements of the Company for the year ended 30 June 2014.

**Foreign currency translation**

(i) **Functional and presentation currency**

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates (the "functional Currency"). The financial statements are presented in the Mauritian Rupee 'Rs', which is the Company's presentation currency.

(ii) **Transactions and balances**

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at yearend exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of profit or loss, except when deferred in other comprehensive income as qualifying cash flow hedges and qualifying net investment hedges. Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the statement of profit or loss within 'finance income or costs'. All other foreign exchange gains and losses are presented in the statement of profit or loss within 'Other (losses)/gains – net'.

Translation differences related to changes in amortised cost are recognised in the statement of profit or loss, and other changes in carrying amount are recognised in other comprehensive income.

Translation differences on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are recognised in the statement of profit or loss as part of the fair value gain or loss. Translation differences on non-monetary financial assets, such as equities classified as available for sale, are included in other comprehensive income.

**Property and equipment**

All property and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Cost may also include transfers from equity of any gains/losses on qualifying cash flow hedges of foreign currency purchases of property and equipment.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the statement of profit or loss during the financial period in which they are incurred.

Depreciation is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives. The annual depreciation rates are as follows:

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

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'Other (losses)/gains – net' in the statement of profit or loss.

**Financial instruments**

Financial instruments carried on the statement of financial position include financial assets at fair value through profit or loss, other receivables (excluding prepayments), cash and cash equivalents, borrowings and other payables. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item. Disclosures about financial instruments to which the Company is a party are provided in Note 3.

**Financial assets**

(a) **Classification**

The Company classifies its financial assets in the following categories: at fair value through profit or loss, and loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

(i) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading and designated upon initial recognition at fair value through profit or loss. A financial asset is classified as held for trading if acquired principally for the purpose of selling in the short term.

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets. The Company's loans and receivables comprise 'other receivables' and 'cash and cash equivalents' in the statement of financial position.

(b) **Recognition and measurement**

Regular purchases and sales of financial assets are recognised on the trade-date – the date on which the Company commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in the statement of profit or loss. Financial assets 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.

Loans and receivables are subsequently carried at amortised cost using the effective interest method.

Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are presented in the statement of profit or loss within 'changes in fair value of financial assets at fair value through profit or loss' in the period in which they arise.

Unrealised gains and losses from changes in fair value of financial assets at FVTPL are recognised in the statement of profit or loss and other comprehensive income and subsequently transfered to fair value reserve as such gains and losses are not available for distribution.

Dividend income from financial assets at fair value through profit or loss is recognised in the statement of profit or loss as part of other income when the Company's right to receive payments is established.

(c) **Fair value estimation**

If the market for a financial asset is not active (and for unlisted securities), the Company establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis and option pricing models making maximum inputs and relying as little as possible on entity-specific inputs

**Impairment of financial assets**

(a) **Assets carried at amortised cost**

The Company assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

For loans and receivables category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the statement of profit or loss and other comprehensive income. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Company may measure impairment on the basis of an instrument's fair value using an observable market price.

**Offsetting financial instruments**

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

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the statement of profit or loss and other comprehensive income.

**Other receivables**

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

If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

**Cash and cash equivalents**

In the statement of cash flows, cash and cash equivalents includes cash in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less.

**Stated capital**

Ordinary shares are classified as equity.

**Borrowings[1]**

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost, any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the statement of profit or loss and other comprehensive income over the period of the borrowings using the effective interest method.

**Other payables**

Other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method. Payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

**Current and deferred income tax**

The tax expense for the period comprises current and deferred tax. Tax is recognized in the statement of profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the statement of financial position date in the countries where the company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill; deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the statement of financial position date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled. Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

**Retirements benefits obligations**

Contribution to the defined contribution pension fund of the Company is expensed to the statement of profit or loss and other comprehensive income.

**Provisions**

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required Company expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in profit or loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

**Dividend income**

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

**Interest income**

Interest income is recognised using the effective interest method. When a loan and receivable is impaired, the Company reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loan and receivables is recognised using the original effective interest rate.

Interest receivable from bank and short term deposits are accrued for on a daily basis using the effective method.

**Management and exit fee**

Management fee receivable from the Funds by the Company as the Investment Manager is based on 1 % of the Net Asset Value of the Funds. The fees are calculated on a weekly basis and receivable monthly in arrears.

Exit fee receivable is recognised on repurchase of units by the Funds from the Funds' unitholders. The fees are calculated at 2 % of the capital and income values of the units paid by the unitholders to the Fund.

**Transactions costs**

Transaction costs are costs incurred to acquire financial assets at fair value through profit or loss. They include fees and commissions paid to agents, advisers, brokers and dealers. Transaction costs, when incurred, are immediately recognised in profit or loss as an expense.

**Dividend distribution**

Dividend distribution to the company's shareholders is recognised as a liability in the Company's financial statements in the period in which the dividends are approved by the Board of Directors.

**Related parties**

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

**Comparatives**

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

3. **FINANCIAL RISK MANAGEMENT**

**Financial risk factors**

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance.

Risk management is carried out by management under policies approved by the board of directors. The board provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, and investment of excess liquidity.

(a) **Market risk**

(i) *Foreign exchange risk*

The Company holds assets and liabilities denominated in currencies other than the Mauritian Rupee. Consequently, the Company is exposed to currency risk, as the value of the assets and liabilities denominated in other currencies will fluctuate due to changes in exchange rates. The Company's policy is not to enter into any currency hedging transactions.

The currency profile of the Company's financial assets (excluding prepayments) and liabilities is summarised as follows:

| | Financial assets 2014 Rs | Financial liabilities 2014 Rs | Financial assets 2013 Rs | Financial liabilities 2013 Rs |
|---|---|---|---|---|
| Mauritian Rupee | 934,236,014 | 14,720,402 | 944,647,431 | 18,396,844 |
| United States Dollar | 13,859,934 | - | - | - |
| | **948,095,948** | **14,720,402** | **944,647,431** | **18,396,844** |

The exchange rate risk arises mainly out of the Company's investment in the foreign securities which are denominated in USD. The currency risk between the foreign currency of the investments and the functional currency of the Company is not actively managed and fluctuates with market movements.

The following table details the Company's sensitivity to a 10% change in the Mauritian Rupee against the relevant foreign
currencies. The 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.

| | 2014 Rs | 2013 Rs |
|---|---|---|
| Increase/(decrease) in pre-tax profit/equity | **1,385,993** | - |

(ii) *Price risk*

The Company is exposed to securities price risk. This arises from investments held by the Company for which prices in the future are uncertain. Where non-monetary financial instruments are denominated in currencies other than the Mauritian rupee, the price initially expressed in foreign currency and then converted into Mauritian rupees will also fluctuate because of changes in foreign exchange rates. Foreign currency risk, sets out how this component of price risk is managed and measured.

The fair value of securities exposed to price risk was as follows:

| | 2014 Rs | 2013 Rs |
|---|---|---|
| Financial assets at fair value through profit or loss | **463,859,928** | **882,639,231** |

*Sensitivity analysis*

Management's best estimate of the effect on statement of profit or loss and other comprehensive income for a year due to a possible change in equity prices, with all variables held constant, is indicated in the table below.

If prices had been 5% higher/lower, the Company's profit and equity would increase/decrease as a result of changes in fair value of investments as follows:

| | 2014 Rs | 2013 Rs |
|---|---|---|
| Financial assets at fair value through profit or loss | **23,192,996** | **44,131,962** |

(iii) *Interest rate risk*

The Company is subject to significant amounts of risk due to fluctuations in the prevailing levels of market interest rates.

The Company's interest-bearing financial assets and liabilities expose it to risks associated with the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows. The table hereafter set out the Company's exposure to interest rate risks. It includes the Company's financial assets at fair value through profit or loss, other receivables, cash and cash equivalents, borrowings and other payables, categorised by the earlier of contractual re-pricing or maturity dates.

| 2014 | Weighted average effective interest rate % p.a | At call Rs | Less than 3 month Rs | 3 months to 1 year Rs | More than 1 year Rs | Total Rs |
|---|---|---|---|---|---|---|
| **Financial assets** | | | | | | |
| Non-interest bearing instruments | - | - | 2,068,443 | 11,922,950 | 463,859,928 | 477,851,321 |
| Fixed interest rate instruments | 5 | 31,340,934 | - | - | - | 31,340,934 |
| Variable interest rate instrument | 4.4 | 121,653,693 | - | 105,750,000 | 211,500,000 | 438,903,693 |
| | | **152,994,627** | **2,068,443** | **117,672,950** | **675,359,928** | **948,095,948** |
| **Financial liabilities** | | | | | | |
| Non interest bearing instruments | | - | 3,470,402 | - | - | 3,470,402 |
| Variable interest rate instrument | 8.15 | - | - | 3,750,000 | 7,500,000 | 11,250,000 |
| | Rs | - | **3,470,402** | **3,750,000** | **7,500,000** | **14,720,402** |

| 2013 | Weighted average effective interest rate % p.a | At call Rs | Less than 3 month Rs | 3 months to 1 year Rs | More than 1 year Rs | Total Rs |
|---|---|---|---|---|---|---|
| **Financial assets** | | | | | | |
| Non-interest bearing instruments | - | - | 1,662,730 | - | 882,639,231 | 884,301,961 |
| Fixed interest rate instruments | 5 | 33,785,380 | - | - | - | 33,785,380 |
| Variable interest rate instrument | 4.5 | 26,560,090 | - | - | - | 26,560,090 |
| | | **60,345,470** | **1,662,730** | **-** | **882,639,231** | **944,647,431** |
| **Financial liabilities** | | | | | | |
| Non interest bearing instruments | | - | 3,396,844 | - | - | 3,396,844 |
| Variable interest rate instrument | 8.15 | - | - | 3,750,000 | 11,250,000 | 15,000,000 |
| | Rs | - | **3,396,844** | **3,750,000** | **11,250,000** | **18,396,844** |

At 30 June 2014, if interest rate increased/decreased by 0.25 % with all other variables held constant, the pre-tax profit for the year would have increased/decreased by Rs 1,175,000 (2013: Rs 118,000).

(iv) *Credit risk*

The Company takes on exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Impairment provisions are made for losses that have been incurred at the end of the reporting period, if any.

The Company's main credit risk concentration is associated with cash and cash equivalents and other receivables.

The bank balances are held with a reputable financial institution, State Bank of Mauritius Ltd.

The credit risk for non-current receivables is considered negligible, since the counterparty is a state owned company.

The credit risk for current other receivables is considered negligible since the counterparties is a state owned company and related parties respectively.

Accordingly, the Company has no significant concentration of credit risk. None of the Company's financial assets are impaired nor past due but not impaired.

(v) *Liquidity risk*

Liquidity risk is the risk that the Company may not be able to generate sufficient cash resources to settle its obligations in full as they fall due or can only do so on terms that are materially disadvantageous.

The table below analyses the Company's financial liabilities into relevant maturity groupings based on the remaining period at the end of the reporting period to the contractual maturity date. The amounts in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as impact of discounting is not significant.

| | **At call** | **Less than 3 month** | **3 months to 1 year** | **More than 1 year** | **Total** |
|---|---|---|---|---|---|
| | Rs | Rs | Rs | Rs | Rs |
| **Financial liabilities** | | | | | |
| **2014** | | | | | |
| Other payables | - | 3,470,402 | - | - | 3,470,402 |
| Borrowings | - | - | 3,750,000 | 7,500,000 | 11,250,000 |
| | - | **3,470,402** | **3,750,000** | **7,500,000** | **14,720,402** |
| **2013** | | | | | |
| Other payables | - | 3,396,844 | - | - | 3,396,844 |
| Borrowings | - | - | 3,750,000 | 11,250,000 | 15,000,000 |
| | - | **3,396,844** | **3,750,000** | **11,250,000** | **18,396,844** |

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as and when they fall due. At 30 June 2014, the Company was not exposed to any liquidity risk as it has sufficient cash resources to settle its obligations in full as they fall due.

(vi) *Fair value estimation*

The carrying amounts of financial assets at fair value through profit or loss, other receivables, cash and cash equivalents, borrowings and other payables approximate their fair values.

The fair value of financial assets at fair value through profit or loss that are not traded in an active market is determined by using valuation techniques. The techniques used by the Company are explained in note 4.

IFRS 13 requires the Company to classify fair value measurements using a fair value hierarchy that reflects the significant inputs used in making the measurements:
- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. For this purpose, the significance of an input is assessed against the value measurement in its entirety. If a fair value measurement uses observable inputs that require significant adjustments based on observable inputs, that measurement is a level 3 measurement.

Assessing the significance of a particular input to the fair value measurement in its entirety requires judgements, considering features specific to the asset or liability.

The determination of what constitutes 'observable' requires significant judgement by the Company. The Company considers observable data to be that market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the related market.

The following table presents the Company's assets and liabilities that are measured at fair value:

| | Level 1<br>Rs | Level 2<br>Rs | Level 3<br>Rs | Total<br>Rs |
|---|---|---|---|---|
| **At 30 June 2014** | | | | |
| Financial assets designated at FVTPL | | | | |
| Unquoted equities | - | - | 463,859,928 | 463,859,928 |
| **At 30 June 2013** | | | | |
| Financial assets designated at FVTPL | | | | |
| Unquoted equities | - | - | 882,639,231 | 882,639,231 |

Financial instruments by category are as follows:

| | Loans and receivables 2014<br>Rs | Financial assets at FVTPL 2014<br>Rs | Loans and receivables 2013<br>Rs | Financial assets at FVTPL 2013<br>Rs |
|---|---|---|---|---|
| **Financial assets at** FVTPL | - | 463,859,928 | - | 882,639,231 |
| **Other receivables (excluding prepayments)** | 362,582,327 | - | 35,448,110 | - |
| **Cash and cash equivalents** | 121,653,693 | - | 26,560,090 | - |
| | **484,236,020** | **463,859,928** | **62,008,200** | **882,639,231** |

| | Financial liabilities at FVTPL 2014<br>Rs | Other financial liabilities 2014<br>Rs | Financial liabilities at FVTPL 2013<br>Rs | Other financial liabilities 2013<br>Rs |
|---|---|---|---|---|
| **Borrowings** | - | 11,250,000 | - | 15,000,000 |
| **Other Payables** | - | 3,470,402 | | 3,396,844 |
| | - | **14,720,402** | - | **18,396,844** |

(vii) *Capital risk management*

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns to its shareholder and to maintain an optimal structure to reduce cost of capital.

The Company monitors capital on the basis of gearing ratio, which is calculated as net debt divided by total capital. Net debt is calculated as total borrowings less cash equivalents. The Company regards "equity" as shown on the statement of financial position as capital. Total capital is calculated as equity plus net debt as shown in the statement of financial position.

The Company was not geared at 30 June 2014 and 2013 as its cash and cash equivalents exceeded its total borrowings.

## 4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

*Critical accounting estimates and assumptions*

The company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

*Fair value of unquoted investments*

When the fair value of financial assets recorded in the statement of financial position cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of mathematical models. The inputs to these models are taken from observable markets where possible, but where it is not feasible, a degree of judgement is required in establishing fair value.

The judgements include considerations of liquidity and models input such as credit risk (both own and counterparty's), correlation and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments. These models are high calibrated regularly and tested for validity using prices for any observable current market transactions in the same instrument (without modification or repackaging) or based on any available observable market data.

## 5. PROPERTY AND EQUIPMENT

| | | Buildings Rs | Computer hardware Rs | Office equipment Rs | Motor vehicles Rs | Total Rs |
|---|---|---|---|---|---|---|
| **Cost** | | | | | | |
| At 1 July 2012 | | 41,150,738 | 2,728,775 | 7,979,787 | 3,949,652 | 55,808,952 |
| Additions | | - | 117,129 | - | - | 117,129 |
| At 30 June 2013 | Rs | 41,150,738 | 2,728,775 | 7,979,787 | 3,949,652 | 55,926,081 |
| Additions | | - | 397,250 | 217,595 | - | 614,845 |
| **At 30 June 2014** | | **41,150,738** | **3,243,154** | **8,197,382** | **3,949,652** | **56,540,926** |
| **Accumulated Deprediation** | | | | | | |
| At 1 July 2012 | | 4,989,142 | 2,058,102 | 2,663,666 | 1,000,000 | 10,710,910 |
| Charge for the year | | 2,057,537 | 98,388 | 797,979 | 500,000 | 3,454,904 |
| At 30 June 2013 | | 7,046,679 | 2,156,490 | 3,461,645 | 1,500,000 | 14,164,814 |
| Charge for the year | | 2,057,537 | 483,543 | 811,852 | 500,000 | 3,852,932 |
| **At 30 June 2014** | Rs | **9,104,216** | **2,640,033** | **4,273,497** | **2,000,000** | **18,017,746** |
| **Net Book Value** | | | | | | |
| **At 30 June 2014** | Rs | **32,046,522** | **603,121** | **3,923,885** | **1,949,652** | **38,523,180** |
| At 30 June 2013 | Rs | 34,104,059 | 689,414 | 4,518,142 | 2,449,652 | 41,761,267 |

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

## 6. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

| Unquoted investment at fair value | Domestic securities 2014 Rs | Foreign security 2014 Rs | Total 2014 Rs | Domestic securities 2013 Rs | Foreign security 2014 Rs | Total 2013 Rs |
|---|---|---|---|---|---|---|
| **At 1 July** | 882,639,231 | - | 882,639,231 | 774,645,072 | - | 774,645,072 |
| Additions | - | 13,859,928 | 13,859,928 | - | - | - |
| Disposal proceeds | (423,000,000) | - | (423,000,000) | - | - | - |
| Net Changes in fair value | (9,639,231) | - | (9,639,231) | 107,994,159 | - | 107,994,159 |
| Realised gains on disposal | - | - | - | - | - | - |
| | **450,000,000** | **13,859,928** | **463,859,928** | **882,639,231** | - | **882,639,231** |

### (a) Portfolio of Domestic Securities

| | Holdings Units 2014 | Holdings Units 2013 | Market Value 2014 Rs | Market Value 2013 Rs |
|---|---|---|---|---|
| State Investment Corporation Ltd (SIC) | - | 1,500,000 | - | 423,000,000 |
| SICOM Ltd | 30,000 | 30,000 | 450,000,000 | 457,839,231 |
| Mauritius Shopping Paradise Ltd (MSP) | 18,000 | 18,000 | - | 1,800,000 |

### (b) Portfolio of Foreign Security

| | Holdings Units 2014 | Holdings Units 2013 | Market Value 2014 Rs | Market Value 2013 Rs |
|---|---|---|---|---|
| Non current | | | | |
| LIM Opportunistic Credit Fund | 457 | - | 13,859,928 | - |

### (c) 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 2014 | Proportion Held 2013 |
|---|---|---|---|
| Mauritius Shopping Paradise Ltd | Ordinary | 15.0 % | 15.0 % |
| SICOM Ltd | Ordinary | 12.0 % | 12.0 % |
| State Investment Corporation Ltd | Ordinary | - | 15.0 % |

## 7. OTHER RECEIVABLES

| | Notes | 2014 Rs | 2013 Rs |
|---|---|---|---|
| Receivable after more than 1 year but less than 5 years | | | |
| Receivable from SIC | | 211,500,000 | - |
| Receivable within one year | | | |
| Receivable from SIC | | 105,750,000 | - |
| Amount receivable from NIT Local Equity Fund | 19 (i) | 2,068,443 | 1,662,730 |
| Prepayments | | 187,513 | 315,858 |
| Interest receivable from SIC | | 11,922,950 | |
| Loan receivable from NIT Global Opportunities Fund | 19 (i) | 31,340,934 | 33,785,380 |
| | Rs | **362,769,840** | **35,763,968** |

Loan receivable from NIT Global Opportunities Fund carries interest of 5 % per annum (2013: 5 % per annum), is unsecured and is repayable at call. The amount receivable from the State Investment Corporation Ltd ("SIC") carries an interest based on the Repo Rate, is unsecured and is repayable in three annual installments.

8. **CASH AND CASH EQUIVALENTS**

| | | 2014<br>Rs | 2013<br>Rs |
|---|---|---|---|
| Cash at bank | | 121,643,538 | 26,552,948 |
| Cash in hand | | 10,155 | 7,142 |
| | Rs | **121,653,693** | **26,560,090** |

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

9. **STATED CAPITAL**

| | | 2014<br>Rs | 2013<br>Rs |
|---|---|---|---|
| Issued and Fully Paid | | | |
| 13,702,500 shares of Rs 10 each | | 137,025,000 | 137,025,000 |
| Share premium | | 19,693,346 | 19,693,346 |
| | Rs | **156,718,346** | **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.

10. **BORROWINGS**

| | | 2014<br>Rs | 2013<br>Rs |
|---|---|---|---|
| Loan repayable by quarterly instalments: | | | |
| Within 1 year | | 3,750,000 | 3,750,000 |
| More than 1 year but less than 5 years | | 7,500,000 | 11,250,000 |
| | Rs | **11,250,000** | **15,000,000** |

The loan is repayable in 12 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.

11. **TAXATION**

(i) **Income Tax**

The Company Income tax is calculated at the rate of 15 % (2013: 15 %) on the profit for the year as adjusted for income tax purposes.

(a) **Tax expense**

| | 2014<br>Rs | 2013<br>Rs |
|---|---|---|
| Provision for the year | 2,128,290 | 156,210 |
| Deferred tax (income)/expense | (89,791) | 145,891 |
| Refund of overpayment from Mauritius Revenue Authority | - | (82,688) |
| Over/(under)provision of tax in previous year | 4,627 | (8,929) |
| | 2,043,126 | 210,484 |

| | 2014<br>Rs | 2013<br>Rs |
|---|---|---|
| **(b) Tax liability** | | |
| Balance at 1 July | 156,210 | 19,576 |
| Provision for the year | 2,128,290 | 156,210 |
| Tax paid during the year | (160,837) | (10,647) |
| Tax paid under APS | (118,161) | - |
| (Over)/Underprovision of tax in previous year | 4,627 | (8,929) |
| | **2,010,129** | **156,210** |

(ii) **Tax Reconciliation**

| | 2014 % | 2013 % |
|---|---|---|
| Applicable income tax rate | 15 | 15 |
| Tax effect of: | | |
| - Non taxable income | (16.37) | (15.42) |
| - Expenses not deductible for tax purposes | 18.73 | 0.64 |
| - Over/under provision of tax in previous year | 0.04 | (0.01) |
| - Refund of overpayment of tax | - | (0.07) |
| - Tax Loss for previous year | - | (0.08) |
| - Deferred tax (income)/expense | (0.73) | 0.13 |
| Effective tax rate | **16.7** | **0.19** |

(iii) **Deferred tax liability**

| | | 2014 Rs | 2013 Rs |
|---|---|---|---|
| At 1 July | | 1,087,299 | 145,891 |
| Deferred tax (income)/expense | | (89,791) | 941,408 |
| At 30 June | Rs | **997,508** | **1,087,299** |

Deferred tax liabilites arise from

| | | 2014 Rs | 2013 Rs |
|---|---|---|---|
| Accelerated capital allowances | | 997,508 | 1,182,417 |
| Tax loss | | - | (95,118) |
| | Rs | **997,508** | **1,087,299** |

12. **OTHER PAYABLES**

| | | 2014 Rs | 2013 Rs |
|---|---|---|---|
| Accruals | | 354,450 | 396,498 |
| Unclaimed Dividends | | 3,115,952 | 3,000,346 |
| | Rs | **3,470,402** | **3,396,844** |

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

13. **INCOME**

| | | 2014 Rs | 2013 Rs |
|---|---|---|---|
| Domestic dividends receivable | | 13,377,352 | 9,772,243 |
| Management fees receivable (Note 19(ii)) | | 11,494,213 | 9,987,425 |
| Exit fees receivable | | 283,537 | 395,961 |
| | Rs | **25,155,102** | **20,155,629** |

14. NET FINANCE **INCOME**

| | Notes | 2014 Rs | 2013 Rs |
|---|---|---|---|
| Finance Income: | | | |
| Interest receivable from NIT Global Opportunities Fund | 19(iii) | 1,594,830 | 1,510,309 |
| Interest receivable from State Investment Corporation Ltd | | 11,922,951 | - |
| Interest on a bank balance | | 1,035,152 | 1,120,036 |
| | Rs | **14,552,933** | **2,630,345** |
| Finance cost: | | | |
| Interest on bank loan | | (1,061,955) | (1,403,261) |
| | | 13,490,978 | 1,227,084 |

15. PROFIT BEFORE TAXATION

The following items have been charged in arriving at profit before taxation:

| | Notes | 2014 Rs | 2013 Rs |
|---|---|---|---|
| Salaries, allowances and pension fund contributions | 16 | 7,213,141 | 6,354,479 |
| Directors fees | 19 | 246,000 | 150,000 |
| Auditor's remuneration | | 100,950 | 153,201 |
| Depreciation on property and equipment | | 3,852,932 | 3,453,904 |

16. **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 September 2010. The amounts contributed are included in staff costs (note 15) and recognised in the statement of profit or loss and other comprehensive income as follows:

| | 2014 Rs | 2013 Rs |
|---|---|---|
| Defined contribution pension plan: | | |
| Contributions paid | 735,896 | 641,310 |
| State pension plan: | | |
| National pension scheme contributions charged | 203,393 | 183,270 |

17. **DIVIDEND**

| | | 2014 Rs | 2013 Rs |
|---|---|---|---|
| Dividend of Re 0.60 (2013: Re 0.50) per share | Rs | 8,221,500 | 6,851,250 |

18. **EARNINGS PER SHARE**

| | | 2014 Rs | 2013 Rs |
|---|---|---|---|
| Profit for the year | | 10,215,899 | 114,352,403 |
| Number of shares in issue | | 13,702,500 | 13,702,500 |
| Earnings per share | Rs | **0.75** | **8.35** |

## 19. RELATED PARTY TRANSACTIONS

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

| | | Notes | 2014 Rs | 2013 Rs |
|---|---|---|---|---|
| (i) | *Outstanding balances* | | | |
| | Receivables from related parties:- | | | |
| | - Amount receivable from NIT Local Equity Fund | 7 | 2,068,443 | 1,662,730 |
| | - Loan receivable NIT Global Opportunities Fund | 7 | 31,340,934 | 33,785,380 |

The loan receivable from NIT Global Opportunities Fund Ltd is unsecured, repayable at call and bears an interest rate of 5 % per annum (2013: 5 % per annum).

The amount received from NIT Local Equity Fund is unsecured, interest free and repayable at call.

| | | Notes | 2014 Rs | 2013 Rs |
|---|---|---|---|---|
| *Transactions* | | | | |
| (ii) | *Management fees* | | | |
| | - NIT Local Equity Fund | 13 | 6,821,877 | 5,810,254 |
| | - NIT Global Opportunities Fund | 13 | 4,672,336 | 4,177,171 |
| (ii) | Interest | | | |
| | - NIT Global Opportunities Fund | 14 | **1,594,830** | **1,510,310** |

**Compensation to key management personnel**

There was no compensation to key management personnel during the year (2013: Nil) except for directors fees as disclosed in note 15.

## 20. COMMITMENT

The Board of Directors approved the investment of Rs 29,810,000 (equivalent to USD 1,000,000) in the LIM Opportunistic Credit Fund (the "Fund") on 18 August 2013. The investments are made by installments based on a 'Capital Call Notice' received from the Fund's Administrator, BNY Mellon Fund Services (Ireland) Limited. At 30 June 2014, the 'Capital Commitment Drawn Down' was Rs 13,859,928 (equivalent to USD 459,280) and the "Undrawn Capital Commitment" was as follows:

| | 2014 Rs | 2013 Rs |
|---|---|---|
| Capital commitment | 29,810,000 | - |
| Capital commitment drawn down | (13,859,928) | - |
| Undrawn capital commitment | 15,950,072 | - |

## 21. EVENTS AFTER THE REPORTING DATE

Subsequent to year end, the bank loan of Rs 11,250,000 (Note 10) from the State Bank of Mauritius Ltd has been fully repaid. The Company incurred an early repayment fee of Rs 164,063 for the early settlement of the loan.

## NIT LEF Trust Constitution

The NIT LOCAL EQUITY FUND is constituted under the NIT UNIT TRUST which is authorized under the Securities Act 2005 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 Fund 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 financial position as at 30 June 2014, the statement of profit or loss and other comprehensive income, the statement of changes in net assets attributable to unitholders, and statement of cash flows for the year then ended and a summary of significant accounting policies and other explanatory notes.

*Responsibilities of manager and trustee*

The manager and 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 judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the 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 2014, 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.

*Other matters*

The financial statements of the Fund for the year ended 30 June 2013 were audited by another auditor, whose report dated 13 August 2013, expressed an unqualified opinion on those financial statements.

Mazars

Udaysingh Taukoordass,
Licensed by FRC
26 September 2014

# Statement of Financial Position at 30 June 2014

| | Notes | 2014 Rs | 2013 Rs |
|---|---|---|---|
| **ASSETS** | | | |
| **Non-Current Assets** | | | |
| **Financial assets at fair value through profit or loss** | 5 | 704,120,569 | 620,698,155 |
| **Current Assets** | | | |
| Receivables | 6 | 229,393 | 392 |
| Cash and cash equivalents | 7 | 26,537,111 | 21,495,445 |
| | | 26,766,504 | 21,495,837 |
| **TOTAL ASSETS** | | 730,887,073 | 642,193,992 |
| **LIABILITIES** | | | |
| **Current Liabilities** | | | |
| Payables | 8 | 2,137,444 | 1,852,731 |
| Distribution to unitholders | 9 | 19,314,640 | 9,899,008 |
| Taxation | 10 | 14,098 | 36,961 |
| **TOTAL LIABILITIES (excluding net assets attributable to unitholders)** | | 21,466,182 | 11,788,700 |
| **NET ASSETS ATTRIBUTABLE TO UNITHOLDERS** | Rs | **709,420,891** | **630,405,292** |

Approved by the Manager of the NIT Local Equity Fund and authorised for issue on 26 september 2014.

MANAGER
NATIONAL INVESTMENT TRUST LTD

Represented by:

The notes on pages 39 to 52 form an integral part of the financial statements.

# Statement of Profit or Loss
## and other Comprehensive Income for the year ended 30 June 2014

| | Notes | 2014<br>Rs | 2013<br>Rs |
|---|---|---|---|
| **INCOME** | | | |
| Dividend income | | 25,671,073 | 15,801,644 |
| Interest income | | 984,709 | 541,231 |
| | | 26,655,782 | 16,342,875 |
| **EXPENSES** | | | |
| Management fees | 11 | (6,851,124) | (5,846,445) |
| Trustee fees | 12 | 150,000) | (150,000) |
| Audit fees | | (80,500) | (142,600) |
| Printing and Stationeries | | (130,000) | (130,000) |
| Bank charges | | (2,935) | (2,560) |
| General expenses | | (12,093) | (11,724) |
| **TOTAL OPERATING EXPENSES** | | (7,229,652) | (6,283,329) |
| **NET OPERATING INCOME** | | 19,429,130 | 10,059,546 |
| **EQUALISATION** | | | |
| Income received on units created | | 53,622 | 39,488 |
| Amounts paid on units liquidated | | (116,539) | (146,362) |
| | | (62,917) | (106,874) |
| **NET INCOME BEFORE TAXATION** | | 19,366,213 | 9,952,672 |
| **TAXATION** | 10 | (51,573) | (53,664) |
| **NET INCOME AFTER TAXATION available for distribution** | | 19,314,640 | 9,899,008 |
| **FINANCE COSTS (excluding increase/decrease in net assets attributable to unitholders)** | | | |
| **DISTRIBUTIONS TO UNITHOLDERS** | 9 | (19,314,640) | (9,899,008) |
| NET INCOME FOR THE YEAR | | - | - |
| Changes in fair value on financial assets at FVTPL | 5 | 75,756,382 | 67,058,880 |
| Loss on disposal of financial assets at FVTPL | | - | (6,295,045) |
| **INCREASE IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS** | Rs | **75,756,382** | **60,763,835** |

# Statement of Changes in Net Assets

## attributable to Unitholders for the year ended 30 June 2014

| | | 2014<br>Rs | 2013<br>Rs |
|---|---|---|---|
| **NET ASSETS ATTRIBUTABLE TO UNITHOLDERS AT 1 JULY** | | **630,405,292** | **567,882,255** |
| Cash received for units created | | 231,094 | 222,652 |
| Distribution in species | | 9,854,458 | 11,088,221 |
| Cash paid for units liquidated | | (6,826,335) | (9,551,671) |
| **NET MOVEMENT IN UNITS** | | **3,259,217** | **1,759,202** |
| Increase in net assets attributable to unitholders | | 75,756,382 | 60,763,835 |
| **NET ASSETS ATTRIBUTABLE TO UNITHOLDERS AT 30 JUNE** | Rs | **709,420,891** | **630,405,292** |

# Statement of Cash Flow for the year ended 30 June 2014

| | Notes | | 2014<br>Rs | 2013<br>Rs |
|---|---|---|---|---|
| **Cash flow from operating activities** | | | | |
| Net income before taxation | | | 19,366,213 | 9,952,672 |
| Adjustments for: | | | | |
| Interest income | | | (984,709) | (541,231) |
| Income received on units created arising from distribution in specie | | | (48,243) | - |
| **Operating profit before working capital changes** | | | 18,333,261 | 9,411,441 |
| (Decrease)/Increase in receivables | | | (229,001) | 553,611 |
| Increase in payables | | | 284,713 | 1,520,854 |
| **Cash generated from operating activities** | | | **18,388,973** | **11,485,906** |
| Payment for purchases of financial assets at FVTPL | 5 | | (7,666,044) | (8,276,941) |
| Refund from conversion of financial assets at FVTPL | | | 12 | 24 |
| Proceeds from sale of financial assets at FVTPL | | | - | 11,797,800 |
| Interest income received | | | 984,709 | 541,231 |
| Income tax paid | 10 | | (70,743) | (20,913) |
| **Net cash generated from operating activities** | | | **11,636,907** | **15,527,107** |
| **Cash flow from financing activities** | | | | |
| Proceeds from issue of units | 13 | | 231,094 | 222,652 |
| Redemption of units | 13 | | (6,826,335) | (9,551,671) |
| Repayment of loan from related parties | | | - | (1,465,393) |
| **Net cash used in financing activities** | | | (6,595,241) | (10,794,412) |
| **Net increase in cash and cash equivalents** | | | 5,041,666 | 4,732,695 |
| **Cash and cash equivalent at the beginning of the year** | | | **21,495,445** | **16,762,750** |
| **Cash and cash equivalent at end of the year** | 7 | Rs | **26,537,111** | **21,495,445** |

# Notes to the Financial Statements

## for the NIT Local Equity Fund for the year ended 30 June 2014

1. **GENERAL INFORMATION**

The NIT Local Equity Fund (the "Fund") is a public open-ended Collective Investment Scheme ("CIS") which is constituted under the 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 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 quoted on the domestic stock market.

2. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated:

a) **Basis of preparation**

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") under the historical cost convention as modified by the revaluation of financial assets at fair value through profit or loss.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Fund's accounting policies.

*Standards and amendments to existing standards effective 1 July 2013*

Amendments to IFRS 7, "Financial instruments: Disclosures – Offsetting financial assets and financial liabilities" require additional disclosures to enable users of financial statements to evaluate the effect or the potential effects of netting arrangements, including rights of set-off associated with an entity's recognised financial assets and recognised financial liabilities, on the Fund's financial position. The amendments do not have any impact on the Fund's financial position or performance, however, may result in additional disclosures in the financial statements.

IFRS 13, "Fair value measurement" - The standard improves consistency and reduces complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRS. The requirements do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRS. If an asset or a liability measured at fair value has a bid price and an ask price, the standard requires valuation to be based on a price within the bid-ask spread that is most representative of fair value and allows the use of mid-market pricing or other pricing conventions that are used by market participants as a practical expedient for fair value measurement within a bid-ask spread. The amendments do not have any impact on the Fund's financial statements.

Amendments to IAS 32, 'Offsetting financial assets and financial liabilities' is effective for annual periods beginning on or after 1 January 2014, and have been early adopted by the Fund. These amendments clarify the offsetting criteria in IAS 32 and address inconsistencies in their application. This includes clarifying the meaning of 'currently has a legally enforceable right of set-off' and that some gross settlement systems may be considered equivalent to net settlement. The amendments did not have any impact on the Fund's financial statements.

There are no other standards, interpretations or amendments to existing standards that are effective for the first time for the financial year beginning 1 July 2013 that would be expected to have a material impact on the Fund's financial statements for the year ended 30 June 2014.

*New standards, amendments and interpretations issued but not yet effective.*

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning on or after 1 July 2014 or later periods, but which the Fund has not early adopted. None of these are expected to have a significant effect on the financial statements of the Fund for the year ended 30 June 2014.

**b) Foreign currency translation**

(i) *Functional and presentation currency*

The performance of the Fund is measured and reported to the investors in Mauritian Rupee ("Rs"). The Manager considers the Mauritian Rupee as the currency that most faithfully represents the economic effects of the underlying transactions, events and conditions. The financial statements are presented in Rs, which is the Fund's functional and presentation currency.

(ii) *Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign currency assets and liabilities are translated into the functional currency using the exchange rate prevailing at the reporting date. Foreign exchange gains and losses arising from translation are included in the statement of profit or loss and other comprehensive income.

Foreign exchange gains and losses relating to the financial assets carried at fair value through profit or loss are presented in the statement of profit or loss and other comprehensive income.

Translation differences on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are recognised in statement of profit or loss as part of the fair value gain or loss. Translation differences on non-monetary financial assets, such as equities classified as available for sale, are included in other comprehensive income.

**c) Revenue recognition**

*Dividend income*

Dividend income is recognised when the right to receive payment is established. Dividend arising from financial assets at fair value through profit or loss is recognised when the security is quoted ex-dividend.

*Interest income*

Interest income is recognised on a time-proportionate basis using the effective interest method. It includes interest income from cash and cash equivalents and on debt securities at fair value through profit or loss. Interest receivable from bank and short term deposits are accrued for on a daily basis using the effective method.

**d) Transactions costs**

Transaction costs are costs incurred to acquire financial assets at fair value through profit or loss. They include fees and commissions paid to agents, advisers, brokers and dealers. Transaction costs, when incurred, are immediately recognised in the statement of profit or loss and other comprehensive income as an expense.

**e) Distributions payable to unitholders**

Proposed distribution is recognised as a liability and as finance cost in the statement of profit or loss and other comprehensive income in the year to which it relates.

**f) Increase/decrease in net assets attributable to unitholders from operations**

Income not distributed is included in net assets attributable to unitholders.

**g) Current and deferred income tax**

The current income tax expense is calculated on the basis of currently enacted tax laws. The Manager periodically evaluate positions taken in tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establish provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled. Deferred income tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised.

**h) Financial instruments**

Financial instruments carried on the statement of financial position include financial assets at fair value through profit or loss, receivables, cash and cash equivalents, payables, distribution to unitholders and net assets attributable to unitholders. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

(i) *Financial assets and financial liabilities at fair value through profit or loss*

*- Classification*

The Fund classifies its investments in equity and debt securities, as financial assets at fair value through profit or loss. These financial assets were designated by the Fund Manager at fair value through profit or loss at inception.

Financial assets designated at fair value through profit or loss at inception are financial instruments that are not held for trading but are managed, and their performance is evaluated on a fair value basis in accordance with the Fund's documented investment strategy. The Fund's policy is for the Manager to evaluate the information about these financial assets on a fair value basis together with other related financial information.

*- Recognition / derecognition and measurement*

Regular-way purchases and sale of investments are recognised on the trade date - the date on which the Fund commits to purchase or sell the financial assets. Financial assets at fair value through profit or loss are initially recognised at fair value. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or the Fund has transferred substantially all risks and rewards of ownership.

Subsequent to initial recognition, all financial assets at fair value through profit or loss are measured at fair value. Gains and losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are presented in statement of profit or loss and other comprehensive income within 'Changes in fair value of financial assets at fair value through profit or loss' in the period in which they arise and they are held as assets attributable to unitholders.

Gain and losses on disposal of financial assets at fair value through profit or loss are recognised in the statement of profit or loss and other comprehensive income.

*- Fair value estimation*

The fair value of financial instruments traded in active markets (such as publicly traded securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets at fair value through profit or loss held by the Fund is the last traded price.

(ii) *Receivables*

Receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of receivables is established when there is objective evidence that the Fund will not be able to collect all amounts due according to the original terms of the receivables.

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in profit or loss. When a receivable is uncollectible, it is written off against the allowance account for receivables. Subsequent recoveries of amounts previously written off are credited in the statement of profit or loss and other comprehensive income.

(iii) *Cash and cash equivalents*

Cash and cash equivalents include cash in hand and cash at bank.

(iv) *Payables*

Payables are recognised initially at fair value and subsequently stated at amortised cost using the effective interest method. Payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycles of the business if longer). If not, they are presented as noncurrent liabilities.

**i) Units**

Units of the Fund, which are redeemable at any time at the option of the unitholders 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 financial position and distributions to unitholders are included as finance costs in the statement of profit or loss and other comprehensive income.

**j) Equalisation**

Accrued income included in the issues and repurchase of prices of units are dealt with in the statement of profit or loss and other comprehensive income.

**k) Impairment**

The carrying amount of assets is 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 amounts 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.

**l) Offsetting financial instruments**

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

**m) Provisions**

Provisions are recognised when the Fund has a present obligation (legal or constructive) as a result of a past event, 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. Where the Fund expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of profit or loss and other comprehensive income net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

**n) 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.

**o) Comparatives**

Where necessary, comparatives figures have been adjusted to conform with changes in the current year.

3. **FINANCIAL RISK MANAGEMENT**

**Financial risk factors**

The Fund's activities expose it to a variety of financial risks. These risks include market risk (including price risk, currency risk and cash flow interest rate risk), credit risk and liquidity risk.

The Fund is also exposed to operational risks such as custody risk. Custody risk is the risk of loss of securities held in custody occasioned by the insolvency or negligence of the custodian. Although an appropriate legal framework is in place that eliminates the risk of loss of value of the securities held by the custodian, in the event of its failure, the ability of the Fund to transfer securities might be temporarily impaired.

The Fund's overall risk management programme seeks to maximise the returns derived for the level of risk to which the Fund is exposed and seeks to minimise potential adverse effects on the Fund's financial performance.

All securities investments present a risk of loss of capital. The maximum loss of capital on equity and debt securities is limited to the fair value of those positions.

The management of these risks is carried out by the Manager under policies approved by Management. Management provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, and the investment of excess liquidity.

The Fund uses different methods to measure and manage the various types of risk to which it is exposed; these methods are explained herafter.

**a) Market risk**

*- Price risk*

The Fund is exposed to securities price risk. This arises from investments held by the Fund for which prices in the future are uncertain.

The Fund's policy is to manage price risk through diversification and selection of securities and other financial instruments within specified limits set by Management. The Fund's policy also limits individual equity securities as follows:

- the value of the aggregate values of any investments in any company shall not exceed 25 % of the total value of the Fund;

- the nominal amount of any investment in shares or stock of any company or body shall not exceed 10 % of the total nominal amount of all issued shares or stock of that company; and

- where in any period, the value of the aggregate values of any investments in any company exceeds 25 % of the total value of the Fund, the Manager will take necessary step to reduce the percentage of investments accordingly.

The Fund's equity and debt investments are publicly traded on the Stock Exchange of Mauritius. The Fund's policy requires that the overall market position is monitored on a daily basis by the Fund's Manager and is reviewed on a regular basis by Management.

At 30 June, the fair value of investments exposed to price risk was as follows:

| | | 2014<br>Rs | 2013<br>Rs |
|---|---|---|---|
| Financial assets at fair value through profit or loss | Rs | **704,120,569** | **620,698,155** |

The Fund also manages its exposure to price risk by analysing the investment portfolio by industrial sector. The Fund's policy is to concentrate the investment portfolio in sectors where management believe the Fund can maximise the returns derived for the level of risk to which the Fund is exposed.

The following table is a summary of the significant sector concentrations within the portfolio of Mauritian securities.

| Sector | Fund's Portfolio 2014 % | Fund's Portfolio 2013 % |
|---|---|---|
| Bank, Insurance and Finance | 60.00 | 62.27 |
| Leisure and Tourism | 19.92 | 16.67 |
| Sugar Industry | 7.56 | 8.24 |
| Conglomerate | 7.13 | 7.07 |
| Manufacturing and Industrial | 2.95 | 3.78 |
| Food and Beverages | 0.80 | 0.77 |
| Property and Construction | 0.54 | 0.03 |
| Commerce | 0.47 | 0.65 |
| Investments | 0.40 | 0.30 |
| Air Transport | 0.23 | 0.22 |
| | 100.00 | 100.00 |

*Sensitivity analysis*

Management's best estimate of the effect on statement of profit or loss and other comprehensive income for a year due to a possible change in securities price, with all variables held constant is indicated on the table below.

If the security prices had been 5% higher/lower, net assets attributable to unitholders would increase/decrease as follows:

| | | 2014 Rs | 2013 Rs |
|---|---|---|---|
| Financial assets at fair value through profit or loss | Rs | **32,206,028** | **31,034,908** |

*- Interest rate risk*

The majority of the Fund's financial assets and liabilities are non-interest bearing. As a result, the Fund is not subject to significant amounts of risks due to fluctuations in the prevailing levels of market interest rates.

The Fund's interest-bearing financial assets and liabilities expose it to risks associated with the effects of fluctuations in the prevailing levels of market interest rated on its financial position and cash flows.

The following table set out the Fund's exposure to interest rate risks. It includes the Fund's financial assets at fair value through profit or loss, receivables, cash and cash equivalents, payables and distribution to unitholders, categorised by the earlier of contractual re-pricing or maturity dates.

| 2014 | Weighted average effective interest rate % p.a | | At call Rs | Less than one year Rs | More than one year Rs | Total Rs |
|---|---|---|---|---|---|---|
| **Financial assets** | | | | | | |
| Non-interest bearing instruments | n/a | | - | 229,393 | 695,073,647 | 695,303,040 |
| Fixed interest rate instruments | 5.7 | | - | - | 9,046,922 | 9,046,922 |
| Variable interest rate instrument | 4.5 | | 26,537,111 | - | - | 26,537,111 |
| | | | 26,537,111 | 229,393 | **704,120,569** | **730,887,073** |
| **Financial liabilities** | | | | | | |
| Non interest bearing instruments | n/a | Rs | 709,420,891 | 21,452,084 | - | **730,887,073** |

| 2013 | Weighted average effective interest rate % p.a | | At call Rs | Less than one year Rs | More than one year Rs | Total Rs |
|---|---|---|---|---|---|---|
| **Financial assets** | | | | | | |
| Non-interest bearing instruments | n/a | | - | 392 | 611,651,233 | 611,651,233 |
| Fixed interest rate instruments | 5-7 | | - | - | 9,046,922 | 9,046,922 |
| Variable interest rate instrument | 4.5 | | 21,495,445 | - | - | 21,495,445 |
| | | | **21,495,445** | **392** | **620,698,155** | **642,193,992** |
| **Financial liabilities** | | | | | | |
| Non interest bearing instruments | | Rs | 630,405,292 | 11,751,739 | - | **642,157,031** |

A change of 0.25% in interest rate will not have a material impact on the profit or loss or net assets attributable to unitholders.

*- Foreign currency risk*

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

**b) Credit risk**

The Fund is exposed to credit risk, which is the risk that counterparty to a financial instruments will cause a financial loss for the other party by failing to discharge an obligation. Impairment provisions are made for losses that have been incurred at the end of the reporting period, if any.

The Fund's main credit risk concentration is associated with bank balances and receivables. All transactions in listed securities are settled / paid for upon delivery using approved brokers. The risk of default is considered minimal, as delivery of securities sold is only made once the broker has received payment. Payment is made on a purchase once the securities have been received by the broker. The trade will fail if either party fails to meet its obligation.

The bank balances are held with a reputable financial institution, the State Bank of Mauritius Ltd.

Receivables are mainly in respect of dividend income which has no history of default in the past.

Accordingly, the Fund has no significant concentration of credit risk. None of the Fund's financial assets are impaired nor past due but not impaired.

**c) Liquidity risk**

Liquidity risk is the risk that the Fund may not be able to generate sufficient cash resources to settle its obligations in full as they fall due or can only do so on terms that are materially disadvantageous.

The Fund is exposed to cash redemptions of redeemable units. It therefore invests the majority of its assets in financial assets that are traded in an active market and can be readily disposed of.

The Fund's listed financial assets are considered readily realisable, as they are listed on the Stock Exchange of Mauritius.

The table overleaf analyses the Fund's financial liabilities into relevant maturity groupings based on the remaining period at the end of the reporting period to the contractual maturity date. The amounts in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as impact of discounting is not significant.

| 2014 | At call<br>Rs | Less than one year<br>Rs | More than one year<br>Rs | Total<br>Rs |
|---|---|---|---|---|
| **Financial liabilities** | | | | |
| Payables | - | 2,137,444 | - | 2,137,444 |
| Distribution to unitholders | - | 19,314,640 | - | 19,314,640 |
| Net assets attributable to unitholders | 709,420,891 | - | - | 709,420,891 |
| | **709,420,891** | **21,452,084** | **-** | **730,887,073** |

| 2013 | At call<br>Rs | Less than one year<br>Rs | More than one year<br>Rs | Total<br>Rs |
|---|---|---|---|---|
| **Financial liabilities** | | | | |
| Payables | - | 1,852,731 | - | 1,852,731 |
| Distribution to unitholders | - | 9,899,008 | - | 9,899,008 |
| Net assets attributable to unitholders | 630,405,292 | - | - | 630,405,292 |
| | **630,405,292** | **11,751,739** | **-** | **642,157,031** |

Units are redeemed on demand at the holder's option. However, the Manager does not envisage that the contractual maturity disclosed in the table above will be representative of the actual cash outflows, as holders of these instruments typically retain them for the medium to long term.

Distributions to holder of units are made by way of re-investment to purchase additional units at no entry fee on the next valuation day following the payment of distribution.

**Fair value estimation**

The carrying amounts of financial assets at fair value through profit or loss, receivables, cash and cash equivalents and payables and distribution to unitholders approximate their fair values.

The fair value of financial assets traded in active markets is based on quoted market prices at the close of trading on the year end date.

An active market is a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

The fair value hierarchy has the following levels:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

- Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and

- Level 3 inputs are unobservable inputs for the asset or liability.

All financial assets at fair value through profit or loss are classified as Level 1.

Financial instruments by category are as follows:

| | Loans and receivables 2014 Rs | Financial assets at FVTPL 2014 Rs | Loans and receivables 2013 Rs | Financial assets at FVTPL 2013 Rs |
|---|---|---|---|---|
| **Financial assets** | | | | |
| **Financial assets at fair value through** profit or loss | - | 704,120,569 | - | 620,698,155 |
| Receivables | 229,393 | - | 392 | - |
| Cash and cash equivalents | 26,537,111 | - | 21,495,445 | - |
| | **26,766,504** | **704,120,569** | **21,495,837** | **620,698,155** |

| | Financial liabilities at FVTPL 2014 Rs | Other liabilities at amortised cost 2014 Rs | Financial liabilities at FVTPL 2013 Rs | Other liabilities at amortised cost 2013 Rs |
|---|---|---|---|---|
| **Financial liabilities** | | | | |
| Net assets attributable to Unitholders | 709,420,891 | - | 630,405,292 | - |
| Payables | - | 2,137,444 | - | 1,852,731 |
| Distribution to unitholders | - | 19,314,640 | - | 9,899,008 |
| | **709,420,891** | **21,452,084** | **630,405,292** | **11,751,739** |

**Capital risk management**

The capital of the Fund is represented by the net assets attributable to the unitholders. The amount of net assets attributable to the holder of units can change significantly on a weekly basis as the Fund is subject to weekly subscriptions and redemptions at the discretion of the unitholders. The Fund's main purpose is to make portfolio investments in listed securities quoted on the Stock Exchange of Mauritius. The investment portfolio is very well diversified to mitigate investment risks.

The Fund's objective when managing capital is to provide an adequate return to the shareholder by achieving and preserving above average long-term real capital returns through a policy of investing primarily in quoted securities. The Fund seeks to achieve this through participating in rising markets whilst following a strategy more suitable for capital preservation when share prices are falling.

## 4. CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

The preparation of financial statements in accordance with IFRS requires management to exercise its 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 estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

## 5. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

| | Quoted | | Unquoted | Total |
|---|---|---|---|---|
| | Official Market | Development & Enterprises Market | | |
| | Rs | Rs | Rs | Rs |
| **At fair value** | | | | |
| At 1 July 2012 | 552,899,590 | 8,191,601 | 1,564,450 | 563,455,203 |
| Additions | 9,000,000 | - | - | 9,000,000 |
| Disposals | ( 18,092,846) | - | - | (18,092,846) |
| Conversion | 4,338,885 | (2,774,435) | (1,564,450) | - |
| Refund on conversion | (24) | - | - | (24) |
| Liquidation Proceed | - | **(723,058)** | - | **(723,058)** |
| **Surplus on revaluation** | **69,658,485** | **(2,599,605)** | **-** | **67,058,880** |
| At 30 June 2013 | 617,804,090 | 2,894,065 | - | 620,698,155 |
| Additions | 7,666,044 | - | - | 7,666,044 |
| Conversion (1) | 1,502,277 | (1,502,277) | - | - |
| Refund on conversion | (12) | - | - | (12) |
| **Surplus on revaluation** | **75,611,446** | **144,936** | **-** | **75,756,382** |
| **At 30 June 2014** | **702,583,845** | **1,536,724** | **-** | **704,120,569** |

1) On 24 January 2014, Ciel Investment Ltd amalgamated with and into Deep River Investment Ltd with the latter being renamed as Ciel Limited after migrating from the Development & Enterprise Market to the Official Market of the Stock Exchange of Mauritius.
The schedule of investments is listed hereafter.

| | Fair value 2014 Rs | Portfolio 2014 % | Fair value 2013 Rs | Portfolio 2013 % |
|---|---|---|---|---|
| **LEISURE AND TOURISM** | | | | |
| **Official List** | | | | |
| New Mauritius Hotels Limited | 79,440,328 | 11.28 | 63,416,853 | 10.21 |
| Sun Resorts Limited | 50,603,594 | 7.19 | 35,916,209 | 5.79 |
| Lux Island Ltd | 8,359,325 | 1.19 | 4,132,700 | 0.67 |
| Lottotech Ltd | 1,861,248 | 0.26 | - | - |
| | **140,264,495** | **19.92** | **103,465,762** | **16.67** |
| **BANK, INSURANCE AND FINANCE** | | | | |
| **Official List** | | | | |
| State Bank of Mauritius Ltd | 191,544,465 | 27.20 | 187,895,999 | 30.27 |
| The Mauritius Commercial Bank Ltd | 208,141,930 | 29.56 | 180,066,972 | 29.01 |
| Mauritian Eagle Insurance Co Ltd | 5,716,396 | 0.81 | 5,244,400 | 0.84 |
| Swan Insurance Co. Ltd | 2,701,629 | 0.38 | 2,843,820 | 0.46 |
| CIM Financial Services Ltd | 14,417,786 | 2.05 | 10,467,708 | 1.69 |
| | **422,522,206** | **60.00** | **386,518,899** | **62.27** |
| **COMMERCE** | | | | |
| **Official List** | | | | |
| Vivo Energy Mauritius Limited (Shell Mauritius Limited) | **3,282,433** | **0.47** | **4,012,568** | **0.65** |

| | Fair value 2014 Rs | Portfolio 2014 % | Fair value 2013 Rs | Portfolio 2013 % |
|---|---|---|---|---|
| **PROPERTY AND CONSTRUCTION** | | | | |
| **Official List** | | | | |
| Bluelife Ltd | **920,212** | **0.13** | | - |
| Gamma Civic Ltd | **2,718,840** | **0.39** | | - |
| **Development & Enterprises Market** | | | | |
| COVIFRA Ltee | **143,100** | **0.02** | **156,456** | **0.03** |
| | **3,782,152** | **0.54** | **156,456** | **0.03** |
| **FOOD AND BEVERAGES** | | | | |
| **Official List** | | | | |
| Innodis Limited | 5,484,925 | 0.78 | 4,626,415 | 0.75 |
| Phoenix Beverages Ltd | 9,555 | - | 9,923 | - |
| **Development & Enterprises Market** | | | | |
| Les Moulins de la Concorde Ltee | 138,375 | 0.02 | 153,000 | 0.02 |
| | **5,632,855** | **0.80** | **4,789,338** | **0.77** |
| **MANUFACTURING AND INDUSTRIAL** | | | | |
| **Official List** | | | | |
| Mauritius Oil Refineries Limited | 5,490,522 | 0.78 | 5,679,851 | 0.91 |
| United Basalt Products Limited | 15,136,800 | 2.15 | 17,659,600 | 2.85 |
| **Development & Enterprises Market** | | | | |
| Chemco Ltd | 2,195 | - | 2,100 | - |
| CIEL Textile Ltd | 157,940 | 0.02 | 104,828 | 0.00 |
| | **20,787,457** | **2.95** | **23,446,379** | **3.78** |
| **CONGLOMERATE** | | | | |
| **Official List** | | | | |
| Ireland Blyth Ltd | 37,856,838 | 5.38 | 32,870,815 | 5.30 |
| Rogers and Company Ltd | 12,313,516 | 1.75 | 11,063,877 | 1.77 |
| | **50,170,354** | **7.13** | **43,934,692** | **7.07** |
| **SUGAR INDUSTRY** | | | | |
| **Official List** | | | | |
| Terra Ltd (Harel Freres Ltd) | 2,411,771 | 0.34 | 2,705,095 | 0.44 |
| Omnicane Limited | 27,180,093 | 3.86 | 28,817,448 | 4.64 |
| Omnicane Ltd Notes (second issue) | 9,046,992 | 1.29 | 9,046,992 | 1.46 |
| ENL Land Ltd | 5,239,080 | 0.74 | 3,689,200 | 0.59 |
| Alteo Ltd | 8,626,642 | 1.23 | 6,243,553 | 1.01 |
| **Development & Enterprises Market** | | | | |
| Medine Share Holdings | 697,410 | 0.10 | 607,500 | 0.10 |
| | **53,201,988** | **7.56** | **51,109,788** | **8.24** |
| **INVESTMENTS** | | | | |
| **Official List** | | | | |
| Ciel Ltd | 2,439,992 | 0.34 | - | - |
| **Development & Enterprises Market** | | | | |
| Ciel Investment Limited | - | - | 1,439,190 | 0.23 |
| Phoenix Investment | 397,704 | 0.06 | 430,992 | 0.07 |
| | **2,837,696** | **0.40** | **1,870,182** | **0.30** |
| **AIR TRANSPORT** | | | | |
| **Official List** | | | | |
| Air Mauritius Limited | **1,638,933** | **0.23** | **1,394,091** | **0.22** |
| **TOTAL VALUE OF DOMESTIC SECURITIES** | **704,120,569** | **100** | **620,698,155** | **100** |

6. **RECEIVABLES**

| | | 2014 Rs | 2013 Rs |
|---|---|---|---|
| Dividend receivables | Rs | **229,393** | **392** |

Receivables represent dividend receivable from entities that are listed on the Stock Exchange of Mauritius ("SEM") and Development and Enterprises Market ("DEM") which is accrued on the basis of the date of dividend declaration. Dividend is recognised when the security is quoted ex-dividend.

7. **CASH AND CASH EQUIVALENTS**
**For the purposes of the cash flow statement, cash and cash equivalents comprise the following the balances:**

| | | 2014 Rs | 2013 Rs |
|---|---|---|---|
| Cash at bank | Rs | **26,537,111** | **21,495,445** |

8. **PAYABLES**

| | | 2014 Rs | 2013 Rs |
|---|---|---|---|
| Other payables | | 2,068,444 | 1,662,731 |
| Accruals | | 69,000 | 190,000 |
| | Rs | **2,137,444** | **1,852,731** |

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

9. **DISTRIBUTIONS TO UNITHOLDERS**

| | | 2014 Rs | 2013 Rs |
|---|---|---|---|
| Final distribution of Rs 0.02 per unit (2013: Rs 0.01) | Rs | **19,314,640** | **9,899,008** |

10. **TAXATION**

**Income tax**

Income tax has been charged on the net income of the Fund, as adjusted for tax purposes, at the rate of 15% (2013: 15%) as follows:

Amounts recognised in the statement of financial position:

| | | 2014 Rs | 2013 Rs |
|---|---|---|---|
| Balance at 1 July | | 36,961 | 4,210 |
| Charge for the year | | 51,573 | 53,664 |
| Over provision | | (3,693) | - |
| Payment under Advance Payment System | | **(70,743)** | (20,913) |
| Tax liability as per statement of financial position | Rs | **14,098** | **36,961** |

(i) **Tax reconciliation**

| | | 2014 Rs | 2013 Rs |
|---|---|---|---|
| Net income before taxation | Rs | **19,366,213** | **9,952,672** |
| Tax at 15% | | 2,904,931 | 1,492,901 |

| | | | |
|---|---|---|---|
| Tax effects of: | | | |
| - Exempt income | | (3,927,611) | (2,370,246) |
| - Expenses attributable to exempt income | | 1,064,815 | 931,009 |
| - Expenses not deductible for tax purposes | | 17,481 | - |
| - Income not subject to tax | | (8,043) | - |
| Tax charge | Rs | **51,573** | **53,664** |

(ii) **Deferred tax**

The Fund had no deferred tax asset/liability at 30 June 2014 (2013: Nil).

## 11. MANAGEMENT FEES

| | | 2014 Rs | 2013 Rs |
|---|---|---|---|
| Fees payable to: | | | |
| National Investment Trust Ltd | Rs | **6,851,124** | **5,846,445** |

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 year

| | 2014 | | 2013 | |
|---|---|---|---|---|
| | **Units** | **Rs** | **Units** | **Rs** |
| Net assets attributable to unitholders at 1 July | 816,642,102 | 630,405,292 | 813,510,102 | 567,882,255 |
| Units created | 270,903 | 231,094 | 351,000 | 222,652 |
| Distribution in specie | 12,535,065 | 9,854,458 | 16,549,593 | 11,088,221 |
| Units liquidated | (8,113,504) | (6,826,335) | (13,768,593) | (9,551,671) |
| Total comprehensive income | - | 75,756,382 | - | 60,763,835 |
| Net assets attributable to unitholders at 30 June | **821,334,566** | **709,420,891** | **816,642,102** | **630,405,292** |

(b) Net asset value per unit

| | | 2014 Rs | 2013 Rs |
|---|---|---|---|
| Ex-div | Rs | 0.86 | 0.77 |

(c) Prices per unit at valuation date

| | | 2014 Rs | 2013 Rs |
|---|---|---|---|
| Issue price | Rs | 0.86 | 0.77 |
| Repurchase price | Rs | 0.84 | 0.75 |

## 14. ENTRY AND EXIT FEE

On the issue of units, no entry fee (2013: 1 %) was paid by the unitholders to the Fund and on the repurchase of units, an exit fee of 2 % (2013: 2 %) of the capital and income value of the units was paid by the unitholders 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:

| | | | 2014 | 2013 |
|---|---|---|---|---|
| | | | Rs | Rs |
| (i) | *Outstanding balances* | | | |
| | *Payable to related parties* | | | |
| | National Investment Trust Ltd | | 2,068,444 | 1,662,731 |
| | State Bank of Mauritius Ltd | | - | 75,000 |
| | | Rs | 2,068,444 | 1,737,731 |
| | *Bank balances and short term deposits with* | | | |
| | State Bank of Mauritius Ltd (Note 7) | Rs | 26,537,111 | 21,495,445 |
| (i) | **Transactions** | | | |
| | *Manager's fees to* | | | |
| | National Investment Trust Ltd | Rs | 6,851,124 | 5,846,445 |
| | *Trustee's fees to* | | | |
| | State Bank of Mauritius Ltd | Rs | 150,000 | 150,000 |
| | *Interest income from* | | | |
| | State Bank of Mauritius Ltd | Rs | 471,709 | 541,231 |
| | *Bank charges payable to* | | | |
| | State of Mauritius Ltd | Rs | 2,935 | 2,560 |

**Compensation to key management personnel**

There was no compensation to key management personnel for the year ended 30 June 2014 (2013: Nil).

## NIT GOF Trust Constitution

The NIT GLOBAL OPPORTUNITIES FUND is constituted under the NIT UNIT TRUST which is authorized under the Securities Act 2005 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 Fund 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 72 which comprise the statement of financial position as at 30 June 2014, statement of profit or loss and other comprehensive income, statement of changes in net assets, statement of cash flows for the year then ended and a summary of significant accounting policies and other explanatory notes.

### *Responsibilities of manager and trustee*

The manager and 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 judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the 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 72 give a true and fair view of the financial position of NIT Global Opportunities Fund as at 30 June 2014, 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.

### *Other matters*

The financial statements of the Fund for the year ended 30 June 2013 were audited by another auditor, whose report dated 13 August 2013, expressed an unqualified opinion on those financial statements.

Mazars

Udaysingh Taukoordass,
Licensed by FRC
26 September 2014

# Statement of Financial Position at 30 June 2014

| | Notes | 2014<br>Rs | 2013<br>Rs |
|---|---|---|---|
| **ASSETS** | | | |
| **Non-Current Assets** | | | |
| **Financial assets at fair value through profit or loss** | 5 | 395,727,499 | 246,760,816 |
| **Current Assets** | | | |
| Other receivables | 6 | - | 294,335 |
| Cash and cash equivalents | 7 | 20,429,549 | 138,388,246 |
| | | 20,429,549 | 138,682,581 |
| **TOTAL ASSETS** | | **416,157,048** | **385,443,397** |
| **LIABILITIES** | | | |
| Current Liabilities | | | |
| Other payables | 8 | 31,310,004 | 33,992,633 |
| **TOTAL LIABILITIES** (excluding net assets attributable to unitholders) | | **31,310,004** | **33,992,633** |
| **NET ASSETS ATTRIBUTABLE TO UNITHOLDERS** | Rs | **384,847,044** | **351,450,764** |

Approved by the Manager of the NIT Local Equity Fund and authorised for issue on 26 september 2014.

MANAGER
NATIONAL INVESTMENT TRUST LTD

Represented by:

The notes on pages 59 to 72 form an integral part of the financial statements.

# Statement of Profit or Loss

## and other Comprehensive Income for the year ended 30 June 2014

| | Notes | 2014 Rs | 2013 Rs |
|---|---|---|---|
| **Income** | | | |
| Dividend income | | 2,124,071 | 2,578,383 |
| Interest income | | 13,693 | 18,499 |
| | | **2,137,764** | **2,596,882** |
| **Expenses** | | | |
| Management fees | 9 | (3,696,308) | (4,209,135) |
| Custody fees | | (233,065) | (194,647) |
| Audit fees | | (64,250) | (155,250) |
| Trustee fees | 10 | (150,000) | (150,000) |
| Printing | | (130,000) | (130,000) |
| Bank charges | | (12,464) | (7,449) |
| General Expenses | | (2,385) | (10,575) |
| **Total operating expenses** | | **(4,288,472)** | **(4,857,056)** |
| **Net operating loss** | | **(2,150,708)** | **(2,260,174)** |
| **Equalisation** | | | |
| Amount paid on units created | | (1,832) | (3,445) |
| Income received on units liquidated | | 22,551 | 42,040 |
| | | 20,719 | 38,595 |
| **Finance costs** | | | |
| Interest expenses | 11 | **(1,594,830)** | **(1,510,310)** |
| **Net loss before taxation** | | **(3,724,819)** | **(3,731,889)** |
| **Taxation** | 12 | - | - |
| **Net loss for the year** | | **(3,724,819)** | **(3,731,889)** |
| Changes in fair value on financial assets at FVTPL | | 43,010,889 | 19,396,883 |
| Profit on disposal of financial assets at fair value through profit or loss | | 1,806,147 | 8,566,948 |
| Net foreign currency (losses)/gains on cash and cash equivalents | | ( 2,861,094) | 3,292,542 |
| **Increase in net assets attributable to unitholders** | Rs | **38,231,123** | **27,524,484** |

# Statement of Changes in Net Assets
## attributable to Unitholders for the year ended 30 June 2014

| | | 2014<br>Rs | **2013**<br>Rs |
|---|---|---|---|
| **Net Assets Attributable to Unitholders at 1 July** | | 351,450,764 | **333,381,983** |
| Cash received for units created | | 320,475 | 427,389 |
| Cash paid for units liquidated | | (5,155,318) | (9,883,092) |
| **Net movement in units** | | **(4,834,843)** | **(9,455,703)** |
| Increase in net assets attributable to unitholders | | 38,231,123 | 27,524,484 |
| **Net Assets Attributable to Unitholders at 30 June** | Rs | **384,847,044** | **351,450,764** |

# Statement of Cash Flow for the year ended 30 June 2014

| | Notes | | 2014<br>Rs | 2013<br>Rs |
|---|---|---|---|---|
| **Cash flow from operating activities** | | | | |
| Net loss before taxation | | | **( 3,724,819)** | **( 3,731,889)** |
| Adjustments for: | | | | |
| Interest income | | | (13,693) | (18,499) |
| Interest expenses | | | 1,594,830 | 1,510,310 |
| **Operating loss before working capital changes** | | | **(2,143,682)** | **(2,240,078)** |
| Decrease/(increase) in other receivables | | | 294,335 | (294,335) |
| (Decrease)/increase in other payables | | | (2,682,629) | 6,770,870 |
| **Cash (used in)/generated from operating activities** | | | **(4,531,976)** | **4,236,457** |
| Payment for purchases of financial assets at fair value through profit or loss | 5 | | (178,395,365) | (71,191,273) |
| Proceeds from sale of financial assets at fair value through profit or loss | 5 | | 74,245,718 | 133,091,429 |
| Interest expenses paid | | | (1,594,830) | (1,510,310) |
| Interest income received | | | 13,693 | 18,499 |
| **Net cash (used in)/generated from operating activities** | | | **(110,262,760)** | **64,644,802** |
| **Cash flow from financing activities** | | | | |
| Proceeds from issue of units | | | 320,475 | 427,389 |
| Redemption of units | | | (5,155,318) | (9,883,092) |
| **Net cash used in financing activities** | | | **(4,834,843)** | **(9,455,703)** |
| **Net (decrease)/increase in cash and cash equivalents** | | | **(115,097,603)** | **55,189,099** |
| **Cash and cash equivalent at the beginning of the year** | | | **138,388,246** | **79,906,605** |
| **Exchange (losses)/gains on cash and cash equivalents** | | | **(2,861,094)** | **3,292,542** |
| **Cash and cash equivalent at end of the year** | 7 | Rs | **20,429,549** | **138,388,246** |

# Notes to the Financial Statements

## for the NIT Global Opportunities Fund for the year ended 30 June 2014

1. **GENERAL INFORMATION**

The NIT Global Opportunities Fund is a public open-ended Collective Investment Scheme ("CIS") which is constituted under the 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 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 on the international Stock Market.

2. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated:

a) **Basis of preparation**

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") under the historical cost convention as modified by the revaluation of financial assets at fair value through profit or loss.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Fund's accounting policies.

*Standards and amendments to existing standards effective 1 July 2013*

Amendments to IFRS 7, "Financial instruments: Disclosures – Offsetting financial assets and financial liabilities" require additional disclosures to enable users of financial statements to evaluate the effect or the potential effects of netting arrangements, including rights of set-off associated with an entity's recognised financial assets and recognised financial liabilities, on the Fund's financial position. The amendments do not have any impact on the Fund's financial position or performance, however, may result in additional disclosures in the financial statements.

IFRS 13, "Fair value measurement" - The standard improves consistency and reduces complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRS. The requirements do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRS. If an asset or a liability measured at fair value has a bid price and an ask price, the standard requires valuation to be based on a price within the bid-ask spread that is most representative of fair value and allows the use of mid-market pricing or other pricing conventions that are used by market participants as a practical expedient for fair value measurement within a bid-ask spread. The amendments do not have any impact on the Fund's financial position or performance.

Amendments to IAS 32, 'Offsetting financial assets and financial liabilities' is effective for annual periods beginning on or after 1 January 2014, and have been early adopted by the Fund. These amendments clarify the offsetting criteria in IAS 32 and address inconsistencies in their application. This includes clarifying the meaning of 'currently has a legally enforceable right of set-off' and that some gross settlement systems may be considered equivalent to net settlement. The amendments did not have any impact on the Fund's financial statements.

There are no other standards, interpretations or amendments to existing standards that are effective for the first time for the financial year beginning 1 July 2013 that would be expected to have a material impact on the Fund's financial statements for the year ended 30 June 2014.

*New standards, amendments and interpretations issued but not yet effective.*

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning on or after 1 July 2014 or later periods, but which the Fund has not early adopted. None of these are expected to have a significant effect on the financial statements of the Fund for the year ended 30 June 2014.

**b) Foreign currency translation**

(i) *Functional and presentation currency*

The performance of the Fund is measured and reported to the investors in Mauritian Rupee ("Rs"). The Fund Manager considers the "Rs" as the currency that most faithfully represents the economic effects of the underlying transactions, events and conditions. The financial statements are presented in Rs, which is the Fund's functional and presentation currency.

(ii) *Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign currency assets and liabilities are translated into the functional currency using the exchange rate prevailing at the reporting date.

Foreign exchange gains and losses arising from translation are included in the statement of profit or loss and other comprehensive income.

Foreign exchange gains and losses relating to cash and cash equivalents are presented in the statement of profit or loss and other comprehensive income within 'net foreign currency gains or losses on cash and cash equivalents'.

Foreign exchange gains and losses relating to the financial assets carried at fair value through profit or loss are presented in the statement of profit or loss and other comprehensive income within "changes in fair value on financial assets at fair value through profit or loss".

**c) Revenue recognition**

*Dividend income*

Dividend income is recognised when the right to receive payment is established. Dividend arising from financial assets at fair value through profit or loss is recognised when the security is quoted ex-dividend.

*Interest income*

Interest income is recognised on a time-proportionate basis using the effective interest method. It includes interest income from cash and cash equivalents and on debt securities at fair value through profit or loss.

**d) Transactions costs**

Transaction costs are costs incurred to acquire financial assets at fair value through profit or loss. They include fees and commissions paid to agents, advisers, brokers and dealers. Transaction costs, when incurred, are immediately recognised in the statement of profit or loss and other comprehensive income as an expense.

**e) Distributions payable to unitholders**

Proposed distributions to unitholders are recognised in the statement of profit or loss and other comprehensive income as they are mandatory. The distribution on the units is recognised as a finance cost in the statement of profit or loss and other comprehensive income.

**f) Increase/decrease in net assets attributable to unitholders from operations**

Income not distributed is included in net assets attributable to unitholders.

**g) Current and deferred income tax**

The current income tax expense is calculated on the basis of currently enacted tax laws. The Manager periodically evaluate positions taken in tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establish provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled. Deferred income tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised.

**h) Financial instruments**

Financial instruments carried on the statement of financial position include financial assets at fair value through profit or loss, receivables, cash and cash equivalents, payables, distribution to unitholders and net assets attributable to unitholders. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

(i) *Financial assets at fair value through profit or loss*

- Classification

The Fund classifies its investments in equity and debt securities, as financial assets at fair value through profit or loss. These financial assets were designated by the Fund Manager at fair value through profit or loss at inception.

Financial assets designated at fair value through profit or loss at inception are financial instruments that are not held for trading but are managed, and their performance is evaluated on a fair value basis in accordance with the Fund's documented investment strategy. The Fund's policy is for the Fund Manager to evaluate the information about these financial assets on a fair value basis together with other related inancial information.

- Recognition / derecognition and measurement

Regular-way purchases and sale of investments are recognised on the trade date - the date on which the Fund commits to purchase or sell the financial assets. Financial assets at fair value through profit or loss are initially recognised at fair value. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or the Fund has transferred substantially all risks and rewards of ownership.

Subsequent to initial recognition, all financial assets at fair value through profit or loss are measured at fair value. Gains and losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are presented in statement of profit or loss and other comprehensive income within 'Changes in fair value of financial assets at fair value through profit or loss' in the period in which they arise and they are held as assets attributable to unitholders.

Gain and losses on disposal of financial assets at fair value through profit or loss are recognised in the statement of profit or loss and other comprehensive income.

- Fair value estimation

The fair value of financial instruments traded in active markets (such as publicly traded securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets at fair value through profit or loss held by the Fund is the last traded price.

(ii) *Other receivables*

Other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of other receivables is established when there is objective evidence that the Fund will not be able to collect all amounts due according to the original terms of the receivables

(iii) *Cash and cash equivalents*

Cash and cash equivalents include cash in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less..

(iv) *Other payables*

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

**i) Units**

Units of the Fund, which are redeemable at any time at the option of the unitholders 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 financial position and distributions to unitholders are included as finance costs in the statement of profit or loss and other comprehensive income.

**j) Equalisation**

Accrued income included in the issues and repurchase of prices of units are dealt with in the statement of profit or loss and other comprehensive income.

**k) Offsetting financial instruments**

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

**l) Provisions**

Provisions are recognised when the Fund has a present obligation (legal or constructive) as a result of a past event, 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. Where the Fund expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in profit or loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

**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.

**n) Comparatives**

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

**o) Impairment**

The carrying amount of assets is 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 amounts 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.

## 3. FINANCIAL RISK MANAGEMENT

**Financial risk factors**

The Fund's activities expose it to a variety of financial risks. These risks include market risk (including price risk, currency risk and cash flow interest rate risk), credit risk and liquidity risk.

The Fund is also exposed to operational risks such as custody risk. Custody risk is the risk of loss of securities held in custody occasioned by the insolvency or negligence of the custodian. Although an appropriate legal framework is in place that eliminates the risk of loss of value of the securities held by the custodian, in the event of its failure, the ability of the Fund to transfer securities might be temporarily impaired.

The Fund's overall risk management programme seeks to maximise the returns derived for the level of risk to which the Fund is exposed and seeks to minimise potential adverse effects on the Fund's financial performance.

All securities investments present a risk of loss of capital. The maximum loss of capital on equity and debt securities is limited to the fair value of those positions.

The management of these risks is carried out by the Manager under policies approved by Management. Management provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, and the investment of excess liquidity.

The Fund uses different methods to measure and manage the various types of risk to which it is exposed; these methods are explained herafter.

**a) Market risk**

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

*- Price risk*

The Fund is exposed to securities price risk. This arises from investments held by the Fund for which prices in the future are uncertain.

Where non-monetary financial instruments are denominated in currencies other than the Mauritian rupee, the price initially expressed in foreign currency and then converted into Mauritian rupees will also fluctuate because of changes in foreign exchange rates.

"Foreign currency risk" on page 16 sets out how this component of price risk is managed and measured.

The Fund's policy is to manage price risk through diversification and selection of securities and other financial instruments within specified limits set by Management. The Fund's policy also limits individual equity securities as follows:

(i) the value of the aggregate values of any investmentsin the shares of a Collective Investment Scheme shall not exceed 25% of the net asset value of the Fund;

(ii) the value of the aggregate values of any investments in any investee company or fund shall not exceed 5% of the total value of the Fund; and

(iii) the nominal amount of any investment in shares or stock of any investee company or body shall not exceed 10% of the total nominal amount of all issued shares or stock of that company.

The Fund's investments are publicly traded on overseas Stock Exchange. The Fund's policy requires that the overall market position be monitored on a daily basis by the Fund's Investment Manager and reviewed on a regular basis by the Management..

The table hereafter is a summary of the significant sector concentrations within the portfolio of overseas securities.

| Sector | Fund's Investments Portfolio 2014 % | Fund's Investments Portfolio 2013 % |
|---|---|---|
| Equity Funds | 62 | 49 |
| Bond Funds | 12 | 24 |
| Financials | 5 | 6 |
| Technology | 4 | 5 |
| Industrials | 4 | 5 |
| HealthCare and Life Sciences | 3 | 2 |
| Consumer Discretionary | 3 | 2 |
| Mining and Materials | 2 | 1 |
| Commodities and Precious Metals | 2 | 3 |
| Energy | 1 | 1 |
| Property | 1 | 2 |
| Mining and Materials | - | 1 |
| | 100.00 | 100.00 |

The fair value of securities exposed to price risk was as follows:

| | | 2014 Rs | 2013 Rs |
|---|---|---|---|
| Financial assets at fair value through profit or loss | Rs | **395,727,499** | **246,760,816** |

*Sensitivity analysis*

Management's best estimate of the effect on statement of profit or loss and other comprehensive income for a year due to a possible change in securities price, with all variables held constant is indicated on the table below.

If the security prices had been 5% higher/lower, net assets attributable to unitholders would increase/decrease as follows:

| | | 2014 Rs | 2013 Rs |
|---|---|---|---|
| Financial assets at fair value through profit or loss | Rs | **19,786,375** | **12,338,041** |

*- Interest rate risk*

The majority of the Fund's financial assets and liabilities are non-interest bearing. As a result, the Fund is not subject to significant amounts of risks due to fluctuations in the prevailing levels of market interest rates.

The Fund's interest-bearing financial assets and liabilities expose it to risks associated with the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows. The table below set out the Fund's exposure to interest rate risks. It includes the Fund's assets and liabilities at fair values, categorised by the earlier of contractual re-pricing or maturity dates.

| 2014 | Weighted average effective interest rate % p.a | | At call Rs | Less than one year Rs | More than one year Rs | Total Rs |
|---|---|---|---|---|---|---|
| **Financial assets** | | | | | | |
| Non-interest bearing instruments | | | - | - | 395,727,499 | 395,727,499 |
| Variable interest rate instrument | 4.5 | | 20,429,549 | - | - | 20,429,549 |
| | | | **20,429,549** | - | **395,727,499** | **416,157,048** |
| **Financial liabilities** | | | | | | |
| Non interest bearing instruments | n/a | Rs | 384,847,044 | 69,000 | - | **384,916,044** |
| Variable interest rate instrument | 5 | | 31,241,004 | - | - | 31,241,004 |
| | | | **416,088,048** | **69,000** | - | **416,157,048** |

NIT National Investment Trust

| 2013 | Weighted average effective interest rate % p.a | At call Rs | Less than one year Rs | More than one year Rs | Total Rs |
|---|---|---|---|---|---|
| **Financial assets** | | | | | |
| Non-interest bearing instruments | n/a | - | 294,335 | 246,760,816 | 247,055,151 |
| Variable interest rate instrument | 4.5 | 138,388,246 | - | - | 138,388,246 |
| | | **138,388,246** | **294,335** | **246,760,816** | **385,443,397** |
| **Financial liabilities** | | | | | |
| Non interest bearing instruments | n/a | 351,450,764 | 207,250 | - | 351,658,014 |
| Variable interest rate instrument | 5 | 33,785,383 | - | - | 33,785,383 |
| | | **385,236,147** | **207,250** | **-** | **385,443,397** |

A change of 0.25% in interest rate will not have a material impact on the profit or loss or net assets attributable to unitholders.

*- Foreign currency risk*

The Fund holds assets and liabilities denominated in currencies other than the Mauritian Rupees (“Rs”). Consequently, the Fund is exposed to currency risk, as the value of the assets and liabilities denominated in other currencies will fluctuate due to changes in exchange rates. The Fund’s policy is not to enter into any currency hedging transactions.

The currency profile of the Fund’s financial assets and financial liabilities is summarised as follows:

| | 2014 | | 2013 | |
|---|---|---|---|---|
| **Currency** | **Financial assets** Rs | **Financial liabilities** Rs | **Financial Assets** Rs | **Financial liabilities** Rs |
| **Mauritian Rupee** | 337,781 | 416,157,048 | 575,293 | 385,443,397 |
| **United States Dollar** | 269,103,730 | - | 326,918,214 | - |
| **Euro** | 133,776,172 | - | 56,259,170 | - |
| **Pound Sterling** | 12,939,365 | - | 1,690,720 | - |
| Rs | **416,157,048** | **416,157,048** | **385,443,397** | **385,443,397** |

The exchange rate risk arises mainly out of the Fund’s investment in the securities which are denominated in USD, Euro and GBP. The currency risk between the foreign currency of the investments and the functional currency of the Fund is not actively managed and fluctuates with market movements.

The following table details the Fund’s sensitivity to a 5 % and 10 % change in the Mauritian Rupee against the relevant foreign currencies. A 5 % and 10% represents management’s assessment of the reasonably possible change in foreign exchange rates. A positive number below indicates an increase in profit and net assets attributable to unitholders, where the Mauritian Rupee weakens 5 % and 10 % against the relevant foreign currencies. For a 5 % and 10 % strengthening of the Mauritian Rupee against the relevant foreign currencies, there would be an equal and opposite impact on the profit and net assets attributable to unitholders and the balances below would be negative.

| | 5 % | | 10 % | |
|---|---|---|---|---|
| **Foreign currency impact** | **2014** Rs | **2013** Rs | **2014** Rs | **2013** Rs |
| **United States Dollar** | 13,455,187 | 16,345,911 | 26,910,373 | 32,691,821 |
| **Euro** | 6,688,808 | 2,812,959 | 13,377,617 | 5,625,917 |
| **Pound Sterling** | 646,968 | 84,536 | 1,293,937 | 169,072 |
| Rs | **20,790,963** | **19,243,406** | **41,581,927** | 38,468,810 |

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

**b) Credit risk**

The Fund takes on exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Impairment provisions are made for losses that have been incurred at the end of the reporting period, if any.

The Fund's main credit risk concentration is associated with bank balances and other receivables.

All transactions in listed securities are settled / paid for upon delivery using approved brokers. The risk of default is considered minimal, as delivery of securities sold is only made once the broker has received payment. Payment is made on a purchase once the securities have been received by the broker. The transaction will fail if either party fails to meet its obligation.

The bank balances are held with reputable financial institutions.

Accordingly, the Fund has no significant concentration of credit risk. None of the Fund's financial assets are impaired nor past due but not impaired.

**c) Liquidity risk**

Liquidity risk is the risk that the Fund may not be able to generate sufficient cash resources to settle its obligations in full as they fall due or can only do so on terms that are materially disadvantageous.

The Fund is exposed to weekly cash redemptions of redeemable units. It therefore invests the majority of its assets in financial assets that are traded in an active market and can be readily disposed of. The Fund's listed financial assets are considered readily realisable, as they are listed on overseas Stock Exchange mainly in USA and Europe.

The table below analyses the Fund's financial liabilities into relevant maturity groupings based on the remaining period at the end of the reporting period to the contractual maturity date. The amounts in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as impact of discounting is not significant..

| 2014 | At call<br>Rs | Less than one year<br>Rs | Total<br>Rs |
|---|---|---|---|
| **Financial liabilities** | | | |
| Net assets attributable to unitholders | 384,847,044 | - | 384,847,044 |
| Other payables | 31,241,004 | 69,000 | 31,310,004 |
| | **416,088,048** | **69,000** | **416,157,048** |

| 2013 | At call<br>Rs | Less than one year<br>Rs | Total<br>Rs |
|---|---|---|---|
| **Financial liabilities** | | | |
| Other payables | 33,785,383 | 207,250 | 33,992,633 |
| Net assets attributable to unitholders | 351,450,764 | - | 351,450,764 |
| | **385,236,147** | **207,250** | **385,443,397** |

Units are redeemed on demand at the unitholder's option. However, the Manager does not envisage that the contractual maturity disclosed in the table above will be representative of the actual cash outflows, as unitholders of these instruments typically retain them for the medium to long term.

**Capital risk management**

The capital of the Fund is represented by the net assets attributable to the unitholders. The amount of net assets attributable to the unitholders can change significantly on a weekly basis as the Fund is subject to weekly subscriptions and redemptions at the discretion of the unitholders. The Fund's main purpose is to make portfolio investments in listed securities quoted on the overseas Stock Exchange. The investment portfolio is very well diversified to mitigate investment risks.

The Fund's objective when managing capital is to provide an adequate return to the unitholder by achieving and preserving above average long-term real capital returns through a policy of investing primarily in quoted securities. The Fund seeks to achieve this through participating in rising markets whilst following a strategy more suitable for capital preservation when share prices are falling.

**Fair value estimation**

The carrying amounts of financial assets at fair value through profit or loss, other receivables, cash and cash equivalents and other payables approximate their fair values.

The fair value of financial assets traded in active markets is based on quoted market prices at the close of trading on the year end date. An active market is a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

The fair value hierarchy has the following levels:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

- Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and

- Level 3 inputs are unobservable inputs for the asset or liability.

At 30 June 2014 and 2013 all financial assets at fair value through profit or loss were classified as Level 1. There were no transfers between level 1, 2 and 3 during the year.

Financial instruments by category are as follows:

| | **Loans and receivables** 2014 Rs | **Financial assets at FVTPL** 2014 Rs | **Loans and receivables 2013** Rs | **Financial assets at FVTPL** 2013 Rs |
|---|---|---|---|---|
| **Financial assets** | | | | |
| **Financial assets at fair value through** profit or loss | - | 395,727,499 | - | 246,760,816 |
| Other receivables | - | - | 294,335 | - |
| Cash and cash equivalents | 20,429,549 | - | 138,388,246 | - |
| | **20,429,549** | **395,727,499** | **138,682,581** | **246,760,816** |

| | **Financial liabilities at FVTPL** 2014 Rs | **Other liabilities at amortised cost** 2014 Rs | **Financial liabilities at FVTPL** 2013 Rs | **Other liabilities at amortised cost** 2013 Rs |
|---|---|---|---|---|
| **Financial liabilities** | | | | |
| Net assets attributable to Unitholders | 384,847,044 | - | 351,450,764 | - |
| Other payables | - | 31,310,004 | - | 33,992,633 |
| | **384,847,044** | **31,310,004** | 351,450,764 | **33,992,633** |

4. **CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS**

The preparation of financial statements in accordance with IFRS requires management to exercise its 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 estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

*- Determination of functional currency*

The determination of the functional currency of the Fund is critical since recording of transactions and exchange differences arising thereon are dependent on the functional currency selected. As described in Note 2, the management have considered those factors therein and have determined that the functional currency of the Fund is the “Rs”. Management considers “Rs” as the currency that most faithfully represents the economic effects of the underlying transactions, events and conditions.

5. **FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS**

**Fair-value-through profit and loss**

| | 2014<br>Rs | 2013<br>Rs |
|---|---|---|
| **At fair value** | | |
| At 1 July | 246,760,816 | 280,697,141 |
| Additions | 178,395,365 | 71,191,273 |
| Disposals | (72,439,571) | (124,524,481) |
| Surplus on revaluation | 43,010,889 | 19,396,883 |
| At 30 June | **395,727,499** | **246,760,816** |
| Disposals proceeds | **74,245,718** | **133,091,429** |

**The Schedule of investments is listed hereafter:**

| **Equities** | **Holdings 2014** | **Fair Value 2014** | | **% of Fund 2014** |
|---|---|---|---|---|
| | | USD | Rs | |
| **America** | | | | |
| Vontobel U.S. Value Equity | 1,274 | 1,035,925 | 30,829,115 | 7.41% |
| JP Morgan U.S. Dynamic | 3,455 | 623,993 | 18,570,039 | 4.46% |
| Blackrock Global U.S. Flexible | 25,053 | 606,020 | 18,035,154 | 4.33% |
| Alger American Asset Growth | 10,781 | 489,240 | 14,559,784 | 3.50% |
| Nordea North American All Cap Value | 2,687 | 450,621 | 13,410,489 | 3.22% |
| Blackrock Global World Energy | 10,909 | 306,010 | 9,106,859 | 2.19% |
| Fidelity Global Health Care | 10,881 | 258,116 | 7,681,544 | 1.85% |
| Microsoft | 3,042 | 126,851 | 3,775,097 | 0.91% |
| Myriads Genetics | 3,092 | 120,341 | 3,581,336 | 0.86% |
| Intel | 3,859 | 119,243 | 3,548,674 | 0.85% |
| Abbvie Inc | 2,078 | 117,282 | 3,490,321 | 0.84% |
| American Airlines | 2,500 | 107,400 | 3,196,223 | 0.77% |
| Johnson & Johnson | 1,020 | 106,712 | 3,175,760 | 0.76% |
| General Electric | 3,923 | 101,784 | 3,068,149 | 0.74% |
| Boeing | 800 | 103,096 | 3,029,091 | 0.73% |

| Equities | Holdings 2014 | Fair Value 2014 USD | Fair Value 2014 Rs | % of Fund 2014 |
|---|---|---|---|---|
| Blackstone Group | 3,000 | 100,320 | 2,985,522 | 0.72% |
| Cisco Systems Inc | 3,965 | 98,530 | 2,932,259 | 0.70% |
| American international Group | 1,783 | 97,316 | 2,896,127 | 0.70% |
| Sony Corp | 5,500 | 92,235 | 2,744,913 | 0.66% |
| JP Morgan Chase | 1,500 | 86,430 | 2,572,156 | 0.62% |
| Apple | 131 | 85,217 | 2,536,051 | 0.61% |
| Bristol-Myers Squibb Co | 1,500 | 72,765 | 2,165,485 | 0.52% |
| EMC | 2,403 | 63,295 | 1,883,659 | 0.45% |
| Barrick Gold Corp | 3,075 | 56,273 | 1,674,670 | 0.40% |
| | | **5,425,015** | **161,448,477** | **38.80%** |
| **Europe** | | | | |
| Fidelity European | 22,503 | 406,918 | 12,109,867 | 2.91% |
| Oyster European Opportunities | 763 | 408,271 | 12,150,158 | 2.92% |
| BL Equities Dividend | 2,157 | 416,773 | 12,403,164 | 2.98% |
| BL Equities Europe | 56 | 419,228 | 12,476,226 | 3.00% |
| Vanguard Investment European Stock Index | 18,480 | 406,925 | 12,110,077 | 2.91% |
| Franklin Templeton European | 13,470 | 426,671 | 12,697,736 | 3.05% |
| Banco Santander SA ADR | 9,020 | 93,988 | 2,797,095 | 0.67% |
| National Bank of Greece | 17,649 | 64,948 | 1,932,862 | 0.46% |
| Deutsche Bank | 1,835 | 82,462 | 2,454,067 | 0.59% |
| Siemens R* | 748 | 98,838 | 2,941,422 | 0.71% |
| EADS ADR | 1,650 | 110,484 | 3,288,004 | 0.79% |
| Fomento de Construcciones y Contratas | 3,000 | 70,898 | 2,109,910 | 0.51% |
| Volkswagen AG | 325 | 84,308 | 2,509,009 | 0.60% |
| Royal Bank of Scotland Group Plc ADS | 8,045 | 90,828 | 2,703,043 | 0.65% |
| RSA Insurance Group Plc | 9,900 | 80,379 | 2,392,076 | 0.57% |
| Rolls Royce Group | 4,550 | 83,174 | 2,475,245 | 0.59% |
| Marks & Spencer | 10,000 | 72,709 | 2,163,826 | 0.52% |
| Morrisson Supermarkets Plc | 22,000 | 68,995 | 2,053,294 | 0.49% |
| BHP Billiton Plc | 1,245 | 85,220 | 2,536,155 | 0.61% |
| Glencore International Plc | 16,864 | 93,880 | 2,793,877 | 0.67% |
| African Minerals Ltd | 30,000 | 35,654 | 1,061,048 | 0.25% |
| BP Plc ADR | 2,129 | 112,305 | 3,342,189 | 0.80% |
| | | **3,813,856** | **113,500,350** | **27.27%** |
| **Emerging Markets & Asia** | | | | |
| Aberdeen Global Asia Pacific | 6,076 | 457,267 | 13,608,266 | 3.27% |
| BI New markets Equities | 2,200 | 371,676 | 11,061,067 | 2.66% |
| JP Morgan Russia | 25,400 | 283,713 | 8,443,286 | 2.03% |
| BL Fund Selection Asia | 110 | 254,068 | 7,561,058 | 1.82% |
| East Capital (LUX) Eastern European | 2,741 | 240,157 | 7,147,060 | 1.72% |
| Franklin Templeton Investment India | 7,337 | 205,875 | 6,126,832 | 1.47% |
| Franklin Templeton Emerging Markets | 5,284 | 194,192 | 5,779,160 | 1.39% |
| Vale SA-SP ADR | 6,763 | 89,474 | 2,662,761 | 0.64% |
| | | **2,096,422** | **62,389,490** | **14.99%** |
| **Bonds** | | | | |
| Franklin Templeton Global Bond Fund | 21,450 | 523,171 | 15,569,564 | 3.74% |
| Julius Baer Multibond Local Emerging Bond | 990 | 313,574 | 9,331,975 | 2.24% |
| JP Morgan Investment Income Opportunity | 2,658 | 493,190 | 14,677,347 | 3.53% |
| AllianceBernstein Global High Yield Portfolio | 62,623 | 300,590 | 8,945,550 | **2.15%** |
| | | **1,630,525** | **48,524,436** | 11.66% |

| Equities | Holdings 2014 | Fair Value 2014 | | % of Fund 2014 |
|---|---|---|---|---|
| | | USD | Rs | |
| **Commodities and Precious Metals** | | | | |
| Parvest Agriculture | 1,114 | 130,068 | 3,870,815 | 0.93% |
| DWS Invest Commodity Plus | 799 | 90,408 | 2,690,541 | 0.65% |
| | | **202,633** | **6,561,356** | **1.58%** |
| **Property** | | | | |
| UBSWM Glob Pty US | **17,773** | **111,001** | **3,303,390** | **0.79%** |
| **Total International Investments** | | **13,297,295** | **395,727,499** | **95.09%** |

## 6. OTHER RECEIVABLES

| | 2014<br>Rs | 2013<br>Rs |
|---|---|---|
| Dividend receivable | - | 294 335 |

Other receivables represent dividend receivable which is accrued on the basis of the date of dividend declaration by the investee companies. There are no past due dividend receivable.

## 7. CASH AND CASH EQUIVALENTS

For the purposes of the cash flow statement, cash and cash equivalents comprise the following the balances:

| | 2014<br>Rs | 2013<br>Rs |
|---|---|---|
| Cash at bank | 20,429,549 | 138,388,246 |

Included in the cash and cash equivalents is amount of Rs 20,091,767, (2012: Rs 42,937,440) which are held by the custodian for investment purposes.

## 8. OTHER PAYABLES

| | 2014<br>Rs | 2013<br>Rs |
|---|---|---|
| Amount due to related parties (Note 15(i)) | 31,241,004 | 33,785,383 |
| Accruals | 69,000 | 207,250 |
| Rs | **31,310,004** | **33,992,633** |

The company has financial risk management policies in place to ensure that all payables are paid within the credit timeframe. Included in other payables is an amount of Rs 31,241,004 (2013 Rs 33,785,383) due to National Investment Trust Ltd, which is unsecured, repayable at call and bears an interest rate of 5 % per annum (2013: 5 % per annum)..

## 9. MANAGEMENT FEES

| | 2014<br>Rs | 2013<br>Rs |
|---|---|---|
| Fees payable to: | | |
| National Investment Trust Ltd | 3,696,308 | 3,520,888 |
| UBS | - | 688,247 |
| Rs | **3,696,308** | **4,209,135** |

Management fees payable to the Fund's Investment Manager, National Investment Trust Ltd are 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 the custodian, UBS, are based on 1.2% of Net Assets Value of the investments held with them. The fees are calculated on a daily basis and are payable quarterly in arrears.

## 10. TRUSTEE'S FEES

Trustee's fees payable to the State Bank of Mauritius Ltd are determined on the basis of a scale by the Trustee in consultation with the Manager. The trustee fees amounted to Rs 150,000 during the year (2013: Rs 150,000) and are payable half yearly in arrears.

## 11. FINANCE EXPENSES

| | | 2014 | 2013 |
|---|---|---|---|
| Finance charges | | Rs | Rs |
| Interest on amount due to related party (Note 15(vii)) | Rs | 1,594,830 | **1,510,310** |

## 12. TAXATION

### (i) Income tax

Net income of the Fund, as adjusted for tax purposes is subject to income tax at the rate of 15 % (2013: 15 %). At 30 June 2014, the Fund had tax losses of Rs 25,265,883 (2013: Rs 27,109,117), which can be carried forward for set off against taxable income derived in five succeeding years

| Accumulated tax losses | | 2014 | 2013 |
|---|---|---|---|
| | | Rs | Rs |
| 2014 | | - | **5,588,772** |
| 2015 | | 6,884,855 | **6,884,855** |
| 2016 | | 6,554,164 | **6,554,164** |
| 2017 | | 4,310,842 | **4,310,842** |
| 2018 | | 3,770,484 | **3,770,484** |
| 2019 | | 3,745,538 | **-** |
| | Rs | **25,265,883** | **27,109,117** |

### (b) Deferred tax

The Fund has deferred tax assets of Rs 3,789,882 (2013: Rs 4,066,367) arising from accumulated losses and equalisation and which have not been recognised in these financial statements due to uncertainty of their recoverability

## 13. UNITS

(a) Movements in units during the year

| | 2014 | | 2013 | |
|---|---|---|---|---|
| | **Units** | **Rs** | **Units** | **Rs** |
| Net assets attributable to unitholders at 1 July | 376,849,601 | 351,450,764 | 387,209,180 | 333,381,983 |
| Units created | 318,779 | 320,475 | 451,237 | 427,389 |
| Units liquidated | (5,227,834) | (5,155,318) | (10,810,816) | (9,883,092) |
| Total comprehensive income | - | 38,231,123 | - | 27,524,484 |
| Net assets attributable to unitholders at 30 June | **371,940,546** | **384,847,044** | **376,849,601** | **351,450,764** |

| | | 2014 | 2013 |
|---|---|---|---|
| (b) Net assets value per unit | | Rs | Rs |
| Ex-div | Rs | 1.03 | 0.93 |

(c) Prices per unit at valuation date

| | | 2014 Rs | 2013 Rs |
|---|---|---|---|
| Issue price | Rs | 1.03 | 0.93 |
| Repurchase price | Rs | 1.01 | 0.91 |

14. **ENTRY AND EXIT FEE**

Upon issue of units, no entry fees (2013: Nil) are paid by the unitholders to the Fund and, on the repurchase of units, an exit fee of 2% (2013: 2%) of the capital and income value of the units was paid by the unitholders 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:

| | | | 2014 Rs | 2013 Rs |
|---|---|---|---|---|
| | *Outstanding balances* | | | |
| (i) | *Payable to related parties* | | | |
| | National Investment Trust Ltd | Rs | 31,241,004 | 33,785,383 |
| | The above loan due to National Investment Trust Ltd is unsecured, repayable at call and bears an interest rate of 5 % p.a. (2013: 5 %p.a.). | | | |
| (ii) | *Bank balances and short term deposits with* | | | |
| | State Bank of Mauritius Ltd | Rs | 337,781 | 575,293 |
| | **Transactions** | | | |
| (iii) | Management fees to | | | |
| | National Investment Trust Ltd | Rs | 3,696,308 | 3,520,888 |
| (iv) | Trustee's fees to | | | |
| | State Bank of Mauritius Ltd | Rs | 150,000 | 150,000 |
| (v) | Interest income from | | | |
| | State Bank of Mauritius Ltd | Rs | 13,693 | 18,499 |
| (vi) | Bank charges payable to | | | |
| | State Bank of Mauritius Ltd | Rs | 12,464 | 7,449 |
| (vii) | Interest payable to | | | |
| | National Investment Trust Ltd | Rs | 1,594,830 | 1,510,310 |

(viii) **Compensation to key management personnel**

There was no compensation to key management personnel for the period ended 30 June 2014. (2013: Nil)

# 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 6 December 2014** 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 2014 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 15 Octobber 2014. | | | |
| 4. | To elect the existing Directors in accordance with the provisions of the Articles of Association and the Companies Act 2001. | | | |
| 5. | To reappoint Messrs Mazars Chartered Accountants as Auditors for the current year and to authorise 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 ____________________ 2014

Signature ____________________________

Notes:

1. A Shareholder of the Company entitled to attend and vote at this meeting may appoint a proxy (whether a member or not) to attend and vote on his behalf. A proxy need not be a member of the Company.
2. The instrument appointing a proxy or any general power of attorney shall be deposited at the Registered Office of the Company, Level 8, Newton Tower, Sir William Newton Street, Port Louis not less than twenty-four (24) hours before the meeting and in default, the instrument of proxy shall not be treated as valid.
3. A proxy form is included in this Annual Report and is also available at the registered office of the Company.
4. For the purpose of this Annual Meeting, the Directors have resolved, in compliance with Section 120(3) of the Companies Act 2001, that the shareholders who are entitled to receive notice of the meeting and attend such meeting shall be those shareholders whose names are registered in the share register of the Company as at 14 November 2014.

NIT

National Investment Trust

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Tel.: (230) 211 54 84 - E-Mail: info@nit.mu - Website: www.nit.mu