



Annual report & Accounts
for the year ended June 2009

TRUST CONSTITUTION

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The NMF GENERAL FUND is constituted under the NMF UNIT TRUST which is authorized under the Unit Trust Act 1989 and established by a Trust Deed dated 30th May 1990 between the National Mutual Fund Ltd ("The Manager") and the State Bank of Mauritius Ltd ("The Trustee").

TRUST OBJECTIVE

The investment objective of the NMF GENERAL FUND is to produce both income and capital growth from a diversified portfolio of assets. Investments are predominantly made in equities and fixed income securities in the domestic Stock Exchange and in major international stock markets.

MANAGER'S REPORT

for the year ended 30 June 2009

We are pleased to present a report of the NMF GENERAL FUND for the year ended 30 June 2009.

PERFORMANCE REVIEW

(Asset Allocation as at 30.06.09)

	%
Local Quoted	80
Overseas Investments	17
T-Bills	-
Cash	3
Total	100

Capital

For the financial year under review, the Fund's Capital Value per unit decreased by about 20.1% as it fell from Rs 52.52 on 1 July 2008 to reach Rs 41.97 on 30 June 2009. Such a performance is mainly attributable to the fact that although the markets where the Fund was invested were on recovery mode at balance sheet date, the levels attained were still well short of those reached at the beginning of the financial year. An overview of the performance of the different asset classes making up the portfolio is set out below:

On the domestic scene, with the Semdex down 18.6% for the year under review, the Fund's local portfolio of quoted shares decreased by Rs 118.3m thereby representing a depreciation of about 24.4% based on the portfolio valuation of 1 July 2008. Such a negative performance can be explained by the fact that our portfolio is clearly over-weighted in most of the 'blue chips' thereby increasing our exposure to such specific sectors during the downturn.

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

As far as our overseas portfolio is concerned, a negative result of Rs 8.1m has been registered which, based on the portfolio valuation of 1 July 2008, represents a depreciation of about 6.3%. Finally, it is worth noting that during the period under review, the USD has appreciated by 19.2%, 12.5% and 21.1% against the MUR, the Euro and the GBP respectively.

	Capital Gains/(Losses)	Revaluation Surplus/(Deficit)	Total
	Rs (000)	Rs (000)	Rs (000)
Local Portfolio	3,578	(121,895)	(118,317)
Overseas Portfolio	(953)	(7,171)	(8,124)
Total	2,625	(129,066)	126,441

Income

For the period under review, the Fund has paid a dividend of 76 cents per unit (2008: 65 cents per unit). Such a relatively better payout can be mainly attributable to the lower management fees paid to the Investment Manager following the drastic decline in the value of the fund post global financial crisis.

Net Asset Value

With a dividend of 76 cents per unit together with a registered capital depreciation of Rs 10.55, the Fund's Net Asset Value per unit has decreased by about 22.9% as it fell from Rs 52.52 on 1 July 2008 to reach Rs 42.73 on 30 June 2009.

Prospects

The performance of our portfolio is closely linked to the evolution of the local stock market. On the local front, since balance sheet date, the market continued to move north with the Semdex gaining 18.6%. Such a performance results from the ability of the local economy to ride the wave during such uncertain times. In fact, the resilience shown by the major local players both in terms of debt and profitability levels has boosted up the confidence of both local and international investors to re-enter the market.

Furthermore, based on existing fundamentals with a market P.E of 10.1X and dividend yield of 3.3%, the local stocks does offer good potential especially when taking into account the fact that the bank rate currently stands at 5.75%. Having said that, the lack of depth of the domestic stock market, continues to be a cause of concern in such volatile times.

Turning to the international scene, since balance sheet date, markets continued to rally under the influence of improving global economic releases, a supportive financial background and, a good earnings season. As a result, predictions of economic growth have been picking up fast with the IMF forecasting world growth to reach 3.1% in 2010, 1.2 percentage points more than its April forecast.

Such expectations that the global economy is on the mend together with, low interest rates as additional stimulus measures, like subsidies and quantitative easing, remain in place; have

caused investors to flock back into higher-yielding products thereby leading to a surge in asset prices from equities to corporate and agency bonds. In fact, equity market indexes around the world showed double-digit growth in both the second and third quarters while, spreads on investment-grade corporate bonds over Treasuries have fallen dramatically, and high-yield bonds have been among the best performers in fixed income this year.

Turning to currency markets, with fundamentals in Japan and the euro-zone stronger than in the UK and the US, the yen and euro have strengthened, while sterling remained notably weak and the US dollar continued to fall sharply. In fact, based on current economic fundamentals, a weaker dollar is what should be expected, given the relative cyclical weakness of America's economy. Thanks to the hangover from its financial crisis, America's recovery will be slower than that of other economies, especially emerging ones. That suggests America's monetary policy will stay looser for longer, pushing the dollar down. Another factor that contributed to the U.S. dollar's recent fall is the reverse of the previous flight to safe haven on the back of returning appetites for risky investments. Such a slide has unnerved policymakers in economies whose currencies are rising, notably Brazil, where a 2% tax on foreign capital inflows has been imposed.

On the commodities front, gold prices have surged, moving beyond US\$1,000 in early October on the back of not only fears about the value of the U.S. currency, but also concerns about inflation. Although inflation expectations have risen only modestly so far, they could prove tricky going forward for central banks to manage as the economic recovery kicks in. In fact, the pending avalanche of government debt about to be unloaded on world financial markets and the need to finance it during the coming years, could lead to political pressure on central banks to print money to buy much of the newly issued debt.

Against such a background, our current stance remains one of caution. In fact, although the immediate outlook for share prices is not certain, we believe that global equity markets continue to represent potentially good value over a longer-term time horizon. Having said that, we also believe that the current environment favours a dynamic approach to portfolio management.

THE NATIONAL MUTUAL FUND LTD

INDEPENDENT AUDITOR'S REPORT TO THE UNITHOLDERS OF NMF GENERAL FUND CONSTITUTED UNDER THE NMF UNIT TRUST

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

Report on the Financial Statements

We have audited the financial statements of The NMF General Fund on pages 2 to 20 which comprise the statement of assets and liabilities as at 30 June 2009 and the statement of movements in net assets, income and distribution statement and cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory notes.

Responsibilities of manager and trustee

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

Auditor's responsibility

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

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

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

Opinion

In our opinion, the financial statements on pages 2 to 20 give a true and fair view of the financial position of the Fund as at 30 June 2009, and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards.

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Mauritius*

NMF GENERAL FUND
STATEMENT OF ASSETS AND LIABILITIES AT 30 JUNE 2009

		2009		2008	
	<i>Notes</i>	Rs	% of Fund	Rs	% of Fund
ASSETS					
Non-Current Assets					
Portfolio of Mauritian Securities	5	361,368,605	80.21	485,295,525	78.38
Portfolio of International Securities	6	77,722,369	17.25	128,457,151	20.75
		439,090,974	97.46	613,752,676	99.13
Current Assets					
Debtors and accrued income	7	426,976	0.09	798,324	0.13
Bank balances and short term deposits		14,460,250	3.21	9,766,669	1.58
		14,887,226	3.30	10,564,993	1.71
TOTAL ASSETS		453,978,200	100.76	624,317,669	100.84
Current Liabilities					
Creditors and accruals	8	1,860,473	0.41	3,013,320	0.49
Distribution to unitholders	11	1,542,642	0.34	1,850,378	0.30
Taxation payable	12	69,416	0.01	318,818	0.05
TOTAL LIABILITIES		3,472,531	0.76	5,182,516	0.84
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS		Rs 450,505,669	100.00	619,135,153	100.00

Approved by the Manager of the NMF General Fund and authorised for issue on 26 August 2009

(The National Mutual Fund Ltd)

NMF GENERAL FUND
STATEMENT OF MOVEMENTS IN NET ASSETS
FOR THE YEAR ENDED 30 JUNE 2009

	INVESTMENTS	OTHER NET	TOTAL
	Rs	ASSETS Rs	Rs
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS AT 1 July 2007	566,342,675	(5,989,271)	560,353,404
Cash received for units created	-	39,953,488	39,953,488
Cash paid for units liquidated	-	(44,080,913)	(44,080,913)
NET CASH MOVEMENT FROM UNITS	-	(4,127,425)	(4,127,425)
Net cost of investments purchased	24,840,228	(24,840,228)	-
Proceeds from sale of investments	(31,056,233)	31,056,233	-
NET CASH MOVEMENT FROM INVESTMENTS	(6,216,005)	6,216,005	-
Interest on treasury bills receivable for the year	(1,095,790)	1,095,790	-
NET GAINS ON INVESTMENTS AND BANK ACCOUNTS			
Net income after net gains on HFT investments and bank accounts for the year	-	62,909,174	62,909,174
Transfer of net gains on HFT investments and bank accounts	64,488,465	(64,488,465)	-
	64,488,465	(1,579,291)	62,909,174
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS AT 30 JUNE 2008	Rs 623,519,345	(4,384,192)	619,135,153
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS AT 1 July 2008	623,519,345	(4,384,192)	619,135,153
Cash received for units created	-	9,927,742	9,927,742
Cash paid for units liquidated	-	(57,377,040)	(57,377,040)
NET CASH MOVEMENT FROM UNITS	-	(47,449,298)	(47,449,298)
Net cost of investments purchased	5,125,266	(5,125,266)	-
Proceeds from sale of investments	(51,081,659)	51,081,659	-
Adjustment	(244)	244	-
NET CASH MOVEMENT FROM INVESTMENTS	(45,956,637)	45,956,637	-
NET GAINS ON INVESTMENTS AND BANK ACCOUNTS			
Net decrease after net losses on HFT investments and bank accounts for the year	-	(121,180,186)	(121,180,186)
Transfer of net losses on HFT investments and bank accounts	(124,011,484)	124,011,484	-
	(124,011,484)	2,831,298	(121,180,186)
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS AT 30 JUNE 2009	Rs 453,551,224	(3,045,555)	450,505,669

**NMF GENERAL FUND
INCOME AND DISTRIBUTION STATEMENT
FOR THE YEAR ENDED 30 JUNE 2009**

	<i>Notes</i>	2009 Rs	2008 Rs
GROSS INVESTMENT INCOME	9	14,569,897	16,477,587
FUND EXPENSES			
Manager's fees	13	5,614,229	8,072,824
Trustee's fees	14	150,000	150,000
Auditors' remuneration		80,500	82,800
Other expenses	10	74,995	93,247
		5,919,724	8,398,871
NET INCOME FROM OPERATING ACTIVITIES		8,650,173	8,078,716
EQUALISATION			
<u>Add:</u> Income received on units created		32,302	99,805
<u>Less:</u> Income paid on units liquidated		(353,936)	(81,291)
		(321,634)	18,514
NET INCOME BEFORE TAXATION		8,328,539	8,097,230
Taxation charge	12	23,147	296,061
NET INCOME AFTER TAXATION		8,305,392	7,801,169
FINANCE COSTS	11	(8,305,392)	(7,801,169)
NET INCOME BEFORE NET GAINS ON INVESTMENTS		-	-
NET GAINS ON INVESTMENTS			
Net (decrease)/increase in fair value of HFT investments		(125,758,623)	64,502,499
Gains/(loss) realised on disposals of HFT investments		1,747,139	(14,034)
		(124,011,484)	64,488,465
CURRENCY DEPRECIATION ON FOREIGN BANK ACCOUNTS			
Net unrealised exchange gain/(loss)		2,206,609	(1,579,291)
Net realised gain		624,689	-
		2,831,298	(1,579,291)
NET (LOSS)/INCOME AFTER NET GAINS ON INVESTMENTS	Rs	(121,180,186)	62,909,174

**NMF GENERAL FUND
CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE 2009**

	2009 Rs	2008 Rs
CASH FLOWS FROM OPERATING ACTIVITIES		
Net (loss)/income before taxation (after finance costs and net gain on investments)	(121,157,039)	63,205,235
Adjustments for:		
Interest on Treasury Bills	-	(2,664,597)
Finance costs	8,305,392	7,801,169
Adjustment	244	-
Net decrease/(increase) in fair value of HFT investments	125,758,623	(64,502,499)
(Gain)/loss on disposal of HFT investments	(1,747,139)	14,034
Operating profit before working capital changes	11,160,081	3,853,342
Decrease/(increase) in debtors and accrued income	371,348	(757,789)
(Decrease)/increase in creditors and accruals	(1,152,847)	590,185
Cash generated from operating activities	10,378,582	3,685,738
Dividend paid	(8,584,196)	(9,133,751)
Tax paid	(272,549)	(400,954)
Interest expense	(28,932)	-
Net cash generated from/(used in) operating activities	1,492,905	(5,848,967)
CASH FLOWS FROM INVESTING ACTIVITIES		
Net cost of investments purchased, excluding movements in bank balances	(431,685)	(34,372,557)
Proceeds on sale of investments	51,081,659	31,056,233
Interest received on maturity of treasury bills	-	3,760,387
Net cash generated from/(used in) investing activities	52,142,879	(5,404,904)
CASH FLOWS FROM FINANCING ACTIVITIES		
Loan received	10,000,000	-
Repayment of loan	(10,000,000)	-
Net cash movement from units	(47,449,298)	(4,127,425)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	4,693,581	(9,532,329)
CASH AND CASH EQUIVALENTS AT 1 JULY	9,766,669	19,298,998
CASH AND CASH EQUIVALENTS AT 30 JUNE	14,460,250	9,766,669
CASH AND CASH EQUIVALENTS		
Represented by:		
Bank balances and short term deposits	14,460,250	9,766,669

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2009

1. GENERAL INFORMATION

The NMF General Fund is an open-ended collective Investment Scheme which is constituted under the NMF Unit Trust. It was authorised under the Unit Trust Act 1989 and established by a Trust Deed dated 30 May 1990 made between The National Mutual Fund Ltd ("The Manager") and The State Commercial Bank Ltd ("The Trustee").

The investment objective of the NMF General Fund is to produce both income and capital growth from a diversified portfolio of assets. Investments are mostly in equities and fixed interest securities in the domestic and in the major international stock markets.

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

In the current year, the Fund has adopted all of the new and revised standard and interpretations issued by the International Accounting Standards Board (the "IASB") and the International Financial Reporting Interpretations Committee ("IFRIC") of the IASB that are relevant to its operations and effective for accounting periods beginning on 1 July 2008. The adoption of these new and revised standards and interpretations has not resulted in any changes to the Fund's accounting policies that would affect the amounts reported for the current or prior years.

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

IAS 1	Presentation of Financial Statements - Comprehensive revision including requiring a statement of comprehensive income (effective 1 January 2009)
IAS 1	Presentation of Financial Statements - Amendments relating to disclosure of puttable instruments and obligations arising on liquidation (effective 1 January 2009)
IAS 1	Presentation of Financial Statements - Amendments resulting from May 2008 Annual Improvements to IFRSs (effective 1 January 2009)
IAS 1	Presentation of Financial Statements – Amendments resulting from April 2009 Annual Improvements to IFRSs (effective 1 January 2010)
IAS 7	Statement of Cash Flows – Amendments resulting from April 2009 Annual Improvements to IFRSs (effective 1 January 2010)
IAS 16	Property, Plant and Equipment - Amendments resulting from May 2008 Annual Improvements to IFRSs (effective 1 January 2009)
IAS 17	Leases - Amendments resulting from April 2009 Annual Improvements to IFRSs (effective 1 January 2010)
IAS 19	Employee Benefits - Amendments resulting from May 2008 Annual improvement to IFRSs (effective 1 January 2009)
IAS 20	Government Grants and Disclosure of Government Assistance - Amendments resulting from May 2008 Annual Improvements to IFRSs (effective 1 Jan. 2009)
IAS 23	Borrowing Costs - Comprehensive revision to prohibit immediate expensing (effective 1 January 2009)
IAS 23	Borrowings Costs - Amendments resulting from May 2008 Annual Improvements to IFRSs (effective 1 January 2009)
IAS 27	Consolidated and Separate Financial Statements - Consequential amendments arising from amendments to IFRS 3 (effective 1 July 2009)
IAS 27	Consolidated and Separate Financial Statements - Amendment relating to cost of an investment on first time adoption (effective 1 January 2009)
IAS 27	Consolidated and Separate Financial Statements - Amendments resulting from May 2008 Annual Improvements to IFRSs (effective 1 January 2009)
IAS 28	Investments in Associates - Consequential amendments arising from amendments to IFRS 3 (effective 1 July 2009)

IAS 28	Investments in Associates - Amendments resulting from May 2008 Annual improvements to IFRSs (effective 1 January 2009)
IAS 29	Financial Reporting in Hyperinflationary Economies - Amendments resulting from May 2008 Annual Improvements to IFRSs (effective 1 January 2009)
IAS 31	Interests in Joint Ventures - Consequential amendments arising from amendments to IFRS 3 (effective 1 July 2009)
IAS 31	Interests in Joint Ventures - Amendments resulting from May 2008 Annual Improvements to IFRSs (effective 1 January 2009)
IAS 32	Financial Instruments: Presentation - Amendments relating to puttable instruments and obligations arising on liquidation (effective 1 January 2009)
IAS 36	Impairment of Assets - Amendments resulting from May 2008 Annual Improvements to IFRSs (effective 1 January 2009)
IAS 36	Impairment of Assets - Amendments resulting from April 2009 Annual Improvements to IFRSs (effective 1 January 2010)
IAS 38	Intangible Assets - Amendments resulting from May 2008 Annual Improvements to IFRSs (effective 1 January 2009)
IAS 38	Intangible Assets - Amendments resulting from April 2009 Annual Improvements to IFRSs (effective 1 January 2010)
IAS 39	Financial Instruments: Recognition and Measurement - Amendments resulting from May 2008 Annual Improvements to IFRSs (effective 1 January 2009)
IAS 39	Financial Instruments: Recognition and Measurement - Amendments for eligible hedged items (effective 1 July 2009)
IAS 39	Financial Instruments: Recognition and Measurement - Amendments for embedded derivatives when reclassifying financial instruments (effective 1 July 2009)
IAS 39	Financial Instruments: Recognition and Measurement - amendments resulting from April 2009 Annual Improvements to IFRSs (effective 1 January 2010)
IAS 40	Investment Property - Amendments resulting from May 2008 Annual Improvements to IFRSs (effective 1 January 2009)
IAS 41	Agriculture - Amendments resulting from May 2008 Annual Improvements to IFRSs (effective 1 January 2009)
IFRS 1	First-time Adoption of International Financial Reporting Standards - Amendment relating to cost of an investment on first-time adoption (effective 1 January 2009)
IFRS 2	Share-based Payment - Amendment relating to vesting conditions and cancellations (effective 1 January 2009)
IFRS 2	Share-based Payment - Amendments resulting from April 2009 Annual Improvements to IFRSs (effective 1 July 2009)
IFRS 2	Share-based Payment - Amendments relating to group settled share-based payment transactions (effective 1 January 2010)
IFRS 3	Business Combinations - Comprehensive revision on applying the acquisition method (effective 1 July 2009)
IFRS 5	Non-current Assets Held for Sale and Discontinued Operations - Amendments resulting from May 2008 Annual Improvements to IFRSs (effective 1 July 2009)
IFRS 5	Non-current Assets Held for Sale and Discontinued Operations - Amendments resulting from April 2009 Annual Improvements to IFRSs (effective 1 Jan. 2010)
IFRS 7	Financial Instruments - Disclosures - Amendments enhancing disclosures about fair value and liquidity risk (effective 1 January 2009)
IFRS 8	Operating segments (effective 1 January 2009)
IFRS 8	Operating Segments - Amendments resulting from April 2009 Annual Improvements to IFRSs (effective 1 January 2010)
IFRIC 15	Agreements for the Construction of Real Estate (effective 1 January 2009)
IFRIC 16	Hedges of a Net Investment in a Foreign Operation (effective 1 October 2008)
IFRIC 17	Distributions of Non-Cash Assets to Owners (effective 1 July 2009)
IFRIC 18	Transfers of Assets from Customers (effective 1 July 2009)

The manager and the trustee anticipate that the adoption of these Standards and Interpretations in future periods will have no material impact on the financial statements of the Fund except for IAS 32 Financial instruments presentation.

The adoption of the revised IAS 32 will impact on the presentation on the face of the statement of assets and liabilities which requires that instruments that meet the definition of a financial liability should be classified as equity instruments if they have all the features and meet the conditions in paragraphs 16A and 16B or paragraphs 16C and 16D of IAS 32. The proposed effective date that the amendments should be applied for is for annual periods beginning on or after 1 January 2009, with earlier application permits.

3. ACCOUNTING POLICIES

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

(a) Basis of preparation

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

(b) Dividend and interest income

Dividends receivable from listed investments are credited to the Income and Distribution Statement when they are first quoted ex-dividend.

Dividends from unquoted investments and international equities are accounted for in the Income and Distribution Statement on a receipt basis.

Interest receivable from bank, short term deposits and fixed interest stocks is credited to the Income and Distribution Statement on a daily basis.

(c) Deferred taxation

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

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

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

(d) Foreign currency transactions

Monetary assets and liabilities in foreign currencies are translated into rupees at rates of exchange ruling at the year end. Any exchange gains or losses arising are recognised in the Income and Distribution Statement. Revenue items denominated in foreign currencies are converted into rupees at the exchange rates ruling at the dates of their transactions.

The Fund does not isolate that portion of the results of operations resulting from changes in foreign exchange rates on investments from the fluctuations arising from changes in market prices of securities held. Such fluctuations are included with the net realised and unrealised gains or losses from investments.

(e) Capital gains

Not more than 30% of the gains derived on realisation of any investments is statutorily allowed to be considered as distributable income.

(f) Cash and cash equivalents

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

(g) Financial instruments

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

Measurement

Financial instruments are initially measured at cost, which includes transaction costs. Subsequent to initial recognition these instruments are measured as set out below:-

(i) Investments

Investments are recognised on a trade-date basis and are initially measured at cost. At subsequent reporting dates, investments classified as loans-and-receivables ("L&R") or as held-to-maturity ("HTM") are measured at amortised cost, less any impairment loss. Investments other than L&R and HTM investments are classified as either held-for-trading ("HFT"), which is a subset of the fair-value-through-profit-or-loss ("FVTPL") category, or available-for-sale ("AFS") and are normally measured at subsequent reporting dates at fair value. However, AFS investments which do not have a quoted market price and whose fair value cannot be reliably measured are subsequently measured at amortised cost or cost, depending on whether they have a fixed maturity or not, less any impairment loss.

For FVTPL (including HFT) assets and liabilities, unrealised gains and losses are included in the Income and Distribution Statement. For AFS investments, unrealised gains and losses are recognised directly in equity until the investment is disposed of or is determined to be impaired, at which time the cumulative gain or loss previously recognised in equity in respect of that investment is included in the Income and Distribution Statement.

The Fund has the possibility to designate any financial asset or financial liability as at FVTPL i.e. at fair value with changes in fair value recognised through profit or loss provided that the financial asset or financial liability satisfies certain conditions.

The gains and losses on disposal of HFT and AFS investments are recognised in the Income and Distribution Statement.

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

- Investments quoted on the local market are valued on the basis of the market prices prevailing at year end or at the trading sessions immediately preceding the year end.
- International securities are valued on the basis of the latest valuation report submitted by fund managers immediately preceding the year end.
- Unquoted investments are valued by the manager at cost. Unquoted investments which are traded are valued on the basis of the market prices published by the newspapers at year end.

Dividends received in specie are debited and special non-recurrent dividend received in cash credited to investment account and due adjustments made to capital account on revaluation of investments.

(ii) Accounts receivable

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

(iii) **Cash and cash equivalents**

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

(vi) **Accounts payable**

Accounts payable are stated at amortised cost.

(v) **Units**

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

(h) **Impairment**

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

(l) **Provisions**

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

(j) **Equalisation**

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

(k) **Comparative figures**

Comparative figures have been restated or regrouped where necessary to conform to the current year's presentation.

4. **ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY**

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

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

Fair value of unquoted investments

The Fund may, from time to time, hold financial instruments that are not quoted on active markets. Fair values of such instruments are determined by using valuation techniques including third party transaction values, earnings, net asset value, or discounted cash flows, whichever is considered to be appropriate. Changes in assumptions about these factors could affect the reported fair value of the financial instruments.

5. PORTFOLIO OF MAURITIAN SECURITIES

(i) Held-For-Trading:			
	Official list Rs	Development & Enterprises Market Rs	Total Rs
At 1 July 2008	440,491,198	44,804,327	485,295,525
Adjustment	(244)	-	(244)
Disposals	(2,030,812)	-	(2,030,812)
Decrease in fair value of investments	(113,410,718)	(8,485,146)	(121,895,864)
At 30 June 2009	325,049,424	36,319,181	361,368,605
Proceeds on sale of investments	5,608,818	-	5,608,818
(ii) Details of securities:			
	2009 Rs	2008 Rs	
SUGAR INDUSTRY	41,185,328	47,686,561	
Official List			Development & Enterprises Market
Harel Frères Limited (Ord)			Alma Investment Co Ltd (Ord)
Mount Sugar Estates Co Ltd (Ord)			Beau Champ Holdings Ltd (Ord)
Mon Trésor Mon Désert Ltd (Ord)			Deep River Beau Champ Ltd (Ord)
Mon Désert Alma Ltd (Ord)			Deep River Beau Champ Ltd (Pref)
Savannah Sugar Estates Co Ltd (Ord)			Flacq United Estates Ltd (Ord)
			Médine Share Holdings Ltd (Ord)
			Médine Sugar Estates Co Ltd (Pref)
			The Union Sugar Estate Ltd (Ord)
			Union Flacq Sugar Estates
FINANCE & INVESTMENT COMPANIES	179,061,273	239,622,252	
Official List			Development & Enterprises Market
British American Insurance Co (Mtius) Ltd (Ord)			Forward Investment and Dev. Enterprises Ltd (Ord)
Mauritian Eagle Insurance Co Ltd (Ord)			Espitalier Noel Investment Trust (Units)
Mauritius Commercial Bank Ltd (Ord)			
Mauritius Development Investment Trust Ltd (Ord)			Unquoted traded
National Investment Trust Co Ltd (Ord)			Policy Growth Fund (units)
P.O.L.I.C.Y Ltd (Ord)			TMFLF Unit Trust
Swan Insurance Co Ltd (Ord)			NIT Local Equity Fund
State Bank of Mauritius Ltd (Ord)			NIT Global opportunities fund
Fincorp (Ord)			
United Docks (Ord)			
Balance carried forward	220,246,601	287,308,813	

(ii) **Details of securities:**

Balance brought forward	220,246,601	287,308,813
	Development & Enterprises Market Forward Investment and Dev. Enterprises Ltd (Ord) Espitalier Noel Investment Trust (Units)	
	Unquoted traded Policy Growth Fund (units) TMFLF Unit Trust NIT Local Equity Fund NIT Global opportunities fund	
MANUFACTURING AND INDUSTRIAL	15,925,860	13,332,885
Official List Mauritius Oil Refineries Ltd (Ord) Plastic Industry Ltd (Ord) United Basalt Products Ltd (Ord)	Development & Enterprises Market Bychemex Ltd (Ord) Chemco Ltd (Ord) Consolidated Investments and Enterprises Ltd (Ord) CIEL Textile Ltd (Ord) Gaz Industriels Ltd (Ord) Livestock Feed Ltd (Ord) Livestock Feed Ltd (Pref)	
CONGLOMERATE	22,916,380	31,450,756
Official List Rogers & Co Ltd (Ord)		
LEISURE & TOURISM	74,064,278	119,768,686
Official List New Mauritius Hotels Ltd (Ord) Automated Systems Ltd (Ord) Sun Resorts Ltd (Ord)	Development & Enterprises Market Casino Ltd (Ord) Naiade Resorts Ltd (Ord)	
AIR TRANSPORT	1,049,184	1,748,640
Official List Air Mauritius Ltd (Ord)	Development & Enterprises Market Casino Ltd (Ord) Naiade Resorts Ltd (Ord)	
Balance carried forward	334,202,303	453,609,780

Balance brought forward	334,202,303	453,609,780
FOOD & BEVERAGES	3,280,308	3,296,753
Official List Happy World Foods Ltd (Ord) Innodis Ltd (Ord)		Development & Enterprises Market Moulins de la Concorde Ltd (Ord) Moulins de la Concorde Ltd (Pref)
COMMERCE	23,219,464	27,643,667
Official List Compagnie des Magasins Populaires Ltée (Ord) Shell (Mauritius) Ltd (Ord) Ireland Blyth Limited (Ord)		
PROPERTY	666,530	745,325
Official List Promotion and Development Co Ltd (Ord) Caudan Development & Co Ltd (Ord)		
TOTAL VALUE OF MAURITIAN SECURITIES	361,368,605	485,295,525

PORTFOLIO CHANGES

Holdings Sold

State Bank Ltd (Ord)
Innodis Ltd (Ord)
New Mauritius Hotels Ltd (Ord)

6. PORTFOLIO OF INTERNATIONAL SECURITIES

(i) Held-For-Trading		2009 Rs	2008 Rs
At 1 July		128,457,151	148,090,212
Additions		431,685	161,861
Disposals		(47,303,708)	-
Decrease in fair value		(3,862,759)	(19,794,922)
At 30 June	Rs	77,722,369	128,457,151
Proceeds on sale of investments	Rs	45,472,841	-

	2009 Rs	2008 Rs
Prudential World Value Fund (units)	15,931,557	20,742,479
Long Investment Management Limited		
- Global Funds:		
Lim Asia Arbitrage Fund (shares)	26,744,729	23,024,448
Man - IP 220 Plus Limited (bonds)	2,561,512	2,830,609
HSBC Funds Nominee (Jersey) Limited:		
HSBC Global Investment Funds Sicav		
- Brazil Equity (shares)	2,526,446	3,996,122
JF Funds Limited Equity Funds:-		
- Global Equity (Units)	8,622,667	10,218,917
- Germany Global (units)	2,271,937	3,064,063
- Japan Equity Fund (units)	3,638,311	4,470,641
- Asia Pacific Single Country - India (units)	7,422,067	6,510,217
- Eastern Europe Global (units)	4,730,372	9,509,208
- Asia Pacific Single Country - China (units)	3,272,771	2,960,857
- JPM USD	-	27,232,893
- JPM Euro	-	11,473,538
- HSBC USD Reserve	-	2,423,159
TOTAL VALUE OF INTERNATIONAL SECURITIES	77,722,369	128,457,151

7. DEBTORS AND ACCRUED INCOME

	2009 Rs	2008 Rs
Dividend receivable	424,956	782,103
Interest receivable on term deposit	2,020	16,221
	Rs 426,976	798,324

8. CREDITORS AND ACCRUALS

	2009 Rs	2008 Rs
Uncleared distribution	689,355	646,056
Other creditors and accruals	1,171,118	2,367,264
	Rs 1,860,473	3,013,320

9. GROSS INVESTMENT INCOME

	2009 Rs	2008 Rs
Dividends on HFT Investments	14,219,484	12,613,749
Interest on:		
Bank and short term deposits	326,485	807,954
Overseas deposit	23,928	391,287
Treasury bills	-	2,664,597
	Rs 14,569,897	16,477,587

10. OTHER EXPENSES

	2009 Rs	2008 Rs
Bank charges	13,495	31,747
Printing	61,500	61,500
	Rs 74,995	93,247

11. FINANCE COSTS

	2009 Rs	2008 Rs
Interest payable on loan	28,932	-
Interim distribution of Re 0.62 (2008: Re 0.49) per unit	6,733,818	5,950,791
Final distribution of Re 0.14 (2008: Re 0.16) per unit	1,542,642	1,850,378
	Rs 8,305,392	7,801,169

The final distribution is recognised as a liability and as an expense in the year to which it relates because in terms of the Trust Deed, the Fund has to distribute all its net income for the year (excluding capital gains both realised and unrealised).

12. TAXATION

(i) Income tax

Income tax has been charged on the net income of the Fund, as adjusted for tax purposes, at the rate of 15% as follows (2008: 15%):

	2009 (Rs)	2008 (Rs)
Provision for current year	69,416	318,818
Overprovision in previous year	(46,269)	(22,757)
Taxation charge	Rs 23,147	296,061

(ii) Tax reconciliation			
		2009 Rs	2008 Rs
Net income before taxation	Rs	8,299,607	8,097,230
Tax at 15%		1,244,941	1,214,585
Tax effects of:			
- Exempt income		(2,068,171)	(1,870,563)
- Expenses attributable to exempt income		844,401	974,796
- Expenses not deductible for tax purposes		48,245	-
Overprovision last year		(46,269)	(22,757)
Taxation expense	Rs	23,147	296,061

(iii) Deferred tax

The Fund had no deferred tax asset/liability at 30 June 2009 and at 30 June 2008.

13. MANAGER'S FEES

	2009 Rs	2008 Rs
These comprise fees payable to:		
- National Mutual Fund Ltd	5,454,913	7,865,399
- Prudential World Value Fund's Investment Manager	159,316	207,425
	Rs 5,614,229	8,072,824

Manager's fees payable to the Fund's Investment Manager, National Mutual Fund Ltd is based on 1.25% of the Net Asset Value of the Fund. The fees which are calculated on a weekly basis are payable monthly in arrears.

14. TRUSTEE'S FEES

Trustee's fees payable to State Bank of Mauritius Ltd are at a flat rate of Rs150,000 annually. The fees are payable half yearly in arrears.

15. UNITS

(a) Movements in units during the year:-

	2009		2008	
	Units	Rs	Units	Rs
Net assets attributable to unitholders at 1 July	11,787,635.37	619,135,153	11,867,967.17	560,353,404
Units created	263,410.35	9,927,742	768,299.52	39,953,488
Units liquidated	(1,440,293.43)	(57,377,040)	(848,631.32)	(44,080,913)
Income not distributed for the year	-	(124,011,484)	-	64,488,465
Currency depreciation	-	2,831,298	-	(1,579,291)
Net assets attributable to unitholders at 30 June	10,610,752.29	450,505,669	11,787,635.37	619,135,153

		2009	2008
		Rs	Rs
(b) Net asset value per unit:			
	Ex-div	Rs 42.46	52.52
(c) Prices per unit at 30 June (valuation date)			
	Issue price	Rs 42.89	53.04
	Repurchase price	Rs 42.04	51.99

16. ENTRY FEE AND EXIT FEE

On the issue of units, an entry fee of 1% (2008: 1%) of the capital and income values of the units is paid by the unitholder to the Fund and, on the repurchase of units, an exit fee of 1% (2008: 1%) of the capital and income values of the units is paid by the unitholder to the Fund. The sums collected are then remitted to the Manager.

17. RELATED PARTY TRANSACTIONS

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

	2009 (Rs)	2008 (Rs)
(i) Outstanding balances		
<i>Payable to related parties</i>		
NMF Property Trust	19,600	8,080
National Mutual Fund Ltd	531,108	714,612
State Bank of Mauritius Ltd	75,000	75,000
Rs	625,708	797,692
<i>Bank balances and short term deposits with</i>		
State Bank of Mauritius Ltd	Rs 14,460,250	9,766,669
<i>Investments in</i>		
National Investment Trust	8,560,001	10,856,586
NIT Local Equity Fund	23,039,855	30,273,194
NIT Global Opportunities Fund	13,279,326	14,531,133
Rs	44,879,182	55,660,913
(ii) Manager's fees to		
National Mutual Fund Ltd	Rs 5,454,913	7,865,399
(iii) Trustee's fees to		
State Bank of Mauritius Ltd	Rs 150,000	150,000
(iv) Interest income from		
State Bank of Mauritius Ltd	Rs 350,413	1,199,241
(v) Bank charges payable to		
State of Mauritius Ltd	Rs 13,495	31,747
(vi) Interest paid to		
NMF Property Trust	6,781	-
National Mutual Fund Ltd	22,151	-
Rs	28,932	-
(vii) Loan payable to		
NMF Property Trust	3,000,000	-
National Mutual Fund	7,000,000	-
Rs	10,000,000	-
Repayments of loan during the year	(10,000,000)	-
Rs	-	-

18. FINANCIAL INSTRUMENTS

Fair values

Except where stated elsewhere, the carrying amounts of the Fund's financial instruments approximate their fair values.

Significant accounting policies

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

Categories of financial instruments

	2009 (Rs)	2008 (Rs)
Financial assets		
HFT financial assets	439,090,974	613,752,676
Receivables	426,976	798,324
Cash and cash equivalents	14,460,250	9,766,669
	Rs 453,978,200	624,317,669
Financial liabilities		
Amortised cost	Rs 3,403,115	4,863,698

Financial risk management

- Market risk

The Fund's activities expose it primarily to the financial risks of changes foreign currency exchange rates, investment prices and interest rates. These exposures are closely monitored by the Fund's management.

- Foreign currency risk management

At the reporting date, the Fund held foreign investments denominated in foreign currencies. The Fund, therefore, is exposed to foreign currency fluctuations. The currency profile of the Fund's financial assets and financial liabilities at 30 June 2009 was:

	2009 (Rs)	2008 (Rs)
Financial assets		
EURO	7,002,309	24,046,812
USD	80,843,716	114,080,951
GBP	43,606	44,098
Mauritian Rupee	366,088,569	486,145,808
	Rs 453,978,200	624,317,669

All of the Fund's financial liabilities are denominated in Mauritian Rupees, the Fund's functional and presentation currency. Therefore, the Fund is not exposed to foreign currency fluctuations on its financial liabilities.

- Foreign currency sensitivity analysis

The fund is mainly exposed to Euro and USD on its financial assets.

The following table details the Fund's sensitivity to a 10% increase and decrease in the Rupee against the relevant foreign currencies. The sensitivity analysis includes only financial assets denominated in foreign currency and adjusts their translation at the period end for a 10% change in foreign currency rates. A negative number below indicates a decrease in profit where the Rupee strengthens by 10% against the relevant foreign currencies assuming all other variables to remain constant. There would be an equal and opposite impact on the profit, and the balances below would be positive where the Rupee weakens by 10% against the relevant foreign currencies.

	EURO Impact	
	2009 (Rs)	2008 (Rs)
Effect on Income and Distribution - (loss)	(700,231)	(2,404,681)

Interest rate sensitivity analysis

	USD Impact	
	2009 (Rs)	2008 (Rs)
Effect on Income and Distribution - (loss)	(8,084,372)	(11,408,095)

Interest rate risk management

The Fund is exposed to interest rate risk as it has investments that bear floating interest rates.

Financial assets	Currency	Floating interest rates	
		2009 %	2008 %
Call deposit with banks	MRU	4.50	7.00
	USD	0.47	1.00
	GBP	0.52	3.00

		At call 2009 (Rs)	At call 2008 (Rs)
Non - interest bearing	Rs	3,403,115	4,863,698