

Annual Report 2009

THE NMF PROPERTY TRUST

TRUST CONSTITUTION

The NMF PROPERTY TRUST is constituted under the NMF UNIT TRUST which is authorised under the Unit Trust Act 1989 and established by a Trust Deed dated 30 May 1990 and a supplemental deed dated 28 November 1990 made between the National Mutual Fund Ltd ("The Manager") and the State Bank of Mauritius ("The Trustee").

TRUST OBJECTIVE

The aim of the NMF PROPERTY TRUST is to produce long term capital appreciation with average income distribution from a portfolio of prime properties in Mauritius. Furthermore, with a significant proportion of our assets invested overseas, the Trust remains well positioned to realize its objective.

MANAGERS' REPORT

For the year ended 31 March 2009

ECONOMIC REVIEW

Recorded estimates indicate that in 2008, the Mauritian economy grew by 5.3% in real terms. As for the main sectors of economic activity, the agricultural sector grew by 3.7% amid a relatively better sugar crop, while the EPZ sector posted a marginal growth of 0.2% on the back of a slowing down in our main markets, namely the US and EU. As for the construction sector, it expanded by a commendable 11.1% following the construction of new hotels and the continued implementation of IRS projects. Finally, the financial intermediation sector grew by 10.1% mainly due to a robust performance from the banking activities while, tourism, posted a growth rate of 3.1% following higher tourist earnings.

Turning to the country's main economic fundamentals, during the year under

review, the investment rate fell to reach 24.6% of GDP. Furthermore, a look at consumer price inflation shows that for the calendar year 2008, it stood at 9.7% while, the unemployment rate fell to 7.2%. As for the budget deficit, for the financial year 2007/08, it fell to reach 3.3% of GDP.

On the external front, the balance of payments has posted a surplus of Rs 4.6bn, while at the end of 2008, net international reserves were sufficiently strong to cover about 36 weeks of imports. Finally, on the monetary scene, the key repo rate fell to 6.75%.

As the aftermath of the Global Financial Crisis takes toll on the country, the economic prospects for 2009 seem to be more sluggish. In fact, taking into account the measures announced in the additional stimulus package and the last budget, the economy is expected to

grow by 2.5% this year. On a sectoral basis, the sugar sector is expected to grow by 10% amid a better crop this year while, the textile sector is forecasted to face a contraction of 5% due to falling demand in our main markets namely Europe and US. Similarly, recessionary pressures in our main markets is also likely to impact negatively of the tourism sector which is expected to contract by 8.8% as a result of lower tourist arrivals and earnings. As for both the financial intermediation and construction sectors, growth is forecasted to be more subdued due to lower growth in global business activities and a drop in private sector investment projects respectively.

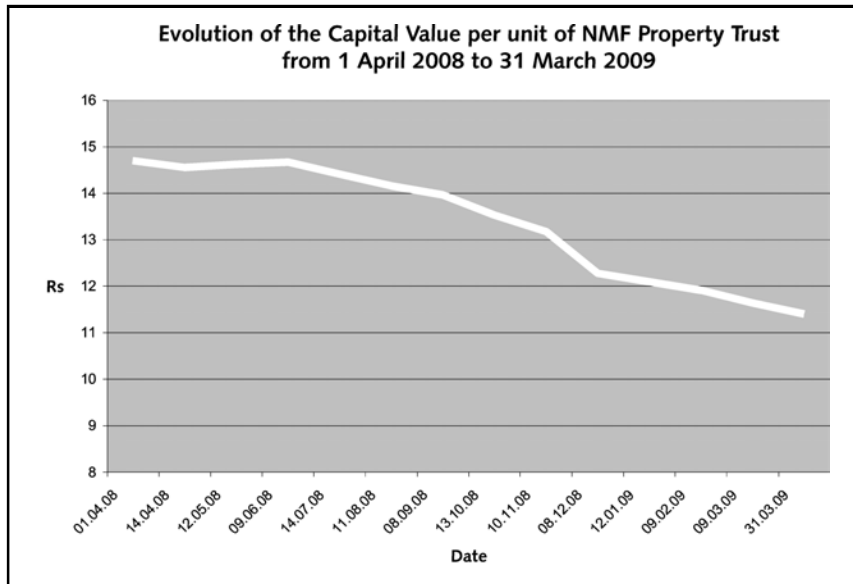
The Trust's Capital Value per unit decreased by 22.4 % during the financial year under review to reach Rs 11.40 on 31 March 2009 compared to Rs 14.69 a year earlier. Such a result is mainly attributable to a combination of factors namely, the negative results recorded on our investments in the Norwich Union Property Trust which depreciated by 31% and, the fact that GBP depreciated by 8.7% against the local currency during the period under review.

PERFORMANCE REVIEW

- Capital

Income

For the financial year under consideration, the Trust's Net Income after Tax stood at Rs 3.2m compared to Rs 4.1m last year. Such a result is mainly attributable to the fact that our premises situated at the Moorgate House have



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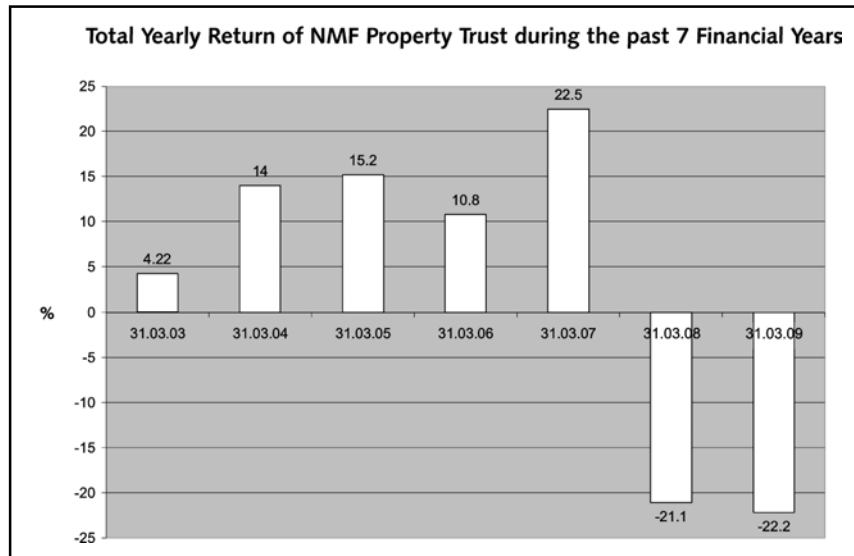
remained vacant during the financial year and this has negatively impacted on our revenue stream. Against such a background, the Trust has paid a total dividend of Rs 0.53 per unit (2008: Rs 0.65 per unit).

Total Return

Combining both the capital value and the total income distributed during the financial year shows that at 31 March 2009, the Net Asset Value per unit of the Trust reached Rs 11.93, i.e., a decrease of 22.2%. Such a result does not compare well to the average returns achieved during the past seven years as shown below:

long term we remain cautiously optimistic on our ability to deliver added value to our unit-holders. We are reinforced in our views by the following considerations:

- Our overseas investment in the Norwich Union Property Trust consists of prime commercial properties which should be the main beneficiary of any change in market sentiment.
- Should we be able to get a new tenant for our vacant premises, a positive impact on our monthly revenue stream should be recorded.
- At current levels, against the Rupee,



LOOKING AHEAD

Despite the UK property market being still mired by a credit slump, over the

the Pound seems to offer more upside than downside.

The National Mutual Fund Ltd

INDEPENDENT AUDITOR'S REPORT TO THE UNITHOLDERS OF THE NMF PROPERTY TRUST (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 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 **The NMF Property Trust** on pages 5 to 18 which comprise the statement of assets and liabilities as at 31 March 2009 and the income and distribution statement, statement of movements in net assets attributable to unitholders 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 for the financial statements

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

Auditor's responsibility

Our responsibility is to express an opinion on

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 5 to 18 give a true and fair view of the financial position of the Fund as at 31 March 2009, 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.

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The NMF Property Trust
STATEMENT OF ASSETS AND LIABILITIES
at 31 March 2009

	Note	2009 (Rs)	2008 (Rs)	% of Fund	
				2009	2008
ASSETS					
NON-CURRENT ASSETS					
Investment properties	6	30,077,591	30,077,591	43.48	32.87
Foreign securities	7	35,143,034	53,454,857	50.80	58.41
		65,220,625	83,532,448	94.28	91.28
CURRENT ASSETS					
Treasury bills	8	-	8,789,644	-	9.60
Other receivables	9	695,651	190,533	1.00	0.21
Bank balances	10	5,960,524	2,208,129	8.61	2.41
		6,656,175	11,188,306	9.61	12.22
TOTAL ASSETS		71,876,800	94,720,754	103.89	103.50
LIABILITIES					
CURRENT LIABILITIES					
Other payables	11	804,227	790,631	1.16	0.86
Current tax liability	12	258,396	372,012	0.37	0.41
Dividend proposed	17	1,633,897	2,040,952	2.36	2.23
		2,696,520	3,203,595	3.89	3.50
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS	13	69,180,280	91,517,159	100.00	100.00

Approved by the Manager and authorised for issue on 19 May 2009.

The National Mutual Fund Ltd



The NMF Property Trust
INCOME AND DISTRIBUTION STATEMENT
for the year ended 31 March 2009

	Note	2009 Rs	2008 Rs
GROSS INCOME			
Dividend income on HFT investments		2,123,287	2,046,514
Interest income	14	536,855	1,217,955
Rental income		2,565,839	3,115,840
		5,225,981	6,380,309
FUND EXPENSES			
Manager's fees	15	817,636	1,105,520
Trustee's fees	16	56,653	78,966
Auditors' remuneration - audit fee		49,450	48,300
Maintenance of building and sewerage		235,176	176,706
Printing, postages and stationery		36,500	35,300
Municipal tax		104,604	104,604
Bank charges		3,963	17,115
Professional fees		63,000	-
		1,366,982	1,566,511
NET INCOME FROM OPERATING ACTIVITIES		3,858,999	4,813,798
EQUALISATION			
Income received on units created		7,692	21,759
Income paid on units liquidated		(43,226)	(51,031)
		(35,534)	(29,272)
NET INCOME BEFORE TAXATION		3,823,465	4,784,526
TAXATION	12	(588,300)	(722,070)
NET INCOME AFTER TAXATION		3,235,165	4,062,456
FINANCE COSTS			
Distributions to unitholders	17	(3,235,165)	(4,062,456)
NET INCOME BEFORE NET GAINS ON INVESTMENTS		-	-
NET GAINS ON INVESTMENTS			
Net (decrease)/increase in fair value of HFT investments		(20,222,781)	(30,171,925)
NET (LOSS)/INCOME AFTER NET GAINS ON INVESTMENTS		(20,222,781)	(30,171,925)

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**STATEMENT OF MOVEMENTS IN NET ASSETS
ATTRIBUTABLE TO UNITHOLDERS
for the year ended 31 March 2009**

	Investments Rs	Other Net Assets Rs	Total Rs
Net assets attributable to unitholders at 1 April 2007	134,465,322	(11,991,198)	122,474,124
Movement in units			
Cash received for units created	-	4,369,634	4,369,634
Cash paid for units liquidated	-	(5,154,674)	(5,154,674)
Net cash from movement in units	-	(785,040)	(785,040)
Movement in investments			
Cost of investments purchased	9,782,366	(9,782,366)	-
Proceeds on disposal of investments	(9,956,204)	9,956,204	-
	(173,838)	173,838	-
Net loss after net gains on investments for the year	-	(30,171,925)	(30,171,925)
Transfer of net loss on investments	(30,171,925)	30,171,925	-
	(30,171,925)	-	(30,171,925)
Net assets attributable to unitholders at 31 March 2008	104,119,559	(12,602,400)	91,517,159
Net assets attributable to unitholders at 1 April 2008	104,119,559	(12,602,400)	91,517,159
Movement in units			
Cash received for units created	-	1,695,552	1,695,552
Cash paid for units liquidated	-	(3,809,650)	(3,809,650)
Net cash from movement in units	-	(2,114,098)	(2,114,098)
Movement in investments			
Cost of investments purchased	1,910,958	(1,910,958)	-
Proceeds on disposal of investments	(7,940,504)	7,940,504	-
	(6,029,546)	6,029,546	-
Net loss after net gains on investments for the year	-	(20,222,781)	(20,222,781)
Transfer of net loss on investments	(20,222,781)	20,222,781	-
	(20,222,781)	-	(20,222,781)
Net assets attributable to unitholders at 31 March 2009	77,867,232	(8,686,952)	69,180,280

The NMF Property Trust
CASH FLOW STATEMENT
for the year ended 31 March 2009

Note	2009 Rs	2008 Rs
CASH FLOW FROM OPERATING ACTIVITIES		
Loss before taxation (after finance costs and net gains on investments)	(19,634,481)	(29,449,855)
Adjustments for:		
Net decrease in fair value of HFT investments	20,222,781	30,171,925
Interest income	(536,855)	(1,217,955)
Finance costs - distributions to unitholders	3,235,165	4,062,456
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	3,286,610	3,566,571
Decrease in other receivables	344,022	395,325
Increase in other payables	13,596	290,203
CASH GENERATED FROM OPERATIONS	3,644,228	4,252,099
Tax Paid	(701,916)	(646,917)
NET CASH FLOW FROM OPERATING ACTIVITIES	2,942,312	3,605,182
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	(1,910,958)	(9,782,366)
Proceeds on disposal of investments	7,940,504	9,956,204
NET CASH FLOW FROM INVESTING ACTIVITIES	6,029,546	173,838
CASH FLOW FROM FINANCING ACTIVITIES		
Net proceeds on movement in units	(2,114,098)	(785,040)
Distributions to unitholders	(3,642,220)	(3,520,527)
Interest income	536,855	1,217,955
NET CASH FLOW FROM FINANCING ACTIVITIES	(5,219,463)	(3,087,612)
NET INCREASE IN CASH AND CASH EQUIVALENTS	3,752,395	691,408
CASH AND CASH EQUIVALENTS AT 1 APRIL	10	2,208,129
CASH AND CASH EQUIVALENTS AT 31 MARCH	10	5,960,524

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The NMF Property Trust
NOTES TO THE ACCOUNTS
for the year ended 31 March 2009

1. GENERAL INFORMATION

The NMF Property Trust ("The Fund") was established as a Unit Trust by a Trust Deed dated 28 November 1990 between The National Mutual Fund Ltd ("The Manager") and The State Bank of Mauritius Ltd ("The Trustee"). Its registered office and principal place of business is 5th Floor, Moor-

gate House, Sir William Newton Street, Port Louis.

The main objective of the Fund is to invest in real estate and securities of property companies either locally or overseas and to provide capital growth to its unitholders.

2. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

In the current year, the Fund has adopted of all the new and revised Standards and Interpretations issued by the International Accounting Standards Board ("IASB") and the International Financial Reporting Interpretations Committee ("IFRIC") of the IASB that are relevant to its operations and effective for accounting periods beginning on 1 April 2008.

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 January 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 instru-

	ments and obligations arising on liquidation (effective 1 January 2009)	IFRS 2	Share-based Payment - Amendments resulting from April 2009 Annual Improvements to IFRSs (effective 1 July 2009)
IAS 36	Impairment of Assets - Amendments resulting from May 2008 Annual Improvements to IFRSs (effective 1 January 2009)	IFRS 3	Business Combinations - Comprehensive revision on applying the acquisition method (effective 1 July 2009)
IAS 36	Impairment of Assets - Amendments resulting from April 2009 Annual Improvements to IFRSs (effective 1 January 2010)	IFRS 5	Non-current Assets Held for Sale and Discontinued Operations - Amendments resulting from May 2008 Annual Improvements to IFRSs (effective 1 July 2009)
IAS 38	Intangible Assets - Amendments resulting from May 2008 Annual Improvements to IFRSs (effective 1 January 2009)	IFRS 5	Non-current Assets Held for Sale and Discontinued Operations - amendments resulting from April 2009 Annual Improvements to IFRSs (effective 1 January 2010)
IAS 38	Intangible Assets - Amendments resulting from April 2009 Annual Improvements to IFRSs (effective 1 January 2010)	IFRS 7	Financial Instruments - Disclosures - Amendments enhancing disclosures about fair value and liquidity risk (effective 1 January 2009)
IAS 39	Financial Instruments: Recognition and Measurement - Amendments resulting from May 2008 Annual Improvements to IFRSs (effective 1 January 2009)	IFRS 8	Operating segments (effective 1 January 2009)
IAS 39	Financial Instruments: Recognition and Measurement - Amendments for eligible hedged items (effective 1 July 2009)	IFRS 8	Operating Segments - amendments resulting from April 2009 Annual Improvements to IFRSs (effective 1 January 2010)
IAS 39	Financial Instruments: Recognition and Measurement - Amendments for embedded derivatives when reclassifying financial instruments (effective 1 July 2009)	IFRIC 13	Customer Loyalty Programmes (effective 1 July 2008)
IAS 39	Financial Instruments: Recognition and Measurement - 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)
IAS 40	Investment Property - Amendments resulting from May 2008 Annual Improvements to IFRSs (effective 1 January 2009)	IFRIC 16	Hedges of a Net Investment in a Foreign Operation (effective 1 October 2008)
IAS 41	Agriculture - Amendments resulting from May 2008 Annual Improvements to IFRSs (effective 1 January 2009)	IFRIC 17	Distributions of Non-Cash Assets to Owners (effective 1 July 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)	IFRIC 18	Transfers of Assets from Customers (effective 1 July 2009)
IFRS 2	Share-based Payment - Amendment relating to vesting conditions and cancellations (effective 1 January 2009)		

The Manager and the Trustee anticipate that the adoption of the Standards and Interpretations on the above effective dates in future periods will not have a material impact on the financial statements of the Fund.

3. ACCOUNTING POLICIES

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

(A) BASIS OF PREPARATION

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of certain investments including investment properties, and in accordance with International Financial Reporting Standards ("IFRS").

(B) INCOME RECOGNITION

(i) Dividend income is recognised on the ex-dividend date.

(ii) Interest is accounted for on an accrual basis.

(iii) Rent on properties is credited to the Income and Distribution Statement on a receivable basis and is stated net of Value Added Tax (VAT) and gross of Tax Deducted at Source (TDS).

(C) INVESTMENT PROPERTIES

Properties held to earn rentals and/or capital appreciation, are stated at their fair value at the reporting date. Fair value is determined periodically by independent valuers and are reassessed by the manager based on current rental value.

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Increases and decreases in the carrying amount arising from revaluation of investment properties are recognised in the Income and Distribution Statement in the period in which they arise.

(D) COMPARATIVE FIGURES

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

(E) 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.

Except where stated separately the carrying amounts of the Fund's financial instruments approximate their fair value.

(i) Financial assets

(a) Financial assets at fair value through profit or loss (FVTPL)

Financial assets are classified as at FVTPL where the financial assets are either held for trading or are designated as at FVTPL.

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling in the near future; or
- it is a part of an identified portfolio of financial instruments that the group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial asset other than a financial asset held for trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Fund's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and IAS 39 permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Financial assets at FVTPL are stated at fair value, with any resultant gain or loss recognised in Income and Distribution Statement. The net gain or loss recognised in Income and Distribution Statement incorporates any dividend or interest earned on the financial asset

(b) Loans and receivables

Trade receivables, loans and other receivables that

have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

(c) Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees on points paid or received that form an integral part of the effective interest rate, transaction cost and other premiums or discounts) through the expected life of the financial asset, or where appropriate, a shorter period.

(d) Derecognition of financial assets

The Fund derecognises a financial asset only when the contractual rights to the cash flows from the asset expire; or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

If the Fund neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Fund recognises its retained interest in the asset and an associated liability for amounts it may have to pay.

If the Fund retains substantially all the risks and rewards of ownership of a transferred financial asset, the Fund continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

(ii) Financial liabilities

(a) Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

(b) Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Fund are recorded at the proceeds received, net of direct issue costs.

(c) Financial liabilities

The Fund's financial liabilities are initially measured at fair value, net of transaction costs.

These financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments

through the expected life of the financial liability, or, where appropriate, a shorter period.

(d) Derecognition of financial liabilities

The Fund derecognises financial liabilities when, and only when, the Fund's obligations are discharged, cancelled or they expire.

(iii) Impairment of financial assets

Financial assets are assessed for indicators of impairment at each reporting date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

The amount of the impairment loss is the excess of the carrying amount over the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate. The carrying amount of the financial asset is reduced by the impairment loss.

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, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

(F) EQUALISATION

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

(G) FOREIGN CURRENCY TRANSLATION

Foreign currency transactions are converted into rupees at the exchange rate ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the end of the accounting period are translated into rupees at the rate of exchange ruling at that date. Resulting exchange differences are recognised in the Income and Distribution Statement.

(H) IMPAIRMENT OF ASSETS OTHER THAN FINANCIAL ASSETS

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

(I) PROVISIONS

A provision is recognised 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 reporting date and adjusted to reflect the current best estimate.

(J) TAXATION

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the Income and Distribution Statement because it excludes items of income or expense that are taxable or deductible in other years but it further excludes items that are never taxable or deductible. The Fund's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax asset is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

(K) RELATED PARTIES

Parties are considered to be related to the Fund if they have the ability, directly or indirectly to control the Fund or exercise significant influence over the Fund in making financial and operating decisions, or vice versa, or where the Fund is subject to common control or common significant influence.

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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. The estimates and assumptions that have a signifi-

cant risk of causing a material adjustment to the carrying amounts of assets within the next financial year are outlined below.

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. UNITS

	No. of units	Net assets attributable to unitholders (Rs)
(a) Movement in units during the period		
At 1 April 2007	6,296,096.40	122,474,124
Units created	235,120.09	4,369,634
Units liquidated	(301,364.87)	(5,154,674)
Income and distribution account for the year	-	(30,171,925)
At 31 March 2008	6,229,851.62	91,517,159
At 1 April 2008	6,229,851.62	91,517,159
Units created	126,237.53	1,695,552
Units liquidated	(287,283.76)	(3,809,650)
Income and distribution account for the year	-	(20,222,781)
At 31 March 2009	6,068,805.39	69,180,280
	2009 (Rs)	2008 (Rs)
(b) Net asset value per unit	11.40	14.69
(c) Prices per unit		
Issue price	11.51	14.84
Repayment price	11.29	14.54

6. INVESTMENT PROPERTIES

(a) At fair value

	Freehold land and building (Rs)
At 1 April 2007 and 31 March 2009	30,077,591

The fair value of the freehold land and buildings which was reassessed by the Manager at the end of the reporting date did not indicate any significant change from that at the start of the year.

(b) Rental income earned and direct operating expenses incurred by the Fund in respect of investment properties are as follows:

	2009 (Rs)	2008 (Rs)
Rental income	2,565,839	3,115,840
Direct operating expenses	339,780	281,310

Rental income receivable under non-cancellable lease agreements are as follows:

	2009 (Rs)	2008 (Rs)
Not longer than one year	2,565,840	550,000

The lease agreements contain a market review clause in case both parties wish to renew. However, the lessees do not have any option to purchase the property at the end of the lease term.

(c) The portfolio of properties shown in the Statement of Assets and Liabilities is detailed as follows:

Property	Type/Description	Tenant	Lease Term
5th Floor Moorgate House Sir William Newton Street Port Louis	Freehold One floor of office accommodation containing 466.82m ² (i) 297.36m ² (ii) 169.46m ²	The National Mutual Fund Ltd Vacant	Lease of 3 years expired on 31/07/07 not yet renewed and finalised
2nd Floor Moorgate House Sir William Newton Street Port Louis	Freehold One floor of office accommodation containing 444.50m ²	Ministry of Housing and Lands	Lease of 2 years expired on 16/09/05 not yet renewed and finalised

7. FOREIGN SECURITIES

	At 1 April 2008 Rs	Additions Rs	Net decrease in fair value Rs	At 31 March 2009 Rs
Held-for-trading HFT investments	53,454,857	1,910,958	(20,222,781)	35,143,034

HFT investments have been valued on the basis of latest bid price obtained from the investees' fund managers at 31 March 2009.

8. TREASURY BILLS

	Rate	2009 Rs	2008 Rs
328 Days Treasury bill	11.90%	-	7,940,504
Interest receivable		-	849,140
		-	8,789,644

Treasury bills are classified as loans and receivables and are stated at amortised cost.

9. OTHER RECEIVABLES

	2009 (Rs)	2008 (Rs)
Interest receivable on bank accounts	86,706	46,141
Prepayments	26,157	26,152
Other receivables	582,788	118,240
	695,651	190,533

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10. CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise the following amounts

Bank balances	2009 (Rs)	2008 (Rs)
Current account	-	43,209
Local bank deposit	5,969,763	2,164,920
	5,960,524	2,208,129

The local bank deposit is at call and bears interest at rates ranging from 5.50% to 7.25% (2008: 7.50% to 8.00%) per annum.

11. OTHER PAYABLES

	2009 (Rs)	2008 (Rs)
Manager's fees	98,417	127,917
Trustee's fees	26,612	38,027
Auditor's remuneration	47,150	44,850
Entry and exit fee	9,993	8,588
Amount due to customers in respect of units repurchased	317,485	246,855
Dividend payable	203,593	196,905
Other payables	100,977	127,489
	804,227	790,631

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

12. TAXATION

(i) INCOME TAX

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

(a) Tax Expense	2009 (Rs)	2008 (Rs)
Accounting loss	(19,634,481)	(29,449,855)
Tax at 15% (2008: 15%)	(2,945,172)	(4,417,478)
Tax effects of:		
- Non-allowable expenditure	3,533,472	5,139,548
Tax withheld	212,329	204,652
Tax credit	(212,329)	(204,652)
Tax expense for the year	588,300	722,070
(b) Tax liability	2009 (Rs)	2008 (Rs)
At 1 April	372,012	296,859
Paid during year	(371,207)	(296,385)
	805	474
Current tax provision	588,300	722,070
Tax withheld locally	(118,380)	(145,880)
Tax withheld overseas	(212,329)	(204,652)
At 31 March	258,396	372,012

(ii) DEFERRED TAX

The fund had no deferred tax liability at 31 March 2009.

13. NET ASSETS ATTRIBUTABLE TO UNITHOLDERS

The net assets attributable to unitholders can be analysed as follows:

	2009 (Rs)	2008 (Rs)
Capital value	98,693,291	101,807,389
Accumulated net income: -		
- Income and distribution brought forward	(10,290,230)	19,881,695
- Income and distribution for the year	(20,222,781)	(30,171,925)
	(30,513,011)	(10,290,230)
Net assets attributable to unitholders	69,180,280	91,517,159

14. INTEREST INCOME

	2009 (Rs)	2008 (Rs)
Interest from treasury bills	10,356	897,811
Interest on bank balances and local deposit	526,499	320,144
	536,855	1,217,955

15. MANAGER'S FEES

Manager's fees are paid to National Mutual Fund Ltd based on 1% of Net Asset Value of the Fund.

16. TRUSTEE'S FEES

Trustee's fees are paid to State Bank of Mauritius Ltd, based on 1/14 of manager's fees.

17. FINANCE COSTS - DISTRIBUTIONS TO UNITHOLDERS

	2009 (Rs)	2008 (Rs)
Interim distribution of Re0.26 (2008: Re0.32) per unit	1,601,268	2,021,504
Final distribution of Re0.27 (2008: Re0.33) per unit	1,633,897	2,040,952
	3,235,165	4,062,456

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).

18. ENTRY FEE AND EXIT FEE

On the issue of units, an entry fee of 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% 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.

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20. RELATED PARTY TRANSACTIONS

	2009 (Rs)	2008 (Rs)
(a) Manager		
(i) Manager's fees	817,636	1,105,520
(ii) Rental income	1,045,200	1,045,200
(iii) Outstanding balance payable	108,410	136,505
(b) Trustee		
(i) Trustee's fees	56,653	78,966
(ii) Bank charges	3,963	17,115
(iii) Interest income	526,499	320,144
(iv) Bank balances	5,960,524	2,208,129
(v) Outstanding balance payable – Trustee's fee	26,612	38,027
(vi) Outstanding balance receivable – Interest on bank account	86,706	46,141

21. 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)
<i>Financial assets</i>		
HFT financial assets	35,143,034	53,454,857
Loans and receivables	669,494	8,954,025
Cash and cash equivalents	5,960,524	2,208,129
	41,773,052	64,617,011
<i>Financial liabilities</i>		
Amortised cost	2,341,905	2,720,364

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 Great Britain Pound. The Fund, therefore, is exposed to foreign currency fluctuations. The currency profile of the Fund's financial assets and financial liabilities at 31 March 2009 was:

	2009 (Rs)	2008 (Rs)
GBP	35,143,034	53,454,857
Mauritian Rupee	6,630,018	11,162,154
	41,773,052	64,617,011

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 following table details the Fund's sensitivity to a 2% increase and decrease in the Rupee against GBP. The sensitivity analysis includes only financial assets denominated in foreign currency and adjusts their translation at the period end for a 2% change in foreign currency rates. A negative number below indicates a decrease in profit where the Rupee strengthens by 2% against GBP 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 2% against GBP.

	2009 (Rs)	2008 (Rs)
Effect on Income and Distribution - loss	(702,861)	(1,069,097)

The Fund's sensitivity to foreign currency has decreased during the current year mostly because the market value of the Fund's overseas investments has decreased.

Interest rate risk management

The Fund is exposed to interest rate risk as it borrows funds at both fixed and floating interest rates.

	Currency	2009 (Rs)		2008 (Rs)	
		Fixed % p.a.	Floating % p.a.	Fixed % p.a.	Floating % p.a.
Treasury Bills	MUR	-	-	11.90	-
Bank Deposit	MUR	-	5.50 - 7.25	-	7.50 - 8.00

No interest rate sensitivity analysis has been provided as management considers that it was not significantly exposed to interest rate risk at the reporting date.

Other price risks

The Fund is exposed to price risks arising from its foreign investments. Foreign investments are held as part of the Fund's business activities.

Assuming all other variables to remain constant, if prices had been 2% higher and lower, net income for the year ended 31 March 2009 and net assets attributable to unitholders at 31 March 2009 would have both increased and decreased respectively by Rs702,861 (2008: Rs1,069,097) since investments are classified as Held-For-Trading.

The Fund's sensitivity to price risks has decreased from last year because the Mauritian Rupee has strengthened against the GBP at 31 March 2009 compared with 31 March 2008.

Credit risk management

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Fund. At 31 March 2009, management considers that the Fund's exposure to credit risk was insignificant.

Liquidity and interest risk tables

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

2009	At call (Rs)
Non-interest bearing	2,341,905
2008	At call (Rs)
Non-interest bearing	2,720,364