



Annual Report

For the Period
01 July 2009 to 31 December 2010

INDEX

03	Our Mission, Vision and Objectives
04	Corporate Information
05	Chairman Statement
07	Report from Chief Executive Officer
09	Management Team Profile
10	Memorable Events & Achievements
15	Review of the Fisheries Sector in the Republic of Mauritius
17	Future prospects for FIT
19	Statement on Corporate Governance
27	Current Projects Development
31	Financial Highlights
32	Report of the Director of Audit
35	Financial Statements

OUR MISSION, VISION & OBJECTIVES

The Fishermen Investment Trust (FIT) is a body corporate, established under the Fishermen Investment Trust Act 2006. FIT falls under the aegis of the Ministry of Fisheries and Rodrigues. The Fishermen Investment Trust Act 2006 came into operation by proclamation with effect from 31 January 2007.

FIT has been primarily set up to enable fishermen to manage through fishing entitlements the resources around St. Brandon, Agalega and associated banks. FIT constantly aims at democratising access to the fishery resources of Mauritius and giving due recognition to the fishing community. The Trust targets amongst others, artisanal fishermen and bank fishermen in order to promote the development and diversification of fishing operations. The objective of such a policy is to lead to increased access to capital and support services in favour of fishers and at the same time assist in the expansion of small scale operators to fishing zones not previously accessible to them.

Our Vision

To be a key player in the fishing industry while empowering the fishermen community to be a partner in the socio-economic development of the country.

Our Objectives

- to acquire assets such as fishing vessels and fishing equipment
- invest in fish processing and fish marketing activities to support the livelihoods of fishermen
- grant loans to fishers, provide grants to children of fishers to pursue tertiary studies
- train fishers opting for running a small business and promote the welfare and socio-economic conditions of fishermen
- train either itself or in collaboration with any other organization, registered fishers thereby imparting to registered fishermen the necessary knowledge for the development of appropriate entrepreneurial skill to run a small fishing business
- create a hotline or desk service to give immediate assistance and attend to the fishermen community
- develop schemes and projects for the promotion of the welfare of registered fishermen.

CORPORATE INFORMATION

Corporate Structure

The shareholders of the Fishermen Investment Trust are the registered artisanal fishermen of Mauritius and Rodrigues. The Trust has an authorized share capital of 6.5 million shares and at 31 December 2010, 1.5 million shares had already been issued for a value of Rupees Fifteen Million only.

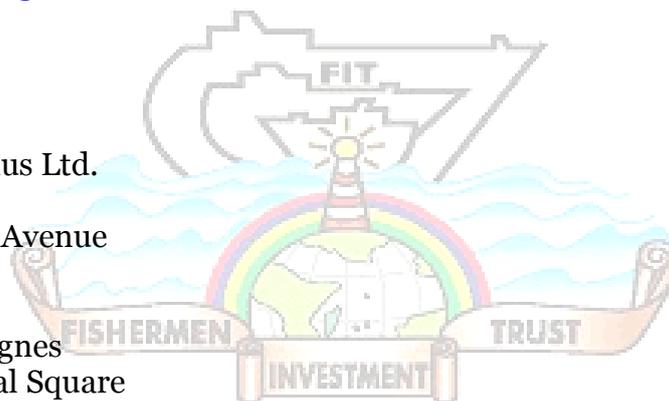
Registered Office

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Republic of Mauritius
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Bankers

State Bank of Mauritius Ltd.
SBM Tower
1, Queen Elizabeth II Avenue
Port Louis

Banque des Mascareignes
Level 7, One Cathedral Square
Jules Koenig Street
Port Louis



Auditors

Director of Audit
National Audit Office
Level 14, Air Mauritius Centre
President John Kennedy Street
Port Louis

Legal Adviser

Solicitor-General
Attorney General's Office
5th Floor
Renganaden Seeneevassen Building
Port Louis

CHAIRMAN STATEMENT



It is my proud privilege to present the second Annual Report of the Fishermen Investment Trust. On behalf of the Board of Directors of FIT, I would like to highlight the main developments and achievements for the period 01 July 2009 to 31 December 2010.

Historically, the fishermen community in the Republic of Mauritius has played a leading role in the fishing industry over the last decades and yet the community remains among the poorest of the poor. Despite the various strenuous efforts by government to uplift the standard of living of fishers, not much progress has been noted. Various training programmes and loan

packages from the Development Bank of Mauritius have been set in place for the artisanal and banks fishermen in Mauritius. It is noted that fish handling, infrastructure and marketing in the artisanal fisheries sector have not changed much over the years. Fish stock in the lagoon has been decreasing steadily over the years and the artisanal fishers find themselves getting poorer by the day. The lagoon restocking programme has not given the expected results. As such, there was an urgent need to rethink the strategy with regards to the artisanal fishery sector in Mauritius.

I consider it my responsibility as Chairman of FIT to remind all stakeholders of the fisheries sector that FIT has always had the interests of the fishermen community at heart. Besides, our philosophy has always been geared towards maximizing their wealth.

I am pleased to aver that 2010 has been quite a significant and highly symbolical year in that FIT proceeded with the acquisition of three state-of-the-art fishing boats in February 2010. Indeed, investment of such magnitude dovetails with Government's overruling policy of developing Mauritius into a superlative Seafood Business Hub. It is recognized that this project will inter-alia help in alleviating the socio-economic difficulties faced by fishermen at grass-root level and provide potential for diversification and enhancement of sources of income for the fishermen community at large. FIT expects to take possession of the first of three fishing boats by April 2011. It is to be noted that these boats would allow a greater number of fishermen to develop fisheries for pelagic fishes around FADs, where catches are believed to be higher compared to inner lagoons. Higher catches imply higher revenues and better standard of living.

Regrettably, no positive progresses were noted in the other projects as spelt out in FIT's Corporate Plan, during 2009-10. Due to some unfortunate events, we had to consider winding up our interests in Brightfit Ltd. As far as our Fish Farm Project is concerned, FIT has been requested to wait for further developments since our

strategic partner has indicated that it was considering introducing a new species which may be more economically viable than the Red Drums (Ombrine).

Regarding our Barachois Project, the Trust is still waiting for the two barachois to be legally conferred by the Ministry of Housing and Lands (MHL) to the FIT by way of an industrial lease agreement. However, considering the fact FIT is only at a burgeoning stage with no substantial income streams, we have requested MHL to exempt FIT from the payment of deposit and lease fees. A response is being awaited. The Board of Investment shall be requested thereupon to support the FIT in marketing the sites for integrated projects whilst empowering the local fishermen of the areas.

I would like to channel my appreciative and warm thanks to the Direction of the Mauritius Export Association for their benevolent act of donating MEXA 1 to the FIT, as part of their CSR Programme. We do hope that FIT and MEXA will build on a strong business relationship in the interests of the fishermen community.

To all my Board colleagues, I would also like to say thank you for their support and contribution during this past year. I express my sincere appreciation to all those who contribute to the Trust's ongoing success particularly the Chief Executive Officer, the devoted staff for their unfailing hard work and the parent ministry at large for their invaluable contribution and for supporting our actions. To conclude, I would like to assert that I have the firm belief that the Trust will continue to play a prominent role in the sustainable development of the Mauritian fisheries sector.

Last but not least, I would like to reiterate our pledge of commitment to uphold high standards of corporate governance with best practice at the FIT whilst enhancing its corporate image vis-à-vis its stakeholders.



J. DESBLEDS
Chairman

REPORT FROM CHIEF EXECUTIVE OFFICER

I am pleased to welcome you to the second Annual Report of the Fishermen Investment Trust (FIT). To be in line with the requirements of the Statutory Bodies (Accounts and Audit) Act, this Annual Report covers the period 1 July 2009 to 31 December 2010.



During the period under review, the FIT continued to focus on its core project development namely the construction of Fishing Boats for outer lagoon and Fish Aggregating Device (FAD) fishery whilst at the same time ensuring the financial sustainability of the Trust. It is to be noted that after a bidding exercise, the contract for the construction, supply, testing and commissioning of 3 fishing boats was awarded to GRNW boat Yard Ltd in February 2010 for the total sum of MUR 10.35 million. This hefty investment has been financed out of the capital of the Trust.

The period under review has witnessed a downward trend in revenue and this is predominantly attributable to a decline in interest income from placement at bank following a continual drop in the Repo Rate. The down payment of MUR 3.105 million effected to GRNW Boat Yard Ltd in connection with the construction of the 3 fishing boats, has also contributed to this decrease in interest income. The revenue generated from the sale of fish quota has also been below our expectation. It can thus be construed that this segment of the market has been very sluggish. The local fleet of vessels operating on the banks have encountered several problems namely, competition from foreign fishing vessels, inadequate resources, lack of income, adverse climatic conditions and a rise in the price of fuel.

During the period under review, the Trust recorded the sale of fish quota to the tune of only MUR 252,600.00 All these have contributed to the worsening in profitability of the Trust. On the other hand, the monthly average operational expenses have been fairly stable over the period under review.

The period covering 1 July 2009 to 31 December 2010, was concluded with an increase in total assets standing at MUR 27 million as compared to MUR 15 million for the year ended 30 June 2009, i.e. an increase of nearly 80%. This increase in total assets has been achieved due to the heavy investment in the procurement of fishing boats and the valuation of the fish quotas allocated to the FIT as per the provision of IAS 41.

In view of addressing the above issues, the FIT will need to revisit its Corporate Plan and develop new strategies and business segments in order to turn around its financial affairs. There exist a lot of investment opportunities in the domestic seafood sector, such as:

- A. Fish processing activities - such as filleting, packaging, canning, vacuum packing and production for ready-to-eat meals
- B. Aquaculture - Tropical water seafood products such as Sea Cucumber, white leg Shrimps, shell fish that can be farmed both inland and in the Mauritian lagoon. There is also a potential for Aquatic Plants -Sea weeds / Algae.
- C. Micro Credits - Micro Loans to registered fishermen

With regards to the financial sustainability of the Trust, a provision of MUR 2 million has been earmarked in the 2011 Budget for the FIT to meet its recurrent cost, pending the Trust starts receiving revenues from its significant investment in the fishing boats. We are also expecting to receive from the Parent Ministry a further sum of MUR 2.5 million to meet partly the cost of fishing gears to equip FIT's new fishing boats. Modalities with regards to the financial assistance, if any, will have to be worked out.

I am convinced that despite the major challenges facing us, with the cooperation of one and all, we will be able to respond positively and realize a successful year 2011.

To conclude, I wish to thank the management team for their dedicated service and commitment towards achieving FIT's goals.

I would also like to thank the Chairman of the Board, Mr. Jacques Desbleds and Board Members for their valuable contribution, sound guidance and support extended during the period.

And finally, I wish to place on record my gratitude to the Hon. Louis Joseph Von Mally, G.O.S.K, Minister of Fisheries and Rodrigues and his Ministry for their collaboration, guidance and institutional support extended to the FIT during the course of this challenging period.



A. K. BUNWAREE
Chief Executive Officer

MANAGEMENT TEAM PROFILE

Mr. Adil Kumar BUNWAREE, MBA
(Chief Executive Officer)

Mr. Bunwaree joined the Fishermen Investment Trust in September 2007. Before joining FIT, he worked as Project Manager with the Government of Mauritius-Rodrigues Administration on a project funded jointly by the United Nations Development Programme and the Rodrigues Regional Assembly with the Ministry of Finance and Economic Development in Mauritius as Government Coordinating Agency.

Mr. Bunwaree started his career in 1983 as Senior Audit and Accounts Clerk. In 1984, he joined the banking sector as Bank Officer till 1995. Following his Masters Degree in the UK, he joined an offshore holding Trust in South Africa as General Manager in 1998. From 2001 to 2002, he worked in the private sector in South Africa as Financial and Marketing Consultant. Before joining MOFED/UNDP/RRA as Project Manager in 2006, he worked as Financial and Management Consultant in Mauritius.

Mr. Gowtum BOKHOREE
(Ag. Finance & Investment Officer)

Mr. Bokhoree started his career in January 2002 at Currimjee Direct Sales, a subsidiary of the Currimjee Jeewanjee group of Companies, as Accounts Clerk. He worked there for more than four years until he was promoted as Senior Accounts Clerk and subsequently, Acting Accounts Officer.

He joined the Fishermen Welfare Fund in April 2006 as Welfare Development Officer and served in that position till June 2008. In August 2008, he was redeployed to the Fishermen Investment Trust to cater for the accounting and financial duties of the Trust.

Besides being a member of ACCA, Mr. Bokhoree holds a Diploma in Business Administration with specialization in Banking & Financial Services.

Mr. Randhir BAICHOO
(Ex- Acting Secretary)

Mr. Baichoo joined the Civil Service in July 1995 as Clerical Officer and worked at the Ministry of Education and Ministry of Foreign Affairs. He was promoted to the rank of Executive Officer in 2002 and consequently posted to the Ministry of Labour, Industrial Relations and Employment.

In 2006, he was posted at the Ministry of Agro-Industry and Fisheries. In January 2008, he was seconded for duty at the Fishermen Investment Trust as Ag. Secretary. Mr. Baichoo holds an International Diploma in Administrative Management (IAM-UK)

However, Mr. Baichoo's tenure at the Trust ended on the 22nd of December 2010 as he joined the Ministry of Business, Enterprise, Cooperatives and Consumer Protection.

MEMORABLE EVENTS/ACHIEVEMENTS

A. Launching Ceremony of Fishing Boat MEXA 1

As part of its Corporate Social Responsibility (CSR) Programme, the Mauritius Export Association (MEXA) undertook to donate a brand new fishing boat to the Government of Mauritius. In this respect, MEXA signed a Memorandum of Understanding with the Fishermen Investment Trust on the 11th of February 2009 in view of launching an artisanal fishing project. The Project has as prime object, the promotion of outer lagoon and Fish Aggregate Device (FAD) fishery.

The aims of the Project, albeit carried out on a pilot basis, consist of:

- (a) putting fully equipped fishing boat(s) at the disposal of registered fishermen, especially to those fishermen who are at grass root level. It is indeed a gloomy reality that fishermen rank among the poorest classes of the Mauritian society and many face socio-economic problems, having not experienced an increase in their standard of living over the past decade(s).
- (b) imparting to them new fishing techniques whereby they shall be able to increase their catches and preserve its quality with a view of fetching a better price and hence improve their standard of living
- (c) collecting data such as catch per fishing day, revenue of fishermen, fuel consumption. Data collected would be utilised for the preparation of a feasibility study/business plan.

In light of the foregoing, an official ceremony was held on the 10th of December 2009 at FiTEC, where MEXA handed over a brand new fishing boat (MEXA 1) to the Fisheries Division of the then Ministry of Agro-Industry, Food Production and Security, in the eminent presence of the then-Minister of MAIFPS, Hon. Satya Veyash Faugoo, now Minister of Agro-Industry and Food Security. The management and ownership of MEXA 1 was subsequently passed on to the FIT.

B. Training of fishermen

Government's policy is to encourage artisanal fishermen to explore offshore capture fisheries which should provide them major economic benefits. Relocating fishing efforts to offshore areas should be translated through financial assistance and capacity building to artisanal fishermen as vulnerable group. Nevertheless, Capacity Building is an important component of the action.

With increased FAD development and improvement in existing fishing technology and infrastructures, it is assumed that fresh pelagic fish would in the long term become abundant on the domestic market. Preventing spoilage of the catch, maintenance of quality, reduction in health hazards to consumers are therefore of utmost importance and necessity. There is thus a pressing need for both fishermen and fishmongers to be sensitized and trained in the handling and preservation of the catch.

FISHERMEN INVESTMENT TRUST

To support this endearing move, the Fishermen Investment Trust being an active stakeholder in the Government's National Project for Rehabilitation of Fisheries Facilities for Fisheries Development in Mauritius, provided support to Parent Ministry with regards to:

- ✓ training of some 30 fishermen from Mauritius and 10 from Rodrigues as well as Mauritian and
- ✓ training of Mauritian and Rodriguan tutors

The training programme included further training at sea to the beneficiaries by the Fisheries Training and Extension Centre (FITEC) and covered the following aspects, amongst others:

- (a) maintenance of marine engines, propelled by diesel;
- (b) proper long line fishing around FADs to be deployed some 20 nautical miles off the coast of Mauritius;
- (c) manipulation of the marine communication equipment (radio, echo-sounder, GPS) and
- (d) new technologies and techniques to operate safely in the outer-reef areas and oceanic waters.

It is worth to be revealed that the above courses were dispensed by expert representatives from the Overseas Fisheries Cooperation Foundation (Japan).



Local fishermen during a manual session at FiTEC under supervision of Mr. Mori Mitsu, Fishing Expert from OFCF Japan



Training for Trainers on manning inboard diesel propelled engines at FiTEC Workshop, under supervision of Mr. Yoshiro Hara from OFCF Japan.



Mr. Muto, Fishing Expert from OFCF Japan during a practical demonstration at sea



Local fishermen during a night training session at sea



Trainee fishermen pictured with their impressive catch during training session

C. Rehabilitation of MEXA 1

In line with the bilateral agreement signed between the Government of Mauritius and the Overseas Fishery Cooperation Foundation of Japan on the Project for rehabilitation of fisheries facilities for fisheries development in the Republic of Mauritius, FIT in collaboration with the Parent Ministry requested the OFCF for technical assistance with respect to a major overhaul of fishing boat MEXA 1. The overhaul would enable same to accommodate new fishing equipments. Thus, MEXA 1 was sent to GRNW Yard Ltd in September 2010 to undergo the improvement works under close supervision of OFCF Experts.



IMAGE RECORD: MEXA 1 before Rehabilitation



IMAGE RECORD: MEXA 1 during Rehabilitation

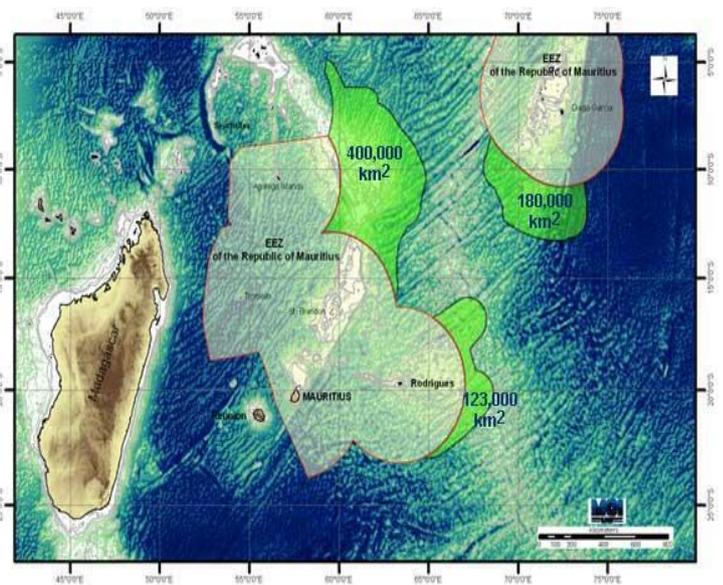


IMAGE RECORD: MEXA 1 after Rehabilitation

REVIEW OF THE FISHERIES SECTOR IN THE REPUBLIC OF MAURITIUS

The fisheries sector of the Republic of Mauritius has in recent years become an important sector of the economy supplying fish and fish products to the domestic markets to ensure the overall food security of the country, producing foreign exchange through exports of frozen & processed fish and providing employment. The fisheries sector and its ancillary activities (shipping agencies, port activities, logistics, vessel repairs, shipping and financial services, and crew expenditures) account for about 2% of GDP over the years during the last decade. Industrial developments within the fisheries sector are making increasingly significant contributions to the national economy through the development of the Seafood Business Hub in the Free Port Zone. Government's strategy is to ensure the sustainable management of the fisheries resources, while facilitating the growth and development of the industrial fisheries for processing, transshipment of catch from foreign vessels, with the associated value addition derived from port chandlery and servicing facilities.

Mauritius has an Exclusive Economic Zone (EEZ) of 1.9 million km² extending from the coasts of the islands of Mauritius, Rodrigues, St Brandon (Cargados Carajos Shoals), Agalega, Tromelin and Chagos Archipelago. The EEZ has a reasonable stock of various fish, including pelagic and demersal species. Fisheries resources exploited include the island-based artisanal fisheries, the offshore demersal fishery of the banks of the Mascarene Plateau and the Chagos Archipelago, and the tuna fishery in the Western Indian Ocean. Having such an intensive EEZ, Mauritius definitely has a huge potential in exploiting its marine eco-system whilst ensuring constant supply of seafood for local consumption, let alone a substantial inflow of foreign currency through exportation.



However, overfishing in the lagoon has led to a constant depletion of our lagoon fish stock and other marine resources. With a view to reducing fishing effort in the overexploited lagoon, fishers are being encouraged to catch large pelagic fish around Fish Aggregating Devices (FADs) moored around the island. The FADs are placed 5 to 10 nautical miles, outside the fringing reef wherein the traditional fishers have learnt their craft. The FADs are currently being maintained and renewed by the government so as to encourage lagoon fishermen to venture into the outer reef fisheries. Government is thus providing incentives and appropriate training to fishermen willing to operate around FADs and in offshore areas.

Coastal (artisanal) fisheries are carried out by artisanal fishermen in the inner lagoon (in rather calm seas), in contrast to outer lagoon operations where harsher conditions require large boats. Artisanal fishers are the main suppliers of fresh fish for domestic consumption. Artisanal types of fishing boat usually require 2 to 3 crew members with knowledge and experience in safe navigation, outboard engines, and emergency training. Fresh fish is landed along the coast of Mauritius at 61 fish landing stations by the artisanal fishermen, who fish inside the lagoon and in the vicinity of the outer reef. The gears used include basket traps,

hook-and-line, harpoons, large nets and gillnets. The main species caught are the lethrinids, scarids, sigannids and mullets. In 2009, there were 2,303 active fishermen in the artisanal fishery. The artisanal fishers have boats of 8 to 25 hp, mainly powered by outboard motors. There are also some fishers that use oars and sails or wooden poles. In 2009, total fresh fish production from the artisanal fishery was 820 t. The average catch per fisherman-day was 6.4kg.

Chilled fishery is carried out on the banks of Soudan, Albatross, Nazareth and Saya de Malha. In 2009, ten fishing boats and nine fishing carriers undertook 145 fishing trips on those banks, producing a total of 120 t of chilled fish.

A major source of frozen fish for the Mauritian market is the shallow banks located on the Mascarene Plateau, lying about 500 km north of Mauritius. Fishing occurs in depths of 30 to 60 m on the St Brandon groups of islands, Saya de Malha, Nazareth and Albatross banks, which have sandy and coral bottoms. The fishermen operate from dories, which are transported by mother vessels. The main species caught is *Lethrinus mahsena*. A fishing campaign lasts for 30 to 60 days at sea. In 2009, ten vessels operated in the fishery, catching 2,233 t of fish, which was frozen on board and landed in Port Louis. Most of the catches are shipped to domestic markets in frozen form for local consumption, with a certain portion destined for the export market.

The tuna fishery is the major industrial fishery of Mauritius and exploits the tuna resources in the South West Indian Ocean. Land transshipment constitutes a very important related activity, and in 2009, a total of 35,863 t of tuna and tuna-like species was transshipped at Port Louis by licensed and non-licensed longliners, which effected 351 calls. Most of the product transshipped consisted of albacore tuna.

Demersal (slope) fisheries are carried out on the slope of the banks in the Mauritian EEZ at depths ranging from 125m to 300m, targeting snappers and groupers. The deep-water snappers are relatively long-lived, slow growing and may attain sizes up to one (1) metre in length and are a highly commercial species and are mostly marketed chilled thus attracting business opportunities. In 2009, ten fishing vessels were active in the fishery on the drop-off of the St. Brandon, Albatross, Nazareth and the Saya de Malha banks. A total of 487 t of frozen fish and 42 t of chilled fish were landed.

Aquaculture is farming of fish, shellfish and aquatic plants in fresh or sea water. Aquaculture products are grown in earthen ponds, freshwater lakes and bays, or in the open ocean. The fish are fed and cared for to ensure optimum health and product quality. Aquaculture is mainly intended for production of food, stock enhancement and socio-economic development. The Government of Mauritius is actively encouraging for the development of aquaculture, whereby self-sufficiency in fish products can be attained. Aquaculture is indeed one sector which is currently thriving the world over. It has a tremendous economic potential. By going hand in hand with the numerous measures that this Government has taken in favour of the fishers' community, aquaculture will further enhance the fisheries sector and will allow the fishing. In 2009, a total of 330 t of marine fish was cultured in floating cages. 140 t of red drum, silver sea bream and rabbit fish were produced for the local market whilst 190 t of chilled red drum was exported to France, South Africa, USA, Portugal, Spain and Italy.

FUTURE PROSPECTS FOR FIT

Government's philosophy is to convert Mauritius into a world class seafood hub, comprising internationally benchmarked, competitive trading, warehousing, processing, distribution and re-export of fresh, chilled, frozen, raw and processed value added sea products. The overriding strategy for the fisheries sector is the proper management of the captured fish within the sustainable limits while at the same time ensuring a regular supply of fish and fish products for local consumption and increasing the export potential. It goes without saying that the Government of Mauritius is keen to develop the Mauritian fishery in a sustainable and healthy manner by providing incentives and encouragement while at the same time, giving due consideration to the social, economic and environmental aspects of this emerging economic pillar.

In this context, Government is enthused to revamp the fisheries sector by supporting strategic infrastructure development to encourage domestic investment in off-lagoon and offshore pelagic fisheries whilst at the same time empower the fishermen community. The objective is to encourage existing artisanal fishers to move away from the lagoon fishery to the FAD fishery and other off lagoon fishing activities such as demersal fishery together with upgraded approaches to fishing methods, vessels, gear and training.

In the context of project developments, the Government of Mauritius shall soon proceed with the rehabilitation of four Fish Landing Sites, albeit in phases. The new facilities at those selected Fish Landing Sites would include amongst others storage and marketing of fish by fishermen, dredging for navigation of boats, jetties, fish landing facilities, cold room, ice making plants. Enhancements to fishing port facilities both encourage further investment in the fishery in a strategic and sustainable manner, to the betterment of the Mauritian economy with the encouragement of domestic fishermen in this sector.

2011 will pave way for the much awaited project of Fish Auction Market being built at Fort Williams-Les Salines. It is believed that the advent of a Fish Auction Market will serve as a platform for the marketing of fish whereby small-scale fishermen would sell their products at market determining prices free from grips of intermediaries give improved access to buyers, accurate prices and more control over the marketing process. The Fish Auction Market will also enable the auction of fish to the cooperative societies, fish traders, fish processors, fishmongers and the public at large. The intention is to increase quality and push fishers to supply higher quality fish. It is expected that Tuna and other species caught will be landed at the enhanced fish landing sites in the country and through the new fish auction market.

In line with Government's strategies pertaining to the fisheries sector, FIT is called upon to play a predominant role in the development of the fisheries sector for the benefit of fishermen and to promote outer lagoon fishing. In this respect, FIT has proceeded with the acquisition of three multipurpose fishing boats, able to undertake demersal line fishing and long line fishing. These boats shall be equipped with fishing gears, life saving & safety equipment and shall enable a greater number of fishermen to operate on Fish Aggregating Devices (FADs). This will allow fishermen to move away from the exploited lagoon to the outer lagoon and high seas where there is a potential for larger catch. At the same time the lagoon will be freed from the fishing pressure and would be allowed to recuperate. It is recognized that this project will provide potential for diversification and enhancement of sources of income for fishing communities. Presently income is derived from and primarily focused on the lagoon fishery in the country. This is the case at a time when lagoon resources are heavily over-exploited.

FISHERMEN INVESTMENT TRUST

Further, FIT is set to play a crucial role in the management of the four identified fish landing sites. The sites will be managed individually and a Capacity Action Development Plan will be prepared accordingly, taking into consideration with the specificities of each site.



STATEMENT ON CORPORATE GOVERNANCE

Corporate governance is about commitment to values and ethical business conduct. It is a set of laws, regulations, processes and customs affecting the way an organisation is directed, administered, controlled or managed. This includes its corporate and other structures, culture, policies and the manner in which it deals with various stakeholders. Some of the important best practices of corporate governance framework are timely and accurate disclosure of information regarding the financial situation, performance and governance of an organisation. Let alone, good corporate governance aims for a high level of transparency and accountability in the Trust's operations. Key elements of good corporate governance principles include honesty, trust and integrity, openness, performance orientation, responsibility and accountability, mutual respect, and commitment to the organization.

Statement of commitment

A board of directors often plays a key role in corporate governance. In its approach to governance, the Board of the Fishermen Investment Trust (FIT) embraces the best practice principles based on the understanding that sound governance practices are fundamental to earning the trust of the stakeholders. This is critical to sustaining FIT's success and preserving shareholder value.

The Board further recognises FIT's responsibility to conduct its affairs with prudence, probity, transparency, accountability, fairness and social responsibility, thereby safeguarding the interests of all its stakeholders. The Board also appreciates that corporate governance is a component of equity risk and acknowledges the relationship between governance and risk management practices, equity performance and corporate profitability. Sound governance principles remain one of the top priorities of the Board and FIT's management team.

The Board is also cognizant of its responsibility to the shareholders for the management of the Trust and for the protection of its assets. As such, it is ultimately responsible for putting in place the Trust's systems of internal control and for reviewing their effectiveness. These systems are designed to manage, rather than eliminate, the risk of failure to achieve business objectives and consequently can provide reasonable, but not absolute, assurance against material misstatement or loss.

Roles of the Board

The code of Corporate Governance requires an organisation to be headed by an effective Board of Directors, who is collectively responsible for the success of the organisation.

The board of directors represents the shareholders' interests in maintaining and growing a successful business including optimizing consistent long-term financial returns. The board is responsible to all its shareholders and to its other stakeholders and is accountable for determining that the Trust is managed in such a way as to achieve its objectives.

The board is ultimately responsible for the Trust's overall strategy, acquisition and investment policy, approval of major capital expenditure projects, internal control, human resources, corporate ethics and corporate governance. The procedures and accountability for certain of these matters are delegated under clearly defined conditions to board committees and executive management and information is supplied to the board in a manner that

enables the board to act diligently and fulfill its responsibilities. The board monitors regularly the effectiveness of the policies and decisions, including the implementation and execution of its strategies.

The responsibilities of the Board of Directors include amongst others:-

- Determine the Trust's vision and mission to guide and set the pace for its current operations and future development.
- Determine and review the Trust's goals.
- Determine the Trust's policies
- Review and evaluate present and future opportunities, threats and risks in the external environment and current and future strengths, weaknesses and risks relating to the Trust.
- Determine strategic options, select those to be pursued, and decide the means to implement and support them.
- Determine the business strategies and plans that underpin the corporate strategy.
- Ensure that the Trust's organisational structure and capability are appropriate for implementing the chosen strategies.
- Delegate authority to management, and monitor and evaluate the implementation of policies, strategies and business plans.
- Ensure that internal controls are effective.
- Communicate with senior management.
- Ensure that communications both to and from shareholders and relevant stakeholders are effective.
- Understand and take into account the interests of shareholders and relevant stakeholders.
- Monitor relations with shareholders and relevant stakeholders by gathering and evaluation of appropriate information.

Board, Directors and Committees

The Trust is headed by a unitary board and the functions and responsibilities of the Chairman and Chief Executive Officer are separate. In line with the Fishermen Investment Trust Act 2006, the Board of FIT will normally comprise of a Chairperson and ten Non-Executive Directors (NEDs). For the proper functioning of the Trust, the roles of the Chairperson and that of the Chief Executive Officer are separate.

The Chairman has no executive or management responsibilities and acts as Chairman of meetings of the Board and of shareholders. The Chairperson is pivotal in creating the conditions for the effectiveness of the Board as a whole and the individual Directors.

The Chief Executive Officer is the person responsible for the executive management of the Trust's operations and is responsible for the execution of the Board's policies.

The 10 NED comprise of:

- (a) 2 representatives of fishermen elected by the registered artisanal, bank and semi-industrial fishermen of Mauritius
- (b) 1 representative of fishermen from Rodrigues elected by the registered artisanal, bank and semi-industrial fishermen
- (c) a representative of the Ministry responsible for the subject of fisheries;
- (d) a representative of the Ministry responsible for the subject of finance;
- (e) a representative of the Ministry responsible for the subject of shipping;
- (f) a representative of the Outer Islands Development Corporation; and
- (g) not more than 3 other persons, having experience in administrative, economic, financial or commercial matters or in matters relating to the fishing industry

To enable the Board to give a closer attention to the important issues facing the Trust, sub-committees were set up to allow for more detailed consideration of specific matters. The following two sub-committees were set up:

- (i) Technical Committee
- (ii) Bid Evaluation Committee

Technical Committees

During the accounting period ended 31 December 2010, technical committees were held in respect of the following issues:

- Drafting of specifications of fishing boats to be acquired by FIT and
- Proposed sale of FV Westfield No.1

The Technical Committee set up for defining the specifications of FIT's fishing boats met **two** times during the accounting period ended 31 December 2010 and comprised of:

1. Mr. Atmanun Venkatasami (Chairman)
2. Mr. K.K Chan Shin Yu (Member)
3. Capt. Jacques Goulot (Member)
4. Mr. Noel Rault (Member)

The Technical Committee set up in respect of considering the proposed sale of FV Westfield No.1 met only **one** time. The Committee constituted of the following board members:

1. Mr. Leelawant Ujoodha (Chairman)
2. Mr. Ravindraduth Poonie (Member)
3. Mrs. S.P.S Sew Hee (Member)

Bid Evaluation Committees

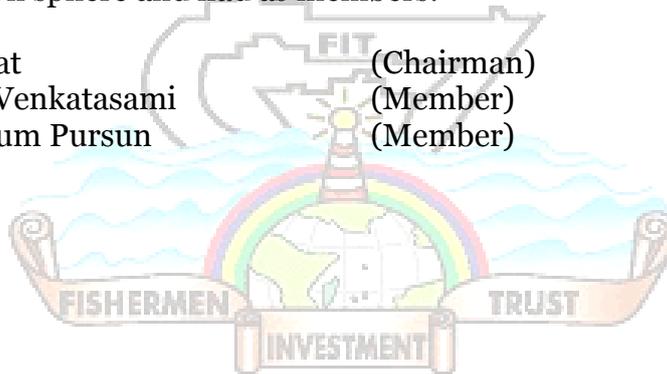
During the accounting period ended 31 December 2010, two types of Bid Evaluation Committees were constituted.

The first Bid Evaluation Committee (BEC) was set up to evaluate bids received by the FIT for the construction, supply, commissioning and testing of its fishing boats and to make appropriate recommendations to the Board of FIT. The members sitting in the BEC members were appointed on the basis of their experiences, skills and competences. The BEC met **five** times and had the following members:

1. Capt. Premananda Ponambalum (Chairman)
2. Mr. Sunil Beeharry Panray (Member)
3. Mr. Noel Rault (Member)

The second Bid Evaluation Committee was set up to evaluate the two quotations received by FIT from First Class Marine Surveyors and to make appropriate recommendations to the Board of FIT. It is to be noted that the expert services of a Professional Marine Surveyor was requisite to ensure that FIT's fishing boats are constructed according to pre-defined specifications and norms. The BEC met two times and comprised of persons who are competent in their own sphere and had as members:

1. Mr. Alain Donat (Chairman)
2. Mr. Atmanun Venkatasami (Member)
3. Mr. Vivay Kanum Pursun (Member)



Board Attendance

All directors are expected to attend all meetings of the board, and of those committees on which they serve, and to devote sufficient time to the Trust's affairs to enable them to properly fulfill their duties as directors. However, on occasion, it may be necessary to convene meetings at short notice which may preclude directors from attending. The board met **twelve** times in the accounting period to consider all aspects of the Trust's affairs and any further information which it requested from management. Directors are kept regularly informed of the up to date business position of the Trust.

MEMBERS	BOARD MEETINGS	SPECIAL BOARD MEETING	TECHNICAL COMMITTEE	BID EVALUATION COMMITTEE
Total Number of Meetings	6	6	1	2
Chairman				
DESBLEDS Jacques	6	6	Nil	Nil
Representatives of fishermen from Mauritius				
ANDY France	5	2	Nil	Nil
SOPHIE René	1	Nil	Nil	Nil
Representative of fishermen from Rodrigues				
No Representative on Board	Nil	Nil	Nil	Nil
Representatives of the Ministry responsible for the subject of fisheries				
MAUREE Daroomalingum	3	2	Nil	Nil
COONJAN Jayanty (AR)	2	Nil	Nil	Nil
NEERMUL Pradeep (AR)	Nil	1	Nil	Nil
UJODHA Leelawant (AR)	1	3	1	Nil
Representatives of the Ministry responsible for the subject of finance				
GUNESH Mahaveer	Nil	Nil	Nil	Nil
SEW HEE S.Piang Sang (AR)	1	2	1	Nil
BUNDHOO Deobrut (AR)	Nil	1	Nil	Nil
Representatives of the Ministry responsible for the subject of shipping				
POONYE Navindranath	4	3	Nil	Nil
Representatives of the Outer Islands Development Corporation				
PURSUN Vivay Kanum	1	2	Nil	2
GHURBURRUN Ravin Kumar (AR)	5	2	Nil	Nil
Members appointed by the Minister				
POONIE Ravindraduth	6	5	1	Nil
WONG SO Guy	4	6	Nil	Nil
RAULT Maurice	3	1	Nil	Nil

* **AR stands for Alternate Representative**

Notes to the composition of FIT's Board of Directors at 31 December 2010

1. The term of the Board of FIT ended in March 2010.
2. In line with Section 31(3) of the Interpretation and General Clauses Act, the Chairperson and some Members of the Board of FIT continued to serve the Board at 31 December 2010, pending the constitution of a new Board of Directors.
3. The two elected Mauritian representatives of fishermen continued to serve that Board of FIT until 26 May 2010.
4. Since Mr. Louis Clarence Leopold (representative of fishermen from Rodrigues) relinquished his Fisherman Registration Card in 2008, he was not convened to attend board meetings onwards. At 31 December 2010, there was no replacement for the latter on the Board of FIT.
5. Mrs. S. Piang Sang Sew Hee was designated in July 2010 to represent the Ministry of Finance & Economic Development, in replacement of Mr. Mahaveer Gunesh, following the latter's departure from MOFED.
6. From the 26th of May 2010, Mr. Vivay Kanum Pursun was designated to represent the Outer Islands Development Corporation, in replacement of Mr. Piaray Lal Sharma Davay.

Service Contracts

There were no significant contracts or transactions during the period involving the Fishermen Investment Trust and the employees, the Chairman, the Directors or their related parties outside the ordinary course of operations.

Directors' and Employees' Share Interests

Subsection 5(1) of the FISHERMEN INVESTMENT TRUST ACT 2006 stipulates that the board of the trust shall consists of two representatives of fishermen elected by the registered artisanal, bank and semi-industrial fishermen and one representative of fishermen from Rodrigues elected by the registered artisanal, bank and semi-industrial fishermen. The interests of the ex-Directors in the shares of the Trust as at 31 December 2010 are as follows:

		Ordinary shares
Mr. France Andy	(Representative of Mauritian fisher community)	300
Mr. Rene Sophie	(Representative of Mauritian fisher community)	300

Related Party Transactions

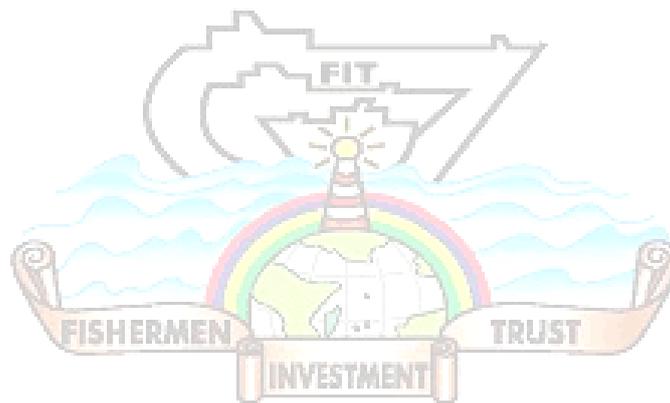
As part of its institutional support towards FIT during the financial year ended 31 December 2010, Parent Ministry through FiTEC provided complimentary facilities like water, electricity, air-conditioning and other services like security and fire alarm system.

Remuneration of Directors

During the accounting period which started on 01 July 2009 and ended 31 December 2010, a total amount of **MUR 376,365** has been paid as Directors' fees and allowances.

Code of Ethics

The Trust is committed to a policy for fair, honest dealing and integrity in the conduct of its business. This commitment, which is actively endorsed by the Board, is based on a fundamental belief that business should be conducted honestly, fairly and legally. The Trust expects all employees to share its commitment to high moral, ethical and legal standards.



Directors' responsibility for financial reporting

- The Directors are responsible for the preparation of the annual financial statements. The financial statements conform to the requirements of the Financial Reporting Standards (FRS) for Statutory Bodies, as specified in Part II Second Schedule of the amended Statutory Bodies (Accounts & Audit) Act. These FRSs are issued by the Financial Reporting Council, pursuant to Section 72 of the Financial Reporting Act 2004 (as amended in 2009).
- The financial statements fairly present the state of affairs of the Fishermen Investment Trust as at the end of the accounting period and the surplus/(deficit) and cash flows for that period.
- It is the responsibility of the independent auditors to report on the fair presentation of the financial statements. The Trust's external auditor, the Director of Audit, has full and free access to the accounting records in conducting his audit.
- The Directors are ultimately responsible for the internal controls of the Trust. Management enables the directors to meet these responsibilities. Standards and systems of internal controls are designed and implemented by management to provide reasonable assurance of the integrity and reliability of the financial statements and to adequately safeguard, verify and maintain accountability for shareholder investments and assets.
- Accounting policies supported by judgements, estimates, and assumptions in compliance with FRS, are applied consistently to maintain a going concern. Systems and controls include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties.
- Based on the information and explanations given by management, the Directors are of the opinion that the accounting controls are adequate and that the financial records may be relied upon for preparing the financial statements in accordance with requirements of FRS and to maintain accountability for the Trust's assets and liabilities.
- The directors have a reasonable expectation that Trust will have adequate resources to continue in operational existence and as a going concern for the foreseeable future.
- The FIT Act 2006 requires the Trust to submit to the Minister, at least 3 months before the beginning of every financial year, in such manner as he may approve an estimate of the income and expenditure of the Trust for that financial year.
- Section 6A of the Statutory Bodies (Accounts and Audit) Act 1972 requires the Trust to prepare an Annual Report which shall consist of a Corporate Governance Report, in accordance with the National Code of Corporate Governance.
- Section 7 of the Statutory Bodies (Accounts and Audit) Act 1972 requires the Trust to submit to the auditor, the Annual Report of the Trust including the financial statements not later than 3 months after the end of every financial year.
- Section 9 of the Statutory Bodies (Accounts and Audit) Act 1972 requires the Trust to submit to the Financial Reporting Council, the Annual Report of the Trust including the audited financial statements within 8 months after the end of every financial year.
- The Board adheres to the principles of good corporate governance.

APPROVED BY THE BOARD OF DIRECTORS AND SIGNED ON ITS BEHALF



Jacques DESBLEDS (Mr.)
Chairman



Vivay Kanum PURSUN (Mr.)
Board Member

CURRENT PROJECTS DEVELOPMENTS

A. Fishing Boats for outer lagoon and FADs fishery

- In line with the Memorandum of Understanding signed between FIT and the Mauritius Export Association (MEXA) on 11th of February 2009, MEXA officially handed over one fishing boat, namely MEXA 1, to the FIT in December 2009. This boat is meant for fishing on a pilot basis and training purposes.
- Following directives from the Ministry in December 2009, FIT invited bids for the construction, supply, commissioning and testing of 4 fishing boats. However, in view of the Trust's limited finance it was finally decided to procure only 3 boats. After a bidding exercise, the contract was awarded to GRNW Boat Yard Ltd in February 2010 for the total sum of Rs 10,350,000.00 (VAT Inclusive) as it was the only responsive bid according to the Bid Evaluation Committee.
- The Trust has already enlisted the services of a professional marine surveyor to carry out inspections at every stage of construction, to ensure that the boats, which are expected to be delivered latest by April 2011, are built according to pre-defined specifications, norms and standards.



HULL OF 1ST UNIT ON BLOCKS



FRONT DECK LAYOUT WITH CABIN



PRE-LAUNCHING OF 1ST UNIT (AFT VIEW)



PRE-LAUNCHING OF 1ST UNIT (FRONT VIEW)



BUREAU VERITAS "IMAGE RECORD"

First Fishing Boat of FIT, under construction at GRNW Boat Yard Ltd.



FISHERMEN INVESTMENT TRUST
 "IMAGE RECORD"
 Latest images of FIT's First Fishing Boat of FIT



CASTING OF 2ND UNIT



HULL OF 2ND UNIT



CASTING OF 2ND UNIT



BUREAU VERITAS
 "IMAGE RECORD"
 Second Fishing Boat of FIT, under construction at GRNW Boat Yard Ltd.

B. Barachois Project

- On 22 August 2008, Government agreed to the allocation of (2) barachois to the FIT, namely:
 - (i) Petit Barachois at Poudre d'Or for the implementation of an integrated project and
 - (ii) Bassin Humbert.
- With regards to Bassin Humbert, legal impediments have to be cleared prior to its allocation to the FIT. Once the barachois is allocated to the FIT, the Trust shall market the site with the support of the Board of Investment for the development of integrated projects that would cater for the benefits of the fishermen community of that region. Priority of employment will be given to fishermen and women of the region.
- Discussions are ongoing between the FIT, the Fisheries Division and the Ministry of Land and Housing to finalize the allocation of Petit Barachois to the FIT by way of an industrial lease. The FIT has requested for exemption from the payment of deposit and rental fees. The request is at the level of the Ministry of Housing and Lands.
- One proposal for the development of integrated project has already been received and same is presently under consideration.

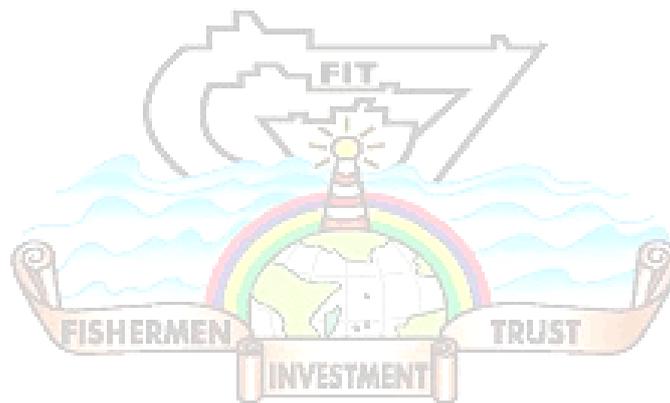
C. Fish Farm Project in the region of Bambous Virieux

- The FIT has teamed up with the Ministry of Fisheries and Rodrigues and the Ferme Marine de Mahebourg for the cage farming of Red drum (Ombrine) in the region of Bambous Virieux.
- The project would be financed by the Food Security Fund for which a provision of Rs 15 M has been made.
- The Ferme Marine de Mahebourg (FMM), being the pioneer in the fish cage culture in Mauritius, has been approached to support the project by providing necessary expertise, technical assistance and supply of juveniles and feeds amongst others.
- The Human Resource Development Council (HRDC) will be requested to mount appropriate training programs in respect of fishers who will be directly involved in the implementation of the project. Some 30 fishers will be initially trained. Priority of employment will be given to fishermen of the region.
- Moreover, the Empowerment Programme shall be called upon to support the project by providing a stipend to fishers who will undergo training. This will also build up capacity for prospective entrepreneurs who would be investing in similar aquaculture projects. The cost of the project is now estimated at Rs 18.5 M.
- A Memorandum of Understanding (MoU) between FIT and FMM highlighting the nature of assistance to be provided by FMM need to be finalized. However, FMM has indicated that it was considering to introduce a new species which may be more economically viable than the Red Drums (Ombrine) and the FIT has been requested to wait for further developments.

D. Grant Aid from Japan

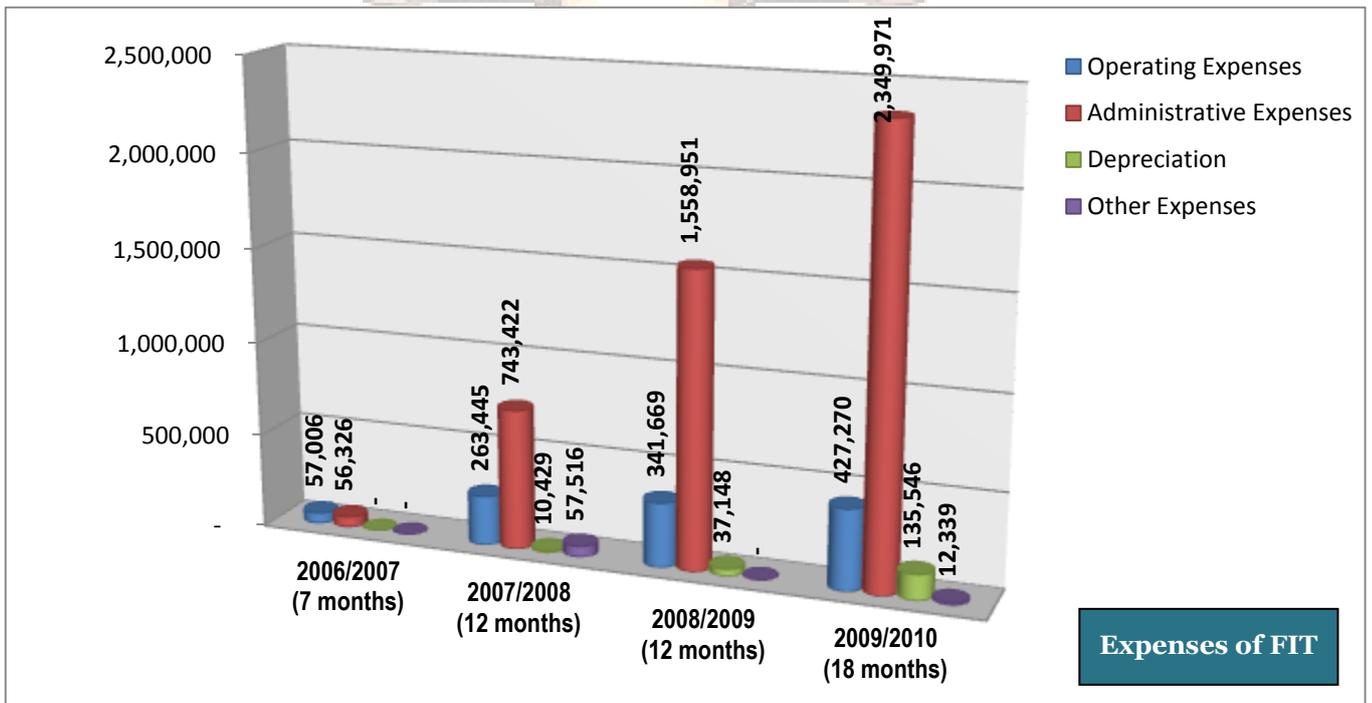
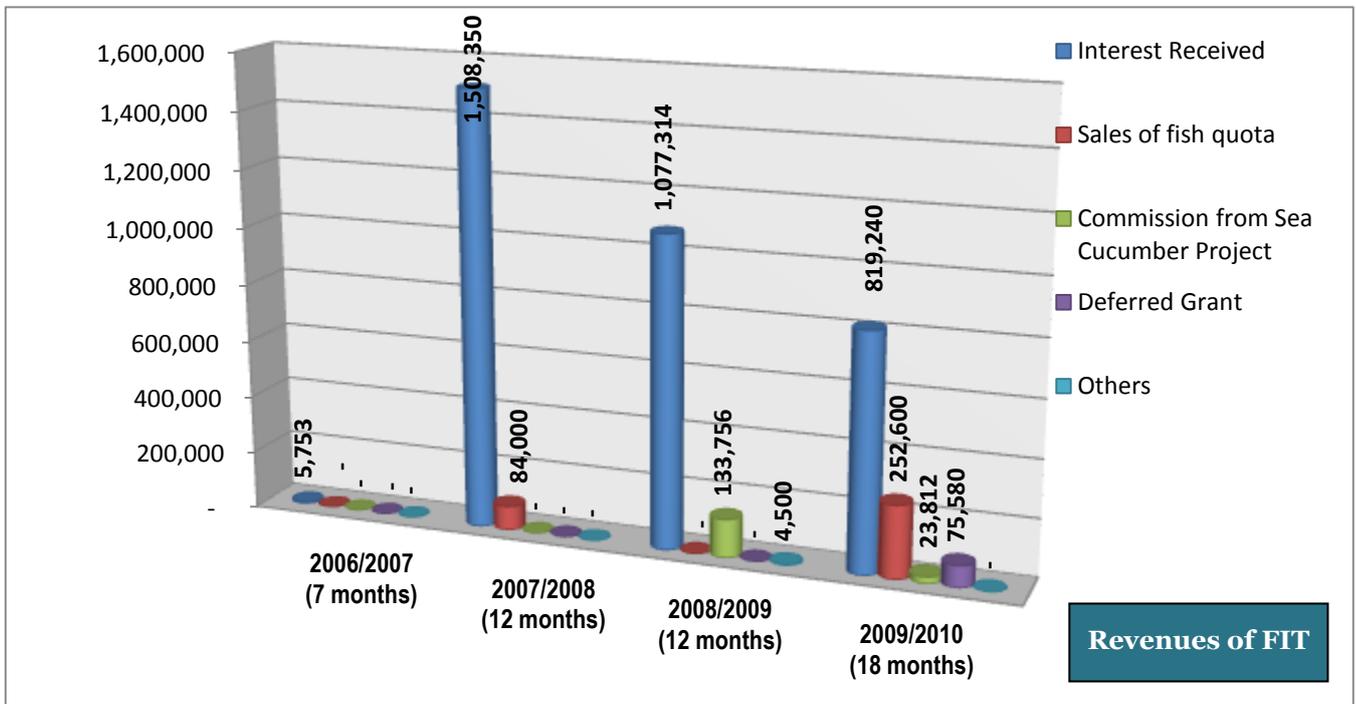
The FIT has in collaboration with the parent Ministry requested the OFCF for technical assistance with respect to:

- (i) Rehabilitation works for fishing boat MEXA 1;
- (ii) Maintenance training on marine diesel engines; and
- (iii) Fishing training to local fishermen using MEXA 1



FINANCIAL HIGHLIGHTS

During the accounting period, the revenues accrued to the Fishermen Investment Trust were not as expected. Owing to the constant dwindling of the Repo Rate, interests received by FIT on its short term placement and savings account have been decreasing proportionately over the years. On the brighter side, FIT was able to register sales of its fish quota to the tune of **Rs.252,600**.



AUDITOR'S REPORT**REPORT OF THE DIRECTOR OF AUDIT
TO THE BOARD OF THE
FISHERMEN INVESTMENT TRUST****Report on the Financial Statements**

I have audited the accompanying financial statements of the Fishermen Investment Trust which comprise the statement of financial position as at 31 December 2010, the statement of financial performance, and the statement of cash flows for the 18 month-period then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in Mauritius and in compliance with the Statutory Bodies (Accounts and Audit) Act. This responsibility includes designing, implementing and maintaining internal control relevant to the presentation 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

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with International Standards of Supreme Audit Institutions. Those Standards require that I comply with ethical standards and plan and perform the audit to obtain reasonable assurance about 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 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 Trust's internal control. An audit also includes evaluating the appropriateness of the accounting principles used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a reasonable basis for my opinion.

Opinion

In my opinion, the financial statements give a true and fair view of the financial position of the Fishermen Investment Trust as at 31 December 2010, and of its financial performance and cash flows for the 18 month-period then ended in accordance with accounting principles generally accepted in Mauritius.

Report on Other Legal and Regulatory Requirements

Management Responsibility

In addition to the responsibility for the preparation and presentation of the financial statements described above, management is also responsible for ensuring that the activities, financial transactions and information reflected in the financial statements are in compliance with the laws and authorities which govern them.

Auditor's Responsibility

In addition to the responsibility to express an opinion on the financial statements described above, my responsibility includes expressing an opinion on whether the activities, financial transactions and information reflected in the financial statements are, in all material respects, in compliance with the laws and authorities which govern them.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Opinion

Statutory Bodies (Accounts and Audit) Act

In my opinion, in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance with the Statutory Bodies (Accounts and Audit) Act.

Public Procurement Act

The Fishermen Investment Trust is responsible for the planning and conduct of its procurement. It is also responsible for defining and choosing the appropriate method of procurement and contract type in accordance with the provisions of the Act and relevant Regulations. My responsibility is to report on whether the provisions of Part V of the Act regarding the Bidding Process have been complied with.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

In my opinion, the provisions of Part V of the Act have been complied with as far as it appears from my examination of the relevant records.

Emphasis of Matter

Without qualifying my opinion, I draw attention to the following:

For the 18 month-period ended 31 December 2010, operating deficits totalled some Rs 1.7 million while the General Fund showed a debit balance of Rs 2,066,133.

The Fishermen Investment Trust has not been in a position to embark/complete activities it had planned to carry out. Should the FIT not be able to generate income in the foreseeable future, it may not be able to operate as a going concern.

(Dr R. JUGURNATH)
Director of Audit

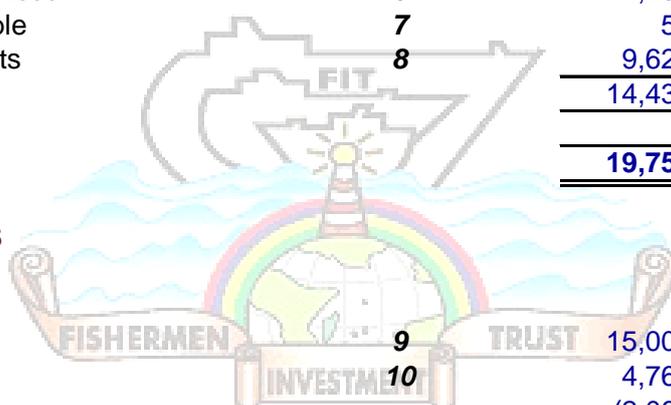
National Audit Office
Level 14, Air Mauritius Centre
PORT LOUIS

4 May 2012

FINANCIAL STATEMENTS

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2010

	Notes	Period 01-Jul-09 to 31-Dec-10 Rs.	Year ended 30 June 2009 Rs.
ASSETS			
Non Current Assets			
Property, Plant & Equipment	3	1,665,695	291,980
Investment in Associate		-	300
		1,665,695	292,280
Asset under Construction			
Fishing Boats	4	3,657,000	-
		3,657,000	-
Asset Held for Sale			
Investment in Associate	5	300	-
		300	-
Current Assets			
Consumable Biological Asset	6	4,755,350	-
Trade & Other Receivable	7	52,500	42,385
Cash & Cash Equivalents	8	9,622,901	14,713,897
		14,430,751	14,756,282
		19,753,746	15,048,562
TOTAL ASSETS			
EQUITY & LIABILITIES			
Equity			
Issued Share Capital	9	15,000,000	15,000,000
Other Reserves	10	4,765,350	-
General Fund		(2,066,133)	(312,239)
		17,699,217	14,687,761
Non-Current Liabilities			
Deferred grant on donated asset	11	1,436,020	-
		1,436,020	-
Current Liabilities			
Trade and Other Payables	12	558,509	320,801
Provisions		60,000	40,000
		618,509	360,801
		19,753,746	15,048,562
TOTAL EQUITY & LIABILITIES			



Chairman

Director

Date

Date

FISHERMEN INVESTMENT TRUST

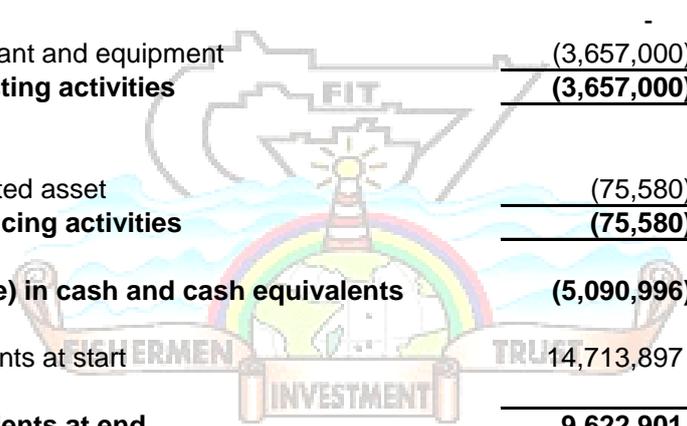
STATEMENT OF FINANCIAL PERFORMANCE FOR THE PERIOD 01 JULY 2009 TO 31 DECEMBER 2010

	Notes	Period 01-Jul-09 to 31-Dec-10 Rs.	Year ended 30 June 2009 Rs.
INCOME			
Commission received		23,812	133,756
Proceeds from sales of fish quotas		252,600	-
Deferred grant	11	75,580	-
Other Income	13	819,240	1,081,814
Total Income		1,171,232	1,215,570
EXPENSES			
Operating Expenses	14	427,270	341,669
Administrative Expenses	15	2,349,971	1,558,951
Depreciation		135,546	37,148
Other Expenses		12,339	-
Total Expenses		2,925,126	1,937,768
Deficit for the Year		(1,753,894)	(722,198)



STATEMENT OF CASH FLOWS FOR THE PERIOD 01 JULY 2009 TO 31 DECEMBER 2010

	Period 01-Jul-09 to 31-Dec-10 Rs.	Year ended 30 June 2009 Rs.
Deficit for the period	(1,753,894)	(722,198)
Adjustments for items not involving cash:		
Depreciation on property, plant and equipment	135,546	37,148
Provision for replacement cost	10,000	-
Loss on disposal of asset	2,339	-
Net cash generated from operating activities	(1,606,009)	(685,050)
Working Capital changes:		
(Increase)/decrease in receivables	(10,115)	(42,385)
Increase/(decrease) in payables	257,708	157,989
Net movement in working capital	247,593	115,604
Investing activities:		
Investment in Associate	-	(300)
Purchase of property, plant and equipment	(3,657,000)	(257,078)
Net cash used in investing activities	(3,657,000)	(257,378)
Financing activities:		
Deferred Grant on donated asset	(75,580)	-
Net Cash used in financing activities	(75,580)	-
Net Increase/(Decrease) in cash and cash equivalents	(5,090,996)	(826,824)
Cash and cash equivalents at start	14,713,897	15,540,721
Cash and cash equivalents at end	9,622,901	14,713,897



**STATEMENT OF CHANGES IN GENERAL FUND
FOR THE PERIOD 01 JULY 2009 TO 31 DECEMBER 2010**

	Period 01-Jul-09 to 31-Dec-10 <u>Rs.</u>	Year ended 30 June 2009 <u>Rs.</u>
Opening Balance	(312,239)	409,959
Loss for the Accounting Period	(1,753,894)	(722,198)
Closing Balance	<u><u>(2,066,133)</u></u>	<u><u>(312,239)</u></u>



NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD 01 JULY 2009 TO 31 DECEMBER 2010

1. INCORPORATION AND ACTIVITIES

The Fishermen Investment Trust is a body corporate under the Fishermen Investment Trust Act 2006 and falls under aegis of the Ministry of Fisheries and Rodrigues. The act was proclaimed with effect from 31 January 2007. FIT operates on a commercial basis and have due regard to the interest of registered fishermen in general.

The objectives of FIT are to invest directly or through a body controlled by it in:

- a) fishing activities;
- b) fish processing activities;
- c) fish marketing and
- d) such other activities related to the fishing industry as may be approved by the Board.

2. ACCOUNTING POLICIES

The following principal accounting policies have been adopted while preparing the financial statements:

(a) Basis of preparation

The Financial Statements have been prepared under the Historical Cost Convention and in accordance with accounting principles generally accepted in Mauritius.

Financial assets and liabilities and non financial assets and liabilities are stated at amortised cost or historical cost.

(b) Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Trust and it can be reliably measured. Revenue is recognised by the Trust as it accrues unless collectability is in doubt.

(c) Comparative Figures

Whilst the current financial statements have been prepared based on an 18-months period, i.e. from 01 July 2009 to 31 December 2010, the comparative figures are of last audited accounts. The last financial statements were audited based on figures for a 12-months period, i.e. from 01 July 2008 to 30 June 2009. The length of the reporting period being different, the figures are thus not comparable.

(d) Property, Plant & Equipment

All property, plant and equipment are initially recorded at cost. Depreciation is calculated so as to write off the cost of these assets in use on a straight line basis over their expected useful lives.

The annual depreciation rates used for the purpose are as follows:-

Plant & Equipment	20%
Furniture & Fittings	10%
Computer & Software	20%
Fishing Boat	5%

Depreciation is calculated on a pro-rata basis in the year of acquisition.

(e) Investment in Associate

The investment has been valued at nominal value.

(f) Asset held for sale

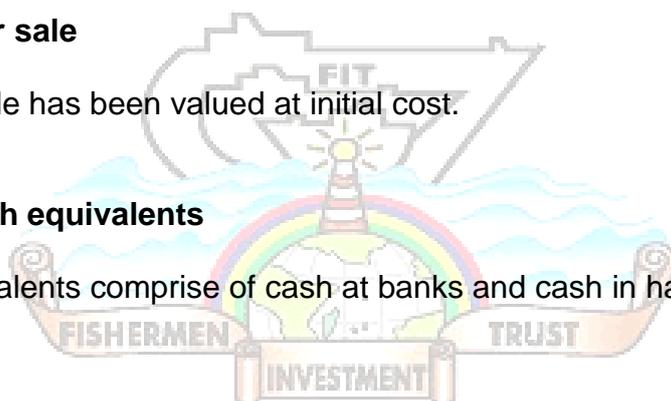
The asset held for sale has been valued at initial cost.

(g) Cash and cash equivalents

Cash and cash equivalents comprise of cash at banks and cash in hand.

(h) Provision

Provisions are recognised when the Trust has a present legal or constructive obligation as a result of past event which, it is probable will result in an outflow of economic benefits that can be reasonably estimated to settle that obligation. At the time of effective payment, the provision is deducted from the corresponding expenses. All known risks at Balance Sheet date are reviewed in details and provision is made where necessary.



3. PROPERTY, PLANT AND EQUIPMENT

	Plant & Equipment Rs	Furniture & Fittings Rs	Computer Hardware Rs	Fishing Boat Rs.	Total Rs
Cost/Valuation					
At 30 June 2009	10,553	195,258	133,746	-	339,557
Additions	-	-	-	1,511,600	1,511,600
Disposal	(4,129)	-	-	-	(4,129)
At 31 December 2010	6,425	195,258	133,746	1,511,600	1,847,029
Accumulated Depreciation					
At 30 June 2009	2,512	18,474	26,591	-	47,577
Charge for the year	3,097	26,270	30,599	75,580	135,546
Disposal	(1,789)	-	-	-	(1,789)
At 31 December 2010	3,820	44,744	57,190	75,580	181,334
Net Book Value					
At 31 December 2010	2,605	150,514	76,556	1,436,020	1,665,695
At 30 June 2009	8,041	176,784	107,155	-	291,980

4. ASSET UNDER CONSTRUCTION

On 24 February 2010, the Fishermen Investment Trust awarded a contract for the construction, supply, testing and commissioning of three (3) fishing boats to the Grand River North West Boat Yard Ltd. The total contract value is **Rs. 10,350,000/-** inclusive of VAT. The work-in-progress value (**Rs. 3,105,000/-**) and fees payable to a Marine Surveyor for carrying out the inspection works (**Rs. 552,000/-**), have been capitalized in the accounts.

5. ASSET HELD FOR SALE

The Fishermen Investment Trust has a 30% shareholding in a Private Public Partnership, set up to materialise a sea cucumber project at St. Brandon against a nominal fee of **Rs. 300/-**. A Shareholders' Agreement was accordingly signed on 24 October 2008. To undertake the fishing of sea cucumbers, a fishing vessel namely FV Westfield No.1 was acquired.

Unfortunately, this project had to be ceased following an imposition of a two-year ban by the Government, on the collection of sea cucumbers in the waters St. Brandon with effect from 01 August 2009. In light of the foregoing, both the Parent Ministry and the Board of FIT are agreeable to the proposed sale of FV Westfield No.1 on the condition that FIT would receive a one-off share of **Rs. 500,000/-** from the sale proceeds. After the settlement, FIT would dispose of its shares and annul the Shareholders' Agreement.

6. CONSUMABLE BIOLOGICAL ASSET

The fish quotas allocated to the Fishermen Investment Trust in the waters of St. Brandon (600 t) and South Nazareth (400 t) are to be considered as an asset of the FIT. The Regional Coastal Management Programme of the Indian Ocean Countries (RECOMAP – IOC) was thus requested to carry out a study in view of evaluating and quantifying the quotas allocated to FIT. The cost of preparing the study was met by RECOMAP-IOC.

7. TRADE AND OTHER RECEIVABLES

Trade and other receivables at balance sheet date are stated at cost and comprise of an amount of **Rs. 52,500/-** owed by a private fishing operator to FIT as at 31 December 2010. The amount represents outstanding payment for catches of lobsters and octopuses.

8. CASH AND CASH EQUIVALENTS

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

	Period 01-Jul-09 to 31-Dec-10 Rs.	Year ended 30 June 2009 Rs.
Current Account	158,568	459,950
Savings Account	9,462,762	7,253,879
Petty Cash	1,571	68
Term Deposit Account	-	7,000,000
	9,622,901	14,713,897

9. SHARE CAPITAL

Authorised Share Capital

The authorised share capital of the Trust shall be 65 million rupees made up of 6.5 million shares of 10 rupees each as follows –

- 1.5 million shares fully subscribed by Government; and
- 5 million shares to be subscribed at such time, in such manner and by such persons as the Board may determine.

Issued Share Capital

As at 31 December 2010, the Government had already subscribed 1.5 million shares of Rs. 10 each in FIT. These shares, already allotted to the fishermen, are not transferable otherwise than:

- by way of succession on the death of a shareholder; or
- in such other manner or circumstances as may be prescribed.

At 31 December 2010, 4,461 share certificates were already distributed to the registered fishermen.

10. RESERVES

Reserves balance includes:

- a) A Depreciation Reserve Fund of **Rs. 10,000/-** created pursuant to Section 14 of FIT Act 2006, to provide for replacement cost of items classified as property, plant & equipment and
- b) Fair value of the fish quotas remaining to FIT at 31 December 2010 in its specified zone in the waters of St. Brandon and South Nazareth. The value of these quotas has been estimated at **Rs. 4,755,350/-** after the sales of some **49t** of fish quotas to a private operator.

11. DEFERRED GRANT

	Period 01-Jul-09 to 31-Dec-10 Rs.	Year ended 30 June 2009 Rs.
Balance at 01 July 2009	-	-
Received during the accounting period	1,511,600	-
Transfer to Statement of Financial Performance	(75,580)	-
Balance at 31 December 2010	1,436,020	-

The boat donated by MEXA to FIT has been treated as a non monetary grant from a third party in the books of FIT. The grant has been presented as a deferred benefit and is recognised as income on a systematic and rational basis over the useful life of the asset, estimated to be 20 years.

12. TRADE AND OTHER PAYABLES

Trade and other payables are not interest bearing and are stated at their nominal value.

	Period 01-Jul-09 to 31-Dec-10 Rs.	Year ended 30 June 2009 Rs.
Utility Charges	2,794	1,708
Staff Costs	3,715	277,648
Other Trade Creditors	552,000	-
Board Member fees & allowances	-	3,575
Press Advertisements	-	37,870
	558,509	320,801

Other trade creditors constitutes amount of **Rs. 552,000/-** payable to a Marine Surveyor, representing plan approval fees to the tune of **Rs. 138,000/-** and fees amounting to **Rs. 414,000/-** for the follow-up of inspection on site during the construction of FIT's three fishing boats.

13. OTHER INCOME

	Period 01-Jul-09 to 31-Dec-10 Rs.	Year ended 30 June 2009 Rs.
Interest on fixed/term deposit account	2,101	961,289
Interest on current account	16,591	15,402
Interest on savings account	800,548	100,623
Receipt from sale of bid documents	-	4,500
	819,240	1,081,814

14. OPERATING EXPENSES

	Period 01-Jul-09 to 31-Dec-10 Rs.	Year ended 30 June 2009 Rs.
Chairman's Fee & Allowance	322,225	226,200
Board & Committee Fees and Other Allowances	71,045	84,915
Retainer Fees	34,000	
Air Tickets for Board Member	-	30,554
	427,270	341,669

15. ADMINISTRATIVE EXPENSES

	Period 01-Jul-09 to 31-Dec-10 Rs.	Year ended 30 June 2009 Rs.
Staff Cost	2,151,325	1,348,330
Utility Charges	43,965	20,635
Stationeries & Office Requisites	86,141	58,843
Catering & Refreshments	7,759	8,163
Press Advertisements	(5,940)	62,250
General Expenses	66,721	36,860
Training & Seminar	-	23,870
	2,349,971	1,558,951