

INDIA
EQUITIES FUND LTD

ABN 15 121 415 576

Appendix 4D
For the Half-Year Financial Report
31 December 2008

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27th February 2009

ASX RELEASE

ASX CODE: INE

Appendix 4D

INDIA EQUITIES FUND LIMITED (IEFL or the Company) Interim Financial Report Period ended 31 December 2008

1. Details of the reporting period

The report details the results of India Equities Fund Limited for the period ended 31 December 2008 and the previous corresponding period to the period ended 31 December 2007.

2. Results for announcement to the market

	Period to 31 December 2008	Period to 31 December 2007	Movement (down)/up	Movement (down)/up
	\$	\$	\$	%
2.1 Revenue from ordinary activities	2,423,426	11,387,692	(8,964,266)	(78.72)
2.2 (Loss)/profit from ordinary activities after tax attributable to members	(11,565,862)	5,831,935	(17,397,797)	(298.32)
2.3 Net (Loss)/profit for the period attributable to members	(11,565,862)	5,831,935	(17,397,797)	(298.32)
2.4 The amount per security and franked amount per security of final and interim dividends or a statement that it is not proposed to pay dividends.	No dividend is proposed	No dividend was proposed	-	-
2.5 The record date for determining entitlements to the dividends (if any).	No dividend is proposed	No dividend was proposed	-	-
2.6 A brief explanation of any of the figures in 2.1 to 2.4 necessary to enable the figures to be understood.				

The loss result in 31 December 2008 of \$11,565,862 (2007: Profit \$5,831,935) was driven by the fall in the investment portfolio which decreased some 15.6% (2007: increased 50.2%) during the period. Realised losses of \$10,895,098 (2007: Gains \$6,512,864) and unrealised losses on the trading portfolio of \$366,425 (2007: Gains \$4,434,334) including an impairment transferred from the revaluation reserve of \$6,487,955 (2007: Nil) provided most of the loss.

Accounting Standard AASB 139 "Financial Instruments: Recognition and Measurement" requires the company to apportion its adjustment arising on valuing investments at market price between Asset Revaluation Reserve and Profit and Loss account where there has been an impairment of an investment. This apportionment is based on the Directors assessment of the potential for investments to fully recover to their original cost.

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Further unrealised losses of \$8,335,172 (before tax) (2007: Gains \$33,257,633) on the Company's long term investment portfolio were charged directly to equity.

Loss per share for the period is 15.35 cents per share (2007: Earnings of 7.67 cents per share) while a further 7.2 cents per share (after tax) (2007: Earnings of 30.7 cents per share) is reflected as unrealised losses credited direct to equity.

This report is based on the financial statements for the period ended 31 December 2008 which have been reviewed by the Company's auditor.

3. Net tangible assets per Share	Period to 31 December 2008	Period to 31 December 2007
- before tax	\$0.63	\$1.47
- after tax	\$0.75	\$1.33

4. Details of entities over which control has been gained or lost during the period

During the period India Asset Management Pty Ltd was incorporated as a wholly owned subsidiary, to be the investment vehicle for Special Situation Investment opportunities the Company may identify. This company did not trade at any time during the period.

5. Details of individual and total dividends or distributions and dividend or distribution payments.

No dividends were paid during the period (2007: 1 cent per share) and no further dividends are proposed for the period ended 31 December 2008.

Details of 2008-09 dividend

Not applicable

Details of 2007-08 dividend

Paid: 15 October 2007

Franking: Unfranked

Amount: \$760,511

Foreign Sourced Income: 100%

6. Dividend reinvestment plan

The Dividend Reinvestment Plan has been deferred.

7. Details of associates and joint venture entities.

Not applicable.

8. Foreign entities

Not applicable.

9. Disputes with auditors or qualifications

None.

Signed on behalf of India Equities Fund Limited



John Pereira
Chief Executive Officer

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INDIA
EQUITIES FUND LTD

ABN 15 121 415 576

**Half-Year Financial Report
31 December 2008**

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INDIA EQUITIES FUND LIMITED

ABN 15 121 415 576

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CORPORATE DIRECTORY

INDIA EQUITIES FUND LIMITED

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Toll Free: 1300 795 008
Website: www.indiaequitiesfund.com.au

SHARE REGISTRAR

Computershare Investor Services Pty Ltd
GPO Box 2975
Melbourne Vic 3001
Telephone: 1300 850 505 (Australia)
+61 3 9415 4000 (Outside Australia)

DIRECTORS

Don Christie (Non-Exec. Chairman)
John Pereira (Executive Director & CEO)
David Carruthers (Non-Exec. Director)
Clifford Clayton (Non-Exec. Director)

CUSTODIAN

The Hong Kong and Shanghai Banking
Corporation Limited
ARBN 65 117 925 970
1 Queen's Road Central, Hong Kong

SECRETARY

Mark Licciardo

AUDITOR

Moore Stephens
Level 14, 607 Bourke Street
Melbourne Vic 3000

INVESTMENT MANAGER

Kotak Mahindra (UK) Limited
2nd Floor, Portsoken House
155-157 Minories
London EC3N 1LS, United Kingdom
UK FSA Licence Number 171837

LEGAL ADVISORS

Middletons
Level 25, 525 Collins Street
Melbourne Victoria 3000

MANAGER

Olympus Funds Management Pty Ltd
Level 6
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STOCK EXCHANGE

Australian Securities Exchange Limited
Level 45, Rialto South Tower
525 Collins St
Melbourne Vic 3000

ASX CODE

INE (fully paid ordinary shares)

DIRECTORS' REPORT

Your Directors submit their report for the half-year ended 31 December 2008.

DIRECTORS

The names of the company's Directors in office during the half-year and until the date of this report are as follows. Directors were in office for this entire period unless otherwise stated.

Don Christie	Non-Executive Director & Chairman
John Pereira	Executive Director & CEO
David Carruthers	Non-Executive Director
Clifford Clayton	Non-Executive Director

REVIEW AND RESULTS OF OPERATIONS

The Company was listed on the Australian Securities Exchange on 5 April 2007 and provides investors with exposure to a portfolio of listed public companies in India, one of the fastest growing economies in the world. Kotak Mahindra (UK) Ltd, a subsidiary of the diversified financial services firm Kotak Mahindra Bank, has extensive experience investing in India and is the Investment Manager.

During the half-year ended 31 December 2008, the investment portfolio had a negative performance of 15.6% (2007: positive 50.2%). Over the same period the Bombay Stock Exchange 200 Index, against which the performance of the Company's investment portfolio is measured, decreased 15.1% (2007: rose 46.5%) in Australian dollar terms. The performance of the Company's investment portfolio did not exceed the prorated 20% absolute benchmark.

Loss after income tax expense for the half-year ended 31 December 2008 was \$11.6 m (2007: profit \$5.8m), while a further \$5.8m, of unrealised losses on the Investment Portfolio is charged directly to Equity. A before tax impairment transferred from the revaluation reserve of \$6,487,955 (2007: Nil) also impacted the income statement.

Accounting Standard AASB 139 "Financial Instruments: Recognition and Measurement" requires the company to apportion its adjustment arising on valuing investments at market price between Asset Revaluation Reserve and Profit and Loss account where there has been an impairment of an investment. This apportionment is based on the Directors assessment of the potential for investments to fully recover to their original cost.

Losses per share on reported losses are 15.35 cents (2007: earnings 7.67 cents). A further 7.2 cents loss per share is reflected as unrealised losses credited direct to Equity.

The market price of the Company's shares declined over the reporting period from \$0.60 per share at 30 June 2008 to \$0.38 per share at 31 December 2008 (2007: increased from \$0.91 per share to \$1.17 per share). During the period the Net Tangible Assets (before tax) decreased from \$0.75 to \$0.63 (2007: increased from \$1.02 to \$1.47).

In October 2008, the Directors amended the investment parameters of the Company to include an exposure of up to 15% to Special Situation Investments (these are likely to include unlisted investments in companies or ventures or other opportunities). While potential projects continue to be monitored, no investment in this asset class had been made by 31 December 2008.

DIVIDENDS

No dividends are provided for during the period.

The decline in the global financial markets since January 2008 has significantly eroded the accumulated reserves of the Company such that the Directors consider it inappropriate to declare a dividend based on the results to 31 December 2008. The Directors intend to resume payment of dividends when the Company has generated sufficient combined reserves and retained profits.

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DIRECTORS' REPORT (Continued)**AFTER BALANCE DATE EVENTS**

No material subsequent events have arisen.

The half year financial report was authorised for issue on 26 February 2009 by the Board of Directors.

Portfolio Information as at 31 December 2008

The top 20 holdings of the Company as at 31 December 2008 were as follows:

Company	Sector	% of Portfolio
Reliance Industries	Energy	6.3
Bharti Airtel	Telecom	6.2
ICICI Bank	Financials	4.5
Bharat Heavy Electricals	Industrials	4.4
ITC	Consumer Staples	4.2
Infosys Technologies	Information Technology	4.0
Oil & Natural Gas Corp	Energy	3.9
State Bank of India	Financials	3.7
Larsen & Toubro	Industrials	3.4
NTPC	Utilities	2.6
Cairn India	Energy	2.4
Reliance Infrastructure	Industrials	2.3
HDFC	Financials	2.2
GMR Infrastructure	Industrials	2.2
Crompton Greaves	Industrials	2.2
Reliance Communications	Telecom	2.1
Tata Power	Utilities	2.1
Sun Pharmaceuticals	Healthcare	1.8
Maruti Suzuki India	Cons Disc	1.7
HDFC Bank	Financials	1.6
		63.8%

The Investment Portfolio's exposure to sectors as compared to the Company's benchmark, the BSE 200 Index as at 31 December 2008 is detailed below:

Sector	India Equities Fund (% of Portfolio)	BSE 200 Index (%)
Industrials	21.7%	18.0%
Financials	18.7%	19.0%
Energy	16.8%	7.5%
Utilities	10.1%	7.0%
Telecommunication Services	10.0%	3.0%
Consumer Staples	7.0%	5.5%
Information Technology	5.9%	7.0%
Consumer Discretionary	3.8%	11.0%
Health Care	3.5%	6.0%
Materials	2.6%	16.0%

DIRECTORS' REPORT (Continued)

AUDITORS INDEPENDENCE DECLARATION

In accordance with section 307C of the Corporations Act 2001, we have obtained an independence declaration from our auditors, Moore Stephens, which is included in this Interim Financial Report.

Signed in accordance with a resolution of directors made pursuant to section 306 (3) of the Corporations Act 2001.



Don Christie
Non Exec. Chairman
Signed at Melbourne this 26th day of February 2009

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Auditor's Independence Declaration under Section 307C of the Corporations Act 2001 to the directors of India Equities Fund Limited and Controlled Entity

I declare that, to the best of my knowledge and belief, during the half-year ended 31 December 2008 there have been:

- (i) No contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the review, and
- (ii) No contraventions of any applicable code of professional conduct in relation to the review.



MOORE STEPHENS
Chartered Accountants



Grant Sincock
Partner

Melbourne, 26 February 2009

PARTNERS:
Stephen L. Adrian
Steven A. Allan
Marco S. Carlei
Jean-Claude Cesario
Ian K. Kearney
Daren I. J. McDonald
Daniel J. Minihan
Kevin W. Neville

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*An independent member of Moore Stephens International Limited - members in principal cities throughout the world.
A separate partnership in Victoria.*

Liability limited by a scheme approved under Professional Standards Legislation.

Stephen J. O'Flynn
Tim R. Olynyk
Scott W. Phillips
S. David Pitt
Ivan Shapiro
Grant M. Sincock
Tim J. Stillwell
Jonathan C. Thomas
Daren Yeoh

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Consolidated Income Statement

For the half-year ended 31 December 2008

		Consolidated	
	Note	31 December 2008	31 December 2007
		\$	\$
Revenue	2	2,423,426	11,387,692
Employee benefits expense		(195,042)	(136,454)
General and administrative expense		(303,111)	(265,715)
Advertising and promotions		(132,995)	(170,978)
Travel and accommodation		(137,719)	(48,886)
Banking and fund administration		(167,485)	(203,193)
Investment advisory services		(419,441)	(2,691,009)
Unrealised loss on trading investments		(366,425)	-
Loss on disposal of Current Assets		(922,166)	-
Loss on disposal of Non-Current Assets		(9,972,932)	-
Impairment transferred from revaluation reserve		(6,487,955)	-
(Loss)/profit before income tax		(16,681,845)	7,871,457
Income tax benefit/(expense)	3	5,115,983	(2,039,522)
(Loss)/profit attributable to members of the parent entity		(11,565,862)	5,831,935
Overall operations			
Basic (loss)/earnings per share for the half-year (cents per share)		(15.4)	7.7
Diluted (loss)/earnings per share for the half-year (cents per share)		(15.4)	3.8
Dividends per share (cents per share) – interim dividend	4	-	1.0

The accompanying notes form part of these financial statements

Consolidated Balance Sheet

As at 31 December 2008

	Consolidated	
	As at 31 December 2008	As at 30 June 2008
	\$	\$
Assets		
Current Assets		
Cash & cash equivalents	8,577,211	5,826,385
Trade & other receivables	97,619	779,381
Financial assets	-	5,150,860
Other current assets	211,832	25,829
Total Current Assets	8,886,662	11,782,455
Non-Current Assets		
Financial assets	39,138,998	45,439,232
Property, plant and equipment	2,600	-
Deferred tax assets	9,323,739	5,906,285
Total Non-Current Assets	48,465,337	51,345,517
Total Assets	57,351,999	63,127,972
Current Liabilities		
Trade & other payables	180,981	296,485
Total Current Liabilities	180,981	296,485
Non-Current Liabilities		
Deferred tax liabilities	737,495	18,955
Total Non-Current Liabilities	737,495	18,955
Total Liabilities	918,476	315,440
Net Assets	56,433,523	62,812,532
Equity		
Issued capital	71,798,239	71,991,210
Reserves	(5,385,663)	(10,765,487)
Retained earnings	(9,979,053)	1,586,809
Total Equity	56,433,523	62,812,532

The accompanying notes form part of these financial statements

Consolidated Cash Flow Statement

For the half-year ended 31 December 2008

	Consolidated	
	31 December 2008	31 December 2007
	\$	\$
Cash Flows from Operating Activities		
Payments to suppliers and employees	(1,490,039)	(2,115,978)
Dividends received	368,721	271,477
Interest received	18,544	9,396
Proceeds from sale of held-for-trading securities	6,211,961	30,537,430
Purchase of held-for-trading-securities	(1,891,959)	(24,024,566)
Foreign tax paid	(193,470)	(480,819)
Net Cash Provided by Operating Activities	3,023,758	4,196,940
Cash Flows from Investing Activities		
Proceeds from sale of investments	17,662,466	-
Purchase of investments	(19,013,954)	(7,597,922)
Purchase of Property, plant and equipment	(2,600)	-
Net Cash (Used in) Investing Activities	(1,354,088)	(7,597,922)
Cash Flows from Financing Activities		
Share buy-back payments	(230,955)	-
Costs relating to buy-back	(29,907)	-
Costs relating to capital raising	-	(27,500)
Net Cash (Used in) Financing Activities	(260,862)	(27,500)
Net Increase/(Decrease) in Cash Held	1,408,808	(3,428,482)
Cash at beginning of the Period	5,826,385	7,882,563
Effect of exchange rates in foreign currencies	1,342,017	920,572
Cash at end of the Period	8,577,210	5,374,653

The accompanying notes form part of these financial statements

Consolidated Statement of Changes in Equity

For the half-year ended 31 December 2008

	Issued Capital	Retained Earnings	Realised Capital Profits Reserve	Asset Revaluation	Total
	\$	\$	\$	\$	\$
At 1 July 2007	72,687,097	185,630	-	4,110,984	76,983,711
Shares issued during the period	-	-	-	-	-
Transaction costs	(2,500)	-	-	-	(2,500)
Deferred tax relating to capital raising costs	(212,776)	-	-	-	(212,776)
Profit attributable to members of the entity	-	5,831,935	-	-	5,831,935
Revaluation increment	-	-	-	27,485,082	27,485,082
Foreign exchange revaluation	-	-	-	108	108
Deferred tax relating to revaluation	-	-	-	(8,245,556)	(8,245,556)
Sub-Total	72,471,821	6,017,565	-	23,350,618	100,840,004
Dividends paid or provided for	-	(760,511)	-	-	(760,511)
At 31 December 2007	72,471,821	5,257,054	-	23,350,618	101,079,493
Consolidated					
At 1 July 2008	71,991,210	1,586,809	173,480	(10,938,967)	62,812,532
Shares issued during the period	-	-	-	-	-
Shares bought back during the year	(81,542)	-	-	-	(81,542)
Deferred tax relating to capital raising costs	(111,429)	-	-	-	(111,429)
(Loss) attributable to members of the entity	-	(11,565,862)	-	-	(11,565,862)
Revaluation decrement	-	-	-	(9,064,911)	(9,064,911)
Impairment transferred to income statement	-	-	-	6,487,955	6,487,955
Foreign exchange revaluation	-	-	-	10,262,421	10,262,421
Deferred tax relating to revaluation	-	-	-	(2,305,641)	(2,305,641)
Sub-Total	71,798,239	(9,979,053)	173,480	(5,559,143)	56,433,523
Dividends paid or provided for	-	-	-	-	-
At 31 December 2008	71,798,239	(9,979,053)	173,480	(5,559,143)	56,433,523

The accompanying notes form part of these financial statements

Notes to the Interim Financial Report

For the half-year ended 31 December 2008

NOTE 1: BASIS OF PREPARATION OF THE INTERIM FINANCIAL REPORT

The Interim Financial Report is a general purpose financial report which has been prepared in accordance with the requirements of the Corporations Act 2001, AASB 134: "Interim Financial Reporting" and other mandatory professional reporting requirements of the Australian Accounting Standards Board.

The Interim Financial Report does not include all notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the entity as the full financial report.

The Interim Financial Report should be read in conjunction with the Annual Financial Report of India Equities Fund Limited as at 30 June 2008 which complied with all International Financial Reporting Standards (IFRS) in their entirety. It is also recommended that the Interim Financial Report be considered together with any public announcements made by India Equities Fund Limited and controlled entities during the period ended 31 December 2008 in accordance with the continuous disclosure obligations arising under the Corporation Act 2001 and market listing rules.

Significant accounting policies

The accounting policies applied by the consolidated group in this Interim Financial Report are consistent with those applied in the Annual Financial Report for the year ended 30 June 2008.

Reporting basis and conventions

The preparation of the interim financial report requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

In preparing this interim financial report, the significant judgements made by management in applying the accounting policies and the key sources of estimates or uncertainty were the same as those that applied to the financial report for the year ended 30 June 2008.

Principles of Consolidation

The consolidated financial statements are prepared by combining the financial statements of all the entities that comprise the consolidated entity, being the company (the parent entity) and its subsidiary as defined in Accounting Standard AASB 127 Consolidated and Separate Financial Statements. Consistent accounting policies are employed in the preparation and presentation of the consolidated financial statements. On acquisition, the assets, liabilities and contingent liabilities of a subsidiary are measured at their fair values at the date of acquisition. Any excess of the costs of acquisition over the fair values of the identifiable net assets acquired is recognised as goodwill. If, after reassessment, the fair value of the identifiable net assets acquired exceeds the cost of acquisition, the deficiency is credited to profit and loss in the period of acquisition.

The consolidated financial statements include the information and results the subsidiary from the date on which the company obtains control and until such time as the company ceases to control such entity. In preparing the consolidated financial statements, all intercompany balances and transactions, and unrealised profits arising within the consolidated entity are eliminated in full.

Interests in subsidiaries are accounted for at cost in the individual financial statements of India Equities Fund Limited. India Equities Fund Limited became a consolidated entity during the half-year 31 December 2008.

Notes to the Interim Financial Report

For the half-year ended 31 December 2008

NOTE 1: BASIS OF PREPARATION OF THE INTERIM FINANCIAL REPORT (Cont.)

Comparative figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial period. The half-year financial period refers to 1 July 2008 to 31 December 2008. India Equities Fund Limited became a consolidated group during the half-year 31 December 2008. The comparative half-year ended 31 December 2007 are not consolidated.

NOTE 2: REVENUE AND EXPENSES

	CONSOLIDATED	
	31 December 2008 \$	31 December 2007 \$
Specific Items		
Profit/(loss) before income tax expense includes the following revenue and expenses whose disclosure is relevant in explaining the performance of the entity:		
(i) Revenue		
- dividends received	355,468	260,792
- interest received	18,544	8,251
- gain on disposal of current assets	-	6,512,864
- unrealised gains on trading Investments	-	4,434,334
- realised gains on foreign currency	65,829	112,625
- unrealised gains on foreign currency	1,983,585	58,826
Total Revenue	2,423,426	11,387,692
(ii) Expenses include:		
Travel and accommodation	137,719	48,886
Banking services	95,032	203,193
Management advisory services	338,927	597,214
Performance fee	-	1,917,618
Share registry services	60,469	70,875
Legal and professional	117,492	13,034
Unrealised loss on trading investments	366,425	-
Realised loss on derivatives	267,931	-
Realised loss on trading investments	654,235	-
Impairment transferred from revaluation reserve*	6,487,955	-

* Accounting Standard AASB 139 "Financial Instruments: Recognition and Measurement" requires the company to apportion its adjustment arising on valuing investments at market price between Asset Revaluation Reserve and Profit and Loss account where there has been an impairment of an investment. This apportionment is based on the Directors assessment of the potential for investments to fully recover to their original cost.

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Notes to the Interim Financial Report

For the half-year ended 31 December 2008

NOTE 3: INCOME TAX

The components of tax benefit/(expense) comprise:

	CONSOLIDATED	
	31 December 2008	31 December 2007
	\$	\$
Current tax	4,015,037	(580,277)
Deferred tax	1,100,946	(1,459,245)
Total	5,115,983	(2,039,522)

The prima facie tax on (loss)/profit before income tax is reconciled to the income tax as follows:

Prima facie tax payable on (loss)/profit before income tax at 30% (2007: 30%)

Operating (loss)/profit before tax	(16,681,845)	7,871,456
Add/(Less) tax effect of:		
Impairment transferred from revaluation reserve	6,487,955	-
Accrued audit fees	(2,500)	20,000
Deduction under sec 40-880	(371,431)	(356,638)
Realised loss on foreign exchange	(653,707)	-
Realised loss on trading investments	(499,924)	-
Realised loss on derivatives	(58,095)	-
Unrealised foreign exchange gain	(1,983,586)	(58,826)
Unrealised gains/(loss) on trading investments	366,425	(4,434,334)
Dividends receivable	13,253	(34,353)
Less tax losses carried forward from prior year	-	(1,073,050)
Taxable income	(13,383,455)	1,934,255
Tax at 30%	(4,015,037)	580,277

NOTE 4: DIVIDENDS

No dividends are provided for during the period.

The decline in the global financial markets since January 2008 has significantly eroded the accumulated reserves of the Company such that the Directors consider it inappropriate to declare a dividend based on the results to 31 December 2008. The Directors intend to resume payment of dividends when the Company has generated sufficient combined reserves and retained profits.

On 15 October 2007 the Company paid its first dividend, an unfranked dividend of 1.0 cent per share as an interim for the 2007-08 year totalling \$760,511.

Notes to the Interim Financial Report

For the half-year ended 31 December 2008

NOTE 5: FINANCIAL ASSETS

Current	Note	CONSOLIDATED	
		31 December 2008 \$	30 June 2008 \$
Financial assets held-for-trading	5(a)	-	4,035,107
Derivative financial assets held-for-trading	5(b)	-	1,115,753
		-	5,150,860
Non-Current			
Available-for-sale financial assets	5(a)	39,138,998	45,439,232
		39,138,998	45,439,232

(a) Financial assets comprise:

Current

Listed investments, at fair value through profit and loss

- Shares in listed corporations held-for-trading

	-	4,035,107
--	---	-----------

Total current financial assets

	-	4,035,107
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Non-Current

Listed investments, at fair value

- Shares in listed corporations available-for-sale

	39,138,998	45,439,232
--	-------------------	------------

Total non-current financial assets

	39,138,998	45,439,232
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(b) Derivative financial assets comprise

Current

Futures contracts, at fair value through profit and loss

	-	1,115,753
--	---	-----------

	-	1,115,753
--	---	-----------

Listed investments are valued at the closing bid price on the last business date of the financial year. Futures contracts are valued by marking to market.

During the half-year period, management elected to cease the operation of the trading portfolio and only operate a single investment portfolio. Due to the deterioration of global market conditions and the long term investment strategy of India Equities Fund Limited, it was resolved that the short-term trading portfolio would be transferred into the investment portfolio.

Notes to the Interim Financial Report

For the half-year ended 31 December 2008

NOTE 5: FINANCIAL ASSETS (Cont.)

At 30 November 2008, being the date of transition, unrealised losses of \$366,424 from the trading portfolio were booked to the income statement, and the remaining securities in the trading portfolio were transferred in the balance sheet from current assets held-for-trading to non-current assets available-for-sale. The fair value of the trading portfolio at 30 November 2008 was \$578,556.

NOTE 6: CONTINGENT LIABILITIES AND ASSETS

Since the last annual reporting date there has been no material change to any contingent liabilities that were reported in the 2008 Annual Report nor are there any other contingent liabilities the Directors are aware of.

NOTE 7: EVENTS AFTER THE BALANCE DATE

No material subsequent events have arisen.

The half year financial report was authorised for issue on the 26 February 2009 by the Board of Directors.

NOTE 8: SEGMENT INFORMATION

Primary Reporting – Business Segments

The India Equities Fund Limited portfolio operates in a single business segment being investments in companies listed on two Indian stock exchanges.

Secondary Reporting – Geographical Segments

Consolidated	Segment Revenues from External Customers		Carrying Amount of Segment Assets		Costs of Non-Current Segment Assets	
	31 December 2008	31 December 2007	31 December 2008	31 December 2007	31 December 2008	31 December 2007
	\$	\$	\$	\$	\$	\$
Geographical location:						
Australia	18,544	-	10,103,492	1,295,794	-	-
India	2,404,882	11,387,691	47,248,507	115,246,397	54,328,550	71,493,190
	2,423,426	11,387,691	57,351,999	116,542,191	54,328,550	71,493,190

Notes to the Interim Financial Report

For the half-year ended 31 December 2008

NOTE 8: SEGMENT INFORMATION (Cont.)

Business and Geographical Segments

Business segments

The entity has the following business segments:

The India Equities Fund Limited portfolio, invests in companies listed on two Indian stock exchanges assessed by the Investment Manager predominately consisting of leading companies with strong business fundamental, top quality management and superior growth prospects.

Geographical segments

The entity's business segment is located in Australia, with the investment management activities also having operations in India.

NOTE 9: RELATED PARTY TRANSACTIONS

	CONSOLIDATED	
	31 December 2008	31 December 2007
	\$	\$
Key Management Personnel		
Tristar Corporate Advisors Pty Limited is an associated entity of Mr. John Pereira and Mr. David Carruthers. Tristar Corporate Advisors Pty Limited provides general administrative support and premises and was one of the advisors that participated in the Initial Public Offering. All dealings are conducted at arm's length on normal commercial terms	518	-
Olympus Funds Management Pty Ltd is an associated entity of Mr. John Pereira and provides investment management services to India Equities Fund Limited on commercial terms.	Management Fee 160,571 Performance Fee * -	Management Fee 238,886 Performance Fee * 767,047
Starr Corporation Pty Ltd is an entity associated with Mr. John Pereira and in which he provides Managing Director and CEO services in addition to corporate administration services.	105,628	92,231
Balances included above, outstanding at period end		
Olympus Funds Management Pty Ltd	Management fee 19,687 Performance* fee -	Management fee 47,495 Performance* fee 767,047

* Management reviews the return of the portfolio against the requirements to earn the annual performance fee and if necessary accrues the performance fee on a monthly basis, though entitlement is only calculated annually. The above number is an accrual only and represents Olympus Funds Management Limited's potential performance fee only for the period to date. (Refer to Note 10)

Notes to the Interim Financial Report

For the half-year ended 31 December 2008

NOTE 10: INVESTMENT MANAGER & MANAGER

The Investment Manager is Kotak Mahindra (UK) Limited and the Manager is Olympus Funds Management Limited. They receive a monthly management fee for investment services provided in accordance with the Management Agreement and the Investment Manager Agreement.

These Agreements provide for an ongoing monthly management fee equal to 0.104167% of the Portfolio Net Asset Value calculated on the last Business Day of each month (equivalent to a fee of 1.25% per annum in total) payable monthly in arrears. These fees are payable 60% to the Investment Manager and 40% to the Manager.

A performance fee will be paid to the Investment Manager and Manager when the Portfolio Return (net of management fees), expressed in Australian Dollars is:

- More than an absolute return of 20% in any year; and
- In excess of the BSE 200 Index.

The fee payable is 20% (excluding GST) of the amount by which the Portfolio Return exceeds 20% in the year, after adjusting for any surplus/deficit from the previous period. These fees are payable 60% to the Investment Manager and 40% to the Manager. The maximum performance fee payable in any one year shall be capped at 5% per annum of the Portfolio NAV at the last Business Day of the relevant preceding year. Any surplus performance above the Capped Benchmark Return shall be carried forward as surplus according to the reset calculation. Any shortfall below the Absolute Benchmark Return shall be carried forward as a deficit according to the reset calculation.

	CONSOLIDATED	
	31 December 2008	31 December 2007
	\$	\$
Management fee	338,927	597,214
Performance fee ^	-	1,917,618
Amounts paid and payable to the Investment Manager and Manager for the period	338,927	2,514,832

^ Management reviews the return of the portfolio against the requirements to earn the annual performance fee and if necessary accrues the performance fee on a monthly basis, though entitlement is only calculated annually. The above number is a total accrual only for the period to date.

DIRECTORS' DECLARATION

In the opinion of the directors of India Equities Fund Limited:

- (a) The interim financial statements and notes of the entity are in accordance with the Corporations Act 2001 and:
 - (i) give a true and fair view of the financial position as at 31 December 2008 and the performance for the period ended on that date of the entity; and
 - (ii) comply with Accounting Standard AASB 134 "Interim Financial Report" and the Corporations Regulations 2001; and
- (b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the directors.



Don Christie
Chairman
Signed at Melbourne this 26th day of February 2009

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INDEPENDENT AUDITOR'S REVIEW REPORT

TO THE MEMBERS OF INDIA EQUITIES FUND LIMITED AND CONTROLLED ENTITY

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of India Equities Fund Limited and Controlled Entity (the consolidated entity), which comprises the consolidated balance sheet as at 31 December 2008, and the consolidated income statement, consolidated statement of changes in equity and consolidated cash flow statement for the half-year ended on that date, a summary of significant accounting policies and other explanatory notes and the directors' declaration of the consolidated entity at the half-year or from time to time during the half-year.

Directors' Responsibility for the Half-Year Financial Report

The directors of the consolidated entity are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the half-year financial report that is 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 the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements *ASRE 2410 Review of Interim and Other Financial Reports Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the financial position as at 31 December 2008 and its performance for the half-year ended on that date; and complying with Accounting Standard *AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of India Equities Fund Limited and Controlled Entity, *ASRE 2410* requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, provided to the directors of India Equities Fund Limited and Controlled Entity on 26 February 2009, would be in the same terms if provided to the directors as at the date of this auditor's review report.

PARTNERS:

Stephen L. Adrian
Steven A. Allan
Marco S. Carlei
Jean-Claude Cesario
Ian K. Kearney
Daren I. J. McDonald
Daniel J. Minihan
Kevin W. Neville

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A separate partnership in Victoria.*

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Stephen J. O'Flynn
Tim R. Olynyk
Scott W. Phillips
S. David Pitt
Ivan Shapiro
Grant M. Sincok
Tim J. Stillwell
Jonathan C. Thomas
Daren Yeoh

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Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of India Equities Fund Limited and Controlled Entity is not in accordance with the *Corporations Act 2001* including:

- (i) giving a true and fair view of the consolidated entity's financial position as at 31 December 2008 and of its performance for the half-year ended on that date; and
- (ii) complying with Accounting Standard *AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*; and



MOORE STEPHENS
Chartered Accountants



Grant Sincock
Partner

Melbourne, 27 February 2009

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