INDIA

EQUITIES FUND LTD

ABN 15 121 415 576

Annual Report 2010

Contents

1. MESSAGE FROM THE CHAIRMAN

Dear Shareholder,

Welcome to the 2009-2010 Annual Report.

It would be an understatement to say that this has been an eventful year for the Company.

At the beginning of the financial year we set a number of goals which included the reduction of costs and growing the size of the investment portfolio.

We lowered costs through replacing the existing Investment Manager with an Investment Advisor at a lower cost and utilising the Foreign Institutional Investment licence acquired through the acquisition of Olympus Funds Management Pty Limited to execute transactions directly.

We grew the investment portfolio through a Rights Issue with an attached Option to provide access to further funds and reduce the unit costs.

We also recognised that the major issue for our shareholders was a persistent discount to NTA in the share price of the Company, a problem that subsists in many Listed Investment Companies.

We developed and announced a number of proposals aimed at reducing the discount. Those proposals included fixed distributions at 7%pa, a fixed term for the Company of seven years and the potential for further share buybacks.

Unfortunately it became clear relatively quickly that the measures we were proposing were having little or no effect in closing that gap between the share price and NTA.
We came to a view that the best interest's of our investors was served by winding down the Company and returning a majority of the proceeds. This approach was overwhelmingly supported by Shareholders at an EGM held on 7 July 2010.

We believe that we can maximise the value of the remaining funds and existing operations through the process we are currently undertaking to review other suitable businesses but in the event there are no proposals deemed suitable we propose to call a further meeting to consider winding up the Company.

Yours sincerely,

Don Christie
Executive Chairman

2. DIRECTORS' REPORT

Your Directors present their report on the Company for the year ended 30 June 2010.

The names of Directors in office at any time during or since the end of the year are:

Don Christie (Appointed 24/11/2006)
John Pereira (Appointed 25/08/2006 – Resigned 07/07/2010)
David Carruthers (Appointed 25/08/2006)
Clifford Clayton (Appointed 25/08/2006)

Don Christie, David Carruthers and Clifford Clayton have been in office since the start of the financial period to the date of this report.

The Company Secretary during the financial year:
Mark Licciardo (Appointed 12 September 2007)

Principal Activities
The principal activities of the entity during the financial period were:

- Investment in a portfolio of securities in listed Indian public companies; and
- Investment in short term interest rate securities and cash.

Although there were no significant changes in the nature of the entity's principal activities during the financial year, the approval of a resolution at an Extraordinary General Meeting (EGM) on 7 July 2010 to return 90% of the capital was followed by the liquidation of the Company's portfolio of securities in listed Indian public companies, as detailed below.

Operating Results
The Group generated Comprehensive Income, net of tax, for the year ended 30 June 2010 of $4.8m (2009: $2.4m) reflecting the continuing recovery of the Indian equity markets with the BSE200 Index in Australian dollars delivering a return of over 25% for the year.

The performance of the Company's investment portfolio compared to the BSE200 Index in Australian dollars and the ASX200 Index is shown in the table below:

Returns	***6 mths***	***12 mths***	***Since inception***
Portfolio	9.5%	25.4%	(0.4)%p.a.
BSE200 ($A)	9.7%	25.8%	5.4%p.a.
ASX200	(12.0)%	8.3%	(9.6)%p.a.

The Company restructured its investment management arrangements during the year and Prudential Asset Management (Singapore) Limited has been providing advisory services since mid February 2010.

2. DIRECTORS' REPORT (Continued)

Dividends Paid or Recommended

No dividends were paid or are payable for the year ended 30 June 2010 (2009: Nil).

Financial Position

The total assets of the Group at 30 June 2010 of $85.7m (2009: $68.2m), were held predominantly in the Company's Indian investment portfolio of $55.2m (2009: $51.9m), with a further $24.3m (2009: $3.2m) held in cash in Australia.

The Company completed an underwritten 1:3 Renounceable Rights Issue at $0.40 per share in September 2009. Some 77% of all shareholders took up their entitlement and as a result the Company issued 23,527,730 Shares and 23,527,730 Options (exercisable at $0.40 each on or before 31 August 2010) to raise $9.4m before costs and expenses. A further $2.0m was raised through a private placement at $0.40 per share.

These raisings enabled $10.0m to be added to the portfolio; however during June 2010 the Company disposed of shares (within the constraints of the investment parameters) and transferred some $20.0m back to Australia.

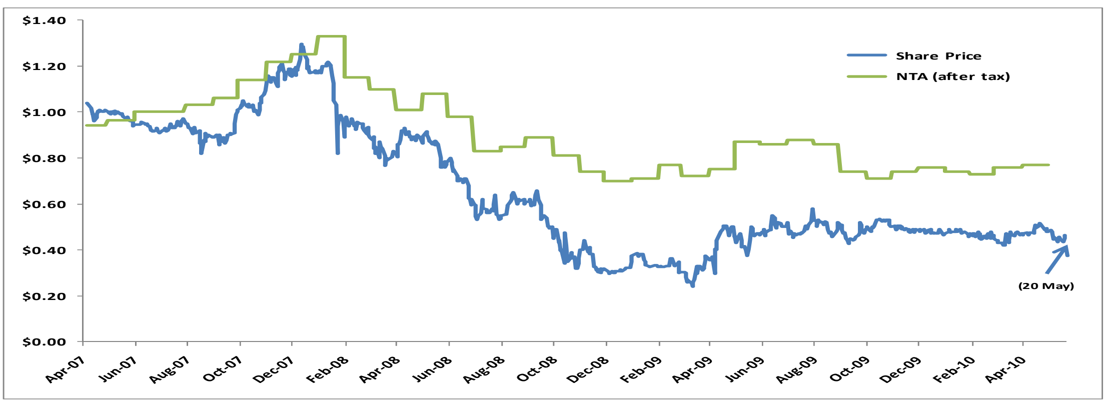
By 30 June 2010 some 9.0m Options had been exercised at $0.40 raising a further $3.6m that was retained as cash in Australia.

Investments

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.

The performance of the Portfolio has recovered well from the negative impacts on the Indian equity markets of the Global Financial Crisis in 2008 and early 2009 and the Board continues to strongly believe in the India economic growth story.

Regrettably, the value of the Group, as reported by Net Tangible Assets per share, has not been reflected in Company's share price and it has traded at a significant discount below NTA for most of the time since the Company listed, as shown by the graph below (presented to shareholders at the EGM on 7 July 2010).



2. DIRECTORS' REPORT (Continued)

Investments (Continued)
Since the Company's last Annual Report, the Board has considered and undertaken a number of initiatives designed to narrow this significant discount to NTA. These actions included:

- Restructuring of the investment management arrangements to produce annual savings in excess of $750,000;
- An underwritten 1:3 Renounceable Rights Issue at $0.40 coupled with a 1:1 Option entitlement exercisable after 12months at $0.40;
- A private placement of 5,000,000 shares at $0.40;
- Research reports coupled with regular extensive road shows; and
- A proposed new co-ordinated capital management strategy based on committed regular distributions and a finite life of the Company announced to the ASX on 17 March 2010.

Notwithstanding these actions, the Company's share price has continued to trade at a significant discount to NTA per share. In addition, the Directors received significant feedback from shareholders, brokers and the broader investment community of market dissatisfaction with the continuing discount to NTA with requests that the Directors take appropriate action.

Accordingly, the Board decided to provide Shareholders with an opportunity to vote on receiving a substantial return of capital.

After Balance Date Events

Extraordinary General Meeting (EGM)

An EGM was held on 7 July 2010 to approve the disposal of the Company's main undertaking and to implement an equal capital reduction based on 90% of the after tax NTA per share as at 31 July 2010.

The Company's shareholders voted overwhelmingly in favour of the resolution.

The Company immediately issued instructions for the sale of all of the listed equity securities held by it in India and transferred the proceeds back to Australia to be held on deposit until required to fund the return of capital.

At a meeting of the Company's Board following the EGM, it was agreed that as part of the winding down of the Company's operations:

- John Pereira, Chief Executive Officer and Executive Director, would leave immediately by mutual agreement; and
- Other positions would be made redundant as and when they were no longer necessary.

2. DIRECTORS' REPORT (Continued)

After Balance Date Events (Continued)
It was also decided that current Chairman Don Christie would replace Mr Pereira and perform the duties of Interim CEO in addition to performing his role as Chairman during the period in which the Company's operations are wound down and other opportunities are evaluated.

Exercise of Options

ASX advised that, as a consequence of the approval of the proposed return of capital, the exercise price for the Options would reduce to zero after the Record Date (15 July 2010) for participation in the capital return.

During the period 1 to 15 July 2010, a further 12.2m Options were exercised at $0.40 adding around $4.9m to the Company's cash holdings. The remaining 2,366,227 Options were eligible to be exercised at zero cost before 31 August 2010 with the Shares issued for these options not participating in the return of capital.

At the date of this report and as detailed in Note 2 of the Financial Statements, the unissued ordinary shares of India Equities Fund Limited under option are as follows:

- 1,052,301 Options exercisable at $0.00 on or before 31 August 2010.

Wind Down Progress Report

On 30 July 2010, the Company announced that:

- the whole investment portfolio of Indian listed securities had been disposed of;
- the proceeds had been transferred back to Australia; and
- the allotment of shares relating to Options exercised prior to the Record Date for the 90% return of capital had been completed.

On 20 August 2010, the Company applied approximately $72.7m to the return of capital at a rate of $0.604117 per share, reducing the 31 July Net Tangible Assets to approximately $8.1m.

As previously advised to Shareholders, the Directors will consider the future of the Company and, in the absence of any viable alternatives, may move to wind it up. The final date for receipt of proposals has now passed and the evaluation will be completed by no later than 30 September 2010.

At the date of this report and as detailed in Note 2 of the Financial Statements the number of shares on issue is 121,582,328 at 31 August 2010.

2. DIRECTORS' REPORT (Continued)

Significant Changes in State of Affairs
During the year the Company crystallized some of the benefits from the acquisition of Olympus Funds Management Pty Limited (Olympus) through the restructuring of the investment management arrangements.

1. Olympus entering into an Investment Advisory Agreement with Prudential Asset Management (Singapore) Limited to provide specific advice on purchase and sale of Indian listed securities within the investment parameters formulated by Olympus. The investment strategy supporting these parameters remained unchanged with its focus on 'long only' investment in predominantly large cap listed Indian securities with no currency hedging and no leverage.

2. The Company entered into an Investment Management Agreement with Olympus to execute transactions relating to the Company's investment Portfolio. The Foreign Institutional Investor (**FII**) licence obtained by Olympus from the Securities and Exchange Board of India (**SEBI**) enabled it to deliver these services to INE after the registration of a FII sub-account for INE.

3. The Company gave notice to terminate the existing agreement with KMUK and arranged for the transfer of the INE FII sub-account, currently held through KMUK.

After the completion of conditions precedents, including Indian regulatory approvals, these changes in investment arrangements were fully implemented by mid February 2010.

As noted in After Balance Date Events (Note 2), the EGM on 7 July 2010 has lead to the disposal of the Company's main undertaking.

Future Developments, Prospects and Business Strategies
With the disposal of the Company's main undertaking and the return of 90% of the capital, the Directors of India Equities Fund Limited propose to deal with the Group's remaining assets in a timely manner. As previously advised to Shareholders, the Directors will consider the future of the Company and, in the absence of any viable alternatives, will move to wind it up.

A number of proposals have been submitted to the Directors since the announcement on 21 May 2010 of the intention to make a substantial capital return. Whilst not wishing to pre-empt any decision, it is likely some preference would be given to an alternative that maintained the Company's focus on India.

The final date for receipt of proposals has now passed and the Directors are currently evaluating submissions. By 30 September 2010 the Directors will either agree to proceed with one of the restructuring proposals or proceed to a further EGM to wind up the Company.

2. DIRECTORS' REPORT (Continued)

Environmental Issues

The Company's operations are such that they are not directly affected by environmental regulations.

Information on Directors and Company Secretary

Mr. Don Christie	**—**	**Executive Chairman**
Qualifications	—	LLB, LLM, Dip App Fin, Mtax
Experience	—	Mr Christie was Managing Director of Equity Trustees, a former President of the Australian Trustees Corporations Associations and previously Chairman of VPH Limited. These positions followed regulatory roles with the predecessors of ASIC. He is currently a Director of Australian Public Trustees Limited and a member of Markets Supervision, Quotation Appeals Committees and the Appeals Tribunal for Australian Pacific Exchange Limited.
Interest in Shares and Options	—	166,668 ordinary shares
Special Responsibilities	—	Chairman of Directors, the Remuneration Committee, a member of the Audit & Risk Committee and interim CEO
Directorships held in other listed entities	—	Nil
Directorships held in other listed entities within the last 3 years	—	Various Aurora Group listed trusts and van Eyck Alternatives Plus Fund

2. DIRECTORS' REPORT (Continued)

Information on Directors and Company Secretary (Continued)

Mr. David Carruthers	**—**	**Executive Director and Chief Financial Officer**
Qualifications	—	BComm, CA, CFTP(Snr), MAICD Dip
Experience	—	During a career with BP Finance, Mr Carruthers was CFO for the global operations based in London and the European Regional CEO based in Brussels. On returning to Australia he became Managing Director of Treasury Corporation of Victoria, provided advisory services in financial risk management to clients in the Asia-Pacific region, has non-executive director experience with ASX listed companies and is currently Head of Corporate Finance, Tristar Corporate Advisors Pty Ltd and Chief Financial Officer, Atlas Capital Management Ltd.
Interest in Shares and Options	—	208,336 ordinary shares
Special Responsibilities	—	Audit & Risk and Remuneration Committee member.
Directorships held in other listed entities	—	Nil
Directorships held in other listed entities within the last 3 years	—	Ceramic Fuel Cells Limited Genetic Technologies Limited

2. DIRECTORS' REPORT (Continued)

Information on Directors and Company Secretary (Continued)

Mr. Clifford Clayton	**—**	**Non-Executive Director**
Qualifications	—	AACI, SA Fin
Experience	—	During a 25 year career with Perpetual Trustees, Mr Clayton acquired substantial experience in the operational and compliance aspects of funds management. He has subsequently applied this experience to the Compliance Committees of Affinity Funds Management, Australian Public Trustees Limited, Drapac Limited, Legg Mason and BNY Mellon Asset Management Limited. Mr Clayton is also a current Director of Secure Funding Pty Limited. He was formerly a Director of Perpetual Trustees Victoria Limited, Macarthur Cook Investment Manager, AXA GESP Limited and Coles Group ESP.
Interest in Shares and Options	—	41,668 ordinary shares
Special Responsibilities	—	Chairman of Audit & Risk Committee and Remuneration Committee member.
Directorships held in other listed entities	—	Nil
Directorships held in other listed entities within the last 3 years	—	Nil

The three current Directors interests in Shares and Options includes 83,336 Options issued to Directors on 3 September 2009 as part of their entitlement under the renounceable rights issue and on the same terms as those offered to other shareholders. The Options outstanding at year end have subsequently been exercised.

2. DIRECTORS' REPORT (Continued)

Information on Directors and Company Secretary (Continued)

Mark Licciardo	**Company Secretary**
Qualifications	B.Bus (Acc), GradDip CSP, FCIS, MAICD
Experience	Mr Licciardo is Managing Director of Mertons Corporate Services Pty Ltd (Mertons) which provides company secretarial and corporate governance consulting services to ASX listed and unlisted public and private companies. Prior to establishing Mertons, Mr Licciardo was Company Secretary of the Transurban Group (2004-07) and Australian Foundation Investment Company Limited, Djerriwarrh Investments Limited, AMCIL Limited and Mirrabooka Investments Limited (1997-04). Mr Licciardo has also had an extensive commercial banking career with the Commonwealth Bank and State Bank Victoria.

The following Director resigned on the 7 July 2010:

Mr. John Pereira

Qualifications	—	BJuris, LLB
Experience	—	After an extensive career encompassing funds management, banking and law, Mr Pereira joined Burdett Buckeridge Young (BBY) where he held the positions of Head of Private Advisory and head of Corporate Finance. He formed Alchemy Corporate Advisors Pty Ltd jointly with BBY to promote corporate advisory and capital raising for small/mid cap clients. After leaving BBY he established Tristar Corporate Advisors Pty Ltd providing corporate advice to a range of private and ASX listed companies. Mr Pereira was the founder and promoter of Olympus Funds Management Pty Limited, India Equities Fund Ltd, Asia Diversified Funds Ltd, Greater Asia Investments Ltd and Atlas Capital Management Ltd.

2. DIRECTORS' REPORT (Continued)

REMUNERATION REPORT (Audited)

This report details the nature and amount of remuneration for each Director of India Equities Fund Limited. The only employees of the Company during the year were the two Non-Executive Directors and three support staff. The Chief Executive Officer provides his services through agreements with Starr Corporation Pty Ltd, the Chief Financial Officer under an agreement with TCA Advisors and the Company Secretary under agreement with Mertons Corporate Services Pty Ltd.

Remuneration policy

The Board's policy is to remunerate Non-Executive Directors and support staff at market rates for time, commitment and responsibilities. The Remuneration Committee determines payments to the Non-Executive Directors and reviews their remuneration annually, based on market practice, duties and accountability. Independent external advice is sought when required. The maximum aggregate amount of fees that can be paid to Non-Executive Directors is subject to approval by shareholders at the Annual General Meeting. Fees for Non-Executive Directors are not linked to the performance of the Company. However, to align Directors' interests with shareholder interests, the Directors are encouraged to hold shares in the Company.

Where specialist services beyond the normal expectations of a Non-Executive Director are provided to the company, payment will be made on a normal commercial basis.

The Company entered into an agreement with Starr Corporation Pty Ltd (the Consultant) on 16 May 2007 to provide the services of John Pereira from 5 April 2007. The agreement is for an initial term of five years. The Company had the right to terminate the agreement without cause, subject to payment of twelve months fees. The fee payable to the Consultant was $266,336 pa (plus GST) at 30 June 2010. This agreement was terminated by mutual agreement on 7 July 2010, as detailed below.

Upon the acquisition of Olympus, the Group acquired the rights and obligations of an existing contract between Olympus and the Consultant entered into on 15 November 2007 to provide the services of John Pereira from 5 April 2007. That agreement was for an initial term of five years. Olympus had the right to terminate the agreement without cause, subject to payment of twelve months fees. The fee payable to the Consultant was $137,420 pa (plus GST), at 30 June 2010. This agreement was terminated by mutual agreement on 7 July 2010, as detailed below.

2. DIRECTORS' REPORT (Continued)

REMUNERATION REPORT (Audited) (Continued)

Prior to 1 July 2009, the Directors agreed a short term bonus plan to incentivise the performance of the Chief Executive Officer. The plan was structured with performance criteria appropriate for the business activities of the Company. Accordingly these recognize the importance of growing shareholder value, through the performance of the investment portfolio and the Company's profitability. The specific criteria cover Net Tangible Asset growth, compound annual share price growth, performance against BSE200 Index, external funds under management, pre tax comprehensive income and cost control. The annual bonus payment is capped at 65% of total remuneration. The payment for 2009-10 was 20.3% which is based on the annual contractual entitlement.

The following table shows the performance of these criteria during the year ended 30 June 2010:

	30 June 2009	**30 June 2010**	**2009-10**
NTA per share	$0.72 [1]	$0.75	+4.2%
Share price [2]	$0.46	$0.62	+34.7%
Return over BSE200 Index in $A	-4.8%	-0.4%	+91.6%
External funds under management	Nil	Nil	Nil
Pre Tax Comprehensive Income [3]	$10.4m	$11.5m	+10.6%

1. Diluted to allow for Rights Issue and Placement in Sept 2009
2. Based on 30 day VWAP
3. Before impairment adjustments

The Company entered into an agreement with TCA Advisors (TCA) on 24 June 2009 to provide the services of David Carruthers from 1 April 2009. The agreement was for an initial term of one year and shall continue on a twelve monthly basis thereafter. The Company has the right to terminate the agreement without cause, subject to payment of six months fees. The fee payable to TCA at the date of this report is currently $205,800 pa (plus GST), adjusted annually on the anniversary of the commencement date by CPI. These fees are not linked to the performance of the Company.

India Equities Fund Limited has not employed any additional key management personnel during the period.

2. DIRECTORS' REPORT (Continued)

REMUNERATION REPORT (Audited) (Continued)

Directors' Remuneration

The remuneration policy has been tailored to align the interest between shareholders, executive directors and executives.

	Short-Term Benefits				Post Employment Benefits
	Cash, Salary & Commissions	**Cash Profit Share**	**Non-Cash Benefit**	**Other**	**Superannuation**
2010	**$**	**$**	**$**	**$**	**$**
Directors					
Mr. Don Christie	**66,000**	**-**	**-**	**-**	**5,400**
Mr. John Pereira	**395,222**	**82,144**	**-**	**-**	**-**
Mr. David Carruthers	**127,730**	**-**	**-**	**-**	**-**
Mr. Clifford Clayton	**-**	**-**	**-**	**-**	**32,700**
	588,952	**82,144**	**-**	**-**	**38,100**

	Other Long-Term Benefits	Share-Based Payments		Total	Performance Related
	Other	**Equity**	**Options**		
2010	**$**	**$**	**$**	**$**	**%**
Directors					
Mr. Don Christie	**-**	**-**	**-**	**71,400**	**0.00%**
Mr. John Pereira	**-**	**-**	**-**	**477,366**	**17.20%**
Mr. David Carruthers	**-**	**-**	**-**	**127,730**	**0.00%**
Mr. Clifford Clayton	**-**	**-**	**-**	**32,700**	**0.00%**
	-	**-**	**-**	**709,196**	

	Short-Term Benefits				Post Employment Benefits
	Cash, Salary & Commissions	**Cash Profit Share**	**Non-Cash Benefit**	**Other**	**Superannuation**
2009	**$**	**$**	**$**	**$**	**$**
Directors					
Mr Don Christie	63,750	-	-	-	5,400
Mr John Pereira	277,324	-	-	-	-
Mr David Carruthers	65,400	-	-	-	2,025
Mr Clifford Clayton	-	-	-	-	32,700
	406,474	-	-	-	40,125

The Directors are the only people considered to be key management personnel of the company.

2. DIRECTORS' REPORT (Continued)

REMUNERATION REPORT (Audited) (Continued)

Directors' Remuneration (Continued)

	Other Long-Term Benefits	Share-Based Payments		Total	Performance Related
	Other	Equity	Options		
2009	**$**	**$**	**$**	**$**	**%**
Directors					
Mr Don Christie	-	-	-	69,150	0.00%
Mr John Pereira	-	-	-	277,324	0.00%
Mr David Carruthers	-	-	-	67,425	0.00%
Mr Clifford Clayton	-	-	-	32,700	0.00%
	-	-	-	446,599	

Cash, salary and commissions shown above for Messrs Pereira and Carruthers in both 2010 and 2009 reflects consultancy services rendered during the period in accordance with the agreements referred to above.

The total pool of Non-Executive Directors' Fees, excluding consultancy services, approved by the shareholders is currently $200,000 p.a.

Subsequent Events

The agreements with Starr Corporation Pty Ltd were terminated by mutual agreement on 7 July 2010. The settlement payment in relation to these contracts comprised:

- 12 months agreed termination payment under both agreements (the Company $266,336, Olympus $137,420); and
- 6 months fees under both agreements in recognition of Mr Pereira's contribution as founder and promoter of the Company and Olympus Funds Management along with the remaining 21 months of the contact term (the Company $133,168, Olympus $68,710).

The Company sought prior commercial and legal advice as to what was appropriate and permissible in the circumstances.

2. DIRECTORS' REPORT (Continued)

REMUNERATION REPORT (Audited) (Continued)

Subsequent Events (Continued)

Mr Christie was appointed as Interim CEO in addition to his responsibilities as Chairman. The following arrangement applies in place of the Non- Executive Director fee of $60,000 p.a. that would otherwise be payable.

Duration of Agreement	The Agreement will be for an initial period of 4 months, commencing on 7 July 2010 and continuing until 6 November 2010. If the Company elects, the Agreement will continue.
Remuneration	Gross base salary of $25,000 per month (exclusive of superannuation) with no performance based remuneration.
Termination	The contract is for a fixed term of four months unless extended by the Company. If extended, it is subject to 1 months notice in writing by either party.

Meetings of Directors

During the period, eight meetings of directors (and four committees of directors meetings) were held.

Attendances by each director during the year were as follows:

	Directors' Meetings		Committee Meetings			
			Audit & Risk		Remuneration	
	Number Eligible to Attend	Number Attended	Number Eligible to Attend	Number Attended	Number Eligible to Attend	Number Attended
Mr Don Christie	8	8	3	3	1	1
Mr John Pereira	8	8	3	3[1]	1	1
Mr David Carruthers	8	8	3	3	1	1
Mr Clifford Clayton	8	8	3	3	1	1

1. John Pereira was not a member of the Audit & Risk Committee but attended by invitation. He resigned as a Director effective 7 July 2010.

2. DIRECTORS REPORT (Continued)

Indemnifying Officers or Auditor

During or since the end of the financial period the Company has given an indemnity or entered into an agreement to indemnify, or paid or agreed to pay insurance premiums.

Specifically the Company has paid premiums to insure each of the Directors against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in the capacity of Director of the Company, other than conduct involving a wilful breach of duty in relation to the Company. The amount of the premium was $75,000 in aggregate.

Proceedings on Behalf of Company

No person has applied for leave of Court to bring proceedings on behalf of the company or intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or any part of those proceedings.

The Company was not a party to any such proceedings during the period.

Non-Audit Services

The Board of Directors, in accordance with advice from the Audit & Risk Committee, is satisfied that the provision of non-audit services during the year is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The Directors are satisfied that the services disclosed below did not compromise the external auditor's independence for the following reasons:

- all non-audit services are reviewed and approved by the Audit & Risk Committee prior to commencement to ensure they do not adversely affect the integrity and objectivity of the auditor; and
- the nature of the services provided do not compromise the general principles relating to auditor independence in accordance with the Corporations Act 2001 and APES 110: Code of Ethics for Professional Accountants set by the Accounting Professional and Ethical Standards Board.

The following fees for non-audit services were paid/payable to the external auditors during the year ended 30 June 2010:

	2010 $	2009 $
Taxation services	9,305	4,500

2. DIRECTORS' REPORT (Continued)

AUDITOR'S INDEPENDENCE DECLARATION

The lead auditor's independence declaration as required under s.307c of the Corporations Act 2001 for the year ended 30 June 2010 has been received and is set out on page 31.

Signed in accordance with a resolution of the Board of Directors.

Don Christie
Executive Chairman

Dated 31 August 2010

3. PORTFOLIO HOLDINGS AT 30 JUNE 2010

Security	Sector	Market Value $
Infosys Technologies Ltd	Information Technology	4,655,561
Reliance Industries Ltd	Energy	4,185,581
ITC Ltd	Consumer Staples	3,835,985
ICICI Bank Ltd	Financials	3,693,189
Housing Development Finance Corp Ltd	Financials	3,068,029
Housing Development Finance Corp Bank	Financials	2,773,456
Larsen And Toubro Ltd	Industrials	2,639,971
Oil & Natural Gas Corp Ltd	Energy	2,537,457
Axis Bank Ltd	Financials	2,470,403
State Bank Of India	Financials	2,062,867
Cipla Ltd	Health Care	1,820,018
Crompton Greaves Ltd	Industrials	1,674,892
Lupin Ltd	Health Care	1,662,661
Sterlite Industries (India) Ltd	Materials	1,641,262
Tata Consultancy Services Ltd	Information Technology	1,610,570
Bajaj Auto Ltd	Consumer Discretionary	1,560,430
Dr Reddys Laboratories Ltd	Health Care	1,432,400
Mahindra And Mahindra Ltd	Consumer Discretionary	1,381,358
Bharat Heavy Electricals Ltd	Industrials	1,259,534
Tata Motors Ltd	Consumer Discretionary	1,219,854
Jaiprakash Associates Ltd	Industrials	1,136,884
Wipro Ltd	Information Technology	983,417
GVK Power And Infrastructure Ltd	Utilities	900,696
Maruti Suzuki India Ltd	Consumer Discretionary	801,963
Reliance Infrastructure	Utilities	749,647
Lanco Infratech Ltd	Utilities	736,948
Bank Of Baroda	Financials	718,790
Hindustan Unilever Ltd	Consumer Staples	685,019
Century Textiles & Industries Ltd	Industrials	475,026
NTPC Ltd	Utilities	401,078
JSW Steel Limited	Industrials	271,767
Samruddhi Cement Ltd	Utilities	190,970
TOTAL FINANCIAL ASSETS		**55,237,685**

4. CORPORATE GOVERNANCE STATEMENT

Introduction

India Equities Fund Limited ("India Equities" or the "Company") was admitted to the official list of the ASX on 5 April 2007. The Company was original formed to provide shareholders with exposure to a portfolio of listed Indian public companies' securities.

The Board of Directors is responsible for establishing the corporate governance framework of the Company and establishing appropriate Corporate Governance policies and procedures having regard to the ASX Corporate Governance Council (CGC) published guidelines as set out in its "Corporate Governance Principles and Recommendations" (Revised Principles 2nd Edition August 2007).

This Corporate Governance Statement is structured with reference to the current CGC's published guidelines which contain 8 key principles. The charters and policies laid out in this Corporate Governance Statement represent a concise version of those charters and policies that have been adopted by the Board of Directors in line with the CGC's recommendations. Where a CGC recommendation has not been followed, the fact is disclosed, together with reasons for the departure. The Company's Corporate Governance charters and policies can be found on the Company's website, www.indiaequitiesfund.com.au.

1) Board Charter

(Principle 1: Lay solid foundations for management and oversight)

a) Role of the India Equities Board and company management

The Board of Directors of India Equities together with management are collectively experienced in the management of listed companies and portfolio and funds management.

The Company under formal management agreement has engaged Olympus Funds Management Pty Ltd to provide funds management services in accordance with its Australian Financial Services (AFS) Licence.

The Board is responsible for providing strategic guidance and for contributing to the development of the corporate strategy and performance objectives, including the implementation of a business strategy, the annual budget, monitoring the Company's financial performance, meeting its regulatory reporting obligations and ensuring that appropriate management is in place to achieve these objectives. The Board appoints the Chief Executive Officer and Company Secretary. The Board approves and monitors management's corporate strategy and performance objectives for India Equities. Under the oversight of the Board's Audit & Risk Committee, the Board monitors risk, compliance and financial reporting. The Board is responsible for approving and monitoring the progress of existing investments, capital management and acquisitions and disposals of investment assets.

4. CORPORATE GOVERNANCE STATEMENT (Continued)

The Board may delegate to a sub-committee, an officer of the company, or any other person in authority to perform any of its functions and exercise any of its powers, in the ordinary course of business. This includes the day to day administration of its investment assets, including ensuring that physical assets are adequately insured where necessary; that detailed market investigations and effective due diligence is carried out on proposed investments or acquisitions; that capital required to provide a platform for further investment and enhancement of the company's portfolios, as well as general working capital requirements is adequate; and that subject to the responsibility of the Board's Audit & Risk Management Committee there is effective risk management, financial management and compliance management of the Company's assets.

(Principle 2: Structure the board to add value)

b) India Equities Board Structure

The qualifications, skills, experience and expertise relevant to the position of director held by each director in office at the date of the annual report and their attendance at Board and Committee meetings is included in the Director's Report.

The Board is comprised of three Directors and currently does not comply with the CGC's recommendation that Board's contain a majority of Independent Non-Executive Directors, following the recent assumption of the responsibilities of Interim CEO by the Chairman, Don Christie, previously an Independent Non-Executive Director.

Don Christie, (Executive Chairman)
David Carruthers, (Executive Director)
Clifford Clayton, (Independent Non-Executive Director)

In accordance with the CGC's "Corporate Governance Principles and Recommendations", the recommendation that no independent Director holds more than 5% of the total shares on issue or that there is no material interest in the Company that would impair independence has been met by the following Director:

Clifford Clayton, (Non-Executive Director)

The Company supports the appointment of Directors who bring a wide range of business and professional skills and experience, details of which are recorded in the Directors' Report accompanying this Corporate Governance Statement. Each Director has a three year term of office, at the end of which they retire and seek re-election by shareholders as a Director.

Pursuant to ASX CGC Principles, each Director has been issued with a Deed of Indemnity, Insurance and Access Agreement that will protect directors for up to 7 years after their resignation in the event of a legal matter that the company may face in the future whilst they were a Director of the Company.

4. CORPORATE GOVERNANCE STATEMENT (Continued)

Each Director is required to disclose any interest which might create a potential conflict of interest with their duties, as a Director of India Equities, or which would affect their independence.

In order for Directors to bring independent judgement to bear in decision making, Directors have the right to obtain independent professional advice, if necessary, at the Company's expense.

2) Code of Conduct and Conflicts of Interest

(Principle 3: Promote ethical and responsible decision making)

a) Conduct of Management

The Board of India Equities is committed to the Code of Conduct. This is communicated to management and requires staff to adhere to the core values, together with a number of other key attributes that have been identified as being imperative to the success of the Company.

Employees must comply with all laws and regulations. This includes understanding the laws and regulations relevant to their work and complying with the legal requirements of the jurisdictions in which they operate.

Employees should not engage in activities or hold or trade assets that involve, or could appear to involve, a conflict between their personal interests and the interests of the Company.

Management is responsible to the Board for the Company's performance under this Code, and has operational responsibility for ensuring compliance with the Code.

The Code of Conduct aims to promote ethical and responsible decision making. The Code of Conduct requires all employees to exhibit openness, honesty, fairness and integrity in their dealings, both internally and externally. India Equities aims for good corporate governance and generally requires employees to:

- avoid situations which may give rise to a conflict of interest;
- avoid situations where they may profit from their position with the Company and gain any benefit which competes with the Company's business;
- comply with all laws and regulations and Company policies and procedures;
- not undertake activities inconsistent with their employment with the Company;
- properly use the Company's assets for legitimate business purposes; and
- maintain privacy and confidentiality in both the Company's business and the information of its suppliers, customers and shareholders.

4. CORPORATE GOVERNANCE STATEMENT (Continued)

The Company has developed a Whistleblower protection policy that offers Company officers, employees, independent contractors and their employees the opportunity to bring to the attention of management, conduct which is corrupt, illegal or unethical, without fear of revenge, dismissal or discriminatory treatment.

The Board has resolved that the Code of Conduct extends to guide compliance with legal and other obligations with respect to stakeholders.

b) Conflicts of Interest

The Board of India Equities is committed to good corporate governance and aims for continuous improvement in these practices. The Company embraces high ethical standards and requires its employees to demonstrate both personal and corporate responsibility. Directors, officers and employees are required to safeguard the integrity of the Company and to act in the best interests of its stakeholders (generally, shareholders).

There must be no conflict, or perception of a conflict, between the interests of any India Equities Director, officer or employee and the responsibility of that person to the Company and to the stakeholders. All India Equities Directors, officers and employees may never improperly use their position for personal or private gain to themselves, a family member, or any other person (“associates”).

As a general rule, a conflict of interest, or the perception of a conflict, may arise if their duties involve any actual or potential business with a person, entity or organisation in which they or their associates have a substantial personal or financial interest. Accordingly, the following rules apply:

- Without prior Board approval, Directors, officers and employees may not act on behalf of the Company in connection with any business or potential business involving any person, entity or organisation in which they or their associates have direct or indirect managerial influence (such as serving as an Executive Officer, Director, general partner or similar position or holding a substantial ownership or beneficial interest); and
- Where a potential conflict exists, this should be disclosed to the Chairman prior to any dealings taking place; and be declared at the next meeting of Directors.

4. CORPORATE GOVERNANCE STATEMENT (Continued)

3) Audit & Risk Management Committee

(Principle 4: Safeguard integrity in financial reporting)

The Company has established an Audit & Risk Committee which now comprises one non-executive director.

a) Purpose

The Audit & Risk Committee plays a key role in assisting the Board of Directors with its responsibilities relating to accounting, developing internal control systems, reporting practices and risk management, and ensuring the independence of the Company Auditor. The Charter for this Committee incorporates policies and procedures to ensure an effective focus from an independent perspective.

The Audit & Risk Committee oversees and appraises the quality of the audits conducted by the Auditors of the Company. Moore Stephens, Chartered Accountants, is the currently appointed Auditor of India Equities Fund Ltd and its subsidiaries. Their appointment will be reviewed periodically. The Company believes in the ongoing assessment of its audit arrangements and complies with any regulatory requirements to rotate its external audit partner.

The Audit & Risk Committee includes in its Charter a review of the effectiveness of administrative, operating and accounting controls.

Meetings of the Committee are held a minimum of twice per annum, represented by one meeting for each of the full-year and half-year financial accounts review, approval and recommendation to the Board. Further meetings may be held for discussion on policies and procedures and risk management matters. The auditors of the Company, Moore Stephens, are also invited to make recommendations to the Committee on policies and procedures for discussion.

Following a recommendation by the Committee to the Board of Directors to approve the annual and half year financial accounts, the Chairman/CEO and Chief Financial Officer state in writing to the Board that the Company's Financial Reports present a true and fair view, in all material respects, of the Company's financial condition and operational results and are in accordance with relevant accounting standards; and that this statement is founded on a sound system of risk management and internal compliance and control which implements the policies adopted by the Board.

b) Composition

India Equities' Audit & Risk Committee follows each of the CGC principles listed below:

- An independent Chairperson, who is not Chairperson of the Board and is a qualified accountant or has significant experience in the financial industry;
- Has at least three members

4. CORPORATE GOVERNANCE STATEMENT (Continued)

However, the Committee consists of only one Non-Executive Director and two Executive Directors, therefore it does not contain a majority independent Directors as recommended by the CGC.

Members of the Committee are:

Clifford Clayton	Chairman (Non-Executive Director and Independent Director)
Don Christie	Executive Chairman and Chief Executive Officer
David Carruthers	Executive Director

There were three meetings held during the reporting period.

4) Board Continuous Disclosure Policy

(Principle 5: Make timely and balanced disclosure)

India Equities' Continuous Disclosure Policy is designed to promote transparency and investor confidence and ensure that all interested parties have an equal opportunity to obtain information which is issued by India Equities. The Company is committed to complying with the continuous disclosure obligations contained in the listing rules of the Australian Securities Exchange (ASX) and under the Corporations Act, and ensuring that all shareholders and the market have an equal opportunity to obtain and review full and timely information about India Equities' securities.

The ASX defines continuous disclosure in its Listing Rules as "the timely advising of information to keep the market informed of events and developments as they occur". The Listing Rules and the Corporations Act require that a listed entity disclose to the market matters which a reasonable person would expect to have a material effect on the price or value of the entity's securities. A reasonable person is taken to expect information to have a material effect on the price or value of securities if it would, or would be likely to, influence persons who commonly invest in securities in deciding whether or not to subscribe for, buy or sell the securities.

The CEO controls all India Equities' communications with assistance from the Company Secretary in carrying out this responsibility. The Chairman/CEO is the only officer allowed to authorise the release of material information to the market. The Company Secretary is responsible for administering this policy and is responsible for dealing with the ASX in relation to all listing rule issues. The procedures which have been developed to comply with these rules include immediate reporting of any matter which could potentially have a material effect, via established reporting lines to the Chairman/CEO and/or the Company Secretary.

4. CORPORATE GOVERNANCE STATEMENT (Continued)

Disclosure of such price-sensitive information to the ASX must not be delayed and is disclosed, in the first instance, to the ASX and only after receiving confirmation that a release of this disclosure has been made to the market will it then be placed on the Company's website, www.indiaequitiesfund.com.au. Material information must not be selectively disclosed (i.e. to analysts, the media or shareholders) prior to being announced to the ASX, and all media releases must be referred to the CEO for approval prior to any release.

5) Trading Policy

India Equities' Share Trading Policy ensures that unpublished price sensitive information about the Company is not used in an unlawful manner. The main provisions of this policy are governed by:

- the specific requirements of the Corporations Act;
- a prohibition of short term trading in the Company's shares;
- when Directors and employees may trade in the Company's shares; and
- prior notification by Directors, officers and employees of their intention to deal in the Company's shares.

A summary of the Policy is as follows:

Trading of securities by Directors, officers and employees is only allowed when he or she is not in possession of price sensitive information that is not generally available to the market.

As it is assumed that Directors and senior management are likely to be in possession of unpublished price sensitive information concerning the Company by virtue of their position within the Company, those persons and their associates may not deal in the Company's securities during the following periods:

- 5 days preceding the announcement of half-yearly financial results;
- 5 days preceding the announcement of annual financial results;
- 5 days preceding the holding of a shareholders meeting;
- The period from the first calendar day of each month up to and including the day of NTA announcement; and
- 2 days immediately after the date of an ASX announcement.

In addition, Directors, officers and employees can only deal in India Equities' shares after having first obtained permission of the Chairman/CEO and must notify the Company Secretary when a trade has occurred.

4. CORPORATE GOVERNANCE STATEMENT (Continued)

6) Shareholder Communications

(Principle 6: Respect the rights of shareholders)

India Equities' communication strategy is to promote effective communication with shareholders.

The Company is committed to:

- ensuring that shareholders and the financial markets are provided with full and timely information about the Company's activities in a balanced and understandable way;
- complying with continuous disclosure obligations contained in the applicable ASX Listing Rules and the Corporations Act in Australia; and
- communicating effectively with its shareholders and making it easier for shareholders to communicate with the Company.

To promote effective communication with shareholders and encourage effective participation at general meetings, information is communicated to shareholders:

- through the release of information to the market via the ASX;
- through the distribution of the Annual Report and Notices of Annual General Meeting;
- through shareholder meetings;
- through letters and other forms of communications directly to shareholders;
- by posting relevant information on the Company's website; and
- by providing shareholders with a choice of information delivery i.e. paper or electronic means

The Company's website, www.indiaequitiesfund.com.au, has a dedicated Shareholder Information section and endeavours to publish on the website all important company information and relevant announcements made to the market.

The external auditors are requested to attend the Annual General Meeting and are available to answer shareholders' questions about the conduct of the audit and preparation of the Auditor's Report.

4. CORPORATE GOVERNANCE STATEMENT (Continued)

7) Risk Management System Statement

(Principle 7: Recognise and manage risk)

The Board of the Company takes a proactive approach to the Company's risk management and internal compliance and control system. This function is dealt with by the Audit & Risk Committee.

The Audit & Risk Committee is responsible for ensuring that risks and mitigation of these risks are identified on a timely basis and that the Company's objectives and activities are aligned with the risks and opportunities identified by the Committee and the Board of Directors.

The Company has developed a policy on risk oversight and management and undertaken a detailed risk assessment of the company's operations, procedures and processes. The risk assessment was aimed at identifying the following:

- a culture of risk control and the minimisation of risk throughout the Company, which is being done through natural or instinctive process by employees of the Company;
- a culture of risk control that can easily identify risks as they arise and amend practices;
- the installation of practices and procedures in all areas of the business that are designed to minimise an event or incident that could have a financial or other effect on the business and its day to day management; and
- adoption of practices and procedures to minimise many of the standard commercial risks, i.e., taking out the appropriate insurance polices, or ensuring compliance reporting is up to date and
- adoption of regular risk management controls reporting to the Board, via the Audit & Risk Committee.

8) Board Remuneration and Nomination Policies

(Principle 8: Remunerate fairly and responsibly)

The Company has a Remuneration Committee comprising the full Board and is responsible for determining and reviewing compensation arrangements for the Directors and CEO and for approving parameters within which the review of the compensation arrangements for the senior executive team can be conducted by the CEO.

The details of the remuneration paid to Directors and Officers is included in the Remuneration Report on page 15.

The company does not have any schemes for retirement benefits for Directors other than standard superannuation arrangements.

4. CORPORATE GOVERNANCE STATEMENT (Continued)

8) Board Remuneration and Nomination Policies (Continued)

(Principle 8: Remunerate fairly and responsibly) (Continued)

The Committee held one meeting during the reporting period dealing with these issues.

The Committee monitors and reviews:

- the remuneration arrangements for the CEO and sets parameters within which the CEO will review arrangements for other senior executives;
- the remuneration policies, personnel practices and strategies of the Company generally;
- any employee incentive schemes;
- the remuneration arrangements for non-executive Directors;
- the size and composition of the Board, and criteria for Board membership; and
- the membership of the Board and candidates for consideration by the Board.

The Nominations function is also dealt with by this Committee.

The Board is responsible for Performance Evaluation of the members of the Board and key executives against both measurable and qualitative indicators.

Under the Policy, the Chairman undertakes an annual assessment of the performance of individual Directors and meets privately with each Director to discuss this assessment.

Don Christie
Executive Chairman

Dated this 31 August 2010.

5. AUDITOR'S INDEPENDENCE DECLARATION

MOORE STEPHENS
ACCOUNTANTS & ADVISORS

Level 10, 530 Collins Street
Melbourne VIC 3000

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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 Entities

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2010 there have been:

(i) No contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit, and

(ii) No contraventions of any applicable code of professional conduct in relation to the audit.

MOORE STEPHENS
Chartered Accountants

Grant Sincock
Partner
Melbourne, 31 August 2010

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6. FINANCIAL STATEMENTS

INDIA EQUITIES FUND LIMITED

ABN 15 121 415 576 and Controlled Entities

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 June 2010

		Consolidated	
		June 2010	June 2009
	Note	**$**	$
Revenue	**3**	**5,542,278**	1,888,130
Other Income	**3**	**784**	18,710
Fund Administration Expenses		**(1,108,573)**	(949,793)
Remuneration Costs		**(1,052,918)**	(500,310)
Listed Company Expenses		**(923,706)**	(721,736)
Marketing and Development Expenses		**(518,822)**	(415,765)
Amortisation	**15**	**(348,225)**	-
Occupancy Costs		**(105,656)**	(60,880)
Depreciation	**14**	**(20,249)**	(2,089)
Loss on Foreign Exchange	**4**	**(10,842)**	(1,020,660)
Finance Costs		**(1,600)**	(87,834)
Loss on Disposal of Non-Current Assets		**-**	(9,387,875)
Impairment Expense	**4**	**(3,255,134)**	(6,487,955)
(Loss) Before Income Tax		**(1,802,663)**	(17,728,057)
Income Tax (Expense)/Benefit	**5**	**(1,554,662)**	4,945,532
(Loss) for the year		**(3,357,325)**	(12,782,525)
Other Comprehensive Income			
Gain on Revaluation of Available-for-sale Financial Assets		**6,833,337**	15,193,333
Transfer of Impairment of Assets		**3,255,134**	6,487,955
Deferred Tax Impact		**(1,882,686)**	(6,504,386)
Other Comprehensive Income for the Year, Net of Tax		**8,205,785**	15,176,902
Total Comprehensive Income for the Year		**4,848,460**	2,394,377
(Loss) Attributable to:			
Members of the Parent Entity		**(3,357,325)**	(12,767,439)
Non-Controlling Interest		**-**	(15,086)
		(3,357,325)	(12,782,525)
Total Comprehensive Income Attributable to:			
Members of the Parent Entity		**4,848,460**	2,409,463
Non-Controlling Interest		**-**	(15,086)
		4,848,460	2,394,377

The accompanying notes form part of these financial statements.

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 June 2010

		Consolidated	
		June 2010	June 2009
	Note	**$**	$
Earnings Per Share			
From Continuing Operations			
- Basic (Loss) per share (cents per share)	**9**	**(3.56)**	(16.95)
- Diluted (Loss) per share (cents per share)	**9**	**(3.49)**	(16.95)
From Comprehensive Income			
- Basic Earnings per share (cents per share)	**9**	**5.15**	3.20
- Diluted Earnings per share (cents per share)	**9**	**5.04**	3.20

The accompanying notes form part of these financial statements.

INDIA EQUITIES FUND LIMITED

ABN 15 121 415 576 and Controlled Entities

STATEMENT OF FINANCIAL POSITION

As at 30 June 2010

		Consolidated	
		June 2010	June 2009
	Note	**$**	$
Assets			
Current Assets			
Cash and Cash Equivalents	**10**	**26,032,458**	6,159,296
Trade and Other Receivables	**11**	**519,337**	1,063,817
Financial Assets	**12**	**55,253,077**	1,457,094
Other Current Assets	**13**	**112,389**	40,487
Deferred Tax Assets	**17**	**3,698,944**	-
Total Current Assets		**85,616,205**	8,720,694
Non-Current Assets			
Financial Assets	**12**	**-**	50,494,263
Property, Plant & Equipment	**14**	**87,002**	37,687
Intangible Assets	**15**	**-**	2,852,997
Deferred Tax Assets	**17**	**-**	6,063,628
Total Non-Current Assets		**87,002**	59,448,575
Total Assets		**85,703,207**	68,169,269
Current Liabilities			
Trade and Other Payables	**18**	**1,302,852**	3,291,434
Deferred Tax Liabilities	**17**	**3,698,944**	-
Total Current Liabilities		**5,001,796**	3,291,434
Non-Current Liabilities			
Deferred Tax Liabilities	**17**	**-**	1,947,529
Total Non-Current Liabilities		**-**	1,947,529
Total Liabilities		**5,001,796**	5,238,963
Net Assets		**80,701,411**	62,930,306
Equity			
Issued Capital	**19**	**82,622,166**	69,699,521
Reserves	**20**	**12,617,200**	4,411,415
Retained Earnings		**(14,553,041)**	(11,195,716)
Parent Interest		**80,686,325**	62,915,220
Non-Controlling Interest		**15,086**	15,086
Total Equity		**80,701,411**	62,930,306

The accompanying notes form part of these financial statements.

INDIA EQUITIES FUND LIMITED

ABN 15 121 415 576 and Controlled Entities

STATEMENT OF CASHFLOWS

For the year ended 30 June 2010

	Note	Consolidated	
		June 2010 $	June 2009 $
Cash Flows from Operating Activities			
Dividends Received		**625,347**	538,758
Payments to Suppliers and Employees		**(3,201,252)**	(2,753,571)
Interest Received		**49,039**	93,736
Receipts from Customers		**57,832**	-
Foreign Tax Paid		**-**	(193,470)
Purchase of Held-for-trading Securities		**-**	(1,891,959)
Proceeds from Sale of Held-for-trading Securities		**-**	5,872,406
Net Cash (Used in)/ Provided by Operating	**23**	**(2,469,034)**	1,665,900
Cash Flows from Investing Activities			
Proceeds from Sale of Investments		**39,606,338**	46,167,534
Purchase of Investments		**(28,541,941)**	(45,553,263)
Payment for Investment in Subsidiaries		**(223,125)**	(459,180)
Purchases of Plant & Equipment		**(63,814)**	(10,026)
Net Cash Provided by Investing Activities		**10,777,458**	145,065
Cash Flows from Financing Activities			
Share Buy-back Payments		**(2,553,480)**	(230,955)
Costs Relating to Capital Raising		**(887,477)**	(43,680)
Cost Relating to Buy-Back		**-**	(29,907)
Loan Funds Acquired		**-**	(1,650,000)
Dividend Paid		**-**	-
Proceeds from the Issue of Shares		**15,014,138**	-
Net Cash Provided by/(Used in) Financing Activities		**11,573,181**	(1,954,542)
Net Increase/(Decrease) in Cash & Cash Equivalents Held		**19,881,605**	(143,577)
Cash & Cash Equivalents at Beginning of Financial Year		**6,159,296**	5,826,385
Net Cash acquired from Olympus Acquisition		**-**	39,971
Effect of exchange rates on cash holdings in foreign currencies		**(8,443)**	436,517
Cash & Cash Equivalents at End of Financial Year	**10**	**26,032,458**	6,159,296

The accompanying notes form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
For the year ended 30 June 2010

Consolidated	Issued Share Capital - Ordinary $	Retained Earnings $	Realised Capital Profits Reserve $	Asset Revaluation Reserve $	Non-Control-ling Interest $	Total $
Balance at 1 July 2008	**71,991,210**	**1,586,809**	**173,480**	**(10,938,967)**	**-**	**62,812,532**
Profit for the Year	-	(12,782,525)	-	-	15,086	(12,767,439)
Other Comprehensive Income for the Year						
Net unrealised gains for stocks held at 30 June 2009	-	-	-	8,688,947	-	8,688,947
Impairment Transferred to Statement of Comprehensive Income	-	-	-	6,487,955	-	6,487,955
Total Comprehensive Income for the Year	-	(12,782,525)	-	15,176,902	15,086	2,409,463
Shares Issued during the Year	148,750	-	-	-	-	148,750
Shares Bought back during the Year	(2,184,383)	-	-	-	-	(2,184,383)
Transaction Costs	(43,680)	-	-	-	-	(43,680)
Deferred Tax Relating to Capital Raising Costs	(212,376)	-	-	-	-	(212,376)
Subtotal	**69,699,521**	**(11,195,716)**	**173,480**	**4,237,935**	**15,086**	**62,930,306**
Dividends Paid or Provided for	**-**	**-**	**-**	**-**	**-**	**-**
Balance at 30 June 2009	**69,699,521**	**(11,195,716)**	**173,480**	**4,237,935**	**15,086**	**62,930,306**
Balance 1 July 2009	**69,699,521**	**(11,195,716)**	**173,480**	**4,237,935**	**15,086**	**62,930,306**
Profit for the Year	**-**	**(3,357,325)**	**-**	**-**	**-**	**(3,357,325)**
Other Comprehensive Income for the Year						
Net unrealised gains for stocks held at 30 June 2010	**-**	**-**	**-**	**4,950,651**	**-**	**4,950,651**
Impairment Transferred to Statement of Comprehensive Income	**-**	**-**	**-**	**3,255,134**	**-**	**3,255,134**
Total Comprehensive Income for the Year	**-**	**(3,357,325)**	**-**	**8,205,785**	**-**	**4,848,460**
Shares Issued during the Year	**15,014,136**	**-**	**-**	**-**	**-**	**15,014,136**
Shares Bought back during the Year	**-**	**-**	**-**	**-**	**-**	**-**
Transaction Costs	**(1,412,738)**	**-**	**-**	**-**	**-**	**(1,412,738)**
Deferred Tax Relating to Capital Raising Costs	**(678,753)**	**-**	**-**	**-**	**-**	**(678,753)**
Subtotal	**82,622,166**	**(14,553,041)**	**173,480**	**12,443,720**	**15,086**	**80,701,411**
Dividends Paid or Provided for	-	-	-	-	-	-
Balance at 30 June 2010	**82,622,166**	**(14,553,041)**	**173,480**	**12,443,720**	**15,086**	**80,701,411**

The accompanying notes form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act *2001*.

The financial report includes the consolidated financial statements and notes of India Equities Fund Limited and controlled entities ('Consolidated Group' or 'Group' or 'Company). India Equities Fund Limited is a listed public company, incorporated and domiciled in Australia.

The separate financial statements of the parent entity, India Equities Fund Limited, have not been presented within this financial report as permitted by amendments made to the Corporations Act 2001 effective as at 28 June 2010.

Australian Accounting Standards set out accounting policies that the Australia Accounting Standards Board has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards.

Material accounting policies adopted in the preparation of this financial report are presented below and have been consistently applied, unless otherwise stated.

Reporting Basis and Conventions

The financial report has been prepared on an accruals basis and is based on historical costs modified by the revaluation of selected non-current assets, financial assets and financial liabilities for which the fair value basis of accounting has been applied. All amounts are presented in Australian dollars unless otherwise stated.

In preparing this 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 historically.

Going Concern

The financial report has been prepared on a going concern basis. As previously advised to Shareholders at the EGM held on 7 July 2010, the Directors will consider the future of the Company and, in the absence of any viable alternatives, may move to wind it up. The final date for receipt of proposals has now passed and the evaluation will be completed by no later than 30 September 2010, please refer to Note 2 for further information.

Accounting Policies

(a) Principles of Consolidation

A controlled entity is any entity over which India Equities Fund Limited has the power to govern the financial and operating policies so as to obtain benefits from its activities. In assessing the power to govern, the existence and effect of holdings of actual and potential voting rights are considered.

A list of controlled entities is contained in Note 16 to the financial statements.

As at reporting date, the assets and liabilities of all controlled entities have been incorporated into the consolidated financial statements as well as their results for the year then ended. Where controlled entities have entered/(or left) the consolidated group during the year, their operating results have been included/(reduced) from the date control was obtained/(lost).

All inter-group balances and transactions between entities in the consolidated group, including any unrealised profits or losses, have been eliminated on consolidation. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with those adopted by the parent entity. Non-controlling interests, being that portion of the profit or loss and net assets of subsidiaries attributable to equity interests held by persons outside the Group, are shown separately within the Equity section of the consolidated Statement of Financial Position and in the consolidated Statement of Comprehensive Income.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Accounting Policies (Continued)
(b) Business Combinations
Business combinations occur where control over another business is obtained and results in the consolidation of its assets and liabilities. All business combinations, including those involving entities under common control, are accounted for by applying the acquisition method.

The acquisition method requires the acquirer of the business to be identified. The business combination will be accounted for as at acquisition date, which is the date that control over the acquire is obtained by the parent entity. At that date, the parent entity shall recognise in the consolidated accounts, and subject to certain limited exceptions, the fair value of the identifiable assets acquired and liabilities assumed. In addition contingent liabilities of the acquire will be recognised where a present obligation has been incurred and its fair value can be measured reliably.

Cost is determined as the aggregate of fair values of assets given, equity issued and liabilities assumed in exchange for control together with costs directly attributable to the business combination. Any deferred consideration payable is discounted to present value using the entities incremental borrowing rate.

Goodwill arising on acquisition is recognised initially at the excess of cost of the business combination over the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised. If the fair value of the acquirer's interest is greater than cost, the surplus is immediately recognised in profit or loss.

(c) Trade and Other Payables
Trade and Other Payables represent the liability outstanding at the end of the reporting period for goods and services received by the Group during the reporting period which remain unpaid. The balance is recognised as a current liability with the amount being normally paid within 30 days of recognition of the liability.

(d) Income Tax
The income tax expense (revenue) for the year comprises current income tax expense (revenue) and deferred tax expense (revenue).

Current income tax expense charged to the profit or loss is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantially enacted, as at reporting date. Current tax liabilities (assets) are therefore measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well unused tax losses.

Current and deferred income tax expense (income) is charged or credited directly to equity instead of the Statement of Comprehensive Income when the tax relates to items that are credited or charged directly to equity.

Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets also result where amounts have been fully expensed but future tax deductions are available. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates enacted or substantively enacted at reporting date. Their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised. Where temporary differences exist in relation to investments in subsidiaries, branches, associates, and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Accounting Policies (Continued)
(d) Income Tax (Continued)
Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where a legally enforceable right of set-off exists, the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

(e) Property, Plant and Equipment
Each class of property, plant and equipment is carried at cost or fair value as indicated less, where applicable, any accumulated depreciation and impairment losses.

Plant and Equipment
Plant and equipment are measured on the cost basis.

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

The cost of fixed assets constructed within the consolidated group includes the cost of materials, direct labour, borrowing costs and an appropriate proportion of fixed and variable overheads.

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

Depreciation
The depreciable amount of all fixed assets including buildings and capitalised lease assets, but excluding freehold land, is depreciated on a straight-line basis over the asset's useful life to the consolidated group commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The depreciation rates used for each class of depreciable assets are:

Class of Fixed Asset	Depreciation Rate
Plant and equipment	10–25%

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

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

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the Statement of Comprehensive Income. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Accounting Policies (Continued)
(f) Financial Instruments (Continued)
Recognition and Initial Measurement
Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the company commits itself to either the purchase or sale of the asset (ie trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transaction costs, except where the instrument is classified 'at fair value through profit or loss', in which case transaction costs are expensed to profit or loss immediately.

Classification and Subsequent Measurement
Financial instruments are subsequently measured at either fair value, amortised cost using the effective interest rate method, or cost. Fair value represents the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Amortised cost is calculated as:
(a) the amount at which the financial asset or financial liability is measured at initial recognition;
(b) less principal repayments;
(c) plus or minus the cumulative amortisation of the difference, if any, between the amount initially recognised and the maturity amount calculated using the effective interest method; and
(d) less any reduction for impairment

The effective interest method is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that exactly discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying value with a consequential recognition of an income or expense in profit or loss.

The Group does not designate any interests in subsidiaries, associates or joint venture entities as being subject to the requirements of accounting standards specifically applicable to financial instruments.

Financial assets at fair value through profit or loss
Financial assets are classified at 'fair value through profit or loss' when they are either held for trading for the purpose of short-term profit taking, derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Such assets are subsequently measured at fair value with changes in carrying value being included in profit or loss.

Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are stated at amortised cost using the effective interest rate method.

Available-for-sale financial assets
Available-for-sale financial assets are non-derivative financial assets that are either not suitable to be classified into other categories of financial assets due to their nature, or they are designated as such by management. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

Financial liabilities
Non-derivative financial liabilities (excluding financial guarantees) are measured at amortised cost using the effective interest rate method.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Accounting Policies (Continued)
(f) Financial Instruments (Continued)
Classification and Subsequent Measurement (Continued)
Derivative instruments
Derivative Instruments are measured at fair value. Gains and losses arising from changes in fair value are taken to the Statement of Comprehensive Income unless they are designated as hedges. The Group did not hold any hedging derivative instruments nor undertake any hedging transactions during the financial year or comparative year.

Fair value
Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arms length transactions, reference to similar instruments and option pricing models.

Impairment
At the end of each reporting period, the Group assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether impairment has arisen. Impairment losses are recognised in the Statement of Comprehensive Income.

Derecognition
Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are either discharged, cancelled or expire. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

(g) Impairment of Assets
At the end of each reporting period, the Group reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the assets carrying value. Any excess of the assets carrying value over its recoverable amount is expensed to the Statement of Comprehensive Income.

Impairment testing is performed annually for goodwill and intangible assets with infinite lives.

Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

(h) Investment in Subsidiaries
Investment in subsidiary companies in the parent's financial statements is stated at cost, net of any impairment losses.

(i) Intangibles
Goodwill
Goodwill is carried at cost less accumulated impairment losses. Goodwill is calculated as the excess of the sum of:
(j) the consideration transferred;
(ii) any non-controlling interest; and
(iii) the acquisition date fair value of any previously held equity interest,
Over the acquisition date fair value of net identifiable assets acquired.

Goodwill of acquisitions of subsidiaries is included in intangible assets. Goodwill on acquisition of associates is included in investments in associates.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Accounting Policies (Continued)
(i) Intangibles (Continued)
Goodwill (Continued)
Goodwill is tested for impairment annually and is allocated to the Group's cash generating units or group of cash generating units, which represent the lowest level at which goodwill is monitored but where such level is not larger than an operating segment. Gains and losses on the disposal of an entity include the carrying amount of goodwill related to the entity sold.

Management Agreement
The Directors have attributed a value to the Management Agreement between the company and Olympus Funds Management Pty Ltd based on the commitment to pay management fees to Olympus for the remaining seven year life of the contract. The value attributed to this agreement will be amortised until the contract expires in 2017.

The Management Agreement will be tested annually for impairment and carried at cost less accumulated impairment losses. At 30 June 2010 the Management Agreement has been fully impaired (2009: Nil). Refer to Note 15 for further information.

(j) Foreign Currency Transactions and Balances
Functional and Presentation Currency
The functional currency of each of the Group's entities is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Australian dollars which is the parent entity's functional and presentation currency. Investment funds are predominately sourced from Australia in Australian dollars, in conjunction with the measurement of total portfolio returns.

All the financial statements are compliant with International Financial Reporting Standards, including the translation methods.

Transaction and balances
Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Translation differences on non-monetary financial assets such as equities classified as "Available-for-sale" are included in the asset revaluation reserve.

Exchange differences arising on the translation of monetary items are recognised in the Statement of Comprehensive Income, except where deferred in other comprehensive income as a qualifying cash flow or net investment hedge.

Exchange differences arising on the translation of non-monetary items are recognised directly in other comprehensive income to the extent that the gain or loss is directly recognised in other comprehensive income, otherwise the exchange difference is recognised in the (Loss)/Profit for the year.

(k) Cash and Cash Equivalents
Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the Statement of Financial Position.

(l) Earnings Per Share (EPS)
Basic earnings per share is determined by dividing the operating profit after tax by the weighted average number of ordinary shares outstanding during the financial year.

Diluted earnings per share is determined by dividing the operating profit after tax adjusted for the effect of earnings on potential ordinary shares, by the weighted average number of ordinary shares (both issued and potentially dilutive) outstanding during the financial year.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Accounting Policies (Continued)
(m) Revenue and Other Income
Dividend revenue is recognised when the right to receive a dividend has been established.

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

The realised gain or loss on disposal of investments is recognised at the date of transaction. All unrealised gains or losses which represent movements in the market value of the portfolio held-for-trading are recognised through the Statement of Comprehensive Income.

All revenue is stated net of the amount of goods and services tax (GST).

(n) Critical Accounting Estimates and Judgements
The Directors evaluate estimates and judgements incorporated into the financial report based on historical knowledge and best available information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Group.

Key Estimates – Impairment
The financial assets available-for-sale and held-for-trading of India Equities Fund Limited are valued at fair value. The Directors assess impairment of all other assets at each reporting date by evaluating conditions specific to the Group that may lead to impairment of these assets. Where an impairment trigger exists, the recoverable amount of the assets is determined.

In accordance with AASB 112 Income Taxes, deferred assets have been recognised for unrealised losses in the investment portfolio at current tax rates to the point that management believes that they will be utilised.

As the Directors have disposed of the portfolio in July 2010, this tax asset has been realised.

Key Judgements - Impairment
As the investment portfolio was disposed of in its entirety on 7 July 2010, the potential impairment was assessed against the realised value of the portfolio. In the prior year Management has compared the market value, original cost and impaired cost (where applicable) of the available-for-sale financial assets at the end of the reporting period. Where the carrying value for individual holdings has declined greater than 30% below:

- Market value – an additional provision for unrealised loss will be included as an impairment; or
- Original cost/Impaired cost – a portion of the unrealised gain/(loss) already charged to comprehensive income will be included as an impairment in the Profit/(Loss) for the year.

Apart from this, there are no key assumptions or sources of estimation uncertainty that have a risk of causing a material adjustment to the carrying amounts of certain assets and liabilities within the next annual reporting period.

(o) Goods and Services Tax (GST)
Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office.

In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense.

Receivables and payables in the Statement of Financial Position are shown inclusive of GST.

GST is accounted for on a cash basis for activity statement purposes.

Cash flows are presented in the Statement of Cash Flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Accounting Policies (Continued)
(p) Comparative Figures
When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial period. India Equities Fund Limited became a consolidated group during the financial year ended 30 June 2009.

(q) Adoption of New and Revised Accounting Standards
Changes in accounting policies and disclosures

The accounting policies adopted are consistent with those of the previous financial year.

The Group has adopted the following new and amended Australian Accounting Standards and AASB Interpretations as of 1 July 2009:

- AASB 7 Financial Instruments: Disclosures effective 1 January 2009
- AASB 8 Operating Segments effective 1 January 2009
- AASB 101 Presentation of Financial Statements (revised 2007) effective 1 January 2009
- AASB 3 Business Combinations (revised 2008) effective 1 July 2009
- AASB 127 Consolidated and Separate Financial Statements (revised 2008) effective 1 July 2009
- AASB 2008-3 Amendments to Australian Accounting Standards arising from AASB 3 and AASB 127 effective 1 July 2009

When the adoption of the Standard or Interpretation is deemed to have an impact on the financial statements or performance of the Group, its impact is described below:

AASB 3 *Business Combinations (revised 2008) and AASB 127 Consolidated and Separate Financial Statements (revised 2008)*
AASB 3 (revised 2008) introduces significant changes in the accounting for business combinations occurring after this date. Changes affect the valuation of non-controlling interests (previously "minority interests"), the accounting for transaction costs, the initial recognition and subsequent measurement of contingent consideration and business combinations achieved in stages. These changes will impact the amount of goodwill recognised, the reported results in the period when an acquisition occurs and future reported results.

AASB 7 *Financial Instruments: Disclosures*
The amended Standard requires additional disclosures about fair value measurement and liquidity risk. Fair value measurements related to all financial instruments recognised and measured at fair value are to be disclosed by source of inputs using a three level fair value hierarchy, by class. In addition, a reconciliation between the beginning and ending balance for level 3 fair value measurements is now required, as well as significant transfers between levels in the fair value hierarchy. The amendments also clarify the requirements for liquidity risk disclosures with respect to derivative transactions and assets used for liquidity management. The fair value measurement disclosures are presented in within this financial report. The liquidity risk disclosures are not significantly impacted by the amendments and are presented in this financial report.

AASB 8 *Operating Segments*
AASB 8 replaced AASB 114 Segment Reporting upon its effective date. The Group concluded that the operating segments determined in accordance with AASB 8 are the same as the business segments previously identified under AASB 114. AASB 8 disclosures are shown in note 22, including the related revised comparative information.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Accounting Policies (Continued)
(q) Adoption of New and Revised Accounting Standards (Continued)
AASB 101 *Presentation of Financial Statements*
The Group elected to early adopt the revised Standards from 1 January 2009 (instead of 1 July 2009).
The revised Standard separates owner and non-owner changes in equity. The statement of changes in equity includes only details of transactions with owners, with non-owner changes in equity presented in a reconciliation of each component of equity and included in the new statement of comprehensive income. The statement of comprehensive income presents all items of recognised income and expense, either in one single statement, or in two linked statements. The Group has elected to present one statement.

Annual Improvements Project
In May 2008 and April 2009 the AASB issued omnibus of amendments to its Standards as part of the Annual Improvements Project, primarily with a view to removing inconsistencies and clarifying wording. There are separate transitional provisions and application dates for each amendment. The adoption of the following amendments resulted in changes to accounting policies but did not have any impact on the financial position or performance of the Group.

- AASB 8 *Operating Segments:* clarifies that segment assets and liabilities need only be reported when those assets and liabilities are included in measures that are used by the chief operating decision maker. As the Group's chief operating decision maker does review segment assets and liabilities, the Group has continued to disclose this information in note 23.

- AASB 101 *Presentation of Financial Statements:* assets and liabilities classified as held for trading in accordance with AASB 139 Financial Instruments: Recognition and Measurement are not automatically classified as current in the statement of financial position. The Group amended its accounting policy accordingly and analysed whether management's expectation of the period of realisation of financial assets and liabilities is in accordance with AASB 101. This did not result in any re-classification of financial instruments between current and non-current in the statement of statement of financial position.

- AASB 116 *Property, Plant and Equipment:* replace the term "net selling price" with "fair value less costs to sell". The Group amended its accounting policy accordingly, which did not result in any change in the financial position.

- AASB 136 *Impairment of Assets:* when discounted cash flows are used to estimate “fair value less cost to sell” additional disclosure is required about the discount rate, consistent with disclosures required when the discounted cash flows are used to estimate “value in use”. The Group has amended its disclosures accordingly in note 11. The amendment also clarified that the largest unit permitted for allocating goodwill, acquired in a business combination, is the operating segment as defined in AASB 8 before aggregation for reporting purposes. The amendment has no impact on the Group as the annual impairment test is performed before aggregation.

- AASB 138 *Intangible Assets:* expenditure on advertising and promotional activities is recognised as an expense when the Group either has the right to access the goods or has received the service. This amendment has no impact on the Group because it does not enter into such promotional activities.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Accounting Policies (Continued)
(q) Adoption of New and Revised Accounting Standards (Continued)
Other amendments resulting from the Annual Improvements Project to the following Standards did not have any impact on the accounting policies, financial position or performance of the Group:

- AASB 108 *Accounting Policies, Change in Accounting Estimates and Error*
- AASB 110 *Events after the Reporting Period*
- AASB 118 *Revenue*
- AASB 119 *Employee Benefits*
- AASB 138 *Intangible Assets*

(r) New Accounting Standards for Application in Future Periods

The AASB has issued new, revised and amended standards and interpretations that have mandatory application dates for future reporting periods. The Group has decided against early adoption of these standards. A discussion of those future requirements and their impact on the Group follows:

- AASB 9: Financial Instruments and AASB 2009–11: Amendments to Australian Accounting Standards arising from AASB 9 [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 121, 127, 128, 131, 132, 136, 139, 1023 & 1038 and Interpretations 10 & 12] (applicable for annual reporting periods commencing on or after 1 January 2013).

These standards are applicable retrospectively and amend the classification and measurement of financial assets. The Group has not yet determined the potential impact on the financial statements.

The changes made to accounting requirements include:

- simplifying the classifications of financial assets into those carried at amortised cost and those carried at fair value;
- simplifying the requirements for embedded derivatives;
- removing the tainting rules associated with held-to-maturity assets;
- removing the requirements to separate and fair value embedded derivatives for financial assets carried at amortised cost;
- allowing an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument; and
- reclassifying financial assets where there is a change in an entity's business model as they are initially classified based on:
    - the objective of the entity's business model for managing the financial assets; and
    - the characteristics of the contractual cash flows.

- AASB 124: Related Party Disclosures (applicable for annual reporting periods commencing on or after 1 January 2011).

  This standard removes the requirement for government related entities to disclose details of all transactions with the government and other government related entities and clarifies the definition of a related party to remove inconsistencies and simplify the structure of the standard. No changes are expected to materially affect the Group.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Accounting Policies (Continued)
(r) New Accounting Standards for Application in Future Periods (Continued)

- AASB 2009–4: Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 2 and AASB 138 and AASB Interpretations 9 & 16] (applicable for annual reporting periods commencing from 1 July 2009) and AASB 2009-5: Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 5, 8, 101, 107, 117, 118, 136 & 139] (applicable for annual reporting periods commencing from 1 January 2010).

  These standards detail numerous non-urgent but necessary changes to accounting standards arising from the IASB's annual improvements project. No changes are expected to materially affect the Group.

- AASB 2009–12: Amendments to Australian Accounting Standards [AASBs 5, 8, 108, 110, 112, 119, 133, 137, 139, 1023 & 1031 and Interpretations 2, 4, 16, 1039 & 1052] (applicable for annual reporting periods commencing on or after 1 January 2011).

  This standard makes a number of editorial amendments to a range of Australian Accounting Standards and Interpretations, including amendments to reflect changes made to the text of International Financial Reporting Standards by the IASB. The standard also amends AASB 8 to require entities to exercise judgment in assessing whether a government and entities known to be under the control of that government are considered a single customer for the purposes of certain operating segment disclosures. These amendments are not expected to impact the Group.

- AASB 2009-10: Amendments to Australian Accounting Standards – Classification of Rights Issues (AASB 132) (Applicable for annual reporting periods commencing on or after 1 February 2010).

  This standard clarifies that rights, options or warrants to acquire a fixed number of an entity's own equity instruments for a fixed amount in any currency are equity instruments if the equity offers rights, options or warrants pro rata to all existing owners of the same class of its own non-derivative equity instruments. The amendments are not expected to impact the Group.

- AASB 2010-3: Amendments to Australian Accounting Standards arising from the Annual Improvements Project (AASB 3, AASB 7, AASB 121, AASB 128, AASB 131, AASB 132 & AASB 139) (applicable for annual reporting periods commencing on or after 1 July 2010)

  This standard details numerous non-urgent but necessary changes to accounting standards arising from the IASB's annual improvements project.

- AASB 2010-4: Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project (AASB 1, AASB 7, AASB 101 & AASB 134 and Interpretation 13) (applicable for annual reporting periods commencing on or after 1 January 2011)

  This standard details numerous non-urgent but necessary changes to accounting standards arising from the IASB's annual improvements project.

  The Group does not anticipate the early adoption of any of the above Australian Accounting Standards.

(s) Compliance with IFRS
The financial report complies with Australian Accounting Standards and International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

The Annual Financial Report was authorised for issue on the 31 August 2010 by the Board of Directors.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 2: EVENTS AFTER THE REPORTING DATE

An EGM was held on 7 July 2010 to approve the disposal of the Company's main undertaking and to implement an equal capital reduction based on 90% of the after tax NTA per share as at 31 July 2010. The Company's shareholders voted overwhelmingly in favour of the resolution.

By 31 July 2010, the Company had:

- Disposed of the whole investment portfolio of Indian listed securities;
- Transferred the proceeds back to Australia; and
- Allotted shares relating to options exercised prior to the Record Date for the 90% return of capital.

On 20 August 2010, the Company applied $72,656,201 to the return of capital at a rate of $0.604117 per share, reducing Net Tangible Assets to $8,072,934, available to cover net operating costs beyond 31 July.

These transactions have significantly reduced the assets of the Company and their impact can be summarised as follows:

	$	No. of Shares	NTA per Share
Net Assets at 30 June 2010	**80,701,411**	**108,114,508**	**$0.75**
AFTER BALANCE DATE TRANSACTIONS			
Post 30 June (Loss) on Portfolio	(4,408,677)		
Proceeds from Exercise of Options[1]	4,861,558		
Termination Payments	(697,718)		
Other Movements	272,561		
Net Tangible Assets (per reported July NTA)	**80,729,135**	**120,268,402**	**$0.671241**
20 August Return of Capital	(72,656,201)	**120,268,402**	**$0.604117**
31 July NTA adjusted for Capital Return	8,072,934		

1. Since the financial year end until the end of July 2010 12,153,894 Options were exercised at $0.40. A further 1,313,926 Options were exercised at $0.00 by 30 August 2010.

The Net Assets of the Company after the return of capital on 20 August are held substantially in cash and deposits in Australia.

As previously advised to Shareholders, the Directors will consider the future of the Company and, in the absence of any viable alternatives, may move to wind it up. The final date for receipt of proposals has now passed and the evaluation will be completed by no later than 30 September 2010.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 3: REVENUE AND OTHER INCOME

	Consolidated	
	June 2010 $	June 2009 $
Revenue		
- Dividends Received	**839,213**	536,262
- Interest Received	**59,904**	93,728
- Gain on Disposal of Current Assets	**56,950**	775,472
- Gain on Disposal of Financial Assets	**4,586,211**	-
- Realised Gains on Foreign Currency	**-**	109,364
- Unrealised Gains on Foreign Currency	**-**	373,304
Total Revenue	**5,542,278**	1,888,130
Other Income		
- Reimbursement Income	**784**	18,710
Total Other Income	**784**	18,710
Total Revenue and Other Income	**5,543,062**	1,906,840

NOTE 4: EXPENSES

Significant Expense Items		
Investment Management Services	**920,474**	734,897
Legal and Professional Services	**780,453**	575,934
Banking Services	**100,541**	120,375
Share Registry Services	**96,152**	74,898
Unrealised Foreign Exchange Loss	**8,443**	366,425
Realised Foreign Exchange Loss	**2,399**	654,235
Loss on Disposal of Non-Current Assets	**-**	9,387,875
Intangible Assets Impairment	**2,504,793**	-
AASB 139 Impairment *	**750,361**	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 the Asset Revaluation Reserve and Profit and Loss account where there has been an impairment of an investment. The 30 June 2009 impairment charge of $6,487,955 above was established at the half year. During the year ended 30 June 2010, an additional impairment charge of $750,361 was booked in the Income Statement.

NOTE 5: INCOME TAX EXPENSE

(a) The components of tax expense comprise:

- Current Tax	**(606,169)**	(5,305,287)
- Deferred Tax	**192,852**	359,755
- De-recognition of Deferred Tax Assets	**1,967,979**	-
	1,554,662	(4,945,532)

NOTES TO THE FINANCIAL STATEMENTS

NOTE 5: INCOME TAX EXPENSE (Continued)

	Consolidated	
	June 2010 $	June 2009 $
(b) The prima facie tax on (loss) from ordinary activities before income tax as follows:		
- Prima face tax payable on (loss) from ordinary activities before income tax at 30% (2009: 30%)	**(540,799)**	(5,318,417)
Add: Tax Effect of:		
- Impairment Loss from Reserves	**225,108**	1,946,387
- Impairment Loss on Intangibles	**751,432**	-
- Accounting Gain on Investment Portfolio	**-**	2,816,360
- Tax Losses not bought to account	**429,448**	76,247
Less: Tax Effect of:		
- Tax Losses Utilised	**(1,392,084)**	-
- Taxable Loss on Investment Portfolio	**-**	(4,253,734)
- Deduction under Sec 40-880	**113,578**	(212,375)
De-recognition of Deferred Tax Assets	**1,967,979**	-
INCOME TAX EXPENSE	**1,554,662**	(4,945,532)

Deferred tax assets and liabilities have been adjusted down to represent managements estimates of carried forward losses that will be utilised on the realisation of the investment portfolio. Refer to Note 2 for further details.

Carried Forward at 30 June 2010 - Capital Losses 2010: $12.3m (2009: $16.2m), Revenue Losses 2010: $3.7m (2009: $2.0m). The subsequent disposal of the Company's portfolio utilised substantially all of the Capital Losses while Revenue Losses remain to be carried forward.

NOTE 6: KEY MANAGEMENT COMPENSATION

(a) Names and Positions held of key management personnel in office at any time during the financial year are:

Key Management Person	Position
Mr. Don Christie **	Non-Executive Director and Chairman
Mr. David Carruthers	Executive Director
Mr. Clifford Clayton	Non-Executive Director
Mr. John Pereira ^	Executive Director and Chief Executive Officer

^Resigned 7 July 2010.
**Appointed as Executive Chairman on 7 July 2010.

(b) Aggregate compensation made to Key Management Personnel

Short-term Employee Benefits	**671,096**	406,474
Post-Employment Benefits	**38,100**	40,125
Other Long-term Benefits	**-**	-
Termination Benefits	**-**	-
Share-based Payment	**-**	-
	709,196	446,599

NOTES TO THE FINANCIAL STATEMENTS

NOTE 6: KEY MANAGEMENT COMPENSATION (Continued)

(c) Shareholdings

Number of Shares held directly, indirectly or beneficially by Key Management Personnel, or by entities to which they were related, were:

2010	Balance 1 July 2009	Granted as Compensation	Options Exercised	Net Change Other *	Balance 30 June 2010
Mr. Don Christie	100,000	-	33,334	33,334	166,668
Mr. John Pereira^	504,034	-	-	(328,987)	175,047
Mr. David Carruthers	125,000	-	-	41,668	166,668
Mr. Clifford Clayton	25,000	-	8,334	8,334	41,668
	754,034	-	41,668	(245,651)	550,051

^Resigned 7 July 2010.
*Net Change Other refers to options or shares purchased or sold during the financial year.

2009	Balance 1 July 2008	Granted as Compensation	Options Exercised	Net Change Other *	Balance 30 June 2009
Mr. Don Christie	100,000	-	-	-	100,000
Mr. John Pereira^	85,890	-	-	418,144	504,034
Mr. David Carruthers	125,000	-	-	-	125,000
Mr. Clifford Clayton	25,000	-	-	-	25,000
	335,890	-	-	418,144	754,034

(d) Options & Rights Holdings

Number of Options Held directly, indirectly or beneficially by Key Management Personnel, or by entities to which they were related, were:

2010	Balance 1 July 2009	Granted as Compen-sation	Net Change Other**	Balance 30 June 2010	Total Vested 30 June 2010	Total Vested & Exercisable 30 June 2010	Total Vested & Unexercisable 30 June 2010
Key Management Personnel							
Mr. Don Christie	-	-	-	-	-	-	-
Mr. John Pereira	-	-	**622,413**	**622,413**	**622,413**	**622,413**	-
Mr. David Carruthers	-	-	**41,668**	**41,668**	**41,668**	**41,668**	-
Mr. Clifford Clayton	-	-	-	-	-	-	-
	-	-	**664,081**	**664,081**	**664,081**	**664,081**	-

**Net Change Other refers to options that were issued in conjunction to the rights issued announced on 30 July 2009 or those options or shares purchased or sold during the financial year on market. The options have an exercise date of 31 August 2010 and an exercise price of $0.40. All Current Directors exercised their options at $0.40 per share.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 6: KEY MANAGEMENT COMPENSATION (Continued)

2009	Balance 1 July 2008	Granted as Compen-sation	Net Change Other*	Balance 30 June 2009	Total Vested 30 June 2009	Total Vested & Exercisable 30 June 2009	Total Vested & Unexercisable 30 June 2009
Key Management Personnel							
Mr. Don Christie	100,000	-	(100,000)	-	-	-	-
Mr. John Pereira	85,890	-	(85,890)	-	-	-	-
Mr. David Carruthers	125,000	-	(125,000)	-	-	-	-
Mr. Clifford Clayton	25,000	-	(25,000)	-	-	-	-
	335,890	-	(335,890)	-	-	-	-

*Net change other refers to ordinary stapled securities that were issued on application via the Company's Initial Public Offering (dated 21 February 2007) or purchased or sold on market during the financial period. Each option is stapled to each ordinary share with an exercise price of $1.00 having an exercise date of 12 September 2008. The Option was stapled to the Share until 25 August 2008 with a record date for holdings of options on 1 September 2008, and could not be traded separately.

NOTE 7: AUDITORS' REMUNERATION

	Consolidated	
	June 2010 $	June 2009 $
Remuneration of the auditor of the entity for:		
- Auditing or Reviewing the Financial Report	**68,000**	65,014
- Other Taxation Services	**9,305**	-
- Taxation Services associated with the Prospectus	**-**	4,500
Remuneration of auditors of Subsidiaries for:		
- Auditing or Reviewing the Financial Report	**14,000**	11,000
	91,305	80,514

NOTE 8: DIVIDENDS

No dividends were paid or provided for during the year (2009: Nil).

NOTES TO THE FINANCIAL STATEMENTS

NOTE 8: DIVIDENDS (Continued)

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 30 June 2010, combined with the events post year end. Refer for full details to Note 2, Events After Reporting the Date.

(a) Franking Credits

The ability for India Equities Fund Limited to pay franked dividends is dependent upon the Company paying tax. At 30 June 2010 the Company has not paid tax in Australia as it has sufficient foreign tax credits and losses to offset against its current tax liabilities.

(b) Listed Investment Company capital gain account

	Consolidated	
	June 2010 $	June 2009 $
Balance of the Listed Investment Company (LIC) capital gain account	**173,480**	173,480
This would equate to an attributable amount of	**247,829**	247,829

Distributable LIC capital gains may entitle certain shareholders to a special deduction in their taxation return, as set out in the dividend statement. LIC capital gains available for distribution are dependent upon the disposal of investment portfolio holdings which qualify for LIC capital gains.

NOTE 9: EARNINGS PER SHARE

(a) Reconciliation of earnings to profit or (loss) after tax		
(Loss) After Tax attributable to members	**(3,357,325)**	(12,767,439)
Earnings used to calculate basic and diluted EPS	**(3,357,325)**	(12,767,439)
(b) Weighted average number of ordinary shares outstanding during the period used in calculating basic EPS	**94,179,446**	75,327,849
Weighted average number of options outstanding	**1,956,104**	-
Weighted average number of ordinary shares and options outstanding during the year used in calculating dilutive EPS	**96,135,550**	75,327,849
Comprehensive Income:		
(Loss) for the year	**(3,357,325)**	(12,767,439)
Other Comprehensive Income for the year, Net of Tax	**8,205,785**	15,176,902
Total Comprehensive Income for the year	**4,848,460**	2,409,463

NOTE 10: CASH AND CASH EQUIVALENTS

Cash at Bank and in Hand	**26,032,458**	6,159,296
Reconciliation of Cash		
Cash at the end of the financial period as shown in the Statement of Cash Flows is reconciled to items in the Statement of Financial Position as follows:		
Cash and Cash Equivalents	**26,032,458**	6,159,296
	26,032,458	6,159,296

NOTES TO THE FINANCIAL STATEMENTS

NOTE 11: TRADE AND OTHER RECEIVABLES

	Consolidated	
	June 2010 $	June 2009 $
Current – Loans & Receivables		
Trade Receivables	**816**	25,611
Other Receivables	**193,470**	193,470
Amounts Receivable from:		
- Sundry Debtors	**4,210**	8,047
- GST Receivable	**46,287**	52,794
- Dividend Receivable	**274,554**	60,688
- Broker	**-**	723,207
	519,337	1,063,817

There are no balances within trade and other receivables that contain assets that are impaired. Those balances past due are expected to be received in full. All assets are assessed for impairment and are provided for in full, where identified to be impaired.

Credit Risk – Trade and Other Receivables

The Group has no significant concentration of credit risk with respect to any single counter party or group of counter parties other than those receivables specifically provided for and mentioned within Note 11. The class of assets described as Trade and Other Receivables is considered to be the main sources of credit risk related to the Group.

On a geographical basis, the Group has a significant credit risk exposure in Australia and India given the substantial operations in those regions. The Group's exposure to credit risk for receivables at reporting date in those regions is as follows:

AUD		
Australia	**244,783**	279,921
India	**274,554**	783,896
	519,337	1,063,817

The following table details the Group's trade and other receivables exposed to credit risk with ageing analysis and impairment provided thereon. Amounts are considered as 'past due' when the debt has not been settled with the terms and conditions agreed between the Group and the customer or counter party to the transaction. Receivables that are past due are assessed for impairment by ascertaining solvency of the debtors and are provided for where there are specific circumstances indicating that the debt may not be fully repaid to the Group.

The balances of receivables that remain within initial trading terms (as detailed in the table) are considered to be high credit quality.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 11: TRADE AND OTHER RECEIVABLES (Continued)

	Gross Amount	Past due and Impaired	Past due but not impaired < 30	31-60	61-90	>90	Within initial Trade Terms
2010							
Trade Receivables	**816**	**-**	**-**	**-**	**-**	**816**	**-**
Other Receivables	**518,521**	**-**	**-**	**-**	**-**	**-**	**518,521**
Total	**519,337**	**-**	**-**	**-**	**-**	**816**	**518,521**
2009							
Trade Receivables	25,611	-	-	-	-	-	25,611
Other Receivables	1,038,206	-	-	-	-	-	1,038,206
Total	1,063,817	-	-	-	-	-	1,063,817

NOTE 12: FINANCIAL ASSETS

	Note	Consolidated June 2010 $	June 2009 $
CURRENT			
Derivative Financial Assets Held-for-Trading	**12(a)**	**27,400**	1,457,094
Available-for-Sale Financial Assets	**12(b)**	**55,225,677**	-
		55,253,077	1,457,094
NON-CURRENT			
Available-for-Sale Financial Assets	**12(c)**	**-**	50,494,263
		-	50,494,263

(a) Derivative Financial Assets Comprise:

	June 2010 $	June 2009 $
CURRENT		
Call option held, at fair value through profit and loss	**27,400**	27,400
Futures contracts, at fair value through profit and loss	**-**	1,429,694
	27,400	1,457,094

(b) Available-for-Sale Financial Assets comprise:

	June 2010 $	June 2009 $
CURRENT		
Listed investments, at fair value		
- Shares in listed corporations available-for-sale	**55,225,677**	-
Total Current Financial Assets	**55,225,677**	-

NOTES TO THE FINANCIAL STATEMENTS

NOTE 12: FINANCIAL ASSETS (Continued)

	Note	Consolidated June 2010 $	June 2009 $
(c) Available-for-Sale Financial Assets comprise:			
NON-CURRENT			
Listed investments, at fair value			
- Shares in listed corporations available-for-sale		**-**	50,494,263
Total Non-current Financial Assets		**-**	50,494,263

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.

An EGM was held on 7 July 2010 to approve the disposal of the Company's main undertaking and to implement an equal capital reduction based on 90% of the after tax NTA per share as at 31 July 2010. The Company's shareholders voted overwhelmingly in favour of the resolution.

The Company immediately issued instructions for the sale of all of the listed equity securities held by it in India and transferred the proceeds back to Australia to be held on deposit until required to fund the return of capital.

During the financial year 2009, 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.

At 30 November 2008, being the date of transition, unrealised losses of $366,424 from the trading portfolio were booked to the Statement of Comprehensive Income, and the remaining securities in the trading portfolio were transferred in the Statement of Financial Position 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 13: OTHER ASSETS

Current			
Prepayments		**101,532**	40,487
Accrued Interest		**10,857**	-
		112,389	40,487

NOTE 14: PROPERTY, PLANT AND EQUIPMENT

PLANT AND EQUIPMENT			
Plant and Equipment:			
At Cost		**122,242**	39,776
Accumulated Depreciation		**(35,240)**	(2,089)
		87,002	37,687
Total Plant and Equipment		**87,002**	37,687

NOTES TO THE FINANCIAL STATEMENTS

NOTE 14: PROPERTY, PLANT AND EQUIPMENT (Continued)

Movements in Carrying Amounts

Movements in carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year.

	Plant and Equipment	Furniture and Fixtures	Total $
Consolidated:			
Balance at 1 July 2008	-	-	-
Additions as part of Olympus acquisition	14,800	15,705	30,505
Additions	2,619	6,652	9,271
Depreciation Expense	(875)	(1,214)	(2,089)
Balance at 30 June 2009	16,544	21,143	37,687
Balance at 1 July 2009	**16,544**	**21,143**	**37,687**
Additions	**64,188**	**5,376**	**69,564**
Depreciation Expense	**(17,027)**	**(3,222)**	**(20,249)**
Balance at 30 June 2010	**63,705**	**23,297**	**87,002**

NOTE 15: INTANGIBLE ASSETS

	Note	Consolidated June 2010 $	Consolidated June 2009 $
Goodwill in Controlled Entity		**-**	112,997
Management Agreement		**-**	2,740,000
		-	2,852,997

Impairment

During the year, the Group reviewed indicators for potential impairment in the value of associated goodwill which arose as a result of the acquisition by the Group of Olympus Funds Management Pty Ltd. The EGM referred to in Note 2, Events After the Reporting Date, terminated the future income under the Management Agreement upon which the value of these assets were determined. Accordingly the Directors have impaired these assets by 100%.

Consolidated	Management Agreement $	Goodwill in Controlled Entity $	Total $
Opening Balance 1 July 2008	-	-	-
Additions	2,740,000	112,997	2,852,997
Net Carrying Value at 30 June 2009	2,740,000	112,997	2,852,997
Opening Balance at 1 July 2009	**2,740,000**	**112,997**	**2,852,997**
Amortisation	**(348,225)**	**-**	**(348,225)**
Impairment	**(2,391,775)**	**(112,997)**	**(2,504,772)**
Net Carrying Value at 30 June 2010	**-**	**-**	**-**

NOTES TO THE FINANCIAL STATEMENTS

NOTE 16: CONTROLLED ENTITIES

Controlled Entities

	Country of Incorporation	Percentage Owned (%)*	
		June 2010	June 2009
Parent Entity:			
India Equities Fund Limited	Australia		
Controlled Entities of India Equities Fund Limited:			
Asia Diversified Fund Pty Ltd	Australia	**100**	100
India Asset Management Pty Ltd	Australia	**100**	100
India Asset Holdings Pty Ltd^	Australia	**99**	99
Olympus Funds Management Pty Ltd	Australia	**100**	100

**Percentage of voting power is in proportion to ownership*
^John Pereira who resigned on 7 July 2010 owns the remaining 1% in India Asset Holdings Pty Ltd

NOTE 17: DEFERRED TAX

Consolidated	Opening balance $	Charged to income $	Charged directly to equity $	Closing Balance $
2009				
Non-Current				
Deferred Tax Liability				
Fair Value Gain	-	113,064	1,816,259	1,929,323
Dividends Receivable	18,955	(749)	-	18,206
Balance at 30 June 2009	18,955	112,315	1,816,259	1,947,529
Deferred Tax Assets				
Provisions	7,050	-	6,150	13,200
Transaction Costs on Equity Issue	677,602	-	(212,375)	465,227
Fair Value Loss	5,051,646	(4,941,719)	-	109,927
Deferred tax assets attributable to Tax Losses	169,987	5,305,287	-	5,475,274
Balance at 30 June 2009	5,906,285	363,568	(206,226)	6,063,628

NOTES TO THE FINANCIAL STATEMENTS

NOTE 17: DEFERRED TAX (Continued)

Consolidated	Opening balance $	Charged to income $	Charged directly to equity $	Closing Balance $
2010				
Current				
Deferred Tax Liability				
Fair Value Gain	**1,929,323**	**-**	**1,769,621**	**3,698,944**
Dividends Receivable	**18,206**	**(18,206)**	**-**	**-**
Balance at 30 June 2010	**1,947,529**	**(18,206)**	**1,769,621**	**3,698,944**
Deferred Tax Assets				
Provisions	**13,200**	**(13,200)**	**-**	**-**
Transaction costs on equity issue	**465,227**	**-**	**(465,227)**	**-**
Fair Value Loss	**109,927**	**(109,927)**	**-**	**-**
Deferred tax assets attributable to Tax Losses	**5,475,274**	**(1,776,330)**	**-**	**3,698,944**
Balance at 30 June 2010	**6,063,628**	**(1,899,457)**	**(465,227)**	**3,698,944**

Deferred tax assets and liabilities have been adjusted down to represent managements estimates of carried forward losses that will be utilised on the realisation of the investment portfolio. Refer to Note 2 for further details.

NOTE 18: TRADE AND OTHER PAYABLES

	Consolidated	
	June 2010 $	June 2009 $
Current		
Unsecured Liabilities		
Trade Payables	**195,150**	134,675
Sundry Payables and Accrued Expenses	**1,107,702**	3,156,759
	1,302,852	3,291,434

Due to the short term nature of trade payables, their carrying value is assumed to approximate their fair value.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 19: ISSUED CAPITAL

	Consolidated	
	June 2010 $	June 2009 $
108,114,508 (2009: 70,579,169) fully paid securities	**82,622,166**	69,699,521
	82,622,166	69,699,521

(a) Ordinary Shares	**2010 No.**	2009 No.	**2010 $**	2009 $
At the beginning of reporting period	**70,579,169**	75,483,135	**69,699,521**	71,991,210
Movement in Ordinary Shares issued during period:				
- 8 July 2008 – Finalisation of Buy-back	**-**	(145,000)	**-**	(81,542)
- 29 June 2009 – Acquisition of Olympus	**-**	431,034	**-**	148,750
- 29 June 2009 – Selective Buy-back	**-**	(5,190,000)	**-**	(2,102,841)
- 3 September 2009 – Rights Issue	**23,527,730**	-	**9,411,092**	-
- 3 September 2009 – Placement	**5,000,000**	-	**2,000,000**	
- 29 September 2009 – Options Exercised	**6,080**	-	**2,432**	-
- 7 October 2009 – Options Exercised	**1,226**	-	**490**	-
- 27 October 2009 – Options Exercised	**6,571**	-	**2,628**	-
- 10 November 2009 – Options Exercised	**1,491**	-	**596**	-
- 29 January 2010 – Options Exercised	**4,235**	-	**1,694**	-
- 4 March 2010 – Options Exercised	**667**	-	**266**	-
- 16 March 2010 – Options Exercised	**2,573**	-	**1,029**	-
- 1 April 2010 – Options Exercised	**4,696**	-	**1,878**	-
- 23 April 2010 – Options Exercised	**2,745**	-	**1,098**	-
- 30 April 2010 – Options Exercised	**30,365**	-	**12,146**	-
- 6 May 2010 – Options Exercised	**16,809**	-	**6,724**	-
- 24 May 2010 – Options Exercised	**17,986**	-	**7,195**	-
- 7 June 2010 – Options Exercised	**13,671**	-	**5,469**	-
- 22 June 2010 – Options Exercised	**2,834,203**	-	**1,133,682**	-
- 30 June 2010 – Options Exercised	**6,064,291**	-	**2,425,717**	-
Net share issue costs	**-**	-	**(2,091,491)**	(256,056)
At Reporting Date – 30 June	**108,114,508**	70,579,169	**82,622,166**	69,699,521

NOTES TO THE FINANCIAL STATEMENTS

NOTE 19: ISSUED CAPITAL (Continued)

(a) Ordinary Shares (Continued)

On the 22 April 2009 India Equities Fund Limited conditionally entered into an agreement to buy back off market, (subject to shareholder approval) 5,190,000 ordinary shares from Contango Capital Partners Limited for $2,553,480 (which includes a premium of $450,640). At the Extraordinary General Meeting that was held on the 29 June 2009, this transaction received shareholder approval and was finalised on the 3 July 2009.

On 29 June 2009, shareholders approved the acquisition of the remaining 34% of issued share capital in Olympus Funds Management Pty Ltd, from Bardez Investments Pty Ltd for consideration of $223,125 and 431,034 ordinary shares valued at $148,750.

On the 3 September 2009 India Equities Fund Limited issued 28,527,730 Ordinary Shares at $0.40 cents pursuant to the Rights Issue Prospectus and 23,527,730 Options exercisable at $0.40 cents on or prior to 31 August 2010.

On the 29 September 2009 holders of 6,080 Options (INEO) validly exercised their right to convert their options into 6,080 Ordinary Shares in India Equities Fund Limited at $0.40 cents per the Rights Issue Prospectus dated 30 July 2009.

On the 7 October 2009 holders of 1,226 Options (INEO) validly exercised their right to convert their options into 1,226 Ordinary Shares in India Equities Fund Limited at $0.40 cents per the Rights Issue Prospectus dated 30 July 2009.

On the 27 October 2009 holders of 6,571 Options (INEO) validly exercised their right to convert their options into 6,571 Ordinary Shares in India Equities Fund Limited at $0.40 cents per the Rights Issue Prospectus dated 30 July 2009.

On the 10 November 2009 holders of 1,491 Options (INEO) validly exercised their right to convert their options into 1,491 Ordinary Shares in India Equities Fund Limited at $0.40 cents per the Rights Issue Prospectus dated 30 July 2009.

On the 29 January 2010 holders of 4,235 Options (INEO) validly exercised their right to convert their options into 4,235 Ordinary Shares in India Equities Fund Limited at $0.40 cents per the Rights Issue Prospectus dated 30 July 2009.

On the 4 March 2010 holders of 667 Options (INEO) validly exercised their right to convert their options into 667 Ordinary Shares in India Equities Fund Limited at $0.40 cents per the Rights Issue Prospectus dated 30 July 2009.

On the 16 March 2010 holders of 2,573 Options (INEO) validly exercised their right to convert their options into 2,573 Ordinary Shares in India Equities Fund Limited at $0.40 cents per the Rights Issue Prospectus dated 30 July 2009.

On the 1 April 2010 holders of 4,696 Options (INEO) validly exercised their right to convert their options into 4,696 Ordinary Shares in India Equities Fund Limited at $0.40 cents per the Rights Issue Prospectus dated 30 July 2009.

On the 23 April 2010 holders of 2,745 Options (INEO) validly exercised their right to convert their options into 2,745 Ordinary Shares in India Equities Fund Limited at $0.40 cents per the Rights Issue Prospectus dated 30 July 2009.

On the 30 April 2010 holders of 30,365 Options (INEO) validly exercised their right to convert their options into 30,365 Ordinary Shares in India Equities Fund Limited at $0.40 cents per the Rights Issue Prospectus dated 30 July 2009.

On the 6 May 2010 holders of 16,806 Options (INEO) validly exercised their right to convert their options into 16,809 Ordinary Shares in India Equities Fund Limited at $0.40 cents per the Rights Issue Prospectus dated 30 July 2009.

On the 24 May 2010 holders of 17,986 Options (INEO) validly exercised their right to convert their options into 17,986 Ordinary Shares in India Equities Fund Limited at $0.40 cents per the Rights Issue Prospectus dated 30 July 2009.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 19: ISSUED CAPITAL (Continued)

(a) Ordinary Shares (Continued)
On the 7 June 2010 holders of 13,671 Options (INEO) validly exercised their right to convert their options into 13,671 Ordinary Shares in India Equities Fund Limited at $0.40 cents per the Rights Issue Prospectus dated 30 July 2009.

On the 22 June 2010 holders of 2,834,203 Options (INEO) validly exercised their right to convert their options into 2,834,203 Ordinary Shares in India Equities Fund Limited at $0.40 cents per the Rights Issue Prospectus dated 30 July 2009.

On the 30 June 2010 holders of 6,604,291 Options (INEO) validly exercised their right to convert their options into 6,604,291 Ordinary Shares in India Equities Fund Limited at $0.40 cents per the Rights Issue Prospectus dated 30 July 2009.

(b) Capital Management
Management controls the capital of the Group in order to provide shareholders with returns through capital growth in the medium to long term and ensure that the entity can fund its operations and continue as a going concern.

India Equities Fund Limited does not have any externally imposed capital requirements.

Management recognises that the Group's capital will fluctuate in accordance with market conditions and must be effectively managed by assessing the Group's financial risks and adjusting its capital structure in response to changes in these risks and in the market. These responses may include the management of debt levels, distributions to shareholders, share buy backs and share issues.

During the year the Group managed the increase of Capital through an underwritten Renounceable Rights Issue; a subsequent Private Placement and the issue of shares upon the exercise of options that had been issued as part of the Rights Issue.

Subsequent to 30 June, the Company implemented a substantial capital return as detailed in Note 2.

India Equities Fund Limited does not have any debt at 30 June 2010 (2009: Nil).

NOTE 20: RESERVES

		Consolidated	
	Note	**June 2010 $**	June 2009 $
Asset Revaluation Reserve	**20(a)**	**12,443,720**	4,237,935
Realised Capital Gains Reserve	**20(b)**	**173,480**	173,480
		12,617,200	4,411,415

a) Asset Revaluation Reserve

The asset revaluation reserve records revaluations of non-current assets. This includes available-for-sale investments. Under certain circumstances dividends can be declared from this reserve.

Asset Revaluation Reserve

Opening Balance at 1 July	**4,237,935**	(10,938,967)
Revaluation of Investment Portfolio	**10,088,471**	21,681,288
Provision for Tax on Unrealised (Losses)	**(1,882,686)**	(6,504,386)
Closing balance at 30 June	**12,443,720**	4,237,935

NOTES TO THE FINANCIAL STATEMENTS

NOTE 20: RESERVES (Continued)

b) Realised Capital Gains Reserve

The reserve records gains or losses after applicable taxation arising from disposal of securities in the investment portfolio as described in accounting policy note 1 (a). As the balance relates to net realised gains it may be distributed as cash dividends at the discretion of the Directors.

		Consolidated	
	Note	**June 2010 $**	June 2009 $
Opening Balance at 1 July		**173,480**	173,480
Transfer from Retained Earnings		**-**	-
Dividends Paid		**-**	-
Closing Balance at 30 June		**173,480**	173,480

NOTE 21: CONTINGENT LIABILITIES AND CONTINGENT ASSETS

There are no contingent assets or liabilities as at 30 June 2010 (2009: Nil).

NOTE 22: SEGMENT REPORTING

Segment Products and Locations

The Group has adopted AABS 8 "Operating Segments" from 1 July 2009 where by segment information is presented using a 'management approach', i.e. segment information is provided on the same basis as information used for internal reporting purposes by the chief decision maker (the Board of Directors). This has resulted in each main group being shown separately.

Description of segments

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

Olympus Funds Management Pty Ltd (Olympus)
Olympus provides management services under a long term agreement with India Equities Fund Limited (India Equities) which is not due to expire until 2017. At 30 June 2010, India Equities was the only client of Olympus.

Basis of accounting for purposes of reporting by operating segments

Accounting policies adopted
Unless stated otherwise, all amounts reported to the Board of Directors as the chief decision maker with respect to operating segments, are determined in accordance with accounting policies that are consistent to those adopted in the annual financial statements of the Group.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 22: SEGMENT REPORTING (Continued)

Inter-segment transactions
Internally generated revenue transactions are only between Olympus and India Equities which are agreed based on the Investment Manager and Manager agreements that have been executed. All such transactions are eliminated on consolidation for the Group's financial statements.

Segment assets
Where an asset is used across multiple segments, the asset is allocated to the segment that received the majority of economic value from the asset. In the majority of instances, segment assets are clearly identifiable on the basis of the nature and physical location.

Unless indicated otherwise in the segments assets note, investments in financial assets, deferred tax assets and intangible assets have been allocated to operating segments as they form core operations of that segment.

Segment liabilities
Liabilities are allocated to segments where there is direct nexus between the incurrence of the liability and the operations of the segment. Borrowings and tax liabilities are generally considered to relate to the Group as a whole and are not allocated. Segment liabilities include trade and other payable.

Comparative information
This is the first reporting period in which AASB 8 "Operating Segments" has been adopted. Comparative information has been stated to conform to the requirements of the standard.

	India Equities Fund Limited		**Olympus Funds Management Pty Ltd**		**Total**	
	2010	2009	**2010**	2009	**2010**	2009
Consolidated	**$**	$	**$**	$	**$**	$
(i) SEGMENT PERFORMANCE						
Revenue						
External Revenue	**5,541,129**	1,904,478	**1,933**	2,362	**5,543,062**	1,906,840
Inter-Segment Revenue	**-**	-	**1,584,251**	295,135	**1,584,251**	295,135
Total Segment Revenue	**5,541,129**	1,904,478	**1,586,184**	297,497	**7,127,313**	2,201,975
Reconciliation of Segment Revenue to Group Revenue						
Inter-Segment Elimination					**(1,584,251)**	(295,135)
Total Group Revenue					**5,543,062**	1,906,840
Segment Net (Loss) Before Tax	**(1,960,910)**	(17,473,903)	**(656,090)**	(394,264)	**(1,304,820)**	(17,868,167)

NOTES TO THE FINANCIAL STATEMENTS

NOTE 22: SEGMENT REPORTING (Continued)

	India Equities Fund Limited		Olympus Funds Management Pty Ltd		Total	
	2010	2009	**2010**	2009	**2010**	2009
Consolidated	**$**	$	**$**	$	**$**	$
(ii) SEGMENT ASSETS						
Segment Assets	**86,294,653**	68,111,102	**1,758,159**	58,167	**88,052,812**	68,169,269
Segment Asset movements for the Period						
Financial Assets	**3,301,720**	51,951,357	**-**	-	**3,301,720**	51,951,357
Property, Plant & Equipment	**55,531**	8,625	**14,219**	29,062	**69,750**	37,687
	3,357,251	51,959,982	**14,219**	29,062	**3,371,470**	51,989,044
Reconciliation of Segment Assets to Group Assets						
Inter-Segment Eliminations					**(2,349,605)**	-
Total Group Assets from Continuing Operations					**85,703,207**	68,169,269
(iii) SEGMENT LIABILITIES						
Segment Liabilities	**5,512,418**	5,229,749	**5,120,704**	4,827,904	**10,633,122**	10,340,322
Reconciliation of Segment Liabilities to Group Liabilities						
Inter-Segment Eliminations	**-**	-	**(5,631,326)**	(5,101,359)	**(5,631,326)**	(5,101,359)
Total Group Liabilities from Continuing Operations	**5,512,418**	5,229,749	**(510,622)**	(273,455)	**5,001,796**	5,238,963

(iv) REVENUE BY GEOGRAPHICAL REGION

Revenue attributable to external customers is disclosed below, based on the location of the external customer:

	Consolidated	
	June 2010 $	June 2009 $
Geographical location:		
Australia	**60,688**	112,437
India	**5,482,374**	1,794,403
	5,543,062	1,906,840

NOTES TO THE FINANCIAL STATEMENTS

NOTE 22: SEGMENT REPORTING (Continued)

(v) ASSETS BY GEOGRAPHICAL REGION

The location of segment assets is disclosed below by geographical location of the assets:

	Consolidated	
	June 2010 $	June 2009 $
Geographical location:		
Australia	**28,258,741**	12,313,023
India	**57,444,466**	55,856,246
	85,703,207	68,169,269

NOTE 23: CASH FLOW INFORMATION

(a) Reconciliation of Cash Flow from Operating with Profit/(Loss) after Income Tax	Consolidated	
	June 2010 $	June 2009 $
(Loss) after Income Tax	**(3,357,325)**	(12,782,525)
Non-Cash Flows in Profit:		
- Net (Loss)/Gain on Disposal of Investments	**(4,586,211)**	9,387,874
- Net (Loss) on Disposal of Trading Portfolio	**-**	(654,235)
- Net (Gain) on Disposal of Futures	**(56,950)**	(771,897)
- Unrealised Loss on Trading Portfolio	**-**	366,425
- Unrealised (Gain)/Loss on Futures	**-**	(3,575)
- Unrealised Loss/(Gain) on Foreign Currency	**8,443**	(373,304)
- Realised Loss/(Gain) on Foreign Currency	**2,399**	(109,364)
- Depreciation	**20,249**	2,089
- Amortisation	**348,225**	-
- Impairment of Reserves	**750,361**	6,487,955
- Intangible Assets Impairment	**2,504,773**	-
Changes in assets and liabilities:		
- (Increase) in Trade Receivables	**(178,727)**	(90,967)
- (Increase) in Prepayments	**(71,902)**	(14,659)
- Decrease in Trading portfolio	**-**	5,150,860
- Decrease/(Increase) in Deferred Taxes	**1,652,468**	(5,170,161)
- Increase in Trade Payables & Accruals	**495,163**	241,384
Cash Flow from Operations	**(2,469,034)**	1,665,900

NOTES TO THE FINANCIAL STATEMENTS

NOTE 24: PARENT ENTITY

	June 2010 $	June 2009 $
Current Assets	**85,523,548**	8,691,588
Non-Current Assets	**771,105**	59,707,537
Total Assets	**86,294,653**	68,399,125
Current Liabilities	**5,512,419**	3,282,221
Non-Current Liabilities	**-**	1,947,529
Total Liabilities	**5,512,419**	5,229,750
Issued Capital	**82,622,166**	69,699,521
Reserves	**12,617,200**	4,411,415
Shareholders' Equity	**80,782,234**	63,169,375
(Loss)	**(3,515,571)**	(12,528,370)
Total Comprehensive Income	**4,690,215**	2,648,532

Intercompany Loans Receivable

At the 30 June 2010 the Company had intercompany receivables of the following:

Non-Current		
Amounts Receivable from Subsidiaries:		
- India Asset Holdings Pty Ltd:		
At cost	**2,844,636**	3,030,862
Less: Receivable Provision	**(2,281,694)**	-
	562,942	3,030,862
- India Asset Management Pty Ltd	**143,807**	109,958
	706,749	3,140,820

NOTES TO THE FINANCIAL STATEMENTS

NOTE 25: RELATED PARTY TRANSACTIONS

	Consolidated	
	June 2010 $	June 2009 $
Transactions with related parties		
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
TCA Pty Ltd is an entity associated with Mr. David Carruthers through which he provides CFO services. All dealings are conducted at arm's length on normal commercial terms.	**127,730**	34,500
Prior to India Equities Fund Ltd acquiring Olympus Funds Management Pty Ltd through India Asset Holdings Pty Ltd, it was an associated entity of Mr. John Pereira and provided investment management services to India Equities Fund Limited on commercial terms. All dealings are conducted at arm's length on normal commercial terms.	**-**	277,374
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 service for various Group entities. All dealings are conducted at arm's length on normal commercial terms.	**477,366**	277,324
Greater Asia Investment Limited is an entity associated with Mr. John Pereira, Mr. David Carruthers, Mr. Don Christie and Mr. Clifford Clayton which incurred joint advertising and promotional costs with India Equities Fund Limited. All dealings are conducted at arm's length on normal commercial terms.	**46,066**	-
Atlas Capital Management Limited is an entity associated with Mr. John Pereira and Mr. David Carruthers which incurred joint advertising and promotional costs with India Equities Fund Limited. All dealings are conducted at arm's length on normal commercial terms.	**11,854**	-

There were no outstanding balances at year end.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 26: FINANCIAL RISK MANAGEMENT

Financial Risk Management
The Group's financial instruments consist mainly of securities listed on India's two exchanges. Other financial instruments include deposits with banks, accounts receivable and payable, and derivatives (specifically Indian futures stock contracts).

The totals for each category of financial instruments measured in accordance with AASB 139 as detailed on the accounting policies to these financial statements, are as follows:

		Consolidated	
	Note	June 2010 $	June 2009 $
Financial Assets			
Cash and Cash Equivalents	10	**26,032,458**	6,159,296
Trade and Other Receivables	11	**519,337**	1,063,817
Financial assets at fair value through profit or loss			
- Derivative Financial Assets Held-for-trading	12	**27,400**	1,457,094
Available-for-sale financial assets			
- Equity investments	12	**55,225,677**	50,494,263
		81,804,872	59,174,470
Financial Liabilities			
Trade and Other Payables	18	**1,302,852**	3,291,434
		1,302,852	3,291,434

Financial Risk Management Policies

The financial instruments recognised at fair value in the statement of financial position have been analysed and classified using a fair value hierarchy reflecting the significance of the inputs used in making the measurements. The fair value hierarchy consists of the following levels:

- Quoted prices in active markets for identical assets or liabilities (Level 1);
- Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) (Level 2); and
- Inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

	Level 1 $	Level 2 $	Level 3 $	Total $
2010				
Financial Assets:				
Available-for-sale financial assets				
- Listed Investments	**55,255,677**	**-**	**-**	**55,255,677**
Held-for trading Financial Assets				
- Derivatives	**-**	**27,400**	**-**	**27,400**

NOTES TO THE FINANCIAL STATEMENTS

NOTE 26: FINANCIAL RISK MANAGEMENT (Continued)

Financial Risk Management Policies (Continued)

	Level 1 $	Level 2 $	Level 3 $	Total $
2009				
Financial Assets:				
Available-for-sale financial assets				
- Listed Investments	50,494,263	-	-	50,494,263
Held-for trading Financial Assets				
- Derivatives	-	1,457,094	-	1,457,094

Specific Financial Risk Exposures and Management

The main risks arising from the Groups' financial instruments are price and foreign currency risk. Other risks include interest rate risk, credit risk and liquidity risk.

(i) Price Risk

The Group is exposed to share price risk through its investment holdings on the Indian markets. The Investment Manager Olympus Funds Management Pty Limited, manages the Portfolio within the context of the agreed investment parameters (see below) and identifies securities to be bought, held or sold and arranges for securities to be traded. Until 31 December 2009, the investment policies and procedures of the Kotak Mahindra Group support the investment decision making and risk management processes applied, in managing a portfolio. Thereafter Olympus Funds Management Pty Limited implemented a range of policies and procedures appropriate for their new role as Investment Manager. All equity investments are publicly traded on either the National Stock Exchange of India (NSE) or the Bombay Stock Exchange (BSE) and holdings are predominantly in large cap highly liquid securities.

The agreed investment parameters identified by management are:

- Invest 60-100% of the portfolio in BSE and NSE listed equities and target around 80% of the portfolio being invested in large cap (market capitalisation of approximately A$1.2bn or more) listed Indian companies;
- Have the flexibility to acquire up to 30% mid/small cap listed entities;
- Limit investment in small cap equities to companies with market capitalisations of greater than approximately A$200 million at the time of investment;
- Invest in companies involved in a wide variety of industries by holding no more than 20% of the portfolio in any one sector;
- Typically hold investments in around 45 companies with a minimum holding of 20 and a maximum holding of 70 investments once the portfolio has been established;
- Emphasise holding investments for the long term;
- Utilise a variety of derivative instruments on a non-leveraged basis; and
- Hold cash and short-term interest rate securities, up to 30% of the portfolio, when appropriate.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 26: FINANCIAL RISK MANAGEMENT (Continued)

(i) Price Risk (Continued)

The Group's exposure to price risk, which is the risk that an instruments value will fluctuate as a result of changes in a securities price on classes of financial assets and liabilities, is as follows:

	Consolidated	
	June 2010	June 2009
	$	$
Financial Assets:		
Available-for-sale financial assets	**55,225,677**	50,494,263
Derivative financial assets held-for-trading	**27,400**	1,457,094
	55,253,077	51,951,357

(ii) Foreign Currency Risk

The Group is exposed to fluctuations in the Indian Rupee/Australian Dollar exchange rate arising from the investment in Indian listed securities and futures contracts, and the retention of surplus funds in Rupees.

As the primary investment activity is in India and the Group maintains a policy of remaining unhedged, the Statement of Financial Position, Statement of Comprehensive Income and Statement of Cash Flows can be affected significantly by movements in the INR/AUD exchange rates.

The Group also had transactional currency exposures which arose during the current financial year when funds were periodically transferred from India to cover the group's working capital requirements.

The Directors monitor the appropriateness of their policy by periodically reviewing the continuing appropriateness of such an approach.

As at 30 June 2010, the Group had the following exposure in Australian Dollars to Indian Rupees without any currency hedging:

	Consolidated	
	June 2010	June 2009
	$	$
Financial Assets:		
Cash and Cash Equivalents	**1,750,766**	2,927,524
Trade and Other Receivables	**274,554**	783,895
Available-for-Sale Financial Assets	**55,225,677**	50,494,263
Derivative Contracts held-for-trading	**-**	1,429,694
	57,250,997	55,635,376
Financial Liabilities:		
Trade and Other Payables	**2,504**	203,898
	2,504	203,898

NOTES TO THE FINANCIAL STATEMENTS

NOTE 26: FINANCIAL RISK MANAGEMENT (Continued)

(iii) Interest Rate Risk

The Group has adopted a policy of not leveraging its investment portfolio. Accordingly the Directors believe that this exposure is relatively low and does not pose a material risk to the Group. At 30 June 2010 and 30 June 2009 India Equities Fund Limited had not incurred any debt, nor had any available borrowing facilities.

The Group's exposure to interest rate risk, which is the risk that the financial instruments value will fluctuate as a result of changes in market interest rates and the effective weighted average interest rates on classes of financial assets and financial liabilities, is as follows:

	Weighted Average Effective Interest Rate		Floating Interest Rate $		Fixed Interest Rate $	
Consolidated	**2010**	2009	**2010**	2009	**2010**	2009
Financial Assets:						
Cash and cash equivalents	**5.44%**	1.00%	**1,002,714**	3,175,389	**23,116,008**	13,002
Trade and Other Receivables			**-**	-	**-**	-
Loan Receivable			**-**	-	**-**	-
Total Financial Assets			**1,002,714**	3,175,389	**23,116,008**	13,002
Financial Liabilities:						
Trade and Other Payables			**-**	-	**-**	-
Total Financial Liabilities			**-**	-	**-**	-
Net Exposure			**1,002,714**	3,175,389	**23,116,008**	13,002

	Non-Interest Bearing $		Total $	
Consolidated	**2010**	2009	**2010**	2009
Financial Assets:				
Cash and cash equivalents	**1,913,736**	2,970,905	**26,032,458**	6,159,296
Trade and Other Receivables	**519,337**	1,063,817	**519,337**	1,063,817
Loan Receivable	**-**	-	**-**	-
Total Financial Assets	**2,433,073**	4,034,722	**26,551,795**	7,223,113
Financial Liabilities:				
Trade and Other Payables	**1,302,852**	3,291,434	**1,302,852**	3,291,434
Total Financial Liabilities	**1,302,852**	3,291,434	**1,302,852**	3,291,434
Net Exposure	**1,130,221**	743,288	**25,248,943**	3,931,679

NOTES TO THE FINANCIAL STATEMENTS

NOTE 26: FINANCIAL RISK MANAGEMENT (Continued)

(iv) Liquidity Risk

The Group's objective is to maintain sufficient cash and cash equivalents to meet the needs of operations through cash flow monitoring and forecasting, which is done on a weekly basis. In addition, the focus of the investment portfolio on large cap and highly liquid securities ensures that the Group has access a significant proportion of its portfolio within a short time frame.

The table below reflects all contractually fixed pay-offs and receivables for settlement, repayments and interest resulting from recognised financial assets and liabilities, including derivative financial instruments as of 30 June 2010. For derivative financial instruments the market value is presented, whereas for the other obligations the respective undiscounted cash flows for the respective upcoming fiscal years are presented. Cash flows for financial assets and liabilities without fixed amount or timing are based on the conditions existing at 30 June 2010.

The table below reflects the maturity of financial assets and liabilities based on management's expectations. Actual timing may therefore differ from that disclosed. The timing of cash flows presented in the table to settle financial liabilities reflects the earliest contractual settlement dates.

	Within 1 Year $		**1 to 5 Years $**		**Over 5 Years $**		**Total Contracted Cash Flows $**	
Consolidated	**2010**	2009	**2010**	2009	**2010**	2009	**2010**	2009
Financial Liabilities due for payment								
Trade and Other Payables	**1,302,852**	3,291,434		-		-	**1,302,852**	3,291,434
Total Expected Outflows	**1,302,852**	3,291,434		-		-	**1,302,852**	3,291,434
Financial Assets – cash flows realisable								
Cash and Cash Equivalents	**26,032,458**	6,159,296	**-**	**-**	**-**	-	**26,032,458**	6,159,296
Trade and Other Receivables	**519,337**	1,063,817	**-**	-	**-**	-	**519,337**	1,063,817
Investments – Available-for-sale	**55,225,677**	50,494,263	**-**	-	**-**	-	**55,225,677**	50,494,263
Derivatives – gross settled								
Contracted Inflows	**27,400**	1,457,094	**-**	-	**-**	-	**27,400**	1,457,094
Contracted Outflows	**-**	(1,453,519)	**-**	-	**-**	-	**-**	(1,453,519)
Total anticipated inflows	**81,804,872**	57,720,951	**-**	-	**-**	-	**81,804,872**	57,720,951
Net Inflow on Financial Instruments	**80,502,020**	54,429,517	**-**	-	**-**	-	**80,502,020**	54,429,517

NOTES TO THE FINANCIAL STATEMENTS

NOTE 26: FINANCIAL RISK MANAGEMENT (Continued)

(v) Credit Risk

Derivative Financial Instruments
Credit risk arises from the financial assets of the Group, which comprise equity investments, cash and cash equivalents, trade and other receivables, and derivative instruments. The Group's exposure to credit risk arises from potential default of the counter party, with a maximum exposure equal to the carrying amount of these instruments.

The equity investments of the Group must satisfy both the investment parameters (refer to Note 26: Financial Risk Management (i) Price Risk) agreed with the Investment Manager and the credit assessment processes of the Kotak Mahindra Group.

Surplus cash is only invested with highly rated international financial institutions in India and Australia.

The Group does not hold any credit derivatives to offset its credit exposure.

Receivable balances arising from Indian broker relations are monitored on an ongoing basis and the Group has no debts past due or impaired.

At 30 June 2010 the Company did not hold any single stock future derivatives. All derivatives held at 30 June 2009 were single stock futures contracts with expiration dates of 31 July 2009. All contracts are traded on the National Stock Exchange of India. The Investment Manager purchases a position in a single stock futures contract to gain exposure to the change in price of the underlying stock.

As some listed stocks in India have Foreign Institutional Investor (FII) ownership limits, the Investment Manager can utilise these futures contracts to gain exposure to stocks close to, or at, their FII ownership limit.

At 30 June 2010 the Company did not hold any cash settled futures contracts. At 30 June 2009 the Group held 2,100 July 2009 cash settled futures contracts of Lupin Ltd and 12,500 July 2009 cash settled futures contracts of NSE Ltd valued at $43,593 and $1,386,101 respectively.

Net Fair Values
The Group's financial assets and liabilities are carried at amounts that approximate their fair value.

The fair values of financial assets and financial liabilities are presented in the following table and can be compared to their carrying values as presented in the Statement of Financial Position. Fair values are those amounts that which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Fair values derived may be based on information that is estimated or subject to judgment, where changes in assumptions may have a material impact on the amounts estimated. Where possible, valuation information used to calculate fair value is extracted from the market, with more reliable information available from markets that are actively traded. In this regard, fair values for listed securities have been valued at the quoted market bid price at balance date adjusted for transaction costs expected to be incurred.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 26: FINANCIAL RISK MANAGEMENT (Continued)

(v) Credit Risk (Continued)

Net Fair Values (Continued)

Consolidated	Note	Net Carrying Value 2010 $	Net Fair Value 2010 $	Net Carrying Value 2009 $	Net Fair Value 2009 $
Financial Assets					
Cash and Cash Equivalents	i	**26,032,458**	**26,032,458**	6,159,296	6,159,296
Trade and Other Receivables	i	**519,337**	**519,337**	1,063,817	1,063,817
Investments – Available-for-sale	ii	**55,225,677**	**55,225,677**	50,494,263	50,494,263
Derivatives – held-for-trading	ii	**27,400**	**-**	1,457,094	1,457,094
Total Financial Assets		**81,804,872**	**81,777,472**	59,174,470	59,174,470
Financial Liabilities					
Trade and Other Payables	i	**1,302,852**	**1,302,852**	3,291,434	3,291,434
Total Financial Liabilities		**1,302,852**	**1,302,852**	3,291,434	3,291,434

The fair values disclosed in the above table have been determined based on the following methodologies:

i) Cash and cash equivalents, trade and other receivables and trade and other payables are short-term instruments in nature whose carrying value is equivalent to fair value. Trade and other payables exclude amounts provided for related to annual leave which is not considered a financial instrument.

ii) For listed available-for-sale and held-for-trading financial assets, closing quoted bid prices at reporting date are used. The directors have determined that the fair values of unlisted available-for-sale financial assets cannot be reliably measured as variability in the range of reasonable fair value estimates is significant. Consequently, such assets are recognised at cost and their fair values have also been stated at cost in the table above.

Sensitivity Analysis

The Group has performed a sensitivity analysis relating to its exposure to price risk, foreign currency risk and interest rate risk, at the end of the reporting period. This sensitivity analysis demonstrates the effect on the current year results and equity which could result from a change in these risks.

	Consolidated	
Price Risk	**June 2010 $**	June 2009 $
Held-for-trading financial assets and derivatives		
Change in Profit		
- Increase in portfolio prices by 20.0%	**-**	291,419
- Decrease in portfolio prices by 20.0%	**-**	(291,419)
Held-for-trading financial assets and derivatives		
Change in Equity		
- Increase in portfolio prices by 20.0%	**-**	291,419
- Decrease in portfolio prices by 20.0%	**-**	(291,419)

NOTES TO THE FINANCIAL STATEMENTS

NOTE 26: FINANCIAL RISK MANAGEMENT (Continued)

(v) Credit Risk (Continued)

Sensitivity Analysis (Continued)

Held-for-trading derivatives are actively managed on a short term basis and are fair valued through the Statement of Comprehensive Income. Any movement in the portfolio price will be realised in the Statement of Comprehensive Income. India Equities Fund Limited has an estimated absolute benchmark return of 20%.

Available-for-sale financial assets		
Change in Profit		
- Increase in portfolio prices by 20.0%	-	-
- Decrease in portfolio prices by 20.0%	-	-
Change in Equity		
- Increase in portfolio prices by 20.0%	**11,045,135**	10,098,853
- Decrease in portfolio prices by 20.0%	**(11,045,135)**	(10,098,853)

Available-for-sale financial assets are passively managed on a longer term basis and are fair valued through the equity reserves, with no effect on the Statement of Comprehensive Income unless sold or impaired. India Equities Fund Limited has an estimated absolute benchmark return of 20%.

	Consolidated	
Price Risk	**June 2010 $**	June 2009 $
Foreign Currency Rate Risk		
Change in Profit		
- Increase in Indian Rupee/Australian Dollar rate by 10.0%	**202,532**	1,016,085
- Decrease in Indian Rupee/Australian Dollar rate by 10.0%	**(202,532)**	(1,016,085)
Change in Equity		
- Increase in Indian Rupee/Australian Dollar rate by 20.0%	**11,045,135**	10,098,853
- Decrease in Indian Rupee/Australian Dollar rate by 20.0%	**(11,045,135)**	(10,098,853)

Since the portfolios inception the INR/AUD exchange rate has moved substantially, in the vicinity of 20%. Depending on the class of asset held the effect of interest rate movements will influence the Statement of Comprehensive Income and Statement of Financial Position differently. All current assets held in Indian Rupees will affect the Statement of Comprehensive Income and retained earnings, while all non-current assets will affect the reserve balances only.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 26: FINANCIAL RISK MANAGEMENT (Continued)

(v) Credit Risk (Continued)

Sensitivity Analysis (Continued)

	Consolidated	
Price Risk	**June 2010 $**	June 2009 $
Interest Rate Risk		
Change in Profit		
- Increase in interest rate by 0.5%	**5,014**	16,152
- Decrease in interest rate by 0.5%	**(5,014)**	(16,152)
Change in Equity		
- Increase in interest rate by 0.5%	**5,014**	16,152
- Decrease in interest rate by 0.5%	**(5,014)**	(16,152)

NOTE 27: LEASE COMMITMENTS

Minimum expenditure commitments contracted for under:		
Operating lease commitments		
Not longer than 1 year	**-**	33,780
Longer than 1 year and not longer than 5 years	**-**	-
	-	33,780

The property lease is at 30 June 2010 is on a month by month basis. Previously the lease was a non-cancellable lease, with rent payable monthly in advance. Contingent rental provisions within the lease agreement required that minimum lease payments would be increased by 4% per annum. An option exists to renew the lease for a further 5 years at the end of the term being March 2010, which was not exercised.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 28: INVESTMENT MANAGER & MANAGER

The Investment Manager until 31 December 2009 was Kotak Mahindra (UK) Limited (KMUK) and the Manager was Olympus Funds Management Pty Ltd (Olympus). They received a monthly management fee for investment services provided in accordance with the Investment Management Agreement and the Manager Agreement respectively.

On the 31 December 2009 Kotak Mahindra (UK) Limited ceased acting as Investment Manager, with Olympus Funds Management Pty Ltd becoming the Investment Manager and Prudential Asset Management (Singapore) Limited (PAMS) transitioning to provide advice on specific purchases and sales of Indian Listed securities for the Company's portfolio.

The Investment Management Agreement with KMUK provided for a monthly investment management fee equal to 0.0625% of the Portfolio Net Asset Value calculated on the last Business Day of each month (equivalent to a fee of 0.75% per annum in total) payable monthly in arrears until terminated at 31 December 2009.

The Investment Advisory Agreement with Prudential Asset Management (Singapore) Limited (PAMS) provides for a monthly advisory fee equal to 0.0333% of the Portfolio Net Asset Value calculated on the last business day of each month equivalent to a fee of 0.40% per annum in total payable monthly in arrears.

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

More than an absolute return of 20% per annum; and
In excess of the BSE 200 Index.

The external performance fee payable is 10% (excluding GST) of the amount by which the Portfolio Return exceeds 20% per annum, after adjusting for any surplus/deficit from the previous period. 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.

While no performance fee was payable to KMUK during the year (2009: Nil), a Performance Fee has been accrued in relation to PAMS.

The financial arrangements between the Company and its wholly owned subsidiary, Olympus, represent no cost to the Group and are eliminated on consolidation. Accordingly, under these new arrangements the external cost for the Group reduced from 0.75% p.a. to 0.40%p.a. In addition, transaction fees of 0.15% per trade have been saved.

	Consolidated	
	June 2010 $	June 2009 $
Olympus Management fee*	**-**	255,558
Olympus Performance fee*	**-**	-
KMUK Investment Management fee	**243,728**	383,337
KMUK Transaction fee	**100,943**	105,453
KMUK Performance Fee ^	**-**	-
PAMS Investment Advisory Fee	**102,093**	-
PAMS Performance fee ^ **	**473,139**	-
Amounts paid and payable to the Investment Manager and Manager for the period	**919,903**	744,348

*Fees paid to Olympus prior to shareholders approving the acquisition of the remaining 34% of issued capital by the India Equities Fund Limited on the 29 June 2009.
^ 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.
** The PAMS Performance fee of $473,139 is accrued until 30 June 2010, however the calculation period end is 6 July 2010 and at this date the performance fee reduced to $335,668.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 29: COMPANY DETAILS

The registered office of the Company is:
India Equities Fund Limited
Level 4, 99 Queen Street
MELBOURNE VIC 3000

The principal place of business is:
India Equities Fund Limited
Level 4, 99 Queen Street
MELBOURNE VIC 3000

7. DIRECTORS' DECLARATION

The directors of the company declare that:

1. the financial statements and notes, as set out on pages 32 to 79, are in accordance with the *Corporations Act 2001* and:

   (a) comply with Accounting Standards, the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board and the *Corporations Regulations 2001*; and

   (b) give a true and fair view of the financial position as at 30 June 2010 and of the performance for the year ended on that date of the Group;

2. the Chief Executive Officer and Chief Finance Officer have each declared that:

   (a) the financial records of the Group for the financial year have been properly maintained in accordance with section 286 of the *Corporations Act 2001*;

   (b) the financial statements and notes for the financial year comply with the Accounting Standards and the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board; and

   (c) the financial statements and notes for the financial year give a true and fair view;

3. in the directors' opinion there are reasonable grounds to believe that the members of the Group identified in Note 16 will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.

Director 

Mr. Don Christie

Dated this 31 day of August 2010

8. INDEPENDENT AUDITOR'S REPORT

MOORE STEPHENS
ACCOUNTANTS & ADVISORS

Level 10, 530 Collins Street
Melbourne VIC 3000

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INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF INDIA EQUITIES FUND LIMITED AND CONTROLLED ENTITIES

We have audited the accompanying financial report of India Equities Fund Limited and Controlled Entities (the consolidated entity), which comprises the statement of financial position as at 30 June 2010, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, a summary of significant accounting policies and other explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation and fair presentation of the 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 controls relevant to the preparation and fair presentation of the 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. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101: Presentation of Financial Statements, that compliance with the Australian equivalents to International Financial Reporting Standards (IFRS) ensures that the financial report, comprising the financial statements and notes, complies with IFRS.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial report, 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 report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

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MOORE STEPHENS
ACCOUNTANTS & ADVISORS

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

Auditor's Opinion

In our opinion:

(a) the financial report of India Equities Fund Limited and Controlled Entities is in accordance with the *Corporations Act 2001*, including:

   (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2010 and of their performance for the year ended on that date; and

   (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001;

(b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

Material Uncertainty Regarding Continuation as a Going Concern

Without qualification to the opinion expressed above, we draw your attention to note 1 of the financial statements which describes the uncertainty about whether the Company will continue as a going concern. Due to the decision at the Extraordinary General Meeting on 7 July 2010 to return 90% of the Company's capital to shareholders, the Directors are currently considering the future of the Company and, in the absence of any viable alternatives, may move to wind it up. The final date for receipt of proposals has passed and the evaluation will be completed by no later than 30 September 2010. Therefore, there is material uncertainty whether the consolidated entity will continue as a going concern.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 13 to 17 of the report of the directors for the year ended 30 June 2010. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's Opinion

In our opinion the Remuneration Report of India Equities Fund Limited and Controlled Entities for the year ended 30 June 2010, complies with section 300A of the *Corporations Act 2001.*

Moore Stephens

MOORE STEPHENS
Chartered Accountants

Grant Sincock

Grant Sincock

Partner
Melbourne, 31 August 2010

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9. ASX ADDITIONAL INFORMATION

Information as at 18 August 2010

Shares (ASX:INE)
The number of investors holding less than a marketable parcel of 8,772 shares ($0.06 per share on 18 August 2010) is 1,595 holding 6,073,253 securities.

Range	Number of Holders	Numbers of Securities	% of Total
1 – 1,000	141	65,966	0.05
1,001 – 5,000	1,096	3,468,191	2.87
5,001 – 10,000	595	4,874,096	4.04
10,001 – 100,000	1,388	43,232,569	35.79
Over 100,001	126	69,146,150	57.25
Total	**3,346**	**120,786,972**	**100.00**

Security Holder	Number of Securities	% Of Securities
G W HOLDINGS PTY LTD <EDWINA A/C>	22,752,981	18.84
MERRILL LYNCH (AUSTRALIA) NOMINEES PTY LIMITED	9,613,089	7.96
RBC DEXIA INVESTOR SERVICES AUSTRALIA NOMINEES PTY LIMITED <MLCI A/C>	7,941,314	6.57
MR SIMON ROBERT EVANS + MRS KATHRYN MARGARET EVANS <KAMIYACHO SUPER FUND A/C>	1,120,434	0.93
AUSTRALIAN MINERALS CORPORATION PTY LTD <FEBP A/C>	858,990	0.71
WELAS PTY LTD <WALES FAMILY A/C>	833,334	0.69
RPG MANAGEMENT PTY LIMITED	640,000	0.53
PADERNE HOLDINGS PTY LTD <PADERNE HOLDINGS S/F A/C>	638,673	0.53
MRS TEW HUA CAMERON	562,000	0.47
OAKWORK PTY LTD <KASHMIR INVESTMENT A/C>	535,000	0.44
HOLLIS SUPERTEE PTY LTD <HOLLIS SUPER FUND A/C>	530,596	0.44
RPG MANAGEMENT PTY LIMITED	523,334	0.43
MANICITI PTE LTD	470,000	0.39
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	464,377	0.38
INVIA CUSTODIAN PTY LIMITED <WEBER PROPERTIES P/L A/C>	440,000	0.36
PIRIE STREET NOMINEES PTY LTD <MANORANJAN KAPILA A/C>	418,334	0.35
DENWOL MERCHANT FINANCE CORPORATION PTY LTD	411,238	0.34
MS SHARON WALLACE	386,883	0.32
PERPETUAL TRUSTEE COMPANY LIMITED	383,332	0.32
CUSTODIAL SERVICES LIMITED <BENEFICIARIES HOLDING A/C>	383,117	0.32
TOTAL	**49,907,026**	**41.32**

Substantial Beneficial Holders	Number of Securities	% Of Securities
G W HOLDINGS PTY LTD <EDWINA A/C>	22,752,981	18.84
BANK OF AMERICA CORPORATION	9,613,089	7.96

Options (ASX:INEO)
The number of investors holding less than a marketable parcel of 8,772 options ($0.06 per option on 18 August 2010) is 350 holding 848,372 securities.

Range	Number of Holders	Numbers of Securities	% of Total
1 – 1,000	130	80,606	4.36
1,001 – 5,000	176	468,014	25.33
5,001 – 10,000	57	428,220	23.18
10,001 – 100,000	35	870,817	47.13
Over 100,001	-	-	-
Total	**398**	**1,847,657**	**100.00**

Security Holder	Number of Securities	% Of Securities
LEROMA PTY LTD <KAMENEV FAMILY A/C>	90,938	4.92
RBC DEXIA INVESTOR SERVICES AUSTRALIA NOMINEES PTY LIMITED <MLCI A/C>	83,835	4.54
NORMWAY PTY LTD <THE VINCENT FAMILY A/C>	50,000	2.71
CAPITAL COMMODITIES (VIC) PTY LTD <THE LUCKINS SUPER FUND A/C>	34,317	1.86
MR MARK O'GRADY <MAWESTA SMSF A/C>	34,317	1.86
ABALCALL PTY LTD <SINGH-PANWAR SUPER FUND A/C>	33,334	1.80
HAMWELL PTY LTD <SUPER FUND A/C>	33,334	1.80
SHIVALIK PTY LTD	33,334	1.80
MR ROBERT SIMON WREFORD <THE WRETRUST FAMILY A/C>	33,334	1.80
MR STEPHEN ROY VINCENT	30,000	1.62
MR ANDREW JAMES HEITMANN	29,727	1.61
NORMAN RESERVES PTY LTD & HUGH DAVID BOYD NORMAN & CHRISTINE SUZANNAH <NORMAN PARTNERSHIP A/C>	25,000	1.35
VALMARL PTY LTD	25,000	1.35
INVIA CUSTODIAN PTY LIMITED <NORMAN SUPER FUND A/C>	23,333	1.26
MR JAMES MICHAEL MOORE + MR JOHN FARQHUAR RIGBY <J M MOORE SUPER FUND A/C>	23,061	1.25
MR KEITH GREENWAY DRAKE + MRS GLENDA ST CLAIR DRAKE <KEITH DRAKE P/L S/F A/C>	17,158	0.93
MR BARRY DAVID KELSEY + MRS HEATHER JANE LOUISE KELSEY <KELSEY SUPER FUND A/C>	16,936	0.92
BOND STREET CUSTODIANS LIMITED <GSTEER - BG0799 A/C>	16,667	0.90
BOVELU PTY LTD <BOVELU SUPER FUND A/C>	16,667	0.90
BRIAN MARTIN & ASSOCIATES PTY LTD <BRIAN MARTIN S/F A/C>	16,667	0.90
TOTAL	**666,959**	**36.10**

Voting Rights
On a show of hands, every shareholder present in person or by proxy holding stapled securities in the Company shall have one vote and upon a poll each stapled security shall have one vote.

Audit & Risk Committee
As at the date of the Directors' Report, the economic entity had established an Audit & Risk Committee of the Board of Directors (refer Corporate Governance Statement).

Holdings of Securities
Refer to full listing of securities held by the Company as at 30 June 2010 on page 20.

Brokerage
During the year ended 30 June 2010, the Company recorded 382 (2009:1,889) transactions in securities. Total brokerage paid and accrued was $297,087 (2009: $241,981) for the year.

10. CORPORATE DIRECTORY

INDIA EQUITIES FUND LIMITED
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Melbourne Victoria 3000
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1300 795 008
www.indiaequitiesfund.com.au

DIRECTORS

Don Christie	Executive Chairman
David Carruthers	Executive Director
Clifford Clayton	Non-Executive Director

SHARE REGISTRAR

Computershare Investor Services Pty Ltd
GPO Box 2975

Melbourne Victoria 3001
Telephone: 1300 850 505 (within Australia)
+61 3 9415 4000 (outside Australia)

COMPANY SECRETARY

Mark Licciardo
Mertons Corporate Services Pty Ltd
Level 6, 350 Collins Street
Melbourne Victoria 3000

CUSTODIAN

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

INVESTMENT ADVISOR
Prudential Asset Management (Singapore) Ltd
30 Cecil Street
#20-01 Prudential Tower
Singapore 049712

AUDITORS
Moore Stephens Melbourne
Level 10, 530 Collins Street
Melbourne Victoria 3000

MANAGER & INVESTMENT MANAGER

Olympus Funds Management Pty Ltd
(Wholly owned by the Company)
Level 4, 99 Queen Street
Melbourne Victoria 3000
AFSL No 307329
Telephone: +61 3 9629 5895
www.olympusfunds.com.au

LEGAL ADVISORS

Middletons
Level 25, 525 Collins Street
Melbourne Victoria 3000

ASX CODES

INE	fully paid ordinary
INEO	options