

UNAUDITED CONDENSED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2016

	THE COMPANY		THE GROUP
	Unaudited as at 30 June 2016	Audited as at 31 December 2015	Unaudited as at 30 June 2015
	Rs'000	Rs'000	Rs'000
ASSETS			
Non-current assets	1,188,656	1,236,722	1,251,087
Current assets	7,303	20,523	25,029
Total assets	1,195,959	1,257,245	1,276,116
EQUITY AND LIABILITIES			
Capital and reserves			
Total equity	1,162,335	1,211,484	1,273,370
Current liabilities	33,624	45,761	2,746
Total equity and liabilities	1,195,959	1,257,245	1,276,116
Net asset value per share - (Rs)	5.12	5.34	5.61
No. of shares used in calculation	226,986,672	226,986,672	226,986,672

UNAUDITED CONDENSED STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 30 JUNE 2016

	THE COMPANY		THE GROUP		THE GROUP	
	Unaudited Three months to 30 June 2016	Unaudited Six months to 30 June 2016	Unaudited Three months to 30 June 2015	Unaudited Six months to 30 June 2015	Unaudited Three months to 30 June 2015	Unaudited Six months to 30 June 2015
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Income	34,551	52,116	28,470	17,472	28,106	13,270
Operating profit	25,623	40,820	20,622	7,364	25,444	8,156
Finance (costs)/income	(82)	(526)	(18)	1,895	(18)	1,895
Profit before taxation	25,541	40,294	20,604	9,259	25,426	10,051
Taxation	(89)	(115)	14	(62)	14	(62)
Profit for the period	25,452	40,179	20,618	9,197	25,440	9,989
Other comprehensive income for the period, net of tax	(10,758)	(55,280)	49,675	49,910	44,853	49,118
Total comprehensive income for the period	14,694	(15,101)	70,293	59,107	70,293	59,107
Profit attributable to:						
Owners of the parent					25,440	9,989
Total comprehensive income attributable to:						
Owners of the parent					70,293	59,107
Basic earnings per share for the period - (Rs.)	0.11	0.18	0.09	0.04	0.11	0.04
Dividends per share - (Rs.)	0.15	0.15	0.15	0.15	0.15	0.15
No. of shares in issue and ranking for dividends	226,986,672	226,986,672	226,986,672	226,986,672	226,986,672	226,986,672

UNAUDITED CONDENSED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 30 JUNE 2016

THE COMPANY	Share capital	Share premium	Fair value reserve	Retained earnings	Total Equity
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
At 01 January 2016	226,987	5,217	556,586	422,694	1,211,484
<i>Comprehensive income</i>					
Profit for the period	-	-	-	40,179	40,179
Other comprehensive income	-	-	(55,280)	-	(55,280)
Total comprehensive income for the period	-	-	(55,280)	40,179	(15,101)
<i>Transaction with owners</i>					
Dividends	-	-	-	(34,048)	(34,048)
At 30 June 2016	226,987	5,217	501,306	428,825	1,162,335
At 01 January 2015	226,987	5,217	560,000	456,107	1,248,311
<i>Comprehensive income</i>					
Profit for the period	-	-	-	9,197	9,197
Other comprehensive income	-	-	49,910	-	49,910
Total comprehensive income for the period	-	-	49,910	9,197	59,107
<i>Transaction with owners</i>					
Dividends	-	-	-	(34,048)	(34,048)
At 30 June 2015	226,987	5,217	609,910	431,256	1,273,370
THE GROUP	Attributable to owners of the parent				
At 01 January 2015	226,987	5,217	553,122	462,985	1,248,311
<i>Comprehensive income</i>					
Profit for the period	-	-	-	9,989	9,989
Other comprehensive income	-	-	49,118	-	49,118
Total comprehensive income for the period	-	-	49,118	9,989	59,107
<i>Transaction with owners</i>					
Dividends	-	-	-	(34,048)	(34,048)
At 30 June 2015	226,987	5,217	602,240	438,926	1,273,370

UNAUDITED CONDENSED STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 30 JUNE 2016

	THE COMPANY		THE GROUP
	Unaudited Six months to 30 June 2016	Unaudited Six months to 30 June 2015	Unaudited Six months to 30 June 2015
	Rs'000	Rs'000	Rs'000
Operating activities			
Net cash generated from/(used in) operating activities	3,024	1,310	(2,371)
Investing activities			
Net cash generated from/(used in) investing activities	29,679	(29,256)	(29,210)
Financing activities			
Net cash used in financing activities	(34,549)	(34,064)	(34,064)
Decrease in cash and cash equivalents	(1,846)	(62,010)	(65,645)
Movement in cash and cash equivalents			
At 1 January	(23,582)	65,971	70,478
Decrease in cash and cash equivalents	(1,846)	(62,010)	(65,645)
Effect of exchange difference on cash and cash equivalents	6	1,888	1,888
At 30 June	(25,422)	5,849	6,721

NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2016

BASIS OF ACCOUNTING

The unaudited interim quarterly condensed financial statements have been prepared using the same accounting policies set out in the statutory financial statements of the Company for the year ended 31 December 2015, except for the adoption of relevant new Standards, Amendments to published Standards and Interpretations issued now effective.

The financial statements as at 30 June 2016 give information about P.O.L.I.C.Y. Limited as an individual company and do not contain consolidated financial information as the wholly owned subsidiary, UNION AND P.O.L.I.C.Y. INVESTMENT CO. LTD, is in the process of winding up. A liquidator has already been appointed and clearance has been received from the tax authority on 21 July 2016.

COMMENTS AND REVIEW FOR THE QUARTER AND SIX MONTHS ENDED 30 JUNE 2016

- (i) At 30 June 2016, the Net Assets Value per share of the Company stood at Rs. 5.12 compared to Rs. 5.34 at 31 December 2015 and Rs. 5.61 at 30 June 2015.
Shareholders' interest was Rs. 1.16 billion at 30 June 2016, compared to Rs. 1.21 billion and Rs. 1.27 billion at 31 December and 30 June 2015 respectively.
- (ii) The Company generated higher gain on disposal of investments during the quarter under review as compared to the corresponding period in 2015. As a result, the Company reported a net profit of Rs 25,452,000 for the quarter as opposed to Rs 20,618,000 for the quarter ended 30 June 2015.
- (iii) An interim dividend of Rs. 0.15 per share was declared and paid during the quarter under review (quarter ended 30 June 2015: Rs. 0.15 per share).
- (iv) The negative "Other Comprehensive Income" during the quarter ended 30 June 2016 is mainly attributable to release of fair value reserves on disposal of investments.

By Order of the Board

Abax Corporate Administrators Ltd

Secretary

10 August 2016

This communiqué is issued pursuant to Listing Rule 12.20 and Securities Act 2005.

The Board of Directors of P.O.L.I.C.Y. Limited accepts full responsibility for the accuracy of the information contained in these financial statements.

Copies of the full financial statements and the statement of direct and indirect interests of the Company, pursuant to rule 8(2)(m) of the Securities (Disclosure Obligations of Reporting Issuers) Rules 2007, are available to the public, free of charge, at the registered office of the Company, c/o Abax Corporate Administrators Ltd, 6th Floor, Tower A, 1 CyberCity, Ebene.

The auditors of the Company are BDO & Co.

Manager's Report for the quarter ended 30 June 2016

NAV Performance for Q2 2016

The SEMTRI was down during the second quarter 2016, while the Net Asset Value of POLICY increased by 1.2%, reversing the negative trend experienced during the first quarter 2016.

For the three months under review, the investments in MCBG and PBL appreciated by 2.6% and 2.2% respectively, while Terra decreased by 6.4% and LUX* by 1.7%. An investment in ABC Banking Corporation Ltd was initiated during the quarter.

Outlook

On 20th July 2016, the Monetary Policy Committee of the Bank of Mauritius decided to reduce the Repo Rate by 40 basis points to 4.00%, citing as main reasons weak private investment, relatively sluggish export performance as well as downside risks to the global economic outlook.

The Mauritius Stock Exchange is expected to react positively, should the growth rate exceed 4%, in line with the target set in the National Budget 2016/17.

Share price and NAV

	30-Jun-15	30-Sep-15	31-Dec-15	31-Mar-16	30-Jun-16
Share price	7.22	6.72	6.50	6.40	6.20
NAV	5.61	5.56	5.34	5.21	5.12
Premium to NAV	28.7%	20.9%	21.7%	22.8%	21.1%

Performance ratios

	Year ended 31 December						
	2011	2012	2013	2014	2015	1Q16	2Q16
Share price ¹	-1.1%	-23.2%	64.6%	5.3%	-8.7%	-1.5%	-0.8%
Net Asset Value ¹	-2.9%	-2.5%	23.2%	2.6%	3.5%	-2.4%	1.2%
SEMTRI	-1.3%	-5.5%	24.4%	1.8%	-10.1%	-0.3%	-1.9%
SEM-10 ²	-6.1%	-3.7%	19.7%	-4.4%	-10.2%	-0.5%	-2.1%

¹ Performance adjusted for dividends paid and bonus issue

² SEM-10 replaced the SEM-7 as from Oct-14

Sector allocation as at 30 June 2016

	Portfolio allocation	SEMDEX allocation
Banks, Insurance & Other Finance	62.6%	42.1%
Investments	12.3%	28.3%
Leisure & Hotels	9.5%	12.2%
Industry	9.4%	6.8%
Property Development	0.2%	0.4%
Sugar	0.0%	2.1%
Transport	0.2%	0.6%
Commerce	0.2%	7.3%
Foreign	6.3%	0.2%
Unquoted	1.6%	0.0%
Liquidity	-2.3%	0.0%
Total	100.0%	100.0%

Top 5 holdings as at 30 June 2016

	Rs. in million	% of NAV	2Q16 Performance
MCB Group Limited	585	50.4%	2.6%
Lux* Island Resorts Ltd	77	6.6%	-1.7%
ABC Banking Corporation Ltd	59	5.1%	0.0%
Phoenix Beverages Ltd	50	4.3%	2.2%
Terra Mauricia Ltd	48	4.1%	-6.4%
Total	819	70.5%	

www.policylimited.mu

Disclaimer: This Manager's report is provided by IPRO Fund Management Ltd. The information contained herein is based upon sources believed by us to be reliable but are not guaranteed of their accuracy or completeness. Any views or opinions expressed herein does not constitute investment advice or an offer or invitation to buy or sell any shares in the fund and does not have regard to the specific investment objectives and financial situation of any person who may receive this report. Investors should seek financial advice regarding the appropriateness of investing in any financial instruments mentioned or recommended in this report. Any views stated in this report regarding future prospects (forward looking statements) may not be realised and may be subject to change. Investors should note that the fund's net asset value may rise or fall and that past performance is not a guide to future performance.