

P.O.L.I.C.Y. LIMITED

Unaudited Interim quarterly condensed financial statements

UNAUDITED CONDENSED STATEMENTS OF COMPREHENSIVE INCOME FOR THE QUARTER ENDED 30 JUNE 2011

	THE GROUP				
	Unaudited	Unaudited	Unaudited	Unaudited	Audited
	Three months to 30 June 2011 Rs'000	Six months to 30 June 2011 Rs'000	Three months to 30 June 2010 Rs'000	Six months to 30 June 2010 Rs'000	Year to 31 December 2010 Rs'000
Revenue	8,021	10,038	16,000	16,942	122,907
Operating profit	3,456	2,798	13,259	11,216	111,211
Finance (costs)/income	(47)	(717)	37	35	(101)
Net gain on financial assets at fair value through profit and loss	91,420	101,058	-	-	-
Profit before tax	94,829	103,139	13,296	11,251	111,110
Income tax expense	(63)	(63)	(609)	(609)	(92)
Profit for the period/year	94,766	103,076	12,687	10,642	111,018
Other comprehensive income for the period/year	-	-	4,445	(31,918)	33,283
Total comprehensive income for the period/year	94,766	103,076	17,132	(21,276)	144,301
Profit attributable to:					
Owners of the parent	94,766	103,076	12,687	10,642	111,018
Total comprehensive income attributable to:					
Owners of the parent	94,766	103,076	17,132	(21,276)	144,301
Earnings per share	Re. 0.66	0.61	0.07	0.06	0.65
Net assets value per share	Rs. 8.45	8.45	7.37	7.37	7.99
Dividends per share	Re. 0.15	0.15	0.15	0.15	0.50
No. of shares in issue and ranking for dividends	170,240,004	170,240,004	170,240,004	170,240,004	170,240,004

	THE COMPANY				
	Unaudited	Unaudited	Unaudited	Unaudited	Audited
	Three months to 30 June 2011 Rs'000	Six months to 30 June 2011 Rs'000	Three months to 30 June 2010 Rs'000	Six months to 30 June 2010 Rs'000	Year to 31 December 2010 Rs'000
Revenue	7,828	9,738	16,058	17,253	121,119
Operating profit	3,509	2,963	13,377	11,921	110,159
Finance (costs)/income	(47)	(717)	37	35	(101)
Net gain on financial assets at fair value through profit and loss	91,367	100,893	-	-	-
Profit before tax	94,829	103,139	13,414	11,956	110,058
Income tax expense	(63)	(63)	(609)	(609)	(92)
Profit for the period/year	94,766	103,076	12,805	11,347	109,966
Other comprehensive income for the period/year	-	-	4,263	(32,623)	34,335
Total comprehensive income for the period/year	94,766	103,076	17,068	(21,276)	144,301
Profit attributable to:					
Owners of the parent	94,766	103,076	12,805	11,347	109,966
Total comprehensive income attributable to:					
Owners of the parent	94,766	103,076	17,068	(21,276)	144,301
Earnings per share	Re. 0.66	0.61	0.08	0.07	0.65
Net assets value per share	Rs. 8.45	8.45	7.37	7.37	7.99
Dividends per share	Re. 0.15	0.15	0.15	0.15	0.50
No. of shares in issue and ranking for dividends	170,240,004	170,240,004	170,240,004	170,240,004	170,240,004

P.O.L.I.C.Y. LIMITED

Unaudited Interim quarterly condensed financial statements

UNAUDITED CONDENSED STATEMENTS OF CASH FLOWS FOR THE SIX MONTHS ENDED 30 JUNE 2011

	THE GROUP			THE COMPANY		
	Unaudited Six months to 30 June 2011 Rs'000	Unaudited Six months to 30 June 2010 Rs'000	Audited Year to 31 December 2010 Rs'000	Unaudited Six months to 30 June 2011 Rs'000	Unaudited Six months to 30 June 2010 Rs'000	Audited Year to 31 December 2010 Rs'000
Operating activities						
Net cash (used in)/from operating activities	(6,419)	3,488	(198)	(6,574)	1,803	207
Investing activities						
Net cash (used in)/from investing activities	14,795	(5,697)	60,321	14,676	(5,697)	60,214
Financing activities						
Net cash used in financing activities	(25,536)	(25,536)	(85,120)	(25,536)	(25,536)	(85,120)
Decrease in cash and cash equivalents	(17,160)	(27,745)	(24,997)	(16,434)	(29,430)	(24,699)
Movement in cash and cash equivalents						
At 1 January	25,590	50,611	50,611	24,381	49,104	49,104
Effect of exchange difference on cash and cash equivalents	(81)	42	(24)	(81)	42	(24)
Decrease during the period/year	(17,160)	(27,745)	(24,997)	(16,434)	(29,430)	(24,699)
At 30 June/31 December	8,349	22,908	25,590	7,866	19,716	24,381

P.O.L.I.C.Y. LIMITED

Unaudited interim quarterly condensed financial statements

UNAUDITED CONDENSED STATEMENTS OF CHANGES IN EQUITY FOR THE SIX MONTHS ENDED 30 JUNE 2011

THE GROUP

Attributable to the owners of the parent

	Share capital Rs'000	Share premium Rs'000	Fair value reserve Rs'000	Retained earnings Rs'000	Total equity Rs'000
At 01 January 2011	170,240	61,964	758,538	369,819	1,360,561
Effect of change in accounting policy for classification and measurement of financial assets	-	-	(758,538)	758,538	-
Total comprehensive income for the half year	-	-	-	103,076	103,076
<i>Transactions with owners</i>					
Dividends	-	-	-	(25,536)	(25,536)
At 30 June 2011	170,240	61,964	-	1,205,897	1,438,101
At 01 January 2010	170,240	61,964	725,255	343,921	1,301,380
Total comprehensive income for the half year	-	-	(31,918)	10,642	(21,276)
<i>Transactions with owners</i>				(25,536)	(25,536)
Dividends	-	-	-	(25,536)	(25,536)
At 30 June 2010	170,240	61,964	693,337	329,027	1,254,568
At 01 January 2010	170,240	61,964	725,255	343,921	1,301,380
Total comprehensive income for the year	-	-	33,283	111,018	144,301
<i>Transactions with owners</i>					
Dividends	-	-	-	(85,120)	(85,120)
At 31 December 2010	170,240	61,964	758,538	369,819	1,360,561

THE COMPANY

	Share capital Rs'000	Share premium Rs'000	Fair value reserve Rs'000	Retained earnings Rs'000	Total equity Rs'000
At 01 January 2011	170,240	61,964	762,900	365,457	1,360,561
Effect of change in accounting policy for classification and measurement of financial assets	-	-	(762,900)	762,900	-
Total comprehensive income for the half year	-	-	-	103,076	103,076
<i>Transactions with owners</i>					
Dividends	-	-	-	(25,536)	(25,536)
At 30 June 2011	170,240	61,964	-	1,205,897	1,438,101
At 01 January 2010	170,240	61,964	728,565	340,611	1,301,380
Total comprehensive income for the half year	-	-	(32,623)	11,347	(21,276)
<i>Transactions with owners</i>					
Dividends	-	-	-	(25,536)	(25,536)
At 30 June 2010	170,240	61,964	695,942	326,422	1,254,568
At 01 January 2010	170,240	61,964	728,565	340,611	1,301,380
Total comprehensive income for the year	-	-	34,335	109,966	144,301
<i>Transactions with owners</i>					
Dividends	-	-	-	(85,120)	(85,120)
At 31 December 2010	170,240	61,964	762,900	365,457	1,360,561

P.O.L.I.C.Y. LIMITED

Notes to the unaudited interim quarterly financial statements as at 30 June 2011

- 1 The unaudited interim quarterly condensed financial statements have been prepared on the same basis of the accounting policies set out in the statutory financial statements of the Group for the year ended 31 December 2010, except for the adoption of relevant amendments to published Standards and Interpretations issued now effective and early adoption of IFRS 9 - Financial Instruments. Comparatives have not been restated in accordance with the transitional provision of IFRS 9. This interim report complies with International Accounting Standards 34.

The condensed financial statements for the quarter to 30 June 2011 are unaudited.

2 OVERVIEW

- a) The decrease in revenue and operating profit during the period is explained by the loss incurred on disposal of investments as opposed to a realised profit in the relevant period in 2010.
- b) Following early adoption of IFRS 9 all investments previously classified as available for sale have been reclassified as at fair value through profit or loss, with the result that unrealised gain on valuation of investments previously recorded as other comprehensive income are now booked in profit or loss. This had the following impact on the financial results of the Company:
- Significant increase in profit: Rs. 94.8 million for the quarter ended 30 June 2011 compared to Rs. 12.7 million for the relevant quarter in 2010 and Rs. 103.1 million for the half year ended 30 June 2011 compared to Rs. 10.6 million for the half year ended 30 June 2010.
 - earnings per share were significantly higher: Re. 0.56 for the quarter under review (quarter ended 30 June 2010 - Re. 0.07) and Re. 0.61 for the half year ended 30 June 2011 (half year ended 30 June 2010 - Re. 0.06).
- c) An interim cash dividend amounting to Rs. 25.5 million was declared and paid during the quarter under review.
- d) The Net Asset Value per share, inclusive of dividends, rose by 5.76%; from Rs. 7.99 as at 31 December 2010 to Rs. 8.45 as at 30 June 2011. Total equity stood at Rs. 1.44 billion at the end of the quarter under review (Rs. 1.25 billion as at 30 June 2010).

By Order of the Board
Abax Corporate Administrators Ltd
Secretary

Date: 09 August 2011

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 interim reporting statement 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.

P.O.L.I.C.Y. LIMITED

Notes to the unaudited interim quarterly financial statements as at 30 June 2011

SEGMENTAL INFORMATION

P.O.L.I.C.Y. Limited reportable segments are strategic business units that offer long term investments and others. The accounting policies of the operating segment is the same as those described in the statutory financial statements of the Group/Company for the year ended 31 December 2010 except for the adoption of relevant amendments to published standards, standards and Interpretations issued now effective.

	<u>Long-term Investments</u>	<u>Short-term Investments</u>	<u>Others</u>	<u>Total</u>
	Rs' 000	Rs' 000	Rs' 000	Rs' 000
Six month ended 30 June 2011				
Total segment revenues - external revenues	9,738	300	-	10,038
Total segment profit before tax	101,667	1,472	-	103,139
Six month ended 30 June 2010				
Total segment revenues - external revenues	17,253	(311)	-	16,942
Total segment profit before tax	11,956	(705)	-	11,251
Year ended 31 December 2010				
Total segment revenues	120,233	1,681	993	122,907
Total segment profit before tax	109,273	945	892	111,110
Total assets				
30 June 2011	1,421,722	19,492	974	1,442,188
30 June 2010	1,242,712	16,312	-	1,259,024
31 December 2010	1,336,928	27,208	745	1,364,881

Review

As at 30 June, the Net Asset Value ("NAV") per share of P.O.L.I.C.Y. Limited ("POLICY") stood at MUR 8.45 (after payment of an interim dividend per share of MUR 0.15) compared to MUR 8.04 as at 31 March, representing an increase of 7.0% for the quarter. Gainers among the top 5 holdings were Sun Resorts (+11.5%), MCB (+11.2%), UBP (+5.2%) and SBM (+2.1%). NMH, POLICY's second holding, lost 1.4%.

NAV as at 30 June 2011, including net current assets of MUR 34 million, stood at MUR 1,438 million. The securities portfolio, worth MUR 1,404 million at that date, comprised 86.9% of SEM stocks, 6.5% of DEM stocks, 2.0% of unquoted investments and 2.2% of foreign investments.

During the quarter under review, POLICY's share price increased from MUR 8.90 to MUR 9.60 and an interim dividend of MUR 0.15 was paid, thus showing a performance of 9.6%. As at 30 June 2011, POLICY shares were trading at a premium of 13.6% to its NAV.

Share price and NAV evolution



Performance figures and ratios

	2006	2007	2008	2009	2010	2Q11
POLICY						
Share price ¹	114.3%	25.4%	-9.5%	58.1%	7.0%	9.6%
Net Asset Value ¹	48.4%	55.7%	-24.8%	24.5%	11.1%	7.0%
Portfolio Turnover Ratio ²	12.0%	6.4%	31.4%	32.7%	19.7%	7.2%
Share Turnover Ratio	7.4%	3.9%	11.5%	6.2%	4.3%	0.9%
Local market						
SEMTRI	56.8%	59.1%	-33.6%	45.7%	22.0%	5.1%
SEM-7	50.7%	80.6%	-44.0%	35.0%	3.5%	5.1%
Market Turnover Ratio ³	5.1%	6.8%	10.4%	6.9%	6.6%	1.3%
Market Turnover Ratio ⁴	6.1%	8.2%	8.1%	8.0%	7.1%	1.3%

¹ Performance adjusted for dividends paid

² Total value of purchases and sales divided by the average NAV

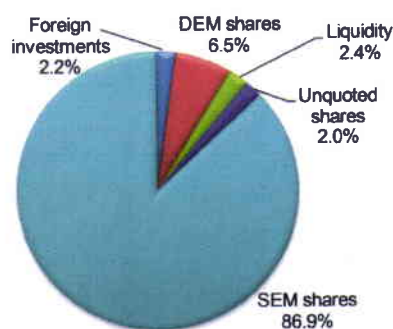
³ Turnover (in MUR) divided by the market capitalisation at period end

⁴ Turnover (in MUR) divided by the average market capitalisation

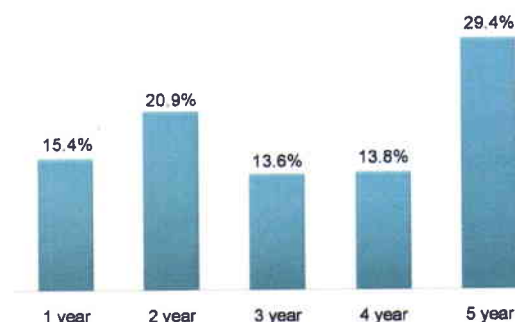
Top 5 holdings as at 30 June 2011	MUR million	% of NAV
The Mauritius Commercial Bank Ltd	674.1	46.9%
New Mauritius Hotels Ltd	148.4	10.3%
United Basalt Products Ltd	136.5	9.5%
State Bank of Mauritius Ltd	76.8	5.3%
Sun Resorts Ltd	43.9	3.0%
Total	1,079.7	75.0%

Sector allocation as at 30 June 2011	Portfolio allocation	SEMDEX allocation
Banks, Insurance & Other Finance	54.1%	44.1%
Leisure & Hotels	15.2%	14.7%
Industry	10.1%	7.9%
Investments	6.9%	8.2%
Commerce	4.9%	11.7%
Sugar	2.8%	12.1%
Transport	0.0%	1.1%
Foreign	2.2%	0.2%
Others	1.5%	0.0%
Liquidity	2.3%	0.0%
Total	100.0%	100.0%

Portfolio composition as at 30 June 2011



Annualised returns as at 30 June 2011



Looking ahead

Economic uncertainties in developed markets are expected to continue to have a detrimental effect on the Stock Exchange of Mauritius. We are nevertheless looking for opportunities in companies having a clear regional strategy.