



2015 Annual  
**REPORT**

**P.O.L.I.C.Y.**

L i m i t e d

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# Annual Report

## Dear Shareholder,

The Board of Directors is pleased to present the Annual Report of P.O.L.I.C.Y. Limited for the year ended 31 December 2015. This report has been approved by the Board on 10 March 2016.

On behalf of the Board of Directors, we invite you to attend the Annual Meeting of Shareholders which will be held as follows:

**Date:** 12 May 2016

**Time:** 10h00

**Place:** c/o Abax Corporate Administrators Ltd  
6th Floor, Tower A  
1 CyberCity  
Ebene

We look forward to seeing you.

Sincerely



**Mr. Vincent Ah Chuen**  
**Chairperson**



**Mr. Pierre de Chasteigner du Mée**  
**Vice Chairperson**

# Notice of Annual Meeting of Shareholders

Notice is hereby given that the Annual Meeting of Shareholders of P.O.L.I.C.Y.Limited will be held at the Registered Office of the Company, at c/o Abax Corporate Administrators Ltd, 6th Floor, Tower A, 1 CyberCity, Ebene on Thursday 12 May 2016 at 10h00 to transact the following business in the manner required for the passing of

## ORDINARY RESOLUTIONS:

## AGENDA

1. To receive and approve the minutes of proceedings of the last Annual Meeting held on 16 June 2015.
2. To consider and adopt the financial statements, to receive the auditors' report and to consider the Annual Report for the year ended 31 December 2015.
3. To re-elect Mr. Vincent Ah Chuen, Director retiring and eligible for re-election.
4. To re-elect Mr. Richard Arlove, Director retiring and eligible for re-election.
5. To re-elect Mr. Pierre de Chasteigner du Mée, Director retiring and eligible for re-election.
6. To re-elect Mr. Pierre Yves Pougnet, Director retiring and eligible for re-election.
7. To re-elect Me. Georges André Robert, G.O.S.K., O.B.E., S.A. in accordance with Section 138(6) of the Companies Act 2001.
8. To re-elect Mr. Stéphane Henry, Director retiring and eligible for re-election.
9. To re-elect Mr. Marc Emmanuel Vives, Director retiring and eligible for re-election.
10. To re-elect Professor Donald Ah Chuen, G.O.S.K, in accordance with Section 138(6) of the Companies Act 2001.
11. To re-elect Mr. Sydney Ah Yoong, Director retiring and eligible for re-election.
12. To re-elect Mrs. Danielle Lagesse, S.A., Director retiring and eligible for re-election.
13. To fix the Directors' remuneration as recommended by the Remuneration Committee.
14. To note that BDO & Co, having indicated their willingness to continue in office, will be automatically reappointed as auditors, and to authorise the Directors to fix their remuneration.

BY ORDER OF THE BOARD



**ABAX CORPORATE ADMINISTRATORS LTD**  
**COMPANY SECRETARY**

10 March 2016

# Notice of Annual Meeting of Shareholders

Cont'd

## NOTES:

- 1.** A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of him, and that proxy need not also be a member.
- 2.** Proxy forms are available with the Company Secretary at Abax Corporate Administrators Ltd, 6th Floor, Tower A, 1 CyberCity, Ebene.
- 3.** Completed proxy forms should be delivered at Abax Corporate Administrators Ltd, 6th Floor, Tower A, 1 CyberCity, Ebene by Wednesday 11 May 2016 at 10h00 at latest.
- 4.** For the purpose of this Annual Meeting, the Directors have resolved, in compliance with Section 120(3) of The Companies Act 2001, that the Shareholders who are entitled to receive notice of the meeting shall be those shareholders whose names are registered in the share register of the Company as at 15 April 2016.
- 5.** The minutes of the Annual Meeting held on 16 June 2015 are available for consultation by the shareholders during office hours at the registered office of the Company, 6th Floor, Tower A, 1 CyberCity, Ebene.
- 6.** The minutes of the Annual Meeting to be held on 12 May 2016 will be available for consultation and comments during office hours at the registered office of the Company, 6th Floor, Tower A, 1 CyberCity, Ebene as from 1 June 2016.

2015

# Annual REPORT

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

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## COMPANY PROFILE

P.O.L.I.C.Y. Limited was incorporated as a public company on 15 June 1979. It is an investment company with a long-term investment strategy. It is listed on the Stock Exchange of Mauritius since 1992.

# Board of Directors & Committees of The Board

## BOARD OF DIRECTORS

### CHAIRPERSON .....

Mr. Vincent Ah Chuen

### VICE CHAIRPERSON .....

Mr. Pierre de Chasteigner du Mée

### DIRECTORS .....

Mr. Vincent Ah Chuen  
Professor Donald Ah Chuen G.O.S.K.  
Mr. Sydney Ah Yoong  
Mr. Richard Arlove  
Mr. Pierre de Chasteigner du Mée  
Mr. Stéphane Henry  
Mrs. Danielle Lagesse S.A.  
Mr. Pierre Yves Pougnet  
Me. Georges André Robert G.O.S.K., O.B.E., S.A.  
Mr Marc Emmanuel Vives  
Mrs. Priscille Koenig – Alternate Director to Mr. Richard Arlove

## COMMITTEES OF THE BOARD

### Corporate Governance, Nomination and Remuneration Committees .....

Mr. Vincent Ah Chuen (Chairperson)  
Mr. Pierre de Chasteigner du Mée  
Professor Donald Ah Chuen G.O.S.K.  
Mrs. Danielle Lagesse S.A.

### Audit & Risk Committee .....

Mr. Pierre Yves Pougnet (Chairperson)  
Professor Donald Ah Chuen G.O.S.K.  
Mr. Sydney Ah Yoong  
Me. Georges André Robert G.O.S.K., O.B.E., S.A.

### Investment Committee .....

Mr. Pierre de Chasteigner du Mée (Chairperson)  
Mr. Vincent Ah Chuen  
Mr. Sydney Ah Yoong  
Mr. Marc Emmanuel Vives

# Corporate Information

## CORPORATE INFORMATION

### REGISTERED OFFICE .....

c/o Abax Corporate Administrators Ltd  
6th Floor, Tower A  
1 CyberCity  
Ebene

### ADMINISTRATOR AND COMPANY SECRETARY .....

Abax Corporate Administrators Ltd  
6th Floor, Tower A  
1 CyberCity  
Ebene

### REGISTRAR .....

Abax Corporate Administrators Ltd  
6th Floor, Tower A  
1 CyberCity  
Ebene

### FUND MANAGER .....

IPro Fund Management Ltd  
3rd Floor, Ebène Skies  
Rue de L'institut  
Ebene

### AUDITORS .....

BDO & Co.  
10, Frère Félix de Valois Street  
Port Louis

### BANKERS .....

The Mauritius Commercial Bank Ltd  
AfrAsia Bank Ltd



# Statement of Directors` Responsibilities

The Board accepts the responsibility for the preparation of financial statements which give a true and fair view of the financial position, financial performance and cash flows of the Company and which comply with the Companies Act 2001 and the International Financial Reporting Standards.

In preparing those financial statements, the Directors have:

- Selected suitable accounting policies and then apply them consistently;
- Made judgments and estimates that are reasonable and prudent;
- Stated whether International Financial Reporting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- Prepared the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business; and
- Adhered to the provisions of the Code of Corporate Governance or explain instances where compliance has not been possible.

The Directors also confirm their responsibility for safeguarding the assets of the Company.

The Directors confirm that they have complied with the above requirements in preparing the financial statements.

The Board acknowledges its responsibility for ensuring the preparation of the financial statements in accordance with the International Financial Reporting Standards and the responsibility of external auditors to report on these financial statements.

The Board also acknowledges its responsibility for ensuring the maintenance of adequate accounting records and an effective system of internal controls and risk management.



**Mr. Vincent Ah Chuen**  
Chairperson



**Mr. Pierre de Chasteigner du Mée**  
Vice Chairperson

# Chairperson's Statement

Dear Shareholder,

It is a genuine privilege to present this Annual Report 2015 as Chairman of P.O.L.I.C.Y. Limited ("the Company"). The Company has a long-term investment strategy and invests primarily in the equity securities of companies listed on the Stock Exchange of Mauritius.

For the financial year ended 31st December 2015, the index SEMTRI declined by 10.1%, which was the consequence of a generally subdued economic environment. However, the return to the shareholders of the Company was +3.5%, resulting from the Net Asset Value decrease of 2.9% over the year and dividend distributions of 6.4%.

Group Profit for the year 2015 stood at Rs.39 million, compared to Rs.122 million in 2014, as the Company has decided to delay some disposals with the objective of benefiting from higher sales prices in the future.

Throughout the year under review, the Investment Manager and the Registrar, Administrator and Corporate Secretary have worked with determination to maintain high standards for the Company.

Finally, I would like to thank my fellow Directors for their commitment and all shareholders for their continued support. I firmly believe we have the right strategy to deliver the long-term performance that our shareholders expect and deserve.



Mr. Vincent Ah Chuen  
**Chairperson**

# Statement of compliance

(Section 75 (3) of the Financial Reporting Act)

**Name of PIE:** P.O.L.I.C.Y. LIMITED

**Reporting Period:** 1 January to 31 December 2015

We, the Directors of P.O.L.I.C.Y. Limited, confirm that, to the best of our knowledge, P.O.L.I.C.Y. Limited has complied with all of its obligations and requirements under the Code of Corporate Governance, except for Sections 7.2 and 8.3.2.

**Reasons for non-compliance are as follows:**


Sections 7.2 and 8.3.2

The Company has not adopted any Code of Ethics or Board Charter, as such, but the Board bases itself on the Code of Corporate Governance as Guideline, and on the Code of Ethics of the Service Providers.

Signed by:



**Mr. Vincent Ah Chuen**  
Chairperson



**Mr. Pierre de Chasteigner du Mée**  
Vice Chairperson

10 March 2016

2015

Annual  
**REPORT**

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

L i m i t e d

CORPORATE  
GOVERNANCE  
REPORT 2015

“Good corporate governance can contribute in terms of growth,  
financial stability and performance”

# Corporate Governance Report

The Board recognises corporate governance as a matter of priority. The Board considers that good corporate governance can contribute in terms of growth, financial stability and performance. It therefore accepts its responsibility under the Code of Corporate Governance for Mauritius (The “Code”).

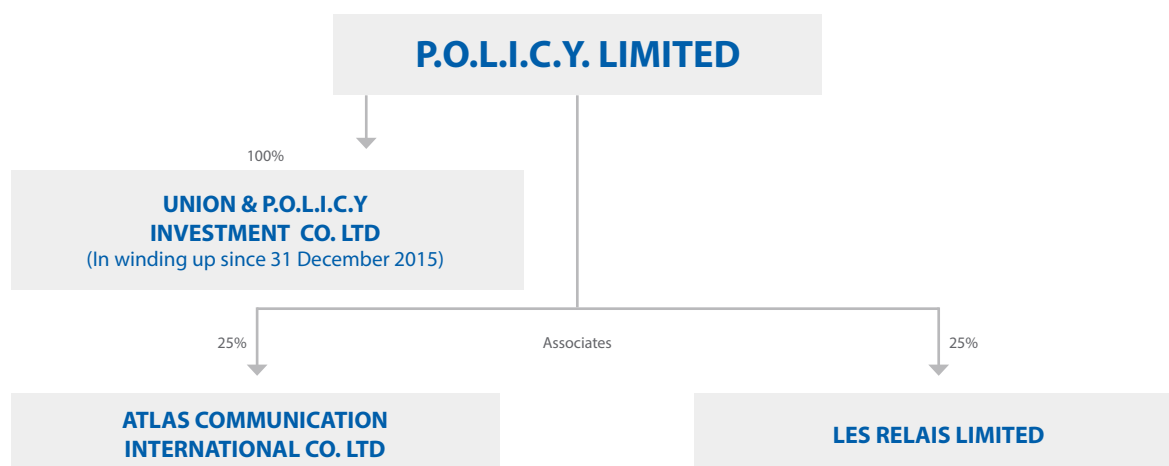
As at 31 December 2015, the Board is comprised of ten Directors, amongst whom six are Independent Non-Executives; two are Non-Executive and two are Executive Directors. The Directors disclose their interests at Board Meetings, as and when required for a specific transaction.

The Company, being an investment holding entity, does not have any employee or senior management. It has two main service providers; IPRO Fund Management Ltd, Fund Manager, and Abax Corporate Administrators Ltd, Registrar, Administrator and Corporate Secretary.

The Directors continuously review the implications of corporate governance best practices to ensure strategic guidance of the Group, by formulating appropriate risk policies, corporate strategies, plans of action and performance objectives.

In accordance with the provisions of the Code, all Directors stand for re-election at all Annual Meetings of Shareholders.

## HOLDING STRUCTURE AND COMMON DIRECTORS



### • UNION AND P.O.L.I.C.Y. INVESTMENT CO. LTD

The Company holds 100% of the issued share capital of Union and Policy Investment Co. Ltd., an investment company, which entered into a voluntary winding up on 31 December 2015. Mr Shareef Ramjan of 5th Floor, Labourdonnais Court, Corner Labourdonnais & St Georges Streets, Port Louis, Mauritius, has been appointed as liquidator at the same date.

## ASSOCIATE COMPANIES

- ATLAS COMMUNICATION INTERNATIONAL CO. LTD
- LES RELAIS LIMITED

The Company owns 25% of Atlas Communication International Co. Ltd and Les Relais Ltd, two companies operating in the telecommunications sector, which are Associates of P.O.L.I.C.Y. Limited.

Mr Stéphane Henry has been appointed to represent the Company on the Board of Directors of the Associate companies.

# Corporate Governance Report

## BOARD OF DIRECTORS AND ATTENDANCE AT MEETINGS HELD IN 2015

In 2015, the Board met six times. During that year, the Board, amongst others, approved the Annual Report and Financial Statements for the year ended 31 December 2014, the interim condensed financial statements for the quarters ended 31 March, 30 June and 30 September 2015, and the payment of an interim and of a final dividend.

The overall attendance record at Board and Committee meetings is set out in the table below:

DIRECTORS	Category	Board Meeting (6)	Audit & Risk Committee (4)	Corporate Governance Committee (1)	Investment Committee (4)	Nomination Committee (3)	Remuneration Committee (1)
Vincent Ah Chuen	b	6 out of 6	1 out of 1	-	3 out of 3	-	-
Prof. Donald Ah Chuen, G.O.S.K.	b	4 out of 5	3 out of 3	-	-	-	-
Sydney Ah Yoong	a	5 out of 5	3 out of 3	-	3 out of 3	-	-
Richard Arlove	c	4 out of 6	-	-	-	-	-
Pierre Chasteigner du Mée	a	6 out of 6	1 out of 1	-	4 out of 4	-	-
Stéphane Henry	c	6 out of 6	-	-	-	-	-
Danielle Lagesse, S.A.	a	5 out of 5	-	-	-	-	-
Olivier Lagesse	a	1 out of 1	-	1 out of 1	1 out of 1	3 out of 3	1 out of 1
Bernard Mayer	b	1 out of 1	-	-	1 out of 1	-	-
Pierre Yves Pougnet	a	5 out of 6	4 out of 4	0 out of 1	-	2 out of 3	0 out of 1
Me. Georges André Robert, G.O.S.K., O.B.E., S.A.	a	6 out of 6	3 out of 3	1 out of 1	1 out of 1	3 out of 3	1 out of 1
Marc Emmanuel Vives	a	5 out of 6	-	-	3 out of 3	-	-
Priscille Koenig (Alternate to Richard Arlove)	c	2 out of 6	-	-	-	-	-

Category:

a: Independent Non-Executive | b: Non-Executive | c: Executive

# Corporate Governance Report

## DIRECTORS' PROFILES

### (i) Vincent Ah Chuen

**Vincent Ah Chuen** is the Managing Director of ABC Group of Companies. He is a director on the Board of Mauritius Union Assurance Company Limited, La Prudence Mauricienne Assurance Ltée and Chairman of Associated Brokers Ltd. He is the director of ABC Motors Company Ltd and Les Moulins de la Concorde Ltée. He is a member of the MIOD and the Chinese Chamber of Commerce. He is also active in various social and cultural activities

### (ii) Professor Donald Ah-Chuen, G.O.S.K.

**Professor Donald Ah-Chuen** holds an M.B.A (University of Strathclyde, UK). He is also a Fellow of Chartered Accountant Institute (England & Wales) and Fellow of Chartered Accountant Institute (Australia) and holds an M.C.I.P.D (Chartered Institute of Personnel & Development, UK). In March 2009, he was conferred the distinction of G.O.S.K (Grand Officer of the Star and Key of the Indian Ocean) in recognition of his valuable contribution in the sectors of Banking & Financial Services and Tertiary Education. Professor Ah Chuen is also a Director of ABC Motors Company Limited, company listed on the DEM.

### (iii) Sydney Ah Yoong

**Sydney Ah Yoong** is a fellow member of the Association of Chartered Certified Accountants (ACCA) since 1987. He has worked at Deloitte for more than 38 years and is a retired partner since December 2012. He is also a Director of ABC Motors Co Ltd, company listed on the DEM.

### (iv) Richard Arlove

**Richard Arlove** is the Chief Executive Officer of ABAX, a group providing integrated corporate business and advisory services in Mauritius and in a few other countries. Prior to joining ABAX in 2001, Mr Arlove worked for 10 years in the accounting profession, mainly at PwC in Mauritius and the UK; and 10 years as General Manager with companies involved in manufacturing, media and entertainment, logistics and marketing of global brands of consumer and electronic products. He is a Fellow member of the Association of Chartered Certified Accountants.

### (v) Pierre de Chasteigner du Mée

**Pierre de Chasteigner du Mée**, A.C.E.A., Managing Director of Associated Brokers Ltd., is a Sworn Broker, a Stockbroker, on the Stock Exchange of Mauritius, a licensed Company Secretary and a fellow member of the Chartered Management Institute (England). He is a member of the National Pensions Board, National Savings Fund Technical Committee, National Pension / National Savings Fund Investment Committee and of the Advisory Council of the Mauritius Sugar Authority. He is also a Director of Investec Bank (Mauritius) Ltd. Since completing his Chartered Accountancy Studies in the U.K., he has occupied various functions as Group Financial Controller and Sugar Estate General Manager within the Constance Group and as Executive Director of Constance Hotels Services Ltd.

### (vi) Stéphane Henry

**Stephane Henry** has been actively involved in the management of the portfolio of P.O.L.I.C.Y. Limited over the last twenty years. Stephane has been the CEO of the IPRO Group since March 2005. The IPRO Group has over Rs. 8 billion of assets under management, with a focus on Mauritius, Botswana, Africa and India. He holds a Master II degree in Wealth Management (Gestion de Patrimoine) from the University of Clermont-Ferrand, France and a Master's degree from the Pau Business School, France. Mr Henry is a Director of IPRO Growth Fund Ltd and IPRO Funds Ltd (African Market Leaders Fund), which are listed on the Mauritius Stock Exchange and of India Fund Inc, which is listed on the New York Stock Exchange.

# Corporate Governance Report

## **(vii) Priscille Koenig**

**Priscille Koenig**, ACIS, is currently the Chief Risk Officer at ABAX. Before joining ABAX ten years ago, she spent over twenty years at PricewaterhouseCoopers Mauritius where she headed the firm's company secretarial department. Mrs Koenig acted as Company Secretary for several companies listed on the Stock Exchange of Mauritius and currently acts as Director on a number of Global Business companies.

## **(viii) Danielle Lagesse, S.A.**

**Danielle Lagesse** (Senior Attorney), qualified as Attorney at Law of the Supreme Court of Mauritius in 1980. She appears as Instructing Attorney to Q.C.s and Senior Counsels in many Supreme Court cases involving important corporate issues. She is now a great supporter of Alternate Dispute Resolution, mainly Mediation and Arbitration.

She is a Fellow of the Mauritius Institute of Directors (MIoD) created in 2007 to promote training of Directors, good corporate governance, competence and transparency within companies. In fact she is a founder member thereof and one of its Directors during 5 years. She is also a Member of the Australian Institute of Directors.

## **(ix) Pierre Yves Pougnet**

**Pierre Yves Pougnet**, an accountant by profession, is the Vice Chairman of the "Food and Allied" Group. He was appointed to the Board of P.O.L.I.C.Y. Limited in 1981. Mr. Pougnet is also a director on the Board of Livestock Feed Ltd and Les Moulins de la Concorde Ltée.

## **(x) Me. Georges André Robert, G.O.S.K., O.B.E., S.A.**

**Georges André Robert**, holder of an honours degree in Jurisprudence from Oxford University, is a qualified attorney at law since 1966 and has in July 2008 retired from his attorney practice. He has been involved in civil and commercial cases, accordingly advising sugar estates, banks, insurance companies, trading companies and offshore companies. In 1995, he was appointed Senior Attorney and in 2004 an honorary O.B.E was bestowed upon him. In 2005, the University of Mauritius conferred an Honorary Fellowship in Law upon Me Robert. In 2014, he was further elevated to the rank of the Grand Officer of the Star and Key of the Indian Ocean (G.O.S.K) by the President of the Republic of Mauritius for his contribution in the legal field.

## **(xi) Marc Emmanuel Vives**

**Marc-Emmanuel Vives** has joined CIEL Finance as CEO in September 2014, bringing with him more than 25 years of experience at Société Générale. After initial steps within the General Inspection of the Group, he spent the next 18 years of his career in various assignments in emerging countries, first in Argentina as Commercial director, then Chairman & CEO of Société Générale Argentina, later in Russia, as CEO of Bank Société Générale Vostok, before becoming First Deputy Chairman of Rosbank, finally in India as Country manager. Marc Emmanuel holds a Master's degree in Business Administration from HEC Business School France, as well as a degree in History from Sorbonne University in Paris.



# Corporate Governance Report

The directorship of the directors of P.O.L.I.C.Y. Limited in other listed companies as at 31 December 2015 is as follows:

DIRECTORS	DIRECTORSHIP IN LISTED COMPANIES
Vincent Ah Chuen	The Mauritius Union Assurance Co. Ltd, Les Moulins de la Concorde Ltée and ABC Motors Co Ltd
Prof. Donald Ah Chuen, G.O.S.K.	ABC Motors Co Ltd and ABC Banking Corporation Limited
Sydney Ah Yoong	ABC Motors Co Ltd
Richard Arlove	Triangle Real Estate India Fund LLC
Pierre de Chasteigner du Mée	None
Stéphane Henry	I PRO Growth Funds Ltd and I PRO Funds Ltd
Danielle Lagesse, S.A.	None
Pierre Yves Pougnet	Les Moulins de la Concorde Ltée, Livestock Feed Ltd and Tropical Paradise Co. Ltd
Me. Georges André Robert, G.O.S.K, O.B.E., S.A.	None
Marc Emmanuel Vives	None
Priscille Koenig	None

# Corporate Governance Report

## COMMITTEES OF THE BOARD OF DIRECTORS

Following the Annual Meeting of 2015, the board has delegated specific responsibilities to three Committees, which operate within clearly defined terms of reference, namely, the Corporate Governance Committee (which also acts as the Remuneration and Nomination Committee), the Investment Committee and the Audit and Risk Committee. They report regularly to the Board, and recommend specific matters for approval.

## CORPORATE GOVERNANCE, NOMINATION AND REMUNERATION COMMITTEES

The functions and mandate of the Corporate Governance Committee are to assist the Board in fulfilling its responsibilities to ensure that the Company complies with the prevailing corporate governance principles.

The Current Corporate Governance Committee is composed of the following members:

- Vincent Ah Chuen – Chairperson
- Prof. Donald Ah Chuen, G.O.S.K.
- Pierre de Chasteigner du Mée
- Danielle Lagesse, S.A.

The Corporate Governance Committee, which also acts as the Remuneration and Nomination Committee, is devoted to the continuing review and articulation of the governance structure of the Board. The Corporate Governance Committee met in February 2015 to review the Corporate Governance Report for the year 2014 before due recommendation to the Board. It also met as Remuneration Committee in February 2015 to consider and recommend the directors' fees as well as the fees of the members of the various committees. The Nomination Committee has as well met in January and March 2015 where the following directors were recommended to the Board for nomination as Directors:

- Marc Emmanuel Vives
- Stéphane Henry
- Sydney Ah Yoong
- Prof. Donald Ah Chuen, G.O.S.K.
- Danielle Lagesse, S.A.

# Corporate Governance Report

Its role is also to ensure that the reporting requirements on Corporate Governance, whether in the Annual Report, or on an ongoing basis, are in accordance with the principles of the Code of Corporate Governance.

The Terms of Reference of the Corporate Governance Committee, which embrace the Terms of Reference of the Nomination Committee and of the Remuneration Committee, are to:

- Ascertain whether potential new directors are fit and proper and are not disqualified from being directors. Prior to their appointment, their background is thoroughly investigated;
- Ensure that the potential new director is fully cognizant of what is expected from a director, in general, and from him or her in particular;
- Ensure that the right balance of skills, expertise and independence is maintained;
- Ensure that there is a clearly defined and transparent procedure for shareholders to recommend potential candidates;
- Ensure that potential candidates are free from material conflicts of interest and are not likely to simply act in the interests of a major shareholder, substantial creditor or significant supplier of the company. This is of particular importance when the candidate has been nominated by virtue of a shareholders' agreement, or such other agreement. In any case, candidates so nominated cannot be considered independent; Pay particular attention to the potential conflicts of interest and other ethical problems that could arise in cases where the potential candidate is already a director of a company, or forms part of a group, that is a competitor of the Company;
- Ensure that those directors who, in the opinion of the Board, have either acted in accordance with the instructions of a third party or have not discharged their duties as directors to the satisfaction of the Board, not to be nominated for re-election;
- Determine, develop and agree on the Company's general policy on directors remuneration; and
- Determine the level of non-executive and independent non-executive fees to be recommended to the shareholders.

## INVESTMENT COMMITTEE

The main purpose of the Investment Committee is to ensure that the Company's investment plan delivers decent performance against benchmarks. The Committee participates in the diligent implementation of the Company's Investment Plan and has a major role in overseeing investment selection decisions.

The Current Investment Committee is composed of the following members:

- [Pierre de Chasteigner du Mée – Chairperson](#)
- [Vincent Ah Chuen](#)
- [Sydney Ah Yoong](#)
- [Marc Emmanuel Vives](#)

The Committee met four times during the year 2015, where it mainly reviewed the Company's portfolio, investment strategy, investment plan and the methods of evaluation for its investments. It also recommended, for Board ratification, the purchases and disposals of various securities.

# Corporate Governance Report

The Terms of Reference of the Investment Committee are to:

- Review and approve periodically the investment policies and overall strategies of the Company. In doing so, the following should be considered:
  - a. General economic and environmental trends and predictions;
  - b. Sector and country specific performance and forecasts; and
  - c. Changes or alterations to current legislation having an effect on investments.
- Determine an appropriate investment strategy, including asset mix;
- Set asset portfolio performance targets;
- Set performance targets for the investment manager;
- Review, decide and approve investment choices based on advice provided by the investment manager as and when necessary. In doing so, the committee should perform the following:
  - a. Verify that all necessary steps and controls have been performed prior to investment proposal being formulated by the investment manager;
  - b. Verify adherence to investment policy;
  - c. Discuss and consider relevant issues (returns, volatility and absolute risk) to decide whether to invest or not in specific assets;
  - d. Consider whether adding specific assets in the portfolio will reduce risk and volatility due to possible diversification effect resulting from a lower correlation with other assets; and
  - e. Decide whether any excess expected return over and above average returns justifies investing in the specific asset given the potential increased level of risks involved.
- Monitor the performance of the asset portfolio and the investment manager against the agreed benchmarks and targets, seeking all necessary explanations to perform appropriate analysis;
- Review and report to the Board of Directors all matters relating to the administration, supervision and management of the plan;
- Review the diligent implementation by management of the repurchase of Company securities under any repurchase program set down by the Board of Directors;
- Oversee the risk management activities of the Treasury function with respect to the Company's existing investments;
- Access the Company's executives as necessary in order to carry out these responsibilities; and
- Perform any other activities or responsibilities from time to time assigned to such Committee by action of the Board which are consistent with this Charter, the Company's Bylaws and governing law as the Committee or the Board of Directors deems necessary or appropriate.

# Corporate Governance Report

## AUDIT AND RISK COMMITTEE

The Audit and Risk Committee supports the Board in fulfilling its responsibilities in ensuring the integrity of the Company's financial management and reporting.

The Current Audit and Risk Committee is composed of the following members:

- Pierre Yves Pougnet - Chairperson
- Prof. Donald Ah Chuen, G.O.S.K.
- Sydney Ah Yoong
- Me. Georges André Robert, G.O.S.K., O.B.E., S.A.

The Audit & Risk Committee met four times in 2015. During the year 2015, the Committee mainly reviewed the Annual Report and Financial Statements for the year ended 31 December 2014, the Interim condensed financial statements for the quarters ended 31 March, 30 June and 30 September 2015, the remuneration package of the auditors.

The activities and functions of the Audit and Risk Committee include the following:

### (a) Financial Reporting

- Ascertain the integrity of the annual audited financial statements by reviewing significant financial reporting issues and judgements which they contain;
- Review the financial statements where necessary;
- Review the significant assumptions, estimates and judgements used in the preparation of the financial statements;
- Ensure whether the Company has followed appropriate accounting standards taking into account the view of the external auditor;
- Ensure the maximum transparency in the financial statements; and
- Ensure the effectiveness of the Company's internal audit function and the appointment, compensation and replacement of the company's internal auditor.

### (b) External Audit

- Review and assess the external audit plans;
- Review and monitor management's responsiveness to the findings and recommendations of the external auditors;
- Review and monitor the effectiveness of the external audit function;
- Consider the risk areas of the Company's operations to be covered in the scope of the external audits;
- Consider and make recommendations to the Board, on the appointment and reappointment of the Company's external auditors;
- Recommend the level of remuneration of the auditors and the terms of their engagement;
- Assess annually the independence and objectivity of the auditors.

# Corporate Governance Report

## (c) Internal Audit

The directors confirm their ultimate responsibility for the internal audit function / control. As the Company does not have any employee, the directors have ensured that the service providers (IPRO Fund Management Ltd and Abax Corporate Administrators Ltd) have adequate internal control procedures in place.

The Terms of Reference of the Audit and Risk Committee, as formally adopted by the Company, consist of the following:

- The functioning of the internal control system of the Company's service providers.
- The functioning of the internal audit department of the Company's service providers;
- The risk areas of the Company's operations and of its service providers;
- The assessment and assurance of the quality of the risk management process;
- The reliability and accuracy of the financial information provided by Management to the Board and other users of financial information; The use of the services of the external and internal auditors;
- The accounting or auditing concerns identified as a result of the external audits;
- The Company's compliance with legal and regulatory requirements with regard to financial matters;
- The scope and results of the external audit and its cost effectiveness, as well as the independence and objectivity of the external auditors;
- The nature and extent of non-audit services provided by the external auditors, where applicable; and
- The financial information to be published by the Board.

The Audit Committee confirms that it has complied with its Terms of Reference, and that it is fully satisfied of its responsibilities for the year.

Shareholders, on request, should be able to obtain a copy of the current Terms of Reference of the Audit Committee at the Registered Office of the Company.

## RISK MANAGEMENT

The Company, being an investment company and having no employee, does not have any physical, human resources or technology risk exposures. Compliance is taken care of by Abax Corporate Administrators Ltd (Abax) pursuant to a Service Agreement between the Company and Abax.

# Corporate Governance Report

As an investment company, the Company faces a number of risks which have to be effectively managed so as to protect its long term sustainability and its strength, and to safeguard its assets and the interests of the stakeholders.

## a) Market Risk

The financial markets are influenced by numerous unpredictable factors including economic conditions, monetary and fiscal policies, natural disaster and investor sentiment. The Group or Company may incur losses as a result of increased market volatility as these fluctuations may adversely impact the valuation of its trading and investment positions. The management of market risk is part of the fund management process and is typical of equity investment. The portfolio is managed with an awareness of the effects of adverse price movements through detailed and continued analysis with the objective of maximising overall return to shareholders.

## b) Interest Rate Risk

Changes in the level of interest rates impact on the return of cash flow and equities.

## c) Credit Risk

The Company takes exposure on credit risk when dealing with third parties.

## d) Liquidity Risk

The Company is exposed to liquidity risk in so far as it holds investments that cannot be bought or sold quickly, without significant price concessions.

## e) Country Risk

The political, economic stability and viability of a country's economy, with more and more global investors, is becoming an important issue in the risk management process. The financial and political stability of the Republic of Mauritius being of prime importance for our Company, the Investment Committee regularly keeps abreast of the country's economic outlook.

## DIRECTORS' EMOLUMENTS

Total emoluments and other benefits paid by the Company to the directors in 2015 amounted to Rs 1,257,500. The 2015 payments were made as follows:

	RS
Vincent Ah Chuen	168,750
Prof. Donald Ah Chuen, G.O.S.K.	112,500
Sydney Ah Yoong	112,500
Richard Arlove	85,000
Pierre Chasteigner du Mée	150,000
Stéphane Henry	85,000
Danielle Lagesse, S.A.	86,250
Pierre Yves Pougnet	138,750
Me. Georges André Robert, G.O.S.K., O.B.E., S.A.	126,250
Marc Emmanuel Vives	115,000
Olivier Lagesse (Resigned on 30 March 2015)	48,750
Bernard Mayer (Resigned on 30 March 2015)	28,750

No remuneration was paid to the directors of the subsidiary, or to the alternate director.

# Corporate Governance Report

## REMUNERATION OF BOARD AND COMMITTEE MEMBERS

Annual Remuneration as at 31 December 2015 is as follows:

- (a) Board Meeting**
  - Chairperson – Rs 115,000
  - Director – Rs 85,000
  
- (b) Audit Committee**
  - Chairperson – Rs 50,000
  - Committee member – Rs 35,000
  
- (c) Corporate Governance Committee**
  - Chairperson – Rs 40,000
  - Committee member – Rs 30,000
  
- (d) Investment Committee**
  - Chairperson – Rs 40,000
  - Committee member – Rs 30,000

## STATEMENT OF REMUNERATION PHILOSOPHY

All remuneration policy is reviewed and proposed by the Remuneration Committee. The directors` fees are paid on an annual basis, and take into account prevailing market conditions and members` contributions in their respective functions.



# Corporate Governance Report

## DIRECTORS DEALING IN COMPANY'S SHARES

With regard to directors dealing in the shares of the Company, the Directors confirm that they have followed the absolute prohibition principles as detailed in Appendix 6 of the Mauritius Stock Exchange Listing Rules.

The Directors traded in the Company's shares in 2015, as follows:

Name of Director	No. of shares traded in 2015	
	Bought	Sold
Vincent Ah Chuen	-	-
Prof. Donald Ah Chuen, G.O.S.K.	-	-
Sydney Ah Yoong	-	-
Richard Arlove	-	-
Pierre Chasteigner du Mée	-	-
Stéphane Henry	-	-
Danielle Lagesse, S.A.	-	-
Pierre Yves Pougnet	-	-
Me. Georges André Robert, G.O.S.K., O.B.E., S.A.	-	-
Marc Emmanuel Vives	-	-
Olivier Lagesse (Resigned on 30 March 2015)	-	11,462,264
Bernard Mayer (Resigned on 30 March 2015)	-	1,734,841

## DIRECTORS' SHARE INTEREST

The Directors' direct and indirect interests in the shares of the Company in 2015 are as follows:

Name of Director	No. of shares – 31 December 2015	
	Direct	Indirect
Vincent Ah Chuen	1,091,158	57,507,693
Prof. Donald Ah Chuen, G.O.S.K.	26,421	56,724,560
Sydney Ah Yoong	-	-
Richard Arlove	168,327	-
Pierre Chasteigner du Mée	-	480,133
Stéphane Henry	-	-
Danielle Lagesse, S.A.	-	-
Pierre Yves Pougnet	639,933	-
Me. Georges André Robert, G.O.S.K., O.B.E., S.A.	2,399,777	396,226
Marc Emmanuel Vives	-	-
Priscille Koenig	53,333	-

(Beneficial interest only; no non-beneficial interest)

# Corporate Governance Report

## CONTRACTS WITH EXECUTIVE DIRECTORS

The Company has no contract with its Executive Directors.

## BOARD APPRAISAL

Once a year, the Directors are assessed both individually and collectively as a Board.

## SHAREHOLDERS' AGREEMENTS

The Company has no Shareholders' Agreement.

## THIRD PARTY MANAGEMENT CONTRACTS

IPRO Fund Management Ltd, being the Company's Fund Manager, and Abax Corporate Administrators Ltd, being the Company's Registrar, Administrator and Secretary respectively, had third party management contracts with the Company during the year under review.

## MATERIAL CLAUSES OF THE CONSTITUTION

There were no Material Clauses.

## RELATED PARTY TRANSACTIONS

During the year under review, Richard Arlove and Priscille Koenig (Directors of Abax) are deemed to have had related party transactions with the Company.

For details of related party transactions, please refer to Note 20 of the Financial Statements.

### DATA ANALYSIS ON SHAREHOLDINGS AS AT 31 DECEMBER 2015

Size of Shareholding	Number of Shareholders	Number of Shares Owned	Percentage Shareholding
1 – 5,000 shares	1,139	1,559,197	0.687
5,001 – 10,000 shares	234	1,710,471	0.754
10,001 – 50,000 shares	516	12,757,344	5.620
50,001 – 100,000 shares	141	10,118,341	4.458
100,001 – 250,000 shares	138	21,962,070	9.675
250,001 – 500,000 shares	66	23,886,998	10.524
500,001 – 15,000,000 shares	59	102,087,667	44.975
15,000,001 – 50,000,000 share	3	52,904,584	23.307
Total	2,296	226,986,672	100.000

# Corporate Governance Report

Shareholder Category	Number of Shareholders	Number of shares owned	Percentage Shareholding
Individuals	2,144	151,489,387	66.739
Insurance & Assurance Cos	5	763,539	0.336
Pension & Provident Funds	13	5,168,786	2.277
Investment & Trust Cos	21	17,240,382	7.595
Other Corporate Bodies	112	52,309,577	23.045
Plc Groups	1	15,001	0.007
Total	2,296	226,986,672	100.000

## SUBSTANTIAL SHAREHOLDERS

Shareholders holding directly at least 5% of the Company's shares as at 31 December 2015 were as follows:

- Mr Pierre Joseph Emile Latour-Adrien – 8.65 %
- Jemlac Investment Ltd – 7.38 %
- ABC Motors Co Ltd – 7.28 %
- Mr Chien Si Pui – 6.59 %
- Devlin Investments Ltd – 5.74 %

## SHARE PRICE INFORMATION



# Corporate Governance Report

## AUDITORS' FEES

Audit fees for the year	THE GROUP		THE COMPANY	
	2015	2014	2015	2014
	Rs. 000	Rs. 000	Rs. 000	Rs. 000
BDO & Co	265	256	207	201
Fees for other services provided for the year: Review of quarterly condensed accounts and other non-attested work	97	89	86	81
<b>TOTAL</b>	<b>362</b>	<b>345</b>	<b>293</b>	<b>282</b>

## DIVIDEND POLICY

The Company aims at a regular dividend return to shareholders, subject to the solvency test being satisfied as required under S 61(2) of the Companies Act 2001. Consideration is also given to the Company's funding requirements in determining the level of dividends.

## DIVIDENDS

	2015		2014	
	Dividends per share	Total dividends paid	Dividends per share	Total dividends paid
	Rs.	Rs.	Rs.	Rs.
Interim (MAY)	0.15	34,048,001	0.15	34,048,001
Final (NOVEMBER)	0.20	45,397,334	0.25	56,746,668
<b>TOTAL</b>	<b>0.35</b>	<b>79,445,335</b>	<b>0.40</b>	<b>90,794,669</b>

## SHARE OPTION PLAN

The Company does not have any employee share option plan.

## ENVIRONMENTAL ISSUES

The Company's activities have no impact on the environment.

## SOCIAL ETHICS

The Company contributes to charitable and educational actions.

# Corporate Governance Report

## DONATIONS

During the year, the Company had made the following charitable donations totalling Rs 150,000 under its Corporate Social Responsibility programme (2014: Rs 150,000):

- Nepal Fund – Rs 25,000
- Foyer Vivre Debout – Rs 50,000
- Link to Life – Rs 25,000
- Safire – Rs 50,000

No political donations were made during the year.

## IMPORTANT EVENTS

The Calendar for the year ending 31 December 2016 is as follows:

Events	Dates
1 Quarterly Board meetings to approve Annual and Quarterly accounts	March, May, August and November respectively
2 Declaration of dividend	May and November
3 Annual Meeting of Shareholders	May

# Manager's Report

## MARKET OVERVIEW

Statistics Mauritius reviewed the 2015 growth rate downwards three times over the last twelve months. The initial forecast of 4.1% in March 2015 was revised down to 3.8% in June, to 3.6% in September, 3.4% in December, to reach a final figure of 3.1% in March 2016. Fortunately, the declining trend in oil prices helped to keep inflation subdued.

Corporate earnings during the year were generally below expectations, except for MCB Group, LUX Island Resorts and Ciel Textile. Tourist arrivals went up by 11%, as a result of the opening of air access.

The MCB Group went up by 5.2% during the year despite net foreign sales of Rs.2.5 bn. SBM Holdings, in contrast, tumbled by 30.4% with net foreign sales of Rs.1.4 bn. The best market performance for 2015 was achieved by Phoenix Beverages (+65.8%): it was the only stock where foreign investors were net buyers.

The SEMTRI, SEMDEX and SEM-10 posted negative performances in 2015 of -10.1%, 12.7% and 10.2% respectively.

	1Q15	2Q15	3Q15	4Q15	2015
SEMTRI	-4.5%	0.9%	-2.7%	-4.2%	-10.1%
SEMDEX	-4.8%	0.3%	-3.6%	-5.2%	-12.7%
SEM-10	-2.5%	0.6%	-3.6%	-5.1%	-10.2%

The performance per sector in 2015 was as follows:

Sector	Performance
Banks, Insurance & Other Finance	-3.2%
Commerce	-12.5%
Industry	15.7%
Investments	-5.5%
Leisure & Hotels	-21.0%
Property Development	-35.3%
Sugar	-17.4%
Transport	-37.5%
Foreign	13.8%

## NET ASSET VALUE

POLICY's Net Asset Value ("NAV") decreased from Rs. 5.50 as at 31st December 2014 to Rs. 5.34 as at 31st December 2015. Adjusted for the cash dividends paid to shareholders of Re. 0.35, POLICY's performance over the period was 3.5%. POLICY's NAV significantly out-performed the local indices in 2015.

# Manager's Report

## TOTAL PORTFOLIO

Total equity stood at Rs. 1,211 million as at 31st December 2015, compared to Rs. 1,248 million as at 31st December 2014, representing a decrease of 2.9%. However, Rs.79 million of dividends were paid to shareholders in 2015.

## PORTFOLIO COMPOSITION AS AT 31 DECEMBER 2015

Investments listed on the Official Market of the Stock Exchange of Mauritius represented 86.2% of the total portfolio as at 31st December 2015.

	31 December 2015		31 December 2014	
	Rs. in million	% of total portfolio	Rs. in million	% of total portfolio
SEM shares	1,046	86.2%	1,015	81.3%
DEM shares	85	7.0%	76	6.1%
Unquoted shares	17	1.4%	16	1.3%
Investment in subsidiary - UPIC*	13	1.1%	20	1.6%
International Investments	75	6.2%	55	4.4%
Liquidity	(24)	-1.9%	66	5.3%
<b>Total</b>	<b>1,213</b>	<b>100.0%</b>	<b>1,248</b>	<b>100.0%</b>

\* UNION AND P.O.L.I.C.Y. INVESTMENT CO. LTD.

## PORTFOLIO SECTOR ALLOCATION AS AT 31 DECEMBER 2015

Banks, Insurance & Other Finance represented 59.2% of the total portfolio as at 31st December 2015, compared to 51.2% as at 31st December 2014.

Sector	31 December 2015		31 December 2014	
	% of total portfolio	SEMDEX allocation	% of total portfolio	SEMDEX allocation
Banks, Insurance & Other Finance	59.2%	43.4%	51.2%	42.3%
Investments	16.9%	28.1%	19.8%	27.1%
Leisure & Hotels	8.0%	11.3%	8.3%	13.5%
Industry	9.9%	6.6%	9.2%	5.7%
Property Development	0.3%	0.8%	0.5%	1.0%
Sugar	0.0%	2.3%	0.0%	2.5%
Transport	0.0%	0.6%	0.0%	0.8%
Commerce	0.0%	6.8%	0.0%	7.1%
Foreign	6.2%	0.1%	4.4%	0.0%
Unquoted	1.4%	0.0%	1.2%	0.0%
Liquidity	-1.9%	0.0%	5.3%	0.0%
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

# Manager's Report

## TOP 10 HOLDINGS

POLICY's top 10 holdings represented 84.7% of the total portfolio as at 31 December 2015 compared to 79.5% as at 31 December 2014.

MCB Group Limited remained POLICY's top holding, with a 51.4% portfolio allocation as at 31st December 2015.

Holdings	2015 % of NAV	Holdings	2014 % of NAV
MCB Group Limited	51.4%	MCB Group Limited	44.6%
Alteo Ltd	6.4%	Alteo Ltd	6.8%
Lux* Island Resorts Ltd	5.9%	Terra Mauricia Ltd	6.1%
Phoenix Beverages Ltd	4.4%	Lux* Island Resorts Ltd	4.2%
Ciel Textile Ltd	4.0%	Ciel Textile Ltd	3.8%
Terra Mauricia Ltd	3.7%	Phoenix Beverages Ltd	3.7%
Mauritian Eagle Insurance Co. Ltd	2.5%	Sun Resorts Ltd	3.0%
Swan Insurance Co. Ltd	2.5%	Mauritian Eagle Insurance Co. Ltd	3.0%
Ciel Ltd	2.2%	Ciel Ltd	2.4%
The Mauritius Union Assurance Co. Limited	1.7%	Swan Insurance Co. Ltd	1.9%
<b>Total</b>	<b>84.7%</b>	<b>Total</b>	<b>79.5%</b>

## MAIN INVESTMENT TRANSACTIONS FOR 2015

During the financial year 2015, Rs.139 million of investments were added to the portfolio, while Rs.95 million of proceeds from sales were received. As a result, a net amount of Rs.44 million was invested during the year under review.

The main additions took place on MCB Group (net additions of Rs.37 million), international investments (net additions of Rs.24 million), Lux\* Island Resorts (Rs.20 million) and the Mauritius Union Assurance (Rs.14 million).

The main disposals were related to Terra (Rs.22 million), Phoenix Beverages and Phoenix Investment (Rs.31 million).



# Manager's Report

## PERFORMANCE FIGURES AND RATIOS

	2011	2012	2013	2014	2015
Share price <sup>1</sup>	-1.1%	-23.2%	64.6%	5.3%	-8.7%
Net Asset Value <sup>1</sup>	-2.9%	-2.5%	23.3%	2.6%	3.5%
Dividend in Re	0.50	0.37	0.40	0.40	0.35
Dividend Yield <sup>2</sup>	5.6%	7.7%	5.3%	5.3%	5.4%
SEMTRI	-1.3%	-5.5%	24.4%	1.8%	-10.1%
Market Dividend Yield <sup>3</sup>	3.0%	3.4%	2.8%	3.0%	3.7%

1 Performance adjusted for dividends paid and bonus issue

2 Total dividends paid during the year divided by the share price at year end

3 Source: Stock Exchange of Mauritius Newsletter

## OUTLOOK

Following the market decline experienced since October 2014, it is difficult to determine whether the floor has been reached. Foreign investors remain very often net sellers of local shares, including MCB Group shares.

Mauritius is currently facing two main hurdles:

- A subdued local growth environment
- The necessity for the large market capitalisations to invest on the African Continent, where growth prospects are attractive but risks are extremely high.

We are constructive about the ability of Mauritian listed companies to overcome the challenging macro-economic environment. Stock selection remains however a key element of the Company's growth strategy.

# Secretary`s Certificate

TO THE MEMBERS OF P.O.L.I.C.Y. LIMITED

UNDER SECTION 166 (d) OF THE MAURITIAN COMPANIES ACT 2001

We confirm that, based on records and information made available to us by the Directors of the Company, the Company has filed with the Registrar of Companies, for the financial year ended 31 December 2015, all such returns as are required of the company under the Mauritius Companies Act 2001.



**NISHA PROAG-DOOKUN**  
**FOR ABAX CORPORATE ADMINISTRATORS LTD**

**COMPANY SECRETARY**

**10 March 2016**

2015 Annual  
**REPORT**

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

L i m i t e d

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# Independent Auditors' Report to the Members

This report is made solely to the members of P.O.L.I.C.Y. Limited (the "Company"), as a body, in accordance with Section 205 of the Companies Act 2001. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

## Report on the Financial Statements

We have audited the group financial statements of P.O.L.I.C.Y. Limited and its subsidiary (together referred to as the "Group") and the Company's separate financial statements on pages 40 to 70 which comprise the statement of financial position at 31 December 2015, the statements of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

### Directors' Responsibility for the Financial Statements

The directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and in compliance with the requirements of the Companies Act 2001, and for such internal control as the directors determine is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

### Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company'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 statements.

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

# Independent Auditors' Report to the Members

## Report on the Financial Statements (Cont'd)

### Opinion

In our opinion, the financial statements on pages 49 to 70 give a true and fair view of the financial position of the Company at 31 December 2015, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and comply with the Companies Act 2001.

## Report on Other Legal and Regulatory Requirements

### Companies Act 2001

We have no relationship with, or interests in, the Company, other than in our capacity as auditors and dealings in the ordinary course of business.

We have obtained all information and explanations we have required.

In our opinion, proper accounting records have been kept by the Company as far as it appears from our examination of those records.

### Financial Reporting Act 2004

The directors are responsible for preparing the Corporate Governance Report. Our responsibility is to report the extent of compliance with the Code of Corporate Governance as disclosed in the annual report and on whether the disclosures are consistent with the requirements of the Code.

In our opinion, the disclosures in the annual report are consistent with the requirements of the Code.



**BDO & CO**  
Chartered Accountants



**Ameenah Ramdin, FCCA, ACA**  
Licensed by FRC

Port-Louis,  
Mauritius.

10 March 2016

# Statements of Comprehensive Income

For the year ended 31 december 2015

	Notes	THE GROUP		THE COMPANY	
		2015 Rs'000	2014 Rs'000	2015 Rs'000	2014 Rs'000
Revenue	4	40,474	36,114	40,031	35,318
Net gain on investments	5	12,844	96,619	19,341	95,786
		<b>53,318</b>	132,733	<b>59,372</b>	131,104
Administrative expenses	6	(10,264)	(10,368)	(9,482)	(9,524)
Impairment	13 (d)	(5,340)	-	(5,340)	-
<b>Profit before finance income</b>		<b>37,714</b>	122,365	<b>44,550</b>	121,580
Finance income	7	1,587	327	1,587	327
<b>Profit before income tax</b>		<b>39,301</b>	122,692	<b>46,137</b>	121,907
Income tax expense	8	(105)	(247)	(105)	(247)
<b>Profit for the year</b>		<b>39,196</b>	122,445	<b>46,032</b>	121,660
<b>Other comprehensive income:</b>					
Items that may be subsequently reclassified to profit or loss					
Available-for-sale financial assets	9	3,422	(89,085)	(3,414)	(88,300)
<b>Other comprehensive income for the year</b>		<b>3,422</b>	(89,085)	<b>(3,414)</b>	(88,300)
<b>Total comprehensive income for the year</b>		<b>42,618</b>	33,360	<b>42,618</b>	33,360
<b>Profit attributable to:</b>					
Owners of the parent		<b>39,196</b>	122,445		
<b>Total comprehensive income attributable to:</b>					
Owners of the parent		<b>42,618</b>	33,360		
<b>Earnings per share for profit attributable to the equity owners of the parent during the year (Rs.)</b>	10	<b>0.17</b>	0.54	<b>0.20</b>	0.54

The notes on pages 44 to 70 form an integral part of these financial statements.  
Auditors' report on pages 38 and 39

# Statement of Financial Position

As at 31 December 2015

	Notes	2015 Rs'000	2014 Rs'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Investment in subsidiary	11	-	20,368
Financial assets at fair value through profit or loss	12	10,201	9,425
Available-for-sale financial assets	13 (a)	1,226,521	1,152,151
		<b>1,236,722</b>	<b>1,181,944</b>
<b>Current assets</b>			
Current tax receivable	8	73	-
Trade and other receivables	14	1,870	3,147
Cash and cash equivalents	15	18,580	65,971
		<b>20,523</b>	<b>69,118</b>
<b>Total assets</b>		<b>1,257,245</b>	<b>1,251,062</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Capital and reserves</b>			
Share capital	16	226,987	226,987
Share premium		5,217	5,217
Fair value reserve		556,586	560,000
Retained earnings		422,694	456,107
<b>Total equity</b>		<b>1,211,484</b>	<b>1,248,311</b>
<b>Current liabilities</b>			
Trade and other payables	17	3,599	2,580
Current tax payable	8	-	171
Bank overdraft	15	42,162	-
<b>Total liabilities</b>		<b>45,761</b>	<b>2,751</b>
<b>Total equity and liabilities</b>		<b>1,257,245</b>	<b>1,251,062</b>

These financial statements have been approved for issue by the Board of Directors on : 10 March 2016

Mr Vincent Ah - Chuen  
Name of Director



Signature

Mr Pierre - Yves Pougmet  
Name of Director



Signature

The notes on pages 44 to 70 form an integral part of these financial statements.  
Auditors' report on pages 38 and 39



# Statement of Changes in Equity

For the year ended 31 December 2015

	Notes	Share capital Rs'000	Share premium Rs'000	Fair value reserve Rs'000	Retained earnings Rs'000	Total equity Rs'000
At 01 January 2015		226,987	5,217	560,000	456,107	1,248,311
Profit for the year		-	-	-	46,032	46,032
Other comprehensive income for the year	9	-	-	(3,414)	-	(3,414)
Total comprehensive income for the year		-	-	(3,414)	46,032	42,618
Dividends	18	-	-	-	(79,445)	(79,445)
<b>At 31 December 2015</b>		<b>226,987</b>	<b>5,217</b>	<b>556,586</b>	<b>422,694</b>	<b>1,211,484</b>
At 01 January 2014		226,987	5,217	648,300	425,242	1,305,746
Profit for the year		-	-	-	121,660	121,660
Other comprehensive income for the year	9	-	-	(88,300)	-	(88,300)
Total comprehensive income for the year		-	-	(88,300)	121,660	33,360
Dividends	18	-	-	-	(90,795)	(90,795)
<b>At 31 December 2014</b>		<b>226,987</b>	<b>5,217</b>	<b>560,000</b>	<b>456,107</b>	<b>1,248,311</b>

The notes on pages 44 to 70 form an integral part of these financial statements.  
Auditors' report on page 38 and 39

# Statement of Cash Flows

For the year ended 31 December 2015

Note	2015 Rs'000	2014 Rs'000
<b>Cash flows from operating activities</b>		
Profit before income tax	46,137	121,907
<b>Adjustments for:</b>		
Net gain on available-for-sale financial assets	(18,565)	(94,009)
Fair value changes in financial assets at fair value through profit or loss	(776)	(1,777)
Interest income	(311)	(1,158)
Interest expense	332	-
Foreign exchange gain	(1,898)	(246)
Impairment of available-for-sale financial assets	5,340	-
<b>Operating profit before working capital changes</b>	<b>30,259</b>	24,717
<b>Changes in working capital:</b>		
Decrease in dividend receivable	1,092	214
Decrease/(increase) in trade and other receivables	91	(87)
Increase/(decrease) in trade and other payables	1,019	(102)
<b>Cash generated from operations</b>	<b>32,461</b>	24,742
Tax paid	(349)	(311)
<b>Net cash generated from operating activities</b>	<b>32,112</b>	24,431
<b>Cash flows from investing activities</b>		
Purchase of available-for-sale financial assets	(138,781)	(66,865)
Proceeds from disposal of available-for-sale financial assets	94,590	182,660
Interest received	405	1,158
<b>Net cash (used in)/generated from investing activities</b>	<b>(43,786)</b>	116,953
<b>Cash flows from financing activities</b>		
Dividends paid	(79,445)	(90,795)
Interest paid	(332)	-
<b>Net cash used in financing activities</b>	<b>(79,777)</b>	(90,795)
(Decrease)/increase in cash and cash equivalents	<b>(91,451)</b>	50,589
<b>Cash and cash equivalents at 01 January</b>	<b>65,971</b>	15,136
Exchange gain on cash and cash equivalents	1,898	246
(Decrease)/increase in cash and cash equivalents	<b>(91,451)</b>	50,589
<b>Cash and cash equivalents at 31 December</b>	<b>(23,582)</b>	65,971

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The notes on pages 44 to 70 form an integral part of these financial statements.  
Auditors' report on pages 38 and 39

# Notes to the Financial Statements

Year ended 31 December 2015

## 1. GENERAL INFORMATION

The financial statements of the Company for the year ended 31 December 2015 were authorised for issue in accordance with a resolution of the directors on 10 March 2016. The Company is a limited company incorporated as a public company on 15 June 1979 and is listed on the Stock Exchange of Mauritius since 1992. The registered office is located at c/o Abax Corporate Administrators Ltd, 6th Floor, Tower A, 1 CyberCity, Ebene, Republic of Mauritius.

The principal activity of the Company is to act as an investment company with a long-term investment strategy.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

### Basis of preparation

The financial statements of P.O.L.I.C.Y. Limited have been prepared in accordance with International Financial Reporting Standards ("IFRS") and under the historical cost convention as modified by the fair valuation of available-for-sale and financial assets at fair value through profit or loss.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires the directors to exercise their judgment in the process of applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are described below:

### Critical accounting estimates and assumptions

#### *Fair valuation of unquoted investments*

Fair values of unquoted investments classified as available-for-sale and at fair value through profit or loss are determined by using valuation techniques. The Fund Manager's evaluation takes into consideration a business review of the underlying investments (performance development compared with plans) and the actual and planned transactions in the investments. The valuation techniques adopted make use of observable data, assumptions and estimates to which the Fund's Manager relies on for their valuation of unquoted investments. Given the inherent uncertainty and the assumptions involved, the resulting fair value of unquoted investments could differ from the value that would have been used had a ready market for those assets existed. Certain available-for-sale investments are stated at cost less impairment as their fair value cannot be reliably measured as there is no active market and an absence of trade records for such or similar investments. These investments are not material to the Company.

### Critical judgements in applying the Company's accounting policies

#### *Impairment of available-for-sale equity investments*

The Company follows the guidance of IAS 39 to determine when an available-for-sale equity investment is impaired. This determination requires significant judgement. In making this judgement, the Company evaluates, among other factors, the duration and extent to which the fair value of an investment is less than its cost; and the financial health of and short-term business outlook for the investee, including factors such as industry and sector performance, changes in technology and operational and financing cash flow.

# Notes to the Financial Statements

Year ended 31 December 2015

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### Changes in accounting policies and disclosures

#### *(i) New and amended standards and interpretations adopted by the Company*

The following standard has been adopted by the Company for the first time for the year beginning on 1 January 2015 and has no material impact on the Company except for certain additional disclosures in the notes to the financial statements.

Amendment to IAS 24 – 'Related party disclosures'. The amendment is applied retrospectively and clarifies that a management entity (an entity that provides key management personnel services) is a related party subject to the related party disclosures. In addition, an entity that uses a management entity is required to disclose the expenses incurred for management services. The adoption of the amendment does not have any impact since the Company is already disclosing details of fees paid to its administrator in its related party note.

Other standards, amendments and interpretations which are effective for the financial period beginning on 1 January 2015 are not material to the Company.

#### *(ii) Standards, amendments and interpretation to existing standards that are not yet effective and have not been early adopted by the Company*

##### **IFRS 9 – Financial Instruments (effective for accounting periods beginning on or after 1 January 2018)**

IFRS 9, 'Financial instruments', addresses the classification, measurement and recognition of financial assets and financial liabilities. The complete version of IFRS 9 was issued in July 2014. It replaces the guidance in IAS 39 that relates to the classification and measurement of financial instruments. The standard is effective for accounting periods beginning on or after 1 January 2018. Early adoption is permitted. The Company is yet to assess IFRS 9's full impact.

IFRS 9 introduces new requirements for classifying and measuring financial assets, as follows:

##### **Classification and measurement of financial assets**

All financial assets are measured at fair value on initial recognition, adjusted for transaction costs if the instrument is not accounted for at fair value through profit or loss (FVTPL). Debt instruments are subsequently measured at FVTPL, amortised cost or fair value through other comprehensive income (FVOCI), on the basis of their contractual cash flows and the business model under which the debt instruments are held. There is a fair value option (FVO) that allows financial assets on initial recognition to be designated as FVTPL if that eliminates or significantly reduces an accounting mismatch. Equity instruments are generally measured at FVTPL. However, entities have an irrevocable option on an instrument-by-instrument basis to present changes in the fair value of non-trading instruments in other comprehensive income (OCI) (without subsequent reclassification to profit or loss).

##### **Classification and measurement of financial liabilities**

For financial liabilities designated as FVTPL using the FVO, the amount of change in the fair value of such financial liabilities that is attributable to changes in credit risk must be presented in OCI. The remainder of the change in fair value is presented in profit or loss, unless presentation of the fair value change in respect of the liability's credit risk in OCI would create or enlarge an accounting mismatch in profit or loss. All other IAS 39 Financial Instruments: Recognition and Measurement classification and measurement requirements for financial liabilities have been carried forward into IFRS 9, including the embedded derivative separation rules and the criteria for using the FVO.

##### **Impairment**

The impairment requirements are based on an expected credit loss (ECL) model that replaces the IAS 39 incurred loss model. The ECL model applies to: debt instruments accounted for at amortised cost or at FVOCI; most loan commitments; financial guarantee contracts; contract assets under IFRS 15; and lease receivables under IAS 17 Leases. Entities are generally required to recognise either 12-months' or lifetime ECL, depending on whether there has been a significant increase in credit risk since initial recognition (or when the commitment or guarantee was entered into). For some trade receivables, the simplified approach may be applied whereby the lifetime expected credit losses are always recognised.

# Notes to the Financial Statements

Year ended 31 December 2015

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### Changes in accounting policies and disclosures (Cont'd)

*(ii) Standards, amendments and interpretation to existing standards that are not yet effective and have not been early adopted by the Company (Cont'd)*

*Investment Entities: Applying the Consolidation Exception - Amendments to IFRS 10, IFRS 12 and IAS 28 (effective for accounting periods beginning on or after 1 January 2016)*

This amendment to IFRS 10 "Consolidated Financial Statements", IFRS 12 "Disclosure of Interests in Other Entities" and IAS 28 "Investments in Associates and Joint Ventures" was made to address issues that have arisen in the context of applying the consolidation exception for investment entities by clarifying the following points:

- The exemption from preparing consolidated financial statements for an intermediate parent entity is available to a parent entity that is a subsidiary of an investment entity, even if the investment entity measures all of its subsidiaries at fair value.
- A subsidiary that provides services related to the parent's investment activities should not be consolidated if the subsidiary itself is an investment entity.
- When applying the equity method to an associate or a joint venture, a non-investment entity investor in an investment entity may retain the fair value measurement applied by the associate or joint venture to its interests in subsidiaries.
- An investment entity measuring all of its subsidiaries at fair value provides the disclosures relating to investment entities required by IFRS 12.

The impact of this amendment on the Company is yet to be assessed.

*Annual improvements 2012 – 2014 Cycle (effective for accounting periods beginning on or after 1 January 2016)*

The annual improvements 2012-2014 Cycle make amendments to the following standards:

- IFRS 5 – Adds specific guidance in IFRS 5 for cases in which an entity reclassifies an asset from held for sale to held for distribution or vice versa and cases in which held-for-distribution accounting is discontinued;
- IFRS 7 – Additional guidance given to clarify whether a servicing contract is continuing involvement in a transferred assets, and clarification made on offsetting disclosures in condensed interim financial statements;
- IAS 19 – Clarifies that the high quality corporate bonds used in estimating the discount rate for post-employment benefits should be denominated in the same currency as the benefits to be paid; and
- IAS 34 – Clarifies the meaning of "elsewhere in the interim report" and require a cross reference.

The directors will assess the impact of the amendments when they become effective.

*IAS 1 – Presentation of Financial Statements - Disclosure Initiative (effective for accounting periods beginning on or after 1 January 2016)*

Those amendments seek to address perceived impediments to preparers exercising their judgement in presenting their financial reports by making the following changes:

- clarification that information should not be obscured by aggregating or by providing immaterial information, materiality considerations apply to the all parts of the financial statements, and even when a standard requires a specific disclosure, materiality considerations do apply;

# Notes to the Financial Statements

Year ended 31 December 2015

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### Changes in accounting policies and disclosures (Cont'd)

*(ii) Standards, amendments and interpretation to existing standards that are not yet effective and have not been early adopted by the Company (Cont'd)*

*IAS 1 – Presentation of Financial Statements - Disclosure Initiative (effective for accounting periods beginning on or after 1 January 2016) (Cont'd)*

- clarification that the list of line items to be presented in these statements can be disaggregated and aggregated as relevant and additional guidance on subtotals in these statements and clarification that an entity's share of OCI of equity-accounted associates and joint ventures should be presented in aggregate as single line items based on whether or not it will subsequently be reclassified to profit or loss; and
- additional examples of possible ways of ordering the notes to clarify that understandability and comparability should be considered when determining the order of the notes and to demonstrate that the notes need not be presented in the order so far listed in paragraph 114 of IAS 1.

The impact of this amendment on the Company is yet to be assessed.

There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to be relevant and have a significant impact on the Company.

### (a) Subsidiaries

Subsidiaries are all entities (including special purpose vehicle) over which the Company has control. The Company controls an entity when the Company is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Company. They are deconsolidated from the date that control ceases.

Investments in subsidiaries are initially and subsequently measured at fair value in the separate financial statements. Gains and losses on fair valuation of investment in subsidiaries are shown as a component of other comprehensive income. Dividends, if any, earned on investments are recognised in profit or loss as "Dividend received" when the right of payment is established. If an investment in subsidiary is impaired, an amount comprising the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in profit or loss, is transferred from equity to profit or loss.

When the Company ceases to have control, any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Company had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

The investee company went into voluntary winding up effective 31 December 2015 and the investment in subsidiary has been reclassified as available-for-sale investments.

The subsidiary's income and expenses have been included in the financial statements until the date on which the Company ceased to control the subsidiary; consolidated statement of comprehensive income has been presented accordingly.

### (b) Financial assets

#### Classification

The Company classifies its financial assets in the following categories: at fair value through profit or loss, available-for-sale and loans and receivable. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

# Notes to the Financial Statements

Year ended 31 December 2015

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### (b) Financial assets (Cont'd)

#### *Classification (Cont'd)*

#### (i) *Financial assets at fair value through profit or loss*

##### *Financial assets designated at fair value through profit or loss*

IAS 28, requires that the equity method be applied in accounting for investment in associates. However, when an investment in associates is held through an entity that is a venture capital organisation, or mutual funds, unit trusts, and similar entities including investment-linked insurance funds, the entity may elect to measure those investments in associates at fair value through profit or loss.

#### (ii) *Available-for-sale financial investments*

Available-for-sale financial investments include equity investments. Equity assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the investment matures or management intends to dispose of it within 12 months of the end of the reporting period.

#### (iii) *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets. The Company's loans and receivables comprise of trade and other receivables and cash and cash equivalents in the statement of financial position.

#### *Recognition and measurement*

Regular purchases and sales of financial assets are recognised on the trade-date – the date on which the Company commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in profit or loss. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership. Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables are subsequently carried at amortised cost using the effective interest method.

Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are presented in profit or loss within 'net gain on investments' in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognised in profit or loss as part of investment income when the Company's right to receive payments is established.

Changes in the fair value of monetary and non-monetary securities classified as available-for-sale are recognised in other comprehensive income.

When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments recognised in equity are included in the profit or loss as 'net gain/loss on disposal of available-for-sale financial assets'.

### (c) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counterparty.

# Notes to the Financial Statements

Year ended 31 December 2015

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### (d) Impairment of financial assets

#### (i) *Financial assets carried at amortised cost*

The Company assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

For loans and receivables category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in profit or loss.

#### (ii) *Assets classified as available-for-sale*

The Company assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. For debt securities, the Company uses the criteria referred to in (i) above. In the case of equity investments classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is also evidence that the assets are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from equity and recognised in profit or loss. Impairment losses recognised in profit or loss on equity instruments are not reversed through profit or loss. If, in a subsequent period, the fair value of a debt instrument classified as available-for-sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed.

### (e) Impairment of non-financial assets

The carrying amount of non-financial assets is assessed at each reporting date to determine whether there are any indications of impairment. If any such indication exists, the Company estimates the recoverable amount of the asset being the higher of the asset's net selling price and its value in use, in order to determine the extent of the impairment loss (if any). An impairment loss is recognised for any excess of the asset's carrying amount over its recoverable amount and is taken directly to profit or loss.

### (f) Trade and other receivables

Trade receivables comprise of amounts due from broker for unsettled trades performed in the ordinary course of business. If collection is expected in one year or less, they are classified as current assets. If not, they are presented as non-current assets.

Other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.



# Notes to the Financial Statements

Year ended 31 December 2015

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### (g) Trade and other payables

Trade and other payables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method.

### (h) Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts.

### (i) Share capital

Shares are classified as equity when there is no obligation to transfer cash or other assets.

Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

### (j) Derecognition of financial assets and liabilities

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Company is recognised as a separate asset or liability.

The Company derecognises a financial liability when its contractual obligations are discharged, cancelled or expire.

### (k) Foreign currency translation

#### (i) Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The financial statements are presented in Mauritian Rupees ("Rs") which is the Company's functional and presentation currency. The Mauritian Rupee is the currency that most faithfully reflects the underlying transactions, events and conditions that are relevant to the Company.

#### (ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing on the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date the fair value was determined.

Translation differences on non-monetary items, such as equities held for trading, are reported as part of the fair value gain or loss.

All foreign gains and losses (including cash and cash equivalents) are presented in profit or loss within "finance income/costs".

### (l) Revenue recognition

The Company recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and when specific criteria have been met for each of the Company's activities as described below.

- Dividend income is recognised when the right to receive payment is established.
- Interest income is recognised using the effective interest method.

# Notes to the Financial Statements

Year ended 31 December 2015

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### (m) Current and deferred income tax

The tax expense for the year comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the reporting date in the countries where the Company and its subsidiary operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised in full, using the liability method, on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the date of the statement of financial position and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets on accumulated tax losses are recognised to the extent that it is probable that future taxable amount will be available against which the temporary differences and losses can be utilised.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

### (n) Dividend distribution

Dividend distribution of the Company's shareholders is recognised as a liability in the Company's financial statements in the year in which the dividend are approved.

### (o) Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Company expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in profit or loss net of any reimbursement.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as finance costs.

### (p) Segmental reporting

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, including revenue and expenses that relate to transactions with any of the Company's other components.

# Notes to the Financial Statements

Year ended 31 December 2015

## 3. FINANCIAL RISK MANAGEMENT

### (a) Financial risk factors

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, cash flow interest rate risk and equity price risk), credit risk and liquidity risk. This note presents information about the Company's exposure to each of the said risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital. Further quantitative disclosures are included throughout these financial statements.

The board of directors and the fund manager have overall responsibility for the establishment and oversight of the Company's risk management framework. The Company's risk management policies are established to identify and analyse the risks faced by the Company to set appropriate measures and controls and to monitor risks and adherence to limits.

#### Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

#### (i) Foreign exchange risk

The Company is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the United States Dollars ("USD") and Euro ("EUR"). Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities. Foreign exchange risk arises when future commercial transactions or recognised assets or liabilities are denominated in a currency that is not the entity's functional currency.

The following table indicates the approximate change in the Company's post-tax profits and equity had foreign exchange rates weakened/strengthened by 5% against the Mauritian Rupee with all other variables held constant.

	Effect on post-tax profits		Effect on equity	
	2015 Rs'000	2014 Rs'000	2015 Rs'000	2014 Rs'000
	+/-	+/-	+/-	+/-
USD	24	938	3,293	3,380
EUR	58	239	540	566

Post-tax profit for the year would increase/decrease as a result of gains/losses on cash and cash equivalents. Other components of equity would increase/decrease as a result of gains/losses on equity securities classified as available-for-sale.

#### Currency profile

The currency profile of the Company's financial assets and liabilities is summarised below:

As at 31 December 2015	MUR Rs'000	EUR Rs'000	USD Rs'000	TOTAL Rs'000
Financial assets:				
Available-for-sale financial assets	1,151,490	9,650	65,381	1,226,521
Financial assets at fair value through profit or loss	10,201	-	-	10,201
Trade and other receivables	1,730	-	-	1,730
Cash and cash equivalents	(25,216)	1,158	476	(23,582)
Total assets	1,138,205	10,808	65,857	1,214,870
Financial liabilities:				
Trade and other payables	3,599	-	-	3,599

# Notes to the Financial Statements

Year ended 31 December 2015

## 3. FINANCIAL RISK MANAGEMENT (CONT'D)

### (a) Financial risk factors (cont'd)

#### Market risk (Cont'd)

##### (i) Foreign exchange risk (cont'd)

##### Currency profile (cont'd)

	MUR Rs'000	EUR Rs'000	USD Rs'000	TOTAL Rs'000
<b>As at 31 December 2014</b>				
Financial assets:				
Available-for-sale financial assets	1,096,771	6,550	48,830	1,152,151
Financial assets at fair value through profit or loss	9,425	-	-	9,425
Trade and other receivables	2,916	-	-	2,916
Cash and cash equivalents	42,449	4,770	18,752	65,971
<b>Total assets</b>	<b>1,151,561</b>	<b>11,320</b>	<b>67,582</b>	<b>1,230,463</b>
Financial liabilities:				
Trade and other payables	2,580	-	-	2,580

##### (ii) Cash flow interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair values of financial instruments. The Company's income and operating cash flows are somewhat independent of changes in interest rates. The significant interest bearing financial assets held by the Company are cash and cash equivalents. Interest on cash at bank may fluctuate in amount, in particular due to changes in market interest rates.

##### Sensitivity analysis

The Company's interest rate risk arises from interest received on cash at bank. Based on the assumption that the interest rate had been 0.5% higher or lower on the applicable interest rate, the Company's post-tax profits and equity would have been **Rs. 153,000** lower/higher (2014: Rs. 142,000 lower/higher).

##### (iii) Price risk

The Company is exposed to equity securities price risk because of investments held by the Company and classified in the statement of financial position either as available-for-sale or at fair value through profit or loss. The Company is not exposed to commodity price risk. To manage its price risk arising from investments in equity securities, the Company diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Company.

A significant portion of the Company's investments in equity of other entities are publicly traded on the DEM and the SEM.

##### Sensitivity analysis

The table below summarises the impact of increases/decreases of 5% in the fair value of the investments on the Company's post-tax profits and equity for the year.

	Effect on post-tax profits		Effect on equity	
	2015 Rs'000	2014 Rs'000	2015 Rs'000	2014 Rs'000
	+/-	+/-	+/-	+/-
Impact	<b>510</b>	471	<b>61,836</b>	58,079

# Notes to the Financial Statements

Year ended 31 December 2015

## 3. FINANCIAL RISK MANAGEMENT (CONT'D)

### (a) Financial risk factors (Cont'd)

#### Market risk (Cont'd)

##### (iii) Price risk (Cont'd)

Post-tax profits for the year would increase/decrease as a result of gains/losses on equity securities designated as at fair value through profit or loss. Equity would increase/decrease as a result of gains/losses on equity securities classified as available-for-sale.

#### Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Company has no significant concentrations of credit risk. Credit risk arises from cash and cash equivalents held at banks, other receivables, including dividend and interest receivable, with a maximum exposure equal to the carrying amount of these financial assets at the reporting date. The Company bank with reputable banking institutions.

#### Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed overdraft facilities and the ability to close out market positions.

The Company holds quoted and unquoted investments, which are not regularly traded. Before any investment decision is made, the liquidity risk factor is taken into account. The Company also ensures that the percentage of investments which are not liquid does not exceed reasonable limits for a closed-end investment company.

The amounts disclosed in the tables below are the contractual undiscounted cash flows. Undiscounted cash flows in respect of balances due within 12 months generally equal their carrying amounts in the statement of financial position, as the impact of discounting is not significant.

#### As at 31 December 2015

##### Assets

Available-for-sale financial assets

- 1,226,521 1,226,521

Financial assets at fair value through profit or loss

10,201 - 10,201

Trade and other receivables

1,730 - 1,730

Cash and cash equivalents

(23,582) - (23,582)

##### Total

(11,651) 1,226,521 1,214,870

##### Liabilities

Trade and other payables

3,599 - 3,599

# Notes to the Financial Statements

Year ended 31 December 2015

## 3. FINANCIAL RISK MANAGEMENT (CONT'D)

### (a) Financial risk factors (Cont'd)

#### Liquidity risk (Cont'd)

	Less than 1 year Rs'000	1-5 years Rs'000	Total Rs'000
As at 31 December 2014			
<b>Assets</b>			
Available-for-sale financial assets	-	1,152,151	1,152,151
Financial assets at fair value through profit or loss	-	9,425	9,425
Trade and other receivables	2,916	-	2,916
Cash and cash equivalents	65,971	-	65,971
<b>Total</b>	<b>68,887</b>	<b>1,161,576</b>	<b>1,230,463</b>
<b>Liabilities</b>			
Trade and other payables	2,580	-	2,580

### (b) Fair value estimation

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) 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 (that is, as prices) or indirectly (that is, derived from prices) (level 2);
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The following table presents the Company's assets that are measured at fair value as at 31 December 2015 on a recurring basis:

	Level 1 Rs'000	Level 2 Rs'000	Level 3 Rs'000	Total Rs'000
<b>Assets</b>				
Financial assets at fair value through profit or loss				
- Designated at fair value through profit or loss	-	-	10,201	10,201
Available-for-sale financial assets				
- Equity securities	1,162,222	-	64,299	1,226,521
<b>Total assets measured at fair value</b>	<b>1,162,222</b>	<b>-</b>	<b>74,500</b>	<b>1,236,722</b>

There have been no transfers between levels during the year under review (2014: nil).

The following table presents the Company's assets and liabilities that are measured at fair value at 31 December 2014.

	Level 1 Rs'000	Level 2 Rs'000	Level 3 Rs'000	Total Rs'000
<b>Assets</b>				
Financial assets at fair value through profit or loss				
- Designated at fair value through profit or loss	-	-	9,425	9,425
Available-for-sale financial assets				
- Equity securities	1,094,453	-	57,698	1,152,151
<b>Total assets measured at fair value</b>	<b>1,094,453</b>	<b>-</b>	<b>67,123</b>	<b>1,161,576</b>

# Notes to the Financial Statements

Year ended 31 December 2015

## 3. FINANCIAL RISK MANAGEMENT (CONT'D)

### (b) Fair value estimation (Cont'd)

The fair value of financial instruments traded in active markets is based on quoted market prices at the reporting date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Company is the current bid price. These instruments are included in Level 1, comprise of listed investments and are classified as available-for-sale.

The fair value of financial instruments that are not traded in an active market is determined by using Net Asset Value and these investments are classified under level 3 as there are no observable market data. There has been no change in valuation methodology during the year.

Should NAV be shifted by +/-5%, the impact on post-tax profits and equity would be **Rs. 510,000** and **Rs. 3,215,000** respectively. (2014: Rs. 471,000 and Rs. 3,356,000 respectively).

There have been no transfers between levels during the reporting period (2014: nil). The following table shows a reconciliation of the level 3 fair value measurements:

	Available-for-sale financial assets Rs'000	Financial assets at fair value through profit or loss Rs'000	Total Rs'000
<b>31 December 2015:</b>			
Opening balance	57,698	9,425	67,123
Purchases	7,211	-	7,211
Disposal at fair value	(12,701)	-	(12,701)
Reclassification from investment in subsidiary	13,532		13,532
Total gains or losses:			
- in profit or loss	-	776	776
- in other comprehensive income	(1,441)	-	(1,441)
	<b>64,299</b>	<b>10,201</b>	<b>74,501</b>

31 December 2014:

Opening balance	65,741	7,649	73,390
Purchases	10,222	-	10,222
Disposal at fair value	(21,121)	-	(21,121)
Adjustment	-	(1)	(1)
Total gains or losses:			
- in profit or loss	-	1,777	1,777
- in other comprehensive income	2,856	-	2,856
	<b>57,698</b>	<b>9,425</b>	<b>67,123</b>

The above gains/losses are unrealised and are recorded within 'net gain on investment' in profit or loss and 'available-for-sale financial assets' in other comprehensive income.

# Notes to the Financial Statements

Year ended 31 December 2015

## 3. FINANCIAL RISK MANAGEMENT (CONT'D)

### (b) Fair value estimation (Cont'd)

*Assets and liabilities not carried at fair value but for which fair value is disclosed*

Trade and other receivables and trade and other payables are classified within level 2 whereas cash and cash equivalents are classified within level 1 of the fair value hierarchy.

The assets mentioned above are carried at amortised cost; their carrying values are a reasonable approximation of fair value.

Cash and cash equivalents include bank overdraft, deposits held at call with banks and other short term investments in an active market.

Trade and other receivables represent the contractual amounts receivable by the Company for settlements of trade. Trade and other payables represent the contractual amounts and obligations due by the Company for settlements of trade and expenses.

### (c) Capital management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The Company's strategy has remained unchanged from previous years.

The Company sets the amount of capital in proportion to risk. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt.

### (d) Financial instruments by category

#### 31 December 2015

#### Financial assets

Available-for-sale financial assets

Financial assets at fair value through profit or loss

Trade and other receivables

Cash and cash equivalents

	Available-for-sale Rs'000	Assets at fair value through profit or loss Rs'000	Loans and receivables Rs'000	Total Rs'000
Available-for-sale financial assets	1,226,521	-	-	1,226,521
Financial assets at fair value through profit or loss	-	10,201	-	10,201
Trade and other receivables	-	-	1,730	1,730
Cash and cash equivalents	-	-	(23,582)	(23,582)
	1,226,521	10,201	(21,852)	1,214,870

#### Financial liabilities

Trade and other payables

Other financial liabilities at amortised cost Rs'000	Total Rs'000
3,599	3,599



# Notes to the Financial Statements

Year ended 31 December 2015

## 3. FINANCIAL RISK MANAGEMENT (CONT'D)

### (d) Financial instruments by category (Cont'd)

31 December 2014	Available-for-sale Rs'000	Assets at fair value through profit or loss Rs'000	Loans and receivables Rs'000	Total Rs'000
<b>Financial assets</b>				
Available-for-sale financial assets	1,152,151	-	-	1,152,151
Financial assets at fair value through profit or loss	-	9,425	-	9,425
Trade and other receivables	-	-	2,916	2,916
Cash and cash equivalents	-	-	65,971	65,971
	1,152,151	9,425	68,887	1,230,463

### Financial liabilities

Trade and other payables

Other financial liabilities at amortised cost Rs'000	Total Rs'000
2,580	2,580

## 4. REVENUE

	THE GROUP		THE COMPANY	
	2015 Rs'000	2014 Rs'000	2015 Rs'000	2014 Rs'000
<b>(a) Dividend income from available-for-sale financial assets</b>				
Listed - SEM	33,858	28,653	33,858	28,653
Listed - DEM	3,543	3,707	3,543	3,707
Foreign	608	301	608	301
Unquoted - Local	884	435	884	435
	38,893	33,096	38,893	33,096
<b>(b) Dividend income from financial assets at fair value through profit or loss</b>				
Listed - SEM	217	299	-	-
Listed - DEM	175	103	-	-
Unquoted	582	857	582	857
	974	1,259	582	857
<b>(c) Other income</b>	607	1,759	556	1,365
<b>TOTAL</b>	40,474	36,114	40,031	35,318

# Notes to the Financial Statements

Year ended 31 December 2015

## 5. NET GAIN ON INVESTMENTS

	THE GROUP		THE COMPANY	
	2015 Rs'000	2014 Rs'000	2015 Rs'000	2014 Rs'000
<b>(a) Net gain on derecognition of available-for-sale financial assets</b>				
Listed - SEM	11,118	80,175	11,118	80,175
Listed - DEM	4,084	10,868	4,084	10,868
Foreign	3,363	2,966	3,363	2,966
	<b>18,565</b>	<b>94,009</b>	<b>18,565</b>	<b>94,009</b>
<b>(b) Net (loss)/gain on disposal of financial assets at fair value through profit or loss</b>				
Listed - SEM	(687)	549	-	-
Listed - DEM	314	218	-	-
	<b>(373)</b>	<b>767</b>	<b>-</b>	<b>-</b>
<b>(c) Changes in fair value of financial assets at fair value through profit or loss</b>				
Listed	(6,124)	66	-	-
Unquoted	776	1,777	776	1,777
	<b>(5,348)</b>	<b>1,843</b>	<b>776</b>	<b>1,777</b>
<b>TOTAL</b>	<b>12,844</b>	<b>96,619</b>	<b>19,341</b>	<b>95,786</b>

## 6. ADMINISTRATIVE EXPENSES

	THE GROUP		THE COMPANY	
	2015 Rs'000	2014 Rs'000	2015 Rs'000	2014 Rs'000
Management fees (Note (a)(i))	4,148	4,468	4,148	4,468
Administrator fees (Note (a)(ii))	2,511	2,619	2,062	2,164
Other administrative expenses	1,334	1,554	1,070	1,228
Directors' fees	1,321	805	1,321	805
Other professional fees	438	427	438	427
Auditors' remuneration	362	345	293	282
Corporate social responsibility	150	150	150	150
	<b>10,264</b>	<b>10,368</b>	<b>9,482</b>	<b>9,524</b>

### (a) The Company has signed agreements with the following providers of service:

#### (i) Fund Manager

There is a Management Agreement between the Company and IPRO Fund Management Ltd ("IFML" or the "Fund Manager"). As Fund Manager, IFML shall review, evaluate and assess opportunities for investments, arrange and complete the sale and purchase of investments and develop investment strategies. The Fund Manager shall be remunerated as per the clause set out in the Management Agreement.

#### (ii) Administrator

There is an Administration and Custody Agreement between the Company and Abax Corporate Administrators Ltd (the "Administrator"). As Administrator, Abax Corporate Administrators Ltd is responsible to carry out the general administration of the Company, set up internal control, keep accounting records and ledgers, provide accounting services and secretarial services and act as registry. The Administrator shall be remunerated as per the clause set out in the Administration Agreement.

### (b) There are no employees in the Company.

# Notes to the Financial Statements

Year ended 31 December 2015

## 7. FINANCE INCOME

Net foreign exchange gain  
Interest expense

### THE GROUP AND THE COMPANY

	2015 Rs'000	2014 Rs'000
Net foreign exchange gain	1,919	327
Interest expense	(332)	-
	<b>1,587</b>	<b>327</b>

## 8. INCOME TAX

The Group and the Company are subject to income tax in Mauritius on their net income at 15%. Capital gains of the Company are exempt from tax in Mauritius. The foregoing is based on current interpretation and practice and is subject to any future changes in the Mauritian tax laws.

The tax charge is made up as follows:

Current tax on profit for the year  
Income tax expense

### THE GROUP AND THE COMPANY

	2015 Rs'000	2014 Rs'000
Current tax on profit for the year	105	247
Income tax expense	<b>105</b>	<b>247</b>

A reconciliation between the opening and closing tax (receivable)/liability can be found below:

At 01 January  
Charge for the year  
Paid during the year  
At 31 December

Analysed as:  
Current tax (receivable)/payable

### THE COMPANY

	2015 Rs'000	2014 Rs'000
At 01 January	171	235
Charge for the year	105	247
Paid during the year	(349)	(311)
At 31 December	<b>(73)</b>	<b>171</b>
Analysed as:		
Current tax (receivable)/payable	<b>(73)</b>	<b>171</b>

The tax on the Group's and the Company's profit before taxation differs from the theoretical amount that would arise using the basic tax rate as follows:

	THE GROUP		THE COMPANY	
	2015 Rs'000	2014 Rs'000	2015 Rs'000	2014 Rs'000
Profit before taxation	<b>39,301</b>	122,692	<b>46,137</b>	121,907
Tax calculated at the rate of 15% (2014:15%)	<b>5,895</b>	18,404	<b>6,921</b>	18,286
Expenses not allowed for tax purposes	<b>3,233</b>	1,437	<b>2,240</b>	1,359
Income not subject to tax	<b>(9,114)</b>	(19,583)	<b>(9,056)</b>	(19,398)
Utilised tax losses	<b>91</b>	(11)	-	-
Income tax expense	<b>105</b>	247	<b>105</b>	247

# Notes to the Financial Statements

Year ended 31 December 2015

## 9. OTHER COMPREHENSIVE INCOME

### (a) THE GROUP

#### 31 December 2015

Fair value changes on financial assets  
Reclassification adjustment on:  
- Disposal of financial assets  
- Impairment of financial assets  
Other comprehensive income for the year

Movement in  
available-for-sale  
fair value reserve  
Rs'000

21,221

(17,132)

(667)

3,422

31 December 2014

Fair value changes on financial assets  
Reclassification adjustment on:  
- Disposal of financial assets  
- Derecognition of financial assets  
Other comprehensive income for the year

(12,221)

(70,898)

(5,966)

(89,085)

### (b) THE COMPANY

#### 31 December 2015

Fair value changes on financial assets  
Reclassification adjustment on:  
- Disposal of financial assets  
- Impairment of financial assets  
Other comprehensive income for the year

Movement in  
available-for-sale  
fair value reserve  
Rs'000

14,385

(17,132)

(667)

(3,414)

31 December 2014

Fair value changes on financial assets  
Reclassification adjustment on:  
- Disposal of financial assets  
- Derecognition of financial assets  
Other comprehensive income for the year

(11,436)

(70,898)

(5,966)

(88,300)

(c) The components of other comprehensive income are not subject to tax.

# Notes to the Financial Statements

Year ended 31 December 2015

## 10. EARNINGS PER SHARE

Basic earnings per share ("EPS") are calculated by dividing the net profit attributable to shareholders by the weighted average number of ordinary shares outstanding during the year.

	THE GROUP		THE COMPANY	
	2015	2014	2015	2014
Profit for the year (Rs'000)	<b>39,196</b>	122,445	<b>46,032</b>	121,660
<i>Number of ordinary shares:</i>				
Shares in issue at start and end of the year	<b>226,986,672</b>	226,986,672	<b>226,986,672</b>	226,986,672
Basic earnings per share (Rs. per share)	<b>0.17</b>	0.54	<b>0.20</b>	0.54

## 11. INVESTMENT IN SUBSIDIARY

	2015 Rs'000	2014 Rs'000
At 01 January	<b>20,368</b>	19,583
Fair value changes	<b>(6,836)</b>	785
Reclassified as available-for-sale	<b>(13,532)</b>	-
<b>At 31 December</b>	<b>-</b>	20,368

Details of the subsidiary are as follows :

Name of company	Country of incorporation and principal place of business	% ownership interest 2014 and 2015	Principal activity	Stated capital 2014 and 2015 Rs'000
UNION AND P.O.L.I.C.Y. INVESTMENT CO. LTD	Mauritius	100	Trading in financial assets	15,000

The Company has approved the voluntary winding up of UNION AND P.O.L.I.C.Y. INVESTMENT CO. LTD effective 31 December 2015 and a liquidator has been appointed to distribute in specie or in kind, the whole or part of the assets of the investee company.

The subsidiary's income and expenses have been included in the financial statements until the date on which the Company ceased to control the subsidiary. The Company had no voting rights at 31 December 2015 (2014: 100%).

The investment was therefore reclassified as available-for-sale investment and UNION AND P.O.L.I.C.Y. INVESTMENT CO. LTD is no longer accounted for as a subsidiary as at 31 December 2015.

# Notes to the Financial Statements

Year ended 31 December 2015

## 11. INVESTMENT IN SUBSIDIARY (CONT'D)

Please refer to the above table for a reconciliation of the level 3 fair value measurement. Details of the Company's information on fair value hierarchy at 31 December 2015 are as follows:

	Level 1 Rs'000	Level 2 Rs'000	Level 3 Rs'000	Fair value Rs'000
<b>31 December 2015</b>				
<u>Investment in subsidiary</u>				
Equity investment	-	-	-	-
31 December 2014				
<u>Investment in subsidiary</u>				
Equity investment	-	-	20,368	20,368

## 12. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

DESIGNATED AT FAIR VALUE THROUGH PROFIT OR LOSS

	2015 Rs'000	2014 Rs'000
At 01 January	9,425	7,649
Adjustments	-	(1)
Fair value changes	776	1,777
<b>At 31 December</b>	<b>10,201</b>	<b>9,425</b>

The above represent investment in associates of the Company as at 31 December 2015, which, in the opinion of the directors, are not material to the Company. The associates have share capital consisting solely of ordinary shares, which are held directly by the Company. These investment are measured at fair value.

# Notes to the Financial Statements

Year ended 31 December 2015

## 13. AVAILABLE-FOR-SALE FINANCIAL ASSETS

(a)	2015				2014	
	SEM Rs'000	DEM Rs'000	Overseas Investments Rs'000	Unquoted Rs'000	Total Rs'000	Total Rs'000
At 01 January	1,014,820	75,482	55,380	6,469	1,152,151	1,263,451
Additions	94,300	8,802	35,679	-	138,781	66,365
Disposals at fair value	(69,642)	(10,814)	(12,701)	-	(93,157)	(177,144)
Impairment (Note (d))	(6,007)	-	-	-	(6,007)	-
Adjustments (Note (c))	-	-	-	13,532	13,532	11,700
Fair value changes	12,213	11,667	(3,327)	668	21,221	(12,221)
<b>At 31 December</b>	<b>1,045,684</b>	<b>85,137</b>	<b>75,031</b>	<b>20,669</b>	<b>1,226,521</b>	<b>1,152,151</b>

(b) The fair value of available-for-sale securities is based on the quoted bid prices at the close of business on the date of the statement of financial position. For unquoted investments, the fair value is estimated by reference to the future maintainable earnings, net assets value of the underlying assets and indices of similar entities.

(c) The adjustment made in 2015 relates to investment in UNION AND P.O.L.I.C.Y. INVESTMENT CO. LTD which has been reclassified from investment in subsidiary to available-for-sale investment (Note 11).

Also, adjustment in 2014 arose from the restructuring of the Ciel group and on conversion of the convertible bonds held in Lux Island Resorts Ltd.

(d) Provision for impairment

	2015 Rs'000	2014 Rs'000
Reclassification adjustment on impairment of financial assets (Note 9)	(667)	-
Charge to profit or loss directly on impairment of financial assets	6,007	-
<b>Total provision</b>	<b>5,340</b>	<b>-</b>

The impairment arise on shares held in Lottotech Ltd. UNION AND P.O.L.I.C.Y. INVESTMENT CO. LTD also held shares in Lottotech Ltd, investment which has been classified as held-for-trading. A loss on fair valuation of Rs 4,024,000 relating to this investment has been recognised within 'net gain on investments'. Therefore, the net impact of the fall in value of Lottotech Ltd recognised in profit or loss for the year ended 31 December 2015 amount to Rs 9,364,000.

# Notes to the Financial Statements

Year ended 31 December 2015

## 13. AVAILABLE-FOR-SALE FINANCIAL ASSETS (CONT'D)

(e) Portfolio of investments of P.O.L.I.C.Y. Limited

	2015 Rs'000	2014 Rs'000
<b>Listed investments - SEM</b>		
Banks & Insurance	717,897	638,611
Investments	155,012	197,920
Leisure & hotels	96,489	103,832
Industry	72,143	68,057
Property Development	4,143	6,400
	<b>1,045,684</b>	<b>1,014,820</b>
<b>DEM - quoted investments</b>		
Investments	37,068	28,200
Others	48,069	47,282
	<b>85,137</b>	<b>75,482</b>
<b>Overseas investments</b>	<b>75,031</b>	<b>55,380</b>
<b>Unquoted local investments</b>	<b>20,669</b>	<b>6,469</b>
<b>Total</b>	<b>1,226,521</b>	<b>1,152,151</b>

Listed investments include 336,000 shares held in The Mauritius Commercial Bank Limited (Value Rs. 69,972,000) which have been pledged as security for a bank overdraft facility.

Please refer to the manager's report for details on the top 10 holdings of the Company.

## 14. TRADE AND OTHER RECEIVABLES

	2015 Rs'000	2014 Rs'000
Dividends receivable	1,730	2,822
Other receivables and prepayments	140	231
Interest receivable	-	94
	<b>1,870</b>	<b>3,147</b>

## 15. CASH AND CASH EQUIVALENTS

	2015 Rs'000	2014 Rs'000
Cash at bank	16,946	42,448
Cash held with custodian	1,634	23,523
Cash and cash equivalents (excluding bank overdraft)	18,580	65,971
Bank overdraft	(42,162)	-



# Notes to the Financial Statements

Year ended 31 December 2015

## 15. CASH AND CASH EQUIVALENTS (CONT'D)

Cash and cash equivalents include the following for the purposes of the statement of cash flows:

Cash and cash equivalents

Bank overdraft

	2015 Rs'000	2014 Rs'000
Cash and cash equivalents	18,580	65,971
Bank overdraft	(42,162)	-
	<b>(23,582)</b>	65,971

## 16. SHARE CAPITAL

Stated, issued and fully paid

Ordinary shares at Rs.1 each

At 01 January and 31 December

### 2015 and 2014

No. of shares	Rs'000
226,986,672	226,987

## 17. TRADE AND OTHER PAYABLES

Amount due to related parties

Accruals and other payables

	2015 Rs'000	2014 Rs'000
Amount due to related parties	1,986	787
Accruals and other payables	1,613	1,793
	<b>3,599</b>	2,580

## 18. DIVIDENDS

Interim ordinary paid -  
15% (2014 - 15%)

Final ordinary paid -  
20% (2014 - 25%)

Dividend per share

	Amount per share		Total	
	2015 Rs.	2014 Rs.	2015 Rs'000	2014 Rs'000
Interim ordinary paid - 15% (2014 - 15%)	0.15	0.15	34,048	34,048
Final ordinary paid - 20% (2014 - 25%)	0.20	0.25	45,397	56,747
Dividend per share	0.35	0.40	79,445	90,795

# Notes to the Financial Statements

Year ended 31 December 2015

## 19. SEGMENTAL INFORMATION

### (a) Operating segment

The Group was organised into the following main business segments:

	<b>Investments</b>
Available-for-sale financial assets	long-term
Financial assets at fair value through profit or loss - designated	long-term
Financial assets at fair value through profit or loss - trading	short-term

(i) Operating segments	Long-term investments Rs' 000	Short-term investments Rs' 000	Total Rs' 000
<b>Year ended 31 December 2015</b>			
Investment income	40,031	443	40,474
Net gain on investments	19,341	(6,497)	12,844
Total income	59,372	(6,054)	53,318
Segment results			
Administrative expenses	(9,482)	(782)	(10,264)
Impairment	(5,340)	-	(5,340)
Finance income	1,587	-	1,587
Profit before taxation	46,137	(6,836)	39,301
Taxation	(105)	-	(105)
Profit after taxation	46,032	(6,836)	39,196
Non-controlling interest			-
Profit attributable to owners of the parent			39,196

	Long-term investments Rs' 000	Short-term investments Rs' 000	Total Rs' 000
<b>THE COMPANY</b>			
Segment assets			
Available-for-sale financial assets	1,226,521	-	1,226,521
Financial assets at fair value through profit or loss - designated	10,201	-	10,201
Other assets	20,523	-	20,523
	1,257,245	-	1,257,245
Segment liabilities			
Other liabilities	45,761	-	45,761
Additions to investments	138,781	-	138,781

# Notes to the Financial Statements

Year ended 31 December 2015

## 19. SEGMENTAL INFORMATION (CONT'D)

### (a) Operating segment (Cont'd)

	Long-term investments Rs' 000	Short-term investments Rs' 000	Total Rs' 000
(i) Operating segments			
Year ended 31 December 2014			
Investment income	35,318	796	36,114
Net gain on investments	95,786	833	96,619
<b>Total income</b>	<b>131,104</b>	<b>1,629</b>	<b>132,733</b>
Segment results			
Administrative expenses	(9,524)	(844)	(10,368)
Finance income	327	-	327
<b>Profit before taxation</b>	<b>121,907</b>	<b>785</b>	<b>122,692</b>
Taxation	(247)	-	(247)
<b>Profit after taxation</b>	<b>121,660</b>	<b>785</b>	<b>122,445</b>
Non-controlling interest			-
<b>Profit attributable to owners of the parent</b>			<b>122,445</b>
	Long-term investments Rs' 000	Short-term investments Rs' 000	Total Rs' 000
Segment assets			
Available-for-sale financial assets	1,152,151	-	1,152,151
Financial assets at fair value through profit or loss - designated	9,425	-	9,425
Financial assets at fair value through profit or loss - trading	-	16,163	16,163
Other assets	69,118	4,549	73,667
	<b>1,230,694</b>	<b>20,712</b>	<b>1,251,406</b>
Segment liabilities			
Other liabilities	2,751	344	3,095
<b>Additions to investments</b>	<b>66,365</b>	<b>19,154</b>	<b>85,519</b>

# Notes to the Financial Statements

Year ended 31 December 2015

## 19. SEGMENTAL INFORMATION (CONT'D)

### (b) Geographical information

The Company's business segment is managed locally and operates overseas as shown below:

	Income		Total assets		Additions to investment	
	2015 Rs' 000	2014 Rs' 000	2015 Rs' 000	2014 Rs' 000	2015 Rs' 000	2014 Rs' 000
Mauritius	49,347	129,466	1,182,214	1,195,682	103,102	70,904
Other countries	3,971	3,267	75,031	55,380	35,679	14,615
	53,318	132,733	1,257,245	1,251,062	138,781	85,519

## 20. RELATED PARTY DISCLOSURES

During the year ended 31 December 2015, the Company had transactions with related entities. The nature, volume of transactions and the balances outstanding at 31 December 2015 and 2014 are as follows:

	2015 Rs' 000	2014 Rs' 000
<u>Volume of transaction</u>		
Management fees payable to the Fund Manager	4,148	4,468
Service fees paid to company in which a director has a significant influence	2,062	2,164
Fees to directors	1,321	805
<u>Balances with related parties</u>		
Management fees payable to the Fund Manager	328	377
Service fees payable to company in which a director has a significant influence	588	410
Fees payable to directors	1,070	-

The outstanding balances are unsecured, interest free, repayable on demand and recorded as part of "accruals and other payables".

## 21. PRESENTATION CURRENCY

The functional and presentation currency is the Mauritian Rupee and figures are rounded to the nearest thousands in the financial statements.

# Notes to the Financial Statements

Year ended 31 December 2015

## 22. THREE YEAR SUMMARY OF PUBLISHED RESULTS AND ASSETS AND LIABILITIES

	2015 Rs'000	2014 Rs'000	2013 Rs'000
<b>Statements of comprehensive income</b>			
<u>THE GROUP</u>			
Revenue	53,318	132,733	134,158
Profit before taxation	39,301	122,692	119,407
Taxation	105	247	311
Profit for the year	39,196	122,445	119,096
Profit attributable to owners of the parent	39,196	122,445	119,096
Dividend per share (Rs.):			
- Interim: Fully paid shares	0.15	0.15	0.15
- Final : - Fully paid shares	0.20	0.25	0.25
Total dividend	0.35	0.40	0.40
Dividend per share (Rs.)	0.35	0.40	0.40
Earnings per share (Rs.)	0.17	0.54	0.52

	THE COMPANY		THE GROUP
	2015 Rs'000	2014 Rs'000	2013 Rs'000
<b>Statements of financial position</b>			
Non-current assets	1,236,722	1,161,576	1,271,100
Current assets	20,523	89,830	38,255
<b>Total assets</b>	<b>1,257,245</b>	<b>1,251,406</b>	<b>1,309,355</b>
Shareholders' interest	1,211,484	1,248,311	1,305,746
Current liabilities	45,761	3,095	3,609
<b>Total equity and liabilities</b>	<b>1,257,245</b>	<b>1,251,406</b>	<b>1,309,355</b>
Net assets per share (Rs.)	5.34	5.50	5.75
Number of shares in issue (000's)	226,987	226,987	226,987

## 23. COMPARATIVES

The financial statements as at 31 December 2015 give information about P.O.L.I.C.Y. Limited as an individual company and do not contain consolidated financial information as the parent of a group (except for the statements of comprehensive income and some related notes).

# Shareholders` Information

- In compliance with Section 120(3) of the Companies Act 2001, the Board has resolved that members registered in the share register of P.O.L.I.C.Y. Limited as at 22 April 2016 are entitled to attend and vote at the meeting.
- Any shareholder can make a request to obtain the minutes of proceedings of the last Annual Meeting prior to the Annual Meeting.
- Shareholders, present in person or by proxy, shall have one vote on a show of hands. Where a poll is taken, each Shareholder shall have the number of votes that corresponds to the number of shares held by him/her in the Company.

# PROXY FORM

# P.O.L.I.C.Y.

L i m i t e d

I/We ..... of .....  
 being a member of P.O.L.I.C.Y. Limited hereby appoint .....  
 ..... of .....  
 or failing him, ..... of .....

as my/our proxy to vote for me/us on my/our behalf at the Annual Meeting of Shareholders of the Company to be held on Thursday 12 May 2016 at 10h00 at the Registered Office of the Company, at c/o Abax Corporate Administrators Ltd, 6th Floor, Tower A, 1CyberCity, Ebene and at any adjournment thereof.

I/We desire my/our vote(s) to be cast on the Resolutions as follows:

	FOR	AGAINST	ABSTAIN
1. To consider and adopt the financial statements, to receive the auditor's report and to consider the annual report for the year ended 31 December 2015.			
2. To re-elect Mr. Vincent Ah Chuen as director			
3. To re-elect Mr. Richard Arlove as director			
4. To re-elect Mr. Pierre de Chasteigner du Mée as director			
5. To re-elect Mr. Pierre Yves Pougnet as director			
6. To re-elect Me. Georges André Robert, G.O.S.K., O.B.E., S.A., as director			
7. To re-elect Mr Stéphane Henry as Director			
8. To re-elect Mr Marc Emmanuel Vives, as director			
9. To re-elect Professor Donald Ah Chuen, G.O.S.K., as director			
10. To re-elect Mr Sydney Ah Yoong as director			
11. To re-elect Mrs Danielle Lagesse, S.A. as director			
12. To fix the directors' remuneration as recommended by the remuneration committee.			
13. To authorise the directors to fix the remuneration of the auditors, BDO & Co.			

Signed this ..... 2016

.....  
 Signature/s

## Notes

1. A member of the Company entitled to attend and vote at this meeting may appoint a proxy of his/her own choice (whether a member or not of the Company) to attend and vote on his/her behalf.
2. Please mark in the appropriate box how you wish to vote. If no specific direction as to voting is given, the proxy will exercise his/her discretion as to how he/she votes.
3. The instrument appointing a proxy or any general power of attorney should reach Abax Corporate Administrators Ltd, 6th Floor, Tower A, 1 CyberCity, Ebene by 11 May 2016 at latest.

P.O.L.I.C.Y. Limited

6th Floor, Tower A, 1 Cybercity, Ebène  
Republic of Mauritius

[www.policylimited.mu](http://www.policylimited.mu)