



ANNUAL REPORT 2018

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 2018. This report has been approved by the Board on 6 March 2019.

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

Date: 10 June 2019

Time: 10h00

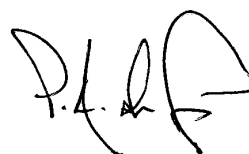
Place: c/o Ocorian Corporate Administrators Limited
6th Floor, Tower A
1 CyberCity
Ebene

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 Ocorian Corporate Administrators Limited, 6th Floor, Tower A, 1 CyberCity, Ebene on Monday 10 June 2019 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 5 June 2018.
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 2018.
3. To re-elect Mr. Vincent Ah Chuen, in accordance with Section 138(6) of the Companies Act 2001.
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, in accordance with Section 138(6) of the Companies Act 2001.
7. To re-elect Mr. Stéphane Henry, director retiring and eligible for re-election.
8. To re-elect Professor Donald Ah Chuen, G.O.S.K., in accordance with Section 138(6) of the Companies Act 2001.
9. To re-elect Mr. Sydney Ah Yoong, director retiring and eligible for re-election.
10. To re-elect Mrs. Danielle Lagesse, S.A., director retiring and eligible for re-election.
11. To re-elect Mr. Ah-Lan Lam Yan Foon, in accordance with Section 138(6) of the Companies Act 2001.
12. To re-elect Mr. Karl Braunecker, 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 re-appointed as auditors, and to authorise the directors to fix their remuneration.

BY ORDER OF THE BOARD


NISHA PROAG-DOOKUN, ACIS
FOR
OCORIAN CORPORATE
ADMINISTRATORS LIMITED

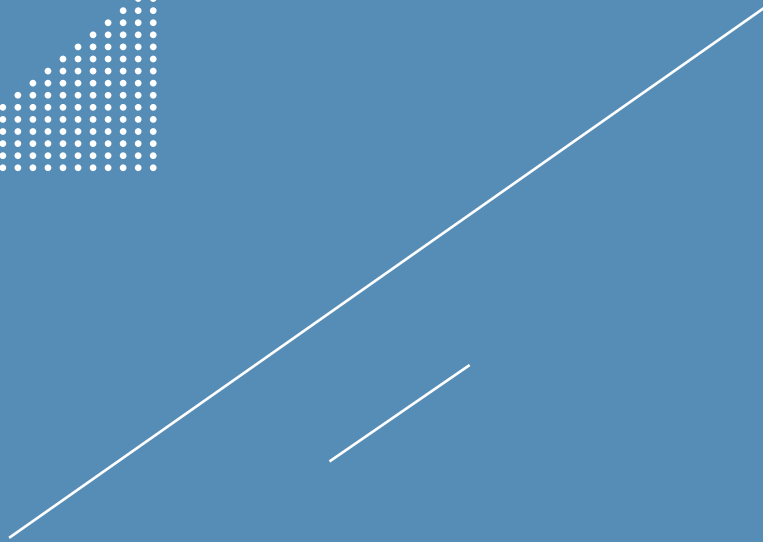
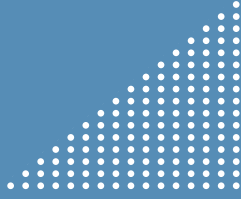
OCORIAN CORPORATE ADMINISTRATORS LIMITED
COMPANY SECRETARY

6 March 2019

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS Cont'd

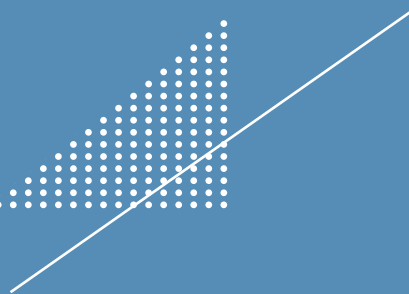
NOTES:

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 Ocorian Corporate Administrators Limited, 6th Floor, Tower A, 1 CyberCity, Ebene.
3. Completed proxy forms should be delivered at Ocorian Corporate Administrators Limited, 6th Floor, Tower A, 1 CyberCity, Ebene by Friday 7 June 2019 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 9 May 2019.
5. The Annual Report 2018 shall be available to the members on the Company's website and a copy shall be provided to the members upon request to the Company Secretary.
6. The minutes of the past Annual Meetings held are available for consultation by the Shareholders during office hours at the registered office of the Company, 6th Floor, Tower A, 1 CyberCity, Ebene.
7. The minutes of the Annual Meeting to be held on 10 June 2019 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 24 June 2019.



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

Mr. Ah-Lan Lam Yan Foon

Mr. Karl Braunecker

COMMITTEES OF THE BOARD

Corporate Governance, Nomination and Remuneration Committee

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

Mr. Ah-Lan Lam Yan Foon

Investment Committee

Mr. Pierre de Chasteigner du Mée (Chairperson)

Mr. Vincent Ah Chuen

Mr. Sydney Ah Yoong

Mr. Karl Braunecker

CORPORATE INFORMATION

Registered Office

c/o Ocorian Corporate Administrators Limited
6th Floor, Tower A
1 CyberCity
Ebene

Administrator and Company Secretary

Ocorian Corporate Administrators Limited
6th Floor, Tower A
1 CyberCity
Ebene

Registrar

Ocorian Corporate Administrators Limited
6th Floor, Tower A
1 CyberCity
Ebene

Fund Manager

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

Auditors

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

Bankers

The Mauritius Commercial Bank Limited
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 applied them consistently;
- Made judgments and estimates that are reasonable and prudent;
- Ensured that the International Financial Reporting Standards have been followed and any material departures have been disclosed and explained in the financial statements;
- Prepared the financial statements on the going concern basis; and
- Adhered to the provisions of the Code of Corporate Governance and provided an explanation for non-compliance.

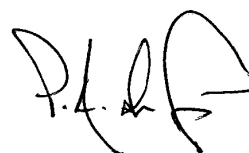
The directors also confirm their responsibility for safeguarding the assets of the Company.

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.



Vincent Ah Chuen
Chairperson



Pierre de Chasteigner du Mée
Vice Chairperson

CHAIRPERSON'S STATEMENT

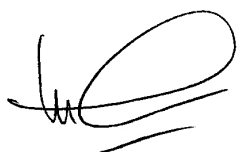
Dear Shareholders,

I am pleased to present to you the 2018 Annual Report of P.O.L.I.C.Y. Limited.

2018 was a mixed year for Mauritian equities. The Net Asset Value (NAV) per share of P.O.L.I.C.Y. Limited declined by 3.4% but, when the two dividends are added back, the NAV grew by 2.3%. When we take into account the share price and the dividends paid, the total return dropped by 3.8%. Since its listing on the Official Market of the Stock Exchange of Mauritius in December 1992, P.O.L.I.C.Y. Limited has achieved a commendable annualized total return to Shareholders of 15.4%.

The Mauritian Gross National Product grew by 3.9%. Mauritius has to adapt itself to a number of major challenges, such as rising production costs in textiles and sugar manufacture. The latter had to struggle to a historic low world sugar price, slowdown in Europe and an increasingly service-oriented economy. Fortunately, the tourist arrivals grew by over 4%. There were increased activities in the construction sectors coupled with the implementation of the light rail system. Globally, we now clearly see that the two main drivers of growth are Asia, from a regional perspective and technology, from a sectoral perspective. P.O.L.I.C.Y. Limited will continue to consider these themes when allocating its assets, both in Mauritius and internationally, while trying to always invest with a margin of safety.

I wish to express my sincere gratitude to the Investment Manager, the Administrator and my fellow directors for their commitment and added value leading to the good performance of the Company. Finally, I would like to thank you, dear Shareholders, for your continued support.



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

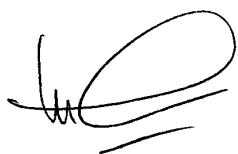
Reporting Period: 1 January to 31 December 2018

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 guidance on Principle 4 relating to Code of Ethics.

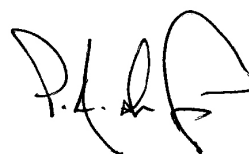
Reasons for non-compliance are as follows:

Guidance on Principle 4: The Company has not adopted any Code of Ethics, as such, but the Board bases itself on the Code of Corporate Governance as Guideline, and on the internal policies and procedures of its Administrator Ocorian Corporate Administrators Limited, which set out the ethics by which the Ocorian Group operates and also deals with the operational aspects of running a Group such as risks, expenses policies and health and safety.

SIGNED BY:



Vincent Ah Chuen
Chairperson



Pierre de Chasteigner du Mée
Vice Chairperson

Date: 6 March 2019



CORPORATE GOVERNANCE REPORT 2018



CORPORATE GOVERNANCE REPORT 2018

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 and acknowledges its responsibility for applying and implementing the principles contained in the National Code of Corporate Governance for Mauritius (2016) (the "2016 Code"), and is thus conducting its affairs in line with the principles of the 2016 Code.

PRINCIPLE 1: GOVERNANCE STRUCTURE

THE ROLE OF THE BOARD

The primary function of the Board is to provide effective leadership and direction to promote the long-term value of the Company, for the benefit of its Shareholders and other stakeholders. As an investment holding company, the Board assumes its responsibility in overseeing the conduct of business activities of the Company, review the strategic decisions, performance objectives, annual budget, major funding, investment proposals and corporate governance framework. It also monitors regulatory and legal requirements and obligations of the Company.

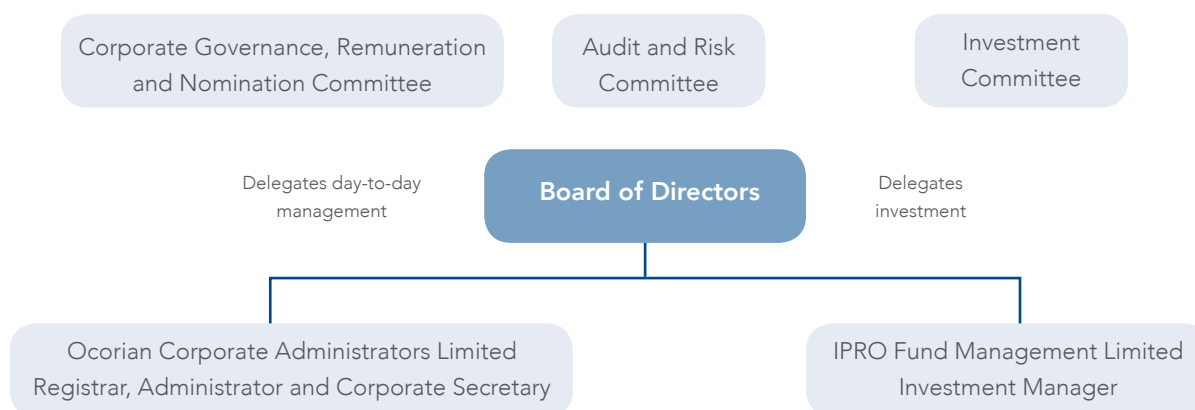
CODE OF ETHICS, BOARD CHARTER, RESPONSIBILITIES AND ACCOUNTABILITIES

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 as Investment Manager, and Ocorian Corporate Administrators Limited (formerly known as Abax Corporate Administrators Ltd), as Registrar, Administrator and Corporate Secretary. A report relating to the compliance obligations and requirements for the Company has been set up to be tabled at Board meetings, effective from 2019.

The Company has adopted a new Board Charter that provides the terms of reference for the Board clearly defining the responsibilities of the Board. The Board Charter can be viewed on the Company's website, www.policy.mu.

ORGANISATIONAL STRUCTURE AND STATEMENT OF ACCOUNTABILITIES

The Board has created three committees with the responsibility to provide specialist guidance to its directors and each operates within approved terms of reference. A reporting mechanism has been set up to ensure that recommendations from the different committees are effectively escalated to the Board in an orderly manner. Regular reports from the Chairpersons of the Committees are included on the agenda of all Board meetings.

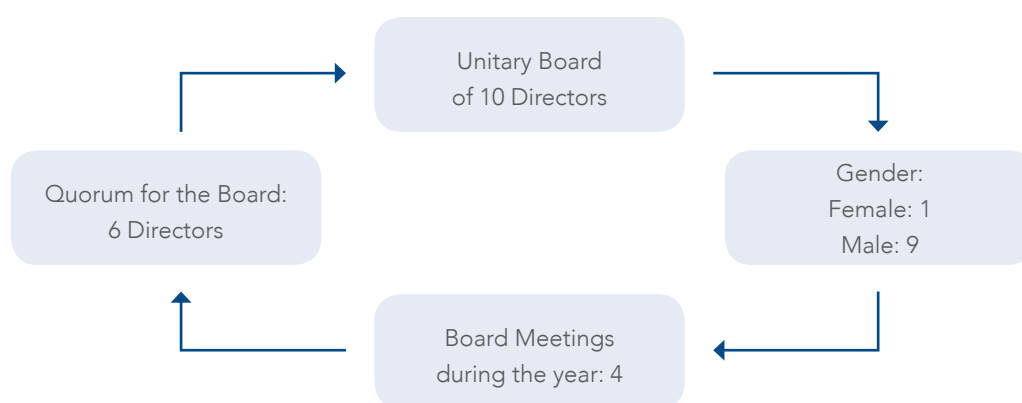


CORPORATE GOVERNANCE REPORT 2018

PRINCIPLE 2: THE STRUCTURE OF THE BOARD AND ITS COMMITTEES

BOARD SIZE AND STRUCTURE

The Board adheres to the principle that knowledge and industry experience should not be sacrificed in favour of independence. The Board is satisfied that its actual composition is balanced and commensurate with the Company's ownership structure and size. The Board is also of the opinion that the current directors have the appropriate range of skills, expertise and experience to carry out their duties properly.



INDEPENDENCE ON THE BOARD

As at 31 December 2018, the Board comprised of ten directors all resident in Mauritius, amongst whom two are executive directors, two are independent directors and the remaining six are independent-minded non-executive directors. The Chairperson, whilst being related with the Company's substantial Shareholders, has demonstrated a strong independence in character and judgement in the discharge of his responsibilities.

The directors disclose their interests at Board Meetings, as and when required for specific transactions. In addition, conflicted directors are requested to leave the meeting to ensure that the decisions taken at the Board Meetings are in the best interests of the Company.

ROLE OF THE COMPANY SECRETARY

The Company Secretarial function is fulfilled by Ocorian Corporate Administrators Limited ('Ocorian') through a service agreement entered into between Ocorian and the Company. Ocorian is an award-winning alternative investment, corporate and private client administrator recognized for its commercial expertise and dynamic culture supporting investment success. It employs qualified secretaries from the Institute of Chartered Secretaries and Administrators to fulfill its duties as Company Secretary.

CORPORATE GOVERNANCE REPORT 2018

BOARD PROCESSES AND ATTENDANCE AT BOARD MEETINGS

The dates of the Board, Committee and Annual Meetings are planned, well in advance, with the assistance of the Company Secretary. The Board meets at least four times a year and adhoc meetings may be convened for urgent matters. Decisions of the Board are also taken by way of written resolutions.

In 2018, the Board met five times. During that year, the Board approved, inter alia the Annual Report and Financial Statements for the year ended 31 December 2017, the interim condensed financial statements for the quarters ended 31 March, 30 June and 30 September 2018, 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	Board meeting	Audit and Risk Committee	Corporate Governance Committee	Investment Committee	Remuneration Committee	Nomination Committee
Vincent Ah Chuen	5 out of 5	-	3 out of 3	5 out of 6	1 out of 1	1 out of 1
Professor Donald Ah Chuen	3 out of 5	4 out of 4	3 out of 3	-	1 out of 1	1 out of 1
Sydney Ah Yoong	4 out of 5	4 out of 4	-	5 out of 6	-	-
Richard Arlove	3 out of 5	-	-	-	-	-
Pierre de Chasteigner du Mée	5 out of 5	-	3 out of 3	6 out of 6	1 out of 1	1 out of 1
Stéphane Henry	5 out of 5	-	-	-	-	-
Danielle Lagesse	4 out of 5	-	3 out of 3	-	1 out of 1	1 out of 1
Pierre Yves Pougnet	4 out of 5	4 out of 4	-	-	-	-
Karl Braunecker*	3 out of 4	-	-	4 out of 5	-	-
Ah-Lan Lam Yan Foon*	3 out of 4	2 out of 3	-	-	-	-

(*The directors were appointed on 6 March 2018)

COMMITTEES OF THE BOARD OF DIRECTORS

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 COMMITTEE

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

CORPORATE GOVERNANCE REPORT 2018

Members of the Corporate Governance, Nomination and Remuneration Committee

- Vincent Ah Chuen – Chairperson
- Professor 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 2019 to review the Corporate Governance Report for the year 2018 before due recommendation to the Board. It also met as Remuneration Committee in February 2019 to consider and recommend the directors' fees as well as the fees of the members of the various committees.

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.

Terms of Reference

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.

CORPORATE GOVERNANCE REPORT 2018

Members of the Investment Committee

- Pierre de Chasteigner du Mée – Chairperson
- Vincent Ah Chuen
- Sydney Ah Yoong
- Karl Braunecker (Appointed on 6 March 2018)

The Committee met six times during the year 2018, 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.

Terms of Reference

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;

CORPORATE GOVERNANCE REPORT 2018

- 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.

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.

Members of the Audit and Risk Committee:

- Pierre Yves Pougnet - Chairperson
- Professor Donald Ah Chuen, G.O.S.K.
- Sydney Ah Yoong
- Ah-Lan Lam Yan Foon

The Audit & Risk Committee met four times in 2018. During the year 2018, the Committee mainly reviewed the Annual Report and Financial Statements for the year ended 31 December 2017, the interim condensed financial statements for the quarters ended 31 March, 30 June and 30 September 2018, and the remuneration package of the auditors.

Terms of Reference

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 and Risk 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 and Risk Committee at the Registered Office of the Company.

CORPORATE GOVERNANCE REPORT 2018

FINANCIAL REPORTING

In terms of financial reporting, the Audit & Risk Committee carries out the following functions:

- 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.

PRINCIPLE 3: DIRECTORS APPOINTMENT PROCEDURES

APPOINTMENT AND RE-ELECTION OF DIRECTORS

The Nomination Committee reviews all new appointments to the Board and Committees prior to recommending same to the Board for approval until submission to the Shareholders for approval at the Annual Meeting.

In accordance with the provisions of the Code, all directors wishing to be re-elected stand for re-election at the Annual Meetings of Shareholders.

INDUCTION OF DIRECTORS

The Board assumes its responsibility for the induction of newly appointed directors, through a process facilitated by the Company Secretary. They undergo a programme that enables them to acquire an in-depth understanding of the Company's business model, activities and operations, and governance framework. They are provided with the minutes of recent Board and committee meetings, the Board Charter, constitutional documents, latest audited financial statements. In addition, they are made aware of their directors' duties.

CORPORATE GOVERNANCE REPORT 2018

DIRECTORS' PROFILES

(i) **Vincent Ah Chuen** **Non-Executive Chairperson**

Vincent Ah Chuen is the Managing Director of ABC Group of Companies. He is the Chairman of ABC Motors Company Ltd and of MUA Stockbroking Ltd. He is a director on the Board of MUA Ltd, MUA Life Ltd, Phoenix Transafrica Holdings Ltd and New Goodwill Investment Ltd. He is a member of the MloD and the Chinese Chamber of Commerce. He is also active in various social and cultural activities.

Mr Ah Chuen is a competent, skilled and knowledgeable person, capable of independent and impartial thinking.

(ii) **Professor Donald Ah Chuen G.O.S.K.** **Non-Executive Director**

Professor Donald Ah Chuen holds an M.B.A. (University of Strathclyde, UK). He is also a Fellow of the Institute of Chartered Accountants (England & Wales) and Fellow of the Institute of Chartered Accountants (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 Order 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 the Managing Director of ABC Banking Corporation Limited and a director of the Stock Exchange of Mauritius, serving as its Chairman during 2018. He is also a director of ABC Motors Co. Ltd, company listed on the DEM.

(iii) **Sydney Ah Yoong** **Non-Executive Director**

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 Banking Corporation Ltd, company listed on the DEM.

(iv) **Richard Arlove** **Executive Director**

Richard Arlove is the Regional Chief Executive Officer of Africa Middle East and Africa of Ocorian Group, an award-winning alternative investment, corporate and private client administrator recognized for its commercial expertise and dynamic culture supporting investment success. Mr Arlove has also served as Chief Executive Officer at Abax Corporate Services Ltd ('ABAX') before becoming Regional CEO of Ocorian Group. ABAX has subsequently been acquired by the Ocorian Group, and changed its name to Ocorian Corporate Services Limited. Prior to joining ABAX in 2001, Mr Arlove worked for 10 years in the accounting and audit, mainly at PwC in Mauritius and the UK, and 10 years as General Manager with companies involved mainly in the marketing of global brands of consumer and electronic products. He is a Fellow member of the Association of Chartered Certified Accountants.

CORPORATE GOVERNANCE REPORT 2018

(v) **Pierre de Chasteigner du Mée** Non-Executive Director

Pierre du Mée, A.C.E.A., Director and Secretary 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 and National Pension Fund / National Savings Fund Investment Committee. He is also a director of Investec Bank (Mauritius) Ltd.

(vi) **Stéphane Henry** Executive Director

Stéphane Henry has been actively involved in the management of the portfolio of P.O.L.I.C.Y. Limited over the last twenty-four years. Mr Henry has been the CEO of the IPRO Group since March 2005. The IPRO Group has over Rs.10 billion of assets under management and has two activities: portfolio management for private clients & pension funds and management of Collective Investment Schemes. These two activities are carried out both in Mauritius and in Botswana.

Mr Henry 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.

(vii) **Danielle Lagesse S.A.** Independent Director

Danielle Lagesse S.A. qualified as Attorney at Law of the Supreme Court of Mauritius in 1980 and was appointed Senior Attorney for the Republic of Mauritius on 16 June 2010. Although she has now partly retired from active litigation, she still appears as Instructing Attorney to Q.C.s and Senior Counsels in Supreme Court cases involving important corporate issues. She is a great supporter of Alternative Dispute Resolution, mainly Mediation and Arbitration.

Mrs Lagesse is a founder member and Fellow of the Mauritius Institute of directors (MloD) created in 2007 to promote training of directors, good corporate governance, competence and transparency within companies. She sat on its first elected Board of the MloD during 5 years. She is also a Member of the Australian Institute of directors.

(viii) **Pierre Yves Pougnet** Non-Executive Director

Pierre Yves Pougnet, an accountant by profession, has been a director of P.O.L.I.C.Y. Limited since 1981. He is presently the Chairman of the Audit and Risk Committee. He started his career with an audit firm. In 1975, he joined the Eclosia Group where he occupied executive functions, amongst which he was the managing director of Panagora Marketing and also managing director of Food and Allied Industries Ltd. He was the Vice Chairman of the Group when he retired in 2015.

CORPORATE GOVERNANCE REPORT 2018

(ix) **Karl Braunecker** Independent Director

Karl Braunecker is the founder and Managing Director of Connections Tourism Management Ltd ('Connections'), which operates in Mauritius since 1996 as DMC (Destination Management Company) and Inbound Tour Operator. Connections is the local partner of Thomas Cook Group, one of the major global travel companies as well as Expedia, the world's most important online travel company. Mr Braunecker has more than 49 years of experience in the tourism industry in Mauritius and abroad.

(x) **Ah-Lan Lam Yan Foon** Non-Executive Director

Ah-Lan Lam Yan Foon is a fellow member of the Association of Chartered Certified Accountants. He has worked for about 10 years at Kemp Chatteris & Co, Chartered Accountants where he has acquired experience in various sectors of the economy. Over 24 years he worked for a leading freight forwarding and shipping company, Rogers Group, where he held the position of Finance & Administration Director and subsequently acted as Managing Director for 6 years up to his retirement. He provided, during the period 2000-2016, consultancy services in Auditing, General Financial Management and Quality Management Systems.

Mr Lam Yan Foon is a founder member of the ACCA (Mauritius Branch) and was its President in 1988. He was awarded the Certificate of Recognition for Dedication and Commitment to the service of ACCA in 2004.

He was the first elected President of the Mauritius Red Cross Society (2007-2010) at national level. He holds directorships in the following companies: ABC Motors Company Limited, ABC Autotech Ltd, Chue Wing & Company Limited, Expert Leasing Ltd and Oriental Foods Ltd.

OTHER DIRECTORSHIPS

The directorship of the directors of P.O.L.I.C.Y. Limited in other listed companies as at 31 December 2018 is as follows:

Directors	Directorship in Listed Companies
Vincent Ah Chuen	MUA and ABC Motors Co. Ltd
Professor Donald Ah Chuen, G.O.S.K.	ABC Motors Co. Ltd and ABC Banking Corporation Limited
Sydney Ah Yoong	ABC Banking Corporation Limited
Richard Arlove	Triangle Real Estate India
Pierre de Chasteigner du Mée	None
Stéphane Henry	IPRO Growth Fund Ltd and IPRO Funds Ltd
Danielle Lagesse, S.A.	None
Pierre Yves Pougnat	Les Moulins de la Concorde Ltée, Livestock Feed Ltd and Tropical Paradise Co. Ltd
Karl Braunecker	None
Ah-Lan Lam Yan Foon	ABC Motors Co. Ltd

CORPORATE GOVERNANCE REPORT 2018

PROFESSIONAL DEVELOPMENT AND SUCCESSION PLANNING

As it is of utmost importance for the Board members to have a thorough knowledge of the business environment and sector in which the Company operates, quarterly investment reports are provided to the directors highlighting economic updates, peer review and financial results.

The Board assumes its responsibility for succession planning which has an objective to ensure that the operations of the Company are not disrupted in the event of departures. The Nomination Committee has discussed the succession plan for key executives and shall be implementing and monitoring the plan.

PRINCIPLE 4: DIRECTORS' DUTIES, REMUNERATION AND PERFORMANCE

LEGAL DUTIES

Directors are made aware of their legal duties upon their appointment and are regularly reminded of same annually.

DIRECTORS' AND OFFICERS' LIABILITY INSURANCE

A Directors' and Officers' Liability Insurance has been subscribed by the Company for its directors.

DIRECTORS' INTERESTS REGISTER

The Company Secretary maintains an interests register, which is available for consultation by the Shareholders upon written request to the Company Secretary.

CONFLICT OF INTERESTS/ RELATED PARTY TRANSACTIONS POLICY

Transactions with related parties are disclosed in the financial statements. Directors are also invited by the Company Secretary to notify the Company of any direct and indirect interest in any transaction or proposed transaction with the Company.

EU GENERAL DATA PROTECTIONS REGULATIONS

In compliance with the EU General Data Protection Regulations ('GDPR') and the Data Protection Act 2017, the Company has appointed Ocorian Corporate Administrators Limited represented by Manisha Padaruth, as Data Protection Officer to monitor compliance with and provide advice on the data protection laws.

SHARE DEALINGS

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 did not trade in the company's shares in the year 2018.

CORPORATE GOVERNANCE REPORT 2018

CONTRACTS WITH EXECUTIVE DIRECTOR

The Company has no contract with its Executive Directors.

DIRECTORS' INTERESTS IN THE SHAREHOLDING OF THE COMPANY AS AT 31 DECEMBER 2018

The directors' direct and indirect interests in the shares of the Company in 2018 are as follows:

Name of Director	No. of shares – 31 December 2018	
	Direct	Indirect
Mr. Vincent Ah Chuen	1,091,158	54,907,684
Prof. Donald Ah Chuen, G.O.S.K.	26,421	54,043,351
Mr. Sydney Ah Yoong	460,000	-
Mr. Richard Arlove	168,237	-
Mr. Pierre de Chasteigner du Mée	-	480,133
Mr. Stéphane Henry	-	-
Mrs. Danielle Lagesse, S.A.	-	-
Mr. Pierre Yves Pougnet	639,933	-
Me. Georges André Robert, G.O.S.K., O.B.E., S.A.	2,399,777	396,226
Mr Marc Emmanuel Vives	-	-
Mr Karl Braunecker	764,500	-
Mr Ah-Lan Lam Yan Foon	-	-

(Beneficial interest only; no non-beneficial interest)

BOARD EVALUATION

Once a year, the Directors are assessed both individually and collectively as a Board. The evaluation is based on an evaluation sheet rating the individual performance of the directors and their collective engagement, as well as the effectiveness of the Board committees and members. The evaluation sheets are then completed by the directors and handed over to the Company Secretary who assesses and provides an average rating, taking into consideration the rating for each criterion.

The results of the evaluation and recommendation that arise from the evaluation are discussed in detail with the view to improve Board effectiveness.

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 2018

REMUNERATION SCHEME OF THE BOARD AND COMMITTEE MEMBERS FOR THE YEAR 2018

The Annual Remuneration scheme as at 1 January 2018 is as follows:

(a) Board Meeting

Chairperson	– Rs 130,000
Director	– Rs 100,000

(b) Audit and Risk Committee

Chairperson	– Rs 65,000
Committee member	– Rs 50,000

(c) Corporate Governance, Nomination and Remuneration Committees

Chairperson	– Rs 50,000
Committee member	– Rs 40,000

(d) Investment Committee

Chairperson	– Rs 65,000
Committee member	– Rs 50,000

DIRECTORS' EMOLUMENTS FOR THE YEAR 2018

	Rs
Mr. Vincent Ah Chuen	230,000
Professor Donald Ah Chuen G.O.S.K.	190,000
Mr. Sydney Ah Yoong	200,000
Mr. Richard Arlove	100,000
Mr. Pierre de Chasteigner du Mée	205,000
Mr. Stéphane Henry	100,000
Mrs. Danielle Lagesse S.A.	140,000
Mr. Pierre Yves Pougnet	165,000
Mr. Karl Braunecker (Appointed on 6 March 2018)	124,000
Mr. Ah-Lan Lam Yan Foon (Appointed on 6 March 2018)	124,000
Me. Georges André Robert, G.O.S.K., O.B.E., S.A. (Resigned on 15 February 2018)	19,000
Mr. Marc Emmanuel Vives (Resigned on 1 March 2018)	25,000

CORPORATE GOVERNANCE REPORT 2018

PRINCIPLE 5: RISK GOVERNANCE AND INTERNAL CONTROL

RISK MANAGEMENT

The Board has the ultimate responsibility for risk governance and internal control system, as well as determining the nature and extent of the principal risks it is willing to take in the pursuit of its objectives.

The Company, being an investment company and having no employee, is not exposed directly to any physical, human resources or technology risk exposures. Compliance is taken care of by Ocorian Corporate Administrators Limited pursuant to a Service Agreement between Ocorian and the Company.

As an investment company, the Company faces a number of risks that have to be effectively managed 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 because 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 that 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.

(f) Physical Risk

Physical risks are assessed and monitored by the Company's administrator who ensures that all physical risks have been properly addressed.

CORPORATE GOVERNANCE REPORT 2018

PRINCIPLE 6: REPORTING WITH INTEGRITY

The directors acknowledge their responsibility in preparing the annual report and the financial statements of the Company in accordance with the International Financial Reporting Standards and the Mauritius Companies Act 2001. They also consider that the Board is fair, balanced and understandable and provide the necessary information for Shareholders and stakeholders to assess the Company's financial position and performance.

The Annual Report of the Company is published in full on the Company's website and a copy shall be provided to the members upon request to the Company Secretary.

DONATIONS

During the year, the Company made the following charitable donations totalling Rs 205,000 under its Corporate Social Responsibility programme (2017: Rs 205,000):

NGOs	Amount (Rs)
Foyer Vivre Debout	75,000
PILS	40,000
Link to Life	40,000
Centre de Solidarité	50,000
Total	205,000

No political donations were made during the year.

PRINCIPLE 7: AUDIT

EXTERNAL AUDIT

BDO & Co was appointed as external auditor of the Company. In line with the Code and the Financial Reporting Act 2004, the Company will be issuing a restricted tender for provision of the audit services for the year ending 31 December 2019 in accordance with the Financial Reporting Council (Rotation of Audit Firm) Regulations 2017 published in the Government Gazette No. 47 of 13 May 2017, Government Notice No. 64 of 2017.

The Audit & Risk Committee carries out the following functions with regard to the 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;

CORPORATE GOVERNANCE REPORT 2018

- Recommend the level of remuneration of the auditors and the terms of their engagement; and
- Assess annually the independence and objectivity of the auditors.

INTERNAL AUDIT

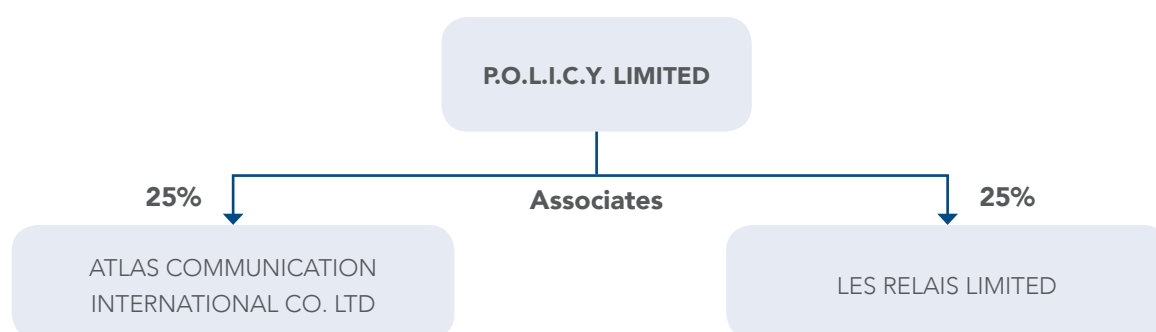
The directors confirm their ultimate responsibility for the internal audit function / control. As the Company does not have any employee, the directors have ensured that the service providers (IPRO Fund Management Ltd and Ocorian Corporate Administrators Limited) have adequate internal control procedures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

AUDITORS' FEES

Audit fees for the year	2018 (Rs)	2017 (Rs)
- BDO & Co	204,000	228,000
Fees for other services provided for the year:		
- Review of quarterly condensed accounts and other non-attested work	10,500	92,000
Total	214,500	320,000

PRINCIPLE 8: RELATIONS WITH SHAREHOLDERS AND OTHER STAKEHOLDERS

SHAREHOLDING STRUCTURE AND COMMON DIRECTORS



ASSOCIATE COMPANIES

- ATLAS COMMUNICATION INTERNATIONAL CO. LTD
- LES RELAIS LIMITED

The Company owns 25% of Atlas Communication International Co. Ltd and Les Relais Limited, two companies operating in the telecommunications sector, which are associates of the Company.

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

CORPORATE GOVERNANCE REPORT 2018

SHARES IN PUBLIC HANDS

In accordance with the listing rules of the SEM, more than 25% of the shareholding of the Company is in the hands of the public.

SHAREHOLDERS' AGREEMENTS

The Company is not aware of any agreement between the Shareholders.

THIRD PARTY MANAGEMENT CONTRACTS

IPRO Fund Management Ltd, being the Company's Investment Manager, and Ocorian Corporate Administrators Limited, 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 (Director of Ocorian) and Stéphane Henry (Director of IPRO) are deemed to have had related party transactions with the Company.

For details of related party transactions, please refer to Note 18 of the Financial Statements.

DATA ANALYSIS ON SHAREHOLDINGS AS AT 31 DECEMBER 2018

Size of Shareholding	Number of Shareholders	Number of shares owned	Percentage Shareholding
1 – 5,000 shares	1,190	1,635,547	0.721
5,001 – 10,000 shares	254	1,884,044	0.830
10,001 – 50,000 shares	505	12,550,495	5.529
50,001 – 100,000 shares	147	10,629,453	4.683
100,001 – 250,000 shares	140	22,382,423	9.861
250,001 – 500,000 shares	72	25,419,804	11.199
500,001 – 15,000,000 shares	60	98,137,583	43.235
15,000,001 – 50,000,000 shares	3	54,347,323	23.943
Total	2,371	226,986,672	100.000

CORPORATE GOVERNANCE REPORT 2018

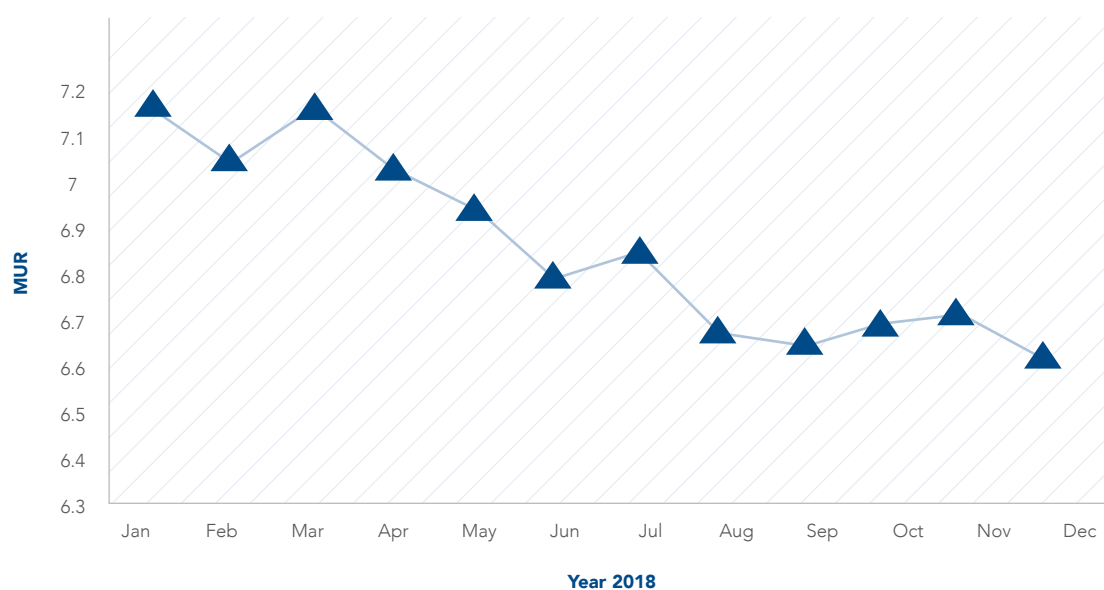
Shareholder Category	Number of Shareholders	Number of shares owned	Percentage Shareholding
Individuals	2,216	147,041,278	64.780
Insurance & Assurance Cos	7	1,317,939	0.581
Pension & Provident Funds	18	5,821,862	2.565
Investment & Trust Cos	22	17,234,856	7.593
Other Corporate Bodies	107	55,520,736	24.460
Plc Groups	1	50,001	0.022
Total	2,371	226,986,672	100.000

SUBSTANTIAL SHAREHOLDERS

Shareholders holding directly at least 5% of the Company's shares as at 31 December 2018 were as follows:

- Succession of Mr Pierre Joseph Emile Latour-Adrien – 9.0581 %
- Jemlac Investment Ltd – 7.6054%
- ABC Motors Co Ltd – 7.2794%
- Devlin Investments Ltd – 6.3558%
- Mr Chien Si Pui – 5.2679%

SHARE PRICE INFORMATION



CORPORATE GOVERNANCE REPORT 2018

DIVIDEND POLICY

The Company's dividend policy is to aim 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

	2018		2017	
	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	0.20	45,397,334
TOTAL	0.35	79,445,335	0.35	79,445,335

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.

IMPORTANT EVENTS

The Calendar for the year ending 31 December 2019 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	June

MANAGER'S REPORT

MARKET OVERVIEW

The Stock Exchange of Mauritius had a relatively stable year in 2018, with a marginal gain of 0.7% for the SEMDEX and a growth of 3.7% for the SEMTRI, which includes dividends.

	1Q18	2Q18	3Q18	4Q18	2018
SEMTRI	4.1%	-1.3%	1.3%	-0.4%	3.7%
SEMDEX	3.9%	-1.9%	0.3%	-1.5%	0.7%
SEM-10	3.3%	-1.2%	0.3%	-1.4%	0.9%

In terms of performance per sector, Banks & Insurance, which represents 37% of the market capitalisation, went up by 0.4%, with MCB (+3.8%) outperforming SBM (-17.1%). The Commerce sector, led by the second market capitalisation IBL, had a strong year. Alteo, Terra and Omnicane all dropped due to the heavy losses experienced in the sugar business, while all ENL group companies went up due to their corporate restructuring.

Sector	Price Performance
Banks, Insurance & Finance	0.4%
Commerce	16.9%
Industry	10.5%
Investments	5.5%
Leisure & Hotels	1.5%
Property Development	24.2%
Sugar	-26.1%
Transport	-22.6%
Foreign	-0.1%

NET ASSET VALUE

The Net Asset Value (NAV) per share of POLICY declined by Re. 0.22 (-3.5%) to close the year at Rs. 5.99. Interim and final dividends of Re. 0.15 and Re. 0.20 respectively were paid to Shareholders, leading to a total return for the year 2018 of 2.1%.

MANAGER'S REPORT

PORTFOLIO COMPOSITION AS AT 31 DECEMBER 2018

Listed investments in Mauritius represented 91.6% of the total portfolio as at 31 December 2018 (2017: 92.0%). International investments have increased from 4.8% to 6.5%.

	31 December 2018		31 December 2017	
	Rs. in million	% of total portfolio	Rs. in million	% of total portfolio
SEM shares	1,059	77.8%	1133	80.5%
DEM shares	188	13.8%	163	11.5%
Unquoted shares	27	1.9%	24	1.7%
International Investments	88	6.5%	67	4.8%
Liquidity	-1	-0.1%	21	1.5%
	1,361	100.0%	1,048	100.0%

PORTFOLIO SECTOR ALLOCATION AS AT 31 DECEMBER 2018

Banks, Insurance & Other Finance represented 62.4% of the total portfolio as at 31 December 2018, compared to 61.9% as at 31 December 2017.

Sector	31 December 2018		31 December 2017	
	% of total portfolio	SEMDEX allocation	% of total portfolio	SEMDEX allocation
Banks, Insurance & Other Finance	62.4%	36.6%	61.9%	39.4%
Investments	8.6%	24.7%	8.3%	24.5%
Leisure & Hotels	9.0%	12.9%	10.5%	12.6%
Industry	11.5%	7.2%	10.9%	6.8%
Property Development	0.0%	0.7%	0.0%	0.4%
Sugar	0.0%	1.0%	0.0%	1.4%
Transport	0.0%	0.4%	0.0%	0.5%
Commerce	0.2%	16.4%	0.4%	14.3%
Foreign	6.5%	0.1%	4.8%	0.1%
Unquoted	1.9%	0.0%	1.7%	0.0%
Liquidity	-0.1%	0.0%	1.5%	0.0%
Total	100.0%	100.0%	100.0%	100.0%

MANAGER'S REPORT

TOP 10 HOLDINGS

POLICY's top 10 holdings represented 83.8% of the total portfolio as at 31 December 2018, compared to 81.9% as at 31 December 2017. MCB Group Limited remained by far POLICY's top holding, followed by Phoenix Beverages group (8.2%) and Lux* Island Resorts Ltd (7.7%).

Holdings	2018 % of NAV
MCB Group Limited	50.6%
Lux* Island Resorts Ltd	7.7%
ABC Banking Corporation Limited	6.3%
Phoenix Beverages Ltd	5.8%
Ciel Textile Ltd	2.9%
Phoenix Investment Company Ltd	2.4%
United Basalt Products Ltd	2.3%
The Bee Equity Partners Ltd	2.1%
Mauritius Unions Assurance Co. Ltd	1.9%
Swan General Ltd	1.8%
Total	83.8%

MAIN INVESTMENT TRANSACTIONS FOR 2018

During the financial year 2018, Rs. 80 million of investments were sold while Rs. 54 million of purchases were made, representing a turnover ratio of 10%. Rs. 22 million were added to The Bee Equity Partners Ltd, a private equity company listed on the Development & Enterprise Market of the SEM. Two new foreign investments were implemented, namely Rs. 17 million into the Janus Henderson Horizon Global Technology Fund and Rs. 12 million into the Fundsmith Global Equity Fund. The main disposals were Sun Ltd (Rs. 30 million) and CIM Financial Services Ltd (Rs. 18 million).

PERFORMANCE FIGURES AND RATIOS

	2013	2014	2015	2016	2017	2018
Share price ¹	64.6%	5.3%	-8.7%	-6.0%	31.1%	-3.8%
Net Asset Value ¹	23.3%	2.6%	3.5%	7.3%	21.9%	2.1%
Dividend in Re	0.40	0.40	0.35	0.35	0.35	0.35
Dividend Yield ²	5.3%	5.3%	5.4%	6.1%	4.3%	5.3%
SEMTRI	24.4%	1.8%	-10.1%	3.3%	25.3%	3.7%
SEM-10 ³	19.7%	-4.4%	-10.2%	-0.4%	22.3%	0.9%
Market Dividend Yield ⁴	2.8%	3.0%	3.7%	3.3%	2.3%	3.0%

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

⁴ Source: Stock Exchange of Mauritius Newsletter



MANAGER'S REPORT

OUTLOOK

With the major challenges faced by the sugar and textile sectors, Mauritius is increasingly becoming a service-oriented economy, with hospitality, finance and back office administration services able to grow at relatively high rates. Mauritius must adapt itself to the marked economic slowdown faced by Europe and UK, which have traditionally been its main trading partners, and establish strong links with the two high growth nations China and India. The main concern relates to public sector debt, since its escalation would lead to the end of the low tax environment. Our three main convictions remain the leaders in Banking (MCB Group), Commerce (Phoenix Beverages Group) and Hospitality (Lux* Island Resorts).

Internationally, two regions have to be considered in priority: the United States, which have seen the emergence of technology leaders such as Microsoft, Google, Facebook or Amazon and Asia, with its growing demand in all types of commodities. Unfortunately, Europe is squeezed by its geo-political problems and has to deal with low growth, high debt and high taxation of its ageing population. We will continue to grow the international portfolio and accumulate investments linked to the winning themes, which are technology and Asia.

SECRETARY'S CERTIFICATE

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

AS PER SECTION 166 (d) OF THE COMPANIES ACT 2001

We certify that, based on the 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 2018, all such returns as are required of the Company under the Companies Act 2001.

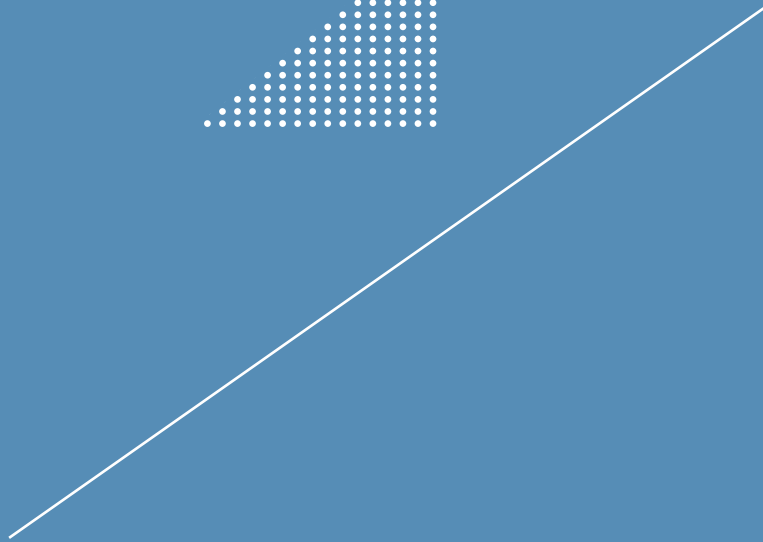
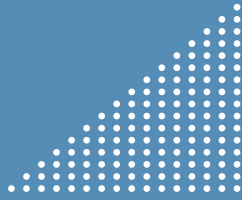

NISHA PROAG-DOOKUN, ACIS
FOR
OCORIAN CORPORATE
ADMINISTRATORS LIMITED

OCORIAN CORPORATE ADMINISTRATORS LIMITED
COMPANY SECRETARY

6 March 2019

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 9 May 2019 be entitled to attend and vote at the Annual 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.
- The Annual Report for the year ended 31 December 2018 can be viewed at www.policylimited.mu or a copy can be requested by writing to the Company Secretary at c/o Ocorian Corporate Administrators Limited, 6th Floor, Tower A, 1 CyberCity, Ebene.



FINANCIAL STATEMENTS



INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF P.O.L.C.Y. LIMITED

This report is made solely to the members of P.O.L.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 auditor's 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 AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of P.O.L.C.Y. Limited (the Company), on pages 42 to 68 which comprise the statement of financial position as at December 31, 2018, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements on pages 42 to 68 give a true and fair view of the financial position of the Company as at December 31, 2018, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and comply with the Companies Act 2001.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants (IESBA Code)* together with the ethical requirements that are relevant to our audit of the financial statements in Mauritius, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF P.O.L.C.Y. LIMITED

KEY AUDIT MATTER

AUDIT RESPONSE

1. Carrying value of investments

The Company holds investment in financial assets with a carrying amount of MUR 1,361M at reporting date. The significance of the investment in financial assets on the statement of financial position resulted in it being identified as a key audit matter. The Company has financial assets at fair value through profit or loss and through other comprehensive income. The fair value of listed financial assets is based on the Official Market and the DEM quoted prices at the end of reporting period. In assessing the fair value of unquoted financial assets, the Company uses a variety of methods and makes assumptions that are based on market conditions existing at each reporting date. Many of the inputs required can be obtained from readily available liquid market prices and rates. Where observable market data is not available, estimates were developed based on the most appropriate source data and are subject to significant judgement.

Our audit procedures include the following:

- We performed audit procedures over the valuation and accounting of investments in financial assets held by the Company.
- We tested the valuation at reporting date and ascertained that the valuation techniques used are appropriate and consistent with prior years.
- For unquoted financial assets, we tested that the valuation techniques adopted reflect the best appropriate for valuation of the investments. We checked the reasonableness of inputs to the valuation techniques used.
- We ensured that the carrying value of the investments is fairly stated.

Refer to notes 11 and 12 of the accompanying financial statements.

OTHER INFORMATION

The Directors are responsible for the other information. The other information comprises the information included in the Report of the Directors and Other statutory disclosures, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

CORPORATE GOVERNANCE REPORT

Our responsibility under the Financial Reporting Act is to report on the compliance with the Code of Corporate Governance disclosed in the annual report and assess the explanations given for non-compliance with any requirement of the Code. From our assessment of the disclosures made on corporate governance in the annual report, the public interest entity has, pursuant to section 75 of the Financial Reporting Act, complied with the requirements of the Code.

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF P.O.L.C.Y. LIMITED

RESPONSIBILITIES OF DIRECTORS AND THOSE CHARGED WITH GOVERNANCE FOR THE FINANCIAL STATEMENTS

The directors are responsible for the preparation and fair presentation of the 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.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by directors.
- Conclude on the appropriateness of directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

INDEPENDENT AUDITOR'S REPORT

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

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D)

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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.

OTHER MATTER

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 auditor's 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.



BDO & Co

Chartered Accountants

Port Louis, Mauritius

6 March 2019



Ameenah Ramdin, FCCA, ACA

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STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2018

	Notes	2018 Rs'000	2017 Rs'000
Income	4	44,722	43,246
Net (loss)/gain on investments	5	(503)	993
		44,219	44,239
Administrative expenses	6	(10,478)	(10,151)
Profit before finance costs		33,741	34,088
Finance costs	7	(355)	(1,135)
Profit before income tax		33,386	32,953
Income tax expense	8	(83)	(81)
Profit for the year		33,303	32,872
Other comprehensive income:			
Items that will not be subsequently reclassified to profit or loss			
(Loss)/gain on investments classified as FVTOCI	9	(2,727)	235,164
Other comprehensive income for the year		(2,727)	235,164
Total comprehensive income for the year		30,576	268,036
Earnings per share (Rs.)	10	0.15	0.14

The notes on pages 46 to 68 form an integral part of these financial statements.
Auditor's report on pages 38 to 41.

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2018

	Notes	2018 Rs'000	2017 Rs'000
ASSETS			
Non-current assets			
Financial assets at fair value through profit or loss	11	15,145	15,648
Financial assets at fair value through other comprehensive income	12 (a)	1,345,874	1,372,131
		1,361,019	1,387,779
Current assets			
Trade and other receivables	13	341	1,542
Cash and cash equivalents	14	3,457	22,666
		3,798	24,208
Total assets		1,364,817	1,411,987
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	15	226,987	226,987
Share premium		5,217	5,217
Fair value reserve		747,204	747,450
Retained earnings		380,900	429,523
Total equity		1,360,308	1,409,177
Current liabilities			
Trade and other payables	16	4,473	2,803
Current tax payable	8	2	7
Bank overdraft	14	34	-
Total liabilities		4,509	2,810
Total equity and liabilities		1,364,817	1,411,987

These financial statements have been approved for issue by the Board of Directors on : 06 March 2019



Mr. Vincent Ah Chuen

Name of Director



Mr. Pierre Yves Pougnet

Name of Director

The notes on pages 46 to 68 form an integral part of these financial statements.
Auditor's report on pages 38 to 41.

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2018

	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 2017		226,987	5,217	516,682	471,700	1,220,586
Profit for the year		-	-	-	32,872	32,872
Other comprehensive income for the year	9	-	-	230,768	4,396	235,164
Total comprehensive income for the year		-	-	230,768	37,268	268,036
Dividends	17	-	-	-	(79,445)	(79,445)
At 31 December 2017		226,987	5,217	747,450	429,523	1,409,177
Profit for the year		-	-	-	33,303	33,303
Other comprehensive income for the year	9	-	-	(246)	(2,481)	(2,727)
Total comprehensive income for the year		-	-	(246)	30,822	30,576
Dividends	17	-	-	-	(79,445)	(79,445)
At 31 December 2018		226,987	5,217	747,204	380,900	1,360,308

The notes on pages 46 to 68 form an integral part of these financial statements.

Auditor's report on pages 38 to 41.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2018

Note	2018 Rs'000	2017 Rs'000
Cash flows from operating activities		
Profit before income tax	33,386	32,953
Adjustments for:		
Fair value changes in financial assets at FVTPL	503	(993)
Interest income	(35)	(227)
Interest expense	86	-
Foreign exchange loss	206	1,135
Dividend in specie	(2,958)	-
Operating profit before working capital changes	31,188	32,868
Changes in working capital:		
Decrease in dividends receivable	1,206	523
(Increase)/decrease in trade and other receivables	(5)	3
Increase/(decrease) in trade and other payables	1,671	(1,053)
Cash generated from operations	34,060	32,341
Tax paid	(88)	(145)
Net cash generated from operating activities	33,972	32,196
Cash flows from investing activities		
Purchase of financial assets at FVTOCI	(53,589)	(24,133)
Proceeds from disposal of financial assets at FVTOCI	80,076	48,603
Interest received	35	227
Net cash generated from investing activities	26,522	24,697
Cash flows from financing activities		
Dividends paid	(79,445)	(79,445)
Interest paid	(86)	-
Net cash used in financing activities	(79,531)	(79,445)
Decrease in cash and cash equivalents	(19,037)	(22,552)
Cash and cash equivalents at 01 January	22,666	46,353
Exchange loss on cash and cash equivalents	(206)	(1,135)
Decrease in cash and cash equivalents	(19,037)	(22,552)
Cash and cash equivalents at 31 December	3,423	22,666

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The notes on pages 46 to 68 form an integral part of these financial statements.
Auditor's report on pages 38 to 41.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2018

1. GENERAL INFORMATION

The financial statements of the Company for the year ended 31 December 2018 were authorised for issue in accordance with a resolution of the directors on 06 March 2019. 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 Ocorian Corporate Administrators Limited (previously known as 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 basis, except for the fair valuation of financial assets at fair value through other comprehensive income ("FVTOCI") and financial assets at fair value through profit or loss ("FVTPL").

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates that affect the reported amounts of revenues, expenses, assets and liabilities and the accompanying disclosures. 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 at fair value through other comprehensive income and at fair value through profit or loss are determined by using valuation techniques. Foreign unquoted investments are valued by the Fund Manager; 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. Most of the local unquoted investments are valued based on their Net Assets Value ("NAV"), which is derived from the most recent audited financial statements. These investments represent only 2% of the Company's portfolio, therefore, the impact of any uncertainty that could result in the fair value of these local investments being different from the fair value that would have been used had a ready market for those assets existed is considered as not material.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2018

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

Changes in accounting policies and disclosures

(i) New and amended standards

The Company early adopted the following standards and amendments, which are effective for annual periods beginning on or after 01 January 2018.

The nature and the impact of the new standard and amendments are described below:

IFRS 9 Financial Instruments

IFRS 9 replaces the provisions of IAS 39 that relate to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting. The company already early adopted IFRS 9 Financial Instruments from January 1, 2017.

Interpretation 22 Foreign Currency Transactions and Advance Consideration

The interpretation clarifies how to determine the date of transaction for the exchange rate to be used on initial recognition of a related asset, expense or income where an entity pays or receives consideration in advance for foreign currency-denominated contracts.

For a single payment or receipt, the date of the transaction should be the date on which the entity initially recognises the non-monetary asset or liability arising from the advance consideration (the prepayment or deferred income/contract liability).

If there are multiple payments or receipts for one item, a date of transaction should be determined as above for each payment or receipt.

Entities can choose to apply the interpretation:

- retrospectively for each period presented
- prospectively to items in scope that are initially recognised on or after the beginning of the reporting period in which the interpretation is first applied, or
- prospectively from the beginning of a prior reporting period presented as comparative information.

The application of these amendments had no impact on the Company's financial statements.

Other standards, amendments and interpretation which are effective for the financial period beginning on 01 January 2018 are not relevant to the Company.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2018

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

Changes in accounting policies and disclosures (Cont'd)

(ii) New standards, amendments and interpretations issued but not yet effective

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Company's financial statements are disclosed below. The Company intends to adopt these standards, if applicable, when they become effective. The Company has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

IFRIC 23 - Uncertainty over Income Tax Treatments (effective for accounting periods beginning on or after 01 January 2019)

The interpretation clarifies the accounting for uncertainties in income taxes. It addresses the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12. It specifically considers whether tax treatments should be considered collectively, assumptions for taxation authorities' examinations, the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates and the effect of changes in facts and circumstances. Full retrospective application is permitted.

The directors have not yet assessed the potential impact of the adoption of these new standards, amendments and interpretations issued but not yet effective.

Significant accounting policies

(a) Financial assets and financial liabilities

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 ("FVTOCI"), 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).

Financial assets at FVTOCI

Financial assets at FVTOCI comprise of equity securities which are not held for trading and for which the Company has made an irrevocable election at initial recognition to recognise the changes in fair value through OCI rather than profit or loss as these investments are held for long term capital appreciation and the Company considered this to be more relevant.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2018

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

Significant accounting policies (Cont'd)

(a) Financial assets and financial liabilities (Cont'd)

Financial assets at FVTPL

IAS 28 requires that the equity method be applied in accounting for investment in associates. However, when an investment in associate 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.

Financial assets at amortised cost

The Company classifies its financial assets at amortised cost only if both of the following criteria are met:

- the asset is held within a business model with the objective of collecting the contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding.

Financial assets at amortised cost include trade and other receivables (excluding prepayments) and cash and cash equivalents.

Initial and subsequent measurement of financial assets

At initial recognition, the Company measures its financial assets at fair value, plus in the case of a financial asset not at FVTPL transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in profit or loss.

The Company subsequently measures all equity investments at fair value. When the Company's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as "revenue" when the Company's right to receive payment is established.

Changes in the fair value of financial assets at FVTPL are recognised in "net gain on investments" in profit or loss. Impairment losses (and reversal of impairment losses) are not reported separately from other changes in fair value or net gain in investment.

Debt instruments are subsequently measured at amortised cost using the effective interest ("EIR") method. The EIR is the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2018

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

Significant accounting policies (Cont'd)

(a) Financial assets and financial liabilities (Cont'd)

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 FVTOCI; most loan commitments; financial guarantee contracts; contract assets under IFRS 15 "Revenue from Contracts with Customers"; 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 ECL are always recognised.

Classification and measurement of financial liabilities

Financial liabilities comprise of trade and other payables and are subsequently measured at amortised cost using the effective interest method.

(b) 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.

(c) 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, if any.

(d) 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.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2018

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

Significant accounting policies (Cont'd)

(e) 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.

(f) 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.

(g) 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.

(h) 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.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2018

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

Significant accounting policies (Cont'd)

(h) Foreign currency translation (Cont'd)

(ii) Transactions and balances (Cont'd)

Translation differences on non-monetary items, such as equities at FVTOCI 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 costs".

(i) 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.

(j) Current income tax

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 operates and generates 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.

(k) 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.

(l) 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.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2018

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

Significant accounting policies (Cont'd)

(l) Provisions (Cont'd)

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.

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 are recognised as 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.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2018

3. FINANCIAL RISK MANAGEMENT (CONT'D)

(a) Financial risk factors (Cont'd)

Market risk (Cont'd)

(i) Foreign exchange risk (Cont'd)

	Effect on post-tax profits		Effect on equity	
	2018	2017	2018	2017
	Rs'000	Rs'000	Rs'000	Rs'000
	+/-	+/-	+/-	+/-
USD	23	856	4,204	3,964
EUR	38	12	254	276

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 FVTOCI.

Currency profile

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

	MUR	EUR	USD	TOTAL
	Rs'000	Rs'000	Rs'000	Rs'000
As at 31 December 2018				
Financial assets:				
Financial assets at FVTOCI	1,257,955	4,303	83,616	1,345,874
Financial assets at FVTPL	15,145	-	-	15,145
Dividend receivable	188	-	-	188
Cash and cash equivalents	2,199	768	456	3,423
Total assets	1,275,487	5,071	84,072	1,364,630
Financial liabilities:				
Trade and other payables	4,473	-	-	4,473
As at 31 December 2017				
Financial assets:				
Financial assets at FVTOCI	1,304,708	5,277	62,146	1,372,131
Financial assets at FVTPL	15,648	-	-	15,648
Dividend receivable	1,395	-	-	1,395
Cash and cash equivalents	5,297	241	17,128	22,666
Total assets	1,327,048	5,518	79,274	1,411,840
Financial liabilities:				
Trade and other payables	2,803	-	-	2,803

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2018

3. FINANCIAL RISK MANAGEMENT (CONT'D)

(a) Financial risk factors (Cont'd)

Market risk (Cont'd)

(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 not materially dependent 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. 37,000 lower/higher (2017: Rs. 118,000 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 at FVTOCI or at FVTPL. 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 Investment Committee or Board.

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	
	2018	2017	2018	2017
	Rs'000	Rs'000	Rs'000	Rs'000
	+/-	+/-	+/-	+/-
Impact	757	782	67,294	68,325

Post-tax profits for the year would increase/decrease as a result of gains/losses on equity securities classified as at FVTPL. Equity would increase/decrease as a result of gains/losses on equity securities classified as FVTOCI.

YEAR ENDED 31 DECEMBER 2018

(a) Financial risk factors (Cont'd)

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 and other receivables, including dividend, with a maximum exposure equal to the carrying amount of these financial assets at the reporting date. The Company bank with reputable banking institutions.

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.

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NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2018

3. FINANCIAL RISK MANAGEMENT (CONT'D)

(a) Financial risk factors (Cont'd)

Liquidity risk (Cont'd)

	Less than 1year Rs'000	1-5 years Rs'000	Total Rs'000
As at 31 December 2017			
Assets			
Financial assets at FVTOCI	-	1,372,131	1,372,131
Financial assets at FVTPL	15,648	-	15,648
Dividend receivable	1,395	-	1,395
Cash and cash equivalents	22,666	-	22,666
Total	39,709	1,372,131	1,411,840
Liabilities			
Trade and other payables	2,803	-	2,803

(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 2018 on a recurring basis:

	Level 1 Rs'000	Level 2 Rs'000	Level 3 Rs'000	Total Rs'000
Assets				
Financial assets at FVTPL				
- Designated at FVTPL	-	-	15,145	15,145
Financial assets at FVTOCI				
- Equity securities	1,305,688	-	40,186	1,345,874
Total assets measured at fair value	1,305,688	-	55,331	1,361,019

There have been no transfers between levels during the year under review (2017: nil).

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2018

3. FINANCIAL RISK MANAGEMENT (CONT'D)

(b) Fair value estimation (Cont'd)

The following table presents the Company's assets and liabilities that are measured at fair value at 31 December 2017.

	Level 1	Level 2	Level 3	Total
	Rs'000	Rs'000	Rs'000	Rs'000
Assets				
Financial assets at FVTPL				
- Designated at FVTPL	-	-	15,648	15,648
Financial assets at FVTOCI				
- Equity securities	1,330,448	-	41,683	1,372,131
Total assets measured at fair value	1,330,448	-	57,331	1,387,779

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 at FVTOCI.

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. 757,000** and **Rs. 2,009,000** respectively (2017: Rs. 782,000 and Rs. 2,084,000 respectively).

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2018

3. FINANCIAL RISK MANAGEMENT (CONT'D)

(b) Fair value estimation (Cont'd)

There have been no transfers between levels during the reporting period (2017: nil). The following table shows a reconciliation of the level 3 fair value measurements:

31 December 2018:

	Financial assets at FVTOCI	Financial assets at FVTPL	Total
	Rs'000	Rs'000	Rs'000
Opening balance	41,683	15,648	57,331
Disposal at fair value	(1,336)	-	(1,336)
Adjustment (Dividend in specie)	2,958	-	2,958
Total gains or losses:			
- in profit or loss	-	(503)	(503)
- in other comprehensive income	(3,119)	-	(3,119)
	<u>40,186</u>	<u>15,145</u>	<u>55,331</u>

31 December 2017:

Opening balance	50,685	14,655	65,340
Disposal at fair value	(15,154)	-	(15,154)
Total gains or losses:			
- in profit or loss	-	993	993
- in other comprehensive income	6,152	-	6,152
	<u>41,683</u>	<u>15,648</u>	<u>57,331</u>

The above gains/losses are recorded within 'net gain/(loss) on investment' in profit or loss and 'gain/(loss) on investment classified as FVTOCI' in other comprehensive income.

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.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2018

3. FINANCIAL RISK MANAGEMENT (CONT'D)

(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 2018

Financial assets

Financial assets at FVTOCI
Financial assets at FVTPL
Dividend receivable
Cash and cash equivalents

Assets at FVTOCI	Assets at FVTPL	Loans and receivables	Total
Rs'000	Rs'000	Rs'000	Rs'000
1,345,874	-	-	1,345,874
-	15,145	-	15,145
-	-	188	188
-	-	3,423	3,423
1,345,874	15,145	3,611	1,364,630

Financial liabilities

Trade and other payables

Other financial liabilities at amortised cost	Total
Rs'000	Rs'000
4,473	4,473

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2018

3. FINANCIAL RISK MANAGEMENT (CONT'D)

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

31 December 2017

Financial assets

Financial assets at FVTOCI	1,372,131	-	-	1,372,131
Financial assets at FVTPL	-	15,648	-	15,648
Trade and other receivables (excluding prepayments)	-	-	1,395	1,395
Cash and cash equivalents	-	-	22,666	22,666

Assets at FVTOCI	Assets at FVTPL	Loans and receivables	Total
Rs'000	Rs'000	Rs'000	Rs'000
1,372,131	-	-	1,372,131
-	15,648	-	15,648
-	-	1,395	1,395
-	-	22,666	22,666
1,372,131	15,648	24,061	1,411,840

Financial liabilities

Trade and other payables

Other financial liabilities at amortised cost	Total
Rs'000	Rs'000
2,803	2,803

4. INCOME

(a) Dividend income from Investments at FVTOCI

Listed - SEM	39,027	33,689
Listed - DEM	4,647	5,415
Unquoted - Local	377	2,019
Foreign	444	433
	44,495	41,556

2018	2017
Rs'000	Rs'000
39,027	33,689
4,647	5,415
377	2,019
444	433
44,495	41,556

(b) Dividend income from financial assets at FVTPL

Unquoted

-	1,250
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(c) Other income

TOTAL

227	440
44,722	43,246

5. NET (LOSS)/GAIN ON INVESTMENTS

Changes in fair value of financial assets at FVTPL

2018	2017
Rs'000	Rs'000
(503)	993

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2018

6. ADMINISTRATIVE EXPENSES

Management fees (Note (a)(i))
Administrator fees (Note (a)(ii))
Directors' fees
Other administrative expenses
Other professional fees
Auditors' remuneration
Corporate social responsibility

2018	2017
Rs'000	Rs'000
4,352	4,199
2,305	2,203
1,622	1,630
1,279	1,145
468	457
247	320
205	197
10,478	10,151

(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 Ocorian Corporate Administrators Limited (formerly known as Abax Corporate Administrators Ltd) (the "Administrator"). As Administrator, Ocorian Corporate Administrators Limited 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.

7. FINANCE COST

Net foreign exchange loss
Interest expense

2018	2017
Rs'000	Rs'000
269	1,135
86	-
355	1,135

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2018

8. INCOME TAX

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:

	2018 Rs'000	2017 Rs'000
Current tax on profit for the year	61	100
Provision for CSR	22	16
Tax over provided in previous years	-	(35)
Income tax expense	83	81

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

	2018 Rs'000	2017 Rs'000
At 01 January	7	71
Charge for the year	61	65
Provision for CSR	22	16
Paid during the year	(88)	(145)
At 31 December	2	7
Analysed as:		
Current tax payable	2	7

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

	2018 Rs'000	2017 Rs'000
Profit before taxation	33,386	32,953
Tax calculated at the rate of 15% (2017:15%)	5,008	4,943
Expenses not deductible for tax purposes	2,054	1,688
Income not subject to tax	(7,001)	(6,531)
Current tax on profit for the year	61	100
Tax over provided in previous years	-	(35)
Provision for CSR	22	16
Income tax expense	83	81

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2018

9. OTHER COMPREHENSIVE INCOME

(a) Movement that will not be subsequently reclassified to profit or loss:

Changes affecting fair value reserve:
 Fair value (loss)/gain on financial assets at FVTOCI
 Release on disposal of investments

Changes affecting retained earnings:
 (Loss)/gain on disposal of financial assets at FVTOCI

2018	2017
Rs'000	Rs'000
(1,125)	230,488
879	280
(246)	230,768
(2,481)	4,396
(2,727)	235,164

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

(b) Realised (loss)/gain on investment

Financial assets

Unquoted
 Foreign
 Listed - SEM

2018	2017
Rs'000	Rs'000
435	-
29	6,411
(2,945)	(2,015)
(2,481)	4,396

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.

Profit for the year (Rs'000)

Number of ordinary shares:

Shares in issue at start and end of the year

Basic earnings per share
 (Rs. per share)

2018	2017
33,303	32,872
226,986,672	226,986,672
0.15	0.14

11. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

DESIGNATED AT FAIR VALUE THROUGH PROFIT OR LOSS

At 01 January
 Fair value changes
At 31 December

2018	2017
Rs'000	Rs'000
15,648	14,655
(503)	993
15,145	15,648

The above represent investment in associates of the Company as at 31 December 2018, which 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 2018

12. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	2018					2017	
(a)	Quoted			Unquoted			
	SEM	DEM	Overseas	Local	Overseas	Total	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
At 01 January	1,133,379	162,515	34,554	8,814	32,869	1,372,131	1,161,437
Additions	3,020	21,703	28,866	-	-	53,589	24,133
Disposals							
at fair value	(80,341)	-	-	(1,208)	(129)	(81,678)	(43,927)
Dividend in specie	-	-	-	2,958	-	2,958	-
Fair value changes	3,205	4,063	(5,275)	(154)	(2,965)	(1,126)	230,488
At 31 December	1,059,263	188,281	58,145	10,410	29,775	1,345,874	1,372,131

(b) The fair value of investment at fair value through other comprehensive income 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) Portfolio of investments of P.O.L.I.C.Y. Limited

Quoted investments - SEM

Banks & Insurance
Leisure & hotels
Industry
Investments
Commerce

Quoted investments - DEM

Banks & Insurance
Others
Investments
Commerce

Overseas investments:

Quoted
Unquoted

Unquoted local investments

Total

2018	2017
Rs'000	Rs'000
763,073	783,906
122,535	147,195
117,616	111,466
54,054	86,770
1,985	4,042
1,059,263	1,133,379
85,635	87,120
39,110	42,538
61,281	30,790
2,255	2,067
188,281	162,515
58,145	34,554
29,775	32,869
87,920	67,423
10,410	8,814
1,345,874	1,372,131

Listed investments include 336,000 shares held in The Mauritius Commercial Bank Limited (Value Rs. 91,728,000) 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.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2018

13. TRADE AND OTHER RECEIVABLES

Dividends receivable
Other receivables and prepayments

2018	2017
Rs'000	Rs'000
188	1,395
153	147
341	1,542

14. CASH AND CASH EQUIVALENTS

Cash at bank
Cash held with custodian
Cash and cash equivalents

Bank overdraft

2018	2017
Rs'000	Rs'000
2,233	5,297
1,224	17,369
3,457	22,666
(34)	-

15. SHARE CAPITAL

Stated, issued and fully paid
Ordinary shares at Rs.1 each
At 01 January and 31 December

2018 and 2017	
No. of shares	Rs'000
226,986,672	226,987

16. TRADE AND OTHER PAYABLES

Amount due to related parties
Accruals and other payables

2018	2017
Rs'000	Rs'000
3,049	1,318
1,424	1,485
4,473	2,803

17. DIVIDENDS

Interim ordinary paid - 15% (2017 - 15%)
Final ordinary paid - 20% (2017 - 20%)

Dividend per share

Amount per share		Total	
2018	2017	2018	2017
Rs.	Rs.	Rs'000	Rs'000
0.15	0.15	34,048	34,048
0.20	0.20	45,397	45,397
		79,445	79,445
0.35	0.35		

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2018

18. RELATED PARTY DISCLOSURES

During the year ended 31 December 2018, the Company had transactions with related entities. The nature, volume of transactions and the balances outstanding at 31 December 2018 and 2017 are as follows:

Volume of transaction

Management fees payable to the Fund Manager
Service fees paid to company in which a director has a significant influence
Fees to directors

2018	2017
Rs'000	Rs'000
4,352	4,199
2,305	2,203
1,622	1,630

Balances with related parties

Management fees payable to the Fund Manager
Service fees payable to company in which a director has a significant influence
Fees payable to directors

688	351
759	760
1,602	207

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

19. 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 2018

20. THREE YEAR SUMMARY OF PUBLISHED RESULTS AND ASSETS AND LIABILITIES

Statement of comprehensive income	As restated		
	2018	2017	2016
	Rs'000	Rs'000	Rs'000
Total income	44,219	44,239	49,803
Profit before taxation	33,386	32,953	39,620
Income tax expense	(83)	(81)	(239)
Profit for the year	33,303	32,872	39,381
Dividend per share (Rs.):			
- Interim: Fully paid shares	0.15	0.15	0.15
- Final : - Fully paid shares	0.20	0.20	0.20
Total dividend	0.35	0.35	0.35
Dividend per share (Rs.)	0.35	0.35	0.35
Earnings per share (Rs.)	0.15	0.14	0.17
Statement of financial position			
Non-current assets	1,361,019	1,387,779	1,176,092
Current assets	3,798	24,208	48,421
Total assets	1,364,817	1,411,987	1,224,513
Shareholders' interest	1,360,308	1,409,177	1,220,586
Current liabilities	4,509	2,810	3,927
Total equity and liabilities	1,364,817	1,411,987	1,224,513
Net assets per share (Rs.)	5.99	6.21	5.38
Number of shares in issue	226,987,672	226,987,672	226,987,672

PROXY FORM

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 Monday 10 June 2019 at 10h00 at the Registered Office of the Company, at c/o Ocorian Corporate Administrators Limited, 6th Floor, Tower A, 1 CyberCity, 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 2018.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2. To re-elect Mr. Vincent Ah Chuen as director, in accordance with Section 138(6) of the Companies Act 2001.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3. To re-elect Mr. Richard Arlove as director.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4. To re-elect Mr. Pierre de Chasteigner du Mée as director.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5. To re-elect Mr. Pierre Yves Pougnet as director, in accordance with Section 138(6) of the Companies Act 2001.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6. To re-elect Mr. Stéphane Henry as director.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7. To re-elect Professor Donald Ah Chuen, G.O.S.K., as director, in accordance with Section 138(6) of the Companies Act 2001.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
8. To re-elect Mr. Sydney Ah Yoong as director.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
9. To re-elect Mrs. Danielle Lagesse, S.A. as director.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
10. To re-elect Mr. Ah-Lan Lam Yan Foon as director, in accordance with Section 138(6) of the Companies Act 2001.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
11. To re-elect Mr. Karl Braunecker as director.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
12. To fix the directors' remuneration as recommended by the remuneration committee.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
13. To authorise the directors to fix the remuneration of the auditors, BDO & Co.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Signed this _____ 2019

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 Ocorian Corporate Administrators Limited, 6th Floor, Tower A, 1 CyberCity, Ebene by 7 June 2019 at 10h00 latest.

NOTES

[illegible]

NOTES

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

L i m i t e d

6th Floor, Tower A, 1 CyberCity, Ebene
Republic of Mauritius
www.policylimited.mu