

UNAUDITED CONDENSED STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2016

	THE COMPANY		THE GROUP
	Unaudited as at 30 September 2016	Audited as at 31 December 2015	Unaudited as at 30 September 2015
	Rs'000	Rs'000	Rs'000
ASSETS			
Non-current assets	1,234,919	1,236,722	1,245,604
Current assets	2,381	20,523	34,352
Total assets	1,237,300	1,257,245	1,279,956
EQUITY AND LIABILITIES			
Capital and reserves			
Total equity	1,228,871	1,211,484	1,262,138
Current liabilities	8,429	45,761	17,818
Total equity and liabilities	1,237,300	1,257,245	1,279,956
Net asset value per share - (Rs.)	5.41	5.34	5.56
No. of shares used in calculation	226,986,672	226,986,672	226,986,672

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

	THE COMPANY			THE GROUP		
	Unaudited Three months to 30 September 2016	Unaudited Nine months to 30 September 2016	Unaudited Three months to 30 September 2015	Unaudited Nine months to 30 September 2015	Unaudited Three months to 30 September 2015	Unaudited Nine months to 30 September 2015
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Income	14,759	66,875	14,004	31,476	12,526	25,796
Operating profit	12,496	53,316	11,662	19,027	9,989	12,806
Finance (costs)/income	(291)	(817)	46	1,941	46	1,941
Profit before taxation	12,205	52,499	11,708	20,968	10,035	14,747
Taxation	(32)	(147)	62	-	62	-
Profit for the period	12,173	52,352	11,770	20,968	10,097	14,747
Other comprehensive income for the period, net of tax	54,363	(917)	(23,003)	26,907	(21,330)	33,128
Total comprehensive income for the period	66,536	51,435	(11,233)	47,875	(11,233)	47,875
Profit attributable to:						
Owners of the parent					10,097	14,747
Total comprehensive income attributable to:					(11,233)	47,875
Owners of the parent						
Basic earnings per share for the period - (Rs.)	0.05	0.23	0.05	0.09	0.04	0.06
Dividends per share - (Rs.)	-	0.15	-	0.15	-	0.15
No. of shares in issue and ranking for dividends	226,986,672	226,986,672	226,986,672	226,986,672	226,986,672	226,986,672

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

THE COMPANY	Share capital	Share premium	Fair value reserve	Retained earnings	Total equity
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
At 01 January 2016	226,987	5,217	556,586	422,694	1,211,484
Comprehensive income	-	-	-	52,352	52,352
Profit for the period	-	-	(917)	-	(917)
Other comprehensive income	-	-	(917)	52,352	51,435
Total comprehensive income for the period	-	-	(917)	52,352	51,435
Transaction with owners	-	-	-	(34,048)	(34,048)
Dividends	-	-	-	(34,048)	(34,048)
At 30 September 2016	226,987	5,217	555,669	440,998	1,228,871
At 01 January 2015	226,987	5,217	560,000	456,107	1,248,311
Comprehensive income	-	-	-	20,968	20,968
Profit for the period	-	-	26,907	-	26,907
Other comprehensive income	-	-	26,907	20,968	47,875
Total comprehensive income for the period	-	-	26,907	20,968	47,875
Transaction with owners	-	-	-	(34,048)	(34,048)
Dividends	-	-	-	(34,048)	(34,048)
At 30 September 2015	226,987	5,217	586,907	443,027	1,262,138
THE GROUP	Attributable to owners of the parent				
At 01 January 2015	226,987	5,217	553,122	462,985	1,248,311
Comprehensive income	-	-	-	14,747	14,747
Profit for the period	-	-	33,128	-	33,128
Other comprehensive income	-	-	33,128	14,747	47,875
Total comprehensive income for the period	-	-	33,128	14,747	47,875
Transaction with owners	-	-	-	(34,048)	(34,048)
Dividends	-	-	-	(34,048)	(34,048)
At 30 September 2015	226,987	5,217	586,250	443,684	1,262,138

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

	THE COMPANY		THE GROUP
	Unaudited Nine months to 30 September 2016	Unaudited Nine months to 30 September 2015	Unaudited Nine months to 30 September 2015
	Rs'000	Rs'000	Rs'000
Operating activities			
Net cash generated from operating activities	15,685	16,750	12,353
Investing activities			
Net cash generated from/(used in) investing activities	39,793	(45,459)	(45,411)
Financing activities			
Net cash used in financing activities	(34,842)	(34,064)	(34,064)
Increase/(decrease) in cash and cash equivalents	20,636	(62,773)	(67,122)
Movement in cash and cash equivalents			
At 1 January	(23,582)	65,971	70,478
Increase/(decrease) in cash and cash equivalents	20,636	(62,773)	(67,122)
Effect of exchange difference on cash and cash equivalents	8	1,922	1,922
At 30 September	(2,938)	5,120	5,278

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

BASIS OF ACCOUNTING

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

The financial statements as at 30 September 2016 give information about P.O.L.I.C.Y. Limited as an individual company and do not contain consolidated financial information as the wholly owned subsidiary, UNION AND P.O.L.I.C.Y. INVESTMENT CO. LTD ("UPIC"), is in the process of winding up. All documents have been lodged with the Director of Insolvency on 12 October 2016 and UPIC is expected to be wound up by January 2017.

COMMENTS AND REVIEW FOR THE QUARTER AND NINE MONTHS ENDED 30 SEPTEMBER 2016

(i) Investments disposed of during the nine months under review generated higher gains compared to the corresponding period in 2015. As a result, the Company reported a net profit of Rs 52,352,000 for the period as opposed to Rs 20,968,000 for the nine months ended 30 September 2015.

The positive "Other Comprehensive income" of Rs 54,363,000 reported for the quarter ended 30 September 2016 is mainly attributable to unrealised gain on revaluation of investments held at 30 September 2016.

(ii) At 30 September 2016, the Net Assets Value per share of the Company stood at Rs. 5.41 compared to Rs. 5.34 at 31 December 2015 and Rs. 5.56 at 30 September 2015.

Shareholders' interest was Rs. 1.23 billion at 30 September 2016, compared to Rs. 1.21 billion and Rs. 1.26 billion at 31 December and 30 September 2015 respectively.

By Order of the Board

Abax Corporate Administrators Ltd
Secretary

11 November 2016

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

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

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

The auditors of the Company are BDO & Co.

Manager's Report for the quarter ended 30 September 2016

NAV Performance for Q3 2016

The Net Asset Value of POLICY rose by 5.7% during the third quarter 2016 while the SEMTRI posted a positive performance of 5.5%.

For the three months under review, four of our top 5 holdings posted positive returns: PBL +14.8%, ABC Banking +5.6%, MCBG +4.7% and LUX* +3.9%; while Terra decreased by 1.3%.

Outlook

The reduction of the Repo Rate by 40 basis points to 4.00% in July 2016 impacted positively on the local market.

We remain confident that POLICY's top holdings will continue to outperform the market over the long-term.

Share price and NAV

	30-Jun-15	30-Sep-15	31-Dec-15	31-Mar-16	30-Jun-16	30-Sep-16
Share price	7.22	6.72	6.50	6.40	6.20	6.04
NAV	5.61	5.56	5.34	5.21	5.12	5.41
Premium to NAV	28.7%	20.9%	21.7%	22.8%	21.1%	11.6%

Performance ratios

	Year ended 31 December							
	2011	2012	2013	2014	2015	1Q16	2Q16	3Q16
POLICY								
Share price ¹	-1.1%	-23.2%	64.6%	5.3%	-8.7%	-1.5%	-0.8%	-2.6%
Net Asset Value ¹	-2.9%	-2.5%	23.2%	2.6%	3.5%	-2.4%	1.2%	5.7%
Local market								
SEMTRI	-1.3%	-5.5%	24.4%	1.8%	-10.1%	-0.3%	-1.9%	5.5%
SEM-10 ²	-6.1%	-3.7%	19.7%	-4.4%	-10.2%	-0.5%	-2.1%	3.9%

¹ Performance adjusted for dividends paid and bonus issue

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

Sector allocation as at 30 September 2016	Portfolio allocation	SEMDEX allocation
Banks, Insurance & Other Finance	61.6%	40.5%
Investments	11.1%	26.7%
Leisure & Hotels	9.3%	11.4%
Industry	9.9%	6.3%
Property Development	0.2%	0.4%
Sugar	0.0%	1.9%
Transport	0.2%	0.6%
Commerce	0.2%	12.1%
Foreign	6.2%	0.1%
Unquoted	1.5%	0.0%
Liquidity	-0.2%	0.0%
Total	100.0%	100.0%

Top 5 holdings as at 30 September 2016

	Rs. in million	% of NAV	3Q16 Performance
MCB Group Limited	613	49.7%	4.7%
Lux* Island Resorts Ltd	80	6.5%	3.9%
ABC Banking Corporation Ltd	63	5.1%	5.6%
Phoenix Beverages Ltd	58	4.7%	14.8%
Terra Mauricia Ltd	47	3.8%	-1.3%
Total	861	69.8%	

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