

**UNAUDITED CONDENSED STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2017**

	Unaudited as at 30 September 2017	Unaudited as at 30 September 2016	Audited as at 31 December 2016
	Rs'000	Rs'000	Rs'000
<b>ASSETS</b>			
Non-current assets	1,418,282	1,234,919	1,176,092
Current assets	37,622	2,381	48,421
<b>Total assets</b>	<b>1,455,904</b>	<b>1,237,300</b>	<b>1,224,513</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Capital and reserves</b>			
Total equity	1,452,162	1,228,871	1,220,586
Current liabilities	3,742	8,429	3,927
<b>Total equity and liabilities</b>	<b>1,455,904</b>	<b>1,237,300</b>	<b>1,224,513</b>
<b>Net asset value per share - (Rs)</b>	<b>6.40</b>	<b>5.41</b>	<b>5.38</b>
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 2017**

	Unaudited Three months to 30 September 2017	Unaudited Nine months to 30 September 2017	As restated Unaudited Three months to 30 September 2016	As restated Unaudited Nine months to 30 September 2016
	Rs'000	Rs'000	Rs'000	Rs'000
<b>Income</b>	<b>12,251</b>	<b>22,243</b>	<b>12,746</b>	<b>23,701</b>
<b>Profit before finance costs</b>	<b>9,751</b>	<b>14,803</b>	<b>10,482</b>	<b>16,634</b>
Finance costs	(371)	(1,033)	(291)	(817)
<b>Profit before taxation</b>	<b>9,380</b>	<b>13,770</b>	<b>10,191</b>	<b>15,817</b>
Taxation	(31)	(27)	(32)	(147)
<b>Profit for the period</b>	<b>9,349</b>	<b>13,743</b>	<b>10,159</b>	<b>15,670</b>
Other comprehensive income for the period, net of tax	57,972	251,877	56,377	35,765
<b>Total comprehensive income for the period</b>	<b>67,321</b>	<b>265,620</b>	<b>66,536</b>	<b>51,435</b>
<b>Basic earnings per share for the period - (Rs.)</b>	<b>0.04</b>	<b>0.06</b>	<b>0.04</b>	<b>0.07</b>
<b>Dividends per share - (Rs.)</b>	<b>-</b>	<b>0.15</b>	<b>-</b>	<b>0.15</b>
No. of shares in issue and ranking for dividends	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 2017**

	Share capital	Share premium	Fair value reserve	Retained earnings	Total Equity
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
At 01 January 2017	226,987	5,217	528,513	459,869	1,220,586
<i>Comprehensive income</i>					
Profit for the period	-	-	-	13,743	13,743
Other comprehensive income	-	-	247,652	4,225	251,877
Total comprehensive income for the period	-	-	247,652	17,968	265,620
<i>Transaction with owners</i>					
Dividends	-	-	-	(34,048)	(34,048)
At 30 September 2017	<b>226,987</b>	<b>5,217</b>	<b>776,165</b>	<b>443,789</b>	<b>1,452,158</b>
At 01 January 2016	226,987	5,217	556,586	422,694	1,211,484
<b>Effect of adoption of IFRS 9</b>					
<i>Comprehensive income</i>					
Profit for the period (restated)	-	-	-	15,670	15,670
Other comprehensive income (restated)	-	-	(916)	36,681	35,765
Total comprehensive income for the period	-	-	(916)	52,351	51,435
<i>Transaction with owners</i>					
Dividends	-	-	-	(34,048)	(34,048)
At 30 September 2016	<b>226,987</b>	<b>5,217</b>	<b>555,670</b>	<b>440,997</b>	<b>1,228,871</b>

Note:

Adoption of IFRS 9 did not have any impact on the total equity of the Company. The only effect is that realised gains or losses on disposal of investments are not recognised as profit or loss but is accounted through equity as a reclassification from fair value reserve to retained earnings. The prior period figures for total equity are therefore not restated in that respect.

**UNAUDITED CONDENSED STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 30 SEPTEMBER 2017**

	Unaudited Nine months to 30 September 2017	Unaudited Nine months to 30 September 2016
	Rs'000	Rs'000
<b>Operating activities</b>		
Net cash generated from operating activities	16,219	15,685
<b>Investing activities</b>		
Net cash generated from investing activities	9,864	39,793
<b>Financing activities</b>		
Net cash used in financing activities	(34,048)	(34,842)
<b>(Decrease)/increase in cash and cash equivalents</b>	<b>(7,965)</b>	<b>20,636</b>
<b>Movement in cash and cash equivalents</b>		
At 1 January	46,353	(23,582)
(Decrease)/increase in cash and cash equivalents	(7,965)	20,636
Effect of exchange difference on cash and cash equivalents	(1,033)	8
At 30 September	<b>37,355</b>	<b>(2,938)</b>

**NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2017**

**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 2016, except for the adoption of relevant new Standards, Amendments to published Standards and Interpretations issued now effective and standard early adopted.

The Company has early adopted IFRS 9 and the portfolio of investments has been classified as fair value through other comprehensive income (FVTOCI). Under the new classification, all gains/losses on disposal of investments are treated as reclassification adjustments from fair value reserve to retained earnings instead of being recognised in profit or loss.

The adoption of this standard does not have any impact on the Net Asset Value of the Company.

**COMMENTS AND REVIEW FOR THE QUARTER AND NINE MONTHS ENDED 30 SEPTEMBER 2017**

(i) The increase in other comprehensive income during the nine months under review is attributable to unrealised gain on fair valuation of investments at 30 September 2017.

(ii) At 30 September 2017, the Net Assets Value per share of the Company stood at Rs. 6.40 compared to Rs. 5.38 at 31 December 2016 and Rs. 5.41 at 30 September 2016.

Shareholders' interest was Rs. 1.45 billion at 30 September 2017 compared to Rs. 1.22 billion and Rs 1.23 billion at 31 December 2016 and 30 September 2016 respectively.

**By Order of the Board**

Abax Corporate Administrators Ltd  
Secretary

**13 November 2017**

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 2017**

**NAV Performance for Q3 2017**

The Net Asset Value of POLICY rose by 4.9% while the SEMTRI posted a positive performance of 5.9%.

For the quarter under review, amongst the top 5 holdings of the Fund, MCB Group (+7.1%), LUX\* (+7.7%) and Phoenix Bev (+6.6%) performed strongly. Share price of Alteo (-5.3%) declined after the rally seen over the past months. On the other hand, ABC Banking closed the period flat on overall low volumes during the period under review.

**Outlook**

The strong momentum on the SEMDEX could persist on the back of the cut in the Key Repo Rate (KRR) by the Bank of Mauritius of 50 basis points to 3.50%. The eventual pick-up in private sector investment in the coming months, particularly in the tourism, residential and commercial property sectors, could provide tailwinds for the Mauritian economy. Further, a stronger Euro against the U.S. Dollar and rising European equity markets are usually supportive of valuations of local equities. As POLICY holds still over 90% of its assets in local equities, a continuation of the rally of the SEMDEX should translate into a rising NAV and share price of the company.

**Share price and NAV**

Period ending	30-Sep-16	31-Dec-16	31-Mar-17	30-Jun-17	30-Sep-17
Share price	6.04	5.76	6.16	6.60	6.80
NAV	5.41	5.38	5.53	6.10	6.40
Premium to NAV	11.6%	7.1%	11.4%	8.2%	6.3%

**Performance ratios**

	Year ended 31 December							
	2013	2014	2015	2016	1Q17	2Q17	3Q17	
POLICY	Share price <sup>1</sup>	64.6%	5.3%	-8.7%	-6.0%	6.9%	9.6%	3.0%
	Net Asset Value <sup>1</sup>	23.2%	2.6%	3.5%	7.3%	2.8%	13.0%	4.9%
Local market	SEMTRI	24.4%	1.8%	-10.1%	3.3%	7.0%	10.7%	5.9%
	SEM-10 <sup>2</sup>	19.7%	-4.4%	-10.2%	-0.4%	7.7%	11.0%	7.7%

<sup>1</sup> Performance adjusted for dividends paid and bonus issue

<sup>2</sup> SEM-10 replaced the SEM-7 as from Oct-14

Sector allocation as at 30 September 2017	Portfolio allocation	SEMDEX allocation
Banks, Insurance & Other Finance	62.5%	40.3%
Investments	9.2%	25.2%
Leisure & Hotels	9.4%	11.7%
Industry	10.0%	6.3%
Property Development	0.2%	0.3%
Sugar	0.0%	1.4%
Transport	0.0%	0.6%
Commerce	0.4%	14.1%
Foreign	4.4%	0.1%
Liquidity	1.6%	0.0%
Unquoted	2.3%	0.0%
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>

**Top 5 holdings as at  
30 September 2017**

	Rs. in million	% of NAV	3Q17 Performance
MCB Group Limited	724	49.9%	7.1%
ABC Banking Corporation Ltd	92	6.4%	0.0%
Lux* Island Resorts Ltd	92	6.4%	7.7%
Phoenix Beverages Ltd	67	4.6%	6.6%
Alteo Limited	43	2.9%	-5.3%
<b>Total</b>	<b>1019</b>	<b>70.2%</b>	

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

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