

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2014

THE GROUP	Audited	Audited
	31 December 2014	31 December 2013
	Rs'000	Rs'000
ASSETS		
Non-current assets	1,161,576	1,271,100
Current assets	89,830	38,255
Total assets	1,251,406	1,309,355
EQUITY AND LIABILITIES		
Capital and reserves		
Total equity	1,248,311	1,305,746
Current liabilities	3,095	3,609
Total equity and liabilities	1,251,406	1,309,355
Net asset value per share - (Rs.)	5.50	5.75
No. of shares used in calculation	226,986,672	226,986,672

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2014

THE GROUP	Audited	Audited
	Year to 31 December 2014	Year to 31 December 2013
	Rs'000	Rs'000
Income	132,733	134,158
Operating profit	122,365	119,553
Finance income/(costs)	327	(146)
Profit before taxation	122,692	119,407
Income tax expense	(247)	(311)
Profit for the year	122,445	119,096
Other comprehensive income for the year	(89,085)	145,308
Total comprehensive income for the year	33,360	264,404
Profit attributable to:		
Owners of the parent	122,445	119,096
Total comprehensive income attributable to:		
Owners of the parent	33,360	264,404
Earnings per share - (Rs.)	0.54	0.52
Dividends per share - (Rs.)	0.40	0.40
No. of shares in issue and ranking for dividends	226,986,672	226,986,672

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2014

THE GROUP	Attributable to owners of the parent				
	Share capital	Share premium	Fair value reserve	Retained earnings	Total Equity
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
At 01 January 2014	226,987	5,217	642,207	431,335	1,305,746
<i>Comprehensive income</i>					
Profit for the year	-	-	-	122,445	122,445
Other comprehensive income	-	-	(89,085)	-	(89,085)
Total comprehensive income	-	-	(89,085)	122,445	33,360
<i>Transaction with owners</i>					
Dividends	-	-	-	(90,795)	(90,795)
At 31 December 2014	226,987	5,217	553,122	462,985	1,248,311
At 01 January 2013	226,987	5,217	496,899	403,034	1,132,137
<i>Comprehensive income</i>					
Profit for the year	-	-	-	119,096	119,096
Other comprehensive income	-	-	145,308	-	145,308
Total comprehensive income	-	-	145,308	119,096	264,404
<i>Transaction with owners</i>					
Dividends	-	-	-	(90,795)	(90,795)
At 31 December 2013	226,987	5,217	642,207	431,335	1,305,746

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2014

THE GROUP	Audited	Audited
	Year to 31 December 2014	Year to 31 December 2013
	Rs'000	Rs'000
Operating activities		
Net cash generated from operating activities	25,617	26,986
Investing activities		
Net cash generated from investing activities	117,347	83,880
Financing activities		
Net cash used in financing activities	(90,795)	(90,903)
Increase in cash and cash equivalents	52,169	19,963
Movement in cash and cash equivalents		
At 01 January	18,063	(1,889)
Effect of exchange difference on cash and cash equivalents	246	(11)
Increase in cash and cash equivalents	52,169	19,963
At 31 December	70,478	18,063

NOTES TO THE ABRIDGED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

AUDITED ABRIDGED CONSOLIDATED FINANCIAL STATEMENTS

The Directors are pleased to present the audited abridged consolidated financial statements of the Group for the year ended 31 December 2014.

BASIS OF ACCOUNTING

The Financial Statements comply with International Financial Reporting Standards and are prepared under the historical cost convention as modified by the fair valuation of investments.

COMMENTS AND REVIEW

- (i) As at 31 December 2014, Net Asset Value ("NAV") per share stood at Rs. 5.50, compared to Rs. 5.75 at 31 December 2013. Owners' interest stood at Rs.1.25 billion at the end of the year under review as compared to Rs.1.31 billion at 31 December 2013. Negative "other comprehensive income", lower NAV and lower owners' interest resulted from the decrease in fair value of available-for-sale investments during the year.
- (ii) The Group realised higher gains on disposal of investments but dividend income was lower compared to 2013, resulting in higher profits for 2014 and an increase in earnings per share from Rs. 0.52 to Rs. 0.54.
- (iii) Dividends per share were as follows:

	2014	2013
	Rs.	Rs.
Interim	0.15	0.15
Final	0.25	0.25
Total dividends	0.40	0.40

By Order of the Board
Abax Corporate Administrators Ltd
Secretary

30 March 2015

This communiqué is issued pursuant to Listing Rule 1.2.20 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 Group are BDO & Co.

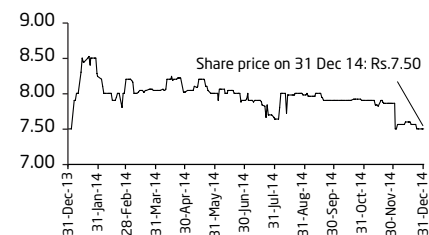
Manager's Report for the quarter and year ended 31 December 2014

Market Review for Q4 14

The SEMTRI fell by 2.8% and the SEM-10 index, which excludes dividends, fell by 5.7% during the fourth quarter 2014. The slump in the market was mainly driven by the fall in the share prices of the two banks MCB Group and SBM Holdings, which experienced significant investment in Q4 after Moody's rating downgrades. Of our Top 5 holdings, MCB (-4.5%), Alteo (-8.4%), Terra (-6.6%) and Lux* (-1.6%) posted negative returns over the quarter. Ciel Textile was the only gainer with a return of 1.7% over the same period (all returns inclusive of dividends).

POLICY's Net Asset Value decreased by 2.6% in 4Q 14.

POLICY - One-year share price evolution



Performance ratios

	Year ended 31 December					
	2010	2011	2012	2013	2014	4Q14
Share price¹	7.0%	-1.1%	-23.2%	64.6%	5.3%	-1.9%
Net Asset Value¹	11.1%	-2.9%	-2.5%	23.2%	2.6%	-2.6%
Portfolio Turnover Ratio²	19.7%	23.2%	31.8%	27.0%	15.8%	3.4%
Share Turnover Ratio	4.3%	2.5%	3.4%	8.8%	3.6%	0.8%
SEMTRI	22.0%	-1.3%	-5.5%	24.4%	1.8%	-2.8%
SEM-10³	3.5%	-6.1%	-3.7%	19.7%	-4.4%	-5.7%
Market Turnover Ratio⁴	6.6%	8.7%	5.4%	4.9%	7.1%	2.0%
Market Turnover Ratio⁵	7.1%	8.6%	5.5%	5.0%	7.1%	2.0%

- 1 Performance adjusted for dividends paid and bonus issue
- 2 Total value of purchases and sales divided by the average NAV
- 3 SEM-10 replaced the SEM-7 as from Oct-14
- 4 Turnover (in Rs) divided by the market capitalisation at period end
- 5 Turnover (in Rs) divided by the average market capitalisation

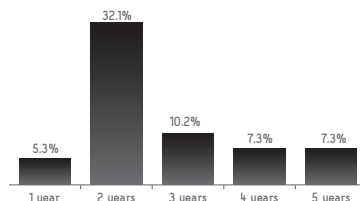
Top 5 holdings as at 31 December 2014

	Rs. in million	% of NAV
MCB Group Limited	556	44.6%
Alteo Ltd	85	6.8%
Terra Mauricia Ltd	77	6.1%
Lux* Island Resorts Ltd	52	4.2%
Ciel Textile Ltd	47	3.8%
Total	817	65.5%

Sector allocation as at 31 December 2014

	Portfolio allocation	SEMDEX allocation
Banks, Insurance & Other Finance	51.2%	42.3%
Investments	19.8%	27.1%
Leisure & Hotels	8.3%	13.5%
Industry	5.5%	5.7%
Property Development	0.5%	1.0%
Sugar	0.0%	2.5%
Transport	0.0%	0.8%
Commerce	0.0%	7.1%
Others	3.8%	0.0%
Foreign	4.4%	0.0%
Unquoted	1.2%	0.0%
Liquidity	5.3%	0.0%
Total	100.0%	100.0%

Annualised returns as at 31 December 2014



Looking ahead

The depreciation of the Mauritian Rupee is expected to provide some support to the local market. However, local indices will grow when foreign investors become net buyers again.

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