

### UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2012

THE GROUP	Unaudited as at 30 September 2012	Audited as at 31 December 2011	Unaudited as at 30 September 2011
	Rs'000	Rs'000	Rs'000
<b>ASSETS</b>			
Non-current assets	1,119,247	1,185,974	1,268,291
Current assets	24,262	113,752	42,493
<b>Total assets</b>	<b>1,143,509</b>	<b>1,299,726</b>	<b>1,310,784</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Capital and reserves</b>			
Total equity	1,136,165	1,236,004	1,306,514
Current liabilities	7,344	63,722	4,270
<b>Total equity and liabilities</b>	<b>1,143,509</b>	<b>1,299,726</b>	<b>1,310,784</b>
<b>Net asset value per share - (Rs)</b>	<b>5.01</b>	<b>7.26</b>	<b>7.67</b>
No. of shares used in calculation	226,986,672	170,240,004	170,240,004

### UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE QUARTER ENDED 30 SEPTEMBER 2012

THE GROUP	Unaudited Three months to 30 September 2012	Unaudited Nine months to 30 September 2012	Audited Year to 31 December 2011	Unaudited Three months to 30 September 2011	Unaudited Nine months to 30 September 2011
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
<b>Revenue</b>	<b>48,239</b>	<b>99,788</b>	106,389	14,798	75,941
<b>Operating profit</b>	<b>41,542</b>	<b>82,064</b>	94,906	11,985	67,465
Finance (costs)/income	(236)	(358)	(679)	24	(693)
<b>Profit before taxation</b>	<b>41,306</b>	<b>81,706</b>	94,227	12,009	66,772
Taxation	(32)	(35)	(126)	31	(32)
<b>Profit for the period/year</b>	<b>41,274</b>	<b>81,671</b>	94,101	12,040	66,740
Other comprehensive income for the period/year, net of tax	(86,023)	(155,974)	(133,538)	(144,357)	(95,251)
<b>Total comprehensive income for the period/year</b>	<b>(44,749)</b>	<b>(74,303)</b>	(39,437)	(132,317)	(28,511)
<b>Profit attributable to:</b>					
Owners of the parent	41,274	81,671	94,101	12,040	66,740
<b>Total comprehensive income attributable to:</b>	<b>(44,749)</b>	<b>(74,303)</b>	(39,437)	(132,317)	(28,511)
Owners of the parent	(44,749)	(74,303)	(39,437)	(132,317)	(28,511)
<b>Earnings per share - (Re./ period)</b>	<b>0.18</b>	<b>0.36</b>	0.55	0.07	0.39
<b>Dividends per share - (Re./ period)</b>	-	<b>0.15</b>	0.50	-	0.15
No. of shares in issue and ranking for dividends	226,986,672	226,986,672	170,240,004	170,240,004	170,240,004

### UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE QUARTER ENDED 30 SEPTEMBER 2012

THE GROUP	Unaudited Nine months to 30 September 2012	Audited Year to 31 December 2011	Unaudited Nine months to 30 September 2011
	Rs'000	Rs'000	Rs'000
<b>Operating activities</b>			
Net cash generated from operating activities	20,826	39,030	36,374
<b>Investing activities</b>			
Net cash generated from investing activities	(17,711)	49,694	(13,441)
<b>Financing activities</b>			
Net cash used in financing activities	(85,460)	(25,543)	(25,536)
<b>(Decrease)/increase in cash and cash equivalents</b>	<b>(82,345)</b>	<b>63,181</b>	<b>(2,603)</b>
<b>Movement in cash and cash equivalents At 1 January</b>	<b>88,728</b>	25,590	25,590
(Decrease)/increase in cash and cash equivalents	(82,345)	63,181	(2,603)
Effect of exchange difference on cash and cash equivalents	(18)	(43)	(57)
<b>At 30 September/31 December</b>	<b>6,365</b>	<b>88,728</b>	<b>22,930</b>

### UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE QUARTER ENDED 30 SEPTEMBER 2012

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 2012	170,240	61,964	625,000	378,800	1,236,004
Comprehensive income	-	-	-	81,672	81,672
Profit for the half year	-	-	-	81,672	81,672
Other comprehensive income	-	-	(155,974)	-	(155,974)
Total comprehensive income for the period	-	-	(155,974)	81,672	(74,302)
Transaction with owners	-	-	-	-	-
Dividends	-	-	-	(25,536)	(25,536)
Bonus issue	56,747	(56,747)	-	-	-
Total transaction with owners	56,747	(56,747)	-	(25,536)	(25,536)
At 30 September 2012	226,987	5,217	469,026	434,936	1,136,166
At 01 January 2011	170,240	61,964	758,538	369,819	1,360,561
Comprehensive income	-	-	-	94,101	94,101
Profit for the year	-	-	-	94,101	94,101
Other comprehensive income	-	-	(133,538)	-	(133,538)
Total comprehensive income for the year	-	-	(133,538)	94,101	(39,437)
Transaction with owners	-	-	-	-	-
Dividends	-	-	-	(85,120)	(85,120)
At 31 December 2011	170,240	61,964	625,000	378,800	1,236,004
At 01 January 2011	170,240	61,964	758,538	369,819	1,360,561
Comprehensive income	-	-	-	66,740	66,740
Profit for the year	-	-	-	66,740	66,740
Other comprehensive income	-	-	(95,251)	-	(95,251)
Total comprehensive income for the year	-	-	(95,251)	66,740	(28,511)
Transaction with owners	-	-	-	-	-
Dividends	-	-	-	(25,536)	(25,536)
At 30 September 2011	170,240	61,964	663,287	411,023	1,306,514

### NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE QUARTER ENDED 30 SEPTEMBER 2012

#### BASIS OF ACCOUNTING

The unaudited interim quarterly condensed consolidated financial statements have been prepared using the same accounting policies set out in the statutory financial statements of the Group for the year ended 31 December 2011, except for the adoption of relevant amendments to published Standards, Standards and Interpretations issued now effective.

#### COMMENTS AND REVIEW - FOR THE QUARTER AND NINE MONTHS UNDER REVIEW

- Following the bonus issue of 56,746,668 ordinary shares of Rs. 1.00 each, during the quarter under review, the issued share capital increased from Rs. 170,240,004 to Rs. 226,986,672.
- As at 30 September 2012, Net Asset Value per share stood at Rs. 5.01 based on 226,986,672 shares issued, compared to Rs. 6.94 at 30 June 2012 for 170,240,004 shares.  
  
Owners' interest at the end of the quarter under review amounted to Rs. 1,136 million as compared to Rs. 1,181 million at 30 June 2012 (Rs. 1,236 million at 31 December 2011).  
  
The Group has accounted for impairment on investment of Rs. 10.2 million during the nine months under review.
- Earnings Per Share increased from Re. 0.15 during the quarter ended 30 June 2012 to Re. 0.18 for the quarter ended 30 September 2012, due to higher dividend income and gain on disposal of investments.

#### By Order of the Board

Abax Corporate Administrators Ltd  
Secretary

08 November 2012

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.

### MANAGER'S REPORT FOR THE QUARTER ENDED 30 SEPTEMBER 2012

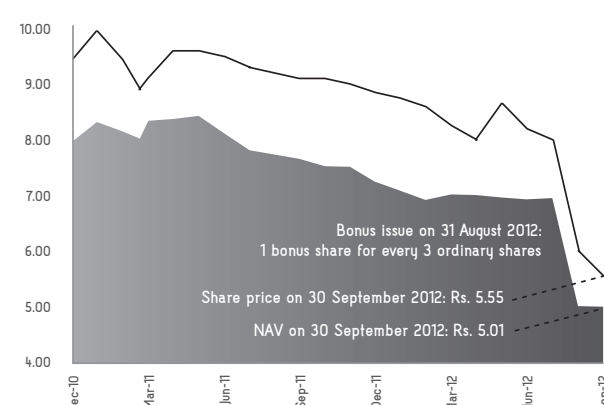
#### REVIEW

As at 30 September 2012, the Net Asset Value ("NAV") stood at Rs.1,136 million, compared to Rs.1,181 million as at 30 June 2012, a decrease of 3.8% over the quarter. On 31 August 2012, shareholders received a bonus of one ordinary share for every three ordinary shares held. As at 30 September 2012, the NAV per share stood at Rs.5.01.

During the quarter under review, POLICY's largest holdings posted negative returns: MCB (-2.2%), UBP (-4.6%), Terra (-1.0%), NMH (-16.7%) and Alteo (-10.7%), inclusive of dividends. The portfolio comprised 86.6% of SEM stocks, 4.7% of DEM stocks, 6.2% of foreign investments, 2.4% of unquoted investments and 0.1% liquidity.

Following the bonus issue, POLICY's share price decreased from Rs.8.20 to Rs.5.55, but was still trading at a premium of 10.8% to NAV as at 30 September 2012.

#### SHARE PRICE AND NAV EVOLUTION



#### Top 5 holdings as at 30 September 2012

Rs. million	% of NAV
The Mauritius Commercial Bank Ltd	531.5 46.8%
United Basalt Products Ltd	103.1 9.1%
Terra Mauricia Ltd	95.4 8.4%
New Mauritius Hotels Ltd	76.5 6.7%
Alteo Ltd	42.5 3.7%
<b>Total</b>	<b>849.0 74.7%</b>

#### PERFORMANCE FIGURES AND RATIOS

	2007	2008	2009	2010	2011	30 2012
Share price <sup>1</sup>	25.4%	-9.5%	58.1%	7.0%	-1.1%	-9.8%
Net Asset Value <sup>1</sup>	55.7%	-24.8%	24.5%	11.1%	-2.9%	-3.8%
Portfolio Turnover Ratio <sup>2</sup>	6.4%	31.4%	32.7%	19.7%	23.2%	17.2%
Share Turnover Ratio	3.9%	11.5%	6.2%	4.3%	2.5%	1.6%
SEMTRI	59.1%	-33.6%	45.7%	22.0%	-1.3%	-3.4%
SEM-7	80.6%	-44.0%	35.0%	3.5%	-6.1%	-3.3%
Market Turnover Ratio <sup>3</sup>	6.8%	10.4%	6.9%	6.6%	8.7%	1.8%
Market Turnover Ratio <sup>4</sup>	8.2%	8.1%	8.0%	7.1%	8.6%	1.8%

#### Sector allocation as at 30 September 2012

Portfolio allocation	SEMDEX allocation
Banks & Insurance	51.1% 46.5%
Industry	10.7% 7.2%
Leisure & Hotels	9.9% 8.2%
Investments	8.6% 16.6%
Sugar	8.6% 8.3%
Foreign	6.2% 0.1%
Commerce	2.9% 12.5%
Others	1.9% 0.0%
Liquidity	0.1% 0.0%
Transport	0.0% 0.6%
<b>Total</b>	<b>100.0% 100.0%</b>

<sup>1</sup> Performance adjusted for dividends paid

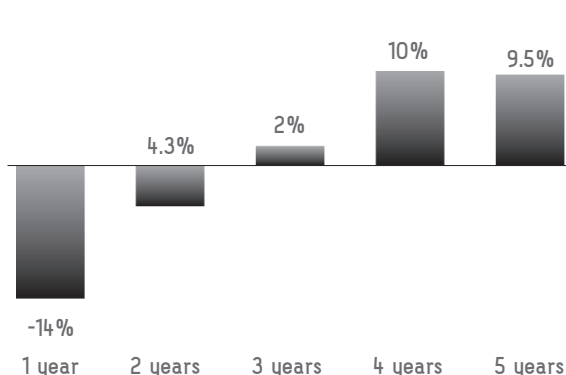
<sup>2</sup> Total value of purchases and sales divided by the average NAV

<sup>3</sup> Turnover (in Rs.) divided by the market capitalisation at period end

<sup>4</sup> Turnover (in Rs.) divided by the average market capitalisation

#### ANNUALISED RETURNS AS AT 30 SEPTEMBER 2012

#### LOOKING AHEAD



Owing to the prevalent economic uncertainties, we maintain our active management approach to the portfolio, focusing on quality names with strong balance sheets, high margins and access to higher growth markets.

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