

STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2012

THE GROUP	Audited	Audited
	31 December 2012	31 December 2011
	Rs'000	Rs'000
ASSETS		
Non-current assets	1,121,923	1,185,974
Current assets	38,004	113,752
Total assets	1,159,927	1,299,726
EQUITY AND LIABILITIES		
Capital and reserves		
Total equity	1,132,137	1,236,004
Current liabilities	27,790	63,722
Total equity and liabilities	1,159,927	1,299,726
Net asset value per share - (Rs)	4.99	7.26
Adjusted net asset value per share - (Rs) *	4.99	5.45
No. of shares used in calculation	226,986,672	170,240,004
Adjusted no. of shares used in calculation *	226,986,672	226,986,672

* Adjusted for bonuses issue made in 2012

STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2012

THE GROUP	Audited Year to	Audited Year to
	31 December 2012	31 December 2011
	Rs'000	Rs'000
Income	116,394	106,389
Operating profit	100,406	94,906
Finance costs	(560)	(679)
Profit before taxation	99,846	94,227
Income tax expense	(139)	(126)
Profit for the year	99,707	94,101
Other comprehensive income for the year, net of tax	(128,101)	(133,538)
Total comprehensive income for the year	(28,394)	(39,437)
Profit attributable to:		
Owners of the parent	99,707	94,101
Total comprehensive income attributable to:		
Owners of the parent	(28,394)	(39,437)
Basic Earnings per share - (Re.)	0.44	0.55
Adjusted Earnings per share - (Re.) *	0.44	0.41
Dividends per share - (Re.)	0.37	0.50
Adjusted dividends per share - (Re.) *	0.33	0.37
No. of shares in issue and ranking for dividends	226,986,672	170,240,004
Adjusted number of shares *	226,986,672	226,986,672

* Adjusted for bonuses issue made in 2012

STATEMENTS OF CHANGES IN EQUITY

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
<i>Comprehensive income</i>	-	-	-	99,707	99,707
Profit for the year	-	-	(128,101)	-	(128,101)
Other comprehensive income	-	-	(128,101)	99,707	(28,394)
<i>Transaction with owners</i>					
Dividends	-	-	-	(75,473)	(75,473)
Bonus issue	56,747	(56,747)	-	-	-
Total transaction with owners	56,747	(56,747)	-	(75,473)	(75,473)
At 31 December 2012	226,987	5,217	496,899	403,034	1,132,137
At 01 January 2011	170,240	61,964	758,538	369,819	1,360,561
<i>Comprehensive income</i>	-	-	-	94,101	94,101
Profit for the year	-	-	(133,538)	-	(133,538)
Other comprehensive income	-	-	(133,538)	94,101	(39,437)
<i>Transaction with owners</i>					
Dividends	-	-	-	(85,120)	(85,120)
At 31 December 2011	170,240	61,964	625,000	378,800	1,236,004

STATEMENTS OF CASH FLOWS

THE GROUP	Audited Year to	Audited Year to
	31 December 2012	31 December 2011
	Rs'000	Rs'000
Operating activities		
Net cash generated from operating activities	29,181	39,030
Investing activities		
Net cash generated from investing activities	15,569	49,694
Financing activities		
Net cash used in financing activities	(135,500)	(25,543)
(Decrease)/increase in cash and cash equivalents	(90,750)	63,181
Movement in cash and cash equivalents		
At 1 January	88,728	25,590
Effect of exchange difference on cash and cash equivalents	133	(43)
(Decrease)/increase in cash and cash equivalents	(90,750)	63,181
At 31 December	(1,889)	88,728

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NOTES TO THE ABRIDGED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

AUDITED ABRIDGED FINANCIAL STATEMENTS

The Directors are pleased to present the audited Abridged Financial Statements of the Group and the Company for the year ended 31 December 2012.

BASIS OF ACCOUNTING

The financial statements comply with International Financial Reporting Standards (IFRS) and are prepared under the historical cost convention as modified by the fair valuation of investments.

COMMENTS AND REVIEW - FOR THE YEAR UNDER REVIEW

- (i) Following the bonus issue of 56,746,668 ordinary shares of Rs 1.00 each, during the quarter ended 31 September 2012, the issued share capital increased from Rs. 170,240,004 to Rs. 226,986,672. The comparative figures for Earnings, Dividends and Net Assets Value per share have been adjusted accordingly for better comparison.
- (ii) As at 31 December 2012, Net Asset Value per share, after the adjusted dividend and bonus issue, declared during the year, stood at Rs.4.99, compared to Rs.5.45 (adjusted) at 31 December 2011.
- Owners' interest stood at Rs.1.1 billion at the end of the year under review as compared to Rs.1.2 billion at 31 December 2011.
- The Group has accounted for impairment on investment of Rs.5.5 million during the year under review.
- (iii) There has been an increase in profit of Rs.5.6 million during the year 2012, representing an increase in the adjusted Earnings Per Share from Re.0.41 in 2011 to Re.0.44 in 2012.
- (iv) Dividends and total distribution per share were as follows:

	2012	2011
Interim	0.15	0.15
Final	0.22	0.35
Total dividend	0.37	0.50
Bonus issue	0.33	-
Total distribution	0.70	0.50

By Order of the Board

Abax Corporate Administrators Ltd
Secretary

21 March 2013

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 AND YEAR ENDED 31 DECEMBER 2012

REVIEW

As at 31 December 2012, the Net Asset Value ("NAV") per share of P.O.L.I.C.Y. Limited ("POLICY") stood at Rs. 4.99 compared to Rs. 5.01 as at 30 September 2012, representing an increase of 4.0% over the quarter (after taking into consideration a final dividend per share of Re. 0.22).

During the quarter under review, gainers among the top 5 holdings were MCB (7.3%), Terra (3.4%), NMH (2.7%) and Alteo (13.7%). UBP declined by 9.7% over the same period. As at 31 December 2012, the portfolio comprised 86.3% of SEM stocks, 4.9% of DEM stocks, 6.4% of foreign investments and 2.4% of unquoted investments.

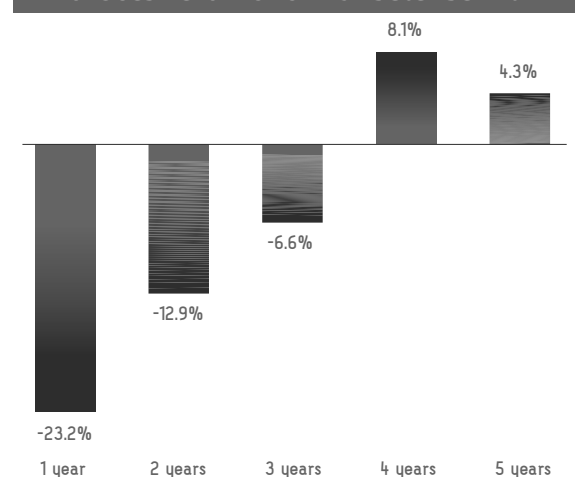
As at 31 December 2012, POLICY's shares were trading at a discount of 3.8% to the NAV.

PERFORMANCE FIGURES AND RATIOS

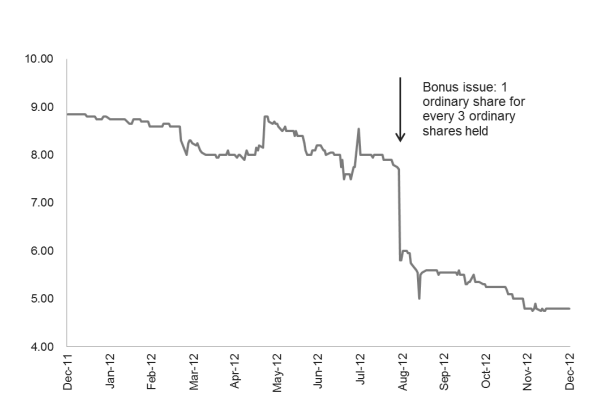
	2008	2009	2010	2011	2012	4Q 2012
Share price ¹	-9.5%	58.1%	7.0%	-1.1%	-23.2%	-9.5%
Net Asset Value ¹	-24.8%	24.5%	11.1%	-2.9%	-2.5%	4.0%
Portfolio Turnover Ratio ²	31.4%	32.7%	19.7%	23.2%	31.8%	2.9%
Share Turnover Ratio	11.5%	6.2%	4.3%	2.5%	3.4%	1.1%
SEMTRI	-33.6%	45.7%	22.0%	-1.3%	-5.5%	3.2%
SEM-7	-44.0%	35.0%	3.5%	-6.1%	-3.71%	2.5%
Market Turnover Ratio ³	10.4%	6.9%	6.6%	8.7%	5.4%	1.5%
Market Turnover Ratio ⁴	8.1%	8.0%	7.1%	8.6%	5.5%	1.6%

- 1 Performance adjusted for dividends paid and bonus issue
- 2 Total value of purchases and sales divided by the average NAV
- 3 Turnover (in Rs.) divided by the market capitalisation at period end
- 4 Turnover (in Rs.) divided by the average market capitalisation

ANNUALISED RETURNS AS AT 31 DECEMBER 2012



SHARE PRICE AND NAV EVOLUTION



Top 5 holdings as at 31 December 2012

	Rs. million	% of NAV
The Mauritius Commercial Bank Ltd	561	49.4%
Terra Mauricia Ltd	97	8.5%
United Basalt Products Ltd	93	8.2%
New Mauritius Hotels Ltd	79	6.9%
Alteo Ltd	48	4.2%
Total	878	77.2%

Sector allocation as at 31 December 2012

	Portfolio allocation	SEMDEX allocation
Banks & Insurance	53.8%	49.5%
Investments	18.0%	19.0%
Leisure & Hotels	10.0%	8.2%
Industry	9.7%	6.8%
Sugar	0.1%	8.1%
Commerce	0.0%	7.7%
Transport	0.0%	0.6%
Foreign	6.4%	0.1%
Others	2.0%	0.0%
Total	100.0%	100.0%

LOOKING AHEAD

The local market rallied in the first two months with some stocks reaching their all time high. Should this bullish trend persist, we expect to rotate the portfolio from at-risk sectors to the sugar and investment sectors which are showing higher growth prospects. Our overweight position in the financial sector will be maintained as we believe that this sector has the potential to deliver positive returns, even during challenging times.