

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2013

THE GROUP	Unaudited as at 31 March 2013	Audited as at 31 December 2012	Unaudited as at 31 March 2012
	Rs'000	Rs'000	Rs'000
ASSETS			
Non-current assets	1,186,401	1,121,923	1,140,864
Current assets	73,696	38,004	60,315
Total assets	1,260,097	1,159,927	1,201,179
EQUITY AND LIABILITIES			
Capital and reserves			
Total equity	1,255,899	1,132,137	1,197,042
Current liabilities	4,198	27,790	4,137
Total equity and liabilities	1,260,097	1,159,927	1,201,179
Net asset value per share - (Rs)	5.53	4.99	7.03
Adjusted net assets per share - (Rs)*	5.53	4.99	5.27
No. of shares used in calculation	226,986,672	226,986,672	170,240,004
Adjusted No. of shares used in calculation*	226,986,672	226,986,672	226,986,672

*Adjusted for bonus issue made in 2012

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE QUARTER ENDED 31 MARCH 2013

THE GROUP	Unaudited Three months to 31 March 2013	Audited Year to 31 December 2012	Unaudited Three months to 31 March 2012
	Rs'000	Rs'000	Rs'000
Income	22,060	116,394	23,407
Operating profit	19,783	100,406	15,202
Finance costs	(154)	(560)	(13)
Profit before taxation	19,629	99,846	15,189
Taxation	-	(139)	(3)
Profit for the period/year	19,629	99,707	15,186
Other comprehensive income for the period/year, net of tax	104,133	(128,101)	(54,148)
Total comprehensive income for the period/year	123,762	(28,394)	(38,962)
Profit attributable to:			
Owners of the parent	19,629	99,707	15,186
Total comprehensive income attributable to:			
Owners of the parent	123,762	(28,394)	(38,962)
Basic earnings per share for the period/year - (Rs.)	0.09	0.44	0.09
Adjusted earnings per share for the period/year - (Rs.) *	0.09	0.44	0.07
Dividends per share - (Rs.)	-	0.37	-
Adjusted dividends per share - (Rs.) *	-	0.33	-
No. of shares in issue and ranking for dividends	226,986,672	226,986,672	170,240,004
Adjusted no. of shares in issue and ranking for dividends *	226,986,672	226,986,672	226,986,672

*Adjusted for bonus issue made in 2012

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE QUARTER ENDED 31 MARCH 2013

THE GROUP	Unaudited Three months to 31 March 2013	Audited Year to 31 December 2012	Unaudited Three months to 31 March 2012
	Rs'000	Rs'000	Rs'000
Operating activities			
Net cash (used in)/generated from operating activities	(1,786)	29,181	8,519
Investing activities			
Net cash generated from investing activities	60,192	15,569	6,927
Financing activities			
Net cash used in financing activities	(107)	(135,500)	(59,584)
Increase/(decrease) in cash and cash equivalents	58,299	(90,750)	(44,138)
Movement in cash and cash equivalents			
At 1 January	(1,889)	88,728	88,728
Increase/(decrease) in cash and cash equivalents	58,299	(90,750)	(44,138)
Effect of exchange difference on cash and cash equivalents	(47)	133	(13)
At 31 March/ 31 December	56,363	(1,889)	44,577

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE QUARTER ENDED 31 MARCH 2013

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 2013	226,987	5,217	496,899	403,034	1,132,137
Comprehensive income					
Profit for the quarter	-	-	-	19,629	19,629
Other comprehensive income	-	-	104,133	-	104,133
Total comprehensive income for the quarter	-	-	104,133	19,629	123,762
At 31 March 2013	226,987	5,217	601,032	422,663	1,255,899
At 01 January 2012	170,240	61,964	625,000	378,800	1,236,004
Comprehensive income					
Profit for the year	-	-	-	99,707	99,707
Other comprehensive income	-	-	(128,101)	-	(128,101)
Total comprehensive income for the year	-	-	(128,101)	99,707	(28,394)
Transaction with owners					
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 2012	170,240	61,964	625,000	378,800	1,236,004
Comprehensive income					
Profit for the quarter	-	-	-	15,186	15,186
Other comprehensive income	-	-	(54,148)	-	(54,148)
Total comprehensive income for the quarter	-	-	(54,148)	15,186	(38,962)
At 31 March 2012	170,240	61,964	570,852	393,986	1,197,042

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE QUARTER ENDED 31 MARCH 2013

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 2012, except for the adoption of relevant amendments to published Standards, Standards and Interpretations issued now effective.

COMMENTS AND REVIEW - FOR THE YEAR UNDER REVIEW

- (i) As at 31 March 2013, Net Asset Value per share, stood at Rs. 5.53, compared to Rs.4.99 at 31 December 2012. Owners' interest stood at Rs.1.26 billion at the end of the quarter under review as compared to Rs.1.1 billion at 31 December 2012.
- (ii) Earnings Per Share increased from Rs. 0.07 (adjusted) during the quarter ended 31 March 2012 to Rs. 0.09 for the quarter ended 31 March 2013.
- (iii) Other comprehensive income increased to Rs. 104m during Q1 2013 compared to (Rs. 54m) during the corresponding period in 2012, as a result of the improvement in fair value of investments following the market pick-up.

By Order of the Board

Abax Corporate Administrators Ltd
Secretary

14 May 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 ENDED 31 MARCH 2013

REVIEW

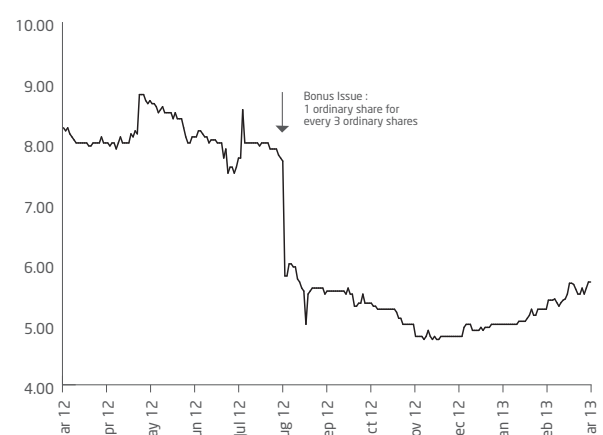
As at 31 March 2013, the Net Asset Value ("NAV") per share of P.O.L.I.C.Y. Limited ("POLICY") stood at Rs. 5.53 compared to Rs. 4.99 as at 31 December 2012, representing an increase of 10.8% over the quarter.

As at 31 March 2013, POLICY's shares were trading at a premium of 3.1% to the NAV.

The portfolio comprised 82.0% of SEM stocks, 5.3% of DEM stocks, 6.3% of foreign investments, 2.2% of unquoted investments and 4.2% of liquidity.

During the quarter under review, the top 5 holdings posted positive returns: MCB (11.8%), Terra (9.9%), UBP (6.5%), Alteo (13.7%) and NMH (31.0%).

SHARE PRICE AND NAV EVOLUTION



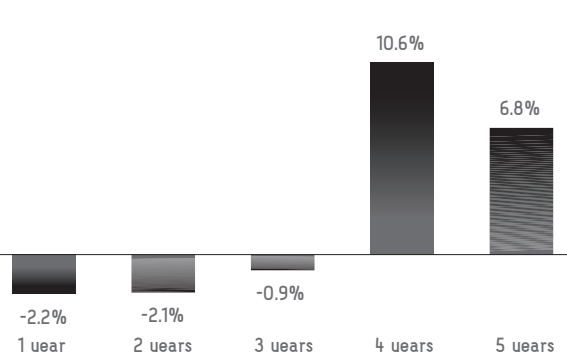
Top 5 holdings as at 31 March 2013	Rs. in million	% of NAV
The Mauritius Commercial Bank Ltd	616	49.1%
Terra Mauricia Ltd	106	8.5%
United Basalt Products Ltd	99	7.9%
Alteo Ltd	57	4.6%
New Mauritius Hotels Ltd	37	2.9%
Total	915	73.0%

PERFORMANCE FIGURES AND RATIOS

	2008	2009	2010	2011	2012	1Q 2013
SHARE PRICE						
Share price ¹	-9.5%	58.1%	7.0%	-1.1%	-23.2%	18.8%
Net Asset Value ¹	-24.8%	24.5%	11.1%	-2.9%	-2.5%	10.8%
PORTFOLIO						
Portfolio Turnover Ratio ²	31.4%	32.7%	19.7%	23.2%	31.8%	8.8%
Share Turnover Ratio	11.5%	6.2%	4.3%	2.5%	3.4%	5.4%
LOCAL MARKET						
SEMTRI	-33.6%	45.7%	22.0%	-1.3%	-5.5%	11.4%
SEM-7	-44.0%	35.0%	3.5%	-6.1%	-3.7%	13.6%
Market Turnover Ratio ³	10.4%	6.9%	6.6%	8.7%	5.4%	1.6%
Market Turnover Ratio ⁴	8.1%	8.0%	7.1%	8.6%	5.5%	1.7%
SECTOR ALLOCATION						
Sector allocation as at 31 March 2013		Portfolio allocation	SEMDEX allocation			
Banks & Insurance and Other Finance		54.0%	49.1%			
Investments		17.0%	19.1%			
Industry		9.3%	6.1%			
Leisure & Hotels		5.8%	9.0%			
Sugar		0.1%	8.1%			
Transport		0.0%	0.7%			
Property Development		0.0%	0.4%			
Commerce		0.0%	7.4%			
Foreign		6.3%	0.1%			
Unquoted		2.2%	0.0%			
Others		1.1%	0.0%			
Liquidity		4.2%	0.0%			
Total		100.0%	100.0%			

- 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 MARCH 2013



LOOKING AHEAD

Despite the prevailing negative real interest rate environment, equities are still performing well. More than ever, stock selection remains critical. Our approach is directed towards the picking of stocks offering the potential for higher returns which usually originate from companies with better growth prospects.

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