

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2015**

THE GROUP	Unaudited as at	Audited as at	Unaudited as at
	31 March 2015	31 December 2014	31 March 2014
	Rs'000		Rs'000
<b>ASSETS</b>			
<b>Non-current assets</b>	1,217,189	1,161,576	1,275,983
<b>Current assets</b>	23,035	89,830	46,138
<b>Total assets</b>	1,240,224	1,251,406	1,322,121
<b>EQUITY AND LIABILITIES</b>			
<b>Capital and reserves</b>			
<b>Total equity</b>	1,237,125	1,248,311	1,318,799
<b>Current liabilities</b>	3,099	3,095	3,322
<b>Total equity and liabilities</b>	1,240,224	1,251,406	1,322,121
Net asset value per share - (Rs.)	5.45	5.50	5.81
No. of shares used in calculation	226,986,672	226,986,672	226,986,672

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE QUARTER ENDED 31 MARCH 2015**

THE GROUP	Unaudited	Audited	Unaudited
	Three months to 31 March 2015	Year to 31 December 2014	Three months to 31 March 2014
	Rs'000	Rs'000	Rs'000
<b>Income</b>	(14,836)	132,733	22,937
<b>Operating (loss)/profit</b>	(17,288)	122,365	20,409
Finance income	1,913	327	-
<b>(Loss)/profit before taxation</b>	(15,375)	122,692	20,409
Taxation	(76)	(247)	-
<b>(Loss)/profit for the period/year</b>	(15,451)	122,445	20,409
Other comprehensive income for the period/year, net of tax	4,265	(89,085)	(7,356)
<b>Total comprehensive income for the period/year</b>	(11,186)	33,360	13,053
<b>(Loss)/profit attributable to:</b>			
Owners of the parent	(15,451)	122,445	20,409
<b>Total comprehensive income attributable to:</b>			
Owners of the parent	(11,186)	33,360	13,053
<b>Basic earnings per share for the period/year - (Rs.)</b>	(0.07)	0.54	0.09
<b>Dividends per share - (Rs.)</b>	-	0.40	-
No. of shares in issue and ranking for dividends	226,986,672	226,986,672	226,986,672

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE QUARTER ENDED 31 MARCH 2015**

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 2015	226,987	5,217	553,122	462,985	1,248,311
<i>Comprehensive income</i>	-	-	-	(15,451)	(15,451)
Loss for the quarter	-	-	-	(15,451)	(15,451)
Other comprehensive income	-	-	4,265	-	4,265
<b>Total comprehensive income for the quarter</b>	-	-	4,265	(15,451)	(11,186)
<i>Transaction with owners</i>	-	-	-	-	-
Dividends	-	-	-	-	-
<b>At 31 March 2015</b>	226,987	5,217	557,387	447,534	1,237,125
At 01 January 2014	226,987	5,217	642,207	431,335	1,305,746
<i>Comprehensive income</i>	-	-	-	122,445	122,445
Profit for the year	-	-	-	122,445	122,445
Other comprehensive income	-	-	(89,085)	-	(89,085)
<b>Total comprehensive income for the year</b>	-	-	(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 2014	226,987	5,217	642,207	431,335	1,305,746
<i>Comprehensive income</i>	-	-	-	20,409	20,409
Profit for the quarter	-	-	-	20,409	20,409
Other comprehensive income	-	-	(7,356)	-	(7,356)
<b>Total comprehensive income for the quarter</b>	-	-	(7,356)	20,409	13,053
<i>Transaction with owners</i>	-	-	-	-	-
Dividends	-	-	-	-	-
At 31 March 2014	226,987	5,217	634,851	451,744	1,318,799

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE QUARTER ENDED 31 MARCH 2015**

THE GROUP	Unaudited	Audited	Unaudited
	Three months to 31 March 2015	Year to 31 December 2014	Three months to 31 March 2014
	Rs'000	Rs'000	Rs'000
<b>Operating activities</b>			
Net cash (used in)/generated from operating activities	(3,131)	25,617	1,894
<b>Investing activities</b>			
Net cash (used in)/generated from investing activities	(64,215)	117,347	(585)
<b>Financing activities</b>			
Net cash used in financing activities	-	(90,795)	-
<b>(Decrease)/increase in cash and cash equivalents</b>	(67,346)	52,169	1,309
<b>Movement in cash and cash equivalents</b>			
At 1 January	70,478	18,063	18,063
(Decrease)/increase in cash and cash equivalents	(67,346)	52,169	1,309
Effect of exchange difference on cash and cash equivalents	1,896	246	-
<b>At 31 March/ 31 December</b>	5,028	70,478	19,372

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE QUARTER ENDED 31 MARCH 2015**

**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 2014, except for the adoption of relevant amendments to published Standards, Standards and Interpretations issued now effective.

**COMMENTS AND REVIEW FOR THE QUARTER ENDED 31 MARCH 2015**

(i) Losses on disposal of non-performing investments during the quarter resulted in a negative Other Comprehensive Income ("OCI"). These sales enabled the Company to take advantage of positive investment opportunities.

Owners' interest was Rs. 1.24 billion at 31 March 2015, as compared to Rs. 1.25 billion and Rs. 1.32 billion at 31 December and 31 March 2014 respectively.

At 31 March 2015, the Net Assets Value ("NAV") per share of the Company stood at Rs. 5.45 as compared to Rs. 5.50 at 31 December 2014 and Rs. 5.81 at 31 March 2014.

(ii) Realised losses during the period resulted in a negative Earnings Per Share for the quarter.

**By Order of the Board**

**Abax Corporate Administrators Ltd**  
Secretary

**12 May 2015**

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 Group are BDO & Co.

**Manager's Report for the quarter ended 31 March 2015**

**Market Review for Q1 15**

The SEMTRI fell by 4.5% during the first quarter 2015, as a result of net sales by foreign investors amounting to Rs.1.3 billion for the three-month period. MCB and Alteo posted negative returns of 0.5% and 4.1% respectively, while Lux\* remained unchanged. PBL and Ciel Textile delivered positive returns of 21.2% and 6.5% respectively. The Net Asset Value of POLICY went down by 0.9% during the quarter.

**Outlook**

In the current environment, the investment strategy will continue to focus on companies having solid balance sheets and good track records of earnings growth.

**Share price and NAV**

	31-Mar-14	30-Jun-14	30-Sep-14	31-Dec-14	31-Mar-15
Share price	8.04	7.90	7.90	7.50	7.20
NAV	5.81	5.72	5.90	5.50	5.45
Premium/(discount) to NAV	38.4%	38.1%	33.9%	36.4%	32.1%

**Performance ratios**

POLICY	Year ended 31 December						Top 5 holdings as at 31 March 2015	Rs. in million	% of NAV
	2010	2011	2012	2013	2014	1Q15			
	Share price <sup>1</sup>	7.0%	-1.1%	-23.2%	64.6%	5.3%	-4.0%	MCB Group Limited	610
Net Asset Value <sup>1</sup>	11.1%	-2.9%	-2.5%	23.2%	2.6%	-0.9%	Alteo Ltd	82	6.6%
Portfolio Turnover Ratio <sup>2</sup>	19.7%	23.2%	31.8%	27.0%	15.8%	10.5%	Phoenix Beverages Ltd	56	4.5%
Share Turnover Ratio	4.3%	2.5%	3.4%	8.8%	3.6%	24.3%	Lux* Island Resorts Ltd	55	4.4%
							Ciel Textile Ltd	54	4.4%
							<b>Total</b>	<b>857</b>	<b>69.2%</b>

- 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

**Sector allocation as at 31 March 2015**

	Portfolio allocation	SEMDEX allocation
SEMTRI	22.0%	-1.3%
SEM-10 <sup>3</sup>	3.5%	-6.1%
Market Turnover Ratio <sup>4</sup>	6.6%	8.7%
Market Turnover Ratio <sup>5</sup>	7.1%	8.6%
Banks, Insurance & Other Finance	55.9%	42.1%
Investments	17.3%	28.1%
Leisure & Hotels	6.9%	12.2%
Industry	6.4%	6.1%
Property Development	0.5%	1.1%
Sugar	0.0%	2.4%
Transport	0.0%	0.6%
Commerce	0.0%	7.4%
Others	4.4%	0.0%
Foreign	7.0%	0.0%
Unquoted	1.3%	0.0%
Liquidity	0.3%	0.0%
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>

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