

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2013

THE GROUP	Unaudited as at 30 June 2013	Audited as at 31 December 2012	Unaudited as at 30 June 2012
	Rs'000	Rs'000	Rs'000
ASSETS			
Non-current assets	1,082,288	1,121,923	1,164,412
Current assets	127,564	38,004	32,521
Total assets	1,209,852	1,159,927	1,196,933
EQUITY AND LIABILITIES			
Capital and reserves			
Total equity	1,207,462	1,132,137	1,180,914
Current liabilities	2,390	27,790	16,019
Total equity and liabilities	1,209,852	1,159,927	1,196,933
Net asset value per share - (Rs)	5.32	4.99	6.94
Adjusted net assets per share - (Rs)*	5.32	4.99	5.20
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 PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE QUARTER ENDED 30 JUNE 2013

THE GROUP	Unaudited Three months to 30 June 2013	Unaudited Six months to 30 June 2013	Audited Year to 31 December 2012	Unaudited Three months to 30 June 2012	Unaudited Six months to 30 June 2012
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Income	71,156	93,216	116,394	28,142	51,549
Operating profit	68,602	88,385	100,406	25,320	40,522
Finance income/(costs)	36	(118)	(560)	(109)	(122)
Profit before taxation	68,638	88,267	99,846	25,211	40,400
Taxation	(128)	(128)	(139)	-	(3)
Profit for the period/year	68,510	88,139	99,707	25,211	40,397
Other comprehensive income for the period/year, net of tax	(82,899)	21,234	(128,101)	(15,803)	(69,951)
Total comprehensive income for the period/year	(14,389)	109,373	(28,394)	9,408	(29,554)
Profit attributable to:					
Owners of the parent	68,510	88,139	99,707	25,211	40,397
Total comprehensive income attributable to:					
Owners of the parent	(14,389)	109,373	(28,394)	9,408	(29,554)
Basic earnings per share for the period/year - (Rs.)	0.30	0.39	0.44	0.15	0.24
Adjusted earnings per share for the period/year - (Rs.) *	0.30	0.39	0.44	0.15	0.24
Dividends per share - (Rs.)	0.15	0.15	0.37	0.15	0.15
Adjusted dividends per share - (Rs.) *	0.15	0.15	0.33	0.11	0.11
No. of shares in issue and ranking for dividends	226,986,672	226,986,672	226,986,672	170,240,004	170,240,004
Adjusted no. of shares in issue and ranking for dividends *	226,986,672	226,986,672	226,986,672	226,986,672	226,986,672

*Adjusted for bonus issue made in 2012

All components of other comprehensive income are potentially reclassifiable to profit or loss

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE QUARTER ENDED 30 JUNE 2013

THE GROUP	Unaudited Six months to 30 June 2013	Audited Year to 31 December 2012	Unaudited Six months to 30 June 2012
	Rs'000	Rs'000	Rs'000
Operating activities			
Net cash generated from operating activities	4,992	29,181	7,427
Investing activities			
Net cash generated from/(used in) investing activities	145,450	15,569	(10,162)
Financing activities			
Net cash used in financing activities	(34,155)	(135,500)	(85,176)
Increase/(decrease) in cash and cash equivalents	116,287	(90,750)	(87,911)
Movement in cash and cash equivalents			
At 1 January	(1,889)	88,728	88,728
Increase/(decrease) in cash and cash equivalents	116,287	(90,750)	(87,911)
Effect of exchange difference on cash and cash equivalents	(10)	133	(66)
At 30 June/ 31 December	114,388	(1,889)	751

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE QUARTER ENDED 30 JUNE 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 period	-	-	-	88,139	88,139
Other comprehensive income	-	-	21,234	-	21,234
Total comprehensive income for the period	-	-	21,234	88,139	109,373
Transaction with owners					
Dividends	-	-	-	(34,048)	(34,048)
Total transaction with owners	-	-	-	(34,048)	(34,048)
At 30 June 2013	226,987	5,217	518,133	457,125	1,207,462
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 period	-	-	-	40,397	40,397
Other comprehensive income	-	-	(69,951)	-	(69,951)
Total comprehensive income for the period	-	-	(69,951)	40,397	(29,554)
Transaction with owners					
Dividends	-	-	-	(25,536)	(25,536)
Total transaction with owners	-	-	-	(25,536)	(25,536)
At 30 June 2012	170,240	61,964	555,049	393,661	1,180,914

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE QUARTER ENDED 30 JUNE 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 QUARTER UNDER REVIEW

(i) As at 30 June 2013, Net Asset Value ("NAV") per share, stood at Rs. 5.32, compared to Rs.5.53 at 31 March 2013 following the decrease in fair value of investment and the payment of dividend.

Owners' interest stood at Rs.1,207 million at the end of the quarter under review as compared to Rs.1,256 million at 31 March 2013.

(ii) Earnings Per Share during the quarter under review increased by Rs. 0.30 to reach Rs. 0.39 for the half year to 30 June 2013 due to the significant gains realised on disposal of investments.

By Order of the Board

Abax Corporate Administrators Ltd

Secretary

Date 31 July 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 30 JUNE 2013

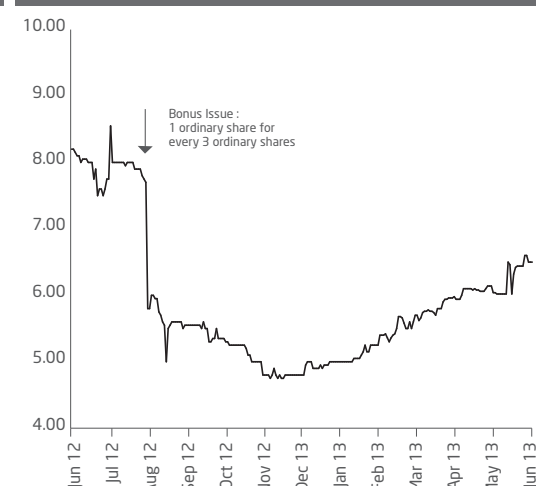
REVIEW

As at 30th June 2013, the Net Asset Value ("NAV") per share of P.O.L.I.C.Y. Limited ("POLICY") stood at Rs.5.32 compared to Rs.5.53 as at 31st March 2013, which represents a decrease of 3.8% over the quarter. Taking into account the interim dividend of Re.0.15, the effective decrease is 1.1%.

During the quarter under review, POLICY sold all its shares held in UBP, generating a profit of Rs.54.7 million on this transaction. As at 30th June 2013, the Banks, Insurance & Other Finance sector made up 55.0% of the portfolio. The share price of the Mauritius Commercial Bank Ltd, which is POLICY's top holding, went down by 2.7% during the quarter.

As at 30th June 2013, POLICY's shares were trading at a premium of 22.2% to the NAV.

SHARE PRICE EVOLUTION



Top 5 holdings as at 30 June 2013

Company	Rs. in million	% of NAV
The Mauritius Commercial Bank Ltd	602	49.8%
Terra Mauricia Ltd	104	8.6%
Alteo Limited	64	5.3%
Mauritian Eagle Insurance Co. Ltd	34	2.8%
Ciel Textile	32	2.6%
Total	836	69.1%

PERFORMANCE FIGURES AND RATIOS

	2008	2009	2010	2011	2012	2Q 2013
POLICY						
Share price ¹	-9.5%	58.1%	7.0%	-1.1%	-23.2%	16.7%
Net Asset Value ¹	-24.8%	24.5%	11.1%	-2.9%	-2.5%	-1.1%
Portfolio Turnover Ratio ²	31.4%	32.7%	19.7%	23.2%	31.8%	13.9%
Share Turnover Ratio	11.5%	6.2%	4.3%	2.5%	3.4%	1.9%
LOCAL MARKET						
SEMTRI	-33.6%	45.7%	22.0%	-1.3%	-5.5%	-0.3%
SEM-7	-44.0%	35.0%	3.5%	-6.1%	-3.7%	-2.1%
Market Turnover Ratio ³	10.4%	6.9%	6.6%	8.7%	5.4%	1.1%
Market Turnover Ratio ⁴	8.1%	8.0%	7.1%	8.6%	5.5%	1.2%

¹ Performance adjusted for dividends paid and bonus issue

² Total value of purchases and sales divided by the average NAV

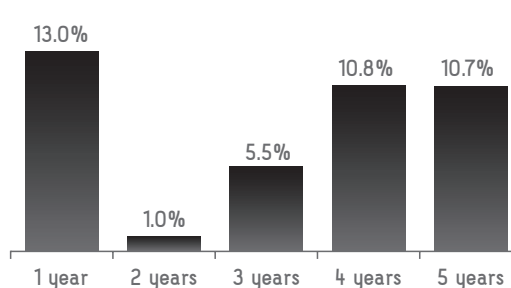
³ Turnover (in Rs.) divided by the market capitalisation at period end

⁴ Turnover (in Rs.) divided by the average market capitalisation

Sector allocation as at 30 June 2013

Sector	Portfolio allocation	SEMDEX allocation
Banks & Insurance & Other Finance	55.0%	48.7%
Investments	18.1%	19.3%
Leisure & Hotels	4.9%	9.0%
Industry	1.4%	6.1%
Sugar	0.1%	8.5%
Commerce	0.0%	7.2%
Transport	0.0%	0.7%
Property Development	0.0%	0.4%
Foreign	6.0%	0.1%
Others	3.1%	0.0%
Unquoted	2.4%	0.0%
Liquidity	9.0%	0.0%
Total	100.0%	100.0%

ANNUALISED RETURNS AS AT 30 JUNE 2013



LOOKING AHEAD

Current local market conditions are challenging. We shall continue to maintain our cautious approach to managing the portfolio, whilst focusing on companies which are likely to benefit the most from a growth revival on the upturn.