

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2012

THE GROUP	Unaudited as at	Audited as at	Restated Unaudited
	30 June 2012	31 December 2011	as at 30 June 2011
	Rs'000	Rs'000	Rs'000
ASSETS			
Non-current assets	1,164,412	1,185,974	1,385,720
Current assets	32,521	113,752	57,198
Total assets	1,196,933	1,299,726	1,442,918
EQUITY AND LIABILITIES			
Capital and reserves			
Total equity	1,180,914	1,236,004	1,438,831
Current liabilities	16,019	63,722	4,087
Total equity and liabilities	1,196,933	1,299,726	1,442,918
Net asset value per share - (Rs)	6.94	7.26	8.45
No. of shares used in calculation	170,240,004	170,240,004	170,240,004

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

THE GROUP	Unaudited Three months to 30 June 2012	Unaudited Six months to 30 June 2012	Audited Year to 31 December 2011	Restated Unaudited Three months to 30 June 2011	Restated Unaudited Six months to 30 June 2011
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Revenue	28,142	51,549	106,389	32,201	61,143
Operating profit	25,320	40,522	94,906	29,213	55,481
Finance costs	(109)	(122)	(679)	(47)	(717)
Profit before taxation	25,211	40,400	94,227	29,166	54,764
Taxation	-	(3)	(126)	(63)	(63)
Profit for the period/year	25,211	40,397	94,101	29,103	54,701
Other comprehensive income for the period/year, net of tax	(15,803)	(69,951)	(133,538)	66,394	49,106
Total comprehensive income for the period/year	9,408	(29,554)	(39,437)	95,497	103,807
Profit attributable to:					
Owners of the parent	25,211	40,397	94,101	29,103	54,701
Total comprehensive income attributable to:					
Owners of the parent	9,408	(29,554)	(39,437)	95,497	103,807
Earnings per share - (Re.)	0.15	0.24	0.55	0.17	0.32
Dividends per share - (Re.)	0.15	0.15	0.50	0.15	0.15
No. of shares in issue and ranking for dividends	170,240,004	170,240,004	170,240,004	170,240,004	170,240,004

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

THE GROUP	Unaudited Six months to 30 June 2012	Audited Year to 31 December 2011	Unaudited Six months to 30 June 2011
	Rs'000	Rs'000	Rs'000
Operating activities			
Net cash generated from operating activities	7,427	39,030	(5,627)
Investing activities			
Net cash generated from investing activities	(10,162)	49,694	14,003
Financing activities			
Net cash used in financing activities	(85,176)	(25,543)	(25,536)
(Decrease)/increase in cash and cash equivalents	(87,911)	63,181	(17,160)
Movement in cash and cash equivalents			
At 1 January	88,728	25,590	25,590
(Decrease)/increase in cash and cash equivalents	(87,911)	63,181	(17,160)
Effect of exchange difference on cash and cash equivalents	(66)	(43)	(81)
At 30 June/31 December	751	88,728	8,349

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE QUARTER ENDED 30 JUNE 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
<i>Comprehensive income</i>					
Profit for the half year	-	-	-	40,397	40,397
Dividends	-	-	-	(25,536)	(25,536)
Total comprehensive income for the half year	-	-	(69,951)	14,861	(55,090)
At 30 June 2012	170,240	61,964	555,049	393,661	1,180,914
At 01 January 2011	170,240	61,964	758,538	369,819	1,360,561
<i>Comprehensive income</i>					
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
Effect of change in accounting policy for classification and measurement of financial assets	-	-	(758,538)	758,538	-
Total comprehensive income for the half year	-	-	-	103,076	103,076
Transaction with owners					
Dividends	-	-	-	(25,536)	(25,536)
At 30 June 2011 (as previously reported)	170,240	61,964	-	1,205,897	1,438,101
Effect of change in accounting policy for classification and measurement of financial assets	-	-	807,644	(806,914)	730
At 30 June 2011 (as restated)	170,240	61,964	807,644	398,983	1,438,831

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

(a) 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.

(b) COMMENTS AND REVIEW - FOR THE QUARTER AND SIX MONTHS UNDER REVIEW

(i) As at 30 June 2012, Net Asset Value per share stood at Rs. 6.94, compared to Rs. 7.03 at 31 March 2012, which represents a slight improvement compared to last quarter after taking into consideration an interim dividend of Re. 0.15.

Owners' interest stood at Rs. 1,181 million at the end of the quarter under review as compared to Rs. 1,197 million at 31 March 2012 (Rs. 1,236 million at 31 December 2011).

(ii) Earnings Per Share increased from Re. 0.09 during the quarter year ended 31 March 2012 to Re. 0.15 for the quarter ended 30 June 2012. The movement is due to higher dividend income and gain on disposal of investments.

The Group has accounted for impairment on investment of Rs. 5.8 million during the six months under review.

(iii) Following the reversal of the decision for early adoption of IFRS 9, the comparative figures have been restated accordingly.

By Order of the Board

Abax Corporate Administrators Ltd

Secretary

13 August 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 JUNE 2012

REVIEW

As at 30 June 2012, the Net Asset Value ("NAV") per share of P.O.L.I.C.Y. Limited ("POLICY") stood at Rs. 6.94 compared to Rs. 7.03 as at 31 March 2012, representing an increase of 0.8% over the quarter (after taking into consideration an interim dividend per share of Rs. 0.15).

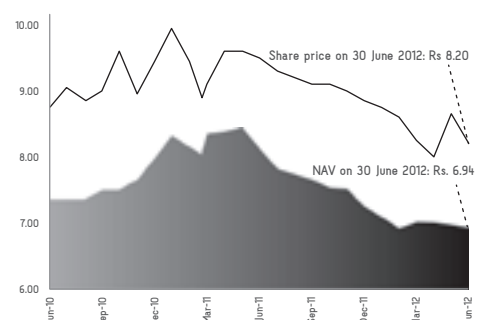
Gainers among the top 5 holdings were MCB (+1.8%), UBP (+0.6%) and IBL (+3.9%). NMH (-10.8%) and SBM (-0.6%) declined over the same period.

NAV as at 30 June 2012 stood at Rs. 1,181 million. The portfolio was fully invested and comprised 84.3% of SEM stocks, 7.7% of DEM stocks, 5.6% of foreign investments, and 2.4% of unquoted investments.

During the quarter under review, POLICY's share price decreased from Rs. 8.25 to Rs. 8.20 but after payment of an interim dividend of Rs. 0.15, resulted in a positive return of 1.2% to shareholders. POLICY outperformed the SEMTRI which fell by 1.2%.

As at 30 June 2012, POLICY's shares continued to trade at a premium of 18.2% to NAV.

SHARE PRICE AND NAV EVOLUTION



Top 5 holdings as at 30 June 2012

Company	Rs. million	% of NAV
The Mauritius Commercial Bank Ltd	592.5	50.2%
United Basalt Products Ltd	109.2	9.2%
New Mauritius Hotels Ltd	91.8	7.8%
State Bank of Mauritius Ltd	54.9	4.6%
IBL	33.0	2.8%
Total	881.4	74.6%

PERFORMANCE FIGURES AND RATIOS

	2007	2008	2009	2010	2011	1Q 2012
POLICY						
Share price ¹	25.4%	-9.5%	58.1%	7.0%	-1.1%	1.2%
Net Asset Value ¹	55.7%	-24.8%	24.5%	11.1%	-2.9%	0.8%
Portfolio Turnover Ratio ²	6.4%	31.4%	32.7%	19.7%	23.2%	6.8%
Share Turnover Ratio	3.9%	11.5%	6.2%	4.3%	2.5%	0.8%
LOCAL MARKET						
SEMTRI	59.1%	-33.6%	45.7%	22.0%	-1.3%	-1.2%
SEM-7	80.6%	-44.0%	35.0%	3.5%	-6.1%	0.2%
Market Turnover Ratio ³	6.8%	10.4%	6.9%	6.6%	8.7%	1.3%
Market Turnover Ratio ⁴	8.2%	8.1%	8.0%	7.1%	8.6%	1.3%

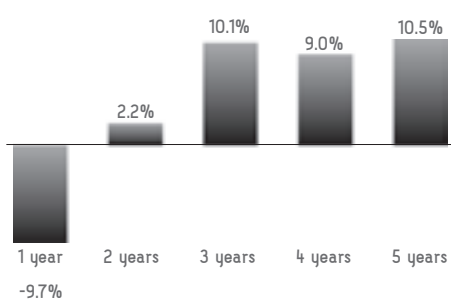
¹ Performance adjusted for dividends paid

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 30 JUNE 2012



LOOKING AHEAD

Despite the uncertainty regarding the future of the global and local economies, POLICY believes in tapping opportunities from investing in companies whose activities will be positively impacted by next major trends. This is expected to bring better value to its shareholders.