

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2019

	Audited as at 31 December 2019	Audited as at 31 December 2018
	Rs'000	Rs'000
ASSETS		
Non-current assets	1,362,710	1,361,019
Current assets	104,638	3,798
Total assets	1,467,348	1,364,817
EQUITY AND LIABILITIES		
Capital and reserves	1,426,005	1,360,308
Current liabilities	41,343	4,509
Total equity and liabilities	1,467,348	1,364,817
Net asset value per share - (Rs)	6.28	5.99
No. of shares used in calculation	226,986,672	226,986,672

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2019

	Audited Year to 31 December 2019	Audited Year to 31 December 2018
	Rs'000	Rs'000
Income	47,243	44,722
Profit before finance costs	35,764	33,741
Finance income/(costs)	689	(355)
Profit before taxation	36,453	33,386
Taxation	(18)	(83)
Profit for the year	36,435	33,303
Other comprehensive income for the year, net of tax	97,358	(2,727)
Comprehensive income for the year	133,793	30,576
Basic earnings per share for the year - (Rs.)	0.16	0.15
Dividends per share - (Rs.)	0.30	0.35
No. of shares in issue and ranking for dividends	226,986,672	226,986,672

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2019

	Share capital	Share premium	Fair value reserve	Retained earnings	Total Equity
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
At 01 January 2019	226,987	5,217	747,204	380,900	1,360,308
<i>Comprehensive income</i>					
Profit for the year	-	-	-	36,435	36,435
Other comprehensive income	-	-	84,049	13,309	97,358
Total comprehensive income for the year	-	-	84,049	49,744	133,793
<i>Transaction with owners</i>					
Dividends	-	-	-	(68,096)	(68,096)
At 31 December 2019	226,987	5,217	831,253	362,548	1,426,005
At 01 January 2018	226,987	5,217	747,450	429,523	1,409,177
<i>Comprehensive income</i>					
Profit for the year	-	-	-	33,303	33,303
Other comprehensive income	-	-	(246)	(2,481)	(2,727)
Total comprehensive income for the year	-	-	(246)	30,822	30,576
<i>Transaction with owners</i>					
Dividends	-	-	-	(79,445)	(79,445)
At 31 December 2018	226,987	5,217	747,204	380,900	1,360,308

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2019

	Audited Year to 31 December 2019	Audited Year to 31 December 2018
	Rs'000	Rs'000
Operating activities		
Net cash generated from operating activities	42,897	33,972
Investing activities		
Net cash generated from investing activities	94,894	26,522
Financing activities		
Net cash used in financing activities	(68,096)	(79,531)
Increase/(decrease) in cash and cash equivalents	69,695	(19,037)
Movement in cash and cash equivalents		
At 1 January	3,423	22,666
Increase/(decrease) in cash and cash equivalents	69,695	(19,037)
Effect of exchange difference on cash and cash equivalents	687	(206)
At 31 December	73,805	3,423

NOTES TO THE ABRIDGED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

AUDITED ABRIDGED FINANCIAL STATEMENTS

The Directors are pleased to present the audited abridged financial statements of the Company for the year ended 31 December 2019.

BASIS OF ACCOUNTING

The financial statements comply with International Financing Reporting Standards and are prepared under the historical cost convention as modified by the fair valuation of financial assets at fair value through other comprehensive income ("FVTOCI") and financial assets at fair value through profit or loss ("FVTPL").

COMMENTS AND REVIEW

- (i) The change in the Net Assets Value per share at 31 December 2019 (Rs 6.28) as compared to 31 December 2018 (Rs 5.99) is mainly attributable to an increase in the fair valuation of Investments, which is shown as other comprehensive income.
- (ii) Shareholders' interest was Rs. 1.47 billion at 31 December 2019 compared to Rs. 1.36 billion at 31 December 2018.
- (iii) Dividends per share were as follows:

	2019	2018
	Rs	Rs
Interim	0.12	0.15
Final	0.18	0.20
Total Dividends	0.30	0.35

By Order of the Board

Ocorian Corporate Administrators Limited

Secretary

10 March 2020

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 Ocorian Corporate Administrators Limited, 6th Floor, Tower A, 1 CyberCity, Ebene.

The auditors of the Company are BDO & Co.

Manager's Report for the year ended 31 December 2019

NAV Performance for Financial Year 2019

During 2019, the Net Asset Value of POLICY, including dividends distributed, rose by 9.8%, as a result of the strong contribution from its top holding MCBG. The SEMTRI increased by 1.4% during the same period.

Outlook

We are confident that POLICY's top holdings should continue to support the growth of the Company. POLICY will continue to focus on local companies, which have solid balance sheets and a good track record of earnings growth. The Company is currently looking for opportunities in international markets in order to diversify its investment portfolio.

Share price and NAV

Period ending	31-Dec-18	31-Mar-19	30-Jun-19	30-Sep-19	31-Dec-19
Share price	6.58	6.10	5.48	5.74	5.74
NAV	5.99	5.96	6.01	6.08	6.28
Premium/(Discount) to NAV	9.8%	2.3%	-8.8%	-5.6%	-8.6%

Performance ratios

		Year ended 31 December								
		2015	2016	2017	2018	2019	1Q 2019	2Q 2019	3Q 2019	4Q 2019
POLICY	Share price ¹	-8.7%	-6.0%	31.1%	-3.8%	-8.2%	-7.3%	-8.2%	4.7%	3.1%
	Net Asset Value ¹	3.5%	7.3%	21.9%	2.1%	9.8%	-0.5%	2.9%	1.2%	6.3%
Local market	SEMTRI	-10.1%	3.3%	25.3%	3.7%	1.4%	-2.3%	-0.9%	1.0%	3.7%
	SEM-10 ²	-10.2%	-0.4%	22.3%	0.9%	1.0%	-1.3%	-0.5%	0.9%	1.9%

¹ Performance adjusted for dividends paid

² SEM-10 replaced the SEM-7 as from Oct-14

Sector allocation as at 31 December 2019	Portfolio allocation	SEMDEX
Banks, Insurance & Other Finance	66.0%	41.1%
Industry	8.1%	7.3%
Leisure & Hotels	6.1%	8.9%
Investments	5.6%	23.4%
International	7.8%	0.1%
Commerce	0.3%	17.6%
Others	6.1%	-
Total	100.0%	
Top 5 holdings as at 31 December 2019	% of NAV	Market price change FY 2019 (+/-)
MCB Group Limited	56.2%	16.8%
ABC Banking Corporation Ltd.	6.0%	-0.8%
Phoenix Beverages Limited	5.6%	0.0%
Lux* Island Resorts Ltd.	5.1%	-31.3%
FundSmith Global Equity Fund	2.8%	30.9%
Total	75.7%	
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