

The cover features several abstract circular shapes in shades of blue, grey, and white. Some circles have diagonal line patterns. The text is centered in the upper half of the page.

ANNUAL REPORT 2019

P.O.L.I.C.Y.
L i m i t e d



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Dear Shareholder,

The Board of Directors is pleased to present the Annual Report of P.O.L.I.C.Y. Limited for the year ended 31 December 2019. This report has been approved by the Board on 10 March 2020.

On behalf of the Board of Directors, we invite you to attend the Annual Meeting of Shareholders which will be held as follows:

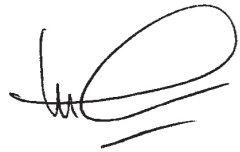
Date: 5 June 2020

Time: 10h00

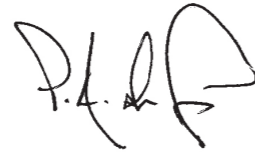
Place: c/o Ocorian Corporate Administrators Limited
6th Floor, Tower A
1 CyberCity
Ebene

We look forward to seeing you.

Sincerely



Mr. Vincent Ah Chuen
Chairperson



Mr. Pierre de Chasteigner du Mée
Vice Chairperson

Notice is hereby given that the Annual Meeting of Shareholders of P.O.L.I.C.Y. Limited will be held at the Registered Office of the Company, at c/o Ocorian Corporate Administrators Limited, 6th Floor, Tower A, 1 CyberCity, Ebene on Friday 5 June 2020 at 10h00 to transact the following business in the manner required for the passing of ORDINARY RESOLUTIONS:

AGENDA

1. To receive and approve the minutes of proceedings of the last Annual Meeting held on 5 June 2019.
2. To consider and adopt the financial statements, to receive the auditors' report and to consider the Annual Report for the year ended 31 December 2019.
3. To re-elect Mr. Vincent Ah Chuen, in accordance with Section 138(6) of the Companies Act 2001.
4. To re-elect Mr. Richard Arlove, director retiring and eligible for re-election.
5. To re-elect Mr. Pierre de Chasteigner du Mée, director retiring and eligible for re-election.
6. To re-elect Mr. Pierre Yves Pougnet, in accordance with Section 138(6) of the Companies Act 2001.
7. To re-elect Mr. Stéphane Henry, director retiring and eligible for re-election.
8. To re-elect Professor Donald Ah Chuen, G.O.S.K, in accordance with Section 138(6) of the Companies Act 2001.
9. To re-elect Mr. Sydney Ah Yoong, director retiring and eligible for re-election.
10. To re-elect Mrs. Danielle Lagesse, S.A., director retiring and eligible for re-election.
11. To re-elect Mr. Ah-Lan Lam Yan Foon, in accordance with Section 138(6) of the Companies Act 2001.
12. To re-elect Mr. Karl Braunecker, director retiring and eligible for re-election.
13. To fix the Directors' remuneration as recommended by the Remuneration Committee.
14. To appoint the auditors, and to authorise the Directors to fix their remuneration.

By order of the board



NISHA PROAG-DOOKUN, ACIS
FOR
OCORIAN CORPORATE
ADMINISTRATORS LIMITED

OCORIAN CORPORATE ADMINISTRATORS LIMITED
COMPANY SECRETARY

10 March 2020

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

Cont'd

NOTES:

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of him, and that proxy need not also be a member.
2. Proxy forms are available with the Company Secretary at Ocorian Corporate Administrators Limited, 6th Floor, Tower A, 1 CyberCity, Ebene.
3. Completed proxy forms should be delivered at Ocorian Corporate Administrators Limited, 6th Floor, Tower A, 1 CyberCity, Ebene by Thursday 4 June 2020 at 10h00 at latest.
4. For the purpose of this Annual Meeting, the Directors have resolved, in compliance with Section 120(3) of The Companies Act 2001, that the Shareholders who are entitled to receive notice of the meeting shall be those shareholders whose names are registered in the share register of the Company as at 8 May 2020.
5. The Annual Report 2019 shall be available to the members on the Company's website and a copy shall be provided to the members upon request to the Company Secretary.
6. The minutes of the past Annual Meetings held are available for consultation by the shareholders during office hours at the registered office of the Company, 6th Floor, Tower A, 1 CyberCity, Ebene.
7. The minutes of the Annual Meeting to be held on 5 June 2020 will be available for consultation and comments during office hours at the registered office of the Company, 6th Floor, Tower A, 1 CyberCity, Ebene as from 19 June 2020.

COMPANY PROFILE

P.O.L.I.C.Y. Limited was incorporated as a public company on 15 June 1979. It is an investment company with a long-term investment strategy. It is listed on the Stock Exchange of Mauritius since 1992.

BOARD OF DIRECTORS & COMMITTEES OF THE BOARD

CORPORATE INFORMATION

BOARD OF DIRECTORS

Chairperson

Mr. Vincent Ah Chuen

Vice Chairperson

Mr. Pierre de Chasteigner du Mée

Directors

Mr. Vincent Ah Chuen

Professor Donald Ah Chuen G.O.S.K.

Mr. Sydney Ah Yoong

Mr. Richard Arlove

Mr. Pierre de Chasteigner du Mée

Mr. Stéphane Henry

Mrs. Danielle Lagesse S.A.

Mr. Pierre Yves Pougnet

Mr. Ah-Lan Lam Yan Foon

Mr. Karl Braunecker

COMMITTEES OF THE BOARD

Corporate Governance, Nomination and Remuneration Committee

Mr. Vincent Ah Chuen (*Chairperson*)

Mr. Pierre de Chasteigner du Mée

Professor Donald Ah Chuen G.O.S.K.

Mrs. Danielle Lagesse S.A.

Audit & Risk Committee

Mr. Pierre Yves Pougnet (*Chairperson*)

Professor Donald Ah Chuen G.O.S.K.

Mr. Sydney Ah Yoong

Mr. Ah-Lan Lam Yan Foon

Investment Committee

Mr. Pierre de Chasteigner du Mée (*Chairperson*)

Mr. Vincent Ah Chuen

Mr. Sydney Ah Yoong

Mr. Karl Braunecker

Registered Office

c/o Ocorian Corporate Administrators Limited

6th Floor, Tower A

1 CyberCity

Ebene

Administrator and Company Secretary

Ocorian Corporate Administrators Limited

6th Floor, Tower A

1 CyberCity

Ebene

Registrar

Ocorian Corporate Administrators Limited

6th Floor, Tower A

1 CyberCity

Ebene

Fund Manager

IPRO Fund Management Ltd

3rd Floor, Ebene Skies

Rue de L'institut

Ebene

Auditors

BDO & Co.

10, Frère Félix de Valois Street

Port Louis

Bankers

The Mauritius Commercial Bank Limited

AfrAsia Bank Ltd

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Board accepts the responsibility for the preparation of financial statements which give a true and fair view of the financial position, financial performance and cash flows of the Company and which comply with the Companies Act 2001 and the International Financial Reporting Standards.

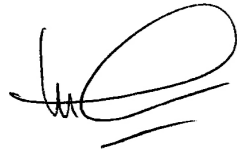
In preparing those financial statements, the Directors have:

- Selected suitable accounting policies and then applied them consistently;
- Made judgments and estimates that are reasonable and prudent;
- Stated whether International Financial Reporting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- Prepared the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business; and
- Adhered to the provisions of the Code of Corporate Governance.

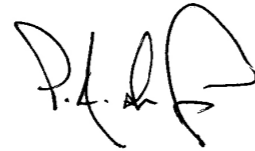
The Directors also confirm their responsibility for safeguarding the assets of the Company.

The Directors confirm that they have complied with the above requirements in preparing the financial statements.

The Board acknowledges its responsibility for ensuring the preparation of the financial statements in accordance with the International Financial Reporting Standards and the responsibility of external auditors to report on these financial statements. The Board also acknowledges its responsibility for ensuring the maintenance of adequate accounting records and an effective system of internal controls and risk management.



Vincent Ah Chuen
Chairperson



Pierre de Chasteigner du Mée
Vice Chairperson

CHAIRPERSON'S STATEMENT

Dear Shareholders,

I am pleased to present to you the 2019 Annual Report of P.O.L.I.C.Y. Limited.

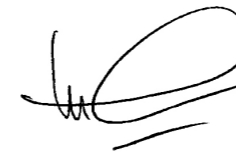
First of all, it has to be recorded that on 7th November 2019, a snap General Election was called. The outgoing ruling Alliance, mainly led by the M.S.M party took the opposition parties by surprise in winning the majority of seats thus giving them a comfortable base in the new Parliament.

2019 was another mixed year for the Mauritian equities. The Semdex went down by 1.87% while SEMTRI increased by a mere 1.37%. Tourism arrivals fell causing uneasiness amongst hoteliers. Sugar price remained depressed while overall exports, mainly textiles & garments weakened further. Fortunately, the Financial and Banking sector stayed strong.

The Net Asset Value (NAV) per share of P.O.L.I.C.Y. Limited increased by 4.8 % but, when the two dividends are added back, the NAV increased by 9.8%. When we take into account the share price and the dividends paid, the total return dropped by 8.2%. Since its listing on the Official Market of the Stock Exchange of Mauritius in December 1992, P.O.L.I.C.Y. Limited has achieved a commendable annualized total return to shareholders of 15.4%.

Mauritius has to adapt itself to a number of major challenges, such as rising costs of production, slowdown in Europe and an increasingly service-oriented economy. Globally, we see that the two main drivers of growth are Asia, from a regional perspective and technology, from a sectoral perspective. P.O.L.I.C.Y. Limited will continue to take these themes into account when allocating its assets, both in Mauritius and internationally, while trying to always invest with a margin of safety.

I wish to express my sincere gratitude to the Investment Manager, the Administrator and my fellow Directors for their commitment and added value leading to the good performance of the Company. Finally, I would like to thank you, dear Shareholders, for your continued support.



Mr. Vincent Ah Chuen
Chairperson

STATEMENT OF COMPLIANCE

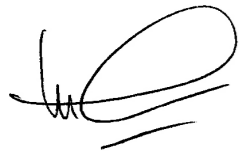
(Section 75 (3) of the Financial Reporting Act)

Name of PIE : P.O.L.I.C.Y. LIMITED

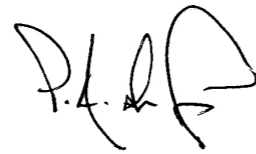
Reporting Period : 1 January to 31 December 2019

We, the Directors of P.O.L.I.C.Y. Limited, confirm that, to the best of our knowledge, P.O.L.I.C.Y. Limited has complied with all of its obligations and requirements under the Code of Corporate Governance.

SIGNED BY:



VINCENT AH CHUEN
Chairperson



PIERRE DE CHASTEIGNER DU MEE
Vice Chairperson

Date: 10 March 2020

CORPORATE GOVERNANCE REPORT 2019

The Board recognises corporate governance as a matter of priority. The Board considers that good corporate governance can contribute in terms of growth, financial stability and performance. It therefore accepts and acknowledges its responsibility for applying and implementing the principles contained in the National Code of Corporate Governance for Mauritius (2016) (The “2016 Code”), and is thus conducting its affairs in line with the principles of the 2016 Code.

PRINCIPLE 1: GOVERNANCE STRUCTURE

The Role of the Board

The primary function of the board is to provide effective leadership and direction to promote the long-term value of the Company, for the benefit of its shareholders and other stakeholders. As an investment holding company, the Board assumes its responsibility in overseeing the conduct of business activities of the Company, review the strategic decisions, performance objectives, annual budget, major funding, investment proposals and corporate governance framework. It also monitors regulatory and legal requirements and obligations of the Company.

Responsibilities and Accountabilities

The Company, being an investment holding entity, does not have any employee or senior management. It has two corporate service providers providing investment management services and acting as Registrar, Administrator and Corporate Secretary. Compliance obligations of these service providers are regularly monitored by the Board.

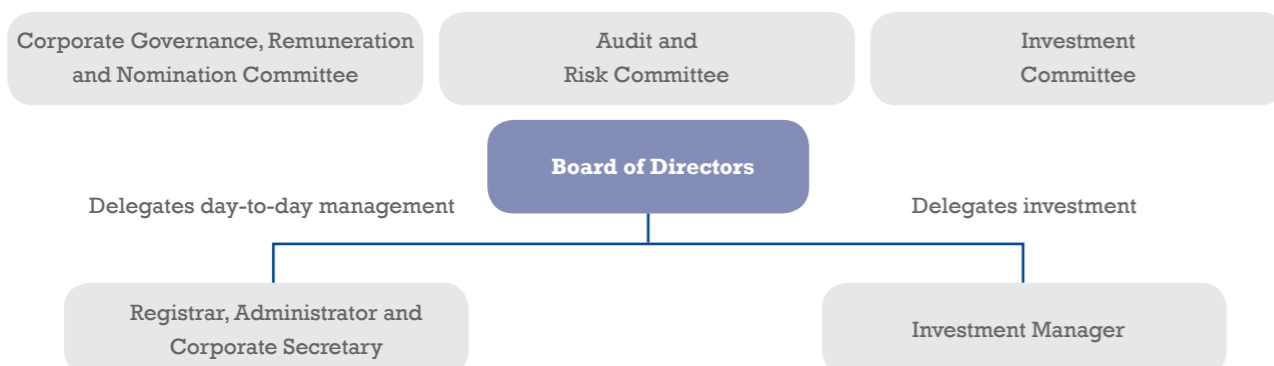
Board Charter and Ethics

The Company has adopted a Board Charter which provides the terms of reference for the board, clearly defining its responsibilities. The Company having no employees is therefore addressing matters related to ethics in its Board Charter. The Board Charter also caters for monitoring of internal risks, controls and compliance.

The Board Charter can be viewed on the Company’s website, www.policy.mu.

Organisational Structure and Statement of Accountabilities

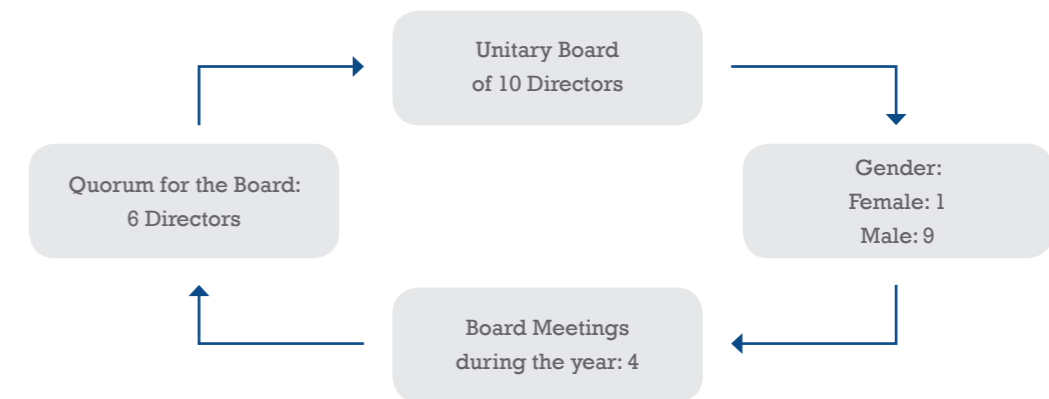
The Board has created three sub-committees of the Board, each operating within its own terms of reference, approved by the Board, in order to provide specialist guidance to its Directors. A reporting mechanism has been set up to ensure that recommendations from the different committees are effectively escalated to the Board in an orderly manner. The report of the Chairperson of each sub-committee is an agenda item at all board meetings.



PRINCIPLE 2: THE STRUCTURE OF THE BOARD AND ITS COMMITTEES

Board size and structure

The Board adheres to the principle that knowledge and industry experience should not be sacrificed in favour of independence. The Board is satisfied that its actual composition is balanced and commensurate with the Company’s ownership structure and size. The Board is also of the opinion that the current directors have the appropriate range of skills, expertise and experience to carry out their duties properly.



Independence on the Board

As at 31 December 2019, the Board was comprised of ten directors, amongst whom two are Executive Directors, one is an independent Director and the remaining seven are Independent-minded Non-Executive Directors.

The Chairperson, whilst being related with the Company’s substantial shareholders, has demonstrated a strong independence in character and judgment in the discharge of his responsibilities.

The directors are invited to disclose their interests towards any item on the agenda, before the start of the board meetings. Directors who may have conflicts of interest in relation to any particular item on the agenda are requested to withdraw, during discussions relating thereto and until such time that a final decision has not been reached.

Role of the Company Secretary

The Company Secretarial function is fulfilled by Ocorian Corporate Administrators Limited (“Ocorian”) through a service agreement entered into between Ocorian and the Company. Ocorian is an award-winning alternative investment, corporate and private client administrator recognized for its commercial expertise and dynamic culture supporting investment success. It employs qualified secretaries from the Chartered Governance Institute to fulfill its duties as Company Secretary.

Board processes and attendance at board meetings

The dates of the Board, committee and annual meetings are planned well in advance with the assistance of the Company Secretary. The Board meets at least four times a year and *ad hoc* meetings may also be convened for urgent matters. Decisions of the Board are also taken by way of written resolutions.

In 2019, the Board met five times. During that year, the Board approved, inter alia the Annual Report and Financial Statements for the year ended 31 December 2018, the interim condensed financial statements for the quarters ended 31 March, 30 June and 30 September 2019, and the payment of an interim and of a final dividend.

The overall attendance record at Board and Committee meetings is set out in the table below:

DIRECTORS	Board meeting (5)	Audit and Risk Committee (4)	Corporate Governance Committee (1)	Investment Committee (4)	Remuneration Committee (1)
Vincent Ah Chuen	5 out of 5	-	1 out of 1	4 out of 4	1 out of 1
Professor Donald Ah Chuen	3 out of 5	4 out of 4	1 out of 1	-	1 out of 1
Sydney Ah Yoong	4 out of 5	4 out of 4	-	4 out of 4	-
Richard Arlove	4 out of 5	-	-	-	-
Pierre Arthur de Chasteigner du Mée	5 out of 5	-	1 out of 1	4 out of 4	1 out of 1
Stéphane Henry	5 out of 5	-	-	-	-
Danielle Lagesse	4 out of 5	-	1 out of 1	-	1 out of 1
Pierre Yves Pougnet	5 out of 5	4 out of 4	-	-	-
Karl Braunecker	3 out of 5	-	-	4 out of 4	-
Ah-Lan Lam Yan Foon	5 out of 5	4 out of 4	-	-	-

COMMITTEES OF THE BOARD OF DIRECTORS

The Board has delegated specific responsibilities to its three sub-committees, which operate within clearly defined terms of reference, namely, the Corporate Governance Committee (which also acts as the Remuneration and Nomination Committee), the Investment Committee and the Audit and Risk Committee. They report regularly to the Board, and recommend specific matters for approval.

CORPORATE GOVERNANCE, NOMINATION AND REMUNERATION COMMITTEES

The functions and mandate of the Corporate Governance, Nomination and Remuneration Committees are to assist the Board in fulfilling its responsibilities to ensure that the Company complies with the prevailing corporate governance principles.

Members of the Corporate Governance, Nomination and Remuneration Committees

- Vincent Ah Chuen – Chairperson
- Professor Donald Ah Chuen, G.O.S.K.
- Pierre de Chasteigner du Mée
- Danielle Lagesse, S.A.

The Corporate Governance Committee, which also acts as the Remuneration and Nomination Committee, is devoted to the continuing review and articulation of the governance structure of the Board. The Corporate Governance Committee met in February 2020 to review the Corporate Governance Report for the year 2019 before due recommendation to the Board.

It also met as Remuneration Committee in February 2020 to consider and recommend the directors' fees as well as the fees of the members of the various committees.

Its role is also to ensure that the reporting requirements on Corporate Governance, whether in the Annual Report, or on an ongoing basis, are in accordance with the principles of the Code of Corporate Governance.

Terms of Reference

The Terms of Reference of the Corporate Governance Committee, which embrace the Terms of Reference of the Nomination Committee and of the Remuneration Committee, are to:

- Ascertain whether potential new directors are fit and proper and are not disqualified from being directors. Prior to their appointment, their background is thoroughly investigated;
- Ensure that the potential new director is fully cognizant of what is expected from a director, in general, and from him or her in particular;
- Ensure that the right balance of skills, expertise and independence is maintained;
- Ensure that there is a clearly defined and transparent procedure for shareholders to recommend potential candidates;
- Ensure that potential candidates are free from material conflicts of interest and are not likely to simply act in the interests of a major shareholder, substantial creditor or significant supplier of the company. This is of particular importance when the candidate has been nominated by virtue of a shareholders' agreement, or such other agreement. In any case, candidates so nominated cannot be considered independent;
- Pay particular attention to the potential conflicts of interest and other ethical problems that could arise in cases where the potential candidate is already a director of a company, or forms part of a group, that is a competitor of the Company;
- Ensure that those directors who, in the opinion of the Board, have either acted in accordance with the instructions of a third party or have not discharged their duties as directors to the satisfaction of the Board, not to be nominated for re-election;
- Determine, develop and agree on the Company's general policy on directors' remuneration; and
- Determine the level of non-executive and independent non-executive fees to be recommended to the shareholders.

INVESTMENT COMMITTEE

The main purpose of the Investment Committee is to ensure that the Company's investment plan delivers decent performance against benchmarks. The Committee participates in the diligent implementation of the Company's Investment Plan and has a major role in overseeing investment selection decisions.

Members of the Investment Committee:

- Pierre Arthur de Chasteigner du Mée – Chairperson
- Vincent Ah Chuen
- Sydney Ah Yoong
- Karl Braunecker

The Committee met four times during the year 2019, where it mainly reviewed the Company's portfolio, investment strategy, investment plan and the methods of evaluation for its investments. It also recommended, for Board ratification, the purchases and disposals of various securities.

Terms of Reference

The Terms of Reference of the Investment Committee are to:

- Review and approve periodically the investment policies and overall strategies of the Company. In doing so, the following should be considered:
 - a. General economic and environmental trends and predictions;
 - b. Sector and country specific performance and forecasts; and
 - c. Changes or alterations to current legislation having an effect on investments.
- Determine an appropriate investment strategy, including asset mix;
- Set asset portfolio performance targets;
- Set performance targets for the investment manager;
- Review, decide and approve investment choices based on advice provided by the investment manager as and when necessary. In doing so, the committee should perform the following:
 - a. Verify that all necessary steps and controls have been performed prior to investment proposal being formulated by the investment manager;
 - b. Verify adherence to investment policy;
 - c. Discuss and consider relevant issues (returns, volatility and absolute risk) to decide whether to invest or not in specific assets;
 - d. Consider whether adding specific assets in the portfolio will reduce risk and volatility due to possible diversification effect resulting from a lower correlation with other assets; and
 - e. Decide whether any excess expected return over and above average returns justifies investing in the specific asset given the potential increased level of risks involved.
- Monitor the performance of the asset portfolio and the investment manager against the agreed benchmarks and targets, seeking all necessary explanations to perform appropriate analysis;
- Review and report to the Board of Directors all matters relating to the administration, supervision and management of the plan;
- Review the diligent implementation by management of the repurchase of Company securities under any repurchase program set down by the Board of Directors;

- Oversee the risk management activities of the Treasury function with respect to the Company's existing investments;
- Access the Company's executives as necessary in order to carry out these responsibilities; and
- Perform any other activities or responsibilities from time to time assigned to such Committee by action of the Board which are consistent with this Charter, the Company's Bylaws and governing law as the Committee or the Board of Directors deems necessary or appropriate.

AUDIT AND RISK COMMITTEE

The Audit and Risk Committee supports the Board in fulfilling its responsibilities in ensuring the integrity of the Company's financial management and reporting.

Members of the Audit and Risk Committee:

- Pierre Yves Pougnet - Chairperson
- Professor Donald Ah Chuen, G.O.S.K.
- Sydney Ah Yoong
- Mr Ah-Lan Lam Yan Foon

The Audit & Risk Committee met four times in 2019. During the year 2019, the Committee mainly reviewed the Annual Report and Financial Statements for the year ended 31 December 2018, the Interim condensed financial statements for the quarters ended 31 March, 30 June and 30 September 2019 and the remuneration package of the auditors.

Terms of Reference

The Terms of Reference of the Audit and Risk Committee, as formally adopted by the Company, consist of the following:

- The functioning of the internal control system of the Company's service providers;
- The functioning of the internal audit department of the Company's service providers;
- The risk areas of the Company's operations and of its service providers;
- The assessment and assurance of the quality of the risk management process;
- The reliability and accuracy of the financial information provided by Management to the Board and other users of financial information;
- The use of the services of the external and internal auditors;
- The accounting or auditing concerns identified as a result of the external audits;
- The Company's compliance with legal and regulatory requirements with regard to financial matters;
- The scope and results of the external audit and its cost effectiveness, as well as the independence and objectivity of the external auditors;
- The nature and extent of non-audit services provided by the external auditors, where applicable; and
- The financial information to be published by the Board.

The Audit and Risk Committee confirms that it has complied with its Terms of Reference, and that it is fully satisfied of its responsibilities for the year. Shareholders, on request, should be able to obtain a copy of the current Terms of Reference of the Audit and Risk Committee at the Registered Office of the Company.

Financial Reporting

In terms of financial reporting, the Audit & Risk Committee carries out the following functions:

- Ascertain the integrity of the annual audited financial statements by reviewing significant financial reporting issues and judgements which they contain;
- Review the financial statements where necessary;
- Review the significant assumptions, estimates and judgements used in the preparation of the financial statements;
- Ensure whether the Company has followed appropriate accounting standards taking into account the view of the external auditor;
- Ensure the maximum transparency in the financial statements; and
- Ensure the effectiveness of the Company's internal audit function and the appointment, compensation and replacement of the company's internal auditor.

PRINCIPLE 3: DIRECTORS APPOINTMENT PROCEDURES

Appointment and re-election of Directors

The Nomination Committee reviews all new appointments to the Board and Committees prior to making its recommendations to the Board, until submission to the shareholders for approval at the annual meeting.

In accordance with the provisions of the Code, all directors wishing to be re-elected stand for re-election at the Annual Meetings of Shareholders.

Induction of Directors

The Board assumes its responsibility for the induction of newly appointed Directors, through a process facilitated by the Company Secretary. They undergo a programme, which enables them to acquire an in-depth understanding of the Company's business model, activities and operations, and governance framework. They are provided with the minutes of recent board and committee meetings, the Board Charter, constitutional documents, latest audited financial statements. In addition, they are informed of their directors' duties.

DIRECTORS' PROFILE

i. **Vincent Ah Chuen** Non-Executive Chairperson

Vincent Ah Chuen is the Managing Director of ABC Group of Companies. He is Chairman of ABC Motors Company Ltd and MUA Stockbroking Ltd. He is Director of MUA Ltd, MUA Life Ltd, MUA Kenya, MUA Uganda, Phoenix of Tanzania Assurance Company Limited, New Goodwill Investment Ltd and Medine Distillery Company Ltd. He is a member of the MIOD and the Chinese Chamber of Commerce. He is also active in various social and cultural activities.

Mr Ah Chuen is a competent, skilled and knowledgeable person, capable of independent and impartial thinking.

ii. **Professor Donald Ah-Chuen G.O.S.K.** Non-Executive Director

Professor Donald Ah-Chuen holds an M.B.A (University of Strathclyde, UK). He is also a Fellow of the Institute of Chartered Accountants (England & Wales) and Fellow of the Institute of Chartered Accountants (Australia) and holds an M.C.I.P.D (Chartered Institute of Personnel & Development, UK). In March 2009, he was conferred the distinction of G.O.S.K (Grand Officer of the Order of the Star and Key of the Indian Ocean) in recognition of his valuable contribution in the sectors of Banking & Financial Services and Tertiary Education. Professor Ah-Chuen is a former Board Director of the Development Bank of Mauritius and the Bank of Mauritius, former Chairman of the Standard Bank (Mauritius) Ltd and of the Mauritius Chamber of Commerce & Industry (2000 and 2006). He was Pro-Vice Chancellor of the University of Mauritius, Chairman of the Mauritius Broadcasting Corporation and also of the Tertiary Education Commission of Mauritius. He was C.E.O of the Graham Group of Companies, Sydney and Chairman of the Steel Galvanizing Companies of Australia & New Zealand.

Professor Ah-Chuen is currently a Board Director of the Stock Exchange of Mauritius Ltd and the Managing Director of ABC Banking Corporation Limited. He is also a Director of ABC Motors Co. Ltd, company listed on the DEM.

iii. **Sydney Ah Yoong** Non-Executive Director

Sydney Ah Yoong is a fellow member of the Association of Chartered Certified Accountants (ACCA) since 1987. He has worked at Deloitte for more than 38 years and is a retired partner since December 2012. He is also a Director of ABC Banking Corporation Ltd, company listed on the DEM.

iv. **Richard Arlove** Executive Director

Richard Arlove is the Regional Chief Executive Officer of Africa Middle East and Africa, of Ocorian Group, an award-winning alternative investment, corporate and private client administrator recognized for its commercial expertise and dynamic culture supporting investment success.

Mr Richard Arlove has also served as Chief Executive Officer at Abax Corporate Services Ltd ('ABAX') before becoming Regional CEO of Ocorian Group. ABAX has subsequently been acquired by the Ocorian Group and changed its name to Ocorian Corporate Services Limited. Prior to joining ABAX in 2001, Mr Arlove worked for 10 years in the accounting and audit, mainly at PwC in Mauritius and the UK; and 10 years as General Manager with companies involved mainly in the marketing of global brands of consumer and electronic products. He is a Fellow member of the Association of Chartered Certified Accountants.

v. Pierre Arthur de Chasteigner du Mée
Non-Executive Director

Pierre du Mée, A.C.E.A., Director and Secretary of MUA Stockbroking Ltd., is a Sworn Broker, a Stockbroker, on the Stock Exchange of Mauritius, a licensed Company Secretary and a fellow member of the Chartered Management Institute (England). He is a member of the National Pensions Board and National Pension Fund / National Savings Fund Investment Committee. He is also a Director of Investec Bank (Mauritius) Ltd.

vi. Stéphane Henry
Executive Director

Stephane Henry is the CEO of Investment Professionals Ltd, an asset management company located in Mauritius. Stephane is specialised in the management of Mauritian listed equities and international fund selection. He holds a Master II degree in Wealth Management (Gestion de Patrimoine) from the University of Clermont-Ferrand, France and a Master's degree from the Pau Business School, France.

vii. Danielle Lagesse S.A.
Independent Director

Danielle Lagesse S.A., qualified as Attorney at Law of the Supreme Court of Mauritius in 1980 and was appointed Senior Attorney for the Republic of Mauritius on 16 June 2010. Although she has now partly retired from active litigation, she still appears as Instructing Attorney to Q.C.s and Senior Counsels in Supreme Court cases involving important corporate issues. She is a great supporter of Alternate Dispute Resolution, mainly Mediation and Arbitration.

She is a founder member and Fellow of the Mauritius Institute of Directors (MIoD) created in 2007 to promote training of Directors, good corporate governance, competence and transparency within companies. She sat on its first elected Board of the MIoD during 5 years. She is also a Member of the Australian Institute of Directors.

viii. Pierre Yves Pougnet
Non-Executive Director

Pierre Yves Pougnet, an accountant by profession, has been a Director of P.O.L.I.C.Y. Limited since 1981. He is presently the Chairman of the Audit and Risk Committee. He started his career with an audit firm. In 1975 he joined the Eclasia Group where he occupied executive functions, amongst which he was the managing director of Panagora Marketing and also managing director of Food and Allied Industries Ltd. He was the Vice Chairman of the Group when he retired in 2015.

ix. Karl Braunecker
Non-Executive Director

Karl Braunecker is the founder and Managing Director of Connections Tourism Management Ltd ('Connections'), which operates in Mauritius since 1996 as DMC (Destination Management Company) and Inbound Tour Operator. In 1982, he created **Connections Reunion**, which has become a major tour operator on this island. Before Connections, he was Project Manager for the Construction of Maritim Hotel and, after the opening Hotel Manager until 1996.

Mr Braunecker has more than 50 years of experience in the tourism industry in Mauritius and abroad. He is one of the pioneers in developing the MICE (meetings, Incentive, Conferences & Events) business into Mauritius and is the founder of Incentive Travel & Meeting Association (ITMA).

x. Ah-Lan Lam Yan Foon
Non-Executive Director

Ah-Lan LAM YAN FOON is a fellow member of the Association of Chartered Certified Accountants. He has worked for about 10 years in an international firm of Chartered Accountants where he has acquired experience in various sectors of the economy. Over 24 years he worked for a leading Freight Forwarding and Shipping company, Rogers Group, where he held the position of Finance & Administration Director and subsequently acted as Managing Director for 6 years up to his retirement.

During the period 2000-2016, he provided consultancy services in various fields of Finance & Management. He is a founder member of the ACCA (Mauritius Branch) and was its President in 1988. He was awarded the Certificate of Recognition for Dedication and Commitment to the service of ACCA in 2004. He was the first elected President of the Mauritius Red Cross Society (2007-2010) at national level. He is a member of the Chinese Chamber of Commerce (founded in 1908) and is currently the Vice President of the Mauritius Economic Society (founded in 1962). He is also the Chairman of ABC Group Pension Fund.

Other Directorships

The directorship of the directors of P.O.L.I.C.Y. Limited in other listed companies as at 31 December 2019 is as follows:

Directors	Directorship in Listed Companies
Vincent Ah Chuen	The Mauritius Union Assurance Co. Ltd and ABC Motors Co. Ltd
Professor Donald Ah Chuen, G.O.S.K.	ABC Motors Co. Ltd and ABC Banking Corporation Limited
Sydney Ah Yoong	ABC Banking Corporation Limited
Richard Arlove	Triangle Real Estate India (till 16 May 2019)
Pierre de Chasteigner du Mée	None
Stéphane Henry	IPro Growth Fund Ltd and IPro Funds Ltd
Danielle Lagesse, S.A.	None
Pierre Yves Pougnet	Les Moulins de la Concorde Ltée, Livestock Feed Ltd and Tropical Paradise Co. Ltd
Karl Braunecker	None
Ah-Lan Lam Yan Foon	ABC Motors Co. Ltd

Professional development and succession planning

As it is of utmost importance for the Board members to have a thorough knowledge of the business environment and sector in which the Company operates, quarterly investment reports are provided to the directors highlighting economic updates, peer review and financial results.

The Board accepts its responsibility for succession planning which has an objective to ensure that the operations of the Company are not disrupted in the event of departures.

PRINCIPLE 4: DIRECTORS' DUTIES, REMUNERATION AND PERFORMANCE

Legal Duties

Directors are made aware of their legal duties upon their appointment and are regularly reminded of the same annually.

Directors' and Officers' Liability Insurance

A Directors' and Officers' Liability Insurance has been subscribed by the Company for its directors.

Conflict of interests/ Related Party Transactions Policy

Transactions with related parties are disclosed in the financial statements. Directors are also invited by the Company Secretary to notify the Company of any direct and indirect interest in any transaction or proposed transaction with the Company.

EU General Data Protections Regulations

In compliance with the EU General Data Protection Regulations ('GDPR') and the Data Protection Act 2017, the Company has appointed Ocorian Corporate Administrators Limited represented by Manisha Padaruth, as Data Protection Officer to monitor compliance with and provide advice on the data protection laws.

Share Dealings

With regard to directors dealing in the shares of the Company, the directors confirm that they have followed the absolute prohibition principles as detailed in Appendix 6 of the Mauritius Stock Exchange Listing Rules.

Contracts with Executive Director

The Company has no contract with its Executive Directors.

Directors' interests in the shareholding of the Company as at 31 December 2019

The directors' direct and indirect interests in the shares of the Company in 2019 are as follows:

Name of Director	No. of shares – 31 December 2019	
	Direct	Indirect
Mr. Vincent Ah Chuen	1,091,158	55,753,484
Prof. Donald Ah Chuen, G.O.S.K.	26,421	54,043,351
Mr. Sydney Ah Yoong	460,000	-
Mr. Richard Arlove	171,237	-
Mr. Pierre Arthur de Chasteigner du Mée	-	480,133
Mr. Stéphane Henry	-	-
Mrs. Danielle Lagesse, S.A.	-	-
Mr. Pierre Yves Pougnet	674,833	-
Mr Karl Braunecker	764,500	-
Mr Ah-Lan Lam Yan Foon	-	-

(Beneficial interest only; no non-beneficial interest)

Board Evaluation

Once a year, the Directors are assessed both individually and collectively as a Board.

Statement of Remuneration Philosophy

Any remuneration policy must be reviewed and proposed by the Remuneration Committee. The directors' fees are paid on an annual basis, and take into account prevailing market conditions and members' contributions in their respective functions.

Directors' emoluments

Total emoluments and other benefits paid by the Company to the directors in 2019 amounted to Rs 2,119,000. The 2019 payments were made as follows:

	Rs
Mr. Vincent Ah Chuen	299,000
Prof. Donald Ah Chuen G.O.S.K.	247,000
Mr. Sydney Ah Yoong	260,000
Mr. Richard Arlove	130,000
Mr. Pierre Arthur de Chasteigner du Mée	266,500
Mr. Stéphane Henry	130,000
Mrs. Danielle Lagesse S.A.	182,000
Mr. Pierre Yves Pougnet	214,500
Mr. Karl Braunecker	195,000
Mr. Ah-Lan Lam Yan Foon	195,000
Total	2,119,000

Remuneration of Board and Committee Members

The annual remuneration as at 31 December 2019 is as follows:

(a) Board Meeting

Chairperson	– Rs 169,000
Director	– Rs 130,000

(b) Audit and Risk Committee

Chairperson	– Rs 84,500
Committee member	– Rs 65,000

(c) Corporate Governance, Nomination and Remuneration Committees

Chairperson	– Rs 65,000
Committee member	– Rs 52,000

(d) Investment Committee

Chairperson	– Rs 84,500
Committee member	– Rs 65,000

PRINCIPLE 5: RISK GOVERNANCE AND INTERNAL CONTROL

Risk Management

The Board has the ultimate responsibility for risk governance and internal control system, as well as determining the nature and extent of the principal risks it is willing to take in the pursuit of its objectives.

The Company, being an investment company and having no employee, is not exposed directly to any physical, human resources or technology risk exposures. Compliance is taken care of by Ocorian Corporate Administrators Limited pursuant to a Service Agreement between Ocorian and the Company.

As an investment company, the Company faces a number of risks that have to be effectively managed so as to protect its long-term sustainability and its strength, and to safeguard its assets and the interests of the stakeholders.

(a) Market Risk

The financial markets are influenced by numerous unpredictable factors including economic conditions, monetary and fiscal policies, natural disaster and investor sentiment. The Group or Company may incur losses as a result of increased market volatility as these fluctuations may adversely impact the valuation of its trading and investment positions. The management of market risk is part of the fund management process and is typical of equity investment. The portfolio is managed with an awareness of the effects of adverse price movements through detailed and continued analysis with the objective of maximising overall return to shareholders.

(b) Interest Rate Risk

Changes in the level of interest rates impact on the return of cash flow and equities.

(c) Credit Risk

The Company takes exposure on credit risk when dealing with third parties.

(d) Liquidity Risk

The Company is exposed to liquidity risk, in so far as it holds investments that cannot be bought or sold quickly, without significant price concessions.

(e) Country Risk

The political, economic stability and viability of a country's economy, with more and more global investors, is becoming an important issue in the risk management process. The financial and political stability of the Republic of Mauritius being of prime importance for our Company, the Investment Committee regularly keeps abreast of the country's economic outlook.

(f) Physical Risk

Physical risks are assessed and monitored by the Company's administrator who ensures that all physical risks have been properly addressed.

PRINCIPLE 6: REPORTING WITH INTEGRITY

The directors acknowledge their responsibility in preparing the annual report and the financial statements of the Company in accordance with the International Financial Reporting Standards and the Mauritius Companies Act 2001. The Board also considers that they are fair, balanced and understandable and provide the necessary information for shareholders and stakeholders to assess the Company's financial position and performance.

Donations

During the year, the Company had made the following charitable donations totalling Rs 205,000 towards Corporate Social Responsibility (2018: Rs 205,000):

NGOs	Amount (Rs)
Foyer Vivre Debout	75,000
PILS	40,000
Link to Life	40,000
Centre de Solidarité	50,000
Total	205,000

No political donations were made during the year.

PRINCIPLE 7: AUDIT

External audit

In line with the Code and the Financial Reporting Act 2004, the Company will be issuing a restricted tender for provision of the audit services for the year ending 31 December 2020 in accordance with the Financial Reporting Council (Rotation of Audit Firm) Regulations 2017 published in the Government Gazette No. 47 of 13 May 2017 - Government Notice No. 64 of 2017.

The Audit & Risk Committee carries out the following functions with regard to the external audit:

- Review and assess the external audit plans;
- Review and monitor management's responsiveness to the findings and recommendations of the external auditors;
- Review and monitor the effectiveness of the external audit function;
- Consider the risk areas of the Company's operations to be covered in the scope of the external audits;
- Consider and make recommendations to the Board, on the appointment and reappointment of the Company's external auditors;
- Recommend the level of remuneration of the auditors and the terms of their engagement and;
- Assess annually the independence and objectivity of the auditors.

Internal Audit

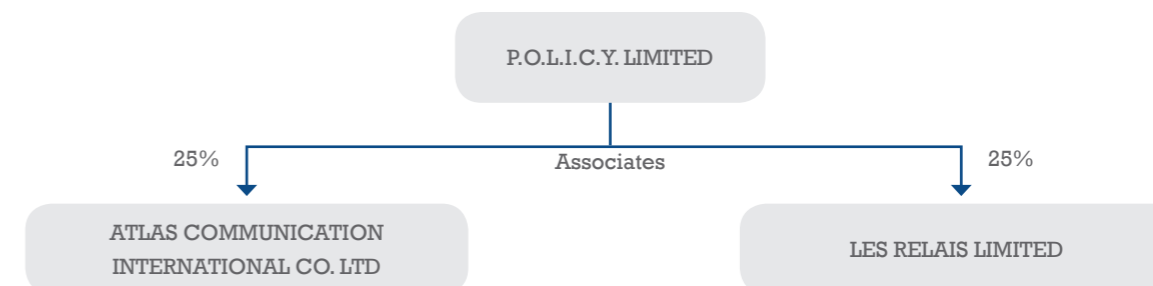
The directors confirm their ultimate responsibility for the internal audit function / control. As the Company does not have any employee, the directors have ensured that the service providers (IPRO Fund Management Ltd and Ocorian Corporate Administrators Limited) have adequate internal control procedures in place.

Auditors' fees

Audit fees for the year	THE COMPANY	
	2019	2018
	Rs`000	Rs`000
- BDO & Co	223	204
Fees for other services provided for the year:		
- Review of quarterly condensed accounts and other non-attested work	12.5	10.5
Total	235.5	214.5

PRINCIPLE 8: RELATIONS WITH SHAREHOLDERS AND OTHER STAKEHOLDERS

Shareholding Structure and Common Directors



ASSOCIATE COMPANIES

- ATLAS COMMUNICATION INTERNATIONAL CO. LTD
- LES RELAIS LIMITED

The Company owns 25% of Atlas Communication International Co. Ltd and Les Relais Limited, two companies operating in the telecommunications sector, which are associates of the Company.

Mr Stéphane Henry has been appointed to represent the Company on the Board of Directors of the associate companies.

Shares in public hands

In accordance with the listing rules of the SEM, more than 25% of the shareholding of the Company is in the hands of the public.

Shareholders' agreements

The Company has no Shareholders' Agreement.

Third party management contracts

IPRO Fund Management Ltd, being the Company's Investment Manager, and Ocorian Corporate Administrators Limited, being the Company's Registrar, Administrator and Secretary respectively, have third party management contracts with the Company.

Material clauses of the constitution

There are no material clauses.

Related Party Transactions

During the year under review, Richard Arlove (Director of Ocorian) and Stephane Henry (Director of IPRO) are deemed to have had related party transactions with the Company.

For details of related party transactions, please refer to Note 19 of the Financial Statements.

Data Analysis on Shareholdings as at 31 December 2018

Size of Shareholding	Number of Shareholders	Number of shares owned	Percentage Shareholding
1 – 5,000 shares	1,214	1,681,106	0.741
5,001 – 10,000 shares	267	2,010,285	0.886
10,001 – 50,000 shares	574	14,538,901	6.405
50,001 – 100,000 shares	175	13,043,361	5.746
100,001 – 250,000 shares	179	28,600,314	12.600
250,001 – 500,000 shares	83	29,267,237	12.894
500,001 – 15,000,000 shares	60	83,059,745	36.592
15,000,001 – 50,000,000 shares	3	54,785,723	24.136
Total	2,555	226,986,672	100.000

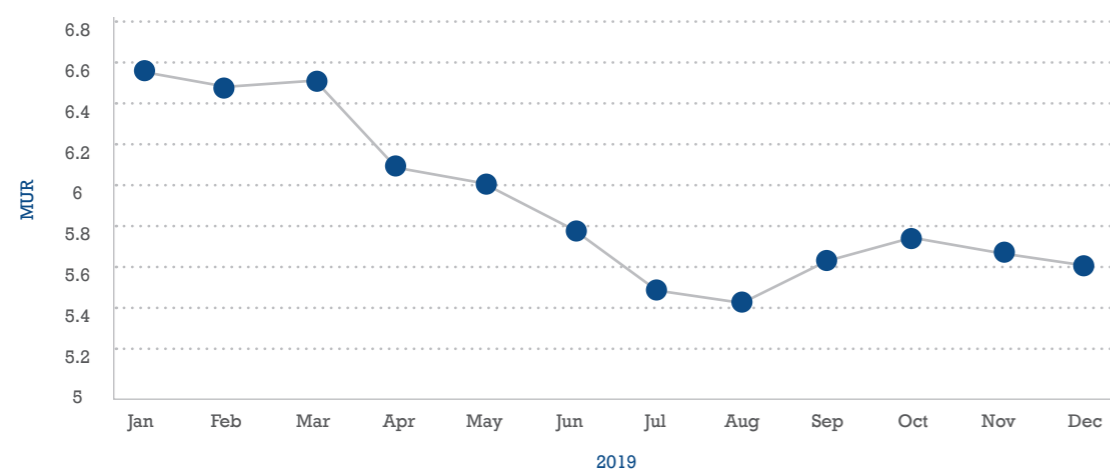
Shareholder Category	Number of Shareholders	Number of shares owned	Percentage Shareholding
Individuals	2,372	141,184,966	62.200
Insurance & Assurance Cos	9	1,609,641	0.709
Pension & Provident Funds	30	8,069,878	3.555
Investment & Trust Cos	22	19,198,152	8.458
Other Corporate Bodies	121	56,874,034	25.056
Plc Groups	1	50,001	0.022
Total	2,555	226,986,672	100.000

Substantial shareholders

Shareholders holding directly at least 5% of the Company's shares as at 31 December 2019 were as follows:

- Succession Pierre Joseph Emile Latour-Adrien – 9.1876 %
- Jemlac Investment Ltd – 7.6691 %
- ABC Motors Co Ltd – 7.2794 %
- Devlin Investments Ltd – 6.4197 %

Share price information



Dividend Policy

To promote the best interests of the Company and sustain its long-term success, the Directors adopted a new dividend policy. The Company's new dividend policy is to distribute 90% of its profit after tax, plus a minimum of 20% of the 5-year average of the net asset value performance, that is, the change in net asset value after adding back dividend declared for the year. The board ensures that the Company satisfies the solvency test required under section 61(2) of the Companies Act 2001. Consideration is also given to the Company's funding requirements in determining the level of dividends.

Dividends

	2019		2018	
	Dividends per share	Total dividends paid	Dividends per share	Total dividends paid
	Rs	Rs	Rs	Rs
Interim (May)	0.12	27,238,400.64	0.15	34,048,001
Final (November)	0.18	40,857,600.96	0.20	45,397,334
TOTAL	0.30	68,096,001.60	0.35	79,445,335

Share option plan

The Company, having no employee, accordingly does not have any share option plan.

Environmental Issues

The Company's activities have no impact on the environment.

Social Ethics

The Company contributes to charitable and educational actions.

Important Events

The Calendar for the year ending 31 December 2020 is as follows:

EVENTS	DATES
1 Quarterly Board meetings to approve Annual and Quarterly accounts	March, May, August and November respectively
2 Declaration of dividend	May and November
3 Annual Meeting of Shareholders	June

Market overview

The SEMTRI, which includes dividends, went up by 1.4% in 2019, thanks to an increase of 3.7% during the last quarter of the year.

	1Q19	2Q19	3Q19	4Q19	2019
SEMTRI	-2.3%	-0.9%	1.0%	3.7%	1.4%
SEMDEX	-2.4%	-1.7%	-0.1%	2.4%	-1.9%
SEM-10	-1.3%	-0.5%	0.9%	1.9%	1.0%

In terms of performance per sector, Banks & Insurance, which represents 41% of the total market capitalisation, recorded a gain of 13.7%, with MUA (+21.0%) and MCBG (+16.8%) out-performing SBMH (+8.1%). The Commerce sector led by Vivo Energy (+41.0%) and the second market capitalisation IBL (+6.8%) also had a good year. The main detractors remained the Sugar and Hotel sectors, which declined respectively by 40.8% and 24.8%.

Sector	Price Performance
Banks, Insurance & Finance	13.7%
Commerce	9.2%
Industry	2.0%
Investments	-15.3%
Leisure & Hotels	-24.8%
Property Development	-22.0%
Sugar	-40.8%
Transport	-26.5%
Foreign	-0.1%

Net Asset Value

The Net Asset Value (NAV) per share of POLICY rose by Re. 0.29 (+4.8%) to close the year at Rs. 6.28. Interim and final dividends of Re. 0.12 and Re. 0.18 respectively were paid to shareholders, leading to a total return for the year 2019 of 9.8%.

Portfolio Composition as at 31 December 2019

Listed investments in Mauritius represented 86.0% of the total portfolio as at 31st December 2019 (2018: 91.6%). International investments increased from 6.5% to 7.8%.

	31 December 2019		31 December 2018	
	Rs. million	% of total portfolio	Rs. million	% of total portfolio
SEM shares	1086	76.1%	1059	77.8%
DEM shares	142	9.9%	188	13.8%
Unquoted shares	23	1.6%	27	2.0%
International Investments	112	7.8%	88	6.5%
Liquidity	64	4.6%	-1	-0.1%
	1,427	100.0%	1,361	100.0%

Portfolio sector allocation as at 31 December 2019

Banks, Insurance & Other Finance represented 66.0% of the total portfolio as at 31st December 2019, compared to 62.4% as at 31st December 2018.

Sector	31 December 2019		31 December 2018	
	% of total portfolio	SEMDEX allocation	% of total portfolio	SEMDEX allocation
Banks, Insurance & Other Finance	66.0%	41.1%	62.4%	36.6%
Investments	5.7%	23.4%	8.6%	24.7%
Leisure & Hotels	6.1%	8.9%	9.0%	12.9%
Industry	8.1%	7.3%	11.5%	7.2%
Property Development	0.0%	0.6%	0.0%	0.7%
Sugar	0.0%	0.6%	0.0%	1.0%
Transport	0.0%	0.4%	0.0%	0.4%
Commerce	0.2%	17.6%	0.2%	16.4%
International	7.8%	0.1%	6.5%	0.1%
Unquoted	1.6%	0.0%	1.9%	0.0%
Liquidity	4.5%	0.0%	-0.1%	0.0%
Total	100.0%	100.0%	100.0%	100.0%

Top 10 Holdings

POLICY's top 10 holdings represented 86.2% of the total portfolio as at 31 December 2019, compared to 83.8% as at 31 December 2018. MCB Group Limited remained POLICY's top holding, followed by ABC Banking Corporation Limited (6.0%) and Phoenix Beverages Ltd (5.6%).

Holdings	2019 % of NAV
MCB Group Limited	56.2%
ABC Banking Corporation Limited	6.0%
Phoenix Beverages Ltd	5.6%
Lux* Island Resorts Ltd	5.1%
FundSmith Global Equity Fund	2.8%
United Basalt Products Ltd	2.5%
MUA Ltd	2.1%
Phoenix Investment Company Ltd	2.1%
African Market Leaders Fund	2.1%
Swan General Ltd	1.7%
Total	86.2%

Main investment transactions for 2019

During the financial year 2019, Rs. 153 million of investments were sold while Rs. 58 million of purchases were made. The main addition to the portfolio was Fundsmith Global Equity Fund, where an additional sum of Rs. 23 million was invested. A new foreign investment of Rs. 7 million was made into the Carlyle Direct Alternative Opportunities Fund as a first capital call for the committed amount of USD 1 million. This investment will be phased out over a period of 2 to 3 years. The main disposals were Ciel Textile Ltd (Rs. 38 million) following the cash and equity offer received from Ciel Ltd and Mauritian Eagle Insurance Co. Ltd (Rs. 31 million) following the cash offer received from HWIC Asia.

Performance figures and ratios

	2015	2016	2017	2018	2019
Share price ¹	-8.7%	-6.0%	31.1%	-3.8%	-8.2%
Net Asset Value ¹	3.5%	7.3%	21.9%	2.1%	9.8%
Dividend in Re	0.35	0.35	0.35	0.35	0.30
Dividend Yield ²	5.4%	6.1%	4.3%	5.3%	5.2%
SEMTRI	-10.1%	3.3%	25.3%	3.7%	1.4%
SEM-10 ³	-10.2%	-0.4%	22.3%	0.9%	1.0%
Market Dividend Yield ⁴	3.7%	3.3%	2.3%	3.0%	4.4%

¹ Performance adjusted for dividends paid and bonus issue

² Total dividends paid during the year divided by the share price at year end

³ SEM-10 replaced the SEM-7 as from Oct-14

⁴ Source: Stock Exchange of Mauritius - Official quotation

Outlook

Over the last ten years, global equity markets out-performed the Mauritius Stock Exchange. Technology has transformed many businesses around the world. The new stockmarket champions are all tech leaders and almost all located in the US.

Over the last decade, Mauritius had to adapt itself to a depressed sugar price, the end of its textile industry, new trends in tourism and less favourable terms for the non-double taxation treaty with India. Despite these challenges, several local groups have achieved significant progress.

With the Covid-19, Mauritius and the whole world are facing a major crisis, resulting from transport and trade disruptions. As usual in times of crisis, the strongest will not only survive but become even stronger. We believe that the local portfolio of POLICY Limited is well positioned to once again out-perform the market.

SECRETARY'S CERTIFICATE

P.O.L.I.C.Y. LIMITED

AS PER SECTION 166 (d) OF THE COMPANIES ACT 2001

We certify that, based on the records and information made available to us by the directors of the Company, the Company has filed with the Registrar of Companies, for the financial year ended 31 December 2019, all such returns as are required of the Company under the Companies Act 2001.


NISHA PROAG-DOOKUN, ACIS
FOR
OCORIAN CORPORATE
ADMINISTRATORS LIMITED

Ocorian Corporate Administrators Limited

Corporate Secretary

10 March 2020

SHAREHOLDERS' INFORMATION

- In compliance with Section 120(3) of the Companies Act 2001, the Board has resolved that members registered in the share register of P.O.L.I.C.Y. Limited as at 8 May 2020 are entitled to attend and vote at the meeting.
- Any shareholder can make a request to obtain the minutes of proceedings of the last Annual Meeting prior to the Annual Meeting.
- Shareholders, present in person or by proxy, shall have one vote on a show of hands. Where a poll is taken, each Shareholder shall have the number of votes that corresponds to the number of shares held by him/her in the Company.

INDEPENDENT AUDITOR'S REPORT

To the shareholders of P.O.L.L.C.Y. Limited

FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of P.O.L.L.C.Y. Limited (the Company), on pages 41 to 67 which comprise the statement of financial position as at December 31, 2019, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements on pages 41 to 67 give a true and fair view of the financial position of the Company as at December 31, 2019, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and comply with the Companies Act 2001.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants (IESBA Code)* together with the ethical requirements that are relevant to our audit of the financial statements in Mauritius, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

INDEPENDENT AUDITOR'S REPORT

To the shareholders of P.O.L.L.C.Y. Limited

INDEPENDENT AUDITOR'S REPORT

To the shareholders of P.O.L.L.C.Y. Limited

KEY AUDIT MATTER

AUDIT RESPONSE

1. Carrying value of investments

The Company holds investment in financial assets with a carrying amount of MUR 1,363M at reporting date. The significance of the investment in financial assets on the statement of financial position resulted in it being identified as a key audit matter. The Company has financial assets carried at fair value through profit or loss (FVTPL) and fair value through other comprehensive income (FVTOCI). The fair value of listed financial assets is based on the Official Market and the DEM quoted prices at the end of reporting period. In assessing the fair value of unquoted financial assets, the Company uses a variety of methods and makes assumptions that are based on market conditions existing at each reporting date. Many of the inputs required can be obtained from readily available liquid market prices and rates. Where observable market data is not available, estimates were developed based on the most appropriate source data and are subject to significant judgement.

Our audit procedures include the following:

- We performed audit procedures over the valuation and accounting of investments in financial assets held by the Company.
- We tested the valuation at reporting date and ascertained that the valuation techniques used are appropriate and consistent with prior years.
- For unquoted financial assets, we tested that the valuation techniques adopted reflect the best appropriate basis for valuation of the investments. We checked the reasonableness of inputs to the valuation techniques used.
- We ensured that the carrying value of the investments is fairly stated.

Refer to notes 11 and 12 of the accompanying financial statements.

Other information

The Directors are responsible for the other information. The other information comprises the information included in the Report of the Directors and Other statutory disclosures, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. When we read the other reports not yet received, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Corporate Governance Report

Our responsibility under the Financial Reporting Act is to report on the compliance with the Code of Corporate Governance disclosed in the annual report and assess the explanations given for non-compliance with any requirement of the Code. From our assessment of the disclosures made on corporate governance in the annual report, the public interest entity has, pursuant to section 75 of the Financial Reporting Act, complied with the requirements of the Code.

Responsibilities of Directors and Those Charged with Governance for the Financial Statements

The directors are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards and in compliance with the requirements of the Companies Act 2001, and for such internal control as the directors determine is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by directors.
- Conclude on the appropriateness of directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

INDEPENDENT AUDITOR'S REPORT

To the shareholders of P.O.L.I.C.Y. Limited

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2019

Auditor's Responsibilities for the Audit of the Financial Statements (cont'd)

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Companies Act 2001

We have no relationship with, or interests in, the Company, other than in our capacity as auditors and dealings in the ordinary course of business.

We have obtained all information and explanations we have required.

In our opinion, proper accounting records have been kept by the Company as far as it appears from our examination of those records.

Other Matter

This report is made solely to the shareholders of P.O.L.I.C.Y. Limited (the "Company"), as a body, in accordance with Section 205 of the Companies Act 2001. Our audit work has been undertaken so that we might state to the Company's shareholders those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

BDO & Co
Chartered Accountants

Port Louis, Mauritius

10 March 2020

Ameenah Ramdin, FCCA, ACA
Licensed by FRC

	Notes	2019 Rs'000	2018 Rs'000
Income	4	47,243	44,722
Fair value changes on financial assets at fair value through profit or loss	5	(773)	(503)
		46,470	44,219
Administrative expenses	6	(10,706)	(10,478)
Profit before finance costs		35,764	33,741
Net finance income/(costs)	7	689	(355)
Profit before income tax		36,453	33,386
Income tax expense	8	(18)	(83)
Profit for the year		36,435	33,303
Other comprehensive income:			
<u>Items that will not be subsequently reclassified to profit or loss</u>			
Changes in fair value of equity instruments as FVTOCI	9	97,358	(2,727)
Other comprehensive income for the year		97,358	(2,727)
Total comprehensive income for the year		133,793	30,576
Earnings per share (Rs.)	10	0.16	0.15

The notes on pages 45 to 67 form an integral part of these financial statements.
Auditor's report on page 37 to 40

STATEMENT OF FINANCIAL POSITION

As at 31 December 2019

	Notes	2019 Rs'000	2018 Rs'000
ASSETS			
Non-current assets			
Financial assets at fair value through profit or loss	11	14,372	15,145
Financial assets at fair value through other comprehensive income	12 (a)	1,348,338	1,345,874
		1,362,710	1,361,019
Current assets			
Current tax receivable	8	33	-
Trade receivables	13	1,023	188
Other receivables	14	29,777	153
Cash and cash equivalents	15	73,805	3,457
		104,638	3,798
Total assets		1,467,348	1,364,817
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	16	226,987	226,987
Share premium		5,217	5,217
Fair value reserve		831,253	747,204
Retained earnings		362,548	380,900
Total equity		1,426,005	1,360,308
Current liabilities			
Trade and other payables	17	41,343	4,473
Current tax payable	8	-	2
Bank overdraft	15	-	34
Total liabilities		41,343	4,509
Total equity and liabilities		1,467,348	1,364,817

These financial statements have been approved for issue by the Board of Directors on : 10 March 2020

Mr. Vincent Ah Chuen

Name of Director

Mr. Pierre Yves Pougnet

Name of Director

The notes on pages 45 to 67 form an integral part of these financial statements.

Auditor's report on page 37 to 40

STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2019

	Notes	Share capital Rs'000	Share premium Rs'000	Fair value reserve Rs'000	Retained earnings Rs'000	Total equity Rs'000
At 01 January 2018						
		226,987	5,217	747,450	429,523	1,409,177
Profit for the year						
		-	-	-	33,303	33,303
Other comprehensive income for the year						
	9	-	-	(246)	(2,481)	(2,727)
Total comprehensive income for the year						
		-	-	(246)	30,822	30,576
Dividends						
	17	-	-	-	(79,445)	(79,445)
At 31 December 2018						
		226,987	5,217	747,204	380,900	1,360,308
Profit for the year						
		-	-	-	36,435	36,435
Other comprehensive income for the year						
	9	-	-	84,049	13,309	97,358
Total comprehensive income for the year						
		-	-	84,049	49,744	133,793
Dividends						
	17	-	-	-	(68,096)	(68,096)
At 31 December 2019						
		226,987	5,217	831,253	362,548	1,426,005

The notes on pages 45 to 67 form an integral part of these financial statements.

Auditor's report on page 37 to 40

STATEMENT OF CASH FLOWS

For the year ended 31 December 2019

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2019

Note	2019 Rs'000	2018 Rs'000
Cash flows from operating activities		
Profit before income tax	36,453	33,386
Adjustments for:		
Fair value changes in financial assets at FVTPL	773	503
Interest income	-	(35)
Interest expense	-	86
Foreign exchange (gain)/loss	(687)	206
Dividend in specie	-	(2,958)
Operating profit before working capital changes	36,539	31,188
Changes in working capital:		
(Increase)/decrease in dividends receivable	(835)	1,206
Increase in trade and other receivables	(29,624)	(5)
Increase in trade and other payables	36,870	1,671
Cash generated from operations	42,950	34,060
Tax paid	(53)	(88)
Net cash generated from operating activities	42,897	33,972
Cash flows from investing activities		
Purchase of investment in financial assets	(57,991)	(53,589)
Disposal of financial assets at FVTOCI	152,885	80,076
Interest received	-	35
Net cash generated from investing activities	94,894	26,522
Cash flows from financing activities		
Dividends paid	(68,096)	(79,445)
Interest paid	-	(86)
Net cash used in financing activities	(68,096)	(79,531)
Increase/(decrease) in cash and cash equivalents	69,695	(19,037)
Cash and cash equivalents at 01 January	3,423	22,666
Exchange gain/(loss) on cash and cash equivalents	687	(206)
Increase/(decrease) in cash and cash equivalents	69,695	(19,037)
Cash and cash equivalents at 31 December	73,805	3,423

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1. GENERAL INFORMATION

The financial statements of the Company for the year ended 31 December 2019 were authorised for issue in accordance with a resolution of the directors on 10 March 2020. The Company is a limited company incorporated as a public company on 15 June 1979 and is listed on the Stock Exchange of Mauritius since 1992. The registered office is located at c/o Ocorian Corporate Administrators Limited, 6th Floor, Tower A, 1 CyberCity, Ebene, Republic of Mauritius.

The principal activity of the Company is to act as an investment company with a long-term investment strategy.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of preparation

The financial statements of P.O.L.I.C.Y. Limited have been prepared in accordance with International Financial Reporting Standards ("IFRS") and under the historical cost basis, except for 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").

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates that affect the reported amounts of revenues, expenses, assets and liabilities and the accompanying disclosures. It also requires the directors to exercise their judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are described below:

Critical accounting estimates and assumptions

Fair valuation of unquoted investments

Fair values of unquoted investments classified at fair value through other comprehensive income and at fair value through profit or loss are determined by using valuation techniques. Foreign unquoted investments are valued by the Fund Manager; the Fund Manager's evaluation takes into consideration a business review of the underlying investments (performance development compared with plans) and the actual and planned transactions in the investments. The valuation techniques adopted make use of observable data, assumptions and estimates to which the Fund's Manager relies on for their valuation of unquoted investments. Given the inherent uncertainty and the assumptions involved, the resulting fair value of unquoted investments could differ from the value that would have been used had a ready market for those assets existed. Most of the local unquoted investments are valued based on their Net Assets Value ("NAV"), which is derived from the most recent audited financial statements. These investments represent only 2% of the Company's portfolio, therefore, the impact of any uncertainty that could result in the fair value of these local investments being different from the fair value that would have been used had a ready market for those assets existed is considered as not material.

The notes on pages 45 to 67 form an integral part of these financial statements.
Auditor's report on page 37 to 40

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Changes in accounting policies and disclosures

(i) New and amended standards

There has been amendments and interpretations that have become effective for the current year. The Company has adopted the following new interpretation during the year:

IFRIC 23 Uncertainty over Income Tax Treatment

IFRIC 23 clarifies the accounting for income tax treatments that have yet to be accepted by tax authorities. Specifically, IFRIC 23 provides clarity on how to incorporate this uncertainty into the measurement of tax as reported in the financial statements.

IFRIC 23 does not introduce any new disclosures but reinforces the need to comply with existing disclosure requirements about:

- judgements made;
- assumptions and other estimates used; and
- the potential impact of uncertainties that are not reflected.

The interpretation has no impact on the Company's financial statements.

(ii) New standards, amendments and interpretations issued but not yet effective

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Company's financial statements are disclosed below. The Company intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

IFRS 17 Insurance Contracts

In May 2017, the IASB issued IFRS 17 Insurance Contracts (IFRS 17), a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, IFRS 17 will replace IFRS 4 Insurance Contracts (IFRS 4) that was issued in 2005. IFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features.

A few scope exceptions will apply. The overall objective of IFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in IFRS 4, which are largely based on grandfathering previous local accounting policies, IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of IFRS 17 is the general model, supplemented by:

- A specific adaptation for contracts with direct participation features (the variable fee approach)
- A simplified approach (the premium allocation approach) mainly for short-duration contracts

IFRS 17 is effective for reporting periods beginning on or after 1 January 2022, with comparative figures required. Early application is permitted, provided the entity also applies IFRS 9 and IFRS 15 on or before the date it first applies IFRS 17. The amendments have no impact on the Company's financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Changes in accounting policies and disclosures (cont'd)

(ii) New standards, amendments and interpretations issued but not yet effective (cont'd)

Amendments to IAS 1 and IAS 8: Definition of Material

In October 2018, the IASB issued amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors to align the definition of 'material' across the standards and to clarify certain aspects of the definition. The new definition states that, 'Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.'

The amendments to the definition of material is not expected to have a significant impact on the Company's financial statements.

Significant accounting policies

(a) Financial assets and financial liabilities

Classification and measurement of financial assets

All financial assets are measured at fair value on initial recognition, adjusted for transaction costs if the instrument is not accounted for at fair value through profit or loss ("FVTPL"). Debt instruments are subsequently measured at FVTPL, amortised cost or fair value through other comprehensive income ("FVTOCI"), on the basis of their contractual cash flows and the business model under which the debt instruments are held. There is a fair value option ("FVO") that allows financial assets on initial recognition to be designated as FVTPL if that eliminates or significantly reduces an accounting mismatch. Equity instruments are generally measured at FVTPL. However, entities have an irrevocable option on an instrument-by-instrument basis to present changes in the fair value of non-trading instruments in other comprehensive income ("OCI") (without subsequent reclassification to profit or loss).

Financial assets at FVTOCI

Financial assets at FVTOCI comprise of equity securities which are not held for trading and for which the Company has made an irrevocable election at initial recognition to recognise the changes in fair value through OCI rather than profit or loss as these investments are held for long term capital appreciation and the Company considered this to be more relevant.

Financial assets at FVTPL

IAS 28 requires that the equity method be applied in accounting for investment in associates. However, when an investment in associate is held through an entity that is a venture capital organisation, or mutual funds, unit trusts, and similar entities including investment-linked insurance funds, the entity may elect to measure those investments in associates at fair value through profit or loss.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Significant accounting policies (Cont'd)

(a) Financial assets and financial liabilities (Cont'd)

Financial assets at amortised cost

The Company classifies its financial assets at amortised cost only if both of the following criteria are met:

- the asset is held within a business model with the objective of collecting the contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding.

Financial assets at amortised cost include trade and other receivables (excluding prepayments) and cash and cash equivalents.

Initial and subsequent measurement of financial assets

At initial recognition, the Company measures its financial assets at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using effective interest rate method, less provision for impairment.

The Company subsequently measures all equity investments at fair value. When the Company's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as "revenue" when the Company's right to receive payment is established.

Changes in the fair value of financial assets at FVTPL are recognised in profit or loss. Impairment losses (and reversal of impairment losses) are not reported separately from other changes in fair value.

Debt instruments are subsequently measured at amortised cost using the effective interest ("EIR") method. The EIR is the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset.

Impairment

The impairment requirements are based on an expected credit loss ("ECL") model that replaces the IAS 39 incurred loss model. The ECL model applies to debt instruments accounted for at amortised cost or at FVTOCI; most loan commitments; financial guarantee contracts; contract assets under IFRS 15 "Revenue from Contracts with Customers"; and lease receivables under IAS 17 "Leases". Entities are generally required to recognise either 12-months' or lifetime ECL, depending on whether there has been a significant increase in credit risk since initial recognition (or when the commitment or guarantee was entered into). For some trade receivables, the simplified approach may be applied whereby the lifetime ECL are always recognised.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Significant accounting policies (Cont'd)

(a) Financial assets and financial liabilities (Cont'd)

Classification and measurement of financial liabilities

Financial liabilities comprise of trade and other payables and are subsequently measured at amortised cost using the effective interest method.

(b) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counterparty.

(c) Trade and other receivables

Trade receivables comprise of amounts due from broker for unsettled trades performed in the ordinary course of business. If collection is expected in one year or less, they are classified as current assets. If not, they are presented as non-current assets.

Other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment, if any.

(d) Trade and other payables

Trade and other payables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method.

(e) Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts.

(f) Share capital

Shares are classified as equity when there is no obligation to transfer cash or other assets.

Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Significant accounting policies (Cont'd)

(g) Derecognition of financial assets and liabilities

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Company is recognised as a separate asset or liability.

The Company derecognises a financial liability when its contractual obligations are discharged, cancelled or expire.

(h) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The financial statements are presented in Mauritian Rupees ("Rs") which is the Company's functional and presentation currency. The Mauritian Rupee is the currency that most faithfully reflects the underlying transactions, events and conditions that are relevant to the Company.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing on the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date the fair value was determined.

Translation differences on non-monetary items, such as equities at FVTOCI are reported as part of the fair value gain or loss.

All foreign gains and losses (including cash and cash equivalents) are presented in profit or loss within "finance costs".

(i) Revenue recognition

The Company recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and when specific criteria have been met for each of the Company's activities as described below.

- Dividend income is recognised when the right to receive payment is established.
- Interest income is recognised using the effective interest method.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Significant accounting policies (Cont'd)

(j) Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the reporting date in the countries where the Company operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

(k) Dividend distribution

Dividend distribution of the Company's shareholders is recognised as a liability in the Company's financial statements in the year in which the dividend are approved.

(l) Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Company expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in profit or loss net of any reimbursement.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as finance costs.

3. FINANCIAL RISK MANAGEMENT

(a) Financial risk factors

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, cash flow interest rate risk and equity price risk), credit risk and liquidity risk. This note presents information about the Company's exposure to each of the said risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital. Further quantitative disclosures are included throughout these financial statements.

The board of directors and the Fund Manager have overall responsibility for the establishment and oversight of the Company's risk management framework. The Company's risk management policies are established to identify and analyse the risks faced by the Company to set appropriate measures and controls and to monitor risks and adherence to limits.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2019

3. FINANCIAL RISK MANAGEMENT (CONT'D)

(a) Financial risk factors (Cont'd)

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

(i) Foreign exchange risk

The Company is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the United State Dollars ("USD") and Euro ("EUR"). Foreign exchange risk arises from future commercial transactions are recognised as assets and liabilities. Foreign exchange risk arises when future commercial transactions or recognised assets or liabilities are denominated in a currency that is not the entity's functional currency.

The following table indicates the approximate change in the Company's post-tax profits and equity had foreign exchange rates weakened/strengthened by 5% against the Mauritian Rupee with all other variables held constant.

	Effect on post-tax profits		Effect on equity	
	2019	2018	2019	2018
	Rs'000	Rs'000	Rs'000	Rs'000
	+/-	+/-	+/-	+/-
USD	12	23	5,594	4,204
EUR	3	38	3	254

Post-tax profit for the year would increase/decrease as a result of gains/losses on cash and cash equivalents. Other components of equity would increase/decrease as a result of gains/losses on equity securities classified as FVTOCI.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2019

3. FINANCIAL RISK MANAGEMENT (CONT'D)

(a) Financial risk factors (Cont'd)

Market risk (Cont'd)

(i) Foreign exchange risk (Cont'd)

Currency profile

The currency profile of the Company's financial assets and liabilities is summarised below:

	MUR	EUR	USD	TOTAL
	Rs'000	Rs'000	Rs'000	Rs'000
As at 31 December 2019				
Financial assets:				
Financial assets at FVTOCI	1,236,675	-	111,663	1,348,338
Financial assets at FVTPL	14,372	-	-	14,372
Other receivable	1,023	-	29,622	30,645
Cash and cash equivalents	73,498	62	245	73,805
Total assets	1,325,568	62	141,530	1,467,160
Financial liabilities:				
Trade and other payables	4,966	-	36,377	41,343
As at 31 December 2018				
Financial assets:				
Financial assets at FVTOCI	1,257,955	4,303	83,616	1,345,874
Financial assets at FVTPL	15,145	-	-	15,145
Dividend receivable	188	-	-	188
Cash and cash equivalents	2,199	768	456	3,423
Total assets	1,275,487	5,071	84,072	1,364,630
Financial liabilities:				
Trade and other payables	4,473	-	-	4,473

(ii) Cash flow interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair values of financial instruments. The Company's income and operating cash flows are not materially dependent of changes in interest rates. The significant interest bearing financial assets held by the Company are cash and cash equivalents. Interest on cash at bank may fluctuate in amount, in particular due to changes in market interest rates.

3. FINANCIAL RISK MANAGEMENT (CONT'D)

(a) Financial risk factors (Cont'd)

Market risk (Cont'd)

(ii) Cash flow interest rate risk (Cont'd)

Sensitivity analysis

The Company's interest rate risk arises from interest received on cash at bank. Based on the assumption that the interest rate had been 0.5% higher or lower on the applicable interest rate, the Company's post-tax profits and equity would have been Nil since the Company did not received any interest income for the year under review (2018: Rs. 37,000 lower/higher).

(iii) Price risk

The Company is exposed to equity securities price risk because of investments held by the Company and classified in the statement of financial position either at FVTOCI or at FVTPL. The Company is not exposed to commodity price risk. To manage its price risk arising from investments in equity securities, the Company diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Investment Committee or Board.

A significant portion of the Company's investments in equity of other entities are publicly traded on the DEM and the SEM.

Sensitivity analysis

The table below summarises the impact of increases/decreases of 5% in the fair value of the investments on the Company's post-tax profits and equity for the year.

	Effect on post-tax profits		Effect on equity	
	2019	2018	2019	2018
	Rs'000	Rs'000	Rs'000	Rs'000
	+/-	+/-	+/-	+/-
Impact	719	757	67,079	67,294

Post-tax profits for the year would increase/decrease as a result of gains/losses on equity securities classified as at FVTPL. Equity would increase/decrease as a result of gains/losses on equity securities classified as FVTOCI.

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Company has no significant concentrations of credit risk. Credit risk arises from cash and cash equivalents held at banks and other receivables, including dividend, with a maximum exposure equal to the carrying amount of these financial assets at the reporting date. The Company banks with reputable banking institutions.

3. FINANCIAL RISK MANAGEMENT (CONT'D)

(a) Financial risk factors (Cont'd)

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed overdraft facilities and the ability to close out market positions.

The Company holds quoted and unquoted investments, which are not regularly traded. Before any investment decision is made, the liquidity risk factor is taken into account. The Company also ensures that the percentage of investments which are not liquid does not exceed reasonable limits for a closed-end investment company.

The amounts disclosed in the tables below are the contractual undiscounted cash flows. Undiscounted cash flows in respect of balances due within 12 months generally equal their carrying amounts in the statement of financial position, as the impact of discounting is not significant.

As at 31 December 2019

Assets

Financial assets at FVTOCI
Financial assets at FVTPL
Trade receivables
Other receivables
Cash and cash equivalents

Total

Liabilities

Trade and other payables

Less than 1 year	1-5 years	Total
Rs'000	Rs'000	Rs'000
-	1,348,338	1,348,338
14,372	-	14,372
1,023	-	1,023
29,622	-	29,622
73,805	-	73,805
118,822	1,348,338	1,467,160

As at 31 December 2018

Assets

Financial assets at FVTOCI
Financial assets at FVTPL
Dividend receivable
Cash and cash equivalents

Total

Liabilities

Trade and other payables

Less than 1 year	1-5 years	Total
Rs'000	Rs'000	Rs'000
-	1,345,874	1,345,874
15,145	-	15,145
188	-	188
3,423	-	3,423
18,756	1,345,874	1,364,630
4,473	-	4,473

3. FINANCIAL RISK MANAGEMENT (CONT'D)

(b) Fair value estimation

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2);
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The following table presents the Company's assets that are measured at fair value as at 31 December 2019 on a recurring basis:

	Level 1 Rs'000	Level 2 Rs'000	Level 3 Rs'000	Total Rs'000
Assets				
Financial assets at FVTPL				
- Designated at FVTPL	-	-	14,372	14,372
Financial assets at FVTOCI				
- Equity securities	1,303,321	-	45,017	1,348,338
Total assets measured at fair value	1,303,321	-	59,389	1,362,710

There have been no transfers between levels during the year under review (2018: nil).

The following table presents the Company's assets and liabilities that are measured at fair value at 31 December 2018.

	Level 1 Rs'000	Level 2 Rs'000	Level 3 Rs'000	Total Rs'000
Assets				
Financial assets at FVTPL				
- Designated at FVTPL	-	-	15,145	15,145
Financial assets at FVTOCI				
- Equity securities	1,305,688	-	40,186	1,345,874
Total assets measured at fair value	1,305,688	-	55,331	1,361,019

The fair value of financial instruments traded in active markets is based on quoted market prices at the reporting date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Company is the current bid price. These instruments are included in Level 1, comprise of listed investments and are classified at FVTOCI.

3. FINANCIAL RISK MANAGEMENT (CONT'D)

(b) Fair value estimation (Cont'd)

The fair value of financial instruments that are not traded in an active market is determined by using Net Asset Value and these investments are classified under level 3 as there are no observable market data. There has been no change in valuation methodology during the year.

Should NAV be shifted by +/-5%, the impact on post-tax profits and equity would be **Rs. 719,000** and **Rs. 2,251,000** respectively (2018: Rs. 757,000 and Rs. 2,009,000 respectively).

There have been no transfers between levels during the reporting period (2018: nil). The following table shows a reconciliation of the level 3 fair value measurements:

31 December 2019:

Opening balance
Addition
Disposal at fair value
Total losses:
- in profit or loss
- in other comprehensive income

	Financial assets at FVTOCI Rs'000	Financial assets at FVTPL Rs'000	Total Rs'000
Opening balance	40,186	15,145	55,331
Addition	6,756	-	6,756
Disposal at fair value	(1,319)	-	(1,319)
Total losses:			
- in profit or loss	-	(773)	(773)
- in other comprehensive income	(606)	-	(606)
	45,017	14,372	59,389

31 December 2018:

Opening balance
Disposal at fair value
Adjustment (Dividend in specie)
Total gains or losses:
- in profit or loss
- in other comprehensive income

Opening balance	41,683	15,648	57,331
Disposal at fair value	(1,336)	-	(1,336)
Adjustment (Dividend in specie)	2,958	-	2,958
Total gains or losses:			
- in profit or loss	-	(503)	(503)
- in other comprehensive income	(3,119)	-	(3,119)
	40,186	15,145	55,331

The above gains/losses are recorded within 'net gain/(loss) on investment' in profit or loss and 'gain/(loss) on investment classified as FVTOCI' in other comprehensive income.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2019

3. FINANCIAL RISK MANAGEMENT (CONT'D)

(b) Fair value estimation (Cont'd)

Assets and liabilities not carried at fair value but for which fair value is disclosed

Trade and other receivables and trade and other payables are classified within level 2 whereas cash and cash equivalents are classified within level 1 of the fair value hierarchy.

The assets mentioned above are carried at amortised cost; their carrying values are a reasonable approximation of fair value.

Cash and cash equivalents include bank overdraft, deposits held at call with banks and other short term investments in an active market.

Trade and other receivables represent the contractual amounts receivable by the Company for settlements of trade. Trade and other payables represent the contractual amounts and obligations due by the Company for settlements of trade and expenses.

(c) Capital management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The Company's strategy has remained unchanged from previous years.

The Company sets the amount of capital in proportion to risk. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

(d) Financial instruments by category

	Assets at FVTOCI	Assets at FVTPL	Loans and receivables	Total
	Rs'000	Rs'000	Rs'000	Rs'000
31 December 2019				
Financial assets				
Financial assets at FVTOCI	1,348,338	-	-	1,348,338
Financial assets at FVTPL	-	14,372	-	14,372
Other receivable	-	-	30,645	30,645
Cash and cash equivalents	-	-	73,805	73,805
	1,348,338	14,372	104,450	1,467,160

Other financial liabilities at amortised cost

Rs'000

Financial liabilities

Trade and other payables

41,343

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2019

3. FINANCIAL RISK MANAGEMENT (CONT'D)

(d) Financial instruments by category (Cont'd)

	Assets at FVTOCI	Assets at FVTPL	Loans and receivables	Total
	Rs'000	Rs'000	Rs'000	Rs'000
31 December 2018				
Financial assets				
Financial assets at FVTOCI	1,345,874	-	-	1,345,874
Financial assets at FVTPL	-	15,145	-	15,145
Dividend receivable	-	-	188	188
Cash and cash equivalents	-	-	3,423	3,423
	1,345,874	15,145	3,611	1,364,630

Other financial liabilities at amortised cost

Rs'000

Financial liabilities

Trade and other payables

4,473

4. INCOME

(a) Dividend income from Investments at FVTOCI

Listed - SEM
Listed - DEM
Unquoted - Local
Foreign

	2019	2018
	Rs'000	Rs'000
Listed - SEM	41,502	39,027
Listed - DEM	5,181	4,647
Unquoted - Local	104	377
Foreign	252	444
	47,039	44,495
(b) Other income	204	227
TOTAL	47,243	44,722

5. FAIR VALUE CHANGES ON FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

Fair value changes in financial assets at FVTPL

	2019	2018
	Rs'000	Rs'000
Fair value changes in financial assets at FVTPL	(773)	(503)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2019

6. ADMINISTRATIVE EXPENSES

	2019	2018
	Rs'000	Rs'000
Management fees (Note (a)(i))	3,956	4,352
Administrator fees (Note (a)(ii))	2,348	2,305
Directors' fees	2,119	1,622
Other administrative expenses	1,236	1,279
Other professional fees	487	468
Auditors' remuneration	256	247
Corporate social responsibility	304	205
	10,706	10,478

(a) The Company has signed agreements with the following providers of service:

(i) *Fund Manager*

There is a Management Agreement between the Company and IPRO Fund Management Ltd ("IFML" or the "Fund Manager"). As Fund Manager, IFML shall review, evaluate and assess opportunities for investments, arrange and complete the sale and purchase of investments and develop investment strategies. The Fund Manager shall be remunerated as per the clause set out in the Management Agreement.

(ii) *Administrator*

There is an Administration and Custody Agreement between the Company and Ocorian Corporate Administrators Limited (formerly known as Abax Corporate Administrators Ltd) (the "Administrator"). As Administrator, Ocorian Corporate Administrators Limited is responsible to carry out the general administration of the Company, set up internal control, keep accounting records and ledgers, provide accounting services and secretarial services and act as registry. The Administrator shall be remunerated as per the clause set out in the Administration Agreement.

(b) There are no employees in the Company.

7. NET FINANCE (INCOME)/COST

	2019	2018
	Rs'000	Rs'000
Net foreign exchange (gain)/loss	(689)	269
Interest expense	-	86
	(689)	355

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2019

8. INCOME TAX

The Company are subject to income tax in Mauritius on their net income at 15%. Capital gains of the Company are exempt from tax in Mauritius. The foregoing is based on current interpretation and practice and is subject to any future changes in the Mauritian tax laws.

The tax charge is made up as follows:

	2019	2018
	Rs'000	Rs'000
Current tax on profit for the year	20	61
Provision for CSR	3	22
Overprovision in previous year	(5)	-
Income tax expense	18	83

A reconciliation between the opening and closing tax (receivable)/liability can be found below:

	2019	2018
	Rs'000	Rs'000
At 01 January	2	7
Charge for the year	20	61
Provision for CSR	3	22
Overprovision in previous year	(5)	-
Paid during the year	(53)	(88)
At 31 December	(33)	2
Analysed as:		
Current tax (receivable)/payable	(33)	2

The tax on the Company's profit before taxation differs from the theoretical amount that would arise using the basic tax rate as follows:

	2019	2018
	Rs'000	Rs'000
Profit before taxation	36,453	33,386
Tax calculated at the rate of 15% (2018:15%)	5,468	5,008
Expenses not deductible for tax purposes	3,714	2,054
Income not subject to tax	(9,162)	(7,001)
Current tax on profit for the year	20	61
Overprovision in previous year	(5)	-
Provision for CSR	3	22
Income tax expense	18	83

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2019

9. OTHER COMPREHENSIVE INCOME

(a) Movement that will not be subsequently reclassified to profit or loss:

	2019 Rs'000	2018 Rs'000
Changes affecting fair value reserve:		
Fair value gain/(loss) on financial assets at FVTOCI	90,044	(1,125)
Release on disposal of investments	(5,995)	879
	84,049	(246)
Changes affecting retained earnings:		
Gain/(loss) on disposal of financial assets at FVTOCI	13,309	(2,481)
	97,358	(2,727)

The components of other comprehensive income are not subject to tax.

(b) Realised gain/(loss) on investment

	2019 Rs'000	2018 Rs'000
Financial assets		
Unquoted	411	435
Foreign	(139)	29
Listed - SEM	(2,941)	(2,945)
Listed - DEM	15,978	-
	13,309	(2,481)

10. EARNINGS PER SHARE

Basic earnings per share ("EPS") are calculated by dividing the net profit attributable to shareholders by the weighted average number of ordinary shares outstanding during the year.

	2019	2018
Profit for the year (Rs'000)	36,435	33,303
<i>Number of ordinary shares:</i>		
Shares in issue at start and end of the year	226,986,672	226,986,672
Basic earnings per share (Rs. per share)	0.16	0.15

11. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

DESIGNATED AT FAIR VALUE THROUGH PROFIT OR LOSS

	2019 Rs'000	2018 Rs'000
At 01 January	15,145	15,648
Fair value changes	(773)	(503)
At 31 December	14,372	15,145

The above represent investment in associates of the Company as at 31 December 2019, which are not material to the Company. The associates have share capital consisting solely of ordinary shares, which are held directly by the Company. These investments are measured at fair value.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2019

12. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	2019					2018	
	Quoted			Unquoted		Total Rs'000	Total Rs'000
	SEM Rs'000	DEM Rs'000	Overseas Rs'000	Local Rs'000	Overseas Rs'000		
At 01 January	1,059,263	188,281	58,145	10,410	29,775	1,345,874	1,372,131
Additions	19,190	-	32,045	-	6,756	57,991	53,589
Effect of allotment of shares (c)	(70)	70	-	-	-	-	-
Disposals at fair value	(77,426)	(39,110)	(27,717)	(1,319)	-	(145,572)	(81,678)
Dividend in specie	-	-	-	-	-	-	2,958
Fair value changes	85,163	(7,456)	12,944	(321)	(285)	90,045	(1,126)
At 31 December	1,086,120	141,785	75,417	8,770	36,246	1,348,338	1,345,874

(b) The fair value of investment at fair value through other comprehensive income is based on the quoted bid prices at the close of business on the date of the statement of financial position. For unquoted investments, the fair value is estimated by reference to the future maintainable earnings, net assets value of the underlying assets and indices of similar entities.

(c) During the year, New Mauritius Hotels Limited made a capital reduction and in return, the Company received shares in Semaris Ltd into a ratio of 1:1.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2019

12. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (CONT'D)

(e) Portfolio of investments of P.O.L.I.C.Y. Limited

Quoted investments - SEM

Banks & Insurance
Industry
Leisure & hotels
Investments
Commerce

	2019	2018
	Rs'000	Rs'000
Banks & Insurance	857,302	763,073
Industry	115,010	117,616
Leisure & hotels	87,093	122,535
Investments	26,037	54,054
Commerce	677	1,985
	1,086,119	1,059,263

Quoted investments - DEM

Banks & Insurance
Investments
Commerce
Leisure & hotels
Others

Banks & Insurance	84,975	85,635
Investments	54,450	61,281
Commerce	2,327	2,255
Leisure & hotels	34	-
Others	-	39,110
	141,786	188,281

Overseas investments:

Quoted
Unquoted

Quoted	75,417	58,145
Unquoted	36,246	29,775
	111,663	87,920

Unquoted local investments

	8,770	10,410
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Total

	1,348,338	1,345,874
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Listed investments include 336,000 shares held in The Mauritius Commercial Bank Limited (Value Rs. 91,728,000) which have been pledged as security for a bank overdraft facility. Please refer to the manager's report for details on the top 10 holdings of the Company.

13. TRADE RECEIVABLES

Dividends receivable

	2019	2018
	Rs'000	Rs'000
Dividends receivable	1,023	188

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2019

14. OTHER RECEIVABLES

Other receivables and prepayments
Deposit on investment (a)

	2019	2018
	Rs'000	Rs'000
Other receivables and prepayments	155	153
Deposit on investment (a)	29,622	-
	29,777	153

(a) The Company has entered into a Subscription Agreement to invest in Carlyle Direct Alternative Opportunities Fund, L.P ('Carlyle'), a Limited Liability Partnership. As per the subscription agreement dated 29 August 2019, the Company has made an irrevocable commitment to invest USD 1,000,000.

15. CASH AND CASH EQUIVALENTS

Cash at bank
Cash held with custodian
Bank overdraft
Cash and cash equivalents

	2019	2018
	Rs'000	Rs'000
Cash at bank	73,498	2,233
Cash held with custodian	307	1,224
Bank overdraft	-	(34)
Cash and cash equivalents	73,805	3,423

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2019

16. SHARE CAPITAL

Stated, issued and fully paid
Ordinary shares at Rs.1 each
At 01 January and 31 December

2019 and 2018	
No. of shares	Rs'000
226,986,672	226,987

17. TRADE AND OTHER PAYABLES

Trade payable
Amount due to related parties
Accruals and other payables

2019	2018
Rs'000	Rs'000
36,378	-
3,403	3,049
1,562	1,424
41,343	4,473

18. DIVIDENDS

Interim ordinary paid - 12% (2018 - 15%)
Final ordinary paid - 18% (2018 - 20%)

Rs.	Amount per share		Total	
	2019	2018	2019	2018
	Rs.		Rs'000	Rs'000
Interim ordinary paid - 12% (2018 - 15%)	0.12	0.15	27,238	34,048
Final ordinary paid - 18% (2018 - 20%)	0.18	0.20	40,858	45,397
Dividend per share	0.30	0.35	68,096	79,445

19. RELATED PARTY DISCLOSURES

During the year ended 31 December 2019, the Company had transactions with related entities. The nature, volume of transactions and the balances outstanding at 31 December 2019 and 2018 are as follows:

Volume of transaction

Management fees payable to the Fund Manager
Service fees paid to company in which a director has a significant influence
Fees to directors

2019	2018
Rs'000	Rs'000
3,956	4,352
2,348	2,305
2,119	1,622

Balances with related parties

Management fees payable to the Fund Manager
Service fees payable to company in which a director has a significant influence
Fees payable to directors

2019	2018
Rs'000	Rs'000
639	688
620	759
2,144	1,602

The outstanding balances are unsecured, interest free, repayable on demand and recorded as part of "accruals and other payables".

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2019

20. PRESENTATION CURRENCY

The functional and presentation currency is the Mauritian Rupee and figures are rounded to the nearest thousands in the financial statements.

21. THREE YEAR SUMMARY OF PUBLISHED RESULTS AND ASSETS AND LIABILITIES

Statement of comprehensive income

Total income
Profit before taxation
Income tax expense
Profit for the year
Dividend per share (Rs.):
- Interim: Fully paid shares
- Final : Fully paid shares
Total dividend
Dividend per share (Rs.)
Earnings per share (Rs.)

2019	2018	2017
Rs'000	Rs'000	Rs'000
46,470	44,219	44,239
36,453	33,386	32,953
(18)	(83)	(81)
36,435	33,303	32,872
0.12	0.15	0.15
0.18	0.20	0.20
0.30	0.35	0.35
0.30	0.35	0.35
0.16	0.15	0.14
1,362,710	1,361,019	1,387,779
104,638	3,798	24,208
1,467,348	1,364,817	1,411,987
1,426,005	1,360,308	1,409,177
41,343	4,509	2,810
1,467,348	1,364,817	1,411,987
6.28	5.99	6.21
226,987,672	226,987,672	226,987,672

Statement of financial position

Non-current assets
Current assets
Total assets

Shareholders' interest
Current liabilities
Total equity and liabilities

Net assets per share (Rs.)

Number of shares in issue

I/We _____ of _____ being a member of P.O.L.I.C.Y. Limited hereby appoint _____ of _____ or failing him, _____ of _____ as my/our proxy to vote for me/us on my/our behalf at the Annual Meeting of Shareholders of the Company to be held on Friday 5 June 2020 at 10h00 at the Registered Office of the Company, at c/o Ocorian Corporate Administrators Limited, 6th Floor, Tower A, 1 CyberCity, Ebene and at any adjournment thereof.

I/We desire my/our vote(s) to be cast on the Resolutions as follows: -

	FOR	AGAINST	ABSTAIN
1. To consider and adopt the financial statements, to receive the auditor's report and to consider the annual report for the year ended 31 December 2018.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2. To re-elect Mr. Vincent Ah Chuen as director, in accordance with Section 138(6) of the Companies Act 2001.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3. To re-elect Mr. Richard Arlove as director.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4. To re-elect Mr. Pierre de Chasteigner du Mée as director.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5. To re-elect Mr. Pierre Yves Pougnet as director, in accordance with Section 138(6) of the Companies Act 2001.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6. To re-elect Mr Stéphane Henry as director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7. To re-elect Professor Donald Ah Chuen, G.O.S.K., as director, in accordance with Section 138(6) of the Companies Act 2001.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
8. To re-elect Mr Sydney Ah Yoong as director.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
9. To re-elect Mrs Danielle Lagesse, S.A. as director.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
10. To re-elect Mr Ah-Lan Lam Yan Foon as director, in accordance with Section 138(6) of the Companies Act 2001.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
11. To re-elect Mr Karl Braunecker as director.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
12. To fix the directors' remuneration as recommended by the remuneration committee.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
13. To appoint the auditors and to authorise the directors to fix the remuneration of the auditors	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Signed this _____ 2020

Signature/s

Notes

1. A member of the Company entitled to attend and vote at this meeting may appoint a proxy of his/her own choice (whether a member or not of the Company) to attend and vote on his/her behalf.
2. Please mark in the appropriate box how you wish to vote. If no specific direction as to voting is given, the proxy will exercise his/her discretion as to how he/she votes.
3. The instrument appointing a proxy or any general power of attorney should reach Ocorian Corporate Administrators Limited, 6th Floor, Tower A, 1 CyberCity, Ebene by 4 June 2020 at latest.

P.O.L.I.C.Y.

L i m i t e d

6th Floor, Tower A, 1 CyberCity, Ebene
Republic of Mauritius
www.policylimited.mu