

**STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2016**

	Audited 31 December 2016	Audited 31 December 2015
	Rs'000	Rs'000
<b>ASSETS</b>		
Non-current assets	1,176,092	1,236,722
Current assets	48,421	20,523
<b>Total assets</b>	<b>1,224,513</b>	<b>1,257,245</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Capital and reserves</b>		
Total equity	1,220,586	1,211,484
Current liabilities	3,927	45,761
<b>Total equity and liabilities</b>	<b>1,224,513</b>	<b>1,257,245</b>
<b>Net asset value per share - (Rs)</b>	<b>5.38</b>	<b>5.34</b>
No. of shares used in calculation	226,986,672	226,986,672

**STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2016**

	Audited Year to 31 December 2016	Audited Year to 31 December 2015
	Rs'000	Rs'000
<b>Income</b>	<b>133,533</b>	<b>59,372</b>
<b>Profit before finance (costs)/income</b>	<b>117,731</b>	<b>44,550</b>
Finance (costs)/income	(872)	1,587
<b>Profit before taxation</b>	<b>116,859</b>	<b>46,137</b>
Taxation	(239)	(105)
<b>Profit for the year</b>	<b>116,620</b>	<b>46,032</b>
Other comprehensive income for the year, net of tax	(28,073)	(3,414)
<b>Total comprehensive income for the year</b>	<b>88,547</b>	<b>42,618</b>
<b>Basic earnings per share for the year - (Rs.)</b>	<b>0.51</b>	<b>0.20</b>
<b>Dividends per share - (Rs.)</b>	<b>0.35</b>	<b>0.35</b>
No. of shares in issue and ranking for dividends	226,986,672	226,986,672

**STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2016**

	Share capital	Share Premium	Fair value reserve	Retained earnings	Total Equity
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
At 01 January 2016	226,987	5,217	556,586	422,694	1,211,484
<i>Comprehensive income</i>					
Profit for the year	-	-	-	116,620	116,620
Other comprehensive income	-	-	(28,073)	-	(28,073)
Total comprehensive income for the year	-	-	(28,073)	116,620	88,547
<i>Transaction with owners</i>					
Dividends	-	-	-	(79,445)	(79,445)
At 31 December 2016	<b>226,987</b>	<b>5,217</b>	<b>528,513</b>	<b>459,869</b>	<b>1,220,586</b>
At 01 January 2015	226,987	5,217	560,000	456,107	1,248,311
<i>Comprehensive income</i>					
Profit for the year	-	-	-	46,032	46,032
Other comprehensive income	-	-	(3,414)	-	(3,414)
Total comprehensive income for the year	-	-	(3,414)	46,032	42,618
<i>Transaction with owners</i>					
Dividends	-	-	-	(79,445)	(79,445)
At 31 December 2015	<b>226,987</b>	<b>5,217</b>	<b>556,586</b>	<b>422,694</b>	<b>1,211,484</b>

**STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2016**

	Audited Year to 31 December 2016	Audited Year to 31 December 2015
	Rs'000	Rs'000
<b>Operating activities</b>		
Net cash generated from operating activities	33,588	32,112
<b>Investing activities</b>		
Net cash generated from/(used in) investing activities	116,579	(43,786)
<b>Financing activities</b>		
Net cash used in financing activities	(80,271)	(79,777)
<b>Increase/(decrease) in cash and cash equivalents</b>	<b>69,896</b>	<b>(91,451)</b>
<b>Movement in cash and cash equivalents</b>		
At 1 January	(23,582)	65,971
Increase/(decrease) in cash and cash equivalents	69,896	(91,451)
Effect of exchange difference on cash and cash equivalents	39	1,898
At 31 December	<b>46,353</b>	<b>(23,582)</b>

**NOTES TO THE ABRIDGED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016**

**AUDITED ABRIDGED FINANCIAL STATEMENTS**

The Directors are pleased to present the audited abridged financial statements of the Company for the year ended 31 December 2016.

**BASIS OF ACCOUNTING**

The financial statements comply with International Financial Reporting Standards and are prepared under the historical cost convention as modified by the fair valuation of available-for-sale and financial assets at fair value through profit or loss.

The Company approved the voluntary winding up of UNION AND P.O.L.I.C.Y. INVESTMENT CO. LTD ("UPIC") on 31 December 2015. All documents have been lodged with the Director of Insolvency on 12 October 2016 and UPIC was dissolved on 17 January 2017.

**COMMENTS AND REVIEW**

(i) Investments disposed of during the year under review generated gains of Rs 83.7m and as a result, the Company reported a significantly higher net profit for the year 2016 as opposed to the year ended 31 December 2015.

(ii) Decrease in other comprehensive income is mainly attributable to release of fair value reserve on disposal of investments.

(iii) At 31 December 2016, the Net Assets Value per share of the Company stood at Rs. 5.38 compared to Rs. 5.34 at 31 December 2015. Shareholders' interest was Rs. 1.22 billion at 31 December 2016 compared to Rs. 1.21 billion at 31 December 2015.

(iv) Dividends per share were as follows:

	2016	2015
	Rs.	Rs.
Interim	0.15	0.15
Final	0.20	0.20
Total dividends	<b>0.35</b>	<b>0.35</b>

**By Order of the Board**

Abax Corporate Administrators Ltd  
Secretary

**08 March 2017**

This communiqué is issued pursuant to Listing Rule 12.20 and Securities Act 2005.

The Board of Directors of P.O.L.I.C.Y. Limited accepts full responsibility for the accuracy of the information contained in these financial statements.

Copies of the full financial statements and the statement of direct and indirect interests of the Company, pursuant to rule 8(2)(m) of the Securities (Disclosure Obligations of Reporting Issuers) Rules 2007, are available to the public, free of charge, at the registered office of the Company, c/o Abax Corporate Administrators Ltd, 6th Floor, Tower A, 1 CyberCity, Ebene.

The auditors of the Company are BDO & Co.

**Manager's Report for the year ended 31 December 2016**

**NAV Performance for Financial Year 2016**

Over the year 2016, the Net Asset Value of POLICY rose by Re. 0.04, or 0.8%. An interim dividend of Re.0.15 and a final dividend of Re.0.20 were distributed to shareholders during the year 2016, representing a dividend yield of 5.4% on the share price as at 31 December 2015. Contrary to the evolution of the Net Asset Value, the share price of POLICY witnessed a decline of 11.4% over the year 2016, driven by a decline in premium to Net Asset Value. The SEMTRI increased by 3.3% during the same period.

For the year under review, four of our top 5 holdings posted positive returns: ABC Banking +52.8%, PBL +9.7%, Terra +5.3% and MCBG +3.2%; while Lux\* remained unchanged.

**Outlook**

We remain confident that our top holdings will continue to deliver an appreciable performance on a relative basis. However, identifying interesting investee companies in Mauritius becomes increasingly difficult.

The investment strategy will continue to focus on companies having strong balance sheets and a positive track record of growing earnings and cash-flow.

**Share price and NAV**

	31-Dec-15	31-Mar-16	30-Jun-16	30-Sep-16	31-Dec-16
Share price	6.50	6.40	6.20	6.04	5.76
NAV	5.34	5.21	5.12	5.41	5.38
Premium to NAV	21.7%	22.8%	21.1%	11.6%	7.1%

**Performance ratios**

	Year ended 31 December									
	2012	2013	2014	2015	2016	1Q16	2Q16	3Q16	4Q16	
<b>POLICY</b> Share price <sup>1</sup>	-23.2%	64.6%	5.3%	-8.7%	-6.0%	-1.5%	-0.8%	-2.6%	-1.3%	
Net Asset Value <sup>1</sup>	-2.5%	23.2%	2.6%	3.5%	7.3%	-2.4%	1.2%	5.7%	3.1%	
<b>Local market</b> SEMTRI	-5.5%	24.4%	1.8%	-10.1%	3.3%	-0.3%	-1.9%	5.5%	0.1%	
SEM-10 <sup>2</sup>	-3.7%	19.7%	-4.4%	-10.2%	-0.4%	-0.5%	-2.1%	3.9%	-1.6%	

<sup>1</sup> Performance adjusted for dividends paid and bonus issue

<sup>2</sup> SEM-10 replaced the SEM-7 as from Oct-14

Sector allocation as at 31 December 2016	Portfolio allocation	SEMDEX allocation
Banks, Insurance & Other Finance	58.3%	39.8%
Investments	10.5%	26.8%
Leisure & Hotels	9.5%	11.4%
Industry	10.1%	6.6%
Property Development	0.2%	0.5%
Sugar	0.0%	1.9%
Transport	0.2%	0.7%
Commerce	0.2%	12.2%
Foreign	5.1%	0.1%
Unquoted	1.9%	0.0%
Liquidity	4.0%	0.0%
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>

Top 5 holdings as at 31 December 2016	Rs. in million	% of NAV	4Q16 Performance	FY 2016 Performance
MCB Group Limited	543	44.3%	-2.7%	3.2%
ABC Banking Corporation Ltd	91	7.4%	44.7%	52.8%
Lux* Island Resorts Ltd	80	6.5%	0.0%	0.0%
Phoenix Beverages Ltd	58	4.7%	0.0%	9.7%
Terra Mauricia Ltd	42	3.4%	1.4%	5.3%
<b>Total</b>	<b>814</b>	<b>66.3%</b>		

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