

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

## Interim quarterly condensed financial statements

### UNAUDITED CONDENSED STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2010

	THE GROUP			THE COMPANY		
	Unaudited as at 30 June 2010 Rs'000	Unaudited as at 30 June 2009 Rs'000	Audited as at 31 December 2009 Rs'000	Unaudited as at 30 June 2010 Rs'000	Unaudited as at 30 June 2009 Rs'000	Audited as at 31 December 2009 Rs'000
<b>ASSETS</b>						
Non-current assets	<u>1,222,875</u>	<u>1,042,422</u>	<u>1,240,240</u>	<u>1,238,969</u>	<u>1,059,604</u>	<u>1,257,039</u>
Current assets	<u>36,149</u>	<u>333,213</u>	<u>68,091</u>	<u>19,836</u>	<u>315,234</u>	<u>50,509</u>
<b>Total assets</b>	<u><b>1,259,024</b></u>	<u><b>1,375,635</b></u>	<u><b>1,308,331</b></u>	<u><b>1,258,805</b></u>	<u><b>1,374,838</b></u>	<u><b>1,307,548</b></u>
<b>EQUITY AND LIABILITIES</b>						
Capital and reserves						
Total equity	<u>1,254,568</u>	<u>1,187,286</u>	<u>1,301,380</u>	<u>1,254,568</u>	<u>1,187,286</u>	<u>1,301,380</u>
Non-current liabilities	<u>-</u>	<u>876</u>	<u>-</u>	<u>-</u>	<u>876</u>	<u>-</u>
Current liabilities	<u>4,456</u>	<u>187,473</u>	<u>6,951</u>	<u>4,237</u>	<u>186,676</u>	<u>6,168</u>
<b>Total equity and liabilities</b>	<u><b>1,259,024</b></u>	<u><b>1,375,635</b></u>	<u><b>1,308,331</b></u>	<u><b>1,258,805</b></u>	<u><b>1,374,838</b></u>	<u><b>1,307,548</b></u>

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

## Interim quarterly condensed financial statements

### UNAUDITED CONDENSED STATEMENTS OF COMPREHENSIVE INCOME FOR THE QUARTER ENDED 30 JUNE 2010

	THE GROUP				
	Unaudited Three months to 30 June 2010 Rs'000	Unaudited Six months to 30 June 2010 Rs'000	Unaudited Quarter to 30 June 2009 Rs'000	Unaudited Six months to 30 June 2009 Rs'000	Audited Year to 31 December 2009 Rs'000
<b>Revenue</b>	<b>16,000</b>	<b>16,942</b>	35,672	38,348	333,530
<b>Operating profit</b>	<b>13,259</b>	<b>11,216</b>	193,818	194,038	320,094
Finance income/(costs)	37	35	(806)	1,322	493
<b>Profit before tax</b>	<b>13,296</b>	<b>11,251</b>	193,012	195,360	320,587
Income tax expense	(609)	(609)	(314)	(608)	(780)
<b>Profit for the period/year</b>	<b>12,687</b>	<b>10,642</b>	192,698	194,752	319,807
<b>Other comprehensive income for the period/year net of tax</b>	<b>4,445</b>	<b>(31,918)</b>	66,796	(78,106)	(3,947)
<b>Total comprehensive income for the period/year</b>	<b>17,132</b>	<b>(21,276)</b>	259,494	116,646	315,860
Profit attributable to: Owners of the parent	<b>12,687</b>	<b>10,642</b>	192,698	194,752	319,807
Total comprehensive income attributable to: Owners of the parent	<b>17,132</b>	<b>(21,276)</b>	259,494	116,646	315,860
<b>Earnings per share</b>	<b>0.07</b>	<b>0.06</b>	1.13	1.14	1.88
<b>Net assets per share</b>	<b>7.37</b>	<b>7.37</b>	6.97	6.97	7.64
<b>Dividends per share</b>	<b>0.15</b>	<b>0.15</b>	1.41	1.41	1.77
No. of shares in issue and ranking for dividends	<b>170,240,004</b>	<b>170,240,004</b>	170,240,004	170,240,004	170,240,004

	THE COMPANY				
	Unaudited Three months to 30 June 2010 Rs'000	Unaudited Six months to 30 June 2010 Rs'000	Unaudited Quarter to 30 June 2009 Rs'000	Unaudited Six months to 30 June 2009 Rs'000	Audited Year to 31 December 2009 Rs'000
<b>Revenue</b>	<b>16,058</b>	<b>17,253</b>	34,465	37,131	328,211
<b>Operating profit</b>	<b>13,377</b>	<b>11,921</b>	192,754	193,132	315,659
Finance income/(costs)	37	35	(806)	1,322	493
<b>Profit before tax</b>	<b>13,414</b>	<b>11,956</b>	191,948	194,454	316,152
Income tax expense	(609)	(609)	(314)	(608)	(780)
<b>Profit for the period/year</b>	<b>12,805</b>	<b>11,347</b>	191,634	193,846	315,372
<b>Other comprehensive income for the period/year net of tax</b>	<b>4,263</b>	<b>(32,623)</b>	67,860	(77,200)	488
<b>Total comprehensive income for the period/year</b>	<b>17,068</b>	<b>(21,276)</b>	259,494	116,646	315,860
Profit attributable to: Owners of the parent	<b>12,805</b>	<b>11,347</b>	191,634	193,846	315,372
Total comprehensive income attributable to: Owners of the parent	<b>17,068</b>	<b>(21,276)</b>	259,494	116,646	315,860
<b>Earnings per share</b>	<b>0.08</b>	<b>0.07</b>	1.13	1.14	1.85
<b>Net assets per share</b>	<b>7.37</b>	<b>7.37</b>	6.97	6.97	7.64
<b>Dividends per share</b>	<b>0.15</b>	<b>0.15</b>	1.41	1.41	1.77
No. of shares in issue and ranking for dividends	<b>170,240,004</b>	<b>170,240,004</b>	170,240,004	170,240,004	170,240,004

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

## Interim quarterly condensed financial statements

### UNAUDITED CONDENSED STATEMENTS OF CASH FLOWS FOR THE QUARTER ENDED 30 JUNE 2010

	THE GROUP			THE COMPANY		
	Unaudited Six months to 30 June 2010 Rs'000	Unaudited Six months to 30 June 2009 Rs'000	Audited Year to 31 December 2009 Rs'000	Unaudited Six months to 30 June 2010 Rs'000	Unaudited Six months to 30 June 2009 Rs'000	Audited Year to 31 December 2009 Rs'000
<b>Operating activities</b>						
Net cash from operating activities	3,488	110,418	138,324	1,803	109,975	143,366
<b>Investing activities</b>						
Net cash used in investing activities	(5,697)	(48,451)	(74,171)	(5,697)	(48,451)	(74,171)
<b>Financing activities</b>						
Net cash used in financing activities	(25,536)	(34,048)	(119,169)	(25,536)	(34,048)	(119,169)
<b>(Decrease)/increase in cash and cash equivalents</b>	<b>(27,745)</b>	<b>27,919</b>	<b>(55,016)</b>	<b>(29,430)</b>	<b>27,476</b>	<b>(49,974)</b>
<b>Movement in cash and cash equivalents</b>						
At 1 January	50,611	105,557	105,557	49,104	99,078	99,078
Effect of exchange difference on cash and cash equivalents	42	46	70	42	-	-
(Decrease)/increase during the period/year	(27,745)	27,919	(55,016)	(29,430)	27,476	(49,974)
At 30 June	<b>22,908</b>	<b>133,522</b>	<b>50,611</b>	<b>19,716</b>	<b>126,554</b>	<b>49,104</b>

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

## Interim quarterly condensed financial statements

### UNAUDITED CONDENSED STATEMENTS OF CHANGES IN EQUITY FOR THE QUARTER ENDED 30 JUNE 2010

#### THE GROUP

	Attributable to the owners of the parent					Total equity Rs'000
	Share capital Rs'000	Share premium Rs'000	Revaluation	Fair value reserve Rs'000	Retained earnings Rs'000	
			and other reserves Rs'000			
At 01 January 2010	170,240	61,964	-	725,255	343,921	1,301,380
Profit for the period	-	-	-	-	10,642	10,642
Other comprehensive income for the period	-	-	-	(31,918)	-	(31,918)
Dividends	-	-	-	-	(25,536)	(25,536)
<b>At 30 June 2010</b>	<b>170,240</b>	<b>61,964</b>	<b>-</b>	<b>693,337</b>	<b>329,027</b>	<b>1,254,568</b>
At 01 January 2009	170,240	61,964	1,125	728,077	325,439	1,286,845
Profit for the period	-	-	-	-	194,752	194,752
Other comprehensive income for the period	-	-	82	(78,188)	-	(78,106)
Dividends	-	-	-	-	(216,205)	(216,205)
<b>At 30 June 2009</b>	<b>170,240</b>	<b>61,964</b>	<b>1,207</b>	<b>649,889</b>	<b>303,986</b>	<b>1,187,286</b>
At 01 January 2009	170,240	61,964	1,125	728,077	325,439	1,286,845
Profit for the year	-	-	-	-	319,807	319,807
Other comprehensive income for the year	-	-	(1,125)	(2,822)	-	(3,947)
Dividends	-	-	-	-	(301,325)	(301,325)
<b>At 31 December 2009</b>	<b>170,240</b>	<b>61,964</b>	<b>-</b>	<b>725,255</b>	<b>343,921</b>	<b>1,301,380</b>

#### THE COMPANY

	Attributable to the owners of the parent					Total equity Rs'000
	Share capital Rs'000	Share premium Rs'000	Revaluation	Fair value reserve Rs'000	Retained earnings Rs'000	
			and other reserves Rs'000			
At 01 January 2010	170,240	61,964	-	728,565	340,611	1,301,380
Profit for the period	-	-	-	-	11,347	11,347
Other comprehensive income for the period	-	-	-	(32,623)	-	(32,623)
Dividends	-	-	-	-	(25,536)	(25,536)
<b>At 30 June 2010</b>	<b>170,240</b>	<b>61,964</b>	<b>-</b>	<b>695,942</b>	<b>326,422</b>	<b>1,254,568</b>
At 01 January 2009	170,240	61,964	-	728,077	326,564	1,286,845
Profit for the period	-	-	-	-	193,846	193,846
Other comprehensive income for the period	-	-	-	(77,200)	-	(77,200)
Dividends	-	-	-	-	(216,205)	(216,205)
<b>At 30 June 2009</b>	<b>170,240</b>	<b>61,964</b>	<b>-</b>	<b>650,877</b>	<b>304,205</b>	<b>1,187,286</b>
At 01 January 2009	170,240	61,964	-	728,077	326,564	1,286,845
Profit for the year	-	-	-	-	315,372	315,372
Other comprehensive income for the year	-	-	-	488	-	488
Dividends	-	-	-	-	(301,325)	(301,325)
<b>At 31 December 2009</b>	<b>170,240</b>	<b>61,964</b>	<b>-</b>	<b>728,565</b>	<b>340,611</b>	<b>1,301,380</b>

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

## Notes to the unaudited interim quarterly financial statements as at 30 June 2010

1 The unaudited interim quarterly condensed financial statements have been prepared on the same basis of the accounting policies set out in the statutory financial statements of the Group for the year ended 31 December 2009, except for the adoption of relevant amendments to published Standards and Interpretations issued now effective. This interim report complies with International Accounting Standards 34.

The condensed financial statements for the quarter to 30 June 2010 are unaudited.

### 2 OVERVIEW

- a) An interim cash dividend amounting to Rs. 25.5 million was declared and paid during the quarter under review.
- b) The Net Asset Value per share, inclusive of dividends, decreased by 3.53%; from Rs.7.64 as at 31 December 2009 to Rs.7.37 as at 30 June 2010. Total equity stood at Rs.1.25 billion at the end of the quarter under review. (Rs.1.19 billion as at 30 June 2009).
- c) The profit for the quarter ended 30 June 2010 was Rs.12.7 million (quarter ended 30 June 2009 - Rs.193.million, which included a fair value gain on distribution of dividend in specie amounting to Rs.161.million) and half year ended 30 June 2010 was Rs.10.6.million (half year ended 30 June 2009 - Rs.195.million).
- d) Earnings per share were significantly lower: Re.0.07 for the quarter under review (quarter ended 30 June 2009 - Re.1.13) and Re.0.06 for the half year ended 30 June 2010 (half year ended 30 June 2009 - Re.1.14).

**By Order of the Board**  
**Abax Corporate Administrators Ltd**  
**Secretary**

Date: 04 August 2010

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 interim reporting statement 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.

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

## Notes to the unaudited interim quarterly financial statements as at 30 June 2010

### SEGMENT INFORMATION

P.O.L.I.C.Y. Limited reportable segments are strategic business units that offer long-term investments, short-term investments and others. The accounting policies of the operating segments are the same as those described in the statutory financial statements of the Group/Company for the year ended 31 December 2009 except for the adoption of relevant amendments to published standards, standards and Interpretations issued now effective.

	Long-term Investments	Short-term Investments	Others	Total
	Rs' 000	Rs' 000	Rs' 000	Rs' 000
<b>Six months ended 30 June 2010</b>				
Total segment revenues - external revenues	<u>17,253</u>	<u>(311)</u>	<u>-</u>	<u>16,942</u>
Total segment profit/(loss) before tax	<u>11,956</u>	<u>(705)</u>	<u>-</u>	<u>11,251</u>
<b>Six months ended 30 June 2009</b>				
Total segment revenues - external revenues	<u>34,243</u>	<u>635</u>	<u>3,470</u>	<u>38,348</u>
Total segment profit before tax	<u>28,776</u>	<u>161,792</u>	<u>4,792</u>	<u>195,360</u>
<b>Year ended 31 December 2009</b>				
Total segment revenues	<u>161,926</u>	<u>3,629</u>	<u>167,975</u>	<u>333,530</u>
Total segment profit before tax	<u>149,362</u>	<u>2,757</u>	<u>168,468</u>	<u>320,587</u>
<b>Total assets</b>				
<b>30 June 2010</b>	<u>1,242,712</u>	<u>16,312</u>	<u>-</u>	<u>1,259,024</u>
30 June 2009	<u>1,175,321</u>	<u>200,136</u>	<u>178</u>	<u>1,375,635</u>
31 December 2009	<u>1,290,751</u>	<u>17,580</u>	<u>-</u>	<u>1,308,331</u>

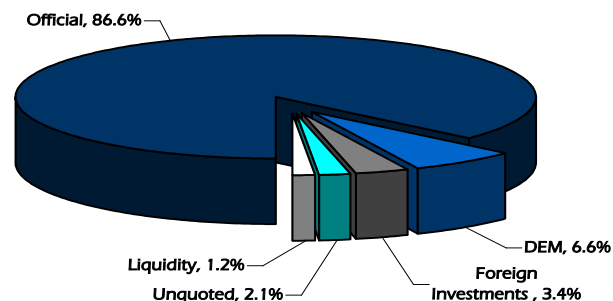
### REVIEW

As at June 30, 2010, the net asset value (NAV) per share of P.O.L.I.C.Y. Limited (POLICY) stood at Rs.7.37 compared to Rs.7.42 as at March 31, 2010, representing a decrease of 0.7% over the quarter. However, adjusted for an interim cash dividend of Re.0.15 per share, the growth in NAV is 1.3%, which is in line with that of the SEMTRI, which gained 1.5%. Over the quarter, POLICY's largest holding (MCB) gained 7.6%, while other rising stocks (within the top 5 holdings) were UBP (+17.1%), PAD (+6.5%) and SBM (+1.3%). Hotel stocks weakened during the quarter and NMH, POLICY's 2<sup>nd</sup> largest holding, lost 16.8%, which significantly reduced overall performance.

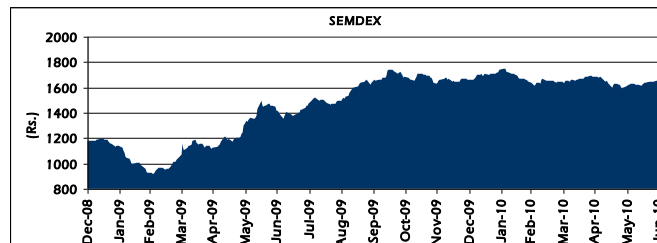
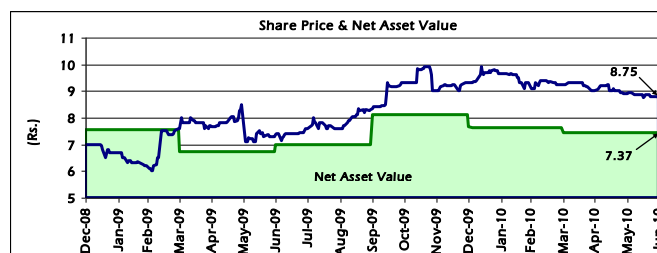
In the broader market, over the quarter, IBL increased by 15.2%, ROGERS shed 5.3% whilst GAMMA & Harel Mallac positively contributed to the market's uplift with returns of 35.3% & 56.2% respectively.

During the quarter under review, POLICY's share price dropped from Rs.9.25 to Rs.8.75. As at June 30, 2010, POLICY shares were trading at a premium of 18.7% to the NAV.

The NAV as at June 30 2010 was Rs.1.255 billion. The portfolio was worth Rs.1.239 billion of securities, in addition to Rs.16 million of cash. Securities portfolio comprised 86.6% of listed stocks, 6.6% of DEM stocks, 3.4% of foreign investments, 2.1% of unquoted investments and 1.2% of cash.



### SHARE PRICE & NET ASSET VALUE EVOLUTION



### PERFORMANCE FIGURES & RATIOS

	2005	2006	2007	2008	2009	2Q09	2Q10
<b>POLICY</b>							
Share Price <sup>1</sup>	-0.8%	114.3%	25.4%	-9.5%	63.6%	13.4%	-3.8%
Net Asset Value <sup>1</sup>	29.2%	48.4%	55.7%	-24.8%	24.5%	22.6%	1.3%
Portfolio Turnover Ratio <sup>2</sup>	8.3%	12.0%	6.4%	31.4%	32.7%	27.1%	3.6%
Share Turnover Ratio	8.5%	7.4%	3.9%	11.5%	6.2%	2.1%	1.2%
<b>Local Market</b>							
SEMTRI	20.5%	56.8%	59.1%	-33.6%	45.7%	33.4%	1.5%
SEM-7	17.2%	50.7%	80.6%	-44.0%	35.0%	36.6%	-1.6%
Market Turnover Ratio <sup>3</sup>	5.7%	5.1%	6.8%	10.4%	6.9%	2.9%	2.2%
Market Turnover Ratio <sup>4</sup>	6.2%	6.1%	8.2%	8.1%	8.0%	3.3%	2.2%

<sup>1</sup> Performance adjusted for dividends paid.

<sup>2</sup> Total value of purchases and sales divided by the average net asset value (at beginning and end of period).

<sup>3</sup> Turnover (in Rs.) divided by the market capitalisation at period end.

<sup>4</sup> Turnover (in Rs.) divided by the average market capitalisation (at beginning and end of period).

### TOP 5 HOLDINGS

	Rs. (Million)	% of Net Assets
The Mauritius Commercial Bank Ltd	559.5	44.6%
New Mauritius Hotels Ltd	216.4	17.2%
United Basalt Products Ltd	90.4	7.2%
State Bank of Mauritius Ltd	68.8	5.5%
Promotion and Development Ltd	45.9	3.7%
<b>TOTAL</b>	<b>981.0</b>	<b>78.2%</b>

### IPRO FUND MANAGEMENT LTD FUND MANAGER AUGUST 4, 2010

### SECTOR ALLOCATION

BANKS & INSURANCE	52.6%
LEISURE & HOTELS	21.3%
INVESTMENTS	7.4%
INDUSTRY	7.2%
FOREIGN INVESTMENTS	3.4%
COMMERCE	2.7%
OTHERS	2.3%
SUGAR	1.9%
LIQUIDITY	1.2%
<b>TOTAL</b>	<b>100.0%</b>

### OUTLOOK

Locally, economic growth is expected to be lower than forecasted, as the weakening euro weighs on export driven sectors. GDP has been downgraded from 4.6% to 4.1%. GDP could even be slightly lower. FDI is already significantly lower than in 2009. Inflation is also expected to exceed 3.5% by the year end. With growth still looking mild, the country's monetary policy will probably be closely watched by local investors. The quarter earnings are also expected to be relatively low (on account of the weak euro in H110), but should recover towards the end of the year / by Q111.