

| STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2015 | | | |
|--|--------------------------------|--------------------------------|--------------------------------|
| | THE COMPANY | | THE GROUP |
| | Audited 31 December 2015 | Audited 31 December 2014 | Audited 31 December 2014 |
| | Rs'000 | Rs'000 | Rs'000 |
| ASSETS | | | |
| Non-current assets | 1,236,722 | 1,181,944 | 1,161,576 |
| Current assets | 20,523 | 69,118 | 89,830 |
| Total assets | 1,257,245 | 1,251,062 | 1,251,406 |
| EQUITY AND LIABILITIES | | | |
| Capital and reserves | | | |
| Total equity | 1,211,484 | 1,248,311 | 1,248,311 |
| Current liabilities | 45,761 | 2,751 | 3,095 |
| Total equity and liabilities | 1,257,245 | 1,251,062 | 1,251,406 |
| Net asset value per share - (Rs.) | 5.34 | 5.50 | 5.50 |
| No. of shares used in calculation | 226,986,672 | 226,986,672 | 226,986,672 |

| CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2015 | | | | |
|--|---|---|---|---|
| | THE COMPANY | | THE GROUP | |
| | Audited Year to 31 December 2015 | Audited Year to 31 December 2014 | Audited Year to 31 December 2015 | Audited Year to 31 December 2014 |
| | Rs'000 | Rs'000 | Rs'000 | Rs'000 |
| Income | 59,372 | 131,104 | 53,318 | 132,733 |
| Operating profit | 44,550 | 121,580 | 37,714 | 122,365 |
| Finance income | 1,587 | 327 | 1,587 | 327 |
| Profit before taxation | 46,137 | 121,907 | 39,301 | 122,692 |
| Income tax expense | (105) | (247) | (105) | (247) |
| Profit for the year | 46,032 | 121,660 | 39,196 | 122,445 |
| Other comprehensive income for the year | (3,414) | (88,300) | 3,422 | (89,085) |
| Total comprehensive income for the year | 42,618 | 33,360 | 42,618 | 33,360 |
| Profit attributable to : | | | | |
| Owners of the parent | | | 39,196 | 122,445 |
| Total comprehensive income attributable to: | | | 42,618 | 33,360 |
| Owners of the parent | | | 42,618 | 33,360 |
| Earnings per share - (Rs.) | 0.20 | 0.54 | 0.17 | 0.54 |
| Dividends per share - (Rs.) | 0.35 | 0.40 | 0.35 | 0.40 |
| No. of shares in issue and ranking for dividends | 226,986,672 | 226,986,672 | 226,986,672 | 226,986,672 |

| CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2015 | | | | | |
|---|------------------|------------------|-----------------------|----------------------|------------------|
| THE COMPANY | Share capital | Share premium | Fair value reserve | Retained earnings | Total equity |
| | Rs'000 | Rs'000 | Rs'000 | Rs'000 | Rs'000 |
| At 01 January 2015 | 226,987 | 5,217 | 560,000 | 456,107 | 1,248,311 |
| Comprehensive income | - | - | - | 46,032 | 46,032 |
| Profit for the year | - | - | - | 46,032 | 46,032 |
| Other comprehensive income | - | - | (3,414) | - | (3,414) |
| Total comprehensive income | - | - | (3,414) | 46,032 | 42,618 |
| Transaction with owners | - | - | - | (79,445) | (79,445) |
| Dividends | - | - | - | (79,445) | (79,445) |
| At 31 December 2015 | 226,987 | 5,217 | 556,586 | 422,694 | 1,211,484 |
| At 01 January 2014 | 226,987 | 5,217 | 648,300 | 425,242 | 1,305,746 |
| Comprehensive income | - | - | - | 121,660 | 121,660 |
| Profit for the year | - | - | - | 121,660 | 121,660 |
| Other comprehensive income | - | - | (88,300) | - | (88,300) |
| Total comprehensive income | - | - | (88,300) | 121,660 | 33,360 |
| Transaction with owners | - | - | - | (90,795) | (90,795) |
| Dividends | - | - | - | (90,795) | (90,795) |
| At 31 December 2014 | 226,987 | 5,217 | 560,000 | 456,107 | 1,248,311 |

| STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2015 | | | |
|---|---|---|---|
| | THE COMPANY | | THE GROUP |
| | Audited Year to 31 December 2015 | Audited Year to 31 December 2014 | Audited Year to 31 December 2014 |
| | Rs'000 | Rs'000 | Rs'000 |
| Operating activities | | | |
| Net cash generated from operating activities | 32,112 | 24,431 | 25,617 |
| Investing activities | | | |
| Net cash (used in)/generated from investing activities | (43,786) | 116,953 | 117,347 |
| Financing activities | | | |
| Net cash used in financing activities | (79,777) | (90,795) | (90,795) |
| (Decrease)/increase in cash and cash equivalents | (91,451) | 50,589 | 52,169 |
| Movement in cash and cash equivalents | | | |
| At 01 January | 65,971 | 15,136 | 18,063 |
| Effect of exchange difference on cash and cash equivalents | 1,898 | 246 | 246 |
| (Decrease)/increase in cash and cash equivalents | (91,451) | 50,589 | 52,169 |
| At 31 December | (23,582) | 65,971 | 70,478 |

NOTES TO THE ABRIDGED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

AUDITED ABRIDGED FINANCIAL STATEMENTS

The Directors are pleased to present the audited abridged financial statements of the Company for the year ended 31 December 2015.

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 investments.

The financial statements as at 31 December 2015 give information about P.O.L.I.C.Y. Limited as an individual company and do not contain consolidated financial information as the wholly owned subsidiary, UNION AND P.O.L.I.C.Y. INVESTMENT CO. LTD, is in the process of winding up. A liquidator has already been appointed.

COMMENTS AND REVIEW

(i) The Board decided to dispose less investments during the year under review, as market conditions were unfavourable, which resulted in a reduction in revenue and lower operating profits.

(ii) As at 31 December 2015, Net Asset Value ("NAV") per share stood at Rs. 5.34, compared to Rs. 5.50 at 31 December 2014.

Owners' interest stood at Rs.1.21 billion at the end of the year under review as compared to Rs.1.25 billion at 31 December 2014.

(iii) Dividends per share were as follows:

| | 2015 | 2014 |
|-----------------|-------------|-------------|
| | Rs. | Rs. |
| Interim | 0.15 | 0.15 |
| Final | 0.20 | 0.25 |
| Total dividends | 0.35 | 0.40 |

By Order of the Board

Abax Corporate Administrators Ltd

Secretary

10 March 2016

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 and Group are BDO & Co.

Manager's Report for the quarter and year ended 31 December 2015

NAV Performance for Q4 2015 & Financial Year 2015

The Net Asset Value of POLICY went down by 0.4% during the fourth quarter 2015 – taking into account the final dividend per share of Re.0.20. The SEMTRI posted a negative performance of 4.2% for the same period.

Over the year 2015, after accounting for total dividends of Re.0.35 per share, the Net Asset Value of POLICY increased by 3.5% compared to a negative performance of 10.1% for the SEMTRI. POLICY significantly out-performed the index in 2015.

Outlook

Following the market decline experienced in Mauritius since the last quarter 2014, the market fundamentals seem currently attractive on a long-term basis.

It is however difficult to determine whether the floor has been reached, given that foreign investors remain generally net sellers of local shares, including MCB shares. Bottom-up selection remains key for the future of the Company.

Share price and NAV

| | 31-Dec-14 | 31-Mar-15 | 30-Jun-15 | 30-Sep-15 | 31-Dec-15 |
|----------------|-----------|-----------|-----------|-----------|-----------|
| Share price | 7.50 | 7.20 | 7.22 | 6.72 | 6.50 |
| NAV | 5.50 | 5.45 | 5.61 | 5.56 | 5.34 |
| Premium to NAV | 36.4% | 32.1% | 28.7% | 20.9% | 21.7% |

Performance ratios

| | Year ended 31 December | | | | | | | | | |
|--|------------------------|------|------|------|------|------|------|------|------|--|
| | 2011 | 2012 | 2013 | 2014 | 1Q15 | 2Q15 | 3Q15 | 4Q15 | 2015 | |

| | | | | | | | | | | |
|--------|------------------------------|-------|--------|-------|------|-------|------|-------|-------|-------|
| POLICY | Share price ¹ | -1.1% | -23.2% | 64.6% | 5.3% | -4.0% | 0.3% | -6.9% | -0.3% | -8.7% |
| | Net Asset Value ¹ | -2.9% | -2.5% | 23.2% | 2.6% | -0.9% | 2.9% | -0.9% | -0.4% | 3.5% |

| | | | | | | | | | | |
|--------------|---------------------|-------|-------|-------|-------|-------|------|-------|-------|--------|
| Local market | SEMTRI | -1.3% | -5.5% | 24.4% | 1.8% | -4.5% | 0.9% | -2.7% | -4.2% | -10.1% |
| | SEM-10 ² | -6.1% | -3.7% | 19.7% | -4.4% | -2.5% | 0.6% | -3.6% | -5.1% | -10.2% |

¹ Performance adjusted for dividends paid and bonus issue

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

| Sector allocation as at 31 December 2015 | Portfolio allocation | SEMDEX allocation |
|--|----------------------|-------------------|
| Banks, Insurance & Other Finance | 59.2% | 43.4% |
| Investments | 16.9% | 28.1% |
| Leisure & Hotels | 8.0% | 11.3% |
| Industry | 9.9% | 6.6% |
| Property Development | 0.3% | 0.8% |
| Sugar | 0.0% | 2.3% |
| Transport | 0.0% | 0.6% |
| Commerce | 0.0% | 6.8% |
| Foreign | 6.2% | 0.1% |
| Unquoted | 1.4% | 0.0% |
| Liquidity | -1.9% | 0.0% |
| Total | 100.0% | 100.0% |

| Top 5 holdings as at 31 December 2015 | Rs. in million | % of NAV | 4Q15 Performance |
|---------------------------------------|----------------|--------------|------------------|
| MCB Group Limited | 624 | 51.4% | 0.0% |
| Alteo Ltd | 77 | 6.4% | -9.6% |
| Lux* Island Resorts Ltd | 71 | 5.9% | -4.8% |
| Phoenix Beverages Ltd | 53 | 4.4% | -4.3% |
| Ciel Textile Ltd | 48 | 4.0% | 1.3% |
| Total | 873 | 72.1% | |

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