

Independent Auditors' Report

To the members of SIC Insurance Company Limited

We have audited the accompanying consolidated financial statements of SIC Insurance Company Limited and its subsidiary (the Group) set out on pages 7 to 44, which comprise the consolidated balance sheet as at 31 December 2009 and the consolidated income statement, consolidated statement of changes in equity and consolidated cash flow statement for the year then ended together with the summary of significant accounting policies and other explanatory notes, and have obtained all the information and explanations, which to the best of our knowledge and belief, were necessary for the purposes of our audit.

Directors' responsibility for the financial statements

The directors are responsible for the preparation and fair presentation of these financial statements in accordance with the Companies Code 1963, (Act 179). This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical

requirements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the group has kept proper accounting records and the financial statements are in agreement with the records in all material respects and give in the prescribed manner, information required by the Companies Code 1963, (Act 179) and the Insurance Act 2006 (Act 724). The financial statements give a true and

fair view of the financial position of the group as at 31 December 2009, and of its financial performance and cash flow for the year then ended and are drawn up in accordance with International Financial Reporting Standards.

Report on other legal and regulatory requirements

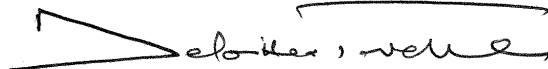
The Ghana Companies Code, 1963 (Act 179) requires that in carrying out our audit work we consider and report on the following matters. We confirm that:

- i. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
- ii. in our opinion proper books of accounts have been kept by the group, so far as

appears from our examination of those books; and

- iii. the balance sheet and profit and loss account of the group are in agreement with the books of accounts.

In accordance with section 78(1) (a) of the Insurance Act, 2006, (Act 724), the group has kept accounting records that are sufficient to explain its transactions and financial position with respect to its insurance business and any other business that it carries on.



Chartered Accountants

Accra, Ghana

20th May, 2010

Statement of consolidated comprehensive income

For the year ended 31 December, 2010

	Note	Group 2010 GH¢	2009 GH¢	Company 2010 GH	2009 GH¢
Gross premium	6	64,042,765	56,877,215	64,042,765	56,877,215
Less: Reinsurances	7	(16,862,314)	(15,976,560)	(16,862,314)	(15,976,560)
Net premium		47,180,451	40,900,655	47,180,451	40,900,655
Claims incurred	8	(12,565,341)	(12,659,793)	(12,565,341)	(12,659,793)
Commissions	9	(356,897)	908,598	(356,897)	908,598
Management expenses	10	(30,744,155)	(27,935,765)	(29,138,004)	(26,841,207)
Underwriting profit		3,514,058	1,213,695	5,120,209	2,308,253
Investment income		1,695,111	1,960,721	1,610,638	1,925,687
Other income	12	3,428,807	5,029,828	1,717,940	3,773,985
Finance costs	13	(404,496)	(520,365)	(404,496)	(520,365)
Profit before tax		8,233,480	7,683,879	8,044,291	7,487,560
National stabilisation levy		(402,215)	(95,979)	(402,215)	(93,595)
Taxation	19(c)	(1,660,959)	(1,558,592)	(1,613,661)	(1,502,475)
Profit after tax transferred to Income surplus account		6,170,306	6,029,308	6,028,415	5,891,490
Basic earnings per share-GH¢	14	0.0315	0.0308	0.0308	0.0301

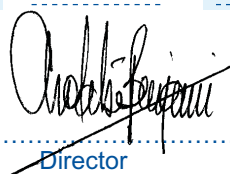
Statement of consolidated financial position

As at 31 December, 2010

	Note	Group 2010 GH¢	2009 GH¢	Company 2010 GH¢	2009 GH¢
Stated capital		25,000,000	2,500,000	25,000,000	2,500,000
Capital surplus	21	9,316,952	31,816,952	9,316,952	31,816,952
Income surplus		22,142,470	17,893,447	21,629,455	17,522,323
Contingency reserve	22	12,501,991	10,580,708	12,501,991	10,580,708
Available-for-sale reserves	23	13,871,900	-548,240	15,392,140	-531,093
Contribution towards capital		479,633	479,633	-	-
Shareholders funds		83,312,946	62,722,500	83,840,538	61,888,890
Represented by:					
Property, plant and equipment	24	19,787,444	18,404,995	19,616,142	18,280,981
Investment properties	26	6,013,805	6,013,805	6,013,805	6,013,805
Intangible assets	25	98,004	165,619	-	118,155
Long term investment	27	32,527,390	18,147,386	32,452,978	18,092,513
Investment in subsidiary	28	-	-	1,865,492	325,713
Investment in associated companies	29	5,073,215	5,073,215	5,073,215	5,073,215
		63,499,858	47,805,020	65,021,632	47,904,382
Current assets					
Short term investments	30	8,695,205	11,205,179	8,463,296	10,608,623
Lease deposit	31	1,862,856	1,560,929	-	1,560,929
Trade & other receivables	32	171,487,578	113,780,718	52,521,720	46,419,477
Inventories		556,994	523,782	556,993	523,782
Unearned reinsurance premium		7,375,194	5,289,458	7,375,194	5,289,458
National stabilisation levy		-	41,730	-	44,114
Cash and bank balances	35	1,744,060	5,167,550	1,639,888	5,088,170
Total current assets		191,721,887	137,569,346	72,419,947	69,534,553
Current liabilities					
Unearned premium		18,765,244	16,452,305	18,765,244	16,452,305
Outstanding claims	8	1,792,856	3,054,836	1,792,856	3,054,836
Trade & other payables	33	143,589,921	96,477,395	25,285,635	29,375,694
Taxation	19(a)	3,378,055	3,000,285	3,374,739	3,004,378
National stabilisation levy		90,693	-	88,309	-
Other current financial liabilities	34	756,875	387,897	756,875	387,897
Total current liabilities		168,373,644	119,372,718	50,063,658	52,275,110
Net current assets		23,348,243	18,196,629	22,356,289	17,259,443
Other non-current financial liabilities					
Deferred tax	34 19(d)	-681,584 -2,853,571	-419,136 -2,860,013	-681,584 -2,855,799	-419,136 -2,855,799
Total non-current liabilities		-3,535,155	-3,279,149	-3,537,383	-3,274,935
Net assets		83,312,946	62,722,500	83,840,538	61,888,890



Chairman



Director

Consolidated statement of changes in shareholders' funds

For the year ended 31 December, 2010

Group	Stated	Income	Contingency	Capital	Available-for	Total
	capital	surplus	reserves	surplus	sale reserves	
	GH¢	GH¢	GH¢	GH¢	GH¢	GH¢
Balance at 1 Jan. 2009	2,500,000	17,095,526	8,874,392	31,816,952	6,028,864	66,315,734
Total recognised income & exp.	-	6,029,308	-	-	-	6,029,308
Transfer (from)/to reserve	-	(1,706,316)	1,706,316	-	-	-
Net loss on available-for-sale invest.	-	-	-	-	(6,577,104)	(6,577,104)
Transfer to equity holders	-	(3,525,071)	-	-	-	(3,525,071)
Balance at 31 Dec 2009	2,500,000	17,893,447	10,580,708	31,816,952	(548,240)	62,242,867
Balance at 1 January 2010	2,500,000	17,893,447	10,580,708	31,816,952	(548,240)	62,242,867
Total recognised income & exp.	-	6,170,306	-	-	-	6,170,306
Transfer (from)/to reserve	22,500,000	(1,921,283)	1,921,283	(22,500,000)	-	-
Net gain on available-for-sale invest.	-	-	-	-	14,420,140	14,420,140
Transfer to equity holders	-	-	-	-	-	-
Balance at 31 Dec 2010	25,000,000	22,142,470	12,501,991	9,316,952	13,871,900	82,833,313
Company						
	Stated	Income	Contingency	Capital	Available-for	Total
	capital	surplus	reserves	surplus	sale reserves	
	GH¢	GH¢	GH¢	GH¢	GH¢	GH¢
Balance at 1 Jan. 2009 - restated	2,500,000	16,800,066	8,874,392	31,816,952	6,006,024	65,997,434
Total recognised income & exp.	-	5,891,490	-	-	-	5,891,490
Net loss on available-for-sale invest.	-	-	-	-	(6,537,117)	(6,537,117)
Transfer (from)/to reserve	-	(1,706,316)	1,706,316	-	-	-
Transfer to equity holders	-	(3,462,917)	-	-	-	(3,462,917)
Balance at 31 Dec 2009	2,500,000	17,522,323	10,580,708	31,816,952	(531,093)	61,888,890
Balance at 1 January 2010	2,500,000	17,522,323	10,580,708	31,816,952	(531,093)	61,888,890
Total recognised income & exp.	-	6,028,415	-	-	-	6,028,415
Transfer (from)/to reserve	22,500,000	(1,921,283)	1,921,283	(22,500,000)	-	-
Net gain on available-for-sale invest.	-	-	-	-	15,923,233	15,923,233
Transfer to equity holders	-	-	-	-	-	-
Balance at 31 Dec 2010	25,000,000	21,629,455	12,501,991	9,316,952	15,392,140	83,840,538

Statement of consolidated cash flow

For the year ended 31 December, 2010

	Group 2010 GH¢	2009 GH¢	Company 2010 GH¢	2009 GH¢
Operating activities				
Operating profit	8,233,480	7,683,879	8,044,291	7,487,560
	8,233,480	7,683,879	8,044,291	7,487,560
Adjustment to reconcile profit before tax to net cash flows				
Non-cash:				
Depreciation	1,456,459	1,178,610	1,390,336	1,120,493
Amortisation of intangible assets	149,209	165,445	118,155	118,155
Available-for-sale reserve	14,420,140	-6,577,104	15,923,233	-6,537,117
Profit on disposal of property, plant & equipment	(170,643)	-152,734	(170,643)	-149,604
Interest received	-974,355	-686,165	(889,882)	-685,517
Dividend received	(720,756)	-1,274,556	(720,756)	-1,240,170
Working capital adjustments:				
Increase in provision for unearned premium	2,312,939	5,312,447	2,312,939	5,312,447
(Increase)/decrease in receivables	(57,706,860)	22,721,228	(6,102,243)	-1,894,812
Increase in inventories	(33,212)	(24,385)	(33,211)	-24,384
Increase/(decrease) in trade & other payables	47,099,643	(29,198,186)	(4,090,059)	-4,647,160
(Decrease)/increase in provision for claims	(1,261,980)	1,452,812	(1,261,980)	973,179
Increase in lease obligations	631,426	(113,163)	631,426	-113,163
Increase in lease deposits	(301,927)	-	(301,927)	-
Increase in unearned reinsurance premium	(2,085,736)	(1,521,014)	(2,085,736)	-1,521,014
Tax paid	(1,276,747)	(1,138,695)	(1,243,300)	-1,053,436
National stabilisation levy paid	(269,792)	(137,709)	(269,792)	-137,709
Net cash used in operating activities	9,501,289	(2,309,290)	11,250,851	(2,992,252)
Investing activities				
Acquisition of property, plant and equipment	(2,838,908)	-711,577	(2,725,496)	-640,229
Acquisition of intangible assets	(81,594)	-49,206	-	-
Proceeds from sale of property, plant and equipment	170,643	152,734	170,643	149,604
Acquisition of investment properties	-	-36,225	-	-36,225
Net cash used/flow from investing activities	(2,749,859)	(644,274)	(2,554,853)	(526,850)
Financing activities				
Purchase of long term investments	(14,380,004)	6,803,277	(15,900,244)	6,735,065
Dividend received	720,756	686,165	720,756	685,517
Interest received	974,355	1,274,556	889,882	1,240,170
Dividend paid	-	-3,525,071	-	-3,462,917
Net cash used in servicing of finance	(12,684,893)	5,238,927	(12,749,827)	5,197,835
Changes in cash and cash equivalents	(5,933,463)	2,285,363	(5,593,609)	1,678,732
Cash at 1 January	16,372,729	14,087,366	15,696,793	14,018,061
Cash at 31 December	10,439,266	16,372,729	10,103,184	15,696,793
Analysis of changes in cash and cash equivalents				
Cash and bank	1,744,060	5,167,550	1,639,888	5,088,170
Short term investments	8,695,205	11,205,179	8,463,296	10,608,623
	10,439,265	16,372,729	10,103,184	15,696,793