
REPORT OF THE INDEPENDENT AUDITOR TO THE MEMBERS OF ENTERPRISE GROUP LIMITED

We have audited the financial statements of Enterprise Group Limited (the Company) and its subsidiaries (together, The Group), as set out on pages 45 to 87. These financial statements comprise the consolidated statement of financial position at 31 December 2011, the consolidated statement of comprehensive income, consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, together with the statement of financial position of the company standing alone as at 31 December 2011 and the statement of comprehensive income, statement of changes in equity and statement of cash flows of the company for the year then ended, and a summary of significant accounting policies and other explanatory information.

Directors' responsibility for the financial statements

The directors are responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards and with the requirements of the Companies Code, 1963 (Act 179), the Insurance Act 2006 (Act 724), and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's 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 about 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 auditor's judgment, 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 of financial statements that give a true and fair view 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 the directors, 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 accompanying financial statements give a true and fair view of the financial position of the Company and the Group as at 31 December 2011 and of the financial performance and cash flows of the Company and the Group for the year then ended in accordance with International Financial Reporting Standards and in the manner required by the Companies Code, 1963 (Act 179) and the Insurance Act 2006 (Act 724).

REPORT ON OTHER LEGAL REQUIREMENTS

The Companies Code, 1963 (Act 179) requires that in carrying out our audit 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 account have been kept by the Company, so far as appears from our examination of those books; and
- iii) the group's balance sheet (group's statement of financial position) and group's profit and loss account (group's income statement) are in agreement with the books of account.



Chartered Accountants
Accra, Ghana
Oseini Amui (100844)
7th May, 2012





Income Statement

(All amounts are expressed in thousands of Ghana cedis)

	Note	The Company		The Group	
		2011	2010	2011	2010
Gross insurance premium revenue		-	-	95,931	68,268
Insurance premium ceded to reinsurers		-	-	(14,521)	(12,489)
Net premium written		-	-	81,410	55,779
Unearned premium	5	-	-	(1,857)	(888)
Net insurance premium revenue		-	-	79,553	54,891
Investment income	6	18,743	1,020	12,752	13,470
Fair value gains on investment property	7	-	-	2,592	765
Other income	8	-	-	980	219
Impairment of investment in subsidiary		(10,305)	-	-	-
Net income		8,438	1,020	95,877	69,345
Insurance claims incurred		-	-	(24,423)	(14,908)
Insurance claims recoveries from reinsurers		-	-	4,066	575
Change in insurance contract liabilities – life fund	9	-	-	(13,123)	(17,356)
Net benefits and claims		-	-	(33,480)	(31,689)
Operating expenses	10	(962)	(217)	(22,095)	(18,201)
Commission expense		-	-	(14,906)	(9,769)
Net expenses		(962)	(217)	(70,481)	(59,659)
Profit before National Fiscal Stabilisation Levy and income tax		7,476	803	25,396	9,686
National Fiscal Stabilisation Levy	11	-	-	(2,087)	(507)
Income tax credit /(expense)	12	3,438	(201)	2,436	(826)
Profit for the year		10,914	602	25,745	8,353
Attributable to:					
Owners of the parent		10,914	602	19,045	3,654
Non-controlling Interest		-	-	6,700	4,699
Profit attributable to controlling interest		10,914	602	25,745	8,353
Earnings per share for profit attributable to the equity holders of the Company during the year					
Basic and diluted (GH¢ per share)	31	0.083	0.005	0.145	0.028

The notes on pages 45 to 87 are an integral part of these financial statements.



Statement of Comprehensive Income

(All amounts are expressed in thousands of Ghana cedis)

	The Company		The Group	
	2011	2010	2011	2010
Profit for the year	10,914	602	25,745	8,353
Transfer to contingency reserves	-	-	(5,224)	(78)
Other comprehensive income for the year, net of tax				
Gains on revaluation of land and building	-	-	2,231	-
Recycling of fair value gain on disposal of available for sale financial assets	-	-	(6,771)	-
Available-for-sale financial assets	-	-	-	7,554
Deferred tax on revaluation reserve	-	-	-	624
Total comprehensive income for the year	<u>10,914</u>	<u>602</u>	<u>15,981</u>	<u>16,453</u>
Attributable to:				
Owners of the parent	10,914	602	9,281	11,754
Non – controlling interest	-	-	6,700	4,699
Total comprehensive income for the year	<u>10,914</u>	<u>602</u>	<u>15,981</u>	<u>16,453</u>

The notes on pages 45 to 87 are an integral part of these financial statements.



Statement of Financial Position

(All amounts are expressed in thousands of Ghana cedis)

	Note	The Company		The Group	
		2011	2010	2011	2010
Assets					
Property and equipment	13	87	-	11,480	11,159
Intangible assets	14	-	-	31	36
Investment properties	7	-	-	8,911	3,758
Investments in subsidiaries	15	24,651	31,981	-	-
Investment securities	16	14,083	-	100,281	87,415
Loans and receivables	17	78	171	6,764	2,857
Due from re-insurers	18(i)	-	-	4,753	2,195
Deferred income tax asset	25	3,438	-	229	-
Current income tax asset	12	-	-	346	337
Cash and cash equivalents	19	3,019	341	20,113	7,408
Total assets		<u>45,356</u>	<u>32,493</u>	<u>152,908</u>	<u>115,165</u>
Stated capital	20	31,599	31,599	31,599	31,599
Contingency reserve	21	-	-	5,302	78
Other reserves	22	-	-	5,911	10,451
Income surplus account	23	10,204	77	19,285	6,251
Non-controlling interest		-	-	13,205	8,519
Total equity		<u>41,803</u>	<u>31,676</u>	<u>75,302</u>	<u>56,898</u>
Liabilities					
Life fund – insurance contract liabilities	9	-	-	49,992	36,869
Unearned premiums and unexpired risk provision	5	-	-	9,009	7,152
Outstanding claims	24	-	-	1,014	1,452
Deferred income tax liability	25	-	-	-	2,041
Trade and other payables	26	112	616	12,000	6,394
Due to re-insurers	18(ii)	-	-	1,648	2,509
Due to related parties	27	3,441	-	1,999	1,418
Current income tax liability		-	201	1,944	432
Total liabilities		<u>3,553</u>	<u>817</u>	<u>77,606</u>	<u>58,267</u>
Total equity and liabilities		<u>45,356</u>	<u>32,493</u>	<u>152,908</u>	<u>115,165</u>

The financial statements on pages 39 to 87 were approved for issue by the board of directors on 12th March, 2012 and signed on its behalf by:

.....
GROUP CHIEF EXECUTIVE OFFICER

.....
DIRECTOR

The notes on pages 45 to 87 are an integral part of these financial statements..



Statement of Changes in Equity – The Company

(All amounts are expressed in thousands of Ghana cedis)

	Stated capital	Income Surplus	Total
At start of year	31,599	77	31,676
Profit and total comprehensive income for the year	-	10,914	10,914
Transactions with owners			
Dividends declared for 2010	-	(787)	(787)
Total transactions with owners	-	(787)	(787)
At end of year	31,599	10,204	41,803
Year ended 31 December 2010			
At start of year	1	-	1
Profit and total comprehensive income for the year	-	602	602
Transactions with owners			
Dividend declared for 2009	-	(525)	(525)
Issue of ordinary shares for consideration other than cash	31,598	-	31,598
Total transactions with owners	31,598	(525)	31,073
At end of year	31,599	77	31,676

The notes on pages 45 to 87 are an integral part of these financial statements.



Statement of Changes in Equity – The Group

(All amounts are expressed in thousands of Ghana cedis)

The Group

Attributable to owners of the Company

	Stated capital	Income surplus	Revaluation reserve	Fair value reserve	Share deals account	Non controlling interest	Total equity
At 1 January 2011	31,599	6,251	2,447	7,554	450	8,519	56,820
Profit for the year	-	19,045	-	-	-	6,700	25,745
Transfer to contingency reserve	-	(5,224)	-	-	-	-	(5,224)
Other comprehensive income: Recycling of fair value gain on disposal of available for sale financial assets	-	-	-	(6,771)	-	-	(6,771)
Gains on revaluation of land and building, net of tax	-	-	2,231	-	-	-	2,231
Total comprehensive income	-	13,821	2,231	(6,771)	-	6,700	15,981
Transactions with owners							
Dividends relating to 2010	-	(787)	-	-	-	(2,695)	(3,482)
Additions to non controlling interest in new subsidiaries	-	-	-	-	-	681	681
Total transactions with owners	-	(787)	-	-	-	(2,014)	(2,801)
At 31 December 2011	<u>31,599</u>	<u>19,285</u>	<u>4,678</u>	<u>783</u>	<u>450</u>	<u>13,205</u>	<u>70,000</u>
Year ended 31 December 2010							
At 1 January 2010	1	3,200	1,823	-	450	5,045	10,519
Profit for the year	-	3,654	-	-	-	4,699	8,353
Transfer to contingency reserve	-	(78)	-	-	-	-	(78)
Other comprehensive income							
Available-for-sale financial assets	-	-	-	7,554	-	-	7,554
Deferred tax on revaluation reserves	-	-	624	-	-	-	624
Total comprehensive income	-	3,576	624	7,554	-	4,699	16,453
Transactions with owners							
Dividends relating to 2009	-	(525)	-	-	-	(1,225)	(1,750)
Consideration other than cash	31,598	-	-	-	-	-	31,598
Total transactions with owners	31,598	(525)	-	-	-	(1,225)	29,848
At 31 December 2010	<u>31,599</u>	<u>6,251</u>	<u>2,447</u>	<u>7,554</u>	<u>450</u>	<u>8,519</u>	<u>56,820</u>

The notes on pages 45 to 87 are an integral part of these financial statements.



Statement of Cash Flows

(All amounts are expressed in thousands of Ghana cedis)

	Note	The Company		The Group	
		2011	2010	2011	2010
Cash flows from operating activities					
Cash (used in)/generated from operations	29	(15,404)	229	13,051	(604)
Investment income received		20,152	1,020	5,469	7,704
Income tax paid		(201)	-	(1,167)	(673)
Net cash from operating activities		<u>4,547</u>	<u>1,249</u>	<u>17,353</u>	<u>6,427</u>
Cash flows from investing activities					
Acquisition of subsidiaries		(966)	(383)	-	-
Purchases of property and equipment	13	(116)	-	(1,854)	(1,284)
Proceeds from sale of property and equipment	13	-	-	51	33
Net cash used in investing activities		<u>(1,082)</u>	<u>(383)</u>	<u>(1,803)</u>	<u>(1,251)</u>
Cash flow from financing activities					
Dividends paid		(787)	(525)	(3,482)	(2,896)
Proceeds from issue of ordinary shares		-	-	637	25
Net cash used in financing activities		<u>(787)</u>	<u>(525)</u>	<u>(2,845)</u>	<u>(2,871)</u>
Net increase in cash and cash equivalents		2,678	341	12,705	2,305
Cash and cash equivalents at beginning of year	19	<u>341</u>	<u>-</u>	<u>7,408</u>	<u>5,103</u>
Cash and cash equivalent at end of year	19	<u><u>3,019</u></u>	<u><u>341</u></u>	<u><u>20,113</u></u>	<u><u>7,408</u></u>

The notes on pages 45 to 87 are an integral part of these financial statements.