
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 34 to 87. These financial statements comprise the statement of financial position at 31 December 2012, the statement of comprehensive income, statement of changes in equity and the statement of cash flows of the Group for the year then ended, together with the statement of financial position of the company standing alone as at 31 December 2012 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 Act, 1963 (Act 179), 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 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 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.

33 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 2012 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 Act, 1963 (Act 179).

REPORT ON OTHER LEGAL REQUIREMENTS

The Companies Act, 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.



Signed by: Oseini Amui (ICAG/P/1139)

For and on behalf of:

PricewaterhouseCoopers (ICAG/F/028)

Chartered Accountants

Accra, Ghana

26 April 2013





Statement of Financial Position

(All amounts are expressed in thousands of Ghana cedis)

	Note	The Company		The Group	
		At 31 December			
		2012	2011	2012	2011
Assets					
Property and equipment	5	142	87	19,758	11,480
Intangible assets	6	-	-	27	31
Investment properties	7	-	-	13,006	8,911
Investments in subsidiaries	8	34,285	24,651	-	-
Investment securities	9	15,584	14,083	148,610	100,281
Loans and receivables	10	205	78	8,899	6,764
Due from related parties	22	2,256	-	-	-
Due from re-insurers	11	-	-	3,971	4,753
Deferred income tax asset	20	2,664	3,438	2,836	229
Current income tax asset	27	-	-	-	346
Cash and cash equivalents	12	934	3,019	26,519	20,113
Total assets		<u>56,070</u>	<u>45,356</u>	<u>223,626</u>	<u>152,908</u>
Capital and reserve					
Stated capital	13	31,599	31,599	31,599	31,599
Contingency reserve	14	-	-	11,169	9,877
Other reserves	15	545	-	8,362	1,336
Income surplus account	16	21,993	10,204	35,270	19,285
Non-controlling interest		-	-	20,135	13,205
Total equity		<u>54,137</u>	<u>41,803</u>	<u>106,535</u>	<u>75,302</u>
Liabilities					
Life fund – insurance contract liabilities	17	-	-	82,734	49,992
Unearned premiums and unexpired risk provision	18	-	-	12,079	9,009
Outstanding claims	19	-	-	862	1,014
Deferred income tax liability	20	-	-	5,370	-
Trade and other payables	21	1,932	112	9,849	13,944
Due to re-insurers	11	-	-	4,528	1,648
Due to related parties	22	1	3,441	1,490	1,999
Current income tax liability	27	-	-	179	-
Total liabilities		<u>1,933</u>	<u>3,553</u>	<u>117,091</u>	<u>77,606</u>
Total equity and liabilities		<u>56,070</u>	<u>45,356</u>	<u>223,626</u>	<u>152,908</u>

The financial statements on pages 34 to 87 were approved for issue by the board of directors on 26th April, 2013 and signed on its behalf by:

GROUP CHIEF EXECUTIVE OFFICER

DIRECTOR

The notes on pages 41 to 87 are an integral part of these financial statements.



Income Statement

(All amounts are expressed in thousands of Ghana cedis)

	Note	The Company		The Group	
		Year ended 31 December			
		2012	2011	2012	2011
Investment income	23	18,708	18,743	27,467	12,752
Fair value gains on investment property	7	-	-	4,038	2,592
Impairment of investment in subsidiary	8	-	(10,305)	-	-
Net investment income		<u>18,708</u>	<u>8,438</u>	<u>31,505</u>	<u>15,344</u>
Gross insurance premium revenue		-	-	132,288	95,931
Insurance premium ceded to reinsurers		-	-	(17,290)	(14,521)
Net premium written		-	-	114,998	81,410
Unearned premium	18	-	-	(3,070)	(1,857)
Net insurance premium revenue		<u>-</u>	<u>-</u>	<u>111,928</u>	<u>79,553</u>
Other income	24	3	-	2,261	980
Net income		<u>18,711</u>	<u>8,438</u>	<u>145,694</u>	<u>95,877</u>
Insurance claims incurred		-	-	(31,996)	(24,423)
Insurance claims recoveries from reinsurers		-	-	3,740	4,066
Change in insurance contract liabilities – life fund	17	-	-	(32,742)	(13,123)
Net benefits and claims		<u>-</u>	<u>-</u>	<u>(60,998)</u>	<u>(33,480)</u>
Operating expenses	25	(4,048)	(962)	(31,349)	(22,095)
Commission expense		-	-	(20,685)	(14,906)
Net expenses		<u>(4,048)</u>	<u>(962)</u>	<u>(113,032)</u>	<u>(70,481)</u>
Profit before national fiscal stabilisation levy and income tax		<u>14,663</u>	<u>7,476</u>	<u>32,662</u>	<u>25,396</u>
National fiscal stabilisation levy	26	-	-	-	(2,087)
Income tax (expense) / credit	27	(774)	3,438	(2,767)	2,436
Profit for the year		<u>13,889</u>	<u>10,914</u>	<u>29,895</u>	<u>25,745</u>
Attributable to:					
Owners of the parent		13,889	10,914	19,377	19,045
Non-controlling interest		-	-	10,518	6,700
Earnings per share for profit attributable to the equity holders of the Company during the year					
Basic and diluted (GH¢ per share)	31	<u>0.106</u>	<u>0.083</u>	<u>0.148</u>	<u>0.145</u>

The notes on pages 41 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	
	Year ended 31 December			
	2012	2011	2012	2011
Profit for the year	13,889	10,914	29,895	25,745
Other comprehensive income				
Currency translation difference	-	-	158	-
Gains on revaluation of properties (Note 5)	-	-	7,371	2,980
Deferred tax charge (Note 20)	-	-	(971)	(1,644)
Recycling of fair value gain on disposal of available for sale financial assets (Note 23)	-	-	-	(6,771)
Total comprehensive income for the year	<u>13,889</u>	<u>10,914</u>	<u>36,453</u>	<u>20,310</u>
Attributable to:				
Owners of the parent	13,889	10,914	25,935	13,610
Non – controlling interest	-	-	10,518	6,700
Total comprehensive income for the year	<u>13,889</u>	<u>10,914</u>	<u>36,453</u>	<u>20,310</u>

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Statement of Changes in Equity

(All amounts are expressed in thousands of Ghana cedis)

The Company

Year ended 31 December 2012

At start of year
Profit and total comprehensive income for the year

Transactions with owners

Interim dividends paid for 2012
Employee share option scheme
- Value of employee services

Total transactions with owners

At end of year

Year ended 31 December 2011

At start of year
Profit and total comprehensive income for the year

Transactions with owners

Dividends declared for 2010

Total transactions with owners

At end of year

	Stated capital	Income surplus account	Share option scheme	Total
At start of year	31,599	10,204	-	41,803
Profit and total comprehensive income for the year	-	13,889	-	13,889
Transactions with owners				
Interim dividends paid for 2012	-	(2,100)	-	(2,100)
Employee share option scheme				
- Value of employee services	-	-	545	545
Total transactions with owners	-	(2,100)	545	(1,555)
At end of year	<u>31,599</u>	<u>21,993</u>	<u>545</u>	<u>54,137</u>
Year ended 31 December 2011				
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	<u>31,599</u>	<u>10,204</u>	<u>-</u>	<u>41,803</u>

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Statement of Changes in Equity

(All amounts are expressed in thousands of Ghana cedis)

The Group

Attributable to owners of the Company

Year ended 31 December 2012

	Stated capital	Income surplus	Other reserve			Contingency reserve	Non controlling interest	Total equity
			Revaluation reserve	Currency translation reserve	Share Option scheme			
At 1 January 2012	31,599	19,285	1,336	-	-	9,877	13,205	75,302
Profit for the year	-	19,377	-	-	-	-	10,518	29,895
Other comprehensive income:								
Foreign currency translation difference	-	-	-	81	-	-	77	158
Gains on revaluation of properties (Note 5)	-	-	7,371	-	-	-	-	7,371
Deferred tax charge (Note 20)	-	-	(971)	-	-	-	-	(971)
Total comprehensive income	-	19,377	6,400	81	-	-	10,595	36,453
Transactions with owners								
Dividends relating to 2012	-	(2,100)	-	-	-	-	(4,410)	(6,510)
Employee share option scheme - Value of employee services	-	-	-	-	545	-	-	545
Additions to non controlling interest in subsidiary	-	(787)	-	-	-	-	745	745
Transfer to contingency reserve	-	(1,292)	-	-	-	1,292	-	-
Total transactions with owners	-	(3,392)	-	-	545	1,292	(3,665)	(5,220)
At 31 December 2012	31,599	35,270	7,736	81	545	11,169	20,135	106,535

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Statement of Changes in Equity

(All amounts are expressed in thousands of Ghana cedis)

The Group

Attributable to owners of the Company

Year ended 31 December 2011	Stated capital	Income surplus account	Other reserve		Non controlling interest	Total equity
			Revaluation reserve	Contingency reserve		
At 1 January 2011	31,599	6,251	-	4,653	8,519	51,022
Profit for the year	-	19,045	-	-	6,700	25,745
Other comprehensive income						
Gains on revaluation of properties, net of tax	-	-	1,336	-	-	1,336
Total comprehensive income	-	19,045	1,336	-	6,700	27,081
Transactions with owners						
Dividends relating to 2010	-	(787)	-	-	(2,695)	(3,482)
Additions to non controlling interest in new subsidiaries	-	-	-	-	681	681
Transfer to contingency reserve	-	(5,224)	-	5,224	-	-
Total transactions with owners	-	(6,011)	-	5,224	(2,014)	(2,801)
At 31 December 2011	<u>31,599</u>	<u>19,285</u>	<u>1,336</u>	<u>9,877</u>	<u>13,205</u>	<u>75,302</u>

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Statement of Cash Flows

(All amounts are expressed in thousands of Ghana cedis)

The Company The Group Year ended 31 December

	Note	2012	2011	2012	2011
Cash flows from operating activities					
Cash (used in)/generated from operations	29	(5,388)	(15,404)	12,893	12,476
Investment income received		14,869	20,152	1,681	5,469
Income tax paid		-	(201)	(406)	(592)
Net cash generated from operating activities		9,481	4,547	14,168	17,353
Cash flows from investing activities					
Capital contribution in subsidiaries		(9,354)	(966)	-	-
Purchases of property and equipment	5	(112)	(116)	(2,114)	(1,854)
Proceeds from sale of property and equipment	5	-	-	118	51
Net increase in cash and cash equivalents		(9,466)	(1,082)	(1,996)	(1,803)
Cash flow from financing activities					
Dividends paid		(2,100)	(787)	(6,511)	(3,482)
Proceeds from issue of ordinary shares		-	-	745	637
Net cash used in financing activities		(2,100)	(787)	(5,766)	(2,845)
Net (decrease)/increase in cash and cash equivalents		(2,085)	2,678	6,406	12,705
Cash and cash equivalents at beginning of year	12	3,019	341	20,113	7,408
Cash and cash equivalents at end of year	12	<u>934</u>	<u>3,019</u>	<u>26,519</u>	<u>20,113</u>

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