

Report of the Independent Auditor to the Members of Enterprise Group Limited

REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of Enterprise Group Limited (the “Company”) and its subsidiaries (together, the “Group”), as set out on pages 36 to 90. These financial statements comprise the statement of financial position of the Group as at 31 December 2015, and the income statement, 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 2015, and the income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows of the company standing alone 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.

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 2015 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.



PricewaterhouseCoopers (ICAG/F/2016/028)

Chartered Accountants

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

Accra, Ghana

31 March 2016



Statement of Financial Position

(All amounts are in thousands of Ghana cedis)

| | Note | As at 31 December | | | |
|--|------|-------------------|----------------|----------------|----------------|
| | | The Company | | The Group | |
| | | 2015 | 2014 | 2015 | 2014 |
| ASSETS | | | | | |
| Property and equipment | 5 | 897 | 473 | 29,456 | 17,160 |
| Intangible assets | 6 | - | - | 302 | 311 |
| Investment properties | 7 | - | - | 130,993 | 82,339 |
| Investments in subsidiaries | 8 | 30,562 | 30,562 | - | - |
| Deferred income tax assets | 20 | 2,697 | 2,566 | 3,906 | 3,376 |
| Investment securities | 9 | 16,496 | 19,929 | 367,117 | 281,762 |
| Loans and receivables | 10 | 14 | 28 | 15,284 | 6,216 |
| Due from re-insurers | 11 | - | - | 28,717 | 5,378 |
| Due from related parties | 22 | 59,232 | 17,695 | - | - |
| Current income tax assets | 27 | - | - | 230 | 596 |
| Cash and bank balances | 12 | 15,151 | 39,515 | 57,445 | 88,813 |
| Total assets | | 125,049 | 110,768 | 633,450 | 485,951 |
| EQUITY AND LIABILITIES | | | | | |
| Capital and reserve | | | | | |
| Stated capital | 13 | 35,920 | 33,169 | 35,920 | 33,169 |
| Contingency reserve | 14 | - | - | 18,830 | 15,800 |
| Currency translation reserve | 15 | - | - | 810 | 207 |
| Share option reserve | 33 | 518 | 407 | 518 | 407 |
| Income surplus account | 16 | 84,704 | 74,730 | 150,831 | 129,592 |
| Non-controlling interest | 8 | - | - | 69,228 | 44,118 |
| Total equity | | 121,142 | 108,306 | 276,137 | 223,293 |
| Liabilities | | | | | |
| Deferred income tax liabilities | 20 | - | - | 11,606 | 11,631 |
| Life fund – insurance contract liabilities | 17 | - | - | 264,557 | 195,238 |
| Unearned premiums and unexpired risk provision | 18 | - | - | 24,560 | 15,518 |
| Outstanding claims | 19 | - | - | 4,181 | 5,822 |
| Trade and other payables | 21 | 2,902 | 2,462 | 32,156 | 22,045 |
| Due to re-insurers | 11 | - | - | 13,073 | 5,609 |
| Due to related parties | 22 | - | - | 5,901 | 5,118 |
| Current income tax liabilities | 27 | 1,005 | - | 1,279 | 1,677 |
| Total liabilities | | 3,907 | 2,462 | 357,313 | 262,658 |
| Total equity and liabilities | | 125,049 | 110,768 | 633,450 | 485,951 |

The notes on pages 43 to 90 are an integral part of these financial statements.

The financial statements on pages 36 to 90 were approved for issue by the board of directors on 31 March 2016 and signed on its behalf by:

Keli Gadzekpo
Group Chief Executive Officer

Martin Eson-Benjamin
Director

Income Statement

(All amounts are in thousands of Ghana cedis)

| | Note | Year ended 31 December | | | |
|--|------|------------------------|---------|------------------|-----------|
| | | The Company | | The Group | |
| | | 2015 | 2014 | 2015 | 2014 |
| Investment income | 23 | 13,091 | 76,777 | 64,299 | 50,876 |
| Fair value gains on investment properties | 7 | - | - | 10,687 | 23,641 |
| Net investment income | | 13,091 | 76,777 | 74,986 | 74,517 |
| Gross insurance premium revenue | | - | - | 304,446 | 228,745 |
| Insurance premium ceded to reinsurers | | - | - | (41,692) | (26,792) |
| Net premium written | 29 | - | - | 262,754 | 201,953 |
| Change in unearned premium | 18 | - | - | (9,042) | 1,979 |
| Net insurance premium revenue | | - | - | 253,712 | 203,932 |
| Other income | 24 | 10,303 | 2,373 | 20,607 | 9,925 |
| Net income | | 23,394 | 79,150 | 349,305 | 288,374 |
| Insurance claims incurred | 19 | - | - | (196,007) | (84,769) |
| Insurance claims recoveries from reinsurers | 19 | - | - | 87,205 | 1,442 |
| Change in insurance contract liabilities – life fund | 17 | - | - | (69,319) | (46,594) |
| Net benefits and claims | | - | - | (178,121) | (129,921) |
| Operating expenses | 25 | (9,243) | (9,436) | (70,073) | (53,896) |
| Commission expense | | - | - | (42,070) | (34,976) |
| Net expenses | | (9,243) | (9,436) | (290,264) | (218,793) |
| Profit before national fiscal stabilisation levy and income tax | | 14,151 | 69,714 | 59,041 | 69,581 |
| National fiscal stabilisation levy | 26 | - | - | (2,743) | (2,750) |
| Income tax expense | 27 | (874) | (8,273) | (4,731) | (5,533) |
| Profit for the year | | 13,277 | 61,441 | 51,567 | 61,298 |
| Attributable to: | | | | | |
| Owners of the parent | | 13,277 | 61,441 | 27,572 | 37,994 |
| Non-controlling interest | 8 | - | - | 23,995 | 23,304 |
| Earnings per share for profit attributable to the equity holders of the Company during the year | | | | | |
| Basic (GH¢ per share) | 32 | 0.100 | 0.466 | 0.207 | 0.288 |
| Diluted (GH¢ per share) | 32 | 0.098 | 0.459 | 0.204 | 0.284 |

The notes on pages 43 to 90 are an integral part of these financial statements.

Statement of Comprehensive Income

(All amounts are in thousands of Ghana cedis)

| | Year ended 31 December | | | |
|--|------------------------|--------|---------------|--------|
| | The Company | | The Group | |
| | 2015 | 2014 | 2015 | 2014 |
| Profit for the year | 13,277 | 61,441 | 51,567 | 61,298 |
| Other comprehensive income: | | | | |
| Items that will not be reclassified to profit or loss: | | | | |
| Currency translation difference | - | - | 1,718 | 245 |
| Total comprehensive income for the year | 13,277 | 61,441 | 53,285 | 61,543 |
| Attributable to: | | | | |
| Owners of the parent | 13,277 | 61,441 | 28,175 | 38,119 |
| Non – controlling interest | - | - | 25,110 | 23,424 |
| Total comprehensive income for the year | 13,277 | 61,441 | 53,285 | 61,543 |

The notes on pages 43 to 90 are an integral part of these financial statements.

Statement of Changes In Equity

(All amounts are in thousands of Ghana cedis)

THE COMPANY

Year ended 31 December 2015

| | Stated capital | Income surplus account | Share option scheme | Total |
|---|----------------|------------------------|---------------------|----------------|
| At start of year | 33,169 | 74,730 | 407 | 108,306 |
| Profit and total comprehensive income for the year | - | 13,277 | - | 13,277 |
| Transactions with owners recognised directly in equity | | | | |
| Dividend: | | | | |
| - Final dividends paid for 2014 | - | (3,303) | - | (3,303) |
| Share option scheme: | | | | |
| - Value of employee services (Note 33) | - | - | 977 | 977 |
| - Transfer to stated capital for share options exercised (Note 13) | 866 | - | (866) | - |
| - Proceeds from issue of ordinary shares (Note 13) | 1,885 | - | - | 1,885 |
| Total transactions with owners recognised directly in equity | 2,751 | (3,303) | 111 | (441) |
| At end of year | 35,920 | 84,704 | 518 | 121,142 |

Year ended 31 December 2014

| | | | | |
|---|---------------|-----------------|--------------|-----------------|
| At start of year | 31,599 | 41,645 | 545 | 73,789 |
| Profit and total comprehensive income for the year | - | 61,441 | - | 61,441 |
| Transactions with owners recognised directly in equity | | | | |
| Dividend: | | | | |
| - Final dividends paid for 2013 | - | (3,295) | - | (3,295) |
| - Interim dividends paid for 2014 | - | (25,061) | - | (25,061) |
| Share option scheme: | | | | |
| - Value of employee services (Note 33) | - | - | 1,239 | 1,239 |
| - Transfer to stated capital for share options exercised (Note 13) | 1,377 | - | (1,377) | - |
| - Proceeds from issue of ordinary shares (Note 13) | 193 | - | - | 193 |
| Total transactions with owners recognised directly in equity | 1,570 | (28,356) | (138) | (26,924) |
| At end of year | 33,169 | 74,730 | 407 | 108,306 |

The notes on pages 43 to 90 are an integral part of these financial statements.

Statement of Changes in Equity – The Group

(All amounts are in thousands of Ghana cedis)

Year ended 31 December 2015

At 1 January 2015
Profit for the year

Other comprehensive income:
Foreign currency translation difference

Total comprehensive income

Transfer to contingency reserve

Transactions with owners recognised directly in equity:

Dividend:

Final dividend for 2014

Interim dividend for 2015

Share option scheme:

Value of employee services

Transfer to stated capital for share options exercised (Note 13)

Proceeds from issue of ordinary shares (Note 13)

Transfer to non-controlling interest

Total transactions with owners recognised directly in equity

At 31 December 2015

| | Attributable to owners of the Company | | | | | | |
|--|---------------------------------------|------------------------|------------------------------|---------------------|---------------------|--------------------------|-----------------|
| | Stated capital | Income surplus account | Currency translation reserve | Share option scheme | Contingency reserve | Non controlling interest | Total equity |
| | 33,169 | 129,592 | 207 | 407 | 15,800 | 44,118 | 223,293 |
| | - | 27,572 | - | - | - | 23,995 | 51,567 |
| | - | - | 603 | - | - | 1,115 | 1,718 |
| | - | 27,572 | 603 | - | - | 25,110 | 53,285 |
| | - | (3,030) | - | - | 3,030 | - | - |
| | - | (3,303) | - | - | - | (10,780) | (3,303) |
| | - | - | - | - | - | - | (10,780) |
| | - | - | - | 977 | - | - | 977 |
| | 866 | - | - | (866) | - | - | - |
| | 1,885 | - | - | - | - | - | 1,885 |
| | - | - | - | - | - | 10,780 | 10,780 |
| | 2,751 | (3,303) | - | 1.11 | - | - | (441) |
| | 35,920 | 150,831 | 810 | 518 | 18,830 | 69,228 | 276,137 |

The notes on pages 43 to 90 are an integral part of these financial statements.

Statement of Changes in Equity – The Group

(All amounts are in thousands of Ghana cedis)

| Year ended 31 December 2014 | Attributable to owners of the Company | | | | | | | |
|---|---------------------------------------|------------------------|---------------------|------------------------------|---------------------|---------------------|--------------------------|--------------|
| | Stated capital | Income surplus account | Revaluation reserve | Currency translation reserve | Share option scheme | Contingency reserve | Non controlling interest | Total equity |
| At 1 January 2014 | 31,599 | 59,257 | 9,241 | 82 | 545 | 14,532 | 19,896 | 135,152 |
| Profit for the year | - | 37,994 | - | - | - | - | 23,304 | 61,298 |
| Other comprehensive income: | | | | | | | | |
| Foreign currency translation difference | - | - | - | 125 | - | - | 120 | 245 |
| Total comprehensive income | - | 37,994 | - | 125 | - | - | 23,424 | 61,543 |
| Transfer to contingency reserve | - | (1,268) | - | - | - | 1,268 | - | - |
| Transfer to income surplus | - | 9,241 | (9,241) | - | - | - | - | - |
| Transactions with owners: | | | | | | | | |
| Value of employee services | - | - | - | - | 1,239 | - | - | 1,239 |
| Issue of ordinary shares (Note 13) | 1,570 | - | - | - | (1,377) | - | - | 193 |
| Final dividend for 2013 | - | (3,295) | - | - | - | - | (3,920) | (7,215) |
| Interim dividend for 2014 | - | (25,061) | - | - | - | - | (4,900) | (29,961) |
| Total contributions by and distributions to owners of the parent, recognised directly in equity | - | (28,356) | - | - | (138) | - | (8,820) | (35,744) |
| Sale of interest to non-controlling interest (Note 34) | - | 60,773 | - | - | - | - | 4,695 | 65,468 |
| Tax on gain on partial disposal of subsidiary (Note 27) | - | (8,049) | - | - | - | - | - | (8,049) |
| Non-controlling interest capital contribution in subsidiary | - | - | - | - | - | - | 4,923 | 4,923 |
| Total changes in ownership interests in subsidiary that do not result in a loss of control | - | 52,724 | - | - | - | - | 9,618 | 62,342 |
| Total transactions with owners recognised directly in equity | 1,570 | 24,368 | - | - | (138) | - | 798 | 26,598 |
| At 31 December 2014 | 33,169 | 129,592 | - | 207 | 407 | 15,800 | 44,118 | 223,293 |

The notes on pages 43 to 90 are an integral part of these financial statements.

Statement of Cash Flows

(All amounts are in thousands of Ghana cedis)

| | Note | Year ended 31 December | | | |
|---|------|------------------------|----------|-----------------|----------|
| | | The Company | | The Group | |
| | | 2015 | 2014 | 2015 | 2014 |
| Cash flows from operating activities | | | | | |
| Cash used in from operations | 30 | (38,703) | (14,964) | (5,711) | (23,618) |
| Investment income received | | 13,721 | 22,435 | 66,917 | 52,384 |
| Current income tax paid | 27 | - | (8,049) | (5,318) | (11,948) |
| National fiscal stabilisation levy paid | 26 | - | - | (3,790) | (1,587) |
| Net cash (used in)/generated from operating activities | | (24,982) | (578) | 52,098 | 15,231 |
| Cash flows from investing activities | | | | | |
| Proceeds from partial disposal of subsidiaries | 34 | - | 65,468 | - | 65,468 |
| Purchases of property and equipment | 5 | (685) | (321) | (11,917) | (12,080) |
| Proceeds from sale of property and equipment | 5 | - | - | 178 | 95 |
| Purchase of intangible assets | 6 | - | - | (24) | (311) |
| Capital contribution in subsidiaries | | - | (8,368) | - | - |
| Net cash (used in)/generated from investing activities | | (685) | 56,779 | (11,763) | 53,172 |
| Cash flow from financing activities | | | | | |
| Dividends paid | 28 | (3,303) | (28,356) | (10,780) | (37,176) |
| Proceeds from issue of ordinary shares | 13 | 1,885 | 193 | 1,885 | 193 |
| Proceeds from issue of shares in subsidiary to non-controlling interest | | - | - | - | 4,923 |
| Net cash used in financing activities | | (1,418) | (28,163) | (8,895) | (32,060) |
| Net (decrease)/increase in cash and cash equivalents | | (27,085) | 28,038 | 31,440 | 36,343 |
| Cash and cash equivalents at beginning of year | 12 | 54,618 | 26,580 | 173,969 | 137,626 |
| Cash and cash equivalents at end of year | 12 | 27,533 | 54,618 | 205,409 | 173,969 |

The notes on pages 43 to 90 are an integral part of these financial statements.