enterprise insurance company

founded 1924

circular to shareholders

on the proposed re-organisation of EIC

Extraordinary General Meeting
August 2010

Advisor

Sponsoring Broker

IN CONNECTION WITH

THE EXTRAORDINARY GENERAL MEETING OF SHAREHOLDERS TO BE HELD ON AUGUST 12, 2010 AT 10:30 AM AT THE GHANA COLLEGE OF PHYSICIANS AND SURGEONS, RIDGE, ACCRA

Table of Contents

GLOSSARY OF TERMS FOR EIC CORPORATE REORGANISATION

EIC	Enterprise Insurance Company Limited
EGL	Enterprise Group Limited
ELAC	Enterprise Life Assurance Company Limited
CHL	Consortium House Limited
NIC	National Insurance Commission
GSE	Ghana Stock Exchange
SEC	Securities and Exchange Commission

POST-EGM TIMETABLE FOR EIC CORPORATE REORGANISATION

Activity	Date	Time
Time Table for Scheme of Arrangement		
Filing of Application for Order to Summon EGM	July 8th, 2010	3:00pm
Court Appearance to Obtain Application for Order to Summon EGM	July 15th, 2010	3:00pm
Last Day for Dispatch of Notice for EGM	July 22nd, 2010	3:00pm
Conduct of EGM	August 12th, 2010	3:00pm
Appointment of Reporters by Registrar	August 16th, 2010	3:00pm
Submission of Fairness Report by Reporters	August 27th, 2010	5:00pm
Filing of Application for Confirmation of Scheme of Arrangement	September 3rd, 2010	3:00pm
Receipt of Court Confirmation of Scheme of Arrangement	September 10th, 2010	3:00pm
Filing of Court Order for Publication	September 17th, 2010	3:00pm
Time Table for Exchange and Listing		
Ex-Bonus Date	September 21st, 2010	1:00pm
Qualifying Date	September 24th, 2010	5:00pm
Book Closure Date	Sept. 27th- 28th, 2010	5:00pm
Crediting of Depository Accounts and issue of Letters of Entitlement	September 29th, 2010	5:00pm
Delisting of the Shares of EIC from the GSE	September 30th, 2010	10:00am
Share Exchange and Listing of Shares of EGL on the GSE	September 30th, 2010	10:00am
Commencement of Trading in Shares of EGL	September 30th, 2010	10:00am

All dates provided are subject to change by the Lead Manager of the Offer in consultation with the Directors of Enterprise Insurance Company Limited (subject to obtaining the necessary regulatory approvals). Any amendment will be published in a national daily newspaper not later than 72 hours after receipt of regulatory approvals.

1. CHAIRMAN'S LETTER TO THE SHAREHOLDERS

Enterprise House
11 High Street
Accra

Dear Shareholder,

Reorganisation of Enterprise Insurance Company Limited ("EIC" or the "Company")

1. Introduction

As you may recall, at the Annual General Meeting (AGM) of the Company held on May 7, 2009 and subsequently at the AGM in 2010, the Board of Directors of your Company presented you with a proposal for the reorganisation of your Company and its subsidiaries; Enterprise Life Assurance Company Limited ("ELAC") and Consortium House Limited ("CHL").

Enterprise Insurance Company Ltd ("EIC") has since applied to the relevant regulators of your company for all the necessary approvals for the proposed reorganisation. The Court subsequently ordered the convening of a shareholders' meeting to consider the proposals which are now set out in this document.

2. Reasons for the Proposals

The financial and insurance industries in Ghana and across the wider West Africa region have been undergoing substantial changes in recent years which require a proactive approach on the part of the leading companies if they are to maintain continued growth. This dynamic environment requires a degree of flexibility in business strategy and your Board believes this provides a compelling case for the reorganisation of your Company and its subsidiaries to provide the needed focus to take advantage of emerging opportunities.

For instance, it is evident that as insurance companies grow there is an increasing need to focus on delivering better investment performance across all asset classes, including real estate and thus strengthening the balance sheet of your Company. In addition, there are emerging opportunities in West Africa which the Board believes your Company should position itself to participate in.

Shareholders are aware that between 1998 and 2008 consolidated Premium Income increased from the equivalent of GHC1.1 million to GHC35.3 million, an approximate increase of 3500%. Much of this growth since 2003 has come from the Life Assurance subsidiary, ELAC. As the businesses have grown, it has become evident that the group's corporate structure imposes a less than optimal use of management resources to enhance shareholder value and create a more robust company that simultaneously supports policy holders.

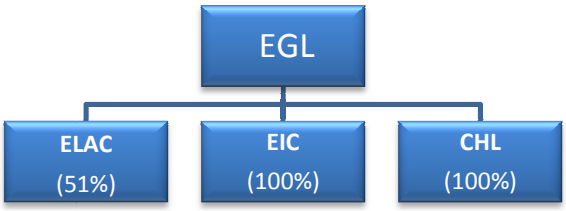
3. The Proposals

Your Board has established a company named Enterprise Group Limited ("EGL") which will serve as a holding company to own your Company and its affiliates. EGL will have expanded objects to cover:

- Investments in various assets;
- Real Estate Development;
- Management services;
- Better management of the activities of its subsidiaries; and
- Investments across the West Africa region.

Under the proposed reorganisation, EIC will transfer its shares in CHL and ELAC to EGL. Your shareholding in EIC will be exchanged for shares in EGL, which will then be listed on the Ghana Stock Exchange. EIC will simultaneously be de-listed from the GSE.

In the resulting structure, EGL will own 100% of EIC, 100% of CHL and 51% of ELAC along with select real estate assets[1]. The envisaged structure for the re-organized operations in the initial stages will be as shown below:



Under the share exchange, it is proposed that for every existing share held by you in EIC, EGL will issue five (5) new shares. As there will be a greater number of EGL shares in issue upon the listing of EGL, the new shares may reasonably be expected to trade at a lower nominal price [than the current market price of EIC shares] although the total value of each shareholders holding in EIC is not expected to decrease as each shareholder will have a greater number of shares (i.e. 5 times more) in EGL than they currently have in EIC. Furthermore, shareholder value is likely to increase in the medium term as a result of improved liquidity in the new EGL shares due to the increased number of shares in issue and available for trading on the Exchange.

The proposed reorganisation is to be effected by a Scheme of Arrangement with court approval under section 231 of the Companies Act, 1963 (Act 179) ("Companies Act"). The scheme of arrangement is a procedure under the Companies Act that allows companies to effect corporate reorganisations with court supervision. A court supervised process ensures transparency, protection of the interest of all stakeholders and brings finality to the process. Under this procedure, an application was made to the court to convene this Extraordinary General Meeting. Once your approval for the proposed reorganisation has been obtained by special resolution, the Company will apply to the High Court for a confirmation of the reorganisation of your company.

[1] Please see details of assets to be transferred to EGL in section 3.5.

4. Benefits of the Reorganisation

The expected advantages to shareholders as a result of the proposed reorganisation include but are not limited to the following:

- EGL offers management focus in each subsidiary in a manner that allows for individual attention, as well as the facilitation and development of specific competencies that can drive profitability.
- EGL gives room for development of potential business opportunities in other countries in West Africa in complimentary activities to insurance. This is expected to minimize the Group's risk profile and improve shareholders' return on investment.
- As more business opportunities emerge in the real estate sector, the Board seeks to better manage the Group's real estate and other investment assets.
- EGL should be able to offer existing staff better opportunities for personal development through diversified career options.
- The Group is expected to improve efficiencies through shared services.

5. The Resolutions

It is proposed that the resolutions to approve the reorganisation of EIC by a Scheme of Arrangement under section 231 of the Companies Act will be tabled before shareholders at the Extraordinary General Meeting of your company scheduled for August 12, 2010.

6. Recommendation

Dear Shareholders, your Company must improve upon its performance and be able to capitalize on the emerging business opportunities in the face of the changing business environment. Our company's 86 year remarkable history has been achieved by dint of hard work, adherence to good values and corporate governance and most importantly, visionary leadership. Your Board believes that this is the time to create robust Ghanaian multinational companies and therefore plans to position your company for the future in order to offer extraordinary value for shareholders in the long term.

To be able to do so, your board recommends that you support and approve the Resolutions for the reorganisation of EIC. Your Directors are confident about the long-term merits of this transaction and are unanimously recommending that you vote in favour of the proposed resolutions at the EGM scheduled for August 12, 2010. Shareholders are advised to refer to the relevant sections of this document for additional information.

I hope you will join us in supporting these proposals by voting in favour of the resolutions.

Yours sincerely

Trevor Trefgarne
Chairman

2. HISTORY OF EIC AND RATIONALE FOR THE REORGANIZATION

2.1 Current Situation of your Company and the Limitations

EIC currently owns 51% of ELAC and 100% of CHL. Your Company and ELAC are both licensed and regulated by the NIC to engage in the insurance business. CHL is a real-estate investment and management company that is wholly owned by EIC. CHL was incorporated on February 23, 1971 and was acquired by EIC in 1994, to serve as the operating and management arm for EIC's real-estate investments.

The insurance license granted to EIC spells out the businesses that the Company can engage in as well as the assets that it could hold at any point in time. These requirements, while ensuring prudence in the management of your Company, restricts your Company from engaging in various business opportunities which present themselves, such as participating in the emerging area of private pension fund administration and enhancing the value of EIC's properties through real estate development, to name a few. It is the view of the Board that with the establishment of the holding company, EIC's executives will be able to focus on their core business whilst enabling the holding company's executive talent to be better positioned to provide strategic direction and services to all members of the Group.

2.2 Brief History of EIC – 1924 – 2009 (85 Years)

EIC was established in 1924 as the first insurance company in Ghana. It was originally known as Royal Exchange Assurance Corporation UK, before it was changed to Guardian Exchange Assurance Ghana Ltd (GREG) and finally to Enterprise Insurance Company Ltd, in 1977. EIC was listed as one of the pioneering companies on the GSE in 1990, making it the first insurance company to be listed on the GSE.

Over its 86 years of existence in Ghana, EIC has carved out a niche for itself as one of the premier insurers in Ghana, and has consistently been among the top three (3) insurers in Ghana over its history in terms of premiums and net earnings. EIC has six (6) branch offices located across the country, which are supported by Agency offices. EIC's branches are fully networked and computerized. EIC's status as one of the premier insurance companies in Ghana is confirmed by its AA- rating by the Global Credit Rating Company of South Africa in 2007 and 2008. This rating also implies that EIC has a high claims paying ability.

Traditionally, EIC's core business had been the provision of General Insurance Services, with its major classes of business being, commercial property, commercial casualty, personal and marine insurance. EIC, however, has ventured into other associate business lines in its bid to enhance shareholder value. In 1994, EIC acquired a 100% stake in CHL, a real estate development firm. Even before the promulgation of the Insurance Act 2006 (Act 724), which barred the existence of composite insurance companies (insurance companies that offer both General and Life insurance services), EIC entered into a Joint Venture with the International Finance Corporation of the World Bank (IFC) and a South African based company, Africa Life Assurance Limited ("AFLIFE") in 2001 to form ELAC, a Life insurance company. AFLIFE was subsequently acquired by Sanlam Limited ("Sanlam") a South African

based company. EIC holds a 51% equity stake in ELAC, with Sanlam currently owning the remaining 49%.

2.3 Rationale for the Reorganisation

As the Enterprise Group has grown over the years it has become evident that the existing corporate structure, with all of its activities conducted through a regulated insurance company, imposes regulatory financial and managerial constraints. Your Board considers that the proposed reorganization will facilitate future business and investment activities to the long-term benefit of shareholders.

As shareholders, you are probably aware of your company's performance over recent years, but we can note that since 1998, consolidated Premium Income has increased from the equivalent of GHC1.1 million to GHC35.3 million in 2008, while Net Profit after tax has grown from GHC 0.19 million to GHC 4.4 million in 2008. This represents substantial real growth, enabled by improved management methods and computerization, as well as by the decision to enter the Life market in Ghana with AFLIFE (now Sanlam) in 2001.

These achievements have been recorded in a market which continues to grow more competitive with each passing year. Even though EIC and ELAC have been doing well, the Board of Directors is convinced that there are additional ways that the Enterprise Group can further enhance shareholder value. The proposed reorganisation is therefore intended to enable your Company to better take advantage of these opportunities, while at the same time ensuring that insurance licensing requirements are fully adhered to, as insurance is our primary business focus.

Your Board considers that a reorganised company will enable the Enterprise Group to take advantage of certain opportunities both in Ghana and elsewhere (particularly West Africa). Your Company has identified the following to be key areas where there are opportunities that can be pursued more efficiently under the new structure:

Ghana: With improving macro-economic variables in Ghana over the past decade, promising forecasts and increased investor confidence in the country, there are a number of opportunities that a restructured EGL can venture into to gain a greater competitive advantage and ultimately enhance its shareholders' value. These include but are not limited to the following:

Growing Middle Class: There is an emerging middle-class in the country, and the insurance sector will have to respond to this by the provision of more sophisticated products to cater to their changing needs. Reaching out to this emerging sector fully and effectively will require better focus and dedication; the company stands a better chance of addressing the growing needs of the middle-class in Ghana through the proposed group structure. This is expected to enhance the long-term profitability of the company.

Real Estate: Currently, CHL is the sole real estate company EIC is actively involved in. With the emergence of a middle-class sector and financial institutions extending mortgage

facilities, the new structure will enable your Company to take advantage of the increasing real estate opportunities present in the country.

Emerging oil and gas: As Ghana prepares to explore oil in commercial quantities in the coming years, there will be lucrative investments especially in the domestic area that your Company can pursue that will be better facilitated under the new structure.

Capital Markets: The current NIC regulations stipulate the exact portfolio mix for insurance companies. The proposed structure will enable EGL to exercise some degree of discretion in investing in those securities which they consider will yield the most returns for shareholders and ultimately further improve the profitability and balance sheet of your Company.

Pension Reforms: The current three-tier pension scheme adopted by the Government of Ghana presents private pension fund administration opportunities that your Company can pursue under the new structure. Under the new scheme, there is a mandatory two-tier and a voluntary third tier. Your Company may invest in a Trustee, Custodian, Administrative or a Fund Management business.

West Africa

Under the new structure, the Board expects your Company to leverage on its existing business associate relationships in The Gambia and Liberia as well as to pursue new relationships in Sierra Leone and Nigeria. We expect the new structure to facilitate the formation of new joint ventures in subsidiaries and other potential joint venture activities in the aforementioned countries. In The Gambia for example, out of the eleven (11) insurance companies operating in the country, only three companies provide life insurance cover. The life insurance business in this market remains untapped and the Board believes that more of these opportunities exist in the other identified markets. Your Company under the new structure will be able to pursue more of such opportunities, all of which should lead to the long-term benefit of shareholders and a stronger EIC.

2.4 Modality of Reorganization – Scheme of Arrangement

Where a company proposes a reorganisation via a Scheme of Arrangement under section 231 of the Companies Act, the first step is a summary application to the High Court by the company or a member for the court to order a meeting of the members of the company to consider the proposed transaction. A seventy-five percent (75%) majority vote of the members of the company (i.e. a special resolution) is required to approve the proposed reorganisation. The proposal will then be referred to the Registrar of Companies who will appoint reporters to investigate the fairness of the proposed reorganisation and report to the court. The Court after considering the report of the reporters will make an order confirming the proposed reorganisation with or without modifications. The confirmation order of the court is binding on the company and on all members and its validity cannot subsequently be impeached in any proceedings.

However at the confirmation hearing any dissenting member of the company is entitled to make representations to the court on any objections that he may have in relation to the

proposed reorganisation. The court may impose conditions for its confirmation of the proposed reorganisation, including a condition that any dissenting member should be bought out of the company at a price fixed by the court or to be determined in a manner provided in the court order.

2.5 Pricing of the shares of EGL

As part of the reorganisation, EGL will issue five new shares for every one share owned by the shareholders of Enterprise Insurance Company. As a result, the value of each share of EGL has been determined to be a fifth of the value of each share of EIC. Databank as transaction advisor has therefore prepared a valuation of EIC based on the market value of EIC's shares as at June 8th 2010[2] as well as the expected forecasts of the company in light of the reorganization[3]. The share price of EIC was therefore determined to be GH¢1.8125 per share giving EIC an implied fair market value of GH¢47.52 million. This therefore translates into a share price of GH¢0.3625 for each share of EGL. The Fairness Opinion provided by Boulders Advisors Ltd[4] in the following section confirms the valuation of EIC vis a vis appropriate value to the shareholders for each share of EGL.

[2] June 8th was selected as the cut-off date for determining the value of EIC given the time at which the documentation was prepared for shareholders

[3] The forecasts of the re-organized company have been certified by John Kay & Co. as indicated in the letter attached in this Circular

[4] Boulders Advisors Ltd has been requested as an Independent Advisor to attest to the valuation of EIC which was used in determining the share price of EGL.

2.6 Fairness Report from Independent Adviser

Boulders Advisors Limited

Investment Banking ◆ Corporate Advisory ◆ Pension Consulting ◆ Asset Management

June 18th, 2010

CONFIDENTIAL

The Board Chairman
Enterprise Insurance Company Limited
Enterprise House
No. 11 High street, Accra

Dear Sir,

You have requested our opinion as to the fairness, from a financial point of view, to the holders of 100% issued and outstanding shares of Enterprise Insurance Company Limited ("EIC" or the "Company"), whose shares are to be exchanged for shares in Enterprise Group Limited (EGL). The proposed reorganization is to be effected by a Scheme of Arrangement with court approval under section 231 of the Companies Act, 1963, (Act 179).

Boulders Advisors Limited ("BAL"), as part of our investment banking business, are continually engaged in performing financial analyses and valuations with respect to businesses and their securities in connection with mergers and acquisitions, negotiated underwriting, competitive bidding of listed and unlisted securities and private placements as well as for estate, corporate and other purposes. We are independent of the Company and have no affiliations with either of its Transaction Advisors.

This letter represents the final report of Boulders Advisors Limited (**"Final Report")** with regards to the opinion requested.

In connection with this opinion, we have reviewed such materials and considered such financial and other factors as we deemed relevant under the circumstances, including among others, the following: (i) Circular to Shareholders prepared by the transaction advisors, (ii) certain historical financial, operating and other data that are publicly available or were furnished to us by EIC, projections prepared by management, (iii) copies of audited reports for the years ended December 31st, 2006 through December 31st, 2009, (iv) certain publicly available business and financial information concerning

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E-mail: bal.office@bouldersadvisor.com Website www.bouldersadvisor.com

the Company and the industry in which it operates, (v) the Insurance Act, 2006 (Act 724), (vi) Internal Revenue Act, 2000 (Act 592) as Amended, (vii) Companies Act, 1963 (Act 179), (viii) the National Insurance Commission's 2008 annual report, and (ix) publicly available financial, operating stock market data for companies engaged in businesses we deemed comparable to EIC. We have met with members of Senior Management of the Company and its team of Transaction Advisors regarding the assessment of the Company's past and current business operations, financial condition and future prospects. We express no opinion as to the ability of EGL and its subsidiaries or its management to realize its strategy or forward looking performance.

In preparing the Final Report, BAL has relied upon and assumed, without independent verification, the truthfulness, accuracy and completeness of all the financial, accounting, tax and other information provided by EIC and its Transaction Advisors. BAL has therefore relied upon all specific information as received and declines any responsibility should the results presented be affected by the lack of completeness or truthfulness of such information. Publicly available information deemed relevant for the purposes of the analyses contained in the Final Report has also been used. The Final Report therefore is based on our interpretation of the information provided by EIC as well as its representatives and Transaction Advisors.

In addition, BAL is expressing no opinion on the performance on the EGL shares to be relisted on the Ghana Stock Exchange after confirmation of the Scheme of arrangements by the Court.

BAL in undertaking this mandate has elaborated its own analyses based on methodologies stated in the appendix attached to this Final Report, which resulted in the conclusion contained in the final paragraph of this Final Report. The conclusion contained in this Final Report is based on the whole of the valuations contained herein and therefore no part of the Final Report may be used apart from the document in its entirety.

This Opinion is solely for the use of the Board of EIC, its shareholders, and regulators, and is not to be publicly discussed, used, excerpted from, reproduced or disseminated, quoted from or referred to at any time, in any manner or for any purpose, without the express approval of Boulders Advisors Limited.

The Final Report and the Opinion are necessarily based on economic, market and other considerations as of the date hereof, and the written and oral information made available to us until June 18th, 2010. It is understood that subsequent developments may affect the conclusion of the Final Report and of the Opinion and that, in addition, BAL has no obligation to update, revise, or reaffirm the Opinion.

Based upon and subject to the foregoing and based upon such other matters as we consider relevant, **it is our opinion that, as of the date hereof the GH¢ 47.52 million is fair from a financial point of view of the 100% outstanding common stock of EIC Insurance Company Limited.**

Very truly yours

Boulders Advisors Limited

Boulders Advisors Limited

3. REPORTING ACCOUNTANT'S REPORT

3.1 Reporting Accountant's Letter on Historical Financial Statements

John Kay & Co.

7th Floor, Trust Towers
Farrar Avenue, Adabraka
P. O. Box 16088
Airport, Accra

Tel: +233-21-235406
+233-21-238370
Fax: +233-21-238371
E-mail: jkayal@yahoo.com

28th June, 2010

The Board of Directors
Enterprise Insurance Company Limited
Enterprise House
No. 11 High Street
P. O. Box GP 50
Accra

Dear Sirs/Madam,

Restructuring of Enterprise Insurance Company Limited

We have examined the audited financial statements of Enterprise Insurance Company Limited (the Company) and its subsidiaries (Enterprise Life Insurance Company Limited and Consortium House Limited) for the four years ended 31st December, 2009. The Company and its subsidiaries are referred to as "the Group".

Throughout the period covered by our review (2006 to 2009) KPMG, PricewaterhouseCoopers, and Pannel Kerr Forster acted as auditors of Enterprise Insurance Company Limited, Enterprise Life Insurance Company Limited, and Consortium House Limited, respectively. The auditors did not qualify any of the financial statements from 2006 to 2009.

The financial information from 2006 to 2009 set out in the following sections has been prepared from the audited financial statements of the Group.

Our work has been carried out in accordance with Auditing Guidelines: "Prospectuses and the Reporting Accountant."

Based on our examinations and analytical reviews, which do not constitute a full audit in accordance with International Standards on Auditing, we are not aware of any information to state that these financial statements do not present fairly the state of affairs of the Company and its subsidiaries for each of the periods covered by our review.

Yours faithfully,

John Kay +Co

John Kay & Co
(Chartered Accountants)

3.2 EIC Consolidated Statement of Comprehensive Income

	2006 GH¢000	2007 GH¢000	2008 GH¢000	2009 GH¢000
Revenue	14,819	17,055	20,996	27,826
Gross Premiums	13,997	16,535	19,886	26,403
Premium Ceded to Insurers	(8,032)	(8,873)	(11,203)	(12,060)
Net Premium Written	**5,965**	**7,662**	**8,683**	**14,343**
Unearned Premiums	(295)	(769)	(474)	(2,477)
Net Premium Earned	**5,670**	**6,893**	**8,209**	**11,866**
Claims Incurred	(2,407)	(2,731)	(4,357)	(6,587)
Commission	164	397	362	(765)
Management Expenses	(3,103)	(3,671)	(4,206)	(6,292)
Underwriting Profit	**324**	**888**	**8**	**(1,778)**
Investment Income	822	520	1,110	1,423
Other Income	356	695	2,698	1,963
Profit before Taxation	**1,502**	**2,103**	**3,816**	**1,608**
Income Tax Expense	(384)	(478)	(1,040)	(1,048)
Profit after Taxation	**1,118**	**1,625**	**2,776**	**560**
Attributable to:				
Owners of EIC	1,118	1,625	2,776	4,414
Total	**1,118**	**1,625**	**2,776**	**4,414**

3.3 EIC Consolidated Statement of Financial Position

	Dec. 2006 GH¢000	Dec. 2007 GH¢000	Dec. 2008 GH¢000	Dec. 2009 GH¢000
ASSETS				
Equipments, furniture and fittings	1,489	1,527	7,995	7,922
Investment property	451	451	2,349	2,349
Investment in subsidiary	440	440	440	440
Financial assets	10,090	12,857	16,263	17,552
Trade and other receivables	3,313	4,246	5,618	7,254
Taxation	(14)	71	37	335
Bank balance	1,563	1,533	1,981	2,574
Total Assets	**17,332**	**21,125**	**34,683**	**38,426**
Equity & Liabilities				
Stated Capital	1,852	1,864	1,864	1,864
Contigency Reserve	1,923	2,419	3,016	3,808
Non distributable surplus	4,158	5,580	14,375	15,602
Retain earnings	152	301	1,432	654
Total equity and Surplus	8,085	10,164	20,687	21,928
Liabilities				
Technical provisions	4,119	4,897	5,692	8,345
Deferred tax	21	150	2,301	2,247
Total non-current liability	4,140	5,047	7,993	10,592
Current liabilities				
Dividend payable	393	393	524	656
Total current liabilities	5,107	5,914	6,003	5,906
Total liabilities	9,247	10,961	13,996	16,498
Total equity surplus and liabilities	**17,332**	**21,125**	**34,683**	**38,426**

3.4. Notes to the Financial Statements

Accounting Policies
The principal accounting policies adopted in the preparation of the company and consolidated financial statements are set out below.

3.4.1 Basis of Presentation
The consolidated financial statements are prepared on the historical cost basis, as modified by the revaluation of leasehold property, investment properties, financial instruments, in accordance with International Financial Reporting Standards (IFRS) and in compliance with the Insurance Act, 2006, (Act 724) and the Ghana Companies Act, 1963 (Act 179).

The company has identified the accounting policies that are most significant to its business operations and the understanding of its results. These accounting policies are those that involve the most complex or subjective decisions or assessments, and relate to insurance liabilities, the ascertainment of fair values of financial assets, financial liabilities and the determination of impairment losses. In each case, the determination of these is fundamental to the financial results and position and requires management to make complex judgments based on information and financial data that may change in future periods. Since these involve the use of assumptions and subjective judgments as to future events and are subject to change, the use of different assumptions or data could produce materially different results.

The significant accounting policies adopted in the preparation of the financial statements are set out below and are in accordance with and comply with IFRS. The accounting policies have been applied consistently for all periods presented, unless otherwise indicated.

3.4.2 Basis for Consolidation
The consolidated financial statements incorporate the financial statements of the company and its subsidiaries.

(i) Subsidiaries
Subsidiaries are entities over which the holding company has power to govern financial and operating policies so as to obtain benefits from their activities. Control generally accompanies a shareholding of more than 50% of a subsidiary's voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the holding company controls another entity. The results of subsidiaries are consolidated from the date on which the holding company acquires effective control. Consolidation is discontinued from the effective date on which control ceases.

(ii) Associates
Associates are entities over which the holding company has significant influence but not control, generally accompanying a shareholding of between 20%-50% of the voting rights.

Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.
Investments in associates are initially recognized at cost and the holding company's share of the profits or losses of associates is recognized in the income statement. Unrealized gains on transactions between the group and the associate are eliminated to the extent of the group's interest in the associate.

3.4.3 Foreign currencies
(i) Functional and presentation currency
The individual financial statements of each group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). The consolidated financial statements are presented in Ghanaian Cedis, which is the functional currency of the company and the group's presentation currency.

(ii) Transactions and balances
Transactions in foreign currencies are translated into the functional currency at the foreign exchange rates ruling at the date of the transaction. At each balance sheet date, assets and liabilities denominated in currencies different to the functional currency are translated into the functional currency at the ruling rate at that date. Foreign exchange gains and losses are recognized in the income statement.

3.4.4 Property and Equipment
Property and equipment is initially recorded at cost. Cost prices include costs directly attributable to the acquisition of property and equipment as well as any subsequent expenditure when it is probable that future economic benefits associated with the item will flow to the company and the expenditure can be measured reliably. All other expenditure is recognized in the income statement when incurred.

(i) Property
Properties are carried at fair value less subsequent depreciation. The fair value is determined every three (3) years by external, independent, professional valuers. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. The revaluation increase arising on the revaluation of properties is credited to the revaluation surplus in shareholders' equity.

Decreases that offset previous increases of the same asset are charged against the non-distributable reserve. All other decreases are charged to the income statement. Each year, the difference between depreciation based on the revalued carrying amount of the asset charged to the income statement and depreciation based on the asset's original cost, net of any related deferred tax, is transferred from the revaluation surplus to retained earnings. If property becomes an investment property because its use has changed, any difference arising between the carrying amount and the fair value at the date of transfer is recognized in equity as a revaluation of property.

If a fair value gain reverses a previous impairment loss, the gain is recognized in the income statement. On disposal of such investment property, any surplus previously recorded in equity is transferred to retained earnings.

(ii) Equipment

Equipment is reflected at cost less accumulated depreciation and impairment losses. Depreciation is provided on the straight-line basis at rates considered appropriate to reduce the cost to net realizable value over the estimated useful life. Subsequent costs are included in the assets carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be reliably measured.

The assets' residual values and useful lives are reviewed at each balance sheet date and adjusted if appropriate. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposal are determined by comparing the asset's proceeds to its carrying amount and are included in the income statement.

When revalued assets are sold, the amounts included in the revaluation surplus are transferred to retained earnings.

(iii) Depreciation

Depreciation is recognized in the income statement on a straight-line basis, over the estimated useful lives of each part of property and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives. Land is not depreciated. Depreciation rates are:

Leasehold Land & Building	Over Lease Period
Motor Vehicles	25% p.a.
Furniture	20% p.a.
Equipment	25% p.a.

Depreciation methods, useful lives and residual values are reassessed at the reporting date.

3.4.5 Investment Property

Property held either to earn rental income or for capital appreciation (or for both) which is not occupied by companies in the group is classified as investment property. Investment property comprises freehold land and buildings. Investment property is treated as long-term investment and is measured initially at cost, including transaction costs. After initial recognition, investment property is measured at open-market fair value and is subject to a valuation by an external, independent professional valuer every year.

Gains or losses arising from changes in the fair value of investment property are credited or charged directly to the income statement in the year in which they are identified. On

disposal of investment property, the difference between the net disposal proceeds and the carrying value is recognized in the income statement.

If an investment property becomes owner occupied, it is reclassified as property and equipment and its fair value at the date of reclassification.

3.4.6 Intangible Assets
(i) Computer Software
Acquired computer software licenses are capitalized on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortized on the basis of the expected useful life (four years).

3.4.7 Financial Assets
(i) Investments
The group classifies its investments into the following categories: financial assets at fair value through profit and loss, available-for-sale and loans and receivables. The classification is dependent on the purpose for which the investments were acquired. Management determines the classification of its investments at the time of initial recognition.

(ii)Financial assets at fair value through profit and loss
A financial asset is classified in this category at inception if acquired principally for the purpose of selling in the short term, if it forms part of a portfolio of financial assets in which there is evidence of short-term profit-taking, or if so designated by management in terms of the group "D5s long –term investment strategy".

(iii) Available for sale investments
Investments intended to be held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in interest rates are classified as available-for-sale, and are included in non-current assets unless management has the express intention of holding the investments for less than 12 months from the balance sheet date or unless they will be sold to raise operating capital, in which case they are included in current assets. Available-for-sale investments include listed and unlisted shares, deposits and money market securities.

(iv) Loans and receivables
Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market other than those that the group intends to sell in the short term or that it may have designated as fair value through profit and loss. Receivables arising from insurance contracts and others are also classified in this category.

(v) Recognition and measurement
Financial instrument purchases are initially measured at fair value, which includes transaction costs, and are recognized using trade date accounting. The trade date is the date that the group commits to purchase or sell the asset. Subsequent to initial measurement, financial assets at fair value through profit and loss and available-for-sale investments are carried at fair value. Loans to subsidiaries and associates are carried at fair

value. Other loans and receivables are carried at amortized cost using the effective-interest method less provision for impairment.

Investments are derecognized when the rights to receive cash flows from the investments have expired or where they have been transferred and the group has also transferred substantially all risks and rewards of ownership.

(vi) Fair value
The fair value of investments is based on quoted bid prices or amounts derived from cash flow models. Fair values for unlisted investments are estimated using applicable cash flow models or price/earning ratios refined to reflect the specific circumstances of each investment.

Where the fair value of an investment cannot be measured reliably, the investment is carried at cost less any impairment.

(vii) Gains and Losses
Realized and unrealized gains and losses arising from changes in the fair value of investments are included in the income statement in the period in which they arise. Unrealized gains and losses arising from changes in the fair value of available-for-sale investments are recognized in equity. When investments classified as available -for -sale are sold or impaired, the accumulated fair value investments are included in the income statement as net realized gains or losses on financial assets.

(viii) Offset
Where a legally enforceable right to offset exists for recognized financial assets and financial liabilities and there is an intention to settle the liability and realize the asset simultaneously, or to settle on a net basis, all related financial effects are offset.

3.4.8 Insurance Contracts
(i) Classification of Insurance Contracts
The group issues contracts which transfer insurance risk or financial risk or, in some cases, both. Insurance contracts are those contracts under which the group accepts significant insurance risk from another party (the policyholder) by agreeing to compensate the policyholder or other beneficiary if a specified uncertain future event (the insured event) adversely affects the policy holder. Insurance risk is risk other than financial risk.

Financial risk is the risk of a possible future change in one or more of a specified interest rate, financial instruments' price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index or other variable provided in the case of a non-financial variable, given that the variable is not specific to a party to the contract.

Investment contracts are those contracts which transfer financial risk with no significant insurance risk.

The group classifies financial guarantee business as insurance contracts.

(ii) Recognition and Measurement of Insurance Contracts

(a) Premiums

Gross premiums comprise the premiums on contracts entered into during the year, irrespective of whether they relate in whole or in part to a later accounting period and are disclosed gross of commission to intermediaries and exclude value added tax.

Outward reinsurance premiums are recognized as an expense in accordance with the pattern of indemnity received. Expenses and commissions are allocated to the relevant revenue accounts as incurred in the management of each class of business. Commission is shown net of commission received in respect of reinsurance business ceded.

(b)Unearned premium provision

Unearned premiums represent the proportion of the premiums written in periods up to the accounting date, which relate to the unexpired terms of policies in force at the balance sheet date, and are calculated at 45% of the premium written. No provision has been made for marine premiums due to the short-term nature of the class of business.

(c) Claims incurred

Claims incurred comprise claims paid during the year, changes in the provision for outstanding claims and incidental expenses incurred in settling claims. Claims paid represent all payments made during the year, whether arising from events during that or earlier years. Outstanding claims represent the estimated ultimate cost of settling all claims arising from incidents occurring prior to the balance sheet date, but not settled at that date. Outstanding claims are computed on the basis of the best information available at the time the records for the year are closed, and include provisions for claims incurred by the balance sheet date but not reported until after that date in accordance with regulatory requirements.

(d) Contingency reserve

A reserve is held for the full amount of the contingency reserve as required by the regulatory authorities in Ghana. Transfers to and from this reserve are treated as appropriations of retained income.

(e) Reinsurance

The group cedes reinsurance in the normal course of business for the purpose of limiting its net loss potential. Reinsurance arrangements do not relieve the group from its direct obligations to its policy holders. Premiums ceded and claims reimbursed are reflected in the income statements and balance sheets separately from the gross amounts.

Amounts recoverable under such contracts are recognized in the same year as the related claim.

Amounts recoverable under reinsurance contracts are assessed for impairment at each balance sheet date. Such assets are deemed impaired if there is objective evidence, as a result of an event that occurred after its initial recognition, that the group may not recover all amounts due and that there is reliably measurable impact on the amounts that the group will receive from the reinsurer. Impairment losses are recognized in the income statement.

(f) Acquisition costs
Expenses for the acquisition of insurance contracts represent commission paid and are expensed as incurred in line with premium earned.

(g) Salvage and subrogation reimbursements
Some insurance contracts permit the group to sell property acquired in settling a claim. The group may also have the right to pursue third parties for payment of some or all costs. Estimates of salvage recoveries and subrogation reimbursements are considered as an allowance in the measurement of the liability for claims.

3.4.9 Critical Accounting Estimates and Judgments
The group makes certain estimates and assumptions that affect the reported amount of assets and liabilities in the financial statements.

(i) Claims incurred
The estimation of the ultimate liability arising from claims made under insurance contracts is the group's most critical accounting estimate. These estimates rely on the assumption that past experience adjusted for the effect of current developments and likely trends is an appropriate basis for predicting future events.

3.5 Assets to be transferred to EGL

As part of the reorganisation process, GH¢ 3,823,518 worth of assets will be transferred to EGL from EIC's asset base. EGL will secure the requisite financing to pay EIC for the assets. The assets to be transferred to the Group constitute one real estate property which EGL intends to redevelop to enhance shareholder value, as well as the capital of ELAC as well as CHL.

Fixed Assets		
7th Avenue Ridge	GH ¢	3,383,260
Sub-Total	GH ¢	3,383,260
Investment In Subsidiaries		
Enterprise Life Assurance Company Ltd	GH ¢	382,500
Consortium House Limited	GH ¢	57,758
Sub-Total	GH ¢	440,258
Total	GH ¢	3,823,518

3.6. Reporting Accountant's Comfort Letter

John Kay & Co.

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15th July, 2010

The Board of Directors
Enterprise Insurance Company Limited
Enterprise House
No. 11 High Street
P. O. Box GP 50
Accra

Dear Sirs/ Madam,

Reporting Accountant's Report on the Financial Projections of Enterprise Group and its Subsidiaries

We have examined the accounting policies and calculations for the years ended 31st December, 2010 through 31st December, 2012 as set out in this document in accordance with the Listing Rules of the Ghana Stock Exchange (GSE), the Company's Code 1963, Act 179 as amended and L.I. 1728 of securities and Exchange Commission applicable to the examination of prospectus financial information. The Directors are responsible for the projected profits, the valuation of EIC shares, and the assumptions set out on the relevant pages on which it is based.

The projections have been prepared for inclusion in this Circular to shareholders for the purpose of planned re-organization of EIC Group. These forecasts and projections have been prepared using a set of assumptions that include hypothetical assumption about events and management's actions that are not necessarily expected to occur. Consequently, readers are cautioned that these assumptions may not be appropriate for purposes other than those described above.

Based on our examination of evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that these assumptions do not provide a reasonable basis for the projections. In our considered view, the forecast financial statements so far as the accounting policies and calculations are concerned, have been properly compiled on the basis of the assumptions made by the Directors of the Company and its subsidiaries, and are presented on a basis consistent with the accounting policies usually adopted by the company.

We do not express an opinion as to whether the actual results of the forecast period will approximate the forecast because events and circumstances do not frequently occur as expected and those differences may be material.

Thank you.

Yours faithfully,

John Kay & Co

John Kay & Co
(Chartered Accountants)

3.7 EGL Forecast Statement of Comprehensive Income - Dec. 31st 2010 to Dec. 31st 2012

	2010 GH¢'000	2011 GH¢'000	2012 GH¢'000
Investment Income			
Others	1	1	1
	1	1	1
Dividend from Subsidiaries			
Enterprise Insurance Co. Ltd	1,298	3,861	1,416
Enterprise Life Co. Ltd	864	1,008	1,354
	2,162	4,869	2,770
Total Income	2,163	4,870	2,771
EXPENSES			
Directors Fees	20	22	24
AGM Expenses	50	55	61
Guest House Running Expenses	1	1	1
Repairs and Maintenance	5	6	6
Insurance	1	1	1
Audit Fees	25	28	30
Legal & Professional Fees	10	11	12
Bank Charges	2	3	3
Other Expenses	5	5	6
Interest on Barclays Bank Loan	163	236	38
Exchange Difference on Loan	85	26	-
	367	394	182
Profit Before Taxation	1,796	4,476	2,589
Taxation	-	-	-
Profit After Taxation	1,796	4,476	2,589

PROJECTED RETAINED EARNINGS

	2010 GH¢'000	2011 GH¢'000	2012 GH¢'000
Balance b/fwd	-	498	3,617
Net Profit for year	1,796	4,476	2,589
Interim Dividend	(584)	(611)	(637)
Final Dividend	(714)	(746)	(779)
Retained Earnings	498	3,617	4,790

3.8 EGL Forecast Statement of Financial Position - Dec. 31st 2010 to Dec. 31st 2012

	2010 GH¢'000	2011 GH¢'000	2012 GH¢'000
ASSETS			
Plant Property & Equipment	3,383	3,383	3,383
Investment in Subsidiaries ELAC	383	383	383
Investment in Subsidiaries CHL	58	58	58
Investment in Subsidiaries EICL	47,518	47,518	47,518
Dividend Receivable	1,153	1,257	1,464
Cash and Bank	565	607	281
Total Assets	53,060	53,206	53,087
FINANCING			
Stated Capital	47,518	47,518	47,518
Retained Earnings	498	3,617	4,790
Total Equity and Surplus	48,016	51,135	52,308
LIABILITIES			
Bank Loan	4,330	1,325	-
Dividend Payable	714	746	779
Total Current Liabilities	5,044	2,071	779
Total Equity Surplus and Liabilities	53,060	53,206	53,087

3.9 EGL Forecast Cash Flow Statement - Dec. 31st 2010 to Dec. 31st 2012

	2010 GH¢'000	2011 GH¢'000	2012 GH¢'000
RECEIPTS			
Investment Income	1	1	1
Net Dividend Income	1,009	4,764	2,564
Bank Loan	4,245	-	-
	5,255	4,765	2,565
PAYMENTS			
Directors Fees	20	22	24
AGM Expenses	50	55	61
Guest House Running Expenses	1	1	1
Repairs and Maintenance	5	5	6
Insurance	1	1	1
Audit Fees	25	27	31
Legal & Professional Fees	10	11	12
Bank Charges	3	3	3
Other Expenses	5	6	6
Interest on Bank Loan	163	236	38
Dividend to Shareholders	584	611	637
Final Dividend	-	714	746
EIC Current Account	3,823	-	-
Loan Repayments	-	3,031	1,325
Total Payments	4,690	4,723	2,891
NET CASH FLOW	565	42	(326)
Balance B/fwd	-	565	607
Balance C/fwd	565	607	281

Note: *Cash Flow Statement has been prepared using the direct method*

4. RISK FACTORS

Shareholders, in considering the proposed reorganisation, should be aware of the following general risk factors which may be applicable;

Political Risk: In terms of political risk, Ghana has adopted democracy and the rule of law as a means of governance since the beginning of the Fourth Republic in 1992. The peaceful democratic process prevailing in the country, as well as the withdrawal of support by the international community to undemocratic forms of government gives the sense that the current political stability in the country will continue.

***Economic Risk*:** The Company's financial position can be negatively impacted if Ghana's macroeconomic variables become unstable. However, the current outlook for Ghana's economy indicated growing stability and steadily increasing national reserves.

***Competition*:** The competition within the financial sector is becoming keener and this can adversely affect the Company's financial prospects. However, the Board sees this as a challenge for which it is well prepared. The purpose of the proposed reorganisation is to position the Company to meet the challenges of the competitive environment in a more robust and efficient manner.

***Risk of Computer Systems Failure*:** The employment of technology and the use of computer systems also may pose a serious risk to the Company. The Company employs a computer control and monitoring system to enable it to mitigate this risk.

5. DISCLOSURES

Directors' Disclosures

a) As at the date of this Circular, Mr. George Otoo, Managing Director held 213,995 shares (0.8% of EIC) in the Company. Messrs. Keli Gadzekpo and Ken Ofori-Atta, Directors held a total of 12,832,925 shares (48.9% of EIC) in the Company through beneficial ownership in Ventures and Acquisitions Limited and Mr. Trevor Trefgarne, Chairman held 30,678 shares in the company.

b) There are no family relationships among the Directors;

c) Messrs. Ken Ofori-Atta and Keli Gadzekpo were as at the date of this Circular, directors of Databank Financial Services Limited, the Financial Advisors to the Company on the proposed reorganisation;

d) No petition under any bankruptcy law has been filed against a Director or any partnership in which he was a partner or any body corporate of which he was a Director;

e) No Director has been convicted in a criminal proceeding or is a named subject of a pending criminal proceeding relating to an offence involving fraud or dishonesty;

f) No Director has been the subject of any other judgment or ruling of any court of competent jurisdiction, tribunal or governmental body permanently or temporarily enjoining him from acting as an investment advisor, dealer in securities, director or employee of a corporate body or engaging in any type of business practice or activity or profession;

g) The Directors may exercise all the powers of the Company to borrow money and to mortgage or charge its property and undertaking or in any part thereof and to issue debentures. Such powers can be varied by amending the Company's Regulations;

h) No material part of the business is dependent upon patent, patent rights, trade marks, etc., and the Company does not pay or receive any payment for royalties;

i) EIC is not involved in any litigation the results of which might have an adverse or material effect on the proposed reorganisation.

Other Disclosures

(a) EGL will in the first instance have affiliations with EIC, ELAC and CHL.

(b) *Material Contracts*

In its ordinary course of business EGL will provide certain services to the subsidiaries under a shared services agreement. The subsidiaries will pay for the services by reimbursing EGL for the costs of the services provided. The object of the shared services strategy is to reduce costs and to promote efficiency.

Regulatory Approvals

EIC is currently regulated by the NIC, GSE, and SEC. The NIC has given its approval by a letter dated June 29, 2010 and indicated that any transfer of assets under the proposed reorganisation be fully paid for outright. The GSE and SEC have been informed accordingly, and EIC intends to comply with all necessary requirements of its regulators as a part of this re-organization.

Directors' Responsibility Statement

This Circular has been reviewed and approved by us, the Directors of the Company, and we collectively and individually accept full responsibility for the accuracy of the information given and that after making all reasonable inquiries and to the best of our knowledge and belief there are no facts the omission of which would make any statement in the Circular misleading.

6. APPENDICES

Appendix A: General Information

(i) Detailed History of EIC and Profile of Subsidiary Companies

EIC is the pioneer in the insurance industry in Ghana, having been in operation since 1924. It takes its roots from the Royal Exchange Assurance Corporation of the United Kingdom, which commenced business in the Gold Coast in 1924. The company then became Guardian Royal Assurance Ghana Limited (GREG), and subsequently, Enterprise Insurance Company Limited. EIC is a leading corporate insurer in Fire, Marine, Motor and General Accident.

EIC's first offices were located at the current office of the Institute of Chartered Accountants, and situated on what was known as the Horse Road at the time (and is now the Asafoatse Nettey Road). In 1952, after 28 years as an agency, the Royal Exchange Assurance registered as an insurance company in the Gold Coast to provide the full complement of life and non-life insurance businesses. During that period, another UK insurance firm, Guardian Assurance Company Limited (GAC), also opened offices in the Gold Coast.

In 1965, the Insurance Act of 1965 (Act 288) was enacted. Section 9 of the Act barred all non-domestic insurance companies from insuring Ghanaian lives. The Royal Exchange Assurance consequently transferred its life business to the Crusader Insurance Company (Ghana) Limited, thus becoming a purely non-life insurance company for the first time. In 1969, there was a merger between the Royal Exchange Assurance Corporation (REA) and Guardian Assurance Company Limited (GAC) in the UK to form the Guardian Royal Exchange Assurance Group (GRE). Consequently, a new company, the Guardian Royal Exchange Assurance Ghana Limited (GREG) was incorporated in 1971, and owned wholly by the new UK parent company to continue with the insurance business of the former REA and GAC.

In the course of its operations, the company moved a number of times: GREG moved from Horse Road to the Bank of Ghana's premises on Thorpe Road; then to Alagbon House opposite the Makola Fire Service Station. From there the company moved to the A.G. Leventis building which later became GNTC's Ghana House, and finally to Consortium House, on the High Street in 1973 which was later renamed Enterprise House as EIC acquired full ownership of Consortium House Limited.

In 1972, further changes were to occur in the Insurance Industry with the promulgation of the Insurance (Amendment) Decree (NRCD95). GREG was required to and successfully sold 40% of its equity holding to the Ghanaian public in 1973. In another decree in 1976, SMCD31 the government acquired 20% shareholding in all foreign insurance firms registered in Ghana. The Guardian Royal Exchange Assurance Group therefore sold a further 20% of its shareholding to the Government of Ghana, thus reducing GREG's shareholding to 40%. Consequently, the Guardian Royal Exchange Assurance (Ghana) Ltd lost its subsidiary status to the UK parent and had its name changed to Enterprise Insurance Company Limited in 1977.

In 1990 when the Ghana Stock Exchange was established, EIC became a pioneering company on the GSE as the first insurance company in Ghana to be listed on the Exchange. In 1994, government sold its 20% shareholding to portfolio investors thus making EIC 100% privately owned. In 1997, Ventures & Acquisitions (Ghana) Limited purchased the 40% belonging to Guardian Royal Exchange Assurance Group ending years of direct foreign ownership/involvement in the company and thus becoming a predominantly Ghanaian owned firm. Through a tender offer in the same year, Ventures & Acquisitions acquired a further 12% shareholding to become majority owner of the company.

EIC has for most of the past 50 years, operated mainly as a general insurance business until the incorporation of ELAC in 2001. EIC, African Life Assurance Company Ltd (AFLIFE) of South Africa and the International Finance Corporation (IFC) formed ELAC a joint venture in which EIC owned 51%, AFLIFE owned 39% and the IFC owned 10%. Subsequently in 2006, SANLAM insurance company of South Africa acquired AFLIFE and in addition bought the 10% stake of ELAC owned by the IFC to become a 49% shareholder of the joint venture.

The decision for ELAC and EIC to be operated as separate businesses was not motivated by the regulatory framework of the NIC which required that the general and the life insurance businesses be run as separate business entities, as ELAC has been separate from EIC since inception in 2001. EIC's motivation to form ELAC was motivated by the burgeoning opportunities that the management and Board of EIC had seen in the life insurance business. Life insurance is the fastest growing insurance business line in Ghana, as total industry wide life premiums have grown from GH¢5.2 million in 2001 to GH¢89.2 million in 2008. Since starting operations in 2001, ELAC has grown into one of the leading Life insurance companies in Ghana, accounting for 17.3% of gross life premiums in 2008, making it the second largest Life insurance company in Ghana after SIC Life Insurance Company.

Consortium House Limited (CHL) is a real-estate investment and management company that is wholly owned by EIC. CHL was incorporated on February 23, 1971 and was acquired by EIC in 1994, to serve as the vehicle for EIC's real-estate investments. CHL was authorized to carry on the business of property investment, development and management; hence CHL's principal source of income is from rent income. CHL has a vision to be the real estate development subsidiary of Enterprise Group Limited, undertaking commercial and up-market residential property development. The Company has already identified a number of assets for the Group's development, and it is envisaged that this will contribute significantly towards the investment and income pool of the group.

(ii) Regulations and Constitution of Enterprise Group Limited:

1. **Regulations:**

a. The name of the company is Enterprise Group Limited.

b. The nature of the businesses which the company is authorized to carry on are:

- Investment;
- Real Estate Development;
- Management Consultancy; and
- Controllability of the activities of its subsidiaries or operating units it shall establish, operate or acquire for the provision of Insurance and its incidental agencies and services, Investment, Real Estate Development and Management Consultancy.

c. Pursuant to Section 24 of the Companies Act the company has, for the furtherance of its authorized businesses, all the powers of a natural person of full capacity except that insofar expressly excluded by these Regulations.

d. The first directors of the company are George Otoo and Trevor Trefgarne.

e. The powers of the Board of Directors are limited in accordance with the section 202 of the Companies Act.

f. The liability of the members of the company is limited.

g. The company has been registered with 200,000,000 Ordinary Shares of no par value.

2. Directors

a. ***Power to vote on a proposal, arrangement or contract in which a director is materially interested:*** Subject to compliance with section 207 of the Companies Act, a director may enter into any contract with the company and such contract or any other contract of the company in which any director is in any way interested shall not be liable to be avoided nor shall any director be liable to account for any profit made thereby by reason of the director holding the office of director. Also subject to compliance with section 207 of the Companies Act, any director may act by himself or his firm in a professional capacity for the company, except as an auditor, and he or his firm shall be entitled to proper remuneration for professional services as if he were not a director.

b. ***Power to vote on compensation:*** All fees and remuneration payable to Directors in whatever capacity is subject to approval of shareholders of the company in accordance with section 194 of the Companies Act.

c. ***Directors' borrowing powers:*** Subject to section 202 of the Companies Act, the Board of Directors may exercise all such powers of the company,

including power to borrow money and to mortgage or charge its property and undertaking or any part thereof and to issue debentures, as are not by the Companies Act or the Regulations required to be exercised by the members in general meeting.

d. ***Retirement of and non-retirement of Directors:*** Appointment of Directors shall be governed by sections 181, 298 and 299 of the Companies Act. There is no retirement age for Directors.

e. ***Number of qualifying shares to be held by a Director:*** A Director need not hold any shares in the company.

3. **Description of EGL's shares**

a. ***Dividend Rights***: Dividends are declared at the discretion of the Directors in accordance with legal requirements applicable to the Company. There is no right to dividends unless declared by the Directors.

b. ***Voting Rights:*** Each ordinary share is entitled to one vote at any meeting of the shareholders of the company. Any member of the company is entitled to attend and vote at a meeting of the Shareholders of the Company, and shall be entitled to appoint a proxy to attend and vote in his place.

c. ***Rights to share in profits:*** Apart from entitlement to declared dividends, shareholders have no right to share in the company's profits.

d. ***Rights of members to share in any surplus in the event of liquidation:*** If EGL is wound up, the liquidator may, with the approval of a special resolution and any other sanctions required by the Companies Act, divide amongst the members in specie or kind, the whole or part of the assets of the company and may determine how such divisions shall be carried out between the members or different classes of members.

4. **Liability of Shareholders to further capital calls by EGL:**

Shareholders have no obligation to provide additional equity capital to the Company except when there is a resolution to that effect.

5. **Convening of Annual General Meetings and Extraordinary General Meeting:**

All meetings of shareholders of the Company are convened by the Directors in accordance with section 150 of the Companies Act, subject to the rights of shareholders to requisition meetings of the shareholders of the Company in accordance with section 297 of the Companies Act.

6. **Dividend Withholding Tax:**

There is a final withholding tax of 8% on all dividends received by shareholders.

7. **Capital Gains:**

Under Section 97(3) of the Internal Revenue Act, 2000 (Act 592) securities listed on the GSE are exempted from Capital Gains Tax for the first fifteen (15) years from the date of commencement of operations by the Exchange i.e. November 12, 1990. This ended in November 2005, and has been extended for another five (5) years ending November 2010.

8. **Stamp Duty:**

Under the Stamp Duty Act, 2005 (Act 689) transfers of shares in a company are exempt from stamp duty.

9. **Restrictions on Foreign Share Ownership of Listed Securities:**

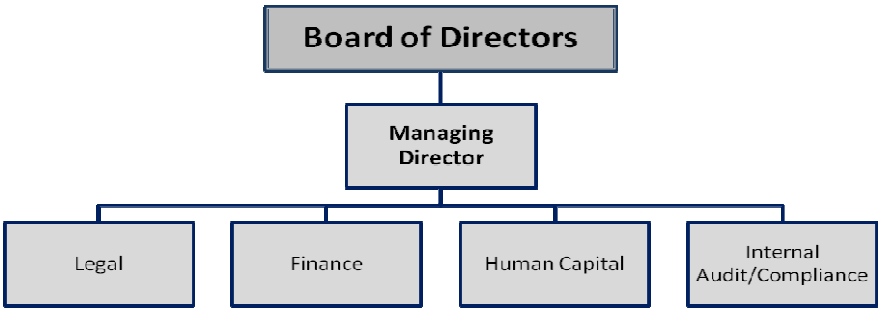
The Foreign Exchange Act, 2006 (Act 723) allows foreigners to hold shares of a listed company without any restrictions. It also assures full and free foreign exchange remitability of original capital or principal amounts, any gains, dividends or interest payments and related earnings and refunds in respect of investments made by external residents in such securities.

10. **Corporate Tax:**

The corporate income tax rate of both listed and unlisted companies is at 25%. However, a company listing fully on the Exchange has a 3% tax rebate for the first three (3) years of listing.

Appendix B: EGL Organisational Structure and Board Profiles

a. Organisational Structure



b. Profile of Board of Directors

TREVOR TREFGARNE (66)
Trevor Trefgarne, the Chairman of Enterprise Insurance, is a graduate of Cranfield School of Management and is a non-executive Director of Franklin Templeton Investment Funds SICAV. He joined the company's board in 1998. Mr. Trefgarne is British.

GEORGE OTOO (55)
George Otoo holds an MBA in Insurance and is a Chartered Insurer of many years experience. He is an Executive Council Member of the Ghana Insurers' Association, the Insurance Institute of Ghana and the West African Insurance Companies Association (WAICA). He is a Director of Consortium House Limited, Databank Epack Investment Fund Limited and Mainstream Reinsurance Company Limited. Mr. Otoo joined EIC in 1981, and was appointed Managing Director in 1999. He is Ghanaian.

KEN OFORI-ATTA (50)
Ken Ofori-Atta is Co-founder and the Executive Chairman of Databank Financial Services Limited (Ghana). He has over 25 years of experience in Investment banking having worked at Morgan Stanley and Salomon Brothers in New York in their Corporate Finance and Merger & Acquisitions Groups prior to founding Databank in 1990. He is Chairman of Ventures & Acquisitions Limited, Enterprise Life Assurance Company, Trust Bank Limited of The Gambia, the International Bank of Liberia and the Databank Epack Investment Fund. Mr. Ofori-Atta went to Achimota School, has a BA in Economics from Columbia University in New York and an MBA from the Yale School of Management in the U.S. He joined the EIC board in 1998. He is Ghanaian.

KELI GADZEKPO (47)

Keli Gadzekpo is Co-founder and Executive Vice-Chairman of Databank Financial Services and has over 15 years experience in investment banking. Since co-founding Databank, he has contributed to the development of the capital market and the Stock Exchange in Ghana through his oversight of Databank Brokerage Limited. Mr. Gadzekpo is the Chairman of the Databank Foundation and also a Director of Ventures & Acquisitions Limited, Databank Epack Investment Fund and the North Ridge School. Mr. Gadzekpo went to Achimota School; he holds a BSc in Accounting from the Brigham Young University and is a CPA from the USA. He is also a Mason Fellow of the John F. Kennedy School of Government, Harvard University where he earned a Masters degree in Public Administration. He joined the EIC board in 1998. He is Ghanaian.

HER EXCELLENCY HON. (MRS.) MARGARET CLARKE-KWESIE (63)

Hon. (Mrs.) Margaret Clarke-Kwesie is Ghana's ambassador to the Republic of South Korea. She is a former Member of Parliament for Ga South, a former Deputy Minister of Health and Education and also Minister of State at the Office of the President. Prior to her entry into politics, Mrs. Clarke-Kwesie was a Principal Economic Planning Officer at the Ministry of Finance & Economic Planning. She has also served on the boards of the Oil Research Institute, the Scientific Instrumentation Centre of CSIR and the GIHOC Cannery of Nsawam. Hon. (Mrs.) Clarke-Kwesie has been on the board of EIC since 1984. She is Ghanaian.

CHARLES PAUL ODEI (73)

Charles Paul Odei is a retired Deputy Managing Director of Ghana Commercial Bank Limited and a Director of Consortium House Limited. He is a professional Banker with over 30 years experience. Mr. Odei joined the EIC board in 1992. He is Ghanaian.

MARTIN ESON-BENJAMIN (60)

Mr. Martin Eson-Benjamin is the CEO of the Millennium Development Authority of Ghana (MiDA), the accountable entity for Ghana's Millennium Challenge Account Program. Martin worked with Kumasi Brewery Ltd, a subsidiary of UAC Ghana Limited from 1972-1981 and moved to Unilever Ghana Limited from 1982 to 1995, and rose to the position of Marketing Director. He rejoined Ghana Breweries Limited, a subsidiary of Heineken International in 1995, for a total of 9 years, rising to the position of Managing Director and Chairman of the Board of Directors. Mr. Eson-Benjamin has also served on the Board's of various organizations. Board appointments include; Chairman of the Multimedia Broadcasting Company Ltd, Chairman of Ghana Agro Foods Company (GAFCO), and as Director of CFAO, the Kama Group of Companies and the Ningo Salt Company Ltd. He was awarded the National Order of the Volta in 2008. Mr. Eson Benjamin joined the board of EIC in 2003. He is Ghanaian.

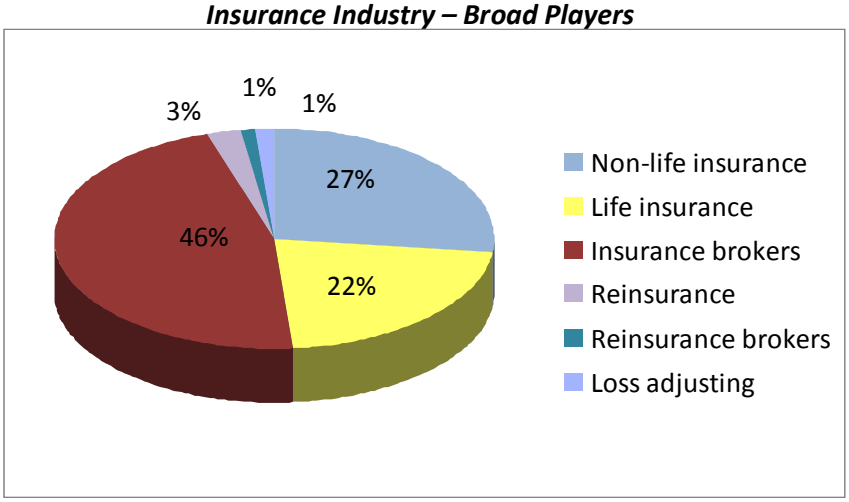
Appendix C: The Insurance Industry

Background

In Ghana, insurance business begun in the colonial era where it was conducted through foreign trading companies in the country acting as chief agents of insurance companies in the United Kingdom and elsewhere. This was concentrated in a few towns such as Accra, Sekondi and Kumasi. Notably, the Royal Exchange Assurance Corporation (REAC) in the UK began operations in 1924 as the first insurance company in Ghana, subsequently becoming Guardian Exchange Assurance Ghana Limited and eventually EIC as we know it today. The growth of Ghana's insurance industry took a turn in 1962 with the formation of State Insurance Company of Ghana Limited ("SIC"). Being a state corporation, SIC was able to facilitate the spread of insurance centres in all the regional capitals, some of the district capitals, and beyond in the late 1980's. Vanguard Assurance Company was the first indigenous privately owned company to be founded in October 1974 in the spirit of NRCD 95.

The insurance market consists of insurers (insurance companies), intermediaries (insurance brokers and agents), and the insuring public (government institutions, corporate bodies, and individuals). Products that are offered on the insurance market are broadly categorized into two – life and non-life (also referred to as general business). While the range for life products varies, underwriting for general business centres on motor, marine, aviation, fire, and general accident.

Insurance Industry – Broad Players



Source – National Insurance Commission

Regulatory Framework

The insurance industry is regulated by the Insurance Act, 2006 (Act 724) (the "Insurance Act"), which is administered by the NIC.

The NIC has broad supervisory and administrative powers over such matters as licenses, standards of solvency, premium rates, policy forms, investments, minimum capital and surplus requirements, periodic examinations, annual and other report filings. One of the key reforms under the Insurance Act was the separation of the life and non-life businesses. An insurer can now only be licensed to operate either a life *or* a non-life insurance company.

A life insurance company is permitted to hold a substantial amount of the shares of a non-life company, and vice versa. This allows a company to diversify its risk. However, a person or corporation must obtain NIC's written approval before acquiring a "significant interest" in an insurance business. A significant interest is considered to be 10% and above of the voting rights, dividends declared, or surplus assets of the company.

The Insurance Act also specifies new capital requirements for the different operators in the insurance industry, which are outlined below:

- **Insurers**: cedi equivalent of US$1 million;
- **Re-insurers**: cedi equivalent of US$2.5 million;
- **Mutual companies**: an amount equal to the value of its liabilities plus 15% of its assets;
- **Insurance brokers**: cedi equivalent of US$25,000; and
- **Insurance loss adjusters**: cedi equivalent of US$25,000.

Also of great import were the new guidelines on investments for insurance companies introduced by the NIC in 2007. The main aim of the guidelines is to ensure that the investments of insurance companies are adequately spread. As regards the investments of insurance companies, the following guidelines hold:

- At least 55% of the company's assets must be directly invested in the following manner. The investment portfolio of both non-life and life insurance companies must be made up of:
  - at least 35% government securities, cash and deposits;
  - at least 10% of minimum capital with the Bank of Ghana in Government securities;
  - a maximum of 30% invested in listed stocks;
  - a maximum of 20% invested in mutual funds; and
  - a maximum of 10% in other investments approved by the NIC.
- For life insurance companies only, the investment portfolio must also include:
  - a maximum of 20% invested in unlisted stocks; and
  - Between 10-30% of assets held in investment properties.
- For non-life insurance companies only, the investment portfolio must also include:
  - a maximum of 10% invested in unlisted stocks; and
  - a maximum of 20% of assets held in investment properties.

The Insurance Act also makes it possible for foreign insurance companies to operate in Ghana, which was hitherto not allowed.

Market Size

There has been significant growth in the insurance business in Ghana in terms of premiums since 2001, with gross premiums improving from GH¢32 million in 2001 to GH¢210 million in 2007 and approximately GH¢276 million in 2008. Motor insurance has consistently accounted for the majority of premium incomes over the past seven (7) years, while there has been a steady decline in marine insurance over the same period. Over the last few years however, the overall contribution of life insurance to total premiums has been consistently growing faster than that of the non-life business.

Trend in Gross Industry Premiums

Gross Premium - GHC

Class	2001	2002	2003	2004	2005	2006	2007	2008
Motor	12,865,471	18,078,182	28,638,399	35,457,018	48,634,808	58,963,142	69,020,204	91,542,405
Accident	6,437,654	7,053,118	12,037,526	14,925,905	17,791,020	22,310,799	37,897,996	49,122,884
Marine	2,907,239	4,878,856	5,519,786	7,297,035	9,284,898	9,759,167	9,954,485	13,132,882
Fire	4,828,336	8,207,380	10,915,214	12,538,891	15,271,706	23,427,716	24,626,731	31,085,264
Life/Health	5,212,900	8,988,454	14,173,054	22,305,149	31,251,163	49,609,297	67,534,641	89,243,821
Other							423,352	2,097,477
Total	**32,253,601**	**47,207,992**	**71,283,979**	**92,523,997**	**122,233,596**	**164,070,121**	**209,457,409**	**276,224,733**

Class	2002	2003	2004	2005	2006	2007	2008
Motor	38.29%	40.18%	38.32%	39.79%	35.94%	32.95%	33.14%
Accident	14.94%	16.89%	16.13%	14.55%	13.60%	18.09%	17.78%
Marine	10.33%	7.74%	7.89%	7.60%	5.95%	4.75%	4.75%
Fire	17.39%	15.31%	13.55%	12.49%	14.28%	11.76%	11.25%
Life/Health	19.04%	19.88%	24.11%	25.57%	30.24%	32.24%	32.31%
Other	NA	NA	NA	NA	NA	0.20%	0.76%
Total	**100.00%**	**100.00%**	**100.00%**	**100.00%**	**100.00%**	**100.00%**	**100.00%**

Source – National Insurance Commission

Competition

The non-life insurance industry is very competitive. There are twenty-one (21) non-life insurance companies in the country. Competition in the industry has been keen, with the five (5) leading companies (SIC, EIC, Metropolitan Insurance Company Limited, Vanguard Assurance and Ghana Union Assurance) accounting for about 84% of the market on average, between 2002 and 2008 (latest available information). The trend in market share is shown in the following table:

Market Share – Non-life (General) *-Source – National Insurance Commission*

Name	Average	2002	2003	2004	2005	2006	2007	2008
SIC Insurance	40.3%	38.7%	37.6%	36.2%	40.0%	38.9%	37.2%	31.0%
Enterprise Insurance	12.5%	14.3%	16.0%	14.4%	15.2%	12.2%	11.7%	10.6%
Metropolitan Insurance	11.2%	13.9%	12.1%	10.4%	10.1%	9.6%	8.8%	8.1%
Vanguard Assurance	8.7%	8.0%	7.8%	8.5%	7.7%	8.8%	7.9%	9.8%
Ghana Union Assurance	5.6%	6.7%	5.4%	5.4%	5.2%	3.8%	4.0%	4.1%
Star Assurance	5.5%	4.4%	5.3%	7.1%	6.5%	6.6%	7.1%	8.5%
Provident Insurance	3.1%	3.3%	3.6%	3.2%	2.8%	2.3%	2.4%	2.0%
Donewell Insurance	3.3%	2.9%	3.4%	4.1%	3.7%	4.3%	5.1%	5.0%
Glico General	2.6%	-	-	-	-	1.6%	2.3%	3.8%
Phoenix Insurance	1.7%	1.5%	1.3%	1.3%	1.2%	1.2%	1.7%	3.2%
Quality Insurance	1.7%	1.2%	1.6%	2.1%	2.0%	2.6%	3.0%	3.1%
Global Alliance	1.9%	-	-	-	0.1%	1.9%	2.1%	3.3%
IGI Ghana	1.0%	-	-	1.5%	1.2%	1.0%	0.9%	0.4%
Regency Alliance/(Benefits Insurance Co)	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	-	0.2%
Unique Insurance	2.5%	2.4%	2.9%	3.8%	2.9%	2.8%	2.8%	2.3%
CDH Insurance	1.5%	1.4%	1.4%	1.8%	1.3%	2.2%	2.8%	3.0%
International Energy Insurance Co.	0.5%	-	-	-	-	-	-	0.5%
Prime Insurance Co.	0.5%	-	-	-	-	-	0.32%	0.73%
Equity Insurance Co.	0.3%	-	-	-	-	-	-	0.30%
Total		**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**

There are seventeen (17) life insurance companies operational in Ghana. Like the non-life business, the life business is also very competitive. The respective market shares of the various market participants between 2002 and 2008 (latest available information) are tabulated below.

Market Share – Life Insurance

Company	Average	2002	2003	2004	2005	2006	2007	2008
SIC Insurance	30.5%	23.4%	20.4%	23.0%	26.3%	25.4%	31.4%	31.1%
Gemini Life Insurance	17.5%	18.1%	17.3%	16.2%	15.4%	12.6%	15.8%	13.5%
Metropolitan Life Insurance	12.7%	17.9%	10.5%	9.5%	8.7%	6.2%	7.1%	5.1%
Enterprise Life Insurance	8.4%	3.3%	7.1%	9.3%	12.2%	11.6%	15.0%	17.3%
Star Life Assurance	7.1%	12.5%	12.1%	10.1%	9.3%	7.3%	8.3%	9.2%
Ghana Life Insurance	6.7%	7.0%	4.5%	6.5%	6.0%	3.8%	3.4%	3.1%
Vanguard Assurance	5.2%	3.1%	6.1%	8.1%	4.2%	7.5%	5.7%	6.5%
Donewell Insurance	4.2%	5.7%	5.8%	5.6%	5.9%	4.2%	5.7%	4.0%
Provident Life Insurance	3.7%	3.9%	4.2%	5.0%	5.1%	4.4%	1.6%	4.2%
Beacon Insurance	1.2%	1.4%	1.1%	0.7%	0.4%	0.2%	0.1%	-
Network Assurance/IGI Life	1.2%	-	6.6%	0.2%	0.2%	0.1%	0.1%	0.1%
Phoenix Insurance	1.0%	1.0%	0.7%	1.1%	1.4%	1.1%	1.5%	1.5%
Quality Insurance	1.0%	0.3%	0.9%	1.8%	2.2%	1.8%	2.0%	1.9%
Unique Insurance	0.9%	1.2%	1.5%	1.6%	1.7%	0.5%	0.5%	0.6%
CDH Life Insurance	0.8%	1.1%	1.3%	1.0%	0.8%	1.3%	1.2%	1.3%
Ghana Union Assurance	0.3%	-	0.0%	0.1%	0.2%	0.4%	0.6%	0.7%
Benefits Insurance	1.5%	0.0%	0.0%	-	0.0%	11.6%	-	-
Total	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**

Source – National Insurance Commission

The domestic insurance industry is dependent to an extent on foreign re-insurers for the necessary (prudential) spreading of risk. The extent to which risks can be ceded to a foreign re-insurer is somewhat restricted by the requirement that insurers must utilize the local capacity available in the local insurance market before recourse to any overseas re-insurance. Nevertheless, domestic insurers are forced to reinsure certain potentially huge risks, especially in fire, marine cargo, and marine hull with foreign re-insurers. The re-insurance space is less saturated, with only two operators locally, of which Ghana Re-insurance Company is the dominant player in the market, particularly in the non-life space.

Reinsurance: Gross Premiums from Non-life Insurance - GH¢

Name	2002	2003	2004	2005	2006	2007	2008
Ghana Reinsurance Co.(state-owned)	12,285,143	17,034,000	18,972,854	21,465,294	29,273,072	35,096,070	48,474,920
Mainstream Reinsurance Co. (privately owned)	1,852,520	2,174,001	2,480,382	2,494,731	2,744,404	3,303,169	4,908,774
Total	14,137,663	19,208,001	21,453,236	23,960,025	32,017,476	38,399,239	53,383,694

Reinsurance: Gross Premiums from Life Insurance - GH¢

Name	2002	2003	2004	2005	2006	2007	2008
Ghana Reinsurance Co. (state owned)	125,886	276,286	557,048	458,337	820,180	541,500	1,156,607
Mainstream Reinsurance Co. (privately owned)	62,455	0	0	0	0	0	0
Total	188,341	276,286	557,048	458,337	820,180	541,500	1,156,607

Market Outlook

Demand for insurance is expected to grow for the following reasons.

- Increasing middle working class;
- Increasing awareness of the importance of insurance to individuals, corporate bodies and the state;
- Growth and expansion of the economy; Mining and oil exploration promises significant insurance premiums; and
- Growing competition in the market as evidenced by six (6) new entrants in the Non-Life business between 2008 and 2009.
    - Non-Life new entrants
        - ✓ Activa International Insurance Company
        - ✓ Equity Assurance Company
        - ✓ Intercontinental Wapic Insurance
        - ✓ International Energy Insurance Company
        - ✓ Prime Insurance Company
        - ✓ NEM Insurance

Appendix D: Economic Overview of Ghana and West Africa

Economic Overview – Ghana

Ghana has one of the most stable democracies in West Africa and has been under constitutional rule since 1992. Economic and political reforms instituted over the last eighteen (18) years have won the country considerable of goodwill from the international community, which has helped to launch a new sense of optimism among the population and the international community, fuelling better economic growth in recent years.

Macroeconomic Highlights	2004 Actual	2005 Actual	2006 Actual	2007 Actual	2008 Actual	2009 Actual
GDP (GHS bn)	8.0	9.7	11.5	14.0	17.6	21.6
GDP (US$ bn)	8.9	10.7	12.5	14.7	14.5	15.0
Real GDP growth (%)	5.8	5.9	6.4	6.3	7.3	4.7
Consumer Price Inflation (%)	11.8	14.8	11.7	12.7	18.1	15.8
Population (million)	22.1	22.5	23.0	23.5	23.9	24.4
Exports fob (US$ m)	2,733	2,721	3,726	4,172	5,275	4,230
Imports fob (US$ m)	4,159	4,758	6,754	8,066	10,261	6,004
Principal exports	Cocoa, Gold, Bauxite, Oil (expected 2010)					

Source: Government of Ghana

Ghana's macroeconomic terrain has improved considerably over the last ten years, despite several blips, as evidenced by the trend in key macroeconomic indicators over the period. Real GDP growth increased steadily from 3.7% in 2000 to a peak of 7.3% in 2008, before easing down to 4.7% in 2009. Annual average inflation dipped from 24.9% in 2000 to 15.8% in 2009, with market wide interest rates also declining accordingly. The cedi remained relatively stable against its major trading counterparts over the respective period, on strong capital inflows and improved terms of trade.

Ghana, however, faced some challenging times between 2007 and 2009, testing the resilience of the country's economy. The macroeconomic stability that characterized the Ghanaian economy up to 2006 was weakened in 2007 and 2008 with the economy exhibiting signs of fiscal stress, higher inflation and interest rates, as well as a widening trade deficit by the end of 2008. Domestic inflation reached a 4-year high of 18.4% in June, 2008 due to external pressures from global food and crude oil prices, as well as disruptions to domestic food supply, before inching back down to a year end level of 18.1%. Economic activity slowed in 2009 owing to the tight fiscal and monetary policies adopted over the relevant period. Nevertheless, the austere measures helped restore macroeconomic stability.

Going forward, macroeconomic stability, strong growth in the agriculture, oil and gas and energy sectors will help facilitate a sustained GDP growth in excess of 6% over the medium term. Headline inflation, which has eased significantly to 14.23% as at February 2010, will

continue to decline in 2010 and over the medium term, although structural rigidities may still see it hover in low double digit range over the medium term. Sustained GDP growth will bring more Ghanaians into the middle class and create greater opportunities in the broad financial space.

Economic Overview – West Africa

The pace of macroeconomic activity in Sub-Saharan African countries was sluggish in 2009 owing to the volatile commodity market and the generally tight liquidity environment on the back of the global financial crisis. Until this period, the region had enjoyed a sustained phase of growth and macro-economic stability, with yearly real GDP growth averaging 5.7% between 2000 and 2008.

Countries in West Africa are amongst Sub-Saharan Africa's most promising, with growth in the region averaging 5.8% between 2000 and 2008, before easing down in 2009. Nigeria continues to be the regional powerhouse, accounting for more than 60% of the total estimated regional GDP of US$230 billion in 2008. With the resolving internal conflict in the Ivory Coast, complemented by elections and positive momentum for economic recovery in Liberia and Sierra Leone as well as a dynamic global oil market driving growth in Nigeria and other emerging oil states, West Africa is entering a period of tremendous opportunity. Economic integration is continuing at a quick pace among the Anglophone countries in the region. This integration is formalized under the development of the West Africa Economic and Monetary Union, building on regional entities, ECOWAS and the CFA zone. Moves towards integration in a region with an estimated population of 283 million people will greatly improve the economic prospects of the region going forward.

Renewed commitment from regional governments to sustain macroeconomic stability; the recovery of global commodity prices, and support from BRIC nations are expected to position the region for stronger growth in 2010. Africa as a whole will benefit from stronger commodity prices as the recovery of the global economy leads to a surge in demand for the region's key exports. In November 2009, China pledged $10bn in aid to Africa, confirming that stronger growth in China and India will result in an increased flow of funds into the region.

Appendix E: Appendix to Fairness Opinion

Boulders Advisors Limited

Investment Banking ◆ Corporate Advisory ◆ Pension Consulting ◆ Asset Management

Essentials That Make a Fairness Opinion Fair

1. **EIC due diligence**; The due diligence visit is an integral element of rendering a fairness opinion; it begins the process of differentiating the appraisal financial institution from others and provides an opportunity to integrate many sources about the target institution into a logical and consistent whole.

   The specific objects of the due diligence visit include:

   a. Reviewing details of documents previously provided by management and its transaction advisers in order to ensure that all necessary financial and operating disclosure has been obtained and is reasonably understood.
   b. Forming an impression of the Ghanaian economy and the insurance industry dynamics based upon observations (to help challenge or verify industry data, economic statistics or management's overall view of both elements).
   c. Verifying (or questioning) the impressions gained in the management interviews based upon observation of the institution in operation.
   d. Identifying those factors or trends that can reasonably be expected to influence the future performance of the institution.

We, in conducting the due diligence visit and holding of subsequent meetings and discussions with EIC's management, Transaction Advisors, and Legal Advisors, were able to gain a more complete perspective of the Company than is possible from reviewing documents alone.

Management was forthcoming in discussions held, and responses given seemed reasonable and plausible as related to the operations of their business.

Generally, no single valuation method is universally applicable to all appraisal purposes. The critical factor is the context in which the appraisal is to be used. A mismatch of valuation methods to the purpose for which it was intended leads to inconclusive indicative values.

The Transaction Advisers, in their appraisal of the 100% outstanding common stock of Enterprise Insurance Company Limited ("EIC" or the "Company") have stated:

a. The Purpose of the appraisal, including a set of limiting conditions; a reorganization of EIC resulting in the delisting of EIC and the Listing of EGL;

b. The Standard of Value - which is a definition of the type of value being sought? In this case the fair market value; and
c. A premise of value - which is an assumption as to the set of actual or hypothetical transactional circumstances applicable to the subject matter; a going concern premise in value was established by the appraiser for the Company.

Business valuation appraisers usually derive a proxy for reasonable future expectations by focusing on certain key variables. The relative importance of the relevant variable does vary in every situation. The financial benefits of ownership of an interest in a business enterprise must come from,

a. Earnings or Cash flow:
   i. from operations, or
   ii. from investments (e.g., interest and/or dividends).
b. Liquidation or hypothecation of assets.
c. Sale of interest

Therefore, any valuation approach - at least from a financial point of view - must focus on quantifying the ability of the business interest to provide benefits to its owner from one or more of the above sources. In the case of the Board and shareholders of EIC in this reorganized share exchange for EGL shares, value is going to realised through earnings or cash flow from operations and investments.

2. Analysis of Risks; Risk is the degree of certainty or uncertainty as to the realization of expected future returns. An appraiser must therefore consider the magnitude of the expected returns and the risk that these returns will or will not be realised.

In other words, for a given level of expected future earnings (or cash flow, dividend), the lower the risk, the higher the present value or conversely, the higher the risk, the lower the present value.

Insurance companies, like banks, are the most challenging companies to value; a comprehension of the insurance business depends on properly assessing its risk exposures. It is imperative to determine how much capital an insurer needs to hold in order to ensure that it can meet unexpected claims. One of the effective measures used by insurance companies to manage their risks is the reinsurance vehicle. We, thus, analyzed the Company's (i) cost of reinsurance, (ii) loss ratio (benefits and claims to premiums), and (iii) combined ratios (the ratio of total costs to premium revenues). Where the combined ratios exceed 100% (all costs exceed premiums) the companies incur underwriting losses and may make up for the losses by earning returns on equity by investing premiums.

a. **Capitalization, Solvency and Reserves**

Statutory accounting as required by regulations focus on the financial strengths of insurers as opposed to international accounting standards. We tried to gain a more detailed sense of EIC's overall solvency position and whether or not the business has capital above its economic needs and regulatory requirement.

The Insurance Act, 2006 (ACT 724) sections 69(1), 71(1), and 72(1) requires all insurers to be compliant with the regulator's prescribed capitalisation, solvency and reserves requirement. EIC's current and projected capitalisation exceeds the minimum capital requirement of ACT 724 section 69(1) (a). The forward looking technical solvency reflected surplus weighted assets in each projected year, over the Company's maximum liability respectively and thus complies with Act 724 section 71(1); a review of the reflected reserves in the forward looking statements showed compliance with Act 724 section 72(1).

Furthermore, the projected retained earnings if realised, seem adequate for the Company's economic needs.

3. Valuation Methodology;

The Transaction Advisers utilized five separate methods (Discounted Cash Flow Analysis, Multiple Earnings, Price to book Value, intrinsic pricing and price to premiums) and weighted the respective indicative values in arriving at the concluded value. The financial and actuarial assumptions developed were based on the relevant variables and risk impact on the attained value. We reviewed the reasonableness of the assumptions used, for the Company in particular and compared it to the peer group within which Enterprise Life Assurance Company Limited (ELAC) is operating. ELAC utilised the Financial Soundness Valuation methodology (FSV), the Financial Reporting Valuation of ELAC for the periods ending December 31st, 2009 and 2008 respectively resulted in Excess Assets over liabilities. Additionally the computed Capital Adequacy Requirement (CAR) utilising the TCAR basis (which calculates the capital required should all policies terminate on the valuation date) exceeded the required statutory one percent of premiums generated.

Risk generally is reflected in valuation through the discount rate or the capitalisation rate applied to financial variables. The market determines the risk-free required rate of return and the amount of premium required assuming various levels of risk. The lower the appraiser perceives the risk to be, the lower will be the cost of capital and, thus, the higher will be the resulting value.

A review of the quantitative analyses and qualitative conclusions also seemed reasonable. Bearing in mind that different approaches to value are not discrete, we accepted the weighting assigned by the transaction advisers in reaching their concluded value. We note here that the primary value driver to the shareholder/ investor is the ability to sell its interest in the business and that the methods within the market approach received more weighting.

For financial institutions (banks and insurers) such as EIC, the choice of leverage used, is at the core of how they generate earnings and the capital structure is considered part of their operation. We thus applied the equity cash flow method which measures cash flow to equity and utilizes unlevered cost of equity. Enterprise valuation models value the company's operating cash flows. Equity valuation models, in contrast, value only the equity holder's claim against operating cash flows. Thus if we want to value the equity (and shares) of the Company, we have two choices. We can value the Company's operations and

subtract the value of all non-equity financial claims (e.g., debt), or we can value the equity cash flows directly.

Equity Cash flow = Net Income – Increase in Equity + Other Comprehensive Income

Our resultant concluded value was within the valuation synthesis yielded by the transaction advisor.

4. **Potential conflicts**; The Transaction Advisor team, while independent included, Databank brokerage Ltd., a shareholder of the company through portfolio investments, as transaction advisor to the Company and will receive a fee for its services. As stated in the Final Report, BAL is independent from the Company, its Transaction Advisors and the holders of 100% of the outstanding common stock of EIC.

Comparable benchmark transactions, Guideline company data of the Non-life insurance businesses operating in the Ghanaian economy was analyzed and performance metrics compared to the industry standards. The Ghana Stock Exchange has only one listed Non-life insurance Company with the residual twenty one non-life companies being non-listed on any exchange. Based on assets of similar size and capitalization to EIC, we developed a peer group of Non-life businesses which we utilized in our comparative analyses of EIC.

Appendix F: Advisors to the Transaction

Financial Advisors	Databank Financial Services Limited 61 Barnes Road, Adabraka P.M.B. Ministries Post Office Accra Ghana Contact Person: Mr. Babatunde Ampah E-mail: babatunde.ampah@databankgroup.com
Sponsoring Brokers	Databank Brokerage Limited 61 Barnes Road, Adabraka P.M.B. Ministries Post Office Accra Ghana Contact Person: Mr. Patrick Kingsley-Nyinah E-mail: patrick.kingsley-nyinah@databankgroup.com
Reporting Accountants	John Kay & Associates 7th Floor Trust Towers Farrar Avenue, Adabraka P. O. Box 16088 Airport, Accra Contact Person: Mr. John Klinogo E-mail: jkayal@yahoo.com
Legal Advisors	Bentsi- Enchill, Letsa & Ankomah 1st Floor Teacher's Hall Complex Education Loop (Off Barnes Road) Adabraka-Accra P.O.Box GP 1632 Accra, Ghana Contact Person: Mr. Seth Asante E-mail:seth.asante@belonline.org
Independent Advisor	Boulders Advisors Limited 91 Osubadu Street West Airport P. O. Box CT3064 Accra, Ghana Contact Mr. Reginald France E-mail:reggiefrance@aol.com
Registrars:	NTHC Limited Martco House 1st Floor Okai Mensah Link Off Kwame Nkrumah Avenue Adabraka P. O. Box KIA 9563 Airport Accra Contact Person: Mrs. Helen Obeng E-mail: hobeng@nthcghana.com

Appendix G: Notice of Extraordinary General Meeting

Notice is hereby given that an Extraordinary General Meeting of the members of Enterprise Insurance Company Limited (the "Company") will be held at 10:30 am on Thursday August 12th, 2010 at the Ghana College of Physicians and Surgeons, Ridge, Accra, for the following purposes:

AGENDA:

To consider and if thought fit to pass the following as special resolutions:

(a) That the reorganisation of the Company under a scheme of arrangement in accordance with section 231 of the Companies Act, 1963 (Act 179) (the "Reorganisation") by:

(i) The exchange of the shares of the existing shareholders of the Company for shares of Enterprise Group Limited in the ratio of five (5) new shares of Enterprise Group Limited to one (1) existing share of the Company; and

(ii) The transfer of the shares held by the Company in Enterprise Life Assurance Company Limited and Consortium House Limited and other assets as the directors may deem appropriate to Enterprise Group Limited be and is hereby approved.

(b) That subject to obtaining the necessary regulatory approvals, the directors of the Company are hereby authorised to delist the Company from the Ghana Stock Exchange.

(c) That the directors of the Company are hereby authorised to mandate the management of the Company to appoint all relevant professional advisors required for the Reorganisation; and

(d) That the directors of the Company are hereby authorized to do all acts and things so as to carry into effect the purposes of the foregoing resolutions, and to authorize the execution on behalf of the Company of any and all documents which may be required pursuant to or in connection with the above resolutions.

By Order of the Board
Abena Bonsu (Ms), Secretary

Dated July 15, 2010

NOTE:
A member of the Company entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of him/her. A proxy need not also be a member. In order to be valid, the PROXY FORM must be deposited at the Office of the Registrar, NTHC Limited, 1st Floor, Martco House, P. O. Box KIA 9563, Airport-Accra NOT LESS THAN 48 Hours before the time of the holding of the meeting.

FAILURE TO DO SO WILL RESULT IN THE PROXY NOT BEING ADMITTED TO OR PARTICIPATING IN THE MEETING.

Appendix H: Procedures for Share Allocation on the GSE Securities Depository Company Limited (GSD) System

The following procedures will apply towards the allotment of bonus shares and change of name of company in the GSD:

- Issuer (EIC Management) will inform the GSD in writing of the proposed Bonus issue and the applicable effective dates.
- GSD will provide the entitlement list to the Registrar containing the list of clients eligible for the bonus, and the number of bonus shares to be credited to each client.
- All shareholders will receive allotment letters specifying their bonus entitlements from the Registrar.

Based on this communication, the following procedures will apply as per the following categories of shareholders:

1) Shareholders with shares already in Depository

- On the entitlement date, all shareholders with their EIC shares already in their Depository accounts will have the name of company automatically changed to Enterprise Group Ltd (EGL) and their bonus entitlements credited to their account.
- No further action is required on the part of this category of shareholders.

2) Shareholders Still Holding Paper Certificates of EIC Shares Prior to Qualification Date

Shareholders who do not hold depository accounts will be issued letters of allotment which they can be used to deposit the securities in the GSD System. Registrars must approve of all such requests sent in by the DPs.

Therefore, shareholders who have not deposited their EIC shares into the Depository prior to the determination of entitlement and name change should proceed as follows:

- Contact their broker to open Depository accounts (if they do not have one) and deposit their EIC shares into account.
- On the entitlement date, their entitlements will be automatically credited into their account and the name changed to EGL.

3) Shareholders Still Holding Paper Certificates of EIC Shares After Qualification Date

Shareholders who are unable to open GSD accounts and/or deposit their EIC shares prior to the qualification date should proceed as follows:

- Contact their broker to open GSD accounts and/or deposit EIC shares into GSD account.
- Deposit their bonus entitlement into GSD account using bonus allotment letters from registrar of company.
- Once registrar verifies ownership, shares will be posted into shareholder's GSD account and become available for trading.

Appendix I: EGL Forecast Cash Flow Statement – Dec. 31st 2010 to Dec. 31st 2012

	2010 GH¢'000	2011 GH¢'000	2012 GH¢'000
Profit before Tax	1,796	4,476	2,589
Adjustment for:			
Interest on Bank Loan	163	237	38
Exchange Loss on Loan	84	26	-
	2,043	4,739	2,627
Changes in:			
Other Debtors	(1,153)	(104)	(206)
Interest on Bank Loan	(163)	(237)	(38)
	727	4,398	2,383
Tax Paid	-	-	-
Dividend Paid	(584)	(1,325)	(1,384)
Net Cash Flow from Operating Activities	143	3,073	999
Investing Activities			
Purchase of Assets	(3,383)	-	-
Purchase of Subsidiaries	(440)	-	-
Net Cash Flow from Financing Activities	(3,823)	-	-
Financing Activities			
Bank Loan	4,245	-	-
Bank Loan Repaid	-	(3,031)	(1,325)
Net Cash Flow from Financing Activities	4,245	(3,031)	(1,325)
Net Increase in Cash and Cash Equivalent	565	42	(326)
Cash and Cash Equivalents			
At Beginning of Year	-	565	607
Increase in Cash and Cash Equivalent	565	42	(326)
Cash and Cash Equivalents at Year End	565	607	281

Note: *Cash Flow Statement has been prepared using the indirect method*