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SIC
OUR PROMISES ARE SACRED

SIC INSURANCE COMPANY LTD.

2012 annual report

& Financial Statements

MOTOR INSURANCE

PRODUCT FEATURES

- Third party property damage
- Replacement or compensation for stolen accessories
- Personal accident benefit to policy holder
- Accidental damage to the vehicle insured
- Unlimited compensation for death/ bodily injury to persons being carried

Contact any SIC Insurance office in your, locality, district or region for more details ...

Head Office	Ring Road West Office	Tema Area Office	Kumasi Area Office	Takoradi Area Office
+233-302-228922/228926	+233-302-228922/228962	+233-303-202263/206535	+233-3220-23341-2/25610	+233-3120-22315/22048

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SIC INSURANCE COMPANY LTD.

Notice of Annual General Meeting

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of SIC Insurance Company Limited will be held on Wednesday, 31st July 2013 at 10:00 a.m. at the College of Physicians and Surgeons, Accra to transact the following businesses:

AGENDA

1. To receive the Report of the Directors and the Financial Statements together with the Report of the Auditors thereon for the year ended 31st December, 2012.
2. To elect Directors and/or re-elect retiring Directors.
3. To authorize the Directors to fix the remuneration of the Auditors.
4. To approve Directors' Remuneration.

Kindly note that voting will be by poll.

Dated this 26th day of June, 2013

By the order of the Board

....

P. E.K. MAWUVENU
Company Secretary

Resolutions to be Passed at The Annual General Meeting

BOARD RESOLUTIONS

The Board of Directors will be proposing the following resolutions at the Annual General Meeting:

1. To receive the 2012 Financial Statements

The Board shall propose the acceptance of the 2012 Financial Statements as the true and fair view of the affairs of the Company for the year ended 31st December, 2012.

2. To Authorise the Directors to fix the Remuneration of the Auditors

In accordance with Section 134(6) of the Companies Code, 1966 (Act 179) Pannell Kerr Forster (PKF) will continue in office as Auditors of the Company. The Board will request from Members their approval to fix the remuneration of the Auditors.

3. To Elect Directors/Re-elect Retiring Directors

a. Mrs. Doris Awo Nkani is hereby proposed for election as a Director in accordance with Section 181(5b) of the Companies Code, 1963 (Act 179) and Regulations 60(a) and 61 of the Company.

b. To re-elect Dr. Vitus Victor Anaab-Bisi, Mr. Ato Pobee Ampiah and Mr. Kingsley Awuah-Darko, the longest serving Directors in office, in accordance with Section 298 of the Companies Code, 1963 (Act 179) and Regulation 61 of the Company.

4. To Approve the Remuneration of Directors

To approve GH¢700,000.00 as Directors' remuneration for the year to 31st December, 2013 in accordance with Section 194 of the Companies Code, 1963 (Act 179) and Regulation 67 of the Regulations of the Company.

Contents

Corporate Direction

our vision

We will maintain our dominance in the Insurance Industry.

our mission

To provide innovative and competitive insurance and allied services to our Clients through a highly skilled and motivated workforce with a commitment to deliver value to all stakeholders.

our objectives

Objectives of SIC towards the realisation of its VISION and MISSION.

Customers:	Achieve total customer satisfaction and loyalty.
Shareholders:	Maximize shareholders value.
Employees:	A satisfied workforce.
Corporate Citizenship:	Be a good corporate citizen

our people promise – our values

At SIC we customize our products for every client. The right product for the right person at the right time!!

1. TRUST
2. RELATIONSHIP
3. PROFESSIONALISM
4. RESPECT
5. SENSE OF URGENCY

Reinsurers/ Reinsurance Brokers

In order to get maximum protection for the Insurances underwritten, SIC Insurance Company Ltd. has very reputable Reinsurers and Reinsurance Brokers. The purpose is to enhance its capacity and financial security to underwrite any risk.

The Reinsurers/Reinsurance Brokers include the following:

AON Group Ltd.	-	U.K.
Afro-Asian Insurance Services	-	UK
African Reinsurance Corp.	-	Nigeria
BEST Reinsurance – Tunis	-	Tunisia
CICA Reinsurance Co.	-	Togo
Ghana Reinsurance Co.	-	Ghana
General Insurance Company of India	-	India
Hannover Reinsurance Co.	-	South Africa
Mainstream Reinsurance Co.	-	Ghana
Marsh Ltd.	-	U.K
Munich Mauritius Reinsurance Co.	-	Mauritius
Member Companies of the International Underwriting Association of London	-	U.K.
Swiss Reinsurance Co.	-	Switzerland
United African Insurance Brokers	-	Nigeria
Willis Group Ltd.	-	U.K.
U.I.B	-	U.K.

Directors, Officials and Registered Office

Directors

Mr. Max Cobbina	Chairman
Dr. Vitus Anaab-Bisi	Member
Mr. Kofi Amoah	Member
Mrs. Yvonne Osei Tutu	Member
Mr. Kingsley Awuah-Darko	Member
Dr. Sydney Yayah Laryea	Member
Mr. Ato Pobee Ampiah	Member
Mr. Justice Benjamin O. Tetteh	Member
Mrs. Doris Awo Nkani	Managing Director

Company Secretary

Mr. Prince Emmanuel K. Mawuvenu

Registered Office

Nyemitei House
28/29 Ring Road East
Osu-Accra

Auditors

PKF
Chartered Accountants & Business Advisers
Farrar Avenue
Adabraka

Registrars

NTHC Limited
Martco House
P O Box KIA 9563
Airport, Accra

Bankers: - Local

Ghana Commercial Bank Limited
Merchant Bank (Ghana) Limited
National Investment Bank Limited
SG-SSB Bank Limited
HFC Bank (Ghana) Limited
Standard Chartered Bank Ghana Limited
Barclays Bank Ghana Limited
Ecobank Ghana Limited
International Commercial Bank Limited

Bankers: - Foreign

Ghana International Bank Limited
Barclays Bank Plc

Directors' report

The directors have pleasure in presenting their Annual Report together with the audited consolidated financial statements of the group for the year ended 31 December 2012.

1. Principal activities

The principal activities of the company and the subsidiary are:

i. to undertake non-life insurance business and

ii. to undertake the provision of investment advisory, asset and fund management, and financial consultancy services.

2. Results for the year

	GH¢
The balance brought forward on income surplus account at 1 January was	**22,276,270**
To which must be added:	
Profit for the year after charging all expenses, depreciation and taxation of	**(1,974,256)**
	20,302,014
From which is made an appropriation to statutory reserve of	**(2,969,761)**
	17,332,253
Dividend paid	**(3,478,567)**
Minority Interest	**(2,118,041)**
Leaving a balance to be carried forward on income surplus account of	**11,735,645**

3. Nature of business

There was no change in the nature of the business of the group during the year.

4. Auditors

In accordance with section 134(5) of the Companies Code 1963, Act (179) the auditors, Messrs. PKF acted as the auditors.

On behalf of the board

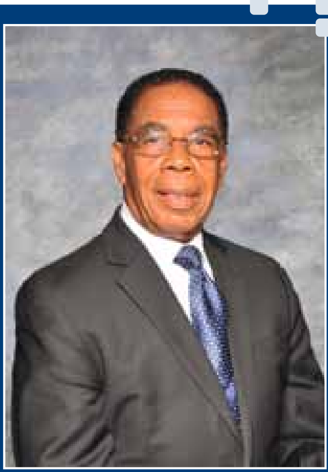
Max Cobbina
Chairman

Doris Awo Nkani
Managing Director

Financial highlights

	Group 2012 GH¢	Group 2011 GH¢	Company 2012 GH¢	Company 2011 GH¢
Gross Earned Premium	**98,992,058**	79,690,362	**98,992,058**	79,690,362
Net premium	**76,310,074**	61,640,693	**76,310,074**	61,640,693
Claims incurred	**(25,993,785)**	(19,197,213)	**(25,993,785)**	(19,197,213)
Underwriting profit	**10,597,976**	2,840,638	**1,521,772**	2,750,982
Profit/(Loss) before tax	**1,944,757**	7,506,930	**(7,534,850)**	7,337,329
Profit/Loss after tax	**(1,974,255)**	6,195,401	**(9,034,389)**	6,081,044
Shareholders' funds	**74,269,144**	86,001,929	**67,602,974**	86,436,017
Net assets	**74,269,144**	86,001,929	**67,602,974**	86,436,017
Total assets	**303,983,189**	288,313,790	**142,071,905**	149,370,424
Number of shares issued and fully paid for	**195,645,000**	195,645,000	**195,645,000**	195,645,000
Earnings per share (GH¢)	**0.0209**	0.0317	**(0.0462)**	0.0311
Net assets per share (GH¢)	**0.3796**	0.4258	**0.3455**	0.4285
Current ratio	**1.0194**	1.4466	**1.0692**	1.4466
Return on shareholders funds (%)	**-3%**	7%	**-13%**	7%

Profile of Directors



Mr. Max Cobbina
CHAIRMAN OF THE BOARD OF DIRECTORS

He holds an MBA in Management & Computer Science, a BSc. in Marketing from Fordham University, New York, NY and a Post Graduate degree in Insurance and Reinsurance from the College of Insurance, New York, NY.

Max Cobbina was appointed as Chairman of the Board of Directors in 2009. He is a distinguished insurer and a Computer Scientist.

He has held Executive positions for 21 years in Corporate America. Prior to his appointment, he had also served in the following capacities: Chief Executive Officer of Ghana Reinsurance Company, President and CEO of GHAMESAF Inc, Brookfield, Corporate Network Administrator at Union Carbide Corporation (UCC) Danbury, CT.

Max has also served as Director on the following Boards: The Trust Bank, Consolidated Discount House, Household Finance Company, Ghana Stock Exchange, Ghana Reinsurance Company.

He also served as President of the Ghana Insurance Association.

Mrs. Doris Awo Nkani
MANAGING DIRECTOR

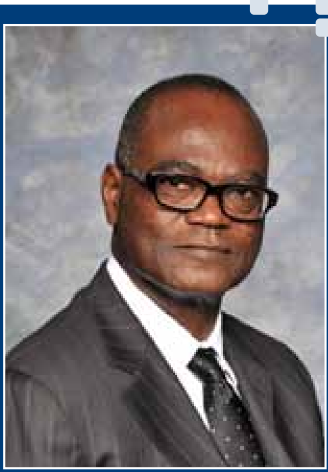
Mrs. Doris Awo Nkani, the new Managing Director is a Chartered Insurer and a fellow of the Insurance Institute of Ghana (IIG). She is a Lawyer and has held several top positions in the insurance industry. Prior to her appointment as Deputy Managing Director (Technical) at SIC Insurance, she was the Managing Director of Phoenix Insurance Company Limited, where she helped to re-position the Company.

She has also served in the past as Head of the following departments at SIC Insurance; Underwriting, Claims, Legal and Marketing. Mrs Nkani was also the Tema Area Manager and had oversight responsibility of Tema, Koforidua, Aflao and the Ho branch offices.

She is the President of the Bureau of Guarantors of the Inter State Road Transport (ISRT) Association of ECOWAS; a West African sub regional association which focuses on deepening traffic flow along the interstate corridors of the ECOWAS region. Mrs. Nkani is an Executive Council member of the West African Insurance Companies Association (WAICA) and a member of the Governing Council of West Africa Insurance Association. She serves on Management Board of SIC Life, Novotel and the Superannuation Management Committee of the Ghana Atomic Energy Commission.

She holds an LL.B (Hons) from the University of Ghana, Legon and a BL from the Ghana Law School. She is a member of the Chartered Institute of Insurance, London and the Chartered Institute of Marketing, Ghana.

Profile of Directors- cont.



Mr. Kofi Amoah

NON - EXECUTIVE DIRECTOR

Kofi Amoah was appointed as a Director in 2008. His professional experience covers Business Management, Business Development and Investment Services. Kofi has a lot of experience in building companies. He is the founder and CEO of Progeny Ventures Inc. Los Angeles, which has successfully partnered with Western Union Financial Services and several African Banks in the global Remittances business.

He is also the founder and President of J.S. Investments Inc., Los Angeles, PVI Ghana Ltd, and Progeny Aluminum and Design Ghana Limited, Citizen Kofi Group and Earth Ghana Investments.

Mr. Amoah is a member of Ghana Investment Advisory Council, past member of the Ghana Football Association and Chairman of the Local Organising Committee (LOC) of the Ghana 2008 African Cup of Nations Tournament.

He is a product of Opoku Ware School, Kwame Nkrumah University of Science and Technology (KNUST) in Ghana and the University of California, Berkeley.

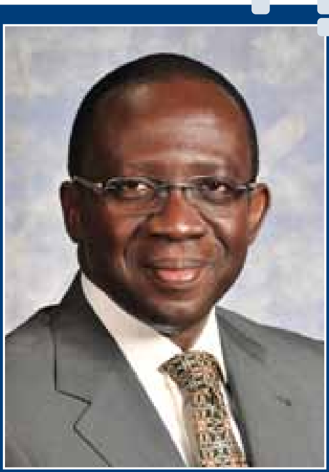
Mrs. Yvonne Osei-Tutu

NON - EXECUTIVE DIRECTOR

Yvonne was appointed as a Director in 2009. Her professional experience covers Information Technology, Operational Management and Business Process Improvement. She has worked with the following companies in the United States of America: Wachovia Bank, Merrill Lynch, Time Warner Cable, and Credit Suisse First in Boston.

She is currently the Chief Executive Officer for Next Generation Broadcasting Ghana Ltd.

She holds a Bachelor of Arts Degree in Economics from the University of Ghana, Legon and an MSc in Information Systems from Pace University, New York. She is also a Certified Project Management Professional (PMP).



Mr. Kingsley Awuah-Darko

NON - EXECUTIVE DIRECTOR

Kingsley Kwame Awuah-Darko was appointed to the Board of SIC Insurance Co. Ltd. in 2009. Mr. Awuah-Darko Holds a B.A. in Law from the Kwame Nkrumah University of Science and Technology and a Masters in Business Administration from the Henley Management College in the U.K. (now Henley Business School).

He currently serves on the Boards of City Investments Co. Ltd., SIC Financial Services Ltd. , the Roman Ridge School and Solenta Aviation Ghana Ltd. He also serves on the Board of Matrix International Holdings a U.K. F.S.A. authorized Financial Services Co.

Dr. Vitus Victor Anaab-Bisi (MD,MPH)

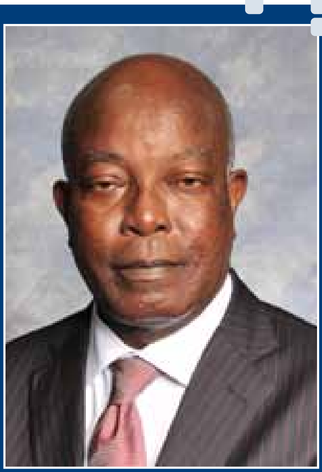
NON - EXECUTIVE DIRECTOR

Dr. Vitus Victor Anaab-Bisi has over Seventeen years experience in medical practice. He was appointed to the Board of SIC Insurance Company Limited in 2009. He holds a Doctor of Medicine (MD) degree from the Vinnitsa State Medical University in the Republic of Ukraine and also a Master of Science degree in Public Health in Developing Countries (MPH) from the London School of Hygiene and Tropical Medicine of the University of London, UK.

Dr. Anaab-Bisi has vast experience in Health Systems Management. He also has interest in Health Insurance and in Clinical Practice as well as Public Health, in key health institutions such as Korle – Bu Teaching Hospital, Ghana Police Hospital and Akim Oda Government District Hospital.

Dr. Anaab-Bisi is currently the Head of Health Services Department of Ghana Ports and Harbours Authority (GPHA) Tema, where he combines clinical work with health administration. He also handles issues of Occupational Health and Safety. Dr. Anaab-Bisi has interest in farming and traveling.

Profile of Directors- cont.



Dr. Sydney Yayah Laryea
NON - EXECUTIVE DIRECTOR

Dr. Laryea was appointed as a Director in September 2011. He is an experienced Chartered Accountant and a Partner of Laryea Baddoo & Associates (Chartered Accountants and Management Consultants).

He is a non-Executive Director of the Bank of Ghana where he chairs the Audit Committee and Budget and Strategic Planning Committee. Sydney is also the Board Chairman of Goodmans Impex Company Limited.

He is currently the Managing Director of the following Companies: Integrated Investment Limited, Regent West Africa and Tesano Commercial Limited.

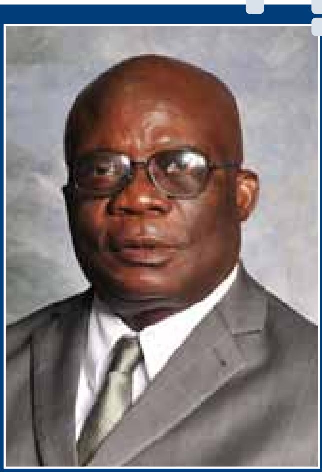
He also holds a BSc Degree in Accounting from the School of Administration, University of Ghana, an MSc in Finance from the University of Leicester, UK and a PhD from the Century University, Albuquerque, New Mexico (USA).

Sydney is also a fellow of the Institute of Directors and the Institute of Chartered Financial Consultants.

Mr. Justice Benjamin Okai Tetteh
NON - EXECUTIVE DIRECTOR

Justice Okai Tetteh was appointed as a Director in September 2011. Since his call to the Bar in Ghana, he has worked as a Legal Officer with the Ghana Co- operative bank Limited and also in various capacities . He has also sat as a Magistrate and Circuit Court Judge. He was appointed chairman for the regional Tribunal in 1995 and sat in Accra. Subsequently he was appointed a High Court Judge and he sat at Cape Coast, Wa and Agona Swedru until he retired. In Wa, he was a supervising High Court Judge in the Upper West Region.

He holds an LL.B Degree from the University of London. He was called to the English Bar as a Barrister in Grays Inn. He did his post call at the Ghana Law School and was called to the Bar in Ghana. He also has a Post Graduate Certificate in Education from Garnet College, London .



Mr. Ato Pobee Ampiah
NON - EXECUTIVE DIRECTOR

Mr. Ato Pobee Ampiah was appointed as a Director in September 2011. He is a Senior Member of the Ghana Institute of Engineers and a fellow of the Chartered Institute of Marketing Ghana.

He is also a two-term past President of the Ghana Employer's Association and Ghana National Chamber of Commerce. He was the former Managing Director of Ghamot Company Limited now Toyota Ghana.

Ato is currently the Managing Director of Tema Oil Refinery.

He holds a BSc. Degree in Mechanical Engineering and a Post-graduate Diploma in Industrial Management from the Kwame Nkrumah University of Science and Technology, Ghana. In addition, he holds certificates of professional study from various Institutions in the USA, Japan and Bangkok.

SIC FLEXIBLE HOME PACKAGE

One Insurance Policy with the flexibilty to choose a number of distinguished solutions from one package to cover different risks in your home.

Contact any SIC Insurance office in your, locality, district or region for more details ...

Head Office	Ring Road West Office	Tema Area Office	Kumasi Area Office	Takoradi Area Office
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SIC INSURANCE COMPANY LTD.

BY AIR OR SEA, ACCIDENTS HAPPEN

Thats why you need the **SIC MARINE and AVIATION INSURANCE POLICY** which covers you for loss, theft or damage to cargo or properties and can be used as collatereal to establish letters of credit with your bankers.

Contact any SIC Insurance office in your, locality, district or region for more details ...

Head Office	Ring Road West Office	Tema Area Office	Kumasi Area Office	Takoradi Area Office
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Executive Management Team

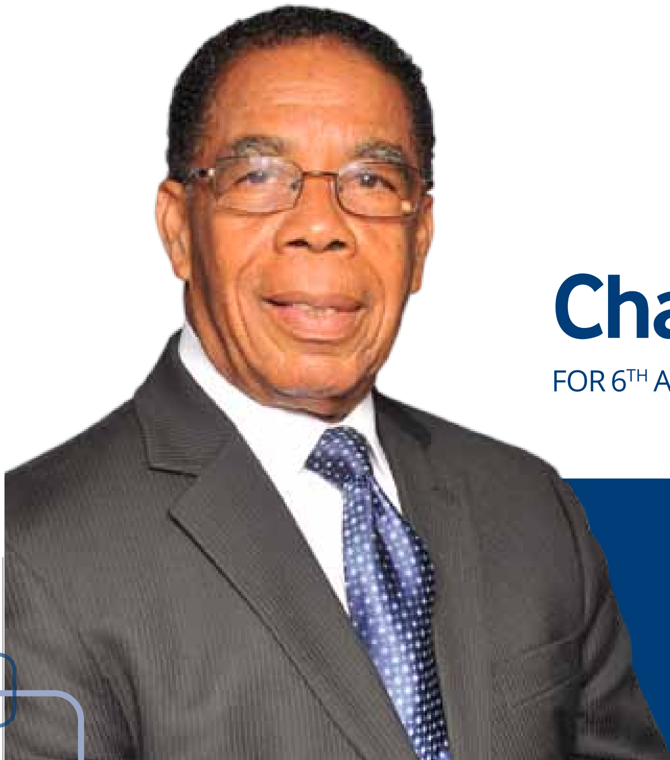
Mrs. Doris Awo Nkani
MANAGING DIRECTOR

Mr. Musah Abdulai
DEPUTY MANAGING DIRECTOR
(FINANCE & ADMINISTRATION)

Mr. Kwei-Mensah Ashidam
DEPUTY MANAGING DIRECTOR
(TECHNICAL)

Chairman's Report

FOR 6TH ANNUAL GENERAL MEETING



Mr. Max Cobbina
CHAIRMAN OF THE BOARD

INTRODUCTION

My Dear Shareholders,

Distinguished Ladies and Gentlemen, I am very pleased to extend a warm welcome to each one of you to the 6th Annual General Meeting of SIC Insurance Company Limited. It is, indeed, my singular honour and privilege to present to you the Annual Report and Financial Statements of the Company for the year ended December 31st, 2012.

Over view of the World Economy

The world economy seems not to have recovered from its low growth in spite of the various austerity measures put in place to restore the global economy on higher growth path. The global economy continues to experience high unemployment, shaken consumer and business confidence and financial sector fragility. Concerns revolve around the absence of strong fiscal consolidation plans in the United States and Japan, high private sector debt, limited policy space, risk from high sovereign debt and insufficient institutional progress in the euro zone, which could lead to a protracted period of low growth.

In the wake of these challenges, developing economies and the larger emerging markets i.e. China continues to stoke the engine of the world economy. Reflecting this nuanced view of the global economy, the International Monetary Fund (IMF) has stepped down its 2013 global growth forecast by 0.2 percentage points to 3.3 percent.

The Ghanaian Economy

The year 2012 being an election year was plagued with significant economic and political challenges. However, sound macro-economic management coupled with higher world market prices for oil, gold and cocoa as well as increase in foreign direct investment and foreign remittances helped sustain a GDP growth of 7.6 percent for the year. This growth rate is considered high given that it is on top of the growth rate of 14.4 percent recorded in 2011. Furthermore, the 2012 growth rate compares favourably with the global growth rate of 3.2 percent and sub-Saharan Africa growth rate of 4.8 percent indicated by the International Monetary Fund (IMF) World Economic Outlook.

Inflationary pressures in year 2012 were subdued as a result of lower food prices and the tight monetary policy measures implemented during the year. From 8.6 percent in December 2011, headline inflation peaked at 9.5 percent in July 2012, easing thereafter to 8.8 percent in December 2012.

Generally, the money market experienced an appreciable increase in interest rates in year 2012. The 91-day Treasury Bill rate rose from 10.7 percent in December 2011 to 22.4 percent in June 2012 and further increased marginally to 23.1 percent in December. Similarly the 182-day bill increased from 11.1 percent in December 2011 to 22.0 percent in June 2012 and further rose to 22.7 percent at the end of the year. The 1-year fixed note went up from 11.3 percent in December 2011 to 22 percent in June and to 22.9 percent in December 2012.

The Bank of Ghana increased its base rate from 12.5 percent in December 2011 by 250 basis point to 15 percent during the first half year of 2012 and this was maintained to the end of the year.

The base rate of the commercial banks ranged between 16.95 percent – 25.95 percent in year 2012. However, average lending rates declined marginally from 25.9 percent to 25.7 percent in the same period.

In real terms, the Composite Index of Economic Activity (CIEA) grew by 6.8 percent in December 2012, against September 2012, and 14.9 percent in December 2011 ???

Total revenue and grants amounted to GH¢16.1 billion compared to GH¢10.5 billion in year 2011. On the other hand, total expenditure for year 2012 amounted to GH¢24.8 billion compared to GH¢12.8 billion in year 2011. This fiscal development resulted in a deficit of GH¢8.7 billion which was financed mainly from domestic source according to the Bank of Ghana

According to the Bank of Ghana, survey of business and consumer confidence point to a rebound of optimism and positive expectations about economic prospects. The business confidence index improved to 104.1 in December 2012, from 94.3 in September 2012, supported by optimism about company operations, sales and profits.

Insurance Industry

The insurance industry continues to be competitive with the number of Non-Life Companies standing at 25. The industry continues to register new entrants and this is expected to further increase the level of competition in the industry. In the wake of the high competition in the industry, some competitors have resulted to using under cutting to secure businesses with the resultant effect being such company's inability to secure reinsurance covers for their businesses which further threatens their future survival in the event of claims demand. As a result of the competition, the industry continues to be plagued with high levels of outstanding premium owed insurers. In spite of the NIC credit guidelines to mitigate this situation, insurance companies continue to flout the guidelines, accumulating very high debtors' levels on their balance sheets with the attendant challenge of writing off huge sum of money as bad debt.

In the midst of these challenges, your Board will provide excellent guiding principles that will ensure that your Company leads the competition and furthermore, ensure that your Company maintains a healthy financial position.

Business Operation

There was no change in the nature of business of the Company during the year under review and therefore present the operational performance of the Company as follows;

Premium Income

In spite of the market challenges, your Company realized an amount of GH¢98,992,058 as Gross Earned Premium Income indicating a growth of 24 percent compared to the performance of GH¢79,690,362 in year 2011. Net Earned Premium Income after Reinsurances grew by 24 percent from GH¢61,640,693 in year 2011 to GH¢76,310,074 in year 2012.

Debt Write-Off

Since its inception in 2009 your Board has been monitoring movement in the Premium Debtors accounts of the Company that grew from GH¢33,273,400 in year 2009 to GH¢37,933,318 in year 2010 and to GH¢39,404,120 in year 2011. In year 2012, your Board critically analysed the age profile of the Company's Premium Debtors stock of GH¢39,404,120 indicated in year 2011 Audited Report and Financial Statement and decided to write off an amount of GH¢19,702,060 in year 2012. This decision was taken in consultation with the National Insurance commission (NIC) in line with their new credit guideline that requires insurance companies to write off all outstanding premium that has been in existence for more than one year.

Notwithstanding this decision, Management of the Company has been mandated and challenged to pursue the recovery of at least GH¢10,000,000 of the write off amount in year 2013.

The Board and Management of the Company are assiduously putting in place pragmatic measures to streamline the Account receivable.

Profit/Loss Position

Your Company would have made a profit before tax of GH¢12,167,209 as against GH¢7,337,329 made in year 2011. However, as a result of the huge debt write off of GH¢19,702,060 in year 2012, your Company made a loss of GH¢7,534,851 in year 2012.

Dividend

Your Company is among companies with impressive dividend payment history on the Stock Market. The Company has been consistent in dividend payment from year 2008 to year 2011. However, the Board of Directors has proposed non-payment of dividend to shareholders in respect of the Company's operations for year 2012 as a result of the issue raised above. We are hopeful that your Company will make a good turn around next year to enable shareholders enjoy the impressive returns on their investment.

Subsidiarisation Of Bob Freeman Clinic And The Estates And Mortgages Department

The subsidiarisation of the Bob Freeman clinic is progressing earnestly. Construction of the state-of-the-art hospital building has started and it is hoped to be completed by the end of first quarter of 2014.

Again, the subsidiarisation of the Estate and Mortgages Department is on-going and it is expected to be completed by the end of third quarter of 2014.

Sudan Road Project

In respect of the Sudan Road Project, a Special Purpose Vehicle named Gold Ridge Property Limited has been incorporated and has been mandated to source for funding for the project.

Projects On Hold

In view of the desire of the Board and Management to streamline the account receivable of the Company, the Company's initiated project of expanding the SIC brand to the West Africa sub-region i.e. the Sierra Leonean and Liberian markets have been put on hold. Furthermore, the Company's desire to invest in Reinsurance Company has also been suspended.

Staff Rationalisation Programme

The Board took the strategic decision to down-size the staff strength of the Company by approximately 200. The purpose was to reduce the high staff cost leading to a reduction in Management Expenses. This exercise started in earnest and the first phase of voluntary staff retrenchment made up of 57 staff was completed. The final phase of the exercise which is the compulsory retrenchment will be completed by the end of the third quarter of year 2013.

Outlook For 2013

The global economic condition is expected to experience some modest improvement driven by the emerging market economies and the temporary resolution of the United States of America's 'fiscal cliff'.

On the domestic front, economic growth prospect is still robust with a budgeted GDP growth 7.9%. This is evidenced by growth in the Composite Index of Economic Activity, Private Sector Credit growth, reducing inflation figures and exchange rate pressures as well as the strong confidence in the economy evidenced also by the high participation of non-resident investors in medium term instrument. It is our belief that this will translate into improved business opportunities in the economy that the Company will take advantage of.

The Board and Management are highly optimistic that the Company's prospects in year 2013 are bright and will work hard to ensure a better performance of the Company in the years ahead.

Appointment Of New Director And Executive Of The Company

The year witnessed the appointment of a new Director in the person of Mrs. Doris Awo Nkani to the Board. The Board subsequently appointed her as the Managing Director of the Company. Prior to her appointment Mrs. Doris Awo Nkani was the Deputy Managing Director (Technical) of the Company. We members of the Board take this opportunity to welcome Mrs. Doris Awo Nkani to the Board.

During the same period the Board appointed Mr. Kwei Mensah Ashidam as the new Deputy Managing Director (Technical) and further confirmed Mr. Musah Abdulai as the Deputy Managing Director (Finance & Administration). We wish them well in their present positions.

Acknowledgement

On behalf of the Board, I once again thank you, our Shareholders for the opportunity to serve you. Furthermore, I wish to express my sincere appreciation for the support, loyalty and dedicated service of the Staff, Management, Board of Directors and all Stakeholders of the Company over the past year.

Thank you and May we live to meet again in 2014.

God Bless SIC.
God Bless Ghana.
God Bless us all.

Managing Director's Statement – 2013 AGM

Mrs. Doris Awo Nkani
MANAGING DIRECTOR

INTRODUCTION

Mr. Chairman,

Distinguished Shareholders, Ladies and Gentlemen, I deem it a great honour and privilege to add my voice to the Chairman's in welcoming you to this year's Annual General Meeting of SIC Insurance Company Ltd.

Though we were faced last year with some challenges, the Company continued with the pursuit of its agenda of maintaining its leadership position in the insurance industry. We are confident that your Company is well positioned to deliver yet another year of good performance.

I would like to share some of the reasons why all of us at SIC are so optimistic about our ongoing efforts and our outlook on the future.

Business Outlook

The general outlook for the global insurance industry is mixed, a consequence of persistently challenging economic, market and regulatory circumstances. The Insurance landscape in Ghana however is undergoing rapid change and we face increasing competition from other companies. This development poses a threat but equally an opportunity for growth and profitability. The Ghanaian insurance industry grew in terms of written premium value recording a Compound Annual Growth Rate (CAGR) of 27.0% between 2008 and 2012. The growth was partly as a consequence of changes in the nation's regulatory framework and improved economic development following the global financial crisis. Industry growth was further supported by the life and personal accident and health insurance segments.

As reported in the Chairman's statement, the 2012 Gross Earned Premium income was **GHC 98,992,058.00** which represents a **24%** increase in growth over the previous year's **GHC 79,690,262.00**. This I must say is a significant achievement by your Company.

Stability

Insurance exists to provide stability in an uncertain world. Much of the work we did in 2012 was aimed at sustaining and increasing the stability we provide to our customers and shareholders. Financial stability is the foundation of SIC's ability to deliver on its promise to be there for our insured's in time of need. In 2012, we focused on balance sheet strength and financial flexibility.

While financial strength is critical, it is not sufficient. For SIC's business to thrive, we need to be perceived by customers and partner's as a stable and consistent provider of insurance products and services. In 2012, we continued to demonstrate the consistency of our underwriting appetite through improved communications and a more proactive approach to working with our agents and brokers to produce better results. The results are beginning to emerge. Our gross written premium crossed the GHC100,000,000.00 mark and this made your company the first insurance company, in the history of Ghana's insurance industry, to have done so. This was achieved through solid retention and major new businesses.

We also made progress with our subsidiary, SIC-FSL, that turned very profitable as shown in the financial report. This was as a result of increasing funds under management and diversifying its investment portfolio.

Strong and stable relationships with our intermediaries a priority. Through our distribution management strategies, we identified our priority agents and brokers, developed and communicated growth plans. With more of our resources focused on winning new business, we are positioned to send a consistent message to the market.

Re-invention and Product Development.

Our clients operate in a world of continually changing challenges, opportunities and risks. This reality provides us with an opportunity to better serve our customers through a constant process of reinvention – deeply understanding their risks and delivering distinctive insurance solutions.

SIC is building upon a very strong market brand through our specialized approach to underwriting in key customer segments – construction, financial institutions, manufacturing, professional services, small business, etc.

This specialized approach has allowed us to create a competitive advantage on many fronts – better risk selection, deeper understanding of risk, improved risk-based pricing, distinctive products and services, and improved loyalty among our intermediaries and customers who experience our deep, industry-specific expertise in underwriting, risk control and claim.

Beyond distinctive insurance solutions, we attract desirable business by delivering a superior experience to our intermediaries and customers. In 2013, we will track the quality of our service through such matrix as response time to claims, and customer and intermediary surveys so as to ensure we are in compliance with the National Insurance Commission (NIC) with regards to our claims payments.

The company is in the process of introducing to the market newly developed innovative products targeted at the health, educational and sports sectors of the economy. The move is in line with our long cherished tradition of regularly tailoring our products and services to the specific needs of the various segments of the market.

Micro Insurance

The N.I.C in collaboration with the German International Corporation (GIZ) has launched a new regulatory regime for micro insurance. This is to present the insurance industry with various tools for the implementation of micro insurance in Ghana. Your Company has appropriately positioned itself and designed insurance products to take advantage of the opportunities that this new regulation brings on board. We realized that significant sizes of uninsured population in the cities' suburbs and districts provided a solid opportunity for our expansion strategy. These opportunities include improved market penetration and spread with its resultant increased premium income

Claims Payment

Over the years, your company has been providing protection and security to our numerous clients through the payment of claims. Your company operates a tradition which makes claims payment regular and on time for its teeming clients. In 2012, the company paid a total of GHC25,993,785 to policyholders and other claimants. This represents an increase of over 56% over the amount paid to claimants in 2011 (GHC19,197,213). This unusually significant increase in claims payment for the period was due to the settlement and payment of most of the major claims that resulted from the catastrophic floods that occurred in the last quarter of 2011.

Prompt claims payment constitutes the most important advertisement for an industry such as ours and your company has done exceedingly well in that area. We acknowledge ourselves as one of the most formidable backbones of the national economy due to the fact that we keep to our promise when our major clients in the energy, manufacturing, construction, and other sectors come face-to-face with catastrophic losses. We will continue to deliver on our promises to ensure sustained growth for your company.

Corporate Credit Rating

SIC Insurance Company retained its AA international credit rating. The rating principally refers to claims paying ability of the company. Consideration for the rating was based on the high claims paying capability, the good mix of business across the risk classes, the high profile of multinational and downstream clients, increased underwriting capacity, and geographical spread of the company's branch network among others. The rating resulted from an evaluation of all these factors as well as how the company's financial position may change in the future. Our protection factors were adjudged to be strong and risk exposure modest.

Customer Service and Channels of Distribution

Customer service is about the various activities that are designed to enhance the level of customer satisfaction. Customer satisfaction is therefore the ethos that governs the company's operations. SIC operates for the sole purpose of delighting its customers and delivering value to its shareholders in the best professional manner. It is in this light that the company introduced "SIC@ Your Door" project which ensured that the products and services of the company were provided at the doorsteps of both potential and existing clients. The Project staff ensured that major clients, in particular, did not suffer any form of inconvenience during placement and renewal of policies. The Sales and Marketing Department was also rejuvenated with new leadership to spearhead the marketing efforts of the company. We are convinced that it is only by winning and maintaining the trust of our clients that we shall, as a company, succeed in delivering the quality of services they deserve. Being mindful of our clients' need to operate effectively in an ever-competitive market, we endeavour to provide a prompt, efficient and comprehensive service.

We continued to expand our channels of distribution to bring our services closer to more communities. During the year, operations at our newly established Adenta Office started. This complements similar offices in Akatsi in the Volta Region, Dansoman in Greater Accra Region, Techiman in Brong Ahafo Region, and Suame in Ashanti Region.

SIC Golden Jubilee Anniversary

The Golden Jubilee Anniversary celebrations under the theme **'50 years of Excellence in Nation Building through Insurance'** were marked in all the Area and Branch Offices of the company. The celebrations which took place in all the Area and Branch Offices, took the form of clients' appreciation events during which loyal and major clients were rewarded and appreciated for their continued support for the company. The highest point of our Anniversary celebrations came up when we hosted the former Brazilian President His Excellency Liuz Inacio Lula da Silva to deliver a lecture which brought together political leaders, top government officials, industry chiefs, and other notable personalities. This perfectly delivered lecture titled 'Economic Development with Social Inclusion – The Brazilian Model' was of national character, very insightful and thought-provoking.

Technology

A robust technology has been invested in and is in place to complement the expansion and increasing number of our clientele that have come to rely on the competencies of our company. This involved the upgrade of our main application and the deployment of other cutting edge business solutions in order to improve our technical operations and business processes. This has also made it possible to launch the e-insurance product, an integrated online application that is supported by TransFlow payment gateway. This new channel allows our clients to renew their policies online and pay with either MTN Mobile Money or at any of our partner banks across the country without visiting our offices. Policies are issued and delivered to the client at home or office. Clients can also use the online application to track the status of claims that are being processed.

The new suite of application deployed will also enable us launch additional sales channels by the end of 2013. This will increase our foot print nationwide at a minimal cost, bringing our products closer to more people.

Corporate Social Responsibility

As a corporate citizen, we take pride in our strong relationships with the communities where we live and work. SIC continues to support a wide range of social services and educational organizations in our communities. In addition, I am proud of the many ways SIC contributes to a sustainable future. The Company escalated its Corporate Social Investments among other things by partnering JOYFMs Read100 Library Project by putting up a multipurpose Community Library in Ho Kpodzi to serve a cluster of sixteen (16) schools in and around the Ho Municipality.

Outlook for 2013

There are major challenges facing the national economy in 2013. A budget deficit of GHC 8.649 billion recorded in 2012 which mainly resulted from shortfalls in corporate income tax particularly from the petroleum sector, grants from development partners, implementation of the single spine salary structure, utility and fuel subsidies, etc., will have to be dealt with by the managers of the national economy. Measures like the adjustment of fuel prices to realistic levels have already been taken and other measures will follow. The insurance industry is an important appendage to the economy and is directly affected by challenges the economy faces.

The positive outlook painted by the Minister of Finance in his 2013 budget statement gives the insurance industry and our dear company in particular, some level of hope. Government programmes to maintain single digit rate of inflation, ensure exchange rate stability, reduce the deficits significantly, and maintain high annual economic growth rates will hopefully ensure that the economy regains its strength. Major infrastructural projects in the roads, housing, and in the oil and gas sectors are planned for implementation in 2013.

Your company, SIC Insurance Company, has put in place the necessary systems and structures that will enhance our ability to take advantage of all the insurance opportunities that will come along as the national budget is implemented. We will also continue to streamline and simplify our organization, shifting resources to support our core business. It is in this vein that your Company is currently embarking on five priority programmes, namely, subsidiarization of the Bob Freeman Clinic and the Estates and Mortgages Department; staff rationalization; training of staff to upgrade their professional and technical expertise; premium growth; and prudent management of our investment portfolio.

The subsidiarization programme is aimed at ensuring that the two departments which are major cost centres in the company's annual budgets are made autonomous and self-financing. The company can then concentrate on its core insurance business. The benefits of this programme are two-fold: management expense ratio will see significant improvement and thereby increase profit levels; and secondly, subsidiaries can grow to become dividend-paying companies as exemplified by SIC-FSL.

Staff rationalization and realignment of function will be undertaken to reduce cost and consequently, bring down the high management expense ratio to acceptable levels.

Staff training is the third priority programme that is high on our agenda for 2013. Insurance is a dynamic profession and employees' level of knowledge and expertise need to be upgraded regularly to keep them abreast with latest developments in the industry. Both local and foreign courses will be arranged for staff in this programme.

Premium growth is considered a priority area because it is the heart of the business. As already reported, a major increase in premium income was recorded in 2012 and we will sustain this impressive performance by our top value proposition in all our product lines.

Investment income has proven to be an important income source for your company. In 2012 we recorded an exceptional increase of 212% in our investment income over that of 2011. This resulted from our proactive and prudent management of our investment portfolio, and dividend payment. We will continue to take appropriate steps to sustain this level of achievement.

The successful implementation of these five priority programmes will significantly and positively impact on profitability of your company and thereby create an improved shareholder value.

Concluding statement

Mr. Chairman, Distinguished Ladies and Gentlemen, against this backdrop, SIC is well served by our sustained focus on stability and reinvention. While we have more work to do to improve profitability and deliver greater returns to our shareholders, I am encouraged by the progress we have made in building the strengths we want to be known for: talented people, superior customer service, industry-specific expertise, strong producer relationships, commitment to our communities, and top and bottom line growth ... in short, a winner.

I wish to thank our clients, both corporate and individuals, for their continued loyalty and support which have sustained us this far. I also wish to appreciate our dedicated hardworking staff, agents, brokers, the Board of Directors and you our cherished shareholders for the unwavering support the company received from you in 2012.

I look forward to reporting on our continued progress next year.

Life is full of uncertainties but none should take you by storm. Take an **SIC Accident Insurance Policy** and enjoy a 24/7 insurance protection:

- Property Insurance Policy
- Goods-In-Safe
- Cash-In-Safe
- Pedal Cycle
- Bankers Indemnity
- Engineering
- Bonds
- Liability Insurance

Contact any SIC Insurance office in your, locality, district or region for more details ...

Head Office	Ring Road West Office	Tema Area Office	Kumasi Area Office	Takoradi Area Office
+233-302-228922/228926	+233-302-228922/228962	+233-303-202263/206535	+233-3220-23341-2/25610	+233-3120-22315/22048

SIC
OUR PROMISES ARE SACRED
SIC INSURANCE COMPANY LTD.

Statement of Directors' Responsibilities

The Ghana Companies Code 1963 (Act 179) requires the Directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the group at the end of the financial year and of the income statement for that year.

The Directors believe that in preparing the financial statements, they have used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates and that all international accounting standards which they consider to be appropriate have been followed.

The Directors are responsible for ensuring that the group keeps accounting records which disclose with reasonable accuracy the financial position of the group and which enable them to ensure that the financial statements comply with the Companies Code, 1963 (Act 179) and Insurance Act 2006 (Act 724).

They are also responsible for taking such steps as are reasonable to safeguard the assets of the group and to prevent and detect fraud and other irregularities.

The above statements which should be read in conjunction with the statement of the auditors responsibilities on page 6 is made with a view to distinguishing for shareholders the respective responsibilities of the directors and the auditors in relation to the financial statements.

Accountants & business advisers

Independent Auditors' Report

To the members of SIC Insurance Company Limited

We have audited the accompanying consolidated financial statements of SIC Insurance Company Limited and its subsidiary (the Group) set out on pages 21 to 55, which comprise the statement of consolidated financial position as at 31 December 2012 and the statement of consolidated comprehensive income, consolidated statement of changes in shareholders' funds and statement of consolidated cash flow for the year then ended ,and a summary of significant accounting policies and other explanatory notes.

Directors' responsibility for the financial statements

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

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the Consolidated Financial Statements give a true and fair view of the financial position of the Group as at December 31, 2012 and of its financial performance and cash flow for the year then ended in accordance with International Finance Reporting Standards and comply with the Companies Code 1963, (Act 179) and the Insurance Act 2006 (Act 724).

Accountants &
business advisers

Independent Auditors' Report - continued

To the members of SIC Insurance Company Limited

Report on other legal and regulatory requirements

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

i. we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

ii. in our opinion proper books of accounts have been kept by the group, so far as appears from our examination of those books; and

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

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

PKF

Eric Sowatei Tettefio
for: PKF
Chartered Accountants
20 Farrar Avenue
Adabraka - Accra
28-Mar-13

Statement of Consolidated Comprehensive Income

For the year ended 31 December, 2012

	Note	Group 2012 GH¢	Group 2011 GH¢	Company 2012 GH¢	Company 2011 GH¢
Gross premium	6	98,992,058	79,690,362	98,992,058	79,690,362
Less: Reinsurances	7	(22,681,984)	(18,049,669)	(22,681,984)	(18,049,669)
Net premium		76,310,074	61,640,693	76,310,074	61,640,693
Claims incurred	8	(25,993,785)	(19,197,213)	(25,993,785)	(19,197,213)
Brokerage and advisory fees	9	11,568,510	2,582,041	-	-
Commissions	10	(3,720,689)	(3,372,759)	(3,720,689)	(3,372,759)
Management expenses	11	(47,566,134)	(38,812,123)	(45,073,829)	(36,319,739)
Underwriting profit		10,597,976	2,840,639	1,521,771	2,750,982
Investment income	12	4,754,112	1,552,139	4,711,094	1,510,416
Other income	13	6,754,733	3,866,162	6,394,348	3,827,940
Finance costs	14	(460,004)	(752,009)	(460,004)	(752,009)
Bad debts write off		(19,702,060)	-	(19,702,060)	-
Profit before tax		1,944,757	7,506,931	(7,534,851)	7,337,329
National stabilisation levy		-	-	-	-
Taxation	20(c)	(3,919,012)	(1,311,529)	(1,499,539)	(1,256,285)
		-	-	-	-
Profit after tax transferred to Income surplus account		(1,974,255)	6,195,402	(9,034,390)	6,081,044
Amount attributable to:					
Equity holders of the parent		(4,092,296)	4,336,781	-	-
Non-controlling interest		2,118,041	1,858,621	-	-
		(1,974,255)	6,195,402	-	-
Other comprehensive income					
Net change in fair value of available for sale financial assets		(6,279,963)	(27,851)	(6,320,086)	(6,998)
		(8,254,218)	6,167,551	(15,354,476)	6,074,046

Statement of consolidated financial position

As at 31 December 2012

	Note	Group 2012 GH¢	Group 2011 GH¢	Company 2012 GH¢	Company 2011 GH¢
Stated capital	21	25,000,000	25,000,000	25,000,000	25,000,000
Capital surplus	22	9,316,952	9,316,952	9,316,952	9,316,952
Income surplus		11,735,646	22,276,271	6,358,503	21,841,221
Contingency reserve	23	17,862,463	14,892,702	17,862,463	14,892,702
Available-for-sale reserves	24	7,564,086	13,844,049	9,065,056	15,385,142
Minority interest		2,789,997	671,956	-	-
Shareholders funds		74,269,144	86,001,930	67,602,974	86,436,017
Represented by:					
Property, plant and equipment	25	51,431,558	28,418,485	20,705,182	20,078,960
Intangible assets	26	511,523	375,291	482,451	308,146
Investment properties	27	6,085,128	6,013,805	6,085,128	6,013,805
Long term investment	28	31,451,637	34,587,218	31,292,049	34,565,462
Investment in subsidiary	29	-	-	1,865,492	1,865,492
Investment in associated companies	30	5,073,215	5,073,215	5,073,215	5,073,215
		94,553,061	74,468,014	65,503,517	67,905,080
Current assets					
Short term investments	31	8,989,767	7,326,344	8,918,618	7,055,324
Lease deposit	32	341,692	2,344,667	341,692	2,344,667
Trade & other receivables	33	173,867,932	191,328,869	41,243,315	59,224,153
Inventories		559,204	754,480	559,204	754,480
Unearned reinsurance premium		14,492,646	10,951,292	14,492,646	10,951,292
Cash and bank balances	36(a)	11,178,887	1,140,125	11,012,912	1,135,428
Total current assets		209,430,128	213,845,777	76,568,387	81,465,344
Current liabilities					
Bank overdraft	36(b)	9,139,564	-	9,139,564	-
Unearned premium	5	32,195,883	21,222,313	32,195,883	21,222,313
Outstanding claims	8	10,989,466	3,941,657	10,989,466	3,941,657
Trade & other payables	34	148,606,259	161,292,009	17,198,255	30,061,457
Taxation	20	4,158,182	3,843,649	1,739,578	3,813,282
National stabilisation levy		-	90,693	-	88,309
Other current financial liabilities	35	350,385	951,590	350,385	951,590
Total current liabilities		205,439,739	191,341,911	71,613,131	60,078,608
Net current assets		3,990,389	22,503,866	4,955,256	21,386,736
Medium term loan		(13,413,563)	(8,112,632)		
Bonds		(8,014,988)			
Deferred tax	20(d)	(2,845,755)	(2,857,318)	(2,855,799)	(2,855,799)
Total non-current liabilities		(24,274,306)	(10,969,950)	(2,855,799)	(2,855,799)
Net assets		74,269,144	86,001,930	67,602,974	86,436,017

Max Cobbina
Chairman

Doris Awo Nkani
Managing Director

Consolidated statement of changes in shareholders' funds

For the year ended 31 December 2012

Group	Stated capital GH¢	Income surplus account GH¢	Contingency reserves GH¢	Capital surplus GH¢	Available-for sale reserves GH¢	Non Controlling Interest GH¢	Total GH¢
Balance at 1 January 2011	25,000,000	22,142,470	12,501,991	9,316,952	13,871,900	479,633	**83,312,946**
Total recognised income & exp.	-	6,195,401	-	-	-	-	**6,195,401**
Transfer (from)/to reserve	-	(2,390,711)	2,390,711	-	-	-	**-**
Net gain on available-for-sale invest.	-	-	-	-	(27,851)	-	**(27,851)**
Transfer to equity holders	-	(3,478,567)	-	-	-	-	**(3,478,567)**
Non-Controlling Interest	-	(192,323)	-	-	-	192,323	**-**
Balance at 31 Dec 2011	25,000,000	22,276,270	14,892,702	9,316,952	13,844,049	671,956	**86,001,929**
Balance at 1 January 2012	25,000,000	22,276,270	14,892,702	9,316,952	13,844,049	671,956	**86,001,929**
Total recognised income & exp.	-	(1,974,255)	-	-	-	-	**(1,974,255)**
Transfer (from)/to reserve	-	(2,969,761)	2,969,761	-	-	-	**-**
Net gain on available-for-sale invest.	-	-	-	-	(6,279,963)	-	**(6,279,963)**
Transfer to equity holders	-	(3,478,567)	-	-	-	-	**(3,478,567)**
Minority interest	-	(2,118,041)	-	-	-	2,118,041	**-**
Balance at 31 Dec. 2012	25,000,000	11,735,646	17,862,463	9,316,952	7,564,086	2,789,997	**74,269,144**

Company	Stated capital GH¢	Income surplus account GH¢	Contingency reserves GH¢	Capital surplus GH¢	Available-for sale reserves GH¢	Non Controlling Interest GH¢	Total GH¢
Balance at 1 Jan. 2011	25,000,000	21,629,455	12,501,991	9,316,952	15,392,140	-	83,840,538
Total recognised income & exp.	-	6,081,044	-	-	-	-	6,081,044
Net gain on available-for-sale invest.	-	-	-	-	(6,998)	-	(6,998)
Transfer (from)/to reserve	-	(2,390,711)	2,390,711	-	-	-	-
Transfer to equity holders	-	(3,478,567)	-	-	-	-	(3,478,567)
Balance at 31 Dec 2011	25,000,000	21,841,221	14,892,702	9,316,952	15,385,142	-	86,436,017
Balance at 1 January 2012	25,000,000	21,841,221	14,892,702	9,316,952	15,385,142	-	86,436,017
Total recognised income & exp.	-	(9,034,390)	-	-	-	-	(9,034,390)
Transfer (from)/to reserve	-	(2,969,761)	2,969,761	-	-	-	-
Net gain on available-for-sale invest.	-	-	-	-	(6,320,086)	-	(6,320,086)
Transfer to equity holders	-	(3,478,567)	-	-	-	-	(3,478,567)
Balance at 31 Dec 2012	25,000,000	6,358,503	17,862,463	9,316,952	9,065,056	-	67,602,974

Statement of consolidated cash flow

For the year ended 31 December 2012

Operating activities	Group 2012 GH¢	2011 GH¢	Company 2012 GH¢	2011 GH¢
Operating profit	**1,944,757**	7,506,931	**(7,534,851)**	7,337,329
	1,944,757	7,506,931	**(7,534,851)**	7,337,329
Adjustment to reconcile profit before tax to net cash flows				
Non-cash:				
Depreciation	**1,552,376**	1,518,522	**1,451,386**	1,428,196
Amortisation of intangible assets	**401,296**	311,773	**371,582**	261,829
Profit on disposal of property, plant & equipment	**(76,705)**	143,114	**(76,705)**	143,114
Available-for-sale reserve	**(6,279,963)**	(27,851)	**(6,320,086)**	(6,998)
Interest received	**(3,042,932)**	(378,668)	**(2,999,914)**	(378,668)
Dividend received	**(1,711,180)**	(1,173,471)	**(1,711,180)**	(1,131,748)
Working capital adjustments:				
(Increase)/decrease in receivables	**17,460,937**	(19,841,291)	**17,980,838**	(6,702,433)
Increase in inventories	**195,275**	(197,485)	**195,276**	(197,487)
Increase in unearned reinsurance premium	**(3,541,354)**	(3,576,098)	**(3,541,354)**	(3,576,098)
Increase in lease deposits	**2,002,975**	(481,811)	**2,002,975**	(481,811)
Increase/(decrease) in trade & other payables	**(12,768,182)**	17,702,088	**(14,869,283)**	4,775,822
Increase in provision for unearned premium	**10,973,570**	2,457,069	**10,973,570**	2,457,069
(Decrease)/increase in provision for claims	**7,047,809**	2,148,801	**7,047,809**	2,148,801
Increase in lease obligations	**(601,205)**	(486,869)	**(601,205)**	(486,869)
Increase in deferred taxation	**(11,563)**	3,747	**-**	-
Tax paid	**(3,612,739)**	(845,935)	**(2,081,259)**	(817,742)
Net cash used in operating activities	**9,933,172**	4,782,565	**287,598**	4,772,306
Investing activities				
Acquisition of property, plant and equipment	**(24,565,450)**	(11,950,365)	**(2,077,608)**	(3,691,816)
Acquisition of intangible assets	**(537,528)**	(589,060)	**(191,421)**	(569,975)
Proceeds from sale of property, plant and equipment	**76,705**	1,657,688	**76,705**	1,657,688
Investment properties	**(71,323)**	-	**-**	-
Net cash used/flow from investing activities	**(25,097,596)**	(10,881,737)	**(2,192,324)**	(2,604,103)

Statement of consolidated cash flow

For the year ended 31 December 2012 - continued

	Group		Company	
Financing activities	**2012 GH¢**	2011 GH¢	**2012 GH¢**	2011 GH¢
Purchase of long term investments	**3,135,581**	(2,059,828)	**3,273,413**	(2,112,484)
Dividend received	**1,711,180**	1,173,471	**1,711,180**	1,131,748
Interest received	**3,042,932**	378,668	**2,999,914**	378,668
Dividend paid	**(3,478,567)**	(3,478,567)	**(3,478,567)**	(3,478,567)
Bonds issued	**8,014,988**	-		
Medium term loan	**5,300,931**	8,112,632	**-**	-
Net cash used in servicing of finance	**17,727,045**	4,126,376	**4,505,940**	(4,080,635)
Changes in cash and cash equivalents	**2,562,621**	(1,972,796)	**2,601,214**	(1,912,432)
Cash at 1 January	**8,466,469**	10,439,265	**8,190,752**	10,103,184
Cash at 31 December	**11,029,090**	8,466,469	**10,791,966**	8,190,752

Analysis of changes in cash and cash equivalents				
Cash and bank	**11,178,887**	1,140,125	**11,012,912**	1,135,428
Bank overdraft	**(9,139,564)**		**-9,139,564**	
Short term investments	**8,989,767**	7,326,344	**8,918,618**	7,055,324
	11,029,090	8,466,469	**10,791,966**	8,190,752

Notes to the consolidated financial statements

For the year ended 31 December 2012

1. REPORTING ENTITY

SIC Insurance Company Limited underwrite non-life insurance risks, The group also issues a diversified portfolio of investment services to provide its customers with asset management solutions for their savings and retirement needs as well as undertaking brokerage services. The group is a limited liability group incorporated and domiciled in Ghana, with its registered office at Nyemitei House 28/29 Ring Road East Osu-Accra. SIC Insurance Company Limited has a primary listing on the Ghana Stock Exchange.

2. BASIS OF PREPARATION

A. STATEMENT OF COMPLIANCE

The financial statements are prepared in compliance with International Financial Reporting Standards (IFRS) and Interpretations of those Standards, as adopted by the International Accounting Standards Board and applicable legislation.

The following accounting standards, interpretations and amendments to published accounting standards that impact the operations of the group were adopted:

IFRS 1 First time adoption of IFRS;

IFRS 4 Insurance contracts;

IFRS 7 Financial Instruments: Disclosures;

IAS 1 (Revised), Presentation of financial statements (added disclosures about an entity's capital and other disclosures);

IAS 14 Segment reporting;

IAS 16 Property, plant and equipment;

IAS 17 Leases;

IAS 18 Revenue;

IAS19 (Amendment), Employee benefits;

IAS 21 (Amendment), The effects of changes in foreign exchange rates;

IAS 24 (Amendment), Related party disclosures;

IAS 32 (Amendment), Financial instruments: disclosure and presentation;

IAS 36 Impairment of assets;

IAS 37 Provisions, contingent liabilities and contingent assets;

IAS 38 Intangible assets;

IAS 39 (Amendment), Financial instruments: recognition and measurement; and

IAS 40 Investment properties.

B. BASIS OF MEASUREMENT

The financial statements have been prepared on the historical cost basis except for available-for-sale financial assets which are measured at fair value. Financial assets are held at fair value through profit and loss, investment property is measured at fair value, retirement benefit obligations and other long term employee benefit are measured at net present value, financial assets and liabilities are initially recognised at fair value.

C. USE OF ESTIMATES AND JUDGEMENT

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis.

Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and the future periods if the revision affects both current and future periods.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these financial statements by the group:

A. CONSOLIDATION

i. Subsidiaries:

Subsidiaries are all entities over which the group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are de-consolidated from the date on which control ceases.

The group uses the purchase method of accounting to account for the acquisition of subsidiaries. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement.

Intra-group transactions, balances and unrealised gains on intra-group transactions are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Subsidiaries' accounting policies have been changed where necessary to ensure consistency with the policies adopted by the group.

ii. Associates:

Associates are all entities over which the group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for by the equity method of accounting and are initially recognised at cost.

The group's share of its associates' post-acquisition profits or losses is recognised in the income statement, and its share of post-acquisition movements in reserves is recognised in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

Unrealised gains on transactions between the group and its associates are eliminated to the extent of the group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Associates' accounting policies have been changed where necessary to ensure consistency with the policies adopted by the group.

B. SEGMENT REPORTING

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. A geographical segment is engaged in providing products or services within a particular economic environment that are subject to risks and return that are different from those of segments operating in other economic environments.

C. FOREIGN CURRENCY TRANSLATION

i. Functional and presentation currency:

Items included in the financial statements of the group are measured using the currency of the primary economic environment in which the entity operates (the 'functional currency'). The financial statements are presented in cedis, which is the group's presentation currency.

ii. Transactions and balances:

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

Translation differences on non-monetary items, such as equities held at fair value through profit or loss, are reported as part of the fair value gain or loss. Translation differences on non-monetary items, such as equities classified as available-for-sale financial assets, are included in the fair value reserve in equity.

iii. Exchange differences:

The results and financial position of the group's functional currency which is not different from the presentation currency are translated into the presentation currency as follows:

(i) assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet; and

(ii) income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions).

D. PROPERTY, PLANT AND EQUIPMENT

Land and buildings comprise mainly outlets and offices occupied by the group. Land and buildings are shown at fair value, based on periodic, but at least triennial, valuations by external independent appraisers, less subsequent depreciation for buildings. 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. All other property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised 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 measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Increases in the carrying amount arising on revaluation of land and buildings are credited to the revaluation surplus in shareholders' funds. Decreases that offset previous increases of the same asset are charged against revaluation surplus directly in equity; all other decreases are charged to the income statement.

Notes to the consolidated financial statements

For the year ended 31 December 2012 - continued

Land is not depreciated. Depreciation on other assets is calculated using the straight-line method to allocate their cost or revalued amounts over their estimated useful lives, as follows:

Motor vehicles	20%	per annum
Office furniture	10%	"
Household furniture	20%	"
Freehold buildings	1%	"
Office equipment	25%	"
Computers	33.33%	"

Leasehold land & buildings are amortised over the life of the lease.

The assets' residual values and useful lives are reviewed at each balance sheet date and adjusted if appropriate.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the income statement. When revalued assets are sold, the amounts included in the revaluation surplus are transferred to retained earnings.

E. INVESTMENT PROPERTIES

Property held for long-term rental yields, that is not occupied by any unit, subsidiary or associate of the group is classified as investment property.

Investment property comprises freehold land and buildings. It is carried at fair value. Fair value is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. If this information is not available, the group uses alternative valuation methods such as discounted cash flow projections or recent prices on less active markets. Investment property that is being redeveloped for continuing use as investment property, or for which the market has become less active, continues to be measured at fair value.

Changes in fair values are recorded in the income statement.

Property located on land that is held under operating lease is classified as investment property as long as it is held for long-term rental yields and is not occupied by the group. The initial cost of the property is the lower of the fair value of the property and the present value of the minimum lease payments. The property is carried at fair value after initial recognition.

If an investment property becomes owner-occupied, it is reclassified as property, plant and equipment, and its fair value at the date of reclassification becomes its cost for subsequent accounting purposes.

If an item of property, plant and equipment becomes an investment property because its use has changed, any difference arising between the carrying amount and the fair value of this item at the date of transfer is recognised in equity as a revaluation of property, plant and equipment. However, if a fair value gain reverses a previous impairment loss, the gain is recognised in the income statement. Upon the disposal of such investment property, any surplus previously recorded in equity is transferred to retained earnings; the transfer is not made through the income statement.

F. INVESTMENT

The group classifies its investments into the following categories: financial assets at fair value through profit or loss, loans and receivables, held-to-maturity financial assets and available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and re-evaluates this at every reporting date.

i. Financial assets at fair value through income:

This category has two sub-categories: financial assets held for trading and those designated at fair value through profit or loss at inception. A financial asset is classified into 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.

ii. Loans & receivables

Loans & receivables are non-derivative 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 has designated as at fair value through income or available-for-sale. Loans & receivables arising from insurance contracts are also classified in this category and are reviewed for impairment as part of the impairment review of loans & receivables.

iii. Held-to-maturity financial assets:

Held-to-maturity financial assets are non-derivative financial assets with fixed or determinable payments and fixed maturities – other than those that meet the definition of loans and receivables – that the group's management has the positive intention and ability to hold to maturity.

iv. Available-for-sale financial assets:

Available-for-sale financial assets are non-derivative financial assets that are either designated in this category or not classified in any of the other categories.

Regular way purchases and sales of investments are recognised on trade date – the date on which the group commits to purchase or sell the asset. Investments are initially recognised at fair value plus, (in the case of all financial assets not carried at fair value through profit or loss), transaction costs that are directly attributable to their acquisition. Investments are derecognised 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.

Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans & receivables and held-to-maturity financial assets are carried at amortised cost using the effective interest method. Realised and unrealised gains and losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are included in the income statement in the period in which they arise. Unrealised gains and losses arising from changes in the fair value of non-monetary securities classified as available-for-sale are recognised in equity. When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments are included in the income statement as net realised gains/losses on financial assets.

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active, the group establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis and option pricing models.

G. IMPAIRMENT OF ASSETS

i. Financial assets carried at amortised cost:

The group assesses at each balance sheet date whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that have occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. Objective evidence that a financial asset or group of assets is impaired includes observable data that comes to management's attention about the following events:

(i) significant financial difficulty of the issuer or debtor;

(ii) a breach of contract, such as a default or delinquency in payments;

(iii) it becoming probable that the issuer or debtor will enter bankruptcy or other financial reorganisation;

(iv) the disappearance of an active market for that financial asset because of financial difficulties; or

(vi) observable data indicating that there is a measurable decrease in the estimated future cash flow from a group of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the group, including:

- Adverse changes in the payment status of issuers or debtors in the group; or
- National or local economic conditions that correlate with defaults on the assets in the group.

If there is objective evidence that an impairment loss has been incurred on loans and receivables or held-to-maturity investments carried at amortised cost, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the income statement. If a held-to-maturity investment or a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under contract. As a practical expedient approach, the group may measure impairment on the basis of an instrument's fair value using an observable market price.

ii. Financial assets carried at fair value:

The group assesses at each balance sheet date whether there is objective evidence that an available-for-sale financial asset is impaired, including in the case of equity investments classified as available for sale, a significant or prolonged decline in the fair value of the security below its cost. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and current fair value, less any impairment loss on the financial asset previously recognised in profit or loss – is removed from equity and recognised in the income statement. Impairment losses recognised in the income statement on equity instruments are not subsequently reversed. The impairment loss is reversed through the income statement, if in a subsequent period the fair value of a debt instrument classified as available for sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss.

iii. Impairment of other non-financial assets:

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are companied at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

H. OFFSETTING FINANCIAL INSTRUMENTS

Financial assets and liabilities are offset and the net amount reported in the balance sheet only when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously.

I. CASH AND CASH EQUIVALENTS

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.

J. SHARE CAPITAL

Shares are classified as equity when there is no obligation to transfer cash or other assets. Incremental costs directly attributable to the issue of equity instruments are shown in equity as a deduction from the proceeds, net of tax. Incremental costs directly attributable to the issue of equity instruments as consideration for the acquisition of a business are included in the cost of acquisition.

K. INSURANCE AND INVESTMENT CONTRACTS - CLASSIFICATION

The group issues contracts that transfer insurance risk or financial risk or both.

Insurance contracts are those contracts that transfer significant insurance risk. Such contracts may also transfer financial risk. As a general guideline, the group defines as significant insurance risk the possibility of having to pay benefits on the occurrence of an insured event that are at least 10% more than the benefits payable if the insured event did not occur.

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

Notes to the consolidated financial statements

For the year ended 31 December 2012 - continued

L. INSURANCE CONTRACTS

i. Recognition and measurement:

Insurance contracts are classified into categories, depending on the duration of risk and whether or not the terms and conditions are fixed.

ii. Non-life insurance contracts:

These contracts are casualty, property and personal accident insurance contracts.

Casualty insurance contracts protect the group's customers against the risk of causing harm to third parties as a result of their legitimate activities. Damages covered include both contractual and non-contractual events. The typical protection offered is designed for employers who become legally liable to pay compensation to injured employees (employers' liability) and for individual and business customers who become liable to pay compensation to a third party for bodily harm or property damage (public liability).

Property insurance contracts mainly compensate the group's customers for damage suffered to their properties or for the value of property lost. Customers who undertake commercial activities on their premises could also receive compensation for the loss of earnings caused by the inability to use the insured properties in their business activities (business interruption cover).

Personal accident insurance contracts mainly compensate the policy holder for bodily injuries suffered. It can be extended to family members and employees of the insured.

For all these contracts, premiums are recognised as revenue (earned premiums) proportionally over the period of coverage. The portion of premium received on in-force contracts that relates to unexpired risks at the balance sheet date is reported as the unearned premium liability. Premiums are shown before deduction of commission.

Claims and loss adjustment expenses are charged to income as incurred based on the estimated liability for compensation owed to contract holders or third party properties damaged by the contract holders. They include direct and indirect claims settlement costs arising from events that have occurred up to the balance sheet date even if they have not yet been reported to the group. The group does not discount its liabilities for unpaid claims other than for disability claims. Liabilities for unpaid claims are estimated using the input of assessments for individual cases reported to the group and statistical analyses for the claims incurred but not reported, and to estimate the expected ultimate cost of more complex claims that may be affected by external factors (such as court decisions).

iii. Liability adequacy test:

At each balance sheet date, liability adequacy tests are performed to ensure the adequacy of the contract liabilities. In performing these tests, current best estimates of future contractual cash flows and claims handling and administration expenses, as well as investment income from the assets backing such liabilities, are used. Any deficiency is immediately charged to profit or loss and by subsequently establishing a provision for losses arising from liability adequacy tests (the unexpired risk provision).

In determining the adequacy on unearned premium, the liability adequacy test on unexpired risk premium was determined by computing the premium unearned on each policy as at 31 December 2011. Liability adequacy test in respect of claims is determined by taking the settled amount for each claim, agreed with the claimant. The sum insured is considered the best test for non-settled claims.

iv. Reinsurance contracts held:

Contracts entered into by the group with reinsurers under which the group is compensated for losses on one or more contracts issued by the group and that meet the classification requirements for insurance contracts which are classified as reinsurance contracts held. Contracts that do not meet these classification requirements are classified as financial assets. Insurance contracts entered into by the group under which the contract holder is another insurer (inwards reinsurance) are included with insurance contracts.

The benefits to which the group is entitled under its reinsurance contracts held are recognised as reinsurance assets. These assets consist of short-term balances due from reinsurers (classified within loans and receivables), as well as longer term receivables (classified as reinsurance assets) that are dependent on the expected claims and benefits arising under the related reinsured insurance contracts. Amounts recoverable from or due to reinsurers are measured consistently with the amounts associated with the reinsured insurance contracts and in accordance with the terms of each reinsurance contract. Reinsurance liabilities are primarily premiums payable for reinsurance contracts and are recognised as an expense when due.

In certain cases a reinsurance contract is entered into retrospectively to reinsure a notified claim under the group's property or casualty insurance contracts. Where the premium due to the reinsurer differs from the liability established by the group for the related claim, the difference is amortised over the estimated remaining settlement period.

v. Receivables and payables related to insurance contracts:

Receivables and payables are recognised when due. These include amounts due to and from agents, brokers and insurance contract holders. If there is objective evidence that the insurance receivable is impaired, the group reduces the carrying amount of the insurance receivable accordingly and recognises that impairment loss in the income statement.

vi. Salvage and subrogation reimbursements:

Some insurance contracts permit the group to sell (usually damaged) property acquired in settling a claim (ie, salvage). The group may also have the right to pursue third parties for payment of some or all costs (i.e., subrogation).

Estimates of salvage recoveries are included as an allowance in the measurement of the insurance liability for claims, and salvage property is recognised in other assets when the liability is settled. The allowance is the amount that can reasonably be recovered from the disposal of the property.

Subrogation reimbursements are also considered as an allowance in the measurement of the insurance liability for claims and are recognised in other assets when the liability is settled. The allowance is the assessment of the amount that can be recovered from the action against the liable third party.

M. DEFERRED INCOME TAX

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, if the deferred income tax arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss, it is not accounted for. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the group controls the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

N. EMPLOYEE BENEFITS

i. Pension obligations:

The group operate various pension schemes. The schemes are generally funded through payments to trustee-administered funds, determined by periodic actuarial calculations. The group has both defined benefit and defined contribution plans. A defined benefit plan is a pension plan that defines an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation. A defined contribution plan is a pension plan under which the group pays fixed contributions into a separate entity. The group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

For defined contribution plans, the group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

Notes to the consolidated financial statements

For the year ended 31 December 2012 - continued

ii. Other post-employment obligations:

The group provides post-retirement healthcare benefits to their retirees. The entitlement to these benefits is usually conditional on the employee remaining in service up to retirement age and the completion of a minimum service period. The cost is expensed in the income statement when incurred.

iii. Termination benefits:

Termination benefits are payable when employment is terminated before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The group recognises termination benefits when it is demonstrably committed to either: terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal; or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after the balance sheet date are discounted to present value.

O. PROVISIONS

i. Restructuring costs and legal claims:

Provisions for restructuring costs and legal claims are recognised when: the group has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Restructuring provisions comprise lease termination penalties and employee termination payments. Provisions are not recognised for future operating losses. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

P. REVENUE RECOGNITION

Revenue comprises the fair value for services, net of value-added tax, after eliminating revenue within the group. Revenue is recognised as follows:

i. Premiums:

Written premiums for non-life insurance business comprise the premiums on contracts incepting in the financial year. Written premiums are stated gross of commissions payable to intermediaries.

Unearned premiums are those proportions of the premium which relate to periods of risk after the balance sheet date. Unearned premiums are calculated on the basis of the number of days beyond the balance sheet date.

ii. Investment income:

Investment income consists primarily of dividends, interest receivable and realised gains and losses.

iii. Fee, commission and other income:

Fee, commission and other income consists primarily of reinsurance and profit commissions, asset management fees, policyholder administration fees and other contract fees.

iv. Interest income:

Interest income for financial assets that are not classified as fair value through profit or loss is recognised using the effective interest method. When a receivable is impaired, the group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument and continues unwinding the discount as interest income.

v. Dividend income:

Dividend income for available-for-sale equities is recognised when the right to receive payment is established – this is the ex-dividend date for equity securities.

vi. Rental income:

Rental income is recognised on an accrual basis.

Q. LEASES

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

Leases that transfer substantially all the risks and rewards of ownership of the underlying asset to the group are classified as finance leases. Assets acquired in terms of finance leases are capitalized at the lower of cost and the present value of the minimum lease payment at inception of the lease, and amortised over the estimated useful life of the asset. The capital element of future obligations under the leases is included as a liability in the balance sheet.

R. DIVIDEND DISTRIBUTION

Dividend distribution to the group's shareholders is recognised as a liability in the group's financial statements in the period in which the dividends are approved by shareholders.

S. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS IN APPLYING ACCOUNTING POLICIES

The group makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates and judgments are continually evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

i. The ultimate liability arising from claims made under insurance contracts:

The estimation of the ultimate liability arising from claims made under insurance contracts is the group's most critical accounting estimate. There are several sources of uncertainty that need to be considered in the estimate of the liability that the group will ultimately pay for such claims.

ii. Impairment of available-for-sale equity financial assets:

The group determines that available-for-sale equity financial assets are impaired when there has been a significant or prolonged decline in the fair value below its cost. This determination of what is significant or prolonged requires judgment. In making this judgment, the group evaluates among other factors, the normal volatility in share price, the financial health of the investee, industry and sector performance, changes in technology and operational and financing cash flow. Impairment may be appropriate when there is evidence of deterioration in the financial health of the investee, industry and sector performance, changes in technology, and financing and operational cash flows.

T. MANAGEMENT OF INSURANCE AND FINANCIAL RISK

The group issues contracts that transfer insurance risk or financial risk or both. This section summarises these risks and the way the group manages them.

i. Insurance risk:

The risk under any one insurance contract is the possibility that the insured event occurs and the uncertainty of the amount of the resulting claim. By the very nature of an insurance contract, this risk is random and therefore unpredictable.

For a portfolio of insurance contracts where the theory of probability is applied to pricing and provisioning, the principal risk that the group faces under its insurance contracts is that the actual claims and benefit payments exceed the carrying amount of the insurance liabilities. This could occur because the frequency or severity of claims and benefits are greater than estimated. Insurance events are random and the actual number and amount of claims and benefits will vary from year to year from the estimate established using statistical techniques.

ii. Sources of uncertainty in the estimation of future claim payments:

Claims on casualty contracts are payable when the insured event occurs. The group is liable for all insured events that occur during the term of the contract, even if the loss is discovered after the end of the contract term. As a result, liability claims are settled over a long period of time and larger variables affect the amount and timing of cash flows from these contracts. These mainly relate to the inherent risks of the business activities carried out by individual contract holders and the risk management procedures they adopt. The compensation paid on these contracts is the monetary awards granted for bodily injury suffered by employees (for employer's liability covers) or members of the public (for public liability covers). Such awards are lump-sum payments that are calculated as the present value of the lost earnings and rehabilitation expenses that the injured party will incur as a result of the accident.

The estimated cost of claims includes direct expenses to be incurred in settling claims, net of the expected subrogation value and other recoveries. The group takes all reasonable steps to ensure that it has appropriate information regarding its claims exposures. However, given the uncertainty in establishing claims provisions, it is likely that the final outcome will prove to be different from the original liability established. The liability for these contracts comprise a provision for IBNR, a provision for reported claims not yet paid and a provision for unexpired risks at the balance sheet date. The amount of casualty claims is particularly sensitive to the level of court awards and to the development of legal precedent on matters of contract and tort. Casualty contracts are also subject to the emergence of new types of latent claims, but no allowance is included for this at the balance sheet date.

In calculating the estimated cost of unpaid claims (both reported and not), the group estimation techniques are a combination of loss-ratio-based estimates (where the loss ratio is defined as the ratio between the ultimate cost of insurance claims and insurance premiums earned in a particular financial year in relation to such claims) and an estimate based upon actual claims experience using predetermined formulae where greater weight is given to actual claims experience as time passes.

The estimation of IBNR is generally subject to a greater degree of uncertainty than the estimation of the cost of settling claims already notified to the group, where information about the claim event is available. IBNR claims may not be apparent to the insured until many years after the event that gave rise to the claims has happened. For casualty contracts, the IBNR proportion of the total liability is high and will typically display greater variations between initial estimates and final outcomes because of the greater degree of difficulty of estimating these liabilities.

In estimating the liability for the cost of reported claims not yet paid the group considers any information available from loss adjusters and information on the cost of settling claims with similar characteristics in previous periods. Large claims are assessed on a case-by-case basis or projected separately in order to allow for the possible distortive effect of their development and incidence on the rest of the portfolio.

Where possible, the group adopts multiple techniques to estimate the required level of provisions. This provides a greater understanding of the trends inherent in the experience being projected. The projections given by the various methodologies also assist in estimating the range of possible outcomes. The most appropriate estimation technique is selected taking into account the characteristics of the business class and the extent of the development of each accident year.

iii. Financial risk:

The group is exposed to financial risk through its financial assets, financial liabilities (investment contracts and borrowings), reinsurance assets and insurance liabilities. In particular the key financial risk is that the proceeds from its financial assets are not sufficient to fund the obligations arising from its insurance and investment contracts. The most important components of this financial risk are interest rate risk, equity price risk, currency risk and credit risk.

These risks arise from open positions in interest rate, currency and equity products, all of which are exposed to general and specific market movements. The risk that the group primarily faces due to the nature of its investments and liabilities is interest rate risk.

a). Interest rate risk:

Interest-rate risk is the only financial risk that has a materially different impact across the assets and liabilities categorised in the group's assets and liabilities management (ALM) framework.

The sensitivity analysis below have been determined based on the exposure to interest rates for non-derivative instruments at the balance sheet date. A 5% increase or decrease is used when reporting interest rate risk internally, it represents management's assessment of the reasonably possible change in interest rates.

	31-Dec-12 Amount GH¢	Scenario 1 5% increase GH¢	Scenario 2 5% decrease GH¢
Pre-tax profit/(loss)	1,944,757	2,041,994	1,847,518
Shareholders' equity	77,747,710	81,635,096	73,860,325

Assuming no management actions, a series of such rises would increase pre-tax profit for 2012 by GH¢97,238, while a series of such falls would decrease pre-tax profit for 2012 by GH¢97,238. Also a series of such rises would increase the shareholders' equity by GH¢3,887,386 whilst a series of such falls would decrease shareholders' equity by GH¢3,887,386.

b). Credit risk:

The group has exposure to credit risk, which is the risk that counterparty will be unable to pay amounts in full when due. Key areas where the group is exposed to credit risk are:

- reinsurers' share of insurance liabilities,
- amounts due from reinsurers in respect of claims already paid,
- amounts due from insurance contract holders,
- amounts due from insurance intermediaries,

The group structures the levels of credit risk it accepts by placing limits on its exposure to a single counterparty, or groups of counterparty, and to geographical and industry segments. Such risks are subject to an annual or more frequent review. Limits on the level of credit risk by category and business lines are approved by the Board of Directors.

The following table shows the carrying value of assets that are neither past due nor impaired, the ageing of assets that are past due but not impaired and assets that have been impaired.

	2012 **GH¢**	2011 GH¢
1 - 3 months	**9,585,659**	10,898,692
3 - 4 months	**1,061,026**	6,373,197
4 - 6 months	**1,430,737**	4,410,678
6 - 1yr	**4,852,092**	4,629,081
1yr and above	**7,400,325**	13,092,472
	24,329,839	39,404,120

c). Liquidity risk:

The group is exposed to daily calls on its available cash resources mainly from claims arising from insurance contracts. Liquidity risk is the risk that cash may not be available to pay obligations when due at a reasonable cost. The group's approach to managing liquidity risk is to ensure that it will maintain adequate liquidity to meets its liabilities when due. Please refer to note 18 for the details of the insurance liabilities which may have an impact on the liquidity risk.

d). Currency risk:

The group operates locally and its exposures to foreign exchange risk arise primarily with respect to the US dollar, the Euro and the UK pound due to the reinsurance businesses undertaken with foreign based Reinsurers as well as policies undertaken in foreign currencies. The group receives claims from its reinsurers in foreign currencies and also has some investments in foreign currencies which mitigates the foreign currency exchange rate risk for these operations.

As a result, foreign exchange risk arises from recognised assets and liabilities denominated in other currencies.

The following table details the group's sensitivity to a 10% increase and decrease in the cedi against the relevant foreign currencies. A 10% sensitivity rate is used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. For each sensitivity the impact of change in a single factor is shown, with other assumptions unchanged.

	31-Dec-12 Amount GH¢	Scenario 1 10% increase GH¢	Scenario 2 10% decrease GH¢
Pre-tax profit/(loss)	**1,944,757**	2,139,232	1,750,280
Shareholders' equity	**77,747,710**	85,522,481	69,972,939

Assuming no management actions, a series of such rises would increase pre-tax profit for 2012 by GH¢194,476, while a series of such falls would decrease pre-tax profit for 2012 by GH¢194,476. Also a series of such rises would increase the shareholders' equity by GH¢7,774,771, whilst a series of such falls would decrease shareholders' equity by GH¢7,774,771.

The following significant exchange rates were applied during the year:

	2012 GH¢ Selling	**2012 GH¢ Buying**	2011 GH¢ Selling	2011 GH¢ Buying
US Dollar	1.9012	1.8679	1.6024	1.6024
GB Pound	3.0679	3.0140	2.4741	2.4741
Euro	2.5063	2.4632	2.1264	2.0662

4. THE FOLLOWING NEW STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS TO EXISTING STANDARDS ARE NOT YET EFFECTIVE FOR THE YEAR ENDED 31 DECEMBER 2012, AND HAVE NOT BEEN APPLIED IN PREPARING THESE FINANCIAL STATEMENTS.

IFRS 1 Government Loans - (Amendment to IFRS 1)

IFRS 7 Disclosures - Offsetting financial Assets to Financial Liabilities - (Amendments to IFRS 7)

IFRS 9 Financial Instruments

IFRS 10 Consolidated Financial Statements (IAS 27 Separate Financial Statements)

IFRS 11 Joint Arrangements

IFRS 12 Disclosures of Involvements with other entities

IFRS 13 Fair Value Measurement

IFRIC 20 Stripping Cost in The Production Phase of a surface mine

IFRIC 12 Service concession arrangements

IFRIC 13 Customer Loyalty programmes

IFRIC 15 Agreements for the construction of real estate

IFRIC 16 Hedges of a net investment in a foreign operation

5. SEGMENT INFORMATION

Segmental information is presented in respect of the group's business segments. The primary format and business segments, is based on the group's management and internal reporting structure.

The group's results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

The group does not have a geographical segment.

Class of business	Marine & Aviation GH¢	Fire GH¢	Motor GH¢	Accident GH¢	2012 Total GH¢	2011 Total GH¢
Gross premiums	10,020,494	22,946,134	48,165,708	17,859,722	**98,992,058**	79,690,362
Reinsurances	(3,899,273)	(13,748,683)	(1,262,267)	(3,771,761)	**(22,681,984)**	(18,049,669)
Net premiums	6,121,221	9,197,451	46,903,441	14,087,961	**76,310,074**	61,640,693
Premium earned	6,121,221	9,197,451	46,903,440	14,087,961	**76,310,073**	61,640,693
Commissions	(602,752)	(792,507)	(1,763,607)	(561,824)	**(3,720,689)**	(3,372,759)
	5,518,469	8,404,944	45,139,834	13,526,137	**72,589,384**	58,267,934
Claims	(4,205,997)	(5,464,643)	(13,850,397)	(2,472,748)	**(25,993,785)**	(19,197,213)
	(979,977)	1,906,498	38,641,387	7,027,690	**46,595,600**	39,070,721
Management expenses	(2,073,396)	(4,191,866)	(28,892,324)	(9,916,242)	**(45,073,828)**	(36,319,739)
Underwriting results transferred to Rev. A/c	(2,724,347)	(1,956,343)	10,078,088	(2,559,526)	**1,521,771**	2,750,982
Total assets					**303,983,189**	288,313,790
Total liabilities					**229,714,045**	202,311,861
Shareholders funds					**74,269,144**	86,001,929

Unearned premium	Marine & Aviation GH¢	Fire GH¢	Motor GH¢	Accident GH¢	2012 Total GH¢	2011 Total GH¢
Unearned premium - b/f	1,861,298	3,262,470	12,054,891	4,043,654	**21,222,313**	18,765,244
Add: Gross Premium Written	11,084,282	26,984,070	46,430,788	25,466,488	**109,965,628**	82,147,431
	12,945,580	30,246,540	58,485,679	29,510,142	**131,187,941**	100,912,675
Less: Unearned premium - c/f	(2,942,101)	(7,306,818)	(12,822,273)	(9,124,691)	**(32,195,883)**	(21,222,313)
Movement in unearned premium	10,003,479	22,939,722	45,663,406	20,385,451	**98,992,058**	79,690,362

The non-life insurance business is organised into four segments as shown above.

Notes to the consolidated financial statements

For the year ended 31 December 2012 - continued

i. **Motor:** This business unit underwrites motor insurance by giving cover which indemnifies the insured against any accidental loss to motorbikes and vehicles. There are three types of motor insurances namely; comprehensive, third party and third party fire & theft.

ii. **Marine & Aviation:** Marine insurance provides cover on airborne cargoes, ships, fishing vessels as well as ports & harbours installations. Aviation on the other hand covers aircrafts itself, cargo and passengers.

iii. **Fire:** Fire insurance covers accidental destruction of properties including household buildings, personal effects, commercial and industrial buildings, plants & machinery, raw materials, finished goods and profits (business disruption) policies. Fire cover is usually in three parts, namely; fire, lighting, and limited explosions.

iv. **Accident:** Accident policies covers a broad range of activities including personal accidents, family personal accidents, group personal accidents, burglary, cash-in-transit, goods-in-transit, bankers indemnity, pedals cycle, products liability, contractors all-risk, travel insurance, bonds etc.

The business segments operates on a short-term insurance cycle.

6. GROSS PREMIUM

	Group		Company	
	2012 GH¢	2011 GH¢	**2011 GH¢**	2010 GH¢
Motor	**48,165,708**	37,353,737	**48,165,708**	37,353,737
Fire	**22,946,134**	19,868,401	**22,946,134**	19,868,401
Accident	**17,859,722**	16,459,469	**17,859,722**	16,459,469
Marine and aviation	**10,020,494**	6,008,755	**10,020,494**	6,008,755
	98,992,058	79,690,362	**98,992,058**	79,690,362

7. REINSURANCES

	Group		Company	
	2012 GH¢	2011 GH¢	**2012 GH¢**	2011 GH¢
Motor	**1,262,267**	1,963,207	**1,262,267**	1,963,207
Fire	**13,748,683**	8,752,585	**13,748,683**	8,752,585
Accident	**3,771,761**	4,292,601	**3,771,761**	4,292,601
Marine and aviation	**3,899,273**	3,041,276	**3,899,273**	3,041,276
	22,681,984	18,049,669	**22,681,984**	18,049,669

8. CLAIMS INCURRED

	Group		Company	
	2012	2011	**2012**	2011
	GH¢	GH¢	**GH¢**	GH¢
Payments during the year	**22,752,849**	18,385,745	**22,752,849**	18,385,745
Claims outstanding at 31/12/12	**10,989,466**	3,941,657	**10,989,466**	3,941,657
	33,742,315	22,327,402	**33,742,315**	22,327,402
Claims outstanding at 31/12/11	**(3,941,657)**	(1,792,856)	**(3,941,657)**	(1,792,856)
	29,800,658	20,534,546	**29,800,658**	20,534,546
Net recoveries	**(3,806,873)**	(1,337,333)	**(3,806,873)**	(1,337,333)
Claims net of recoveries	**25,993,785**	19,197,213	**25,993,785**	19,197,213

9. BROKERAGE AND ADVISORY FEES

	Group		Company	
	2012	2011	**2012**	2011
	GH¢	GH¢	**GH¢**	GH¢
Asset Management	**1,865,179**	**1,397,449**	**-**	-
Corporate Finance	**475,534**	**851,565**	**-**	-
Brokerage Fees	**113,797**	**333,027**	**-**	-
other	**9,114,000**	**-**	**-**	-
	11,568,510	**2,582,041**	**-**	-

10. COMMISSIONS

	Group		Company	
	2012	2011	**2012**	2011
	GH¢	GH¢	**GH¢**	GH¢
Receivable	**7,467,564**	5,389,317	**7,467,564**	5,389,317
Payable	**(11,188,253)**	(8,762,076)	**(11,188,253)**	(8,762,076)
Net commissions	**(3,720,689)**	(3,372,759)	**(3,720,689)**	(3,372,759)

11. MANAGEMENT EXPENSES

Mangement expenses is stated after charging:	Group		Company	
	2012	2011	**2012**	2011
	GH¢	GH¢	**GH¢**	GH¢
Staff cost	**27,032,047**	20,882,459	**25,522,748**	19,748,776
Depreciation	**1,552,376**	1,518,522	**1,451,386**	1,428,196
Software amortisation	**401,296**	311,773	**371,582**	261,829
Audit fees	**74,385**	80,000	**44,385**	60,000
Directors' emoluments	**904,658**	763,728	**691,644**	495,858

12. INVESTMENT INCOME

	Group 2012 GH¢	2011 GH¢	Company 2012 GH¢	2011 GH¢
Dividend	**1,711,180**	1,173,471	**1,711,180**	1,131,748
Interest on bank deposits	**2,589,763**	150,700	**2,589,763**	150,700
Interest on treasury bills	**96,912**	53,991	**96,912**	53,991
Other investment income	**356,257**	173,977	**313,239**	173,977
	4,754,112	1,552,139	**4,711,094**	1,510,416

13. OTHER INCOME

	Group 2012 GH¢	2011 GH¢	Company 2012 GH¢	2011 GH¢
Rent	**388,453**	341,832	**388,453**	341,832
Profit on disposal of assets	**76,705**	-	**76,705**	-
Sundry income	**3,455,977**	2,199,135	**3,095,592**	2,199,135
Gain on exchange	**2,833,598**	1,091,007	**2,833,598**	1,052,785
Management fees	**-**	234,188	**-**	234,188
	6,754,733	3,866,162	**6,394,348**	3,827,940

14. FINANCE COSTS

	Group 2012 GH¢	2011 GH¢	Company 2012 GH¢	2011 GH¢
Interest on finance leases	**460,004**	752,009	**460,004**	752,009

15. EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the group by the weighted average number of ordinary shares in issue during the year, excluding ordinary shares purchased by the group and held as treasury shares.

	Group 2012 GH¢	2011 GH¢	Company 2012 GH¢	2011 GH¢
Profit attributable to the group's equity holders	**(4,092,296)**	6,195,401	**(9,034,390)**	6,081,044
Weighted average number of ordinary shares in issue	**195,645,000**	195,645,000	**195,645,000**	195,645,000
Basic earnings per share	**(0.0209)**	0.0317	**(0.0462)**	0.0311

16. FINANCIAL INSTRUMENTS CLASSIFICATION SUMMARY

The group's financial assets are summarised below by measurement category as follows:

	Group		Company	
	2012	2011	**2012**	2011
	GH¢	GH¢	**GH¢**	GH¢
Available-for-sale (Note 17)	**36,307,512**	40,812,843	**36,307,512**	40,812,843
Receivables (including insurance receivables) (Note 18)	**29,663,142**	50,105,685	**29,663,142**	50,105,685

The group does not hold financial assets in the category of Held-to-maturity as well as Fair value designated through income.

17. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	Group		Company	
	2012	2011	**2012**	2011
	GH¢	GH¢	**GH¢**	GH¢
Equity securities:				
Listed	**6,031,871**	10,340,427	**6,031,871**	10,340,427
Unlisted	**30,275,641**	30,472,416	**30,275,641**	30,472,416
Total available-for-sale financial assets	**36,307,512**	40,812,843	**36,307,512**	40,812,843

18. RECEIVABLES

	Group		Company	
	2012	2011	**2012**	2011
	GH¢	GH¢	**GH¢**	GH¢
i. Receivables arising from insurance and reinsurance contracts:				
Due from contract holders	**24,328,818**	39,404,120	**24,328,818**	39,404,120
Due from agents, brokers and intermediaries	**5,334,324**	10,701,565	**5,334,324**	10,701,565
Total receivables including insurance receivables	**29,663,142**	50,105,685	**29,663,142**	50,105,685
Current portion	**29,663,142**	**50,105,685**	**29,663,142**	**50,105,685**

The carrying amount is a reasonable approximation of fair value.

The group's receivables are non-interest bearing assets. Management has assessed all receivables for impairment purposes, an impairment loss of GH¢1,505,726 was considered for debts which could not be verified with certainty and the viability of some of the companies are in doubt.

19. INSURANCE LIABILITIES

	Group 2012 GH¢	2011 GH¢	Company 2012 GH¢	2011 GH¢
Claims reported and loss adjustment expenses	**9,157,888**	3,284,714	**9,157,888**	3,284,714
Claims incurred but not reported (IBNR)	**1,831,578**	656,942	**1,831,578**	656,942
Unearned premiums	**32,195,883**	21,222,313	**32,195,883**	21,222,313
Total insurance liabilities	**43,185,349**	25,163,969	**43,185,349**	25,163,969

The gross claims reported, the loss adjustment expense liabilities and the liability for claims incurred but not reported are net of expected recoveries from salvage and subrogation.

20. i. TAXATION - GROUP

(a) Income tax payable

Income tax	At 1-Jan GH¢	Charge for the year GH¢	Paym't during the year GH¢	**At 31-Dec GH¢**
1997-2011	3,607,949	-	-	**3,607,949**
2,012	-	3,927,272	(3,612,739)	**314,533**
	3,607,949	3,927,272	(3,612,739)	**3,922,482**
(b) Reconstruction levy				
2001-2006	235,700	-	-	**235,700**
	3,843,649	3,927,272	(3,612,739)	**4,158,182**

(c) Income tax expenses

	2012 GH¢	2011 GH¢
Corporate tax	**3,927,272**	1,311,529
Deferred tax	**(8,260)**	-
	3,919,012	1,311,529
(d) Deferred tax		
Balance at 1st January	**2,857,318**	2,853,571
Accelerated capital allowance	**(11,563)**	3,747
Balance at 31 December	**2,845,755**	**2,857,318**

20.ii TAXATION - COMPANY

(a) Income tax payable

Income tax	At 1-Jan GH¢	Charge for the year GH¢	Paym't during the year GH¢	At 31-Dec GH¢
1997-2011	3,577,582	-	-	**3,577,582**
2012	-	1,499,539	(3,573,243)	**(2,073,704)**
	3,577,582	1,499,539	(3,573,243)	**1,503,878**
(b) Reconstruction levy				
2001-2006	235,700	-	-	**235,700**
	3,813,282	1,499,539	(3,573,243)	**1,739,578**

(c) Income tax expenses	2012 GH¢	2011 GH¢
Corporate tax	**1,499,539**	1,256,285
Deferred tax	**-**	-
	1,499,539	**1,256,285**
(d) Deferred tax		
Balance at 1st January	**2,855,799**	2,855,799
Accelerated capital allowance	**-**	-
Balance at 31 December	**2,855,799**	2,855,799

21. STATED CAPITAL

a. The number of authorised shares is 500,000,000 of no par value.
b. The number of shares issued is 195,645,000.
c. The number of shares fully paid is 195,645,000.
d. Stated capital is made up as follows:

	2012 GH¢	2011 GH¢
Issued and fully paid for cash	**200**	200
Transfer from income surplus	**42,600**	42,600
Transfer from capital surplus	**24,957,200**	24,957,200
	25,000,000	25,000,000

e. There are no shares in treasury and no call or installment unpaid on any share.

22. CAPITAL SURPLUS

This represents surplus arising from revaluation of certain landed properties. The landed properties were professionally valued by a consortium of Valuers namely, Koaconsult Limited and Valuation and Development Services at 31 March 2007 on the basis of their open market values.

The movement in the capital surplus account for the year is as follows:

	Group		Company	
	2012	2011	**2012**	2011
	GH¢	GH¢	**GH¢**	GH¢
Balance at 1 January	**9,316,952**	9,316,952	**9,316,952**	9,316,952
Balance at 31 December	**9,316,952**	9,316,952	**9,316,952**	9,316,952

23. CONTINGENCY RESERVE

	2012	2011
	GH¢	GH¢
Balance at 1 January	**14,892,702**	12,501,991
Transfer from income surplus	**2,969,761**	2,390,711
Balance at 31 December	**17,862,463**	14,892,702

This represents sums set aside to cover fluctuation in securities and variations in statistical estimate in accordance with the Insurance Act, 2006 (Act 724).

24. AVAILABLE-FOR-SALE RESERVES

	Group		Company	
	2012	2011	**2012**	2011
	GH¢	GH¢	**GH¢**	GH¢
Balance at 1 January	**13,844,049**	13,871,900	**15,385,142**	15,392,140
Fair valuation	**(6,279,963)**	(27,851)	**(6,320,086)**	(6,998)
Balance at 31 December	**7,564,086**	13,844,049	**9,065,056**	15,385,142

The available-for-sale reserve is used to record the differences resulting from the valuation of the related investments.

25. PROPERTY, PLANT AND EQUIPMENT - GROUP

Cost/valuation	At 1-Jan GH¢	Additions GH¢	Disposal GH¢	At 31-Dec GH¢
Leasehold buildings	8,348,229	67,944	-	**8,416,173**
Leasehold land	3,993,710	9,437	-	**4,003,147**
Freehold buildings	5,671,297	17,940	-	**5,689,237**
Freehold land	1,529,370	-	-	**1,529,370**
Computers	889,408	170,986	(4,366)	**1,056,028**
Other machinery & equipment	4,148,548	837,108	(75,005)	**4,910,651**
Capital work in progress	9,805,471	23,462,034	-	**33,267,505**
	34,386,033	24,565,449	(79,371)	**58,872,111**

Depreciation	At 1-Jan GH¢	Charge for year GH¢	Disposal GH¢	At 31-Dec GH¢
Leasehold buildings	1,381,899	191,866	-	**1,573,765**
Leasehold land	859,037	142,207	-	**1,001,244**
Freehold buildings	233,245	56,892	-	**290,137**
Computers	804,243	138,750	(4,366)	**938,627**
Other machinery & equipment	2,689,124	1,022,661	(75,005)	**3,636,780**
	5,967,548	1,552,376	(79,371)	**7,440,553**
Net book value				
At 31 December 2012				**51,431,558**
At 31 December 2011				28,418,485

Disposal of assets

	Property, plant & equip. 2012 GH¢	2011 GH¢	Shares 2012 GH¢	2011 GH¢
Cost	**79,371**	5,349,099	**4,502,862**	-
Accumulated depreciation	**(79,371)**	(3,548,297)	**(2,695,074)**	-
Net book value	-	1,800,802	1,807,788	-
Proceeds from sale	**76,705**	1,115,585	**3,283,535**	-
Profit on disposal	**76,705**	(685,217)	**1,475,747**	-

Depreciation expense of GH¢1,552,376.00 has been charged in management expenses.

25. PROPERTY, PLANT AND EQUIPMENT - COMPANY

Cost/valuation	At 1-Jan GH¢	Additions GH¢	Disposal GH¢	At 31-Dec GH¢
Leasehold buildings	8,348,229	67,944	-	**8,416,173**
Leasehold land	3,993,710	9,437	-	**4,003,147**
Freehold buildings	5,671,229	17,940	-	**5,689,169**
Freehold land	1,529,370	-	-	**1,529,370**
Computers	789,861	160,868	(4,366)	**946,363**
Other machinery & equipment	3,755,657	774,414	(75,005)	**4,455,066**
Capital work in progress	1,678,019	1,047,005	-	**2,725,024**
	25,766,075	2,077,608	(79,371)	**27,764,312**

Depreciation	At 1-Jan GH¢	Charge for year GH¢	Disposal GH¢	At 31-Dec GH¢
Leasehold buildings	1,381,899	191,866	-	**1,573,765**
Leasehold land	859,737	142,207	-	**1,001,944**
Freehold buildings	232,545	56,892	-	**289,437**
Computers	727,316	119,548	(4,366)	**842,498**
Other machinery & equipment	2,485,618	940,873	(75,005)	**3,351,486**
	5,687,115	1,451,386	(79,371)	**7,059,130**

Net book value	
At 31 December 2012	**20,705,182**
At 31 December 2011	20,078,960

Disposal of assets

	Property, plant & equip. 2012 GH¢	2011 GH¢	Shares 2012 GH¢	2011 GH¢
Cost	**79,371**	5,349,099	**4,502,862**	-
Accumulated depreciation	**(79,371)**	(3,548,297)	**(2,695,074)**	-
Net book value	**-**	1,800,802	1,807,788	-
Proceeds from sale	**76,705**	1,115,585	**3,283,535**	-
Profit on disposal	**76,705**	(685,217)	**1,475,747**	-

Depreciation expense of GH¢1,451,386 has been charged in management expenses.

26. INTANGIBLE ASSETS - GROUP

Cost/valuation	At 1 Jan GH¢	Additions GH¢	**At 31 Dec GH¢**
Computer software	1,178,010	537,528	**1,715,538**
	1,178,010	537,528	**1,715,538**

Amortisation	At 1 Jan GH¢	Charge for year GH¢	**At 31 Dec GH¢**
Computer software	802,719	401,296	**1,204,015**
	802,719	401,296	**1,204,015**

Net book value

At 31 December 2012	**511,523**
At 31 December 2011	375,291

Intangible assets - company

Cost/valuation	At 1 Jan GH¢	Additions GH¢	**At 31 Dec GH¢**
Computer software	924,440	191,421	**1,115,861**
	924,440	191,421	**1,115,861**

Amortisation	At 1 Jan GH¢	Charge for year GH¢	**At 31 Dec GH¢**
Computer software	261,828	371,582	**633,410**
	261,828	371,582	**633,410**

Net book value

At 31 December 2012	**482,451**
At 31 December 2011	308,146

The orion and premia softwares have been fully amortised over three years, however management believes that the group will continue to derive economic benefits from the use of these software over the next few years, hence the decision to fair value the softwares. An additional software the USIS payroll software was acquired during the year.

Notes to the consolidated financial statements

For the year ended 31 December 2012 - continued

27. INVESTMENT PROPERTIES

Cost/valuation	At 1-Jan GH¢	Addition GH¢	**At 31-Dec GH¢**
Leasehold properties	4,871,105	**71,323**	**4,942,428**
Freehold land & buildings	1,142,700	-	**1,142,700**
	6,013,805	71,323	6,085,128

28. LONG TERM INVESTMENTS

	Group 2012 GH¢	2011 GH¢	**Company 2012 GH¢**	2011 GH¢
Mortgage loans	**-**	6,451	**-**	6,451
	-	6,451	**-**	6,451
Equity shares	**29,528,393**	33,833,134	**29,368,805**	33,811,378
HFC house bonds	**1,923,244**	747,633	**1,923,244**	747,633
	31,451,637	34,587,218	**31,292,049**	**34,565,462**

29. INVESTMENT IN SUBSIDIARY

	2012 GH¢	2011 GH¢
Balance	**1,865,492**	1,865,492

The subsidiary company is:

	Nature of business	**Number of shares**	**% Interest held**
SIC Financial Services Limited	Investment advisory, asset & fund management	3,000	70

30. INVESTMENT IN ASSOCIATED COMPANY

	Group		Company	
	2012	2011	**2012**	2011
	GH¢	GH¢	**GH¢**	GH¢
Balance	**5,073,215**	5,073,215	**5,073,215**	5,073,215

The associated company is:

	Nature of business		Number of shares '000	% Interest held
SIC Life Company Limited	Life Assurance		20,000,000	20

31. SHORT-TERM INVESTMENTS

	Group		Company	
	2012	2011	**2012**	2011
	GH¢	GH¢	**GH¢**	GH¢
Ghana Gov't treasury bills	**770,915**	971,470	**770,915**	700,702
Bank time deposits	**8,218,852**	6,354,874	**8,147,703**	6,354,622
	8,989,767	7,326,344	**8,918,618**	7,055,324

32. LEASE DEPOSIT

	Group		Company	
	2012	2011	**2012**	2011
	GH¢	GH¢	**GH¢**	GH¢
Horizon Finance & Leasing Company Limited	-	568,942	-	568,942
Ecobank Leasing Company Limited	-	383,964	-	383,964
Dalex Finance Leasing Company Limited	**341,692**	1,391,761	**341,692**	1,391,761
	341,692	2,344,667	**341,692**	2,344,667

The group entered into a back-to-back leasing arrangement with the above named leasing companies.

It therefore made cash deposits to the tune of the assets leased, interest income is received on the deposits made, whilst the group also bears the cost of lease interest.

33. TRADE & OTHER RECEIVABLES

	Group 2012 GH¢	Group 2011 GH¢	Company 2012 GH¢	Company 2011 GH¢
Premium debtors	**24,337,772**	39,404,120	**24,337,772**	39,404,120
Accrued income and prepayments	**1,408,102**	2,830,786	**1,388,450**	2,414,725
Staff debtors	**861,705**	528,344	**861,705**	528,344
SIC - Life account	**1,554,950**	1,498,269	**1,554,950**	1,498,269
Trading portfolio	**131,066,406**	131,066,406	**-**	-
Sundry debtors	**5,734,454**	5,299,379	**4,195,895**	4,677,130
Agents & reinsurance balance	**8,904,543**	10,701,565	**8,904,543**	10,701,565
	173,867,932	191,328,869	**41,243,315**	59,224,153

34. TRADE & OTHER PAYABLES

	Group 2012 GH¢	Group 2011 GH¢	Company 2012 GH¢	Company 2011 GH¢
Agents & reinsurers	**11,079,806**	21,757,622	**11,079,806**	21,757,622
Sundry creditors	**2,292,058**	5,352,450	**1,950,460**	5,188,304
Liability on managed funds	**131,066,406**	131,066,406	**-**	-
Current account with oil and gas	**4,167,989**	3,115,531	**4,167,989**	3,115,531
	148,606,259	161,292,009	**17,198,255**	30,061,457

35. OBLIGATION UNDER FINANCE LEASE

	Group 2012 GH¢	Group 2011 GH¢	Company 2012 GH¢	Company 2011 GH¢
Dalex Finance & Leasing Company Limited	**350,385**	951,590	**350,385**	951,590
Analysis of obligation				
Amount due within one year	**350,385**	951,590	**350,385**	951,590

36.a CASH AND CASH EQUIVALENTS

	Group		Company	
	2012	2011	**2012**	2011
	GH¢	GH¢	**GH¢**	GH¢
Cash at bank and in hand	**11,178,887**	1,140,125	**11,012,912**	1,135,428

36.b BANK OVERDRAFT

Merchant Bank	**3,627,010**	-	**3,627,010**	-
Ghana International Bank	**5,512,554**	-	**5,512,554**	-
	9,139,564	-	**9,139,564**	-

Merchant Bank (GH) Limited

The company has an overdraft facility of GH¢5,000,000 with the bank to support the company's opeartional expenses requirement. Interest rate is at 24.25% per annum. The facility will expire twelve months after drawdown. The overdraft is not secured.

Ghana International Bank (GHIB)

The company has an overdraft facility of USD5,000,000 with the bank to augment the company's working capital and operational needs requirements. Interest rate is libor (3months) plus 6.75%. The facility will expire twelve months from the date of the offer letter. The overdraft is secured with HFC listed securities owned by the company.

37. CONTINGENCIES, CAPITAL AND FINANCIAL COMMITMENTS

The group entered into various commitments in the normal course of insurance business that are not reflected in the accompanying financial statements. There were no outstanding amounts at the end of the year:

The group has contingent liabilities in respect of claims and other matters arising in the ordinary course of business. It is not anticipated that any material liabilities will arise from the contingent liabilities.

The group, like all other insurers, is subject to litigation in the normal course of its business. The group does not believe that such litigation will have a material effect on its profit or loss and financial condition.

Notes to the consolidated financial statements

For the year ended 31 December 2012 - continued

38. RELATED PARTY TRANSACTIONS

A number of business transactions are entered into with related parties in the normal course of business. These include premiums, claims, facultative reinsurance business, commissions and treaty reinsurances. Additionally banking transactions are carried out with some related parties. These transactions were carried out on commercial terms and at market rates. The volumes of related party transactions, outstanding balances at the year end are as follows:

	2012	2011
	GH¢	GH¢
i. Social Security & National Insurance Trust		
Premium income	**669,665**	295,507
Claims paid	**54,023**	43,446
ii. Ghana Reinsurance Company Limited		
Premium income	**55,099**	47,268
Claims paid	**4,539**	6,115
iii. SIC Life Insurance Group		
Premium income	**203,861**	86,960
Claims paid	**4,501**	37,650
iv. Ghana Commercial Bank Limited		
Premium income	**551,213**	81,285
Claims paid	**161,991**	12,030
v. Ghana Cocoa Board		
Premium income	**4,419,691**	2,313,762
Claims paid	**1,187,356**	221,776

39. SOCIAL RESPONSIBILITIES

An amount of GH¢179,088 was spent on fulfilling the social responsibility of the company (2011:185,928).

40. DIRECTORS' SHAREHOLDING AS AT 31 DECEMBER 2011

Name of Director	Number of shares held	% Shares held
Max Cobbina	100,000	0.0514
Mr. Benjamin Acolatse	4,000	0.0021
Dr. Vitus Anaab -Bisi	3,500	0.0018

41. LIST OF THE TWENTY LARGEST SHAREHOLDERS AS AT 31 DECEMBER 2012

	Name of shareholder	Shares held	% Holding
1	Government of Ghana	78,258,000	40.000
2	Social Security & National Insurance Trust	23,090,392	11.802
3	SCBN Pictet Africa Non Tax 6275J	16,583,528	8.476
4	STD Noms(TVL) Pty Standard Bank London Plc Clients	6,912,160	3.533
5	SCGN/JPMC Coronation Africa Frontiers FD-Universal	5,014,850	2.563
6	SIC Life Company Limited	3,333,300	1.704
7	SCGN/JP Morgan Chase Duet Africa Opportunities Fund	3,214,200	1.643
8	SCBN/StandChart Mauritius Re Pinebridge Sub-Saharan	2,296,000	1.174
9	SIC Employee Share Ownership Plan	2,230,035	1.140
10	SIC-FSL/SIC Staff Provident Fund	2,205,569	1.127
11	Teachers' Fund	2,066,700	1.056
12	Ghana Commercial Bank Limited	2,000,000	1.022
13	STD Noms TVL PTY/BNYM SANV/Coronation Asset Management	1,827,600	0.934
14	STD Noms TVL PTY/BNYM/University of Notre Dame Du L	1,807,890	0.924
15	SCGN/Citibank London OP - Africa Fund (Non-UCITS)	1,799,800	0.920
16	Ghana Reinsurance Company Limited General Business	1,661,912	0.849
17	SCGN/JPMC Investerings Foreneingen Sydinvest	1,456,000	0.744
18	SCBN/CitiBank London Robeco Afrika Fonds N.V	982,100	0.502
19	SCBN/Chase Offshore 6179C	962,750	0.492
20	SCGN/JPMC The Fulcrum Africa All Cap Master Fund	780,000	0.399
		158,482,786	81.005

Life is like a game full of uncertainties. Take an **SIC PERSONAL ACCIDENT INSURANCE POLICY** today and give yourself the needed protection whenever, wherever.

Contact any SIC Insurance office in your, locality, district or region for more details ...

Head Office	Ring Road West Office	Tema Area Office	Kumasi Area Office	Takoradi Area Office
+233-302-228922/228926	+233-302-228922/228962	+233-303-202263/206535	+233-3220-23341-2/25610	+233-3120-22315/22048

SIC
OUR PROMISES ARE SACRED
SIC INSURANCE COMPANY LTD.

Proxy Form

ANNUAL GENERAL MEETING to be held at 10:00am on Wednesday 31st July, 2013 at the College of Physicians and Surgeons, Accra I/We .... Being a member(s) of SIC Insurance Company Limited hereby appoint or failing him/her the Chairman of the meeting as my/our proxy to vote for me/us and on my/our behalf at the Annual General Meeting to be held on Wednesday, 31st July, 2013 Signed .... day of ....2013 .... Shareholder's Signature	RESOLUTION FROM THE BOARD	FOR	AGAINST
	1. To consider and adopt the 2012 Financial Statements of the Company for the year ended 31st December, 2012.		
	2. To Authorise the Directors to fix the Remuneration of the Auditors		
	3. To elect/re-elect Directors		
	5. To approve the Remuneration of Directors		
	Please indicate with an "X" in the appropriate box how you wish your vote to be cast on the resolution set out above. Unless otherwise instructed, the proxy will vote or abstain from voting at his/her discretion.		

THIS PROXY FORM SHOULD NOT BE SENT TO THE REGISTRAR IF THE MEMBER WILL BE ATTENDING THE MEETING. KINDLY NOTE THAT VOTING WILL BE BY POLL

Notes:

1. A member (Shareholder) who is unable to attend the Annual General Meeting is allowed by law to vote by Proxy. The above Proxy Form has been prepared to enable you to exercise your vote if you cannot personally attend.
2. Provision has been made on the form for the Chairman of the meeting to act as your proxy, but if you wish, you may insert in the blank space the name of any person whether a member of the company or not, who will attend the meeting and vote on your behalf instead of the Chairman of the meeting.
3. If executed by a Corporation, the Proxy Form should bear its common seal or signed on the behalf of a Director of the Corporation.
4. Please sign the above Proxy Form and deliver it so as to reach the Registrar, NTHC, Martco House, 1st Floor, Okai Mensah Link, Off Kwame Nkrumah Avenue, Adabraka, P. O. Box KIA 9563, Airport, Accra and not later than 10:00 a.m. on 24th July, 2013

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THE SECRETARY
SIC Insurance Company Ltd.
Nyemitei House
No. 28/29 Ring Road East
Osu - Accra

THIRD FOLD HERE

NOTES

NOTES

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Ecobank Long Room,
Tema port, community 1
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Accra Mall L05
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Branch Manager: 233-34292-2419
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design & print: TYPE 030 223.2252/ 030 225.4011