SIC Insurance Company Limited

Report and financial statements - Half Year to June 30, 2011

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SIC Insurance Company Limited

Report and financial statements - Half Year to June 30, 2011

Directors, Officials and Registered Office

Directors:	Mr. Max Cobbina	Chairman
	Mr. Benjamin K. Acolatse	Managing Director
	Mr. Kwasi Osei	Member
	Dr. Kofi Koduah Sarpong	Member
	Dr. Kofi Amoah	Member
	Mrs. Yvonne Osei-Tutu	Member
	Dr. Kwaku Osafo	Member
	Mr. Kingsley Awuah - Darko	Member
	Dr. Vitus Anaab - Bisi	Member

Company Secretary:	Mr. Prince Emmanuel K. Mawuvenu
Registered Office:	Nyemitei House 28/29 Ring Road East Osu-Accra
Auditors:	Deloitte & Touche Chartered Accountants 4 Liberation Road P.O. Box GP 453 Accra
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

SIC Insurance Company Limited

Directors' report

The Directors have pleasure in presenting their Half Year Report of the company for the Half Year ended 30 June, 2011.

1. **Principal activities**
   The company was incorporated to undertake Non-Life insurance business.

2. **Results for the half year**

	GH¢
The balance brought forward on income surplus account at 1 January was	**21,629,455**
To which must be added:	
Profit for the half year after charging all expenses, depreciation and taxation of	**6,758,752**
	28,388,207
From which is made an appropriation to statutory reserve of	**(1,223,260)**
	27,164,948
Dividend paid	**-**
Leaving a balance to be carried forward on income surplus account of	**27,164,948**

3. **Nature of business**
   There was no change in the nature of the business of the company during the period.

4. **Auditors**
   In accordance with section 134(5) of the Companies Code 1963, (Act 179) the auditors, Messrs. Deloitte & Touche, continue in office as auditors of the company.

On behalf of the Board

Chairman **Managing Director**

SIC Insurance Company Limited

Financial summary

	2011	**2010**
	GH¢	GH¢
Gross Premium Earned	**40,775,322**	31,492,656
Net Premium Earned	**32,529,257**	24,044,212
Claims incurred	**(9,274,203)**	(6,007,463)
Commissions	**(724,089)**	(683,702)
Management expenses	**(15,075,005)**	(13,406,926)
Underwriting profit	**7,455,960**	3,946,121
Investment income	**950,001**	882,987
Profit before tax	**9,258,564**	5,563,945
Profit after tax	**6,758,752**	3,894,762
Dividend	**-**	-
Shareholders' funds	**86,124,358**	77,699,614
Net assets	**86,124,358**	77,699,614
Total assets	**147,370,079**	133,077,442
Number of shares issued and fully paid for	**195,645,000**	195,645,000
Earnings per share (GH¢)	**0.0345**	0.0199
Share price (GH¢)	**0.52**	0.33
Dividend per share (GH¢)	**-**	-
Net assets per share (GH¢)	**0.4402**	0.3971
Current assets/current liab.	**1.37**	1.40
Return on shareholders funds	**0.0785**	0.0501

SIC Insurance Company Limited

Statement of directors' responsibilities

The Ghana Companies Code 1963 (Act 179) requires the directors to prepare financial statements for each quarter which give a true and fair view of the state of affairs of the company at the end of the quarter and of the profit or loss of the company for that quarter.

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 company keeps accounting records which disclose with reasonable accuracy the financial position of the company and which enable them to ensure that the financial statements comply with the Companies Code, 1963 (Act 179) and Insurance Act 2007 (Act 724).

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

Independent auditors' report

To the members of SIC Insurance Company Limited

These financial statements as at 30th June 2011 and set out on pages 8 - 42, which have being preapared on the basis of the International Financial Reporting Standrds (IFRS) on pages 11 to 25 and other explanatory notes as set out on pages 26 to 42 are not audited, but interim audit shall be carried out after September 2011 and Final Audit carried out after 31st December 2011.

Directors' responsibility for the financial statements

The Directors are responsible for the preparation and fair presentation of these financial statements in accordance with the Companies Code 1963 (Act 179) and the Insurance Act 2006 (Act 742) and the International Fianacial Reporting Standards (IFRS). These responsibilities include; designing, implementing and maintaining internal controls relevant to the presentation of Financial statements that are free from material misstatements, whether due to fraud or error; selecting and applying appropraite accounting policies; and making accounting estimates that are reasonable in the circumstances.

SIC Insurance Company Limited

Income statement

For the Half Year ended 30 June, 2011

	Note	2011 GH¢	2010 GH¢
Gross premium	6	**40,775,322**	31,492,656
Less: Re-insurance	7	**(8,246,065)**	(7,448,444)
Net premium		**32,529,257**	24,044,212
Claims incurred	8	**(9,274,203)**	(6,007,463)
Commissions	9	**(724,089)**	(683,702)
Management expenses	10	**(15,075,005)**	(13,406,926)
Underwriting profit		**7,455,960**	3,946,121
Investment income	11	**950,001**	882,987
Other income	12	**852,603**	734,837
Profit before tax		**9,258,564**	5,563,945
Taxation	18(c)	**(2,036,884)**	(1,390,986)
National Stabilization Levy	18(c)	**(462,928)**	(278,197)
Profit after tax transferred to Income surplus account		**6,758,752**	3,894,762
Basic earnings per share	13	**0.0345**	0.0199

SIC Insurance Company Limited

Statement of changes in shareholders funds

As at the half year ended 30th June 2011

	Stated capital GH¢	Income surplus account GH¢	Contingency reserves GH¢	Capital surplus GH¢	Available-for sale reserves GH¢	**Total GH¢**
Bal. at 1 Jan. 2010 - restated	2,500,000	17,522,323	10,580,708	31,816,952	(531,093)	**61,888,890**
Total recognised income & exp.	-	3,894,762	-	-	-	**3,894,762**
Valuation gain on tangible assets	-	-	-	-	-	**-**
Net gain on available-for-sale invest.	-	-	-	-	-	**-**
Transfer (from)/to reserve	-	(944,780)	944,780	-	-	**-**
Transfer to equity holders	22,500,000	(3,478,567)		(22,500,000)	15,394,529	**11,915,962**
Bal. at 30 Jun 2010	25,000,000	16,993,738	11,525,488	9,316,952	14,863,436	**77,699,614**
Balance at 1 January 2011	25,000,000	21,629,455	12,501,991	9,316,952	15,392,140	**83,840,538**
Total recognised income & exp.	-	6,758,752	-	-	-	**6,758,752**
Transfer (from)/to reserve	-	(1,223,260)	1,223,260	-	-	**-**
Net gain on available-for-sale invest.	-	-	-	-	(4,474,932)	**(4,474,932)**
Transfer to equity holders	-	-	-	-	-	**-**
Bal. at 30 June 2011	25,000,000	27,164,947	13,725,251	9,316,952	10,917,208	**86,124,358**

SIC Insurance Company Limited

Balance sheet

As at 30th June, 2011

	Note	2011 GH¢	2010 GH¢
Stated capital	19	**25,000,000**	25,000,000
Capital surplus	20	**9,316,952**	9,316,952
Income surplus		**27,164,947**	16,993,738
Contingency reserve	21	**13,725,251**	11,525,488
Available-for-sale reserve	22	**10,917,208**	14,863,436
Shareholders funds		**86,124,358**	77,699,614
Represented by:			
Property, plant and equipment	23	**20,045,798**	18,978,709
Investment properties	24	**6,013,805**	6,013,805
Intangible assets	25	**389,169**	59,077
Long term investments	26	**34,867,621**	30,204,463
Investment in subsidiary	27	**1,865,492**	325,713
Investment in associates	28	**5,073,215**	5,073,215
		68,255,100	60,654,982
Current assets			
Short term investments	29	**8,564,100**	15,124,940
Lease deposit	30	**1,862,856**	1,560,929
Trade & other receivables	31	**57,777,432**	47,478,857
Inventories		**556,998**	523,786
Unearned reinsurance premium		**9,091,632**	4,929,630
Cash and bank balances	34	**1,261,962**	2,804,318
Total current assets		**79,114,980**	72,422,460
Current liabilities			
Unearned premium	5	**27,024,506**	23,739,234
Outstanding claims	8	**1,708,277**	1,767,363
Trade & other payables	32	**24,505,327**	21,625,371
Taxation	18(a)	**3,672,446**	2,841,817
Dividends		**-**	1,587,140
Other current financial liabilities	33	**756,875**	254,822
Total current liabilities		**57,667,431**	51,815,747
Net current assets		**21,447,549**	20,606,713
Other non-current financial liabilities	33	**(681,584)**	(665,374)
Deferred tax	18(d)	**(2,896,707)**	(2,896,707)
Total non-current liabilities		**(3,578,291)**	(3,562,081)
Net assets		**86,124,358**	77,699,614

Chairman **Managing Director**

SIC Insurance Company Limited

Cash flow statement

For the half year ended 30th June, 2011

Operating activities	Note	2011 GH¢	2010 GH¢
Operating profit		**9,258,564**	5,563,945
		9,258,564	5,563,945
Adjustment to reconcile profit before tax to net cash flows			
Non-cash:			
Depreciation		**695,168**	531,547
Amortisation		**59,078**	59,078
Profit on disposal of property, plant & equipment		**(126,026)**	(134,138)
Available-for-sale reserves		**3,733,956**	8,857,412
Interest Received		**(327,208)**	(427,280)
Dividend Received		**(622,793)**	(455,707)
Working capital adjustments:			
Decrease/(Increase) in provision for unearned premium		**3,285,272**	12,467,510
Decrease/(Increase) in receivables		**(10,298,575)**	(12,644,430)
Increase in inventories		**(33,208)**	89,024
(Increase)/Decrease in Unearned reinsurance Premium		**(3,398,312)**	(3,398,312)
Increase in trade & other payables		**2,879,956**	3,292,188
(Decrease)/increase in provision of claims		**(59,086)**	169,269
(Decrease)/increase in lease obligations		**518,263**	-
Increase in lease deposits		**(301,927)**	-
Tax paid		**(409,163)**	(743,238)
Net cash used in operating activities		**4,853,959**	13,226,868
Investing activities			
Acquisition of property, plant and equipment		**(1,053,445)**	(1,064,598)
Acquisition of Intangible assets		**-**	-
Proceeds from sale of property, plant and equipment		**126,026**	134,138
Net cash used/flow from investing activities		**(927,419)**	(930,460)
Financing activities			
(Purchase)/Redemption of long term investments		**(3,613,884)**	(9,055,503)
Investment in subsidiary		**(1,539,779)**	-
Investment in associated company		**-**	-
Dividend received		**622,793**	455,707
Interest received		**327,208**	427,280
Dividend paid		**-**	(1,891,427)
Net cash used in servicing of finance		**(4,203,662)**	(10,063,943)
Changes in cash and cash equivalents		**(277,122)**	2,232,465
Balance as at 1 January		**10,103,184**	15,696,793
Cash & Cash equivalents at 30 June		**9,826,062**	17,929,258
Analysis of changes in cash and cash equivalents			
Cash and bank		**1,261,962**	2,804,318
Short term investments		**8,564,100**	15,124,940
	36	**9,826,062**	17,929,258

SIC Insurance Company Limited

Notes to the financial statements

For the Half Year ended 30 June, 2011

1. Reporting Entity

SIC Insurance Company Limited underwrite non-life insurance risks, The company 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 Company is a limited liability company 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. These are the company's first set of financial statements prepared in accordance with IFRS and IFRS 1 has been applied. In accordance with the transitional requirements of these standards, the company has provided full comparative information.

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

IFRS 1 First time adoption of IFRS;
IFRS 4 Insurance contracts;
IFRS 7 Financial Instruments: Disclosures (effective 1 January 2007)
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 are measured at fair value, financial assets 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 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.

Notes to the financial statements

For the Half Year ended 30 June, 2011 - Continiued

3. Significant accounting policies

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

(a) Consolidation

i). ***Subsidiaries:***

Subsidiaries are all entities over which the company 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 company controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the company. They are de-consolidated from the date on which control ceases.

The company 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 company'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-company transactions, balances and unrealised gains on intra-company 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 company.

ii). ***Associates:***

Associates are all entities over which the company 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 company's investment in associates includes goodwill (net of any accumulated impairment loss) identified on acquisition (see Note 29).

The company'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 company's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the company does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

Unrealised gains on transactions between the company and its associates are eliminated to the extent of the company'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 company.

(b) Segment reporting

A business segment is a company 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.

SIC Insurance Company Limited

Notes to the financial statements

For the Half Year ended 30 June, 2011 - Continiued

(c) Foreign currency translation

i). ***Functional and presentation currency:***

Items included in the financial statements of the company are measured using the currency of the primary economic environment in which the entity operates (the 'functional currency'). The financial statements are presented in thousands of cedis, which is the company'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, except when deferred in equity as qualifying cash flow hedges and qualifying net investment hedges.

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 company'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;

(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); and

(iii) all resulting exchange differences are recognised as a separate component of equity.

Exchange differences arising from the translation of the net investment and of borrowings and other currency instruments designated as hedges of such investments, are taken to shareholders' equity.

(d) Property, plant and equipment

Land and buildings comprise mainly outlets and offices occupied by the company. 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. Cost may also include transfers from equity of any gains/losses on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

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 company 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' equity. Decreases that offset previous increases of the same asset are charged against fair value reserves directly in equity; all other decreases are charged to the income statement. Each year, the difference between depreciation based on the revalued carrying amount of the asset charged to the income statement and depreciation based on the asset's original cost, net of any related deferred income tax, is transferred from the revaluation surplus to retained earnings.

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

Motor vehicles	20%	per annum
Office furniture	10%	"
Household furniture	20%	"
Freehold buildings	1.0%	"
Office equipment	25%	"
Computers	33.33%	"

Leasehold properties 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 the departments of the company 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 company uses alternative valuation methods such as discounted cash flow projections or recent prices on less active markets. These valuations are reviewed annually by an independent valuation expert. 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 company. 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 company 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). ***Receivables:***

Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market other than those that the company intends to sell in the short term or that it has designated as at fair value through income or available-for-sale. Receivables arising from insurance contracts are also classified in this category and are reviewed for impairment as part of the impairment review of 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 company'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 company 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 company 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. 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 company 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.

Notes to the financial statements

For the Half Year ended 30 June, 2011 - Continiued

(g) **Impairment of assets**

i). ***Financial assets carried at amortised cost:***

The company assesses at each balance sheet date whether there is objective evidence that a financial asset or company of financial assets is impaired. A financial asset or company 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 company of financial assets that can be reliably estimated. Objective evidence that a financial asset or company of assets is impaired includes observable data that comes to the attention of the company 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 company of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the company, including:

• Adverse changes in the payment status of issuers or debtors in the company; or

• National or local economic conditions that correlate with defaults on the assets in the company.

The company first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant. If the company determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a company of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment.

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 (excluding future credit losses that have been incurred) 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, the company may measure impairment on the basis of an instrument's fair value using an observable market price.

For the purpose of a collective evaluation of impairment, financial assets are companied on the basis of similar credit risk characteristics (i.e., on the basis of the company's grading process that considers asset type, industry, geographical location, past-due status and other relevant factors). Those characteristics are relevant to the estimation of future cash flows for companies of such assets by being indicative of the issuer's ability to pay all amounts due under the contractual terms of the debt instrument being evaluated. If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as improved credit rating), the previously recognised impairment loss is reversed by adjusting the allowance account. The amount of the reversal is recognised in the income statement.

SIC Insurance Company Limited

Notes to the financial statements

For the Half Year ended 30 June, 2011 - Continiued

ii). ***Financial assets carried at fair value:***

The company 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.

Where any investor purchases the Company's equity share capital (treasury shares), the consideration paid, including any directly attributable incremental costs (net of income taxes), is deducted from equity attributable to the Company's equity holders. Where such shares are subsequently sold, reissued or otherwise disposed of, any consideration received is included in equity attributable to the Company's equity holders, net of any directly attributable incremental transaction costs and the related income tax effects.

(k) Insurance and investment contracts - classification

The company 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 company 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.

Notes to the financial statements

For the Half Year ended 30 June, 2011 - Continiued

(l) **Insurance contracts**

i). ***Recognition and measurement:***

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

ii). ***Short-term insurance contracts***

These contracts are casualty, property and short-duration life insurance contracts.

Casualty insurance contracts protect the company'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 company'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).

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 parties damaged by the contract holders. They include direct and indirect claims settlement costs and arise from events that have occurred up to the balance sheet date even if they have not yet been reported to the company. The company 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 company 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 30 June 2009. 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 company with reinsurers under which the company is compensated for losses on one or more contracts issued by the company 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 company under which the contract holder is another insurer (inwards reinsurance) are included with insurance contracts.

The benefits to which the company 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 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 company's property or casualty insurance contracts. Where the premium due to the reinsurer differs from the liability established by the company for the related claim, the difference is amortised over the estimated remaining settlement period.

The company assesses its reinsurance assets for impairment on a quarterly basis. If there is objective evidence that the reinsurance asset is impaired, the company reduces the carrying amount of the reinsurance asset to its recoverable amount and recognises that impairment loss in the income statement. The company gathers the objective evidence that a reinsurance asset is impaired using the same process adopted for financial assets held at amortised cost. The impairment loss is also calculated following the same method used for these financial assets.

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 company 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 company to sell (usually damaged) property acquired in settling a claim (ie, salvage). The company 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 either 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.

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For the Half Year ended 30 June, 2011 - Continiued

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 company 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 company operate various pension schemes. The schemes are generally funded through payments to trustee-administered funds, determined by periodic actuarial calculations. The company 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 company pays fixed contributions into a separate entity. The company 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.

The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets, together with adjustments for unrecognised actuarial gains or losses and past service costs. Plan assets exclude any insurance contracts issued by the company. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity that approximate the terms of the related pension liability.

Past-service costs are recognised immediately in income, unless the changes to the pension plan are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, the past-service costs are amortised on a straight-line basis over the vesting period.

For defined contribution plans, the company pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The company 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.

ii). ***Other post-employment obligations:***

The company 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 company 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.

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For the Half Year ended 30 June, 2011 - Continiued

(o) Provisions

i). ***Restructuring costs and legal claims:***

Provisions for restructuring costs and legal claims are recognised when: the company 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 company. Revenue is recognised as follows:

i). ***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 company 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.

ii). ***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.

(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.

(r) Dividend distribution

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

(s) Critical accounting estimates and judgments in applying accounting policies

The company 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 company's most critical accounting estimate. There are several sources of uncertainty that need to be considered in the estimate of the liability that the company will ultimately pay for such claims.

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For the Half Year ended 30 June, 2011 - Continiued

ii). ***Fair value of investment contracts:***

The company issues a significant number of investment contracts that are designated at fair value through profit or loss. These financial instruments are not quoted in active markets, and their fair values are determined by using valuation techniques. Such techniques (for example, valuation models) are validated and periodically reviewed by qualified personnel independent of the area that created them. All models are validated before they are used and calibrated to ensure that outputs reflect actual experience and comparable market prices. A variety of factors are considered in the company's valuation techniques, including time value, credit risk (both own and counterparty), embedded derivatives (such as unit-linking features), volatility factors (including contract holder behaviour), servicing costs and activity in similar instruments.

iii). ***Impairment of available-for-sale equity financial assets:***

The company 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 company 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 company issues contracts that transfer insurance risk or financial risk or both. This section summarises these risks and the way the company 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 company 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 on a claims-occurrence basis. The company is liable for all insured events that occurred 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 a larger variables that affect the amount and timing of cash flows from these contracts. These mainly relate to variables that 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 adopted. 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.

Notes to the financial statements

For the Half Year ended 30 June, 2011 - Continiued

The estimated cost of claims includes direct expenses to be incurred in settling claims, net of the expected subrogation value and other recoveries. The company 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 company 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 company, 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 company 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 company 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 company 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 company 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 company's ALM framework.

SIC Insurance Company Limited

Notes to the financial statements

For the Half Year ended 30 June, 2011 - Continiued

b). ***Credit risk:***

The company 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 company 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 company 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.

c). ***Liquidity risk:***

The company is exposed to daily calls on its available cash resources mainly from claims arising from short-term insurance contracts. Liquidity risk is the risk that cash may not be available to pay obligations when due at a reasonable cost. The Board sets limits on the minimum proportion of maturing funds available to meet such calls and on the minimum level of borrowing facilities that should be in place to cover claims at unexpected levels of demand.

d). ***Currency risk:***

The company 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. The company 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 and net investments in foreign operations.

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Notes to the financial statements

For the Half Year ended 30 June, 2011 - Continiued

The following significant exchange rates were applied during the year:

	30/06/2011	30/06/2011	30/06/2010	30/06/2010
	GH¢	GH¢	**GH¢**	GH¢
	Selling	Buynig	**Selling**	Buynig
US Dollar	1.5224	1.4925	1.4351	1.4157
GB Pound	2.4464	2.3979	2.1600	2.1299
Euro	2.1637	2.2063	1.7542	1.7302

4. The following new standards, amendments to standards and interpretations to existing standards are now effective for the half year ended 30 June 2010, and have been applied in preparing these financial statements.

IAS 27 (Revised) Consolidated and separate financial statements (effective 1 July 2009)

IAS 28 (Amendment) Investments in associates

IFRS 5 (Amendment) Non-current assets held-for-sale and discontinued operations (and consequential amendment to IFRS 1, First-time adoption) (effective 1 July 2009)

SIC Insurance Company Limited

Notes to the financial statements

For the Half Year ended 30 June, 2011 - Continiued

5. Segment information

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

The company'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 company does not have a geographical segment.

Class of business	Marine & Aviation GH¢	Fire GH¢	Motor GH¢	Accident GH¢	**2011 Total GH¢**	2010 Total GH¢
Gross premiums	2,499,383	9,537,495	20,018,868	8,719,576	**40,775,322**	31,492,656
Reinsurances	(516,658)	(4,002,769)	(1,933,443)	(1,793,195)	**(8,246,065)**	(7,448,444)
Net premiums	1,982,725	5,534,726	18,085,425	6,926,381	**32,529,257**	24,044,212
Premium earned	1,982,725	5,534,726	18,085,425	6,926,381	**32,529,257**	24,044,212
Commissions	(117,302)	(154,231)	(343,218)	(109,337)	**(724,088)**	(683,702)
	1,865,423	5,380,495	17,742,207	6,817,044	**31,805,168**	23,360,510
Claims	(41,456)	(1,559,605)	(4,883,065)	(2,790,077)	**(9,274,203)**	(6,007,463)
	1,823,967	3,820,891	12,859,142	4,026,966	**22,530,965**	17,353,047
Management expenses	(693,450)	(1,401,975)	(9,663,078)	(3,316,501)	**(15,075,004)**	(13,406,926)
Underwriting results transferred to Rev. A/c	1,130,517	2,418,915	3,196,064	710,465	**7,455,960**	3,946,121

Unearned premium	Marine & Aviation GH¢	Fire GH¢	Motor GH¢	Accident GH¢	**2011 Total GH¢**	2010 Total GH¢
Unearned premium - b/f	1,140,030	2,849,792	11,127,020	3,648,402	**18,765,244**	16,452,305
Less: Unearned premium - c/f	(1,882,139)	(9,499,343)	(10,834,319)	(4,808,705)	**(27,024,506)**	(23,739,234)
Reinsurance c/f	516,658	4,698,903	1,933,443	1,942,628	**9,091,632**	4,929,630
Movement in unearned premium	(225,451)	(1,950,648)	2,226,144	782,325	**832,370**	(2,357,299)

The company is organised into four business segments as shown above.

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.

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For the Half Year ended 30 June, 2011 - Continiued

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. Tire 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, company 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

	2011 GH¢	2010 GH¢
Motor	**20,018,868**	14,595,143
Fire	**9,537,495**	7,674,061
Accident	**8,719,576**	7,106,776
Marine and aviation	**2,499,383**	2,116,676
	40,775,322	31,492,656

7. Reinsurances

	2011 GH¢	2010 GH¢
Motor	**1,933,443**	3,183,386
Fire	**4,002,769**	2,353,424
Accident	**1,793,195**	1,160,660
Marine and aviation	**516,658**	750,974
	8,246,065	7,448,444

8. Claims incurred

	2011 GH¢	2010 GH¢
Payments during the year	**10,889,272**	9,124,829
Claims outstanding at 30/06/11	**1,708,277**	1,767,363
	12,597,549	10,892,192
Claims outstanding at 31/12/10	**(1,792,856)**	(3,054,836)
	10,804,693	7,837,356
Net recoveries	**(1,530,490)**	(1,829,893)
Claims net of recoveries	**9,274,203**	6,007,463

9. Commissions

	2011 GH¢	2010 GH¢
Receivable	**4,114,163**	3,753,992
Payable	**(4,838,252)**	(4,437,694)
Net commissions	**(724,089)**	(683,702)

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Notes to the financial statements

For the Half Year ended 30 June, 2011 - Continiued

10. Management expenses

The following items have been charged in arriving at operating profit

	2011 GH¢	2010 GH¢
Staff cost	**8,908,558**	7,518,084
Depreciation	**695,168**	531,547
Amortisation	**-**	59,078
Audit fees	**-**	25,750
Donations	**24,979**	26,924
Directors' emolument	**120,043**	332,477
Bad debt	**-**	-

11. Investment income

	2011 GH¢	2010 GH¢
Dividend	**622,793**	455,707
Mortgage loans interest	**-**	-
Interest on bank deposits	**180,048**	118,355
Interest on treasury bills	**129,830**	255,733
Other investment income	**17,330**	53,192
	950,001	882,987

12. Other income

	2011 GH¢	2010 GH¢
Rent	**158,197**	141,705
Profit on disposal of assets	**126,026**	134,138
Sundry income	**251,019**	125,983
Gain on exchange	**317,360**	333,011
	852,602	734,837

13. Earnings per share

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

	2011 GH¢	2010 GH¢
Profit attributable to the company's equity holders	6,758,752	3,894,762
Weighted average number of ordinary shares in issue	195,645,000	195,645,000
Basic earnings per share	**0.0345**	0.0199

SIC Insurance Company Limited

Notes to the financial statements

For the Half Year ended 30 June, 2011 - Continiued

14. Financial instruments classification summary

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

	2011 GH¢	2010 GH¢
Available-for-sale (Note 15)	**34,423,085**	28,021,575
Receivables (including insurance receivables) (Note 16)	**30,444,778**	26,540,208

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

15. Available-for-sale financial assets

	2011 GH¢	2010 GH¢
I). ***Equity securities:***		
Listed	**10,133,684**	12,627,046
Unlisted	**24,289,401**	15,394,529
ii). ***Debt securities***		
Unlisted - fixed interest rate	**-**	-
Total available-for-sale financial assets	**34,423,085**	28,021,575

16. Receivables

	2011 GH¢	2010 GH¢
i). ***Receivables arising from insurance and reinsurance contracts:***		
Due from contract holders	**28,685,878**	21,906,924
Due from agents, brokers and intermediaries	**1,541,742**	4,416,126
Prepayments	**217,158**	217,158
Total receivables including insurance receivables	**30,444,778**	26,540,208
Current portion	**30,444,778**	26,540,208

The company's receivables are non-interest bearing assets. Management has assessed all receivables for impairment purposes, as at the end of the quarter there were no impariment losses.

17. Insurance liabilities and reinsurance assets

	2011 GH¢	2010 GH¢
Claims reported and loss adjustment expenses	**1,423,564**	1,472,803
Claims incurred but not reported (IBNR)	**284,713**	294,561
Unearned premiums	**27,024,506**	23,739,234
Total insurance liabilities	**28,732,783**	25,506,598

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

SIC Insurance Company Limited

Notes to the financial statements

For the Half Year ended 30 June, 2011 - Continiued

18. Taxation

(a) Income tax payable	At 1 Jan GH¢	Charge for the period GH¢	Paym't during the period GH¢	**At 30 Jun GH¢**
1997-2004	682,700	-	-	**682,700**
2005	(507,745)	-	-	**(507,745)**
2006	(263,671)	-	-	**(263,671)**
2007	383,301	-	-	**383,301**
2008	1,424,825	-	-	**1,424,825**
2009	-	-	-	**-**
2010	-	2,036,884	(473,445)	**1,563,439**
Tax credit				
1998-1999	(200)	-	-	**(200)**
Capital gains tax	5,076	-	-	**5,076**
	1,724,286	2,036,884	(473,445)	**3,287,725**
(b) Reconstruction levy				
2001 - 2004	364,800	-	-	**364,800**
2005	(170,800)	-	-	**(170,800)**
2006	41,700	-	-	**41,700**
2007	-	-	-	**-**
2008	-	-	-	**-**
2009	(44,114)	-	-	**(44,114)**
2010	-	462,928	(269,793)	**193,135**
	191,586	462,928	(269,793)	**384,721**
	1,915,872	2,499,812	(743,238)	**3,672,446**

(c) Income tax expenses	**2010 GH¢**	2009 GH¢
Corporate tax	**2,036,884**	1,173,265
National Stabilization Levy	**462,928**	
Deferred tax	**-**	-
	2,499,812	1,173,265

SIC Insurance Company Limited

Notes to the financial statements

For the Half Year ended 30 June, 2011 - Continiued

	2011 GH¢	2010 GH¢
(d) Deferred tax		
Balance at 1st January	**2,896,707**	2,896,707
Accelerated capital allowance	**-**	-
Balance at 30 June	**2,896,707**	2,896,707

19 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:

	Amount GH¢
Issued and fully paid during the year	**200**
Transfer from income surplus	**42,600**
Transfer from capital surplus	**2,457,200**
Transfer from capital surplus	**22,500,000**
	25,000,000

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

SIC Insurance Company Limited

Notes to the financial statements

For the Half Year ended 30 June, 2011 - Continiued

20 Capital surplus

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

	2011 GH¢	2010 GH¢
Balance at 1 January	**9,316,952**	31,816,952
Revaluation surplus	**-**	-
Transfer to Stated Capital	**-**	(22,500,000)
Balance at 30 June	**9,316,952**	9,316,952

The landed properties were professionally valued by a consortium of Valuers namely, Koaconsult Limited and Valuation and Development Services at 31 December 2007 on the basis of their open market values. There were no Revaluation surpluses.

Members of the company agreed by a resolution at the AGM to transfer GH¢22,500,000.00 from Capital Surplus to Stated Capital

21 Contingency reserve

	2011 GH¢	2010 GH¢
Balance at 1 January	**12,501,991**	10,580,708
Transfer from income surplus	**1,223,260**	944,780
Balance at 30 June	**13,725,251**	11,525,488

This represents sums set aside to cover fluctuation in securities and variations in statistical estimate in accordance with the Insurance Act, 2007 (Act 724).

22 Available-for-sale reserves

	2011 GH¢	2010 GH¢
Balance at 1 January	**15,392,140**	(531,093)
Fair valuation - Unlisted Equities	**-**	15,394,529
Balance at 30 June	**15,392,140**	14,863,436

SIC Insurance Company Limited

Notes to the financial statements

For the Half Year ended 30 June, 2011 - Continiued

23 Property, plant and equipment

Cost/valuation	At 1 Jan GH¢	Additions GH¢	Disposal GH¢	**At 30 Jun GH¢**
Leasehold buildings	8,219,858	-	-	**8,219,858**
Leasehold land	3,993,710	10,200		**4,003,910**
Freehold buildings	5,218,382	113,466		**5,331,848**
Freehold land	1,529,370			**1,529,370**
Computers	2,254,328	45,467		**2,299,795**
Capital work in progress	823,295	31,684		**854,979**
Other machinery & equipment	5,384,415	852,628		**6,237,043**
	27,423,358	1,053,445	-	**28,476,803**

Depreciation	At 1 Jan GH¢	Charge for the year GH¢	Disposal GH¢	**At 30 Jun GH¢**
Leasehold buildings	1,150,388	130,900	(71,380)	**1,209,908**
Leasehold land	766,497	109,709		**876,206**
Freehold buildings	178,690	15,256		**193,946**
Computers	2,088,817	60,293		**2,149,110**
Other machinery & equipment	3,622,824	379,011		**4,001,835**
	7,807,216	695,169	(71,380)	**8,431,005**

Net book value	
At 30 June 2010	**20,045,798**
At 30 June 2009	18,978,709

The landed properties were professionally valued by a consortium of Valuers namely, Koaconsult Limited and Valuation and Development Services at 31 March 2008 on the basis of their open market values.
Depreciation expense of GH¢926,113.00 has been charged in management expenses.

Disposal of assets

	Property, plant & equip.		**Shares**	
	2011 GH¢	2010 GH¢	**2011 GH¢**	2010 GH¢
Cost	**-**	**(71,380)**	**-**	-
Accumulated depreciation	**-**	**71,380**	**-**	-
Net book value	**-**	**-**	**-**	-
Proceeds from sale	**126,026**	**71,380**	**-**	-
Profit on disposal	**126,026**	**71,380**	**-**	-

SIC Insurance Company Limited

Notes to the financial statements

For the Half Year ended 30 June, 2011 - Continiued

24 Investment properties

Cost/valuation	At 1 Jan GH¢	Additions GH¢	**At 30 Jun GH¢**
Leasehold properties	4,871,105	-	**4,871,105**
Freehold land & buildings	1,142,700	-	**1,142,700**
	6,013,805	-	**6,013,805**

25 Intangible assets

Cost/valuation	At 1 Jan GH¢	Revaluation GH¢	Additions GH¢	**At 30 Jun GH¢**
Computer softwares	-		466,071	466,071
	-	-	466,071	466,071

Amortisation	At 1 Jan GH¢	Charge for year GH¢	**At 30 Jun GH¢**
Computer softwares	-	76,902	76,902
	-	76,902	76,902

Net book value	
At 30 June 2011	389,169
At 30 June 2010	-

SIC Insurance Company Limited

Notes to the financial statements

For the Half Year ended 30 June, 2011 - Continiued

26 Long term investments

	2011 GH¢	2010 GH¢
Mortgage loans	**22,287**	24,948
	22,287	24,948
Equity shares	**34,093,207**	29,427,388
HFC house bonds	**752,127**	752,127
	34,867,621	30,204,463

27 Investment in subsidiary

	2011 GH¢	2010 GH¢
Balance 1 January	**1,865,492**	325,713
Additions during the year	**-**	
Balance 30 June	**1,865,492**	325,713

The subsidiary company is:

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

28 Investment in associated company

	2010 GH¢	2009 GH¢
Balance 1 January	**5,073,215**	5,073,215
Additions during the year	**-**	-
Balance 30 June	**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

29 Short-term investments

	2010 GH¢	2009 GH¢
Ghana Gov't treasury bills	**2,407,330**	4,789,728
Bank time deposits	**6,156,770**	10,335,212
	8,564,100	15,124,940

SIC Insurance Company Limited

Notes to the financial statements

For the Half Year ended 30 June, 2011 - Continiued

30 Lease deposit

	2011	2010
	GH¢	GH¢
Access Bank	**568,942**	568,942
Ecobank Leasing Company Limited	**320,000**	320,000
Dalex Finance & Leasing Company Limited	**973,914**	671,987
	1,862,856	1,560,929

The company entered into 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 company also bears the cost of lease interest.

31 Trade & other receivables

	2011	2010
	GH¢	GH¢
Premium debtors	**38,415,129**	30,384,922
	38,415,129	30,384,922
Accrued income and prepayments	**852,698**	1,027,403
Staff debtors	**306,461**	350,376
SIC - Life account	**1,498,269**	1,498,269
Sundry debtors	**1,724,213**	751,626
Agents & reinsurance balance	**14,980,662**	13,466,261
	57,777,432	47,478,857

32 Trade & other payables

	2011	2010
	GH¢	GH¢
Agents & reinsurers	**18,454,761**	16,449,726
Sundry creditors	**6,050,566**	5,175,645
	24,505,327	21,625,371

SIC Insurance Company Limited

Notes to the financial statements

For the Half Year ended 30 June, 2011 - Continiued

33 Other financial liabilities

	2011 GH¢	2010 GH¢
Ecobank Leasing Company Limited	**-**	163,800
Dalex Finance & Leasing Company Limited	**1,438,459**	756,396
	1,438,459	920,196

	2011 GH¢	2010 GH¢
Analysis of obligation		
Amount due within one year	**756,875**	254,822
Amount due within two and five years	**681,584**	665,374
	1,438,459	920,196

34 Cash and cash equivalents

	2011 GH¢	2010 GH¢
Cash at bank and in hand	**1,261,962**	2,804,318
Short term deposits	**6,156,770**	10,335,212
Government securities	**2,407,330**	4,789,728
	9,826,062	17,929,258

35 Contingencies, capital and financial commitments

The company 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 quarter:

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

Notes to the financial statements

For the Half Year ended 30 June, 2011 - Continiued

36 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 business, commissions and 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 end of the quarter are as follows:

	2011	2010
	GH¢	GH¢
i) Social Security & National Insurance Trust		
Premium income	**246,935**	**201,726**
Claims paid	**64,267**	**51,241**
ii) Ghana Reinsurance Company Limited		
Premium income	**44,029**	**49,879**
Claims paid	**-**	**7,805**
iii) SIC Life Insurance Company		
Premium income	**82,429**	**68,773**
Claims paid	**25,747**	**45,072**
iv) Ghana Commercial Bank Limited		
Premium income	**76,308**	**116,052**
Claims paid	**8,005**	**-**
v) Ghana Cocoa Board		
Premium income	**553,074**	**83,514**
Claims paid	**152,727**	**177,265**

37 Social responsibilities

An amount of GH¢24,979.00 was spent on fulfilling the social responsibility of the company (2010: GH¢26,924.00)

SIC Insurance Company Limited

Notes to the financial statements

For the Half Year ended 30 June, 2011 - Continiued

Shareholders' information

38 Directors' shareholding as at 30 June 2011

Name of Director	Number of shares held	% Shares held
Dr. Kofi Amoah	1,500,000	0.7667
Mr. Benjamin Acolatse	306,000	0.1564
Mr.Kwasi Osei	40,000	0.0204
Dr. Kwaku Osafo	2,000	0.0010
Dr. Vitus Anaab - Bisi	3,500	0.0018

39 List of the twenty largest shareholders as at 30 June 2011

Name of shareholder	Shares held	% Holding
Government of Ghana	**78,258,000**	40.000
Social Security & National Insurance Trust	**23,090,392**	11.802
STD Nom. TVL (Pty) Ltd./Standard Bank London Plc clients A/C	**6,912,160**	3.533
Ghana Reinsurance Company Limited	**6,666,612**	3.408
SCBN/Pictet Africa Non Tax 6275J,,	**5,024,340**	2.568
SCBN/BBh DZ Privatebank S.A Luxembourg Silk Fund - African Lion Fund Ghana	**3,819,193**	1.952
SIC Life Company Limited	**3,333,300**	1.704
SCBN/Stanchart Mauritius Re Deut Africa Opportunity Fund	**3,212,600**	1.642
SIC Employee Share Ownership Plan	**3,002,910**	1.535
SCBN/JPMC Coronation Africa Frontiers FD-Universal GTI-72718	**2,795,350**	1.429
SCBN/Stanchart Mauritius Re Pinebridge Sub-Saharan Africa Equity Master Fund	**2,746,000**	1.404
SIC-FSL/SIC Staff Provident Fund	**2,548,485**	1.303
SCBN/JP Morgan Chase Onshore 6178C	**2,200,000**	1.124
Ghana Commercial Bank Limited	**2,000,000**	1.022
STD Noms TVL PTY/BNYM SANV/Coronation Asset Management	**1,827,600**	0.934
Teachers' Fund	**1,666,700**	0.852
Dr. Kofi Amoah	**1,500,000**	0.767
STD Nom. TVL (Pty) Ltd./Standard Bank London Plc	**1,342,100**	0.686
BBGN/Barclays Maur. Re. AIG Sub-Sah. Africa Mkt Fund	**850,000**	0.434
SCBN/Citibank London Robeco Afrika Fonds N.V.	**792,500**	0.405
	153,588,242	78.504