

OI SINAPI ABA SAVINGS AND LOANS LIMITED

**FINANCIAL STATEMENTS
FOUR MONTHS ENDED 31 DECEMBER 2004**

OI SINAPI ABA SAVINGS AND LOANS LIMITED

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OI SINAPI ABA SAVINGS AND LOANS LIMITED

GENERAL INFORMATION

DIRECTORS

Rev. Kwabena Darko : Chairman
Mr. Jim Bergman : Vice Chairman
Rev. Davis Freeman : Member
Mrs. E. Fredua-Antoh : Member
Ms. Muriel Holdbrook-Smith : Member
Mr. Ken Vander Weele : Member
Mr. Benjamin Montemayor : President/CEO

AUDITORS

Ernst & Young
Chartered Accountants
G15 White Avenue
Airport Residential Area
P.O. Box KA 16009, Airport
Accra, Ghana

REGISTERED OFFICE

House No. 22B
Ellis Avenue-Nhyiaeso
P. O. Box 4911
Kumasi, Ghana

BANKERS

Ecobank Ghana Limited
SG-SSB Bank Limited

SOLICITORS

Franklin K Asamoah
Asamoah legal Services
P. O. Box 1173
Kumasi

OI SINAPI ABA SAVINGS AND LOANS LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

In preparing the financial statements, the Directors are required to:

- Select suitable accounting policies and apply them consistently
- Make judgments and estimates that are reasonable and prudent
- State whether applicable accounting standards have been followed, subject to any material departures, disclosed and explained in the financial statements
- Prepare the financial statements on a going concern basis unless it is inappropriate to presume that the company will continue in business.

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). They are also responsible for safeguarding the assets of the company and hence for taking steps for the prevention and detection of fraud and other irregularities.

The above statement which should be read in conjunction with the report of the Auditors, set out on page 4 is made with a view to distinguishing for shareholders the respective responsibilities of the Directors and the Auditors in relation to the financial statements.

OI SINAPI ABA SAVINGS AND LOANS LIMITED

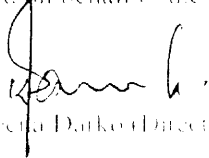
BALANCE SHEET

AS AT 31 DECEMBER 2004

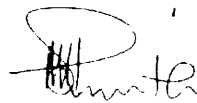
(All amounts in thousands of cedis)

	Notes	2004
ASSETS EMPLOYED		
Cash and bank balances	3	2,701,342
Investments	4	633,301
Loans and advances	6	9,903,528
Other assets	7	<u>4,212,072</u>
		17,450,243
Property, plant and equipment	5	<u>7,576,750</u>
TOTAL ASSETS		<u>25,026,933</u>
LIABILITIES		
Deposits and current accounts	8	1,367,899
Creditors and accruals		<u>57,602</u>
TOTAL LIABILITIES		<u>1,425,501</u>
TOTAL NET ASSETS		<u>23,601,492</u>
SHAREHOLDERS' FUNDS		
Stated capital	9	15,260,485
Shareholders' advance	10	8,277,000
		-
Income surplus account		<u>64,007</u>
TOTAL SHAREHOLDERS' FUNDS		<u>23,601,492</u>

Signed on behalf of the board on 28 March 2005



K. Osei-Darko (Director)



M. O. Ofori (Chief Executive Officer)

Printed and signed on behalf of the board on 28 March 2005

**REPORT OF THE AUDITORS.
TO MEMBERS OF OI SINAPI ABA SAVINGS AND LOANS LIMITED**

We have audited the accompanying balance sheet of OI Sinapi Aba Savings and Loans Limited as of 31 December 2004 and the related statements of income and cash flows for the four month ended 31 December 2004. These financial statements are the responsibility of the company's Directors. 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 plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Directors, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements agree with the underlying records and present fairly, in all material respects, the financial position of OI Sinapi Aba Savings and Loans Limited as of 31 December 2004 and of the results of its operations and its cash flows for the period then ended in accordance with Ghana Accounting Standards, International Accounting Standards, Financial Institutions (Non-Banking) Law, 1993 (PNDCL 328 and the Companies Code, 1963 (Act 179).



Chartered Accountants

28 March 2005
Accra

OI SINAPI ABA SAVINGS AND LOANS LIMITED

PROFIT AND LOSS ACCOUNT FOR FOUR MONTHS ENDED 31 DECEMBER 2004

(All amounts in thousands of cedis)

	Notes	2004
Interest income	11	2,191,025
Interest expenses		<u>(1,655)</u>
Net Interest Income		2,189,370
Commission and fees	12	327,598
Other operating income	13	<u>57,869</u>
Total income		<u>2,574,836</u>
Operating expenses	14	<u>(3,905,640)</u>
Other income		1,400,000
Profit before tax		69,197
Tax	15	-
National reconstruction levy	16	<u>(5,190)</u>
Profit after tax		<u>64,007</u>

INCOME SURPLUS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2004

	2004
Balance as of 01 January	
Transfer from profit and loss account	<u>64,007</u>
Balance as of 31 December	64,007

The attached is the Profit and Loss Account for the year ended 31 December 2004.

OI SINAPI ABA SAVINGS AND LOANS LIMITED

STATEMENT OF CASH FLOW FOR THE YEAR ENDED 31 DECEMBER 2004 *(All amounts in thousands of cedis)*

	Notes	2004
OPERATING ACTIVITIES		
Operating profit before taxation		64,007
Add back: Provisions		98,640
Depreciation & amortization		<u>726,706</u>
Operating cash flow before working capital changes		889,353
Adjustment for:		
Increase in loans and Advances		(3,705,724)
Increase in other assets		(3,616,026)
Increase in investments		(633,300)
Deposits and current account		1,367,898
Creditors and accruals		<u>46,584</u>
Net cash used in operations		(5,651,215)
Taxation paid		<u>-</u>
Net cash flow from operating activities		<u>(5,651,215)</u>
INVESTING ACTIVITIES		
Purchase of property, plant and equipment		(5,810,661)
Net cash used in investing activities		<u>(5,810,661)</u>
FINANCING ACTIVITIES		
Proceeds on issue of shares		14,163,218
Shareholder's advance received		<u>-</u>
Net cash from financing activities		<u>14,163,218</u>
INCREASE IN CASH AND CASH EQUIVALENTS		2,701,342
Cash and cash equivalents as of 1 January		<u>-</u>
CASH AND CASH EQUIVALENTS AS OF 31 DECEMBER		2,701,342

The above Statement of Cash Flow is derived from the consolidated statement of financial position.

OI SINAPI ABA SAVINGS AND LOANS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE FOUR MONTHS ENDED 31 DECEMBER 2004

(All amounts in thousands of cedis)

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Advances

Advances are stated in the balance sheet at the amount of principal and interest outstanding less any provision for bad and doubtful debts and amounts held in interest suspense.

Provision for bad and doubtful debts

Provision for bad and doubtful debts is made, having regards to both specific and general risks. The specific elements of the provision related to those loans that have been individually reviewed and specifically identified as bad or doubtful. The general element of the provision relates to those existing losses that although not specifically identified are known from experience to be present at any year end in the portfolio of loans and advances. In determining the level of provisions required, management considers numerous factors including, but not limited to, domestic economic conditions, the composition of the loans portfolio and prior debt experience.

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation. Depreciation is provided on the straight line basis and is estimated to amortise the value of the assets over their estimated useful lives.

The rates of depreciation are

	%
Motor vehicles	25
Furniture and fixtures	20
Equipment	20
Capitalised renovation cost	10

Cash and cash equivalents

Cash and cash equivalents are defined as cash on hand, demand deposits, and short-term highly liquid investments readily convertible to known amounts of cash and which are insignificant in terms of currency risk.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash on hand, and balances at bank and in cash using overdrafts.

OI SINAPI ABA SAVINGS AND LOANS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE FOUR MONTHS ENDED 31 DECEMBER 2004

(All amounts in thousands of cedis)

3. CASH AND BANK BALANCES

	2004
Cash in hand	166,539
Cash at bank	<u>2,534,803</u>
	<u>2,701,342</u>

4. INVESTMENTS

	2004
Treasury Bills	199,672
Call Account	100,296
Loan to SAT	<u>333,333</u>
	<u>633,301</u>

5. PROPERTY, PLANT AND EQUIPMENT

Cost	Motor Vehicles	Furniture & Fixtures	Equipment	Capitalised Renovation Cost	Total
Cost	<u>1,027,318</u>	<u>500,344</u>	<u>6,229,632</u>	<u>365,929</u>	<u>8,123,223</u>
As of 31 December	<u>1,027,318</u>	<u>500,344</u>	<u>6,229,632</u>	<u>365,929</u>	<u>8,123,223</u>
Depreciation					
As of 1 January	-	-	-	-	-
Charge for the year	85,610	33,356	415,309	12,198	546,473
As of 31 December	<u>85,610</u>	<u>33,356</u>	<u>415,309</u>	<u>12,198</u>	<u>546,473</u>
Net book Value 2004	941,708	466,988	5,814,323	353,731	7,576,750

OI SINAPI ABA SAVINGS AND LOANS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE FOUR MONTHS ENDED 31 DECEMBER 2004

(All amounts in thousands of cedis)

9. STATED CAPITAL

Authorised	2004
Number of ordinary shares of no par value	<u>1,000,000,000</u>

Issued	Number of shares	Value
Issued for cash	15,260,	15,260, 485

There are no unpaid liabilities on any shares and there are no calls or instalments unpaid.
There are no treasury shares.

10. SHAREHOLDERS ADVANCES

This represents the value of assets transferred from Sinapi Aba Trust yet to be registered as equity in OISASL.

11. INTEREST INCOME

	2004
Interest from Individual Loans	498,172
Interest from Group Loans	1,356,643
Interest On Call	287,710
Interest on Non Accrual Loans	<u>48,500</u>
	<u>2,191,025</u>

12. COMMISSION AND FEES

	2004
Processing Fee - Individual Loans	80,964
Application fee - Individual Loans	3,712
Training Fee - Individual Loans	4,575
Processing Fee - Group Loans	205,098
Application fee - Group Loans	12,154
Training Fee - Group Loans	<u>21,095</u>
	327,598