

# **Enterprise Holdings Limited**

**Gibraltar, United Kingdom**

## **Prospectus**

**dated 11 September 2012**

**according to**

**§ 5 German Securities Prospectus Law (Wertpapierprospektgesetz, hereinafter also „WpPG“)**

Certificate of the approval of this Prospectus in accordance with §§ 17, 18 WpPG towards competent authorities in Austria was requested

**For 7.00 % Notes 2012/2017**

**With an aggregate principal amount of EUR 35,000,000.00**

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3.	Audited consolidated annual report of ADYE Holdings Ltd now known as Enterprise Holdings Ltd, dated 31.03.2012	<b>F 64</b>
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## 1. Summary of Prospectus

The following constitutes the essential characteristics of and risks associated with Enterprise Holdings Ltd, (the "Issuer") formerly known as ADYE Holdings Ltd, and the Notes. This Summary is made up of disclosure requirements known as 'Elements' according to the Regulation (EU) No 486/2012. These elements are numbered in Sections A – E (A.1 – E.7).

This summary contains all the Elements required to be included in a summary for this type of securities and Issuer. Because some Elements are not required to be addressed, there may be gaps in the numbering sequence of the Elements.

Even though an Element may be required to be inserted in the summary because of the type of securities and Issuer, it is possible that no relevant information can be given regarding the Element. In this case a short description of the Element is included in the summary with the mention of 'not applicable'.

### 1.1 Introduction and Warning Notices

<b>Section A – Introduction and Warning Notices</b>		
<b>Element</b>	<b>Disclosure requirement according Regulation (EU) No 486/2012</b>	<b>Description</b>
A.1	<p>Warning that</p> <ul style="list-style-type: none"><li>- (this) summary should be read as an introduction to the prospectus;</li><li>- any decision to invest in the securities should be based on consideration of the prospectus as a whole by the investor;</li><li>- where a claim relating to the information contained in (the) prospectus is brought before a court, the plaintiff investor might, under the national legislation of the Member states, have to bear the cost of translation the prospectus before the legal proceedings are initiated; and</li></ul>	<p>This Summary should be read as an introduction to this Prospectus.</p> <p>Any decision by an investor to invest in the Notes should be based on consideration of this Prospectus as a whole and any addition, if this might be the case, in accordance with § 16 WpPG.</p> <p>Where a claim relating to the information contained in this Prospectus is brought before a court, the plaintiff investor might, under the national legislation of such court, have to bear the costs of translating the Prospectus before legal proceedings are initiated.</p>

<b>Section A – Introduction and Warning Notices</b>		
<b>Element</b>	<b>Disclosure requirement according Regulation (EU) No 486/2012</b>	<b>Description</b>
	- civil liabilities attaches only to those persons who have tabled the summary including any translation thereof, but only if the summary is misleading, inaccurate or inconsistent when read together with the other parts of the prospectus or it does not provide, when read together with the other parts of the prospectus, key information in order to aid investors when considering whether to invest in such securities.	Civil liability attaches to the Issuer, who have tabled this Summary including any translation thereof but only if the summary is misleading, inaccurate or inconsistent when read together with the other parts of this Prospectus or it does not provide, when read together with the other parts of this Prospectus, key information in order to aid investors when considering whether to invest the Notes.

## 1.2 Summary regarding Issuer

<b>Section B – Issuer</b>		
<b>Element</b>	<b>Disclosure requirement according Regulation (EU) No 486/2012</b>	<b>Description</b>
B.1	The legal and commercial name of issuer	Enterprise Holdings Ltd formerly known as ADYE Holdings Ltd
B.2	The domicile and legal form of the issuer, the legislation under which the issuer operates and its country of incorporation	Enterprise Holdings Ltd is a limited company incorporated and operating under the laws of Gibraltar. The registered office of the Issuer is Suite 3, Second Floor, ICOM House, 1/5 Irish Town, Gibraltar. The main telephone number is +350 200 50150
B.4b	A description of any known trends affecting the issuer and the industries in which it operates	Not applicable, because there are no known trends affecting the Issuer and the industry in which it operates, having an effect to the Issuer.
B.5	A description if the issuer is part of a group and description of the group and the issuer's position within the group	The issuer is the holding and parent company of a group of Companies (the "Group"). The Group is a boutique insurance company offering white label insurance solutions for retailers together with associated service companies, which provide insurance related audit, control and marketing services.

<b>Section B – Issuer</b>		
<b>Element</b>	<b>Disclosure requirement according Regulation (EU) No 486/2012</b>	<b>Description</b>
B.9	Where a profit forecast or estimate is made, state the figure	Not applicable because there are no profit forecasts or estimates.
B.10	A description of the nature of any qualifications in the audit report on the historical financial information	Not applicable because there are no qualifications in the audit report on the historical financial information.
B.12	Selected historical key financial information regarding the issuer, presented for each financial year of the period covered by the historical financial information, and any subsequent interim financial period accompanied by comparative data from the same period in the prior financial year except that the requirement for comparative balance sheet information is satisfied by presenting the year-end balance sheet information.	<p>The following three charts below headed “Technical Accounts and Non-Technical Account i.e. Profit-Loss-Statement”, “Balance Sheet” and “Cash Flow” of selected financial information provide an overview of each financial period covered by the historical financial information in Exhibit F.</p> <p>Financial information dated 30 June 2010, 30 June 2011 and 31 March 2012 is selected from the audited consolidated annual reports of the Issuer, and prepared according to Gibraltar GAAP. Please note that the financial year ended 31 March 2012 was an short financial year i.e lasting nine months, as the issuer’s accounting date was changed in 2012.</p>

#### **Technical Account and Non-Technical Account i.e. Profit-Loss-Statement**

<b>Period</b>	<b>01.07.2009-30.06.2010 twelve months period Gibraltar GAAP GBP in Thousands</b>	<b>01.07.2010-30.06.2011 twelve months period Gibraltar GAAP GBP in Thousands</b>	<b>01.07.2011-31.03.2012 nine months period Gibraltar GAAP GBP in Thousands</b>
Gross Written Premiums	20,974	51,923	75,197
Claims incurred, net of Reinsurance	-7,341	- 18,833	-23,933
Balance on the Technical Account	4,539	6,023*	8,690
<b>Profit on ordinary activities before tax</b>	<b>2,754</b>	<b>1,998</b>	<b>3,213</b>

The financial information marked thus, \* is taken from the audited consolidated annual reports dated 31 March 2012 on page F71. Note 19 of the audited consolidated annual reports on page F95 give further details regarding this restatement.

## Balance Sheet

Period	01.07.2009-30.06.2010 twelve months period Gibraltar GAAP GBP in Thousands	01.07.-30.06.2011 twelve months period Gibraltar GAAP GBP in Thousands	01.07.2011-31.03.2012 nine months period Gibraltar GAAP GBP in Thousands
Total Assets	23,574	56,897	94,089
Total Liabilities and shareholders' equity	23,574	56,897	94,089
Equity shareholders' funds	5,101	6,942**	9,737
Equity-Debt- Ratio***,1	88 %	91 %	93 %

The financial information marked thus, \*\* is taken from the audited consolidated annual reports dated 31 March 2012 on page F74. Note 19 of the audited consolidated annual reports on page F95 give further details regarding this restatement.

The financial information marked thus, \*\*\*, is not audited but derived from positions in the audited consolidated annual reports.

1 - Equity-Debt-Ratio is calculated as: Equity Shareholders' Funds divided by (Equity Shareholders Funds plus Debt) x 100%. Debt is a loan from Rhone Holdings Limited and is included within "Other Creditors Including Taxation and Social Security Costs" on pages F13, F43 and F74, an analysis of which can be found in note 13 to each of the audited consolidated annual reports on pages F29, F60 and F92.

## Cash flow

Period	01.07.2009-30.06.2010 twelve months period Gibraltar GAAP GBP in Thousands	01.07.2010-30.06.2011 twelve months period Gibraltar GAAP GBP in Thousands	01.07.2011-31.03.2012 nine months period Gibraltar GAAP GBP in Thousands
Net Cash flow from operating activities	7,752	9,918	7,737
Net increase in cash	6,740	9,117	6,925

<b>Section B – Issuer</b>		
<b>Element</b>	<b>Disclosure requirement according Regulation (EU) No 486/2012</b>	<b>Description</b>
	<ul style="list-style-type: none"> <li>- A statement that there has been no material adverse change in the prospects of the issuer since the date of its last published audited financial statements or a description of any material adverse change.</li> <li>- A description of significant changes in the financial or trading position subsequent to the period covered by the historical financial information.</li> </ul>	<p>There has been no material adverse change in the prospects of the Issuer since the date of its last published audited financial statements, 31 March 2012.</p> <p>There have been no significant changes in the financial or trading position of the Group subsequent to the period covered by the historical financial information, 31 March 2012.</p>
B.13	A description of any recent events particular to the issuer which are to a material extent relevant to the evaluation of the issuer's solvency	Since the annual report as of 31 March 2012 there have been no events, which are to a material extent relevant to the evaluation of the Issuer's solvency.
B.14	<p>If the issuer is part of a group, a description of the group and the issuer's position within the group.</p> <p>If the issuer is dependent upon other entities within the group, this must be clearly stated</p>	<p>The Issuer is the holding and parent company of a group of Companies (the "Group"). The Group is a boutique insurance company offering white label product for retailers together with associated service companies, which provide insurance related audit, control and marketing services.</p> <p>Not applicable, because the Issuer is the holding company and the owner of the Group</p>

<b>Section B – Issuer</b>		
<b>Element</b>	<b>Disclosure requirement according Regulation (EU) No 486/2012</b>	<b>Description</b>
B.15	A description of the issuer's principal activities	The Issuer is the holding company of the Group and administrates a boutique insurancegroup, offering niche general (non-life) insurance products, targeting high margin areas within the generally mature European insurance market. Main types of insurance products are Motor Vehicle Liability, Legal Expenses, Household and Warranty / Miscellaneous Financial Loss. Main markets are United Kingdom, Greece and France.
B.16	A description of which extent the issuer, state whether the issuer is directly or indirectly owned and by whom and describe the nature of such control	The Issuer is owned by two shareholders. Acquarius Trust Company Limited and Rhone Holdings Limited, each of which holds 50 % of the issued equity. Acquarius Trust Company Limited is controlled by Andrew Flowers who is also CEO of the Issuer and the founder of the business.
B.17	Credit ratings assigned to an issuer or its debt securities at the request or with the cooperation of the issuer in the rating process	A Credit rating assigned to this Notes was issued by Creditreform and the rating is A-..

### 1.3 Summary Notes - Securities

<b>Section C – Securities</b>		
<b>Element</b>	<b>Disclosure requirement according Regulation (EU) No 486/2012</b>	<b>Description</b>
C.1	A description of the type and the class of the securities being offered and/or admitted to trading, including any security identification number	Notes in bearer form with a fixed interest are offered and will be admitted to trading at Open Market/Entry Standard on the Frankfurter Wertpapierbörse (Frankfurt Stock Exchange). The International Security Identification Number (ISIN) is DE000A1G9AQ4, the security number (WKN) is A1G9AQ.

<b>Section C – Securities</b>		
<b>Element</b>	<b>Disclosure requirement according Regulation (EU) No 486/2012</b>	<b>Description</b>
C.2	Currency of the securities issue	EUR
C.5	A description of any restrictions on the free transferability of the securities	Not applicable, because there is no restrictions on the free transferability of the Notes
C.8	<p>A description of the rights attached to the securities.</p> <ul style="list-style-type: none"> <li>- “including ranking”</li> <li>- “including limitations of those rights”</li> </ul>	<p>The rights attached to the Notes are described in the Terms. The term of the Notes begins on 26 September 2012 and expires on midnight 25 September 2017. The nominal interest rate of the Notes is 7.00 % annually. Noteholders are allowed under certain circumstances to terminate the Notes e.g. breach of covenant.</p> <p>The obligations of the Issuer vis-a-vis the Noteholders are direct, unlimited and non-subordinate obligations, which rank pari passu with all other non-subordinate liabilities of the Issuer, insofar as they do not take precedence based on law.</p> <p>Not applicable, because there are no limitations of those rights attached to the Notes.</p>
C.9	<p>A description of the rights attached to the securities.</p> <ul style="list-style-type: none"> <li>- “nominal interest rate”</li> <li>- “the date from which interest becomes payable and the due dates for interest”</li> <li>- “where the rate is not fixed, description of the underlying on which it is based”</li> <li>- “maturity date and arrangements for the amortization of the loan, including the repayment procedures”</li> <li>- “an indication of yield”</li> <li>- “name of representative of debt security holders”</li> </ul>	<p>The nominal interest rate of the Notes is 7.00 %.</p> <p>Interest becomes payable the first time 26 September 2013 and the further due dates for interest are 26 September 2014, 26 September 2015, 26 September 2016 and 26 September 2017.</p> <p>Not applicable, because the rate is fixed.</p> <p>Maturity date is 25 September 2017 and repayment is due 26 September 2017. If due date falls on a Saturday, Sunday or a statutory holiday, the payment date shall be postponed to the next Bank Business Day.</p> <p>The annual yield per Note is 7.00 % of the nominal amount less individual transaction costs and other applicable costs and/or taxes for each Noteholder.</p> <p>Representative of debt security holders will be appointed according to § 13 Terms and Conditions of the Notes as joint representative for all Noteholders.</p>

<b>Section C – Securities</b>		
<b>Element</b>	<b>Disclosure requirement according Regulation (EU) No 486/2012</b>	<b>Description</b>
C.10	- if the security has a derivative component in the interest payment, provide a clear and comprehensive explanation to help investors understand how the value of their investment is affected by the value of the underlying instrument(s), especially under the circumstances when the risks are most evident	Not applicable, because the interest of the Notes has no derivative component.
C.11	An indication as to whether the securities offered are or will be the object of an application for admission to trading, with a view to their distribution in regulated market or other equivalent markets with indication of the markets in question.	<p>Following the end of the subscription period, the Issuer intends to include the Notes in the Entry Standard segment of the Open Market at the Frankfurt Stock Exchange, probably as of 26 September 2012.</p> <p>The Issuer does not intend to admit or include the Notes for trading in a regulated market, but reserves the right to do so in the future.</p>

#### **1.4 Summary regarding Risks**

The Issuer believes that each business faces certain risks which may have a negative effect on its operations and profitability. The occurrence of such events may have an impact on the Issuer's ability to fulfill its obligations pursuant to the Notes.

<b>Section D – Risks</b>		
<b>Element</b>	<b>Disclosure requirement according Regulation (EU) No 486/2012</b>	<b>Description</b>
D.2	Key information on the key risks that are specific to the issuer or its industry	<b>Equity requirement.</b> The insurance industry requires equity of 16 percent of the value of the insurance written. Financial losses and changes to regulatory framework can have a negative effect on the ability to write insurance.

<b>Section D – Risks</b>		
<b>Element</b>	<b>Disclosure requirement according Regulation (EU) No 486/2012</b>	<b>Description</b>
		<p><b>Actuarial risks.</b> A difference between actuarial outcomes and assumptions in the calculation of actuarial reserves can lead to changes in the estimated profitability, and thus financial position of the Issuer.</p>
		<p><b>Dependence on third-party service and facility providers.</b> The Issuer's Group is dependent on services provided by third parties. The restriction or temporary discontinuance of such services can materially affect the Issuer's Group's business.</p> <p><b>Dependence on key management.</b> The departure or change of key members of the Issuer's Group management team could have a material adverse effect on the Group's business.</p> <p><b>Loss of accounts receivable from the insurance business.</b> Non-payment of receivables could adversely affect the Issuer's Groups' business.</p> <p><b>Changes in governmental law and regulation.</b> Changes in law and regulation, including sector specific regulations or the interpretation of such law and regulation, may have a negative impact on the operations of and products offered by the Issuer's Group.</p> <p><b>Changes in tax law.</b> Changes to tax laws may affect the attractiveness of certain tax efficient products of the Issuer. Failure to adapt by developing new products could have a material adverse effect on Issuer's Group.</p> <p><b>Investment risks.</b> The Issuer's Group investment portfolio is mainly exposed to fixed income securities. Fluctuations in such markets may affect the market value and liquidity of such securities.</p>

<b>Section D – Risks</b>		
<b>Element</b>	<b>Disclosure requirement according Regulation (EU) No 486/2012</b>	<b>Description</b>
		<p><b>Credit Ratings.</b> The business of Issuer’s group may become exposed to credit rating risks. A downgrade in ratings may affect relationships with customers, sales of insurance products and cost of borrowing.</p> <p><b>General Economic Conditions.</b> Continued or worsening economic conditions in the United Kingdom and elsewhere could result in declining interest in insurances, and may have a material adverse effect on Issuer’s Group’s business and operations.</p> <p><b>IT-Risks.</b> The use of information technology encompasses the risk of unauthorized data access and misuse which could adversely affect Issuer’s Group’s business.</p> <p><b>Dependence on relations with employees.</b> The Issuer’s Group is dependent on qualified personnel and cannot give assurances that it will be able to retain key employees or recruit appropriately qualified replacements to accommodate future growth.</p> <p><b>Competitive Industry.</b> The Issuer’s Group operates in several markets and is in competition with a number of big as well as small insurance companies. Should competitors be successful in increasing their market share at the Issuer’s expense, business prospects and profits could be materially adversely affected.</p>
		<p><b>Legal Risks:</b> Court decisions, changes in law and regulation, legal disputes and arbitration proceedings may materially impact the Issuer’s Group’s business.</p>

<b>Section D – Risks</b>		
<b>Element</b>	<b>Disclosure requirement according Regulation (EU) No 486/2012</b>	<b>Description</b>
D.3	Key information on the key risk that are specific to the securities	<p><b>Suitability.</b> The Notes may not be suitable for every potential investor. Interested potential investors must ensure that they have the requisite knowledge and liquidity to assess the risks and suitability of the investment on its own facts.</p> <p><b>Market price risks.</b> The market price of the Notes depends on various factors which may adversely affect the value of the Notes.</p> <p><b>Interest Rate risks.</b> An investment in the Notes may carry the risk of subsequent adverse changes in market interest rates, which might result in a fall of the price of a Note.</p> <p><b>Inflation.</b> The yield of an investment in the Notes could be reduced by increasing inflation rates.</p>
		<p><b>EU Savings Directive.</b> Under Council Directive 2003/48/EC on the taxation of savings income, EU Member States are required to provide to the tax authorities of other Member States details of payments of interest. Other countries are required to operate a withholding system pending conclusion of further international agreement. The European Commission has proposed certain amendments to the Directive, which may, if implemented, amend or broaden the scope of the requirements described above.</p> <p><b>Secondary Market.</b> Application has been made to trade the Notes on the Open Market (<i>Freiverkehr</i>) of the Frankfurt Stock Exchange, but there is no certainty that a market for the Notes will develop or continue, which in turn will affect the value of the Notes.</p>

<b>Section D – Risks</b>		
<b>Element</b>	<b>Disclosure requirement according Regulation (EU) No 486/2012</b>	<b>Description</b>
		<p><b>Transaction costs.</b> Incidental costs such as commissions or brokerage fees may reduce the profitability of the Notes.</p> <p><b>Noteholder resolutions.</b> If the Terms and Conditions provide for the passing of Noteholder Resolutions by majority vote in accordance with the German Bond Act (Schuldverschreibungsgesetz), investors may be outvoted and lose certain rights against the Issuer.</p> <p><b>Substitution of Issuer.</b> If the Issuer exercises its right to be substituted pursuant to the Terms and Conditions, the substitution may, pursuant to German Tax legislation, trigger tax on any gain derived from such an exchange. The Noteholder may not be able to enforce indemnity rights against the Issuer and the substitute.</p> <p><b>Change of law.</b> No assurance can be given as to the impact of changes in legislation or administrative practice after the date of this Prospectus .</p> <p><b>Limited Right of Noteholders to Early Redemption.</b> The Terms and Conditions do not provide for a general right of termination for Noteholders prior to the Maturity Date.</p> <p><b>Issuance of Further Debt.</b> Further debt issued may reduce the amount recoverable by the Noteholders upon insolvency of the Issuer or may result in the Issuer deferring interest payments.</p> <p><b>Withholding Tax.</b> Paying agents will have to make deductions on account of German withholding tax on interest payments (Zinsabschlag). The Issuer is not obliged to gross up payments. There is a risk that the tax authorities do not concur with this assessment.</p>

## 1.5 Summary of Offer

<b>Section E – Offer</b>		
<b>Element</b>	<b>Disclosure requirement according Regulation (EU) No 486/2012</b>	<b>Description</b>
E.2b	Reasons for the offer and use of proceeds, estimated net amount of the proceeds	<p>The reason for the offer is to generate sufficient funds to support future growth. The net proceeds from the offer will amount to approximately EUR 32.9 million, and is intended to generate increased revenue over the next 12 months of EUR 250 million, which requires the retention of 16 percent of that amount as equity at bank; i.e. EUR 40 million. This additional revenue will come from underwriting insurance agreements in UK for Motor insurance, in UK for Taxi insurance, in Europe for Warranty insurance, in Austria for Pet insurance, in Norway for Rent Bond insurance, in UK for Specialist Motor insurance, in Europe for Specialist Motor insurance, in UK for Professional Indemnity insurance, in Greece for Road Risk insurance, in UK for Ancillary insurance Schemes and in UAE as Middle Eastern Fronting insurance.</p>
E.3	A description of the terms and conditions of the offer	<p>Bond is offered as Notes in bearer form with a fixed interest. The Notes have an offering volume of EUR 35 million. Until the listing of the Notes at Open Market/Entry Standard at the Frankfurter Wertpapierbörse (Frankfurt Stock Exchange), the offer price will be 100 per cent of the nominal value of each of the Notes (EUR 1,000.00).</p> <p>The Notes are intended to be offered to the public between 17 September 2012 and 24 September 2012 (the offer period). However, the public offer shall end before the end date above when all the Notes have been allotted. The Issuer reserves the right to extend or reduce the offer period before its end date. In the event of an extension of the offer an additional offering document has to be approved and published in accordance with § 16 WpPG.</p> <p>Listing of the Notes at Open Market/Entry Standard</p>

		at the Frankfurter Wertpapierbörse (Frankfurt Stock Exchange) is intended to take place 26 September 2012.
E.4	A description of any interest that is material to the issue/offer including conflicting interests	The selling agents are entitled to customary fees, partly depending on the success of the issuance of the Notes.
E.7	Estimated expenses charged to the investor by the issuer or the offeror	Not applicable, because Issuer will not charge any surcharges or expenses to the Investor. .

## 2. German Translation of the Summary of Prospectus

Der folgende Abschnitt stellt die Zusammenfassung der wesentlichen mit der Enterprise Holdings Limited (nachfolgend auch „Emittentin“) bisher auch als ADYE Holdings Limited bekannt und den unter diesem Prospekt zu begebenden Schuldverschreibungen verbundenen Merkmalen und Risiken dar. Diese Zusammenfassung besteht aus Angabepflichten -auch bekannt als „Elemente“- entsprechend der delegierten Verordnung (EU) 486/2012. Diese Elemente sind unterteilt in die Abschnitt A – E (A.1 – E.7).

Diese Zusammenfassung enthält alle Elemente, die für eine Zusammenfassung für diese Art von Anlage und Emittent erforderlich sind. Da einige Elemente nicht behandelt werden müssen, mag es Lücken in der Abfolge der Nummerierung der Elemente geben.

Auch wenn die Einfügung eines Elementes in der Zusammenfassung für diese Anlagen und Emittentin erforderlich ist, ist es möglich, dass insoweit keine relevante Information bezüglich des Elementes erfolgt. In diesem Fall ist eine kurze Beschreibung des Elementes in die Zusammenfassung mit dem Hinweis „entfällt“ aufzunehmen.

### 2.1 Einleitung und Warnhinweise

<b>Abschnitt A - Einleitung und Warnhinweise</b>		
<b>Element</b>	<b>Angabepflichten gemäß der delegierten Verordnung (EU) 486/2012</b>	<b>Beschreibung</b>
<b>A.1</b>	Warnhinweis, dass <ul style="list-style-type: none"><li>- die Zusammenfassung als Prospekt einleitung verstanden werden sollte,</li><li>- der Anleger jeder Entscheidung zur Anlage in die betreffenden Wertpapiere auf die Prüfung des gesamten Prospektes stützen sollte,</li></ul>	Die Zusammenfassung sollte als Einführung zu dem Prospekt verstanden werden.  Ein Anleger sollte eine Entscheidung zur Anlage in die Schuldverschreibungen auf die Prüfung des gesamten Prospekts und etwaiger Nachträge gemäß § 16 WpPG stützen.

<b>Abschnitt A - Einleitung und Warnhinweise</b>		
<b>Element</b>	<b>Angabepflichten gemäß der delegierten Verordnung (EU) 486/2012</b>	<b>Beschreibung</b>
	<ul style="list-style-type: none"> <li>- für den Fall, dass vor einem Gericht Ansprüche auf Grund der in einem Prospekt enthaltenen Informationen geltend gemacht werden, der als Kläger auftretende Anleger in Anwendung der einzelstaatlichen Rechtsvorschriften der Staaten des Europäischen Wirtschaftsraums die Kosten für die Übersetzung des Prospekts vor Prozessbeginn zu tragen haben könnte und</li>   <li>- diejenigen Personen, die die Verantwortung für die Zusammenfassung einschließlich der Übersetzung hiervon übernommen haben oder von denen der Erlass ausgeht, haftbar gemacht werden können, jedoch nur für den Fall, dass die Zusammenfassung irreführend, unrichtig oder widersprüchlich ist, wenn sie zusammen mit den anderen Teilen des Prospekts gelesen wird, oder sie, wenn sie zusammen mit anderen Teilen des prospektes gelesen wird, nicht alle erforderlichen Schlüsselinformationen vermittelt.</li> </ul>	<p>Wenn vor einem Gericht Ansprüche auf Grund der in diesem Prospekt und etwaigen Nachträgen enthaltenen Informationen geltend gemacht werden, könnte der als Kläger auftretende Anleger in Anwendung der einzelstaatlichen Rechtsvorschriften der Staaten des Europäischen Wirtschaftsraums die Kosten für die Übersetzung des Prospekts und etwaiger Nachträge vor Prozessbeginn zu tragen haben.</p> <p>Die Emittentin kann für den Inhalt der Zusammenfassung einschließlich deren Übersetzung haftbar gemacht werden, jedoch nur für den Fall, dass die Zusammenfassung irreführend, unrichtig oder widersprüchlich ist, wenn sie zusammen mit den anderen Teilen des Prospekts gelesen wird, oder sie, wenn sie zusammen mit anderen Teilen des prospektes gelesen wird, nicht alle erforderlichen Schlüsselinformationen vermittelt.</p>

## 2.2 Wesentliche Informationen über Emittentin

<b>Abschnitt B Emittent</b>		
<b>Element</b>	<b>Angabepflichten gemäß der delegierten Verordnung (EU) 486/2012</b>	<b>Beschreibung</b>
B.1	Gesetzliche und kommerzielle Bezeichnung des Emittenten.	Enterprise Holdings Ltd war bisher unter dem Namen ADYE Holdings Ltd bekannt.
B.2	Sitz und Rechtsform des Emittenten, das für den Emittenten geltende Recht und Land der Gründung der Gesellschaft.	Enterprise Holdings Ltd wurde als Kapitalgesellschaft mit beschränkter Haftung in Gibraltar gegründet und die Gesetze von Gibraltar sind die für die Emittentin geltende Rechtsordnung. Der Sitz der Emittentin ist Suite 3, Second Floor, ICOM House, 1/5 Irish Town, Gibraltar. Die Telefonnummer ist +350 200 50150.
B.4b	Alle bereits bekannten Trends, die sich auf den Emittenten und die Branchen, in denen er tätig ist, auswirken	Entfällt, da keine jüngsten Trends bekannt sind, die sich auf die Emittentin und die Branche, in der die Emittentin tätig ist, auswirken könnten.
B.5	Ist der Emittent Teil einer Gruppe, Beschreibung der Gruppe und der Stellung des Emittenten innerhalb dieser Gruppe	Die Emittentin ist die Holding- und Muttergesellschaft einer Firmengruppe ("Gruppe"). Die Gruppe besteht aus einem Versicherungsunternehmen mit Boutique-Charakter und bietet White Label Versicherungsprodukte für Einzelhändler und sonstige Versicherungsanbieter sowie aus Gesellschaften, die Dienstleistungen bezüglich der versicherungstechnischen Beurteilung, der Kontrolle und des Marketings erbringen.
B.9	Liegen Gewinnprognosen oder – schätzungen vor, ist der entsprechende Wert anzugeben	Entfällt, da keine Gewinnprognosen oder - schätzungen vorliegen.
B.10	Art etwaiger Beschränkungen im Bestätigungsvermerk zu den historischen Finanzinformationen	Entfällt, da es keine Beschränkungen im Bestätigungsvermerk zu den historischen Finanzinformationen gibt.

<b>Abschnitt B Emittent</b>		
<b>Element</b>	<b>Angabepflichten gemäß der delegierten Verordnung (EU) 486/2012</b>	<b>Beschreibung</b>
B.12	Ausgewählte wesentliche historische Finanzinformationen über den Emittenten, die für jedes Geschäftsjahr des von den historischen Finanzinformationen abgedeckten Zeitraums und für jeden nachfolgenden Zwischenberichtszeitraum vorgelegt werden, sowie Vergleichsdaten für den gleichen Zeitraum des vorangegangenen Geschäftsjahres, es sei denn, diese Anforderung ist durch Vorlage der Bilanzdaten zum Jahresende erfüllt.	<p>Die folgenden drei Tabellen „Technische Abrechnung und Nicht-Technische Abrechnung“, das heißt Gewinn- und Verlustrechnung“, „Bilanz“ und „Cash-Flow“ aus den ausgewählten Finanzinformationen stellen einen Überblick über die historischen Finanzinformationen dar, die in Anhang F beigefügt sind.</p> <p>Finanzinformationen zum 30.Juni 2010, 30.Juni 2011 and 31.März 2012 sind aus den geprüften Konzernabschlüssen der Emittentin entnommen und nach Gibraltar GAAP erstellt und geprüft.</p> <p>Weiterhin ist zu beachten, dass das Geschäftsjahr, welches am 31.03.2012 endete, ein Rumpfgeschäftsjahr war und damit nur 9 Monate andauerte, da die Emittentin in 2012 das Geschäftsjahr geändert hat.</p>

**Technische Abrechnung und Nicht-Technische Abrechnung, d.h. Gewinn-und-Verlust-Rechnung**

<b>Zeitraum</b>	<b>01.07.2009-30.06.2010 Abrechnungsperiode 12 Monate Gibraltar GAAP GBP in Tausend</b>	<b>01.07.2010-30.06.2011 Abrechnungsperiode 12 Monate Gibraltar GAAP GBP in Tausend</b>	<b>01.07.2011-31.03.2012 Abrechnungsperiode 9 Monate Gibraltar GAAP GBP in Tausend</b>
Bruttoprämien-einnahmen	20.974	51.923	75.197
Schäden nach Abzug Rückversicherung	-7.341	- 18.833	- 23.933
Versicherungstechnisches Ergebnis	4.539	6.023*	8.690
<b>Gewinn vor Steuern</b>	<b>2.754</b>	<b>1.998</b>	<b>3.213</b>

Die mit \* gekennzeichnete Position wurde dem geprüften konsolidierten Jahresabschluss zum 31. März 2012 auf Seite F 71 entnommen. Anmerkung 19 auf Seite F 95 erläutert weitere Details für diese Anpassung.

## Bilanz

<b>Zeitraum</b>	<b>01.07.2009-30.06.2010 Abrechnungsperiode 12 Monate Gibraltar GAAP GBP in Tausend</b>	<b>01.07.2010-30.06.2011 Abrechnungsperiode 12 Monate Gibraltar GAAP GBP in Tausend</b>	<b>01.07.2011-31.03.2012 Abrechnungsperiode 9 Monate Gibraltar GAAP GBP in Tausend</b>
Summe der verwalteten Vermögensanlagen	23.574	56.897	94.089
Summe der Verbindlichkeiten	23.574	56.897	94.089
Eigenkapital	5.101	6.942**	9.737
Verhältnis Eigen zu Fremdkapital in % ***, 1	88 %	91 %	93 %

Die mit \*\* gekennzeichnete Position wurde dem geprüften konsolidierten Jahresabschluss zum 31. März 2012 auf Seite F 74 entnommen. Anmerkung 19 auf Seite F 95 erläutert weitere Details für diese Anpassung.

Die mit \*\*\* gekennzeichnete Positionen sind ungeprüft und wurden aus den geprüften konsolidierten Jahresabschlüssen abgeleitet.

1 - Verhältnis Eigen zu Fremdkapital wird wie folgt berechnet: Eigenkapital dividiert durch (Eigenkapital plus Fremdkapital) x 100%. Fremdkapital wird definiert als Darlehen der Rhone Holdings Limited, welches in der Position "Other Creditors Including Taxation and Social Security Costs" auf Seite F13, F43 and F74 der geprüften konsolidierten Jahresabschlüssen enthalten ist. Eine Erläuterung zu diesem Darlehen findet sich in Anmerkung 13 jedes geprüften konsolidierten Jahresabschlüssen auf den Seiten F29, F60 and F92.

## Cash flow

<b>Zeitraum</b>	<b>01.07.2009-30.06.2010 Abrechnungsperiode 12 Monate Gibraltar GAAP GBP in Tausend</b>	<b>01.07.2010-30.06.2011 Abrechnungsperiode 12 Monate Gibraltar GAAP GBP in Tausend</b>	<b>01.07.2011-31.03.2012 Abrechnungsperiode 12 Monate Gibraltar GAAP GBP in Tausend</b>
Freier Cash flow aus Geschäftstätigkeit	7.752	9.918	7.737
Freier Cash flow vor Finanzierung	6.740	9.117	6.925

<b>Abschnitt B Emittent</b>		
<b>Element</b>	<b>Angabepflichten gemäß der delegierten Verordnung (EU) 486/2012</b>	<b>Beschreibung</b>
	<ul style="list-style-type: none"> <li>- eine Erklärung, dass sich die Aussichten des Emittenten seit dem Datum des letzten veröffentlichten geprüften Abschlusses nicht wesentlich verschlechtert haben, oder beschreiben Sie jede wesentliche Verschlechterung,</li> <li>- eine Beschreibung wesentlicher Veränderungen bei Finanzlage oder Handelsposition des Emittenten, die nach dem von den historischen Finanzinformationen abgedeckten Zeitraum eingetreten sind.</li> </ul>	<p>Es haben sich die Aussichten der Emittentin seit dem Datum des letzten veröffentlichten geprüften Abschlusses, 31. März 2012, nicht wesentlich verschlechtert.</p> <p>Es haben sich keine wesentlichen Änderungen in der Finanzlage oder der Handelsposition der Gruppe seit dem 31. März 2012 ergeben.</p>
B.13	Beschreibung aller Ergebnisse aus der jüngsten Zeit der Geschäftstätigkeit des Emittenten, die für die Bewertung seiner Zahlungsfähigkeit in Höhe Maße relevant sind.	Seit dem Jahresabschluss zum 31. März 2012 haben sich keine neuen, die Solvenz der Emittentin beeinflussenden Faktoren ergeben.
B.14	Beschreibung des Emittenten, wenn der Emittent Teil einer Gruppe ist, Beschreibung der Gruppe und Stellung des Emittenten	Die Emittentin ist die Holding- und Muttergesellschaft einer Firmengruppe ("Gruppe"). Die Gruppe besteht aus einem Versicherungsunternehmen mit Boutique-Charakter und bietet White Label Versicherungsprodukte für Einzelhändler und sonstige Versicherungsanbieter sowie aus Gesellschaften, die Dienstleistungen bezüglich der versicherungstechnischen Beurteilung, der Kontrolle und des Marketings erbringen.

<b>Abschnitt B Emittent</b>		
<b>Element</b>	<b>Angabepflichten gemäß der delegierten Verordnung (EU) 486/2012</b>	<b>Beschreibung</b>
	Wenn der Emittent von anderen Unternehmen der Gruppe abhängig, ist dies klar anzugeben	Entfällt, da die Emittentin die Muttergesellschaft der Gruppe ist.
B.15	Beschreibung der Haupttätigkeiten des Emittenten	Die Emittentin ist die Muttergesellschaft der Gruppe und betreibt als Gruppe ein Versicherungsunternehmen mit Versicherungsprodukten im Bereich der Sachversicherungen, wobei Bereiche mit hohen Gewinnspannen innerhalb des allgemeinen ausgereiften Europäischen Versicherungsmarktes besetzt werden. Die hauptsächlichsten Versicherungsprodukte sind KFZ-Haftpflichtversicherungen, Rechtsschutzversicherungen, Hausratversicherungen, Garantiever sicherungen und verschiedene Versicherungsprodukte gegen diverse Finanzverluste. Die Emittentin ist hauptsächlich im Vereinigten Königreich, Griechenland und Frankreich tätig.
B.16	Soweit dem Emittenten bekannt, ob an ihm unmittelbare oder mittelbare Beteiligungen oder Beherrschungsverhältnisse bestehen, wer diese Beteiligungen hält bzw. diese Beherrschung ausübt und welcher Art die Beherrschung ist.	Die Emittentin hat zwei Gesellschafter. Acquarius Trust Company Limited and Rhone Holdings Limited, die jeweils 50 % der ausgegebenen Anteile halten. Acquarius Trust Company Limited wird von Andrew Flowers kontrolliert, der auch Geschäftsführer der Emittentin und der Gründer der heutigen Geschäftsaktivitäten ist.
B.17	Die Ratings, die im Auftrag des Emittenten oder in Zusammenarbeit mit ihm beim Ratingverfahren für den Emittenten oder seine Schuldtitel erstellt wurden	Die Anleihe wurde von der Creditreform Rating AG mit einem Rating A- bewertet.

## 2.3 Zusammenfassung bezüglich der Wertpapiere

<b>Abschnitt C – Wertpapiere</b>		
<b>Element</b>	<b>Angabepflichten gemäß der delegierten Verordnung (EU) 486/2012</b>	<b>Beschreibung</b>
C.1	Beschreibung von Art und Gattung der angebotenen und/oder zum Handel zuzulassenden Wertpapiere, einschließlich jeder Wertpapiererkennung	Inhaberschuldverschreibungen mit einem fixen Zinssatz werden angeboten und sollen zum Handel am Open Market/Entry Standard der Frankfurter Wertpapierbörse zugelassen werden. Die International Security Identification Number (ISIN) ist DE000A1G9AQ4, Die Wertpapierkennnummer (WKN) ist A1G9AQ.
C.2	Währung der Wertpapieremission	EUR
C.5	Beschreibung aller etwaigen Beschränkungen für die freie Übertragbarkeit der Wertpapiere	Entfällt, da die Schuldverschreibungen frei übertragbar sind
C.8	Beschreibung der mit den Wertpapieren verbundenen Rechte  - „Einschließlich der Rangordnung“  - „Einschließlich Beschränkungen dieser Rechte“	Die Rechte aus den Schuldverschreibungen ergeben sich aus den beigefügten Anleihebedingungen. Die Laufzeit der Schuldverschreibungen beginnt am 26. September 2012 und endet am 25. September 2017, 24 Uhr. Die jährliche Verzinsung der Schuldverschreibungen beträgt 7,00 %. Die Anleger sind unter bestimmten Bedingungen berechtigt, die Schuldverschreibungen zu kündigen z.B. bei Verstoß gegen Covenants. Die Verpflichtungen der Emittentin gegenüber den Inhabern der Schuldverschreibungen stellen unmittelbare, unbedingte und nicht nachrangige Verpflichtungen dar, die im gleichen Rang mit allen anderen, nicht nachrangigen Verbindlichkeiten der Emittentin stehen, sofern diese nicht kraft Gesetzes Vorrang haben. Entfällt, da keine Beschränkung der Rechte erfolgt.
C.9	Beschreibung der mit den Wertpapieren verbundenen Rechte - „nominaler Zinssatz“ - „Datum, ab dem die Zinsen zahlbar werden und Zinsfälligkeitstermine“	Der nominale Zinssatz beträgt 7,00 %. Zinsen sind erstmals zur Zahlung am 26. September 2013 und danach zum 26. September 2014, 26. September 2015, 26. September 2016 und zum 26. September 2017.

<b>Abschnitt C – Wertpapiere</b>		
<b>Element</b>	<b>Angabepflichten gemäß der delegierten Verordnung (EU) 486/2012</b>	<b>Beschreibung</b>
	<ul style="list-style-type: none"> <li>- „ist der Zinssatz nicht festgelegt, Beschreibung des Basiswerts, auf den er sich stützt“</li> <li>- „Fälligkeitstermin und Vereinbarungen für die Darlehenstilgung, einschließlich der Rückzahlungsverfahren“</li> <li>- „Angabe der Rendite“</li> <li>- „Name des Vertreters der Schuldtitelinhaber“</li> </ul>	<p>Entfällt, da der Zinssatz festgelegt ist.</p> <p>Fälligkeitstermin ist der 25. September 2017 und die Rückzahlung ist am 26. September 2017 fällig. Falls der Fälligkeitstermin auf einen Sonnabend, Sonntag oder einen gesetzlichen Feiertag, erfolgt die Zahlung erst am folgenden Bankarbeitstag.</p> <p>Die Rendite beträgt 7,00 % des Nennbetrags abzüglich der individuellen Transaktionskosten und etwaiger sonstiger Kosten bzw. Steuern.</p> <p>Der Vertreter der Schuldtitelinhaber wird gemäß § 13 der Bedingungen der Inhaberschuldverschreibung gewählt.</p>
C.10	Wenn das Wertpapier eine derivative Komponente bei der Zinszahlung hat, eine klare und umfassende Erläuterung, die den Anlegern verständlich macht, wie der Wert ihrer Anlage durch den Wert des Basisinstruments/der Basisinstrumente beeinflusst wird, insbesondere in Fällen, in denen die Risiken am offensichtlichsten sind“	Entfällt, da die Schuldverschreibungen keine derivative Komponente haben.
C.11	Es ist anzugeben, ob für die angebotenen Wertpapiere ein Antrag auf Zulassung zum Handel gestellt wurde oder werden soll, um sie an einem geregelten Markt oder anderen gleichwertigen Märkten zu platzieren, wobei die betreffenden Märkte zu nennen sind.	<p>Die Emittentin plant, die Schuldverschreibungen nach Ablauf der Zeichnungsfrist (voraussichtlich ab dem 26. September 2012) in den Teilbereich Entry Standard im Open Market an der Frankfurter Wertpapierbörse einzubeziehen.</p> <p>Die Emittentin plant keine Zulassung oder Einbeziehung der Schuldverschreibungen zum Handel an einem organisierten Markt, behält sich aber eine entsprechende Zulassung oder Einbeziehung vor.</p>

## 2.4 Zusammenfassung bezüglich der Risiken

Abschnitt D – Risiken		
Element	Angabepflichten gemäß der delegierten Verordnung (EU) 486/2012	Beschreibung
D.2	Zentrale Angaben zu den zentralen Risiken, die dem Emittenten oder seiner Branche eigen sind	<p><b>Eigenkapitalanforderung.</b> In der Versicherungswirtschaft sind 16 % Eigenkapital bezogen auf den Wert der abgeschlossenen Versicherungen notwendig. Finanzielle Verluste und Änderungen bezüglich dieser Anforderung können einen negativen Effekt auf die Fähigkeit der Emittentin haben, Versicherungen abzuschließen.</p> <p><b>Versicherungstechnische Risiken.</b> Der Unterschied zwischen versicherungstechnischen Ergebnissen und Annahmen in der Kalkulation der versicherungstechnischen Reserven kann zu Änderungen bezüglich der geschätzten Gewinne und damit der wirtschaftlichen Leistungsfähigkeit der Emittentin führen.</p>
		<p><b>Abhängigkeit von der Tätigkeit Dritter.</b> Die Emittentin ist abhängig von den Leistungen Dritter. Eine Beschränkung oder Einstellung dieser Leistungen kann sich negativ auf das Geschäft des Konzerns der Emittentin auswirken.</p> <p><b>Abhängigkeit von Key Management.</b> Der Verlust oder der Wechsel der Mitglieder des Key Managements bei dem Konzern der Emittentin kann sich negativ auf das Geschäft des Konzerns auswirken.</p> <p><b>Zahlungsausfälle im Versicherungsgeschäft.</b> Die fehlenden Zahlungseingänge von Forderungen können sich negativ auf das Geschäft des Konzerns auswirken.</p>

<b>Abschnitt D – Risiken</b>		
<b>Element</b>	<b>Angabepflichten gemäß der delegierten Verordnung (EU) 486/2012</b>	<b>Beschreibung</b>
		<p><b>Änderungen der gesetzlichen Rahmenbedingungen.</b> Änderungen der gesetzlichen Rahmenbedingungen, insbesondere branchenspezifische Rahmenbedingungen können sich negativ auf den Geschäftserfolg und die angebotenen Produkte des Konzerns der Emittentin auswirken.</p> <p><b>Änderungen der Steuergesetze.</b> Änderungen der Steuergesetze können die Attraktivität bestimmter steuersparender Produkte der Emittentin beeinflussen. Die Unfähigkeit insoweit neue Produkte zu entwickeln kann sich negativ auf das Geschäft des Konzerns der Emittentin auswirken.</p> <p><b>Investitionsrisiko.</b> Das Investmentportfolio beinhaltet in bedeutendem Umfang Anlagen mit einer festgelegten Verzinsung. Auch in diesen Märkten bestehen Kursschwankungen, die den Marktwert und die Liquidität der Anlagen beeinflussen.</p> <p><b>Kreditratings.</b> Die Geschäftstätigkeit der Emittentin kann künftig den Risiken von Ratings ausgesetzt sein. Eine Verschlechterung des Ratings kann sich nachteilig auf die Beziehungen zu Kunden und auf den Vertrieb der Versicherungsprodukte und zu erhöhten Kreditkosten führen.</p> <p><b>Allgemeine ökonomische Bedingungen.</b> Die fortdauernden oder sich verschlechternde ökonomische Bedingungen im Vereinigten Königreich und anderswo kann zu einem nachlassenden Interesse an Versicherungen führen und damit negative Auswirkungen auf das Geschäft und dessen Durchführung durch die Emittentin haben.</p>

<b>Abschnitt D – Risiken</b>		
<b>Element</b>	<b>Angabepflichten gemäß der delegierten Verordnung (EU) 486/2012</b>	<b>Beschreibung</b>
		<p><b>IT Risiken.</b> Die Nutzung der Informationstechnologie führt zum Risiko des unberechtigten Zugangs und des Missbrauches von Daten und dies kann nachteilige Auswirkungen auf die Geschäftstätigkeit der Emittentin haben.</p> <p><b>Abhängigkeit von Angestellten.</b> Die Emittentin ist abhängig von qualifiziertem Personal und hat keine Sicherheit, dass sie die Fach- und Führungskräfte behält oder in der Lage sein wird, entsprechend qualifizierten Ersatz zur Bewältigung des Wachstums zu finden.</p>
		<p><b>Wettbewerb.</b> Die Emittentin ist in verschiedenen Märkten tätig und steht im Wettbewerb mit großen und kleinen Versicherungsgesellschaften. Wenn Wettbewerber erfolgreich ihren Marktanteil zu Lasten der Emittentin erhöhen, kann dies nachteilige Auswirkungen auf den Gewinn, die Ausgaben sowie auf die Geschäftsaussichten der Emittentin haben.</p> <p><b>Rechtliche Risiken.</b> Gerichtsentscheidungen, Änderungen der gesetzlichen Rahmenbedingungen, gerichtliche und schiedsgerichtliche Verfahren können sich negativ auf den wirtschaftlichen Erfolg der Emittentin auswirken.</p>

**Abschnitt D – Risiken**

Element	Betreff gemäß der delegierten Verordnung (EU) 486/2012	Beschreibung
D.3	Zentrale Angaben zu den zentralen Risiken, die den Wertpapieren eigen sind.	<p><b>Fehlende Einlagesicherung bzw. dingliche Besicherung.</b> Da keine Einlagesicherung bezüglich der Schuldverschreibung besteht, kann es im Falle der Insolvenz der Emittentin zum Totalverlust bezüglich der Schuldverschreibungen kommen.</p> <p><b>Risiko aufgrund des Vorrangs besicherter Forderungen.</b> Zu Gunsten anderer Gläubiger, beispielsweise Kreditinstitute sind Sicherheiten bestellt worden, mit der Folge, dass im Fall der Liquidation oder der Insolvenz der Emittentin zunächst diese Ansprüche zu befriedigen sind, bevor die Anleihegläubiger bedient werden.</p> <p><b>Bonitätsverschlechterung.</b> Mit dem Erwerb der Schuldverschreibungen ist generell das Risiko des Teil- oder sogar Totalverlustes der Schuldverschreibungen und der Zinsansprüche aufgrund von Bonitätsverschlechterung verbunden.</p> <p><b>Volatilität.</b> Der Kurswert der Schuldverschreibungen kann starken Schwankungen unterliegen. Der Anleiheinvestor kann dadurch erhebliche Verluste erleiden.</p> <p><b>Beschränkte Veräußerbarkeit der Teilschuldverschreibungen.</b> Trotz der vorgesehenen Einbeziehung der Schuldverschreibungen in das Segment Entry Standard im Open Market der Frankfurter Wertpapierbörse kann die Veräußerbarkeit während der Laufzeit stark eingeschränkt oder unmöglich sein, wenn auf Grund fehlender Nachfrage kein liquider Sekundärmarkt besteht oder ein solcher Markt, sofern er besteht, tatsächlich fortbestehen wird.</p>

Abschnitt D – Risiken		
Element	Betreff gemäß der delegierten Verordnung (EU) 486/2012	Beschreibung
		<p><b>Keine Beschränkung für die Höhe der Verschuldung der Emittentin.</b> Es bestehen weder gesetzliche noch vertragliche oder sonstige Beschränkungen hinsichtlich der Aufnahme bzw. dem Eingehen von weiteren Verbindlichkeiten durch die Emittentin oder mit ihr verbundenen Unternehmen. Eine weitere Verschuldung kann die Fähigkeit zur Zinszahlung und Rückzahlung der Anleihe verhindern.</p>
		<p><b>Risiko der Renditeminderung durch Steuern und Kosten.</b> Die Emittentin wird den Anleihegläubigern keine zusätzlichen Beträge für Steuern und Abgaben zahlen.</p> <p><b>Fehlende Mitwirkungsrechte der Anleihegläubiger.</b> Die Anleihegläubiger haben aus der Zeichnung der Schuldverschreibungen keine Mitwirkungsrechte bei unternehmerischen Entscheidungen der Emittentin.</p> <p><b>Inflationsrisiko.</b> Da die Anleihe mit einer festgeschriebenen Laufzeit angeboten wird, besteht das Risiko, dass die Anleihegläubiger am Ende der Laufzeit auf Basis der tatsächlichen allgemeinen Preisentwicklung einen Vermögensverlust erleiden.</p> <p><b>Zinsänderungsrisiko.</b> Bei allgemein steigendem Zinsniveau während der Laufzeit der Anleihe ergeben sich erfahrungsgemäß zusätzliche Kursrisiken für die Notierung der Schuldverschreibungen.</p>

## 2.5 Zusammenfassung des Angebots

<b>Abschnitt E - Angebot</b>		
<b>Element</b>	<b>Betreff gemäß der delegierten Verordnung (EU) 486/2012</b>	<b>Beschreibung</b>
E.2b	Gründe für das Angebot und Zweckbestimmung der Erlöse, sofern diese nicht in der Gewinnerzielung und/oder der Absicherung bestimmter Risiken liegt.	<p>Das mittels der Schuldverschreibung eingeworbene Fremdkapital soll vorrangig zur Finanzierung des weiteren Wachstums herangezogen werden. Die Nettoerlöse aus dem Angebot werden ungefähr EUR 32,9 Millionen betragen und sollen dazu dienen, innerhalb der nächsten 12 Monate zusätzliche Umsätze von EUR 250 Millionen zu realisieren. Dies erfordert das Vorhalten von 16 % dieses Betrages als Eigenkapital, also 40 Millionen.</p> <p>Diese Umsätze sollen durch den Abschluß von Versicherungsverträgen (underwriting) in GB für Kfz-Versicherungen, in GB für Taxi-Versicherung, in Europa für Gewährleistungsversicherung, in Österreich für die Versicherung von Haustieren, in Norwegen für Mietausfallversicherungen, in GB für Spezial Kfz-Versicherung, in Europa für Spezial Kfz-Versicherung, in GB für Berufshaftpflicht-Versicherungen, in Griechenland für Spezial Kfz-Versicherung, in GB für sonstige Versicherungsangebote und in UAE zur Abwicklung von Versicherungsverträgen im Mittleren Osten.</p>
E.3	Beschreibung der Angebotskonditionen.	<p>Angeboten wird ein festverzinsliches Wertpapier in verbriefter Form. Die Anleihe hat ein Anlagevolumen von insgesamt EUR 35 Millionen.</p> <p>Der Ausgabebetrag beträgt bis zur Aufnahme der voraussichtlichen Notierung des Handels der Schuldverschreibung im Open Market/Entry Standard an der Frankfurter Wertpapierbörse 100% des Nominalbetrages je Schuldverschreibung (EUR 1.000,00).</p>

<b>Abschnitt E - Angebot</b>		
<b>Element</b>	<b>Betreff gemäß der delegierten Verordnung (EU) 486/2012</b>	<b>Beschreibung</b>
		<p>Die Schuldverschreibungen werden voraussichtlich vom 17. September 2012 bis 24. September 2012 (der Angebotszeitraum) öffentlich angeboten. Das öffentliche Angebot endet jedoch vor Ablauf der vorgenannten Frist, sobald zugeteilt worden ist. Die Emittentin behält sich ebenfalls das Recht vor, bis zum letzten Tag des Angebotszeitraums den Angebotszeitraum zu verlängern oder zu verkürzen. Im Fall der Verlängerung des öffentlichen Angebotes ist ein Nachtrag gemäß § 16 WpPG zu billigen und zu veröffentlichen.</p> <p>Die Emittentin plant, die Schuldverschreibungen nach Ablauf der Zeichnungsfrist (voraussichtlich ab dem 26. September 2012) in den Teilbereich Entry Standard im Open Market an der Frankfurter Wertpapierbörse einzubeziehen.</p>
E.4	Beschreibung aller für die Emission/ das Angebot wesentlichen, auch kollidierenden Beteiligungen.	Die platzierenden Banken erhalten von der Emittentin eine feste Vergütung und eine Platzierungsprovision, die Höhe dieser Vergütung ist abhängig vom tatsächlich platzierten Volumen (Anzahl der platzierten Anleihen x Ausgabepreis).
E.7	Schätzung der Ausgaben, die dem Anleger vom Emittenten oder Anbieter in Rechnung gestellt werden.	Entfällt, da die Emittentin den Anlegern weder Gebühren noch sonstige Kosten im Zusammenhang mit den hier angebotenen Schuldverschreibungen in Rechnung stellt.

### **3. Risk Factors**

The Issuer believes that the following factors may affect its ability to fulfill its obligations pursuant to the Notes. All of these factors are contingencies which may or may not occur and the Issuer is not in a position to express a view on the likelihood of any such contingency occurring. In addition, factors which are material for the purpose of assessing the market risks associated with the Notes are described below.

The Issuer believes that the factors described below represent the principal risks inherent in investing in the Notes, but the inability of the Issuer to pay interest, principal or other amounts on or in connection with the Notes may occur for other reasons which may not be considered to be significant risks by the Issuer based on information currently available to the Issuer or which the Issuer may not currently be able to anticipate. Prospective investors should also read the detailed information set out elsewhere in this Prospectus and reach their own views prior to making any investment decision.

#### **3.1 Risks relating to the Notes**

##### **3.1.1 The Notes may not be a suitable investment for all Investors**

Each potential investor in the Notes must determine the suitability of this investment in the light of its own circumstances. In particular, each potential investor should:

- (i) have sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information contained or incorporated by reference in this Prospectus or any applicable supplement;
- (ii) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact the Notes will have on its overall investment portfolio;
- (iii) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including where the currency for principal or interest payments is different from the potential investor's currency;
- (iv) understand thoroughly the Terms and Conditions and be familiar with the behaviour of any relevant financial markets; and
- (v) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

### **3.1.2 Market price Risks**

The market price of the Notes depends on various factors, such as changes in market interest rates, the policy of central banks, overall economic developments, inflation rates or the supply and demand for the Notes. Disadvantageous changes to such factors may adversely affect the value of the Notes.

### **3.1.3 Interest Rate Risks**

An investment in the Notes involves the risk that subsequent changes in market interest rates may adversely affect the value of the Notes. The Notes pay a fixed rate of interest on the specified interest payment dates. If market interest rates rise, interest receivable by the Noteholders could be less than the amount they would have received had they invested in a security with a floating rate of interest. The market value of fixed rate securities such as the Notes can decrease if potential investors perceive that they can achieve a greater return by investing in alternative products.

### **3.1.4 Inflation**

Inflation risk is the risk of future money depreciation. The real yield from an investment is reduced by inflation. The higher the rate of inflation, the lower the real yield on the Notes. If the inflation rate is equal to or higher than the nominal yield, the real yield is zero or even negative.

### **3.1.5 EU Savings Directive**

Under Council Directive 2003/48/EC on the taxation of savings income, Member States are required to provide to the tax authorities of another Member State details of payments of interest (or similar income) paid by a person within its jurisdiction to or for an individual resident in that other Member State or certain limited types of entities established in that other Member State. However, for a transitional period, Austria and Luxembourg are instead required (unless during that period they elect otherwise) to operate a withholding system in relation to such payments (the ending of such transitional period being dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries). A number of non-EU countries and territories including Switzerland have adopted similar measures (a withholding system in the case of Switzerland).

The European Commission has proposed certain amendments to the Directive, which may, if implemented, amend or broaden the scope of the requirements described above. If a payment were to be made or collected through a Member State which has opted for a withholding system, or through a non EU country which has adopted similar measures and has opted for a withholding system, or through certain dependent or associated territories which have adopted similar measures and which have opted for a withholding system, and an amount of, or in respect of, tax were to be withheld from that payment, neither the Issuer nor any Paying Agent nor any other person would be obliged to pay additional amounts with respect to any Note as a result of the imposition of such withholding tax. The Issuer is required to maintain a Paying Agent in a Member State that is not obliged to withhold or deduct

tax pursuant to the Directive.

### **3.1.6 Secondary Market**

An application has been made to trade the Notes on the Open Market (Freiverkehr) of the Frankfurt Stock Exchange. However, there can be no assurance that a liquid market for the Notes will develop or, if it does develop, that it will continue. If a market does develop, it may not be liquid. Therefore, investors may not be able to sell their Notes easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. Illiquidity may have a severely adverse effect on the market value of the Notes and investors wishing to sell the Notes might therefore suffer losses.

### **3.1.7 Transaction Costs**

When the Notes are purchased or sold, a variety of incidental costs (including transaction fees and commissions) are incurred in addition to the purchase or sale price of the Note. Credit institutions as a rule charge commissions which are either fixed minimum commissions or pro-rata commissions, depending on the order value. To the extent that additional – domestic or foreign – parties are involved in the execution of an order, including but not limited to domestic dealers or brokers in foreign markets, Noteholders may also be charged for the brokerage fees, commissions and other fees and expenses of such parties (third party costs). These incidental costs may significantly reduce or eliminate any profit from holding the Notes.

### **3.1.8 Noteholder Resolutions**

The Terms and Conditions provide that the Noteholders may agree to amendments to the Terms and Conditions by majority vote in accordance with the German Bond Act (Schuldverschreibungsgesetz). A Noteholder is therefore subject to the risk to be outvoted and to lose rights with regard to the Issuer against its will.

### **3.1.9 Substitution of Issuer**

The Terms and Conditions provide for a right of the Issuer to substitute the Issuer with a Substitute Debtor. If the Issuer exercises such substitution right, the substitution might, for German tax purposes, be treated as an exchange of the original Notes for new notes for private Noteholders subject to German taxation. In this case, any gain from such exchange would be subject to tax at a rate of 25% (plus solidarity surcharge thereon, and, if applicable, church tax), and the Noteholder might not be able to enforce its right for indemnification against the Issuer and the Substitute Debtor.

### **3.1.10 Change of Law**

The Terms and Conditions are based on German law in effect as at the date of this Prospectus. No assurance can be given as to the impact of any possible judicial decision or change to German law or administrative practice after the date of this Prospectus.

### **3.1.11 Limited Right of Noteholders to Terminate**

Prior to this maturity date, the Notes may only be redeemed at the option of the Noteholders in accordance with § 6 of the Terms and Conditions of the Notes. The Terms and Conditions do not provide for a general right of termination for the Noteholders with effect prior to the maturity date. There is, therefore, no guarantee that the principal amount of the Notes or a portion thereof will be repaid prior to the maturity date. Thus, prior to such date, the interest on the Notes may be the only payment the Noteholders receive in respect of the Notes.

### **3.1.12 Issuance of Further Debt**

If the Issuer issues further debt, such further issuance may reduce the amount recoverable by the Noteholders upon the winding-up or insolvency of the Issuer or may increase the likelihood of the Issuer electing to defer interest payments due pursuant to the provisions of the Notes.

### **3.1.13 Withholding Tax**

The Issuer further believes that the Notes qualify as debt instruments. In the event of the Notes being held in a custodian account maintained by the Noteholder with a paying agent which will be a German branch of a German or non-German bank or financial services institution, such paying agent will generally have to make a deduction from interest payments made pursuant to the Notes on account of German withholding tax on interest payments (Zinsabschlag) of currently 30 % plus the Solidarity Surcharge of currently 5.5 %. If the paying agent is obliged to make such deductions from interest payments under the Notes, the Issuer will not be obliged to make corresponding grossed up payments to the Noteholders.

There can be no assurance that the relevant tax authorities will concur with this assessment of the Issuer, and prospective investors should make their own assessment in relation thereto.

## **3.2 Risks in respect of Issuer**

Motor insurance is the Issuer's core business. The subsidiaries of the Issuer are engaged in general (non-life) insurance business. Engagement in these business segments creates several economic and other risks.

If these risks materialize, they could materially adversely affect the Issuer's financial position and the ability of the Issuer to perform its obligations under the Notes.

### **3.2.1 The Insurance Industry is characterised by Equity Requirement**

By virtue of the Financial Services (Insurance Companies) Act 1987 and the Insurance Companies (Solvency Margins and Guarantee Funds) Regulations 2004 of UK as adopted by Gibraltar the general or non-life insurance industry requires that the corporate insurer has equity of at least 16 percent of the value of the insurance written. Accordingly, a financial loss in a previous year will have a negative effect on the ability of the Issuer to write insurance contracts, and therefore on the Issuer's financial position and profitability.

In addition, changes to the regulatory framework within which the Issuer and its Group operates, particularly an increase in the equity requirement above 16 percent, could impose significantly greater costs on the Issuer's Group's business, and materially and adversely affect the financial position of Issuer.

### **3.2.2 Actuarial Risks**

Actuarial outcomes, and other factors, could differ from those assumed in the calculation of actuarial reserves. Changes in any such outcomes may lead to reductions in the profitability of the insurances in question, which could in turn have a material adverse effect on the financial position or results of the Issuer.

### **3.2.3 The Issuer's Group is dependent on Third-Party Service and Facility Providers**

In order to operate its business, the Issuer Group is dependent on the provision of services by third parties, including distribution channels (in particular independent intermediaries (brokers and multiple agents) and co-operation partners), third party claims handlers and banks.

If any third-party services or facilities on which Issuer Group relies in conducting its business are restricted, temporarily halted (for example, as a result of technical problems or strikes), cease permanently or are not available at commercially acceptable terms, this could lead to a temporary cessation of certain aspects of the Group's operation or a requirement on the Group to find replacement services and have a material adverse effect on Issuer's business, financial condition and results of operations. This material adverse effect could also occur as a result of the loss or expiration of any of Issuer's contracts with third-party service or facility providers and the inability to negotiate replacement contracts with other service providers at comparable rates or to enter into such contracts in any new markets. In addition, the efficiency, timeliness and quality of contract performance by third-party providers cannot always directly be controlled. Such inability to exercise direct control could have a material adverse effect on the operation and subsequently also the profitability and financial position of the Issuer's business.

### **3.2.4 The Issuer's Operations are dependent on its Key Management**

The Issuer's success depends on the performance of the members of its board, officers and key management. The departure of or significant change in the Issuer's and its subsidiaries' management could result in a significant loss of expertise and could have a material adverse effect on Issuer's business, financial condition and results of operations.

### **3.2.5 Risks arising from the Loss of Accounts Receivable from the Insurance Business**

Risks resulting from non-payment of receivables from the insurance business, in particular non-payments of receivables by insurance intermediaries, could adversely affect the Group's financial position and profitability and subsequently also materially affect the Issuer's financial position and profitability.

### **3.2.6 Changes in Governmental Regulations**

The issuer's Group's business is subject to detailed comprehensive regulation and supervision in Germany and in all other countries in which it operates. Changes in existing laws and regulations, or changes in the interpretation of such laws and regulations by the courts or the competent authorities, may affect the way in which the Issuer's Group conducts its business and the products it may offer. Changes in regulations relating to pensions and employment, social security, insurance products and taxation may materially adversely affect the Issuer business by restructuring its activities, imposing increased costs or otherwise.

### **3.2.7 Changes in Tax Legislation**

Changes to tax laws may affect the attractiveness of certain of the Issuer's Group's products that until recently have received or currently receive favorable tax treatment. If the Group fails to adapt to any such changes by developing new life insurance products which meet the specific needs of potential customers, this could have a material adverse effect on the financial position and results of operation of the Issuer.

### **3.2.8 Investment Risks – Market**

The Issuer Groups' investment portfolio is significantly exposed to equity securities and other non-fixed income securities. As a consequence, there is a strong dependence on investment in the debt and equity market. Fluctuations in equity markets may affect the market value and liquidity of such equity securities and other non-fixed interest securities.

### **3.2.9 Credit Ratings**

The business of the Issuer Group may be exposed to the risk of credit rating. As the Group grows, and if it decides to obtain a credit rating in the future, a downgrade in the ratings assigned to it may

- adversely affect relationships with customers,
- impact sales of insurance products and
- increase cost of borrowing.

and therefore affect adversely the financial position and results of the Issuer.

### **3.2.10 Risks relating to the General Economic Conditions**

Economic and industry conditions constantly change, and continued or worsening economic conditions in the United Kingdom and elsewhere could result in less interest in insurance and may have a material adverse effect on the Issuer's business.

### **3.2.11 IT Risks**

The intensive use of information technology in critical business processes of Issuer creates the risk of unauthorised data access and misuse. If these risks materialize, this could adversely affect the Issuer and its Groups' business.

### **3.2.12 Issuer is dependent on Cooperative Relations with its Employee**

The Issuer and its subsidiaries are dependent on qualified personnel, in particular actuaries, insurance professionals, accountants and employees with qualifications in information technology and sales. There can be no assurance that the Group will be able to retain employees in key positions or recruit a sufficient number of new employees with appropriate technical qualifications to compensate for the loss of employees or to accommodate its future growth.

### **3.2.13 General (Non-Life) Insurance Industry is competitive**

The Issuer Group operates in several markets, and is in competition with a number of big as well as small insurance companies. The primary competitive factors in the insurance industry include

- price,
- reliable service,
- reputation,
- expense premium ratio and
- ultimate loss premium ratio.

The Issuer Group's competitors may seek to protect or gain market share by rate matching or discounting. Some competitors may offer lower premiums than the Issuer's Group by, for example, providing fewer services, or by drawing upon sources of funding unavailable to Issuer, such as intra-group financial support. Should competitors increase their market share at Issuer Group's expense, the Issuer's prospects and profits could be materially adversely affected.

### **3.2.14 Legal Risks**

Legal risks which may arise on the one hand from court decisions and legislation (changes in legal parameters) and on the other from legal disputes and arbitration proceedings in which the Issuer or its Group may be involved could materially adversely impact business.

## **4. General Information and selected financial information**

### **4.1 Responsibility for the Notes**

Enterprise Holdings Ltd, registered office in Gibraltar, United Kingdom, accepts sole responsibility for the information contained in this Prospectus according § 5 Abs. 4 WpPG. The Issuer confirms that to the best of its knowledge the information contained in this Prospectus is accurate and does not contain any material omissions.

### **4.2 Distribution of Information**

In connection with the issue and sale of the Notes, no one is entitled to distribute information or submit statements that are contrary to the information contained in this Prospectus and supplements (where applicable). The Issuer does not assume any liability for information from third parties that is not included in this Prospectus.

### **4.3 Reasons of the offering and use of Proceeds**

The net proceeds from the issue of the Notes will amount to approximately EUR 32.9 million and are intended to be used to support future growth. Issuer intends to grow revenue over the next 12 months to EUR 350 million, i.e. the aim is to achieve additional revenue of EUR 250 million, which in turn requires retaining 16 percent of that amount, i.e. EUR 40 million as equity at the bank.. The use of the net proceeds in this way also means that the net proceeds are held in cash, near cash or A-rated (top investment grade) corporate bonds whilst simultaneously representing equity investment.

The issuer has a pipeline of prospective insurances in 2012 amounting to EUR 141.6 million of possible Gross Written Premiums (GWP), which requires additional retained equity of EUR 22.7 million. The basis for underwriting the insurances and generating the GWP is not only the equity but also contact and negotiations with the insurance brokers and other intermediaries and an careful assessment of the risks involved in the prospective insurances, which are normally renewed every year. Based on this procedure the prospective insurances as shown in the chart below will be considered by Issuer in the priority indicated by the number in the chart, starting at 1. But the Issuer cannot start this procedure without the net proceeds.

Accordingly, please note that all figures in the chart below are not audited, no are they a forecast or estimates. These figures are only approximate numbers to indicate the different type of insurances, countries and the relation between different types of insurances and countries also stating for the amount of required additional retained equity, which would be required.

Priority in terms of use of proceeds	Country	Business Type	Possible amount of GWP/ Revenue in EUR	Equity requirement in EUR
1	UK	Motor insurance	24 million	3.8 million
2	UK	Taxi insurance	10.8 million	1.7 million
3	Europe	Warranty insurance	2.4 million	0.4 million
4	Austria	Pet insurance	6 million	1.00 million
5	Norway	Rent Bond insurance	1.2 million	0.2 million
6	UK	Specialist Motor insurance	6 million	1.00 million
7	Europe	Specialist Motor insurance	6 million	1.00 million
8	UK	Professional Indemnity insurance	2.4 million	0.4 million
9	Greece	Road Risk insurance	12 million	1.9 million
10	UK	Ancillary insurance Schemes	10.8 million	1.7 million
11	UAE	Middle Eastern Fronting insurance	60 million	9.6 million
	<b>TOTAL</b>		<b>141.6 million</b>	<b>22.7 million</b>

Please also note that the priority of underwriting insurance agreements and therefore generating revenue shown in the list above is subject to the procedure and assessment of the risks involved as described above and therefore the priority as stated above in terms of the use of proceeds might be subject to change based on an evaluation of the involved risks and the profit margins.

In 2013 the balance of the net proceeds from the issue of the Notes, EUR 10.2 million will be also used to generate additional revenue from insurance orders. The procedure will be the same as described in 2012 but there does not yet exist a clear indication for a pipeline 2013 as in 2012 yet, because the fourth quarter of 2012 is still outstanding. However, not only will the procedure for underwriting will be the same but also the approach of a portfolio of different types and countries, where the Issuer wants to underwrite insurance agreements. Together with the profits generated in 2012 the Issuer will be able to achieve its goal to grow revenue over the next 12 months to EUR 250 million.

Free cash that cannot be used immediately will be invested in the best possible manner without risk in accordance with best practice. In the event that not all of the Notes are placed, the Issuer reserves the right to use the proceeds from the issue for the indicated purposes on a pro rata basis.

The costs of issue amount to approximately 6.0% of the volume in the case of full placement, in which case net proceeds of approximately EUR 32.9 million are expected.

#### 4.4 Interest of natural and legal persons involved

The selling agents are entitled to customary fees, partly depending on the success of the issuance of the Notes. The selling agents and the affiliates of each of the selling agents have from time to time

performed, and in the future may perform, various financial advisory, commercial banking (including lending) and investment banking services for the Issuer and its affiliates, for which they have received and/or will receive fees and expenses. Besides the disclosed interests above, so far as the Issuer is aware, no person involved in the offer of the Notes has an interest material to the offer.

#### **4.5 Information provided by third Parties**

The Issuer hereby declares that information provided by third parties, which is included in this Prospectus, is used correctly as far as the Issuer is aware and is derived from information published by this third party; further, that no facts have been concealed that would render the information included herein incorrect or misleading.

#### **4.6 Rating**

The Bond has been awarded a credit rating of A- by Creditreform Rating AG. The rating agency is situated in the European Union and registered in accordance with European Directive 1060/2009.

#### **4.7 Publication of this Prospectus**

This Prospectus will be filed with BaFin and immediately published on the Issuer's website [www.enterprise-holdings.de](http://www.enterprise-holdings.de). Paper versions of this Prospectus may also be obtained from Enterprise Holdings Ltd, Suite 3, Second Floor, ICOM House, 1/5 Irish Town, Gibraltar, during normal business hours at no charge.

#### **4.8 Documents on Display**

So long as this Prospectus is valid, physical copies of the following documents may be obtained free of charge upon request during normal business hours from the offices of the Issuer and as described in this Prospectus and at the homepage of the issuer, [www.enterprise-holdings.de](http://www.enterprise-holdings.de):

- Prospectus;
- memorandum and articles of association of the Issuer;
- the audited consolidated financial statements of the Issuer, including the notes to such financial statements and the auditor's report thereon, for the financial years ended 30 June 2010;
- the audited consolidated financial statements of the Issuer, including the notes to such financial statements and the auditor's report thereon, for the financial years ended 30 June 2011;
- the audited consolidated financial statements of the Issuer, including the notes to such financial statements and the auditor's report thereon, for the financial years ended 31 March 2012.

#### 4.9 Selected Financial Information according audited consolidated annual reports

The following financial information dated 30 June 2010, 30 June 2011 and 31 March 2012 is selected from the audited consolidated annual reports of the Issuer, and prepared according to Gibraltar GAAP. It should be noted that the period 01.07.2011 to 31.03.2012 was a short period of nine months as a result of the issuer changing its accounting date in 2012.

##### 4.9.1 Technical Account and Non-Technical Account i.e. Profit-Loss-Statement

Period	01.07.2009-30.06.2010 twelve months period Gibraltar GAAP GBP in Thousands	01.07.2010-30.06.2011 twelve months period Gibraltar GAAP GBP in Thousand	01.07.2011-31.03.2012 nine months period Gibraltar GAAP GBP in Thousand
Gross Written Premiums	20,974	51,923	75,197
Claims incurred, net of Reinsurance	-7,341	- 18,833	- 23,933
Balance on the Technical Account	4,539	6,023*	8,690
<b>Profit on ordinary activities before Tax</b>	<b>2,754</b>	<b>1,998</b>	<b>3,213</b>

The financial information marked thus, \* is taken from the audited consolidated annual reports dated 31 March 2012 on page F71. Note 19 of the audited consolidated annual reports on page F95 give further details regarding this restatement.

##### 4.9.2 Balance Sheet

Period	01.07.2009-30.06.2010 twelve months period Gibraltar GAAP GBP in Thousands	01.07.2010-30.06.2011 twelve months period Gibraltar GAAP GBP in Thousands	01.07.2011-31.03.2012 nine months period Gi- braltar GAAP GBP in Thousands
Total Assets	23,574	56,897	94,089
Total Liabilities and shareholders' equity	23,574	56,897	94,089
Equity shareholders' funds	5,101	6,942**	9,737
Equity-Debt-Ratio***,1	88 %	91 %	93 %

The financial information marked thus, \*\* is taken from the audited consolidated annual reports dated 31 March 2012 on page F74. Note 19 of the audited consolidated annual reports on page F95 give further details regarding this restatement.

The financial information marked thus, \*\*\*, is not audited but derived from positions in the audited consolidated annual reports.

1 - Equity-Debt-Ratio is calculated as Equity shareholders' funds divided by (Equity shareholders' funds plus Debt) x 100%. Debt is a loan from Rhone Holdings Limited and is included within „Other Creditors Including Taxation and Social Security Costs“ on pages F13, F43 and F74, an analysis of which can be found in note 13 to each of the audited consolidated annual reports on pages F29, F60 and F92.

#### 4.9.3 Cash flow

<b>Period</b>	<b>01.07.2009-30.06.2010 twelve months period Gibraltar GAAP GBP in Thousands</b>	<b>01.07.2010-30.06.2011 twelve months period Gibraltar GAAP GBP in Thousands</b>	<b>01.07.2011-31.03.2012 nine months period Gibraltar GAAP GBP in Thousands</b>
Net Cash flow from operating activities	7,752	9,918	7,737
Net increase in cash	6,740	9,117	6,925

## **5. General Information of Issuer**

### **5.1 History and Development of the Issuer**

Enterprise Holdings Ltd formerly known as ADYE Holdings Ltd. was incorporated as a company limited by shares on 30th March 2007 as a Gibraltar registered company (Registration No 98427), as the holding company of EIG Holdings Ltd (EIGH). EIGH was incorporated in 2003 as a Gibraltar registered company (Registration No 88509).

The Group of the Issuer was originally established as a Legal Expenses insurer. The current Managing Director, founder and 50% beneficial owner, Mr Flowers wished to diversify, exposing the business to other lucrative areas of general insurance. To achieve this, he led an MBO in April 2007 via the Issuer.

EIGH was the original holding company of both Enterprise Insurance Company Plc (EIG) a Gibraltar registered company registration No 89698 incorporated in 2003 and EIG Services Ltd (EIGS) a Gibraltar registered Company (registration No 88510) incorporated in 2003. EIGH was not dissolved on the basis that dissolution was, and is, an unnecessary expense.

The Group commenced trading in 2004. Following a career in retail banking Mr Flowers had run a retail operation for an Isle of Man insurer. A legislative change in the UK necessitated an EU domiciled insurance licence for the Group (the Isle of Man is not in the EU nor does it have any special status for passporting) and because of links in Gibraltar, a licence was sought and obtained in Gibraltar.

Gibraltar was included in the Accession Treaty of 1973 when the UK joined the European Union, and it has full EU status under the UK's membership, meaning it has full passporting rights for its financial services into all EU member states. Gibraltar has established itself as a leading EU insurance jurisdiction with over 50 licenced insurers regulated by the Gibraltar Financial Services Commission (FSC).

Enterprise Insurance Company Plc (EIG) and EIG Services (EIGS) are the revenue generators in the Group of the Issuer.

### **5.2 Company, Seat, Commercial Register**

Enterprise Holdings Limited ("Issuer") is incorporated and registered in Gibraltar as a private company limited by shares under the registered company number: 98427 at Gibraltar Companies House. The Issuer does not have any trading or commercial name.

The registered office of the Issuer is Suite 3, Second Floor, ICOM House, 1/5 Irish Town, Gibraltar. The main telephone number is +350 200 50150.

### **5.3 Auditor**

The auditors of the Issuer are Baker Tilly (Gibraltar) Limited, whose address is Regal House Queensway, Gibraltar. Baker Tilly (Gibraltar) Limited is a member of the Institute of Chartered Accountants in England and Wales and has audited the Issuer's accounts, without qualification, in accordance with UK GAAP as adopted by Gibraltar for each of the three financial years ended on 31 March 2012, 30 June 2011 and 30 June 2010.

### **5.4 Country and Date of Incorporation, Structures and Existence**

The Issuer was incorporated and registered as a private company limited by shares on 30 March 2007 in Gibraltar.

The Issuer operates under the Gibraltar Companies Act.

The life of the Issuer is indefinite.

### **5.5 Scope of the Company's Business and contact information**

As determined in section 3 of the memorandum of association, the Issuer's business is that of a holding and investment company, and for that purpose to acquire, hold, sell and otherwise in any manner deal with either in the name of the company or in that of any nominee, shares, stocks, debenture stock, bonds, notes, obligations and securities issued or guaranteed by any company wherever incorporated.

The business is carried out at the following address: Suite 3, Second Floor, ICOM House, 1/5 Irish Town, Gibraltar. The main telephone number is +350 200 50150.

### **5.6 Share Capital, Main Characteristic of the Shares, Shareholders and Financial Year**

The Company has issued:

- 500 ordinary shares of GBP 1.00 each; and
- 200 non cumulative redeemable preference shares of GBP 1.00 each,

(the "Shares") each of which are registered and fully paid up. The main characteristic of the ordinary shares is that each ordinary share grants one vote per share. The main characteristics of the non cumulative redeemable preference shares are as follows:

- Entitlement to one vote per share
- Entitlement to a fixed non-cumulative preferential net cash dividend at a rate of 10% per annum or such other rate as the directors of the Issuer may agree with the holders of the shares,

chargeable against the full amount paid up including any premium, accruing on a daily basis and payable in two instalments on 30th June and 31 December in each year

- Any dividends due but unpaid on their due date will become a debt and attract interest at 3% per annum above the base rate of Lloyds Bank plc from time to time
- On a return of capital entitlement firstly to payment of any arrears of dividends and secondly, in preference to the holders of ordinary shares, an amount equal to the amount paid up on each share including any premium paid

The Issuer may redeem the non - cumulative redeemable preference shares at any time either in their entirety or in tranches of not less than 100 such shares. On redemption each shareholder is entitled to any accrued dividends (whether declared or not) and an amount equal to the amount paid up on each share including any premium paid.

The Shares are held as follows:

- Acquarius Trust Company Limited (50%); and
- Rhone Holdings Limited (50%).

The holdings of the shareholders in the Issuer are set out below:

<b>Name of shareholder</b>	<b>Number of ordinary shares of GBP 1.00 each</b>	<b>Number of non cumulative redeemable preference shares of GBP 1.00 each</b>	<b>% of issued share capital of the Issuer</b>
1. Acquarius Trust Company Limited (as Trustees of the Flowers Family Settlement)  Company Number: 64486  Incorporated: Gibraltar	250	100	50%
2. Rhone Holdings Limited  Company Number: 101792  Incorporated: Gibraltar	250	100	50%

The financial year of the Issuer is not the calendar year. In 2010 and 2011 its financial year ended 30 June. Since 2012 the financial year of the Issuer ends 31 March.

## **5.7 Recent Events**

Since the annual report as of 31 March 2012 there have been no events, which are to a material extent relevant to the evaluation of the Issuer's solvency.

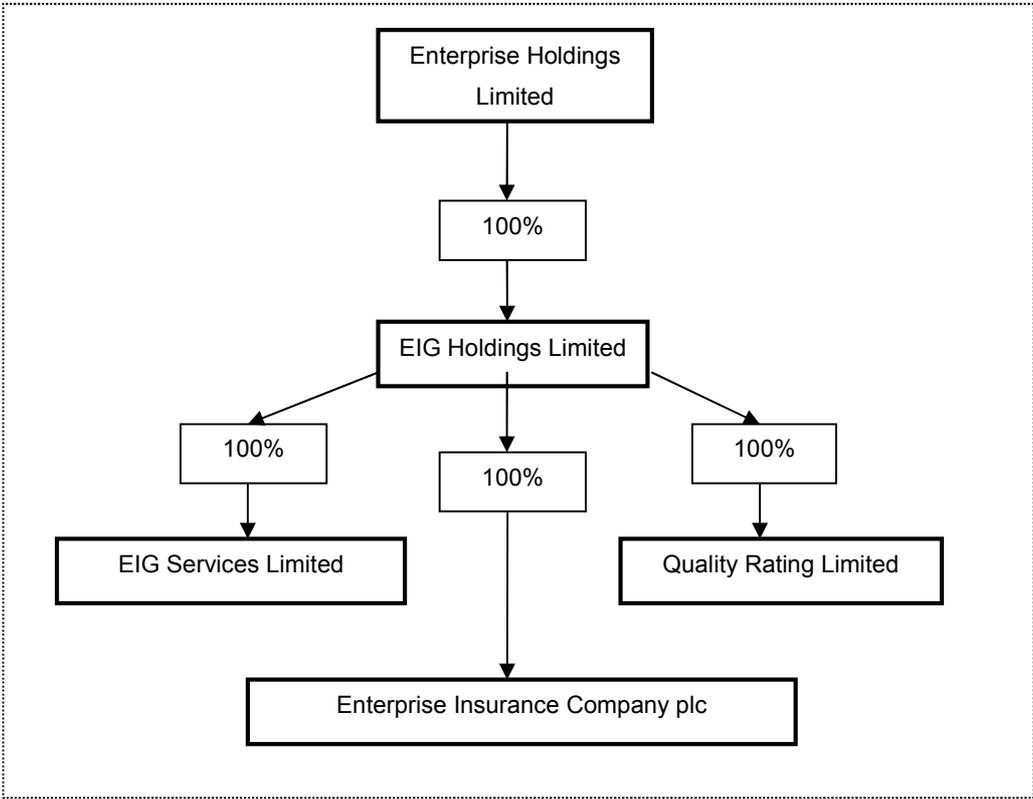
**5.8 Organisational Structure of the Issuer and the Position of Issuer within the Group**

The Issuer is the parent company of a group, which comprises the following companies:

- EIG Holdings Limited (“EIGH”);
- EIG Services Limited (“EIGS”);
- Quality Rating Limited (“QRL”); and
- Enterprise Insurance Company plc (“EICP”).

Issuer is directly or indirectly the only shareholder of each of the companies named above.

The following chart shows the structure of the Issuer’s Group



The principal activity of the Issuer is to be a holding and investment company and to administrate the Group.

The principal activity of EIGH is to be a holding company within the Issuer’s Group of companies.

The principal activity of EIGS is to provide support services to EICP, such as marketing, IT support and other consultancy services.

The principal activity of QRL is to provide a range of external underwriting and audit services for the Issuer’s Group of companies.

The principal activity of EICP is to offer and distribute tailored wholesale insurance solutions.

**5.9 Business Overview: Principal Activities**

The Issuer is Enterprise Holdings Limited. It has four wholly owned subsidiaries, which the Issuer controls and administrates in terms of all business issues.

The business has grown from a small single product provider in 2007 to the multi-line niche boutique insurance it is today. The rapid growth is attributable to the experience and knowledge that the management team of the Issuer has brought to its business, complemented by their connections with key players and introducers in the insurance industry.

The Issuer with its Group is a boutique insurance writer of niche general (non-life) insurance products, targeting high margin areas within the generally mature European insurance market. Business is based on the use of highly efficient systems for policy administration and claims handling provided by third party brokers, thereby significantly reducing fixed infrastructure costs.

**5.9.1 Products and services in general**

EICP is currently authorised to write the following classes of insurance business (as defined in Annex A to the First Insurance Directive 73/239/EEC which deals with the classification of risks according to a variety of classes of insurance).

<b>Permitted Businesses under Financial Services (Insurance Companies) Act, UK, by class</b>	<b>Description of class</b>
<b>Class 1</b>	Accident (including industrial injury and occupational diseases);
<b>Class 2</b>	Sickness
<b>Class 3</b>	Land vehicles (land motor vehicles other than railway rolling stock and general motor vehicles)
<b>Class 7</b>	Goods In Transit Transit (including merchandise, baggage and all other goods)
<b>Class 8</b>	Fire & Natural Forces (damage to or loss of property other than land vehicles, railway rolling stock, aircraft, ships or goods in transit due to fire, explosion, storm, other natural forces, nuclear energy or land subsi-

	dence
<b>Class 9</b>	Damage To Property (damage to or loss of property other than land vehicles, railway rolling stock, aircraft, ships or goods in transit due to hail, frost or theft but excluding the causes mentioned under class 8
<b>Class 10</b>	Motor vehicle Liability (liability arising out of the use of motor vehicles on land, including carriers
<b>Class 13</b>	General liability (all liability other than that covered by the classes relating to motor vehicle liability, aircraft liability or liability for ships)
<b>Class 16</b>	Miscellaneous Financial Loss (including employment risks, insufficiency of income, bad weather, loss of benefits, continuing general expenses, unforeseen trading expenses, loss of market value, loss or rent or revenue, indirect trading losses, non trading financial losses and other forms of financial loss)
<b>Class 17</b>	Legal Expenses (including costs of litigation)

A full and detailed explanation of each of the classes is available at [www.fsc.gi](http://www.fsc.gi) or in Annex A of European Directive 73/239/EEC.

Any licence holder has the ability to apply to the regulator for an extension to the classes for which it has approval. EICP currently has the permissions it requires to conduct its business. However it is always looking to expand its scope, so would not rule out extending its permissions in the future to take advantage of new business opportunities.

Given that most insurance products require a combination of classes the Issuer's Group is offering the following main type of insurance products:

- Motor Vehicle Liability

- Legal Expenses
- Household
- Warranty / Miscellaneous Financial Loss.

The current business of EICP – selling in excess of one million policies annually, with a total Gross Written Premium (GWP) of GBP 75 million within the last nine months as determined by the last audited annual report, can be attributed to the following types of insurances. Please note that the attribution of the amounts to a certain type of insurance in the following chart are audited and shown in the audited consolidated annual reports at note 15 on page F92:

Description of Product Type	GWP in GBP in Thousands
Motor	54,575
Legal expenses	14,511
Fire and other damage to property	1,792
Miscellaneous	4,320
Total	75,197

Individual non-life insurance schemes are structured by EICP's in house risk evaluation team, which produces exceptional profit margins.

In addition the Group has two service companies, which provide services to the Issuer's Group.

- EIGS is a non regulated service company that provides support services, which include marketing, IT and other consultancy, services, for a fixed fee.
- Quality Rating Ltd provides a range of external underwriting and internal audit service reports for the Group. These reports are produced from on-site visits to client introducers by the Group's team of internal auditors. The Company employs Country experts who are experienced claims professionals with knowledge of the legal system in the countries they are responsible for, and are able to speak fluently the local language.

### 5.9.2 Products and services by Region

However, the Group has commenced writing business in Austria, Norway, Belgium and Ireland.

A detailed explanation of the process for passporting, together with confirmation of the approvals for EICP, can be found at [www.fsc.gi](http://www.fsc.gi)

The chart below shows the contribution of each territory to the overall Gross Written Premium (“GWP”) of GBP 75 million within the last nine months as determined by the last audited annual report. Please note that the attribution of the amounts to a certain type of insurance and territory in the following chart is not audited. Also, these amounts marked with \* are not audited but these amounts are derived from Issuer’s management information systems that records all transactions by individual book of business enabling management to produce analyses of all business by product type and/ or territory and which are basis for the annual reports.

<b>Country</b>	<b>Description of Insurance</b>	<b>GWP in GBP in Thousands</b>
UK	Motor	26,964*
UK	Legal expenses	13,012*
UK	Miscellaneous	4,320*
UK	Fire and other damage to property	1,792*
France	Motor	10,099*
Greece	Motor	17,512*
Greece	Legal expenses	1,498*
<b>Total</b>		<b>75,197</b>

**5.9.3 Products and services by Growth Rate**

The Issuer has seen strong growth of its Gross Written Premium (GWP) in each of the previous three years, with growth rates running at or around 100% in each year. The purpose of issuing the Bond is to provide the Company with further growth capital to allow this trend to continue. Please note that the attribution of the amounts to a certain type of insurance in the following chart is part of the audited consolidated annual reports and is detailed in note 15 to the annual reports at pages F31, F61 and F93:

<b>Product</b>	<b>Gross Written Premium twelve months period GBP in Thousands 01.07.2009-30.06.2010</b>	<b>Gross Written Premium twelve months period GBP in Thousands 01.07.2010-30.06.2011</b>	<b>Gross Written Premium nine months period GBP in Thousands 01.07.2011-31.03.2012</b>
Motor	<b>4,246</b>	<b>36,135</b>	<b>54,575</b>
Legal expenses	<b>6,491</b>	<b>5,549</b>	<b>14,511</b>
Fire and other damage to property	<b>1,392</b>	<b>2,044</b>	<b>1,792</b>
Miscellaneous	<b>8,856</b>	<b>8,195</b>	<b>4,320</b>

Issuer believes it has established a high reputation for innovation, working with a series of brokers in its target markets. Very high satisfaction levels with the Issuer's operations have seen it become the first choice for new business from a wide range of brokers in its target markets.

#### **5.9.4 Securing the business: Operational Excellence**

The boutique nature of the business means that the Issuer has secured a number of key business introducers, in the form of brokers.

Because the Issuer writes insurance contracts on a white label basis, carries no marketing or client facing at administration costs with these roles being performed by the representatives in its territories. Such a model means that minimal costs are incurred by the business, meaning it is a low cost quality provider, allowing local experts, namely its third party brokers in its chosen territories, to develop the markets they know and understand.

Despite the low cost of the white label model, Issuer's risk control mechanisms are regarded by many in the industry as unique, and one of the most effective in operation. Through the Group's QRL operation, it micro-manages claims reporting and intervention in such a way that any adverse trends can be spotted substantially in real-time, and pricing/process amended immediately to ensure underwriting results are not prejudiced.

Issuer's country experts have established relationships which are effectively extensions of third party operations in the territories in which we operate. Further expansion into new territories would see Issuer recruit further country experts.

#### **5.9.5 Serving Clients**

The key to Issuer's business is sourcing new deals with long term business partners (e.g. brokers), by providing speedy, reliable and professional solutions. Issuer provides insurance capacity on a white label basis for brokers and agents who have direct access to clients.

Issuer's tailored solutions enable brokers and agents to retain control of its clients through the provision of highly tailored services, preventing large traditional operators from encroaching on client bases. Issuer is able to offer insurance licenses in the EU and associated countries, together with the UAE. It provides capital capacity and full regulatory compliance. Issuer does not have a direct insurance operation does not encroach on customer client bases.

Issuer's white label insurance products allow associations and affinity groups to personalise offerings to their members/clients.

### **5.9.6 Maintaining valuable distribution channels**

All marketing and administration costs are absorbed by the partners of the Group allowing Issuer to focus upon its areas of expertise, namely the provision of underwriting capacity and the audit and control of its partner's processes. The benefit of this model is that there is little or no infrastructure cost in the territories in which Issuer operates, meaning start-ups in new markets can be operational quickly and decisions to enter new markets carry limited risk, as there is little or no capital investment required to commence trading.

### **5.10 Investments in Business**

The general focus in terms of investment in Business is to hire qualified people for risk assessment and internal audit, and to invest in the necessary IT infrastructure to achieve operational excellence.

Any additional capital, whether equity or debt, will be used to grow in terms of gross premiums written (GWP). As already explained the Issuer's Group needs to retain 16 per cent of its capital to be able to write insurance.

#### **5.10.1 Principal Investments since the last published financial statements**

The Issuer did not make principal investments since the last audited consolidated annual report date 31 March 2012.

#### **5.10.2 Committed Principal Future Investment Investments**

The Issuer has not yet committed to its future investment policy; that is, which specific areas will be targeted.

#### **5.10.3 Source of Funds needed to fulfil committed Principal Future Investment Investments**

As there are no committed principal future investments a description of sources of funds is not needed. Please note that all descriptions in terms of future investments are part of plans, which shall be implemented after the placing of the Bond.

### **5.11 Market and Competition**

In all markets in which the Issuer offers its products, there exists competition. This competition largely comes from indigenous local carriers who, whilst they may have a pan European presence, tend to be strongest in their local market.

In all EU countries it is mandatory to purchase at least some classes of insurance; the main such class is third party liability road risk cover, mandatory virtually throughout the Western world today.

It is fair to say, therefore, that a large element of the insurance market in Europe is to some extent recession proof on the basis that it is mandatory.

The Issuer writes insurance in high margin areas within the generally mature European Insurance market, as a white label provider of niche general (non-life) insurance products. This model has proved highly successful both for the Issuer and for the brokers it works with. The Issuer considers the maintenance of these partnerships key to its continuing growth.

#### **5.11.1 Market Situation in General**

In all markets in which the Issuer offers its products, standard products from long established insurers with considerable market share are available.

Each country market is different, but a common characteristic is the constant demand for individual solutions.

The larger more general insurers, with their macro market approach, struggle to understand the more profitable niches in their markets. Their infrastructure drives a need to write for volume, resulting in an inevitable reduction in profit as quality suffers.

The Issuer, through its network of strategically selected experts in its chosen markets, has the ability to identify high margin sectors and provide and market products to these niche sectors, while maintaining close control of the underwriting result.

The Issuer's Group does not carry the cost of customer acquisition, meaning a low cost base with high margin business, thereby ensuring above market results.

#### **5.11.2 Market Situation UK General Insurance Market**

The UK General Insurance market (non-life), according to the Data Monitor Report "UK General Insurance 2010" published in October 2011, identified the following key characteristics;

- Strong premium Growth in 2010, growing by 8.4%
- Premium Increases across the UK Motor Market
- The overall market set to grow to GBP 31.5 billion by 2015
- The major insurers increased market share by 6.75%
- The major insurers saw large increases in their distribution costs.

The largest sub-sector of the UK General Insurance market is the motor sector, with premiums reaching GBP 14Bn in 2011 (Source: Data Monitor Report, UK General Insurance 2010).

Despite these positive trends, insurers posted a net combined ratio of 106% in 2011, highlighting the fact that a volume strategy with little concentration on niche markets is not the correct approach in UK General Insurance.

Whilst this ratio is a significant improvement on 2010, when the net combined ratio was 120% (source Deloitte, press release – “UK motor insurance industry makes biggest single-year rebound in underwriting results, May 2012, <http://www.deloitte.com>), these figures show that mainstream volume insurers do lose money with standard personal lines products (Motor/Household).

Accordingly, these markets are only attractive if niches can be exploited, and this is the major USP of the Issuer’s Group not only in the UK but also across each of its other markets.

### **5.11.3 Similar UK Market Positioning**

There are few players that can be compared directly to the Issuer in the UK. The Issuer provides capacity for niche motor, as well as a variety of miscellaneous and highly profitable financial loss products. This model is not easily compared due to the spread of its business.

The UK insurer, Sabre Insurance Company Ltd, [www.sabre.co.uk](http://www.sabre.co.uk), is a specialist Motor Insurer that provides insurance in niche areas of the UK Motor market. Its approach is similar to that of the Issuer, and its figures clearly demonstrate that there are high margins to be made by operating in niche sectors of the UK motor market.

Sabre wrote GWP of £170M in 2011, and produced net profit on operations of £24M, paying a dividend to shareholders of £15.5M.

These results clearly show that well run operators such as the Issuer can produce results well ahead of the market on a consistent basis.

The Issuer has identified that similar opportunities exist across most other European markets and its operations have produced results that endorse this approach.

### **5.11.4 Competition in the UK Motor Insurance Market**

Despite the competition that exists for general (non-life) insurance in the UK (source: Ernst & Young, Bringing Profitability back from the brink of extinction, a report on the UK retail motor insurance market, March 2011, [www.ey.com/uk](http://www.ey.com/uk)), the Issuer has closely analysed and according to the assessment of the Issuer as a result the Company operates extremely successfully in this market. It is therefore useful to present an overview of the competition in the UK Motor Insurance market in order to better understand how the Issuer has been successful in what is currently its largest market.

The general reason given for the losses sustained by many mainstream players in the UK Motor market is the rise of aggregators i.e. websites on which you can compare standard products. They effectively commoditise ordinary motor cover, meaning the lowest price wins the business.

Experts familiar with the industry expect the dominance of the aggregator channel to reach around 49% of the total premiums by 2014. Some insurers and distributors have left this market and more will follow. There is no room for error; insurers must finely balance claims, revenue and cost (source: Ernst & Young, Bringing Profitability back from the brink of extinction, a report on the UK retail motor insurance market, March 2011, [www.ey.com/uk](http://www.ey.com/uk)).

With this background, one of the offered solutions is to re-tool the business plan in order to carve out niche markets in which the aggregator channels have no influence (Source: Towers Watson, Why aren't we making money, 2010, [www.Towerswatson.com](http://www.Towerswatson.com)).

According to the Issuer, this solution is only the starting point for building a successful insurance business. This view is confirmed by experts familiar with the industry, namely that profitability will be achieved by companies which can demonstrate a firm grip on the fundamentals of its business in terms of operational excellence (control over the claims costs, operating expenses and acquisition costs) as well as customer centricity (Source: Ernst & Young, Bringing profitability back from the brink of extinction a report on the UK retail motor insurance market March 2011, [www.ey.com/uk](http://www.ey.com/uk)).

The Issuer does not in the main operate an aggregator model, choosing to work through specialist brokers who control and attract business from niche sectors, and that wouldn't be attracted by an aggregator offering.

#### **5.11.5 Market and Competition in the French Motor Insurance Market**

The French Motor market is an established motor market, serviced by a number of large domestic insurers such as Groupama and AXA (who each have circa 20% of the market share) and by players from other EU jurisdictions such as Allianz and Generali (Source: Axco, 2011 Insurance Market Report France Non-Life, 2012).

Total premium income for the sector in 2010 was €18.3Bn with premium growth of 2.81% in the same year. Loss ratios for the sector were 84.15% (Source: Axco, 2011 Insurance Market Report France Non-Life, 2012).

Total premium can be allocated between liability (40%) and other covers (60%). Market premiums include commercial policies, which account for 20%, and personal policies, which account for 80%. Issuer writes a number of niche accounts in both the personal and commercial sectors and delivers loss ratios that are broadly in line with the market average for the sector in 2010.

According to the view of the Issuer Motor business dominates the French Insurance market and represents 40% of domestic non-life (excluding PA) premium income. Improved road safety following high profile government campaigns has led to a reduction in the number of claims.

#### **5.11.6 Market and Competition in the Greek Motor Insurance Market**

Motor is the largest class in the Greek market accounting for approximately 62% of direct non-life written premiums in 2009, allocated between 48% motor third party liability (MTPL) and 14% own damage (Source: Axco, 2011 Insurance Market Report Greece Non-Life, 2012).

As non-commercial lines are comparatively undeveloped in Greek market, the fact that MTPL is compulsory has made it an attractive sector to a number of insurers. MTPL accounts for the bulk of the motor portfolio. Own damage cover is not particularly common, and only up to 5% of vehicles are covered on this basis (Source: Axco, 2011 Insurance Market Report Greece Non-Life, 2012).

Roughly 70% of the total motor portfolio relates to Private cars. The amount of fully comprehensive cover is minimal as buyers in this market tend to purchase only the minimum insurance cover required by law. The Issuers book in this sector mirrors this profile. Unlike most European markets, the bodily injury limit in Greece is restricted to a €1Mn per event. The largest domestic insurers (Ethiniki, Intersalonica and Agrotiki) control around 30% of the market (Source: Axco, 2011 Insurance Market Report Greece Non-Life, 2012). The balance of the capacity is provided by smaller niche providers such as the Issuer.

Total premium in 2010 was €1.964Bn and showed growth in the year of 29.09%, recently because of increasing premium levels. (Source: Axco, 2011 Insurance Market Report Greece Non-Life, 2012).

#### **5.11.7 A Similar Approach in other EU and International Markets**

As explained above the model applied by the Issuer to the UK market, of identifying niche elements of markets and providing insurance capacity to those areas, has been replicated in other EU markets.

The Issuer has aligned itself with key producers in France and Greece and has developed highly profitable books of business in these territories.

This model is to be extended into sectors in Austria, Belgium, and Norway.

In addition, the Issuer is in the final stages of obtaining a licence to operate in the United Arab Emirates, and will become only the third Western insurer to be able to operate directly in the territory.

### **5.11.8 Ahead of Single Market Competitors as Well as Cross Market Competitors**

The lessons learnt from operating in its target markets as an owner driven business have been key to shaping the Issuer's business. With these lessons in mind, the Issuer has established key relationships with major business producers in each of its key territories focusing on identified niche sectors.

The bulk of these relationships are now well established, and are genuine long-term partnerships. The Issuer in turn provides underwriting capacity and audit and control to protect its exposure and oversee the claims process, and absorb all marketing and administration costs.

The benefit of this model is that there is little or no infrastructure cost in the territories in which the Issuer operates, meaning it can operate quickly in new markets, and decisions to enter new markets can be made simply and quickly with no significant capital investment required.

Furthermore, the business model is such that costs are only incurred at the centre, meaning that the Issuer is a low cost quality provider. This allows the experts, namely its third party business introducers in its chosen territories, to develop markets they know and understand.

Despite the low cost of the wholesale operation, the Issuer's risk control model is regarded according to the knowledge of the Issuer by many leading players in the industry as unique and one of the most effective. Through the Groups QRL operation, the Issuer micro manages claims reporting and intervention in such a way that adverse trends can be spotted almost in real time, and pricing/process amended to ensure underwriting results are not prejudiced.

The Group's country experts have established relationships that are effectively extensions of the third party operations in the territories in which the Group operates.

According to the assessment of the Issuer the owner driven nature of the business, with its market knowledge, means the Group is able to respond, and to control and attract business in a unique way, with market leading results, and demonstrable growth.

### **5.12 Material Contracts**

There are no material contracts outside the ordinary course of business of the Issuer.

### **5.13 Administrative, Management and Supervisory Bodies**

#### **Board of Directors/Executive Directors**

##### **1. Andrew John Flowers**

Title:	Chairman and Managing Director
Date of Birth:	13 June 1965
Nationality:	British

Prior to becoming Managing Director of EICP in 2004, Andrew Flowers held a number of senior positions with key players in the UK and Offshore Finance Industry. He is also a member of the Chartered Institute of Bankers in England (qualified in September 1994), is a holder of the Chartered Institute of Bankers and Financial Studies Diploma, completed in January 1996, and has a Masters of Business Administration Degree from Sheffield University, graduating in 1998. Andrew Flowers does not hold any position outside of the Issuer which has any relevance for the Issuer.

**Non-executive directors**

**2. Nicholas Peter Cruz**

Title: Non-executive director  
Date of Birth: 14 March 1964  
Nationality: British

Nicholas Cruz was educated at Worth Abbey in the United Kingdom. He studied law and graduated from Kingston University in Surrey before becoming a member of Middle Temple Inn of Court. He completed his studies at the Council of Legal Education in Chancery Lane, London, and was called to the Bar of England and Wales. He returned to Gibraltar in 1989 and was called to the Bar of Gibraltar. Nicholas Cruz is also a director in Acquarius Company Secretaries Limited which acts as joint company secretary to the Issuer and he is a partner in Cruz & Co which from time to time provides legal advice to the Issuer.

**3. James Edwin Jacobson**

Title: Non-executive director  
Date of Birth: 24 September 1967  
Nationality: British

James Jacobson studied law at Leicester University and subsequently Chester Law School and the University of London before beginning his career at Curtis & Co. Solicitors London before moving to Streathers Solicitors, London in 2004. Since 2006 James Jacobson has been a consultant specializing in company and trust law. James Jacobson does not hold any position outside of the Issuer which has any relevance for the Issuer.

**4. Paul Walter Joseph Martinez**

Title: Non-executive director  
Date of Birth: 13 August 1951  
Nationality: British

Paul Martinez, after senior roles with both AON and Bradstocks, created Martinez & Partners Ltd in 1995; a successful brokerage specialising in European Binding Authorities and High Net Worth UK business. Paul Martinez does not hold any position outside of the Issuer which has any relevance for the Issuer.

Name of Director	Current directorships and partnerships	Previous directorships and partnerships
Andrew John Flowers	<ul style="list-style-type: none"> <li>• Enterprise Holdings Limited</li> <li>• EIG Holdings Limited</li> <li>• EIG Services Limited</li> <li>• Enterprise Insurance Company plc</li> </ul>	<ul style="list-style-type: none"> <li>• Litigation Funding Limited</li> <li>• Quality Rating Limited</li> <li>• KMA (U.K.) Limited</li> <li>• Alliance &amp; Leicester (Isle of Man) Limited</li> <li>• Litigation Plan Limited</li> <li>• Dulcet Limited</li> </ul>
Nicholas Peter Cruz	<ul style="list-style-type: none"> <li>• Enterprise Holdings Limited</li> <li>• EIG Holdings Limited</li> <li>• EIG Services Limited</li> <li>• Enterprise Insurance Company plc</li> <li>• Acquarius Accountancy and Payroll Services Limited</li> <li>• Acquarius Accounting Services Limited</li> <li>• Acquarius Company Secretaries Limited</li> <li>• Acquarius Corporate Services Limited</li> <li>• Acquarius Management Services Limited</li> <li>• Acquarius Marine Services</li> <li>• Acquarius Trust Company Limited</li> <li>• Cruz &amp; Co</li> <li>• Balms &amp; Cruz Morocco Limited</li> </ul>	
James Edwin Jacobson	<ul style="list-style-type: none"> <li>• Enterprise Holdings Limited</li> <li>• EIG Holdings Limited</li> <li>• EIG Services Limited</li> <li>• Enterprise Insurance Company plc</li> </ul>	<ul style="list-style-type: none"> <li>• GM Services (GB) Limited</li> </ul>
Paul Walter Joseph Martinez	<ul style="list-style-type: none"> <li>• Enterprise Holdings Limited</li> <li>• EIG Holdings Limited</li> <li>• EIG Services Limited</li> <li>• Enterprise Insurance Company plc</li> <li>• Professional Travel Insurance Company Limited</li> </ul>	<ul style="list-style-type: none"> <li>• Martinez &amp; Partners Limited</li> <li>• 32 West Street Management Co. Limited</li> <li>• Bradstock Blunt (Southern) Limited</li> <li>• Bradstock Yarrow Young Limited</li> <li>• Cat and Ball Limited</li> <li>• Private Client Procurement and Management Services Limited</li> </ul>

The business address for each of the above directors is Suite 3, Second Floor, ICOM House, 1/5 Irish Town, Gibraltar (telephone number: +350 200 50150).

### **Conflict of Interests**

Nicholas Peter Cruz as a shareholder of Acquarius Company Secretaries Limited does not have over-riding control of Acquarius Company Secretaries Limited. All of the directors of the issuer are fully aware of Nicholas Cruz's role in Acquarius Company Secretaries Limited and Cruz & Co and his interests in these entities and any conflicts are fully declared at board meetings of the Issuer.

Other than set out above in relation to Nicholas Peter Cruz there are no actual, or potential, conflicts of interest between the duties to the Issuer of the persons listed in this section and their private interests or other duties.

### **Company Secretaries**

Company secretaries are:

1. Acquarius Company Secretaries Limited (Joint Secretary)

Address: Suite 3, Second Floor, ICOM House, 1/5 Irish Town, Gibraltar.  
Appointed: 27 November 2008

2. Elaine Jones (Joint Secretary)

Address: Apartment 3, Nimbus House, Tradewinds, Gibraltar.  
Appointed: 27 November 2008

### **5.14 Corporate Governance**

Currently the board of directors of the Issuer ("**Board**") comprises the Chairman, Andrew Flowers and three non-executive directors, Nicholas Cruz, James Jacobson and Paul Martinez. The Chairman is responsible for leading the Board, ensuring the effectiveness of the Board in all of its tasks, including communication with its shareholders, setting the Board's agenda and encouraging all Board members to participate fully in its activities and decision making.

The Issuer does not currently have, nor historically has it had, any board committees (including any audit committee) or supervisory bodies. However, the Group has an audit committee and an underwriting committee which deal with the review of business operations and underwriting business.

There are no measurements in place to prevent majority shareholder control in respect of the Issuer as there is no majority shareholder. However, the Group and the business operation are subject to the stringent regulatory authority and requirements of the Gibraltar Financial Services Commission.

The Issuer is incorporated in Gibraltar and complies with Gibraltar's corporate governance regime.

### **5.15 Legal and Arbitration Proceedings**

There are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Group is aware) during a period covering a period of last twelve months which may have, or have had in the recent past significant effects of the Group's financial position or profitability..

### **5.16 Significant Change**

There has been no significant change in the financial or trading position of the Group since 31 March 2012.

## **6. Trend Information**

There has been no material adverse change in the prospects of the Issuer since the last audited consolidated annual report dated 31 March 2012.

## **7. Description of the Bond and of the Public Offering**

The Bond is offered as Notes in bearer form with fixed interest, issued to generate EUR 250 million increased revenue for the Issuer over the next 12 months. The Notes have an offering volume of EUR 35 million.

In contrast to shares, payments to Noteholders are not performance-based dividends, but rather a fixed interest payment for the entire term of the Note. In addition, because of the fixed term, subscribers for the Notes will not have to rely on selling the Notes on public markets to realize their investment; entitlement to repayment of the nominal value of the capital at the end of the term is not subject to normal share price risk.

The terms of the Bond are set out in the Terms and Conditions printed in Section 8 of this prospectus, and which form the legal basis for a subscription for Notes. The Notes have been created subject to German law.

The public offering will take place in the Federal Republic of Germany and the Federal Republic of Austria only. A private placement may take place in selected countries of the European Union. A public offering will not take place in the United States of America, the United Kingdom, Canada, Australia and Japan. A division of the public offering into several tranches will not take place.

Notes may only be purchased with a securities account into which the Notes can be booked. Such an account may be set up at a bank. Investors should obtain information regarding fees for account management and other transaction costs at the selected bank in advance.

### **7.1 Description of the Bond**

#### **7.1.1 Date of Listing**

The anticipated date of listing will be 26 September 2012.

#### **7.1.2 Identification Numbers**

The International Security Identification Number (ISIN) is DE000A1G9AQ4, the security number (WKN) is A1G9AQ. The ticker symbol is E0HA.

### **7.1.3 Annual Yield**

The annual yield per Note is 7.00 % of the nominal amount less individual transaction costs and other applicable costs and/or taxes. The Issuer will not invoice the Noteholder for costs or taxes. The annual yield has been calculated on the basis of an issue price of EUR 1,000 per Note, with the assumption that repayment will not take place at an earlier date. The annual yield is not an indicator of future yields or of yields for prices other than EUR 1,000.

The individual yield per Note can only be determined at the end of the term for the Notes, and is calculated from (i) the repayment amount, interest paid, and (ii) the purchase price and individual transactions costs, other costs and taxes.

### **7.1.4 Authorisation and Resolutions**

The issue of the Notes has been authorised by resolution of the Management Board of the Issuer on 25 July 2012.

### **7.1.5 Clearing, Payments and Transfers, Payment Agent**

Clearing, Payments and transfers of the Notes will be settled through Clearstream Banking AG, Mergenthalerallee 61, 65760 Eschborn.

The Payment Agent is VEM Aktienbank, Prannerstrasse 8, 80333 Munich.

### **7.1.6 Transferability, Sale, Succession of Bonds**

A Noteholder may also transfer, assign, encumber or pass on by succession the Notes, in whole or in part, without the Issuer's consent.

There are no restrictions on transferability of the Notes or part thereof.

### **7.1.7 Securitisation**

The Notes are certified in a Global Instrument, which is filed in collective safe custody at Clearstream Banking AG, Mergenthalerallee 61, 65760 Eschborn.

Because of the Global Instrument, any claims regarding certificates or the delivery of effective units or bond coupons will be excluded for the entire term of the Bond.

## **7.2. Description of Public Offering**

### **7.2.1 Volume of the Public Offering and Price**

The Public Offering consists of the offer of 35,000 Notes. Until the listing of the Notes at Open Market/Entry Standard at the Frankfurter Wertpapierbörse (Frankfurt Stock Exchange), the offer price will be 100 per cent of the nominal value of each of the Notes (EUR 1,000.00). After the listing, if there are any Notes left to be issued, the price will be determined by the Frankfurt Stock Exchange quote on the date of issue.

### **7.2.2 Public offer, offer period, investor categories**

The Notes are intended to be offered to the public between 17 September 2012 and 24 September 2012 (the offer period). However, the public offer shall end before the end date above when all the Notes have been allotted. The Issuer reserves the right to extend or reduce the offer period before its end date as extended or reduced from time to time in accordance with this section. In the event of an extension of the offer an additional offering document has to be approved and published in accordance with § 16 WpPG.

When the Notes are fully subscribed, the Issuer will make an announcement to this effect on its website [www.enterprise-holdings.de](http://www.enterprise-holdings.de).

In the Federal Republic of Germany and in the Federal Republic of Austria, the Issuer will place the Notes as part of a public offer.

The Notes can be purchased through the investor's custodian bank, or the Frankfurt Stock Exchange, or directly through the Issuer.

In addition, Notes will be offered on a private placement basis to selected institutional investors through registered Selling Agents in the Federal Republic of Germany and in selected European states that accept tender offers to institutional investors.

### **7.2.3 Allotment, Payment and delivery of Notes**

The Notes will be allotted by the Issuer. The Issuer reserves the right to reduce or decline applications for Notes, particularly in the case of an over-subscription.

The Issuer will accept offers for Notes received by the date of over-subscription in consultation with the Paying Agent. Subscriptions that have not been accepted will be canceled. Transactions are settled on the date of allotment, therefore no provision is made for the reimbursement of overpaid amounts, since such an overpayment is impossible.

However, the public offer shall end before the end of the aforementioned deadline as soon as a case of over-subscription has occurred. A case of over-subscription applies if the total amount of subscription applications forwarded to the Paying Agent exceeds the maximum total nominal amount of the Bond, and allotment has taken place.

Investors can obtain information regarding the number of Notes that have been allotted to them from their custodian bank. Investors cannot reduce the amount of subscribed Notes once their custodian bank has placed the order. Claims related to already paid subscription fees and investor's costs incurred in connection with the allotment shall be solely governed by the legal relationship between the investors and the institution at which they submitted the offer.

The Notes will be delivered on the instruction of the Paying Agent through Clearstream Banking AG, Eschborn, concurrently against payment of the issue amount, via a booking to the securities account indicated by the subscriber of the Bond as part of the buy order. Accordingly, payment has to be made after the subscription of the Notes but in advance of the booking i.e. payment has to be made at the day of description but not later than 24 September. The booking will be entered after the end of the subscription period, but no earlier than 24 September 2012 and no later than the end of 26 September 2012. No Bond certificates i.e. no printed versions and delivery of effective units or interest coupons will be delivered. Rather, the Noteholder will acquire co-ownership in the Global Instrument filed at Clearstream Banking AG in proportion to his participation.

### **7.3 Result of the offer/Inclusion in trading**

The Issuer will decide the result of the offer for Notes and the final number of Notes to be issued after the end of the subscription period; this information will be announced on the Issuer's website [www.enterprise-holdings.de](http://www.enterprise-holdings.de), so far as is possible by 24 September 2012, and will also be filed with BaFin.

Following the end of the subscription period, the Issuer intends to include the Notes in the Entry Standard segment of the Open Market at the Frankfurt Stock Exchange (probably as of 26 September 2012).

The Issuer does not intend to admit or include the Notes for trading in an regulated market, but reserves the right to do so in the future.

## **8. Terms and Conditions of the Notes**

The following is the text of the terms and conditions (the „Terms and Conditions“) applicable to the Notes. In case of any inconsistency between the Terms and Conditions and this Prospectus, the Terms and Conditions will prevail. The German version of the Terms and Conditions is the only legally binding version. The English translation is for convenience and information purposes only:

### **Anleihebedingungen/ Terms and Conditions**

**7,00 % Anleihe/ 7.00 % Bond 2012-2017**

**der/ of**

**Enterprise Holdings Ltd, Gibraltar, United Kingdom**

**WKN: A1G9AQ / ISIN: DE000A1G9AQ4**

#### **§ 1 Nennbetrag und Verbriefung**

1. Die Enterprise Holdings Ltd, Gibraltar, United Kingdom (nachstehend auch „Emittentin“) be-gibt eine Anleihe in Form einer Inhaberschuld-verschreibung mit einem Gesamtnennbetrag von EUR 35.000.000,- (nachstehend auch die „Anleihe“). Die Anleihe ist eingeteilt in 35.000 auf den Inhaber lautende und untereinander gleichberechtigte Schuldverschreibungen mit einem Nennbetrag von je EUR 1.000,-. Die Mindestzeichnungsgröße beträgt EUR 1.000,-. Weitere Zeichnungsstufen erfolgen in Schrit-ten von EUR 1.000,-. Jedem Inhaber einer Schuldverschreibung (nachstehend „Anleihe-gläubiger“) stehen daraus die in diesen Anlei-hebedingungen bestimmten Rechte zu.
2. Die Schuldverschreibungen einschließlich der Zinsansprüche sind für die gesamte Laufzeit der Anleihe in einer Globalurkunde verbrieft, die bei der Clearstream Banking, Frankfurt am Main, hinterlegt wird, bis alle Verpflichtungen der Emittentin aus den Schuldverschreibun-gen erfüllt sind. Ein Anspruch auf Ausdruck

#### **§ 1 Denomination and Form**

1. Enterprise Holdings Ltd, Gibraltar, United Kingdom (the “Issuer“) issues a bond in the form of bearer notes (the “Notes“) in the aggregate principal amount of EUR 35,000,000 (the “Bond“). The Bond is di-vided into 35,000 Notes issued in the name of the bearer and ranking pari passu with a denomination of EUR 1,000 each. The Minimum subscription value is EUR 1,000. Further subscriptions can be ap-plied for in increments of EUR 1,000. Each owner of a Partial Note (hereafter "Note-holder") shall be entitled to the rights des-ignated to him in these terms and condi-tions.
2. The Notes, including entitlement to inter-est, will be documented in a Global Instru-ment for the entire term of the Bond; the document will be filed with Clearstream Banking, Frankfurt am Main until all of the Issuer's obligations arising from the Notes have been met (hereafter "Global Instru-

und Auslieferung effektiver Stücke oder von Zinsscheinen ist während der gesamten Laufzeit der Anleihe ausgeschlossen. Die Globalurkunde trägt die eigenhändigen Unterschriften der zur gesetzlichen Vertretung der Emittentin berechtigten Personen. Den Anleihegläubigern stehen Miteigentumsanteile an der Globalurkunde zu, die gemäß den Bestimmungen der Clearstream Banking, Frankfurt am Main, übertragbar sind.

3. Die Emittentin ist im Rahmen der für sie geltenden gesetzlichen Bestimmungen berechtigt, jederzeit Schuldverschreibungen zu erwerben und zu veräußern.

## § 2 Laufzeit, Rückzahlung

1. Die Laufzeit der Anleihe beginnt am 26. September 2012 (nachstehend der „**Laufzeitbeginn**“) und endet mit Ablauf des 25. September 2017 (nachstehend das „**Laufzeitende**“ und der Zeitraum vom Laufzeitbeginn zum Laufzeitende ist die „**Laufzeit**“).
2. Die Emittentin wird die Schuldverschreibungen am 26. September 2017 zu 100 % des Nennbetrags von EUR 1.000,- je Teilschuldverschreibung zurückzahlen. Fällt der Fälligkeitstermin am Erfüllungsort auf einen Sonnabend, Sonntag oder gesetzlichen Feiertag verschiebt sich der Zahlungstermin auf den nächstfolgenden Bankarbeitstag.

ment“). Any entitlements to printed versions and delivery of effective units or interest coupons are excluded for the entire term of the Bond. The Global Instrument contains the signature of the persons who have the legal authority to represent the Issuer. The Noteholders are entitled to co-ownership shares in the Global Instrument, which shall be transferable pursuant to the provisions of Clearstream Banking, Frankfurt am Main.

3. Within the scope of applicable statutory provisions, the Issuer is entitled to purchase and sell Notes at all times.

## § 2 Term, repayment

1. The term of the Bond shall begin on 26 September 2012 (hereafter "**Start of Term**") and shall expire on midnight 25 September 2017 (hereafter "**End of Term**", and "**Term**" shall mean the time period between the Start and End of Term).
2. The Issuer shall repay the Notes on 26 September 2017 at a rate of 100% of the nominal amount of EUR 1,000.00 per Partial Note. Where the due date at the place of contractual fulfilment falls on a Saturday, Sunday or a statutory holiday, the payment date shall be postponed to the next Bank Business Day.

### § 3 Verzinsung

1. Die Schuldverschreibungen werden vom Beginn der Laufzeit an gemäß § 2 Abs. 1 der Anleihebedingungen bis zum 25. September 2017 (jeweils einschließlich) bezogen auf ihren Nennbetrag mit 7,00 % pro Jahr verzinst. Der erste Zinslauf beginnt am 26. September 2012 und endet am 25. September 2013; die darauf folgenden Zinsläufe umfassen jeweils den Zeitraum vom 26. September bis zum 25. September des darauf folgenden Jahres (jeweils einschließlich).
2. Die Zinsen sind nachträglich jeweils am 26. September eines Kalenderjahres fällig. Die erste Zinszahlung ist am 26. September 2013 fällig. Fällt der Fälligkeitstermin am Erfüllungsort auf einen Sonnabend, Sonntag oder gesetzlichen Feiertag verschiebt sich der Zahlungstermin auf den nächstfolgenden Bankarbeitstag.
3. Sofern die Emittentin die Verpflichtung zur Rückzahlung der Schuldverschreibungen bei Fälligkeit nicht erfüllt, verlängert sich die Verzinsung der Schuldverschreibungen bis zu dem Tag der tatsächlichen Rückzahlung.
4. Sind Zinsen für einen Zeitraum von weniger als einem Jahr zu berechnen, so werden sie auf der Grundlage der tatsächlich verstrichenen Tage einer Zinsperiode geteilt durch die tatsächliche Anzahl der Tage der Zinsperiode (365 Tage bzw. 366 Tage-Schaltjahr) berechnet, d.h. nach ICMA actual/ actual.

### § 3 Interest

1. The Notes shall bear interest at a rate of 7.00% per annum in relation to their nominal value from the Start of Term pursuant to § 2 section. 1 of the terms and conditions until 25 September 2017 (inclusive). The first interest period shall start on 26 September 2012 and expire on 25 September 2013; subsequent interest periods shall run from 26 September to 25 September of the following year (inclusive of those days).
2. Interest shall be due in arrears on 26 September of each calendar year. The first interest payment shall be due on 26 September 2013. Where the due date at the place of contractual fulfilment falls on a Saturday, Sunday or statutory holiday, the payment date shall be postponed to the next Bank Business Day.
3. Should the Issuer fail to comply with its obligation to repay the Notes by the due date, the interest period for the Notes shall be extended to the actual date of repayment.
4. Where interest is calculated for a period of less than one year, it shall be calculated on the basis of the number of actual days elapsed during any interest period, divided by the actual number of days in the relevant interest period (365 days or 366 days during a leap year), i.e. in accordance with ICMA actual/ actual.

5. Bankarbeitstage im Sinne dieser Anleihebedingungen bezeichnet einen Tag (außer Sonnabend und Sonntag an dem die Geschäftsbanken in Frankfurt am Main Zahlungen abwickeln).

#### **§ 4 Zahlstelle**

1. Die VEM Aktienbank AG (nachstehend die „Zahlstelle“), ist als Zahlstelle für die Emittentin tätig.
2. Sollten Ereignisse eintreten, die nach Ansicht der Zahlstelle dazu führen, dass sie nicht mehr in der Lage ist, als Zahlstelle tätig zu sein, so ist sie berechtigt, eine andere Bank innerhalb der EU als Zahlstelle zu bestellen. Sollte die Zahlstelle in einem solchen Fall außer Stande sein, die Übertragung der Stellung als Zahlstelle vorzunehmen, so ist die Emittentin berechtigt und verpflichtet, dies zu tun. Dies gilt auch in dem Fall, dass der zwischen der Emittentin und der Zahlstelle geschlossene Zahlstellenvertrag von einer der Parteien beendet wird.
3. Die Bestellung einer anderen Zahlstelle ist von der Emittentin unverzüglich gemäß § 12 der Anleihebedingungen bekannt zu geben.

#### **§ 5 Zahlungen**

1. Die Emittentin verpflichtet sich, alle nach diesen Anleihebedingungen geschuldeten Beträge ohne Abzüge in frei verfügbarer und konvertierbarer gesetzlicher Währung der Bundesrepublik Deutschland an die Zahlstelle zu zahlen, ohne dass, abgesehen von der Beach-

5. For the purpose of these terms and conditions Bank Business Days shall refer to days (other than Saturday and Sunday) on which the business banks in Frankfurt am Main process payments.

#### **§ 4 Paying agent**

1. VEM Aktienbank AG (hereafter "Paying Agent") shall act as the paying agent for the Issuer.
2. If an event occurs which in the opinion of the Paying Agent, makes it impossible for the Paying Agent to act in this capacity, the Agent shall be entitled to appoint another bank within the EU as Paying Agent. In the event that the Paying Agent is not able to transfer the appointment of the Paying Agent, the Issuer shall be entitled and obligated to effect such transfer. This shall also apply if the Paying Agent contract between the Issuer and the Paying Agent is terminated by one of the parties.
3. The Issuer is required to announce the appointment of a new Paying Agent pursuant to § 12 of the terms and conditions without delay.

#### **§ 5 Payments**

1. The Issuer commits to pay all amounts owed and owing pursuant to these terms and conditions to the Paying Agent without deductions in a freely available and convertible statutory currency of the Federal Republic of Germany, without any re-

tung anwendbarer gesetzlicher Vorschriften, von den Anleihegläubigerin die Abgabe einer gesonderten Erklärung oder die Erfüllung irgendeiner anderen Förmlichkeit verlangt werden darf. Die Zahlstelle ist nicht zur Vorleistung verpflichtet.

2. Die Zahlstelle wird die zu zahlenden Beträge der Clearstream Banking zur Zahlung an die Anleihegläubiger überweisen. Sämtliche Zahlungen der Emittentin über die Zahlstelle an die Clearstream Banking oder an deren Order befreien die Emittentin in Höhe der geleisteten Zahlungen von ihren Verbindlichkeiten aus den Schuldverschreibungen gegenüber den Anleihegläubigern.
3. Sämtliche auf die Schuldverschreibungen zu zahlenden Zinsen werden zu den jeweils zum Ausschüttungszeitpunkt geltenden gesetzlichen Bestimmungen ausgezahlt.
4. Die Zahlstelle in ihrer Eigenschaft als solche handelt ausschließlich als Beauftragte der Emittentin und steht nicht in einem Auftrags- oder Treuhandverhältnis zu den Anleihegläubigern.

#### **§ 6 Kündigungsrechte**

1. Die Schuldverschreibungen sind für die Anleihegläubiger nicht vorzeitig ordentlich kündbar.
2. Jeder Anleihegläubiger ist berechtigt, seine sämtlichen Forderungen aus der Teilschuldverschreibung durch außerordentliche Kündigung mit sofortiger Wirkung fällig zu stellen und Rückzahlung des Nennbetrages einschließlich bis zum Kündigungszeitpunkt auf-

quirement for the Noteholders to submit a specific statement or comply with any other formalities, subject to compliance with applicable statutory provisions. The Paying Agent is not obligated to submit payments in advance.

2. The Paying Agent shall transfer the amounts payable to Clearstream Banking for onward payment to the Noteholders. All payments of the Issuer made via the Paying Agent to Clearstream Banking or to its order shall release the Issuer from its obligations to the Noteholders arising from the Notes up to the amount of the payments made.
3. All interest payments payable pursuant to the terms of the Notes shall be paid out in accordance with the statutory provisions in force on the date of payment.
4. The Paying Agent, in such capacity of paying agent, is only acting as the Issuer's representative and does not maintain a contractual or trustee relationship with the Noteholders.

#### **§ 6 Termination rights**

1. The Noteholders shall not be entitled to terminate the Notes by way of a normal notice of termination prior to the End of Term.
2. Each Noteholder shall be entitled to make a call for all of monies due to him arising from the Partial Note by virtue of of an extraordinary notice of termination with immediate effect, and demand repayment of

gelaufener Zinsen zu verlangen, wenn

- gegen die Emittentin ein Insolvenzverfahren gerichtlich eröffnet wird, das nicht innerhalb von 60 Tagen nach dessen Eröffnung aufgehoben oder ausgesetzt worden ist oder wenn die Emittentin selbst ein solches Verfahren beantragt;
- die Emittentin aufgelöst wird, es sei denn, dies geschieht im Zusammenhang mit einer Verschmelzung oder einer anderen Form des Zusammenschlusses mit einer anderen Gesellschaft und eine andere Gesellschaft übernimmt alle Verpflichtungen, die die Emittentin im Zusammenhang mit diesen Schuldverschreibungen eingegangen ist.
- Die Emittentin ihr Recht zur Begebung von weiteren Anleihen gemäß § 8 ausübt.
- die Emittentin gegen § 10 verstößt.

Das Kündigungsrecht erlischt, falls der Kündigungsgrund vor Ausübung des Rechts weggefallen ist.

3. Jeder Anleihegläubiger ist berechtigt, seine sämtlichen Forderungen aus der Teilschuldverschreibung durch ordentliche Kündigung innerhalb von 3 Monaten vor dem 26. September 2015 zum 26. September 2015 fällig zu stellen und Rückzahlung des Nennbetrages einschließlich bis zum Kündigungszeitpunkt aufgelaufener Zinsen zu verlangen.

the principal amount and interest accrued up to the termination date if

- a court has ordered the commencement of insolvency proceedings against the Issuer, and such proceedings have not been cancelled or suspended within 60 days of commencement, or if the Issuer himself applies for such proceedings;
- the Issuer is dissolved, unless this is done in connection with an amalgamation or another form of merger with another company and another company assumes all of the obligations of the Issuer in connection with these Notes.
- the Issuer is using its right to issue further bonds in accordance with § 8.
- the Issuer is in breach of section 10 of these terms and conditions.

The right to terminate shall lapse if the grounds for termination have been removed prior to the exercise of this right.

3. Each Noteholder shall be entitled to make a call for all of monies due to him arising from the Note by virtue of of an notice of termination not later than three month before 26 September 2015 and with effect as of 26 September 2015, and demand repayment of the principal amount and interest accrued up to the termination date.

- |                                                                                                                                                                                                                                                                                                                                                   |                                                                                                                                                                                                                                                                                                                                                                 |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p>4. Eine Kündigung ist vom Anleihegläubiger durch eingeschriebenen Brief ausschließlich an die Adresse der Emittentin zu richten und wird mit Zugang bei dieser wirksam. Der Kündigung muss ein nach deutschem Recht wirksamer Eigentumsnachweis in deutscher oder englischer Sprache (z.B. eine aktuelle Depotbestätigung) beigefügt sein.</p> | <p>4. A notice of termination issued by the Noteholder must be sent to the Issuer's address by way of registered letter, and shall take effect upon receipt at the same. A valid proof of ownership in accordance with German law must be attached to the notice of termination in either German or English (e.g. current securities account confirmation).</p> |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

### **§ 7 Rang**

Die Verpflichtungen gegenüber den Inhabern der Schuldverschreibungen stellen unmittelbare, unbedingte und nicht nachrangige Verpflichtungen der Emittentin dar, die im gleichen Rang mit allen anderen, nicht nachrangigen Verbindlichkeiten der Emittentin stehen, sofern diese nicht kraft Gesetzes Vorrang haben.

### **§ 7 Rank**

The obligations vis-a-vis the Noteholders represent direct, unlimited and non-subordinate obligations of the Issuer, which shall rank pari passu with all other non-subordinate liabilities of the Issuer, insofar as they do not take precedence based on law.

### **§ 8 Ausgabe weiterer Anleihen**

1. Die Emittentin behält sich vor, jederzeit ohne Zustimmung der Anleihegläubiger weitere Schuldverschreibungen mit gleicher Ausstattung oder anderer Ausstattung zu begeben.
2. Die Emittentin ist ohne Einschränkungen durch die diesen Bedingungen unterliegende Anleihe berechtigt, weitere Schuldverschreibungen (einschließlich solcher, die mit Options- oder Wandlungsrechten ausgestattet sind) oder andere Schuldtitel sowie Finanzprodukte zu begeben.

### **§ 8 Issuance of additional Bonds**

1. The Issuer may from time to time, without the consent of the Noteholders, issue further Notes on the same or other terms and conditions.
2. The Issuer shall be entitled, without any restriction emanating from the Bond to which these conditions apply, to issue further Notes (including notes featuring options or conversion rights) or other debt instruments and financial products.

### **§ 9 Bekanntmachungen**

Alle diese Anleihe betreffenden Bekanntmachungen der Emittentin erfolgen ausschließlich im elektronischen Bundesanzeiger, soweit gesetzlich nicht

### **§ 9 Announcements**

All of the Issuer's announcements regarding this Bond shall only be made in the Electronic Federal Gazette, unless prescribed differently

etwas anderes bestimmt ist. Einer besonderen Benachrichtigung der einzelnen Anleihegläubiger bedarf es nicht.

### § 10 Covenant

- (1) Die Emittentin verpflichtet sich hiermit weder sämtliche noch Teile der Anteile bzw. der Geschäftes oder einen wesentlichen materiellen Bestandteil der Enterprise Insurance Company Plc, EIG Holdings Limited, EIG Services Limited und Quality Rating Limited während der Laufzeit der Schuldverschreibung zu veräußern. So lange Schuldverschreibungen oder Teile davon noch bestehen, verpflichtet sich die Emittentin keine Grundschulden, Eigentumsvorbehalte, Verpfändungen oder irgendeine andere Form der dinglichen Sicherheit bezüglich sämtlicher oder Teile des aktuellen und künftigen Vermögens einzuräumen.
- (2) Die Emittentin wird einen Betrag, der 50% des geschätzten monatlichen Nettogewinns gemäß Gibraltar GAAP entspricht auf ein speziell dafür vorgesehenes Bankkonto einzahlen bis der Betrag auf diesem Konto dem Gesamtnennbetrag der Anleihe und allen während der Laufzeit der Anleihe fälligen Zinsen entspricht (Zur Erläuterung: Bei einer vollen Plazierung der Anleihe würde dieser Betrag EUR 37.450.000 betragen).

Die Emittentin verpflichtet sich darüber hinaus keine Ausschüttungen an ihre Gesellschafter vorzunehmen, falls diese den Restbetrag des ausschüttbaren Nettogewinns der Emittentin gemäß Gibraltar GAAP soweit reduzieren, dass dadurch die Zahlungen auf das vorgesehene Konto für die hier-sige Verpflichtung reduziert werden würden.

by law. There is no requirement to send a special notification to each individual Noteholder.

### § 10 Covenant

- (1) Issuer undertake not to sell or part with or dispose of the shares or the business and assets or any material part thereof of Enterprise Insurance Company Plc, EIG Holdings Limited, EIG Services Limited and Quality Rating Limited during the term of the Notes. As long as any Notes or parts thereof remain outstanding, the Issuer shall not provide or grant any mortgage, charge, pledge, lien or other form of encumbrance over the whole or any part of its present or future assets.
- (2) The Issuer shall deposit an amount equal to 50% of the Issuer's estimated monthly net distributable profits as assessed in accordance with Gibraltar GAAP in a specially designated bank account until the monies deposited in such account reach a level equivalent to the aggregate of the principal amount of the Bond and any interest due during the Term (for purposes of illustration in the event of a complete placing of the Bond this would amount to EUR 37,450,000).

The Issuer further covenants not to make any distributions to its shareholders which would reduce the amount of the net distributable profits of the Issuer as assessed in accordance with Gibraltar GAAP below the level of monies deposited in such designated account.

Eingezahlte Gelder sollen auf diesem Konto auf Bargeldbasis entsprechend der guten und geübten Unternehmenspraxis investiert werden. Die Emittentin wird diese Verpflichtungen durch monatliche Zwischenausschüttungen ihrer Tochtergesellschaft EIG Services Limited (durch die direkte Holdinggesellschaft EIG Holdings Limited) von 50% der Nettogewinns gemäß Gibraltar GAAP erfüllen und die Emittentin wird die Höhe der monatlichen Zwischenausschüttung und den kumulierten Betrag tabellarisch auf ihrer Webseite [www.enterprise-holdings.de](http://www.enterprise-holdings.de) veröffentlichen.

Zu Beginn der Notierung der Anleihe – 26. September 2012 – wird die Emittentin einen Betrag in besagtes Konto einzahlen, der 50% des Nettogewinns der Emittentin gemäß GAAP für den Monat September entspricht und wird diesen Betrag auf ihrer Webseite veröffentlichen. Im Fall der Nichteinbeachtung dieser Verpflichtung ist jeder Anleihegläubiger dazu berechtigt eine ausserordentliche Kündigung gemäß § 6 einzureichen soweit dies gesetzlich zulässig ist. Alle anderen Rechte diesbezüglich sind soweit gesetzlich zulässig ausgeschlossen.

### **§ 11 Steuern**

1. Alle Zahlungen, insbesondere Kapitalrückzahlungen und Zahlungen von Zinsen, erfolgen unter Abzug und Einbehaltung von Steuern, Abgaben und sonstigen Gebühren, soweit die Emittentin zum Abzug und/oder zur Einbehaltung gesetzlich verpflichtet ist. Die Emittentin ist nicht verpflichtet, den Anleihegläubigern

Monies deposited in such designated account shall be held on a cash only basis in accordance with best practice. The Issuer will fulfill these obligations by procuring that its subsidiary EIG Services Limited shall pay to it by way of interim dividend (via its direct holding company EIG Holdings Limited) on a monthly basis an amount equivalent to 50 % of net distributable profits as assessed in accordance with Gibraltar GAAP and the Issuer shall disclose the monthly distributed amount as well as the cumulative amount of these distributions on its website, [www.enterprise-holdings.de](http://www.enterprise-holdings.de).

At the commencement of the listing of the Notes – 26 September 2012 - the Issuer shall deposit an amount equivalent to 50 % of net distributable profits as assessed in accordance with Gibraltar GAAP of the Issuer for the month of September 2012 into the designated deposit account and shall disclose this amount on its website. In the event of a breach of this covenant each of the Note Holders shall be entitled to give notice of termination in accordance with § 6 in so far as it is lawful to do so. All other rights in this respect are excluded to the fullest extent permitted by law.

### **§ 11 Taxes**

1. All payments, particularly repayments of capital and interest payments, shall be made net of and subject to deduction and retention of withholding taxes, charges and other fees, insofar as the Issuer is legally required to deduct and/or withhold such amounts. The Is-

zusätzliche Beträge als Ausgleich für auf diese Weise abgezogene oder einbehaltene Beträge zu zahlen.

2. Soweit die Emittentin oder die durch die Emittentin bestimmte Zahlstelle nicht gesetzlich zum Abzug und/oder zur Einbehaltung von Steuern, Abgaben oder sonstigen Gebühren verpflichtet ist, trifft sie keinerlei Verpflichtung im Hinblick auf abgaberechtliche Verpflichtungen der Anleihegläubiger.

### **§ 12 Vorlegefrist; Verjährung**

Die in § 801 Abs. 1 Satz 1 BGB bestimmte Vorlegefrist wird für die Schuldverschreibungen auf zehn Jahre verkürzt.

Die Verjährungsfrist für Ansprüche aus den Schuldverschreibungen, die innerhalb der Vorlegefrist zur Zahlung vorgelegt wurden, beträgt zwei Jahre von dem Ende der Vorlegefrist an.

### **§ 13 Änderungen der Anleihebedingungen**

Für die Anleihe gelten – soweit in diesen Anleihebedingungen nicht zulässiger Weise abweichend geregelt – die Regelungen des Gesetzes über Schuldverschreibungen aus Gesamtemissionen (SchVG). Die Anleihegläubiger können nach Maßgabe des SchVG in einer Gläubigerversammlung durch Mehrheitsbeschluss Änderungen der Anleihebedingungen zustimmen und zur Wahrung ihrer Rechte einen gemeinsamen Vertreter für alle Anleihegläubiger bestellen.

### **§ 14 Mehrheitsbeschlüsse der Anleihegläubiger**

suer is not required to pay the Noteholders additional amounts as compensation for amounts that have been deducted or withheld in this manner.

2. Unless the Issuer or a Paying Agent appointed by the Issuer is legally required to deduct and/or withhold taxes, charges or other fees, it shall not have any obligation to comply with the Noteholders' obligations to make deductions pursuant to tax legislation.

### **§ 12 Presentation Period; Limitation Period**

The presentation period provided in § 801(1), sentence 1 BGB (German Civil Code) shall be reduced to ten years in respect of the Notes.

The limitation period for claims arising from Notes which were presented for payment within the presentation period, shall expire two years after the expiry of the presentation period.

### **§ 13 Changes to terms and conditions**

If any regulations in these terms and conditions are held to be unlawful, the provisions of the German Bond Act (Gesetz über Schuldverschreibungen aus Gesamtemissionen - "SchVG") shall apply to this Bond. Subject to the SchVG, the Noteholders may approve changes to the terms and conditions by majority vote in a creditor's meeting, and appoint a joint representative for all Noteholders in order to protect their rights.

### **§ 14 Majority decisions by Noteholders**

- |                                                                                                                                                                                                                                                                                              |                                                                                                                                                                                                                                                                                              |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p>1. Beschlüsse der Anleihegläubigerversammlung gemäß § 5 SchVG werden auf der Anleihegläubigerversammlung mit einfacher Mehrheit der an der Abstimmung teilnehmenden Stimmrechte gefasst.</p>                                                                                              | <p>1. Resolutions of the Noteholders' meeting shall be passed in accordance with § 5 German Bond Act (Gesetz über Schuldverschreibungen aus Gesamtemissionen - "SchVG") by simple majority of the votes cast in a Noteholder's meeting.</p>                                                  |
| <p>2. Beschlüsse, durch welche der wesentliche Inhalt der Anleihebedingungen geändert wird, bedürfen zu ihrer Wirksamkeit einer Mehrheit von mindestens 75% der teilnehmenden Stimmrechte (nachfolgend auch „<b>qualifizierte Mehrheit</b>“). Dazu gehören insbesondere Beschlüsse über:</p> | <p>2. Resolutions, which materially amend the contents of these terms and conditions, require a majority of not less than 75 per cent of the votes cast ("<b>Qualified Majority</b>") in order to be passed. This includes specifically but is not limited to the following resolutions:</p> |
| <p>a) die Veränderung der Fälligkeit, die Verringerung oder der Ausschluss der Zinsen;</p>                                                                                                                                                                                                   | <p>a) a change of the due date for payment of interest, the reduction or the cancellation of interest;</p>                                                                                                                                                                                   |
| <p>b) die Verlängerung der Laufzeit;</p>                                                                                                                                                                                                                                                     | <p>b) a change of the Term;</p>                                                                                                                                                                                                                                                              |
| <p>c) die Verringerung der Hauptforderung;</p>                                                                                                                                                                                                                                               | <p>c) a reduction of the principal amount;</p>                                                                                                                                                                                                                                               |
| <p>d) den Nachrang der Forderung aus der Schuldverschreibungen im Insolvenzverfahren der Emittentin;</p>                                                                                                                                                                                     | <p>d) a subordination of claims arising from the Notes in insolvency proceedings of the Issuer;</p>                                                                                                                                                                                          |
| <p>e) die Umwandlung oder den Umtausch der Teilschuldverschreibung in Gesellschaftsanteile, andere Wertpapiere oder andere Leistungsversprechen;</p>                                                                                                                                         | <p>e) a conversion of the Notes into, or the exchange of the Notes for, shares, other securities or obligations;</p>                                                                                                                                                                         |
| <p>f) die Änderung der Währung der Anleihe insbesondere für den Fall, dass der Euro nicht mehr als gesetzliches Zahlungsmittel anerkannt wird;</p>                                                                                                                                           | <p>f) a change of the currency of the Notes, including but not limited to the event that Euro is no longer recognised as the lawful currency of the Federal Republic of Germany;</p>                                                                                                         |
| <p>g) den Verzicht auf das Kündigungsrecht der Anleihegläubiger oder dessen Beschränkungen;</p>                                                                                                                                                                                              | <p>g) a waiver or restriction of Noteholders' rights to give notice of termination under the Notes;</p>                                                                                                                                                                                      |
| <p>h) die Schuldnerersetzung;</p>                                                                                                                                                                                                                                                            | <p>h) a substitution of the issuer;</p>                                                                                                                                                                                                                                                      |
| <p>i) die Änderung oder Aufhebung von Nebenbe-</p>                                                                                                                                                                                                                                           | <p>i) amendments to or cancellation of ancillary</p>                                                                                                                                                                                                                                         |

stimmungen der Schuldverschreibungen.

conditions of the Notes.

### **§ 15 Anleihegläubigerversammlung**

1. Die Anleihegläubigerversammlung wird von der Emittentin oder dem gemeinsamen Vertreter der Anleihegläubiger einberufen. Sie ist einzuberufen, wenn Anleihegläubiger, deren Schuldverschreibungen zusammen 5 % der ausstehenden Teilschuldverschreibungen erreichen, dies schriftlich mit der Begründung verlangen, sie wollten einen gemeinsamen Vertreter bestellen oder abberufen, sie wollten nach § 5 Abs. 5 Satz 2 SchVG über das Entfallen der Wirkung der Kündigung beschließen oder sie hätten ein sonstiges besonderes Interesse an der Einberufung.
2. Die Anleihegläubigerversammlung wird von der Emittentin spätestens 14 Tage vor dem Tag, bis zu dessen Ablauf sich die Anleihegläubiger vor der Versammlung gemäß nachfolgendem Absatz 2 anmelden müssen, einberufen. Die Versammlung findet am Sitz der Emittentin statt. Die Einberufung muss die Firma, den Sitz der Emittentin, die Zeit und den Ort der Versammlung sowie die Bedingungen angeben, von denen die Teilnahme an der Versammlung und die Ausübung des Stimmrechts abhängen. Die Einberufung ist im elektronischen Bundesanzeiger öffentlich bekannt zu machen.
3. Die Teilnahme an der Anleihegläubigerversammlung und die Ausübung der Stimmrechte sind davon abhängig, dass die Anleihegläubiger sich vor der Versammlung unter Vorlage eines Nachweises ihrer Teilschuldverschrei-

### **§ 15 Noteholders Meeting**

1. The Noteholders Meeting is convened by the Issuer or the joint representative of the Noteholders. Such a meeting must be convened if Noteholders whose combined Notes make up 5% of the outstanding Notes, request such a meeting in writing, for reasons of wishing to appoint or withdraw a joint representative, wishing to make a decision regarding the removal of the validity of a notice of termination pursuant to sec. 5 para. 5 clause 2 SchVG, or because they have another specific reason for convening the meeting.
2. A Noteholders Meeting shall be convened by the Issuer no later than 14 days prior to the day on which the Noteholders have to register for the meeting pursuant to paragraph 3 below. The meeting will be held at the Issuer's registered office. The notice of the meeting must list the company, the Issuer's registered office, the time and location of the meeting and the conditions that set out participation in the meeting and the exercise of voting rights. The notice of the meeting must be published in the Electronic Federal Gazette.
3. Participation in the Noteholders Meeting and exercise of voting rights are conditional on the Noteholders registering prior to the meeting by submitting proof of bond ownership. The registration and supporting

bungsinhaberschaft anmelden. Die Anmeldung samt Nachweis muss unter der in der Bekanntmachung der Einberufung mitgeteilten Adresse spätestens am dritten Tag vor der Anleihegläubigerversammlung zugehen. Der Nachweis der Berechtigung zur Teilnahme an der Anleihegläubigerversammlung und zur Ausübung des Stimmrechts ist durch einen in Textform erstellten besonderen Nachweis des depotführenden Instituts zu erbringen.

4. Beschlüsse der Anleihegläubigerversammlung sind durch notarielle Niederschriften in entsprechender Anwendung des § 130 Abs. 2 bis 4 AktG zu beurkunden.

#### **§ 16 Verschiedenes**

1. Form und Inhalt der Schuldverschreibungen sowie sämtliche sich aus diesen Anleihebedingungen ergebenden Rechte und Pflichten bestimmen sich ausschließlich nach dem Recht der Bundesrepublik Deutschland.
2. Erfüllungsort ist München.
3. Gerichtsstand für alle sich aus den in diesen Anleihebedingungen geregelten Rechtsverhältnissen ergebenden Rechtsstreitigkeiten mit der Emittentin ist – soweit gesetzlich zulässig – München.
4. Änderungen und Ergänzungen der Anleihebedingungen bedürfen der Schriftform. Dies gilt auch für Änderungen dieser Schriftformklausel.

information must be received at the address communicated in the notice of the meeting no later than three days prior to the Noteholders Meeting. Proof of entitlement to participate in the Noteholders Meeting and the exercise of voting rights must be provided in a specific form of special supporting information issued by the custodian institute (text form).

4. Resolutions of the Noteholders Meeting must be certified by notarisation in accordance with the corresponding application of sec. 130 para. 2 to 4 AktG (Companies Act).

#### **§ 16 Miscellaneous**

1. Form and contents of the Notes and all rights and obligations resulting from these terms and conditions shall be solely determined by the laws of the Federal Republic of Germany.
2. Place of contractual fulfilment shall be Munich.
3. Where legally permissible, Munich shall be the place of jurisdiction for all legal disputes with the Issuer resulting from the legal relationships regulated by these terms and conditions.
4. Amendments or additions to these terms and conditions shall only be valid if made in writing. This also applies to amendments to this written form clause.

5. Sollte eine der vorstehenden Bestimmungen in diesen Anleihebedingungen unwirksam sein oder werden, so bleibt die Wirksamkeit der übrigen Bestimmungen hiervon unberührt. Die unwirksame oder undurchführbare Bestimmung gilt als durch eine Bestimmung ersetzt, die den von der Emittentin und den Anleihegläubigern erstrebten wirtschaftlichen Auswirkungen am nächsten kommt. Sollten sich diese Anleihebedingungen als lückenhaft erweisen, so gilt im Wege der ergänzenden Auslegung für die Ausfüllung der Lücke ebenfalls eine solche Bestimmung als vereinbart, die den von der Emittentin und den Anleihegläubigern erstrebten wirtschaftlichen Auswirkungen am nächsten kommt.
5. In the event one of the preceding provisions in these terms and conditions is found to be invalid, it shall not affect the validity of the remaining provisions. The invalid or infeasible provision shall be replaced by a provision that most closely corresponds with the economic effects intended by the Issuer and the Noteholders. In the event these terms and conditions are found to contain loopholes, the situation shall be rectified with the addition of a provision that most closely corresponds with the economic effects intended by the Issuer and the Noteholders.

## **9. Taxation**

### **9.1 German Taxation regarding the Notes**

The following is a general summary description of certain tax considerations relating to the Notes. It is not intended as tax advice and does not purport to be a complete analysis of all tax considerations relating to the Notes. Therefore, prospective purchasers of Notes are strongly advised to consult their tax advisers as to the consequences, under the tax laws of the country in which they are resident for tax purposes and any other tax laws which may apply to them and/or their holding, including laws of Federal Republic of Germany of acquiring, holding and disposing of Notes and receiving payments of principal, interest and other amounts under the Notes. This summary is based upon the laws in force and their interpretation on the date of this Prospectus and is subject to any change in law or interpretation that may take effect after such date.

This tax section deals exclusively with the basic regulations of deduction of withholding tax to be made under German law from the interest payments on the Notes or capital gains derived from the sale or redemption of the Notes. It is based on the laws in force on the date of this Prospectus, of merely general nature only and neither intended as, nor to be understood as, legal or tax advice. Any information given hereafter reflects the opinion of the Issuer and must not be mistaken as a representation or guarantee. Further, the Issuer advises that the withholding tax consequences highly depend on the individual facts and circumstances at the level of each individual Noteholder, corporate or individual, and may be subject to future changes in law.

#### **9.1.1 German resident Noteholder**

For German tax resident Noteholders, interest payments on the Notes, even if deemed to be foreign sourced capital income, are basically subject to withholding tax; in particular provided that the Notes are held in custody with a German custodian (the Disbursing Agent). Disbursing Agents are generally required to deduct withholding tax from such interest payments.

Disbursing Agents are e.g. German resident credit institutions, financial services institutions (including German permanent establishments of foreign institutions), German securities trading companies or German securities trading banks. The applicable withholding tax rate is 25% (plus 5.5% solidarity surcharge thereon and (if applicable) church tax). The withholding tax rate is levied on the gross capital income, no deductions are permitted. Non-German withholding tax, however, can be credited up to an amount of 25%.

The withholding tax regime also applies to any gains from the sale or redemption of Notes realised by private Noteholders holding the Notes as private (and not as business) assets in custody with a Disbursing Agent.

The withholding tax is, as a rule, imposed on the excess of the proceeds from the sale or redemption after deduction of expenses directly connected to the sale/redemption over the acquisition costs of the Notes. If custody has changed since the acquisition and the acquisition data is not proved, the withholding tax at a rate of 25% (plus solidarity surcharge thereon and (if applicable) church tax) will be imposed on an amount equal to 30% of the proceeds from the sale or redemption of the Notes.

The withholding tax is as a rule not applied, if the total investment income of a private Noteholder is not exceeding the lump sum deduction (Sparer-Pauschbetrag) of EUR 801 (EUR 1,602 for married couples filing jointly). Expenses actually incurred are not deductible.

German corporate and other German business Noteholders are in essence not subject to the withholding tax on gains from the sale or redemption of the Notes, subject to certain formalities (i.e. for these Noteholders only interest payments, but not gains from the sale or redemption of the Notes are subject to the withholding tax regime).

#### **9.1.2 Non German resident Noteholder**

Provided that income deriving from interest payments on or capital gains from the sale or redemption of the Notes does not qualify as restricted taxable income, foreign resident Noteholders are in essence not subject to the German withholding tax. This holds true in particular, if the Notes are registered or held in custody with a German custodian. Exceptions, however, apply e.g. where the Notes are held as business assets of a German permanent establishment or secured by German real estate.

The Issuer of the Notes under German law is not required to deduct withholding tax from interest payments on the Notes or capital gains derived from the sale or redemption of the Notes.

#### **9.2 Austrian Taxation regarding the Notes**

The information provided here is not intended as a substitute for consultation with a qualified adviser on the specific tax treatment of bonds nor is the information provided exhaustive. There is no guarantee that the Austrian fiscal authorities are of the same opinion as the issuer on the points discussed below. Reference is made particularly to the fact that the assessment of the tax aspects of (innovative) financial market products by the fiscal authorities and in case law can change (also retroactively) and lead to different results than those described here. There is no precise judgement or binding ruling in Austria on the tax treatment of the Notes offered herewith.

### **9.2.1 Taxation of Notes held as part of private assets**

Interest on all kinds of capital claims are income from capital assets in accordance with § 27 section 2.2 of the Income Tax law. Surpluses on the disposal of bonds are income from capital assets in the form of realised capital gains (§ 27 section 3 of the Income Tax Law).

In accordance with § 27a section 1 of the Income Tax Law, income from capital assets in the form of investments that securitise the right to a claim and that legally and factually are offered to an undefined group of people at the time of their issue are subject to income tax at a special tax rate of 25%. In the case of interest and should there be a domestic payment agent, the income tax is levied in the form of investment income tax in complete settlement of the tax liability (apart from the options of standard tax assessment and loss adjustment, this income is basically not included in the tax return). According to § 95 section 2.1.b of the Income Tax Law, the payment agent is principally the bank or domestic issuer that disburses the investment income to the investor.

Income tax on realised capital gains is levied by way of the deduction of capital gains tax in full settlement of the tax liability should there the shares be held by a domestic custodial agent or, in its absence, by a payment agent that handled the realisation in cooperation with the custodial agent and is involved in the transaction. According to § 95 section 2.2 of the Income Tax Law, particularly banks and the branches of foreign banks are normally considered custodial agents and payment agents. The realised capital gain is calculated in accordance with § 27a section 4 of the Income Tax Law without consideration of ancillary acquisition costs.

In the absence of either a domestic custodial agent or payment agent, the income must be assessed as part of the tax return and is subject to a special tax rate of 25% should both legally and for practical purposes it have been offered to no specific group of people.

On application, the standard tax rates may be applied by way of assessment in accordance with § 27a section 5 of the Income Tax Law instead of the special tax rate. This standard tax assessment option may however only be exercised for all income from capital assets subject to the special tax rate in accordance with § 27a section 1 of the Income Tax Law. Obviously, standard tax assessment includes a previous step in which income is calculated and accordingly losses offset in accordance with § 27 section 8 Income Tax Law.

Subject to certain limitations and provided that the option of assessment is chosen, it is permissible to offset losses (but not carry-forward), provided the taxpayer opts for assessment (loss adjustment option in accordance with § 27 section 8 of the Income Tax Law). The deduction of expenses incurred in earning income that that have a direct financial link to the bonds on income from which the special tax rate of 25% may be applied in accordance with § 27a section 1 of the Income Tax Law is not permitted. This also applies should the special tax rate not be used. The loss adjustment option does not however assume standard tax assessment, i.e. it is possible to adjust for losses in accordance with the tax regime in § 27 section 8 of the Income Tax Law and still tax suitable capital investments with the special tax rate in § 27a section 1 of the Income Tax Law.

### **9.2.2 Taxation of Notes held as part of operating assets**

Any income is classified as operating income should Notes be held as part of operating assets. In the case of individuals, the 25% rate of capital gains tax still applies provided that the interest income is earned on bonds issued by a domestic dividend/interest-paying body or income tax with the special tax rate of 25% when no domestic dividend/interest-paying body is involved. In the case of companies however the investment income tax on realised capital gains in accordance with § 27 section 3 income from derivatives in accordance with § 27 section 4 of the Income Tax Law is not a final tax, i.e. the income must be declared and, should all the pre-conditions be present, is subject to the special tax rate in accordance with § 27a section 1 of the Income Tax Law. The deduction of business expenses directly linked to the bonds, the income from which is subject to final taxation or the special tax rate of 25%, is not permitted. But contrary to the taxation of private assets, ancillary acquisition costs are most definitely part of the costs of acquisition (§ 27a section 4.2.2 of the Income Tax Law).

Irrespective of how long Notes are held, income from the disposal of bonds offered for sale to the public is subject to income tax at the special rate of 25% should they be disposed of after 31.3.2012. Negative income resulting from losses in value may be offset against positive income from realised capital gains. Only half of any remainder may be offset against other income (§ 6.2.c of the Income Tax Law). Should the investor be subject to corporation tax, the corporation tax rate is 25%.

## 10. Glossary

**Entry Standard** of Frankfurter Wertpapierbörse is part of “Freiverkehr” and “Freiverkehr” is regulated in Germany according Art. 71 Abs. 5 MiFID and § 57 German Stock Exchange Law (Börsengesetz), but under German law “Freiverkehr” or “Entry Standard” are not deemed regulated markets in the sense of to facilitate the trading in this markets.

**ICMA** means International Capital Markets Association

**ICMA actual/ actual** means day based or effective interest rates in accordance with the rules of ICMA.

**MBO** means Management-Buy-Out.

**MiFID** means Markets in Financial Instruments Directive.

**Technical Result** means the net profit before before administrative/operating expenses, tax, interest and movements on asset values (investment gains, fx gains, asset re-valuations etc) directly attributable to insurance business.

**UAE** means United Arab Emirates.

# **Annex F**

## **Financial Information**

**1. Audited consolidated annual report of  
ADYE Holdings Ltd now known as  
Enterprise Holdings Ltd,  
dated 30.06.2010**

# ADYE Holdings Limited

## GROUP REPORT & FINANCIAL STATEMENTS

30 June 2010

Company Registration No. 98427

# ADYE Holdings Limited

## DIRECTORS, OFFICERS AND OTHER INFORMATION

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**Directors:**

A Flowers  
N Cruz  
J Jacobson  
P Martinez

**Secretary:**

Acquarius Company Secretaries Limited  
Elaine Jones

**Auditors:**

Baker Tilly (Gibraltar) Limited  
Regal House  
Queensway  
Gibraltar

**Bankers:**

Coutts & Co  
440 Strand  
London WC2R 0QS

**Registered Office:**

Suite 3, 2nd Floor  
ICOM House  
1/5 Irish Town  
Gibraltar

# ADYE Holdings Limited

## DIRECTORS' REPORT

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The directors submit their report and the audited financial statements of the Group for the year ended 30 June 2010.

### **Principal activity**

The Company is registered in Gibraltar and is an investment holding company. The Company was incorporated on 30 March 2007. The principal activity of its main subsidiary undertaking, Enterprise Insurance Company Plc ("EICP"), is that of the provision of a number of bespoke and tailored wholesale insurance solutions.

### **Review of business and future developments**

EICP's stated aim for some time has been to develop a strategy of diversification into multiple sector niche insurance products.

This strategy has accelerated in the year as EICP commenced writing niche motor insurance in the UK, France and Greece under the Freedom of Services Act. In total, motor business accounted for £4.2m (20%) of total gross premiums written of £21m. It is anticipated that this area will see the biggest growth in gross premiums written in 2011. The Board have taken a cautious approach to reinsurance and have entered into Excess of Loss treaties at the lowest possible retention levels in all markets and we will continue this strategy into 2011.

UK Warranty and Gap business contributed £7.9m (38%) of gross premiums written and it is anticipated that a similar level will be written in 2011. The historic core business of 'After the Event' legal expense business witnessed significant volume growth in the year increasing from £2.4m in 2009 to £6.5m (31% of total gross written) in 2010. UK Household and Property premiums written were restricted to £1.3m (6%). Other various and miscellaneous products contributed £1m (5%) of premium written.

EICP's Board is pleased that it has been able to develop the product portfolio as highlighted above and continues to work with new and existing partners to develop other niche product offerings that are geographically, class and sector diversified. The overall strategy remains one of working closely with trusted partners to provide unique and bespoke low risk insurance products.

With an eye on Solvency II and to ensure adequate controls are in place to underpin EICP's continued controlled growth its Board has recruited a number of skilled professional individuals and engaged additional resource from well known and respected professional firms to provide a range of control functions ranging from Internal Audit and Compliance, Claims Management and Actuarial Support.

An additional £1m of share capital was introduced during the year to EICP and a further £950k was introduced subsequent to the year end to support the growth in premium income.

In summary, the Board is delighted with the performance of the Group for 2010 and confident that 2011 will see increases in both premiums written and profits.

### **Results and dividends**

The results of the Group for the year are shown in the profit and loss account on pages 7 and 8. The directors do not recommend payment of dividend.

# ADYE Holdings Limited

## DIRECTORS' REPORT *(continued)*

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### **Financial risk management objectives and policies**

The Group is exposed to financial risk through its financial assets, financial liabilities, reinsurance assets and policyholder liabilities. In particular, the key financial risk is that the proceeds from the financial assets are not sufficient to fund the obligations arising from policies as they fall due. The most important components of financial risk are price risk, currency risk, credit risk, liquidity risk and cash flow interest rate risk.

The Group manages these positions with its investment managers to achieve investment returns in excess of obligations under insurance contracts.

### **Interest rate risk**

Cash deposits are held in interest bearing current accounts and the revenue generated on these is consequently subject to variations in interest rates. However, given the relative immateriality of interest earned it is felt unnecessary to employ any hedging instruments.

### **Credit risk**

Credit risk arises from policies sold on a deferred basis where premium is due on settlement of the case. As at 30th June 2010, debtors from fully deferred schemes represented £6,164,960 of which £256,245 were settled within more than 90 days and £101,771 were settled within less than 90 days. In addition, the debtors for part deferred schemes where a portion of the premium is paid on policy inception and the balance on case conclusion, represented £1,031,241.

In addition, credit risk arises from policies sold on a non-deferred basis where premium is due on or soon after policy inception. The Group actively manages credit control to minimise credit risk. Of the £3,857,535 non-deferred debtors, £3,832,338 was due within less than 90 days.

### **Liquidity risk**

The Group retains a significant proportion of Gross Written Premiums in separately identifiable retention bank accounts thereby ensuring a prudent level of cash is available to meet its obligations arising from policies. In addition the Group's other financial investments are held in short term and near cash instruments with weekly rolling cash deposits and a sterling liquidity fund UCIT.

### **Currency risk**

In the year to 30 June 2010, the Group commenced writing insurance business in France and Greece thereby exposing the Group to Euro currency risk. The level of business written in these countries amounted to a sterling equivalent of £2.4m relative to total premiums written of £21m. Cash receipts from policies sold have been deposited in Euro bank accounts in order to match with potential liabilities arising from the sale of policies. Given the relative immateriality of the exposure to currency risk the Directors do not feel it is appropriate to employ any hedging strategies at this time.

### **Directors and their interests**

The directors of the Company during the year were as follows:

Andrew Flowers

Nicholas Cruz

James Jacobson (appointed on 1 April 2010)

Paul Martinez (appointed on 1 April 2010)

No director had a direct interest in the shares of the Company.

# ADYE Holdings Limited

## DIRECTORS' REPORT *(continued)*

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### **Statement of Directors' responsibilities**

Company law 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 those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements 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 the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the accounts comply with the Gibraltar Companies Act, the Insurance Companies (Accounts Directive) Regulations 1997 and the Companies (Accounts) Act 1999. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The maintenance and integrity of the Company's website is the responsibility of the directors. The directors' responsibility extends to the ongoing integrity of the financial statements contained therein.

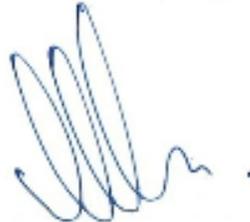
### **Auditors**

The retiring auditors are Baker Tilly (Gibraltar) Limited who are eligible for reappointment.



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Andrew Flowers



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Nicholas Cruz

4 March 2011

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF  
ADYE HOLDINGS LIMITED**

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This report is made solely to the company's members, as a body, in accordance with section 182 of the Gibraltar Companies Act. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

**Report on the Financial Statements**

We have audited the group financial statements of ADYE Holdings Limited for the year ended 30 June 2010 which comprise the Group Profit and Loss account, the Group Balance Sheet, the Company Balance sheet, the Group Cash Flow Statement and the related notes. These financial statements have been prepared under the accounting policies set out therein.

**Directors' responsibilities**

The directors are responsible for the preparation and the true and fair presentation of these financial statements in accordance with the Gibraltar Companies Act, the Insurance Companies (Accounts Directive) Regulations and Gibraltar Accounting Standards (Gibraltar Generally Accepted Accounting Practice). This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

**Auditor's responsibilities**

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

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

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

**Opinion**

In our opinion, the financial statements give a true and fair view, in accordance with Gibraltar Generally Accepted Accounting Practice, of the state of the group's and the company's affairs as at 30 June 2010 and of the group's results for the year then ended.

**Report on Other Legal and Regulatory Requirements**

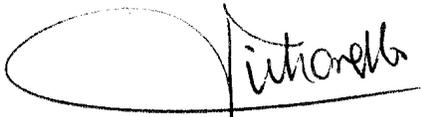
In addition to reporting on the financial statements, Gibraltar legal and regulatory requirements also require us to:

- (a) Report to you our opinion as to whether the financial statements have been properly prepared in accordance with the Gibraltar Companies Act and the Insurance Companies (Accounts Directive) Regulations 1997.
- (b) State in our report whether in our opinion the information given in the Directors' Report is consistent with the financial statements.
- (c) Report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

**Opinion**

In our opinion, the financial statements have been properly prepared in accordance with the Gibraltar Companies Act, the Insurance Companies (Accounts Directive) Regulations 1997 and the information given in the Directors' Report is consistent with the financial statements.

We have nothing to report to you in respect of our responsibility set out in (c) above.



**Jose Julio Pisharello**  
Statutory auditor for and on behalf of

**BAKER TILLY (GIBRALTAR) LIMITED**  
Registered Auditors

Chartered Accountants  
Regal House  
Queensway  
Gibraltar

4 March 2011

# ADYE Holdings Limited

GROUP PROFIT AND LOSS ACCOUNT for the year ended 30 June 2010

## TECHNICAL ACCOUNT

	Notes	2010		2009	
		£	£	£	£
<b>Earned premiums, net of reinsurance</b>					
Gross written premiums	2	20,973,861		9,755,929	
Outward reinsurance premiums	2	(1,527,281)		-	
<b>Net written premiums</b>			<b>19,446,580</b>		9,755,929
Change in the gross provision for unearned premiums	2	(4,951,343)		(5,266,469)	
Change in the provision for unearned premiums, reinsurers' share	2	712,219		-	
			<b>(4,239,124)</b>		(5,266,469)
<b>Earned premiums, net of reinsurance</b>			<b>15,207,456</b>		4,489,460
<b>Other technical (expense) / income</b>			<b>(19,380)</b>		11,809
<b>Claims incurred, net of reinsurance</b>					
Claims paid					
Gross amount	3	(6,150,657)		(764,273)	
Reinsurer's share	3	367,372		-	
			<b>(5,783,285)</b>		(764,273)
Change in the provision for claims					
Gross amount	3	(1,564,854)		(337,709)	
Reinsurer's share	3	6,820		146,903	
			<b>(1,558,034)</b>		(190,806)
<b>Claims incurred, net of reinsurance</b>			<b>(7,341,319)</b>		(955,079)
<b>Net operating expenses</b>	4		<b>(3,307,515)</b>		(243,386)
<b>Balance on the Technical Account</b>		<b>£</b>	<b>4,539,242</b>	<b>£</b>	<b>3,302,804</b>

The notes on pages 14 to 29 form part of these financial statements.

# ADYE Holdings Limited

GROUP PROFIT AND LOSS ACCOUNT for the year ended 30 June 2010

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## NON - TECHNICAL ACCOUNT

	Notes	2010 £	2009 £
<b>Balance on the General Business Technical Account</b>		<b>4,539,242</b>	3,302,804
<b>Investment income</b>			
Interest receivable		1,371	19,285
Unrealised gain on investments		6,749	-
<b>Other income</b>		<b>124,450</b>	20,114
<b>Other charges</b>	5	<b>(1,917,333)</b>	(1,517,933)
<b>Profit on ordinary activities before tax</b>		<b>2,754,479</b>	1,824,270
Tax on profit on ordinary activities	6	(1,949)	(1,801)
<b>Profit for the financial year</b>		<b>2,752,530</b>	1,822,469

The group has had no discontinued activities in the year, accordingly, the above results for the group relate solely to continuing activities. This profit is stated on an historical cost basis.

The notes on pages 14 to 29 form part of these financial statements.

# ADYE Holdings Limited

GROUP BALANCE SHEET as at 30 June 2010

## ASSETS

	Notes	2010		2009	
		£	£	£	£
<b>Intangible assets</b>					
Goodwill	7		383,997		460,797
<b>Investments</b>					
Financial investments	8		5,505,379		-
<b>Reinsurers' share of technical provisions</b>					
Provision for unearned premiums		712,219		-	
Claims outstanding	3	885,500		878,680	
			<b>1,597,719</b>		<b>878,680</b>
<b>Debtors</b>					
Debtors arising out of direct insurance operations – amounts owed by intermediaries		10,926,944		8,494,658	
Debtors arising out of reinsurance operations		405,732		-	
Other debtors		511,752		765,769	
			<b>11,844,428</b>		<b>9,260,427</b>
<b>Other assets</b>					
Tangible fixed assets	9	95,413		90,349	
Cash at bank and in hand		3,144,399		1,910,212	
			<b>3,239,812</b>		<b>2,000,561</b>
<b>Prepayments and accrued income</b>					
Deferred acquisition costs		930,155		59,217	
Other prepayments and accrued income		72,198		32,822	
			<b>1,002,353</b>		<b>92,039</b>
<b>Total assets</b>		<b>£ 23,573,688</b>		<b>£ 12,692,504</b>	

The notes on pages 14 to 29 form part of these financial statements.

# ADYE Holdings Limited

GROUP BALANCE SHEET as at 30 June 2010 (*continued*)

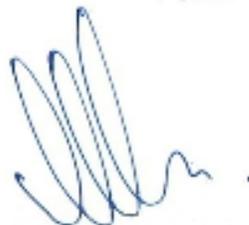
## LIABILITIES

	Notes	2010		2009	
		£	£	£	£
<b>Capital and reserves</b>					
Called up share capital	10, 11	700		700	
Share premium account	11	699,550		699,550	
Profit and loss account	11	4,401,141		1,648,611	
		<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>Equity shareholders' funds</b>		<b>5,101,391</b>		<b>2,348,861</b>	
<b>Equity minority interests</b>		<b>51,000</b>		<b>175,999</b>	
<b>Technical provisions</b>					
Provision for unearned premiums					
- gross amount	2	10,245,888		5,294,545	
Claims outstanding – gross amount	3	3,258,337		1,693,483	
		<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
		<b>13,504,225</b>		<b>6,988,028</b>	
<b>Creditors</b>					
Creditors arising out of direct insurance operations		116,412		-	
Creditors arising out of reinsurance operations		807,275		-	
Amounts due to financial institutions	12	-		916,636	
Other creditors - including taxation and social security	13	3,846,758		2,136,055	
		<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
		<b>4,770,445</b>		<b>3,052,691</b>	
<b>Accruals and deferred income</b>		<b>146,627</b>		<b>126,925</b>	
		<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>Total liabilities and shareholders' equity</b>		<b>£ 23,573,688</b>		<b>£ 12,692,504</b>	
		<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>

Approved and signed on behalf of the Board of directors on 4 March 2011.



Andrew Flowers



Nicholas Cruz

The notes on pages 14 to 29 form part of these financial statements.

# ADYE Holdings Limited

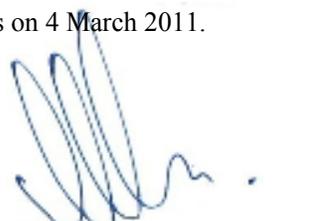
COMPANY BALANCE SHEET as at 30 June 2010

	Notes	2010 £	2009 £
<b>ASSETS</b>			
<b>Investments</b>			
Investment in group undertakings	8	2,000,000	2,000,000
<b>Debtors</b>			
Sundry debtors		250	250
<b>Total assets</b>		<b>£ 2,000,250</b>	<b>£ 2,000,250</b>
<b>LIABILITIES</b>			
<b>Capital and reserves</b>			
Called up share capital	10,11	700	700
Share premium account	11	699,550	699,550
Profit and loss account		(73,212)	(30,142)
<b>Equity shareholders' funds</b>		<b>627,038</b>	<b>670,108</b>
<b>Creditors:</b>			
Amounts due to group undertakings		1,364,622	673,787
Other creditors		7,590	650,000
		<b>1,372,212</b>	<b>1,323,787</b>
Accruals and deferred income		1,000	6,355
		<b>1,373,212</b>	<b>1,330,142</b>
<b>Total liabilities and shareholders' equity</b>		<b>£ 2,000,250</b>	<b>£ 2,000,250</b>

Approved and signed on behalf of the Board of directors on 4 March 2011.



Andrew Flowers



Nicholas Cruz

The notes on pages 14 to 29 form part of these financial statements.

# ADYE Holdings Limited

## GROUP CASH FLOW STATEMENT for the year ended 30 June 2010

	Notes	2010		2009	
		£	£	£	£
<b>Net cash inflow from operating activities</b>	14(i)		<b>7,751,734</b>		554,315
<b>Returns on investments and servicing of finance</b>					
Interest received		<b>1,371</b>		19,285	
Interest paid		<b>(29,862)</b>		(61,202)	
			<b>(28,491)</b>		(41,917)
<b>Taxation</b>					
Taxation paid			<b>(1,350)</b>		(1,350)
<b>Capital expenditure and financial investments</b>					
Payments to acquire tangible fixed assets			<b>(65,691)</b>		(27,115)
<b>Net cash inflow before financing</b>			<b>7,656,202</b>		483,933
<b>Financing</b>					
Receipt from increase in loans			-		274,768
Payment of loan			<b>(916,636)</b>		-
<b>Net increase in cash</b>			<b>6,739,566</b>		758,701
<b>Cash flows were invested as follows:</b>					
Increase in cash			<b>1,234,187</b>		758,701
Increase in financial investments			<b>5,505,379</b>		-
			<b>6,739,566</b>		758,701

The notes on pages 14 to 29 form part of these financial statements.

# ADYE Holdings Limited

## GROUP CASH FLOW STATEMENT for the year ended 30 June 2010 (*continued*)

	Notes	2010 £	2009 £
<b>Movement in opening and closing portfolio investments net of financing:</b>			
Net cash flow for the period	14(ii)	6,739,566	758,701
Net decrease / (increase) in loans and overdrafts		916,636	(274,768)
		<u>7,656,202</u>	<u>483,933</u>
Portfolio investments net of financing b/fwd		993,576	509,643
		<u>8,649,778</u>	<u>993,576</u>
<b>Portfolio investments net of financing c/fwd</b>			
		<u><u>8,649,778</u></u>	<u><u>993,576</u></u>
<b>Cash, portfolio investment and financing consisting of:</b>			
Cash at bank		3,144,399	1,910,212
Financial investments		5,505,379	-
Bank loans and overdrafts		-	(916,636)
		<u>8,649,778</u>	<u>993,576</u>
	14(ii)	<u><u>8,649,778</u></u>	<u><u>993,576</u></u>

The notes on pages 14 to 29 form part of these financial statements.

# ADYE Holdings Limited

## NOTES TO THE FINANCIAL STATEMENTS

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### 1. Principal accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Group's financial statements:

#### **Basis of accounting**

The financial statements have been prepared under the historical cost convention, the accounting policies set out below, applicable legislation and in accordance with Gibraltar Accounting Standards.

Gibraltar legislation applied in the preparation of these financial statements includes the Gibraltar Companies Act and the Financial Services (Insurance Companies) Act.

The financial statements have been prepared in accordance with the Statement of Recommended Practice issued by the Association of British Insurers (the "ABI SORP") on Accounting for Insurance Business issued in December 2005.

The annual basis of accounting has been applied to the class of business underwritten by the Group.

#### **Basis of consolidation**

The consolidated financial statements of the ADYE Group include the assets, liabilities and results of the Company and subsidiary undertakings in which ADYE Holdings Limited has a controlling interest, using accounts drawn up to 30 June 2010.

The Company has taken advantage of the exemption under Section 7 of the Insurance Companies (Accounts Directive) Regulations 1997 from presenting its own profit and loss account.

#### **Business acquisitions**

Business acquisitions are accounted for by applying the acquisition method of accounting, which adjusts the net assets of the acquired company to fair value at the date of purchase. The difference between fair value of net assets of the acquired company and the fair value of the consideration given represents goodwill.

#### **Basis of accounting for insurance business**

The results are determined on an annual basis whereby the incurred cost of claims, commission and related expenses are charged against the earned proportion of premiums, net of reinsurance.

#### **Premiums**

Premiums written relate to business incepted during the year, together with any differences between the booked premiums for prior years and those previously accrued, and include estimates of premiums due but not yet receivable or notified to the Group less an allowance for cancellations, discounts, refunds and rebates but before deduction of reinsurance ceded and commission payable.

Outward reinsurance premiums are accounted for in the same accounting period as the related direct insurance business.

# ADYE Holdings Limited

## NOTES TO THE FINANCIAL STATEMENTS

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### 1. Principal accounting policies (*continued*)

#### **Unearned premiums reserve**

The unearned premiums reserve represents the proportion of premiums written in the period that relate to the unexpired terms of the policies in force at the balance sheet date. For policies with an indefinite period of insurance the premiums are fully earned on the inception date with an appropriate claims reserve created.

#### **Claims incurred**

Claims incurred comprise claims paid during the financial period together with the movement in the provision for outstanding claims.

Reinsurance recoveries are accounted for in the same accounting period as the claims for the related business being reinsured.

#### **Claims provisions and related reinsurance recoveries**

The provision for claims outstanding is made on an individual basis and is based on the ultimate cost of all claims notified but not settled by the balance sheet date. The provision also includes the estimated cost of claims incurred but not reported at the balance sheet date based on statistical methods.

The estimation of claims incurred but not reported (“IBNR”) is generally subject to a greater degree of uncertainty than the estimation of the cost of settling claims already notified to the Group, where more information about the claim event is generally available. Claims IBNR may often not be apparent to the insurer until many years after the event giving rise to the claim has happened. Classes of business where the IBNR proportion of the total reserve is high will typically display greater variations between the initial estimates and the final outcomes because of the greater degree of difficulty of estimating those reserves. Classes of business where claims are typically reported relatively quickly after the claim event will tend to display lower levels of volatility. In calculating the estimated cost of unpaid claims the Group uses a variety of estimation techniques, generally based upon statistical analyses of historic experience, which assumes that the development pattern of the current claims will be consistent with past experience.

#### **Reinsurance recoveries**

Contracts entered into by the Group with reinsurers under which the Group is compensated for losses on one or more insurance contracts issued by the Group are classified as reinsurance contracts held.

The benefits to which the Group is entitled under its reinsurance contracts held are recognised as reinsurance assets. These assets consist of short-term balances due from reinsurers, as well as longer-term receivables that are dependent on the expected claims and benefits arising under the related reinsured insurance contracts. Reinsurance liabilities are primarily premiums payable for reinsurance contracts and are recognised as an expense when due.

The Group assesses its reinsurance assets for impairment on an annual basis. The Group gathers the evidence that a reinsurance asset is impaired by having regard to market data on the financial strength of each of the reinsurance companies.

# ADYE Holdings Limited

## NOTES TO THE FINANCIAL STATEMENTS

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### 1. Principal accounting policies (*continued*)

#### **Acquisition costs**

Acquisition costs are included within net operating expenses and comprise brokerage and service company acquisition costs incurred on insurance contracts written during the financial period.

They are spread over a period equivalent to that over which the premiums on the underlying business are earned.

Deferred acquisition costs represent the proportion of acquisition costs incurred in respect of unearned premiums at the balance sheet date.

#### **Foreign currencies**

##### *(i) Functional and presentation currency*

Items included in these financial statements are measured and presented using British pounds (£), the currency of the primary economic environment in which the Group operates (the 'functional currency'), which is also the Group's presentation currency.

##### *(ii) Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit and loss account. In respect to assets and liabilities arising from the Group's separately identifiable foreign business, the assets and liabilities are translated at the exchange rate ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to the profit and loss account.

#### **Financial investments**

Investments comprise of shares and other variable yield securities and units in unit trusts stated at market value and deposits with credit institutions which are stated at market value.

#### **Investment income**

Interest income is accounted for as and when it becomes due and receivable.

Realised gains or losses represent the difference between net sales proceeds and purchase price.

Unrealised gains and losses on investments represent the difference between the current value of investments at the balance sheet date and their purchase price. The movement in unrealised investment gains/losses includes an adjustment for previously recognised unrealised gains/losses on investments disposed of in the accounting period.

Investment return (including realised and the movement in unrealised investment gains and losses) on investments attributable to the general business and associated shareholder's funds is reported in the non-technical account.

#### **Taxation and deferred tax**

The Company has no income liable to Gibraltar taxation. Moreover, the Gibraltar subsidiary companies in the Group have been granted tax exempt status, under the Gibraltar Companies (Taxation and Concession) Act, from payment of corporation tax on profits generated from its activities in Gibraltar (see note 6). Therefore, no provision is made for corporation tax, nor for deferred tax, on profits on activities carried out in Gibraltar during the period.

# ADYE Holdings Limited

## NOTES TO THE FINANCIAL STATEMENTS

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### 1. Principal accounting policies (*continued*)

#### **Taxation and deferred tax (*continued*)**

Deferred tax is recognised in respect of all significant timing differences that have originated but not reversed at the balance sheet date. Timing differences are differences between the taxable profits and the results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements

A net deferred tax asset is regarded as recoverable and therefore recognised only when it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of underlying timing differences can be deducted.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse based on tax rates and laws that have been enacted by the balance sheet date.

#### **Goodwill**

Positive goodwill arising on acquisition of a subsidiary undertaking represents the excess of the fair value of the consideration given over the fair value of the identifiable assets and liabilities acquired. This is stated at cost less amortisation.

Positive goodwill is capitalised and treated as an asset on consolidation. Positive goodwill is regarded as having a limited useful economic life of eight years and is amortised through the profit and loss account on a straight line basis over its useful economic life.

A provision for impairment is made when necessary.

#### **Investments in subsidiary undertakings**

Investments in subsidiary undertakings are recorded in the Company's balance sheet at cost less any necessary provision for impairment in value.

#### **Impairment reviews**

A review for impairment of investments is conducted if events or changes in circumstances indicate that the carrying amount of any asset may not be recoverable in full. To the extent that the carrying amount exceeds the recoverable amount, the asset is impaired and is written down. Any impairment loss is recognised in the profit and loss account.

#### **Tangible fixed assets**

The cost of fixed assets is their purchase cost, together with any incidental expenses of acquisition.

Depreciation is calculated so as to write off the cost of tangible fixed assets, less their estimated residual values, on a straight-line basis over the expected useful economic lives of the assets concerned. The principal annual rates used for this purpose are:

Computer equipment	25%
Office equipment	25%

# ADYE Holdings Limited

## NOTES TO THE FINANCIAL STATEMENTS

### 1. Principal accounting policies (*continued*)

#### Operating leases

Rentals payable under operating leases are charged to the profit and loss account as incurred over the term of the lease.

### 2. Earned premiums net of reinsurance

	2010		
	Gross £	Reinsurance £	Net £
Premiums receivable	20,973,861	(1,527,281)	19,446,580
Unearned premiums carried forward	(10,245,888)	712,219	(9,533,669)
Unearned premiums brought forward	5,294,545	-	5,294,545
Change in the provision for unearned premiums	(4,951,343)	712,219	(4,239,124)
Premiums earned	£ 16,022,518	(815,062)	15,207,456
		2009	
	Gross £	Reinsurance £	Net £
Premiums receivable	9,755,929	-	9,755,929
Unearned premiums carried forward	(5,294,545)	-	(5,294,545)
Unearned premiums brought forward	28,076	-	28,076
Change in the provision for unearned premiums	(5,266,469)	-	(5,266,469)
Premiums earned	£ 4,489,460	-	4,489,460



# ADYE Holdings Limited

## NOTES TO THE FINANCIAL STATEMENTS

### 4. Net operating expenses

	2010 £	2009 £
Acquisition costs	4,178,782	527,787
Change in deferred acquisition cost	(870,938)	-
Change in deferred acquisition cost – reinsurers	(329)	-
Other operating expenses	-	15,599
Reinsurance commissions	-	(300,000)
	<u>£ 3,307,515</u>	<u>£ 243,386</u>

### 5. Other charges

	2010 £	2009 £
Bank charges	10,775	14,719
Bank loan interest payable	29,862	61,202
Gross wages and salaries	1,049,152	654,907
Social security costs	16,928	14,929
Auditor's remuneration	45,272	32,438
Depreciation of tangible fixed assets	60,627	139,469
Legal & professional fees	213,659	198,630
Goodwill amortisation	76,800	76,800
Other expenses	414,258	324,839
	<u>£ 1,917,333</u>	<u>£ 1,517,933</u>

The aggregate amounts of emoluments paid to Directors of Group Companies during the year amounted to £674,069 (2009: £405,948). These are included in gross wages and salaries.

The Group bore the cost of an average thirteen (2009: twelve) employees during the year (including directors).

# ADYE Holdings Limited

## NOTES TO THE FINANCIAL STATEMENTS

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### 6. Taxation

(a) Analysis of charge in the year	2010 £	2009 £
Current tax:		
Gibraltar annual government charge	1,350	1,350
United Kingdom corporation tax	599	801
	<hr/>	<hr/>
	£ 1,949	£ 2,151
Deferred tax:		
Origination and reversal of timing differences from capital allowances	-	(350)
	<hr/>	<hr/>
Tax on Profit for the year	£ 1,949	£ 1,801
	<hr/> <hr/>	<hr/> <hr/>

#### (b) Factors affecting tax charge for the period

The Company had no income liable to Gibraltar taxation. Moreover, the Gibraltar subsidiary companies in the Group enjoyed tax-exempt status in Gibraltar, during the period granted under the Companies (Taxation and Concessions) Act. Under the terms of the Act, as these companies satisfied the criteria for such status, including the payment of an annual government charge of £450 (2009: £450), they are not subject to Gibraltar taxes for the period ended 30 June 2010.

The exemption certificate expired on 31 December 2010. As from 1 January 2011, the Gibraltar subsidiary companies will be liable to Gibraltar corporation tax on taxable profits at the standard rate of Corporation tax in Gibraltar.

The UK subsidiary company is taxed at the applicable rate of UK corporation tax.

# ADYE Holdings Limited

## NOTES TO THE FINANCIAL STATEMENTS

### 7. Goodwill

	£
<b>Cost</b>	
At 1 July 2009	614,397
Additions	-
	<hr/>
At 30 June 2010	614,397
	<hr/>
<b>Amortisation</b>	
At 1 July 2009	153,600
Charged during the year	76,800
	<hr/>
At 30 June 2010	230,400
	<hr/>
<b>Net book value</b>	
<b>At 30 June 2010</b>	<b>£ 383,997</b>
	<hr/> <hr/>
At 30 June 2009	£ 460,797
	<hr/> <hr/>

Goodwill represents the excess of the fair value of the consideration given over the fair value of the identifiable assets and liabilities acquired of EIG Holdings Group. This is stated at cost less amortisation.

### 8. Investments

#### (a) Financial investments (Group)

	2010 £	2009 £
Shares and variable yield securities and units in unit trusts	3,506,192	-
Deposits with credit institutions	1,999,187	-
	<hr/>	<hr/>
	<b>£ 5,505,379</b>	£ -
	<hr/> <hr/>	<hr/> <hr/>

The cost of investments at 30 June 2010 was £5,505,379 (2009: £Nil).

# ADYE Holdings Limited

## NOTES TO THE FINANCIAL STATEMENTS

### 8. Investments (*continued*)

#### (b) Investments in group undertakings (Company)

	2010 £	2009 £
Investment in EIG Holdings Limited	£ 2,000,000	£ 2,000,000

The investment represents 100% of the ordinary shares in EIG Holdings Limited, a company registered in Gibraltar.

	<i>Country of incorporation</i>	<i>Percentage held by the Company</i>	<i>Cost of the investments £</i>	<i>Capital and reserves £</i>	<i>Profit &amp; loss £</i>
EIG Holdings Limited	Gibraltar	100%	2,000,000	3,031,652	1,080,477

This information is based on the subsidiary company's latest audited accounts as at 30 June 2010.

#### Indirect holdings

<i>Company</i>	<i>Country of incorporation</i>	<i>Percentage held by the Company</i>	<i>Cost of the investments £</i>	<i>Capital and reserves £</i>	<i>Profit &amp; loss £</i>
Enterprise Insurance Company Plc (EICP)	Gibraltar	<b>99.99%</b> (2009: 98.38%)	<b>4,050,000</b> (2009: 3,050,000)	<b>5,175,846</b> (2009: 3,204,747)	<b>1,096,098</b> (2009: 931,334)
EIG Services Limited	Gibraltar	<b>100%</b> (2009: 100%)	<b>11,000</b> (2009: 11,000)	<b>2,075,841</b> (2009: 1,375,156)	<b>1,700,685</b> (2009: 1,072,968)
Quality Rating Limited (QRL)	United Kingdom	<b>100%</b> (2009: 100%)	<b>150,000</b> (2009: 150,000)	<b>60,625</b> (2009: 61,419)	<b>(794)</b> (2009: -2,828)
Call 4 (Gibraltar) Limited	Gibraltar	<b>100%</b> (2009: 100%)	<b>1,000</b> (2009: 1,000)	<b>11,337</b> (2009: 13,458)	<b>(2,121)</b> (2009: -15,142)
Jelly Holdings Limited	Gibraltar	<b>100%</b> (2009: 100%)	<b>100</b> (2009: 100)	<b>(1,845)</b> (2009: 100)	<b>(1,945)</b> (2009: £nil)

£ 4,212,100

# ADYE Holdings Limited

## NOTES TO THE FINANCIAL STATEMENTS

### 9. Tangible fixed assets

	Computer equipment £	Office equipment £	Total £
<b>Cost</b>			
At 1 July 2009	731,766	21,340	753,106
Additions during period	65,691	-	65,691
Disposals	-	-	-
	-----	-----	-----
At 30 June 2010	<b>797,457</b>	21,340	818,797
	=====	=====	=====
<b>Depreciation</b>			
At 1 July 2009	641,594	21,163	662,757
Charge for the period	60,450	177	60,627
Eliminated on disposals	-	-	-
	-----	-----	-----
At 30 June 2010	702,044	21,340	723,384
	=====	=====	=====
<b>Net book value</b>			
At 30 June 2010	<b>95,413</b>	-	<b>95,413</b>
	=====	=====	=====
At 30 June 2009	90,172	177	90,349
	=====	=====	=====

### 10. Called up share capital

	2010 £	2009 £
<b>Authorised:</b>		
1,000 ordinary shares of £1 each	<b>1,000</b>	1,000
1,000 non cumulative redeemable preference shares of £1 each	<b>1,000</b>	1,000
	-----	-----
	<b>£ 2,000</b>	£ 2,000
	=====	=====
<b>Share capital allotted, called up and fully paid:</b>		
500 ordinary shares of £1 each	<b>500</b>	500
200 non cumulative redeemable preference shares of £1 each	<b>200</b>	200
	-----	-----
	<b>£ 700</b>	£ 700
	=====	=====

The redeemable preference shares are non-cumulative, non-voting, participating redeemable shares which can be redeemed only at the option of the Company.

# ADYE Holdings Limited

## NOTES TO THE FINANCIAL STATEMENTS

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### 11. Reconciliation of shareholders funds and movements in reserves

#### Group

	Share Capital £	Share Premium account £	Profit and loss account £	Total £
Balance at 1 July 2009	700	699,550	1,648,611	2,348,861
Profit for the period	-	-	2,752,530	2,752,530
	<hr/>	<hr/>	<hr/>	<hr/>
Balance at 30 June 2010	<b>£ 700</b>	<b>699,550</b>	<b>4,401,141</b>	<b>5,101,391</b>
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

The share premium relates to 200 redeemable preference shares of £1 each issued at a premium of £3,497.75 each.

#### Company

	Share Capital £	Share Premium account £	Profit and loss account £	Total £
Balance at 1 July 2009	700	699,550	(30,142)	670,108
Loss for the year	-	-	(43,070)	(43,070)
	<hr/>	<hr/>	<hr/>	<hr/>
Balance at 30 June 2010	<b>£ 700</b>	<b>699,550</b>	<b>(73,212)</b>	<b>(627,038)</b>
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

# ADYE Holdings Limited

## NOTES TO THE FINANCIAL STATEMENTS

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### 12. Amounts due to financial institutions

	2010 £	2009 £
Overdraft	-	27,747
Bank loans	-	888,889
	<hr/>	<hr/>
	£ -	£ 916,636
	<hr/> <hr/>	<hr/> <hr/>
<i>Bank loans:</i>		
Amounts falling due within one year	-	333,333
Amounts falling due between one and five years	-	555,556
	<hr/>	<hr/>
	£ -	£ 888,889
	<hr/> <hr/>	<hr/> <hr/>

Bank loans included a bank loan with Coutts and Co. The loan was secured against the assets of the EIG Holdings Limited coupled with a Joint and Several Guarantee for £1,000,000 by the beneficial owners. During the year, the loan was repaid in full.

### 13. Other creditors including taxation and social security costs

	2010 £	2009 £
Trade creditors	1,021,439	398,171
Insurance premium tax	1,520,594	761,851
Taxation and social security costs	50,827	67,692
Rhone Holdings Limited loan	700,000	-
Varanidae Holdings Limited loan	-	95,008
Shareholders' loan	-	111,600
Amounts owed to Cabor Trustees	-	650,000
Sundry creditors	553,898	51,733
	<hr/>	<hr/>
	£ 3,846,758	£ 2,136,055
	<hr/> <hr/>	<hr/> <hr/>

During the year, the loan from Varanidae Holdings Limited was repaid in full and the shareholders' loan was written off.

# ADYE Holdings Limited

## NOTES TO THE FINANCIAL STATEMENTS

### 14. (i) Reconciliation of loss to net operating cashflows

	2010 £	2009 £
Profit before taxation and minority interest	2,748,519	1,824,270
Adjustments for:		
Depreciation	60,627	139,469
Amortisation of goodwill	76,800	76,800
Increase in debtors and prepayments	(3,494,315)	(7,088,007)
Increase in net technical provisions	5,797,158	5,457,275
Increase in creditors and accruals and deferred income	2,659,453	102,591
Decrease in minority interest	(124,999)	-
Interest receivable	(1,371)	(19,285)
Interest expense	29,862	61,202
	<hr/>	<hr/>
Net cash inflow from operating activities	£ 7,751,734	£ 554,315
	<hr/> <hr/>	<hr/> <hr/>

### (ii) Movement in opening and closing portfolio investments net of financing:

	2009 £	Cash flows for the year £	2010 £
Cash at bank and in hand	1,910,212	1,234,187	3,144,399
Financial investments	-	5,505,379	5,505,379
Bank loans and overdrafts	(916,636)	916,636	-
	<hr/>	<hr/>	<hr/>
	£ 993,576	7,656,202	8,649,778
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

# ADYE Holdings Limited

## NOTES TO THE FINANCIAL STATEMENTS

### 15. Segmental reporting

	2010				
	Motor £	Fire and other damage to property £	Legal expense £	Miscellaneous £	Total £
Gross written premiums	4,235,701	1,391,892	6,490,527	8,855,741	20,973,861
Gross earned premiums	1,787,550	607,173	6,484,965	7,142,830	16,022,518
Gross claims incurred	942,987	418,093	1,309,947	5,044,484	7,715,511
Gross operating expenses	862,051	219,482	1,799,387	1,603,685	4,484,605
Reinsurance balance	524,176	(76,813)	(6,820)	-	440,543

Premiums written for direct insurance business total £20,660,658 and for reinsurance business £313,203, and have been concluded by the Group in Gibraltar.

	2009			
	Fire and other damage to property £	Legal expense £	Miscellaneous £	Total £
Gross written premiums	32,308	2,372,282	7,351,339	9,755,929
Gross earned premiums	32,308	2,372,282	2,084,870	4,489,460
Gross claims incurred	12,685	894,392	194,905	1,101,982
Gross operating expenses	10,175	458,129	59,483	527,787
Reinsurance balance	£ -	146,903	-	146,903

In 2009, all business related to risks located in the United Kingdom and all contracts were concluded in Gibraltar. See note 2 for details of reinsurance business inwards.

# ADYE Holdings Limited

## NOTES TO THE FINANCIAL STATEMENTS

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### 16. Related party transactions

Significant transactions during the year and balances at the end of the year with related parties that require disclosure in accordance with Financial Reporting Standard No. 8 were as follows:

	Expenses		Amounts due to parties	
	2010 £	2009 £	2010 £	2009 £
Varanidae Holdings Limited	2,364	16,836	-	95,008
Shareholders loan	-	-	-	111,600
Cabor Trustees Limited	2,992	13,019	-	650,000
Rhone Holdings Limited	9,577	-	709,577	-
Acquarius Company Secretaries Limited	900	-	-	-
Cruz & Co	38,875	-	-	-
Martinez and Partners	107,907	-	626	-

The amount due to Cabor Trustees Limited was repaid on January 2011.

The amount for Rhone Holdings Limited includes £9,577 accrued interest included in accruals and deferred income account.

The entities above are considered related parties since they are under common ownership and/or have directors in common with this company, who exercise influence over the financial and operating policies of the company.

### 17. Future rental commitments under operating leases

EICP has annual commitments under non-cancellable operating leases on property, expiring on 14 June 2015. For the period to 30 June 2010 the annual commitment was £52,000. From 1 July 2010, the annual commitment is £64,248. For the residue of the lease period the rent will be determined in accordance with the provisions of the lease agreement.

QRL has annual commitments under non-cancellable operating lease with £19,800 due within one year and £13,004 due within two to five years.

### 18. Charge against assets

The balances held in EICP's books on various accounts with Hampshire Trust PLC amounting to £3,251 have been charged to Hampshire Trust PLC. No liability to Hampshire Trust PLC greater than the balances held with Hampshire Trust PLC exists.

### 19. Ultimate controlling party

The immediate parent undertaking and ultimate controlling company is Acquarius Trust Company Limited, a trust company registered in Gibraltar.

**2. Audited consolidated annual report of  
ADYE Holdings Ltd now known as  
Enterprise Holdings Ltd,  
dated 30.06.2011**

# ADYE Holdings Limited

## GROUP REPORT & FINANCIAL STATEMENTS

30 June 2011

Company Registration No. 98427

# ADYE Holdings Limited

## DIRECTORS, OFFICERS AND OTHER INFORMATION

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**Directors:**

A Flowers  
N Cruz  
J Jacobson  
P Martinez

**Joint Secretaries:**

Acquarius Company Secretaries Limited  
Elaine Jones

**Auditors:**

Baker Tilly (Gibraltar) Limited  
Regal House  
Queensway  
Gibraltar

**Bankers:**

Coutts & Co  
440 Strand  
London WC2R 0QS

**Registered Office:**

Suite 3, 2nd Floor  
ICOM House  
1/5 Irish Town  
Gibraltar

# ADYE Holdings Limited

## DIRECTORS' REPORT

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The directors submit their report and the audited financial statements of the Group for the year ended 30 June 2011.

### **Principal activity**

The Company is registered in Gibraltar and is an investment holding company. The Company was incorporated on 30 March 2007. The principal activity of its main subsidiary undertaking, Enterprise Insurance Company Plc ("EICP") is the provision of a number of bespoke and tailored wholesale insurance solutions.

### **Review of business and future developments**

The Board are delighted with the progress that the Group companies continue to make with overall profits doubling on an annualised basis.

The coming year will see further growth from the Insurance Company's key European markets as it continues to pursue its strategy of developing profitable niche income streams. The business will continue to provide Shareholders with a significant return on capital invested and the Directors of the subsidiary companies are investigating a number of new opportunities currently which will further enhance performance for Shareholders and return real long term growth for the Group.

### **Results and dividends**

The results of the Group for the year are shown in the profit and loss account on pages 7 and 8. The directors do not recommend payment of dividend.

### **Financial risk management objectives and policies**

The Group is exposed to financial risk through its financial assets, financial liabilities, reinsurance assets and policyholder liabilities. In particular, the key financial risk is that the proceeds from the financial assets are not sufficient to fund the obligations arising from policies as they fall due. The most important components of financial risk are price risk, currency risk, credit risk, liquidity risk and cash flow interest rate risk.

The Group manages these positions with its investment managers to achieve investment returns in excess of obligations under insurance contracts.

### **Currency risk**

The Group writes insurance business in France and Greece thereby exposing the Group to Euro currency risk. The level of business written in these countries amounted to a sterling equivalent of £19,017,159 relative to total premiums written of £51,922,789. To the extent that Directors are comfortable they have sufficient euro currency cash balance to discharge potential liabilities, surplus balances are exchanged for sterling.

### **Credit risk**

Credit risk arises from policies sold on a deferred basis where premium is due on settlement of the case. As at 30 June 2011, debtors from fully deferred schemes represented £8,207,633 of which £163,319 were settled within more than 90 days and £372,640 were settled within less than 90 days. In addition, the debtors for part deferred schemes where a portion of the premium is paid on policy inception and the balance on case conclusion, represented £774,809.

# ADYE Holdings Limited

## DIRECTORS' REPORT *(continued)*

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### Financial risk management objectives and policies *(continued)*

#### Credit risk *(continued)*

In addition, credit risk also arises from policies sold on a non-deferred basis where premium is due on or soon after policy inception. The Group actively manages credit control to minimise credit risk. Of the £14,093,387 non-deferred debtors, £14,066,004 was due within less than 90 days.

#### Liquidity risk

The Group retains a significant proportion of Gross Written Premiums in separately identifiable retention bank accounts thereby ensuring a prudent level of cash is available to meet its obligations arising from policies. In addition the Group's other financial investments are held in short term and near cash instruments with money market fund deposits, a liquidity fund UCIT and liquid tradable securities.

#### Interest rate risk

Cash deposits are held in interest bearing current accounts and the revenue generated on these is consequently subject to variations in interest rates. However, given the relative immateriality of interest earned it is felt unnecessary to employ any hedging instruments.

#### Directors and their interests

The directors of the Company during the year were as stated on page 1.

#### Statement of Directors' responsibilities

Company law 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 those financial statements, the directors are required to:

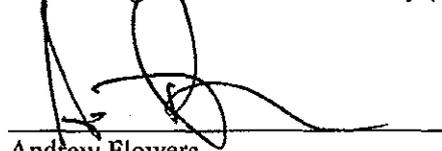
- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the accounts comply with the Gibraltar Companies Act, the Insurance Companies (Accounts Directive) Regulations 1997 and the Companies (Accounts) Act 1999. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The maintenance and integrity of the Company's website is the responsibility of the directors. The directors' responsibility extends to the ongoing integrity of the financial statements contained therein.

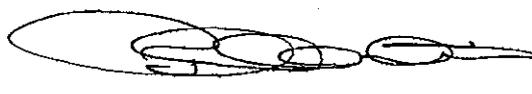
#### Auditors

The retiring auditors are Baker Tilly (Gibraltar) Limited who are eligible for reappointment.



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Andrew Flowers



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Paul Martinez

23 April 2012



**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF  
ADYE HOLDINGS LIMITED**

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This report is made solely to the company's members, as a body, in accordance with section 182 of the Gibraltar Companies Act. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

**Report on the Financial Statements**

We have audited the group financial statements of ADYE Holdings Limited for the year ended 30 June 2011 which comprise the Group Profit and Loss account, the Group Balance Sheet, the Company Balance sheet, the Group Cash Flow Statement and the related notes. These financial statements have been prepared under the accounting policies set out therein.

**Directors' responsibilities**

The directors are responsible for the preparation and the true and fair presentation of these financial statements in accordance with the Gibraltar Companies Act, the Insurance Companies (Accounts Directive) Regulations and Gibraltar Accounting Standards (Gibraltar Generally Accepted Accounting Practice). This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

**Auditor's responsibilities**

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

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

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



**BAKER TILLY**  
**(GIBRALTAR) LTD**

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF  
ADYE HOLDINGS LIMITED (continued)**

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**Opinion**

In our opinion, the financial statements give a true and fair view, in accordance with Gibraltar Generally Accepted Accounting Practice, of the state of the group's and the company's affairs as at 30 June 2011 and of the group's results for the year then ended.

**Report on Other Legal and Regulatory Requirements**

In addition to reporting on the financial statements, Gibraltar legal and regulatory requirements also require us to:

- (a) Report to you our opinion as to whether the financial statements have been properly prepared in accordance with the Gibraltar Companies Act and the Insurance Companies (Accounts Directive) Regulations 1997.
- (b) State in our report whether in our opinion the information given in the Directors' Report is consistent with the financial statements.
- (c) Report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

**Opinion**

In our opinion, the financial statements have been properly prepared in accordance with the Gibraltar Companies Act, the Insurance Companies (Accounts Directive) Regulations 1997 and the information given in the Directors' Report is consistent with the financial statements.

We have nothing to report to you in respect of our responsibility set out in (c) above.

**Jose Julio Pisharello**  
Statutory auditor for and on behalf of

**BAKER TILLY (GIBRALTAR) LIMITED**  
Registered Auditors

Chartered Accountants  
Regal House  
Queensway  
Gibraltar

23 April 2012

# ADYE Holdings Limited

GROUP PROFIT AND LOSS ACCOUNT for the year ended 30 June 2011

## TECHNICAL ACCOUNT

	Notes	2011		2010	
		£	£	£	£
<b>Earned premiums, net of reinsurance</b>					
Gross written premiums	2	51,922,789		20,973,861	
Outward reinsurance premiums	2	(13,084,483)		(1,527,281)	
		<u>                    </u>		<u>                    </u>	
<b>Net written premiums</b>		<b>38,838,306</b>		<b>19,446,580</b>	
Change in the gross provision for unearned premiums	2	(13,518,169)		(4,951,343)	
Change in the provision for unearned premiums, reinsurers' share	2	5,559,393		712,219	
		<u>                    </u>		<u>                    </u>	
			(7,958,776)		(4,239,124)
			<u>                    </u>		<u>                    </u>
<b>Earned premiums, net of reinsurance</b>		<b>30,879,530</b>		<b>15,207,456</b>	
<b>Other technical income / (expense)</b>			<b>453</b>		<b>(19,380)</b>
<b>Claims incurred, net of reinsurance</b>					
Claims paid					
Gross amount	3	(13,586,573)		(6,150,657)	
Reinsurer's share	3	603,404		367,372	
		<u>                    </u>		<u>                    </u>	
		(12,983,169)		(5,783,285)	
		<u>                    </u>		<u>                    </u>	
Change in the provision for claims					
Gross amount	3	(7,472,293)		(1,564,854)	
Reinsurer's share	3	1,622,592		6,820	
		<u>                    </u>		<u>                    </u>	
		(5,849,701)		(1,558,034)	
		<u>                    </u>		<u>                    </u>	
<b>Claims incurred, net of reinsurance</b>			<b>(18,832,870)</b>		<b>(7,341,319)</b>
<b>Net operating expenses</b>	4		<b>(4,815,971)</b>		<b>(3,307,515)</b>
			<u>                    </u>		<u>                    </u>
<b>Balance on the Technical Account</b>		<b>£ 7,231,142</b>		<b>£ 4,539,242</b>	
		<u>                    </u>		<u>                    </u>	

The notes on pages 14 to 30 form part of these financial statements.

# ADYE Holdings Limited

GROUP PROFIT AND LOSS ACCOUNT for the year ended 30 June 2011

## NON - TECHNICAL ACCOUNT

	Notes	2011 £	2010 £
<b>Balance on the General Business Technical Account</b>		<b>7,231,142</b>	<b>4,539,242</b>
<b>Investment income</b>			
Interest receivable		125,807	1,371
Unrealised gain on investments		124,408	6,749
<b>Other income</b>		<b>1,910</b>	<b>124,450</b>
<b>Other charges</b>	5	<b>(4,277,379)</b>	<b>(1,917,333)</b>
<b>Profit on ordinary activities before tax</b>		<b>3,205,888</b>	<b>2,754,479</b>
Tax on profit on ordinary activities	6	(157,137)	(1,949)
<b>Profit on ordinary activities after taxation</b>		<b>3,048,751</b>	<b>2,752,530</b>
Minority interest		(108)	-
<b>Profit for the financial year</b>		<b>£ 3,048,643</b>	<b>£ 2,752,530</b>

The group has had no discontinued activities in the year. Accordingly, the above results for the group relate solely to continuing activities and include all recognised gains and losses in arriving at the profit for the year. This profit is stated on an historical cost basis modified by marking to market of other financial investments and fair valuation of land and buildings.

The notes on pages 14 to 30 form part of these financial statements.

# ADYE Holdings Limited

GROUP BALANCE SHEET as at 30 June 2011

## ASSETS

	Notes	2011		2010	
		£	£	£	£
<b>Intangible assets</b>					
Goodwill	7		307,197		383,997
<b>Investments</b>					
Land and buildings	8	906,000		-	
Financial investments	9	13,564,169		5,505,379	
			<u>14,470,169</u>		<u>5,505,379</u>
<b>Reinsurers' share of technical provisions</b>					
Provision for unearned premiums	2	6,271,612		712,219	
Claims outstanding	3	2,508,092		885,500	
			<u>8,779,704</u>		<u>1,597,719</u>
<b>Debtors</b>					
Debtors arising out of direct insurance operations – amounts owed by intermediaries		22,503,599		10,926,944	
Debtors arising out of reinsurance operations		736,737		405,732	
Other debtors		717,364		511,752	
			<u>23,957,700</u>		<u>11,844,428</u>
<b>Other assets</b>					
Tangible fixed assets	10	173,198		95,413	
Cash at bank and in hand		4,189,826		3,144,399	
			<u>4,363,024</u>		<u>3,239,812</u>
<b>Prepayments and accrued income</b>					
Accrued interest		96,819		-	
Deferred acquisition costs		5,990,273		930,155	
Other prepayments and accrued income		140,110		72,198	
			<u>6,227,202</u>		<u>1,002,353</u>
<b>Total assets</b>		<b>£ 58,104,996</b>		<b>£ 23,573,688</b>	

The notes on pages 14 to 30 form part of these financial statements.

# ADYE Holdings Limited

GROUP BALANCE SHEET as at 30 June 2011 *(continued)*

## LIABILITIES

	Notes	2011		2010	
		£	£	£	£
<b>Capital and reserves</b>					
Called up share capital	11, 12	700		700	
Share premium account	12	699,550		699,550	
Profit and loss account	12	7,449,784		4,401,141	
		<hr/>		<hr/>	
<b>Equity shareholders' funds</b>		<b>8,150,034</b>		<b>5,101,391</b>	
<b>Equity minority interests</b>		<b>713,608</b>		<b>51,000</b>	
<b>Technical provisions</b>					
Provision for unearned premiums					
- gross amount	2	23,764,057		10,245,888	
Claims outstanding – gross amount	3	10,730,630		3,258,337	
		<hr/>		<hr/>	
		<b>34,494,687</b>		<b>13,504,225</b>	
<b>Creditors</b>					
Creditors arising out of direct insurance operations		1,807,621		116,412	
Creditors arising out of reinsurance operations		7,078,736		807,275	
Other creditors - including taxation and social security	13	4,600,034		3,846,758	
		<hr/>		<hr/>	
		<b>13,486,391</b>		<b>4,770,445</b>	
<b>Accruals and deferred income</b>		<b>1,260,276</b>		<b>146,627</b>	
		<hr/>		<hr/>	
<b>Total liabilities and shareholders' equity</b>		<b>£ 58,104,996</b>		<b>£ 23,573,688</b>	
		<hr/>		<hr/>	

Approved and signed on behalf of the Board of directors on **23 April 2012**



Andrew Flowers



Paul Martinez

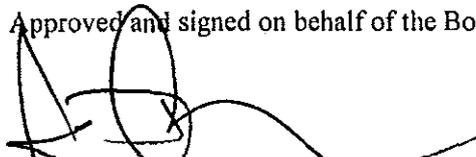
The notes on pages 14 to 30 form part of these financial statements.

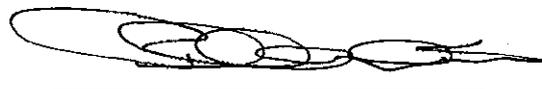
# ADYE Holdings Limited

COMPANY BALANCE SHEET as at 30 June 2011

	Notes	2011 £	2010 £
<b>ASSETS</b>			
<b>Investments</b>			
Investment in group undertakings	9	2,000,000	2,000,000
<b>Debtors</b>			
Sundry debtors		2,750	250
<b>Other assets</b>			
Cash at bank and in hand		372	-
<b>Total assets</b>		<b>£ 2,003,122</b>	<b>£ 2,000,250</b>
<b>LIABILITIES</b>			
<b>Capital and reserves</b>			
Called up share capital	11,12	700	700
Share premium account	12	699,550	699,550
Profit and loss account	12	1,287,133	(73,212)
<b>Equity shareholders' funds</b>		<b>1,987,383</b>	<b>627,038</b>
<b>Creditors:</b>			
Amounts due to group undertakings		-	1,364,622
Other creditors		11,089	7,590
		<b>11,089</b>	<b>1,372,212</b>
Accruals and deferred income		4,650	1,000
		<b>15,739</b>	<b>1,373,212</b>
<b>Total liabilities and shareholders' equity</b>		<b>£ 2,003,122</b>	<b>£ 2,000,250</b>

Approved and signed on behalf of the Board of directors on 23 April 2012

  
Andrew Flowers

  
Paul Martinez

The notes on pages 14 to 30 form part of these financial statements.

# ADYE Holdings Limited

## GROUP CASH FLOW STATEMENT for the year ended 30 June 2011

	Notes	2011		2010	
		£	£	£	£
<b>Net cash inflow from operating activities</b>	14(i)	9,918,551		7,751,734	
<b>Returns on investments and servicing of finance</b>					
Interest received		125,807		1,371	
Interest paid		(27,757)		(29,862)	
		<u>98,050</u>		<u>(28,491)</u>	
<b>Taxation</b>					
Taxation paid			-		(1,350)
<b>Capital expenditure and financial investments</b>					
Payments to acquire tangible fixed assets		(130,792)		(65,691)	
Payment to acquire land		(769,256)		-	
		<u>(900,048)</u>		<u>(65,691)</u>	
<b>Net cash inflow before financing</b>		9,116,553		7,656,202	
<b>Financing</b>					
Payment of loan			-		(916,636)
		<u>9,116,553</u>		<u>6,739,566</u>	
<b>Net increase in cash</b>		<u>9,116,553</u>		<u>6,739,566</u>	
<b>Cash flows were invested as follows:</b>					
Increase in cash		1,045,427		1,234,187	
Increase in financial investments		8,071,126		5,505,379	
		<u>9,116,553</u>		<u>6,739,566</u>	

The notes on pages 14 to 30 form part of these financial statements.

# ADYE Holdings Limited

## GROUP CASH FLOW STATEMENT for the year ended 30 June 2011(*continued*)

	Notes	2011 £	2010 £
<b>Movement in opening and closing portfolio investments net of financing:</b>			
Net cash flow for the period	14(ii)	9,116,553	6,739,566
Net decrease in loans and overdrafts		-	916,636
		<u>9,116,553</u>	<u>7,656,202</u>
Portfolio investments net of financing b/fwd		8,649,778	993,576
Other changes including market values and exchange rate effects		(12,336)	-
		<u>17,753,995</u>	<u>8,649,778</u>
<b>Cash, portfolio investment and financing consisting of:</b>			
Cash at bank		4,189,826	3,144,399
Financial investments		13,564,169	5,505,379
		<u>17,753,995</u>	<u>8,649,778</u>
	14(ii)	<u>17,753,995</u>	<u>8,649,778</u>

The notes on pages 14 to 30 form part of these financial statements.

# ADYE Holdings Limited

## NOTES TO THE FINANCIAL STATEMENTS

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### 1. Principal accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Group's financial statements:

#### **Basis of accounting**

The financial statements have been prepared under the historical cost convention as modified by marking to market of other financial investments and fair valuation of land and buildings, the accounting policies set out below, applicable legislation and in accordance with Gibraltar Accounting Standards.

Gibraltar legislation applied in the preparation of these financial statements includes the Gibraltar Companies Act and the Financial Services (Insurance Companies) Act.

The financial statements have been prepared in accordance with the Statement of Recommended Practice issued by the Association of British Insurers (the "ABI SORP") on Accounting for Insurance Business issued in December 2005.

The annual basis of accounting has been applied to the class of business underwritten by the Group.

#### **Basis of consolidation**

The consolidated financial statements of the ADYE Group include the assets, liabilities and results of the Company and subsidiary undertakings in which ADYE Holdings Limited has a controlling interest, using accounts drawn up to 30 June 2011.

The Company has taken advantage of the exemption under Section 7 of the Insurance Companies (Accounts Directive) Regulations 1997 from presenting its own profit and loss account.

#### **Business acquisitions**

Business acquisitions are accounted for by applying the acquisition method of accounting, which adjusts the net assets of the acquired company to fair value at the date of purchase. The difference between fair value of net assets of the acquired company and the fair value of the consideration given represents goodwill.

#### **Basis of accounting for insurance business**

The results are determined on an annual basis whereby the incurred cost of claims, commission and related expenses are charged against the earned proportion of premiums, net of reinsurance.

#### **Premiums**

Premiums written relate to business incepted during the year, together with any differences between the booked premiums for prior years and those previously accrued, and include estimates of premiums due but not yet receivable or notified to the Group less an allowance for cancellations, discounts, refunds and rebates but before deduction of reinsurance ceded and commission payable.

Premiums are payable on inception of the policy other than for deferred policies where payment is due when the claim has been settled.

Outward reinsurance premiums are accounted for in the same accounting period as the related direct insurance business.

# ADYE Holdings Limited

## NOTES TO THE FINANCIAL STATEMENTS

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### 1. Principal accounting policies (*continued*)

#### **Unearned premiums reserve**

The unearned premiums reserve represents the proportion of premiums written in the period that relate to the unexpired terms of the policies in force at the balance sheet date. For policies with an indefinite period of insurance the premiums are fully earned on the inception date with an appropriate claims reserve created.

#### **Claims incurred**

Claims incurred comprise claims paid during the financial period together with the movement in the provision for outstanding claims.

Reinsurance recoveries are accounted for in the same accounting period as the claims for the related business being reinsured.

#### **Claims provisions and related reinsurance recoveries**

The provision for claims outstanding is made on an individual basis and is based on the ultimate cost of all claims notified but not settled by the balance sheet date. The provision also includes the estimated cost of claims incurred but not reported at the balance sheet date based on statistical methods.

The estimation of claims incurred but not reported ("IBNR") is generally subject to a greater degree of uncertainty than the estimation of the cost of settling claims already notified to the Group, where more information about the claim event is generally available. Claims IBNR may often not be apparent to the insurer until many years after the event giving rise to the claim has happened. Classes of business where the IBNR proportion of the total reserve is high will typically display greater variations between the initial estimates and the final outcomes because of the greater degree of difficulty of estimating those reserves. Classes of business where claims are typically reported relatively quickly after the claim event will tend to display lower levels of volatility. In calculating the estimated cost of unpaid claims the Group uses a variety of estimation techniques, generally based upon statistical analyses of historic experience, which assumes that the development pattern of the current claims will be consistent with past experience.

#### **Reinsurance recoveries**

Contracts entered into by the Group with reinsurers under which the Group is compensated for losses on one or more insurance contracts issued by the Group are classified as reinsurance contracts held.

The benefits to which the Group is entitled under its reinsurance contracts held are recognised as reinsurance assets. These assets consist of short-term balances due from reinsurers, as well as longer-term receivables that are dependent on the expected claims and benefits arising under the related reinsured insurance contracts. Reinsurance liabilities are primarily premiums payable for reinsurance contracts and are recognised as an expense when due.

The Group assesses its reinsurance assets for impairment on an annual basis. The Group gathers the evidence that a reinsurance asset is impaired by having regard to market data on the financial strength of each of the reinsurance companies.

# ADYE Holdings Limited

## NOTES TO THE FINANCIAL STATEMENTS

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### 1. Principal accounting policies (*continued*)

#### **Acquisition costs**

Acquisition costs are included within net operating expenses and comprise brokerage and service company acquisition costs incurred on insurance contracts written during the financial year. They are spread over an equivalent period to that over which the premiums on the underlying business are earned. Deferred acquisition costs represent the proportion of acquisition costs incurred in respect of unearned premiums at the balance sheet date.

#### **Sliding scale commission**

Where applicable, sliding scale commission is accrued on business written using ultimate loss ratios to calculate the commission. It is spread over a period equivalent to that over which the premiums on the underlying business are earned.

#### **Guarantee fund levies**

Provision is made at the balance sheet date for levies declared by the Financial Services Compensation Scheme and Motor Insurers' Bureau based on premium income recognised in the financial statements. The charge in the technical account is matched to earned premiums.

#### **Foreign currencies**

##### *(i) Functional and presentation currency*

Items included in these financial statements are measured and presented using British pounds (£), the currency of the primary economic environment in which the Group operates (the 'functional currency'), which is also the Group's presentation currency.

##### *(ii) Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit and loss account. In respect to assets and liabilities arising from the Group's separately identifiable foreign business, the assets and liabilities are translated at the exchange rate ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to the profit and loss account.

#### **Land and buildings**

Land and buildings are valued at open market valuation. Full valuations are made by independent, professionally qualified valuers every three years. The aggregate surplus or deficit on revaluation is taken to the non-technical account.

No depreciation or amortisation is provided in respect of land and buildings as the directors consider that the residual value is not less than the current carrying value. Depreciation is only one of the factors reflected in the annual valuations, and the amounts which might otherwise have been shown cannot reasonably be separately identified or quantified.

#### **Other Financial investments**

Investments comprise of shares and other variable yield securities, debt and other fixed income securities and units in unit trusts stated at market value and deposits with credit institutions which are stated at market value.

# ADYE Holdings Limited

## NOTES TO THE FINANCIAL STATEMENTS

---

### 1. Principal accounting policies (*continued*)

#### **Investment income**

Interest income is accounted for as and when it becomes due and receivable.

Realised gains or losses represent the difference between net sales proceeds and purchase price.

Unrealised gains and losses on investments represent the difference between the current value of investments at the balance sheet date and their purchase price. The movement in unrealised investment gains/losses includes an adjustment for previously recognised unrealised gains/losses on investments disposed of in the accounting period.

Investment return (including realised and the movement in unrealised investment gains and losses) on investments attributable to the general business and associated shareholder's funds is reported in the non-technical account.

#### **Taxation and deferred tax**

##### *Current taxation*

Current taxation is provided for on the basis of tax rates and tax laws that have been enacted or substantially enacted at the year-end date.

##### *Deferred taxation*

Deferred tax is recognised in respect of all significant timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantially enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

#### **Goodwill**

Positive goodwill arising on acquisition of a group undertaking represents the excess of the fair value of the consideration given over the fair value of the identifiable assets and liabilities acquired. This is stated at cost less amortisation.

Positive goodwill is capitalised and treated as an asset on consolidation. Positive goodwill is regarded as having a limited useful economic life of eight years and is amortised through the profit and loss account on a straight line basis over its useful economic life.

A provision for impairment is made when necessary.

#### **Investments in group undertakings**

Investments in group undertakings are recorded in the Company's balance sheet at cost less any necessary provision for impairment in value.

# ADYE Holdings Limited

## NOTES TO THE FINANCIAL STATEMENTS

---

### 1. Principal accounting policies (*continued*)

#### Impairment reviews

A review for impairment of investments is conducted if events or changes in circumstances indicate that the carrying amount of any asset may not be recoverable in full. To the extent that the carrying amount exceeds the recoverable amount, the asset is impaired and is written down. Any impairment loss is recognised in the profit and loss account.

#### Tangible fixed assets

The cost of fixed assets is their purchase cost, together with any incidental expenses of acquisition.

Depreciation is calculated so as to write off the cost of tangible fixed assets, less their estimated residual values, on a straight-line basis over the expected useful economic lives of the assets concerned. The principal annual rates used for this purpose are:

Leasehold improvement	20%
Computer equipment	25%
Office equipment	25%

#### Operating leases

Rentals payable under operating leases are charged to the profit and loss account as incurred over the term of the lease.

### 2. Earned premiums net of reinsurance

	2011		
	Gross £	Reinsurance £	Net £
Premiums receivable	51,922,789	(13,084,483)	38,838,306
Unearned premiums carried forward	(23,764,057)	6,271,612	(17,492,445)
Unearned premiums brought forward	10,245,888	(712,219)	9,533,669
Change in the provision for unearned premiums	(13,518,169)	5,559,393	(7,958,776)
Premiums earned	£ 38,404,620	(7,525,090)	30,879,530

# ADYE Holdings Limited

## NOTES TO THE FINANCIAL STATEMENTS

### 2. Earned premiums, net of reinsurance (*continued*)

	2010		
	Gross £	Reinsurance £	Net £
Premiums receivable	20,973,861	(1,527,281)	19,446,580
Unearned premiums carried forward	(10,245,888)	712,219	(9,533,669)
Unearned premiums brought forward	5,294,545	-	5,294,545
Change in the provision for unearned premiums	(4,951,343)	712,219	(4,239,124)
Premiums earned	£ 16,022,518	(815,062)	15,207,456

### 3. Claims incurred net of reinsurance

	2011		
	Gross £	Reinsurance £	Net £
Claims paid	13,586,573	(603,404)	12,983,169
Outstanding claims carried forward	10,730,630	(2,508,092)	8,222,538
Outstanding claims brought forward	(3,258,337)	885,500	(2,372,837)
	7,472,293	(1,622,592)	5,849,701
Claims incurred	£ 21,058,866	(2,225,996)	18,832,870

# ADYE Holdings Limited

## NOTES TO THE FINANCIAL STATEMENTS

### 3. Claims incurred, net of reinsurance (*continued*)

	2010		
	Gross £	Reinsurance £	Net £
Claims paid	6,150,657	(367,372)	5,783,285
Outstanding claims carried forward	3,258,337	(885,500)	2,372,837
Outstanding claims brought forward	(1,693,483)	878,680	(814,803)
	1,564,854	(6,820)	1,558,034
Claims incurred	£ 7,715,511	(374,192)	7,341,319

### 4. Net operating expenses

	2011 £	2010 £
Acquisition costs	12,038,589	4,178,782
Change in deferred acquisition cost	(5,060,118)	(870,938)
Change in deferred acquisition cost – reinsurers	965,338	(329)
Other operating expenses	97,492	-
Reinsurance commissions	(3,225,330)	-
	£ 4,815,971	£ 3,307,515

# ADYE Holdings Limited

## NOTES TO THE FINANCIAL STATEMENTS

### 5. Other charges

	2011 £	2010 £
Bank charges	19,987	10,775
Bank loan interest payable	27,757	29,862
Gross wages and salaries	2,191,484	1,049,152
Social security costs	19,143	16,928
Auditor's remuneration	29,963	45,272
Depreciation of tangible fixed assets	53,007	60,627
Legal & professional fees	1,752,534	213,659
Goodwill amortisation	76,800	76,800
Other expenses	106,704	414,258
	<u>£ 4,277,379</u>	<u>£ 1,917,333</u>

The aggregate amounts of emoluments paid to Directors of Group Companies during the year amounted to £1,748,914 (2010: £674,069).

The Group bore the cost of an average nineteen (2010: thirteen) employees during the year (including directors).

### 6. Taxation

The Company was an exempt company under the Companies (Taxation and Concessions) Act 1983 until 31 December 2010. As from 1 January 2011 the Company is liable to corporation tax on income derived from a source within Gibraltar in accordance with the Income Tax Act 2010.

	2011 £	2010 £
<i>Current tax</i>		
Gibraltar corporation tax on profit for the period	156,527	-
Exempt tax fees	-	1,350
United Kingdom corporation tax	-	599
	<u>156,527</u>	<u>1,949</u>
<i>Deferred tax</i>		
Origination and reversal of timing differences	610	-
	<u>157,137</u>	<u>1,949</u>

# ADYE Holdings Limited

## NOTES TO THE FINANCIAL STATEMENTS

### 6. Taxation (continued)

The tax assessed for the year is lower than the standard rate of corporate tax in Gibraltar of 10% (2010: 22%). The differences are explained below:

	2011 £	2010 £
Profit on ordinary activities before tax	3,205,888	2,797,233
Profits on ordinary activities multiplied by the standard rate of Corporation Tax of 10% (2010: 22%)	320,587	374,250
<i>Effects of:</i>		
Expenses not deductible for tax purposes	3,781	-
Difference between depreciation and capital allowances	1,630	-
Income not taxable	(169,471)	(373,651)
Fixed amount payable	-	1,350
	<u>156,527</u>	<u>1,949</u>
Current tax charge for the period	<u>156,527</u>	<u>1,949</u>

### 7. Goodwill

	£
<b>Cost</b>	
At 1 July 2010	614,397
Additions	-
	<u>614,397</u>
At 30 June 2011	614,397
<b>Amortisation</b>	
At 1 July 2010	230,400
Charged during the year	76,800
	<u>307,200</u>
At 30 June 2011	307,200
<b>Net book value</b>	
At 30 June 2011	£ 307,197
	<u>307,197</u>
At 30 June 2010	£ 383,997
	<u>383,997</u>

Goodwill represents the excess of the fair value of the consideration given over the fair value of the identifiable assets and liabilities acquired of EIG Holdings Group. This is stated at cost less amortisation.

# ADYE Holdings Limited

## NOTES TO THE FINANCIAL STATEMENTS

### 8. Land and buildings

	£	£
As at 1 July 2010		-
Purchased of commercial property units	709,256	
Revaluation on commercial properties	136,744	
	<hr/>	846,000
Purchased of car parking space		60,000
		<hr/>
As at 30 June 2011		<u>906,000</u>

The commercial property units relate to units and car parking spaces at Ragged Staff Wharf, Queensway Quay, Gibraltar purchased by the Company on 31st May 2011. The units are being occupied by the Company as offices.

An open market revaluation was carried out by Paul Gibson MRICS of Gibsons Chartered Surveyors on the commercial property units on 7 June 2011. The properties (excluding the parking spaces) were valued at £846,000.

### 9. Other Financial Investments

#### (a) Financial investments (Group)

	2011 £	2010 £
Shares and variable yield securities and units in unit trusts	2,702,695	3,506,192
Debit securities and other fixed income securities.	4,300,108	-
Deposits with credit institutions	6,561,366	1,999,187
	<hr/>	<hr/>
	<b>£ 13,564,169</b>	<b>£ 5,505,379</b>
	<hr/>	<hr/>

The cost of investments at 30 June 2011 was £13,375,483 (2010: £5,505,379).

#### (b) Investments in group undertakings (Company)

	2011 £	2010 £
Investment in EIG Holdings Limited	<b>£ 2,000,000</b>	<b>£ 2,000,000</b>
	<hr/>	<hr/>

# ADYE Holdings Limited

## NOTES TO THE FINANCIAL STATEMENTS

### 9. Other Financial Investments (*continued*)

The investment represents 100% of the ordinary shares in EIG Holdings Limited, a company registered in Gibraltar.

	<i>Country of incorporation</i>	<i>Percentage held by the Company</i>	<i>Cost of the investments £</i>	<i>Capital and reserves £</i>	<i>Profit &amp; loss £</i>
EIG Holdings Limited	Gibraltar	100% (2010: 100%)	2,000,000 (2010: 2,000,000)	5,506,805 (2010: 3,031,652)	3,875,153 (2010: 1,080,477)

This information is based on the subsidiary company's latest audited accounts as at 30 June 2011.

#### Indirect holdings

<i>Company</i>	<i>Country of incorporation</i>	<i>Percentage held by the Company</i>	<i>Cost of the investments £</i>	<i>Capital and reserves £</i>	<i>Profit &amp; loss £</i>
Enterprise Insurance Company Plc (EICP)	Gibraltar	99.99% (2010: 99.99%)	6,300,000 (2010: 4,050,000)	9,165,687 (2010: 5,175,846)	1,077,341 (2010: 1,096,098)
EIG Services Limited	Gibraltar	100% (2010: 100%)	11,000 (2010: 11,000)	305,443 (2010: 2,075,841)	2,129,602 (2010: 1,700,685)
Quality Rating Limited (QRL)	United Kingdom	100% (2010: 100%)	150,000 (2010: 150,000)	58,790 (2010: 60,625)	(1,835) (2010: (794))
Call 4 (Gibraltar) Limited	Gibraltar	- (2010: 100%)	- (2010: 1,000)	- (2010: 11,337)	- (2010: (2,121))
Jelly Holdings Limited	Gibraltar	- (2010: 100%)	- (2010: 100)	- (2010: (1,845))	- (2010: (1,945))
			<b>£ 6,461,000</b> (2010: 4,212,100)		

# ADYE Holdings Limited

## NOTES TO THE FINANCIAL STATEMENTS

### 10. Tangible fixed assets

	Leasehold improvements £	Computer equipment £	Office equipment £	Total £
<b>Cost</b>				
At 1 July 2010	-	787,819	21,340	809,159
Additions during period	47,129	82,157	1,506	130,792
	<u>47,129</u>	<u>869,976</u>	<u>22,846</u>	<u>939,951</u>
<b>Depreciation</b>				
At 1 July 2010	-	692,406	21,340	713,746
Charge for the period	1,347	51,545	115	53,007
	<u>1,347</u>	<u>743,951</u>	<u>21,455</u>	<u>766,753</u>
<b>Net book value</b>				
At 30 June 2011	<u>45,782</u>	<u>126,025</u>	<u>1,391</u>	<u>173,198</u>
At 30 June 2010	-	95,413	-	95,413

### 11. Called up share capital

	2011 £	2010 £
<i>Authorised:</i>		
1,000 ordinary shares of £1 each	1,000	1,000
1,000 non-cumulative redeemable preference shares of £1 each	1,000	1,000
	<u>£ 2,000</u>	<u>£ 2,000</u>
<i>Share capital allotted, called up and fully paid:</i>		
500 ordinary shares of £1 each	500	500
200 non-cumulative redeemable preference shares of £1 each	200	200
	<u>£ 700</u>	<u>£ 700</u>

The redeemable preference shares are non-cumulative, non-voting, participating redeemable shares which can be redeemed only at the option of the Company.

# ADYE Holdings Limited

## NOTES TO THE FINANCIAL STATEMENTS

### 12. Reconciliation of shareholders' funds and movements in reserves

#### Group

	Share Capital £	Share Premium account £	Profit and loss account £	Total £
Balance at 1 July 2010	700	699,550	4,401,141	5,101,391
Profit for the year	-	-	3,048,643	3,048,643
Balance at 30 June 2011	<u>£ 700</u>	<u>699,550</u>	<u>7,449,784</u>	<u>8,150,034</u>

The share premium relates to 200 redeemable preference shares of £1 each issued at a premium of £3,497.75 each.

#### Company

	Share Capital £	Share Premium account £	Profit and loss account £	Total £
Balance at 1 July 2010	700	699,550	(73,212)	627,038
Profit for the year	-	-	1,360,345	1,360,345
Balance at 30 June 2011	<u>£ 700</u>	<u>699,550</u>	<u>1,287,133</u>	<u>1,987,383</u>

# ADYE Holdings Limited

## NOTES TO THE FINANCIAL STATEMENTS

### 13. Other creditors including taxation and social security

	2011 £	2010 £
Trade creditors	1,113,593	1,021,439
Insurance premium tax	2,533,458	1,520,594
Taxation and social security costs	180,401	50,827
Rhone Holdings Limited loan	700,000	700,000
Sundry creditors	72,582	553,898
	<u>£ 4,600,034</u>	<u>£ 3,846,758</u>

### 14. (i) Reconciliation of loss to net operating cashflows

	2011 £	2010 £
Profit before taxation and minority interest	3,205,888	2,754,479
Adjustments for:		
Depreciation	53,007	60,627
Amortisation of goodwill	76,800	76,800
Increase in debtors and prepayments	(17,338,121)	(3,494,315)
Increase in net technical provisions	13,808,477	5,797,158
Increase in creditors and accruals and deferred income	9,672,458	2,653,493
Increase / (decrease) in minority interest	662,500	(124,999)
Interest receivable	(125,807)	(1,371)
Interest expense	27,757	29,862
Unrealised gains	(124,408)	-
	<u>£ 9,918,551</u>	<u>£ 7,751,734</u>

# ADYE Holdings Limited

## NOTES TO THE FINANCIAL STATEMENTS

### 14. Reconciliation of loss to net operating cashflows *(continued)*

#### (ii) Movement in opening and closing portfolio investments net of financing:

	2010 £	Cash flows for the year £	Other movements £	2011 £
Cash at bank and in hand	3,144,399	1,045,427	-	4,189,826
Financial investments	5,505,379	8,071,126	(12,336)	13,564,169
	£ 8,649,778	9,116,553	(12,336)	17,753,995

### 15. Segmental reporting

	2011				
	Motor £	Fire and other damage to property £	Legal expense £	Miscellaneous £	Total £
Gross written premiums	36,135,377	2,043,936	5,548,543	8,194,933	51,922,789
Gross earned premiums	21,966,391	2,533,864	5,312,192	8,592,173	38,404,620
Gross claims incurred	(14,339,292)	(3,075,750)	567,851	(4,211,677)	(21,058,868)
Gross operating expenses	6,380,753	1,025,466	2,278,191	795,022	10,479,432
Reinsurance balance	2,848,270	(617,975)	808,807	-	3,039,102

Premiums written for direct insurance business total £46,556,780 and for reinsurance business £6,837,535 and have been concluded by the Company in Gibraltar.

# ADYE Holdings Limited

## NOTES TO THE FINANCIAL STATEMENTS

### 15. Segmental reporting (continued)

	2010				Total £
	Motor £	Fire and other damage to property £	Legal expense £	Miscellaneous £	
Gross written premiums	4,235,701	1,391,892	6,490,527	8,855,741	20,973,861
Gross earned premiums	1,787,550	607,173	6,484,965	7,142,830	16,022,518
Gross claims incurred	942,987	418,093	1,309,947	5,044,484	7,715,511
Gross operating expenses	862,051	219,482	1,799,387	1,603,685	4,484,605
Reinsurance balance	524,176	(76,813)	(6,820)	-	440,543

Premium written for direct insurance business total £20,660,658 and for reinsurance business £313,203 and have been concluded by the Group in Gibraltar.

### 16. Related party transactions

Significant transactions during the year and balances at the end of the year with related parties that require disclosure in accordance with Financial Reporting Standard No. 8 were as follows:

	Income/ (Expenses)		Amounts due (to)/ from parties	
	2011 £	2010 £	2011 £	2010 £
Rhone Holdings Limited	(1,027,757)	(9,577)	(709,333)	(709,577)
Aquarius Company Secretaries Limited	(6,650)	(900)	-	-
Cruz & Co	(61,916)	(38,875)	(15,777)	-
PDL International	(60,000)	(60,000)	(5,000)	-
Monitor Insurance Services Limited	(46,329)	(46,329)	(1,974)	(1,982)

# ADYE Holdings Limited

## NOTES TO THE FINANCIAL STATEMENTS

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### **16. Related party transactions (*continued*)**

The amount for Rhone Holdings Limited includes 9,333 (2010:£9,577) accrued interest included in accruals and deferred income account.

The entities above are considered related parties since they are under common ownership and/or have directors in common with this company, who exercise influence over the financial and operating policies of the company.

### **17. Future rental commitments under operating leases**

Enterprise Insurance Company Plc has annual commitments under non-cancellable operating leases on property, expiring on 14 June 2015. For the period to 30 June 2010 the annual commitment was £52,000. From 1 July 2010, the annual commitment is £64,248. For the residue of the lease period the rent will be determined in accordance with the provisions of the lease agreement.

Quality Rating Limited has annual commitments under non-cancellable operating lease with £19,800 due within one year and £13,004 due within two to five years.

### **18. Charge against assets**

The balances held in Enterprise Insurance Company Plc's books on various accounts with Hampshire Trust PLC amounting to £3,251 have been charged to Hampshire Trust PLC. No liability to Hampshire Trust PLC greater than the balances held with Hampshire Trust PLC exists.

### **19. Ultimate controlling party**

The immediate parent undertaking and ultimate controlling company is Aquarius Trust Company Limited, a trust company registered in Gibraltar.

**3. Audited consolidated annual report of  
ADYE Holdings Ltd now known as  
Enterprise Holdings Ltd,  
dated 31.03.2012**

# ADYE Holdings Limited

## GROUP REPORT & FINANCIAL STATEMENTS

31 March 2012

Company Registration No. 98427

# ADYE Holdings Limited

## DIRECTORS, OFFICERS AND OTHER INFORMATION

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**Directors:**

A Flowers  
N Cruz  
J Jacobson  
P Martinez

**Joint Secretaries:**

Acquarius Company Secretaries Limited  
Elaine Jones

**Auditors:**

Baker Tilly (Gibraltar) Limited  
Regal House  
Queensway  
Gibraltar

**Bankers:**

Coutts & Co  
440 Strand  
London WC2R 0QS

**Registered Office:**

Suite 3, 2nd Floor  
ICOM House  
1/5 Irish Town  
Gibraltar

# ADYE Holdings Limited

## DIRECTORS' REPORT

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During the period, the Company changed its year end from 30 June to 31 March and so the directors submit their report and the audited financial statements for the period from 1 July 2011 to 31 March 2012.

### **Principal activity**

The Company is registered in Gibraltar and is an investment holding company. The principal activity of its main subsidiary undertaking, Enterprise Insurance Company PLC ("EICP") is the provision of a number of bespoke and tailored wholesale insurance solutions.

### **Review of business and future developments**

The Board are delighted with the progress that the Group companies continue to make.

The coming year will see further growth from the Insurance Company's key European markets as it continues to pursue its strategy of developing profitable niche income streams. The business will continue to provide Shareholders with a significant return on capital invested and the Directors of the subsidiary companies are investigating a number of new opportunities currently which will further enhance performance for Shareholders and return real long term growth for the Group.

### **Results and dividends**

The results of the Group for the period are shown in the profit and loss account on pages 6 and 7. The directors do not recommend the payment of a dividend.

### **Directors**

The directors of the Company during the period and to the date of signing the financial statements were as stated on page 1.

### **Financial risk management objectives and policies**

The Group is exposed to financial risk through its financial assets, financial liabilities, reinsurance assets and policyholder liabilities. In particular, the key financial risk is that the proceeds from the financial assets are not sufficient to fund the obligations arising from policies as they fall due. The most important components of financial risk are price risk, currency risk, credit risk, liquidity risk and cash flow interest rate risk.

The Group manages these positions with its investment managers to achieve investment returns in excess of obligations under insurance contracts.

### **Interest rate risk**

Cash at banks, debt securities and deposits with credit institutions are subject to variations in interest rates. However, given the level of interest earned it is felt unnecessary to employ any hedging instruments.

### **Credit risk**

Credit risk arises from policies sold by EICP on a deferred basis where premium is due on settlement of the case. As of 31 March 2012, debtors from fully deferred schemes represented £13,503,719 (2011: £8,207,633) of which £356,724 (2011: £163,319) were settled after more than 90 days and £227,612 (2011: £372,640) were settled within less than 90 days. In addition, the debtors for part deferred schemes where a portion of the premium is paid on policy inception and the balance on conclusion, represented £559,492 (2011: £774,809).

# ADYE Holdings Limited

## DIRECTORS' REPORT *(continued)*

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### **Financial risk management objectives and policies *(continued)***

#### **Credit risk *(continued)***

In addition, credit risk arises from policies sold on a non-deferred basis where premium is due on or soon after policy inception. The Group actively manages credit control to minimise credit risk. Of the £17,098,711 (2011: £14,093,387) non deferred debtors, £12,745,323 (2011: £14,066,004) were due within less than 90 days.

#### **Liquidity risk**

The Group, through EICP retains a significant proportion of Gross Written Premiums in separately identifiable retention bank accounts, thereby ensuring a prudent level of cash is available to meet its obligations arising from policies. In addition, the Group's other financial investments are held in short term and near cash instruments with money market fund deposits, a liquidity fund UCIT and liquid tradable securities.

#### **Currency risk**

The Group, through EICP, writes insurance business in France and Greece thereby exposing the Group to Euro currency risk. The level of business written in these countries amounted to a sterling equivalent of £29,109,089 (2011: £19,017,159) relative to total premiums written of £75,196,960 (2011: £51,922,789). To the extent that Directors are comfortable they have sufficient euro currency cash balance to discharge potential liabilities, surplus balances are exchanged for sterling.

### **Statement of Directors' responsibilities**

Company law 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 those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements 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 the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the accounts comply with the Gibraltar Companies Act, the Insurance Companies (Accounts Directive) Regulations 1997 and the Companies (Accounts) Act 1999. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

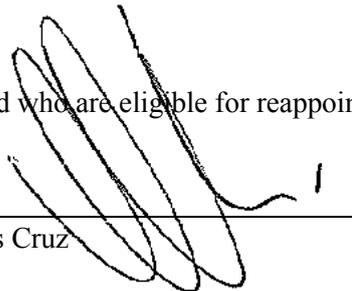
The maintenance and integrity of the Company's website is the responsibility of the directors. The directors' responsibility extends to the ongoing integrity of the financial statements contained therein.

### **Auditors**

The retiring auditors are Baker Tilly (Gibraltar) Limited who are eligible for reappointment.



Andrew Flowers  
Director



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Nicholas Cruz  
Director

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ADYE HOLDINGS LIMITED**

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This report is made solely to the company's members, as a body, in accordance with section 182 of the Gibraltar Companies Act. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

### **Report on the Financial Statements**

We have audited the Group financial statements of ADYE Holdings Limited for the nine-month period ended 31 March 2012 which comprise the Group Profit and Loss account, the Group Balance Sheet, the Company Balance sheet, the Group Cash Flow Statement and the related notes. These financial statements have been prepared under the accounting policies set out therein.

### **Directors' responsibilities**

The directors are responsible for the preparation and the true and fair presentation of these financial statements in accordance with the Gibraltar Companies Act, the Insurance Companies (Accounts Directive) Regulations and Gibraltar Accounting Standards (Gibraltar Generally Accepted Accounting Practice). This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

### **Auditor's responsibilities**

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

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

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

### **Opinion**

In our opinion, the financial statements give a true and fair view, in accordance with Gibraltar Generally Accepted Accounting Practice, of the state of the Group's and the Company's affairs as at 31 March 2012 and of the Group's results for the nine-month period then ended.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF  
ADYE HOLDINGS LIMITED (continued)**

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**Emphasis of matter**

***Adequacy of claims reserves and going concern***

In forming our opinion, we have considered the adequacy of the disclosures made in note 3 to the financial statements concerning the decision to retain the claims reserves of Enterprise Insurance Company Plc ("EICP"), the main subsidiary of the Group, at directors' valuation as opposed to the external actuary's best estimate. Any negative variance in the level of claim reserves could affect EICP's ability to meet its required solvency margin and could therefore affect the Group's ability to continue as a going concern (see note 1 – Going concern basis of preparation of the financial statements). Our opinion is not qualified in this respect.

**Report on Other Legal and Regulatory Requirements**

In addition to reporting on the financial statements, Gibraltar legal and regulatory requirements also require us to:

- (a) Report to you our opinion as to whether the financial statements have been properly prepared in accordance with the Gibraltar Companies Act and the Insurance Companies (Accounts Directive) Regulations 1997.
- (b) State in our report whether in our opinion the information given in the Directors' Report is consistent with the financial statements.
- (c) Report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

**Opinion**

In our opinion, the financial statements have been properly prepared in accordance with the Gibraltar Companies Act, the Insurance Companies (Accounts Directive) Regulations 1997 and the information given in the Directors' Report is consistent with the financial statements.

We have nothing to report to you in respect of our responsibility set out in (c) above.



**Jose Julio Pisharello**  
Statutory auditor for and on behalf of

**BAKER TILLY (GIBRALTAR) LIMITED**  
Registered Auditors

Chartered Accountants  
Regal House  
Queensway  
Gibraltar

31 July 2012

# ADYE Holdings Limited

GROUP PROFIT AND LOSS ACCOUNT for the period from 1 July 2011 to 31 March 2012

## TECHNICAL ACCOUNT

	Notes	Period ended 31/03/2012		Year ended 30/06/2011 (As restated)	
		£	£	£	£
<b>Earned premiums, net of reinsurance</b>					
Gross written premiums	2	<b>75,196,960</b>	51,922,789		
Outward reinsurance premiums	2	<b>(32,495,744)</b>	(13,084,483)		
<b>Net written premiums</b>		<b>42,701,216</b>		38,838,306	
Change in the gross provision for unearned premiums	2	<b>(8,376,094)</b>	(13,518,169)		
Change in the provision for unearned premiums, reinsurers' share	2	<b>7,017,255</b>	5,559,393		
			<b>(1,358,839)</b>	(7,958,776)	
<b>Earned premiums, net of reinsurance</b>		<b>41,342,377</b>		30,879,530	
<b>Other technical income / (expense)</b>		<b>1,596,363</b>		453	
Claims incurred, net of reinsurance					
Claims paid					
Gross amount	3	<b>(20,790,171)</b>	(13,586,573)		
Reinsurers' share	3	<b>6,139,098</b>	603,404		
		<b>(14,651,073)</b>	(12,983,169)		
Change in the provision for claims					
Gross amount	3	<b>(16,440,555)</b>	(7,472,293)		
Reinsurers' share	3	<b>7,159,103</b>	1,622,592		
		<b>(9,281,452)</b>	(5,849,701)		
<b>Claims incurred, net of reinsurance</b>		<b>(23,932,525)</b>		(18,832,870)	
<b>Net operating expenses</b>	4	<b>(10,316,254)</b>		(6,023,792)	
<b>Balance on the Technical Account</b>		<b>£ 8,689,961</b>		£ 6,023,321	

The notes on pages 13 to 30 form part of these financial statements.

# ADYE Holdings Limited

GROUP PROFIT AND LOSS ACCOUNT for the period from 1 July 2011 to 31 March 2012

## NON - TECHNICAL ACCOUNT

		<b>Period ended 31/03/2012</b>	Year ended 30/06/2011 (As restated)
	Notes	£	£
<b>Balance on the General Business Technical Account</b>		<b>8,689,961</b>	6,023,321
<b>Investment income</b>			
Interest receivable		<b>257,968</b>	125,807
Unrealised (loss) / gain on investments		<b>(24,315)</b>	124,408
<b>Other income</b>		<b>15,480</b>	1,910
<b>Other charges</b>	5	<b>(5,725,967)</b>	(4,277,379)
<b>Profit on ordinary activities before tax</b>		<b>3,213,127</b>	1,998,067
Tax on profit on ordinary activities	6	<b>(411,689)</b>	(157,137)
<b>Profit on ordinary activities after taxation</b>		<b>2,801,438</b>	1,840,930
Minority interest		<b>(6,459)</b>	(108)
<b>Profit for the financial period</b>		<b>£ 2,794,979</b>	£ 1,840,822

The group has had no discontinued activities in the period. Accordingly, the above results for the group relate solely to continuing activities and include all recognised gains and losses in arriving at the profit for the period. This profit is stated on an historical cost basis modified by marking to market of other financial investments and fair valuation of land and buildings.

The notes on pages 13 to 30 form part of these financial statements.

# ADYE Holdings Limited

GROUP BALANCE SHEET as at 31 March 2012

## ASSETS

	Notes	As at 31/03/2012		As at 30/06/2011 (As restated)	
		£	£	£	£
<b>Intangible assets</b>					
Goodwill	7		<b>249,597</b>		307,197
<b>Investments</b>					
Land and buildings	8	<b>1,056,000</b>		906,000	
Financial investments	9	<b>15,066,963</b>		13,564,169	
			<b>16,122,963</b>		14,470,169
<b>Reinsurers' share of technical provisions</b>					
Provision for unearned premiums	2	<b>13,288,867</b>		6,271,612	
Claims outstanding	3	<b>9,667,195</b>		2,508,092	
			<b>22,956,062</b>		8,779,704
<b>Debtors</b>					
Debtors arising out of direct insurance operations		<b>31,161,922</b>		22,503,599	
Debtors arising out of reinsurance operations		<b>4,295,123</b>		736,737	
Other debtors		<b>1,364,765</b>		717,364	
			<b>36,821,810</b>		23,957,700
<b>Other assets</b>					
Tangible fixed assets	10	<b>670,408</b>		173,198	
Cash at bank and in hand		<b>9,587,317</b>		4,189,826	
			<b>10,257,725</b>		4,363,024
<b>Prepayments and accrued income</b>					
Accrued interest		<b>181,377</b>		96,819	
Deferred acquisition costs		<b>7,381,381</b>		4,782,452	
Other prepayments and accrued income		<b>118,111</b>		140,110	
			<b>7,680,869</b>		5,019,381
<b>Total assets</b>		<b>£ 94,089,026</b>		<b>£ 56,897,175</b>	

The notes on pages 13 to 30 form part of these financial statements.

# ADYE Holdings Limited

GROUP BALANCE SHEET as at 31 March 2012 *(continued)*

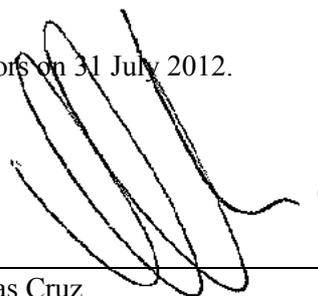
## LIABILITIES

	Notes	As at 31/03/2012		As at 30/06/2011 (As restated)	
		£	£	£	£
<b>Capital and reserves</b>					
Called up share capital	11, 12	700		700	
Share premium account	12	699,550		699,550	
Profit and loss account	12	9,036,942		6,241,963	
		<hr/>		<hr/>	
<b>Equity shareholders' funds</b>		<b>9,737,192</b>		6,942,213	
<b>Equity minority interests</b>		<b>2,457,567</b>		713,608	
<b>Technical provisions</b>					
Provision for unearned premiums					
- gross amount	2	32,140,151		23,764,057	
Claims outstanding					
- gross amount	3	27,171,185		10,730,630	
		<hr/>		<hr/>	
		<b>59,311,336</b>		34,494,687	
<b>Creditors</b>					
Creditors arising out of direct insurance operations		3,401,190		2,922,859	
Creditors arising out of reinsurance operations		11,936,847		7,078,736	
Other creditors - including taxation and social security	13	4,066,817		3,484,796	
		<hr/>		<hr/>	
		<b>19,404,854</b>		13,486,391	
<b>Accruals and deferred income</b>		<b>3,178,077</b>		1,260,276	
		<hr/>		<hr/>	
<b>Total liabilities and shareholders' equity</b>		<b>£ 94,089,026</b>		£ 56,897,175	
		<hr/> <hr/>		<hr/> <hr/>	

Approved and signed on behalf of the Board of directors on 31 July 2012.



Andrew Flowers  
Director



Nicholas Cruz  
Director

The notes on pages 13 to 30 form part of these financial statements.

# ADYE Holdings Limited

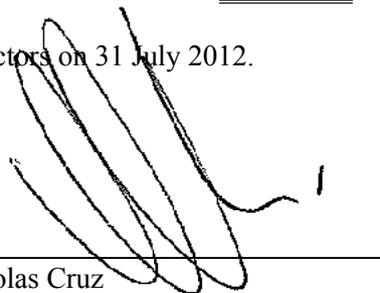
COMPANY BALANCE SHEET as at 31 March 2012

	Notes	As at 31/03/2012		As at 30/06/2011	
		£	£	£	£
<b>ASSETS</b>					
<b>Investments:</b>					
Investment in subsidiary undertakings	9(b)		<b>2,000,000</b>		2,000,000
<b>Debtors:</b>					
Sundry debtors			<b>251</b>		2,750
<b>Other assets:</b>					
Cash at bank			<b>5,234</b>		372
<b>Total assets</b>			<b>2,005,485</b>		<b>2,003,122</b>
<b>LIABILITIES</b>					
<b>Capital and reserves:</b>					
Called up share capital	11,12		<b>700</b>		700
Share premium account	12		<b>699,550</b>		699,550
Profit and loss account	12		<b>1,020,907</b>		1,287,133
<b>Equity shareholders' funds</b>			<b>1,721,157</b>		1,987,383
<b>Creditors:</b>					
Amounts due to group undertakings			<b>271,170</b>		-
Other creditors			<b>8,308</b>		11,089
			<b>279,478</b>		11,089
Accruals and deferred income			<b>4,850</b>		4,650
<b>Total liabilities and shareholders' equity</b>		<b>£</b>	<b>2,005,485</b>	<b>£</b>	<b>2,003,122</b>

Approved and signed on behalf of the Board of directors on 31 July 2012.



Andrew Flowers  
Director



Nicholas Cruz  
Director

The notes on pages 13 to 30 form part of these financial statements.

# ADYE Holdings Limited

GROUP CASH FLOW STATEMENT for the period from 1 July 2011 to 31 March 2012

	Notes	Period ended 31/03/2012		Year ended 30/06/2011	
		£	£	£	£
<b>Net cash inflow from operating activities</b>	14(i)	<b>7,736,877</b>		9,918,551	
<b>Returns on investments and servicing of finance</b>					
Interest received		257,968		125,807	
Interest paid		(21,000)		(27,757)	
		<b>236,968</b>		98,050	
<b>Taxation</b>					
Taxation paid		(297,650)		-	
<b>Capital expenditure and financial investments</b>					
Payments to acquire tangible fixed assets		(601,595)		(130,792)	
Payment to acquire land		(150,000)		(769,256)	
<b>Net increase in cash</b>		<b>6,924,600</b>		9,116,553	
<b>Cash flows were invested as follows:</b>					
Increase in cash		5,397,491		1,045,427	
Increase in financial investments		1,527,109		8,071,126	
		<b>6,924,600</b>		9,116,553	

The notes on pages 13 to 30 form part of these financial statements.

# ADYE Holdings Limited

GROUP CASH FLOW STATEMENT for the period from 1 July 2011 to 31 March 2012  
(continued)

	Notes	As at 31/03/2012 £	As at 30/06/2011 £
<b>Movement in opening and closing portfolio investments net of financing:</b>			
Net cash flow for the period		<b>6,924,600</b>	9,116,553
Portfolio investments net of financing b/fwd		<b>17,753,995</b>	8,649,778
Other changes including market values and exchange rate effects		<b>(24,315)</b>	(12,336)
		<u>24,654,280</u>	<u>17,753,995</u>
<b>Portfolio investments net of financing c/fwd</b>			
		<u>24,654,280</u>	<u>17,753,995</u>
<b>Cash, portfolio investment and financing consisting of:</b>			
Cash at bank		<b>9,587,317</b>	4,189,826
Financial investments		<b>15,066,963</b>	13,564,169
		<u>24,654,280</u>	<u>17,753,995</u>
	14(ii)	<u>24,654,280</u>	<u>17,753,995</u>

The notes on pages 13 to 30 form part of these financial statements.

# ADYE Holdings Limited

## NOTES TO THE FINANCIAL STATEMENTS

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### 1. Principal accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Group's financial statements:

#### **Basis of accounting**

The financial statements have been prepared under the historical cost convention as modified by marking to market of other financial investments and fair valuation of land and buildings, the accounting policies set out below, applicable legislation and in accordance with UK generally accepted accounting principles as adopted by Gibraltar.

Gibraltar legislation applied in the preparation of these financial statements includes the Gibraltar Companies Act and the Financial Services (Insurance Companies) Act.

The financial statements have been prepared in accordance with the Statement of Recommended Practice issued by the Association of British Insurers (the "ABI SORP") on Accounting for Insurance Business issued in December 2005.

The annual basis of accounting has been applied to the class of business underwritten by the Group.

#### **Going concern basis of preparation of the financial statements**

The Company's main subsidiary, Enterprise Insurance Company PLC ("EICP") is required to maintain a minimum solvency margin as required by the Insurance Companies (Solvency Margins and Guarantee Funds) Regulations 2004. As at 31 March 2012, EICP had net assets of £14.3m and a solvency position of £0.6m in excess of the minimum solvency margin of £12.9m. Any negative variance in the claims reserves at the year-end would result in a deterioration of the solvency margin position (see note 3).

The directors consider that the Group continues to have adequate resources to manage its business risks successfully. Accordingly, the Group has adopted the going concern basis in preparing the financial statements.

#### **Basis of consolidation**

The consolidated financial statements of the ADYE Group include the assets, liabilities and results of the Company and subsidiary undertakings in which ADYE Holdings Limited has a controlling interest, using accounts drawn up to 31 March 2012.

The Company has taken advantage of the exemption under Section 7 of the Insurance Companies (Accounts Directive) Regulations 1997 from presenting its own profit and loss account.

#### **Business acquisitions**

Business acquisitions are accounted for by applying the acquisition method of accounting, which adjusts the net assets of the acquired company to fair value at the date of purchase. The difference between fair value of net assets of the acquired company and the fair value of the consideration given represents goodwill.

#### **Basis of accounting for insurance business**

The results are determined on an annual basis whereby the incurred cost of claims, commission and related expenses are charged against the earned proportion of premiums, net of reinsurance.

# ADYE Holdings Limited

## NOTES TO THE FINANCIAL STATEMENTS

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### 1. Principal accounting policies (*continued*)

#### **Premiums**

Premiums written relate to business incepted during the period, together with any differences between the booked premiums for prior years and those previously accrued, and include estimates of premiums due but not yet receivable or notified to the Group less an allowance for cancellations, discounts, refunds and rebates but before deduction of reinsurance ceded and commission payable.

Premiums are payable on inception of the policy other than for deferred policies where payment is due when the claim has been settled.

Outward reinsurance premiums are accounted for in the same accounting period as the related direct insurance business.

#### **Unearned premiums reserve**

The unearned premiums reserve represents the proportion of premiums written in the period that relate to the unexpired terms of the policies in force at the balance sheet date. For policies with an indefinite period of insurance the premiums are fully earned on the inception date with an appropriate claims reserve created.

#### **Critical accounting estimates - Claims provisions and related reinsurance recoveries**

EICP makes estimates and assumptions that affect the reported amounts of assets and liabilities. These estimates and judgements 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. The Group's most critical accounting estimate is the ultimate liability arising from insurance claims.

Claims incurred comprise claims paid during the financial period together with the movement in the provision for outstanding claims. Reinsurance recoveries are accounted for in the same accounting period as the claims for the related business being reinsured.

The provision for claims outstanding is made on an individual basis and is based on the ultimate cost of all claims notified but not settled by the balance sheet date. The provision also includes the estimated cost of claims incurred but not reported at the balance sheet date based on statistical methods.

#### **Claims outstanding**

The estimation of claims incurred but not reported ("IBNR") is generally subject to a greater degree of uncertainty than the estimation of the cost of settling claims already notified to the Group, where more information about the claim event is generally available. Claims IBNR may often not be apparent to the insurer until many years after the event giving rise to the claim has happened. Classes of business where the IBNR proportion of the total reserve is high will typically display greater variations between the initial estimates and the final outcomes because of the greater degree of difficulty of estimating those reserves. Classes of business where claims are typically reported relatively quickly after the claim event will tend to display lower levels of volatility. In calculating the estimated cost of unpaid claims the Group uses a variety of estimation techniques, generally based upon statistical analyses of historic experience, which assumes that the development pattern of the current claims will be consistent with past experience.

# ADYE Holdings Limited

## NOTES TO THE FINANCIAL STATEMENTS

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### 1. Principal accounting policies (*continued*)

#### **Reinsurance recoveries**

Contracts entered into by the Group with reinsurers under which the Group is compensated for losses on one or more insurance contracts issued by the Group are classified as reinsurance contracts held.

The benefits to which the Group is entitled under its reinsurance contracts held are recognised as reinsurance assets. These assets consist of short-term balances due from reinsurers, as well as longer-term receivables that are dependent on the expected claims and benefits arising under the related reinsured insurance contracts. Reinsurance liabilities are primarily premiums payable for reinsurance contracts and are recognised as an expense when due.

The Group assesses its reinsurance assets for impairment on an annual basis. The Group gathers the evidence that a reinsurance asset is impaired by having regard to market data on the financial strength of each of the reinsurance companies.

#### **Acquisition costs**

Acquisition costs are included within net operating expenses and comprise brokerage and service company acquisition costs incurred on insurance contracts written during the financial period. They are spread over an equivalent period to that over which the premiums on the underlying business are earned. Deferred acquisition costs represent the proportion of acquisition costs incurred in respect of unearned premiums at the balance sheet date.

#### **Sliding scale commission**

Where applicable, sliding scale commission is accrued on business written using ultimate loss ratios to calculate the commission. It is spread over a period equivalent to that over which the premiums on the underlying business are earned.

#### **Guarantee fund levies**

Provision is made at the balance sheet date for levies declared by the Financial Services Compensation Scheme and Motor Insurers' Bureau based on premium income recognised in the financial statements. The charge in the technical account is matched to earned premiums.

#### **Foreign currencies**

##### *(i) Functional and presentation currency*

Items included in these financial statements are measured and presented using British pounds (£), the currency of the primary economic environment in which the Group operates (the 'functional currency'), which is also the Group's presentation currency.

##### *(ii) Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit and loss account. In respect to assets and liabilities arising from the Group's separately identifiable foreign business, the assets and liabilities are translated at the exchange rate ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to the profit and loss account.

#### **Land and buildings**

Land and buildings are valued at open market valuation. Full valuations are made by independent, professionally qualified valuers every three years. The aggregate surplus or deficit on revaluation is taken to the non-technical account.

# ADYE Holdings Limited

## NOTES TO THE FINANCIAL STATEMENTS

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### 1. **Principal accounting policies** (*continued*)

No depreciation or amortisation is provided in respect of land and buildings as the directors consider that the residual value is not less than the current carrying value. Depreciation is only one of the factors reflected in the annual valuations, and the amounts which might otherwise have been shown cannot reasonably be separately identified or quantified.

#### **Other financial investments**

Investments comprise of shares and other variable yield securities, debt and other fixed income securities and units in unit trusts stated at market value and deposits with credit institutions which are stated at market value.

#### **Investment income**

Interest income is accounted for as and when it becomes due and receivable.

Realised gains or losses represent the difference between net sales proceeds and purchase price.

Unrealised gains and losses on investments represent the difference between the current value of investments at the balance sheet date and their purchase price. The movement in unrealised investment gains/losses includes an adjustment for previously recognised unrealised gains/losses on investments disposed of in the accounting period.

Investment return (including realised and the movement in unrealised investment gains and losses) on investments attributable to the general business and associated shareholder's funds is reported in the non-technical account.

#### **Taxation and deferred tax**

##### *Current taxation*

Current taxation is provided for on the basis of tax rates and tax laws that have been enacted or substantially enacted at the year-end date.

##### *Deferred taxation*

Deferred tax is recognised in respect of all significant timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantially enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

#### **Goodwill**

Positive goodwill arising on acquisition of a group undertaking represents the excess of the fair value of the consideration given over the fair value of the identifiable assets and liabilities acquired. This is stated at cost less amortisation.

# ADYE Holdings Limited

## NOTES TO THE FINANCIAL STATEMENTS

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### 1. Principal accounting policies (*continued*)

Positive goodwill is capitalised and treated as an asset on consolidation. Positive goodwill is regarded as having a limited useful economic life of eight years and is amortised through the profit and loss account on a straight line basis over its useful economic life.

A provision for impairment is made when necessary.

#### **Investments in group undertakings**

Investments in group undertakings are recorded in the Group's balance sheet at cost less any necessary provision for impairment in value.

#### **Impairment reviews**

A review for impairment of investments is conducted if events or changes in circumstances indicate that the carrying amount of any asset may not be recoverable in full. To the extent that the carrying amount exceeds the recoverable amount, the asset is impaired and is written down. Any impairment loss is recognised in the profit and loss account.

#### **Tangible fixed assets**

The cost of fixed assets is their purchase cost, together with any incidental expenses of acquisition.

Depreciation is calculated so as to write off the cost of tangible fixed assets, less their estimated residual values, on a straight-line basis over the expected useful economic lives of the assets concerned. The principal annual rates used for this purpose are:

Leasehold improvement	20%
Computer equipment	25%
Office equipment	25%

#### **Operating leases**

Rentals payable under operating leases are charged to the profit and loss account as incurred over the term of the lease.

### 2. Earned premiums net of reinsurance

	Period ended 31/03/2012		
	Gross £	Reinsurance £	Net £
Premiums receivable	75,196,960	(32,495,744)	42,701,216
Unearned premiums carried forward	(32,140,151)	13,288,867	(18,851,284)
Unearned premiums brought forward	23,764,057	(6,271,612)	17,492,445
Change in the provision for unearned premiums	(8,376,094)	7,017,255	(1,358,839)
Premiums earned	£ 66,820,866	(25,478,489)	41,342,377

# ADYE Holdings Limited

## NOTES TO THE FINANCIAL STATEMENTS

### 2. Earned premiums, net of reinsurance (*continued*)

	Year ended 30/06/2011		
	Gross £	Reinsurance £	Net £
Premiums receivable	51,922,789	(13,084,483)	38,838,306
Unearned premiums carried forward	(23,764,057)	6,271,612	(17,492,445)
Unearned premiums brought forward	10,245,888	(712,219)	9,533,669
Change in the provision for unearned premiums	(13,518,169)	5,559,393	(7,958,776)
Premiums earned	£ 38,404,620	(7,525,090)	30,879,530

### 3. Claims incurred net of reinsurance

	Period ended 31/03/2012		
	Gross £	Reinsurance £	Net £
Claims paid	20,790,171	(6,139,098)	14,651,073
Outstanding claims carried forward	27,171,185	(9,667,195)	17,503,990
Outstanding claims brought forward	(10,730,630)	2,508,092	(8,222,538)
	16,440,555	(7,159,103)	9,281,452
Claims incurred	£ 37,230,726	(13,298,201)	23,932,525

# ADYE Holdings Limited

## NOTES TO THE FINANCIAL STATEMENTS

### 3. Claims incurred, net of reinsurance (*continued*)

	Year ended 30/06/2011		
	Gross £	Reinsurance £	Net £
Claims paid	13,586,573	(603,404)	12,983,169
Outstanding claims carried forward	10,730,630	(2,508,092)	8,222,538
Outstanding claims brought forward	(3,258,337)	885,500	(2,372,837)
	7,472,293	(1,622,592)	5,849,701
Claims incurred	£ 21,058,866	(2,225,996)	18,832,870

EICP commissioned its first full actuarial valuation of its geographically diverse motor book since it started writing motor business in France in January 2010. The review was carried out by Towers Watson (TW) as at 31 December 2011 and 'updated' to 31 March 2012 to coincide with the Company's reporting date.

The claim reserves relating to the motor book amount to £22.9 million. TW provided EICP with a best estimate of £27.3 million, a difference of £4.4 million (£1.5 million net of reinsurance) and a range of possible outcomes on claims reserves which were partially based on EICP's limited historic data and comparisons to the overall market and subsections that most resemble EICP's diverse and niche business. The reviews conducted by TW and the best estimates provided therein show wide variations in the ultimate loss ratio and best estimate between the reporting dates with March review showing significant improvements on the December 2011 position. The directors believe that had the actuary taken into account factors specific to EICP's modus operandi and not had to rely on market data in the absence of internal data then their best estimate would have been similar to EICP's reserved position. Therefore, the directors are confident that the claims reserves in the financial statements are more than adequate.

Any negative variance in the claims reserves at the year-end would result in a deterioration of the solvency margin position (see note 1).

# ADYE Holdings Limited

## NOTES TO THE FINANCIAL STATEMENTS

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### 4. Net operating expenses

	Period ended 31/03/2012	Year ended 30/06/2011 (As restated)
	£	£
Acquisition costs	<b>18,079,100</b>	12,038,589
Change in deferred acquisition cost	<b>(2,598,929)</b>	(3,852,297)
Change in deferred acquisition cost – reinsurers	<b>1,944,485</b>	965,338
Other operating expenses	<b>1,535,755</b>	97,492
Reinsurance commissions	<b>(8,644,157)</b>	(3,225,330)
	<hr/>	<hr/>
	<b>£ 10,316,254</b>	£ 6,023,792
	<hr/> <hr/>	<hr/> <hr/>

### 5. Other charges

	Period ended 31/03/2012	Year ended 30/06/2011
	£	£
Legal and professional fees	<b>1,642,812</b>	1,752,534
Gross wages and salaries	<b>2,322,845</b>	2,210,627
Depreciation of tangible fixed assets	<b>104,385</b>	53,007
Goodwill amortisation	<b>57,600</b>	76,800
Auditor's remuneration	<b>36,095</b>	29,963
Bank charges	<b>32,458</b>	19,987
Bank loan interest payable	<b>21,000</b>	27,757
Other expenses	<b>1,508,772</b>	106,704
	<hr/>	<hr/>
	<b>£ 5,725,967</b>	£ 4,277,379
	<hr/> <hr/>	<hr/> <hr/>

The aggregate amounts of emoluments paid to Directors of Group Companies during the period amounted to £1,706,998 (2011: £1,748,914).

The Group bore the cost of an average twenty-five (2011: nineteen) employees during the period (including directors).

# ADYE Holdings Limited

## NOTES TO THE FINANCIAL STATEMENTS

### 6. Taxation

	<b>Period ended 31/03/2012</b>	Year ended 30/06/2011
	£	£
<i>Current tax</i>		
Gibraltar corporation tax on profit for the period	<b>410,192</b>	156,527
Tax on ordinary profits	<b>410,192</b>	156,527
<i>Deferred tax</i>		
Origination and reversal of timing differences	<b>1,497</b>	610
Tax on profit from ordinary activities	<b>411,689</b>	157,137

The tax assessed for the period is higher (2011: lower) than the standard rate of corporate tax in Gibraltar of 10%. The differences are explained below:

	<b>Period ended 31/03/2012</b>	Year ended 30/06/2011 (As restated)
	£	£
Profit on ordinary activities before tax	<b>3,213,127</b>	1,998,067
Profits on ordinary activities multiplied by the standard rate of Corporation Tax of 10%	<b>321,313</b>	199,807
<i>Effects of:</i>		
Expenses not deductible for tax purposes	<b>399,682</b>	124,561
Difference between depreciation and capital allowances	<b>(4,942)</b>	1,630
Income not taxable	<b>(305,861)</b>	(169,471)
Current tax charge for the period	<b>410,192</b>	156,527

# ADYE Holdings Limited

## NOTES TO THE FINANCIAL STATEMENTS

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### 7. Goodwill

	£
<b>Cost</b>	
At 31 March 2012 and 1 July 2011	<b>614,397</b>
	<hr/>
<b>Amortisation</b>	
At 1 July 2011	<b>307,200</b>
Charged during the period	<b>57,600</b>
	<hr/>
At 31 March 2012	<b>364,800</b>
	<hr/>
<b>Net book value</b>	
<b>At 31 March 2012</b>	<b>£ 249,597</b>
	<hr/>
At 30 June 2011	£ 307,197
	<hr/>

Goodwill represents the excess of the fair value of the consideration given over the fair value of the identifiable assets and liabilities acquired of EIG Holdings Group. This is stated at cost less amortisation.

### 8. Land and buildings

	£
<b>Cost</b>	
As at 1 July 2011	<b>769,256</b>
Additions during the period	<b>150,000</b>
	<hr/>
<b>As at 31 March 2012</b>	<b>919,256</b>
	<hr/>
<b>Revaluation</b>	
As at 31 March 2012 and 1 July 2011	<b>136,744</b>
	<hr/>
<b>Market Value</b>	
<b>As at 31 March 2012</b>	<b>£ 1,056,000</b>
	<hr/>
As at 1 July 2011	£ 906,000
	<hr/>

# ADYE Holdings Limited

## NOTES TO THE FINANCIAL STATEMENTS

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### 8. Land and buildings (*continued*)

Land and buildings is composed of commercial property units and car parking spaces at Ragged Staff Wharf, Queensway Quay, Gibraltar. The commercial property units are being occupied by the Company as offices.

The last open market revaluation on the commercial property units was on 7 June 2011 by Paul Gibson MRICS of Gibsons Chartered Surveyors. The properties (excluding the parking spaces) were valued at £846,000.

### 9. Other financial investments

#### (a) Financial investments (Group)

	As at 31/03/2012 £	As at 30/06/2011 £
Shares and variable yield securities and units in unit trusts	2,589,854	2,702,695
Debit securities and other fixed income securities.	8,341,391	4,300,108
Deposits with credit institutions	4,135,718	6,561,366
	<u>£ 15,066,963</u>	<u>£ 13,564,169</u>

The cost of financial investments at 31 March 2012 was £14,200,798 (2011: £13,375,483).

#### (b) Investments in group undertakings (Company)

	As at 31/03/2012 £	As at 30/06/2011 £
Investment in EIG Holdings Limited	£ 2,000,000	£ 2,000,000

# ADYE Holdings Limited

## NOTES TO THE FINANCIAL STATEMENTS

### 9. Other financial investments (*continued*)

The investment represents 100% of the ordinary shares in EIG Holdings Limited, a company registered in Gibraltar.

	<i>Country of incorporation</i>	<i>Percentage held by the Company</i>	<i>Cost of the investments</i> £	<i>Capital and reserves</i> £	<i>Profit &amp; loss</i> £
EIG Holdings Limited	Gibraltar	<b>100%</b> (2011: 100%)	<b>2,000,000</b> (2011: 2,000,000)	<b>8,282,822</b> (2011; 5,506,805)	<b>2,776,017</b> (2011; 3,875,153)

This information is based on the subsidiary company's latest audited accounts as at 31 March 2012.

#### Indirect holdings

<i>Company</i>	<i>Country of incorporation</i>	<i>Percentage held by the Company</i>	<i>Cost of the investments</i> £	<i>Capital and reserves</i> £	<i>Profit &amp; loss</i> £
Enterprise Insurance Company PLC (EICP)	Gibraltar	<b>99.99%</b> (2011: 99.99%)	<b>9,100,000</b> (2011: 4,050,000)	<b>14,349,085</b> (2011: 5,175,846)	<b>645,898</b> (2011: 1,077,341)
EIG Services Limited	Gibraltar	<b>100%</b> (2011: 100%)	<b>11,000</b> (2011: 11,000)	<b>644,900</b> (2011: 305,443)	<b>3,139,457</b> (2011: 2,129,602)
Quality Rating Limited (QRL)	United Kingdom	<b>100%</b> (2011: 100%)	<b>150,000*</b> (2011: 150,000)	<b>79,413*</b> (2011: 100,000)	<b>20,623*</b> (2011: (41,210))
			<b>£9,261,000</b> (2011: 6,461,000)		

\* *Figures are based on unaudited financial statements.*

# ADYE Holdings Limited

## NOTES TO THE FINANCIAL STATEMENTS

### 10. Tangible fixed assets

	Leasehold improvements £	Computer equipment £	Office equipment £	Total £
<b>Cost</b>				
At 1 July 2011	47,129	869,976	22,846	939,951
Additions during period	285,502	219,371	96,722	601,595
	<u>332,631</u>	<u>1,089,347</u>	<u>119,568</u>	<u>1,541,546</u>
<b>Depreciation</b>				
At 1 July 2011	1,347	743,951	21,455	766,753
Charge for the period	32,125	59,237	13,023	104,385
	<u>33,472</u>	<u>803,188</u>	<u>34,478</u>	<u>871,138</u>
<b>Net book value</b>				
At 30 June 2012	<u>299,159</u>	<u>286,159</u>	<u>85,090</u>	<u>670,408</u>
At 31 March 2012	<u>45,782</u>	<u>126,025</u>	<u>1,391</u>	<u>173,198</u>

### 11. Called up share capital

	As at 31/03/2012 £	As at 30/06/2011 £
<b>Authorised:</b>		
1,000 ordinary shares of £1 each	1,000	1,000
1,000 non-cumulative redeemable preference shares of £1 each	1,000	1,000
	<u>£ 2,000</u>	<u>£ 2,000</u>
<b>Share capital allotted, called up and fully paid:</b>		
500 ordinary shares of £1 each	500	500
200 non-cumulative redeemable preference shares of £1 each	200	200
	<u>£ 700</u>	<u>£ 700</u>

The redeemable preference shares are non-cumulative, non-voting, participating redeemable shares which can be redeemed only at the option of the Company.

# ADYE Holdings Limited

## NOTES TO THE FINANCIAL STATEMENTS

### 12. Reconciliation of shareholders' funds and movements in reserves

#### Group

	Share Capital £	Share Premium account £	Profit and loss account £	Total £
Balance at 1 July 2011	700	699,550	7,449,784	8,150,034
Prior year adjustment (see Note 19)	-	-	(1,207,821)	(1,207,821)
	-----	-----	-----	-----
Balance at 1 July 2011, as restated	700	699,550	6,241,963	6,942,213
Profit for the period	-	-	2,794,979	2,794,979
	-----	-----	-----	-----
<b>Balance at 31 March 2012</b>	<b>£ 700</b>	<b>699,550</b>	<b>9,036,942</b>	<b>9,737,192</b>
	=====	=====	=====	=====

The share premium relates to 200 redeemable preference shares of £1 each issued at a premium of £3,497.75 each.

#### Company

	Share Capital £	Share Premium account £	Profit and loss account £	Total £
Balance at 1 July 2011	700	699,550	1,287,133	1,987,383
Profit for the period	-	-	(266,226)	(266,226)
	-----	-----	-----	-----
<b>Balance at 31 March 2012</b>	<b>£ 700</b>	<b>699,550</b>	<b>1,020,907</b>	<b>1,721,157</b>
	=====	=====	=====	=====

# ADYE Holdings Limited

## NOTES TO THE FINANCIAL STATEMENTS

### 13. Other creditors including taxation and social security

	As at 31/03/2012 £	As at 30/06/2011 £
Insurance premium tax	3,077,001	2,533,458
Taxation and social security costs	186,279	180,401
Rhone Holdings Limited loan	700,000	700,000
Sundry creditors	103,537	70,937
	<u>£ 4,066,817</u>	<u>£ 3,484,796</u>

### 14. (i) Reconciliation of profit to net operating cashflows

	Period ended 31/03/2012 £	Year ended 30/06/2011 (As restated) £
Profit before taxation and minority interest	3,213,127	1,998,067
Adjustments for:		
Depreciation	104,385	53,007
Amortisation of goodwill	57,600	76,800
Interest receivable	(257,968)	(125,807)
Interest expense	21,000	27,757
Unrealised losses / (gains)	24,315	(124,408)
Increase in debtors and prepayments	(15,525,598)	(16,130,300)
Increase in net technical provisions	10,640,291	13,808,477
Increase in creditors and accruals and deferred income	7,722,225	9,672,458
Increase in minority interest	1,737,500	662,500
	<u>£ 7,736,877</u>	<u>£ 9,918,551</u>

# ADYE Holdings Limited

## NOTES TO THE FINANCIAL STATEMENTS

### 14. Reconciliation of loss to net operating cashflows (*continued*)

#### (ii) Movement in opening and closing portfolio investments net of financing:

	2011 £	Cash flows for the period £	Other movements £	2012 £
Cash at bank and in hand	4,189,826	5,397,491	-	9,587,317
Financial investments	13,564,169	1,527,109	(24,315)	15,066,963
	£ 17,753,995	6,924,600	(24,315)	24,654,280

### 15. Segmental reporting

#### Period ended 31/03/2012

	Motor £	Fire and other damage to property £	Legal expense £	Miscellaneous £	Total £
Gross written premiums	54,574,507	1,792,155	14,510,742	4,319,556	75,196,960
Gross earned premiums	45,014,750	1,917,813	14,185,549	5,702,754	66,820,866
Gross claims incurred	(14,339,292)	(3,075,750)	(2,643,872)	(17,171,812)	(37,230,726)
Gross operating expenses	(12,108,494)	(753,710)	(3,431,369)	(282,169)	(16,575,742)
Reinsurance balance	(3,117,380)	154,751	(2,958,171)	-	(5,920,800)

Premiums written for direct insurance business total £75,845,258 and for reinsurance business (£648,298) and have been concluded by the Company in Gibraltar.

# ADYE Holdings Limited

## NOTES TO THE FINANCIAL STATEMENTS

### 15. Segmental reporting (continued)

Year ended 30 June 2011, as restated

	Motor £	Fire and other damage to property £	Legal expense £	Miscellaneous £	Total £
Gross written premiums	36,135,377	2,043,936	5,548,543	8,194,933	51,922,789
Gross earned premiums	21,966,391	2,533,864	5,312,192	8,592,173	38,404,620
Gross claims incurred	(14,339,292)	(3,075,750)	567,851	(4,211,677)	(21,058,868)
Gross operating expenses	(4,885,544)	(837,133)	(1,888,450)	(672,657)	(8,283,784)
Reinsurance balance	2,848,270	(617,975)	808,807	-	3,039,102

Premiums written for direct insurance business total £46,556,780 and for reinsurance business £6,837,535 and have been concluded by the Company in Gibraltar.

### 16. Related party transactions

Significant transactions during the period and balances at the end of the period with related parties that require disclosure in accordance with Financial Reporting Standard No. 8 were as follows:

	Expenses		Amounts due to parties	
	For the period 31/03/2012 £	For the year 30/06/2011 £	As at 31/03/2012 £	As at 30/06/2011 £
Rhone Holdings Limited	<b>846,000</b>	1,027,757	<b>702,333</b>	709,333
Monitor Insurance Services Limited	<b>1,431,500</b>	46,329	<b>40,599</b>	1,974
A Flowers	<b>1,075,000</b>	1,000,000	-	-
Aquarius Company Secretaries Limited	<b>4,765</b>	6,650	-	-
Cruz & Co	<b>25,793</b>	61,916	<b>4,000</b>	15,777
PDL International	<b>45,000</b>	60,000	-	5,000

# ADYE Holdings Limited

## NOTES TO THE FINANCIAL STATEMENTS

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### **16. Related party transactions (*continued*)**

The amount for Rhone Holdings Limited includes 2,333 (2011:£9,333) accrued interest included in accruals and deferred income account.

The entities above are considered related parties since they are under common ownership and/or have directors in common with this company, who exercise influence over the financial and operating policies of the company.

### **17. Future rental commitments under operating leases**

EICP has annual commitment of £29,494 under a six year non-cancellable operating lease commencing on 4 May 2011.

### **18. Charge against assets**

The balances held on various accounts with one of its banker, Hampshire Trust PLC, amounting to £3,183 have been charged to Hampshire Trust PLC. No liability to Hampshire Trust PLC greater than the balances held with Hampshire Trust PLC exists.

### **19. Restatements**

The Company restated its 30 June 2011 accounts to correct an error in the elimination of intra-group transactions. The effect is an increase of £1,207,821 to net operating expenses (and, therefore, a reduction in the profit for the year) and a reduction in deferred acquisition cost in the balance sheet.

### **20. Comparatives**

The results shown in the profit and loss account relate to the nine month period from 1 July 2011 to 31 March 2012. The comparative information shown is for the year ended 30 June 2011.

### **21. Ultimate controlling party**

The immediate parent undertaking and ultimate controlling entity is Aquarius Trust Company Limited, a trust company registered in Gibraltar.

No one individual has a controlling interest in the shares of the Company.

**4. Audited annual report of ADYE Holdings  
Ltd now known as  
Enterprise Holdings Ltd,  
dated 31.03.2012**

ADYE Holdings Limited

REPORT & FINANCIAL STATEMENTS

31 March 2012

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Company Registration No. 98427

# ADYE Holdings Limited

## DIRECTORS, OFFICERS AND OTHER INFORMATION

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**Directors:** Andrew Flowers  
Nicholas Cruz  
James Jacobson  
Paul Martinez

**Joint Secretaries:** Acquarius Company Secretaries Limited  
Elaine Jones

**Auditors:** Baker Tilly (Gibraltar) Limited  
Regal House  
Queensway  
Gibraltar

**Registered Office:** Suite 3, Second Floor  
ICOM House  
1/5 Irish Town  
Gibraltar

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# ADYE Holdings Limited

## DIRECTORS' REPORT

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During the period, the Company changed its year end from 30 June to 31 March. The directors submit their report and the audited financial statements for the period from 1 July 2011 to 31 March 2012.

### Principle activity

The Company is registered in Gibraltar and is a holding company. The principal activity of its main subsidiary undertaking Enterprise Insurance Company PLC ("EICP") is the provision of a number of bespoke and tailored wholesale insurance solutions.

### Review of business and future developments

The Directors are pleased with the performance of the Company's investments in the period and are confident that returns will continue to increase over time.

### Results and dividends

The results for the period are shown in the profit and loss account on page 5.

The directors do not recommend the payment of a dividend.

### Directors

The directors of the Company during the period were as stated on page 1.

No director had a direct interest in the shares of the Company.

### Statement of Directors' responsibilities

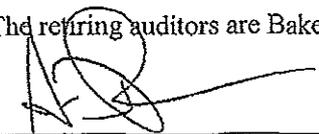
Company law requires the directors to prepare financial statements for each financial period, which give a true and fair view of the state of affairs of the Company and of the profit or loss for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the accounts comply with the Gibraltar Companies Act and The Insurance Companies (Accounts Directive) Regulations 1997. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

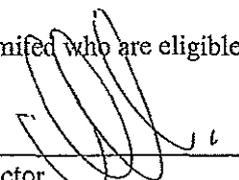
### Auditors

The retiring auditors are Baker Tilly (Gibraltar) Limited who are eligible for reappointment.



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Director



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Director

31 JUL 2012



**BAKER TILLY**  
(GIBRALTAR) LTD

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF  
ADYE HOLDINGS LIMITED**

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This report is made solely to the company's members, as a body, in accordance with section 182 of the Gibraltar Companies Act. Our audit work has been undertaken so that we might state to the group's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

**Report on the Financial Statements**

We have audited the financial statements of ADYE Holdings Limited for the nine-month period ended 31 March 2012 which comprise the Profit and Loss account, the Balance Sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein.

**Directors' responsibilities**

The directors are responsible for the preparation and the true and fair presentation of these financial statements in accordance with the Gibraltar Companies Act the Insurance Companies (Accounts Directive) Regulations 1997 and Gibraltar Accounting Standards (Gibraltar Generally Accepted Accounting Practice). This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

**Auditor's responsibilities**

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

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

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



**BAKER TILLY**  
**(GIBRALTAR) LTD**

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF  
ADYE HOLDINGS LIMITED (continued)**

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**Opinion**

In our opinion, the financial statements give a true and fair view, in accordance with Gibraltar Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 March 2012 and of results for the period then ended.

**Report on Other Legal and Regulatory Requirements**

In addition to reporting on the financial statements, Gibraltar legal and regulatory requirements also require us to:

- (a) Report to you our opinion as to whether the financial statements have been properly prepared in accordance with the Gibraltar Companies Act and the Insurance Companies (Accounts Directive) Regulations 1997.
- (b) State in our report whether in our opinion the information given in the Directors' Report is consistent with the financial statements.
- (c) Report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

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**Opinion**

In our opinion, the financial statements have been properly prepared in accordance with the Gibraltar Companies Act and the Insurance Companies (Accounts Directive) Regulations 1997 and the information given in the Directors' Report is consistent with the financial statements.

We have nothing to report to you in respect of our responsibility set out in (c) above.

**Jose Julio Pisharello**  
Statutory auditor for and on behalf of

**BAKER TILLY (GIBRALTAR) LIMITED**  
Registered Auditors

Chartered Accountants  
Regal House  
Queensway  
Gibraltar

31 JUL 2012

# ADYE Holdings Limited

PROFIT AND LOSS ACCOUNT for the period from 1 July 2011 to 31 March 2012

## NON - TECHNICAL ACCOUNT

	Notes	Period ended 31/03/2012 £	Year ended 30/06/2011 £
<b>Balance on the general business technical account</b>		-	-
<b>Investment income</b>			
Income from subsidiary undertakings - dividends		-	1,400,000
Other charges	2	(266,226)	(39,655)
<b>(Loss) / profit on ordinary activities before tax</b>		<b>(266,226)</b>	<b>1,360,345</b>
Taxation	3		
<b>(Loss) / profit on ordinary activities after tax</b>		<b>£ (266,226)</b>	<b>£ 1,360,345</b>

The Company has had no discontinued activities in the period. Accordingly, the above results for the Company relate solely to continuing activities and include all recognised gains and losses in arriving at the loss for the period. This loss is stated on an historical cost basis.

The notes on pages 7 to 12 form part of these financial statements.

# ADYE Holdings Limited

BALANCE SHEET as at 31 March 2012

	Notes	As at 31/03/2012		As at 30/06/2011	
		£	£	£	£
<b>ASSETS</b>					
<b>Investments</b>					
Investment in subsidiary undertakings	4		2,000,000		2,000,000
<b>Debtors</b>					
Other debtors			251		2,750
<b>Other assets</b>					
Cash at bank			5,234		372
<b>Total assets</b>			<b>2,005,485</b>		<b>2,003,122</b>
<b>LIABILITIES</b>					
<b>Capital and reserves</b>					
Called up share capital	5,7		700		700
Share premium account	6,7		699,550		699,550
Profit and loss account	7		1,020,907		1,287,133
<b>Equity shareholders' equity</b>			<b>1,721,157</b>		<b>1,987,383</b>
<b>Creditors</b>					
Amounts due to subsidiary undertakings	8		271,170		-
Other creditors			8,308		11,089
			<b>279,478</b>		<b>11,089</b>
Accruals and deferred income			4,850		4,650
<b>Total liabilities and shareholders' equity</b>		£	<b>2,005,485</b>	£	<b>2,003,122</b>

Approved and signed on behalf of the Board of Directors on 31 JUL 2012

Director

Director

The notes on pages 7 to 12 form part of these financial statements.

# ADYE Holdings Limited

## NOTES TO THE FINANCIAL STATEMENTS

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### 1. Principal accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Company's financial statements:

#### **Basis of accounting**

The financial statements have been prepared under the historical cost convention, the accounting policies set out below, applicable legislation and in accordance with Gibraltar Accounting Standards (Gibraltar Generally Accepted Accounting Practice).

#### **Investment and other income**

Investment income consists of dividends and interest receivable for the year.

#### **Investments in subsidiary undertakings**

Investments in subsidiary undertakings are recorded in the Company's balance sheet at cost less any necessary provision for impairment in value.

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#### **Impairment and provisions**

A review for impairment of investments is conducted if events or changes in circumstances indicate that the carrying amount of the investment may not be recoverable in full. To the extent that the carrying amount exceeds the recoverable amount, the investment is impaired and is written down. Any impairment loss is recognised in the profit and loss account.

#### **Taxation and deferred tax**

##### *Current taxation*

Current taxation is provided for on the basis of tax rates and tax laws that have been enacted or substantially enacted at the year-end date.

##### *Deferred tax*

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or right to pay less or to receive more, tax.

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Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

#### **Cash flow statement**

The Company is exempt from the requirement to prepare a cash flow statement under the provisions of Financial Reporting Standard 1 (revised) on the grounds of the Company's size.

# ADYE Holdings Limited

## NOTES TO THE FINANCIAL STATEMENTS

### 2. Other charges

	Period ended 31/03/2012 £	Year ended 30/06/2011 £
Consultancy fees	225,685	-
Other professional fees	39,118	31,578
Audit fees	1,364	8,077
Bank charges	59	-
	<u>£ 266,226</u>	<u>£ 39,655</u>

Other than the directors, the Company had no employees during the period ended 31 March 2012 (2011: Nil). None of the directors received any remuneration during the period in respect of their services as director of the Company.

### 3. Taxation

	Period ended 31/03/2012 £	Year ended 30/06/2011 £
<i>Current tax</i>		
Corporate tax on profits for the year	-	-
	<u>-</u>	<u>-</u>
Total current tax	<u>-</u>	<u>-</u>

The tax assessed for the year is lower than the standard rate of corporate tax in Gibraltar of 10%. The differences are explained below:

	Period ended 31/03/2012 £	Year ended 30/06/2011 £
(Loss) / profit on ordinary activities before tax	(266,226)	1,360,345
Profits on ordinary activities multiplied by the standard rate of Corporation Tax of 10%	26,623	136,034
<i>Effects of:</i>		
Income not taxable	(26,623)	(140,000)
Tax loss available for carry forward	-	3,966
	<u>£ -</u>	<u>£ -</u>
Current tax charge for the year	<u>£ -</u>	<u>£ -</u>

# ADYE Holdings Limited

## NOTES TO THE FINANCIAL STATEMENTS

### 4. Investment in subsidiary undertakings

	As at 31/03/2012 £	As at 30/06/2011 £
Investment in EIG Holdings Limited	£ 2,000,000	£ 2,000,000

<i>Company</i>	<i>Country of incorporation</i>	<i>Percentage held by the Company</i>	<i>Cost of the investments £</i>	<i>Capital and reserves £</i>	<i>Profit &amp; loss £</i>
EIG Holdings Limited	Gibraltar	100%	2,000,000	8,282,822	2,776,017
		(2011: 100%)	(2011: 2,000,000)	(2011: 5,506,805)	(2011: 3,875,153)

EIG Holdings Limited has the following subsidiaries:

<i>Company</i>	<i>Country of incorporation</i>	<i>Percentage held by the Company</i>	<i>Cost of the investments £</i>	<i>Capital and reserves £</i>	<i>Profit &amp; loss £</i>
Enterprise Insurance Company PLC	Gibraltar	99.99%	9,100,000	14,349,085	645,898
		(2011: 99.99%)	(2011: 6,300,000)	(2011: 5,175,846)	(2011: 1,077,341)
EIG Services Limited	Gibraltar	100%	11,000	644,900	3,139,457
		(2011: 100%)	(2011: 11,000)	(2011: 305,443)	(2011: 2,129,602)
Quality Rating Limited	United Kingdom	100%	150,000	79,413	20,623
		(2011: 100%)	(2011: 150,000)	(2011: 100,000)	(2011: (41,210))
			£ 9,261,000		
			(2011: 6,461,000)		

# ADYE Holdings Limited

## NOTES TO THE FINANCIAL STATEMENTS

### 5. Called up share capital

	As at 31/03/2012 £	As at 30/06/2011 £
<i>Authorised:</i>		
1,000 ordinary shares of £1 each	1,000	1,000
1,000 non cumulative redeemable preference shares of £1 each	1,000	1,000
	<u>2,000</u>	<u>2,000</u>

#### *Share capital allotted, called up and fully paid:*

500 ordinary shares of £1 each	500	500
200 non cumulative redeemable preference shares of £1 each	200	200
	<u>700</u>	<u>700</u>

The redeemable preference shares are non-cumulative, non-voting, participating redeemable shares which can be redeemed only at the option of the Company.

### 6. Share premium account

	As at 31/03/2012 £	As at 30/06/2011 £
200 redeemable preference shares at £3,497.75 each	£ 699,550	£ 699,550
	<u>699,550</u>	<u>699,550</u>

# ADYE Holdings Limited

## NOTES TO THE FINANCIAL STATEMENTS

### 7. Reconciliation of shareholders' equity and movements in reserves

	Share Capital £	Share Premium account £	Profit and loss account £	Total £
Balance at 1 July 2010	700	699,550	(73,212)	627,038
Profit for the year	-	-	1,360,345	1,360,345
Balance at 1 July 2011	700	699,550	1,287,133	1,987,383
Loss for the period	-	-	(266,226)	(266,226)
<b>Balance at 31 March 2012</b>	<b>£ 700</b>	<b>699,550</b>	<b>1,020,907</b>	<b>1,721,157</b>

### 8. Amounts due to subsidiary undertakings

		As at 31/03/2012 £		As at 30/06/2011 £
EIG Holdings Limited	£	271,170	£	-

The amount due to subsidiary undertaking is interest free with no fixed repayment date.

### 9. Related party transactions

Transactions during the year and balances at the end of the year with related parties that require disclosure in accordance with FRS 8 were as follows:

	Income / (expenses)		Amounts due from / (to) parties	
	2012 £	2011 £	2012 £	2011 £
EIG Holdings Limited	-	-	271,170	-

# ADYE Holdings Limited

## NOTES TO THE FINANCIAL STATEMENTS

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### 10. Comparatives

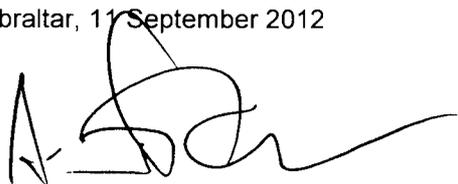
The results shown in the profit and loss account relate to the nine month period from 1 July 2011 to 31 March 2012. The comparative information shown is for the year ended 30 June 2011.

### 11. Ultimate controlling party

No one individual has a controlling interest in the shares of the Company.

## U. Signatures

Gibraltar, 11 September 2012

A handwritten signature in black ink, appearing to read 'A. Flowers', written over a horizontal line.

Andrew Flowers

- Managing Director -