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Abay Insurance S.C.

ANNUAL REPORT

for the year 2016/17



የአዕምሮዎ ሰላም!
“Your peace of mind!”



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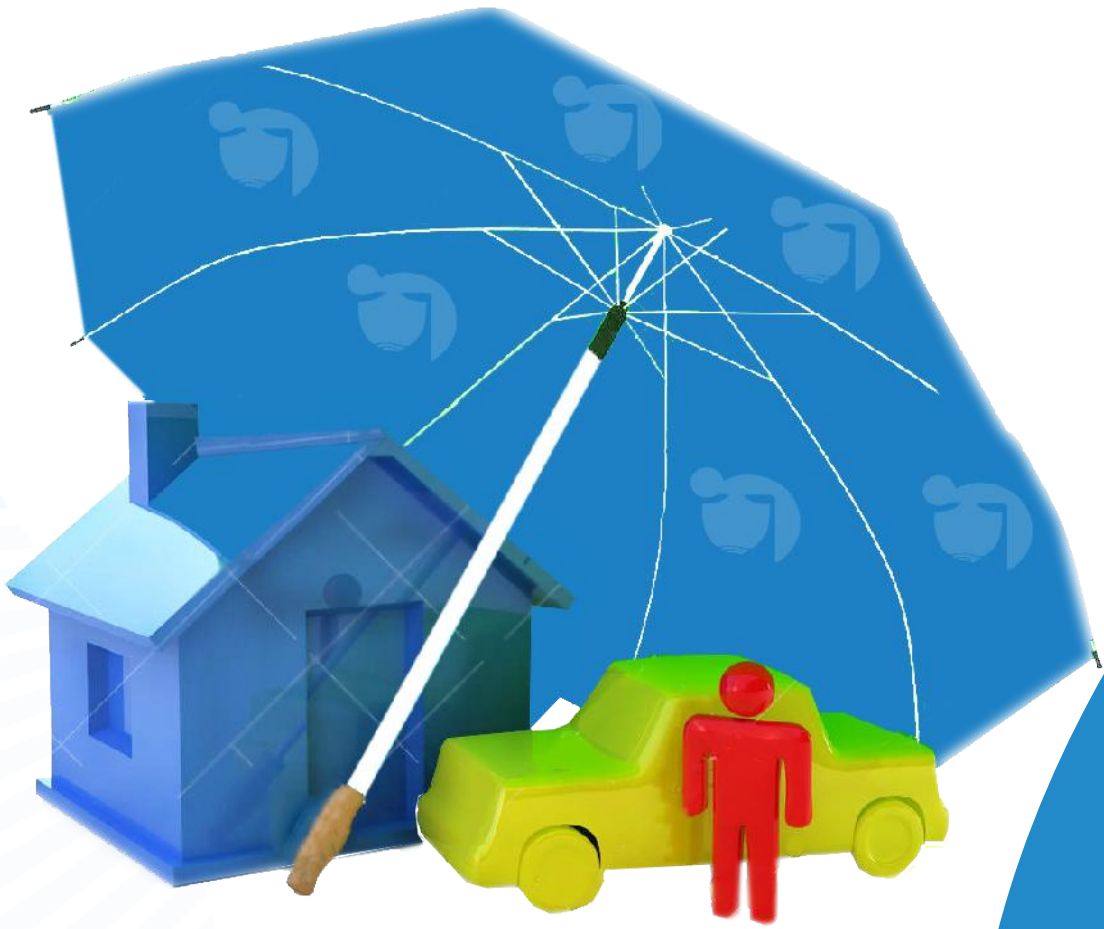
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Abay Insurance S.C.



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“Your peace of mind!”

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Company Highlights

Name

- Abay Insurance S.C.

Acronym

- “AISCO”, which stands for Abay Insurance S.C.

Establishment

- July 2010

Motto

- “Your peace of mind!”

Number of Branches

- Twenty Five (25)

Number of Staff as at June 30, 2017

- 172

Paid up Capital as at June 30, 2017

- Birr 141,175,000

Mission

- To provide diversified Insurance services tailored to meet the ever changing risk exposure facing the public by using ethical professionals and technology enablers in an innovative and cost effective ways.

Vision

- To be the most preferred and iconic insurance company in Africa.

Guiding Principles and Core Values

- Customers are the reason for our existence.
- Team work, loyalty and diversity are inevitable for our remarkable success.
- Continuous learning and improvement are our philosophy.
- Research and Development, innovation and critics are valuable for our vision achievement.
- Quality and ethical professionalism are part of our day to day activities.
- Social responsibility, transparency, and accountability are the basis for our sustainable growth
- Integrity and transparency are the basis for our achievement.
- Employees are our non-replaceable strategic resources.

BOARD OF DIRECTORS



Mitiku Beyene

Chairman



Gashaw Workneh

Director



Dessalegne Wedaje

(representing ANRS
Building Construction
Enterprise)
Director



Hassen Yesuf

(representing Tikur Abay
Transport S.C.)
Director



Yehuala Gessesse

(representing Abay Bank S.C.)
Vice Chairman



Aragaw Addis

(representing Amhara Water
Works Construction Enterprise)
Director



Dr. Alemayehu Wassie

(PhD)
Director



Sitotaw Abay

(representing Merkeb Farmers
Cooperative Union)
Director



Agmas Chekol

(representing ANRS Urban
Development &
Construction Enterprise)
Director



Getnet Girum

Board secretary

EXECUTIVE MANAGEMENT



Alemnew Tegen
Chief Executive Officer (CEO)



Mesfin Kassa
D/CEO- Underwriting,
Product Development &
Reinsurance Departmen



Solomon Seifu
Manager- Claims
Management
Department



Melaku Sima
Manager- Resource
Management
Department



Giuliano Ettore
Manager- Marketing,
Coporate Planning
& Brach Operations
Department



Behailu Betseha
Manager- Finance
and Investment
Department



Tadesse Worku
Manager- Engineering and
Inspection Service



Dagmawi Hailu
Manager- IT Service



Abiyu Nigussie
Manager- Enterprise
Risk Management &
Compliance Service



Alemayehu Birbirssa
Manager- Legal Service



Damenech Sileshi
Manager- Audit Service

Report of the Board of Directors

The Board of Directors of Abay Insurance S.C. is highly pleased to present the annual report together with the audited financial statements for the year that ended June 30, 2017 to the 7th Ordinary Annual General Meeting of Share Holders.

The Business Environment

World Economy

The overall global economic activity is broadly strengthened and expected to improve further in 2017/18 whereby much of the impetus is coming from advanced economies. According to the World Economic Outlook of July 2017, global economic activity is picking up with a long-awaited cyclical recovery in investment, manufacturing and trade. World economic growth is expected to rise from 3.2 % in 2016 to 3.5 and 3.6 % in 2017 and 2018 respectively.

Advanced economies are projected to grow by 2% and 1.9% in 2017 and 2018 respectively. The emerging market and developing economies growth rate was 4.1% in 2016. This rate is projected to increase to 4.6 % and 4.8% in 2017 and 2018 respectively. The revisions reflect primarily the macroeconomic implications of changes in policy assumptions for the world's two largest economies, the United States and China.

Growth in Sub-Saharan Africa is projected to recover to 2.6% in 2017 from the sharp deceleration of 1.3% in 2016 and to strengthen somewhat in 2018. The upturn reflects recovery of the global commodity prices and improvements in domestic conditions.

With regard to commodities and inflation, oil prices have receded, reflecting strong inventory levels in the United States and a pickup in supply. Headline inflation remains at levels well below central bank targets in most advanced economies. Core inflation has remained broadly stable. It has largely been stable in emerging economies as well, with a few, such as Brazil and Russia, witnessing strong declines.

Ethiopia- Economic and Socio-Cultural Review

Ethiopia has shown a dramatic economic growth over the past decade and the five year's growth and transformation plan has resulted in an average double-digit growth rate (10.1%) through government-led infrastructure and commercial agriculture development. The contribution of Agriculture, Industry, and Service is 36.7 %, 16.7 % and 47.3% respectively for the year 2015/16. According to the Ethiopian Economic Outlook, the economic growth for 2016/17 E.C. is estimated to be 10.2 %.

During GTP II period, the GDP contribution of Agriculture, Industry and Service sectors are projected to increase at an annual average rate of 8%, 19% and 10.1% respectively. Even though foreign investors are restricted to engage in the financial sector (Banking, Insurance, and Micro-finance), the country has attracted significant foreign investment in agriculture, manufacturing and service sectors.

According to the report of NBE, the registered country level inflation rate for 2015/16 was 11.2% and 8.1% for food and non-food items respectively whereas the general inflation rate was 9.7%. With respect to currency exchange rate, depreciation of Birr against Dollar and Euro is expected to continue in the coming years which will have an adverse impact on the price of imported raw materials and machinery.

As per the information acquired from the Ministry of Finance and Economic Development, the growth of Ethiopian economy is forecasted to continue at a rate of 11% in 2016/17. Export of goods and services has shown a tremendous increment for the last ten years. This continuous two-digit growth rate would place Ethiopia among the fastest growing countries in the world.

As per the information acquired from the Ministry of Finance and Economic Development, the growth of Ethiopian economy is forecasted to continue at a rate of 11% in 2016/17. Export of goods and services has shown a tremendous increment for the last ten years. This continuous two-digit growth rate would place Ethiopia among the fastest growing countries in the world. Economic growth brought a positive trend in reducing poverty. While 38.7% of Ethiopians lived in extreme poverty (an income of less than USD 0.6 per day) in 2004-2005, five years later this was 29.6%, which is a decrease in 9.1 percentage points. This achievement is much higher or halved in comparison with the 1995 data which is 60.5%.

According to the Growth and Transformation Plan of the Country, Ethiopia will be amongst the middle income countries by the year 2025. Under the second Growth and Transformation Plan, there will be an increment in the number of mobile telephone users, road network, power generation, and railway network by 257%, 183%, 750%, and 894% respectively. In addition, 406 million quintal agricultural yield and an income of USD 4 billion from the manufacturing sector with a 24% growth are targeted for the period. For the year 2017/18 the government has allocated a total budget of Birr 320.8 billion, which shows 17% increment from the previous year's figure, from which capital budget, recurrent budget, subsidies to regions, and SDGs (Sustainable Development Goals) will take a share of 36%, 25%, 37%, and 2% respectively.

The Ethiopian Insurance Industry

The Ethiopian Insurance Market has registered a premium volume of more than Birr 7.5 Billion as at June 2017 having an average growth rate of 25% for the last ten years. The total number of Insurance companies operating in the country is 17 from which 16 are privately owned. The total number of branches has reached 490 of which 54 percent are located in the capital and the rest in the regions. The insurance penetration rate (the ratio of premium underwritten in a particular year to the GDP) is about 0.40% against for example a penetration rate of 17% of the South Africa. The estimated premium per capita of the country is USD 3 against the average figure of Africa and the world which are USD 61 and USD 640 respectively. The insurance penetration rate and the premium per capita are by far below average of the continent.

Currently, the lion share of the market, which is around 36%, has been dominated by the state owned Insurance Corporation. Private insurance companies have scrambled the remaining portion. The twelve years (2005-2016) average annual profit growth rate for the industry is 32% and the loss ratio for general and life insurance for the same period is 67.3% and 39.7% respectively. The average annual capital growth rate of the industry for the last twelve years (2005-2016) is 20.6% and the capital has currently reached more than Birr 3.7 Billion as of June 2016. Currently, a national reinsurance company which is believed to have a significant positive impact in the industry in particular and the country in general has been operating.

Even though the overall performance of the industry is encouraging, there are observed threats like deterioration of professional practice and unhealthy competition that is confined only to reduction of premium rate. In addition, absence of a well-coordinated information exchange within the industry can also be mentioned as a weakness.

Most of the insurance companies are poorly capitalized and will struggle to survive in an increasingly competitive environment characterized by lower profit margins, higher costs for distribution and product development as well as consistently low investment returns.

In a nutshell, insurance uptake is very low in this market due to a high poverty rate and lack of capital and expertise within the insurance companies that would help tap into the market. The Lack of effective and transparent legal and regulatory systems in combination with immature financial markets and the common usage of informal types of insurance contribute to the low penetration.

Still a number of underlying positive factors support the outlook for a booming insurance market. A very low insurance penetration rate means high growth opportunities and potential. In addition, the continued growth of international investments in this country is driving the demand for insurance product. The awareness to insure against natural disasters is rising. And finally, insurers are benefiting from positive changes in regulation and compliance systems. Shifting demographics, changing cultural norms, an increasing urbanization and the declining influence of informal insurance are likely to accelerate insurance sales further.

Company's Performance Review

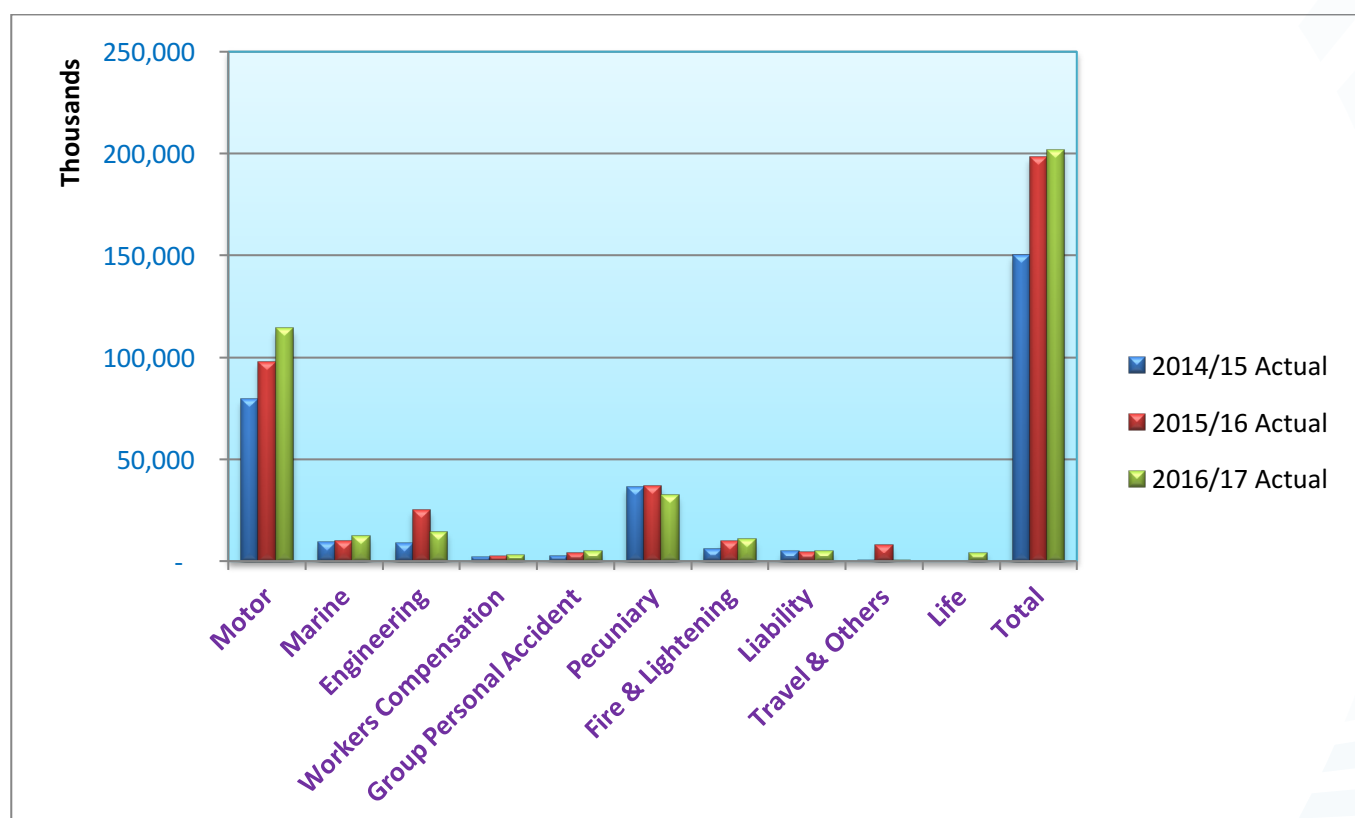
2016/17 Premium Production

The company has registered a gross written premium of Birr 201,779,615 (Birr 197,695,400 for the general insurance business and Birr 4,084,215 for the life business) in the budget year under review. This shows a growth rate 2% from the previous year's performance and 81.5% achievement against the target of Birr 247,500,000. The growth is not significant and the target achievement is not that much big. The reason is that competition among insurers was very fierce and rates were under pressure; as a result we were forced to give significant discounts for existing customers at time of renewal. If we look from another direction, the exposure (i.e. the sum insured and the liability limit) almost doubled from last year.

The average annual premium production growth rate for the past six years is 47.8%. From the total production for the year 2016/17, Motor class of business took the lion share of 56.5% followed by bond class of business 14.1%.

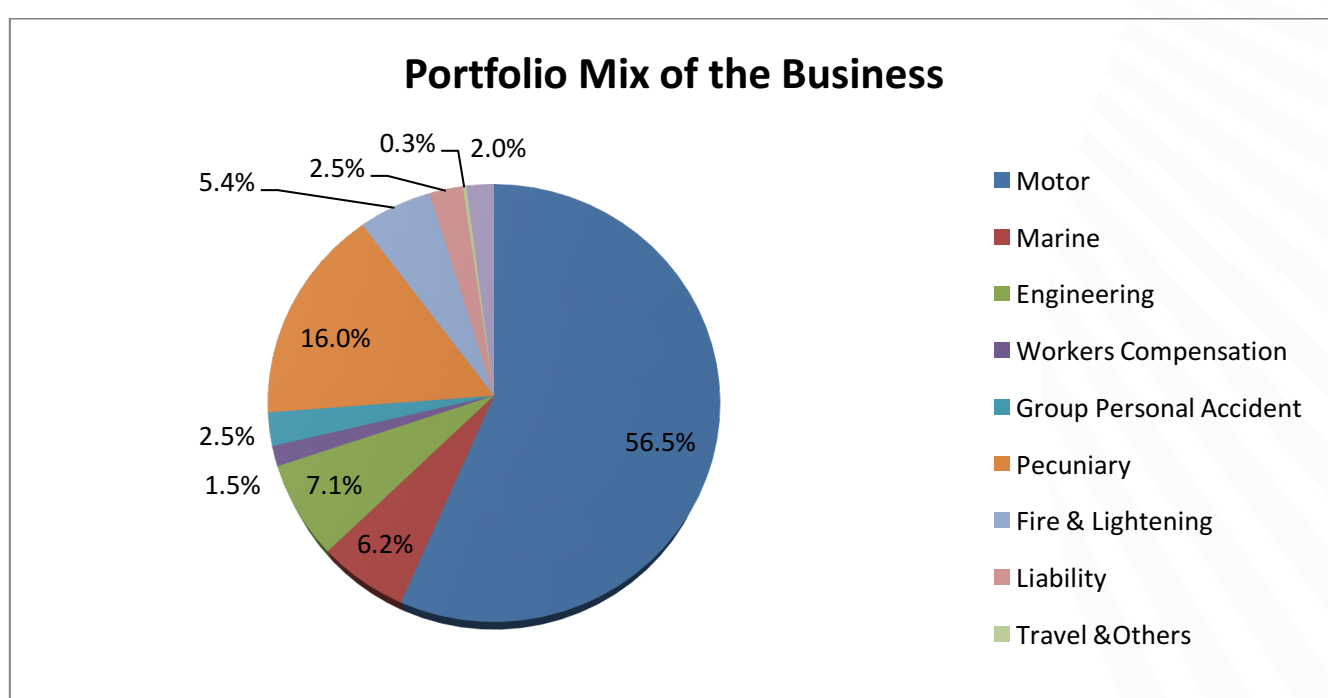
The net earned premium of General Insurance for the period under review is Birr 139,213,727.44 which shows a 15% increment from the previous year's performance. The Company has sold 26,876 policies in the stated fiscal year. The total number of Customers has reached 18,162 for the same period.

Chart1: Gross written Premium by Class of Business 2016/17



Almost all except Engineering and Pecuniary have registered growth. The significant growth is from the motor class of business.

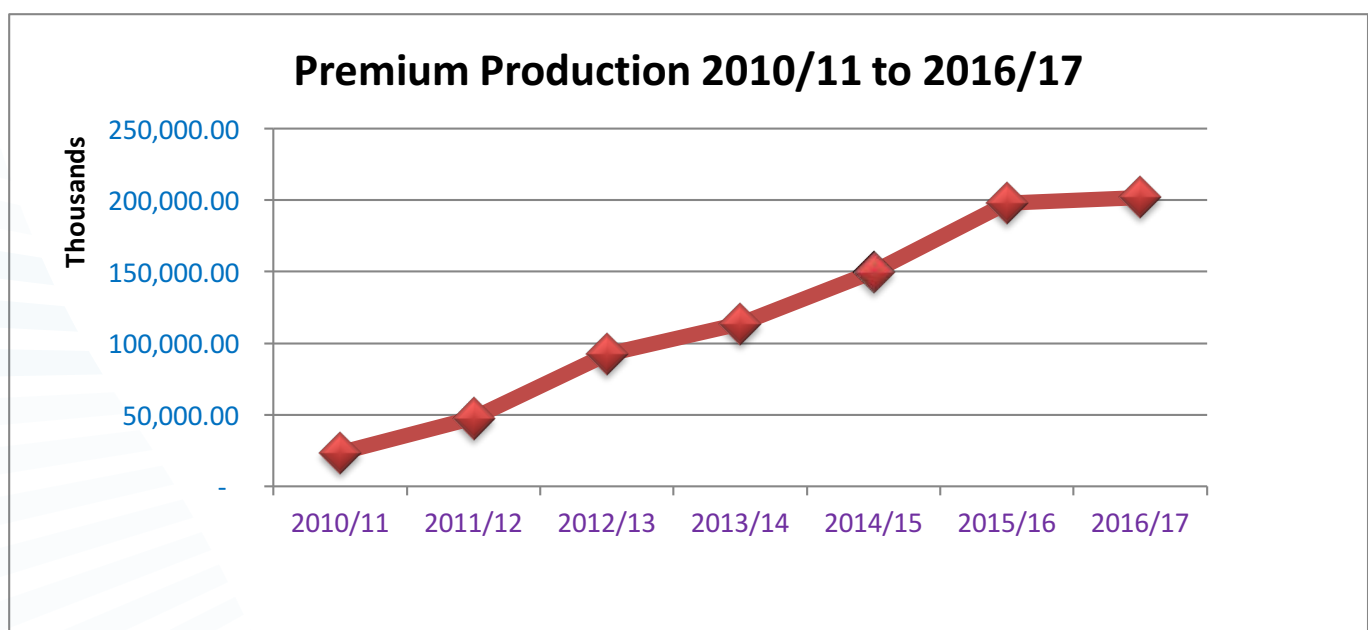
Chart 2: Premium Portfolio composition 2016/17



As can be seen from the above details, the Company's portfolio is dominated by Motor and Pecuniary businesses. However, underwriting measures have been taken to discourage loss making vehicles such as Sino Truck and Dump Truck, Isuzu Trucks, Mini Buses, etc. In some cases however, we are forced to accept such vehicles when proposed in packages as an accommodation. We are therefore still facing the severe claim costs from such vehicles.

We have started the Life class of business in the fiscal year under review and underwrote a volume of Birr 4,085,976. As a new market entrant, the volume of business is very encouraging and we will exert our maximum effort to strengthen this class of business.

Chart 3: Premium Production Trend 2010/11 to 2016/17



As can be seen from the graph, the growth from last fiscal year is not significant due to the pressure of the competition and the selective underwriting strategy.

Reinsurers and Premium Cession

The reinsurance treaties have been led partly by Swiss Re and partly by Africa Re, both are A rated giants, and followed by Zep/PTA Re and Tunis Re, both are B+ rated, and the young indigenous Ethiopian Re.

The total premium cession amount is Birr 51,844, 080 from the gross written premium of Birr 201,779,615 which makes the cession ratio of 26%. The ratio is below the previous year's ratio of 34% and the standard of 30% which has been set by the regulator.

The primary objective of the reinsurance backing is to safe guard the company against unexpected catastrophes. The reinsurance cession is the second largest cost of the company next to the claims cost. Every year the company retains more by increasing its capital and free reserves.

Branch Networks and Insurance Products

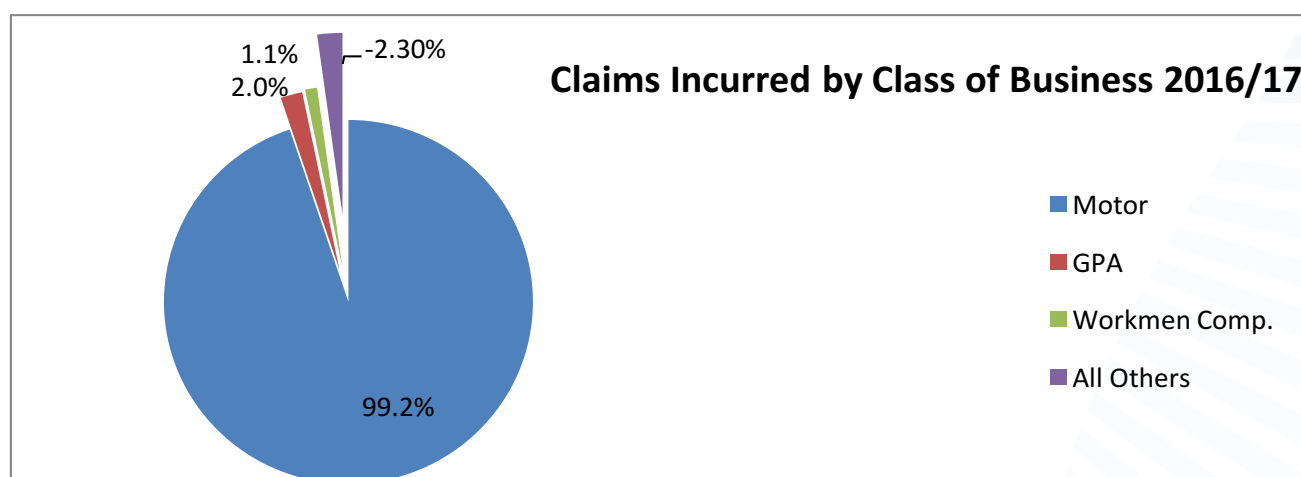
With a determined plan of addressing the whole country, Abay Insurance S.C. is operating through 25 branches; of which 14 are located in Addis Ababa and the rest in the regions (i.e. One each in Bahir Dar, Gondar, Dessie, Weldiya, Mekelle, Debre Markos, Debre Berhan, Adama, Hawassa, Dire Dawa and Assosa)

It is currently offering different types of General and Long Term Insurance Products to the public. The company is currently implementing the third year of its five years strategic plan somewhat in a synergized manner.

Claims

The company has incurred a total amount of Birr 85,536,782 claim during the period under review. This shows (8.9) % reduction from last year same period. The Company has paid a net claim of Birr 70,387,175 which shows an increment from the previous year's performance by 43.8% which can be considered acceptable in comparison to the overall growth customer service of the company. Motor class of business constitutes 99.2% from the total claims incurred which is highly dominated all other classes of business.

Chart 4: Claims Incurred by Class of Business 2016/17



As can be seen from the chart, 99% of the claims are from Motor class of business. The pie chart does not include the claims from the Life class of business. The claims figure from the Life class of business is insignificant.

Loss Ratio

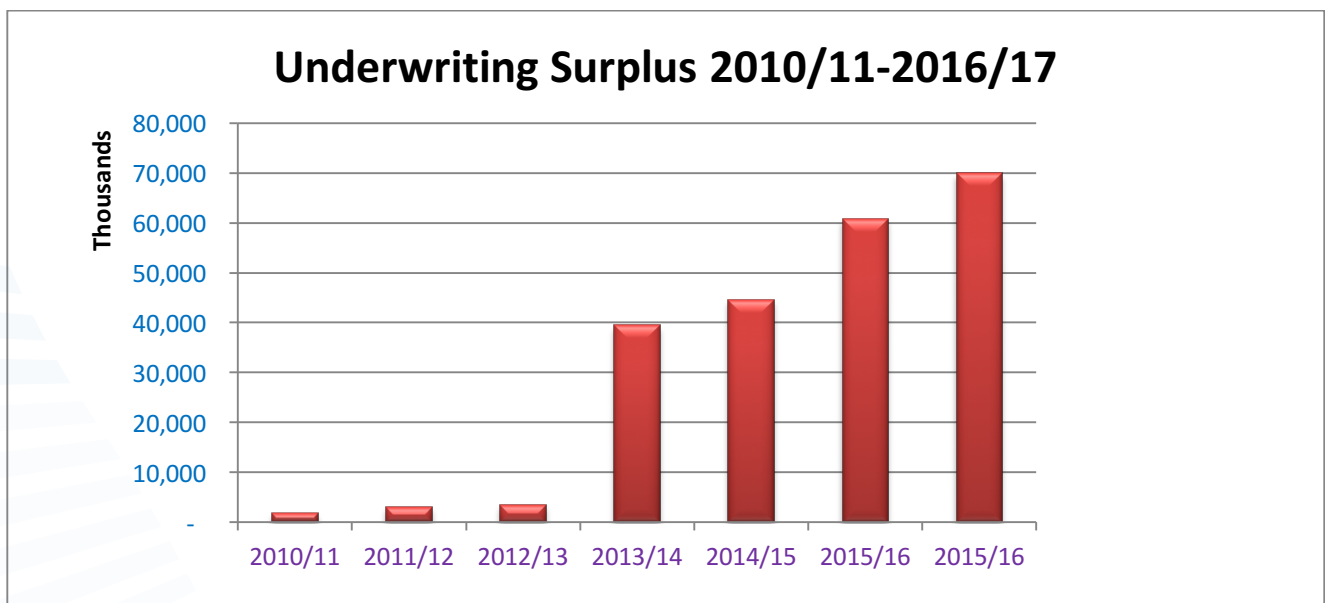
The net earned premium for the year 2016/17 is Birr 139,213,727.44 and the net claims incurred for the same period is Birr 81,005,692.67. This has resulted in an overall loss ratio of 58% for the period under review which is declined by 2% from the previous year's performance. The loss ratio of the Company is below the industry's ten years average of 68%. This result is achieved as a result of the company's prudent and selective underwriting Practice. The Company will continue its prudent and professional underwriting philosophy so as to maintain a profitable growth from its core business.

Underwriting Result

The Company has registered an Underwriting Surplus of Birr 69,892,995 which is a 15% increment from the preceding year's performance. The registered underwriting result is a dramatic increment and is growing encouragingly when compared to the results of the first three years of operation.

The result is achieved due to the implementation of prudent underwriting practice and utmost professionalism. Underwriting surplus is the main factor to assess the strength of an insurance company since it is a direct result of the core operation. Accordingly, the achievement of Abay Insurance S.C. can be regarded as an outstanding operational success and shows the long term viability of the company.

Chart 6: Underwriting Surplus 2010/11-2016/17



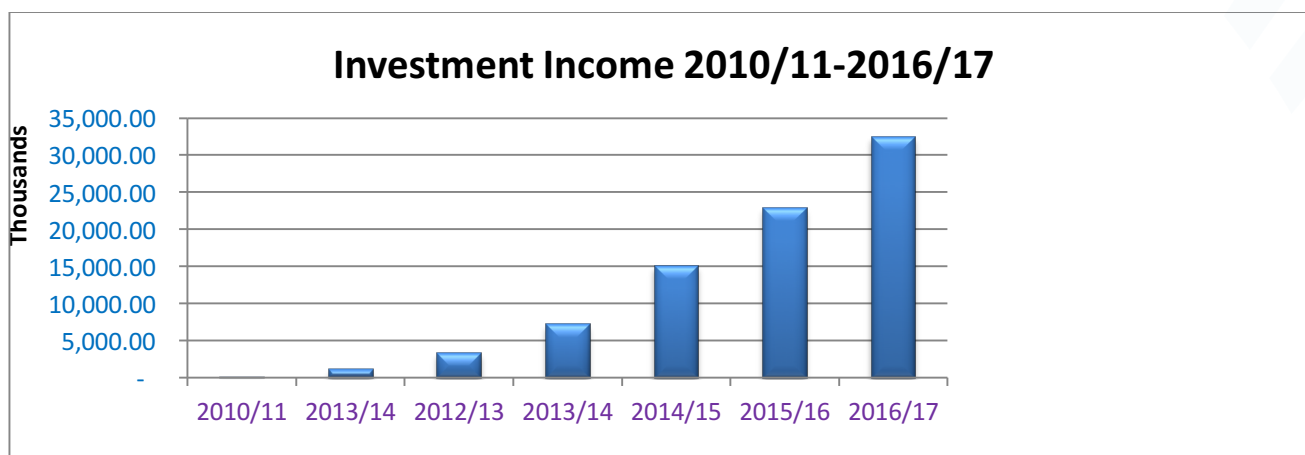
As can be seen from the above chart, underwriting surplus increases by a sharp increasing rate for the last four fiscal years.

The underwriting surplus does not include the Life class of business since the volume of the business is not big enough for the appointment of an Actuarial firm from abroad to conduct actuarial valuation.

Investment Result

The Company has acquired a return on Investment of Birr 32,670,025 which has shown an increment of 43.5% from the previous year's performance. This achievement is attributable to the careful actions taken in order to have a better return on the investment activities specifically from interest income from time deposits.

Chart 7: Investment Income 2010/11-2016/17

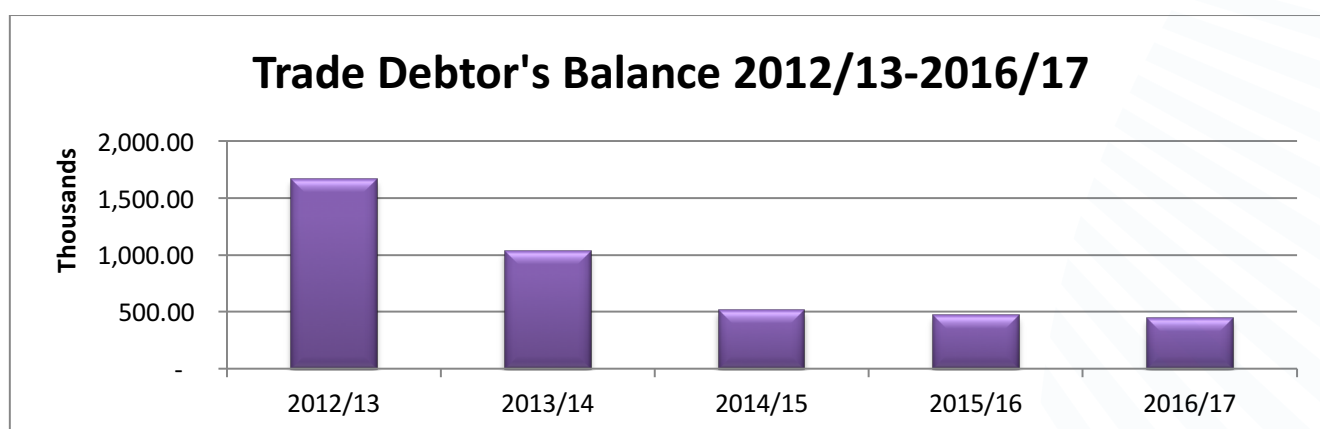


Investment return is growing at a sharp increasing rate.

Trade Debtors

The trade debtor's balance as at June 30, 2017 is Birr 444,371.77 which shows reduction by 5% from last year same period balance. This achievement is attributable to the planned collection effort exhausted by the management and the staff. The Company is still determined towards collecting the remaining balance even though it is difficult since the time is very long and the amount is very small (less than Birr 10,000.00) per customer. We already set 100% provision and significant amount of this figure is still under legal process. We will proceed to the write off process up on finalizing the legal process and collection effort.

Chart 8: Trade Debtor's Balance 2012/13-2016/17



Expenses

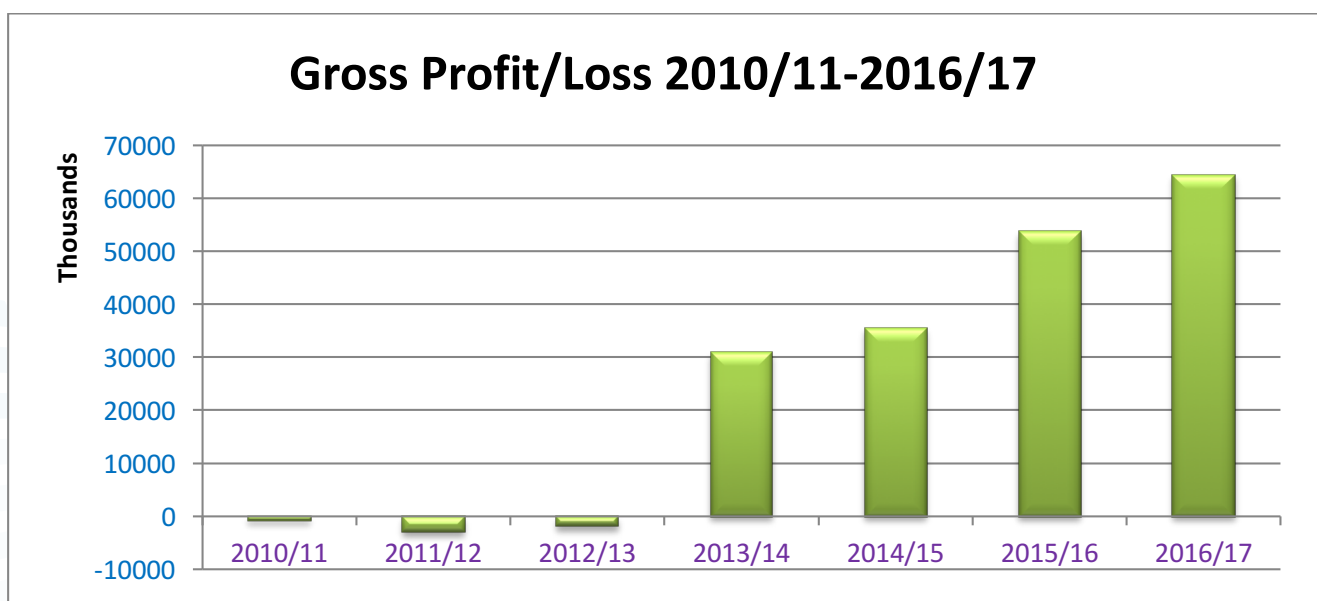
The total expense for the year 2016/17 is Birr 38,330,268.34. The figure has shown a 28% growth from the previous year's performance and a reduction of 16% from the budget. The Company's expansion and increased volume of activity together with the associated costs has contributed for the increment. The company is determined to continue being cost conscious in all activities.

Profit

Abay Insurance S.C. has registered a Gross Profit of Birr 64,431,672.43 for the year 2016/17. The profit shows a 20% increment from the previous year's result and achievement of 98% of the target. This remarkable performance is a cumulative effect of the change in underwriting philosophy and overall operational practice. The Company has a clear and practical strategy with respect to profit and the whole team is heartedly directed towards executing the same. The strategy of the Company is to maintain a profitable growth even though very difficult in practice to strike the balance between the volume growth and the profit growth.

Earnings per share of the fiscal year is 52%

Chart 9: Gross Profit/Loss 2010/11-2016/17



The profitability grows at a sharp increasing rate for the last four years.

The Life Assurance Fund

The gross written premium of the Life Assurance Class of business in the fiscal year under review is Birr 4,085,976. The Life Assurance Fund available to the Company, that means all income (premium and interest) less all payments (claims, salary for the life branch staff, rent, reinsurance and all other administration expenses), is Birr 1,901,993.

Asset Structure

The total asset of the company has reached Birr 452,162,486 showing a 16.4% increment from the previous year's same period. Current assets

constitute 81.7% followed by share investment, statutory deposit, and fixed asset with a contribution of 10.6 %, 4%, and 3.7% respectively. The total liability of the Company for the same period is Birr 243,121,112.

Equity

The total paid-up capital of the company as at June 30, 2017 is Birr 141,175,000 showing a 41% increment from the previous year's same period. Share premium, Legal reserve, Life fund and Retained Earnings are Birr 1,351,000, Birr 15,473,775, Birr 1,901,992 and Birr 49,139,606 respectively making the total share holders' funds of Birr 209,041,374.

Proposal on Dividend and Raising the Capital by Floating New Shares

The Management is working to sell those remaining few shares from those subscribed in the fiscal period under review to those who have requested to buy additional shares before the coming Annual General Meeting. The Management and the Board of Directors there fore recommended to the General Assembly to increase the paid up capital by Birr 50,000,000 to make the total paid up capital of Birr 200,000,000. From this amount, the management and the Board of Directs further recommend to allocate Birr 30,000,000 to existing shareholders based on the proportion of their existing holdings and the remaining Birr 20,000,000 to new potential business entities that will support the company by insuring their properties, liabilities and life. The share premium to be paid by new shareholders is proposed to be 20%.

Furthermore, the management and Board of Directors recommend distributing the whole appropriable profit of Birr 49,139,606 to the shareholders as a dividend in cash or used for purchasing of the Company's shares depending upon the choice of shareholders.

Human Resource

The total number of employees has reached to 172 as at June 30, 2017 out of which 43% are females. The employees are composed of different field of studies. The majority are first degree holders at a percentage share of 64.5% followed by 19.8% Diploma holders. The remaining share goes to Second Degree and Vocational/TVET level at a share of 7% and 8.7% respectively. The company believes that employees are its key strategic resources and hence has a strong belief in staff training and development. Owing to this fact; it has offered multi-dimensional capacity building

trainings for a considerable number of employees in the budget year. The company strongly believes in merit based carrier development and promotion and is determined to continue on the same principle.

Insurance Software package and IFRS Implementation Projects

Technology will have a massive impact on the whole insurance value chain including but not limited to customer acquisition, product distribution, pricing, risk management, predictive analytics and report compiling.

In view of this, the company has already acquired an insurance software package for its General business from abroad. The project has been underway and is expected to live at the end of January 2018.

In addition, implementation of a new financial reporting standard, International Financial Reporting Standard (IFRS) that revolutionizes the way we prepare annual financial statements has already begun. Abay Insurance S.C. will continue to implement the IFRS in the coming financial years.

Corporate Social Responsibility

The Company strongly believes that its success depends on the wellbeing and goodness of the society where it operates. To this end, it has contributed its part in creating job opportunity by opening branches in different areas of the country. It has also been contributing for development of the country by timely settling its respective tax obligations. In addition, it has participated in different community based developmental activities including the support in risk management and awareness creation endeavors. The company is determined to continue being a partner to the community.

The way forward

Insurance business is technical and its business model is unique and complex. It involves charging a price now for a product the cost of which is both unknown and uncontrollable. Its products need to be designed professionally and prices need to be determined scientifically. Both customers and regulators require more stability. Insurance Companies thus need to be financially sound at all times, i.e.:

- They need to have sufficient capital
- They need to run professionally
- They need to be run at profit
- They must pay claims fairly

Despite all these, what the industry has been experiencing is unethical competition which will not benefit the consumer, the regulator, the Insurance Companies themselves. As a result, fewer players will be able to sustain the current level of thin profit margin and hence they will either install a more disciplined underwriting approach or possibly will even exit the market. That would have a positive effect on pricing. The Board and management of Abay Insurance S.C. will continue with the current prudent and professional underwriting practice and risk management.

This insurance market still has not captured its full potential. Many of the risks that are insurable remain uncovered. Thus in order to boost the penetration rate and hence raise the market share of our company, we will work on customer awareness. The company must also continue to develop and expand its distribution networks for a greater proximity to customers.

There is a global shift towards risk based supervision, which means capital requirement changes with risk profile (risk nature, scale, and complexity) of a specific Insurance Company. This regulatory shift requires additional resources. Abay

Insurance S.C. will thus strengthen its capital base by floating shares to the existing shareholders and the public and will start exercising to assess own risk and solvency margin.

Good corporate governance is an important pillar of the market economy that enhances customers and investors' confidence. Thus the Board of Directors and management of Abay Insurance S.C. Shall continue to adhere in the processes of check and balance and will strengthen the internal control functions:

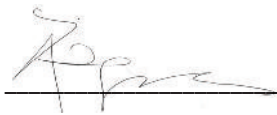
- The Enterprise Risk Management and Compliance
- The Internal Audit

In connection with these, the policy and procedure manuals have been redrafted, approved, and implemented.

Acknowledgment

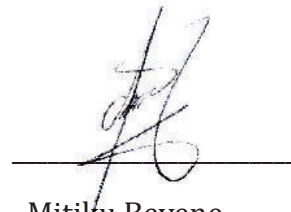
The Board of Directors of Abay Insurance S.C. would like to express a heartfelt gratitude to all esteemed customers of the Company for their continued support and patronage. The same level of appreciation and gratitude also extends to shareholders, Sister Companies, intermediaries, business partners, reinsurers, and the regulatory authority.

The company's registered success for the period under review would have not been possible without the expertise and dedication of all the staff and Management of Abay Insurance S.C. They have exhibited exceptional commitment and ambition to provide a wonderful service to esteemed customers which in turn has resulted in a remarkable success. Thus, the Board of Directors is exceptionally proud of them and would like to extend a high level of recognition for their unreserved effort. Finally, the Board of Directors would like to assure the Management and Staff of the Company that it will provide a continued support in their endeavor towards achieving the planned goals for the upcoming period.



Alemnew Tegen

Chief Executive Officer



Mitiku Beyene

Board Chairman





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Abay Insurance S.C.

FINANCIAL STATEMENTS AND AUDIT REPORT 2016/17

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INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS ACCOUNTS OF ABAY INSURANCE SHARE COMPANY (S.C)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Abay Insurance Share Company (S.C), which comprise the statement of Balance Sheet as at 30 June 2017, and the Income statement, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 30 June 2017, and (of) its financial performance, and its cash flows for the year then ended in accordance with Generally Accepted Accounting Principles,

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Ethiopian Code of Ethics for Professional Accountants, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Directors' for the Financial Statements

The Directors are responsible for the preparation and fair presentation of the financial statements in accordance with Generally Accepted Accounting Principles, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the company or to cease operations, or have no realistic alternative but to do so.

The Directors are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our Objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Other Reporting Responsibilities

We have no comment to make on the report of your Directors so far as it related to these financial Statements and, pursuant to Article 375 of the Commercial Code of Ethiopia 1960, recommended approval of the above mentioned financial statements.

TMS Plus.

Chartered Certified Accountants (UK)

Authorized Auditors (ETH)

TMS plus



Addis Ababa
29 September 2017

ABAY INSURANCE SHARE COMPANY (S.C)

BALANCE SHEET

AS AT 30 JUNE 2017

Currency:- Ethiopian Birr

	Notes	General Insurance Business	Long term Business	Total	2016'
ASSETS					
Fixed Assets					
Property, plant and equipment	2.7,3	16,503,272	437,486	16,940,758	15,263,629
Investments					
Fixed time deposit		289,600,000	-	289,600,000	237,215,042
Investments	5	48,628,000	-	48,628,000	29,976,000
		338,228,000		338,228,000	267,191,042
Other Assets					
Trade receivables	2.6,7	0	-	0	-
Other receivables	8	28,004,199	87,004	28,091,203	17,875,952
Statutory deposits	9	18,176,250	3,000,000	21,176,250	15,000,000
Due from reinsurers	2.5	30,496,611	-	30,496,611	26,914,835
Cash and bank balances	6	16,564,733	664,930	17,229,664	46,272,240
		93,241,793	3,751,934	96,993,728	106,063,027
Total Assets		447,973,065	4,189,421	452,162,486	388,517,698
LIABILITIES					
Technical provisions					
Provision for outstanding claims	2.4	69,605,572	109,656	69,715,228	60,799,821
Other technical reserves (IBNR)	2.4	13,917,485	388,447	14,305,932	12,108,385
Unearned premium over one year		2,568,669		2,568,669	-
Provision for unearned premium	2.3	69,827,947	-	69,827,947	65,559,280
		155,919,673	498,103	156,417,777	138,467,486
Other liabilities					
Due to reinsurers	2.5	65,469,295	44,665	65,513,960	78,348,701
Provision for profit tax	10	7,388,966	-	7,388,966	7,003,148
Creditors and accruals	11	13,739,996	60,413	13,800,409	15,145,957
Branch account		18,585,953	(18,585,953)	-	-
		105,184,210	(18,480,875)	86,703,336	100,497,806
Total liabilities		261,103,883	(17,982,771)	243,121,112	238,965,292
NET ASSETS		186,869,182	22,172,192	209,041,374	149,552,406
CAPITAL AND RESERVES					
Paid up capital	12	121,175,000	20,000,000	141,175,000	100,000,000
Share Premium		1,080,800	270,200	1,351,000	1,351,000
Legal reserve	13	15,473,775	-	15,473,775	10,013,819
Retained earnings	-	49,139,606	-	49,139,607	38,187,587
Shareholders' funds		186,869,182	20,270,200	207,139,382	149,552,406
Life Fund	16	-	1,901,992	1,901,992	-
Total Capital and Reserves		186,869,182	22,172,192	209,041,374	149,552,406



Mitiku Beyene
Board Chairman




Alemnew Tegen
CEO

ABAY INSURANCE SHARE COMPANY (S.C)
INCOME STATEMENT
FOR THE YEAR ENDED 30 JUNE 2017

Currency:- Ethiopian Birr

	<u>Notes</u>	<u>General Insurance Business</u>	<u>Long term Business</u>	<u>Total</u>	<u>2016</u>
INCOME					
Underwriting surplus		69,892,995	2,738,445	72,631,440	60,799,164
Bank interest income		30,788,234	17,269	30,805,502	21,402,717
Divided income		1,864,523	-	1,864,523	1,363,948
Other income		216,190	-	216,190	107,646
		102,761,941	2,755,713	105,517,654	83,673,475
EXPENSES					
Employees' Salaries and benefits		21,175,348	392,932	21,568,280	14,153,587
Board Directors' fee		208,633	-	208,633	54,711
Depreciation		3,064,639	112,039	3,176,678	3,875,971
Provision for doubtful debts		-	-	-	(40,642)
Audit fee		44,850	-	44,850	46,000
Financial expenses		1,330,456	4,520	1,334,976	78,135
General and administrative expenses	14	12,506,343	344,230	12,850,573	11,779,807
		38,330,268	853,721	39,183,990	29,947,569
Profit before taxation		64,431,672	1,901,992	66,333,664	53,725,906
PROVISION FOR TAXATION	10	9,832,110	-	9,832,110	9,621,900
PROFIT FOR THE YEAR		54,599,562	1,901,992	56,501,554	44,104,006
LESS: TRANSFER LEGAL RESERVE		5,459,956	-	5,459,956	4,410,401
		49,139,606	1,901,992	51,041,598	39,693,605
BALANCE BROUGHT FORWARD		38,187,587	-	38,187,587	26,299,651
DIVIDEND DECLARED		(38,187,587)	-	(38,187,587)	(26,299,651)
ADD: PRIOR YEAR ADJUSTMENT		-	-	-	(1,506,018)
BALANCE CARRIED FORWARD		49,139,606	1,901,992	51,041,598	38,187,587
Earning per share (per 25,000)	15	12,877			11,503



ABAY INSURANCE SHARE COMPANY (S.C)

REVENUE ACCOUNT

FOR THE YEAR ENDED 30 JUNE 2017

Currency: Ethiopian Birr

REVENUE	General Insurance Business	Long term Business	Total	2016
GROSS WRITTEN PREMIUMS	197,695,400	4,084,215	201,779,615	198,016,200
Less: Premium ceded	51,644,336	199,744	51,844,080	68,260,175
Net written premium	146,051,064	3,884,471	149,935,535	129,756,025
Less: Change in unearned premium	6,837,336	-	6,837,336	8,645,262
Net earned premium	139,213,727	3,884,471	143,098,198	121,110,763
Add: Commission from Re- insurers	18,399,449	19,166	18,418,615	21,361,713
	157,613,176	3,903,637	161,516,813	142,472,476
Expenses				
Claims paid	70,387,175	414,753	70,801,928	48,938,335
Change in other technical provision (IBNR)	1,809,101	388,447	2,197,548	2,438,904
Increase in Provision for outstanding claim	8,809,417	109,656	8,919,073	21,836,781
Commissions	6,714,489	252,337	6,966,825	8,459,293
	87,720,181	1,165,192	88,885,374	81,673,313
UNDERWRITING SURPLUS TRANSFERRED TO PROFIT AND LOSS STATEMENT	69,892,995	2,738,445	72,631,440	60,799,163



ABAY INSURANCE SHARE COMPANY (S.C)
STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEAR ENDED 30 JUNE 2017

	<u>Paid up Capital</u>	<u>Share Premium</u>	<u>Legal Reserve</u>	<u>Retained Earnings</u>	<u>Life Fund</u>	<u>Total</u>
Balance at 30 June 2015	69,291,500	1,303,000	5,603,418	26,299,652		102,497,570
New shares issued and paid	-	-	-	-		
Premium collected on shares i	-	48,000	-	-		48,000
Transfer to Dividend	30,708,500	-	-	(26,299,651)		4,408,849
Net profit for the year	-	-	-	44,104,005		44,104,005
Transfer to legal reserve	-	-	4,410,401	(4,410,401)		-
Prior year adjustment				(1,506,018)		(1,506,018)
Balance at 30 June 2016	100,000,000	1,351,000	10,013,819	38,187,587	-	149,552,406
New shares issued and paid	20,000,000					20,000,000
Premium collected on shares issued						-
Dividend paid				(17,012,587)		(17,012,587)
Dividend transfer to capital	21,175,000			(21,175,000)		-
Net profit for the year				49,139,606	1,901,992	51,041,598
Transfer to legal reserve			5,459,956			5,459,956
Balance at 30 June 2017	141,175,000	1,351,000	15,473,774	49,139,606	1,901,992	209,041,374



ABAY INSURANCE SHARE COMPANY (S.C)

CASH FLOW STATEMENT

FOR THE YEAR ENDED 30 JUNE 2017

Currency:- Ethiopian Birr

	<u>General Insurance Business</u>	<u>Long term Business</u>	<u>Total</u>	<u>2016</u>
Cash generated from operation				
Profit for the period	64,431,672	1,901,992	66,333,664	53,725,905
Interest and dividend income	(32,652,756)	(17,269)	(32,670,025)	(22,766,665)
Prior year adjustment	-	-	-	(1,506,018)
Deprecation	3,064,639	112,039	3,176,678	3,875,971
Decrease (increase) in trade debtors, deposits and prepayment	(3,269,076)	(87,004)	(3,356,080)	(3,256,284)
Increase in Other creditors, accruals and provisions	(1,405,961)	60,413	(1,345,548)	8,896,697
Increase in unearned revenue	6,837,336	-	6,837,336	8,615,203
Decrease in payable to reinsurers	(12,879,406)	44,665	(12,834,741)	13,925,911
Increase in receivable from reinsurers	(3,581,776)	-	(3,581,776)	-
Increase in outstanding claims and IBNR	10,614,852	498,103	11,112,955	24,279,924
Increase payable Life department	18,585,953	(18,585,953)	-	-
Cash generated from operations	49,745,478	(16,073,013)	33,672,465	85,790,644
Withholding tax deducted and profit tax paid	(9,446,292)	-	(9,446,292)	(7,103,278)
Net cash from operating activities	64,228,248	(16,073,013)	57,898,638	78,687,366
Cash flow from investing activities				
Share acquisition	(18,652,000)	-	(18,652,000)	(19,214,000)
Dividend received	1,864,523		1,864,522	1,363,948
Interest income received	23,929,062	17,269	23,946,331	15,971,308
Acquisition of fixed assets	(4,853,807)	(549,525.4)	(5,403,332)	(4,907,975)
Fixed asset transfer to life	549,525			
Statutory deposit at NBE	(3,176,250)	(3,000,000)	(6,176,250)	(5,302,853)
Net cash used in investing activities	(24,268,009)	(3,532,257)	(27,800,266)	(12,089,572)
Cash flows from financing activities				
Capital contribution	21,175,000	20,000,000.00	41,175,000	30,708,500
Premium	(270,200)	270,200.00	-	48,000
Dividend paid	(38,187,587)	-	(38,187,587)	(25,643,923)
Net cash used in investing activities	(17,282,787)	20,270,200.00	2,987,413	5,112,577
Net increase in cash and cash equivalents	22,677,452	664,930	23,342,382	71,710,371
Add :- Cash and cash equivalent-beginning	283,487,282	-	283,487,282	211,776,912
Cash and Cash equivalent-ending	306,164,733	664,930	306,829,664	283,487,282
CASH AND CASH EQUIVALENT				
Cash in hand and at bank	16,564,733	664,930	17,229,664	46,272,240
Fixed time deposit	289,600,000	-	289,600,000	237,215,042
	306,164,733	664,930	306,829,664	283,487,282



ABAY INSURANCE SHARE COMPANY (S.C)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

Currency:- Ethiopian Birr

1. BACKGROUND

Abay Insurance S.C was established on January 1, 2010 as per the Commercial Code of Ethiopia 1690 and it is licensed by the National Bank of Ethiopia on July 31, 2010 (G.C) to underwrite non-life insurance risk. On June 20, 2016, the Company has got the license from National Bank of Ethiopia to start Long term(Life) Insurance Business. The company's registered Head office is in Addis Ababa Kirkos Kifle ketema,kebele 10/19. The number of branches which are operational as at June 30, 2017 is 25 located in Addis Ababa & in regions.

2. Summary of Significant Accounting Policies

The principal accounting policies applied in the preparation of these financial statements are set out below.

2.1 Basis of Presentation

The financial Statements are prepared in accordance with the Generally Accepted Accounting Principles under the historical cost convention and industry specific directives of the National bank of Ethiopia.

2.2 Insurance contracts and revenue recognition

These contract are classified into two major categories Life & Non Life. The non life insurance includes workmen, group personal accident, motor vehicle, marine, general liability, fire and burglary, engineering, pecuniary, aviation, travel and energy. Where as the life insurance business includes group and /or individual term, individual endowment mortgage redemption and group medical insurances.

For all these contracts, premiums are recognized as revenue (earned premiums) proportionally over the period of coverage. The portion of premium received on enforce contracts that relates to unexpired risks at the balance sheet date is reported as the unearned premium liability. Premiums are shown before deduction of commissions but net of cancellation and refunds.

2.3 Provision for unexpired risks (unearned premiums)

The provision for unexpired risks (unearned premiums) represents premiums related to risks written but expiring beyond the balance sheet date and are calculated on the basis of the one-twenty-fourth method of the net premium in line with NBE Directive no. SIB /17/98

2.4 Provision for outstanding claims

This represents provision for the cost of incidents notified on or before the balance sheet date, estimated on the basis of currently available information as well as provisions for claims incurred but not reported (IBNR) up to the balance sheet date. Provision for IBNR claims is calculated at 10% of earned premium.

Difference arising from subsequent settlements of outstanding claims and any recoveries made from salvage sells or subrogation are shown in the revenue accounts of the period in which the settlements and recoveries are made.



ABAY INSURANCE SHARE COMPANY (S.C)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

Currency:- Ethiopian Birr

2.5 Reinsurance Accounts

The benefits to which the Company is entitled under its reinsurance contracts held are recognized as due from reinsurers. These assets consist of short- term balances due from reinsurers. Amounts recoverable from or due to reinsurers are measured consistently with the amount associated with the original insurance policies and in accordance with the term of each reinsurance contract . Reinsurance liabilities are primarily reinsurance premiums and cessions payable for reinsurance contracts and are recognized as an expense when due.

2.6 Trade Receivable

In compliance with the newly issued Insurance Business Proclamation 746/2012, the Company had stopped to give insurance on credit basis (except for government organizations) since August 22, 2012.

2.7. Fixed assets

Fixed asset are stated at cost less accumulated depreciation as follows;

2.7 (A) Pooling deprecation methods

Positive balance in the depreciation pool has continued to be depreciated in accordance with Proclamation No. 979/2016 for the following rates per annum except building which is based on straight line method.

	%
Computers and accessories	25
All other assets	20

2.7 (B) Straight line method

In the case of current year additions to the property, plant and equipment, depreciation is computed as per proclamation No. 979/2016 for the following rates per annum on straight line method.

	%
Computer and accessories	20
All other assets	15

2.8 Investment Income

Investment income is stated net of relevant taxes. Interest income is recognized in the period in which it is earned; dividend income in the period received.

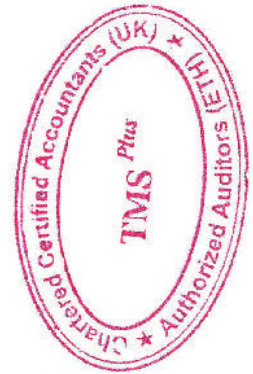


**ABAY INSURANCE SHARE COMPANY (S.C)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017**

Currency:- Ethiopian Birr

3.PROPERTY, PLANT AND EQUIPMENT

	<u>General Insurance Business</u>			<u>Long term Insurance Business</u>		
	<u>Balance at 1/7/2016</u>	<u>Additions</u>	<u>Transfer</u>	<u>Balance at 1/7/2016</u>	<u>Additions</u>	<u>Balance at 30/6/2017</u>
<u>COST</u>						<u>Total 30/6/2017</u>
Furniture, fixture and fittings	2,039,141	453,993	23,897	-	23,897	2,493,134
Computer and accessories	345,244	98,194	7,142	-	7,142	443,438
Automobiles	23,363,431	3,768,235	602,500	-	602,500	27,131,666
Computer equipment	1,849,449	533,385	56,922	-	56,922	2,382,834
	<u>27,597,265</u>	<u>4,853,807</u>	<u>690,461</u>	<u>-</u>	<u>690,461</u>	<u>32,451,072</u>
<u>DEPRECIATION</u>						
Furniture, fixture and fittings	1,090,662	218,015	4,782	-	3,824	1,312,495
Computer and accessories	145,834	41,917	1,182	-	1,143	189,140
Automobiles	10,059,937	2,569,930	117,826	-	96,400	12,728,941
Computer equipment	1,037,203	234,777	17,145	-	10,673	1,279,738
	<u>12,333,636</u>	<u>3,064,639</u>	<u>140,935</u>	<u>-</u>	<u>112,039</u>	<u>15,510,314</u>
NET BOOK VALUE	<u>15,263,629</u>			<u>-</u>	<u>437,486</u>	<u>16,940,758</u>



ABAY INSURANCE SHARE COMPANY (S.C)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

Currency: Ethiopian Birr

5. INVESTMENT

	General Insurance Business	Long term Insurance Business	Total	2016
Abay bank S. Co	16,756,000	-	16,756,000	11,354,000
Ethiopian re insurance company	17,850,000	-	17,850,000	17,850,000
Abay industry s. co	10,100,000	-	10,100,000	-
Enat bank s. co.	3,150,000	-	3,150,000	-
Government Bond	772,000	-	772,000	772,000.00
	<u>48,628,000</u>	<u>-</u>	<u>48,628,000</u>	<u>29,976,000</u>

6. CASH AND BANK BALANCES

	General Insurance Business	Long term Insurance Business	Total	2016
Cash on hand	693,857	485	694,342	505,466
Cash at Bank (Current & Saving)	15,870,877	664,445	16,535,322	45,766,773
	<u>16,564,733</u>	<u>664,930</u>	<u>17,229,664</u>	<u>46,272,239</u>

7. TRADE RECEIVABLES

				2016
Trade debtors	444,372	-	444,372	467,578
Provision for doubtful receivables	444,372	-	444,372	467,578
	<u>0</u>	<u>-</u>	<u>0</u>	<u>-</u>

8. OTHER RECEIVABLES

	General Insurance Business	Long Term Insurance Business	Total	2016
Staff debtors	177,950	64,655	242,605	107,400
Deposits and prepayments (Notes- 8.1)	4,033,451	22,349	4,055,801	1,543,305
Staff saving	251,195	-	251,195	340,571
Staff loan	3,018,971	-	3,018,971	2,490,557
Accrued interest receivable	17,777,210	-	17,777,210	10,918,039
Withholding tax receivable- Note 8.2	569,169	-	569,169	1,498,377
Other debtors	2,176,252	-	2,176,252	977,702
	<u>28,004,199</u>	<u>87,004</u>	<u>28,091,203</u>	<u>17,875,951</u>

Note- 8.1

The balance of deposit and prepayment includes advance payment of Birr 2,132,307.60 for purchase of software.



ABAY INSURANCE SHARE COMPANY (S.C)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

Currency:- Ethiopian Birr

	General Insurance Business	Long term Insurance Business	Total	2016'
8.2. WITHHOLDING RECIVABLE				
Beginning balance	1,498,377	-	1,498,377	1,498,377
Less: withholding tax refund	929,205	-	929,205	-
	569,172	-	569,172	1,498,377
Add: current year withhold	2,443,141		2,443,141	2,618,752
	3,012,313	-	3,012,313	4,117,129
Less: transfer to profit	2,443,144	-	2,443,144	2,618,752
	569,169	-	569,169	1,498,377.00

9. STATUTORY DEPOSIT

The statutory deposit, being 15% of the paid-up capital, is held in the National Bank of Ethiopia in compliance with Article 20 of the Insurance Business Proclamation No. 746/2012.

The company has acquires Government bond by its statutory deposit to earn interest for the period.

	General Insurance Business	Long term Insurance Business	Total	2016'
10. PROVISION FOR PROFIT TAX				
Profit before tax	64,431,672			53,725,905
Less: Income taxed at source				
Dividend income	1,864,523			1,363,948
Interest on bank deposit	30,788,234			21,320,879
	32,652,757			22,684,827
Taxable profit	31,778,916			31,041,078
Add: Disallowable expenses				
Entertainment	388,277			307,860
Penalties and interest	106,750			571,044
Staff leave pay-provision	499,758			143,660
Provision for doubtful debt	-			(40,641)
Donation	-			50,000
	994,784			1,031,923
	32,773,700			32,073,001
Taxable profit	32,773,700			32,073,001
Provision for profit tax @30%	9,832,110			9,621,900
Less: Current year withholding tax	2,443,144			2,618,752
	7,388,966			7,003,148



ABAY INSURANCE SHARE COMPANY (S.C)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

Currency:- Ethiopian Birr

11. CREDITORS AND ACCRUALS

	General Insurance business	Long Term Insurance Business	Total	2016
Commission payable	174,455	22,777	197,232	2,814,117
Sundry payable	3,360,248	150	3,360,398	8,761,127
Payroll Taxes payable	140,532	5,662	146,194	189,739
Withholding tax payable	354,485	-	354,485	83,847
National Bank of Ethiopia	6,176,250	-	6,176,250	1,207,500
VAT payable	475,551	-	475,551	44,554
Dividend payable	634,377	-	634,377	665,728
Provident fund and pension payable	396,101	5,987	402,089	405,150
Cost sharing payable	6,942	425	7,366	53
Accruals	265,063	2,849	267,911	214,886
Provision for staff- leave pay	1,258,761	22,182	1,280,943	759,256
Provision for staff- severance	5,160	-	5,160	-
Payable to insurance fund	460,598	-	460,598	-
cash indemnity payable	31,474	(39)	31,435	-
Revenue stamp payable	-	420	420	-
	13,739,996	60,413	13,800,409	15,145,957

12. PAID UP CAPITAL

General Insurance, number of share, 4,847, Par value Birr 25,000	121,175,000	121,175,000	100,000,000
Long term insurance, Number of share 800, par value of Birr 25,000.00	20,000,000	20,000,000	-
	121,175,000	141,175,000	100,000,000



ABAY INSURANCE SHARE COMPANY (S.C)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

Currency:- Ethiopian Birr

	<u>General Insurance business</u>	<u>Long Term Insurance Business</u>	<u>Total</u>	<u>2016</u>
13. LEGAL RESERVE				
Opening balance	10,013,819	-	10,013,819	5,603,418
Add: Current year transfer	5,459,956	-	5,459,956	4,410,401
Closing balance	<u>15,473,775</u>		<u>15,473,775</u>	<u>10,013,819</u>
14. GENERAL AND ADMINISTRATIVE EXPENSES				
Rent	6,110,975	194,069	6,305,044	5,136,200
Communication	575,050	12,651	587,701	604,883
Utilities	57,971	950	58,921	46,023
Stationery and Printing	564,782	1,537	566,319	493,002
Advertising and Notices	1,206,226	1,942	1,208,168	1,381,065
Transport, per diem	530,742	-	530,742	525,459
Fuel and Lubricant	895,323	36,114	931,437	826,503
Repair and maintenance	1,144,527	14,403	1,158,930	816,806
Membership fee and Contribution	154,975		154,975	110,163
Property Insurance	338,038	-	338,038	298,818
Miscellaneous	404,673.30	3,500	408,173	1,540,885
Penalties and fines	106,750	-	106,750	-
Entertainment	388,277	539	388,816	-
Legal and professional fee	28,034	78,526	106,560	-
	<u>12,506,343</u>	<u>344,230</u>	<u>12,850,573</u>	<u>11,779,807</u>

15. EARNINGS PER SHARE

Earning per share is calculated by dividing the net profit for the year Birr 54,599,562. (2017: 4,240) by the weighted average number of ordinary shares outstanding during the year 44,104,006 of (2016: 3,834)

16. LIFE FUND RESERVE

The life fund reserve represent the surplus in the life assurance business which is not distributable as dividends until actuarial valuation report is obtained as per the requirement of the insurance business proclamation.





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Abay Insurance S.C.

**ANNEX - REPORT NBE
FORMAT**

A. PREMIUM SCHEDULE-GIDB A1

Insurer:		ABAY INSURANCE S.C				
Year		FOR THE YEAR ENDED JUNE 30, 2017				
ITEM		1	2	3	4	5
		Accident (GPA and PA)	Aviation	Burglary	Engineering	Employer's liability***
1. PREMIUM						
1.1	Gross written from - public	4,950,903	-	-	13,143,341	3,014,553
	- insurers i.e facultative	-	-	-	1,314,010	-
	- reinsurers	-	-	-	-	-
	Total Gross premium	4,950,903	-	-	14,457,351	3,014,553
1.2	Cession	233,448	-	-	10,142,588	146,724
1.3	Net (1.1-1.2)	4,717,456	-	-	4,314,764	2,867,830
2. UNEARNED PREMIUM PROVISION (BF)						
2.1	Gross	2,068,740	-	-	1,489,588	1,160,794
2.2	Cession	-	-	-	-	-
2.3	Net (2.1-2.2)	2,068,740	-	-	1,489,588	1,160,794
3. UNEARNED PREMIUM PROVISION (CF)						
3.1	Gross	2,562,934	-	-	2,037,879	976,868
3.2	Cession	-	-	-	-	-
3.3	Net (3.1-3.2)	2,562,934	-	-	2,037,879	976,868
4. OTHER- PREMIUM PROVISIONS(BF)*						
4.1	Gross	-	-	-	-	-
4.2	Cession	-	-	-	-	-
4.3	Net (4.1-4.2)	-	-	-	-	-
5. OTHER- PREMIUM PROVISIONS (CF)*						
5.1	Gross	-	-	-	-	-
5.2	Cession	-	-	-	-	-
5.3	Net (5.1-5.2)	-	-	-	-	-
6. EARNED PREMIUM						
6.1	Gross (1.1+2.1-3.1+4.1-5.1)	4,456,710	-	-	13,909,060	3,198,479
6.2	Cession (1.2+2.2-3.2+4.2-5.2)	233,448	-	-	10,142,588	146,724
6.3	Net (1.3+2.3-3.3+4.3-5.3)	4,223,262	-	-	3,766,473	3,051,755
7. NUMBER OF POLICIES						
7.1	Gross	49	-	33	347	2,243
7.2	Cession	-	-	-	-	-
7.3	Net (7.1-7.2)	49	-	33	347	2,243
8. SUM INSURED- ALL POLICIES						
8.1	Gross	1,721,974,373	-	516,318,123	7,163,074,144	354,856,980
8.2	Cession	59	-	1	75	813
8.3	Net (8.1-8.2)	1,721,974,373	-	516,318,123	7,163,074,144	354,856,980
9. NUMBER OF LAPSED POLICIES						
9.1	Gross	59	-	1	75	813
9.2	Cession	-	-	-	-	-
9.3	Net (9.1-9.2)	59	-	1	75	813
10. SUM INSURED- LAPSED POLICIES						
10.1	Gross	42,760,108	-	3,000,000	323,400,332	21,843,953
10.2	Cession	-	-	-	-	-
10.3	Net (10.1-10.2)	42,760,108	-	3,000,000	323,400,332	21,843,953
11. NUMBER OF POLICYHOLDERS						
11.1	Gross	163	-	147	572	1,312
11.2	Cession	-	-	-	-	-
11.3	Net (11.1-11.2)	163	-	147	572	1,312

Note: See notes to the statement.

* Specify the type of other premium provisions

*** Inward premium from domestic insurers in the case of private insurers and includes inward premium from foreign companies in the case of EIC

**** Customarily called workmen's Compensation

A. PREMIUM SCHEDULE-GIDB A2

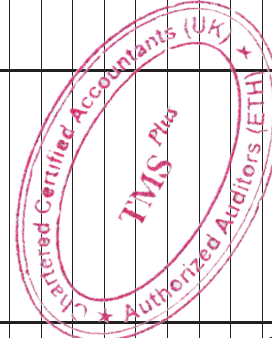
Insurer:		ABAY INSURANCE S.C					
Year		FOR THE YEAR ENDED JUNE 30, 2017					
ITEM		6	7	8	9	10	
		Fire	Goods in	Liability	Marine	Medical	
1. PREMIUM							
1.1 Gross written from - public		10,626,419	-	5,021,377	11,609,938	-	
- insurers		284,561	-	2,290	931,234	-	
- reinsurers		-	-	-	-	-	
Total Gross premium		10,910,980	-	5,023,667	12,541,172	-	
1.2 Cession		5,935,384	-	924,467	6,929,926	-	
1.3 Net (1.1-1.2)		4,975,596	-	4,099,200	5,611,245	-	
2. UNEARNED PREMIUM PROVISION (BF)							
2.1 Gross		1,768,736	-	1,978,572	3,996,405	-	
2.2 Cession							
2.3 Net (2.1-2.2)		1,768,736	-	1,978,572	3,996,405	-	
3. UNEARNED PREMIUM PROVISION (CF)							
3.1 Gross		2,680,224	-	2,548,430	2,979,048	-	
3.2 Cession							
3.3 Net (3.1-3.2)		2,680,224	-	2,548,430	2,979,048	-	
4. OTHER- PREMIUM PROVISIONS(BF)*							
4.1 Gross		-					
4.2 Cession		-					
4.3 Net (4.1-4.2)		-					
5. OTHER- PREMIUM PROVISIONS (CF)*							
5.1 Gross		-					
5.2 Cession		-					
5.3 Net (5.1-5.2)		-					
6. EARNED PREMIUM							
6.1 Gross (1.1+2.1-3.1+4.1-5.1)		9,999,492		4,453,809	13,558,528	-	
6.2 Cession (1.2+2.2-3.2+4.2-5.2)		5,935,384	-	924,467	6,929,926	-	
6.3 Net (1.3+2.3-3.3+4.3-5.3)		4,064,108	-	3,529,342	6,628,602	-	
7. NUMBER OF POLICIES		4,397		948	2,501		
8. EXPOSURE (SUM INSURED)		14,634,041,342		6,162,461,743	9,576,608,814		
9. NUMBER OF LAPSED POLICES		318		20			
10.SUM INSURED- LAPSED POLICIES		271,962,596		133,371,944			
11. NUMBER OF POLICYHOLDERS		2,445		842	1,826	-	

Note: See notes to the statement.

* Specify the type of other premium provisions

** Inward premium from domestic insurers in the case of private insurers and includes inward premium from foreign companies in the case of EIC

*** Customarily called workmen's Compensation

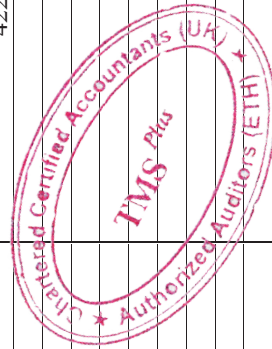


A. PREMIUM SCHEDULE-GIDB A3

Insurer:	ABAY INSURANCE S.C									
	FOR THE YEAR ENDED JUNE 30, 2017									
Year										
ITEM	11			12	13	14	15			
	Own D.	Motor Liability	Subtotal							
1. PREMIUM										
1.1 Gross written from - public	94,346,405	19,731,364	114,077,770	31,413,303	313,541	194,171,145	192,993,357			
- insurers	35,351	-	35,351	956,807	-	3,524,254	5,022,842			
- reinsurers	-	-	-	-	-	-	-			
Total Gross premium	94,381,756	19,731,364	114,113,121	32,370,111	313,541	197,695,400	198,016,200			
1.2 Cession	9,421,841	-	9,421,841	17,635,814	274,144	51,644,336	68,260,175			
1.3 Net (1.1-1.2)	84,959,915	19,731,364	104,691,279	14,734,297	39,397	146,051,064	129,756,025			
2. UNEARNED PREMIUM PROVISION (BF)										
2.1 Gross	37,935,226	7,851,757	45,786,983	7,309,462	-	65,559,280	56,914,018			
2.2 Cession										
2.3 Net (2.1-2.2)	37,935,226	7,851,757	45,786,983	7,309,462	-	65,559,280	56,914,018			
3. UNEARNED PREMIUM PROVISION (CF)										
3.1 Gross	40,275,019	8,423,014	48,698,033	9,913,199	-	72,396,616	65,559,280			
3.2 Cession	-	-	-	-	-	-	-			
3.3 Net (3.1-3.2)	40,275,019	8,423,014	48,698,033	9,913,199	-	72,396,616	65,559,280			
4. OTHER- PREMIUM PROVISIONS(BF)*										
4.1 Gross	-	-	-	-	-	-	-			
4.2 Cession	-	-	-	-	-	-	-			
4.3 Net (4.1-4.2)	-	-	-	-	-	-	-			
5. OTHER- PREMIUM PROVISIONS (CF)*										
5.1 Gross	-	-	-	-	-	-	-			
5.2 Cession	-	-	-	-	-	-	-			
5.3 Net (5.1-5.2)	-	-	-	-	-	-	-			
6. EARNED PREMIUM										
6.1 Gross (1.1+2.1-3.1+4.1-5.1)	92,041,963	19,160,108	111,202,071	29,766,374	313,541	190,858,063	189,370,937			
6.2 Cession (1.2+2.2-3.2+4.2-5.2)	9,421,841	-	9,421,841	17,635,814	274,144	51,644,336	68,260,175			
6.3 Net (1.3+2.3-3.3+4.3-5.3)	82,620,122	19,160,108	101,780,229	12,130,560	39,397	139,213,727	121,110,763			
7. NUMBER OF POLICIES	15,882	15,882	15,882	1,887	2	28,289	24,843			
8. EXPOSURE (SUM INSURED)	8,046,786,944	8,046,786,944	8,046,786,944	6,888,455,323	3,153,620,002	58,218,197,788	40,228,512,753			
9. NUMBER OF LAPSED POLICES	1,120	4,403	5,523	35		6,844	11,657			
10. SUM INSURED- LAPSED POLICES	2,136,511,093		2,136,511,093	410,222,389		3,343,072,415	1,715,741,236			
11. NUMBER OF POLICYHOLDERS	3,679	5,582	9,261	1,212	382	18,162	18,745			
* Specify the type of other premium provisions										
** Inward premium from insurers in the case of private insurers and includes inward premium from foreign companies in the case of EIC										
*** Customarily called workmen's Compensation										

B. CLAIMS SCHEDULE-GIDB:B1

Insurer: ABAY INSURANCE S.C		FOR THE YEAR ENDED JUNE 30, 2017				
Year						
ITEM		1	2	3	4	5
Accident		Aviation	Bur. & house breaking	Engineering	Employer's liability	
1. PAID						
1.1 Gross		892,106		2,316,746	551,397	
1.2 Cession		3,928	-	2,109,284	1,909	
1.3 Net (1.1-1.2)		888,177	-	207,462	549,488	
2. OUTSTANDING CLAIMS:BF						
2.1 Gross		253,297		2,393,849	323,047	
2.2 Cession				1,278,167		
2.3 Net (2.1-2.2)		253,297	-	1,115,682	323,047	
3. OUTSTANDING CLAIMS:CF						
3.1 Gross		876,538		2,565,264	894,728	
3.2 Cession		31,295		1,883,621	286,080	
3.3 Net (3.1-3.2)		845,243	-	681,643	608,648	
4. IBNR:BF						
4.1 Gross		315,513		325,556	247,376	
4.2 Cession						
4.3 Net (4.1-4.2)		315,513	-	325,556	247,376	
5. IBNR:CF						
5.1 Gross		422,326		376,647	305,176	
5.2 Cession						
5.3 Net (5.1-5.2)		422,326	-	376,647	305,176	
6. OTHER CLAIM PROVISIONS: BF						
6.1 Gross						
6.2 Cession						
6.3 Net (6.1-6.2)						
7. OTHER CLAIM PROVISIONS:CF						
7.1 Gross						
7.2 Cession						
7.3 Net (7.1-7.2)						
8. INCURRED CLAIMS						
8.1 Gross (1.1-2.1+3.1-4.1+5.1-6.1+7.1)		1,622,160	-	2,539,252	1,180,878	
8.2 Cession (1.2-2.2+3.2-4.2+5.2-6.2+7.2)		35,223	-	2,714,738	287,989	
8.3 Net (1.3-2.3+3.3-4.3+5.3-6.3+7.3)		1,586,937	-	(175,486)	892,888	
9. NUMBER OF CLAIMS FILES						
9.1 Fully paid		18		26	4.00	
9.2 Outstanding		104		62	29	
9.3 Total		122	-	88	33	
10. EXPOSURE*		9,355,726		267,641,064	1,059,998	
* EXPOSURE refers to cum insured with respect to claims fully paid and still outstanding						



B. CLAIMS SCHEDUAL-GIDB:B2

Insurer:	ABAY INSURANCE S.C				
Year	FOR THE YEAR ENDED JUNE 30, 2017				
ITEM	6 Fire	7 Goods in transit	8 Liability	9 Marine	10 Medical Expense
1. PAID					
1.1 Gross	11,077		2,276,074	483,491	
1.2 Cession	5,771	-	2,369,700	231,889	
1.3 Net (1.1-1.2)	5,306	-	(93,626)	251,602	-
2. OUTSTANDING CLAIMS:BF					
2.1 Gross	30,000		2,319,965	1,170,970	
2.2 Cession	28,081		1,476,509	166,846	
2.3 Net (2.1-2.2)	1,919	-	843,456	1,004,124	-
3. OUTSTANDING CLAIMS:CF					
3.1 Gross	15,000		1,935,000	417,137	
3.2 Cession	4,933		1,066,009	93,529	
3.3 Net (3.1-3.2)	10,067	-	868,991	323,609	-
4. IBNR:BF					
4.1 Gross	352,877		285,885	427,974	
4.2 Cession					
4.3 Net (4.1-4.2)	352,877		285,885	427,974	
5. IBNR:CF					
5.1 Gross	406,468		352,934	662,860	
5.2 Cession					
5.3 Net (5.1-5.2)	406,468		352,934	662,860	
6. OTHER CLAIM PROVISIONS: BF					
6.1 Gross					
6.2 Cession					
6.3 Net (6.1-6.2)					
7. OTHER CLAIM PROVISIONS:CF					
7.1 Gross					
7.2 Cession					
7.3 Net (7.1-7.2)					
8. INCURRED CLAIMS					
8.1 Gross (1.1-2.1+3.1-4.1+5.1-6.1+7.1)	49,668	-	1,958,158	(35,455)	-
8.2 Cession (1.2-2.2+3.2-4.2+5.2-6.2+7.2)	(17,377)	-	1,959,200	158,571	-
8.3 Net (1.3-2.3+3.3-4.3+5.3-6.3+7.3)	67,045	-	(1,042)	(194,026)	-
9. NUMBER OF CLAIMS FILES					
9.1 Fully paid	-		12	26	-
9.2 Outstanding	8		52	62	-
9.3 Total	8	-	64	88	-
10. EXPOSURE (SUM INSURED)	27,128,178		129,833,240	267,641,064	

* EXPOSURE refers to sum insured with respect to claims fully paid and still outstanding.

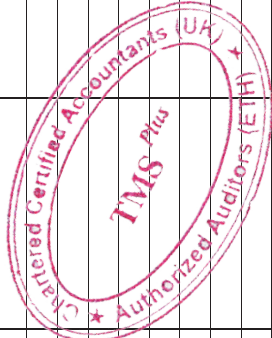


B. CLAIMS SCHEDULE-GIDB:B3

Insurer: ABAY INSURANCE S.C

Year: FOR THE YEAR ENDED JUNE 30, 2017

ITEM	11			12	13	14	15
	Motor		Sub Total				
	Own D.	Liability					
1. PAID							
1.1 Gross	57,762,756	12,080,354.2	69,843,111	(1,846,866)		74,527,135	67,475,095
1.2 Cession	(582,596)	-	(582,596)	75		4,139,960	18,536,760
1.3 Net (1.1-1.2)	58,345,353	12,080,354	70,425,707	(1,846,941)	-	70,387,175	48,938,335
2. OUTSTANDING CLAIMS:BF							
2.1 Gross	47,736,822	9,881,230	57,618,052	11,471,342		75,580,522	38,963,040
2.2 Cession	6,141,336	-	6,141,336	5,693,428		14,784,367	
2.3 Net (2.1-2.2)	41,595,486	9,881,230	51,476,716	5,777,914	-	60,796,155	38,963,040
3. OUTSTANDING CLAIMS:CF							
3.1 Gross	57,019,133	11,924,835	68,943,968	12,138,067		87,785,702	75,580,522
3.2 Cession	9,068,756	-	9,068,756	5,745,908		18,180,130	14,784,367
3.3 Net (3.1-3.2)	47,950,377	11,924,835	59,875,212	6,392,159	-	69,605,572	60,796,155
4. IBNR:BF							
4.1 Gross	8,580,667	-	8,580,667	1,572,537	-	12,108,385	9,669,481
4.2 Cession							
4.3 Net (4.1-4.2)	8,580,667	-	8,580,667	1,572,537	-	12,108,385	9,669,481
5. IBNR:CF							
5.1 Gross	10,178,018	-	10,178,018	1,213,056	-	13,917,485	12,108,385
5.2 Cession							
5.3 Net (5.1-5.2)	10,178,018	-	10,178,018	1,213,056	-	13,917,485	12,108,385
6. OTHER CLAIM PROVISIONS: BF							
6.1 Gross							
6.2 Cession							
6.3 Net (6.1-6.2)							
7. OTHER CLAIM PROVISIONS:CF							
7.1 Gross							
7.2 Cession							
7.3 Net (7.1-7.2)							
8. INCURRED CLAIMS							
8.1 Gross (1.1-2.1+3.1-4.1+5.1-6.1+7.1)	68,642,418	14,123,959	82,766,377	(1,539,623)	-	88,541,415	106,535,146
8.2 Cession (1.2-2.2+3.2-4.2+5.2-6.2+7.2)	2,344,824	-	2,344,824	52,555	-	7,535,723	33,321,127
8.3 Net (1.3-2.3+3.3-4.3+5.3-6.3+7.3)	66,297,595	14,123,959	80,421,554	(1,592,177)	-	81,005,692	73,214,020
9. NUMBER OF CLAIMS FILES:							
9.1 Fully paid	1,208	480	1,688	8		1,782	614
9.2 Outstanding	4,027	1,759	5,786	69		6,172	3,738
9.3 Total	5,235	2,239	7,474	77	-	7,954	4,352
10. EXPOSURE (SUM INSURED)	1,463,345,219	57,269,445	1,520,614,664	1,172,288,689		3,395,562,623	6,456,681,413
EXPOSURE refers to sum insured with respect to claims fully paid and still outstanding.							



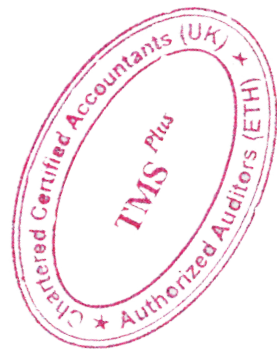
D. NET REVENUE ACC'T-GIDB: D1

Insurer:		ABAY INSURANCE S.C				
Year		FOR THE YEAR ENDED JUNE 30, 2017				
ITEM		1		3	4	5
		Accident GPA/PA	Aviation	Burglary & House breaking	Engineering	Employers Liability
1. NET EARNED PREMIUM		4,223,262	-	-	3,766,473	3,051,755
2. NET CLAIMS INCURRED		1,586,937	-	-	(175,486)	892,888
3. MANAGEMENT EXPENSE*		1,946,509	-	-	9,845,244	3,892,017
4. COMMISSION ON:						
4.1 INSURANCE:		89,661			1,252,550	191,530
4.2 RISK SHARING SCHEME:-						
4.2.1 Earned		-			753,212	-
4.2.2 Incurred		-			328,395	-
4.2.3 Net commission (4.2.1 - 4.2.2)		-	-	-	424,817	-
4.3 REINSURANCE :						
4.3.1 Premium		81,860			2,589,107	51,353
4.3.2 Profit		266,937			(1,052,345)	15,864
4.3.3 Others						
4.3.4 Sub Total (4.3.1+4.3.2+ 4.3.3)		348,797	-	-	1,536,762	67,217
4.4 NET COMMISSION [(4.2.3 + 4.3.4) - 4.1]		259,136	-	-	709,029	(124,313)
5. UNDERWRITING RESULT [1-(2+3+4.4)]		948,953	-	-	(5,194,257)	(1,857,463)
Note: *Use direct costing method. For all overhead costs use and specify the method that should be consistently applied						



D. NET REVENUE ACC'T-GIDB: D2

Insurer:		ABAY INSURANCE S.C					
Year		FOR THE YEAR ENDED JUNE 30, 2017					
ITEM		6	7	8	9	10	
		Fire	Goods in transit	Liability	Martine	Medical expense	
1. NET EARNED PREMIUM		4,064,108	-	3,529,342	6,628,602	-	
2. NET CLAIMS INCURRED		67,045	-	(1,042)	(194,026)	-	
3. MANAGEMENT EXPENSE*		-	-	(2,939,798)	471,249	-	
4. COMMISSION ON:							
4.1 INSURANCE:		276,922		383,209	567,436		
4.2 RISK SHARING SCHEME:-							
4.2.1 Earned		318,176		39,594	4,215		
4.2.2 Incurred		71,140		573	236,930		
4.2.3 Net commission (4.2.1 - 4.2.2)		247,035	-	39,021	(232,714)	-	
4.3 REINSURANCE :							
4.3.1 Premium		1,813,804		305,110	2,549,837		
4.3.2 Profit		168,691		979,820	381,863		
4.3.3 Others							
4.3.4 Sub Total (4.3.1+4.3.2+ 4.3.3)		1,982,495	-	1,284,930	2,931,700	-	
4.4 NET COMMISSION [(4.2.3 + 4.3.4) - 4.1]		1,952,608	-	940,743	2,131,549	-	
5. UNDERWRITING RESULT [1-(2+3+4.4)]		5,949,671	-	7,410,925	8,482,929	-	
Note: *Use direct costing method. For all overhead costs use and specify the method that should be consistently applied.							



D. NET REVENUE ACC'T-GIDB: D3

Insurer:		ABAY INSURANCE S.C						
Year		FOR THE YEAR ENDED JUNE 30, 2017						
ITEM		11			12	13	14	15
		Motor						
		Own damage	Liability	Sub total				
1. NET EARNED PREMIUM		82,620,122	19,160,108	101,780,229	12,169,957	-	139,213,727	121,110,764
2. NET CLAIMS INCURRED		66,297,595	14,123,959	80,421,554	(1,592,177)	-	81,005,692	73,214,020
3. MANAGEMENT EXPENSE*		2,737,195	1,066,761	-	745,707	-	17,764,884	13,827,638
4. COMMISSION ON:				-			-	-
4.1 INSURANCE:		2,142,652		2,142,652	935,188		5,839,148	8,005,395
4.2 RISK SHARING SCHEME:-				-			-	-
4.2.1 Earned		-		-	-	-	1,115,197	4,287,734
4.2.2 Incurred		-		-	238,302		875,340	453,898
4.2.3 Net commission (4.2.1 - 4.2.2)		-	-	-	(238,302)	-	239,857	3,833,836
4.3 REINSURANCE :				-			-	-
4.3.1 Premium		684,745		684,745	6,257,759	99,857	14,433,433	11,585,873
4.3.2 Profit		696,782		696,782	1,393,206		2,850,819	5,488,107
4.3.3 Others				-			-	-
4.3.4 Sub Total (4.3.1+4.3.2+ 4.3.3)		1,381,527	-	1,381,527	7,650,966	99,857	17,284,252	17,073,979
4.4 NET COMMISSION [(4.2.3 + 4.3.4) - 4.1]		(761,125)	-	(761,125)	6,477,475	99,857	11,684,960	12,902,420
5. UNDERWRITING RESULT [1-(2+3+4.4)]		12,824,207	3,969,387	20,597,551	19,493,902	99,857	52,128,112	46,971,526
Note: *Use direct costing method. For all overhead costs use and specify the method that should be consistently applied.								



F. STATEMENT OF COMPREHENSIVE INCOME

Insurer:		ABAY INSURANCE S.C			
Year		FOR THE YEAR ENDED JUNE 30, 2017			
No.	ITEM	General Insurance Business	Long Term Insurance Business	Total	2016
1	Income:				
	1.1 Underwriting result	52,128,112	2,738,445	54,866,557	46,971,526
	1.2 Income from Investment:			-	
	1.2.1 Dividend income*	1,864,523		1,864,523	1,363,948
	1.2.2 Interest Income	30,788,234	17,269	30,805,503	21,320,593
	1.2.3 Other Income	216,190		216,190	189,770
	1.3 Total Investment Income(1.2.1 to 1.2.4)	32,868,946	17,269	32,886,215	22,874,310
	1.4 Other non-investment income				
	1.5 Capital gains or losses(specify)				
	1.6 Total Income(1.1+1.3+1.4+1.5)	84,997,057	2,755,714	87,752,771	69,845,836
2	Expenses:			-	
	i) General and administrative:			-	
	2.1 Salaries and employee benefits (non-management)	10,337,660	392,932	10,730,592	7,093,779
	2.2 Administrative and general (attach schedule)	5,629,750	150,161	5,779,911	7,636,867
	2.3 Office Rent	2,446,630	194,069	2,640,699	
	2.4 Ordinary general meeting expense			-	
	2.5 Interest expense			-	
	2.6 Other financial charges	186,143	4,520	190,663	51,295
	2.7 Director's Remuneration (fixed)			-	
	2.8 Depreciation-Fixed Assets	1,943,558	112,039	2,055,597	1,291,990
	2.9 Bad debts written off	(23,206)		(23,206)	
	2.10 Audit fee and expenses	44,850		44,850	46,000
	ii) Investment Expense:			-	
	2.14 Investment expenses			-	
	2.15 Total expenses (2.1:2.14)	20,565,384	853,721	21,419,105	16,119,931
3	Net profit before tax (NPBT)(1.5-2.15)	64,431,673	1,901,993	66,333,666	53,725,905
4	Provision for profit tax (Attach tax schedule)	9,832,110		9,832,110	9,621,900
5	Net profit after tax (NPAT)(3-4)	54,599,563	1,901,993	56,501,556	44,104,005
6	Legal reserve (10% of 5)	5,459,956		5,459,956	4,410,401
7	Other reserves from net profit (prior year adjustment)			-	
8	Net profit after legal and other reserves(5-6-7)	49,139,606	1,901,993	51,041,599	39,693,605
Note * dividend income shall not be reported as an income unless otherwise it is officially declared and when reported evidence for the declaration should be attached.					



F. STATEMENT OF CHANGES IN EQUITY

Insurer:	ABAY INSURANCE S.C
Year	FOR THE YEAR ENDED JUNE 30, 2017

	ITEM	General Insurance Business	Long Term Insurance Business	Total	2016
1	Equity at beginning of the quarter/year	149,552,404		149,552,404	102,497,570
2	Add:				
	2.1 Paid up capital during the year/quarter	41,175,000	20,000,000	61,175,000	30,708,500
	2.2 Share premium		270,200	270,200	48,000
	Legal reserve	5,459,956		5,459,956	4,410,401
	Other (Specify)	-		-	-
3	Sub Total	196,187,360	20,270,200	216,457,560	137,664,470
4	Net income (loss) for the year	49,139,606		49,139,606	38,187,585
5	Life fund reserve		1,901,992	1,901,992	
	less:			-	
	4.1 Paid Up Capital Transferred to Life & Health	20,000,000		20,000,000	
	4.2 Share Premium Transferred to Life & Health	270,200		270,200	
	4.3 Dividends declared to shareholders	38,187,586		38,187,586	26,299,651
				-	
	Sub Total	58,457,786	-	58,457,786	26,299,651
5	Equity at the end of the Quarter/year	186,869,181	22,172,192	209,041,373	149,552,404



G. STATEMENT OF FINANCIAL POSITION

Insurer:		ABAY INSURANCE S.C			
Year		AS AT JUNE 30, 2017			
No.	ITEM	General Insurance Business	Long Term Insurance Business	Total	2016
	Asset:				
1	Current Assets:				
	1.1 Cash and cash items:				
	1.1.1 On hand (including revenue stamp etc.)	693,857	485	694,342	541,893
	1.1.2 At Bank:			-	
	1.1.2.1 Saving Account	2,815,654	664,445	3,480,099	6,037,042
	1.1.2.2 Current account	13,055,223		13,055,223	44,994,773
	Sub total	16,564,733	664,930	17,229,663	51,573,709
	1.2 Debtors:			-	
	1.2.1 Trade debtors	444,372		444,372	467,578
	Less: provision for doubtful accounts	(444,372)		(444,372)	(467,578)
	1.2.2 Due from reinsures(all accounts)	29,862,064		29,862,064	26,095,259
	Less: provision for doubtful accounts	-		-	-
	1.2.3 Due from ceding companies	634,547		634,547	819,576
	Less: provision for doubtful accounts	-		-	-
	1.2.4 Sundry (attach details)	9,657,819	64,655	9,722,474	5,423,108
	Less: provision for doubtful accounts	-		-	-
	Sub total	40,154,430	64,655	40,219,085	32,337,943
	1.3 Accrued interest receivable	17,777,210		17,777,210	10,918,039
	1.4 Prepayments	569,170	22,349	591,519	1,498,377
	1.5 Statutory deposits	18,176,250	3,000,000	21,176,250	15,000,000
	1.6 Short Term Investment			-	
	1.6.1 Fixed time deposit at bank	289,600,000		289,600,000	231,950,000
	Sub total	326,122,630	3,022,349	329,144,979	259,366,416
	Total Current Assets(1.1: 1.8)	382,841,793	3,751,934	386,593,727	343,278,068
2	Long-term Investment			-	
	2.1 Equity/shares	47,856,000		47,856,000	29,204,000
	2.1 Government Bond	772,000		772,000	772,000
	Sub total	48,628,000	-	48,628,000	29,976,000
3	Intangible assets (specify)			-	
4	Fixed Assets:			-	
	4.1 Motor vehicles	26,529,167	602,500	27,131,667	23,363,432
	Less: accumulated depreciation	(12,512,042)	(216,900)	(12,728,942)	(10,059,937)
	4.2 Furniture and fixtures	2,469,236	23,897	2,493,133	2,039,141
	Less: accumulated depreciation	(1,303,895)	(8,600)	(1,312,495)	(1,090,662)
	4.3 Office Equipment	436,296	7,142	443,438	345,244
	Less: accumulated depreciation	(186,569)	(2,571)	(189,140)	(145,834)
	4.4 Computer Hardware	2,325,912	56,922	2,382,834	1,849,449
	Less: accumulated depreciation	(1,254,834)	(24,903)	(1,279,737)	(1,037,203)
	Sub total	16,503,272	437,487	16,940,759	15,263,629
5	Total Assets	447,973,066	4,189,421	452,162,486	388,517,697



No.	ITEM	General Insurance Business	Long Term Insurance Business	Total	2016
	LIABILITY:				-
6	Current liability:				-
	6.1 Due to reinsurers(All accounts)	65,469,295	44,665	65,513,960	78,348,701
	6.2 Provision for income tax	7,388,967		7,388,967	7,003,148
	6.3 Dividend payable	634,377		634,377	665,728
	6.4 Directors remuneration payable			-	
	6.5 Accrued liability	359,668	47,808	407,476	
	6.6 Employee's liability	1,295,394		1,295,394	
	6.7 Provident fund	161,238	5,987	167,225	
	6.8 Sundry Creditors	11,289,319	6,619	11,295,938	14,480,229
	Sub total	86,598,258	105,079	86,703,337	100,497,807
	ii. Technical Provisions:			-	
	6.9 Outstanding Claims	69,605,572	109,656	69,715,228	60,799,821
	6.10 Unearned Premium (UPP)	72,396,616		72,396,616	65,559,280
	6.12 Other technical provision			-	
	6.12.1 Claims (IBNR, IBNER, FGB etc.)	13,917,485	388,447	14,305,932	12,108,385
	Sub total	155,919,674	498,103	156,417,777	138,467,485
	Total Current Liability	242,517,931	603,182	243,121,113	238,965,292
7	Long term liability			-	
	7.1 Intera- Company current accounts	18,585,953	(18,585,953)	(0)	
	Sub total	18,585,953	(18,585,953)	(0)	-
8	Total Liability	261,103,884	(17,982,771)	243,121,113	238,965,292
	CAPITAL AND RESERVES:			-	
9	Capital:			-	
	11.1 Paid-up Capital	121,175,000	20,000,000	141,175,000	100,000,000
	11.2 Share Premium	1,080,800	270,200	1,351,000	1,351,000
	11.3 Legal Reserve	15,473,775		15,473,775	10,013,819
	11.4 Retained earning	49,139,606		49,139,606	38,187,587
	11.5 Life fund reserve		1,901,992	1,901,992	
	Sub total	186,869,181	22,172,192	209,041,373	149,552,406
10	Total Liability, Provisions and Capital	447,973,066	4,189,421	452,162,486	388,517,697



I. STATEMENT OF CASH FLOWS

Insurer		ABAY INSURANCE S.C			
Year		FOR THE YEAR ENDED JUNE 30, 2017			
No.	ITEM	General Insurance Business	Long Term Insurance Business	Total	2016
1	A. Operating activities:				
1.1	Net profit or(loss) before taxation	64,431,673	1,901,992	66,333,665	53,725,905
1.2	Dividend income	(1,864,523)		(1,864,523)	(1,363,948)
1.3	Interest income	(30,788,234)	(17,269)	(30,805,503)	(21,402,717)
1.4	Gain on disposal of property, plant and equipment			-	(1,506,018)
1.5	Depreciation	3,064,639	112,039	3,176,678	3,875,971
	1.9 Sub total	34,843,556	1,996,762	36,840,318	33,329,194
	B. Change in Working capital activities:				
1.6	Increase/decrease in other debtors	(3,305,504)	(18,672,957)	(21,978,461)	(8,687,694)
1.7	Increase/decrease in due from reinsurers	(3,581,776)	(19,974)	(3,601,750)	
1.8	Increase/decrease in outstanding claims	8,805,751	109,656	8,915,407	24,279,924
1.9	Increase/decrease in unearned premium	6,837,336		6,837,336	8,615,203
1.10	Increase/decrease in other provisions	1,809,101	408,421	2,217,522	
1.11	Increase/decrease in due to reinsurers	(12,879,406)	44,665	(12,834,741)	13,925,911
1.12	Increase/decrease in payable/creditors	18,585,953	60,413	18,646,366	8,344,925
1.13	Increase/decrease in others (specify)	(1,374,610)		(1,374,610)	
	1.19 Sub total	14,896,845	(18,069,776)	(3,172,931)	46,478,270
	C. Cash generated from operation				
1.14	Interest paid				
1.15	Tax paid	(9,446,292)		(9,446,292)	(2,618,752)
	1.22 Sub total	(9,446,292)	-	(9,446,292)	(2,618,752)
	1.23 Net cash provided (used) by operating activities(1.9+1.19+1.22)	40,294,109	(16,073,014)	24,221,095	77,188,712
2	Investing Activities				
2.1	Purchase of fixed assets	(4,853,807)		(4,853,807)	(5,302,853)
2.2	Fixed Asset transferred to Life & Health	549,525	(549,525)	0	
2.3	Investment in statutory deposit	(3,176,250)	(3,000,000)	(6,176,250)	(3,700,475)
2.4	Change in time deposit	(57,650,000)		(57,650,000)	
2.5	Investment in shares	(18,652,000)		(18,652,000)	(19,214,000)
2.7	Interest Income received	23,929,062	17,269	23,946,331	
2.8	Dividend received	1,864,523		1,864,523	1,363,948
	2.7 Net cash provided (used) by Financing activities	(57,988,946)	(3,532,256)	(61,521,202)	(26,853,380)
3	Financing Activities				
3.1	Proceeds from sale of ordinary shares	21,175,000	20,000,000	41,175,000	30,756,500
3.2	Share Premium transferred to Life & Health	(270,200)	270,200	-	
3.3	Dividend paid	(38,218,938)		(38,218,938)	(26,299,651)
	3.7 Net cash used in financing activities	(17,314,138)	20,270,200	2,956,062	4,456,849
4	Change in cash and bank balances during the year(1.23+2.7+3.7)	(35,008,975)	664,930	(34,344,045)	70,763,488
5	Cash and bank balances at the beginning of the year	51,573,709		51,573,709	(19,189,779)
6	Cash and bank balances at the end of the year(4+5)	16,564,733	664,930	17,229,663	51,573,709
Note: This return is required once in a year, June 30 condition					



A. PREMIUM ACCOUNT-LIDB A1**Insurer** ABAY INSURANCE S.C.**Year** FOR THE YEAR ENDED JUNE 30, 2017

Item	Endowment	Term	Permanent health	Total
1. PREMIUM-direct				
1.1 Gross from - Public	485,671	2,688,015	910,529	4,084,215
- Insurers				-
- Reinsurers		-		-
Total Gross premium	485,671	2,688,015	910,529	4,084,215
1.2 Cession	16,305	158,759	24,680	199,744
1.3 Net (1.1-1.2)	469,366	2,529,256	885,849	3,884,471
2. Actuarial provision-BF**				
2.1 Gross	-	-	-	-
2.2 Share of reinsurer				-
2.3 Net (1.1-1.2)	-	-	-	-
3. Actuarial provision-CF**				-
3.1 Gross	-	-	-	-
3.2 Share of reinsurer				-
3.3 Net	-	-	-	-
4. Other actuarial provision-BF**				-
4.1 Gross				-
4.2 Cession				-
4.3 Net	-	-	-	-
5. Other actuarial provision -CF**				-
5.1 gross				-
5.2 cession				-
5.3 net	-	-	-	-
6. Increase (decrease) in life fund[(2+4)-(3+5)]				
6.1 Gross	-	-	-	-
6.2 Share of reinsurer	-	-	-	-
6.3 Net (1.1-1.2)	-	-	-	-
7. Net premium earned (1 + 6)				-
7.1 Gross	485,671	2,688,015	910,529	4,084,215
7.2 Share of reinsurer	16,305	158,759	24,680	199,744
7.3 Net	469,366	2,529,256	885,849	3,884,471
8. NUMBER OF POLICIES	14	52	17	83
9. SUM INSURED- ALL POLICIES	5,901,010	328,254,671	5,216,000	339,371,681
10. NUMBER OF LAPSED/SURRENDERED POLICIES				-
11. SUM INSURED- LAPSED/SURRENDERED POLICIES				-

Note: See notes to the statement.

* Premium from inward risk acceptance and inward reinsurance as applicable

** Actuarial or mathematical reserve



B. CLAIMS ACCOUNT-LIDB:B1

Insurer	ABAY INSURANCE S.C.			
Year	FOR THE YEAR ENDED JUNE 30, 2017			
Item	Endowment	Term	Permanent health	Total
1. PAID				
1.1 Gross		207,408	207,345	414,753
1.2 Cession				-
1.3 Net (1.1-1.2)	-	207,408	207,345	414,753
2. OUTSTANDING CLAIMS:BF*				-
2.1 Gross				-
2.2 Cession				-
2.3 Net (2.1-2.2)	-	-	-	-
3. OUTSTANDING CLAIMS:CF*				
3.1 Gross		109,656		109,656
3.2 Cession				-
3.3 Net (3.1-3.2)	-	109,656	-	109,656
4. OTHER CLAIM PROVISIONS: BF				
4.1 Gross				-
4.2 Cession				-
4.3 Net (4.1-4.2)	-	-	-	-
5. OTHER CLAIM PROVISIONS:CF				
5.1 Gross	48,567	268,801	91,053	408,421
5.2 Cession	1,630	15,876	2,468	19,974
5.3 Net (5.1-5.2)	46,937	252,926	88,585	388,447
6. INCURRED CLAIMS				
6.1 Gross (1.1-2.1+3.1-4.1+5.1)	48,567	585,865	298,398	932,830
6.2 Cession (1.2-2.2+3.2-4.2+5.2)	1,630	15,876	2,468	19,974
6.3 Net (1.3-2.3+3.3-4.3+5.3)	46,937	569,990	295,930	912,856
9. NUMBER OF CLAIMS FILES				
9.1 Fully paid		4	112	116
9.2 Outstanding		1		1
9.3 Total	-	5	112	117
10. EXPOSURE***		280,656	5,055,555	5,336,211

*Death, maturity etc.

** policy holders dividend, surrender value

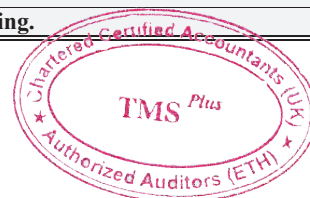
Note: See notes to the statement.

*** EXPOSURE refers to sum insured with respect to claims fully paid and still outstanding.

D. NET REVENUE ACC'T-LIDB: D1

Insurer	ABAY INSURANCE S.C.			
Year	FOR THE YEAR ENDED JUNE 30, 2017			
ITEM	Endowment	Term	Permanent health	Total
1. NET EARNED PREMIUM	469,366	2,529,256	885,849	3,884,471
2. NET CLAIMS INCURRED	46,937	569,990	295,930	912,856
3. MANAGEMENT EXPENSE*				
4. COMMISSION ON:				
4.1 INSURANCE: Incurred	148,404	64,293	39,640	252,337
4.2 RISK SHARING SCHEME:-				0
4.2.1 Earned				0
4.2.2 Incurred				0
4.2.3 Net commission (4.2.1 - 4.2.2)	0	0	0	0
4.3 REINSURANCE- Earned :				
4.3.1 Premium		19,166		19,166
4.3.2 Profit				0
4.3.3 Others				0
4.3.4 Sub Total (4.3.1+4.3.2+ 4.3.3)	0	19,166	0	19,166
4.4 NET COMMISSION [(4.2.3 + 4.3.4) - 4.1]	(148,404)	(45,126)	(39,640)	(233,170)
5. UNDERWRITING RESULT [1-(2+3+4.4)]	274,025	1,914,140	550,279	2,738,445

Note: *Use direct costing method. For all overhead costs use and specify the method that should be consistently applied.



ABAY INSURANCE S.C. BRANCH STAFF

1. ADAMA BRANCH



2. BEKLOBET BRANCH



3. D/BIRHAN BRANCH



4. D/MARKOS BRANCH



ABAY INSURANCE S.C. BRANCH STAFF

5. DESSIE BRANCH



6. DIRE DAWA BRANCH



7. BOLE BRANCH



8. ARAT KILO BRANCH



ABAY INSURANCE S.C. BRANCH STAFF

9. ASSOSA BRANCH



10. HAWASSA BRANCH



11. BAHIR DAR BRANCH



12. KALITY BRANCH



ABAY INSURANCE S.C. BRANCH STAFF

13. KERA BRANCH



14. LEBU BRANCH



15. LIDETA BRANCH



16. MAIN BRANCH



ABAY INSURANCE S.C. BRANCH STAFF

17. MEGENAGNA BRANCH



18. MEKELLE BRANCH



19. MERKATO BRANCH



20. PIAZZA BRANCH



ABAY INSURANCE S.C. BRANCH STAFF

21. LIFE BRANCH



22. WELDIYA BRANCH



19. GERJI BRANCH



20. GONDAR BRANCH



19. LEGEHAR BRANCH



ANNUAL PERFORMANCE EVALUATION MEETING



HOLIDAY CEREMONY PHOTO



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