

Annual Report 2017



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Nile Insurance Company s.c.

22 Years
25 Folds



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የወደፊት ዋና መስሪያ ቤት
Nile Insurance
Future Head Quarter



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Nile Insurance Company s.c.

CATCHING
TOMORROW
TODAY.



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Board of DIRECTORS



Mekdes Aklilu
Board Chairman



Aemero Belete
Deputy Board Chairman



Meseret Melese
Board Director



Mulugeta Asmare
Board Director



Yifru Tadesse
Board Director



Yilikal Kassa
Board Director



Yerom Gessesse
Board Director



Tadesse Woldeher
Board Director

Senior MANAGEMENT TEAM



Hailu Makonnen
Chief Executive
Officer



Nigus Anteneh
D/CEO Operations



Mekit Eshetu
Manager, Claims
Management



Elias Seyoum
Manager, Resinsurance
& Branch Operations



Asmare Miheret
Manager, Finance &
Investments



Binalf Mekonnen
Manager, Resource
Management



Tadele Tegegn
Manager, Legal
Department



Zewdu Ayalew
Manager, Information
Technology



Ali Mohammed
Manager, Project
Office



Teferi Debas
A/Manager,
Internal Audit &
Risk Management



Abraham Chanie
Manager, Engineering

Chairman's STATEMENT



Dear Stakeholders

As always, I feel highly honored to present, on behalf of the Board of Directors and myself, the annual operational performance report of Nile Insurance Share Company for the budget year that ended 30 June 2017.

The period underreport was the most challenging year not only from the usual unjustifiable price based competition within the insurance industry, economic activity slowdown during the brief period of instability in some part of the country and other external factors, but also from the unprecedented leadership changes we made to salvage the Company from the persistent negative impact of the resistance to change and complacency to act on the part of the old executive management team. On the later, the Board had no choice but to make swift and fundamental changes in the executive leadership of the Company which in the end paid off as records witness in terms of improving the Company's annual profitability as well as its overall posture and future prospects. The Board and the incumbent management team is actively engaged in making necessary changes on existing Company policies and procedures and introducing new ones to support future activities at all levels. Major decisions taken to increasing the pace of property development project implementation has started to contribute towards generating more

sustainable income to the company. With such changes, we trust, we will further strengthen the profitability and financial position of the Company in the years ahead.

Looking forward, the insurance industry is likely to continue facing both external challenges like the recent currency devaluation which has immediate impact in terms of cost of imported spare parts for claim related obligations and internal industry driven price war. The grand headquarter project implementation resource requirement might also stay as challenge on the liquidity front when measured by the current regulatory parameters. On a positive note, the recently launched National Financial Inclusion Strategy and initiative is hoped to bring huge opportunity for growth and prosperity at various levels.

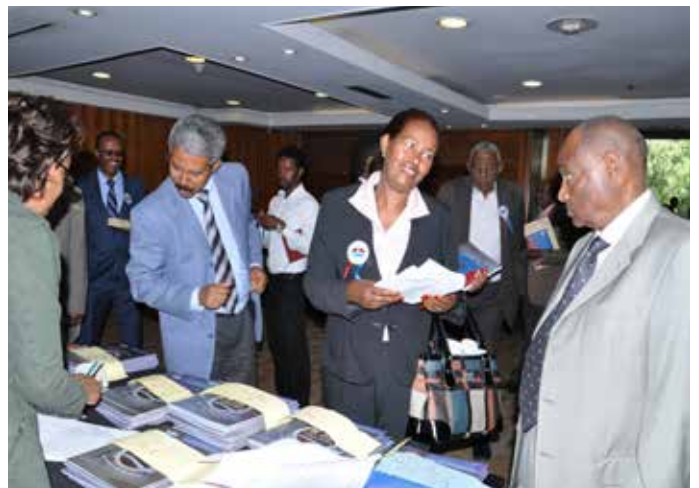
Finally, I am confident that the new Board to be formed in the upcoming annual general meeting together with the new youthful management team will continue building productive system and process to take the Company to even higher level it deserves.

Mekdes Aklilu

Chairman, Board of Directors



Annual **GENERAL MEETING 2016**



Company PROFILE

Who we are

Nile Insurance Company (S.C) is one of the pioneer private insurers in Ethiopia. It was established in April 1995 with a capital of birr 12.5 million. Over the past 22 years, the subscribed capital of the company has grown to Birr 200 million, out of which Birr 188.1 million was paid up. Currently, Nile's branch network in Addis Ababa and regional towns has reached 41, making it one of the leading insurance companies in terms of accessibility. The Company has more than 38,500 customers across the country. The total asset of the company was Birr 890 million at the end of the fiscal year. This notable growth was made possible with active participation of its valuable employees, customers, shareholders, and other stakeholders in general.

Vision

To be the first private insurer in Ethiopia by 2025.

Mission

To provide unmatched value to our customers in insurance services and engage in investment through high profile expertise and state of the art technology.

Motto

Catching Tomorrow Today.

The Nile Culture

We at Nile believe in Dynamism, Professionalism, Team work, Respect and Ethical practice in our engagements with customers and other stakeholders.

Value proposition to our customers

We strive to offer value added insurance solutions with superior customer service adopting the highest ethical standard.

Products

We provide our customers a wider range of insurance solutions both in the general and long-term (life) insurance categories.

Governance Structure

Nile is led by qualified, competent and experienced Board of Directors and Senior Executive Management members. The Board is further structured by committees namely; Business Development and Risk Management, Finance and Audit, and Human Resource and Property Administration Management. Each committee plays advisory and consultation roles in alignment to the Company's corporate strategy.

The Board of Directors are directly accountable to the General Assembly of the shareholders. The Assembly has the ultimate authority to pass major decisions and oversee the Board of Directors (BOD). The BOD had convened 24 ordinary and 5 extra ordinary meetings during the year under review.

Catching
**TOMORROW
TODAY.**



Directors' REPORT

Performance Highlights

Business & Economic Environment

After a challenging period of economic slowdown that subsided in 2016, economic activity is projected to pick up pace in 2017, especially in emerging markets and developing economies (World Economic Outlook). Due to mainly fall in commodity prices and sluggish growth of the global economy, the growth of African economy declined from 3.4% in 2015 to 2.2% in 2016. However, East Africa, led by the robust growth of the Ethiopian economy, was the fastest growing region of the continent at a rate of 5.3% in 2016. Despite the reduction of real GDP growth rate, the African economy driven by increasing domestic demand, improving ecosystem and governance, has become resilient. As a 'rising continent', Africa will continue attracting more investment opportunities that could further boost and spur the growth momentum.

Ethiopia's Economy, on the other hand, is expected to register a remarkable GDP growth of about 10.9% in 2016/17 (MoFED). The service sector will continue to lead a significant contribution to the Country's GDP. The national average price inflation remained to a single digit in the reporting period.

During the year under review, special effort

The Board of Directors of Nile Insurance Share Company is pleased to present the 2016/17 annual report to its esteemed shareholders, customers, and other stakeholders. This report is prepared in accordance with the legal requirement of the Ethiopian Commercial Code and other regulatory directives issued by relevant authorities. It depicts the annual business operation of the Company along with the Audited Financial Statement of Accounts.

was made to increase export volumes and as well as diversification of products to export markets. In spite of this effort, however, the Country's export revenue stagnated due to weak international commodity prices. Contrary to this, remittances and FDI posted sturdy growth, helping to limit the deterioration of the external trade performance.

Given the increasing support of the government to the export-led industrialization of the country under the GTP II period, the growth rate and share of the industry sector is also expected to be significant. The Ethiopian economy with a huge public-led investment, increasing domestic demand and growing FDIs is predicted to become the leading economy in East Africa by 2017.

The Industry Landscape

Despite the robust economic growth of the country, however, the Ethiopian insurance market coverage and penetration level have



On the other hand, claims incurred to the general insurance grew to Birr 3.3 billion from Birr 3.1 Billion in 2015/16 and profit after tax stood at Birr 1.1 billion, 31.67% higher than the previous year (2015/16: Birr 835.4 million). The industry's asset base grew from Birr 11.5 billion in 2015/16 to Birr 13.6 billion in 2016/17, a growth of 18%, signaling improving capital position.

remained one of the least developed sectors in the continent. General insurance is considered as the major line of business with limited product mixes. On the other hand, in 2015/16, long-term insurance, that accounted over 66% of the total premium in Africa, had a mere 5% contribution to the overall premium volume of insurance business in Ethiopia. The Ethiopian total insurance premium accounted less than 1% of the Country's GDP with a per capita premium of close to USD 3 during the period under review. Compared to a 3% premium contribution to GDP of the continent with over a per capita premium of USD 60; and with the global average share of GDP over 6%, Ethiopia's insurance sector and its players have a huge and daunting task ahead to engage and transform the industry.

Compared to the previous year, the insurance industry in Ethiopia registered significant growth. According to the National Bank of Ethiopia, the performance of the insurance industry in terms of premium income from general and long-term insurance businesses increased from Birr 6.4 billion in 2015/16 to Birr 7.5 billion in 2016/17.

Even though the growth of the industry was significant during the reporting period, the low market penetration and uptake of insurance services affected mainly by factors such as limited awareness level and understanding of insurance among majority of the citizens, low level of product innovation and technology-supported services, absence of modern marketing channel and approaches by firms across the supply chain, inadequate governance and enabling regulatory system, and shortages of managerial and professional employees have indeed continued to hamper and challenge the growth of the industry. However, with rising income and increasing middle class consumers, changes in consumer behavior, and given that the industry is operating in a protected market, there are enormous potential for the insurance sector to grow and increase its limited market coverage and low level of penetration in Ethiopia provided systematically planned efforts are exerted by all stakeholders. The commitments and actions of these stakeholders to unlock and address the systemic problems of the industry across the value chain, and transform the sector so that it can play its roles and contribute to the growth and stability of the economy have become more important than ever before.

Financial Performance

A. General Insurance Business

Gross Written Premium

Gross written premium (GWP) in the year under review increased by 3.5% to Birr 419,511,250 from Birr 405,308,389 in 2015/16. Figure 1 below presents proportions of GWP in the different lines of business (portfolio mix).

Compared to 2015/16, all classes of business, except pecuniary and workmen's have shown improvement. Engineering business had the highest growth of 26% followed by personal accident (23%), liability (16%), marine (13%), fire (8%), and motor (1%) from previous year.

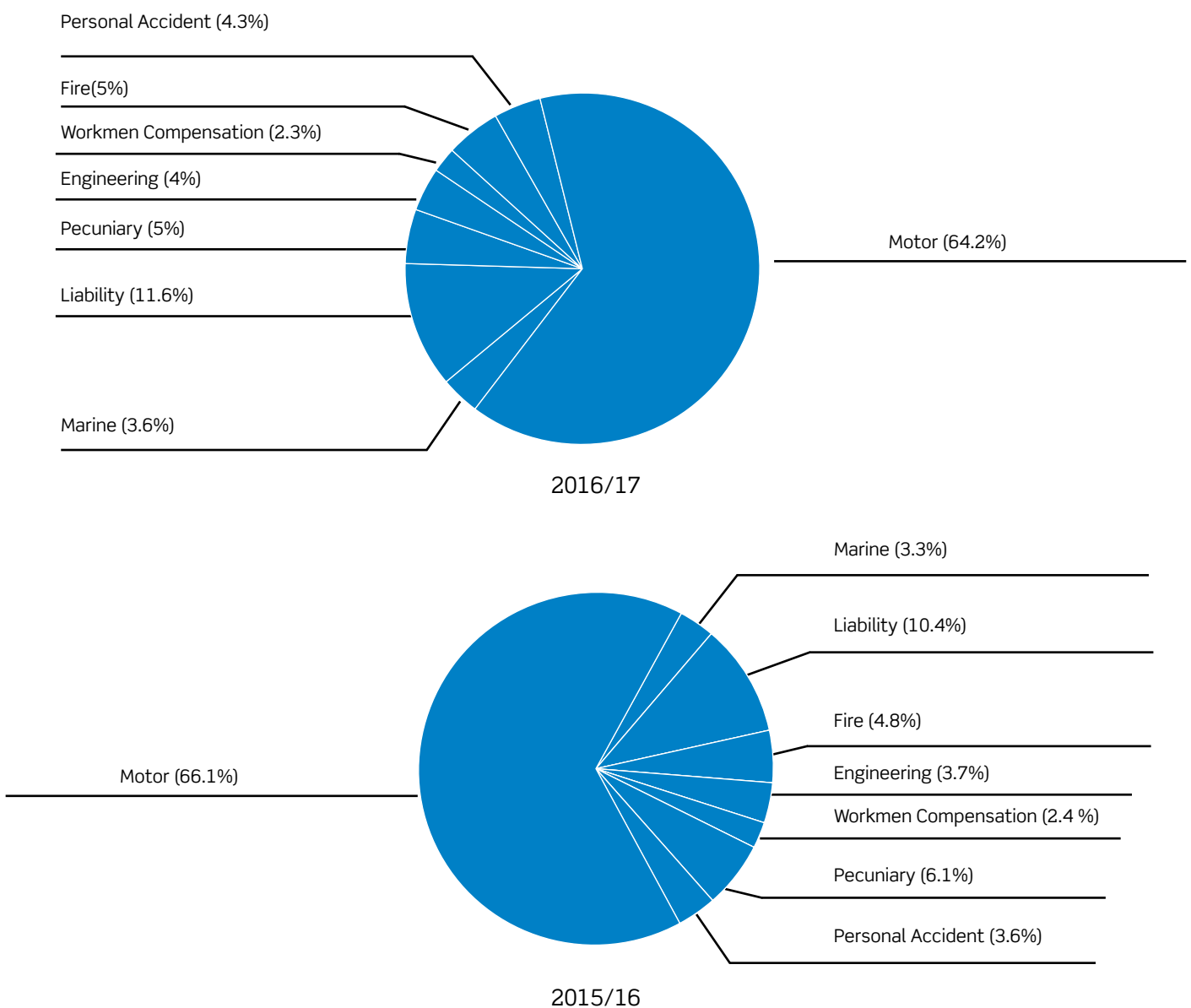


Fig. 1 Portfolio Mix

The decrease seen in pecuniary and workmen's businesses was mainly driven by stiff competition resulting from premium cutting.

Net Earned Premium

The net earned premium grew by 14% to Birr 371,913,945, from Birr 326,377,347 in the previous year.

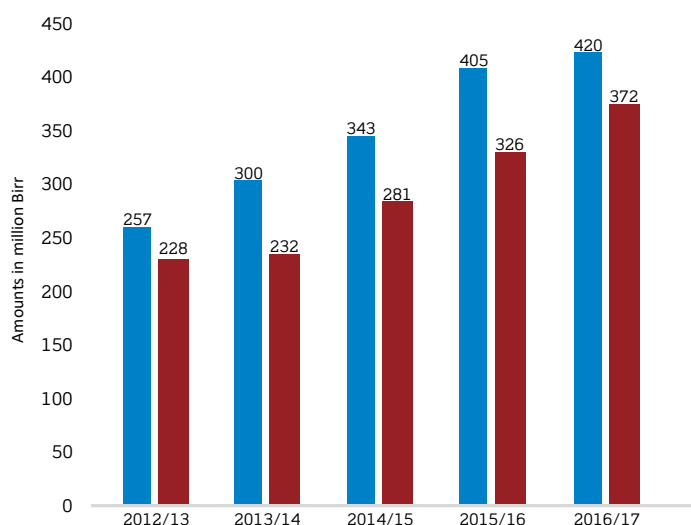


Fig. 2 Trends of Gross Written Premium & Net Earned Premium (2011/12 - 2015/16)

This growth was largely due to considerable increase in premium earned from all classes of businesses except engineering and pecuniary.

Technical Provisions

Technical provisions at the end of June 30, 2017 went up by 11.3% to Birr 388,132,599 compared to Birr 348,777,098 in the previous year.

This was mainly impacted by the 32.4% (or Birr 43,278,355) rise in the provision for outstanding claims.

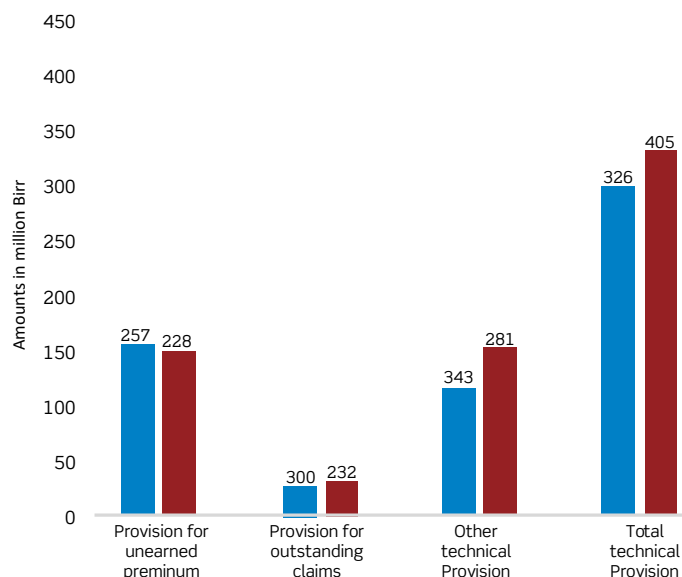


Fig. 3 Technical Provisions for 2014/15 & 2015/16

Claims Paid

Net claims paid amounted to Birr 224,032,574, portraying a 2% decrease from last year's figure of Birr 228,658,087. The decrease in claims was mainly due to improvements seen in personal accident and pecuniary related losses.

Claims Incurred

The Company's incurred net claims totaling Birr 271,503,503 in 2016/17 compared to Birr 255,648,100 in 2015/16, representing an increase of 6.2%. The increase was mainly due to higher provision made for money insurance, engineering and motor total loss. Accordingly, the provision for outstanding claims rose by 32.4% to Birr 176,783,373 compared to Birr 133,505,018 in the previous year.

Underwriting Surplus

The underwriting surplus for the year went up by 61% to Birr 90,845,707 compared to Birr 56,502,869 in the previous year. This increase was largely due to improvements in claims payment and increases in net earned premium.

Investment Income

In the reporting year, interest income from fixed time deposits and dividend realized from shareholdings in Bank of Abyssinia (BOA) substantially increased by 22.2% to Birr 48,451,943 from last year of Birr 39,656,222. This was mainly attributable to the growth of interest income from time deposits by 22.3% to Birr 33,698,686 as compared to the previous year's record. Similarly, dividend income has shown an increase of 24.3% to reach Birr 14,753,257.

Other Income

During the year under review, income from other sources was Birr 16,938,456, a significant increase from the previous year. This increase was mainly due to the receipt of Birr 11.6 million as an accumulated interest income through court process following the failure of the Company's policy holder to settle its debt. Moreover, rent income from Bahirdar joint building and income generated through disposal of old Company vehicles contributed for the increase.

Expenses

Administrative and general expense of the Company decreased slightly by 2% to Birr 76,806,025 compared to previous year of Birr 78,354,152. This is primarily attributed to controlling measures taken to major expense items. However, employees' salaries and benefits have shown increment due to strategic investments made in attracting and retaining experienced personnel.

Profit

General Insurance business profit before tax increased by Birr 59,386,121 from the previous year's Birr 20,043,960.00, reaching to Birr 79,430,081 (or nearly four folds) in the period under review. This was largely due to the efforts made to reduce the previous year's loss experience. Moreover, controlling measures taken to reduce expenses reflected in a higher profit growth.

B. Long Term Insurance

Gross Written Premium

This segment of the Company's business recorded a slight growth of 1.8% to Birr 28,554,331 compared to Birr 28,051,717 in the previous year.

Life Business Outgo

In the reporting year, the net claims incurred increased by 7.7% to Birr 13,270,054 compared to Birr 12,325,763 in the previous year. This was mainly due to high medical and group term payments made to corporate customers. Likewise, administrative and general expense of life insurance was Birr 2,377,367, showing an increase of 54% from the previous year.

Actuarial Surplus

It was to be recalled that actuarial valuation for our long-term insurance was made as of June 30, 2014. In compliance with the regulation of the National Bank of Ethiopia, actuarial valuation of long-term insurance business is carried out every 3 years. In view of this, Zamara Actuaries Administrators and Consultants LTD was assigned to conduct the actuarial valuation of the Company

for the years: 2015, 2016, and 2017. Based on the valuation report, the Company's long-term business registered a total actuarial surplus of Birr 35,233,490, and the actuary recommended the remaining surplus after tax of Birr 21,504,406 to be carried forward unappropriated in the life fund.

Life Fund

After accounting Birr 2,150,441 for the legal reserve of unappropriated surplus, the remaining life fund balance as at June 30, 2017 is Birr 58,460,763.

Asset & Shareholders' Funds

The Company's asset base grew from Birr 734 million in 2015/16 to Birr 890 million in 2016/17, signaling improving capital position of the Company. As shown in figure 5 below, out of the total Company assets, 58.9% (Birr 524.8 million) was current assets while fixed asset and investments took 26.3% and 14.8% respectively. On the other hand, shareholders' funds amounted to Birr 322 million, a significant growth of 39.4%.

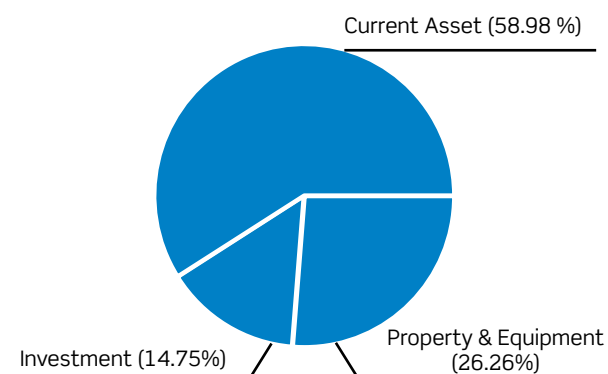


Fig. 4 Asset Composition of the company as at June 30, 2017

During the reviewed period, the balance of fixed time deposit increased by 7.8% to Birr 376,491,469 from the previous year's record of Birr 349,313,932. This increase was mainly due to the extra efforts exerted to enhance time deposits using competitive schemes despite various investment engagements of the company.



Solvency Margin - General Insurance

The statutory equity, which was Birr 288,521,993 for the fiscal year was above the minimum requirement of Birr 54,321,269 (i.e. 15% of previous year's net written premium). The solvency margin, therefore, was more than 5 times of the standard and assuring the adequacy of the Company's capital.

Investment Highlights

Future Headquarter Project

As part of its investment ventures, the Company is constructing its own three basement ground floor and 25 storey future headquarter building. To-date, the structural works of Block-B and six floors for Block – A have been completed.

Gelan Industry Park and Recovery

In the reporting period, the company completed the construction of two multi-purpose warehouses and office buildings. Currently, we are on the final stage of land development works.

Other Construction Projects

A construction project located at Kaloty Comet is fully completed. Currently, the building is rented and generating income.

Strategic Plan Development

A five year (2017-2022) strategic plan that has been developed by the management with the support of the Board of Directors is on its final stage of approval. This strategic plan is the third attempt by Nile Insurance Company to determine its future direction and deliver sustainable growth in a changing and more competitive business environment. Moreover, it is an embodiment of our collective promise to our customers, shareholders and other stakeholders in line with our objective.

Human Capital

The success of a Company is highly dependent on the quality of its human resource. Our people are a powerful and important resource. We identify, recruit, retain and invest in the best talent in the market. Nile has in-house training facility and employees are also developed through external training both locally and overseas.

At the end of this financial year, the number of employees reached 365. The educational distribution showed that 216 (59%) had first degree and above qualifications. This ensures that our resource has very good blend of experts. Similarly, the composition of male and female staffs was 60% and 40% respectively showing that Nile is an equal opportunity employer.

Despite continuous investment in human capital development, shortages of qualified managerial talents equipped with sound insurance know-how and expertise continued to be the major challenge.

Risk Management

Nile's risk management is driven by its strategic risk appetite and steered by the risk management practices. The Company's risk management programme focuses on the identification and management of risks and seeks to minimize potential adverse effects on its financial performance. These include the use of underwriting policies and guidelines. In the year under review, the Company was cautious on its investment activities to enable optimal liquidity management and to maximize returns within an acceptable level of risk. The Internal Audit and Risk Management Department supervises and integrates the risk management functions in each of major business units, providing senior management and the Board with a consolidated view on the Company's major risk positions.

Capitalization

The total fund infused by the Shareholders of the Company in the period reached Birr 188,132,000 showing an increase of 4.6% from the previous same period. This is mainly due to the capitalization of dividend during the reporting period as per the previous decision of shareholders to raise the capital of the Company to Birr 200,000,000.

Dividends

As at June 30, 2017, the Company was able to generate a net profit of Birr 100,742,650. After accounting Birr 10,074,265 for the legal reserve, Birr 19,353,965 transferred to life fund and Birr 800,000 for Director's share, the remaining balance of the profit is Birr 70,514,420. The Board of Directors, therefore, proposes to the general meeting of shareholders that Birr 70,514,420, (38.2% of the weighted average shares) be distributed to shareholders proportionate to their respective paid up shares.

However, shareholders are expected to plowback their dividends to cover 25% down payment for the new capital increase and as such the AGM's decision to distribute dividend will not negatively affect the Company's liquidity and admitted asset position.

Distribution Channels

During the year under review, the Company made three branches operational. Thus, it is worth mentioning that Nile had a total of 41 branches positioned throughout the Country by the end of the reporting period. Moreover, we recruited additional sales agents and made bilateral discussion with brokers.

Business Development

As part of its innovative solutions, the Company launched Mortgage Redemption Insurance. This will tremendously benefit the Company's effort on business excellence and market leadership.

Corporate Social Responsibility (CSR)

Corporate Social Responsibility is an integral part of our corporate culture. In the reporting year, Nile continued to support blood donation and tree planting campaign in association with the Ethiopian Red Cross Society and Ethiopian Heritage Trust Authority respectively. The Company had also closely worked with partners to address road safety issues. Moreover, the Company sponsored school feeding programs and educational materials to three primary schools and made donations to various goodwill initiatives. We believe this type of investment has a positive impact on local communities and contribute to their well-being. Similarly, donation was made to draught affected citizens in the Oromia Regional State.



At Nile Insurance.
**WE ARE HAPPY
TO GET YOU
THE COVER OF
YOUR CHOICE**

Future Outlook

The Company had a commendable performance in the reporting year. In spite of the challenging business environment and the stiff competition, the Company remains at the forefront of performance and operational excellence.

Our focus will remain, therefore, on growth and profitability in our core insurance businesses, enhance the yield of investments while maintaining liquidity position, and pursue initiatives that continue to reduce operating expenses and improve efficiencies

In order to ensure sustained growth, we plan to continue embracing the partnership we have had with our intermediaries, the supervisory body, reinsurers and all other corporate and individual stakeholders. In 2017/18, we will continue to ensure that the five years strategic plan will be operational, processes will be streamlined and aligned to be able to offer exceptional customer experience and continuously offer innovative products to our customers, thereby enhancing the Company's performance. Accordingly, the Company will continue investing in its processes and employees.

We hope the opportunities under the Second Growth and Transformation Plan (GTP II) will enhance the overall growth of the industry. To take advantage of this economic opportunity, the Company will strictly make follow up on the implementation of its 3rd Strategic Plan.

In line with this, we will continue to improve our effectiveness across all aspects of our operations such as marketing, pricing, sales, customer service, and claims handling by leveraging on technology. This will be achieved by having an upgraded IT platform which can easily be modified to support business processes and which can evolve with the business. Moreover, special emphasis will be given to the following:

Investment

Nile has concentrated its focus on diversifying its investment portfolio. As in the previous years and based on our investment strategy, special emphasis will be given to increase Company's asset diversification in alignment with our capital, liquidity, risk and return objectives.

Construction Activities

In the years to come, the Company will strive to bring more progress on its construction activities. Accordingly, finishing works of Block-B in the Headquarter building will be completed. Further, progress is also expected on the structural works of Block-A.

Similarly, it is in our plan to implement and deliver additional construction works in Gelan, Commet and Gurdshola project sites within the allocated budget, expected time and specified quality.



Information Technology

The Company will continue to invest in the modernization of its technology infrastructures and applications. This will bring significant progress in transforming our technology systems and enhancing business processes. To this end, the existing PREMIA software will be upgraded to deliver higher operational efficiency and simplify customer interactions.

Marketing & Product Innovation

The Company aims to provide differentiated products to meet the needs of its targeted customer segments through its distribution channels. Looking forward, we continue to expand our branches to potential and feasible business areas and balance the portfolio mix. Besides, the conventional distribution channels, the Company will explore innovative ways of reaching and serving its customers.

Prudent Underwriting and Claims Management

Despite improvements seen from the previous periods, claims account for the highest percentage of the Company's cost. To keep the growth momentum, the way a claims' process is managed and underwriting prudence will remain vital to the Company's profitability.

IFRS Project

The Company believes that this financial standard provides reliable and more relevant financial information as it ensures that IFRS performance reporting will better reflect the economic reality of the Company within the reporting period. Accordingly, the Company's financial reports will be re-stated and disclosed in the years to come in accordance with Accounting and Audit Board of Ethiopia (AABE) proclamation number 847/2006 when completed.

22+

YEARS OF DILIGENCE



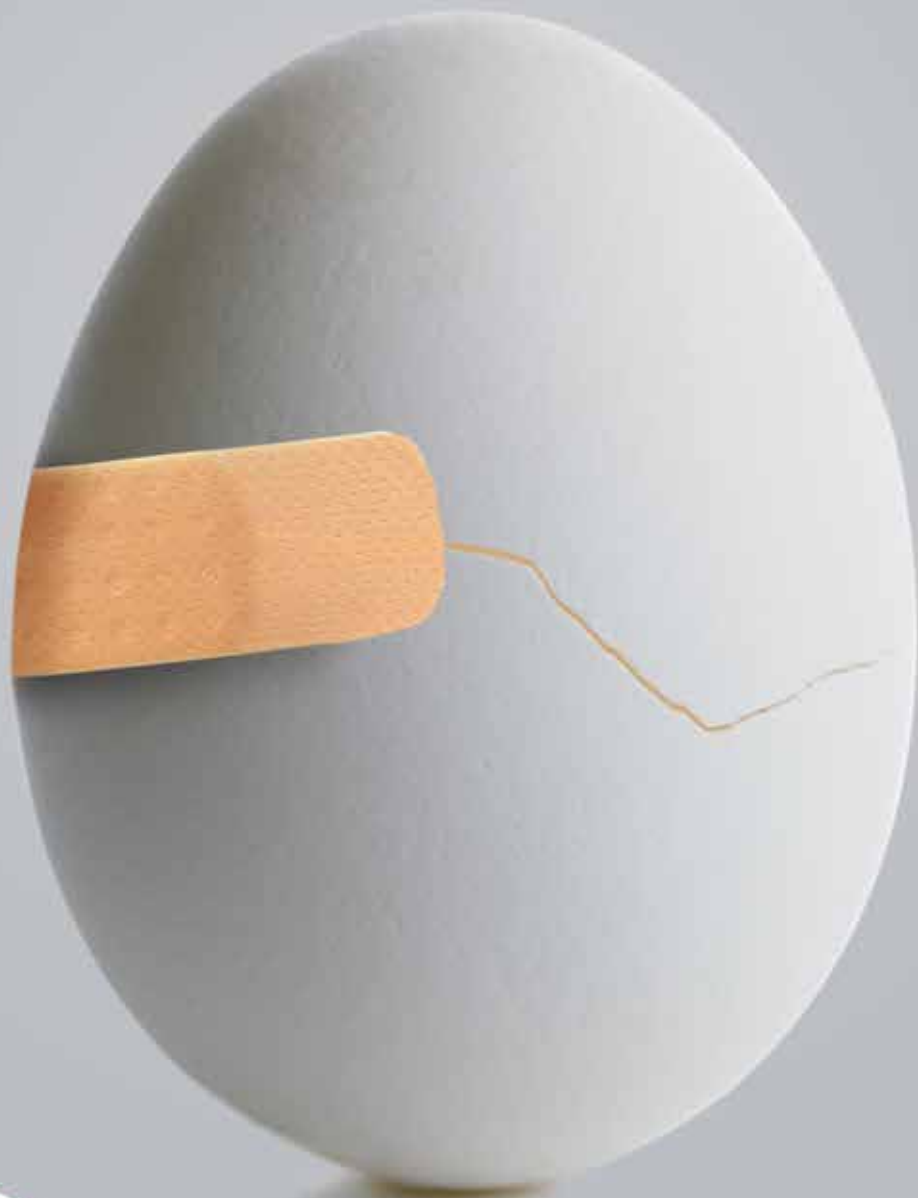
Who is
NILE
Insurance



We care to cure



Customers
AT A GLANCE



**WHY
WAIT UNTIL
IT'S TOO LATE ?**

Get insured !

Independent auditor's report to the SHAREHOLDERS OF NILE INSURANCE COMPANY (S.C.)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Nile Insurance Share Company (S.C), which comprise the statement of financial position as at 30 June 2017, and the statement of comprehensive income, 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 the result of its operation, its cash flow and change in equity 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

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 Directors determine 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, 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 Directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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.

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

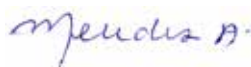
TMS Plus.
Chartered Certified Accountants (UK)
Authorized Auditors (ETH)



Addis Ababa
10-Oct-17

NILE INSURANCE COMPANY(S.C)
BALANCE SHEET
AS AT 30 JUNE 2017

	Notes	General Insurance Business	Long term Business	Total	2016
ASSETS					
Fixed Assets					
Property, plant and equipment	2.4,3	206,934,999	74,361	207,009,360	124,400,098
Intangible assets	5	1,144,843	-	1,144,843	939,053
Leasehold land	2.6,4	25,530,870	-	25,530,870	39,645,765
		<u>233,610,711</u>	<u>74,361</u>	<u>233,685,073</u>	<u>164,984,916</u>
Investments					
Bank deposit at interest		302,841,979	73,649,490	376,491,469	349,313,932
Government bond		-	-	-	25
Investments	6	131,250,000	-	131,250,000	100,000,000
		<u>434,091,979</u>	<u>73,649,490</u>	<u>507,741,469</u>	<u>449,313,957</u>
Other Assets					
Cash and bank balances	7	36,184,011	1,039,498	37,223,509	25,605,396
Trade receivable	8	-	443	443	(292,603)
Other receivables	9	75,176,040	4,478,455	79,654,494	67,125,805
Statutory deposits	10	25,969,800	2,250,000	28,219,800	26,980,000
Due from reinsurers	11	3,201,610	-	3,201,610	-
		<u>140,531,461</u>	<u>7,768,396</u>	<u>148,299,856</u>	<u>119,418,598</u>
Total Assets		<u>808,234,151</u>	<u>81,492,247</u>	<u>889,726,398</u>	<u>733,717,471</u>
LIABILITIES					
Technical provisions					
Provision for outstanding claims	2.2.2	176,783,373	441,384	177,224,757	134,294,353
Provision for unearned premium	2.2.1	174,558,328	-	174,558,328	182,673,756
Other technical reserves	2.2.3	36,790,898	-	36,790,898	32,598,324
		<u>388,132,599</u>	<u>441,384</u>	<u>388,573,983</u>	<u>349,566,433</u>
Other liabilities					
Due to reinsurers	11	55,031,175	10,655,760	65,686,935	54,749,251
Taxes payable	12	8,803,287	4,104,347	12,907,634	1,757,003
Overdraft		15,318,532	-	15,318,532	
Creditors and accruals	14	38,431,809	332,209	38,764,018	32,121,277
Land lease payable		7,383,977	-	7,383,977	8,101,432
		<u>124,968,781</u>	<u>15,092,316</u>	<u>140,061,096</u>	<u>96,728,963</u>
Total liabilities		<u>513,101,380</u>	<u>15,533,700</u>	<u>528,635,079</u>	<u>446,295,396</u>
NET ASSETS		<u>295,132,771</u>	<u>65,958,547</u>	<u>361,091,319</u>	<u>287,422,075</u>
CAPITAL AND RESERVES					
Paid up capital	16	173,132,000	15,000,000	188,132,000	179,859,000
Interbusiness current account		19,825,650	(19,825,650)	-	(98)
Legal reserve	17	39,158,842	4,028,877	43,187,719	33,113,455
Retained earnings	18	63,016,279	27,648,522	90,664,801	18,039,564
		<u>295,132,771</u>	<u>26,851,749</u>	<u>321,984,520</u>	<u>231,011,921</u>
Shareholders' funds		<u>-</u>	<u>39,106,798</u>	<u>39,106,798</u>	<u>56,410,154</u>
Life Fund		<u>295,132,771</u>	<u>65,958,547</u>	<u>361,091,319</u>	<u>287,422,075</u>
Total Capital and Reserves		<u>295,132,771</u>	<u>65,958,547</u>	<u>361,091,319</u>	<u>287,422,075</u>



Mekdes Aklilu
Chairman, Board of Directors




Hailu Makonnen
Chief Executive Officer

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

	Notes		2016
INCOME			
Under writing result		90,845,707	56,502,869
Interest income		33,698,686	27,778,474
Divided income		14,753,257	11,872,748
Rental income		2,796,642	736,967
Other income		14,141,814	1,502,054
		<u>156,236,106</u>	<u>98,393,112</u>
EXPENSES			
Salary and benefit	22	41,750,106	39,917,451
Financial charges		175,642	125,564
Office rent		9,403,020	8,047,117
Advertising and publicity		2,652,233	3,005,290
Ordinary general meeting		201,013	162,816
Directors' Allowances		429,626	130,350
Audit fee		71,185	65,550
Depreciation and amortization		6,582,077	8,223,019
Other expenses	19	16,023,839	18,676,995
(Decrease) increase in provision for doubtful account expenses		(482,716)	-
		<u>76,806,025</u>	<u>78,354,152</u>
Profit before taxation General		79,430,081	20,038,960
Profit before taxation long term		35,233,490	-
		<u>114,663,571</u>	<u>20,038,960</u>
Provision for taxation	13	13,920,921	-
		<u>100,742,650</u>	<u>20,038,960</u>
Prior period adjustment		(3,584)	-
		<u>100,739,066</u>	<u>20,038,960</u>
Legal reserve		10,074,265	2,003,896
		<u>90,664,801</u>	<u>18,035,064</u>
Balance brought forward		18,035,980	42,218,957
Dividend declared		(18,035,980)	(42,218,957)
		<u>-</u>	<u>-</u>
		<u>90,664,801</u>	<u>18,035,064</u>
Balance carried forward (General insurance)		90,664,801	18,035,064
Earnings per share of Birr 1000 par value	21	546	119



NILE INSURANCE COMPANY(S.C)
CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE 2017

CASH FLOWS FROM OPERATING ACTIVITIES

		2016
Net profit before taxation	114,663,571	20,043,959
Investment income	(48,451,943)	(39,656,221)
Prior years adjustment	283,269	-
Depreciation and amortization	6,582,078	8,223,019
Provision for doubtful debts	(482,716)	-
Operating profit before working capital changes	<u>72,594,259</u>	<u>(11,389,243)</u>

Decrease in trade debtors	(19,187,881.61)	1,108,263
Increase in outstanding claims	47,122,978	27,179,348
Increase in unearned premium	(8,115,428)	35,764,449
Increase in Dividend Payable	521,532	(1,899,392)
Increase in Overdraft	15,318,532	-
Increase in amount due to re-insurers	10,937,684	12,130,423
Increase in other creditors and taxes payable	12,112,764	3,135,493
Advance profit tax deducted from profit tax	9,408,011	-
	<u>68,118,191</u>	<u>77,418,584</u>
Profit tax paid	-	-
Net cash inflow from operating activities	<u>140,712,450</u>	<u>66,029,341</u>

INVESTING ACTIVITIES

Increase (Decrease) in investment in time deposit	(27,177,537)	34,570,423
Purchase/Construction of fixed assets	(88,229,145)	(71,298,787)
Acquisition of intangible asset	(415,457)	(382,032)
Acquisition of leasehold land	(1,163,723)	(16,373,670)
Decrease in leasehold land payable	(717,455)	(284,491)
investment in government bond	25	2,000,000
Investment income	48,451,943	39,656,221
Investment in shares	(31,250,000)	(38,106,236)
Net cash used for investing activities	<u>(100,501,349)</u>	<u>(50,218,572)</u>

FINANCING ACTIVITIES

Equity dividend paid	-	-
Dividend paid	(17,197,897)	(41,768,957)
Increase in statutory deposit	(1,239,800)	(3,460,000)
Increase in life fund (net)	(17,586,624.00)	10,095,402
Additional shares issued	8,273,000	23,080,000
Payment to directors	(841,667)	(450,000)
Net cash inflow from financing activities	<u>(28,592,988)</u>	<u>(12,503,555)</u>

Increase in cash and bank balances during the year	11,618,113	3,307,214
Cash and bank balances at the beginning of the year	25,605,396	22,298,182
Cash and bank balances at the end of the year	<u>37,223,509</u>	<u>25,605,396</u>

Cash and bank balances consists of:

Cash on hand	5,019,431	2,464,086
Cash at bank	32,204,078	23,141,310
	<u>37,223,509</u>	<u>25,605,396</u>



NILE INSURANCE COMPANY(S.C)
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2017

	Paid up capital Birr	Legal reserve Birr	Retained earnings Birr	Life fund Birr	Total Birr
Balance at 30 June 2015	156,779,000	31,109,059	42,218,957	46,314,752	276,421,768
Change in 2015/2016					
Dividend declared	-	-	(41,768,957)	-	(41,768,957)
Dividend Capitalized	22,713,574	-	-	-	22,713,574
P/UP capital paid in cash	366,426	-	-	-	366,426
Profit share paid to Directors	-	-	(450,000)	-	(450,000)
Net profit for the year	-	-	20,043,960	-	20,043,960
Transfer to legal reserve	-	2,004,396	(2,004,396)	-	-
Increase in life fund	-	-	-	10,095,402	10,095,402
Balance at 30 June 2016	179,859,000	33,113,455	18,039,564	56,410,154	287,422,173
Change in 2016/2017					
Dividend declared	-	-	(17,197,897)	-	(17,197,897)
Dividend Capitalized	5,857,522	-	-	-	5,857,522
P/UP capital paid in cash	2,415,478	-	-	-	2,415,478
Profit share paid to Directors	-	-	(841,667)	-	(841,667)
Net profit for the year	-	-	100,742,650	-	100,742,650
Transfer to legal reserve	-	10,074,265	(10,074,265)	-	(0)
Prior year adjustment	-	-	(3,584)	(283,269)	(286,853)
Decrease in life fund	-	-	-	(17,020,087)	(17,020,087)
Balance at 30 June 2017	188,132,000	43,187,720	90,664,801	39,106,798	361,091,319



**NILE INSURANCE COMPANY(S.C)
GENERAL INSURANCE BUSINESS REVENUE ACCOUNT
FOR THE YEAR ENDED 30 JUNE 2017**

		2016
PREMIUMS		
Gross written premium	419,511,250	405,308,389
Less: Premium ceded	(55,794,875)	(43,166,593)
Net written premium	363,716,375	362,141,796
Change in unearned premium-net	8,197,570	(35,764,449)
Net Premium earned	371,913,945	326,377,347
CLAIMS		
Claims paid net of re-insurance	(224,032,574)	(228,658,087)
Change in other technical provision	(43,278,355)	(22,457,765)
Change in net provision for claims	(4,192,574)	(4,532,248)
Net claims Incurred	(271,503,503)	(255,648,100)
OPERATING EXPENSES		
Insurance commission (Net)	(9,564,735)	(14,226,378)
	(281,068,238)	(269,874,478)
UNDERWRITING SURPLUS	90,845,707	56,502,869

**NILE INSURANCE COMPANY(S.C)
LONG TERM INSURANCE BUSINESS REVENUE ACCOUNT
FOR THE YEAR ENDED 30 JUNE 2017**

	Note		2016
GROSS WRITTEN PREMIUMS			
Gross written premium		28,554,331	28,051,717
Less: Premium ceded		(9,041,964)	(8,245,133)
Net written premium		19,512,367	19,806,584
Less:-Policy owners benefits -cliam incurred		(13,270,054)	(12,325,763)
Net commission income		5,120,652	(1,724,260)
Change in provision for outstanding claims		-	(189,334)
Net written premium in excess of cliam		11,362,965	5,567,227
OTHER INCOME			
Interest income		8,661,256	6,076,432
Other income		10	401
Total other income		8,661,266	6,076,833
EXPENSES			
Salary &Benefit		1,320,947	-
Office rent		662,580	-
Administration expense	19	356,049	1,522,702
Financial charge		4,567	5,419
Depreciation		33,224	20,537
		2,377,367	1,548,658
Increase in life fund		17,646,865	10,095,402
Balance brought forward		56,410,154	46,314,752
Prior period adjustment		283,269	-
Transferred to tax and shareholders		(35,233,490)	-
Transferred to Liability account(Actuarial Liability)		-	-
Balance carried forward		39,106,797	56,410,154



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

1. BACKGROUND

Nile Insurance Company (S.C) was established in April 1995, in accordance with the Commercial Code of Ethiopia 1960. The Company has been licensed by the National Bank of Ethiopia, the licensing body of Banks, Insurance & other Financial Institutions as per the power vested to it through Proclamation No 591/2008, the National Bank of Ethiopia Establishment (as amended) Proclamation.

2. ACCOUNTING POLICIES

The following are the major accounting policies adopted by the Company in the preparation of its financial statements.

2.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The accompanying financial statements have been prepared in accordance with the Generally Accepted Accounting principles and in line with provisions of Insurance Business Proclamation 746/2012 of the Government of Ethiopia. The basis of accounting is accrual basis.

2.2 REVENUE ACCOUNT

The underwriting surplus is arrived at by deducting provisions for unexpired risks, outstanding claims, other technical reserves, special reserves for financial guarantee and unconditional bonds and commission expenses from the net premiums, reinsurance commissions and profit commission.

2.2.1 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.

2.2.2 Provision for outstanding claims

This refers to provisions maintained for estimated costs of claims lodged on or before the end of the financial year.

2.2.3 Other technical reserves

This refers to provisions for claims incurred but not reported (IBNR) up to the end of the fiscal period calculated at 10% of net earned premium as per the National Bank of Ethiopia's Directive No. SIB/17/98.

2.3 INSURANCE BONDS (GUARANTEES)

During the normal course of business the Company gives conditional guarantee to third parties on behalf of its customers. These are commitments, secured partially against collateral as counter-guarantee to the Company, arising from such obligations that are being reduced as repayments or liquidations of performance made by the insured customers to the guaranteed parties. The Company's policies normally include "counter indemnity" clause.



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

2.4 FIXED ASSETS

Fixed assets of the Company are stated at cost less accumulated depreciation, .Based on the repealed Proclamation no 286/2002 deprecation is calculated at the following rates per annum.

	Method	%	New %
Building	Straight line	5%	5%
Motor vehicles	Pooling	20%	20%
Furniture, fixture and fittings	Pooling	20%	20%
Computers and accessories	Pooling	25%	25%
Other asset	Pooling	20%	20%

2.5 INTANGIBLE ASSETS

Intangible assets are amortized at the rate of 10% per annum on the straight line method.

2.6 LEASEHOLD LAND

Land leasehold is amortized over the lease periods of each leased land.

	Lease period years
National Theater Site	50
Gelan site	30
Comet site	60
Gurd Shola site	59
Bahir Dar	60



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

3.PROPERTY ,PLANT AND EQUIPMENT

	General Insurance Business			
	Balance at 1/7/2016	Additions	Disposal/ Adjustment	Balance at 30/6/2017
COST				
Building	21,701,456	-	-	21,701,456
Motor vehicles	37,824,470	-	(716,301)	37,108,169
Furniture,fixture and fittings	10,098,227	26,565,880	-	36,664,107
Computer and accessories	8,529,529	2,420	-	8,531,949
Construction in progress	86,707,008	62,377,146	-	149,084,154
Books	52,960	-	-	52,960
	<u>164,913,650</u>	<u>88,945,446</u>	<u>(716,301)</u>	<u>253,142,795</u>
DEPRECIATION				
Building	7,491,533	1,085,073	-	8,576,606
Motor vehicles	21,523,843	3,364,843	(623,230)	24,265,456
Furniture,fixture and fittings	6,182,919	922,564	-	7,105,483
Computer and accessories	5,386,284	830,202	-	6,216,486
Books	36,558	7,208	-	43,766
	<u>40,621,137</u>	<u>6,209,890</u>	<u>(623,230)</u>	<u>46,207,797</u>
NET BOOK VALUE	<u>124,292,513</u>			<u>206,934,999</u>

	Long term Insurance Business				
	Balance at 1/7/2016	Additions	Balance at 30/6/2017	Total 30/6/2017	Total 30/6/2017
COST					
Building	-	-	-	21,701,456	21,701,456
Motor vehicles	182,100	-	182,100	38,006,570	37,290,269
Furniture,fixture and fittings	64,352	-	64,352	10,162,579	36,728,459
Computer and accessories	175,847	-	175,847	8,705,376	8,707,796
Construction in progress	-	-	-	86,707,008	149,084,154
Books	-	-	-	52,960	52,960
	<u>422,299</u>	<u>-</u>	<u>422,299</u>	<u>165,335,949</u>	<u>253,565,094</u>
DEPRECIATION					
Building	-	-	-	7,491,533	8,576,606
Motor vehicles	172,089	2,003	174,092	21,695,932	24,439,548
Furniture,fixture and fittings	42,705	4,995	47,700	6,225,624	7,153,183
Computer and accessories	99,920	26,226	126,146	5,486,204	6,342,632
Books	-	-	-	36,558	43,766
	<u>314,714</u>	<u>33,224</u>	<u>347,938</u>	<u>40,935,851</u>	<u>46,555,734</u>
NET BOOK VALUE	<u>107,585</u>		<u>74,361</u>	<u>124,400,098</u>	<u>207,009,360</u>



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

4. LEASEHOLD LAND

	General Insurance Business			
	Balance at 1/7/2016	Additions	Disposal/ Adjustment	Balance at 30/6/2017
Cost	41,309,914	1,163,723.62	(15,112,598)	27,361,040
Less: Amortization	1,664,149	166,021	-	1,830,170
	<u>39,645,765</u>			<u>25,530,870</u>

	Long term Insurance Business			
	Balance at 1/7/2016	Additions	Balance at 30/6/2017	Total 30/6/2017
Cost	-	-	-	27,361,040
Less: Amortization	-	-	-	1,830,170
	<u>-</u>			<u>25,530,870</u>

5. INTANGIBLE ASSET

	General Insurance Business			
	Balance at 1/7/2016	Additions	Disposal/ Adjustment	Balance at 30/6/2017
Cost	3,892,982	415,456.54	-	4,308,439
Less: Amortization	2,953,929	209,667	-	3,163,596
	<u>939,053</u>			<u>1,144,843</u>

	Long term Insurance Business			
	Balance at 1/7/2016	Additions	Balance at 30/6/2017	Total 30/6/2017
Cost	-	-	-	4,308,439
Less: Amortization	-	-	-	3,163,596
	<u>-</u>			<u>1,144,843</u>



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

6. INVESTMENT

	No of Share Birr	Par value share Birr	Total	2016
Bank of Abyssinia	4,250,000	25	106,250,000	75,000,000
Ethiopian Reinsurance SC	2,500	10,000	25,000,000	25,000,000
	<u>4,252,500</u>	<u>10,025</u>	<u>131,250,000</u>	<u>100,000,000</u>

7. CASH AND BANK BALANCES

	General Insurance Business	Long term Insurance Business	Total	2016
Cash on hand	4,843,412	176,019	5,019,431	2,464,086
Cash at Bank (Current & Saving)	31,340,599	863,479	32,204,078	23,141,310
	<u>36,184,011</u>	<u>1,039,498</u>	<u>37,223,509</u>	<u>25,605,396</u>

8. TRADE RECEIVABLES

Trade debtors	19,898,505	268,428	20,166,933	20,347,710
Provision for doubtful receivables	(19,898,505)	(267,985)	(20,166,490)	(20,640,313)
	<u>-</u>	<u>443</u>	<u>443</u>	<u>(292,603)</u>

9. OTHER RECEIVABLES

	General Insurance Business	Long term Insurance Business	Total	2016
Prepayments	5,462,935	808,351	6,271,286	7,024,524
Construction advance payments	33,006,365	-	33,006,365	33,087,668
Collectable from Nile coffee	7,163,660	-	7,163,660	-
Staff debtors	7,837,584	-	7,837,584	7,093,142
Sundry receivables	695,210	177,500	872,710	809,616
Withholding tax receivable	3,339,615	729,516	4,069,130	4,040,767
	<u>57,505,369</u>	<u>1,715,367</u>	<u>59,220,735</u>	<u>52,055,717</u>
Accrued interest receivables	17,670,671	2,763,088	20,433,759	15,070,088
	<u>75,176,040</u>	<u>4,478,455</u>	<u>79,654,494</u>	<u>67,125,805</u>



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

10. STATUTORY DEPOSIT

This balance represents deposits made with National Bank of Ethiopia (NBE) in accordance with Article 20 of Proclamation No 746/2012. The company has maintained 15% of the paid up capital of statutory deposits as per the proclamation. The current balance represents the amount deposited up to June 30, 2017:

11. DUE FROM/TO REINSURERS

The amount payable to or receivable from reinsurers arises from premium ceded, reinsurance commission, and reinsurers share of claims paid.

12. TAXES PAYABLE

	General Insurance Business	Long term Insurance Business	Total	2016
Income tax payable	582,927	28,153	611,080	744,884
Profit tax payable (Note 13)	6,689,139	4,067,246	10,756,385	-
VAT	884,481	-	884,481	471,598
Withholding tax payable	327,713	-	327,713	190,763
Pension	319,027	8,948	327,975	349,758
	<u>8,803,287</u>	<u>4,104,347</u>	<u>12,907,634</u>	<u>1,757,003</u>

13. PROFIT TAX PAYABLE

Profit before tax for the year	79,430,081	35,233,490	114,663,571	20,043,959
Less:- Income taxed at source				
Interest income	33,698,686	20,207,238	53,905,924	27,783,474
Divided income	14,753,257	-	14,753,257	11,872,747
Interest on Gov't Saving Bond	-	-	-	-
	<u>48,451,943</u>	<u>20,207,238</u>	<u>68,659,181</u>	<u>39,656,221</u>
	<u>30,978,138</u>	<u>15,026,252</u>	<u>46,004,390</u>	<u>(19,612,262)</u>
Add:- Unallowable expenses				
Staff leave pay provision	(794,837)	-	(794,837)	796,216
Donation, Gift, Fines and penalties	8,500	-	8,500	11,000
Entertainment	<u>1,168,235</u>	<u>16,783</u>	<u>1,185,018</u>	<u>1,862,586</u>
	<u>381,898</u>	<u>16,783</u>	<u>398,681</u>	<u>2,669,802</u>
	<u>31,360,036</u>	<u>15,043,035</u>	<u>46,403,071</u>	<u>(16,942,460)</u>
Profit tax 30%	9,408,011	4,512,911	13,920,921	-
Less:-Withholding tax paid during the year	<u>2,718,871</u>	<u>445,665</u>	<u>3,164,536</u>	<u>-</u>
	<u>6,689,139</u>	<u>4,067,246</u>	<u>10,756,385</u>	



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

14. CREDITORS AND ACCRUALS

	General Insurance Business	Long term Insurance Business	Total	2016
Trade creditors	24,540,417	140,902	24,681,319	19,023,504
Accrued charges	4,584,976	181,183	4,766,159	4,072,377
Third party motor insurance fund	1,170,837	-	1,170,837	1,187,922
Dividend payables	8,116,643	-	8,116,643	7,595,111
Stamp duty payable	18,936	10,124	29,060	242,363
	<u>38,431,809</u>	<u>332,209</u>	<u>38,764,018</u>	<u>32,121,277</u>

15. DIRECTORS' REMMUNERATION

Directors are remunerated as per Directive No SIB/043/2016 of National Bank of Ethiopia which limited payment to Directors to be Birr 100,000 per annum and Birr 4,000 transportation allowance every month. The current balance is composed of monthly allowances paid during the year.

16. PAID UP CAPITAL

	General Insurance Business	Long term Insurance Business	Total	2016
Fully paid 184,374 shares, at par value of Birr 1000 each.				
Paid up capital is made up of as follows:				
Balance at 1 July 2016	164,859,000	15,000,000	179,859,000	156,779,000
Add: Shares issued to existing & new shareholders	8,273,000	-	8,273,000	23,080,000
	<u>173,132,000</u>	<u>15,000,000</u>	<u>188,132,000</u>	<u>179,859,000</u>

17. LEGAL RESERVE

In compliance with Article 12 of proclamation No.746/2012, 10% of the net profit after tax is transferred to legal reserve account until the balance reaches the paid up capital.

Balance brought forward	32,156,635	956,819	33,113,454	31,109,058
Add:-Current year transfer	7,002,207	3,072,058	10,074,265	2,004,396
Balance carried forward	<u>39,158,842</u>	<u>4,028,877</u>	<u>43,187,719</u>	<u>33,113,454</u>

18. RETAINED EARNING

Balance brought forward	18,039,564	-	18,039,564	42,218,957
Less:- Dividend declared	<u>(18,039,564)</u>	<u>-</u>	<u>(18,039,564)</u>	<u>(42,218,957)</u>
Restated balance	-	-	-	-
Add:-Current year transfer	63,016,279	27,648,522	90,664,801	18,039,564
Balance carried forward	<u>63,016,279</u>	<u>27,648,522</u>	<u>90,664,801</u>	<u>18,039,564</u>



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

19. OTHER EXPENSES

	General Insurance Business	Long term Insurance Business	Total	2016
Car running and maintenance	4,732,313.34	30,763.29	4,763,076.63	5,285,973
Advertising and publication		5,400.78	5,400.78	
Communication	2,939,326.57	45,201.48	2,984,528.05	2,350,310
Printing and stationeries	579,932.05	28,233.09	608,165.14	1,809,623
Education and training	1,319,167.86	-	1,319,167.86	1,602,358
Entertainment	390,891.15	1,702.81	392,593.96	1,246,154
Guarding and office cleaning fee	1,206,517.00	-	1,206,517.00	1,047,914
Traveling	753,836.40	99,231.90	853,068.30	910,061
Insurance	740,963.13	1,150.00	742,113.13	647,805
Repair and maintenance	394,053.74	34,278.65	428,332.39	587,616
Office cleaning and supplies	108,841.39	-	108,841.39	440,994
Office refreshment	576,331.40	-	576,331.40	453,615
Legal and professional fee	435,307.82	72,000.00	507,307.82	437,651
Uniform	259,521.74		259,521.74	247,689
Subscription and membership fee	121,973.80		121,973.80	224,279
Light and water	340,972.26	329.80	341,302.06	174,618
Medical	125,905.28	-	125,905.28	136,799
Municipal tax	76,810.76	-	76,810.76	94,341
Marriage expense	8,500.00	-	8,500.00	11,000
Donations	39,382.78	-	39,382.78	-
Miscellaneous expense	873,290.40	37,756.76	911,047.16	968,195
	<u>16,023,838.87</u>	<u>356,048.56</u>	<u>16,379,887.43</u>	<u>18,676,995</u>



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

20. RELATED PARTY TRANSACTIONS

The Company has various related parties, primarily by virtue of being shareholders and directorship. The other related parties include the staff of the Company as defined in IAS 24.

Transactions with directors are as stated in Profit & Loss statement and note 15. Transactions with key managing staff remunerations are all of the nature of salaries and related expenses and are included in salaries and employees benefits.

Related parties by virtue of shareholding and directorship which could have significant influence had transaction with the Company in the ordinary course of business at terms and conditions similar to those offered to others.

21. EARNINGS PER SHARE

Earnings per share for the year is calculated on the basis of the weighted average number of shares outstanding during the year.

22. STAFF COSTS

Staff costs for the year amount to Birr41,750,106.00(2016:- Birr39,917,451) and are shown under Profit & Loss Statement.

23. COMPARATIVE FIGURES

In order to facilitate comparison, some of the previous year figures in the accounts have been rearranged.

24. DATE OF AUTHORIZATION

The Company's management authorized the issue of these financial statement on 09 October 2017.



Appendix F: Actuary's Solvency Certificate

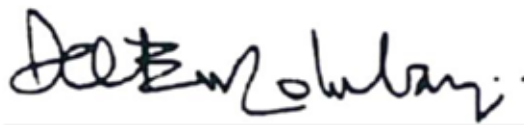
Nile Insurance Company S.C.

Actuarial Valuation as at 30 June 2017

Actuary's Solvency Certificate

I, James Israel Omanyala Olubayi of Zamara Actuaries, Administrators and Consultants Limited, Landmark Plaza, 10th Floor, Argwings Kodhek Road, P O Box 52439, Nairobi 00200, Kenya, being a fully qualified Actuary and having conducted an actuarial valuation of the Life Fund as at 30 June 2017 using generally acceptable actuarial principles do hereby certify as under: -

- a) that in my opinion the value placed upon the aggregate liabilities relating to the long-term insurance business of **Nile Insurance Company S.C.** in respect of policies of valuation adopted by me has been arrived at using a professionally sound and prudent actuarial basis;
- b) that I am satisfied that the value of assets adopted by me are, on the basis of the auditor's certificate appended to the balance sheet, fully of the value so adopted.



James I. O. Olubayi
Fellow of the Institute and Faculty of Actuaries

Nairobi

October 2017



INSURANCE

HEALTH

HOUSE

LEGAL EXPENSES

LIABILITY

BUSINESS

CAR

TRAVEL

LIFE



**We have it
all covered.**

Nile has a complete solution
for every insurance need.

