ግሎባል ኢንሹራንስ ኩባንያ (አ.ማ.)

GLOBAL INSURANCE COMPANY (S.C.)

26th ANNUAL REPORT

2022/23

TYPES OF
INSURANCE SERVICES
PROVIDED
PROPERTY INSURANCE
• Carg
(Air, Sea and Land)
• Fire and Lightening
• Consequential Loss
• Burglary &
House Breaking
• Plate Glass
• All Risks
LIABILTY INSURANCE
• Public Liability
• Inland Carrier's Liability
• Professional Indemnity
• Product Liability
PECUNIARY INSURANCE
• Bid Bond
• Performance Bond
• Advance Payment Bond
• Supply Bond
• Customs Bond
• Maintenance Bond etc.
• Fidelity Guarantee
• Money Insurance
ENGINEERING INSURANCE
• Contractors All Risks
• Erection all risks
• Contractors Plant &
Machinery
• Machinery Breakdown
• Boilers & Pressure Vessel
• Electronic Equipment
• Deterioration of stocks
• Loss of Profit
ACCIDENT & HEALTH INSURANCE
• Personal & group accident
• Workmen's compensation
• Emergency Travel
– Health Insurance
GLOBAL INSURANCE CO. (S.C.)

"Provide financial protection and peace of mind for our customers through diligent underwriting and claims services by using business friendly solutions and up-to-date technologies, maximize company's wealth by engaging in diversified businesses and investments through optimizing resources."

MISSION

"To be the preferred insurance company in Ethiopia by the year 2023"

VISION

- Commitment to mission
- Customer focus
- High value to employees
- Learning organization
- Team work
- Integrity

CORE VALUES

"Serving you is our professional pride!"

MOTTO

AHLI TAKAFUL

ግሎባል ኢንሹራንስ ኩባንያ(አ.ማ)

Global Insurance Co.(S.C)

25th
General Assembly Activities

CONTENTS

Board Directors

Yahya Abdosh
Chairman

Yusuf Zekeria
Director

Jemila Kibret
V/Chairman

Munir Adem
Director

Hamdi Abduselam
Director

Aida Mohammed
Director

Adham Abdulwahid
Director

Abdulnasir Adem
Director

Mohammed Ahmed
Company Secretary

Nebil Ahmed
Director

Executive Management

Tibebe Tesfaye
CEO

Alfia Ibrahim
Finance D.Manager

Girum Fekede
DCEO

Elham Abubeker
Tekaful D.Manager

Lalsa Saketa
Claims D. Manager

Yodit Gizaw
Marketing D. Manager

Ashenafi Abeyu
Undewriting D.Manager

Demisie Yosef
HR D.Manager

Fekadu Mokonnen
IT D.Manager

Yidnekachew Simeneh
Legal S.Manager

Yohannes Beyro
Audit S.Manager

Daniel Atnafu
Engineering S.Manager

The Board Chairman's Statement

Dear Shareholders:

It is my honor and pleasure to welcome you all, on behalf of the Board of Directors and on my own behalf, to the **TWENTY SIXTH ANNUAL .GENEREAL MEETING** of Global Insurance Company S.C. The Report contains the Audited Financial Statements as well as the Report of Directors on the business operations of the Insurance for the year ended 30 June 2023. Despite all the internal and external constraints and uncertainties confronted; the high turnover of skilled staff,that is common in the industry, and slowdown of business in general, the fiscal year 2022/23 is a year the Company has managed to generate gross written premium of Birr 290,404,000.Out of which Birr 57,632,000 being the highest in the industryattributed from the newly introduced Takaful businessin which the Company engaged with as a pioneer two years ago.

Correspondingly, the underwriting surplus performed during the year is Birr72,092,000 against Birr 39,580,000 of last year performance revealing an increase of 82.1%.The grossprofit alsoimmensely increased from birr 56,542,000 of last year same period figure to Birr85,394,000 registering 51.2% increase.

On the other hand, while Total Assets has grown from Birr 586,340,000 to Birr 821,088,000 during the year under review, the paid-up capital base of the Company has also raised up to Birr 242,156,000 with 18.6% increase over last yearfigure of Birr 204,104,000.

Yet, it remains the ambition of the Board of Directors and the management to maximize the market share of the Company to the height it deserves and maintain its growing steps faster and bigger.

To the contrary, however, owing to unbeatable and excessively sky-rocketed price of motor spare parts and increase of casual accidents,claims paid revealed an increase from Birr 64,478,000 of last year to Birr 108,889,000with an increase of Birr 44,411,000 or 68.9%. Joint efforts of the board and the management will be exercised to minimize claims expenses to the minimum possible.

With the view to discharge it duties and responsibilities, the Board of Directors held twenty-one regular and three extra ordinary meetings in the year under review and passed important and notable strategic decisions. The Board Sub-Committee also had their meetings and reported their findings and actions to the full board.

Finally, I would like to thank, on behalf of the Board, myself and all shareholders, the Management and staff of the Insurance for their diligence and hard work exhibited during the year without whose dedication the achievements recorded would have not been possible. The successful completion of the fiscal year also would have not achieved without the boundless support from the board of directors. On behalf of the board of directors I also take this opportunity to thank the respected shareholders for their unlimiting support and follow-up and the National Bank of Ethiopia (NBE) for its unreserved advices, support and guidance.

In accordance with the provision of Article 393 of the new Commercial Code of Ethiopia No. 1233 of 2013, and Article No. 8 of the Company's Memorandum of Association, I respectfully present for deliberation and approval of the Report of the Board of Directors and Audited Finance Statements for the fiscal year ended June 30, 2023.

Thank you.

Yahya Abdosh Ibrahim
Chairman Board of Directors
November 11, 2023

NOTICE OF THE 26TH ANNUAL GENEAL ASSEMBLY MEETING OF SHAREHOLDERS

Pursuant to the provision of Article 393 of the Commercial Code of Ethiopia andArticle 8 of the Article of Association of the Company, notice is hereby given that 26th Annual General Meeting of Shareholders of Global Insurance Company S.C. will be held at Skylight Hotel on November 11, 2023 beginning from 8.00 A.M. in the morning to conduct the following.

Agenda of the 26th Annual General Meeting.

1. Assign Votes and Attendance Counters
2. Ascertain quorum fulfilment
3. Approve Agenda Items of the day
4. Considering new shares and transfer of equity shares conducted in the year 2022/23
5. To hear the Board of Directors Report for the year ended June 30, 2023
6. To hear the External Auditors Report for the year ended June 30, 2023
7. To deliberate and Approve on the two reports stated under items Nos. 5 and 6 herein above.
8. To discuss and approve appropriation of profit for the year 2023
9. To discuss and approve External Auditor's fee for the year 2024
10. To discuss and approve annual board of director's remuneration for the year 2022/23 and monthly fee for the year 2023/24
11 Approve Board nomination and Election directive, hear report of the Board nomination & election Committee and conduct election of board of directors for the coming three years
12 Approve the minutes of the general assembly of the day

Report of the Directors

The Board of Directors of Global Insurance Company (S.C.) is pleased to report to the 26th Annual Ordinary General Meeting on the overall operational and financial performance of the Company of the fiscal year ended June 30, 2023.

Economic and Business Environment: -

1.1 The Global Economy

The global economy is forecasted to slow substantially this year, with a pronounced declaration in advanced economies. Monetary tightening is expected to have its peak impact this year for many major economies. Global growth is forecasted to decline to 2.2 percent in 2023, a full percentage point less than in 2022, before a tepid recovery to 2.4 percent in 2024. In emerging market and developing economies (EMDEs) excluding China, growth is projected to fall to 2.9 percent in 2023, from 4.1 in 2022, as tight global financial conditions and subdued external demand weigh on activity. Global growth could weaken more than anticipated in the event of further financial sector stress, or if persistent inflation prompts tighter-than-expected monetary policy.

According to Swiss Re Institute's report on global insurance review November 2022, the total premium of international insurance market overview is forecasted to exceed USD 7 trillion in nominal terms for the first time in 2022 from 6.8 in 2021. This is attributed to a market recovery from pandemic-induced laws, rate hardening in commercial lines, and stronger premium growth, particularly in emerging markets.

1.2 The African Region Economy

The African region overall economic growth witnessed over the past decades is steadily creating growth opportunities for the insurance market. According to African Insurance Organization (AIO) Report 2022, the Africa insurance market reached a value of USD 75.3 Billion in 2021 up from about USD 70 Billion as at 2020. Looking forward, AIO expects the market to reach USD 115.9 Billion by 2027, exhibiting a cumulative average growth rate of 7.45% during 2021-2027.

1.3 Domestic Economy

The fiscal deficit widened from 2.8% in 2021 to 4.2% in 2022 due to higher defense spending and weak revenue performance. GDP is projected to grow 5.8% in 2022 and 6.2% in 2024, driven by industry, private consumption, and investment. Inflation is projected to decline to 28.1% in 2023 and 20.1% in 2024, following the peace dividend. The fiscal deficit is projected to grow to 3.1% in 2023 and 2.5% in 2024 due to the expected increase in government revenue driven by domestic resources, mobilization improvements, implementation of the fiscal consolidation strategy, and resumption of donor inflows. The current deficit is expected to narrow to 3.7% of GDP during 2023-24 as merchandise and service export and foreign direct investment rise and imports of capital inputs continue to decline. Headwinds include interethnic conflicts in different part of the country, drought, debt Vulnerabilities, and the impact of Russia and Ukraine war.

1.4 TheDomestic Insurance Industry Performance

At present there are seventeen private insurance companies and one state owned insurance under the umbrella of Ethiopian Insurance Industry. During the fiscal year 2022/23 these insurance companies in aggregate generated premium revenue of Birr 21.5 billion which is greater by Birr 6.2 billion or 40% over last year same period figure of Birr 15.3 billion. Out of the aggregate premium of Birr 21.5 billion recorded, the share of the seventeen private insurance companies in aggregate is Birr 14.8 billion or 69% whereas the share of the sole government owned insurance (EIC) remains to be 6.6 billion or 31%.

2. Performance Review of the Company (GIC)

2.1 Gross Written Premium (GWP)

In the reporting period the Global Insurance Company recorded gross written premium of Birr 290.0 million out of which Birr 57.6 million,attributed from Takaful business. The gross written premium achieved now is 67.0% greater than Birr 173.7million of last year figure.Likewise, the performance of the year is higher than the budget of Birr 237.2million set for the year by Birr 53.2 million or 22.4%. Out of Birr 290.404 million premium achieved in the year, motor, fire, liability and pecuniary class of business contributed to Birr 218.108; 19.513; 8.589 and 7.291 million respectively. The remaining amount of Birr 36.537 have been shared by the other category of business.

Comparative figures of gross written premium for the last eight years are demonstrated as illustrated in figure I below.

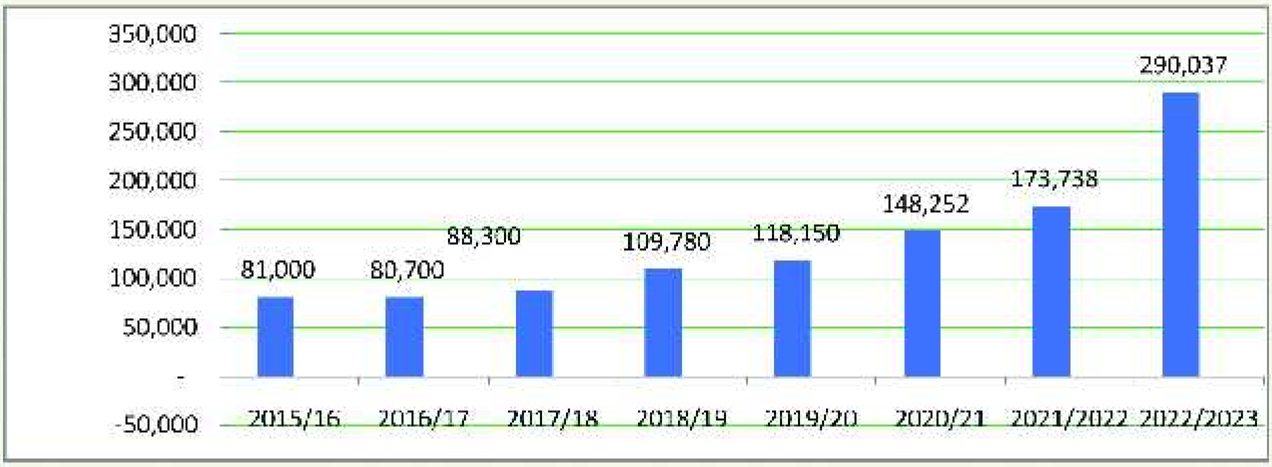
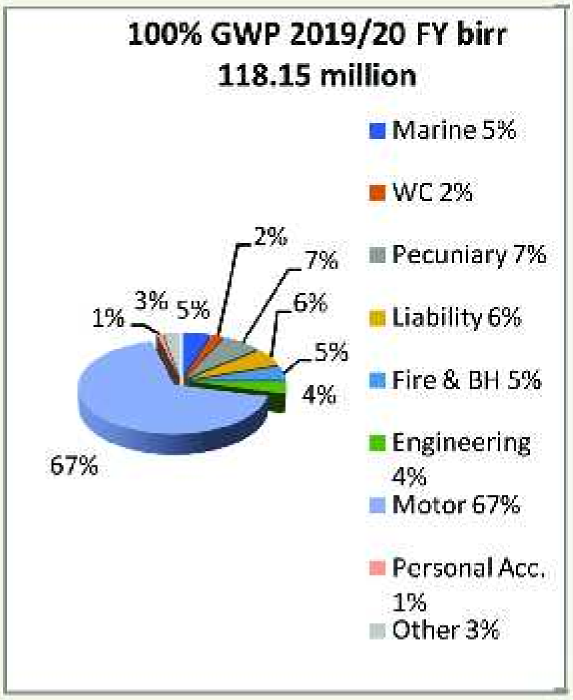
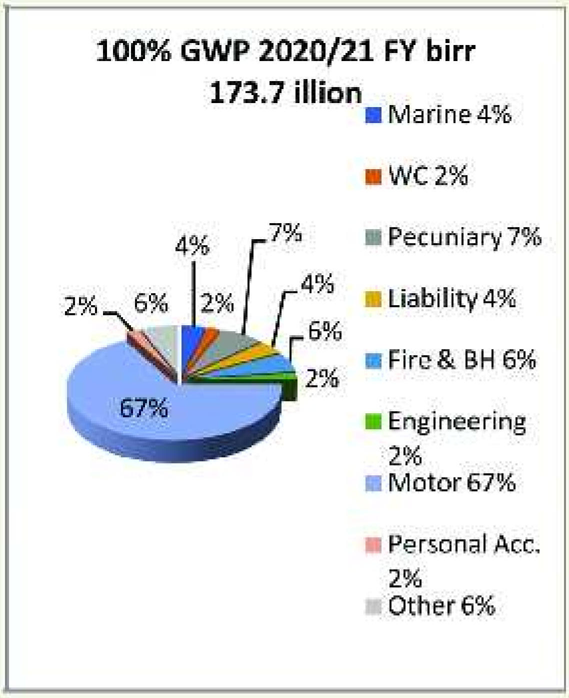
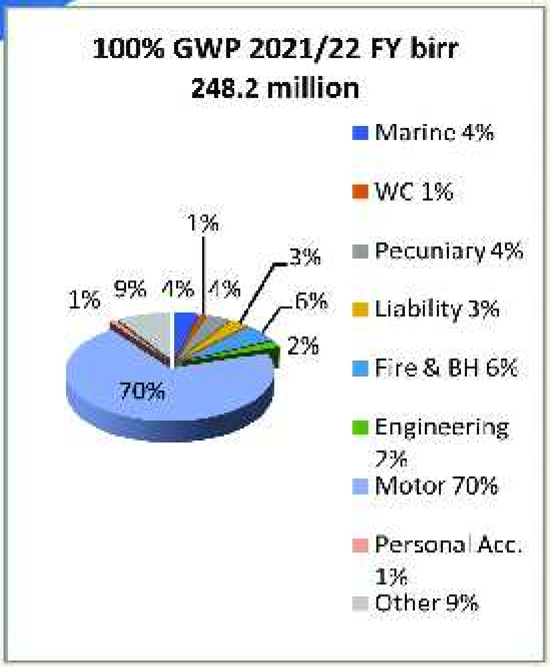


Figure 1 Gross Written Premium in '000







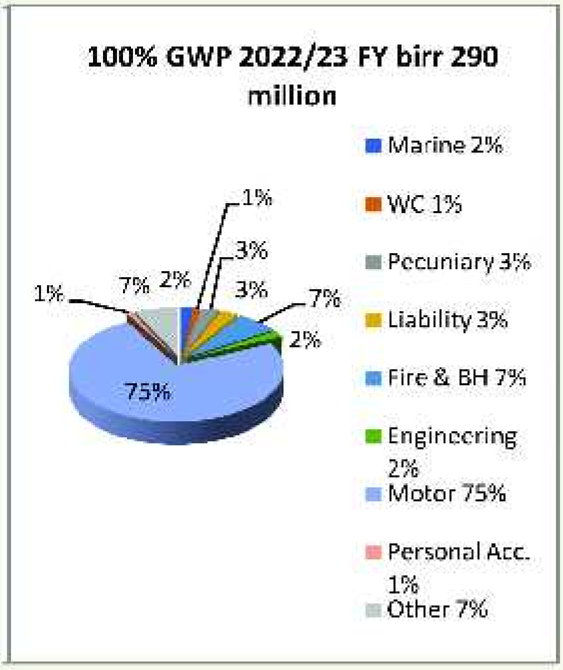


Figure 2: Gross written Premium By class of business

2.2 Claims Incurred: -

The Company's net Claims incurred during the year under review amounted to Birr 109.0 million against Birr64.4 million of last year same period figures registering awful increase of Birr 44.6 million or 69.2%. Same is justified due to high increase of cost of motor parts and casual accidents confronted during the year under review.

As usual, claims paid to motor class of business absorbed the highest with Birr94.4million or 87.0%; followed by Political Violence Terrorism (PVT), Birr9.8 million or 9% respectively and the remaining amount of Birr 4.5 million or 4.0% are distributed by the remaining class of businesses.

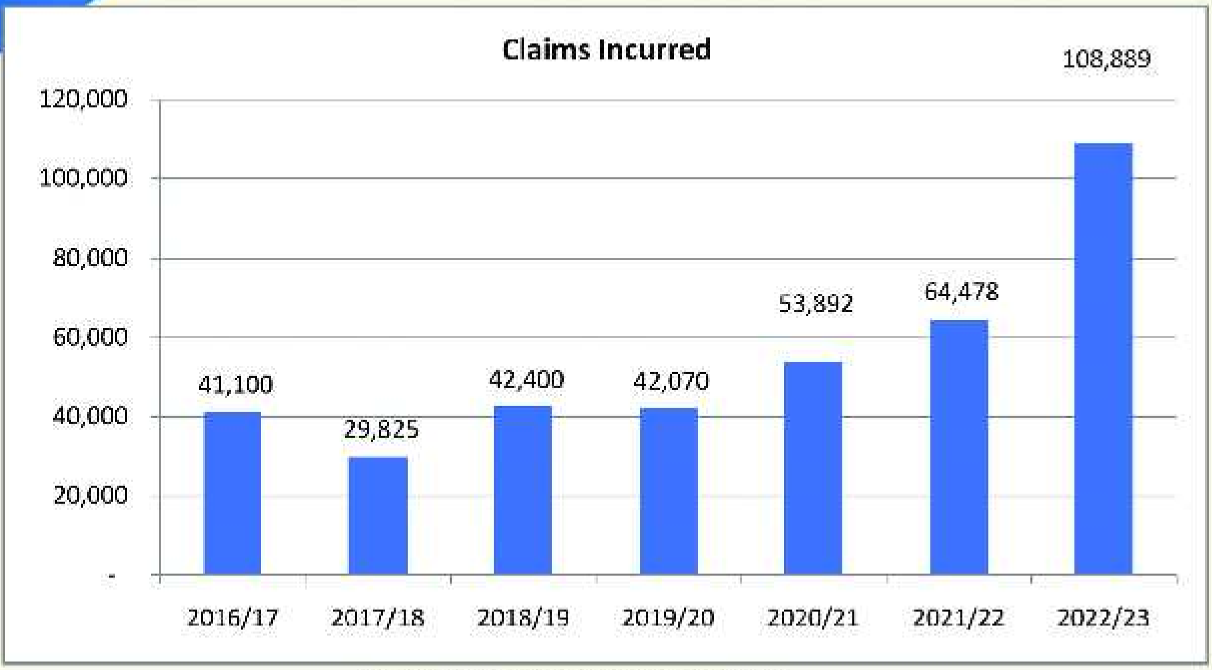


Figure 3: ClaimsIncurred in '000

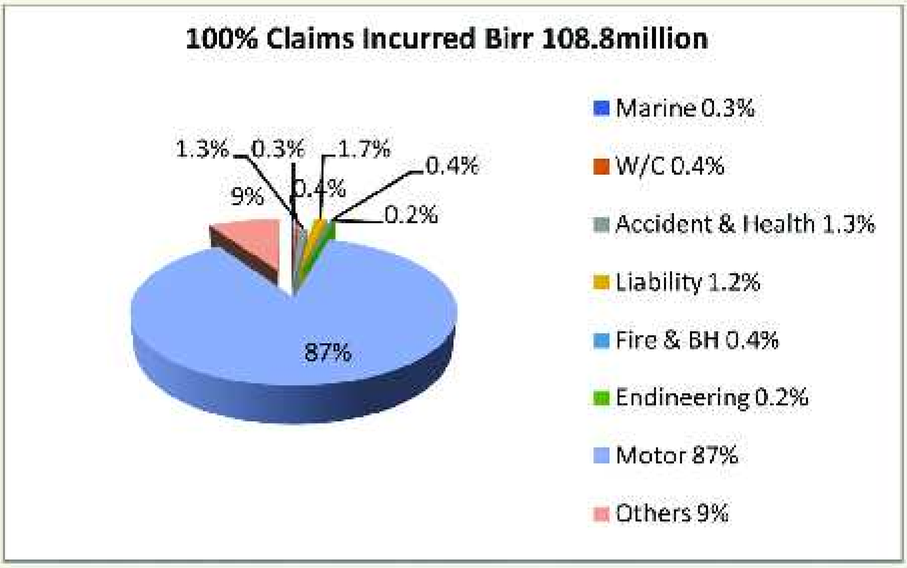


Figure 4: Claims Incurred by Class of Business

2.3 Underwriting Surplus: -

The aggregate Underwriting Surplus of the Company from core business for the period stood at Birr 72,092,000 with increase of Birr 32,512,000 or 82.1% over that of previous year of Birr 39,580,000. The breakdown of the profit source for the year depicts as follows.

a) Return from Operations: -

The underwriting result of the Company during the year in reference stood at Birr 72.0 million and same compared to the previous year's figure of Birr 39.5 million revealed an increase of Birr 32.5 million or 82.1%. However, the loss ratio of the Company has increased from 51% of last year to 57.0% in the year under review. Yet same is favorably remain below the National Bank of Ethiopia's standard and acceptable loss ratio limit of 70%.

b) Return on Investment: -

The Company's return on investment registered during the year is from bank interest Birr 18.2 million, from rent Birr 13.4 from Dividend Birr 6.8 millionand from other incomes Birr 1.2 million to bring the total to Birr 39.6 million.

c) Aggregate Source of Income: -

Aggregate Income of the Company during the year is Birr 111.8 million. The components of which are Underwriting Surplus of Birr 72.1; Investment Income Birr 25.0 and operating income of Birr14.7.

d) Aggregate Profit of the Company for the year

The Company during the year recorded a gross profit of Birr 85,394,000 against Birr 56,542,000 which was 51% increment from previous year same period figure. After due deductions, net profit for the year revealed to be Birr 67,103,000.

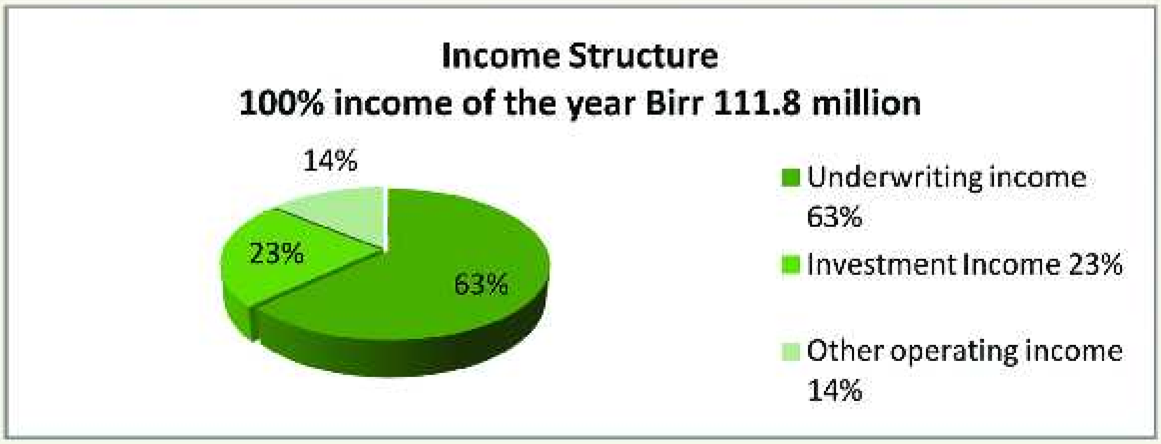


Figure 5: Income Structure of the year under review

2.4 Expenses: -

During the year under review the expenses of the Company reached Birr 184,260 million exceeding last year's amount by Birr 171,622 million or 7.3%. Salary and benefits, maintenance and advertising expenses are the major expense items showing substantial increase over the previous year's figure.

2.5 Profit and Earning Per Share: -

Despite the soring claims encountered, the Company registered notable gross profit of Birr 85.3 million and net profit of Birr 67.1 million. These when comparted to gross of Birr 56.5 and netof Birr48.6 respectively over last year figures rewarding increases are noted. Earnings per share recorded for the year is Birr 150 against Birr 145 of last year. Had the increase of capital by Birr 38.1 million during the year that increased number of shares by 76,000, earnings per share could have been much more than the present one.

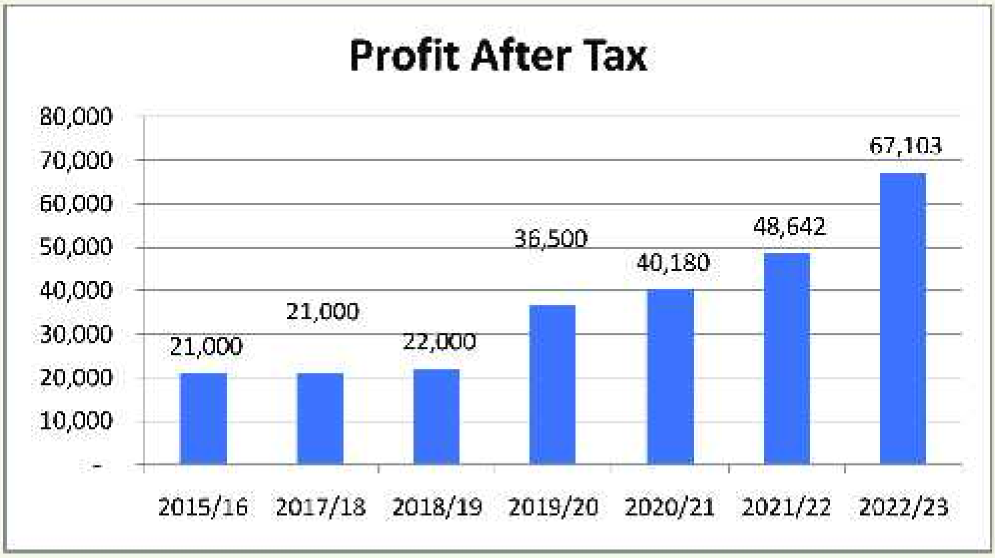


Figure 6: Profit after tax in '000

2.6 Assets: -

As of June 30, 2023 the Company's Assets has increased from Birr 586.3 million of last year to Birr 821.1 million in the year under review reflecting an increase of Birr 234.8 or 40.0%. The Assets accumulations of a given company could be justified as a good sign of its strength and GIC is in a better position in this regard.

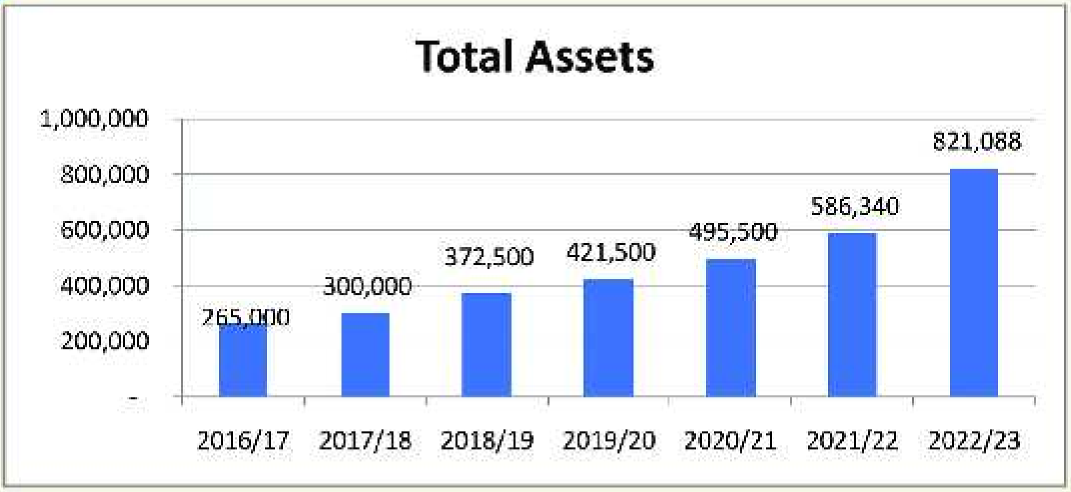


Figure 7: Total Asset in '000

2.7 Liabilities: -

As of June 30,2023, the total liabilities of the Company registered is Birr 475.2 million revealing an increase of Birr 174.0 or 57.8% compared to same period of last year figure of Birr 301.2 million. The liabilities of the Company include insurance contracts liabilities, creditors arising from reinsurance arrangements andmainly outstanding claims, reserves for unexpired risks and other miscellaneous payables.

2.8 Capital Base of the Company: -

The subscribed and paid-up capital of the Company in the year under review stood at Birr 242.2 million showing an increase of Birr 38.1 million or 18.6% over last year same period figure of Birr 204.1 million. The main factors for the increased capital during the year is the shareholders dividend reinvested towards the capital increase during the year.

3. Human Resources Development: -

Migration of skilled man power is a common practice in the industry. In this regard every effort has been made to timely fill the prevailing key staff gabs. During the year under review, 47 permanent and 4 contract employees left the Company. On the other hand, 54 permanent and 2 contract employees joined the Company. Appropriate trainings and orientations have been given to new recruits. As of June 30,2023, the Company's staff number stood at 196 employees in aggregate that is 192 permanent and 4 contract employees. Out of these75 of them are male employees whereas the remaining 121 are female employees.

4. Automation of Core Insurance Activities: -

Automation of core Insurance activities of the Company is underway since the last two years. The hardware's procurement and installation are going in a good progress. However, because of the misunderstanding with the foreign supplier of software GIC is forced to look for another supplier. Accordingly tender floated and at present evaluation to select the best supplier is underway. The Board and the Management will do all the necessary efforts in automating the Company's operation the soonest time possible.

5. Building and Construction Activities: -

The anticipated Head Office and mixed use nine floors construction complex locatedat main Bole Road near Sur construction that the Company engaged with is being implemented with a good progress. Because of the obstacles of getting stock of cement at ease; time taken by the Municipality forobtaining approvalpermit of additional floor lately decided; and soaring cost and an availability of iron bars during the year under review frequent delays occurred. Yet, at present the structural work of the 9^{th} floor completed and roofing work is underway to complete the skeleton. It is planned to exert extra efforts to make the remaining finishing work the soonest time possible and make the building ready for usein the next fiscal year.

6. Marketing and Corporate Social Activities: -

Marketing strategy is considered a backbone in promoting the name, fame and capacity of a Company in facilitating outside partners and needy customers in particular and a nation in general in escorting their business dealingswith it.

With a view to enhance its premium production and market share, GIC used to make frequent promotions through TV and radio during the year under review. Branch offices branding started. Advertising with tall road billboard done. Promotional materials prepared and distributed. Trainings for sales agents given. Training on the new product Takaful has been given to Brokers, Agents and staff to broaden their knowledge in this regard and give satisfying services to Takaful customers.

7. CHALLENGES CONFRONTED

- The high turnover of skilled staff which is common in the industry.
- The throat cutting rate reduction competition between the insurance companies was not normal. However, this is believed will be solved following the recent directive from the NBE.
- Lack of peace in northern part of Ethiopia that limited the production level.
- Obtaining foreign currency issue that hindered the business transaction smoothly as planned.

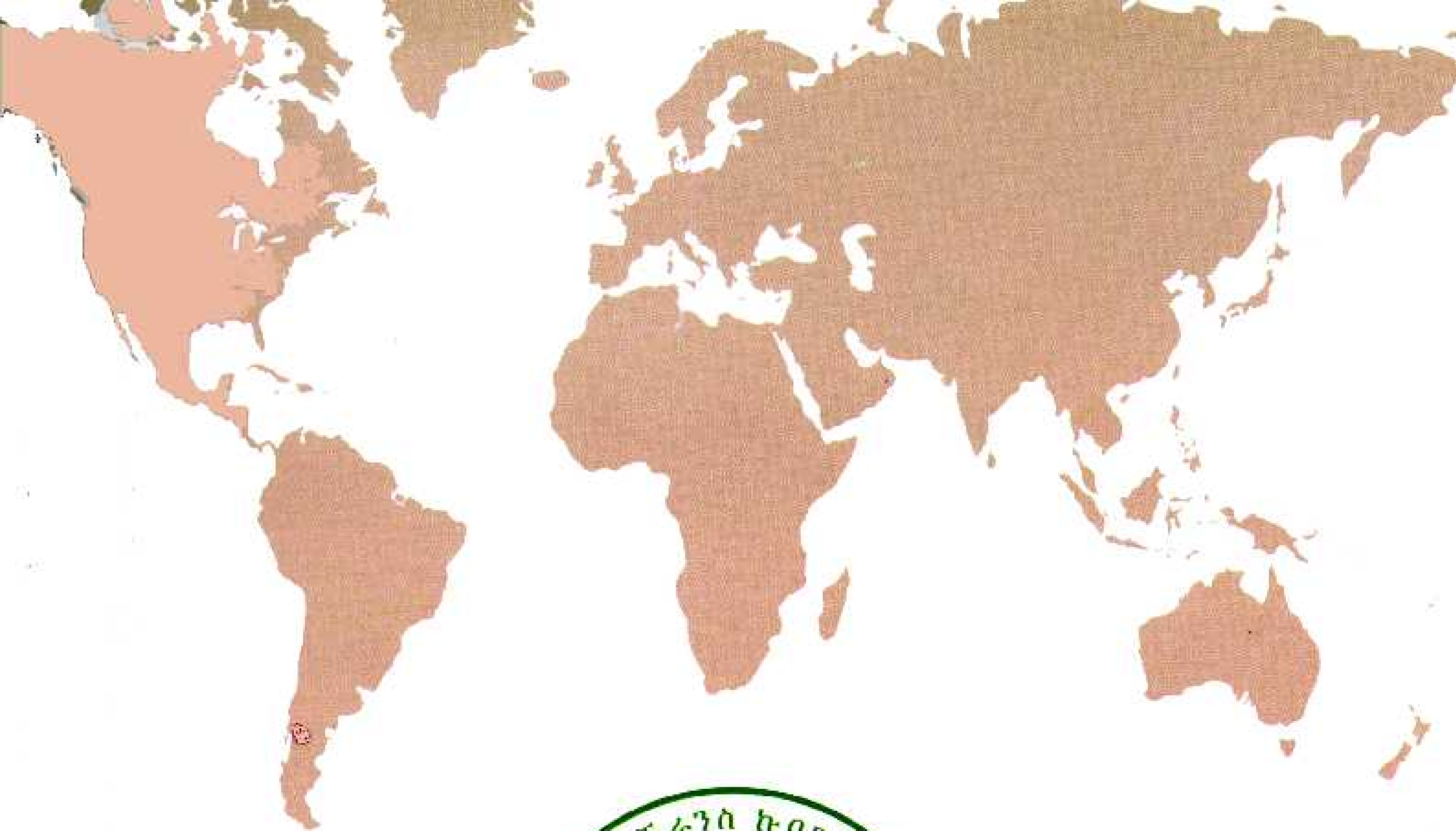
8. Way Forward: -

The Board of Directors and the Management of GIC taking the necessary lessons from the performances of the past years and the year under review are prepared to formulate the right strategy to combat the internal and external challenges and ensure the Company's growth in terms of production and profitability to continue in the years to come.

9. Vote of Thanks: -

The Board of Directors would like to express its gratitude to Shareholders for their continued support for the development of the Company; the respected Customers for giving us the opportunity to serve them and at the same time in achieving our mission; the Brokers, Sales Agents and Re-Insurers for their support and business partnership. The National Bank of Ethiopia and its Insurance Supervision Directorate for giving us their utmost guidance and support in our endeavor to promote GIC.

Last but not least, the Board of Directors would like to thank the Management and the entire staff of the Company for their contributions in making the year profitable.



ግሎባል ኢንሹራንስ ኩባንያ (አ.ማ.)

GLOBAL INSURANCE CO. (S.C.)

“እርስዎን ማገልገል ሙያዊ ክብራችን ነው!”

“SERVING YOU IS OUR PROFESSIONAL PRIDE”

Our Reinsureres

Our International Broker

Customers at a glance

“እርስዎን ማገልገል ሙያዊ ክብራችን ነው!”
'SERVING YOU IS OUR PROFESSIONAL PRIDE'

Auditor's Report

Independent Auditor's Report
and Account
for the Year Ended

JUNE 30,2023

GLOBAL INSURANCE COMPANY S.C
FOR THE YAER ENDED 30 JUNE 2023
DIRECTORS,PROFESSIONAL ADVISERS AND REGISTERED OFFICE

Company registration number
No. '08489

Directors ***(as of 30 June, 2023)***

Ato Yahya Abdosh	Chairman
W/ro Jemila Kibret	V/Chaiwoman
Ato Munir Adem	Member
Ato Yusuf Zekeria	Member
Ato Nebil Ahmed	Member
Ato Adham Abdulwahid	Member
Ato Hamdi Abdulsalam	Member
Wro Aida Mohammed	Member
Dr. Abdunasir Adem	Member

Executive management ***(as of 30 June 2023)***

Tibebe Tesfaye	Chief Executive Officer
Girum Fekede	Deputy Ceo Operation
Getu Beneberu	Chief Finance Officer
Alfia Ibrahim	Manager - Finance & Inv Dept
Ashenafi Abayu	Manager, Underwriting Dept
Lalisa Seketa	Manager, Claim Dpt
Yohanes Beyoro	Audit Service Manager

Independent auditor
TMS plus Certified Audit Partnership
Certified Accountants and Auditors
Addis Ababa
Ethiopia

Corporate office
Global Insurance Share Company
Addis Ababa,
Ethiopia

Principal bankers
Addis Bank
Somalie tera branch
Addis Ababa,
Ethiopia

Reinsurers
Africa Re-insurers
J.B Boda Reinsurance Brokers
Ethiopian Reinsurance Share company
Zep-Re (P.T.A. Reinsurance Co.)

Consulting Actuaries
Actuarial Services East Africa Limited
26th Floor UAP -Old Mutual Towers

The directors submit their report together with the financial statements for the year ended 30 June 2023, to the shareholders of Global Insurance S.C. This report discloses the financial performance and state of affairs of the Company .

Incorporation and address

Global Insurance Share Company (S.C) was incorporated in Ethiopia on 1997 as a share company, and is domiciled in Ethiopia. The company was established by a diversified group of shareholders and individual citizens

Principal activities

The principal activities of the Company is the underwriting of non-life insurance risk

Results and dividends

The Company's results for the year ended 30 June 2023 are set out on page 9. The profit for the year has been transferred to retained earnings. The summarised results are presented below.

	30 June 2023 Birr'000	30 June 2022 Birr'000
Net earned premiums	119,526	119,526
Profit before income tax	83,464	55,103
Income tax expense	18,291	7,900
Profit for the year	65,173	47,203
Other comprehensive income net of taxes	-	-
Total comprehensive income for the year	65,173	47,204

Directors

The directors who held office during the year and to the date of this report are set out on page 2

Yahya Abdosh
Chairman Of the Board Of Directors

Tibebe Tesfaye
Chief Excutive Officer

GLOBAL INSURANCE COMPANY S.C
STATEMENT OF DIRECTORS' RESPONSIBILITIES
FOR THE YAER ENDED 30 JUNE 2023

In accordance with the Financial Reporting Proclamation No. 847/2014, all reporting entities established in accordance with the Ethiopian law or operating in Ethiopia are to prepare financial statements in accordance with the International Financial Reporting Standards.

The Company's Board of directors (the Board) is responsible for the preparation and fair presentation of these financial statements in conformity with accounting principles generally accepted in Ethiopia and in the manner required by the Commercial Code of Ethiopia 2013 proclamation 1243, 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. The Company is required to keep such records as are necessary to:

a) exhibit clearly and correctly the state of its affairs;

b) explain its transactions and financial position; and

c) enable the National Bank of Ethiopia to determine whether the Company had complied with the

The Board accepts responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Financial Reporting Standards, Insurance Business Proclamation, Commercial code of 1960, The Accounting and Auditing Board of Ethiopia and the relevant Directives issued by the National Bank of Ethiopia.

The Board is of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the company and of its profit or loss.

The Board further accept responsibility for the maintenance of accounting records that may be relied upon in the preparation of financial statements, as well as adequate systems of internal financial control.

Nothing has come to the attention of the board to indicate that the Company will not remain a going concern for at least twelve months from the date of this statement.

Signed on behalf of the Directors by:

Yahya Abdosh **Chairman Of the Board Of Directors**	**Tibebe Tesfaye** **Chief Excutive Officer**

ACTUARY CERTIFICATE

I have conducted an actuarial valuation of the general insurance liabilities and severance benefits of Global Insurance Company S.C.

The valuation was conducted in accordance with generally accepted actuarial principles. These principles require that prudent provision for future outgo under contracts, generally based upon the assumptions that current conditions will continue. Provision is therefore not made for all possible contingencies.

In completing the actuarial valuation, I have relied upon the data provided and the financial statements by the Company.

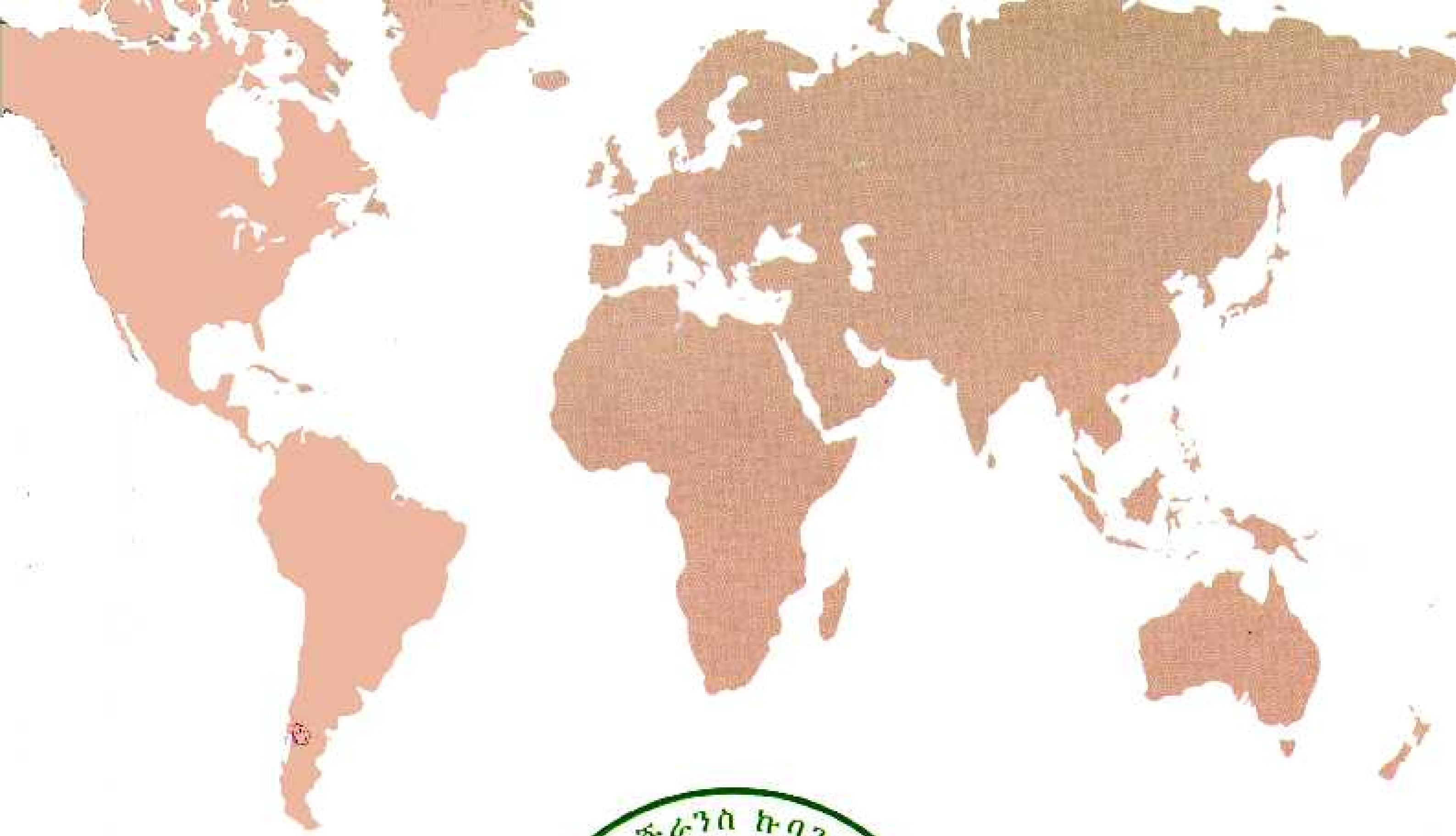
In my opinion,

(i) The actuarial value of the liabilities in respect of all classes of general insurance business of the company reflect a fair value as at 30 June 2023;

(ii) The severance benefit liability as at 30 June 2023 can be incorporated in the financial statements in line with the International Accounting Standards 19.

Signed in my capacity as an employee of Actuarial Services(EA) Ltd.

Abed Mureithi
Fellow of the Institute and Faculty of Actuaries
Actuary



ግሎባል ኢንሹራንስ ኩባንያ (አ.ማ.)

GLOBAL INSURANCE CO. (S.C.)

"እርስዎን ማገልገል ሙያዊ ክብራችን ነው!"

"SERVING YOU IS OUR PROFESSIONAL PRIDE"

Tel. 251-011-8961752 /011 6180638 Mob. 0911 229425 /0930 034356/0930 034357 Fax: 251-011 662 12 70/60
E-mail:- tafessef@gmail.com / tafessef@hotmail.com P.O.Box 110690 Addis Ababa - Ethiopia

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF GLOBAL INSURANCE SHARE COMPANY

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Global Insurance Share Company, which comprise the statement of financial position as at 30 June 2023, 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, or give a true and fair view of the financial position of the Company as at 30 June 2023, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

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 International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Directors and Management for the Financial Statements

The Directors are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards, 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.

Global Insurance S.C.

Tafesse, Shisema & Ayalew TMS Plus Certified Audit Partnership

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.

Report on Other Legal and Regulatory Requirements

We have no comment to make on the report of the board of directors and the proposal for distribution of profit submitted by the directors so far as it related to these financial statements and pursuant to Article 349 of the Commercial Code of Ethiopia 1243/2021 and hence we recommend approval of the financial statements.

Taf. Shi & Ay

Tafesse, Shisema and Ayalew (TMS Plus) Certified Audit Partnership
Chartered Certified Accountants (UK)
Authorized Auditors (ETH)

Addis Ababa
12 October 2023

GLOBAL INSURANCE COMPANY S.C
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YAER ENDED 30 JUNE 2023

Currency: Ethiopian Birr

		30-Jun-23 Birr'000		30-Jun-22 Birr'000	
	Notes	Conventional	TAKAFUL	Conventional	TAKAFUL
Gross written premiums (Participants Fund)	5(a&c)	232,772	57,632	162,620	11,118
Premiums ceded to reinsurers	5(b&d))	(47,162)	(10,023)	(33,204)	(3,568)
Wakala Fee			(19,680)		
Change in unearned premium	5e	(10,868)	(7,085)	(9,890)	-
Net earned premiums		**174,742**	**20,844**	**119,526**	**7,550**
Fees and commission income	6(a&b)	31,755	2,573	18,015	596
Net underwriting income		**206,497**	**23,417**	137,540	**8,146**
Claims incurred	7(a&b)	143,902	21,672	61,450	6,014
Less : claims recoverable from reinsurers	7(c&d)	(52,903)	(3,783)	(2,617)	(369)
Net claims and loss adjustment expense		**91,000**	**17,889**	**58,833**	**5,645**
Underwriting expense	8(a&b)	45,791	3,142	41,628	
Total underwriting expense		**136,791**	**21,031**	**100,461**	**5,645**
Underwriting profit		69,706	2,386	37,079	2,501
Investment income	9	25,040		26,608	
Other operating income	10a	14,700		10,647	
Net income		**109,446**	**2,386**	**74,334**	**2,501**
Other operating and administrative expenses	11 a&c	25,982	456	19,231	1,061
Profit before income tax (Surplus)		**83,464**	**1,930**	**55,103**	**1,439**
Income tax expense	12b	18,291		7,900	
Profit for the year (Surplus for the Year)		**65,173**	**1,930**	**47,203**	**1,439**
Other comprehensive income					
Items that will not be subsequently					
Remeasurement gain/(loss) on retirement benefits obligations		-		-	
Total comprehensive income for the year		**65,173**		**47,204**	
Basic Earnings Per Share	13	150		145	

Tefesse, Shiseme & Ayalew
TMS Plus
Certified Audit Partnership

GLOBAL INSURANCE COMPANY S.C
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2023

Currency: Ethiopian Birr

	Notes	30 June 2023 Birr'000	30 June 2022 Birr'000
ASSETS			
Property plant and equipment	14a	212,558	134,948
Investment property	14b	10,724	11,007
Leasehold land	14c	22,855	23,741
Investments	15	86,459	60,263
Statutory deposits	16	36,191	30,615
Receivables arising out of reinsurance arrangements	17a & c	79,526	45,297
Reinsurance share of technical reserves	17a & c	85,381	37,012
Other receivable	18 & 19c	54,723	39,988
Deferred acquisition costs	17 b	6,398	4,522
Cash and cash equivalents	19(a&c)	226,273	198,946
TOTAL ASSETS		**821,088**	**586,340**
LIABILITIES			
Insurance contract liabilities	20a & b	271,681	165,163
Deferred commission income		4,738	3,924
Creditors arising from reinsurance arrangements	21(a&b)	136,140	90,085
Deferred income tax	12e	106	106
Current income tax liabilities	12a	18,291	7,900
Other payables	22(a&b)	28,556	29,076
Participants Fund (Takaful)		15,696	4,950
TOTAL LIABILITIES		**475,208**	**301,204**
EQUITY			
Share capital	24a	242,156	204,104
Share premium	24	-	-
Retained earnings	25	69,408	53,235
General reserve	26	-	-
Legal reserve	27	34,316	27,798
Other component of equity			
TOTAL EQUITY		**345,879**	**285,138**
TOTAL EQUITY AND LIABILITIES		**821,088**	**586,340**

The notes on pages 7 to 56 are an integral part of these financial statements.

The financial statements and the notes on pages 7 to 56 were approved and authorised for issue by the board of directors on 10 October 2023

Yahya Abdosh
Chairman Of the Board Of Directors

Tibebe Tesfaye
Chief Executive Officer

Tesfaye, Shiferaw & Ayalew TMS Plus Certified Audit Partnership

GLOBAL INSURANCE COMPANY S.C
STATEMENT OF CASH FLOWS
FOR THE YAER ENDED 30 JUNE 2023

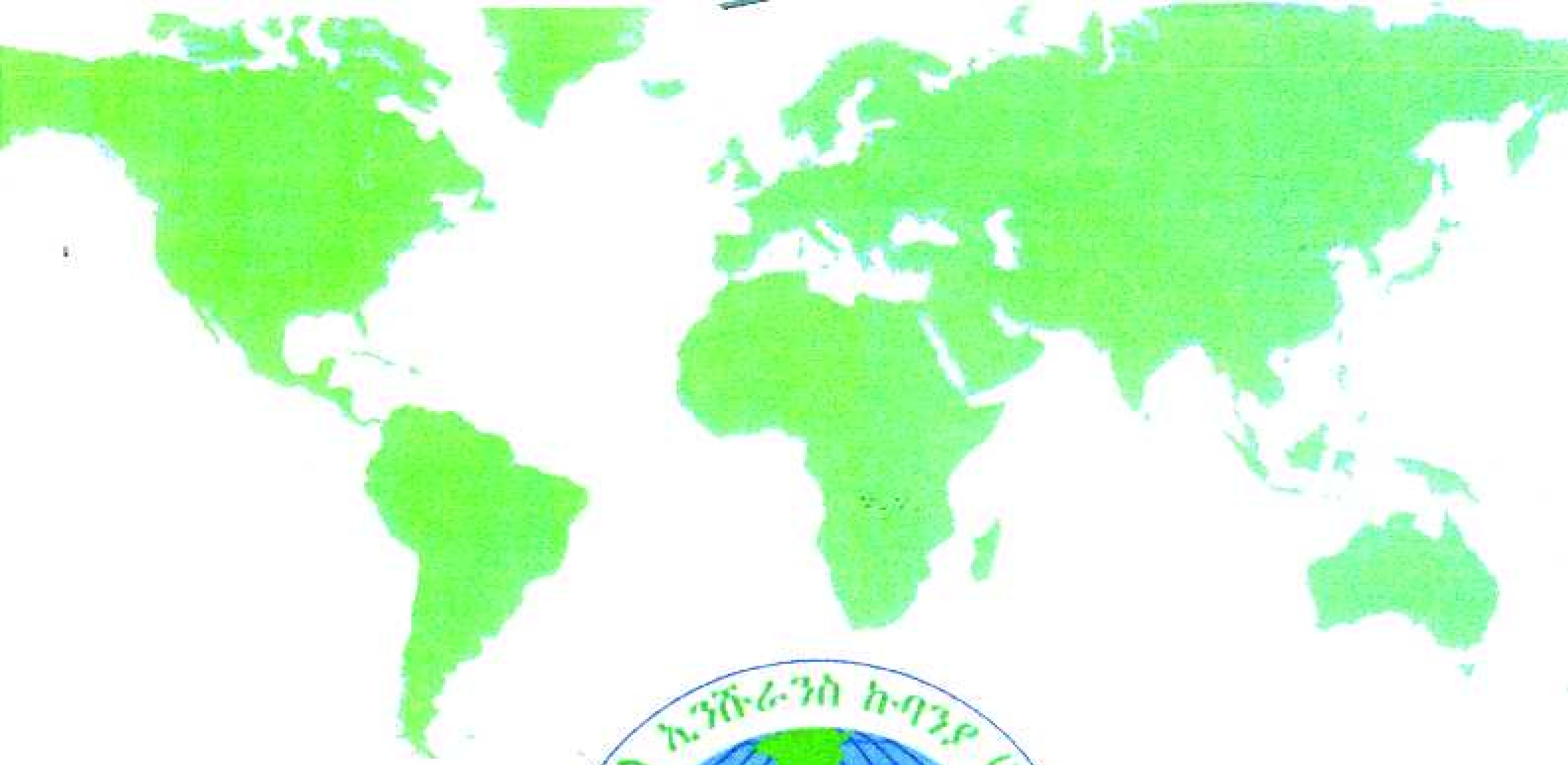
Currency: Ethiopian Birr

	Notes	30 June 2023 Birr'000	30 June 2022 Birr'000
Cash generated from operating activities	28(a&b)	129,796	63,209
Income tax paid		(7,900)	(6,402)
Net cash (outflow)/inflow from operating activities		**121,896**	**56,807**
Cash flows from investing activities			
Leasehold land purchase		-	-
Purchase of property, plant and equipment	14a	(81,205)	(63,553)
Increase in statutory deposit		(5,576)	(4,619)
Increase in investment		(25,913)	(14,219)
Increase/(decrease) in time deposit		12,422	22,113
Proceeds from salse of preperty ,plant and equipment		-	-
Interest received		14,954	21,105
Net cash (outflow)/inflow from investing activities		(85,318)	(39,173)
Cash flows from financing activities			
Proceeds from issues of shares		41,395	28,271
Increase in share premium		-	-
Dividend capitalized		(38,052)	(23,380)
Net cash (outflow)/inflow from financing activities		3,343	4,891
Net increase/(decrease) in cash and cash equivalents		**39,921**	**22,525**
Cash and cash equivalents at the beginning of the year		86,161	63,635
Unidentified difference		(172)	-
Cash and cash equivalents at the end of the year	19	**125,910**	**86,161**

GLOBAL INSURANCE COMPANY S.C
STATEMENT OF CHANGES IN EQUITY
FOR THE YAER ENDED 30 JUNE 2023

Currency: Ethiopian Birr

	Notes	Share capital Birr'000	Share premium Birr'000	Retained earnings Birr'000	Legal reserve Birr'000	Total Birr'000
As at 1 July 2021		175,833	-	35,219	23,078	234,130
						0
Profit for the year		-	-	47,203		47,203
Transfer to legal reserve		-	-	(4,720)	4,720	-
Additional share issued		28,271	-			28,271
Prior year adjustments		-	-			-
Share premium			-			-
Transfer to directors fees payable		-	-	(1,088)		(1,088)
Dividends declared and paid		-	-	(23,380)		(23,380)
						-
Other components of equity						
Re-,easurement gains on defined benefit (net of tax)		-	-	-	-	-
As at 30 June 2022		**204,104**	**-**	**53,235**	**27,798**	**285,137**
As at 1 July 2022		204,104	-	53,235	27,798	285,137
						-
Profit for the year		-	-	65,173		65,173
Transfer to legal reserve		-	-	(6,517)	6,517	-
Additional share issued		38,052	-			38,052
Prior year adjustments		-	-			-
Share premium			-			-
Transfer to directors fees payable		-	-	(1,088)		(1,088)
Dividends declared and paid		-	-	(41,395)		(41,395)
Other components of equity						-
Re-,easurement gains on defined benefit (net of tax)		-	-	-	-	-
As at 30 June 2023		**242,156**	**-**	**69,408**	**34,316**	**345,879**



Global Insurance Company (S.C)

Notes to the Financial statement

Interim IFRS financial statements
For the Year Ended 30 June 2023

1 General information

Global Insurance Share Company ("the Company) is a private commercial Insurance Company domiciled in Ethiopia. The Company was established on1997, in accordance with proclamation No. 86/1994 and the Commercial code of Ethiopia of 1960. The Company has been licensed by the National bank of Ethiopia, the licensing body of Banks, Insurance and other Financial Institutions as per the power vested to it through Proclamation No 591/2008 , the National Bank of Ethiopia Establishment (as amended) Proclamation. The registered office is at.

Global Insurance Share Company
Somale Tera P.O.Box: 180112,
Addis Ababa,
Ethiopia

The company is principally engaged in the business of general insurance activities. Such services include provision of non life insurance services for both corporate and individual customers.

2 Summary of significant accounting policies

2.1 Introduction to summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.2 Basis of preparation

The financial statements for the year ended 30 June 2022 have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). Additional information required by National regulations is included where appropriate.

The financial statements comprise the statement of profit or loss and other comprehensive income, the statement of financial position, the statement of changes in equity, the statement of cash flows and the notes to the financial statements.

The financial statements have been prepared in accordance with the going concern principle under the historical cost concept except for financial assets which are measured at amortized cost and in accoradance with IFRS 4 insurnce contract modified as appropriate to comply with IFRS frame work. All values are rounded to the nearest thousand, except when otherwise indicated. The financial statements are presented in thousands of Ethiopian Birr (Birr' 000).

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. Changes in assumptions may have a significant impact on the financial statements in the period the assumptions changed. Management believes that the underlying assumptions are appropriate and that the Company's financial statements therefore present the financial position and results fairly. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 4.

2.2.1 Going concern

The financial statements have been prepared on a going concern basis. The management have no doubt that the Company would remain in existence after 12 months.

2.2.2 **Changes in accounting policies and disclosures**

New standards, interpretations and amendments effective from 1 July 2018

IFRS 15 Revenue from contract with customers

IFRS 15 was issued in May 2014 and establishes a five-step model to account for revenue arising from contracts with customers. Under IFRS 15, revenue is recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

This standard deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognized when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service.

The standard replaces IAS 18 'Revenue' and IAS 11 'Construction contracts' and related interpretations. The standard is effective for annual periods beginning on or after 1 January 2018 and earlier application is permitted. The Company is yet to assess the expected impact on this standard.

IRFS 9 Financial Instrrumens

IFRS 9, published in July 2014, replaces the existing guidance in IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 includes revised guidance on the classification and measurement of financial instruments, including a new expected credit loss model for calculating impairment on financial assets, and the new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39. IFRS 9 is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted.

IFRS 9 requires all financial assets, except equity instruments, to be assessed based on a combination of the entity's business model for managing the assets and the instruments' contractual cash flow characteristics. The IAS 39 measurement categories will be replaced by: fair value through profit or loss (FVPL), fair value through other comprehensive income (FVOCI), and amortised cost. IFRS 9 will also allow entities to continue to irrevocably designate instruments that qualify for amortised cost or fair value through OCI instruments as FVPL, if doing so eliminates or significantly reduces a measurement or recognition inconsistency. Equity instruments that are not held for trading may be irrevocably designated as FVOCI, with no subsequent reclassification of gains or losses to the income statement. The accounting for financial liabilities will largely be the same as the requirements of IAS 39, except for the treatment of gains or losses arising from an entity's own credit risk relating to liabilities designated at FVPL. Such movements will be presented in OCI with no subsequent reclassification to the income statement, unless an accounting mismatch in profit or loss would ariess.

Having completed its initial assessment, the Company has concluded that all financial assets that are classified as loans and receivables under IAS 39 are expected to be measured at amortised cost under IFRS 9 and equity investments will be classified as FVOCI.

However the company electe under the amendment to ifrs 4 to apply the temoprarly exemption from ifrs 9 due to the company insurance contract libilities constitute predominantly most of its liabilities there by deferring the initial application date of ifrs 9 to allign with the initial application of ifrs 17.

IFRS 16 - Leases

This standard was issued in January 2016 (effective 1 January 2019). It sets out the principles for the recognition, measurement, presentation and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. The standard introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value.

A lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. It also substantially carries forward the lessor accounting requirements in IAS 17. The Company is yet to assess the expected impact of this standard.

IFRS 17 - Insurance contracts

IFRS 17 was issued in May 2017 and establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts within the scope of the standard. The objective of IFRS 17 is to ensure that an entity provides relevant information that faithfully represents those contracts. This information gives a basis for users of financial statements to assess the effect that insurance contracts have on the entity's financial position, financial performance and cash flows.

This standard requires a company that issues insurance contracts to report insurance obligations and risks on the balance sheet as the total of:

(a) the fulfilment cash flows—the current estimates of amounts that the insurer expects to collect from premiums and pay out for claims, benefits and expenses, including an adjustment for the timing and risk of those cash flows; and
(b) the contractual service margin—the expected profit for providing future insurance coverage (i.e. unearned profit).

The measurement of the fulfilment cash flows reflects the current value of any interest-rate guarantees and financial options included in the insurance contracts.The implmentation of the standard is likely to bring much grater coordination between many functions of the business including finance,actuarial and IT.

The standard replaces IFRS 4 'Insurance contracts'. The standard is effective for annual periods beginning on or after 1 January 2023 and earlier application is permitted. The Company is yet to assess the expected impact on this standard.

Foreign currency translation

Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the Company operates ('the functional currency'). The functional currency and presentation currency of the Company is the Ethiopian Birr (Birr)

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from the translation at exchange rates of monetary assets and liabilities denominated in currencies other than the Company's functional currency are recognised in profit or loss within other (loss)/income. Monetary items denominated in foreign currency are translated using the closing rate as at the reporting date.

Changes in the fair value of monetary securities denominated in foreign currency classified as available for sale are analysed between translation differences resulting from changes in the amortised cost of the security and other changes in the carrying amount of the security. Translation differences related to changes in amortised cost are recognised in profit or loss, and other changes in carrying amount are recognised in other comprehensive income.

Global Insurance Co. (S.C.)

Tafesse, Shisema & Ayalew Certified Audit Partnership TMS Plus

b) Transactions and balances

Translation differences on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss. Translation differences on non-monetary financial assets measure at fair value, such as equities classified as available for sale, are included in other comprehensive income.

2.4 Property, plant and equipment

Property, plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the property, plant and equipment if the recognition criteria are met. When significant parts of property, plant and equipment are required to be replaced at intervals, the Company recognises such parts as individual assets with specific useful lives and depreciates them accordingly. All other repair and maintenance costs are recognised in income statement as incurred.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised.

Depreciation is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

Asset class	Useful life (years)
Building and land improvements	50
Motor vehicles	10
Computer and accessories	7
Furniture fitting and equipment	10
Machinery	10

The Company commences depreciation when the asset is available for use.

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in income statement when the asset is derecognised.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

2.5 STATUTORY DEPOSIT

Statutory deposits are cash balances held with the National Bank of Ethiopia in line with Article 20 of Insurance Business Proclamation No. 746/2012 and may not be withdrawn except with the written permission of the National Bank of Ethiopia, or be used as a pledge or security for any loan. They have been separately disclosed due to their nature and liquidity. Statutory deposits are measured at cost.

Statutory deposit represents 15% of the paid up capital of the Company deposited with the National bank of Ethiopia

2.6 Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses, if any. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in income statement in the period in which the expenditure is incurred.

The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised over the useful economic life. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year-end. Changes in the expected useful life, or the expected pattern of consumption of future economic benefits embodied in the asset, are accounted for by changing the amortisation period or methodology, as appropriate, which are then treated as changes in accounting estimates. The amortisation expenses on intangible assets with finite lives is presented as a separate line item in the income statement.

Amortisation is calculated using the straight–line method to write down the cost of intangible assets to their residual values over their estimated useful lives, as follow:

	Useful lifes (years)
Computer software	8

2.7 Deferred policy acquisition costs (DAC)

Commissions and other acquisition costs that vary with and are related to securing new contracts and renewing existing contracts are capitalised as an intangible asset (DAC). Deferred acquisition costs represents a portion of commission which are incurred during a financial year and are deferred to the extent that they are recoverable out of future revenue margins. All other costs are recognised as expenses when incurred.

Subsequent to initial recognition, this DAC asset is amortised over the expected life of the contracts as a constant percentage of expected premiums. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortisation period or method and are treated as a change in an accounting estimate.

The pattern of expected profit margins is based on historical and anticipated future experience and is updated at the end of each accounting period. DACs are derecognised when the related contracts are either settled or disposed off.

2.8 Impairment of non-financial assets

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Company bases its impairment calculation on detailed budgets and forecast calculations which are prepared separately for each of the Company's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year.

GLOBAL INSURANCE Co. (S.C.)

Tofesse, Shiferaw & Aylele TMS Plus Certified Audit Partnership

An assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Company estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognised in the income statement.

2.9 Financial instruments - initial recognition and subsequent measurement

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

2.9.1 Financial assets

Initial recognition and measurement

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, the Company's financial assets are classified into two categories:
- Loans and receivables
- Available-for-sale financial investments

- Loans and receivables
- Available for sale

a) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method, less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in interest and similar income in income statement. The losses arising from impairment are recognised in income statement in loan impairment charge.

The Company's loans and receivables comprise of Loans and receivables including insurance receivables, investment securities and other financial assets. Receivables arising from insurance contracts are also classified in this category and are reviewed for impairment as part of the impairment review of loans and receivables

***b)* Available-for-sale (AFS) financial assets**

AFS investments include equity investments. Equity investments classified as AFS are those which are neither classified as held- for trading nor designated at fair value through profit or loss.

After initial measurement, AFS financial investments are subsequently measured at fair value with unrealised gains or losses recognised in other comprehensive income and credited in the AFS reserve until the investment is derecognised, at which time the cumulative gain or loss is recognised in other operating income, or the investment is determined to be impaired, when the cumulative loss is reclassified from the AFS reserve to income statement in impairment loss on financial instrument. Interest earned whilst holding AFS financial instruments is reported as interest and similar income using the EIR method. Unquoted equity securities whose fair value cannot be reliably measured are carried at cost.

The Company evaluates whether the ability and intention to sell its AFS financial assets in the near term is still appropriate. When, the Company is unable to trade these financial assets due to inactive markets, the Company may elect to reclassify these financial assets to held to maturity if the management has the ability and intention to hold the assets for foreseeable future or until maturity.

'Day 1' profit or loss

When the transaction price differs from the fair value of other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data from observable markets, the Company immediately recognises the difference between the transaction price and fair value (a 'Day 1' profit or loss) in 'Other operating income'.

In cases where fair value is determined using data which is not observable, the difference between the transaction price and model value is only recognised in the profit or loss when the inputs become observable, or when the instrument is derecognised.

Reclassification of financial assets

Reclassification is at the election of management, and is determined on an instrument by instrument basis. The Company does not reclassify any financial instrument into the fair value through profit or loss category after initial recognition.

For a financial asset reclassified out of the 'Available for sale' category, any previous gain or loss on that asset that has been recognised in equity is amortised to income statement over the remaining life of the investment using the EIR. Any difference between the new amortised cost and the expected cash flows is also amortised over the remaining life of the asset using the EIR. If the asset is subsequently determined to be impaired then the amount recorded in equity is reclassified to income statement.

Derecognition of financial assets

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e. removed from the Company's statement of financial position) when:

- the rights to receive cash flows from the asset have expired, or
- the Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass–through' arrangement; and either

(a) the Company has transferred substantially all the risks and rewards of the asset, or
(b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

The Company assesses at each reporting date, whether there is any objective evidence that a financial asset or a group of financial assets is impaired. An impairment exists if one or more events that has occurred since the initial recognition of the asset (an incurred 'loss event'), has an impact on the estimated future cash flows of the financial asset or the Company of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the borrower or a group of borrowers is experiencing significant financial difficulty, the probability that they will enter bankruptcy or other financial reorganisation, default or delinquency in interest or principal payments and where observable data indicates that there is measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Impairment of financial assets

(i) **Financial assets carried at amortised cost**

For financial assets carried at amortised cost (such as loans and receivables), the Company first assesses individually whether objective evidence of impairment exists for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Company determines that no objective evidence of impairment exists for an individually assessed financial asset, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in income statement. Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

The present value of the estimated future cash flows is discounted at the financial asset's original EIR. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current EIR.

The calculation of the present value of the estimated future cash flows of a collateralised financial asset reflects the cash flows that may result from foreclosure less costs for obtaining and selling the collateral, whether or not foreclosure is probable.

For the purpose of a collective evaluation of impairment, financial assets are grouped on the basis of the Company's internal credit grading system, that considers credit risk characteristics such as asset type, industry, geographical location, collateral type, past–due status and other relevant factors.

Future cash flows on a group of financial assets that are collectively evaluated for impairment are estimated on the basis of historical loss experience for assets with credit risk characteristics similar to those in the Company.

Historical loss experience is adjusted on the basis of current observable data to reflect the effects of current conditions on which the historical loss experience is based and to remove the effects of conditions in the historical period that do not exist currently. Estimates of changes in future cash flows reflect, and are directionally consistent with, changes in related observable data from year to year (such as changes in unemployment rates, property prices, commodity prices, payment status, or other factors that are indicative of incurred losses in the Company and their magnitude). The methodology and assumptions used for estimating future cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss experience.

(ii) Available-for-sale (AFS) financial assets

Available-for-sale financial assets are impaired if there is objective evidence of impairment, resulting from one or more loss events that occurred after initial recognition but before the reporting date, that have an impact on the future cash flows of the asset. In addition, an available-for-sale equity instrument is generally considered impaired if a significant or prolonged decline in the fair value of the instrument below its cost has occurred. Where an available-for-sale asset, which has been remeasured to fair value directly through equity, is impaired, the impairment loss is recognised in profit or loss. If any loss on the financial asset was previously recognised directly in equity as a reduction in fair value, the cumulative net loss that had been recognised in equity is transferred to profit or loss and is recognised as part of the impairment loss. The amount of the loss recognised in profit or loss is the difference between the acquisition cost and the current fair value, less any previously recognised impairment loss.

If, in a subsequent period, the amount relating to an impairment loss decreases and the decrease can be linked objectively to an event occurring after the impairment loss was recognised, where the instrument is a debt instrument, the impairment loss is reversed through profit or loss. An impairment loss in respect of an equity instrument classified as available-for-sale is not reversed through profit or loss but accounted for directly in equity.

2.9.2 Financial liabilities

Initial recognition and measurement

Financial liabilities are classified at initial recognition, as financial liabilities at fair value through profit or loss and other financial liabilities.

All financial liabilities are recognised initially at fair value and, in the case of other financial liabilities, net of directly attributable transaction costs. The Company's financial liabilities include insurance contract liabilities, insurance payables and other liabilities.

GLOBAL INSURANCE CO. (S.C.)

Tefesse, Shiferaw & Aymeric TMS Plus Certified Audit Partnership

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

a) **Financial liabilities at amortised cost**

These are financial liabilities issued by the Company, that are not designated at fair value through profit or loss but are classified as financial liabilities at amortised cost, where the substance of the contractual arrangement results in the Company having an obligation either to deliver cash or another financial asset to the holder, or to satisfy the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of own equity shares.

After initial measurement, financial liabilities at amortised cost are subsequently measured at amortised cost using the EIR. Amortised cost is calculated by taking into account any discount or premium on the issue and costs that are an integral part of the EIR.

All financial liabilities of the Company are carried at amortised cost.

Derecognition of financial liabilities

Financial liabilities are derecognised when they have been redeemed or otherwise extinguished.

2.9.3 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position where the Company has a legally enforceable right to offset the recognised amounts, and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legal enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in event of default, insolvency or bankruptcy of the Company or the counterparty.

2.10 Other assets

Other assets are generally defined as claims held against other entities for the future receipt of money or other benefits. The other assets in the Company's financial statements include: sundry debtors, staff debtors and deposits.

(a) **Prepayments**

Prepayments are payments made in advance for services to be enjoyed in future. The amount is initially capitalized in the reporting period in which the payment is made and subsequently amortised over the period in which the service is to be enjoyed.

(b) **Other receivables**

Other receivables are recognised upon the occurrence of event or transaction as they arise and cancelled when payment is received. The Company's other receivables are staff debtors and sundry debtors.

2.11 Cash and cash equivalents

Cash and cash equivalents comprise balances with less than three months' maturity from the date of acquisition, including cash in hand, deposits held at call with Banks and other short-term highly liquid investments with original maturities of three months or less.

For the purposes of the cash flow statement, cash and cash equivalents include cash in hand, cash at bank, short term deposit with banks.

2.12 Insurance contracts

2.12.1 Classification

The Company issues contracts that transfer insurance risk or financial risk or both. Insurance contracts are those contracts that transfer significant insurance risk. Such contracts may also transfer financial risk. As a general guideline, the Company defines as significant insurance risk the possibility of having to pay benefits on the occurrence of an insured event that are at least 10% more than the benefits payable if the insured event did not occur.

Investment contracts are those contracts that transfer financial risk with no significant insurance risk.

GLOBAL INSURANCE Co. (S.C.)

TMS Plus Certified Audit Partners

2.12.2 Recognition and measurement

The Company's insurance contracts are short term insurance contracts. This classification is based on the duration of risk and whether or not the terms and conditions are fixed.

Short-term insurance contracts

These contracts are Accident and casualty and property insurance contracts.

Accident and Casualty insurance contracts protect the Company's customers against the risk of causing harm to third parties as a result of their legitimate activities. The typical protection offered is designed for employers who become legally liable to pay compensation to injured employees (employers' liability) and for individual and business customers who become liable to pay compensation to a third party for bodily harm or property damage (public liability)

Property insurance contracts mainly compensate the Company's customers for damage suffered to their properties or for the value of property lost. Customers who undertake commercial activities on their premises could also receive compensation for the loss of earnings caused by the inability to use the insured properties in their business activities (business interruption cover).

For all these contracts, premiums are recognised as revenue (earned premiums) over the period of coverage. The portion of premium received on in-force contracts that relates to unexpired risks at the balance sheet date is reported as the unearned premium liability. Premiums are shown before deduction of commission and are gross of any taxes or duties levied on premiums.

Claims and loss adjustment expenses are charged to income as incurred based on the estimated liability for compensation owed to contract holders or third parties damaged by the contract holders. They include direct and indirect claims settlement costs and arise from events that have occurred up to the end of the reporting period even if they have not yet been reported to the Company. the Company does not discount its liabilities for unpaid claims other than for disability claims. Liabilities for unpaid claims are estimated using the input of assessments for individual cases reported to the Company and statistical analyses for the claims incurred but not reported, and to estimate the expected ultimate cost of more complex claims that may be affected by external factors (such as court decisions).

2.12.3 Liability adequacy test

At each end of the reporting period, liability adequacy tests are performed to ensure the adequacy of the contract liabilities net of related deferred acquisition costs (DAC) assets. In performing these tests, current best estimates of future contractual cash flows and claims handling and administration expenses, as well as investment income from the assets backing such liabilities, are used. Any deficiency is immediately charged to profit or loss initially by writing off DAC and by subsequently establishing a provision for losses arising from liability adequacy tests (the unexpired risk provision).

2.12.4 Reinsurance contracts held

Contracts entered into by the Company with reinsurers under which the Company is compensated for losses on one or more contracts issued by the Company and that meet the classification requirements for insurance contracts are classified as reinsurance contracts held. Contracts that do not meet these classification requirements are classified as financial assets. Insurance contracts entered into by the Company under which the contract holder is another insurer (inwards reinsurance) are included with insurance contracts.

The benefits to which the Company is entitled under its reinsurance contracts held are recognised as reinsurance assets. These assets consist of short-term balances due from reinsurers, as well as longer term receivables that are dependent on the expected claims and benefits arising under the related reinsured insurance contracts. Amounts recoverable from or due to reinsurers are measured consistently with the amounts associated with the reinsured insurance contracts and in accordance with the terms of each reinsurance contract. Reinsurance liabilities are primarily premiums payable for reinsurance contracts and are recognised as an expense when due.

In certain cases, a reinsurance contract is entered into retrospectively to reinsure a notified claim under the Company's property or casualty insurance contracts. Where the premium due to the reinsurer differs from the liability established by the Company for the related claim, the difference is amortised over the estimated remaining settlement period.

GLOBAL INSURANCE CO. (S.C.)

TMS Plus Certified Audit Partners

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

2.12.5 Receivables and payables related to insurance contracts and investment contracts

Receivables and payables are recognised when due. These include amounts due to and from agents, brokers and insurance contract holders. If there is objective evidence that the insurance receivable is impaired, the Company reduces the carrying amount of the insurance receivable accordingly and recognises that impairment loss in the income statement. The Company gathers the objective evidence that an insurance receivable is impaired using the same process adopted for loans and receivables.

The impairment loss is calculated under the same method used for these financial assets.

2.12.6 Salvage and subrogation reimbursements

Some insurance contracts permit the Company to sell (usually damaged) property acquired in settling a claim (for example, salvage). the Company may also have the right to pursue third parties for payment of some or all costs (for example, subrogation).

Estimates of salvage recoveries are included as an allowance in the measurement of the insurance liability for claims. and salvage property is recognised in other assets when the liability is settled. The allowance is the amount that can reasonably be recovered from the disposal of the property.

Subrogation reimbursements are also considered as an allowance in the measurement of the insurance liability for claims and are recognised in other assets when the liability is settled. The allowance is the assessment of the amount that can be recovered from the action against the liable third party.

2.13 Revenue recognition

a) Gross premiums

Gross general insurance written premiums comprise the total premiums receivable for the whole period of cover provided by contracts entered into during the reporting period. They are recognised on the date on which the policy is effective. Premiums include any adjustments arising in the reporting period for premiums receivable in respect of business written in prior accounting periods. Premiums collected by intermediaries, but not yet received, are assessed based on estimates from underwriting or past experience and are included in premiums written.

Unearned premiums are those proportions of premiums written in a year that relate to periods of risk after the reporting date. Unearned premiums are calculated using the 1/24th method as prescribed by Licensing and Supervision of Insurance Business Directive No SIB/17/98. The proportion attributable to subsequent periods is deferred as a provision for unearned premiums.

b) Reinsurance premiums

Gross general reinsurance premiums ceded comprise the total premiums payable for the whole cover provided by contracts entered into in the period and are recognised on the date on which the policy incepts. Premiums include any adjustments arising in the accounting period in respect of reinsurance contracts incepting in prior accounting periods.

Unearned reinsurance premiums are those proportions of premiums ceded in a year that relate to periods of risk after the reporting date. Unearned reinsurance premiums are deferred over the term of the underlying direct insurance policies for risks-attaching contracts and over the term of the reinsurance contract for losses-occurring contracts.

Reinsurance premiums and claims on the face of the statement of profit or loss have been presented as negative items within premiums and net benefits and claims, respectively, because this is consistent with how the business is managed.

GLOBAL INSURANCE CO. (S.C.)

Tafesse, Shisema & Ayalew TMS Plus Certified Audit Partnership

Insurance contract policyholders are charged for policy administration services, surrenders and other contract fees. These fees are recognised as revenue over the period in which the related services are performed. If the fees are for services provided in future periods, then they are deferred and recognised over those future periods.

d) Investment Income

Interest income is recognised in the statement of profit or loss as it accrues and is calculated by using the EIR method. Fees and commissions that are an integral part of the effective yield of the financial asset are recognised as an adjustment to the EIR of the instrument.

Investment income also includes dividends when the right to receive payment is established, which is generally when the shareholders approve and declare the dividend.

e) Dividend income

Dividends are recorded in equity in the period in which they are declared. Any dividends declared after the end of the reporting period and before the financial statements are authorized for issue, are disclosed in the subsequent events note. The statutory accounting reports of the Company are the basis for profit distribution and other appropriations. Ethiopian legislation identifies the basis of distribution as the current year net profit.

2.14 Gross benefits and claims

General insurance and health claims include all claims occurring during the year, whether reported or not, related internal and external claims handling costs that are directly related to the processing and settlement of claims, a reduction for the value of salvage and other recoveries, and any adjustments to claims outstanding from previous years.

2.15 Reinsurance claims

Reinsurance claims are recognised when the related gross insurance claim is recognised according to the terms of the relevant contract.

2.16 Employee benefits

The Company operates various post-employment schemes, including both defined benefit and defined contribution pension plans and post employment benefits.

(b) Defined contribution plan

The company operates two defined contribution retirement benefit schemes for its employees. A defined contribution plan is a pension plan under which the company pays fixed contributions into a separate entity. In a defined contribution plan, the actuarial risk falls 'in substance' on the employee. They include;

i) pension scheme in line with the provisions of Ethiopian pension of private organisation employees proclamation 715/2011. Funding under the scheme is 7% and 11% by employees and the Company respectively;

ii) provident fund contribution, funding under this scheme is 7% and 11% by employees and the Company respectively based on the employees' salary.

The company has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

The assets of this scheme are held in separate trustee administered funds, which are funded by contributions from both the employee and the company. The contributions are recognised as employee benefit expense in the profit or loss in the year they relate. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

(c) **Defined benefit plan**

The liability or asset recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method.

The liability recognised in the statement of financial position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets.

The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension obligation.

The current service cost of the defined benefit plan, recognised in the income statement in employee benefit expense, except where included in the cost of an asset, reflects the increase in the defined benefit obligation resulting from employee service in the current year, benefit changes curtailments and settlements.

Past-service costs are recognised immediately in income

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise.

(d) **Termination benefits**

Termination benefits are payable to employees when employment is terminated by the Company before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Company recognises termination benefits when it is demonstrably committed to either: terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal; or providing termination benefits as a result of an offer made to encourage voluntary redundancy.

(e) **Profit-sharing and bonus plans**

the Company's recognises a liability and an expense for bonuses and profit-sharing based on a formula that takes into consideration the profit attributable to the company's shareholders after certain adjustments. the Company recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

2.17 Fair value measurement

The Company measures financial instruments classified as available-for-sale at fair value at each year end. Fair value related disclosures for financial instruments and non-financial assets that are measured at fair value or where fair values are disclosed are, summarised in the following notes:

- Disclosures for valuation methods, significant estimates and assumptions Note 4.8.1 and Notes 3
- Quantitative disclosures of fair value measurement hierarchy Note 4.8.2

ግሎባል ኢንሹራንስ ኩባንያ (አ.ማ) GLOBAL INSURANCE CO. (S.C)

Tefesse, Shiseme & Ayalew TMS Plus Certified Audit Partnership

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:
• Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
• Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
• Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The Company's management determines the policies and procedures for both recurring fair value measurement, such as available-for-sale financial assets.

2.18 Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Company expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in income statement net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as other operating expenses.

2.19 Share capital

Incremental costs directly attributable to the issue of new shares or options or to the acquisition of a business are shown in equity as a deduction, net of tax, from the proceeds. The excess of the issue price over the par value is recorded in the share premium reserve.

GLOBAL INSURANCE CO. (S.C.)

TMS Plus Certified Audit Partnership

2.20 Dividends

Dividends are recorded in equity in the period in which they are declared. Any dividends declared after the end of the reporting period and before the financial statements are authorised for issue, are disclosed in the subsequent events note. The statutory accounting reports of the Company are the basis for profit distribution and other appropriations. Ethiopian legislation identifies the basis of distribution as the current year net profit.

2.21 Leases

The determination of whether an arrangement is a lease, or contains a lease, is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets or whether the arrangement conveys a right to use the asset.

Company as a lessee

Leases that do not transfer to the Company substantially all of the risks and benefits incidental to ownership of the leased items are operating leases. Operating lease payments are recognised as an expense in the income statement on a straight line basis over the lease term.

2.22 Income taxation

(a) **Current income tax**

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in Ethiopia. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

(b) **Deferred tax**

Deferred tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill; deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss.

Deferred tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

3 Significant accounting judgements, estimates and assumptions

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amount of revenues, expenses, assets and liabilities, and the accompanying disclosures, as well as the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Other disclosures relating to the Company's exposure to risks and uncertainties includes:

- Capital management Note 4.7
- Financial risk management and policies Note 4.3
- Sensitivity analyses disclosures Note 4.2

3.1 Judgements

In the process of applying the Company's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the financial statements:

Operating lease commitments -Company as lessee

The Company has entered into commercial property leases. The Company has determined, based on an evaluation of the terms and conditions of the arrangements, such as the lease term not constituting a substantial portion of the economic life of the commercial property, that it does not retain all the significant risks and rewards of ownership of these properties and accounts for the contracts as operating leases.

3.2 Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

Non-life insurance (which comprises general insurance and healthcare) contract liabilities

The liability for non-life insurance contracts is either based on current assumptions or on assumptions established at the inception of the contract, reflecting the best estimate at the time together with a margin for risk and adverse deviation. All contracts are subject to a liability adequacy test, which reflect management's best current estimate of future cash flows.

Certain acquisition costs related to the sale of new policies are recorded as deferred acquisition costs (DAC) and are amortised to the consolidated statement of profit or loss over time. If the assumptions relating to future profitability of these policies are not realised, the amortisation of these costs could be accelerated and this may also require additional impairment write-offs to the consolidated statement of profit or loss. The main assumptions used relate to investment returns, expenses, lapse and surrender rates and discount rates.

GLOBAL INSURANCE Co. (S.C.)

Tefesse, Shisema & Ayele TMS Plus Certified Audit Partnership

The main assumption underlying these techniques is that a Company's past claims development experience can be used to project future claims development and hence ultimate claims costs. As such, these methods extrapolate the development of paid and incurred losses, average costs per claim and claim numbers based on the observed development of earlier years and expected loss ratios. Historical claims development is mainly analysed by accident years, but can also be further analysed by geographical area, as well as by significant business lines and claim types. Large claims are usually separately addressed, either by being reserved at the face value of loss adjuster estimates or separately projected in order to reflect their future development. In most cases, no explicit assumptions are made regarding future rates of claims inflation or loss ratios. Instead, the assumptions used are those implicit in the historical claims development data on which the projections are based.

Additional qualitative judgement is used to assess the extent to which past trends may not apply in future, (e.g., to reflect one-off occurrences, changes in external or market factors such as public attitudes to claiming, economic conditions, levels of claims inflation, judicial decisions and legislation, as well as internal factors such as portfolio mix, policy features and claims handling procedures) in order to arrive at the estimated ultimate cost of claims that present the likely outcome from the range of possible outcomes, taking account of all the uncertainties involved.

Similar judgements, estimates and assumptions are employed in the assessment of adequacy of provisions for unearned premium. Judgement is also required in determining whether the pattern of insurance service provide by a contract requires amortisation of unearned premium on a basis other than time apportionment.

Impairment losses on insurance receivables

The Company assesses at the end of every reporting period whether there is any objective evidence that its premium receivable is impaired. The Company determines whether impairment losses are incurred if and only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the receivable (a "loss event") and that loss event (or events) has an impact on the estimated future cash flows of the receivable that can be reliably estimated, or a trigger event is identified.

The following impairment triggers have been set by the Company:
(a) significant financial difficulty of the premium debtor;
(b) significant financial difficulty of the broker;
(c) a breach of agreements, such as payment defaults or delinquency in premium payments;
(d) Economic, regulatory or legal reasons relating to the premium debtor's financial difficulty, granting to the premium debtor a concession that the Company would not otherwise consider;
(e) High probability that the premium debtor will enter bankruptcy or other financial reorganisation.

If any of the impairment triggers are identified, the Company specifically assess the premium debt for impairment. Where an impairment trigger is identified, or no objective evidence of impairment exists, the Company assesses its premium debts collectively for impairment using the historical loss rate model.

The historical loss rate model considers the historical recoveries (cash flows) on premium debts for policies written in prior years, in order to determine the loss given default ratio on outstanding premium as at the reporting date. The model also considers premium receipts subsequent to the reporting date. The loss ratio derived is used to determine the allowance for impairment on premium debts.

his model assumes that all premium debts will be paid until evidence to the contrary (a loss or trigger event) is identified. On the identification of an objective evidence of impairment, the premium debts are subject to specific impairment. Where there is no objective evidence of impairment, the premium debts are subjected to collective impairment.

Collective impairment incorporates the following:

• current and reliable data, management's experienced credit judgements, and all known relevant internal and external factors that may affect collectability;

• historical loss experience or where institutions have no loss experience of their own or insufficient experience, peer company experience for a comparable company's of financial instruments at amortized cost;

• adjustments to historical loss experiences on the basis of current observable data to reflect the effects of current conditions.

Liabilities for unpaid claims are estimated on case by case basis. The reserves made for claims fluctuate based on the nature and severity of the claim reported. Claims incurred but not reported are determined using statistical analyses and the Company deem the reserves as adequate.

Impairment losses on available-for-sale equity financial assets

The Company determines that available-for-sale equity financial assets are impaired when there has been a significant or prolonged decline in the fair value below its cost. This determination of what is significant or prolonged requires judgement. In making this judgement, the Company evaluates among other factors, the normal volatility in share price, the financial health of the investee, industry and sector performance, changes in technology, and operational and financing cash flow. Impairment may be appropriate when there is evidence of deterioration in the financial health of the investee, industry and sector performance, changes in technology, and financing and operational cash flows.

The Company's available-for-sale equity financial assets were assessed for impairment during the year and there was no identified objective evidence of impairment.

Fair value measurement of financial instruments

When the fair values of financial assets and financial liabilities recorded in the statement of financial position cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the discounted cash flow (DCF) model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments. See Note 4.8.2 for further disclosures.

Income taxes

Uncertainties exist with respect to the interpretation of complex tax regulations, changes in tax laws, and the amount and timing of future taxable income. Given the long-term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority.

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

GLOBAL INSURANCE Co. (S.C.)

Tefesse, Shiferaw & Associates TMS Plus Certified Audit Partnership

4 Insurance and financial risk management

4.1 Introduction

The Company's activities expose it to a variety of financial risks, including insurance risk, financial risk, credit risk, and interest rates risk. The Company's overall risk management programme focuses on the identification and management of risks and seeks to minimise potential adverse effects on its financial performance, by use of underwriting guidelines and capacity limits, reinsurance planning, credit policy governing the acceptance of clients, and defined criteria for the approval of intermediaries and reinsurers. Investment policies are in place, which help manage liquidity, and seek to maximise return within an acceptable level of interest rate risk.

The independent risk control process does not include business risks such as changes in the environment, technology and industry. The Company's policy is to monitor those business risks through the Company's strategic planning process.

4.1.1 Risk management structure

The Board of Directors (The Board) is responsible for the overall risk encountered by the Company. The Board is responsible to develop comprehensives risk management program and policies of the Company. The Board has an oversight role on the proper implementation of the Company's risk management program or policies. The Board monitors proper implementation policies through various reports.

The Senior Management has the overall responsibility for the proper execution and interpretation of the risk strategy and implementing principles, frameworks, policies and limits. It is also responsible for managing risk decisions and monitoring risk levels and deliberate on reports to the Board regarding risk management issues and give timely directions.

The Risk Management Unit is responsible for implementing and maintaining risk related procedures. Independently assesses and monitor the level of risk assumed by the Company. Besides, the Risk Management Unit is responsible for monitoring compliance with risk principles, policies and limits across the Company. It carries out an assessment of risk on periodic basis to monitor the Company's overall risk, including monitoring the risk of exposures against limits and the assessment of risks of new products and structured transactions. Exceptions are reported, where necessary, to the Board's Risk Committee and the relevant actions are taken to address exceptions and any areas of weakness. The unit works closely with the Management Risk Committees to ensure that procedures are compliant with the overall framework. The unit is functionally responsible to the Board. The risk management has also reporting relationship with internal audit function. Internal audit function among others ensures the effectiveness of the risk management function periodically. Internal Audit Function discusses the results of its assessments with management, and reports its findings and recommendations to the Board Audit Committee.

4.1.2 Risk measurement and reporting systems

The Company's risks are measured using methods that reflect both the expected loss likely to arise in normal circumstances and unexpected losses, which are an estimate of the ultimate actual loss based on statistical model. The models make use of probabilities derived from historical experience, adjusted to reflect the economic environment.

4.1.3 Risk mitigation

The Company uses various risk mitigating techniques to reduce it's risk to the level acceptable. Risk controls and mitigants, identified and approved for the Company, are documented for existing and new processes and systems.

Risk control processes are identified and discussed in the quarterly risk report of the Risk Committee meetings. Control processes are also regularly reviewed and changes agreed with the Board.

GLOBAL INSURANCE Co. (S.C)

Tadesse, Shisema & Ayalew
TMS Plus
Certified Audit Partnership

4.2 Insurance risk

The principal risk the Company faces under insurance contracts is that the actual claims and benefit payments or the timing thereof, differ from expectations. This is influenced by the frequency of claims, severity of claims, actual benefits paid and subsequent development of long term claims. Therefore, the objective of the Company is to ensure that sufficient reserves are available to cover these liabilities.

The risk exposure is mitigated by diversification across a large portfolio of insurance contracts and geographical areas. The variability of risks is also improved by careful selection and implementation of underwriting strategy guidelines, as well as the use of reinsurance arrangements. the Company purchases reinsurance as part of its risks mitigation programme. Reinsurance ceded is placed on both a proportional and non–proportional basis. The majority of proportional reinsurance is quota–share reinsurance which is taken out to reduce the overall exposure of the Company to certain classes of business. Non–proportional reinsurance is primarily excess–of–loss reinsurance designed to mitigate the Company's net exposure to catastrophic losses. Retention limits for the excess–of–loss reinsurance vary by product line and territory.

Amounts recoverable from reinsurers are estimated in a manner consistent with the outstanding claims provision and are in accordance with the reinsurance contracts. Although the Company has reinsurance arrangements, it is not relieved of its direct obligations to its policyholders and thus a credit exposure exists with respect to ceded insurance, to the extent that any reinsurer is unable to meet its obligations assumed under such reinsurance agreements. The Company's placement of reinsurance is diversified such that it is neither dependent on a single reinsurer nor are the operations of the Company substantially dependent upon any single reinsurance contract. There is no single counterparty exposure that exceeds 5% of total reinsurance assets at the reporting date.

Factors that aggravate insurance risk include lack of risk diversification in terms of type and amount of risk, geographical location and type of industry covered.

Key assumptions

Non- life insurance contracts

The Company principally issues the following types of general insurance contracts: Property insurance, Engineering insurance, Pecuniary insurance and Liability insurance. Risks under non–life insurance policies usually cover twelve months For general insurance contracts, the most significant risks arise from climate changes, natural disasters and terrorist activities. For longer tail claims that take some years to settle, there is also inflation risk.
The table below sets out the concentration of non–life insurance contract liabilities by type of contract:

30 June 2023	Gross liabilities	Reinsurance liabilities	Net liabilities
	Birr'000	Birr'000	Birr'000
Motor	173,654	64,608	109,046
Marine	6,458	2,196	4,262
Fire	11,608	3,492	8,116
Workmen compensation	2,253	1,279	974
Personal accident	1,671	451	1,220
Pecuniary	5,713	3,944	1,769
Engineering	3,952	2,451	1,501
Liability	7,271	2,845	4,426
Others	20,193	6,874	13,319
Total non life insurance	**232,773**	**88,140**	**144,633**

30 June 2023	Gross liabilities	Reinsurance liabilities	Net liabilities
	Birr'000	Birr'000	Birr'000
Property insurance	211,913	77,170	134,743
Engineering insurance	3,952	2,451	1,501
Pecuniary insurance	5,713	3,944	1,769
Liability insurance	11,195	4,575	6,620
Total non life insurance	**232,773**	**88,140**	**144,633**

Key assumptions

The principal assumption underlying the liability estimates is that the Company's future claims development will follow a similar pattern to past claims development experience. This includes assumptions in respect of average claim costs, claim handling costs, claim inflation factors and claim numbers for each accident year. Additional qualitative judgements are used to assess the extent to which past trends may not apply in the future, for example: one–off occurrence; changes in market factors such as public attitude to claiming, economic conditions, as well as internal factors such as portfolio mix, policy conditions and claims handling procedures. Judgement is further used to assess the extent to which external factors such as judicial decisions and government legislation affect the estimates.

Sensitivities

It should be noted that movements in these assumptions are non–linear.

Increase in gross liabilities:	Change in assumptions	Change in liability 30 June 2023	Change in liability 30 June 2022
		Birr'000	Birr'000
Average claim cost	+10%	27,930,603	26,600,574
Average number of claims	+10%	27,930,603	26,600,574

Decrease in gross liabilities:	Change in assumptions	Change in liability 30 June 2023	Change in liability 30 June 2022
		Birr'000	Birr'000
Average claim cost	-10%	(34,784,548)	(33,128,141)
Average number of claims	-10%	(34,784,548)	(33,128,141)

Claims development table & IBNR SCHEDULE

The following tables show the estimates of cumulative incurred claims, including both claims notified and IBNR for each successive accident year at each reporting date, together with cumulative payments to date. The cumulative claims estimates and cumulative payments are translated to euros at the rate of exchange that applied at the end of the accident year.

Gross non-life insurance contract outstanding claims provision for 2023

Accident year	2020 Birr'000	2021 Birr'000	2022 Birr'000	# Birr
Outstanding claims notified	52,326	56,286	62,727	67,333
Claims incurred but not reported	13,415	19,602	22,222	23,234
Ultimate Claims Projected	65,741	75,888	84,949	90,567

Gross non-life insurance contract outstanding claims provision for 2022

Accident year	2019 Birr'000	2020 Birr'000	# Birr'000	2022 Birr'000
Outstanding claims notified	46,149	52,326	56,286	62,727
Claims incurred but not rep	10,334	13,415	19,602	22,222
Ultimate Claims Projected	56,483	65,741	75,888	84,949

4.3 Financial risk

Financial instruments by category

The Company's financial assets are classified into the following measurement categories: Available-for-sale and loans and receivables and the financial liabilities are classified into other liabilities at amortised cost.

Financial instruments are classified in the statement of financial position in accordance with their legal form and substance.

Tefesse, Shiferaw & Ayalew
TMS Plus
Certified Audit Partners

The the Company's classification of its financial assets is summarised in the table below:

30 June 2023	Notes	Available-For-Sale Birr'000	Loans and receivables Birr'000	Total Birr'000
Financial assets				
Government securities			7734.00	7,734.00
Unquoted investments		86,459		86,459.08
Other receivables			19,236	19,235.50
Loans and receivables to staff			1,343	1,342.55
Receivables arising out of reinsurance arrangements			79,526	79,525.54
Receivables arising out of direct insurance arrangements			22	21.93
Deposits with financial institutions and cash and bank balances			182,996	182,996.39
				-
Total financial assets		**86,459**	**290,856**	**377,315**

30 June 2022	Notes	Available-For-Sale Birr'000	Loans and receivables Birr'000	Total Birr'000
Financial assets				
Government securities			654.00	654
Unquoted investments		60,263		60,263
Other receivables			18,259	18,259
Loans and receivables to staff			1,648	1,648
Receivables arising out of reinsurance arrangements			45,297	45,297
Receivables arising out of direct insurance arrangements			0	-
Deposits with financial institutions and cash and bank balances			179,536	179,536
				-
Total financial assets		60,263	245,394	305,657

TMS

4.4 Credit risk

The Company has exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Key areas where the Company is exposed to credit risk are:

- Receivables arising out of direct insurance arrangements;
- Receivables arising out of reinsurance arrangements; and
- Reinsurer's share of insurance liabilities.

Other areas where credit risk arises include cash and cash equivalents, statutory deposits, deposits with banks and other receivables.

Reinsurance is used to manage insurance risk. This does not, however, discharge the Company's liability as primary insurer. If a reinsurer fails to pay a claim for any reason, the Company remains liable for the payment to the policyholder. The credit worthiness of reinsurers is considered on an annual basis by reviewing their financial strength prior to finalization of any contract.

The exposure to individual counterparties is also managed by other mechanisms, such as the right to offset where counterparties are both debtors and creditors to the Company. Management information reported to the Board of directors includes details of provisions for impairment on loans and receivables and subsequent write offs. Internal audit makes regular reviews to assess the degree of compliance with the Company procedures on credit. Exposures to individual policyholders and groups of policyholders are collected within the ongoing monitoring of the controls associated with regulatory solvency. Where there exists significant exposure to individual policyholders, or homogenous groups of policyholders, a financial analysis equivalent to that conducted for reinsurers is carried out by the Company risk department.

4.4.1 Management of credit risk

Credit risk management is the process of controlling the impact of credit risk- related events on the company. Thus management involves identification, understanding and quantification of the degree of risks of loss and the consequent taking of appropriate measures. Obligors often appear both in the loan portfolio and as counterparties (and even if they don't, the factors driving the respective defaults appear in both), a proper analysis of credit risk often leads to having to consider the loan portfolio and the counterparty within the same analysis rather than being able to analyze those two separately and aggregating the results. This makes credit risk one of the most difficult and expensive to analyze, and it is important that key staff involved is aware of the difficulties and how to address them. The major risk that arises from a weakening of the credit portfolio is the impairment of the capital or liquidity. Therefore, the quality of an institution's credit portfolio contributes to the risks borne policy holders (liquidity) and shareholders (capital impairment).

4.4.2 Concentration of credit risk

The credit risk of the Company have been concentrated in the following key areas of activities.

(a) Investing/lending activities

The Company faces these risks when it extends bond policies without collateral Of course when making investments in any bonds, debentures or other evidences of indebtedness, the insurer is taking on a credit risk. Clearly, such investment area is a major source of credit risk.

(b) Credit concentration of a single counter party

There is a potential credit risk arising from the fact that banks may not settle time deposit on a timely basis.

Tafesse, Shisema & Ayalew
TMS Plus
Certified Audit Partnership

4.4.3 Credit quality analysis

(a) Credit quality of cash and cash equivalents

The credit quality of cash and bank balances and short-term investments that were neither past due nor impaired as at 30 June 2019, 30 June 2018 and 30 June 2017 and are held in Ethiopian banks have been classified as non-rated as there are no credit rating agencies in Ethiopia.

(b) Credit quality of trade and other receivables

	Neither past due nor impaired	Past due but not impaired	Individually impaired	Total
30 June 2023	Birr'000	Birr'000	Birr'000	Birr'000
Insurance receivables				
Due from policy contract holders	-	-	-	-
Due from reinsurers	28,229	51,297		79,526
Due from agents, brokers and intermediaries				
	28,229	51,297		79,526
Other loans and receivables				
Other receivables	14,735	39,988		54,723
Staff debtors				
Gross amount	**14,735**	**39,988**		**54,723**
Less: Specific impairment allowance (note 15a)				-

	Neither past due nor impaired	Past due but not impaired	Individually impaired	Total
30 June 2022	Birr'000	Birr'000	Birr'000	Birr'000
Insurance receivables				
Due from policy contract holders	-	-	-	-
Due from reinsurers	34,481	11,116	-	45,597
Due from agents, brokers and intermediaries				-
	34,481	**11,116**	-	**45,597**
Other loans and receivables				
Other receivables	36,136	3,852		39,988
Staff debtors			-	-
Gross amount	**36,136**	**3,852**	-	**39,988**
Less: Specific impairment allowance (note 15a)			-	

Tefesse, Shiseme & Ayalew
TMS Plus
Certified Audit Partnership

4.4.4 Credit concentrations

The Company monitors concentrations of credit risk by sector, location and purpose. An analysis of concentrations of credit

	Public enterprise	Private	Others	Total
30 June 2023	**Birr'000**	**Birr'000**	**Birr'000**	**Birr'000**
Cash and bank balances	34	182,962		182,996
Investment securities				-
- Available for sale		86,459	0	86,459
- Loans and receivables				-
Trade and other receivables		33,287		33,287
Reinsurance assets		159,532		159,532
				-
total				-
	34	**462,240**	**-**	**462,275**

	Public enterprise	Private	Others	Total
30 June 2022	**Birr'000**	**Birr'000**	**Birr'000**	**Birr'000**
Cash and bank balances	206	179,330	0	179,536
Investment securities				-
- Available for sale		60,263	0	60,263
- Loans and receivables			0	-
Trade and other receivables		26,413		26,413
Reinsurance assets		82,309	0	82,309
				-
(a) Credit quality of cash and				-
	206	**348,315**	**-**	**348,521**

4.5 Liquidity risk

Liquidity refers to the company's ability to meet its current obligations. Liquidity is a measure of the ability of a debtor to pay his debts as and when they fall due. It is usually expressed as a ratio or a percentage of current liabilities. Liquidity risk is the measure of probability that a company's cash resources will be insufficient to meet current or future cash needs.

4.5.1 Management of liquidity risk

The Finance and Investment Division is responsible to prepare and produce financial reports together with performance evaluation ratios and comparative statements on the basis of finance manual, standard reporting formats and regulatory body requirements, which include:

a) Notifying regularly the cash position and the expected commitments of the company
b) Proposing appropriate investment opportunities in line with insurance supervision directives.
c) Liability settlements shall be undertaken on the basis of cash flow of the company
d) Finance Department will be responsible to report, monitor, evaluate and implement decisions affecting liquidity in line with the finance manual performance standards and reporting formats.

4.5.2 Measurement of liquidity risk

Liquidity risk is primarily measured as the ratio of current liability to liquid assets. It is expected that the ratio should at all times be less than or equal to 1.05 (105%) i.e. the maximum tolerance liquidity rate the company should keep on hand is one birr for one birr and five cents obligation or liability.

In addition, the Company should maintain at least 65% of admitted asset at bank deposits and treasury bills. Based on forecasted cash flow statement of the year, the Company may arrange appropriate form of bank loan facility such as bank overdraft to make funds available for those times where cash flow short falls are predicted.

4.5.3 Maturity analysis of financial liabilities

The table below analyses the Company's financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position date to the contractual maturity date. The cash flows presented are the undiscounted amounts to be settled in future.

	0-1 year	1-3 years	3-5 years	Over 5 yes	Total
30 June 2023	**Birr'000**	**Birr'000**	**Birr'000**		**Birr'000**
Insurance contract liabilities	23,829	247,852			271,681
Insurance payables	23,030	44,357			67,387
Other liabilities	14,362	14,194			28,556
Total financial liabilities	**61,220**	**306,403**	**-**	**-**	**367,623**
30 June 2022	**Birr'000**	**Birr'000**	**Birr'000**		**Birr'000**
Insurance contract liabilities	3,687	165,163	-	-	168,850
Insurance payables	11,824	34,132	-	-	45,956
Other liabilities	14,506	14,570	-	-	29,076
Total financial liabilities	**30,017**	**213,865**	**-**	**-**	**243,882**

TMS Plus
Tofesse, Solomon & Ayalew
Certified Audit Partnership

4.6 Market risk

Market risk is the risk that the Company's earnings or capital, or its ability to meet business objectives, will be adversely affected by changes in the level or volatility of market rates or prices such as premium rates, interest rates, foreign exchange rates, equity prices, commodity prices and credit spreads. The main market risk arises from trading activities and equity investments. The Company is also exposed to interest rate risk in the banking books.

Investment risk is the risk that earnings for the Company arising from its insurance entities may be adversely impacted by changes in the value of investments and that the profile of investments may be inappropriate to match the profile of liabilities.

The Company does not ordinarily engage in trading activities as there are no active markets in Ethiopia.

4.6.1 Management of market risk

Market risk is managed by the Business Development Department and Finance & Investment Department subject to inputs from the Board of directors, to identify any adverse movement in the underlying variables.

4.6.2 Measurement of market risk

The principle adopted in the management of investments is to closely match assets to the nature and term of insurance liabilities where possible. Total capital held in each entity reflects the results of internal models of economic capital, and takes into account business growth plans, as well as the likelihood of not being able to demonstrate an appropriate level of solvency.

Market risk is measured on the basis of investment capital or need of the Company. Investment is made on evaluating the investee companies and the type of investment. Investment risk is measured on the basis of security of the investees, liquidity consideration, and interest rate offer, and investment period, rate of return and proposal documents.

Investment is not be made if the investee company does not fulfill the above noted measurement factors. Investments is also made with special guidelines of the Board of Directors of the Company.

Tefesse, Shisema & Ayalew
TMS Plus
Certified Audit Partnership

4.6.3 Monitoring of market risk

Market risk is monitored by performing regular asset liablity maching exercises, monitoring market volatility, comparing actual peformance with benchmark peromance, and tracking errors and durations of fixed interest assets. Market risk is further monitored by measuring and comparing the cactual risk exposure in terms of economic capital to an approved limit, based on a value-a-risk calculation. Hence, the company has taken the following measures to ensure that market risk is adequately monitored. a)
Equity investments are made often by conducting a thorough studey and assessment
b) Equity investments are acquired from companies where the reture is not less 10%
c) Investment will not exceed in concentration more than 20% in one Company and the total amount will not exceed 10 millinon Birr,

d) To adjust for price fluctuations, a revaluation of on-balance sheet asset will be carried every two years

e) The risk profile of every investment is made after the closing of accounts every year and action is taken based on appropriate recommedations.

f) Technological reaed risks will be evaluated to see if the earea of investment is prone to risks

g) Every investment proposal need to be approved be Board of Directors,

(i) **Interest rate risk**

Interest rate risk is the risk that the value of a financial instrument will be affected by changes in market interest rates.

The Company's exposure to the risk of changes in market interest rates relates primarily to it's financial obligations and financial assets with fixed interest rates. The Company's investment portfolio is comprised of Ethiopian government bonds and cash deposits.

The table below sets out information on the exposures to fixed and variable interest instruments.

30 June 2023	Fixed	Non-interest bearing	Total
	Birr'000	Birr'000	Birr'000
Assets			
Cash and bank balances	100,364	125,898	226,262
Investment securities	-	86,459	86,459
- Loans and receivables			
Trade and other receivables		54,723	
Reinsurance assets		164,907	164,907
Trade and other receivables	-		-
Total	**100,364**	**431,987**	**477,628**
Liabilities			
Insurance contract liabilities	-	271,681	271,681
Insurance payables	-	38,831	38,831
Other payables	-		-
Total	-	**310,512**	**310,512**

30 June 2022	Fixed	Non-Interest bearing	Total
	Birr'000	Birr'000	Birr'000
Assets			
Cash and bank balances	112,789	86,152	198,938
Investment securities	-	60,263	60,263
Trade and other receivables		39,988	
Reinsurance assets	-	82,309	82,309
Total	**112,789**	**268,712**	**341,510**
Liabilities			
Insurance contract liabilities	-	165,163	165,163
Insurance payables	-	16,881	16,881
Other payables	-		-
Total	-	**182,043**	**182,043**

Tefesse, Shiferaw & Ayalew
TMS Plus
Certified Audit Partnership

(ii) Foreign exchange risk

Foreign exchange risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to the changes in foreign exchange rates. The Company primarily transacts in Ethiopian Birr and its assets and liabilities are denominated in the same currency. The Company is therefore not exposed to currency risk.

4.7 Capital management

The Company's objectives when managing capital are to comply with the capital requirements set by the National Bank of Ethiopia, safeguard its ability to continue as a going concern, and to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business.

4.7.1 Margin of Solvency

According to the Licensing and Supervision of Insurance Business Margin of Solvency (MOS) Directives No. SIB/45/2016 of the National Bank of Ethiopia, an insurer carrying on general business shall keep admitted capital amounting to the highest of 25% of its technical provisions, or 20% of the net written premiums in the last preceding financial year, or the minimum paid capital. An insurer carrying on long term insurance business shall keep admitted capital amounting to the higher of 10% of technical provisions or the minimum paid up capital.

MOS ratio is the excess of assets over liabilities maintained for general and long term insurance business. Admissible assets and liabilities stated below is in accordance with the MOS Directives No. SIB/ 45/ 2016.

		30 June 2023	30 June 2022
		Birr'000	Birr'000
(A)	**Admissible assets**		
	Cash and cash equivalents	182,996	179,536
	Investment	86,459	60,263
	Due from reinsurers	79,526	45,297
	Deferred income tax	-	
	Statutory Deposit	36,191	30,615
	Property plant and equipment	241,494	160,288
		626,666	**475,999**
(B)	**Admissible liabilities**		-
			-
	Insurance contract liabilities	271,681	165,163
	Deferred income tax Liabilities	106	106
	Taxes payable	18,291	7,900
	Insurance payables	136,140	90,085
	Other payables	28,556	29,076
		454,774	292,329
(C)	**Excess (admitted capital)- (A-B)**	**171,891**	**183,670**

(D)	**Net premium**	185,610	12,416
(E)	**Technical provision**	271,681	165,163
	Solvency Margin		
(F)	Limit of net premium i.e. 20% of net premium	37,122	25,883
(G)	Limit of technical provision i.e. 25% of technical provision	67,920	41,291
(H)	Minimam paid up capital	60,000	60,000

Since C>G, positive solvency margin

4.8 Fair value of financial assets and liabilities

IFRS 13 requires an entity to classify measured or disclosed fair values according to a hierarchy that reflects the significance of observable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, which comprises of three levels as described below, based on the lowest level input that is significant to the fair value measurement as a whole.

4.8.1 Valuation models

IFRS 13 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable input reflect market data obtained from independent sources; unobservable inputs reflect the Company's market assumptions.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole.

- Level 1: Inputs that are quoted market prices (unadjusted) in active markets for identical assets or liabilities.

- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) .This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active, or other valuation technique in which all significant inputs are directly or indirectly observable from market data.

In conclusion, this category is for valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

- Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs). This category includes all assets and liabilities for which the valuation technique includes inputs not based on observable date and the unobservable inputs have a significant effect on the asset or liability's valuation. This category includes instruments that are valued based on quoted prices for similar instruments for which significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

Tefesse, Shisema & Ayalew
TMS Plus
Certified Audit Partnership

4.8.2 Financial instruments not measured at fair value

The following table summarises the carrying amounts of financial assets and liabilities at the reporting date by the level in the fair value hierarchy into which the fair value measurement is categorised. The amounts are based on the values recognised in the statement of financial position.

	30 June 2023		30 June 2022	
	Carrying amount Birr'000	Fair value Birr'000	Carrying amount Birr'000	Fair value Birr'000
Financial assets				
Cash and bank balances	226,273	226,273	198,946	198,946
Investment securities		-		
- Available for sale	86,459	86,459	60,263	60,263
- Loans and receivables		-		
Trade and other receivables	54,723	54,723	39,988	39,988
Reinsurance assets	85,381	85,381	37,012	37,012
Total	452,836	452,836	336,209	336,209
Financial liabilities				
Insurance contract liabilities	271,681	271,681	165,163	165,163
Insurance payables	136,140	136,140	90,085	90,085
Other liabilities	28,556	28,556	29,076	29,076
Total	436,377	436,377	284,324	284,324

4.8.3 Fair value methods and assumptions

Trade receivables and other receivables are carried at cost net of provision for impairment. The estimated fair value represents the discounted amount of estimated future cash flows expected to be received. Expected cash flows are discounted at current market rates to determine fair value.

4.8.4 Valuation technique using significant unobservable inputs – Level 3

The Company has no financial asset measured at fair value on subsequent recognition.

4.8.5 Transfers between the fair value hierarchy categories

During the three reporting periods covered by these annual financial statements, there were no movements between levels as a result of significant inputs to the fair valuation process becoming observable or unobservable.

4.9 Offsetting financial assets and financial liabilities

There are no offsetting arrangements. Financial assets and liabilities are settled and disclosed on a gross basis.

TMS Plus
Tesfaye, Shiferaw & Associates Certified Audit Partners

GLOBAL INSURANCE COMPANY S.C
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YAER ENDED 30 JUNE 2023

Currency: Ethiopian Birr

		30 June 2023 Birr'000	30 June 2022 Birr'000
	Conventional Insurance		
5	**Net premiums**		
(a)	**Gross premiums on insurance contracts**		
	Motor	173,654	112,841
	Carriers Liability	6,288	3,684
	Marine	6,458	6,115
	Bond	5,579	5,885
	Engineering	3,948	4,085
	Worker Compensation	2,253	2,299
	Fire	11,608	9,623
	GPA	1,671	693
	Cash	109	95
	Fidelity	25	253
	Plate glass	4	4
	Personal	219	484
	Professional indemnity	968	1,610
	Burglary	196	216
	Public liability	13	658
	Product liability		
	PVT ceded	19,778	14,074
	Total gross premiums	232,772	162,620
(b)	**Premiums ceded to reinsurers**		
	Motor ceded	13,836	6,703
	Marine ceded	1,485	2,839
	Bond ceded	4,046	4,288
	Engineering ceded	1,646	1,569
	Worker Compensation ceded	110	111
	Fire ceded	7,337	6,617
	Cash ceded		18
	Fidelity ceded		19
	Plate glass ceded		0
	Personal GPAceded	815	275
	Professional indemnity ceded	94	212
	Burglary ceded	52	52
	liability ceded	280	160
	Medical expenses ceded	9	18
	PVT ceded	17,431	10,323
	Total premiums ceded to reinsurers	47,162	33,204

Currency: Ethiopian Birr

		30 June 2023 Birr'000	30 June 2022 Birr'000
6	**Commission income(conventional)**		
(a)	Reinsurance commission income	12,074	10,404
	Total commission income	12,074	10,404
	Takaful		
(b)	Reinsurance commission income		596
	Total commission income	-	596
	Total commission income	12,074	10,404
7	**Claims expenses (Conventional)**		
(a)	**Insurance claims and loss adjustment expenses:**		
	Gross benefits and claims paid	79,711	55,876
	Change in insurance contract outstanding claims provision	59,061	3,536
	Change in other technical provision (IBNR)	5,131	2,037
		143,902	61,450
	Claims expenses (Takaful)		
(b)	**Insurance claims and loss adjustment expenses:**		
	Gross benefits and claims paid	11,400	3,176
	Change in insurance contract outstanding claims provision	8,152	2,662
	Change in other technical provision (IBNR)	2,120	176
		21,672	6,014
	Total Claim Expense	165,574	61,450
(C)	**Recoverable from reinsurance: (conventional)**		
	Claims paid recoverable	(13,826)	(68)
	Change in outstanding claims provision reinsurance share	(37,162)	(2,550)
	Change in other technical provision (IBNR) reinsurance share	(1,915)	
		(52,903)	(2,617)
	Recoverable from reinsurance: (Takaful)		
(d)	Claims paid recoverable	(1,245)	-
	Change in outstanding claims provision reinsurance share	(2,286)	(369)
	Change in other technical provision (IBNR) reinsurance share	(252)	-
		(3,783)	(369)
	Total Recoverable From Re-insurance	(52,903)	(2,617)

Tafesse, Shisema & Ayalew Certified Audit Partnership
TMS Plus

8	**Underwriting expenses**		
(a)	**(Conventional)**		
	Commission paid	9,800	7,081
	Other acquisition cost	35,991	32,679
		45,791	39,759
(b)	**(Takaful)**		
	Commission paid	2,458	277
	Other acquisition cost	684	1,592
		3,142	1,869
	Total Underwriting Expense	48,933	41,628
9	**Investment income**		
	Interest on saving account	1,674	3,230
	Interest on time deposit	13,277	16,889
	Interest on government bond	3,276	987
	Divided income	6,813	5,502
		25,040	26,608
10 (a)	**Other operating income (Conventional)**		
	Income from vehicle inspection	153	43
	Other income and recovery of bad debts		6
	Other income from service charge	1,108	46
	Rent income	13,438	10,551
		14,700	10,647
(b)	**Other operating income (Takaful)**		
	Other Income	0.10	0.06
	Wakala fee	19,680	7,611
		19,680	7,611
	Total Other Operating Income	14,700	10,647

GLOBAL INSURANCE COMPANY S.C
NOTES TO THE FINANCIAL STATEMENTS

FOR THE YAER ENDED 30 JUNE 2023

Currency: Ethiopian Birr

		30 June 2022 Birr'000	30 June 2022 Birr'000
11	**Other operating and administrative expenses**		
(a)	**Conventional**		
	Employee benefits expense (note 11 b)	15,278	11,617
	Rental expenses	1,491	-
	Repair and maintenance	1,784	1,815
	Advertising and publication	574	219
	Communication	160	316
	Printing and stationeries	946	591
	Entertainment	352	179
	Travelling and transportation expenses	837	150
	Insurance	117	449
	Office cleaning and supplies	95	243
	Legal and professional fees	157	(133)
	Board fees	318	360
	Bonus fee		
	Audit fees	115	60
	Subscription and membership fees	26	75
	Amortization of intangible assets	354	354
	Depreciation on property and equipment	1,458	1,408
	Bank charges	3	848
	Sundry expenses	1,914	679
		25,982	19,232
b	**Employee benefits expense**		
	Salaries and wages	11,340	7,927
	Staff allowances	1,938	2,411
	Pension costs – Defined contribution plan	1,050	950
	Other staff expenses	951	328
		15,279	11,617
c	**Other operating and administrative expenses**		
	Takaful	-	-
	Employee benefits expense (note 11.1)	-	-
	Takaful Advisory council	54	56
	Repair and maintenance		
	Advertising and publication	227	659
	Communication		
	Printing and stationeries		53
	Entertainment	16	18
	Travelling and transportation expenses	32	16
	Training & Education	3	145
	Office cleaning and supplies		0
	Legal and professional fees	120	108
	Board fees	-	-
	Audit fees	-	-
	Subscription and membership fees	4	
	Amortization of intangible assets	-	-
	Depreciation on property and equipment	-	-
	Bank charges	0	0
	Sundry expenses		4
		456	1,063
	Total Other Operation & Admin. Expense	26,438	19,231
12	**Company income and deferred tax**		
12a	**Current income tax expense (note 12b)**		
	Company income tax	18,291	7,900
	Deferred income tax/(credit) to profit or loss		2,993
	Total charge to profit or loss	18,291	10,893
	Tax (credit) on other comprehensive income	-	-
	Total tax in statement of comprehensive income	18,291	10,893

TMS Plus
Certified Audit Partners

Currency: Ethiopian Birr

12b Reconciliation of effective tax to statutory tax

The tax on the company's profit before income tax differs from the theoretical amount that would arise using the statutory income tax rate as follows:

	30 June 2022 Birr'000	30 June 2022 Birr'000
Profit before tax	83,464	55,103
Add: Disallowed Expense		
Entertainment	920	197
Penalty		
Annual leave adjustment	1,853	
Severance Exp.	906	133
prior years dividend tax expense		
Depreciation for accounting purpose	3,878	3,922
Amortization for accounting purpose	886	886
Total Disallowable	8,443	5,138
Less: Allowed		
Profit from sale of PPE	-	-
Depreciation for tax purpose	5,009	6,403
Amortization for tax purpose	886	925
Dividend Income taxed at source	6,813	5,502
Interest income taxed at source	18,227	21,105
Total Allowed Expense	30,935	33,935
Taxable profit	60,971	26,306
Income tax expense at 30%	18,291	7,900
Deferred tax (asset) / Liab.		
Income tax expense /(credit) to recognized in PL	18,291	7,900

	30-Jun-23 Birr'000	30-Jun-22 Birr'000
12c Current income tax liability(conventional)		
Balance at the beginning of the year	7,900	6,402
Charge for the year:	18,291	7,900
Prior year (over)/ under provision	(1,180)	(6,402)
WHT Not utilized	(889)	
Payment during the year	(6,720)	-
Balance at the end of the year	17,402	7,900
Takaful Insurance		
12 d Current income tax liability (Takaful)		
Balance at the beginning of the year	-	-
Charge for the year:		-
Prior year (over)/ under provision	-	-
WHT Notes utilized	(568)	-
Payment during the year	-	-
Balance at the end of the year	-568	-
Total Current Income Tax	16,834	7,900

Tafesse, Shisema & Ayalew Certified Audit Partnership TMS Plus

Currency: Ethiopian Birr

12e Deferred income tax

Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

	30 June 2023 Birr'000	30 June 2022 Birr'000
The analysis of deferred tax assets/) (liabilities) is as follows		
To be recovered after more than 12 months	106	106
To be recovered within 12 months	-	-
	106	106

Deferred income tax assets and liabilities, deferred income tax charge/(credit) in profit or loss (*p or l), in equity and other comprehensive income are attributable to the following items:

13 **Earnings Per Share**

Earnings per share is calculated by dividing the profit for the year and the average number of ordinary shares issued during the year

	30-Jun 2023	30-Jun 2022
Profit attributable to ordinary share holders(ETB)	65,172,618	47,203,047
Weighted average number of share outstanding during the year	433,794	324,601
Basic and diluted earnings per ordinary share (ETB)	150	145

14a Property, plant and equipment

Currency: Ethiopian Birr

	Buildings and land improvement	Construction in progress	Motor vehicles	Furniture fittings and Equipment	Computer and accessories	Machinery	
	Birr'000	Birr'000	Birr'000	Birr'000	Birr'000	Birr'000	Total
COST							
As at 1 July 2021	8,015	51,252	16.008	5,450	10,509	5,502	96,736
Additions	14,373	41,569	4.942	229	1,064	1,377	63,553
Reclassifications	-	-		-	-	-	-
Disposals	-	-	-	-	-	-	-
As at 30 June 2022	22,387	92,821	20,950	5,679	11,573	6,879	160,289
As at 30 June 2022	22,387	92,821	20,950	5,679	11,573	6,879	160,289
Additions		74,849		217	6,139		81,205
Disposals							
Reclassification							
As at 30 June 2023	22,387	167,669	20,950	5,896	17,712	6,879	241,494
ACCUMULATED DEPRECIATION					17,712		
As at 30 June 2021	2,099	-	8,232	2,959	2,541	3,106	12,742
Disposals							3,329
Depreciation	3,314		1,560	393	634	502	6,403
As at 30 June 2022	5,413	-	9,792	3,352	3,175	3,608	25,340
As at 1 July 2022	5,413	-	9,792	3,352	3,175	3,608	25,340
Disposals							
Depreciation	497		1,560	372	719	448	3,595
As at 30 June 2023	5,910	-	11,352	3,724	3,893	4,056	28,935
NET BOOK VALUE							
As at 1 July 2021	5,916	51,252	7,776	2,492	7,968	2,396	77,800
As at 30 June 2022	16,973	92,821	11,158	2,327	8,398	3,271	134,948
As at 30 June 2023	16,479	167,669	9,596	2,171	13,818	2,823	212,558

Tafesse, Shisema & Ayalew
TMS Plus
Certified Audit Partners

Currency: Ethiopian Birr

14 b Investment property

	30 June 2022 Birr'000
COST	
As at 30 June 2021	14,929
Additions	-
Reclassifications	-
Disposals	-
As at 30 June 2022	14,929
As at 30 June 2022	14,929
Additions	-
Disposals	-
Reclassification	-
As at 30 June 2023	14,929
ACCUMULATED DEPRECIATION	
As at 1 July 2021	3639
Charge for the year	283
Disposals	-
As at 30 June 2022	3922
As at 30 June 2022	3922
Charge for the year	283
Disposals	-
As at 30 June 2023	4205
NET BOOK VALUE	
As at 1 July 2021	11,290
As at 30 June 2022	11,007
As at 30 June 2023	10,724

The following amounts have been recognized in the statement of comprehensive income in respect of investment income.

Investment property represents the lettable portion of Head office building. At 2018,2019 and 2020.The fair value of the building was estimated at ETB 60,164,992.4 ,75,784,448and 85,607,251 in million respectively based on a valuation conducted by Mebratu Bayih Authorized Auditor & valuator dated July 02, 2020

	30 June 2023 Birr'000	Amortization	30 June 2022 Birr'000
14 c Leasehold land			
Cost	30,056		30,056
Accumulated amortization	7,201	886.2	6,315
	22,855		23,740.82

Leasehold land	Area (m2)	Lease term (year)	Total lease value	Amortization 2023
Bole site	967	94	1,354,666.00	14,411
Bole site	498	99	658,854.00	6,655
head office building	1,394	50	5,033,734.00	100,675
head office building parking	139	60	3,050,948.00	51,016
kality inspection	3989	26	14,508,985.00	558,038
kality inspection	4264	35	5,438,500.00	155,386
			30,055,687.00	886,181

	30 June 2023 Birr'000	30 June 2022 Birr'000
15 Investment		
Equity Investments:		
Nur Selam Collage	3,097	3,097
Sky bus transport	:0	10
Ethiopian reinsurance S. Co.	55,018	40,502
Zemzem bank	20,000	16,000
	78,725	**59,609**
Government bond		
Government saving bond	7,734	654
	86,459	**60,263**
16 Statutory deposits	**36,191**	**30,615**

The company acquires government bond bearing interest income of 8% per annum

The interest bearing government bonds forms the mandatory statutory deposit in line with article 20 of insurance business proclamation 746/2012. The statutory deposit is calculated at 15% of the company's paid up capital.

	30 June 202 Birr'000	30 June 2022 Birr'000
Conventional		
17 (a) Receivables arising out of reinsurance arrangements		
Gross reinsurance receivables	77,076	45,297
Impairment provision	-	-
Reinsurance share of technical reserves	82,456	37,012
Reinsurance share of technical reserves	159,532	82,309
(b) Deferred acquisition costs	6,398	4,522.01
Takaful Insurance		
(c) Receivables arising out of reinsurance arrangements		
Gross reinsurance receivables	2,449	658
Impairment provision	-	-
Reinsurance share of technical reserves	2,925	939
Reinsurance share of technical reserves	162,457	1,597

At 30 June 2023, the Company conducted an impairment review of the reinsurance assets and recognized no impairment loss as the account perform well even if there are past due balances. The carrying amounts disclosed above in respect of the reinsurance of investment contracts approximate fair value at the reporting date.

Currency: Ethiopian Birr

		30 June 2023 Birr'000	30 June 2022 Birr'000
18	**Other receivables**		
	Conventional		
	Financial assets		
	Trade debtors	7,987	5,498
	Staff debtors	1,343	1,648
	Sundry receivables	19,236	18,259
	Accrued Rent income		
	Accrued Interest Receivable	4,700	1,008
	Receivable from Co-insurance	22	-
		33,287	26,413
	Provision For Doubtful Debts		
		33,287	26,413
	Non-Financial assets		
	Prepayments	20,956	13,275
	Treasury share receivable	301	301
		21,257	13,576
		54,544	39,988
	Maturity analysis		
	Current	33,287	26,413
	Non- current	21,257	13,576
		54,544	39,988
19	**Cash and cash equivalents**		
(a)	**Conventional**		
	Cash on hand	34	206
	Cash at bank	82,598	66,544
		82,633	66,750
	Time deposit	100,364	112,786
		182,996	179,536
	Maturity analysis		
	Current	82,633	66,750
	Non- current	100,364	112,786
		182,996	179,536
	Takaful		
(b)	**Non-Financial assets- Other receivable (Takaful)**		
	Prepayments	179	-
	Treasury share receivable	-	-
		179	
		179	
	Maturity analysis		
	Current	-	-
	Non- current	179	-
		179	
(c)	**Cash and cash equivalents (Takaful)**		
	Cash on hand	11	8
	Cash at bank	43,266	19,402
		43,277	19,410
	Time deposit		
		43,277	19,410
	Maturity analysis		
	Current	43,277	19,410
	Non- current	-	-
		43,277	19,410
	Total Cash on hand and cash at Bank	226,273	193,946
	Total Cash and Cash Equivalents	128,909 #	86,160
20	**Insurance contract liabilities (Conventional)**		
(a)	Outstanding claims	123,628	62,727
	Provision for unearned premium	97,524	80,796
	Other technical provision	26,700	21,639
	Total insurance liabilities, gross	247,852	165,163
	Maturity analysis		
	Current		
	Non- current	247,852	165,163
		247,852	165,163
(b)	**Insurance contract liabilities (Takaful)**		
	Outstanding claims	9,166	3,687
	Provision for unearned premium	14,663	
	Other technical provision	-	
	Total insurance liabilities, gross	23,829	3,687
	Total Insurance liabilities, gross (Note 20 a & b)	271,681	165,163
	Maturity analysis		
	Current	23,829	3,687
	Non- current	-	-
		23,829	3,687

The gross claims reported, the loss adjustment expenses liabilities and the liability for claims incurred but not reported are net of expected recoveries from salvage and subrogation. The amounts for salvage and subrogation at the end of years are not material.
Movements in insurance liabilities and reinsurance assets.
These provisions represent the liability for insurance contracts for which the company's obligations are not expired at year-end.

		30 June 2023 Birr'000	30 June 2022 Birr'000
21	**Creditors arising from reinsurance arrangements**		
(a)	Due to re-insurers (Conventional)	127,027	85,718
(b)	Due to re-insurers (Takaful)	9,113	4,367
	Total Due to Re-insurers	136,140	90,085

The carrying amounts disclosed above approximate fair value at the reporting date. All amounts payable on direct insurance business and assumed reinsurance business are payable within one year

		30 June 2023 Birr'000	30 June 2022 Birr'000
22 (a)	**Other payables (Conventional)**		
	Accruals	627	359
	Sundry payables	3,350	2,252
	Directors remuneration	93	93
	Dividend payable	118	500
	Leasehold land payable	14,194	14,570
	Commission	882	666
	Insurance fund agency	(1,965)	1,158
	Value added tax	1,014	9
	Withholding tax	(207)	449
	Income tax	244	541
	Provident fund	793	663
	Bonus accrual		-
	severance payable	1,251	1,008
	Annual leave payable	2,426	2,022
	Audit fee	115	138
		22,935	24,428
	Maturity analysis		
	Current	8,741	9,858
	Non- current	14,194	14,570
		22,935	24,428
(b)	**Other payables (Takaful)**		
	Sundry payables	4,509	4,498
	Comission Payable	534	
	Deferred wakala fee payable		
	Income tax payable	211	97
	Membership & subscription		-10
	Withholding tax	368	63
		5,621	4,648
	Total Other Payables	28,556	29,076
	Maturity analysis		
	Current	5,621	4,648
	Non- current	-	-
		5,621	4,648

	Currency: Ethiopian Birr	30 June 2023 Birr'000	30 June 2022 Birr'000
23 Defined benefit obligations			
Defined benefits liabilities:			
Severance pay (note 23a)		1,251	1,008
Liability in the statement of financial position		**1,251**	**1,008**
Loans and advances to customers			
Income statement charge included in personnel expenses:			
– Severance pay (note 23a)		(0)	0
Total defined benefit expenses		**(0)**	**-**
Remeasurements for:			
– Severance pay (note 23a)			286
		-	**286**

The income statement charge included within personnel expenses includes current service cost, interest cost, past service costs on the defined benefit schemes

	30 June 2023 Birr'000	30 June 2022 Birr'000
Maturity analysis		
Current	516	516
Non-Current	735	492
	1,251	1,008

23a Severance pay

The Company operates an unfunded severance pay plan for its employees who have served the Company for 5 years out is determined by reference to current benefit's level (monthly salary) and number of years in service and is calculated as one month salary for the first year in employment plus 1/3 of monthly salary for each subsequent in employment to a maximum of 12 months final monthly salary Below are the details of movements and amounts recognized in the financial statements:

	30 June 2023	30 June 2022
A Liability recognized in the financial position	1,251	1,008
B Amount recognized in the profit or loss		
Current service cost	620	620
Benefits paid	(755)	(753)
	(135)	(133)

Currency: Ethiopian Birr

	30 June 2023 Birr'000	30 June 2022 Birr'000
C Amount recognized in other comprehensive income:		
Remeasurement (gains)/losses arising from changes in demographic assumptions	-	-
Remeasurement (gains)/losses arising from changes in the financial assumptions		
Tax credit /(charge)		
	-	-

The movement in the defined benefit obligation over the years is as follows:

	30 June 2023	30 June 2022
At the beginning of the year	1,008	716
Current service cost	843	843
Interest cost	109	109
Remeasurement (gains)/ losses	87	87
Benefits paid	(748)	(748)
At the end of the year	1,299	1,008

The significant actuarial assumptions were as follows:

i) Financial Assumption Long term Average

	30 June 2023	30 June 2022
Discount Rate (p.a)	14.25%	14.25%
Future increase in salary(p.a)	12%	12%
Average Rate of Inflation (p.a)	20%	20%

ii) Mortality in Service

The rate of mortality assumed for employees are those according to the British A1949/52 ultimate table published by the Institute of Actuaries of England. These rates combined are approximately summarized as follows:

Age	Mortality rate Male	Mortality rate Female
	Jun-23	Jun-23
20	0.111	0.111
25	0.112	0.112
30	0.116	0.116
35	0.132	0.132
40	0.188	0.188
45	0.330	0.330
50	0.599	0.599
55	1.035	1.035
60	1.720	1.720

Tefasse, Shiferaw and Aydina
TMS Plus
Certified Audit Partnership

iii) Withdrawal from Service

Currency: Ethiopian Birr

The withdrawal rates are believed to be reasonably representative of the Ethiopian experience. The valuation assumed a rate of withdrawal of 12% at the youngest ages falling with increasing age to 1.8% at age 44. The sensitivity of the overall defined benefit liability to changes in the weighted principal assumption is:

		Impact on defined benefit obligation			
			30 June 2023	30 June 2022	
	Change in assumption	Impact of an increase	Impact of a decrease	Impact of an increase	Impact of a decrease
		Birr'000	Birr'000	Birr'000	Birr'000
Discount rate	0.143		1,008		1,008
Pension increase rate	0.070	-	-	-	-
Mortality experience	1 year				

The above sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the pension liability recognized within the statement of financial position.

		30 June 2023	30 June 2022
24a	**Ordinary share capital**	**Birr'000**	**Birr'000**
	Authorized		
	500,000 ordinary shares ordinary shares of Birr 500 each	250,000	250,000
	Issued and fully paid:		
	Ordinary shares of Birr 500 each	**242,156**	**204,104**

24b	**Share premium**	-	-

Share premium represents the excess of contributions received over the nominal value of shares issued.

		30 June 2023 Birr'000	30 June 2022 Birr'000
		Currency: Ethiopian Birr	
25	**Retained earnings**		
	At the beginning of the year	53,235	35,219
	Profit/ (loss) for the year	65,173	47,203
	Dividend declared and paid	(41,395)	(23,380)
	Transfer to Directors fee	(1,088)	(1,088)
	Transfer to regulatory risk reserve	(6,517)	(4,720)
	Prior year adjustments	-	-
	At the end of the year	69,408	53,235
26	**General reserve**		
	General reserve at the beginning of the year	-	
	Net gain on Available for sale financial assets	-	-
	At the end of the year	-	-

		30 June 2023 Birr'000	30 June 2022 Birr'000
27	Legal reserve		
	At the beginning of the year	27,798	23,078
	Transfer from retained earnings	6,517	4,720
	At the end of the year	34,316	27,798
28	**Cash generated from operating activities**		
(a)	**Conventional**		
	Profit before tax	83,464	55,103
	Interest income	(18,227)	(21,105)
	Adjustments for non- cash items:		
	Depreciation of property, plant and equipment	3,594	6,403
	Amortization of intangible assets	886	885
	Impairment on loans and advances to customers	-	-
	Retirement benefit obligations	(1,083)	(1,088)
	Movements in statement of financial position items:		
	Increase in receivable from reinsurance arrangements	(34,229)	(11,036)
	Decrease /(Increase) in Reinsurance share of technical reserves	(48,369)	(4,790)
	Increase (decrease) in Deferred acquisition costs	(1,876)	(827)
	Decrease /(Increase) in other receivables	(14,734)	1,063
	Decrease (increase) in other reserve	5,576	745
	Increase in insurance contracts	106,518	14,421
	Increase(decrease) in deferred commission income	814	229
	Increase in retirement benefit obligation		(3,287)
	Increase in creditor arising from reinsurance arrangement	46,056	24,836
	Increase in other payables	(520)	3,293
		127,866	58,259
	Proceeds on disposal	0	-
	Net book value of property, plant and equipment disposed	0	-
	Gain/(loss) on sale of property, plant and equipment	0	-
	Cash generated from operating activities		
(b)	**Takaful Insurance**		
	Surplus /deficit	1,930	
	wakala fee recived		4,930
	Gain from sale of fixed assets	-	-
	Adjustments for non- cash items:	-	-
	Depreciation of property, plant and equipment	-	-
	Amortization of intangible assets	-	-
	Impairment on loans and advances to customers	-	-
	Retirement benefit obligations	-	-
	Movements in statement of financial position items:		
	Increase in receivable from reinsurance arrangements		
	Decrease /(Increase) in Reinsurance share of technical reserves		
	Increase (decrease) in Deferred acquisition costs	-	-
	Decrease /(Increase) in other receivables	-	-
	Decrease (increase) in amount due from reinsurer	-	-
	Increase in insurance contracts		
	Increase(decrease) in deferred commission income		
	Increase in retirement benefit obligation	-	-
	Increase in creditor arising from reinsurance arrangement		
	Increase in other payables		
		1,930	4,930
		129,796	63,209.00

Tafesse, Shisema & Ayalew
TMS Plus
Certified Audit Partners

29 Related party transactions **Currency: Ethiopian Birr**

A number of transactions were entered into with related parties in the normal course of business. These are disclosed as follows:

Key management compensation

Key management has been determined to be the members of the Board of Directors and the Executive Management of the Company. The compensation paid or payable to key management for is shown. There were no sales or purchase of goods and services between the Company and key management personnel as at 30 June 2023

	30 June 2023 Birr'000	30 June 2022 Birr'000
Salaries and other short-term employee benefits		225
Post-employment benefits		
Representation allowance		
Other expenses		
	0	225

2 Top Ten company's Customer who paid majour premium to the pool

Cutomer Name	Premium Amount 30 June,2023
Kerchanshe Trading	9,540,000.00
Abdulwasi Alisho	1,300,000.00
FE Counstraction	780,000.00
Yitang Bus Co Ltd	770,000.00
Dario Morello Vitorin	628,656.00
Green Fields Plc	518,176.40
Pure Wood Pulp	600,000.00
Nigatu Yilma	536,292.00
TNT Construction Plc	490,179.12
Bekele Lepuse	470,000.00

30 Employees

i) The average number of persons (excluding directors) employed by the Company during the year was as follows:

	30 June 2023 Number	30 June 2022 Number
Permanent	192	183
Contract	4	5
Outsourced	39	30
	235	218

ii) The table below shows the number of employees (excluding directors), emoluments in the year and were within the bands stated.

	30 June 2023 Birr'000	30 June 2022 Birr'000
Birr		
Less 10,000	190	173
10,000 - 30,000	38	38
30,001 - 50,000	5	5
50,001 - 100,000	2	2
Above 100,000	-	-
	235	218

31 Contingent liabilities

The company has no commitments, not provided for in these financial statement as at the date of this report. (30 June 2023: nil ,).

TMS Plus
Tadesse, Shiferaw & Ayele
Certified Audit Partners

32 Commitments

The company has no commitments not provided for in these financial statement as at the date of this report. (30 June 2023: nil).

33 Operating lease commitments - Company as lessee

The Company leases various properties with -a cancellable operating lease agreements. The lease terms are below and within a year , and majority of these lease agreements are renewable at the end of each lease period at market rate.

The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	30 June 2023 Birr'000	30 June 2022 Birr'000
No later than 1 year	-	-
Later than 1 year and no later than 2 years	-	-
Later than 2 years but not later than 5 years	-	-
Total	-	-

35 Events after reporting period

In the opinion of the Directors, there were no significant post balance sheet events which could have a material effect on the state of affairs of the Company as at 30 June 2023 and on the profit for the period ended on that date, which have not been adequately provided for or disclosed.

Tafesse, Shisema & Ayalew
TMS Plus
Certified Audit Partnership

Head Office

Addis Ababa, Ethiopia

Tel:- +251 111 565850 / 53
Fax:- +251 111 566200
P.O.Box: 180112
E-mail: globalinsu@ethionet.et
Website: www.globalinsurancesc.com
Addis Ababa, Ethiopia
Gobena Aba Tigu Street (Somale Tera)
Head Office Building

OFFICES	TELEPHONE	FAX	P.O. BOX
Office of Board of Directors	0111263780	0111566200	180112
Office of the Chief Executive Officer	0111567400	0111566200	
Deputy Chief Executive Office	0111113667	0111566200	
Operation Director	0111263716	0111566200	
Underwriting & Business Development Department	0111565852 0111 263985	0111263706	
Finance & Investment department	0111565855	0111566200	
Claims Management Department	0111565851 0111580577	0111562334	
HRD & Property Management Department	0111565854	0111566200	
Re-Insurance Division	0111 263985	0111566200	
Engineering Service	0111 263385	0111 562334	
Audit and Inspection Service	0111263651	0111566200	
Legal Service	0111569575	0111566200	
IT Department	0111263597	0111566200	
Recovery Yard	0114717305	0111562334	

Branch Addresses

ቁጥር No	ቅርንጫፍ Branch	ከተማ-ሕንጻ City-Building	ስልክ ቁጥር Tel. No	ፋክስ Fax	ፖ.ሳ.ቁ P.O.Box
1	አብይ ቅርንጫፍ Main branch	አዲስ አበባ-ግሎባል ኢንሹራንስ ሕንጻ Addis Abeba-Global Insurance Bldg	0111565856	0111558511	180112
2	ተ/ሃይማኖት ቅርንጫፍ T/Haymanot branch	አዲስ አበባ-ጋራድ ሕንጻ Addis Ababa-Garad Bldg	0111560483	0111579129	180112
3	አራዳ ቅርንጫፍ Arada Branch	አዲስ አበባ-ሐሮን ሕንጻ Addis Ababa-Haron Bldg	0111263733	0111578500	180112
4	ቦሌ ቅርንጫፍ Bole Branch	አዲስ አበባ-ሳቢት ሕንጻ Addis Ababa -Sabit Bldg	0115158498	0115533308	180112
5	ንፋስ ስልክ ቅርንጫፍ Nifas Silk Branch	አዲስ አበባ-ካዲስኮ ሕንጻ Addis Ababa-Kadisco Bldg	0114407164	0114403922	180112
6	የረር በር ቅርንጫፍ Yerer Ber Branch	አዲስ አበባ-ኤንጀልስ ሐውስ ሕንጻ Addis Ababa-Angel house Bldg	0116450407	0116479509	18012
7	ሜክሲኮ ቅርንጫፍ Mexico Branch	አዲስ አበባ-ሳጅዳ ቢዝነስ ሴንተር Addis Ababa-Sajeda Bldg	0115576151	0112276137	180112
8	መርካቶ ቅርንጫፍ Merkato Branch	አዲስ አበባ-ጣና ሕንፃ Addis Ababa-Tana Bldg	0112311116	0112311077	180112
9	ቄራ ቅርንጫፍ Kera Branch	አዲስ አበባ-ዲታሞ ሕንፃ Addis Ababa-Detamo Bldg	0114705125	0114703987	180112
10	ምስራቅ አዲስ አበባ አካባቢ ቅርንጫፍ Eastern Addis Area Branch	አዲስ አበባ-ዘፍመሽ ሞል Addis Ababa-Zefmesh Moll	0116686728	0116687146	180112
11	ደቡብ አዲስ አበባ አካባቢ ቅርንጫፍ Southern Addis Area Branch	አዲስ አበባ-ካፍደም ሕንጻ Addis Ababa-Kafdem Bldg	0114716851	0114716884	180112
12	ማዕከላዊ አዲስ አበባ አካባቢ ቅርንጫፍ Central Addis Area Branch	አዲስ አበባ የሃ ሕንጻ Addis Ababa-Yeha Bldg	0115582693	0115582694	180112
13	ጉለሌ ቅርንጫፍ Gulele Branch	አዲስ አበባ-ሲዩም ሕንጻ Addis Ababa-Siyum Bldg	0111265895	0111265215	180112
14	አዳማ ቅርንጫፍ Adama Branch	አዳማ ኤ. ቢ. ሕንጻ Adama AB Bldg	0221126050	0221123900	2797
15	ሐረር ቅርንጫፍ Harar branch	ሐረር-አው ሀኪም ሕንጻ Harar-AW hakim bldg.	0256663600	0256661565	76
16	ድሬደዋ ቅርንጫፍ Dire Dawa Branch	ድሬዳዋ-ጋራድ ሕንጻ Dira Dawa-Garad Bldg	0251115550	021115551	2722
17	ሐዋሳ ቅርንጫፍ Hawassa Branch	ሐዋሳ-አሊያንስ ማርኬት ሴንተር Hawassa-Alliance Market Center	0462204030	0462208900	1414
18	ጅግጅጋ ቅርንጫፍ Jigjiga Branch	ጅግጅጋ-ራባን ሕንጻ Jigjiga-Raban Bldg	0257554440	0257753246	1050
19	ባህር ዳር ቅርንጫፍ Bahir Dar Branch	ባህር ዳር-ሀይፐር ሲኒማ ጉን Bahir Dar-Hayper Cinema	0582264252	0582264227	1200
20	መቐለ ቅርንጫፍ Mekele Branch	መቐለ አቢሲንያ ባንክ ጅምሩክ ፊት ለፊት Mekele-informt of Abysinia Bank (Jemeruk)	0342415390	0342415316	301
21	ደሴ ቅርንጫፍ Desse Branch	ሰለሞን ሕንፃ Solomon Bldg	0333118163	0333113571	293
22	ዱራሜ አገናኝ ቢሮ Durame Contact office		0465540038	0465540071	

Serving You is
our professional pride!

AHLI TAKAFUL

ግሎባል ኢንሹራንስ ኩባንያ (አ.ማ.)

GLOBAL INSURANCE COMPANY (S.C.)