

ETHIOPIA AGRICULTURAL BUSINESS CORPORATION

CONSOLIDATED FINANCIAL STATEMENTS AND AUDIT REPORT — 07 JULY 2018

ታፌሰ ሼሲማ እና አያሌው የኦዲት አገልግሎት
የህብረት ሽርክና ማህበር
የተመሰከረላቸው ሂሳብ አዋቂዎች (ዩኤ)
የተፈቀደላቸው ኦዲተሮች (ኢትዮጵያ)
ስ.ቁ. 0116180638/ 0118961751/52
ፋክስ 011 6621260/70
ፓ.ሳ.ቁ. 110690
አዲስ አበባ ኢትዮጵያ

Tafesse, Shisema and Ayalew
Certified Audit Partnership
Chartered Certified Accountant (UK)
Authorized Auditors (Ethiopia)
Tel. 0118961752 Fax 011 662 1260/70
Mob. 0911229425/0930034356/57
P.O. Box – 110690 e-mail tmsplus@ethionet.et
Addis Ababa-Ethiopia

**INDEPENDENT AUDITOR'S REPORT ON THE ACCOUNTS OF
ETHIOPIAN AGRICULTURAL BUSINESS CORPORATION*****Qualified Opinion***

We have audited the financial statements of Ethiopian Agricultural Business Corporation - set out on pages 3-62, which comprise the statement of financial position as at 07 July 2018, the profit and loss statement and other comprehensive income, statements 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 specified on pages 8-27.

In our opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 07 July 2018, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Basis for Qualified Opinion

1. We noted that inter branch account of Birr 221,720,539 was not eliminated on consolidation.
2. We noted that trade debtors and other receivable and creditors with debit balance amounting to 147,064,782.33 are long outstanding for more than a year.
3. We noted that trade and other payable, debtors with credit balances of Birr 74,497,087.81 are long outstanding for more than a year.

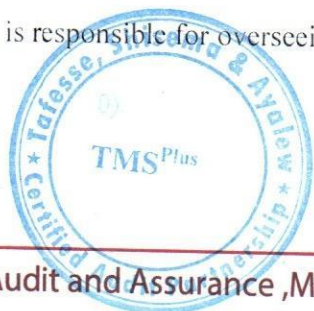
We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Management is responsible for overseeing the Company's financial reporting process.



Auditor's Responsibilities for the Audit of the Financial Statements

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

Taf, Shisema & Ayalew

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



Addis Ababa
16 April 2019

ETHIOPIAN AGRICULTURAL BUSINESS CORPORATION
STATEMENT OF FINANCIAL POSITION
AS AT 07 JULY 2018

Currency: Ethiopian Birr

ASSETS	Notes		2017	2016
<i>Non-current assets</i>				
Property, plant and equipment	5	1,045,567,490	1,156,595,542	1,305,972,143
Intangible Assets	6	1,035,000	-	-
Long Term Investment	7	1,068,901	1,147,993	1,144,693
Deferred tax asset	19,d	-	4,320,546	-
		1,047,671,391	1,162,064,081	1,307,116,836
<i>Current assets</i>				
Stock and GIT	8	2,845,409,547	2,651,412,009	2,743,022,436
Future Crops		6,391,278	10,800,636	8,856,529
Trade and other receivables	9	1,766,940,987	933,376,714	1,340,638,543
Cash and cash equivalents	10	1,033,646,454	330,265,612	256,055,416
		5,652,388,265	3,925,854,970	4,348,572,924
TOTAL ASSETS		6,700,059,656	5,087,919,051	5,655,689,761
EQUITY & LIABILITIES				
<i>Equity</i>				
Paid up Capital	20	610,000,000	610,000,000	610,000,000
Retained earnings	21	1,726,490,861	1,511,722,357	1,542,955,065
Legal Reserve		6,844,478	3,393,503	3,322,614
		2,343,335,339	2,125,115,860	2,156,277,680
<i>Liabilities</i>				
<i>Non-current liabilities</i>				
Long term loan	18	277,681,605	261,395,765	221,005,296
Employee benefit obligations	15	4,475,170	4,127,046	4,004,993
Deferred tax liability	19	646,509	-	406,540
		282,803,284	265,522,811	225,416,829
<i>Current liabilities</i>				
Trade and Other payables	11	3,661,276,558	2,445,893,592	2,988,323,290
Inter branch and head office accounts	12	221,720,539	80,385,963	84,797,573
Employee benefit obligations	14	24,681,512	24,248,776	7,311,837
Provisions	13	8,133,249	8,133,249	18,814,700
Deferred income	16	1,890,394	4,955,641	61,629,411
Overdraft facility	17	-	-	1,452,217
Provision for tax	19,e	156,218,779	127,675,983	105,679,050
Loans repayable within 12 months		-	5,987,176	5,987,176
		4,073,921,031	2,697,280,379	3,273,995,254
Total Liabilities		4,356,724,314	2,962,803,190	3,499,412,082
TOTAL EQUITY & LIABILITIES		6,700,059,656	5,087,919,051	5,655,689,761



ETHIOPIAN AGRICULTURAL BUSINESS CORPORATION
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 7 JULY 2018

Currency: Ethiopian Birr

	Notes		<u>2017</u>
Operating Revenues	22	15,109,229,849	10,076,836,297
Cost of sales	24	(14,740,929,485)	(9,803,792,716)
Gross Operating Profit		368,300,364	273,043,581
Other Income	23	31,709,450	24,070,861
		400,009,814	297,114,443
Expenses			
Selling and Distribution Expense:	25	58,539,003	40,943,191
General Administration Expenses	26	178,336,444	189,674,200
		236,875,447	230,617,391
Operating profit		163,134,367	66,497,051
Finance Charges	27	13,253,425	20,940,760
Finance income		(3,300)	(3,300)
Finance-net		13,250,125	20,937,460
Profit Before Tax		149,884,243	45,559,591
Provision for tax	19,c	(80,864,745)	(44,141,813)
Profit (loss) for the year		69,019,498	1,417,778
Other Comprehensive Income			
Profit (loss) for the year		69,019,498	1,417,778
Revaluation of property, plant and equipment		-	-
Remeasurement gain/(loss) on retirement benefits obligations	15d	(110,252)	(135,338)
Deferred tax (liability)/asset on remeasurement gain or loss	15d	33,076	40,602
Other comprehensive income, net of tax	15d	(77,176)	(94,737)
Total comprehensive income		68,942,321	1,323,041

