

ETHIOPIA AGRICULTURAL BUSINESS CORPORATION

CONSOLIDATED FINANCIAL STATEMENTS AND AUDIT REPORT 07 JULY 2019

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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 3-43, which comprise the statement of financial position as at 07 July 2019, 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 7-27.

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 2019, 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 is showing a balance of Birr 316,546,258 which has not been eliminated on consolidation.
2. We noted that trade debtors and other receivables and creditors with debit balances amounting to 57,324,029 are long outstanding for more than a year.
3. We noted that trade and other payables, and debtors with credit balances of Birr 43,093,400 are long outstanding for more than a year.
4. The trade debtors and other receivables balance includes Birr 1,592,000,819 with a total of abnormal balances (credit balances).
5. The trade and other payables balance include abnormal balance (Debit balances) amounting to Birr 957,415,384.
6. There are cash on hand and cash at bank accounts showing abnormal (credit balances) amounting to Birr 3,820,057.62 and Birr 9,324,877.96 respectively.

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.

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



Addis Ababa
06 July 2020

ETHIOPIA AGRICULTURAL BUSINESSES CORPORATION
STATEMENT OF FINANCIAL POSITION
AS AT 07 JULY 2019

Currency: Ethiopian Birr

ASSETS	Notes	<u>2019</u>	<u>2018</u>
<i>Non-current assets</i>			
Property, plant and equipment	5	945,571,110	1,045,567,490
Intangible Assets	6	4,948,043	1,035,000
Long Term Investment	7	60,000	1,068,901
Deferred tax asset	24d	11,715,651	-
		962,294,805	1,047,671,391
<i>Current assets</i>			
Non-Current Assets Held For Sell	8	26,800,180	-
Stock and GIT	9	2,217,994,533	2,845,409,547
Future Crops	10	4,738,314	6,391,278
Trade and other receivables	11	1,951,397,018	1,766,940,986
Cash and cash equivalents	12	477,960,427	1,033,646,454
		4,678,890,472	5,652,388,264
TOTAL ASSETS		5,641,185,277	6,700,059,655
EQUITY & LIABILITIES			
<i>Equity</i>			
Paid up Capital	13	610,000,000	610,000,000
Legal Reserve	14	9,577,857	6,844,478
Retained earnings	15	1,770,278,655	1,726,490,860
		2,389,856,511	2,343,335,338
<i>Liabilities</i>			
<i>Non-current liabilities</i>			
Long term loan	16	262,871,655	277,681,605
Employee benefit obligations	17b	5,118,464	4,475,170
Deferred tax liability	24d	-	646,509
		267,990,119	282,803,283
<i>Current liabilities</i>			
Trade and Other payables	18	3,115,207,519	3,661,276,559
Inter branch and head office accounts	19	(316,546,258)	221,720,539
Employee benefit obligations	20	37,485,547	24,681,512
Provisions for contingent Liability	21	34,780,451	8,133,249
Deferred Income	22	-	1,890,394
Provision for tax	24e	112,411,386	156,218,779
		2,983,338,645	4,073,921,032
Total Liabilities		3,251,328,764	4,356,724,316
TOTAL EQUITY & LIABILITIES		5,641,185,277	6,700,059,655



ETHIOPIA AGRICULTURAL BUSINESSES CORPORATION
 STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
 FOR THE YEAR ENDED 7 JULY 2019

Currency: Ethiopian Birr

	Notes	2019	2018
Operating Revenues	25	2,348,145,478	15,109,229,850
Cost of sales	27	(1,937,082,520)	(14,740,929,485)
Gross Operating Profit		411,062,957	368,300,365
Other Income	26	92,036,832	31,709,450
		503,099,789	400,009,815
Expenses			
Selling and Distribution Expense:	28	(87,161,986)	58,539,003
General Administration Expenses	29	(269,719,486)	178,336,444
		(356,881,472)	236,875,447
Operating profit		146,218,318	163,134,368
Finance Cost-net	30	(26,242,396)	13,250,125
Profit Before Tax		119,975,922	149,884,243
Provision for tax	24c	(65,308,348)	(80,864,746)
Profit for the year		54,667,574	69,019,497
Other Comprehensive Income:			
Profit for the year		54,667,574	69,019,497
Revaluation of property, plant and equipment		-	-
Remeasurement gain/(loss) on retirement benefits obligations	17d	(96,178)	(110,252)
Deferred tax (liability)/asset on remeasurement gain or loss	17d	28,853	33,076
Other comprehensive income, net of tax	17d	(67,324)	(77,176)
Total comprehensive income		54,600,250	68,942,321

