

*ETHIOPIAN AGRICULTURAL BUSINESS
CORPORATION*

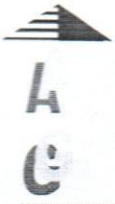
*AUDIT REPORT AND ACCOUNTS
FOR THE YEAR ENDED JULY 07, 2020*

Dr. Aderaw Gashayie /PhD /

Certified auditor, Business and management Consultant



March 30, 2021



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Aderaw Gashayie Authorized Auditor, Business and Management Consulting Firm

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Ref.No

ቀን፡30/03/2021

Date

To: THE BOARD OF ETHIOPIAN AGRICULTURAL BUSINESS CORPORATION

Addis Ababa

Subject: Accounts and Audit Report

As per our agreement we have audited the financial statements your company for the financial year ended on 07 July 2020.

Here 43 page audit result is attached with this cover letter.



With regards,

Dr. Aderaw Gashayie /PhD/

Certified auditor, Business and management Consultant

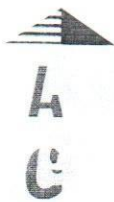
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INDEPENDENT AUDITOR'S REPORT

We have audited the accompanying financial statements of **Ethiopian Agricultural Businesses Corporation** (hereinafter referred to as the **Corporation**) which comprise Statement of financial position as of the period ended on 07 July 2020 and statement of profit or loss and other comprehensive income, changes in equity and cash flow statements for the periods then ended set out on pages 1 to 41, which have been prepared under the accounting policies set out on pages 9 and 25.

Managements' Responsibility for the financial statements

The Managements of the company are responsible for the preparation and fair presentation of these financial statements in accordance with the International Financial Reporting Standards and the laws and regulations of Ethiopia. This responsibility includes: designing, implementation and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstanced.

Auditors Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with international standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements,

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whether due to fraud or error. In making those risk assessments; we considered internal control relevant to the preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the organization's internal control. The audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

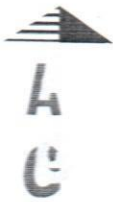
Basis for Qualified Audit Opinion

During our audit the following circumstances were found:

1. We noted that inter branch account is showing a balance of Birr 62,448,031 which has not been eliminated on consolidation.
2. We noted that trade debtors and other receivables and creditors with debit balances amounting to 1,065,375.25 are long outstanding for more than a year.
3. We noted that trade and other payables, and debtors with credit balances of Birr 2,857,936.25 are long outstanding for more than a year.
4. We noted that stock of Items of Birr 3,645,176.41 is long outstanding for more than a year.
5. The trade debtors and other receivables balance include Birr 20,246,622.75 with a total of abnormal balances (credit balances).
6. The trade and other payables balance include abnormal balance (Debit balances) amounting to Birr 19,431,759.25
7. Abnormal cash balance (credit balances) amounting to Birr 252,170.21 was observed.



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Except for Audit Opinion

In our opinion, except mentioned findings from 1 to 7 above, the financial statements represent fairly, in all material respects, the financial position of the company as of the period ended on 07 Jul 2020 and its income statements for the period then ended in accordance with International Financial Reporting Standards.

Aderaw Gashayie | PhD |

Certified auditor, Business and management Consultant

Bahir Dar

March 30, 2021



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ETHIOPIA AGRICULTURAL BUSINESSES CORPORATION
STATEMENT OF FINANCIAL POSITION
AS AT 07 JULY 2020

Currency: Ethiopian Birr

		2020	2019
ASSETS			
<i>Non-current assets</i>			
Property, plant and equipment	5	918,881,113.79	945,571,110.00
Intangible Assets	6	4,803,673.41	4,948,043.00
Long Term Investment	7	60,000.00	60,000.00
Deferred tax asset	24d	12,901,024.36	11,715,651.00
		936,645,811.55	962,294,804.00
<i>Current assets</i>			
Non-Current Assets Held For Sell	8	26,783,940.50	26,800,180.05
Stock and GIT	9	2,712,367,819.15	2,217,994,533.45
Future Crops	10	7,945,792.85	4,738,314.00
Trade and other receivables	11	2,238,233,254.26	1,951,397,017.17
Cash and cash equivalents	12	1,547,400,552.16	477,960,427.00
		6,532,731,358.92	4,678,890,472
TOTAL ASSETS		7,469,377,170.47	5,641,185,277
EQUITY & LIABILITIES			
<i>Equity</i>			
Paid up Capital	13	2,440,000,000.00	610,000,000.00
Legal Reserve	14	14,558,544.52	9,577,857.00
Retained earnings	15	78,438,527.68	1,770,278,655.73
		2,532,997,072.19	2,389,856,513
<i>Liabilities</i>			
<i>Non-current liabilities</i>			
Long term loan	16	262,871,654.62	262,871,655.00
Employee benefit obligations	17b	6,111,205.86	5,118,464.00
Deferred tax liability	24d	-	-
		268,982,860.48	267,990,119
<i>Current liabilities</i>			
Trade and Other payables	18	4,602,406,613.88	3,115,207,518.52
Inter branch and head office accounts	19	(62,448,030.59)	(316,546,257.64)
Employee benefit obligations	20	40,689,465.16	37,485,547.48
Provisions for contingent Liability	21	38,133,249.00	34,780,450.87
Deferred income	22	-	-
Overdraft facility	23	-	-
Provision for tax	24e	48,615,940.35	112,411,386.15
Loans repayable within 12 months		-	-
		4,667,397,237.81	2,983,338,645
Total Liabilities		4,936,380,098.28	3,251,328,764
TOTAL EQUITY & LIABILITIES		7,469,377,170.47	5,641,185,277



ETHIOPIAN AGRICULTURAL BUSINESSES CORPORATION
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 7 JULY 2020

Currency: Ethiopian Birr

	Notes	2020	2019
Operating Revenues	25	2,758,074,289	2,348,145,477
Cost of sales	27	(2,460,160,399)	(1,937,082,520)
Gross Operating Profit		297,913,890	411,062,957
Other Income	26	124,383,989	92,036,832
		422,297,879	503,099,789
Expenses			
Selling and Distribution Expense:	28	(81,061,468)	(87,161,986)
General Administration Expenses	29	(178,183,461)	(269,719,486)
		(259,244,929)	(356,881,472)
Operating profit		163,052,950	146,218,318
Finance Cost-net	30	(1,281,486)	(26,242,396)
Profit Before Tax		161,771,464	119,975,922
Provision for tax	24c	(62,157,714)	(65,308,348)
Profit (loss) for the year		99,613,750	54,667,574
Other Comprehensive Income:			
Profit (loss) for the year		99,613,750	54,667,574
Revaluation of property, plant and equipment		-	-
Remeasurement gain/(loss) on retirement benefits obligations	17d	(515,030)	(96,178)
Deferred tax (liability)/asset on remeasurement gain or loss	17d	154,509	28,853
Other comprehensive income, net of tax	17d	(360,521)	(67,325)
Total comprehensive income		99,253,229	54,600,250

