

Ethiopian Mineral, Petroleum & Bio-Fuel Corporation



Auditor's Report & Consolidated Financial Statements

For the Year Ending July 7 , 2023

Tolessa Beyene Certified Audit Firm

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Ethiopian Minerals, Petroleum and Biofuel Corporation

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For the year ended July, 2023

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Ethiopian Minerals, Petroleum and Biofuel Corporation
Statement of management's responsibilities
For the Year Ending July7, 2023

These financial statements are prepared in accordance with Financial Reporting Proclamation No. 847/2014

- a) exhibit clearly and correctly the state of its affairs;
- b) explain its transactions and financial position; and
- c) enable regulatory bodies such as AABE and Ethiopian Revenue and Customes Authority (ERCA) to determine whether the company had complied with the required reporting financial reporting framework and the relevant tax proclamations and regulations and directives issued for the implementation.

The corporation's management 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.

The management is of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the corporation.

The management further accepts 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 management 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 management by:

General Manager



Finance Director



Tolessa Beyene Certified Audit Firm

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INDEPENDENT AUDITOR'S REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS OF ETHIOPIAN MINERAL, PETROLEUM AND BIOFUEL CORPORATION

Qualified Opinion

We have audited the accompanying consolidated financial statements of **Ethiopian Mineral, Petroleum and Biofuel Corporation** set out on pages 9 to 37, which comprise the Consolidated Statement of Financial Position as at 7 July 2023, and the Consolidated Statement of Profit and Loss and Other Comprehensive Income, Consolidated Statement of Changes in Equity, and Consolidated 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, except for the effect of the matters discussed in the Basis for Qualified Opinion section of our report, the accompanying consolidated financial statements give a true and fair view, in all material respects, the financial position of the Corporation as at 7 July 2023, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Qualified opinion

1. We could not satisfy ourselves as to the existence of inventory balance as of the balance sheet date due to our late appointment as an auditor of the corporation and we did not attend yearend inventory count.
2. Included in inventory items is Goods in Transit with a balance of Br. 11,533,771.13 which has been long outstanding over years. Hence the existence of the stated Goods in Transit balance is unverifiable.
3. We noted long outstanding loan balance of Br. 46,020,575 which has been outstanding over years and we were unable to verify the actual existence of the stated loan balance as of the balance sheet date.
4. Included in trade and other payable is Br. 44,747,538.88 representing receivables with credit balance which has been long outstanding.
5. There is significant variation between the balances of paid up capital stated in the statement of financial position and the paid up capital stated in the establishment document, Regulation No.462/2020. The paid up capital stated in the Regulation is Br 4.175billion while the paid up capital balance stated in the statement of financial position is Br.462.76 million.



Independent Auditor's Report (Continued)

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 Corporation in accordance with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (IESBA Code), together with the ethical requirements that are relevant to our audit of the financial statements in Ethiopia, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

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

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

Those charged with governance are responsible for overseeing the Corporation's financial reporting process.

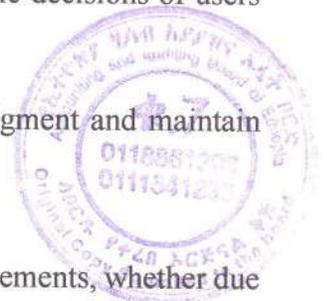
Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statement as a whole is 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain



audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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 Corporation’s internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made.
- Conclude on the appropriateness of the management’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Corporation’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Corporation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the Corporation to express an opinion on the financial statements. We remain solely responsible for our audit opinion

Other Matter

The consolidated financial statements include the report of a subsidiary” Afar Salt Production Share Company which was audited by another auditor” ERSODA Audit Service LLP.

We communicate with management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

The engagement partner on the audit resulting in this independent auditor’s report is Tolessa Beyene (M.Sc., FCCA).

Tolessa Beyene
Certified Audit Firm
Addis Ababa, Ethiopia
26th August 2024



Ethiopian Minerals, Petroleum and Biofuel Corporation
Consolidated Statement of profit or loss and other comprehensive income
For the Year Ending July7, 2023

Figures in Birr	Notes	July 07,2023	July 07,2022
Revenue	14	44,190,610	6,962,239
Less: Cost of Goods Sold	16 A	(46,652,665)	(13,252,603)
Gross profit		(2,462,055)	(6,290,364)
Other income	15	32,834,629	2,968,893
(Impairment loss)/Recovery on receiv	8.1	(1,111,535)	(982,749)
General and Administrative expenses	17	(122,963,695)	(57,424,653)
Selling and Distribution Expenses	19	(314,114)	(210,427)
Total Operating Expenses		(124,389,344)	(58,617,829)
Operating profit/(loss)		(94,016,770)	(61,939,300)
Finance costs	21	(217,603)	(13,041)
Profit before taxation		(94,234,374)	(61,952,340)
Taxation Income (Expense)	22.2	10,362,779	10,919,406
Profit (Loss) for the year		(83,871,594)	(51,032,935)
Other Comprehensive Income		-	-
Total Comprehensive Income		(83,871,594)	(51,032,935)
Total Comprehensive Income/Profit or loss for the period is attributable to:			
Owner - Ethiopian Mineral, Petroleum & Biofuel Corporation (75.43%)		(79,368,449)	(49,453,382)
Non-controlling Interest (24.57%)		(4,503,144)	(1,579,823)

The notes on pages 9 to 37 are an integral part of these financial statements.



Ethiopian Minerals, Petroleum and Biofuel Corporation
Consolidated Statement of Financial Position
As At 7 July, 2023

Figures in Birr	Notes	July 07,2023	July07,2022
ASSETS			
Non-current assets			
Property, Plant and Equipment (Net)	3	297,399,787	346,359,960
Land Use Right (freehold land)	4	647,049,731	647,049,731
Intangible Assets	5	24,169	72,501
Investments	7	1,180,150	1,180,150
Non-current assets		945,653,838	994,662,342
Current assets			
Non-current Assets Held for Sale	6	7,387,302	10,793,812
Inventories	9	170,794,921	177,116,587
Trade and Other Receivables	8.1b	69,334,894	62,526,067
Cash and Cash Equivalents	8.1a	65,167,078	106,102,147
Current assets		312,684,195	356,538,613
Total assets		1,258,338,032	1,351,200,956
Shareholders' Equity and Liabilities:			
Shareholders' Equity:			
Paid up capital	10.1	462,767,851	462,767,851
Legal reserve	10.3	10,293,099	10,293,099
IFRS Adoption Remeasurement Reserve	10.2	645,148,512	673,882,791
Non-controlling interest		33,591,659	38,069,369
Retained Earnings	10.2	(550,741,988)	(496,392,400)
Total Stockholders' Equity		601,059,134	688,620,710
Liabilities			
Non-current liabilities			
Loan from Ministry of Finance	8.2b	227,969,923	227,969,923
Deferred Tax Liabilities	20.1	214,906,093	225,268,872
Employee Benefits payable	11	5,633,142	5,500,899
Total Non-current liabilities		448,509,158	458,739,694
Current liabilities			
Trade & Other Payables	8.2c	118,457,705	109,415,394
Bank Loan	8.2a	46,020,575	46,020,575
Employee Benefits payable	11	5,166,356	2,850,243
Current Tax Liabilities	22.4	39,125,103	45,554,340
Total Current Liabilities		208,769,740	203,840,552
Total liabilities		657,278,898	662,580,246
Total Shareholders' Equity and liabilities		1,258,338,032	1,351,200,956

The notes on pages 9 to 37 are an integral part of these financial statements.



Ethiopian Minerals, Petroleum and Biofuel Corporation
Consolidated Statement of changes in Equity
For the Year Ending July7, 2023

Figures in Birr		Notes	Paid up	Retained earnings	Legal reserve	IFRS Adoption Remeasurement Reserve	Non-controlling Interest	Total
As at 1 January,2022	10	462,767,852	(468,354,138)	10,293,099	698,601,244	40,313,031	743,621,088	
Profit for the year		-	(49,453,382)	-	-	(1,579,823)	(51,033,205)	
Prior Period Adjustment		-	(3,303,333)	-	-	(663,839)	(3,967,172)	
Transfer from IFRS Adoption Remeasurement Reserve		-	24,718,453	-	(24,718,453)	-	-	
As at 7 July 2022		462,767,852	(496,392,400)	10,293,099	673,882,791	38,069,369	688,620,711	
As at 8 July 2022		462,767,852	(496,392,400)	10,293,099	673,882,791	38,069,369	688,620,711	
Profit for the year		-	(79,368,449)	-	-	(4,503,144)	(83,871,593)	
Transfer from IFRS Adoption Remeasurement Reserve		-	28,734,279	-	(28,734,279)	-	-	
Prior Period Adjustment		-	(3,715,417)	-	-	25,434.37	(3,689,983)	
As at 7 July 2023		462,767,852	(550,741,988)	10,293,099	645,148,512	33,591,659	601,059,135	



The notes on pages 9 to 37 are an integral part of these financial statements.



Ethiopian Minerals, Petroleum and Biofuel Corporation
Consolidated Statement of cash flows
For the Year Ending 7 July 2023

Figures in Birr	Notes	July 07,2023	July07,2022
Cash flows from operating activities			
Profit before tax		(94,234,374)	(61,952,611)
Adjustments:			
Depreciation	3	55,758,445	29,697,182
Amortization	5	16,000	24,166
Gain on disposal	15	(7,782,778)	-
Foreign exchange gain	15	(980,714)	-
Impairment Loss		1,111,534	982,749
Prior year Adjustment		(3,689,976)	(3,963,260)
Profit tax written off		384,684	-
(Increase)/Decrease in inventories		4,868,616	(8,361,895)
(Increase)/Decrease in Trade and other receivables		(7,920,361)	(928,124)
Increase/ (Decrease) in trade & other payables		9,042,311	(448,381)
Increase /(Decrease) in Employee Benefits payable		2,448,357	(680,506)
Increase/ (Decrease) in current tax liabilities		(6,429,236)	2,661,604
2% income tax withheld at source	20.4	(2,145,048)	244,937
Net cash generated from operating activities		(49,552,539)	(42,724,139)
Cash flows from investing activities			
Cash from Disposal of PPE	15	8,692,805	-
Purchase of property, plant and equipment		(75,334)	(200,020)
Net cash utilized by investing activities		8,617,471	(200,020)
Cash flows from financing activities			
Loan from MOF		-	50,000,000
Net cash out flow from financing activities		-	50,000,000
Net change in cash and cash equivalents		(40,935,069)	7,075,841
Cash and cash equivalents at the beginning of the year		106,102,147	99,026,306
Net Cash and cash equivalents at the end of the year		65,167,078	106,102,147
Represented by			
Cash and cash equivalents at the end of the year		65,167,078	106,102,147
Less: Bank Overdraft			
Net Cash and cash equivalents at the end of the year		65,167,078	106,102,147

The notes on pages 9 to 37 are an integral part of these financial statements.



Ethiopian Minerals, Petroleum and Biofuel Corporation
Notes to the consolidated financial statements
For the Year Ending July 07,2023

1 Corporation information

The Ethiopian Mineral, Petroleum, and Biofuel Corporation (EMPBC) was re-established by council of Ministers Regulation No. 462/2020 on February 11, 2020. It was re-established with an authorized capital of Br 16.7 billion and from paid up capital of 4.175 billion stated in the regulation only Br 462.8 million has been paid.

The primary objective of the corporation is to explore, develop and exploit proven mineral resources, petroleum and Bio-fuel in its own or in association with others as appropriate. The corporation is also engaged in the provision of services including consultancy, drilling, laboratory, data acquisition, processing and interpretation, feasibility study and training in the field of mining, petroleum and bio-fuel operations.

The head office of the corporation is located in Addis Ababa where as it has mineral extraction and production sites at Kenticha and BuanbuaWeha in Oromia Regional state and office in Dire dewa and Shakiso.

2 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.

2.1 New standards and interpretations

At the date of authorization of these financial statements, several new, but not yet effective, Standards and amendments to existing Standards, and Interpretations have been published by the IASB.

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the corporation's financial statements are disclosed below. These standards, amended standards and interpretations are not expected to have a material impact on the financial statements in future reporting periods, due to the nature of the corporation's business.

Details of amendment	Annual periods beginning on or after
IFRS 17 Insurance contracts	1 January 2023
IAS1 Amendments to change the disclosure requirements with respect to accounting policies from 'significant accounting policies' to 'material accounting policy information'	1 January 2023
IAS 8 amendment to definition of Accounting Estimates	1 January 2023
IAS 12: amendment to deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023



2.2 Basis of preparation

The consolidated financial statements of Ethiopian Mineral ,Petroleum and Biofuel Corporation has 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. They have been prepared under the assumption that the Corporation operates on a going concern basis.

The financial statements for the year ended 7 July 2023 (including comparatives) were approved and authorized for issue by the management.

The corporation's financial statements have been prepared on an accrual basis and measured using cost model except, property, plant and equipment and right of use of land (whose fair value was used as deemed cost on transition date).

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 corporation'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 corporation'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 2.20.

2.3 Going concern

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

2.4 Current versus non-current classification

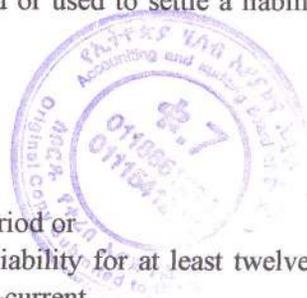
The Corporation presents assets and liabilities in the statement of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realized or intended to be sold or consumed in the normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realized within twelve months after the reporting period or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period. All other liabilities are classified as non-current.



2.5 Foreign currency translation

a) Functional and presentation currency

The financial statements are presented in Ethiopian Birr (Br.), which is also the functional currency of the Corporation.

b) Transactions and balances

Foreign currency transactions are translated into the functional currency of the Corporation, using the exchange rates prevailing at the dates of the transactions (spot exchange rate). Foreign exchange gains and losses resulting from the settlement of such transactions and from the remeasurement of monetary items denominated in foreign currency at year-end exchange rates are recognized in profit or loss.

2.6 Revenue from contracts with customers

Revenue arises mainly from the sale of Kaolin, at local markets. Revenues are recognized in the year in which it is earned regardless of when cash is actually received. To determine whether to recognize revenue, the Corporation follows a 5-step process:

- 1 Identifying the contract with a customer
- 2 Identifying the performance obligations
- 3 Determining the transaction price
- 4 Allocating the transaction price to the performance obligations
- 5 Recognizing revenue when/as performance obligation(s) are satisfied

Almost all sale contracts have a single performance obligation and thus transaction price is not allocated to performance obligations. The amount of revenue recognized is the amount the corporation expects to receive in accordance with the terms of the contract, and excludes amounts collected on behalf of third parties, such as Value Added Tax.

Revenue is recognized either at a point in time or over time, when (or as) the Corporation satisfies performance obligations by transferring the promised goods or services to its customers.

The Corporation recognizes contract liabilities for consideration received in respect of unsatisfied performance obligations and reports these amounts as advances from customers under Trade and other payables in the statement of financial position. Similarly, if the Corporation satisfies a performance obligation before it receives the consideration, the Corporation recognizes either a contract asset or a receivable in its statement of financial position, depending on whether something other than the passage of time is required before the consideration is due.

As the period of time between customer payment and performance for its products and services will always be one year or less, the Corporation applies the practical expedient in IFRS 15.63 and does not adjust the promised amount of consideration for the effects of financing.

2.7 Operating expenses

Operating expenses are recognized in profit or loss upon utilization of the service or as incurred.

When inventories are sold, the carrying amount of those inventories shall be recognized as an expense in the period in which the related revenue is recognized.



2.8 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

2.9 Property, plant and equipment

Property, plant and equipment are initially recognized at cost, including any costs directly attributable to bringing the assets to the location and condition necessary for them to be capable of operating in the manner intended by the company's management.

Property, plant and equipment are subsequently measured at cost less accumulated depreciation and impairment losses, if any. When significant parts of property, plant and equipment are required to be replaced at intervals, the Corporation recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Corporation and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repair and maintenance costs are recognized in profit or loss as incurred.

Depreciation is calculated to write off the cost of items of property, plant and equipment less their estimated residual values using the straight-line method over their estimated useful lives. Depreciation is added to the cost of the inventories or recognized in profit or loss based on the use of the asset.

The useful lives and residual value applied to the various categories of property, plant and equipment are as follows:

Property, plant and Equipment	Useful life (in years)	Residual Value (as % age of Cost)
Building and civil works	50	3%
Land Improvement	20	3%
Factory Plant & machinery	20	-
Heavy duty machinery	10	10%
Workshop equipment and Tools	10	10%
Field Materials	10	-
Motor Vehicles	10	10%
Furniture and Fixture	10	-
Household Equipment	10	-
Office Equipment	10	-
Computer and Accessories	7	-
Special Equipment	10	-
Medical Equip	10	-



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

An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. 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 profit and loss within other income or other expenses when the asset is derecognized.

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.

2.10 Leases

The Corporation's a lessee

The Corporation assessed at the date of transition to IFRS whether contracts contain a lease. A contract contains a lease if control of the use of an asset is obtained in exchange for a consideration. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration'. To apply this definition the Corporation assesses whether the contract meets three key evaluations which are whether:

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the company;
- the Corporation has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract
- the Corporation has the right to direct the use of the identified asset throughout the period of use.

The Corporation assess whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use.

Measurement and recognition of leases as a lessee

At lease commencement date, the Corporation recognizes a right-of-use asset and a lease liability on the balance sheet. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made before the commencement date. The right-of-use asset is subsequently depreciated on a straight-line basis over the lease term. The Corporation also assesses the right-of-use asset for impairment when such indicators exist.

The lease liability is measured at the present value of lease payments discounted using the interest rate implicit in the lease if that rate is readily available or the company's incremental borrowing rate. The lease liability is measured at amortized cost using effective interest rate.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in substance fixed payments. When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

The Corporation has elected not to recognize right of use assets and lease liabilities for short term leases less than twelve months or low value assets which is in accordance with the standard.

On the statement of financial position, right-of-use assets and lease liabilities are separately

presented



2.11 Impairment of non-financial assets

The corporations' non-financial assets, including deferred tax assets, are reviewed at each reporting date or whenever events or changes in circumstances indicate that the carrying amount may not be recoverable, to determine whether there is any indication of impairment.

The impairment loss charged to profit or loss is the excess of the carrying amount over the recoverable amount. Recoverable amounts are estimated for individual assets or, where an individual asset cannot generate cash inflows independently, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

With the exception of goodwill, a previously recognized impairment loss will be reversed in so far as estimates change as a result of an event occurring after the impairment loss was recognized. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized.

2.12 Financial instruments

Recognition and derecognition

Financial assets and financial liabilities are recognized when the Corporation becomes a party to the contractual provisions of the financial instrument.

Financial assets are derecognized when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred. A financial liability is derecognized when it is extinguished, discharged, cancelled or expires. Any gain or loss on derecognition of financial assets or liabilities is recognized in profit or loss.

Classification and initial measurement of financial assets

Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with IFRS 15, all financial assets are initially measured at fair value adjusted for transaction costs (where applicable). Financial assets, other than those designated and effective as hedging instruments, are classified into the following categories:

- amortized cost
- fair value through profit or loss (FVTPL)
- fair value through other comprehensive income (FVOCI).

In the periods presented the corporation does not have any financial assets categorized as FVTPL and FVOCI.

Financial assets are not reclassified subsequent to their initial recognition unless the Corporation changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

The classification is determined by both:

- the entity's business model for managing the financial asset
- the contractual cash flow characteristics of the financial asset.



Subsequent measurement of financial assets

Financial assets at amortized cost

Financial assets are measured at amortized cost if the assets meet the following conditions (and are not designated as FVTPL):

- they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding

After initial recognition, these are measured at amortized cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial. The company's cash and cash equivalents, trade and most of other receivables and investment in government bond fall into this category of financial instruments.

Impairment of financial assets

The Corporation makes use of a simplified approach in accounting for trade and other receivables as well as contract assets and records the loss allowance as lifetime expected credit losses. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial instrument.

Classification and measurement of financial liabilities

The company's financial liabilities include trade and other payables.

Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs if any.

Subsequently, financial liabilities are measured at amortized cost using the effective interest method. All interest-related charges are reported in profit or loss within finance costs.

Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Corporation currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.



2.13 Inventories

Inventories are measured at the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. The cost of inventories comprises of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Manufacturing costs include an allocated portion of production overheads which are directly attributable to the cost of manufacturing such inventory, based on actual capacity since it approximates the normal operating capacity.

Cost is determined on a weighted average cost basis.

Management consider the condition and usability of inventories on an annual basis to determine whether an allowance for obsolete inventory is required. Amounts are determined based on the net realizable value of potentially obsolete inventory.

2.14 Other assets

Other assets are generally defined as claims held against other entities for the future receipt of money. The other assets in the corporation's financial statements include the following:

Prepayment

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

Other receivables

Other receivables are recognized upon the occurrence of event or transaction as they arise and cancelled when payment is received. The corporation's other receivables are advance payments for purchase of goods and services and other receivables from debtors.

2.15 Income Tax

(a) Tax Expense

Tax expense recognized in profit or loss comprises the sum of deferred tax and current tax not recognized in other comprehensive income or directly in equity.

(b) Income tax assets and liabilities

Income tax for current and prior periods is, to the extent unpaid, recognized as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognized as an asset.

Income tax liabilities (assets) for the current and prior periods are measured at the amount expected to be paid to (recovered from) the taxation authorities, using the taxation rates (and taxation laws) that have been enacted or substantively enacted by the end of the reporting period. The amount of current taxation payable or receivable is the best estimate of the taxation amount expected to be paid or received that reflects uncertainty relating to income taxes.



(c) Deferred taxation assets and liabilities

Deferred taxation is provided by using the balance sheet method, on all temporary differences between the carrying amount of assets and liabilities for accounting purposes and the amounts used for taxation purposes.

The provision for deferred taxation is calculated using enacted or substantively enacted taxation rates at the reporting date that are expected to apply when the asset is realized or liability settled. A deferred taxation asset is recognized to the extent that it is probable that future taxable profits will be available against which the deferred taxation asset can be realized.

The provision of deferred taxation assets and liabilities reflects the taxation consequences that would follow from the expected recovery or settlement of the carrying amount of its assets and liabilities. Deferred taxation assets and liabilities are offset when the related income taxes are levied by the same taxation authority, there is a legally enforceable right to offset and there is an intention to settle the balances on a net basis.

2.16 Cash and Cash Equivalents

Cash and Cash Equivalents in the statement of financial position comprise cash on hand and cash at banks including account denomination in US\$.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalent, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Corporation's cash management. Bank overdrafts are included within current liabilities on the statement of financial position.

2.17 Equity, Reserves and Dividend payments

Share capital represents the nominal (par) value of shares that have been issued. Retained earnings includes all current and prior period retained profits.

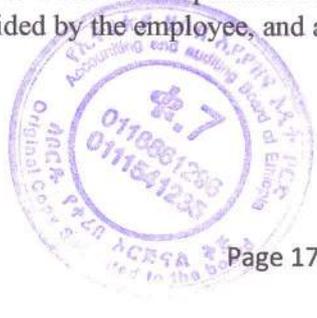
Dividends on ordinary shares are recognized as a liability in the year in which they are declared. Proposed dividends are not recognized until they have been declared by board of directors representing the owners.

Legal reserve represents 5% of annual net profit held, until the reserve reaches 20% of paid up capital.

2.18 Employee benefits

Short-term employee benefits

Remuneration of employees is charged to profit or loss or to carrying amount of an asset (inventory). Short-term employee benefits are those that are expected to be settled within 12 months after the end of the reporting period in which the services have been rendered. Short-term employee benefit obligations are measured on an undiscounted basis and are charged to profit or loss or to inventory as the related service is provided. An accrual is recognized for accumulated leave, incentive bonuses and other employee benefits when the Corporation has a present legal or constructive obligation as a result of past service provided by the employee, and a reliable estimate of the amount can be made.



Post-employment benefit plans

The Corporation operates post-employment schemes which are defined benefit and defined contribution pension plans.

(a) Defined contribution plan

All the employees of the Corporation are under pension scheme in line with the provisions of Ethiopian Pension of private organization employees proclamation 715/2011. Funding under the scheme is 7% and 11% of the employees monthly basic salary by employees and the Corporation respectively.

The Corporation has no legal or constructive obligations to pay contributions in addition to its fixed contributions to this scheme, which are recognized as an expense in the period that to related employee services received.

(b) Defined benefit plan

The corporation's defined benefit plan is the statutory severance benefits in Ethiopia, which provides a promised one month salary for the first year of service and one-third of monthly salary for each addition year of service to employees on leaving the Corporation after a minimum of five years service.

The liability recognized in the statement of financial position in respect of this unfunded defined benefit plans is the present value of the defined benefit obligation at the end of the reporting period. The defined benefit obligation has been calculated by management with the assistance of external consultants using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using imputed yield on government 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, recognized in the income statement in employee benefit expense, reflects the increase in the defined benefit obligation resulting from employee service in the current year. The severance pay liability is reduced by settlements and also increased by unwinding finance costs.

(c) Termination benefits

Termination benefits are payable to employees when employment is terminated by the Corporation before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits.

(d) Bonus plans

The Corporation recognizes a provision for bonus where contractually obliged or where there is a past practice that has created a constructive obligation.



2.19 Provisions

General

Provisions are recognized when the Corporation 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 Corporation expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit or loss net of any reimbursement.

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. Provisions are discounted to their present values, where the time value of money is material. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

2.20 Significant judgements and key sources of estimation uncertainty

In the process of applying the accounting policies adopted by the Corporation, the directors make certain judgements and estimates that may affect the amounts recognized in the financial statements. Such judgements and estimates are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the current circumstances. However, actual results may differ from those estimates. The judgements and estimates are reviewed at each financial reporting date to ensure that they are still reasonable under the prevailing circumstances based on the information available, and any revisions to such judgements and estimates are recognized in the year in which the revision is made.

(a) Significant judgements made in applying the corporation's accounting policies

The judgements made by the directors in the process of applying the corporation's accounting policies that have the most significant effect on the amounts recognized in the financial statements include:

Fair value of Property, Plant and Equipment including of freehold land used as deemed cost on transition date to IFRS.

Recognition of Defined Benefit Obligation- Severance Pay

The recognition of severance pay involved a number of assumptions which depends on the judgment of the management.



Recognition of deferred tax assets

The extent to which deferred tax assets can be recognized is based on an assessment of the probability that future taxable income will be available against which the deductible temporary differences and tax loss carry-forwards can be utilized.

(b) Key sources of estimation uncertainty

Key assumptions made about the future and other sources of estimation uncertainty that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year include:

Defined benefit obligation (DBO)

Management’s estimate of the DBO is based on a number of critical underlying assumptions such as rates of inflation, discount rate and anticipation of future salary increases. Variation in these assumptions may significantly impact the DBO amount and the annual defined benefit expenses (as analyzed in Note 11.1).

Revaluation of property, plant and equipment

The Corporation revalued its property, plant and equipment including freehold land and used these values as deemed cost with changes value being recognized in retained earnings on the transition date. The Corporation engaged trained in-house values to measure fair value as at the transition date. The fair value of most of the subject asset are measured using depreciated replacement cost. However, the revaluations of motor vehicles and the freehold lands were made using open market value by reference to market-based evidence, using comparable prices adjusted for specific market factors such as nature, make, condition and location of the assets.

Depreciation and carrying value of property, plant and equipment

The estimation of the useful lives of assets is based on management’s judgement. Any material adjustment to the estimated useful lives of items of property and equipment will have an impact on the carrying value of these items.

Inventories

Management estimates the net realizable values of inventories, taking into account the most reliable evidence available at each reporting date. The future realization of these inventories may be affected by future technology or other market-driven changes that may reduce future selling prices.



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3 Property, Plant and Equipment

As at	Building	Land Improve.	Heavy Duty Machinery	Workshop Equipment	Plant Materials	Factory Plant & Structures	Motors, Vehicles	Furniture & Fixtures	Household Equipments	Office Equipment	Computer and Accessories	Special and miscellaneous	Mineral Rights	Lease Equip.	Lease	Goodwill	Intangible Assets	Total
As at December 31, 2021	175,449,679	12,197,961	174,027,220	11,327,153	136,524	70,417,250	116,234,764	6,955,987	2,465,759	775,288	3,059,027	42,339,495	669,669	16,889,592	40,560,483	4,842,675	809,498	678,958,025
Additions	-	-	-	-	-	-	-	-	-	-	-	-	-	-	200,020	-	-	200,020
Disposal	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
As at July 7, 2022	175,449,679	12,197,961	174,027,220	11,327,153	136,524	70,417,250	116,234,764	6,955,987	2,465,759	775,288	3,059,027	42,339,495	669,669	16,889,592	40,560,483	4,842,675	809,498	679,158,075
As at 8 July 2022	175,449,679	12,197,961	174,027,220	11,327,153	136,524	70,417,250	116,234,764	6,955,987	2,465,759	775,288	3,059,027	42,339,495	669,669	16,889,592	40,560,483	4,842,675	809,498	679,158,075
Additions	-	-	-	17,900	-	-	-	-	-	57,435	-	-	-	-	-	-	-	75,334
Adjustment	6,075,857	127,667	1,074,928.0	-	691	30,260	(1,375,693)	241,192.29	50,408	(39,339)	207,756	21,757	(8,791)	-	-	-	364,247	5,855,860
Disposal	-	-	-	-	-	(1,234,209)	(3,030,300)	-	-	-	-	-	-	-	-	-	-	(4,265,109)
As at 7 July 2023	181,525,535	12,325,629	175,102,145	11,345,053	137,215	69,213,302	111,828,259	7,197,180	2,516,167	793,364	3,266,813	42,361,252	660,879	16,889,512	40,560,483	3,927,829	1,173,745	680,824,160
Depreciation																		
As at December 31, 2021	27,143,652	4,353,744	102,252,461	7,434,854	133,332	32,566,174	68,500,895	4,113,704	1,269,700	571,452	1,728,939	28,544,421	392,779	6,820,678	16,774,128	-	-	303,100,933
Depreciation for the year	2,899,880	459,079	9,993,618	790,214	-	2,380,420	5,692,136	464,916	167,144	39,050	179,066	2,652,295	45,861	1,705,169	2,028,024	-	-	29,697,182
Disposal	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
As at July 7, 2022	30,043,532	4,812,823	112,246,078	8,225,068	133,332	35,146,804	74,193,031	4,578,620	1,506,844	610,502	1,908,025	31,196,716	438,640	8,525,847	18,802,153	-	-	332,798,115
ADJUSTED OVER DEP																		
As at 8 July 2022	30,043,532	4,812,823	112,246,078	8,225,068	133,332	35,146,804	74,193,031	4,578,620	1,506,844	610,502	1,908,025	31,196,716	438,640	8,525,847	18,802,153	-	-	332,798,115
Depreciation for the year	6,377,993	764,574	18,038,397	1,264,859	-	6,276,658	10,190,239	814,796	308,409	107,983	359,126	5,262,140	90,354	2,677,007	3,354,826	-	-	56,087,560
Adjustment	142,277	(7,712)	(1,160,823)	-	2,313	5,804	(1,208,300)	(73,828)	121,159	(97,355)	113,822	(1,700)	(32,311)	(80)	-	-	-	(2,196,769)
Disposal	-	-	-	-	-	(1,110,788)	(2,153,545)	-	-	-	-	-	-	-	-	-	-	(3,264,333)
As at 7 July 2023	36,763,902	5,869,685	129,133,652	9,489,927	135,645	40,318,478	81,021,395	5,319,587	2,366,413	621,130	2,380,973	36,457,150	496,683	11,202,774	22,156,978	-	-	383,424,373
Carrying Amount																		
As at 7 July 2022	134,613,661	7,214,710	61,781,141	3,102,085	3,192	28,937,927	34,747,141	2,175,084	373,228	164,786	1,151,032	10,736,390	231,029	8,363,745	21,758,330	4,842,695	809,498	346,359,560
As at 7 July 2023	144,761,433	6,755,943	45,978,493	1,855,126	1,570	28,894,824	30,806,863	1,877,892	149,755	35,469	899,129	7,195,038	133,594	5,686,737	18,802,153	3,928,560	809,498	297,359,787

Depreciation charged to profit or loss as administrative expense
 Depreciation (cost of production/loss) charged to Admin. Expenses

7 July 2023	7 July 2022
45,296,831	24,884,751
10,790,530	4,812,431
56,087,361	29,697,182



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4 Freehold Land

The freehold lands owned by the Corporation in Dire dewa, Shakiso, Adola and Addis Ababa. The freehold land is measured on the transition date ,01 January 2017, at fair value which is taken as deemed cost. The carrying amount of the lands on 7 July 2023 and 7 July 2022 is stated are shown below:

Figures in Birr	July 07,2023	July07,2022
Head Office (Addis Ababa)	619,569,078	619,569,078
Dire Dawa	27,230,730	27,230,730
Shakiso Branch	80,932	80,932
Adola	168,992	168,992
Total	647,049,731	647,049,731

5 Intangible Assets

Gem Com DEMB 6.2 Software used for exploration of minerals is measured at fair value and the fair value is used as deemed cost on the transition date. The software will be amortized over seven years on straight line basis. The carrying amount and amortization of the software is indicated below:

Figures in Birr	July 07,2023	July07,2022
(Fair Value-Deemed Cost)	338,336	338,336
Amortisation		
Opening	265,835	-
Annual Amortization	48,332	24,166
Accumulated Amortization	314,167	265,835
Carrying Amount (net)	24,169	72,501

6 Non-current Asset held for sale

Vehicles and heavy duty machineries not currently in use are classified as non-current asset held for sale by management. It is measured at fair value less cost of disposal. The fair value is determine by in-house values. The cost of disposal is estimated to be 2%. Therefore, the assets are measured at fair value less cost of disposal . Some Non Current assets held for sale have been sold during the reporting period.

Assets	Fair Value	Estimated Disposal cost	Fair value less cost of disposal July 07,2023	Fair value less cost of disposal July07,2022
Motor Vehicle	6,106,367	119,733	5,986,635	9,393,145
Heavy duty Machineries	1,429,252	28,585.04	1,400,667	1,400,667
Total	7,535,619	148,318	7,387,302	10,793,812



7 Investment in Afar Salt

The corporation has invested Br 61,276,000 in Afar Salt Production Share Company and owned 75.43% of the company. The corporation controls the share company and there is parent-subsidary relationship. Therefore, consolidated financial statements should be prepared for the group as per IFRS requirements. For this separate financial statements produced for the corporation the investment is measured at cost less impairment loss. The investment is reviewed for impairment as at 07 July 2023 and 07 July 2022 and found to be unimpaired.

The Company is engaged in the exploration and production of Iodized salt and salt related products and also provides Iodization service to various clients.

The company is located and operates in Afdera town of the Afar Regional government.

The financial information of the subsidiary and the proportionate share of the non-controlling interest are disclosed below:

Figures in Birr	July 07,2023	July07,2022
Assets:		
Non-current assets	39,519,825	48,635,844
Current assets	133,348,758	142,187,964
Total assets	172,868,583	190,823,808
Liabilities:		
Non-current liabilities	8,056,539	6,047,023
Current liabilities	28,092,067	29,832,513
Total abilities	36,148,606	35,879,537
Shareholders' Equity:		
Share capital	81,235,000	81,235,000
Legal reserve	8,123,500	8,123,500
Revaluation reserve	33,306,544	24,973,709
Retained earnings	14,054,934	40,612,064
Total Stockholders' Equity	136,719,978	154,944,273
Proportionate Share of NCI(24.57%)	33,592,099	38,069,808
Revenue	44,190,610	6,962,239
Operating Expenses	(46,652,665)	(13,252,873)
Other income	33,387,152	3,303,149
Tax Expenses		(341,843)
Net Profit	30,925,097	(3,329,328)
Proportionate Share of NCI(24.57%)	7,598,296	(818,016)



8 Financial assets and liabilities

Note 2.12 provides a description of each category of financial assets and financial liabilities and the related accounting policies. All the financial asset and liabilities of the company are measured at amortized costs. Since all the financial assets and liabilities are current, no discounting is involved to account for the time value of money and are considered a reasonable approximation of fair value. The carrying amounts of financial assets and financial liabilities are as follows:

8.1 Financial assets

a Cash and cash equivalents

Figures in Birr	July 07,2023	July07,2022
Cash on hand	421,614	265,202
Cash at Bank	64,745,464	105,836,945
	65,167,078	106,102,147

Cash and cash equivalents represent cash at Commercial Bank of Ethiopia in current account and cash on hand.

b Trade and Other Receivables

Provision for impairment loss is estimated and recognized based on IFRS 9 simplified expected credit loss model. Lifetime expected credit loss based on age analysis of outstanding receivable balances are estimated. In the provision matrix indicated hereunder the default rate is estimated based on past experience and expected future credit and collection plan.

Trade and other receivables (Net):

Figures in Birr	July 07,2023	July07,2022
Trade	52,640,101	55,228,277
Staff	1,480,370	624,530
Sundry	5,310,311	(398,063)
Business Advances	-	68,956
Prepayments	3,843,888	1,246,058
Utility Deposits	96,715	96,715
Trade and other payables with debit balances	5,963,508.25	5,659,594.00
	69,334,894	62,526,067

Trade and other receivables (Gross):

Figures in Birr	July 07,2023	July07,2022
Trade	55,787,586	58,213,273
Staff	7,747,118	6,945,428
Sundry	189,627,911	192,009,054
Business Advances	1,412,624	2,597,826
Trade and other payables with debit balances	5,963,508	5,659,594
Prepayments	4,040,223	1,266,602
Utility Deposits	96,715	96,715
	264,675,686	266,788,492



Allowance for Impairment Loss:

Figures in Birr	July 07,2023	July07,2022
Trade	3,147,485	2,984,996
Staff	6,266,748	6,320,808
Sundry	184,317,600	192,407,117
Prepayment	196,335	20,544
Business Advances	1,412,624	2,528,870
	195,340,792	204,262,335

All trade and other receivables are short-term. The net carrying value of trade receivables is considered a reasonable approximation of fair value.

Provision Matrix for estimating impairment loss on trade and other receivables:

	Age category	
	Less than or equal to 1 year	Over due for more than 1 year
Default Rate	10%	100%

Impairment loss charged to Profit or loss:

Figures in Birr	July 07,2023	July07,2022
Trade	162,489	-
Staff	107,663	108,273
Sundry	985,085	872,375
Business Advances	(143,095)	2,100
Total Impairment Loss/Recovery of Impairment loss	1,112,142	982,749

c Investment in Government Bond

The corporation has invested in six year 6% government saving bond.

Figures in Birr	July 7, 2023	July 07,2023	July07,2022
Beginning balance		1,180,150	1,180,150
Addition		-	-
Collection		-	-
Ending balance		1,180,150	1,180,150



8.2 Financial Liabilities

a Bank Loan

Figures in Birr	July 07,2023	July07,2022
ADB BANK	17,528,961	17,528,961
PK DANKEN	25,743,285	25,743,285
PK BANK	2,748,330	2,748,330
	46,020,575	46,020,575

Loan from Development Bank of Ethiopia secured on the property of Legadembi Gold Development project bearing interest at the rate of 8% p.a and repayable eight semi-annual installments of Birr 4,050,000 each through Tahisas 1990.

Loan from Ministry of finance is unsecured loan from African Development Bank, bearing interest at the rate of 8% p.a and repayable in seventeen semi-annual installments of Birr 2,676,340 each through Sene 1995.

Other loans are secured on property, bearing interest at rates between 0% and 9.5% p.a and repayable variously through Tahisas 1989.

Since all the loans are long overdue, it is classified as current Liabilities.

The loans were taken by Adola Gold Enterprise which is combined with the corporation during 2022.

b Loan Ministry of Finance

The Ministry of Finance provided Br 227,969.923 loan for the corporation over the last two years which is expected to be capitalized upon approval.

c Trade and other payables:

Figures in Birr	July 07,2023	July07,2022
Trade Creditors	3,113,631	2,794,436
Sundry	24,457,392	24,545,920
Retention Payable	101,052	101,052
Customer paid in advance	16,136,449	6,956,098
Unclaimed Salaries(old)	1,129,221	1,089,803
Deposits and Bid Bond	95,052	95,052
Accrued Liabilities	20,703,056	20,791,048
Capital Charge payable	7,974,314	7,974,314
Trade & other receivables with credit balances	44,747,539	45,067,671
	118,457,705	109,415,394



9 Inventories

Figures in Birr	July 07,2023	July07,2022
Finished Goods	65,347,259	72,233,592
Spare Parts	81,902,696	82,009,937
Products Supply	9,325,421	6,296,693
Consumables	9,401,070	8,714,712
Gemstone Product	1,242,680	3,869,012
	167,219,127	173,123,945
Allowance for Obsolescence	(7,957,977)	(7,957,977)
Sub-total	159,261,150	165,165,968
Goods in transit (GIT)	11,533,771	11,950,619
Total	170,794,921	177,116,587

The allowance for obsolete inventory is determined based on an assessment by management of the condition and sale ability of inventory at the reporting date. Such an allowance is normally required only when a significant change in technology or physical damage renders inventory unfit for purpose. Impairment review was conducted by management and the inventories were found to be unimpaired except those from Adola Gold Enterprise for which necessary allowance was provided.

10 Equity

10.1 Share capital

The corporation is owned by the Federal Democratic Republic of Ethiopia. The Ethiopian Mineral, Petroleum and Biofuel Corporation (EMPBC) was re-established by council of Ministers Regulation No. 462/2020 on February 11, 2020. It was re-established with an authorized capital of Br 16.7 billion and from paid up capital of Br 4.175 billion stated in the regulation only Br 462.8 million has been paid.

Figures in Birr	July 07,2023	July07,2022
Name of Shareholder: -		
Federal Democratic Republic of Ethiopia	462,767,851	462,767,851
	462,767,851	462,767,851

10.2 Retained earnings

Figures in Birr	July 07,2023	July07,2022
Beginning of the year	166,080,336	221,080,714
Prior Period Adjustment	(3,967,173)	(3,967,173)
Profit (loss) for the year	(79,368,449)	(51,033,205)
End of the year	82,744,714	166,080,336
Retained Earnings-Non-distributable (IFRS effect)	645,148,512	723,319,696
Retained Earnings-Distributable/capitalizable	(562,403,798)	(557,239,360)



As per Accounting and Auditing Board of Ethiopia, the retained earnings resulted from IFRS adjustments should not be capitalized or distributed to shareholders. Therefore, the retained earnings -non-distributable stated above are resulted from adjustments on adoption of IFRS.

10.3 Legal Reserve

Figures in Birr	July 07,2023	July07,2022
Beginning of the year	10,293,099	10,293,099
Reserve from current profit	-	-
End of the year	10,293,099	10,293,099

11 Employee Benefit obligations

Figures in Birr	July 07,2023	July07,2022
Defined Benefit Obligation (severance Pay)(note 11.1)	5,633,142	5,500,899
Provident payable	108,355	86,746
Annual Leave Accrued	5,058,001	2,763,497.16
Total Employee Benefit Obligation	10,799,499	8,351,142
Employee Benefit Obligations-Current	5,166,356	2,850,243
Employee Benefit Obligations-Non-current	5,633,142	5,500,899
Total	10,799,499	8,351,142

11.1 Defined Benefit Obligation (severance Pay)

The corporation operates an unfunded severance pay plan for its employees who have served the corporation for 5 years and above and are below the retirement age (i.e. has not met the requirement to access the pension fund). The final pay-out is determined by reference to current benefit's level (monthly salary) and number of years in service and is calculated as 1 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.

A reconciliation of the corporation's defined benefit obligation to the amounts presented in the financial statement for each of the reporting periods is presented below:

Figures in Birr	July 07,2023	July07,2022
At the beginning of the year	5,664,959	4,961,378
Current service cost	925,767	534,504
Interest expense	770,126	596,092
Benefits paid	(1,563,650)	(427,015)
At the end of the year	5,797,202	5,664,959

Charged to Profit or loss as administrative expenses:

Current service cost	925,767	534,504
Interest cost	770,126	596,092
Total defined benefit expenses	1,695,893	1,130,596



The defined benefit obligation was measured using the projected unit credit method.

Estimates and assumptions

The significant actuarial assumptions used for the determination of the defined benefit obligation are as follows. These assumptions were developed by management with the assistance of independent external consultants .

i) Financial Assumption Long term Average

Discount rate to determine the present value of defined benefit obligation is estimated to be 14% per annum. The discount factors are determined by reference to yield of Ethiopian international bonds adjusted for inflation because it is denominated in foreign currency. Long term salary increase rate is estimated to be 16.5%.

iii) Withdrawal from Service

The withdrawal rates are estimated based previous employee turnover experience adjusted for expected retention target of the corporation. The valuation assumed that resignation rates of 2.5% for employees served for at least five year and eligible for severance pay; and 9.5% probability of serving for at least five years for employees with service of less than five years and not currently eligible for severance pay.

Changes in the significant actuarial assumptions

The calculation of the net defined benefit liability is sensitive to the significant actuarial assumptions mentioned above. The following table summarizes the effects of changes in these actuarial assumptions on the defined benefit liability at 7 July 2023.

Figures in Birr	Change in assumption	Increase (decrease) in the defined obligation			
		July 7, 2023		07 July 2022	
		Impact of an increase	Impact of a decrease	Impact of an increase	Impact of a decrease
Discount rate	1.0%	(338,302)	379,068	(274,915)	312,258
Long term salary increase	1.0%	367,129	(334,146)	309,363	(277,198)
Employee turnover rate	0.5%	304,089	(429,251)	520,978	(631,172)

The sensitivity analyses are based on a change in one assumption while not changing all other assumptions. This analysis may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in the assumptions would occur in isolation of one another as some of the assumptions may be correlated.



The defined benefit plan exposes the corporation to actuarial risks such as interest rate risk, employee turnover risk and salary growth risk

- Interest rate risk –The present value of the defined benefit liability is calculated using a discount rate determined by reference to yields of government bonds. The estimated term of the bonds is assumed to be consistent with the estimated term of the defined benefit obligation and it is denominated in Birr. A decrease in yield of government bonds will increase the corporation’s defined benefit liability.
- Employee Turnover risk –If the assumed employee turnover rate increased the corporation is exposed to increase in the defined benefit liability.
- Salary growth risk – A significant proportion of the defined benefit liability is linked to salary growth rate. An increase in the salary growth rate will increase the corporation’s liability.

As the plan is unfunded, there is no plan asset which will mitigate some of the effects of the interest rate and turnover risk.

12 Provision, Contingent Liability & Contingent Asset

The corporation has no liability to be provided or disclosed as contingent liability. There is no contingent asset to be disclosed as well.

13 Revenue from contracts with customers

The corporation generates revenues from sales of mineral resources to local and foreign markets. Export of Tantalum is the major revenue source of the company.

14 Revenue from contracts with customers

The corporation generates revenues from sales of mineral resources for local market as indicated here under the table.

Figures in Birr	July 07,2023	July07,2022
Local Sales:		
Kaolin	36,339,198	5,560,326
Gold	3,645,673	-
Sales of Salt	4,205,739	1,401,913
Sub-total	44,190,610	6,962,239



15 Other income

Figures in Birr	July 07,2023	July07,2022
Income from investment	245,466	53,234
Sales of Miscellaneous non operating items	-	5,015
Rent Income	13,193,456	1,264,228
Sample Test Service/Professional Income	1,395,925	158,974
Professional service income	335,334	-
Sales of Electricity	1,250,147	166,286
Foreign Exchange Gain	980,714	1,178,691
Others	1,476,809	142,465
Drilling Income	4,860,163	-
Gold melting income	252,847	-
old car /dispose PPE	7,782,778	-
Sales Of S/part	1,060,990	-
	32,834,629	2,968,893

16 A Cost of Sales

Salary & Wages	9,554,101	5,467,352
Employee Benefit	1,277,924	741,996
Excise tax	841,050	-
Royalty	1,553,488	181,176
Insurance	60,324	-
Communication	614,855	7,090
Travelling And Perdiem	565,853	139,596
Repair And Maintenance	174,704	160,468
Fuel And Lubricant	8,802,960	4,475,894
Spare Parts And Workshop Tools	1,099,865	122,127
Stationery & Office Supplies	49,187	67,087
Loading and unloading	574,644	123,239
Cleaning and sanitation	199,955	57,143
Utilities	-	148,963
Free Meal	1,101,567	-
land rent	43,630	1,179,000
Entertainment	105,904	6,026
Penalty	4,848	-
Donation	1,116,606	91,785
Rent	102,000	-
Construction And Electric Materials	59,904	19,487
Uniform	632,105	92,634
Bank charge	2,732	1,496
Miscellaneous	438,283	176,565
Depreciation	10,790,530	4,812,431
Cost of production incurred in current period	39,767,019	18,071,554
Add : Finished Goods at the beginning of the year	67,253,349	62,273,271
Cost of goods Available for sale	107,020,368	80,344,825
Deduct: Finished Goods at the end of the year	(60,367,703)	(67,092,222)
Cost of Sales	46,652,665	13,252,603



16 B Cost of Sales Gold

There was no production and sales during the reporting and comparative periods. But the fixed production costs incurred during the periods are added to administrative expenses in statement of profit or loss and disclosed under note 16.

17 General and Administrative Expenses

Figures in Birr	July 07,2023	July07,2022
Salary, wage and related benefit	26,090,817	14,112,806
Uniform and Protective Devices	964,712	-
Education & Training Fee	2,640	1,043
Royalty	-	56,099
Accrued Annual Leave Expense	2,019,384	(1,740,800)
Severance Pay Expense	925,767	619,165
Telephone, Fax, Internet, Postage	372,334	183,326
Rent	1,695,166	476,581
Other & Washing & Greasing	87,839	24,804
Fuel, Oil & Lubricant	2,672,369	562,099
Bank Service Charge	3,049	348,750
Consultancy and supervision	1,888,929	-
Legal fee and professional fee	908,313	72,481
Utilities	590,061	182,912
Repair and Maintenance	1,875,310	487,295
Spare Part	220,942	92,868
Electric Items and Construction Materials	140,418	311,758
Stationery & Office Supplies	468,308	146,945
Cleaning and Sanitation	34,922	21,861
Chemicals	58,148	-
Workshop and Tools Ex.	1,664	-
License & Registration	455,609	449,009
Insurance	1,148,263	401,856
Depreciation	13,915,117	16,224,738
Travelling & Per diem (Transport Cost)	2,035,613	1,848,060
Advertising and Promotion	143,071	61,877
Entertainment	240,946	129,023
Loading & Unloading	30,744	5,030
Radiation Protection Sample	120,575	39,117
Directors Fee/Board Fee	158,639	100,550
Miscellaneous	108,427	54,879
Membership	421,669	-
Amortization of intangible asset	16,000	24,166
Penalty	28,473	702,601
Audit Fee Consultancy and supervision	359,923	126,412
Over head costs incurred	62,759,533	21,297,341
	122,963,695	57,424,653



18 **Overhead Costs incurred for mining and production**

Figures in Birr	July 07,2023	July07,2022
Salary & Wages	18,357,038	10,452,357
Employee Benefit	5,390,547	920,889
Audit Fee	45,000	-
Communication	7,504	3,696
Printing And Stationeries	81,752	1,477
Travelling And Perdiem	3,125,097	224,407
Repair And Maintenance	42,230	123,918
Fuel And Lubricant	1,810,432	172,498
Advertising & Promotion	9,857	-
Funeral	30,000	-
Insurance	(3,200)	-
Free meal	453,674	-
Spare Parts And Worksh	1,110,065	16,661
'Education & Training Fee	3,800	-
Utilities	90,968	242,774
Tax Registration	1,000	206,868
Legal And Professional F	41,795	-
Entertainment	36,214	4,904
Rent	402,075	67,398
Construction And Electric Materials	189,776	1,220
Bank Charges	4,387	29
Chemical	226,296	-
Uniform	155,343	-
Cleaning And Sanitation	24,565	1,142
Miscellaneous	70,521	2,347
Depreciation	31,052,799	8,763,344
	62,759,533	21,205,929

The mining and production have been interrupted since November 2017. This costs were incurred without generating income, so it is separately disclosed and add to administrative expenses in the statement of profit or loss.

19 **Selling and Distribution Expenses**

Figures in Birr	July 07,2023	July07,2022
Salary, and wages	189,458	210,427
Benefit	22,796	-
Loading and unloading	2,000	-
Entertainment	9,900	-
Advertising	46,431	-
bank charge	50	-
Membership	43,478	-
	314,114	210,427



20 Employee benefits expense

Figures in Birr	July 07,2023	July07,2022
Included in cost of production:		
Short term employee benefits:		
Salary and wage	27,911,139.08	15,919,709
Other benefit	6,668,471	1,662,885
	34,579,610	17,582,594
Post-employment benefits:		
Defined contribution -Pension 11%	2,315,357	2,315,357
	36,894,967	19,897,951
Included in General and Administrative expense:		
Short term employee benefits:		
Salary and wage	26,090,817	14,112,806
Other benefit	964,712	-
	27,055,528	14,112,806
Post-employment benefits:		
Defined contribution -Pension 11%	2,240,538	2,240,538
Defined contribution -Severance pay	1,563,650	377,945
	30,859,716	16,731,289
Total employee benefits expense	67,754,684	36,629,240

21 Finance costs

Finance costs for the reporting periods consist of the following:

Figures in Birr	July 07,2023	July07,2022
Interest income	(552,523)	(334,256)
Interest on Defined Benefit Obligations	770,127	347,296
Total finance costs	217,603	13,041

22 Deferred and Current Income Tax

22.1 Deferred tax assets and liabilities

Deferred Tax as at 07 July 2023 is shown on the table below:

Items	IFRS Carrying Amount	"GAAP" Book Value (Tax Base)	Deductible/(Taxable) Temporary Difference	Deferred Tax Asset/(liability)
Annual Leave Liability	5,166,357	-	5,166,357	1,291,589
Severance Pay Liability	5,633,142	-	5,633,142	1,408,286
Trade Receivables	57,292,477	60,679,877	3,387,400	846,850
Non-Current Asset Held for Sale	7,387,301.68	-	(7,387,302)	(1,846,825)
Property, Plant and Equipment	297,399,787	48,544,309	(248,855,478)	(62,213,869)
Land Use Right	647,049,731	-	(647,049,731)	(161,762,433)
Intangible Asset	24,175	-	(24,175)	(6,044)
Royalty Liability	29,505,415	-	29,505,415	7,376,354
Deferred Tax Liability	1,049,458,386	109,224,187	(859,624,371)	(214,906,093)



Deferred Tax as 7 July 2022 is shown on the table below:

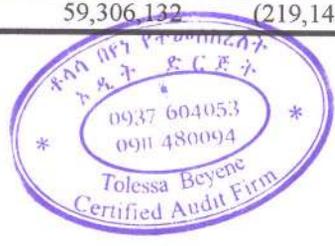
Items	IFRS Carrying Amount	"GAAP" Book Value (Tax Base)	Deductible/(Taxable) Temporary Difference	Deferred Tax Asset/(Liability)
Annual Leave Liability	2,763,497	-	2,763,497	690,874
Severance Pay Liability	5,500,899	-	5,500,899	1,375,225
Trade Receivables	57,177,011	77,557,007	20,379,996	5,094,999
Non-Current Asset Held for Sale	10,793,812.30	-	(10,793,812)	(2,698,453)
Property, Plant and Equipment	346,359,961	45,050,710	(301,309,251)	(75,327,313)
Land Use Right	647,049,731	-	(647,049,731)	(161,762,433)
Intangible Asset	72,501	-	(72,501)	(18,125)
Royalty Liability	29,505,415	-	29,505,415	7,376,354
Deferred Tax Liability	1,099,222,828	122,607,717	(901,075,488)	(225,268,872)

Deferred income tax assets and liabilities and deferred income tax Credit/ (charge) in profit or loss (P/L) for year ended 7 July 2022

Figures in Birr	July 7, 2023	Credit/ (Charge) to profit or loss	7 July 2022
The balance comprises temporary differences attributable to:			
Annual Leave Liability	1,291,589	600,715	690,874
Severance Pay Liability	1,408,286	33,061	1,375,225
Trade Receivables	846,850	(4,248,149)	5,094,999
Non-Current Asset Held for Sale	(1,846,825)	851,628	(2,698,453)
Property, Plant and Equipment	(62,213,869)	13,113,443	(75,327,313)
Land Use Right	(161,762,433)	-	(161,762,433)
Intangible Asset	(6,044)	12,082	(18,125)
Royalty Liability	7,376,354	-	7,376,354
Total deferred tax assets/(liabilities)	(214,906,093)	10,362,779	(225,268,872)

Deferred income tax assets and liabilities and deferred income tax Credit/ (charge) in profit or loss (P/L) for year ended July 2022

Figures in Birr	7 July 2022	Credit/ (Charge) to profit or loss	31 Dec. 2021
The balance comprises temporary differences attributable to:			
Annual Leave Liability	690,874	95,890	594,984
Severance Pay Liability	1,375,225	310,775	1,064,449
Trade Receivables	5,094,999	2,140,561	2,954,438
Non-Current Asset Held for Sale	(2,698,453)	324,519	(3,022,972)
Property, Plant and Equipment	(75,327,313)	23,700,659	(99,027,971)
Land Use Right	(161,762,433)	-	(161,762,433)
Intangible Asset	(18,125)	18,125	(36,250)
Royalty Liability	7,376,354	-	7,376,354
Deferred tax liability recognized upon Adola's Combination (note 21)		32,715,604	32,715,604
Total deferred tax assets/(liabilities)	(225,268,872)	59,306,132	(219,143,797)



22.2 Income tax expense

Figures in Birr	July 07,2023	July07,2022
Current Income tax:		
Income tax Provision for the current year (subsidiary)	-	10,919,406
(Decrease)/increase in deferred tax liabilities (note 22.1)	10,362,779	-
Tax expense/(Income) charged to the statement of profit or loss	10,362,779	10,919,406

22.3 Current tax payable on profits for the year

Figures in Birr	July 07,2023	July07,2022
Accounting profit before income tax	(94,234,374)	(61,953,611)
Add : Disallowed expenses		
Entertainment	383,064	139,953
Donation	1,116,606	91,785
Annual Leave Expense	2,019,384	(1,740,800)
Royalty	-	56,099
Severance expense	925,767	619,165
Amortization of intangible asset	16,000	24,166
Impairment Loss-Trade and other receivables	1,111,534	982,749
Finance Costs on Severance pay Liability	770,127	347,296
Depreciation on Production Facilities Expensed-IFRS	10,790,530	13,575,775
Depreciation for IFRS accounting purpose-Administrative	44,967,916	16,224,738
	62,100,929	30,320,926
Less :		
Depreciation for tax purpose-Administrative	56,087,360	351,405
Other Income taxed at source	552,523	334,256
Severance paid	1,563,650	427,015
	58,203,533	1,112,676
Taxable profit/(loss)	(90,336,978)	(32,745,361)
Current tax Income/ (Expense) at 25%	22,584,244	8,186,340

Since the corporation has utilized the tax loss carried forward advantage in the past, no deferred tax asset is recognized for tax income computed above.



22.4 Current Tax Liabilities

Figures in Birr	July 07,2023	July07,2022
Profit Tax payable	2,615,342	1,615,136
Royalty Tax Payable	30,445,535	29,505,415
Excise tax payable accrued	3,840,772	6,637,161
Dividend Tax payable	199,961	199,961
Employee Income Tax	841,868	832,286
Pension	502,618	504,633
Graduate Tax	(23,429)	2,689
Other Tax Liabilities	2,227,226	158,119
VAT payable	431,826	2,256,768
Withholding Tax	188,432	4,888,579
Balance at the end of the year	41,270,152	46,600,748
Less: Withholding Tax Receivable	(2,145,048)	(1,046,408)
	39,125,103	45,554,340

23 Remuneration for Key Management Personnel (Related party)

Key management of the corporation are the board of directors and senior management members . Key management personnel remuneration includes the following expenses:

Figures in Birr	July 07,2023	July07,2022
Short-term employee benefits:		
Salaries	4,042,880	2,086,185
Allowance	2,271,192	796,404
	6,314,072	2,882,589
Post-employment benefits:		
Defined contribution pension plan (11%)	420,534	229,480
Total remuneration	6,734,607	3,112,069

The corporation has no related party transactions except remunerations paid to senior management.

24 Going concern

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

