

**ETHIOPIAN AGRICULTURAL BUSINESS
CORPORATION**

AUDITORS' REPORT AND ACCOUNTS

07 JULY 2024 (30 SENE 2016 E.C)

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የተፈቀደለት ኮዲተር/ኢትዮጵያ/
HABTEWOLD MENKIR
CHARTERED CERTIFIED ACCOUNTANTS (U.K.)
AND AUTHORIZED AUDITOR (ETHIOPIA)**

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Addis Ababa, Ethiopia

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ETHIOPIAN AGRICULTURAL BUSINESS CORPORATION
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FOR THE YEAR ENDED JULY 7,2024/ (30 SENE 2016 E.C)

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ETHIOPIA AGRICULTURAL BUSINESSES CORPORATION

Corporate Information

For the year ended 30 Sene 2016 E.C (7 July 2024)

General information

Tax identification Number (TIN) - 0048987983
Business address
Addis Ababa,
Telephone : +251 -114-424-177/84
Fax : +251 1-114-421-312
P.O. Box 6898

Directors (As of 7 July 2023)

H/E Girma Amentie (Dr)	Board chairman
H/E Alemu Semie (Dr)	Board Member
H/E W/ro Alemtsehay Paulos	Board Member
H/E W/ro Semerita Sewasew	Board Member
H/E Ato Mamo Esmelealemmehiretu	Board Member
Ato Abe Sano	Board Member
Ato Woldeab Demissie	Board Member
Ato Abebe Gebrehiwot	Board Member
Ato Daniel Seleshi	Board Member

Management Information / Executive management

Ato Kifle Woldemariam	Chief Executive Officer
Ato Feleke Gezahegn	Deputy CEO, Corporate Operation Main Sector
Ato Tensay Mecha	Deputy CEO, Corporate Resource Management Sector
Ato Zenebe W/Silassie	Ethiopian Seed and Forest Products Supply Sector Executive Officer
Ato Mengistu kifle	Agricultural Equipment Supply and Mec.Service Sec. Executive Officer
Ato Solomon Geberie	Agricultural Input Supply Sector Executive Officer
Ato Assmamamw Gizachew	Vehicles Administration and maintenance Sector Executive Officer

Principal Bankers

Commercial Bank of Ethiopia
Awash International Bank S.C
Dashen Bank S.C
Abay Bank S.C.

Independent auditor

Habtewold Menkir Chartered Certified Accountants and Certified Audit Firm
P.O Box -4859
email- habteauditor@gmail.com
Addis ababa



**ETHIOPIA AGRICULTURAL BUSINESSES CORPORATION
REPORTS AND ANNUAL FINANCIAL STATEMENTS
REPORT OF THE MANAGEMENT
FOR THE YEAR ENDED 30 SENE 2016 E.C/(7 JULY 2024)**

Management has pleasure of presenting their report on the affairs of Ethiopia Agricultural Business Corporation together with the financial statements for the year ended 07 July 2024 (30 Sene 2016 E.C) to the stakeholders of EABC. This report discloses the financial performance and state of affairs of the corporation.

Ethiopia Agricultural Business Corporation (EABC) is a government owned business organization established in December 20 /2015 by the proclamation No. 368/2015.

Principal activities

The corporation is principally engaged provide Agriculture inputs and technologies that should considerably improve production activities are:-

- To buy from domestic and international markets and supply agricultural inputs; undertake agricultural inputs market price stabilization activities;
- To render agricultural mechanization services, agricultural and construction equipment repair services ad provide rental services of agricultural machineries and transport vehicles;
- To buy from domestic and international markets and supply agricultural machineries and spare parts, construction equipment and agro-chemicals;
- To provide necessary education for the promotion of the use of modern agricultural machineries; provide consultancy service in handling and use of agricultural machineries and provide on the job technical trainings;
- To harvest, buy, value add to and process natural gum, produce other forest products, and supply to domestic and international markets;
- To multiply, clean and process pre-basic and certified seeds of various crops, vegetables and fruits; where necessary import pre-basic seeds and cause their production or sale them; to sell by products;

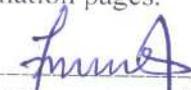
Operating results

The corporation's results for the year ended 07 July 2024 are set out on page 4. The profit for the year has been transferred to retained earnings. The summarized results are presented below.

	7 July 2024	7 July 2023
	ETB	ETB
Revenue	10,760,750,279	11,271,059,930
Profit before income tax	1,779,362,302	1,567,240,020
Income tax expense	(547,808,949)	(502,474,123)
Total comprehensive income for the year	<u>1,231,553,353</u>	<u>1,064,765,898</u>
Other comprehensive income net of taxes	(4,145,571)	1,905,179
Total comprehensive income for the year	<u><u>1,227,407,782</u></u>	<u><u>1,066,671,076</u></u>

Management

The management who held office during the year and to the date of this report are set out on Corporate information pages.


H/E Girma Amentie (Dr)
Chairman, Board of Directors




Ato Kifle Woldemariam
Chief Executive Officer



**ETHIOPIA AGRICULTURAL BUSINESSES CORPORATION
STATEMENT OF MANAGEMENT RESPONSIBILITIES
FOR THE YEAR ENDED 30 SENE 2016 E.C/(7 JULY 2024)**

The financial Reporting proclamation no847/2014 requires the Corporation to prepare its financial statements in accordance with the international financial reporting standards (IFRS).

Financial reporting proclamation no 847/2014, require the management to prepare financial statements in respect of that Corporation, which give a true fair view of the state of affairs of the Corporation at the end of the financial year and reporting results of the Corporation for that year. The management is also required to ensure that the Corporation keeps proper accounting records which disclose with reasonable accuracy the financial position of the Corporation. The management is also responsible for safeguarding the assets of the Corporation.

The management is responsible for the preparation and presentation of the Corporation's financial statements which give a true and fair view of the state of affairs of the Corporation for and as at the end of the financial year ended on 30 Sene 2016 E.C (07 July 2024).

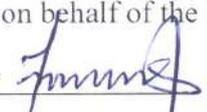
The management accepts the responsibility for the Corporation's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with international financial reporting standards (IFRS). The management is of the opinion that the Corporation's financial statement give a true and fair view of the state of Corporation's transactions during the financial year ended 30 Sene 2016 E.C (07 July 2024) and of the Corporation's financial position as at that date. The management further confirms the completeness of the accounting records maintained for the Corporation, which have been relied upon in the preparation of the Corporation's financial statements as well as the adequacy of the systems of internal financial control.

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

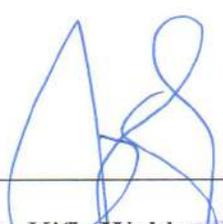
Approval of the financial statements

The Company's financial statements were approved by the Management on 31 December, 2024 and signed on its behalf by:

Signed on behalf of the Board and managements:-


H/E Girma Amenfie (Dr)
Chairman, Board of Directors




Ato Kifle Woldemariam
Chief Executive Officer



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በቻርተር የተመሠከረላቸው የሂሳብ አዋቂዎች /ለንደን/
የተፈቀደለት አዲተር/ኢትዮጵያ/
HABTEWOLD MENKIR
CHARTERED CERTIFIED ACCOUNTANTS (U.K.)
AND AUTHORIZED AUDITOR (ETHIOPIA)

☎Office 011-869-63-62

Mobile- 0911-66-07- 93/0935-99-79-82

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—Addis Ababa, Ethiopia

Ref No-HWM307/17

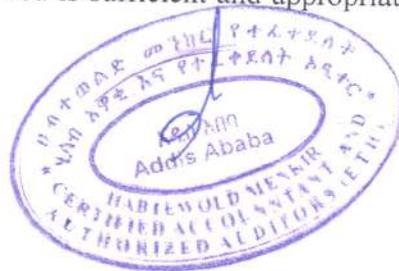
INDEPENDENT AUDITORS' REPORT
ETHIOPIA AGRICULTURAL BUSINESSES CORPORATION
1. UNQUALIFIED OPINION

We have audited the accompanying financial statements of Ethiopia Agricultural Businesses Corporation which comprise the statement of the financial position as at 30 Sene 2016 E.C (7 July, 2024), Statement of comprehensive income, Statement of changes in equity, Statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all materials respects, the financial position of the Corporation as at 30 Sene 2016 E.C (7 July, 2024), its financial performance and cash flows for the year ended in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

2. BASIS OF UNQUALIFIED OPINION

We conducted our audit in accordance with International Standards on auditing (ISAs). Our responsibilities under those standards are further described in the auditor's Responsibilities for the Audit of the Financial Statement 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 Accounts (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 opinion.



3. RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE FINANCIAL STATEMENTS

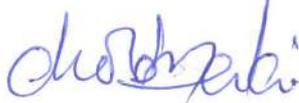
The management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB), and for such internal control as management determines is necessary to enable the preparation of an Corporation report that is free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Corporation's ability to continue as a going concern, decision, as applicable, matters related 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.

4. AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF 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.



Habtewold Menkir
Chartered Certified Accountants (UK)
Authorized Auditors (ETH)
Addis Ababa
6 January, 2025



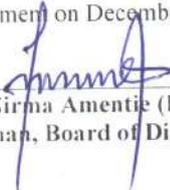
ETHIOPIA AGRICULTURAL BUSINESSES CORPORATION
STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED 30 SENE 2016 E.C/(7 JULY 2024)

Currency: Ethiopian Birr

	Notes	2024	2023
ASSETS			
Non-current assets			
Property, plant and equipment	6	2,060,213,533	1,402,115,014
Intangible Assets	7	1,920,027	2,400,017
Right of use asset	8	44,078,157	21,356,104
		2,106,211,716	1,425,871,134
Current assets			
Inventories	9	5,631,863,793	4,355,541,449
biological asset	10	62,191,435	24,589,555
contract asset	12	-	253,585,382
Trade and other receivables	11	5,146,622,099	7,038,580,196
Cash and cash equivalents	13	6,847,763,066	3,426,712,760
		17,688,440,393	15,099,009,342
TOTAL ASSETS		19,794,652,109	16,524,880,476
EQUITY & LIABILITIES Equity			
EQUITY			
Paid up Capital	21	3,707,790,061	2,537,814,376
Other reserve		(2,091,352)	2,054,219
Legal Reserve	22	139,723,053	78,145,385
		3,845,421,762	2,618,013,980
Liabilities			
Non-current liabilities			
Lease obligation	20	25,432,231	11,696,713
Long Employee benefit obligations	19	72,290,366	62,097,983
Deferred tax liability	24,d	158,992,190	167,693,886
		256,714,786	241,488,582
Current liabilities			
Trade and Other payables	15	4,564,644,597	3,252,747,729
Contract liabilities	16	10,411,846,879	9,758,201,491
Short term employee benefit	18	139,497,812	111,225,277
Provisions for outstanding legal cases	17	71,362,467	71,162,799
Employee benefit obligations - Current portion		3,051,018	1,146,752
Profit tax payable	24,e	502,112,787	470,893,865
		15,692,515,560	13,665,377,914
Total Liabilities		15,949,230,347	13,906,866,496
TOTAL EQUITY & LIABILITIES		19,794,652,109	16,524,880,476

The notes on pages 7 to 46 are an integral part of these financial statements.

The financial statements on pages 3 to 6 were approved and authorised for issue by the management board and executive management on December 31, 2024 and were signed on their behalf by:


H/E Girma Amentie (Dr)
Chairman, Board of Directors


Ato Kifle Woldemariam
Chief Executive Officer



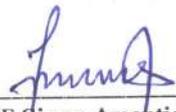
ETHIOPIAN AGRICULTURAL BUSINESS CORPORATION
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED JULY 7, 2024/ (30 SENE 2016 E.C)

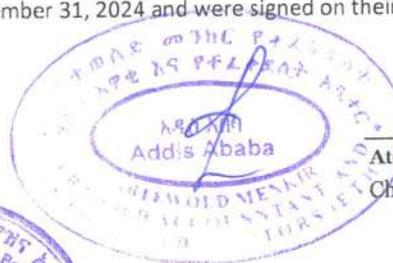
Currency: Ethiopian Birr

	Notes	2024	2023
Revenue from contracts with customer	25	10,681,342,380	11,208,140,088
Cost of sales	27	(8,491,443,762)	(8,856,861,201)
Gross Operating Profit		2,189,898,618	2,351,278,888
Other Income	26	79,407,899	62,919,842
		2,269,306,517	2,414,198,730
Expenses			
Expected credit loss	11 a	(1,791,178)	(39,986,554)
Cash impairment loss		(1,321,766)	(974,452)
Selling and Distribution Expense:	28	(144,058,717)	(146,023,293)
General and Administration Expenses	29	(326,441,880)	(353,134,998)
		(473,613,542)	(540,119,296)
Operating profit		1,795,692,975	1,874,079,433
Finance Cost-net	30	(16,330,673)	(306,839,413)
Profit Before Tax		1,779,362,302	1,567,240,020
Profit tax expense	24,c	(547,808,949)	(502,474,123)
Profit (loss) for the year		1,231,553,353	1,064,765,898
Other Comprehensive Income:			
Will not be reclassified subsequently to profit or loss			
Remeasurement gain/(loss) on retirement be	19,c	(5,922,244)	2,721,684
Deferred tax (liability)/asset on remeasureme	19,c	1,776,673	(816,505)
Other comprehensive income, net of tax		(4,145,571)	1,905,179
Total comprehensive income		1,227,407,782	1,066,671,076

The notes on pages 7 to 46 are an integral part of these financial statements.

The financial statements on pages 3 to 6 were approved and authorised for issue by the management board and executive management on December 31, 2024 and were signed on their behalf by:


H/E Girma Amentie (Dr)
 Chairman, Board of Directors




Ato kifle Woldemariam
 Chief Executive Officer



ETHIOPIA AGRICULTURAL BUSINESSES CORPORATION
STATEMENT OF CHANGE IN EQUITY
FOR THE YEAR ENDED 30 SENE 2016 E.C.(7 JULY 2024)

Currency: Ethiopian Birr



Description	Paid Up Capital	Legal Reserve	Retained Earnings	Other reserve	TOTAL
Balance at 7 JULY 2022 (Sene 30,2014 E.C.)	2,440,000,000	24,907,090	(826,071,294)	149,040	1,638,984,837
Profit or loss for the year	-	-	1,064,765,897	-	1,064,765,897
Transfer to Legal reserve	-	53,238,295	(53,238,295)	-	-
Prior period tax Assessment	-	-	(22,580,679)	-	(22,580,679)
Prior period effect of error correction	-	-	(65,061,254)	-	(65,061,254)
Transfer to Paid up Capital	97,814,376	-	(97,814,376)	-	-
Other reserves	-	-	-	1,905,179	1,905,179
Balance at 7 JULY 2023 (Sene 30,2015 E.C.)	2,537,814,376	78,145,385	-	2,054,219	2,618,013,980
Profit or loss for the year	-	-	1,231,553,353	-	1,231,553,353
Transfer to Legal reserve	-	61,577,668	(61,577,668)	-	-
Transfer to Paid up Capital	1,169,975,686	-	(1,169,975,686)	-	-
Other reserves	-	-	-	(4,145,571)	(4,145,571)
Balance at 7 JULY 2024 (Sene 30,2016 E.C.)	3,707,790,062	139,723,053	-	(2,091,352)	3,845,421,762

The notes on pages 7 to 46 are an integral part of these financial statements.

The financial statements on pages 3 to 6 were approved and authorised for issue by the management board and executive management on December 31, 2024 and were signed on their behalf by:

[Signature]
H/E Girma Amende (Dr)
Chairman, Board of Directors



[Signature]
Ato Kifle Woldemariam
Chief Executive Officer



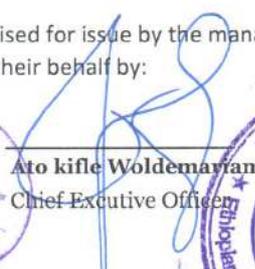
ETHIOPIAN AGRICULTURAL BUSINESS CORPORATION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JULY 7, 2024/ (30 SENE 2016 E.C)

	Currency: Ethiopian Birr	
	2024	2023
Cash flows from operating activities		
Profit before tax	1,779,362,302	1,567,240,020
Less: Gain on sale of equipment	(14,280,745)	(5,521,299)
Less: Fixed asset adjustments and reclassifications	865,329	928,720
Add: Depreciation & Amortization	103,030,124	88,831,056
Add: Expected credit loss	1,791,178	39,986,554
Add: Cash impairment loss	1,321,766	974,452
Add: Interest expense on lease obligation	3,188,958	229,616
Add: Provision for inventories	(2,992,550)	(334,977,751)
Add: Long term employee benefit	9,225,421	8,597,572
Decrease (increase) in trade and other receivables	1,890,166,919	(3,394,319,002)
Decrease (increase) in contract assets	253,585,382	2,910,190,160
Decrease (increase) in inventories	(1,273,329,795)	2,162,151,561
Decrease (increase) in biological assets	(37,601,879.98)	(18,302,031)
Increase (decrease) in trade and other payables	1,311,896,869	1,004,668,528
Increase (decrease) in contract liabilities	653,645,388	(1,551,213,804)
Increase (decrease) in short term employee benefit obligations	28,272,535	32,199,346
Increase (decrease) in provisions for outstanding legal cases	199,668	20,582,257
Long term employee benefit paid	(3,051,018)	(1,146,752)
Profit taxes paid	(470,893,865)	(350,301,801)
Withholding tax paid	(52,621,184)	(47,337,961)
Net cash from (used in) operating activities	4,181,780,802	2,045,817,508
Cash flows from investing activities		
Expenditure for PPE and intangible assets	(761,023,442)	(378,383,696)
Additions to right of use asset	(2,500,000)	-
Proceeds from sale of Non-current assets	14,544,108	6,125,220
Net cash from (used in) investing activities	(748,979,334)	(372,258,476)
Cash flows from financing activities		
Less: Land lease payment	(535,000)	(67,410)
Less: Lease purchase payment	(9,894,392)	(36,815,910)
Net cash from (used in) financing activities	(10,429,392)	(36,883,324)
Net increase (decrease) in cash and cash equivalents	3,422,372,074	1,636,675,708
Cash and cash equivalents at beginning of year	3,427,687,210	1,791,011,502
Cash and cash equivalents at end of year	6,850,059,284	3,427,687,210
Component of Cash and Cash Equivalent at end of the year		
Cash on hand	-	-
Cash at bank	6,850,059,284	3,427,687,211
Total Net Cah and cash Equivalent at end of the year	6,850,059,284	3,427,687,210

The notes on pages 7 to 46 are an integral part of these financial statements.

The financial statements on pages 3 to 6 were approved and authorised for issue by the management board and executive management on December 31, 2024 and were signed on their behalf by:


H/E Girma Amentie (Dr)
 Chairman, Board of Directors


Ato Kifle Woldemariam
 Chief Executive Officer



**ETHIOPIAN AGRICULTURAL BUSINESS CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JULY 7, 2024/ (30 SENE 2016 E.C)**

1 General information

Ethiopian Agricultural Business Corporation was established by Council of Ministers Regulation No. 368/2015 on 22nd of December 2015, with the objective to;

- Buy from domestic and international markets and supply agricultural inputs, process same; undertake agricultural inputs market price stabilization activities;
- Render agricultural mechanization services, agricultural and construction equipment repair services and provide rental services of agricultural machineries and transport vehicles;
- Buy from domestic and international markets and supply agricultural machineries and spare parts, construction equipment and agro-chemicals;
- Provide necessary education for the promotion of the use of modern agricultural machineries; provide consultancy service in handling and use of agricultural machineries and provide on the job technical trainings;
- Harvest, buy, value add to and process natural gum, produce other forest products, and supply to domestic and international markets;
- Undertake agricultural land development studies and preparation of designs, agricultural land surveying, clearing, leveling, drainage and irrigation activities as well as other activities related to agricultural land development;
- Cause undertaking of feasibility studies, design preparation, technology selection and negotiation, erection and commissioning of new and expansion projects as well as for research activities;
- Cause the local designing and manufacturing of agricultural machineries and spare parts in partnership with capable local and foreign companies;
- Work in cooperation with the concerned educational research and training institutions in producing trained manpower in such fields, numbers and quality as required by the sector;
- Undertake studies, based on direction given to it by the Ministry of Public Enterprises, for the acquisition of financial, technological and modern governance inputs (including attracting investments or participating in investments) that can help it to become competitive, both locally and globally, and profitable and implement same upon approval;
- Multiply, clean and process pre-basic, basic and certified seeds of various crops, vegetables and fruits; where necessary import pre-basic seeds and cause their production or sale them; to sell byproducts
- Undertake research and implement improvements with respect to the supply of agricultural inputs, agricultural machineries repair, the production and marketing of natural gum, mechanization services and related matters and thereby ensure its competitiveness;
- Tell bonds, collateralize, negotiate and sign loan agreements with local and foreign sources in accordance with directives issued by the Ministry of Finance and Economic Corporation and on the basis of the guidance of Ministry of Public Enterprise;
- Engage in other related activities for the attainment of its purposes.

The Corporation is accountable to Ethiopian Investment Holding and governed by the Public

The address of its registered office is:
Post Office Box 6898,
Email: ethagribusco.gov.et,
Akaki-Kality Sub-city, Wereda/06, Addis Ababa, Ethiopia



ETHIOPIAN AGRICULTURAL BUSINESS CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JULY 7, 2024/ (30 SENE 2016 E.C)

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 year presented.

2.1 Basis of preparation

These financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) and related interpretations as issued by International Accounting Standard Board (IASB).

The financial statements have been prepared under the historical cost convention except for certain properties and financial instruments that are measured at revalued amounts or fair values as explained under significant accounting policies section below.

2.2 Functional and presentation currency

a) These financial statements are presented in Ethiopian Birr (ETB), which is the Corporation's functional currency. All financial information presented in Ethiopian Birr has been rounded to the nearest birr in the Corporation's financial statements and in the notes to the financial statements.

b) Foreign currency transactions are translated into the functional currency using exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the statement of profit or loss and other comprehensive income unless it qualifies for capitalization to fixed assets or effectively hedged.

2.3 Going Concern

The financial statements have been prepared on a going concern basis. The management has made an assessment of corporation's ability to continue as going concern and is satisfied that the corporation has resources to continue in business for foreseeable future. Furthermore, the management is not aware of any material uncertainties that may cast significant doubt upon the corporation's ability to continue as going concern. Therefore, The management have no doubt that the corporation would remain in existence after 12 months from date of this financial report.

2.4 Accounting estimates

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires the management to exercise their judgment in the process of applying the Corporation's accounting policies. The areas involving higher degree of judgment or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in note 3 below.

2.5 Changes in accounting policies and disclosures

2.5.1 The Corporation has applied the following standards and amendments for its annual reporting period commencing 8 July 2023:

IAS 12 amendments on deferred tax

Deferred tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12) that clarify how companies account for deferred tax on transactions such as leases and decommissioning obligations. Effective for annual reporting periods beginning on or after January 2023. The Corporation shall apply the amendment when due. The amendments are not expected to have an impact on the Corporation's financial statements.



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Definition of Accounting Estimates (Amendments to IAS 8)

The amendments replace the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are “monetary amounts in financial statements that are subject to measurement uncertainty”. Entities develop accounting estimates if accounting policies require items in financial statements to be measured in a way that involves measurement uncertainty. The amendments clarify that a change in accounting estimate that results from new information or new developments is not the correction of an error. Effective for annual reporting periods beginning on or after 1 January 2023. The Corporation shall apply the amendment when due. The amendments are not expected to have an impact on the Corporation’s financial statements.

Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)

The amendments require that an entity discloses its material accounting policies, instead of its significant accounting policies. Further amendments explain how an entity can identify a material accounting policy. Examples of when an accounting policy is likely to be material are added. To support the amendment, the Board has also developed guidance and examples to explain and demonstrate the application of the ‘four-step materiality process’ described in IFRS Practice Statement 2. Effective for annual reporting periods beginning on or after 1 January 2023. The Corporation shall apply the amendment when due. The amendments are expected to have an impact on the Corporation’s financial statements.

The amendments listed above did not have material impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

2.5.2 New Standards, amendments, interpretations not yet effective but earlier adopted by the Corporation

There are no new standards and amendments to standards and interpretations that are not mandatory for the period ending 30 June 2024 and have been early adopted by the Corporation. New Standards, amendments, interpretations not yet effective and not early adopted by the Corporation are set out below:

IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information

IFRS S1 sets out overall requirements for sustainability-related financial disclosures with the objective to require an entity to disclose information about its sustainability-related risks and opportunities that is useful to primary users of general purpose financial reports in making decisions relating to providing resources to the entity. Management of the Corporation expects considerable effects upon implementation of this requirement. Applicable to annual reporting periods beginning on or after 1 January 2024.

IFRS S2 Climate-related Disclosures

IFRS S2 sets out the requirements for identifying, measuring and disclosing information about climate-related risks and opportunities that is useful to primary users of general purpose financial reports in making decisions relating to providing resources to the entity. Management of the Corporation expects considerable effects upon implementation of this requirement. Applicable to annual reporting periods beginning on or after 1 January 2024.



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Classification of Liabilities as Current or Non-Current (Amendments to IAS 1)

The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current. Management of the Corporation expects minimal effects upon implementation of this requirement. Effective for annual reporting periods beginning on or after 1 January 2024.

Lease Liability in a Sale and Leaseback (Amendments to IFRS 16)

The amendment clarifies how a seller-lessee subsequently measures sale and leaseback transactions that satisfy the requirements in IFRS 15 to be accounted for as a sale. Management of the Corporation expects minimal effects upon implementation of this requirement. Effective for annual reporting periods beginning on or after 1 January 2024.

Non-current Liabilities with Covenants (Amendments to IAS 1)

The amendment clarifies how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability. Management of the Corporation expects minimal effects upon implementation of this requirement. Effective for annual reporting periods beginning on or after 1 January 2024.

Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7)

The amendments add disclosure requirements, and 'signposts' within existing disclosure requirements, that ask entities to provide qualitative and quantitative information about supplier finance arrangements. Effective for annual reporting periods beginning on or after 1 January 2024. Management of the Corporation expects minimal effects upon implementation of this requirement.

Lack of Exchangeability (Amendments to IAS 21)

The amendments contain guidance to specify when a currency is exchangeable and how to determine the exchange rate when it is not. Effective for annual reporting periods beginning on or after 1 January 2025. Management of the Corporation expects minimal effects upon implementation of this requirement.

Amendments to the SASB standards to enhance their international applicability

The amendments remove and replace jurisdiction-specific references and definitions in the SASB standards, without substantially altering industries, topics or metrics. Effective for annual reporting periods beginning on or after 1 January 2025. The impact of implementation of this requirement is not yet established or Management could not reasonably estimate its effect as at reporting date.

Presentation and Disclosure in Financial Statements IFRS 18 (effective date 1 Jan -2027)

The objective of this standard is to set out requirements for the presentation and disclosure of information in general purpose financial statements (financial statements) to help ensure they provide relevant information that faithfully represents an entity's assets, liabilities, equity, income and expenses. It applies to all financial statements that are prepared and presented in accordance with International Financial Reporting Standards (IFRSs). Standards for recognizing, measuring, and disclosing specific transactions are addressed in other Standards and Interpretations. The impact of implementation of this requirement is not yet established or Management could not reasonably estimate its effect as at reporting date.



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2.6 Revenue from contracts with customers

Revenue from sales of goods and provision of services is recognized in the accounting period in which the obligations of delivery of goods or provision of services are met. For fixed-price contracts, revenue is recognized based on the actual service provided (good delivered) to the end of the reporting period as a proportion of the total services to be provided (percentage of completion method). Estimates of revenues, cost or extent of progress toward completion are revised if circumstances change. Any resulting increases or decreases in estimated revenues or costs are reflected in profit or loss in the period in which the circumstances that give rise to the revision become known by management.

The consideration received from customers is recorded as deferred revenue until the goods are delivered or service has been provided unless service is provided instantly in which case revenue is recognized immediately upon cash collection. Deferred revenues are recorded as revenues when service is provided or goods are delivered. Other revenues that include revenues from interest and investment income are recorded as they are earned.

The specific accounting policies for the Corporation's main types of revenue are explained as follows;

Sale of goods

Revenue from the sale of goods is recognized when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on delivery of the goods.

Rendering of services

Revenues from land clearing service, repair and maintenance service, ploughing, disking and riding, harvesting, planting and seeding are recognized by reference to the stage of completion. Stage of completion is measured by reference to extent of total costs incurred to date as a percentage of total estimated costs to complete each contract. When the contract outcome cannot be measured reliably, revenue is recognized only to the extent that the expenses incurred are eligible to be recovered.

Rental Income

Rental income arising from operating leases on machinery and equipment is accounted for on a straight-line basis over the lease terms and is included in revenue due to its operating nature.

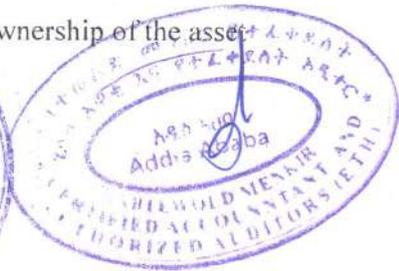
2.7 Inventories

Inventories are stated at the lower of cost and net realizable value. Costs comprise direct materials and where applicable direct labor costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Costs of issues are calculated using the weighted moving average method. Net realizable value represents the estimated selling price less all estimated costs of disposal.

Redundant and slow-moving inventories are identified on a regular basis and written down to their realizable values. Consumables are written down with regard to their age, condition and utility.

The payments towards purchase of assets/ inventories are recorded and reported as prepayment unless the below conditions are met.

- (a) The Corporation has a present right to payment for the asset
- (b) The Corporation has legal title to the asset
- (c) The Corporation has physical possession of the asset
- (d) The Corporation has the significant risks and rewards of ownership of the asset
- (e) The Corporation has received the asset



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2.8 Property, plant and equipment

Properties held for use in the supply of services, or for administrative purposes and properties in the course of construction are carried at cost, less accumulated depreciation, less any recognized impairment loss. Cost includes professional fees and for qualifying assets borrowing costs capitalized in accordance with the Corporation's accounting policy. When major components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment and are depreciated over their respective useful lives.

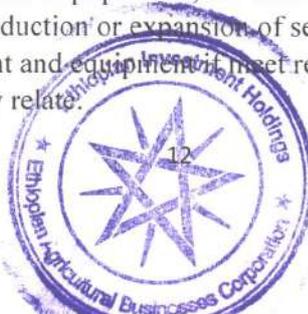
Maintenance and repair costs are recognized as follows: Maintenance expenses incurred during the useful life of property, plant and Equipment (regular maintenance activities to maintain the asset in a good condition) are recorded as operating expenses. The cost of periodic major overhaul programs are capitalized as a separate component and depreciated over its expected useful life. That is, Major overhaul expenditure, including replacement spares and labor costs, is capitalized and amortized over the average expected life between major overhauls.

Depreciation on property is charged so as to write off the cost of the assets, other than properties under construction, over their estimated useful lives, using the straight line method. Depreciation on assets under construction commences when the assets are ready for their intended use. Salvage value is estimated to be 0.5% of the original cost or Br 100.00 whichever is higher. The percentage for calculation of Depreciation is as follows and it is applied on total depreciable costs of the asset.

Property, plant and Equipment	Depreciation rate in %	Residual value in %
Land improvements, Building and Infrastructure	2	5%
Grain mill, Seed processing and cleaning	5	1%
Machineries, Generators, Construction Equipment and Surveying equipment	10	1%
Motor Vehicles	10	5%
Office Furniture ,Fixtures and equipment	20	1%
Computer and Accessories	20	1%
Communication equipment	1st year 34	1%
Human Laboratory material and medical equipment	20	1%
Seed and Soil Laboratory material and equipment	10	1%
House Hold Equipment and Furniture	20	1%
Agricultural Equipment and Implements	10	1%
Agricultural tools	20	1%
Workshop and teaching aid machineries	5	1%
Workshop Equipment and tools	10	1%
Fuel and water tankers, Weight Scale sewing machine and Conveyors belt	10	1%



The estimated useful life, depreciation method and residual value are reviewed at the end of each annual reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. No depreciation is provided for projects in progress. When the Corporation receives credits from manufacturers in connection with the acquisition of certain Equipment's, the credits are offset against the cost of related fixed asset. The spares acquired on the introduction or expansion of service, as well as ratable spares purchased separately are carried as property, plant and equipment if they meet recognition criteria and generally depreciate in line with the fixed asset to which they relate.



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Property, plant and equipment items whose individual unit costs are less than birr 5,000.00 are charged to operating expenses. Gains or losses arising on disposal or retirement of an asset are determined as the difference between the sales proceeds and the carrying amount of the asset and are recognized through profit or loss.

2.9 Intangible assets

Intangible assets acquired separately are reported at cost less accumulated amortization and accumulated impairment losses. Amortization is charged on a straight-line basis over their estimated useful lives. The amortization period and the amortization method for an intangible asset with a finite useful life is reviewed least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates, with the effect of any changes in estimate being accounted for on a prospective basis.

For internally-generated intangible assets, the expenditure on research activities is recognized as an expense in the year in which it is incurred and the development expense from the development phase of an internal project is recognized if, and only if, all of the following have been demonstrated:

- a) The technical feasibility of completing the intangible asset so that it will be available for use;
- b) The intention to complete the intangible asset and use or sell it;
- c) The ability to use or sell the intangible asset;
- d) How the intangible asset will generate probable future economic benefits;
- e) The availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- f) The ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognized for internally-generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognized, development expenditure is charged to net income in the year in which it is incurred. The Corporation's intangible assets which have a finite useful life are amortized over their useful life using straight-line method as follows while intangibles with indefinite life are not amortized but tested annually for any impairment.

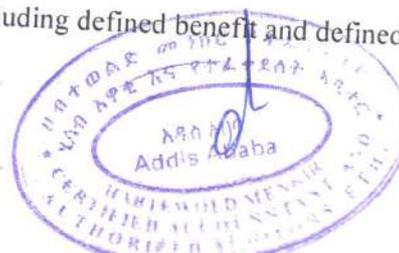
Intangible Asset	Amortization rate in %
Computer Software	10

Externally acquired intangible assets are capitalized at cost only when future economic benefits are probable. Costs include the purchase price together with any directly attributable expenditure. Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortization and accumulated impairment losses. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the income statement when the asset is derecognized.

2.10 Employee benefits

The Corporation has various post-employment schemes, including defined benefit and defined contribution pension plans and post employment benefits.



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Defined contribution plan

The defined contribution plan (Pension scheme) is in line with the provisions of Ethiopian pension law. Funding under the scheme is 7% and 11% by employees and the Corporation respectively. The scheme is based on the employees' salary. Employer's contributions to this scheme are charged to profit or loss and other comprehensive income in the period in which they occur.

Defined benefit plan

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

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

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

Past-service costs are recognised immediately in income.

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

Termination benefits

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

Bonus plans

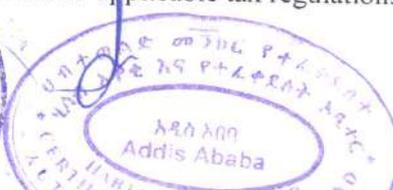
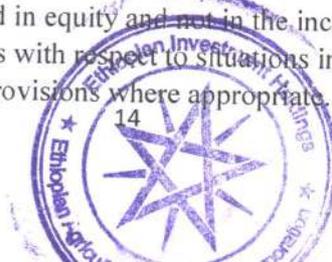
The Corporation recognises a liability and an expense for bonuses based on management decision. The Corporation recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

Short-term employee benefits

Short-term employee benefits which include the annual salary, performance bonuses, paid vacations not included in the annual salary, short-term sick leave, health, dental and life insurance benefits. These benefits are measured on an undiscounted basis and are expensed as the related service is received.

2.11 Current and deferred income tax

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date. Current income tax relating to items recognized directly in equity is recognized in equity and not in the income statement. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.



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The Corporation utilizes the asset and liability method of accounting for taxes under which deferred tax assets and liabilities are recognized for the estimated future tax consequences attributable to differences between the financial statement carrying amount and the tax basis of assets and liabilities. Deferred tax assets and liabilities are measured using enacted or substantively enacted tax rates that are expected to apply for the year in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in earnings in the year that includes the enactment date. Deferred tax assets are recognized to the extent that realization is considered probable.

2.12 Impairment of non-financial assets

The Corporation reviews at each statement of financial position date whether there is any indication of impairment (obsolescence, physical deterioration, significant changes in the method of utilization, performances falling short of forecasts, decline in revenues, other external indicators) or reversal of impairment loss. Non-financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the non-financial asset, the asset's carrying amount exceeds its recoverable amount. The recoverable amount of an asset is the greater of its value in use and its fair value less costs of disposal. The value in use is determined by the estimated present value of future cash flows generated by the asset.

When there is a reversal of impairment loss, the carrying amount of the asset is increased to the lower of the recoverable amount and the carrying amount (net of depreciation or amortization) that the asset would have had if previous impairment loss had not been recognized. The reversal of impairment loss is recognized in net income. Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

2.13 Financial Instruments

Initial recognition

Financial instruments are recognised when, and only when, the Corporation becomes party to the contractual provisions of the instrument. All financial assets are recognised initially using the trade date which is the date the Corporation commits itself to the purchase or sale.

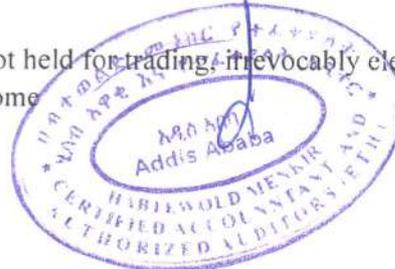
Classification

Financial assets that are held within a business model whose objective is to hold assets in order to collect contractual cash flows, and for which the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are classified and measured at amortised cost;

Financial assets that are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, and for which the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are classified and measured at fair value through other comprehensive income.

All other financial assets are classified and measured at fair value through profit or loss, notwithstanding above the Corporation may :

- a) On initial recognition of an equity investment that is not held for trading, irrevocably elect to classify and measure it at fair value through other comprehensive income.



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b) On initial recognition of a debt instrument, irrevocably designate it as classified and measured at fair value through profit or loss if doing so eliminates or significantly reduces a measurement or recognition inconsistency.

All other financial liabilities are classified and measured at amortised cost. Financial instruments held during the year were classified as follows:

- Demand and term deposits with banking institutions, trade and other receivables, and investments in government securities were classified as at amortised cost;
- Borrowings and trade and other liabilities were classified as at amortised cost.

Measurement

On initial recognition:

- i) Financial assets or financial liabilities classified as at fair value through profit or loss are measured at fair value.
- ii) Trade receivables are measured at their transaction price.
- iii) All other categories of financial assets and financial liabilities are measured at the fair value plus or minus transaction costs that are directly attributable to the acquisition or issue of the instrument

Subsequent measurement

Financial assets and financial liabilities after initial recognition are measured either at amortised cost, at fair value through other comprehensive income, or at fair value through profit or loss according to their classification.

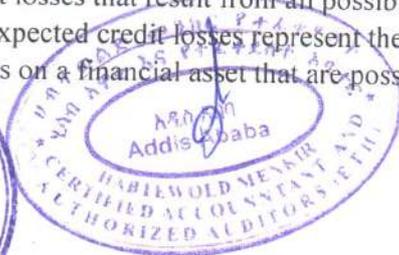
Interest income, dividend income, and exchange gains and losses on monetary items are recognised in profit or loss.

Amortised cost is the amount at which the financial asset or liability is measured on initial recognition minus principal repayments, plus or minus the cumulative amortization using the effective interest method of any

Impairment

The Corporation recognises a loss allowance for expected credit losses on debt instruments that are measured at amortised cost or at fair value through other comprehensive income. The loss allowance is measured at an amount equal to the lifetime expected credit losses for trade receivables and for financial instruments for which: (a) the credit risk has increased significantly since initial recognition; or (b) there is observable evidence of impairment (a credit-impaired financial asset). If, at the reporting date, the credit risk on a financial asset other than a trade receivable has not increased significantly since initial recognition, the loss allowance is measured for that financial instrument at an amount equal to 12-month expected credit losses. All changes in the loss allowance are recognised in profit or loss as impairment gains or losses.

Lifetime expected credit losses represent the expected credit losses that result from all possible default events over the expected life of a financial instrument. 12-month expected credit losses represent the portion of lifetime expected credit losses that result from default events on a financial asset that are possible within 12 months after the reporting date.



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Expected credit losses are measured in a way that reflects an unbiased and probability-weighted amount determined by evaluating a range of possible outcomes, the time value of money, and reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

For receivables, the Corporation applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

Presentation

All financial liabilities are classified as non-current except those expected to be settled in the Corporation's normal operating cycle, those payable or expected to be paid within 12 months of the statement of financial position date and those which the Corporation does not have an unconditional right to defer settlement for at least 12 months after the statement of financial position date.

Derecognition / write off

Financial assets are derecognized when the rights to receive cash flows from the financial asset have expired, when the Corporation has transferred substantially all risks and rewards of ownership, or when the Corporation has no reasonable expectations of recovering the asset.

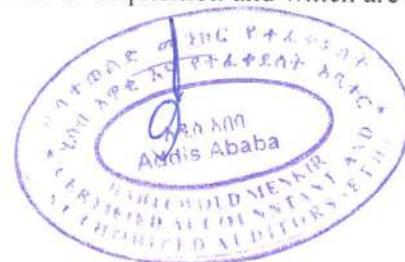
Financial liabilities are derecognized only when the obligation specified in the contract is discharged cancelled or expires. When a financial asset measured at fair value through other comprehensive income, other than an equity instrument, is derecognized, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment. For equity investments for which an irrevocable election has been made to present changes in fair value in other comprehensive income, such changes are not subsequently transferred to profit or loss.

Offsetting

Financial assets and liabilities are offset and the net amount reported in the statement of financial position only when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously.

Cash and cash equivalents

Cash and cash equivalents includes cash in hand and deposits with any qualifying financial institution repayable on demand or maturing within three months of the date of acquisition and which are subject to an insignificant risk of change in value.



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2.14 Provisions

Provisions, including provisions for legal litigations, restructuring and environmental issues, are recognized when the Corporation has a present obligation (legal or constructive) as a result of a past event, it is probable that the Corporation will be required to settle the obligation, and a reliable estimate can be made.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the statement of financial position date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

A restructuring provision is recognized when the Corporation has developed a detailed formal plan for the restructuring and has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement the plan or announcing its main features to those affected by it. The measurement of a restructuring provision includes only the direct expenditures, mainly severance costs, arising from the restructuring, which are those amounts that are both necessarily entailed by the restructuring and not associated with the ongoing activities of the Corporation.

The environmental provision includes estimated costs to meet government laws and regulations when such costs can be reasonably estimated. Estimates of the anticipated future costs for remediation work are based on the Corporation's prior experience.

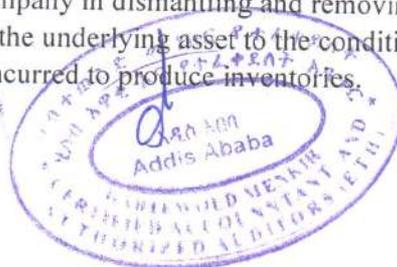
Provisions for warranty-related costs are recognized when the product is sold or service provided to the customer. Initial recognition is based on historical experience. The initial estimate of warranty-related costs is revised annually.

2.15 Leases

Lease sets out the principles for the recognition, measurement, presentation and disclosure of leases. The objective is to ensure that lessees and lessor provide relevant information in a manner that faithfully represents those transactions. The standard introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognize a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments.

The company recognized:

_ all leases as right right-of-use-asset at cost. Cost of right-use asset includes the amount of lease liability, lease payments made at or before the commencement date (less any lease incentives received), any initial direct costs incurred and an estimate of costs to be incurred by the company in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories.



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_ a lease liability at the present value of the lease payments that are not paid at that date. Present value of lease payments will be determined by discounting future lease payments at the interest rate implicit in the lease arrangement, if it is readily determined or at company's incremental borrowing rate.

The company measures:

Interest incurred on lease liability will be recognized in the statement of profit and loss as a finance cost.

Determination of whether an arrangement is a lease, or contains a lease

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

3 Critical accounting estimates and judgments

The preparation of financial statements in conformity with International Financial Reporting Standards requires the use of certain accounting estimates. It also requires management to exercise judgment in the process of applying the Corporation's accounting policies. Accordingly, in the process of applying the Corporation's accounting policies, the management has made estimates and assumptions that affect the reported amounts of assets and liabilities within current and future financial periods. These estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The critical areas of accounting estimates and judgments in relation to the preparation of these financial statements are as set out below:

3.1 A decline in the value of fixed assets could have a significant effect on the amounts recognized in the financial statements. The management assesses the impairment of fixed assets whenever events or changes in circumstances indicate that the carrying value may not be recoverable. Factors that are considered important which could make an impairment review necessary included the following:

- Significant decline in the market value beyond the level which would be expected from the passage of time and normal use.
- Significant changes in technology and regulatory environments.
- Evidence from internal reporting which indicates that the performance of the asset is, or will be, worse than expected.

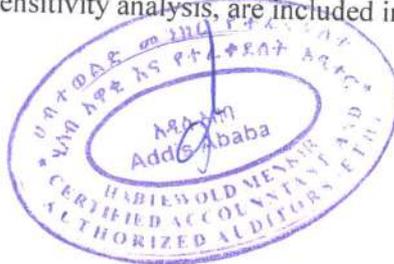


ETHIOPIAN AGRICULTURAL BUSINESS CORPORATION
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- 3.2 Useful lives and residual values of Property, Plant and Equipment: Critical estimates are made by management in determining the useful lives, usage pattern and residual values of property, plant and equipment based on the intended use and economic lives of those assets. Subsequent changes in circumstances such as technological advances or prospective utilization of the assets concerned could result in the actual useful lives or residual values differing from initial estimates.
- 3.3 Management uses judgment and estimates in determining the appropriate amounts in recording deferred income taxes, giving consideration to timing and probability of realization. Actual taxes could significantly vary from these estimates as a result of a variety of factors including future events, changes in income tax law or the outcome of reviews by tax authorities and related appeals. The Corporation has recognized any deferred tax assets on its deductible temporary differences and unused tax losses as it has determined that it is probable that taxable profit will be available against which the deductible temporary differences and unused tax losses can be utilized. The resolution of these uncertainties and the associated final taxes may result in adjustments to the Corporation's deferred and current tax situations.
- 3.4 Post-employment and other employee benefits except for the defined contribution component of the pension plans require certain level of estimation with respect of employee turnover rates. Due to the long-term nature of these benefits, such estimates are subject to significant uncertainty. Actual results may differ from results that are estimated based on assumptions.
- 3.5 The Corporation uses judgment in assessing, at each reporting date, whether there is any indication that financial assets may have lost value requiring the undertaking of an impairment test. These tests are designed, in part, to determine a recoverable amount, which is the fair value. Difference in estimates could materially affect the financial statements in determining both the impairment existence and the amount of impairment.
- 3.6 Determining whether a liability should be recognized as a provision requires management to exercise judgment. The Corporation must determine if a present obligation arises from past events, if it is probable that the Corporation will be required to settle the obligation and if a reliable estimate can be made of the amount of the obligation. The decision is based on management's experience and judgment. If the Corporation considers that one of the three conditions is not satisfied, it must still determine if a contingent liability should be disclosed in the notes, unless the possibility of any outflow in settlements is remote.

3.7 Post-employment benefits

Management uses estimates when determining the Corporation's liabilities and expenses arising from defined benefit pension schemes. Management is required to estimate the future rates of inflation, salary increases, discount rates and longevity of members, each of which may have a material impact on the defined benefit obligations that are recorded. Further details, including a sensitivity analysis, are included in Note 17 to the financial statements.



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4 Financial risk management

4.1 Introduction

The Corporation's activities expose it to a variety of financial risks: market risk (including foreign exchange risk and interest rate risk), credit risk and liquidity risk. The Corporation's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on its financial performance. The Corporation does not hedge any of its risk exposures.

Financial risk management is carried out by the finance department under policies approved by the Management Board. The board provides written principles for overall risk management, as well as written policies covering specific areas such as foreign exchange risk, interest rate risk, credit risk and investment of excess liquidity.

The table below summarises categories of financial instruments held by the Corporation:

	7 July 2024	7 July 2023
	<u>Birr</u>	<u>Birr</u>
<i>Financial assets</i>		
Trade receivables	4,999,324,169	5,263,397,950
Subsidy receivable from Ministry of Finance	-	1,634,386,951
Staff receivables	26,922,852	24,895,061
Retention receivable	2,884,700	9,622,519
Deposits with financial institutions	6,847,763,066	3,426,712,760
	<u>11,876,894,787</u>	<u>10,359,015,242</u>
<i>Financial liabilities</i>		
Trade payables	1,630,320,094	1,831,856,903
Lease obligations	25,432,231	11,696,713
	<u>1,655,752,325</u>	<u>1,843,553,616</u>

4.2 Market risk

(i) Foreign exchange risk

The Corporation is exposed to foreign exchange risk arising from various currency exposures, primarily, with respect to the US dollar and Euro. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities.

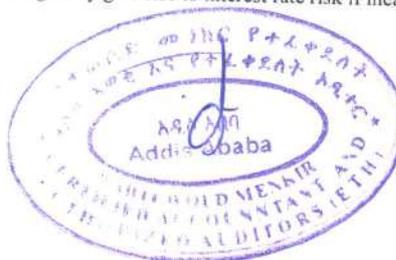
The Corporation does not actively manage foreign exchange risk arising from future commercial transactions and recognised assets and liabilities, the Corporation usually gets authorisation from Commercial Bank of Ethiopia (CBE) regarding foreign denominated transactions. Foreign exchange risk arises when future commercial transactions or recognized assets or liabilities are denominated in a currency that is not the entity's functional currency. The Corporation's exposure to currency fluctuation is minimal as prices and service charges of the Corporation take into account such effects and it is effectively transferred to customers.

(ii) Price risk

The Corporation does not hold investments or securities that would be subject to price risk. The Corporation is not exposed to commodity price risk

(iii) Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will be affected by changes in market interest rates. The Corporation's exposure to interest rate risk relates primarily to borrowings at variable rates. Fixed rate borrowings only give rise to interest rate risk if measured at fair value. The Corporation has no Borrowings as at reporting date.



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Sensitivity analysis

Sensitivity to changes in interest rates is normally only relevant to financial assets or financial liabilities bearing floating interest rates. However, sensitivity will also be relevant to fixed rate financial assets and financial liabilities which are remeasured to fair value. There Corporation has no financial assets or liability measured at floating rate or at fair value at the reporting date.

4.3 Credit risk

Credit risk is the risk that a counterparty will default on its contractual obligations resulting in financial loss.

The Corporation is exposed to credit risk in respect of

- payment of trade receivables as invoices fall due 30 days after being raised
- contractual cash flows of debt investments and other receivables carried at amortised cost.

While cash and cash equivalents and debt investments at amortised cost are also subject to the impairment requirements of IFRS 9, the identified impairment loss was immaterial.

The amount that best represents the Corporation's maximum exposure to credit risk is made up as follows:

	Fully performing Birr	Impaired - Over 365 days Birr
7 July 2024		
Trade receivables	4,999,324,169	158,831,471
Staff receivables	26,922,852	-
Retention receivable	2,884,700	-
Deposits with financial institutions	6,847,763,066	-
	11,876,894,787	158,831,471
7 July 2023		
Trade receivables	5,263,397,950	157,040,292
Subsidy receivable from Ministry of Finance	1,634,386,951	-
Staff receivables	24,895,061	-
Retention receivable	9,622,519	-
Deposits with financial institutions	3,426,712,760	-
	10,359,015,242	157,040,292

No collateral is held for any of the above assets. Fully performing assets represents counter parties that are paying their dues as they fall due and are operating within their approved credit limits. The debt that is overdue has exceeded the approved credit limit however counter parties continue to pay and are trading normally. The debt that is impaired is fully provided for.

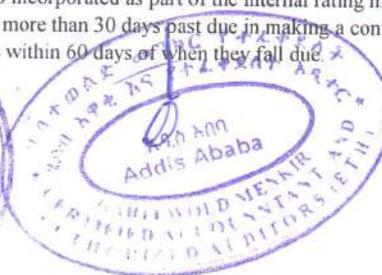
Credit risk is managed by the finance department, which is responsible for managing and analysing credit risk for each new client before standard payment and delivery terms are offered. For all financial assets the following credit risk modelling applies:

The Corporation considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk the Corporation compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forwarding-looking information. Especially the following indicators are incorporated:

- Actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the borrower's ability to meet its obligations
- Significant changes in the expected performance and behaviour of the borrower, including changes in the payment status of borrowers in the group and changes in the operating results of the borrower

The Corporation does not grade the credit quality of receivables. The utilisation of credit limits is in place and regularly monitored.

Macroeconomic information (such as market interest rates or growth rates) is incorporated as part of the internal rating model. Regardless of the analysis above, a significant increase in credit risk is presumed if the debtor is more than 30 days past due in making a contractual payment. A default on a financial asset is when the counterparty fails to make contractual payments within 60 days of when they fall due.



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Financial assets are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Corporation. The Corporation categorizes receivables for write off when a debtor fails to make contractual payments greater than 360 days past due. Where receivables have been written off, the company continues to engage in enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognised in statement of profit or loss.

(i) Trade receivables and unbilled receivables

The Corporation applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and unbilled receivables. To measure the expected credit losses, trade receivables and unbilled receivables have been grouped based on shared credit risk characteristics and the days past due. The unbilled receivables relate to unbilled work in progress and have substantially the same risk characteristics as the trade receivables for the same types of contracts. The Corporation has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

The expected loss rates are based on the payment profiles of sales over a period of 36 months before 7 July 2022 and 7 July 2023 respectively and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Corporation has identified the GDP and the unemployment rate to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

On that basis, the loss allowance was determined for receivables as shown under note 11.a.

Trade receivables and contract assets are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the group, and a failure to make contractual payments for a period of greater than 360 days past due. Impairment losses on trade receivables and unbilled receivables are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

During the period, the company made no write-offs of trade receivables, it does not expect to receive future cash flows from and no recoveries from collection of cash flows previously written off.

(ii) Deposits with financial institutions

This comprise bank balances with local financial institutions and Commercial Bank of Ethiopia. Management considers the investments to be low credit risk since they have a low risk of default and the issuer has a strong capacity to meet its contractual cash flow obligations in the near term.

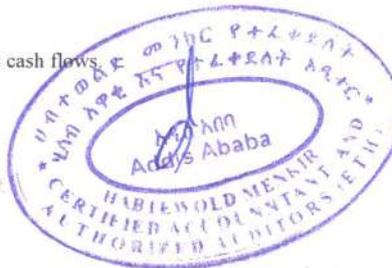
4.4 Liquidity risk

Liquidity risk is the risk that the Corporation will not be able to meet its financial obligations as they fall due. Prudent liquidity risk management includes maintaining sufficient cash balances, and the availability of funding.

Management performs cash flow forecasting and monitors rolling forecasts of the Corporation's liquidity requirements to ensure it has sufficient cash to meet its operational needs so that the Corporation does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities. The Corporation's approach when managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, without incurring unacceptable losses or risking damage to the Corporation's reputation.

The table below analyses the Corporation's financial liabilities that will be settled into relevant maturity groupings based on the remaining period at the statement of financial position date to the contractual maturity date.

The amounts disclosed in the table below are the contractual undiscounted cash flows.



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4.5 Operational risk

The Corporation's operations are based on a rigorous Operational safety culture, which is maintained through continuous and long-term implementation of the Safety & Quality Management Systems. When operational decisions are made, safety issues always take the highest priority in relation to other factors that influence decision-making. Operational safety is an integral mechanism of all activities as well as a required way of operating not only for the Corporation's own personnel, but also for subcontractors.

The main principle of safety work is non-punitive reporting of deviations in the way intended by the Corporation's guidelines. The purpose of reporting is to find reasons, not to assign blame. The Corporation, however, does not tolerate willful acts contrary to guidelines, methods or prescribed working practices. Decision-making not directly related to operations must also support the company's objective of achieving and maintaining a high level of operational safety.

4.6 Capital management

The Corporation's objectives when managing capital are to safeguard the Corporation's ability to continue as a going concern in order to optimise returns and to maintain an optimal capital structure to reduce the cost of capital. The gearing ratios at 7 July 2024 and 7 July 2023 were as follows:

	7 July 2024 <u>Birr</u>	7 July 2023 <u>Birr</u>
Debt (i)	25,432,231	11,696,713
Equity (ii)	<u>3,847,513,114</u>	<u>2,615,959,761</u>
Net debt to equity ratio	<u>0.66%</u>	<u>0.45%</u>

- (i) Debt is defined as borrowings and lease obligation
- (ii) Equity comprises of capital, retained earnings and legal reserve.



**ETHIOPIAN AGRICULTURAL BUSINESS CORPORATION
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5 OPERATING SEGMENTS

Segment information is presented in respect of the Corporation's business segments which represents the primary segment reporting format and is based on the Corporation's management and reporting structure.

Basis for segmentation

The Corporation's performance is reviewed by management committee (MC) on a monthly basis. The committee comprises of the Corporation's chief executive officer, Deputy Executive Officers, sector directors and head of divisions. The committee examines performance based on the Corporations' service offering and has identified six reportable segments of its business :

i) Equipment Supply: - This sector buys from domestic and international markets and supply agricultural machineries, spare parts and construction equipments.

ii) Agricultural Input Supply: - This sector buys from domestic and international markets and supply agricultural inputs, undertake agricultural inputs market price stabilization activities;

iii) Agricultural Seeds : This sector undertakes agricultural land development studies and preparation of designs, agricultural land surveying, clearing, leveling, drainage and irrigation activities as well as other activities related to agricultural land development; and Multiply, clean and process pre-basic, basic and certified seeds of various crops, vegetables and fruits; where necessary import pre-basic seeds and cause their production or sale them; to sell byproducts. Besides, this sector is responsible for harvesting, buying, adding value to and process natural gum, produce other forest products, and supply to domestic and international markets;

iv) Heavy Equipment Maintenance and Transport Service : - This sector provides agricultural and construction equipment repair services, Heavy duty Transport Services and also provides necessary education for the promotion of the use of modern agricultural machineries; provide consultancy service in handling and use of agricultural machineries and provide on the job technical trainings. Besides, this sector renders agricultural mechanization services, and provide rental services of agricultural machineries;

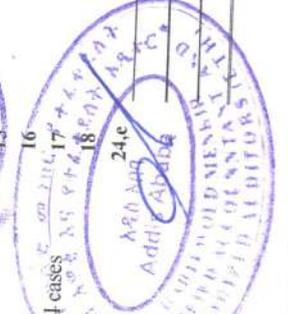
The segment information for the reporting segments for the year ended 7 July 2024 is as follows:



**ETHIOPIAN AGRICULTURAL BUSINESS CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
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5.1 Statement of Financial Position as at 7 July 2024

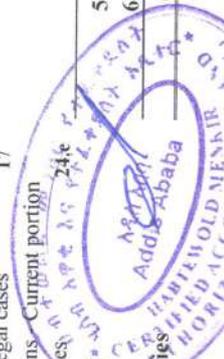
Description	Note	Sectors					Total	
		Agricultural Equipment Supply & Mechanization Service		Agricultural Input Supply		Ethiopian Seed & Forest Products		
		Birr	Birr	Birr	Birr	Birr		Birr
ASSETS								
Non current assets								
Property, plant and equipment	6	228,289,579	304,044,065	842,633,359	43,760,138	641,486,393	2,060,213,533	
Intangible assets	7	-	-	-	-	1,920,027	1,920,027	
Right of use asset	8	-	-	44,078,157	-	-	44,078,157	
Total Non Current Asset		228,289,579	304,044,065	886,711,516	43,760,138	643,406,419	2,106,211,717	
Current Assets								
Inventories	9	861,569,818	3,198,585,870	1,515,073,031	50,865,725	5,769,349	5,631,863,793	
biological asset	10	-	-	62,191,435	-	-	62,191,435	
Trade and other receivables	11	130,851,500	4,563,833,873	261,278,419	5,504,013	185,154,294	5,146,622,099	
Contract asset	12	-	-	-	-	-	-	
Other branch & head office account	14	(1,336,420,993)	3,762,188,315	(2,565,369,520)	(88,258,934)	227,861,131	(0)	
Cash and cash equivalents	13	168,224,698	2,921,798,423	111,023,625	3,461,313	3,643,255,008	6,847,763,066	
Total Current Asset		(175,774,977)	14,446,406,482	(615,803,011)	(28,427,883)	4,062,039,782	17,688,440,393	
Total assets		52,514,602	14,750,450,547	270,908,505	15,332,255	4,705,446,201	19,794,652,110	
Capital and liabilities								
paid up capital	21	-	-	-	-	3,707,790,061	3,707,790,061	
Other comprehensive income	22	-	-	-	-	(2,091,352)	(2,091,352)	
Legal reserve	19	-	-	-	-	139,723,053	139,723,053	
Total Equity						3,845,421,762	3,845,421,762	
LIABILITIES								
Non Current Liability								
Employees Benefits obligation	20	-	-	-	-	75,341,383	75,341,383	
Lease obligation	24	-	-	25,432,231	-	-	25,432,231	
Deferred tax liability	24	-	-	-	-	158,992,190	158,992,190	
Total Non Current Liability						234,333,573	259,765,804	
Current Liability								
Trade and other payables	15	33,263,022	4,323,669,086	173,077,110	3,846,613	30,788,767	4,564,644,597	
Contract liabilities	16	-	10,408,313,197	3,533,683	-	-	10,411,846,879	
Provision for outstanding legal cases	17	-	-	-	-	71,362,467	71,362,467	
Short term Employee benefits	18	19,251,579	18,468,264	68,865,481	11,485,642	21,426,845	139,497,812	
Current income tax liabilities	24.c	-	-	-	-	502,112,787	502,112,787	
Total Current Liability		52,514,602	14,750,450,546	245,476,274	15,332,255	625,690,866	15,689,464,543	
Total Liability		52,514,602	14,750,450,546	270,908,505	15,332,255	860,024,439	15,949,230,347	
Total Equity & Liabilities		52,514,602	14,750,450,546	270,908,505	15,332,255	4,705,446,201	19,794,652,110	



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5.2 Statement of Financial Position as at 7 July 2023

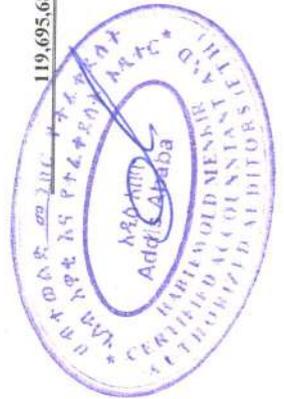
Description	Note	Sectors						Total				
		Agricultural Equipment Supply & Mechanization Service		Agricultural Input Supply		Ethiopian Seed & Forest Products			Heavy Equipment Maintenance and Transport Service		Head Office	
		Birr	Birr	Birr	Birr	Birr	Birr		Birr	Birr	Birr	Birr
ASSETS												
Non current assets												
Property, plant and equipment	6	215,566,858	311,158,818	533,137,668	50,229,241	292,022,430	1,402,115,017					
Intangible assets	7	-	-	-	-	2,400,017	2,400,017					
Right of use asset	8	-	-	21,356,103.00	-	-	21,356,103					
Total Non Current Asset		215,566,858	311,158,818	554,493,771	50,229,241	294,422,447.00	1,425,871,137					
Current Assets												
Inventories	9	838,851,000	2,260,046,996	1,196,024,079	48,868,223	11,751,152	4,355,541,449					
Biological assets	10	-	-	24,589,555	-	-	24,589,555					
Trade and other receivables	11	149,463,058	6,476,223,841	248,007,928	30,166,714	134,718,654	7,038,580,196					
Contract Assets	12	-	253,585,382.00	-	-	-	253,585,382					
Inter branch & head office account	14	(1,223,560,135)	1,274,062,480	(1,897,491,745)	24,085,451	1,822,903,950	3,426,712,760					
Cash and cash equivalents	13	88,293,325	2,072,055,314	95,607,208	4,900,994	1,165,855,917	15,099,009,341					
Total Current Asset		(146,952,752)	12,335,974,013	(333,262,975)	108,021,382	3,135,229,673	16,524,880,478					
Total assets		68,614,106	12,647,132,831	221,230,796	158,250,623	3,429,652,120	2,618,013,980					
Capital and liabilities												
Partnership capital	21	-	-	-	-	2,537,814,376	2,537,814,376					
Other comprehensive income	22	-	-	-	-	2,054,219	2,054,219					
Legal reserve		-	-	-	-	78,145,385	78,145,385					
Total Equity		-	-	-	-	2,618,013,980	2,618,013,980					
LIABILITIES												
Non Current Liability												
Employees Benefits obligation	19	-	-	-	-	62,097,983	62,097,983					
Lease obligation	20	9,894,392	-	1,802,321	-	-	11,696,713					
Deferred tax liability	24.d	-	-	-	-	167,693,885.70	167,693,886					
Total Non Current Liability		9,894,392	-	1,802,321	-	229,791,868	241,488,582					
Current Liability												
Trade and other payables	15	41,418,718	2,876,666,265	164,917,348	149,367,649	20,377,749	3,252,747,729					
contract liabilities	16	-	9,754,620,757	3,580,735	-	0	9,758,201,491					
Short term employees benefit obligation	0	17,300,996	15,845,810	50,930,392	8,882,974	18,265,105	111,225,278					
Provision for outstanding legal cases	17	-	-	-	-	71,162,799	71,162,799					
Employee benefit obligations - Current portion	24.e	-	-	-	-	1,146,752	1,146,752					
Current income tax liabilities		-	-	-	-	470,893,865	470,893,865					
Total Current Liability		58,719,714	12,647,132,832	219,428,475	158,250,623	581,846,270	13,665,377,914					
Total Liability		68,614,106	12,647,132,832	221,230,796	158,250,623	811,638,138	13,906,866,496					
Total Equity & Liabilities		68,614,106	12,647,132,832	221,230,795	-158,250,623	3,429,652,118	16,524,880,478					



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5.3 Statement of Profit or Loss as at 7 July 2024

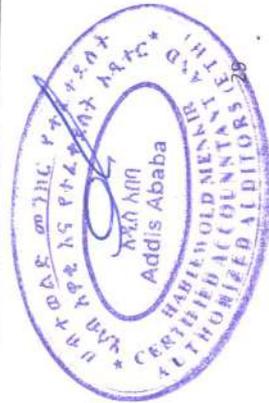
Description	Note	Sectors				Total
		Agricultural Equipment Supply & Mechanization Service	Agricultural Input Supply	Ethiopian Seed & Forest Products	Heavy Equipment Maintenance and Transport Service	
Operating Revenues	25	526,647,502	8,346,974,090	1,597,888,621	209,832,167	10,681,342,380
Cost of sales	27	(334,890,716)	(6,648,559,401)	(1,389,286,910)	(118,706,736)	(8,491,443,762)
Gross Operating Profit		191,756,787	1,698,414,689	208,601,711	91,125,431	2,189,898,618
Other Income	26	2,161,870	28,599,126	33,004,704	15,642,199	79,407,899
Expenses		193,918,657	1,727,013,815	241,606,415	106,767,630	2,269,306,517
Impairment losses on receivables	11 a	(177,011)	(1,229,240)	(293,613)	(91,315)	(1,791,178)
Impairment losses on cash		(130,622)	(907,094)	(216,666)	(67,384)	(1,321,766)
Selling and Distribution Expense:	28	(18,128,748)	(107,430,318)	(9,303,740)	(9,195,911.05)	(144,058,717)
General Administration Expenses	29	(54,404,087)	(172,439,163)	(81,447,657)	(18,150,972.33)	(326,441,880)
Total Expense		(72,840,467)	(282,005,816)	(91,261,676)	(27,505,582)	(473,613,542)
Operating profit		121,078,190	1,445,007,999	150,344,739	79,262,047	1,795,692,975
Finance Cost-net	30	(1,382,503)	(9,542,018)	(4,893,864)	(512,288.14)	(16,330,673)
Profit Before Tax		119,695,687	1,435,465,982	145,450,875	78,749,759	1,779,362,302



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5.4 Statement of Profit or Loss as at 7 July 2023

Description	Note	Sectors				Total
		Agricultural Equipment Supply & Mechanization Service	Agricultural Input Supply	Ethiopian Seed & Forest Products	Heavy Equipment Maintenance and Transport Service	
Operating Revenues	25	356,992,846	9,638,590,454	1,143,161,803	69,394,984	11,208,140,088
Cost of sales	27	(160,448,117)	(7,783,063,398)	(863,141,977)	(50,207,708)	(8,856,861,200)
Gross Operating Profit		196,544,729	1,855,527,056	280,019,826	19,187,276	2,351,278,888
Other Income	26	2,988,118	30,979,948	19,406,501	9,545,275	62,919,842
Expenses		199,532,847	1,886,507,004	299,426,327	28,732,551	2,414,198,730
Impairment losses on receivables	11 a	1,748,786	(59,363,301)	16,964,358	663,602	(39,986,554)
Impairment losses on cash			(974,452)			(974,452)
Selling and Distribution Expenses:	28	(18,337,742)	(97,260,705)	(7,721,435)	(23,888,957)	(147,208,838)
General Administration Expenses	29	(43,974,860)	(169,560,845)	(73,950,383)	(64,463,365)	(351,949,453)
Total Selling & Administration Expense		(60,563,816)	(327,159,303)	(64,707,460)	(87,688,719)	(540,119,296)
Operating profit		138,969,031	1,559,347,701	234,718,867	(58,956,168)	1,874,079,433
Finance Cost-net	30	(8,736,378)	(286,045,998)	(9,678,782)	(2,378,255)	(306,839,413)
Profit Before Tax		130,232,654	1,273,301,704	225,040,685	(61,334,423)	1,567,240,020

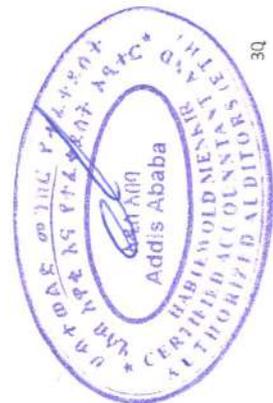


Ethiopian Agricultural Businesses Corporation
NOTES TO THE FINANCIAL STATEMENTS
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6 Property, plant and equipment

Cost:-	Building	Plant and machineries	Motor Vehicles	Workshop and tools Equipment and tools	Office Furniture and Equipment	Computer & accessories	Construction in progress	Total
As at 8 July 2022	948,875,043	507,011,958	402,460,024	26,458,958	35,196,650	24,461,216	85,213,289	2,029,677,139
Additions	861,840	27,006,543	22,119,459	6,640,959	1,445,528	3,270,698	317,038,669	378,383,696
Adjustments	-	(56,024)	(0)	(33,252)	98,720	(63,051)	481,352	427,746
Disposals	-	(5,329,914)	(4,483,924)	-	-	(145,699)	-	(9,959,537)
As at 7 July 2023	949,736,883	528,632,563	420,095,559	33,066,666	36,740,899	27,523,164	402,733,310	2,398,529,042
As at 8 July 2023	949,736,883	528,632,563	420,095,559	33,066,666	36,740,899	27,523,164	402,733,310	2,398,529,044
Additions	1,325,523	68,379,019	221,633,294	395,967	7,611,464	3,422,567	458,254,607	761,023,442
Adjustments	308,840,866	(94,696)	(0)	94,696	-	-	(309,329,922)	(489,055)
Disposals	(364,521)	(4,634,599)	(1,031,057)	(13,271)	(390,998)	(532,623)	-	(6,576,071)
Transfer in/out	-	6,888,990	0	-	14,723	(6,888,990)	-	(376,274)
As at 7 July 2024	1,259,538,751	599,171,278	640,697,796	33,544,058	43,961,365	30,428,832	544,769,006	3,152,111,085
Accumulated depreciation								
As at 8 July 2022	262,173,986	300,149,806	293,299,152	19,341,492	28,708,899	12,442,956	-	916,116,291
Charge for the year	26,430,973	33,504,005	23,805,817	1,687,324	704,346	2,164,636	-	88,297,101
Adjustment	-	200	429,800	-	841,506	84,746	-	1,356,252.00
Disposals	-	(5,065,823)	(4,245,700)	-	-	(44,093)	-	(9,355,616)
As at 7 July 2023	288,604,959	328,588,187	313,289,069	21,028,817	30,254,752	14,648,244	-	996,414,028
As at 8 July 2023	288,604,959	328,588,187	313,289,069	21,028,817	30,254,752	14,648,244	-	996,414,028
Additions	34,351,821	40,334,701	21,819,036	1,973,789	1,162,345	2,154,543	-	101,796,234
Adjustments	-	6,167	-	(6,168)	-	-	-	(0)
Disposals	(1,799,077)	(3,672,228)	(349,927)	-	-	(491,476)	-	(6,312,708)
As at 7 July 2024	321,157,702	365,256,827	334,758,178	22,996,437	31,417,096	16,311,312	-	1,091,897,552
Net book value								
As at 30 June 2023	661,131,924	200,044,376	106,806,490	12,037,849	6,486,147	12,874,920	402,733,310	1,402,115,014
As at 30 June 2024	938,381,049	233,914,451	305,939,618	10,547,620	12,544,269	14,117,521	544,769,006	2,060,213,533

Adjustments represent work-in-progress (inventory) items balance which was wrongly reported as construction in progress in previous period has now been reclassified and presented under appropriate



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7 Intangible Assets

	<u>COST</u>	Balance 7-Jul-23	Additions	Balance 7-Jul-24
Software		4,800,000.00	-	4,800,000.00
Total		4,800,000.00	-	4,800,000.00
	<u>Amortization</u>			
Software		2,399,983	479,990	2,879,973
		<u>2,399,983</u>	<u>479,990</u>	<u>2,879,973</u>
Net book value		2,400,017	(479,990)	1,920,027

The software under development is not full operational at reporting date due to which is not being amortized. However, the management is making assessment to start amortization on partially operational modules next year.

8 Right of use asset

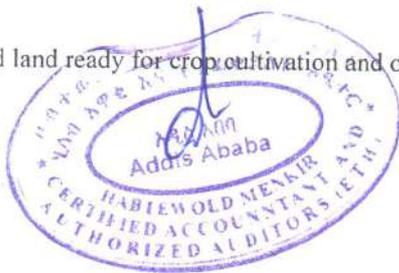
	<u>COST</u>	Balance at 8-Jul-23	Additions	Adjustment	Balance 7-Jul-24
Lease land		3,474,013	20,149,630	3,326,322	26,949,966
Lease land improvements		17,954,056	-	-	17,954,056
		<u>21,428,069</u>	<u>20,149,630</u>	<u>3,326,322</u>	<u>44,904,022</u>
	<u>DEPRECIATION</u>				
Lease land		71,964	753,901	-	825,865
		<u>71,964</u>	<u>753,901</u>	<u>-</u>	<u>825,865</u>
Net book value		21,356,104	19,395,730	3,326,322	44,078,157

The Corporation received farm land from South Western Regional State, Kaffa Zone, Bonga under lease agreement dated Megabit 26,2014(April 4,2022). The lease agreement is for 25,617 square meter land for 70 years at cost of birr 458 per square meter and total lease amount of birr 11,732,586.00. The Corporation paid down payment of birr 1,766,277.00 and remaining amount is payable over 36 years after grace period of 4 years. The annual lease payment is birr 276,841.92.

The Corporation received additional farm land from same region under lease agreement dated Yekatit 19,2013 E.C. The lease agreement is for 1,070 Hectare land for 45 years at cost of birr 63 per Hectare and total lease amount of birr 3,033,450.00. The lease is payable annually over 45 years. The annual lease payment is birr 67,410.00. This lease agreement has been amended starting from current which increased annual payment to birr 535,000.00 and resulted in recognition of additional right of use asset and lease obligation amounting to birr 3,326,322.48

The Corporation received another farm land from South Western Regional State, West Omo Zone, Maji woreda under lease agreement dated Megabit 26,2014(April 4,2022). The lease agreement is for 5000 hectare land for 35 years at cost of birr 500 per hectare per year and total lease amount of birr 87,500,000.00. The lease is payable annually over 35 years. The annual lease payment is birr 2,500,000.00.

Lease land improvements represent costs incurred to make the leased land ready for crop cultivation and other agricultural activities.



ETHIOPIA AGRICULTURAL BUSINESSES CORPORATION
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9 Inventories

	<u>2024</u>	<u>2023</u>
Raw material	571,454,127	450,593,877
Work in progress	6,425,204	1,294,966
Finished product	783,080,108	572,728,881
Merchandise Goods	3,296,933,121	2,676,992,149
Supplies	123,346,719	144,986,269
Spare Parts	182,485,399	169,398,801
	<u>4,963,724,677</u>	<u>4,015,994,944</u>
Goods In Transit	939,898,854	614,298,793
	<u>5,903,623,532</u>	<u>4,630,293,736</u>
Stock Provision	(271,759,738)	(274,752,288)
	<u>5,631,863,793</u>	<u>4,355,541,449</u>

Goods in transit balance represents inventories fully or partially paid for which are under insurance coverage of the corporation and being transported to Corporation though it is not yet arrived at premises as of reporting date.

below conditions are met.

- (a) The Corporation has a present right to payment for the asset
- (b) The Corporation has legal title to the asset
- (c) The Corporation has physical possession of the asset
- (d) The Corporation has the significant risks and rewards of ownership of the asset
- (e) The Corporation has received the asset

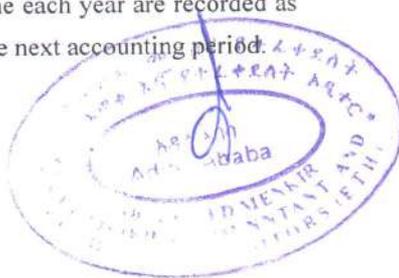
9.a

Movement in allowance for inventory Obsolescence	<u>2024</u>	<u>2023</u>
Opening balance	274,752,288	609,730,039
Inventories written-off during the year		
Increase/ decrease in allowance for inventory		
Obsolescence during the year	(2,992,549)	(334,977,751)
	<u>271,759,739</u>	<u>274,752,288</u>

10

Biological assets	<u>2024</u>	<u>2023</u>
Field Crops	62,191,435	24,589,555
	<u>62,191,435</u>	<u>24,589,555</u>
Field Crops cost movement		
Opening balance	24,589,555	
Costs incurred during the year	70,641,731	
Crops harvested during the year	(32,789,547)	
Ending balance	<u>62,441,738</u>	

The cost of chemicals and fertilizers incurred from January to June each year are recorded as Future Crop or /Field Crop/ as the related crops are harvested in the next accounting period.



ETHIOPIA AGRICULTURAL BUSINESSES CORPORATION
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11 TRADE AND OTHER RECEIVABLES

	2024	2023
Financial assets		
Trade debtors	4,999,324,169	5,263,397,950
Subsidy receivable from Ministry of Finance	-	1,634,386,951
Retention Receivables	2,884,700	9,622,519
Staff debtors	26,922,852	24,895,061
	5,029,131,721	6,932,302,482
Non-Financial assets		
Sundry debtors	20,140,116	51,280,979
VAT receivable	153,272,683	129,194,537
WHT receivable	3,834,631	(476,796)
Prepayments and deposits	122,873,954	106,336,705
Other receivables	29,484	811,603
	300,150,870	287,147,028
	5,329,282,591	7,219,449,510
Allowance for doubtful accounts	(182,660,492)	(180,869,314)
	5,146,622,099	7,038,580,196

11 a Allowance for doubtful accounts

The Corporation applies the IFRS 9 simplified approach to measuring expected credit losses which uses a life time expected loss allowance for receivables. To measure the expected credit losses, receivables have been grouped based on shared credit risk characteristics and the days past due.

The expected loss rates are based on the collection profiles of credit sales/outstanding receivables over a period of a year and the corresponding historical credit losses experienced within this period.

On that basis, the loss allowance was determined as follows for receivables

	July 07,2024		Total
	Within 365 days	above 365 days	
Expected loss (cure) rates(%)	2.02%	100.0%	
Gross carrying amounts-receivables	1,176,848,361	158,831,471	1,335,679,831
Loss allowance provision	23,829,022	158,831,471	182,660,492
Provision already maintained	23,829,022	157,040,292	180,869,314
Receivables written-off	-	-	-
Increase/decrease in loss allowance	-	1,791,178	1,791,178



Ethiopian Agricultural Businesses Corporation
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	July 07, 2023		Total
	Within 365 days	above 365 days	
Expected loss (cure) rates(%)	1.91%	100%	
Gross carrying amounts of receivables	1,248,275,899	157,040,292	1,405,316,191
Loss allowance provision	23,829,022	157,040,292	180,869,314
Provision already maintained	32,665,820	108,216,940	140,882,760
Receivables written-off	-	-	-
Increase/decrease in loss allowance	(8,836,798)	48,823,352	39,986,554

Accounts receivables are written-off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Corporation, and a failure to make contractual payments for a period of greater than 365 days past due. Impairment losses on receivables are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written-off are credited against the same line item.

The gross carrying amount of receivables is Birr 5,026,247,020 (2023: Birr 6,779,468,075). During the period, the Corporation has no receivables written-off, it does not expect to receive future cash flows from and no recoveries from collection of cash flows previously written-off. From gross carrying amount of receivables birr 3,690,567,189 (2023: 5,527,019,593) were on course of collection or already collected, hence the balances are not included in expected credit loss calculation.

12 CONTRACT ASSETS

	2024	2023
Opening balance	253,585,382	3,163,775,542
Changes during the year	(165,142,624)	(2,843,557,088)
Revenue recognized during the year	(88,442,757)	(66,633,071.75)
	-	253,585,382

13 CASH AND CASH EQUIVALENTS

	2024	2023
Cash at bank	6,850,059,284	3,427,687,211
	6,850,059,284	3,427,687,211
Impairment loss on cash and cash equivalents	(2,296,218)	(974,452)
	6,847,763,066	3,426,712,760



ETHIOPIA AGRICULTURAL BUSINESSES CORPORATION
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14 HEAD OFFICE/BRANCH ACCOUNT

	<u>2024</u>	<u>2023</u>
Inter branch :- Corporation Cash	110,170,443	116,019,545
Inter branch :- Corporation Other	1,262,906,637	1,009,510,412
Inter branch :-Input	(329,008,563)	(240,824,172)
Inter branch :-Seed & Natural Gum	(965,660,128)	(829,188,210)
Inter branch :-Sales	(160,683,017)	(186,921,626)
Inter branch :-Heavy Machinery	167,955,301	60,402,641
Inter branch :-Other	691,568,425	(995,589,158)
Branch Equity Account	(777,249,097)	1,066,590,568
	<u>0</u>	<u>-</u>

15 TRADE AND OTHER PAYABLES

	<u>2024</u>	<u>2023</u>
Financial liabilities		
Trade creditors	1,630,320,094	1,831,856,903
Accrual	18,063,144	29,748,538
Tax payables	16,098,018	20,547,676
Pension payable	2,335,155	2,909,962
	<u>1,666,816,411</u>	<u>1,885,063,080</u>
Non-Financial liabilities		
Sundry creditors	2,870,114,417	316,683,264
Unclaimed salary	238,612	329,259
Other liabilities	26,927,032	1,050,672,126
	<u>2,897,828,186</u>	<u>1,367,684,649</u>
	<u>4,564,644,597</u>	<u>3,252,747,729</u>



16 Contract liabilities

	<u>2024</u>	<u>2023</u>
Opening balance	9,758,201,491	11,309,415,295
Additions during the year	10,408,313,197	8,020,743,579
Amount recognized to revenue during the year	(9,754,667,809)	(9,571,957,383)
	<u>10,411,846,879</u>	<u>9,758,201,491</u>

17 PROVISION FOR OUTSTANDING LEGAL CASES

	<u>2024</u>	<u>2023</u>
Opening provision	71,162,799	50,580,542
Settled during the year	(283,427)	-
Additional provision for the year	483,095	20,582,257
	<u>71,362,467</u>	<u>71,162,799</u>

18 SHORT TERM EMPLOYEE BENEFITS

	<u>2024</u>	<u>2023</u>
Bonus accrual	72,426,542	55,461,870
Annual leave accrual	67,071,270	55,763,407
	<u>139,497,812</u>	<u>111,225,277</u>



ETHIOPIA AGRICULTURAL BUSINESSES CORPORATION
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19 LONG TERM EMPLOYEE BENEFITS

The Corporation provides defined contributions components. This amount is managed by other independent body so there is no further payment to this fund. The Corporation's employees are also eligible for severance and compensation pays.

The termination benefits related to retirement are determined by management of the Corporation case by case while the termination benefits before normal retirement date are based on years of service and salary of the employee's immediately before termination/resignation per provisions of Ethiopian labour law. The contributions required to settle these benefit packages are entirely paid/provided for by the Corporation when the related services are received.

The defined benefit obligation in respect of in-service employees has been calculated using a valuation method known as the Projected Unit Credit method using the data as at July 7, 2022. This methodology considers the past service of an employee and the service expected over the next year. This is the required method in terms of IAS19.

The past service liability (the liability which has accrued in respect of service to the valuation date for the current employees) for the in-service employees is calculated by projecting all expected future cash flows based on service to the valuation date and discounting these at the assumed discount rate allowing for possible reasons of exit from the Corporation, such as retirement, resignation and death.

Under the Projected Unit Credit method, the present value of benefits that will accrue to employees in respect of the next year of service after the valuation date is calculated and this is called the Current Service Cost.

There are no assets backing the liability in respect of the benefits valued.

Valuation Assumptions

The key financial assumptions are the discount rate and the rate of salary increases. In the valuation of a defined benefit liability, it is the relationship between these financial assumptions that is critically important, not the absolute value of any particular assumption.

Discount rate considered is rate on government bond as there is no high quality corporate bond. The rate used for discounting is 14% which is based on interest rate on incremental cost of borrowing.

Salary increase of 16% is considered on average salary increment over the last three years.



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After taking into account the Corporation's experiences and national trends, we estimated the following turnover rates per each age category. The turnover assumed here considers various reasons for leaving the Corporation including deaths.

Age Category	Probability of leaving the Corporation before retirement age
<25	0.28%
25 up to 29	1.55%
30 up to 34	1.55%
35 up to 39	1.69%
40 up to 44	1.91%
45 up to 49	1.13%
50 up to 55	3.60%
>55	24.29%

Movement in employee benefit liability	2024	2023
Compensation pay accrual opening	63,244,735	58,515,598
Interest costs	8,854,263	8,192,161
Current service costs	371,158	405,411
Benefits paid during the year	(3,051,018)	(1,146,752)
Remeasurement (gain)/loss	5,922,244	(2,721,684)
	75,341,383	63,244,735

19,a Liability in the statement of financial position	2024	2023
Defined benefits liabilities:	75,341,383	63,244,735
Severance pay	75,341,383	63,244,735

19,b Income statement charge included in personnel expenses:	2024	2023
Interest costs	8,854,263	8,192,161
Severance costs	371,158	405,411
Total defined benefit expenses	9,225,421	8,597,572

Below are the details of movements and amounts recognised in the financial statements:

19,c Amount recognised in other comprehensive income:	2024	2023
Remeasurements for:		
Remeasurement (gains)/losses	(5,922,244)	2,721,684
Deferred tax (liability)/asset on remeasurement gain or	1,776,673	(816,505)
	(4,145,571)	1,905,179



ETHIOPIA AGRICULTURAL BUSINESSES CORPORATION
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19,d Maturity analysis

	<u>2024</u>	<u>2023</u>
Current	3,051,018	1,146,752
Non-Current	72,290,366	62,097,983
	<u>75,341,383</u>	<u>63,244,735</u>

19,e 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 not yet reached the retirement age. 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.

19,f The sensitivity of the overall defined benefit liability to changes in the weighted principal assumption is:

Change in assumption	Impact on defined benefit obligation	
	2024	2023
1% increase/decrease in salary level	+/- 161,542.93	+/- 999,997.85
1% increase/decrease in discount rate	-/+ 167,382.05	-/+ 1,228,331.30

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

There was no change in the methods and assumptions used in preparing the sensitivity analysis from prior years.

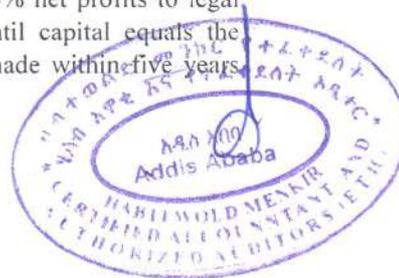
20 LEASE OBLIGATION

	<u>2024</u>	<u>2023</u>
Ethio-lease payable	-	9,894,392
Leasehold land obligation	25,432,231	1,802,321
	<u>25,432,231</u>	<u>11,696,713</u>

21 PAID UP CAPITAL

	<u>2024</u>	<u>2023</u>
Paid up Capital	2,537,814,376	2,440,000,000
Current year addition	1,169,975,686	97,814,376
	<u>3,707,790,061</u>	<u>2,537,814,376</u>

The Corporation is wholly owned by the Government of the Federal Republic of Ethiopia. The Corporation is not limited by shares and hence has no par value. Authorized capital of the Corporation is Birr 7,564 million. Every year, after transferring 5% net profits to legal reserve, the residual net profit is transferred to paid up capital until capital equals the authorized capital of Birr 7,564 million. The transfer to capital is made within five years from date of capital increment authorization.



ETHIOPIA AGRICULTURAL BUSINESSES CORPORATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 07 JULY 2024 (SENE 30.2016 E.C.)

22 LEGAL RESERVE

	<u>2024</u>	<u>2023</u>
Legal Reserve	78,145,385	24,907,090
Current year addition	61,577,668	53,238,295
	<u>139,723,053</u>	<u>78,145,385</u>

The legal reserve is a statutory reserve. The legal reserve is accumulated by transferring 5% of annual net profits to the reserve until it reaches a maximum of 20% of capital.

23 OTHER RESERVES

Other reserve represents cumulative effect of remeasurement differences(gain/loss) on defined employee benefits. The amounts are presented net of taxes.

24 RETAINED EARNING MOVEMENT

	<u>2024</u>	<u>2023</u>
Opening balance	(0)	(826,071,294)
Current year addition	1,231,553,353	1,064,765,897
Transfer to legal reserve	(61,577,668)	(53,238,295)
Transfer to Paid up capital	(1,169,975,686)	(97,814,376)
Prior Period taxes paid(net)	-	(65,061,254)
Prior Period adjustment -Various	-	(22,580,679)
	<u>-</u>	<u>(0)</u>

24 PROFIT TAX

	<u>2024</u>	<u>2023</u>
24.a Provision for tax		
Profit before tax	1,779,362,302	1,567,240,020
Add: depreciation and amortization Per accounting policy	103,030,123	88,831,057
Provision for Severance and compensation expense	6,174,404	7,450,820
Provision for doubtful debt/Expected credit Loss/	1,791,178	39,986,554
Cash impairment loss	1,321,766	-
Penalty	8,129,450	348,159
Donation	10,348,118	5,422,600
Entertainments	9,737,593	6,873,094
Provision for legal cases(Contingency Expense)	483,095	19,952,441
Annual Leave	1,307,863	15,674,355
Land and building tax	7,100,645	-
Gift	334,670	157,254
Interest Expense	617,424	47,821,380
	<u>1,939,738,631</u>	<u>1,799,757,736</u>
Less: depreciation Per tax policy	(90,625,394)	(72,318,315)
Taxable profit	<u>1,849,113,237</u>	<u>1,727,439,421</u>
Provision for tax	<u>554,733,971</u>	<u>518,231,826</u>



ETHIOPIA AGRICULTURAL BUSINESSES CORPORATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 07 JULY 2024 (SENE 30,2016 E.C.)

24,b	Buildings and Civil works	Computers	Business Assets	Total Depreciation
Depreciation per tax proclamation				
Depreciation base brought forward for assets(existing as at July 07,2022)	36,893,939	7,210,352	208,526,873	
Current year addition 2024	310,166,389	3,363,826	298,079,482	
Current year Disposed 2024				
	347,060,328	10,574,178	506,606,355	
Less: Depreciation	(6,446,004)	(2,667,574)	(81,511,815)	(90,625,394)
Depreciation base carried forward	340,614,323	7,906,603	425,094,540	773,615,467

24,c	2024	2023
Tax Expense		
Current year provision	554,733,971	518,231,826
Deferred tax(detailed below)	(6,925,022)	(15,757,704)
Total tax in statement of comprehensive income	547,808,949	502,474,123

24,d	7-Jul-24	7-Jul-23
Deferred Tax		
Net Book Value of tangible and intangible assets as Per Accounting Policy	(1,517,364,554)	(1,001,781,723)
Tax base	773,615,467	252,631,164
Fixed assets Temporary difference	(743,749,087)	(749,150,560)
Long term employee benefit	75,341,383	63,244,735
Accrued annual leave	67,071,270	55,763,407
Provision for legal cases	71,362,467	71,162,799
	(529,973,967)	(558,979,619)
Deferred Tax @ 30%	(158,992,190)	(167,693,886)
Balance brought carried forward	(167,693,886)	(182,635,084)
	8,701,696	14,941,198

The analysis of deferred tax assets/(liabilities) is as follows:	7-Jul-24	7-Jul-23
To be recovered after more than 12 months	(158,992,190)	(167,693,885.70)
To be recovered within 12 months	-	-
	(158,992,190)	(167,693,886)

Deferred income tax assets/(liabilities):	8 July 2023	Credit/ (charge) to P/L	Credit/ (charge) to	7 July 2024
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Property, plant and equipment	(224,745,168)	1,620,442	-	(223,124,726)
Annual leave accrual	16,729,022	3,392,359	-	20,121,381
Provision for legal cases	21,348,840	59,900	-	21,408,740
Post employment benefit obligation	18,973,420	1,852,321	1,776,673	22,602,415
Total deferred tax assets/(liabilities)	(167,693,886)	6,925,022	1,776,673	(158,992,190)



Ethiopian Agricultural Businesses Corporation
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The disaggregation of revenue based on timing is as below :

	7 July 2024	7 July 2023
	Birr	Birr
At a point in time:		
Sales of agricultural produce	1,597,888,621	1,143,161,803
Merchandise sales	8,724,219,160	9,857,921,390
	10,322,107,782	11,001,083,193
Overtime:		
Maintenance service	4,366,155	-
Mechanization service	60,959,675	71,028,839
Commission income	88,442,757	66,633,072
Transportation of transport service	205,466,012	69,394,984
	359,234,599	207,056,895
	10,681,342,380	11,208,140,088

26 OTHER INCOME

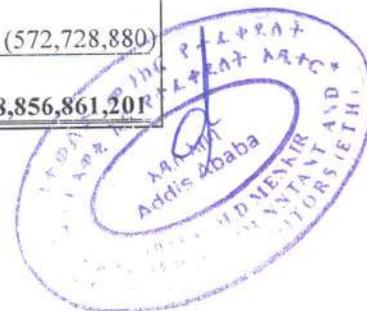
	2024	2023
Rental Income	23,490,286	27,753,451
Gain/loss on Disposal of Fixed Assets	14,280,745	5,521,299
Miscellaneous income	34,615,566	7,156,396
Realized gain on exchange rate difference	7,021,302	22,488,696
	79,407,899	62,919,842



ETHIOPIA AGRICULTURAL BUSINESSES CORPORATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 07 JULY 2024 (SENE 30,2016 E.C.)

27 COST OF SALES

	<u>2024</u>	<u>2023</u>
Opening Raw Material & Merchandize stock	3,127,586,027	6,343,468,888
Add: Purchases during the year	7,415,715,905	7,622,675,018
	10,543,301,932	13,966,143,906
Less: Closing Raw Material & Merchandize stock	<u>(3,868,387,248)</u>	<u>(3,127,586,027)</u>
	6,674,914,684	10,838,557,879
Work in progress opening	1,294,966	1,551,018
Machinery rent	992,010	-
Salaries and benefits	36,617,560	19,289,141
Pension contribution	3,361,221	1,188,726
Traveling and per diem	8,011,780	13,677,425
Work shop material	-	20,071
Repair and maintenance	14,835,901	21,533,948
Fuel & Lubricant	22,383,710	54,398,196
Depreciation	67,939,318	58,592,437
Land tax	2,704,838	2,705,407
Miscellaneous	1,352,261	1,519,258
uniform	321,130	265,422
Loading Unloading	160,650	330,205
Communication and post	63,917	30,300
Hotel Accommodation	2,104,298	552,299
License charge and registration	300,319	-
	6,837,358,563	11,014,211,731
Work in progress ending	<u>(6,425,204)</u>	<u>(1,294,966)</u>
	6,830,933,360	11,012,916,764
Add: Finished Goods Opening	572,728,880	310,815,140
Less: Cost of Internally transferred items	(80,787,493)	(68,360,385)
Less: Agricultural inputs transferred to Sectors	(58,036,922)	(116,679,450)
Add: Agricultural inputs transferred to regions	2,012,212,505	(1,042,204,563)
Less: Stock directly written-off	-	(10,890,967)
Less: Stock damage	(2,990,955)	(1,060,578)
Less: Transfer to Grain	-	(670,148,677)
Effect of Change in inventory weight	-	15,202,797
Seed and seedling	49,110,969	-
Product Allowance expense	1,432,745	-
Less: Shortage Seed and seedling	<u>(50,543,714)</u>	<u>-</u>
	9,274,523,870	9,429,590,081
Less: Finished Goods Ending(including net decrease at Seeds Sector)	<u>(783,080,108)</u>	<u>(572,728,880)</u>
Total	8,491,443,762	8,856,861,201



ETHIOPIA AGRICULTURAL BUSINESSES CORPORATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 07 JULY 2024 (SENE 30.2016 E.C.)
28 SELLING AND DISTRIBUTION EXPENSES

	<u>2024</u>	<u>2023</u>
Salaries & Related Benefit	45,850,232	57,713,195
Pension contribution	3,411,139	4,731,954
Freight & Transport	4,862,471	10,804,940
Utilities	584,829	922,250
Printing and stationary	1,211,796	880,068
Fuel and lubricants	2,210,216	1,924,099
Car Running & maintenance	1,599,517	580,365
Perdiem & Travel	2,233,406	566,597
Other Repair	7,403,535	1,028,340
Loading & Unloading	36,678,455	26,428,157
Insurance	1,880,202	2,115,806
Telephone Postage Fax & Intern ate	229,258	308,736
Rent of Office & Store	14,036,033	17,774,394
Entertainment	1,435,191	652,782
Subscription fee	-	118,094
Cleaning and sanitation	746,076	430,530
Employee Bonus	11,431,790	11,026,592
Advertising	192,591	138,187
Uniform and outfit	1,422,575	768,107
Legal and professional fees	23,127	-
Others	3,994,479	4,039,492
Annual Leave	59,927	110,229
Medical Expense	2,561,870	2,960,379
	<u>144,058,717</u>	<u>146,023,293</u>



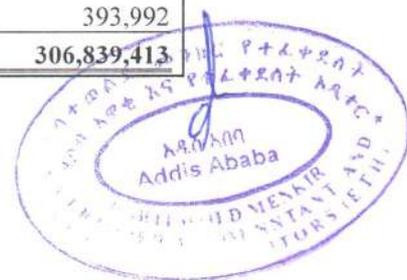
ETHIOPIA AGRICULTURAL BUSINESSES CORPORATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 07 JULY 2024 (SENE 30,2016 E.C.)

29 GENERAL AND ADMINISTRATION EXPENSES

	<u>2024</u>	<u>2023</u>
Salaries and Related Benefits	92,898,039	84,422,044
Pension contribution	9,218,499	8,618,807
Compensation	371,158	7,241,735
Perdiem and Travel	3,685,328	6,540,881
Fuel and Lubricant	14,341,461	10,150,108
Employee Bonus	43,603,121	42,134,861
Depreciation & Amortization	35,090,805	30,238,621
Stationary and printing	3,958,832	3,208,928
Advertisement and promotion	9,342,639	1,946,168
Communication	892,612	1,022,431
Utilities	1,810,640	1,716,126
Rent of Office & Store	1,625,000	400,000
Repair and Maintenance	16,389,349	16,541,375
Annual leave	13,574,719	15,564,127
Transportation	10,322,137	36,820,444
Medical expense	5,775,421	4,001,363
Entertainment	6,198,104	6,220,313
Donation	11,755,118	33,459,141
Uniform And Outfit	2,740,636	1,867,348
Land and building tax	7,100,645	1,185,545
Provision for outstanding legal cases	483,095	19,952,441
Penalty	8,129,450	348,159
Board Fee	687,000	536,500
Audit Fee	223,332	126,279
Gift	334,670	157,254
Insurance	13,268,770	10,193,842
License charge and registration	1,871,745	254,242
Miscellaneous expense	10,189,567	8,265,915
Training Expense	525,125	-
Office Supplies	34,862	-
	<u>326,441,880</u>	<u>353,134,998</u>

30 FINANCE COSTS

	<u>2024</u>	<u>2023</u>
Interest expense	3,868,721	296,572,631
interest expense on lease obligation	3,188,958	229,616
Foreign currency exchange rate loss	-	1,451,013
Interest expense on long term employee benefit	8,854,263	8,192,161
Bank charges	418,731	393,992
	<u>16,330,673</u>	<u>306,839,413</u>



ETHIOPIA AGRICULTURAL BUSINESSES CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
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31 RELATED PARTY TRANSACTIONS

Related parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operation decisions, or one other party controls both. A number of transactions were entered into with related parties in the normal course of business. These are disclosed below:

Key management compensation

Key management has been determined to be the members of the Board of Directors and the Executive Management of the Enterprise. The compensation paid or payable to key management for is shown below. There were no sales or purchase of goods and services between the Corporation and key management personnel as at 7 July 2024.

	7 July 2024	7 July 2023
	<u>Birr</u>	<u>Birr</u>
Salaries and other short-term employee benefits	7,791,272	6,557,332
Post-employment benefits	318,802	1,732,765
	<u>8,110,074</u>	<u>8,290,098</u>

Compensation of the Corporations' key management personnel includes salaries, non-cash benefits and contributions to the post-employment defined benefits plans.

32 COMPARATIVE FIGURES

Some of the previous year figures have been reclassified to make them comparable with current year presentation.

33 EVENTS AFTER REPORTING PERIOD

In the opinion of the Management, there were no significant post balance sheet events which could have a material effect on the state of affairs of the Corporation as at 7 July 2024 and on the profit for the period ended on that date, which have not been adequately provided for or disclosed.

