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AUDIT SERVICE CORPORATION

ETHIOPIAN INDUSTRIAL INPUTS DEVELOPMENT ENTERPIRSE
INDEPENDENT AUDITOR'S REPORT
AND
FINANCIAL STATEMENTS
30 JUNE 2024

ETHIOPIAN INDUSTRIAL INPUTS DEVELOPMENT ENTERPRISE
ANNUAL FINANCIAL STATEMENTS
TABLE OF CONTENTS
FOR THE YEAR ENDED 30 JUNE 2024

	Pages
Managements, Professional advisor and registered office	i
Managements' report	ii
Statements of management's responsibilities	iii
Independent auditor's report	1-3
Statement of financial position	4
Statement of profit or loss and other comprehensive income	5
Statement of changes in equity	6
Statement of cash flows	7
Notes to the financial statements	8-47

Ethiopian Industrial Inputs Development Enterprise
Independent Auditor's Report and Annual Financial Statements
Board of directors, management, professional advisers and registered office
For the year ended 30 June 2024

Board of Directors	Official Designation	Date of Appointment to current positions
1 H.E. Ato Melaku Alebel	Chairperson	July 22, 2024
2 Ato Ahmed Tussa	Vice Chairperson	March 22, 2022
3 Ato Shewangezaw Mamo	Member	January 01, 2023
4 Ato Geremew Keno	Member	January 01, 2023
5 Ato Tsefaye Tulu	Member	January 01, 2023
6 Ato Efreem W/Silase	Member	January 01, 2023
7 Dr. Milikesa Jagama	Member	January 01, 2023
8 W/o Alemgena Zerihun	Member	January 01, 2023
9 Ato Bekele Tilahun	Member	January 01, 2023
10 W/o Rahel Tesfaye	Member	January 01, 2023
Executive Management		
1 Dawit Adane Teka	Chief Executive Officer	26-Sep-25
2 Yonas Zeleke Asegedew	Head, Office of the Chief Executive Officer	10-Oct-25
3 Zewdu Kebede	Deputy Chief Executive Officer of Industrial Inputs Development, Procurement and Sales Sector	November 01, 2021
4 Abebaye Gezahegne	Deputy Chief Executive Officer of Industrial Outputs Product Procurement and Sales Sector	July 08, 2024
5 Habtamu Timotwos	Deputy Chief Executive Officer of Resource Management and Technical Sector	July 08, 2024
6 Yigalem Eneyew	Deputy Chief Executive Officer of Marketing, Customer Service and Districts Sector	February 09, 2021

Independent auditors

FDRE Audit Service Corporation
P.O.Box 5720
Yeka Sub City, Addis Ababa, Ethiopia

Registered office

Ethiopian Industrial Inputs Development Enterprise
Arada Sub City, Wereda 06, HN, 027
Addis Ababa, Ethiopia

Principal banker (s)

Commercial Bank of Ethiopia,
Churchil Road, P.O.Box 255
Addis Ababa, Ethiopia

**ETHIOPIAN INDUSTRIAL INPUTS DEVELOPMENT ENTERPRISE
ANNUAL FINANCIAL STATEMENTS
STATEMENT OF MANAGEMENT'S RESPONSIBILITIES
FOR THE YEAR ENDED 30 JUNE 2024**

In accordance with the Financial Reporting Proclamation No. 847/2014 the Accounting and Auditing Board of Ethiopia direct the Enterprise to prepare financial statements by using International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board ("IASB"). The Managements are responsible for the preparation of financial statements that give a true and fair view in accordance with IFRSs, for such internal controls as the Managements determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The new Commercial Code of Ethiopia 1243/2021 requires the Managements to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Enterprise as at the end of the financial year and of the operating results of the Enterprise for that year. The code also requires the managements to ensure that the Enterprise keeps proper accounting records which disclose, with reasonable accuracy, at any time, the financial position of the Enterprise. They are also responsible for safeguarding the assets of the Enterprise.

The Managements accept responsibility for the annual financial statements which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with IFRSs, the requirement of the Commercial Code of Ethiopia 1243/2021. The managements are of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the Enterprise and its operating results. The Managements further accept responsibility for the maintenance of accounting records which may be relied upon in the preparation of financial statements, as well as adequate of internal financial control.

The Managements also accept responsibility for:

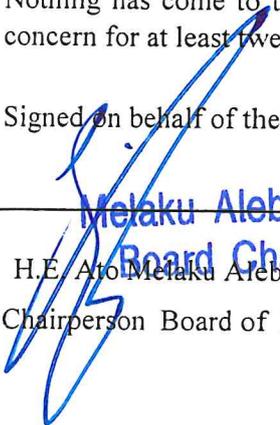
- I) A designing, implementing and maintaining such internal control as they determine necessary to enable the presentation of financial statements that are free from material misstatement, whether due to fraud or error;
- II) selecting suitable accounting policies and applying the consistently; and
- III) Making accounting estimates and judgements that are reasonable in the circumstances.

The Managements acknowledge that the independent audit of the financial statements does not relieve them from their responsibilities.

The Enterprise's Managements are of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the Enterprise and of its profit or loss.

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

Signed on behalf of the Board and Managements by:


Melaku Alobel Addis
Board Chairman

H.E. Ato Melaku Alobel
Chairperson Board of Directors


Dawit Adane
Chief Executive Officer

Dawit Adane Teka
Chief Executive Officer

**ETHIOPIAN INDUSTRIAL INPUTS DEVELOPMENT ENTERPRISE
REPORTS AND ANNUAL FINANCIAL STATEMENTS
REPORT OF THE MANAGEMENT
FOR THE YEAR ENDED 30 JUNE 2024**

Management has pleasure of presenting their report on the affairs of Ethiopian Industrial Inputs Development Enterprise ("the Enterprise") together with the financial statements for the year ended 30 June 2024, to Ethiopian Investment Holdings. This report discloses the financial performance and state of affairs of the Enterprise.

Incorporation, Principal activities and address

Ethiopian Industrial inputs Development Enterprise (EIIDE) is an autonomous public Enterprise established under the Council of Ministers Regulation No. 328/2014. EIIDE is a state owned enterprise and governed by Public Enterprise Proclamation No 25/1992. The Enterprise's principal business activities are the supply of industrial inputs and other related activities.

The address of its registered office and principal place of the Enterprise is: Kirkos Sub City, Woreda 06, House No. 027

Addis Ababa Ethiopia

Operating results

The Enterprise's results for the year ended 30 June 2024 are set out on page 7. The profit for the year has been transferred to retained earnings. The summarized results are presented below.

	30-Jun-24	30-Jun-23
	<u>ETB</u>	<u>ETB</u>
Revenue from contract with customers	5,254,857,786	4,278,518,735
Profit before income tax	557,669,229	463,818,716
Income tax expense	(165,900,019)	(140,827,935)
Profit for the year	391,769,210	322,990,781
Other comprehensive income net of taxes	=	=
Total comprehensive income for the year	<u>391,769,210</u>	<u>322,990,781</u>

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

Signed on behalf of the Board of Directors by:

Melaku Alebel Addis
Board Chairman

H.E. Ato Melaku Alebel
Chairperson of the Board of Directors

**INDEPENDENT AUDITOR'S REPORT TO THE SUPERVISING AUTHORITY OF
ETHIOPIAN INDUSTRIAL INPUTS DEVELOPMENT ENTERPRISE**

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Ethiopian Industrial Inputs Development Enterprise (the Enterprise), which comprise statement of financial position as at 30 June 2024, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Enterprise as at 30 June 2024 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for 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 Statements* section of our report. We are independent of the Corporation in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* (IESBA Code) together with the Ethical requirements that are relevant to our audit of the financial statements in Ethiopia, and we have fulfilled our other ethical responsibilities in accordance with these requirements of the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion; we do not provide a separate opinion on these matters.

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**INDEPENDENT AUDITOR'S REPORT
TO THE SUPERVISING AUTHORITY OF
ETHIOPIAN INDUSTRIAL INPUTS DEVELOPMENT ENTERPRISE (continued)**

Report on the Audit of the Financial Statements (continued)

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout audit. We also:

- Identify and assess the risks of material misstatement of the financial statement, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Enterprise's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

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**INDEPENDENT AUDITOR'S REPORT
TO THE SUPERVISING AUTHORITY OF ETHIOPIAN INDUSTRIAL INPUTS
DEVELOPMENT ENTERPRISE (continued)**

Report on the Audit of the Financial Statements(continued)

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Enterprise's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Enterprise to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Woizero Kokeb Sime.

Audit Service Corporation
10 March 2026

ETHIOPIAN INDUSTRIAL INPUTS DEVELOPMENT ENTERPRISE
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2024

ASSETS	Notes	<u>30-Jun-2024</u>	<u>30-Jun-2023</u>
Property, plant and equipment	2.6, 5	2,306,920,896	2,038,324,779
Investment In Bond	2.8, 6	853,544	896,231
Total Non-current assets		<u>2,307,774,440</u>	<u>2,039,221,010</u>
Current Assets			
Inventory	2.9, 7	924,366,245	562,523,365
Trade & other receivables	2.10, 8	1,513,394,932	867,285,493
Cash and cash equivalents	2.11, 9	1,634,579,718	812,600,701
Total Current assets		<u>4,072,340,895</u>	<u>2,242,409,559</u>
Total Assets		<u>6,380,115,335</u>	<u>4,281,630,569</u>
Equity and Liabilities			
EQUITY			
Paid-up Capital	2.12, 10	1,306,042,415	1,306,042,415
IFRS Remeasurment Reserve		686,074,909	686,074,909
Retained earnings	2.14, 12	792,059,248	458,377,146
Legal Reserve	2.15, 12	<u>59,670,524</u>	<u>40,082,063</u>
Total equity		<u>2,843,847,095</u>	<u>2,490,576,533</u>
Non-current liabilities			
Post employment benefit	2.17, 14	23,884,160	16,638,082
Deferred tax liabilities	2.19, 16	263,812,692	276,333,619
Loans and borrowings- Non Current	2.20, 15	339,475,150	644,763,129
Total noncurrent liabilities		<u>627,172,003</u>	<u>937,734,830</u>
Current liabilities			
Loans and borrowings- Current	2.20, 15	1,060,311,481	=
Trade and other payables	2.20, 17	1,713,633,972	750,180,425
Short term employee benefits	2.21, 18	25,615,108	14,428,575
Income tax liability	2.23, 28	<u>109,535,677</u>	<u>88,710,207</u>
Total current liabilities		<u>2,909,096,238</u>	<u>853,319,207</u>
Total liabilities		<u>3,536,268,241</u>	<u>1,791,054,036</u>
Total Liabilities And Equity		<u>6,380,115,335</u>	<u>4,281,630,569</u>

Melaku Alebel Addis
Board Chairman

H.E. Ato Melaku Alebel
Chairperson of the Board of Directors

Dawit Adane
Chief Executive Officer

Dawit Adane Teka
Chief Executive Officer

ETHIOPIAN INDUSTRIAL INPUTS DEVELOPMENT ENTERPRISE
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2024

	Notes	30-Jun-2024 <u>ETB</u>	30-Jun-2023 <u>ETB</u>
Revenue	19	5,254,857,786	4,278,518,735
Direct Production costs	20	<u>(4,111,257,306)</u>	<u>(3,384,892,646)</u>
Gross profit		<u>1,143,600,481</u>	<u>893,626,089</u>
Other income	21	81,088,881	20,483,618
Finanace Income	22	27,910,510	17,435,582
		<u>1,252,599,872</u>	<u>931,545,289</u>
Operating Expenses			
Selling and distribution expenses	23	(154,801,487)	(131,846,366)
General and administrative expenses	24	(343,751,103)	(334,298,056)
Financial Charges	25	(187,793,815)	(1,582,151)
Expected credit loss	-	<u>(8,584,237)</u>	-
		<u>(694,930,643)</u>	<u>(467,726,573)</u>
Profit before tax		557,669,229	463,818,716
Income tax Income (expense)	26	<u>(165,900,019)</u>	<u>(140,827,935)</u>
Profit after tax for the year		<u>391,769,210</u>	<u>322,990,781</u>
Other comprehensive income (OCI)			
Total comprehensive income for the year		<u>391,769,210</u>	<u>322,990,781</u>

ETHIOPIAN INDUSTRIAL INPUTS DEVELOPMENT ENTERPRISE
 STATEMENT OF CASH FLOWS
 FOR THE YEAR ENDED 30 JUNE 2024

	07 July 2024	07 July 2023
	<u>ETB</u>	<u>ETB</u>
Cash generated from operations	557,669,229	322,990,780
Retained Earnings Movement	(38,498,649)	(817,944,171)
Taxes		134,599,481
Depreciation	78,530,277	72,382,251
Changes in Working Capital		
Change in Inventory	(361,842,880)	90,568,319
Change in Debtors	(646,109,439)	1,422,604,367
Change in Creditors	963,453,177	212,235,338
WHT paid	(22,250,133)	-
Employment Benefit	18,432,611	-
Cash Generated from/(used in) Operating Activities	549,384,193	1,437,436,365
Tax paid	(135,345,341)	(127,090,548)
Interest Paid	187,793,815	-
Net cash generated from (used in) operating activities	<u>601,832,667</u>	<u>1,310,345,817</u>
Cash flows from investing activities		
Purchase of propert,plant and equipment	(347,126,025)	(937,457,946)
Investment	42,687	(42,687)
Net cash generated from (used in) investing activities	<u>(347,083,338)</u>	<u>(937,500,633)</u>
Cash flows from financing activities		
Term Loan	755,023,502	(271,069,965)
Dividend and Dividend Tax	0	(21,856,594)
Interest Expense	(187,793,815)	-
Net cash generated from (used in) financing activities	<u>567,229,687</u>	<u>(292,926,559)</u>
Net increase (decrease) cash and cash equivalent	821,979,017	79,918,625
Cash and cash equivalent, beginning	812,600,701	732,682,067
Cash and cash equivalent, ending	<u><u>1,634,579,718</u></u>	<u><u>812,600,701</u></u>

ETHIOPIAN INDUSTRIAL INPUTS DEVELOPMENT ENTERPRISE
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2024

	IFRS				Total
	Share Capital	Remeasurment Reserve	Retained Earnings	Legal Reserve	
30-Jun-22	1,306,042,415	1,484,749,916	190,605,374	25,988,812	3,007,386,517
Correction of prior year error (not material, hence no restatement)	-		(19,269,162)		
Dividend and Dividend Tax			(21,856,594)		
Transfer to Legal Reserve			(14,093,251)	14,093,251	
Non-recoverable prior years tax claims (Note 9)		(798,675,007)	-		
Profit for the year			322,990,781		322,990,781
30-Jun-23	1,306,042,415	686,074,909	458,377,146	40,082,063	2,450,494,470
Opening Balance Adjustment	-	-	(38,498,649)		
Transfer to Legal Reserve			(19,588,461)	19,588,461	
Profit for the year			391,769,210		
30-Jun-24	1,306,042,415	686,074,909	792,059,248	59,670,524	2,843,847,095

ETHIOPIAN INDUSTRIAL INPUTS DEVELOPMENT ENTERPRISE

NOTES TO THE FINANCIAL STATEMENTS

1 GENERAL INFORMATION

Ethiopian Industrial inputs Development Enterprise (EIIDE) is an autonomous public Enterprise established under the Council of Ministers Regulation No. 328/2014. EIIDE is a state owned enterprise and governed by Public Enterprise Proclamation No 25/1992. The Enterprise's principal business activities are the supply of industrial inputs and other related activities.

The address of its registered office and principal place of the Enterprise is: Kirkos Sub City, Woreda 06, House No. 027

Addis Ababa Ethiopia

2 SUMMARY OF SIGNIFICANCE ACCOUNTING POLICIES

Introduction to summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

The financial statements for the year ended 30 June 2024 have been prepared in accordance with International Financial Reporting Standard (IFRS,) as issued by the International Accounting Standards Board ("IASB"). Additional information required by national regulations are included where appropriate.

The financial statements comprise the statement of profit or loss and other comprehensive income, the statement of financial position, the statement of changes in equity, the statement of cash flows and the notes to the financial statements.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires the management to exercise its judgment in the process of applying the Enterprise's accounting policies. Changes in assumptions may have a significant impact on the financial statements in the period the assumptions changed. The management believes that the underlying assumptions are appropriate and that the Enterprise's financial statements therefore present the financial position and results fairly.

The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 3.

2.2 Going concern

The financial statements have been prepared on a going concern basis. The Management has no doubt that the Enterprise would remain in existence for the next 12 months.

2.3 Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the Enterprise operates ('the functional currency'). The functional currency and presentation currency of the Enterprise is the Ethiopian Birr (ETB).

2.4 Current versus non-current classification

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

- Expected to be realized or intended to be sold or consumed in the normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realized within twelve months after the reporting period, or

ETHIOPIAN INDUSTRIAL INPUTS DEVELOPMENT ENTERPRISE NOTES TO THE FINANCIAL STATEMENTS

- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after

The Enterprise classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

2.5 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Enterprise.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. The Enterprise uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

Assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Enterprise determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The Enterprise's Management determine the policies and procedures for both recurring fair value measurement, such as financial instrument at FVTPL financial assets.

For the purpose of fair value disclosures, the Enterprise has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

2.6 Propert plants and equipments (PPE)

Property, plant and equipment of the Enterprise which appear on the statement of financial position at the end of the reporting period are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the property, plant and equipment if the recognition criteria are met.

ETHIOPIAN INDUSTRIAL INPUTS DEVELOPMENT ENTERPRISE
NOTES TO THE FINANCIAL STATEMENTS

When significant parts of property, plant and equipment are required to be replaced at intervals, the Enterprise recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. All other repair and maintenance costs are recognized in income statement as incurred.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Enterprise and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized.

Salvage Value is calculated on cost of PPEs using a percentage chosen by the management. Depreciation is calculated using the straight-line method to allocate their cost over their estimated useful lives, as follows:

<u>ASSET CLASS</u>	<u>DEPRECIATION METHOD</u>	<u>ESTIMATED USAGE LIFE</u>
Buildings	STL	22
Motor vehicles	STL	13
Furniture and Fixture	STL	7
Computer and accessories	STL	11

The Enterprise commences depreciation when the asset is available for use. Capital work-in-progress is not depreciated as these assets are not yet available for use. They are disclosed when reclassified during the year. An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use. Items which cost less than 5,000 birr are expensed and won't be capitalized & recognized as PPE.

2.6.1 Gain and loss on sale of PPE

Net gains on sale of items of PPE are presented in profit or loss as other income. Net losses on sale are reported as loss on disposal. Net gains and losses are recognized in profit or loss when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs can be estimated reliably, and there is no continuing management involvement with the PPE.

2.6.3 Impairment of non-financial assets

The Enterprise assesses, at each reporting date, whether there is an indication that an asset may be impaired or any indication exist, or when annual impairment testing for an asset is required, the Enterprise estimates the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating units (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Enterprise estimates the asset's or CGU's recoverable amount.

A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised.

ETHIOPIAN INDUSTRIAL INPUTS DEVELOPMENT ENTERPRISE
NOTES TO THE FINANCIAL STATEMENTS

The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the income statement.

2.7 Leases (Right To Use An Asset-Enterprise As A Lessee)

At an inception of a contract, the Enterprise assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified assets, the Enterprise uses the definition of a lease in IFRS 16. This policy is applied to contracts entered into before, on or after 1 July 2019 that were previously identified as leases.

At commencement or on modification of a contract that contains a lease component, the Enterprise allocates consideration in the contract to each lease component on the basis of its relative stand-alone price.

The Enterprise recognizes a right-of-use of asset. The right-of-use of asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove any improvements made to branches or office premises.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain re-measurement of the lease liability.

Enterprise as a lessor and recognition of Operating Lease

At inception or on modification of a contract that contains a lease component, the Enterprise allocates the consideration in the contract to each lease component on the bases of their relative stand-alone selling prices.

When the Enterprise acts as a lessor, it determines at lease inception whether the lease is a finance lease or an operating lease.

To classify each lease, the Enterprise makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset, if this is the case, then the lease is a finance lease; if not; then it is an operating lease as part of this assessment, the Enterprise considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

2.8 Government Bond

The Enterprise purchased Ethiopian government bonds worth of at par value ETB 1,000,000 on 25 September 2020 with maturity date on 24 September 2024, after 5 years. The bond is issued at zero interest rate and the eEnterprise only collects the face value of the investment at maturity date after 5 years. The effective interest rate on the same bond in the market is 5% and the bond settlement value after 5 years is discounted using the effective interest rate and related interest is amortised over the life of the bond.

accordance with IFRS 9 – Financial Instruments. This classification is based on the business model of holding the bonds solely to collect contractual cash flows and the fact that the cash flows represent solely payments of principal and interest (SPPI).

Impairment Assessment

The Enterprise assesses government bonds for impairment under the expected credit loss (ECL) model as required by IFRS 9. Given that these are high-quality Government bonds issued by a government, the risk of default is considered to be low, and the Enterprise has concluded that no material expected credit loss allowance is required at the reporting date.

ETHIOPIAN INDUSTRIAL INPUTS DEVELOPMENT ENTERPRISE
NOTES TO THE FINANCIAL STATEMENTS

2.9 Inventories

Inventories are measured at the lower of cost and Net Releasable Value. The Enterprise writes down the values of obsolete inventories to nil which it no longer expects future economic benefit from. Inventories are presented net of impairment. For Consumables, The Enterprise uses cost as a measurement method as it is impracticable to come up with Net releasable value.

2.9.1 Cost of production

The Enterprise determines the cost of sales not for each individual transaction but rather calculates it for a specific period, whether quarterly, semi-annually, or annually, as applicable. It is recommended that the Enterprise utilize the normative cost method or full absorption cost method. A standard costing approach should be employed, where a predetermined unit cost is used to account for the movement of merchandise during the period.

The cost of sales for the Enterprise typically includes several key components, categorized into direct and indirect costs.

a. Direct Costs:

Direct Purchases:

The cost of goods purchased for resale, which includes all expenses directly traceable to the acquisition of merchandise.

Direct Labor:

The wages and salaries of employees directly involved in sales activities, including commissions and other compensations for sales personnel.

b. Indirect Costs (Overheads):

Operating Overheads:

Indirect Materials: Supplies used in the business operations that are not directly traceable to a specific product (e.g., packaging materials, office supplies).

Indirect Labor: Salaries and wages of staff who are not directly involved in sales (e.g., administrative and support staff).

Utilities: Costs of electricity, water, gas, and other utilities required for the business operations.

Depreciation: The gradual expense of capital assets like office equipment and fixtures used in operations.

Lease/Rent Costs: The cost of renting or owning retail space or warehouse facilities.

2.9.2 Inventory Provision

Inventories are stated at the lower of cost or net realizable value. Generally, the cost of inventories is stated using the weighted-average cost method. The write downs of inventory below cost shall be reversed to the extent that the conditions leading to the write-down no longer apply. It is anticipated that such situations will be rare and that in practice, benefit will be realized either when finished goods/services are sold or when written-down material are actually used in the production/service delivery process.

The following stock obsolescence provision calculation methods apply:

a. Damaged inventory having no further usage or no market value is provisioned at 100%.

b. Slow moving, obsolete inventory and items with a shelf life approaching expiration are provisioned by market and sales entities or factories and supported by adequate rationale. The rationale reflects the situation or a set of circumstances that require full or partial provisioning. Reference to their resale value is made when determining the amount of provision.

ETHIOPIAN INDUSTRIAL INPUTS DEVELOPMENT ENTERPRISE
NOTES TO THE FINANCIAL STATEMENTS

2.10 Financial instruments- Initial recognition and subsequent recognition

2.10.1 Financial assets

Initial recognition and measurement

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

All financial assets except for trade receivables are recognized initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Trade receivables are initially recognized at their transaction price.

Subsequent recognition and measurement

- At amortised cost

The basis of classification depends on the Enterprise's business model and the contractual cash flow characteristics of financial assets. All current financial assets the Enterprise has are classified under amortized cost. The Enterprise Adopts the expected credit losses model of IFRS 9.

The Enterprise uses amortized cost to measure its financial assets along with providing for impairment allowance as per the requirement of IFRS 9. For its trade receivables, the Enterprise measures the loss allowance at an amount equal to lifetime expected credit losses using provision matrix. The provision matrix is based on default rates that are developed following management's assessment of the likelihood of default. If and When the management is able to get the proper data with out undue cost or effort, the default rates are adjusted to reflect current and forwarding looking macroeconomic factors affecting the customer's ability to settle the amount outstanding.

At every reporting date, the default rate is updated to reflect current and forecast inflation and credit conditions if there are conditions that indicate default rates have changed.

In cases where fair value is determined using data which is not observable, the difference between the transaction price and model value is only recognized in the profit or loss when the inputs become observable, or when the instrument is derecognized. A financial asset (or, where applicable a part of a financial asset or part of a Enterprise of similar financial assets) is primarily derecognized (i.e. removed from the Enterprise's statement of financial position) when:

- * The rights to receive cash flows from the asset have expired, or
- * The Enterprise has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either
 - (a) The Enterprise has transferred substantially all the risks and rewards of the asset, or
 - (b) The Enterprise has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Enterprise has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Enterprise continues to recognize the transferred asset to the extent of the Enterprise's continuing involvement. In that case, the Enterprise also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Enterprise has retained.

ETHIOPIAN INDUSTRIAL INPUTS DEVELOPMENT ENTERPRISE
NOTES TO THE FINANCIAL STATEMENTS

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Enterprise could be required to repay.

Credit-impaired financial assets

At each reporting date, the Enterprise assess whether financial assets carried at amortised cost are credit-impaired (referred to as 'Stage 3 financial assets'). A financial asset shall be considered 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- Significant financial difficulty of the borrower or issuer;
- A breach of contract such as a default or past due event;

Write-off

Financial assets shall be written off (either partially or in full) when there is no reasonable expectation of recovering the amount in its entirety or a portion thereof. This is generally the case when the Enterprise determines that the counter party does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

This assessment is carried out at the individual asset level. Recoveries of amounts previously written off shall be included in 'impairment losses on financial instruments' in the statement of profit or loss.

VAT receivable

VAT receivable refers to the amount of Value Added Tax (VAT) that the Enterprise has paid on its purchases and expenses, which it is entitled to reclaim from the tax authorities. It arises in situations where the VAT paid on purchases (input VAT) exceeds the VAT collected on sales (output VAT). VAT receivable occurs when the total input VAT is greater than the total output VAT for a given period. The difference is then due back to the business from the tax authorities. The Enterprise reports its VAT receivable on its periodic VAT return. If the VAT receivable is confirmed by the tax authorities, the Enterprise will offset future VAT liabilities. VAT receivable is recorded as a current asset on the balance sheet, reflecting the amount due from the tax authorities.

Prepayments

Prepayments are payments made in advance for goods or services that will be received or consumed in the future. Prepayments are recognized as an asset on the balance sheet until the goods or services are delivered or consumed, at which point they are expensed. Prepayments are recorded as a current asset since they represent future economic benefits to the Enterprise. As the period covered by the prepayment passes or the service is consumed, the prepaid asset is gradually expensed on the income statement.

Common Examples of Prepayments in the Enterprise's account include:

Insurance Premiums: Payments made in advance for insurance coverage.

Rent: Rent paid before the rental period begins.

Advance Payments to Suppliers: Payments made to suppliers before receiving the goods or services.

2.11 Cash and cash equivalents

Cash and cash equivalents comprise balances with less than three months' maturity from the date of acquisition, including cash in hand, deposits held at call with Banks and other short-term highly liquid investments with original maturities of three months or less.

For the purposes of the cash flow statement, cash and cash equivalents include cash on hand and balances with commercial banks.

ETHIOPIAN INDUSTRIAL INPUTS DEVELOPMENT ENTERPRISE
NOTES TO THE FINANCIAL STATEMENTS

2.11.1 Impairment Of Cash And Cash Equivalents

The Enterprise assesses cash and cash equivalents for impairment in accordance with IFRS 9 – Financial Instruments. While cash and cash equivalents are subject to the impairment requirements of IFRS 9, the expected credit loss (ECL) for these assets is immaterial due to the nature of the counterparties (primarily financial institutions with high credit ratings) and the short-term nature of the financial instruments.

The Enterprise uses the following methods to assess the expected credit losses on cash and cash equivalents:

Default Risk of Financial Institutions: The Enterprise continuously monitors the Current, Quick and Cash Ratio of the financial institutions where cash is deposited to assess default risks. Given the high level of liquidity of the banks in which Enterprise holds its cash, the expected credit loss associated with cash and cash equivalents is deemed immaterial.

Historical Loss Rates: Historically, the Enterprise has not incurred any loss on its cash and cash equivalents. The Enterprise uses this data to support its assessment that credit losses will continue to be insignificant.

Forward-Looking Information: The Enterprise considers any relevant forward-looking information, including economic conditions, geopolitical risks, and changes in market conditions, which may affect the financial stability of counterparties.

2.11.2 Impairment Assessment

As at June 30, 2024, the Enterprise performed an impairment assessment on its cash and cash equivalents. The assessment indicated that the expected credit losses are insignificant and no impairment provision is required

Class of Asset	Gross Carrying Amount	ECL Provision	Net Carrying Amount
Cash on hand	-	-	
Bank deposits	1,634,579,718	-	1,634,579,718
Short-term investments	-	-	
Total Cash and Cash Equivalents	1,634,579,718	-	1,634,579,718

2.11.3 Expected Credit Losses (Ecl) Methodology

Cash and cash equivalents are measured at amortized cost. The Enterprise applies the simplified approach permitted under IFRS 9 to assess impairment. This approach considers the lifetime ECLs for cash and cash equivalents and does not require a detailed tracking of historical credit loss events due to the short-term, low-risk nature of the assets. Given that the counterparties to cash deposits are investment-grade financial institutions and the time to maturity of the cash equivalents is typically less than three months, the risk of default is deemed extremely low, and no significant impairment is recognized.

2.12 Capital

The Equity account is a paid up capital amount paid both in kind and in Cash. The sum stated in the statement of financial position is an amount the Enterprise have registered with the relevant authority up on establishment. The capital has not been increased or reduced since the sum was first registered on the trade license of the Group

ETHIOPIAN INDUSTRIAL INPUTS DEVELOPMENT ENTERPRISE
NOTES TO THE FINANCIAL STATEMENTS

2.13 IFRS Remeasurement Reserve

The Equity account is a paid up capital amount paid both in kind and in Cash. The sum stated in the statement of financial position is an amount the Enterprise have registered with the relevant authority up on establishment. The capital has not been increased or reduced since the sum was first registered on the trade license of the Group

2.14 Retained earnings

Retained earnings is an equity account where the net profit (loss) is placed each year. If the Enterprise registers a net profit at the end of a financial year, the net profit will be placed in the account until the Enterprise decides to either use the net profit to distribute dividend or to increase its capital.

2.15 Legal Reserve

The Commercial Code of Ethiopia requires companies to allocate a portion of their annual net profit to a legal reserve until the reserve reaches a certain threshold (usually 10% of the Enterprise's capital). The legal reserve is non-distributable and is intended to strengthen the Enterprise's financial position.

2.16 Lease Liability-(Enterprise As A Lessee)

At commencement or on modification of a contract that contains a lease component, the Enterprise allocates consideration in the contract to each lease component on the basis of its relative stand-alone price.

The Enterprise recognizes a lease liability at the lease commencement date.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Enterprise's incremental borrowing rate. Generally, the Enterprise uses its incremental borrowing rate at the discount rate.

The lease liability is measured at amortized cost using the effective interest method. It is re-measured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Enterprise's estimate of the amount expected to be payable under a residual value guarantee, if the Enterprise changes its assessment of whether it will exercise a purchase extension or termination option if there is a revised in-substance fixed lease payment.

When the lease liability is re-measured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

2.17 Employee Benefits

The Enterprise has an employee benefit scheme which follows the Labor Proclamation No. 1156/2019. The Enterprise recognizes a liability for short term benefits as employees render services. The Enterprise accounts for annual leaves by providing in full for all unused leaves.

The Enterprise has a defined post-employment scheme in line with the provisions of Ethiopian pension of private organization employee's proclamation 1156/2019. Funding under the scheme is 7% and 11% by employees and the Enterprise respectively. The pension scheme is based on employees' monthly salary.

Employer's contributions to this scheme are charged to profit or loss and other comprehensive income in the period in which they relate.

The Enterprise effects severance payment as per the proclamation mentioned above for employees which leave the organization on will after five and plus years of experience. The Enterprise treats the benefit scheme as Post Employment employee benefit. The Enterprise uses actuarial estimates, averages and computational short cuts to provide a reliable approximation of the liability incurred on each year in relation to severance pay

ETHIOPIAN INDUSTRIAL INPUTS DEVELOPMENT ENTERPRISE
NOTES TO THE FINANCIAL STATEMENTS

2.17.1 Termination Benefits

Termination benefits are payable to employees as per proclamation 1156/2019 when employment is terminated by the Enterprise before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Enterprise recognizes 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.

2.17.2 Post-Employment Employee Benefits (Severance And Funeral)

The severance benefit plan is an unfunded post employment employee Benefit scheme. The Enterprise does not maintain any assets for the schemes but ensures that it has sufficient funds for the obligations as they crystallize. The severance benefits are based on the statutory severance benefit as set out in Labor Proclamation No. 1156/2019, as amended by the Labor (Amendment) Proclamation No. 1156/2019. Employees who have served the Enterprise for 5 years and above and are below the retirement age (i.e. has not met the requirement to access the pension fund) are entitled for the benefit. The final pay-out is determined by reference to final monthly salary and number of years in service computed as one month salary of the first year in employment plus one-third of monthly salary for subsequent years to a maximum of twelve months salary. The Enterprise has a benefit scheme in which it reimburses employees' funeral expense. The Enterprise provides for funeral Expense Provision and treats the payable as long term Liability.

2.18 Term Loan

Initial recognition and measurement

Term Loans are initially measured at fair value (the transaction price) using effective interest rate. After initial recognition, all financial liabilities of the Enterprise are measured at amortized cost.

Provision, contingent liability and contingent assets

Provisions are recognized when the Enterprise has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

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

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as other operating expenses.

During the period there are no events, transactions and conditions arisen for recognition and disclosure of provision, contingent liability and contingent assets

2.19 Defferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax assets are recognized for all deductible temporary differences: including the carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, The carry forward of unused tax credits and unused tax losses can be utilized, except When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

ETHIOPIAN INDUSTRIAL INPUTS DEVELOPMENT ENTERPRISE NOTES TO THE FINANCIAL STATEMENTS

Deferred tax assets and liabilities arise from taxable and deductible temporary differences. The following events and transaction of The Group gives rise to deferred tax;

- Property, plant and equipment;
- Severance payment obligation;

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates and tax legislation that have been enacted or substantially enacted by the end of the reporting period. The measurement of deferred tax assets and liabilities reflects the tax consequences that would follow from the manner in which the Group, as at the end of the reporting period, expects to recover or settle the carrying amount of these assets and liabilities.

Deferred tax relating to items recognized outside profit or loss if any is recognized outside profit or loss. Deferred tax items are recognized in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax is recognized on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statement.

Deferred tax is determined using tax rates (and laws) that have been enacted or substantively enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realized or the deferred tax liability is settled.

Deferred tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized. Deferred tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

2.20 FINANCIAL LIABILITIES

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities subsequently measured at amortized cost such as at fair value through profit or loss and liabilities measured at amortized cost such as loans, borrowings, and payables.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Enterprise's financial liabilities include trade and other payables, loans and borrowings.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as follows:

ETHIOPIAN INDUSTRIAL INPUTS DEVELOPMENT ENTERPRISE
NOTES TO THE FINANCIAL STATEMENTS

Loans and borrowings and trade payables

This is the category most relevant to the Enterprise . After initial recognition, interest bearing loans and borrowings are subsequently measured at amortized cost using the effective interest rate method. Effective interest method is a method of calculating the amortized cost of a financial liability and to allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction and costs and other premium or discount) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition. Gains and losses are recognized in the statement of profit or loss when the liabilities are derecognized as well as through the effective interest rate method (EIR) amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included in finance costs in the statement of profit or loss. This category generally applies to interest-bearing loans and borrowings.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities. Trade payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method.

Derecognition

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the statement of profit or loss.

Borrowing cost

Interest cost shall be included as a component of the historical acquisition cost of qualifying fixed assets constructed for the Group's own use (major construction or acquisition projects only). The Enterprise defines qualifying assets as those linked to projects with projected expenditure of greater than the limit the management present at each year end and where the expected period to bring assets into use exceeds 6 Months. Assets in use or ready for use are not qualifying assets.

Where a loan is taken out specifically to finance the construction of an asset, the amount to be capitalized shall be the interest payable on that loan less income earned on the temporary investment of the borrowings. If construction of a qualifying asset is financed from an entity's general borrowings, the borrowing costs eligible to be capitalized shall be determined by applying the weighted average general borrowings rate to the expenditure incurred on the asset.

2.21 Short Term Employee Benefits- (Annual Leave And Bonus)

The Enterprise provides for unused leave days and bonus payables by estimating the amount the Enterprise is likely to pay for each employee. The Enterprise treats the benefits as short term employee benefit.

**ETHIOPIAN INDUSTRIAL INPUTS DEVELOPMENT ENTERPRISE
NOTES TO THE FINANCIAL STATEMENTS**

2.23 Income taxes

Current 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 in the countries where the Enterprise operates and generates taxable income. Taxable profit differs from profit reported in the income statement because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Enterprise's liability for current tax is calculated using tax rates that have been enacted by the end of the reporting period.

Tax paid in advance before the due date such as those withheld by the customer for sale of goods is recognized as withholding receivable and offset against the current income tax payable as computed in accordance with the Ethiopian tax proclamation number 979/2016 at the year end.

Current income tax relating to items recognized directly in equity if any is recognized in equity and not in the statement of profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation, and it establishes provisions where appropriate. The tax consequences of dividends should be recognized in P&L when a liability to pay the dividend is recognized.

Tax expenses

Current and deferred taxes (Changes in deferred tax asset and liability) are recognized in profit or loss for the period, except to the extent that the tax arises from a transaction or event which is recognized, in the same or a different period, to other comprehensive income; or a business combination.

Current tax and deferred taxes are charged or credited to other comprehensive income if the tax relates to items that are credited or charged, in the same or a different period, to other comprehensive income. Current tax and deferred taxes are charged or credited directly to equity if the tax relates to items that are credited or charged, in the same or a different period, directly in equity.

Value added tax

Revenues, expenses and assets are recognized net of the amount of sales tax, except:

- Where the Value added tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the sales tax is recognized as part of the cost of acquisition of the asset or as part of the expense item, as applicable
- Receivables and payables are stated with the amount of sales tax included

The net amount of VAT recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

The Enterprise has determined that interest and penalties related to income taxes, including uncertain tax treatments, do not meet the definition of income taxes, and therefore accounted for them under IAS 37 Provisions, Contingent Liabilities and Contingent Assets.

2.23 Revenue from contracts with customers

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Enterprise and the revenue can be reliably measured, regardless of when the payment is received. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty.

The outcome of the transaction can be measured reliably when all the following conditions are satisfied:

ETHIOPIAN INDUSTRIAL INPUTS DEVELOPMENT ENTERPRISE NOTES TO THE FINANCIAL STATEMENTS

- The amount of the revenue can be measured reliably;
 - It is probable that the economic benefits associated with the transaction will flow to the Group;
 - when the service delivered at the balance date can be measured reliably; and
 - The costs incurred for the transaction and the costs to complete the transaction can be measured
- When the outcome of the transaction cannot be estimated reliably, revenue should be recognized only to the extent of the expenses recognized that are recoverable.

The Enterprise recognizes revenue when it satisfies a performance obligation by transferring a promised good or service to its customer. The transfer occurs at the time when the customer obtains control / Enterprise of the good or service. This is determined by assessing, based on the terms of the contract entered into, the extent of the performance that is required of the Enterprise and determining whether the goods and services to be delivered are distinct. Goods and services are considered to be distinct if the customer can benefit from the good or service either on its own or together with resources that are readily available to the customer and the Enterprise's promise to transfer the good or service can be identified separately from other promises made in the contract.

To determine whether to recognize revenue, the Enterprise follows a 5-step process:

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

Revenue is recognized either at a point in time or over time, when (or as) the Enterprise satisfies performance obligations by transferring the promised goods or services to its customers. If the mode of delivery of the goods and services provided by the Enterprise is such that they are delivered at times over a period of time and hence the revenue is recognized using output measure on the proportion of the goods delivered. However, if the period of time over which such delivery occurs is short, the revenue from the contract is accounted for on the basis of delivery at a point in time.

The Enterprise recognizes contract liabilities for consideration received in respect of unsatisfied performance obligations (i.e. Advance received for future delivery) and reports these amounts as other non financial liabilities in the statement of financial position.

Similarly, if the Enterprise satisfies a performance obligation before it receives the consideration (i.e. Delivery of service or goods for credit), the Enterprise recognizes either a contract asset or a receivable in its statement of financial position, depending on whether something other than the passage of time is required before the consideration is due.

The Enterprise's revenue is largely made up of "Merchandizing" revenue in the form consumable products . In all cases , revenue is recognised when products are delivered to the customer. This would be on receipt of a delivery report from stock controller.

None of the contract the Enterprise has with its customers involves financing component and do not have features that require detailed disclosures including variable consideration, refunds, returns as well as assets from costs to obtain or fulfill a contract.

2.24 Operating expenses

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

**ETHIOPIAN INDUSTRIAL INPUTS DEVELOPMENT ENTERPRISE
NOTES TO THE FINANCIAL STATEMENTS**

2.25 Foreign currencies

Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the Enterprise operates ('the functional currency'). The financial statements are presented in Ethiopian Birr ("ETB") which is the Enterprise's functional currency.

Transactions and balances

Transactions in foreign currencies are initially recorded by the Enterprise at their respective functional currency spot rate at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies, if any, are retranslated at the functional currency spot rate of exchange ruling at the reporting date. 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 profit or loss.

2.26 Related parties

A party is related to an entity if, inter alia

(i) directly, or indirectly through one or more intermediaries, the party:

- a) controls, is controlled by, or is under common control with, the entity (this includes parents, subsidiaries and fellow subsidiaries);
- b) has an interest in the entity that gives it significant influence over the entity; or
- c) has joint control over the entity;

(ii) the party is an associate of the entity.

The Enterprise discloses the nature of relationships between the Enterprise and its related parties irrespective of whether there have been transactions between them. An entity shall disclose the name of its shareholder and other companies owned by the same share holder which in this case are other companies owned by Government.

The entity also discloses information about those transactions and outstanding balances, including commitments, necessary for users to understand the potential effect of the relationship on the financial statements. At a minimum, disclosures shall include

- (a) the amount of the transactions;
- (b) the amount of outstanding balances,
- (i) their terms and conditions, including whether they are secured, and the nature of the consideration to be provided in settlement;
- (ii) details of any guarantees given or received;
- (c) provisions for doubtful debts related to the amount of outstanding balances; and
- (d) the expense recognized during the period in respect of bad or doubtful debts due from related parties.

i Significant Accounting , Estimates, Assumptions And Management Judgements

Estimates and assumptions

The preparation of the Enterprise's financial statement requires management to make judgments, estimates and assumptions that affect the reported amounts of elements of the statement and the acEnterpriseing disclosures. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

ETHIOPIAN INDUSTRIAL INPUTS DEVELOPMENT ENTERPRISE
NOTES TO THE FINANCIAL STATEMENTS

Fair value measurement

'Fair value' is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Enterprise has access at that date. The fair value of a liability reflects its non-performance risk.

When one is available, the Enterprise measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as 'active' if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

If there is no quoted price in an active market, then the Enterprise uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

Judgments

In the process of applying the Enterprise's accounting policies, management has made the following judgments, which have the most significant effect on the amounts recognized in the financial statements:

Impairment losses on receivables

The Enterprise chooses to apply the Simplified approach or to recognize an allowance for lifetime expected credit losses from initial recognition. The Enterprise reviews its receivables for impairment on an on-going basis and writes down the carrying amount of receivables if there is a reasonable expectation that amounts won't be recovered/ collected. To provide for loss allowances on trade receivables, the Enterprise looks in to past history, experience and occurrence of defaults. The estimation of impairment losses is subject to uncertainty, which has increased in the current economic environment, and is highly sensitive to economic factors. The assumptions underlying this judgement are highly subjective. The methodology and the assumptions used in calculating impairment losses are reviewed regularly in the light of differences between loss estimates and actual loss experience.

Depreciation and carrying value of property, plant and equipment

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

ii New standards, amendments, interpretations issued but not yet effective

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 30 June 2024. The details of the new standards/Amendments along with their effect on the financial statement of the Enterprise are listed 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. It is applicable to annual reporting periods beginning on or after 1 January 2024. The Management doesn't plan to adopt IFRS S1 and doesn't expect it to have any effect on the preparation of its financial statement

**ETHIOPIAN INDUSTRIAL INPUTS DEVELOPMENT ENTERPRISE
NOTES TO THE FINANCIAL STATEMENTS**

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. It is Applicable to annual reporting periods beginning on or after 1 January 2024. The Management doesn't plan to adopt IFRS S2 and doesn't expect it to have any effect on the preparation of its financial statement

Presentation and Disclosures in Financial Statements

IFRS 18 includes requirements for all entities applying IFRS for the presentation and disclosure of information in financial statements. It is Applicable to annual reporting periods beginning on or after 1 January 2027. The Management excepts the standard to have significant impact on the preparation of its financial report on the coming years.

ETHIOPIAN INDUSTRIAL INPUTS DEVELOPMENT ENTERPRISE
NOTES TO THE FINANCIAL STATEMENTS

4 Financial risk management

4.1 Introduction

4.1.1 Risk measurement and reporting systems

The Enterprise's risks are measured using methods that reflect both the expected loss likely to arise in normal circumstances and unexpected losses, which are an estimate of the ultimate actual loss based on statistical model. The models make use of probabilities derived from historical experience, adjusted to reflect the economic environment.

Monitoring and controlling risks is primarily performed based on limits established by the Enterprise. These limits reflect the business strategy and market environment of the Enterprise as well as the level of risk that the Enterprise is willing to accept, with additional emphasis on selected regions. In addition, the Enterprise measures and monitor the overall risk bearing capacity in relation to the aggregate risk exposure across all risk types and activities.

The Enterprise monitor the risk assessment procedures and practices through the audit and finance committee. The management continuously assess the risk the Enterprise faces through the regular management meeting it carries out. Risk the Enterprise faces, The actions that should be taken to deal with the risks before they materialize and the effect of risks that have materialized are common agenda the management discuss on regular meeting it carries out.

4.1.2 Risk mitigation

The Enterprise uses various risk mitigating techniques to reduce its risk to the level acceptable. Risk controls and mitigants, identified and approved for the Enterprise, are documented for existing and new processes and

4.2 Financial risk

Financial instruments by category

The Enterprise's financial assets are classified into the following categories: at amortized cost, at fair value through P&L and at FV through OCI and the financial liabilities are classified into other liabilities at amortized

The Enterprise's classification of its financial assets is summarized in the table below:

	At fair value through profit or loss	At amortized cost	Total
30 June 2024			
Cash and balances with banks	-	1,634,579,718	1,634,579,718
Trade receivables		1,493,399,593	1,493,399,593
Government Bond		853,544	853,544
Other receivables excluding prepayments		45,078,048	45,078,048
Total financial assets	-	3,174,764,447	3,174,764,447

30 June 2023			
Cash and balances with banks	-	812,600,701	812,600,701
Trade receivables		685,032,350	685,032,350
Government Bond		896,231	896,231
Other receivables excluding prepayments		178,150,380	178,150,380
Total financial assets	-	1,676,679,662	1,676,679,662

ETHIOPIAN INDUSTRIAL INPUTS DEVELOPMENT ENTERPRISE
NOTES TO THE FINANCIAL STATEMENTS

4.3 Credit risk

The Enterprise has exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Key areas where the Enterprise is exposed to credit risk is trade receivables.

4.3.1 Management of credit risk

The Enterprise manages the levels of credit risk it accepts by placing limits on its exposure to a single counterparty, or Companies of counterparty and to geographical and industry segments. Such risks are subject to regular review. Limits on the level of credit risk by category and territory are approved executive management.

The table below show the maximum exposure to credit risk for the Enterprise's financial assets. The maximum exposure is show gross before the effect of mitigation:

	30-Jun-24	30-Jun-23
	ETB	ETB
Cash and balances with banks	1,634,579,718	812,600,701
– Financial assets measured at amortized cost	-	-
Investments in Security Instruments	853,544	
Government Bond	853,544	896,231
Trade receivables	1,493,399,593	685,032,350
Other receivables excluding prepayments	45,078,048	178,150,380
	3,174,764,447	1,676,679,662

4.4 Credit risk

4.4.1 Credit quality analysis

(a) Credit quality of cash and cash equivalents

The credit quality of cash and bank balances and short-term investments that were neither past due nor impaired at as 30 June 2024, and 30 June 2023 are held in banks have been classified as non-rated as there are no credit rating agencies in Ethiopia.

(i) Trade receivables

The Enterprise applies the IFRS 9 simplified model of recognizing lifetime expected credit losses for all trade receivables as these items do not have a significant financing component. In measuring the expected credit losses, the trade receivables have been assessed on a collective basis as they possess shared credit risk characteristics. They have been Enterpriseed based on the days past due and also according to the geographical location and nature of customers.

The expected loss rates are based on the payment profile for sales over the past 48 months before 30 June 2023 and 30 June 2024 respectively as well as the corresponding historical credit losses during that period. The historical rates are adjusted to reflect current and forwarding looking macroeconomic factors affecting the customer's ability to settle the amount outstanding. The Enterprise has identified gross domestic product (GDP) and unemployment rates of the countries in which the customers are domiciled to be the most relevant factors and according adjusts historical loss rates for expected changes in these factors. However, given the short period exposed to credit risk, the impact of these macroeconomic factors has not been considered significant within the reporting period.

ETHIOPIAN INDUSTRIAL INPUTS DEVELOPMENT ENTERPRISE
NOTES TO THE FINANCIAL STATEMENTS

Trade receivables are written off (i.e. derecognised) when there is no reasonable expectation of recovery. Failure to make payments within 180 days from the invoice date and failure to engage with the Enterprise on alternative payment arrangement amongst other is considered indicators of no reasonable expectation of recovery.

On the above basis the life time expected credit loss (ECL) for trade receivables as at 30 June 2023 and 30 June 2024 was determined as follows:

30-Jun-24	1-60 days	61-90 Days	91-180 days	>180 days
Gross carrying amount (ETB)		82,806,780	31,862,267	1,477,392,709
LECL rate		0.01	0.03	0.075
LTCL (ETB)		414,034	796,557	110,804,453

30-Jun-23	0-30 days	31-60 Days	61-90days	>90 days
Gross carrying amount (ETB)				738,791,475
LECL rate	-	0.01	0.03	14.00%
LTCL (ETB)	-	-	-	103,430,807

4.4.2 Credit quality analysis

(b) Credit quality of Trade and other receivables (continued)

(i) **Trade receivables**

The closing balances of the of the trade receivables loss allowance based on collective assesment as at 30 June 2023 and 30 June 2024 reconciles with the trade receivables loss allowance opening balance as follows:

Loss allowance as at 30 June 2023	112,015,044
Loss allowance recognized during the year	(8,584,237)
Loss allowance as at 30 June 2024	103,430,807

(ii) **Allowance for impairment**

The Enterprise establishes an allowance for impairment losses that represents its estimate of incurred and expected losses in its receivables. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loan loss allowance, established for Enterprises of homogeneous assets in respect of losses that have been incurred and expected to incurred but have not been identified on receivables subject to assessment for impairment.

4.4.3 Credit concentrations

The Enterprise monitors concentrations of credit risk by sector, location and purpose. An analysis of concentrations of credit risk at 30 June 2023 and 30 June 2024. The Enterprise concentrates all its financial assets in Ethiopia.

	Private	Public	Total
30-Jun-2024	-	1,634,579,718	812,600,701
Cash and balances with banks	-	1,634,579,718	812,600,701
30-Jun-2023	-	812,600,701	812,600,701
Cash and balances with banks	-	812,600,701	812,600,701

ETHIOPIAN INDUSTRIAL INPUTS DEVELOPMENT ENTERPRISE NOTES TO THE FINANCIAL STATEMENTS

The Enterprise reviewed the financial institution's status from the bank's annual statement to see whether there is an impairment on the cash at bank balance the Enterprise has with the bank and did not find any indication that shows that there is an actual impairment. The Enterprise is confident that at each year end it can access and use the entire cash at bank balance. Further investigations that needed to be carried out to further assess whether there is an impairment would result in undue cost and effort and the management deemed that to be unnecessary endeavor that would not result in an information which will be useful for the readers of the financial statement.

4.5 Capital management

The Enterprise maintains an efficient capital structure of equity shareholders' funds, consistent with the Enterprise's risk profile and the regulatory and market requirements of its business.

The Enterprise's objectives in managing its capital are :

- to match the profile of its assets and liabilities, taking account of the risks inherent in the business;
- to maintain financial strength to support new business growth;
- to satisfy the requirements of regulators;
- to retain financial flexibility by maintaining strong liquidity;
- to allocate capital efficiently to support growth;
- to safeguard the Enterprise's ability to continue as a going concern; and
- to provide an adequate return by pricing products commensurately with the level of risk.

An important aspect of the Enterprise's overall capital management process is the setting of target risk-adjusted rate of return which is aligned to performance objectives and ensures that the Enterprise is focused on the creation of value.

4.6 Fair value of financial assets and liabilities

4.6.1 Valuation models

IFRS 13 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable input reflect market data obtained from independent sources; unobservable inputs reflect the Enterprise's market assumptions.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole.

- Level 1: Inputs that are quoted market prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active, or other valuation technique in which all significant inputs are directly or indirectly observable from market data.

In conclusion, this category is for valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

ETHIOPIAN INDUSTRIAL INPUTS DEVELOPMENT ENTERPRISE
NOTES TO THE FINANCIAL STATEMENTS

Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs). This category includes all assets and liabilities for which the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the asset or liability's valuation. This category includes instruments that are valued based on quoted prices for similar instruments for which significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

Valuation models (Continued)

					30 June 2024
Financial assets	Carrying Amount	Level 1	Level 2	Level 3	Total
	ETB	ETB	ETB	ETB	ETB
Cash on hand &	1,634,579,718	-		1,634,579,718	1,634,579,718
Trade receivables	1,493,399,593			1,493,399,593	1,493,399,593
Government Bond	853,544			853,544	853,544
Other receivables	45,078,048			45,078,048	45,078,048
Total	3,174,764,447	-	-	3,174,764,447	3,174,764,447

					30 June 2023
Financial assets	Carrying Amount	Level 1	Level 2	Level 3	Total
	ETB	ETB	ETB	ETB	ETB
Cash on hand &	812,600,701			812,600,701	812,600,701
Trade receivables	685,032,350			685,032,350	685,032,350
Government Bond	896,231			896,231	896,231
Other receivables	178,150,380			178,150,380	178,150,380
Total	1,676,679,662	-	-	1,676,679,662	1,676,679,662

					30 June 2024
Financial liabilities	Carrying Amount	Level 1	Level 2	Level 3	Total
	ETB	ETB	ETB	ETB	ETB
Trade & Other	1,254,360,551			1,254,360,551	1,254,360,551
Borrowings	-			-	-
Total	1,254,360,551	-	-	1,254,360,551	1,254,360,551

					30 June 2023
Financial liabilities	Carrying Amount	Level 1	Level 2	Level 3	Total
	ETB	ETB	ETB	ETB	ETB
Trade & Other	238,629,881			238,629,881	238,629,881
Borrowings	-			-	-
Total	238,629,881	-	-	238,629,881	238,629,881

ETHIOPIAN INDUSTRIAL INPUTS DEVELOPMENT ENTERPRISE
NOTES TO THE FINANCIAL STATEMENTS

4.6.2 Fair value methods and assumptions

All financial assets of the Enterprise including Loans and trade receivables are carried at cost net of provision for impairment. The estimated fair value represents the discounted amount of estimated future cash flows expected to be received. Expected cash flows are discounted at current market rates to determine fair value.

4.6.3 Valuation technique using significant unobservable inputs – Level 3

The Enterprise has no financial asset measured at fair value on subsequent recognition.

4.6.4 Transfers between the fair value hierarchy categories

During the three reporting periods covered by these annual financial statements, there were no movements between levels as a result of significant inputs to the fair valuation process becoming observable or unobservable.

4.7 Offsetting financial assets and financial liabilities

There are no offsetting arrangements. Financial assets and liabilities are settled and disclosed on a gross basis.

4.8 Market Risk

Market risk is defined as the risk of loss risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market risk factors such as interest rates, foreign exchange rates, equity prices, credit spreads and their volatilities. Market risk can arise in conjunction with trading and non-trading activities. The Enterprise does not ordinarily engage in financial instrument trading activities as there are no active markets in Ethiopia.

4.8.1 (a) Management of Market risk

The main objective of Market Risk Management is to manage and control market risk exposures within acceptable parameters, while optimizing the return on risk. Market risk is monitored by the management regularly, to identify any adverse movement in the underlying variables.

4.9 Liquidity risk

Liquidity risk is the risk that the Corporation cannot meet its maturing obligations when they become due, at reasonable cost and in a timely manner. Liquidity risk arises because of the possibility that the Corporation might be unable to meet its payment obligations when they fall due as a result of mismatches in the timing of the cash flows under both normal and stress circumstances. Such scenarios could occur when funding needed for illiquid asset positions is not available to the Corporation on acceptable terms.

4.9.1 Management of liquidity risk

Cash flow forecasting is performed by the finance department. The finance department monitors rolling forecasts of liquidity requirements to ensure it has sufficient cash to meet operational needs.

The Corporation evaluates its ability to meet its obligations on an ongoing basis. Based on these evaluations, the Corporation devises strategies to manage its liquidity risk.

Prudent liquidity risk management implies that sufficient cash is maintained and that sufficient funding is available to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risk damage to the Corporation's reputation.

ETHIOPIAN INDUSTRIAL INPUTS DEVELOPMENT ENTERPRISE
NOTES TO THE FINANCIAL STATEMENTS

4.10 Maturity analysis of financial liabilities

The table below analyses the Corporation's financial liabilities into relevant maturity Enterpriseings based on the remaining period at the statement of financial position date to the contractual maturity date. The cash flows presented are the undiscounted amounts to be settled in future.

2024	0-180 days	181 - 365 days	Over 1 year
Trade creditors	-	1,254,360,551	-
Current	-	339,475,150	-
	-	1,593,835,701	-
2023	0-180 days	181 - 365 days	Over 1 year
Trade creditors	-	238,629,881	-
Current	-	644,763,129	-
	-	883,393,010	-

Total financial liabilities

4.11 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. Borrowings obtained at variable rates give rise to interest rate risk. The Enterprise's exposure to the risk of changes in market interest rates is rather minimal as it currently is not engaged in significant lending and borrowing arrangements.

2023	Fixed	Floating interest bearing	Non-interest bearing	Total
Assets				
Cash and bank balances	812,600,701	-	-	812,600,701
Trade receivables	-	-	1,493,399,593	2,306,000,294
Receivable from employees	-	-	28,025,380	1,521,424,973
Other receivables	-	-	17,052,668	17,052,668
	812,600,701		1,538,477,641	4,657,078,636
Liabilities				
Trade creditors	-	-	1,254,360,551	1,254,360,551
Loans and borrowings- Non Cur	339,475,150	-	-	339,475,150
	339,475,150	-	1,254,360,551	1,593,835,701
2024				
Assets				
Cash and bank balances	1,634,579,718	-	-	1,634,579,718
Trade receivables	-	-	285,683,950	1,920,263,668
Receivable from employees	-	-	148,642,947	434,326,897
Other receivables	-	-	285,683,950	-
	1,634,579,718		720,010,847	3,989,170,282
Liabilities				
Trade creditors	-	-	238,629,881	238,629,881
Loans and borrowings- Non Cur	644,763,129	-	-	644,763,129
	644,763,129.00	-	238,629,881	883,393,010.00

ETHIOPIAN INDUSTRIAL INPUTS DEVELOPMENT ENTERPRISE
NOTES TO THE FINANCIAL STATEMENTS

5 PROPERTY, PLANT AND EQUIPMENT

	Building	Motor vehicles	Furniture and equipment	Computer and Accessories	CIP	Total
	ETB	ETB	ETB	ETB		ETB
Cost:-						
30-Jun-22	1,132,260,759	114,278,356	10,910,347	27,463,216	74,048,020	1,358,960,698
Additions	-	91,555,630	26,680,222	28,096,038	791,126,056	146,331,890
Disposals	-	-	-	-	-	-
30-Jun-23	1,132,260,759	205,833,986	37,590,569	55,559,254	865,174,076	2,296,418,644
Additions	-		5,039,916	252,585	345,618,123	350,910,624
Disposals		(8,050,566)				(8,050,566)
30-Jun-24	1,132,260,759	197,783,420	42,630,485	55,811,839	1,210,792,199	2,639,278,701
Accumulated depreciation:-						
30-Jun-22	163,195,304	16,123,177	1,494,476	4,898,657		185,711,614
Deperciation	54,633,240	15,037,424	2,869,102	5,735,727		78,275,493
Disposals	-	-	-	-		-
30-Jun-23	217,828,544	28,346,272	3,223,057	8,695,992		258,093,865
Deperciation	54,633,239	16,035,183	4,638,428	3,223,057		78,529,908
Disposals	-	(4,265,968)	-	-		(4,265,968)
7-Jul-22	272,461,783	40,115,488	7,861,485	11,919,049		332,357,805
Net book value:-						
30-Jun-23	914,432,215	177,487,714	34,367,512	46,863,262	865,174,076	2,038,324,779
30-Jun-24	859,798,976	157,667,932	34,769,000	43,892,789	1,210,792,199	2,306,920,896

ETHIOPIAN INDUSTRIAL INPUTS DEVELOPMENT ENTERPRISE
NOTES TO THE FINANCIAL STATEMENTS

6	INVESTEMENT	30-Jun-24	30-Jun-23
		<u>ETB</u>	<u>ETB</u>
	Government Bond	896,231	938,918
	Share Investement	(42,687)	(42,687)
		<u>853,544</u>	<u>896,231</u>

Investment details. On 25 September 2020, the Enterprise purchased an Ethiopian Government zero-coupon bond with a face value of ETB 1,000,000, maturing on 24 September 2024 (a 4-year term). The bond carries no stated coupon; the Enterprise will receive only the face value at maturity.

Effective interest rate. The prevailing market yield for an instrument with similar credit risk and tenor at initial recognition was 5%. Accordingly, the bond was initially recognised at the present value of the redemption amount discounted at 5%, and the carrying amount is subsequently increased using the effective interest method. The difference between the initial carrying amount and the face value is recognised in profit or loss as interest income over the life of the bond.

Note on dates: If the intended maturity is 24 September 2025 (i.e., a 5-year term), the same accounting applies; only the discount period changes.

Business model and classification. The Enterprise holds the bond to collect its contractual cash flows, which on a zero-coupon instrument are solely payments of principal and interest on the principal amount outstanding (SPPI). Therefore, the investment is classified and measured at amortised cost under IFRS 9.

Measurement basis (amortised cost).

Initial measurement: Present value of ETB 1,000,000 discounted at the 5% effective interest rate.

Subsequent measurement: Carrying amount accreted using the effective interest method; interest income recognised in profit or loss.

Derecognition: On maturity, the Enterprise receives ETB 1,000,000 and recognises no gain or loss other than any final unwinding of discount.

Fair value considerations (why not fair value): The Enterprise applies amortised cost because the asset meets the hold-to-collect business model and SPPI conditions.

7	INVENTORY	30-Jun-24	30-Jun-23
		<u>ETB</u>	<u>ETB</u>
	<i>Merchandising</i>		
	Food stuff	454,281,155	194,942,140
	General goods	112,172,010	167,292,377
	Building materials	204,876,626	29,001,180
	Textile products	49,906,784	7,008,912
	Tyres and canvas	2,369,659	12,295,082
	Cotton		42,039,512
	Cash register accessories	21,946,359	28,219,600
	Stationery items	78,331,635	33,834,865
	Hides and skins	482,018	3,658,108
		<u>924,366,245</u>	<u>518,291,776</u>
	<i>Non-merchandising</i>		
	Consumables		44,231,589
	Goods in transit		-
		<u>924,366,245</u>	<u>562,523,365</u>

ETHIOPIAN INDUSTRIAL INPUTS DEVELOPMENT ENTERPRISE
NOTES TO THE FINANCIAL STATEMENTS

The Enterprise regularly reviews its inventories to identify any potential impairment in accordance with IAS 2 - Inventories. Inventories are carried at the lower of cost and net realizable value. As of the reporting date, no further indicators of impairment were identified for the remaining inventory.

Key Judgements and Estimates

The impairment assessment involved significant judgment in estimating the net realizable value of inventory. Factors considered included recent selling prices, historical sales trends, and expected future sales.

8 TRADE AND OTHER RECEIVABLES

Comprises of amounts due from major customer. Recognition of trade receivable coincides with the recognition of the corresponding sales amount. The sale of Products including order receiving, invoice issuance as well as cash collection is maintained, followed up and controlled by finance team at each industry.

Trade receivables are non-derivatives financial assets carried at amortized cost which do not generate a fixed or variable interest income for the Enterprise. The carrying amount of cash, trade and other receivable is considered a reasonable approximation of fair value.

Allowance for credit losses

The Enterprise applies the IFRS 9 simplified model of recognizing lifetime expected credit losses for trade receivable arising from Credit sales as these items do not have a significant financing component. In measuring the expected credit losses, the receivables have been assessed on a collective basis as they possess shared credit risk characteristics.

The average credit period for collection of trade receivable is 60 Days. No interest is charged on trade receivables. For receivable as than trade such as usch as staff debtors , The Enterprise has recognised an allowance for doubtful debts through individually assessing all outstanding receivables.

Trade receivables disclosed below include amounts (see below for aged analysis) that are past due at the end of the reporting period for which the Enterprise has recognised an allowance for doubtful debts. It represents only of trade debtors arising from sales of sugar on credit.

	30-Jun-24	30-Jun-23
	<u>ETB</u>	<u>ETB</u>
Financial Instruments:		
Trade receivables	1,493,399,593	685,032,350
Less: allowance for expected credit	<u>(112,015,044)</u>	<u>(103,430,807)</u>
Trade receivables at amortised cost	1,381,384,549	581,601,543
Non financial instruments:		
Value-added tax receivables	13,440,250	49,782,183
Deposit and prepaid expenses	73,492,085	48,557,592
Withholding tax receivable	-	9,193,795
Receivable from employees	28,025,380	29,507,433
Other receivables	17,052,668	148,642,947
	132,010,383	285,683,950
	<u>1,513,394,932</u>	<u>867,285,493</u>

ETHIOPIAN INDUSTRIAL INPUTS DEVELOPMENT ENTERPRISE
NOTES TO THE FINANCIAL STATEMENTS

9	CASH AND CASH BALANCE	30-Jun-24	30-Jun-23
		<u>ETB</u>	<u>ETB</u>
	Cash and bank balances	1,634,579,718	812,600,701
		<u>1,634,579,718</u>	<u>812,600,701</u>

Cash and cash equivalents comprise cash on hand and demand deposits, together with other short-term, highly liquid investments maturing within 90 days from the date of acquisition that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value. Cash at banks earns interest at floating rates based on daily bank deposit rates.

10 PAID-UP CAPITAL

The Enterprise has a paid up capital of Birr 1,306,042,415 which was paid in cash and in Kind. Each share capital of the Enterprise has a par value of 1,000.

		30-Jun-24	30-Jun-23
		<u>ETB</u>	<u>ETB</u>
	Balance at the beginning of the year	1,306,042,415	1,306,042,415
	Additional investment	-	-
	Balance at the end of the year	<u>1,306,042,415</u>	<u>1,306,042,415</u>

11	IFRS Remeasurement reserve	30-Jun-24	30-Jun-23
		<u>ETB</u>	<u>ETB</u>
	At start of the year Non-recoverable	686,074,909	1,484,565,313
	prior years tax claims At end of the year	-	(798,765,007)
	30-Jun-24	<u>686,074,909</u>	<u>686,074,909</u>

During the first-time adoption of IFRS, the Enterprise recognised certain measurement adjustments required by IFRS at the date of transition. In accordance with IFRS 1, these adjustments were recognised directly in equity.

Surpluses arising from asset or adjustment upon adoption of IFRS have been presented in a separate equity component titled "IFRS Adoption Re-measurement Reserve". This presentation is consistent with AABE Directive No. 985/2024, which requires such surpluses to be recorded as a separate, non-distributable reserve. The IFRS Adoption Re-measurement Reserve represents unrealised gains arising on transition and is therefore not available for dividend distribution or capitalisation.

ETHIOPIAN INDUSTRIAL INPUTS DEVELOPMENT ENTERPRISE
NOTES TO THE FINANCIAL STATEMENTS

12	RETAINED EARNINGS	30-Jun-24	30-Jun-23
		<u>ETB</u>	<u>ETB</u>
	Begening Balance	458,377,146	190,605,374
	Opening Balance Adjsutment	(38,498,649)	-
	Dividend and Dividend Tax	-	(21,856,594)
	Transfer to Legal Reserve	(19,588,461)	(13,860,963)
	Non-recoverable prior years tax claims (Note	-	(19,269,162)
	Profit for the year	391,769,210	318,345,020
	30-Jun-24	<u>792,059,248</u>	<u>458,377,146</u>

Retained earnings is an equity account where the net profit (loss) is placed each year. If the enterprise registers a net profit at the end of a financial year, the net profit will be placed in the account until the Enterprise decides to either use the net profit to distribute dividend or to increase its capital.

13	LEGAL RESERVE	30-Jun-24	30-Jun-23
		<u>ETB</u>	<u>ETB</u>
	Begening Balance	40,082,063	25,988,812
	Transfer from Retained Eranings	19,588,461	13,860,963
	30-Jun-24	<u>59,670,524</u>	<u>40,082,063</u>

In accordance with the requirement of the Public Enterprise Proclamation 25/1992, Public Enterprises incorporated in Ethiopia are required to maintain legal reserve through transfer of not less than one twentieth (5%) of the annual net profits until the accumulated legal reserve balance amounts to 20% of the capital.

ETHIOPIAN INDUSTRIAL INPUTS DEVELOPMENT ENTERPRISE
NOTES TO THE FINANCIAL STATEMENTS

14 POST EMPLOYMENT BENEFIT

14.1 Severance benefit plan

The severance benefit plan is an unfunded Post employment Benefit scheme. The Enterprise does not maintain any assets for the schemes but ensures that it has sufficient funds for the obligations as they crystallize.

The severance benefits are based on the statutory severance benefit as set out in Labor Proclamation No. 156/2019. Employees who have served the Enterprise for 5 years and above and are below the retirement age (i.e. has not met the requirement to access the pension fund) are entitled for the benefit. The final pay-out is determined by reference to final monthly salary and number of years in service computed as one month salary of the first year in employment plus one-third of monthly salary for subsequent years to a maximum of twelve months salary.

The Enterprise effects severance payment as per the proclamation mentioned above for employees which leave the organization on will after five and plus years of experience. As per IAS 19, The Enterprise uses estimates, averages and computational short cuts to provide a reliable approximation of the liability incurred on each year in relation to severance pay. The Enterprise uses the following assumptions to calculate severance pay the management use short cuts and averages to estimate the obligation for each year end and the balance is as follows:

	2024	2023
Average turnover rate (Total)	0.4	0.4
Average turnover rate for employees with less than 5 years of Experience	0.8	0.8
Estimated annual salary increment	0.3	0.3
Discount rate	0.15	0.15

Sensitivity analysis

The sensitivity analysis detailed below 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. The change in the liability recognized following a change in the assumptions used by a defined range amount is detailed below.

Change in assumption	Impact on Post employment Liability	
A 1% increment in Average Turnover rate (Total)	438,523	353,648
A 1% increment change in Average Turnover rate for employees:	109,631	88,412
a 1% increment in Estimated annual salary increment	183,058	147,627
a 1% increment in Discount rate	1,831	1,476

ETHIOPIAN INDUSTRIAL INPUTS DEVELOPMENT ENTERPRISE
NOTES TO THE FINANCIAL STATEMENTS

	30-Jun-24	30-Jun-23
	ETB	ETB
Severance pay		
Balance at the beginning of the year	16,638,082	15,596,865
Paid During The Year	(962,348)	-
Service cost for the year	7,462,206	8,095,966
Intrest accrued	746,221	696,222
Balance at the end of the year	<u>23,884,160</u>	<u>16,638,082</u>

15 TERM LOAN	30-Jun-24	30-Jun-23
	ETB	ETB
Opening balance, 07 July	644,763,129	915,833,094
Proceeds from new borrowings	1,060,311,481	-
Repayments of principal	(305,287,979)	(271,069,965)
Interest accrued	187,793,815	-
Interest paid	(187,793,815)	-
Current Maturity	(1,060,311,481)	-
Closing balance, 07 July	<u>339,475,150</u>	<u>644,763,129</u>

2024

Lender	Currency	Current Maturity	Non-Current	Interest basis
Commercial Bank of Ethiopia	ETB	-	424,763,129	12.50%
Development Bank of Ethiopia	ETB	-	220,000,000	13.00%
			<u>644,763,129</u>	

2023

Lender	Currency	Current Maturity	Non-Current	Interest basis
Commercial Bank of Ethiopia	ETB	180,311,481	119,475,150	12.50%
Development Bank of Ethiopia	ETB	880,000,000	220,000,000	13.00%
		<u>1,060,311,481</u>	<u>339,475,150</u>	

The Enterprise has a bank borrowing of term loan for import of food stuff from Commercial Bank of Ethiopia bearing 12.5% interest per annum . The Enterprise has also Borrowed From Development Bank of Ethiopia for the construction of its head quarter bearing 13% Interest per annual

Maturity Analysis

Time band	2024	2023
< 1 year	305,287,979	-
1-2 years	1,094,498,653	644,763,129
2-5 years	<u>1,399,786,631</u>	<u>644,763,129</u>

ETHIOPIAN INDUSTRIAL INPUTS DEVELOPMENT ENTERPRISE
NOTES TO THE FINANCIAL STATEMENTS

16 Deferred tax

Deferred taxation is estimated on all temporary differences under the liability method using the tax rate of 30%.

16.1 Deferred tax liability /PPE/

The depreciation rate used for tax purpose and the rate used for IFRS purpose are different which gives rise to deferred tax asset.

16.2 Change in depreciation method for tax purpose in 2017

The new income tax proclamation No.979/ 2017 has been issued on 2017 and become effective for the period ended June 30, 2017. The new proclamation revokes the pooling system and permits entities to separately calculate depreciation on each individual asset by applying the rate specified under regulation No. 410/2017 article 39 using either declining balance method or straight line methods. Accordingly, We has opted to use straight line method to determine depreciation for depreciable asset or business intangibles which are acquired on or after July 1, 2017.

ETB	30-Jun-24 ETB	30-Jun-23 ETB
Tax base of the asset at June 30,	167,037,660	217,866,468
Carrying Amount of the asset at June 30,	1,096,128,697	1,173,150,704
Temporary deference	929,091,037	955,284,236
Deferred tax asset /liability on temporary differences at 30%	<u>278,727,311</u>	<u>286,585,271</u>

16.3 Employee benefit obligation

Deferred tax asset arises on the temporary difference between carrying amount of Severance and Annual Leave Payable and its tax base. Under Ethiopian tax law, severance & Annual Leave payment are deductible when the employee actually terminates and when the obligation is settled in cash where as IFRS requires recognition of Severance and Annual Leave benefit obligation as the employee becomes entitled for the benefit for the service he/she rendered during the period regardless of payment. This gives rise to deductible temporary difference between tax base (nil in this case) and carrying amount of employee benefit obligation at the reporting date.

	30-Jun-24 ETB	30-Jun-23 ETB
Tax base of the asset at June 30,	-	-
Carrying Amount of the asset at June 30,	49,715,396	34,172,174
Temporary difference	49,715,396	34,172,174
Deferred tax asset on temporary differences at 30%	<u>14,914,619</u>	<u>10,251,652</u>

ETHIOPIAN INDUSTRIAL INPUTS DEVELOPMENT ENTERPRISE
NOTES TO THE FINANCIAL STATEMENTS

16.4 Summary of Deffered Tax

Deferred tax liabilities	30-Jun-24	30-Jun-23
	<u>ETB</u>	<u>ETB</u>
Tax base - PPE & Investment Property	167,037,660	217,866,468
Carrying Amount- PPE & Investment Property	1,096,128,697	1,173,150,704
Taxable Temporary Difference	929,091,037	955,284,236
Deferred Tax Liability	278,727,311	286,585,271
Tax Base-Employee Benefit	-	-
carrying Amount -Employee Benefit	49,715,396	34,172,174
Deductible Temporary Difference	49,715,396	34,172,174
Deferred Tax Asset	14,914,619	10,251,652
Net Deferred Tax Liability	<u>263,812,692</u>	<u>276,333,619</u>

17 TRADE AND OTHER PAYABLES

	30-Jun-24	30-Jun-23
	<u>ETB</u>	<u>ETB</u>
Financial Liability		
Trade creditors	1,254,360,551	238,629,881
Other Payables	133,962,160	125,138,298
Prior Years Tax Assessment	246,988,042	329,317,392
Accrued Expense Accrued	43,228,737	31,571,386
Annual Leave	25,615,108	14,428,575
Accrued Severance	24,100,288	16,638,082
Pay Pension Contruction	6,022,579	5,964,135
Payable Employment Income Tax	13,649,998	12,984,003
Payable Withholding Tax Payable	15,421,905	6,575,330
	<u>1,713,633,972</u>	<u>750,180,425</u>

18 SHORT TERM EMPLOYEE BENEFITS

	30-Jun-24	30-Jun-23
	<u>ETB</u>	<u>ETB</u>
Balance brought forward	14,428,575	16,473,444
Service cost for the year	11,186,533	(2,044,869)
Balance carried forward	<u>25,615,108</u>	<u>14,428,575</u>

The Enterprise provides for unused leave days payable by estimating the amount the Enterprise is likely to pay for each employee. The Enterprise treats the benefits as short term employee benefit.

ETHIOPIAN INDUSTRIAL INPUTS DEVELOPMENT ENTERPRISE
NOTES TO THE FINANCIAL STATEMENTS

19 Source of Revenue

The Enterprise earns revenue mainly from sales of manufactured plastics products.

The Enterprise recognizes revenue at a point in time which is the point control of products/service is transferred to customers. The Enterprise pany may collect advance payments before it satisfies its performance obligations in which case it will record a liability and will transfer the amount to revenue account once it satisfies its performance obligation.

19.1 Significant payment

The Enterprise operates on both advance collection and credit arrangements

Cash Sales

The customer shall deposit the amount into the Enterprise's operational bank account in the form of account to account transfer using such instruments as cheque and CPO. Most contracts do not include transport service and customers are expected to pick the products from stores of each industries. Following deposit of cash and upon authorization of the finance department, the store keepers at each factories will issue store issue voucher and on confirmation of authorized personnel, items will be Loaded.

Credit arrangement

In the case of credit sale, the accounting department obtains credit sale invoice, credit contract as well as delivery order to recognize sales on account. The Enterprise significantly limits its credit sales in recent years.

19.2 Revenue from contract with Customers

	30-Jun-24	30-Jun-23
	<u>ETB</u>	<u>ETB</u>
At a point in time:		
Foodstuffs	4,410,958,089	2,693,239,872
Building materials	379,510,625	1,061,384,154
Textile products	32,169,864	46,209,996
Tyres and canvas	11,041,388	54,568,983
General goods	228,208,019	339,740,046
Cotton	133,351,439	-
Hides and skins	2,881,722	2,121,807
Cash register accessories	13,412,885	7,104,224
Cash register machines		824,739
Stationery items	<u>38,988,607</u>	<u>49,176,261</u>
	<u>5,250,522,640</u>	<u>4,254,370,082</u>
<i>Service income</i>		
Cash register maintenance	4,335,147	4,483,070
Incidental warehouse rental	=	<u>19,665,583</u>
	<u>4,335,147</u>	<u>24,148,653</u>
Overtime:	-	-
Total	<u>5,254,857,786</u>	<u>4,278,518,735</u>

ETHIOPIAN INDUSTRIAL INPUTS DEVELOPMENT ENTERPRISE
NOTES TO THE FINANCIAL STATEMENTS

The Enterprise disaggregates revenue into categories that show how economic factors affect the nature, amount, timing and uncertainty of revenue and cash flows. In accordance with IFRS 15 to critically assess and consider the specific circumstances of entities to disaggregate revenue, the Enterprise has determined to disaggregate its revenue by major product or service lines and timing of the transfer of goods or services to customers. Additional information for Channels of sales is also provided as the Enterprise operates with branches and divisions for distribution of merchandising goods to its customers.

Major product or service lines:

Household Consumer products	4,410,958,089	2,693,239,872
Construction materials	379,510,625	1,061,384,154
Textile and clothing	35,051,586	48,331,803
Commercial products	<u>429,337,486</u>	<u>451,414,254</u>
	<u>5,254,857,786</u>	<u>4,254,370,083</u>

Timing of revenue recognition

Goods transferred at a point in time	4,335,147	4,254,370,083
Services transferred over time	-	<u>24,148,653</u>
	<u>5,259,192,933</u>	<u>4,278,518,736</u>

20	Cost of Sales	30-Jun-24	30-Jun-23
		<u>ETB</u>	<u>ETB</u>
	<i>Merchandising</i>		
	Merchandising inventories at start of the year	518,291,776	663,784,367
	Purchases during the year	<u>4,551,831,774</u>	<u>3,239,400,055</u>
		<u>5,070,123,550</u>	<u>3,903,184,422</u>
	Return of third party inventories	-	-
	Purchase discounts		=
	Purchase returns		
	Merchandising goods available for sale	5,070,123,550	3,903,184,422
	Merchandising goods at end of the year	<u>(958,866,244)</u>	<u>(518,291,776)</u>
	Cost of Sales	<u>4,111,257,306</u>	<u>3,384,892,646</u>

The cost of sales, primarily includes expenses directly related to the procurement of merchandise product. These expenses encompass the cost of materials, direct labor, and overhead incurred during the production process. Direct materials comprise the purchase price and other costs incurred to get the inventory to the intended place. Direct labor costs are associated with the wages and benefits of employees directly involved in the procurement and sales of goods.

ETHIOPIAN INDUSTRIAL INPUTS DEVELOPMENT ENTERPRISE
NOTES TO THE FINANCIAL STATEMENTS

	30-Jun-24	30-Jun-23
21 Other Income	<u>ETB</u>	<u>ETB</u>
Sundry	80,877,894	14,064,881
Penalty and fines	180,990	276,025
Disposal of assets	29,997	5,678,984
Commission	-	463,728
	<u>81,088,881</u>	<u>20,483,618</u>
22 Finance income	<u>30-Jun-24</u>	<u>30-Jun-23</u>
<i>Finance income</i>	<u>ETB</u>	<u>ETB</u>
Finance income (Expense) on bond amortisation	(42,687)	42,678
Interest income on bank saving accounts	27,953,197	17,392,904
	<u>27,910,510</u>	<u>17,435,582</u>
23 Selling and distribution expenses		
Salary and benefits	132,155,520	121,244,343
Accrued Severance	7,246,078	
Labour charge	299,913	1,214,813
Operating lease charges	869,432	789,874
Stationery, printings and office supplies	1,106,249	1,717,074
Property tax	6,097,753	2,343,806
Repair and maintenance	2,112,291	1,594,498
Miscellaneous	1,787,946	1,120,343
Utilities	488,421	380,858
Communication cost	467,500	384,097
Cleaning and sanitary	196,082	124,730
Insurance	-	33,050
Registration and license	1,224,874	190,905
Fuel and lubricants	436,285	345,609
Advertising and promotion	267,201	320,991
Penalty and fines	42,282	
Donation	1,000	16,111
Entertainment	2,660	19,706
Membership and subscription	-	5,558
	<u>154,801,487</u>	<u>131,846,366</u>

ETHIOPIAN INDUSTRIAL INPUTS DEVELOPMENT ENTERPRISE
NOTES TO THE FINANCIAL STATEMENTS

24	General and administration expenses	30-Jun-24	30-Jun-23
		<u>ETB</u>	<u>ETB</u>
	Depreciation	78,529,908	72,382,250
	Salary and benefits	159,718,510	168,801,451
	Impairment of inventories	-	-
	Penalty and fines	46,969	74,220
	Operating lease charges	15,528,989	12,266,906
	Fuel and lubricants	17,024,365	16,152,903
	Repair and maintenance	10,812,006	7,060,346
	Stationery, printings and office supplies	10,251,606	5,065,327
	Impairment of receivables	-	16,225,838
	Legal and professional	7,827,391	12,897,487
	Communication cost	2,640,136	2,793,600
	Municipality rates	2,110,064	148,688
	Labour charge	1,575,176	1,214,016
	Bank charges	1,463,922	2,100,136
	Donation	4,054,528	6,670,053
	Demurrage	5,579,774	-
	Utilities	1,286,691	1,133,712
	Advertising and promotion	3,001,567	698,802
	Entertainment	503,390	41,656
	Standardisation fee	222,605	1,308,436
	Membership and subscription	81,000	291,345
	Vehicle running expense	82,197	711,310
	Miscellaneous	1,990,890	649,854
	License renewals	-	166,745
	Insurance	8,210,479	5,437,506
	Accrued Annual Leave Expense	11,186,533	-
	Cleaning and sanitary	<u>22,408</u>	<u>5,469</u>
		<u>343,751,103</u>	<u>334,298,056</u>
	Repair and maintenance	-	-
		<u>30-Jun-24</u>	<u>30-Jun-23</u>
		<u>ETB</u>	<u>ETB</u>
25	Finance costs		
	<i>Finance Cost</i>		
	Interest on bank borrowings	187,793,815	=
	Interest on employees benefits	-	<u>1,582,151</u>
		<u>187,793,815</u>	<u>1,582,151</u>

ETHIOPIAN INDUSTRIAL INPUTS DEVELOPMENT ENTERPRISE
NOTES TO THE FINANCIAL STATEMENTS

26	INCOME TAXATION	30-Jun-24	30-Jun-23
	Trading	<u>ETB</u>	<u>ETB</u>
	Accounting Profit	557,669,229	463,818,716
	Less: Tax Exempted		
	Interest Income Taxed at Source	(27,953,197)	(17,392,904)
	Interest Income On Bond Amortization	(42,678)	(42,678)
	Depreciation Per Tax Law	(57,420,677)	(42,358,364)
	Depreciation Per IFRS Report	78,529,908	72,382,251
	Impairment Expenses	-	16,225,838
	Expected credit loss	8,584,237	
	Employee Benefit	18,432,611	2,101,864
	Penalty	89,250	74,220
	Manciplaity tax	6,706,448	-
	Demmurage	5,579,774	
	Donation	4,055,528	6,681,877
	Entertainment	506,050	61,362
	Taxable income	<u>594,736,482</u>	<u>501,552,182</u>
	Tax expense 30%	<u>(178,420,945)</u>	<u>(150,465,655)</u>
	Deffered Tax (Income) Expense	<u>12,520,926</u>	<u>9,637,720</u>
	Total income tax expense	<u>(165,900,019)</u>	<u>(140,827,935)</u>
27	DEFFERED TAX INCOME (EXPENSE)	07 July 2024	07 July 2023
		<u>ETB</u>	<u>ETB</u>
	Movement In deferred Tax Asset	-	-
	Movement In Deferred Tax Liability	<u>12,520,926</u>	<u>9,637,720</u>
	Deferred Tax Income (Expense)	<u>12,520,926</u>	<u>9,637,720</u>
28	Income tax liability		
	Balance brought forward	88,710,207	71,563,553
	Current income tax	178,420,945	150,465,655
	Settlement made during the year	(135,345,341)	(127,090,548)
	Less: With holding tax paid	<u>(22,250,133)</u>	<u>(6,228,453)</u>
	Income tax liability	<u>109,535,677</u>	<u>88,710,207</u>

**ETHIOPIAN INDUSTRIAL INPUTS DEVELOPMENT ENTERPRISE
NOTES TO THE FINANCIAL STATEMENTS**

29 RELATED PARTY TRANSACTION

29.1 Key management compensation

Key management has been determined to be the members of Executive Management of the Enterprise. The compensation paid or payable to key management for the period is as follows:

	07 July 2024	07 July 2023
	ETB	ETB
Salaries and other employee benefits	<u>14,773,002</u>	<u>14,773,002</u>
	<u>14,773,002</u>	<u>14,773,002</u>

30 EVENTS AFTER THE REPORTING PERIOD

Government Policy Change – Exchange Rate Reg

Subsequent to the reporting period, on 29 July 2024, the government of Ethiopia, announced a major policy shift, moving from a fixed exchange rate regime to a floating exchange rate system. This policy change is expected to have a moderate impact on the Enterprise's financial position and operations due to rising cost of raw materials and other inputs.

Nature of the Event

Under the previous fixed exchange rate system, the Birr was pegged to the USD, providing stability in exchange rates for the Enterprise's operations. The shift to a floating exchange rate is expected to lead to increased volatility in the Birr, which may impact the Enterprise's cash flows, pricing, and financial results, particularly for the following areas:

Cost of sales and Revenue from Operations: As the local currency weakens or strengthens, the Enterprise's revenue and COst of sales will probably rise due to rising cost of raw materials and other inputs.

Impact on Financial Statements

As the exchange rate shift occurred after the reporting period, it does not adjust the 2023 financial statements. However, the Enterprise has assessed the potential impacts on its financial performance and position for the year 2024 and beyond. While it is difficult to estimate the exact effect due to the unpredictable nature of a floating exchange rate, the Enterprise expects significant increase in the cost of raw materials that would affect its cost of sales and selling price.

Except as disclosed below, there were no significant events that occurred between 30 June 2024 and the date of issue of this financial statement.

31 DERECOGNITION OF SUSPENSE ACCOUNT

A Current Suspense Account balance of ETB 135 million which arose from the Enterprise's temporary use of a suspense account to capture amounts affected by ERP posting exceptions was derecognized from the ballance during the year ended on June 30, 2024. To clear and derecognize the Suspense account, management performed a comprehensive reprocessing of pervious-year transactions to amend the following:

- (i) unposted or partially posted transactions that did not flow to the general ledger,
- (ii) inconsistencies between ERP stock cards and inventory detail listings
- (iii) master-data issues relating to warehouses closed in prior years but remaining active in the ERP, and
- (iv) duplications/omissions in trade payables arising from re-runs of failed posting jobs.

Following this reprocessing and the related sub-ledger-to-GL reconciliations, the ETB 135 million suspense balance was cleared by reallocating amounts to the appropriate underlying accounts.

**ETHIOPIAN INDUSTRIAL INPUTS DEVELOPMENT ENTERPRISE
NOTES TO THE FINANCIAL STATEMENTS**

32 CHANGE IN OWNERSHIP AND PARENT ENTITY

During the year ended June 30, 2024, Ethiopian Industrial Inputs Development Enterprise (EIIDE) became a wholly-owned subsidiary of Ethiopian Investment Holdings (EIH) with effect from 16-11-2024 pursuant to Regulation No. 1263/2024

Prior to this date, EIIDE was owned by Public Enterprises Holding and Administration Agency (PEHAA). From the effective date, EIH became the ultimate controlling party of EIIDE.

Impact on the financial statements

This change in ownership represents a change in the ultimate controlling party and does not, in itself, change the recognition and measurement requirements applied in EIIDE's separate financial statements prepared in accordance with IFRS. Accordingly:

- EIIDE continues to apply the same accounting policies for recognition and measurement of asset liabilities, income and expenses.
- The financial statements are presented on a going concern basis and continue to reflect EIIDE's transactions and balances.

Comparative information has not been restated for this ownership change because there was no change in the reporting entity or financial reporting framework.

33 DATE OF AUTHORIZATION

These financial statements were authorised for issue by management on March 10, 2026.