# EDUCATIONAL MATERIALS PRODUCTION AND DISTRIBUTION ENTERPRISE (EMPDE)

# AUDITORS' REPORT AND ACCOUNTS

## 30 SENE 2018 E.C/(7 JULY 2026)


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**EDUCATIONAL MATERIALS PRODUCTION AND DISTRIBUTION ENTERPRISE (EMPDE)**

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# EDUCATIONAL MATERIALS PRODUCTION AND DISTRIBUTION ENTERPRISE (EMPDE)

## General information

## FOR THE YEAR ENDED 7 JULY 2026 (30 SENE 2018 E.C)

### General information

Tax identification Number (TIN) - 0000018335
Business address
Addis Ababa,
Telephone : 0116-46-33-36
P.O. Box-5549

### Principal Bankers

Commercial Bank of Ethiopia
Awash International Bank S.C
Cooperative Bank of Oromia
Bunna Bank S.C
Nib Bank S.C
Abay Bank S.C

### Independent auditor

Habtewold Menkir, Chartered Certified Accountants and Certified Audit Firm
Telephone : +251 935-997-982
P.O.Box-4859
email-habteauditor@gmail.com
Addis ababa

**Educational Materials Production and Distribution Enterprise (EMPDE)**
**Statement of Management responsibilities**
**For the year ended 30 Sene 2018 E.C (7 July 2026)**

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

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

The management is responsible for the preparation and presentation of the enterprise's financial statements which give a true and fair view of the state of affairs of the enterprise for and as at the end of the financial year ended on 30 Sene 2018 E.C (07 July 2026).

The management accepts the responsibility for the enterprise's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with international financial reporting standards (IFRS). The management is of the opinion that the enterprise's financial statement give a true and fair view of the state of enterprise's transactions during the financial year ended 30 Sene 2018 E.C (07 July 2026) and of the Enterprise's financial position as at that date. The management further confirms the completeness of the accounting records maintained for the enterprise, which have been relied upon in the preparation of the enterprise's financial statements as well as the adequacy of the systems of internal financial control.

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

Signed on behalf of the managements:-

Dr,Temesgen Garoma
Chief Executive Officer

W/zo Mebrate Bogale
Finance Directorate

**EDUCATIONAL MATERIALS PRODUCTION AND DISTRIBUTION ENTERPRISE (EMPDE)**

**REPORT OF THE MANAGEMENT**
**FOR THE YEAR ENDED 7 JULY 2026 (30 SENE 2018 E.C)**

The Management prepared their report together with the financial statements as at and for the year ended 7 July 2026 (30 Sene 2018 E.C)

This report discloses the financial performance and state of affairs ofEducational Materials Production and Distribution Enterprise (EMPDE).

**Results of operation**

Results of operation for the year ended 7 July 2026 (30 Sene 2018 E.C) is set out on page 4 and summarized results are presented below:

| | 2026 ETB | 205 ETB |
|---|---|---|
| Gross income of the year | 758,737,942 | 633,689,833 |
| Profit / (loss) before income tax | 82,780,260 | 80,788,965 |
| Business income tax expense / income | 22,359,210 | (28,706,348) |
| Profit /(loss) of the year after income tax / Loss | 60,421,050 | 52,082,616 |

**Management**

Members of management who held office during the year and to the date of this report are set out on management information page.

Signed on behalf of the Management by:-

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**Dr,Temesgen Garoma**
**Chief Executive Officer**

**W/zo Mebrate Bogale**
**Finance Directorate**

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በቻርተር የተመሠከረላቸው የሂሣብ አዋቂዎች /ለንደን/
የተፈቀደለት ኦዲተር /ኢትዮጵያ/
HABTEWOLD MENKIR
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Addis Ababa, Ethiopia

Ref No-HWM164/19

# INDEPENDENT AUDITORS' REPORT
# EDUCATIONAL MATERIALS PRODUCTION AND DISTRIBUTION ENTERPRISE (EMPDE)

## 1. UNQUALIFIED 1.OPINION

We have audited the enterprise financial statements of Educational Materials Production and Distribution Enterprise (EMPDE) which comprise the statement of the financial position as at 30 Sene 2018 E.C (7 July, 2026), Statement of comprehensive income, Statement of changes in equity, Statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all materials respects, the financial position of the Enterprise as at 30 Sene 2018 E.C (7 July, 2026), its financial performance and cash flows for the year ended in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

## 2. BASIS OF UNQUALIFIED OPINION

We conducted our audit in accordance with International Standards on auditing (ISAs). Our responsibilities under those standards are further described in the auditor's Responsibilities for the Audit of the Financial Statement section of our report. We are independent of the Enterprise in accordance with the international Ethics Standards Board for Accountants' code of Ethics for Professional Accounts (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Ethiopia, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

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

The management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB), and for such internal control as management determines is necessary to enable the preparation of a Enterprise report that is 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, decision, 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.

## 4. AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF FINANCIAL STATEMENTS

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

**Habtewold Menkir**
**Chartered Certified Accountants (UK)**
**Authorized Auditors (ETH)**
**Addis Ababa**
**7 October, 2026**

**Educational Materials Production and Distribution Enterprise**
**Statement of Financial Position**
**As at July 07, 2026 (Sene 30/18 E.C)**

| | Notes | Birr | 2025 Birr |
|---|---|---|---|
| ASSETS | | | |
| **Non-Current Assets** | | | |
| Property, Plant and Equipment | 11 | **564,667,938** | **563,326,674** |
| Investment | 12 | 115,843,973 | 115,843,973 |
| | | **680,511,911** | **679,170,647** |
| **Current Assets** | | | |
| Inventories | 13 | 438,240,218 | 460,887,313 |
| Trade and other Receivables | 14 | 237,030,972 | 168,932,143 |
| Cash and Cash Equivalents | 15 | 22,944,533 | 17,666,531 |
| **Total Current Assets** | | **698,215,723** | **647,485,988** |
| **Total Assets** | | **1,378,727,634** | **1,326,656,634** |
| **Equity and Liabilities** | | | |
| **Capital and Reserves** | | | |
| State Paid up Capital | 16 | 114,948,683 | 114,948,683 |
| Retained Earning | 16 | 99,608,655 | 103,125,787 |
| Legal Reserve | 16 | 22,989,737 | 25,977,036 |
| Other Component of Equity | 16 | 19,306,841 | 19,306,841 |
| **Total Capital and Reserves** | | **256,853,917** | **263,358,348** |
| **Non-Current Liabilities** | | | |
| State dividend | | 267,343,970 | 267,343,970 |
| Deferred Tax Liabilities | 21 | 44,241,745 | 38,140,874 |
| **Total Non-Current Liabilities** | | **311,585,716** | **305,484,844** |
| **Current Liabilities** | | | |
| Current Tax Payable | 20 (A) | - | 16,929,902 |
| Trade and Other Payables | 17 | 186,075,588 | 172,175,151 |
| Bank Overdraft facilty | 18 | 35,615,576 | - |
| State Dividend Payable | 19 | 157,991,991 | 152,155,088 |
| Industrial Development Fund | 20 | 430,604,845 | 416,553,301 |
| **Total Current Liabilities** | | **810,288,001** | **757,813,442** |
| **Total Liabilities** | | **1,121,873,717** | **1,063,298,286** |
| **Total Equity &Liabilities** | | **1,378,727,634** | **1,326,656,634** |

*The Notes on pages 7 to 30 are an integral part of these financial statements.*

Dr. Temesgen Haroma
Chief Executive Officer

W/zo Mebrate Bogale
Finance Directorate

**Educational Materials Production and Distribution Enterprise**
**Statement of profit or loss and other comprehensive income**
**For the year ended July 07, 2026 (Sene 30/18 E.C)**

| | Notes | Birr | 2025 Birr |
|---|---|---|---|
| Revenue | 24 | 723,037,544 | 610,924,180 |
| Cost of sales | 25 | (516,924,748) | (374,522,229) |
| **Gross Profit** | | **206,112,796** | **236,401,951** |
| Other Income | 26 | 35,700,398 | 22,765,653 |
| | | **241,813,194** | **259,167,604** |
| Selling and Distribution Expenses | 27 | (18,638,403) | (20,138,848) |
| General and Administrative Expense | 28 | (134,169,577) | (125,756,226) |
| | | **(152,807,979)** | **(145,895,074)** |
| **Operating Profit/(Loss)** | | **89,005,215** | **113,272,530** |
| Finance Cost | 29 | (6,224,955) | (4,972,063) |
| | | **82,780,260** | **108,300,467** |
| Vat Expense | 30 | - | (27,511,502) |
| Profit/(Loss) Before Tax | | **82,780,260** | **80,788,965** |
| Taxation (Profit tax) | 20 (A) | (22,359,210) | (28,706,348) |
| **Profit After Tax** | | **60,421,050** | **52,082,616** |
| Other Comprehensive income( net of tax) | | - | - |
| Total Comprehensive income/(loss) for the year | | **60,421,050** | **52,082,616** |

*The Notes on pages 7 to 30 are an integral part of these financial statements.*

Dr,Temesgen Garoma
Chief Executive Officer

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W/zo Mebrate Bogale
Finance Directorate

## Educational Materials Production and Distribution Enterprise
## Statement of change in Equity
## For the year endede July 07,2026 (Sene 30/18 E.C)

| | State Capital | Legal Reserve | Other Component of Equity | Retained Earnings | Total |
|---|---|---|---|---|---|
| **Balance at 01, Hamle 2016(July 7,2024)** | **114,948,683** | **25,977,036** | **19,306,841** | **133,755,804** | **293,988,366** |
| Profit for the year | - | - | - | 52,082,616 | 52,082,616 |
| Prior year Adjustment | - | - | - | (36,683,264) | (36,683,264) |
| State Dividend | - | - | - | (36,457,831) | (36,457,831) |
| Industrial Development Fund | - | - | - | (15,624,785) | (15,624,785) |
| Movment in deffered tax | - | - | - | 6,053,247 | 6,053,247 |
| **Balance at 30, Sene 2017(July 7,2025)** | **114,948,683** | **25,977,036** | **19,306,841** | **103,125,787** | **263,358,349** |
| Profit for the year | - | - | | 60,421,050 | 60,421,050 |
| Prior year Adjustment | - | (2,987,300) | - | 2,583,739 | (403,560) |
| State Dividend | - | - | - | (42,294,735) | (42,294,735) |
| Industrial Development Fund | - | - | - | (18,126,315) | (18,126,315) |
| Movment in deffered tax | - | - | - | (6,100,871) | (6,100,871) |
| **Balance at 30, Sene 2018(July 7,2026)** | **114,948,683** | **22,989,737** | **19,306,841** | **99,608,655** | **256,853,917** |

*The Notes on pages 7 to 30 are an integral part of these financial statements.*

Dr, Temesgen Garoma
Chief Executive Officer

W/zo Mebrate Bogale
Finance Directorate

**Educational Materials Production and Distribution Enterprise**
**Statement of cash flows**
**For the year ended July 07, 2026 (Sene 30/18 E.C)**

| | | 2025 |
|---|---|---|
| **Cash flows from operating activities** | **Birr** | **Birr** |
| **Profit before taxation** | **82,780,260** | **80,788,965** |
| Depreciation for tangible assets | 21,680,172 | 19,053,639 |
| BANK LOAN | 50,106,976 | |
| (Increase) / Decrease in receivables | (68,098,828) | 83,641,211 |
| Withholding recevable | (20,152,672) | (11,776,446) |
| (Increase) / Decrease) in inventories | 22,647,095 | 79,866,987 |
| Increase / (Decrease) in payables | 13,900,438 | 44,388,326 |
| **Cash generated from operations** | **102,863,440** | **295,962,682** |
| Interst Paid | - | (1,144,680) |
| Income taxes paid | (27,750,208) | (114,455,503) |
| Prior year Tax paid | - | - |
| **Net cash from operating activities** | **75,113,232** | **180,362,498** |
| **Cash flows from investing activities** | | |
| Investment | - | (54,707,215) |
| Purchase of property, plant .equipment and Investment | (33,991,682) | (187,572,918) |
| **Net cash used in investing activities** | **(33,991,682)** | **(242,280,133)** |
| Cash flows from financing activities | | |
| Proceeds from long-term borrowings | | |
| Payment of Short-term borrowings | (34,384,424) | (64,397,995) |
| Dividends Paid/Drawings | (36,457,831) | (80,183,047) |
| **Net cash used in financing activities** | **(70,842,255)** | **(144,581,042)** |
| Net increase in cash and cash equivalents | (29,720,705) | (206,498,676) |
| Cash & cash equivalents at beginning of year | 17,666,531 | 224,165,208 |
| **Cash & cash equivalents at end of the year July 7,2026** | **22,944,533** | **17,666,531** |

*The Notes on pages 7 to 30 are an integral part of these financial statements.*

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Dr.Temesgen Garoma
Chief Executive Officer

W/zo Mebrate Bogale
Finance Directorate

**Educational Materials Production and Distribution Enterprise**
**Notes to the Financial Statements**
**For the year ended July 07, 2026**

## 1. Nature of Operations

The principal activity of the company comprises ofproducing and distributing educational materials governmental, non-governmental and private organizations across Ethiopia.

## 2. General information, statement of compliance with IFRS and going concern assumption

Educational Materials Production and Distribution Enterprise (EMPDE) was established in 1967 under the Ministry of Education, mainly to serve as a logistic house for the supply of different educational materials as well as rendering related services. Since then the Enterprise undergone through different organizational restructuring process without a major change in its duties and responsibilities.

After 1991 E.C., the Enterprise has re-established as public owned business enterprise per Proclamation No. 50/1991 with the objective of producing and distributing a range of educational materials at the national level. As a result, the Enterprise, as a fully Government Owned Public Enterprise, was directly accountable to Privatization and Public Enterprises Supervising Agency /PPESA/. In 2008 E.C, per the Proclamation No. 916/2008 EMPDE is restructured again to be accountable to the Ministry of Education. From September 2021G.C restructured again to be accountable to Privatization and Public Enterprises Supervising Agency /PPESA. And restructured again to be accountable to Ethiopian Investment holdings per the Proclamation No1263/2014 E.C.

The Enterprise is managed and run by the Board of Management and Management Body to undertake strategic and operational day to day activities. The Enterprise owns two big premises at Gulele and Bole Sub Cities, while the head office is situated at Bole Sub City Wereda 06 around Gurd Shola area.

*Vision*

"To be a leading producer of Educational Materials in the Country"

*Mission*

"To provide quality educational materials (text books and school furniture)using modern technology, skilled manpower and effective working procedures in view of attaining customer satisfaction."

*Mandate (Scope)*

- Prepare, publish and print student text books, teacher guides, and reference materials like charts and maps.
- Produce science, technical, vocational and other educational equipment as well as prepare, install, and maintain them.
- Produce and supply furniture, chalk and gypsum.
- Produce educational materials for kindergarten.
- Carry out research and development in view of attaining quality and efficiency.

*Values*

- Meet the needs of customers and other stockholders.

- Enhance customers' confidence and satisfaction.
- Continually review and improve the effectiveness and efficiency of the system.
- Improve product/service quality and productivity.
- Set work areas convenient, free from accident and injury.
- Minimize cost, scrap and pollution with each process.

The financial statements of the company have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). They have been prepared under the assumption that the company operates on a going concernBasis.
In 2016 the Enterprise has adopted IFRS. The Enterprise Opted to use the modified retrospective approach under which changes having a material effect on the statement of financial position as at 1 July 2016 are presented together as a single adjustment to the opening balance of retained Earning. Accordingly; the enterprise is required to present a third statement of financial position as at that date and hence the company provides this additional comparative information together with the required.

## 3. New or revised Standards or Interpretations

### 3.1 New Standards adopted as at 1 July 2017

**FIRS 15 'Revenue from Contracts with Customers'**

FIRS 15 'Revenue from Contracts with Customers'and the related 'Clarifications to IFRS 15 Revenue from Contracts with Customers'('hereinafter referred to as IFRS 15') 'Replace IAS 18 Revenue'

IAS 11 'Construction Contracts' and several revenue –related interpretation. Although Only mandatory for annual reporting period beginning on or after 1 January 2018, the company has elected to apply IFRS 15 early on 1 July 2016. The new Standard has been applied retrospectively without restatement, with the cumulative effect of initial application recognized as an adjustment to the opening balance of retained earnings at July 2016. In accordance with the transition guidance, IFRS 15 has only been applied to contracts that incomplete as at 1 July 2016.

**IFRS 9 'Financial instruments'**

The new Standard for financial instruments (IFRS 9) replace IAS 39 'financial instrument; Recognition and Measurement'. It makes major changes to the previous on the classification and measurement of financial assets and introduces an 'expected credit loss' model for the impairment of financial assets.
Although only mandatory for annual reporting period beginning on or after 1 January 2018, the company has elected to apply IFRS 9 early, on 1 July 2016. The new Standard has been applied retrospectively without restatement, with the cumulative effect of initial application recognized as adjustment to the opening balance of retained earnings at 1 July 2016. In accordance with the transition guidance, IFRS 15 has only been applied to contracts that are incomplete as at 1 July 2016.

**IFRS 16'Lease'**

IFRS will replace IAS 17 'Leases' and three related interpretations. It completes the IASB's long-running project to overhaul lease accounting. Leases will be recorded in the statement of financial

position in the form of a right –of –use asset and a lease liability.

IFRS 16 is effective for annual reporting beginning on or after 1 January 2019.
Although only mandatory for annual reporting periods beginning on or after 1 January 2019, the Enterprise has elected to apply IFRS 16 early. On 1 July 2016. The new Standard has been applied retrospectively without restatement, with the cumulative effect of initial application recognized as an adjustment to the opening balance of retained earnings at 1 july 2016. In accordance with the transition guidance, IFRS 15 has only been applied to contracts that are incomplete as at 1 July 2016.

**3.2Standards, amendments and interpretation to existing Standards that are not yet effective and have not been adopted early by the enterprise**

At the date of authorization of these financial statements, new, but not yet effective, standards, amendments to existing standards and interpretation have been published by the IASB. With the exception of IFRS 15, IFRS9 And IFRS 16 these standards, amendments or interpretation have not been adopted early by the enterprise.
Management anticipates that all relevant pronouncements will be adopted for the 'first period beginning on or after the effective date of the pronouncement. New standards, amendments and interpretation neither adopted nor listed below have not been disclosed as they are not expected to have a material impact on the enterprise financial statements.

**IFRS 17 ' insurance Contracts'**

IFRS 17 insurance contacts will replace IFRS 4 insurance contacts which will provide the recognition,measurement, presentation and disclosure requirements for insurance contracts.

The standard will be effective for annual reporting periods beginning no or after 1 January 2021. Management is yet to fully assess the impact of the standard and therefore is unable to provide quantified information. However, the standard's applicability to the company's assets is too limited as it does not principally deal with insurance contracts.

4. **Basis of Preparation**
The company's financial statements have been prepared on an accrual basis and under principally the historical cost convention except for the revaluation of properties in applying Fair value as deemed cost, investments and derivatives. Monetary amounts are expressed in Ethiopian Birr (ETB).

5. **Basis of Consolidation**
The Enterprise has no parent and subsidiary to prepare consolidated financial statement.

6. **Summary of significant Accounting Policies**

**6.1 investments in Associates and joint ventures**

The Enterprise has made investments in associates and joint ventures.

### 6.2 Functional and Presentation currency

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

### 6.3 Foreign currency transaction and balance

### 6.4 Segment Reporting

The Enterprise has no separately reportable segments

### 6.5 Revenue

Revenue arises mainly from the sales of educational materials. To determine whether to recognize revenue, the company 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.

The Enterprise often enters into transactions involving a sale and delivery of educational materials to its customers in all cases, the total transaction price for a contract is allocated amongst the various performance obligation based on their relative stand- alone selling prices. The transaction price for a contract excludes any amounts collected on behalf of third parties.

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

The Enterprise recognizes contract liabilities for consideration received in respect of unsatisfied performance obligation and reports these amounts as other liabilities in the statement of financial position. Similarly, if the Enterprise satisfies a performance obligation before it receives the consideration, 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 receivable in its statement of financial position, depending on whether something other than the passage of time is required before the consideration is due.

### 6.6 Operating Expenses

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

### 6.7 Borrowing Costs

Borrowing Costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalized during the period of time that is necessary to complete and prepare the asset for its

intended use or sale. Other borrowing costs are expensed in the period in which they are incurred and reported in finance costs.

**6.8 profit or loss from discontinued operation**

A discontinued operation is a component of the enterprise that either has been disposed of or is classified as held for sale .profit or loss from discontinued operation comprises the post –tax profit or loss of discontinued operation and the post-tax gain or loss recognized on the measurement to fair value less costs to sell or on the disposal group(s) constituting the discontinued portion.

**6.9 Good will**

Good will represents the future economic benefits arising from a business combination that are not individually identified and separately recognized. Good will is carried at cost less accumulated impairment losses.

**6.10 Other intangible assets**

**Internally developed software**

Expenditure on the research phase of projects to develop new customized software is recognized as an expense as costs that are directly attributable to a project's development phase are recognized as intangible assets, provided they meet the following recognition requirements;

- The development costs can be measured reliably
- The project is technically and commercially feasible
- The Enterprise intends to and has sufficient resources to complete the project
- The Enterprise has the ability to use or sell the software
- The software will generate probable future economic benefits

Development costs not meeting these criteria for capitalization are expensed as incurred.
Directly attributable costs include employee costs incurred on software development along with an appropriate portion of relevant overheads and borrowing costs

**Subsequent measurement**

All finite-lived intangible assets, including capitalized internally developed software, are accounted for using the cost model whereby capitalized costs are amortized on a straight – line
basis over their estimated useful lives. Residual values and useful lives are reviewed at each reporting date. In addition, they are subject to impairment testing. The following useful lives are applied;

Any capitalized internally developed software that is not yet complete is not amortized but is subject to impairment amortization has been include within depreciation, amortization and impairment of non-financial assets.
Subsequent expenditures on the maintenance of computer software and brand names are expensed as incurred.

When an intangible asset is dispose of, the gain or loss on disposal is determined as the difference between the proceeds and the carrying amount of the asset and is recognized in profit or loss within other income or other expenses.

**6.11 Property, plant and Equipment**

**Right of use Land**

Right of use Land owned is stated at revalued amounts. Revalued amounts are fair values based on appraisals prepared by in – house valuators once every three years or more frequently if market factors indicate a material change in fair. Any revaluation surplus is recognized in other comprehensive income and credited to the revaluation reserve in equity. To the extent that any revaluation decreases, or impairment loss has previously been recognized in profit or loss, a revaluation increase is credited to profit or loss with the remaining part of the increase recognized in other comprehensive income. Down ward revaluation of land are recognized upon appraisal or impairment testing, with the decrease being charged to other comprehensive income to the extent of any revaluation surplus in equity relating to this asset and any remaining decrease recognized in profit or loss. Any revaluation surplus remaining in equity on disposal of the asset is transferred to retained earnings

As no finite useful life for land can be determined, related carrying amounts are not depreciated.

**6.12 Plant, Building, Machineries, Vehicles and others equipment**

Plant, Building, Machineries, Vehicles and others equipment (comprising fittings and furniture) are initially recognized at acquisition cost or manufacturing cost, including any costs directly attributable to bringing the assets to the location and condition necessary for them to be capable of operating in the manner intended by the company's management. Buildings and equipment also include leasehold property held under a finance lease

Plant, Buildings, machineries and other equipment are subsequently measured at cost less accumulated depreciation and impairment losses.

Depreciation is recognized using straight – line method and units of production basis to write down the cost less estimated residual value of building machineries and other equipment. The following useful lives are applied;

- Buildings: Up to 70 years
- Land Improvements: Up to 70 years
- Plant and Machineries: Up to 30 years
- Vehicles: Up to 20 Years
- Computers and Accessories: Up to 15 years

  Office Equipment, Furniture, Computers & Accessories, tools &other assets: Up to 10 years

The residual values used in determining periodic depreciation is assumed to be a percentage of the revalued asset amounts (5% for Building Plants, Machinery and Vehicles and 1% for all remaining assets)

In the case of leased assets, expected useful lives are determined by reference to comparable owned assets or the term of the lease, if shorter. Material residual value estimates and estimates of useful life

are updated as required, but at least annually.

Gains or losses arising on the disposal of property, plant and equipment are determined as the difference between the disposal proceeds and the carrying amount of the assets are recognized in profit or loss within other income or other expenses.

### 6.13. Leased assets

All leased assets are treated as if finance lease except short – term and small value leases. The interest element of lease payments is charged to profit or loss, as finance costs over the period of the lease.

All other leases aretreated as operating leases. Where the company is a lessee, payments on operating lease agreement are recognized as expense on a straight – line basis over the lease term. Associated costs, such as maintenance and insurance, are expensed as incurred.

**The Enterprise as a lesser**

The Enterprise also earns rental income from operating leases of investment properties.
Rental income is recognized on a straight – line basis over the term of the lease.

### 6.14 Impairment testing of intangible assets and property, plant and equipment

For impairment assessment purposes, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash –generating units). As a result, some assets are tested individually forimpairment and some are tested at cash-generating unit level.
An impairment loss is recognized for the amount by which the asset's (or cash –generating unit's)carrying amount exceeds its recoverable amount, which is the higher of fair value less costs of disposal and value-in use. To determine the value –in-use, management estimates expected future cash flows from each cash-generating unit and determines a suitable discount rate in order to calculate the present value of those cash flows. The data used for impairment testing procedures are directly linked to the enterprise's latest approved budget, adjusted as necessary to exclude the effects of future re-organization and asset enhancements. Discount factors are determined individually for each cash – generating unit and reflect current market assessments of the time value of money and asset-specific risk factors.
All assets are subsequently reassessed for indication that an impairment loss previously recognized may no longer exist.
An impairment loss is reversed if the asset's or cash –generating unit's recoverable amount exceeds its carrying amount.

### 6.15 investment property

Investment property are properties held to earn rentals or for capital appreciation, or both and are accounted for using the fair value model.

Investment property arerevalued annually with resulting gains and losses recognized in profit or loss and are included in the statement of financial position at their fair values.

### 6.16 Financial instruments

Financial assets and financial liabilities are recognized when the enterprise becomes a party to the contractual provisions of the financial instruments and are measured initially at fair value adjusted for transaction costs,except for those carried at fair value through profit or loss which are measured initially at fair value.

### 6.17 inventories

Inventories are stated at the lower of cost and net realizable value. Cost includes all expense directly attributable to the service or manufacturing process as well as suitable portion of related production overheads, based on normal operating capacity. Costs of ordinarily interchangeable items are assigned using the average cost formula. Net realizable value is the estimated selling price in the ordinary course of business less any applicable selling expenses.

### 6.18 Income taxes

Tax expense recognized in profit or loss comprises the sum of deferred tax and current tax not recognized in other comprehensive income or directly I equity.
**Calculation of current tax is based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. Deferred income taxes are calculated** using the balance sheet liability method.

Deferred tax assets are recognized to the extent that it is probable that underlying tax loss or deductible temporary difference will be utilize against future taxable income. This is assessed based on the enterprise's forecast of future operating results, adjusted for significant non-taxable income and expenses and specific limits on the use of any unused tax loss or credit.
Deferred tax liabilities are recognized in full.

### 6.19 Cash and cash equivalents

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 change in value risk of changes in value.

### 6.20 Noncurrent assets and liabilities classified as held for sale and discontinued operation

Non –current assets classified as held for sale are presented separately and measured at the lower of their carrying amounts immediately prior to their classification as held for sale and

deferred tax assets, continue to be measured in accordance with the group's relevant accounting police for those assets. Once classified as held for sale, the assets are not subject to depreciation or amortization.

Any profit or loss arising from the sale of a discontinued operation or its re-measurement to fair value less costs to sell is presented as part of a single line item, profit or loss from discontinued operations.

### 6.21 Equity reserves and dividend payments

Share capital represents the nominal (par) value of shares that have been issued.
Share premium includes any premiums received on issue of share capital. Any transaction costs associated with the issuing of shares are deducted from share premium, net of any related income tax benefits.
Other components of equity include the following;

**Revaluation reserve**

- Comprise gains and losses from the revaluation of land

**Translation reserve**

- Comprises foreign currency translation differences arising from the translation of financial statements.

Retained earnings include all current and prior period retained profits
Dividend distribution payable to state government is included in other liabilities when the dividends have been approved prior to the reporting date.
Approved prior to the reporting date

### 6.22 post – employment benefits, other –long –term benefits and short term employee benefits post –employment benefit plans

The enterprise provides post –employment benefits through defined contribution benefit plans.

**Defined contribution plans**

The enterprise pays fixed contribution into state pension plans and for individual employees.
The enterprise has no legal or constructive obligation to pay contribution in addition to its fixed contribution, which are recognized as an expense in the period that related employee services are received.

**Other long –term employee benefits**

The enterprise accrues annual leave and severance payment using the projected unit credit method.

Management estimates the obligation annually with the assistance of actuarial estimates. This is based on standard rates of inflation, salary growth rate and mortality.

**Short –term employee benefits**

Short –term employee benefits, including bonus are current liabilities include in pension and other employee obligation, measured at the undiscounted amount that the company expects to pay as a result of the unused entitlement.

### 6.23 Provisions, contingent assets and contingent liabilities

Provisions for product warranties, legal disputes, onerous contracts or other claims are recognized when the enterprise has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic resources will be required from the company and amounts can be estimated

reliably. The timing or amount of the outflow may still be uncertain.
Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation.

Where there is a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class obligation as a while. Provisions are discounted to their present values, where the time value of money is material.

Any reimbursement that the company is virtually certain to collect from a third party with respect to the obligation is recognized as a separate asset. However, this asset may not exceed the amount of the related provision.
No liability is recognized if an outflow of economic resources as a result of present obligation is not probable. Such situation is disclosed as contingent liabilities unless the outflow of resources is remote.

**7. Significant management judgment in applying accounting polices and estimation uncertainty**

When preparing the financial statement, management makes a number of judgments, estimates and assumption about the recognition and measurement of assets, liabilities, income and expenses.

**7.1 significant management judgments**

The following are the judgments made by management in applying the accounting policies of the company that have the most significant effect on the financial statements

**7.2 Recognition of deferred tax assets**

The extent to which deferred tax assets can be recognized is based on an assessment of the probability that future taxable income will be available against which the deductible temporary differences an tax loss carry –forwards can be utilized in addition, significant judgment is required in assessing the impact of any legal or economic limits or uncertainties in various tax jurisdictions.

**7.3 Estimation**

Information about estimates and assumption that may have the most significant effect on recognition and measurement of assets, liabilities, income and expenses is provided below. Actual results may be substantially different.

**7.4 Impairment of non-financial assets**

In assessing impairment, management estimates the recoverable amount of each asset or cash generation unit based on expected future cash flows and uses an interest rate to discount them.

**8. Useful lives of depreciable assets**
Management reviews its estimate of the useful lives of depreciable assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to technological obsolescence that may change the utility of certain software and IT equipment.

**9. Inventories**

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

**10. Other long –term employee benefit obligation**

Management's estimate of other long –term employee benefit obligation includes annual leave and severance pay obligation is based on a number of critical underlying assumptions such as standard rates of inflation, mortality, discount rate and anticipation of future salary increases.

Variation in these assumption may significantly impact the obligation amount and the annual benefit expense

**11. Fair value measurement**

Management uses valuation techniques to determine the fair value of financial instruments (where active market quotes are not available) and non-financial assets. This involves developing estimates and assumption consistent with how market participants would price the instrument. Management bases its assumption on observable data as far as possible, but this is not always available. In that case, management uses the best information available. Estimated fair values may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date.

**Educational Materials Production and Distribution Enterprise**
**Notes to the Financial Statements**
**For the year ended July 07, 2026 (Sene 30/18 E.C)**

**11. Property, Plant and Equipment**

| | ROU Land | Land Improvement | Building | Machinery | Office Furniture | Workshop Equipment | Vehicles | Computer and Accessories | Other | Construction in Progress | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **Balance at 08 July 2024** | 46,676,889 | 41,155,651 | 123,128,044 | 132,424,550 | 999,639 | 3,663,093 | 42,882,583 | 12,650,360 | 1,941,288 | 5,413,080 | 410,935,177 |
| Addition | - | - | 1,911,502 | 184,704,255 | 26,913 | 391,999 | - | 538,248 | - | 68,831,365 | 256,404,282 |
| Disposal (adjustment) | - | - | - | - | - | - | - | - | (825,367) | (305,759) | (1,131,126) |
| **Balance at 07 July 2025** | **46,676,889** | **41,155,651** | **125,039,546** | **317,128,805** | **1,026,552** | **4,055,092** | **42,882,583** | **13,188,608** | **1,115,921** | **73,938,686** | **666,208,334** |
| Addition | - | | 82,464,097 | 4,437,699 | 97,304 | - | - | 2,065,217 | 23,300 | - | 89,087,618 |
| Disposal (adjustment) | - | (213,647) | - | - | - | - | - | - | - | (65,852,534) | (66,066,181) |
| **Balance at 07 July 2026** | **46,676,889** | **40,942,004** | **207,503,643** | **321,566,504** | **1,123,856** | **4,055,092** | **42,882,583** | **15,253,825** | **1,139,221** | **8,086,153** | **689,229,771** |
| **Accumulated Depreciation** | | | | | | | | | | | - |
| **Balance at 08 July 2024** | - | **1,793,262** | **15,272,648** | **42,809,530** | **405,735** | **1,898,032** | **18,427,819** | **2,694,368** | **751,335** | - | **84,052,729** |
| Depreciation | - | 1,574,496 | 2,165,621 | 11,464,028 | 58,513 | 300,012 | 2,454,926 | 1,007,737 | 28,306 | - | 19,053,639 |
| Reversal of Impairment Loss | - | - | - | - | - | - | - | - | - | - | - |
| Impairment Loss | - | - | - | - | - | - | - | - | - | - | - |
| Disposal (adjustment) | - | - | - | - | - | - | - | - | (224,706) | - | (224,706) |
| **Balance at 08 July 2025** | - | **3,367,758** | **17,438,269** | **54,273,558** | **464,248** | **2,198,044** | **20,882,745** | **3,702,105** | **554,935** | - | **102,881,662** |
| Depreciation | | 1,621,304 | 3,564,410 | 12,261,638 | 99,123 | 92,453 | 2,517,318 | 1,400,904 | 123,022 | - | 21,680,173 |
| Reversal of Impairment Loss | - | - | - | - | - | - | - | - | - | - | - |
| Impairment Loss | - | - | - | - | - | - | - | - | - | - | - |
| Disposal (adjustment) | - | - | - | - | - | - | - | - | - | - | - |
| **Balance at 07 July 2026** | - | **4,989,062** | **21,002,679** | **66,535,196** | **563,371** | **2,290,497** | **23,400,063** | **5,103,009** | **677,957** | | **124,561,835** |
| **Carrying amount** | | | | | | | | | | | |
| **At 08 July 2024** | **46,676,889** | **39,362,389** | **107,855,396** | **89,615,020** | **593,904** | **1,765,061** | **24,454,764** | **9,955,992** | **1,189,953** | **5,413,080** | **326,882,449** |
| **At 08 July 2025** | **46,676,889** | **37,787,893** | **107,601,277** | **262,855,247** | **562,304** | **1,857,048** | **21,999,838** | **9,486,503** | **560,986** | **73,938,686** | **563,326,674** |
| **At 08 July 2026** | **46,676,889** | **35,952,942** | **186,500,963** | **255,031,309** | **560,485** | **1,764,595** | **19,482,519** | **10,150,816** | **461,264** | **8,086,153** | **564,667,938** |

## 12. Investment

This is investment made on Toppan Gravity Ethiopia S.C with par value of birr 1,000.

## 13. Inventories

| | 2025 Birr | Birr |
|---|---|---|
| Finished Goods | 17,703,200 | 14,816,755 |
| Work in Process | 35,349,589 | 29,326,733 |
| Raw Materials | 258,427,744 | 299,925,890 |
| Spare Parts and Others | 135,965,192 | 126,182,922 |
| | 447,445,726 | 470,252,299 |
| Less: Allowance for Write-down of Inventories | (9,205,508) | (9,364,986) |
| | **438,240,218** | **460,887,313** |

## 14. Trade and other Receivable

| | 2025 Birr | Birr |
|---|---|---|
| Trade debtors | 216,892,528 | 163,281,296 |
| Advances and Claims | 2,943,455 | 2,673,080 |
| Staff debtors | 8,459,413 | 8,806,321 |
| Sundry debtors | 336,156 | 219,375 |
| Vat receivable | 8,188,887 | - |
| Current tax receivable 20(A) | 4,538,998 | - |
| | 241,359,437 | 174,980,071 |
| Less: Allowance for Expected Credit Loss | (4,328,465) | (6,047,928) |
| | **237,030,972** | **168,932,143** |

## 15. Cash and Cash Equivalent

| | Birr | 2025 Birr |
|---|---|---|
| Cash at Bank | 22,944,533 | 17,666,531 |
| | **22,944,533** | **17,666,531** |

## 16. Capital and Reserves

| | Birr | 2025 Birr |
|---|---|---|
| Paid up Capital | 114,948,683 | 114,948,683 |
| Legal Reserve | 22,989,737 | 25,977,036 |
| Retained Earnings | 99,608,656 | 103,125,787 |
| Other Components of Equity (Note 16.1) | 19,306,841 | 19,306,841 |
| | **256,853,917** | **263,358,349** |

## 16.1 Other Components of Equity

| | Birr | 2025 Birr |
|---|---|---|
| Aid Capital | 18,083,087 | 18,083,087 |
| Reserve for Business Expansion | 1,223,754 | 1,223,754 |
| | **19,306,841** | **19,306,841** |

## 17. Trade and Other Payable

| | Birr | 2025 Birr |
|---|---|---|
| Trade Creditors | 43,740,821 | 21,033,700 |
| Sundry Creditors | 83,870,936 | 84,982,210 |
| Accrued Liabilities | 49,342,523 | 35,301,436 |
| Vat payable | - | 24,609,814 |
| Income Tax | 3,409,122 | 3,886,059 |
| Pension Payable | 1,737,964 | 1,918,328 |
| Withholding Taxes Payable | 3,974,223 | 443,602 |
| | **186,075,588** | **172,175,151** |

### 17(a) Severance Pay

EMPDE has an unfunded severance pay plan for its employees in-line with the Ethiopian labor law # 377/03 and its subsequent amendment # 494/06. The vesting condition for the benefit is for an employee to serve for five years and above and be below the retirement age. The eventual settlement of severance is determined in reference to years of service to the enterprise and based on the final salary of the employee (30 days salary for the first year of service and 1/3 of the final salary for the remaining period the employees is entitled for the benefit).

| | Birr | 2025<br>Birr |
|---|---|---|
| Severance Payable | 5,813,199 | 5,522,637 |
| | **5,813,199** | **5,522,637** |

### 18. Bank Overdraft facility

The company acquired bank overdraft facility to the limit of birr 70,000,000 from Commercial bank of Ethiopia at an interest rate of % which is payable before or on July 23/2027 by pledging company building

### 19. State Dividend Payable

| | | 2025<br>Birr |
|---|---|---|
| State Dividend Payable | 152,155,088 | 200,457,331 |
| Adjustment | - | (4,577,028) |
| State Dividend Paid | (36,457,831) | (80,183,047) |
| Current year portion | 42,294,735 | 36,457,831 |
| | **157,991,991** | **152,155,088** |

The balance represents 70% of net profit after tax and other expense payable to the [illegible]ment in accordance with the Proclamation No 25/1984 and Directive No.02/2012.

## 20. Industrial Development Fund Payable

| | Birr | 2025 Birr |
|---|---|---|
| Industrial Development Fund Payable | 416,553,301 | 402,890,100 |
| Adjustment | (4,074,771) | (1,961,584) |
| Current year portion | 18,126,315 | 15,624,785 |
| | **430,604,845** | **416,553,301** |

The balance represents 30% of net profit after tax and other expense.

20 (A)

| | Birr | 2025 Birr |
|---|---|---|
| **Accounting Profit Before Tax** | **82,780,260** | **80,788,965** |
| Less: Investment Income Taxed at Source | | |
| **Add: Unallowable Expenses for Tax Purpose** | | |
| Penalty | 384,255 | 55,844 |
| Entertainment | 3,082,268 | 3,681,255 |
| Expected Credit Loss | 805,513 | 10,684 |
| Land and building tax | 5,943,366 | - |
| Accrued Annual Leave | - | 2,645,980 |
| Accrued Severance Pay | 496,541 | 489,655 |
| Vat expense | - | 27,511,502 |
| Depreciation Per Enterprise's Policy Note 12(B) | 21,680,172 | 19,053,639 |
| **Total Un-Allowed Expenses** | **32,392,115** | **53,448,560** |
| Less: Depreciation as per Tax Proclamation(Note 20 d) | (40,641,676) | (38,549,697) |
| **Adjusted Taxable Profit** | **74,530,698** | **95,687,828** |
| Current Tax Expense at 30% | 22,359,210 | 28,706,348 |

## 20 (B) Current Income tax Payable/ (Current tax receivable)

| | Birr | 2025 Birr |
|---|---|---|
| Opening Balance | 16,929,902 | 107,916,892 |
| Less: Settlement during the year | (16,929,902) | (107,916,892) |
| | - | - |
| Current income tax expense (Note 20 (A) | 22,359,210 | 28,706,348 |
| Advance Payment | (6,745,535) | - |
| Withholding Tax Receivable | (20,152,672) | (11,776,446) |
| **Current Tax Payable (receivable) at year end** | (4,538,998) | 16,929,902 |

Note 20(d)

**Deminishing Method**

| | Building @5% | Computers & Accessories @20 % | Other PPE @ 15% | Total |
|---|---|---|---|---|
| Depreciation Base Beginning | - | 139,640 | 4,560,752 | 4,700,391 |
| Current Year Capital Allowance | - | (27,928) | (684,113) | (712,041) |
| Depreciation Base Carried Forward | = | 111,712 | 3,876,639 | 3,988,351 |

**Straight Line Method**

| | Building @5% | Computers & Accessories & Motor Vehicle.@20 % | Other PPE @15% | Total |
|---|---|---|---|---|
| Depreciation Base Beginning | 85,310,167 | 10,902,231 | 193,726,509 | 289,938,908 |
| Current Year Capital Allowance | (4,265,508) | (2,180,446) | (29,058,976) | (35,504,931) |
| Additions | 82,464,097 | 2,065,217 | 4,558,303 | 89,087,618 |
| Current Year Capital Allowance | (3,621,299) | (137,681) | (665,725) | (4,424,704) |
| Depreciation Base Carried Forward | 159,887,457 | 10,649,321 | 168,560,112 | 339,096,890 |

**Total Capital Allowance for the year** **(40,641,676)**

**343,085,241**

## 21. DEFERRED TAX

### DEFERRED TAX ASSESMENT SCHEDULE FOR THE FISICAL YEAR ENDING JULY 07, 2026 (SENE 30/18 E.C)

| ELEMENT OF STATEMENT OF FINACIAL POSITION | CARRYING AMOUNT | | |
|---|---|---|---|
| | **FOR IFRS** | **FOR TAX** | **DIFFERNCE** |
| PPE excluding land | 509,904,896 | 343,085,241 | 166,819,656 |
| Inventory | 438,240,218 | 447,445,726 | (9,205,508) |
| Trade and other payable | 237,030,972 | 241,359,437 | (4,328,465) |
| Cash | 22,944,533 | 22,944,533 | - |
| Trade and other payable | 186,075,588 | 180,262,390 | (5,813,199) |
| Net temporary difference | - | - | 147,472,484 |
| Defered tax liability at enacted 30% of tax rate | - | - | 44,241,745 |
| Ledger balance at the beginning of the year | - | - | (38,140,874) |
| **Difference** | - | - | **6,100,871** |

## 22. Long Term Loan and Borrowings

| | Birr | 2025 Birr | |
|---|---|---|---|
| Bank Loan- Non-Current | - | - | - |
| Bank Loan- Current | 464,000 | 496,000 | - |
| Trade Creditor-Reclassified as Long Term | - | - | - |
| | **464,000** | **496,000** | |

## 23.Related Party Transactions

During the year ended Sene 30,2018 EFY, unsecured interest free loans with an outstanding balance of 5,363,809.78 were advanced to key management personnel with a loan term of maximum of five years. The loan term dictates that a fixed monthly payment shall be deducted from monthly salary of the key management employees to settle the loan.

**Key management personnel compensation comprised of the following:**

| | Birr | 2025 Birr |
|---|---|---|
| Board Allowance | **464,000** | **496,000** |

## 24. Revenue

| | Birr | 2025 Birr |
|---|---|---|
| Sales Income- Printing Material | 365,276,417 | 274,644,706 |
| Sales Income-Furniture Products | 187,371,665 | 184,027,588 |
| Sales Income- Chalk and Gypsum Products | 5,974,738 | 4,810,735 |
| Sales Income- Chemicals and Related | 88,793 | 523,281 |
| Sales Income-Science Kits | 8,890,347 | 1,160,672 |
| Merchandise resale | 149,949,064 | 116,715,088 |
| Other used material | 5,486,520 | 29,042,110 |
| | **723,037,544** | 610,924,180 |

**Educational Materials Production and Distribution Enterprise**
**Notes to Financial Statement**
**For the year ended July 07, 2026 (Sene 30/18 E.C)**

## 25. Cost of Goods Sold

| | Birr | 2025 Birr |
|---|---|---|
| Work in Process: Beginning | 29,326,733 | 23,666,556 |
| Direct and Indirect Materials | 313,329,973 | 189,700,325 |
| Salary and Benefits | 82,111,499 | 82,754,728 |
| Outsource | 26,235,985 | 4,747,382 |
| Other Production Overhead | 5,956,422 | 13,891,842 |
| Penalty | - | 47,081 |
| Depreciation | 13,305,255 | 12,555,955 |
| Advertising | 69,832 | - |
| Utility | 3,481,536 | - |
| Insurance | 1,050,000 | - |
| Others | 1,191,106 | - |
| Telephone | 30,450 | - |
| | 476,088,793 | 327,363,869 |
| Less: Work in Process Ending | (35,349,589) | (29,326,733) |
| Cost of Goods Manufactured | 440,739,204 | 298,037,136 |
| Add: Finished Goods Beginning | 14,816,756 | 19,200,728 |
| Cost of Goods Available for Sale | 455,555,959 | 317,237,863 |
| Less: Finished Goods Ending | (17,703,200) | (14,816,755) |
| Cost of Goods Sold- From Manufacturing | 437,852,759 | 302,421,109 |
| Cost of Goods Sold- From Merchandise | 79,071,989 | 72,101,121 |
| | **516,924,748** | **374,522,229** |

## 26. Other Income

| | Birr | 2025 Birr |
|---|---|---|
| House Rent(shromeda) | 21,064,208 | |
| Income from Transport Service | 8,470,481 | 6,518,501 |
| Rent Income (Cafteria hole) | 665,217 | 2,807,837 |
| Income from Sales of Bid Documents | 161,718 | 175,553 |
| Miscellaneous | 5,338,773 | 13,263,761 |
| | **35,700,398** | **22,765,653** |

## 27. Selling and Distribution Expense

| | Birr | 2025 Birr |
|---|---|---|
| Salaries and related benefits | 15,576,442 | 17,445,676 |
| Rent | 266,145 | 257,558 |
| Depreciation | 1,693,381 | 1,718,134 |
| Printing and stationery | 150,710 | 193,619 |
| Fuel and lubricants | 29,871 | 18,959 |
| Bank Charge | - | 195 |
| Repair and maintenance | 18,347 | 16,310 |
| Communication | 39,399 | 30,619 |
| Travel and per-diem | 73,420 | 120,316 |
| BULDING MATERIAL | 82,869 | - |
| Utilities | 432 | 702 |
| Loading and Unloading Fee | 22,950 | 13,747 |
| Advertising and Promotion | 77,974 | 14,548 |
| Entertainment | 251,995 | 288,890 |
| BID DOCUMENT | 20,874 | - |
| INSURANCE( PROPERTY) | 300,000 | - |
| License and Legal Fee | 6,903 | - |
| Miscellaneous | 26,690 | 19,577 |
| | **18,638,403** | **20,138,848** |

**Educational Materials Production and Distribution Enterprise**
**Notes to Financial Statement**
**For the year ended July 07, 2026 (Sene 30/18 E.C)**

## 28.General and Administrative Expense

| | Birr | 2025 Birr |
|---|---|---|
| Salaries and related benefits | 88,471,217 | 81,567,666 |
| Depreciation | 4,754,921 | 4,779,550 |
| Fuel and lubricants | 8,184,278 | 8,572,384 |
| Repair and maintenance | 344,367 | 1,238,736 |
| Printing and stationary | 953,189 | 1,379,303 |
| Entertainments | 2,830,272 | 3,204,526 |
| License and Legal Fee | 154,000 | 11,355,805 |
| Land and building tax | 5,943,366 | - |
| Insurance | 1,004,775 | 391,424 |
| Communication | 712,651 | 795,749 |
| Utilities | 2,358,052 | 1,435,802 |
| Advertising and promotion | 937,896 | 421,136 |
| Outsource | 2,778,430 | 2,935,860 |
| Travel and per-diem | 266,235 | 553,399 |
| Loading and Unloading Fee | 15,438 | 36,090 |
| Other overhead | 5,896,277 | 5,452,466 |
| Miscellaneous | 39,866 | 321,020 |
| Audit Fee | 138,448 | 170,000 |
| Board Member Allowance | 464,000 | 496,000 |
| Social | 2,783,873 | 409,900 |
| Quality assurance | 155,379 | 184,561 |
| Training and consultancy fee | - | 35,400 |
| Accrued Severance Expense | 496,541 | - |
| Bad debt | 805,513 | 10,684 |
| Penalty | 384,255 | 8,764 |
| Shromeda mole cost | 3,296,337 | - |
| | **134,169,577** | **125,756,226** |

**Educational Materials Production and Distribution Enterprise**
Notes to Financial Statement
**For the year ended July 07, 2026 (Sene 30/18 E.C)**

## 29. Finance Cost

| | Birr | 2025 Birr |
|---|---|---|
| Overdraft Expense | 4,696,709 | 4,134,935 |
| Bank Charge | 1,528,246 | 837,128 |
| | **6,224,955** | **4,972,063** |

## 30. Other expense

| | Birr | 2025 Birr |
|---|---|---|
| Vat expense | - | **27,511,502** |

31. These financial statements for the year ended July 07,2026 (Sene 30,2018) are the enterprise has prepared in accordance with IFRS.