

CHEMICAL INDUSTRY CORPORATION

FINANCIAL STATEMENTS AND AUDIT REPORT 30 JUNE 2025



ታፈሴ ሻሼማ እና አያሌው የኮሌት አገልግሎት
የህብረት ሽርክና ማህበር
የተመሰከረላቸው ሂሳብ አዋቂዎች (ዩኤ)
የተፈቀደላቸው ኦዲተሮች (ኢትዮጵያ)
ስ.ቁ. 0116180638/ 0118961751/52
ፋክስ 011 6621260/70
ፓ.ሳ.ቁ. 110690
አዲስ አበባ ኢትዮጵያ

Tafesse, Shisema and Ayalew
Certified Audit Partnership
Chartered Certified Accountant (UK)
Authorized Auditors (Ethiopia)
Tel. 0118961752 Fax 011 662 1260/70
Mob. 0911229425/0930034356/57
P.O. Box – 110690 e-mail tmsplus@ethionet.et
Addis Ababa-Ethiopia

**CHEMICAL INDUSTRY CORPORATION
CONSOLIDATED REPORTS AND ANNUAL FINANCIAL STATEMENTS
TABLE OF CONTENTS
FOR THE YEAR ENDED 30, JUNE 2025**

	Pages
Management, professional advisers and registered office	1
Report of the Management	2
Statement of magamanet responsibility	3
Independent auditor's report	4-5
Statement of financial position	6
Statement of profit or loss and other comprehensive income	7
Statement of changes in equity	8
Statement of cash flows	9
Notes to the financial statements	10-38



**CHEMICAL INDUSTRY CORPORATION
IFRS FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2025
CORPORATE INFORMATION**

GENERAL INFORMATION

Tax identification Number (TIN) 0039606967

Business Address

Addis Ababa City, Bole sub city, House No.2055

Telephone +251 116187496

Fax +251116898993 / +251 116181368

P.O.BOX 2008

Branches under Corporation

Mugher Cement Factory

Adami Tulu pesticide Factory

Awash Melkassa Chemical Factory

Batu Caustic Soda Factory

Rubber Tree Plantation and Processing

Management Information / Executive Management

Dr.Enginneer Hundessa Dessalegn Chief Executive Officer

Mr. Birhanu Mekuye Finance Division Deputy Chief Executive

Dr. Lemma Dendena Project and Operation Division Deputy Executive

Mr. Seifu Biratu Service Deputy Chief Executive

Principal Bankers

Commercial Bank of Ethiopia

Independent auditor

Tafesse, Shisema and Ayalew Certified Audit Partnership (TMS Plus)

Chartered Certified Accountants (UK)

PO Box 110690

Addis Ababa

Ethiopia



**CHEMICAL INDUSTRY CORPORATION
REPORT OF THE MANAGEMENT
FOR THE YEAR ENDED 30 JUNE 2025**

The Management prepared their report together with the financial statements as at and for the period ended 30 June 2025.

This report discloses the financial performance and state of affairs of Chemical Industry Corporation as at and for the year stated.

Results of operation

Results of operation for the period ended 30 June 2025 is set out on page 7 and summarized results are presented below:

	<u>30-Jun-25</u> <u>Birr</u>	<u>30-Jun-24</u> <u>Birr</u>
Gross income of the period	<u>6,005,552,621.36</u>	<u>5,637,661,476</u>
Profit before tax	1,280,775,882.97	1,632,696,542
Business income tax expense / income	<u>(542,404,090.76)</u>	<u>(583,827,275)</u>
Profit of the period after income tax	<u>738,371,792.21</u>	<u>1,048,869,266</u>

The management

Members of management who held office during the year and to the date of this report are set out on page 1.

Signed on behalf of the Management by:


CEO
Dr. Eng. Hundessa Dessalegn Demsash
Chief Executive Officer




Birhanu Mekuye Gizaw
Deputy Chief Executive Officer,
Corporate Finance Division
Finance Division Deputy Chief Executive



CHEMICAL INDUSTRY CORPORATION
IFRS financial statements
Statement of Managements' responsibilities
FOR THE YEAR ENDED 30 JUNE 2025

In accordance with Financial Reporting Proclamation No. 847/2014, the entity prepared its financial statements in accordance with International Financial Reporting Standards (IFRS).

The Management is responsible for the preparation and fair presentation of these financial statements in conformity with International Financial Reporting Standards (IFRS) and applicable national laws as the Commercial Code of Ethiopia of 2021, 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. The Management is required keep such records as are necessary to:

- a) exhibit clearly and correctly the state of its affairs;
- b) explain its transactions and financial position; and
- c) Enable regulatory body to determine whether the entity had complied with the aforementioned Proclamation.

The Management accepts responsibility for the annual 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, Commercial code Ethiopia.

The Management is of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the Corporation and of its profit or loss.

The Management further accept responsibility for the maintenance of accounting records that may be relied upon in the preparation of financial statements, as well as adequate systems of internal financial control.

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

Signed on behalf of the Management by:

Chief Executive Officer


 Dr. Eng. Humdelesh Dessalegn Demseh
 Chief Executive Officer
 Chemical Industry Corporation

Finance Division Deputy Chief Executive


 Birhanu Mekuye Gizaw
 Deputy Chief Executive Officer,
 Corporate Finance Division
 TMS Plus
 Certified Audit Partnership
 Accounting and Auditing Board of Ethiopia
 0118861296
 0111541235
 Original Copy Submitted to the Board

**INDEPENDENT AUDITORS' REPORT ON THE ACCOUNTS OF
 CHEMICAL INDUSTRY CORPORATION**

Opinion

We have audited the financial statements of Chemical Industry Corporation, which comprise the statement of financial position as at 30 June 2025, the statement of profit or loss and other comprehensive income, the statement of cash flows and statement of changes in equity for the year ended, and notes to the financial statements, including a summary of significant accounting policies then and other explanatory information.

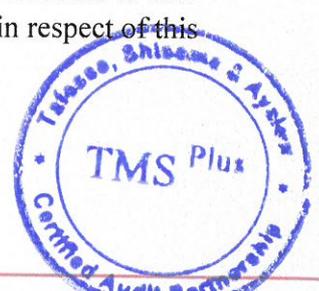
In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 30 June 2025, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) issued by the International Accounting Standard Board (IASB).

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 Company in accordance with the Ethiopian Code of Ethics for Professional Accountants, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence, we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphassis of Matter

As noted in the prior year, the Corporation's land and buildings located in Addis Ababa (around Gotera), had been taken over by the government and the buildings were demolished. Despite this fact and the loss of control and absence of future economic benefits, the carrying amounts of Birr 110,868,925.02 and Birr 46,994,807.86 and Birr 8,879,081.23 for the land, buildings, and land improvement costs respectively have been reported in the financial statements. We have noted that the Corporation was compensated subsequently in the form of land the cost of which is said to be determined in order to take appropriate accounting actions in the succeeding fiscal year. Our report is not modified in respect of this matter.



Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, the Management are responsible for assessing the company'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 Company or to cease operations, or have no realistic alternative but to do so.

The Management is responsible for overseeing the Company'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.

Tafesse, Shisema & Ayalew

Tafesse, Shisema and Ayalew Certified Audit Partnership (TMS Plus)
Chartered Certified Accountants (UK)
Authorized Auditors (ETH)



Addis Ababa
09 September 2025



CHEMICAL INDUSTRY CORPORATION
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2025

Currency: Ethiopian Birr

	Notes	30-Jun-25	30-Jun-24
ASSETS			
Non-current assets			
Property, plant and equipment (net)	15	13,040,539,829	12,542,709,758
Investment-Government Bond	16	50,000	50,000
Construction in progress	17	204,410,398	230,446,541
		<u>13,245,000,227</u>	<u>12,773,206,299</u>
Current assets			
Inventories	18	4,871,829,700	3,123,457,075
Trade and other receivables	19	274,762,524	360,512,481
Cash and cash equivalents	20	240,807,109	1,088,495,208
Prepayments	21	15,801,672	8,607,994
Current tax receivable	22	219,557,265	208,749,631
		<u>5,622,758,270</u>	<u>4,789,822,390</u>
Total assets		<u><u>18,867,758,497</u></u>	<u><u>17,563,028,689</u></u>
EQUITY AND LIABILITIES			
Equity			
State capital	23	6,596,937,329	6,596,937,329
Legal reserve	24	63,308,011	16,804,711
Retained Earnings	25	5,531,436,081	5,199,920,567
Total equity		<u>12,191,681,420</u>	<u>11,813,662,607</u>
Non-current liabilities			
Borrowing	26.1	31,155,865	35,604,739
Loan -IDF	26.3	593,701,549	593,701,549
Deferred tax liabilities	27	3,544,455,328	3,352,761,125
Employee Benefit-Severance Pay	28.1	124,653,357	107,129,550
Lease Liabilities	29.2	448,262,201	25,262,201
		<u>4,742,228,300</u>	<u>4,114,459,165</u>
Current liabilities			
Current Tax Liabilities	30	87,557,028	109,372,937
Short Term Loan	26.2	35,000,000	-
Accrued Liabilities	31	467,332,249	181,464,738
Contract liabilities	32	387,295,827	438,110,966
Trade and other payables	33	203,568,087	300,256,517
Employee Benefit-Annual Leave	28.3	116,717,217	103,720,125
Lease Liability	29.1	1,036,718	1,036,718
Bank overdraft	34	284,631,766	44,235,103
Profit tax liability	35	350,709,889	456,709,819
		<u>1,933,848,781</u>	<u>1,634,906,924</u>
Total liabilities		<u>6,676,077,081</u>	<u>5,749,366,088</u>
Total equity and liabilities		<u><u>18,867,758,497</u></u>	<u><u>17,563,028,689</u></u>



CHEMICAL INDUSTRY CORPORATION
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2025

Currency: Ethiopian Birr

	<u>Notes</u>	<u>30-Jun-2025</u>	<u>30-Jun-2024</u>
REVENUE	8	5,977,385,340	5,572,310,464
COST OF SALES	9	(3,955,260,854)	(3,341,887,834)
GROSS PROFIT		2,022,124,485	2,230,422,629
OTHER INCOME	10	28,167,282	65,351,012
		2,050,291,767	2,295,773,641
EXPENSES			
Selling and marketing expense	11	179,022,660	141,146,293
Administrative expenses	12	552,940,831	512,213,285
		(731,963,491)	(653,359,578)
Operating Profit (Loss)		1,318,328,276	1,642,414,063
Finance Charges	13	(37,552,393)	(9,717,521)
Profit before tax		1,280,775,883	1,632,696,542
Differed income (expense)		-	-
		1,280,775,883	1,632,696,542
Provision for profit tax	35	(350,709,889)	(456,709,819)
		930,065,994	1,175,986,722
Differed tax expense	14	(191,694,202)	(127,117,456)
Profit for the year (net of tax)		738,371,792	1,048,869,266



**CHEMICAL INDUSTRY CORPORATION
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2025**

Currency: Ethiopian Birr

	State / Paid up capital	Retained Earnings	Legal Reserve	Total
Balance at 30 June 2023	6,596,937,329	4,203,431,693	16,804,711	10,817,173,733
Profit for the year	-	1,048,869,266	-	1,048,869,266
Transfer to legal reserve	-	-	-	-
Dividend tax paid	-	(156,451,860)	-	(156,451,860)
Prior years adjustment	-	104,071,469	-	104,071,469
Balance at 30 June 2024	6,596,937,329	5,199,920,567	16,804,711	11,813,662,607
Profit for the year	-	738,371,792	-	738,371,792
Transfer to legal reserve	-	(46,503,300)	46,503,300	-
Dividend tax paid	-	(378,630,013)	-	(378,630,013)
Prior years adjustment	-	18,277,035	-	18,277,035
Balance at 30 June 2025	6,596,937,329	5,531,436,081	63,308,011	12,191,681,420



**CHEMICAL INDUSTRY CORPORATION
NOTES OF THE FINANCIAL STATEMENT
FOR THE YEAR ENDED 30 JUNE 2025**

Currency: Ethiopian Birr

1 General information

Chemical Industry Corporation is a legal entity and is a group company which controls Mugger Cement Factory, Batu Caustic Soda Factory, Rubber Tree Plantation and Processing, Awash Melkassa Chemical Factory and Adami Tulu Pesticide Processing Factory.

2 Statement of compliance with IFRS and going concern assumption

The financial statements of the Corporation have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

Management of the Corporation has concluded on the appropriateness of the use of the going concern basis of accounting based on the assessment made on whether a material uncertainty exists related to events or conditions that may cast significant doubt on the corporation's ability to continue as a going concern. Management's conclusions are based on the assessment made up to the forcible future

3 Significant accounting policies

3.1 Basis of Preparation

The Corporation'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 and investments. Monetary amounts are expressed in Ethiopian Birr (ETB)

3.2 Functional and Presentation currency

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

3.3 Revenue (IFRS 15)

The Corporation recognizes, measures, presents and discloses revenue according to the new standard IFRS-15 which replaces IAS 18 'Revenue' and IAS 11 'Construction Contracts'. Accordingly, the Corporation takes in to account the following standards while performing sales.

Revenue arises mainly from the Sales of Cement, Pesticide and Herbicide, Costic soda, Quicklime, Aluminium Sulphate, Sulfuric Acid, Hydrogen per oxide and Dry rubber sheet Limestone, To determine whether to recognize revenue, the factory follows a 5-step process

1. Identifying the contract with 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



**CHEMICAL INDUSTRY CORPORATION
NOTES OF THE FINANCIAL STATEMENT
FOR THE YEAR ENDED 30 JUNE 2025**

Currency: Ethiopian Birr

The Corporation often enters into transactions involving a range of sales of different products. In all cases, the total transaction price for a contract is allocated amongst the various performance obligations 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 Corporation satisfies performance obligations by transferring the promised goods or services to its customers.

The Corporation recognizes contract liabilities for consideration received in respect of unsatisfied performance obligations and reports these amounts as other liabilities in the statement of financial position.

Similarly, if the Corporation satisfies a performance obligation before it receives the consideration, the factory 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.

3.4 Operating Expenses

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

3.5 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**.

3.6 Property, Plant and Equipment

3.6.1. Right of Use Land

The Corporation has both freehold as well as lease hold land rights. The lease hold rights are to be depreciated over a period of 60 years.



**CHEMICAL INDUSTRY CORPORATION
NOTES OF THE FINANCIAL STATEMENT
FOR THE YEAR ENDED 30 JUNE 2025**

Currency: Ethiopian Birr

3.6.2 Land improvements, Buildings, Machineries, Vehicles and Others equipment

Buildings, plant, machineries and equipment 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 Corporation's management. Buildings and equipment also include leasehold property held under a finance lease.

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

Depreciation is recognized on a straight-line and units of production basis to write down the cost less estimated residual value of buildings, machineries and other equipment. The following useful lives are applied:

Deprecation Methods and Estimates	
Description	Economic life
Plant and Machineries	Up to 540 Million tons
Licensed Vehicles	600,000 Kms
Plant Vehicles (OFF High way)	300,000 Hrs.
Use of land (Quarry land)	Up to 405 Million tons
Other Assets	Deprn. %
Building	2
Dam	2
Land improvement (forestry, sewerage, road and others)	4
Right of Use Land: (Own)	Indefinite
Right of Use Land: (Leased)	Lease Term
Workshop Machine Equipment	2
Tools	10
Office Furniture	5
Office Equipment and Electronics	10
Specialized Equipment and Medical Equipment	5
House Hold Furniture	5
Fixed Asset in Store	Twice as in operation

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 and are recognized in profit or loss within other income or other expenses.



**CHEMICAL INDUSTRY CORPORATION
NOTES OF THE FINANCIAL STATEMENT
FOR THE YEAR ENDED 30 JUNE 2025**

Currency: Ethiopian Birr

3.7 Impairment testing of 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 for impairment 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 units) 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 factory's latest approved budget, adjusted as necessary to exclude the effects of future re-organizations 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 indications 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.

3.8 Financial Instruments (IFRS 9)

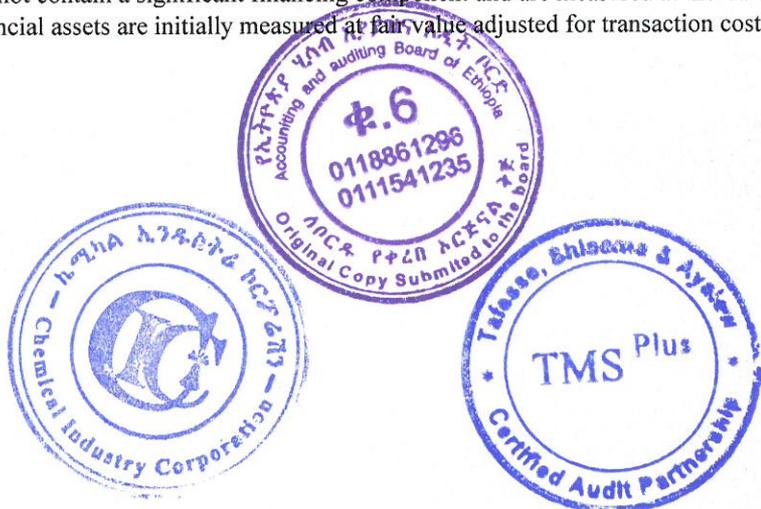
A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. A financial asset or liability is recognized when the Corporation becomes party to the contractual provisions of the financial instrument.

3.8.1. Financial assets

Initial recognition and measurement

The Corporation classifies its financial assets into the following categories: Amortized cost, Fair value through Comprehensive Income and Fair value through Profit or Loss. Management determines the appropriate classification of its investments at initial recognition and re-evaluates this at the end of each reporting period.

Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with IFRS 15, all financial assets are initially measured at fair value, adjusted for transaction costs (where applicable).



**CHEMICAL INDUSTRY CORPORATION
NOTES OF THE FINANCIAL STATEMENT
FOR THE YEAR ENDED 30 JUNE 2025**

Currency: Ethiopian Birr

Subsequent measurement

Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market other than those that the Corporation intends to sell in the short term or those that it has designated as at fair value through profit or loss or available-for-sale. Receivables arising from sales of goods and services are also classified in this category and are reviewed for impairment as part of the impairment review of loans and receivables.

Impairment of financial assets:

The Corporation assesses at the end of each reporting period and based on detailed ageing analysis whether there is objective evidence that a financial asset is not recoverable and/or impaired. Evidences of impairments may include indications that debtor(s) are experiencing significant financial difficulties, default or delinquency in payments balances overdue, the probability that they will enter bankruptcy or other financial reorganization and whether observable data indicate that there is a measurable decrease in the estimated future cash flows.

Allowance for doubtful are recognized as per the following ageing analysis.

<i>Days Past Due (Age Group)</i>	<i>Provision Rate</i>
0-180 days	Nil
181-365 days	1%
1-2 Years	5%
2-3 Years	10%
3-4 Years	20%
4-5 Years	40%
5-6 Years	60%
Over 6 Years	100%

Derecognition of financial assets

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is primarily derecognized (i.e. removed from the Corporation's statement of financial position) when:

The rights to receive cash flows from the asset have expired, or

The Corporation 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

- the Corporation has transferred substantially all the risks and rewards of the asset, or
- the Corporation has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.



**CHEMICAL INDUSTRY CORPORATION
NOTES OF THE FINANCIAL STATEMENT
FOR THE YEAR ENDED 30 JUNE 2025**

Currency: Ethiopian Birr

When the Corporation 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 Corporation continues to recognize the transferred asset to the extent of the Corporation's continuing involvement. In that case, the Corporation 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 Corporation has retained.

3.8.2. Financial liabilities

Initial recognition and measurement

Financial liabilities are classified at initial recognition, as financial liabilities at fair value through profit or loss and Amortized cost financial liabilities.

The Corporation's financial liabilities include trade payables, other payables, accrued charges, and loans and borrowings including overdraft.

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

Subsequent measurement

After initial measurement, financial liabilities at amortized cost are subsequently measured at amortized cost. The Corporation's effective rate is equal to its nominal rate no direct loan acquisition costs that vary in direct proportion to the life of the loan.

'Derecognition of financial liabilities

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.



CHEMICAL INDUSTRY CORPORATION
NOTES OF THE FINANCIAL STATEMENT
FOR THE YEAR ENDED 30 JUNE 2025

Currency: Ethiopian Birr

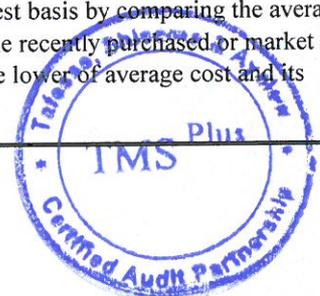
Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position where the Corporation has a legally enforceable right to offset the recognized amounts, and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. The legal enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in event of default, insolvency or bankruptcy of the Corporation or the counterparty.

3.9 Inventories (IAS 2)

Inventories are stated at the lower of cost and net realizable value. Cost includes all expenses directly attributable to the service or manufacturing process as well as suitable portions 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. The following disclosures provide the different classes of inventories in the Corporation and their respective disclosure.

Inventory	Description
Raw Materials	Inventories are valued on item by item basis by comparing the average cost of each item with cost of the recently purchased or produced of the same item and take the lower of average cost and its replacement cost.
Finished Goods	Inventories are stated at the lower of cost and net realizable value
Work in Process	Inventories are valued the lower of average production and selling price less cost to complete and sale.
Stationary Material	Inventories are valued on test basis by comparing the average cost of each item with cost of the recently purchased or surveyed from the market of the same item and take the lower of average cost and its replacement cost.
Packing Materials	Inventories are valued on test basis by comparing the average cost of each item with cost of the recently purchased or produced of the same item. And take the lower of average cost and its replacement cost
Books and Periodicals	Inventories are valued on test basis by comparing the average cost of each item with cost of the recently purchased of the same item. And take the lower of average cost and its replacement cost
Spare Parts	Inventories are valued on test basis by comparing the average cost of each item with cost of the recently purchased or market cost of the same item. And take the lower of average cost and its replacement cost.



**CHEMICAL INDUSTRY CORPORATION
NOTES OF THE FINANCIAL STATEMENT
FOR THE YEAR ENDED 30 JUNE 2025**

Currency: Ethiopian Birr

3.10 Income taxes (IAS 12)

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

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 the underlying tax loss or deductible temporary difference will be utilized against future taxable income. This is assessed based on the Corporation'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.

3.11 Cash and cash equivalents (IAS 7)

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.

3.12 Non-current assets and liabilities classified as held for sale and discontinued operations

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 their fair value less costs to sell. However, some held for sale assets such as financial assets or deferred tax assets, continue to be measured in accordance with the Corporation's relevant accounting policy 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.

3.13 Home Office

Home Office account at the branches: comprises gains and losses from the revaluation of right of use land and other property plant and equipment and all current and prior period retained profits and losses.



**CHEMICAL INDUSTRY CORPORATION
NOTES OF THE FINANCIAL STATEMENT
FOR THE YEAR ENDED 30 JUNE 2025**

Currency: Ethiopian Birr

3.13.1 Post-employment benefits

The Corporation provides post-employment benefits through defined contribution and defined benefit plans.

3.13.2 Defined Contribution Plans

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

3.13.3 Other long-term employee benefits

The Corporation 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. Discount factors are determined close to each year-end by reference to high quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating the terms of the related liability.

3.13.4 Short-term employee benefits

Short-term employee benefits, including bonus, are current liabilities included in pension and other employee obligations, measured at the undiscounted amount that the Corporation expects to pay as a result of the unused entitlement.



**CHEMICAL INDUSTRY CORPORATION
NOTES OF THE FINANCIAL STATEMENT
FOR THE YEAR ENDED 30 JUNE 2025**

Currency: Ethiopian Birr

3.14 Provisions, contingent assets and contingent liabilities

Provisions for product warranties, legal disputes, onerous contracts or other claims are recognized when the Corporation 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 Corporation 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 are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole

Provisions are discounted to their present values, where the time value of money is material.

Any reimbursement that the Corporation 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 obligations is not probable. Such situations are disclosed as contingent liabilities unless the outflow of resources is remote.

4 Significant management judgment in applying accounting policies and estimation uncertainty

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

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

4.1 Recognition of contract revenues

As revenue from sales agreements is recognized over time, the amount of revenue recognized in a reporting period depends on the extent to which the performance obligation has been satisfied.

4.2 Capitalization of internally developed software

Distinguishing the research and development phases of a new customized software project and determining whether the recognition requirements for the capitalization of development costs are met requires judgment. After capitalization, management monitors whether the recognition requirements continue to be met and whether there are any indicators that capitalized costs may be impaired.



**CHEMICAL INDUSTRY CORPORATION
NOTES OF THE FINANCIAL STATEMENT
FOR THE YEAR ENDED 30 JUNE 2025**

Currency: Ethiopian Birr

4.3 Recognition of deferred tax assets

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

4.4 Estimation uncertainty

Information about estimates and assumptions 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.

Impairment of non-financial assets

In assessing impairment, management estimates the recoverable amount of each asset or cash-generating unit based on expected future cash flows and uses an interest rate to discount them. Estimation uncertainty relates to assumptions about future operating results and the determination of a suitable discount rate.

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.

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.

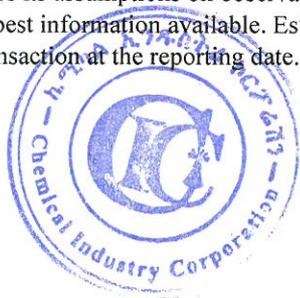
Other long-term employee benefits obligations

Management's estimate of other long-term employee benefit obligations 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 assumptions may significantly impact the obligation amount and the annual benefit expenses.

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 assumptions consistent with how market participants would price the instrument. Management bases its assumptions 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.



**CHEMICAL INDUSTRY CORPORATION
NOTES OF THE FINANCIAL STATEMENT
FOR THE YEAR ENDED 30 JUNE 2025**

Currency: Ethiopian Birr

5 Risk and Risk Mitigation

The Corporation has identified three major risks those hinder the Corporation's entire operation. These risks may include raw materials supplies risk, political instability risk and market risks.

5.1 Raw materials supply risks

The branches in manufacturing sector should have adequate inputs so as to produce to the extent of its attainable capacity. Likewise, They try to secure raw materials for its production activities. However, the branches could not purchase adequate inputs due to the following reasons.

5.2 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. The Corporation manages this risk by maintaining adequate cash balances in the bank, banking facilities and by continuously monitoring forecast and actual cash flows.

5.3 Risk of Political Instability

Political instability is a major obstacle to economic growth in Ethiopia. Political instability has also observed various challenges in the market such as increase price, weakened the purchasing power of the consumer, inflation, increase in transportation cost, etc. If the political instability gonging on as it is, there is a fear that the Corporation's production and sales activities may cease once a day. The current instability has witnessed some of the quarry land of the factory were taken. To overcome the country's political instability, the government should work over it and create stabled political environments.

5.4 Market Risks

The Corporation has faced market risks such as new entrants, rivalry among the existed competitors and bargain power of the customers.



**CHEMICAL INDUSTRY CORPORATION
NOTES OF THE FINANCIAL STATEMENT
FOR THE YEAR ENDED 30 JUNE 2025**

Currency: Ethiopian Birr

9 Cost of Sales

	<u>30-Jun-2025</u>	<u>30-Jun-2024</u>
Stock of Direct Materials, Beginning	175,029,888	140,474,818
Work in Process, Beginning	170,050,006	101,199,160
Finished Goods, Beginning	272,841,046	139,187,817
Cost of Direct Material	867,105,036	708,101,182
Indirect materials	2,037,276,690	1,451,324,195
Direct Labor	199,265,965	170,373,696
Indirect labor	307,025,840	257,783,872
Employees Benefits	90,551,030	131,384,288
Electricity and Water	325,567,541	229,972,860
Factory Running ,supplies & Maintenance	214,808,457	131,366,202
Transportation Charge	417,511,101	351,592,516
Property Insurance	13,571,284	11,563,860
Depreciation	134,484,249	134,017,890
Other overheads	27,233,466	18,584,980
	5,252,321,600	3,976,927,336
Work in Process, Ending	(637,867,840)	(170,050,006)
Cost of sales of Raw Materials	(14,089,390)	(11,309,925)
Direct Material Cost, Ending	(175,321,321)	(175,046,501)
Finished goods , Ending	(466,748,556)	(272,841,059)
Cost of internal use	(3,033,639)	(5,792,010)
Cost of Goods Sold	3,955,260,854	3,341,887,834

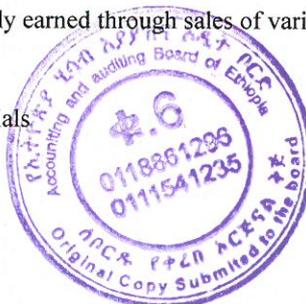
9.1 Cost of sales by branches

	<u>30-Jun-2025</u>	<u>30-Jun-2024</u>
Muger Cement Factory	3,259,622,114	2,852,471,916
Awash Melkassa Chemical Factory	332,422,009	244,202,631
Adami Tulu Pesticide Processing Factory	202,420,236	141,311,986
Batu Coustic Soda Factory	120,303,129	81,900,987
Rubber Tree Plantation and Processing	40,493,366	22,000,314
	3,955,260,854	3,341,887,836

10 Other Income

The Corporation's other income is mainly earned through sales of various scarps, reversals and other items as presented here under:

	<u>30-Jun-2025</u>	<u>30-Jun-2024</u>
Sales of used, scrap & by product materials	3,496,285	17,501,453
Rental income	2,022,203	1,293,548
Gain on Sales of Fixed Assets	-	12,171
Sales of Bid Bond Document	10,139,257	173,377
Sales of service	1,162,163	1,006,464
Weigh bridge	158,491	163,448
Interest Income	1,629,798	309,370
Foreign exchange gain	195,732	-
Penalty and fines	217,010	66,464
Miscellaneous income	9,146,343	44,824,716
	28,167,282	65,351,012



**CHEMICAL INDUSTRY CORPORATION
NOTES OF THE FINANCIAL STATEMENT
FOR THE YEAR ENDED 30 JUNE 2025**

Currency: Ethiopian Birr
30-Jun-2025

30-Jun-2024

10.1 Other income by branches

Head office	273,933	47,500
Muger Cement Factory	13,214,221	44,473,748
Awash Melkassa Aluminum Sulphate Factory	3,518,669	6,194,545
Adami Tulu Pesticide Processing Factory	8,497,752	12,172,391
Batu Coustic Soda Factory	2,440,467	2,363,992
Rubber Tree Plantation and Processing	222,239	98,836
	28,167,282	65,351,011

11 Selling and Marketing Expenses

	30-Jun-2025	30-Jun-2024
Salaries & Wages	49,790,485	43,481,968
Employees benefits	8,603,445	14,600,927
Transportation	24,009,480	1,300,107
Repair & Maintenance, Fuel, etc.	47,963,464	38,847,043
Telephone, Postage, Stationery & Printing	758,189	1,269,765
Utilities	2,577	1,711
Peridem & Traveling	2,137,591	1,960,532
Insurances	2,136,286	2,181,551
Depreciations	4,593,223	3,037,460
Rents	1,326,173	1,093,267
Advertising and publicity	7,475,763	9,315,059
Sports Club Expenses	10,901,213	13,728,441
Entertainments	260,261	393,153
Share of aux.dept.expense	9,053,014	8,382,269
Miscellaneous Expenses	10,011,497	1,553,043
	179,022,660	141,146,293

11.1 Selling and marketing expenses by branches

	30-Jun-2025	30-Jun-2024
Head office	-	-
Muger Cement Factory	164,439,348	126,786,824
Awash Melkassa Aluminum Sulphate Factory	6,095,292	8,919,298
Adami Tulu Pesticide Processing Factory	6,387,680	3,142,893
Batu Coustic Soda Factory	2,100,341	1,316,657
Rubber Tree Plantation and Processing	-	980,622
	179,022,660	141,146,295



**CHEMICAL INDUSTRY CORPORATION
NOTES OF THE FINANCIAL STATEMENT
FOR THE YEAR ENDED 30 JUNE 2025**

Currency: Ethiopian Birr

12.1 General and administration expenses by branches

	<u>30-Jun-2025</u>	<u>30-Jun-2024</u>
Head office	67,264,983	57,368,411
Muger Cement Factory	329,515,832	335,834,629
Awash Melkassa Aluminum Sulphate Factory	56,822,877	51,090,566
Adami Tulu Pesticide Processing Factory	59,434,182	40,189,616
Batu Coustic Soda Factory	17,130,986	13,118,249
Rubber Tree Plantation and Processing	22,771,972	14,611,814
	<u>552,940,831</u>	<u>512,213,284</u>

13 Finance Cost

Interest Expenses incurred on long term and short-term loan along with related service charges mainly comprise the finance cost of the Corporation for the reporting period of 2025.

	<u>30-Jun-2025</u>	<u>30-Jun-2024</u>
Interest expense	34,854,877	9,408,800
Rate fluctuation	-	18,246
Bank Service Charges	2,697,516	290,475
	<u>37,552,393</u>	<u>9,717,521</u>

13.1 Finance costs by branches

	<u>30-Jun-2025</u>	<u>30-Jun-2024</u>
Head office	15,598	17,875
Muger Cement Factory	23,949,036	110,653
Awash Melkassa Aluminum Sulphate Factory	8,486,772	1,502,126
Adami Tulu Pesticide Processing Factory	3,386,042	7,109,411
Batu Coustic Soda Factory	1,709,002	976,810
Rubber Tree Plantation and Processing	5,943	646
	<u>37,552,393</u>	<u>9,717,520</u>

14 Tax Expense

Tax Expenses are computed and presented only to reflect the Corporation's portion of the tax paid at Corporate level. Tax expenses comprises of current tax and deferred tax. Both taxes were calculated based on the amount of income subjected to tax.

	<u>30-Jun-2025</u>	<u>30-Jun-2024</u>
Deferred Tax expense	(191,694,202)	(127,117,456)
	<u>(191,694,202)</u>	<u>(127,117,456)</u>

Refer note number 27 for the computation.

Note:- The deferred tax expenses as per the branches report and consolidation report have a difference of Birr 182,642,927.94 the consolidation is more. This difference is because of when the corporation margin , the branches come with there book values, but the tax authority argues that it should be in the cost not Book value.



CHEMICAL INDUSTRY CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2025

Currency: Ethiopian Birr

15 Property, Plant and Equipment

	Balance at 1 July 2024	Additions	Transfer /Disposal	Balance at 30 June 2025
COST				
Land Holding Area	2,892,430,014	-	-	2,892,430,014
Right of Use of Land	156,981,291	470,000,000	-	626,981,291
Land Improvement	28,639,415	-	-	28,639,415
Dams - Embankment Dam	125,695,621	-	-	125,695,621
Building	2,575,331,053	66,176,814	-	2,641,507,868
Rubber plant	163,609,223	41,106,566	-	204,715,790
Plant Machinery	6,872,218,392	27,293,307	(42,633,731)	6,856,877,968
Office furniture	15,494,009	3,127,622	12,539	18,634,169
Office equipment	22,893,565	11,194,235	(296)	34,087,504
Specialized Equipment	96,177,829	6,030,286	(103,474)	102,104,642
Network & Utility Equipment	16,923,343	-	-	16,923,343
Vehicles licensed	318,492,524	98,663,992	(1,669,112)	415,487,403
Vehicles Plant	572,008,421	-	(3,736,246)	568,272,175
Tools	21,823,506	1,020,361	-	22,843,867
Work shop equipment	4,384,853	39,905	-	4,424,758
House Hold Furniture	1,466,902	638,504	-	2,105,407
Fixed Asset in Store	101,317,250	5,037,742	(3,586,183)	102,768,809
Total Cost	13,985,887,211	730,329,334	(51,716,503)	14,664,500,042
DEPRECIATION				
Land Holding Area	40,243,994	4,447,612	-	44,691,606
Right of Use of Land	11,258,787	6,305,553	-	17,564,339
Land Improvement	62,998,643	7,939,642	-	70,938,285
Dams - Embankment Dam	19,937,673	2,658,172	-	22,595,845
Building	402,619,896	51,981,133	-	454,601,029
Rubber plant	32,258,894	5,515,047	-	37,773,941
Plant Machinery	712,773,708	76,443,733	-	789,217,441
Office furniture	5,771,607	1,073,994	-	6,845,601
Office equipment	8,459,307	2,350,004	7,403	10,816,714
Specialized Equipment	30,511,171	4,224,078	(6,036)	34,729,213
Network & Utility Equipment	6,292,000	846,167	-	7,138,167
Vehicles licensed	69,351,991	10,528,920	(160,101)	79,720,810
Vehicles Plant	10,180,943	2,414,530	-	12,595,473
Tools	14,974,599	1,517,057	-	16,491,656
Work shop equipment	2,149,010	540,748	-	2,689,758
House Hold Furniture	485,539	101,840	-	587,378
Fixed Asset in Store	12,909,691	2,060,667	(7,403)	14,962,956
Total Depreciation	1,443,177,453	180,948,897	(166,137)	1,623,960,213
Net Book Value	12,542,709,758			13,040,539,829



**CHEMICAL INDUSTRY CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2025**

15.1 PPE by branches

	Currency - Ethiopian Birr	
	<u>30-Jun-25</u>	<u>30-Jun-24</u>
Head office	50,449,943	23,967,446
Muger Cement Factory	10,601,305,328	10,171,892,684
Awash Melkassa Aluminum Sulphate Factory	687,532,712	695,386,575
Adami Tulu Pesticide Processing Factory	186,766,865	190,504,383
Batu Caustic Soda Factory	1,304,857,971	1,307,007,269
Rubber Tree Plantation and Processing	209,627,009	153,951,401
	<u>13,040,539,829</u>	<u>12,542,709,758</u>

16 Investment

	<u>30-Jun-25</u>	<u>30-Jun-24</u>
Government bond - Awash Melkassa	50,000	50,000
	<u>50,000</u>	<u>50,000</u>

17 Construction in progress

	<u>30-Jun-25</u>	<u>30-Jun-24</u>
Head office	146,320,499	141,598,806
Muger Cement Factory	54,556,983	26,861,561
Awash Melkassa Aluminum Sulphate Factory	-	-
Adami Tulu Pesticide Processing Factory	1,333,470	1,333,470
Batu Caustic Soda Factory	2,081,205	-
Rubber Tree Plantation and Processing	118,241	60,652,705
	<u>204,410,398</u>	<u>230,446,541</u>



**CHEMICAL INDUSTRY CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2025**

18 Inventories

Inventories have not been pledged in the period as a collateral for borrowing. The Corporation recognized allowance for inventory impairment over the three years as depicted here under:

	<u>30-Jun-2025</u>	<u>30-Jun-2024</u>
Finished Goods	466,748,556	272,841,059
Work In process	637,867,840	170,050,006
Raw Material	449,053,029	486,256,437
Stationary materials	6,987,766	2,866,532
Laboratory materials	1,335,321	1,335,321
Rubber plant nurseries	3,163,636	2,263,485
Packing Materials	73,907,942	54,073,678
Spare Parts	1,378,095,061	1,091,915,937
Indirect materials	19,823,049	18,063,067
Books and Periodicals	433,762	433,762
Other Materials	925,622,729	555,469,511
Goods in Transit	958,085,252	513,445,371
Allowance for Stock Impairment	(49,294,243)	(45,557,091)
	<u><u>4,871,829,700</u></u>	<u><u>3,123,457,075</u></u>

18.1 Inventories by branches

Head office	1,540,352	886,171
Muger Cement Factory	3,803,353,323	2,157,024,337
Awash Melkassa Aluminum Sulphate Factory	530,776,688	511,897,961
Adami Tulu Pesticide Processing Factory	420,327,601	412,011,754
Batu Caustic Soda Factory	84,397,542	27,970,744
Rubber Tree Plantation and Processing	31,434,194	13,666,108
	<u><u>4,871,829,700</u></u>	<u><u>3,123,457,075</u></u>

19 Trade and Other Receivables

The Corporation measured and recognized trade and other receivables as per IFRS 9. The simplified approach for estimating the expected credit loss is applied. Advance payment made to the enterprise's major suppliers for purchase of raw materials and services to be delivered in the future.

	<u>30-Jun-2025</u>	<u>30-Jun-2024</u>
Trade	212,914,060	160,749,443
Staff	13,536,927	11,930,240
Supplier Advance	93,500,785	263,893,707
Purchase Advance	7,381,007	15,114,161
Salary advance	32,648	32,648
Sundry debtors	52,028,750	13,506,256
Intra company receivable	-	1,295,476
Provision for Expected Loss	(104,631,653)	(106,009,451)
	<u><u>274,762,524</u></u>	<u><u>360,512,480</u></u>

Current year charge of Allowance for credit Loss

1,377,798 13,214,130



CHEMICAL INDUSTRY CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2025

Note:- Trade and other receivables by balances and consolidation have a difference of Birr 2,498,045,335.49. The difference is Inter branch account balances, when presented in the consolidation its net off figure.

19.1 Trade and other receivables by branches

Head office	1,087,997,034	1,001,789,135
Muger Cement Factory	1,262,095,171	645,530,404
Awash Melkassa Aluminum Sulphate Factory	160,308,411	73,033,173
Adami Tulu Pesticide Processing Factory	152,318,061	97,807,648
Batu Caustic Soda Factory	21,210,237	7,693,378
Rubber Tree Plantation and Processing	88,878,944	50,391,364
	2,772,807,860	1,876,245,103

20 Cash and Cash equivalents

The Corporation's cash and cash equivalents are presented here under:

	30-Jun-2025	30-Jun-2024
Cash on hand	28,516	38,516
Cash in Bank	240,778,593	1,088,456,692
	240,807,109	1,088,495,208

20.1 Cash and bank balances by branches

Head office	134,183,944	160,264,291
Muger Cement Factory	51,176,930	887,848,757
Awash Melkassa Aluminum Sulphate Factory	38,601,122	9,372,922
Adami Tulu Pesticide Processing Factory	8,876,282	24,948,399
Batu Caustic Soda Factory	3,480,295	3,634,367
Rubber Tree Plantation and Processing	4,488,536	2,426,472
	240,807,109	1,088,495,208

21 Prepayments

The Corporation's prepayment are presented here under:

	30-Jun-2025	30-Jun-2024
Prepayments	7,163,836	7,956,098
Deposits	8,637,836	651,896
	15,801,672	8,607,994

21.1 Prepayments by branches

Head office	7,621,293	704,000
Muger Cement Factory	183,595	277,254
Awash Melkassa Aluminum Sulphate Factory	161,297	124,166
Adami Tulu Pesticide Processing Factory	6,818,149	7,034,272
Batu Caustic Soda Factory	1,017,338	468,300
Rubber Tree Plantation and Processing	-	-
	15,801,672	8,607,992



**CHEMICAL INDUSTRY CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2025**

22 Tax receivable

The Corporation's prepayment are presented here under:

	<u>30-Jun-2025</u>	<u>30-Jun-2024</u>
Value added tax	33,994,100	35,681,699
Withholding tax	185,563,165	173,067,932
	<u>219,557,265</u>	<u>208,749,631</u>

22.1 Current tax receivable by branches

	<u>30-Jun-2025</u>	<u>30-Jun-2024</u>
Head office	19,863,724	18,215,131
Muger Cement Factory	170,869,445	170,889,335
Awash Melkassa Aluminum Sulphate Factory	16,747,900	7,756,836
Adami Tulu Pesticide Processing Factory	4,956,318	4,532,465
Batu Caustic Soda Factory	4,492,021	4,971,451
Rubber Tree Plantation and Processing	2,627,858	2,384,414
	<u>219,557,265</u>	<u>208,749,631</u>

23 State Paid Up Capital

The company is fully state owned public entity and has been established with the subscribed capital of Birr 21,719,751,376. The registered and paid up capital is stated below:

	<u>30-Jun-25</u>	<u>30-Jun-24</u>
	ETB	ETB
State Paid up Capital	6,596,937,329	6,596,937,329
	<u>6,596,937,329</u>	<u>6,596,937,329</u>

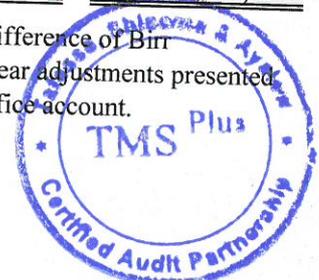
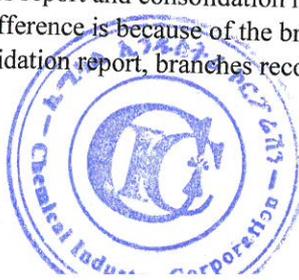
24 .Legal Reserve

	<u>30-Jun-25</u>	<u>30-Jun-24</u>
	ETB	ETB
Opening Balance	16,804,711	16,804,711
legal Reserve for the year	46,503,300	-
Ending Balance	<u>63,308,011</u>	<u>16,804,711</u>

25 Retained earnings

	<u>30-Jun-2025</u>	<u>30-Jun-2024</u>
Balance as at the start of the year	5,199,920,567	4,203,431,693
Profit / loss of the year	1,280,775,883	1,632,696,542
Current Tax	(542,404,091)	(583,827,276)
Dividend tax paid	(378,630,013)	(156,451,860)
Transfer to legal reserve	(46,503,300)	-
Prior years adjustment	18,277,035	104,071,469
Balance as at the end of the year	<u>5,531,436,081</u>	<u>5,199,920,567</u>

Note:- The Retained earning as per the branches report and consolidation report have a difference of Birr 18,495,791.73 the consolidation is less. This difference is because of the branches prior year adjustments presented in statement of changes in equity for the consolidation report, branches record in home office account.



**CHEMICAL INDUSTRY CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2025**

26 Borrowings

The Corporation has obtained IDF of Birr 593,701,549 from ministry of finance for the project of rehabilitation of gamma zaf, Awash melekasa and Muger cement factory .

26.1 Non - current portion

	<u>30-Jun-2025</u>	<u>30-Jun-2024</u>
Commercial Bank of Ethiopia - Batu Caustic Soda Factory	9,020,387	9,678,483
Interest on loan	22,135,479	25,926,255
	<u>31,155,865</u>	<u>35,604,739</u>

26.2 Short Term Loan

	<u>30-Jun-2025</u>	<u>30-Jun-2024</u>
Commercial Bank of Ethiopia - Awash Melkasaa Factory	35,000,000	-
	<u>35,000,000</u>	<u>-</u>

26.3 Loan -IDF

	<u>30-Jun-2025</u>	<u>30-Jun-2024</u>
IDF Loan for Rehabilitation-Goma Zaf	28,000,000	28,000,000
IDF Loan for Rehabilitation - Awash Melkasa	170,000,000	170,000,000
IDF Loan for Rehabilitation - Muger Cement Factory	395,701,549	395,701,549
	<u>593,701,549</u>	<u>593,701,549</u>

27 Differed Income Tax Liability or Asset

The differed tax liability and asset are computed based on items that result in temporary difference and it is presented here under:

	<u>30-Jun-2025</u>	<u>30-Jun-2024</u>
Deferred tax asset / liability - PPE (27.1)	(3,663,044,269)	(3,461,485,990)
Deferred tax asset / liability -Impairment of inventories (27.2)	14,788,273	13,667,127
Deferred tax asset / liability - Severance payable (27.3)	37,396,007	32,138,865
Deferred tax asset / liability - Annual leave payable (27.4)	35,015,165	31,116,037
Deferred tax asset / liability - Expected credit loss (27.5)	31,389,496	31,802,835
Tax 30%	<u>(3,544,455,328)</u>	<u>(3,352,761,126)</u>



**CHEMICAL INDUSTRY CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2025**

Note:- The deferred tax asset/liability as per the branches report and consolidation report have a difference of Birr 182,642,927.94 the consolidation is more. This difference is because of when the corporation Margi , the branches come with there book values, but the tax authority argues that it should be in the cost not Book value.

27.1 Differed Income Tax Liability or Asset (PPE)

	<u>30-Jun-2025</u>	<u>30-Jun-2024</u>
Tax base	830,392,266	1,004,423,124
Accounting base	13,040,539,829	12,542,709,758
Temporary difference	<u>(12,210,147,563)</u>	<u>(11,538,286,634)</u>
Tax 30%	<u>(3,663,044,269)</u>	<u>(3,461,485,990)</u>
	(201,558,279)	

27.2 Differed Income Tax Liability or Asset (Impairment of inventories)

	<u>30-Jun-2025</u>	<u>30-Jun-2024</u>
Tax base	-	-
Accounting base	49,294,243	45,557,091
Temporary difference	<u>49,294,243</u>	<u>(45,557,091)</u>
Tax 30%	<u>14,788,273</u>	<u>13,667,127</u>

27.3 Differed Income Tax Liability or Asset (Severance payable)

	<u>30-Jun-2025</u>	<u>30-Jun-2024</u>
Tax base	-	-
Accounting base	124,653,357	107,129,550
Temporary difference	<u>124,653,357</u>	<u>(107,129,550)</u>
Tax 30%	<u>37,396,007</u>	<u>32,138,865</u>

27.4 Differed Income Tax Liability or Asset (Annual leave payable)

	<u>30-Jun-2025</u>	<u>30-Jun-2024</u>
Tax base	-	-
Accounting base	116,717,217	103,720,125
Temporary difference	<u>116,717,217</u>	<u>(103,720,125)</u>
Tax 30%	<u>35,015,165</u>	<u>31,116,038</u>

27.5 Differed Income Tax Liability or Asset (Provision for expected credit loss)

	<u>30-Jun-2025</u>	<u>30-Jun-2024</u>
Tax base	-	-
Accounting base	104,631,653	106,009,451
Temporary difference	<u>104,631,653</u>	<u>106,009,451</u>
Tax 30%	<u>31,389,496</u>	<u>31,802,835</u>



**CHEMICAL INDUSTRY CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2025**

28 Employee Benefits

The Corporation presented accrued leave as current liability and severance as long-term employee benefits liability as presented here under:

28.1 Severance pay

	<u>30-Jun-2025</u>	<u>30-Jun-2024</u>
Opening balance	107,129,550	94,546,864
Current service costs	19,768,894	14,835,861
Payments during the year	(2,245,088)	(2,253,175)
	<u>124,653,357</u>	<u>107,129,550</u>
Change to current year profit or loss statement	<u>17,523,807</u>	

28.2 Accrued severance pay by branches

	<u>30-Jun-2025</u>	<u>30-Jun-2024</u>
Head office	3,293,378	2,460,242
Muger Cement Factory	109,483,461	92,521,473
Awash Melkassa Aluminum Sulphate Factory	4,098,995	4,761,821
Adami Tulu Pesticide Processing Factory	2,181,659	1,761,636
Batu Caustic Soda Factory	236,218	592,843
Rubber Tree Plantation and Processing	5,359,646	5,031,536
	<u>124,653,357</u>	<u>107,129,550</u>

28.3 Accrued annual leave

	<u>30-Jun-2025</u>	<u>30-Jun-2024</u>
Opening balances	103,720,125	90,047,322
Current services costs	19,194,843	16,677,104.00
Payments during the year	(6,197,752)	(3,004,301.00)
	<u>116,717,217</u>	<u>103,720,125</u>
Change to current year profit or loss statement	<u>12,997,092</u>	

28.3.1 Accrued annual leave by branches

	<u>30-Jun-2025</u>	<u>30-Jun-2024</u>
Head office	5,407,084	4,891,341
Muger Cement Factory	99,742,061	88,588,588
Awash Melkassa Aluminum Sulphate Factory	5,482,384	6,066,981
Adami Tulu Pesticide Processing Factory	3,442,116	2,241,211
Batu Caustic Soda Factory	915,695	1,438,889
Rubber Tree Plantation and Processing	1,727,876	493,115
	<u>116,717,217</u>	<u>103,720,125</u>



**CHEMICAL INDUSTRY CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2025**

29 Lease Liabilities

29.1 Current portion - Muger Cement Factory

	<u>30-Jun-2025</u>	<u>30-Jun-2024</u>
Current Lease Liability	1,036,718	1,036,718
	<u>1,036,718</u>	<u>1,036,718</u>

29.2 Non Current portion - Muger Cement Factory

	<u>30-Jun-2025</u>	<u>30-Jun-2024</u>
Non Current Lease Liability	448,262,201	25,262,201
	<u>448,262,201</u>	<u>25,262,201</u>

30 Current Tax Liabilities

	<u>30-Jun-2025</u>	<u>30-Jun-2024</u>
Value added tax (VAT)	67,178,775	83,151,641
Withholding Tax	2,201,918	7,425,528
Employees income tax	18,025,221	17,798,663
Cost sharing	4,362	11,582
Other Taxes	146,752	985,523
	<u>87,557,028</u>	<u>109,372,937</u>

30.1 Current tax liabilities by branches

	<u>30-Jun-2025</u>	<u>30-Jun-2024</u>
Head office	1,054,896	795,552
Muger Cement Factory	77,541,392	101,838,799
Awash Melkassa Aluminum Sulphate Factory	4,074,225	1,335,335
Adami Tulu Pesticide Processing Factory	1,181,937	1,486,784
Batu Caustic Soda Factory	1,613,342	2,704,002
Rubber Tree Plantation and Processing	2,091,236	1,212,464
	<u>87,557,028</u>	<u>109,372,937</u>

31 Accrued Liabilities

	<u>30-Jun-2025</u>	<u>30-Jun-2024</u>
Salaries and wages	3,290,358	25,311,381
Professional fees	235,044	222,435
Transport	109,774,935	214,679
Utilities	28,445	14,144,558
Bonus	2,873,510	127,040,099
Board fee	10,000	20,000
Supplier accrued liability	351,119,957	14,511,587
	<u>467,332,249</u>	<u>181,464,738</u>



**CHEMICAL INDUSTRY CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2025**

34 Overdraft

There is an overdraft facility at Commercial Bank of Ethiopia.

	<u>30-Jun-2025</u>	<u>30-Jun-2024</u>
Overdraft	284,631,766	44,235,103
	<u>284,631,766</u>	<u>44,235,103</u>

34.1 Overdraft facility by branches

	<u>30-Jun-2025</u>	<u>30-Jun-2024</u>
Head office	-	-
Muger Cement Factory	231,881,233	-
Awash Melkassa Aluminum Sulphate Factory	21,248,763	12,867,698
Adami Tulu Pesticide Processing Factory	12,328,171	31,367,405
Batu Caustic Soda Factory	19,173,599	-
Rubber Tree Plantation and Processing	-	-
	<u>284,631,766</u>	<u>44,235,103</u>

35 Provision for profit tax

35.1 Profit tax liability

	<u>30-Jun-2025</u>	<u>30-Jun-2024</u>
Balance brought forward	456,709,819	128,869,369
Adjustment of opening balance	-	-
Settlement during the year	(411,395,968)	(82,640,258)
Profit tax settlement -WHT	(45,313,852)	(46,229,111)
Current year provision - Below	350,709,889	456,709,819
	<u>350,709,889</u>	<u>456,709,819</u>



