

**NATIONAL ALCOHOL AND LIQUOR FACTORY**

**AUDITORS' REPORT AND ACCOUNTS**

**JUNE 30, 2025**

**ጌታቸው ዋቅጅራ**

*Getachew Wakjira*

**ቻርተርድ ሠርቲፋይድ አካውንታንት (ዮኪ)**

*Chartered Certified Accountant (U.K.)*

**ሠርቲፋይድ የኦዲት ድርጅት (ኢ.ት.ዮ)**

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# NATIONAL ALCOHOL & LIQUOR FACTORY

## Financial Statement

For The Year Ended 30 June 2025

### Management Boarded

|                       |             |           |                      |
|-----------------------|-------------|-----------|----------------------|
| Ato Tolessa Gedefa    | Chairperson | Appointed | 09 February 2016 G.C |
| Ato Degu Lakew        | Member      | Appointed | 25 February 2019 G.C |
| Ato Shimelis H/Wold   | Member      | Appointed | 25 February 2019 G.C |
| D/r Hundessa Desalegn | Member      | Appointed | 21 November 2025 G.C |
| Ato Dagmawi Zeleke    | Member      | Appointed | 21 November 2025 G.C |

### Executive Management

|                     |                                                                                                               |
|---------------------|---------------------------------------------------------------------------------------------------------------|
| Mesfin Abate        | Chief Executive Officer                                                                                       |
| Mekbib Abdi         | Deputy Chief Executive Officer (Production and Technic)                                                       |
| Girum Mesfin        | Chief Executive Officer                                                                                       |
| Kebede Tolla        | Human Resources Management Process Executive Officer                                                          |
| Belete Ibsa         | Procurement and supply excutive officer                                                                       |
| Kibrom Tesfaye      | Technic Process Executive<br>Quality Management, Research and System Improvement Process Executive<br>Officer |
| Tigist Masresha     | Internal Audit Excutive Officer                                                                               |
| Woldu Gebre         | Planning, Monitoring, Evaluation & Information Technology Process<br>Executive Officer                        |
| Mekonnen Shegaw     | Finance Administration Excutive Officer                                                                       |
| Daniel Fikre        | Head of Ethics and Anti-Corruption Monitoring Office                                                          |
| Tigist Fisseha      | Sebeta Branch Factory Executive Officer                                                                       |
| Getahun Sime Demsie |                                                                                                               |

### Independent auditor

Getachew wakjira  
Chartered Certified Accountant (U.K)  
Addis Abeba  
Ethiopia

### Corporate Office

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AUDITORS' 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.



*Getachew Wakjira*  
GETACHEW WAKJIRA  
CHARTERED CERTIFIED ACCOUNTANT (UK)  
CERTIFIED AUDIT FIRM (ETH)

Addis Ababa  
October 8, 2025



**NATIONAL ALCOHOL & LIQUOR FACTORY**  
**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED JUNE 30 2025**

|                                                                                                               | Notes | ETB                | As June 30, 2024<br>ETB |
|---------------------------------------------------------------------------------------------------------------|-------|--------------------|-------------------------|
| <b>Gross Sales</b>                                                                                            |       | 2,712,806,950      | 2,505,224,162           |
| Excise Duties                                                                                                 | 26.1  | (1,032,457,254)    | (968,202,575)           |
| VAT Duties                                                                                                    | 26.1  | (330,480,782)      | (326,768,369)           |
| <b>Net Sales</b>                                                                                              | 4     | 1,349,868,914      | 1,210,253,219           |
| Cost of Sales                                                                                                 | 5     | (690,240,773)      | (580,616,824)           |
| <b>Gross Profit</b>                                                                                           |       | <u>659,628,140</u> | <u>629,636,395</u>      |
| Other Operating Income                                                                                        | 6     | 23,828,468         | 23,824,971              |
| Selling & Distribution Expense                                                                                | 7     | (119,726,739)      | (129,750,273)           |
| General and Administrative Expense                                                                            | 8     | (201,128,858)      | (194,801,278)           |
| Employee Termination Benefit/Severance Expense                                                                | 24    | (1,028,544)        | (932,181)               |
| <b>Operating Profit</b>                                                                                       |       | <u>361,572,467</u> | <u>327,977,634</u>      |
| Earning before interest & tax (EBIT)                                                                          |       | <u>361,572,467</u> | <u>327,977,634</u>      |
| Finance Costs/Charges                                                                                         | 8.2   | (18,244,107)       | (12,388,708)            |
| <b>Profit Before Tax</b>                                                                                      |       | <u>343,328,360</u> | <u>315,588,926</u>      |
| Income Tax Expense                                                                                            | 9-a   | (35,832,082)       | (47,561,693)            |
| <b>Profit for the Year</b>                                                                                    |       | <u>307,496,278</u> | <u>268,027,233</u>      |
| <b>Other Comprehensive Income</b>                                                                             |       |                    |                         |
| Differed tax (liability)/Asset on remeasurement gain/loss                                                     |       | (5,595,434)        | -                       |
| Net other comprehensive income not to be reclassified to profit or loss in the subsequent period (net of tax) |       | -                  | -                       |
| <b>Total Comprehensive Income for the Year Net of Tax</b>                                                     |       | <u>301,900,844</u> | <u>268,027,233</u>      |

General Manager

Finance Manager



**NATIONAL ALCOHOL & LIQUOR FACTORY**  
**STATEMENT OF FINANCIAL POSITION**  
**AS OF JUNE 30, 2025**

|                                              | Notes | 30-Jun-25<br>ETB            | 30-Jun-24<br>ETB            |
|----------------------------------------------|-------|-----------------------------|-----------------------------|
| <b>Assets</b>                                |       |                             |                             |
| <b>Non-current assets</b>                    |       |                             |                             |
| Property, plant and equipment                | 11    | 680,848,931                 | 700,917,914                 |
| Right use of asset - land                    | 16    | 111,622,046                 | 20,728,447                  |
| Land improvement                             |       | 964,252                     | 964,252                     |
| Investments in Government bond               | 13    | 1,400,000                   | 1,400,000                   |
| Deferred tax asset                           | 10    | 2,079,410                   | 1,737,551                   |
|                                              |       | <u>796,914,639</u>          | <u>725,748,164</u>          |
| <b>Current assets</b>                        |       |                             |                             |
| Inventories                                  | 15    | 502,142,736                 | 466,042,127                 |
| Trade and other receivables                  | 13.1  | 69,340,867                  | 46,942,067                  |
| Advance and Prepayments                      | 14    | 83,062,864                  | 127,566,276                 |
| Dividend Receivable                          | 27    | 35,417,560                  | 331,183,575                 |
| Cash and short-term deposits                 | 12    | 118,380,818                 | 80,513,126                  |
|                                              |       | <u>808,344,846</u>          | <u>1,052,247,170</u>        |
| <b>Total assets</b>                          |       | <u><b>1,605,259,485</b></u> | <u><b>1,777,995,334</b></u> |
| <b>Equity and liabilities</b>                |       |                             |                             |
| <b>Equity</b>                                |       |                             |                             |
| Issued capital                               | 17    | 622,673,899                 | 622,673,899                 |
| legal reserve                                | 18    | 73,127,963                  | 57,753,149                  |
| First time IFRS adoption revaluation reserve | 19    | 107,558,722                 | 106,168,420                 |
| <b>Total equity</b>                          |       | <u><b>803,360,583</b></u>   | <u><b>786,595,468</b></u>   |
| <b>Non-current liabilities</b>               |       |                             |                             |
| Excise Tax Payable                           |       | -                           | 56,765,381                  |
| lease liability                              | 23    | 104,723,729                 | 17,251,978                  |
| Termination benefit liabilities              | 24    | 6,931,367                   | 5,791,837                   |
| Deferred tax liabilities                     | 10    | 33,981,429                  | 39,235,005                  |
|                                              |       | <u>145,636,525</u>          | <u>119,044,202</u>          |
| <b>Current liabilities</b>                   |       |                             |                             |
| Trade and other payables                     | 25    | 118,162,742                 | 92,630,919                  |
| Current portion of long term loan            | 21    | -                           | 25,585,121                  |
| Bank overdraft                               | 22    | 96,672,915                  | 14,873,275                  |
| Current portion of lease liability           | 23    | 2,767,754                   | 607,398                     |
| Income tax payable                           | 9     | 34,101,980                  | 35,120,384                  |
| Other tax and obligation                     | 26    | 376,570,452                 | 607,338,259                 |
| Accruals and other non financial liabilities | 31    | 27,986,533                  | 96,200,308                  |
|                                              |       | <u>656,262,376</u>          | <u>872,355,664</u>          |
| <b>Total liabilities</b>                     |       | <u><b>801,898,901</b></u>   | <u><b>991,399,866</b></u>   |
| <b>Total equity and liabilities</b>          |       | <u><b>1,605,259,485</b></u> | <u><b>1,777,995,334</b></u> |

General Manager

  
**Mesfin Abate**  
**Chief Executive Officer**

Finance Manager





**NATIONAL ALCOHOL & LIQUOR FACTORY**  
**STATEMENT OF CASH FLOW**  
**AS OF JUNE 30,2025**

|                                                                      | Notes      | 30-Jun-25<br>ETB    | 30-Jun-24<br>ETB    |
|----------------------------------------------------------------------|------------|---------------------|---------------------|
| <b>Operating activities</b>                                          |            |                     |                     |
| Profit before tax                                                    |            | 343,328,360         | 315,691,731         |
| Non-cash adjustment to reconcile profit before tax to net cash flows |            |                     |                     |
| Depreciation of property, plant and equipment                        | 11         | 42,774,068          | 47,911,542          |
| Amortization of the right use of assets                              | 16         | 1,506,261           | 351,262             |
| Severance expense                                                    | 24         | 1,028,544           | 932,181             |
| Interest expense                                                     | 8          | 18,244,107          | 12,285,903          |
| WHT Receivable                                                       | 9c         | (7,325,536)         | (6,429,774)         |
| Reversal Of Employee Benefit                                         | 6          | (56,452)            | (1,113,843)         |
| Increase in trade and other receivables and prepayments              | 14,15      | 22,104,612          | (37,975,875)        |
| Increase in inventories                                              | 15         | (36,100,610)        | (261,836,215)       |
| Increase in trade and other payables                                 | 26,27 & 33 | (277,880,721)       | 50,321,147          |
|                                                                      |            | <b>107,622,633</b>  | <b>120,138,059</b>  |
| Interest paid                                                        | 8          | (18,244,107)        | (12,285,903)        |
| Income tax paid                                                      | 9          | (35,120,384)        | (52,762,628)        |
| <b>Net cash flows from operating activities</b>                      |            | <b>54,258,142</b>   | <b>55,089,527</b>   |
| <b>Investing activities</b>                                          |            |                     |                     |
| Purchase of property, plant and equipment                            | 11         | (69,837,216)        | (17,055,121)        |
| Great Renaissance Dam Bond Investment                                |            | -                   | (400,000)           |
| <b>Net cash flows used in investing</b>                              |            | <b>(69,837,216)</b> | <b>(17,455,121)</b> |
| <b>Financing activities</b>                                          |            |                     |                     |
| Payment of lease liabilities                                         | 23         | (2,767,754)         | (607,398)           |
| Repayment of borrowings                                              | 21         | (25,585,121)        | (24,414,879)        |
| <b>Net cash flows from/(used in) financing activities</b>            |            | <b>(28,352,875)</b> | <b>(25,022,276)</b> |
| Net increase/ ( decrease ) in cash and cash equivalents              |            | (43,931,948)        | 12,612,130          |
| Cash and cash equivalents at 1 July,2024                             |            | 65,639,851          | 53,027,721          |
| Cash and cash equivalents at 30 June 2025                            |            | <b>21,707,903</b>   | <b>65,639,851</b>   |
| <b>Represented by</b>                                                |            |                     |                     |
| Cash and cash equivalents                                            |            | 118,380,818         | 80,513,126          |
| Bank Over Draft                                                      |            | (96,672,915)        | (14,873,275)        |
| Cash and cash equivalents at 30 June 2025                            |            | <b>21,707,903</b>   | <b>65,639,851</b>   |

General Manager



**Mesfin Abate**  
**Chief Executive Officer**

Finance Manager






## NOTES TO THE FINANCIAL STATEMENTS

### 1. Enterprise information

The Financial Statements of National alcohol and liquor factory for the year ended 30 June 2025 will be authorized for issue in accordance with a resolution of the board of directors. National alcohol and liquor Factory is a wholly Government owned enterprise incorporated and domiciled in Ethiopia. The registered office is located in Addis Ababa, lideta Subcity, Worde 08, House No new.

National alcohol and liquor factory is established as a public enterprise on 1985 E.C. by the council of ministers regulation No.74/1992 with an authorized capital of Birr 147,000. The head quarter of the factory is located in Addis Ababa around Mekanissa and have one factory branches at Sebesta areas. The objective of the enterprise are;

- To manufacture and bottle all kind of alcohol ,liquor and other alcoholic beverages for sale to both local and overseas Market
- To prepare and manufacture ingredient for the products indicated above
- To engage in any other business conducive to the attainment of its purposes

### 2. Significant accounting Policies

#### 2.1 Basis of preparation

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

For all periods up to and including the year ended 30 June 2017, the enterprise prepared its financial statements in accordance with local generally accepted accounting principles (Local GAAP). Due To This Fact We Restating All The Financial Statement Of 2017 Into IFRS These financial statements for the year ended 30 June 2025 are the eight the enterprise has prepared in accordance with IFRS.

The financial statements have been prepared on a historical cost basis. However, property, plant and equipment have been revalued for the purposes of obtaining a deemed cost in its opening IFRS statement of financial position dated 1 July 2016.

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

#### 2.2 Summary of significant accounting policies

The following are the significant accounting policies applied by the enterprise in preparing its financial statements:

##### 2.2.1 Current versus non-current classification

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

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

All other assets are classified as non-current.

A liability is current when:

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

The enterprise classifies all other liabilities as non-current.

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



## NOTES TO THE FINANCIAL STATEMENTS

### 2.2.2 Fair value measurement

The enterprise used external consultants for valuation techniques in accordance with international valuation standard that are appropriate in the circumstances and the revaluation amounts are used as a deemed cost for opening IFRS Financial Position for the following class of assets:

- Buildings
- Vehicles
- Machineries
- Tools and Equipment
- Computer and accessories
- Containers and others

Accounting policy disclosures

Note 3 (par 3 )

Disclosures for valuation methods, significant estimates and assumptions

Notes 3, 11 and 25

Financial instruments (including those carried at amortized cost)

Note 13 , 14, 22,23 and 24

### 2.2.3 Revenue recognition

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

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

- The amount of the revenue can be measured reliably;
- It is probable that the economic benefits associated with the transaction will flow to the Enterprise;
- when the service delivered at the balance date can be measured reliably; and
- The costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

When the outcome of the transaction cannot be estimated reliably, revenue should be recognized only to the extent of the expenses recognized that are recoverable.

Sales comprises revenue from contract with customers from the sales of goods .sales are recognized as or when performance obligations are satisfied by transferring controll of goods to customers .for the sale of goods the transfer of controll occurs when the significant risk and reward of ownership are passed to the customer .

Allocation of transaction price proportionalely based on the standalone selling price determined for each performance obligation with in acontract period. Determination of standalone selling price and allocation of the transaction price is done at the inception of the contract.

### Interest income/Expense

For all financial instruments measured at amortized cost interest income or expense is recorded using the effective interest rate (EIR). The EIR is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset. Interest income is included in finance income in the statement of profit or loss.

### 2.2.4 Foreign currencies

#### Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the Enterprise operates

(‘the functional currency’). The financial statements are presented in Ethiopian Birr (“ETB”) which is the Company’s functional currency.

Transactions and balances



## NOTES TO THE FINANCIAL STATEMENTS

Transactions in foreign currencies are initially recorded by the enterprise at their respective functional currency spot rate at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies, if any, are retranslated at the functional currency spot rate of exchange ruling at the reporting date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in profit or loss.

### 2.2.5 Taxes

#### Current income tax

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted, or substantively enacted at the reporting date in the countries where the enterprise operates and generates taxable income. Taxable profit differs from profit reported in the income statement because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted by the end of the reporting period.

Current income tax relating to items recognized directly in equity if any is recognized in equity and not in the statement of profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation, and it establishes provisions where appropriate.

#### Deferred tax

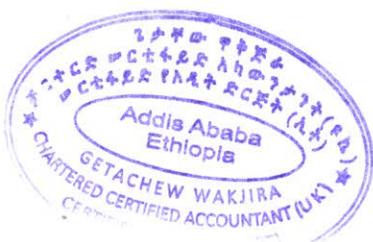
Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognized for all taxable temporary differences, except The Following :

Deferred tax assets are recognized for: all deductible temporary differences: the carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, The carry forward of unused tax credits and unused tax losses can be utilized, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

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



## NOTES TO THE FINANCIAL STATEMENTS

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

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

### Value added tax

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

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

- Receivables and payables are stated with the amount of sales tax included

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

### Excise Tax

Revenue are recognize net of excise tax

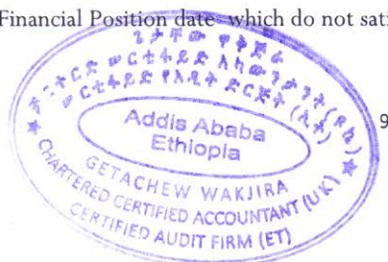
### 2.2.6 Property, plant and equipment

Property, plant and equipment is stated at historical cost less accumulated depreciation and any accumulated impairment losses. PPE is stated at Revalued amounts used as a deemed cost at opening IFRS Financial Position date (1 July 2016), net of accumulated depreciation and/or accumulated impairment losses, if any. When significant parts of property, plant and equipment are required to be replaced at intervals, the enterprise recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if it is probable that future economic benefits associated with the item will flow to the Enterprise and the cost of the item can be measured reliably. When the cost of a major inspection is included in the carrying amount of an item of PPE, the remaining carrying amount of the previous inspection is derecognised. All other repair and maintenance costs are recognized in the profit or loss as incurred.

Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets including those Property, plant and equipment which are stated at Revalued amounts and used as a deemed cost at opening IFRS Financial Position date (1 July 2016). The useful life of revalued assets has been determined by the independent professional valuers. For those items that are not revalued and assets that are acquired after translation date, their useful life is determined by management based the pattern and the manner in which it has intended to use those assets.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss when the asset is derecognized except for derecognized item of property, plant and equipment at opening IFRS Financial Position date which do not satisfy the capitalization criteria which is directly charged to equity.



## NOTES TO THE FINANCIAL STATEMENTS

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

Property, plant and equipment are depreciated on a straight-line basis to estimated residual values over their expected useful lives, and these values and lives are reviewed each year. Reviews are carried out if there is an indication that assets may be impaired, to ensure that property, plant and equipment are not carried at above their recoverable amounts.

| Asset Class           | Major class           | usefull life in years | Rate % |
|-----------------------|-----------------------|-----------------------|--------|
| Building              | Building              | 20 Years              | 5      |
| Plant and Machinery   | Plant and Machinery   | 10 Years              | 10     |
| Motor vehicles        | Motor vehicles        | 5 years               | 20     |
| Furniture and Fixture | Furniture and Fixture | 10 years              | 10     |
| Office Equipment      | Office Equipment      | 10 years              | 10     |
| Bottel and Crate      | Bottel and Crate      | 5 years               |        |

Property, plant and equipment are depreciated on a straight-line basis to estimated residual values over their expected useful lives, and these values and lives are reviewed each year. Subject to these reviews, the estimated useful lives fall within the following ranges: buildings – 20 years , plant and equipment – 10 years; Motor Vehicles– 5 to 10 years; fixtures and fittings – 10 years; and returnable bottles and crates – 5 to 10 years. Reviews are carried out if there is an indication that assets may be impaired, to ensure that property, plant and equipment are not carried at above their recoverable amounts.

Assets costing less than Birr 5,000 each are expensed at the time of acquisition.

### 2.2.6.1 Containers

Container are capitalized at on the date of purchase at purchasing cost and subsequently measured at cost less accumulated depreciation.

Perpetual record of movement in containers is maintained at the moving weighted average cost.

In line with the treatment for property plant and equipment, all returnable containers should be capitalized and depreciated from the date they

are ready to be brought into use, i.e. from the date they are ready to use, not the date of injection, over their estimated useful economic lives.

Management establish the expected useful economic lives of its containers by type. The periods decided upon will be influenced by factors such

as:

- Expected usage
- Expected wear and tear
- The infrastructure of the country
- The quality of the containers
- The treatment of the containers during loading/off-loading
- Loss rates; production, warehouse, in-transit, trade and unaccountable losses
- Turnaround time
- The length of design lives

All returnable containers are included in the depreciable base. The containers are depreciable on a straight line basis with a estimated use full

life of 5 and 7 years for crate and bottle respectively. Hence ,total opening balance plus current period additions is depreciation base. The total

amount depreciated is charged on a monthly basis in equal instalments over the estimated useful life of each category of container

Issues of containers to customers and returns of containers from customers are not treated as a sale and should not therefore be reflected in turnover. The containers continue to be the property of the Enterprise until they are either lost or destroyed, therefore they continue to be recorded as property, plant and equipment issued to customers. However a reclassification of containers in hand is required to record containers in trade.

When returnable containers are issued to customers, the container in is recorded as containers in trade and a corresponding containers in hands of customers liability is recorded on the Balance Sheet. If the deposit value is exceeds the cost, the difference is charged to other deferred income.



## NOTES TO THE FINANCIAL STATEMENTS

Production, Warehouse and In-transit Losses are losses incurred whilst the containers are in the Enterprise's control (i.e. on hand). The number and value of containers to be written off are established through regular asset counts and the maintenance of detailed inventory sheets, therefore reiterating the importance of well maintained timely, detailed asset registers. Breakages and destructions are recorded at Weighted average cost.

### 2.2.7 Leases

#### Right-of-use asset - Land

The enterprise is party to lease arrangements over land. The Enterprise recognizes right-of-use assets and the related liabilities at the commencement date for all lease arrangements that are entered into that convey the right to control the use of identified assets for a period of time. The commencement date of the lease is the date when the lessor makes the asset available for use by the enterprise.

The right-of-use assets are initially measured at the lower of the fair value of the property and the present value of the minimum lease payments, which comprises the following:

- The amount of the initial measurement of the liability;
- All lease payments made at or before the commencement date of the lease, less any lease incentives provided to the Enterprise by the lessor;
- All initial direct costs incurred by the Enterprise in respect of the lease;



## NOTES TO THE FINANCIAL STATEMENTS

An estimate of the costs that will be incurred by the Enterprise for dismantling and restoring the leased asset by the Enterprise at the end of the lease term.

After the commencement date, the right-of-use assets are measured at cost less any accumulated depreciation and impairment losses and are adjusted for any remeasurement of the lease liability.

Amortization is calculated on a straight-line method over the term of the lease or the useful life of the asset, whichever is the shorter. In the case of the lease hold land the cost is amortized over the lease period.

### Lease liability

The lease is initially measured at the present value of the lease payments that are not paid at the commencement date including fixed payments, less any incentive payments that will be receivable by the Enterprise from the lessor;

The lease payments are discounted using the company's incremental borrowing rate. After initial recognition date, the Enterprise accounts for the lease liabilities by reducing the carrying amount to reflect payments made on the lease; Minimum lease payments shall be apportioned between the finance charge and the reduction of the outstanding liability. The finance charge shall be allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent rents shall be charged as expenses in the periods in which they are incurred.

### 2.2.8 Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is recognized in the statement of profit or loss when it is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortized over their useful economic lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in the statement of profit or loss in the expense category consistent with the function of the intangible assets.



### 2.2.9 Financial instruments — initial recognition and subsequent measurement

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

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

#### 1) Financial assets

##### Initial recognition and measurement

Financial assets of the enterprise are classified, at initial recognition, loans and receivables, and held-to-maturity investments based on the purpose for which the financial assets are acquired.

All financial assets are recognized initially at fair value plus or minus transition cost.



## NOTES TO THE FINANCIAL STATEMENTS

### Subsequent measurement

The subsequent measurement of financial assets depends on their classification as described below :

#### Loans and receivables

This category is the most relevant to the enterprise. Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest rate (EIR) method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included in the statement of profit or loss. The losses arising from impairment are recognized in the statement of profit or loss in finance costs for loans and in cost of sales or other operating expenses for receivables.

Trade receivables are amounts due from customers and agents for delivery of products . If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are a classified as current assets. If not, they are presented as non-current assets. A provision for impairment of receivables is established when there is objective evidence that the Enterprise will not be able to collect all the amounts due according to the original terms of receivables. The amount of the provision is the difference between the carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the provision is recognized in the profit or loss.

This category generally applies to trade and other receivables. For more information on receivables, refer to Note 13.

#### Cash and short-term deposits

Cash and short-term deposits in the statement of financial position comprise cash at banks and on hand and short-term deposits with a maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purpose of the statement cash flows, cash and cash equivalents consist of cash and bank overdrafts as they are considered an integral part of the enterprise's cash management. Bank overdrafts (if any) are shown within borrowings in current liabilities on the statement of financial position.

#### Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognized when:

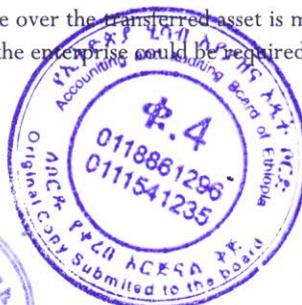
- The rights to receive cash flows from the asset have expired, or
- The enterprise has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement, and either

(a) the enterprise has transferred substantially all the risks and rewards of the asset, or

(b) the enterprise has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

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

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



## NOTES TO THE FINANCIAL STATEMENTS

### Impairment of financial assets

Disclosures relating to impairment of financial assets are summarized in the following notes:

- Accounting policy disclosures Note 2.3.15 (below)
- Financial assets Note 13
- Trade receivables Note 13.1

The enterprise assesses, at each reporting date, whether there is any objective evidence that a financial asset is impaired. An impairment exists if one or more events that has occurred since the initial recognition of the asset (an incurred 'loss event'), has an impact on the estimated future cash flows of the financial asset that can be reliably estimated. Evidence of impairment may include indications that the debtors or a of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

### Financial assets carried at amortized cost

For financial assets carried at amortized cost, the enterprise first assesses whether impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the enterprise determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognized are not included in a collective assessment of impairment.

The amount of any impairment loss identified is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate.

The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognized in the statement of profit or loss. Loans, together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realized or has been transferred to the enterprise. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognized, the previously recognized impairment loss is increased or reduced by adjusting the allowance account. If a write-off is later recovered, the recovery is credited to finance costs in profit or loss.



## NOTES TO THE FINANCIAL STATEMENTS

### ii) Financial liabilities

#### Initial recognition and measurement

Financial liabilities classified as loans, borrowings, and payables are recognized initially at fair value, net of any directly attributable transaction costs. These financial liabilities are subsequently measured at amortized cost, which represents the initial carrying amount, adjusted for the effective interest rate (EIR) amortization over time.

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

#### Subsequent measurement

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

##### Loans and borrowings and trade payables

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

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

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

#### Derecognition

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

#### Offsetting of financial instruments

Financial assets and financial liabilities are offset with the net amount reported in the statement of financial position only if there is a current enforceable legal right to offset the recognized amounts and an intent to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

### 2.2.10 Borrowing cost

Interest/mark-up directly attributable to the acquisition/ construction/ installation of qualifying assets is capitalized. All other interest/ mark-up are charged to profit and loss account directly.



## NOTES TO THE FINANCIAL STATEMENTS

### 2.2.11 Inventories

Inventories are stated at the lower of cost and net realizable value. Costs incurred in bringing each product to its present location and condition are accounted for, as follows:

- (i) Finished products at the lower of average cost or market;
- (ii) Work in process at actual production cost; and

### 2.2.12 Non-current assets classified as held for sale

An entity shall classify a non-current asset (or disposal group) as held for sale if its carrying amount will be recovered principally through a sale transaction rather than through continuing use. For this to be the case, the asset (or disposal group) must be available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such assets (or disposal groups) and its sale must be highly probable.

Assets that meet the above criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell, and depreciation on such assets to cease.

### 2.3.13 Impairment of non-financial assets

Disclosures relating to impairment of non-financial assets are summarized in the following notes:

- Accounting policy disclosures Note 2.3.12 (par 1-3)
- Disclosures for significant assumptions (if any ) Note 11
- Property, plant and equipment Note 11

The enterprise assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the enterprise estimates the asset's **recoverable amount**. An asset's recoverable amount is the higher of an asset's Cash Generating Unit's fair value less costs of disposal and its value in use. It is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or Cash Generating Unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

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

For assets an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the enterprise estimates the asset's or Cash Generating Unit's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the statement of profit or loss.



## NOTES TO THE FINANCIAL STATEMENTS

### 2.2.14 Employee termination benefits

The enterprise is obliged by law to pay severance payment for eligible employees who served the enterprise for more than 5 years when the employment is terminated. The amount payable is one month final salary for the first year of service and one third of the final salary for the remaining year of services. Accordingly the present value of post employment benefit obligation (severance) and the related current service cost were measured using the projected unit credit method.

Disclosures relating to measurement and recognition of employee termination benefit (severance payment) summarized in note 26 :

### 2.2.15 Legal reserve

No less than five percent of the annual net profit of the Enterprise shall be transferred to the legal reserve fund until such fund amounts to twenty percent of the capital of the company. It is utilized up on the decision of the supervising authority, to cover losses incurred by the Enterprise and to expand the activities of the Company.

### 2.2.16 Provisions

Provisions are recognized when the Enterprise has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognized as interest expense.

### 2.2.17 Leave accrual

Employees' entitlements to annual leave are recognized when they accrue to employees. A provision is made for the estimated liability for annual leave at the reporting date.

### 2.2.18 Related parties

A party is related to an entity if, inter alia

- (i) directly, or indirectly through one or more intermediaries, the party:
  - a) Resource, is controlled by, or is under common control with, the entity (this includes parents, subsidiaries and fellow subsidiaries);
  - b) has an interest in the entity that gives it significant influence over the entity; or
  - c) has joint control over the entity;
- (ii) the party is an associate of the entity.

The enterprise discloses the nature of relationships between the enterprise and its related parties irrespective of whether there have been transactions between them. An entity shall disclose the name of its parent which in this case is the FDRE Government.

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

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



## NOTES TO THE FINANCIAL STATEMENTS

### 2.3 First-time adoption of IFRS

These financial statements, for the year ended 30 June 2025 are the eight the Enterprise has prepared in accordance with IFRS. For periods up to and including the year ended 30 June 2017 the Enterprise prepared its financial statements in accordance with local generally accepted accounting principle (Local GAAP).

Accordingly, the Enterprise has prepared financial statements that comply with IFRS applicable as at 30 June 2018 together with the comparative period data for the year ended 30 June 2017 as described in the summary of significant accounting policies hence the enterprise prepare its financial statement based on IFRS for the second time with all related note and disclosure. In preparing the financial statements, the Enterprises' opening statement of financial position was prepared as at 1 July 2016, the Enterprises' date of transition to IFRS. This note explains the principal adjustments made by the Enterprise in restating its Local GAAP financial statements, including the statement of financial position as at 1 July 2016 and the financial statements for the year ended 30 June 2017.

### Exemptions applied

IFRS 1 allows first-time adopters certain exemptions from the retrospective application of certain requirements under IFRS.

The enterprise has applied the following exemptions:

#### Deemed cost — Previous GAAP revaluation

Property, plant and equipment were accounted for in the statement of financial position in accordance with Local GAAP up to June 30 2016. Then a valuation is performed as at 1 July 2016 to determine the fair value, which has now been treated as a deemed cost at the date of the translation in to IFRS.



## NOTES TO THE FINANCIAL STATEMENTS (Continued)

### 3. Significant accounting judgements, estimates and assumptions

The preparation of the Enterprise's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of asset or liability affected in future periods.

#### Judgements

In the process of applying the Enterprises' accounting policies, management has not encountered any situation that calls for any a significant judgements, which have significant effect on the amounts recognized in the financial statements:

#### Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Enterprise based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the enterprise. Such changes are reflected in the assumptions when they occur.

#### Revaluation of property, plant and equipment

The enterprise measures its property, plant and equipment at revalued amounts to take it as deemed cost at the date of translation in to IFRS with changes in fair value being recognized against opening retained earnings. The Enterprise engaged an independent valuation specialist, IPS, to assess fair value as at 1<sup>st</sup> July 2016. The valuation methodology used for each category of assets as presented is depreciated replacement value (DRV) and open market value.

The key assumptions used to determine the fair value of the property, plant and equipment are further explained in Note 11.



19



## Employee termination benefit

The cost of post employment benefit and the present value of the pension obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions which may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, and employee turnover rates. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, a post employment benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The parameter most subject to change is the salary increment rate and date of employee termination. In determining the appropriate salary increment rate, management has taken historical data and estimated rate of salary increment using growth rate calculation formula.

Further details about pension obligations are provided in Note 26.



**NATIONAL ALCOHOL & LIQUOR FACTORY**  
**NOTES TO THE FINANCIAL STATEMENT**  
**FOR THE YEAR ENDED JUNE 30 2025**

**4 Revenue**

The following are analysis of the enterprises' revenue for the year

|                                       | As of 30 June ,2025         | As June,2024                |
|---------------------------------------|-----------------------------|-----------------------------|
|                                       | ETB                         | ETB                         |
| Liquor1000 CC                         | 990,400,574                 | 917,409,889                 |
| Liquor 890 CC                         | 101,710,306                 | 93,539,643                  |
| Pure and Denature Alcohol & Sanitizer | 23,206,996                  | 33,783,347                  |
| Liquor 750 CC                         | 4,402,420                   | 1,427,452                   |
| Liquor 250 CC                         | 266,892,561                 | 164,092,887                 |
| Sales Discount                        | <u>(36,743,944)</u>         |                             |
|                                       | <u><b>1,349,868,914</b></u> | <u><b>1,210,253,219</b></u> |

Sales comprises revenue from contract with customers from the sales of goods .sales are recognized as or when performance obligations are satisfied by transferring controll of goods to customers .for the sale of goods the transfer of controll occurs when the significant risk and reward of ownership are passed to the customer and the economic benefit will flow to the enterprise and the revenue can be reliably measured.

**4.1 Source of Revenue**

All line items stated above represent revenue from sales of alcohol and liquors to customers and agents.

**4.2 Information about major customers (agents)**

Included in revenue arising from sales of alcohol and liquor are revenues of approximately ETB 128 million which arose from sales to the enterprises' largest customer(agents) as shown in the schedule below

**4.3 In these Period in which The Financial Statement is prepared there is no any revenue that not yet recognized due to difering of issuance of sales invoice to customer. And also in the revenue composition we do not have advance received from customer not yet delivered**

|                        | As of 30 June ,2025   | As June,2024          |
|------------------------|-----------------------|-----------------------|
|                        | ETB                   | ETB                   |
| Gidey Tetemke          | 50,250,046            | -                     |
| Gemechu Tusa           | 41,177,042            | 43,999,878.00         |
| Wondimu Sebro          | 37,517,374            | 38,778,428            |
| Mekonnen G/Egziabihare | -                     | 34,422,459            |
|                        | <u>128,944,461.98</u> | <u>117,200,765.00</u> |

**5 COST OF GOODS SOLD**

**Excisable cost:**

|                                     | As of 30 June ,2025       | As June,2024              |
|-------------------------------------|---------------------------|---------------------------|
|                                     | ETB                       | ETB                       |
| Work in process - Beginning         | 1,934,703                 | 588,038                   |
| Direct materials                    | 342,708,293               | 480,410,106               |
| Direct labor                        | 27,137,530                | 27,698,129                |
| Other Direct Expense                | 25,161,562                | 31,210,940                |
| Indirect material                   | 80,350,490                | 67,444,412                |
| Indirect labor- Salaries and Wages  | 16,032,718                | 19,039,120                |
| Indirect labor- Employee benefits   | -                         | 19,443,327                |
| Fuel & lubricant                    | 50,722,297                | 126,612,764               |
| Spare Parts,Supplies & Stationeries | 5,289,598                 | 12,055,007                |
| Repairs and maintenance             | 2,641,579                 | 1,941,723                 |
| Utilities                           | 4,810,547                 | 7,860,673                 |
| Depriciation                        | 20,691,651                | 22,794,681                |
| Freight , Transport & Perdium       | 4,101,353                 | 3,070,240                 |
| Excise Tax                          | 50,217,354                |                           |
| Others                              | 8,919,253                 | 8,162,860                 |
| Other production overhead           | 163,426,350               | 220,980,394               |
|                                     | 640,718,928               | 828,332,019               |
| Cost of production                  | <u>640,718,928</u>        | <u>828,332,019</u>        |
| Finished Goods - Beginning          | 297,392,860               | 52,910,432                |
| Less: Finished goods-ending         | (244,495,931)             | (297,392,860)             |
| Less: Cost of sample goods          | (2,349,628)               | (1,298,063)               |
| Less: work in process - ending      | (1,025,455)               | (1,934,703)               |
|                                     | <u><b>690,240,773</b></u> | <u><b>580,616,824</b></u> |



NATIONAL ALCOHOL & LIQUOR FACTORY

NOTES TO THE FINANCIAL STATEMENT

FOR THE YEAR ENDED JUNE 30 2025

The Enterprise computes excise duty on selling price of the product at a rate of 80% For Liquore Product & 10% For Pure Alcohol Product in accordance with the Excise Tax Proclamation No. 1186/2020.

| 6 | OTHER INCOME                  | As of 30 June ,2025  | As June,2024      |
|---|-------------------------------|----------------------|-------------------|
|   |                               | ETB                  | ETB               |
|   | Miscelaniuos                  | 5,302,682.87         | 20,192,279.72     |
|   | Sales of Plastic Crate        | -                    | 171,268.90        |
|   | Gain On Exchange Rate IF      | 17,014,186.48        | 117,533.15        |
|   | Reversal of Prov. Emp.Benefit | 56,451.90            | 1,113,843.34      |
|   | Sales of Areke Bottle 890cc   | 1,178,133.05         | 1,711,820.37      |
|   | Bank Interest                 | 277,013.54           | 501,461.48        |
|   |                               | -                    | 16,764            |
|   |                               | <u>23,828,467.84</u> | <u>23,824,971</u> |

| 7 | Selling & Distribution Expense | As of 30 June ,2025 | As June,2024       |
|---|--------------------------------|---------------------|--------------------|
|   |                                | ETB                 | ETB                |
|   | Salary and Wages               | 33,925,669.56       | 38,841,478.19      |
|   | Other employee Benefit         | 16,295,285.17       | 19,417,286.35      |
|   | Depreciation and amortization  | 9,653,930.00        | 11,286,600.09      |
|   | Fuel and lubricant             | 8,862,292.83        | 12,451,217.45      |
|   | Repair and maintenance         | 5,836,397.67        | 5,136,628.06       |
|   | Freight & Transport            | 1,353,664.24        | 760,929.13         |
|   | Comission                      | 749,354.77          | 649,037.43         |
|   | Stationary and Office Supplies | 235,094.44          | 350,980.76         |
|   | Entertainment                  | 695,066.06          | 141,376.94         |
|   | Advertisement Ent              | 2,761,349.50        | 756,899.47         |
|   | Advertisement                  | 14,723,870.10       | 5,393,305.88       |
|   | Breakage and split liquor      | 98,150.13           | 55,652.95          |
|   | Insurance                      | -                   | -                  |
|   | Packing Material               | 3,136,542.47        | 3,451,980.33       |
|   | Cleaning Service               | 3,716,656.94        | 3,905,556.41       |
|   | Loading & Unloading            | 4,311,258.54        | 4,664,692.06       |
|   | Security                       | 4,023,799.70        | 4,139,775.52       |
|   | Perdium                        | 558,245.00          | 457,132.99         |
|   | Tyre & Inner Tubes             | 1,641,676.64        | 5,203,902.11       |
|   | Other operating expenses       | 7,148,435.54        | 12,685,840.80      |
|   |                                | <u>119,726,739</u>  | <u>129,750,273</u> |

| 8 | General, admin and selling expense | As of 30 June ,2025   | As June,2024       |
|---|------------------------------------|-----------------------|--------------------|
|   |                                    | ETB                   | ETB                |
|   | Salary and Wages                   | 32,080,959            | 33,033,402         |
|   | Other employee Benefit             | 22,894,833            | 27,203,257         |
|   | Depreciation and amortization      | 11,831,191            | 13,830,261         |
|   | Fuel and lubricant                 | 5,818,386             | 9,687,559          |
|   | Repair and maintenance             | 18,421,701            | 9,682,782          |
|   | Rent expense                       | -                     | 6,244,101          |
|   | Travel and transport               | 2,846,430             | 3,058,765          |
|   | Stationary and Office Supplies     | 2,503,709             | 4,623,730          |
|   | Entertainment                      | 2,094,058             | 2,213,436          |
|   | Advertisement                      | 12,400                | 58,377             |
|   | Insurance                          | 7,983,784             | 7,562,759          |
|   | Donation                           | 7,158,155             | 8,592,109          |
|   | Training and education fee         | 272,223               | 383,254            |
|   | Loading & Unloading                | 13,165                | 2,800              |
|   | Board fee (7.1)                    | 458,500               | 488,500            |
|   | Custom                             | 11,727,673            | 1,690,598          |
|   | Perdium                            | 1,869,676             | 1,738,834          |
|   | Nalf Sport Club                    | 10,696,910            | 13,005,880         |
|   | Nalf Workers Club                  | 10,024,028            | 10,483,099         |
|   | Other operating expenses           | 52,421,078            | 41,217,775         |
|   |                                    | <u>201,128,858.05</u> | <u>194,801,278</u> |



7.1 Board fee represents monthly allowance payable to the members of board of directors. The board is composed of 8 active members including the chairman and the secretary. Each member of the board other than the chairman and secretary is assigned as per the federal democratic republic of ethiopia public enterprise holding & administration agency latter no ጠጉፋ 214/139/01 dated hamle 2012.

7.2 IAS 21 requires that foreign currency transaction be recorded at a rate prevailing on the date the transaction



**NATIONAL ALCOHOL & LIQUOR FACTORY**  
**NOTES TO THE FINANCIAL STATEMENT**  
**FOR THE YEAR ENDED JUNE 30 2025**

| Finance cost                                              | As June,2025<br>ETB  | As June,2024<br>ETB |
|-----------------------------------------------------------|----------------------|---------------------|
| Lease Interest expense (8.1)                              | 102,805              | 102,805             |
| Interest on employee termination benefit obligation (8.2) | 167,437              | 151,750             |
| Bank Interest expense (8.2)                               | 17,973,864.34        | 12,134,153          |
|                                                           | <u>18,244,106.73</u> | <u>12,388,708</u>   |

1. the lease liability for the right use of land both bearing interest at a rate of 9.5 % per annum. More details about the

long term loan and lease liabilities along with the related interest is disclosed under note 24 and 25 respectively.

2. The amount included under Bank interest is the interest that is going to be computed at 14 % on the principal amount

| TAXATION                                                  | 2025<br>ETB       | 2024<br>ETB       | 2023<br>ETB       |
|-----------------------------------------------------------|-------------------|-------------------|-------------------|
| a) Income tax expense                                     |                   |                   |                   |
| Current taxation based on the taxable profit for the year | 41,427,517        | 41,550,158        | 57,568,027        |
| ADD: deferred tax charge (Note 10.1)                      | (5,253,576)       | 6,002,561         | 13,294,018        |
| Less ; deferred tax credit (Note 10.2 )                   | (341,859)         | 8,974             | (30,542)          |
| Current year profit tax expense                           | <u>35,832,082</u> | <u>47,561,693</u> | <u>70,831,503</u> |

b) Tax expense computation

|                                 |                    |                    |                    |
|---------------------------------|--------------------|--------------------|--------------------|
| Net profit before taxation      | 343,328,360        | 315,588,925        | 165,680,887        |
| Deduct:                         |                    |                    |                    |
| Excise Tax Audit Payment        | (227,061,526)      | (223,165,862)      | -                  |
| Depreciation per tax law        | (58,417,324)       | (44,897,010)       | (67,356,820)       |
| Gain on Interest Income         | -                  | -                  | (165,500)          |
| Add: Non allowable expenses     |                    |                    |                    |
| Depreciation per company policy | 42,774,068         | 47,911,542         | 53,888,383         |
| Donation                        | 7,158,155          | 8,592,109          | 22,589,489         |
| Advertisement                   | 2,761,350          | 756,899            | 1,998,855          |
| Entertainment                   | 650,596            | 2,354,813          | 1,384,792          |
| Annual celebration              | 1,660,058          | 1,389,413          | 518,093            |
| Annual Leave                    | 8,739,186          | 10,385,036         | -                  |
| Penalty                         | 2,988,487          | 1,690,598          | 2,334,406          |
| Sport club                      | 10,696,910         | 13,005,880         | 11,020,840         |
| Sample                          | 1,617,736          | 4,888,183          | -                  |
| Bank Interest                   | 1,195,665          | -                  | -                  |
| Taxable profit                  | <u>138,091,722</u> | <u>138,500,526</u> | <u>191,893,425</u> |
| Income tax at 30%               | 41,427,517         | 41,550,158         | 57,568,027         |
| Current tax expense             | <u>41,427,517</u>  | <u>41,550,158</u>  | <u>57,568,027</u>  |

c) Statement of financial position - Tax payable

|                          |                   |                   |                   |
|--------------------------|-------------------|-------------------|-------------------|
|                          | 35,120,384        | 53,384,232        | 110,646,151       |
| Paid during the year     | (35,120,384)      | (53,384,232)      | (110,646,151)     |
| Current year tax payable | 41,427,517        | 41,550,158        | 57,568,027        |
| Prior Year Adjustment    | -                 | -                 | -                 |
| Less: Withholding tax    | (7,325,536)       | (6,429,774)       | (4,183,795)       |
| Income tax payable       | <u>34,101,980</u> | <u>35,120,384</u> | <u>53,384,232</u> |

Withholding Tax Recivabels are amounts withhold from sales of liquore to customer which is obeyed by law to hold the amount and pay to governnet on behalf of the seller the cumulated amount is going to be deducted from profit tax payment



**NATIONAL ALCOHOL & LIQUOR FACTORY**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**FOR THE YEAR ENDED JUNE 30 2025**

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

(10.1) Deferred tax liability

Deferred tax asset arises on the temporary difference between carrying amount of PPE and its tax base as a result of valuation which has been performed on 1<sup>st</sup> of July 2016 for the purpose of first time IFRS adoption. The depreciation rate used for tax purpose and the rate used for IFRS purpose are also different which also gives rise to deferred tax asset.

(10.1.1) Change in depreciation method for tax purpose in 2019

The new income tax proclamation No.979/ 2016 has been issued on 2016 and become effective for the period ended June 30 ,2017 . The new proclamation revokes the pooling system and permits entities to separately calculate depreciation on each individual asset by applying the rate specified under regulation No. 410/2017 article 39 using either declining balance method or straight line methods. Accordingly , We opted to use straight line method to determine depreciation for depreciable asset or business intangibles which are acquired on or after July 1 , 2016.

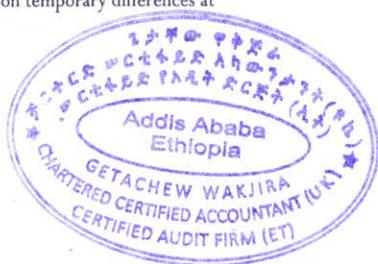
|                                                               | 2025<br>ETB        | 2024<br>ETB        | 2023<br>ETB        |
|---------------------------------------------------------------|--------------------|--------------------|--------------------|
| Deferred tax asset (liability)                                |                    |                    |                    |
| Tax base of the asset at June 30,(Note 10.1)                  | 279,435,425        | 543,067,231        | 570,557,858        |
| Book value of the asset at June 30,(Note 10.1)                | 381,573,453        | 673,850,581        | 721,349,746        |
| Temporary deference                                           | <u>102,138,028</u> | <u>130,783,350</u> | <u>150,791,888</u> |
| Deferred tax asset /liability on temporary differences at 30% | <u>30,641,408</u>  | <u>39,235,005</u>  | <u>45,237,566</u>  |

(10.1) Deferred tax calculation

| Particulars                       | Buildings             |                       | Computer and accessories | Other Assets          | Total                 |
|-----------------------------------|-----------------------|-----------------------|--------------------------|-----------------------|-----------------------|
|                                   |                       |                       |                          |                       |                       |
| Deferred Tax Balance (30 %)       |                       |                       |                          |                       | <u>(39,235,005)</u>   |
| Written down value 1 July , 2024  | 266,117,264           | (2,485,458)           |                          | 279,435,425           | 543,067,231           |
| Addition at cost                  |                       | 439,118               |                          | 69,398,099            | 69,837,216            |
| Disposal Proceeds                 |                       |                       |                          |                       |                       |
| Sub total                         | <u>266,117,263.66</u> | <u>(2,046,340.25)</u> |                          | <u>348,833,523.70</u> | <u>612,904,447.11</u> |
| Tax law depreciation              | (13,471,475)          | (2,538,936)           |                          | (40,900,652)          | (56,911,063)          |
| Written down value 30 June , 2025 | <u>252,645,788</u>    | <u>(4,585,276)</u>    |                          | <u>307,932,871</u>    | <u>555,993,384</u>    |
| Book Value                        | 269,856,206           | 8,212,407             |                          | 391,196,202           | 669,264,815           |
| Temporary Difference              | <u>(17,210,417)</u>   | <u>(12,797,683)</u>   |                          | <u>(83,263,330)</u>   | <u>(113,271,431)</u>  |
| Deferred Tax Balance (30 %)       |                       |                       |                          |                       | <u>(33,981,429)</u>   |

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

|                                                    | 2025<br>ETB      | 2024<br>ETB      | 2023<br>ETB      | 2022<br>ETB      |
|----------------------------------------------------|------------------|------------------|------------------|------------------|
| Tax base of the liability at July 1,               |                  |                  |                  |                  |
| Book value of the liability at June 30,            | 6,931,367        | 5,791,837        | 5,719,942        | 8,363,459        |
| Temporary deference                                | <u>6,931,367</u> | <u>5,791,837</u> | <u>5,719,942</u> | <u>8,363,459</u> |
| Deferred tax asset on temporary differences at 30% | <u>2,079,410</u> | <u>1,737,551</u> | <u>1,715,983</u> | <u>2,509,038</u> |



11 PROPERTY, PLANT AND EQUIPMENT

|                         | Buildings   |  | Roads   |  | Plant and Machinery |  | Tools and equipment |  | Motor vehicle |  | fixture and equipment |  | Containers  |  | Containers On Trade |  | Computer and accessories |  | Construction in progress |  | Total         |  |
|-------------------------|-------------|--|---------|--|---------------------|--|---------------------|--|---------------|--|-----------------------|--|-------------|--|---------------------|--|--------------------------|--|--------------------------|--|---------------|--|
|                         | ETB         |  | ETB     |  | ETB                 |  | ETB                 |  | ETB           |  | ETB                   |  | ETB         |  | ETB                 |  | ETB                      |  | ETB                      |  | ETB           |  |
| July 1 2024             | 329,800,473 |  | 332,954 |  | 395,299,939         |  | 7,117,828           |  | 104,665,045   |  | 17,779,902            |  | 93,894,135  |  | 44,016,259          |  | 15,378,958               |  | 27,067,333               |  | 1,035,352,828 |  |
| <b>Purchase</b>         | -           |  | -       |  | 20,348,345          |  | -                   |  | 477,872       |  | 81,411                |  | 48,490,470  |  | -                   |  | 439,118                  |  | -                        |  | 69,837,216    |  |
| Transfer From CIP       | -           |  | -       |  | -                   |  | -                   |  | -             |  | -                     |  | -           |  | -                   |  | -                        |  | -                        |  | -             |  |
| Return From Agent       | -           |  | -       |  | -                   |  | -                   |  | -             |  | -                     |  | -           |  | -                   |  | -                        |  | -                        |  | -             |  |
| Disposal                | -           |  | -       |  | -                   |  | -                   |  | -             |  | -                     |  | -           |  | -                   |  | -                        |  | -                        |  | -             |  |
| Adjustment              | (3,925,512) |  | -       |  | -                   |  | -                   |  | -             |  | -                     |  | -           |  | (27,723,402)        |  | -                        |  | (15,483,217)             |  | (47,132,131)  |  |
| Transfer To Fixed Asset | -           |  | -       |  | -                   |  | -                   |  | -             |  | -                     |  | -           |  | -                   |  | -                        |  | -                        |  | -             |  |
| Transfer To Agent       | -           |  | -       |  | -                   |  | -                   |  | -             |  | -                     |  | -           |  | -                   |  | -                        |  | -                        |  | -             |  |
| At 30 June 2025         | 325,874,961 |  | 332,954 |  | 415,648,284         |  | 7,117,828           |  | 105,142,917   |  | 17,861,313            |  | 142,384,606 |  | 16,292,857          |  | 15,818,076               |  | 11,584,117               |  | 1,058,057,913 |  |
| <b>Depreciation</b>     |             |  |         |  |                     |  |                     |  |               |  |                       |  |             |  |                     |  |                          |  |                          |  |               |  |
| At 1 July 2024 *        | 47,113,703  |  | 145,089 |  | 146,220,264         |  | 4,286,293           |  | 52,608,000    |  | 8,627,871             |  | 69,645,094  |  | -                   |  | 5,788,601                |  | -                        |  | 334,434,914   |  |
| Charge for the year     | 8,905,053   |  | 16,648  |  | 17,123,112.06       |  | 474,515             |  | 6,837,544     |  | 2,067,089             |  | 5,533,040   |  | -                   |  | 1,817,068                |  | -                        |  | 42,774,068    |  |
| Adj't                   | -           |  | -       |  | -                   |  | -                   |  | -             |  | -                     |  | -           |  | -                   |  | -                        |  | -                        |  | -             |  |
| Disposal                | -           |  | -       |  | -                   |  | -                   |  | -             |  | -                     |  | -           |  | -                   |  | -                        |  | -                        |  | -             |  |
| At 30 June 2025         | 56,018,755  |  | 161,736 |  | 163,343,376         |  | 4,760,807           |  | 59,445,545    |  | 10,694,961            |  | 75,178,133  |  | -                   |  | 7,605,669                |  | -                        |  | 377,208,982   |  |
| <b>NET BOOK VALUE</b>   |             |  |         |  |                     |  |                     |  |               |  |                       |  |             |  |                     |  |                          |  |                          |  |               |  |
| At 30 June 2025         | 269,856,206 |  | 171,218 |  | 252,304,908         |  | 2,357,021           |  | 45,697,372    |  | 7,166,353             |  | 67,206,473  |  | 16,292,857          |  | 8,212,407                |  | 11,584,117               |  | 680,848,931   |  |
| At 30 June 2024         | 282,686,771 |  | 187,865 |  | 249,079,676         |  | 2,831,536           |  | 52,057,045    |  | 9,152,031             |  | 24,249,042  |  | 44,016,259          |  | 9,590,357                |  | 27,067,333               |  | 700,917,914   |  |



NATIONAL ALCOHOL & LIQUOR FACTORY  
 NOTES TO THE FINANCIAL STATEMENTS (Continued)  
 AS OF JUNE 30, 2025

12 Cash and cash equivalents

|                                  | As of June 30 ,2025<br>ETB | As<br>June,2024<br>ETB |
|----------------------------------|----------------------------|------------------------|
| Cash at banks                    | 118,379,998                | 80,513,126             |
| Cash on hand                     | 820                        | -                      |
| <b>Cash and cash equivalents</b> | <b>118,380,818</b>         | <b>80,513,126</b>      |

13 Financial assets at amortized cost:

|                               | As of June 30 ,2025<br>ETB | As June<br>30,2024<br>ETB |
|-------------------------------|----------------------------|---------------------------|
| Trade receivables- Associated | 5,530,353                  | 5,530,353                 |
| Investment in Government bond | 1,400,000                  | 1,400,000                 |
| Staff Debtors                 | 8,766,940                  | 7,227,222                 |
| Other financial asset         | 60,567,710                 | 39,708,627                |
| Allowance for credit losses   | (5,524,135)                | (5,524,135)               |
| <b>Total financial assets</b> | <b>70,740,867</b>          | <b>48,342,067</b>         |
| <b>Total current</b>          | <b>69,340,867</b>          | <b>46,942,067</b>         |
| <b>Total non-current</b>      | <b>1,400,000</b>           | <b>1,400,000</b>          |

13.1 Trade and other receivables

|                                               | As of June 30 ,2025<br>ETB | As<br>June,2024<br>ETB |
|-----------------------------------------------|----------------------------|------------------------|
| Sundry and Trade Receivable                   | -                          | -                      |
| Trade Receivable-Former Associated Enterprise | 5,530,353                  | 5,530,353              |
| Staff Debtors                                 | 8,766,940                  | 7,227,222              |
| Other financial asset                         | 60,567,710                 | 39,708,627             |
| less; Allowance for credit losses<br>(14.2)   | (5,524,135)                | (5,524,135)            |
| <b>Net trade and other receivable</b>         | <b>69,340,867</b>          | <b>46,942,067</b>      |

Trade and other receivables are non-derivatives financial assets carried at amortized cost which do not generate a fixed or variable interest income for the Enterprise. The carrying value may be affected by changes in the credit risk of the counterparties. The Enterprise has no any past due yet not impaired receivable.

Trade Receivables arise From contracts with customers and are recognised when performance obligations are satisfied and enter into an agreement for settlement at the date of 35 th day . Possibel credit loss is assed every time by doing aging analysis and trade recivabels are assessed and there is no recivabel ballance which got the risk of uncollectibel

13.2 Impairment of financial assets /Allowance for credit losses

|                                       | Individually<br>impaired |
|---------------------------------------|--------------------------|
| At 1 July 2024                        | 5,524,135                |
| Charge for the year                   | -                        |
| Utilized/ written off                 | -                        |
| Unused amounts<br>reversed/ recovered | -                        |
| At 30 June 2025                       | 5,524,135                |

Impairment tastes are performed annually or more frequently if cirumstances are indicating that the carring amount may not recoverable and from our credit loss assesment all trade recivabels are with in credit term

Investment in Government bond.

This is an investment in government bond to be held to maturity. the Enterprise has purchased Great Ethiopian Renaissance Dam Bonds worth ETB 1,400,000 . The bond bears no interest and is repayable at the maturity of the bonds. Even though the investment in bond is to be accounted for at amortized cost, the resulting change in the figure using effective interest method happens to be immaterial and hence the management has decided to present the amount at original cost.



NOTES TO THE FINANCIAL STATEMENTS (Continued)  
**AS OF JUNE 30, 2025**

**14 Advances and prepayment**

|                                    | As of June 30 ,2025<br>ETB | As<br>June,2024<br>ETB |
|------------------------------------|----------------------------|------------------------|
| Advance payment                    | 83,276,311                 | 100,183,845            |
| VAT Recivabel                      | 1,183,780                  | 28,779,658             |
| Deposits                           | -                          | -                      |
| Allowance for credit losses (15.1) | <u>(1,397,227)</u>         | <u>(1,397,227)</u>     |
|                                    | <u>83,062,864</u>          | <u>127,566,276</u>     |

14.1 This is related to advance payment made to the enterprise's major suppliers for purchase of raw materials and services to be delivered in the future. All of the Enterprise's advance and prepayments have been reviewed for indicators of impairment And Found That There Is No Impaired Prepayment For The Year 2024/25. The impaired prepayments are advance payments mostly made to suppliers and service providers including professional consultancies in the business-to-business market that are experiencing operational difficulties and failed to deliver the promised goods and services within the agreed period of time.

The movements in the allowance for credit losses is presented below:

|                       |                  |
|-----------------------|------------------|
| At 1 July 2024        | 1,397,227        |
| Charge for the year   | -                |
| Utilized/ written off | -                |
| Unused amounts        | -                |
| At 1 July 2025        | <u>1,397,227</u> |

**15 Inventories**

|                                                                            | As of June 30 ,2025<br>ETB | As<br>June,2024<br>ETB |
|----------------------------------------------------------------------------|----------------------------|------------------------|
| Work in Progress                                                           | 1,025,455                  | 1,934,703              |
| Finished Products                                                          | 244,495,931                | 297,392,860            |
| Raw Material                                                               | 123,827,745                | 72,752,464             |
| Packing Materials                                                          | 12,690,410                 | 12,483,756             |
| Spare Part and Other consumables                                           | <u>97,326,107</u>          | <u>80,021,104</u>      |
|                                                                            | 479,365,648                | 464,584,887            |
| Pro. For Stock Obsolescence<br>Overage                                     | <u>(2,630,185)</u>         | <u>(2,630,185)</u>     |
| Goods in transit                                                           | <u>25,407,272</u>          | <u>4,087,424</u>       |
| <b>Total inventories at the lower of<br/>cost and net realizable value</b> | <u>502,142,736</u>         | <u>466,042,127</u>     |

**16 Right use of asset ( Land )**

|                                    | Leases being amortized over |            |                   | Total             |
|------------------------------------|-----------------------------|------------|-------------------|-------------------|
|                                    | 60 years                    | 40 years   | 70 years          |                   |
| At 30 June 2024                    | 3,332,890                   | -          | 20,700,000        | 24,032,890        |
| Additions                          | -                           | 92,399,860 | -                 | 92,399,860        |
| Disposals                          | -                           | -          | -                 | -                 |
| At 30 June 2025                    | 3,332,890                   | 92,399,860 | 20,700,000        | 116,432,749       |
| <b>Amortization and impairment</b> |                             |            |                   |                   |
| At 1 July 2024                     | 729,683                     | -          | 2,574,760         | 3,304,443         |
| Amortization charge for the year   | 55,548                      | 1,154,998  | 295,714           | 1,506,261         |
| Disposals                          | -                           | -          | -                 | -                 |
|                                    | 785,231                     | 1,154,998  | 2,870,475         | 4,810,704         |
| At 30 June 2025                    | 2,547,659                   | 91,244,862 | 17,829,525        | 111,622,046       |
| At 30 June 2024                    | <u>2,603,207</u>            | <u>-</u>   | <u>18,125,240</u> | <u>20,728,447</u> |

16.1 Lease I ; On 13 December 2012 ,The Enterprise has leased 7,076.8 square meters of land from Addis Ababa City administration for 60 years. The total consideration for the lease amounts to a total of ETB 3,332,890.44 out of which the lease is required to pay ETB 499,933.17 (Being 15% of the total consideration) as a down payment and the enterprise has been given a grace period of 4 years in which it is not required to make any lease payment. The entity then commences payment of lease liability immediately after the end of grace period (i.e.13 Dec 2015) in such a way that the liability will fully settle in 20 years. Interest is calculated at a rate of 9.5% on the outstanding amount. The Company may transfer a leasehold right or use it as collateral or capital contribution to the extent of the lease amount already paid.



**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**AS OF JUNE 30, 2025**

**Lease II** ; On 3 November 2014 , The Enterprise has also leased 5,000 square meters of land from Addis Ababa city administration for 70 years. The total consideration for the lease amounts to a total of ETB 20,700,000 out of which the lessee is required to pay ETB 2,070,000 ( being 10% of the total consideration) as a down payment and the enterprise has been given a grace period of 4 years in which it is not required to make any lease payment. The enterprise then commences repayment of lease liability immediately after the end of grace period (i.e. 03 November 2018 in such a way that the liability will fully settle in 40 years. Interest is calculated at a rate of 9.5% on the outstanding amount. The Enterprise may transfer a leasehold right or use it as collateral or capital contribution to the extent of the lease amount already paid.

**Lease III** ; On 17 August 2024 , The Enterprise has also leased 20,148 square meters of land from Sheger city administration for 80 years. The total consideration for the lease amounts to a total of ETB 92,399,859.75 out of which the lessee is required to pay ETB 9,239,985.00 ( being 10% of the total consideration) as a down payment and the enterprise has been received no grace period. The enterprise then commences repayment of lease liability immediately after the signing of the contract in such a way that the liability will fully settle in 40 years. The Enterprise may transfer a leasehold right or use it as collateral or capital contribution to the extent of the lease amount already paid.

**17 CAPITAL**

The enterprise was established as a public enterprise with a paid up capital of ETB 12,209,181, which was fully paid in cash and in kind. The company's paid up capital has been grown by a total of br 208,776,224.83 the reason for the capital growth is due to the investment that made by the company on project expansion sourced from the unpaid balance of state dividend. currently our companys paid capital is 622,673,899.00 Source of capital appreciation was the accumulated statedividend balance utilized for project expansion at mekanissa and sebeta branch factory

**18 LEGAL RESERVE**

The legal reserve is a statutory reserve to which no less than one-fifth of the annual net profit of the Company is transferred To Legal reserve until such fund amounts to one-tweentieth of the capital of the Company. Hence The Capital Of The Enterprise In The Year 2018 Has Been Raised By Proclamation No 415/2017 Due To These There Will Be A changeIn the Account

|                            | 2024<br>ETB       |
|----------------------------|-------------------|
| At 30 June 2022            | 39,609,318        |
| Tax Audit Adjustment       |                   |
| Legal Reserve For The Year | 4,742,469         |
| At 1 July 2023             | 44,351,787        |
| Tax Audit Adjustment       |                   |
| Legal Reserve For The Year | 13,401,362        |
| At 30 June 2024            | <u>57,753,149</u> |
| Tax Audit Adjustment       |                   |
| Legal Reserve For The Year | 15,374,814        |
| At 30 June 2025            | <u>73,127,963</u> |

**19 First time IFRS adoption revaluation reserve**

Valuation of plants, property and equipment were performed as at 1 July 2016 to determine the fair value, which has now been treated as a deemed cost at the date of the translation in to IFRS. The balance included in First time IFRS adoption revaluation reserve is the surplus of the revaluated amount over the carrying amount and was directly credited to this surplus account net of deferred tax arising from revaluation of PPE. It is released to the retained earning by the excess of depreciation expense over the amount that would have been had the revaluation not been performed.

**20 Financial liabilities at amortized cost:**

|                                   | As of June 30 ,2025<br>ETB | As<br>June,2024<br>ETB |
|-----------------------------------|----------------------------|------------------------|
| Trade and other payable           | 118,162,742                | 92,630,919             |
| Current portion of long term loan | -                          | 25,585,121             |
| Lease liability                   | 15,091,623                 | 17,251,979             |
| Bank Over Draft                   | 96,672,915                 | 14,873,275             |
| Termination benefit obligation    | 6,931,367                  | 5,791,837              |
| Current portion lease liability   | <u>2,767,754</u>           | <u>710,203</u>         |
| Total financial liabilities       | <u>229,927,280</u>         | <u>150,341,294</u>     |
| Total current                     | <u>207,904,291</u>         | <u>101,712,356</u>     |
| Total non-current                 | <u>22,022,990</u>          | <u>48,628,938</u>      |



NOTES TO THE FINANCIAL STATEMENTS (Continued)

AS OF JUNE 30, 2025

21 Term loan

|                        | Awash<br>(Loan # 1)<br>ETB | Total<br>ETB |
|------------------------|----------------------------|--------------|
| Interest rate          | 15.00%                     |              |
| Maturity               | 19-Nov-23                  |              |
| Balance at 1 July 2024 | 25,585,121                 | 25,585,121   |
| Addition               | -                          | -            |
| Less: Repayments       | (25,585,121)               | (25,585,121) |
| <b>At 30 June 2025</b> | <b>-</b>                   | <b>-</b>     |

21.1 The Enterprise has obtained a term loan of Birr 50,000,000.00 from Awash Bank on November 12, 2022 to Finance working capital . The loan bears interest at the rate of 15 % per annum and repayable in equal semi annual payments of Birr 27,846,385 including interest charges. The loan is repayable within 1 years.

The bank holds collateral of building which is located at mekanissa branch Factory used for office purpose estimated for Br 163,572,800.00 under ownership licence no 3/0/0/A/h/h/AH/ደ/908/30983/05

The borrowing are payable as follows

|                                                   | As of June 30 ,2025<br>ETB | As of June 30<br>,2024<br>ETB |
|---------------------------------------------------|----------------------------|-------------------------------|
| not later than one year                           | 50,000,000                 | 50,000,000.00                 |
| later than one year and not later than five years | (50,000,000)               | -                             |
| later than five years                             | -                          | -                             |
|                                                   | <b>0</b>                   | <b>50,000,000</b>             |

22 Bank Overdraft

| As of June 30 ,2025<br>ETB | At '2024          |
|----------------------------|-------------------|
| 96,672,915                 | 14,873,275        |
| <b>96,672,915</b>          | <b>14,873,275</b> |

22.1 The Enterprise has obtained a bank over draft with a limit of Birr 150,000,000.00 from Commercial Bank Of Ethiopia on April 15, 2024 to Finance working capital requirement . The loan bears interest at the rate of 14 % per annum .

The bank holds collateral of building which is located at Sebeta branch Factory used for office purpose under ownership licence LHC No L/1158/2000 and ware house at mekanissa Branch .

23 Lease liability

23.1 Lease arrangement

The enterprise leased a 7076.8 M<sup>2</sup> ad 5000 M<sup>2</sup> of land under the lease arrangement from Addis Ababa city administration with average lease term of 40 and 20 years respectively. The enterprise's obligation under lease arrangement is secured by the lessor's title to the land. Interest rate underlying the obligation under the lease is fixed at a contract date being 9.5 % per annum.

Addis Ababa City Administration-

Lease obligation payable in annual installments of Birr 141,648 starting from December 2014 through 2033 and The outstanding liability bears interest at the rate of 9.5% per annum.

Addis Ababa City Administration-

Lease obligation payable in annual installments of Birr 465,750 starting from November 2018 through 2057 and The outstanding liability bears interest at the rate of 9.5% per annum.

|                                                   | Lease 1   | Lease 2     | Lease 3    | Total              |
|---------------------------------------------------|-----------|-------------|------------|--------------------|
| Balance at 30 June 2024                           | 1,558,124 |             | 16,301,252 | 17,859,376         |
| Addition                                          |           | 92,399,860  |            | 92,399,860         |
| Less: Repayments                                  | (244,453) | (2,057,551) | (465,750)  | (2,767,754)        |
| Balance at 30 June 2025                           | 1,313,671 | 90,342,309  | 15,835,502 | 107,491,483        |
| Obligation payable                                |           |             |            |                    |
| not later than one year                           |           |             |            | 2,767,754          |
| later than one year and not later than five years |           |             |            | 13,838,768         |
| later than five years                             |           |             |            | 90,884,961.55      |
|                                                   |           |             |            | <b>107,491,483</b> |





NOTES TO THE FINANCIAL STATEMENTS (Continued)

AS OF JUNE 30, 2025

27 Dividend payable

|                                   |                       |
|-----------------------------------|-----------------------|
| At 30 June 2024                   | <u>State dividend</u> |
| Dividend declared during the year | <u>(331,183,575)</u>  |
| Less: Settlement                  | 286,526,030           |
| Adjustment                        | 9,239,985             |
| At 30 June 2025                   | <u>(35,417,560)</u>   |

The dividend balance states that the amount of profit balance is declared to ministry of finance for every year Profitabel performance of the company. Due to the newly enacted excise tax regulation 1186/2020 for every production of pure alcohol which transferred to liquore production needs to be taxed considering as if it is sold .which leads to a tax variance on the tax audit conducted by the tax authority which leads to cost increment on the company causing profit of the company which was declared previously to be under stated if the the regulation were applied and which leads to adjustment of dividend ballance on current years.

28 RISK MANAGEMENT OBJECTIVES AND PRINCIPLES

The Enterprise's principal financial liabilities, comprise trade and other payables . The main purpose of these financial liabilities is to finance the Enterprise's operations . The Enterprise's principal financial assets include trade and other receivables, and cash and short-term deposits that arise directly from its operations. The main business risks faced by the enterprise in respect of its principal non-derivative financial instruments are market risk including interest rate risk and foreign currency risk, credit risk and liquidity risk. The Management review and determine policies for managing these risks.

(a) Market Risk

The Enterprise maintains a conservative policy regarding currency and interest rate risks and does not engage in speculation in the markets. In addition, the Enterprise does not speculate or trade in derivative financial instruments.

(i) Interest rate risk

Interest rate risk arises primarily from investments in fixed interest securities. The sensitivity analysis for interest rate risk illustrates how changes in the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates at the reporting date.

As at 2025 the Enterprise did not hold any financial assets or liabilities which were subject to interest rate risk.

(ii) Foreign exchange risk

The company undertakes certain transactions denominated in foreign currencies. Therefore, exposures to exchange rate fluctuations arise. Exchange rate exposures for the Company mainly relate to purchases of raw materials and capital expenditures in foreign currencies.

At 30 June,2025 the Enterprise do not have any financial asset or liability denominated in foreign currency.

(iii) Price risk

The enterprise does not hold investments that would be subject to price risk; hence this risk not relevant.

(b) Credit Risk

Credit risk refers to the risk that a counter party will default on its contractual obligations resulting in financial loss to the company. Credit risk arises from deposits with banks, as well as trade receivables. Management assesses the credit quality of each customer, taking into account its financial position, past experience and other factors. The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by the banking regulatory authority.

The amount that best represents the company's maximum exposure to credit risk as at 30 June 2025 s made up as follows:

|                        | Fully performing<br>ETB | Past due<br>ETB | Impaired<br>ETB  |
|------------------------|-------------------------|-----------------|------------------|
| 1 July 2023            |                         |                 |                  |
| Trade receivables      | 69,340,867              | -               | 5,524,135        |
| Other receivables      | -                       | -               | -                |
| Cash and bank balances | <u>118,380,818</u>      | <u>-</u>        | <u>-</u>         |
|                        | <u>187,721,685</u>      | <u>-</u>        | <u>5,524,135</u> |

Bank balances are fully performing. Trade receivables under the fully performing category are expected to be recovered in full as the debtors are paying their debts as they continue trading. Trade receivables in the past due category are balance which have been past due yet not impaired

29 RISK MANAGEMENT OBJECTIVES AND PRINCIPLES (Continued)

(c) Liquidity Risk

Prudent liquidity risk management includes maintaining sufficient cash to meet company obligations. The company manages this risk by maintaining adequate cash balances in the bank, banking facilities and by continuously monitoring forecast and actual cash flows.

The table below analyses the company's financial liabilities that will be settled on a net basis into relevant maturity grouping's based on the remaining period at the reporting period to the contractual maturity date. The amounts disclosed in the table below are the contractual undiscounted cash flows.

Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.



NOTES TO THE FINANCIAL STATEMENTS (Continued)  
AS OF JUNE 30, 2025

|                 | 1 - 12 months<br>ETB | 1 - 5 years<br>ETB |
|-----------------|----------------------|--------------------|
| At 30 June 2024 |                      |                    |
| Trade payables  | 12,478,558           | -                  |
| Borrowing       | -                    | -                  |
| Other payables  | 498,429,566          | 23,237,785         |
| At 30 June 2025 | <u>510,908,124</u>   | <u>23,237,785</u>  |

30 CAPITAL RISK MANAGEMENT

The enterprise manages its capital to ensure that it will be able to continue as a going concern while maximizing the return to stakeholders through the optimization of the debt and equity balance. The capital structure of the enterprise consists of equity attributable to equity holders (FDRE Government), comprising issued capital and retained earnings. The enterprise monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total liability less current liability. Total capital is calculated as equity plus net debt. Information on the enterprise's capital and borrowings as at 30 June 2024 and 2025 is provided below:

|                         | As of June 30 ,2025<br>ETB | As<br>June,2024<br>ETB |
|-------------------------|----------------------------|------------------------|
| Share capital           | 622,673,899                | 622,673,899            |
| Legal reserve           | 73,127,963                 | 57,762,945             |
| Retained earnings       | 107,558,722                | 91,141,420             |
| Equity                  | <u>803,360,583</u>         | <u>771,578,264</u>     |
| Total liability         | 801,898,901                | 991,203,948            |
| Less: current liability | (656,262,376)              | (872,365,356)          |
| Net debt                | <u>145,636,525</u>         | <u>118,838,591</u>     |
| Gearing                 | 18%                        | 15%                    |

31 Non financial liability

|                | As of June 30 ,2025<br>ETB | As<br>June,2024<br>ETB |
|----------------|----------------------------|------------------------|
| Accrual        | 2,107,386                  | 84,897,219             |
| Stock suspense | 25,879,147                 | 11,303,089             |
|                | <u>27,986,533</u>          | <u>96,200,308</u>      |

31.1 Included in accrual is cumulative annual leave , utility , unclaimed salary and others accrued at the reporting date. Each employee is entitled to an annual leave of 14 days for the first year of employment and keeps on increasing one day per additional two year of service until it reaches the maximum amount allowed per year . However , the leave can only be carried forward for one more year. Accrued expense also included audit fee amounting ETB (ETB 103,500 in 2022).

31.2 Balance included in stock suspense is related to settlement of purchase advance through supplier invoice and cash receipt against the receipt of goods and services. Stock suspense account with a credit balance represents the excess of the goods received at the year end over the advance settled during the period indicating that there are goods delivered which have not yet been settled with supplier invoice and cash receipt at the year end.



**NATIONAL ALCOHOL & LIQUOR FACTORY**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**AS OF JUNE 30, 2025**

**32. Related party disclosure**

AIS 24 provides an exemption to the government entities limiting the disclosure required only to those transactions that are individually or collectively significant. Hence the disclosure below represents only those related parties with which the enterprise has had significant transactions during the respective period and the entities listed below are related to National Alcohol and liquor factory because they are all owned by the FDRE government.

| Entity with significant influence owned by the Federal Government: |                   | Purchase from      | Sales to        | Due to related | Due from          |
|--------------------------------------------------------------------|-------------------|--------------------|-----------------|----------------|-------------------|
|                                                                    |                   | related parties    | related parties | parties        | related parties   |
|                                                                    |                   | ETB                | ETB             | ETB            | ETB               |
| Ethiopian Sugar corporation                                        | 2025              | 269,648,777        | -               | -              | -                 |
|                                                                    | As at 1 July 2024 | 257,351,665        | -               | -              | 58,960,177        |
| Ethiopian insurance corporation                                    | 2025              | 8,221,729          | -               | -              | -                 |
|                                                                    | As at 1 July 2024 | 7,493,990          | -               | -              | -                 |
| Ethio Telecom                                                      | 2025              | 633,390            | -               | -              | -                 |
|                                                                    | As at 1 July 2024 | 484,995            | -               | -              | -                 |
| Ethiopian Electric Utility                                         | 2025              | 4,260,157          | -               | -              | -                 |
|                                                                    | As at 1 July 2024 | 4,965,766          | -               | -              | -                 |
| Federal Housing corporation                                        | 2025              | 631,334            | -               | -              | -                 |
|                                                                    | As at 1 July 2024 | 4,837,541          | -               | -              | -                 |
| Ethiopian Pulp & Paper Enterprise                                  | 2025              | 4,192,752          | -               | -              | -                 |
|                                                                    | As at 1 July 2024 | 533,370            | -               | -              | 513,725           |
| Ethiopian Air Lines Enterprise                                     | 2025              | 10,818,082         | -               | -              | -                 |
|                                                                    | As at 1 July 2024 | 7,072,739          | -               | -              | -                 |
| Ethiopian Shipping and logistics service                           | 2025              | -                  | -               | -              | -                 |
|                                                                    | As at 1 July 2024 | 101,628            | -               | -              | -                 |
| Ethiopian Agricultural business corp                               | 2025              | 442,623            | -               | -              | -                 |
|                                                                    | As at 1 July 2024 | 1,474,920          | -               | -              | -                 |
| Ghion Hotels Enterprise                                            | 2025              | -                  | -               | -              | -                 |
|                                                                    | As at 1 July 2024 | -                  | 33,999          | -              | -                 |
| SPA Service Enterprise                                             | 2025              | -                  | -               | -              | -                 |
|                                                                    | As at 1 July 2024 | 5,100              | -               | -              | -                 |
| Chemical Industry Corporation                                      | 2025              | -                  | -               | -              | -                 |
|                                                                    | As at 1 July 2024 | 581,872            | -               | -              | -                 |
| Educational Material                                               | 2025              | -                  | -               | -              | -                 |
|                                                                    | As at 1 July 2024 | 1,213,920          | -               | -              | -                 |
| National Tobacco Enterprise S.C                                    | As at 1 July 2016 | -                  | 57,995          | -              | -                 |
|                                                                    |                   | <b>584,966,350</b> | <b>91,994</b>   | <b>-</b>       | <b>59,473,902</b> |



The outstanding amounts are classified as prepayments and trade payables respectively (see Notes 16 and 27).

**Compensation of key management personnel of the Enterprise**

Key management of the Enterprise are the chief executive officer, executive officer as well as members of the board of directors. Key management personnel remuneration includes the following expenses:



|                                                            | 2025              | 2024              | 2023              |
|------------------------------------------------------------|-------------------|-------------------|-------------------|
|                                                            | ETB               | ETB               | ETB               |
| Short term employee benefit                                | 34,860,195        | 31,288,716        | 16,145,520        |
| Post-employment benefit (pension)                          | 2,384,176         | 2,113,808         | 1,804,364         |
| Board fee(Including Bonus)                                 | -                 | 948,384           | 818,576           |
| Bonus payment                                              | 10,632,925        | 7,752,883         | 6,658,300         |
| <b>Total compensation paid to key management personnel</b> | <b>47,877,296</b> | <b>42,103,791</b> | <b>25,426,760</b> |

The amounts disclosed above are the amounts recognised as an expense during the respective reporting period related to key management personnel.

### 33. Events after reporting period

On August 2017 the government has decided to privatize the National alcohol and liquor factory and preparation has already been made to offer the enterprise for a sale to the private business through official bidding process. The announcement for the bid is yet to be officially communicated to the potential buyers.

Due to legal matters that arose during the bidding process and resulted in a court for arbitration, the transfer was not completed after the bidding procedure was published and communicated, keeping the firm under government control to this day.

### 34. Contingent liabilities and commitments

There are no contingent liabilities and commitments as at 30 June 2025.

### 35. Going concern assumption

Management of the enterprise 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 Enterprise's ability to continue as a going concern. Management's conclusions are based on the assessment made up to the forcible future.

