



INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF AMAL MICROFINANCE SC

Unqualified Opinion

We have audited the financial statements of Amal Microfinance SC, which comprise the statement of the Financial position as at 7 July 2025, and the related statement of profit or loss and other comprehensive income, statement of changes in equity, statement of cash flows for the year then ended and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Amal Microfinance SC, as at 7 July 2025 and (of) its financial performance for the year then ended in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and in a manner required by Commercial Code of Ethiopia of 1243/2021.

Basis for Unqualified Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Statements* section of our reports. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Ethiopia, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



Amal Micro finance institution S.C.
Statement of Financial Position
As at 7 July 2025

	Notes	7-Jul-2025	7-Jul-2024
Assets			
Cash and cash equivalents	5	34,762,426.00	20,969,975.11
Other assets and prepayments	8	12,807,394.75	815,357.45
Loans and advances to customers (Net)	6	56,395,830.00	17,956,308.00
Property, plant and equipment	7	4,245,161.32	4,632,554.00
Right of use asset	27	860,838.34	2,903,577.00
Investment in securities:	9	1,859,000.00	1,000,000.00
Financial assets at amortized cost		-	-
Total assets		110,930,650	48,277,772
Liabilities			
Deposit from customers	10	34,191,549.61	11,339,683.44
Other liabilities	12	2,171,304.25	3,193,418.23
Long term Bank loan		24,000,000.00	-
Total liabilities		60,362,853.86	14,533,101.11
Equity			
Share capital	13	47,385,605.00	44,037,816.00
Reserve fund		194,827.60	-
Retained earning	15	(10,293,145.00)	(16,325.85)
Profit for the year		3,701,724.40	(10,276,819.00)
Total equity		40,989,012.00	33,744,671.15
Total liabilities and equity		101,351,865	48,277,772
Differed Profit	6	9,578,785.00	-
		110,930,650	48,277,772

The financial statements on pages 6 to 9 were approved and authorised for issue by the Board of Directors on and were signed on its behalf by:



Ato Nebiyu Mesru Kadir
 Chairperson, Board of Directors



Ato Yohannes Hora
 Chief Executive Officer



Amal Micro finance institution S.C.
Statement of Profit or Loss and Other Comprehensive Income
For the year ended 7 July 2025

	Notes	7-Jul-2025	7-Jul-2024
Financing Markup Income	19	7,289,693	852,197
Markup expense	20	-	-
Net Markup income before impairment		<u>7,289,693</u>	<u>852,197</u>
Loan impairment charge	6	-	1,300,546
Net Markup income		<u>7,289,693</u>	<u>(448,349)</u>
Fees and comission income	21	951,861	1,194,331
Net fee and commission income		<u>951,861</u>	<u>1,194,331</u>
Other operating income	22	13,434,599.06	63.10
Net operating income		<u>21,676,153</u>	<u>746,046</u>
Salaries and other employee benefits	23	12,212,099	6,717,497
General and administrative expenses	26, 28	5,077,659	- 2,738,968
Depreciation on property, plant and equipment	24	489,843	282,757
Accumulated Depreciation right use of Asset	27	-	1,283,643
		17,779,601	11,022,865
Profit (loss) before tax		3,896,552	(10,276,819)
Taxation charge		-	-
Profit (Loss) for the year after tax		<u>3,896,552</u>	<u>(10,276,819)</u>
Other comprehensive income			
Change in equity investment at FVOCI		-	-
Total comprehensive income (loss) for the year		<u>3,896,552</u>	<u>(10,276,819)</u>



Amal Micro finance institution S.C.
Statement of Change in equity
For the year ended 7 July 2025

	<u>Share capital</u>	<u>Legal Reserve</u>	<u>Retained earning</u>	<u>Total</u>
Balance as at 8 July 2023	34,533,265	-	(16,326)	34,516,939
Profit for the year	-	-	-	-
Net change in equity investment at FVOCI	-	-	-	-
Other Comprehensive income	-	-	-	-
Adjustment to Donated capital	-	-	-	-
Prior year error correction	-	-	-	-
Transfer to regulatory risk reserve	-	-	-	-
Balance 7 July 2023	34,533,265	-	(16,326)	34,516,939
Balance as at 8 July 2023	34,533,265	-	(16,326)	34,516,939
Profit for the year	-	-	(10,276,819)	(10,276,819)
Other Comprehensive income	-	-	-	-
Capial contribution-2015	165,000	-	-	165,000
Capial contribution-2016	9,339,551	-	-	9,339,551
Adjustment to Donated capital	-	-	-	-
Prior year error correction	-	-	-	-
Balance as at 7 July 2024	44,037,816	-	(10,293,145)	33,744,671
Balance as at 8 July 2024	44,037,816	-	(10,293,145)	33,744,671
Profit for the year	-	194,828	3,701,724	3,896,552
Other Comprehensive income	-	-	-	-
Capial contribution-2017	3,347,789	-	-	3,347,789
Adjustment to Donated capital	-	-	-	-
Balance as at 7 July 2025	44,037,816	194,828	(6,591,421)	37,641,223



Amal Micro finance institution S.C.
Statement of cash flows
For the year ended 7 July 2025

	7 July 2025	7 July 2024
Cash flows from operating activities		
Cash flows from operating activities	(14,636,627.43)	(16,492,016)
Net cash (outflow)/inflow from operating activities	(14,636,627)	(16,492,016)
Income tax paid	-	-
Cash flows from investing activities		
Purchase of property, plant and equipment	(102,450.00)	(4,803,189)
Reclassification of property, plant and equipment	-	-
Disposal of asset	-	-
Payment for acquiring asset use right	2,042,739	-
Investment in securities	(859,000.00)	(1,000,000)
Capital injection	3,347,789.00	9,339,551
Net cash (outflow)/inflow from investing activities	4,429,078	3,536,362
Cash flows from financing activities		
Proceeds (settlement) from borrowings	24,000,000.00	-
Proceeds from issues of shares	-	-
Proceeds from donated capital	-	-
Payment for leases	-	-
Net cash (outflow)/inflow from financing activities	24,000,000	-
Net increase/(decrease) in cash and cash equivalents	13,792,450	(12,955,654)
Cash and cash equivalents at the beginning of the year	20,969,975	33,925,630
Cash and cash equivalents at the end of the year	34,762,426	20,969,975

