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**AUDIT SERVICES
CORPORATION**

ETHIOPIAN ENGINEERING CORPORATION
(FORMERLY ETHIOPIAN CONSTRUCTION AND DESIGN
SUPERVISION WORKS
CORPORATION)
INDEPENDENT AUDITOR'S REPORT
AND
FINANCIAL STATEMENTS
30 JUNE 2024

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**INDEPENDENT AUDITOR'S REPORT
TO THE SUPERVISING AUTHORITY OF
ETHIOPIAN ENGINEERING CORPORATION
(formerly ETHIOPIAN CONSTRUCTION AND DESIGN SUPERVISION WORKS
CORPORATION)
Report on the Audit of the Financial Statements**

Opinion

We have audited the financial statements of Ethiopian Engineering Corporation (formerly Ethiopian Construction and Design Supervision Works Corporation) "the Corporation" which comprise the statement of financial position as at 30 June 2024, and the statement of profit or loss and other comprehensive income, statement of change in equity and statement cash flows for the year then ended, and notes to the financial statements, including a summary of material accounting policies, but excluding note 8 to the financial statements.

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

Basis for Opinion

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

Key Audit Matters

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

**INDEPENDENT AUDITOR'S REPORT
TO THE SUPERVISING AUTHORITY OF
ETHIOPIAN ENGINEERING CORPORATION (continued)**

Report on the Audit of the Financial Statements (continued)

Key Audit Matters(continued)

International Financial Reporting Standards

As is required by Financial Reporting Proclamation No. 847/2014, the Corporation has prepared financial statements in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board. These necessitate that the Corporation ensure that the financial statements comply with all applicable standards, but also to discover information that may not have previously been needed when preparing previous financial reports. The possibilities for omissions and clerical errors were many. Therefore, we checked compliance with IFRS, as to measurement and disclosure requirements; in detail we also checked how crucial information was obtained and we verified significant calculations exhaustively. Our audit procedures did not identify significant errors in compliance with IFRS or in related calculations.

Other Matter

Additional Information Other than the Financial Statements and Auditor's Report Thereon

Management is responsible for the additional information. The additional information comprises the information included in note 8 to the financial statements, but does not include the financial statements and our auditor's report thereon.

In connection with our audit of the financial statements, our responsibility is to read the additional information and, in so doing, consider whether the additional information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work that we have performed, we conclude that there is a material misstatement of this additional information, we are required to report that fact. We have nothing to report in this regard.

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

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

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**INDEPENDENT AUDITOR'S REPORT
TO THE SUPERVISING AUTHORITY OF
ETHIOPIAN ENGINEERING CORPORATION (continued)**

Report on the Audit of the Financial Statements (continued)

Responsibilities of Management and Those Charged with Governance for the Financial Statements (continued)

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

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

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.

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

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

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**INDEPENDENT AUDITOR'S REPORT
TO THE SUPERVISING AUTHORITY OF
ETHIOPIAN ENGINEERING CORPORATION (continued)**

Report on the Audit of the Financial Statements (continued)

Auditors' Responsibilities for the Audit of the Financial Statements (continued)

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

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

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

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

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

17 April 2025

Audit Service Corporation



Ethiopian Engineering Corporation
Statement of Financial Position
As of June 30, 2024

	Notes	Birr	<u>June 30, 2023</u> <u>Birr</u>
Non-current assets			
Property, plant and equipment	2a, 6a	909,410,397	728,947,579
Construction in Progress	6b	41,827,824	38,507,269
Right of Use Asset	2b, 6c	12,477,577	12,704,442
Intangible Asset	2c, 6d	13,833,199	5,326,035
Government securities	2d, 6e	468,025	468,025
Deferred tax Assets	2e	64,848,472	48,165,101
Total non-current assets		1,042,865,494	834,118,451
Current assets			
Inventory	2f, 6f	457,800,180	313,714,639
Trade receivable	2d, 4, 6g	2,383,468,575	1,326,604,695
Contract asset	2d	340,364,532	218,482,106
Other Receivables	2g, 4, 6h	504,455,941	213,334,646
Other Tax Recoverable	2g	56,962,014	36,053,034
Cash and cash equivalents	2d, 4	916,479,508	267,991,621
Total current assets		4,659,530,750	2,376,180,741
Total assets		5,702,396,244	3,210,299,192
Current liabilities			
Contract Liabilities		363,481,376	108,463,041
Other Payables	6i	2,630,055,149	1,230,390,106
Value added tax Payable	2d	130,318,783	13,293,295
Income tax	2e, 6j	248,773,367	82,058,635
Dividend Payable	6o	562,900,081	234,809,745
Employee benefit payable	2h	64,528,335	52,433,191
Total current liabilities		4,000,057,090	1,721,448,013
Non-current liabilities			
Long term employee benefit payable	2h	24,706,798	25,580,699
Lease Liability	2b	9,437,586	9,800,570
Deferred tax liability	2d	74,612,692	60,429,580
Total non-current liabilities		108,757,076	95,810,849
Total liabilities		4,108,814,165	1,817,258,862
EQUITY			
Paid-up Capital	6m	1,114,274,782	1,114,274,782
Legal Reserve	6n	88,590,954	58,659,350
Retained Earnings	6p	385,210,489	214,600,345
Equity in Excess of Paid up capital	6q	5,505,853	5,505,853
Total Equity		1,593,582,078	1,393,040,330
TOTAL LIABILITIES AND EQUITY		5,702,396,244	3,210,299,192

Ethiopian Engineering Corporation
Statement profit and loss and other comprehensive income
For the year ended June 30, 2024

	Notes	Birr	2023 <u>Birr</u>
Revenue	2k, 6r	4,904,185,643	2,602,869,709
Cost of sales	6s	<u>3,519,136,140</u>	<u>1,866,507,786</u>
Gross profit		1,385,049,503	736,361,923
Other income	6t	32,021,343	26,600,129
Expense			
Administration Expense	6u	519,247,508	450,862,590
Provision for Uncollectable receivable	6g	<u>38,498,072</u>	<u>22,464,112</u>
		557,745,580	473,326,702
Profit before tax		859,325,266	289,635,350
Tax expense	2e, 6k, 6l	<u>260,693,182</u>	<u>92,244,009</u>
Profit for the year		598,632,084	197,391,342



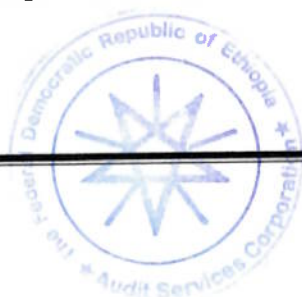
Ethiopian Engineering Corporation
Statement of changes in equity
For the year ended June 30, 2024

	Note	Share Capital <u>Birr</u>	Excess of Paid up Capital <u>Birr</u>	Legal reserve <u>Birr</u>	Retained Earning <u>Birr</u>	Total <u>Birr</u>
Balance At 30 June 2022		1,114,274,782	5,505,853	48,927,666	156,634,068	1,325,342,369
Profit for the year					197,391,342	197,391,342
Transferred to legal reserve	6n			9,731,684	-9,731,684	-
Dividend to EIH					-129,693,381	(129,693,381)
Balance At 30 June 2023		<u>1,114,274,782</u>	<u>5,505,853</u>	<u>58,659,350</u>	<u>214,600,345</u>	<u>1,393,040,330</u>
Profit for the year					598,632,084	598,632,084
Transferred to legal reserve	6n			29,931,604	-29,931,604	-
Dividend to EIH					-398,090,336	(398,090,336)
Balance At 30 June 2024		<u>1,114,274,782</u>	<u>5,505,853</u>	<u>88,590,954</u>	<u>385,210,489</u>	<u>1,593,582,078</u>



Ethiopian Engineering Corporation
Statement of Cash Flows
For the year ended June 30, 2024

	Birr	June 30, 2023 Birr
Cash flows from operating activities		
Profit before tax	859,325,266	289,635,350
Adjustment For:		
Depreciation & Amortization	55,739,379	41,754,343
Gain From Foreign Exchange rate change	(1,531,093)	(1,041,334)
Annual Leave Provision	14,394,616	14,868,135
Long term Employee Benefit	2,564,095	7,186,316
Provision for obsolete stock	154,453	18,424
Provision for Expected Credit loss	38,498,072	22,464,112
	969,144,787	374,885,345
Movement in Working Capital		
(Increase) Decrease in inventory	(144,239,993)	(250,407,020)
(Increase) Decrease in Tread receivable & Other receivables	(1,529,274,653)	(810,567,233)
Increase (Decrease) in Lease liability	(362,984)	(362,984)
Increase (Decrease) in contract liability & Other payables	1,771,708,866	888,215,747
		201,763,856
Cash generated from operation	1,066,976,022	
Income tax Paid	(96,478,709)	(81,085,232)
Interest recognized in profit or loss	(4,098,957)	(1,252,141)
Net Cash inflow /(out flow) from operating activities	966,398,356	119,426,483
Cash flows from investing activities		
Purchase of Plant Property & Equipment	(243,566,833)	(170,871,001)
Purchase of Materials for construction	(9,973,687)	(23,671,780)
Net cash outflow from investing activities	(253,540,520)	(194,542,781)
Cash flows from financing activities		
Dividend Paid	(70,000,000)	-
Proceeds from Gain on Foreign Exchange rate change	1,531,093	1,041,334
Interest received	4,098,957	1,252,141
Net cash (outflow)/inflow from financing activities	(64,369,949)	2,293,475
Net Increase in cash and cash equivalents	648,487,887	(72,822,823)
Cash and cash equivalents at the beginning of the year	267,991,621	340,814,444
Ending Cash Balance	916,479,508	267,991,621



NOTES TO THE FINANCIAL STATEMENTS
30 June 2024

1. REPORTING ENTITY INFORMATION

Ethiopian Engineering Corporation (Formerly Ethiopian Construction Design and Supervision Works Corporation) is a corporation established by the council of ministers regulation No.365/2015 and governed by public enterprises Proclamation No.25/1992. Currently the corporation is under the ownership of Ethiopian Investment holdings Established by proclamation 1263/2021.

The corporation has been established to provide study, surveying, design, construction supervision, contract administration, consultancy, training, material inspection and laboratory services as well as construction on roads, bridges, tunnels, airfields, railways, buildings, architectural engineering, dams, irrigation, drainage, water supply, water quality, sewerage disposal, dry waste disposal, hydropower, wind and geothermal energy development, and other civil engineering works.

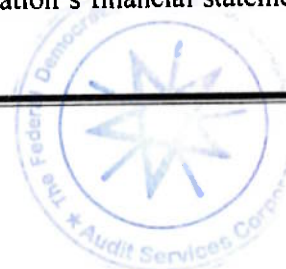
The address of the Company's registered office is Ethiopian Engineering Corporation headquarters, Bole- Megenagna Ring road in front of the former Imperial Hotel, Addis Ababa, Bole sub city, Woreda 5. The Corporation is registered in the Trade Register of Business Registration Number MT/AA/2/0034395/2008 and Business License Number MT/AA/14/673/559605/2008.

a. Basis of Preparation

The principal accounting policies applied in the preparation of this financial statement are set out below. The Financial statement for the period ended on June 30,2023 has been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and related interpretations issued by the International Financial Reporting Interpretations Committee(IFRIC). Additional information required by National regulations is included where appropriate.

b. Judgments & Estimates

The preparation of the financial statement in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Corporation's accounting policies. Management believes that the underlying assumptions are appropriate and that the Corporation's financial statement therefore presents the results fairly.



c. Functional and Presentation Currency

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

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES

a. Property, Plant and Equipment

Property, plant and equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the property, plant and equipment if the recognition criteria are met. When significant parts of property, plant and equipment are required to be replaced at intervals, the Corporation recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. All other repair and maintenance costs are recognized in statement of profit or loss and other comprehensive income as incurred.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. Depreciation is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

Category	Useful life in years	Residual Value (based on %age of cost)
Building	50	50%
Motor Vehicle	15	30%
Computer & Accessories	10	5%
Furniture & fittings	10	5%
Equipment	10	5%
Office Machine	15	5%
Heavy Duty Machine	20	40%



The Corporation commences depreciation when the asset is available for use. Land is not depreciated. Capital work-in-progress is not depreciated as these assets are not yet available for use. They are disclosed when reclassified during the year. An item of property, plant and equipment and

any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising on de recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in income statement when the asset is derecognized.

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.

Gains and losses on sale

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

b. Lease

The Corporation has long-term lease of land and for it the present value of the lease payments represent substantially all of the fair value of the land.

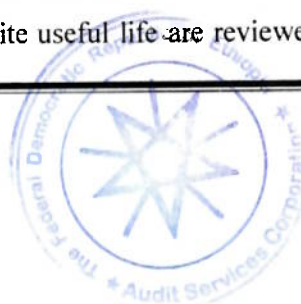
The Corporation recognizes a right-of-use asset and lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payment made at or before the commencement date, plus any indirect cost incurred.

The right-of-use asset is subsequently depreciated using strait line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset.

c. Intangible Assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses, if any.

The useful lives of intangible assets are assessed to be either finite or infinite. Intangible assets with finite lives are amortized over the useful economic life. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at each



financial year-end. 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 methodology, as appropriate, which are then treated as changes in accounting estimates. Intangible assets with infinite lives will not amortize but there will be an impairment loss test. Amortization is calculated using the straight-line method to write down the cost of intangible assets to their residual values over their estimated useful lives, as follows:

Category	Useful life in years	Residual Value
Intangible Asset (software)	8	No residual Value

d. Financial Instruments

Financial Assets

Initial recognition and measurement

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. All financial assets except trade receivable are recognized initially at fair value.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified into three categories:

- At amortized cost
- Financial assets at fair value through profit or loss
- Financial assets at fair value through other comprehensive income

The basis of classification depends on the Corporation's business model and the contractual cash flow characteristics of the financial assets. In the process of providing consultancy services, the corporation issue an invoice to its client having provided the deliverables as per the contract agreement. Such business activity create a trade receivable to the corporation and a business model of 'hold to collect' has been set to manage financial assets in order to generate cash flows.

Therefore according to the 'hold to collect' business model, the corporation holds financial assets to collect their contractual cash flows. All current financial assets the Corporation has are classified under amortized cost.



For trade receivables, the Corporation chooses to apply the Stage 3 approach to recognize an allowance for lifetime expected credit losses from initial recognition. The corporation measures the loss allowance at an amount equal to lifetime expected credit losses. In this regard the corporation is using average banks' lending rate in setting the loss rate.

The corporation has recognized revenues based on percentage of completion method for its study & design projects before it reached at its milestone stated on the contract. In this case the corporation recognize its right to consideration as "contract asset" in exchange for the services provided.

De-recognition

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is primarily derecognized (i.e. removed from the Corporation's statement of financial position) when the rights to receive cash flows from the financial asset have expired or has been transferred.

Financial liabilities

Recognition and measurement

Financial liabilities are initially measured at fair value (the transaction price) using effective interest rate. After initial recognition, all financial liabilities of the Corporation are measured at amortized cost. The fair values of trade payables of the Corporation are similar with their transaction price. Collections from advance payment by clients are recognized as liability until the earning process is completed.

Cash and cash equivalents

Cash and cash equivalents comprise balances with less than three months' maturity from the date of acquisition, including cash in hand, cash at bank and treasury bills when they are deemed receivable within three months.

Value added tax recoverable

As per IAS 32 Financial instrument standard paragraph 42, financial asset and a financial liability shall be offset and the net amount presented in the statement of financial position when, and only when, an entity: currently has a legally enforceable right to set off the recognized amounts; and



intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously. In this regard the corporation has legally enforceable right to offset the value added tax recoverable with value added tax payable. Therefore the value added tax recoverable amount Birr 233,883 has been offset against value added tax payable which amounts Birr 130,552,666. As a result the value added tax payable has been presented in the statement of financial position at net amount of Birr 130,318,783.

e. Income Taxation

Current income tax

The income tax liability for the period is the tax payable on the current period's taxable income based on the applicable income tax rate. The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in Ethiopia.

Deferred tax

Deferred tax is recognized on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statement. Deferred tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realized or the deferred tax liability is settled.

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

f. Inventories

Inventories are measured at the lower of cost and Net Releasable Value. The Corporation writes down the values of obsolete inventories to nil which it no longer expects future economic from. Inventories are presented net of impairment. To value the cost of inventories, the Corporation uses weighted average method.

g. Other Assets

Other assets are generally defined as claims held against other entities for the future receipt of money. The other assets in the Corporation's financial statements include the following:



Prepayments

Prepayments are payments made in advance for services to be enjoyed in future. The amount is initially capitalized in the reporting period in which the payment is made and subsequently amortized over the period in which the service is to be enjoyed.

Other tax recoverable

According to the federal income tax proclamation number 979/2016, the corporation's client is obliged to withheld 2 % of our sales and repay it to the tax authority. Therefore the corporation will record this withholding tax following the receiving of official receipt provided by the client and report it as other tax recoverable on the statement of financial position.

Other receivables

Other receivables are recognized upon the occurrence of event or transaction as they arise and cancelled when payment is received. The Corporation's other receivables are sundry receivables and other receivables from debtors.

h. Employee Benefits

Leave and Severance pay

The Corporation has an employee benefit scheme which follows the Corporation's Labor union Collective agreement & management directive in which it effects severance pay for those employees who voluntarily leaves the Corporation after 5 and plus years of service. The payment made is based on employees' final salary.

The corporation has used a projected unit credit method to calculate the severance pay for each eligible employee by considering the annual growth in salary and assuming the will retire at age of 60. Therefore a severance pay which amounts br. 2,564,094.78 has been recorded as additional provision for the current year.

The Corporation recognizes a liability for bonuses and profit-sharing based on a formula that takes into consideration the profit at each year end. The Corporation accounts for annual leaves by providing in full for all unused leaves.

The Corporation has a defined post-employment scheme in line with the provisions of pension for public servants proclamation 714/2011. Funding under the scheme is 7% and 11% by employees and the



Corporation respectively. The pension scheme is based on employees' monthly salary. Employer's contributions to this scheme are charged to profit or loss and other comprehensive income in the period in which they relate.

Termination benefits

Termination benefits are payable to employees as per proclamation 1156/2019 and collective agreement made between the labor union & the management as well as based on the management directives of the corporation. When employment is terminated by the corporation before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Corporation recognizes termination benefits when it is demonstrably committed to either: terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal; or providing termination benefits as a result of an offer made to encourage voluntary redundancy.

Bonus plans

The Corporation recognizes a liability and an expense for bonuses based on the decision of the board of management following the acceptable level of profit plan performance. The Corporation recognizes a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

i. Impairment of Non-Financial Assets

The Corporation assesses, at each reporting date, whether there is an indication that an asset/ cash generating unit (CGU) may be impaired. If any indication exists, or when annual impairment testing for an asset/cash generating unit is required, the Corporation estimates the CGU'S recoverable amount. CGU'S recoverable amount is the higher of cash-generating units (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for each CGU. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate (i.e, the borrowing cost of the Corporation) 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.

j. Provision

Provisions are recognized when the Corporation has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Corporation expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset, but only when the reimbursement is virtually certain.

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

k. Recognition of Revenue from Contracts with Customers

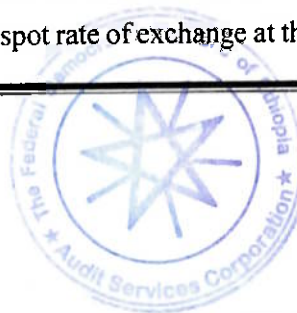
Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Corporation and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account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

Projects of Study & Design Services has their own milestones stated on the contract agreement. These milestones are outputs at different stages of the project. The milestones could be delivering Inception Report, feasibility study report, Draft design report and Final design report to the client. The Corporation Recognizes revenue when Performance obligations are satisfied at a point in time.

For Projects of Construction supervision service, the Corporation bills fixed amount for each hour of service provided by the assigned professionals and deployment of scientific & other equipment. Therefore, the Corporation recognizes revenue in the amount to which it has a right to invoice.

Foreign exchange gains or losses

These are gains and losses arising on settlement and translation of monetary assets and liabilities denominated in foreign currencies at the functional currency's spot rate of exchange at the reporting



date. This amount is recognized in the statement of profit or loss; they are included under other income.

I. Cash Flow Statement

The cash flow statement is prepared using the indirect method. Changes in balance sheet items that have not resulted in cash flows such as fair value changes and other non -cash items which has no effect on the profit and loss statement have been eliminated for the purpose of preparing this statement.

3. FINANCIAL RISK MANAGEMENT

Risk is inherent in the Corporation's activities, but is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. Risk Management provides a comprehensive and dynamic framework for identifying, measuring, monitoring and managing financial and non-financial risks. When the quantitative data disclosed at the reporting date is not representative of the Corporation's exposure to risk during the period, further information that is representative must be assisted in qualitative disclosures.

This process of risk management is critical to the Corporation's continuing profitability and each individual within the Corporation is accountable for the risk exposures relating to his or her responsibilities. The Corporation is exposed to credit risk, liquidity risk and market risk. It is also subject to country risk and various operating risks.

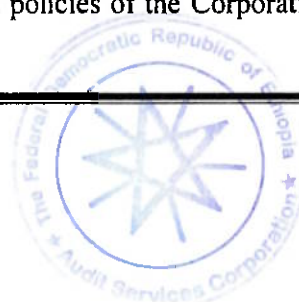
The independent risk control process does not include business risks such as changes in the environment, technology and industry. The Corporation policy is to monitor those business risks through the Corporation's strategic planning process.

Risk management structure

The objective of the Corporation's risk policies and procedures is to ensure that the risks in its operations are identified, measured, monitored and effectively managed. Exposure to risk is managed to ensure that it will remain within limits and the risk appetite adopted by the Corporation will comply with regulatory requirements. The Corporation has established a comprehensive risk management system.

The Corporation risk management and control is based on the following key principles: -

- The Board of management approve risk management policies of the Corporation and ensure their implementation;



- Risk management policies and systems are reviewed regularly to reflect changes in the regulations, market conditions, product and services offered;
- The Board of management is assisted by the Audit committee to undertake regular and ad-hoc reviews of risk management control and procures
- Board of management ensures that appropriate remedial actions are taken whenever there are risks which are out of Corporation's risk appetite.

Risk mitigation

Risk controls and mitigates, identified and approved for the Corporation, are documented for existing and new processes and systems. The adequacy of these mitigates is tested on a periodic basis through administration of control self-assessment questionnaires, using an operational risk management tool which requires risk owners to confirm the effectiveness of established controls.

Financial Instruments by category

The Corporation's financial assets are categorized and classified under amortized cost measurements. The classification of the Corporation's financial assets are summarized in the table below.

	30 June 2024 Birr	30 June 2023 Birr
Cash and balances with banks	916,479,508	267,991,621
Trade receivable	2,383,468,575	1,326,604,695
Total financial Assets	3,299,948,083	1,594,596,316

Credit risk

Credit risk is the probability that a counterparty of the Corporation will not meet its obligations in accordance with agreed terms and conditions which may lead to financial loss. The Corporation is exposed to credit risk due to its credit policy.

Management of credit risk

In measuring credit risk of receivables to various counterparties, the Corporation considers the character and capacity of the obligor to pay or meet contractual obligations, current exposures to the counter party/obligor and its likely future developments, credit history of the counter party /obligor; and the likely recovery percentage in case of default obligations-value of collateral and other ways out. Our credit exposure is largely on trade receivables still outstanding.



Maximum exposure to credit risk

All trade receivables still outstanding are not backed by any form of guaranty. The maximum exposure to risk is thus the current carrying amount of trade receivables.

Credit quality of cash and cash equivalent

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

Investments

The Corporation limits its exposure to credit risk by only investing available cash balances in liquid securities and only with counterparties that have strong credit history.

Market risk

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

Management of Market risk

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

Foreign currency risk

The corporation is exposed to foreign currency risk on its foreign activates. The Corporation is engaged in two foreign projects which are denominated in a currency other than the functional currency during the fiscal year 2023/2024. The currency that give rise to this risk is the US dollar.

In managing foreign currency risk, the corporation aims to ensure the availability of the foreign currency and to reduce the impact of short-term fluctuations on earnings. Over the longer term, however, permanent changes in foreign exchange rates and the availability of foreign currencies



will have a positive/negative impact on profit. The Corporation currently has access to foreign currency through sale of its service. The Corporation doesn't raise capital in any currency other than the functional currency.

4. SIGNIFICANT ACCOUNTING JUDGMENT, ESTIMATES AND ASSUMPTIONS

Estimates and assumptions

The preparation of the Corporation's financial statement requires management to make judgments, estimates and assumptions that affect the reported amount of assets, 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 assets or liabilities affected in future periods.

Judgments

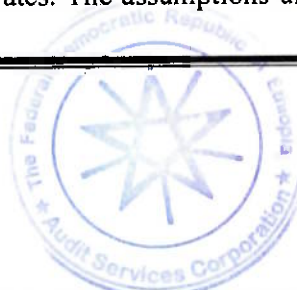
In the process of applying the Corporation's accounting policies, management has made the following judgments, which have the most significant effect on the amounts recognized in the financial statements:

Impairment losses on receivables

The Corporation chooses to apply the 3 Stage approach or to recognize an allowance for lifetime expected credit losses from initial recognition. The Corporation reviews its receivables for impairment on an on-going basis and write down the carrying amount of receivables if there is a reasonable expectation that amounts won't be recovered/ collected. To provide for loss allowances on trade receivables, the Corporation looks in to past history, experience, trends as well as nature of transactions and type of customers.

The use of historical loss experience is supplemented with significant management judgment to assess whether current economic and credit conditions are such that the actual level of inherent losses is likely to differ from that suggested by historical experience. In normal circumstances, historical experience provides objective and relevant information from which to assess inherent loss within each portfolio.

The estimation of impairment losses is subject to uncertainty, which has increased in the current economic environment, and is highly sensitive to factors such as the level of economic activity, unemployment rates, property price trends, and exchange rates. The assumptions underlying this



judgment are highly subjective. The methodology and the assumptions used in calculating impairment losses are reviewed regularly in the light of differences between loss estimates and actual loss experience.

Depreciation and carrying value of property, plant and equipment

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

Provisions

The reconciliation of provisions for Tax/Legal related cases and accrued balances for severance pay are based on the best estimate of the Corporation. The Corporation has assessed past experiences, trends, the opinion of legal department and industry trends to come up with numeric figures for liabilities with uncertain timing and amount.

Severance pays

The Corporation uses estimates, averages and computational short cuts to provide a reliable approximation of the liability incurred in relation to severance pay.

5. RELATED PARTY DISCLOSURE

The Corporation has relationships and transactions with state owned entities which are subsidiaries to Ethiopian Investment holdings. In 2023/2024, transactions were assessed during the preparation of the financial statements and are disclosed all material transactions as per IAS 24. Details on transactions carried out with state owned entities are presented below.

Related Party	Major transaction	Outstanding receivables	Revenue Earned	Liability to be paid
Transaction With EEC- Construction Sector				
Commercial Bank of Ethiopia	Office Renovation work	15,459,821	21,969,728	
Ethiopian Electric Utility	Aluminum Works Project	22,815,223	37,069,481	
Ethiopian Petroleum Supply Enterprise	Building Construction works	25,478,902	25,478,902	
Ethiopian Shipping and Logistics Enterprise	Building construction Works	46,288,490	46,288,490	
Ethio Engineering Group	Building Renovation works	232,132,934	354,427,589	22,048,241

Ethiopian Engineering Corporation
IFRS Based Financial Statement
As of June 30, 2024

Ethiopian Tourist Trade Organization	Display Supply and Installation works		3,401,062	
Ethiopian Investment Group-EIH	Office Renovation Works		5,054,977	
Sub Total		342,175,371	493,690,229	22,048,241
Transaction With EEC- Building & Urban Sector				
Ethio Djibuty Rail Way S.C	Design works of canteen Facility	3,498,956	6,770,480	
Ethiopian Electric utility	Design works for office Building	3,470,170	10,648,257	
Ethiopian Industrial Input Development Enterprise	Architectural & Engineering Design	5,976,604	7,878,440	
Ethiopian Shipping and Logistics Enterprise	Warehouse & CCTV Camera	1,873,976	7,458,693	
Ethiopian Toll Road Enterprise	service facility station building fuel station	828,977	4,968,864	
Sub Total		15,648,684	37,724,734	-
Transaction With EEC- Transport Sector				
Ethiopian Construction Works Corporation	River Bridge Design	94,156	100,706	
Ethiopian Shipping and Logistics Enterprise	Dry Port Construction Supervision Works		12,453,084	
Air Ports Enterprise	Air Field Construction Supervision Works		3,478,817	
Educational Materials Production & distribution Enterprise	Compound Road Construction Supervision Works		809,582	
Sub Total		94,156	16,842,189	-
Transaction With EEC- Water & Energy Sector				
Ethiopian Sugar Industry Group	Dam & Irrigation Design Works	27,812,049		
Ethiopian Construction Works Corporation	Construction Supervision Works	2,451,395		
Ethiopian Air Lines Group	Construction Supervision Works	182,390		
Ethio Engineering Group	Water well Drilling works	8,839,399		
Sub Total		39,285,233		
Transaction With EEC- Head Office				
Ethiopian Construction Works Corporation	Reimbursement of Expenses at Entoto	1,778,792		
Ethio- Engineering Group	Procurement of Construction Machineries	8,916,498		25,243,488
Ethiopian Industrial Inputs Development Enterprise	Consultancy Service	2,107,407		
Sub Total		12,802,697	-	25,243,488
Total		410,006,141	548,257,153	47,291,729

6. DETAIL OF ACCOUNT BALANCE

a. Property, Plant and Equipment

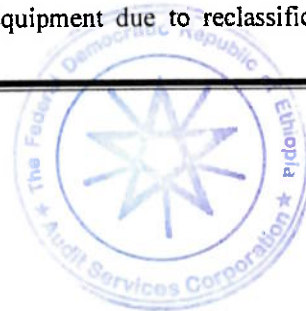
Cost

	Balance 30 June 2023 Birr	Addition Birr	Adjustment Birr	Balance 30 June 2024 Birr
Building	231,254,984	3,289,457	-	234,544,441
Computer & Related Equipment	133,917,452	43,651,429	(7,576)	177,561,305
Equipment (Eng., Camp. & Off. Equip.)	190,649,458	134,851,143	-	325,500,602
Heavy Duty Machine	110,402,203	35,382,725	-	145,784,928
Motor Vehicle	261,029,639	10,198	-	261,039,837
Furniture & Fittings	42,141,018	8,926,453	(650)	51,066,821
Office Machine	24,470,001	8,394,088	-	32,864,089
Total Cost	993,864,755	234,505,493	8,226	1,228,362,022

Depreciation

	Balance 30 June 2023 Birr	Addition Birr	Adjustment Birr	Balance 30 June 2024 Birr
Building	14,426,195	2,318,648	-	16,744,843
Computer & Related Equipment	35,994,193	13,287,892	(9,896)	49,272,189
Equipment (Eng., Camp. & Off. Equip.)	74,084,753	19,842,689	606,058	94,533,500
Heavy Duty Machine	19,820,639	2,489,865	-	22,310,504
Motor Vehicle	95,973,206	9,747,806	-	105,721,011
Furniture & Fittings	17,920,708	4,108,119	24,714	22,053,542
Office Machine	6,697,482	1,534,351	84,203	8,316,036
Total	264,917,176	53,329,370	705,079	318,951,625
Book Value	728,947,579			909,410,397

* Adjustment is made on the cost of plant property and Equipment due to reclassification and correction is made on depreciation computation

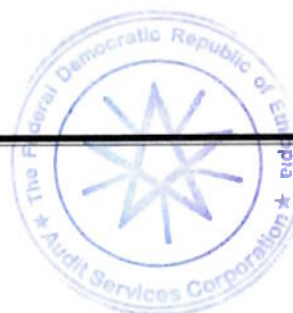


Cost

	Balance 30 June 2022 Birr	Addition Birr	Disposal Birr	Balance 30 June 2023 Birr
Building	198,628,620	32,626,364	-	231,254,984
Computer & Related Equipment	93,078,105	46,275,669	5,436,322	133,917,452
Equipment (Eng., Camp. & Off. Equip.)	115,133,550	76,657,830	1,141,922	190,649,458
Heavy Duty Machine	91,329,079	19,073,123	-	110,402,203
Motor Vehicle	260,647,030	382,609	-	261,029,639
Furniture & Fittings	32,917,942	9,839,877	616,801	42,141,018
Office Machine	18,008,696	8,726,336	2,265,031	24,470,001
Total Cost	809,743,023	193,581,808	9,460,075	993,864,755

Depreciation

	Balance 30 June 2022 Birr	Addition Birr	Disposal Birr	Balance 30 June 2023 Birr
Building	12,158,357	2,267,839	-	14,426,195
Computer & Related Equipment	31,641,595	9,217,463	4,864,865	35,994,193
Equipment (Eng., Camp. & Off. Equip.)	63,883,181	11,221,216	1,019,644	74,084,753
Heavy Duty Machine	16,897,078	2,923,561	-	19,820,639
Motor Vehicle	85,485,010	10,488,196	-	95,973,206
Furniture & Fittings	15,052,835	3,360,832	492,959	17,920,708
Office Machine	7,558,586	1,074,965	1,936,069	6,697,482
Total	232,676,642	40,554,071	8,313,536	264,917,176
Book Value	577,066,381	153,027,737	1,146,539	728,947,579



b. Construction in Progress

Construction in progress relates with site work at the head office of the Corporation. The construction is expected to be completed in the near Future along with all work and title deed transfer.

Construction in Progress	June 30,2024 Birr	June 30,2023 Birr
Beginning Balance	38,507,269	39,026,075
Addition	13,539,656	31,685,665
Transferred to Plant property & Equipment	(10,219,101)	(32,204,470)
Ending Balance	41,827,824	38,507,269

c. Right of Use Asset

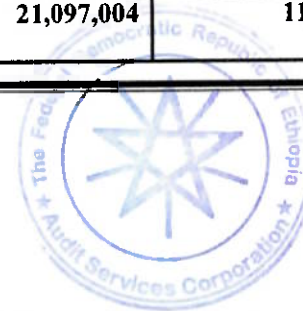
Right of Use Asset	June 30,2024 Birr	June 30,2023 Birr
Beginning Balance	12,704,442	12,931,307
Depreciation	226,865	226,865
Ending Balance	12,477,577	12,704,442

The land was transferred to the corporation at the date of May 9, 2019 on lease base by Yeka sub city administration land development and management office with a cost of Birr 13,611,902.19. The total area of the land is 5525 square meter and transferred with 60 years of lease term. 20 % of the lease amount was paid at commencement date and the remaining amount was recorded as lease liability to be paid during the next 30 years including the interest computed on the remaining balance of the lease liability.

d. Intangible Assets - Software

Cost

	June 30,2024 Birr	June 30,2023 Birr
Beginning Balance	11,322,359	11,583,288
Addition	9,774,645	173,913
Disposal/Adjustment	-	434,842
Ending Balance	21,097,004	11,322,359



Accumulated Depreciation

	June 30,2024 Birr	June 30,2023 Birr
Beginning Balance	5,996,324	5,662,143
Addition	1,267,482	768,537
Disposal/Adjustment	-	434,357
Ending Balance	7,263,805	5,996,324

Book value

	June 30,2024 Birr	June 30,2023 Birr
Book value	13,833,199	5,326,035

e. Investment in Government Securities

The Corporation purchased Ethiopian government saving bond which is issued by the federal government of Ethiopia Ministry of Finance with face amount of br. 468,025 issued on April 18, 2022. The bond maturity date is five years from the date of issue which is April 17, 2027 and is redeemable in full without any discount or premium.

f. Inventories

	June 30,2024 Birr	June 30,2023 Birr
Stationary	20,706,165	9,499,331
Office Supplies	2,842,000	4,940,126
Construction Supp. & Other	239,706,863	242,412,318
Laboratory Supplies	11,110,701	4,552,198
Motor Vehicle Spare parts	30,751,352	21,427,006
Rig Spare parts	22,691,656	23,671,127
Other Supplies (Camping, Eng. & Clearing Supplies)	130,809,570	7,876,208
	458,618,307	314,378,314
Provision For Obsolete Stock	(818,127)	(663,674)
Total	457,800,180	313,714,639



g. Trade Receivable

	June 30,2024 Birr	June 30,2023 Birr
Trade receivable	2,579,514,329	1,484,152,378
Less: Provision for doubtful trade receivable	(196,045,754)	(157,547,683)
	2,383,468,575	1,326,604,695

h. Other Receivables

	June 30,2024 Birr	June 30,2023 Birr
Sundry Debtors	178,797,584	71,805,026
Supplier Advance	95,345,845	44,780,950
Staff Debtors	3,495,853	4,051,065
Retention Receivable	182,036,345	63,344,607
Travel Advance	12,095,583	8,697,911
Prepayments	3,351,708	516,113
Purchase Advance	29,588,260	20,394,211
Sub total	504,711,178	213,589,883
Less: provision for doubtful staff debtors	(237,237)	(237,237)
Less : provision for doubtful sundry debtors	(18,000)	(18,000)
	504,455,941	213,334,646

i. Other Payables

	June 30,2024 Birr	June 30,2023 Birr
Unearned Revenue	1,899,297,398	894,926,573
Sunday Creditors	47,659,230	47,699,553
Taxes & Pension Payable	50,769,506	37,272,979
Accruals	632,329,015	250,491,001
Total	2,630,055,149	1,230,390,106

j. Current Tax Payable

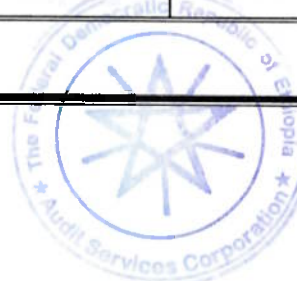
	For the year ended 30 June 2024 Birr	For the year ended 30 June 2023 Birr
Beginning balance	82,058,635	66,382,142
Paid during the year	-96,478,709	-81,085,232
Current profit tax	263,193,441	96,761,725
Total	248,773,367	82,058,635

k. Tax Charge

	For the year ended 30 June 2024 Birr	For the year ended 30 June 2023 Birr
Net Profit before tax	859,325,266	289,635,350
Add: Disallowed expenses		
Entertainment	12,892,012	9,940,013
Penalty	858,952	9,156,807
Leave expense	14,394,616	14,868,135
Severance pays expense	2,564,095	7,186,316
Depreciation – IFRS	55,739,379	41,754,343
Provision for obsolete stock	154,453	18,424
Provision for doubtful debts	38,498,072	22,464,112
Less :Allowed Expenses		
Depreciation for tax purpose	103,016,419	71,232,276
Less: Income taxed at source or not to be taxed		
Gain on Disposal of PPE		
Interest Income	4,098,957	1,252,141
Taxable profit	877,311,468	322,539,084
Income tax at 30%	263,193,440	96,761,725

l. Income Tax Expense

	For the year ended 30 June 2024 Birr	For the year ended 30 June 2023 Birr
Current tax based on adjusted profit at 30%	263,193,441	96,761,725
Deferred tax assets expense	-16,683,371	-13,361,096
Deferred tax liabilities expense	14,183,112	8,843,380
Total tax expense	260,693,182	92,244,009



m. Paid-up Capital

The Corporation is wholly owned by the Government of the Federal Democratic Republic of Ethiopia. Currently the total paid up capital of the corporation is br. 1,114,274,782.

n. Legal Reserve

The legal reserve is a statutory reserve to which 5% of the net profits shall be transferred each year until it amounts to 20% of the capital.

o. Dividend

As per the directive issued by Ethiopian Investment holdings the dividend amount is 70% of the net profit after legal reserve is deducted.

p. Retained Earnings

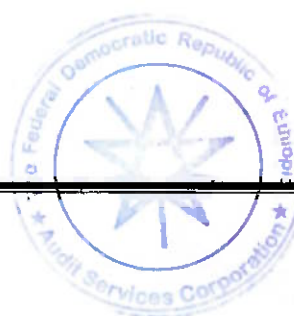
The balance of retained earnings represents the amount allowed by directive issued by Ethiopian Investment holdings for retaining of 30% of the amount of the net profit after legal reserve is deducted.

q. Excess of paid-up capital

Excess of contribution in cash and in kind over the proclaimed paid up capital at the date of establishment. It is not available for distribution.

r. Revenue

	For the year ended 30 June 2024 Birr	For the year ended 30 June 2023 Birr
Consultancy & Construction	4,644,267,743	2,476,847,342
Laboratory, Surveying & Geotechnical Work	259,917,900	126,022,367
Total	4,904,185,643	2,602,869,709



s. Operating Cost

	For the year ended 30 June 2024	For the year ended 30 June 2023
	Birr	Birr
Salaries and Related Benefits	875,057,808	548,956,281
Traveling & Transportation	149,925,089	115,891,311
Depreciation & Amortization	27,507,265	15,190,526
Professional Services/Sub Consultancy	698,720,169	270,143,534
Rental Expense	194,114,785	155,924,693
Supplies & Utilities	1,446,882,593	670,023,481
Repair & Maintenance & Insurance	62,543,165	56,564,360
Printing Advertising & Communication	1,832,504	10,206,653
Entertainment	7,732,947	5,931,594
Severance & annual leave	41,563	388,148
Penalty	669,574	3,605,489
Miscellaneous -other expense	54,108,678	13,681,715
Total	3,519,136,140	1,866,507,786

t. Other Income

	For the year ended 30 June 2024	For the year ended 30 June 2023
	Birr	Birr
Rent Income	13,848,882	16,378,053
Interest	4,098,957	1,252,141
Gain on Foreign Currency rate change	1,531,093	1,041,334
Miscellaneous	12,542,410	7,928,602
Total	32,021,343	26,600,129



u. Administration Expenses

	For the year ended 30 June 2024 Birr	For the year ended 30 June 2023 Birr
Salaries and Related Benefits	360,023,778	292,205,959
Supplies & utilities	59,607,802	56,955,198
Printing and Advertising	2,764,678	5,259,906
Penalty	189,377	5,551,318
Traveling & Transport	4,683,860	4,859,330
Insurance	11,510,065	11,521,449
Depreciation	28,232,114	26,563,817
Entertainment	5,159,065	4,008,420
Rental Expense	13,646,576	16,350,045
Severance pay & Annual leave	16,917,148	21,666,303
Miscellaneous	16,513,043	5,920,846
Total	519,247,508	450,862,590

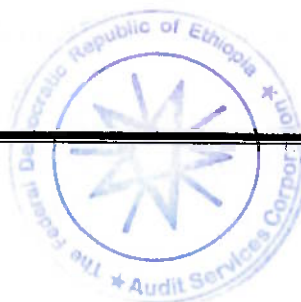
v. Contingent Liabilities

The Corporation is being charged by the tax authority with assessments amounting to Birr 82,521,511 in respect to value added tax and profit tax with interest & penalties. An appeal against these assessments has been lodged with the Federal Higher Court. The outcome of the appeal cannot be assessed at this time and no provision for this contingent liability has been made in these financial statements.

There is also a pending legal case of claim for motor vehicle accident compensation which amounts Birr 1,200,000.00 and claim for Birr 14,268,994.30 in contractual performance obligation for woldia water supply project

w. Events after the reporting period

There were no significant events that occurred after the reporting period which should be reported in this financial statement.



7. DATE OF AUTHORIZATION

The chief executive officer of Ethiopian Engineering Corporation authorized the issue of these financial statements on 7 April 2025.

8. SECTORS' INFORMATION

The Corporation has Five Sectors And two centers Considered as a business unites under the legal entity of Ethiopian Engineering Corporation. The summarized Statement of financial position and Statement of profit or loss for each sector & center along with account breakdowns are presented as follows as an additional disclosure.



Ethiopian Engineering Corporation
IFRS Based Financial Statement
As of June 30, 2024

Ethiopian Engineering Corporation
Statement of Financial Position
As of June 30, 2024

	Water and energy sector	Building and urban Devt sector	Transport sector	Geotechnical Sector	laboratory center	Servicing center	Construction Sector	Head Office	Ethiopian Eng. Corporation
ASSET									
Non-current assets	204,884,060	46,447,360	57,309,492	20,409,396	3,900,434	6,199,000	337,151,646	2,644,084,066	1,042,865,494
Current assets	570,063,417	374,392,480	94,175,264	47,264,248	18,822,124	5,403,620	2,542,506,026	1,006,903,571	4,659,530,750
Reciprocal Recei	661,062,455	549,120,769	210,805,511	124,095,925	84,696,859	107,259,426	2,315,486,997	2,779,481,152	
TOTAL ASSET	1,436,009,931	969,960,608	362,290,267	191,769,569	107,419,417	118,862,047	5,195,144,669	6,430,468,788	5,702,396,244
LIABILITIES									
Non-current liab.	183,583,521	57,222,940	29,586,237	18,061,805	12,817,191	17,118,892	2,520,140,143	1,161,526,360	4,000,057,090
Current liabilities	7,854,547	7,696,531	2,215,971	2,010,250	1,829,318	2,338,927	-	84,811,531	108,757,076
Reciprocal Pay.	561,605,333	419,564,084	178,719,101	137,002,390	91,453,795	96,124,148	1,756,991,423	3,590,548,819	
TOTAL LIABILITIES	753,043,401	484,483,555	210,521,309	157,074,445	106,100,305	115,581,968	4,277,131,566	4,836,886,710	4,108,814,165
EQUITY									
Paid up								1,114,274,782	1,114,274,782
Legal Reserve								88,590,954	88,590,954
Retained Earnings								385,210,489	385,210,489
Equity in excess of paid up capital								5,505,854	5,505,854
Total Equity	682,966,531	485,477,054	151,768,958	34,695,123	1,319,112	3,280,079	918,013,103	1,593,582,078	1,593,582,078
TOTAL LIABILITIES AND EQUITY	1,436,009,931	969,960,608	362,290,267	191,769,569	107,419,417	118,862,047	5,195,144,669	6,430,468,788	5,702,396,244



Ethiopian Engineering Corporation
Statement of Profit or Loss and Other Comprehensive Income
For The Year Ended June 30, 2024

Revenue:	Water and energy sector	Building and urban Devt sector	Transport sector	Geotechnical Sector	laboratory center	Surveying center	Construction Sector	Ethiopian Eng. Corporation
Operating Revenue	562,746,363	446,694,397	165,242,888	32,518,410	31,230,673		3,665,752,912	4,904,185,643
Intra corporate Revenue	52,325,298	80,838,578	13,771,078	79,914,716	35,102,644	85,989,407	-	
Total Revenue	615,071,660	527,532,975	179,013,967	112,433,126	66,333,317	85,989,407	3,665,752,912	
Intra corporate Expense	136,768,533	105,918,861	18,238,280	4,837,951	-	-	82,178,096	
Net Operating Revenue	478,303,127	421,614,114	160,775,687	107,595,175	66,333,317	85,989,407	3,583,574,815	4,904,185,643
Cost of Sales	246,605,174	202,858,348	89,019,418	48,670,324	46,194,129	46,647,710	2,839,141,038	3,519,136,140
Gross Operating Profit	231,697,954	218,755,766	71,756,269	58,924,851	20,139,188	39,341,698	744,433,777	1,385,049,503
Other Income	19,599,610	1,640,500	409,589	216,839	478,526	113,819	9,562,460	32,021,343
	251,297,564	220,396,266	72,165,858	59,141,690	20,617,714	39,455,516	753,996,237	1,417,070,845
Expenses:								-
Administrative Expense	164,896,933	116,218,511	62,519,735	51,414,949	19,796,961	28,022,981	114,875,509	557,745,579
Net Profit Before Tax	86,400,631	104,177,755	9,646,123	7,726,741	820,754	11,432,535	639,120,728	859,325,266