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AUDIT SERVICE CORPORATION

ETHIOPIAN CONSTRUCTION WORKS CORPORATION

INDEPENDENT AUDITOR'S REPORT

AND

FINANCIAL STATEMENTS

7 JULY 2024



**CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 07 JULY 2024**

ETHIOPIAN CONSTRUCTION WORKS CORPORATION
FINANCIAL STATEMENTS
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FOR THE YEAR ENDED 7 JULY 2024

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**ETHIOPIAN CONSTRUCTION WORKS CORPORATION
CORPORATE INFORMATION
FOR THE YEAR ENDED 7 JULY 2024**

Board of Directors

Engineer Ayisha Mohammed	Board Chairman
Dr. Abraha Adugna	Vice Board chairman
Dr. Alemu Sime	Board Member
Ato Abdisa Yadeta	Board Member
Dr. Lema Gudisa	Board Member
Engineer Moges Tibebe	Board Member
Ato Muluneh Aboye	Board Member
Ato Ayele Kebede	Board Member
Engineer Afework Nigussie	Board Member
W/ro Yenewub Ayalew	Board Member
Ato Amentie Daddy	Board secretary

Key management

Name	Positions
Engineer Yonas Ayalew	CEO
Engineer Fisum Tamiru	Deputy CEO of Transport infrastructure construction sector
Engineer Firezige Mehari	Deputy CEO of Water infrastructure construction sector
Engineer Bemnet Gashaw	Deputy CEO of Ownforce Construction and Plant Management
Engineer Ashenafi Hassen	Deputy CEO of Building and Housing construction sector
Ato Wakjira Yilma	Deputy CEO of Corporate resource Management and service sector
Ato Assefa Kesito	Deputy CEO of planning and corporate affairs sector
D.r Bezawit Girma	Deputy CEO of Secretariat
Engineer Wegen Solomon	Deputy CEO of Business Development and project Management Sector
Engineer Tadel Fole	Deputy CEO of Industry Management Sector
Ato Alemayehu Terefe	Chief Finance Officer
Ato Bet Mekonnen	Human Resource Management
Ato Motuma Gelana	Procurement and property Management Department
Ato Yohannes Ayele	Audit main department

Registered address

Addis Ababa City Administration
Gurd Shola, Around Athletics Federation Building, 21951/100, Addis Ababa,
Ethiopia Addis-Abeba
P.O.BOX. 21952/1000
Phone Number +251116675473
E-mail:www.ecwc.gov.et
Addis Ababa, Ethiopia

Principal place of business

Addis Ababa
Ethiopia

Auditors

Audit Service Corporation

Bankers

Commercial Bank of Ethiopia
Phone: +251-115-515004 / +251-111-228755
email: cbe@combanketh.et
P.O.Box 255

**ETHIOPIAN CONSTRUCTION WORKS CORPORATION
STATEMENT OF MANAGEMENT RESPONSIBILITIES
FOR THE YEAR ENDED 7 JULY 2024**

The Commercial Code of the Federal Democratic Republic of Ethiopia require the Management to prepare financial statements that represent the state of affairs of the Company at the end of the financial year and the operating results of the Company for that year. The Commercial Code of Ethiopia also requires the Management to ensure that the Company keeps proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company. The Management is also responsible for safeguarding the assets of the Company.

The Management is responsible for the preparation and fair presentation of these financial statements that give a true and fair view of the statement of financial position of the Company at the reporting date and of its operating results in the manner required by the Commercial Code of Ethiopia, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The responsibilities include;

- a) designing, implementing and maintaining such internal control as they determine necessary to enable the presentation of financial statements that are free from material misstatement, whether due to error or
- b) selecting suitable accounting policies supported by reasonable and prudent judgments and estimates, that are consistently applied; and

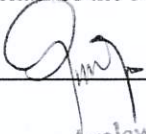
c) keeps proper accounting records that disclose, with reasonable accuracy, the financial position of the Company.

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


The Management is of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the company and of its operating results.

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

Signed on behalf of the Management by:



Yonas Ayalew (Engineer)
Chief Executive
Officer



Alemayehu Terefe
Financial Management
Division Chief Finance
Officer



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PUBLIC ACCOUNTABILITY | SHARED GROWTH

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Audit Service Corporation

**INDEPENDENT AUDITOR'S REPORT
TO THE SUPERVISING AUTHORITY OF
ETHIOPIAN CONSTRUCTION WORKS CORPORATION**

Report on the Audit of the Financial Statements

Qualified Opinion

We have audited the financial statements of Ethiopian Construction Works Corporation (the Corporation), which comprise the consolidated statement of financial position as at 7 July 2024, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statements of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, except for the possible effects of the matters described in the *Basis for Qualified Opinion* section of our report, the accompanying financial statements present fairly, in all material respects the financial position of the Corporation as at 7 July 2024 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Qualified Opinion

1. Significant difference was noted between the records of project offices and the Head Office accounts which was not reconciled and agreed. The overall difference between the project accounts and the Head Office receivables shows amounts totalling over Birr 278,785,628 which were not cleared subsequently as well. The Head Office and project accounts were in consequence not shown correctly in the books during the year under review.
2. Creditors account shown on the statement of financial position includes long outstanding balances totalling over Birr 2,538,500,000 for which we obtained no sufficient appropriate documentations or explanation as to the reason they had not been settled. In consequence, we were unable to determine whether any adjustments might have been found necessary in respect of creditors shown on the statement of financial position at Birr 6,358,175,154.

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

Report on the Audit of the Financial Statements (continued)

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 qualified opinion.

Key Audit Matters

Key audit matters are 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. We have determined no other matters as key audit matters to be communicated in our report other than the matters described in the *Basis for qualified Opinion* section.

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.

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.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

Report on the Audit of the Financial Statements (continued)

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

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.
- 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.

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

Report on the Audit of the Financial Statements (continued)

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

From those 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 Ato Tegegn Hailemariam.

Audit Services Corporation


5 August 2025

**ETHIOPIAN CONSTRUCTION WORKS CORPORATION
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE
FOR THE YEAR ENDED 07 JULY 2024**


Currency: Ethiopian Birr

	Notes	2024	2023-As Restated
Operating revenues	4	10,118,111,873	7,787,046,933
Costs of sales	5	<u>7,811,048,974</u>	<u>5,709,812,851</u>
Gross profit		2,307,062,899	2,077,234,082
Other income	6	<u>541,206,087</u>	<u>344,873,598</u>
		2,848,268,986	2,422,107,680
Operating costs			
General and administrative expenses	7	1,585,415,281	1,274,648,289
Expected credit losses	7	40,704,387	20,968,023
Selling and distribution expenses	8	<u>4,799,921</u>	<u>3,360,628</u>
		<u>1,630,919,589</u>	<u>1,298,976,940</u>
Profit (loss) before tax		1,217,349,397	1,123,130,740
Tax expense (Credit)	9.1	<u>(443,637,577)</u>	<u>(350,146,383)</u>
Profit (loss) after tax		773,711,820	772,984,357
Other comprehensive income (OCI) net of income tax			
Remeasurement gain/(loss) on retirement benefits obligations		<u>9,289,884</u>	<u>10,189,978</u>
Total comprehensive income (loss) for the year		<u><u>783,001,704</u></u>	<u><u>783,174,336</u></u>
Profit (loss) for the year attributable to:			
Owner of the Parent		740,740,212	774,099,317
Non-controlling interest		<u>42,261,492</u>	<u>9,075,019</u>
		<u><u>783,001,704</u></u>	<u><u>783,174,336</u></u>

The accompanying notes form an integral part of these financial statements.



Yonas Ayalew (Engineer)
Chief Executive
Officer



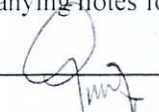
Alemayehu Terefe
Financial Management
Division Chief Financial
Officer


ETHIOPIAN CONSTRUCTION WORKS CORPORATION
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 07 JULY 2024

Currency: Ethiopian Birr

	Notes	2024	2023-As Restated
Assets			
Non-current assets			
Property, Plant and Equipment	10	2,352,124,648	2,450,820,059
Right of Use Assets	11	448,615	456,642
Investment in Other Securities	12	38,682,508	27,250,835
		<u>2,391,255,771</u>	<u>2,478,527,536</u>
Current assets			
Inventories	13	1,285,235,832	1,312,920,993
Contract Asset	14	11,070,695,366	8,897,552,013
Tax Recoverable	15	622,794,653	671,630,490
Trade and Other Receivables	16	7,117,974,465	7,024,967,874
Cash and Cash Equivalents	17	2,352,401,658	1,600,593,492
		<u>22,449,101,974</u>	<u>19,507,664,862</u>
Total Assets		<u>24,840,357,745</u>	<u>21,986,192,398</u>
Equity and Liabilities			
Equity			
Paid up Capital	18	7,752,049,271	7,752,049,271
Legal Reserve	19	130,061,784	93,489,267
Revaluation Surplus and Other Reserve	20	5,107,531,696	5,107,531,696
Retained Earnings	21	(3,851,971,603)	(4,546,849,414)
Other Comprehensive Income		9,285,271	(4,613)
Total equity attributable to the Parent		<u>9,146,956,419</u>	<u>8,406,216,207</u>
Non-Controlling Interest		59,636,627	26,587,696
Total Equity		<u>9,206,593,046</u>	<u>8,432,803,903</u>
Liabilities			
Non-Current Liabilities			
Deferred Tax Liability	22	56,030,973	81,678,827
Construction Contract Liability	23	388,473,707	149,498,982
Employee Benefit	27.2.1.	18,334,856	18,131,923
		<u>462,839,536</u>	<u>249,309,732</u>
Current Liabilities			
Trade and Other payables	24	6,358,175,154	5,124,443,829
Contract Advance	4.3.3	8,176,203,055	7,890,926,688
Income Tax Payables	25	362,522,479	186,810,468
Other Tax Payables	26	274,024,475	101,897,777
		<u>15,170,925,163</u>	<u>13,304,078,763</u>
Total Liabilities		<u>15,633,764,699</u>	<u>13,553,388,494</u>
Total Equity and Liabilities		<u>24,840,357,745</u>	<u>21,986,192,397</u>

The accompanying notes form an integral part of these financial statements.


Yonas Ayalew (Engineer)
Chief Executive
Officer


Alemayehu Terefe
Financial Management
Division Chief Financial
Officer

ETHIOPIAN CONSTRUCTION WORKS CORPORATION
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 07 JULY 2024

	Paid-up Capital	Legal Reserve	Retained Earnings	Revaluation Surplus and Other Reserve	Other Comp. Income	Total	Currency: Ethiopian Birr	
							Non-controlling Interests	Total Equity
Balance at 7 July 2022	7,752,049,271	55,293,800	(5,272,563,286)	2,579,820,130	(10,194,591)	5,104,405,324	29,120,861	5,133,526,185
Total comprehensive income for the year	-	-	763,909,339	-	10,189,978	774,099,317	9,075,019	783,174,336
Transfer to legal reserve	-	38,195,467	(38,195,467)	-	-	-	-	-
Difference between Derecognition of Long Term Loan and financing effect	-	-	-	2,527,711,566	-	2,527,711,566	-	2,527,711,566
Dividend declared	-	-	-	-	-	-	(11,608,184)	(11,608,184)
Balance at 7 July 2023 As Restated	7,752,049,271	93,489,267	(4,546,849,414)	5,107,531,696	(4,613)	8,406,216,207	26,587,696	8,432,803,903
Total comprehensive income for the year	-	-	731,450,327.89	-	9,289,884	740,740,212	42,261,492	783,001,704
Transfer to legal reserve	-	36,572,516	(36,572,516)	-	-	-	-	-
Dividend declared	-	-	-	-	-	-	(9,079,518)	(9,079,518)
Prior period adjustment	-	-	-	-	-	-	(133,043)	(133,043)
Balance at 7 July 2024	7,752,049,271	130,061,784	(3,851,971,603)	5,107,531,696	9,285,271	9,146,956,419	59,636,627	9,206,593,046

The accompanying notes form an integral part of these financial statements.

ETHIOPIAN CONSTRUCTION WORKS CORPORATION
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 07 JULY 2024

Currency: Ethiopian Birr

	Notes	2024	2023-As Restated
Cash flows from operating activities			
Profit (loss) before tax		1,217,349,397	1,123,130,740
Adjustments For:			
Depreciation and amortization	9&10	203,123,914	204,583,841
Remeasurement gain/(loss) on retirement benefits	27.2.4.	9,289,884	
Prior period adjustment		(133,043)	
		<u>1,429,630,152</u>	<u>1,327,714,581</u>
Movements in working capital			
Decrease (Increase) in inventories	13	27,685,161	(191,875,604)
Increase in trade and other receivables	16	(93,006,592)	(2,385,010,289)
Decrease (Increase) in tax receivables	15	48,835,837	(110,615,335)
Increase in contract assets	14	(2,173,143,353)	(2,529,191,206)
Increase in trade and other payables	24	1,233,731,325	1,253,292,380
Increase in contract advance	4.3.3	285,276,367	1,434,070,350
Increase in other tax payables	26	172,126,698	90,758,839
Increase in employee benefits	27.2.1.	202,933	10,106,879
Increase (Decrease) in Construction Contract	23	238,974,726	(102,984,897)
Cash generated from (used for) operations		<u>1,170,313,254</u>	<u>(1,203,734,301)</u>
Income tax paid	9.3	(293,573,421)	(233,355,663)
Net Cash inflows from (outflow for) operating activities		<u>876,739,834</u>	<u>(1,437,089,964)</u>
Cash flows from investing activities			
Investment in financial securities	12	(11,431,673)	(17,607,951)
Payments for property, plant and equipment	10	(104,420,476)	43,468,537
Net cash out flows for investing activities		<u>(115,852,149)</u>	<u>25,860,586</u>
Cash flows from financing activities			
Proceeds from borrowings		-	-
Dividends paid to non-controlling interest		(9,079,518)	(11,608,184)
Net cash generated from financing activities		<u>(9,079,518)</u>	<u>(11,608,184)</u>
Net increase (decrease) in cash and cash equivalents		751,808,167	(1,422,837,562)
Cash and cash equivalent, opening		1,600,593,492	3,023,431,052
Cash and cash equivalent, ending		<u>2,352,401,658</u>	<u>1,600,593,491</u>
Cash and cash equivalent represented by:			
Cash and bank balances	17	2,352,401,658	1,600,593,492
		<u>2,352,401,658</u>	<u>1,600,593,492</u>

The accompanying notes form an integral part of these financial statements.

ETHIOPIAN CONSTRUCTION WORKS CORPORATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

1. Reporting Entity

The Ethiopian Construction Works Corporation (hereinafter referred to as Corporation) is a public enterprise wholly owned by the Government of the Federal Democratic Republic of Ethiopia. It is established through Council of Ministers Regulation No. 366/2016 as amended by Council of Ministers Regulation No. 390/2016 as a public enterprise. In addition to its establishment regulations, the Corporation is governed by the Public Enterprises Proclamation No. 25/1999 and is supervised by the Ministry of Public Enterprises. The Corporation has 70% controlling interest in Geosynthetics Industrial Works Pvt. Ltd. Company.

The Corporation is established to engage, among others, in domestic and overseas construction works as a contractor in the construction, upgrading and maintenance of buildings, roads, bridges, dams, irrigations, and hydropower generations; airfields, rail ways, ports, sewerage systems, drainage, deep water wells, canals, reclamations and river diversions, and other civil works. It also engages in the assembling of construction equipment and machineries; manufacturing of spare parts; provision of construction equipment and machinery maintenance service; acquisition, ownership and administration of irrigation dams, deep water wells and water supply canals.

The Corporation has district offices and projects in different parts of country and it is headquartered in Addis Ababa.

2. General Information, Statement of compliance with IFRS and going concern assumption

2.1 Statement of Compliance

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

2.2 Going concern assumption

The financial statements have been prepared on a going concern basis. Management has no doubt that the corporation would remain in existence after 12 months from the date of issuance of this report.

2.3 Reporting Period

The corporation's fiscal year runs from 08 July of one year to 07 July of the following year. These financial statements therefore are for the 2024 fiscal year with comparative figures for 2023 fiscal

3. Significant accounting policies

3.1 Basis of Preparation

These financial statements have been prepared on a historical cost basis, except for the measurement of impaired assets at their recoverable amounts.

ETHIOPIAN CONSTRUCTION WORKS CORPORATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

3 Significant accounting policies (Continued)

3.2 Basis of consolidation

The Group's financial statements consolidate those of the parent company and its subsidiaries as of 07 July 2024. The subsidiary has a reporting date of 07 July.

All transactions and balances between Group companies are eliminated on consolidation, including unrealized gains and losses on transactions between Group companies. Where unrealized losses on intra-group asset sales are reversed on consolidation, the underlying asset is also tested for impairment from a Group perspective. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group. Profit or loss and other comprehensive income of subsidiaries acquired or disposed of during the year are recognized from the effective date of acquisition, or up to the effective date of disposal, as if they had always been part of the Group.

The Group attributes total comprehensive income or loss of subsidiaries between the owners of the parent and the non-controlling interests based on their respective ownership interests.

The subsidiary, Geosynthetics Industrial Works Pvt. Ltd. Company is included in the consolidated financial statements.

3.3 Equity investment in subsidiary

For the purpose of separate financial statements, the Corporation accounts its equity investment in its subsidiary, Geosynthetics Industrial Works Pvt. Ltd. Company, using the equity method. Under the equity method, the investment in the subsidiary is initially recognized at cost. The carrying amount of the investment is adjusted to recognize changes in the Corporation's share of net assets of the subsidiary since the acquisition date. The dividends received or receivable from the subsidiary are recognized as a reduction in the carrying amount of the investment.

3.4 Business combinations

The Group applies the acquisition method in accounting for business combinations. The consideration transferred by the Group to obtain control of a subsidiary is calculated as the sum of the acquisition-date fair values of assets transferred, liabilities incurred and the equity interests issued by the Group, which includes the fair value of any asset or liability arising from a contingent consideration arrangement. Acquisition costs are expensed as incurred.

Assets acquired and liabilities assumed are measured at their acquisition-date fair values.

3.5 Foreign currency translation

Functional and presentation currency

The consolidated financial statements are presented in currency units Ethiopian Birr, which is also the functional currency of the corporation.

Foreign currency transactions and balances

Foreign currency transactions are translated into the functional currency, using the exchange rates prevailing at the dates of the transactions (spot exchange rate). Foreign exchange gains and losses resulting from the settlement of such transactions and from the remeasurement of monetary items denominated in foreign currency at period-end exchange rates are recognized in profit or loss.

Non-monetary items are not retranslated at the period-end. They are measured at historical cost (translated using the exchange rates at the transaction date).

ETHIOPIAN CONSTRUCTION WORKS CORPORATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

3 Significant accounting policies (Continued)

3.6 Judgments, Estimates and Assumptions

The preparation of financial statements in conformity with IFRS requires the management of the Group to make judgments, estimates and assumptions which affect the reported amount of the Group's assets, liabilities, income, expenses, and related disclosures. Judgments, assumptions and estimates are based on historical experience, expectations, current trends and other factors that management believes to be relevant at the time at which the Group's financial statements are prepared. In the process of applying the Group's accounting policies, management has made the following judgments, estimates and assumptions which have the most significant effect on the amounts recognized in the financial statements:

a) Going concern basis

The financial statements have been prepared on a going concern basis. Management has no doubt that the Group would remain in existence after 12 months from the date of issuance of this report.

b) Lease

The Group has entered into different rental commitments. The Group has determined whether a contract contains a lease based on an evaluation of the terms and conditions of the arrangements. For further information on lease commitments please refer to note 3.17.

c) Impairment losses on receivables

The Group reviews its receivables for impairment on an on-going basis. The Group first assesses whether objective evidence of impairment exists individually for receivables that are individually significant, or collectively for receivables that are not individually significant. Impairment provisions are also recognized for losses not specifically identified but which, experience and observable data indicate are present in the portfolio at the date of assessment. Management uses estimates based on historical loss experience for assets with credit risk characteristics and objective evidence of impairment similar to those in the portfolio when scheduling its future cash flows. The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss experience.

d) Defined benefit plans

The cost of the defined benefit plan is determined using actuarial valuations. An actuarial valuation involves making various assumptions including the determination of the discount rate, future salary increases, mortality rates and separation rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date. For further information please refer to note 3.16.

e) Depreciation and carrying value of property, plant and equipment

The estimation of the useful lives of assets is based on management's judgement. Adjustment to the estimated useful lives of items of property and equipment will have an impact on the carrying value of these items. For further information please refer to note 3.10 .

ETHIOPIAN CONSTRUCTION WORKS CORPORATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

3 Significant accounting policies (Continued)

3.6 Judgments, Estimates and Assumptions (Continued)

f) Impairment of non-financial asset

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing of the asset.

g) Percentage-of-completion measurement

The percentage-of-completion method is used for the recognition of periodic construction revenue from long term construction contracts. This method enables to determine the progress of performance of obligations of the construction contract and the amount of revenue to be recognized over time. To do this, significant estimates such as total contract costs to date of reporting, remaining costs to complete the remaining part of obligations of each contract, the transaction price of each contractual obligations, price escalations, rebates etc. needs to be made. The management of the project offices continually review all estimates involved in such construction contracts and adjusts these estimates as necessary. For further information please refer to

h) Provision for loss making construction contracts: Onerous contracts

The Group records provisions for onerous construction contracts when the unavoidable costs of meeting the obligations exceed the economic benefits expected to be received. Onerous contracts are identified by monitoring the progress of the contract and updating the estimate of the expected costs which reflects the least net cost of exiting from the contract, which is the lower of, the cost of fulfilling the contract or the compensation or penalties arising from failure to fulfil the contract and comparing this cost with the expected benefit to be received from the same. Estimates and judgements are subject to change based on new information as contracts progress. For further information please refer to note 26.

3.7 New or revised Standards or Interpretations

3.7.1 Application of new and revised International Financial Reporting Standards (IFRSs) and Interpretations (IFRICs)

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning or after 1 January 2020, and have not been applied in preparing these financial statements. None of these is expected to have a significant effect on the financial statements of the Company.

New Standards, amendments and Interpretations neither adopted nor listed below have not been disclosed as they are not expected to have a material impact on the Company's financial statement.

New and Amendments to standards

*Effective for annual periods
beginning on or after*

Insurance contracts – IFRS 17	1 January 2021
Amendments to IAS 1 - classification of liabilities	1 January 2024
Amendments to the conceptual framework	1 January 2022
Amendments to IAS 8 - accounting estimates	1 January 2023

ETHIOPIAN CONSTRUCTION WORKS CORPORATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

3 Significant accounting policies (Continued)

3.7 New or revised Standards or Interpretations (Continued)

3.7.1 Application of new and revised International Financial Reporting Standards (IFRSs) and Interpretations (IFRICs) (Continued)

Insurance contracts – IFRS 17

On 18 May 2017, the IASB finished its long-standing project to develop an accounting standard on insurance contracts and published IFRS 17, 'Insurance contracts'. IFRS 17 replaces IFRS 4, which currently permits a wide variety of practices. IFRS 17 will fundamentally change the accounting by all entities that issue insurance contracts and investment contracts with discretionary participation

IFRS 17 applies to annual periods beginning on or after 1 January 2021, with earlier application permitted if IFRS 15 and IFRS 9 are also applied. The standard should be applied retrospectively unless impracticable.

Our corporation does not issue insurance contracts, hence IFRS 17 is not applicable in our case. However, our corporation procures various insurance policies to mitigate operational risks and protect its assets. These typically include, but are not limited to, property insurance, contractors' all-risk insurance, and liability insurance. Premiums for these policies are recognized as expenses in the statement of profit or loss over the coverage period. At the end of the current, the Corporation holds valid insurance policies for its assets and operations.

In the normal course of its construction activities, ECWC provides performance guarantees to clients, typically through insurance guarantees, to ensure the satisfactory completion of contracts. These guarantees represent an obligation to compensate the client if the Corporation fails to fulfil its contractual obligations. The Corporation assesses the likelihood of a claim under these guarantees and recognizes a provision when it is probable that an outflow of economic benefits will be required to settle the obligation and the amount can be reliably estimated, in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets. As at the end of this reporting period, our corporation does not expect any significant outflow for these guarantees.

Amendments to IAS 1, 'Presentation of financial statements' – Classification of liabilities as current or non-current

On 23 January 2020, the IASB issued a narrow-scope amendment to IAS 1 to clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. The amendment requires the following:

- Liabilities are classified as non-current if the entity has a substantive right to defer settlement for at least 12 months at the end of the reporting period. The amendment no longer refers to unconditional rights, since loans are rarely unconditional (for example, because the loan might contain covenants).
- The right to defer only exists if the entity complies with any relevant conditions at the reporting date. A liability is classified as current if a condition is breached at or before the reporting date and a waiver is obtained after the reporting date. A loan is classified as non-current if a covenant is breached after the reporting date.

ETHIOPIAN CONSTRUCTION WORKS CORPORATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

3 Significant accounting policies (Continued)

3.7 New or revised Standards or Interpretations (Continued)

3.7.1 Application of new and revised International Financial Reporting Standards (IFRSs) and Interpretations (IFRICs) (Continued)

Amendments to IAS 1, 'Presentation of financial statements' – Classification of liabilities as current or non-current (Continued)

- 'Settlement' is defined as the extinguishment of a liability with cash, other economic resources or an entity's own equity instruments. There is an exception for convertible instruments that might be converted into equity, but only for those instruments where the conversion option is classified as an equity instrument as a separate component of a compound financial

These amendments should be applied for annual periods beginning on or after 1 January 2024, retrospectively in accordance to IAS 1. Earlier application is permitted. If an entity applies those amendments for an earlier period, it should disclose that fact.

Amendments to the conceptual framework

The IASB has revised its Conceptual Framework. This will not result in any immediate change to IFRS, but the Board and Interpretations Committee will use the revised Framework in setting future standards. It is therefore helpful for stakeholders to understand the concepts in the Framework and the potential ways in which they might impact future guidance.

Level in the IFRS hierarchy

The Framework is not an IFRS standard and does not override any standard, so nothing will change in the short term. The revised Framework will be used in future standard-setting decisions, but no changes will be made to current IFRS. Preparers might also use the Framework to assist them in developing accounting policies where an issue is not addressed by an IFRS.

Key changes

Key changes include:

- Increasing the prominence of stewardship in the objective of financial reporting, which is to provide information that is useful in making resource allocation decisions.
- Reinstating prudence, defined as the exercise of caution when making judgements under conditions of uncertainty, as a component of neutrality.
- Defining a reporting entity, which might be a legal entity or a portion of a legal entity.
- Revising the definition of an asset as a present economic resource controlled by the entity as a result of past events.
- Revising the definition of a liability as a present obligation of the entity to transfer an economic resource as a result of past events.
- Removing the probability threshold for recognition, and adding guidance on derecognition.
- Adding guidance on the information provided by different measurement bases, and explaining factors to consider when selecting a measurement basis.

ETHIOPIAN CONSTRUCTION WORKS CORPORATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

3 Significant accounting policies (Continued)

3.7 New or revised Standards or Interpretations (Continued)

3.7.1 Application of new and revised International Financial Reporting Standards (IFRSs) and Interpretations (IFRICs) (Continued)

Amendments to the conceptual framework (Continued)

- Stating that profit or loss is the primary performance indicator and that, in principle, income and expenses in other comprehensive income should be recycled where the relevance or faithful representation of the financial statements would be enhanced.

The Board did not make any changes that address challenges in classifying instruments with characteristics of both liability and equity. That will be addressed through the IASB's standard-setting project on that topic. Other amendments to the Framework might be needed at the conclusion of that project.

Amendments to IAS 8 focus entirely on accounting estimates and clarify the following:

The definition of a change in accounting estimates is replaced with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty".

Entities develop accounting estimates if accounting policies require items in financial statements to be measured in a way that involves measurement uncertainty.

The Board clarifies that a change in accounting estimate that results from new information or new developments is not the correction of an error. In addition, the effects of a change in an input or a measurement technique used to develop an accounting estimate are changes in accounting estimates if they do not result from the correction of prior period errors.

A change in an accounting estimate may affect only the current period's profit or loss, or the profit or loss of both the current period and future periods. The effect of the change relating to the current period is recognised as income or expense in the current period. The effect, if any, on future periods is recognised as income or expense in those future periods.

The amendments are effective for annual periods beginning on or after 1 January 2023 and changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. Earlier application is permitted.

ETHIOPIAN CONSTRUCTION WORKS CORPORATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

3 Significant accounting policies (Continued)

3.8 Financial Instruments

3.8.1 Recognition and Derecognition of Financial Instruments

i. Recognition and Measurement

Financial assets and financial liabilities are recognized in the Group's statement of financial position when the Group becomes a party to the contractual provisions of the instrument.

ii. De recognition of financial assets and financial liabilities

The Group derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received. On de-recognition of a financial asset measured at amortized cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in the statement of comprehensive income.

The Group derecognizes financial liabilities when, and only when, the Group's obligations are discharged, cancelled or expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognize in the statement of comprehensive income. The Group derecognizes financial liabilities when, and only when, the Group's obligations are discharged, cancelled or expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognize in the statement of comprehensive income.

Trade accounts receivable are recognized at invoiced amounts and do not bear interest. Trade accounts receivable are initially measured at their transaction price in accordance with IFRS 15 and are subsequently measured at amortized cost in accordance with IFRS 9. Trade accounts receivable are reduced by provision for credit losses on receivables. The provision for losses on receivables reflects an estimate of lifetime expected credit losses on the group's trade receivables in accordance with IFRS 9.

3.8.2 Classification and measurement of financial instruments

The Group holds all its financial assets in a business model whose objective is to collect contractual cash flows that are solely payments of principal and interest. Consequently, the Group classifies and measures all its financial assets at amortized cost. All financial liabilities are measured subsequently at amortized cost using the effective interest method.

On initial recognition, the Group measures its financial assets and financial liabilities at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate.

ETHIOPIAN CONSTRUCTION WORKS CORPORATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

3 Significant accounting policies (Continued)

3.8 Financial Instruments (Continued)

3.8.3 Impairment of financial assets

The Group recognizes a loss allowance provision for expected credit losses on investments in debt instruments that are measured at amortized cost, lease receivables, and trade receivables and contract assets. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group recognizes lifetime ECL (expected credit losses) for trade and other receivables, and contract assets, and lease receivables. The expected credit losses on these financial assets are estimated using a provision matrix simplified approach based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate. Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. Impairment losses are presented as separate line item in the Statement of Comprehensive Income.

The Group recognizes lifetime ECL (expected credit losses) for trade receivables and contract assets. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate. Lifetime expected credit loss represents the expected losses that will result from all possible default events over the expected life of a financial instrument.

3.9 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits as well as short-term, highly liquid investments that are readily convertible to known amounts of cash and that are subject to an insignificant risk of changes in value.

3.10 Property, Plant and Equipment

Property, plant and equipment are valued at acquisition or manufacturing costs less accumulated depreciation and impairment losses. Items of property, plant and equipment are subject to depreciation over their respective expected useful life on a straight-line basis. The expected useful life is summarized as follows:

No.	Description	Useful Life
1.	Building and Infrastructure	10-60 years
2.	Construction Machinery and Equipment	5-25 years
3.	Motor Vehicles and Other Transport Vehicles	5-20 years
4.	Office Furniture and Equipment	5-10 years
5.	Computers and Related Software	4-8 years
6.	Engineering and laboratory equipment	5-10 years
7.	Workshop Equipment and Tools	5-25 years
8.	Dam and related assets	30-80 years
9.	Other Fixed Assets	5-10 years

ETHIOPIAN CONSTRUCTION WORKS CORPORATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

3 Significant accounting policies (Continued)

3.10 Property, Plant and Equipment (Continued)

The useful life of an asset is the period in which the Group expects to utilize the benefits embodied in the assets, and not necessarily the assets' economic life. The Group uses the following indicators to determine useful life: expected usage of assets, expected physical wear and tear, and technical and commercial obsolescence. An estimate is made of the amount the Group would expect to receive currently for the asset if the asset were already of the age and condition expected at the end of its useful life. Depreciation of property, plant and equipment is allocated to the appropriate headings of expenses by function in the Statement of Comprehensive Income.

Property, plant, and equipment are reviewed for possible impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. If any indication of impairment exists, an estimate of the asset's recoverable amount is calculated. The recoverable amount is determined as the higher of the fair value less direct costs to sell and the asset value in use (being the present value of the expected future cash flows of the asset). An impairment loss is recognized for the amount by which the carrying amount exceeds its recoverable amount.

Impairment losses recognized in prior periods for property, plant, and equipment are assessed at each reporting date for any indications that the impairment loss has decreased or may no longer exist. The impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount of the asset and is reversed only to the extent that the carrying amount of the asset does not exceed the carrying amount that would have been determined, net of amortization or depreciation, had no impairment loss been recognized.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected from its use. Gains and losses on disposals are determined by comparing disposal proceeds with the carrying amount of the disposed asset and are recognized within other income in the statement of comprehensive income in the period the disposal occurs.

Capitalization of subsequent costs

Subsequent expenditure on an item of PPE is expenditure that occurs after the acquisition/initial recognition of the item. The Corporation evaluates such subsequent expenditure to determine whether it may be capitalized or expensed at the time incurred and in some cases, the entity apply professional judgement to determine if the subsequent expenditure is capital in nature. Subsequent expenditure can only be capitalized when the asset recognition criteria has been met.

3.11 Revenue Recognition

The Group recognizes revenue in line with IFRS 15. IFRS 15 follows a 5-step approach to recognize revenue. The core principle of IFRS 15 is a 5-step model to distinguish each distinct performance obligation within a contract that the Group has with its customer and to recognize revenue on the level of the performance obligations, reflecting the consideration that the Group expects to be entitled for, in exchange for those goods or services.

Revenue is shown, exclusive of value added tax, rebates and discounts after eliminating sales within the Group. Specific revenue recognition issues are discussed hereunder.

ETHIOPIAN CONSTRUCTION WORKS CORPORATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

3 Significant accounting policies (Continued)

3.11 Revenue Recognition (Continued)

3.11.1 Construction Revenue

For construction contracts, when the outcome can be estimated reliably, revenues and contract costs are recognized as revenue and expense, respectively, by reference to the percentage of completion (PoC) of the contract activity at the end of the reporting period ("cost to cost method"). Contract revenues include the contract price agreed with the customer considering escalation, contract amendments and claims and penalties when assessed as probable. The use of PoC method depends on the nature of the contract. The percentage of completion is measured by reference to the contract costs incurred up to the statement of financial position date as a percentage of total estimated costs for each contract.

3.11.2 Sale of Goods

Revenue arising from the sale of goods is recognized when the Group transfers the item, through delivery to the customer or collection by the customer, and control over the goods have been transferred to the customer. Revenue is recorded net of returns, discounts/offers and value added taxes.

3.11.3 Sale of Services

Revenue arising from the sale of services is recognized when the Group renders the service and consumed by the customer. Such revenue is recorded net of discounts/offers and value added

3.11.4 Rental Income

Rental income is recognized in the period in which it is earned, in accordance with the terms of the lease.

3.11.5 Contract Asset

Construction contracts impose an obligation on the Group to correct defects and errors on construction sites post-completion. The client usually retains some amount of money from each payment to the Group (5%) and half of such payments are released upon provisional acceptance of the project by the client. Retentions for defects usually run for 12 months from the point at which the site is provisionally accepted by the client. Retention receivables are reported as contract assets. This is so because retentions are rights to payments that are conditional on further performance by the Group. Hence, retentions are reported as contract assets.

3.12 Provisions, Contingent Assets and Contingent Liabilities

Provisions comprise liabilities of uncertain timing or amount that arise from construction, environmental, litigation and other risks. Provisions are recognized when the Group has a legal or constructive obligation stemming from a past event and when the future cash outflows can be reliably estimated. Contingent assets and liabilities are possible rights and obligations that arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not fully within the control of the Group.

ETHIOPIAN CONSTRUCTION WORKS CORPORATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

3 Significant accounting policies (Continued)

3.12 Provisions, Contingent Assets and Contingent Liabilities (Continued)

The Group is party to litigations related to a number of matters. Management regularly analyze current information about legal matters and provides provisions for probable cash outflows, including the estimate of legal expenses to resolve the matters. Internal lawyers are used for these assessments. Most of current legal matters however are contractual in nature hence the amount of liability are known and are already recognized. Most of these legal issues are questions of the timing of payments rather than the liability amounts. As a result there is no litigations that could amount to a recognition of contingent liability. The group do not recognize contingent assets, however, in making the decision regarding the need for provisions for contingent liabilities, management considers the degree of probability of an unfavorable outcome and the ability to make a sufficiently reliable estimate of the amount of loss. The filing of a suit or formal assertion of a claim against the Group or the disclosure of any such suit or assertion, does not automatically

3.13 Income Taxes

Current income tax

Current income tax for the current period is measured at the amount expected to be paid to the tax authority. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date, in Ethiopia. During the reporting period, the Group didn't operate and generate taxable income in a foreign country.

Deferred income tax

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

The carrying amount of deferred income tax assets, if any, is reviewed at the end of each reporting period and recognized only to the extent that it is probable that sufficient taxable income will be available to allow all or part of the deferred income tax asset to be utilized. Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rate that has been enacted or substantively enacted by the end of the reporting period.

3.14 Inventories

Inventories are generally measured at the lower of cost (acquisition cost or manufacturing cost to bring each inventory item to its present location and condition) and net realizable value. Manufacturing costs comprise all costs that are directly attributable to the manufacturing process, such as direct material and labor, and production related overheads (based on normal operating capacity and normal consumption of material, labor and other production costs), including depreciation charges. Net realizable value is the estimated selling price in the ordinary course of the business less the estimated costs to complete the sale.

3.15 Change in Accounting Policies and Disclosures

The accounting policies applied by the Group for preparing its full set financial statements for the year ended 7 July 2024 are the same as that applied for the comparative financial statements.

ETHIOPIAN CONSTRUCTION WORKS CORPORATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

3 Significant accounting policies (Continued)

3.16 Employee Benefits

Employee benefits are all forms of consideration given by the group in exchange for service rendered by employees or for the termination of employment.

Defined contribution benefits

A defined contribution plan for the group is a post-employment benefit plan under which the group pays fixed contributions into a separate entity administered by the Federal Government of Ethiopia. The Group will have no legal or constructive obligations to pay further amounts. Obligations for contributions to defined contribution pension plans are recognized as an employee benefits expense in the Statement of Comprehensive Income in the period in which the related services are rendered by employees. The Group is required to contribute 11 percent of the basic salary of employees to the pension fund.

Short term benefit

Short term employee benefit obligations are measured and are expensed as the related services are rendered by employees without discounting them. Short term benefit liabilities are recognized for the amount that is expected to be paid within a year. Such obligations include wages and salaries, bonus, leave benefits, allowances and other incentives that so occurred as a result of past services provided by employees, and can be estimated reliably.

Severance pay

Severance payments are recognized in line with the requirements of the labor law of Ethiopia and using actuarial valuation method.

3.17 Leased Assets

Contracts entered by the Group (as a lessor or lessee) are accounted for as prescribed by IFRS 16.

Group as a lessee:

A contract is assessed by the Group to identify whether it contains a lease, based on whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assess whether:

- a) The contract involves the use of an identified asset- where the asset is explicitly and implicitly specified in the contract and either physically separate from others or represent substantially all of the capacity of physically distinct asset;
- b) The Group has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and

ETHIOPIAN CONSTRUCTION WORKS CORPORATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

3 Significant accounting policies (Continued)

3.17 Leased Assets (Continued)

Group as a lessee: (Continued)

c) The group has the right to direct the use of the asset.

The Group enters into a rental contract of construction equipment and machineries where, for some of them, contract duration is about twelve months and which are renewable only upon the agreement between the two parties. Upon initial application, for such type of contracts, the Group assessed that it is neither reasonably certain to exercise the renewal option (for these contracts do get terminated during the rainy season) nor be able to determine the period for which the renewal option be exercised. The Group, hence, has elected the practical expedient not to recognize a right of use asset or lease liability of all short-term rentals of equipment, machineries and buildings for which the term ends within 12 months from the date of initial application. The Group recognizes payments associated with these contracts as expenses or costs over the term of the contract.

Moreover, the Group obtain some heavy machineries and construction equipment through rent that involve variable lease payments that are linked to the future performance or use of an underlying asset (for example machine hours, Kilometers covered, or other unit of measure of future use). Since the payment depends on the future use of the assets, there is no fixed payment implied from the contract as the payments are variable based on the use of the assets. The Group does not recognize Lease liability and Right of use asset for such type of contracts. This is due to high level of measurement uncertainty of future liability and hence cost of lease. Hence, the variable payments do not meet the definition of liability until uses occur.

The Group recognizes variable lease payments not included in the measurement of the lease liability, as expense in profit or loss or cost of asset in the period in which the event or condition that triggers those payments occurs.

The group as a LESSOR: The Group has the policy that all leases where the Group transfers risks and benefits of the asset, and are for periods longer than 75% of the asset's estimated useful life are accounted as financing leases. In this case the leased asset will be derecognized and a receivable is recognized. If none of the above criteria are fulfilled the lease is recognized as an operating lease in which only rental income is recognized. In this financial report all assets leased by the Group are considered as operating lease.

ETHIOPIAN CONSTRUCTION WORKS CORPORATION
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

4 Operating revenue

Revenues are mainly comprised of construction revenue and those sources that are associated with sales of goods and services. The group is mainly engaged in the provision of construction services to customers. As such its performance obligations related to construction revenue is satisfied when it finalizes the construction of buildings, roads and dams and when it handed them over to clients. Payment for construction service-related performance obligations is made based on progress on construction works. Such progress towards satisfying performance obligations is measured and payment certificates are approved by the consultant and client of each project so to make payments.

Likewise, performance obligations on goods sold, mainly of construction materials are satisfied when goods are delivered to customers. Payment for such sale of goods is made either at the time of receiving purchase orders or upon delivery of goods to customers. For further information please refer to note 3.6 (g) and 3.11.

4.1 Operating Revenues by type

Currency: Ethiopian Birr

	2024	2023-As Restated
The operating revenues are the following:		
Construction Revenue-Dam and Irrigation	1,601,422,952	1,318,096,138
Construction Revenue-Road and Bridge	2,445,613,981	2,311,688,319
Construction Revenue-Building	5,118,979,128	3,540,065,117
Maintenance Revenue	77,517,639	6,897,713
Sales of Construction Materials	874,578,173	479,241,492
Reported Total	<u>10,118,111,873</u>	<u>7,655,988,778</u>
Previous year Price Adjustment	-	131,058,155
Restated Total	<u>10,118,111,873</u>	<u>7,787,046,933</u>

4.2 Operating Revenues by Recognition Timing

The operating revenues by timing of recognition are analyzed as follows:

Recognition at single point in time	952,095,812	486,139,205
Recognition over a period of time	9,166,016,061	7,300,907,728
Total	<u>10,118,111,873</u>	<u>7,787,046,933</u>

4.3 Key Accounts Movement Related to Construction Revenue

4.3.1 Contract Asset

Beginning Balance	8,897,552,014	6,368,360,807
Contract Asset Addition	8,229,416,126	12,278,612,168
Contract Asset Deduction	(5,882,945,654)	(9,749,420,961)
Ending Balance	<u>11,244,022,486</u>	<u>8,897,552,014</u>

ETHIOPIAN CONSTRUCTION WORKS CORPORATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Currency: Ethiopian Birr

2024

2023

4.3 Key Accounts Movement Related to Construction Revenue(Continued)		
4.3.2 Trade Receivable		
Beginning Balance	4,693,338,493	3,583,399,000
Trade Receivable Addition	12,040,742,045	10,321,414,269
Trade Receivable Deduction	(12,622,682,880)	(9,211,474,777)
Ending Balance	<u>4,111,397,658</u>	<u>4,693,338,493</u>
4.3.3 Contract Advance		
Beginning Balance	7,890,926,688	6,456,856,338
Contract Advance Addition	3,311,230,077	2,997,083,717
Contract Advance Deduction	(3,025,953,710)	(1,563,013,366)
Ending Balance	<u>8,176,203,055</u>	<u>7,890,926,688</u>
4.3.4 Onerous Contract		
The Group has six onerous contract projects which are accounted for as per IAS 37. The detail		
5 Costs of sales		
Construction Materials	2,130,881,958	1,558,700,903
Loss from onerous contract (Note 22.1)	238,974,726	(102,984,897)
Spare parts	27,313,044	51,285,992
Tires and Tubes	63,182,628	26,500,683
Salaries and wages	1,312,423,517	1,057,373,186
Travelling	218,522,766	224,730,705
Fuel and lubricants	623,108,227	517,704,663
Sub-Contractor	2,073,457,053	1,472,869,646
Rent	321,513,621	317,160,507
Depreciation	83,350,224	89,493,050
Insurance	21,126,821	2,488,130
Entertainment	18,293,024	21,681,249
Other Expense	74,555,479	92,876,576
Cost of goods sold	604,345,886	379,932,460
Total	<u>7,811,048,974</u>	<u>5,709,812,851</u>
6 Other income		
Sales of Construction Materials	520,358,435	312,492,467
Rental Income	-	31,899,567
Reversal Of Provision	17,091,865	
Interest Income	3,755,787	481,565
Total	<u>541,206,087</u>	<u>344,873,598</u>

ETHIOPIAN CONSTRUCTION WORKS CORPORATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Currency: Ethiopian Birr

2024 2023

7 General and Administrative Expenses

Salaries and benefits	843,337,235	480,944,068
Fuel and lubricants	114,224,772	195,602,133
Spare parts	19,572,025	5,434,882
Tires and Tubes	8,025,389	17,237,649
Travelling and per-diem	58,276,725	25,711,561
Insurance	13,410,406	34,963,341
Communications	22,960,895	33,749,453
Printing and stationery	45,729,271	370,118
Professional fee	13,597,907	7,830,011
Entertainment	22,330,790	27,546,005
Rent	19,153,691	19,169,713
Depreciation	108,569,197	117,223,132
Sport	2,606,765	1,872,142
Donation	12,787,115	93,173,532
Other Expense	267,580,106	209,762,087
Severance expense	9,492,817	683,181
Annual leave expense	810,514	962,663.00
Penalty	2,149,647	2,247,616.92
Board members allowance	800,012	165,000
Bad Debt Expenses	40,704,387	20,968,023
Total	<u>1,626,119,668</u>	<u>1,295,616,312</u>

8 Selling and Distribution Expense

Salary, wage and benefits	3,413,682	2,794,969
Stationary and office supplies	34,652	-
Fuel and Lubricants	180,771	103,289
Advertising expense	898,970	280,700
Perdiem and travel	117,292	26,414
Miscellaneous	147,354	148,056
Utility expense	7,200	7,200
Total	<u>4,799,921</u>	<u>3,360,628</u>

9 Taxation

9.1 Tax expenses

Current tax expense	Note 9.2	469,285,431	353,620,926
Deferred tax	Note 21.1	(25,647,854)	(3,474,543)
Tax expense (Credit)		<u>443,637,577</u>	<u>350,146,383</u>

ETHIOPIAN CONSTRUCTION WORKS CORPORATION
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Currency: Ethiopian Birr
 2024 2023

9 Taxation (Continued)

9.2 Income tax expense

Profit (Loss) before tax	1,217,349,397	1,123,130,740
Add :		
Sport Expense	2,606,765	1,872,142
Entertainment	40,623,814	49,227,254
Penalty	2,149,647	2,247,617
Loss from onerous contract	238,974,726	(102,984,897)
Depreciation expense - per financial record	191,919,421	206,716,182
Employee benefits	10,303,331	1,645,844
Donation	12,787,115	93,173,532
Expected credit losses	40,671,109	20,968,023
	<u>1,757,385,327</u>	<u>1,395,996,437</u>
Less:		
Depreciation Expense - per tax	176,008,691	217,074,475
Reversal Of Provision	17,091,865	
Others	-	185,544.00
	<u>193,100,556</u>	<u>217,260,019</u>
Taxable Income	<u>1,564,284,771</u>	<u>1,178,736,418</u>
Current Tax Expense	<u><u>469,285,431</u></u>	<u><u>353,620,926</u></u>

ETHIOPIAN CONSTRUCTION WORKS CORPORATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Currency: Ethiopian Birr

10 Property, plant and equipment

Cost	Free Hold Land	Building and infrastructure	Construction Machinery and Equipment	Motor Vehicles and Other Transport Vehicles	Other Property, Plant and Equipment	Property, Plant and Equipment in Transit	Construction in progress	Total
At 8 July 2022	774,977,190	337,051,134	1,757,899,271	1,667,058,060	315,138,404	24,492,215	15,273,023,157	20,149,639,430
Additions		65,186,119			111,805,255			176,991,373
Disposals			(88,322)		245,828		(15,116,619,570)	(15,116,462,064)
Balance at 7 July 2023	<u>774,977,190</u>	<u>337,051,134</u>	<u>1,822,997,068</u>	<u>1,667,058,060</u>	<u>427,189,487</u>	<u>24,492,215</u>	<u>156,403,587</u>	<u>5,210,168,740</u>
Additions			455,720		36,187,247		79,018,131	115,661,097
Disposals			(52,378,693)	(79,854,476)	(1,552,142)			(133,785,312)
Balance at 7 July 2024	<u>774,977,190</u>	<u>337,051,134</u>	<u>1,771,074,094</u>	<u>1,587,203,583</u>	<u>461,824,591</u>	<u>24,492,215</u>	<u>235,421,718</u>	<u>5,192,044,525</u>
Depreciation								
At 8 July 2022	-	(83,811,700)	(1,315,848,748)	(1,012,825,851)	(142,286,570)	-	-	(2,554,772,869)
Additions		(12,392,256)	(85,556,746)	(89,035,899)	(17,590,910)			(204,575,814)
Disposals								
Balance at 7 July 2023	<u>-</u>	<u>(96,203,957)</u>	<u>(1,401,405,494)</u>	<u>(1,101,861,750)</u>	<u>(159,877,481)</u>	<u>-</u>	<u>-</u>	<u>(2,759,348,683)</u>
Additions		(11,865,905)	(82,997,282)	(81,497,203)	(26,755,498)			(203,115,887)
Disposals			47,271,844	74,057,204	1,215,645			122,544,693
Balance at 7 July 2024	<u>-</u>	<u>(108,069,861)</u>	<u>(1,437,130,932)</u>	<u>(1,109,301,748)</u>	<u>(185,417,334)</u>	<u>-</u>	<u>-</u>	<u>(2,839,919,877)</u>
NET BOOK VALUE								
At 7 July 2024	<u>774,977,190</u>	<u>228,981,272</u>	<u>333,943,162</u>	<u>477,901,835</u>	<u>276,407,257</u>	<u>24,492,215</u>	<u>235,421,718</u>	<u>2,352,124,648</u>
At 7 July 2023	<u>774,977,190</u>	<u>240,847,177</u>	<u>421,591,573</u>	<u>565,196,310</u>	<u>267,312,006</u>	<u>24,492,215</u>	<u>156,403,587</u>	<u>2,450,820,059</u>

ETHIOPIAN CONSTRUCTION WORKS CORPORATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Currency: Ethiopian Birr

11 Right of Use Assets: Leasehold land

The Group leased a 47,927 m2 plot of land, located at Lemi-kura sub city of Addis Ababa City administration, from various private holders (7 Private holders) for a lease term of 80 years which started from June 1999. The lease value was fully paid at the beginning of the lease term and the leasehold land cost is being amortized over the period of the lease using a straight- line method.

Cost

At 8 July 2022	642,153
Additions	-
Disposals	-
Balance at 7 July 2023	<u>642,153</u>

At 8 July 2023	642,153
Additions	-
Disposals	-
Balance at 7 July 2024	<u>642,153</u>

Accumulated Amortization

At 8 July 2022	(177,484)
Additions	(8,027)
Disposals	-
Balance at 7 July 2023	<u>(185,511)</u>

At 8 July 2023	(185,511)
Additions	(8,027)
Disposals	-
Balance at 7 July 2024	<u>(193,538)</u>

At 7 July 2024	<u>448,615</u>
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At 7 July 2023	<u>456,642</u>
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ETHIOPIAN CONSTRUCTION WORKS CORPORATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

	Currency: Ethiopian Birr	
	2024	2023
12 Investment in Other Securities		
Investments in Government saving Bond	10,082,508	9,050,835
Equity Investment	3,675,000	3,675,000
Provision for Equity Investment	(3,675,000)	(3,675,000)
Investment Rising HONGFA PLC	28,600,000	18,200,000
	<u>38,682,508</u>	<u>27,250,835</u>
Investments in Government saving Bond, bearing interest at the rate of 6% per annum and maturing in December 2024	10,082,508	9,050,835
Equity Investment in Addis Abeba Building Materials Production PLC	3,675,000	3,675,000
Provision for Equity Investment	(3,675,000)	(3,675,000)
Investment Rising HONGFA PLC	28,600,000	18,200,000
Total	<u>38,682,508</u>	<u>27,250,835</u>

Investment in Government Bonds represents investment on securities issued to finance the Great Ethiopian Renaissance Dam. Since it is assumed that the effective interest rate for such government bond is equal to its coupon rate, the investment has a carrying value equal to its face value.

Investment of Birr 3.6 million was also made in Addis Ababa Building Materials Production PLC (investee). This investment represented 35% of the ownership and voting rights in the investee. However, this company ceased operation since 2016 fiscal year and the contract of its management as well as its staffs were terminated. The machineries of the investee were uninstalled and are stored waiting for a final decision on its fate by the court of law. It is the judgement of the management that, the only available assets of the investee, factory machineries, are technologically obsolete. The group's liability in relation to this investment is limited to the amount of its investment. Due to these facts, the management estimated that the total investment value on this company was impaired. Hence impairment loss and provision for the same was recognized and reported.

ETHIOPIAN CONSTRUCTION WORKS CORPORATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Currency: Ethiopian Birr

	2024	2023
13 Inventories		
Goods in Transit	450,816,831	448,005,377
Provision for Goods in Transit	(447,867,989)	(447,867,989)
Construction Materials	806,793,374	828,202,423
Work in progress	121,215	100,412
Finished goods	38,829,243	38,605,709
Spare parts	436,543,158	445,875,061
Total	<u>1,285,235,832</u>	<u>1,312,920,993</u>

	2024	2023-As Restated
14 Contract Asset		
Retention receivable	1,549,686,311	1,377,483,673
Cost of estimated earnings in excess of billing	9,521,009,055	7,389,010,185
Total Reported	<u>11,070,695,366</u>	<u>8,766,493,858</u>
Previous year Price Adjustment		131,058,155
Total Restated	<u>11,070,695,366</u>	<u>8,897,552,013</u>

	2024	2023
15 Tax Recoverable		
VAT Receivable	1,900,081,845	1,192,859,873
VAT Payable	(1,277,287,192)	(521,229,383)
Total	<u>622,794,653</u>	<u>671,630,490</u>
16 Trade and Other Receivables		
Trade receivable	4,441,301,356	4,759,197,015
Advance to suppliers	2,686,748,390	2,321,449,305
Staff receivable	397,110,420	229,720,671
Insurance Prepayment	29,919,049	24,448,543
Other receivables	460,828,550	547,414,528
Allowance for expected credit losses (Note 15.1)	(897,933,299)	(857,262,189)
Total	<u>7,117,974,465</u>	<u>7,024,967,874</u>

ETHIOPIAN CONSTRUCTION WORKS CORPORATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Currency: Ethiopian Birr

16 Trade and Other Receivables (Continued)

16.1 Exposure to credit risk

Trade receivables inherently expose the Corporation to credit risk, being the risk that the Corporation will incur financial loss if customers fail to make payments as they fall due.

In order to mitigate the risk of financial loss from defaults, the corporation deals with reputable customers with consistent payment histories. Sufficient collateral or guarantees are also obtained when appropriate. Each customer is analyzed individually for creditworthiness before terms and conditions are offered. The exposure to credit risk and the creditworthiness of customers, is continuously monitored.

Trade receivables arise from provision of construction services to customers on credit and sales of goods and no interest is charged on outstanding trade receivables.

Expected credit loss allowance is recognized for all trade receivables, in accordance with IFRS 9 Financial Instruments, and is monitored at the end of each reporting period. In addition to the loss allowance, trade receivables are written off when there is no reasonable expectation of recovery, for example, when a debtor has been placed under liquidation. Trade receivables which have been written off are not subject to enforcement activities.

The corporation measures the loss allowance for trade receivables by applying the simplified approach which is prescribed by IFRS 9. In accordance with this approach, the loss allowance on trade receivables is determined as the lifetime expected credit losses on trade receivables. These lifetime expected credit losses are estimated using a provision matrix, which is presented below. The provision matrix has been developed by making use of past default experience of debtors but also incorporates forward looking information and general economic conditions of the industry as at the reporting date.

The corporation's historical credit loss experience does not show significantly different loss patterns for different customer segments. The provision for credit losses is therefore based on past due status without disaggregating into further risk profiles. The loss allowance provision is determined as follows:

	2023		2023
	Estimated gross carrying amount at default	Provision rate	Loss allowance (Lifetime expected credit loss)
Current (or not yet	1,400,283,996	0%	-
One year over due	348,933,686	5%	17,446,684
Two year over due	244,250,559	15%	36,637,584
Three year over due	188,811,738	20%	37,762,348
Four year	312,547,791	25%	78,136,948
Five year	2,255,255,218	30%	676,576,566
	<u>4,750,082,987</u>		846,560,129
GIW-Subsidiary			10,702,060
Total			<u>857,262,189</u>

ETHIOPIAN CONSTRUCTION WORKS CORPORATION
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Currency: Ethiopian Birr

16 Trade and Other Receivables (Continued)

16.1 Exposure to credit risk

	2024		2024
	Estimated gross carrying amount at default	Provision rate	Loss allowance (Lifetime expected credit loss)
Current (or not yet overdue):	228,744,166	0%	-
One year over due	1,197,162,345	5%	59,858,117
Two year over due	-102,462,211	15%	-15,369,332
Three year over due	86,685,813	20%	17,337,163
Four year over due	226,158,061	25%	56,539,515
Five year over due	2,542,362,432	30%	762,708,730
	4,178,650,606		881,074,193
GIW-Subsidiary			16,859,106
Total			897,933,299

16.1 Movement in expected credit

Opening balance	857,262,189
Current period charges	40,671,110
Closing balance	897,933,299

	2024	2023
17 Cash and Cash Equivalents		
Cash at Bank	2,347,589,491	1,593,860,564
Cash on Hand	4,812,167	6,732,928
	2,352,401,658	1,600,593,492

18 Paid Up Capital

The Group is a government-owned entity established by statutory law. The authorized capital of the Group is ETB 20.3 billion and its actual paid-up capital upon establishment was ETB 7.3 billion though it was promulgated to be ETB 7.7 Billion on the regulation that established the corporation. The balance was paid by the government in 2021.

19 Legal Reserve

The legal reserve is a statutory reserve to which not less than one twentieth (5%) of the net profits for the year shall be transferred each year to this reserve until it amounts to 20% of the capital.

ETHIOPIAN CONSTRUCTION WORKS CORPORATION
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Currency: Ethiopian Birr

20 Revaluation Surplus and Other Reserve

A revaluation reserve as an element of equity of this group is a non-cash reserve created to reflect the true value of property, plant and equipment for the market value of this category of assets were more than the value of such asset as recorded in the books of account. This reserve's purpose is to reflect and account for, in the books, the fair value of these assets as on July 8, 2017 and was used as deemed cost at the date of transition to IFRS. It is expressly excluded from free reserves; hence, this reserve is not available to distribute as dividends.

	2024	2023
Opening Balance	5,107,531,696	2,579,820,130
Difference between Derecognition of Long Term Loan		
Reputed Ending Balance	<u>5,107,531,696</u>	<u>2,579,820,130</u>
Reclassification of Difference between Derecognition of Long Term Loan and financing effect	-	2,527,711,566
Restated Ending Balance	<u>5,107,531,696</u>	<u>5,107,531,696</u>

21 Retained Earning

This element of equity represents the amount of profit waiting for distribution in the form of dividend unless the Council of Ministers approved its otherwise use based on a proposal presented to use. As per the Council of Ministers Regulation No. 107/2003, 60% and 40% of the net profits of the Group, after deduction of legal reserve, should be transferred, respectively, to the Federal Government as state dividend and as contribution to the Industrial Development Fund.

	2024	2023-As Restated
Opening Balance	(4,546,849,414)	(5,272,563,286)
Comprehensive income of the	731,450,328	763,909,339
Transfer to legal reserve	(36,572,516)	(38,195,467)
		2,527,711,566
Reputed Ending Balance	<u>(3,851,971,603)</u>	<u>(2,019,137,848)</u>
Reclassification of the above to other reserves(note 19)	-	(2,527,711,566)
Restated Ending Balance	<u>(3,851,971,603)</u>	<u>(4,546,849,414)</u>

22 Deferred Tax Liability

Balance at the beginning of the Year	81,678,827	85,153,370
Charge for the year	(25,647,854)	(3,474,543)
Balance at the End of the Year	<u>56,030,973</u>	<u>81,678,827</u>

Currency: Ethiopian Birr

22 Deferred Tax Liability (Continued)

22.1 Movements of deferred tax liability:

The component of the deferred tax liability is presented below:

Deferred tax as at 7 July 2022	<u>85,153,370</u>
	<u>Carrying amount</u>
	<u>Tax base</u>
Property, Plant, and Equipment	1,067,113,124
Annual leave payable	-
Severance Pay	-
	<u>1,067,113,124</u>
	<u>1,438,490,440.71</u>
	<u>(115,580,784.74)</u>
	<u>11,902,626</u>
	<u>1,311,007,029</u>
Temporary difference	<u>243,893,905</u>
Deferred tax as at 7 July 2023 - Corporation	<u>73,168,172</u>
Deferred tax as at 7 July 2023 - Subsidiary	<u>8,510,656</u>
Total	<u>81,678,828</u>
	<u>Carrying amount</u>
	<u>Tax base</u>
Property, Plant, and Equipment	955,084,265
Annual leave payable	-
Severance Pay	-
	<u>955,084,265</u>
	<u>1,263,864,168</u>
	<u>137,652,179</u>
	<u>12,077,337</u>
	<u>1,114,134,652</u>
Temporary difference	<u>159,050,387</u>
Deferred tax as at 7 July 2024 - Corporation	<u>47,715,116</u>
Deferred tax as at 7 July 2024 - Subsidiary	<u>8,315,857</u>
Total	<u>56,030,974</u>
Increased/ (decrease) in deferred taxations of the Corporation	<u>(25,453,055)</u>
Increased/ (decrease) in deferred taxations of the Subsidiary	<u>(194,799)</u>
Total increase/(decrease) in deferred tax liability	<u>(25,647,854)</u>

ETHIOPIAN CONSTRUCTION WORKS CORPORATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Currency: Ethiopian Birr

	2024	2023
23 Provisions and Contingent Liabilities		
23.1 Provisions for Onerous Contracts		
<p>The Group has Nine onerous contracts. A provision for onerous contracts is recognized when the expected benefits to be derived by the Group from a contract are lower than the unavoidable costs of meeting the obligations under the contract. Contracts which become onerous are presented as follows:</p>		
Construction Contract Liability		
Projects		
Balance at the beginning of the Year	149,498,982	252,483,878
Charge for the year:		
Dulecha - Awash Arba Road Project	-	66,555,228
Jinka - Mender Road Project	-	100,498,011
Mile Galafi Road Project	10,233,255	(31,660,738)
RIB Dam Project	738,197	4,733,166
Welkite Town	-	1,705,730
Yabelo by Passe	-	34,056,418
LEGEGURE	585,649	2,891,489
Butajira	784,572	17,428,152
4 Bridge	-	4,981,681
Gishen	(126,097,345)	(23,663,997)
Nigele Air	(160,104,704)	(39,654,594)
Yabelo Air	34,885,650	(34,885,650)
Total Charge for the year	<u>(238,974,725)</u>	<u>102,984,897</u>
Balance at the End of the Year	<u>388,473,707</u>	<u>149,498,982</u>
23.1.2 Dulecha Awash Arba		
Total Contract Price	566,766,861	566,766,861
Revenue to date	<u>566,766,861</u>	<u>551,994,316</u>
Remaining benefit		14,772,545
Remaining cost to complete the project		<u>30,125,182</u>
Expected loss before PA		(15,352,637)
Price Adjustment		<u>26,886,977</u>
Expected loss After PA	<u>-</u>	<u>11,534,340</u>
23.1.3 Jinka Mender		
Total Contract Price	1,194,146,323	1,194,146,323
Revenue to date	<u>1,085,469,754</u>	<u>1,006,986,255</u>
Remaining benefit	108,676,569	187,160,068
Remaining cost to complete the project	<u>162,176,124</u>	<u>271,972,652</u>
Expected loss before PA	(53,499,556)	(84,812,584)
Price Adjustment	<u>129,726,012</u>	<u>173,337,424</u>
Expected loss After PA	<u>76,226,457</u>	<u>88,524,840</u>

ETHIOPIAN CONSTRUCTION WORKS CORPORATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Currency: Ethiopian Birr

	2024	2023
23 Provisions and Contingent Liabilities (Continued)		
23.1 Provisions for Onerous Contracts (Continued)		
23.1.4 Mile Galafi Road Project		
Total Contract Price	721,587,707	721,587,707
Revenue to date	<u>292,759,652</u>	<u>242,760,074</u>
Remaining benefit	428,828,055	478,827,634
Remaining cost to complete the project	<u>467,781,122</u>	<u>544,739,866</u>
Expected loss before PA	(38,953,067)	(65,912,233)
Price Adjustment	-	16,725,911
Expected loss After PA	<u>(38,953,067)</u>	<u>(49,186,322)</u>
23.1.5 RIB Dam		
Total Contract Price	3,142,154,293	3,142,154,293
Revenue to date	<u>2,958,491,190</u>	<u>2,958,491,190</u>
Remaining benefit	183,663,103	183,663,103
Remaining cost to complete the project	<u>183,663,103</u>	<u>184,401,300</u>
Expected loss before PA	-	(738,197)
Expected loss After PA	<u>-</u>	<u>(738,197)</u>
23.1.6 Welkite Town		
Total Contract Price	357,653,399	357,653,399
Revenue to date	<u>135,534,521</u>	<u>134,102,147</u>
Remaining benefit	222,118,878	223,551,251
Remaining cost to complete the project	<u>209,646,061</u>	<u>204,117,738</u>
Expected loss before PA	12,472,817	19,433,513
Expected loss After PA	<u>12,472,817</u>	<u>19,433,513</u>
23.1.7 LEGEGURE		
Total Contract Price	57,573,804	57,573,804
Revenue to date	<u>30,920,343</u>	<u>30,920,343</u>
Remaining benefit	26,653,461	26,653,461
Remaining cost to complete the project	<u>26,653,461</u>	<u>27,239,111</u>
Expected loss before PA	-	(585,649)
Expected loss After PA	<u>-</u>	<u>(585,649)</u>

ETHIOPIAN CONSTRUCTION WORKS CORPORATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Currency: Ethiopian Birr

23 Provisions and Contingent Liabilities (Continued)	2024	2023
23.1 Provisions for Onerous Contracts (Continued)		
23.1.8 Butajira		
Total Contract Price	130,314,632	130,314,632
Revenue to date	<u>130,314,632</u>	<u>94,708,188</u>
Remaining benefit	-	35,606,444
Remaining cost to complete the project	<u>-</u>	<u>46,655,656</u>
Expected loss before PA	-	(11,049,212)
Price Adjustment	<u>-</u>	<u>10,264,640</u>
Expected loss After PA	<u>-</u>	<u>(784,572)</u>
23.1.9 GESHEN		
Total Contract Price	1,144,956,522	1,144,956,522
Revenue to date	<u>337,976,173</u>	<u>198,948,263</u>
Remaining benefit	806,980,349	946,008,259
Remaining cost to complete the project	<u>989,801,832</u>	<u>1,013,480,676</u>
Expected loss before PA	(182,821,484)	(67,472,417)
Price Adjustment	<u>33,060,142</u>	<u>43,808,420</u>
Expected loss After PA	<u>(149,761,342)</u>	<u>(23,663,997)</u>
23.1.10 Nigle Air		
Total Contract Price	960,735,861	349,097,946
Revenue to date	<u>187,395,899</u>	<u>31,712,949</u>
Remaining benefit	773,339,962	317,384,996
Remaining cost to complete the project	<u>1,058,226,573</u>	<u>366,618,897</u>
Expected loss before PA	(284,886,611)	(49,233,900)
Price Adjustment	<u>85,127,313</u>	<u>9,579,307</u>
Expected loss After PA	<u>(199,759,298)</u>	<u>(39,654,594)</u>
23.1.11 Yabelo Air		
Total Contract Price	441,622,970	441,622,970
Revenue to date	<u>283,094,768</u>	<u>74,426,002</u>
Remaining benefit	158,528,202	367,196,968
Remaining cost to complete the project	<u>223,150,502</u>	<u>449,028,409</u>
Expected loss before PA	(64,622,300)	(81,831,441)
Price Adjustment	<u>171,618,641</u>	<u>46,945,791</u>
Expected loss After PA	<u>106,996,341</u>	<u>(34,885,650)</u>

ETHIOPIAN CONSTRUCTION WORKS CORPORATION
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Currency: Ethiopian Birr

	2024	2023
23 Provisions and Contingent Liabilities (Continued)		
23.1 Provisions for Onerous Contracts (Continued)		

The Group has present contractual obligation to execute road and other projects which turns out to be onerous as indicated here above.

These onerous contracts result from unfavorable long term road construction contract agreements where price escalations following signing the contract are not compensated by the client except for four items of construction materials (i.e., rebars, cement, fuel and asphalt). Based on management's best estimate, at the reporting date, the expected costs of fulfilling these contracts were estimated to be lower than penalties arising from failure to fulfil these three road contracts. Hence the lower of these two, i.e., the estimated unavoidable cost of fulfilling these contracts is recognized and disclosed in this report.

The execution of these projects will take long years. This is so because such onerous contracts, in practice, will go through a number of negotiations to relax their project execution time so to finance them from executions of profit-making projects. Thus, significant parts of these liabilities arising from recognition of provisions are better classified as long-term in nature. On the other hand, due to the continued volatility of construction input prices in the market, there could be changes in estimated cost of fulfilling the contract. As a result, this provision is not discounted to its present value due to uncertainties as to the amount of future outflow and the duration it takes for such costs are to be paid in the form of executing the onerous contracts. It is also difficult to reasonably estimate what the negotiations with the client will lead as to potential intervention by way of covering part of the cost resulting from the price escalation of construction inputs. Hence provision to the extent of estimated unavoidable cost of fulfilling the contract is recognized and reported as construction contracts liability in the statement of financial position.

24 Trade Payables

Trade Payables	5,292,953,852	4,029,071,714
Retention Payable to sub- contract	541,119,965	474,623,966
Accrued Payables (Note 23.1)	479,642,947	554,696,960
Other Payables (Note 23.2)	412,239,674	340,590,546
Accrued Rental Payments	(367,781,284)	(274,539,357)
Total	<u>6,358,175,154</u>	<u>5,124,443,829</u>

ETHIOPIAN CONSTRUCTION WORKS CORPORATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Currency: Ethiopian Birr

	2024	2023
24 Trade Payables (Continued)		
24.1 Accrued Payables		
Accrued Employee Benefits	17,230,392	16,301,253
Accrued Perdiem and salaries	7,754,634	3,200,023
Annual Leave Payable	142,352,051	119,470,143
Net salary Payable	22,308,614	97,528,938
Other Accruals	245,349,359	272,869,563
Insurance Payable	44,647,896	45,327,041
Total	<u>479,642,947</u>	<u>554,696,960</u>
<p>Though insurance premiums are normally paid in advance of receiving the related service, because of our relationship with Ethiopian Insurance Corporation, a public enterprise, they provide us with various insurance coverage on credit basis. This insurance coverage includes annually renewable workmanship insurances, performance guarantees, etc. Thus, this balance of insurance payable above emanated from our longstanding working relationship with the insurer and the resulting provision of insurance coverage by the insurer to the group.</p>		
24.2 Other Payables		
Unclaimed salary and other benefits	13,921,984	13,227,571
Voluntary payroll deductions	32,612,693	22,780,887
Pension fund payable	40,468,198	10,068,049
Sundry creditors	325,236,799	294,514,039
Total	<u>412,239,674</u>	<u>340,590,546</u>
25 Income Tax Payable		
Balance at the beginning of the Year	186,810,468	66,545,206
Current Income Tax Expense (Note 9.2)	469,285,431	353,620,926
Payment during the Year	(156,658,590)	(165,257,041)
Withholding tax receivables	(136,914,831)	(68,098,622)
Balance at the End of the Year	<u>362,522,479</u>	<u>186,810,468</u>
26 Other Tax Payables		
Employment Income Tax	192,010,939	40,907,745
Withholding Tax Payables	79,520,641	57,652,803
Other taxes payable	2,492,895	3,337,228
Total	<u>274,024,475</u>	<u>101,897,777</u>

ETHIOPIAN CONSTRUCTION WORKS CORPORATION
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Currency: Ethiopian Birr

	2024	2023
27 Defined Benefit Obligation		
27.1. Pension		
<p>The Corporation participates in the defined contribution plan operated by the government. The pension obligation of the Corporation is limited to a monthly contribution of 11% of the basic salary of the employees to the fund. Such contribution by the Corporation is treated as expense as incurred. The Corporation is not responsible for the management and administration of the fund. Employees will be eligible for pension benefit after reaching a retirement age of 60 years.</p>		
27.2. Severance Pay		
<p>In line with the requirements of the labor law, the Corporation operates an unfunded severance pay plan (gratuity) for its employees who have served the Corporation for 5 years and more and are below the retirement age of 60 years (i.e., has not met the requirement to access the pension fund). These gratuity benefits are paid out of the Corporation general revenues. The final pay-out is determined by reference to current monthly salary and number of years in service. It is calculated as 1-month salary for the first year in employment plus 1/3 of monthly salary for each subsequent year in employment to a maximum of 12 months final monthly salary.</p>		
27.2.1. Liability Recognized in the Financial Position		
Severance Pay Obligation-ECWC	12,077,337	11,902,627
Severance Pay Obligation-Subsidiary	6,257,519	6,229,296
	<u>18,334,856</u>	<u>18,131,923</u>
27.2.2. Amount Recognized in the Profit or Loss		
Current service cost	10,585,680	(1,369,686)
Interest cost	1,666,368	1,773,647
	<u>12,252,048</u>	<u>403,961</u>
27.2.3. Amount Recognized in other Comprehensive Income		
Actuarial gain / loss - due to experience	(9,289,884)	542,407
	<u>(9,289,884)</u>	<u>542,407</u>
27.2.4. Severance Pay Obligation		
<p>The movement in the benefit obligation over the years is :</p>		
Opening benefit obligation	11,902,627	12,668,907
Current service cost	10,585,680	(1,369,686)
Interest cost	1,666,368	1,773,647
Actuarial gain / loss - due to experience	(9,289,884)	542,407
Benefits paid	(2,787,454)	(1,712,648)
Closing benefit obligation-ECWC	<u>12,077,337</u>	<u>11,902,627</u>

Currency: Ethiopian Birr

27 Defined Benefit Obligation(Continued)

27.2.5. Actuarial Assumptions

27.2.5.1. Discount rate

IAS19 requires that the discount rate be set based on the yields of appropriate term high quality corporate bonds. If no deep market in such bonds is available, accounting standards require that the yield on government bonds of appropriate term be applied in the setting of this assumption. In Ethiopia, there is neither a deep market in corporate nor Government bonds of appropriate terms with the case here. Furthermore, the market for treasury bills in Ethiopia is yet to develop well IAS19 does not provide guidance for setting the discount rate in a country with limited Government bonds or instruments.

We used the average lending rate of 14% per annum as the valuation discount rate as at July 7 2023, and July 7, 2024.

27.2.5.2 Mortality rate

In determining an appropriate mortality table to use for the valuations, the Corporation considered the mortality rates published in the Demographic and Health Survey (DHS) 2016 report compiled by the Ethiopian Central Statistic Authority (CSA). The DHS report provides male and female mortality rates for 5 year age bands from age 15 to age 49. For ages over 47 we have assumed that mortality will be in line with the SA85/90 ultimate standard South African mortality tables published by the Actuarial Society of South Africa, since the rates in these tables are similar to the DHS female mortality rate at age 47. These rates combined are approximately summarized as follows:

Age	Male	Female
20	0.31%	0.22%
25	0.30%	0.23%
30	0.36%	0.31%
35	0.41%	0.28%
40	0.52%	0.32%
45	0.45%	0.43%
50	0.63%	0.63%
55	0.98%	0.98%
60	1.54%	1.54%

27.2.5.3 Salary Escalation

The severance pay scheme is of defined benefit nature (i.e. salary and service related). Therefore, one of the main risks relating to the benefits under the scheme is the rates of salary growth. As the benefits are based on the final salary, any changes in salary that differ from the salary escalation rate assumed will have a direct bearing on the benefits paid under the scheme. It is assumed that the Corporation will provide 3% increase in salary every two years.

ETHIOPIAN CONSTRUCTION WORKS CORPORATION
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Currency: Ethiopian Birr

2024 2023

27 Defined Benefit Obligation(Continued)

27.2.5. Actuarial Assumptions(Continued)

27.2.5.4 Termination Rate

The Corporation has a legal obligation to pay severance pay to employees when the employee is eligible for severance payment. Though the labor law requires the Corporation to pay severance when the employee is separated from the Corporation under seven different conditions, the severance pay obligation is determined considering the likelihood of termination of contract of employment because of resignation, sickness or death after a minimum of five years' service. Given the experience of the Corporation, it is assumed that the amounts of severance pay obligation due to other factors are immaterial. It is assumed that the likelihood of separation is higher among younger workers.

27.2.5.5 Summary of actuarial assumptions

Discount rate	14% p.a.
Future salary increases	3% every two years
Mortality	Ethiopian DHS 2008
Withdrawals (voluntary)	At rates consistent with similar arrangements
Retirement Age	60 years

27.2.5.6 Sensitivity analysis

The results of the severance pay valuation are tested for their sensitivity to key actuarial assumptions. A sensitivity analysis was carried out on the discount rate and salary increase assumptions by varying the assumptions one at a time while keeping all other assumptions unchanged to see the impact on the severance pay obligation and, on the amount, recognised in the profit or loss. The result of this analysis is give below:

10% discount rate (Existing 14%)

Severance pay obligation	17,876,106	17,617,511
Current service cost	22,659,324	21,299,224
Interest cost	1,190,263	1,266,891

5% increment in salary every two years (Existing 3%)

Severance pay obligation	13,216,933	13,025,737
Current service cost	12,864,872	11,608,921
Interest cost	1,666,368	1,773,647

Currency: Ethiopian Birr
 2024 2023

28 Financial Risk Management

The Group's activities expose it to a variety of financial risks: foreign exchange risk, credit risk and liquidity risk. The Group's overall risk management programme seeks to minimize potential adverse effects of these risks on the Group's financial performance. Risk management is carried out under policies approved by the Group's management board.

a) Capital Management

The Group's objectives in the managing the liquidity and capital structure are to safeguard the Group's ability to continue as a going concern and provide financial capacity to meet its strategic objectives. The legal requirements imposed on the Group puts restriction on the management to freely manage the capital structure of the Group. It follows a conservative approach to its statement of financial position assuming manageable levels of debt and maintaining cash balances. The capital structure of the Group mainly consists of the paid up capital contributed by the federal government and legal reserve.

b) Foreign exchange risk

The Group's operations are located in Ethiopia only and it is not as such exposed to significant foreign exchange risk. However, it imports construction equipment and other materials from abroad purchasing foreign currency from domestic banks mainly through letter of credit arrangement. The letter of credit is settled at the exchange rate that prevails on the settlement (clearance) date than on the date the letter of credit is opened. The Group is not legally allowed to enter into any foreign currency contracts or other derivatives to establish a foreign currency protection program.

c) Credit Risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Group's long-term receivables, trade and other receivables and cash and cash equivalents maintained with financial institutions. The Group places its cash and cash equivalents with Commercial Bank of Ethiopia, the biggest bank in the country.

The maximum exposure of the Group to credit risk at the reporting date is the carrying value of cash and cash equivalents and other receivables as presented below.

Cash and bank balances	2,352,401,658	1,600,593,492
Trade receivables	7,117,974,465	7,024,967,874
Other receivables	11,693,490,019	9,569,182,503
Total	<u>21,163,866,142</u>	<u>18,194,743,869</u>

As the Group's main trade receivables are related to long-term construction contracts and the clients are mainly budgetary government bodies, it is common that there may be delay in collection of such receivables. But, the failure to collect construction receivables on the due date is not considered to have high credit risk as clients will pay what they owe as their budget is released from the government treasury. Adequate credit loss is provided for long overdue receivables.

ETHIOPIAN CONSTRUCTION WORKS CORPORATION
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Currency: Ethiopian Birr

28 Financial Risk Management (Continued) 2024 2023

d) Liquidity Risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities that are settled by the delivery of cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities under both normal and stressed conditions, without incurring unacceptable losses or risking damage to its reputation. The Group manages liquidity by maintaining adequate cash balances and tracking the due dates of its operating and financing obligations. In addition, the Group regularly monitors and reviews both actual and forecasted cash flows. It also closely manages certain discretionary expenditures and measures to reduce operating costs in order to preserve working capital.

The balances of current assets and current liabilities are analyzed as follows:

Current Assets	2024	2023
Cash and Bank Balances	2,352,401.658	1,600,593,492
Trade and Other receivables	7,117,974,465	7,024,967,874
Tax Recoverable	622,794,653	671,630,490
Contract Asset	11,070,695,366	8,897,552,013
Inventories	1,285,235.832	1,312,920,993
Total	<u>22,449,101,974</u>	<u>19,507,664,862</u>
Current Liabilities		
Trade and Other payables	6,358,175,154	5,124,443,829
Income Tax Payables	362,522,479	186,810,468
Other Tax Payables	274,024,475	101,897,777
Contract advance	8,176,203,055	7,890,926,688
Total	<u>15,170,925,163</u>	<u>13,304,078,763</u>

ETHIOPIAN CONSTRUCTION WORKS CORPORATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Currency: Ethiopian Bir

29 Subsidiary

The Corporation has a subsidiary Company, Geosynthetics Industrial Works Pvt. Ltd. Company (GIW), where it holds a 70% equity interest. The detail is presented hereunder.

<u>Name of subsidiary</u>	<u>Principal activity</u>	<u>Place of Operation</u>	<u>Proportion of ownership interests</u>	<u>Wholly or non-wholly owned subsidiary</u>
Geosynthetics Industrial Works Private Limited Company	Manufacturer and supplier of Geosynthetics	Ethiopia	70%	Non-wholly owned

Details of non-controlling interests in the non-wholly owned subsidiary:

<u>Items</u>	<u>7 July 2024</u>	<u>7 July 2023</u>
Proportion of ownership interests held by non-controlling interests	30%	30%
Profit or loss allocated to non-controlling interests	42,261,492	9,075,019
Accumulated non-controlling interests	59,636,627	26,587,696
Dividends paid to non-controlling interests	9,079,518	11,608,184

Summary of financial information about the subsidiary:

<u>Items</u>	<u>7 July 2024</u>	<u>7 July 2023</u>
Current assets	357,541,425	171,587,974
Non-current assets	53,369,355	56,456,624
Current liabilities	197,564,679	124,678,995
Non-current liabilities	14,573,376	14,739,952
Revenue	874,578,173	479,241,492
Profit or loss	140,855,610	30,250,063
Other comprehensive income		
Total comprehensive income	140,855,610	30,250,063

30 Segment

The Corporation operates in three reportable segments (sectors) from which it derive revenue. They reflect the interna organizational and management structure according to the nature of the products and services provided. These sectors are regularly reviewed by the Corporation's senior management in order to allocate resources and assess their performance. The activities associated with each segment are noted below:

<u>Sector</u>	<u>Operation</u>
Water Infrastructure Construction	This sector involves in surface and subsurface water supply development, sewerage and effluent treatment, dam construction, hydropower development, irrigation infrastructure, river diversions, management of dam and irrigation infrastructure, management of bulk water production on, reclamation s, and other civil works; and runways and ports construction.
Transport Infrastructure Construction	This sector undertakes the construction and maintenance of highways, bridges, tunnels, railways, runways and ports, and other civil engineering works.
Building Technology and Construction	This sector is engaged in deep excavation and foundation for specialized electro mechanical works, cave digging, tunneling ready mix concrete production and pouring, render a concrete and metal structured base building technology, building, planting, dismantling, demolishing and construction solution related to prefabricated building and conventional system. It also manufactures different sized sandstones and PVC frames.

ETHIOPIAN CONSTRUCTION WORKS CORPORATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

30 Segment (Continued)

Currency: Ethiopian Birr

The following table presents information with respect to the Corporation's business segments. Inter-segment sales predominantly take place between Construction Machinery and Equipment Sector and other sectors. The cost of running the general administration function and other head office activities are not allocable to the reportable segments and are disclosed in the column "Head office". The Corporation uses profit before interest and income tax (EBIT) as a key indicator of economic performance of segments.

Business segment information for the year ended 7 July 2024 is as follows:

Business segment information for the year ended 7 July 2024 is as follows:

Item	Transport	Water	Building	Head Office	Total
Operating Revenue	3,121,255,102	1,815,777,480	4,189,757,632	116,743,485	9,243,533,700
Operating Cost	2,413,762,678	1,543,279,296	3,043,454,656	206,206,458	7,206,703,088
Gross Operating Profit	707,492,424	272,498,185	1,146,302,976	(89,462,973)	2,036,830,612
Administrative Expense	309,287,506	179,926,750	415,166,222	11,568,199	915,948,677
Net Profit /Loss/ Before Tax	398,204,918	92,571,434	731,136,754	(101,031,172)	1,120,881,935

Business segment information for the year ended 7 July 2023 is as follows:

Item	Transport	Water	Building	Head Office	Total
Operating Revenue	2,442,746,474	2,314,422,721	2,536,852,269	13,783,977	7,307,805,441
Operating Cost	1,951,634,392	1,745,227,935	1,654,301,587	(21,283,523)	5,329,880,391
Gross Operating Profit	491,112,081	569,194,786	882,550,682	35,067,501	1,977,925,050
Administrative Expense	398,582,170	400,198,720	409,129,378	(338,711,237)	869,199,031
Net Profit /Loss/ Before Tax	92,529,912	168,996,065	473,421,305	373,778,737	1,108,726,019

Business segment assets information for the year ended 7 July 2024 is as follows:

Item	Transport	Water	Building	Total
Property, Plant and Equipment (net)	496,509,029	1,717,217,316	85,477,562	2,299,203,906
Other non-specific asset net of liabilities				6,789,575,033
Net Assets (Equity)				9,088,778,940

Business segment assets information for the year ended 7 July 2023 is as follows:

Item	Transport	Water	Building	Total
Property, Plant and Equipment (net)	664,236,096	1,663,150,356	67,433,623	2,394,820,075
Other non-specific asset net of liabilities				5,983,478,621
Net Assets (Equity)				8,378,298,696

ETHIOPIAN CONSTRUCTION WORKS CORPORATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Currency: Ethiopian Birr

31 RELATED PARTY DISCLOSURE

31.1 Key management Benefit

The Board of Directors of the Ethiopian Construction Works Corporation serves as the direct decision-making body for determining the benefits of key management of the corporation.

Positions	Salary and Benefit
CEO	2,526,017
Deputy CEOs and other strategic management	16,322,592
	18,848,610

31.2 Board Members Allowance

The Ethiopian Construction Works Corporation is regulated by the Ethiopian government as a state-owned enterprise. The compensation structure for its board members is determined by the Ethiopian Investment Holdings (EIH), which oversees its portfolio companies. This compensation is typically an allowance per meeting, rather than a fixed salary, as is common for governance roles of this nature.

Board of Directors	Responsibility	Board member Fee
	Board Chairman	96,000.00
	Vice Board chairman	72,000.00
	Board Member	576,000.00
	Board secretary	36,000.00
		780,000.00

ETHIOPIAN CONSTRUCTION WORKS CORPORATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Currency: Ethiopian Bir

31.3 Related Party Transaction

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
Transport and Logistics Sector				
Ethiopian Airlines Group (EAL)	Airport Construction	180,057,450.30	653,823,912.57	259,909,277.23
Ethiopian Shipping and Logistics Service Enterprise (ESL)	Shipping service	34,538,870.18		
C-Financial Services Sector				
Ethiopian Insurance Corporation (EIC)	Insurance Service			23,356,949.58
D-Mining, Engineering and Chemicals Sector				
Ethio-Engineering Group (EEG)	Construction and V	291,083,338.78		243,829,011.19
F-Agriculture and Agro Processing Sector				
Ethiopian Sugar Industry Group (ESIG)	Irrigation Construct	296,842,814.69		
Finchaa Sugar Factory (FSF)	Factory Diversificat	84,939,704.70		
I-Construction and Real Estate Sector				
Federal Housing Corporation (FHC)	Construction and Re	5,750,670.64		
Industrial Parks Development Corporation (IPDC)	Construction and Re	22,228,823.96		
Ethiopian Engineering Corporation (EEC)	Fuel and material co	44,028,829.65		1,893,993.33
Total		974,711,677.68	717,960,217.85	838,161,404.89

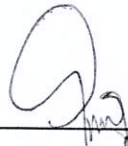
SEPARATE FINANCIAL STATEMENTS

ETHIOPIAN CONSTRUCTION WORKS CORPORATION
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 07 JULY 2024


Currency: Ethiopian Birr

	Notes	2024	2023-As Reported
Operating revenues	32	9,243,533,700	7,307,805,441
Costs of sales	33	<u>7,206,703,088</u>	<u>5,329,880,391</u>
Gross profit (Loss)		2,036,830,612	1,977,925,050
Other income	34	<u>639,185,457</u>	<u>365,789,484</u>
		2,676,016,069	2,343,714,534
Operating costs			
General and administrative expenses	35	1,529,909,954	1,230,201,037
Expected credit losses		<u>34,514,064</u>	<u>14,977,457</u>
		1,564,424,018	1,245,178,494
Profit (loss) before tax		1,111,592,051	1,098,536,041
Tax expense (Credit)	36.1	<u>410,401,691</u>	<u>341,647,262</u>
Profit (loss) after tax		701,190,360	756,888,779
Other comprehensive income (OCI) net			
Remeasurement gain/(loss) on retirement benefits obligations		9,289,884	10,189,978
Total comprehensive income (loss) for the year		<u><u>710,480,244</u></u>	<u><u>767,078,757</u></u>

The accompanying notes form an integral part of these financial statements.



 Yonas Ayalew (Engineer)
 Chief Executive
 Officer



 Alemayehu Terefe
 Financial Management
 Division Chief Financial
 Officer

ETHIOPIAN CONSTRUCTION WORKS CORPORATION
STATEMENT OF FINANCIAL POSITION
AS AT 07 JULY 2024

Currency: Ethiopian Birr

	Notes	2024	2023-As Reported
Assets			
Non-current assets			
Property, Plant and Equipment	37	2,298,755,292	2,394,363,433
Right of Use Assets	38	448,615	456,642
Investment in subsidiary	39	128,727,984	51,613,813
Investment in Other Securities	40	38,682,508	27,250,835
		<u>2,466,614,399</u>	<u>2,473,684,723</u>
Current assets			
Inventories	41	1,180,814,768	1,238,262,828
Contract Asset	42	11,070,695,366	8,897,552,013
Tax Recoverable	43	627,952,862	672,125,798
Trade and Other Receivables	44	6,928,249,727	6,965,011,816
Cash and Cash Equivalents	45	2,283,847,826	1,563,124,433
		<u>22,091,560,549</u>	<u>19,336,076,888</u>
Total Assets		<u>24,558,174,948</u>	<u>21,809,761,611</u>
Equity and Liabilities			
Equity			
Paid up Capital	18	7,752,049,271	7,752,049,271
Legal Reserve	19	127,447,048	92,387,530
Revaluation Surplus and Other Reserve	20	5,107,531,696	5,107,531,696
Retained Earnings	21	(3,907,534,346)	(4,573,665,189)
Other Comprehensive Income		9,285,271	(4,613)
Total Equity		<u>9,088,778,940</u>	<u>8,378,298,696</u>
Liabilities			
Non-Current Liabilities			
Deferred Tax Liability	36.3	47,715,116	73,168,171
Construction Contract Liability	23	388,473,707	149,498,982
Employee Benefit	27.2.4.	12,077,337	11,902,626
		<u>448,266,160</u>	<u>234,569,780</u>
Current Liabilities			
Trade and Other payables	47	6,209,349,211	5,004,658,107
Contract Advance	4.3.3	8,176,203,055	7,890,926,688
Income Tax Payables	48	367,085,324	204,449,591
Other Tax Payables	49	268,492,258	96,858,749
		<u>15,021,129,848</u>	<u>13,196,893,135</u>
Total Liabilities		<u>15,469,396,008</u>	<u>13,431,462,915</u>
Total Equity and Liabilities		<u>24,558,174,948</u>	<u>21,809,761,611</u>

The accompanying notes form an integral part of these financial statements.

Yonas Walew (Engineer)
Chief Executive
Officer

Alemayehu Terefe
Financial Management
Division Chief Finance
Officer

ETHIOPIAN CONSTRUCTION WORKS CORPORATION
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 07 JULY 2024

	Paid-up Capital	Legal Reserves	Retained Earnings	Revaluation Surplus and Other Reserve	Other Comp. Income	Total
Balance at 7 July 2022	7,752,049,271	54,543,091	(5,292,709,529)	2,579,820,130	(10,194,591)	5,083,508,372
Total comprehensive income for the year	-	-	756,888,779	-	10,189,978	767,078,757
Transfer to legal reserve	-	37,844,439	(37,844,439)	-	-	-
Difference between Derecognition of Long Term Loan and financing effect	-	-	-	2,527,711,566	-	-
Restated Balance at 7 July 2023	<u>7,752,049,271</u>	<u>92,387,530</u>	<u>(4,573,665,189)</u>	<u>5,107,531,696</u>	<u>(4,613)</u>	<u>2,527,711,566</u>
Total comprehensive income for the year	-	-	701,190,360	-	9,289,884	710,480,244
Transfer to legal reserve	-	35,059,518	(35,059,518)	-	-	-
Difference between Derecognition of Long Term Loan and financing effect	-	-	-	-	-	-
Balance at 7 July 2024	<u>7,752,049,271</u>	<u>127,447,048</u>	<u>(3,907,534,346)</u>	<u>5,107,531,696</u>	<u>9,285,271</u>	<u>9,088,778,940</u>

The accompanying notes form an integral part of these financial statements.

ETHIOPIAN CONSTRUCTION WORKS CORPORATION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 07 JULY 2024

Currency: Ethiopian Birr

	Notes	2024	2023-As Reported
Cash flows from operating activities			
Profit (loss) before tax		1,111,592,051	1,098,536,041
Adjustments For:			
Depreciation and amortization	33&34	199,159,768	200,610,128
Remeasurement gain/(loss) on retirement benefits obligations		9,289,884	
		<u>1,320,041,703</u>	<u>1,299,146,169</u>
Movements in working capital			
Decrease (Increase) in inventories	41	57,448,060	(140,559,617)
Increase in trade and other receivables	44	36,762,089	(2,413,161,522)
Decrease (Increase) in tax receivables		44,172,936	(113,668,339)
Increase in contract assets	42	(2,173,143,353)	(2,529,191,206)
Increase in trade and other payables	47	1,204,691,103	1,214,929,050
Increase in contract advance	4.3.3	285,276,367	1,434,070,350
Increase in other tax payables	49	171,633,509	88,953,488
Increase in employee benefits		174,711	9,423,698
Increase (Decrease) in Construction Contract	23	<u>238,974,725</u>	<u>(102,984,897)</u>
Cash generated from operations		1,186,031,850	(1,253,042,826)
Income tax paid	48	<u>(273,219,013)</u>	<u>(216,382,443)</u>
Net Cash inflows from (outflow for) operating activities		<u>912,812,837</u>	<u>(1,469,425,269)</u>
Cash flows from investing activities			
Collection from matured financial securities	40	(88,545,845)	(12,697,231)
Payments for property, plant and equipment	37	<u>(103,543,599)</u>	<u>45,762,618</u>
Net cash out flows for investing activities		<u>(192,089,444)</u>	<u>33,065,386</u>
Cash flows from financing activities			
Proceeds from borrowings			
Net cash generated from financing activities		<u>-</u>	<u>-</u>
Net increase (decrease) in cash and cash		720,723,393	(1,436,359,882)
Cash and cash equivalent, opening		<u>1,563,124,434</u>	<u>2,999,484,317</u>
Cash and cash equivalent, ending		<u>2,283,847,827</u>	<u>1,563,124,434</u>
Cash and cash equivalent represented by:			
Cash and bank balances		<u>2,283,847,826</u>	<u>1,563,124,433</u>
		<u>2,283,847,826</u>	<u>1,563,124,433</u>

The accompanying notes form an integral part of these financial statements.

ETHIOPIAN CONSTRUCTION WORKS CORPORATION
SEPARATE FINANCIAL STATEMENTS
NOTES TO THE FINANCIAL STATEMENTS (Continued)

32 Operating revenue

Revenues are mainly comprised of construction revenue and those sources that are associated with sales of goods and services. The group is mainly engaged in the provision of construction services to customers. As such its performance obligations related to construction revenue is satisfied when it finalizes the construction of buildings, roads and dams and when it handed them over to clients. Payment for construction service-related performance obligations is made based on progress on construction works. Such progress towards satisfying performance obligations is measured and payment certificates are approved by the consultant and client of each project so to make payments.

Likewise, performance obligations on goods sold, mainly of construction materials are satisfied when goods are delivered to customers. Payment for such sale of goods is made either at the time of receiving purchase orders or upon delivery of goods to customers. For further information please refer to note 3.6 (g) and 3.11.

Currency: Ethiopian Birr

	2024	2023-As Restated
32.1 Operating Revenues by type		
The operating revenues are the following:		
Construction Revenue-Dam and Irrigation	1,601,422,952	1,318,096,138
Construction Revenue-Road and Bridge	2,445,613,981	2,311,688,319
Construction Revenue-Building	5,118,979,128	3,540,065,117
Maintenance Revenue	77,517,639	6,897,713
Reported Total	<u>9,243,533,700</u>	<u>7,176,747,286</u>
Previous year Price Adjustment	-	131,058,155
Restated Total	<u>9,243,533,700</u>	<u>7,307,805,441</u>
32.2 Operating Revenues by Recognition Timing		
The operating revenues by timing of recognition are analyzed as follows:		
Recognition at single point in time	77,517,639	6,897,713
Recognition over a period of time	1,601,422,952	7,300,907,728
Total	<u>1,678,940,591</u>	<u>7,307,805,441</u>

ETHIOPIAN CONSTRUCTION WORKS CORPORATION
 SEPARATE FINANCIAL STATEMENTS
 NOTES TO THE FINANCIAL STATEMENTS (Continued)

Currency: Ethiopian Birr

	2024	2023
33 Costs of sales		
Construction Materials	2,130,881,958	1,558,700,903
Loss from onerous contract	238,974,726	(102,984,897)
Spare parts	27,313,044	51,285,992
Tires and Tubes	63,182,628	26,500,683
Salaries and wages	1,312,423,517	1,057,373,186
Travelling	218,522,766	224,730,705
Fuel and lubricants	623,108,227	517,704,663
Sub-Contractor	2,073,457,053	1,472,869,646
Rent	321,513,621	317,160,507
Depreciation	83,350,224	89,493,050
Insurance	21,126,821	2,488,130
Entertainment	18,293,024	21,681,249
Other Expense	74,555,479	92,876,576
Total	<u>7,206,703,088</u>	<u>5,329,880,391</u>
34 Other income		
Sales of Construction Materials	519,727,658	312,306,923
Rental Income	-	31,899,567
Investment Income	98,610,147	21,175,044
Interest Income	3,755,787	407,951
Reversal Of Provision	17,091,865	
Total	<u>639,185,457</u>	<u>365,789,484</u>

ETHIOPIAN CONSTRUCTION WORKS CORPORATION
 SEPARATE FINANCIAL STATEMENTS
 NOTES TO THE FINANCIAL STATEMENTS (Continued)

Currency: Ethiopian Birr

		2024	2023
36 Taxation			
36.1 Tax expenses			
Current tax expense	Note 33.2	435,854,746	344,809,991
Deferred tax	Note 33.3.1	(25,453,055)	(3,162,730)
Tax expense (Credit)		<u>410,401,691</u>	<u>341,647,262</u>
36.2 Income tax expense			
Profit before tax		1,111,592,051	1,098,536,041
Add :			
Sport Expense		2,606,765	1,872,142
Entertainment		40,376,877	49,227,254
Penalty		1,211,144	2,247,617
Donation		12,787,116	93,173,532
Loss from onerous contract		238,974,726	(102,984,897)
Depreciation expense - per financial record		190,211,692	204,969,294
Expected credit losses		34,514,064	14,977,457
		<u>1,641,739,029</u>	<u>1,362,018,440</u>
Less:			
Depreciation Expense - per tax		171,798,010	212,651,802
Reversal Of Provision		17,091,864.51	
		<u>188,889,875</u>	<u>212,651,802</u>
Taxable Income		<u>1,452,849,154</u>	<u>1,149,366,638</u>
Current Tax Expense		<u>435,854,746</u>	<u>344,809,991</u>

ETHIOPIAN CONSTRUCTION WORKS CORPORATION
NOTES TO THE SEPARATE FINANCIAL STATEMENTS (Continued)

Currency: Ethiopian Birr

37 Property, plant and equipment

	Free Hold Land	Building and infrastructure	Construction Machinery and Equipment	Motor Vehicles and Other Transport Vehicles	Other Property, Plant and Equipment	Property, Plant and Equipment in Transit	Construction in progress	Total
Cost								
At 8 July 2022	774,977,190	337,051,134	1,747,991,577	1,659,849,003	228,856,260	24,492,215	15,273,023,157	20,046,240,535
Additions	-	-	65,186,119	-	109,668,682.52	-	0	174,854,801
Disposals	-	-	-	-	-	0	15,116,619,570	(15,116,619,570)
Balance at 7 July 2023	774,977,190	337,051,134	1,813,177,695	1,659,849,003	338,524,943	24,492,215	156,403,587	5,104,475,766
Additions	-	-	455,720	-	35,249,870	-	79,018,131	114,723,720
Disposals	-	-	(52,378,693)	(79,854,476)	(1,491,642)	-	-	(133,724,812)
Balance at 7 July 2024	774,977,190	337,051,134	1,761,254,722	1,579,994,526	372,283,170	24,492,215	235,421,718	5,085,474,675
Accumulated depreciation								
At 8 July 2022	-	(83,811,700)	(1,277,559,105)	(1,010,347,749)	(137,791,678)	-	-	(2,509,510,232)
Additions	-	(12,392,256)	(82,331,206)	(88,850,540)	(17,028,098)	-	-	(200,602,101)
Disposals	-	-	-	-	-	-	-	-
Balance at 7 July 2023	-	(96,203,957)	(1,359,890,311)	(1,099,198,289)	(154,819,776)	-	-	(2,710,112,333)
Additions	-	(11,865,905)	(79,696,763)	(81,206,674)	(26,382,399)	-	-	(199,151,741)
Disposals	-	-	47,271,844	74,057,204	1,215,643	-	-	122,544,691
Balance at 7 July 2024	-	(108,069,861)	(1,392,315,230)	(1,106,347,759)	(179,986,533)	-	-	(2,786,719,383)
NET BOOK VALUE								
At 7 July 2024	774,977,190	228,981,272	368,939,491	473,646,767	192,296,637	24,492,215	235,421,718	2,298,755,291
At 7 July 2023	774,977,190	240,847,177	453,287,384	560,650,714	183,705,166	24,492,215	156,403,587	2,394,363,433

ETHIOPIAN CONSTRUCTION WORKS CORPORATION
SEPARATE FINANCIAL STATEMENTS
NOTES TO THE FINANCIAL STATEMENTS (Continued)

Currency: Ethiopian Birr

38 Right of Use Assets: Leasehold land

The Group leased a 47,927 m2 plot of land, located at Lemi-kura sub city of Addis Ababa City administration, from various private holders (7 Private holders) for a lease term of 80 years which started from June 1999. The lease value was fully paid at the beginning of the lease term and the leasehold land cost is being amortized over the period of the lease using a straight- line method.

Cost

At 8 July 2022	642,153
Additions	-
Disposals	-
Balance at 7 July 2023	<u><u>642,153</u></u>

At 8 July 2023	642,153
Additions	-
Disposals	-
Balance at 7 July 2024	<u><u>642,153</u></u>

Accumulated Amortization

At 8 July 2022	(177,484)
Additions	(8,027)
Disposals	-
Balance at 7 July 2023	<u><u>(185,511)</u></u>

At 8 July 2023	(185,511)
Additions	(8,027)
Disposals	-
Balance at 7 July 2024	<u><u>(193,538)</u></u>

At 7 July 2024	<u><u>448,615</u></u>
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At 7 July 2023	<u><u>456,642</u></u>
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ETHIOPIAN CONSTRUCTION WORKS CORPORATION
SEPARATE FINANCIAL STATEMENTS
NOTES TO THE FINANCIAL STATEMENTS (Continued)

Currency: Ethiopian Birr

40 Investment in Other Securities

	2024	2023
Investments in Government saving Bond	10,082,508	9,050,835
Equity Investment	3,675,000	3,675,000
Provision for Equity Investment	(3,675,000)	(3,675,000)
Investment Rising HONGFA PLC	28,600,000	18,200,000
	<u>38,682,508</u>	<u>27,250,835</u>
Investments in Government saving Bond, bearing interest at the rate of 6% per annum and maturing in December 2023	10,082,508	9,050,835
Equity Investment in Addis Abeba Building Materials Production PLC	3,675,000	3,675,000
Provision for Equity Investment	(3,675,000)	(3,675,000)
Investment Rising HONGFA PLC	28,600,000	18,200,000
Total	<u>38,682,508</u>	<u>27,250,835</u>

Investment in Government Bonds represents investment on securities issued to finance the Great Ethiopian Renaissance Dam. Since it is assumed that the effective interest rate for such government bond is equal to its coupon rate, the investment has a carrying value equal to its face value.

Investment of Birr 3.6 million was also made in Addis Ababa Building Materials Production PLC (investee). This investment represented 35% of the ownership and voting rights in the investee. However, this company ceased operation since 2016 fiscal year and the contract of its management as well as its staffs were terminated. The machineries of the investee were uninstalled and are stored waiting for a final decision on its fate by the court of law. It is the judgement of the management that, the only available assets of the investee, factory machineries, are technologically obsolete. The group's liability in relation to this investment is limited to the amount of its investment. Due to these facts, the management estimated that the total investment value on this company was impaired. Hence impairment loss and provision for the same was recognized and reported.

41 Inventories

Goods in Transit	447,867,989	447,867,989
Provision for Goods in Transit	(447,867,989)	(447,867,989)
Construction Materials	726,274,417	774,199,635
Finished goods	22,490,736	19,859,904
Spare parts	432,049,615	444,203,289
Total	<u>1,180,814,768</u>	<u>1,238,262,828</u>

ETHIOPIAN CONSTRUCTION WORKS CORPORATION
SEPARATE FINANCIAL STATEMENTS
NOTES TO THE FINANCIAL STATEMENTS (Continued)

Currency: Ethiopian Birr

44 Trade and Other Receivables (Continued)

44.1 Exposure to credit risk (Continued)

Trade receivables arise from provision of construction services to customers on credit and sales of goods and no interest is charged on outstanding trade receivables.

Expected credit loss allowance is recognized for all trade receivables, in accordance with IFRS 9 Financial Instruments, and is monitored at the end of each reporting period. In addition to the loss allowance, trade receivables are written off when there is no reasonable expectation of recovery, for example, when a debtor has been placed under liquidation. Trade receivables which have been written off are not subject to enforcement activities.

The corporation measures the loss allowance for trade receivables by applying the simplified approach which is prescribed by IFRS 9. In accordance with this approach, the loss allowance on trade receivables is determined as the lifetime expected credit losses on trade receivables. These lifetime expected credit losses are estimated using a provision matrix, which is presented below. The provision matrix has been developed by making use of past default experience of debtors but also incorporates forward looking information and general economic conditions of the industry as at the reporting date.

The corporation's historical credit loss experience does not show significantly different loss patterns for different customer segments. The provision for credit losses is therefore based on past due status without disaggregating into further risk profiles. The loss allowance provision is determined as follows:

	2023		2023
	Estimated gross carrying amount at default	Provision rate	Loss allowance (Lifetime expected credit loss)
Current (or not yet overdue):	1,400,283,996	0%	-
One year over	348,933,686	5%	17,446,684
Two year over	244,250,559	15%	36,637,584
Three year over	188,811,738	20%	37,762,348
Four year over	312,547,791	25%	78,136,948
Five year over	<u>2,255,255,218</u>	30%	<u>676,576,566</u>
	<u>4,750,082,987</u>		<u>846,560,129</u>

ETHIOPIAN CONSTRUCTION WORKS CORPORATION
 SEPARATE FINANCIAL STATEMENTS
 NOTES TO THE FINANCIAL STATEMENTS (Continued)

Currency: Ethiopian Birr

44 Trade and Other Receivables (Continued)

44.1 Exposure to credit risk (Continued)

	2024		2024
	Estimated gross carrying amount at default	Provision rate	Loss allowance (Lifetime expected credit loss)
Current (or not yet overdue):	228,744,166	0%	-
One year over	1,197,162,345	5%	59,858,117
Two year over	-102,462,211	15%	-15,369,332
Three year over	86,685,813	20%	17,337,163
Four year over	226,158,061	25%	56,539,515
Five year over	2,542,362,432	30%	762,708,730
	<u>4,178,650,606</u>		<u>881,074,193</u>

44.2 Movement in expected credit loss

Opening balance	846,560,129	831,582,672
Current period charges	34,514,064	14,977,457
Closing balance	<u>881,074,193</u>	<u>846,560,129</u>

45 Cash and Cash Equivalents

Cash at Bank	2,279,035,659	1,556,391,505
Cash on Hand	4,812,167	6,732,928
	<u>2,283,847,826</u>	<u>1,563,124,433</u>

ETHIOPIAN CONSTRUCTION WORKS CORPORATION
SEPARATE FINANCIAL STATEMENTS
NOTES TO THE FINANCIAL STATEMENTS (Continued)

Currency: Ethiopian Birr

2024

2023-As Restated

46 Retained Earning

This element of equity represents the amount of profit waiting for distribution in the form of dividend unless the Council of Ministers approved its otherwise use based on a proposal presented to use. As per the Council of Ministers Regulation No. 107/2003, 60% and 40% of the net profits of the Group, after deduction of legal reserve, should be transferred, respectively, to the Federal Government as state dividend and as contribution to the Industrial Development Fund.

Opening Balance	(7,014,223,082)	(5,292,709,529)
Comprehensive income of the period	701,190,360	756,888,779
Difference between Derecognition of Long Term Loan	-	-
Transfer to legal reserve	(35,059,518)	(37,844,439)
Reputed Ending Balance	(6,348,092,240)	(4,573,665,189)
Reclassification of Difference between Derecognition of Long Term Loan and financing effect		(2,527,711,566)
Previous year Price Adjustment		87,153,673
Restated Ending Balance	(6,348,092,240)	(7,014,223,082)

2024

2023

47 Trade Payables

Trade Payables	5,162,310,726	3,948,988,088
Retention Payable to sub- contractors	541,119,965	474,623,966
Accrued Payables (Note 44.1)	462,007,584	515,498,375
Other Payables (Note 44.2)	411,692,219	340,087,035
Accrued Rental Payments	(367,781,284)	(274,539,357)
Total	6,209,349,211	5,004,658,107

47.1 Accrued Payables

Accrued Employee Benefits	17,230,392	16,301,253
Accrued Per diem and salaries	7,754,634	3,200,023
Annual Leave Payable	137,652,179	115,580,785
Net salary Payable	22,308,614	97,528,938
Other Accruals	232,413,868	237,560,336
Insurance Payable	44,647,896	45,327,041
Total	462,007,584	515,498,375

ETHIOPIAN CONSTRUCTION WORKS CORPORATION
 SEPARATE FINANCIAL STATEMENTS
 NOTES TO THE FINANCIAL STATEMENTS (Continued)

Currency: Ethiopian Birr

	2024	2023
47 Trade Payables (Continued)		
47.2 Other Payables		
Unclaimed salary and other benefits	13,921,984	13,227,571
Voluntary payroll deductions	32,612,693	22,780,887
Pension fund payable	39,920,743	9,564,538
Sundry creditors	325,236,799	294,514,039
Total	<u>411,692,219</u>	<u>340,087,035</u>
48 Income Tax Payable		
Balance at the beginning of the Year	204,449,591	76,022,042
Current Income T Note 34.2	435,854,746	344,809,991
Payment during the Year	(143,947,594)	(152,271,430)
Withholding tax receivables	(129,271,419)	(64,111,013)
Balance at the End of the Year	<u>367,085,324</u>	<u>204,449,591</u>
49 Other Tax Payables		
Employment Income Tax	191,007,158	40,016,131
Withholding Tax Payables	77,377,666	56,735,183
Other taxes payable	107,434	107,434
Total	<u>268,492,258</u>	<u>96,858,749</u>

50 Events after reporting period

There were no significant post balance sheet events which could have a material effect on the state of affairs of the Corporation as at 7 July 2024 and profit for the year on that date.

51 Date of Authorization

The Chief Executive Officer of the Corporation authorized the issue of these financial statements on August, 05, 2025