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AUDIT SERVICE CORPORATION

ETHIOPIAN SHIPPING AND LOGISTICS SERVICES ENTERPRISE

INDEPENDENT AUDITOR'S REPORT

AND

FINANCIAL STATEMENTS

30 JUNE 2025

Ethiopian Shipping and Logistics Services Enterprise
Annual financial statements for the year ended 30 June 2025
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Management board

H.E Ambassador Birhanu Tsegaye	Chairperson(current)	Appointed October 2025
H.E Ato Ahmed Shide	Chairperson(former)	Appointed May 2012
Ato Dange Boru	Member	Appointed February 2017
Eng. Takele Uma	Member	Appointed December 2024
Ato Abdu Jemal	Member	Appointed December 2024
Dr. Getnet Melak	Member	Appointed December 2024
Ato Yonas Estifanos	Member	Appointed December 2024
Ato Ameha Getachew	Member	Appointed December 2024
Ato Mahdi Jemal	Member	Appointed December 2024
Ato Melaku Mengesha	Member	Appointed December 2024

Executive management

Eng. Abdulber Shemsu Ahmed	Chief Executive Officer(current)
Dr. Berisso Amallo Hamato	Chief Executive Officer (former)
Ato Sharew Kebede Dadi	Deputy CEO, Freight Forwarding Services Sector
Ato Wondimu Denbu Yiroga	Deputy CEO, Corporate Services
Ato Biruk Baza Boda	Deputy CEO, Port Operations
Captain Wondwossen Kassa Assefa	Deputy CEO, Shipping Services Sector
Ato Teferi Mulugeta Zewdu	Director, Internal Audit
Ato Anduamlak Demessie Berta	Director, Multi Modal Operation
Ato Melaku Mekonnen Mitiku	Director, Legal, Insurance & Claims
Ato Tewodros Million Endeshaw	Director, Commercial
Ato Abera Diriba Gemechu	Director, ICT Department Director
W/ro Eskedar Behailu Amare	Director, Uni Modal Operation
W/ro Nigist Eshetu Abebe	Director, Human Resource and Administration
Ato Kuma Gossa Adinie	Director, Port & Facility Development
Ato Mekuria Ansa Tekletsadik	Director, Accounts & Finance Department
Ato Muktar Kedir Fato	Director, Procurement
Ato Dereje Medekisa	Director, Mojo Port & Facility
Ato Tessema Fote Roba	Director, Kality Port & Facility
Ato Abdu Mohammed Edris	Director, Inland Port Operation
Ato Mesay Sertsu Gimete	Director, Change Management
Ato Demissew Benti Anchemo	Director, Corporate Commercial Department
Ato Birhane Gebreegzabher Beyene	Director, Planning & Business Development

Independent auditor

Audit Services Corporation
No 5720
Addis Ababa
Ethiopia

Corporate office

Ethiopian Shipping and Logistics Services Enterprise
Legehar Building
Gambia Street
Addis Ababa, Ethiopia

Principal Banker
Commercial Bank of Ethiopia
Ras Desta Damtew St, 01, Kirkos,
Tel1: 251-551-50-04 , Fax: 251-551-45-22
SWIFT Code: CBETETAA Email: info@cbe.com.et
Addis Ababa, Ethiopia

The management board submits its report together with the financial statements for the year ended 30 June 2025 to the Ethiopian Investment Holding(EIH).

Incorporation and address

Ethiopian Shipping and Logistics Services Enterprise, was established as an autonomous public enterprise on November 2011. The Enterprise is governed by the Public Enterprises Proclamation No. 25/1992.

The Enterprise has its head office at Legehar Building, Gambia Street Addis Ababa, Ethiopia and has branches and coordinating offices both in Ethiopia and abroad.

Principal activities

The Enterprise's principal activities are to render coastal and international marine and inland transport services; freight forwarding agency, multimodal transport, shipping agency and air agency services and to provide the services of stevedoring, shore-handling, dry port, warehousing and other logistics services for import and export goods.

Results

The Enterprise's results for the year ended 30 June 2025 are set out on page 11. The profit for the year has been transferred to state dividend payable account after deduction of legal reserve. The summarized results are presented below.

	30 June 2025 Birr'000	30 June 2024 Birr'000
Revenue	122,986,498	55,907,347
Profit before tax	50,514,423	9,741,637
Tax (charge) / credit	(14,297,240)	(3,229,039)
Profit for the year	36,217,184	6,512,598
Other comprehensive income / (loss) net of taxes	1,029,715	16,969
Total comprehensive income for the year	37,246,899	6,529,567

Management board

Members of the management board who held office during the year and to the date of this report are set out on page 2.

H.E Ambassador Birhanu Tsegaye
Chairperson, Management Board

Ambassador Berhanu Tsegaye
Management Board
Chairman

Statement of management board's responsibilities

In accordance with the Financial Reporting Proclamation No 847/2014, the Accounting and Auditing Board of Ethiopia (AABE) directed the Enterprise to prepare financial statements in accordance with International Financial Reporting Standards ("IFRS").

The Enterprise's management board is responsible for ensuring proper books of accounts are kept.

To enable the management board to meet this responsibility, the management board and executive management implement systems of internal control, accounting and information systems aimed at providing reasonable assurance that assets are safeguarded and the risk of error, fraud or loss is reduced in a cost-effective manner. These controls, contained in established policies and procedures, include the proper delegation of responsibilities and authorities within a clearly defined framework, effective accounting procedures and adequate segregation of duties.

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

Signed on behalf of the management board by:

H.E Ambassador Birhanu Tsegaye
Chairperson, Management Board

Ambassador Berhanu Tsegaye
Management Board
Chairman

INDEPENDENT AUDITOR'S REPORT
TO THE SUPERVISING AUTHORITY OF
ETHIOPIAN SHIPPING AND LOGISTICS SERVICES ENTERPRISE

Report on the Audit of the Financial Statements

Qualified Opinion

We have audited the financial statements of Ethiopian Shipping and Logistics Services Enterprise ("the Enterprise"), which comprise the statement of financial position as at 30 June 2025, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the 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 Enterprise as at 30 June 2025, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for qualified Opinion

1. Property, Plant and Equipment

Property, plant and equipment included 1,935 fully depreciated assets still recorded as active and 375 containers recorded as active assets despite being transferred, lost, damaged, or of unknown status. In addition, Construction in Progress balances of Birr 779,991 remained inactive without appropriate review or closure. Furthermore, ten trucks were recorded in the fixed asset register using identical plate numbers and serial numbers, and expenditure amounting to Birr 2,407,220 was incorrectly recorded as a separate motor vehicle asset instead of being capitalized as an additional component of an existing vehicle. As a result, adjustments to property, plant and equipment balances are required; however, we were unable to determine the full extent and amount of such adjustments due to insufficient supporting records and inadequate asset verification and tracking controls.

2. Inventories

Significant differences were identified between physical stock counts and accounting records. Inventory was overstated by Birr 135,466,847 and understated by approximately Birr 28,300,000, with additional abnormal balances of Birr 903,687. As a result, inventory balances require adjustment. However, due to limitations in supporting records and inventory valuation reconciliations, we were unable to determine the full extent of the adjustments required.

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Report on the Audit of the Financial Statements (continued)

***Basis for qualified Opinion** (continued)*

3. Cash and Bank Balances

The bank reconciliation includes significant long-outstanding and unresolved reconciling items, including deposits in transit of Birr 828,776,163, unrecorded collections of Birr 824,340,892, outstanding cheques of Birr 31,910,000, unrecorded payments of Birr 76,661,154, error entries of Birr 27,993,988, and unidentified differences of Birr 7,658,535. These items indicate fundamental weaknesses in bank reconciliation procedures, timely recording of transactions, and follow-up of reconciling items, resulting in insufficient audit evidence over the completeness and accuracy of cash and bank transactions.

4. Trade and Other Payables

Trade and other payables included long-outstanding balances amounting to Birr 933,996,465 for which management was unable to provide sufficient and appropriate explanations and supporting documentation regarding their validity and settlement status. These balances include supplier confirmation variances of Birr 91,467,294, long-outstanding liabilities of Birr 552,224,686 in the Shipping Service Sector, unreconciled agent balances of Birr 217,863,600, and long-outstanding liabilities in other sectors totaling Birr 381,771,179. Consequently, we were unable to determine whether any adjustments were necessary in respect of these balances.

5. Inter-Sector Balances

We identified misclassification and incomplete reconciliation of inter-sector balances, resulting in a net unreconciled difference of Birr 32,997,332. In addition, balances of Birr 2,255,614,932 and Birr 2,281,285,264 were incorrectly classified within external receivables, payables, deposits, and accrued liabilities instead of designated inter-sector accounts. These balances were not fully eliminated in consolidation, resulting in misstatement of financial statement presentation. Accordingly, adjustments are required to properly classify and eliminate these inter-sector balances in the combined financial statements. However, due to limitations in reconciliation and consolidation processes, we were unable to determine the full extent of the required adjustments.

6. Revenue and Expense Recognition

We identified incorrect period recognition and classification of revenues and expenses, including prior-year expenses of Birr 21,607,724, prior-period revenue of Birr 14,211,500, and insurance compensation income of Birr 61,905,065 incorrectly recorded under liability accounts. These misstatements require adjustments to ensure revenues and expenses are recognized in the appropriate accounting periods in accordance with applicable accounting standards.

INDEPENDENT AUDITOR'S REPORT
TO THE SUPERVISING AUTHORITY OF
ETHIOPIAN SHIPPING AND LOGISTICS SERVICES ENTERPRISE

Report on the Audit of the Financial Statements (continued)

Basis for qualified Opinion *(continued)*

7. Valuation of Assets Transferred from Former Tana Haik Transport Enterprise

We noted that no business valuation was conducted at the time of transferring the net assets of the former Tana Haik Transport Enterprise to Ethiopian Shipping and Logistics Services Enterprise. As a result, the fair value of the transferred assets and liabilities was not established. Accordingly, we were unable to determine whether the assets and liabilities of Ethio-Ferries (formerly Tana Haik Transport Enterprise) are appropriately stated in the financial statements or the extent of any adjustments that may be required.

Emphasis of Matter – Significant Unresolved Legacy and Migration Balances

We draw attention to Note 4.3 to the financial statements, which discloses long-outstanding trade and other receivables and other asset balances totaling Birr 4,294,081,574 that have remained unsettled for extended periods and have not been fully reconciled or resolved. A significant portion of these balances originated from the legacy system migration in 2019 and has remained outstanding for more than seven years. Management has recognized an Expected Credit Loss (ECL) allowance of Birr 12,778,786,000 against certain receivable balances; however, aged balances, advances, prepayments, suspense accounts, and unsupported balances continue to require reconciliation, validation, and appropriate resolution. Our opinion is not modified in respect of this matter.

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

Report on the Audit of the Financial Statements (continued)

Key Audit Matters (continued)

a) Revenue recognition

Recognition of the Enterprise's revenue is complex due to the significant volume of transactions and the extent of revenue stream within the Enterprise. Furthermore, revenue is always regarded as one of the key performance indicators which could create incentive for revenue to be recognized before services are rendered, resulting in significant risk associated with revenue from audit perspectives. Due to these factors the recognition of revenue is considered to be key audit matter.
Our audit procedures to address the risk of material misstatement relating to revenue recognition included: understanding key controls management has in place to ensure revenue is recognized in the appropriate period and in line with the terms and conditions of relevant agreements; testing the operating effectiveness of key controls; analytical review procedures and cut-off tests on revenue recognized; obtaining explanations from management on major variations noted; and checking a sample of recorded revenue transactions against relevant source records. Our testing did not identify significant errors in the recognition and measurement of revenue.

b) Djibouti exchange rate

Exchange rate used for Djibouti sector is closing rate for all transactions. There is a risk that financial statement may not reflect the correct picture.
Our audit procedures included: reviewing the Enterprise's foreign currency accounting policies and assessing compliance with IAS 21; verifying the exchange rates applied to transactions and balances; testing the accuracy of foreign currency transactions through sample testing; and evaluating the adequacy of disclosures. Our testing did not identify significant errors in the application of exchange rates.

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

Management is responsible for the preparation and fair presentation of these 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 Enterprise'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 Enterprise or to cease operations, or has no realistic alternative but to do so.

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

INDEPENDENT AUDITOR'S REPORT
TO THE SUPERVISING AUTHORITY OF
ETHIOPIAN SHIPPING AND LOGISTICS SERVICES ENTERPRISE (continued

Report on the Audit of the Financial Statements (continued)

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Enterprise'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 Enterprise'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 Enterprise 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.

Report on the Audit of the Financial Statements (continued)

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

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is Woizero Rediet Berhan (ACCA).

Other Information

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

Management is responsible for the other information. The other information comprises the Management board and executive management, the Report of the Management Board and the Statement of Management Board's Responsibilities, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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

Audit Service Corporation

06 July 2026

Statement of profit or loss and other comprehensive income

	Notes		30 June 2025 Birr'000	30 June 2024 Birr'000
Revenue from contracts with customers	6		122,986,498	55,907,347
Direct costs	7(a)		(90,583,142)	(43,322,175)
Gross profit			**32,403,356**	**12,585,172**
Administrative expenses	7(b)		(4,749,802)	(2,432,793)
Net impairment losses on financial and contract assets	16,18,19		(2,100,416)	(1,826,624)
Foreign Currency exchange rate gains/(loss)	10, a		24,709,828	1,136,706
Grant received			-	-
Other income	9		1,108,357	306,802
Operating profit			**51,371,322**	**9,769,264**
Finance costs	10		(856,899)	(27,627)
Profit before income tax			**50,514,423**	**9,741,637**
Income tax expense	11(a)		(14,297,240)	(3,229,039)
Profit after tax			**36,217,184**	**6,512,598**
Other comprehensive income (OCI) net on income tax				
Will not be reclassified subsequently to profit or loss				
Remeasurement gain/(loss) on retirement benefits	23	9,742		(53,414)
Less : Deferred tax (liability)/asset on remeasurement gain or loss	11(a)	(2,923)		16,024
			6,819	(37,390)
Will be reclassified subsequently to profit or loss when specific conditions are met.				
Exchange differences on translating the net assets of foreign operations		1,461,280		77,655
Income tax relating to gains/(losses) arising on translating the net assets of foreign operations	11(a)	(438,384)		(23,296)
			1,022,896	54,358
			1,029,715	16,969
Total comprehensive income for the period			**37,246,899**	**6,529,567**

The notes on pages 15 to 58 are an integral part of these financial statements.

	Notes	30 June 2025 Birr'000	30 June 2024 Birr'000
ASSETS			
Non current assets			
Property, plant and equipment	12	19,441,162	18,200,076
Right of Use Asset	13	10,071	5,498
Investment property	14	724	1,337
Intangible assets	15	370,716	209,485
Equity investments		28,226	28,226
		19,850,899	**18,444,624**
Current assets			
Inventories	17	2,515,738	2,352,472
Other assets	18(a)	5,933,900	3,327,555
Trade and other receivables	18(b)	41,040,850	19,109,312
Investment in foreign branch			269,536
Contract assets	18(d)	2,010,201	115,329
Investment securities held at amortized cost	16	2,000	2,000
Cash and cash equivalents	19	45,084,543	38,008,720
		96,587,232	**63,184,925**
Total assets		**116,438,132**	**81,629,548**
EQUITY AND LIABILITIES			
LIABILITIES			
Non-current liabilities			
Deferred tax liabilities	11(d)	1,737,132	1,038,662
Lease obligation		5,538	2,858
Defined benefit obligations	23	213,913	198,581
		1,956,582	**1,240,101**
Current liabilities			
Borrowings	20	1,146	3,014
Trade and other payables	21 (a)	55,405,083	46,987,912
Investment in foreign branch		3,969	-
Contract liabilities	21 (b)	371,607	461,144
Intersectoral payables	18(c)	3,358	3,368
Provisions	22(a)	84,744	38,353
Defined benefit obligations	23	28,164	1,581
Current tax liabilities	11 (c)	14,138,148	8,774,081
		70,036,220	**56,269,454**
Total liabilities		**71,992,802**	**57,509,556**
Equity attributable to owners			
Capital	24	20,000,000	20,000,000
Legal reserve	25	4,000,000	2,346,792
Other reserves(remeasurement difference on employee benefit	26	31,330	24,508
Other reserves(foreign currency exchange rate difference on translation)		1,646,612	623,717
Revaluation reserve	27	1,007,842	1,124,976
Retained earnings		17,759,546	(0)
Total equity		**44,445,330**	**24,119,991**
Total equity and liabilities		**116,438,132**	**81,629,548**

The notes on pages 15 to 58 are an integral part of these financial statements.
The financial statements on pages 11 to 14 were authorized for issue by the management board and executive management on July 6,2026 were signed on their behalf by:

H.E Ambassador Birhanu Tsegaye
Chairperson, Management Board

Eng. Abdulber Shemsu Ahmed
Chief Executive Officer

Ambassador Birhanu Tsegaye
Management Board
Chairman

Abdulber Shemsu (Eng.)
Chief Executive Officer

	Notes	Capital	Legal reserve	Other reserves (remeasurement of DBO)	Other reserves (foreign operation translation)	Revaluation reserve	Retained earnings	Total equity
		Birr'000	Birr'000	Birr'000	Birr'000	Birr'000	Birr'000	Birr'000
As at 1 July 2023		**20,000,000**	**2,021,162**	**62,531**	**569,358**	**1,242,109**	**-**	**23,895,160**
Profit for the period							6,512,598	**6,512,598**
Transfer to legal reserve	27	-	-	-		-	(325,630)	-
IFRS adoption reserve recycled to retained earning	25	-	325,630	-		-	117,134	-
Exchange rate difference on DBO remeasurement gain/loss		-	-	-		(117,134)		**(633)**
Other comprehensive income:				(633)		-		
Re-measurement gains on defined benefit plans (net of tax)	26			(37,390)				**(37,390)**
Foreign currency translation difference(net of tax)					54,358			**54,358**
Total comprehensive income for the period		-	325,630	(38,023)	54,358	(117,134)	6,304,102	**6,528,933**
Transaction with owners in their capacity as owners :								
State dividends provided for		-	-	-		-	(6,304,102)	**(6,304,102)**
As at 30 June 2024		**20,000,000**	**2,346,792**	**24,508**	**623,717**	**1,124,976**	**-**	**24,119,993**
Balance as at 1 July 2024		**20,000,000**	**2,346,792**	**24,508**	**623,717**	**1,124,976**	**-**	**24,119,993**
Profit for the period							36,217,184	**36,217,184**
Transfer to legal reserve	25	-	1,653,208	-		-	(1,653,208)	-
IFRS adoption reserve recycled to retained earning		-	-	-		-	117,134	-
Exchange rate difference on DBO remeasurement gain/loss				-		(117,134)		**3**
Other comprehensive income:				3		-		-
Re-measurement gains on defined benefit plans (net of tax)	26			6,819				**6,819**
Foreign currency translation difference(net of tax)					1,022,896			**1,022,896**
Total comprehensive income / (loss) for the period		-	1,653,208	6,822	1,022,896	(117,134)	34,681,110	**37,246,902**
Transaction with owners in their capacity as owners :								
Reversal of previous periods provision for state dividend							7,355,213	**7,355,213**
State dividends provided for during the year		-	-	-		-	(24,276,777)	**(24,276,777)**
As at 30 June 2025		**20,000,000**	**4,000,000**	**31,330**	**1,646,612**	**1,007,842**	**17,759,546**	**44,445,330**

The notes on pages 15 to 58 are an integral part of these financial statements.

	Notes	30 June 2025 Birr'000	30 June 2024 Birr'000
Cash flows from operating activities			
Cash generated from operations	28 (a)	7,496,740	12,652,195
Interest paid	20	(570)	(828)
Income tax paid	11 (c)	(8,676,009)	(1,788,306)
Net cash (outflow)/inflow from operating activities		**(1,179,839)**	**10,863,061**
Cash flows from investing activities			
Equity investment		-	(334)
Purchase of intangible assets	15	(239,857)	-
Addition of right of use asset	13	(1,758)	
Purchase of property plant and equipment	12	(1,632,750)	(1,114,637)
Proceeds from disposal of property plant and equipment		98,863	128,024
Net cash (outflow)/inflow from investing activities		(1,775,502)	(986,947)
Cash flows from financing activities			
Lease payment		(191)	(300)
Dividend paid		(11,213,254)	(1,693,995)
Principal repayments of borrowings	20	(1,868)	(1,563)
Net cash (outflow)/inflow from financing activities		(11,215,313)	(1,695,858)
Net increase/(decrease) in cash and cash equivalents		**(14,170,655)**	**8,180,258**
Cash and cash equivalents at the beginning of the year	19	38,008,720	29,508,830
Cash balance from Ethio-ferries		-	-
Effects of exchange rate changes on cash and cash equivalents	10	21,246,478	319,633
Cash and cash equivalents at the end of the year	19	**45,084,543**	**38,008,720**

The notes on pages 15 to 58 are an integral part of these financial statements.

1 General information

Ethiopian Shipping and Logistics Services Enterprise ("Enterprise") was established as an autonomous public enterprise on November 2011. The Enterprise is governed by the Public Enterprises Proclamation No. 25/1992. The Enterprise registered office is at :
Ras Mekonen Avenue
Addis Ababa,
Ethiopia

The Enterprise's principal activities are to render coastal and international marine and inland transport services; freight forwarding agency, multimodal transport, shipping agency and air agency services and to provide the services of stevedoring, shore-handling, dry port, warehousing and other logistics services for import and export goods.

2 Material accounting policies

2.1 Introduction to material accounting policies

The material accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.2 Basis of preparation

The financial statements for the period ended 30 June 2025 have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

The financial statements comprise the statement of profit or loss and other comprehensive income, the statement of financial position, the statement of changes in equity, the statement of cash flows and the notes to the financial statements.

For those assets and liabilities measured at fair value, fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. When measuring the fair value of an asset or a liability, the Enterprise uses market observable data as far as possible. If the fair value of an asset or a liability is not directly observable, it is estimated by the Enterprise using valuation techniques that maximize the use of relevant observable inputs and minimize the use of unobservable inputs (e.g. by use of the market comparable approach that reflects recent transaction prices for similar items or discounted cash flow analysis). Inputs used are consistent with the characteristics of the asset / liability that market participants would take into account.

The financial statements are presented in Ethiopian Birr. All values are rounded to the nearest thousand.

The preparation of financial statements in accordance with IFRS requires the use of certain critical accounting judgements, estimates and assumptions.

Changes in judgements, estimates and assumptions may have a material impact on the financial statements in the period the judgements, estimates and assumptions are changed. The areas involving a higher degree of judgment or areas where assumptions and estimates are material to the financial statements, are disclosed in Note 3.

2.3 Going concern

The financial statements have been prepared on a going concern basis. The management have no doubt that the Enterprise would remain in existence after 12 months from date of these financial statements.

2.4 Changes in accounting policies and disclosures

i) New Standards, amendments, interpretations not yet effective but earlier adopted by the Enterprise

There are no new standards and amendments to standards and interpretations that are not mandatory for the period ending 30 June 2025 and have been early adopted by the Enterprise.

ii) New Standards, amendments, interpretations not yet effective and not early adopted by the Enterprise

Lack of Exchangeability (Amendments to IAS 21)
The amendments contain guidance to specify when a currency is exchangeable and how to determine the exchange rate when it is not. Effective for annual reporting periods beginning on or after 1 January 2025. Management of the company expects minimal effects upon implementation of this requirement.

Amendments to the SASB standards to enhance their international applicability

The amendments remove and replace jurisdiction-specific references and definitions in the SASB standards, without substantially altering industries, topics or metrics. Effective for annual reporting periods beginning on or after 1 January 2025. The impact of implementation of this requirement is not yet established or Management could not reasonably estimate its effect as at reporting date.The Enterprise will apply the amendment when due.

Presentation and Disclosure in Financial Statements IFRS 18 (effective date 1 Jan -2027)

The objective of this standard is to set out requirements for the presentation and disclosure of information in general purpose financial statements (financial statements) to help ensure they provide relevant information that faithfully represents an entity's assets, liabilities, equity, income and expenses. It applies to all financial statements that are prepared and presented in accordance with International Financial Reporting Standards (IFRSs). Standards for recognizing, measuring, and disclosing specific transactions are addressed in other Standards and Interpretations. The impact of implementation of this standard is not yet established or Management could not reasonably estimate its effect as at reporting date. The Enterprise will apply the amendment when due.

Amendments IFRS 7&9 regarding the classification and measurement of financial instruments
The amendments address matters identified during the post-implementation review of the classification and measurement requirements of IFRS 9 Financial Instruments. Effective for annual reporting periods beginning on or after 1 January 2026.The Compnay vows to adopt these changes when due.

Annual Improvements to IFRS Accounting Standards — Volume 11
The pronouncement comprises the following amendments:
IFRS 7: Gain or loss on derecognition
IFRS 7: Disclosure of deferred difference between fair value and transaction price
IFRS 7: Introduction and credit risk disclosures
IFRS 9: Lessee derecognition of lease liabilities
IFRS 9: Transaction price
IFRS 10: Determination of a 'de facto agent'
IAS 7: Cost method
Effective for annual reporting periods beginning on or after 1 January 2026. The Compnay vows to adopt these changes when due.

2.5 Foreign currency translation

a) *Functional and Presentation Currency*

Items included in the financial statements are measured using the currency of the primary economic environment in which the Enterprise operates ('the Functional Currency'). The Functional Currency and Presentation Currency of the Enterprise is the Ethiopian Birr (Birr).

b) *Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from the translation at exchange rates of monetary assets and liabilities denominated in currencies other than the Enterprise's functional currency are recognized in profit or loss within other (loss)/income. Monetary items denominated in foreign currency are translated using the closing rate as at the reporting date.

Changes in the fair value of monetary securities denominated in foreign currency are analyzed between translation differences resulting from changes in the amortized cost of the security and other changes in the carrying amount of the security. Translation differences related to changes in amortized cost are recognized in profit or loss, and other changes in carrying amount are recognized in other comprehensive income.

c) Foreign operation

These financial statements are presented in ETB, which is also the functional currency of the Ethiopian shipping and logistics Enterprise (ESLSE). In the Enterprise's financial statements, all assets, liabilities and transactions with a functional currency other than the ETB are translated into ETB upon consolidation. The functional currencies have remained unchanged during the reporting period. On consolidation, assets and liabilities of foreign operation have been translated into ETB at the closing rate at the reporting date. The balances and fair value adjustments arising on the recognition of a foreign branch have been treated as assets and liabilities of the foreign operation and translated into ETB at the closing rate. Income and expenses have been translated into ETB at the average rate over the reporting period. Exchange differences are charged or credited to other comprehensive income and recognized in the currency translation reserve in equity. On disposal of a foreign operation, the related cumulative translation differences recognized in equity are reclassified to profit or loss and are recognized as part of the gain or loss on disposal.

2.6 Recognition of revenue from contracts with customers

The Enterprise has determined that the disaggregation of revenue based on the criteria of type of services meets the disaggregation of revenue disclosure requirement of IFRS 15. It depicts how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors. This is illustrated in note 6.

The Enterprise has the following revenue streams:

Performance obligations	Revenue recognition	Basis of recognition
Shipping sector		
Cargo freight services	Control of the good or service is transferred to the customer over time (i.e. a period which commences with the loading of the cargo and ends when the vessel has discharged its cargo.	Revenue recognized based on milestone completed at the reporting date.
Voyage charters	Voyage income arises from a voyage charter, which involves the hiring of a vessel and crew for a voyage between a load port and a discharge port. Control is transferred to the customer over time.	Revenue recognized based on milestone completed at the reporting date.

Freight and forwarding sector		
Transit handling	Control of the good or service is transferred to the customer at a point in time	On delivery of service
Stevedoring income	Control of the good or service is transferred to the customer at a point in time	On delivery of service
Dry port sector		
Dry port services	Control of the good or service is transferred to the customer at a point in time	On delivery of service
Inland transport sector		
Transportation services	Control of the good or service is transferred to the customer over time	Revenue recognized based on milestone completed at the reporting date.

As permitted under IFRS 15, no disclosure of transaction price allocated to remaining performance obligations is necessary if either of the following conditions is met for revenue from contracts with customers recognized over time:

(a) The performance obligation is part of a contract that has an original expected duration of one year or less; or (b) Revenue is recognized based on the entity's right to invoice the customer in the amount that corresponds directly with the value of the entity's performance completed to date

The Enterprise has applied this practical expedient transaction as its contracts with customers are usually for less than a year (usually 3 months or less).

2.7 Interest and similar income and expense

For all the government bills measured at amortized cost interest income or expense is recorded using the Effective Interest rate (EIR), which is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or financial liability. The calculation takes into account all contractual terms of the financial instrument (for example, prepayment options) and includes any fees or incremental costs that are directly attributable to the instrument and are an integral part of the Effective Interest Rate (EIR), but not future credit losses.

The carrying amount of the financial asset or financial liability is adjusted if the Enterprise revises its estimates of payments or receipts. The adjusted carrying amount is calculated based on the original EIR and the change in carrying amount is recorded as 'Interest and similar income' for financial assets and Interest and similar expense for financial liabilities.

Once the recorded value of a financial asset or a group of similar financial assets has been reduced due to an impairment loss, interest income continues to be recognized using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

2.8 Foreign exchange revaluation gains or losses

These are gains and losses arising on settlement and translation of monetary assets and liabilities denominated in foreign currencies at the functional currency's spot rate of exchange at the reporting date. This amount is recognized in the statement of profit or loss and it is further broken down into realized and unrealized portion.

Foreign exchange gains and losses are presented in profit or loss within 'finance costs'.

2.9 Financial instruments

Initial recognition

Financial instruments are recognized when, and only when, the Enterprise becomes party to the contractual provisions of the instrument. All financial assets are recognized initially using the trade date which is the date the Enterprise commits itself to the purchase or sale.

Classification

The Enterprise classifies its financial instruments into the following categories :

Financial assets that are held within a business model whose objective is to hold assets in order to collect contractual cash flows, and for which the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are classified and measured **at amortized cost**;

Financial assets that are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, and for which the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are classified and measured **at fair value through other comprehensive income.**

All other financial assets are classified and measured at fair value through profit or loss, notwithstanding above the Enterprise may :

a) On initial recognition of an equity investment that is not held for trading, irrevocably elect to classify and measure it **at fair value through other comprehensive income**

b) On initial recognition of a debt instrument, irrevocably designate it as classified and measured at fair value through profit or loss if doing so eliminates or significantly reduces a measurement or recognition inconsistency.

All other financial liabilities are classified and measured at amortized cost. Financial instruments held during the year were classified as follows:

- Demand and term deposits with banking institutions, trade and other receivables, and investments in government securities were classified as at amortized cost:
- Borrowings and trade and other liabilities were classified as at amortized cost.

Measurement

On initial recognition:

i) Financial assets or financial liabilities classified as at fair value through profit or loss are measured at fair value.
ii) Trade receivables are measured at their transaction price.
iii) All other categories of financial assets and financial liabilities are measured at the fair value plus or minus transaction costs that are directly attributable to the acquisition or issue of the instrument

Subsequent measurement

Financial assets and financial liabilities after initial recognition are measured either at amortized cost, at fair value through other comprehensive income, or at fair value through profit or loss according to their classification.

Interest income, dividend income, and exchange gains and losses on monetary items are recognized in profit or loss.

Fair value is determined as set out in Note 2.2 . Amortized cost is the amount at which the financial asset or liability is measured on initial recognition minus principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between the initial amount and the maturity amount and, for financial assets, adjusted for any loss allowance..

Impairment

The Enterprise recognizes a loss allowance for expected credit losses on debt instruments that are measured at amortized cost or at fair value through other comprehensive income. The loss allowance is measured at an amount equal to the lifetime expected credit losses for trade receivables and for financial instruments for which: (a) the credit risk has increased significantly since initial recognition; or (b) there is observable evidence of impairment (a credit-impaired financial asset). If, at the reporting date, the credit risk on a financial asset other than a trade receivable has not increased significantly since initial recognition, the loss allowance is measured for that financial instrument at an amount equal to 12-month expected credit losses. All changes in the loss allowance are recognized in profit or loss as impairment gains or losses.

Lifetime expected credit losses represent the expected credit losses that result from all possible default events over the expected life of a financial instrument. 12-month expected credit losses represent the portion of lifetime expected credit losses that result from default events on a financial asset that are possible within 12 months after the reporting date.

Expected credit losses are measured in a way that reflects an unbiased and probability-weighted amount determined by evaluating a range of possible outcomes, the time value of money, and reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

For trade receivables, the Enterprise applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognized from initial recognition of the receivables, see Note 4.3 and Note 18 for further details.

Presentation

All financial assets are classified as non-current except those with maturities of less than 12 months from the statement of financial position date, those which management has the express intention of holding for less than 12 months from the statement of financial position date or those that are required to be sold to raise operating capital, in which case they are classified as current assets.

All financial liabilities are classified as non-current except those expected to be settled in the Enterprise's normal operating cycle, those payable or expected to be paid within 12 months of the statement of financial position date and those which the Enterprise does not have an unconditional right to defer settlement for at least 12 months after the statement of financial position date.

Derecognition / write off

Financial assets are derecognized when the rights to receive cash flows from the financial asset have expired, when the Enterprise has transferred substantially all risks and rewards of ownership, or when the Enterprise has no reasonable expectations of recovering the asset.

Financial liabilities are derecognized only when the obligation specified in the contract is discharged cancelled or expires. When a financial asset measured at fair value through other comprehensive income, other than an equity instrument, is derecognized, the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment. For equity investments for which an irrevocable election has been made to present changes in fair value in other comprehensive income, such changes are not subsequently transferred to profit or loss.

Offsetting

Financial assets and liabilities are offset and the net amount reported in the statement of financial position only when there is a legally enforceable right to set off the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously.

2.10 Property, plant and Equipment

Property, plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the property, plant and equipment if the recognition criteria are met. When significant parts of property, plant and equipment are required to be replaced at intervals, the Enterprise recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. All other repair and maintenance costs are recognized in statement of profit or loss as incurred. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized.

Depreciation is calculated using the straight-line method to allocate their cost less their residual values over their estimated useful lives, as follows:

Asset class	**Useful life (years)**	**Residual Value**
Building	10 - 50	5%
Lifts	10	1%
Vessels:		
Body	25	5%
Engine	18	5%
Crane	10	5%
Generator	20	5%
Containers:		
Containers: 40" feet	10	50%
Containers: 20" feet	10	67%
Vehicle and heavy trucks	5 - 10	5%
Motor cycles	5	1%
Computer and related items	5	1%
Capitalized spare parts	5	5%
Furniture and Fitting		
Short Lived Asset (up to 5 years)	5	1%
Medium Lived Asset (up to 10 years)	10	1%
Long Lived Asset (up to 20 years)	20	1%
Office equipment	10	1%

The Enterprise defines Property, plant and equipment as tangible items that:
(a) are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes; and
(b) are expected to be used during more than one period.

The Enterprise commences depreciation when the asset is available for use. Spare parts, standby equipment and servicing equipment are recognized as property, plant and equipment when they meet the definition of property, plant and equipment.

Capital work-in-progress is not depreciated as these assets are not yet available for use. They are disclosed as construction work in progress and depreciated upon completion or availability for use upon which they are reclassified to property, plant and equipment.

An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in statement of profit or loss when the asset is derecognized.

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

Property, plant and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

Property, plant and equipment acquired in exchange for non-monetary assets or a combination of monetary and non-monetary assets are measured at fair value of the new asset. If the fair value cannot be determined reliably, then the exchanged asset is measured at the carrying amount of the asset given up.

2.11 Intangible assets

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

The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortized over the useful economic life. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at each financial year-end. Changes in the expected useful life, or the expected pattern of consumption of future economic benefits embodied in the asset, are accounted for by changing the amortization period or methodology, as appropriate, which are then treated as changes in accounting estimates. The amortization expenses on intangible assets with finite lives is presented as a separate line item in the statement of profit or loss.

Software

Costs associated with maintaining software programs are recognized as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Enterprise are recognized as intangible assets when the following criteria are met:

- it is technically feasible to complete the software so that it will be available for use
- management intends to complete the software and use or sell it
- there is an ability to use or sell the software
- it can be demonstrated how the software will generate probable future economic benefits
- adequate technical, financial and other resources to complete the development and to use or sell the software are
- the expenditure attributable to the software during its development can be reliably measured.

Directly attributable costs that are capitalized as part of the software include employee costs and an appropriate portion of relevant overheads.

Capitalized development costs are recorded as intangible assets and amortized from the point at which the asset is ready for use.

Research expenditure and development expenditure that do not meet the criteria above are recognized as an expense as incurred. Development costs previously recognized as an expense are not recognized as an asset in a subsequent period.

The Enterprise amortizes intangible assets with finite useful life using the straight-line method over a useful lives of 8 years.

2.12 Investment property

Property that is held for long-term rental yields or for capital appreciation or both, are classified as investment properties. Recognition of investment properties takes place only when it is probable that the future economic benefits that are associated with the investment property will flow to the Enterprise and the cost can be reliably measured. This is usually when all risks are transferred.

Investment properties are measured initially at cost, including transaction costs. The Enterprise has opted to subsequently carry investment property at cost and disclose fair value. Fair value is based on comparative market prices, adjusted if necessary, for any difference in the nature, location or condition of the specific asset. If this information is not available, the Enterprise uses alternative valuation methods, such as recent prices on less active markets or discounted cash flow projections. Valuations are performed as of the reporting date by professional valuers who hold recognized and relevant professional qualifications and have recent experience in the location and category of the investment property being valued. These valuations form the basis for the carrying amounts in the financial statements.

The fair value of investment property reflects, the near current market conditions.

The fair value of investment property does not reflect future capital expenditure that will improve or enhance the property and does not reflect the related future benefits from this future expenditure other than those a rational market participant would take into account when determining the value of the property.

Subsequent expenditure is capitalized to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Enterprise and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred. When part of an investment property is replaced, the carrying amount of the replaced part is derecognized.

The fair value of investment property does not reflect future capital expenditure that will improve or enhance the property and does not reflect the related future benefits from this future expenditure other than those a rational market participant would take into account when determining the value of the property.

Subsequent expenditure is capitalized to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Enterprise and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred. When part of an investment property is replaced, the carrying amount of the replaced part is derecognized."

Investment properties are derecognized when they have been disposed. Where the Enterprise disposes of a property at fair value in an arm's length transaction, the carrying value immediately prior to the sale is adjusted to the transaction price, and the adjustment is recorded in the statement of changes in net assets available for benefit.

2.13 Impairment of non-financial assets

Intangible assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired.

Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount

The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units).

Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

2.14 Leases

IFRS 16- sets out the principles for the recognition, measurement, presentation and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. The standard introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognize a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments.

The standard eliminates the classification of leases as either operating leases or finance leases and introduces a single lease accounting model that requires lessees to recognize assets and corresponding liabilities.

This standard requires the Enterprise to make a number of assumptions, estimations and judgments that includes: i. lease liabilities were determined based on the value of the remaining lease payments, discounted by an appropriate incremental borrowing rate.ii. term of each arrangement was based on the original lease term.iii. The discount rate used to determine lease liabilities was the Enterprise's incremental borrowing rate. It was calculated based on observable inputs.

At the commencement date, the Enterprise recognizes:

i) right-of-use assets using cost model, i.e. cost at initial recognition less accumulated depreciation (in line with IAS 16: Property, plant and Equipment) and accumulated impairment losses (in line with IAS 36: Impairment of Assets).ii) lease liability by increasing its carrying amount to reflect interest on the lease liability and by reducing its carrying amount to reflect lease payments made.

Interest incurred on lease liability will be recognized in the statement of profit and loss as a finance cost.

Determination of whether an arrangement is a lease, or contains a lease

The determination of whether an arrangement is a lease, or contains a lease, is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets or whether the arrangement conveys a right to use the asset.

Enterprise as a lessor

When assets are leased out under a finance lease, the present value of the lease payments is recognized as a receivable. The difference between the gross receivable and the present value of the receivable is recognized as unearned finance income. Lease income is recognized over the term of the lease using the net investment method (before income tax expense), which reflects a constant periodic rate of return. Payments received under operating lease are charged to profit or loss on a straight line basis over the period of the lease.

2.15 Inventories

Inventories are stated at the lower of cost and net realizable value. Cost is determined by the weighted average method. The cost of inventories comprises purchase price and other incidental costs necessary to bring the inventory to its present location and condition. Net realizable value is the estimate of the selling price and other incidental costs.

Provisions for saleable inventories are made based on aged listing for items older than 360 days, damaged and unusable stocks.

2.16 Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, call deposits held with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value and bank overdrafts. Bank overdrafts are shown within current liabilities in the statement of financial position.

2.17 Employee benefits

Short term obligations

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognized in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the statement of financial position.

Post-employment

The Enterprise operates various post-employment schemes, including both defined benefit and defined contribution pension plans and post-employment medical plans. Refer to Note 23 for further details.

a) Defined benefit obligations

The liability or asset recognized in the statement of financial position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets if any. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method.

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of zero-coupon government bond yield curves.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets if any. This cost is included in employee benefit expense in the statement of profit or loss.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognized in the period in which they occur, directly in other comprehensive income. Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognized immediately in profit or loss as past service costs.

For defined contribution plans, the Enterprise pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Enterprise has no further payment obligations once the contributions have been paid. The contributions are recognized as employee benefit expense when they are due. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in the future payments is available.

The Enterprise provides severance pay, service gratuity and funeral assistance benefits as described below:

Severance pay

The Enterprise operates an unfunded severance pay plan for its employees who have served the Company for 5 years and above and are below the retirement age (i.e. has not met the requirement to access the pension fund). The final pay-out is determined by reference to current benefit's level (monthly salary) and number of years in service and is calculated as 1 month salary for the first year in employment plus 1/3 of monthly salary for each subsequent in employment to a maximum of 12 months final monthly salary.

Service gratuity

The Enterprise pays end of service gratuity/Service Compensation when an employee voluntarily resigns from the Enterprise after working for at least five years. This benefits is paid in accordance to as set out in Labour Proclamation No. 377/2003, as amended by the Labour (Amendment) Proclamation No. 494/2006. Management gives its retirees an equivalent of 3 months salary as at the time of retirement.

Funeral Assistance and Survivor Benefit

In the event of the death of the employee, the surviving family is entitled to any salary due the employee at time of death. Any income due to the deceased shall also be paid to the legal heir. In addition to the aforementioned funerary assistance, employees are eligible for any lump-sum cash of survivor benefit as per applicable Ethiopian law.

For defined contribution plans, the Enterprise pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Enterprise has no further payment obligations once the contributions have been paid. The contributions are recognized as employee benefit expense when they are due. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in the future payments is available.

b) Bonus plans

The Enterprise recognizes a provision where contractually obliged or where there is a past practice that has created a constructive obligation such as annual performance bonus.

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Audit Services Corporation
Accounting and Auditing Board of Ethiopia
Original Copy Submitted to the Board

c) Termination benefits

Termination benefits are payable when employment is terminated by the Enterprise before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The Enterprise recognizes termination benefits at the earlier of the following dates: (a) when the Enterprise can no longer withdraw the offer of those benefits; and (b) when the entity recognizes costs for a restructuring that is within the scope of IAS 37 and involves the payment of terminations benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to present value.

2.19 Borrowings

Borrowings are initially recognized at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortized cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognized in profit or loss over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognized as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalized as a prepayment for liquidity services and amortized over the period of the facility to which it relates.

Borrowings are derecognized from the statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss as other income or finance costs.

2.20 Borrowing costs

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization. Other borrowing costs are expensed in the period in which they are incurred.

2.21 Trade and other payables

These amounts represent liabilities for goods and services provided to the Enterprise prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognized initially at their fair value and subsequently measured at amortized cost using the effective interest method.

2.22 Provisions

Provisions for legal claims, service warranties and make good obligations are recognized when the Enterprise has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognized for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognized even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognized as interest expense.

2.23 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market between market participants at the measurement date under current market conditions.

When a price for an identical asset or liability is not observable, fair value is measured using another valuation technique that maximizes the use of relevant observable inputs and minimizes the use of unobservable inputs.

In estimating the fair value of an asset or a liability, the Enterprise takes into account the characteristics of the asset or liability that market participants would take into account when pricing the asset or liability at measurement date.

For financial instruments, where the fair value of the financial instrument differs from the transaction price, the difference is commonly referred to as day one profit or loss. Day one profit or loss is recognized in profit or loss immediately where the fair value of the financial instrument is either evidenced by comparison with other observable current market transactions in the same instrument, or is determined using valuation models with only observable market data as inputs.

Day one profit or loss is deferred where the fair value of the financial instrument is not able to be evidenced by comparison with other observable current market transactions in the same instrument, or determined using valuation models that utilize non-observable market data as inputs. The timing of the recognition of deferred day one profit or loss is determined individually depending on the nature of the instrument and availability of market observable inputs. It is either amortized over the life of the transaction, deferred until the instrument's fair value can be determined using market observable inputs, or realized through settlement.

Subsequent to initial recognition, fair value is measured based on quoted market prices or dealer price quotations for the assets and liabilities that are traded in active markets and where those quoted prices represent fair value at the measurement date.

If the market for an asset or liability is not active or the instrument is unlisted, the fair value is determined using other applicable valuation techniques. These include the use of recent arm's length transactions, discounted cash flow analyses, pricing models and other valuation techniques commonly used by market participants.

Where discounted cash flow analyses are used, estimated future cash flows are based on management's best estimates and a market related discount rate at the reporting date for an asset or liability with similar terms and conditions.

If an asset or a liability measured at fair value has both a bid and an ask price, the price within the bid-ask spread that is most representative of fair value is used to measure fair value.

Fair value hierarchy

Financial instruments measured at fair value are measured using the following levels of fair value measurement hierarchy:

• Level 1: The fair value of financial instruments traded in active markets is based on quoted market prices at the reporting date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Enterprise is the current bid price. These instruments are included in level 1.

• Level 2: The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximize the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

• Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

2.24 Current and deferred income tax

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for Ethiopia adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in Ethiopia, where the Enterprise operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Current and deferred tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

3 Critical accounting judgements and key sources of estimation uncertainty

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

Other disclosures relating to the Enterprise's exposure to risks and uncertainties includes:
- Capital management
- Financial risk management and policies
- Sensitivity analyses disclosures.

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

3.1 *Revenue recognition - allocating the transaction price*

The Enterprise enters into contracts with customers for the provision of shipping and logistics services. These services are normally sold individually but from time to time, these products are grouped together and sold to customers as a bundle at a discounted price.

Because such contracts include several performance obligations, the transaction price must be allocated to the performance obligations on a relative stand-alone selling price basis. Management estimates the stand-alone selling prices at contract inception based on observable prices of the good and or services likely to be provided and the goods and or services rendered in similar circumstances to similar customers.

If a discount is granted, it is allocated to both performance obligations based on their relative stand-alone selling prices.

3.2 *Property, plant and equipment*

The depreciation charge for property, plant and equipment is derived using estimates of its expected useful life and expected residual value, which are reviewed annually. Increasing an asset's expected life or residual value would result in a reduced depreciation charge in the consolidated statement of profit or loss.

Management determines the useful lives and residual values for assets when they are acquired, based on experience with similar assets and taking into account other relevant factors such as any expected changes in technology. The depreciation rates used are set out in Note 2.

3.3 *Fair value measurement of financial instruments*

The fair value of financial instruments is determined by using valuation techniques. The Enterprise uses its judgement to select a variety of methods and make assumptions that are mainly based on market conditions existing at the statement of financial position date.

3.4 *Post-employment benefits*

Management uses estimates when determining the Enterprise's liabilities and expenses arising for defined benefit pension schemes. Management is required to estimate the future rates of inflation, salary increases, discount rates and longevity of members, each of which may have a material impact on the defined benefit obligations that are recorded. Further details, including a sensitivity analysis, are included in Note 23 to the financial statements.

3.5 *Impairment on financial assets*

The loss allowances for financial assets are based on assumptions about risk of default and expected loss rates. The Enterprise uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Enterprise's past history, existing market conditions as well as forward looking estimates at the end of each reporting period. Details of the key assumptions and inputs used are disclosed in Note 4 to the financial statements..

3.6 *Income / deferred tax*

Significant judgement is required in determining the Enterprise's provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Enterprise recognizes liabilities for anticipated taxes based on estimates of amount of taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

3.7 *Provisions and contingent liabilities*

Management exercises judgement in measuring and recognizing provisions and the exposures to contingent liabilities related to pending litigation or other outstanding claims subject to negotiated settlement, mediation, arbitration or government regulation, as well as other contingent liabilities as disclosed under Note 22 to the financial statements. Judgement is necessary to assess the likelihood that a pending claim will succeed, or a liability will arise, and estimates are required to determine the possible range of any financial settlement. The inherent uncertainty of such matters means that actual losses may materially differ from estimates.

The Enterprise recognizes contingent liabilities with probable likelihood of occurrence at the end of the reporting period while contingent liabilities with possible (less probable) chance of occurrence are disclosed at estimated value. Where an inflow of economic benefits is probable, the Enterprise discloses a brief description of the nature of the contingent assets at the end of the reporting period, and, where practicable, an estimate of their financial effect.

4 Financial risk management

4.1 Introduction

The Enterprise's activities expose it to a variety of financial risks: market risk (including foreign exchange risk and interest rate risk), credit risk and liquidity risk. The Enterprise's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on its financial performance. The Enterprise does not hedge any of its risk exposures.

Financial risk management is carried out by the finance department under policies approved by the Management Board. The board provides written principles for overall risk management, as well as written policies covering specific areas such as foreign exchange risk, interest rate risk, credit risk and investment of excess liquidity.

The table below summarizes categories of financial instruments held by the Enterprise:

	30 June 2025 Birr'000	30 June 2024 Birr'000
Financial assets		
Investment securities held at amortized cost	2,000	2,000
Trade receivables	52,190,282	28,499,595
Staff receivables	1,304,475	922,221
Contract assets	2,335,080	440,207
Deposits with financial institutions	45,158,120	38,094,812
	100,989,957	67,958,836
Financial liabilities		
Trade payables	1,394,226	1,562,066
Contract liabilities	371,607	461,144
Borrowings	1,146	3,014
	1,766,980	2,026,224

4.2 Market risk

(i) Foreign exchange risk

The Enterprise is exposed to foreign exchange risk arising from various currency exposures, primarily, with respect to the US dollar, Euro and Djibouti Franc (DJF). Foreign exchange risk arises from future commercial transactions and recognized assets and liabilities.

The Enterprise does not actively manage foreign exchange risk arising from future commercial transactions and recognized assets and liabilities, the Enterprise usually gets authorization from Commercial Bank of Ethiopia (CBE) regarding foreign denominated transactions. Foreign exchange risk arises when future commercial transactions or recognized assets or liabilities are denominated in a currency that is not the entity's functional currency.

As at 30 June 2025, if the local currency had weakened/strengthened by 5% against the US dollar with all other variables held constant, the effect on post-tax profit and equity would have been Birr 7,165,643 (2024: Birr 7,165,643) higher/lower, mainly as a result of US dollar denominated notes payable cash and cash equivalents.

As at 30 June 2025, if the local currency had weakened/strengthened by 5% against the Euro with all other variables held constant, the effect on post-tax profit and equity would have been Birr 85,513 (2024: Birr 85,513) higher/lower, mainly as a result of Euro denominated trade cash and cash equivalents.

As at 30 June 2025, if the local currency had weakened/strengthened by 5% against the Djibouti Franc with all other variables held constant, the effect on post-tax profit and equity would have been Birr 2,853,273 (2024: Birr 2,853,273) higher/lower, mainly as a result of Djibouti Franc denominated cash and cash equivalents.

(ii) Price risk

The Enterprise does not hold investments or securities that would be subject to price risk. The Enterprise is exposed to commodity price risk covering fuel and lubricant. The effect changes in commodity prices are being managed by negotiating with suppliers and closely monitoring pricing strategies of the Enterprise's services.

(iii) Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will be affected by changes in market interest rates. The Enterprise's exposure to interest rate risk relates primarily to borrowings at variable rates. Fixed rate borrowings only give rise to interest rate risk if measured at fair value.

4.3 Credit risk

Credit risk is the risk that a counterparty will default on its contractual obligations resulting in financial loss .
The Enterprise is exposed to credit risk in respect of

- payment of trade receivables as invoices fall due 30 days after being raised
- contractual cash flows of debt investments and other receivables carried at amortized cost .

While cash and cash equivalents and debt investments at amortized cost are also subject to the impairment requirements of IFRS 9, the identified impairment loss was immaterial.
The amount that best represents the Enterprise's maximum exposure to credit risk is made up as follows:

	Fully performing Birr'000	Impaired - Over 365 days Birr'000
30 June 2025		
Investment securities held at amortized cost	2,000	-
Trade receivables	44,690,300	8,804,458
Contract assets	2,010,201	324,879
Deposits with financial institutions	45,158,120	
	91,860,620	9,129,337
30 June 2024		
Investment securities held at amortized cost	2,000	-
Trade receivables	19,852,136	9,569,680
Contract assets	115,329	324,879
Deposits with financial institutions	38,094,812	-
	58,064,277	9,894,558

No collateral is held for any of the above assets. Fully performing assets represents counter parties that are paying their dues as they fall due and are operating within their approved credit limits. The debt that is overdue has exceeded the approved credit limit however counter parties continue to pay and are trading normally. The debt that is impaired is fully provided for.

Credit risk is managed by the finance department, which is responsible for managing and analyzing credit risk for each new client before standard payment and delivery terms are offered. For all financial assets the following credit risk modelling applies:

The Enterprise considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk the company compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forwarding-looking information. Especially the following indicators are incorporated:

- Actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the borrower's ability to meet its obligations
- Significant changes in the expected performance and behaviour of the borrower, including changes in the payment status of borrowers in the group and changes in the operating results of the borrower

The Enterprise does not grade the credit quality of receivables. The utilization of credit limits is in place and regularly monitored.

Macroeconomic information (such as market interest rates or growth rates) is incorporated as part of the internal rating model. Regardless of the analysis above, a significant increase in credit risk is presumed if a debtor is more than 30 days past due in making a contractual payment. A default on a financial asset is when the counterparty fails to make contractual payments within 60 days of when they fall due.

Financial assets are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the company. The Enterprise categorizes receivables for write off when a debtor fails to make contractual payments greater than 360 days past due. Where receivables have been written off, the company continues to engage in enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognized in statement of profit or loss.

(i) Trade receivables and unbilled receivables

The Enterprise applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and unbilled receivables. To measure the expected credit losses, trade receivables and unbilled receivables have been grouped based on shared credit risk characteristics and the days past due. The unbilled receivables relate to unbilled work in progress and have substantially the same risk characteristics as the trade receivables for the same types of contracts. The Enterprise has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

The expected loss rates are based on the payment profiles of sales over a period of 36 months before 30 June 2024 and 30 June 2025 respectively and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Enterprise has identified the GDP and the unemployment rate to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

On that basis, the loss allowance was determined as follows for both trade receivables and contract assets:

	Past due but not impaired	Impaired (Over 360 days)
30 June 2025		
Expected loss rates (%) - contract assets	0.00%	100%
Expected loss rates (%) - trade receivables	8.2%	100%
Gross carrying amounts (Birr '000) - contract assets	2,010,201	-
Gross carrying amounts (Birr '000) - trade receivables	44,690,300	8,804,458
Loss allowance provision (Birr '000) - contract assets	-	324,879
Loss allowance provision (Birr '000) - trade receivables	3,649,450	8,804,458
	3,649,450	9,129,337
30 June 2024		
Expected loss rates (%) - contract assets	0.00%	0.00%
Expected loss rates (%) - trade receivables	4.3%	100%
Gross carrying amounts (Birr '000) - contract assets	115,329	324,879
Gross carrying amounts (Birr '000) - trade receivables	17,470,878	9,569,680
Loss allowance provision (Birr '000) - contract assets	-	324,879
Loss allowance provision (Birr '000) - trade receivables	742,824	9,569,680
	742,824	9,894,558

The loss allowance provision for trade receivables and contract assets reconciles to the opening loss allowance for that provision as follows:

	30 June 2025 Birr'000	30 June 2024 Birr'000
At start of year	(10,637,382)	(8,826,682)
Increase in credit losses in the year	(2,141,404)	(1,810,701)
	(12,778,786)	(10,637,382)

Trade receivables and contract assets are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the group, and a failure to make contractual payments for a period of greater than 360 days past due. Impairment losses on trade receivables and unbilled receivables are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

During the period, the company made no write-offs of trade receivables, it does not expect to receive future cash flows from and no recoveries from collection of cash flows previously written off.

(ii) Debt investments at amortized cost

Debt investments at amortized cost comprises of investment in government bonds and treasury bills. All of the Enterprise's debt investments at amortized cost are considered to have low credit risk, and the loss allowance recognized during the period was therefore limited to 12 months expected losses.

Management considers the investments to be low credit risk since they have a low risk of default and the issuer has a strong capacity to meet its contractual cash flow obligations in the near term. The loss allowance provision for investments at amortized cost reconciles to the opening loss allowance for that provision as follows:

	30 June 2025 Birr'000	30 June 2024 Birr'000
At start of year	-	-
Decrease in credit losses in the year	-	-
At the end of the year	-	-

All of these financial assets are considered to be low risk, and thus the impairment provision recognized during the period was limited to 12 months expected losses.

(iii) Deposits with financial institutions

This comprise bank balances with local financial institutions and Commercial Bank of Ethiopia. Management considers the investments to be low credit risk since they have a low risk of default and the issuer has a strong capacity to meet its contractual cash flow obligations in the near term. The loss allowance provision for deposits with financial institutions reconciles to the opening loss allowance for that provision as follows:

	30 June 2025 Birr'000	30 June 2024 Birr'000
At start of year	(89,923)	(74,000)
Decrease / (increase) in credit losses in the year	9,304	(15,923)
At the end of the year	(80,619)	(89,923)

Impairment losses on financial assets is summarized below :

	Note	30 June 2025 Birr'000	30 June 2024 Birr'000
Impairment losses on trade and contract assets	18	(2,141,404)	(1,810,701)
Effect of exchange rate difference on expected credit loss	18	31,684	-
Impairment (losses) / reversals on deposits with financial institutions	19	9,304	(15,923)
		(2,100,416)	(1,826,623)

Total loss allowance under

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4.4 Liquidity risk

Liquidity risk is the risk that the Enterprise will not be able to meet its financial obligations as they fall due. Prudent liquidity risk management includes maintaining sufficient cash balances, and the availability of funding.

Management performs cash flow forecasting and monitors rolling forecasts of the Enterprise's liquidity requirements to ensure it has sufficient cash to meet its operational needs so that the Enterprise does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities. The Enterprise's approach when managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, without incurring unacceptable losses or risking damage to the Enterprise's reputation.

The table below analyses the Enterprise's financial liabilities that will be settled into relevant maturity groupings based on the remaining period at the statement of financial position date to the contractual maturity date.

The amounts disclosed in the table below are the contractual undiscounted cash flows.

	Less than 1 year	Between 1 and 5 years	Over 5 years	Total contractual cashflows	Carrying amount
	Birr'000	Birr'000	Birr'000	Birr'000	Birr'000
At 30 June 2025:					
Trade payables	1,394,226	-	-	1,394,226	1,394,226
Contract liabilities	371,607	-	-	371,607	371,607
Borrowings	1,146	-	-	1,146	1,146
	1,766,980	-	-	1,766,980	1,766,980
At 30 June 2024:					
Trade payables	1,562,066	-	-	1,562,066	1,562,066
Contract liabilities	461,144	-	-	461,144	461,144
Borrowings	3,014	-	-	3,014	3,014
	2,026,224	-	-	2,026,224	2,026,224

4.5 Capital management

The Enterprise's objectives when managing capital are to safeguard the Enterprise's ability to continue as a going concern in order to optimize returns and to maintain an optimal capital structure to reduce the cost of capital. The gearing ratios at 30 June 2025 and 30 June 2024 were as follows:

	30 June 2025 Birr'000	30 June 2024 Birr'000
Debt (Note 20)	1,146	3,014
Less: cash and cash equivalents (Note 19)	(45,084,543)	(38,008,720)
Net debt (i)	(45,083,397)	(38,005,706)
Equity (ii)	44,445,330	24,119,993
Net debt to equity ratio	-	-

(i) Debt is defined as borrowings as detailed in note 20
(ii) Equity comprises of capital, retained earnings, legal reserve, revaluation reserve and other reserves.

5 Operating segments

Segment information is presented in respect of the Enterprise's business segments which represents the primary segment reporting format and is based on the Enterprise's management and reporting structure.

Revenue in these segments is derived primarily from rendering unimodal and multimodal coastal, international marine and inland transport and cargo handling services. The Enterprise incurs expenses on an individual sector basis. Shared expenses are settled by the contracting sector and apportioned based on nature of services and other expense specific factors

Basis for segmentation

The Enterprise's performance is reviewed by the management committee on a monthly basis. The committee comprises of the Enterprise's chief executive officer , sector directors and head of divisions. The committee examines performance based on the Enterprise's service offering and has identified eight reportable segments of its business :

i) Shipping services:
This sector provides multimodal services from port of loading to port of destination. This includes sea freight charge and port clearance at Djibouti.

ii) Freight forwarding services:
This sector is unimodal operator providing port clearance services and cargo handling (stevedoring) at port of Djibouti .

iii) Dry port services:
This sector provides cargo handling services at inland branch terminal sites

iv) Kality branch services:
This sector is unimodal operator providing inland transport services.

V) Corporate sector:
Corporate service sector is a sector that leads the enterprise's various support tasks and activities in structured manner.

Vi) Maritime sector:
Maritime sector is a sector that is established to run human resources development and training center in the fields of maritime profession.

Vii) Foreign branch(Djibouti):
This sector is responsible for providing port clearance services and cargo handling at port of Djibouti.

Viii) Ethio-Ferries
This sector is engaged in water transport and related activities. Ethio-ferries formerly known as Bahirdar lake transport organization was handed over to Ethiopian Shipping and logistics service Enterprise starting from January 24,2023.

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5 Operating segments (continued)

The segment information for the reporting segments for the year ended 30 June 2025 is as follows:

5.1 Statement of Financial Position as at 30 June 2025

	Notes	Shipping services Sector Birr'000	Freight forwarding Sector Birr'000	Dry port services Sector Birr'000	Kality branch Sector Birr'000	Babogaya Sector Birr'000	Corporate Sector Birr'000	Ethio-Ferries Sector Birr'000	Djibouti branch Sector Birr'000	Total reportable Segments Birr'000
ASSETS										
Property, plant and equipment	12	4,116,588	543,847	9,749,377	2,077,939	253,216	1,438,426	251,621	1,010,149	19,441,163
Asset use right	13	2,907	2,592	-	-	-	1,272	3,301	-	10,072
Investment properties	14	-	-	-	-	-	724	-	-	724
Intangible assets	15	(0)	-	-	-	-	370,716	-	-	370,716
Investment securities held at amortized cost		(0)	2,000	-	-	-	-	-	-	2,000
Equity investment							75	28,151		28,226
Inventories	17	838,029	7,176	640,449	811,192	3,563	196,852	11,004	7,472	2,515,738
Other assets	18(a)	565,161	80,729	4,039,830	97,502	6,237	1,047,918	1,115	95,408	5,933,900
Trade and other receivables	18(b)	10,653,048	27,044,085	190,360	2,946,788	(0)	14,302	1	192,267	41,040,850
Contract assets	18(d)	-	-	-	-	-	-	-	2,010,201	2,010,201
Cash and cash equivalents	19	117,654,099	(23,221,736)	(977,048)	1,848,032	(45,417)	(51,766,122)	23,667	1,569,069	45,084,543
Total assets		**133,829,832**	**4,458,693**	**13,642,967**	**7,781,453**	**217,599**	**(48,695,836)**	**318,860**	**4,884,565**	**116,438,132**
LIABILITIES										
Trade and other payables	21 (a)	12,277,036	13,298,247	2,574,865	1,457,155	28,207	24,808,129	11,944	949,500	55,405,083
Provisions	22(a)	84,744	-	-	-	-	-	-	-	84,744
Intersectoral receivables(payables)	18(c)	20,621,592	(2,827,699)	4,665,269	2,952,226	293,756	(25,758,992)	57,206	-	3,358
Investment at foreign branch		6,477,021	(8,056,392)	2,361	1,286	-	5,392	-	1,574,300	3,969
Current income tax	11 (c)	-	-	-	-	-	14,375,380	(1,147)	(236,084)	14,138,148
Contract liabilities	21 (b)	-	371,607	-	-	-	-	-	-	371,607
Borrowings	20	-	-	-	-	-	-	1,146	-	1,146
Lease obligation		1,751	1,107	(185)	-	(0)	-	2,864	-	5,538
Deferred tax liabilities	11(d)	-	-	-	-	-	1,031,442	-	705,691	1,737,132
Defined benefit obligations	23	34,629	9,226	74,941	69,860	2,407	35,124	6,676	9,215	242,077
Total liabilities		**39,496,773**	**2,796,096**	**7,317,251**	**4,480,527**	**324,370**	**14,496,474**	**78,690**	**3,002,622**	**71,992,802**
EQUITY										
Capital	24	-	-	-	-	-	20,000,000	-	-	20,000,000
Legal reserve	25	(0)	-	-	-	-	4,000,000	-	-	4,000,000
Other reserves	26	6,046	6,280	19,758	8,478	525	(10,201)	443	-	31,330
Foreign currency translation reserve								-	1,646,612	1,646,612
Revaluation reserve		(1,579,917)	1,581,344	249,446	826,643	-	(69,674)	-	-	1,007,842
Retained earnings		95,906,930	74,973	6,056,512	2,465,805	(107,297)	(87,112,435)	239,726	235,330	17,759,546
Total equity		**94,333,059**	**1,662,597**	**6,325,716**	**3,300,926**	**(106,771)**	**(63,192,310)**	**240,170**	**1,881,942**	**44,445,329**
Total equity and liabilities		**133,829,832**	**4,458,693**	**13,642,967**	**7,781,453**	**217,599**	**(48,695,836)**	**318,860**	**4,884,565**	**116,438,132**

Cash and cash equivalents(cash at bank) of the Enterprise are being used jointly by Shipping, Freight Forwarding, Dry Port, Kality, Babogaya and Corporate sectors. Due to this, bank reconciliations of these sectors are being performed at corporate level. Hence, the cash balances under these sectors should be taken together to understand the net cash balance of the Enterprise under these sectors.

5 Operating segments (continued)

5.2 Statement of Financial Position as at 30 June 2024

	Notes	Shipping services Sector Birr'000	Freight forwarding Sector Birr'000	Dry port services Sector Birr'000	Kality branch Sector Birr'000	Babogaya Sector Birr'000	Corporate Sector Birr'000	Ethio-Ferries Sector Birr'000	Djibouti branch Sector Birr'000	Total reportable Segments Birr'000
ASSETS										
Property, plant and equipment	12	4,293,643	547,693	8,823,106	2,397,569	237,579	1,193,137	264,283	443,066	18,200,076
Asset use right	13	2,907	2,592	-	-	-	-	-	-	5,498
Investment properties	14	-	-	-	-	-	757	580	-	1,337
Intangible assets	15	(0)	-	-	-	-	209,485	-	-	209,485
Investment securities held at amortized cost	16	(0)	2,000	-	-	-	-	-	-	2,000
Equity investment							75	28,151		28,226
Inventories	17	888,660	6,489	392,787	872,042	1,473	179,971	7,896	3,154	2,352,472
Other assets	18(a)	306,499	300,907	1,646,572	164,544	4,127	862,148	8,387	34,371	3,327,555
Trade and other receivables	18(b)	3,663,388	12,264,347	270,366	2,311,535	(1,410)	(278,660)	1	879,746	19,109,312
Contract assets	18(d)	-	-	-	-	-	-	-	115,329	115,329
Investment at foreign branch		(2,131,707)	2,185,758	(1,748)	(1,286)	-	(4,705)	-	223,224	269,536
Cash and cash equivalents	19	48,285,636	7,115,917	2,801,072	523,251	(25,240)	(21,163,958)	12,714	459,327	38,008,720
Total assets		**55,309,025**	**22,425,703**	**13,932,156**	**6,267,655**	**216,529**	**(19,001,750)**	**322,012**	**2,158,217**	**81,629,548**
LIABILITIES										
Trade and other payables	21 (a)	7,721,984	15,813,415	2,405,023	1,443,128	10,619	18,559,205	7,596	1,026,941	46,987,912
Provisions	22(a)	38,353	-	-	-	-	-	-	-	38,353
Intersectoral payables	18(c)	20,293,863	(2,923,951)	4,350,124	2,765,132	258,105	(24,753,651)	13,747	-	3,368
Current income tax	11 (c)	-	-	-	-	-	8,856,933	(1,147)	(81,704)	8,774,082
Contract liabilities	21 (b)	-	461,144	-	-	-	-	-	-	461,144
Borrowings	20	-	-	-	-	-	-	3,014	-	3,014
Lease obligation		1,751	1,107	-	-	(0)	-	-	-	2,858
Deferred tax liabilities	11(d)	-	-	-	-	-	771,356	-	267,307	1,038,662
Defined benefit obligations	23	29,297	7,805	63,401	59,102	2,036	31,078	5,266	2,178	200,162
Total liabilities		**28,085,247**	**13,359,521**	**6,818,548**	**4,267,363**	**270,760**	**3,464,919**	**28,476**	**1,214,722**	**57,509,556**
EQUITY										
Capital	24	-	-	-	-	-	20,000,000	-	-	20,000,000
Legal reserve	25	(0)	-	-	-	-	2,346,792	-	-	2,346,792
Other reserves	26	4,564	5,885	16,552	5,489	422	(8,405)	-	-	24,508
Foreign currency translation reserve								-	623,716	623,717
Revaluation reserve		(1,579,917)	1,581,344	249,446	826,643	-	47,460	-	-	1,124,976
Retained earnings		28,799,131.15	7,478,953	6,847,610	1,168,160	(54,653)	(44,852,517)	293,536	319,779	(0)
Total equity		**27,223,778**	**9,066,182**	**7,113,608**	**2,000,292**	**(54,231)**	**(22,466,670)**	**293,536**	**943,495**	**24,119,992**
Total equity and liabilities		**55,309,025**	**22,425,703**	**13,932,156**	**6,267,655**	**216,529**	**(19,001,750)**	**322,012**	**2,158,217**	**81,629,548**

Cash and cash equivalents(cash at bank) of the Enterprise are being used jointly by Shipping, Freight Forwarding, Dry Port, Kality, Babogaya and Corporate sectors. Due to this, bank reconciliations of these sectors are being performed at corporate level. Hence, the cash balances under these sectors should be taken together to understand the net cash balance of the Enterprise under these sectors.

5 Operating segments (continued)

5.3 Income statement for the period ended 30 June 2025

	Notes	Shipping services Sector Birr'000	Freight forwarding Sector Birr'000	Dry port services Sector Birr'000	Kality branch Sector Birr'000	Babogaya Sector Birr'000	Corporate Sector Birr'000	Ethio-Ferries Sector Birr'000	Djibouti branch Sector Birr'000	Total reportable Segments Birr'000
Revenue from contracts with customers	6	54,226,433	60,905,342	2,543,597	4,360,658	24,914	-	46,032	879,522	122,986,498
Direct costs	7(a)	(42,776,779)	(43,830,919)	(1,650,026)	(2,300,787)	-	-	(24,630)	-	(90,583,141)
Gross profit		11,449,654	17,074,422	893,571	2,059,871	24,914	-	21,402	879,522	32,403,356
Administrative expenses	7(b)	(1,468,278)	(156,641)	(208,104)	(450,422)	(75,476)	(1,509,236)	(94,470)	(787,175)	(4,749,803)
Net impairment losses on financial and contract assets	18	(751,464)	(505,928)	(262,592)	(395,820)	2,459	9,095	-	(196,167)	(2,100,416)
Foreign Currency exchange rate (gains)/loss	10, a	57,031,795	(23,078,158)	(1,240,619)	48,591	(4,540)	(8,047,241)	-	-	24,709,828
Other income	9	846,208	24,519	26,646	36,784	-	134,994	19,835	19,372	1,108,357
Operating profit		67,107,914	(6,641,785)	(791,098)	1,299,005	(52,643)	(9,412,388)	(53,233)	(84,449)	51,371,322
Finance costs	10	(115)	(762,195)	-	(1,360)	(0)	(92,653)	(576)	-	(856,899)
Profit / (loss) before tax		67,107,799	(7,403,980)	(791,098)	1,297,645	(52,643)	(9,505,041)	(53,810)	(84,449)	50,514,423
Income tax income (expense)		-	-	-	-	-	(14,297,240)	-	-	(14,297,240)
Profit / (loss) for the year		67,107,799	(7,403,980)	(791,098)	1,297,645	(52,643)	(23,802,281)	(53,810)	(84,449)	36,217,184
Other comprehensive income (OCI) net on income tax										
Items that will not be subsequently reclassified into profit or loss:										
Remeasurement gain/(loss) on retirement benefits obligations	23	1,482	395	3,206	2,989	103	1,567	-	-	9,742
Less : Deferred tax (liability)/asset on remeasurement gain or loss	11(a)	-	-	-	-	-	(2,923)	-	-	(2,923)
		1,482	395	3,206	2,989	103	(1,355)		-	6,819
Items that will be subsequently reclassified into profit or loss:										
Foreign currency translation difference		-	-	-	-	-	-	-	1,461,280	1,461,280
Less : Deferred tax (liability)/asset on remeasurement gain or loss		-	-	-	-	-	-	-	(438,384)	(438,384)
		-	-	-	-	-	-		1,022,896	1,022,896
Net other comprehensive income		1,482	395	3,206	2,989	103	(1,355)	-	1,022,896	1,029,715
Total comprehensive income for the period		67,109,281	(7,403,585)	(787,892)	1,300,634	(52,540)	(23,803,636)	(53,810)	938,447	[illegible]

5 Operating segments (continued)

5.4 Income statement for the period ended 30 June 2024

	Notes	Shipping Sector Birr'000	Freight forwarding Sector Birr'000	Dry port services Sector Birr'000	Kality branch Sector Birr'000	Babogaya Sector Birr'000	Corporate Sector Birr'000	Ethio-Ferries Sector Birr'000	Djibouti branch Sector Birr'000	Total reportable Segments Birr'000
Revenue from contracts with customers	6	21,029,056	29,463,061	2,046,007	2,886,964	29,950	-	28,903	423,407	55,907,347
Direct costs	7(a)	(13,000,567)	(27,536,705)	(930,136)	(1,811,605)	-	-	(43,162)	-	(43,322,175)
Gross profit		**8,028,489**	**1,926,356**	**1,115,871**	**1,075,360**	**29,950**	**-**	**(14,259)**	**423,407**	**12,585,172**
Administrative expenses	7(b)	(975,327)	(108,588)	(114,246)	(96,463)	(42,631)	(732,030)	(24,173)	(339,334)	(2,432,793)
Net impairment losses on financial and contract assets	18	(149,015)	(1,118,660)	(211,841)	(331,185)	-	(15,923)	-	-	(1,826,624)
Foreign Currency exchange rate (gains)/loss		1,734,697	(466,856)	(31,657)	1,036	(90)	(100,619)	-	196	1,136,706
Other income	9	143,830	9,519	27,023	10,103	-	85,740	20,851	9,735	306,802
Operating profit		**8,782,674**	**241,770**	**785,150**	**658,851**	**(12,772)**	**(762,832)**	**(17,581)**	**94,004**	**9,769,264**
Finance costs	10	(302)	(9,959)	(0)	(745)	(1)	(15,792)	(828)	-	(27,628)
Profit / (loss) before tax		**8,782,372**	**231,811**	**785,150**	**658,106**	**(12,773)**	**(778,624)**	**(18,408)**	**94,004**	**9,741,637**
Income tax expense		-	-	-	-		(3,229,039)	-	-	(3,229,039)
Profit / (loss) for the year		**8,782,372**	**231,811**	**785,150**	**658,106**	**(12,773)**	**(4,007,663)**	**(18,408)**	**94,004**	**6,512,598**
Other comprehensive income (OCI) net on income tax										
Items that will not be subsequently reclassified into profit or loss:										
Remeasurement gain/(loss) on retirement benefits obligations	23	(8,067)	1,407	(15,832)	(19,442)	(569)	(10,911)	-	-	(53,414)
Less : Deferred tax (liability)/asset on remeasurement gain or loss	11(a)	-	-	-	-	-	16,024	-	-	16,024
		(8,067)	1,407	(15,832)	(19,442)	(569)	5,114	-	-	(37,390)
Items that will be subsequently reclassified into profit or loss:										
Foreign currency translation difference		-	-	-	-	-	-	-	77,655	77,655
Less : Deferred tax (liability)/asset on remeasurement gain or loss		-	-	-	-	-	-	-	(23,296)	(23,296)
Net other comprehensive income		-	-	-	-	-	-	-	54,358	54,358
Total comprehensive income for the period		**(8,067)**	**1,407**	**(15,832)**	**(19,442)**	**(569)**	**5,114**	**-**	**54,358**	**16,969**
		8,774,305	**233,217**	**769,318**	**638,663**	**(13,342)**	**(4,002,549)**	**(18,408)**	**148,362**	**6,529,566**

		30 June 2025	30 June 2024
6	**Revenue from contracts with customers**	**Birr'000**	**Birr'000**
	Cargo - Chartered vessel	2,850,511	1,868,646
	Cargo - Own vessel	48,496,169	18,145,650
	Multi- modal transportation	59,820,049	28,876,132
	Transit handling	9,205,225	4,912,060
	Training service	24,914	29,950
	Boat transport	46,032	28,903
	Dry port services	2,543,597	2,046,007
		122,986,498	**55,907,347**
	The disaggregation of revenue with customers is as follows:		
	Shipping sector		
	Voyage income	51,346,681	20,014,296
	Clearance services	2,879,752	1,014,760
		54,226,433	21,029,056
	Freight and forwarding sector		
	Transit handling commission	1,085,293	586,929
	Multi- modal transportation	59,820,049	28,876,132
	Stevedoring income	-	-
		60,905,342	29,463,061
	Dry port sector		
	Dry port services	2,543,597	2,046,007
	Babogaya Sector		
	Training service	24,914	29,950
	Ethio-Ferries		
	Boat transport	46,032	28,903
	Djibouti branch		
	Transit handling	879,522	423,407
	Inland transport sector		
	Transportation of dry cargo	4,360,658	2,886,964
		122,986,498	55,907,347
	The disaggregation of revenue based on timing is as below :		
	At a point in time:		
	Transit handling commission	1,085,293	586,929
	Stevedoring income	-	-
	Boat transport	46,032	28,903
	Dry port services	2,543,597	2,046,007
		3,674,922	**2,661,839**
	Overtime:		
	Voyage income	51,346,681	20,014,296
	Multi- modal transportation	59,820,049	28,876,132
	Clearance services	3,759,274	1,438,167
	Training service	24,914	29,950
	Transportation of dry cargo	4,360,658	2,886,964
		119,311,576	**53,245,509**
		122,986,498	55,907,347

Reconciliation of movement in contract assets and contract liabilities arising from revenue from contracts with customers is as below :

	30 June 2025	30 June 2024
	Birr'000	**Birr'000**
Contract assets	-	-
Beginning	(7,291,663)	(3,282,232)
Recognized as revenue	7,291,663	3,282,232
Additions in the period		
Balance at the end of the year	-	-
Contract liabilities		
Beginning	461,144	462,074
Recognized as revenue	(60,238,222)	(29,294,306)
Additions in the period	60,148,686	29,293,377
Balance at the end of the year	**371,608**	**461,144**

7	Expenses by nature	30 June 2025	30 June 2024
7(a)	**Direct costs**	**Birr'000**	**Birr'000**
	Cargo handling	1,165,552	669,856
	Charter hire	33,842,013	8,328,313
	Multi-modal transportation	43,830,919	27,536,705
	Cost of supplies	325,010	464,613
	Container running cost	552,856	252,722
	Depreciation expense	923,378	784,937
	Employee benefits expense - staff and crew	3,145,895	1,887,811
	Fuel and lubricant	3,758,948	1,653,669
	Repair and maintenance	696,098	750,573
	Commissions	885,074	302,183
	Port charges and dues	301,049	187,768
	Canal dues	189,548	105,181
	Other direct costs	966,801	397,844
		90,583,142	**43,322,175**

		30 June 2025	30 June 2024
7(b)	**Administrative expense**	**Birr'000**	**Birr'000**
	Employee benefits expense - other staff	1,384,715	726,020
	Rent	6,781	3,804
	Depreciation expenses	110,372	95,751
	Amortization expense		
	Materials and consumables	76,459	7,091
	Legal and professional fees	725,090	155,299
	Severance benefit costs	45,325	60,761
	Insurance expense	17,184	55,960
	Communication expense	15,606	9,083
	Travelling and perdiem	250,051	103,380
	Other administrative expenses	2,117,220	1,215,644
		4,749,802	**2,432,793**

8	Employee benefits expense		
	The following items are included within employee benefits expense:		
	Short term employee benefits :		
	Salaries and wages	4,456,122	2,551,489
	Staff allowances	-	-
		4,456,122	**2,551,489**
	Long term employee benefits :		
	Severance benefit costs	74,489	62,342
		4,530,611	**2,613,832**

9	Other income		
	Miscellaneous income	1,014,948	154,222
	Rent income	12,076	24,571
	Gain on sale of property , plant and equipment	81,332	125,323
	Interest income	-	2,686
		1,108,357	**306,802**

10	Finance costs		
	Interest expense	570	828
	Interest expense-on lease obligation	6	242
	Bank charge	856,323	26,558
		856,899	**27,627**

10. a	Foreign Currency exchange rate (gains)/loss		
	Net foreign exchange (gains) unrealized	(21,246,478)	(319,633)
	Net foreign exchange (gains)/loss unrealized on receivables and payables	(689,147)	(689,147)
	Net foreign exchange (gains) / loss realized	(2,774,203)	(127,926)
		(24,709,828)	**(1,136,706)**

		30 June 2025	30 June 2024
		Birr'000	Birr'000
11	**Income and deferred tax**		
11(a)	**Current income tax**		
	Company income tax	14,040,076	3,222,330
	Deferred income tax/(credit) to profit or loss	257,163	6,703
	Deferred tax credit-Ethio-ferries	-	-
	Total income tax charge to profit or loss	**14,297,240**	**3,229,039**
	Tax income tax charge / (credit) on other comprehensive income-employee benefit	2,923	(16,024)
	Tax income tax charge / (credit) on other comprehensive income- currency translation	438,384	23,296
	Total tax in statement of profit or loss and other comprehensive income	**14,738,546**	**3,236,311**

11(b) Reconciliation of effective tax to statutory tax

The tax on the Enterprise's profit before income tax differs from the theoretical amount that would arise using the statutory income tax rate as follows:

Profit before tax	**50,514,423**	**9,741,637**
	30%	30%
Tax at	15,154,327	2,922,491
Tax effect of:	(1,903,849)	(372,741)
Less: Income not subject to tax	306,835	277,779
Add: Accounting depreciation, Amortization and impairment	630,125	547,987
Add: Expected credit loss	22,347	18,703
Add: Severance and compensation accrued expense	19,683	31,987
Add: Annual leave accrued expense	13,917	4,874
Add: Provision for legal cases	85,424	9,195
Add: Donation	9,151	10,045
Add: Entertainment	-	6
Add: Penalty	(8,449)	(474)
Less: Severance paid	(289,434)	(226,709)
Less: Tax depreciation	-	(806)
Less: Income taxed at source		
Current tax at 30%	**14,040,076**	**3,222,336**

The profit earned by shipping sector(own vessels operation) is not subject to taxation by virtue of marine transport proclamation no. 54/1993

		30 June 2025	30 June 2024
		Birr'000	Birr'000
11 (c)	**Current income tax liability**		
	Balance at the beginning of the year	8,774,081	7,340,052
	Provision for the year	14,040,076	3,222,336
	Profit tax paid at Djibouti	(154,380)	(32,259)
	Payment during the year	(8,521,629)	(1,756,047)
	Balance at the end of the year	14,138,148	8,774,081

11(d) Deferred income tax

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

	30 June 2025	30 June 2024
	Birr'000	Birr'000
Deferred tax liability/ (asset)-Details below	1,737,132	1,038,662
	1,737,132	1,038,662

The analysis of deferred tax assets/(liabilities) is as follows:

Deferred income tax assets and liabilities, deferred income tax charge/(credit) in profit or loss ("P/L), in equity and other comprehensive income are attributable to the following items:

Deferred income tax assets/(liabilities):	At 1 July 2024 Birr'000	Credit/ (charge) to P/L Birr'000	Credit/ (charge) to equity Birr'000	30 June 2025 Birr'000
Property, Plant and Equipment	(857,074)	(291,509)	-	(1,148,583)
Investment property	(401)	184	-	(217)
Intangible assets	(26,433)	(2,941)		(29,374)
Post employment benefit obligation	60,049	15,497	(2,923)	72,623
Annual leave	52,503	21,606	-	74,110
Exchange differences on translating the net assets of foreign operations	(267,307)	-	(438,384)	(705,691)
Total deferred tax assets/(liabilities)	(1,038,662)	(257,163)	(441,307)	(1,737,132)

Deferred income tax assets/(liabilities):	At 1 July 2023 Birr'000	Credit/ (charge) to P/L Birr'000	Credit/ (charge) to equity Birr'000	30 June 24 Birr'000
Property, Plant and Equipment	(806,675)	(50,399)	-	(857,074)
Investment property	(237)	(164)	-	(401)
Intangible assets	(16,626)	(9,807)		(26,433)
Post employment benefit obligation	23,563	20,462	16,024	60,049
Annual leave	19,298	33,205	-	52,503
Exchange differences on translating the net assets of foreign operations	(244,011)	-	(23,296)	(267,307)
Total deferred tax assets/(liabilities)	(1,024,687)	(6,703)	(7,272)	(1,038,662)

		Buildings	Furniture and equipment	Computer and accessories	Motor vehicles & machinery	Containers	Vessels	Capitalised spare parts	Construction in Progress	Total
		Birr'000	Birr'000	Birr'000	Birr'000	Birr'000	Birr'000	Birr'000	Birr'000	Birr'000
12	**Property, plant and equipment**									
	Cost									
	As at 30 June 2024	9,111,375	162,292	68,647	4,965,057	1,776,042	4,828,166	357	2,373,608	23,285,545
	Additions	1,279,412	10,749	9,684	(52,521)	114,102	-	-	233,645	1,595,071
	Transfers	-	-	-	-	-	-	-	-	-
	Disposals	-	-	-	(22,903)	-	-	-	-	(22,903)
	Reclassifications	-	-	-	-	-	-	-	-	-
	Adjustments	-	-	-	-	-	-	-	-	-
	As at 30 June 2025	**10,390,787**	**173,042**	**78,331**	**4,889,633**	**1,890,144**	**4,828,166**	**357**	**2,607,253**	**1,572,168**
	Accumulated depreciation									
	As at 30 June 2024	670,459	72,490	51,109	2,404,933	144,993	2,184,301	251	-	5,528,535
	Charge for the year	319,900	14,613	6,299	274,382	77,341	211,000	-	-	903,536
	Disposals	-	-	-	(5,372)	-	-	-	-	(5,372)
	Transfers	-	-	-	-					-
	As at 30 June 2025	**990,359**	**87,103**	**57,408**	**2,673,942**	**222,334**	**2,395,301**	**251**	**-**	**6,426,699**
	Net book value									
	As at 30 June 2024	**8,440,916**	**89,803**	**17,538**	**2,560,125**	**1,631,049**	**2,643,864**	**106**	**2,373,608**	**17,757,010**
	As at 30 June 2025	**9,400,427**	**85,939**	**20,923**	**2,215,691**	**1,667,810**	**2,432,864**	**106**	**2,607,253**	**18,431,014**

12.1 Property, plant and equipment_Djibouti Branch

Cost	Buildings Birr'000	Furniture and equipment Birr'000	Computer and accessories Birr'000	Motor vehicles & machinery Birr'000	Containers Birr'000	Vessels Birr'000	Capitalised spare parts Birr'000	Construction in Progress Birr'000	Total Birr'000
As at 1 July 2024	488,442	16,105	13,287	317,053					834,887
Additions	-	7,137	5,023	25,520					37,679
Effect of exchange rate difference	634,761	20,944	17,496	412,541					1,085,742
As at 30 June 2025	1,123,203	44,186	35,805	755,114					1,958,308
Accumulated depreciation									
As at 1 July 2024	106,208	13,774	11,067	260,771					391,820
Charge for the year	24,765	1,401	1,748	12,673					40,588
Effect of exchange rate difference	142,024	18,130	14,661	340,936					515,751
As at 30 June 2025	272,998	33,305	27,477	614,380					948,159
Net book value									
As at 30 June 2024	382,234	2,331	2,220	56,282					443,066
As at 30 June 2025	850,205	10,881	8,328	140,734					1,010,149

13 Asset use right

	30 June 2025 Birr'000	30 June 2024 Birr'000
Asset use right	6,498	
Additions during the year	4,622	
		11,120
Acc. amortization	1,000	
Additions during the year	49	
		1,049
		10,071

The Enterprise has obtained leasehold land under operating lease agreements in various location as detailed below:

Lease Description	Size in square meters	Date of Acquisition	Lease period in years
Babugaya	7,000	1st July 2003	30
Babugaya	3,327	1st April 2008	40
Dukem	196,600	1st July 2007	40
Kality	10,000	28th June 2007	50
Modjo	20,000	3rd August 2011	80

14 Investment property

The Enterprise owns investment properties in Moyale, Djibouti and Rotterdam held to earn rentals and/or for capital appreciation. The investment properties are accounted for using the cost model.

	30 June 2025 Birr'000	30 June 2024 Birr'000
Balance as at the beginning of the year	1,337	1,439
Adjustment made during the year	(580)	-
Annual depreciation of investment properties	(34)	(101)
Balance at the end of the year	724	1,337

The fair value of investment property was determined by reference to the market prices of similar properties of the type and in the area in which the property is situated.
The table below analyses the non-financial assets carried at fair value, by valuation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2)
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

	Level 2 Birr' 000	Level 3 Birr' 000	Total Birr' 000
As at 30 June 2025			
Investment properties	724		724
As at 30 June 2024			
Investment properties	1,337	-	1,337

Valuation technique used to derive level 2 fair value on investment property has been valued on the basis of highest and best use that is Market Value for existing use. Leasehold considerations and tenancies have been reflected in the valuation.

		Birr'000
15	**Intangible Assets**	
	Cost:	
	As at 1 July 2024	389,154
	Acquisitions	239,857
	As at 30 June 2025	629,011
	Accumulated amortization and impairment losses	
	As at 1 July 2024	179,669
	Amortization for the year	78,626
	As at 30 June 2025	258,295
	Net book value	
	As at 30 June 2024	209,485
	As at 30 June 2025	370,716

Additions of intangible assets in the year relates to purchase of Oracle Resource Planning (ERP) software and subsequent payments made.

16 **Financial assets at amortized cost**

Securities held at amortized cost represent investment in government bond and treasury bills.

	30 June 2025 Birr'000	30 June 2024 Birr'000
	(0)	(0)
Held at amortized cost -treasury bills	2,000	2,000
Held at amortized cost - government bonds	2,000	2,000
	-	-
Allowance for impairment	**2,000**	**2,000**
	2,000	2,000
	-	-
Current	**2,000**	**2,000**
Non-Current		

17 **Inventory**	30 June 2025 Birr'000	30 June 2024 Birr'000
Bunker	180,331	423,799
Spare parts	2,003,045	1,731,022
Bonded consumables	221,397	87,359
Miscellaneous	110,965	110,293
	2,515,738	2,352,472

18(a) Other assets	30 June 2025 Birr'000	30 June 2024 Birr'000
Prepayments	4,188,445	1,729,629
Deposits	74,337	31,884
VAT recievable	1,089,573	864,372
Sundry assets	581,545	701,670
	5,933,900	**3,327,555**

18(b) Trade and other receivables	30 June 2025 Birr'000	30 June 2024 Birr'000
Trade receivables	52,190,282	28,499,595
Staff debtors	1,304,475	922,221
	53,494,758	29,421,816
Expected credit losses incurred	(12,453,908)	(10,312,504)
	41,040,850	**19,109,312**

Staff debtors comprise of short term advances which are secured by the staff's salaries and other terminal benefits. The loss given default on staff debtors is nil consequently the expected credit losses on staff debtors is insignificant. Movement in expected credit losses on trade receivables is as follows:

	30 June 2025 Birr'000	30 June 2024 Birr'000
At start of year	(10,312,504)	(8,501,803)
Reversal of provision for liability included under ECL for Djibouti sector		
Increase in credit losses in the year	(2,109,720)	(1,810,701)
Effect of exchange rate difference on expected credit loss	(31,684)	-
At the end of the year	(12,453,908)	(10,312,504)

18(c) Intersectoral receivables		
Inter-sectoral receivables	(3,358)	(3,368)

The net intersectoral receivables(payable) represents balance arising from purchase of goods and provision of services between Shipping, Freight Forwarding, Dry Port, Kality, Babogaya and Corporate sectors. The Enterprise's practice is to reconcile and net-off outstanding intersectoral balance at the beginning of the subsequent period.

18(d) Contract assets	30 June 2025 Birr'000	30 June 2024 Birr'000
Contract assets	2,335,080	440,207
Less : expected credit losses incurred	(324,879)	(324,879)
	2,010,201	115,329

19 Cash and cash equivalents	30 June 2025 Birr'000	30 June 2024 Birr'000
Cash in hand	7,042	3,831
Cash at bank	45,158,120	38,094,812
	45,165,162	38,098,643
Expected credit losses	(80,619)	(89,923)
	45,084,543	38,008,720

Movements in expected credit losses on cash and cash equivalents is as follows:

	30 June 2025 Birr'000	30 June 2024 Birr'000
At start of year	(89,923)	(74,000)
Decrease / (increase) in credit losses in the year	9,304	(15,923)
At the end of the year	(80,619)	(89,923)

20 Borrowings

The Enterprise's borrowings are made up of the following facilities:

A reconciliation of the changes in borrowings is as follows:	30 June 2025 Birr'000	30 June 2024 Birr'000
Balance at the beginning of the year	3,014	4,578
Principal repayments	(1,868)	(1,563)
Interest recognized	570	828
Interest repayments	(570)	(828)
Balance at the end of the year	1,146	3,014

21 (a) Trade and other payables

		30 June 2025 Birr'000	30 June 2024 Birr'000
Project accruals		18,959,276	19,276,476
Trade payables		1,394,226	1,562,066
Other payables		10,774,804	7,580,903
State dividend payable	(Note 24)	24,276,777	18,568,467
		55,405,083	46,987,912

21 (b) Contract liabilities

Contract liabilities	371,607	461,144

Contract liabilities arise from revenue from contracts with customers as reconciled in Note 6.

22(a) Provisions	30 June 2025 Birr'000	30 June 2024 Birr'000
Provision for legal expense	84,744	38,353
Balance at the beginning of the year		
Balance at start of the year	38,353	22,108
Additional provision during the year		
Provision recognized (reversed) in the year	46,391	16,245
Balance at the end of the year	84,744	38,353

The Enterprise faces exposure to claims and other liabilities arising from third parties. These claims and other liabilities normally takes time to be determined and therefore significant judgement is required in assessing the likely outcome and the potential liability for such matters. Management in consultation with the legal and other advisers estimates a provision based on exposure, precedents and industry best practice. Specific provisions are made for estimated claims and other liabilities to the extent that the Enterprise considers it probable that there will be an outflow of economic benefits.

22(b) Contingent liabilities and contingent assets

Claims and litigation

The Enterprise is a party to numerous legal actions brought by different organizations and individuals arising from its normal business operations. The maximum exposure of the Enterprise to these legal cases as at 30 June 2025 is Birr 92,235,063.52 (30 June 2024: Birr 35,597,868).

Claims by the Enterprise

The Enterprise has instituted suits against third parties. The possible claim arising from settlement of these cases as at 30 June 2025 is Birr 213,770,964.27 (30 June 2024 : Birr 804,280,684)

23 Defined benefit obligations	30 June 2025 Birr'000	30 June 2024 Birr'000
Defined benefits liabilities:		
– Severance pay	64,789	47,676
– Service gratuity	85,276	69,287
– Funeral Assistance and Survivor Benefit	86,681	83,200
- Exchange rate movement on Djibouti balance	5,331	-
Liability in the statement of financial position	**242,077**	**200,162**
Income statement charge included in personnel expenses:		
– Severance pay	15,024	14,124
– Service gratuity	30,141	18,065
– Funeral Assistance and Survivor Benefit	29,324	30,153
Total defined benefit expenses	**74,489**	**62,342**
Remeasurements for:		
– Severance pay	26,984	8,540
– Service gratuity	(10,883)	21,712
– Funeral Assistance and Survivor Benefit	(25,843)	23,162
	(9,742)	**53,414**
Benefit payments		
– Severance pay	(24,895)	(541)
– Service gratuity	(3,269)	(1,040)
	(28,164)	**(1,581)**
Net movements in defined benefit obligations		
– Severance pay	17,113	22,123
– Service gratuity	15,989	38,736
– Funeral Assistance and Survivor Benefit	3,481	53,315
	36,583	**114,175**

The income statement charge included within personnel expenses includes current service cost, interest cost, past service costs on the defined benefit schemes.

Maturity analysis		
Current	28,164	1,581
Non-Current	213,913	198,581
	242,077	200,162

The significant actuarial assumptions were as follows:

i)	Financial Assumption Long term Average		
	Discount Rate (p.a)	22.04%	26.93%
	Salary Increase Rate (p.a)	11.00%	11.00%

ii) Pre - retirement mortality

An A (67/70) mortality table was used. This is appropriate and we therefore used the same A (67/70) mortality table for the valuation at the current valuation date as per below :

Mortality in service	
Sampled ages	**%**
20	0.113%
25	0.087%
30	0.078%
35	0.095%
40	0.154%
45	0.280%
50	0.511%
55	0.907%
60	1.559%

23 Defined benefit obligations (Contd)

iii) Withdrawal rate

The withdrawal rate was estimated using the active staff data by observing employees who left employment before retirement age, the population used for the calculation excluded new employees and employees above the age of 57.

		Withdrawal rates	
Lower band	**Upper band**	**2025**	**2024**
20	24	2.99%	2.99%
25	29	3.99%	3.99%
30	34	3.70%	3.70%
35	39	3.97%	3.97%
40	44	4.06%	4.06%
45	49	4.23%	4.23%
50	54	2.84%	2.84%
55	57	4.29%	4.29%

Sensitivity Analysis

Paragraph 145 of IAS 19 requires an entity to disclose a sensitivity analysis for each significant actuarial assumption as at the end of the reporting period, showing how the defined benefit obligation would have been affected by changes in the relevant actuarial assumption at the valuation date.

A sensitivity analysis of the discount rate, salary increase rate and withdrawal rate were performed as at the current valuation date.

Severance Pay sensitivities

Major assumptions	**1% decrease**	**Base amount**	**1% increase**
Salary growth rate	61,559	64,789	68,295
Discount rate	67,978	64,789	61,877
Withdrawal rate	60,637	64,789	68,765

Funeral assistance and survivor benefit sensitivities

Major assumptions	**1% decrease**	**Base amount**	**1% increase**
Salary growth rate	82,804	86,681	90,874
Discount rate	90,514	86,681	83,170
Withdrawal rate	88,496	86,681	84,929

Gratuity sensitivities

Major assumptions	**1% decrease**	**Base amount**	**1% increase**
Salary growth rate	81,119	85,276	89,857
Discount rate	89,456	85,276	81,511
Withdrawal rate	86,959	85,276	83,661

24 Capital

The Enterprise is wholly owned by the Government of the Federal Republic of Ethiopia. The paid up capital was set at Birr 20 billion . The Enterprise is not limited by shares and hence has no par value.

As at reporting date, the Enterprise had achieved the authorized capital limit of Birr 20 billion, proclamation No. 25/1984 allows the Enterprise to hold the residual net profits as state dividend payable.

25 Legal reserve

The legal reserve is a statutory reserve. The legal reserve is accumulated by transferring 5% of annual net profits to the reserve until it reaches a maximum of 20% of capital.

26 Other reserves

Other reserves relates to cumulative remeasurement gains or losses on actuarial assumptions applied in measurement of defined benefit liabilities, this is recognized within other comprehensive income. Besides, it encompasses foreign currency translation effects relating to foreign branch.

27 Revaluation reserve (IFRS Adoption remeaurement reserve)

Revaluation reserve includes first time IFRS adoption adjustments which were not distributable as dividends in compliance with guidance issued by Accounting and Auditing Board of Ethiopia dated 30th October 2019. However, AABE's Directive No_985/2024_Regarding Accounting for Asset revaluation surplus directs entities to recycle the surplus to retained earning based on amount of excess depreciation expense recognized for reporting period.

	Notes	30 June 2025 Birr'000	30 June 2024 Birr'000
28 (a) Cash generated from operating activities			
Profit before income tax		50,514,423	9,741,637
Adjustments for non-cash items:			
Depreciation of property, plant and equipment	12	944,124	880,688
Amortization of leasehold land	13	49	200
Amortization of intangible assets	15	78,626	45,141
Impairment of trade receivables	18(b)	2,141,404	1,810,701
Impairment of contract assets	18(d)	-	-
Depreciation expense investment property	14	34	101
Net defined benefit expense		51,656	68,205
Derecognition of investment property	14	580	
Loss/(gain) on disposal of property plant and equipment		(81,332)	(125,323)
Foreign exchange rate effect of fixed asset transfers and adjustments		(569,991)	(17,044)
Interest expense on lease obligation		6	242
Foreign currency exchange rate difference on Remeasurement gain/loss		3	(633)
Foreign currency exchange rate difference on translation		1,461,280	77,655
Interest expense on bank loan		570	828
Grant received		(21,246,478)	(319,633)
Foreign exchange (gain) / loss			
Changes in working capital:			
-Decrease/ (Increase) in inventories	17	(163,265)	(615,798)
-Decrease/ (Increase) in other assets	18(a)	(2,606,345)	1,230,954
-Decrease/ (Increase) in trade and other receivables	18(b)	(24,072,942)	(10,819,298)
-Decrease/ (Increase) in Intersectoral receivables	18(c)	(10)	(3,238)
-Decrease/ (Increase) in foreign operation receivables/payable		273,505	(268,536)
-Decrease/ (Increase) in contract assets	18(d)	(1,894,872)	43,497
-Decrease/ (Increase) in investment securities at amortized cost	16	-	-
-Increase/ (Decrease) in contract liabilities	21 (b)	(89,537)	(930)
-Increase/ (Decrease) in trade and other payables	21 (a)	2,708,861	10,906,534
-Increase/ (Decrease) in provisions	22(a)	46,391	16,245
		7,496,740	12,652,195

29 Related party transactions

Related parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operation decisions, or one other party controls both. A number of transactions were entered into with related parties in the normal course of business. The Enterprise's transactions with organizations under supervision of Ethiopian Investment Holding (EIH) and Key management personnel are identified as related party transactions. These are disclosed below:

29(a) *Transactions and balances with related Companies*

The outstanding balances that arose from the ordinary course of business with related companies are summarized as follows while details are shown below. The transaction with related parties are substantially on the same terms as for comparable transactions with third-party counterparties.

	30 June 2025 Birr'000	30 June 2024 Birr'000
Outstanding balances from/to related Companies		
Receivable from related Companies	19,442,908	10,903,031
Payable to related Companies(including deposits)	(7,533,079)	(11,700,066)
	11,909,829	**(797,035)**

	30 June 2025 Birr'000	30 June 2024 Birr'000
EIH SUBSIDIRIES TRADE RECEIVABLE		
BERHANENA SELAM PRINTING ENTERPRISE (BSPE)	15,919	3,363
CHEMICAL INDUSTRY CORPORATION	73,604	42,278
COMMERCIAL BANK OF ETHIOPIA	3,197	3,183
DEVELOPMENT BANK OF ETHIOPIA	161,423	163,673
EDUCATIONAL MATERIALS PRODUCTION AND DISTRIBUTION ENTERPRISE	1,093	1,137
ETHIO ENGINEERING GROUP	1,266,001	1,214,625
ETHIO TELECOM	123,798	72,926
ETHIOPIA PULP AND PAPER S.C (EPPS)	238	-
ETHIOPIAN AGRICULTURAL BUSINESS CORPORATION (EABC)	16,127,629	8,250,804
ETHIOPIAN AIRLINES GROUP	1,783	1,401
ETHIOPIAN CONSTRUCTION WORKS CORPORATION (ECWC)	38,327	34,241
ETHIOPIAN ELECTRIC POWER	461,726	285,152
ETHIOPIAN ELECTRIC UTILITY	306,814	25,525
ETHIOPIAN INDUSTRIAL INPUTS DEVELOPMENT ENTERPRISE	65,709	53,050
ETHIOPIAN INSURANCE CORPORATION	14,669	8,705
ETHIOPIAN LOTTERY SERVICE	2,027	432
ETHIOPIAN PETROLEUM SUPPLY ENTERPRISE	288,669	230,703
ETHIOPIAN PULP AND PAPER S.C (EPPSC)	1,804	1,804
ETHIOPIAN RAILWAY CORPORATION	123	123
ETHIOPIAN SUGAR INDUSTRY GROUP	335,683	373,771
ETHIOPIAN TOURIST TRADING ENTERPRISE (ETTE)	9,331	4,766
ETHIOPIAN TRADING AND BUSINESS CORPORATION (ETBC)	100,338	92,333
FEDERAL HOUSING CORPORATION (FHC)	2,015	12,121
FINCHA SUGAR FACTORY	5,504	6,722
INDUSTRIAL PARKS DEVELOPMENT CORPORATION	15,394	2,608
METEHARA SUGAR FACTORY	6,718	2,800
NATIONAL ALCOHOL AND LIQUOR FACTORY	1,461	729
NATIONAL VETRENIARY INSTIUTE	604	462
SUGAR CORPORATION KESSEM SUGAR FACTORY	7,291	7,291
WONJI SUGAR FACTORY	4,017	6,303
Grand Total	**19,442,908**	**10,903,031**

EIH SUBSIDIRIES TRADE PAYABLE	30 June 2025 Birr'000	30 June 2024 Birr'000
BERHANENA SELAM PRINTING ENTERPRISE (BSPE)	(584)	(3,535)
CHEMICAL INDUSTRY CORPORATION	(13,993)	(6,816)
COMMERCIAL BANK OF ETHIOPIA	(1,341)	(1,462)
DEVELOPMENT BANK OF ETHIOPIA	(87,752)	(98,769)
EDUCATIONAL MATERIALS PRODUCTION AND DISTRIBUTION ENTERPRISE	(255)	(299)
ETHIO ENGINEERING GROUP	(117,376)	(89,044)
ETHIO TELECOM	(10,048)	(754)
ETHIOPIA PULP AND PAPER S.C (EPPS)	(252)	-
ETHIOPIAN AGRICULTURAL BUSINESS CORPORATION (EABC)	(6,592,793)	(10,763,548)
ETHIOPIAN AIRLINES GROUP	(3,002)	(3,000)
ETHIOPIAN CONSTRUCTION WORKS CORPORATION (ECWC)	(92,253)	(183,497)
ETHIOPIAN ELECTRIC POWER	(114,434)	(254,873)
ETHIOPIAN ELECTRIC UTILITY	(103,324)	(32,568)
ETHIOPIAN INDUSTRIAL INPUTS DEVELOPMENT ENTERPRISE	(19,394)	(14,131)
ETHIOPIAN INSURANCE CORPORATION	(111,754)	(80,390)
ETHIOPIAN LOTTERY SERVICE	(85)	(85)
ETHIOPIAN PETROLEUM SUPPLY ENTERPRISE	(71,637)	(16,847)
ETHIOPIAN PULP AND PAPER S.C (EPPSC)	(252)	(252)
ETHIOPIAN RAILWAY CORPORATION	(1,311)	(35)
ETHIOPIAN SUGAR INDUSTRY GROUP	(40,221)	(55,453)
ETHIOPIAN TOURIST TRADING ENTERPRISE (ETTE)	(2,684)	(2,472)
ETHIOPIAN TRADING AND BUSINESS CORPORATION (ETBC)	(98,811)	(71,699)
FEDERAL HOUSING CORPORATION (FHC)	(75)	(75)
FINCHA SUGAR FACTORY	(4,482)	(1,197)
INDUSTRIAL PARKS DEVELOPMENT CORPORATION	(30,356)	(13,941)
METEHARA SUGAR FACTORY	(2,188)	(4,262)
NATIONAL ALCOHOL AND LIQUOR FACTORY	(619)	(634)
NATIONAL VETRENIARY INSTIUTE	(227)	(427)
SUGAR CORPORATION KESSEM SUGAR FACTORY	(7)	-
WONJI SUGAR FACTORY	(11,571)	-
Grand Total	**(7,533,079)**	**(11,700,066)**

Sales transactions and expenses incurred in dealings with related companies which arose from the ordinary course of business and are substantially on the same terms as for comparable transactions with third-party counterparties are summarized as follows while the details are listed below;

Income/expense transactions with related Companies	30 June 2025 Birr'000	30 June 2024 Birr'000
Sales of goods/income from services rendered	45,645,769	39,375,766
Purchases made or services received	(4,357,682)	(2,830,882)
	41,288,087	**36,544,884**

Sales transactions	30 June 2025 Birr'000	30 June 2024 Birr'000
BERHANENA SELAM PRINTING ENTERPRISE (BSPE)	24,406	84,500
CHEMICAL INDUSTRY CORPORATION	142,216	93,338
COMMERCIAL BANK OF ETHIOPIA	1,447	76,503
DEVELOPMENT BANK OF ETHIOPIA	629,948	931,291
EDUCATIONAL MATERIALS PRODUCTION AND DISTRIBUTION ENTERPRISE	-	13,377
ETHIO ENGINEERING GROUP	544,617	850,599
ETHIO TELECOM	562,593	384,789
ETHIOPIA PULP AND PAPER S.C (EPPS)	1,336	-
ETHIOPIAN AGRICULTURAL BUSINESS CORPORATION (EABC)	40,169,463	32,949,721
ETHIOPIAN AIRLINES GROUP	30,504	22,373
ETHIOPIAN CONSTRUCTION WORKS CORPORATION (ECWC)	162	167,442
ETHIOPIAN ELECTRIC POWER	659,918	654,643
ETHIOPIAN ELECTRIC UTILITY	1,134,912	184,623
ETHIOPIAN INDUSTRIAL INPUTS DEVELOPMENT ENTERPRISE	63,429	219,403
ETHIOPIAN INSURANCE CORPORATION	-	33,772
ETHIOPIAN LOTTERY SERVICE	4,110	5,563
ETHIOPIAN PETROLEUM SUPPLY ENTERPRISE	1,496,993	1,104,497
ETHIOPIAN PULP AND PAPER S.C (EPPSC)	1,336	4,886
ETHIOPIAN RAILWAY CORPORATION	2,064	332
ETHIOPIAN SUGAR INDUSTRY GROUP	740	991,834
ETHIOPIAN TOURIST TRADING ENTERPRISE (ETTE)	12,404	42,698
ETHIOPIAN TRADING AND BUSINESS CORPORATION (ETBC)	52,746	405,030
FEDERAL HOUSING CORPORATION (FHC)	-	19,947
FINCHA SUGAR FACTORY	31,710	24,414
INDUSTRIAL PARKS DEVELOPMENT CORPORATION	45,839	71,123
METEHARA SUGAR FACTORY	16,017	17,750
NATIONAL ALCOHOL AND LIQUOR FACTORY	2,662	2,819
NATIONAL VETRENIARY INSTIUTE	8,996	4,300
SUGAR CORPORATION KESSEM SUGAR FACTORY	2	936
WONJI SUGAR FACTORY	5,200	13,262
Total	45,645,769	39,375,766

Purchase transaction	30 June 2025 Birr'000	30 June 2024 Birr'000
COMMERCIAL BANK OF ETHIOPIA	141	8,787
DEVELOPMENT BANK OF ETHIOPIA	65,039	3,667
ETHIO POST	149	-
ETHIO TELECOM	14,300	18,868
ETHIOPIAN AIRLINES GROUP	29,615	556
ETHIOPIAN CONSTRUCTION WORKS CORPORATION (ECWC)	648	235,868
ETHIOPIAN ELECTRIC POWER	25,096	-
ETHIOPIAN ELECTRIC UTILITY	44,831	6,504
ETHIOPIAN ENGINEERING CORPORATION (EEC)	-	947
ETHIOPIAN INSURANCE CORPORATION	191,301	177,207
ETHIOPIAN RAILWAY CORPORATION	3,981,968	2,368,998
ETHIOPIAN TOLL ROADS ENTERPRISE	364	36
ETHIOPIAN TRADING AND BUSINESS CORPORATION (ETBC)	-	1,643
FEDERAL HOUSING CORPORATION (FHC)	1,019	935
GHION HOTELS ENTERPRISE	1,112	6,768
INDUSTRIAL PARK DEVELOPMENT CORPORATION	2,098	101
Grand Total	4,357,682	2,830,882

29(b) *Key management compensation*

Key management has been determined to be the members of the Board of Directors and the Executive Management of the Enterprise. The compensation paid or payable to key management for is shown. There were no sales or purchase of goods and services between the Enterprise and key management personnel as at 30 June 2025.

	30 June 2025 Birr'000	30 June 2024 Birr'000
Salaries and other short-term employee benefits	231,507	187,994
Post-employment benefits	14,180	12,444
	245,687	200,438

Compensation of the Enterprise's key management personnel includes salaries, non-cash benefits and contributions to the post-employment defined benefits plans.

30 Events after reporting period

In the opinion of the Management, except the below, there were no other significant post balance sheet events which could have a material effect on the state of affairs of the Enterprise as at 30 June 2025 and on the profit for the period ended on that date, which have not been adequately provided for or disclosed.

In April 2026, the Enterprise's Management Board decided to demolish a building(G+6), located beside the Head office building, as part of the city's corridor development project. The building has carrying value of birr 523,072,742.02 (cost of birr 584,808,456.00 and accumulated depreciation of birr 61,735,713.97) as at 30 June 2025.