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AUDIT SERVICE CORPORATION

INDUSTRIAL PARKS DEVELOPMENT CORPORATION

INDEPENDENT AUDITOR'S REPORT

AND

FINANCIAL STATEMENTS

30 SENE 2017



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TRANSPARENCY • ACCOUNTABILITY • SHARED GROWTH

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Audit Service Corporation

**INDEPENDENT AUDITOR'S REPORT
TO THE SUPERVISING AUTHORITY OF
INDUSTRIAL PARKS DEVELOPMENT CORPORATION**

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Industrial Parks Development Corporation (the Corporation), which comprise the statement of financial position as at 30 Sene 2017, and 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, the financial statements present fairly, in all material respects, the financial position of the Corporation as at 30 Sene 2017 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

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

Key Audit Matters

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

Revenue

There are risks that revenue may not be properly and fully recognized. In our response to these risks, we assessed the reasonableness of the design of the system of internal control by enquiring and reviewing the system. We selected sample contract agreements to understand the terms and conditions and their impact on revenue recognition. We have also selected a sample of recorded revenues and examined supporting documentation to verify that they were properly and fully recorded. We also test checked cut-off procedures. Overall we found no concerns in the recognition of revenue and cut-off procedures.

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INDEPENDENT AUDITOR'S REPORT
TO THE SUPERVISING AUTHORITY OF
INDUSTRIAL PARKS DEVELOPMENT CORPORATION (continued)

Report on the Audit of the Financial Statements (continued)

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

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

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

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

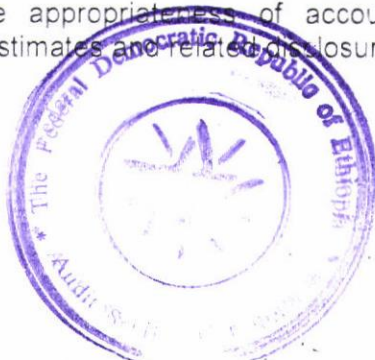
Auditor's Responsibilities for the Audit of the Financial Statements

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

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, misrepresentation, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

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INDEPENDENT AUDITOR'S REPORT
TO THE SUPERVISING AUTHORITY OF
INDUSTRIAL PARKS DEVELOPMENT CORPORATION (continued)

Report on the Audit of the Financial Statements (continued)

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

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

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

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

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

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

Audit Services Corporation

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INDUSTRIAL PARKS DEVELOPMENT CORPORATION
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 SENE 2017

	Notes	2017 ETB	2016 ETB
INCOME FROM OPERATING LEASE	5	3,406,564,665	1,730,039,033
REVENUE FROM CONTRACTS WITH CUSTOMERS	6	367,912,533	162,911,264
OPERATING EXPENSES	7	<u>(1,847,712,419)</u>	<u>(1,572,360,575)</u>
GROSS PROFIT		1,926,764,779	320,589,722
OTHER INCOME	8	<u>1,409,085,238</u>	<u>127,929,940</u>
		3,335,850,016	448,519,662
EXPENSES			
ADMINISTRATIVE EXPENSES	9	<u>(2,489,091,666)</u>	<u>(882,709,232)</u>
		(2,489,091,667)	(882,709,232)
NET PROFIT (LOSS) BEFORE TAX		846,758,350	(434,189,571)
INCOME TAX INCOME (EXPESNE)	25	<u>(200,087,334)</u>	<u>(274,352,781)</u>
NET PROFIT (LOSS) FOR THE YEAR		646,671,016	(708,542,352)
OTHER COMPREHENSIVE INCOME		-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		646,671,016	(708,542,352)



INDUSTRIAL PARKS DEVELOPMENT CORPORATION
STATEMENT OF FINANCIAL POSITION
AT 30 SENE 2017

	Notes	2017 ETB	2016 ETB
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	10	5,627,279,105	5,347,900,190
Investment property	11	27,369,687,953	26,056,215,332
Investment	12	42,166,968	42,166,968
Time deposit	13	815,300,041	220,300,041
		<u>33,854,434,067</u>	<u>31,666,582,530</u>
CURRENT ASSETS			
Inventories	14	721,339,393	816,722,676
Trade and other receivables	15	2,097,874,598	1,489,489,591
Cash and bank balances	16	7,290,354,043	3,320,002,232
		<u>10,109,568,034</u>	<u>5,626,214,499</u>
TOTAL ASSETS		<u>43,964,002,101</u>	<u>37,292,797,029</u>
CAPITAL AND LIABILITIES			
CAPITAL AND RESERVES			
Paid-up capital	17	40,513,666,718	35,894,495,839
Accumulated Loss		(1,064,092,204)	(1,710,763,220)
		<u>39,449,574,514</u>	<u>34,183,732,619</u>
NON-CURRENT LIABILITIES			
Deferred revenue	23	5,322,641	7,988,664
Severance payable	24	27,339,096	27,339,096
Deffered Tax Liability	25	464,885,535	266,827,658
		<u>497,547,272</u>	<u>302,155,418</u>
CURRENT LIABILITIES			
Trade and other payables	18	4,012,043,935	2,796,576,946
Profit tax Payable	25.5	4,836,380	10,332,046
		<u>4,016,880,315</u>	<u>2,806,908,993</u>
TOTAL EQUITY AND LIABILITIES		<u>43,964,002,101</u>	<u>37,292,797,030</u>



INDUSTRIAL PARKS DEVELOPMENT CORPORATION
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 SENE 2017

	Paid up Capital ETB	Accumulated loss ETB	Total Equity ETB
At 30 Sene 2015	27,143,543,041	(1,002,220,868)	26,141,322,173
Increase in capital	663,181,801	-	663,181,801
Bole lemi 2 & Kilinto Projects cost transferred from Competitiveness & Job Creation Project (CJC)	8,087,770,996	-	8,087,770,996
Profit for the year	-	(708,542,352)	(708,542,352)
At 30 Sene 2016	35,894,495,839	(1,710,763,220)	34,183,732,619
At 30 Sene 2016	35,894,495,839	(1,710,763,220)	34,183,732,619
Increase in capital	4,619,170,879	-	4,619,170,879
Profit for the year	-	646,671,016	646,671,016
At 30 Sene 2017	40,513,666,718	(1,064,092,204)	39,449,574,514



INDUSTRIAL PARKS DEVELOPMENT CORPORATION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 SENE 2017

	2017 ETB	2016 ETB
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit for the year before taxation	846,758,349.63	(434,189,571)
Adjustments for:		
Depreciation of property, plant and equipment	994,321,615	949,601,126
Interest Income	(142,468,199)	(98,746,350)
Bad debt	1,648,450,857	319,101,401
Decrease in deferred revenue	(2,666,023)	(5,458,958)
Severance	0.00	12,925,680
Foreign exchange loss on security and retention	1,316,176,090	59,647,938
	<u>4,660,572,690</u>	<u>802,881,266</u>
Movements in working capital		
Movement in inventory	95,383,283	(553,125,362)
Movement in trade and other receivables	(2,256,835,864)	(954,761,082)
Movement in trade and other payables	(100,709,101)	(74,461,882)
Cash generated from /(used by) operating activities	<u>2,398,411,008</u>	<u>(779,467,060)</u>
Interest paid	-	-
Profit tax paid	-	-
Net cash generated from (used by) operating activities	<u>2,398,411,008</u>	<u>(779,467,060)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(2,587,173,152)	(527,313,222)
Interest Income	142,468,199	98,746,350
Investment on Fixed Time Deposit	(595,000,000)	15,000,000
Net cash used in investing activities	<u>(3,039,704,954)</u>	<u>(413,566,872)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase (decrease) in capital	4,619,170,879	663,181,801
Net cash generated from (used by) financing activities	<u>4,619,170,879</u>	<u>663,181,801</u>
Capital transfer from Competitiveness & Job Creation Project		175,165,480
Net increase in cash and cash equivalents	3,977,876,933	(354,686,652)
Cash and cash equivalents at beginning	3,320,002,232	3,674,688,882
Cash and cash equivalents at the end of the year	<u>7,297,879,166</u>	<u>3,320,002,232</u>



**INDUSTRIAL PARKS DEVELOPMENT CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SENE 2017**

1 CORPORATION INFORMATION

Industrial Parks Development Corporation was established on 27 Hidar 2007 as a Federal Government Public Enterprise as per Council of Ministers Regulation No. 326/2014. It was established by taking over all the rights and obligations of the former Industrial Development Zones Corporation. Its principal place of business is in Addis Ababa, and its registered office is:

Industrial Parks Development Corporation, BishanGari Building, Comoros Road, Addis Ababa, Ethiopia.

The Corporation has two business units that are engaged in the following two areas:

- Development of industrial parks throughout the country and leasing them to interested investors.
- Provision of multi-disciplinary consultancy and training services.



**INDUSTRIAL PARKS DEVELOPMENT CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SENE 2017**

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board. The measurement basis applied is the historical cost basis, except where otherwise stated in the accounting policies below. The preparation of financial statements in conformity with IFRS requires the use of estimates and assumptions. It also requires management to exercise judgment in the process of applying the Corporation's accounting policies. The areas involving a high degree of judgement or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note 3.

b) Going concern

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

c) Change in accounting policies and disclosures

New standards, amendments, interpretations issued but not yet effective

IFRS 18 Presentation and Disclosures in Financial Statements	1-Jan-27
Lack of Exchangeability (Amendments to IAS 21)	1-Jan-25
Amendments IFRS 9 and IFRS 7 regarding the classification and measurement of financial instruments	1-Jul-26
Presentation and Disclosure in Financial Statements (IFRS 18)	1-Jul-26
Subsidiaries without Public Accountability: Disclosures (IFRS 19)	1-Jul-26

IFRS 19, Subsidiaries without Public Accountability is not applicable to the business of the IPDC and will therefore have no impact on future financial statements. The Management is of the opinion that the impact of the application of the remaining Standards and Interpretations will be as follows:

Presentations and Disclosure in Financial Statements (IFRS 18)

IFRS 18 is a new standard that focuses on the presentation and disclosure requirements in financial statements. It aims to streamline and standardize the presentation of financial information, ensuring that financial statements are clear, concise, and provide relevant information to users.

IFRS 18: Presentation and Disclosure in Financial Statements is effective for annual reporting periods beginning on or after 1 January 2027. Early application is permitted.

The Corporation will assess the impact of the amendments and apply the standards as required.



INDUSTRIAL PARKS DEVELOPMENT CORPORATION
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 30 SENE 2017

2 ACCOUNTING POLICIES (Continued)

c) (Change in accounting policies and disclosures Continued)

Lack of Exchangeability – Amendments to IAS 21 (The Effects of Changes in Foreign Exchange Rates)

These amendments address situations where a currency cannot be exchanged into another currency due to restrictions or other barriers. The guidance clarifies how to determine the exchange rate to use in such cases, ensuring that the financial statements reflect the economic reality of the situation.

The Amendments to IAS 21 ("Lack of Exchangeability") have an effective date of January 1, 2025. Early application is permitted, allowing entities to adopt the amendments before the mandatory date if they choose. These amendments aim to provide clearer guidance on how to address situations where exchangeability between currencies is limited or unavailable.

The Corporation will assess the impact of this amendment.



INDUSTRIAL PARKS DEVELOPMENT CORPORATION
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 30 SENE 2017

2 ACCOUNTING POLICIES (Continued)

c) (Change in accounting policies and disclosures Continued)

Amendments to the Classification and Measurement of Financial Instruments – (IFRS 9 and IFRS 7)

The amendments to the application guidance of IFRS 9 permit an entity to deem a financial liability (or part of it) that will be settled in cash using an electronic payment system to be discharged before the settlement date if specified criteria are met. An entity that elects to apply the derecognition option would be required to apply it to all settlements made through the same electronic payment system.

The amendments are effective for annual reporting periods beginning on or after 1 January 2026. Earlier application of either all the amendments at the same time or only the amendments to the classification of financial assets is permitted.

An entity is required to apply the amendments retrospectively. An entity is not required to restate prior periods to reflect the application of the amendments, but may do so if, and only if, it is possible to do so without the use of hindsight.

The Corporation will assess the impact of the amendments and apply the standards as required.

Presentations and Disclosure in Financial Statements (IFRS 18)

IFRS 18 is a new standard that focuses on the presentation and disclosure requirements in financial statements. It aims to streamline and standardize the presentation of financial information, ensuring that financial statements are clear, concise, and provide relevant information to users.

IFRS 18: Presentation and Disclosure in Financial Statements is effective for annual reporting periods beginning on or after 1 January 2027. Early application is permitted.

The Corporation will assess the impact of the amendments and apply the standards as required.

The adoption of these changes is not expected to have a significant impact on the financial statements of the Corporation.

d) Foreign currency translation

I. Functional and presentation currency

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

II. Transactions and balances

Foreign currency transactions are translated into birr using the exchange rates prevailing on the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions are recognised in profit or loss. Foreign currency monetary items are translated into birr at spot exchange rates at reporting dates. Foreign exchange differences arising from these translations are recognised in the statement of profit or loss in the same period.



INDUSTRIAL PARKS DEVELOPMENT CORPORATION
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 30 SENE 2017

2 ACCOUNTING POLICIES (Continued)

e) Property, plant and equipment

Items of property, plant, and equipment are measured at cost, which includes capitalized borrowing costs less accumulated depreciation and cumulative impairment losses.

If significant parts of an item of property or equipment have different useful lives, then they are accounted for as separate items (major components) of property and equipment.

Any gain or loss on the disposal of an item of property, plant, and equipment is determined by comparing the proceeds from disposal with the carrying amount of property, plant, and equipment, and is recognized net within operating and administrative expenses in profit or loss.

Subsequent Costs

Subsequent expenditure is capitalized only when it is probable that the future economic benefits of the expenditure will flow to the corporation. Minor ongoing repairs and maintenance are expensed as incurred.

Depreciation

Depreciation is calculated to write off the cost of items of property and equipment less their estimated residual values using the straight-line method over their estimated useful lives and is generally recognized in profit or loss. Land is not depreciated.

Depreciation is charged on the straight-line basis at the following rates per annum:

	%
Buildings structural and architectural	2
Buildings electrical systems components	5
Buildings sanitary and water systems	3.33
Roads	5
Motor vehicles	20
Information system equipment and software	25
Furniture and equipment	20

The commencement date of depreciation is when the asset is available for use as per the standard.

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 recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

f) Investment properties

Investment properties of the corporation include Sheds, Residential buildings, and commercial buildings, which are constructed by the corporation and rented to interested investors/tenants who then settle the rental on a monthly basis.



INDUSTRIAL PARKS DEVELOPMENT CORPORATION
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 30 SENE 2017

2 ACCOUNTING POLICIES (Continued)

f) (Investment properties Continued)

Initial measurement

The Investment properties are initially measured at cost, including transaction costs.

Subsequent costs

Subsequent expenditure is capitalized only when it is probable that the future economic benefits of the expenditure will flow to the Corporation. Minor ongoing repairs and maintenance are expensed as incurred.

Depreciation

Investment properties are depreciated on the straight line basis at the following rates per annum:

	%
Buildings structural and architectural components	2
Buildings electrical systems components	5
Buildings sanitary and water systems components	3.33

The commencement date of depreciation of investment properties is when the asset is available for use as per the standard.

Investment properties are reviewed for impairment whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

The fair value estimate of the investment properties could not be measured reliably and on a continuous basis, as the market price of the properties that would be used by knowledgeable market participants in an orderly transaction could not be determined. Alternative measurement based on reliable discounted cash flow is also not available due to the unavailability of reliable market data.

On November 2022 the corporation revalued its Investment property and Property, Plant & Equipment by engaging its consulting business wing (IPS) which is disclosed on Note no 31.

Gains and losses on the disposal of investment properties are determined by reference to their carrying amounts and are taken into account in determining operating profit.

g) **Fixed Time Deposit**

Time deposits are classified as financial assets at amortized cost in accordance with IFRS 9 – Financial Instruments, as they meet both of the following conditions:

The asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows, and

The contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.



INDUSTRIAL PARKS DEVELOPMENT CORPORATION
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 30 SEPTEMBER 2017

2 ACCOUNTING POLICIES (Continued)

g) (Fixed Time Deposit Continued)

Time deposits are initially recognized at fair value, and subsequently measured at amortized cost using the effective interest rate (EIR) method. Interest income is recognized in the statement of profit or loss as finance income, on a time-proportion basis using the EIR.

Time deposits with original maturities of more than three months but less than or equal to one year are classified as current financial assets. Those with maturities exceeding one year from the reporting date are presented as non-current assets.

The Corporation applies the expected credit loss (ECL) model under IFRS 9 to assess impairment on time deposits. Given the credit quality of the financial institutions and the short-term nature of most deposits, the expected credit loss is typically immaterial.

h) Accounting for leases

The Corporation applies the short-term lease exemption under IFRS 16. Accordingly, leases with a lease term of 12 months or less are not recognized as right-of-use assets and lease liabilities. Lease payments are recognized as an expense in profit or loss on a straight-line basis over the lease term.

As a lessor, the Corporation leases industrial sheds to investors for a period of time at modest lease terms in view of the fulfillment of its objectives and lease income is recognized on a straight-line basis over the lease term. The minimum lease payment under the significant lease agreements is USD 1. Per square meter of shed area per month.

As a lessee, the Corporation leases its head office building under short-term lease arrangements, with lease payments recognized as an expense on a straight-line basis.

i) Grants

Grants, including those related to assets and non-monetary grants at fair value, are presented in the statement of financial position as per IAS 20. The nature and extent of the grants the corporation has received to date include vehicles, office furniture, computers, and various office equipment. Accordingly, grants in the form of property, plant, and equipment are treated initially as deferred revenue and converted to grant income over the life of the respective asset. Grants in the form of inventory are recognized as direct grant income of the period. There are no conditions attached to the granted assets that the corporation would fulfill.

j) Financial assets and financial liabilities

Recognition and classification of financial assets

Financial assets are recognised initially at fair value plus transaction costs that are directly attributable to their acquisition.

Financial assets are subsequently measured at amortized cost using the effective interest rate (EIR) method, less impairment. A financial asset shall be measured at amortised cost if both of the following conditions are met:



**INDUSTRIAL PARKS DEVELOPMENT CORPORATION
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 30 SENE 2017**

2 ACCOUNTING POLICIES (Continued)

(Recognition and classification of financial assets Continued)

- The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and
- 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.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR.

Impairment of financial assets

A provision for impairment of receivables is established when there is objective evidence that the corporation will not be able to collect all the amounts due according to the original terms of the contract. The corporation measures these loss allowances at an amount equal to lifetime expected credit losses. The expected credit losses are calculated as the difference between the cash flows due to the corporation as per the contract agreement and the cash flows that the corporation expects to receive. The amount of the provision is recognised in the statement of profit or loss.

Evidence of impairment may include indications that the debtor is experiencing significant financial difficulty, the probability that they will enter bankruptcy or other financial reorganization, default or delinquency in principal payments, and where observable data indicates that there is a measurable decrease in the estimated future cash flows.

De-recognition of financial assets

The Corporation derecognizes financial assets when and only when the contractual rights to the cash flows from the financial asset expire, or when it transfers the contractual rights to receive the cash flows of the financial asset.

Financial liabilities

Financial liabilities are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. The corporation recognizes a financial liability in its statement of financial position when it becomes party to the contractual provision of a financial instrument.

Financial liabilities are classified as current liabilities if payment is due within twelve months. If not, they are presented as non-current liabilities. Financial liabilities are recognised initially at fair value. The Corporation's financial liabilities include trade and sundry payables. After initial measurement, they are measured at amortized cost using the effective interest rate.



**INDUSTRIAL PARKS DEVELOPMENT CORPORATION
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 30 SEPTEMBER 2017**

2 ACCOUNTING POLICIES (Continued)

k) Offsetting of Financial assets and financial liabilities

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

l) Provisions

Provisions are recognised when the Corporation has a present obligation (legal or constructive) as a result of past events, and it is probable that an outflow of resources will be required to settle the obligation; and a reliable estimate can be made of the amount of the obligation. Provisions are not recognised for future operating losses.

m) Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with banks and other short term highly liquid investments with original maturities of three months or less following the date of the financial statements.

n) Impairment of non-monetary assets

The carrying amounts of the Corporation's non-monetary assets are reviewed at each reporting date to determine whether there is any indication of impairment. If such indication exists, the assets recoverable amount is estimated and an impairment loss is recognized immediately through the statement of profit or loss account.

o) Income tax

The Corporation's income tax holiday granted under the investment incentive framework has been extended. Though the earlier exemption period was till Ginbot 15, 2016, Ministry of Revenue has granted an additional tax holiday period from August 3, 2015 G.C to May 24, 2016 G.C commencing from being operational of each industrial park.

Industry Project Service, unlike the remaining industrial parks hasn't obtained a tax holiday. Therefore, it is subject to pay profit tax expense every year. The disclosure for the profit tax of the industrial project service presented under Note Number 25.5

p) Operating Lease

The significant majority of the Corporation's income is derived from operating leases, which are accounted for in accordance with IFRS 16. The operating income recognized reflects lease payments received from lessees, excluding non-lease components, and is presented separately from interest income and other revenue streams in the statement of profit or loss. This income represents the Corporation's core revenue-generating activity and is recognized on a straight-line basis over the lease term unless another systematic basis is more representative of the pattern in which benefit is derived.



**INDUSTRIAL PARKS DEVELOPMENT CORPORATION
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 30 SEPTEMBER 2017**

2 ACCOUNTING POLICIES (Continued)

p) (Operating Lease Continued)

The Corporation leases out Sheds and other auxiliary premises under operating leases. The leases typically run for a period of 10-15 Years, with an option to renew the lease after that date. Lease payments are usually fixed and may include escalation clauses. All Operating Lease Contracts do not have variable lease payments which are based on indexes or rates.

Initial direct costs incurred in negotiating and arranging an operating lease are added to the Contract Amount and recognized as an expense over the lease term on the same basis as the lease income.

Non-refundable upfront fees charged at or near the inception of the contract are recognized as income over the lease term, as they do not represent separate and identifiable performance obligations.

q) Revenue recognition (IFRS 15 Revenue from contracts with customers)

The objective of IFRS 15 is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing, and uncertainty of revenue and cash flows arising from a contract with a customer (IFRS 15.1). Application of the standard is mandatory for annual reporting periods starting from 1 January 2018 onwards.

The core principle of IFRS 15 is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. This core principle is delivered in a five-step model framework: [IFRS 15:IN7]

- Identify the contract(s) with a customer
- Identify the performance obligations in the contract
- Determine the transaction price
- Allocate the transaction price to the performance obligations in the contract
- Recognise revenue when (or as) the entity satisfies a performance obligation

The Corporation has the following revenue streams, which are governed by IFRS 15 – Revenue from Contracts with Customers. Further details are provided below

Management Service

The Corporation provides ancillary services, including Sanitation, security, Landscaping, and Facility Maintenance Services to tenants within its industrial parks. These services are considered distinct from the lease component in accordance with IFRS 16 – Leases, and revenue from such services is recognized separately under IFRS 15 – Revenue from Contracts with Customers.

Revenue from cleaning and security services is recognized over time as the services are rendered, reflecting the Corporation's continuous obligation to provide access to these services during the lease term. The Corporation satisfies its performance obligations evenly over the service period, and therefore, revenue is recognized on a straight-line basis. The fees for these services are billed on a Yearly basis.



INDUSTRIAL PARKS DEVELOPMENT CORPORATION
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 30 SENE 2017

2 ACCOUNTING POLICIES (Continued)

q) (Revenue recognition -IFRS 15 Revenue from contracts with customers Continued)

Consultancy Service

The Corporation, through its specialized unit Industrial Parks Service (IPS), provides consultancy services to tenants and third parties, including advice on industrial park setup, infrastructure planning, investment facilitation, and regulatory compliance.

These services are accounted for in accordance with IFRS 15 – Revenue from Contracts with Customers. Revenue is recognized when control of the promised services is transferred to the customer, either over time or at a point in time, depending on the nature of the engagement. For consultancy contracts where services are delivered over a defined period and the customer simultaneously receives and consumes the benefits (e.g., ongoing advisory or support), revenue is recognized over time based on the progress towards completion, typically using the output method.

For contracts involving the delivery of a specific output (e.g., Valuation and training service, feasibility study, or infrastructure report), revenue is recognized at the point in time when the final deliverable is provided and accepted by the customer.

Where performance obligations are satisfied but not yet invoiced, a contract asset is recognized. Conversely, advance payments received from customers before the performance of services create contract liabilities until the services are rendered.

Effluent Treatment Plants (ETPs) Service

The Corporation operates centralized Effluent Treatment Plants (ETPs) to manage and treat industrial liquid waste generated by tenants. Revenue from ETP services is recognized over time, as tenants simultaneously receive and consume the benefits of the treatment service. Revenue is typically calculated based on actual discharge volumes measured in cubic meters. Billing is performed monthly based on usage, at rates contractually agreed with each tenant. The Corporation applies the output method to measure progress toward complete satisfaction of the performance obligation.

Sewage Treatment Plant (STP) Services

Sewage generated within the industrial parks is treated through STPs operated by the Corporation. As with ETP, revenue from STP services is recognized over time based on monthly consumption. Charges are determined based on volumetric usage or a fixed monthly fee per agreement. STP service is considered a continuous service obligation, with performance obligations fulfilled evenly over the billing period.

Potable Water Revenue

Potable water is supplied to tenants for industrial and administrative use. This service is provided on a metered basis, and revenue is recognized over time as the water is delivered.

- Revenue is based on metered water consumption at agreed tariff rates.
- Control of the service transfers progressively to the customer as the water is consumed.



INDUSTRIAL PARKS DEVELOPMENT CORPORATION
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 30 SENE 2017

2 ACCOUNTING POLICIES (Continued)

r) Employee benefits

Defined benefits scheme

The corporation has recognized its accrued severance benefits based on the statutory severance benefit as set out in Labour Proclamation No. 377/2003, as amended by the Labour (Amendment) Proclamation No. 494/2006. Employees who have served the corporation for 5 years or above and are below the retirement age (i.e., have not met the requirement to access the pension fund) are entitled to the benefit. The final pay-out is determined by reference to final monthly salary and number of years in service, computed as one-month salary of the first year in employment plus one-third of monthly salary for subsequent years to a maximum of twelve months' salary.

In addition to considering the parameters set out in the law, the corporation has also added actuarial assumptions to arrive at the amount of provision that should be taken for the fiscal year. The calculations include estimates of the amount of future benefits that employees have earned in return for their service in the current and prior periods. It considers assumptions related to demographics, discount rate, and salary escalation, service increase factor, maximum benefit period, probability of leaving at age 54, and inflation rates.

The benefit is discounted to determine its present value. The discount rate taken is the assumed rate of return of assets in the future. It is assumed that the rate is to fetch the inflation and gain two points. The rates are denominated in the same currency in which the benefits are expected to be paid. Accordingly, The corporation has recognized the severance pay at the end of the reporting period, which is Birr 27,339,096.

Defined contribution plan

The Corporation operates a single post-employment pension scheme in line with the provisions of Ethiopian Public Servants Pension Proclamation No 714/2011. The corporation and employees make contributions of 11% and 7% of the employee's basic salary, respectively, to the defined benefit scheme, as determined by the proclamation. For the year ended 30 Sene 2017, the Corporation contributed Birr 43,312,306 to the scheme (30 Sene 2016 - Birr 38,826,561), which has been charged directly to profit or loss.

Annual leave

Employees' annual leave accruals are calculated and recognized in the books on the basis of the unutilised annual leave balance that each employee has at the end of the reporting period. Accordingly, the balance in the annual leave accrued payables account is shown as Birr 8,955,824 as at the end of the reporting period (Sene 30, 2016 Birr 7,542,695).

Staff loan

Interest free staff loans are treated as per IFRS 9 (Financial instruments) and IAS 19 (Employee benefits). Market interest rate of 10.38% is used for computing interest income.

s) Finance income and expenses

Finance income comprises interest income and is recognised in profit or loss on a time proportion basis using the effective interest method.



INDUSTRIAL PARKS DEVELOPMENT CORPORATION
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 30 SEPTEMBER 2017

2 ACCOUNTING POLICIES (Continued)

t) Deferred tax

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

Deferred tax assets are recognized for all deductible temporary differences, including the carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, the carry forward of unused tax credits and unused tax losses can be utilized, except when the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

Deferred tax assets and liabilities arise from taxable and deductible temporary differences. The following events and transaction of The Corporation gives rise to deferred tax:

- Property, plant and equipment;
- Annual Leave
- Unused Tax Loss
- Severance payment obligation
- Loss Allowance

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

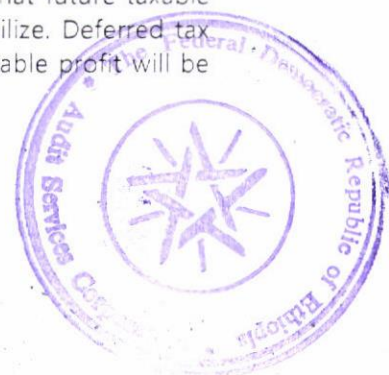
Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates and tax legislation that have been enacted or substantially enacted by the end of the reporting period. The measurement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

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

Deferred tax is recognized on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statement.

Deferred tax is determined using tax rates (and laws) that have been enacted or substantively enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realized or the deferred tax liability is settled.

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



**INDUSTRIAL PARKS DEVELOPMENT CORPORATION
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 30 SENE 2017**

3 ACCOUNTING ESTIMATES, JUDGEMENTS AND ASSUMPTIONS

Critical accounting estimates and judgements

The Corporation makes estimates and assumptions concerning the future. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities in future periods are addressed below:

- i. Management reviews its estimate of the useful lives of depreciable assets at each reporting date, based on the expected utility of the assets.
- ii. Management's estimate of severance pay obligation is based on several critical underlying assumptions, such as standard rates of inflation, mortality, discount rate, and anticipation of future salary increases.
- iii. Provisions for bad and doubtful debts are determined by assessing the expected credit losses relating to each debtor balance as a possible result of failure to collect the balances.
- iv. The Corporation makes estimates and assumptions concerning the future based on the fundamental assumption that it will continue in business in the future.

Variation in these assumptions may significantly impact the obligation amount and the annual benefit expenses.



**INDUSTRIAL PARKS DEVELOPMENT CORPORATION
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 30 SENE 2017**

4 FINANCIAL INSTRUMENTS RISK MANAGEMENT

Over view

The Corporation's activities may expose it to a variety of financial risks including credit risk, liquidity risk, foreign currency exchange rates and interest rate risks.

i) Credit risk

Credit risk is the risk of financial loss to the Corporation if a customer fails to meet its contractual obligations, and arises principally from the Corporation's receivables from customers.

The Corporation's exposure to credit risk is influenced mainly by the individual characteristics of each customer.

The Corporation establishes an allowance for impairment, when deemed necessary that represents its estimate of losses in respect of trade and other receivables.

Generally the corporation has low credit risk as its major revenue source, shed rental is collected in most cases on advance basis and customers are required to submit security deposits before taking over the sheds.

Where there are rentals in arrears the security deposits serve as a guarantee for any failure of payment by customers. As the Corporation's customers are mainly big investors and industrialists and the related rental fees are relatively nominal in amount, the risks of default on payments is remote.



**INDUSTRIAL PARKS DEVELOPMENT CORPORATION
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 30 SENE 2017**

4 FINANCIAL INSTRUMENTS RISK MANAGEMENT (continued)

ii) Liquidity risk

Liquidity risk is the risk that the Corporation may not be able to meet its financial obligations as they fall due. The Corporation's approach to 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 Corporation's reputation.

The capital projects of the corporation are funded by government budget allocation as part of the process for paying up the authorized capital of the Corporation. Accordingly the risk of failing to pay for projects due to liquidity issues is remote.

The working capital requirements of the corporation are satisfied with the current collections coming from rental of industrial park sheds and auxiliary services. However, this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters. The Corporation has no credit facilities with any bank.

iii) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect the Corporation's income or the value of its holdings of financial instruments.

The corporation enters into rental agreements with most of its customers using United States Dollar (USD) as the transaction currency. This fact poses a risk of sustaining exchange losses in the event when the transaction currency weakens.

However, based on the trend in the past decades USD has never been weakened against the Ethiopian Birr. The trend has rather shown that the Birr is consistently getting weaker against the Dollar.

Accordingly, the impact of Dollar exchange rate changes is expected to be in the form of foreign exchange gains. Hence, the Corporation has no recognizable risk in respect of exchange rate changes.

On the other hand, the Corporation takes security deposits from the lessees in USD which normally is kept in the securities deposit liability account and will be repayable in USD at the end of the lease term. Hence, the nature of this financial liability poses an exchange rate risk to the Corporation. The impact of this risk during 2017 and 2016 is shown in the following table:



INDUSTRIAL PARKS DEVELOPMENT CORPORATION
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 30 SENE 2017

4 FINANCIAL INSTRUMENTS RISK MANAGEMENT (continued)

iii) Market risk (continued)

	2017	2016
	ETB	ETB
Security deposit at the year end before conversion at the closing rate	223,277,945	170,284,821
Foreign exchange losses	194,285,678	7,261,018
	<u>417,563,623</u>	<u>177,545,839</u>

Similarly the Corporation retains retention monies in USD from contractors that undertake construction of sheds and structures at the parks. This retention is reported as a payable in the books of the Corporation. This financial liability poses an exchange risk to the Corporation as the repayment is to be effected in USD at the end of the respective warranty periods. The impact of this risk during 2017 and 2016 is shown below:

	2017	2016
	ETB	ETB
Retention at the year-end before		
Conversion at the closing rate	1,621,706,840	1,924,402,612
Foreign exchange losses	1,121,890,412	52,386,920
	<u>2,743,597,252</u>	<u>1,976,789,532</u>

The corporation has no debt with any financial institution at present that requires payment of interest. Hence there is no identified interest rate risk.

IV) Capital Management

The Corporation's policy is to maintain a strong capital base so as to maintain investors, creditors and market confidence and to sustain future development of the business.

There were no changes in the Corporation's approach to capital management during the year. The Corporation is not subject to externally imposed capital requirements.

Fair value

As at 30 Sene 2017, the Corporation has a USD payables measured at fair value on the exchange rate prevailing at the end of the reporting period (Security deposits and Retention payables Refer the balance under Note 4(iii)).



INDUSTRIAL PARKS DEVELOPMENT CORPORATION
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 30 SENE 2017

	2017	2016
	ETB	ETB
5 INCOME FROM OPERATING LEASE		
Shed Rent	2,538,816,830	1,302,747,642
Residential Building Rent	55,661,842	43,173,688
Commercial Building Rent	90,434,619	68,245,871
Developed Land Lease	721,651,374	315,871,832
	<u>3,406,564,665</u>	<u>1,730,039,033</u>
6 REVENUE FROM CONTRACTS WITH CUSTOMERS		-
<i>Goods or services transferred Over time</i>		
Management Service Revenue	112,490,742	42,141,283
Effluent Treatment Plants (ETPs) Service	143,674,254	43,016,909
Sewage Treatment Plant (STP) Services	35,278,129	14,615,771
	<u>291,443,125</u>	<u>99,773,963</u>
<i>Goods or services transferred at a point in time</i>		
Potable Water Revenue	13,700,934	9,682,651
consultancy service revenue	62,768,475	53,201,880
Traning Service	-	252,770
	<u>76,469,408</u>	<u>63,137,301</u>
Total Revenue from Contracts with Customers	<u>367,912,533</u>	<u>162,911,264</u>
	2017	2016
	ETB	ETB
7 OPERATING EXPENSES		
Depreciation	852,059,991	832,035,889
Salaries and related benefits	457,245,897	364,254,791
Utilities	26,793,819	28,999,438
Greenery service	44,290,056	38,175,417
Janitorial and cleaning supplies	35,064,411	28,063,554
Security fees	39,536,260	39,232,804
Vehicle and machinery rent	72,797,657	33,695,752
Vehicle running	59,245,318	31,373,609
Insurance	54,675,406	31,036,887
Stationery and Office supplies	59,206,837	4,979,891
Entertainment & Accommodation	34,293,198	19,328,007
Pension	33,029,289	30,157,613
Repair and maintenance	31,015,717	30,035,557
Operation and management	10,202,602	4,912,655
Travel and Perdiem	12,749,486	16,332,154
Uniforms	6,373,210	14,349,910
Consultant service	6,169,327	11,117,654
Chemical material	55,711	3,993,258
Communication	6,214,767	3,730,704
Miscellaneous	4,045,757	2,880,962
Training	29,658	690,706
Advertisement	1,225,940	446,075
Building rent	1,039,285	2,439,719
Penalty	352,821	97,569
	<u>1,847,712,419</u>	<u>1,572,360,575</u>



INDUSTRIAL PARKS DEVELOPMENT CORPORATION
 NOTES TO THE FINANCIAL STATEMENTS (continued)
 FOR THE YEAR ENDED 30 SENE 2017

8 OTHER INCOME	2017 ETB	2016 ETB
Gain on foreign exchange	1,146,098,979	-
Grant income	2,666,023	6,932,340
Bank interest	142,468,199	98,746,350
Other income	117,852,037	22,251,249
	<u>1,409,085,238</u>	<u>127,929,940</u>
9 ADMINISTRATIVE EXPENSES	2017 ETB	2016 ETB
Bad debt	1,648,450,857	319,101,401
Depreciation	142,278,277	117,818,513
Salary and benefits	152,549,636	110,077,895
Corporate social responsibility	10,786,093	5,866,408
Bank charge	21,784,745	67,935,101
Office rent	36,472,397	23,266,658
Insurance	15,880,839	10,072,181
Pension	10,283,018	8,668,948
Advertisement	25,828,973	8,352,222
Cleaning and sanitation	2,715,117	6,406,211
Vehicle Rent	6,746,595	5,094,309
Vehicle running	13,311,812	10,176,524
Entertainment and accomodation	14,038,130	11,440,126
Penalty	4,168,464	-
Uniform and outfits	5,294,350	9,977,197
Repair and maintenace	36,731,140	18,193,673
Security	2,312,952	1,622,895
Travel and perdiem	25,472,539	11,043,432
Communication	6,016,586	1,626,551
Miscellaneous	9,640,039	6,380,027
Stationery and office supplies	12,754,947	9,870,840
Audit fee	2,642,055	1,823,438
Training	2,377,274	2,364,804
Consultancy	17,956,727	2,344,637
Stamp duty	1,641,547	1,819,772
Utilities	3,095,683	270,974
Loss on foreign exchange	257,860,874	111,094,496
	<u>2,489,091,666</u>	<u>882,709,232</u>



INDUSTRIAL PARKS DEVELOPMENT CORPORATION
 NOTES TO THE FINANCIAL STATEMENTS (continued)
 FOR THE YEAR ENDED 30 SENE 2017



10 PROPERTY, PLANT AND EQUIPMENT

	Building	Motor vehicles	Other furniture and equipment	Computers	Construction in Progress	TOTAL
Cost						
At 1 Hamle 2015	4,090,193,016	138,927,362	54,453,295	30,877,441	1,792,730,869	6,107,181,982
Additions		94,073,849	22,507,475	18,082,542	82,472,491	217,136,358
Transfer-in			4,860,807	3,184,319		8,045,126
At 30 sene 2016	4,090,193,016	233,001,211	81,821,577	52,144,302	1,875,203,360	6,332,363,465
At 1 Hamle 2016	4,090,193,016	233,001,211	81,821,577	52,144,302	1,875,203,360	6,332,363,465
Additions	106,209,740	62,181,245	45,373,445	22,211,997	201,709,527	437,685,954
Transfer/Disposals	-	(250,000)	-	-	-	(250,000)
At 30 sene 2017	4,196,402,756	294,932,456	127,195,022	74,356,299	2,076,912,887	6,769,799,419
Depreciation						
At 1 Hamle 2015	622,604,341	114,227,482	31,010,017	13,537,916	-	781,379,756
Charge for the year	159,588,489	26,604,678	8,898,774	7,991,579	-	203,083,519
Transfer/Disposals	-	-	-	-	-	-
At 30 sene 2016	782,192,830	140,832,160	39,908,791	21,529,495	-	984,463,275
At 1 Hamle 2016	782,192,830	140,832,160	39,908,791	21,529,495	-	984,463,275
Charge for the year	100,855,249	31,304,242	15,528,576	10,574,491	-	158,262,557
Transfer/Disposals	-	(205,518)	-	-	-	(205,518)
At 30 sene 2017	883,048,078	171,930,883	55,437,366	32,103,986	-	1,142,520,314
Net book values						
At 30 sene 2016	3,308,000,186	92,169,051	41,912,786	30,614,806	1,875,203,360	5,347,900,190
At 30 sene 2017	3,313,354,677	123,001,573	71,757,656	42,252,313	2,076,912,887	5,627,279,105

INDUSTRIAL PARKS DEVELOPMENT CORPORATION
 NOTES TO THE FINANCIAL STATEMENTS (continued)
 FOR THE YEAR ENDED 30 SENE 2017

11 INVESTMENT PROPERTY

	Sheds and Buildings	Roads	Construction in Progress	TOTAL
Cost				
At 1 Hamle 2015	12,447,012,448	4,201,499,081	4,368,668,073	21,017,179,603
Additions			310,176,865	310,176,865
Transfer-in	6,407,162,963	1,511,551,926		7,918,714,888
At 30 sene 2016	18,854,175,411	5,713,051,007	4,678,844,938	29,246,071,356
At 1 Hamle 2016	18,854,175,411	5,713,051,007	4,678,844,938	29,246,071,356
Additions			2,149,531,680	2,149,531,680
Disposals/Transfer	-	-	-	-
At 30 sene 2017	18,854,175,411	5,713,051,007	6,828,376,618	31,395,603,036
Depreciation				
At 1 Hamle 2015	1,477,780,349	965,558,069	-	2,443,338,418
Charge for the year	479,759,455	266,758,151	-	746,517,606
Disposals	-	-	-	-
At 30 sene 2016	1,957,539,804	1,232,316,220	-	3,189,856,024
At 1 Hamle 2016	1,957,539,804	1,232,316,220	-	3,189,856,024
Charge for the year	546,018,411	290,040,647	-	836,059,059
Disposals	-	-	-	-
At 30 sene 2017	2,503,558,215	1,522,356,867	-	4,025,915,083
Net book values				
At 30 sene 2016	16,896,635,607	4,480,734,787	4,678,844,938	26,056,215,332
At 30 sene 2017	16,350,617,196	4,190,694,139	6,828,376,618	27,369,687,953



INDUSTRIAL PARKS DEVELOPMENT CORPORATION
 NOTES TO THE FINANCIAL STATEMENTS (continued)
 FOR THE YEAR ENDED 30 SENE 2017

CONSTRUCTION IN PROGRESS

The breakdown of construction in progress is as follows:

	2017 ETB	2016 ETB
Summera Industrial Park	2,012,815,604	1,844,756,243
Debre Birhan Industrial Park	1,398,022,361	1,257,721,579
Adama Industrial Park	1,013,605,926	860,941,375
Bahir Dar Industrial Park	1,100,046,268	638,128,643
Dire Dawa Industrial Park	1,068,715,547	1,026,762,110
Bole Lemi Industrial Park	653,454,957	394,115,687
Combolcha Industrial Park	441,648,466	234,567,709
Hawassa Industrial Park	211,087,306	168,147,734
Mekele Industrial Park	84,971,683	23,417,275
Jimma Industrial Park	75,358,372	24,627,769
Head office	72,796,050	48,261,524
Kilinto Industrial Park	477,370,379	31,103,129
Arrerti Industrial Park	278,657,150	1,046,527
Ayesha Industrial Park	391,250	391,250
Adama Hunan	59,744	59,744
Construction Business Unit	13,314,577	
Addis Industry Village	2,973,867	
	8,905,289,505	6,554,048,297

COMMITMENTS

The Corporation's commitments arise mainly from the construction of Industrial parks throughout the country as described below. The payments would be done by dollar or birr based on the agreement. The Corporation has commitments not provided for in these financial statements of Birr 4,783,068,685 in respect of the estimated costs to complete construction works. The details are as follows:

Commitments	Contractor	Committed amount
Construction of Hawassa IP	CCECC	857,974,698
Construction of Bahir dar IP	CCECC	121,648,227
Construction of Kombolcha IP	CCCC	303,918,054
Construction of Debre birhan IP	CCCC	1,273,006,803
Construction of Adama IP	CCECC	1,114,350,758
Construction of Dire dawa IP	CCECC	50,008,159
Construction of Jimma IP	CCCC	5,059,615
Construction of Arerti IP	ATEM	539,315,926
Construction of Bole lemi IP	MATUSALA	313,788,221
Construction of Semera IP	CCCC	203,998,224
Total		4,783,068,685



INDUSTRIAL PARKS DEVELOPMENT CORPORATION
 NOTES TO THE FINANCIAL STATEMENTS (continued)
 FOR THE YEAR ENDED 30 SENE 2017

12 INVESTMENT

	2017 ETB	2016 ETB
Investment in GAIZO Garment	4,250,000	4,250,000
Initial investment - Ethiopia Hunan	40,000,000	40,000,000
	44,250,000	44,250,000
Less: impairment loss	(2,083,032)	(2,083,032)
	42,166,968	42,166,968

The investment is made up of equity investments in two companies:

i. GAIZO Garment Industries S.C. was formed with subscribed capital of Birr 17,000,000, of which Birr 12,000,000 representing 70% ownership is the share of Industrial Parts Development Corporation. The corporation paid Birr 4,250,000 as a paid up capital to the company.

The business purpose of GAIZO Garment Industries s.c was to develop industry zones and carry out all other activities permitted by investment law of the country. The purpose of the share company was supposed to support the fulfilment of the overall objectives of the corporation. However, before the company became operational, the shareholders decided to dissolve it in June 2016. The dissolution process, however, has not been completed at the reporting date.

Following the dissolution of the company, the corporation assessed the remaining value in the share company and impaired its investment by Birr 2,083,032. No unrecognized commitments exist at the reporting date that would require contributions or funding by the corporation.

ii. Ethiopia-Hunan (Adama) Industrial Park Operation and Management Plc was formed with the corporation's capital contribution of Birr 40,000,000, and 40% ownership and voting rights. The remaining shares are owned by Changsha Economic and Technology Development Group (51%) and CGCOC Group (9%).

The business purpose of the company is to provide a comprehensive business management services in the Adama (Ethiopia-Hunan) Machinery and Equipment Manufacturing industrial park which will be owned by the corporation. The services include property management and maintenance services, catering and shipping services, low rent employee housing service and others. These services are strategic to the activities of Industry Parks Development Corporation. No unrecognized commitments exist at the reporting date that would require contributions or funding by the corporation. These investments are treated in the books on the basis of Equity method

13 TIME DEPOSIT

	2017 ETB	2016 ETB
Sidama Micro finance S.Co.	15,300,041	20,300,041
COOP HO-Time deposit	500,000,000	100,000,000
Awash HO-Time deposit		100,000,000
Enat HO-Time deposit	300,000,000	
	815,300,041	220,300,041



INDUSTRIAL PARKS DEVELOPMENT CORPORATION
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 30 SENE 2017

(Time Deposit Continued)

This represents fixed time deposit made at Sidama Micro Financing Institution on the basis of contract signed on 25 Ginbot 2008. The deposit yields interest at the rate of 6% per annum and maturing on Sene 2018. The balances are calculated on Amortized cost basis using the contract interest rate. The corporation could not use the market interest rate for effective interest rate calculations due to the unavailability of such rates applicable for the deposit period. In addition there is Birr 800,000,000 time deposit held with Enat Bank s.c for a period of 6 months commencing on Jan 10,2025 with maturity date on July 09,2025 and Cooperative Bank of Oromia for a period of six months commencing on Megabit 6,2017 and having maturity date on Meskerem 5,2018. These deposits yield interest at the rate of 13.5% per annum payable on or after the due date of this deposit and provided in the conditions governing this deposit.

14	INVENTORY	2017	2016
		ETB	ETB
	Inventories	43,978,632	74,067,384
		<u>43,978,632</u>	<u>74,067,384</u>
	Goods in transit	677,392,107	742,686,638
		<u>721,370,740</u>	<u>816,754,022</u>
	Allowance for stock obsolescence	(31,346)	(31,346)
		<u>721,339,393</u>	<u>816,722,676</u>
15	TRADE AND OTHER RECEIVABLES	2017	2016
		ETB	ETB
	Trade receivables	3,808,893,952	1,560,367,267
	Sundry receivables	107,043,668	61,903,185
	Advance to contractors	592,293,870	663,390,064
	Prepayments	32,473,229	48,367,112
	Purchase and other advance	54,397,885	12,440,141
	Staff receivables	18,108,128	16,354,282
	Withholding tax receivables	9,414,562	4,469,980
	Value added tax recoverable	11,416,581	9,913,979.49
		<u>4,634,041,875</u>	<u>2,377,206,011</u>
	Allowance for doubtful accounts	(2,536,167,277)	(887,716,420)
		<u>2,097,874,598</u>	<u>1,489,489,591</u>
16	CASH AND BANK BALANCES	2017	2016
		ETB	ETB
	Cash At Bank	7,290,354,043	3,320,002,232
	Cash On Hand		
		<u>7,290,354,043</u>	<u>3,320,002,232</u>
17	CAPITAL		

The Corporation is wholly owned by the Government of the Federal Democratic Republic of Ethiopia. There are no shares and no par value. The authorized capital of the Corporation was proclaimed at Birr 53,142,153,553, and Birr 40,513,666,718 was paid up through 30 Sene 2017.



INDUSTRIAL PARKS DEVELOPMENT CORPORATION
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 30 SENE 2017

18	TRADE AND OTHER PAYABLES	2017 ETB	2016 ETB
	Financial instruments:		
	Retention Payable	2,743,597,252	1,976,789,532
	Contractors payable	288,435,220	217,516,999
	Advance collection	269,669,033	238,419,665
	Sundry Payable (Note 18.1)	90,691,216	46,580,779
	Accrued payable (Note 18.2)	61,734,376	83,233,507
	Trade payables	44,447,641	1,348,359
	State dividened payable	20,925,880	20,925,880
	Security deposits	417,563,623	177,545,839
	Taxes payable (Note 18.3)	74,979,695	34,216,387
		<u>4,012,043,935</u>	<u>2,796,576,946</u>
18.1	Sundry Payables are composed of:	2017 ETB	2016 ETB
	Operation and Mangment outsouce	12,708,107	12,708,107
	Pension payable	4,676,903	4,210,520
	Others	73,306,205	29,662,152
		<u>90,691,216</u>	<u>46,580,779</u>
18.2	ACCRUED PAYABLE	2017 ETB	2016 ETB
	Accrued audit fee	2,600,000	4,650,000
	Annual leave	8,955,824	7,542,696
	Consultant fee payable	1,851,188	1,851,188
	Industrial Development Fund	16,811,591	16,811,591
	Accrued others	31,515,774	52,378,033
		<u>61,734,376</u>	<u>83,233,507</u>
18.3	TAXES PAYABLE	2017 ETB	2016 ETB
	Value added tax		
	Payroll income tax	15,633,492	22,587,162
	Withholding Vat payable	55,360,071	5,574,182
	Withholding tax	3,986,133	6,055,042
		<u>74,979,695</u>	<u>34,216,387</u>



INDUSTRIAL PARKS DEVELOPMENT CORPORATION
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 30 SENE 2017

19 KEY MANAGEMENT COMPENSATION

The compensation paid to key management staff includes salaries, bonuses, loans, termination payments and other benefits paid to the company, Directors, CEO, DCEOs and Board of Directors during the financial year. This is shown in the following table:

	2017	2016
	ETB	ETB
Salary	30,641,448	30,030,696
Other	17,670,485	21,808,966
Board fees	245,500	682,500
Loan		
	<u><u>48,557,433</u></u>	<u><u>52,522,162</u></u>

20 NON-CASH TRANSACTIONS

In accordance with IAS 7.43, the following significant non-cash investing and financing activities occurred during the year and are disclosed separately, as they do not involve actual cash flows and are therefore excluded from the statement of cash flows

Description	Amount	Explanation
Net loss of Exchange rate arising from Retention and Security Payable	1,316,176,090	The recognition of net loss arising from the change in exchange rate on retention and Security Deposit does not involve any cash Transaction

21 STAFF COST

	2017	2016
	ETB	ETB
Salary and benefits	609,795,533	474,332,686
Pension	43,312,306	38,826,561
	<u><u>653,107,840</u></u>	<u><u>513,159,247</u></u>

Staff costs for the year amounted to Birr 653,107,840 as of Sene 30 2017 (30 Sene 2016 - Birr 513,159,247) as indicated above.

22 EMPLOYEES

The Corporation employed 1,214 staff at 30 Sene 2017 (30 Sene 2016 — 1,126)



INDUSTRIAL PARKS DEVELOPMENT CORPORATION
 NOTES TO THE FINANCIAL STATEMENTS (continued)
 FOR THE YEAR ENDED 30 SENE 2017

23 DEFERRED REVENUE

COST	2017 ETB	2016 ETB
Balance at 1 Hamile	64,439,983	64,439,983
Addition		
Balance at 30 Sene	64,439,983	64,439,983
AMORTIZATION		
Balance at 1 Hamile	56,451,319	50,992,361
Addition	2,666,023	5,458,958
Balance at 30 Sene	59,117,342	56,451,319
Net balance at 30 Sene	7,988,664	13,447,622
Net balance at 30 Sene	5,322,641	7,988,664

24 SEVERANCE PAYABLE

	2017 ETB	2016 ETB
Severance payable	27,339,096	27,339,096

25 DEFERRED TAX LIABILITY

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

25.1 Deferred tax liability /PPE/

Change in depreciation method for tax purpose in 2017

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

	2017 ETB	2016 ETB
Tax base of the asset at July 07,	29,764,311,939	29,592,091,784
Carrying Amount of the asset at July 07,	32,996,967,059	31,404,115,522
Temporary difference	3,232,655,120	1,812,023,737
Deferred tax asset (liability)	(969,796,536)	(543,607,121)



INDUSTRIAL PARKS DEVELOPMENT CORPORATION
 NOTES TO THE FINANCIAL STATEMENTS (continued)
 FOR THE YEAR ENDED 30 SENE 2017

(Deffred Tax Continued)

25.2 Employee benefit obligation

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

	2017 ETB	2016 ETB
Tax base of the asset at July 07,	-	-
carrying Amount -Employee Benefit	36,294,920	34,881,791
Deductible Temporary Difference	36,294,920	34,881,791
Deferred tax asset (liability)	10,888,476	10,464,537

25.3 Loss Allowance

Deferred tax asset arises on the temporary difference between the carrying amount of the loss allowance for receivables and its tax base. Under Ethiopian tax law, impairment losses on receivables are deductible for tax purposes only when the receivables are written off as uncollectible following exhaustion of all legal recovery measures, whereas IFRS requires recognition of a loss allowance based on expected credit losses as the impairment event is identified, regardless of whether the receivable has been written off. This results in a deductible temporary difference between the tax base (which, in this case, excludes the loss allowance) and the carrying amount of receivables (net of the loss allowance) at the reporting date.

	2017 ETB	2016 ETB
Tax base of the asset at July 07,	-	-
carrying Amount -Loss Allowance	2,536,167,277	887,716,420
Temporary difference	2,536,167,277	887,716,420
Deferred tax asset (liability)	760,850,183	266,314,926

25.3 Unused tax Loss

Deferred tax asset arises from unused tax losses carried forward that are available to offset against future taxable profits. Under Ethiopian tax law, tax losses may be carried forward and deducted from taxable income within the period allowed by the legislation, subject to compliance with the conditions set out in the tax code. IFRS requires recognition of a deferred tax asset for such losses to the extent that it is probable that future taxable profits will be available against which the losses can be utilized. The recognition of this asset reflects the temporary difference between the tax base (which includes the unused losses) and the accounting carrying amount (nil in this case) at the reporting date.



INDUSTRIAL PARKS DEVELOPMENT CORPORATION
 NOTES TO THE FINANCIAL STATEMENTS (continued)
 FOR THE YEAR ENDED 30 SENE 2017

(Deffred Tax Continued)
 (Unused tax Loss Continued)

	2017 ETB	2016 ETB
Unused tax Loss July 07,	-	-
Deferred tax asset (liability)	-	-

25.4 Summary of Deferred Tax

	2017 ETB	2016 ETB
Opening Balance	(266,827,658)	-
Deferred Tax Liability (IP & PPE)	(969,796,536)	(543,607,121)
Deferred Tax Asset (Employee Benefit)	10,888,476	10,464,537
Deferred Tax Asset (Loss Allowance)	760,850,183	266,314,926
Deferred Tax Asset (Unused Tax loss)	-	-
Current Deffered Tax Asset /Liability	(198,057,877)	-
Net Deferred Tax Asset (Liability)	(464,885,535)	(266,827,658)

25.5 Provision of Profit tax Industry Project Service(IPS)

	2017 ETB	2016 ETB
Profit before tax	6,695,361.00	25,083,745.07
Add: Disallowed expense		
Entertainment	1,224,702.00	3,004,344
Fines and penalty	1,747,315.00	21,306
Deprecation for accounting	3,508,726.00	5,181,948
Total disallowable	6,480,743.00	8,207,599
Less: Allowed expense		
Deprecation and Amortization for tax	6,411,249.00	10,709,023
Total allowable expense	6,411,249	10,709,023
Taxable Profit	6,764,855	22,582,321
Current tax at 30%	2,029,457	6,774,696
Tax Asses Adjustment	-	750,427
	<u>2,029,457</u>	<u>7,525,123</u>
carry forward tax from previous Period	10,332,046	2,806,923
Settlement	(7,525,123)	-
Total Profit tax payable	4,836,380	10,332,046



INDUSTRIAL PARKS DEVELOPMENT CORPORATION
 NOTES TO THE FINANCIAL STATEMENTS (continued)
 FOR THE YEAR ENDED 30 SEPTEMBER 2017

25.6 Tax Expense	2017 ETB	2016 ETB
Company income tax (Note No. 25.5)	(2,029,457)	(7,525,123)
Deferred income tax / (Credit) to profit or loss	<u>(198,057,877)</u>	<u>(266,827,658)</u>
Total charge to profit or loss	(200,087,334)	(274,352,781)
Tax (Credit) on other comprehensive income	<u>-</u>	<u>-</u>
Total tax in statement of Comprehensive income	<u>(200,087,334)</u>	<u>(274,352,781)</u>

26 CONTINGENT LIABILITY

Contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Corporation.

The corporation has contingent liabilities not provided for in these financial statements, of Birr 12,912,224 in respect of legal actions brought by third parties which are being contested by the Corporation.

27 EVENTS AFTER THE REPORTING PERIOD

Events after the reporting period are those events, favourable and unfavourable, that occur between the end of the reporting period and the date when the financial statements are authorised for issue. Two types of events can be identified:

- (i) those that provide evidence of conditions that existed at the end of the period - adjusting events and
- (ii) those that are indicative of conditions that arose after the reporting period non-adjusting events.

Adjusting events

There were no adjusting events that occurred after the reporting period.

Non adjusting events:

There were no non-adjusting events that occurred after the reporting period.

During the reporting period, the Information Technology Park Corporation was merged with Industrial Parks Development Corporation, and all its rights and obligations were transferred to the corporation pursuant to the decision of the Office of the Prime Minister of the Federal Democratic Republic of Ethiopia dated Meskerem 30, 2018 (E.C), under letter reference No. ሞ/130-813/1.



INDUSTRIAL PARKS DEVELOPMENT CORPORATION
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 30 SENE 2017

28 Related Party Disclosure (IAS 24)

The Industrial Parks Development Corporation (IPDC) is a government entity administered under Ethiopian Investment Holding. During the year ended 30 sene 2017, IPDC had transactions with the following related parties:

Related Party/Category	Nature of Transaction
Ethio Telecom	Internet and Phone Service
Ethiopian Electric Utility	Electric Supply
Commercial Bank of Ethiopia	Commercial Building Rent Income
Commercial Bank of Ethiopia	Bank Service Charge
Ethiopian Insurance Corporation	Purchase of Insurance service
Ethiopian Airlines Group	Purchase of Air Ticket
Ethiopian Shipping & Logistics	Shipping and logistics service

The corporation received different types of services from the above related parties as described above. There is no either payables or receivables balance as of 30 sene 2017. Transactions with related parties are conducted at arm's length in accordance with relevant regulations and agreements made.

29 OPERATING SEGMENTS

An operating segment is a component of an entity.

- (a) that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity),
- (b) whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and
- (c) For which discrete financial information is available.

Based on this definition, the corporation has 12 segments (Industrial parks of Hawassa, Adama,

	Hawassa	Bole Lemi	Adama	Total
Sheds	975,266,388	517,287,427	430,535,495	1,923,089,310
Residential	55,661,842	-	-	55,661,842
Commercial	11,996,878	30,530,478	7,922,529	50,449,885
ETP service	105,025,778	562,076	38,086,400	143,674,254
Water	4,422,703	5,017,883	-	9,440,586
Managemen	47,705,040	19,768,815	20,700,404	88,174,259
Developed	23,507,630	314,131,041	-	337,638,671
	1,223,586,259	887,297,720	497,244,828	2,608,128,806



INDUSTRIAL PARKS DEVELOPMENT CORPORATION
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 30 SENE 2017

30 FREE HOLD LAND HELD BY THE CORPORATION

The corporation has a free hold land (leasable land) at different industrial parks totalling 357.6 acres. According to the Federal Democratic Republic of Ethiopia's constitution, all urban and rural land is the property of the state, therefore no value is allocated to the land and is not recorded in the statement of financial position. The details are presented below:

Name of industrial park	Freehold land (acre)	Remarks
Bole Lemi 2 Industrial Park	79.8	Manufacturing and commercial
Kilinto Industrial park	138.7	Manufacturing and commercial
Mekele Industrial park	19.2	Manufacturing and commercial
Kombolcha Industrial park	11.1	Manufacturing and commercial
Diredawa Industrial park	46	Manufacturing and commercial
Jimma industrial park	4.8	Manufacturing and commercial
Bahirdar Industrial park	23	Manufacturing and commercial
Debrebiran industrial park	35	Manufacturing and commercial
Total	357.6	

31 REVALUATION INVESTMENT PROPERTY AND PPE

As of 10 November 2022 the corporation conducted a revaluation of its property, plant & Equipment in accordance with the International Financial Reporting standards (IFRS) and the corporation's accounting policy on revaluation. The revaluation was performed by an independent appraiser with expertise valuing assets.

Valuation

The valuation methodology used for each category of assets is the Depreciated Replacement Value (DRV) method for park utility and equipment. The DRV is the product of the GRC and Depreciation Factor (D.F.). The GRC is estimated using the market price data collected in a manner. The park utility and equipment depreciation factor is calculated using straight-line depreciation method.

Date of Revaluation

The date of the revaluation is November 10, 2022.



INDUSTRIAL PARKS DEVELOPMENT CORPORATION
 NOTES TO THE FINANCIAL STATEMENTS (continued)
 FOR THE YEAR ENDED 30 SEPTEMBER 2017

31 REVALUATION INVESTMENT PROPERTY AND PPE (Continued)

No	Industrial parks	Building and Civil Works	Park Utility and Equipment	Electrical, Power and Automation System, Water supply	Telecom and Data Center	Office Furniture, Equipment and Store Item	Motor Vehicles	Total Amount
1	Hawassa IP	12,334,957,083	752,859,671	4,014,064,771	280,582,578	5,395,773	27,700,000	17,415,579,877
2	Kombolcha IP	4,254,012,520	343,691,804	1,288,518,936	78,607,839	203,918	23,800,000	5,968,835,016
3	Bole Lem IP	7,030,879,025	5,425,086,666	905,162,991	0	3,669,209	8,000,000	8,462,162,091
4	Dire Dawa IP	3,088,173,742	718,118,891	1,961,220,627	116,682,651	28,871,718	37,500,000	5,950,567,629
5	Debre Birhan IP	3,176,480,403	156,412,792	719,198,373	79,145,171	1,212,902	21,500,000	4,153,949,640
6	Semmera IP	3,671,897,791	156,587,120	385,708,632			3,500,000	4,217,693,544
7	Adama IP	4,469,056,170	298,271,728	2,076,669,560	139,343,139	4,974,033	53,240,000	7,041,554,630
8	Bahir Dar IP	3,353,634,013	193,087,386	779,433,430	69,089,970	324,383	36,000,000	4,433,569,181
9	Jimma IP	407,499,305	250,551,744	6,099,608,115	78,055,509	926,575		6,835,841,248
10	Klinto IP	3,462,911,000	0	2,589,356,324	173,885,591	4,175,917	2,800,000	6,633,128,831
11	IPS	162,649,845				9,027,586		171,677,431
12	Addis Industry Village	237,261,506	0	5,380,124		444,460	2,800,000	245,886,090
	Total Amount	45,649,412,403	3,383,832,001	21,223,541,882	1,015,392,449	59,426,473	218,840,000	71,550,445,208

32 DATE OF AUTHORIZATION

The Chief Executive Officer of the Corporation authorized the issue of these financial statements on Yekatit 17, 2018.

