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 2012, 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 accompanying financial statements present fairly, in all material respects, the financial position of the Corporation as at 30 Sene 2012 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.

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

Report on the Audit of the Financial Statements (continued)

Key Audit Matters (continued)

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.

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.

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)*

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

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

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

- Evaluate the overall presentation, structure and content of the financial statements, including the 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.

5 Tahisas 2016

INDUSTRIAL PARKS DEVELOPMENT CORPORATION
STATEMENT OF FINANCIAL POSITION
AS AT 30 SENE 2012

		Notes	Birr	Birr	30 SENE 2011 (as restated) Birr
ASSETS					
NON CURRENT ASSETS					
Property plant and equipment	2(e)	5	6,261,184,181		6,249,060,858
Investment Property	2(f)	6	16,635,617,957		16,236,004,203
Investment		7	42,166,968		42,166,968
Time deposit		8	30,983,307		29,540,454
				22,969,952,413	**22,556,772,483**
CURRENT ASSETS					
Receivables	2(i)	9	2,304,927,689		2,317,921,272
Cash and bank balances			2,253,575,267		3,824,435,794
				4,558,502,956	**6,142,357,066**
TOTAL ASSETS				**27,528,455,369**	**28,699,129,549**
EQUITY AND LIABILITIES					
CAPITAL					
Authorized			40,000,000,000		
paid up		10		25,900,265,678	25,900,265,678
Accumulated loss				(789,948,997)	(425,778,560)
TOTAL EQUITY				**25,110,316,681**	**25,474,487,118**
LONG TERM LIABILITY					
Deferred revenue		19	33,672,290		28,030,567
Severance payable		20	5,752,005		2,856,209
				39,424,295	**30,886,776**
CURRENT LIABILITIES					
Payables		11		**2,378,714,393**	**3,193,755,655**
TOTAL EQUITY AND LIABILITIES				**27,528,455,369**	**28,699,129,549**

*Refer the disclosure given on the restated amount under Note 25
The notes on pages 8 to 34 form an integral part of these financial statements

INDUSTRIAL PARKS DEVELOPMENT CORPORATION
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 SENE 2012

	NOTES	Birr	30 Sene 2011 Birr
REVENUE	12	616,221,609	345,209,400
OPERATING EXPENSES	13	650,017,339	417,054,149
GROSS OPERATING PROFIT (LOSS)		**(33,795,730)**	**(71,844,749)**
OTHER INCOME	14	26,839,853	35,649,149
		(6,955,877)	**(36,195,600)**
EXPENSES			
ADMINISTRATIVE	15	356,286,084	78,524,184
		356,286,084	78,524,184
NET LOSS FOR THE YEAR		**(363,241,961)**	**(114,719,784)**
NET PROFIT (LOSS) BEFORE INCOME TAX		(363,241,961)	(114,719,784)
TOTAL COMPREHENSIVE LOSS		**(363,241,961)**	**(114,719,784)**

The notes on pages 8 to 34 form an integral part of these financial statements

INDUSTRIAL PARKS DEVELOPMENT CORPORATION
STATEMENT OF CHANGE IN EQUITY
FOR THE YEAR ENDED 30 SENE 2012

	Capital Birr	Accumulated loss Birr	Total Equity Birr
Balance at 30 Sene 2010	**20,077,341,654**	**(311,058,776)**	**19,766,282,878**
Increase in owner capital	4,922,658,348		**4,922,658,348**
Net Assets taken over from IPS & ICT	900,265,676		**900,265,676**
Net loss for the period		(114,719,784)	**(114,719,784)**
Balance at 30 Sene 2011	**25,900,265,678**	**(425,778,560)**	**25,474,487,118**
Net loss for the period		(363,241,961)	**(363,241,961)**
Balance at 30 Sene 2012	**25,900,265,678**	**(789,020,521)**	**25,111,245,157**

The notes on pages 8 to 34 form an integral part of these financial statements

INDUSTRIAL PARKS DEVELOPMENT CORPORATION
STATEMENT OF CASH FLOW
FOR THE YEAR ENDED 30 SENE 2012

			30 Sene 2011
	Birr	**Birr**	**Birr**
CASH FLOW FROM OPERATING ACTIVITIES			
Net loss for the year		**(363,241,961)**	**(114,719,784)**
Adjustments for			
Depreciation	*540,225,571*		262,572,770
Foreign exchange Loss	*189,251,390*		14,481,443
Property and equipment	1,982,838		-
Interest Income	(1,442,853)		(1,438,911)
Grant Income	*(12,537,856)*		(6,744,710)
Severance & Bad debt expense	*60,719,118*		6,526,409
		414,956,248	**160,677,217**
Movements in working capital			
Decrease (Increase) in Receivables	*(28,554,368)*		229,678,883
Increase (decrease) in Payables	(1,078,223,513)		(885,555,212)
		(1,106,777,882)	**(655,876,329)**
Net cash (used by) / generated from operating activities		**(691,821,634)**	**(495,199,112)**
CASH FLOW FROM INVESTING ACTIVITIES			
Payment for acquisition of property and equipment	*(879,038,893)*		*(3,327,544,075)*
		(879,038,893)	**(3,327,544,075)**
CASH FLOW FROM FINANCING ACTIVITIES			
Capital Contribution in cash			4,922,658,348
			4,922,658,348
Add opening Cash balance of IPS &IT park			26,729,988
INCREASE IN CASH AND CASH EQUIVALENTS		**(1,570,860,527)**	**1,126,645,149**
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		**3,824,435,794**	**2,697,790,645**
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		**2,253,575,267**	**3,824,435,794**

The notes on pages 4 to 34 form an integral part of these financial statements

1. CORPORATON 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. 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 is engaged in the development of industrial parks throughout the country and leasing them to interested investors.

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 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 judgement 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) Changes in accounting policies and disclosures

New Standards, amendments, interpretations issued but not yet effective

There have been several new standards amendments and interpretations that were issued but have not been effective until after the balance sheet date of the corporation. The corporation intends to adopt these new standards, amendments and interpretations, where relevant to the corporation's business, when they become effective.

Only some of the new standards, amendments and interpretations are expected to have impact on the Corporation's financial statements. These are disclosed as follows:

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Changes in accounting policies and disclosures (continued)

New Standards, amendments, interpretations issued but not yet effective (continued)

Definition of Material (Amendments to IAS 1 and IAS 8)

The International Accounting Standards Board (IASB) has issued 'Definition of Material (Amendments to IAS 1 and IAS 8). The objective is to clarify the definition of 'material' and to align the definition used in the Conceptual Framework and the standards themselves.

Based on the amendment information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.

The amendments are effective for annual reporting periods beginning on or after 1 January 2020. Earlier application is permitted. The corporation has not assessed the impact of the amendment on its financial statements.

IFRS 17 accounting for insurance contracts

IFRS 17 is issued by the International Accounting Standards Board in May 2017 to replace IFRS 4 on accounting for insurance contracts and has an effective date of 1 January 2023. Under the IFRS 17 general model, insurance contract liabilities are calculated as the expected present value of future insurance cash flows with a provision for non-financial risk. The issuance of IFRS 17 has no impact on Industrial Parks Development Corporation financial statements as the provisions of the standard do not apply to its business transactions.

Definition of a Business (Amendments to IFRS 3)

In October 2018 the IASB issued this amendment to make it easier for companies to decide whether activities and assets they acquire are a business or merely a group of assets. The amendments:

• Confirm that a business must include inputs and a process and clarified that: (i) the process must be substantive and (ii) the inputs and process must together significantly contribute to creating outputs.
• Narrow the definitions of a business by focusing the definition of outputs on goods and services provided to customers and other income from ordinary activities, rather than on providing dividends or other economic benefits directly to investors or lowering costs; and

• Add a test that makes it easier to conclude that a company has acquired a group of assets, rather than a business, if the value of the assets acquired is substantially all concentrated in a single asset or group of similar assets.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Changes in accounting policies and disclosures (continued)

New Standards, amendments, interpretations issued but not yet effective (continued)

The amendments are effective for business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 July 2020 and to asset acquisitions that occur on or after the beginning of that period. Earlier application is permitted.

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

COVID-19 Related Rent Concessions (Amendments to IFRS 16)

The amendments introduce an optional practical expedient that simplifies how a lessee accounts for rent concessions that are a direct consequence of COVID-19. A lessee that applies the practical expedient is not required to assess whether eligible rent concessions are lease modifications, and accounts for them in accordance with other applicable guidance. The resulting accounting will depend on the details of the rent concession.

The practical expedient will only apply if: the revised consideration is substantially the same or less than the original consideration; the reduction in lease payments relates to payments due on or before 30 June 2021; and no other substantive changes have been made to the terms of the lease.
The amendments are effective for periods beginning on or after 1 June 2020, with earlier application permitted. The adoption of these changes is not expected to have a significant impact on the financial statements of the Corporation.

Onerous Contracts: Cost of Fulfilling a Contract (Amendments to IAS 7)

Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets, issued by the International Accounting Standards Board, clarify that the ‘costs of fulfilling a contract’ when assessing whether a contract is onerous comprises both: - The incremental costs – e.g. direct labour and materials; and - An allocation of other direct costs – e.g. an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract.

The amendments apply for annual reporting periods beginning on or after 1 July 2022 to contracts existing at the date when the amendments are first applied. At the date of initial application, the cumulative effect of applying the amendments will be recognized as an opening balance adjustment to retained earnings or other component of equity, as appropriate. The comparatives will not be restated, earlier application is permitted.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Changes in accounting policies and disclosures (continued)
New Standards, amendments, interpretations issued but not yet effective (continued)

Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16)

The amendment prohibits deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing an asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the cost of producing those items, in profit or loss. IAS 2 Inventories should be applied in identifying and measuring these production costs.
The amendments apply for annual reporting periods beginning on or after 1 January 2022, with earlier application permitted. The amendments apply retrospectively, but only to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented in the financial statements in which the company first applies the amendments.
The adoption of these changes is not expected to have a significant impact on the financial statements of the Corporation

Classification of liabilities as current or non-current (Amendments to IAS 1)

Under existing IAS 1 requirements, companies classify a liability as current when they do not have an unconditional right to defer settlement of the liability for at least twelve months after the end of the reporting period. As part of its amendments, the Board has removed the requirement for a right to be unconditional and instead, now requires that a right to defer settlement must have substance and exist at the end of the reporting period.

The existing requirement to ignore management's intentions or expectations for settling a liability when determining its classification is unchanged. The amendments are to be applied retrospectively from the effective date.
The adoption of these changes is not expected to have a significant impact on the financial statements of the Corporation

Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)

The amendments require the full gain to be recognised when assets transferred between an investor and its associate or joint venture meet the definition of a 'business' under IFRS 3 Business Combinations. Where the assets transferred do not meet the definition of a business, a partial gain to the extent of unrelated investors' interests in the associate or joint venture is recognised. The definition of a business is key to determining the extent of the gain to be recognised.
The IASB has decided to defer the effective date for these amendments indefinitely. Adoption is still permitted. The adoption of these changes is not expected to have a significant impact on the financial statements of the Corporation.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(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 at 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 in to Birr at spot exchange rates at reporting dates. Foreign exchange differences arising on these translations are recognised in the statement of profit or loss in the same period.

(e) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation. Subsequently, PPE will be measured at cost excluding the costs of day today services, less accumulated depreciation and accumulated impairment in value. The cost of the property plant and equipment at the balance sheet date is a close estimate of the respective fair values as the assets are new and substantially under construction.

Depreciation is charged 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
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.

Gains and losses on disposal of property, plant and equipment are determined by reference to their carrying amounts and are taken into account in determining operating profit.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(f) Investment properties

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

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 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 unavailability of reliable market data.

The nature and types of the investment properties of the corporation is Sheds, Residential buildings and commercial buildings, which are constructed by the corporation and rented to interested investors/tenants who then settle the rental on monthly bases.

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.

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

(g) Accounting for leases

Leases of property, plant and equipment where the Corporation assumes substantially all the risks and rewards of ownership are classified as finance leases. Assets acquired under finance leases are capitalised at the inception of the lease at the lower of their fair value and the estimated present value of the underlying lease payments.

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease.

The corporation, as a lessor, leases the industrial sheds to investors for a period of time on an operating lease terms and at modest lease terms in view of the fulfilment of its objectives. The minimum lease payment under the significant lease agreements is USD 1. Per square meter of shed area per month.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) 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 received to date is vehicles, office furniture, computers and different office equipment's. Accordingly grants in the form of property, plant and Equipment are treated as initially deferred revenue and converted to grant income over the life of the respective asset. Grants in the form of Inventory is recognized as direct grant income of the period. There is no any conditions attached to the granted assets in which the corporation would fulfil.

(i) Financial assets and financial liabilities

Trade receivables are amounts due from customers for sheds rented or services performed in the ordinary course of business. If collection is expected within twelve months, they are classified as current assets. If not, they are presented as non-current assets.

Receivables are recognised initially at fair value and subsequently measured at fair value less provision for impairment. 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 contact. The amount of the provision is recognised in profit or loss.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Payables are classified as current liabilities if payment is due within twelve months. If not, they are presented as non-current liabilities. Payables are recognised initially at cost. For USD transactions we measure it at fair value subsequently.

(j) Offsetting of financial assets and 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.

(k) 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.

(l) 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(m) Impairment of non-monetary items

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.

(n) Income Tax

The Corporation obtained tax holiday of ten years starting from 8 Ginbot 2006 as per article 2 of the Council of Ministers regulation No. 312/2006.

(o) 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 (The corporation has identified and notable customers who has rented the industrial sheds in the industrial parks).

• Identify the performance obligations in the contract (The performance obligation is clear which has been described in the main contract agreement in which the corporation needs to provide the constructed sheds and other services like water, management service ETP and STP on time

• Determine the transaction price (The transaction price has clearly stated on the main contract agreement)

• Allocate the transaction price to the performance obligations in the contract (The transaction price has been allocated to the delivered obligation to customers)

• Recognize revenue when (or as) the entity satisfies a performance obligation. (The corporation recognize the revenue on monthly bases when it assures that the performance obligation satisfied for the period.)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(o) Revenue recognition (IFRS 15 Revenue from contracts with customers) (continued)

a. Rental of sheds and other auxiliary premises are recognised on a monthly basis following the principles set in IFRS 15. Once the sheds are handed over to the customer, the customer has full discretion over the use of the premises, and there is no unfulfilled obligation that could affect the customers using the premises. Income from the rented sheds is recognized after the grace period of six months has lapsed. This is applied to industrial parks of Adama, Adis industry village, Bahrdar, Bole lemi, Debrebirhan, Diredawa, Hawassa, Jimma, Kombolcha, Kilinto, Mekelle & Semera.

   IPS has engaged and its revenue source is from consultancy, feasibility analysis, and training and valuation services. ICT Park's source of revenue is renting offices and developed land. The recognition procedure of the revenue is on monthly bases as per the contract agreement of each tenant.

b. Sales of services are recognised in the period in which the services are rendered following the principles set in IFRS 15, by reference to completion of the specific transaction. Such services include park operation and management service fees and waste water treatment fees.

Therefore the corporation has been compliant to the core principles of the standard

(p) Employee benefits

(i) 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 and above and are below the retirement age (i.e. has not met the requirement to access the pension fund) are entitled for 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.

Severance payment would be taken for employees who are being an employee of the corporation for more than 5 years which is described in the financial manual of the corporation. We have recognized as per the actual employees who are entitled to receive the severance pay at the end of the reporting period which is Birr 5,752,005.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(p) Employee benefits (continued)

(ii) 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 2012, the Corporation contributed Birr 5,783,649.75 to the scheme (30 Sene 2011 - Birr 5,079,185) which has been charged directly to profit or loss.

(iii) 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 3,325,423.88 as at the end of the reporting period (Sene 30, 2011 Birr 4,393,237).

(iv) Staff loans

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.

(q) 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.

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) Property, plant and equipment

Critical estimates are made by the Directors in determining depreciation rates for property, plant and equipment and investment properties. The rates used are set out in Note 2(e) above.

3. ACCOUNTING ESTIMATES, JUDGEMENTS AND ASSUMPTIONS (continuation)

Critical accounting estimates and judgements (continued)

(ii) Provision for bad and doubtful debts

Provisions for bad and doubtful debts is determined as per the financial manual of the corporation.

4. FINANCIAL INSTRUMENTS RISK MANAGEMENT

Overview

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.

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.

4. FINANCIAL INSTRUMENTS RISK MANAGEMENT (continued)

ii. Liquidity risk (continued)

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 2012 and 2011 is shown in the following table:

	2012	2011
Security deposit at the year-end before conversion at the closing rate	68,997,045	66,107,559
Foreign exchange losses	36,369,465	2,889,486
	105,366,510	68,997,045

4. FINANCIAL INSTRUMENTS RISK MANAGEMENT (continued)

(iii) Market risk (continued)

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 2012 and 2011 is shown below:

	2012	2011
Retention at the year-end before conversion at the closing rate	1,165,832,262	1,149,006,387
Foreign exchange losses	152,881,925	16,825,875
	1,318,714,187	1,165,832,262

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 estimation

As at 30 Sene 2012, 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)
30 SENE 2012

5. PROPERTY, PLANT AND EQUIPMENT (PPE)

5.1 PPE

Year ended 30 Sene 2012	Balance at 30 (as restated) Sene 2011	Additions	Transfers/ Adjustments	Balance at 30 Sene 2012
	Birr	**Birr**	**Birr**	**Birr**
COST				
Buildings	3,040,280,755		326,525,240	3,366,805,994
Power, Telephone & Water Infrastructure	101,918,391			101,918,391
Office furniture and equip	27,054,284	3,180,471	447,350	30,682,106
Computers	9,548,426	2,951,359	(447,350)	12,052,435
Motor vehicles	121,099,830	12,958,724	(2,172,789)	131,885,765
Construction in progress	3,038,447,848	159,763,260	(326,525,240)	2,871,685,869
	6,338,349,534	**178,853,814**	**(2,172,789)**	**6,515,030,559**
DEPRECIATION				
Buildings	21,425,681	60,214,741	69,973,442	151,613,864
Power, Telephone & Water Infrastructure	17,930,399	2,650,370		20,580,769
Furniture and equipment	12,638,087	5,234,979	(2,636)	17,870,430
Computers	5,734,987	2,244,400		7,979,387
Motor vehicles	31,559,523	24,242,405		55,801,928
	89,288,677	**94,586,895**	**69,970,806**	**253,846,378**
NET BOOK VALUE	**6,249,060,857**			**6,261,184,181**

5.2 PPE As of 30 sene 2011 (As restated)

Year ended 30 Sene 2011	Balance at 30 Sene 2010	Opening Balance IPS&ICT	Additions	Transfers/ Adjustments	Balance at 30 Sene 2011 (As restated)
	Birr	**Birr**	**Birr**	**Birr**	**Birr**
COST					
Buildings	86,427,148	41,581,042	113,304	2,912,159,260	3,040,280,755
Power, Telephone & Water Infrastructure		101,918,391			101,918,391
Office furniture and equip	36,323,142	8,159,959	2,044,083	(19,472,900)	27,054,284
Computers	4,870,296	4,188,743	489,387	-	9,548,426
Motor vehicles	40,262,031	14,309,488	17,657,469	48,870,841	121,099,830
Construction in progress	5,403,618,024	458,969,352	86,048,808	(2,910,188,336)	3,038,447,848
	5,571,500,641	**629,126,975**	**106,353,052**	**31,368,865**	**6,338,349,534**
DEPRECIATION					
Buildings	2,050,018	4,012,695	806,653	14,556,314	21,425,681
Power, Telephone & Water Infrastructure		15,287,757	2,642,642		17,930,399
Furniture and equipment	10,950,818	1,894,738	5,050,732	(5,258,200)	12,638,087
Computers	2,480,215	1,284,397	1,969,348	1,027	5,734,987
Motor vehicles	17,731,892	2,438,099	11,389,532		31,559,523
	33,212,944	**24,917,686**	**21,858,906**	**9,299,140**	**89,288,677**
NET BOOK VALUE	**5,538,287,698**				**6,249,060,857**

INDUSTRIAL PARKS DEVELOPMENT CORPORATION
NOTES TO THE FINANCIAL STATEMENTS (continued)
30 SENE 2012

6. INVESTMENT PROPERTY (IP)

6.1 IP as of 30 Sene 2012

	Balance at 30 (as restated) Sene 2011	**Additions**	**Transfers/ Adjustments**	**Balance at 30 Sene 2012**
Year ended 30 Sene 2011	**Birr**	**Birr**	**Birr**	**Birr**
COST				
Sheds and buildings	9,718,714,469		1,612,470,364	11,331,184,832
Roads	2,869,196,413		482,525,240	3,351,721,653
Construction in progress	4,302,031,688	775,091,672	(2,094,808,289)	2,982,315,072
	16,889,942,570	**775,091,672**	**187,315**	**17,665,221,557**
DEPRECIATION				
Sheds and buildings	442,688,505	305,113,016	(69,973,442)	677,828,079
Roads	211,249,861	140,525,660		351,775,521
	653,938,366	**445,638,676**	**(69,973,442)**	**1,029,603,600**
NET BOOK VALUE	**16,236,004,203**			**16,635,617,957**

6.2 IP as of 30 Sene 2011

Year ended 30 Sene 2011	**Balance at 30 Sene 2010**	**Opening Balance IPS & ICT**	**Additions**	**Transfers/ Adjustments**	**Balance at 30 Sene2011 (As restated)**
	Birr	**Birr**	**Birr**	**Birr**	**Birr**
COST					
Sheds and buildings	4,695,821,034	231,981,759	1,202,989	4,789,708,686	9,718,714,469
Roads	1,317,584,757			1,551,611,656	2,869,196,413
Construction in progress	7,422,377,937	14,781,929	3,258,988,375	(6,394,116,552)	4,302,031,688
	13,435,783,728	**246,763,688**	**3,260,191,364**	**(52,796,209)**	**16,889,942,570**
DEPRECIATION					
Sheds and buildings	251,711,348	27,210,086	174,834,625	(11,067,554)	442,688,505
Roads	145,370,623		65,879,238		211,249,861
	397,081,971	**27,210,086**	**240,713,863**	**(11,067,554)**	**653,938,366**
NET BOOK VALUE	**13,038,701,757**				**16,236,004,203**

INDUSTRIAL PARKS DEVELOPMENT CORPORATION
NOTES TO THE FINANCIAL STATEMENTS (continued)
30 SENE 2012

6.3 The breakdown of construction in progress is as follows:

CONSTRUCTION IN PROGRESS	**Birr**	**30 Sene 2011 Birr**
Hawassa Industrial park	18,829,514	2,449,156
Mekelle Industrial park	19,669,199	-
Adama Industrial park	700,227,076	1,501,241,596
Bahir Dar Industrial park	1,466,397,113	1,151,275,501
Combolcha Industrial park	147,687,766	-
Jimma Industrial park	8,409,097	-
Dire Dawa Industrial park	2,155,492,743	2,986,083,813
Bole Lemi One Industry park	268,416,456	233,383,496
Kilinto Industrial park	8,590,523	8,590,523
Arrerti Industrial park	1,046,527	260,850
D/Birhane Industrial park	416,736,987	951,688,094
Ayesha Industrial park	391,250	391,250
Adama hunan	59,744	59,744
IT park	628,566,178	505,055,514
Summera Industrial Park	13,480,768	
	5,854,000,941	**7,340,479,537**

6.4 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 main agreement

The Corporation has commitments, not provided for in these financial statements, of Birr 2,458,621,412 in respect of the estimated costs to complete construction works. The details are as follows:

Commitments	Contractor	Committed amount
Construction of Hawassa 1 IP	CCECC	339,418,699
Construction of Bahrdar IP	CCECC	205,090,926
Construction of Kombolcha IP	CCCC	16,429,130
Construction of Debrebirhan IP	CCCC	1,038,627,354
Construction of Adama IP	CCECC	333,439,491
Construction of Diredwa IP	CCECC	434,430,318
Construction of Jimma IP	CCCC	56,862,540
Construction of Mekelle IP	CCCC	34,322,954
Total		**2,424,298,458**

7. INVESTMENTS IN ASSOCIATES

	Birr	30 Sene 2011 Birr
Investment in GAIZO GARMENT	4,250,000	4,250,000
Initial investment- Ethiopia Hunan	40,000,000	40,000,000
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 Parks 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.

8. TIME DEPOSIT

	Birr	**30 Sene 2011 Birr**
Sidama Micro Finance SCo.	30,983,2[illegible] 30,701,542.50	29,540,454

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.

9. RECEIVABLES

	Birr	**30 Sene 2011 Birr**
Trade receivables	343,953,111	124,562,176
Ministry of Finance	1,692,073,135	2,031,756,203
Advance to contractors	115,608,345	142,092,606
Prepayments	8,130,477	8,716,868
Staff debtors	2,196,488	2,563,176
Sundry	22,738,145	18,068,313
Value Added Tax recoverable	197,171,289	8,717,859
Inventory	7,772,771	5,441,027
	2,389,643,762	**2,341,918,227**
Allowance for doubtful accounts	(84,716,074)	(23,996,955)
	2,304,927,689	**2,317,921,272**

10. 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 40,000,000,000, and Birr **25,900,265,678** was paid up through 30 Sene 2012.

INDUSTRIAL PARKS DEVELOPMENT CORPORATION
NOTES TO THE FINANCIAL STATEMENTS (continued)
30 SENE 2012

11. PAYABLES

	Birr	30 Sene 2011 Birr
Advance collection	172,091,407	77,035,786
Retention	1,318,714,187	1,165,832,262
Taxes payable	171,846,383	24,911,272
Accruals	33,483,716	34,541,859
Security deposits	105,366,510	68,997,045
Contractors payable	550,000,713	1,799,201,676
Sundry creditors	6,285,597	2,309,874
State dividend payable	20,925,880	20,925,880
	2,378,714,393	**3,193,755,655**
	-	

12. REVENUE

	Birr	30 Sene 2011 Birr
Rent income	534,888,678	334,409,082
Park services revenue	81,332,931	10,800,318
	616,221,609	**345,209,400**

13. OPERATING EXPENSE

	Birr	30 Sene 2011 Birr
Salaries and related benefits	75,884,673	54,223,842
Utilities	37,573,079	15,194,945
Vehicle rent	6,601,618	3,675,231
Security fees	13,699,691	8,371,461
Travel and perdiem	2,269,230	2,833,633
Stationery and Office supplies	1,537,321	530,875
Communication	1,505,075	785,533
Repair and maintenance	2,475,342	1,749,610
Car running	4,824,452	2,049,274
Insurance	10,084,519	8,881,140
Uniforms	1,938,264	1,771,232
Depreciation	376,150,911	240,713,863
Operation and management outsourcing cost	101,926,962	72,800,502
Training	57,907	87,754
Miscellaneous	13,488,297	3,385,256
	650,017,339	**417,054,149**

14. OTHER INCOME

	Birr	30 Sene 2011 Birr
Grant income	12,537,856	6,744,710
Interest income	1,443,053	1,438,911
Other income	12,858,944	27,465,528
	26,839,853	**35,649,149**

15. ADMINISTRATIVE EXPENSES

	Birr	30 Sene 2011 Birr
Salaries and related benefits	13,275,284	11,285,104
Vehicle rent	140,757	58,200
Bank charges	1,184,113	387,077
Audit fees	1,835,000	167,180
Travel and perdiem	1,250,417	1,255,868
Advertisement	22,866	39,118
Stationery and Office supplies	557,195	349,433
Office rent	5,194,195	5,198,978
Communication	636,305	410,037
Repair and maintenance	778,746	556,189
Car running	419,274	372,536
Insurance	1,761,621	1,311,074
Depreciation	164,074,921	21,858,907
Bad debts expense	60,723,740	18,336,052
Miscellaneous	3,944,415	2,456,989
Foreign Exchange loss	100,487,235	14,481,443
	356,286,084	**78,524,184**

15.1 KEY MANAGEMENT COMPENSATION

	Birr	30 Sene 2011 Birr
Salary	1,221,960	1,033,296
Retirement Benefits		113,663
Other benefits	250,154	192,923
Board Fees	27,000	16,425
	1,499,114	**1,356,307**

16. NON-CASH TRANSACTIONS

The following are major non-cash transactions that have been excluded from the statement of cash flows:-

Description	Balance (sene 30,2012)	Balance (sene 30,2011)
Grant Income	7,620,591	6,744,710
Granted asset(Deferred revenue)	13,262,314	19,341,409
Gain on Trade receivable	19,171,166	-

17. STAFF COST

Staff costs for the year amounted to Birr 89,159,957 (30 Sene 2011 - Birr 58,624,005) and are included in the various major expense categories.

18. EMPLOYEES

The Corporation employed 767 staff at 30 Sene 2012 (30 Sene 2011 – 652).

19. DEFERRED REVENUE

Cost	
Balance at 30 sene 2011….	46,551,839
Additions	13,262,314
Balance at 30 sene 2012	**59,814,153**
Amortization	
Balance at 30 sene 2011….	18,521,272
Additions	7,620,591
Balance at 30 sene 2012	**26,141,863**
Net Balance at 30 sene 2011	**15,433,867**
Net Balance at 30 sene 2012	**33,672,290**

20. SEVERANCE PAYABLE

		Balance at 30 sene 2011
Severance payable	**5,752,005**	2,856,209

21. CONTINGENT LIABILITIES

Contingent liability is 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 entity.

The corporation has not any contingent liabilities which would be disclosed in the fiscal period.

22. 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 reporting 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:

- The conflict between the government of Ethiopia and forces in the Northern Tigray region, TPLF has thrown the country into big challenges. Fighting has been going on since November 2020. Starting from this month the Corporation's assets at Mekelle Industrial Park, including Industrial sheds and buildings generally have been conquered by the rebellion TPLF. Because of this the Corporation loses total revenue of Birr 162,120,647 since the park was not operational.

  However, the problem is resolved and reconciliation created between the government and TPLF before the authorization of this financial statement. There was a committee who observed the status of the park. Based on this the park's investment property and property plant and equipment have not been damaged.

- Information Technology Park Corporation has been withdrawn from Industrial Parks Development Corporation and its rights and obligations were transferred to Innovation and Technology Minister by the decision of the Office of the Prime Minister of the Federal Democratic Republic of Ethiopia on Hidar 5, 2015 with letter reference No. **ጠ/130-813/1.**

  An aggregate total assets amounting to Birr 1,011,222,964 and liabilities with collective amount of Birr 6,540,238 were transferred to the Ministry.

23. 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, Kombolcha, Diredawa, Mekelle, Debrebirhan, Bahrdar, Adis Industry Village, Bole lemi, Kilinto which are constructed by the corporation) and IPS and ICT Park merged with the corporation in the 2011 fiscal period. All the mentioned segments earns revenue and incur expenses as well as their operating performance had been evaluated based on the distribution of the budget.

Out of the total revenue earned by the Corporation amounting to Birr 616,221,609 Hawassa and Bole Lemi Industrial parks hold 68% which is Birr 421,506,648 as shown below:

	Hawassa	**Bole Lemi**	**Total**
Sheds	256,602,063	70,631,876	327,233,939
Residential Building	35,585,835		35,585,835
Commercial Building	3,092,372	2,137,843	5,230,215
ETP service fee	47,392,926	552,152	47,945,077
Water service fee	5,511,582		5,511,582
	348,184,778	**73,321,871**	**421,506,648**

24. CORRECTION OF ERRORS

Errors can arise in respect of the recognition, measurement, presentation or disclosure of elements of financial statements. Potential current period errors discovered in that period are corrected before the financial statements are authorised for issue. However, material errors are sometimes not discovered until a subsequent period, and these prior period errors are corrected in the comparative information presented in the financial statements for that subsequent period

An entity shall correct material prior period errors retrospectively in the first set of financial statements authorised for issue after their discovery by: As per the standard

24. CORRECTION OF ERRORS (continued)

If the error occurred before the earliest prior period presented, restating the opening balances of assets, liabilities and equity for the earliest prior period presented. So we restated the comparative amounts for the prior period presented in which the error occurred (2010)." The restated amount is Birr **3,429,513,270** shown on the property, plant and equipment and Investment Property of the financial Statements. The error is only reclassification as shown below.

Description	Balance at 30 sene 2011	Restated Amount	Restated Balance as of 30 sene 2011
Property, Plant & Equipment	9,678,574,128	(3,429,513,270)	6,249,060,857
Investment Property	12,806,490,933	3,429,513,270	16,236,004,203

25. FREE HOLD LAND HELD BY THE CORPORATION

The corporation has a free hold land (leasable land) at different industrial parks totalling 463.4 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 (ha)	Remarks
Bole lemi 2	79.8	Manufacturing and commercial
Kilinto Industrial park	138.7	Manufacturing and commercial
Mekelle 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
Debrebirhan Industrial park	35	Manufacturing and commercial
Information Communication Technology (ICT)	105.8	Manufacturing and commercial
Total	**463.4 acres**	

26. DATE OF AUTHORIZATION

The Chief Executive Officer of the Corporation authorized the issue of these financial statements on 5 Tahisas 2016.